



LONDON POLICE SERVICE

REPORT TO THE LONDON POLICE SERVICE BOARD

BOARD MEETING DATE: March 20, 2025

BOARD REPORT #: 2503FF03

MEETING: Open

TO: Chair and Members of the London Police Service Board

FROM: Treena MacSween, Deputy Chief

SUBJECT: **Financial Reporting for the Period Ending December 31, 2024**

PURPOSE: Update / Information Purposes Only

RECOMMENDATION:

1. That the London Police Service Board receive, for information, the unaudited financial reports for the twelve-month period ending December 31, 2024.

FINANCIAL IMPLICATIONS:

Previous year-end estimates presented to the Board projected the 2024 operating expenditures to result in a surplus ranging from \$4.5 to \$5.7 million, after accounting for a one-time draw to cover unforeseen capital expenditures.

The actual year-end position showed a surplus of \$7,238,971, which represents 4.4% of the net operating budget. This amount is reflected in the Operating Budget Summary and detailed within the year-end financial statements.

The Police Service Reserve Fund (RF10100), managed by the Board, was below its recommended target level as outlined in the Reserve Fund Balances section of this report. As a result, in alignment with City financial practices, the entire 2024 operating surplus was allocated to the Reserve Fund to support long-term financial stability and ensure sufficient reserves for future contingencies. A detailed breakdown of this allocation can be found in the Reserve Funds section of this report.

Additionally, the Board approved a one-time draw of \$1,287,023 from the Police Service Reserve Fund to cover unforeseen capital expenditures in 2024.

In total, the net impact to the Police Service Reserve Fund for the 2024 fiscal year was \$5,951,948, which aligns with the initial projections.

SUMMARY:

The 2024 year-end results for the Operating Budget reflected a positive variance of \$7,238,971, representing 4.4% of the net operating budget. This amount was credited to the Police Service Reserve Fund (RF10100).

In 2024, unplanned capital equipment expenditures totaling \$1,287,023 were incurred to comply with O.Reg. 393/23 (Active Attacker Incidents), updates to Supreme Court of Canada case law, new Ontario Police College (OPC) requirements, and additional operational equipment needs that were unforeseen during the multi-year budget planning process.

Historically, these types of expenses were addressed through a transfer from operating to capital, as approved by the London Police Senior Executive Command, and were reflected in the net year-end operating surplus. However, following discussions with the City, it was recommended that all operating surplus funds be deposited into the Police Service Reserve Fund. The Board's approval was sought to draw funds from the Reserve Fund, in accordance with the Reserve Fund by-law, to cover unforeseen capital expenditures required for operations. This approach aligns with practices applied across all City of London civic service areas and other agencies, boards, and commissions.

This report summarizes the budget variances for both operating and capital accounts and provides details of the reserve fund balances for the fiscal year 2024.

DISCUSSION:

Operating Budget

Annually, the London Police Service Board is provided with a summary of year-end results and reserve fund balances. Actual cost compared to budgeted costs commonly result in variances. The operating budget is monitored regularly to ensure that variances are identified and managed appropriately.

A summary of the larger year-end budget variances as of December 31, 2024, is outlined below:

Personnel Costs

The personnel cost variance of \$5,399,911 was primarily due to delays in hiring and onboarding new positions, resulting in temporary salary savings rather than an overestimation in budgeting. Several key factors contributed to this variance:

- **Sworn Officer Hiring Delays:** The 2024 multi-year budget included 35 additional sworn officers to address operational demands. However, actual onboarding progressed more slowly than projected, primarily due to Ontario Police College (OPC) intake schedules. Uniform officer vacancies typically require approximately 18 months from recruitment to full frontline deployment, which affected salary expenditures.
- **Civilian Hiring Delays:** Similarly, 51 new civilian positions were budgeted. However, hiring these roles took longer than anticipated, particularly in specialized or highly competitive job categories, contributing to lower-than-budgeted expenditures.
- **Assessment Growth Funding:** Of the positions authorized in the multi-year budget, 27 were allocated funding through Assessment Growth at their full-year cost.
- **Delayed Budget Approval:** The late approval of the 2024 budget (March adoption) led to deferred hiring timelines, further contributing to the surplus. Positions that were expected

to be filled earlier in the year were delayed due to the need for formal budget confirmation before recruitment could proceed.

- **Attrition & Vacancies:** Regular workforce attrition—including retirements, resignations, and leaves of absence—also played a role in temporary salary savings, as vacancies were not immediately backfilled due to recruitment timelines.
- **Salary Rate Variances:** Some positions were filled at lower-than-anticipated salary rates, particularly where new hires started at entry-level steps in the pay grid, leading to additional cost savings.

While this variance reflects a timing issue rather than a permanent reduction in workforce needs, it highlights ongoing challenges in recruitment cycles. It is anticipated that as these positions are filled in 2025, personnel costs will align more closely with budget projections.

Line Items and Revenue

In addition to personnel costs, several other line items have affected the overall financial performance of the Service. Key items to note include:

- **Financial Expenses – Transfer Police Services:** With Board approval, a transfer of the year-end operating surplus, amounting to \$7,238,971, was made to the Police Service Reserve (RF10100).
- **Purchased Services – Technology Maintenance:** Delays in project rollouts resulted in underutilized funds for technological advancements. However, these amounts will be required for 2025 and beyond.

Revenue

The positive revenue variance of \$1,634,579 was attributed to:

- **New Grants/Funding:** London Police Service successfully secured additional provincial grant funding for initiatives such as Bail Compliance and Warrant Apprehension, Victim Support, Front-line Policing, Auto Theft Prevention, and Next Generation 911 services.
- **Other Contributions:** Funds were received to offset related expenditures, including contributions for the Police Golf Classic Tournament and Be Well Serve Well Conference. Western University also contributed \$75,000 to help cover homecoming-related costs.
- **Inter-Police Service Revenue (Other Municipalities):** Revenue from joint force deployment recoveries, inter-police training initiatives, and equipment sales.

Capital Budget

As of December 31, 2024, there are no financial concerns to report regarding capital projects. All capital projects show a positive variance and have available funds, with the exception of the Business Analytics project, which is slightly over budget. However, this shortfall will be offset by \$207,000 in approved funding through the Public Safety and Infrastructure Modernization Business Case, effective January 1, 2025.

To improve transparency, the Capital Projects Status as of December 31, 2024, now includes a total row summarizing overall project expenditures and budget balances. This total provides a consolidated view of capital spending for the year.

In 2024, seven capital projects were successfully completed, and the allocated funds for these projects have been fully utilized. Additionally, equipment was procured at a cost of \$1,287,023 to comply with O.Reg. 393/23 (Active Attacker Incidents), updates to Supreme Court of Canada case law, new Ontario Police College (OPC) requirements, and additional operational

equipment needs, all of which were unforeseen during the multi-year budget planning process. As a result, funds from the Police Service Reserve (RF10100) were required to offset these unplanned expenditures.

Reserve Funds

The following outlines the balances for police reserves as of December 31, 2024:

Reserve Fund	Dec. 31, 2024
Benefits Reserve (RF098)	\$4,240,342
Sick Leave Reserve (RF051)	\$46,243
Police Service Reserve (RF10100)	\$9,618,021*
Outstanding Activity:	
2024 Capital Expenditures	(\$1,287,023)
Committed Projects (2025)	(\$1,540,232)
Budgeted One-Time Draw (2025)	(\$850,000)
Projected Interest (2025)	\$249,756
Uncommitted Balance	\$6,190,522

**Includes the 2024 Year-End Operating Surplus of \$7.2M. The one-time drawdown of \$1.287M to cover the unforeseen 2024 capital expenditures is still pending at the time of writing this report.*

Of note, the current target balance range for the Police Service Reserve is a minimum of 5% and a maximum of 10% of the net Police Operating Budget for the current year. The target value for 2025 is \$9,084,684 to \$18,169,368. After accounting for committed drawdowns from this reserve to support planned projects and budgeted expenditures, even with the 2024 surplus deposit, the current minimum and maximum target values have not been reached.

CONCLUSION:

In conclusion, the report outlines the financial performance of the London Police Service for the 2024 fiscal year. It is recommended that the Board receive the unaudited interim financial reports for the period ending December 31, 2024.

PREPARED BY: Director Jody Graham – Financial Services

Attachments: Month End Report December 31, 2024
Capital Projects Status December 31, 2024

MONTH END REPORT
As of December 31, 2024

Payroll Percent Other	100.00% 100.00%	2024 Budget	2024 Actual	Available	% Budget Spent
<u>Divisions Summary:</u>					
Police Services Board		\$507,929	\$1,119,081	(\$611,152)	220.32%
Executive Administration		\$9,423,735	\$6,440,755	\$2,982,980	68.35%
Member Care and Organizational Wellness Branch		\$1,394,337	\$1,487,063	(\$92,726)	106.65%
Human Resources Division		\$2,614,744	\$1,807,409	\$807,335	69.12%
Corporate Services Division		\$6,763,316	\$6,061,459	\$701,857	89.62%
Facilities, Finance & Fleet Division		\$15,244,301	\$22,884,685	(\$7,640,384)	150.12%
Uniformed Division		\$76,803,144	\$73,970,410	\$2,832,734	96.31%
Criminal Investigation Division		\$26,489,663	\$26,495,722	(\$6,059)	100.02%
Support Services Division		\$26,286,539	\$25,261,125	\$1,025,414	96.10%
NET LPS EXPENDITURES		\$165,527,708	\$165,527,708	\$0	100.00%
<u>Objects of Expenditure:</u>					
Personnel Costs		\$158,169,429	\$152,769,518	\$5,399,911	96.59%
Administrative Expenses		\$2,816,456	\$2,400,235	\$416,221	85.22%
Financial Expenses		\$857,029	\$9,053,586	(\$8,196,557)	1056.39%
Purchased Services		\$10,873,165	\$9,892,461	\$980,704	90.98%
Materials & Supplies		\$5,172,976	\$5,217,732	(\$44,756)	100.87%
Equipment & Furniture		\$649,203	\$839,304	(\$190,101)	129.28%
Recovered Expenses		(\$452,798)	(\$452,797)	(\$1)	100.00%
TOTAL EXPENDITURES/OBJECT		\$178,085,460	\$179,720,039	(\$1,634,579)	100.92%
TOTAL REVENUE		(\$12,557,752)	(\$14,192,331)	\$1,634,579	113.02%
NET LPS EXPENDITURES		\$165,527,708	\$165,527,708	\$0	100.00%

Project Number	Project Description	Original Budget	Budget	Actuals as at Dec 31	Variance	Transfer from Operating	Transfer from Police Reserve	Revenue	True Variance	
PP429123	Police Equipment	2023	\$ 788,263	\$ 2,258,023	\$ (1,469,760)	\$ -	\$ -	\$ (1,469,760)	\$ 0	Complete
PP429124	Police Equipment	2024	\$ 1,032,826	\$ 1,866,793	\$ (833,967)	\$ -	(\$974,717) Pending board approval	\$ (174,551)	\$ 315,301	
PP4295	Police Technology Equipment	2016	\$ 1,733,323	\$ 2,829,106	\$ (1,095,783)	\$ (1,306,672)	\$ -	\$ -	\$ 210,888	
PP429521	Police Technology Equipment	2021	\$ 676,881	\$ 693,467	\$ (16,586)	\$ (16,586)	\$ -	\$ -	\$ 0	Complete
PP429522	Police Technology Equipment	2022	\$ 705,552	\$ 728,636	\$ (23,084)	\$ -	\$ -	\$ (23,084)	\$ 0	Complete
PP429523	Police Technology Equipment	2023	\$ 1,358,596	\$ 1,259,643	\$ 98,953	\$ -	\$ -	\$ (1,572)	\$ 100,525	
PP429524	Police Technology Equipment	2024	\$ 2,329,889	\$ 845,470	\$ 1,484,420	\$ -	(\$312,306) Pending board approval	\$ (104,430)	\$ 1,901,156	
PP431419	Police Vehicle Replacement	2019	\$ 2,156,740	\$ 2,100,016	\$ 56,724	\$ (194,607)	\$ -	\$ (15,933)	\$ 267,264	
PP431420	Police Vehicle Replacement	2020	\$ 2,444,400	\$ 2,680,345	\$ (235,945)	\$ (3,902)	\$ -	\$ (531,074)	\$ 299,030	
PP431421	Police Vehicle Replacement	2021	\$ 2,552,300	\$ 2,016,288	\$ 536,012	\$ -	\$ -	\$ (307,050)	\$ 843,062	
PP431422	Police Vehicle Replacement	2022	\$ 2,037,540	\$ 1,640,162	\$ 397,378	\$ -	\$ -	\$ (8,755)	\$ 406,134	
PP431423	Police Vehicle Replacement	2023	\$ 2,530,291	\$ 2,127,767	\$ 402,524	\$ -	\$ -	\$ -	\$ 402,524	
PP431424	Police Vehicle Replacement	2024	\$ 2,712,692	\$ 1,678,057	\$ 1,034,635	\$ -	\$ -	\$ (322,432)	\$ 1,357,068	
PP4325	Next Generation 911 Centre	2014	\$ 2,362,465	\$ 3,706,930	\$ (1,344,465)	\$ (101,243)	\$ -	\$ (2,576,926)	\$ 1,333,705	
PP4328	Next Generation 911 Centre (Business Case)	2024	\$ 4,067,901	\$ 28,391	\$ 4,039,510	\$ -	\$ -	\$ -	\$ 4,039,510	
PP4468	Public Safety & Infrastructure Modernization (Business Case)	2024	\$ 2,951,975	\$ 2,150,662	\$ 801,313	\$ (459,230)	\$ -	\$ -	\$ 1,260,543	
PP429224	Police Vehicle & Equipment Requirements (Business Case)	2024	\$ 496,213	\$ 161,457	\$ 334,756	\$ -	\$ -	\$ -	\$ 334,756	
PP4297	Active Attacker (Business Case)	2024	\$ 98,912	\$ 84,202	\$ 14,710	\$ -	\$ -	\$ -	\$ 14,710	
PP4405	Portable Radio User Gear Replacement	2016	\$ 3,114,999	\$ 3,140,201	\$ (25,202)	\$ (8,400)	\$ -	\$ (16,802)	\$ (0)	Complete
PP440524	Portable Radio User Gear Replacement	2024	\$ 3,846,429	\$ 3,247,080	\$ 599,349	\$ -	\$ -	\$ -	\$ 599,349	

Project Number	Project Description	Original Budget	Budget	Actuals as at Dec 31	Variance	Transfer from Operating	Transfer from Police Reserve	Revenue	True Variance	
PP444420	Police Headquarters Building Major Repairs	2020	\$ 625,000	\$ 723,400	\$ (98,400)	\$ (53,400)	\$ -	\$ (45,000)	\$ -	Complete
PP444421	Police Headquarters Building Major Repairs	2021	\$ 650,000	\$ 512,085	\$ 137,915	\$ (24,704)	\$ -	\$ (95,690)	\$ 258,308	
PP444422	Police Headquarters Building Major Repairs	2022	\$ 675,000	\$ 534,179	\$ 140,821	\$ -	\$ -	\$ -	\$ 140,821	
PP444423	Police Headquarters Building Major Repairs	2023	\$ 755,000	\$ 534,997	\$ 220,003	\$ -	\$ -	\$ -	\$ 220,003	
PP444424	Police Headquarters Building Major Repairs	2024	\$ 2,423,800	\$ 443,348	\$ 1,980,452	\$ -	\$ -	\$ -	\$ 1,980,452	
PP4462	Police Facility Expansion	2021	\$ 337,435	\$ 337,435	\$ (0)	\$ -	\$ -	\$ -	\$ (0)	Complete
PP4481	Police Training Campus - Growth Phase 2 (Business Case)	2024	\$ 59,662,565	\$ 46,223	\$ 59,616,342	\$ -	\$ -	\$ -	\$ 59,616,342	
PP4482	Police Training Campus - Serv Imp Phase 2 (Business Case)	2024	\$ 1,649	\$ 1,649	\$ -	\$ -	\$ -	\$ -	\$ -	Complete
PP4483	Police Purchased or Leased Spaces - Phase 1 (Business Case)	2024	\$ 22,336,600	\$ -	\$ 22,336,600	\$ -	\$ -	\$ -	\$ 22,336,600	
PP4485	Police Internal Renovations - Across all phases (Business Case)	2024	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000	
PP446519	Police Outfitting Due to Growth (2019-2023)	2019	\$ 257,466	\$ 194,150	\$ 63,316	\$ -	\$ -	\$ -	\$ 63,316	
PP446524	Police Outfitting Due to Growth (2024-2027)	2024	\$ 51,530	\$ -	\$ 51,530	\$ -	\$ -	\$ -	\$ 51,530	
PP4470	Business Analytics	2020	\$ 1,300,000	\$ 1,318,101	\$ (18,101)	\$ -	\$ -	\$ -	\$ (18,101)	
PP4472	Real Time Operations Centre	2020	\$ 450,000	\$ 61,773	\$ 388,227	\$ -	\$ -	\$ -	\$ 388,227	
PP4473	Time and Attendance Automation	2020	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000	
PP4474	Back-up Communication Centre	2022	\$ 2,870,000	\$ 1,752,216	\$ 1,117,784	\$ -	\$ -	\$ (82,011)	\$ 1,199,795	
PP4475	LPS Purchased and Leased Space	2023	\$ 3,500,000	\$ 3,159,563	\$ 340,437	\$ -	\$ -	\$ -	\$ 340,437	
Capital Grand Total			\$ 136,194,232	\$ 44,861,817	\$ 91,332,415	\$ (2,168,744)	\$ (1,287,023)	\$ (5,775,071)	\$ 100,563,253	