



NIAGARA REGIONAL POLICE SERVICE

Police Service Board Report

PUBLIC AGENDA

Subject: Financial Variance Overview for the Period Ending September 30, 2024

Report To: Chair and Members, Niagara Police Service Board

Report Date: 2024-11-05

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 Q3 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 September 30, 2024, the Service and Board have a combined Net Expenditure Before Indirect Allocations deficit of \$100,865.37 from normal operations.
- Based on the results for the 9-month period, the Service is forecasting a \$257,243.04 deficit by the end of the 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 Board for the period ending September 30, 2024. As detailed in Appendix 1, the Service and Board have a combined net expenditure before indirect allocations deficit of \$100,865.37, that represents 0.1% of the total budget to date.

The main contributors were an overall deficit in compensation resulting from increased usage of overtime to meet minimum staffing requirements and complete major investigations. Spending exceeded budget within operational and supply due to required purchases of arsenal and ammunition for training purposes, combined with increased uniform requirements for new hires. These overages have been partially offset by increased grant funding, increased ancillary revenues, savings in vehicle expenses,

external professional services, telecommunications, fuel, computer maintenance, and computer support agreements.

Currently, the Service is forecasting a \$257,243.04 deficit at the end of the fiscal year. The forecast is compiled based on anticipated continued pressures regarding overtime, arsenal, ammunition, and uniforms costs. Mitigating savings are projected in computer software maintenance and support, fuel, and external consulting services.

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 September 30, compensation costs were above the approved budget by \$363,326.34, representing 0.3% 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. Civilian salaries have experienced a slight overage due to overtime requirements in operationally essential units. The Service has also experienced overages in WSIB claims, however these are currently being offset by OMERS savings as a result vacancies from protected leaves and non-occupational illness being replaced by overtime where these benefits are not incurred and savings in statutory benefits. In addition, savings in sick leave payouts are a result of the number of retirements to date being less than budgeted.

Based on year-to-date results, the Service is forecasting compensation costs to be unfavourable by \$613,585.48, or 0.3% of the total compensation budget by year-end. This forecast considers the continued pressures on uniform and civilian overtime as a result of meeting minimum staffing requirements and an increased number of major investigations. OMERS savings are expected to continue to year-end, however, savings in statutory benefits are not forecasted to continue. The forecast considers expected trends for the remaining three months of the fiscal year, which includes a peak period for seasonal replacement and overtime costs.

Administrative:

For the period ending September 30, administrative costs were below the approved budget by \$194,575.13, representing 5.5% of the total administrative budget to date. This favourable variance is the result of the requirements for external consulting services to date, 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 overages in tuition fees for Ontario Police College (OPC) courses, coach officer allowance for training of new employees, and employee medical assessments required as part of the recruitment and hiring process, as well as medical testing and psychological safeguarding for members in high-risk units.

Based on year-to-date results, the Service is forecasting administrative costs to be favourable by \$161,201.80, or 3.4% of the total administrative budget. This is the result of expected continued savings in consulting, cell phone charges, and data lines. These savings are expected to be partially offset by continued pressures on employee medicals, tuition fees, and coach officer allowances on the frontline.

Operational and Supply:

For the period ending September 30, operational and supply costs were above the approved budget by \$627,678.58, representing 28.7% of the total operational and supply budget to date. This unfavorable variance is the result of the timing of purchases of arsenal and ammunition expense in preparation for fall in-service training. In addition, uniform expenses were high during the period due to the number of new recruit constables and auxiliary officers that were outfitted with a full uniform in addition to regular replacement for all service members, as well as a one-time replacement of body armour plates for all frontline vehicles.

Based on year-to-date results, the Service is forecasting operational and supply costs to be in a deficit of \$459,729.54, or 16.7% of the total operational and supply budget. This is the result of arsenal and ammunition purchases for training requirements as well as uniform costs to outfit new hires.

Occupancy and Infrastructure:

For the period ending September 30, occupancy and infrastructure costs were below the approved budget by \$41,226.91, which represents 13.9% 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 September 30, equipment, vehicles, and technology costs were below the approved budget by \$513,439.13, representing 7.0% of the total equipment, vehicles, and technology budget to date. This favourable variance is the result of savings in computer software licenses and support due to the timing of purchases and project roll outs. Additional savings have been realized in vehicle costs repairs, which are offset by an overage in intercompany charges due to the usage of Niagara Region fleet for repairs, and fuel expense resulting from usage rates and the average fuel price being lower than budget. These savings are partially offset by an overage in minor equipment, mainly required to fully equip new members in the public order unit and make purchases required by the Community Safety and Policing Act (CSPA) which came into effect on April 1, 2024.

Based on year-to-date results, the Service is forecasting equipment, vehicles and technology costs to continue a favourable trend to \$667,533.90, or 6.8% of the equipment, vehicles, and technology budget. This is the result of continued savings in IT maintenance agreements and computer software support and licenses, vehicle maintenance, and gasoline expenses.

Revenues & Recoveries:

For the period ending September 30, revenues were above the approved budget by \$244,839.48, representing 1.6% of the total revenue budget to date.

The favourable variance was primarily due to provincial grant funding and other revenues. The funding received for court security and prisoner transport was higher than the budgeted funding level, in addition the Service received in-year grant funding for the reimbursement of salaries related to the Next Generation 911 implementation. Other revenues were favourable as a result of one-time recoveries for shared services projects.

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 \$14,148,526.00 in funding from OLG in January to September 2024. As such, the Service received \$2,546,735.00 for this period, creating a shortfall of \$603,265.00 from the maximum funding levels.

Based on year-to-date results, the Service is forecasting revenues and recoveries to be favourable by \$95,611.70 by year-end as the unfavourable variance in casino funding is expected to continue to year-end.

Indirect Allocations and Debt:

For the period ending September 30, indirect allocations and debt were below the approved budget by \$99,615.78, representing 0.7% 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. The current favourable variance is resulting from allocations for legal expenses for self insurance claims.

Conclusion:

The detailed variance analysis has been prepared based on results of operations as of September 30, 2024. As the fiscal year nears completion, Service staff will continue to monitor any developments that will impact the achievement of the annual budget and implement mitigation strategies as necessary.

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

8.2 - 2024.06.27 Financial Variance Overview for the Period Ending March 31, 2024
8.4 - 2024.09.26 Financial Variance Overview for the Period Ending September 30, 2024

This report was prepared by Curtis Custers, Financial Analyst, Finance Unit, in consultation with Courtney Woods, Manager, Finance Unit and reviewed by Laura Rullo, Director, Finance and Asset Management. Recommended by Luigi Greco, Deputy Chief, Support Services.



Submitted by:

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

Appendices

- Appendix 1 Operating Statement of Revenue and Expenses for the Period Ending September 30, 2024
- Appendix 2 Operating Statement by Object of Expenditure Sub-Category for the Period Ending September 30, 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. - Sept.	Jan. - Sept.	Jan. - Sept.	Surplus /	%	Full Year	Annual	Annual	vs Budget	%
	Actual	Actual	Budget	(Deficit)		Actual	Forecast	Budget	Surplus/ (Deficit)	
Gross Expenditures										
Compensation	128,832,103	141,010,711	140,647,385	(363,326)	(0.3%)	176,242,127	190,776,223	190,162,638	(613,585)	(0.3%)
Administrative	3,162,612	3,326,469	3,521,044	194,575	5.5%	4,493,476	4,525,983	4,687,185	161,202	3.4%
Operational & Supply	1,923,513	2,816,381	2,188,702	(627,679)	(28.7%)	2,681,118	3,211,570	2,751,841	(459,730)	(16.7%)
Occupancy & Infrastructure	126,181	255,332	296,559	41,227	13.9%	293,411	395,400	395,400	-	0.0%
Equipment, Vehicles & Technology	5,935,174	6,870,583	7,384,023	513,439	7.0%	8,318,751	9,138,854	9,806,388	667,534	6.8%
Financial Expenditures	(111)	13,001	-	(13,001)	0.0%	(273)	17,335	-	(17,335)	0.0%
Intercompany Charges	(1,545,554)	(1,505,723)	(1,596,663)	(90,940)	5.7%	(2,108,964)	(2,037,943)	(2,128,883)	(90,940)	4.3%
Transfers To/From Reserve Funds	2,966,250	2,799,123	2,799,123	(0.05)	0.0%	3,955,000	3,550,000	3,550,000	-	0.0%
	141,400,167	155,585,878	155,240,173	(345,705)	(0.2%)	193,874,646	209,577,422	209,224,568	(352,855)	-0.2%
Revenues										
Provincial Grants	(8,236,931)	(8,640,589)	(8,235,671)	404,918	(4.9%)	(11,051,240)	(11,355,000)	(10,893,282)	461,718	(4.2%)
Fees for Service	(3,782,368)	(3,853,514)	(4,344,691)	(491,177)	11.3%	(4,936,930)	(4,958,770)	(5,740,100)	(781,330)	13.6%
Other Revenues	(2,726,371)	(3,438,860)	(3,107,761)	331,098	(10.7%)	(3,735,927)	(4,531,081)	(4,115,857)	415,224	(10.1%)
	(14,745,670)	(15,932,963)	(15,688,124)	244,839	(1.6%)	(19,724,097)	(20,844,851)	(20,749,239)	95,612	(0.5%)
Net Expenditures Before Indirect Allocations	\$ 126,654,497	\$ 139,652,914	\$ 139,552,049	\$ (100,865)	(0.1%)	\$ 174,150,550	\$ 188,732,571	\$ 188,475,328	\$ (257,243)	(0.1%)
Indirect Allocations & Debt	11,254,241	14,872,549	14,972,164	99,616	0.7%	17,007,225	20,082,245	20,082,245	-	0.0%
Net Expenditures After Indirect Allocations	\$ 137,908,738	\$ 154,525,463	\$ 154,524,213	\$ (1,250)	0.0%	\$ 191,157,775	\$ 208,814,816	\$ 208,557,573	\$ (257,243)	(0.1%)

Niagara Regional Police Service and Board

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

	2023 Jan. - Sept. Actual	2024 Jan. - Sept. Actual	2024 Jan. - Sept. Budget	Variance Surplus / (Deficit)	%	2023 Full Year Actual	2024 Annual Forecast	2024 Annual Budget	Forecast vs Budget Surplus/ (Deficit)	%
Gross Expenditures										
Compensation										
Uniform Salaries & Wages	71,872,008	78,114,514	77,279,356	(835,157)	(1.1%)	97,597,682	105,076,896	104,452,423	(624,473)	(0.6%)
Civilian Salaries & Wages	26,270,856	28,740,140	28,632,760	(107,380)	(0.4%)	35,273,755	38,592,618	38,435,174	(157,444)	(0.4%)
Benefits & WSIB	28,812,079	32,526,171	32,875,776	349,605	1.1%	38,190,387	42,591,077	42,434,898	(156,179)	(0.4%)
Additional Compensation	1,035,974	957,502	976,804	19,302	2.0%	4,197,457	3,795,028	3,797,393	2,365	0.1%
Special Duty	168,705	272,422	308,088	35,666	11.6%	224,936	320,642	366,750	46,108	12.6%
Sick Leave Payout	672,481	399,962	574,600	174,638	30.4%	757,909	399,962	676,000	276,038	40.8%
	128,832,103	141,010,711	140,647,385	(363,326)	(0.3%)	176,242,127	190,776,223	190,162,638	(613,585)	(0.3%)
Administrative										
External Professional Services	687,792	690,926	898,413	207,487	23.1%	1,081,865	1,020,707	1,197,866	177,159	14.8%
Staff Development	1,010,408	1,031,621	897,492	(134,129)	(14.9%)	1,398,689	1,374,912	1,196,148	(178,764)	(14.9%)
Office, Advertising, Travel	451,587	499,953	484,414	(15,539)	(3.2%)	651,985	602,144	639,516	37,372	5.8%
Telephone & Communications	727,337	791,179	962,172	170,993	17.8%	988,227	1,100,275	1,282,278	182,003	14.2%
Licensing & Permits	64,645	75,622	77,139	1,517	2.0%	82,220	102,846	102,846	-	0.0%
Employee Medicals	119,187	147,017	94,500	(52,517)	(55.6%)	173,955	196,023	126,000	(70,023)	(55.6%)
General Administrative Costs	101,655	90,150	106,914	16,764	15.7%	116,534	129,076	142,530	13,454	9.4%
	3,162,612	3,326,469	3,521,044	194,575	5.5%	4,493,476	4,525,983	4,687,185	161,202	3.4%
Operational & Supply										
Program Specific Supplies & Materials	992,878	1,405,278	1,070,117	(335,160)	(31.3%)	1,239,858	1,456,885	1,303,217	(153,668)	(11.8%)
Uniforms	583,828	885,607	579,546	(306,062)	(52.8%)	1,044,033	1,078,711	772,650	(306,061)	(39.6%)
Investigation Expense	221,425	390,633	409,527	18,894	4.6%	269,794	546,000	546,000	-	0.0%
Other Expenses	125,382	134,863	129,512	(5,350)	(4.1%)	127,432	129,975	129,975	-	0.0%
	1,923,513	2,816,381	2,188,702	(627,679)	(28.7%)	2,681,118	3,211,570	2,751,841	(459,730)	(16.7%)
Occupancy & Infrastructure										
Property Leases	91,358	79,519	74,214	(5,305)	(7.2%)	99,885	98,950	98,950	-	0.0%
Property & Infrastructure Maintenance	34,823	175,813	222,345	46,532	20.9%	193,525	296,450	296,450	-	0.0%
	126,181	255,332	296,559	41,227	13.9%	293,411	395,400	395,400	-	0.0%
Equipment, Vehicles & Technology										
Minor Equipment & Equipment Maintenance	1,390,469	1,991,434	1,860,605	(130,829)	(7.0%)	1,957,244	2,520,132	2,441,833	(78,299)	(3.2%)
Gasoline	1,264,060	1,288,498	1,412,500	124,002	8.8%	1,650,371	1,717,997	1,883,326	165,329	8.8%
Vehicle Maintenance	809,519	936,927	1,074,747	137,820	12.8%	1,192,825	1,305,426	1,433,000	127,574	8.9%
Computer Licences & Support	2,471,126	2,653,724	3,036,171	382,446	12.6%	3,518,311	3,595,299	4,048,229	452,930	11.2%
	5,935,174	6,870,583	7,384,023	513,439	7.0%	8,318,751	9,138,854	9,806,388	667,534	6.8%
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Other Revenue	(2,726,371)	(3,438,860)	(3,107,761)	331,098	(10.7%)	(3,735,927)	(4,531,081)	(4,115,857)	415,224	(10.1%)
Total - Revenues	(14,745,670)	(15,932,963)	(15,688,124)	244,839	(1.6%)	(19,724,097)	(20,844,851)	(20,749,239)	95,612	(0.5%)
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