

Calgary Police Service

Financial Report
2015 December 31st

Calgary Police Service

The Calgary Police Service (CPS) completed the first year of a four year (2015-2018) budget and business plan. Revenues and expenditures increased in 2015 compared with 2014. Capital budget expenditures (including commitments) are \$33.8 million, which is 3% higher than the same period of the previous year of \$32.9 million.

Financial Highlights

- Fines and penalties revenue have increased by \$8.6 million to \$46.9 million (2014 - \$38.3 million). Overall fines and penalties are favorable \$6.9 million.
- Salaries & wages have increased by \$18.3 million to \$376.9 million (2014 - \$358.6 million) overall salaries are favorable by \$6.4 million compared to budget.
- Overtime has increased by \$2.3 million to \$12.8 million (2014 - \$10.5 million). Overall, overtime is unfavorable compared to budget by \$3.7 million. \$630 thousand relates to the Flames Playoff's overtime.
- Utilities have decreased by 237 thousand to \$4 million (2014 - \$4.2 million). This resulted in a favorable variance of \$1.8 million.
- Contributed \$4.0 million to the city budgeted savings account initiative.
- Contributed \$2.5 million to the CPS Capital Reserve.
- Actual capital expenses (excluding commitments) are \$23 million (December 31, 2014 - \$25.6 million). Expenditures decreased but accurate cash flow forecasting increased the overall spend rate compared to budget to 70% in 2015 from 32% in 2014.

Financial Summary

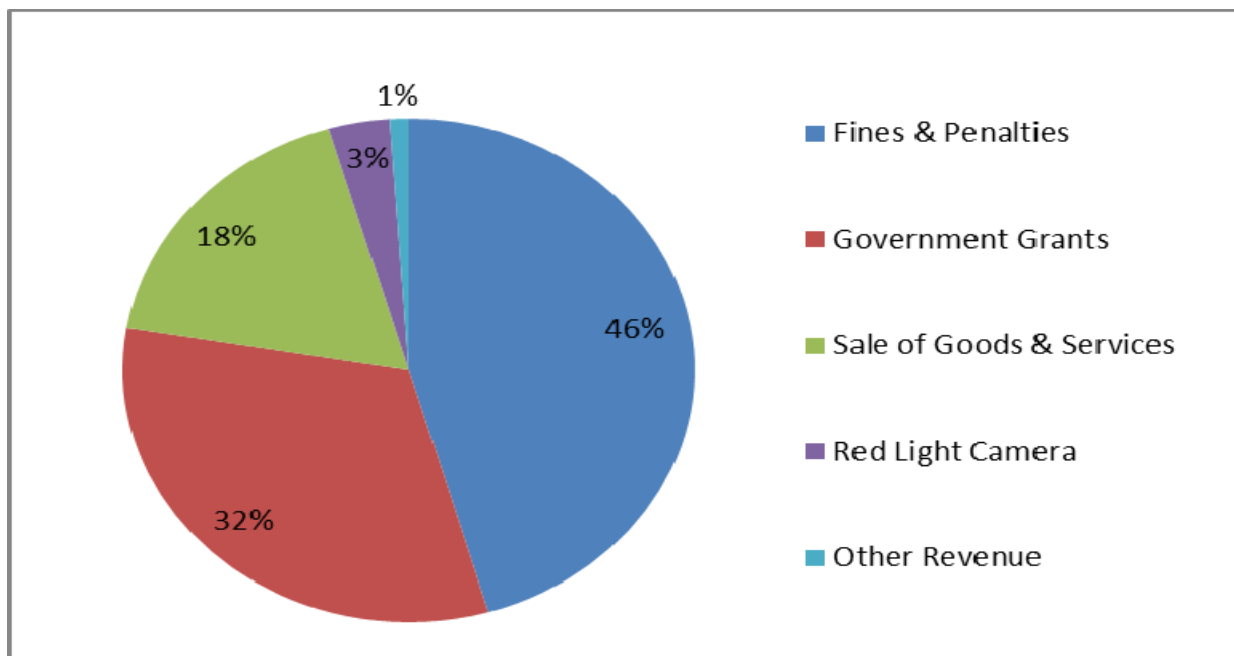
2015 Operating Budget (000's)	Total Budget	Budget to Date	Actual to Date	Variance
Revenue	(94,582)	(94,582)	(103,009)	8,427
Expenditures	464,558	464,558	472,985	(8,427)
Net Program	369,976	369,976	369,976	0
2015 Capital Budget (000's)	Total Budget	Actual to Date	Commitments	Unspent
Capital Budget	32,785	23,050	5,260	4,475

As of December 31st, 2015 revenues have increased by 9% to \$103 million compared to last year (\$94 million).

Revenue

(\$000's)	31-Dec-15	31-Dec-14	% Change
Government Grants	33,139	32,896	1%
Sale of Goods & Services	18,327	18,321	0%
Red Light Camera	3,558	3,370	6%
Fines & Penalties	46,871	38,327	22%
Other Revenue	1,114	1,573	-29%
Total Revenue	103,009	94,487	9%

Revenue Streams

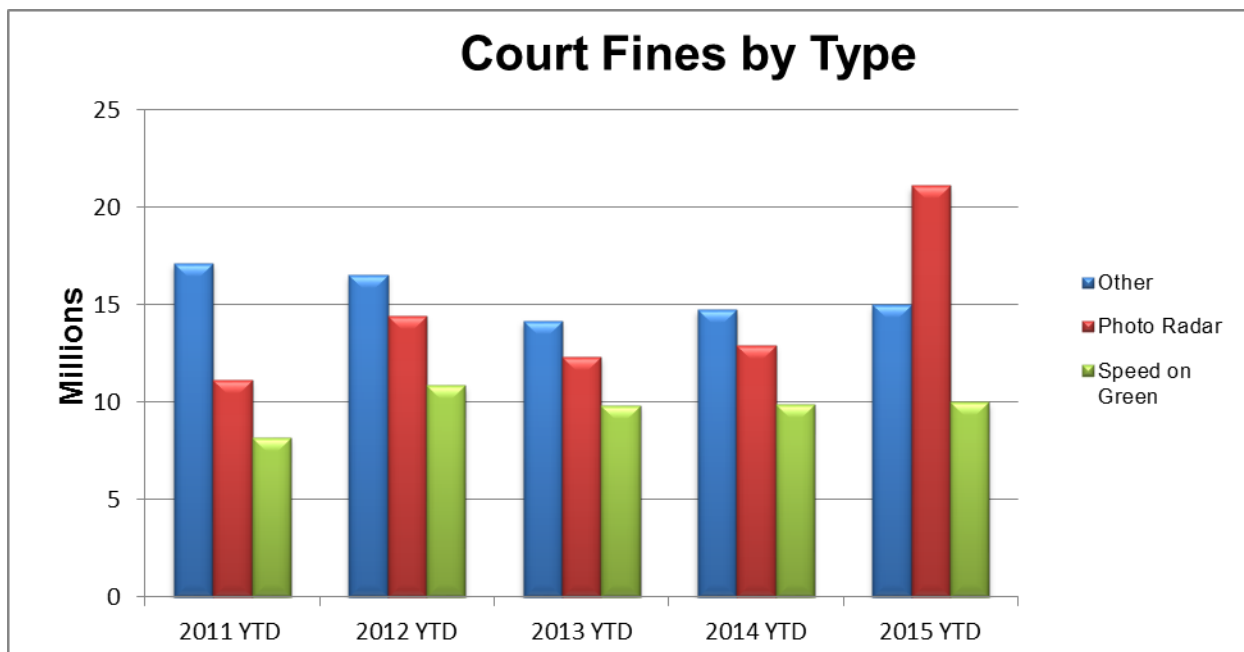


Government grants continue to be a large source of income making up 32% of all revenue which includes the Municipal Law Enforcement Grant (\$16 per capita) and the New Police Officers Hiring Grant.

The red light camera program has slightly increased compared to last year as a result of provincially legislated changes of 35% to summons amounts.

In 2015 court fines and penalties were \$6.9 million favorable compared to budget. Fines and penalties have increased by 22% to \$46.9 million compared with \$38.3 million from 2014. Revenue is recognized based on payment received.

In 2015 there was an increase of 18% for summons being issued which reflected in increased revenue. In addition, the Province approved an increase of 35% to court fine fees effective May 1st.



Expenditures

Expenditures (\$000's)	31-Dec-15	31-Dec-14	% change
Salaries & Wages	376,910	358,647	5%
Overtime	12,792	10,534	21%
Flames Playoffs	630	0	
Contract & General Services	29,500	29,798	-1%
Materials, Equipment & Supplies	31,318	30,085	4%
Utilities	3,983	4,220	-6%
Other Expenditures	20,094	13,253	52%
Recoveries	(2,242)	(2,291)	-2%
Total Expenditures	472,985	444,246	6%

Salaries and Wages

Overall salaries and wages had a favorable variance of \$6.4 million compared to budget. This was attributed to higher than expected attrition rates with 75 members leaving with a projection of only 50. In addition, the sickness and accident recoveries were higher than anticipated, and there was delayed hiring of auxiliary cadets.

Salaries & wages make up approximately 84% of the total CPS budget. There is a significant amount of time spent monitoring the sworn strength projections in order to be ahead of attrition, while maintaining fiscal responsibility.

The four largest collective agreements that impact salaries are the Calgary Police Association, Canadian Union of Public Employees (Local 38), Cupe Local 37, and IBEW. CPA recently signed a new 3 year contract whereas Local 38, Local 37 and IBEW signed a new 4 year contract. The respective salary and wage increases are as follows:

	Local 37	IBEW	CPA	Local 38
2014	1.8%	1.8%	2.25%	1.80%
2015	3.2%	3.2%	2.75%	3.20%
2016	3.5%	3.5%	3.00%	3.50%
2017	4.00%	4.00%		4.00%

Civilian Authorized / Actual Strength

At the end of December, there were 761 employees (people) utilizing 742 FTE's (full time equivalents). The employee and FTE totals include employees who are working part-time, on leaves (LOA/LTD), backfilling vacancies and in job share arrangements (e.g., 2 employees sharing one position & FTE). After accounting for all these factors the civilian workforce was underutilized by 10 FTE with 705 civilian positions.

Authorized	Actual	Over/(Under)	LOA/LTD	Suspended w/o Pay	Over/(Under)
A	B	C	D	E	(C - D - E)
		(B - A)			
715	742	27	37	0	(10)

Sworn Authorized / Actual Strength

The Human Resources Operations Section and Finance Section continue to work closely to balance vacancies created by growth and attrition against recruitment and future recruit classes. HR strives to schedule recruit classes in alignment with available funds.

At the end of December, CPS sworn strength was in advance of our target, which is to be ahead of attrition by 24. Historically, the first quarter of the year shows a higher volume of attrition (both resignation and retirement). These attrition rates will balance our overages while still allowing for a recruit class hire in early 2016.

Authorized	Actual	Over/(Under)	LOA/LTD	Suspended w/o Pay	Over/(Under)
A	B	C	D	E	(C - D - E)
		(B - A)			
2,053	2,135	82	46	1	35

Attrition

Sworn attrition rates in the fourth quarter were slightly higher in 2015 with 10 (0.5%) compared to 7 (0.3%) in 2014. The year-end sworn attrition rates were higher in 2015 with 75 (3.7%) compared to 58 (2.8%) in 2014. As the year progressed, attrition was trending higher than expected therefore hiring strategies were reassessed and implemented.

During the 4th quarter of 2015, civilian attrition rates were lower compared to the same timeframe of the previous year, with 2015 having 12 (1.7%), and 2014 with 17 (2.4%). The year-end civilian attrition rates were higher in 2015 with 100 (14%) compared to 73 (10.2%). The Auxiliary Cadet program had a significant impact on attrition rates for 2015.

Auxiliary Cadet Program

The Auxiliary Cadet Program had 48 active Cadets as of December 31st. In 2015, there were 20 departures from the Program, with the majority (18) departing in the first 2 quarters; departures have been attributed to various reasons which include: end of temporary assignment, educational purposes and personal development. In 2015, three (3) Cadets were hired into recruit classes, with a fourth cadet hired to begin in Class 214 starting in the 1st quarter of 2016.

Sworn Recruitment:

In 2015, 67 Recruits were hired (27 female, 40 male). Classes 212 and 213 each had back trooped members due to recruits who were injured in a previous class and required back trooping to make up missed content. Class demographics below do not reflect the back trooped recruits as they were accounted for in their initial hired class(es).

Class 212 had 2 back trooped recruits (1 male; 1 female), and Class 213 had 4 back trooped recruits (2 male, 2 female).

Class #	Start Date	End Date	Class Demographics
211	2015 March 16	2015 September 18	10 Female, 14 Male
212	2015 June 8	2015 December 11	11 Female, 11 Male
213	2015 October 26	2016 April 29	6 Female, 15 Male

Three members were also re-hired in November 2015, and after completing re-qualifications returned to Districts.

As part of the ongoing process we monitor the number of applications received to ensure a sufficient pool of eligible applicants is maintained. The 2015 numbers are consistent with previous years and higher than the 5 year average indicating a strong interest in working with CPS.

	Applications Received
2010	625
2011	659
2012	619
2013	712
2014	803
2015	757

5 Year Average
(2010-2014)
684

Civilian Recruitment:

The table below represents civilian recruitment efforts during the last quarter of 2015:

Civilian Recruitment Summary				
Posting Type	# Posted	# Internal Hires	# External Hires	# In Progress
Permanent	19	12	7	-
Temporary(includes on-call)	23	13*	10*	3
Total	42	25	17	3

*Note: Five (5) internal hires and seven (7) external hires start in 2016.

Throughout 2015, Human Resources continued to work with CPS Management Teams to explore the following:

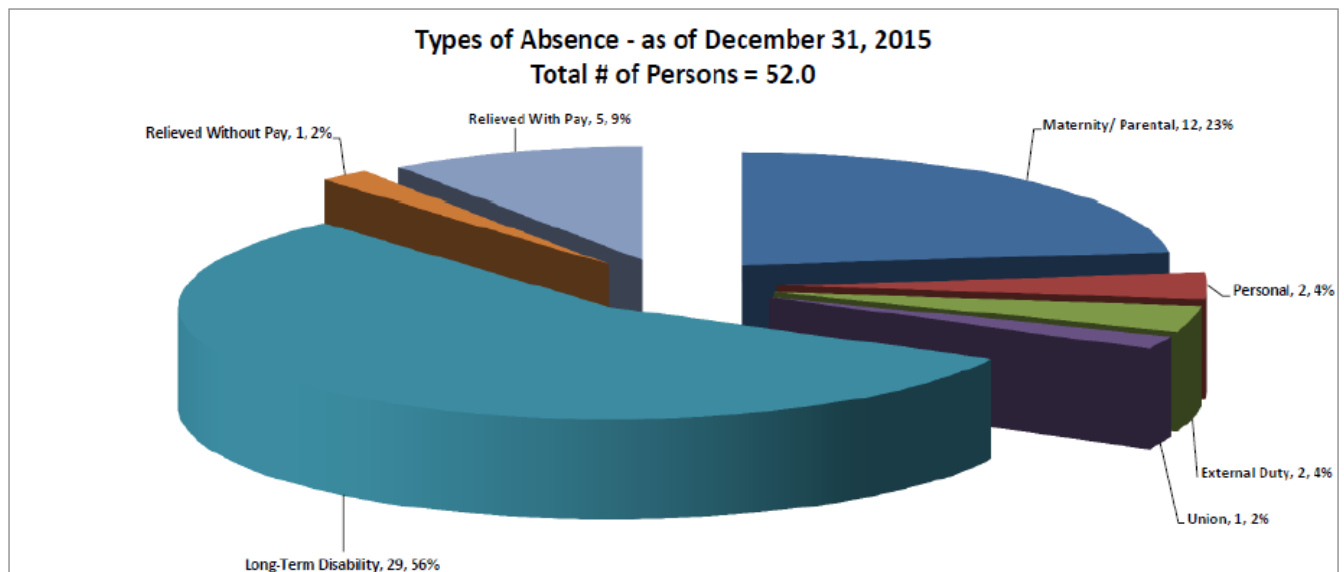
- Identify and reorganize some work functions that may help streamline processes and attract qualified candidates,

- Reallocate FTEs to better address operational and staffing priorities that may occur through reorganized work priorities,
- Utilize recruitment strategies including social media, open houses, hard-to-fill job profiles, and external websites (i.e. professional associations, colleges and universities) when appropriate.

As a result of these efforts we continue to see strong achievements by having authorized 715 with actual positions filled being 705. The majority of the vacancies are in the Records Processing Unit which have attributed to a delay in recruiting while Sentry is being implemented.

Leave of Absence:

Leave of Absence (LOA) and Long Term Disability (LTD) numbers (46) are lower than our yearly estimates. LTD is impossible to predict. However, given the staffing demands and operational strength, our review process for LOA's is becoming more selective in an effort to reduce LOA's and maintain authorized versus actual strength. Human Resources continue to monitor these trends.



CPS Sworn Employment Liabilities

As of 2015 December 31

	Attrition Target	Attrition Actual	+/-	LOA & LTD Target	LOA & LTD Actual	+/-	Suspension Target	Suspension Actual	+/-
2012	50	65	15	55	52	-3	0	3	3
2013	50	58	8	55	52	-3	0	4	4
2014	50	58	8	55	61	6	0	5	5
2015	50	75	25	55	46	-9	0	6	6

The CPS strives to maintain a balance of realistic targets in relation to attrition rates, Leave of Absences (LOA's) and Long Term Disability (LTD) claims, and suspensions/relief from duty. Other than suspensions, these targets are estimated based on historical actuals.

As of December 31st, sworn attrition rates were higher than average numbers based on our projected annual target of 50. LOA/LTD were under by 9, and suspensions were over by 6 as shown in the chart above.

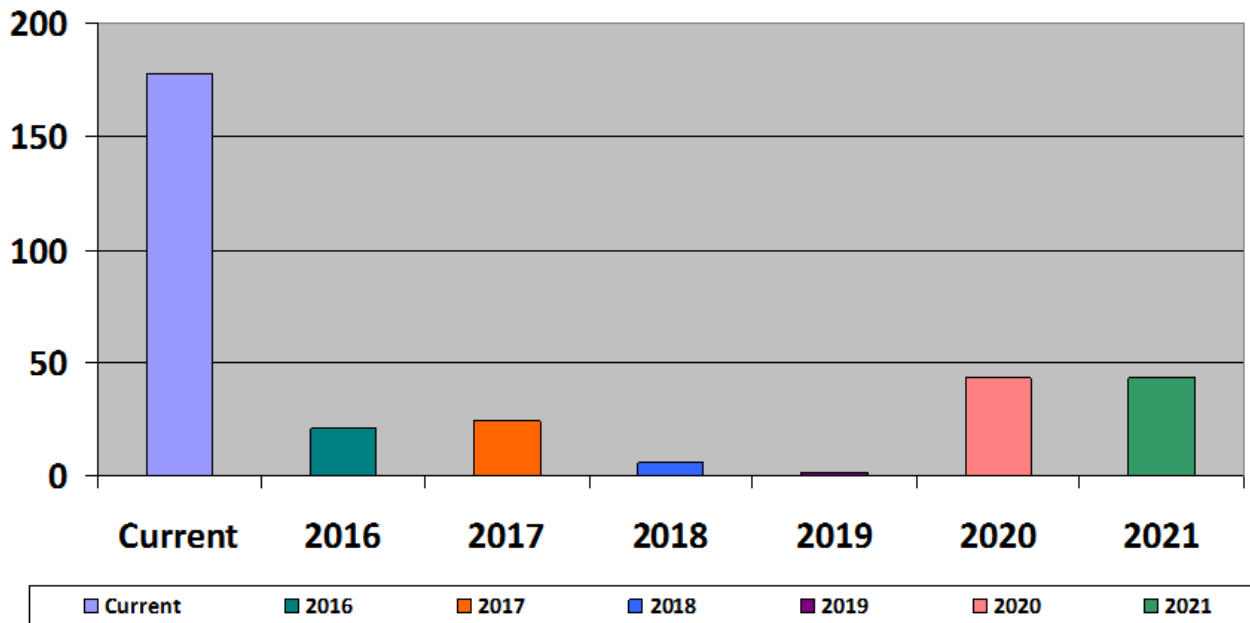
Based on the employment liability projections, the decision was made to add another recruit class in October 2015 to stay ahead of attrition. Our projected over/under estimate to the end of year 2015 was 35 and at the end of December our over/under was 35.

Sworn Retirement Eligibility

The CPS retirement eligibility currently sits at 178 sworn members. The graph below illustrates the number of officers who will become eligible to retire over the next 6 years. We continue to track members who are currently eligible to retire as well as those members who will become eligible in future years. The Human Resources Operations Section and Finance Section monitor these numbers as well as actual resignation and retirement trends to ensure we are strategically planning recruit classes and hiring new officers to meet our staffing levels.

CPS Sworn Member Projected Retirement Eligibility Report

As of 2015 December 31



Currently Eligible – 178	
2016 – 21	2019 – 1
2017 – 24	2020 – 43
2018 – 6	2021 – 43

CPS Sworn Member Projected Retirement Eligibility Report

5 Year Overview - Rank

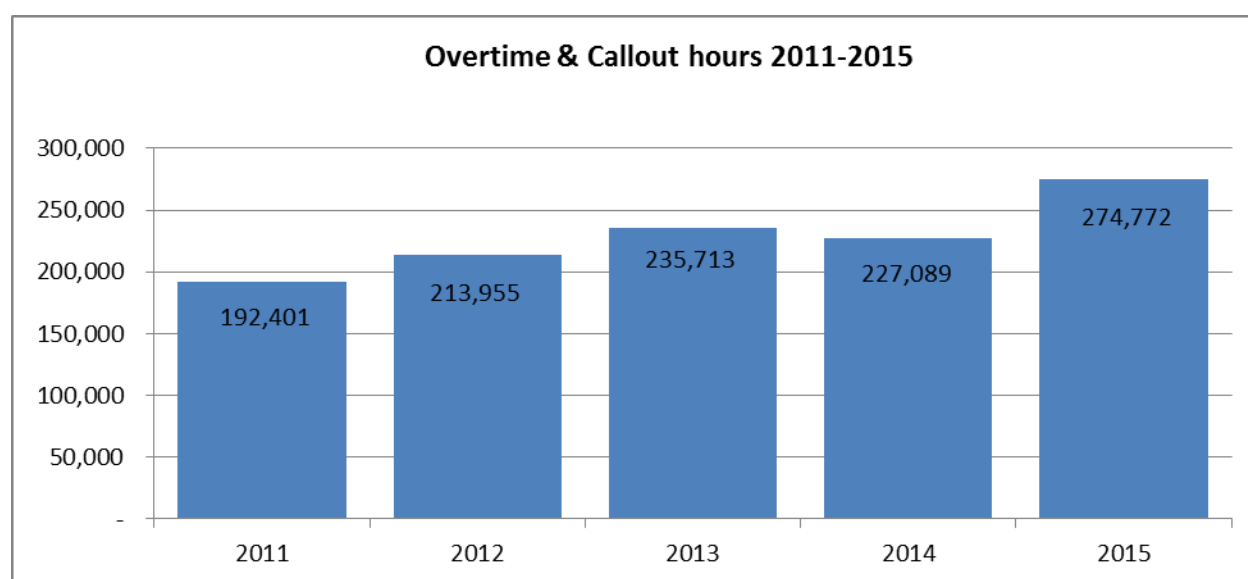
As of 2015 December 31

	Chief	DC	Supt	Insp	S/Sgt	Sgt	Det	Cst	Totals
Current	1	2	7	18	19	39	33	59	178
2016		1	1	1	3	6	6	3	21
2017				3	2	7	3	9	24
2018						1	5		6
2019								1	1
2020				3	9	10	8	13	43
2021				2	9	13	6	13	43
Totals	1	3	8	27	42	76	61	98	316

Overtime

Overtime costs for 2015 were \$12.8 million (2014 - \$10.5) which is a 21% increase compared to 2014. Compared to budget overtime was over expended by \$3.1 million. Overtime variance of \$319 thousand relates to ALERT which is fully recoverable. For the Flames Playoff's we incurred overtime and callout costs of \$630 thousand. The remaining \$2.8 million is due to additional workload for operational initiatives surrounding criminal investigations and short term absences due to illness.

We continue to monitor and manage overtime in accordance with policy and to meet operational requirements. The overtime hours earned for the year are 274,772 compared to the same time last year which was 227,089 as shown below in the overtime hour's year-to-date graph.



SAFE COMMUNITIES INNOVATION FUND

All of the Safe Communities Innovation Fund (SCIF) funded projects were complete in 2015. Start Smart Stay Safe projects concluded at March 31, 2015 and the Child Advocacy Centre concluded at December 31, 2015.

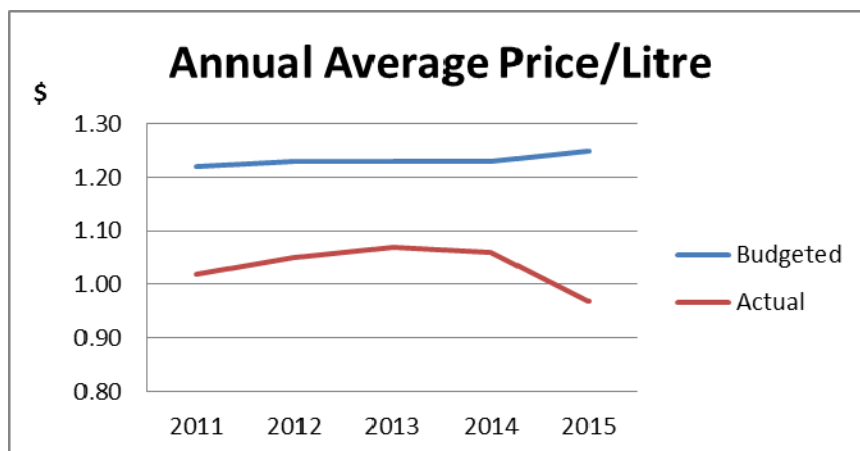
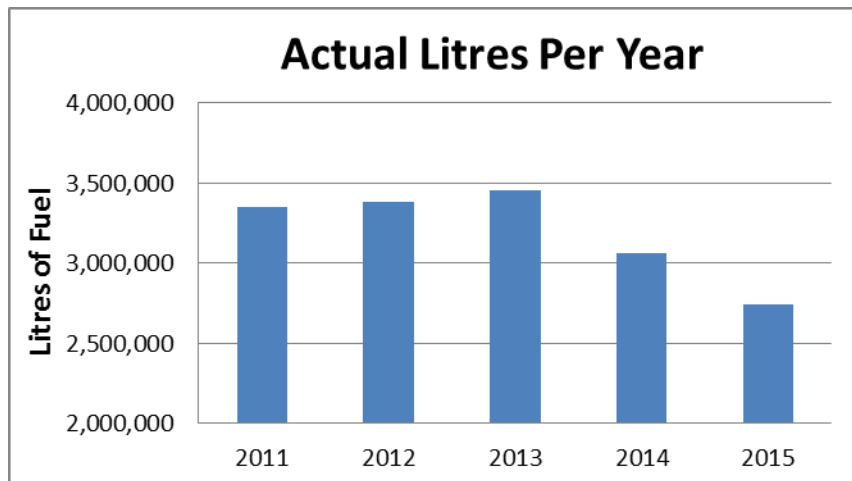
Contract and General Services

Contract and general services costs have decreased by 1% compared to 2014 with a total spend of \$29.5 million (2014 – \$29.8 million). Some of the decrease is due to lower legal fees and training expenses. These are offset by higher than expected expenses for communication costs for CIU lines (Central Intelligence Unit) as well as health/counselling expenses, red light camera intersection work, and the CPS contribution to the Homefront program for a DCRT.

Materials, Equipment and Supplies

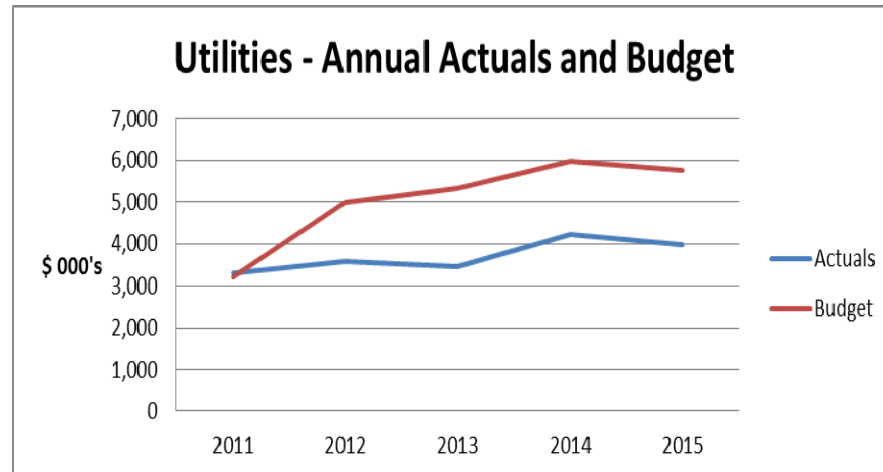
Materials are unfavorable \$465 thousand mainly due to higher vehicle & equipment charges and new software purchases. These purchases were offset by savings in fuel.

Fuel prices have decreased and we are trending in the same pattern with the consumption of fuel thereby creating a savings in 2015.

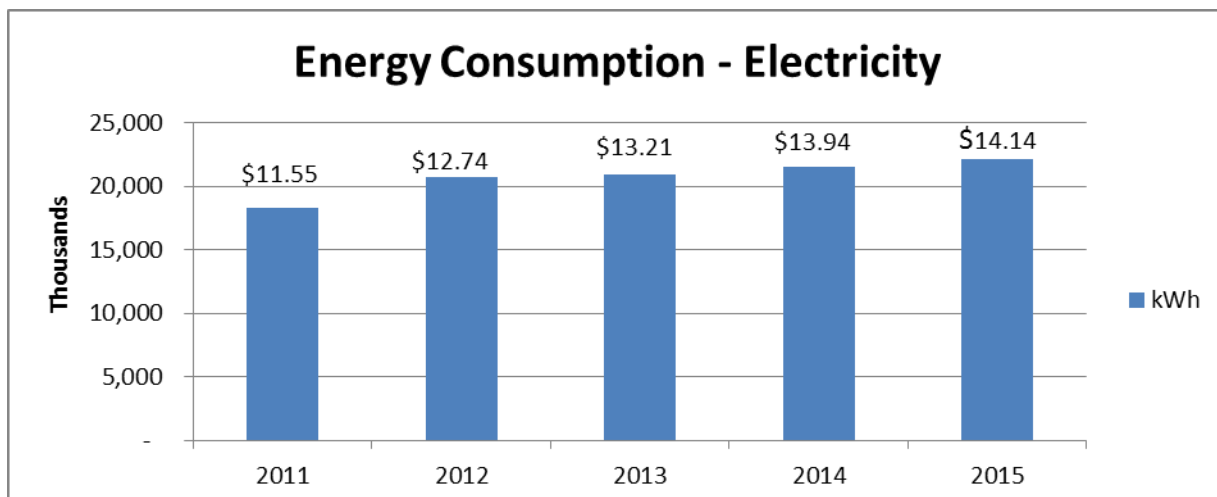


Utilities

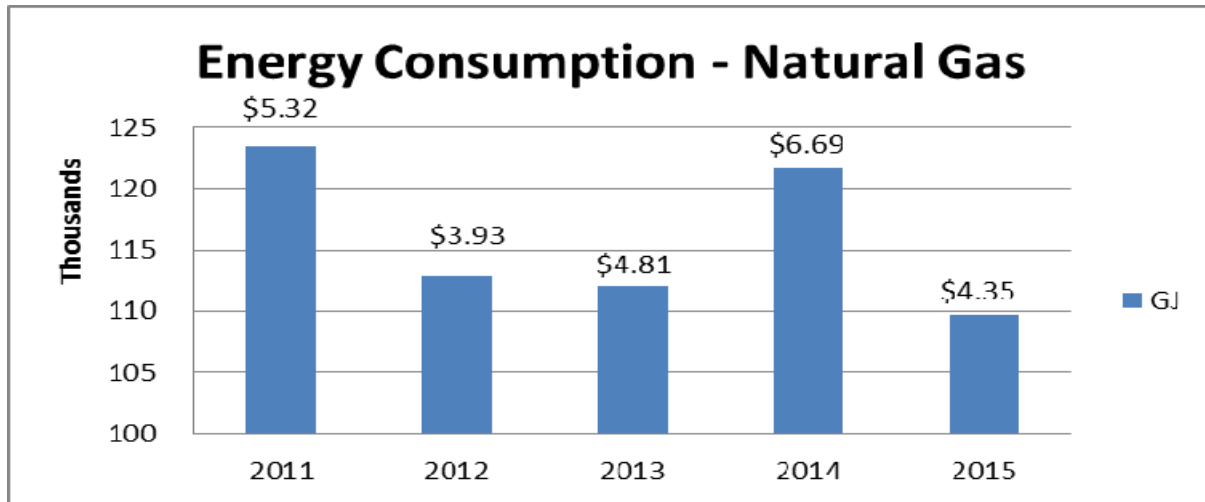
Utility costs have decreased compared to last year with total expenditures of \$4.0 million (2014 - \$4.2 million). This is mainly due to a decrease in Natural Gas costs. Decreases in Natural Gas price and lower consumption contribute to the savings in Natural Gas. Natural Gas price has dropped to an average of \$4.35/GJ from an average of \$6.69/GJ in 2014.



The price per kWh for Electricity is up slightly from 2014 but within expected budget.



Natural Gas consumption decreased by 11% in 2015 (109,644GJ) (2014 – 121,648 GJ). This is a result of warmer weather experienced during the year resulting in reduced demand for natural gas.



Capital Expenditures

Capital (\$000's)			
	31-Dec-15	31-Dec-14	%
Capital Expenditures	23,050	25,627	(10.1)%

Overall capital funds spent to date have decreased by 10.1% compared to the same time period last year. The total spent to date is \$23.1 million (2014 - \$25.6 million) which is a decrease of \$2.5 million. The largest increase in expenses is for the Red Light Camera program and Computer systems, offset by the decreases in Facilities, the Vehicle program and Radio Systems.

Equipment

Equipment purchases are \$773 thousand higher than that of 2014 mainly due to electronic surveillance and photo radar purchases.

The updated surveillance system affords the following benefits:

- increases efficiency and improves workflow
- eliminates delays (particularly with respect to borrowing equipment from the RCMP)
- gives the Service the ability to plan for growth (systems can handle an increased number of wiretaps running concurrently)
- enhances capacity

The photo radar purchases enhance traffic enforcement capabilities for mobile platform and handheld devices.

Red Light Infrastructure

46 replacement camera systems were purchased in 2015.

Benefits include:

- faster download speed
- higher definition and crisper resolution
- increased ability to generate summons and court prosecutions

Communication Equipment

Expenditures are on par with 2014. 2015 purchases included Spyhill site upgrade and firewall replacement.

The Spyhill upgrade was needed to replace the existing Spy Hill DRS site that was decommissioned spring 2015 to accommodate land reclamation by Waste and Recycling.

The Information, Communication and Technology Section (ICTS) provide a secure IT infrastructure for the Calgary Police Service (CPS). Part of ICTS' duty is to keep up with the ever growing number of security threats and applications that could cause potential vulnerabilities to the CPS network. CPS purchased a Next Generation Firewall (NGFW). This purchase along with the new firewall hardware equipment in the Computer System area will provide a secure firewall design.

Vehicles

Vehicle replacement program ongoing as planned. 2014 expenditures were higher than 2015 primarily due to the changeover to SUV's and Taurus's from Crown Victoria's and the In Car Digital Video program. In 2016 with the move of Officers back to the Districts this will result in the need for roughly 16 additional vehicles.

Facilities

Construction has begun on the new evidence and property warehouse. The estimated completion is third quarter of 2016. Other 2015 completed projects included North Deerfoot Campus driveway realignment and replacement of rooftop units and boilers at Westwinds.

The next steps for the Arrest Processing Unit APU are:

- Wetlands impact assessment Spring/Summer 2016
- Potentially environmental assessment phase II Summer/Fall 2016
- Sign off on concept Plans: drawings/floor plans/specification
- Determine a desired commencement date for the lease
- Seek Province's approval of the Plans
- Move to the permitting stage: development permit (1st Q 2017) and building permit (3rd Q 2017)

Computer System

IT purchases are \$1.466 million higher than the same period of 2014. 2015 IT purchases included security incident monitoring hardware, storage area network and computer desktop and tablet replacements, printers, scanners and monitors.

In July 2015 CPS experienced several serious cyber security incidents which continued despite efforts to mitigate them. 2015 increases are primarily due to unplanned security hardware, digitization, increasing storage capacity requirements and the increased US dollar.

Risks

Political

- Proposed Provincial budget reductions to the existing ALERT model.
- Municipal priorities and budget reductions may impact long-term sustainable funding for CPS (i.e. collective agreements, mill rate support, and future growth).
- The City reprioritization process consists of the capital recast (addressed earlier) and the Accelerated Capital Economic Resilience (ACER). The ACER complements the recast to identify and implement improvements to ensure project delivery is as efficient and effective as possible. CPS has specialized capital requirements for equipment, fleet, information technology and communications. This new process including the centralization of capital could potentially impact future funding mechanisms. After the appendix 2 revision projects are complete in 2017 CPS will essentially have a \$14 million budget for capital requirements versus total City Capital 2016 budget \$2.5 billion
- Changes implemented by the Provincial and Federal Government may have an impact on policing.
- There currently is no contract in place with the Calgary Airport Authority. Uncertainties remain regarding the number of officers and the cost of the program.
- Downloading of Federal and Provincial responsibilities will impact CPS sustainability.

Economic

- Economic downturn may impact policing. History has shown that violent crime, property crime, domestic violence, juvenile offenses, and mental illness cases all are prone to increase during economic downturns. This could affect the CPS budget due to increased overtime if more dispatched calls are attended to.