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CORPORATE REPORT

NO: R208 COUNCIL DATE: November 28, 2022

REGULAR COUNCIL

TO:	**Mayor & Council**	DATE:	**November 24, 2022**
FROM:	**General Manager, Finance**	FILE:	**1880-20**
SUBJECT:	**Quarterly Financial Report – Third Quarter - 2022**		

RECOMMENDATION

The Finance Department recommends that Council receive this report for information.

INTENT

The purpose of this report is to provide Council with an update on the City's financial activity for the third quarter of 2022 and to compare this activity with the 2022 Financial Plan.

DISCUSSION

The following discussion provides a summary of the current economic environment including key economic factors globally, nationally, provincially, and within the City, followed by an outline of Surrey's financial performance through the third quarter of 2022, in comparison to the Five-Year (2022-2026) Financial Plan which was adopted by Council on December 24, 2021.

Economic Environment and Key Economic Factors

International Overview

Central banks around the world continue to tighten their monetary policies in an effort to combat inflation. The synchronized moves by these organizations to raise interest rates is unprecedented. Central bankers are trying to raise rates enough such that the interest rates are neither accommodative nor restrictive. There are increased concerns that such rapid increases in interest rates will lead to high unemployment, economic slowdown, and recessions.

The International Monetary Fund ("IMF") anticipates that price increases will peak this year with global inflation forecasted at 8.8% for 2022, falling to 6.5% in 2023 and then further reducing to 4.1% in 2024. The IMF downgraded its outlook for the global economy. It is expecting global Gross Domestic Product ("GDP") to come in at 3.2% this year. The IMF is forecasting a further economic slowdown next year with global GDP growth expected at 2.7%. The organization is predicting that more than a third of the global economy will see two consecutive quarters of negative growth with the major economies of the United States ("US"), European Union ("EU") and China growing at a slower pace.

The IMF cautioned that there are many headwinds facing the global economy: high inflation, the energy crisis, and the war in Ukraine. All these factors create risks to global trade and foster a high degree of uncertainty. The IMF stressed the importance of policy coherence by encouraging governments to ensure that fiscal policies do not work against monetary authorities' efforts to combat inflation. The IMF took an unusual step when it strongly criticized the United Kingdom's ("UK") recent economic plan.

Elizabeth Truss was sworn in as Prime Minister in September after the UK's Conservative Party elected her as leader following the resignation of Boris Johnson. The UK government presented a mini-budget which included energy support for businesses and households, a cut in national insurance and reversal of a planned increase in corporate taxes. In addition to these previously announced changes, the Truss government further planned to advance a basic income tax rate cut by one year and also remove the top tier income tax bracket.

The unexpected tax cuts totalled £45 billion with no offsetting reduction in government spending, or a funding plan, which led to turmoil in the financial markets. The government's disregard for funding issues led to speculation that high levels of government borrowing will be required to address the budget shortfall. The British pound collapsed against the US dollar, reaching close to parity which was an unprecedented event. The UK government's borrowing costs and mortgage rates shot up rapidly.

The Bank of England ("BOE") was forced to intervene to prevent a wider economic crisis and shore up the British pound. To reassure financial markets and the public that the UK government is fiscally responsible, the Prime Minister requested the resignation of her finance minister. The Prime Minister later apologized and admitted the proposed changes had gone further and faster than what markets had expected. The UK government scrapped the majority of its economic package after attempts to scrap select parts of the ambitious plan failed to calm financial markets. The failed budget caused a revolt within the Conservative party which led to the resignation of Elizabeth Truss. The Conservative party held an election and chose Rishi Sunak to be its new leader and the UK's new Prime Minister. The UK government delivered a budget in mid-November announcing a string of tax increases and tighter public spending. Prime Minister Sunak vowed to restore the UK's economic stability and the public's confidence and trust in the government.

The European Central Bank ("ECB"), who sets the monetary policy for EU countries, raised its key interest rates three times in 2022, ending years of a below-zero policy rate. The central bank implemented a 2.0% rate hike, bringing the key interest rate to 2.0% in October. The ECB signalled that more interest rate increases are planned as the EU inflation rate is well above its 2.0% target. EU Inflation came in at 10.7% in October due to soaring energy prices and large increases in the cost of food, shelter and a wide range of goods and services. Inflation is forecasted to average 8.1% this year, 5.5% next year and then return to target in 2024. The ECB is forecasting Euro-area GDP to grow at 3.1% this year and 0.9% next year.

United States Overview

The IMF is forecasting the US economy to grow by 1.6% this year followed by an advance of 1.0% next year. The US inflation rate fell from a June high of 9.1% to 7.7% in October. Lower gas prices were offset by increases in food, shelter, and other goods and services. The core inflation rate, which strips out volatile items such as food and energy, came in at 6.3%. The elevated levels of inflation seem to suggest that the six rate hikes by the central bank this year are not enough to put downward pressure on prices.

The US dollar continues to appreciate with the US dollar index, which measures the US dollar against major currencies, rallying by 11.3% since the start of the year. The expectations of higher and more aggressive interest rates hikes from the US Federal Reserve ("Fed") will push up demand for the US dollar and cause further appreciation.

The Fed raised its benchmark interest rate by 0.75% in each of its last four meetings taking its federal funds target range to 3.75% - 4.00%. The Fed chair acknowledged that slower growth, higher unemployment and potentially a recession will ensue. Despite the risks to the economy, the central bank reiterated its commitment to raising interest rates until significant progress on battling inflation is achieved. The US central bank signalled that rate increases will persist into next year and that interest rates will remain elevated to the end of 2023. The Fed is making clear that no rate cuts should be expected, barring any unforeseen shocks to the economy.

US unemployment came in at 3.7% in October with 261,000 jobs created in the month. Job growth is showing signs of deceleration. Wage growth rose by annualized rate of 4.7% in October. The increase, though strong, is not keeping up with inflation which will lead to downward pressure on consumption. The increases in interest rates will dampen discretionary spending. Mortgage rates have more than doubled since the beginning of the year. The US 30-year mortgage rate hit a twenty-year high, rising to 6.6% in mid-November. Analysts are expecting the Fed to increase its key interest rate by 0.50% in the last meeting of the year in December, due to inflation trending downward. If the projections hold true, it could push mortgage rates over 7.1 % before the end of the year.

Strong job and wage growth normally bodes well for consumption, however, persistently high inflation, recession fears and housing affordability concerns may stifle consumer confidence. This will present headwinds for the US economy as consumer consumption accounts for over two thirds of US GDP.

Canadian Overview

Canada's unemployment rate remained at 5.9% in October, unchanged from the prior month. The average hourly wage rate moved up by 5.6% compared to last October. This marks the fifth consecutive month where wages grew by more than 5.0% from a year earlier. Wage growth is broadening across industries. Statistics Canada tracks sixteen broad industry groups and noted eleven of those groups experiencing wage growth of over 3.0% in September, compared to only seven industry groups posting similar growth in January.

The October inflation rate remained unchanged from September, coming in at 6.9%. Inflation has notched downward from a June high of 8.1%. Food costs increased by 11.0%, accelerating faster than the rate of inflation for the past eleven months. Gasoline prices declined in most parts of the country during July to September, contributing to the drop in inflation. In October, gas price increases were offset by slower inflation for groceries and natural gas. The impacts of high inflation will be unevenly distributed as lower income Canadians spend proportionately more of their income on food and housing needs. The core inflation rate, which strips out volatile items like food and energy, remains high with a reading of 5.4% in October.

The Bank of Canada ("BOC") increased its benchmark rate by 0.50% in October, bringing its key interest rate to 3.75%. The bank has increased rates by 3.5% this year, the fastest pace of increases since the mid- 1990s. The central bank noted that inflation eased in July to September due to a decline in gas prices, but concerns persist of broadening inflationary pressures in other goods and services. The central bank reiterated its commitment to price stability and said it will continue to raise interest rates until inflation reaches its targeted range. The BOC governor signalled that the central bank is near the end of the tightening cycle and is open to smaller rate increases going forward. Many analysts are expecting the bank to increase their key rate by 0.25% in December. The central bank is forecasting inflation of 3.0% by the end of next year, with a return to its targeted rate of 2.0% by the end of 2024. The BOC is forecasting GDP growth to come in at 3.5% this year and 1.75% in 2023.

The Canadian dollar rallied against the US dollar over the last month, appreciating by 4.1% due to strong employment data and rising oil prices. A weakened Canadian dollar will make imports more expensive and counter the effects of interest rate increases which aim to push down demand and prices. The BOC stated that it is monitoring movements in the Canadian dollar and, if the US dollar remains strong, the central bank may have to raise interest rates further to avoid additional divergence in the value of the currencies.

Economists from the Royal Bank of Canada ("RBC") predict that Canada's economy could be headed into a recession as early as the first quarter of 2023. The bank thinks that higher inflation and interest rates will reduce average households' purchasing power by $3,000. RBC is predicting that the unemployment rate will rise to 7.0% by the end of next year.

British Columbia Overview

High inflation and interest rates are expected to weigh down the British Columbia ("BC") economy through reduced business and consumer consumption. The BC government is forecasting GDP to grow by 3.2% this year and 1.5% next year. The provincial government is projecting a surplus of $706 million this year, noting higher expenses will be offset by higher revenues from taxation, natural resources, and federal transfers.

The BC unemployment rate fell to 4.2% in October, the lowest level since May 2019. Despite the low unemployment rates, there are still sectors that are facing increased challenges in recruitment. The tourism, hospitality and restaurant sectors are having difficulty with hiring enough staff to meet pent up demand. Workers in these industries who lost jobs during the pandemic have chosen employment in other sectors.

The BC Real Estate Association ("BCREA") reported residential unit sales decreased by 45.5% in October compared to the same month last year. The association estimates that sales will decrease by more than 34% by the end of the year, with more declines expected next year. Rising interest rates are worsening housing affordability in BC. As pandemic restrictions ease, the tourism and hospitality sector will slowly recover, offsetting the slowdown in the housing sector.

To help with high inflation, the BC government provided an enhanced Climate Action Tax Credit in October. The income-tested enhancement provides up to an additional $164 per adult and $41 per child. Eligible individuals will receive payment through the Canada Revenue Agency, provided an income tax filing was completed last year. The BC government estimates that 85% of British Columbians will qualify for some level of benefit. The enhanced tax credit is estimated to cost $500 million.

The provincial government also announced it will be increasing the BC Family Benefit by up to $175 per child for the first three months of next year. The BC government announced that it will cap allowable rent increases at 2.0% for 2023, far lower than the 5.4% that would have been allowed had the government benchmarked the adjustment to inflation. Landlords have argued that they are faced with increased debt servicing and repair and maintenance costs and, if the cap continues into future years, it will mean further reductions in housing supply.

City of Surrey Overview

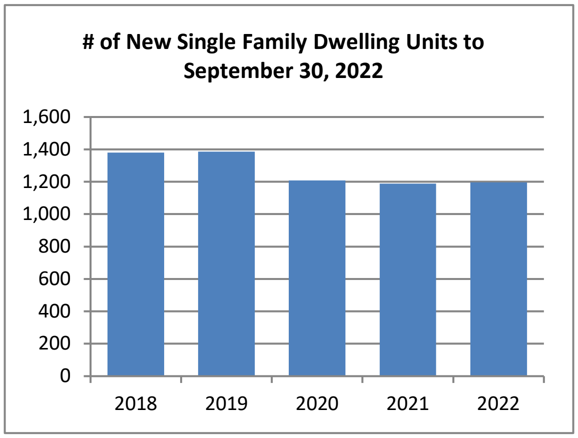
After the Province lifted COVID-19 restrictions earlier this year, a significant number of Parks, Recreation & Culture and Libraires programs have resumed operations, close to pre-pandemic levels. Despite the challenges associated with staffing capacity and resources, Libraries' programs are being provided while incorporating community use patterns. All Parks, Recreation & Culture facilities have reopened, and the City continues to monitor capacity levels and hire and train staff to restore normalized operations.

The City continues to receive applications and approve significant development projects in the residential and non-residential or Industrial, Commercial, and Institutional ("ICI") sectors. To demonstrate the City's commitment to the speed and predictability of the development application approval process, and to support the development community, City staff have continued to accelerate the permitting timelines for Single-Family Building Permits, Tenant Improvement Building Permits, and Rezoning Applications. City departments have made corresponding process improvements to support these timelines. Council has continued to award contracts for significant capital projects to meet the growing needs and demands of City residents and businesses. Overall, the City's financial performance in relation to the adopted budget has been stronger than anticipated for the first nine months of fiscal 2022.

City of Surrey's Key Performance Indicators

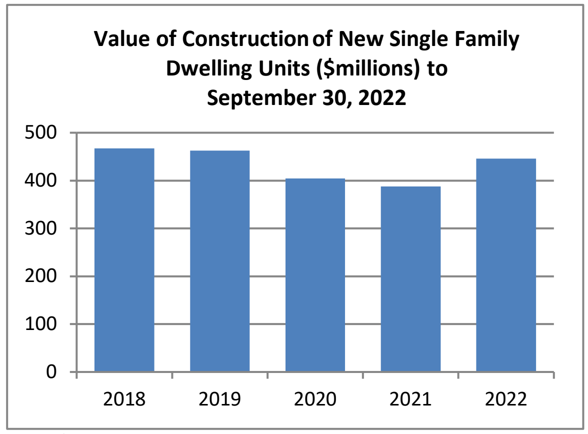
The City has seen an increase in the overall number of permits and value of construction in all categories, residential and non-residential, in the first nine months of 2022 as compared to the same period in 2021. Continued growth in Surrey's population has resulted in an increased demand for all development types, including multi-family residential units and need for more significant ICI development.

The following graphs provide data for the first nine months of 2022 compared to the same period from the last four years.



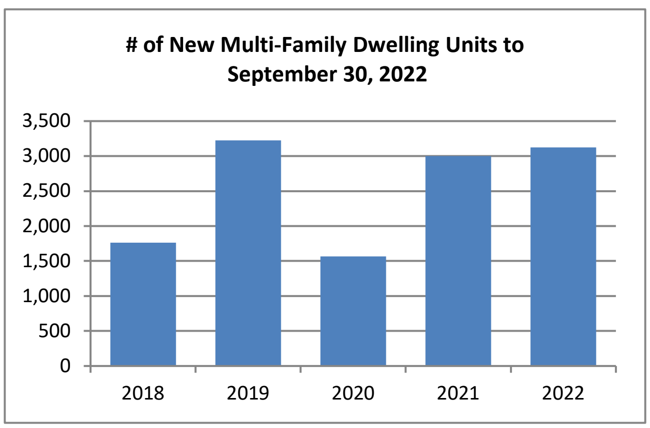
Graph 1

Due to a continued shift in development activity from single family to multi-family building type, the number of new single family dwelling units have remained relatively unchanged (less than 1% increase) in this nine-month period, as compared to the same period in 2021.



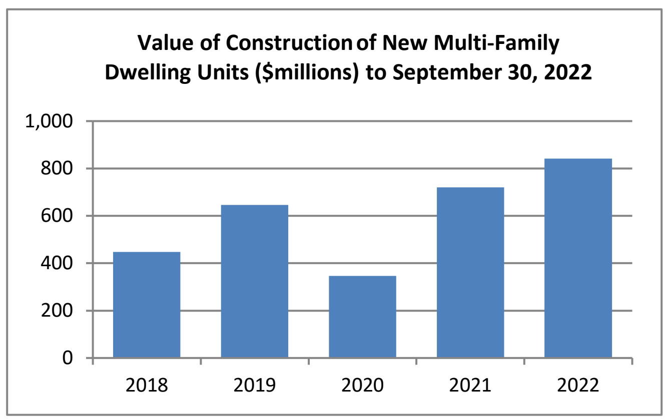
Graph 2

Due to an increase in the price of raw materials stemming from inflation and supply chain issues, the value of construction of these units has increased by 15% when compared to the same period last year.



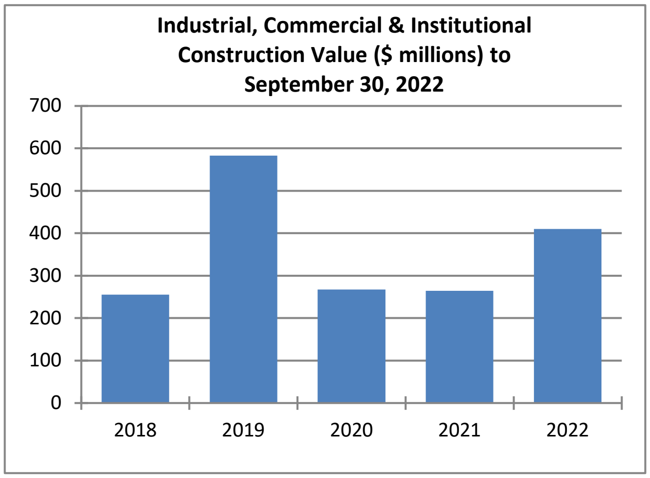
Graph 3

Due to continued strong overall demand for multi-family residential dwelling units, the City has seen an increase in permits issued for this building type. Year-to-date, the number of new multi-family dwelling units has seen an increase of 4% year-over-year.

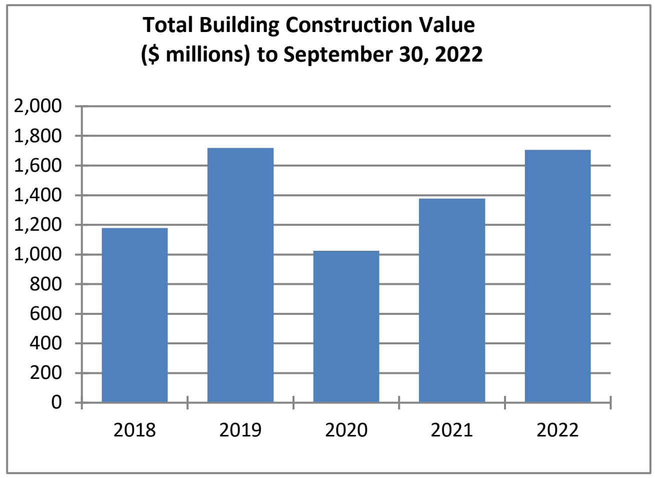


Graph 4

Consistent with the increase in the number of permits for multi-family dwelling units over the last nine months, combined with cost increases due to inflation and supply chain issues, the value of construction for these units has increased by 16% when compared to the same period last year.



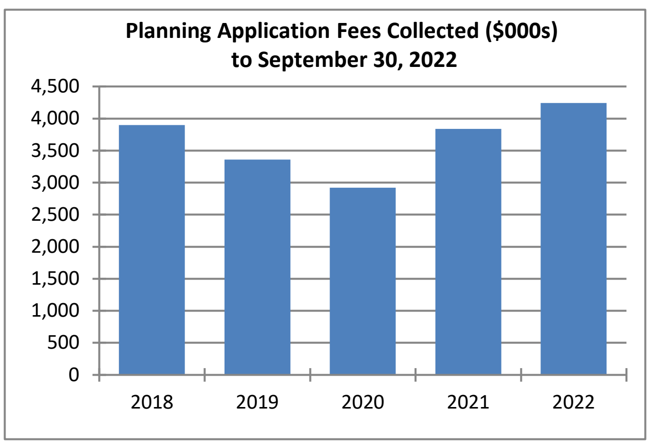
Graph 5



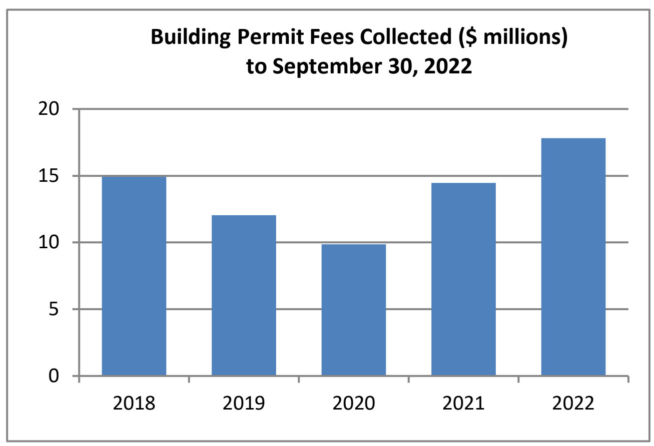
Graph 6

ICI permits for the first nine months of 2022 are higher by 15% as compared to the same period in 2021. ICI construction value has increased by 55% when compared to the same period last year. Some significant projects that received permits in this period include an elementary school in South Surrey and a daycare centre in Newton.

Consistent with an overall increase in the number of units and construction values of residential and ICI projects, along with an industry wide increase in the cost of construction, total building construction value in the City year-to-date is higher by 24% compared to the same period last year.



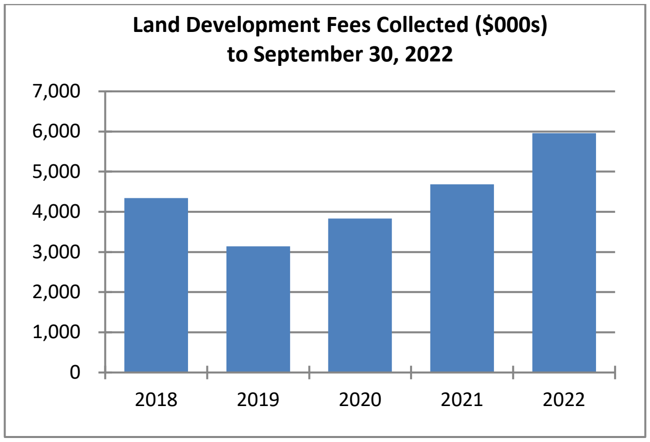
Graph 7



Graph 8

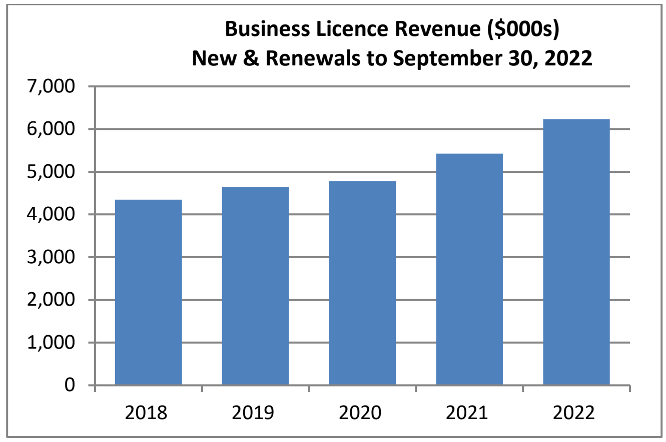
Due to a steady and continued increase in demand for residential and ICI development in the City, planning application fees collected in the first nine months of the year are 11% higher than those collected in the same period last year.

Consistent with a significant increase in the number of permits issued and their construction values in all development types, total building permit fees collected for the first nine months of this year are 23% higher than those collected in the same period last year.



Graph 9

Land development fees collected for the first nine months of 2022 are 27% higher as compared to the same period in 2021. This is primarily due to an increased demand in all development types, as a result of projected increases in Surrey's population.

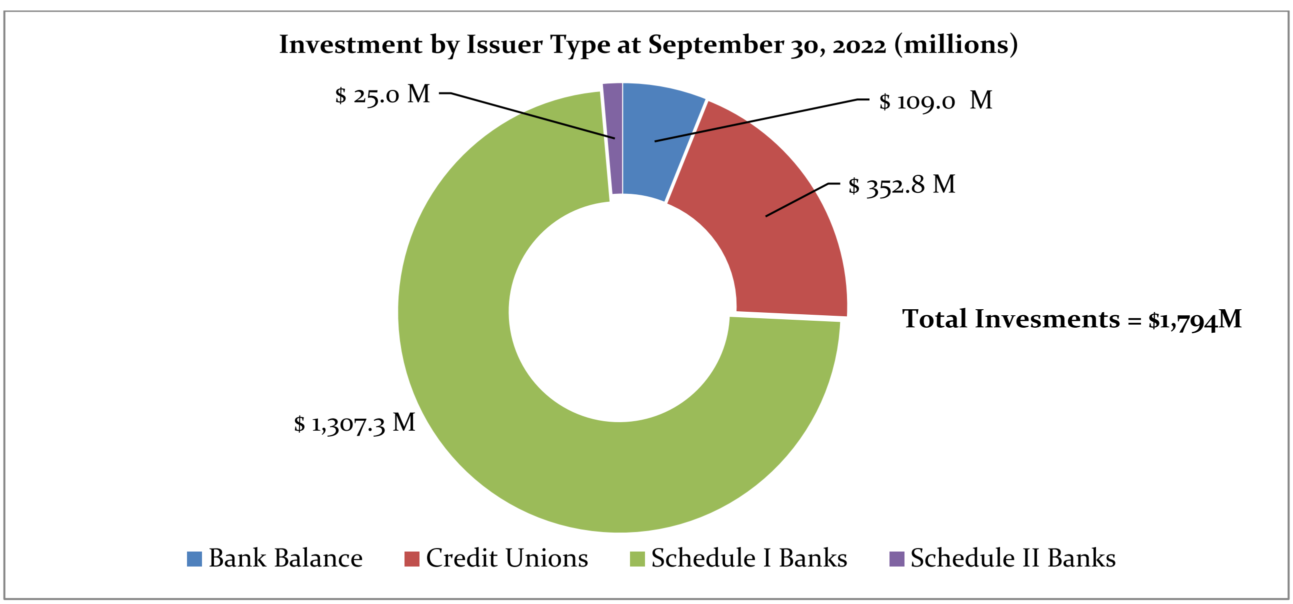


Graph 10

Due to the continued confidence exhibited by the business community to grow their businesses in Surrey, business license revenue in the first nine months of 2022 increased by 15% as compared to the same period last year.

City Investment Portfolio

The City invests public funds in a prudent manner, providing investment return and long-term security while meeting daily cash flow needs. The investment portfolio is currently valued at $1,794 million. Most of these funds have either been committed to specific capital projects or are funds that have been invested until they are needed. The following graph shows the City's Investment Portfolio by issuer type.

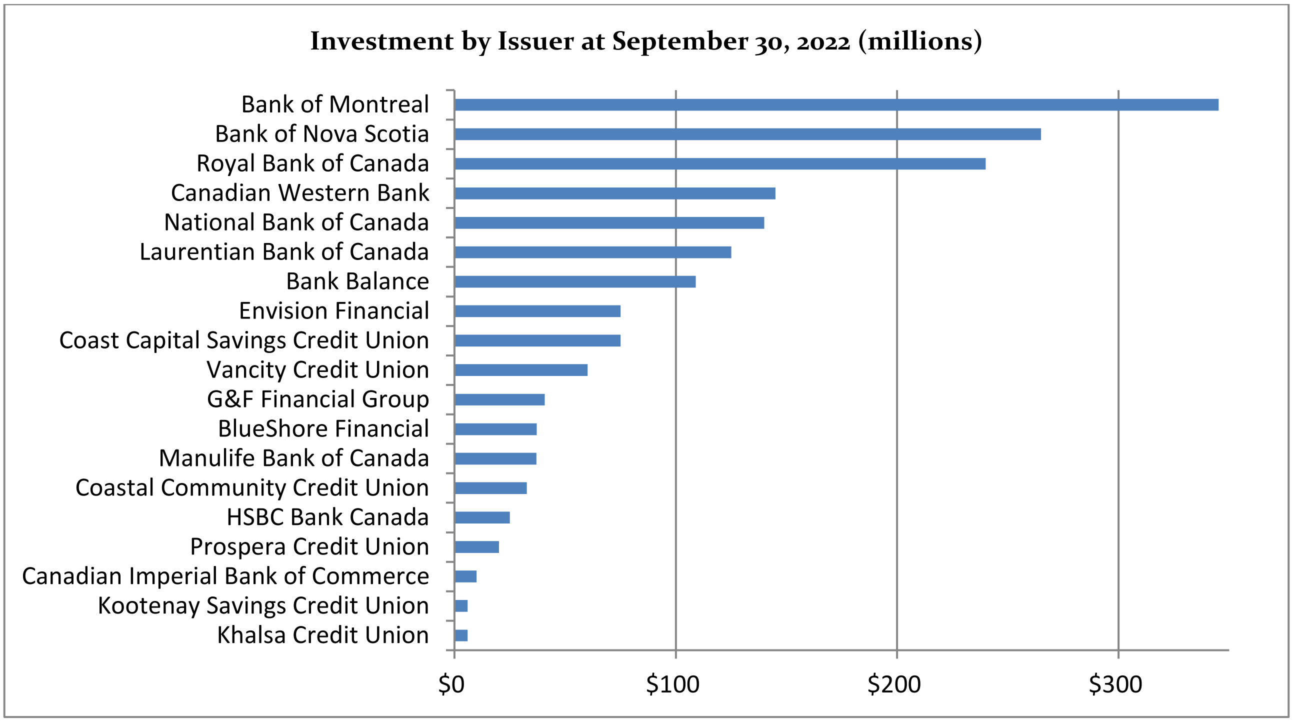


Graph 11

Investments within the portfolio are managed within the framework of the City's Investment Policy. Objectives of the Policy include:

<u>Diversification</u>

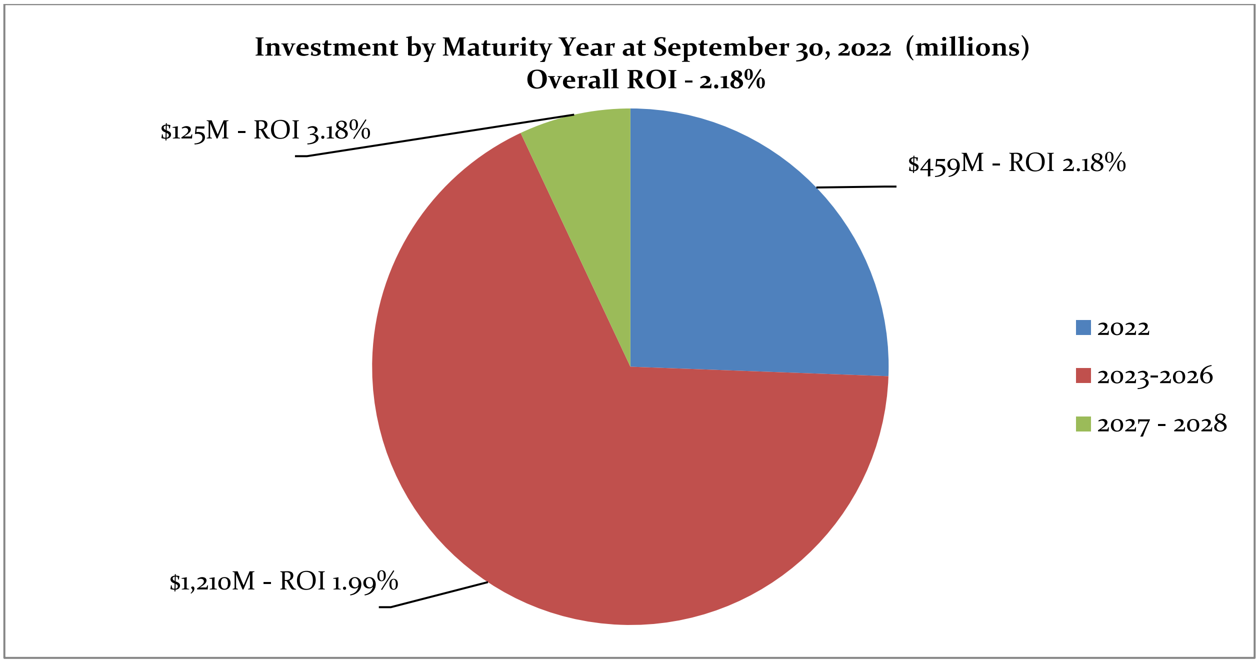
In order to reduce overall portfolio risk, the City diversifies its investment holdings across a range of security types and financial institutions. Graph 12 shows a listing of the City's portfolio by Financial Institution.



Graph 12

<u>Liquidity</u>

Efforts are being made to ensure that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. The investment portfolio is managed through the laddering of investment maturities to account for the timing of cashflow demands. The City's forecasted cash balances are currently in a healthy position with efforts ongoing to remain prepared as new information is incorporated into the cashflow forecast. In the event the City's cash flow requirements change drastically, we are well positioned to add liquidity as necessary. Graph 13 shows the portfolio by maturity terms.



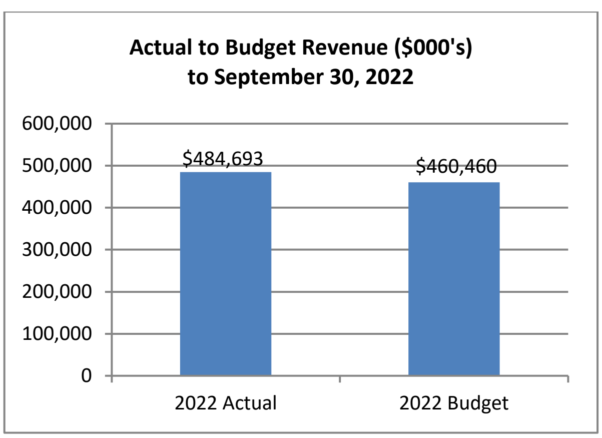
Graph 13

<u>Return on Investment</u>

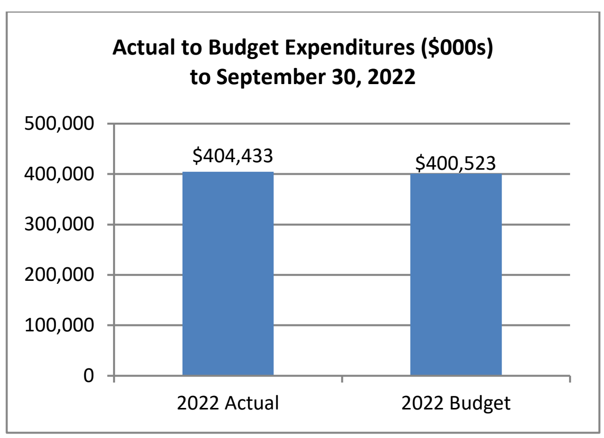
During the nine-month period ending September 30, 2022, the City's investment portfolio earned a combined rate of approximately 2.18% (during the nine-month period ending September 30, 2021 – 1.20%) while maintaining investment security as outlined in the City's investment policy. The City strives to earn a reasonable rate of return on the investment portfolio throughout varying budgetary and economic cycles, taking into account investment risk constraints and liquidity needs.

Actual Revenues and Expenditures Relative to the Budget

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures respectively, excluding corporate transfers to reserves, for the first nine months of 2022.



Graph 14



Graph 15

Appendix "I" documents the General Operating Fund's revenues and expenditures at the end of the third quarter of 2022 at a more detailed level. Departments are proactively monitoring their actual results on a monthly basis. The following section provides an explanation on a department-by-department basis of year-to-date and forecasted variances in relation to the 2022 budget and as shown in Appendix "II".

Policing Operations-Background

The 2022 adopted budget for Policing Operations is comprised of three separate components - RCMP Contract, City Police Support Services and Surrey Police Service ("SPS"). It is important to consider all three components collectively when discussing the variance of actual results as compared to budget. The Policing Operations budget needs to be managed by the City as a unified budget due to the interrelationship between these components.

The 2022 Policing Operations budget was fundamentally predicated on the SPS hiring and deployment plan at the time in late 2021, and prior to the Surrey Policing Transition Trilateral Committee ("SPTTC") finalizing and approving the Phase One HR Strategy and Plan ("the Phase One Plan") that now governs the deployment of SPS officers into the Surrey RCMP Municipal Police Unit ("MPU") during the first phase of the transition. To emphasize, the 2022 Policing Operations budget is in fact predicated on the unilateral budget that SPS proposed to the City in November of 2022. The 2022 budget allocation for the RCMP was then derived assuming a proportionate reduction to RCMP members as SPS ramps up. It is acknowledged that the demobilization cadence of the RCMP was not endorsed by the RCMP and was formulated in the absence of a Phase One HR Plan that was not approved by all three levels of government until April 2022. The Phase One HR Strategy and Plan as approved, outlines the rate of demobilization of RCMP Members as SPS officers are deployed. The rate of hiring and deployment of SPS members and demobilization of the RCMP is a crucial financial driver in relation to the overall policing budget and allocation to each component (RCMP, SPS, City Police Support Services).

The total Policing Operations budget for 2022 is $194.8 million, with the RCMP Contract allocation making up $96.6 million, and the SPS allocation being $72.5 million, the remaining budget allocation of $25.6 million is for City Police Support Services. When the 2022 Policing budget was adopted in December of 2021, it was expected that the distribution of the budget would be generally reflective of the policing services provided to the City, acknowledging that SPS hiring and deployment does require time for training and onboarding that equates to fiscal expenditures that do not directly translate into deployed members providing policing in our City. It is important to note that a transition of this magnitude impacts the RCMP at the Detachment, Provincial, and National level, which resulted in the RCMP decision making process occurring at a significantly slower pace than SPS anticipated at the time the budget was adopted.

Policing Operations-Q3

The City has been working closely with the RCMP and the SPS to estimate 2022 forecasts, based on expected and actual rates of hiring and deployment by SPS and demobilization by the RCMP.
At this time, the total unfavourable variance for Policing Operations is forecasted to be $20.9 million by year end. The key contributing driver of the unfavorable forecast is a lack of alignment between the expenditures incurred and the relative share of policing services being provided between the two agencies.

In relation to the adopted budget for Policing Operations, the following is the variance for each of the three components, as at the end of the third quarter:

- ***City Police Support Service*** currently has a favourable variance of $0.87 million primarily due to savings from vacancies, and higher than budgeted revenues from security clearances. City Police Support Service is currently forecasting to have a favourable variance at year end of $1.13 million.

- ***Surrey Police Service*** currently has a favourable variance relative to budget of $5.24 million, however as of September 30, 2022, SPS had 154 SPS Officers deployed into the Surrey detachment representing 21% of the targeted strength of 734 police officers. At year end, SPS is forecasting a favourable variance of $1.56 million and SPS officers deployed into the Surrey detachment to make up to 26% of the targeted strength as at the end of December. The SPS 2022 budget allocation was based on SPS achieving 40% of the targeted strength at the end of the 2022 fiscal year. At the time of submission of the SPS 2022 provisional budget, an approved Phase One HR Plan was not in place. The Phase One HR Plan was finalized in the second quarter of 2022. At the end of March 2022, prior to the Phase One HR Plan being approved, SPS had already hired more than the SPS's share of 2022 deployed targeted strength, as stated in the Phase One HR Plan. Despite having hired more sworn members than the Phase One HR Plan called for by end of 2022, SPS continued hiring sworn members, this directly contributes to the lower-than-expected savings for SPS by end of fiscal. Starting April 2022, additional sworn members were hired by SPS resulting in salary and benefits costs of $3.0M to the end of the third quarter and an additional forecasted $4.0M for the fourth quarter, totalling $7.0M for 2022. This analysis excludes civilian staff hiring throughout the year, or any other direct or indirect operating costs associated with the hiring of non-deployed members. If SPS had managed its hiring pace to align with the deployment pace in the approved Phase One HR plan, SPS would have forecasted a favourable variance of approximately $8.56M, i.e. $7.0M greater than the current forecast.

- ***RCMP Contract*** currently has an unfavourable variance of $14.77 million and is forecasted to have an unfavourable variance at year end of $23.58 million. The predominate reason for the unfavorable variance is due to the fact the RCMP has been providing the vast majority of policing services for the City, above and beyond as represented in their respective budget allocation for 2022 and will continue to do so for the remainder of the year. At the time the Phase One HR Plan was approved, budget adjustments were not implemented to reallocate funding to the RCMP from SPS to reflect the updated information. The agreed upon Phase One HR Plan deployment schedule should have been the primary driver for SPS hiring for the remainder of the year. As outlined above, the SPS is expected to provide policing to levels of 26% by December relative to the targeted strength of 734, thus the remainder of policing is provided by the RCMP at approximately 74% of targeted strength. This is the primary driver for the unfavorable variance at Q3 and the forecasted unfavorable variance at year end.

In light of the discussion above, and consistent with previous communications, any unfavorable variance for Policing Operations at year end will be charged to the One Time Transition budget.

<u>Fire Department</u> currently has an unfavourable variance of $1.34 million primarily resulting from backfill costs related to sustained elevated absenteeism levels of staff beyond the normal existing capacity. The Fire department is in a unique position in that it must maintain certain minimum staffing levels, even light of staff absenteeism. Fire is currently forecasted to have an unfavorable variance at year end of $1.83 million.

Engineering Services-General Operating currently has a favourable variance of $2.49 million, primarily due to higher-than-expected land development revenues, staff vacancies and the timing of expenditures and is forecasted to have a favourable variance at year end of $3.29 million.

Parks, Recreation & Culture ("PRC") Department currently has a favourable variance of $2.58 million. This is primarily due to variances resulting from a loss of revenues due to facilities not operating at normal capacity, offset by cost avoidance in relations to salaries and operating costs. Timing of expenditures is also a contributing factor for the variance. At this point staff are forecasting a favourable variance for PRC at year end of $2.10 million.

Surrey Public Library currently has a favourable variance of $0.89 million, due to timing differences, savings from salaries and operating costs due the changes to library programs attributable to a lack of staffing capacity and resources and is forecasted to have a small favorable variance at year end.

Planning & Development Department which also includes Civic Facilities, currently has a favourable variance of $5.77 million. Since Planning & Development revenues are recognized up to a two-year period, permit, inspection, and application revenues in this year are favourable due in part to better-than-expected permit and planning application fees collected in 2020/2021 that are, in part, being recognized as revenue in 2022. Staff are currently forecasting a favourable variance at year end of $7.68 million.

Mayor and Council has a favourable variance of $0.17 million, resulting from timing of expenditures and savings in operating costs and it is forecasted Mayor and Council will maintain this favourable variance at year end.

City Grants have a favourable variance of $0.26 million, resulting from the timing differences. Staff are forecasting that City Grants will be on budget at year end.

City Manager's Department has a favourable variance of $0.32 million primarily due to the timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of $0.33 million.

Investment & Intergovernmental Relations Department currently has a favourable variance of $0.42 million, primarily due to the timing of expenditures and is forecasted to maintain this favourable variance at year end.

Finance Department currently has a favourable variance of $0.82 million, primarily due to the timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of $0.97 million.

Corporate Services Department has a favourable variance of $0.61 million due to better-than-expected business license revenues, timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of $0.21 million.

CONCLUSION

The overall fiscal performance of the City in relation to the adopted budget at the end of the third quarter of the 2022 fiscal year is indicative of a stable financial position, although staff are forecasting a significant shortfall of $20.9 million for Policing operations. Staff have been in communications with both policing agencies to express concern regarding the forecasted shortfall and will work with them to mitigate the forecasted shortfall as much as possible with any final Policing Operations shortfall at year end charged to the SPS One Time Policing Operations budget.

Other City departments are proactively managing their respective budgets to ensure the financial position of the City for the remainder of the year remains strong and the City collectively meets budget at year end.

Kam Grewal, CPA, CMA
General Manager, Finance

Appendix "I": 2022 Third Quarter Council Report, Executive Summary - Revenues & Expenditures
Appendix "II": 2022 Third Quarter Council Report, Departmental Detail

Appendix “I”

2022 3rd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
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REVENUE SUMMARY	2022: 3rd Qtr YTD Actual	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Net Taxation	343,929	339,916	4,014	454,362	449,848	4,514
Secondary Suite Infrastructure Fee	19,399	17,901	1,498	24,879	23,867	1,012
Other Corporate Fees	2,892	1,970	922	2,916	2,750	166
Investment Interest	23,017	12,267	10,750	30,966	16,066	14,900
Provincial Casino Revenue Sharing	1,667	1,667	-	2,121	2,121	-
Other Trsf from Government	1,258	1,258	-	1,678	1,678	
Penalties & Interest on Taxes	3,132	3,244	(112)	3,528	3,640	(112)
Corporate Leases	5,658	6,514	(856)	8,687	8,687	
Non-Tax Revenues	57,023	44,821	12,202	74,777	58,809	15,968
Program Revenues	83,740	75,723	8,017	101,784	93,371	8,414
TOTAL REVENUES	484,693	460,460	24,233	630,923	602,028	28,895

EXPENDITURE SUMMARY	2022: 3rd Qtr YTD Actual	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Program Expenditures, net of transfers	386,996	383,311	(3,685)	532,157	516,185	(15,973)
Council Priorities	48	197	149	260	260	()
Fiscal Services	234	194	(40)	271	255	(16)
Debt Interest & Principal	15,670	15,670	-	18,767	18,767	-
Other	1,486	1,152	(334)	2,062	1,536	(526)
TOTAL EXPENDITURES	404,433	400,523	(3,910)	553,517	537,003	(16,514)

CORPORATE TRANSFER SUMMARY	2022: 3rd Qtr YTD Actual	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Transfer to /(from) Operating Sources	(148)	(10,798)	(10,650)	1,138	(14,400)	(15,538)
Transfer to /(from) Capital Sources	5,395	-	(5,395)	5,395	-	(5,395)
Transfer to /(from) Reserve Sources	11,163	11,043	(120)	14,841	14,721	(120)
Transfer to /(from) Surplus	31,843	48,528	16,685	44,022	64,704	20,682
TOTAL TRANSFERS	48,252	48,773	521	65,396	65,025	(371)
Surplus (Deficit)	32,008	11,163	20,845	12,010	-	12,010
Trsf (To)From Unapprop Surplus	(32,008)	(11,163)	(20,845)	(12,010)	-	(12,010)
BALANCED BUDGET	-	-	-	-	-	-

ANTICIPATED SURPLUS (DEFICIT) AT YEAR END	$ 12,010

Appendix "II"

2022 3rd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
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PROGRAM REVENUES	2022: 3rd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	10,475	6,179	4,296	13,114	8,239	4,876
Surrey Police Service	6	-	6	6	-	6
RCMP Contract	-	-	-	-	-	-
Fire	4,644	3,497	1,146	4,779	3,711	1,068
Engineering Services	8,658	7,365	1,294	10,205	8,406	1,799
Parks, Recreation & Culture	22,504	26,680	(4,176)	27,548	34,269	(6,721)
Surrey Public Library	1,249	1,044	205	1,218	1,386	(168)
Planning & Development	26,844	22,164	4,680	32,652	25,552	7,100
Mayor & Council	-	-	-	-	-	-
City Grants	-	-	-	-	-	-
City Manager		-			-	
Invest. & Intergovernmental Relations	-	-	-	-	-	-
Finance	1,192	1,066	126	1,431	1,421	10
Corporate Services	8,169	7,728	440	10,830	10,387	443
TOTAL PROGRAM REVENUES	**83,740**	**75,723**	8,017	**101,784**	**93,371**	8,414

PROGRAM EXPENDITURES NET OF TRANSFERS	2022: 3rd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	28,777	25,355	(3,421)	37,606	33,861	(3,745)
Surrey Police Service	46,619	51,850	5,231	70,971	72,525	1,554
RCMP Contract	90,292	75,523	(14,769)	120,236	96,660	(23,576)
Fire	53,810	51,321	(2,490)	72,789	69,889	(2,900)
Engineering Services	7,889	9,085	1,197	11,238	12,726	1,488
Parks, Recreation & Culture	69,689	76,441	6,752	98,014	106,829	8,815
Surrey Public Library	15,398	16,085	687	20,965	21,140	175
Planning & Development	25,080	26,173	1,094	33,787	34,362	575
Mayor & Council	1,236	1,407	171	1,673	1,845	172
City Grants	635	894	259	1,073	1,073	-
City Manager	876	1,194	318	1,231	1,565	334
Invest. & Intergovernmental Relations	843	1,263	420	1,245	1,658	413
Finance	8,703	9,400	696	12,022	12,979	957
Corporate Services	37,151	37,320	169	49,307	49,073	(234)
TOTAL PROGRAM EXPENDITURES	**386,996**	**383,311**	(3,685)	**532,157**	**516,185**	(15,973)

NET PROGRAM	2022: 3rd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 3rd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	18,302	19,176	874	24,492	25,622	1,130
Surrey Police Service	46,612	51,850	5,237	70,965	72,525	1,560
RCMP Contract	90,292	75,523	(14,769)	120,236	96,660	(23,576)
Fire	49,167	47,823	(1,344)	68,010	66,178	(1,832)
Engineering Services	(770)	1,721	2,490	1,033	4,320	3,287
Parks, Recreation & Culture	47,185	49,761	2,576	70,465	72,560	2,095
Surrey Public Library	14,148	15,040	892	19,747	19,754	7
Planning & Development	(1,764)	4,009	5,774	1,135	8,810	7,675
Mayor & Council	1,236	1,407	171	1,673	1,845	172
City Grants	635	894	259	1,073	1,073	-
City Manager	876	1,194	318	1,231	1,565	334
Invest. & Intergovernmental Relations	843	1,263	420	1,245	1,658	413
Finance	7,511	8,334	823	10,591	11,558	967
Corporate Services	28,982	29,592	610	38,477	38,686	209
NET PROGRAM TOTAL	**303,256**	**307,588**	4,332	**430,373**	**422,814**	(7,559)