



# NIAGARA REGIONAL POLICE SERVICE

## Police Service Board Report

**PUBLIC AGENDA**

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**Subject:** Financial Variance Overview for the Period Ending March 31, 2024  
**Report To:** Chair and Members, Niagara Police Service Board  
**Report Date:** 2024-05-31

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### **Recommendation(s)**

**That the Niagara Police Service Board (Board) receive this report for information.**

### **Key Facts**

- The purpose of this report is to provide an analysis of the 2024 Q1 financial results of the Niagara Regional Police Service (Service) and Board as per the Financial Reporting, Control and Procurement of Goods and Services By-Law 412-2024.
- For the period ending March 31, 2024, the Service and Board have a combined net expenditure before indirect allocations deficit of \$687,011.87 from normal operations.
- Based on the results for the 3-month period, the Service is forecasting a deficit of \$0.3M by the end of this fiscal year.

### **Financial Considerations**

There are no financial implications relating to the recommendations contained within this report.

### **Analysis**

The quarterly variance overview provides a synopsis of the combined financial operations for the Service and the Board for the period ending March 31, 2024. As detailed in Appendix 1, the Service and Board have a combined net expenditure before indirect allocations deficit of \$687,011.87, that represents 1.5% of the total budget to date.

The main contributors were an overall deficit in compensation resulting from an increased usage of uniform overtime to meet minimum staffing requirements and complete major investigations, as well as overages in benefits due to current Workplace Safety and Insurance Board (WSIB) claims experience. These overages have been partially offset by savings experienced due to the timing of purchases for external professional services, minor building renovations, office furniture replacement, and maintenance and support agreements.

At this time, the Service is forecasting a deficit of \$0.3M by the end of this fiscal year. The forecasted deficit is expected based on overtime expenses incurred to date as well as casino funding is expected to fall below the maximum funding level.

The following variance analysis provides a synopsis of the financial activity within each object of expenditure as reported in Appendix 2.

#### Compensation:

For the period ending March 31, compensation costs were above the approved budget by \$749,036.99, representing 1.6% of the total compensation budget to date. This unfavourable variance is the result of overages within uniform salaries due to overtime requirements to meet minimum staffing levels on the frontline and overtime incurred for major investigations. The unfavourable variance in benefits is mainly a result of current WSIB claims experience. Other minor overages are being experienced within statutory benefits, allowances, and retirement payouts, which are due to timing of payments and are expected to be on budget by the end of the year.

Based on year-to-date results, the Service is forecasting compensation costs to remain in a deficit position of \$0.2M, or 0.1% of the total compensation budget by year-end. This forecast considers the continued pressures on uniform overtime as a result of major investigations to date, as well as the impact of emergency preparedness for the Total Solar Eclipse. Uniform overtime pressures are partially offset by anticipated savings in benefits, specifically OMERS. Savings are anticipated due to hiring lag periods and protected leaves with reduced pay or unpaid hours, being replaced with overtime where OMERS is not incurred. The forecast also considers expected trends for the remainder of the year, which will be closely monitored, as peak periods for seasonal replacement and overtime costs will occur in Q3 and Q4.

#### Administrative:

For the period ending March 31, administrative costs were below the approved budget by \$189,350.30, representing 15.9% of the total administrative budget to date. This favourable variance is the result of timing related to use of external professional services, including legal and consulting, savings in monthly cell phone charges due to the timing of the roll out of the connected officer program, and savings in Niagara Regional Broadband Network data lines. These savings were offset partially by costs associated with employee medical assessments for new constable recruitment, auxiliary recruitment, and the Emergency Task Unit's internal testing requirements.

Based on year-to-date results, the Service is forecasting administrative costs to be favourable by \$0.3M, or 0.6% of the total administrative budget. Forecasted savings in monthly cell phone usage and data lines are expected to be partially offset by the overage in employee medical assessments.

### Operational and Supply:

For the period ending March 31, operational and supply costs were above the approved budget by \$53,380.10, representing 5.8% of the total operational and supply budget to date. This unfavourable variance is the result of the timing of purchases in arsenal and ammunition expense and are expected to be on budget by year-end.

Based on year-to-date results, the Service is forecasting operational and supply costs to be on-budget for year-end.

### Occupancy and Infrastructure:

For the period ending March 31, occupancy and infrastructure costs were below the approved budget by \$35,996.76, which represents 36.4% of the total occupancy and infrastructure budget to date. This favourable variance is the result of savings in minor building renovations due to the timing of projects scheduled to be completed during the year.

Based on year-to-date results, the Service is forecasting occupancy and infrastructure costs to be on-budget for year-end.

### Equipment, Vehicles, and Technology:

For the period ending March 31, equipment, vehicles, and technology costs were below the approved budget by \$213,763.39, representing 8.4% of the total equipment, vehicles, and technology budget to date. This favourable variance is the result of savings in office furniture replacement, maintenance agreements, and computer software support due to the timing of purchases. Additional savings have been realized in fuel expense resulting from the average fuel price of \$1.49/litre for the period being lower than the budgeted rate of \$1.51/litre for the year.

Based on year-to-date results, the Service is forecasting equipment, vehicles and technology costs to continue a favourable trend to \$0.1M, or 1.5% of the equipment, vehicles, and technology budget. This is the result of expected savings in computer software support due to the timing of software purchases. Forecasted savings in vehicle maintenance are offset by overages in Intercompany Charges, as vehicle repairs are completed by Niagara Region (Region) Fleet where possible. Based on the average fuel prices between March 31 and the date of this report, the Service is not currently expecting the savings in fuel expense to continue to year-end.

### Revenues & Recoveries:

For the period ending March 31, revenues were below the approved budget by \$279,216.33, representing 5.2% of the total revenue budget to date.

The unfavourable variance in fees for service revenue is a result of reductions in monies received from the City of Niagara Falls for casino funding. The Service receives 18% of casino funding to a maximum of \$4,200,000.00 per annum. The City of Niagara Falls received a total of \$3,743,017.00 in funding from OLG in January to March 2024. As such, the Service receives \$673,743.06 for this period, creating a shortfall of \$376,256.94 from the maximum funding levels.

Other revenue is favourable due to a one-time recovery of equipment and IT support for a shared services project with St. Catharines Fire Services.

Based on year-to-date results, the Service is forecasting revenues and recoveries to be unfavourable by approximately \$0.2M by year-end as the unfavourable variance in casino funding is expected to remain to year-end.

#### Indirect Allocations and Debt:

For the period ending March 31, indirect allocations and debt were below the approved budget by \$5,310.07, representing 0.1% of the total budget to date. Indirect allocations and debt are not approved by the Board as they are costs incurred by the Region and allocated to all regional departments and agencies, boards, and commissions (ABCs) in accordance with Region Policy C-F-004 Cost Allocation. Indirect allocations include expenses for shared services such as finance, payroll, procurement, asset management, insurance, legal, IT, building maintenance, and property management. Also included are debt charges including principal and interest as well as capital funding for Service projects funded through the Region's capital levy and capital funding for support projects that directly benefit the Service.

#### Conclusion:

The detailed variance analysis has been prepared based on results of operations as of March 31, 2024. As the year progresses, Service staff will continue to monitor any developments that will impact the achievement of the annual budget.

#### **Alternatives Reviewed**

Not applicable.

#### **Relationship to Police Service/Board Strategic Priorities**

To comply with the provisions of By-Law 412-2024 - Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service.

## Relevant Policy Considerations

- Section 289 of the Municipal Act requires municipalities to prepare a balanced budget that includes all expenditures and revenues for the taxation year.
- By-Law 412-2024 - Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service.

## Other Pertinent Reports

Not applicable.

*This report was prepared by Courtney Woods, Financial Planning Coordinator, Finance Unit, and reviewed by Laura Rullo, Manager, Finance Unit. Recommended by Luigi Greco, Deputy Chief, Support Services.*



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### Submitted by:

Bill Fordy, O.O.M. #9615  
Chief of Police

## Appendices

- Appendix 1 Operating Statement of Revenue and Expenses for the Period Ending March 31, 2024
- Appendix 2 Operating Statement by Object of Expenditure Sub-Category for the Period Ending March 31, 2024

**Niagara Regional Police Service and Board**  
**Appendix 1: 2024 Operating Statement of Revenue and Expenses**

Object of Expenditure	2023	2024	2024	Variance		2023	2024	2024	Forecast	
	Jan. - March Actual	Jan. - March Actual	Jan. - March Budget	Surplus / (Deficit)	%	Full Year Actual	Annual Forecast	Annual Budget	vs Budget Surplus/ (Deficit)	%
<b>Gross Expenditures</b>										
Compensation	42,998,239	47,121,565	46,372,528	(749,037)	(1.6%)	176,242,127	189,944,986	189,777,638	(167,348)	(0.1%)
Administrative	1,004,559	998,998	1,188,348	189,350	15.9%	4,493,476	4,660,246	4,687,185	26,938	0.6%
Operational & Supply	753,299	977,993	924,613	(53,380)	(5.8%)	2,681,118	2,751,841	2,751,841	-	0.0%
Occupancy & Infrastructure	53,881	62,856	98,853	35,997	36.4%	293,411	395,400	395,400	-	0.0%
Equipment, Vehicles & Technology	1,831,519	2,325,395	2,539,158	213,763	8.4%	8,318,751	9,664,386	9,806,388	142,002	1.5%
Financial Expenditures	2,300	14,654	-	(14,654)	0.0%	(273)	-	-	-	0.0%
Intercompany Charges	(560,880)	(502,386)	(532,221)	(29,835)	5.6%	(2,108,964)	(2,098,765)	(2,128,883)	(30,119)	1.4%
Transfers To/From Reserve Funds	988,750	983,750	983,750	(0.03)	0.0%	3,955,000	3,935,000	3,935,000	-	0.0%
	<b>47,071,667</b>	<b>51,982,824</b>	<b>51,575,029</b>	<b>(407,796)</b>	<b>(0.8%)</b>	<b>193,874,646</b>	<b>209,253,094</b>	<b>209,224,568</b>	<b>(28,526)</b>	<b>0.0%</b>
<b>Revenues</b>										
Provincial Grants	(2,816,064)	(2,937,763)	(2,933,624)	4,139	(0.1%)	(11,051,240)	(10,893,282)	(10,893,282)	-	0.0%
Fees for Service	(1,007,739)	(1,027,750)	(1,373,410)	(345,660)	25.2%	(4,936,930)	(5,389,076)	(5,740,100)	(351,024)	6.1%
Other Revenues	(877,240)	(1,112,125)	(1,049,820)	62,305	(5.9%)	(3,735,927)	(4,223,547)	(4,115,857)	107,690	(2.6%)
	<b>(4,701,043)</b>	<b>(5,077,638)</b>	<b>(5,356,854)</b>	<b>(279,216)</b>	<b>5.2%</b>	<b>(19,724,097)</b>	<b>(20,505,905)</b>	<b>(20,749,239)</b>	<b>(243,334)</b>	<b>1.2%</b>
<b>Net Expenditures Before Indirect Allocations</b>	<b>\$ 42,370,625</b>	<b>\$ 46,905,187</b>	<b>\$ 46,218,175</b>	<b>\$ (687,012)</b>	<b>(1.5%)</b>	<b>\$ 174,150,550</b>	<b>\$ 188,747,188</b>	<b>\$ 188,475,328</b>	<b>\$ (271,860)</b>	<b>(0.1%)</b>
Indirect Allocations & Debt	2,494,147	5,787,082	5,792,392	5,310	0.1%	17,007,225	20,082,245	20,082,245	-	0.0%
<b>Net Expenditures After Indirect Allocations</b>	<b>\$ 44,864,772</b>	<b>\$ 52,692,269</b>	<b>\$ 52,010,567</b>	<b>\$ (681,702)</b>	<b>(1.3%)</b>	<b>\$ 191,157,775</b>	<b>\$ 208,829,433</b>	<b>\$ 208,557,573</b>	<b>\$ (271,860)</b>	<b>(0.1%)</b>

Niagara Regional Police Service and Board

Appendix 2: 2024 Operating Statement By Object of Expenditure Sub-Category

	2023		2024		2024		Variance Surplus / (Deficit)	%	2023 Full Year Actual	2024 Annual Forecast	2024 Annual Budget	Forecast vs Budget		
	Jan. - March Actual	Jan. - March Actual	Jan. - March Budget	Jan. - March Budget	Surplus/ (Deficit)	%						Surplus/ (Deficit)	%	
<b>Gross Expenditures</b>														
<b>Compensation</b>														
Uniform Salaries & Wages	23,192,027	25,620,379	25,121,942	(498,437)	(2.0%)	97,597,682	104,733,364	104,114,520	(618,844)	(0.6%)				
Civilian Salaries & Wages	8,498,075	9,424,035	9,399,423	(24,612)	(0.3%)	35,273,755	38,435,174	38,435,174	-	0.0%				
Benefits & WSIB	10,325,762	11,413,866	11,270,572	(143,293)	(1.3%)	38,190,387	41,936,305	42,387,800	451,496	1.1%				
Additional Compensation	557,128	346,475	337,444	(9,031)	(2.7%)	4,197,457	3,797,393	3,797,393	-	0.0%				
Special Duty	24,611	51,188	40,347	(10,841)	(26.9%)	224,936	366,750	366,750	-	0.0%				
Sick Leave Payout	400,635	265,622	202,800	(62,822)	(31.0%)	757,909	676,000	676,000	-	0.0%				
	42,998,239	47,121,565	46,372,528	(749,037)	(1.6%)	176,242,127	189,944,986	189,777,638	(167,348)	(0.1%)				
<b>Administrative</b>														
External Professional Services	187,964	196,743	299,471	102,728	34.3%	1,081,865	1,197,866	1,197,866	-	0.0%				
Staff Development	322,002	278,956	300,081	21,125	7.0%	1,398,689	1,196,148	1,196,148	-	0.0%				
Office, Advertising, Travel	161,640	132,277	173,971	41,694	24.0%	651,985	639,516	639,516	-	0.0%				
Telephone & Communications	232,817	245,105	321,974	76,869	23.9%	988,227	1,207,244	1,282,278	75,034	5.9%				
Licensing & Permits	16,469	20,539	25,713	5,174	20.1%	82,220	102,846	102,846	-	0.0%				
Employee Medicals	41,301	79,596	31,500	(48,096)	(152.7%)	173,955	174,096	126,000	(48,096)	(38.2%)				
General Administrative Costs	42,367	45,782	35,638	(10,144)	(28.5%)	116,534	142,530	142,530	-	0.0%				
	1,004,559	998,998	1,188,348	189,350	15.9%	4,493,476	4,660,246	4,687,185	26,938	0.6%				
<b>Operational &amp; Supply</b>														
Program Specific Supplies & Materials	356,470	570,886	466,334	(104,552)	(22.4%)	1,239,858	1,303,217	1,303,217	-	0.0%				
Uniforms	189,460	154,807	193,182	38,375	19.9%	1,044,033	772,650	772,650	-	0.0%				
Investigation Expense	86,649	124,862	136,509	11,647	8.5%	269,794	546,000	546,000	-	0.0%				
Other Expenses	120,720	127,438	128,588	1,150	0.9%	127,432	129,975	129,975	-	0.0%				
	753,299	977,993	924,613	(53,380)	(5.8%)	2,681,118	2,751,841	2,751,841	-	0.0%				
<b>Occupancy &amp; Infrastructure</b>														
Property Leases	36,422	27,217	24,738	(2,479)	(10.0%)	99,885	98,950	98,950	-	0.0%				
Property & Infrastructure Maintenance	17,459	35,640	74,115	38,475	51.9%	193,525	296,450	296,450	-	0.0%				
	53,881	62,856	98,853	35,997	36.4%	293,411	395,400	395,400	-	0.0%				
<b>Equipment, Vehicles &amp; Technology</b>														
Minor Equipment & Equipment Maintenance	388,903	613,317	698,019	84,702	12.1%	1,957,244	2,441,833	2,441,833	-	0.0%				
Gasoline	375,738	394,265	470,833	76,568	16.3%	1,650,371	1,883,326	1,883,326	-	0.0%				
Vehicle Maintenance	205,111	436,385	358,249	(78,136)	(21.8%)	1,192,825	1,398,931	1,433,000	34,069	2.4%				
Computer Licences & Support	861,766	881,427	1,012,057	130,630	12.9%	3,518,311	3,940,296	4,048,229	107,933	2.7%				
	1,831,519	2,325,395	2,539,158	213,763	8.4%	8,318,751	9,664,386	9,806,388	142,002	1.5%				
<b>Financial Expenditures</b>	2,300	14,654	-	(14,654)	0.0%	(273)	-	-	-	0.0%				
<b>Intercompany Charges</b>	(560,880)	(502,386)	(532,221)	(29,835)	5.6%	(2,108,964)	(2,098,765)	(2,128,883)	(30,119)	1.4%				
<b>Transfers To/From Reserve Funds</b>	988,750	983,750	983,750	(0)	0.0%	3,955,000	3,935,000	3,935,000	-	0.0%				
<b>Total - Gross Expenditures</b>	<b>47,071,667</b>	<b>51,982,824</b>	<b>51,575,029</b>	<b>(407,796)</b>	<b>(0.8%)</b>	<b>193,874,646</b>	<b>209,253,094</b>	<b>209,224,568</b>	<b>(28,526)</b>	<b>(0.0%)</b>				
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Provincial Grant Funding	(2,816,064)	(2,937,763)	(2,933,624)	4,139	(0.1%)	(11,051,240)	(10,893,282)	(10,893,282)	-	0.0%				
Fees For Service	(1,007,739)	(1,027,750)	(1,373,410)	(345,660)	25.2%	(4,936,930)	(5,389,076)	(5,740,100)	(351,024)	6.1%				
Other Revenue	(877,240)	(1,112,125)	(1,049,820)	62,305	(5.9%)	(3,735,927)	(4,223,547)	(4,115,857)	107,690	(2.6%)				
<b>Total - Revenues</b>	<b>(4,701,043)</b>	<b>(5,077,638)</b>	<b>(5,356,854)</b>	<b>(279,216)</b>	<b>5.2%</b>	<b>(19,724,097)</b>	<b>(20,505,905)</b>	<b>(20,749,239)</b>	<b>(243,334)</b>	<b>1.2%</b>				
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<b>Indirect Allocations &amp; Debt</b>	2,494,147	5,787,082	5,792,392	5,310	0.1%	17,007,225	20,082,245	20,082,245	-	0.0%				
<b>Net Expenditures After Indirect Allocations</b>	<b>\$ 44,864,772</b>	<b>\$ 52,692,269</b>	<b>\$ 52,010,567</b>	<b>\$ (681,702)</b>	<b>(1.3%)</b>	<b>\$ 191,157,775</b>	<b>\$ 208,829,433</b>	<b>\$ 208,557,573</b>	<b>\$ (271,860)</b>	<b>(0.1%)</b>				