



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2021 September 15

SUBJECT: REVISED – Budget Variance for the Period Ending July 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 July 31, 2021.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending July 31, 2021 indicate a net deficit position of \$1.666 million or 0.7% (revenue shortfall of \$3.464 million and an expense underspend of \$1.798 million).

The overspend in Personnel expense is primarily the result of higher salary costs due to decreases in vacation taken in the first half of the year.

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

The main causes of the underbudget position in non-personnel costs are detailed in Attachment I and include lower than anticipated contract and services, custodial, and maintenance costs provided by the City of Edmonton.

COVID-19 Financial Impact

The year-end projection includes \$0.563 million for personal protective equipment purchases and facility cleaning protocols related to COVID-19.

Emergent Issue

On September 15, 2021 the City of Edmonton announced that September 30th, the National Day for Truth and Reconciliation, will be recognized as a day of leave with pay for all City of Edmonton employees including the Edmonton Police Service.

The estimated personnel cost to EPS for members scheduled to work on September 30th, is an additional \$1.000 million and this has not been included in the July 31, 2021 financial projections. The Financial Management Branch will consult with other areas of the organization, such as Human Resources and Information Technology to determine any other costs that may be required to facilitate this change. An updated projection will be included in the August 31, 2021 budget variance report.

CONCLUSION:

The year-end forecast projects an operating deficit of \$4.189 million (**excluding the financial impact of the September 30 statutory holiday**). 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 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 

Reviewed By: Robert DAVIDSON, Executive Director, Business Development Division 

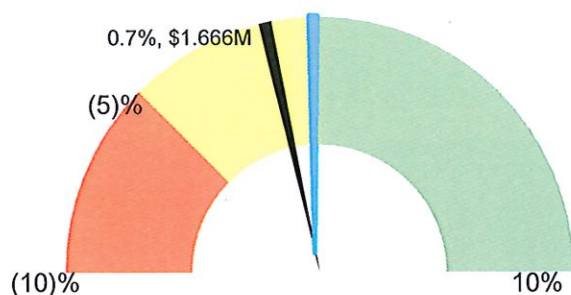
Approved By: Darren DERKO, Deputy Chief, Corporate Services Bureau 

Chief of Police:  _____

Date: Sept 15, 21

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

- Favourable budget variance, >= 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	45,827	42,363	(3,464)	-7.6%
<i>Personnel</i>	227,048	231,822	(4,774)	-2.1%
<i>Non-Personnel</i>	46,410	39,838	6,572	14.2%
Expense	273,458	271,660	1,798	0.7%
Net Position	227,631	229,297	(1,666)	-0.7%

	Projected Year-End			
	Budget	Actual	Variance \$	%
Revenue	99,510	93,218	(6,292)	-6.3%
<i>Personnel</i>	385,990	388,536	(2,546)	-0.7%
<i>Non-Personnel</i>	81,578	76,929	4,649	5.7%
Expense	467,568	465,465	2,103	0.4%
TCA (Note 1)	18,474	18,474	-	0.0%
Transfer to/(from) EPS	-	-	-	-
Reserve (Note 2)	-	(4,189)	4,189	-
Net Position	386,532	386,532	-	0.0%

Year-to Date

Revenue - The under budget position is the result of lower Traffic Safety Act revenues, which are due to a lower number of tickets issued and compared to the same period in 2020, there have been approximately 8% less tickets issued in 2021. Less demand for Extra Duty services and fewer tows of seized vehicles, partially offset by lower contract and service costs is also contributing to the under budget position. Secondment revenue for Alberta Law Enforcement Response Teams (ALERT) is favorable, offset by increased overtime costs.

Personnel - The over budget position is due to higher salary costs because of less vacation taken and less attrition than anticipated in the first half of the year. Increased overtime costs for ALERT, which are offset by increased revenue, are also contributing to the unfavorable position. EPS overtime is marginally over budget due to minimum staffing and summer vacations.

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 maintenance and custodial, travel, and training 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.

Non-Personnel - The same as year to date offset by required COVID-19 personal protective equipment purchases.

	2020 Year-to-Date				2020 Year-End				
	Budget	Actual	Variance \$	%	Budget	Actual	Variance \$	%	
Revenue	58,668	55,889	(2,779)	-4.7%	Revenue	96,946	92,862	(4,084)	3.8%
Expense	268,128	267,022	1,106	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	209,460	211,133	(1,673)	-0.8%	Net Position	377,007	377,007	-	0.0%

**Edmonton Police Service
Budget Variance by Major Category of Revenue & Expenditures
For the Period Ending July 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.