



Corporate *NO: R131*

Report *COUNCIL DATE: June 12, 2000*

REGULAR

TO: Mayor & Council DATE: June 7, 2000

FROM: General Manager, Finance, Technology & HR FILE: 0270-099/4

SUBJECT: 1999 Annual General Operating, Water Utility and Sewer & Drainage Budget By-law Amendments

RECOMMENDATION

That Council adopt the attached By-law Amendments for:

- Surrey Annual General Operating Budget By-law, 1999, No. 13672;
- Surrey Annual Water Utility Budget By-law, 1999, No. 13673;
- Surrey Annual Sewer & Drainage Budget By-law, 1999, No. 13674, and
- Surrey Annual Consolidated Budget By-law, 1999, No. 13675.

INTENT

The intent of this report is to obtain Council's approval to amend the 1999 General Operating, Water Utility, Sewer & Drainage and Consolidated Budget By-laws.

BACKGROUND

We have just completed the 1999 year end audit and finalized the results for the year's operations. We believe it is necessary for Council to amend the above By-laws to align the format of the Budget By-laws with that of the 1999 Annual Financial Report and make minor adjustments to reflect actual results. Collectively, the variances are not material enough to warrant a By-law amendment for statutory reasons. However, for clarity and consistency, we recommend incorporating the 1999 actual results in the By-law revisions. The main variances between the original Budget By-laws and the recommended revisions are highlighted on the following page.

General Operating

- In 1999, we had budgeted a **transfer from** Surplus of \$2,169,000. Our actual experience resulted in a **transfer to** Surplus of \$645,000. This difference of \$2,814,000 was due to a combination of on-going and one-time operational savings, increased revenues and new Provincial funding from the Casino Revenue Sharing program.
- All departmental revenues were originally recorded as 'Sales of Services'. The permits, licenses and fines component of these revenues have been removed from this category and are now reported in the Budget By-law as 'Other Revenues'. This change allows the budget to align with the financial statement reporting.
- The Capital contributions and expenditures have been amended to reflect the actual activity for the year. The carried forward project funding represents the actual amount remaining for projects in the process of being completed.

Water Utility

- The Capital contributions and expenditures have been amended to reflect the actual activity for the year. The carried forward project funding represents the actual amount remaining for projects in the process of being completed.
- In 1999 we had budgeted a **transfer to** unappropriated Surplus of \$125,000. We also budgeted for a **transfer from** the Rate Stabilization Appropriated Surplus of \$1,000,000 which did not occur. We actually **transferred to** Statutory Reserve Funds for future equipment replacement. This resulted in a **transfer from** unappropriated Surplus of \$1,989,000. In future years we plan to make better use of the Rate Stabilization Appropriated Surplus for temporary fluctuations in operating revenues and expenditures.

Sewer & Drainage Fund

- The Capital contributions and expenditures have been amended to reflect the actual activity for the year. The carried forward project funding represents the actual amount remaining for projects in the process of being completed.
- A decrease of \$272,000 in operating revenue was offset by a decrease of \$307,000 in operating expenses.
- In 1999 we had budgeted a **transfer from** unappropriated Surplus of \$285,000. We also budgeted for a **transfer from** the Rate Stabilization Appropriated Surplus of \$1,000,000 which did not occur. This resulted in an actual **transfer from** unappropriated Surplus of \$1,291,000. In future years we plan to make better use of the Rate Stabilization Appropriated Surplus for temporary fluctuations in operating revenues and expenditures.

Consolidated Budget

- The Consolidated budget includes all components of the General Operating, Water Utility and the Sewer & Drainage Budgets. In addition, contributions to Statutory Reserve Funds such as DCC's, Developer Contributions and investment interest, are now included. This allows the Consolidated Budget to be presented on a consistent basis with the Consolidated Financial Statements.

CONCLUSION

We believe that an amendment to the 1999 Annual General Operating Budget By-law No. 13672, the 1999 Water Utility Budget By-law No. 13673, the 1999 Annual Sewer & Drainage Budget By-law No. 13674, and the 1999 Annual Consolidated Budget By-law No. 13675 will achieve clarity when comparing the financial statements with the budget document. By-laws incorporating these amendments have been prepared and are submitted with this report for Council adoption. We recommend the By-law Revisions be adopted as submitted.

Gary D. Guthrie, CA

General Manager,

Finance, Technology & HR

cc: City Clerk,

City Manager.