

Schedule of Financial Notes as of December 31, 2021

SALARIES

The salaries account is ahead of budget with 100.5 percent spent at December 31, 2021. Salaries expense exceeded budget by \$1.2M primarily due to backfilling employees on long-term leaves and above plan paid duty salaries for immunization clinics. This pressure is partially offset by a favourable variance to the uniform staffing mix at the supervisory level.

Net overtime is 108.8 percent spent with a deficit position of (\$0.4M). Salary overtime is over budget due to increased workload in joint force investigative projects including Project Eonni, Project Hammer, and Project Southam. This overspending is identified to be cannabis related, and is offset by recovery from Cannabis Reserves. For comparison purposes, net overtime as of December 31, 2020 was 115.3 percent spent.

BENEFITS

Employee benefits account is unfavorable at 103.2 percent spent by (\$2.5M) due to employer's benefit contribution paid for increased numbers of members on long term leave, and increased numbers of retirees. The overall long-term increase reflects changes to provincial legislation in 2016, resulting in a 330 percent increase of members on long term leave for the five-year period ending in 2020. The extended health and dental benefits paid to retirees have been increasing during the past five years at an annual rate of 21 percent, whereas the budget has been increased at 6 percent. Last year at this time accounts were 99.6 percent spent with an lower than budget Workplace Safety and Insurance Board contribution.

OPERATING EXPENSES

Total operating expenses are under budget at 95.7 percent spent. Costs incurred due to the COVID-19 pandemic are mitigated by savings in software maintenance, training, special events, meals, travel, and vehicle repair and maintenance accounts. In comparison, last year at this time total operating expenses were 98.6 percent spent.

Program Specific Expense

Overall spending is ahead of budget primarily due to investigation expenses for ongoing investigative projects. Investigative Expenses are 141.4 percent spent year-to-date or (\$0.7M) over budget primarily driven by joint force Projects Cheetah, Hammer, and Southam. A portion of the investigative expenses is offset by the recoveries recorded in provincial special funding and sundry revenue accounts from joint operations partners. The unfavourable variance is also offset by underspending in ammunition and photographic equipment accounts.

Professional Contracted Services

Overall spending is ahead of budget primarily due to higher than planned spending on consulting and cost for mediation services. This deficit is partially offset by surplus from the Air Support Unit purchase of services.

General Expense

Overall spending is well below budget. Computer hardware is over budget due to purchase of grant funded items for cyber crimes, human trafficking, and internet child exploitation investigations.

The unfavourable variances are offset by underspending in a number of accounts including training, software maintenance, miscellaneous allowances, vehicle repair and maintenance, telephone, special events, and public relations. Software maintenance is below budget due to timing of the IT project implementation. Spending reductions in training, special events, public relations and miscellaneous allowances accounts are due to COVID-19 impact. These reductions partially mitigate pressures from COVID-19 related revenue losses.

Financial Charges

Transaction charges are over budget due to debt issuance fee.

Occupancy Expense

Overall spending is on budget. Expenditures for hydro, office cleaning, and repairs and maintenance accounts are under budget, offsetting the unfavourable variance in facility lease, ground maintenance, and repair and maintenance accounts.

Minor Capital

Operating equipment purchase is below budget due to underspending in furniture and fixture replacement.

Debt Interest

Debt principal payments are on budget.

REVENUES

Provincial funding is above budget due to a reallocation of Criminal Intelligence Service Ontario funding from recovery revenue account. The funding from Criminal Intelligence Service Ontario is designated to support combatting gun and gang crimes, and is used to partially offset joint force operation projects. The unfavourable variances from the absence of the Gun and Gang Specialized Investigations Grant is offset by this funding. In addition, a contribution of \$1.2M from the provincial Safe Restart Agreement assisted to offset the financial implications of COVID-19.

Overall Fees and Charges revenue is below budget as the requests for services have been impacted by COVID-19. The volume of requests for clearance letters, vulnerable sector screening, and motor vehicle collision reports have decreased by an average of 40 percent. Paid duty revenues for vehicles and administration fee were impacted by the reduction of special events, parades and funeral requests, but were mitigated by requests for police presence at immunization clinics. Paid duty administrative fees are waived for services to vaccine clinics.

CAPITAL BUDGET SPENDING

The capital spending authority for active capital projects totals \$56,740,675, consisting of \$37,142,721 in spending from inception to date and \$19,597,954 for unspent remaining balances. The majority of capital projects are on schedule, and \$6.1 million from anticipated project delays are re-budgeted into 2022 capital plan. Project delays were due to factors including COVID-19 travel restrictions, construction permit delay, and implementation schedule. A detailed list of re budgeted projects may be found in Appendix 5 of the 2022 Operating and Capital Budget dated October 27, 2021.

RESERVES

Police Services Board Public Relations Fund

Year to date contributions to reserves as of December 31, 2021 total \$76,125, all from forfeited monies and police property auctions. Interest earned on this account totals \$2,990. A draw from the reserve of \$57,827 has been made to pay for approved expenditures.

Development Charge Reserve

Development charge collections to date total \$10,477,950. Interest earned on this account totals \$256,299. Combined payments made on the development charge portion of debentures and capital projects total \$10,350,611.

Sick Bank Reserve

Both contributions to and withdrawal from the sick bank reserve have been paused in 2021 as an outcome from recent collective bargaining. Year to date interest earned on this account totals \$40,154.

Police Infrastructure Reserve

Year to date contributions to reserves total \$856,000. Interest earned on this account totals \$14,913.