



## EDMONTON POLICE SERVICE

### REPORT TO THE EDMONTON POLICE COMMISSION

DATE: 2016-October-03

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

---

#### RECOMMENDATION:

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

#### COMMENTS / DISCUSSION:

##### **Operating Results**

The operating results for the period ending August 31, 2016 indicate a net surplus position of \$0.420 million or 0.2% mainly due to under spends in non-personnel of \$2.538 million and personnel of \$2.138 million, offset by a shortfall in revenue of \$4.256 million.

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 under budget position in personnel costs is primarily due to lower benefit costs (Workers Compensation Board (WCB) Partners In Rebate (PIR) and Dividends distribution), statutory holiday pay and court costs. The year end personnel costs will be over spent resulting from the EPA contract settlement.

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 10.4 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.

**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 \$7.590 million or 2.6% over budget. This is due to a shortfall in Traffic Safety Act revenues, and the overspend resulted from EPA contract settlement.

**ADDITIONAL INFORMATION ATTACHED:**

Operating:

I Budget Variance by Major Category of Revenue & Expenditures

Written by: Robert DAVIDSON, Director, Finance Management Branch 

Reviewed by: Jodie GRAHAM, Executive Director, Finance Division 

Approved by: Brian ROBERTS, T/A Chief Administrative Officer, Corporate Services Bureau   
2016-09-30

Chief of Police: 

Date: OCT 03 2016

**Edmonton Police Service**  
**Budget Variance by Major Category of Revenues & Expenditures**  
**For the Period Ending August 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	%
<b>Revenue</b>																
Traffic Safety Act Fines (Note 1)	\$ 1 558	\$ 1 300	\$ (258)	-16.6%	\$ 9 706	\$ 8 530	\$ (1 176)	-12.1%	\$ 11 870	\$ 8 848	\$ (3 022)	-25.5%	\$ 17 808	\$ 13 368	\$ (4 440)	-24.9%
Transfer to COE General Revenues	-	-	-		-	-	-		-	-	-		-	-	-	
Transfer from Reserve (OTS) (Note 2)	-	-	-		14 114	14 114	-	0.0%	15 288	15 288	-	0.0%	20 384	20 384	-	0.0%
Provincial Grants (Note 3)	196	126	(70)	-35.7%	26 281	25 910	(371)	-1.4%	26 206	25 703	(503)	-1.9%	27 273	27 417	144	0.5%
Other Revenue (Notes 4 and 12)	2 377	2 258	(119)	-5.0%	18 255	18 209	(46)	-0.3%	17 803	17 072	(731)	-4.1%	27 131	26 295	(836)	-3.1%
<b>Total Revenue</b>	<b>4 131</b>	<b>3 684</b>	<b>(447)</b>	<b>-10.8%</b>	<b>68 356</b>	<b>66 763</b>	<b>(1 593)</b>	<b>-2.3%</b>	<b>71 167</b>	<b>66 911</b>	<b>(4 256)</b>	<b>-6.0%</b>	<b>92 586</b>	<b>87 464</b>	<b>(5 132)</b>	<b>-5.5%</b>
<b>Expenditures</b>																
<b>Personnel</b>																
Salary and benefits (Note 5)	20 457	22 618	(2 161)	-10.6%	188 195	185 480	2 715	1.4%	196 884	194 926	1 958	1.0%	300 354	316 896	(16 542)	-5.5%
EPS Overtime (Note 6a)	1 082	1 026	56	5.2%	6 694	7 050	(356)	-5.3%	7 036	6 746	290	4.1%	10 614	9 936	678	6.4%
External Overtime (Note 6b)	36	36	-	0.0%	297	230	67	22.6%	288	398	(110)	-38.2%	432	596	(164)	-38.0%
	21 575	23 680	(2 105)	-9.8%	195 186	192 760	2 426	1.2%	204 208	202 070	2 138	1.0%	311 400	327 428	(16 028)	-5.1%
<b>Non-Personnel</b>																
Furniture, equipment, IT, materials and supplies (Note 7)	982	1 145	(163)	-16.6%	9 664	9 400	264	2.7%	8 943	8 218	725	8.1%	12 856	15 108	(2 252)	-17.5%
Contracts and services (Note 8)	1 991	2 106	(115)	-5.8%	12 379	12 232	147	1.2%	12 978	12 369	609	4.7%	21 189	20 706	483	2.3%
Vehicles (Note 9)	594	684	(90)	-15.2%	4 757	4 479	278	5.8%	4 690	5 015	(325)	-6.9%	7 373	7 603	(230)	-3.1%
Facilities (Note 10)	1 497	1 436	61	4.1%	10 905	10 446	459	4.2%	11 350	10 273	1 077	9.5%	17 592	18 001	(409)	-2.3%
Other Expenditures (Note 11)	188	113	75	39.9%	3 205	2 742	463	14.4%	3 391	2 939	452	13.3%	2 817	2 179	638	22.6%
	5 252	5 484	(232)	-4.4%	40 910	39 299	1 611	3.9%	41 352	38 814	2 538	6.1%	61 827	63 597	(1 770)	-2.9%
<b>Total Expenditures (Note 13)</b>	<b>26 827</b>	<b>29 164</b>	<b>(2 337)</b>	<b>-8.7%</b>	<b>236 096</b>	<b>232 059</b>	<b>4 037</b>	<b>1.7%</b>	<b>245 560</b>	<b>240 884</b>	<b>4 676</b>	<b>1.9%</b>	<b>373 227</b>	<b>391 025</b>	<b>(17 798)</b>	<b>-4.8%</b>
<b>Position before Adjustments</b>	<b>22 696</b>	<b>25 480</b>	<b>(2 784)</b>	<b>-12.3%</b>	<b>167 740</b>	<b>165 296</b>	<b>2 444</b>	<b>1.5%</b>	<b>174 393</b>	<b>173 973</b>	<b>420</b>	<b>0.2%</b>	<b>280 631</b>	<b>303 561</b>	<b>(22 930)</b>	<b>-8.2%</b>
<b>Tangible Capital Assets Budget adjustment (Note 14)</b>													9 722	9 722	-	0.0%
<b>Net Position</b>	<b>\$ 22 696</b>	<b>\$ 25 480</b>	<b>\$ (2 784)</b>	<b>-12.3%</b>	<b>\$ 167 740</b>	<b>\$ 165 296</b>	<b>\$ 2 444</b>	<b>1.5%</b>	<b>\$ 174 393</b>	<b>\$ 173 973</b>	<b>\$ 420</b>	<b>0.2%</b>	<b>\$ 290 353</b>	<b>\$ 313 283</b>	<b>\$ (22 930)</b>	<b>-7.9%</b>

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>(7 590)</u> -2.6%
2017 Pending Budget Transfers		
	2014 Budget for Salary Settlements	928 - 928
	2015 Budget for Salary Settlements	585 - 585
		<u>(6 077)</u> -2.1%

## Edmonton Police Service

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

For the Period Ended August 31<sup>st</sup> 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 10.4 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.

**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 the 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 14 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 (entry to be booked for September month end).

## 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 statutory holiday pay and court costs.

**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 statutory holiday pay and court costs.

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

Attrition	August	August YTD	Full Year
Original Projection	6	45	70
Actual & Updated Projection	11	44	70

As of September 15, 2016, twenty-six sworn members have tendered their resignation, and twenty-six announced their retirement for an attrition total of fifty-two. Of these, forty-four were no longer on the payroll as of August 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.

**Forecast** – Same as for the year to date. EPS will book a receivable entry for September month end from the Province to offset costs associated with Fort McMurray wildfires.

### 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. One-time purchases identified through critical unfunded initiatives also contribute to an overspent projection.

**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 August amounted to \$2.4 million (rounded).

**14. Tangible Capital Assets**

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