



EDMONTON POLICE SERVICE

REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2016-September-06

SUBJECT: Monthly Financial Report for the Period Ending July 31, 2016

RECOMMENDATION:

That the monthly report for the period ending July 31, 2016 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, 2016.

COMMENTS / DISCUSSION:

Operating Results

The operating results for the period ending July 31, 2016 indicate a net surplus position of \$3.203 million or 2.1% mainly due to under spends in personnel of \$4.244 million and non-personnel of \$2.768 million, offset by a shortfall in revenue of \$3.809 million.

The under budget position in personnel costs is primarily due to lower benefit costs (Workers Compensation Board (WCB) Partners In Rebate (PIR) and Dividends distribution), court costs and stat holiday pay. The year end personnel costs surpluses are committed to offset costs associated with the PCB revitalization project.

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 during the year and will be over spent due to Police Communication Branch (PCB) revitalization project.

The shortfall in Traffic Safety Act (TSA) fines is a result of a decrease in the volume of tickets paid and collected despite an estimated 7.6 percent increase of tickets issued by Police members and the Provincial decision to return to municipalities a 25 percent increase in rates. In addition, Bylaw fine revenues have seen a significant decrease due to a new system that allows the City of Edmonton to better allocate provincial revenue to the initiator of the revenue (previously, EPS was the default for all Bylaw fine revenue). EPS Finance is working with the City Administration to determine an appropriate budget reallocation for the fall of 2016.

Emerging Issues

Personnel costs associated with EPS assistance with Fort McMurray wildfires' evacuees are being tracked and costs to date (including overtime) amount to \$0.620 million. EPS received confirmation from City Administration to book a receivable from the Province.

The Edmonton Police Association (EPA) contract settled at 2.4% for 2014, 2.5% for 2015, and 2.75% for 2016. These expenses are reflected in the year end projection with pending budget transfers in 2016 and 2017. EPS Finance continues to work with the City of Edmonton to address the funding gap.

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 \$7.444 million or 2.6% over budget. This is due to a shortfall in Traffic Safety Act revenues and the overspend resulting from the EPA contract settlement.

ADDITIONAL INFORMATION ATTACHED:

Operating:

I Budget Variance by Major Category of Revenue & Expenditures

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Approved by: Brock KAHANYSHYN, T/A Chief Administrative Officer, Corporate Services Bureau 

20th Sept 2016

Chief of Police: 

Date: SEP 20 2016

Edmonton Police Service
Budget Variance by Major Category of Revenues & Expenditures

For the Period Ending July 31, 2016
(\$000's)

	Current Period				2015 Year to Date				2016 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)	\$ 1 558	\$ 1 073	\$ (485)	-31.1%	\$ 8 396	\$ 7 390	\$ (1 006)	-12.0%	\$ 10 312	\$ 7 548	\$ (2 764)	-26.8%	\$ 17 808	\$ 13 168	\$ (4 640)	-26.1%
Transfer to COE General Revenues	-	-	-		-	-	-		-	-	-		-	-	-	
Transfer from Reserve (OTS) (Note 2)	5 096	5 096	-	0.0%	14 114	14 114	-	0.0%	15 288	15 288	-	0.0%	20 384	20 384	-	0.0%
Provincial Grants (Note 3)	216	123	(93)	-43.1%	26 065	25 081	(984)	-3.8%	26 011	25 577	(434)	-1.7%	27 273	27 417	144	0.5%
Other Revenue (Notes 4 and 12)	2 315	1 988	(327)	-14.1%	15 735	15 862	127	0.8%	15 426	14 815	(611)	-4.0%	27 131	26 654	(477)	-1.8%
Total Revenue	9 185	8 280	(905)	-9.9%	64 310	62 447	(1 863)	-2.9%	67 037	63 228	(3 809)	-5.7%	92 596	87 623	(4 973)	-5.4%
Expenditures																
Personnel																
Salary and benefits (Note 5)	24 124	21 931	2 193	9.1%	168 779	165 177	3 602	2.1%	176 427	172 308	4 119	2.3%	300 572	317 135	(16 563)	-5.5%
EPS Overtime (Note 6a)	1 225	869	356	29.1%	5 754	6 168	(414)	-7.2%	5 954	5 806	148	2.5%	10 614	10 057	557	5.2%
External Overtime (Note 6b)	36	-	36	100.0%	260	210	50	19.2%	252	275	(23)	-9.1%	432	551	(119)	-27.5%
	25 385	22 800	2 585	10.2%	174 793	171 555	3 238	1.9%	182 633	178 389	4 244	2.3%	311 618	327 743	(16 125)	-5.2%
Non-Personnel																
Furniture, equipment, IT, materials and supplies (Note 7)	1 266	1 164	102	8.1%	8 540	8 527	13	0.2%	7 959	7 073	886	11.1%	12 903	15 316	(2 413)	-18.7%
Contracts and services (Note 8)	1 660	1 687	(27)	-1.6%	10 143	10 323	(180)	-1.8%	11 003	10 263	740	6.7%	21 216	20 185	1 031	4.9%
Vehicles (Note 9)	578	518	60	10.4%	4 156	3 898	258	6.2%	4 095	4 331	(236)	-5.8%	7 372	7 782	(410)	-5.6%
Facilities (Note 10)	1 479	1 277	202	13.7%	9 589	9 106	483	5.0%	9 851	8 838	1 013	10.3%	17 589	18 048	(459)	-2.6%
Other Expenditures (Note 11)	267	230	37	13.9%	3 000	2 617	383	12.8%	3 192	2 827	365	11.4%	2 529	1 964	565	22.3%
	5 250	4 876	374	7.1%	35 428	34 471	957	2.7%	36 100	33 332	2 768	7.7%	61 609	63 295	(1 686)	-2.7%
Total Expenditures (Note 13)	30 635	27 676	2 959	9.7%	210 221	206 026	4 195	2.0%	218 733	211 721	7 012	3.2%	373 227	391 038	(17 811)	-4.8%
Position before Adjustments	21 450	19 396	2 054	9.6%	145 911	143 579	2 332	1.6%	151 696	148 493	3 203	2.1%	280 631	303 415	(22 784)	-8.1%
Tangible Capital Assets Budget adjustment (Note 14)													9 722	9 722	-	0.0%
Net Position	\$ 21 450	\$ 19 396	\$ 2 054	9.6%	\$ 145 911	\$ 143 579	\$ 2 332	1.6%	\$ 151 696	\$ 148 493	\$ 3 203	2.1%	\$ 290 353	\$ 313 137	\$ (22 784)	-7.8%

2016 Pending Budget Transfers				
Sept	Bylaw Supplemental Budget Adj	1 280	-	1 280
Sept	2016 Budget for Salary Settlements	1 752	-	1 752
Sept	Anticipated Historical Adj	2 408	-	2 408
Nov	2014 Budget for Salary Settlements	4 638	-	4 638
Nov	2015 Budget for Salary Settlements	5 262	-	5 262
				<u>(7 444)</u>
				-2.6%
2017 Pending Budget Transfers				
	2014 Budget for Salary Settlements	928	-	928
	2015 Budget for Salary Settlements	585	-	585
				<u>(5 931)</u>
				-2.0%

Edmonton Police Service

Explanation of Variances by Major Category of Expenditures and Revenues – Notes

For the Period Ended July 31st 2016**1. Traffic Safety Act (TSA) Fines Revenue**

Year to Date – The shortfall in Traffic Safety Act (TSA) fines is a result of a decrease in the volume of tickets paid and collected despite an estimated 7.6 percent increase of tickets issued by Police members and the Provincial decision to increase rates (see table below).

Forecast – Same as for the year to date.

Officer Issued Tickets		Revenues Collected	
Timeframe	Tickets	Timeframe	Revenue
Nov 2014 to May 2015	53 574	Jan to July 2015	\$ 7 339 113*
Nov 2015 to May 2016	57 636	Jan to July 2016	\$ 7 548 297
Increase/(Decrease)	4 062		\$ 209 184
Percent Change	7.6%		2.9%

*Excludes Highway Traffic Act fines of \$50 510 we no longer collect.

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

Year to Date – Transfers from the OTS occur on a quarterly basis with the third quarter completed in July.

Forecast – No variance is expected.

3. Provincial Grants

Year to Date – There has been less E911 Grant revenue recognized (offset by lower non-personnel expenses), offset by higher Heavy Users of Service (HUOS) revenue recognized.

Forecast – Expect to recognize higher E911 Grant revenues to partially offset non-personnel costs associated with the Police Communication Branch (PCB) revitalization project.

4. Other Revenue

Year to Date – The under budget position is primarily due to lower bylaw fine revenues. A new system allows City of Edmonton to better allocate provincial revenue to the initiator of that revenue (previously, EPS was the default for these Bylaw fine revenue). Also contributing to the shortfall is lower overall Secondment recoveries due to 11 vacancies in ALERT (offset by lower personnel costs); offset by increased Police Information Checks, towing revenues, and various grants and fees.

Forecast – Same as for the year to date, offset by EPS recovering costs for the wildfires from the Province.

5. Salary and Benefits

Year to date – Under budget primarily as a result of Workers Compensation Board (WCB) Partners In Rebate (PIR) and Dividends distribution, lower court costs and stat holiday pay.

Forecast – Over budget due to retroactive payments resulted from the Edmonton Police Association (EPA) contract settlement. This is offset by WCB PIR and Dividends distribution, lower court and stat holiday pay.

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

Attrition	July	July YTD	Full Year
Original Projection	6	39	70
Actual & Updated Projection	6	33	70

As of August 18, 2016, twenty-one sworn members have tendered their resignation, and twenty-two announced their retirement for an attrition total of forty-three. Of these, thirty-three were no longer on the payroll as of July 31, 2016.

6a. EPS Overtime

Year to date – Underspend as a result of budgets for various operational projects yet to be confirmed, and Beat position vacancies for the Downtown Revitalization. This is being offset by costs associated with EPS assistance with Fort McMurray wildfires. EPS is working with the City Administration for potential reimbursement from Province.

Forecast – Same as for the year to date.

6b. External Overtime

Year to date – Overspend as a result of more overtime required in ALERT (RCMP Assistance) offset by greater revenues.

Forecast – Same as the year to date.

7. Furniture, Equipment, IT, Materials and Supplies

Year to date – Underspent mainly due to the timing on the ordering and delivery of equipment and supplies.

Forecast – An over spend is projected mainly due to the PCB Revitalization Project, which is offset by an under spend in personnel costs, contracts & services and additional Provincial E911 Grants revenue recognized.

8. Contracts & Services

Year to date – Currently under budget due to less expenditures for the E911 Grant (offset by lower revenues recognized), late recruitment of paramedic resources for the Detention Management Unit, less than anticipated snow removal charges, and timing on various contracts.

Forecast – Same as the year to date.

9. Vehicle Costs

Year to date – Over budget primarily due to higher maintenance and collision repairs cost.

Forecast – Same as the year to date.

10. Facilities

Year to Date – Under budget due to less than budgeted custodial and maintenance costs as well as fluctuation in utility rates and consumption.

Forecast – An overspend is projected mainly due to the PCB Revitalization Project, which is offset by an underspend in personnel costs, contracts & services and Provincial Grants revenue. This is also offset by savings in utility rates and consumption, and lower custodial and maintenance costs.

11. Other Expenditures

Year to Date – Under budget primarily as a result of lower annual insurance premium, and higher than expected recoveries on insurance claims.

Forecast – Under budget primarily as a result of higher than expected recoveries on insurance claims.

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 July amounted to \$2.4 million (rounded).

14. Tangible Capital Assets

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