



# LONDON POLICE SERVICES BOARD

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March 31, 2014

Mr. Martin Hayward, City Treasurer, Chief Financial Officer  
Financial Services  
The Corporation of the City of London  
300 Dufferin Avenue  
London, Ontario N6B 1Z2

Dear Mr. Hayward:

The London Police Services Board (LPSB) 2013 Operating Budget reflects a deficit position at year-end in the amount of \$268,795. This deficit occurred for three reasons.

First, in a normal budget cycle, personnel savings associated to attrition are utilized to offset any deficits that arise in the operating accounts. A review of 2013 personnel costs indicates that police salaries were over budget due to a lower than anticipated attrition rate and the resulting inability to gap replacements at the lower entrant rate.

Second, WSIB expenses continue to be a significant cost driver, and risks in this account were identified during the 2013 budget process. This risk came to fruition in 2013, with WSIB expenditures surpassing the budgeted amount.

Finally, variances within specific line items across a number of operating accounts further contributed to the deficit.

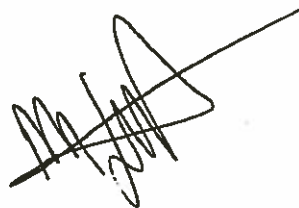
Normally, the London Police Service would be in a position to absorb this prior-year deficit by drawing the amount from its Unfunded Liability Reserve. However, given that the London Police Service Board (LPSB) has already earmarked nearly \$1 million from this

Reserve account to help staff manage through the 2014 budget year, and given that the Unfunded Liability Reserve is already well below recommended levels, any further reductions could impair LPS's ability to manage through the various extraordinary events and operating risks (e.g. protracted investigations, demonstrations, etc.) that the Reserve Fund was designed to underwrite.

Therefore, the LPSB requests that the Municipality cover the 2013 deficit of \$268,795.

Please feel free to contact the Board if you have any further questions or require additional information. We look forward to hearing from you in this regard.

Yours truly,

A handwritten signature in black ink, appearing to read 'Michael Deeb', written over a light blue horizontal line.

Michael Deeb,  
Chair,  
London Police Services Board