



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2015-October-5

SUBJECT: Financial Report for the Period Ending August 31, 2015

RECOMMENDATION:

That the financial report for the period ending August 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 August 31, 2015.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending August 31, 2015 indicate a net surplus position of \$2.444 million or 0.7% mainly due to under spends in personnel of \$2.426 and non-personnel of \$1.611 million, offset by a shortfall in revenue of \$1.593 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 reflects the continuation of 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 \$1.900 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 August and the explanations attached, the year-end forecast indicates that the EPS may be \$0.509 million or 0.2% under budget. This projection includes approvals through the Critical Unfunded Initiative report to September 3, 2015.

ADDITIONAL INFORMATION ATTACHED:

Operating:

I Budget Variance by Major Category of Revenue & Expenditures

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Chief of Police:

Date: 2015-10-04

Edmonton Police Service

Budget Variance by Major Category of Revenues & Expenditures

For the Period Ending August 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	%
Revenue																
Traffic Safety Act Fines (Note 1)	\$ 1 310	\$ 1 140	\$ (170)	-13.0%	\$ 10 772	\$ 9 281	\$ (1 491)	-13.8%	\$ 9 706	\$ 8 530	\$ (1 176)	-12.1%	\$ 14 708	\$ 12 808	\$ (1 900)	-12.9%
Transfer to COE General Revenues	-	-	-		-	-	-		-	-	-		-	-	-	
Transfer from Reserve (OTS) (Note 2)	-	-	-		-	-	-		14 114	14 114	-	0.0%	18 819	18 819	-	0.0%
Provincial Grants (Note 3)	217	830	613	282.5%	23 580	23 580	-	0.0%	26 281	25 910	(371)	-1.4%	27 148	26 548	(600)	-2.2%
Other Revenue (Notes 4 and 12)	2 520	2 347	(173)	-6.9%	17 640	17 706	66	0.4%	18 255	18 209	(46)	-0.3%	28 033	27 554	(479)	-1.7%
Total Revenue	4 047	4 317	270	6.7%	51 992	50 567	(1 425)	-2.7%	68 356	66 763	(1 593)	-2.3%	88 708	85 729	(2 979)	-3.4%
Expenditures																
Personnel																
Salary and benefits (Note 5)	19 415	20 303	(888)	-4.6%	182 456	179 862	2 594	1.4%	188 195	185 480	2 715	1.4%	286 630	281 842	4 788	1.7%
EPS Overtime (Note 6a)	940	882	58	6.2%	6 664	6 686	(22)	-0.3%	6 694	7 050	(356)	-5.3%	10 313	10 703	(390)	-3.8%
External Overtime (Note 6b)	37	20	17	45.9%	288	318	(30)	-10.4%	297	230	67	22.6%	445	317	128	28.8%
	20 392	21 205	(813)	-4.0%	189 408	186 866	2 542	1.3%	195 186	192 760	2 426	1.2%	297 388	292 862	4 526	1.5%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	1 125	872	253	22.5%	8 999	8 945	54	0.6%	9 664	9 400	264	2.7%	12 910	14 085	(1 175)	-9.1%
Contracts and services (Note 8)	2 236	1 909	327	14.6%	11 925	10 681	1 244	10.4%	12 379	12 232	147	1.2%	20 775	21 160	(385)	-1.9%
Vehicles (Note 9)	601	581	20	3.3%	5 440	5 370	70	1.3%	4 757	4 479	278	5.8%	7 251	6 895	356	4.9%
Facilities (Note 10)	1 316	1 339	(23)	-1.7%	10 637	10 028	609	5.7%	10 905	10 446	459	4.2%	17 304	17 575	(271)	-1.6%
Other Expenditures (Note 11)	205	125	80	39.0%	3 071	2 828	243	7.9%	3 205	2 742	463	14.4%	4 483	4 046	437	9.7%
	5 483	4 826	657	12.0%	40 072	37 852	2 220	5.5%	40 910	39 299	1 611	3.9%	62 723	63 761	(1 038)	-1.7%
Total Expenditures (Note 13)	25 875	26 031	(156)	-0.6%	229 480	224 718	4 762	2.1%	236 096	232 059	4 037	1.7%	360 111	356 623	3 488	1.0%
Position before Adjustments	21 828	21 714	114	0.5%	177 488	174 151	3 337	1.9%	167 740	165 296	2 444	1.5%	271 403	270 894	509	0.2%
Tangible Capital Assets Budget adjustment (Note 14)													8 622	8 622	-	0.0%
Net Position	\$ 21 828	\$ 21 714	\$ 114	0.5%	\$ 177 488	\$ 174 151	\$ 3 337	1.9%	\$ 167 740	\$ 165 296	\$ 2 444	1.5%	\$ 280 025	\$ 279 516	\$ 509	0.2%

Edmonton Police Service**Explanation of Variances by Major Category of Expenditures and Revenues – Notes****Financial Report for the Period Ended August 31st 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 – Slightly under budget.

Forecast – It is expected that the extra duty revenues will decrease as the peak summer season comes to an end. Also contributing to the expected underspend are lower than anticipated secondment recoveries as a result of vacancies in ALERT and lower revenues from bylaw violations.

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 8 months of the year is:

Attrition	August	August YTD	Full Year
Original Projection	7	56	85
Actual & Updated Projection	4	54	85

As of September 30, 2015, twenty two sworn members have tendered their resignation, thirty six announced their retirement, one member is deceased and two have been dismissed for an attrition total of sixty one. Of these, fifty four were no longer on the payroll as of August 31, 2015.

6a. EPS Overtime

Year to date – The over budget position is mainly due to a major project in the Homicide Section as well as costs incurred for the critical summer patrol staffing and Community Action Teams in The Community Policing Bureau. Also contributing to the overspend is \$140K related to the Officer involved shooting and \$95K incurred for a Regimental Funeral. Partly offsetting this are underspends in the Disaster Emergency Operations and Planning Section, the Drug and Gang Section as well as lower costs for major events.

Forecast – Same as for the year to date.

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 – Underspent mainly due to a delay in the delivery of furniture orders, uniforms and body armour, as well as ammunition purchases still to be made.

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

8. Contracts & Services

Year to date – The underspend is primarily due to lower E911 Grant expenditures (directly offset by revenues) and is partly offset with costs for a contracted Radio Engineer (a vacant position is held in salaries and benefits), higher snow removal costs, as well as costs for psychological counseling services related to unanticipated incidents with EPS.

Forecast – The overspend is the result of a number of approved projects, such as the Police Communications Branch Revitalization, the 20 Year Strategic Facility Plan and staff augmentation for the Information Technology Branch, as well as higher snow removal costs (offset with savings in Facilities) and costs for the Regimental Funeral. Partly offsetting this are 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.

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, and space rent.

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 August 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.