



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

**DATE:** 2015-September-3

**SUBJECT:** Financial Report for the Period Ending July 31, 2015

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#### RECOMMENDATION:

That the financial report for the period ending July 31, 2015 be received for information.

#### INTRODUCTION:

This report provides current and projected year end financial performance information for the Edmonton Police Service (EPS) for the period ending July 31, 2015.

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending July 31, 2015 indicate a net surplus position of \$2.332 million or 1.6% mainly due to under spends in personnel of \$3.238 and non-personnel of \$0.957 million, offset by a shortfall in revenue of \$1.863 million.

Personnel costs are under budget primarily due to vacant positions. This is slightly offset with higher part time personnel costs in the Police Communications Branch and overtime for investigative projects.

The main cause of the under budget position in non-personnel costs are lower expenditures related to the E911 Grant (offset by lower revenues), as well as lower vehicle costs due to lower kilometers driven. The year-end projection has been adjusted to reflect these results.

The shortfall in Traffic Safety Act (TSA) fines is a result of an increase in the volume of calls for service as well as an increased focus on violent crimes. The current trend shows the TSA revenue to be approximately 92% of 2014 levels. As a result, the current projection has been adjusted to \$2.030 million to reflect the lower than expected revenue. Also, a shortfall in the recognition of the Provincial E911 Grant is offset with savings in personnel and non-personnel expenditures. E911 Grants will be carried forward to offset future expenses.

**CONCLUSION:**

Based on the operating results to the end of July and the explanations attached, the year-end forecast indicates that the EPS may be \$0.697 million or 0.2% under budget. This projection includes approvals through the Critical Unfunded Initiative report to August 20, 2015.

**ADDITIONAL INFORMATION ATTACHED:**

Operating:

I Budget Variance by Major Category of Revenue & Expenditures

Written by: Robert DAVIDSON, Director, Finance Management Branch *RD*

Reviewed by: Jodie GRAHAM, Executive Director, Finance Division *JG*

Approved by: Danielle CAMPBELL, Deputy Chief, Corporate Services Bureau *DC*

Chief of Police: 

Date: AUG 31 2015

## Edmonton Police Service

## Budget Variance by Major Category of Revenues &amp; Expenditures

For the Period Ending July 31, 2015  
(\$000's)

	Current Period				2014 Year to Date				2015 Year to Date				Year End Forecast			
	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Actual	Variance	%	Budget	Projected	Variance	%
<b>Revenue</b>																
Traffic Safety Act Fines (Note 1)	\$ 1,310	\$ 1,174	\$ (136)	-10.4%	\$ 9,365	\$ 8,107	\$ (1,258)	-13.4%	\$ 8,396	\$ 7,390	\$ (1,006)	-12.0%	\$ 14,708	\$ 12,678	\$ (2,030)	-13.8%
Transfer to COE General Revenues	-	-	-		-	-	-		-	-	-		-	-	-	
Transfer from Reserve (OTS) (Note 2)	4,705	4,705	-	0.0%	-	-	-		14,114	14,114	-	0.0%	18,819	18,819	-	0.0%
Provincial Grants (Note 3)	217	87	(130)	-59.9%	23,580	23,580	-	0.0%	26,065	25,081	(984)	-3.8%	27,148	26,548	(600)	-2.2%
Other Revenue (Notes 4 and 12)	2,107	2,286	179	8.5%	15,276	15,393	117	0.8%	15,735	15,862	127	0.8%	28,033	27,510	(523)	-1.9%
<b>Total Revenue</b>	<b>8,339</b>	<b>8,252</b>	<b>(87)</b>	<b>-1.0%</b>	<b>48,221</b>	<b>47,080</b>	<b>(1,141)</b>	<b>-2.4%</b>	<b>64,310</b>	<b>62,447</b>	<b>(1,863)</b>	<b>-2.9%</b>	<b>88,708</b>	<b>85,555</b>	<b>(3,153)</b>	<b>-3.6%</b>
<b>Expenditures</b>																
<b>Personnel</b>																
Salary and benefits (Note 5)	22,778	22,751	27	0.1%	160,729	160,805	(76)	0.0%	168,779	165,177	3,602	2.1%	286,630	282,216	4,414	1.5%
EPS Overtime (Note 6a)	1,101	1,224	(123)	-11.2%	5,829	5,791	38	0.7%	5,754	6,168	(414)	-7.2%	10,313	10,817	(504)	-4.9%
External Overtime (Note 6b)	37	3	34	91.9%	252	260	(8)	-3.2%	260	210	50	19.2%	445	340	105	23.6%
	<b>23,916</b>	<b>23,978</b>	<b>(62)</b>	<b>-0.3%</b>	<b>166,810</b>	<b>166,856</b>	<b>(46)</b>	<b>0.0%</b>	<b>174,793</b>	<b>171,555</b>	<b>3,238</b>	<b>1.9%</b>	<b>297,388</b>	<b>293,373</b>	<b>4,015</b>	<b>1.4%</b>
<b>Non-Personnel</b>																
Furniture, equipment, IT, materials and supplies (Note 7)	818	1,466	(648)	-79.2%	8,154	8,408	(254)	-3.1%	8,540	8,527	13	0.2%	12,575	13,265	(690)	-5.5%
Contracts and services (Note 8)	1,525	1,953	(428)	-28.1%	10,091	8,759	1,332	13.2%	10,143	10,323	(180)	-1.8%	18,354	18,311	43	0.2%
Vehicles (Note 9)	587	754	(167)	-28.4%	4,761	4,688	73	1.5%	4,156	3,898	258	6.2%	7,251	6,659	592	8.2%
Facilities (Note 10)	1,415	1,366	49	3.5%	9,195	8,646	549	6.0%	9,589	9,106	483	5.0%	17,233	17,515	(282)	-1.6%
Other Expenditures (Note 11)	1,688	1,635	53	3.1%	2,853	2,776	77	2.7%	3,000	2,617	383	12.8%	7,469	7,297	172	2.3%
	<b>6,033</b>	<b>7,174</b>	<b>(1,141)</b>	<b>-18.9%</b>	<b>35,054</b>	<b>33,277</b>	<b>1,777</b>	<b>5.1%</b>	<b>35,428</b>	<b>34,471</b>	<b>957</b>	<b>2.7%</b>	<b>62,882</b>	<b>63,047</b>	<b>(165)</b>	<b>-0.3%</b>
<b>Total Expenditures (Note 13)</b>	<b>29,949</b>	<b>31,152</b>	<b>(1,203)</b>	<b>-4.0%</b>	<b>201,864</b>	<b>200,133</b>	<b>1,731</b>	<b>0.9%</b>	<b>210,221</b>	<b>206,026</b>	<b>4,195</b>	<b>2.0%</b>	<b>360,270</b>	<b>356,420</b>	<b>3,850</b>	<b>1.1%</b>
<b>Position before Adjustments</b>	<b>21,610</b>	<b>22,900</b>	<b>(1,290)</b>	<b>-6.0%</b>	<b>153,643</b>	<b>153,053</b>	<b>590</b>	<b>0.4%</b>	<b>145,911</b>	<b>143,579</b>	<b>2,332</b>	<b>1.6%</b>	<b>271,562</b>	<b>270,865</b>	<b>697</b>	<b>0.3%</b>
<b>Tangible Capital Assets Budget adjustment (Note 14)</b>													<b>8,463</b>	<b>8,463</b>	<b>-</b>	<b>0.0%</b>
<b>Net Position</b>	<b>\$ 21,610</b>	<b>\$ 22,900</b>	<b>\$ (1,290)</b>	<b>-6.0%</b>	<b>\$ 153,643</b>	<b>\$ 153,053</b>	<b>\$ 590</b>	<b>0.4%</b>	<b>\$ 145,911</b>	<b>\$ 143,579</b>	<b>\$ 2,332</b>	<b>1.6%</b>	<b>\$ 280,025</b>	<b>\$ 279,328</b>	<b>\$ 697</b>	<b>0.2%</b>

**Edmonton Police Service****Explanation of Variances by Major Category of Expenditures and Revenues – Notes****Financial Report for the Period Ended July 31<sup>st</sup> 2015****1. Traffic Safety Act (TSA) Fines Revenue**

**Year to Date** – An increase in the volume of calls for service as well as an increased focus on violent crimes, has resulted in lower than anticipated TSA Fines Revenue. Currently we have received 92% of 2014 revenues.

**Forecast** – Same as the year to date.

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

**Year to Date** – On budget.

**Forecast** – Same as the year to date.

**3. Provincial Grants**

**Year to Date** – Less E911 Grant revenue has been recognized year to date, which is offset by lower non-personnel expenses in Contracts and Services.

**Forecast** – Same as for the year to date. E911 Grant revenue that is not recognized in 2015 will be carried forward to offset future expenses.

**4. Other Revenue**

**Year to Date** – Over budget mainly due to a large number of extra duty events in July, higher Police Information Check revenue from an increase in fingerprinting fees, and higher School Resource Officer recoveries. This is offset with vacant positions in ALERT (6 positions), which results in lower secondment recoveries and lower Municipal Bylaw Violation revenues.

**Forecast** – It is expected that the above variances will continue throughout the year and have been reflected in the Forecast, however the extra duty revenues will decrease as the peak summer season comes to an end. Also included in the forecast is recognition of various unbudgeted grant revenue which are offset with higher expenditures and lower extra duty revenue is anticipated due to new business rules implemented last year.

**5. Salary and Benefits**

**Year to date** – Under budget mainly due to vacancies and lower court costs which is partially offset with higher part time personnel costs in the Police Communications Branch.

## 5. Salary and Benefits (continued)

**Forecast** – It is expected that the above variances will continue throughout the year and have been reflected in the Forecast. Also, the budget received to support the 49 new positions will be utilized to cover the one-time costs under furniture & equipment, contracts & services and tangible capital asset transfers, as identified to Council in April.

The sworn member attrition position for the first 7 months of the year is:

Attrition	July	July YTD	Full Year
Original Projection	7	49	85
Actual & Updated Projection	8	50	85

As of August 20, 2015, twenty two sworn members have tendered their resignation, thirty two announced their retirement, one member is deceased and two have been dismissed for an attrition total of fifty seven. Of these, fifty were no longer on the payroll as of July 31, 2015.

### 6a. EPS Overtime

**Year to date** – The over budget position is mainly due to a major project in the Homicide Section and \$140k relating to the Officer involved shooting. Also, costs of \$95k were incurred for a Regimental Funeral.

**Forecast** – Despite the year to date overspend, the Homicide Section is projected to be on budget by the end of the year. The Community Policing Bureau is expected to be over budget due to an increase in critical summer patrol staffing as well as requirements for the Community Action Teams. The unanticipated overtime costs for a Regimental Funeral have also been incurred. Offsetting these are anticipated underspends in the Disaster Emergency Operations and Planning Section and the Tactical Section, based on year to date spending patterns. The overall EPS position is a projected overspend of \$504k.

### 6b. External Overtime

**Year to date** – This underspend is primarily due to less overtime used in ALERT (offset with lower Other Revenue).

**Forecast** – Same as for the year to date.

## 7. Furniture, Equipment, IT, Materials and Supplies

**Year to date** – Minor under spend.

**Forecast** – The projected overspend is due to Infrastructure purchases to support the 49 new positions as well as mandatory maintenance requirements for Air 1 and Air 2. Also contributing to the projected overspend are higher than anticipated maintenance requirements in Facilities Management, which are offset with underspends in other costs.

**8. Contracts & Services**

**Year to date** – The over spend is primarily due to a contracted Radio Engineer (a vacant position is held in salaries and benefits) and snow removal. This is offset by lower E911 Grant expenditures resulting in lower E911 Grant revenue being recognized.

**Forecast** – Minor under spend. Though minor the forecast underspend is primarily due to lower expenditures related to the E911 Grant, which are offset with lower Provincial Grant revenue, and lower extra duty costs resulting from the new business rules. Offsetting this are a number of approved projects, such as the 20 Year Strategic Facility Plan and staff augmentation for the Information Technology Branch, (offset with savings in Personnel), as well as higher snow removal costs (offset with savings in Facilities) and costs for the Regimental Funeral.

**9. Vehicle Costs**

**Year to date** – The under budget position is mainly due to lower kilometers driven, resulting in lower fuel & maintenance costs.

**Forecast** – Same as for the year to date.

**10. Facilities**

**Year to Date** – The under budget position is due to lower custodial charges, space rent and utilities.

**Forecast** – This includes approved renovation projects for the EPS Gateway Facility fit up costs and Downtown Division front counter remodeling. Offsetting this are custodial charges that are expected to be under budget (offset with spending in Contracts & Services).

**11. Other Expenditures**

**Year to Date** – The under budget position is primarily due to higher than expected recoveries on insurance claims and a lower than expected insurance premium.

**Forecast** – Same as for the year to date partially offset by increased travel training requirements.

**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 June amounted to \$1.3 million (rounded).

**14. Tangible Capital Assets**

Budget held to cover capital qualifying expenses for projects such as vehicles to support the 49 new positions, offset in salaries and benefits.

(-) overspent, (+) underspent

	Variance			
	June Last Month	July This Month	Change	
<b>Revenue</b>				
Traffic Safety Act (Note 1)	(2,093)	(2,030)	63	As of June we have received 91% of 2014 revenues for the same time period. In May we had received 93% of 2014 revenues for the same time period.
Transfer to COE General Revenues	-	-	-	
Municipal Policing Assistance Grant	(600)	(600)	-	
Other (Note 2)	(598)	(523)	75	
<b>Total Revenue</b>	<b>(3,291)</b>	<b>(3,153)</b>	<b>138</b>	
<b>Expenditures</b>				
<b>Personnel</b>				
Salary and benefits (Note 3)	4,196	4,414	218	Experienced Officer Class in October changed from 16 to 10 (\$126k)
EPS Overtime	(444)	(504)	(60)	
External Overtime (Note 4)	121	105	(16)	
	<b>3,873</b>	<b>4,015</b>	<b>142</b>	
<b>Non-Personnel</b>				
Furniture, equipment, IT, materials and supplies (Note 5)	(611)	(690)	(79)	Approv Critical Unfund for PHQ Space Planning (\$150k) and Advertising (\$60)
Contracts and services (Note 6)	282	43	(239)	
Vehicles (Note 7)	601	592	(9)	
Facilities (Note 8)	(54)	(282)	(228)	
Other (Note 10)	112	172	60	Increased charges for cellular phones in Customer Support (\$108k); increased building costs in Facility Mgmt (\$104k)
	<b>330</b>	<b>(165)</b>	<b>(495)</b>	
<b>Total Expenditures (Note 12)</b>	<b>4,203</b>	<b>3,850</b>	<b>(353)</b>	
<b>Position before Grant</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Net Position</b>	<b>912</b>	<b>697</b>	<b>(215)</b>	

	Current	YTD
<b>SAP to Dept 1000 variance reconciliation</b>		
SAP at July 31, 2016	(4,816)	2,179
<b>Yellow Tab:</b>		
New officer grant - portion to be deferred for 2016	2,625	
Adjust TSA accrual to actual TSA revenue	(658)	
E911 Grant Revenue	386	386
Balance the OTS Reserve to YTD dollars received	1,174	(235)
<b>TOTAL YELLOW TAB ADJUSTMENTS</b>	<b>3,527</b>	<b>161</b>
<b>DEPT 1000</b>	<b>(1,290)</b>	<b>2,332</b>

CHECK

1

(2) budget manually adj to tie to actual TSA reserve transfer  
1410