



## REGIONAL MUNICIPALITY OF NIAGARA POLICE SERVICES BOARD

### FINANCE COMMITTEE MEETING PUBLIC AGENDA

Thursday, July 9, 2020 at 9:30 am

#### VIA TELECONFERENCE

*Due to the efforts to contain the spread of COVID-19, Niagara Regional Police Headquarters will not be open to the public to attend Board meetings until further notice. To hear the audio live stream meeting proceedings, please visit: <https://calendar.niagarapolice.ca/meetings>*

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#### CALL TO ORDER

#### ROLL CALL

#### DECLARATIONS OF CONFLICT/PECUNIARY INTEREST

#### NEW BUSINESS

1. **Niagara Region 2019 Audited Consolidated Finance Statements** – Service report dated July 1, 2020 to provide the results of the 2019 Audited Consolidated Finance Statements and Management Letter comments, which was presented to the Region's Corporate Services Committee on May 13, 2020 and approved by Regional Council on May 21, 2020.

Moved by:  
Seconded by:

**That the information be received.**

2. **Capital Project Close-Out Report for 2020** – Service report dated July 1, 2020 to obtain Board approval to close completed capital projects and return the balance of funds to their original source to be used in the development of future financing strategies.

Moved by:  
Seconded by:

**That the Committee approve the closure of the identified completed projects and the transfer of funds to the Police Capital Reserve, resulting in a net transfer to the Police Capital Levy of \$27,024.23.**

3. **NRPS Budget Planning – 2021 Operating and Capital Budget** – Service report dated June 30, 2020 to provide the Board with a report to initiate the 2021 budget process, approve the 2021 budget timetable as per Regional By-law 2017-63, and approve the recommendations that form the guiding principles for the development of the 2021 budget.

Moved by:  
Seconded by:

That the Committee approve the budget timetable in accordance with Niagara Region By-law 2017-63, Budget Control, as outlined in Appendix 1 and 2 of the report;

And further, that the Committee approve the recommendations set forth by Service staff that are documented in this report which will form the guiding principles for the development of the 2021 budget.

#### OTHER NEW BUSINESS

#### ADJOURNMENT

*During the COVID-19 pandemic, the Board will conduct its meetings virtually, through teleconference. The audio recording will be posted to the Niagara Police Services Board YouTube Account for members of the public to access. If there are any questions or concerns, please contact the Executive Director to the Police Services Board at 905-688-4111, Extension 5170 (office) or [psb@niagarapolice.ca](mailto:psb@niagarapolice.ca)*



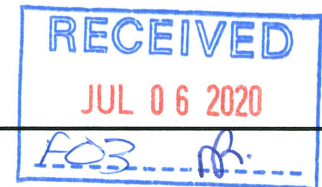
# NIAGARA REGIONAL POLICE SERVICE

## Police Services Board Report

1.

### PUBLIC AGENDA

**Subject:** Niagara Region 2019 Audited Consolidated Financial Statements  
**Report To:** Chair and Members, Niagara Police Services Board Finance Committee  
**Report Date:** 2020-07-01



### Recommendation(s)

**That the Niagara Police Services Board receives this report for information.**

### Key Facts

- The purpose of this report is to provide the results of the 2019 Audited Consolidated Financial Statements and Management Letter Comments
- At the November 14, 2019 Finance Committee Meeting the Committee approved to discontinue the practice of engaging a third party accounting firm to conduct a separate audit of the Niagara Regional Police Service; and further, that the Service report back annually on the Region's consolidated audit findings and management points that impact the Niagara Regional Police Service, as well as any internal special audit projects that are to be performed
- The 2019 Audited Consolidated Financial Statements were presented to Corporate Services Committee (CSD 33-2020) on May 13, 2020 and approved by Regional Council on May 21, 2020
- Niagara Region received an unqualified audit opinion and no management letter points for the year ended December 31, 2019

### Financial Considerations

There are no direct financial implications from receipt of this report.

### Analysis

The consolidated financial statements reflect the assets, liabilities, revenues and expenses as well as the accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources and which are owned and controlled by the Region. This includes the Niagara Regional Police Service.

Niagara Region's external auditor (Deloitte) has indicated that in their opinion, the consolidated financial statements present fairly, in all material respects, the financial

position of the Region as at December 31, 2019, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

During the course of the audit, Deloitte makes note of any observed internal control weaknesses and makes suggestions for improvements through management letter comments. There are no management letter points for the 2019 consolidated financial statement audit.

### **Alternatives Reviewed**

The only alternative is for the board not to receive this report.

### **Relationship to Police Service/Board Strategic Priorities**

To ensure the Police Services Board has the financial information to discharge their stewardship responsibilities effectively.

### **Relevant Policy Considerations**

By Law 384-2019 Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service

### **Other Pertinent Reports**

3 - 2019 November 14 Finance Committee – Audit Engagement to Prepare and Audit the Service's Financial Statements for the Year Ending December 31, 2019

CSD 33-2020 – 2019 Audited Consolidated Financial Statements report to Corporate Services Committee

*This report was prepared by Courtney Woods, Financial Analyst, in consultation with Laura Rullo, Finance Manager and recommended by recommended by Bill Fordy, Deputy Chief of Police, Support Services.*



**Submitted by:**

Bryan MacCulloch, M.O.M. #5835  
Chief of Police

### **Appendices**

None





## NIAGARA REGIONAL POLICE SERVICE Police Services Board Report

2.

### PUBLIC AGENDA

**Subject:** Capital Project Close Out Report – For the Year 2020  
**Report To:** Chair and Members, Niagara Police Services Board Finance Committee  
**Report Date:** 2020-07-01



### Recommendation(s)

**That the Niagara Police Services Board approves the following:**

1. The closure of the identified completed projects and the transfer of funds to the Police Capital Reserve, resulting in a net transfer to the Police Capital Levy of \$27,024.23

### Key Facts

- The purpose of this report is to obtain Board approval to close completed capital projects and return the balance of the funds to their original source
- Maintaining updated records for projects funded by the capital reserves enables the Service to facilitate in the development of sustainable financing strategies for future capital and operating budgets.
- Expenditures for approved capital projects are often incurred over a timeframe of multiple years. In order to ensure that only active projects are maintained, a periodic review of the status of capital projects is conducted.

### Financial Considerations

Approval of the recommendations provides for the returning of capital project funding to its original source to be used in the development of future financing strategies.

### Analysis

Maintaining updated records for projects funded by the capital reserves enables the Service to facilitate in the development of sustainable financing strategies for future capital and operating budgets.

Denoted below are projects deemed to be complete with no further activity and ready to be closed. It is recommended that all transfers be accommodated through their source.

Project Closures and transfer to Police Capital Reserve:

| Project No.                             | Description                       | Close Out Balance   |
|---|-----------------------------------|---------------------|
| 20001003                                | Forensic Scanner                  | \$ 817.19           |
| 20001001                                | Armoured Rescue Vehicle           | 0.75                |
| 20001274                                | Hyundai Data Collection Equipment | 4,544.16            |
| 20000746                                | Comms Unit Noise Reduction        | 2,284.29            |
| 20001009                                | RTOC CCTV Equipment               | 116.19              |
| 20000739                                | NRPS Tactical / Explosv Robot     | 13,261.65           |
| 20001005                                | NRPS - Fraud Unit Scanner         | 6,000.00            |
|   |                                   |                     |
| <b>Total - Capital Reserve Transfer</b> |                                   | <b>\$ 27,024.23</b> |

### Alternatives Reviewed

The only alternative is to not close out the projects identified.

### Relationship to Police Service/Board Strategic Priorities

For consideration as part funding request to Regional Council provided in accordance with the Police Services Act.

### Relevant Policy Considerations

By Law 384-2019 Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service

### Other Pertinent Reports

None

*This report was prepared by Laura Rullo, Finance Manager and recommended by recommended by Bill Fordy, Deputy Chief of Police, Support Services.*



**Submitted by:**  
Bryan MacCulloch, M.O.M. #5835  
Chief of Police

### Appendices

None



## NIAGARA REGIONAL POLICE SERVICE Police Services Board Report

3.

### PUBLIC AGENDA

**Subject:** Budget Planning – 2021 Operating and Capital Budget  
**Report To:** Chair and Members, Niagara Police Services Board Finance Committee  
**Report Date:** 2020-06-30



### Recommendation(s)

**That the Niagara Police Services Board:**

- 1. Approve the budget timetable in accordance with Region By-Law 2017-63 Budget Control as outlined in Appendix 1 and 2 of this report.**
- 2. Approve the recommendations as set forth by Service staff that are documented in this report which will form the guiding principles for the development of the 2021 budget.**

### Key Facts

- The purpose of this report is to initiate the 2021 budget process, approve the 2021 budget timetable as per Region By-Law 2017-63, and approve the recommendations that form the guiding principles for the development of the 2021 budget.
- In accordance to the Budget Planning By-Law 2019-79. As stated in section 6.5 a) of the Budget Planning By-Law, the responsibilities of Agencies, Boards and Commissions (ABCs) funded by the Region is to adhere to the budget timetable as approved annually by Council.
- At the June 25 2020 Budget Review Committee of the Whole (BRCOTW), Corporate Services submitted report CSD41-2020: 2021 Budget Planning (Appendix 3). Outlined in the report was the proposed 2021 budget strategy. Next years' budget strategy is to limit a budget increase to not exceed the Core Consumer Price Index (CPI) target of 2%; where 1% be apportioned to Base Services and 1% to address the funding gap within the Capital Programs.
- Consistent with other Regional departments, boards and agencies, the Service faces a number of ongoing budget pressures and limited funding options on its base budget including collective bargaining, annualizing the 2020 new Program to hire 40 Officers, inflationary cost pressures, and provincial grant funding shortfall. This will present a challenge for the Service to achieve a 1% increase to base services.
- The capital financing shortfall identified and reported in CSD 41-2020 that exists at the Region also exists within the Service. A sustainable asset management plan must be developed to ensure continuous funding of asset replacement as well as supporting

capital investment to achieve the Strategic Plan. The 2021 Operating Budget must continue to fund the capital levy and vehicle reserve by no less than the current reserve contributions. This is a recommendation put forward by Service staff.

- Further recommendations put forward to establish the framework for the 2021 Budget Planning process include a review of service user fee rate schedule, limit on new programs and report separately any material service cost impacts resulting from COVID-19.

## **Financial Considerations**

The approval of this report will impact the formation of the 2021 Operating Budget.

## **Analysis**

The foundation of the Budget Plan is to ensure sustainability of the Niagara Regional Police Services' (Service) ability to provide effective and efficient police services for the Municipality. Further, the Budget Plan must develop a framework that promotes achievement of strategic priorities and set a budget timetable that aligns with the Regional Municipality of Niagara's (Region) timetable as required by the Municipal Act. A well designed Budget Plan outlines expectations and guidelines on the development of program budgets that is communicated to the Service's Senior Leadership team.

According to Region Budget Control By-Law 2017-63 section 3.0 d) Council approves the total budget allocated for the Police Service Board (PSB) and section 39 of the Police Service Act R.S.O 1990 c. permits the Region to require the PSB to submit operating and capital estimates to Council in a format and timeframe approved by Council. This format and timeframe are outlined as per Budget Control By-Law 2017-63 Section 6.1 and 6.2 (a) (i to vi).

At the BRCOTW meeting held on June 25, 2020, Corporate Services staff presented report CSD 41-2020: 2021 Budget Planning report (Appendix 3). The report outlined the framework for preparing and presenting the budgets of the Region in accordance to the Budget Planning By-Law 2019-79. As stated in section 6.5 a) of the Budget Planning By-Law, the responsibilities of Agencies, Boards and Commissions (ABCs) funded by the Region is to adhere to the timetable for presentation and submission of ABC budgets as approved annually by Council. Appendix 1 and 2 outlines the Service's budget timetables for Operating and Capital that aligns with the timetable presentation dates outlined in the CSD 41 2020 Report and approved by BRCOTW.

Further the report was a departure from previous years where corporate staff would seek approval for guidance on a budget increase percentage in advance of the start of the budget process. Anticipating the long term negative impacts COVID-19 will have on the local economy, Corporate Services proposed not to recommend a specific budget guidance increase rather to propose a 2021 budget strategy where the budget increase is not to exceed Core Consumer Price Index (CPI) target of 2% before addressing the impact of COVID-19.



The Budget Plan framework considers the development and presentation of next year's budget based on the following four budget areas:

1. Base Services - proposed 1% of the 2% CPI to fund Base Service increases to existing programs for inflationary pressures, multi-year contracts and collective agreements.
2. Capital Program - remaining 1% to be allocated to increase the Region's contributions to capital reserves and debt financing to support the Region's 10 year financing plan to support the Asset Management Plan that would eliminate the backlog of capital projects deferred due to lack of funding.
3. New Programs - be funded from a separate increase so as not to erode ability to deliver base services. Acknowledging the impact of COVID-19 on the local economy, Corporate Services staff recommended no new programs for the 2021 Budget Year and that any planned programs be deferred to 2022.
4. Assessment Growth – has been forecasted for 2021 at 1.2% and prioritized first to tax increment grants (TIGs), operating growth costs and growth related capital costs for 2021 for a net impact of zero.

Despite the framework outlined in the Region's Budget Planning By-Law, the development of the budget process for ABCs requires only the adherence to the budget timetables as approved by Council. In past years, a budget guidance percentage has been provided to the ABCs to assist in the formulation of the budget and to ensure a sustainable strategy for funding is achieved. For 2021, no specific guidance percentage was presented with the exception of the framework outlined within the four budget areas as outlined above.

The following outlines the proposed budget guidelines for the Service's 2021 Budget process based on known budget pressures, funding availability and impact of COVID-19 on service delivery.

### **Capital Budget:**

The Service has commenced its Capital Budget process consistent with the Region's budget planning guidelines with a focus on an Asset Management Plan that appropriately schedules the replacement of an asset to minimize the impact for equipment and vehicle maintenance and repair costs on the operational budget. As outlined in CSD 41-2020 report to BRCOTW, the capital funding gap that exists at the Region also exists within the Service. A sustainable Asset Management Plan must be developed to ensure continuous funding of asset replacement as well as supporting capital investment to achieve the Strategic Plan. As at December 31, 2019, Service Equipment and Vehicle gross capital costs were \$60.7M and an accumulated amortization value of \$34.8M to date for a total net capital asset value of \$25.9M. With current contributions from the Operating Budget set at \$2.7M to fund the replacement of equipment and Service vehicles; this represents only a 1.75% allocation of the total net expenditure budget for 2020. Compared to the

annual amortization cost of \$7.0M, this suggests that assets are depleting at a greater rate than funds available for replacement. The Service continues to develop a comprehensive Asset Management Plan that includes a framework of planning, tracking and control of assets, preventative maintenance plan to preserve the life span of the asset as well as the disposal of assets as they reach their end of life. An Asset Management Plan will assist with the development of a sustainable funding strategy that can be supported within the Service's operating budget.

For the 2021 Budget Plan, the Service is recommending no change to the current contributions to capital and vehicle reserve totalling \$2.7M and consideration for a sustainable funding strategy will be included in the nine year capital budget forecast for the years 2022-2030. The 2021 Capital Budget and its nine year forecast will be presented to the Board at the scheduled July PSB meeting.

### **Operating Base Budget:**

The Operating budget process kick off is scheduled to commence July 13. As in prior years, the Operating Budget process includes a detailed line by line rationalization of spending by program for approved base services. Consistent with other Regional departments, boards and agencies, the Service faces a number of ongoing budget pressures and limited funding options. These pressures on the Base Budget include but are not limited to:

- Collective bargaining for 2021.
- Annualize the July 1 forty officers 2020 new program change.
- Inflationary cost pressures on other supply costs.
- Shortfall from Court Security and Prisoner Transport Provincial Grant funding based on revised 2020 funding announcement.
- Reduction of one budget salary day to the 2021 base budget.

These cost pressures have been identified to date however a full budget exercise must be completed to determine the full impact to the 2021 base budget. The guideline increase as proposed by Corporate Service staff at 1% will present a challenge for the Service to achieve given these cost pressures.

The total gross expenditures including transfers to reserves before revenues is \$172.3M where 90% of the Service operating gross expenditure is the cost of salary and benefits to support the policing services for the community. The remaining 8% of the gross expenditure budget includes line items such as fuel, vehicle maintenance costs and computer software licensing and maintenance agreements to support the integrated computer aided dispatch system fully integrated with real time mobile communication and information systems. Only a small percentage of these non salary expenditures are discretionary controllable costs. Further, approximately 2.0 % of the Service Operating Budget includes Reserve Transfers to fund its Capital Budget asset replacement and new

investment needs and its reserves for future benefit expenditures that are all currently underfunded.

Funding for the Service Operating and Capital Budget is mainly dependent on the Municipal tax levy to fund 90% of its Gross Operating and Capital Budgets as there are limited third party revenue sources available to the Service. Of the remaining 10% funding from third party agencies approximately 8% is from Provincial Grant Programs and City of Niagara Falls funding agreement. The Service has been experiencing a decline in grant funding programs and the OLG funding transfer to Police Services from City of Niagara Falls has remained fixed at \$4.2M for the past six years.

The remaining revenue source are fees for services provided to the public and revenue for cost recovery services. The fee structure for service fees such as volunteer and employment background checks primarily provided to the local public do not represent the full cost to provide the service as this would be burdensome for the public to absorb.

A separate report to the Board that would review the current service fee schedule as outlined in the User Fee and Services Provided By-Law 371-2017 schedule for 2021 is recommended by Service staff to offset cost pressures incurred to provide the service.

#### **New Programs:**

The recommendation from Region corporate staff is to defer new program initiatives to the 2022 budget year for Region departments to mitigate the impacts that COVID-19 has had on the economy. Therefore, it is recommended that the Service consider the submission of new programs that would: 1) either directly support the achievement of the 2019-2021 strategic plan of the Board; 2) have an impact on public and/or officer safety or 3) where efficiencies from the implementation of a new program can be realized and could mitigate the impact of other budget pressures. All other programs be deferred to 2022 budget.

#### **Impact of COVID-19 on 2021 Budget:**

To date the incremental cost impact of COVID-19 on the 2020 budget year has been related to one-time set up costs incurred in the early stages of the pandemic to accommodate the emergency measures. In addition, the most significant impact thus far has been revenue shortfall from the City of Niagara Falls due to the related business closure which is not anticipated to be long-term. For greater accountability and transparency to the public, it is recommended that the Service include and separately identify any material COVID-19 related cost pressures that may have a long term impact on service delivery to the 2021 base budget.

Lastly, according to the budget timetable, the Service will present its 2021 Operating Budget to the Police Service Board at the October 8 Finance Committee and to the Council Committee of the BRCOTW on December 10.

## **Conclusion:**

In conclusion, the Service has presented the approved BRCOTW budget timetable for the 2021 Operating and Capital Budget and provided the Budget Strategy presented by Region staff to Council as outlined in CSD 41-2020 report. The Service Budget Plan and Strategy Recommendations were developed in accordance to the guidelines and principles set for in the 2021 Budget Planning Strategy developed by the Region. The recommendations for the 2021 Budget Strategy for the Service are summarized below:

1. Contributions to Capital and Vehicle Reserve be maintained at 2020 levels of \$2.7M
2. A separate report be submitted to the Board prior to the completion of the 2021 Operating Budget to review User Fees and Charges for Services Provided by the NRPS By-Law 371-2017.
3. Only New Programs be considered that promote Board Strategies, public or officer safety enhancements or efficiencies that will mitigate other budget pressures all other new initiatives be deferred to 2022.
4. Identify and separately highlight any significant long-term cost pressures related to COVID-19.

## **Alternatives Reviewed**

The Board not approve the recommendations.

## **Relationship to Police Service/Board Strategic Priorities**

The budget preparation process is conducted in consideration of Regional objectives, with efforts to balance the information requirements of the Region as outlined in the Municipal Act with the accountabilities of the Police Services Board under the Police Services Act

## **Relevant Policy Considerations**

- Municipal Act
- Police Service Act
- Region By-Law 2017-63 Budget Control for the Regional Municipality of Niagara
- By-Law 384-2019 Financial Reporting, Control and Procurement of Goods and Services in the Niagara Regional Police Service

## **Other Pertinent Reports**

CSD 41-2021 Budget Planning report June 25 2020 Budget Review Committee of the Whole Committee Meeting.



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*This report was prepared by Laura Rullo, Manager, Finance and recommended by Bill Fordy, Deputy Chief of Police, Support Services.*



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**Submitted by:**

Bryan MacCulloch, M.O.M. #5835  
Chief of Police

## **Appendices**

Appendix 1 Service 2021 Operating Budget Timetable

Appendix 2 Service 2021 Capital Budget Timetable

Appendix 3 CSD 41-2020 Report: 2021 Budget Planning

### Appendix 1: 2021 Operating Budget Timetable

| <b>Police Service Board Direction and Guidance</b>                            | <b>Jul 9</b>             |
|---|--------------------------|
| <b>Budget Kick-off</b>  | <b>Jul 13</b>            |
| <b>Budget Preparation by Program Managers with Finance Completeness Check</b> | <b>Jul 13 – Aug 7</b>    |
| <b>Finance to Prep and Submit Program Budgets to Executive Lead</b>           | <b>Aug 10 – Aug 14</b>   |
| <b>Review by Executive Lead</b>   | <b>Aug 17 – Aug 21</b>   |
| <b>Deadline Final Program Budgets to Finance</b>                              | <b>Aug 21</b>            |
| <b>Consolidation and Preparation of 1<sup>st</sup> Draft</b>                  | <b>Aug 24 – Sep 4</b>    |
| <b>Distribution of Budget Binder to Executive</b>                             | <b>Sep 4</b>             |
| <b>Review by Executive Leadership Team</b>                                    | <b>Sep 7 – 8</b>         |
| <b>Budget Review by Executive Leadership Team</b>                             | <b>Tentative – Sep 9</b> |
| <b>Preparation of Consolidated Budget Package including Presentation</b>      | <b>Sep 10 – Sep 30</b>   |
| <b>Present Draft Budget at Finance Committee</b>                              | <b>Oct 8</b>             |
| <b>Present Operating Budget at PSB Meeting</b>                                | <b>Oct 22</b>            |
| <b>Budget Due to Region Corporate Services</b>                                | <b>Oct 30</b>            |
| <b>Budget Presentation at Regional BRCOTW</b>                                 | <b>Dec 10</b>            |
| <b>Consolidated Levy Budget for Approval by BRCOTW</b>                        | <b>Jan 14</b>            |
| <b>Consolidated Levy Budget for Approval by Regional Council</b>              | <b>Jan 21</b>            |

## Appendix 2: 2021 Capital Budget Timetable

|   |                     |
|---|---------------------|
| <b>Capital Budget Kick-off</b>  | <b>May 27</b>       |
| <b>Deadline for Submission of Capital Requests to Superintendents &amp; Directors</b> | <b>Jun 12</b>       |
| <b>Review by Superintendents &amp; Directors</b>                                      | <b>Jun 15-19</b>    |
| <b>Deadline for Submission to Finance</b>   | <b>Jun 19</b>       |
| <b>Executive Capital Budget Review Meeting</b>  | <b>Jun 24</b>       |
| <b>Preparation of Consolidated Package</b>  | <b>Jun 25-Jul 7</b> |
| <b>Present Capital Budget to Police Service Board</b>                                 | <b>Jul 23</b>       |
| <b>Budget Delivered to Regional Corporate Services</b>                                | <b>Aug 2</b>        |
| <b>Consolidated Capital Budget to Regional BRCCOTW</b>                                | <b>Oct 15</b>       |
| <b>Consolidated Capital Budget to Regional Council</b>                                | <b>Oct 22</b>       |
| <b>Consolidated Levy Budget for Approval by BRCOTW</b>                                | <b>Dec 10</b>       |
| <b>Consolidated Levy Budget for Approval by Regional Council</b>                      | <b>Dec 17</b>       |



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**Subject:** 2021 Budget Planning  
**Report to:** Budget Review Committee of the Whole  
**Report date:** Thursday, June 25, 2020

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## Recommendations

1. That the 2021 budget timetable (option A) per appendix 1 **BE APPROVED**.
2. That this report **BE CIRCULATED** to agencies, boards and commissions (ABC's) in accordance with By-Law 2017-63 Budget Control.

## Key Facts

- The purpose of this report is to initiate the 2021 budget process, approve the Budget Review Committee of the Whole timetable, inform Council of the preliminary assessment of pressures and opportunities impacting service delivery, and to propose the strategy for the preparation and presentation of the 2021 Tax Levy, Water, Wastewater and Waste Management Operating and Capital Budgets.
- This planning report is a departure from previous reports as it is not seeking to approve direction on percentage increases for the components of the Budget Planning By-law but rather providing a framework for the process whereby Council will be able to make budget decisions when budget information is presented to Council throughout the fall.
- Recognizing the reality of the impact of COVID-19, staff are proposing a strategy for the 2021 budget that acknowledges the difficulties of job losses, need for economic recovery balanced with the needs of critical and essential services.
- Notwithstanding the budget pressures forecast, the proposed budget strategy will be to present a budget increase not to exceed Core Consumer Price Index target of 2%, before addressing impacts of COVID-19, in a transparent manner that will allow Council to understand the mitigation options proposed.
- The budget impact of COVID-19 will be identified explicitly throughout the budget process. There is a reasonable expectation of mitigation from upper levels of government that will also be identified in the monthly Financial Impact Update report. Should this funding be insufficient or not realized the net budget impact will be fully disclosed.



## Financial Considerations

The Budget Planning By-law approved on October 17, 2019, provides the framework for preparing and presenting the budgets of the Niagara Region. The four areas of budget development included in the by-law are:

1. Base services: Ongoing costs and revenues that are influenced by multi-year contracts, collective agreements and inflationary pressures and funded through sustainable budget increases.
2. Capital program: requirements of the Asset Management Plan should be funded in accordance with the Capital Financing Strategy and with a separate operating budget increase
3. New programs: should be funded through separate increases so not to erode ability to delivery base services.
4. Assessment Growth: After Tax Increment Grants (TIGs) are funded, consideration is given to fund both growth operating and capital programs, for a net impact of zero

Following the by-law methodology, the following was the forecast for 2021 operations as prepared during the 2020 budget process.

Table 1: Multiyear Financial Plan Increase

|                          | Levy Increase | Water &<br>Wastewater<br>Increase | Waste<br>Management<br>Increase |
|--------------------------|---------------|-----------------------------------|---------------------------------|
| <b>Base Services</b>     | 3.0%          | 2.0%                              | 9.9%                            |
| <b>Capital Program</b>   | 1.1%          | 3.2%                              | 0.0%                            |
| <b>New Programs</b>      | 0.2%          | 0.0%                              | 0.0%                            |
| <b>Assessment Growth</b> | Net 0%        | N/A                               | N/A                             |
| <b>Total</b>             | <b>4.3%</b>   | <b>5.2%</b>                       | <b>9.9%</b>                     |

Given the COVID-19 pandemic impact on the community, staff recognize the importance of proposing a budget with a more moderate impact on the taxpayer to allow for economic recovery. However, it must incorporate the new incremental costs associated with the 'new normal' and still be guided by the by-law principles of sustainability and transparency.

To that end the strategy for 2021 is to propose a budget with an all in cost of 2% in line with forecast inflation plus the increased cost of delivering services based on the new

COVID-19 protocols, which will be quantified over the coming months. Given the increasing demands of capital and the significant Asset Management Plan backlog that is described more fully in the Analysis section of this report, the strategy is that the 2% be shared equally with 1% to operating costs and 1% to support capital renewal costs. The final decisions, as always, will be made by Council through the budget deliberations and with receipt of full disclosure of pressures, mitigation strategies and associated risks. This treatment would apply to Levy and Rates, and be suggested as a consistent strategy to the ABCs.

Council will be informed of incremental COVID-19 pressures in the monthly COVID-19 financial updates and these will be incrementally identified with the budget.

## **Analysis**

### Proposed Budget Strategy

The Budget Planning By-law formalized best practices and principles for use in the preparation of the Region's annual budgets. The by-law has four main budget development areas that were to guide budget planning in a transparent and sustainable manner. While staff would typically follow the Budget Planning by-law in the development of the proposed annual budget strategy, it is recognized that the impacts of COVID-19 have driven the need to propose a different strategy for 2021. The strategy proposed in this report takes into consideration the negative impacts on the community resulting from the pandemic, as well the need to continue to focus on delivering municipal services in a safe and responsible manner. The strategy proposed is not to exceed the Core Consumer Price Index target of 2%, before addressing impacts of COVID-19.

To understand the limitation on operating and capital budgets of proposing only a 2% in light of the forecast noted above, staff analyzed the historical demands of both operating and capital budgets. As more asset management information became available the capital budget continued to grow with very limited funding in the operating budget to support those capital costs. Of the total tax levy only 13% goes to fund the capital program and on the water and wastewater program 42% goes to fund the capital program. The capital budget (net of growth projects) as a proportion of the total annual budgets has grown to over 40%, whereas the average share of the budget increase dedicated to funding capital is approximately 28%. As a result, we need to continue to defer capital and without the investments to sustain the Region's capital assets the risk of asset failure or reduced level of service will increase.

Based on the above trend it is proposed that the 2% strategy for 2021 budget increase be apportioned 1% to support operating programs and 1% to funding that supports the capital program. This direction is proposed as well for the rate programs and ABCs. Considerations for this approach are further explained below:

#### Base Services

Per the by-law, budgeting for operating costs of service delivery is generally influenced by inflation and collective agreements that are often tied to inflation. While these are generally not the same as CPI, it is recognized that CPI is more easily understood, the strategy for budgeting for these costs is to align to CPI and the impacts of this constraint on service levels is disclosed throughout the budget process.

The multiyear forecast prepared in the 2020 Budget identified a 2021 pressure to base services in the amount of 3% for levy programs, 2% for water and wastewater and 9.9% for waste management. Main factors driving the multi-year budget are:

- Levy: Labour related costs of \$10 million, development charge exemptions of \$2.4 million
- Water & Wastewater: Labour related costs of \$0.9 million, repairs and maintenance of \$0.6 million,
- Waste Management: Recently awarded curbside collection contract increase of \$8.1 million approved with 2020 budget

Achieving a 1% increase in operating budgets will be challenging as a result of a number of operating considerations including:

- KPMG Sustainability Review identified the Region's operating budget is lean therefore cost reductions will likely impact service levels. Additionally KPMG did identify a number of opportunities for service delivery changes that could be further investigated to provide budget mitigation options.
- Operating programs are not as easily deferred as capital (both result in reduced level of service)
- Inflationary pressures (union contracts, multiyear contractual obligations etc.) will continue to impact operating
- New normal of COVID-19, expense and revenue pressures (these will be discussed separately below)
- Water flows for 2020 are forecast to be down by 3% due to COVID-19 related business closures. Should this trend continue into 2021, this would put pressure

on the wholesale variable rate for water which would be based on the reduced consumption.

### Capital Program

Per the by-law, financing to address the capital funding gap in the Asset Management Plan (AMP), Safe Drinking Water Act Financial Plan and capital budget reports is presented separately from the base budget. By doing so it allows for the transparent disclosure and separate request for sustainable funding of the infrastructure gap. Council approved a Capital Financing Policy in October 2019 that established additional guiding principles for the basis of the capital financing request in the operating budget.

In alignment with Council's priority of responsible growth and infrastructure planning a 10 year financing plan was created to support the Asset Management Plan and the elimination of the \$546 million capital backlog identified in 2016. Table 2 compares the 2020 10-year capital forecast of \$3 billion to the principles of the Capital Financing Policy. The principles apply funding based on project type i.e. pay-as-you-go/reserves for AMP, development charges (DCs) for growth and debt for strategic investment. The result is a gap in reserves to fund renewal projects of approximately \$1.2 billion over 10 years. Due to a lack of incremental operating budget for pay-as-you-go/reserves to fund capital, the backlog has grown as projects continue to be deferred. In addition the strategy requires additional financing to support \$37M of debt over 10 years for strategic investments.

Table 2: 2020 Consolidated 10 Year Capital Forecast vs Current Funding (\$millions)

| <b>Funding Source</b> | <b>AMP Expenditure</b> | <b>Growth Expenditure</b> | <b>Strategic Investment Expenditure</b> | <b>Total Expenditure</b> | <b>Current Funding available</b> | <b>Funding Strategy realignment</b> |
|-----------------------|------------------------|---------------------------|---|--------------------------|----------------------------------|-------------------------------------|
| Reserves              | 1,870                  |                           |   | 1,870                    | 722                              | 1,148                               |
| Debt                  |                        |                           | 362                                     | 362                      | 325                              | 37                                  |
| DCs                   |                        | 564                       |   | 564                      | 564                              |                                     |
| Other                 |                        |                           | 52                                      | 52                       | 52                               |                                     |
| Gas Tax               |                        |                           | 147                                     | 147                      | 147                              |                                     |
| <b>Total</b>          | <b>1,870</b>           | <b>564</b>                | <b>561</b>                              | <b>2,995</b>             | <b>1,810</b>                     | <b>1,185</b>                        |

The annual current contributions to Capital reserves is \$67 million. This is not sufficient when compared to either the annual amortization (annual consumption of assets based on useful life and historical cost) of \$87 million or the 10-year Average Annual Renewal Investment ("AARI") (annual investment needed to sustain existing assets based on

replacement value) of \$225 million (Levy \$78M, ABCs \$9M, Waste Management \$3M, Water and Wastewater \$135M).

Since Levy, Water and Wastewater make up the majority of the backlog funding gap, two capital strategies have been developed to address the gap and achieve financial sustainability.

For the Levy capital program excluding ABCs, using a strategy of an annual incremental capital levy contribution of 2.16%, provides \$85 million at the end of 10 years, which increases the annual contribution for Levy from \$17 million to \$102 million for asset sustainment. When compared to the 2016 Asset Management Plan 10-year Levy AARI of \$78 million indexed to 2028 using the Non-Residential Building Construction Index, the AARI required to sustain existing infrastructure is \$106 million; this aligns to the capital reserve contribution at the end of the 10-year plan.

For the Water and Wastewater capital program, a strategy was developed in accordance with O.Reg. 453/07 Water and Wastewater financial plan. Due to the need for increased sustainable funding, the plan identified a need for an annual increase of 5.15% for 10 years to support operating and capital budgets (2% for operating and 3.15% for capital). At the end of the 10 years the annual contribution to capital would be \$80 million for asset sustainment. When compared to the 2016 Asset Management Plan 10-year Water and Wastewater AARI of \$135 million indexed to 2028 using the Non-Residential Building Construction Index, the AARI required to sustain existing infrastructure is \$214 million. Until annual contributions to capital are sufficient to support the AARI, the strategic use of debt will be needed to transition the Water and Wastewater capital program to financial sustainability.

In order to continue to make progress towards a sustainable capital plan staff have proposed as part of the 2021 budget a 1% increase in operating contributions to support capital. Due to the 2.16% required for the levy and 3.15% increase needed for water and wastewater as identified above, a 1% increase dedicated to capital will still require project deferrals. The Asset Management Office has developed a capital asset management resource allocation model (CAMRA) to facilitate the prioritization of capital spending. All capital projects will be run through this model and those that are not included in the 2021 Budget due to funding constraints will be deferred into the 10 year forecast but will not reduce the 10 year funding gap.

### New Programs

As per the by-law, new programs and services should be identified separately from the existing service pressures. Some examples of these types of initiatives include Council priorities, programs reflecting the changing needs of the taxpayer or changes in provincial funding methodologies. It is important that in offering these new programs the funding source should not erode funding of existing programs and the use of unsustainable funding should only be considered for time limited or transitional periods.

Acknowledging the impact of COVID-19 no new programs will be recommended for 2021. Programs that were deferred from the 2020 operating budget had been included in the multi-year budget as program changes for consideration in 2021. These program changes totaled \$646 thousand (0.2% of the levy) and included items such as sports tourism and external mass notification system. These may be reconsidered in the 2022 budget or beyond.

### Assessment Growth

As per the by-law, use of assessment growth funding is prioritized first to tax increment grants (TIGs), operating growth costs and the development charge residual on growth capital projects (i.e. growth capital costs that are not eligible for development charge funding if necessary). Should there be any remaining assessment growth it would be used to help fund the capital financing gap and new programs, with any residual aimed at driving new growth or other Council priorities, however given the current environment of capital shortfalls this is unlikely.

Assessment growth has been forecasted for 2021 at 1.2% (\$4.5 million). The economic slow-down as a result of COVID-19 is not expected to have a significant impact to 2021 assessment growth as the growth experienced for 2021 is primarily representative of the development that occurred in 2019. In order to manage the risks involved with the estimate of assessment growth and needs of the Niagara Region, staff do not recommend allocating assessment growth to any costs other than those committed to TIGs and growth related capital costs at this time as we continue to monitor estimates and requirements.

### COVID-19 Incremental Costs

Staff have been monitoring and assessing the financial impacts to the Region since the onset of the COVID-19 pandemic. Staff will continue to provide monthly updates to



Council for the remainder of the year and will begin to identify incremental COVID-19 costs that will form part of the new normal in the 2021 budget. As a result of the uncertainty surrounding these incremental costs and any potential new funding sources, staff will present these to Council separately from the 1% operating and 1% capital increases. It is recognized that there may be base budget and one-time costs in the budget to reflect the way the Region delivers particular services due to COVID-19 which may include costs such as personal protective equipment, extra cleaning disinfecting costs and supplies, modifications to work spaces to allow for physical distancing and executing a vaccination program.

The above impact will be presented net of any funding from upper levels of government which we expect to realize on an on-going basis for some of our services. Additionally, with the recovery plan (Open Niagara) may identify opportunities to realize savings from items such as reductions in required office space due to staff working remotely. The impact presented will be net of any savings related to costs that will not be incurred or savings that may be realized as a result of business changes brought on by COVID-19.

#### Budget Timetable

The proposed budget timetable (option A) is provided in appendix 1, with the objective of approving most of the 2021 budget before the end of the year. The operating budget deliberations have been delayed by one month each with the levy budget to be considered in January to accommodate a shift in recent priority given to dealing with the pandemic.

An alternative timetable (option B) is provided as well in the event that outstanding information regarding revenues and expenses related to COVID-19 create too much uncertainty in the budget process that can't be resolved with the regular schedule in mind. This alternative delays the rate operating budgets and levy operating into 2021.

#### **Alternatives Reviewed**

The purpose of this report is to inform Council of the 2021 proposed strategy to support the development of the operating and capital budget for 2021. Information will continue to be developed, analysed and summarized for the Budget Review Committee to facilitate decision making. As staff are not making any recommendations with respect to increases for the 2021 budget, Council will have the opportunity to consider all options throughout the budget process.

## Relationship to Council Strategic Priorities

The 2021 Budget will provide the financial framework to achieve Council's Strategic Priorities.

## Other Pertinent Reports

- 2021 budget forecast as presented in the 2020 multi-year budget (appendix 2)
- PW 4-2019 – Financial Plan for O.Reg 453/07 Safe Drinking Water Act financial plan
- CSD 51-2019 – Capital Financing Policy
- COVID-19 Monthly Financial updates to Council

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*This report was prepared in consultation with Tyler Potts, Senior Budget Analyst, and reviewed by Margaret Murphy, Associate Director Budget Planning and Strategy.*

## Appendices

|            |                                 |
|------------|---------------------------------|
| Appendix 1 | 2021 Budget Timetable           |
| Appendix 2 | 2021 Budget Multi-year Forecast |

Appendix 1 – 2021 Budget Timetable

Option A

| Meeting Type           | Subject/Topic                   | Date                          |
|------------------------|---------------------------------|-------------------------------|
| <b>BRCOTW</b>          | Budget Planning                 | June 25, 2020, 4:00 p.m.      |
| <b>Budget Workshop</b> | Capital                         | October 1, 2020, 4:00 p.m.    |
| <b>BRCOTW</b>          | Capital                         | October 15, 2020, 6:30 p.m.   |
| <b>Budget Workshop</b> | Rate                            | November 19, 2020, 6:30 p.m.  |
| <b>Budget Workshop</b> | Council Authority over ABCs     | *November 26, 2020, 4:00 p.m. |
| <b>BRCOTW</b>          | Rate                            | *November 26, 2020, 6:30 p.m. |
| <b>BRCOTW</b>          | ABCs                            | December 10, 2020, 6:30 p.m.  |
| <b>Council</b>         | Rate By-laws                    | December 17, 2020, 6:30 p.m.  |
| <b>Budget Workshop</b> | Levy                            | *January 7, 2021, 9:00 am     |
| <b>BRCOTW</b>          | Consolidated Levy               | January 14, 2021, 6:30 p.m.   |
| <b>Council</b>         | Levy, Capital, User Fee By-laws | January 21, 2021, 6:30 p.m.   |

\*all dates align with Council and Committee meeting weeks except November 26 and January 7

Option B

| Meeting Type           | Subject/Topic                   | Date                          |
|------------------------|---------------------------------|-------------------------------|
| <b>BRCOTW</b>          | Budget Planning                 | June 25, 2020, 4:00 p.m.      |
| <b>Budget Workshop</b> | Capital                         | November 19, 2020, 4:00 p.m.  |
| <b>BRCOTW</b>          | Capital                         | *November 26, 2020, 6:30 p.m. |
| <b>Budget Workshop</b> | Rate                            | *January 7, 2021, 6:30 p.m.   |
| <b>BRCOTW</b>          | Rate                            | January 14, 2021, 6:30 p.m.   |
| <b>Budget Workshop</b> | Council Authority over ABCs     | January 14, 2021, 4:00 p.m.   |
| <b>Council</b>         | Rate By-laws                    | January 21, 2021, 6:30 p.m.   |
| <b>Budget Workshop</b> | Levy                            | *January 28, 2021, 9:00 am    |
| <b>BRCOTW</b>          | ABCs                            | *January 28, 2021, 6:30 p.m.  |
| <b>BRCOTW</b>          | Consolidated Levy               | February 11, 2021, 6:30 p.m.  |
| <b>Council</b>         | Levy, Capital, User Fee By-laws | February 18, 2021, 6:30 p.m.  |

\*all dates align with Council and Committee meeting weeks except November 26 and January 7 & 28

Appendix 2 – 2020 Budget Multi-year Forecast for 2021

Levy

|  | 2020<br>Budget   | 2021<br>Forecast | \$<br>Increase | %<br>Increase |
|--|------------------|------------------|----------------|---------------|
| <b>Labour Related Costs</b>            | 408,729          | 418,748          | 10,019         | 2.5%          |
| <b>Administrative</b>                  | 32,415           | 32,552           | 136            | 0.4%          |
| <b>Operational &amp; Supply</b>        | 47,303           | 49,171           | 1,869          | 4.0%          |
| <b>Occupancy &amp; Infrastructure</b>  | 29,839           | 30,996           | 1,157          | 3.9%          |
| <b>Equipment, Vehicles, Technology</b> | 15,894           | 16,587           | 694            | 4.4%          |
| <b>Community Assistance</b>            | 196,142          | 200,243          | 4,100          | 2.1%          |
| <b>Partnership, Rebate, Exemption</b>  | 20,300           | 22,194           | 1,894          | 9.3%          |
| <b>Financial Expenditures</b>          | 69,373           | 67,107           | (2,266)        | -3.3%         |
| <b>Intercompany Charges</b>            | (1,907)          | (1,947)          | (40)           | -2.0%         |
| <b>Transfers To Funds</b>              | 30,204           | 29,928           | (276)          | -0.9%         |
| <b>Expense Allocations To Capital</b>  | (140)            | (143)            | (3)            | -2.0%         |
| <b>Total Expenses</b>                  | <b>848,152</b>   | <b>865,436</b>   | <b>17,283</b>  | <b>2.0%</b>   |
| <b>Taxation</b>                        | (17,064)         | (17,344)         | (280)          | -1.6%         |
| <b>Federal &amp; Provincial Grants</b> | (319,544)        | (322,752)        | (3,208)        | -1.0%         |
| <b>By-Law Charges &amp; Sales</b>      | (22,085)         | (22,302)         | (216)          | -1.0%         |
| <b>Other Revenue</b>                   | (72,054)         | (73,679)         | (1,625)        | -2.3%         |
| <b>Transfers From Funds</b>            | (6,648)          | (3,216)          | 3,432          | 51.6%         |
| <b>Total Revenues</b>                  | <b>(437,396)</b> | <b>(439,293)</b> | <b>(1,896)</b> | <b>-0.4%</b>  |
| <b>Net Budget Before Allocations</b>   | <b>410,756</b>   | <b>426,143</b>   | <b>15,387</b>  | <b>3.7%</b>   |
| <b>Indirect Allocation</b>             | (6,321)          | (6,754)          | (433)          | -6.8%         |
| <b>Capital Financing Allocation</b>    | (11,865)         | (9,859)          | 2,006          | 16.9%         |
| <b>Total Allocations</b>               | <b>(18,186)</b>  | <b>(16,613)</b>  | <b>1,573</b>   | <b>8.6%</b>   |
| <b>Net Budget After Allocation</b>     | <b>392,570</b>   | <b>409,530</b>   | <b>16,960</b>  | <b>4.3%</b>   |

Water & Wastewater

|  | 2020<br>Budget | 2021<br>Forecast | \$<br>Increase | %<br>Increase |
|--|----------------|------------------|----------------|---------------|
| <b>Labour Related Costs</b>            | 24,852         | 25,762           | 910            | 3.7%          |
| <b>Administrative</b>                  | 3,433          | 2,233            | (1,200)        | -34.9%        |
| <b>Operational &amp; Supply</b>        | 13,166         | 13,508           | 342            | 2.6%          |
| <b>Occupancy &amp; Infrastructure</b>  | 17,700         | 18,053           | 353            | 2.0%          |
| <b>Equipment, Vehicles, Technology</b> | 6,588          | 6,679            | 91             | 1.4%          |
| <b>Partnership, Rebate, Exemption</b>  | 4,010          | 4,010            | 0              | 0.0%          |
| <b>Intercompany Charges</b>            | 1,777          | 1,814            | 37             | 2.1%          |
| <b>Transfers To Funds</b>              | 40,749         | 46,112           | 5,363          | 13.2%         |
| <b>Total Expenses</b>                  | <b>112,275</b> | <b>118,172</b>   | <b>5,897</b>   | <b>5.3%</b>   |
| <b>By-Law Charges &amp; Sales</b>      | (1,421)        | (1,421)          | 0              | 0.0%          |
| <b>Other Revenue</b>                   | (3,162)        | (2,442)          | 720            | 22.8%         |
| <b>Transfers From Funds</b>            | (500)          | 0                | 500            | 100.0%        |
| <b>Total Revenues</b>                  | <b>(5,083)</b> | <b>(3,863)</b>   | <b>1,220</b>   | <b>24.0%</b>  |
| <b>Net Budget Before Allocations</b>   | <b>107,192</b> | <b>114,309</b>   | <b>7,117</b>   | <b>6.6%</b>   |
| <b>Indirect Allocation</b>             | 4,823          | 5,222            | 400            | 8.3%          |
| <b>Capital Financing Allocation</b>    | 10,927         | 9,740            | (1,187)        | -10.9%        |
| <b>Total Allocations</b>               | <b>15,750</b>  | <b>14,962</b>    | <b>(787)</b>   | <b>-5.0%</b>  |
| <b>Net Budget After Allocation</b>     | <b>122,942</b> | <b>129,271</b>   | <b>6,330</b>   | <b>5.2%</b>   |



Waste Management

|  | 2020<br>Budget  | 2021<br>Forecast | \$<br>Increase | %<br>Increase |
|--|-----------------|------------------|----------------|---------------|
| <b>Labour Related Costs</b>            | 3,923           | 3,881            | (42)           | -1.1%         |
| <b>Administrative</b>                  | 1,296           | 990              | (306)          | -23.6%        |
| <b>Operational &amp; Supply</b>        | 42,448          | 50,912           | 8,465          | 19.9%         |
| <b>Occupancy &amp; Infrastructure</b>  | 1,453           | 1,490            | 37             | 2.5%          |
| <b>Equipment, Vehicles, Technology</b> | 1,214           | 1,233            | 19             | 1.6%          |
| <b>Partnership, Rebate, Exemption</b>  | 189             | 193              | 4              | 2.0%          |
| <b>Intercompany Charges</b>            | 130             | 133              | 3              | 2.3%          |
| <b>Transfers To Funds</b>              | 4,136           | 4,136            | 0              | 0.0%          |
| <b>Total Expenses</b>                  | <b>54,789</b>   | <b>62,967</b>    | <b>8,179</b>   | <b>14.9%</b>  |
| <b>By-Law Charges &amp; Sales</b>      | (11,609)        | (12,150)         | (541)          | -4.7%         |
| <b>Other Revenue</b>                   | (5,191)         | (5,177)          | 14             | 0.3%          |
| <b>Transfers From Funds</b>            | (1,604)         | (4,514)          | (2,910)        | -181.5%       |
| <b>Total Revenues</b>                  | <b>(18,404)</b> | <b>(21,840)</b>  | <b>(3,437)</b> | <b>-18.7%</b> |
| <b>Net Budget Before Allocations</b>   | <b>36,385</b>   | <b>41,127</b>    | <b>4,742</b>   | <b>13.0%</b>  |
| <b>Indirect Allocation</b>             | 1,499           | 1,532            | 33             | 2.2%          |
| <b>Capital Financing Allocation</b>    | 938             | 119              | (819)          | -87.3%        |
| <b>Total Allocations</b>               | <b>2,437</b>    | <b>1,651</b>     | <b>(786)</b>   | <b>-32.2%</b> |
| <b>Net Budget After Allocation</b>     | <b>38,822</b>   | <b>42,778</b>    | <b>3,957</b>   | <b>9.9%</b>   |