

## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **July 22, 2021**

FROM: **General Manager, Finance**

FILE: **1880-20**

SUBJECT: **Quarterly Financial Report – Second Quarter - 2021**

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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 second quarter of 2021 and to compare this activity with the 2021 - 2025 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, including the continuing financial implications of COVID-19, followed by an outline of Surrey's financial performance through the second quarter of 2021, in comparison to the Five-Year (2021-2025) Financial Plan which was adopted by Council on December 21, 2020.

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

#### International Overview

Global growth is forecasted to be 6% in 2021. In the European Union ("EU"), overall, gross domestic product ("GDP") is now forecast to grow by 4.8% in 2021 and 4.5% in 2022 in both the EU and the euro area. Uncertainty and risks surrounding the growth outlook are high but remain overall balanced. The World Bank has maintained its growth forecast for China's economy at 8.5% for 2021, expecting the rate to moderate to 5.4% in 2022 as a result of diminishing fiscal and monetary support. The United Kingdom ("UK") GDP is forecasted to rise by 7.2% in 2021, the fastest growth since 1941, after a 9.8% contraction in 2020 – the worst in almost 300 years. That would outpace other advanced economies, including the United States ("US").

In much of the world, governments are easing restrictions, people are becoming more mobile, and an economic recovery is under way. But new variants are continuing to emerge and could jeopardize the economic turnaround.

COVID-19 has claimed more than four million lives worldwide and infected close to 186 million people. According to the World Health Organization (“WHO”), there have been more COVID-19 cases reported this year than last. The uptick in infections and deaths are due to the rapid spread of the COVID-19 Delta variant which is more transmissible than other strains of the virus. To date, 26% of the world’s population has received one dose of vaccine and 13% are fully vaccinated.

Nations across the world are in a race to vaccinate their populations as quickly as possible in the hopes that, with increased immunizations, COVID-19 will become a manageable threat. Countries in North America and Europe are leading the way in vaccination efforts with Africa, Asia and South America falling behind. The WHO continues to call on developed nations to provide more assistance to undeveloped countries to aid in their vaccination programs. Approximately 75% of vaccines administered to date have been concentrated within ten countries. Health officials caution that the longer the world’s population remains unvaccinated, the higher the chance that another variant of concern could develop.

The UK had led the world in its vaccination rollout with COVID-19 cases falling dramatically. The country was on target to drop all restrictions at the end of June; however, the government has paused on the easing of lockdown measures. UK COVID-19 cases quadrupled during the end of June and the beginning of July with 75% of new cases attributable to the Delta variant. The experience seen in the UK serves as a cautionary tale that high vaccination rates do not equate to low COVID-19 cases if reopening of the economy happens too soon. Health officials are warning that a fourth wave of infections could hit if the Delta variant becomes the dominant strain of the virus.

### United States Overview

The US economy grew by an annualized rate of 6.4% during the first quarter of this year. The June unemployment rate came in at 5.9%, with 850,000 jobs gained. The US labour market is still 6.8 million jobs short of pre-pandemic levels. The US Federal Reserve (“Fed”) projected that there will be a period of time during the recovery where one million jobs are created each month. The pace of job growth is expected to accelerate during the remainder of this year as restrictions are eased.

The Fed kept its key interest rate steady at 0.25% in June. The US central bank had previously stated that interest rates will remain accommodative until 2023, with no hikes expected until 2024. Due to a more rapid than expected pace of recovery, the central bank has now signalled that it may consider raising interest rates during the second half of 2022.

US annual inflation came in at 5.0% in June. The Fed is forecasting inflation to remain higher on a year-over-year basis for the rest of the year, with a reading hovering around 3%. The central bank noted that the largest price increases were seen in energy and transportation services, whose cost fell dramatically during the height of the pandemic. The Fed partly attributes the increase in inflation to pent-up demand pushing up prices. The central bank is forecasting the economic recovery to strengthen in the last two quarters of 2021, with gross domestic product growth expected at 7.0% this year.

The Biden administration had set a target of partially vaccinating 70% of all Americans by July 4, 2021. Despite a strong start, the pace of immunizations has declined. The US COVID-19 vaccination program is showing signs of slowing down with 55% of its population receiving at least one dose and 48% of Americans being fully vaccinated. Some US states are providing cash and prize

incentives to encourage vaccination. Despite this enticement, there has been no notable increase in inoculation rates. Health officials believe a drop off in COVID-19 cases, complacency and vaccine hesitancy are some reasons why the pace of vaccinations has slowed down.

### Canadian Overview

Canada's unemployment rate rebounded slightly in June as some COVID-19 restrictions were lifted. The unemployment rate fell to 7.8%, down from the May reading of 8.2%. Employment rose by 231,000 jobs in June, following a cumulative decline of 275,000 jobs over the previous two months. Employment growth was entirely in part-time work and concentrated among youth aged 15 to 24. The service industry continues to be the hardest hit sector with women, low-wage workers, and youth among the most affected. June's results mean there are still 336,000 fewer full-time jobs in Canada than there were in February 2020, before COVID-19.

Vaccinations across the country have ramped up due to increased supplies. 69% of eligible Canadians have received their first dose and 40% of residents are fully vaccinated. Due to increased inoculations, COVID-19 cases have fallen, allowing provinces and territories to ease restrictions. Health officials continue to urge Canadians to get vaccinated to prevent a resurgence of COVID-19.

The US-Canada border has been reopened to fully vaccinated US citizens entering Canada and no decisions have been made as to when the US-Canada border will reopen for Canadians seeking to enter the US.

The Canadian economy grew by an annualized rate of 5.6% in the first quarter of this year, with quarter two growth projected at 2.0%. The annual inflation rate came in at 3.6% in May. The Bank of Canada ("BOC") is forecasting inflation to be above 3% for the remainder of this year. The recovery of gasoline prices from prior year lows, along with increased demand, is contributing to inflationary pressures. Due to the base year effect, where current prices are compared to last year's low prices, the rate of inflation will remain skewed for the short term.

The central bank sees the higher inflation rate as transitory and expects inflation to ease in the later part of this year. The BOC kept its key interest rate at 0.25% in July and has provided guidance that its key rate will remain at the current level until economic slack is absorbed and the 2% inflation target is substantially achieved. The BOC is forecasting Canada's economy to grow at a pace of 6% this year.

### British Columbia Overview

The Provincial Health Officer ("PHO") introduced a four-stage reopening plan in May, two months after circuit breaker restrictions were first introduced. British Columbia's ("BC") vaccination rollout is progressing well with 80% of eligible adults receiving their first dose and 44% of this group fully vaccinated. 79% of eligible children 12 and over have received one dose and 41% have received both. Hospitalizations and case counts have fallen due to increased immunizations, allowing the PHO to move BC to step 3 of the reopening plan starting in July.

In this stage, there are no limits on indoor and outdoor personal gatherings. Indoor and outdoor organized gatherings are allowed but with certain capacity limits. Interprovincial recreational travel and travel to other provinces will be permitted. A return to normal for fairs, festivals, trade shows, fitness facilities, and restaurants, with appropriate safety protocols in place, is allowed. Casinos and

nightclubs, which have been shuttered since last March, will be allowed to reopen. The last stage of the reopening plan is slated for September 7<sup>th</sup> at the earliest, which will allow for increased capacity for large, organized gatherings and sporting events. This stage would also allow offices and workplaces to fully re-open and return their operations to pre-pandemic standards.

BC shed 44,900 jobs in April and May due to the circuit breaker restrictions. With the easing of those safety measures, the unemployment rate in June decreased to 6.6%, the second lowest in the country and an improvement from the previous month's reading of 7%. The province added 42,100 jobs during the month. The end of the circuit breaker allowed the hospitality and entertainment sectors to bring back employees. Employment numbers are expected to further improve later this year. The travel and tourism sectors continue to struggle with ongoing restrictions on international travel. As federal support for businesses winds down, many in these sectors are hoping travel restrictions will be lifted before the fall.

The federal government is providing up to \$1.3 billion to help fund the 16km SkyTrain extension through Surrey and Langley, which will include eight stations and three bus exchanges. The BC and federal governments also reached an agreement to implement \$10-a-day childcare in the province, for children under six, within five years and cut daycare fees in half by the end of next year. The federal government will invest \$3.2 billion in BC to make childcare more affordable. The agreement also seeks to open up 30,000 new childcare spaces within the same five-year period.

### City of Surrey Overview

In response to the Province's four-step BC Restart Plan, the City's Emergency Operations Centre ("EOC") prepared the Surrey Restart Plan which outlines what changes will be made to facilities and services with each step of the BC Restart Plan. Starting in early July, the City started offering its services in line with step 3 of the BC Restart Plan. Step 3 targets a 60% overall increase in capacity of attendees in civic facilities in line with PHO restrictions. As the Province enacts step 4 of the BC Restart Plan, the City will enact step 4 of the Surrey Restart Plan accordingly.

The Surrey Economic Action and Recovery Plan from the COVID-19 Pandemic, approved by Council in May 2020, granted financial incentives to the development community in the City to encourage and accelerate the implementation of larger scale projects that could generate jobs and important investments in the City that will be of benefit to Surrey's residents and businesses.

These initiatives, along with the overall streamlined development and permitting process, have helped to keep Surrey resilient through the pandemic. To proactively stimulate the local economy and create local jobs, Council has recently awarded, or is in the process of awarding, major capital projects' contracts for several Recreation and Culture facilities and Parks.

To support local businesses in the restaurant and food services industry to help mitigate further financial impacts due to COVID-19 and to create more vibrant outdoor spaces, Council approved a Parking to Patio program in the second quarter of 2021. Under this program, Council has allowed for the creation of temporary patios, expanded the list of eligible enhancements under the Façade Enhancement Grant to include support for temporary patios; and revised the Parking to Patio Program requirements by waiving of the \$200 application fee; waiving a refundable \$500 security deposit for approved on-street applications; and continue to waive City Road & Right of Way Use and Traffic Obstruction permit fees. The Parking to Patio Program will be available until October 31, 2021, in accordance with Liquor and Cannabis Regulation Branch ("LCRB") regulations,

and at that time business owners will be required to remove any modular fencing, furniture, and other patio infrastructure.

In 2021, the City expects a continuation of the financial impacts to the City of the COVID-19 pandemic. The most significant negative impacts expected on the City's financial health in 2021 are as follows:

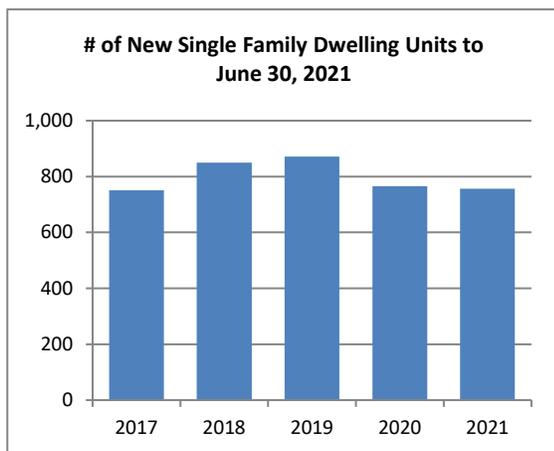
- loss of City revenues due to the closure of City facilities and the reopening of such facilities at less than 100% capacity; and
- loss of Provincial gaming revenues resulting from the closure of the Elements Casino and its reopening at less than 100% capacity.

Loss of City revenues due to closure of City facilities is expected to be offset by cost avoidance in relation to salaries and operating costs. Other losses to City revenues or increases in City costs due to COVID-19 will continue to be managed by staff by closely administrating their respective budgets.

### City of Surrey's Key Performance Indicators

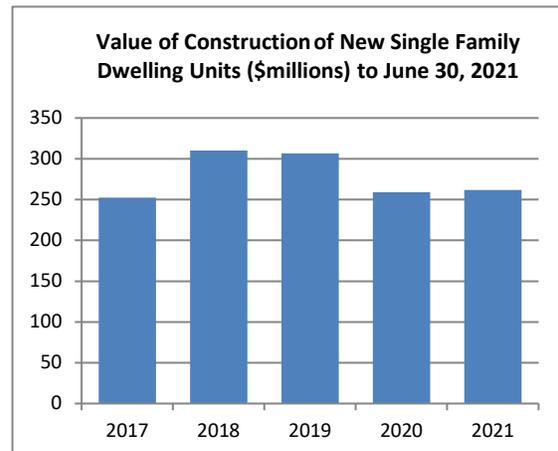
The City has seen a 27% increase in overall value of construction in all categories combined, residential and non-residential, in the first six months of 2021 as compared to the same period in 2020. Residential sector saw an increase of 43% in the value of construction year-over-year and the Industrial, Commercial and Institutional ("ICI") sector saw a decline of 17% in the value of construction year-over-year. Compared to 2020, overall development activity has shown an uptick and developers are trying to take advantage of the hot residential real estate market by continuing with their existing projects or working on new projects in 2021.

The following graphs show data for the first six months of 2021 compared to previous years.



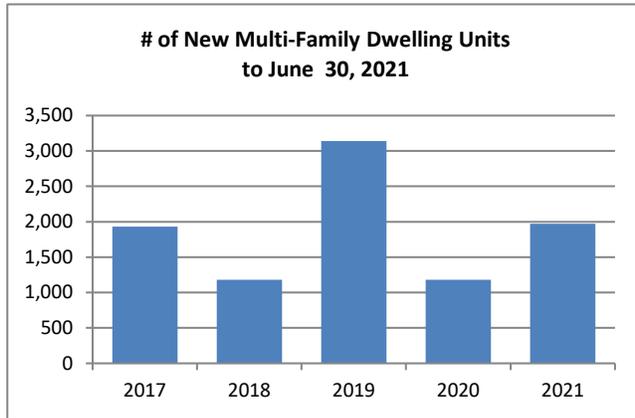
Graph 1

Construction activity that picked up towards the end of 2020, in line with increased real estate activity in the City, has continued in the first and second quarter of 2021, resulting in a slight change (1% decrease) in the number of new single-family dwelling units, when compared to the same period last year.

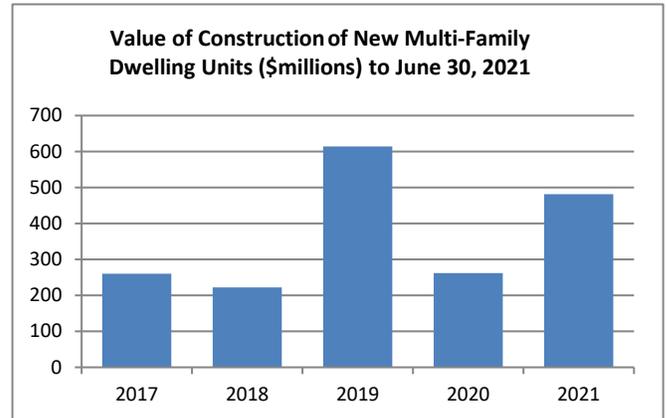


Graph 2

Consistent with the change in the number of new single-family dwelling units issued permits in this six-month period as compared to the same period last year; the value of construction of these units has slightly changed (1% increase) when compared to the same period last year.



Graph 3



Graph 4

In alignment with an increase in overall real estate residential activity, the City has seen an increase in permits issued for multi-family dwelling units, helped in part by the City's Surrey Economic Action and Recovery Plan from the COVID-19 pandemic that granted financial incentives to the development community in the City to encourage and accelerate the implementation of larger scale projects that could generate jobs and important investments in the City. Year-to-date, the number of new multi-family dwelling units has seen an increase of 67% year-over-year.

Consistent with the increase 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 for these units has increased by 84% when compared to the same period last year.



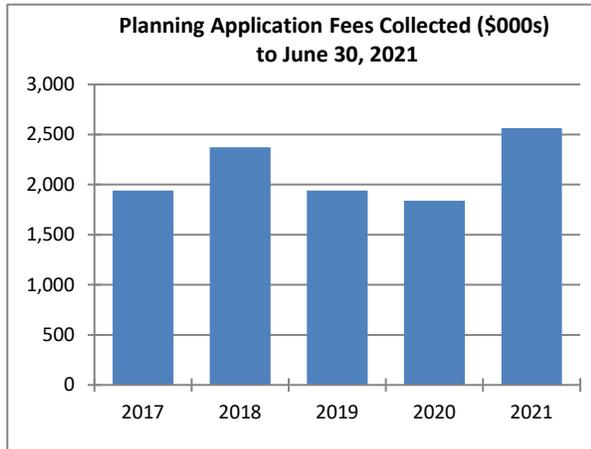
Graph 5

Construction value of ICI permits for the first six months of 2021 is lower by 17% as compared to the same period in 2020. This is primarily due to some significantly large institutional projects that received permits in the first two quarters of 2020.



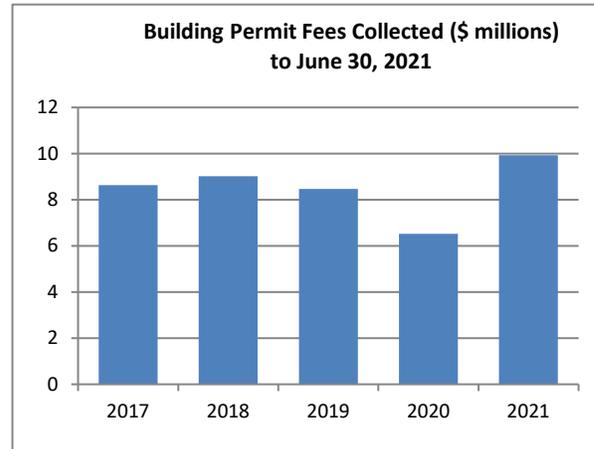
Graph 6

Consistent with an overall increase in the number of new residential construction values; and due to an industry wide increase in cost of construction, total building construction value in the City year-to-date is higher by 27% compared to the same period last year.



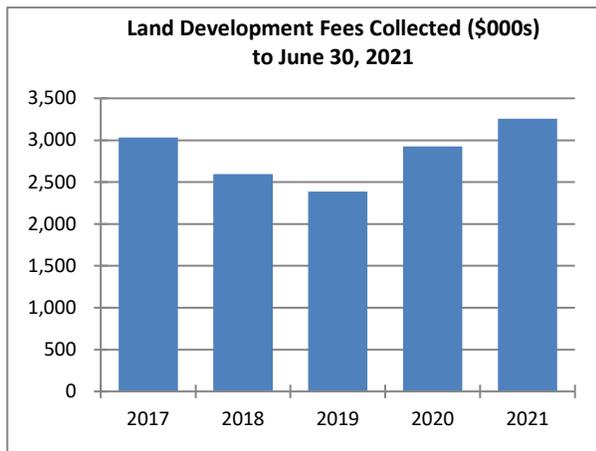
Graph 7

Due to a robust real estate market and the continued increased demand for residential development in the City, Planning application fees collected in the first six months of the year are 39% higher than those collected in the same period last year.



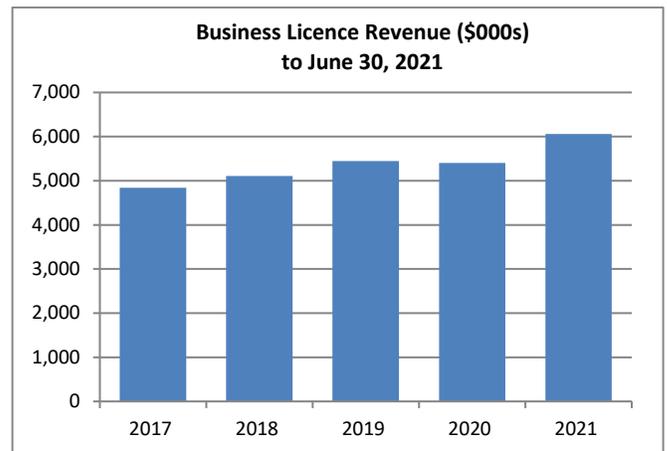
Graph 8

Consistent with a significant increase in construction values in the residential sector, total building permit fees collected for the first six months of this year are 52% higher than those collected in the same period last year.



Graph 9

Consistent with the increase in Planning applications processed by the City in the first six months of the year, Land Development fees collected for the first six months of 2021 is 11% higher as compared to the same period in 2020.



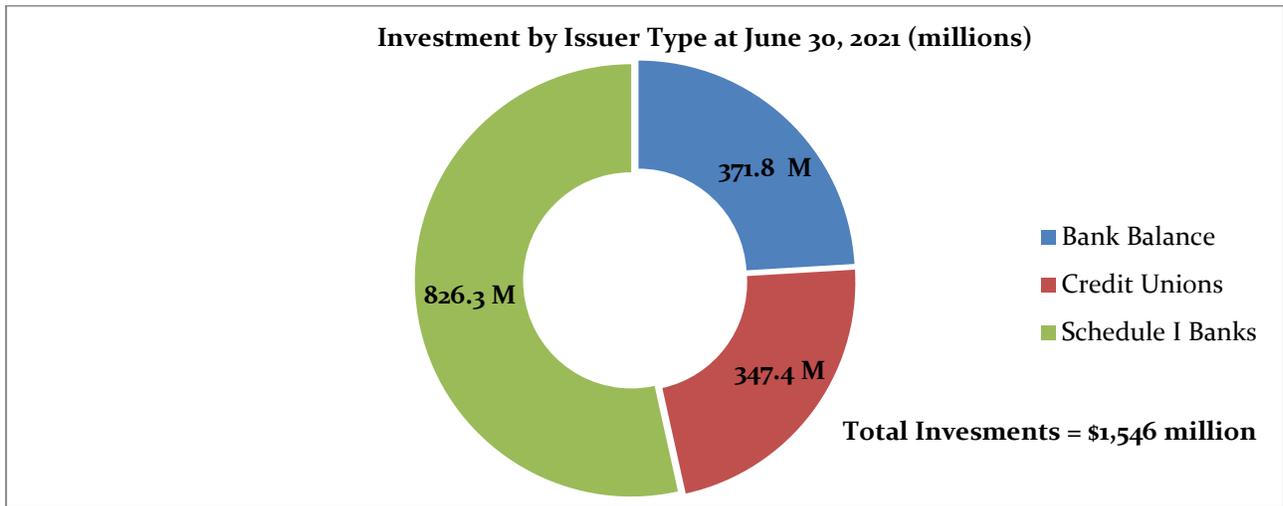
Graph 10

Due to a 22% increase in the number of businesses obtaining their business license in the first six months in 2021 as compared to the same period in 2020, Business Licence revenue has increased by 12% as compared to the same period last year. This is indicative of resumed confidence in the business community to get back to growing their businesses in Surrey.

## 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

\$1,546 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 following graph shows the City's Investment Portfolio by issuer type.



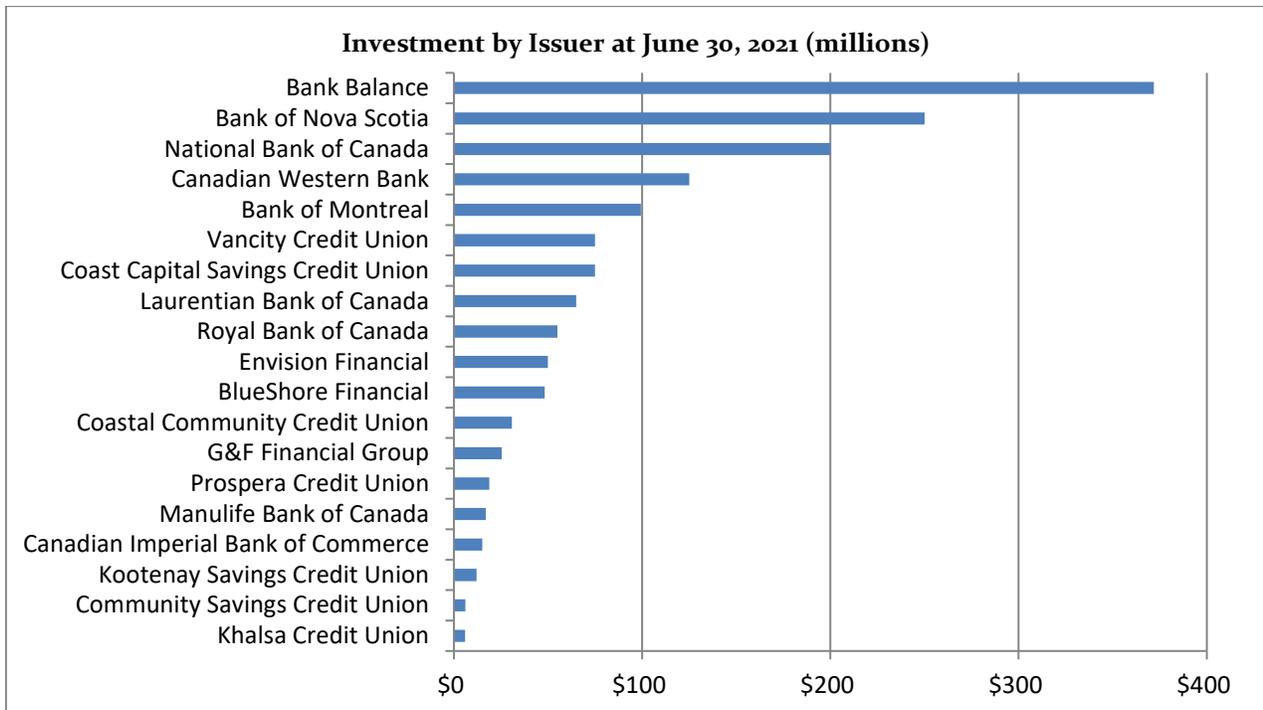
Graph 11

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

Objectives of the Policy include:

Diversification

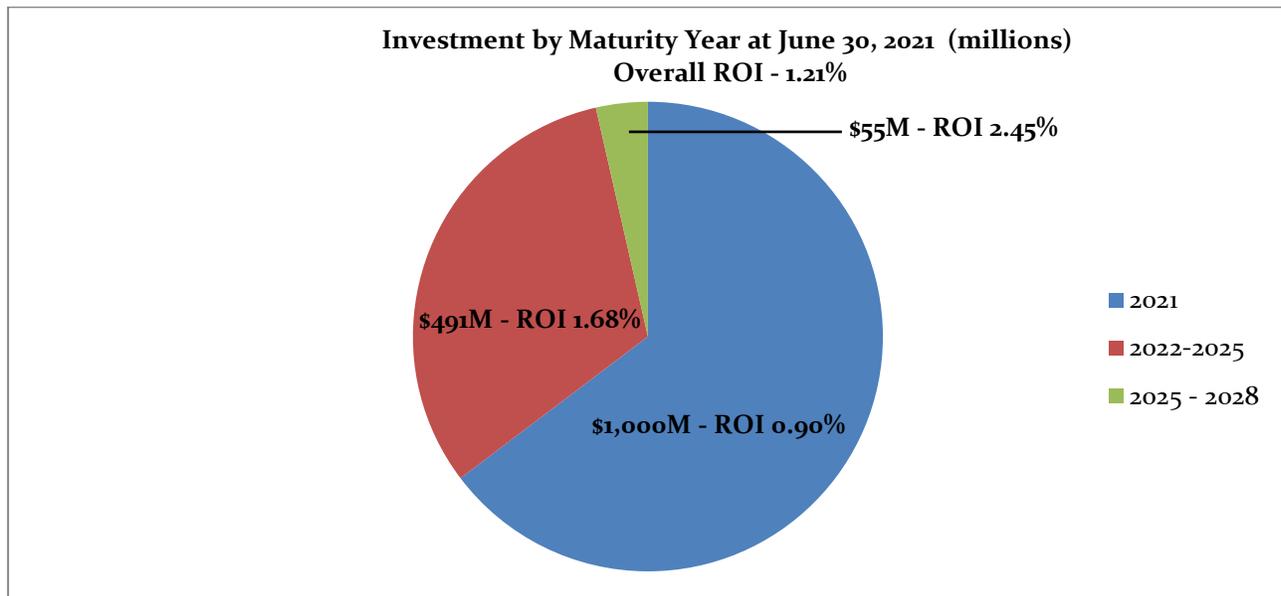
In order to reduce overall portfolio risk, the City diversifies its investment holdings across a range of security types and financial institutions. Graph 12 shows a listing of the City's portfolio by Financial Institution.



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.



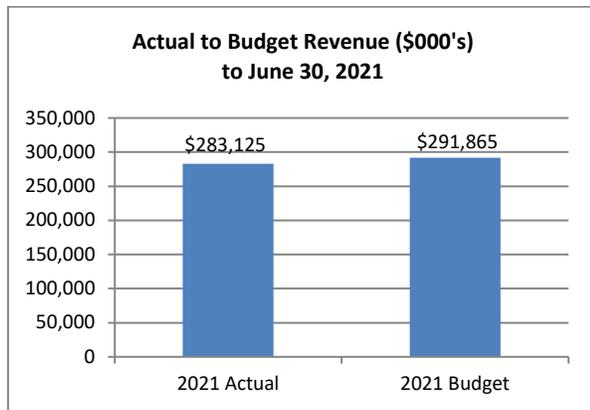
Graph 13

## Return on Investment

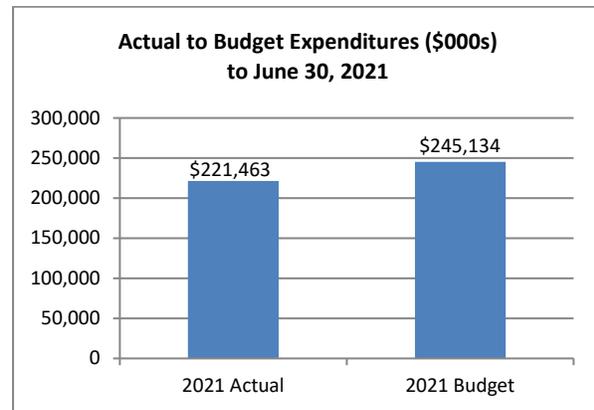
During the six-month period ending June 30, 2021, the City's investment portfolio earned a combined rate of approximately 1.21% (during the six-month period ending June 30, 2020 - 2.09%) while maintaining investment security as outlined in the City's investment policy. The City strives to earn a reasonable 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 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 first six months of 2021.



Graph 14



Graph 15

Appendix “I” documents the General Operating Fund’s revenues and expenditures at the end of second quarter of 2021 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 2021 budget and as shown in Appendix “II”.

### Policing Operations

- **City Police Support Service** currently has a favourable variance of \$1.1M primarily due to savings from vacancies and timing of expenditures. It is forecasted that City Police Support Service will have a favourable variance of \$241,000 at year-end.
- **Surrey Police Service** currently has a favourable variance of \$3.6M primarily due to the timing of expenditures, and the hiring and deployment of SPS members. Pending necessary approvals from Surrey Police Transition Trilateral Committee and the Director of Police Services for BC, deployment of SPS officers will occur in Q4. This will result in a significant favourable variance for the SPS in relation to budget at year end, currently forecasted at \$29.6M. The favourable variance will fund the RCMP contract for the remainder of the fiscal year.
- **RCMP Contract** currently has a favourable variance of \$134,000 primarily due to savings from vacancies and timing of expenditures. It is likely that the RCMP Contract will be funded at 100% for 2021 instead of the 75% funding provided for in the adopted budget. This will result in a significant unfavourable variance at year end for the RCMP Contract, currently forecasted at \$29.6M. This unfavourable variance will be directly offset by the favourable forecasted variance for SPS.

Staff would also like to highlight that the City was recently informed via media sources that ratification of the initial RCMP member collective agreement is underway. RCMP salary increases will likely be applicable on a retroactive basis, going back to January 1, 2017. Since 2017, RCMP E-Division has provided advice to Municipalities to plan for salary increases of 2.5% for each of the years RCMP members have been without a contract. Staff have accordingly planned for this and have set aside the required funding, however if the final salary increases are effectively greater than 2.5% per year, which anecdotal reports indicate they are, this will result in an unfunded expenditure shortfall. If this occurs, staff will have to analyze the financial impact and report back to Council. At this time, no formal communication has been provided by the RCMP on this matter.

It is important to note that the Policing Transition is very much underway, and the remainder of the year will include significant progress toward hiring and deploying SPS officers. Accordingly, it is imperative to consider all three policing budgets in aggregate (City Police Support Services, Surrey Police Service and the RCMP Contract), and in totality, staff are forecasting Policing Services to have a small favourable variance at year end of \$250,000.

Fire Department currently has a favourable variance of \$158,000 resulting from the timing of revenues and expenditures and are forecasted to have a small favourable variance at year end of \$78,000.

Engineering Services-General Operating currently has a favourable variance of \$1.9M, primarily due to higher than expected land development revenues, staff vacancies and the timing of expenditures and are forecasted to have a favourable variance at year end of \$548,000.

Parks, Recreation & Culture (PRC) Department currently has a favourable variance of \$2.6M. 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 \$1.4M.

Surrey Public Library currently has a favourable variance of \$1.1M, due to timing differences, savings from salaries and operating costs due to COVID-19 related facility closures and is forecasted to be on budget at year end.

Planning & Development Department which also includes Civic Facilities, currently has a favourable variance of \$1.5M. 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 strong revenues in 2019/2020 that are in part being recognized. Staff are currently forecasting a favourable variance at year end of \$4.0M.

Mayor and Council has a favourable variance of \$161,000, resulting from timing of expenditures and savings in operating costs due to the COVID-19 pandemic and it is forecasted Mayor and Council will maintain this favourable variance at year end.

City Grants have a favourable variance of \$168,000, resulting from the timing and reduction in grants due to postponement or cancellation of programs and activities that were budgeted to receive those grants during the first quarter. This timing and reduction variance is primarily a result of the COVID-19 pandemic, although the second half of the year should trend toward normalizing for programs and events that put forward grant requests. Staff are forecasting a favourable variance at year end of \$377,000.

City Manager's Department has a favourable variance of \$137,000 primarily due to the timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of \$237,000.

Investment & Intergovernmental Relations Department currently has a favourable variance of \$81,000, primarily due to the timing of expenditures and is forecast to have a favourable variance at year end of 181,000.

Finance Department currently has a favourable variance of \$38,000, primarily due to the timing of expenditures and savings from vacancies and is forecast to have a favourable variance at year end of \$294,000

Corporate Services Department has a favourable variance of \$594,000, due to better than expected business license revenues, timing of expenditures and savings from vacancies and is forecast to have a favourable variance at year end of \$805,000.

## CONCLUSION

The overall fiscal performance of the City in relation to the adopted budget at mid-point of the 2021 fiscal year is indicative of a stable and strong financial position, with a current favourable year end forecast of \$3.2M dollars. All 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. In this regard, staff will continue to monitor all financial indicators and will take proactive actions as deemed necessary to ensure the City continues its strong financial performance for the remainder of the year.

Kam Grewal, CPA, CMA  
General Manager, Finance

Appendix "I": 2021 Second Quarter Council Report, Executive Summary - Revenues & Expenditures  
Appendix "II": 2021 Second Quarter Council Report, Departmental Detail

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## Appendix "II"

**2021 2nd QUARTER COUNCIL REPORT  
DEPARTMENTAL DETAIL  
\$ 000's**

|                                       | 2021: 2nd Qtr<br>YTD<br>ACTUAL | 2021<br>YTD<br>BUDGET | 2021: 2nd Qtr<br>YTD<br>Variance | 2021<br>Projected<br>ACTUAL | 2021<br>ANNUAL<br>BUDGET | 2021<br>Projected<br>Variance |
|---------------------------------------|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| <b>PROGRAM REVENUES</b>               |                                |                       |                                  |                             |                          |                               |
| City Police Support Service           | 4,660                          | 4,102                 | 558                              | 8,762                       | 8,204                    | 558                           |
| Surrey Police Service                 | 2                              | -                     | 2                                | 2                           | -                        | 2                             |
| RCMP Contract                         | -                              | -                     | -                                | -                           | -                        | -                             |
| Fire                                  | 772                            | 725                   | 47                               | 2,444                       | 2,401                    | 43                            |
| Engineering Services                  | 5,498                          | 5,200                 | 298                              | 8,552                       | 8,354                    | 198                           |
| Parks, Recreation & Culture           | 5,949                          | 17,626                | (11,677)                         | 12,941                      | 34,269                   | (21,328)                      |
| Surrey Public Library                 | 590                            | 828                   | (238)                            | 1,384                       | 1,642                    | (258)                         |
| Planning & Development                | 17,193                         | 16,581                | 612                              | 27,696                      | 24,962                   | 2,734                         |
| Mayor & Council                       | -                              | -                     | -                                | -                           | -                        | -                             |
| City Grants                           | -                              | -                     | -                                | -                           | -                        | -                             |
| City Manager                          | -                              | -                     | -                                | -                           | -                        | -                             |
| Invest. & Intergovernmental Relations | -                              | -                     | -                                | -                           | -                        | -                             |
| Finance                               | 949                            | 856                   | 92                               | 1,565                       | 1,513                    | 52                            |
| Corporate Services                    | 4,982                          | 5,048                 | (65)                             | 9,732                       | 10,095                   | (363)                         |
| <b>TOTAL PROGRAM REVENUES</b>         | <b>40,595</b>                  | <b>50,965</b>         | <b>(10,370)</b>                  | <b>73,078</b>               | <b>91,439</b>            | <b>(18,362)</b>               |

|  | 2021: 2nd Qtr<br>YTD<br>ACTUAL | 2021<br>YTD<br>BUDGET | 2021: 2nd Qtr<br>YTD<br>Variance | 2021<br>Projected<br>ACTUAL | 2021<br>ANNUAL<br>BUDGET | 2021<br>Projected<br>Variance |
|--|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| <b>PROGRAM EXPENDITURES<br/>NET OF TRANSFERS</b> |                                |                       |                                  |                             |                          |                               |
| City Police Support Service                      | 16,065                         | 16,621                | 556                              | 34,550                      | 34,232                   | (317)                         |
| Surrey Police Service                            | 9,929                          | 13,575                | 3,646                            | 31,576                      | 61,142                   | 29,566                        |
| RCMP Contract                                    | 64,032                         | 64,167                | 134                              | 126,450                     | 96,892                   | (29,558)                      |
| Fire   | 32,459                         | 32,570                | 111                              | 68,127                      | 68,162                   | 35                            |
| Engineering Services                             | 5,589                          | 7,238                 | 1,649                            | 12,612                      | 12,962                   | 350                           |
| Parks, Recreation & Culture                      | 32,378                         | 46,681                | 14,303                           | 82,689                      | 105,410                  | 22,721                        |
| Surrey Public Library                            | 9,289                          | 10,600                | 1,311                            | 20,757                      | 21,015                   | 258                           |
| Planning & Development                           | 14,438                         | 15,295                | 857                              | 32,377                      | 33,669                   | 1,292                         |
| Mayor & Council                                  | 719                            | 880                   | 161                              | 1,605                       | 1,766                    | 161                           |
| City Grants                                      | 543                            | 710                   | 168                              | 1,462                       | 1,839                    | 377                           |
| City Manager                                     | 536                            | 673                   | 136                              | 1,314                       | 1,550                    | 236                           |
| Invest. & Intergovernmental Relations            | 642                            | 723                   | 81                               | 1,470                       | 1,651                    | 181                           |
| Finance  | 4,639                          | 4,585                 | (54)                             | 11,947                      | 12,188                   | 241                           |
| Corporate Services                               | 23,270                         | 23,929                | 660                              | 47,087                      | 48,254                   | 1,167                         |
| <b>TOTAL PROGRAM EXPENDITURES</b>                | <b>214,527</b>                 | <b>238,247</b>        | <b>23,720</b>                    | <b>474,021</b>              | <b>500,732</b>           | <b>26,711</b>                 |

|                                       | 2021: 2nd Qtr<br>YTD<br>ACTUAL | 2021<br>YTD<br>BUDGET | 2021: 2nd Qtr<br>YTD<br>Variance | 2021<br>Projected<br>ACTUAL | 2021<br>ANNUAL<br>BUDGET | 2021<br>Projected<br>Variance |
|---------------------------------------|--------------------------------|-----------------------|----------------------------------|-----------------------------|--------------------------|-------------------------------|
| <b>NET PROGRAM</b>                    |                                |                       |                                  |                             |                          |                               |
| City Police Support Service           | 11,405                         | 12,519                | 1,114                            | 25,787                      | 26,028                   | 241                           |
| Surrey Police Service                 | 9,927                          | 13,575                | 3,648                            | 31,575                      | 61,142                   | 29,568                        |
| RCMP Contract                         | 64,032                         | 64,167                | 134                              | 126,450                     | 96,892                   | (29,558)                      |
| Fire                                  | 31,687                         | 31,845                | 158                              | 65,683                      | 65,761                   | 78                            |
| Engineering Services                  | 91                             | 2,038                 | 1,947                            | 4,060                       | 4,608                    | 548                           |
| Parks, Recreation & Culture           | 26,429                         | 29,055                | 2,626                            | 69,748                      | 71,141                   | 1,393                         |
| Surrey Public Library                 | 8,699                          | 9,773                 | 1,074                            | 19,373                      | 19,373                   | -                             |
| Planning & Development                | (2,755)                        | (1,286)               | 1,469                            | 4,681                       | 8,707                    | 4,026                         |
| Mayor & Council                       | 719                            | 880                   | 161                              | 1,605                       | 1,766                    | 161                           |
| City Grants                           | 543                            | 710                   | 168                              | 1,462                       | 1,839                    | 377                           |
| City Manager                          | 536                            | 673                   | 137                              | 1,313                       | 1,550                    | 237                           |
| Invest. & Intergovernmental Relations | 642                            | 723                   | 81                               | 1,470                       | 1,651                    | 181                           |
| Finance                               | 3,690                          | 3,728                 | 38                               | 10,381                      | 10,675                   | 294                           |
| Corporate Services                    | 18,287                         | 18,882                | 594                              | 37,354                      | 38,159                   | 805                           |
| <b>NET PROGRAM TOTAL</b>              | <b>173,932</b>                 | <b>187,282</b>        | <b>13,350</b>                    | <b>400,943</b>              | <b>409,292</b>           | <b>8,349</b>                  |