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CORPORATE REPORT

NO: R159 COUNCIL DATE: July 25, 2022

REGULAR COUNCIL

TO:	**Mayor & Council**	DATE:	**July 22, 2022**
FROM:	**General Manager, Finance**	FILE:	**1880-20**
SUBJECT:	**Quarterly Financial Report – Second Quarter - 2022**		

RECOMMENDATION

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

INTENT

The purpose of this report is to provide Council with an update on the City's financial activity for the second quarter of 2022 and to compare this activity with the 2022 Financial Plan and the same period in 2021.

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 2022, in comparison to the Five-Year (2022-2026) Financial Plan which was adopted by Council on December 24, 2021.

Economic Environment and Key Economic Factors

<u>International Overview</u>

The International Monetary Fund ("IMF") cites economic disruptions from the pandemic, supply chain issues, volatility in energy prices and elevated global inflation as ongoing risks to economic growth. The war in Ukraine has caused energy and commodity prices to surge further. The IMF revised its economic outlook downwards in April, citing rapidly rising inflation as a key contributor towards economic slowdown. The global economy is forecasted to grow by 3.6% this year, down from January's forecast of 4.4%. The IMF now expects the United States ("US") economy to advance by 3.7%, China at 4.4% growth, and the United Kingdom's ("UK") expansion at 3.7%. Canada and the Eurozone follow close behind with growth forecasts of 3.9% and 2.8%, respectively. The IMF forecasts inflation to come in at 5.7%, up from the previous forecast of 3.9%, in advanced economies. Emerging and developing economies are expected to experience inflation of 8.7%, a sizable jump from the earlier estimation of 5.9%.

Inflation rates are now running at three to four times higher than many central banks' targeted levels. To rein in inflation, central banks around the world are quickening the pace of interest rate hikes in hopes of slowing down demand enough to put downward pressure on escalating prices. Central banks are trying to get interest rates up to a neutral point where rates are neither accommodative nor restrictive. The synchronized moves by central banks to tighten monetary policies have increased the risk of economic downturn. Some economists are sounding the alarm that if inflation persists, the world could enter a period of slow growth accompanied by high inflation and unemployment. The fear of economic slowdown and possible recession has led to a sell-off in global stock markets.

The Bank of England ("BOE") raised interest rates by 0.25% in June, bringing its key interest rate to 1.25%. This is the fifth consecutive increase by the UK central bank since December last year. Analysts are expecting the BOE to increase its key interest rate to 2.0% by the end of 2022. The UK's inflation rate hit 9.1% in May, with projections of 11% by this October. The UK government has announced a series of aid packages to help with the high cost of living by providing pensioners with £300 and low-income households with £326. All households are set to receive £400 to help with high energy costs.

In early July, the British Prime Minister, Boris Johnson, resigned following a mass revolt by his government. More than 50 ministers and aides resigned in response to Johnson's involvement in multiple scandals and his handling of misconduct allegations against a member of his government. The Conservative Party is now tasked with selecting a new leader who will then become the UK's next Prime Minister and a decision is expected by September. Although some members of his party are urging him to leave immediately, Johnson is expected to stay on as a "caretaker" Prime Minister until his replacement is named.

The European Central Bank ("ECB"), who sets the monetary policy for European Union ("EU") countries, has signalled its readiness to increase interest rates for the first time since 2011. The ECB announced its intention to raise its key interest rate by 0.25% in July and September, ending years of a below-zero policy rate. The pace of future interest rate increases will depend on inflation and the economic outlook for the EU. The current inflation in Eurozone countries is 8.1%, well above the central bank's 2.0% target.

There is no end in sight for the war in Ukraine. The North Atlantic Treaty Organization ("NATO") Secretary General warns that the war could last for years. Although the support for Ukraine remains strong, domestic economic concerns, such as high inflation and the ongoing economic sacrifices that countries need to make, may cause governments around the world to re-examine their commitment to support Ukraine's fight against Russia.

United States Overview

Prior to the publication of inflation data in June, analysts were expecting the US Federal Reserve ("Fed") to announce a 0.5% increase in its benchmark interest rate in June. Instead, the central bank introduced a supersized rate increase of 0.75%, the most aggressive hike since 1994. The increase brought the Fed's target range for their Federal Funds Rate up to 1.50% - 1.75%. The Fed chair has signalled that the next rate increase in July will be in the range of 0.50% to 0.75% and is forecasting the target range to rise to 3.25% - 3.50% by the end of the year. The central bank reiterated its goal of preserving a strong labour market while keeping inflation within its target range. The central bank is forecasting two additional interest rate increases in 2023 after completing the anticipated rate hikes for 2022.

The US inflation rate continues to accelerate with the Consumer Price Index ("CPI") coming in at 9.1% in June, the highest reading since 1981. The Fed is forecasting inflation to come in at 5.2% by the end of the year and slow to 2.6% in 2023. The US labour market continues to strengthen with the economy adding jobs for 17 consecutive months. There were 390,000 jobs added in May and the unemployment rate remains at 3.6% with wages growing by 5.2% year-over-year in May.

The US 30-year mortgage rate has risen to its highest level since 2009, averaging 6.0% and doubling the 30-year rate seen in February of this year. The US housing market is expected to slow down in the coming months as interest rates increase. The US dollar ("USD") continues to appreciate with the US dollar index, which measures the US dollar against major currencies, rallying by 12.0% since the start of the year. The rise in USD is driven by expectations of higher inflation and rising interest rates. With the US Fed being more aggressive than other central banks in its rate hikes, demand for US dollars is expected to remain high, driving the US dollar higher.

Persistently high inflation is outpacing wage gains and denting US consumption which accounts for over two thirds of the US Gross Domestic Product ("GDP"). Rapid increases in interest rates will further slow down demand and lead to a pullback in business investments. Several major banks in the US are forecasting a 30% - 35% chance that the US economy will head into a recession next year. Economists are predicting that if there is a recession, it will be moderate. Due to a tight labour market and baby boomers retiring in the coming years, a mass layoff of workers is not expected. The Fed is forecasting unemployment to rise to 4.25% in two years. The length of the recession will be determined by how quickly the central bank is able to rein in inflation.

Canadian Overview

Canada's unemployment rate came in at 5.1% in May, the lowest level since 1971. The labour market added almost 40,000 jobs, with full-time employment rising by 135,000 jobs, offset by a decline of 95,000 part-time jobs. Average hourly wages rose by 3.9% year-over-year in May. The increase, while strong, is not keeping pace with inflation. Canada's GDP grew by an annualized rate of 3.1% in the first quarter of this year.

Canada's inflation rate hit 7.7% in May, the highest level since 1983. The year-over-year increases were driven by energy and gasoline prices which rose by 34.8% and 48.0%, respectively. High energy costs have spillover effects on the prices of all goods and services as input cost increases are passed on to consumers. The price of goods went up by 9.7% and the price of services rose by 5.2%. Travel accommodation rose by 40.2% compared to last year.

The Bank of Canada's ("BOC") key interest rate is currently at 2.50% after it implemented a 0.25% increase in March, a 0.50% hike in April and another 0.50% boost in June. Additionally, the BOC introduced a supersized rate increase in July, upping the interest rate by another full 1.00%. The BOC governor signalled that their key interest rate may need to move to upwards of 3.0% in order to rein in inflation and keep it from becoming entrenched. Analysts are expecting the central bank to raise its interest rate by 0.50% in September and by 0.25% at each meeting in October and November, bringing the central bank's key interest rate to 3.25% by the end of the year.

The BOC is cautioning high household indebtedness and soaring inflation as major domestic economic threats. The central bank is cautioning mortgage holders who are holding variable rate loans that their finances may be strained as interest rates rise. The bank projects that those who purchased homes in 2020 and 2021 could face increased payments when their mortgages come up for renewal in 2025 and 2026. The median mortgage rate is projected at 4.5% to 4.6% with a median increase in monthly payments of $300 to $500. The central bank warns those with variable mortgage rates that they could face a median increase in monthly payments of $720 when their home loans come up for renewal.

Economists from the Royal Bank of Canada ("RBC") predict that soaring food and energy prices, rising interest rates and ongoing labour shortages will push the economy into a moderate contraction next year. Spending that accelerated out of the COVID-19 pandemic lockdowns will slow as higher prices, interest rates and unemployment hit households. RBC forecasts that the recession will be moderate and short-lived by historical standards and can be reversed once inflation settles enough for central banks to lower their key interest rates.

British Columbia Overview

British Columbia's ("BC") unemployment rate came in at 4.5% in May, the lowest level in three years. The number of occupied jobs exceeded pre-pandemic employment levels by 100,000 positions. The Provincial Health Officer ("PHO") lifted the COVID-19 mask mandate in March and ended the BC Vaccine Card proof of vaccination requirement in April. The easing of restrictions helped the tourism and hospitality industries bounce back. For the first time in two years, cruise ships returned to Vancouver and Victoria. According to the Tourism Industry Association of BC, the cruise ship industry contributes about $2.7 billion annually to BC's economy. It is hoped that the tourism sector will soon be on the path of recovery.

High inflation is causing concerns that rents will be going up much higher next year. Since 2018, the annual maximum allowable rent increase is pegged at the 12 month average CPI as of the previous July. As of April this year, the average CPI is 4.0%. Inflation is expected to remain at an elevated level for the next few months so renters may see a higher than 4.0% rent increase in the next year. BC's Housing Minister has signalled a willingness to review rental increases. Based on the current path of inflation, the Minister is projecting rental increases as high as 5.0% - 6.0%.

Housing advocates are calling on the provincial government to implement a rent freeze given the high cost of living. LandlordBC, which represents building managers and investment property owners, argues that with maintenance, utilities, mortgage rates, and insurance costs going up, rent increases tied to inflation are required to keep businesses and investors viable. In response to the pandemic, the provincial government introduced a rent freeze in 2020 and capped the 2021 rent increase at 1.5%. The agency warns that landlords will exit the rental sector if a cap on allowable increases results in negative returns.

BC's housing market is experiencing a slow down as rising mortgage rates worsen the affordability of homes. The British Columbia Real Estate Association ("BCREA") reports that housing sales decreased by 35.0% in May compared to the same month last year. However, the average sales price rose by 9.3% in comparison to May 2021. The average five-year fixed mortgage rate increased to 4.49% in June, the highest rates since 2009. The BCREA is forecasting home sales to fall by 22.0% this year compared to 2021 sales while average house prices are expected to still increase by an average of 11.5%.

City of Surrey Overview

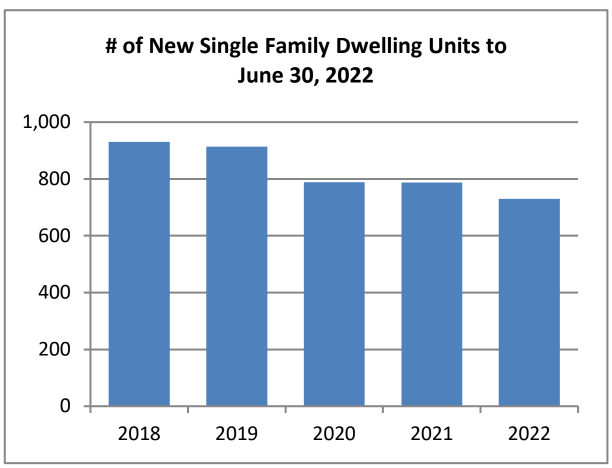
In response to the Province taking additional steps to ease public health measures, a significant number of Parks, Recreation & Culture programs have begun to expand and return to pre-pandemic levels. All 10 Surrey Libraries are open at full-service hours. Most of the Parks, Recreation and Culture facilities have reopened, and the City continues to monitor capacity levels and hire and train staff to restore normalized operations.

The City continues to receive applications and approve significant development in the Residential and Industrial, Commercial and Institutional ("ICI") sectors. To improve the speed and predictability of the development application approval process and to demonstrate City's commitment to the development industry, City staff have continued to implement Guaranteed Permitting Timelines for Single-Family Building Permits, Tenant Improvement Building Permits, Rezoning Applications, and the corresponding process improvements to support these timelines. Council has continued to award contracts for significant capital projects such as Skytrain early works and multiple artificial turf field replacements, to meet the growing needs and demands of residents.

City of Surrey's Key Performance Indicators

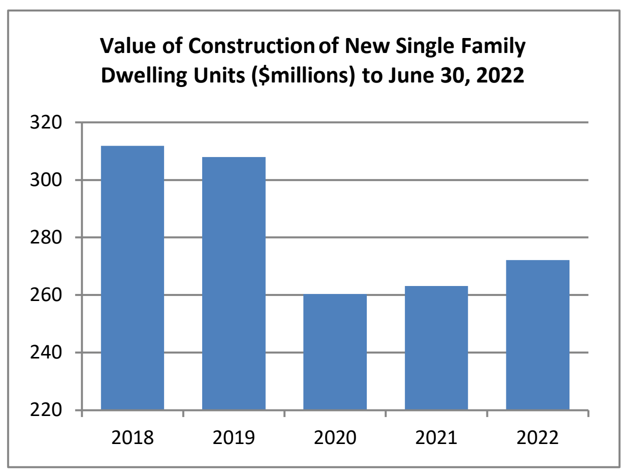
The City has seen an increase in overall value of construction in all categories, residential and non-residential, in the first six months of 2022 as compared to the same period in 2021. Continued increase in population in Surrey has resulted in an increased demand for all development types, including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

The following graphs show data for the first six months of 2022 compared to previous years.



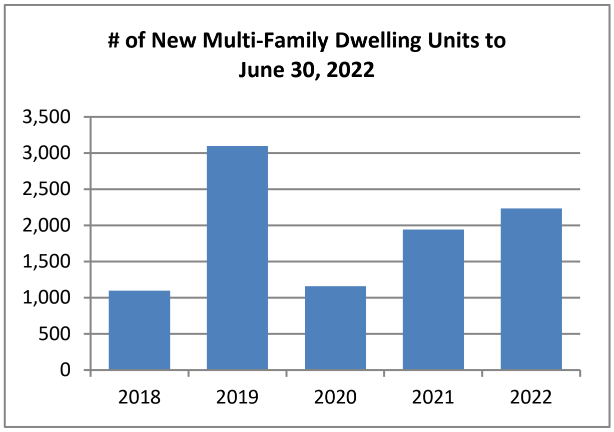
Graph 1

Due to a continued shift in development activity from single family to multi-family building type, the number of new Single Family Dwelling units have declined by 7% in this six-month period, as compared to the same period in 2021.

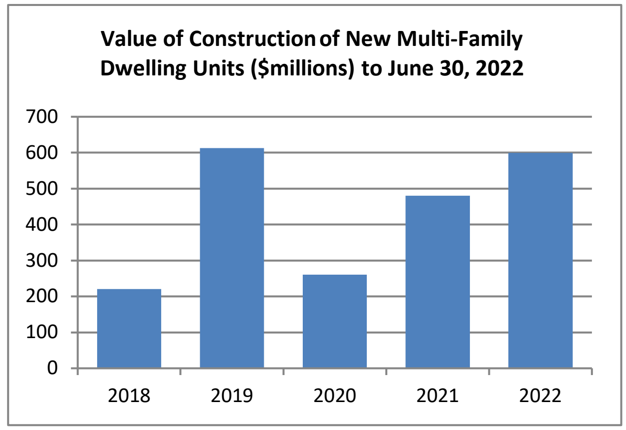


Graph 2

Due to an increase in the prices of raw materials stemming from inflation and supply chain issues, the value of construction of these units has slightly increased by 3% when compared to the same period last year.



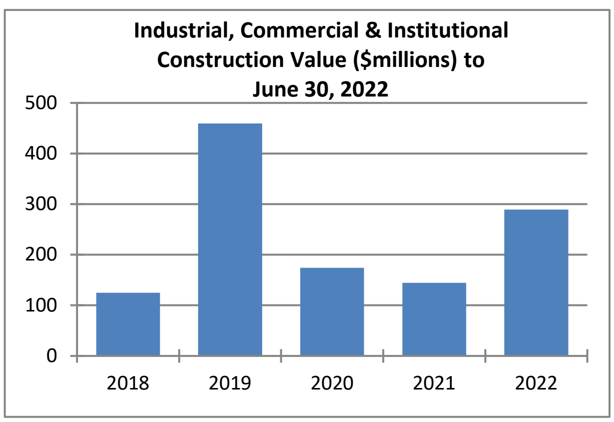
Graph 3



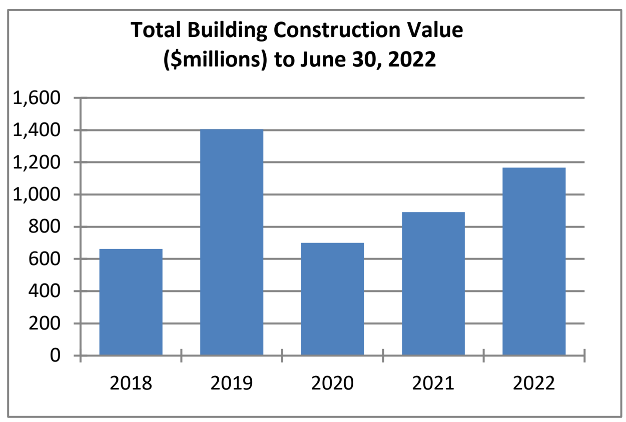
Graph 4

Due to continued strong overall demand for multi-family residential dwelling units, helped in part by certain financial incentives provided to the development community to encourage and accelerate the implementation of larger scale projects that could generate jobs and important investments in the City, the City has seen an increase in permits issued for multi-family dwelling units. Year-to-date, the number of new multi-family dwelling units has seen an increase of 15% 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, combined with inflationary cost increases, the value of construction for these units has increased by 25% when compared to the same period last year.



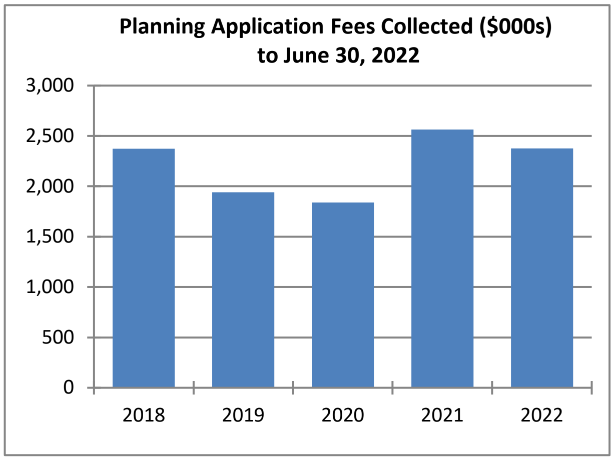
Graph 5



Graph 6

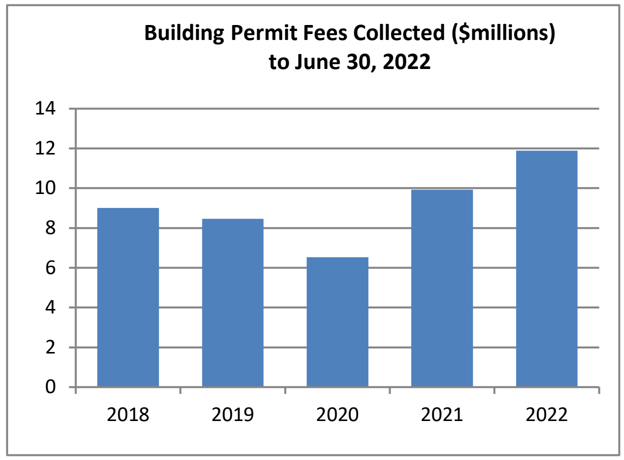
ICI permits for the first six months of 2022 are higher by 11% as compared to the same period in 2021. ICI construction value has increased by 100% when compared to the same period last year. Some significant projects that received permits in this period include a large industrial warehouse in Campbell Heights and an electrical substation with supporting Greater Vancouver Water District ("GVWD") equipment in Whalley.

Consistent with the increase in construction values for single family, multi-family, and ICI permits, overall construction value has increased by 31% when compared to the same period last year.



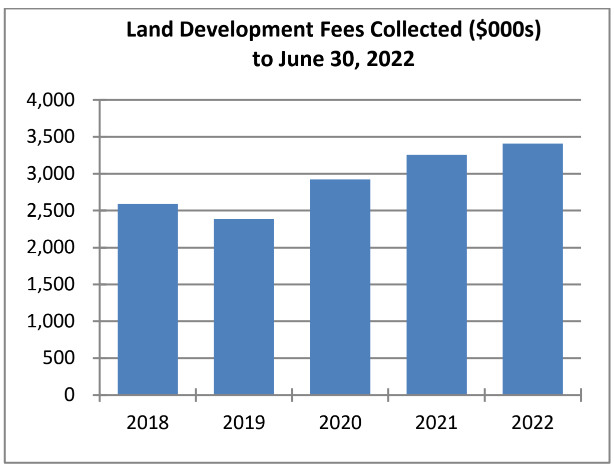
Graph 7

Compared to the strong results for the same period last year, planning application fees collected in the first six months of the year are 7% lower. Overall, this fee is consistent with the average of planning application fees in the first six months of five prior years.



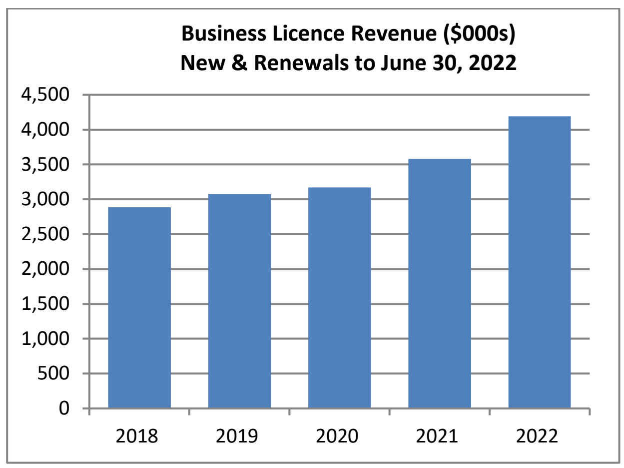
Graph 8

Consistent with a significant increase in construction values in all development types, total building permit fees collected for the first six months of this year are 20% higher than those collected in the same period last year.



Graph 9

Land development fees collected for the first six months of 2022 are 5% higher as compared to the same period in 2021. This is primarily due to the City's continuous improvement initiatives to improve the speed and predictability of the development application approval process, resulting in increased development activity.

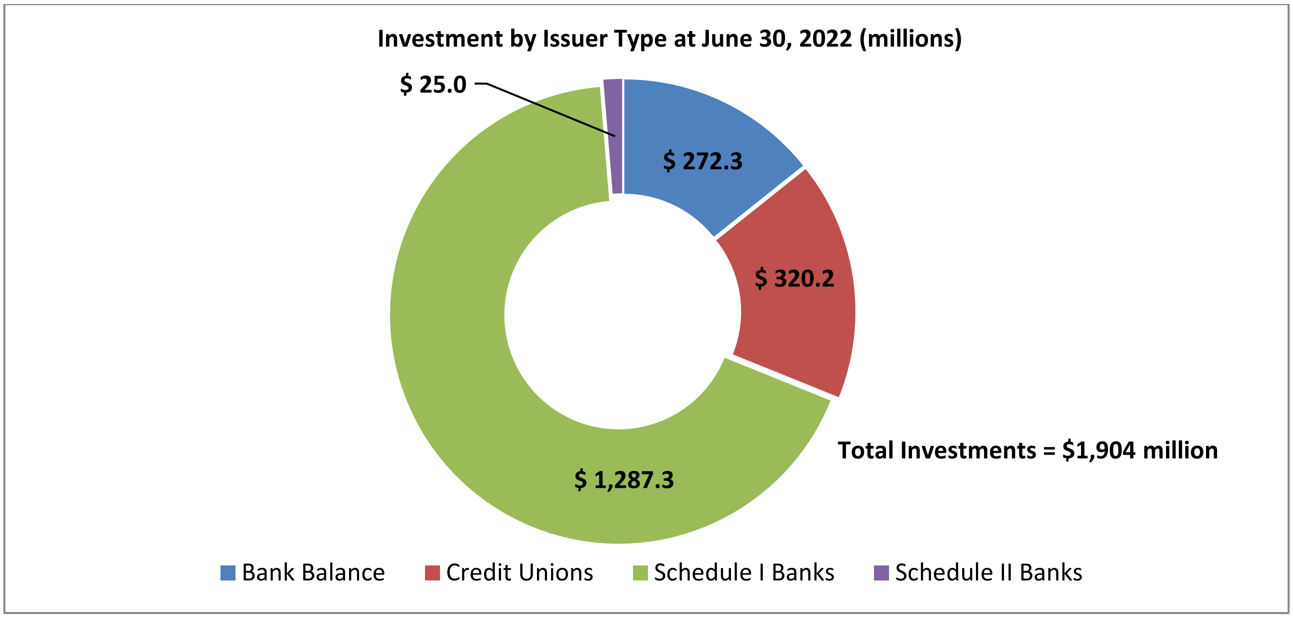


Graph 10

Due to the continued confidence exhibited by the business community to grow their businesses in Surrey, business license revenue in the first six months of 2022 increased by 17% as compared to the same period last year.

City Investment Portfolio

The City invests public funds in a prudent manner, providing investment return and long-term security while meeting daily cash flow needs. The investment portfolio is currently valued at $1,904 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.



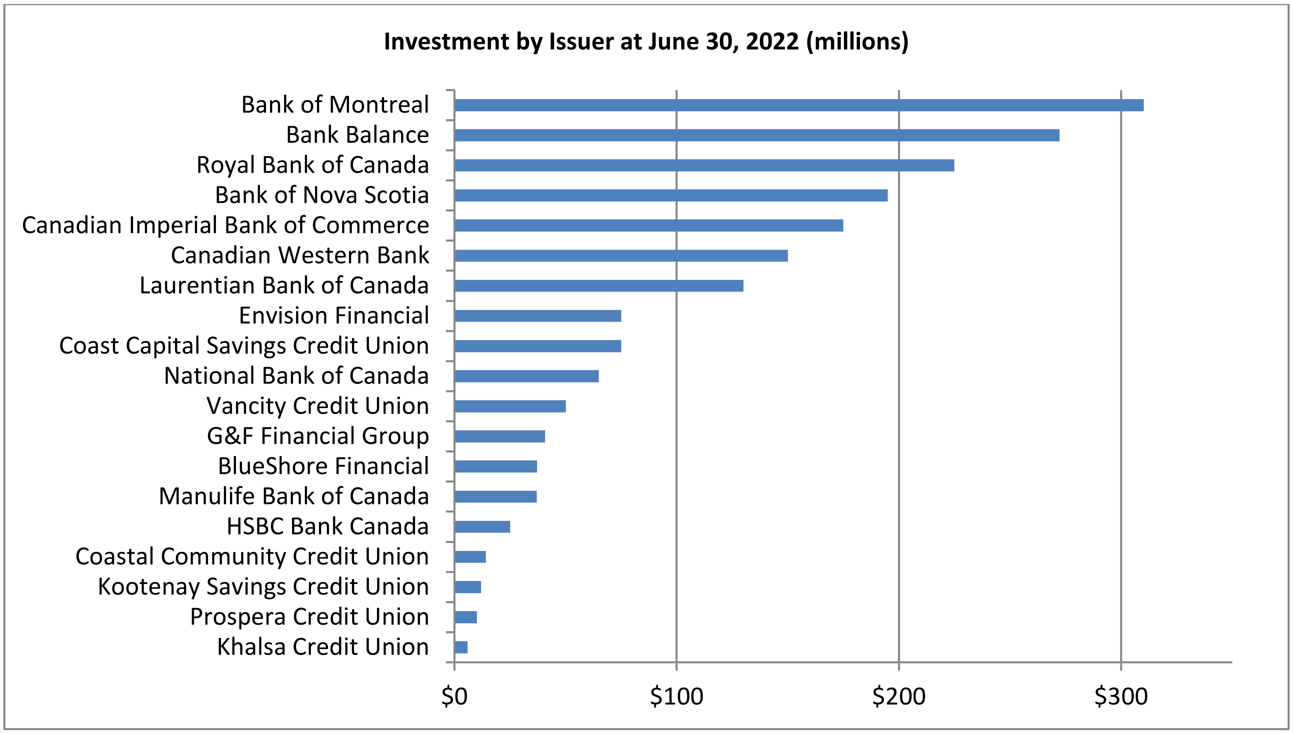
Graph 11

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

Objectives of the Policy include:

<u>Diversification</u>

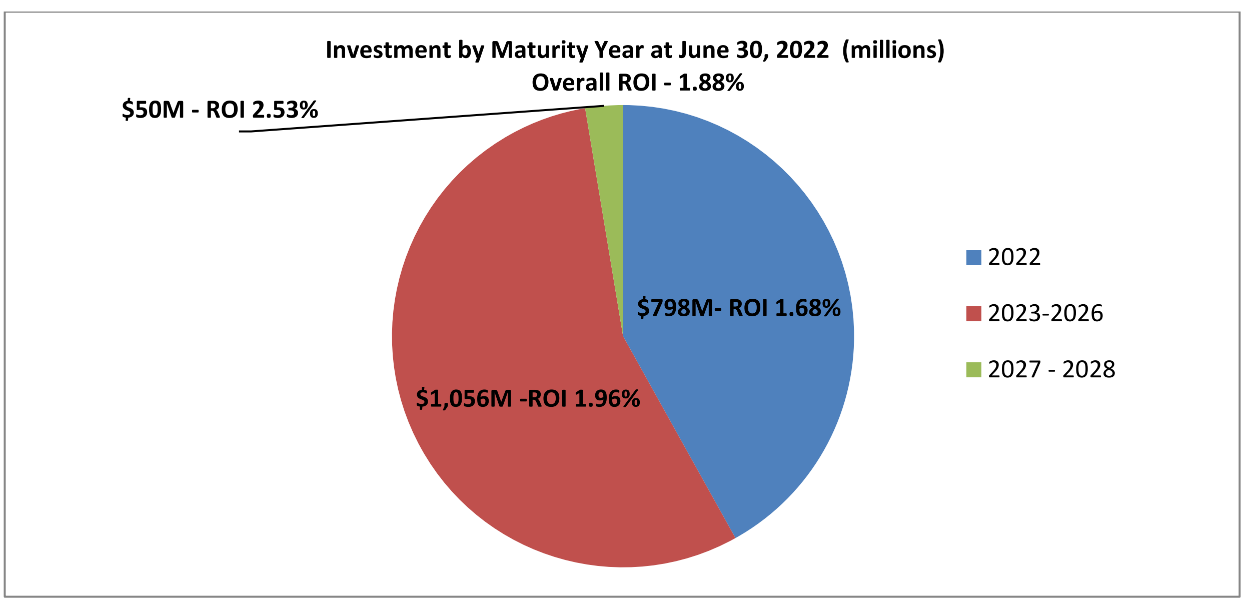
In order to reduce overall portfolio risk, the City diversifies its investment holdings across a range of security types and financial institutions. Graph 12 shows a listing of the City's portfolio by Financial Institution.



Graph 12

<u>Liquidity</u>

The City ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. Maturities coincide with cash requirements, as much as reasonably possible. 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.



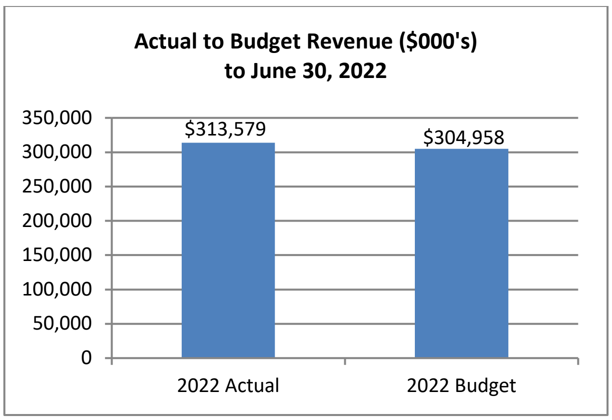
Graph 13

Return on Investment

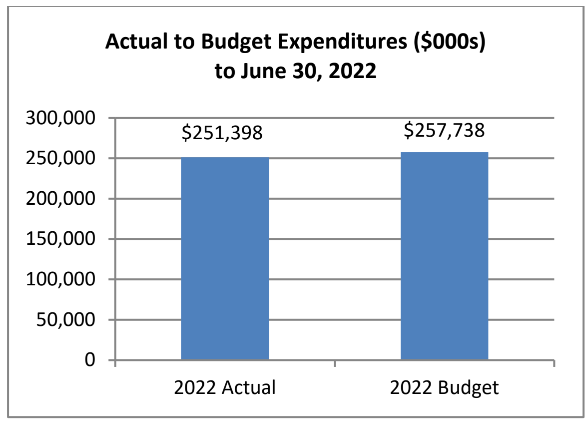
During the six-month period ending June 30, 2022, the City's investment portfolio earned a combined rate of approximately 1.88% (during the six-month period ending June 30, 2021 – 1.21%) while maintaining investment security as outlined in the City's investment policy. The City strives to earn a reasonable 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 2022 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 2022.



Graph 14



Graph 15

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

Policing Operations

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

The 2022 Policing Operations budget was formulated based on the best available information and fundamentally predicated on the SPS hiring and deployment plan at the time in late 2021, and prior to the Surrey Policing Transition Trilateral Committee ("SPTTC") finalizing and approving an HR Strategy and Plan ("the Plan") that now governs the deployment of Surrey Police Service ("SPS") officers into the Surrey RCMP Municipal Police Unit ("MPU") during the first phase of the transition. The HR Strategy and Plan also outlines the rate of demobilization of RCMP Members as SPS officers are deployed. The rate of hiring and deployment of SPS members and demobilization of the RCMP is a crucial financial driver in relation to the overall policing budget and allocation to each component (RCMP, SPS, Police Support Services).

The City has been working closely with Canada and British Columbia, as well as the RCMP and the SPS to estimate 2022 forecasts, based on planned and actual rates of deployment and demobilization. It is imperative to note that the adopted budget is not aligned with the HR Plan, as the Plan wasn't finalized until March 2022.

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

At this point in time, it is reasonable to assume, that relative to the budget distribution, the RCMP will be providing significantly more policing services to the City than their respective allocation, translating into a funding shortfall at year end.

Based on the information currently available, the total unfavourable variance for Policing Operations is forecasted to be $20.6M by year end. There are significant financial factors and complexities related to the transition, however contributing drivers of the unfavorable forecast include slower than anticipated rate of RCMP demobilization relative to budget, a target combined active strength of 734 vs 691 (budgeted assumption) and furthermore, this unfavourable financial impact has not been materially offset by a reduction in the pace of hiring of SPS members, as SPS has continued to hire to manage lengthy security clearance delays and to provide appropriate training for their members, before being deployed within the MPU.

In relation to the adopted Q2 budget for Policing Operations, the following is the variance for each of the three components:

- ***City Police Support Service*** currently has a favourable variance of $1.4M primarily due to savings from vacancies, timing of expenditures and in part due to delays in getting civilian staff hired and cleared as the timeline for City staff to receive a clearance can be up to 12 months. City Police Support Service is currently forecasting to have a favourable variance at year end of $1.7M.

- ***Surrey Police Service*** currently has a favourable variance relative to budget of $4.9M primarily due to timing of expenditures. SPS is currently forecasted to have a favourable variance at year end of $1.56M.

- ***RCMP Contract*** currently has an unfavourable variance of $7.19M primarily due to a lower-than-expected rate of demobilization of RCMP members relative to the adopted budget. The RCMP Contract is currently forecasted to have a negative variance at year end of $23.85M.

The City continues to work with SPTTC to emphasize the importance of momentum for demobilization and other transition matters due to the direct financial impact on the RCMP contract. Work is underway to extrapolate and reach agreement in relation to the planning of the 2023 budget, with a view to mitigating the issues experienced to date on the project for the next fiscal year. Phase II planning is underway to ensure a smooth handover of command under a new legal model where SPS will assume command, likely with RCMP playing a support role while SPS brings its organization to full strength. In this regard, SPS is preparing to become police of jurisdiction and is on track to meet Provincial requirements for approval of police of jurisdiction.

If, by the end of this fiscal year, there remains a budget shortfall due to Policing Operations, any shortfall will be charged to the Transition One-Time budget.

The Federal Government has recently stated that the RCMP will be pausing billings to local governments in relation to the retroactive salary payments due to members as a result of the RCMP unionizing nationally. At this point, it is the understanding of staff that during this pause, the Federal Government will be considering if they will provide any financial relief nationally to local governments to lessen the burden derived from the retroactive salary liability. If the Federal Government does provide financial relief to local governments, this funding would eliminate operating deficiencies related to the Policing Operations budget for the current fiscal year.

<u>Fire Department</u> currently has an unfavourable variance of $607,000 resulting primarily due to a higher than budgeted absenteeism rate, resulting from self-isolation requirements due to potential COVID-19 exposures. Fire is currently forecasted to have an unfavorable variance at year end of $2.16M.

<u>Engineering Services-General Operating</u> currently has a favourable variance of $2.37M, 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 $3.0M.

<u>Parks, Recreation & Culture ("PRC") Department</u> currently has a favourable variance of $3.18M. 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 $751,000.

<u>Surrey Public Library</u> currently has a favourable variance of $431,000, due to timing differences, savings from salaries and operating costs due to COVID-19 related facility closures and is forecasted to have a small favorable variance at year end of $33,000.

<u>Planning & Development Department</u> which also includes Civic Facilities, currently has a favourable variance of $3.75M. Since Planning & Development revenues are recognized up to a two-year period, permit, inspection, and application revenues in this year are favourable due in part to better than expected permit and planning application fees collected in 2020/2021 that are, in part, being recognized as revenue in 2022. Staff are currently forecasting a favourable variance at year end of $5.35M.

<u>Mayor and Council</u> has a favourable variance of $112,000, 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 $196,000, 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 that City Grants will be on budget at year end.

City Manager's Department has a favourable variance of $194,000 primarily due to the timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of $140,000.

Investment & Intergovernmental Relations Department currently has a favourable variance of $229,000, primarily due to the timing of expenditures and is forecast to have a favourable variance at year end of 190,000.

Finance Department currently has a favourable variance of $430,000, primarily due to the timing of expenditures and savings from vacancies and is forecast to have a favourable variance at year end of $410,000

Corporate Services Department has a favourable variance of $1.24M due to better-than-expected business license revenues, timing of expenditures and savings from vacancies and is forecasted to have a favourable variance at year end of $309,000.

CONCLUSION

At the midpoint of fiscal 2022, staff are forecasting a budgetary shortfall of approximately $10.7M, due primarily to higher than budgeted policing operations expenditures. In light of this forecast, each department, including Surrey Police Services and the RCMP will be challenged with managing their respective budgets in a manner to minimize or eliminate the forecasted shortfall by end of year.

Kam Grewal, CPA, CMA
General Manager, Finance

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

Appendix "I"

2022 2nd QUARTER COUNCIL REPORT
EXECUTIVE SUMMARY - REVENUES & EXPENDITURES
$ 000's

REVENUE SUMMARY	2022: 2nd Qtr YTD Actual	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Net Taxation	228,918	228,322	596	450,444	449,848	596
Secondary Suite Infrastructure Fee	12,787	12,434	353	24,220	23,867	353
Other Corporate Fees	1,706	1,487	219	2,750	2,750	-
Investment Interest	11,239	8,140	3,099	21,349	16,066	5,283
Provincial Casino Revenue Sharing	1,061	1,061	-	1,466	2,121	(655)
Other Trsf from Government	839	839	-	1,678	1,678	-
Penalties & Interest on Taxes	162	205	(43)	3,597	3,640	(43)
Corporate Leases	4,343	4,343	-	8,687	8,687	-
Non-Tax Revenues	32,136	28,508	3,628	63,747	58,809	4,938
Program Revenues	52,525	48,128	4,397	94,384	93,371	1,013
TOTAL REVENUES	313,579	304,958	8,621	608,575	602,028	6,547

EXPENDITURE SUMMARY	2022: 2nd Qtr YTD Actual	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Program Expenditures, net of transfers	242,928	249,205	6,278	529,662	516,185	(13,477)
Council Priorities	39	132	93	260	260	-
Fiscal Services	160	129	(31)	286	255	(31)
Debt Interest & Principal	7,503	7,503	-	18,767	18,767	-
Other	768	768	-	1,536	1,536	-
TOTAL EXPENDITURES	251,398	257,738	6,340	550,511	537,003	(13,508)

CORPORATE TRANSFER SUMMARY	2022: 2nd Qtr YTD Actual	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 ANNUAL FORECAST	2022 ANNUAL BUDGET	2022 Projected Variance
Transfer to /(from) Operating Sources	(153)	(7,534)	(7,381)	(10,866)	(14,735)	(3,869)
Transfer to /(from) Capital Sources	3,992	-	(3,992)	3,992	-	(3,992)
Transfer to /(from) Reserve Sources	7,362	7,362	-	14,721	14,721	-
Transfer to /(from) Surplus	20,564	28,695	8,131	60,939	65,039	4,099
TOTAL TRANSFERS	31,765	28,523	(3,242)	68,786	65,025	(3,761)
Surplus (Deficit)	30,416	18,697	11,719	(10,722)	-	(10,722)
Trsf (To)From Unapprop Surplus	(30,416)	(18,697)	(11,719)	10,722	-	10,722
BALANCED BUDGET	-	-	-	-	-	-
ANTICIPATED SURPLUS (DEFICIT) AT YEAR END						$ (10,722)

Appendix "II"

2022 2nd QUARTER COUNCIL REPORT
DEPARTMENTAL DETAIL
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PROGRAM REVENUES	2022: 2nd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	7,232	4,119	3,113	11,352	8,239	3,113
Surrey Police Service	-	-	-	-	-	-
RCMP Contract	-	-	-	-	-	-
Fire	811	432	379	4,558	3,711	847
Engineering Services	5,726	5,026	700	9,934	8,406	1,528
Parks, Recreation & Culture	14,110	16,929	(2,819)	24,930	34,269	(9,339)
Surrey Public Library	877	697	180	1,200	1,386	(186)
Planning & Development	17,413	14,776	2,637	30,414	25,552	4,862
Mayor & Council	-	-	-	-	-	-
City Grants	-	-	-	-	-	-
City Manager	-	-	-	-	-	-
Invest. & Intergovernmental Relations	-	-	-	-	-	-
Finance	841	761	81	1,453	1,421	32
Corporate Services	5,514	5,387	127	10,543	10,387	156
TOTAL PROGRAM REVENUES	**52,525**	**48,128**	4,397	**94,384**	**93,371**	1,013

PROGRAM EXPENDITURES NET OF TRANSFERS	2022: 2nd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	18,610	16,927	(1,683)	35,295	33,861	(1,434)
Surrey Police Service	26,027	30,938	4,911	70,965	72,525	1,560
RCMP Contract	60,370	53,185	(7,185)	120,509	96,660	(23,849)
Fire	34,321	33,336	(986)	72,892	69,889	(3,003)
Engineering Services	4,419	6,086	1,668	11,253	12,726	1,473
Parks, Recreation & Culture	42,202	48,197	5,994	96,738	106,829	10,091
Surrey Public Library	9,811	10,063	252	20,921	21,140	219
Planning & Development	15,524	16,638	1,114	33,872	34,362	490
Mayor & Council	805	918	112	1,730	1,845	115
City Grants	520	716	196	1,073	1,073	-
City Manager	586	780	194	1,425	1,565	140
Invest. & Intergovernmental Relations	522	751	229	1,468	1,658	190
Finance	5,721	6,070	349	12,601	12,979	378
Corporate Services	23,489	24,602	1,112	48,920	49,073	153
TOTAL PROGRAM EXPENDITURES	**242,928**	**249,205**	6,278	**529,662**	**516,185**	(13,477)

NET PROGRAM	2022: 2nd Qtr YTD ACTUAL	2022 YTD BUDGET	2022: 2nd Qtr YTD Variance	2022 Projected ACTUAL	2022 ANNUAL BUDGET	2022 Projected Variance
City Police Support Service	11,377	12,807	1,430	23,943	25,622	1,679
Surrey Police Service	26,027	30,938	4,911	70,965	72,525	1,560
RCMP Contract	60,370	53,185	(7,185)	120,509	96,660	(23,849)
Fire	33,510	32,904	(607)	68,333	66,178	(2,155)
Engineering Services	(1,308)	1,060	2,368	1,318	4,320	3,002
Parks, Recreation & Culture	28,092	31,267	3,175	71,809	72,560	751
Surrey Public Library	8,934	9,365	431	19,721	19,754	33
Planning & Development	(1,889)	1,862	3,751	3,458	8,810	5,352
Mayor & Council	805	918	112	1,730	1,845	115
City Grants	520	716	196	1,073	1,073	-
City Manager	586	780	194	1,425	1,565	140
Invest. & Intergovernmental Relations	522	751	229	1,468	1,658	190
Finance	4,880	5,309	430	11,148	11,558	410
Corporate Services	17,975	19,215	1,239	38,377	38,686	309
NET PROGRAM TOTAL	**190,403**	**201,078**	10,675	**435,278**	**422,814**	(12,464)