



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2017-November-28

SUBJECT: Financial Report for the Period Ending October 31, 2017

RECOMMENDATION:

That the financial report for the period ending October 31, 2017 be received for information.

INTRODUCTION:

This report provides current financial performance information for the Edmonton Police Service (EPS) for the period ending October 31, 2017 and a year-end forecast.

COMMENTS / DISCUSSION:

Operating Results:

The operating results for the period ending October 31, 2017 indicate a net surplus position of \$7.822 million or 3.1% mainly due to surplus in revenue of \$3.121 million, an underspend in personnel costs of \$2.483 million, and an underspend in non-personnel costs of \$2.218 million.

The surplus in revenue is primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), retroactive (third and fourth quarters of 2016) 911 Operators expenses as supported by Alberta Emergency Management Agency, increased fees and greater volume of Police Information Checks (PIC), greater secondment recoveries, and the recognition of revenue associated with EPS 125 events and other miscellaneous donations (offset by non-personnel expenses). This is being offset by lower number of Traffic Safety Act revenues to date, which is consistent with a 2018 budget reduction. The overall surplus in revenue will increase during the year and will be used to offset one-time purchases identified through priority unfunded initiatives.

The under budget position in personnel costs is primarily due to lower than expected cost of benefits and reduced need of overtime.

The main cause of the under budget position in non-personnel costs is due to the timing of purchases. It is expected that these budgets will be utilized by the end of the year and will be overspent due to various one-time purchases identified through *priority* unfunded initiatives.

CONCLUSION:

Based on the operating results to the end of October and the explanations attached, the year-end forecast indicates that the EPS may be \$1.587 million or 0.5% over budget. The projection for the Police Service is primarily due to unbudgeted costs associated with Rounds 1 and 2 of Stanley Cup Playoffs, and higher part time personnel costs in the Police Communications Branch, partially offset by retroactive 911 Operators recovery; and the Police Commission's anticipated overspend resulting from upcoming termination payments, an unfunded audit position and the upcoming Street Check Review.

ADDITIONAL INFORMATION ATTACHED:

Operating:

I **Budget Variance by Major Category of Revenue & Expenditures**

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Approved by: Linda REVELL, Chief Administrative Officer, Corporate Services Bureau 

Chief of Police: _____



Kevin Brezinski
Acting Chief of Police

Date: 2017-11-30

Edmonton Police Service
Budget Variance by Major Category of Revenues & Expenditures
Financial Report for the Period Ending October 31, 2017
 (000's)

	Current Period				2016 Year to Date				2017 Year to Date				Year End Forecast			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Projected	Variance	%
Revenue																
Traffic Safety Act Fines (Note 1)	\$ 1 421	\$ 1 261	\$ (160)	-11.3%	\$ 14 986	\$ 11 272	\$ (3 714)	-24.8%	\$ 13 182	\$ 12 206	\$ (976)	-7.4%	\$ 15 508	\$ 15 123	\$ (385)	-2.5%
Transfer to COE General Revenues	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%	-	-	-	0.0%
Transfer from Reserve (OTS) (Note 2)	5 573	5 573	-	0.0%	20 384	20 384	-	0.0%	22 292	22 292	-	0.0%	22 292	22 292	-	0.0%
Provincial Grants (Note 3)	253	264	11	4.3%	26 628	26 080	(548)	-2.1%	27 129	29 050	1 921	7.1%	27 923	29 830	1 907	6.8%
Other Revenue (Notes 4 and 12)	2 325	2 667	342	14.7%	22 281	22 403	122	0.5%	22 036	24 212	2 176	9.9%	26 034	28 162	2 128	8.2%
Total Revenue	9 572	9 765	193	2.0%	84 279	80 139	(4 140)	-4.9%	84 639	87 760	3 121	3.7%	91 757	95 407	3 650	4.0%
Expenditures																
Personnel																
Salary and benefits (Note 5)	28 292	27 626	666	2.4%	249 589	245 446	4 143	1.7%	273 656	271 674	1 982	0.7%	328 633	329 554	(921)	-0.3%
EPS Overtime (Note 6a)	949	895	54	5.7%	8 850	8 291	559	6.3%	9 137	8 605	532	5.8%	11 030	10 686	344	3.1%
External Overtime (Note 6b)	38	61	(23)	-60.5%	360	492	(132)	-36.7%	383	414	(31)	-8.1%	460	498	(38)	-8.3%
	29 279	28 582	697	2.4%	258 799	254 229	4 570	1.8%	283 176	280 693	2 483	0.9%	340 123	340 738	(615)	-0.2%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	919	1 261	(342)	-37.2%	10 905	10 284	621	5.7%	10 466	10 463	3	0.0%	11 821	14 758	(2 937)	-24.8%
Contracts and services (Note 8)	1 594	1 872	(278)	-17.4%	16 000	15 847	153	1.0%	15 380	15 397	(17)	-0.1%	17 446	19 833	(2 387)	-13.7%
Vehicles (Note 9)	734	784	(50)	-6.8%	6 104	6 392	(288)	-4.7%	6 395	6 253	142	2.2%	7 655	7 592	63	0.8%
Facilities (Note 10)	1 522	1 573	(51)	-3.4%	14 359	13 284	1 075	7.5%	14 266	12 664	1 602	11.2%	16 809	15 785	1 024	6.1%
Other Expenditures (Note 11)	217	216	1	0.5%	3 822	3 408	414	10.8%	3 843	3 355	488	12.7%	3 553	3 938	(385)	-10.8%
	4 986	5 706	(720)	-14.4%	51 190	49 215	1 975	3.9%	50 350	48 132	2 218	4.4%	57 284	61 906	(4 622)	-8.1%
Total Expenditures (Note 13)	34 265	34 288	(23)	-0.1%	309 989	303 444	6 545	2.1%	333 526	328 825	4 701	1.4%	397 407	402 644	(5 237)	-1.3%
Position before Adjustments	24 693	24 523	170	0.7%	225 710	223 305	2 405	1.1%	248 887	241 065	7 822	3.1%	305 650	307 237	(1 587)	-0.5%
Tangible Capital Assets Budget adjustment (Note 14)													13 858	13 858	-	0.0%
Net Position **	\$ 24 693	\$ 24 523	\$ 170	0.7%	\$ 225 710	\$ 223 305	\$ 2 405	1.1%	\$ 248 887	\$ 241 065	\$ 7 822	3.1%	\$ 319 508	\$ 321 095	\$ (1 587)	-0.5%

** This net position includes both the Police Commission and the Police Service. For transparency, the below information is specific to the Police Commission.

Police Commission

Personnel	88	55	33	37.5%	808	824	(16)	-2.0%	808	768	40	5.0%	981	1 056	(75)	-7.6%
Non-Personnel	37	63	(26)	-70.3%	415	488	(73)	-17.6%	464	517	(53)	-11.4%	554	685	(131)	-23.6%

Police Commission	\$ 125	\$ 118	\$ 7	6.1%	\$ 1 223	\$ 1 312	\$ (89)	-7.3%	\$ 1 272	\$ 1 285	\$ (13)	-1.0%	\$ 1 535	\$ 1 741	\$ (206)	-13.4%
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Variance Explanations

Personnel

Year to Date - Under budget as result of a vacancy, which is offset by a 6 months \$70,000 funding for Audit Coordinator, approved through one-time Priority Unfunded Initiative, and portion of the termination payment.
Forecast - Over budget due to termination payments of \$132,000, offset by year to date.

Non-Personnel

Year to Date - Over budget as a result of an IT Governance Audit, approved through one-time Priority Unfunded Initiative, which is partially offset by lower than expected honorariums, and travel and training costs.
Forecast - Same as the year to date, and expected external consultant reviews for information in last quarter of the year.

Police Service	\$ 24 568	\$ 24 405	\$ 163	0.7%	\$ 224 487	\$ 221 993	\$ 2 494	1.1%	\$ 247 615	\$ 239 780	\$ 7 835	3.2%	\$ 317 973	\$ 319 354	\$ (1 381)	-0.4%
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Variance Explanations (see Attachment 1a)

Edmonton Police Service**Explanation of Variances by Major Category of Expenditures and Revenues – Notes****For the Period Ended October 31st 2017****1. Traffic Safety Act (TSA) Fines Revenue**

Year to Date – Recognition of fines to date is currently being reviewed with the City of Edmonton.

Forecast – Revenue is under budget, and is in line with a 2018 budget reduction, which was included on the 2017 Fall Supplemental Operating Budget Adjustment.

2. Transfer from Reserve - Office of Traffic Safety (OTS)

Year to Date – Quarterly transfers from the OTS, with the first three payments received to date, and final payment expected in the next month.

Forecast – No variance is expected.

3. Provincial Grants

Year to Date – Over budget primarily due to ongoing recognition of E911 Grant revenues (offset by personnel expenses), recognition of revenues to offset all 911 Operators expenses from July 01 to December 31, 2016 as supported by Alberta Emergency Management Agency on March 02, 2017, and additional Municipal Policing Assistance Grant (MPAG) funds based on the municipal census.

Forecast – Same as for the year to date.

4. Other Revenue

Year to Date – The over budget position is primarily due to Secondments (offset by greater personnel costs), increased fees and greater volume of Police Information Checks (PIC), and revenues associated with EPS 125 events (offset by greater non-personnel costs). This is offset by reduced volume of towed vehicles, and false alarm fees.

Forecast – Same as for the year to date.

5. Salary and Benefits

Year to date – Under budget primarily due to lower than expected cost of benefits, statutory holiday pay, and employee allowances.

Forecast – Over budget as a result of higher part time personnel costs in the Police Communications Branch (partially offset by E911 Grant).

The sworn member attrition position for the ten months of the year is:

Attrition	October	October YTD	Full Year
Original Projection	6	57	70
Actual & Updated Projection	5	53	60

As of November 10, 2017, one sworn member has been dismissed, twenty-four sworn members have tendered their resignation, and thirty-four announced their retirement for an attrition total of fifty-nine. Of these fifty-three were no longer on the payroll as of October 31, 2017. Projected attrition was reduced from 70 to 60 in September.

6a. EPS Overtime

Year to date – Underspent as a result of limited need of overtime in Community Policing, Police Communication (offset by greater part time costs), fewer Traffic collisions causing major injury, less than projected overtime required to date in Serious Crimes Branch. This is offset by costs associated with Rounds 1 and 2 for the Stanley Cup Playoffs.

Forecast – Same as the year to date.

6b. External Overtime

Year to date – Over budget offset by higher secondment recoveries.

Forecast – Same as the year to date.

7. Furniture, Equipment, IT, Materials and Supplies

Year to date – Under budget due to the timing of purchases.

Forecast – An over spend is projected mainly due to the increased cost of the Microsoft enterprise agreement and other licenses, as well as one-time operating purchases identified through priority unfunded initiatives, such as Conducted Electrical Weapons, Arwen Project, and others. The projected overspend is to be offset by surplus in revenue.

8. Contracts & Services

Year to date – Slightly over budget.

Forecast – Over budget as a result of one-time operating purchases identified through priority unfunded initiatives (i.e. Competency Model, Rebranding). The overspend is projected to be offset by surplus in revenue.

9. Vehicle Costs

Year to date – Under budget primarily due to lower fuel and regular maintenance costs partially offset by increased collision costs.

Forecast – Same as the year to date.

10. Facilities

Year to Date – Under budget as a result of lower custodial, space rent and building maintenance costs as well as fluctuations in utility rates and consumption offset by higher snow removal and landscaping contracts.

Forecast – Same as the year to date. This will offset one-time purchases identified through priority unfunded initiatives (i.e. Furniture, equipment, IT, materials and supplies, and contracts & services), and costs charged to other budget categories (other expenditures).

11. Other Expenditures

Year to Date – Under budget due to the timing of travel and other purchases, and lower than expected insurance costs.

Forecast – Over budget primarily a result of various facilities, renovation and leasing allocations being charged to City's inter-departmental category instead of facilities where budget exists, and travel costs associated with planned investigation projects.

12. Other Revenue

Other Revenue includes revenue received from other City of Edmonton departments for Extra Duty policing.

13. Accruals

The total Operating non-personnel accruals for October amounted to \$1.6 million (rounded).

14. Tangible Capital Assets

Budget held to cover capital qualifying expenses for projects such as vehicles.