



GUILDFORD
RECREATION
CENTRE

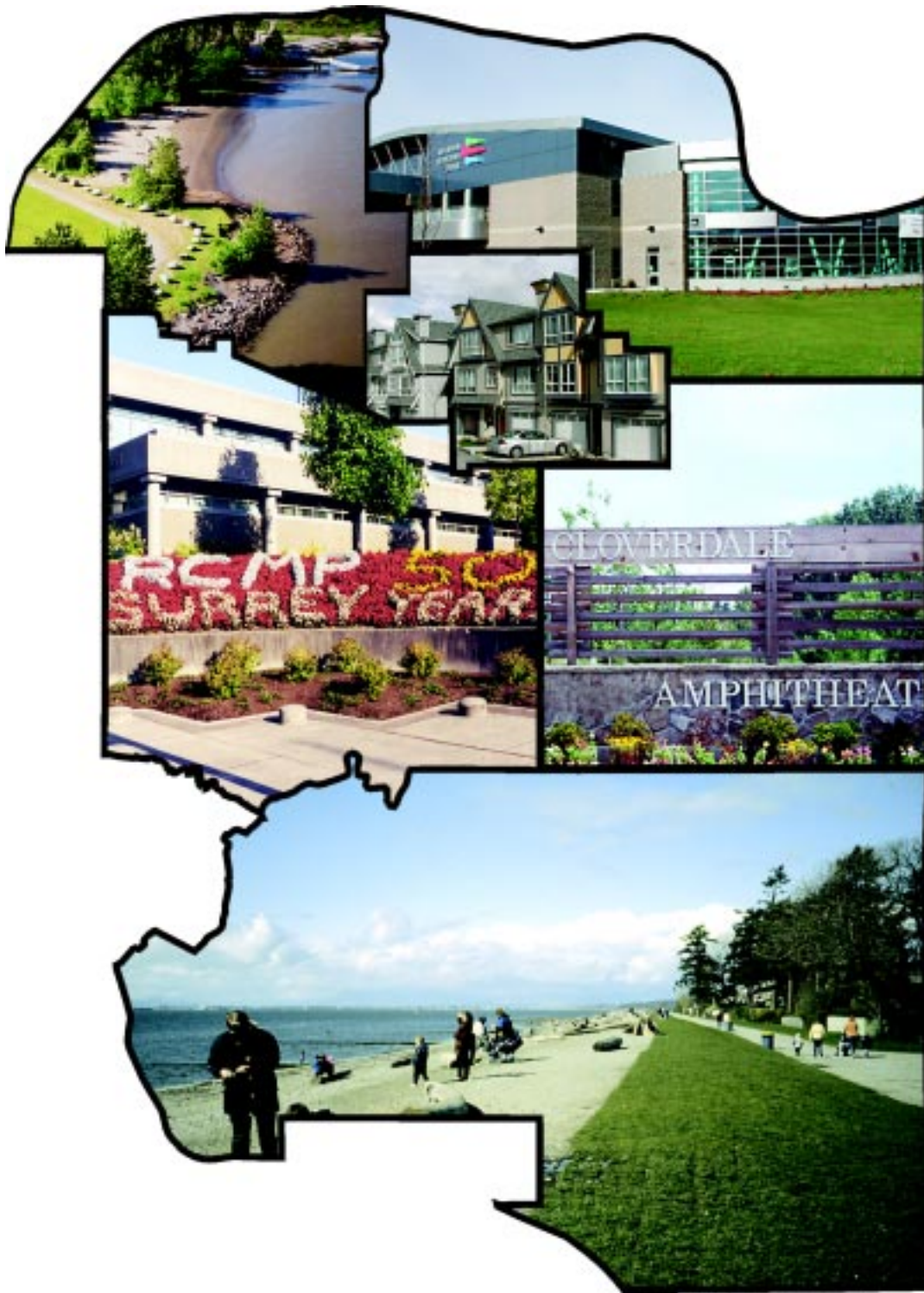
2001 Annual Financial Report

Surrey, British Columbia
for the year ended December 31, 2001



CITY OF SURREY 2001 ANNUAL FINANCIAL REPORT

For the year ended December 31, 2001



Surrey, British Columbia

*"Working together to create a great city with a heart".
2001 International Year of Volunteers*

SURREY - CITY OF PARKS



The City of Surrey, one of the largest cities in British Columbia in population and size is located south of the Fraser River and 30 minutes from Vancouver.

Surrey boasts of a relaxed lifestyle, residential and city living combined with rich surroundings of green forests, tranquil rivers, beautiful mountain vistas and spectacular parks.

Surrey's five major highways, four railways, deep sea docking facilities, and two border crossings to the United States offer City Centre businesses easy access to local, national and world markets.

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MAYOR'S MESSAGE

On behalf of Surrey City Council, I am pleased to present the Annual Financial Report for 2001.

Council's pledge to provide Surrey with simple, good government continues to play a role in building a strong financial framework and creating a future rich with opportunity and community spirit. We are proud of the healthy state of our City's finances and dedicated to maintaining well-planned, sustained growth into the coming years.



City Council, for the eighth year in a row, was able to freeze property taxes by delivering important and essential services in more efficient and effective ways. Citizens of Surrey continue to enjoy state-of-the art facilities, first-rate services, quality infrastructure and a lifestyle second to none. Working in collaboration with the City, residents are enthusiastically participating in our Safe, Clean and Active City campaigns, and reaping the rewards of cohesive community partnerships.

Fiscal responsibility is key to a bright and prosperous future. A commitment to making sound financial decisions remains City Council's top priority, and with the support of administration, staff, the business community and thousands of diligent volunteers, we will secure this objective for our great city.

D.W. (Doug) McCallum
Mayor

CITY COUNCIL & SURREY OFFICERS



Members of Council for the term Dec. 1999 to Nov. 2002



Bob Bose



Jeanne Eddington



Judy Higginbotham



Marvin Hunt



Mayor Doug McCallum



Barbara Steele



Gary Tymoschuk



Judy Villeneuve



Dianne Watts

City Manager ----- U. Mital, P.Eng
 General Manager, Engineering Dept. ----- P. Ham, P. Eng.
 General Manager, Finance, Technology & HR Dept. ----- V. Wilke, CGA
 General manager, Parks, Recreation & Culture Dept. ----- D. Hunter, Ph.D
 General Manager, Planning & Development Dept. ----- M. Dinwoodie
 Fire Chief ----- Chief L. Garis
 Officer in Charge, RCMP ----- Chief Superintendent J. Graham
 Chief Librarian, Director of Library Services ----- E. Barlow

Auditors

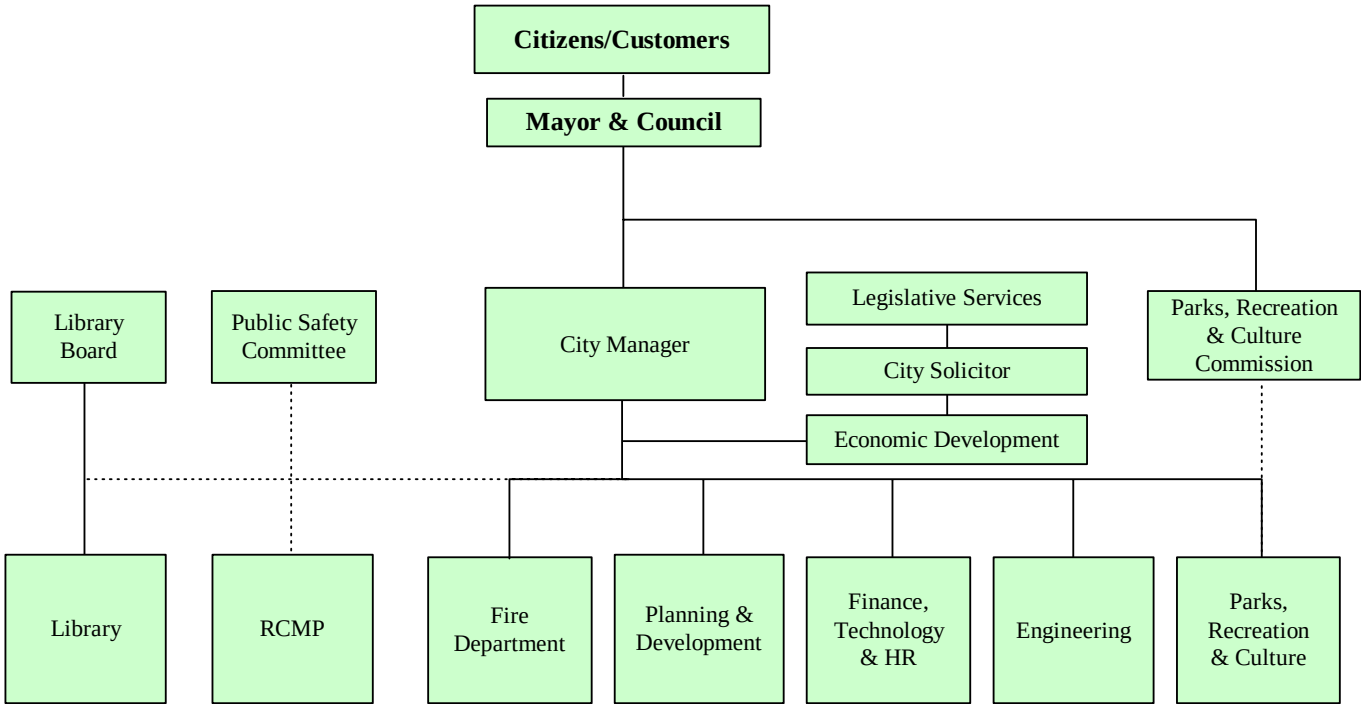
KPMGLLP

Bankers

Canadian Imperial Bank of Commerce



ORGANIZATIONAL CHART



* The Surrey Public Library Board is comprised of one Council member and eight members of the community. These board members are appointed by Surrey City Council.

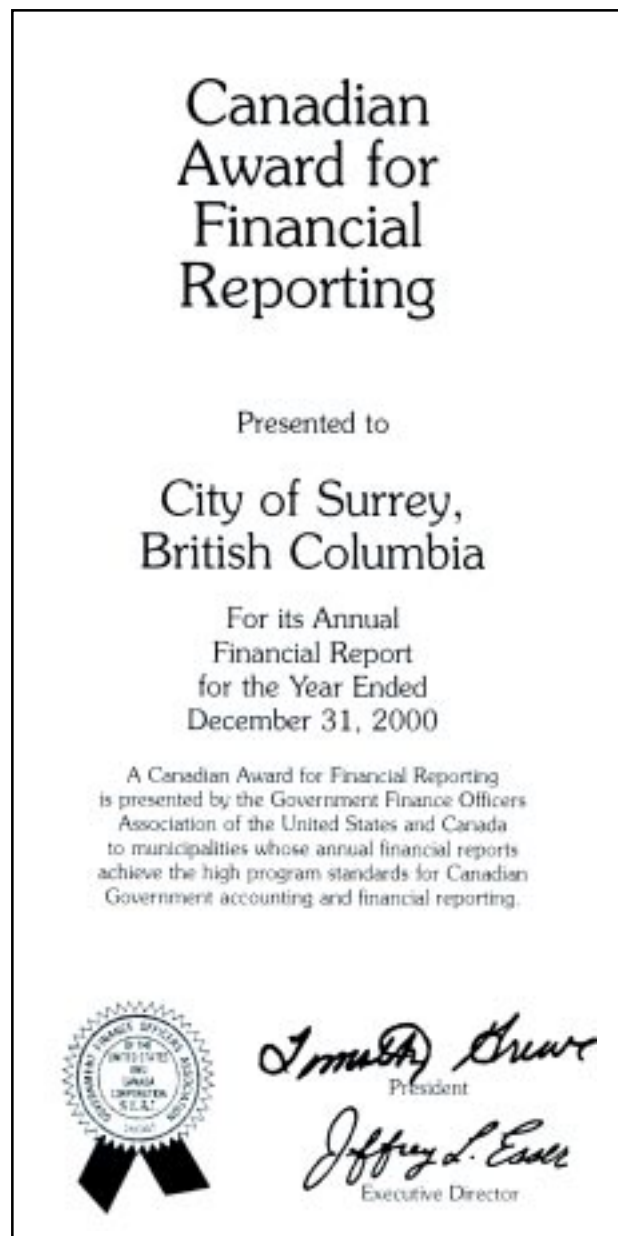
CANADIAN AWARD FOR FINANCIAL PLANNING



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Surrey for its annual financial report for the fiscal year ended December 31, 2000. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments, and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.





REPORT FROM THE GENERAL MANAGER, FINANCE, TECHNOLOGY & HUMAN RESOURCES

March 28, 2002

To Mayor D. W. McCallum and Members of Council

In accordance with Section 328 of the Local Government Act, I am pleased to submit the 2001 Annual Financial Report for the City of Surrey. We have attempted to clearly present the City's financial position and the results of its financial operations for 2001 compared to 2000.

The Annual Financial Report includes the Consolidated Financial Statements and the Auditors' Report. The Auditors, KPMG, are appointed by City Council. The Auditors must report to Council on the annual financial statements in accordance with the form and the reporting standards recommended by the Canadian Institute of Chartered Accountants.

The preparation and presentation of the financial statements and related information in the 2001 Annual Financial Report is the responsibility of the City's management. The statements have been prepared in accordance with generally accepted fund accounting principles for municipalities in the Province of British Columbia, which are based upon Public Sector Accounting Board (PSAB) recommendations. The Canadian Institute of Chartered Accountants (CICA) has authorized PSAB to develop and issue recommendations and guidance with respect to accounting in the public sector.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Canadian Award for Financial Reporting to Surrey for its Annual Financial Report for each year from 1996 to 2000. This Award was established to encourage municipal governments throughout Canada to publish high quality financial reports and provide peer recognition and technical guidance for officials preparing these reports. A Canadian Award for Financial Reporting is valid for a period of one year only, and PSAB recommendations form part of the evaluation criteria. We believe our 2001 report continues to conform to the program requirements and we will submit it to the GFOA for evaluation.

The 2001 Annual Financial Report has three main sections as follows:

1) Introductory Section

This section provides an overview of the legislative and administrative structure of the City of Surrey and the nature and scope of the services that it provides.

REPORT FROM THE GENERAL MANAGER, FINANCE, TECHNOLOGY & HUMAN RESOURCES (CONTINUED)



2) Financial Section

This section contains the Auditors' Report, the Consolidated Financial Statements and supporting schedules. The Consolidated Financial Statements present the City's overall financial position as at December 31, 2001; the actual results of its operations compared to budget, and the source and use of its cash for the year then ended. The statements consolidate all the City's Operating, Capital and Reserve Funds with the operations of the Surrey Public Library. Comparative amounts for 2000 are included. The Notes to the Consolidated Financial Statements should be read in conjunction with the statements. On Schedules 3, 4 and 5, the General, Water, and Sewer & Drainage Operating Funds actual results are compared to the budgets used by City Council to determine tax rates and utility user fees.

3) Statistical Section

This section provides key financial and statistical information on a multi-year basis to assist with the analysis of the City's financial condition.

There are two matters worthy of note concerning the 2001 financial statements:

1. Developers are required to pay Development Cost Charges (DCC's) to assist with capital costs related to growth, and the expenditure of DCC's is restricted to that purpose. The City levied \$33.6 million in DCC's in 2001 (\$26.0 million in 2000). In accordance with the Local Government Act of British Columbia, the City segregates all DCC's levied, including interest earned thereon, in a Reserve Fund. In compliance with PSAB recommendations, the City reports all DCC's levied, including interest earned thereon, as a deferred revenue liability. When the capital expenditures related to growth occur, the deferred revenue liability is reduced by the amount of the expenditures. DCC's are recorded as revenue in the year the capital expenditure occurs. A summary of DCC transactions for 2000 and 2001 is presented in Note 7.
2. The City Council adopted a new policy in 1998 to guide and direct the establishment, use and replenishment of various contingency and capital financing reserves. This policy covers the goals and objectives for setting monies aside, and explains interest allocation policies, minimum and maximum balances, and repayment and replenishment options. During 1998, 1999, 2000, and 2001, and in accordance with the new policy, Council redistributed certain amounts previously set aside. A Capital Legacy Reserve Fund was established in 2000 (Schedule 7) to provide monies for internal capital project financing. Principal and interest is repayable to this fund, with the debt costs to be provided for annually within the operating budget of each project constructed. A five-year summary of all reserves, contingencies and surplus balances is included in the Statistical Section.



REPORT FROM THE GENERAL MANAGER, FINANCE, TECHNOLOGY & HUMAN RESOURCES (CONTINUED)

FINANCIAL OVERVIEW

The Challenge

The City Council made the difficult decision not to increase property taxes for the eighth consecutive year in 2001, thus assuring that Surrey's taxes are among the lowest in the region. To implement a zero % average property tax increase on existing land and buildings, tax rates were adjusted to compensate for any average assessed value changes. The total property tax revenue received from existing land and buildings remained the same as the previous year. Individual property owner's tax bills increased or decreased to the extent that their property assessment varied from average assessment changes. Tax bills may also have increased or decreased due to taxes levied by other government authorities for which the City is required to act as tax collector.

Taxation on new development generated \$2.7 million in additional revenue (\$2.4 million in 2000). Grants in Lieu of Taxes contributed an additional \$0.4 million in 2001 over 2000. Budgeted expenditure increases were the result of inflation and regional utility rate increases. Fire and Police service costs also increased as a result of contract settlements and the addition of new officers.

City Council demonstrated sound financial management by increasing some user fees to recover costs and by coordinating efforts of the City to partner with the private sector, community groups and volunteers to reduce costs and generate new revenues. Overall financial results for the year showed a minimal decrease in financial equity in light of the current inflationary pressures.

Investments

Surrey's investment portfolio continued to outperform established industry benchmarks. The yield for the City's money market portfolio was 5.9 % (2000 – 6.4%), compared to the one month Scotia McLeod Index of 4.4% (2000 – 5.2%). The intermediate portfolio earned 7.1% (2000 - 6.2%), compared to the 1-year Scotia McLeod index of 7.0% (2000 – 6.2%). The yield for the bond portfolio was 9.3% (2000 – 8.8%), compared to 9.4% (2000 - 8.3%) for the Scotia McLeod short-term bond index. The average portfolio balance of \$390 million earned interest of \$22.5 million, of which \$3.2 million was allocated to Deferred DCC's. The \$14.9 million of interest revenue allocated to operating funds reduced the amount of revenue that had to be raised through general taxation and utility user fees.

REPORT FROM THE GENERAL MANAGER, FINANCE, TECHNOLOGY & HUMAN RESOURCES (CONTINUED)



Net Assets

The City's reported net assets (assets minus liabilities) increased by \$87.5 million (5.5%), from \$1.58 billion in 2000 to \$1.67 billion in 2001. The net increase was primarily due to investment in capital assets. Reported net assets do not include the value of infrastructure constructed by developers and transferred to the City at no cost. Schedule 9 provides details of the \$90.3 million spent on capital assets in 2001 (2000 - \$86.6 million), of which General Operating Funds contributed \$41.1 million (2000 - \$36.0 million).

Operations

The Operating Funds reported a small combined Unappropriated Surplus increase (2000 - \$2.8 million increase). On Schedules 3 to 5, the General, Water, and Sewer & Drainage Operating Funds actual results are compared to their Budget By-laws. Due to effective fiscal management, the General Operating Fund reported an Unappropriated Surplus increase of \$0.6 million (2000 - \$0.4 million decrease). The Water Operating Fund reported an Unappropriated Surplus reduction of \$0.8 million, while the Sewer Drainage Operating Fund reported an Unappropriated Surplus increased of \$0.4 million.

Unappropriated Surplus Accounts (Schedule 6)

The City's Unappropriated Surplus accounts at December 31, 2001 total \$16.1 million, which maintains the 2000 year end balance. Under the Reserve and Surplus Policy approved by Council, Unappropriated Surplus balances in the General and Sewer & Drainage Operating Funds are within the recommended ranges.

General Operating Fund	\$10.6 million (\$8 to \$12 million recommended)
Water Operating Fund	\$ 3.0 million (\$2 to \$4 million recommended)
Sewer & Drainage Operating Fund	\$ 2.4 million (\$2 to \$4 million recommended)

Reserve Funds (Schedule 7)

The City's Statutory Reserve Funds have increased from \$93.4 million in 2000 to \$94.3 million in 2001. Deferred DCC's have increased from \$81.3 million in 2000 to \$96.2 million in 2001. Reserve Funds and Deferred DCC monies will be used to fund capital projects identified in the 5 Year Financial Plan. Despite the size of these reserves, there are long-term capital needs that have been identified in the capital planning process. These needs will only be funded as new revenue sources are identified.



REPORT FROM THE GENERAL MANAGER, FINANCE, TECHNOLOGY & HUMAN RESOURCES (CONTINUED)

THE FUTURE

The City's financial position is sound, with only \$2.2 million in external long-term debt. Levels of Unappropriated Surplus are within the ranges specified by the City's reserve policy. Appropriated Surplus accounts for emergencies, revenue stabilization, self-insurance and contingencies remain intact, and the City has \$29.5 million in a Capital Legacy Reserve Fund for internal borrowing. Most capital assets have been maintained to adequate standards. There are provisions in the current 5-year Financial Plan to increase funding for infrastructure maintenance. These provisions will be funded by new revenue sources outlined in the plan. A capital ranking model is used by City Council to assist with determining funding priorities for the replacement and acquisition of capital assets.

For the ninth consecutive year in 2002 City Council has decided not to increase property tax rates. New 2002 tax revenue resulting from development during 2001 will be allocated mainly to public safety resources. Yet the City will also continue to experience inflation and new facility and service demands. Thus in order to achieve a balanced 5 year financial plan, the City has projected the use of unappropriated surplus monies, combined with small property tax increases in 2003 to 2006. New ongoing property tax revenue from large-scale commercial and industrial developments may potentially replace one-time surplus monies or property tax increases as a funding source.

The City must continue to pursue new revenue sources, and expand user fees as a means to more fully recover costs and reduce wasteful consumption. The innovative use of technology, cost sharing with other governments, and partnering with other service providers will continue to be essential for the provision of efficient services. I again encourage local governments and their representative organizations to pursue a more equitable distribution of Federal and Provincial tax revenues. These actions will help to ensure that the City can continue to deliver affordable services in an optimistic environment of financial stability and predictability.

I acknowledge and thank City Council, the City Manager, all our front-line City, Library, Fire and RCMP employees, and the numerous individual volunteers and benefactor organizations for their contributions to this great City. I also salute the many 'behind the scenes' employees within my own and other Departments for their work, so critical to the smooth functioning of City services.

Respectfully submitted,

Vivienne Wilke, CGA
General Manager, Finance, Technology, & HR

The City of Surrey and its employees acknowledged the terrible tragedy of September 11th by signing a memorial album and through the fund raising efforts by both the RCMP and Fire Departments. Surrey Fire Department Personnel also attended memorial services held in New York City. Our hope is that the generations to come will never have to witness these types of tragedies.





DEPARTMENTAL OVERVIEWS

City Manager's Office

The City Manager's Office

The City Manager's Office provides strategic leadership to the City by initiating and ensuring the linkage of all long range plans and by being a catalyst for corporate change and innovation. The office demonstrates a high degree of flexibility and sensitivity in delivering services by being openly communicative and responsive to Council, staff and the public. It ensures effective financial management of the City by providing high quality service within the existing departmental budgets. It ensures corporate compliance with Council policies and priorities. It also keeps Council informed of all matters of relevance and concern regarding the City, and undertakes special projects and initiatives which fall outside the typical range of operations of the administrative departments.

The City Manager provides advice and counsel to the Mayor and Council in the determination of policies, as well as formulates alternatives for consideration by the Mayor and Council to ensure that city objectives are achieved through the most effective and realistic strategies. The City Manager also ensures effective functions of all city operations and departments.

Legal Services Division

The Legal Services Division provides legal services to Council and the City's Departments. City solicitors act as Court Counsel in both prosecuting and defending legal actions, and render legal opinions on a wide variety of matters. They draft or review all forms of legal and legislative documentation required by the City. The Division is also responsible for By-law Enforcement and Licensing, and in this area assists in the drafting and enforcement of a myriad of City By-laws and regulations. It licenses businesses, regulates animal control, enforces parking regulations, and administers the operation of the City Pound and the City Tow Yard.

Economic Development Office

This division provides business development services to the business community and promotes Surrey as a good place in which to do business.

The Economic Development Office is focused on retaining existing business as well as recruiting new businesses to Surrey. This is accomplished through marketing programs and the provision of business related information to prospective investors in Surrey.

Special Events Unit

The Special Events Unit promotes and co-ordinates Canada Day, Chip In, Media Events, Civic Festivals and other corporate and community events. As well, the section acts as liaison to the film industry and provides an in-house graphic design service and co-ordinates statutory and non-statutory corporate advertising.

Legislative Services Division

The Legislative Services Division is a service-oriented division. It provides timely information co-ordination and management services in accordance with statutory, legislative and administrative requirements to City Council, the Public, and City Departments. The three areas of responsibility include:

Council Processes (Statutory/Administrative)

- processes, certifies and archives all by-laws
- processes permits and public notifications (statutory)
- processes all agendas, minutes and related correspondence for Council meetings and Council appointed Committee meetings
- official signatory for the City, and maintains all corporate documents
- conducts civic elections every three years, and any necessary by-elections

DEPARTMENTAL OVERVIEWS (CONTINUED)

Records Management

- provides word processing services
- manages corporate mailroom
- maintains corporate records and file plans and processes inquiries under Freedom of Information and Protection of Privacy legislation

Reprographics

- produces in-house printing for Council packages and all City Departments

2001 ACCOMPLISHMENTS

- 100% success rate in new proactive by-law prosecutions
- Small Claims Court backlog eliminated
- False Alarm education component has proven positive
- Clean City Campaign continues to be effective
- Parking complaints from residents have been reduced due to public relations and education
- Surrey was one the lead municipalities in an economic development initiative called Invest BC. In partnership with BC Hydro and EDABC, a contingent represented and promoted opportunities available in BC, to an international audience of corporate site selectors
- E-Business cards were introduced
- Print advertising was established to promote Surrey's location and opportunities in leading business and industry publications
- A comprehensive database of site selection information and available properties was maintained in order to provide selectors with available opportunities for business locations within Surrey
- As a founding member of the FVTV, Economic Development partnered in 4 breakfast meetings featuring prominent members of BC's high tech industry
- Partnered with Telus and Lucent Technologies to bring Canada's pilot project of "high velocity" internet to our City
- In partnership with the Fraser Valley Real Estate Board, toured 100 representatives from the industrial/commercial real estate and financial sectors to highlight new, ongoing and planned industrial and/or commercial development in the City
- Held round table discussions with selected leaders in the business community (Surrey Success Team)
- Initiated a page on the website profiling existing Surrey companies
- 2 Mayor's business breakfasts were held addressing the OCP Review and Agriculture as topics
- The 2001 Visitors Guide and Map were made available
- Supported the City Tourism Advisory Committee and assisted in the application and business plan submission for the additional 2% Hotel Tax
- Improved the Legislative Services Division website by making the by-laws more accessible and easier for users to search; reducing the amount of documents and putting up the more frequently accessed documents
- Met all statutory requirements relating to the development process
- Provided a number of counter petition opportunities, meeting all statutory requirements
- Reviewed and revised the corporate file plan
- Continued to respond to Freedom of Information and Protection of Privacy requests



Guildford
Recreation
Centre and
Library

DEPARTMENTAL OVERVIEWS (CONTINUED)

Finance, Technology & HR

The Finance, Technology and HR Department provides financial, information systems and human resources services, advice and guidance to support City operations. It provides responsive service to its clients, leadership in improving city processes and maintains financial, and I.T. standards and assets. The key programs and services include:

Accounting Services

- Accurately processes over 25,200 accounts payable payments, 54,400 payroll cheques annually, 421,000 City Work Management transactions and collects accounts receivables;
- Purchases the goods and services needed by the City and manages inventory;
- Maintains proper records supporting receipts, payments and other financial transactions.

Financial Planning

- Co-ordinates the preparation of the City's annual and long-range operating and capital budgets totalling \$350 million;
- Bills and collects property taxes, utility levies and local improvement fees for over 100,000 properties;
- Responds promptly to over 50,000 inquiries from the public per year; and
- Manages the City's \$400 million investment portfolio and measures financial performance relative to established benchmarks.

Financial Reporting

- Produces monthly and annual financial statements in accordance with generally accepted public sector accounting principles;
- Ensures that financial transactions are recorded accurately and that accounts are reconciled properly;
- Administers Provincial (PST) and Federal (GST) commodity taxation systems;
- Develops and maintains a system of internal controls and performs internal audits.

Human Resources

- Coordinates and provides support in the recruitment of new employees, and staff layoffs, transfers and terminations;
- Develops and maintains the City's Compensation Job Evaluation System;
- Performance Management Program;
- Provides Labour relations expertise and negotiates collective agreement with three bargaining units (CUPE/CUPE Library/Fire).

Information Technology

- Develops short and long range plans and performs research on technology architecture to ensure that systems are performing at optimal levels with minimum down-time;
- Designs, helps select and delivers information technology solutions to client groups across the City;
- Develops data architecture models and ensures data safety and integrity;
- Installs and manages the City's computing networks to support over 1,300 workstations located at over 50 sites and the telephone system of over 1,500 units.

Support Services

- Provides departmental word processing, mail service and clerical, administrative support and reception duties;
- Maintains departmental records, file plans and web site;
- Processes departmental FOI inquiries;
- Coordinates Employee Awards and Recognition Programs and special staff functions.

Risk, Health & Safety

- Provides risk, health and safety leadership to the City and manages the City's risk management program and insurance portfolio;
- Assists employees to return to work safely after illness or injury;
- Assists managers with safety investigations and inspections;
- Manages WCB claims and appeals and safety training;
- Directs Employee Wellness Program.



DEPARTMENTAL OVERVIEWS (CONTINUED)

Engineering Department

During 2001, the Engineering Department delivered a wide range of new engineering services and continued to maintain the existing services with a high degree of customer satisfaction. The department also initiated new policy and service initiatives. Some 2001 key accomplishments are listed below:

- Completed the construction of the Surrey Lake at 152nd Street and 72nd Avenue which includes a 10-acre lake and a 4-acre wetland;
- Constructed 90 transportation projects with a total value of \$13.5 million, including major projects on Scott Road, 88 Avenue and 32 Avenue truck routes;
- Managed the construction of the \$13.6 million Guildford Recreation center and the \$7.5 million Surrey Arts Center expansion;
- Accepted over \$29 million of new infrastructure from Land Development projects in 2001;
- Operated and maintained the City's road, drainage, water and sewer infrastructures which includes 1,350 km of sanitary sewer mains, 1,800 km of water mains and 7,700 hydrants;
- Delivered a \$30 million utilities capital construction program within budget including remaining on target for completion of phase 1 of the Serpentine/Nicomelk flood control program;
- Negotiated two public-private partnership agreements for the sale and development of City-owned lands;
- Operated and maintained 38 sewage pump stations, 24 drainage installations, 9 water pump stations, 220 pressure reducing valves and more than 6,000 water meters;
- Developed servicing plans and costs to support City projects including Elgin Estates, East Panorama Ridge Business Park and Cloverdale Mall redevelopment;
- Generated \$5.0 million through the sale of surplus City lands; \$1.2 million in the sale of surplus parkland and \$600,000 through road exchanges;
- Managed 95 rental properties and 100 leases which generated annual revenues in **excess of** \$2.3 million;
- Negotiated an agreement with BCG Services that will see up to 30,000 water meters installed in Surrey over the next 3 years;
- Initiated the sale of surplus road right-of-way along King George Highway;
- Acquired land valued at \$7.5 million for future Park development;
- In preparation for the implementation of a regional GPS, worked to locate an Active control point, high precision network points and verify existing federal benchmarks;
- Processed 26,300 operational service requests for water, sewer, roads and solid waste;
- Entered Latecomer areas and published the theme in COSMOS for all staff to access;
- Developed, tested and implemented new applications for the efficient entry of sewer and water data;
- Implemented a program for operational/safety improvements to the Truck Route Network;
- In partnership with ICBC, carried out safety improvements including upgrading of traffic signal heads, upgrading of school zone signs and stop signs;
- Improved the marketing of the City's annual Clean-up Week process;
- Complete seismic evaluation of the water pump stations;
- Actively participated in the region's Drinking Water Management Plan;
- Added new themes to COSMOS to provide better and more complete information for staff and the public;
- Provided Engineering support and input to the major OCP review;
- Expanded the SHaRP program to involve a larger portion of the Surrey Community in environmental awareness and initiatives and added Agricultural initiatives;
- Continued an active role in regional issues including assistance towards finalizing the Liquid Waste Management Plan, implementing the Drinking Water Management Plan and, with the GVTA and MRTAC, participating in the South Fraser Perimeter Road and Fraser River Crossing project teams.

DEPARTMENTAL OVERVIEWS (CONTINUED)

Planning and Development Department

The Planning and Development Department is responsible for land use planning, policy development, development application review and approval processes related to all land development within the City. This includes the preparation and monitoring of the Official Community Plan and secondary land use plans and policies, and the issuance of building permits for and inspection of all new building construction within the City. The Department is divided into three Divisions. The functions of each of these Divisions are described in the following Sections.

Area Planning and Development Division

The Area Planning and Development Division is responsible for implementing the planning and development objectives and policies adopted by City Council for new development in the City. This is accomplished through the review of all applications for land development projects received by the City excluding building permit applications. The Division is also responsible for the preparation of Local Area Plans and Neighbourhood Concept Plans, which are focused on ensuring the development of attractive and sustainable communities within the City.

Building Division

The Building Division is responsible for the receipt and review of all applications for building permits to allow the construction of buildings within the City. The Division is also responsible for conducting inspections of all new building construction including building, electrical and plumbing inspections. The building permit review and inspection processes are focused on ensuring that new buildings constructed within the City are safe for their intended use and meet the requirements of all City by-laws and Provincial legislation and regulations. The Division is also responsible for administration of the City's Tree Preservation By-law and Soil Deposition By-law.

Administration and Policy Division

The Administration and Policy Division is responsible for the City's long-range planning and policy preparation function including amongst other policy documents, the preparation and monitoring of the City's Official Community Plan. The policy work relates to physical, economic, and elements of the social development of the City. The Division is also responsible for providing clerical services, telephone call centre services, file registry services, drafting and land mapping & graphics services, word and technology/automation support for the entire Department. The Division is also responsible for the preparation of comfort letters, budget preparation and monitoring, and time keeping.

Department Accomplishments - 2001

- Processed 550 development applications including rezoning, subdivisions and development permits.
- Issued 3,375 building permits for industrial, commercial and residential buildings totalling a construction value exceeding \$800 million which sets an all time record for an annual construction value total
- Undertook 61,500 building, electrical and plumbing inspections
- Prepared and presented approximately 230 planning and policy reports to Council
- Completed the five year Major Review of the Official Community Plan with a focus on adding a strong business dimension to the OCP
- Completed Guidelines for Crime Prevention Through Environmental Design (CPTD)
- Completed a Neighbourhood Concept Plan (NCP) for the East Panorama Industrial Area, initiated or continued NCP's for South Westminster Industrial Area, East Clayton, City Centre, and reviewed the City's Street Beautification Strategies
- Completed Phase 1 of Surrey's Agricultural Implementation Strategy
- Implemented a new "small lot" zone to reflect market demand
- Completed Phase 2 of the Heritage Register



DEPARTMENTAL OVERVIEWS (CONTINUED)

Police Department

The City contracts with the Royal Canadian Mounted Police (RCMP) to deliver policing services to the city of Surrey. The RCMP has three primary functional Sections, which are: Operations, Operations Support and Management Services.

The Operations Section is responsible for:

- General patrol - first response to call _ general investigational follow up
- District Offices (General patrol - response to call)
- Domestic Violence Response Team (DVRT)
- Front Counter Information Services
- Provost/Guards
- Bike Section
- Traffic Section
- Media Liaison

The Operations Support Section is responsible for:

- Operational Communications Centre
- Crime Prevention Unit
- Block Watch
- Youth Intervention
- Victim Services
- Identification Services
- General Investigation Section (Serious and Property Crimes Unit, Arson Unit)
- Police Dog Services
- Drug Section and Street Crew Unit
- Criminal Intelligence Section
- Vice Unit

The Management Services Section is responsible for:

- Computer Services
- Training
- Diversity Management Unit
- Planning and Research
- Finance
- Quality Control (Crime Readers)
- Records Management
- Court Liaison
- Typing Response Centre
- Exhibits
- Personnel Tracking
- General administration



In 2001, there were 400 approved officers and 135 municipal employees.

DEPARTMENTAL OVERVIEWS (CONTINUED)

Surrey Fire Department

Mission Statement

The Surrey Fire Service is dedicated to protecting life, property, and the environment by providing emergency response, regulatory compliance, and community education. We do this through the involvement of employees, volunteers, and the community. Our services enhance community safety for the City of Surrey.

Suppression

Responded to 8,069 Medical Emergency Assistance calls, 2,913 motor vehicle accidents, 4,843 fires and alarms and 337 hazardous materials incidents

Prevention

In 2001 the Prevention Division completed 5,194 routine Inspections, 684 Re-Inspections, 152 New Building and Alteration Plan Checks, 67 Fire Safety Complaints and 1 Fire Safety Inspection request. In addition to code enforcement activities (above), 655 Fire Investigations were conducted and approximately 386 Pre-fire Plans completed with another 631 underway.

Radio and Communications

Handled 16,162 emergency calls within Surrey and 7,009 for customer Municipalities. In addition, the Division answered 2,632 after-hours calls for City of Surrey Engineering and 1,616 calls for Engineering Departments of other Municipalities.



Training

The Training Division conducted 3 Recruit Volunteer Firefighter programs (72 graduates) using job performance requirements initiated by the NFPA 1001 standards. Firefighter 1 training also continued and HAZMAT awareness Module 9 will continue in 2002. Career firefighters were heavily involved with high-angle technical rescue and confined space rescues, in conjunction with City engineering personnel. First Responder training for career and volunteer firefighters continued to involve all personnel in maintaining the licence requirements of the Ministry of Health. The division also conducted an orientation for 8 new recruits bring our total to 292 career firefighters. Extending our training expertise to other jurisdictions generated twice the anticipated revenue in Client Services.

Public Education

Continues to meet the growing need for Fire and Life Safety Education of children and adults. We carefully target our at-risk populations and high-risk areas within the city, and we offer an internationally recognized youth fire setter/arson intervention program.

Volunteers

Our 276 volunteer firefighters provided significant responses to training, practices, and emergency calls.

Emergency Program

200 volunteers are involved in Emergency Social Services, Surrey Emergency Program Amateur Radio, and Surrey Search and Rescue. 91 presentations with 2,927 attendees were conducted. The Emergency Operations Centre was activated in response to the February 18th earthquake and for a tabletop exercise in December on Biochemical spills. In May 2001, the Surrey Neighbourhood Emergency Preparedness Program (NEPP) was launched.



DEPARTMENTAL OVERVIEWS (CONTINUED)

Parks, Recreation and Culture

Department Vision

Creating a community where individuals, culture and the environment thrive.

Mission Statement

We enhance the quality of life in our communities by working together to:

- provide and facilitate the development of high quality parks, facilities and services
- celebrate diversity and community identity
- ensure accessibility and inclusivity
- champion environmental stewardship
- promote individual and community wellness
- preserve, develop and deliver cultural, informational and educational resources and services

The Department of Parks, Recreation and Culture fulfils its mission through open communication, a customer focus, and respect for individuals.

Programs and Services

The Department of Parks, Recreation and Culture:

- operates over 7,500 registered programs per year which involved approximately 2.5 million participants in 2001
- operates 7 ice arenas
- operates 4 indoor pools
- operates 3 seniors centres
- operates 4 youth centres
- operates 6 community recreation offices
- operates a 402 seat theatre and an art gallery
- operates a 14,000 sq. ft. museum and archives
- operates a historic farm, weaving centre, and a historic pole barn
- operates 3 cemeteries
- operates Ward's Marina within Elgin Heritage Park
- is responsible for the development and maintenance of over 2,000 hectares of parkland which have been listed in the community profile

2001 ACCOMPLISHMENTS

- Guildford Recreation Centre successfully opened on July 16, 2001.
- 2001 Seniors Games held August 22–25, and hosted over 2,400 athletes.
- Brownsville Bar Phase 1 completed, offering river access and mountain views.
- Park Development included new parks at Fraser Boardwalk and Guildford Heights; new school/park sites at Coast Meridian and Chimney Heights; additional playing fields at Bolivar Park; more than 10 kilometres of pathways; approximately 3,600 new street trees planted, and an additional 41 hectares of natural areas added.
- Greenway Development adds another section to Serpentine Greenway.
- Parks Acquisitions of \$10 million including waterfront at Mud Bay.
- Learning and Discovery Centre launches Friends of the Surrey Museum and Archives Society on May 16, 2001.
- Park Environmental Programs and Initiatives included Surrey Stewardship Natural Areas Partnership, Salmon Homecoming, Releaf Community Tree Planting and Integrated Pest Management Policy.
- Blueways Plan completed and includes Paddling Circuit and Fraser River Challenge.
- Departmental Awards include BCRPA awards for Environmental Leadership and Parks and Open Space and the BC Medical Association Award for "Excellence in Health Promotion".
- Natural Areas Strategic Plan adopted.
- Environmental Design Guidelines developed.
- Leisure Access Program re-engineered to increase access for participants.
- Surrey Sport & Leisure Complex had one millionth customer.
- Surrey Art Centre Re-development initiated.
- Diversity Advisory Committee hosted "Together We're Better".
- Department Energy Plan launched.
- Initiatives for Economically Challenged developed.
- Parks, Recreation & Culture Marketing Plan (2002-2006) completed.
- Active Living/Active City Year 3 Plan.

DEPARTMENTAL OVERVIEWS (CONTINUED)

Surrey Public Library

Fast Facts

- 3,691,824 items borrowed
- 427,536 information questions answered
- 197,814 registered borrowers. 29,050 people are new to the library in 2001
- Over 8,800 people attended library programs
- 7,324 children enrolled in the Summer Reading Club
- 2,021,378 in person visits to our libraries in 2001
- Over 2 million 'hits' to the library's website at www.spl.surrey.bc.ca

2001 Highlights

- Renovation and expansion of the Guildford Library completed
- Electronic Classroom opened at Strawberry Hill Library. The library now offers hands-on technology training in basic computer skills and the Internet, including some in Panjabi
- Large Print Internet workstations installed in five locations, to assist visually impaired patrons
- A grant from Human Resources Development Canada supported a series of Labour Market Information workshops
- Numerous Internet training programs were offered to the public, including sessions in Panjabi. Over 400 one-on-one Internet tutoring sessions offered with the assistance of Youth@BC students
- Subscriptions to Alldata (automotive repair information) and JobFreeway (job opportunities available throughout BC) enhanced online resources available at the library and through our website
- Award-winning "Community Connections" webpage launched on the library's website, improving access to local community information online
- Strategic Planning process completed, setting direction for the library 2002 - 2004

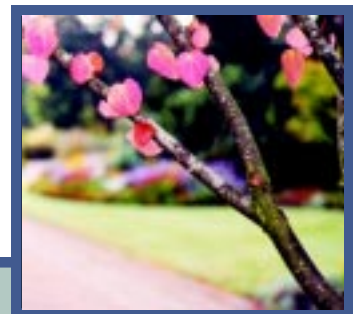
Looking ahead 2002 will see:

- Completion of the Language Learning Lab at Strawberry Hill
- Planning and fundraising for a library in South Surrey underway
- Refurbishment of the Whalley Library
- Identification of information needs of the business community underway
- A new look and improved usability for the library's website
- Creative marketing to increase awareness and use of library resources

Thank-you to the many individuals and organisations who contributed to the community through financial donations to the library. We would especially like to thank our major funders and donors including: the City of Surrey, the Province of British Columbia, Human Resources Development Canada, Canada Council for the Arts and Surrey Metro Savings.



FINANCIAL SECTION



Grounds at
Surrey
City Hall



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New Westminster, BC
Canada V3M 5Y4

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We have audited the consolidated statement of financial position of the City of Surrey as at December 31, 2001 and the consolidated statements of financial activities, equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Surrey, Canada

March 28, 2002



Definition 1. A function f is said to be *increasing* (resp. *decreasing*) if $f(x) \leq f(y)$ (resp. $f(x) \geq f(y)$) for all $x \leq y$ in the domain of f .



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2001

(in thousands of dollars)

	2001	2000
FINANCIAL ASSETS		
Cash and Investments (Note 2)	\$ 388,957	\$ 371,118
Receivables (Note 3)	55,123	53,827
Deposits, Municipal Finance Authority (Note 4)	868	1,395
	<u>444,948</u>	<u>426,340</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	51,173	50,465
Deposits and Prepayments	44,302	40,141
Deferred Revenues	7,003	4,529
Deferred Development Cost Charges (Note 6)	96,212	81,325
Long-Term Debt (Note 7)	2,183	3,929
	<u>200,873</u>	<u>180,389</u>
Net Financial Assets	244,075	245,951
CAPITAL ASSETS (Note 8)	<u>1,428,525</u>	<u>1,338,928</u>
NET ASSETS	<u>\$ 1,672,600</u>	<u>\$ 1,584,879</u>
EQUITY, Financial		
Work in Progress (Schedule 6)	\$ 72,955	\$ 69,293
Unappropriated Surplus (Schedule 6)	16,091	15,921
Appropriated Surplus (Schedule 6)	62,890	71,295
Reserve Funds (Schedule 7)	94,322	93,371
	<u>246,258</u>	<u>249,880</u>
EQUITY, Capital Assets (Schedule 8)	<u>1,426,342</u>	<u>1,334,999</u>
TOTAL EQUITY	<u>\$ 1,672,600</u>	<u>\$ 1,584,879</u>

Vivienne Wilke, CGA
General Manager,
Finance, Technology & HR Dept.

D.W. McCallum
Mayor, City of Surrey

To be read in conjunction with the Notes to the Consolidated Financial Statements



CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the year ended December 31, 2001 (in thousands of dollars)	2001 Budget	2001 Actuals	2000 Actuals
REVENUES (Schedule 10)			
Taxation, Grants-in-lieu, Assessments	\$ 278,819	\$ 283,360	\$ 276,001
Collections for Other Authorities	(141,759)	(145,637)	(141,444)
Taxation for City Purposes	137,060	137,723	134,557
Sales of Goods and Services	75,740	78,267	72,209
Development Cost Charges (Note 6)	27,498	22,019	23,869
Developer Contributions	6,379	11,008	8,658
Investment Income	13,701	20,072	19,299
Transfers from Other Governments	410	3,446	5,259
Other	19,769	22,056	22,918
	<u>280,557</u>	<u>294,591</u>	<u>286,769</u>
EXPENDITURES (Schedule 11)			
Fire and Police Protection	74,808	75,181	67,835
Water and Sewer & Drainage	46,390	44,401	41,567
Parks, Recreation and Culture	28,012	26,487	25,698
General Government	20,733	16,347	16,462
Public Works	13,586	12,406	12,522
Environment and Health	13,889	13,892	13,752
Planning and Development	9,843	8,224	8,172
Surrey Public Library	7,677	7,767	7,266
Debt Interest, Fiscal Services and Other	1,594	2,165	2,307
Capital Assets	117,463	89,597	86,575
	<u>333,995</u>	<u>296,467</u>	<u>282,156</u>
Excess (Deficiency) of Rev. over Expend.	(53,438)	(1,876)	4,613
Debt Principal Repaid	(1,583)	(1,746)	(3,100)
Increase (Decrease) in Financial Equity	<u>\$ (55,021)</u>	<u>(3,622)</u>	<u>1,513</u>
Financial Equity, Beginning of Year as previously stated		248,774	247,288
Adjustment to reflect change in accounting policy (Note 12)		1,106	1,079
Restated Financial Equity, Beginning of Year		<u>249,880</u>	<u>248,367</u>
Financial Equity, End of Year		<u>\$ 246,258</u>	<u>\$ 249,880</u>

To be read in conjunction with the Notes to the Consolidated Financial Statements



CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2001

(in thousands of dollars)

2001

2000

OPERATING TRANSACTIONS

Excess (Deficiency) of Revenues Over Expenditures	\$ (1,876)	\$ 4,613
Cash Generated From (Required For):		
Receivables	(1,296)	(8,605)
Deposits, Municipal Finance Authority	527	(51)
Accounts Payable and Accrued Liabilities	708	10,055
Deposits and Prepayments	4,161	3,359
Deferred Revenues	2,474	133
Deferred Development Cost Charges	14,887	5,360
Net Cash Generated From Operations	<u>19,585</u>	<u>14,864</u>

FINANCING TRANSACTIONS

Debt Principal Repaid	<u>(1,746)</u>	<u>(3,100)</u>
Increase in Cash and Investments	17,839	11,764
Cash and Investments, Beginning of Year	<u>371,118</u>	<u>359,354</u>
Cash and Investments, End of Year	<u>\$388,957</u>	<u>\$ 371,118</u>

To be read in conjunction with the Notes to the Consolidated Financial Statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001



General

The Notes to the Consolidated Financial Statements are an integral part of the statements. They explain the significant accounting and reporting policies and principles underlying these statements. They also provide relevant supplementary information and explanations which cannot be conveniently expressed in the Consolidated Financial Statements.

1. Significant Accounting Policies

a) Basis of Accounting

The Consolidated Financial Statements of the City of Surrey are the representation of management prepared in accordance with generally accepted fund accounting principles for municipalities in the Province of British Columbia and the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The Consolidated Financial Statements reflect a combination of the City's Operating, Capital and Reserve Funds consolidated with the Surrey Public Library.

Revenues and expenditures of the City must be in accordance with the Financial Plan adopted by City Council. Management is required to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. The Consolidated Financial Statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies outlined in Note 1 for the following funds:

Operating Funds

These funds include the General, Water, and Sewer & Drainage Operating Funds as well as the Surrey Public Library. They are used to record the operating costs of the services provided by the City.

Capital Funds

These funds include the General, Water, and Sewer & Drainage Capital Funds. They are used to record the acquisition costs of capital assets and any related long-term debt outstanding.

Reserve Funds

Under the Local Government Act of B.C., City Council may by by-law establish reserve funds for specified purposes. Money in a reserve fund, and interest earned thereon, must be expended by by-law only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required, City Council may, by by-law, transfer all or part of the amount to another reserve fund.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

Trust Funds

These funds account for assets, which must be administered as directed by agreement or statute for certain beneficiaries. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the City's Consolidated Financial Statements. Trust funds administered by the City are presented in Note 11.

b) Revenues

Revenues are recorded using the accrual method of accounting. The City is required to act as the agent for the collection of taxes and fees imposed by other authorities. These collections for other authorities (Schedule 10) are included in the City's total taxation revenues. The City then deducts the amounts paid to these authorities to arrive at taxation revenue for City purposes.

c) Budget Information

Unaudited budget information, presented on a basis consistent with that used for actual results, was included in the Surrey Consolidated Five-Year Financial Plan and was adopted through By-law #14379 on April 23, 2001.

d) Deferred Revenues

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or other related expenditures are incurred.

e) Expenditures

Expenditures are generally recognized as they are incurred as a result of the receipt of goods and services or the creation of a legal obligation to pay. Interest expense on debenture and other debt is accrued to December 31, 2001.

f) Replacement of Capital Assets

The replacement of vehicles and equipment is provided for on a straight-line basis in accordance with the estimated useful lives of the assets. Vehicle and equipment replacement is funded through equipment usage charges with corresponding transfers to the Equipment and Building Replacement Reserve Fund (Schedule 7). Computer System replacements are funded through an annual charge to each department. Except for the City works yard building, a capital consumption or replacement provision for buildings or engineering structures is not charged to City operating departments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001



The City's annual operating budget includes a provision for the replacement of existing capital assets and the acquisition of new capital assets, and also a provision for debt repayment related to capital acquired with borrowed money. The City has also appropriated a portion of operating surpluses for the replacement of capital assets.

A capital ranking model is used to assist the City Council in setting priorities for the replacement and acquisition of capital assets.

g) Investments

Investments are recorded at cost, which approximates market value, and are comprised of money market instruments, term deposits and bonds.

h) Capital Inventory

Capital Inventory is recorded at cost, which is not in excess of net realizable value.

i) Long-Term Debt

Long-Term Debt is recorded net of any related sinking fund balances.

j) Equity, Work in Progress

These balances represent amounts set aside from operations for specific operating and capital projects in progress previously approved by Council.

k) Equity, Unappropriated Surplus

These balances represent operating surpluses from current and prior years which have not yet been allocated for specific purposes. Interest revenue earned on these monies is used to fund operations. The Local Government Act does not allow the City to budget for a deficit unless the deficit can be eliminated through the use of prior years' surplus.

l) Equity, Appropriated Surplus

These balances represent amounts set aside by Council for specific purposes, including contingency provisions for emergencies, revenue stabilization, self insurance claims and for the internal financing of capital projects.

m) Equity in Capital Assets

Equity in Capital Assets reflects the accumulated historical cost of assets acquired, constructed or developed by the City for which no outstanding debt remains (see Schedule 8). The value of infrastructure constructed by developers and transferred to the City at no cost is not included in Equity. The costs for repairs and upgrading which do not materially add to the value or the life of an asset are recorded in the financial statements as operating expenditures. Asset disposals are not recorded.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

2. Cash and Investments
(in thousands of dollars)

	<u>2001</u>	<u>2000</u>
Operating Funds, Unrestricted	\$ 201,148	\$ 199,549
Reserve Funds, Restricted	91,597	90,244
Deferred Development Cost Charges, Restricted	96,212	81,325
	<u>\$ 388,957</u>	<u>\$ 371,118</u>
Money Market Securities maturing within one year	\$ 120,359	\$ 75,663
Intermediate Securities maturing within two years	77,629	51,704
Bond Securities maturing within seven years	190,969	243,751
	<u>\$ 388,957</u>	<u>\$ 371,118</u>
Average portfolio yield 5.77% (2000 – 5.78%)		

3. Receivables, net of allowances
(in thousands of dollars)

	<u>2001</u>	<u>2000</u>
Property Taxes	\$ 13,098	\$ 16,314
Utility Rates	415	394
Accounts Receivable	11,396	11,566
Due From Other Authorities	873	1,038
Development Cost Charges	27,538	23,749
Property Acquired For Taxes	1,803	766
	<u>\$ 55,123</u>	<u>\$ 53,827</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001



4. Deposits, Municipal Finance Authority (in thousands of dollars)

The City, along with other municipalities, has borrowed money by issuing debt instruments through the Municipal Finance Authority (MFA). Part of the proceeds of the borrowing are withheld as deposits by the MFA to act as security against the possibility of debt repayment default. If the debt is repaid without default, the deposits are refunded to the City.

	<u>2001</u>	<u>2000</u>
Deposits, Municipal Finance Authority		
Water Operating Fund	\$ 731	\$ 1,072
Sewer & Drainage Operating Fund	137	323
	<u>\$ 868</u>	<u>\$ 1,395</u>

5. Accounts Payable and Accrued Liabilities (in thousands of dollars)

	<u>2001</u>	<u>2000</u>
Outstanding Cheques	\$ 4,136	\$ 4,360
Trade Accounts Payable	18,736	19,890
Contractors' Holdbacks	2,509	2,474
Due to Federal Government	13,954	13,091
Due to Province of British Columbia	4,098	4,770
Due to Greater Vancouver Regional District	24	30
Due to Other Authorities	7,716	5,850
	<u>\$ 51,173</u>	<u>\$ 50,465</u>

The City has restated the Accounts Payable and Accrued Liabilities for the prior period as a result of a change in accounting policy. Prior periods had recorded a \$2.0 million liability for Employee Sick Leave Entitlement. An accounting policy change restated this amount to represent a contingent liability with an associated reserve (See Note 9). The effect of the change resulted in a restatement of the Accounts Payable and Accrued Liabilities and an adjustment to Opening Financial Equity. Accounts Payable and Accrued Liabilities for the prior period have also been restated to reflect a reclassification of an accrual of employee wages payable, which had previously been accounted for as Deferred Expenditure rather than as a reduction to Accrued Payroll Liabilities.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

6. Deferred Development Cost Charges (in thousands of dollars)

Development Cost Charges (DCC's) are collected to pay for 95% of the general capital costs due to development, and 90% of utility capital costs. In accordance with the Local Government Act of B.C., these funds must be deposited into a separate reserve fund. In accordance with PSAB recommendations, the City records DCC's levied as Deferred DCC's. When the related costs are incurred, the DCC's are then recognized as revenue.

	<u>2001</u>	<u>2000</u>
Deferred DCC's:		
Drainage/Storm Water Detention	\$ 7,847	\$ 7,359
Arterial Roads	21,418	18,782
Collector Roads	6,582	5,283
Parkland	38,430	31,632
Water	10,715	9,111
Sanitary Sewer	11,220	9,158
	<u>\$ 96,212</u>	<u>\$ 81,325</u>
Deferred DCC's, Beginning of Year	\$ 81,325	\$ 75,965
Transfers to General Capital Fund	(15,580)	(15,959)
Transfers to Water Capital Fund	(1,163)	(823)
Transfers to Sewer & Drainage Capital Fund	(5,276)	(7,077)
Total DCC's Recognized as Revenue	(22,019)	(23,869)
DCC's Levied for the Year	33,674	26,070
Investment Income	3,232	3,159
Net Increase for the year	<u>14,887</u>	<u>5,360</u>
Deferred DCC's, End of Year	<u>\$ 96,212</u>	<u>\$ 81,325</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001



7. Long-Term Debt (in thousands of dollars)

	<u>2001</u>	<u>2000</u>
Debtenture Debt	\$ 1,761	\$ 2,875
Agreement Payable	422	1,054
	<u>\$ 2,183</u>	<u>\$ 3,929</u>

Long Term Debt Repayment Schedule

Year	<u>Agreement Payable</u>		<u>Debtenture Debt</u>		Total Future Debt Repayments
	General Capital Fund	Water Capital Fund	Water Capital Fund	S & D Capital Fund	
2002	\$ 428	\$ 8	\$1,143	\$ 131	\$ 1,710
2003	0	0	594	0	594
Principal and Interest Payments	428	8	1,737	131	2,304
*Interest Rev. Applied to Debt	0	0	332	93	425
Interest Expense Payments	(13)	(1)	(462)	(70)	(546)
Debt Principal Repayments	<u>\$ 415</u>	<u>\$ 7</u>	<u>\$1,607</u>	<u>\$ 154</u>	<u>\$ 2,183</u>

*The City earns interest revenue on monies paid into sinking funds for debt repayment, and this interest revenue is applied to debt principal.

The City's Financial Plan provides for the repayment of debt due that year, including principal, interest, and foreign exchange costs.

Interest rates on debtenture debt ranged from 5.55% to 12.35%. The weighted average rate for 2001 was 9.948% (2000 - 9.477%).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

8. Capital Assets, at cost
(in thousands of dollars)

	<u>2001</u>	<u>2000</u>
General Capital Fund		
Land	\$ 248,455	\$ 239,955
Buildings	186,040	168,551
Engineering Structures	567,943	539,781
Machinery and Equipment	90,663	85,868
Capital Inventory	616	392
	<u>1,093,717</u>	<u>1,034,547</u>
Water Capital Fund		
Water System Infrastructure	131,863	125,990
Capital Inventory	300	297
	<u>132,163</u>	<u>126,287</u>
Sewer & Drainage Capital Fund		
Sewer & Drainage System Infrastructure	187,098	162,556
Capital Inventory	43	34
	<u>187,141</u>	<u>162,590</u>
Shared Water Facilities		
Walley-Clayton Facility	2,523	2,523
Surrey-Langley Facility	12,794	12,794
Other	187	187
	<u>15,504</u>	<u>15,504</u>
	<u>\$ 1,428,525</u>	<u>\$ 1,338,928</u>

9. Commitments and Contingencies

- a) The City has significant future contractual commitments for incomplete capital acquisitions and capital construction projects in progress. The City records the capital costs incurred to the end of the year on these projects as capital asset expenditures. In order to provide for the completion of the projects, unexpended budget money for incomplete projects is appropriated as Equity, Operations, Work In Progress. The Financial Plan, updated annually, provides for the financing of these and future obligations within the estimated financial resources of the City.
- b) The City, as a member of the Greater Vancouver Water District, the Greater Vancouver Sewerage and Drainage District, and the Greater Vancouver Regional District, is jointly and severally liable for the net capital liabilities of these Districts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

- c) The City has entered into an agreement with The YMCA of Greater Vancouver in regard to the joint development of the lands and facility in Surrey. The City has agreed to contribute \$5.5 million dollars towards the completion of the project, which will be matched by the YMCA. The City has also agreed to enter into an \$8.0 million non-recourse first collateral mortgage in favour of the Royal Bank of Canada registered against the lands and facility.
- d) The City and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusted pension plan governed by the BC Public Sector Pension Plans Act. The pension plan is a multi-employer contributory defined benefit pension plan with about 125,000 active contributors, including approximately 26,000 contributors from over 180 local governments. Joint trusteeship was established effective April 5, 2001. The board of trustees, representing plan members and employers, is fully responsible for the management of the pension plan, including investment of the assets and administration of the plan. The British Columbia Pension Corporation provides benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the pension plan.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2000 indicates a surplus of \$436 million, an improved position of 9% surplus of covered payroll from a 14% unfunded liability of covered payroll as at the previous valuation of December 31, 1997. The Joint Trust Agreement specifies how surplus assets can be used. The actuary does not attribute portions of the surplus to individual employers. The City records employer contributions to the plan as salaries and benefits expenditures in the year in which the payments are made. The City contributed \$5.3 million in 2001 (2000 – \$4.8 million).

- e) The City insures itself through a combination of insurance policies and self-insurance. The City has a funded self-insurance appropriation (Schedule 6). Based on actuarial estimates, this appropriation reasonably provides for all outstanding claims as follows:

(in thousands of dollars)	<u>2001</u>	<u>2000</u>
General Operating Fund	\$ 10,966	\$ 10,175
Water Operating Fund	3,339	3,165
Sewer & Drainage Operating Fund	4,452	4,220

- f) Employees of the City accumulate sick leave entitlement at the rate of 1.5 shifts per month. The sick leave entitlement is not paid out when an employee retires or ceases employment with the City. As at December 31, 2001, the total accumulated entitlement has an approximate value of \$24.7 million, of which \$2.0 million has been recorded as a reserve. The \$2.0 million reserve represents the approximate value of sick time taken annually.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2001

10. Significant Taxpayers

The City is not reliant upon the revenue from any specific large property taxpayers or businesses. Tax revenues received from the five largest taxpayers amount to less than three percent of the City's annual gross revenues.

11. Trust Funds

(In thousands of dollars)

These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the City's Consolidated Financial Statements.

	<u>2001</u>	<u>2000</u>
Assets		
Cash and Short Term Investments	<u>\$ 1,803</u>	<u>\$ 1,551</u>

Equity	<u>Employee Benefits Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>2001</u>	<u>2000</u>
Balance, Beginning of Year	\$ 413	\$ 1,138	\$ 1,551	\$ 1,563
Contributions	135	21	156	22
Interest Revenue	22	63	85	83
Employment Insurance Rebate	48	0	48	46
Benefits Purchased	(17)	0	(17)	(144)
Refunded to Employees	(20)	0	(20)	(19)
Balance, End of Year	<u>\$ 581</u>	<u>\$ 1,222</u>	<u>\$ 1,803</u>	<u>\$ 1,551</u>

12. Comparative Figures

During the year, The City restated Capital Inventories as Capital Assets (See Note 8), expensed Prepaid Expenditures and restated Accounts Payable and Accrued Liabilities (Note: 5) in order to comply with PSAB accounting standards. The changes in accounting policy had an impact on equity, which has been detailed in the Consolidated Statement of Financial Activities and Schedule 1. In addition, certain other comparative figures have been restated to conform to the 2001 financial statement presentation.

SUPPLEMENTARY FINANCIAL INFORMATION

Surrey RCMP
50th
Anniversary
Celebration





City of Surrey
United Way
Campaign



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Chartered Accountants
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AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION TO THE MAYOR AND COUNCILORS

We have audited and reported separately herein on the consolidated financial statements of the City of Surrey as at and for the year ended December 31, 2001.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The current year's supplementary information included in Schedules 1 through 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Surrey, Canada

March 28, 2002





SCHEDULE 1

STATEMENT OF FINANCIAL POSITION - BY FUND

as at December 31, 2001 (in thousands of dollars)	Operating Funds			Surrey Public Library
	General	Water	S & D *	
*Sewer and Drainage				
FINANCIAL ASSETS				
Cash and Investments	\$ 390,760	\$ 0	\$ 0	\$ 0
Receivables	26,082	415	0	0
Due from Other Funds	0	39,173	41,528	619
Deposits, Municipal Finance Authority	0	732	136	0
	<u>416,842</u>	<u>40,320</u>	<u>41,664</u>	<u>619</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	50,997	150	26	0
Deposits and Prepayments	42,554	852	896	0
Due to Other Funds	245,031	0	0	0
Deferred Revenues	6,846	52	49	56
Deferred Development Cost Charges	0	0	0	0
Long-Term Debt	0	0	0	0
	<u>345,428</u>	<u>1,054</u>	<u>971</u>	<u>56</u>
Net Financial Assets	71,414	39,266	40,693	563
CAPITAL ASSETS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS	<u>\$ 71,414</u>	<u>\$ 39,266</u>	<u>\$ 40,693</u>	<u>\$ 563</u>
EQUITY, Financial				
Work in Progress	\$ 36,496	\$ 17,244	\$ 18,695	\$ 520
Unappropriated Surplus	10,599	3,000	2,450	42
Appropriated Surplus	24,319	19,022	19,548	1
Reserve Funds	0	0	0	0
	<u>71,414</u>	<u>39,266</u>	<u>40,693</u>	<u>563</u>
EQUITY, Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EQUITY	<u>\$ 71,414</u>	<u>\$ 39,266</u>	<u>\$ 40,693</u>	<u>\$ 563</u>

Vivienne Wilke, CGA
General Manager,
Finance, Technology & HR Dept.

D.W. McCallum
Mayor, City of Surrey

SCHEDULE 1 (CONTINUED)



Capital Funds			Reserve	Consolidated		
General	Water	S & D	Funds	Adjustments	2001	2000
\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,803)	\$ 388,957	\$ 371,118
0	0	0	28,626	0	55,123	53,827
0	8,149	122	153,637	(243,228)	0	0
0	0	0	0	0	868	1,395
0	8,149	122	182,263	(245,031)	444,948	426,340
0	0	0	0	0	51,173	50,465
0	0	0	0	0	44,302	40,141
0	0	0	0	(245,031)	0	0
0	0	0	0	0	7,003	4,529
0	0	0	96,212	0	96,212	81,325
415	1,614	154	0	0	2,183	3,929
415	1,614	154	96,212	(245,031)	200,873	180,389
(415)	6,535	(32)	86,051	0	244,075	245,951
1,093,717	147,667	187,141	0	0	1,428,525	1,338,928
\$ 1,093,302	\$ 154,202	\$ 187,109	\$ 86,051	\$ 0	\$ 1,672,600	\$ 1,584,879
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 72,955	\$ 69,293
0	0	0	0	0	16,091	15,921
0	0	0	0	0	62,890	71,295
0	8,149	122	86,051	0	94,322	93,371
0	8,149	122	86,051	0	246,258	249,880
1,093,302	146,053	186,987	0	0	1,426,342	1,334,999
\$ 1,093,302	\$ 154,202	\$ 187,109	\$ 86,051	\$ 0	\$ 1,672,600	\$ 1,584,879



SCHEDULE 2

STATEMENT OF FINANCIAL ACTIVITIES - BY FUND

for the year ended December 31, 2001 (in thousands of dollars)	Operating Funds			Surrey Public Library
	General	Water	S & D *	
*Sewer and Drainage				
REVENUES				
Taxation, Grants-in-lieu, Assessments	\$ 269,985	\$ 170	\$ 13,205	\$ 0
Collections for Other Authorities	(145,637)	0	0	0
Taxation for City Purposes	124,348	170	13,205	0
Sales of Goods and Services	30,784	26,441	20,771	136
Development Cost Charges	0	0	0	0
Developer Contributions	0	0	0	0
Investment Income	9,446	2,405	3,064	0
Transfers from Other Governments	1,906	0	0	809
Other	17,071	194	234	380
	<u>183,555</u>	<u>29,210</u>	<u>37,274</u>	<u>1,325</u>
EXPENDITURES				
Fire and Police Protection	75,181	0	0	0
Water and Sewer & Drainage	0	17,352	27,049	0
Parks, Recreation and Culture	26,487	0	0	0
General Government	16,347	0	0	0
Public Works	12,406	0	0	0
Environment and Health	13,892	0	0	0
Planning and Development	8,224	0	0	0
Surrey Public Library	0	0	0	7,767
Debt Interest, Fiscal Services and Other	663	836	139	2
Capital Assets	0	0	0	
	<u>153,200</u>	<u>18,188</u>	<u>27,188</u>	<u>7,769</u>
Excess (Deficiency) of Rev. over Exp.	30,355	11,022	10,086	(6,444)
Debt Principal Repaid	(426)	(1,173)	(147)	0
Net Excess (Deficiency) of Rev. over Exp.	<u>29,929</u>	<u>9,849</u>	<u>9,939</u>	<u>(6,444)</u>
Transfer from (to) Equity	3,155	(6,819)	8,549	(142)
Transfer from (to) Operating Funds	(6,077)	(229)	(253)	6,559
Transfer from (to) Reserve Funds	(6,671)	(329)	(370)	0
Transfer from (to) Capital Funds	(19,752)	(3,326)	(17,398)	0
Fund Surplus (Deficit)	<u>\$ 584</u>	<u>\$ (854)</u>	<u>\$ 467</u>	<u>\$ (27)</u>
FINANCIAL EQUITY, Begin. of Year				
As Previously Reported	\$ 72,548	\$ 33,598	\$ 48,809	\$ 448
Adjustment to reflect change in Accounting Policy (Note 12)	1,437	(297)	(34)	0
Restated Financial Equity, Begin. of Year	<u>\$ 73,985</u>	<u>\$ 33,301</u>	<u>\$ 48,775</u>	<u>\$ 448</u>
Fund Surplus (Deficit)	584	(854)	467	(27)
Transfer to (from) Equity	(3,155)	6,819	(8,549)	142
FINANCIAL EQUITY, End of Year	<u>\$ 71,414</u>	<u>\$ 39,266</u>	<u>\$ 40,693</u>	<u>\$ 563</u>

SCHEDULE 2 (CONTINUED)



Capital Funds			Reserve	Consolidation	Consolidated	Consolidated
General	Water	S & D *	Funds	Adjustments	2001	2000
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 283,360	\$ 276,001
0	0	0	0	0	(145,637)	(141,444)
0	0	0	0	0	137,723	134,557
0	0	0	135	0	78,267	72,209
0	0	0	22,019	0	22,019	23,869
7,419	26	1,704	1,859	0	11,008	8,658
0	701	17	4,439	0	20,072	19,299
731	0	0	0	0	3,446	5,259
58	0	0	4,119	0	22,056	22,918
8,208	727	1,721	32,571	0	294,591	286,769
0	0	0	0	0	75,181	67,835
0	0	0	0	0	44,401	41,567
0	0	0	0	0	26,487	25,698
0	0	0	0	0	16,347	16,462
0	0	0	0	0	12,406	12,522
0	0	0	0	0	13,892	13,752
0	0	0	0	0	8,224	8,172
0	0	0	0	0	7,767	7,266
0	329	196	0	0	2,165	2,307
59,170	5,876	24,551	0	0	89,597	86,575
59,170	6,205	24,747	0	0	296,467	282,156
(50,962)	(5,478)	(23,026)	32,571	0	(1,876)	4,613
0	0	0	0	0	(1,746)	(3,100)
(50,962)	(5,478)	(23,026)	32,571	0	(3,622)	1,513
77	989	179	(2,196)	0	3,792	1,259
19,752	3,326	17,398	7,370	(47,846)	0	0
31,133	1,163	5,449	0	(30,375)	0	0
0	0	0	(37,745)	78,221	0	0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170	\$ 2,772
\$ 77	\$ 9,138	\$ 301	\$ 83,855	\$ 0	\$ 248,774	\$ 247,288
0	0	0	0	0	1,106	1,079
\$ 77	\$ 9,138	\$ 301	\$ 83,855	\$ 0	\$ 249,880	\$ 248,367
0	0	0	0	0	170	2,772
(77)	(989)	(179)	2,196	0	(3,792)	(1,259)
\$ 0	\$ 8,149	\$ 122	\$ 86,051	\$ 0	\$ 246,258	\$ 249,880



SCHEDULE 3

GENERAL OPERATING FUND

for the year ended December 31, 2001 (in thousands of dollars)	2001 Tax Levy Budget	2001 Actuals (Schedule 2)	2000 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 265,540	\$ 269,985	\$ 262,903
Collections for Other Authorities	(141,759)	(145,637)	(141,444)
Taxation for City Purposes	123,781	124,348	121,459
Sales of Goods and Services	29,226	30,784	27,414
Investment Income	9,574	9,446	8,466
Transfers from Other Governments	410	1,906	2,162
Other	18,633	17,071	16,440
	<u>181,624</u>	<u>183,555</u>	<u>175,941</u>
EXPENDITURES			
Fire and Police Protection	74,808	75,181	67,835
Parks, Recreation and Culture	28,012	26,487	25,698
General Government	20,733	16,347	16,462
Public Works	13,586	12,406	12,522
Environment and Health	13,889	13,892	13,752
Planning and Development	9,843	8,224	8,172
Debt Interest, Fiscal Services and Other	495	663	733
	<u>161,366</u>	<u>153,200</u>	<u>145,174</u>
Excess of Revenues over Expenditures	20,258	30,355	30,767
Debt Principal Repaid	(576)	(426)	(400)
Net Excess of Revenues over Expenditures	19,682	29,929	30,367
Transfers to Other Funds and Reserves	(22,485)	(29,345)	(30,758)
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ (2,803)</u>	<u>\$ 584</u>	<u>\$ (391)</u>

The 2001 Tax Levy Budget was used to determine 2001 taxation rates.

SCHEDULE 4

WATER OPERATING FUND



for the year ended December 31, 2001 (in thousands of dollars)	2001 Utility Rates Budget	2001 Actuals (Schedule 2)	2000 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 0	\$ 170	\$ 140
Sales of Goods and Services	27,430	26,441	25,337
Investment Income	1,683	2,405	2,445
Transfers from Other Governments	0	0	86
Other	0	194	125
	<u>29,113</u>	<u>29,210</u>	<u>28,133</u>
EXPENDITURES			
Water Operations	17,419	17,352	16,441
Debt Interest, Fiscal Services and Other	960	836	1,309
	<u>18,379</u>	<u>18,188</u>	<u>17,750</u>
Excess of Revenues over Expenditures	10,734	11,022	10,383
Debt Principal Repaid	<u>(946)</u>	<u>(1,173)</u>	<u>(2,282)</u>
Net Excess of Revenues over Expenditures	9,788	9,849	8,101
Transfers to Other Funds and Reserves	<u>(9,788)</u>	<u>(10,703)</u>	<u>(4,794)</u>
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ 0</u>	<u>\$ (854)</u>	<u>\$ 3,307</u>

The 2001 Utility Rates Budget was used to determine 2001 water utility rates.



SCHEDULE 5

SEWER & DRAINAGE OPERATING FUND

for the year ended December 31, 2001 (in thousands of dollars)	2001 Utility Rates Budget	2001 Actuals (Schedule 2)	2000 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 13,279	\$ 13,205	\$ 12,958
Sales of Goods and Services	18,977	20,771	19,281
Investment Income	2,444	3,064	3,005
Other	0	234	172
	<u>34,700</u>	<u>37,274</u>	<u>35,416</u>
EXPENDITURES			
Sewer & Drainage Operations	28,971	27,049	25,126
Debt Interest, Fiscal Services and Other	139	139	264
	<u>29,110</u>	<u>27,188</u>	<u>25,390</u>
Excess of Revenues over Expenditures	5,590	10,086	10,026
Debt Principal Repaid	(61)	(147)	(418)
Net Excess of Revenues over Expenditures	5,529	9,939	9,608
Transfers to Other Funds and Reserves	(5,529)	(9,472)	(9,717)
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ 0</u>	<u>\$ 467</u>	<u>\$ (109)</u>

The 2001 Utility Rates Budget was used to determine 2001 sewer and drainage utility rates.



2001
International
Year of the
Volunteer





SCHEDULE 6

EQUITY, OPERATIONS

as at December 31, 2001 (in thousands of dollars)	Balance Jan 1, 2001	Addition	Applied	Balance Dec 31, 2001
GENERAL OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 7,038	\$ 1,962	\$ (553)	\$ 8,447
Work in Progress - Capital	33,292	30,088	(35,331)	28,049
	<u>40,330</u>	<u>32,050</u>	<u>(35,884)</u>	<u>36,496</u>
Unappropriated Surplus	<u>10,015</u>	<u>733</u>	<u>(149)</u>	<u>10,599</u>
Appropriated Surplus				
Operating Contingency	3,500	0	0	3,500
Operating Emergencies	1,000	0	0	1,000
Environmental Emergencies	2,000	141	(141)	2,000
Interest Revenue Stabilization	1,000	0	0	1,000
Revenue Stabilization	3,000	0	0	3,000
Self Insurance	10,175	791	0	10,966
Innovation Fund	828	25	0	853
Employee Sick	2,000	0	0	2,000
Surrey Sport & Leisure Complex	137	8	(145)	0
	<u>23,640</u>	<u>965</u>	<u>(286)</u>	<u>24,319</u>
	<u>\$ 73,985</u>	<u>\$ 33,748</u>	<u>\$ (36,319)</u>	<u>\$ 71,414</u>
WATER OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 2,118	\$ 136	\$ (562)	\$ 1,692
Work in Progress - Capital	10,779	8,098	(3,325)	15,552
	<u>12,897</u>	<u>8,234</u>	<u>(3,887)</u>	<u>17,244</u>
Unappropriated Surplus	<u>3,854</u>	<u>0</u>	<u>(854)</u>	<u>3,000</u>
Appropriated Surplus				
Operating Emergencies	1,000	0	0	1,000
Revenue Stabilization	5,000	1,892	0	6,892
Infrastructure Replacement	7,385	406	0	7,791
Self Insurance	3,165	174	0	3,339
	<u>16,550</u>	<u>2,472</u>	<u>0</u>	<u>19,022</u>
	<u>\$ 33,301</u>	<u>\$ 10,706</u>	<u>\$ (4,741)</u>	<u>\$ 39,266</u>

SCHEDULE 6 (CONTINUED)



(in thousands of dollars)	Balance Jan 1, 2001	Addition	Applied	Balance Dec 31, 2001
SEWER & DRAINAGE OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 816	\$ 63	\$ (187)	\$ 692
Work in Progress - Capital	14,872	20,515	(17,384)	18,003
	<u>15,688</u>	<u>20,578</u>	<u>(17,571)</u>	<u>18,695</u>
Unappropriated Surplus	<u>1,983</u>	<u>467</u>	<u>0</u>	<u>2,450</u>
Appropriated Surplus				
Operating Emergencies	1,000	0	0	1,000
Infrastructure Replacement	4,220	232	0	4,452
Self Insurance	4,220	232	0	4,452
Long Term Improvements	21,664	0	(12,020)	9,644
	<u>31,104</u>	<u>464</u>	<u>(12,020)</u>	<u>19,548</u>
	<u>\$ 48,775</u>	<u>\$ 21,509</u>	<u>\$ (29,591)</u>	<u>\$ 40,693</u>
SURREY PUBLIC LIBRARY				
Work in Progress	\$ 378	\$ 142	\$ 0	\$ 520
Unappropriated Surplus	69	1	(28)	42
Appropriated Surplus	1	0	0	1
	<u>\$ 448</u>	<u>\$ 143</u>	<u>\$ (28)</u>	<u>\$ 563</u>
SUMMARY:				
FINANCIAL EQUITY, OPERATING FUNDS				
Work in Progress	\$ 69,293	\$ 61,004	\$ (57,342)	\$ 72,955
Unappropriated Surplus	15,921	1,201	(1,031)	16,091
Appropriated Surplus	71,295	3,901	(12,306)	62,890
	<u>156,509</u>	<u>66,106</u>	<u>(70,679)</u>	<u>151,936</u>
FINANCIAL EQUITY, RESERVE FUNDS (Schedule 7)				
Reserve Funds	83,855	2,196	0	86,051
Restricted Capital Reserves	9,516	192	(1,437)	8,271
	<u>93,371</u>	<u>2,388</u>	<u>(1,437)</u>	<u>94,322</u>
TOTAL FINANCIAL EQUITY	<u>\$ 249,880</u>	<u>\$ 68,494</u>	<u>\$ (72,116)</u>	<u>\$ 246,258</u>



SCHEDULE 7

RESERVE FUNDS

for the year ended December 31, 2001

(in thousands of dollars)

Reserve Funds	Equipment and Building Replacement	Tax Sale Land	Municipal Land	Park Land Acquisition	*Capital Legacy	**Local Improvement Financing
Equity, January 1, 2001	\$ 21,965	\$ 117	\$ 12,157	\$ 1,120	\$ 29,142	\$ 6,491
Investment Income	1,207	7	669	62	1,602	185
Asset Disposals	54	0	4,200	0	0	0
Sundry Revenue	0	0	0	1,096	0	0
Developer Contributions	0	0	0	0	0	0
	1,261	7	4,869	1,158	1,602	185
Transfers from (to)						
General Operating Fund	4,938	0	0	0	814	919
Water Operating Fund	250	0	0	0	0	79
Sewer & Drainage Operating Fund	250	0	0	0	0	120
General Capital Fund	(3,674)	0	(8,024)	(1,120)	(2,000)	0
Water Capital Fund	0	0	0	0	0	0
Sewer & Drainage Capital Fund	0	0	0	0	0	(173)
Deferred Revenue	0	0	0	0	0	0
	1,764	0	(8,024)	(1,120)	(1,186)	945
Equity, December 31, 2001	\$ 24,990	\$ 124	\$ 9,002	\$ 1,158	\$ 29,558	\$ 7,621
			Appropriated	\$ 5,089		
			Unappropriated	3,913		
				\$ 9,002		

Additional Information:

* Capital Legacy Reserve Fund (created by Bylaw in 1999):

The City borrows from this Fund to finance capital projects. Principal and interest repayment schedules are based upon reasonable business case plans approved by City Council. The debt costs are provided for annually within the operating budget of each capital project.

Capital Legacy Fund Prior to Internal Borrowing	\$ 37,600
Principal Repayable, Surrey Sport and Leisure Complex Ice Arena Loan	6,804
Principal Repayable, Surrey Sport and Leisure Complex Aquatic Retail Complex Loan	1,238
Funds on Hand for Financing Projects	\$ 29,558

** Local Improvement Financing Reserve Fund:

The City borrows from this Fund to finance local improvement projects. The property owners' share, repayable with interest over 10 years, is levied against the benefiting properties. The City's share, repayable with interest over 10 years, is provided for annually within General Operating Fund debt costs.

Equity, December 31, 2000	\$ 7,621
Receivable From Property Owners	(2,725)
Funds on Hand for Financing Projects	\$ 4,896

SCHEDULE 7 (CONTINUED)



W ater Claim s	A ffordable Housing	Parking Space	NCP Amenity	Total	Dev. Cost Charges (Note 6)
\$ 812	\$ 7,731	\$ 942	\$ 3,378	\$ 83,855	\$ 0
45	426	51	185	4,439	3,232
0	0	0	0	4,254	0
0	0	0	763	1,859	0
0	0	0	0	0	33,674
45	426	51	948	10,552	36,906
0	0	0	0	6,671	0
0	0	0	0	329	0
0	0	0	0	370	0
0	(15)	0	(720)	(15,553)	(15,580)
0	0	0	0	0	(1,163)
0	0	0	0	(173)	(5,276)
0	0	0	0	0	(14,887)
0	(15)	0	(720)	(8,356)	(36,906)
\$ 857	\$ 8,142	\$ 993	\$ 3,606	\$ 86,051	\$ 0

	General Capital	W ater Capital	Sewer & Drainage Capital	Total
<u>Restricted Capital Reserves</u>				
Unexpended Capital Borrowing and Sinking Fund Surplus Refunds				
Equity, January 1, 2001	\$ 77	\$ 9,138	\$ 301	\$ 9,516
Refunds Received	0	198	0	198
Investment Income	0	502	17	519
Other Fiscal Adjustments	0	(329)	(196)	(525)
Capital Expenditures	(77)	(1,360)	0	(1,437)
Equity, December 31, 2001	\$ 0	\$ 8,149	\$ 122	\$ 8,271

RESERVE FUNDS	\$ 86,051
RESTRICTED CAPITAL RESERVES	8,271
TOTAL RESERVE FUNDS	<u>\$ 94,322</u>



SCHEDULE 8

EQUITY, CAPITAL ASSETS

for the year ended December 31, 2001
(in thousands of dollars)

	General Capital Fund	
	2001	2000
Equity, Capital Assets, Beginning of Year	\$ 1,033,706	\$ 974,247
Contributions to Capital Assets		
Deferred DCC's (Note 6)	15,580	15,969
Reserve Funds (Schedule 7)	15,553	13,895
	31,133	29,864
Restricted Capital Reserves (Schedule 7)	77	1,114
Federal Government	0	239
Operating Funds	19,752	19,703
Provincial Government	753	2,756
Greater Vancouver Regional District	117	0
Greater Vancouver Transportation Authority	5,229	3,491
Sundry	2,109	1,892
	59,170	59,059
Debt Retirement		
Long-Term Debt, Repayments From Operating Funds	426	400
Debenture Debt, Including Sinking Fund Instalments	0	0
Sinking Fund Actuarial Earnings Applied to Debenture Debt	0	0
Sinking Fund Actuarial Earnings Applied to Agreements Payable	0	0
	426	400
Equity, Capital Assets, End of Year*	\$ 1,093,302	\$ 1,033,706

* Equity in Capital Assets:

Equity in Capital Assets reflects the accumulated historical cost of assets acquired, constructed or developed by the City for which no outstanding debt remains. The value of infrastructure constructed by developers and transferred to the City at no cost is not reflected in Equity. The costs for repairs and upgrading which do not materially add to the value or the life of an asset are recorded in the financial statements as operating expenditures. Asset disposals are not recorded.

SCHEDULE 8 (CONTINUED)



Water Capital Fund		S & D Capital Fund		Consolidated	
2001	2000	2001	2000	2001	2000
<u>\$ 139,004</u>	<u>\$ 131,763</u>	<u>\$ 162,289</u>	<u>\$ 139,314</u>	<u>\$ 1,334,999</u>	<u>\$ 1,245,324</u>
1,163	823	5,276	7,077	22,019	23,869
<u>0</u>	<u>0</u>	<u>173</u>	<u>189</u>	<u>15,726</u>	<u>14,084</u>
1,163	823	5,449	7,266	37,745	37,953
1,360	123	0	1,909	1,437	3,146
0	0	0	0	0	239
3,326	3,575	17,398	12,757	40,476	36,035
0	0	0	0	753	2,756
0	0	0	0	117	0
0	0	0	0	5,229	3,491
<u>27</u>	<u>438</u>	<u>1,704</u>	<u>625</u>	<u>3,840</u>	<u>2,955</u>
<u>5,876</u>	<u>4,959</u>	<u>24,551</u>	<u>22,557</u>	<u>89,597</u>	<u>86,575</u>
286	335	0	0	712	735
661	1,459	61	339	722	1,798
306	321	86	79	392	400
<u>(80)</u>	<u>167</u>	<u>0</u>	<u>0</u>	<u>(80)</u>	<u>167</u>
<u>1,173</u>	<u>2,282</u>	<u>147</u>	<u>418</u>	<u>1,746</u>	<u>3,100</u>
<u>\$ 146,053</u>	<u>\$ 139,004</u>	<u>\$ 186,987</u>	<u>\$ 162,289</u>	<u>\$ 1,426,342</u>	<u>\$ 1,334,999</u>



SCHEDULE 9

CAPITAL EXPENDITURES AND FUNDING SOURCES

for the year ended December 31, 2001

(in thousands of dollars)

	Contributions From					
	Reserves & DCC's	Federal/ Provincial Government	Sundry	Operating Funds	Total	Total
					Expenditures 2001	Expenditures 2000
General Capital Fund						
Land Purchases						
Parkland Acquisition	\$ 6,812	\$ 0	\$ 0	\$ 221	\$ 7,033	\$ 9,608
Affordable Housing	15	0	0	0	15	17
Bridgeview Lands	11	0	0	372	383	87
Land Sales Cost	896	0	0	6	902	297
Other	19	0	0	148	167	21
	<u>7,753</u>	<u>0</u>	<u>0</u>	<u>747</u>	<u>8,500</u>	<u>10,030</u>
Buildings						
Recreation Facilities	6,600	0	168	8,156	14,924	9,746
Fire Halls	0	0	0	270	270	456
Library Facilities	1,000	0	0	830	1,830	2,028
Parks Grounds	0	0	0	48	48	68
City Hall	0	0	0	167	167	145
Works Yard	0	0	0	0	0	5
RCMP Buildings	0	0	0	171	171	143
Other	0	0	0	79	79	36
	<u>7,600</u>	<u>0</u>	<u>168</u>	<u>9,721</u>	<u>17,489</u>	<u>12,627</u>
Engineering Structures						
Roads Construction	10,281	732	6,599	5,987	23,599	25,226
Park Development	1,816	0	560	1,744	4,120	4,170
Crescent Beach Restoration	0	0	77	96	173	1,519
Other	3	21	18	452	494	555
	<u>12,100</u>	<u>753</u>	<u>7,254</u>	<u>8,279</u>	<u>28,386</u>	<u>31,470</u>
Machinery and Equipment						
Information Systems	1,600	0	0	210	1,810	2,451
Fire Vehicles & Equip.	1,414	0	0	313	1,727	710
RCMP Vehicles & Equip.	0	0	10	109	119	111
Public Works Vehicles & Equip.	647	0	0	0	647	1,066
Parks, Rec. & Culture Major Equip	13	0	5	173	191	256
Library Equipment	6	0	95	53	154	230
Furniture & Office Equipment	0	0	0	147	147	108
	<u>3,680</u>	<u>0</u>	<u>110</u>	<u>1,005</u>	<u>4,795</u>	<u>4,932</u>
Total General Capital Fund	\$ 31,133	\$ 753	\$ 7,532	\$ 19,752	\$ 59,170	\$ 59,059

SCHEDULE 9 (CONTINUED)



	Contributions From				Total Expenditures 2001	Total Expenditures 2000
	Reserves & DCC's	Federal/ Provincial Government	Sundry	Operating Funds		
Water Capital Fund						
Engineering Structures	\$ 1,163	\$ 0	\$ 1,387	\$ 3,326	\$ 5,876	\$ 4,959
S & D Capital Fund						
Engineering Structures	\$ 5,449	\$ 0	\$ 1,704	\$ 17,398	\$ 24,551	\$ 22,557
SUMMARY						
GENERAL CAPITAL FUND	\$ 31,133	\$ 753	\$ 7,532	\$ 19,752	\$ 59,170	\$ 59,059
WATER CAPITAL FUND	1,163	0	1,387	3,326	5,876	4,959
S & D CAPITAL FUND	5,449	0	1,704	17,398	24,551	22,557
	<u>\$ 37,745</u>	<u>\$ 753</u>	<u>\$ 10,623</u>	<u>\$ 40,476</u>	<u>\$ 89,597</u>	<u>\$ 86,575</u>



SCHEDULE 10

CONSOLIDATED REVENUES

for the year ended December 31, 2001

(in thousands of dollars)

	2001	2000	1999	1998	1997
Taxation, Grants-in-lieu, Assessments					
Property Taxes	\$ 116,884	\$ 114,420	\$ 111,773	\$ 108,938	\$ 105,365
Sewer Frontage Taxes	12,886	12,710	12,520	12,182	10,217
Grants-in-lieu of Taxes	7,184	6,774	6,520	6,075	5,798
Other	865	753	636	914	815
Collections For Other Authorities					
Province of B.C. - School Taxes	122,073	119,689	117,253	113,573	107,842
Surrey School District 36 - Site Acq.	47	0	0	0	0
Greater Vanc. Reg. Dist.	3,380	3,302	3,420	3,392	3,139
Greater Vanc. Reg. Dist. - Hosp. Dist.	0	0	0	6,310	5,813
Greater Vanc. Reg. Dist. - Landfill	0	0	0	0	2,476
Greater Vanc. Reg. Dist. - DCC's	5,105	3,756	3,532	4,031	685
B.C. Assessment Authority	4,234	4,176	4,102	3,957	3,785
Greater Vanc. Transportation Authority	10,694	10,413	10,223	3,503	3,223
Municipal Finance Authority	8	8	8	8	7
	283,360	276,001	269,987	262,883	249,165
Collections for Other Authorities	(145,637)	(141,444)	(138,535)	(134,447)	(127,209)
Taxation for City Purposes	<u>\$ 137,723</u>	<u>\$ 134,557</u>	<u>\$ 131,452</u>	<u>\$ 128,436</u>	<u>\$ 121,956</u>

SCHEDULE 10 (CONTINUED)



(in thousands of dollars)	2001	2000	1999	1998	1997
Taxation for City Purposes	\$ 137,723	\$ 134,557	\$ 131,452	\$ 128,436	\$ 121,956
Sales of Goods and Services					
Application Fees	1,307	1,138	866	922	1,144
Garbage Levy	14,085	14,049	13,408	12,575	10,171
Landfill	47	40	41	41	5,152
Recreation and Culture	7,016	6,444	6,849	6,727	5,946
Utility Rates and Fees	47,191	44,614	41,144	38,718	36,892
Other	8,621	5,924	7,379	5,977	6,274
	<u>78,267</u>	<u>72,209</u>	<u>69,687</u>	<u>64,960</u>	<u>65,579</u>
Development Cost Charges	<u>22,019</u>	<u>23,869</u>	<u>46,796</u>	<u>40,860</u>	<u>39,724</u>
Developer Contributions	<u>11,008</u>	<u>8,658</u>	<u>8,342</u>	<u>5,596</u>	<u>7,485</u>
Investment Income	<u>20,072</u>	<u>19,299</u>	<u>18,265</u>	<u>18,533</u>	<u>20,222</u>
Transfers from Other Governments					
Province of B.C. - Revenue Sharing	1,562	857	20	5,217	5,217
Province of B.C. - Water Fac. Assist. Act	0	86	509	747	819
Province of B.C. - Library Grant	765	659	652	622	578
Province of B.C. - Public Works	731	2,352	990	0	0
Province of B.C. - Other	152	1,046	1,489	1,380	266
Province of B.C. / Fed Govt. - Infrastructure	0	0	0	2,755	879
Federal Government	236	259	121	118	289
	<u>3,446</u>	<u>5,259</u>	<u>3,781</u>	<u>10,839</u>	<u>8,048</u>
Other					
Licenses and Permits	10,317	10,076	10,471	10,997	10,385
Leases and Rentals	3,117	2,787	2,528	2,227	2,310
Penalties and Interest on Taxes	3,328	2,992	2,835	2,753	2,222
Miscellaneous	1,175	1,301	1,629	1,255	1,208
Asset Disposals	4,119	5,762	6,726	1,155	1,381
	<u>22,056</u>	<u>22,918</u>	<u>24,189</u>	<u>18,387</u>	<u>17,506</u>
TOTAL REVENUES	<u>\$ 294,591</u>	<u>\$ 286,769</u>	<u>\$ 302,512</u>	<u>\$ 287,611</u>	<u>\$ 280,520</u>



SCHEDULE 11 **CONSOLIDATED EXPENDITURES** **BY FUNCTION AND OBJECT**

for the year ended December 31, 2001 (in thousands of dollars)	Fire & Police Protection	Water & S & D	Parks, Rec. & Culture	General Government	Public Works
Council Indemnities	\$ 0	\$ 0	\$ 0	\$ 413	\$ 0
Salaries and Benefits	35,158	0	15,110	12,535	20,431
Consult. and Professional Serv.	81	39	1,363	1,097	226
Training and Recruiting	78	11	76	192	66
RCMP Contracted Services	36,442	0	0	450	0
Telephone and Communications	445	66	219	638	126
Advertising	2	4	268	528	3
Regional District Utility Charges	0	29,688	0	0	0
Utilities	543	1,161	2,187	7	2,994
Garbage Collection & Disposal	15	0	67	0	108
Library Services	0	0	0	0	0
Maintenance	125	1	2,027	851	885
Insurance and Claims	0	27	1	1,433	1
Membership Dues and Licenses	32	1	14	120	13
Leases and Rentals	639	699	38	274	824
Supplies and Materials	1,154	1,659	2,511	1,203	3,229
Publications and Media	18	0	8	57	10
Grants and Sponsorships	0	0	50	701	0
Sundry	431	1,029	2,178	768	2,674
Cost Allocations	662	11,145	5,734	734	10,655
Recoveries	(644)	(1,129)	(5,364)	(5,654)	(29,839)
	75,181	44,401	26,487	16,347	12,406
Debt Interest and Fiscal Services	0	1,500	77	586	0
Capital Assets	0	30,427	0	59,170	0
	\$ 75,181	\$ 76,328	\$ 26,564	\$ 76,103	\$ 12,406

SCHEDULE 11 (CONTINUED)



Environment & Health	Planning & Development	Library	Total 2001	Total 2000	Total 1999	Total 1998	Total 1997
\$ 0	\$ 0	\$ 0	\$ 413	\$ 388	\$ 309	\$ 298	\$ 292
0	7,512	5,412	96,158	93,430	90,245	88,088	84,614
131	70	31	3,038	3,715	4,317	4,399	3,501
4	26	24	477	562	587	567	501
0	0	0	36,892	31,575	27,808	25,866	24,747
5	16	58	1,573	1,578	1,916	1,695	1,740
28	1	15	849	874	683	587	481
0	0	0	29,688	27,476	25,262	24,014	19,154
4	0	231	7,127	5,815	5,292	5,208	4,982
12,093	0	5	12,288	12,054	10,884	11,720	8,951
0	0	103	103	105	99	89	86
6	3	68	3,966	2,706	3,471	2,826	2,358
2	0	0	1,464	1,637	850	1,097	881
1	16	8	205	173	175	169	164
22	0	29	2,525	3,291	2,621	2,513	2,440
186	78	233	10,253	10,576	10,923	10,054	9,967
0	7	1,228	1,328	1,283	1,293	1,179	1,178
0	57	0	808	936	975	813	759
182	252	209	7,723	8,654	8,572	6,915	8,808
1,619	221	457	31,227	31,129	30,269	23,102	20,791
(391)	(35)	(344)	(43,400)	(44,683)	(44,869)	(35,707)	(34,619)
13,892	8,224	7,767	204,705	193,274	181,682	175,492	161,776
0	0	2	2,165	2,307	2,534	3,132	3,202
0	0	0	89,597	86,575	124,644	114,863	90,343
\$ 13,892	\$ 8,224	\$ 7,769	\$ 296,467	\$ 282,156	\$ 308,860	\$ 293,487	\$ 255,321



SCHEDULE 12

RESERVES AND SURPLUS - 5 YEAR COMPARISON

In 1998, the City Council approved a new Reserve and Surplus policy. This policy provides guidelines for the establishment, use and replenishment of Reserve Funds, Appropriations of Surplus for contingencies, and Unappropriated Surplus.

In 1999, all reserve and surplus balances were reviewed, and excess monies were transferred into a Capital Legacy Reserve Fund.

Reserve Funds	1997	1998	1999	2000	2001
Equip. and Building Replacement	\$ 21,446	\$ 21,227	\$ 19,368	\$ 21,965	\$ 24,990
Tax Sale Land	101	106	111	117	124
Municipal Land	12,161	11,790	15,505	12,157	9,002
Park Land Acquisition	2,796	1,611	1,071	1,120	1,158
Capital Legacy	0	0	27,390	29,142	29,558
Local Improvement Financing	15,418	16,905	5,447	6,491	7,621
Water Claims	697	732	770	812	857
Affordable Housing	5,586	6,906	7,344	7,731	8,142
Animal Compensation	6	6	0	0	0
Parking Space	782	822	893	942	993
Neighbourhood Concept Plan	2,010	2,489	3,008	3,378	3,606
	61,003	62,594	80,907	83,855	86,051
Restricted Capital Reserve-Gen.	1,191	1,191	1,191	77	0
Restricted Capital Reserve-Water	6,837	7,552	8,466	9,138	8,149
Restricted Capital Reserve-Sewer	8,261	9,490	1,909	301	122
	<u>\$ 77,292</u>	<u>\$ 80,827</u>	<u>\$ 92,473</u>	<u>\$ 93,371</u>	<u>\$ 94,322</u>
Deferred Revenue-DCC's					
Drainage/Storm Water	\$ 13,841	\$ 12,583	\$ 8,861	\$ 7,359	\$ 7,847
Arterial Roads	29,711	25,561	19,618	18,782	21,418
Collector Roads	7,605	6,271	5,070	5,283	6,582
Parkland	42,309	35,213	25,841	31,632	38,430
Water	9,829	8,467	7,909	9,111	10,715
Sanitary Sewer	9,681	8,656	8,666	9,158	11,220
	<u>\$ 112,976</u>	<u>\$ 96,751</u>	<u>\$ 75,965</u>	<u>\$ 81,325</u>	<u>\$ 96,212</u>
Unappropriated Surplus					
Unappropriated Surplus-General	\$ 7,698	\$ 10,000	\$ 10,623	\$ 10,015	\$ 10,599
Unappropriated Surplus-Water	6,271	2,535	546	3,854	3,000
Unapp. Surplus-Sewer & Drain.	10,548	3,383	2,092	1,983	2,450
Unapp. Surplus-S. Public Library	128	44	65	69	42
	<u>\$ 24,645</u>	<u>\$ 15,962</u>	<u>\$ 13,326</u>	<u>\$ 15,921</u>	<u>\$ 16,091</u>

SCHEDULE 12 (CONTINUED)



	1997	1998	1999	2000	2001
Appropriated Surplus-General Operating Fund Contingencies					
Operating Contingency	\$ 4,200	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Operating Emergencies	8,607	1,000	1,000	1,000	1,000
Environmental Emergencies	0	2,000	2,000	2,000	2,000
Interest Revenue Stabilization	0	1,000	1,000	1,000	1,000
Revenue Stabilization	3,438	3,000	2,922	3,000	3,000
Self Insurance	7,960	8,637	9,412	10,175	10,966
Innovation Fund	0	1,000	1,078	828	853
Employee Sick Provision	0	0	0	2,000	2,000
Capital Legacy Fund	0	15,897	0	0	0
Sport & Leisure Complex	0	0	1,448	137	0
	<u>24,205</u>	<u>36,034</u>	<u>22,360</u>	<u>23,640</u>	<u>24,319</u>
Appropriated Surplus-Water Operating Fund Contingencies					
Operating Emergencies	\$ 0	\$ 1,000	\$ 0	\$ 1,000	\$ 1,000
Revenue Stabilization	12,000	5,000	5,000	5,000	6,892
Self Insurance	0	3,000	3,000	3,165	3,339
Infrastructure Replacement	0	7,000	7,000	7,385	7,791
	<u>12,000</u>	<u>16,000</u>	<u>15,000</u>	<u>16,550</u>	<u>19,022</u>
Appropriated Surplus-Sewer Operating Fund Contingencies					
Operating Emergencies	\$ 0	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Revenue Stabilization	30,900	0	0	0	0
Self Insurance	0	4,000	4,000	4,220	4,452
Infrastructure Replacement	0	4,000	4,000	4,220	4,452
Long Term Improvements	0	24,973	24,973	21,664	9,644
	<u>30,900</u>	<u>33,973</u>	<u>33,973</u>	<u>31,104</u>	<u>19,548</u>
Approp. Surplus-Sur. Public Lib.	1	1	1	1	1
	<u>\$ 67,106</u>	<u>\$ 86,008</u>	<u>\$ 71,334</u>	<u>\$ 71,295</u>	<u>\$ 62,890</u>

Work in Progress

Work in Progress represents funds set aside for the completion of operating and capital projects previously approved by City Council. During 1997 and 1998, monies surplus to actual requirements were reallocated to appropriated surplus contingencies.

General Operating and Capital	\$ 80,128	\$ 46,807	\$ 39,569	\$ 40,330	\$ 36,496
Water Operating and Capital	8,845	10,278	12,953	12,897	17,244
Sewer Operating and Capital	8,796	16,766	16,326	15,688	18,695
Surrey Public Library	359	372	307	378	520
	<u>\$ 98,128</u>	<u>\$ 74,223</u>	<u>\$ 69,155</u>	<u>\$ 69,293</u>	<u>\$ 72,955</u>



SURREY PUBLIC LIBRARY

2001 Annual Financial Report





KPMG LLP
Chartered Accountants

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AUDITORS' REPORT TO THE CHAIR AND MEMBERS OF SURREY PUBLIC LIBRARY BOARD

We have audited the statement of financial position of the Surrey Public Library as at December 31, 2001 and the statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Surrey, Canada

March 25, 2002



KPMG LLP is a Canadian limited liability partnership organized under the laws of Ontario, is a member firm of KPMG International, a Swiss association.

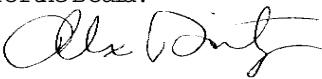


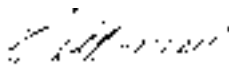
SURREY PUBLIC LIBRARY

STATEMENT OF FINANCIAL POSITION

as at December 31, 2001	2001	2000
FINANCIAL ASSETS		
Due From City of Surrey (Note 2)	\$ 619,044	\$ 495,492
LIABILITIES		
Deferred Revenues (Note 3)	56,347	46,993
NET FINANCIAL ASSETS	<u>\$ 562,697</u>	<u>\$ 448,499</u>
EQUITY, Financial		
Appropriated For Materials On Order	\$ 520,098	\$ 377,733
Unappropriated Surplus	41,465	69,691
	561,563	447,424
EQUITY, Endowment Fund (Note 4)	1,134	1,075
	<u>\$ 562,697</u>	<u>\$ 448,499</u>

On behalf of the Board:


Chairperson


Chief Librarian

To be read in conjunction with the Notes to the Financial Statements

SURREY PUBLIC LIBRARY

STATEMENT OF FINANCIAL ACTIVITIES



for the year ended December 31, 2001	2001 Budget	2001 Actuals	2000 Actuals
REVENUES			
City of Surrey Grant	\$ 6,559,000	\$ 6,559,000	\$ 6,168,028
Provincial & Federal Grants	660,000	809,020	683,816
Fines and Fees	433,000	393,688	358,331
Other	209,000	194,805	131,468
	<u>7,861,000</u>	<u>7,956,513</u>	<u>7,341,643</u>
EXPENDITURES			
Salaries and Benefits	5,404,000	5,402,418	5,032,383
Books and Materials	1,255,000	1,227,949	1,149,116
Site Operations	815,000	769,164	616,653
Supplies and Equipment	146,000	165,333	151,595
Professional Services	102,000	91,475	139,778
Inter-Library Services	100,000	102,801	104,881
Other	89,000	83,234	72,951
	<u>7,911,000</u>	<u>7,842,374</u>	<u>7,267,357</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (50,000)</u>	<u>\$ 114,139</u>	<u>\$ 74,286</u>
Equity, Financial			
Appropriated For Material On Order			
Balance, Beginning of Year	\$ 377,733	\$ 377,733	\$ 307,584
Transfers from Unappropriated Surplus	0	142,365	70,149
Balance, End of Year	<u>377,733</u>	<u>520,098</u>	<u>377,733</u>
Unappropriated Surplus			
Balance, Beginning of Year	69,691	69,691	65,554
Excess (Deficiency) of Revenues over Expenditures	(50,000)	114,139	74,286
Transfer to Appropriated Surplus	0	(142,365)	(70,149)
Balance, End of Year	<u>19,691</u>	<u>41,465</u>	<u>69,691</u>
	<u>\$ 397,424</u>	<u>\$ 561,563</u>	<u>\$ 447,424</u>

To be read in conjunction with the Notes to the Financial Statements



SURREY PUBLIC LIBRARY

STATEMENT OF CASH FLOWS

for the year ended December 31, 2001	2001	2000
OPERATING TRANSACTIONS		
Excess of Revenues Over Expenditures	\$ 114,139	\$ 74,286
Cash Generated From (Required for):		
Deferred Revenues	9,354	(12,890)
Endowment Fund	<u>59</u>	<u>53</u>
Increase in Cash	123,552	61,449
Cash Held by City of Surrey, Beginning of Year	<u>495,492</u>	<u>434,043</u>
Cash Held by City of Surrey, End of Year (Note 2)	<u>\$ 619,044</u>	<u>\$ 495,492</u>

To be read in conjunction with the Notes to the Financial Statements

SURREY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001



General

The Surrey Public Library, which is funded and supported primarily by the City of Surrey, was established in 1983 pursuant to the Library Act of British Columbia (Part 2) as a Municipal Public Library. The Library Board, on behalf of the residents and taxpayers of the City of Surrey, oversees the management and operation of the Surrey Public Library and further serves as a policy making body for the organization. The Library Board is appointed by the Council of the City of Surrey.

1. Significant accounting policies:

The accounting policies of the Surrey Public Library conform to accounting principles generally accepted for municipal government financial reporting in British Columbia and include the following specific policies:

a) Revenue Recognition

Revenues are recorded using the accrual method of accounting.

Grants, donations and fund raising activity revenues are recognized as revenue in the year in which the related expenditures are incurred.

b) Purchases

Purchases of books and library materials are recorded as expenditures in the year of acquisition.

c) Budget Information

Unaudited budget information, presented on a basis consistent with that used for actual results, was included in the City of Surrey's Consolidated Five-Year Financial Plan and was adopted through By-law #14379 on April 23, 2001.

d) Capital Expenditures

Minor capital items are recorded as an expenditure in the year of purchase. Major capital expenditures are recorded in the City of Surrey's General Capital Fund.



SURREY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2001

2. Due from the City of Surrey

All cash transactions of the Surrey Public Library are handled by the City of Surrey, including payroll and accounts payable processing. The amount shown as Due from City of Surrey represents the balance of cash held by the City of Surrey and owed to the Surrey Public Library.

3. Deferred Revenues

	<u>2001</u>	<u>2000</u>
Balance, Beginning of Year	\$ 46,993	\$ 59,883
Donations	8,058	18,917
Book Sales	25,543	22,669
Grants, Sponsorships, Other	69,556	6,746
	<u>103,157</u>	<u>48,332</u>
Recognized as Other Revenue	(93,803)	(61,222)
	<u></u>	<u></u>
Balance, End of Year	<u>\$ 56,347</u>	<u>\$ 46,993</u>

4. Library Endowment Fund

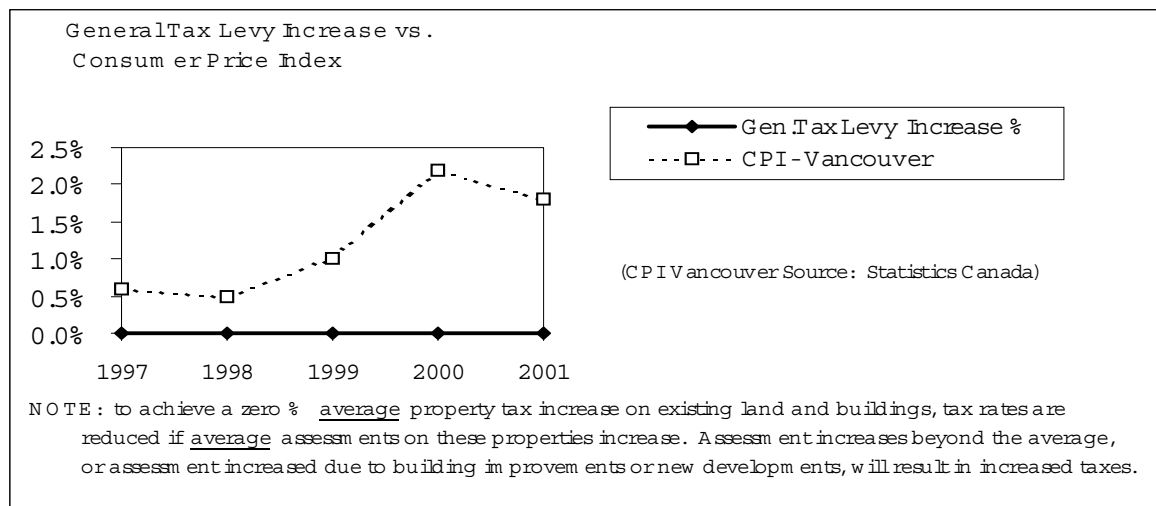
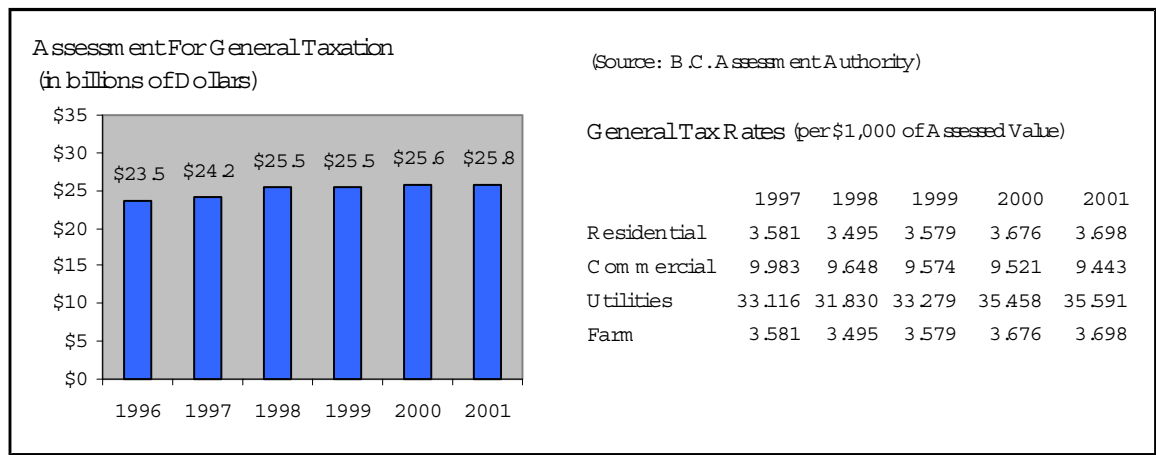
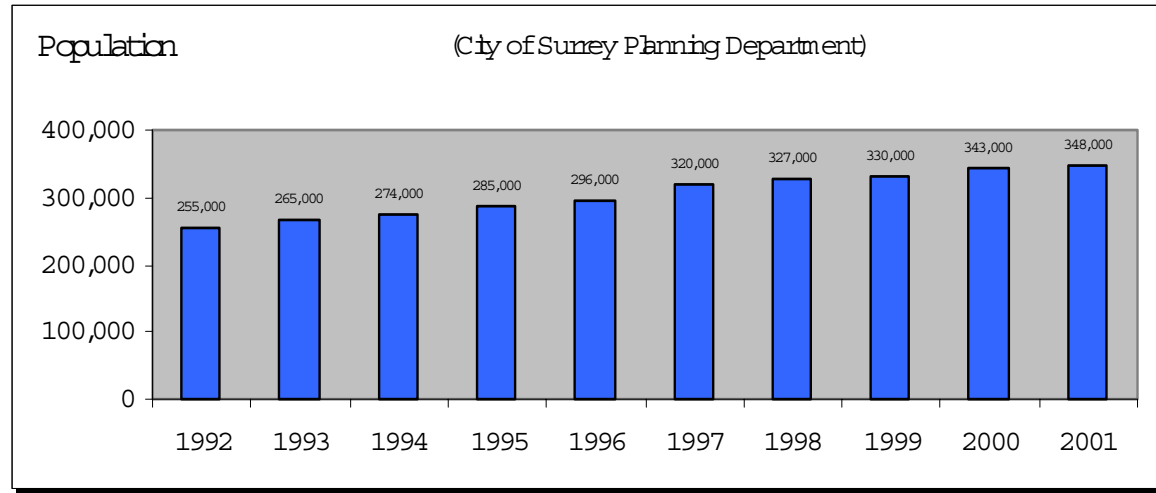
The Library Board established an interest bearing endowment fund to receive specific donations from the public. The donations, and interest thereon, are held in the fund for a maximum ten year period.

	<u>2001</u>	<u>2000</u>
Balance, Beginning of Year	\$ 1,075	\$ 1,022
Investment Revenue	59	53
	<u></u>	<u></u>
Balance, End of Year	<u>\$ 1,134</u>	<u>\$ 1,075</u>

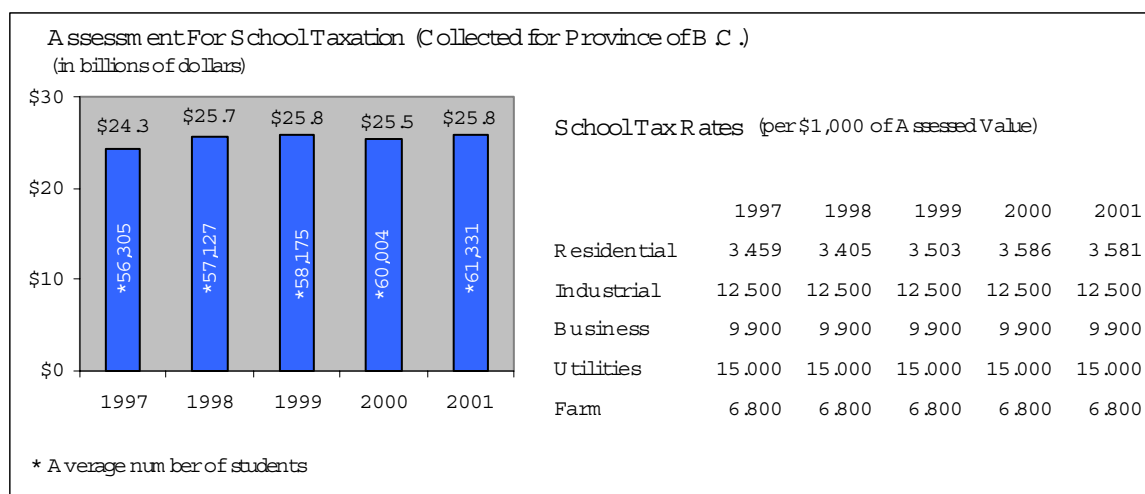
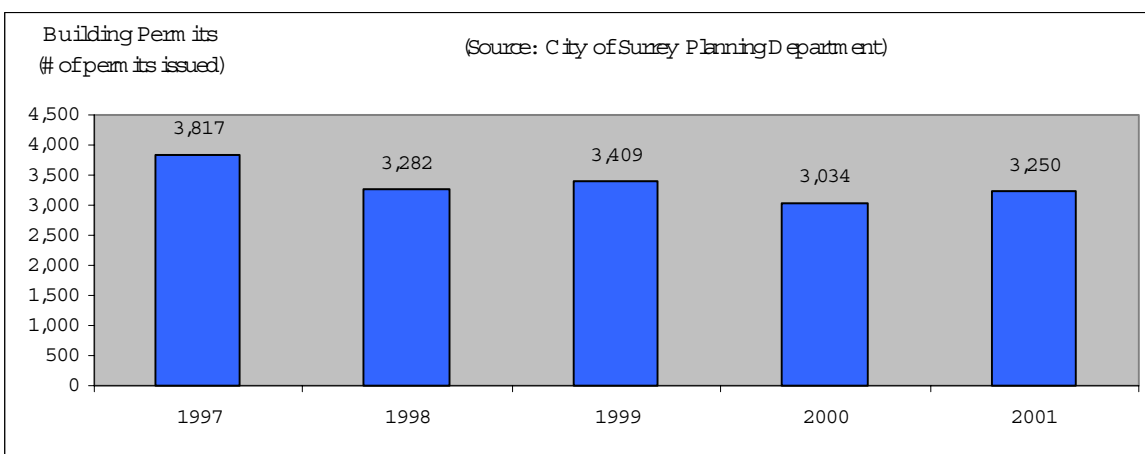
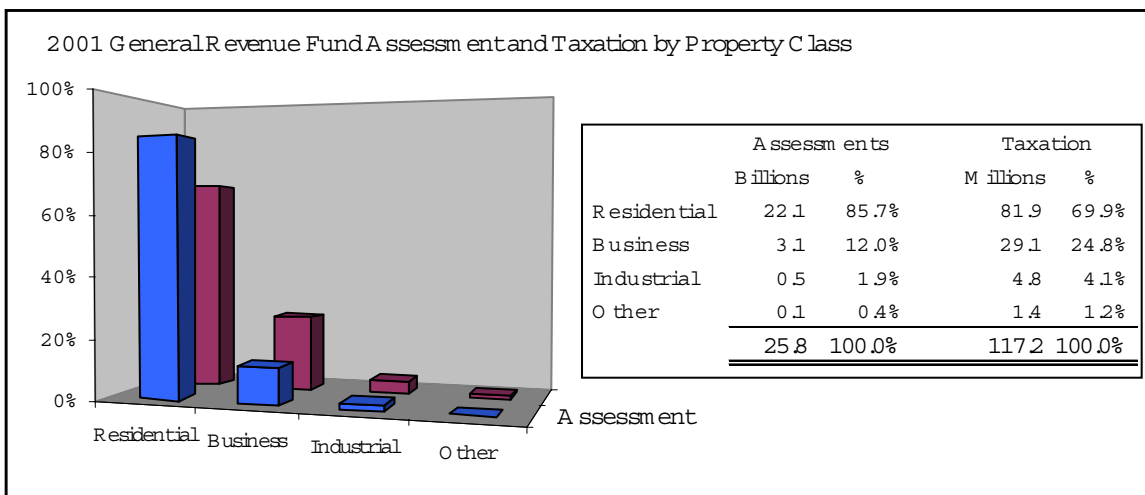
STATISTICAL SECTION

Active Living
in the "City of
Parks"

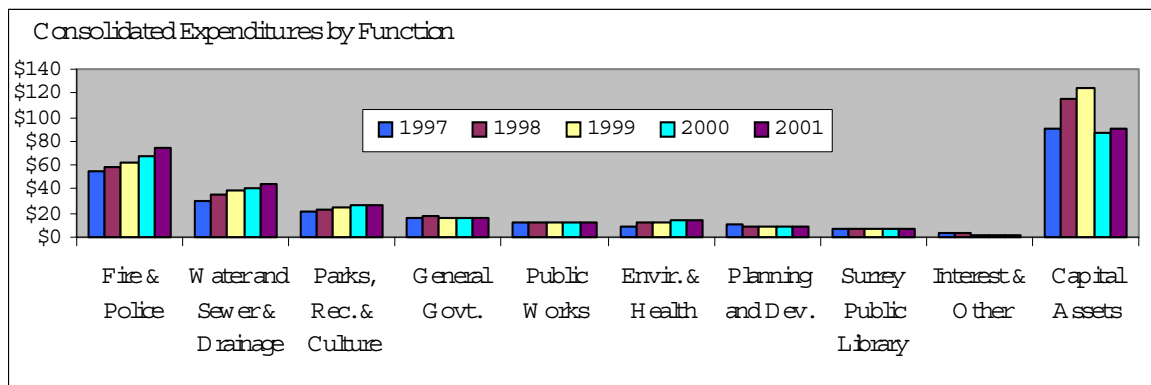
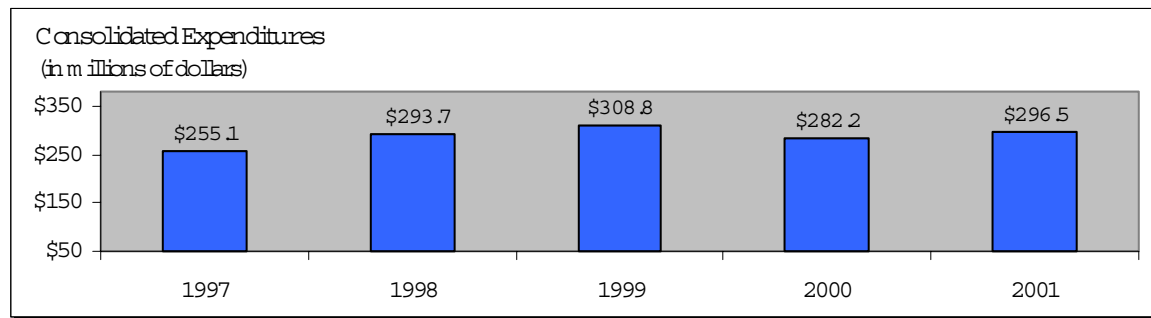
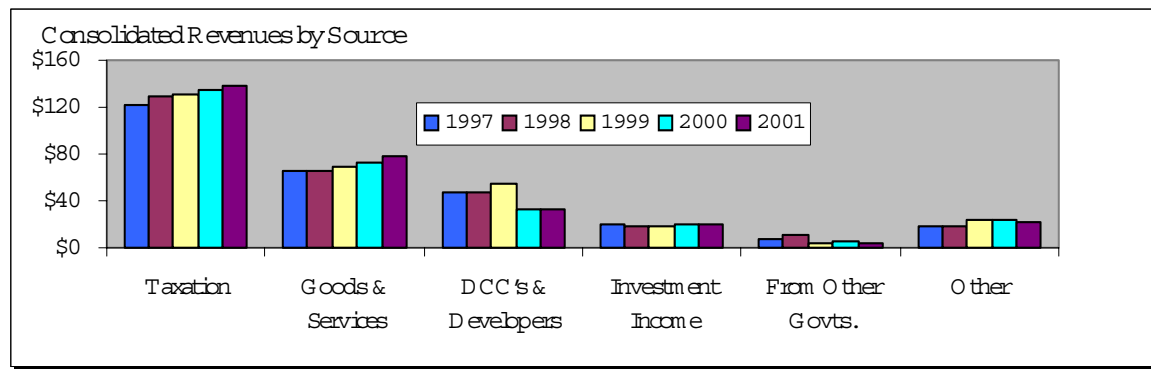
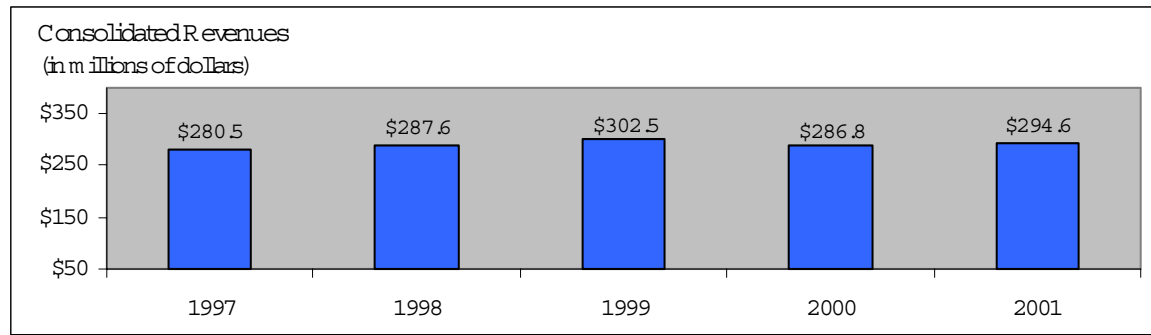




STATISTICAL REVIEW

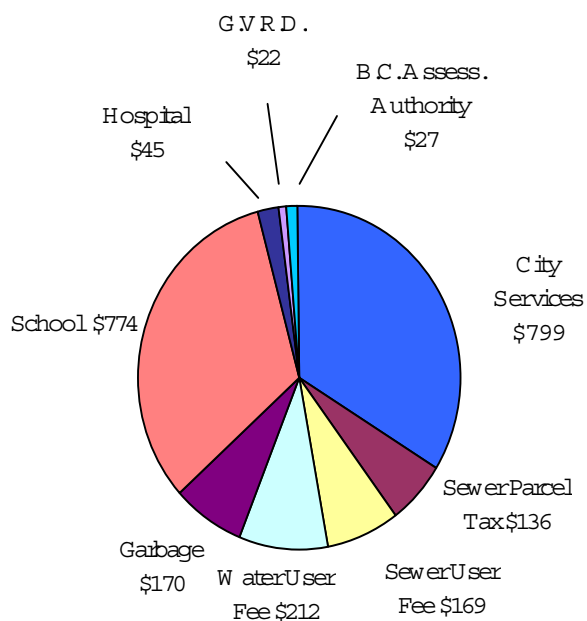


STATISTICAL REVIEW



STATISTICAL REVIEW

2000 Average Tax and Utilities Bill *



City Services

Protection Services	\$ 336
Parks, Recreation & Culture	120
General Government	104
Engineering Services	119
Surrey Public Library	32
Capital Contributions	88
	<u>\$ 799</u>

Summary

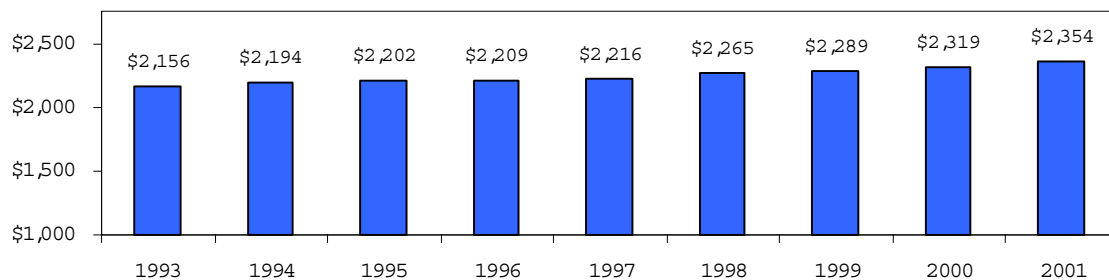
City Services	\$ 799
School	774
Water, Sewer & Drain.	517
Garbage	170
	<u>94</u>
	<u>\$ 2,354</u>

* Based on an Average Single Family Residential Dwelling with a Assessed Value of \$219,000.

Note: If Eligible for Provincial Home Owner Grant, taxes would be reduced by \$470 (\$745 if over 65 years old)

Average Tax and Utilities Bill

(Amount would be reduced by Provincial Home Owner Grant, if eligible)





STATISTICAL REVIEW

	1997	1998	1999	2000	2001
General Assessment: (in thousands)	\$ 24,023,878	\$ 25,384,750	\$ 25,509,585	\$ 25,423,497	\$ 25,846,681
Total Assessed Properties	101,269	103,692	105,585	105,755	107,411
Assessment Per Capita	\$ 237,228	\$ 244,809	\$ 241,602	\$ 240,400	\$ 240,633

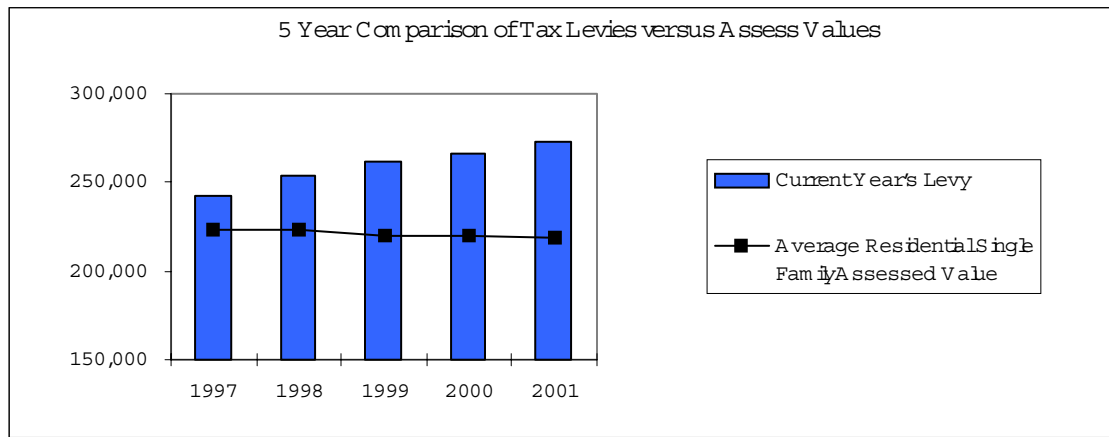
Percentage of General Assessment represented by:

Residential	87.0%	86.9%	86.5%	86.0%	85.6%
Utilities	0.1%	0.1%	0.1%	0.1%	0.1%
Major Industrial	0.2%	0.2%	0.1%	0.1%	0.1%
Light Industrial	1.4%	1.4%	1.4%	1.7%	1.8%
Business / Other	10.8%	11.0%	11.4%	11.6%	11.9%
Non-Profit Recreation	0.3%	0.3%	0.3%	0.3%	0.3%
Farm	0.2%	0.2%	0.2%	0.2%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

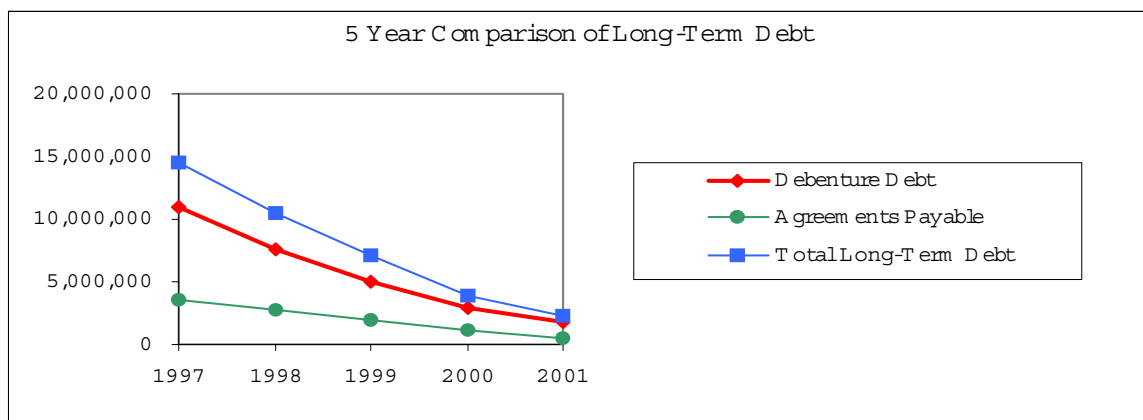
Taxes Collected: (in thousands)

Current Year's Levy	\$ 242,254	\$ 253,610	\$ 261,102	\$ 266,368	\$ 272,389
Current Taxes Collected	233,906	238,222	243,755	246,745	252,368
Current Taxes Outstanding	\$ 8,347	\$ 15,388	\$ 17,347	\$ 19,623	\$ 20,021

Percentage of Taxes Collected	96.6%	93.9%	93.4%	92.6%	92.6%
Levy per Capita	\$ 2,392	\$ 2,446	\$ 2,473	\$ 2,519	\$ 2,536



STATISTICAL REVIEW



	1997	1998	1999	2000	2001
Debuture Debt					
GeneralCapitalFund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
W aterCapitalFund	7,918,300	6,031,300	4,353,700	2,573,700	1,606,780
SewerCapitalFund	2,988,300	1,599,000	718,200	300,700	154,042
	10,906,600	7,630,300	5,071,900	2,874,400	1,760,822
Agreements Payable					
GeneralCapitalFund	1,971,500	1,617,400	1,240,900	840,600	414,907
W aterCapitalFund	1,634,200	1,196,700	716,400	213,800	7,661
SewerCapitalFund	0	0	0	0	0
	3,605,700	2,814,100	1,957,300	1,054,400	422,568
TotalLong-Term Debt	\$ 14,512,300	\$ 10,444,400	\$ 7,029,200	\$ 3,928,800	\$ 2,183,390



This Financial Report was produced by the
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