

2011 ANNUAL REPORT HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2011



SURREY, BRITISH COLUMBIA, CANADA

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This report features highlights from Surrey's 2011 Annual Report. For the detailed 2011 Annual Report that meets legislated requirements, please visit www.surrey.ca.

The 2011 Annual Report Highlights is available for the general public electronically on the City of Surrey's website. Hard copies are available upon request.



MAYOR'S MESSAGE

On behalf of Surrey City Council, I am happy to present the 2011 Annual Report Highlights for the City of Surrey.

Due to comprehensive planning and diligent management, Surrey continues to maintain its healthy financial position. In addition to this, through the practice of transparency and accountability, the City's financial processes and control systems have made certain that Surrey's assets and interests remain secure. The management of resources during this past year has ensured that Surrey residents and businesses will continue to reap substantial benefits, allowing them to sow into an even brighter future.

A number of important initiatives have generated robust economic growth within the City of Surrey, attracting more commerce to the area. In addition to this, Surrey has consistently preserved its strong financial state, with one of the healthiest balance sheets in the country, boasting about \$500 million in cash reserves.

With a vibrant and diverse population of over 483,000 residents, Surrey is quickly becoming B.C.'s next metropolitan centre. This astonishing population growth has been accompanied by major investments into social and transportation infrastructure. Robust development has been occurring, with careful planning to ensure the facilitation of sustainable community living. The City of Surrey is continuing to pursue Light Rail Transit, in order to accommodate this fast growth in population and to further enhance mobility for Surrey residents.

With the hard work and support of our administration, citizens, businesses and community leaders, Surrey is destined for a prosperous future. City Council takes pride in the City's enviable financial position and remains committed to maintaining healthy finances, while planning a City of the future with great excitement!

Sincerely,

A handwritten signature in black ink, which appears to read "Dianne L. Watts". The signature is stylized and fluid.

Dianne L. Watts, Mayor

City Council
BACK
 Bruce Hayne
 Mary Martin
 Judy Villeneuve
 Barinder Rasode

FRONT
 Tom Gill
 Linda Hepner
 Mayor Dianne Watts
 Barbara Steele
 Marvin Hunt



CITY COUNCIL & SURREY OFFICERS

Surrey Officers

City Manager
 Chief Librarian, Director of Library Services
 City Solicitor
 Fire Chief
 General Manager, Engineering Department
 General Manager, Finance & Technology Department
 General Manager, Human Resources Department

M. Dinwoodie
 M. Houlden
 C. MacFarlane
 Chief L. Garis
 V. Lalonde
 V. Wilke
 N. Webb

General Manager, Investment & Intergovernmental Relations
 General Manager, Parks, Recreation & Culture Department
 General Manager, Planning & Development Department
 Officer in Charge, Surrey RCMP Detachment

S. Greffard
 L. Cavan
 J. Lamontagne
 Assistant Commissioner, F. MacRae

Auditors - KPMG LLP

Bankers - Royal Bank of Canada

AWARDS

With top-notch entertainment, family-friendly activities and a fireworks finale, Surrey's Canada Day celebration has grown to reach attendance levels surpassing 100,000 people.



AWARDS

The City of Surrey continues to be recognized for its excellence and innovation; honoured in 2011 with the following awards:

BEST CULTURAL EVENT IN CANADA AWARD

Canadian Event Industry Awards (CEIA)

The City of Surrey's 2011 Fusion Festival won this prestigious Star Award with 75,000 people attending over two days.

CELEBRATION OF COMMUNITY AWARD

United Way

The City was recognized for its commitment and dedication to diversity through City programs, events and community development outreach initiatives.

MERIT AWARD: PROGRAMS AND SERVICES

BC Library Association

Surrey Libraries received this institutional award recognizing the outstanding achievement in the category of Programs and Services for the Festival of Aboriginal Artists.

BUSINESS EXCELLENCE AWARD (NOT FOR PROFIT OVER \$500,000)

Surrey Board of Trade

Surrey Libraries was recognized for delivering high-quality services to residents.

MUNICIPAL AWARDS – WEB REDESIGN AND IMPLEMENTATION

Government Technology Exhibition and Conference

Surrey was recognized for the development of its new website.

CANADIAN AWARD FOR FINANCIAL REPORTING

Government Finance Officers Association (GFOA)

Surrey won the Canadian Award for Financial Reporting from the GFOA of the United States and Canada for the 14th consecutive year for the City's 2010 Annual Report.

BC'S TOP 100 EMPLOYERS

Canada's Top 100 Employers

The City of Surrey has been recognized as one of BC's top employers for seven years in a row.

MOST SMALL BUSINESS FRIENDLY COMMUNITY AWARD

Small Business Roundtable

Surrey had made significant red tape reductions and worked closely with the local board of trade and two chambers of commerce.

COMMUNITY OF THE YEAR

Clean Energy Association of BC

The City has been recognized for its multifaceted approach to sustainability and energy conservation.

COMMUNITY EXCELLENCE AWARD – BEST OVERALL, BEST PRACTICES, AND WEBSITE & CIVIC ENGAGEMENT

Union of British Columbia Municipalities (UBCM)

The City of Surrey was recognized for the development of its new website, extensive outreach to the community, and overall strength of submissions in 2011.

BEST PLACE TO INVEST IN REAL ESTATE

Western Investor Magazine and BC Real Estate Investment Network

Surrey has won Best Place to Invest in BC for three years in a row.

READER'S CHOICE AWARDS: BEST USE OF TAXPAYERS' MONEY

Surrey Leader Newspaper

The City Centre Library was recognized for excellent value for money.

MOST BIKEABLE BUILDING

Vancouver Cycling Coalition

The City Centre Library was identified as the most bike friendly building in the City.

BEST ARCHITECTURE, COMMERCIAL – SILVER AWARD

Design Exchange/Toronto

Bing Thom Architects was awarded silver for the striking City Centre Library design.

CRIME PREVENTION AND COMMUNITY SAFETY AWARD

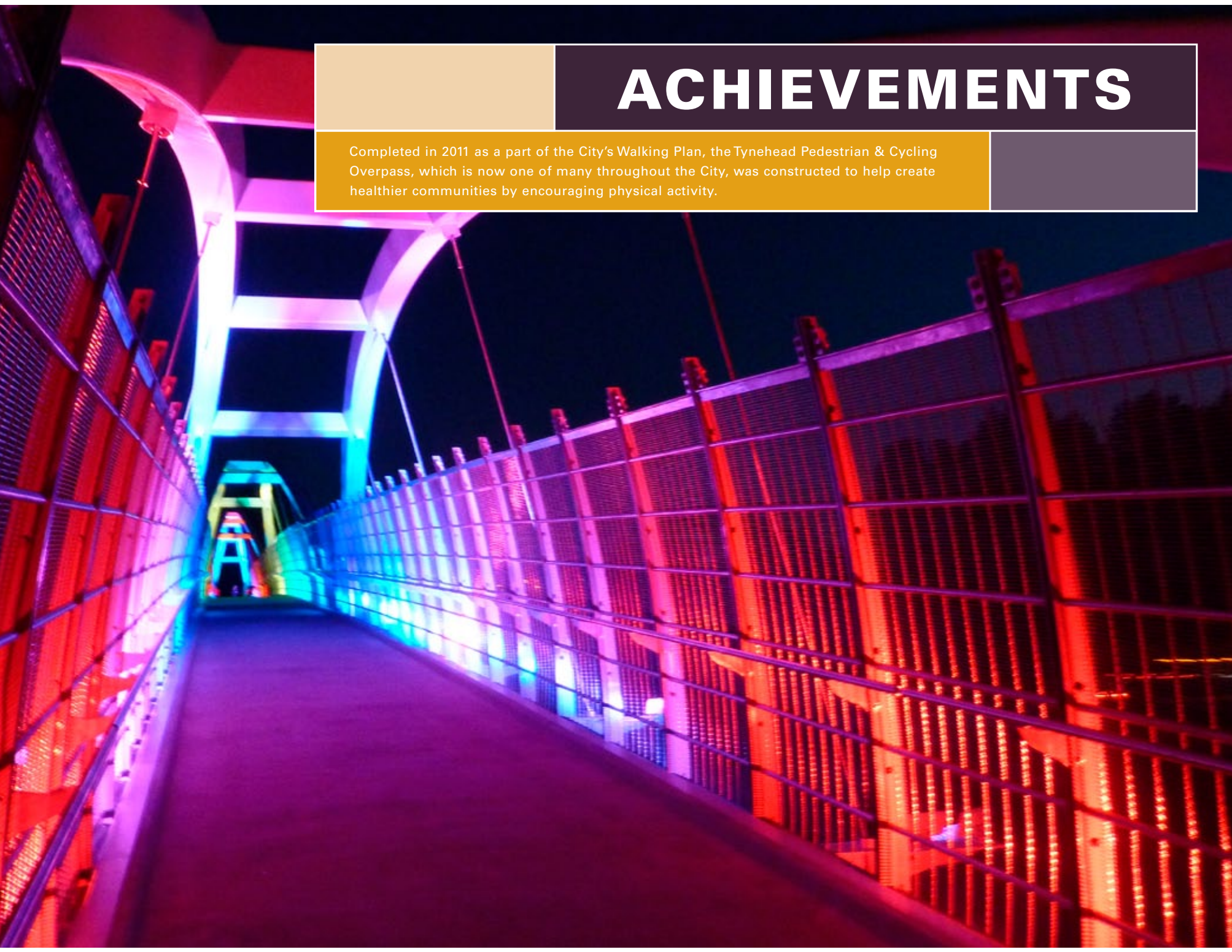
Solicitor General

Surrey was recognized for the positive outcomes since the Crime Prevention Strategy that was implemented in 2007.

MOST OUTSTANDING EVENT

BC Event Awards

The City of Surrey's Canada Day Event is the largest in Western Canada.



ACHIEVEMENTS

Completed in 2011 as a part of the City's Walking Plan, the Tynehead Pedestrian & Cycling Overpass, which is now one of many throughout the City, was constructed to help create healthier communities by encouraging physical activity.

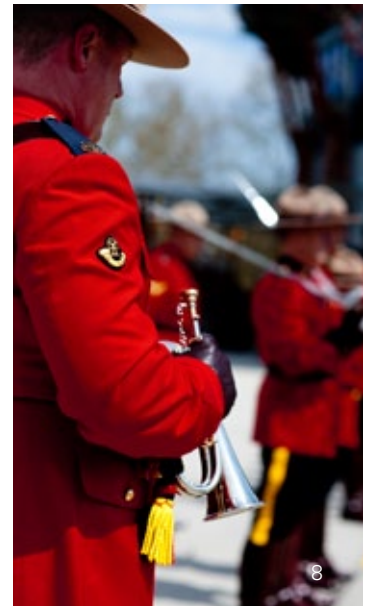
ACHIEVEMENTS

The City of Surrey had a milestone year in 2011 as our estimated population approached nearly 500,000 residents. While our City is expected to continue to grow at a rapid pace of approximately 10,000 residents per year, our challenge is to absorb this growth while still maintaining the exemplary service levels the residents have become accustomed to.

Some notable achievements of the City of Surrey during 2011 were:

- First major Canadian city to host an electric vehicle charging station at City Hall;
- Surrey was named the Best Place to Invest in Western Canada;
- Surrey won the Clean Energy Community of the Year Award;
- Mayor led top Canadian companies on unprecedented business mission to India, and
- Held the Grand Opening of City Centre Library in September 2011.

(clockwise from top: New City Centre Library, RCMP, New Cloverdale Recreation Centre, Kensington Prairie School)



ACHIEVEMENTS



(left to right: Mayor Dianne Watts' visit to India, Surrey Fire Dept., Nissan Leaf, City of Surrey electric car)

OTHER 2011 HIGHLIGHTS INCLUDE:

Began planning for Surrey's Community Energy and Emissions Plan – part of the EnergyShift initiative - which will guide how the City can meet greenhouse gas (GHG) emission targets and obtained funding from the Federation of Canadian Municipalities and BC Hydro;

Constructed, or commenced construction of 114 transportation projects with a total value of \$54.9 million, including completing a major widening project on 96 Avenue from 152 Street to 176 Street, widening King George Boulevard through the Serpentine area and widening Fraser Highway from 17300 block to 17900 block;

Completed the Tynehead Pedestrian & Cycling Overpass over Highway 1 (\$6.8 million), and the Pioneer Pedestrian & Cycling Overpass over Highway 99 (\$2 million). Both projects incorporated unique dynamic lighting as public art installations;

Piloted and operated alternative fuel vehicles which include electric and hydrogen fuel technologies;

Completed a \$6 million cycling and pedestrian infrastructure program including sidewalk construction at 23 locations, eight kilometres of on-street bicycle lanes, and four kilometres of multi-use pathways;

Constructed, or commenced construction of, 49 water projects with a total value of \$9.2 million, including upgrading of water feeder mains to serve demands of growth, distribution main replacement, and PRV installation;

\$11,104,000 was spent to acquire lands to add to existing parks, new acquisitions for neighbourhood and community park purposes, and lands purchased for the development of community pathway systems;

Remained a Top Employer in British Columbia for the seventh consecutive year;

Advanced the City's Parkland Acquisition Program by acquiring 30.5 hectares of new parkland for active and passive recreation and natural area preservation;

Opened the new 66,000 square foot Cloverdale Recreation Centre featuring three gymnasiums, two weight rooms, a fitness studio, a seniors kitchen and lounge;

Completed construction of Fire Hall 14, expansion and construction of the Kensington Prairie Recreation Centre, RCMP HQ interior renovations and upgrade, and Chuck Bailey's second floor senior's space.

A close-up photograph of a person's hand with light-colored nail polish pressing buttons on a silver and black calculator. The calculator is resting on a desk. In the background, a person's hand is holding a red pen over a document with a grid, likely a budget or financial report. The image is partially covered by a dark blue header bar with a gold rectangle on the left and a gold text box on the right.

FINANCE REPORT

The City remains in financially-sound condition. The City of Surrey received an "A" rating by the C.D. Howe Institute for budget management and financial reporting; being one of only three cities across Canada to receive this top rating.

REPORT *from the* General Manager, Finance & Technology

I am pleased to present the City of Surrey's financial statements for the year ended December 31, 2011.

The external auditors, KPMG LLP, conducted an independent examination and have expressed their opinion that the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Surrey as at December 31, 2011 in accordance with Canadian public sector accounting standards.

Surrey continued to experience strong growth through 2011. The implementation of the Build Surrey program was a strong focus of activities in 2011 and is being undertaken to prepare the City for continued growth and development in the next decade. Citizens saw the opening of a new state-of-the-art library in City Centre and a multi-purpose recreation centre in Cloverdale. The construction of the New City Hall commenced in 2011 as part of the on-going transformation of the City Centre core that is becoming Metro Vancouver's next metropolitan centre.

The City's revenues totalled \$654.8 million in 2011. The 2011 Financial Plan included a budgeted \$4.0 million transfer from surplus. The actual transfer from surplus was less than budgeted at \$1.9 million due to reduced operating expenditures and increased fee revenue.

The average portfolio balance invested during the year was \$649.5 million, which earned interest of \$24.5 million, of which \$3.7 million was allocated to deferred development cost charges. The average rate of return on the City's investment portfolio was 3.39%.

The City's statutory reserve funds totalled \$100.6 million. Deferred development cost charges at the end of 2011 have remained relatively stable with a balance of \$183.9 million (\$184.4 million in 2010) as Surrey continues to experience steady development. These funds will be used for capital projects identified in the current Five-Year Financial Plan.

The City continues to maintain a strong financial position. Cash and investments have increased to \$719.4 million in 2011 from \$644.0 million in 2010, as a result of the City entering into a borrowing arrangement with the Municipal Finance Authority to fund projects being constructed under the Build Surrey program.

The City will continue to be subject to change; including the implementation of a new financial system on January 1, 2013, the move to a new City Hall in September 2013, the implementation of an Electronic Content Management System, ongoing infrastructure development under the Build Surrey program, including two new pools, and continuing population growth. These are just a glimpse of the myriad of activities with which City staff is involved, in addition to the on-going day-to-day delivery of municipal services such as water, sewer, drainage, roads, waste collection, etc.

The City's continued growth and expansion will require careful financial planning but will also offer opportunities in the months and years to come.

Sustainability, crime reduction, transportation, homelessness, social well-being and city beautification, continue to be a high priority for the City. City staff will continue to pursue new revenue opportunities and leverage the use of technology to recognize efficiencies that technology can deliver in the on-going delivery of services. This will allow the City to maintain property taxes at a level amongst the lowest in the region.

Under the leadership of City Council, the strong efforts of the City's employees and the numerous volunteers and benefactor organizations that contribute to the City's health and vitality, the City of Surrey is well positioned for continuing vibrancy into the future.



Vivienne Wilke, CGA
General Manager, Finance & Technology

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2011, with comparative figures for 2010
[in thousands of dollars]

	2011	2010
FINANCIAL ASSETS¹		
Cash and cash equivalents	\$ 43,612	\$ 24,226
Accounts receivable	135,845	133,891
Properties available-for-sale	8,711	-
Investments	675,749	619,739
	863,917	777,856
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	128,518	107,414
Deposits and prepayments	141,278	129,397
Deferred revenue	42,527	34,780
Deferred development cost charges	183,889	184,404
Debenture debt	100,000	-
	596,212	455,995
NET FINANCIAL ASSETS²	267,705	321,861
NON-FINANCIAL ASSETS³		
Tangible capital assets	7,183,370	7,018,349
Inventories of supplies	1,012	1,002
Prepaid expenses	1,725	1,495
	7,186,107	7,020,846
ACCUMULATED SURPLUS⁴	\$ 7,453,812	\$ 7,342,707

¹ Financial assets: cash resources and liquid assets.

² Net financial assets: the net financial position, calculated as the difference between financial assets and liabilities. Financial assets can be used to discharge liabilities or provide services. If the government's financial assets exceed its liabilities, then there are net financial assets on hand, which can provide financial resources to finance future operations.

³ Non-financial assets: the non-financial assets that are owned which will be utilized for future services, including tangible capital assets, inventories and prepaid expenses. Non-financial assets can normally be used only for service provision to accomplish future objectives.

⁴ Accumulated surplus: This is an indicator of the City's overall financial health. It is the difference between the combined financial assets and non-financial assets as compared to its liabilities and includes the investments in tangible capital assets (capital equity), total reserves (restricted funds), appropriated surplus (internally appropriated funds) and general or unrestricted funds.

CITY OF SURREY

CONSOLIDATED STATEMENT OF OPERATIONS¹

For the year ended December 31, 2011, with comparative figures for 2010
[in thousands of dollars]

	2011 Budget	2011	2010
REVENUES			
Taxation revenue	\$ 260,182	\$ 259,526	\$ 244,552
Sales of goods and services	153,209	159,469	152,822
Development cost charges	97,400	57,045	56,899
Developer contributions	57,241	81,914	126,053
Investment income	28,334	20,890	21,940
Transfers from other governments	30,313	34,695	61,417
Other	43,100	41,298	35,403
	669,779	654,837	699,086
EXPENSES			
Fire services	50,507	52,073	48,510
Police services	106,038	107,127	97,011
Water, sewer & drainage	127,546	141,507	119,654
Parks, recreation and culture	66,044	72,198	81,134
General government	54,270	54,292	57,651
Public works	49,011	55,441	43,315
Environment and health	25,835	25,582	21,821
Planning and development	21,366	20,638	18,144
Library services	15,253	14,874	13,852
	515,870	543,732	501,092
Annual surplus ²	153,909	111,105	197,994
Accumulated surplus, beginning of year	7,342,707	7,342,707	7,144,713
Accumulated surplus, end of year	\$ 7,496,616	\$ 7,453,812	\$ 7,342,707

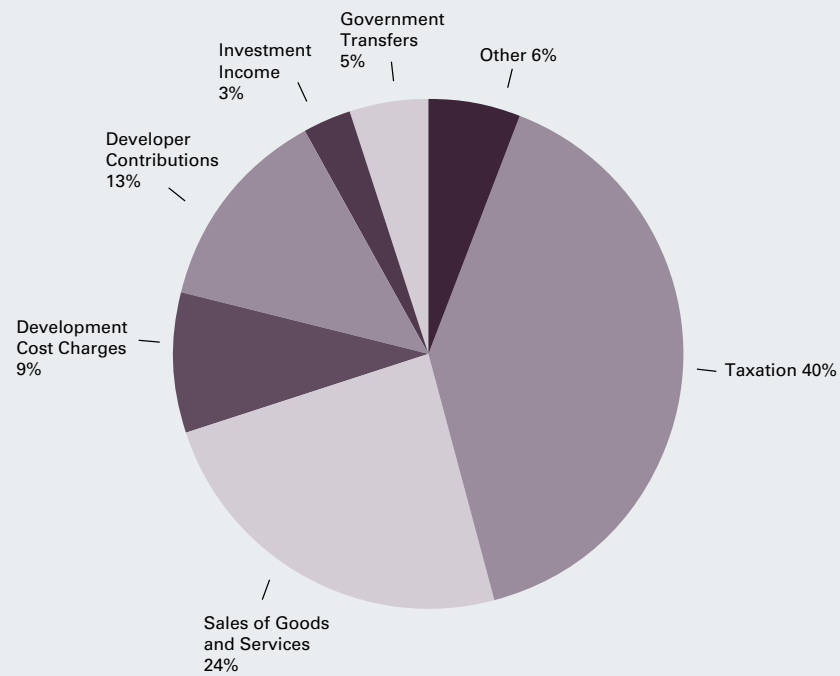
¹ The statement of operations shows the sources of revenues and expenses, the annual surplus or deficit and the change in the accumulated surplus.

² Annual surplus is the net income/(loss) for the current year operations. The 2011 annual surplus can be broken down into the following components:

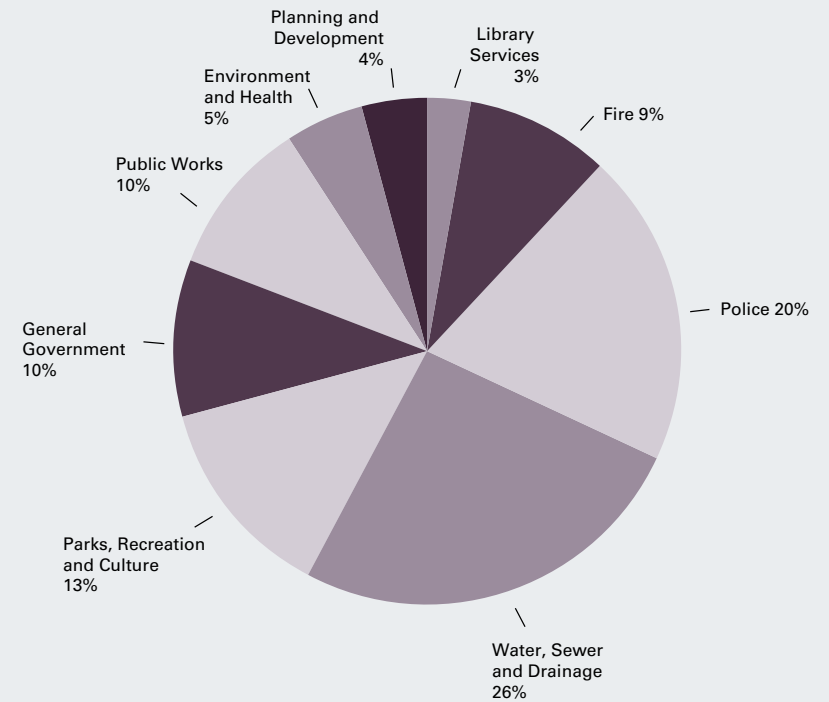
Contribution to capital equity	\$200,199
Contribution from reserves	(87,183)
Transfer from appropriated surplus	(1,911)
	\$111,105

FINANCIAL INFORMATION

2011 Actual Revenue



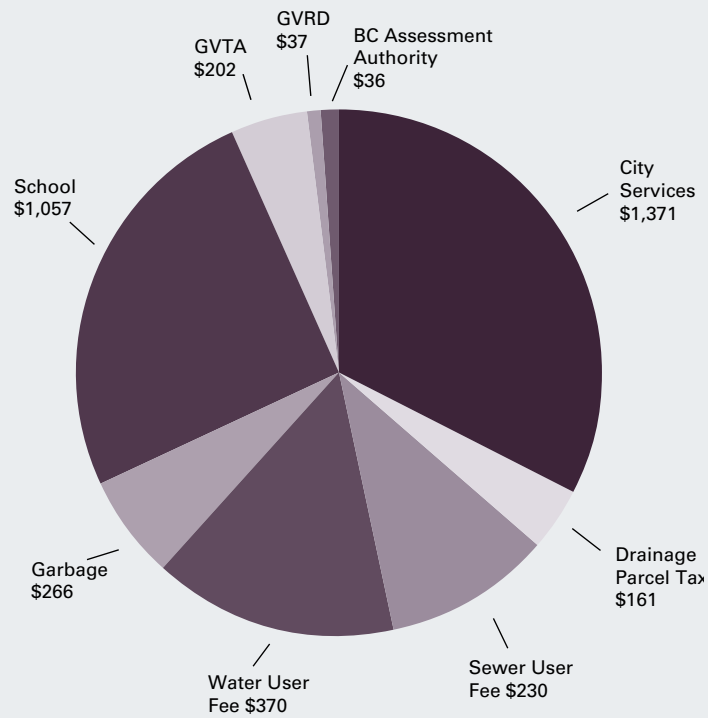
2011 Actual Expenditures



FINANCIAL INFORMATION

2011 Average Residential Tax and Utilities Bill*

Source: City of Surrey Financial Services Division

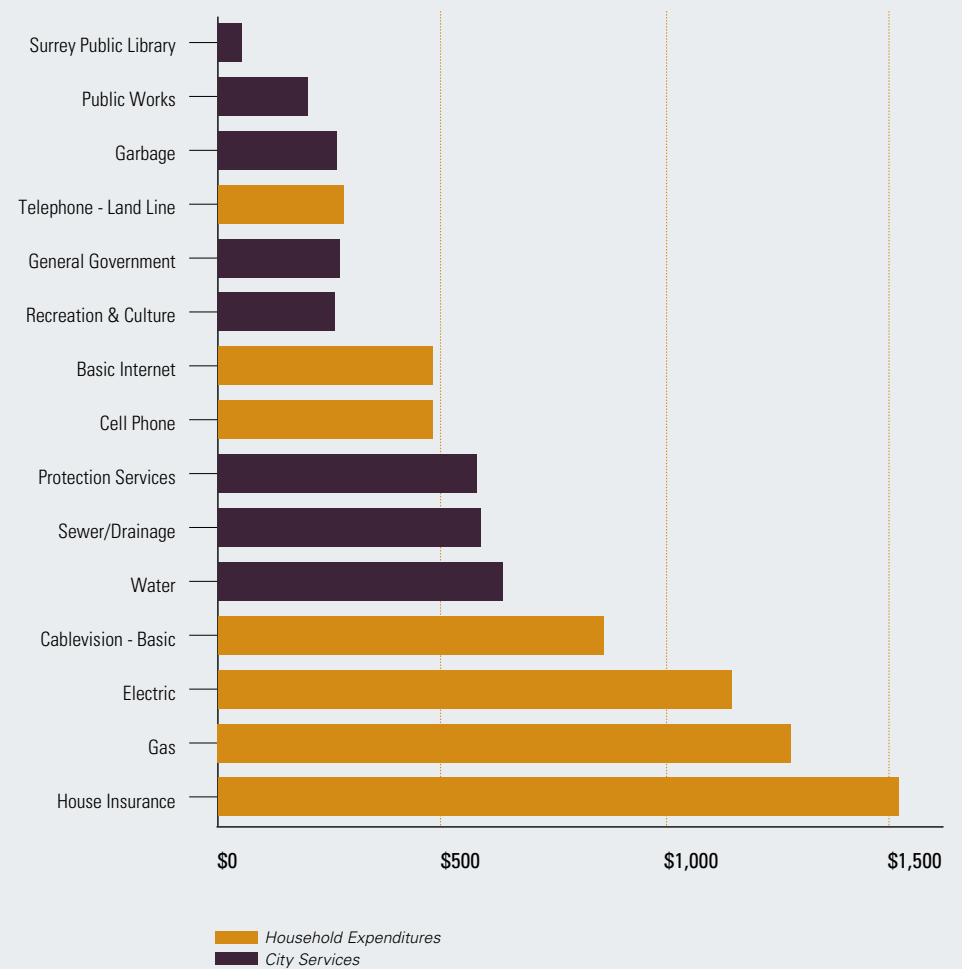


* Based on an Average Residential Dwelling with Assessed Value of \$576,645

Note: If eligible for full Provincial Home Owner Grant, taxes are reduced by \$570 (\$845 if over 65 years of age or disabled)

2011 Household Expenditures vs City Services

Source: City of Surrey Financial Services Division



SERVICES & CONTACT INFORMATION

The City of Surrey's services are provided by the City Manager's Office and ten departments, comprised of: Mayor, Council & Grants; Investment & Intergovernmental Relations; Finance & Technology; Human Resources; Fire; RCMP; Engineering; Parks, Recreation & Culture; Surrey Libraries; and Planning & Development.

The following is a list of services and contact information:

City of Surrey

14245 – 56 Avenue
Surrey, British Columbia
V3X 3A2 Canada

Information Centre

Tel: 604-591-4011
Hours: 8:30 am to 4:30 pm
Website: www.surrey.ca

City Manager's Office

Enquiries: 604-591-4122
Email: KMMcgrath@surrey.ca

Mayor and Council

Mayor: 604-591-4126
Council Office: 604-591-4664
Email: Mayor@surrey.ca

Legislative Services

Enquiries: 604-591-4132
Email: Clerks@surrey.ca

By-law Enforcement & Licensing

By-law Enquiries: 604-591-4370
Email: Bylawcomplaint@surrey.ca
Parking Ticket Enquiries: 604-591-4178
Business License Clerk: 604-591-4475
False Alarm Clerk: 604-591-4746
Animal Control & Dog Licensing: 604-591-4370
Surrey Animal Care Facility: 604-502-6092
Hours: 9:00 am to 6:00 pm Daily
For emergencies and animal cruelty issues
contact the BC SPCA at: 604-463-9511

Investment & Intergovernmental Relations Department

Enquiries: 604-591-4571

Finance & Technology Department

Reception: 604-591-4235
Email: FinanceInquiry@surrey.ca
Property Tax & Utilities – 604-591-4181
Secondary Suite Clerk: 604-591-4516

Human Resources Department

Reception: 604-591-4660
Email: HumanResources@surrey.ca

Fire Department - Surrey Fire Service

Non-Emergency: 604-543-6700
Emergency calls only: 911

RCMP - Police - Surrey RCMP

Non-emergency: 604-599-0502
Emergency calls only: 911

Engineering Department

Reception: 604-591-4340
Email: Engwebmail@surrey.ca
Calls after 4:30 pm: 604-591-4431
Land Development: 604-591-4276
Garbage & Recycling: 604-591-4427
Recorded Information Line: 604-590-7289
Service Requests: 604-591-4152
Engineering Department, continued
Transportation Line: 604-591-4853
Traffic Signals/Street Lights: 604-591-4338
Water Meter Program: 604-575-9283

Parks, Recreation & Culture Department

Email: DCVestergaard@surrey.ca
Information Line: 604-501-5000
Registration Line: 604-501-5100

Surrey Arts Centre at 13750 – 88 Avenue
Information Line: 604-501-5564
Box Office: 604-501-5566
Website: www.surrey.ca/arts

Surrey Museum at 17710 – 56A Avenue
Information Line: 604-592-6956

Cemetery Services at 6348 – 168 Street
Administration Office: 604-598-5770
Email: cemeteryinfo@surrey.ca

Surrey Libraries

Administration Office: 604-598-7300
Website: www.surreylibraries.ca

Planning & Development Department

General Enquiries: 604-591-4441
Email: SAWilson@surrey.ca
Building Enquiries - 24hrs: 604-591-4231
Electrical Enquiries - 24 hrs: 604-591-4240
Plumbing Enquiries - 24 hrs: 604-591-4245
Building Maintenance: 604-591-4313
Trees & Landscaping Enquires: 604-591-4675

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