



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2021 July 5

SUBJECT: Budget Variance for the Period Ending May 31, 2021

RECOMMENDATION(S):

That this report be received for information.

INTRODUCTION:

This report provides information and updates to the Edmonton Police Commission (EPC) on the Edmonton Police Service (EPS) current financial position for the period ending May 31, 2021.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending May 31, 2021 indicate a net deficit position of \$4.318 million or 2.6% (revenue shortfall of \$2.707 million and an expense overspend of \$1.611 million).

The overspend in Personnel expense is primarily the result of higher salary costs due to decreases in vacation taken, slightly offset by lower overtime costs in some areas.

The revenue shortfall is primarily due to lower demand for several EPS services and fewer Traffic Safety Act fine tickets issued.

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include lower than anticipated contract and services, travel, and training costs.

COVID-19 Financial Impact

The year-end projection includes \$0.585 million for personal protective equipment purchases and facility cleaning protocols related to COVID-19.

CONCLUSION:

The year-end forecast projects an operating deficit of \$4.741 million. This is the result of projected revenue shortfalls and increased personnel costs due to less vacation taken.

In accordance with EPS Reserve Policy, this deficit will be partially funded from the EPS Operating Reserve.

ADDITIONAL INFORMATION ATTACHED:

Attachment 1 – Budget Variance by Major Category of Revenue & Expenditures

Written By: Kathryn REYNOLDS, Director, Financial Management Branch *dk*

Reviewed By: *KATHRYN REYNOLDS, TIA FOR:* Robert DAVIDSON, Executive Director, Business Development Division *dk*

Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau *[Signature]*

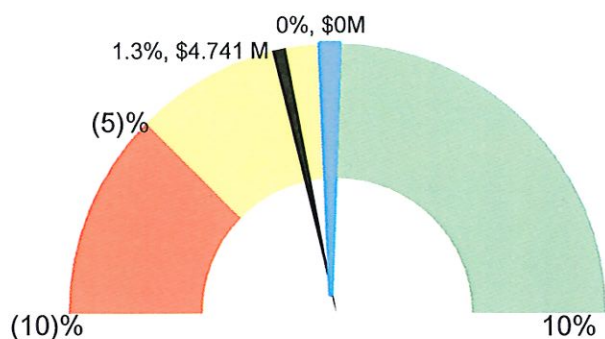
Chief of Police: *[Signature]* _____

Date: *July 5, 21* _____

Need to discuss projections at C/C.

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending May 31, 2021

- Favourable budget variance, $\geq 0\%$
- Unfavourable budget variance, 0% to $(5)\%$
- Unfavourable budget variance, $> (5)\%$



- Year-to-Date Variance
- Projected Year-End Variance

	Year-to-Date			
	Budget	Actual	Variance \$	%
Revenue	32,059	29,352	(2,707)	-8.4%
<i>Personnel</i>	165,204	170,076	(4,872)	-2.9%
<i>Non-Personnel</i>	31,499	28,238	3,261	10.4%
Expense	196,703	198,314	(1,611)	-0.8%
Net Position	164,644	168,962	(4,318)	-2.6%

	Projected Year-End			
	Budget	Actual	Variance \$	%
Revenue	99,153	93,580	(5,573)	-5.6%
<i>Personnel</i>	386,121	388,242	(2,121)	-0.5%
<i>Non-Personnel</i>	78,988	76,035	2,953	3.7%
Expense	465,109	464,277	832	0.2%
TCA (Note 1)	17,814	17,814	-	0.0%
Transfer to/(from) EPS				
Reserve (Note 2)	-	(4,494)	4,494	
Net Position	383,770	384,017	(247)	-0.1%

Year-to Date

Revenue - The under budget position is the result of less demand for Extra Duty services and fewer tows of seized vehicles, partially offset by lower contract and service costs. Lower Traffic Safety Act revenues are due to a lower number of tickets issued and compared to the same period in 2020, there have been approximately 7% less tickets issued in 2021. Secondment revenue for Alberta Law Enforcement Response Teams (ALERT) is favorable, offset by increased personnel costs.

Personnel - The over budget position is due to higher salary costs because of less vacation taken, less attrition than anticipated and an increase in staffing costs in the Police Communication Branch (PCB) to complete 911 position civilianization. Increased personnel costs for ALERT, which are offset by increased revenue, are also contributing to the unfavorable position. Overtime is under budget because of favourable staffing or deployment models in the Community Policing and Community Safety and Well-Being Bureau.

Non-Personnel - The under budget position is due to lower Extra Duty and tow lot contract expenses, which are offset by reductions in revenue. Also contributing to the under budget position is lower travel and training, maintenance and custodial costs.

Year-End Projection

Revenue - The same as year to date and a projected decrease in revenue for the School Resource Officer program as the Edmonton Public School Board has suspended the program.

Personnel - The same as year to date however vacation taken is projected to improve.

Non-Personnel - The same as year to date offset by required COVID-19 personal protective equipment purchases, costs associated with IT Contractors assigned to operational projects while waiting for capital projects to begin and the new Rapid DNA subscription service.

	2020 Year-to-Date				2020 Year-End				
	Budget	Actual	Variance \$	%	Budget	Actual	Variance \$	%	
Revenue	33,159	29,308	(3,851)	-11.6%	Revenue	96,946	92,862	(4,084)	3.8%
Expense	195,386	194,603	783	0.4%	Expense	473,953	467,620	6,333	1.3%
Transfer to/from EPS	-	-	-	0.0%	Transfer to/from EPS	-	2,249	(2,249)	0.0%
Reserve (Note 2)					Reserve (Note 2)				
Net Position	162,227	165,295	(3,068)	-1.9%	Net Position	377,007	377,007	-	0.0%

Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending May 31, 2021

Notes:

(1) TCA refers to Tangible Capital Assets, where budget is held to cover capital-qualifying expenses for purchases such as vehicles and/or information technology projects.

(2) On June 26, 2018 City Council approved Policy C605 Edmonton Police Reserve. In accordance with the policy and in the event the reserve falls into a deficit position, a strategy will be developed by the EPS, to be approved by City Council, to achieve a balanced position over a period not to exceed three years, starting with the subsequent year operating budget.

The unrestricted balance in the EPS Operating Reserve as at December 31, 2020 is \$4.494 million which is comprised of the following annual transfers:

- 2018 \$1.162 million
- 2019 \$1.083 million
- 2020 \$2.249 million

The total balance in the EPS Operating Reserve as at December 31, 2020 is \$7.034 million of which \$2.540 million is restricted for Alberta First Responders Radio Communications System (AFRRCS) Government of Alberta access fee and ongoing Information Technology software subscription, maintenance and support costs.