

NO: R163

COUNCIL DATE: November 9, 2020

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **November 05, 2020**

FROM: **General Manager, Finance**

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report - Third Quarter - 2020**

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## 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 2020 and to compare this activity with the 2020 Financial Plan and the same period in 2019.

## DISCUSSION

The following discussion provides a summary of the current economic environment including key economic factors globally, nationally, provincially, and within the City, including the financial impact of COVID-19, followed by an outline of Surrey's financial performance through the third quarter of 2020, in comparison to the Five-Year (2020-2024) Financial Plan which was adopted by Council on December 16, 2019,

### **Economic Environment and Key Economic Factors**

#### International Overview

The COVID-19 pandemic has caused tremendous human and economic hardships. Global COVID-19 cases topped 34 million with 1 million lives lost by the end of September. The spread of the virus has accelerated since the end of June when 12 million cases were reported. The United States ("US"), Brazil, and India accounted for 54% of all reported infections.

Economies around the world reopened over the last three months with children returning to school and workers returning to their places of employment. Increased movements and activities have led to resurgences of the virus. Countries around the world are unlikely to return to the severe lockdowns that occurred earlier in the pandemic. Targeted measures, along with continued public health messaging, are being used to dissuade risky behaviour and encourage compliance with public health orders. To limit the spread of COVID-19, governments are using measures such as limiting

business hours, selective closures of businesses with higher exposure risks, mandating face coverings, and restricting social gatherings.

Expedited efforts are underway around the globe to develop vaccines for COVID-19, with nine potential candidates in the late stages of human trials. The results of those trials will not be available until the end of the year and the availability of a vaccine is not expected until mid-2021. Health officials continue to stress the need to adhere to health recommendations even when vaccines become available as the initial supply will be limited.

Governments and central banks around the world introduced unprecedented amounts of fiscal and monetary aid to prop up their economies over the last six months. The pandemic has disproportionately impacted women, youth, and low-wage earners. Economists are calling for governments to re-skill vulnerable workers and to not pull back supports prematurely. Economists are predicting that the global economy will not return to pre-pandemic levels for at least another two years.

### United States Overview

The US reported over 7.26 million COVID-19 infections and more than 240,000 attributable deaths at the end of September. Health experts are predicting the US death toll could rise to half a million by February 2021 as the number of infections continues to grow. The US set another daily record in October with over 84,000 cases reported, surpassing the previous July peak of 77,000 cases. Health experts attribute the uptick in cases to increased indoor activities due to colder weather and fatigue with COVID-19 precautions.

US unemployment fell to 8.4% in August, down from the April high of 14.7%. As the economy reopens, the US labour market is exhibiting improvement by gaining back half of the 22 million jobs lost in the first six months of 2020.

The Federal Reserve ("Fed") kept the range for its key interest rate at 0% - 0.25% in September and signaled that low rates will continue until at least the end of 2023. The Chair of the central bank warned that the economic recovery will be slow and urged continued government support.

The US Congress passed a two trillion-dollar stimulus package in March with enhanced unemployment benefits and income supports for individuals and families. Businesses received stimulus cheques and access to loans. The pace of job recovery is expected to slow as the stimulus payments to small businesses are exhausted. The enhanced federal unemployment benefits of \$600 per week expired on August 1st. Subsequently, President Trump signed an executive order to continue a payment of up to \$400 per week for an additional six weeks after Congress failed to come to a consensus on an aid package. Millions of US workers are at risk of being left without additional federal aids as their employment prospects continue to be impacted by the virus.

The US presidential election will take place on November 3rd, 2020. With a high number of mail-in votes expected, the election results could be delayed by weeks. Global markets will be watching the US political climate closely and may experience some volatility as a result.

### Canadian Overview

Canada has seen a resurgence of COVID-19 in recent weeks with cases rising in BC, Alberta, Ontario, and Quebec with close to 159,000 COVID-19 infections and 9,300 attributable deaths at the end of September. Prime Minister Trudeau, along with public health officers, continues to urge Canadians

to refocus our collective efforts in the fight against the virus or risk uncontrollable acceleration of infections and deaths.

Canada's GDP shrank by 11.5% in the second quarter of this year, compared to a 2.1% decline in quarter one. The national unemployment rate fell to 10.2% in August after a record high reading of 13.7% in May. The labour market has bounced back, recovering two-thirds of the three million jobs lost at the height of the pandemic.

The Bank of Canada ("BOC") has maintained its key interest rate at 0.25%. The central bank reiterated its commitment to maintain its accommodative monetary policy for as long as needed. The BOC continues to support financial markets by purchasing bonds, ensuring liquidity is available to businesses and consumers. The BOC governor cautions that the economic recovery will be slow and uneven. Sectors where jobs require employees and patrons to be in close proximity, such as, retail, hospitality, accommodation, and food services, will take longer to recover.

Since the pandemic began, 760,000 borrowers have deferred or skipped mortgage payments, accounting for 16% of all mortgages in the country. The Canada Mortgage and Housing Corporation ("CMHC") estimates one billion dollars' worth of mortgage payments have been deferred monthly since the pandemic. As economies have slowly reopened, deferrals have decreased. Many financial institutions offered deferral programs for a six-month term. As deferral agreements start to expire starting October of this year, there is a higher risk of mortgage delinquencies. In anticipation of an increase in non-performing loans, major banks have shored up their provisions for losses.

With the Canada Emergency Response Benefit ("CERB") winding down at the end of September, a new program, the Canada Recovery Benefit (CRB), started in October 2020 for a one-year period. The program provides a weekly payment of \$500 for up to a maximum of 26 weeks for Canadians ineligible for Employment Insurance benefits ("EI") and self-employed Canadians who face more than a 50% income reduction due to COVID-19. The threshold to qualify for EI has been lowered with applicants required to demonstrate that 120 hours have been worked over the last year to qualify. The minimum weekly EI benefit rate is set at \$400. The Canada Recovery Sickness Benefit ("CRSB") will provide Canadians who do not have paid sick leave through their employers with ten days paid sick leave at a rate of \$500 per week. The CRSB is available until September 2021.

In the July fiscal update, the federal government forecasted a \$343 billion deficit. The new income support and benefits package is estimated to cost an additional \$37 billion. The federal government is expected to provide another fiscal update later this fall.

### British Columbia Overview

BC has experienced an uptick in COVID-19 cases since the end of July due to increased social gatherings and indoor private parties. The province reported over 9,000 COVID-19 infections and 207,000 attributable deaths at the end of September. In response, the provincial Public Safety Minister granted police and other law enforcement officers the ability to issue fines to people who violate public health orders. To curb the spread of the virus, BC's provincial health officer has ordered the closure of banquet halls and night clubs. Dr. Henry also ordered all bars, pubs, and restaurants to suspend liquor sales at 10 p.m., and ordered venues to close at 11 p.m. unless they are providing full meal service. In October, BC set a record for daily COVID cases which prompted warnings from Dr. Henry that further restrictions may be forthcoming.

BC's unemployment rate fell to 10.7% in August, down from the high of 13.4% registered in May. 250,000 jobs have been restored, accounting for 62% of total positions lost during the pandemic.

The provincial Finance Minister provided a fiscal update in September projecting a deficit of \$12.8 billion dollars for the current fiscal year.

The Province's Temporary Rental Supplement ("TRS"), providing renters up to \$500 a month, ended in August. The BC government lifted the moratorium on evictions for non-payment of rent. Starting in September, renters will be expected to pay landlords in full. The Province introduced a framework whereby tenants will begin repaying outstanding rent amounts accumulated from March to August in installments. Starting in October, rent arrears are to be repaid by July 2021 in equal payments unless agreed upon by both renters and landlords. It is estimated that 12% of renters have been making partial payments.

The BC government released its \$1.5 billion economic recovery plan in September. The government is providing \$417 million to create jobs and provide training with \$300 million allocated towards health care positions. Businesses will receive \$405 million, with \$300 million of that distributed as grants for small and medium-sized businesses. Tourism-related businesses will receive \$100 million and another \$50 million will be allocated to a tourism task force. \$303 million is set aside for community infrastructure, \$67 million will be used to enhance social supports and \$250 million is earmarked for the "building a better future" program. The BC government is offering up to \$660 million in tax credits to businesses. \$190 million will be provided to businesses who hire more staff in the last half of the year and \$470 million in PST rebates will be available to businesses purchasing machinery and equipment over the next year.

To aid provinces and municipal governments, the Federal government has set aside \$19 billion to fund the Safe Restart Agreement ("SRA"). BC's share of the funding is \$2.0 billion. \$405 million is allocated to enhanced testing, contact tracing and data management while \$162 million will be used to enhance health care system capacity. \$100 million will go towards the protection of vulnerable populations with \$270 million to support municipalities' operating costs, and \$540 million for public transit initiatives. \$405 million is earmarked for the purchase of personal protective equipment with an additional \$83 million for childcare.

The BC government is matching the federal government's contribution to municipalities and public transit. BC municipalities will receive \$425 million to help with operational costs, \$100 million to support vulnerable populations and \$15 million to improve efficiency of the development approval process. On November 3, 2020 the City was advised by the Province that our share of the COVID-19 Safe Restart Grants for Local Governments will be 14.7 million. Staff will allocate this funding utilizing the Provincial criteria as most appropriate for our City's COVID-19 financial impact.

The BC Provincial General Election was held on Oct 24, 2020. At the time of this report, it is expected that the BC NDP Party will form a majority government with candidates declared winners or leaders in 55 of 87 total ridings. The final results will be unknown until mid- November as absentee and mail-in ballots still need to be counted. Political analysts are not expecting the outcome to substantially change once the count is complete. British Columbians will likely look to the government to quickly fulfill its campaign promise of a \$1,000 recovery benefit payment to eligible households and individuals. The \$1.4 billion program will help shore up incomes and hopefully translate into increased spending in the economy. Premier John Horgan has stated that his government's focus will continue to be pandemic response and rebuilding BC's economy.

[City of Surrey Overview](#)

The COVID-19 pandemic began to impact the City's financial results in the first quarter due to closure of public facilities, including libraries, community and recreation centres, and cultural facilities and a steep temporary decline in development and construction activity within the City.

In response to the financial impacts of COVID-19 on the City, its businesses, and residents, in May 2020, City Council approved the Surrey Economic Action and Recovery Plan (the "Plan"). The objective of the Plan was to help facilitate Surrey's economic recovery from COVID-19 through a series of initiatives centered on encouraging and supporting residents, businesses, investments, and job creation opportunities in the City. Some of the key financial initiatives included in this Plan were:

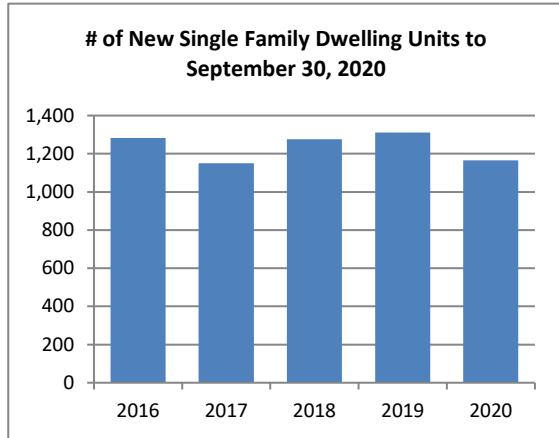
- 50% reduction of many fees relating to the development for new and in-stream projects with a construction value of greater than \$25 million;
- 90-day extension on late payment penalties for all property tax payments;
- 90-day extension on annual flat water and sewer payments;
- deferral of business license late payment penalties to provide relief to businesses that are late in paying their business license fees due to the financial impact of COVID-19;
- process improvements to help the development and construction sectors citywide by expediting and streamlining permitting process;
- implementation of the Parking to Patios program in order to facilitate the safe economic recovery for the restaurant and bar sector, and;
- Surrey Make PPE program that supports Surrey-based manufacturers to produce critical personal protective equipment (PPE) and helps to identify buyers for their products.

As part of the Surrey Proactive 10-Point Action Plan in response to COVID-19, the Council has approved the gradual restoration of programs and services through a phased and cautious approach to reopening various City amenities and facilities while following public health guidelines.

### **City of Surrey's Key Performance Indicators**

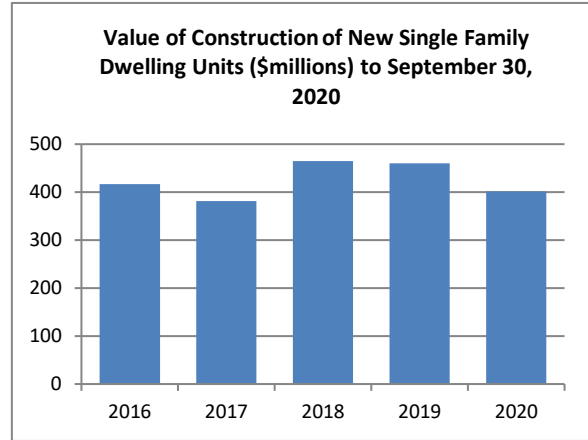
For the first nine months of 2020 the City has seen a 40% drop in overall value of construction in all categories combined, residential and non-residential, as compared to the same period in 2019. However, comparing the third quarter of 2019 to that of 2020 the value of construction in all categories is up by 4%, reflecting a turn around in the number and value of permits being issued for development activity in the City. This provides evidence that the economic stimulus initiatives supported by Mayor and Council to Surrey residents and businesses has resulted in the City seeing a continuation of economic recovery in the third quarter from the financial impacts of the COVID-19 pandemic in the first two quarters of 2020. Confidence in residential and commercial construction sector has also started to build and the City has again started to approve some significant development projects that will expand the residential and rental housing stock in the City.

The following graphs show data for the first nine months of 2020 compared to previous years.



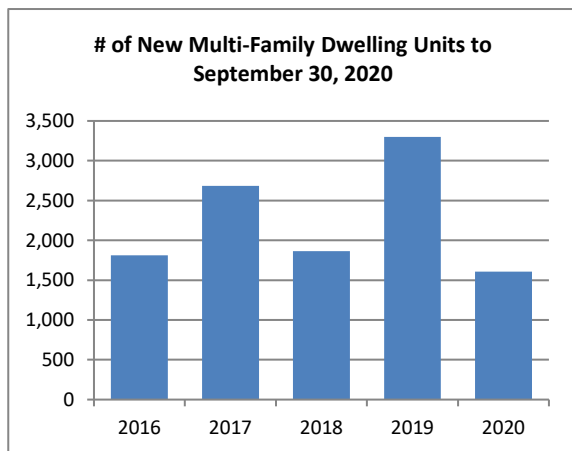
Graph 1

Due to COVID-19, the number of new single-family dwellings, including single family dwelling units with secondary suites, dropped in the first two quarters. Year-to-date, the number of new single-family dwelling units decreased by 11% as compared to the same period last year. In the third quarter of the year, the construction activity has picked up, in line with an increased real estate activity in the City.



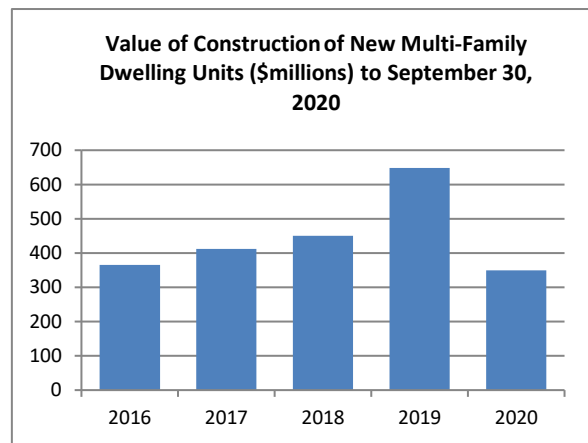
Graph 2

Consistent with the decline in the number of new single-family dwelling units issued permits in this nine-month period as compared to the same period last year, the value of construction of these units has decreased by 13% when compared to the same period last year.



Graph 3

At the onset of COVID-19 pandemic construction activity slowed down significantly, allowing construction sites to adjust their workplaces and implement health and safety guidelines. Year-to-date, the number of new multi-family dwelling units has seen a drop of 51% year over year. After a cautious re-start in the second quarter of 2020, the City has seen a

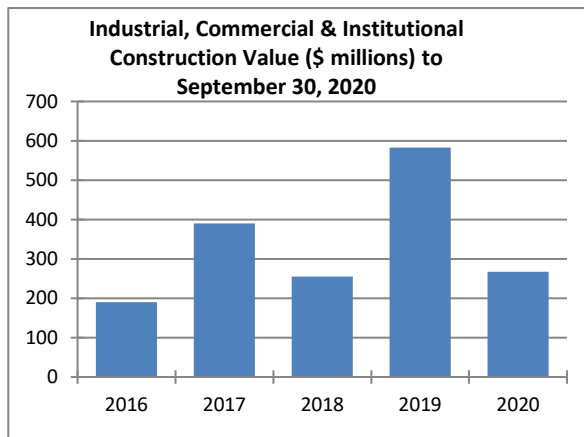


Graph 4

Consistent with the drop in the number of permits for multi-family dwelling units in this period as compared to the same period last year, the value of construction has decreased by 46% when compared to the same period last year. Similar to the increase in the number of new dwelling units, the City has seen an increase in

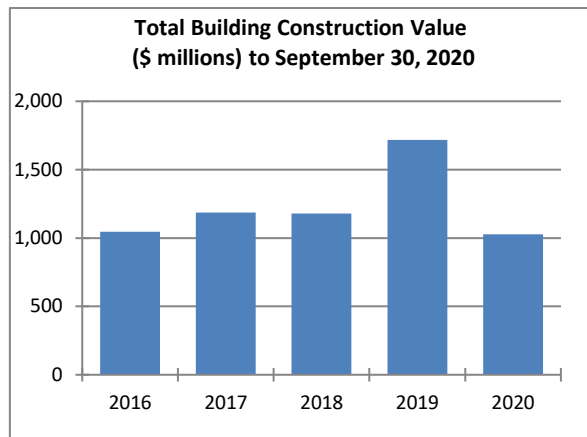
gradual increase in permits issued for multi-family units in the third quarter of 2020.

value of construction of these units in the third quarter of 2020.



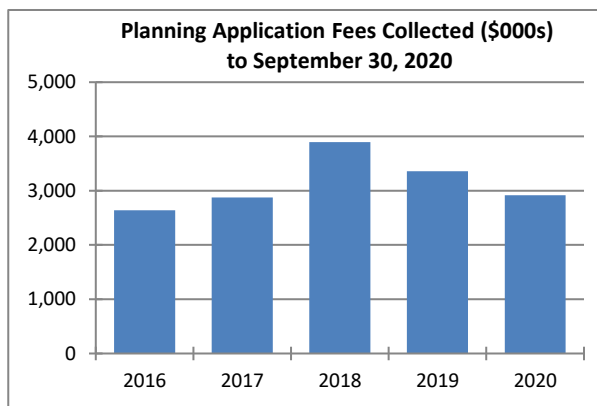
Graph 5

Construction value of Industrial, Commercial Institutional (“ICI”) permits for the first nine months of 2020 is significantly lower as compared to the same period in 2019. This is primarily due to the impact of COVID-19 on the construction activity. Compared to 2019, the value of construction in the ICI sector is down by 54% year over year. Similar to an upward trend in new residential construction, the third quarter has seen some large industrial warehouse projects receive permits.

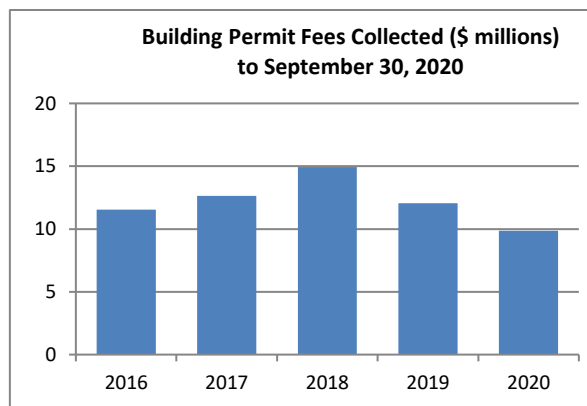


Graph 6

Consistent with the drop in the number of new building permits, total building construction value in the City year-to-date is significantly lower when compared to the same period last year. Compared to 2019, total building construction value is down by 40% year over year. Consistent with overall improvement in construction activity in the third quarter of 2020, the overall building construction values have started showing some signs of recovery throughout all permit types and are up by 4% in the third quarter of 2020 as compared to 2019.



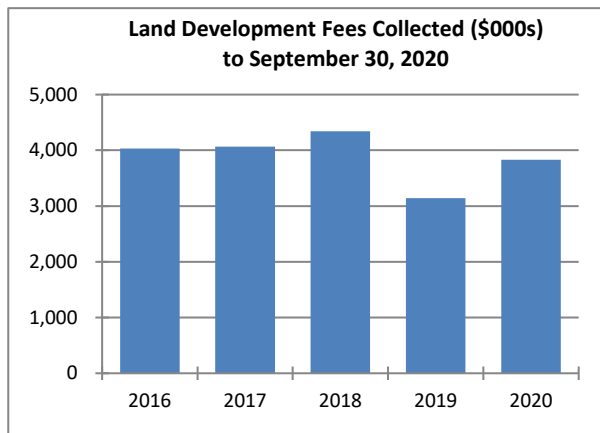
Graph 7



Graph 8

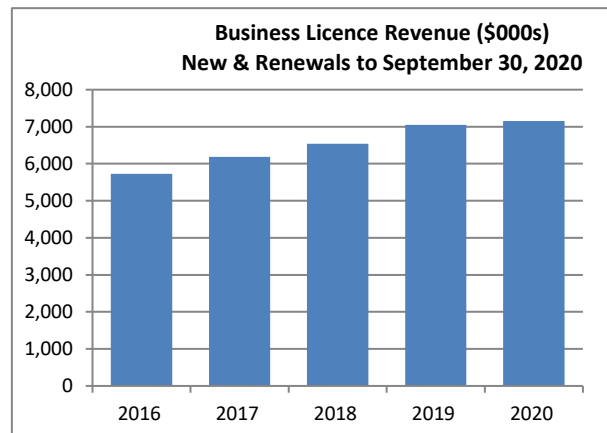
Planning application fees collected in the first nine months of the year are 13% lower than those collected in the same period last year. Although there is a drop in the application fees collected as compared to the same period in 2019, due primarily to COVID-19, the City has seen an increase in applications in the latter half of the year, especially after the City's Plan was implemented in May this year.

Due to COVID-19, building permit fees collected for the first nine months of this year are 18% lower than those collected in the same period last year. Similar to the planning application fees, the City has seen an increase in applications in the latter half of the year, especially after the City's Plan was implemented in May this year.



Graph 9

Due to three large projects that accounted for approximately \$1.1M out of the \$3.8M in Engineering Land Development fees collected in the first nine months of the year, resulting in fees collected being 20% higher in 2020 as compared to the same period in 2019.



Graph 10

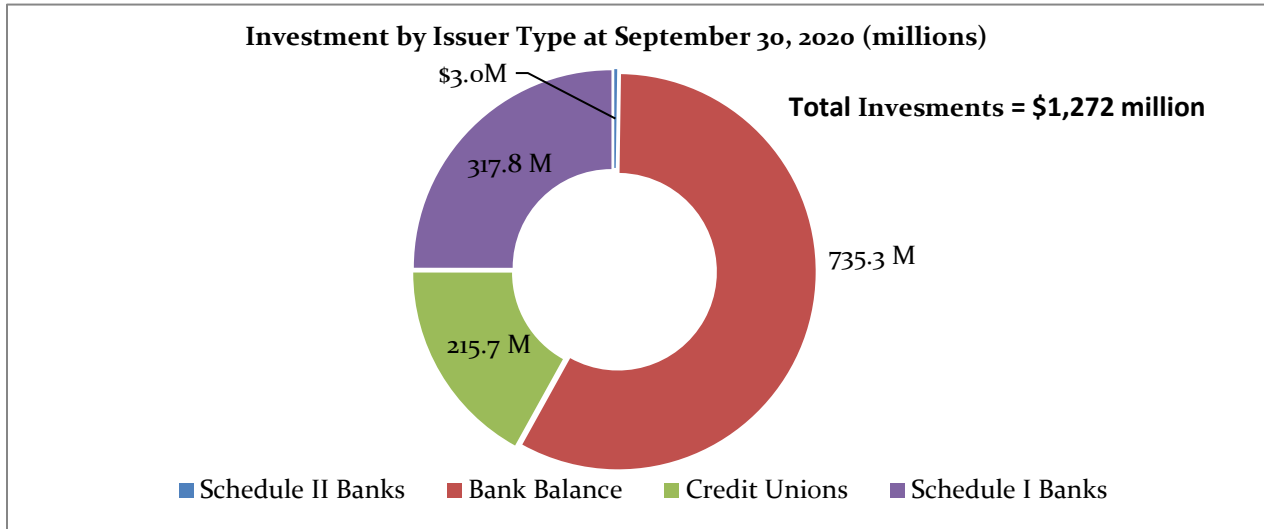
Business Licence Revenue has increased by 1% as compared to the same period last year. Up until the end of the second quarter, business license revenues were lower as compared to the same period last year with businesses taking advantage of the Plan that allowed them to defer business license late payment penalties to provide relief in paying their business license fees due to the financial impact of COVID-19. Since the economy is slightly recovering, more and more businesses have started to pay for their business license fees, starting in the third quarter.

### 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



\$1,272 million. Most of these funds have either been committed to specific capital projects or are funds that have been invested until they are needed to pay current operating expenses. The graph below shows the City's Investment Portfolio by issuer type.



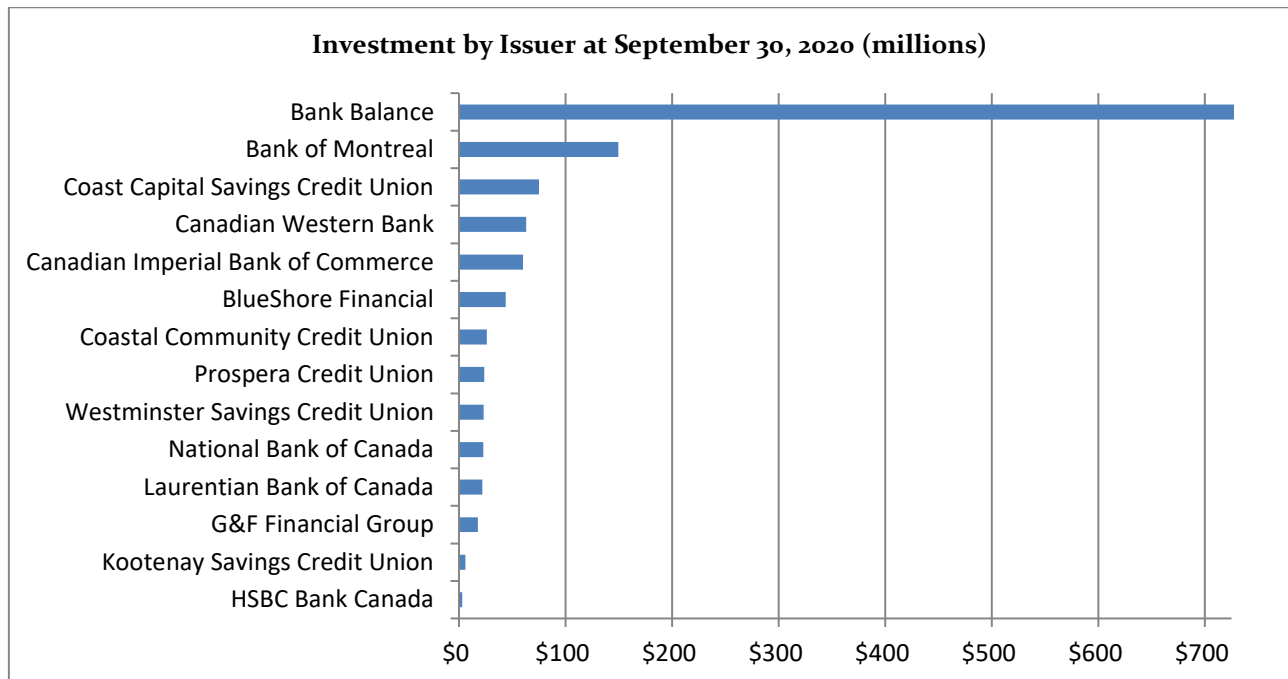
Graph 11

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

Objectives of the Policy include:

Diversification

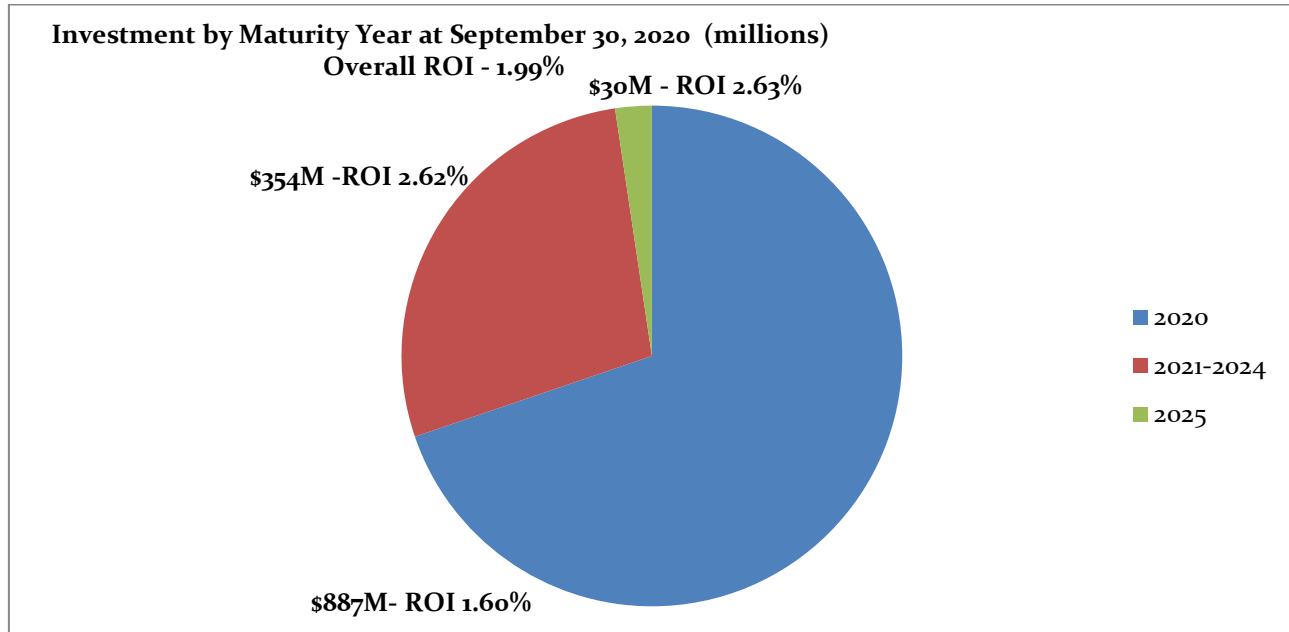
In order to reduce overall portfolio risk, the City diversifies its investment holdings across a range of security types and financial institutions. Graph 12 shows a listing of the City's portfolio by Financial Institution.



Graph 12

## Liquidity

In response to COVID-19, cashflow modeling is being undertaken to consider various scenarios and the corresponding effect on liquidity. 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.



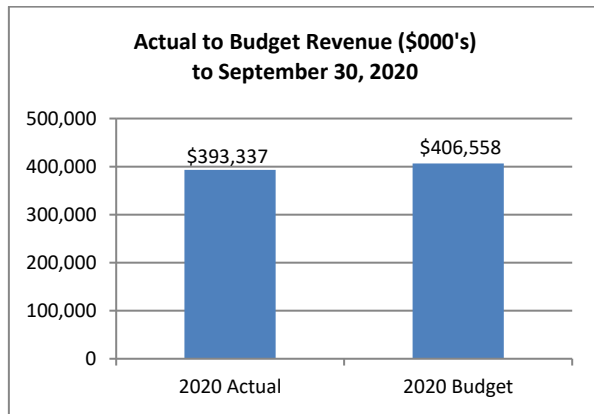
Graph 13

## Return on Investment

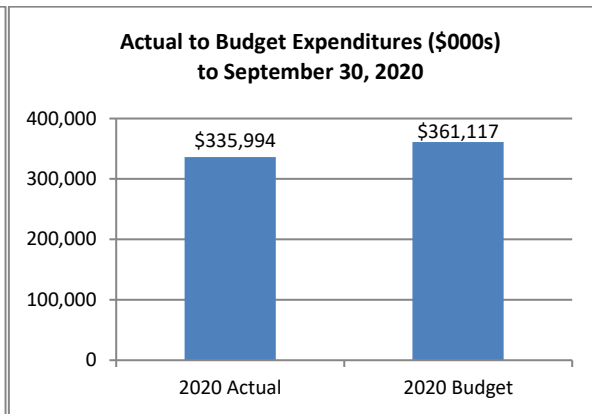
During the nine-month period ending September 30, 2020, the City's investment portfolio earned a combined rate of approximately 1.99% (during the nine-month period ending September 30, 2019 – 2.61%) while maintaining investment security as outlined in the City's investment policy. Due to COVID-19, BOC's key interest rate is now at a record low rate of 0.25%. Given the steep decline in interest rates, interest revenue is expected to be below budget for the year 2020. 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 2020 Budget (Financial Plan)**

The following graphs illustrate the variances between the actual and the budgeted operating revenues and expenditures respectively, excluding transfers to reserves, for the third quarter of 2020.



Graph 14



Graph 15

Appendix “I” documents the General Operating Fund’s revenues and expenditures at the end of third quarter of 2020 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 variances in relation to the 2020 Financial Plan: and as shown in Appendix “II”.

It is imperative to note that these departmental third quarter variances and year end forecasts represent a favorable position relative to the adopted 2020 budget. This favorable position is a direct outcome of staff recommending and Council supporting early and significant fiscal intervention to mitigate the \$40.0M budget shortfall that was forecast in the first quarter. This proactive fiscal approach was necessary to avoid having the detrimental fiscal impact of COVID-19 related to 2020 impact future years by adjusting expenditures in light of revenue losses.

Policing Transition currently has a favourable variance of \$1,220,000; and is forecasted to have a favourable variance of \$1,249,000 at year-end, due to higher than budgeted traffic revenue fine sharing grant from the Province.

RCMP Contract currently has a favourable variance of \$365,000 primarily due to savings from vacancies; and is forecasted to have a favourable variance of \$671,000 at year-end.

Fire Department currently has a favourable variance of \$518,000 resulting from the timing of revenues and expenditures; and is forecasted to have a favourable variance of \$77,000 at year-end.

Engineering Services-General Operating currently has a favourable variance of \$453,000, primarily due to the timing of revenue recognition, staff vacancies and the timing of expenditures; and is forecasted to have an favourable variance at year-end of \$760,000.

Parks, Recreation & Culture Department currently has a favourable variance of \$4,954,000; and is forecasted to have a favourable variance at year-end of \$3,371,000. The favourable variances are a result of cost avoidance realized in salaries along with operating costs savings due to the facility closures and reopening in the fall for modified programming due to COVID-19 restrictions.

Surrey Public Library currently has a favourable variance of \$4,176,000, due to cost avoidance savings from salaries and operating costs due to closure of facilities due to COVID-19; and is forecasted to have a favourable variance at year-end of \$5,000,000. The favourable variances are a direct result of operating cost and salaries cost avoidance due to the facility closures, including deferral of opening of Clayton Community Centre to 2021.

Planning & Development Department which also includes Civic Facilities, currently has a favourable variance of \$2,566,000; and is forecasted to have a favourable variance at year-end of \$3,005,000. Since the 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 strong revenues in 2019 and due to a slight increase in permit applications in the third quarter of 2020.

Mayor and Council has a favourable variance of \$195,000, resulting from timing of expenditures; and is forecasted to have a favourable variance of \$213,000 at year-end.

City Grants have a favourable variance of \$339,000, resulting from reduction in grants due to postponement or cancellation of programs and activities, that were budgeted to receive those grants, due to COVID-19 pandemic; at year end any grant funding left will be carried forwarded to 2021 resulting in a balanced budget at year-end.

City Manager's Department has a favourable variance of \$208,000 primarily due to the timing of expenditures; and is forecasted to have a favourable variance of \$153,000 at year-end.

Investment & Intergovernmental Relations Department currently has a favourable variance of \$169,000, primarily due to the timing of expenditures; and is forecasted to have a favourable variance of \$134,000 at year-end.

Finance Department currently has a favorable variance of \$310,000; and is forecasted to have a favourable variance at year-end of \$305,000. Favourable variance is primarily due to higher than expected external recoveries from settlement of claims.

Corporate Services Department has a favourable variance of \$93,000, resulting predominantly from IT transfers to Operating; and is forecasted to have a favourable variance of \$44,000 at year-end.

In addition to the departmental forecasted variances, COVID-19 has impacted other corporate revenues, expenditures and transfers that are not included above. These are included in Appendix I.

Corporate Lease Revenue: Currently, corporate lease revenue has an unfavourable variance of \$768,000; and is forecasted to have an unfavourable variance of \$1,527,000 at year-end. Due to COVID-19, some lease revenue on City owned properties will be not be received by the City.

Investment Interest: Due to COVID-19, Bank of Canada key interest rate is now at a record low rate of 0.25%. Given the steep decline in interest rates, investment income has an unfavourable variance of \$674,000 at the end of the third quarter and \$1,974,000 at year-end.

Gaming Revenues: Due to the closure of Elements Casino due to COVID-19, gaming revenue was impacted, resulting in an unfavourable variance of \$2,442,000 at the end of the third quarter and an unfavourable variance of \$3,492,000 at year-end.

Penalties and Interest on taxes: Due to COVID-19, as a part of the Plan, the Council approved a 90-day extension on late payment penalties for all property tax payments. Due to this deferral, penalties and interest revenues associated with late payments will not meet its budget, resulting in an unfavourable variance of \$2,488,000 at the end of the third quarter a forecasted unfavourable variance of \$2,701,000 at year-end.

## CONCLUSION

It is evident that the early and significant fiscal measures implemented across all City Departments have been successful in mitigating the unprecedented financial challenges brought on by COVID-19.

These financial measures, which include departmental cost avoidance savings, cautious reopening of major civic facilities and services, vacancy gapping, and operational cost savings, have been successful in mitigating the budgetary shortfall originally forecast at \$40.0M. Staff are currently forecasting a modest budgetary surplus at year end of \$461K, however, it is imperative that we continue to stay the course for the remainder of the year with our fiscally responsible operations.

It is certain that the financial pressures of COVID-19 will transcend 2020, into 2021 and likely future years, accordingly staff will bring forward for Council consideration later this year a proposed Financial Plan that will be reflective of this new fiscal reality.

Kam Grewal, CPA, CMA  
General Manager, Finance

Appendix "I": 2020 Third Quarter Council Report, Executive Summary - Revenues & Expenditures  
Appendix "II": 2020 Third Quarter Council Report, Departmental Detail

## Appendix "I"

### 2020 3rd QUARTER COUNCIL REPORT EXECUTIVE SUMMARY - REVENUES & EXPENDITURES \$ 000's

| REVENUE SUMMARY                                  | 2020: 3rd Qtr<br>YTD<br>Actual | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>ANNUAL<br>FORECAST | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
|--|--------------------------------|-----------------------|----------------------------------|----------------------------|--------------------------|-------------------------------|
| <b>Net Taxation</b>                              | 292,492                        | 289,864               | 2,628                            | 389,119                    | 386,491                  | 2,628                         |
| Secondary Suite Infrastructure Fee               | 17,115                         | 16,911                | 204                              | 22,750                     | 22,546                   | 204                           |
| Other Corporate Fees                             | 2,298                          | 2,365                 | (67)                             | 2,683                      | 2,750                    | (67)                          |
| Investment Interest                              | 11,620                         | 12,294                | (674)                            | 14,514                     | 16,488                   | (1,974)                       |
| Provincial Casino Revenue Sharing                | 708                            | 3,150                 | (2,442)                          | 708                        | 4,200                    | (3,492)                       |
| Carbon Tax Rebate                                | 491                            | 486                   | 5                                | 655                        | 650                      | 5                             |
| Other Trsf from Government                       | 1,204                          | 1,204                 | -                                | 1,605                      | 1,605                    | -                             |
| Penalties & Interest on Taxes                    | 755                            | 3,244                 | (2,488)                          | 939                        | 3,640                    | (2,701)                       |
| Corporate Leases                                 | 4,509                          | 5,277                 | (768)                            | 5,671                      | 7,198                    | (1,527)                       |
| Other Revenues                                   | 3,375                          | 3,375                 | -                                | 4,500                      | 4,500                    | -                             |
| <b>Non-Tax Revenues</b>                          | 42,075                         | 48,306                | (6,231)                          | 54,025                     | 63,577                   | (9,552)                       |
| Program Revenues                                 | 58,770                         | 68,388                | (9,619)                          | 74,811                     | 90,471                   | (15,660)                      |
| <b>TOTAL REVENUES</b>                            | 393,337                        | 406,558               | (13,221)                         | 517,956                    | 540,539                  | (22,583)                      |
| EXPENDITURE SUMMARY                              | 2020: 3rd Qtr<br>YTD<br>Actual | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>ANNUAL<br>FORECAST | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
| Program Expenditures, net of transfers           | 324,879                        | 350,061               | 25,182                           | 443,438                    | 474,080                  | 30,642                        |
| Council Priorities                               | 197                            | 197                   | -                                | 260                        | 260                      | -                             |
| Fiscal Services                                  | 234                            | 194                   | (41)                             | 296                        | 255                      | (41)                          |
| Debt Interest & Principal                        | 9,666                          | 9,671                 | 5                                | 12,790                     | 12,790                   | -                             |
| Other  | 1,018                          | 995                   | (23)                             | 1,349                      | 1,326                    | (23)                          |
| <b>TOTAL EXPENDITURES</b>                        | 335,994                        | 361,117               | 25,123                           | 458,133                    | 488,711                  | 30,578                        |
| CORPORATE<br>TRANSFER SUMMARY                    | 2020: 3rd Qtr<br>YTD<br>Actual | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>ANNUAL<br>FORECAST | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
| Transfer to /(from) Operating Sources            | (8,898)                        | (6,921)               | 1,977                            | (9,677)                    | (9,228)                  | 449                           |
| Transfer to /(from) Capital Sources              | 6,119                          | 2,646                 | (3,473)                          | 7,002                      | 3,529                    | (3,473)                       |
| Transfer to /(from) Surplus                      | 45,981                         | 43,143                | (2,838)                          | 62,037                     | 57,527                   | (4,510)                       |
| <b>TOTAL TRANSFERS</b>                           | 43,202                         | 38,868                | (4,334)                          | 59,362                     | 51,828                   | (7,534)                       |
| <b>Surplus (Deficit)</b>                         | 14,141                         | 6,573                 | 7,568                            | 461                        | -                        | 461                           |
| <b>Trsf (To)From Unapprop Surplus</b>            | (14,141)                       | (6,573)               | (7,568)                          | (461)                      | -                        | (461)                         |
| <b>BALANCED BUDGET</b>                           | -                              | -                     | -                                | -                          | -                        | -                             |
| PROJECTED SURPLUS (DEFICIT)                      |                                |                       |                                  |                            |                          | \$ 461                        |
| BUDGETED TRANSFER FROM SURPLUS                   |                                |                       |                                  |                            |                          | -                             |
| <b>ANTICIPATED SURPLUS (DEFICIT) AT YEAR END</b> |                                |                       |                                  |                            |                          | <b>\$ 461</b>                 |

## Appendix "II"

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
| <b>2020 3rd QUARTER COUNCIL REPORT</b> |  |  |  |  |  |  |
| <b>DEPARTMENTAL DETAIL</b>             |  |  |  |  |  |  |
| <b>\$ 000's</b>                        |  |  |  |  |  |  |

| PROGRAM REVENUES                      | 2020: 3rd Qtr<br>YTD<br>ACTUAL | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>Projected<br>ACTUAL | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
|---------------------------------------|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| Policing Transitioning                | 7,353                          | 6,127                 | 1,225                            | 9,195                       | 8,170                    | 1,025                         |
| RCMP Contract                         | -                              | -                     | -                                | -                           | -                        | -                             |
| Fire                                  | 2,359                          | 2,238                 | 121                              | 3,201                       | 2,347                    | 854                           |
| Engineering Services                  | 6,694                          | 6,201                 | 492                              | 8,884                       | 8,190                    | 694                           |
| Parks, Recreation & Culture           | 10,258                         | 25,939                | (15,681)                         | 11,061                      | 34,585                   | (23,524)                      |
| Surrey Public Library                 | 1,034                          | 1,214                 | (180)                            | 1,199                       | 1,621                    | (422)                         |
| Planning & Development                | 23,497                         | 18,204                | 5,293                            | 31,022                      | 24,272                   | 6,750                         |
| Mayor & Council                       | -                              | -                     | -                                | -                           | -                        | -                             |
| City Grants                           | -                              | -                     | -                                | -                           | -                        | -                             |
| City Manager                          | -                              | 2                     | (1)                              | 1                           | 2                        | (1)                           |
| Invest. & Intergovernmental Relations | -                              | -                     | -                                | -                           | -                        | -                             |
| Finance                               | 974                            | 1,103                 | (129)                            | 1,337                       | 1,470                    | (133)                         |
| Corporate Services                    | 6,601                          | 7,361                 | (759)                            | 8,911                       | 9,814                    | (903)                         |
| <b>TOTAL PROGRAM REVENUES</b>         | <b>58,770</b>                  | <b>68,388</b>         | <b>(9,619)</b>                   | <b>74,811</b>               | <b>90,471</b>            | <b>(15,660)</b>               |

| PROGRAM EXPENDITURES<br>NET OF TRANSFERS | 2020: 3rd Qtr<br>YTD<br>ACTUAL | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>Projected<br>ACTUAL | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
|--|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| Policing Transitioning                   | 23,963                         | 23,958                | (6)                              | 32,960                      | 33,184                   | 224                           |
| RCMP Contract                            | 106,065                        | 106,430               | 365                              | 141,236                     | 141,907                  | 671                           |
| Fire                                     | 47,695                         | 48,092                | 396                              | 68,207                      | 67,431                   | (776)                         |
| Engineering Services                     | 8,864                          | 8,825                 | (39)                             | 10,935                      | 11,001                   | 66                            |
| Parks, Recreation & Culture              | 55,389                         | 76,024                | 20,634                           | 75,794                      | 102,689                  | 26,895                        |
| Surrey Public Library                    | 10,327                         | 14,683                | 4,356                            | 14,840                      | 20,262                   | 5,422                         |
| Planning & Development                   | 27,092                         | 24,365                | (2,728)                          | 36,960                      | 33,214                   | (3,746)                       |
| Mayor & Council                          | 1,045                          | 1,240                 | 195                              | 1,547                       | 1,760                    | 213                           |
| City Grants                              | 1,040                          | 1,379                 | 339                              | 1,839                       | 1,839                    | -                             |
| City Manager                             | 829                            | 1,039                 | 210                              | 1,265                       | 1,420                    | 155                           |
| Invest. & Intergovernmental Relations    | 1,010                          | 1,179                 | 169                              | 1,474                       | 1,608                    | 134                           |
| Finance                                  | 8,356                          | 8,794                 | 438                              | 11,082                      | 11,520                   | 438                           |
| Corporate Services                       | 33,201                         | 34,054                | 852                              | 45,298                      | 46,245                   | 947                           |
| <b>TOTAL PROGRAM EXPENDITURES</b>        | <b>324,879</b>                 | <b>350,061</b>        | <b>25,182</b>                    | <b>443,438</b>              | <b>474,080</b>           | <b>30,642</b>                 |

| NET PROGRAM                           | 2020: 3rd Qtr<br>YTD<br>ACTUAL | 2020<br>YTD<br>BUDGET | 2020: 3rd Qtr<br>YTD<br>Variance | 2020<br>Projected<br>ACTUAL | 2020<br>ANNUAL<br>BUDGET | 2020<br>Projected<br>Variance |
|---------------------------------------|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| Policing Transitioning                | 16,610                         | 17,830                | 1,220                            | 23,765                      | 25,014                   | 1,249                         |
| RCMP Contract                         | 106,065                        | 106,430               | 365                              | 141,236                     | 141,907                  | 671                           |
| Fire                                  | 45,337                         | 45,854                | 518                              | 65,007                      | 65,084                   | 77                            |
| Engineering Services                  | 2,171                          | 2,624                 | 453                              | 2,051                       | 2,811                    | 760                           |
| Parks, Recreation & Culture           | 45,131                         | 50,085                | 4,954                            | 64,733                      | 68,104                   | 3,371                         |
| Surrey Public Library                 | 9,293                          | 13,468                | 4,176                            | 13,641                      | 18,641                   | 5,000                         |
| Planning & Development                | 3,595                          | 6,161                 | 2,566                            | 5,937                       | 8,942                    | 3,005                         |
| Mayor & Council                       | 1,045                          | 1,240                 | 195                              | 1,547                       | 1,760                    | 213                           |
| City Grants                           | 1,040                          | 1,379                 | 339                              | 1,839                       | 1,839                    | -                             |
| City Manager                          | 829                            | 1,037                 | 208                              | 1,265                       | 1,418                    | 153                           |
| Invest. & Intergovernmental Relations | 1,010                          | 1,179                 | 169                              | 1,474                       | 1,608                    | 134                           |
| Finance                               | 7,382                          | 7,692                 | 310                              | 9,745                       | 10,050                   | 305                           |
| Corporate Services                    | 26,600                         | 26,693                | 93                               | 36,387                      | 36,431                   | 44                            |
| <b>NET PROGRAM TOTAL</b>              | <b>266,109</b>                 | <b>281,673</b>        | <b>15,563</b>                    | <b>368,626</b>              | <b>383,609</b>           | <b>14,983</b>                 |