



2002 Annual Financial Report

for the year ended December 31, 2002



safe city



clean city



active city

City of Surrey

British Columbia, Canada

CITY OF SURREY 2002 ANNUAL FINANCIAL REPORT

For the year ended December 31, 2002

Surrey, British Columbia



SURREY
CITY OF PARKS

**Prepared by the City of Surrey
Financial Services Department**

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



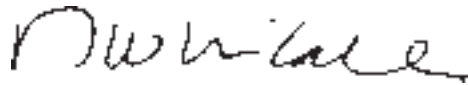
On behalf of Surrey City Council, I am pleased to present the Annual Financial Report for 2002.

City Council is proud of the city's financial well being, allowing us to keep tax rates stable while giving us the ability to invest in roads, capital projects and other undertakings that improve quality of life for those who reside here. We have worked with relentless determination to establish Surrey as the number one city in which to live, work and raise a family.

City Council's pledge to provide Surrey with simple, good government continues to play a role in creating a city that leads the way in the areas of innovation and job creation, a city that inspires pride in its inhabitants and is the envy of those who live outside its boundaries.

The citizens of Surrey enjoy state-of-the-art facilities, first-rate services, solid infrastructure and a lifestyle second to none. In collaboration with the City, residents are taking an active part in making Surrey the best it can be. Ever increasing participation in our Safe, Clean and Active City campaigns is just one example of the enthusiasm our residents show for creating a city that leads the way in community spirit and unique character.

Fiscal responsibility is the cornerstone of good governance. A commitment to making sound financial decisions remains City Council's top priority, and with the support of administration and community partners we can be assured of well-planned and sustained growth in the coming years.

A handwritten signature in black ink, appearing to read 'D.W. McCallum'.

D.W. (Doug) McCallum
Mayor

CITY COUNCIL & SURREY OFFICERS



Members of Council for the term Dec. 2002 to Nov. 2005



Back Row: J.A. Villeneuve, B. Steele, J.M. Hunt, G. Tymoschuk, R. Bose
Front Row: P. Priddy, Mayor D.W. McCallum, J.E. Higginbotham

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

Mayor D.W. McCallum	R. Bose	J.L. Eddington
J.E. Higginbotham	J.M. Hunt	B. Steele
G. Tymoschuk	J.A. Villeneuve	D.L. 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

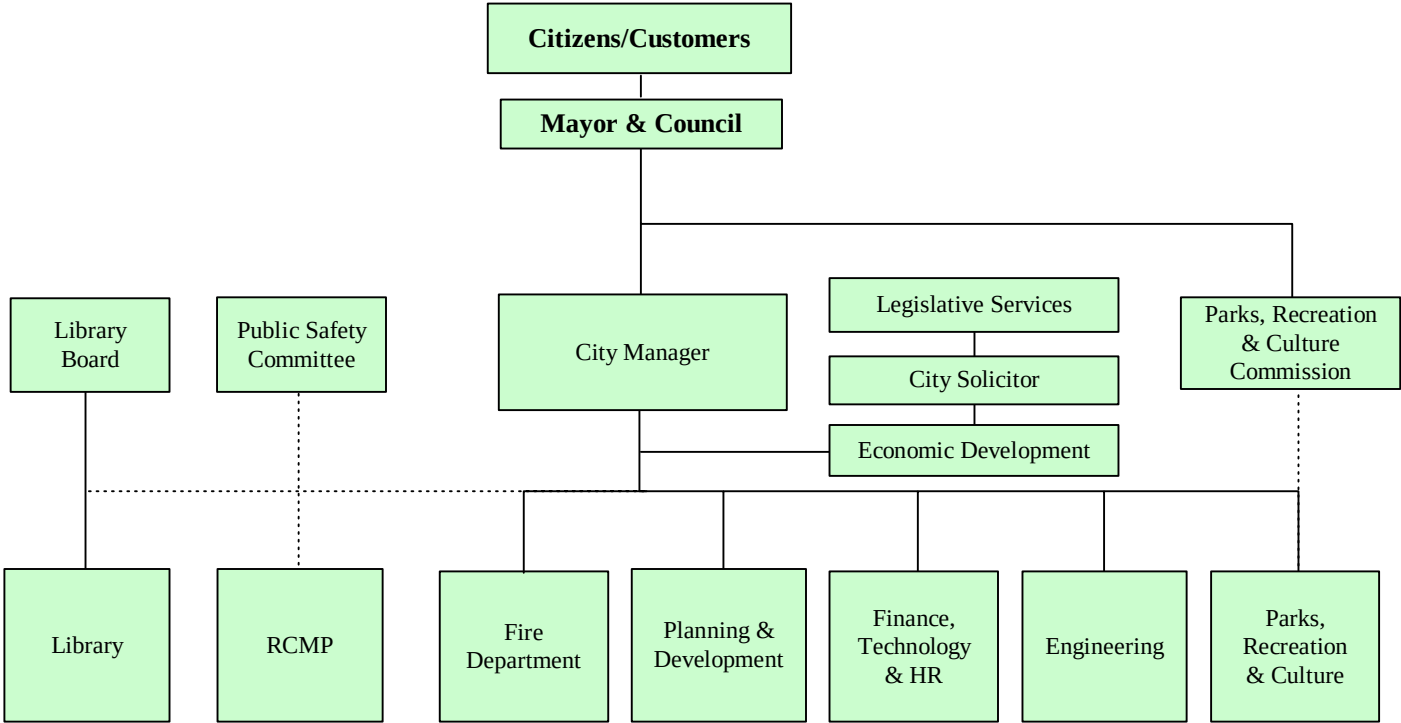
KPMGLLP

Surrey Office Bankers

Canadian Imperial Bank of Commerce / Royal Bank of Canada



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.

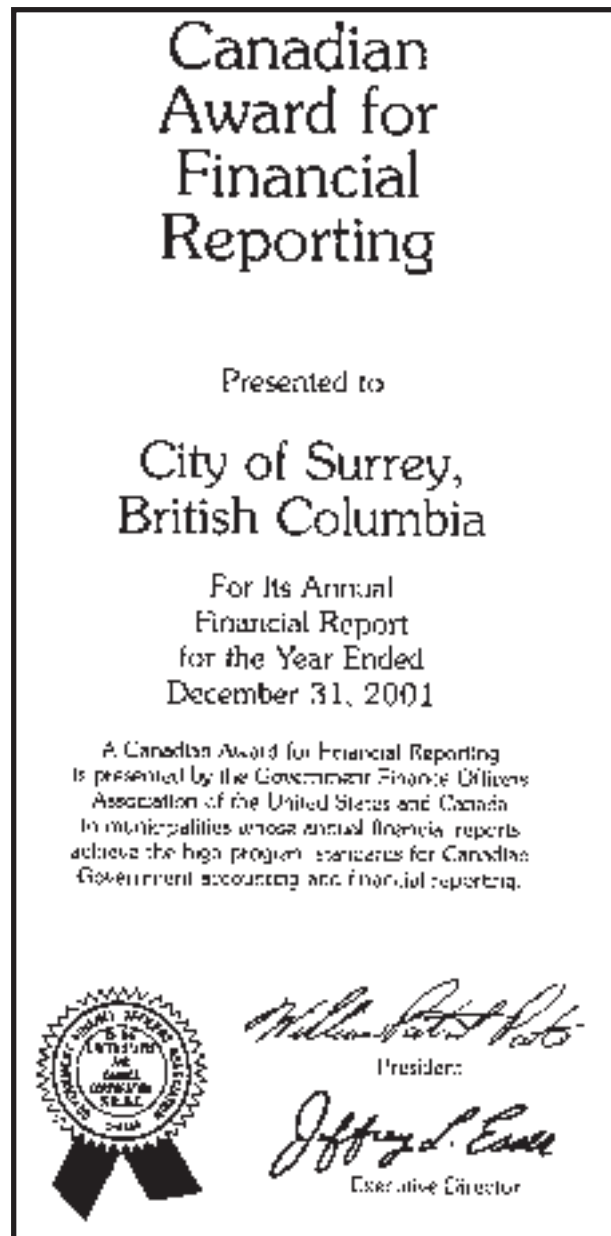
CANADIAN AWARD FOR FINANCIAL PLANNING



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, 2001. 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 31, 2003

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 2002 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 2002 compared to 2001.

The Annual Financial Report includes the Consolidated Financial Statements and the Auditors' Report. The Auditors, KPMG, are appointed by and report to City 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 2002 Annual Financial Report is the responsibility of the City's management. The statements have been prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). 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 2001. 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 2002 report continues to conform to the program requirements and will be submitted to the GFOA for evaluation.

The 2002 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, Consolidated Financial Statements and supporting schedules. The Consolidated Financial Statements present the City's overall financial position as at December 31, 2002 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 2001 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 2002 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 \$44.8 million in DCC's in 2002 (\$33.6 million in 2001). 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 2001 and 2002 is presented in Note 6.
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. Since 1998, in accordance with the new policy, Council redistributed certain amounts previously set aside. A Capital Legacy Reserve Fund was established in 1999 (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

2002 in Review

City Council again, made the difficult decision to maintain a zero percent property tax increase in 2002 and Surrey's taxes remain among the lowest in the region. To facilitate a zero percent 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 previous years. 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 \$3.6 million in additional revenue (\$2.7 million in 2001). Grants in Lieu of Taxes contributed an additional \$0.9 million in 2002 over 2001. Budgeted expenditure increases were the result of inflation, regional utility rate increases and increases in Protective Services.

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 an increase in financial equity of \$25.7 million compared to a decrease of \$3.6 million in 2001.

Investments

The City of Surrey's investment policy is to invest City funds in a manner that will provide the optimal blend of investment return and security while meeting the daily cash flow demands of the City and complying with the statutory requirements of the *Local Government Act*. The average portfolio balance of \$413 million earned interest of \$22.3 million, of which \$3.4 million was allocated to Deferred DCC's. All investments were made within the policy guidelines. The \$13.8 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 \$108.7 million (6.5%), from \$1.67 billion in 2001 to \$1.78 billion in 2002. The net increase was primarily due to investment in capital assets and growth in Development Cost Charges. 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 \$81.3 million spent on capital assets in 2002 (2001 - \$90.3 million), of which General Operating Funds contributed \$33.4 million (2001 - \$40.5 million).

Operations

Operating Funds have again reported a small combined Unappropriated Surplus increase consistent with 2001 operations. On Schedules 3 to 5, the General, Water, and Sewer & Drainage Operating Funds actual results are compared to their Budget By-laws.

Unappropriated Surplus Accounts (Schedule 6)

The City's Unappropriated Surplus accounts at December 31, 2002 total \$16.6 million, which increases slightly over the 2001 year end balance of \$16.1. 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	\$ 3.0 million	(\$2 to \$ 4 million recommended)

Reserve Funds (Schedule 7)

The City's Statutory Reserve Funds have increased from \$94.3 million in 2001 to \$109.9 million in 2002. Deferred DCC's have increased from \$96.2 million in 2001 to \$119.0 million in 2002. 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 \$0.6 million in external long-term debt, which will be retired in 2003. 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 \$30.1 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 Five-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.

City Council maintained property tax rates for nine consecutive years. A 2.9% increase was approved for 2003. New 2003 tax revenue resulting from development in 2002 and the rate increase will be allocated primarily to public safety resources. In order to achieve a balanced Five-Year Financial Plan, the City has projected the use of unappropriated surplus monies, combined with a 2.9% property tax increase in 2004 through 2007. 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



Protection Services and Community Relations



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, and
- conducts civic elections every three years, and any necessary by-elections.

DEPARTMENTAL OVERVIEWS (CONTINUED)

Records Management

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

Reprographics

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

2002 Accomplishments

Legal Services Division:

- 98% success rate in new proactive by-law prosecutions and proactive enforcement efforts, including: Section 698 and 727 Orders, illegal land uses, overweight vehicles, illegal dumping, illegal pawn shops, building offences, dog offences, operating without business licenses and unsightly premises;
- Successfully met strict time deadline imposed by Council for expropriating properties along Fraser Highway to allow for construction to commence mid-August;
- All officers now equipped with in car lap top computers;
- Increase in Business Licenses throughout the City, and
- Clean City Campaign continues to be effective.

Economic Development and Special Events:

- Developed a new Economic Development Profile for business location and investment information;
- Produced advertising supplement of editorial and statistical information on Surrey's business community and its location advantages;
- Expanded database of site selection information and available properties for sale or lease;
- Partnered with Fraser Valley Technology Network in four keynote speaker forums;
- Produced Farm Fresh Guide and Surrey's Annual Visitor's Guide and Map;
- Organized several business events including two Mayor's Breakfasts and two Success Team meetings, and
- Established Surrey Hotel Tax Implementation and provided transitional support to the new Tourism Association.

Legislative Services Division:

- The major focus for the Administration Section was the 2002 Local Government Election. Approximately 800 people are recruited to work at 70 polling divisions on Election Day. Voting opportunities were enhanced by providing an additional advance poll location and increasing the number of special voting opportunities;
- Managed the overall legislative process for Council meetings and undertook a number of tasks involving statutory requirements under the Local Government Act;
- Reviewed with Information Technology service providers for our Council Information on the Internet with a view to providing links from minutes to documents;
- Met all statutory requirements relating to the development process, and
- Provided a number of Counter Petition opportunities, meeting all statutory requirements.



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 29,800 accounts payable payments, 53,000 payroll cheques annually, 64,500 City Work Management crew sheets and collects accounts receivables;
- Purchases the goods and services needed by the City and manages inventory, and
- Maintains proper records supporting receipts, payments and other financial transactions.

Financial Services

- Co-ordinates the preparation of the City's annual and long-range operating and capital budgets totalling \$350 million;
- 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, and
- Develops and maintains a system of internal controls and performs internal audits.

Human Resources & Support Services

- 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);
- Provides departmental word processing, mail service and clerical, administrative support and reception duties;
- Maintains departmental records, file plans and web site, and
- Processes departmental FOI inquiries.

Revenue & Risk Management

- 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;
- Manages the City's \$400 million investment portfolio and measures financial performance relative to established benchmarks;
- Manages the City's risk program and insurance portfolio;
- Manages, investigates and settles property, crime and liability claims, and
- Provides risk awareness and training to staff.

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, and
- Installs and manages the City's computing networks to support over 1,400 workstations located at over 50 sites and the telephone system of over 1,500 units.



DEPARTMENTAL OVERVIEWS (CONTINUED)

Engineering Department

During 2002, 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 2002 key accomplishments are listed below:

- Processed the highest volume of Land Development work in recent years by responding to 385 application referrals and completing 140 Servicing Agreements;
- Constructed 96 transportation projects with a total value of \$18 million, including major projects on Scott Road, 88 Avenue, Fraser Highway and 72 Avenue/King George Highway;
- Completed the \$7.5 million Surrey Arts Center expansion and renovated theatre;
- Accepted over \$52 million of new infrastructure from Land Development projects in 2002;
- Operated and maintained the City's road, drainage, water and sewer infrastructures which includes 1340 km of sanitary sewer mains, 1,820 km of water mains and 7750 hydrants;
- Delivered a \$41 million utilities capital construction program within budget including the aggressive implementation of the Serpentine/Nicomekl Lowlands Flood Control Project;
- Pre-serviced 40 acres of City owned industrial land in East Panorama and East Bridgeview which will generate \$12.6 million in land sales over the next three years;
- Operated and maintained 38 sewage pump stations, 24 drainage installations, 9 water pump stations, 220 pressure reducing valves and more than 6000 water meters;
- Generated \$10.5 million through the sale of surplus City land and road sales; \$1.5 million in the sale of surplus parkland and \$760,000 through road exchanges;
- Managed 95 rental properties and 100 leases which generated annual revenues in excess of \$2.3 million;
- Initiated a project with BCG Services that will see up to 30,000 water meters installed in Surrey over the next 3 years as well as a 3 year water meter reading contract;
- Acquired land valued at \$8.5 million for future Park development;
- Processed 26,300 operational service requests for water, sewer, roads and solid waste;
- Implemented web pages enabling viewing and printing of key engineering infrastructure and the ordering of legal plans, as-built and standard map products over the Internet;
- In partnership with BC Hydro, commenced conversion of traffic signals from incandescent lamps to LED lamps which is expected to reduce electrical consumption by 85%;
- Assisted the Clean City Campaign by continuing to work closely with By-law Enforcement on clean up of unsightly properties;
- Completed the site remediation, subdivision and sale of the Port Kells Transfer Station lands;
- Consolidated the SHaRP program to focus on environmental enhancements related to City Capital Works projects as well as continuing work on agricultural stewardship and water quality, and
- Continued an active role in regional issues with the Ministry of Transportation, GVTA and MRTAC including participation on 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 and 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 the 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 related 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 council letters, budget preparation and monitoring, and time keeping.

Department Accomplishments - 2002

- Processed 860 development applications including rezoning, subdivisions and development permits, etc.;
- Issued 16,300 building permits for industrial, commercial and residential buildings having a total construction value exceeding \$820 million which sets an all time record for building construction value in any year;
- Undertook 74,300 building, electrical and plumbing inspections;
- Prepared and presented approximately 260 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);
- Initiated or continued work on Neighbourhood Concept Plans for the following areas: East Clayton, South Westminster Industrial Area, City Centre, and the Highway 99 Corridor and reviewed the City's Street Beautification Strategies;
- Completed Phase 1 and started Phase 2 of Surrey's Agricultural Development Strategy;
- Completed Year 2 of the City's Affordable Home Ownership Assistance Program;
- Implemented a new "small lot" zone to reflect market demand, and
- Completed the development of a Heritage Management Plan for the City.



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);
- Front Counter Information Services;
- Provost/Guards;
- Bike Section;
- Traffic Section, and
- 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 Units);
- Police Dog Services;
- Drug Section ;
- Criminal Intelligence Section, and
- 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;
- Human Resource Management, and
- General administration.

In 2002, there were 416 approved officers and 144 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.

Services Provided In 2002:

Suppression (Forecast)

Career and Volunteers responded to 7,150 Medical Emergency Assistance calls, 2,924 motor vehicle accidents, and 333 hazardous materials incidents

Prevention (Forecast)

- 6,477 Routine Fire Safety Inspections
- 578 Re-inspections to ensure deficiencies have been corrected
- 409 New Building & Alteration Plan Checks
- 100 Attend Fire Safety Complaints

In addition to code enforcement activities (above), 726 Fire Investigations were conducted and approximately 279 Pre-fire Plans completed with another 931 underway.

Radio and Communications (Forecast)

Handled 15,473 emergency calls within Surrey and 7,962 for customer Municipalities. In addition, the Division answered 2,212 after-hours calls for City of Surrey Engineering and 1,910 calls for Engineering Departments of other Municipalities.

Training

First Responder II Program for new volunteer firefighter and re-certification level III Programs for career and volunteer personnel continues as a core program. Significant training was provided to personnel staffing the new Qunit Apparatus. New AED (automatic external defibrillators) were introduced in 2002 and training for career and volunteer fire halls has been completed. The Training Division continues to respond to input from operational committees, advocates and Chief Officers in order to fulfil the needs of the Fire Service.

Public Education

“Fire Safety Week” for 2002 was held at Guildford Town Centre. Public Education with the help of many mall merchants Surrey Fire Service personnel were able to educate approximately 4,000 citizens about preventing and surviving a fire in their homes.

Emergency Program

The Surrey Emergency Program is a city-wide program that addresses the emergency management concerns of the City. The administration of the program is conducted through the Surrey Fire Service. Volunteers, Emergency Social Services, Surrey Emergency Program Amateur Radio, Surrey Neighbourhood Emergency Preparedness Program, Surrey Search and Rescue also play a vital part in the overall program for the City.





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 inclusively;
- Champion environmental stewardship;
- Promote individual and community wellness, and
- 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 programs per year which involved approximately 2.5 million participants in 2001;
- Seven ice arenas;
- Four indoor pools;
- Three seniors centres;
- Four youth centres;
- Six community recreation offices;
- Theatre with seating for 402 people, Studio Theatre with seating for 150 people, and an art gallery;
- Museum and archives;
- A historic farm, weaving centre, and pole barn;
- Three cemeteries;
- Ward's Marina within Elgin Heritage Park, and
- Is responsible for the development and maintenance of over 2300 hectares of parkland.

2002 ACCOMPLISHMENTS

- Renovated and expanded Surrey Arts Centre officially opened September 20, 2002;
- BC Festival of Arts 2002, Canada's largest multi-discipline event for emerging artists;
- Surrey Art Gallery hosted an artist's residency by the Gadan Jangste Monks from India in September;
- Public Art Projects completed included Memory Stones at Crescent Beach; Greenways Art Plan; Fleetwood Ceramic Mural and Surrey Arts Centre Public Art "Out of Thin Air";
- Park Development included Surrey Lake, Mud Bay Park, Tannery Park, Newton Reservoir Park, Royal Kwantlen Skate Park and Freedom Dog Park in Fleetwood;
- New Parkland acquired - \$7.8 million, or 15.23 Ha (21 parcels). The City was donated a 5.0 acre South Surrey property by Jim and Elfriede De Wolf. This spectacular property is called "The Glades";
- Application for matching funding for the proposed 55,000 square foot Surrey Learning and Discovery Center submitted to BC Infrastructure Program in May. The Friends of the Surrey Museum and Archives Society prepared the groundwork for a capital campaign to raise \$1.0 million in support of the planned new facility;
- Park Environmental Programs and Initiatives included over 3,700 Boulevard tree planting, Environmental Extravaganza celebration, Re-leaf Community Tree Planting and Integrated Pest Management Policy;
- Natural Areas Strategic Management Plan earned the City two provincial awards - British Columbia Landscape and Nursery Association Environmental Stewardship Award and BCRPA Environmental Leadership Award;
- The Department partnered with Information Technology Department to successfully introduce on-line Web Registration, and
- Safety and cleanliness improvements made at North Surrey Recreation Centre, and 1,500 square foot added to the weight and cardio room at South Surrey Indoor Pool.

DEPARTMENTAL OVERVIEWS (CONTINUED)

Surrey Public Library

Fast Facts

- 3,765,387 items borrowed;
- 520,322 information questions answered;
- 223,310 registered borrowers. 26,360 people are new to the library in 2002;
- 47,000 people attended library programs, tours and special events;
- Highest enrollment ever with 9061 children participating in the Summer Reading Club;
- 2,504,619 in person visits to our libraries, and
- Over 958,000 'page views' of the website at www.spl.surrey.bc.ca.

2002 Highlights

- Planning and fundraising for a library in South Surrey underway;
- Refurbishment of the main floor of the Whalley Library;
- Completion of the Language Learning Lab at Strawberry Hill;
- Electronic Classroom at Strawberry Hill Library offers hands-on technology training;
- Innovative "Global Librarian" service enables around-the-clock e-mail reference through a partnership with libraries in Ontario, the U.K. and Australia;
- Strawberry Hill Library wins the Cultural Diversity Award for services to the multilingual community;
- Community Connections webpage wins the LibraryNet Best Practices Award, improving online access to local community services;

- Human Resources Development Canada grants supports Labour Market Information and resume writing workshops, and
- New windows-based online-catalogue, iPAC, goes live.

Looking ahead to 2003 will see:

- Semiahmoo Library completed by fall
- Refurbishment of the second floor of Whalley Library;
- New look and improved usability for the library's website, and
- Completion of Guildford Electronic Classroom.

Thank you

Thank-you to the many individuals and organizations who contributed to the library. We would especially like to thank our major funders and donors including: the City of Surrey, the Province of British Columbia, Industry Canada, Human Resources Development Canada, Canada Council for the Arts, Vancouver Sun: Raise-a-Reader, Guildford Lions Club, Guildford Community Partners, and the Fraternal Order of Eagles.



Whalley Library Renovation

Financial Section





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AUDITORS' REPORT TO THE MAYOR AND COUNCILORS

We have audited the consolidated statement of financial position of the City of Surrey as at December 31, 2002 and the consolidated statements of financial activities 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, 2002 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, 2003



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



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2002

(in thousands of dollars)

	2002	2001
FINANCIAL ASSETS		
Cash and Investments (Note 2)	\$ 433,869	\$ 384,821
Accounts Receivable (Note 3)	60,991	55,123
Deposits, Municipal Finance Authority (Note 4)	259	868
	<u>495,119</u>	<u>440,812</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 5)	46,730	47,037
Deposits and Prepayments	48,943	44,302
Deferred Revenues	8,310	7,003
Deferred Development Cost Charges (Note 6)	119,091	96,212
Long-Term Debt (Note 7)	559	2,183
	<u>223,633</u>	<u>196,737</u>
Net Financial Assets	271,486	244,075
CAPITAL ASSETS (Note 8)	1,510,110	1,428,525
NET ASSETS	\$ 1,781,596	\$ 1,672,600

EQUITY, Financial

Surplus (Schedule 6)		
Work in Progress (Schedule 6)	\$ 85,618	\$ 72,955
Unappropriated Surplus (Schedule 6)	16,599	16,091
Appropriated Surplus (Schedule 6)	59,909	62,890
Sub-total Surplus	<u>162,126</u>	<u>151,936</u>
Reserve Funds (Schedule 7)	109,919	94,322
EQUITY, Capital Assets (Schedule 8)	1,509,551	1,426,342
TOTAL EQUITY	\$ 1,781,596	\$ 1,672,600

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

D.W. McCallum
Mayor, City of Surrey

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

<i>for the year ended December 31, 2002</i>	2002	2002	2001
<i>(in thousands of dollars)</i>	<i>Budget</i>	<i>Actuals</i>	<i>Actuals</i>
	<i>(Note 1(c))</i>		
REVENUES (Schedule 10)			
Taxation for City Purposes	142,041	145,849	137,723
Sales of Goods and Services	83,142	84,731	78,267
Development Cost Charges (Note 6)	73,550	25,302	22,019
Developer Contributions	21,935	13,477	11,008
Investment Income	12,883	19,075	20,072
Transfers from Other Governments	0	2,234	3,446
Other	20,749	32,274	22,056
	<u>354,300</u>	<u>322,942</u>	<u>294,591</u>
EXPENDITURES (Schedule 11)			
Fire and Police Protection	82,147	75,147	75,181
Water and Sewer & Drainage	50,342	46,131	44,401
Parks, Recreation and Culture	29,008	28,331	26,487
General Government	20,360	18,629	16,347
Public Works	13,121	13,759	12,406
Environment and Health	14,379	14,315	13,892
Planning and Development	10,136	8,664	8,224
Surrey Public Library	8,384	8,202	7,767
Debt Interest, Fiscal Services and Other	1,047	768	2,165
Capital Assets	258,314	81,585	89,597
	<u>487,238</u>	<u>295,531</u>	<u>296,467</u>
Excess (Deficiency) of Rev. over Expend.	<i>(132,938)</i>	27,411	<i>(1,876)</i>
Debt Principal Repaid	<i>(1,199)</i>	(1,624)	<i>(1,746)</i>
Increase (Decrease) in Financial Equity	<u><i>\$ (134,137)</i></u>	<u>25,787</u>	<u><i>(3,622)</i></u>
Financial Equity, Beginning of Year		<u>246,258</u>	<u>249,880</u>
Financial Equity, End of Year		<u><u>\$ 272,045</u></u>	<u><u>\$ 246,258</u></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, 2002

(in thousands of dollars)

2002

2001

OPERATING TRANSACTIONS

Excess (Deficiency) of Revenues Over Expenditures	\$ 27,411	\$ (1,876)
Cash Generated From (Required For):		
Receivables	(5,868)	(1,296)
Deposits, Municipal Finance Authority	609	527
Accounts Payable and Accrued Liabilities	(307)	(3,428)
Deposits and Prepayments	4,641	4,161
Deferred Revenues	1,307	2,474
Deferred Development Cost Charges	22,879	14,887
Net Cash Generated From Operations	<u>50,672</u>	<u>15,449</u>

FINANCING TRANSACTIONS

Debt Principal Repaid	<u>(1,624)</u>	<u>(1,746)</u>
Increase in Cash and Investments	49,048	13,703
Cash and Investments, Beginning of Year	<u>384,821</u>	<u>371,118</u>
Cash and Investments, End of Year	<u><u>\$433,869</u></u>	<u><u>\$ 384,821</u></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, 2002
(tabular amounts in thousands of dollars)*

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 Canadian generally accepted accounting principles as prescribed by 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. The Consolidated Financial Statements, with the exception of the Cemetery Perpetual Care Trust Fund and the Employee Benefits Trust Fund (Note 11), include all of the funds of the City. Inter-fund transactions, fund balances, and activities have been eliminated on consolidation.

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. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, allowance for doubtful accounts receivable and provision for contingencies. Actual results could differ from those estimates. 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 British Columbia, 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, 2002
(tabular amounts in thousands of dollars)*

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. Information relating to the trust funds administered by the City is 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 excluded from the City's taxation revenues.

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 #14563 on December 3, 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, 2002.

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 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, 2002
(tabular amounts in thousands of dollars)*

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 replacement cost.

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) Capital Assets and Equity in Capital Assets

Capital assets consist of capital expenditures recorded at cost. Amortization is not recorded on 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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended December 31, 2002
(tabular amounts in thousands of dollars)*

2. Cash and Investments

	<u>2002</u>	<u>2001</u>
Operating Funds, Unrestricted	\$ 207,931	\$ 197,012
Reserve Funds, Restricted	106,847	91,597
Deferred Development Cost Charges, Restricted	119,091	96,212
	<u>\$ 433,869</u>	<u>\$ 384,821</u>
Current Accounts (Bank indebtedness)	\$ 2,491	\$ (4,136)
Money Market Securities maturing within one year	159,511	120,359
Intermediate Securities maturing within two years	81,433	77,629
Bond Securities maturing within seven years	190,434	190,969
	<u>\$ 433,869</u>	<u>\$ 384,821</u>
Average portfolio yield 5.09% (2001 – 5.77%)		

3. Accounts Receivable, net of allowances

	<u>2002</u>	<u>2001</u>
Property Taxes	\$ 11,970	\$ 13,098
Utility Rates	601	415
Accounts Receivable	9,530	11,396
Due From Other Authorities	731	873
Development Cost Charges	37,176	27,538
Property Acquired For Taxes	983	1,803
	<u>\$ 60,991</u>	<u>\$ 55,123</u>

4. Deposits, Municipal Finance Authority

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>2002</u>	<u>2001</u>
Deposits, Municipal Finance Authority		
Water Operating Fund	\$ 259	\$ 731
Sewer & Drainage Operating Fund	0	137
	<u>\$ 259</u>	<u>\$ 868</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2002
(tabular amounts in thousands of dollars)

5. Accounts Payable and Accrued Liabilities

	<u>2002</u>	<u>2001</u>
Trade Accounts Payable	\$ 19,282	\$ 18,736
Contractors' Holdbacks	2,906	2,509
Due to Federal Government	12,047	13,954
Due to Province of British Columbia	3,977	4,098
Due to Greater Vancouver Regional District	24	24
Due to Other Authorities	8,494	7,716
	<u>\$ 46,730</u>	<u>\$ 47,037</u>

6. Deferred Development Cost Charges

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. When the related costs are incurred, the DCC's are then recognized as revenue.

	<u>2002</u>	<u>2001</u>
Deferred DCC's:		
Drainage/Storm Water Detention	\$ 10,540	\$ 7,847
Arterial Roads	29,051	21,418
Collector Roads	6,891	6,582
Parkland	48,079	38,430
Water	12,147	10,715
Sanitary Sewer	12,383	11,220
	<u>\$ 119,091</u>	<u>\$ 96,212</u>
Deferred DCC's, Beginning of Year	\$ 96,212	\$ 81,325
Transfers to General Capital Fund	(18,481)	(15,580)
Transfers to Water Capital Fund	(1,821)	(1,163)
Transfers to Sewer & Drainage Capital Fund	(5,000)	(5,276)
Total DCC's Recognized as Revenue	(25,302)	(22,019)
DCC's Levied for the Year	44,778	33,674
Investment Income	3,403	3,232
Net Increase for the year	22,879	14,887
Deferred DCC's, End of Year	<u>\$ 119,091</u>	<u>\$ 96,212</u>



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended December 31, 2002
(tabular amounts in thousands of dollars)*

7. Long-Term Debt

	<u>2002</u>	<u>2001</u>
Debenture Debt	\$ 559	\$ 1,761
Agreements Payable	0	422
	<u>\$ 559</u>	<u>\$ 2,183</u>

The City's Debenture Debt will be fully retired in 2003.

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 debenture debt ranged from 5.55% to 12.35%. The weighted average rate for 2002 was 9.948% (2001 - 9.477%).

8. Capital Assets, at cost

	<u>2002</u>	<u>2001</u>
General Capital Fund		
Land	\$ 258,193	\$ 248,455
Buildings	193,772	186,040
Engineering Structures	595,573	567,943
Machinery and Equipment	96,829	90,663
Capital Inventory	718	616
	<u>1,145,085</u>	<u>1,093,717</u>
Water Capital Fund		
Water System Infrastructure	141,794	131,863
Capital Inventory	275	300
	<u>142,069</u>	<u>132,163</u>
Sewer & Drainage Capital Fund		
Sewer & Drainage System Infrastructure	207,420	187,098
Capital Inventory	32	43
	<u>207,452</u>	<u>187,141</u>
Shared Water Facilities		
Whalley-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>\$ 1,510,110</u>	<u>\$ 1,428,525</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended December 31, 2002
(tabular amounts in thousands of dollars)*

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, and 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.
- 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 contributed \$5.5 million dollars towards the completion of the project, which was matched by the YMCA. The City has also entered 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 board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the plan. The pension plan is a multi-employer contributory defined benefit pension plan with about 126,000 active contributors, including approximately 28,000 contributors from local governments.

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. 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 \$5.5 million in 2002 (2001 – \$5.3 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:

	<u>2002</u>	<u>2001</u>
General Operating Fund	\$ 11,043	\$ 10,966
Water Operating Fund	3,500	3,339
Sewer & Drainage Operating Fund	4,668	4,452

There are several lawsuits pending in which the City is involved. It is considered that the potential claims against the City resulting from such litigation and not covered by insurance would not materially affect the consolidated financial statements of the City.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2002
(tabular amounts in thousands of dollars)

- 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, 2002, the total accumulated entitlement has an approximate value of \$27.1 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.

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

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. Amounts administered by the City as trust funds are as follows:

			<u>2002</u>	<u>2001</u>
Assets				
Cash and Short Term Investments			<u>\$ 1,784</u>	<u>\$ 1,803</u>
Equity				
	Employee Benefits Fund	Cemetery Perpetual Care Fund	<u>2002</u>	<u>2001</u>
Balance, Beginning of Year	\$ 581	\$ 1,222	\$ 1,803	\$ 1,551
Contributions	0	23	23	156
Interest Revenue	28	59	87	85
Employment Insurance Rebate	45	0	45	48
Benefits Purchased	(153)	0	(153)	(17)
Refunded to Employees	(21)	0	(21)	(20)
Balance, End of Year	<u>\$ 480</u>	<u>\$ 1,304</u>	<u>\$ 1,784</u>	<u>\$ 1,803</u>

12. Comparative Figures

Certain of the 2001 figures have been restated to conform to the 2002 financial statement presentation.

Supplementary Financial Information





Public Art



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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, 2002.

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.

Chartered Accountants

Surrey, Canada

March 28, 2003



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



SCHEDULE 1

STATEMENT OF FINANCIAL POSITION - BY FUND

<i>as at December 31, 2002</i> <i>(in thousands of dollars)</i>	<i>Operating Funds</i>			<i>Surrey Public</i>
	<i>General</i>	<i>Water</i>	<i>S & D *</i>	<i>Library</i>
* Sewer and Drainage				
FINANCIAL ASSETS				
Cash and Investments	\$ 435,653	\$ 0	\$ 0	\$ 0
Receivables	22,158	601	0	0
Due from Other Funds	0	41,225	38,530	533
Deposits, Municipal Finance Authority	0	259	0	0
	457,811	42,085	38,530	533
LIABILITIES				
Accounts Payable and Accrued Liabilities	46,724	6	0	0
Deposits and Prepayments	47,089	914	940	0
Due to Other Funds	272,850	0	0	0
Deferred Revenues	8,166	51	49	44
Deferred Development Cost Charges	0	0	0	0
Long-Term Debt	0	0	0	0
	374,829	971	989	44
Net Financial Assets	82,982	41,114	37,541	489
CAPITAL ASSETS	0	0	0	0
NET ASSETS	<u>\$ 82,982</u>	<u>\$ 41,114</u>	<u>\$ 37,541</u>	<u>\$ 489</u>
EQUITY, Financial				
Work in Progress	\$ 46,962	\$ 16,253	\$ 21,914	\$ 489
Unappropriated Surplus	10,599	3,000	3,000	0
Appropriated Surplus	25,421	21,861	12,627	0
Reserve Funds	0	0	0	0
	82,982	41,114	37,541	489
EQUITY, Capital Assets	0	0	0	0
TOTAL EQUITY	<u>\$ 82,982</u>	<u>\$ 41,114</u>	<u>\$ 37,541</u>	<u>\$ 489</u>

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

D.W. McCallum
Mayor, City of Surrey

SCHEDULE 1 (CONTINUED)



<i>Capital Funds</i>			<i>Reserve</i>	<i>Consolidated</i>		
<i>General</i>	<i>Water</i>	<i>S & D</i>	<i>Funds</i>	<i>Adjustments</i>	<i>2002</i>	<i>2001</i>
\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,784)	\$ 433,869	\$ 384,821
0	0	0	38,232	0	60,991	55,123
0	8,624	656	181,498	(271,066)	0	0
0	0	0	0	0	259	868
0	8,624	656	219,730	(272,850)	495,119	440,812
0	0	0	0	0	46,730	47,037
0	0	0	0	0	48,943	44,302
0	0	0	0	(272,850)	0	0
0	0	0	0	0	8,310	7,003
0	0	0	119,091	0	119,091	96,212
0	559	0	0	0	559	2,183
0	559	0	119,091	(272,850)	223,633	196,737
0	8,065	656	100,639	0	271,486	244,075
1,145,085	157,573	207,452	0	0	1,510,110	1,428,525
\$ 1,145,085	\$ 165,638	\$ 208,108	\$ 100,639	\$ 0	\$ 1,781,596	\$ 1,672,600
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 85,618	\$ 72,955
0	0	0	0	0	16,599	16,091
0	0	0	0	0	59,909	62,890
0	8,624	656	100,639	0	109,919	94,322
0	8,624	656	100,639	0	272,045	246,258
1,145,085	157,014	207,452	0	0	1,509,551	1,426,342
\$ 1,145,085	\$ 165,638	\$ 208,108	\$ 100,639	\$ 0	\$ 1,781,596	\$ 1,672,600



SCHEDULE 2

STATEMENT OF FINANCIAL ACTIVITIES - BY FUND

<i>for the year ended December 31, 2002</i>		<i>Operating Funds</i>			<i>Surrey Public</i>
<i>(in thousands of dollars)</i>		<i>General</i>	<i>Water</i>	<i>S & D *</i>	<i>Library</i>
*Sewer and Drainage					
REVENUES					
Taxation, Grants-in-lieu, Assessments	\$ 284,334	\$ 224	\$ 16,827	\$ 0	
Collections for Other Authorities	(155,536)	0	0	0	
Taxation for City Purposes	128,798	224	16,827	0	
Sales of Goods and Services	35,895	27,200	21,373	155	
Development Cost Charges	0	0	0	0	
Developer Contributions	0	0	0	0	
Investment Income	8,903	2,377	2,721	0	
Transfers from Other Governments	1,358	0	0	779	
Other	19,569	209	262	425	
	194,523	30,010	41,183	1,359	
EXPENDITURES					
Fire and Police Protection	75,147	0	0	0	
Water and Sewer & Drainage	0	17,961	28,170	0	
Parks, Recreation and Culture	28,331	0	0	0	
General Government	18,629	0	0	0	
Public Works	13,759	0	0	0	
Environment and Health	14,315	0	0	0	
Planning and Development	8,664	0	0	0	
Surrey Public Library	0	0	0	8,202	
Debt Interest, Fiscal Services and Other	394	328	43	3	
Capital Assets	0	0	0	0	
	159,239	18,289	28,213	8,205	
Excess (Deficiency) of Rev. over Exp.	35,284	11,721	12,970	(6,846)	
Debt Principal Repaid	(415)	(1,055)	(154)	0	
Net Excess (Deficiency) of Rev. over Exp.	34,869	10,666	12,816	(6,846)	
Transfer from (to) Equity	(11,568)	(1,848)	3,702	33	
Transfer from (to) Operating Funds	(4,903)	(724)	(1,145)	6,772	
Transfer from (to) Reserve Funds	(6,878)	(317)	(391)	0	
Transfer from (to) Capital Funds	(11,520)	(7,777)	(14,432)	0	
Fund Surplus (Deficit)	\$ 0	\$ 0	\$ 550	\$ (41)	
FINANCIAL EQUITY, Begin. of Year					
As Previously Reported	\$ 71,414	\$ 39,266	\$ 40,693	\$ 563	
Fund Surplus (Deficit)	0	0	550	(41)	
Transfer to (from) Equity	11,568	1,848	(3,702)	(33)	
FINANCIAL EQUITY, End of Year	\$ 82,982	\$ 41,114	\$ 37,541	\$ 489	

SCHEDULE 2 (CONTINUED)



<i>Capital Funds</i>			<i>Reserve</i>	<i>Consolidation</i>	<i>Consolidated</i>	<i>Consolidated</i>
<i>General</i>	<i>Water</i>	<i>S & D *</i>	<i>Funds</i>	<i>Adjustments</i>	<i>2002</i>	<i>2001</i>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 301,385	\$ 283,360
0	0	0	0	0	(155,536)	(145,637)
0	0	0	0	0	145,849	137,723
0	0	0	108	0	84,731	78,267
0	0	0	25,302	0	25,302	22,019
8,121	276	771	4,309	0	13,477	11,008
0	507	534	4,033	0	19,075	20,072
97	0	0	0	0	2,234	3,446
29	0	0	11,780	0	32,274	22,056
8,247	783	1,305	45,532	0	322,942	294,591
0	0	0	0	0	75,147	75,181
0	0	0	0	0	46,131	44,401
0	0	0	0	0	28,331	26,487
0	0	0	0	0	18,629	16,347
0	0	0	0	0	13,759	12,406
0	0	0	0	0	14,315	13,892
0	0	0	0	0	8,664	8,224
0	0	0	0	0	8,202	7,767
0	0	0	0	0	768	2,165
51,368	9,906	20,311	0	0	81,585	89,597
51,368	9,906	20,311	0	0	295,531	296,467
(43,121)	(9,123)	(19,006)	45,532	0	27,411	(1,876)
0	0	0	0	0	(1,624)	(1,746)
(43,121)	(9,123)	(19,006)	45,532	0	25,787	(3,622)
0	(475)	(534)	(14,588)	0	(25,278)	3,792
11,520	7,777	14,432	7,586	(41,315)	0	0
31,601	1,821	5,108	0	(30,944)	0	0
0	0	0	(38,530)	72,259	0	0
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 509	\$ 170
\$ 0	\$ 8,149	\$ 122	\$ 86,051	\$ 0	\$ 246,258	\$ 249,880
0	0	0	0	0	509	170
0	475	534	14,588	0	25,278	(3,792)
\$ 0	\$ 8,624	\$ 656	\$ 100,639	\$ 0	\$ 272,045	\$ 246,258



SCHEDULE 3

GENERAL OPERATING FUND

<i>for the year ended December 31, 2002</i> <i>(in thousands of dollars)</i>	<i>2002 Tax Levy</i> <i>Budget</i>	2002 Actuals (Schedule 2)	2001 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 273,001	\$ 284,334	\$ 269,985
Collections for Other Authorities	(144,952)	(155,536)	(145,637)
Taxation for City Purposes	128,049	128,798	124,348
Sales of Goods and Services	30,919	35,895	30,784
Investment Income	9,177	8,903	9,446
Transfers from Other Governments	0	1,358	1,906
Other	20,438	19,569	17,071
	<u>188,583</u>	<u>194,523</u>	<u>183,555</u>
EXPENDITURES			
Fire and Police Protection	82,147	75,147	75,181
Parks, Recreation and Culture	29,008	28,331	26,487
General Government	20,360	18,629	16,347
Public Works	13,121	13,759	12,406
Environment and Health	14,379	14,315	13,892
Planning and Development	10,136	8,664	8,224
Debt Interest, Fiscal Services and Other	550	394	663
	<u>169,701</u>	<u>159,239</u>	<u>153,200</u>
Excess of Revenues over Expenditures	18,882	35,284	30,355
Debt Principal Repaid	(415)	(415)	(426)
Net Excess of Revenues over Expenditures	18,467	34,869	29,929
Transfers to Other Funds and Reserves	(21,399)	(34,869)	(29,345)
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ (2,932)</u>	<u>\$ 0</u>	<u>\$ 584</u>

The 2002 Tax Levy Budget was used to determine 2002 taxation rates.

SCHEDULE 4

WATER OPERATING FUND



<i>for the year ended December 31, 2002</i> <i>(in thousands of dollars)</i>	<i>2002 Utility</i> <i>Rates Budget</i>	2002 Actuals (Schedule 2)	2001 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 0	\$ 224	\$ 170
Sales of Goods and Services	27,919	27,200	26,441
Investment Income	1,771	2,377	2,405
Transfers from Other Governments	0	0	0
Other	130	209	194
	<u>29,820</u>	<u>30,010</u>	<u>29,210</u>
EXPENDITURES			
Water Operations	19,304	17,961	17,352
Debt Interest, Fiscal Services and Other	428	328	836
	<u>19,732</u>	<u>18,289</u>	<u>18,188</u>
Excess of Revenues over Expenditures	10,088	11,721	11,022
Debt Principal Repaid	<u>(723)</u>	<u>(1,055)</u>	<u>(1,173)</u>
Net Excess of Revenues over Expenditures	9,365	10,666	9,849
Transfers to Other Funds and Reserves	<u>(9,365)</u>	<u>(10,666)</u>	<u>(10,703)</u>
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (854)</u>

The 2002 Utility Rates Budget was used to determine 2002 water utility rates.



SCHEDULE 5

SEWER & DRAINAGE OPERATING FUND

<i>for the year ended December 31, 2002</i> <i>(in thousands of dollars)</i>	<i>2002 Utility</i> <i>Rates Budget</i>	2002 Actuals (Schedule 2)	2001 Actuals
REVENUES			
Taxation, Grants-in-lieu, Assessments	\$ 13,992	\$ 16,827	\$ 13,205
Sales of Goods and Services	24,304	21,373	20,771
Investment Income	1,935	2,721	3,064
Other	181	262	234
	<u>40,412</u>	<u>41,183</u>	<u>37,274</u>
EXPENDITURES			
Sewer & Drainage Operations	30,538	28,170	27,049
Debt Interest, Fiscal Services and Other	130	43	139
	<u>30,668</u>	<u>28,213</u>	<u>27,188</u>
Excess of Revenues over Expenditures	9,744	12,970	10,086
Debt Principal Repaid	<u>0</u>	<u>(154)</u>	<u>(147)</u>
Net Excess of Revenues over Expenditures	9,744	12,816	9,939
Transfers to Other Funds and Reserves	<u>(9,744)</u>	<u>(12,266)</u>	<u>(9,472)</u>
Net Fund Surplus (Deficit) Transferred to (from) Unappropriated Surplus	<u>\$ 0</u>	<u>\$ 550</u>	<u>\$ 467</u>

The 2002 Utility Rates Budget was used to determine 2002 sewer and drainage utility rates.





SCHEDULE 6

EQUITY, OPERATIONS

<i>as at December 31, 2002</i> <i>(in thousands of dollars)</i>	Balance Jan 1, 2002	Addition	Applied	Balance Dec 31, 2002
GENERAL OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 8,447	\$ 1,410	\$ (1,223)	\$ 8,634
Work in Progress - Capital	28,049	37,954	(27,675)	38,328
	<u>36,496</u>	<u>39,364</u>	<u>(28,898)</u>	<u>46,962</u>
Unappropriated Surplus	<u>10,599</u>	<u>0</u>	<u>0</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	0	0	2,000
Interest Revenue Stabilization	1,000	0	0	1,000
Revenue Stabilization	3,000	1,000	0	4,000
Self Insurance	10,966	658	(581)	11,043
Innovation Fund	853	25	0	878
Employee Sick	2,000	0	0	2,000
Surrey Sport & Leisure Complex	0			0
	<u>24,319</u>	<u>1,683</u>	<u>(581)</u>	<u>25,421</u>
	<u>\$ 71,414</u>	<u>\$ 41,047</u>	<u>\$ (29,479)</u>	<u>\$ 82,982</u>
WATER OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 1,692	\$ 33	\$ (1,036)	\$ 689
Work in Progress - Capital	15,552	7,777	(7,765)	15,564
	<u>17,244</u>	<u>7,810</u>	<u>(8,801)</u>	<u>16,253</u>
Unappropriated Surplus	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>3,000</u>
Appropriated Surplus				
Operating Emergencies	1,000	500		1,500
Revenue Stabilization	6,892	591		7,483
Infrastructure Replacement	7,791	1,587		9,378
Self Insurance	3,339	161		3,500
	<u>19,022</u>	<u>2,839</u>	<u>0</u>	<u>21,861</u>
	<u>\$ 39,266</u>	<u>\$ 10,649</u>	<u>\$ (8,801)</u>	<u>\$ 41,114</u>

SCHEDULE 6 (CONTINUED)



<i>(in thousands of dollars)</i>	Balance Jan 1, 2002	Addition	Applied	Balance Dec 31, 2002
SEWER & DRAINAGE OPERATING FUND				
Work in Progress				
Work in Progress - Operating	\$ 692	\$ 2	\$ (364)	\$ 330
Work in Progress - Capital	18,003	18,056	(14,475)	21,584
	<u>18,695</u>	<u>18,058</u>	<u>(14,839)</u>	<u>21,914</u>
Unappropriated Surplus	<u>2,450</u>	<u>550</u>	<u>0</u>	<u>3,000</u>
Appropriated Surplus				
Operating Emergencies	1,000	500		1,500
Infrastructure Replacement	4,452	216	0	4,668
Self Insurance	4,452	216	0	4,668
Long Term Improvements	9,644	147	(8,000)	1,791
	<u>19,548</u>	<u>1,079</u>	<u>(8,000)</u>	<u>12,627</u>
	<u>\$ 40,693</u>	<u>\$ 19,687</u>	<u>\$ (22,839)</u>	<u>\$ 37,541</u>
SURREY PUBLIC LIBRARY				
Work in Progress	\$ 520	\$ 0	\$ (31)	\$ 489
Unappropriated Surplus	42	0	(42)	0
Appropriated Surplus	1	0	(1)	0
	<u>\$ 563</u>	<u>\$ 0</u>	<u>\$ (74)</u>	<u>\$ 489</u>
SUMMARY:				
FINANCIAL EQUITY, OPERATING FUNDS				
Work in Progress	\$ 72,955	\$ 65,232	\$ (52,569)	\$ 85,618
Unappropriated Surplus	16,091	550	(42)	16,599
Appropriated Surplus	62,890	5,601	(8,582)	59,909
	<u>151,936</u>	<u>71,383</u>	<u>(61,193)</u>	<u>162,126</u>
FINANCIAL EQUITY, RESERVE FUNDS (Schedule 7)				
Reserve Funds	86,051	14,588	0	100,639
Restricted Capital Reserves	8,271	1,041	(32)	9,280
	<u>94,322</u>	<u>15,629</u>	<u>(32)</u>	<u>109,919</u>
TOTAL FINANCIAL EQUITY	<u>\$ 246,258</u>	<u>\$ 87,012</u>	<u>\$ (61,225)</u>	<u>\$ 272,045</u>



SCHEDULE 7 RESERVE FUNDS

for the year ended December 31, 2002

(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, 2002	\$ 24,990	\$ 124	\$ 9,002	\$ 1,158	\$ 29,558	\$ 7,621
Investment Income	1,209	6	436	55	1,430	237
Asset Disposals	33	0	11,820	0	0	0
Sundry Revenue	7	0	0	2,354	0	0
Developer Contributions	0	0	0	0	0	0
	1,249	6	12,256	2,409	1,430	237
Transfers from (to)						
General Operating Fund	4,821	0	0	0	1,166	891
Water Operating Fund	250	0	0	0	0	67
Sewer & Drainage Operating Fund	250	0	0	0	0	141
General Capital Fund	(4,703)	0	(4,045)	(810)	(2,002)	0
Water Capital Fund	0	0	0	0	0	0
Sewer & Drainage Capital Fund	0	0	0	0	0	(108)
Deferred Revenue	0	0	0	0	0	0
	618	0	(4,045)	(810)	(836)	991
Equity, December 31, 2002	\$ 26,857	\$ 130	\$ 17,213	\$ 2,757	\$ 30,152	\$ 8,849
		Appropriated	\$ 8,156			
		Unappropriated	9,057			
			<u>\$ 17,213</u>			

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	\$ 37,642
Principal Repayable, Surrey Sport and Leisure Complex Ice Arena Loan	6,320
Principal Repayable, Surrey Sport and Leisure Complex Aquatic Retail Complex Loan	1,170
Funds on Hand for Financing Projects	<u>\$ 30,152</u>

** 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, 2001	\$ 8,849
Receivable From Property Owners	(3,072)
Funds on Hand For Financing Projects	<u>\$ 5,777</u>

SCHEDULE 7 (CONTINUED)



Water Claims	Affordable Housing	Parking Space	NCP Amenity	Total	Dev. Cost Charges (Note 6)
\$ 857	\$ 8,142	\$ 993	\$ 3,606	\$ 86,051	\$ 0
42	394	48	176	4,033	3,403
0	35	0	0	11,888	0
0	0	31	1,917	4,309	0
0	0	0	0	0	44,778
42	429	79	2,093	20,230	48,181
0	0	0	0	6,878	0
0	0	0	0	317	0
0	0	0	0	391	0
0	(75)	0	(1,485)	(13,120)	(18,481)
0	0	0	0	0	(1,821)
0	0	0	0	(108)	(5,000)
0	0	0	0	0	(22,879)
0	(75)	0	(1,485)	(5,642)	(48,181)
\$ 899	\$ 8,496	\$ 1,072	\$ 4,214	\$ 100,639	\$ 0

	General Capital	Water Capital	Sewer & Drainage Capital	Total
Restricted Capital Reserves				
Unexpended Capital Borrowing and Sinking Fund Surplus Refunds				
Equity, January 1, 2002	\$ 0	\$ 8,149	\$ 122	\$ 8,271
Refunds Received	0	113	528	641
Investment Income	0	394	6	400
Other Fiscal Adjustments	0	0	0	0
Capital Expenditures	0	(32)	0	(32)
Equity, December 31, 2002	\$ 0	\$ 8,624	\$ 656	\$ 9,280

RESERVE FUNDS	\$ 100,639
RESTRICTED CAPITAL RESERVES	9,280
TOTAL RESERVE FUNDS	\$ 109,919



SCHEDULE 8

EQUITY, CAPITAL ASSETS

for the year ended December 31, 2002
(in thousands of dollars)

General Capital Fund

2002

2001

Equity, Capital Assets, Beginning of Year

\$ 1,093,302 **\$ 1,033,706**

Contributions to Capital Assets

Deferred DCC's (Note 6)	18,481	15,580
Reserve Funds (Schedule 7)	13,120	15,553
	31,601	31,133
Restricted Capital Reserves (Schedule 7)	0	77
Federal Government	0	0
Operating Funds	11,520	19,752
Provincial Government	96	753
Greater Vancouver Regional District	0	117
Greater Vancouver Transportation Authority	5,861	5,229
Sundry	2,290	2,109
	51,368	59,170

Debt Retirement

Long-Term Debt, Repayments From Operating Funds	415	426
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
	415	426

Equity, Capital Assets, End of Year*

\$ 1,145,085 **\$ 1,093,302**

*** 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)



<i>Water Capital Fund</i>		<i>S & D Capital Fund</i>		<i>Consolidated</i>	
<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
\$ 146,053	\$ 139,004	\$ 186,987	\$ 162,289	\$ 1,426,342	\$ 1,334,999
1,821	1,163	5,000	5,276	25,302	22,019
0	0	108	173	13,228	15,726
1,821	1,163	5,108	5,449	38,530	37,745
32	1,360	0	0	32	1,437
0	0	0	0	0	0
7,777	3,326	14,432	17,398	33,729	40,476
0	0	0	0	96	753
0	0	0	0	0	117
0	0	0	0	5,861	5,229
276	27	771	1,704	3,337	3,840
9,906	5,876	20,311	24,551	81,585	89,597
8	286	0	0	423	712
612	661	0	61	612	722
435	306	154	86	589	392
0	(80)	0	0	0	(80)
1,055	1,173	154	147	1,624	1,746
\$ 157,014	\$ 146,053	\$ 207,452	\$ 186,987	\$ 1,509,551	\$ 1,426,342



SCHEDULE 9

CAPITAL EXPENDITURES AND FUNDING SOURCES

for the year ended December 31, 2002

(in thousands of dollars)

	Contributions From				Total Expenditures 2002	Total Expenditures 2001
	Reserves & DCC's	Federal / Provincial Government	Sundry	Operating Funds		
General Capital Fund						
Land Purchases						
Parkland Acquisition	\$ 7,468	\$ 0	\$ 0	\$ (243)	\$ 7,225	\$ 7,033
Affordable Housing	75	0	0	0	75	15
Bridgeview Lands	349	0	0	110	459	383
Land Sales Cost	215	0	0	0	215	902
Other	805	0	0	959	1,764	167
	8,912	0	0	826	9,738	8,500
Buildings						
Recreation Facilities	1,405	0	540	3,187	5,132	14,924
Fire Halls	252	0	0	(187)	65	270
Library Facilities	1,272	0	26	466	1,764	1,830
Fairgrounds	0	0	0	125	125	48
City Hall	0	0	0	324	324	167
Works Yard	0	0	0	77	77	171
RCMP Buildings	31	0	0	215	246	79
Other	0	0	0	0	0	0
	2,960	0	566	4,207	7,733	17,489
Engineering Structures						
Roads Construction	11,780	0	6,903	4,018	22,701	23,599
Park Development	3,144	0	654	812	4,610	4,120
Crescent Beach Restoration	0	0	0	39	39	173
Other	(6)	0	24	363	381	494
	14,918	0	7,581	5,232	27,731	28,386
Machinery and Equipment						
Information Systems	1,593	0	0	599	2,192	1,810
Fire Vehicles & Equip.	2,170	0	53	159	2,382	1,727
RCMP Vehicles & Equip.	0	0	0	157	157	119
Public Wks. Vehicles & Equip.	975	0	0	0	975	647
Parks, Rec. & Culture Major Equip	23	0	1	109	133	191
Library Equipment	50	0	46	39	135	154
Furniture & Office Equipment	0	0	0	192	192	147
	4,811	0	100	1,255	6,166	4,795
Total General Capital Fund	\$ 31,601	\$ 0	\$ 8,247	\$ 11,520	\$ 51,368	\$ 59,170

SCHEDULE 9 (CONTINUED)



	<i>Contributions From</i>				Total Expenditures 2002	Total Expenditures 2001
	Reserves & DCC's	Federal / Provincial Government	Sundry	Operating Funds		
Water Capital Fund						
Engineering Structures	\$ 1,821	\$ 0	\$ 308	\$ 7,777	\$ 9,906	\$ 5,876
S & D Capital Fund						
Engineering Structures	\$ 5,108	\$ 0	\$ 771	\$ 14,432	\$ 20,311	\$ 24,551
SUMMARY						
GENERAL CAPITAL FUND	\$ 31,601	\$ 0	\$ 8,247	\$ 11,520	\$ 51,368	\$ 59,170
WATER CAPITAL FUND	1,821	0	308	7,777	9,906	5,876
S & D CAPITAL FUND	5,108	0	771	14,432	20,311	24,551
	\$ 38,530	\$ 0	\$ 9,326	\$ 33,729	\$ 81,585	\$ 89,597



SCHEDULE 10

CONSOLIDATED REVENUES

for the year ended December 31, 2002

(in thousands of dollars)

	2002	2001	2000	1999	1998
Taxation, Grants-in-lieu, Assessments					
Property Taxes	\$ 120,557	\$ 116,884	\$ 114,420	\$ 111,773	\$ 108,938
Sewer Frontage Taxes	16,719	12,886	12,710	12,520	12,182
Grants-in-lieu of Taxes	8,064	7,184	6,774	6,520	6,075
Other	617	865	753	636	914
Collections For Other Authorities					
Province of B.C. - School Taxes	127,350	122,073	119,689	117,253	113,573
Surrey School District 36 - Site Acq.	818	47	0	0	0
Greater Vanc. Reg. Dist.	3,407	3,380	3,302	3,420	3,392
Greater Vanc. Reg. Dist. - Hosp. Dist.	0	0	0	0	6,310
Greater Vanc. Reg. Dist. - DCC's	5,476	5,105	3,756	3,532	4,031
STCA Hotel Tax	254	0	0	0	0
B.C. Assessment Authority	4,337	4,234	4,176	4,102	3,957
Greater Vanc. Transportation Authority	13,779	10,694	10,413	10,223	3,503
Municipal Finance Authority	7	8	8	8	8
	<u>301,385</u>	<u>283,360</u>	<u>276,001</u>	<u>269,987</u>	<u>262,883</u>
Collections for Other Authorities	(155,536)	(145,637)	(141,444)	(138,535)	(134,447)
Taxation for City Purposes	<u>\$ 145,849</u>	<u>\$ 137,723</u>	<u>\$ 134,557</u>	<u>\$ 131,452</u>	<u>\$ 128,436</u>

SCHEDULE 10 (CONTINUED)



<i>(in thousands of dollars)</i>	<i>2002</i>	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Taxation for City Purposes	\$ 145,849	\$ 137,723	\$ 134,557	\$ 131,452	\$ 128,436
Sales of Goods and Services					
Application Fees	1,740	1,307	1,138	866	922
Garbage Levy	15,098	14,085	14,049	13,408	12,575
Landfill	50	47	40	41	41
Recreation and Culture	8,121	7,016	6,444	6,849	6,727
Utility Rates and Fees	48,560	47,191	44,614	41,144	38,718
Other	11,162	8,621	5,924	7,379	5,977
	84,731	78,267	72,209	69,687	64,960
Development Cost Charges	25,302	22,019	23,869	46,796	40,860
Developer Contributions	13,477	11,008	8,658	8,342	5,596
Investment Income	19,075	20,072	19,299	18,265	18,533
Transfers from Other Governments					
Province of B.C. - Revenue Sharing	809	1,562	857	20	5,217
Province of B.C. - Water Fac. Assist. Act	0	0	86	509	747
Province of B.C. - Library Grant	674	765	659	652	622
Province of B.C. - Public Works	96	731	2,352	990	0
Province of B.C. - Other	303	152	1,046	1,489	1,380
Province of B.C./ Fed Govt. - Infrastructure	0	0	0	0	2,755
Federal Government	352	236	259	121	118
	2,234	3,446	5,259	3,781	10,839
Other					
Licenses and Permits	13,456	10,317	10,076	10,471	10,997
Leases and Rentals	3,056	3,117	2,787	2,528	2,227
Penalties and Interest on Taxes	2,772	3,328	2,992	2,835	2,753
Miscellaneous	1,210	1,175	1,301	1,629	1,255
Asset Disposals	11,780	4,119	5,762	6,726	1,155
	32,274	22,056	22,918	24,189	18,387
TOTAL REVENUES	\$ 322,942	\$ 294,591	\$ 286,769	\$ 302,512	\$ 287,611



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

<i>for the year ended December 31, 2002</i> <i>(in thousands of dollars)</i>	Fire & Police Protection	Water & S & D	Parks, Rec. & Culture	General Government	Public Works
Council Indemnities	\$ 0	\$ 0	\$ 0	\$ 424	\$ 0
Salaries and Benefits	36,566	0	15,921	13,468	20,941
Consult. and Professional Serv.	170	41	1,642	1,480	291
Training and Recruiting	88	12	99	184	51
RCMP Contracted Services	34,510	0	0	0	0
Telephone and Communications	699	32	231	633	130
Advertising	3	3	214	422	7
Regional District Utility Charges	0	31,327	0	0	0
Utilities	511	823	2,138	14	2,968
Garbage Collection & Disposal	15	0	63	1	76
Library Services	0	0	0	0	0
Maintenance	145	1	1,853	923	959
Insurance and Claims	2	13	1	2,162	0
Membership Dues and Licenses	41	0	12	57	14
Leases and Rentals	644	871	67	375	995
Supplies and Materials	1,285	1,680	2,752	1,495	3,989
Publications and Media	14	0	9	57	8
Grants and Sponsorships	0	0	37	811	0
Sundry	470	1,511	2,550	1,069	3,441
Cost Allocations	603	10,936	6,291	836	11,316
Recoveries	(619)	(1,119)	(5,549)	(5,782)	(31,427)
	75,147	46,131	28,331	18,629	13,759
Debt Interest and Fiscal Services	0	371	102	292	0
Capital Assets	0	30,217	0	51,368	0
	\$ 75,147	\$ 76,719	\$ 28,433	\$ 70,289	\$ 13,759

SCHEDULE 11 (CONTINUED)



Environment & Health	Planning & Development	Library	Total 2002	Total 2001	Total 2000	Total 1999	Total 1998
\$ 0	\$ 0	\$ 0	\$ 424	\$ 413	\$ 388	\$ 309	\$ 298
0	7,845	5,737	100,478	96,158	93,430	90,245	88,088
200	145	29	3,998	3,038	3,715	4,317	4,399
0	21	17	472	477	562	587	567
0	0	0	34,510	36,892	31,575	27,808	25,866
5	17	58	1,805	1,573	1,578	1,916	1,695
43	3	26	721	849	874	683	587
0	0	0	31,327	29,688	27,476	25,262	24,014
2	0	204	6,660	7,127	5,815	5,292	5,208
12,617	0	5	12,777	12,288	12,054	10,884	11,720
0	0	96	96	103	105	99	89
1	2	52	3,936	3,966	2,706	3,471	2,826
0	0	0	2,178	1,464	1,637	850	1,097
0	18	8	150	205	173	175	169
19	0	32	3,003	2,525	3,291	2,621	2,513
152	107	233	11,693	10,253	10,576	10,923	10,054
0	9	1,282	1,379	1,328	1,283	1,293	1,179
0	0	0	848	808	936	975	813
110	311	224	9,686	7,723	8,654	8,572	6,915
1,638	241	566	32,427	31,227	31,129	30,269	23,102
(472)	(55)	(367)	(45,390)	(43,400)	(44,683)	(44,869)	(35,707)
14,315	8,664	8,202	213,178	204,705	193,274	181,682	175,492
0	0	3	768	2,165	2,307	2,534	3,132
0	0	0	81,585	89,597	86,575	124,644	114,863
<u>\$ 14,315</u>	<u>\$ 8,664</u>	<u>\$ 8,205</u>	<u>\$ 295,531</u>	<u>\$ 296,467</u>	<u>\$ 282,156</u>	<u>\$ 308,860</u>	<u>\$ 293,487</u>



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	1998	1999	2000	2001	2002
Equip. and Building Replacement	\$ 21,227	\$ 19,368	\$ 21,965	\$ 24,990	\$ 26,857
Tax Sale Land	106	111	117	124	130
Municipal Land	11,790	15,505	12,157	9,002	17,213
Park Land Acquisition	1,611	1,071	1,120	1,158	2,757
Capital Legacy	0	27,390	29,142	29,558	30,152
Local Improvement Financing	16,905	5,447	6,491	7,621	8,849
Water Claims	732	770	812	857	899
Affordable Housing	6,906	7,344	7,731	8,142	8,496
Animal Compensation	6	0	0	0	0
Parking Space	822	893	942	993	1,072
Neighbourhood Concept Plan	2,489	3,008	3,378	3,606	4,214
	62,594	80,907	83,855	86,051	100,639
Restricted Capital Reserve-Gen.	1,191	1,191	77	0	0
Restricted Capital Reserve-Water	7,552	8,466	9,138	8,149	8,624
Restricted Capital Reserve-Sewer	9,490	1,909	301	122	656
	\$ 80,827	\$ 92,473	\$ 93,371	\$ 94,322	\$ 109,919
Deferred Revenue-DCC's					
Drainage/Storm Water	\$ 12,583	\$ 8,861	\$ 7,359	\$ 7,847	\$ 10,540
Arterial Roads	25,561	19,618	18,782	21,418	29,051
Collector Roads	6,271	5,070	5,283	6,582	6,891
Parkland	35,213	25,841	31,632	38,430	48,079
Water	8,467	7,909	9,111	10,715	12,147
Sanitary Sewer	8,656	8,666	9,158	11,220	12,383
	\$ 96,751	\$ 75,965	\$ 81,325	\$ 96,212	\$ 119,091
Unappropriated Surplus-General					
	\$ 10,000	\$ 10,623	\$ 10,015	\$ 10,599	\$ 10,599
Unappropriated Surplus-Water	2,535	546	3,854	3,000	3,000
Unapp. Surplus-Sewer & Drain.	3,383	2,092	1,983	2,450	3,000
Unapp. Surplus-S. Public Library	44	65	69	42	0
	\$ 15,962	\$ 13,326	\$ 15,921	\$ 16,091	\$ 16,599

SCHEDULE 12 (CONTINUED)



	1998	1999	2000	2001	2002
<i>Appropriated Surplus-General Operating Fund Contingencies</i>					
Operating Contingency	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Operating Emergencies	1,000	1,000	1,000	1,000	1,000
Environmental Emergencies	2,000	2,000	2,000	2,000	2,000
Interest Revenue Stabilization	1,000	1,000	1,000	1,000	1,000
Revenue Stabilization	3,000	2,922	3,000	3,000	4,000
Self Insurance	8,637	9,412	10,175	10,966	11,043
Innovation Fund	1,000	1,078	828	853	878
Employee Sick Provision	0	0	2,000	2,000	2,000
Capital Legacy Fund	15,897	0	0	0	0
Sport & Leisure Complex	0	1,448	137	0	0
	36,034	22,360	23,640	24,319	25,421
<i>Appropriated Surplus-Water Operating Fund Contingencies</i>					
Operating Emergencies	\$ 1,000	\$ 0	\$ 1,000	\$ 1,000	\$ 1,500
Revenue Stabilization	5,000	5,000	5,000	6,892	7,483
Self Insurance	3,000	3,000	3,165	3,339	3,500
Infrastructure Replacement	7,000	7,000	7,385	7,791	9,378
	16,000	15,000	16,550	19,022	21,861
<i>Appropriated Surplus-Sewer Operating Fund Contingencies</i>					
Operating Emergencies	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,500
Revenue Stabilization	0	0	0	0	0
Self Insurance	4,000	4,000	4,220	4,452	4,668
Infrastructure Replacement	4,000	4,000	4,220	4,452	4,668
Long Term Improvements	24,973	24,973	21,664	9,644	1,791
	33,973	33,973	31,104	19,548	12,627
<i>Approp. Surplus-Sur. Public Lib.</i>	1	1	1	1	0
	\$ 86,008	\$ 71,334	\$ 71,295	\$ 62,890	\$ 59,909

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	\$ 46,807	\$ 39,569	\$ 40,330	\$ 36,496	\$ 46,962
Water-Operating and Capital	10,278	12,953	12,897	17,244	16,253
Sewer-Operating and Capital	16,766	16,326	15,688	18,695	21,914
Surrey Public Library	372	307	378	520	489
	\$ 74,223	\$ 69,155	\$ 69,293	\$ 72,955	\$ 85,618

SURREY
PUBLIC
LIBRARY



2002 Annual Financial Report



Fleetwood Library



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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, 2002 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, 2002 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 20, 2003



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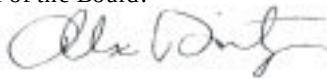


SURREY PUBLIC LIBRARY

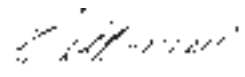
STATEMENT OF FINANCIAL POSITION

<i>as at December 31, 2002</i>	<i>2002</i>	<i>2001</i>
FINANCIAL ASSETS		
Due From City of Surrey (Note 2)	\$ 532,452	\$ 619,044
LIABILITIES		
Deferred Revenues (Note 3)	<u>43,826</u>	<u>56,347</u>
NET FINANCIAL ASSETS	<u>\$ 488,626</u>	<u>\$ 562,697</u>
 EQUITY, Financial		
Appropriated For Materials On Order	\$ 488,626	\$ 520,098
Unappropriated Surplus	<u>0</u>	<u>41,465</u>
	488,626	561,563
EQUITY, Endowment Fund (Note 4)	<u>0</u>	<u>1,134</u>
	<u>\$ 488,626</u>	<u>\$ 562,697</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



<i>for the year ended December 31, 2002</i>	<i>2002 Budget</i>	<i>2002 Actuals</i>	<i>2001 Actuals</i>
	<i>(Note 1(c))</i>		
REVENUES			
City of Surrey Grant	\$ 6,991,100	\$6,991,112	\$ 6,559,000
Provincial & Federal Grants	760,000	779,000	809,020
Fines and Fees	433,000	423,422	393,688
Other	228,000	266,090	194,805
	<u>8,412,100</u>	<u>8,459,624</u>	<u>7,956,513</u>
EXPENDITURES			
Salaries and Benefits	5,751,000	5,736,252	5,402,418
Books and Materials	1,255,000	1,282,512	1,227,949
Site Operations	1,014,100	864,025	769,164
Supplies and Equipment	146,000	155,940	165,333
Professional Services	107,000	102,247	91,475
Inter-Library Services	100,000	96,427	102,801
Other	89,000	76,846	83,234
	<u>8,462,100</u>	<u>8,314,249</u>	<u>7,842,374</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (50,000)</u>	<u>\$ 145,375</u>	<u>\$ 114,139</u>
Equity, Financial			
Appropriated For Material On Order			
Balance, Beginning of Year	\$ 520,098	\$ 520,098	\$ 377,733
Transfers from (to) Unappropriated Surplus	0	(31,472)	142,365
Balance, End of Year	<u>520,098</u>	<u>488,626</u>	<u>520,098</u>
Unappropriated Surplus			
Balance, Beginning of Year	41,465	41,465	69,691
Excess (Deficiency) of Revenues over Expenditures	(50,000)	145,375	114,139
Transfer to the City of Surrey for Library Construction	0	(219,501)	0
Transfer from Library Endowment Fund	0	1,189	0
Transfer from (to) Appropriated Surplus	0	31,472	(142,365)
Balance, End of Year	<u>(8,535)</u>	<u>0</u>	<u>41,465</u>
	<u>\$ 511,563</u>	<u>\$ 488,626</u>	<u>\$ 561,563</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, 2002

2002

2001

OPERATING TRANSACTIONS

Excess of Revenues Over Expenditures	\$ 145,375	\$ 114,139
Cash Generated From (Required for):		
Deferred Revenues	(12,521)	9,354
Endowment Fund	55	59
Transfer to City of Surrey for Library Construction	(219,501)	0
Increase in Cash	(86,592)	123,552

Cash, Beginning of Year	619,044	495,492
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Cash, End of Year	\$ 532,452	\$ 619,044
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Cash is defined as Due from the City of Surrey (Note 2)

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, 2002



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 Canadian generally accepted accounting principles for municipal financial reporting in British Columbia as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and include the following specific policies:

a) Revenue Recognition

Revenues are recorded using the accrual method of accounting.

Restricted grants, donations and fund raising activity revenues are recognized 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 #14563 on December 3, 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, 2002

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>2002</u>	<u>2001</u>
Balance, Beginning of Year	\$ 56,347	\$ 46,996
Donations	30,860	8,058
Grants, Sponsorships, Other	16,454	69,556
	<u>47,314</u>	<u>77,614</u>
Recognized as Other Revenue	(59,835)	(68,260)
	<u></u>	<u></u>
Balance, End of Year	<u>\$ 43,826</u>	<u>\$ 56,347</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>2002</u>	<u>2001</u>
Balance, Beginning of Year	\$ 1,134	\$ 1,075
Investment Revenue	55	59
Transfer to Unappropriated Surplus	(1,189)	0
	<u></u>	<u></u>
Balance, End of Year	<u>\$ 0</u>	<u>\$ 1,134</u>

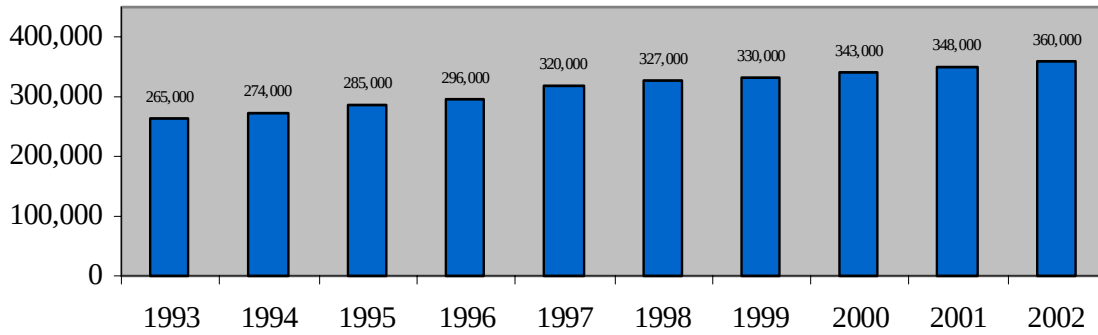
During the year, the Library Board resolved to transfer the library endowment fund to the Surrey Foundation's, Surrey Public Library Legacy Fund.

Statistical Section



Population

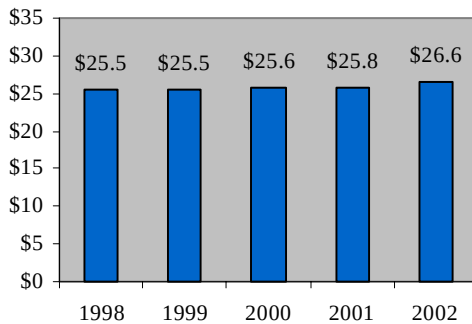
(City of Surrey Planning Department)



Assessment For General Taxation

(in billions of Dollars)

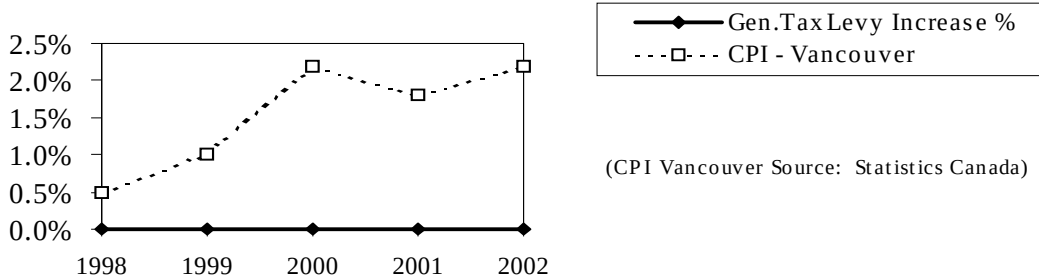
(Source: B.C. Assessment Authority)



General Tax Rates (per \$1,000 of Assessed Value)

	1998	1999	2000	2001	2002
Residential	3.495	3.579	3.676	3.698	3.676
Commercial	9.648	9.574	9.521	9.443	9.375
Utilities	31.830	33.279	35.458	35.591	33.579
Farm	3.495	3.579	3.676	3.698	3.676

General Tax Levy Increase vs. Consumer Price Index

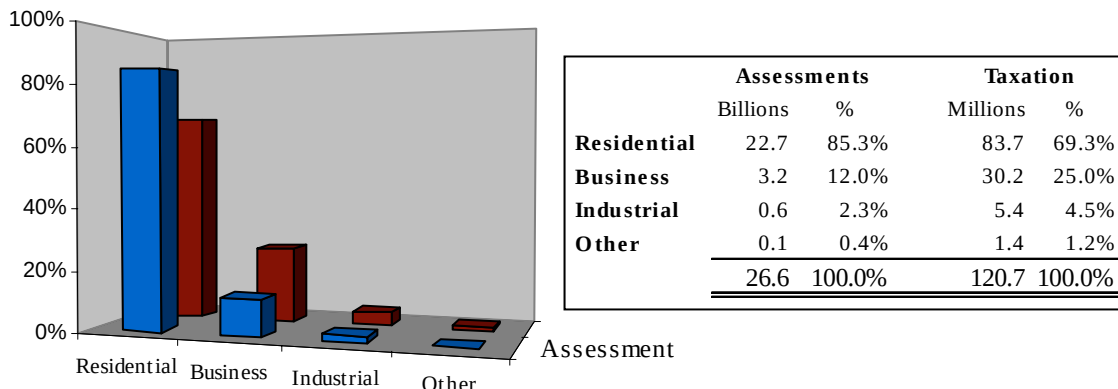


(CPI Vancouver Source: Statistics Canada)

NOTE: to achieve a zero % average property tax increase on existing land and buildings, tax rates are reduced if average assessments on these properties increase. Assessment increases beyond the average, or assessment increased due to building improvements or new developments, will result in increased taxes.

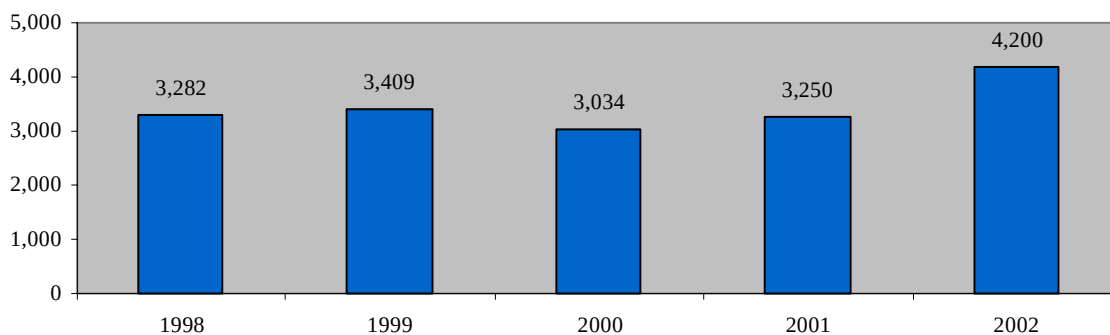
STATISTICAL REVIEW

2002 General Revenue Fund Assessment and Taxation by Property Class

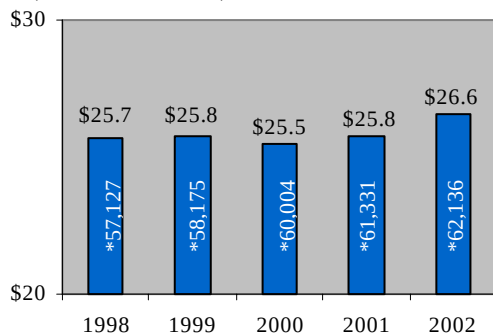


Building Permits (# of permits issued)

(Source: City of Surrey Planning Department)



Assessment For School Taxation (Collected for Province of B.C.) (in billions of dollars)



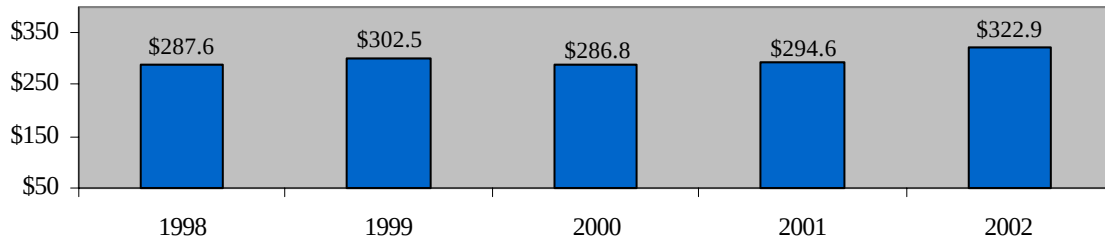
School Tax Rates (per \$1,000 of Assessed Value)

	1998	1999	2000	2001	2002
Residential	3.405	3.503	3.586	3.581	3.606
Industrial	12.500	12.500	12.500	12.500	12.500
Business	9.900	9.900	9.900	9.900	9.900
Utilities	15.000	15.000	15.000	15.000	15.000
Farm	6.800	6.800	6.800	6.800	6.800

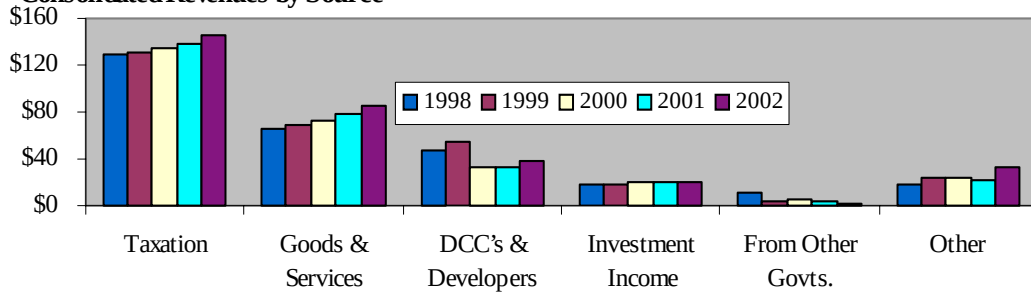
* Average number of students

Consolidated Revenues

(in millions of dollars)

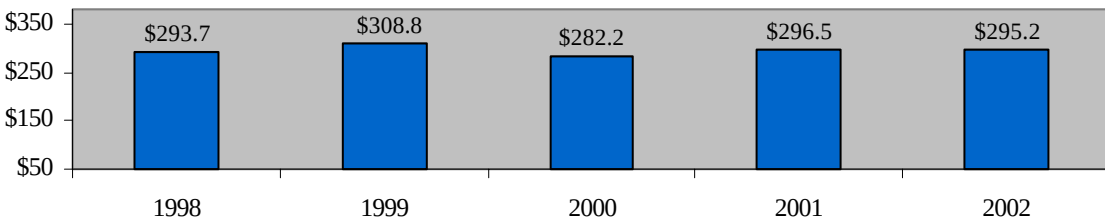


Consolidated Revenues by Source

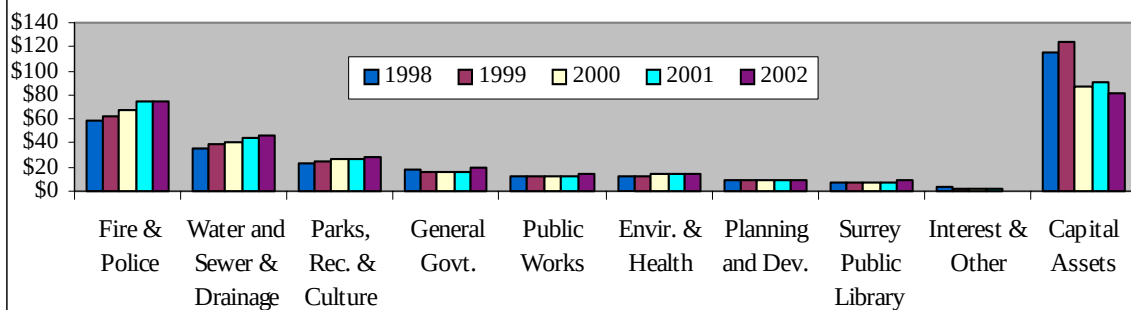


Consolidated Expenditures

(in millions of dollars)

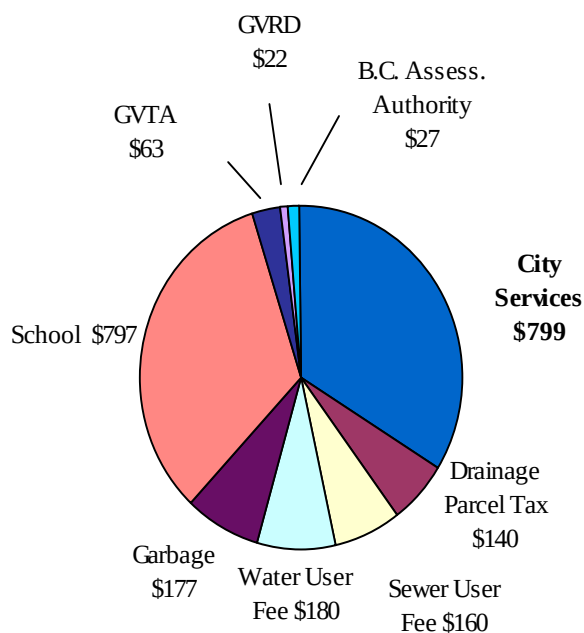


Consolidated Expenditures by Function



STATISTICAL REVIEW

2002 Average Tax and Utilities Bill *



City Services

Protection Services	\$ 275
Parks, Recreation & Culture	104
General Government	99
Engineering Services	103
Surrey Public Library	30
Capital Contributions	188
	<u>\$ 799</u>

Summary

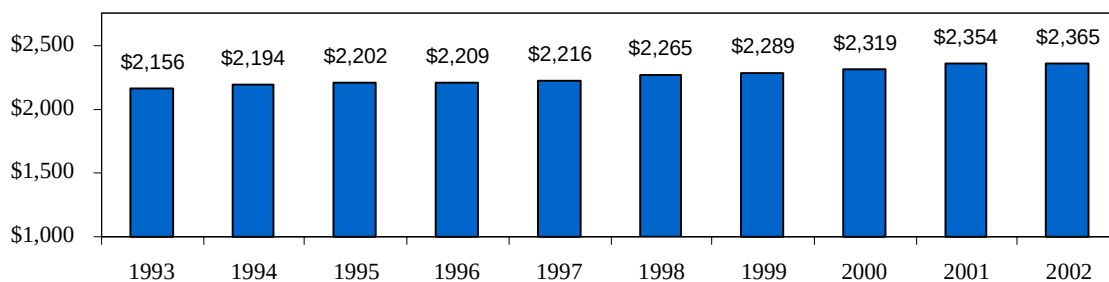
City Services	\$ 799
School	797
Water, Sewer & Drain.	480
Garbage	177
	<u>112</u>
	<u>\$ 2,365</u>

* Based on an Average Single Family Residential Dwelling with Assessed Value of \$221,000.

Note: If Eligible for Provincial Home Owner Grant, taxes are reduced by \$470 (\$745 if over 65 years of age or disabled)

Average Tax and Utilities Bill

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





STATISTICAL REVIEW

	1998	1999	2000	2001	2002
General Assessment: (in thousands)	\$ 25,384,750	\$ 25,509,585	\$ 25,423,497	\$ 25,846,681	\$26,664,694
Total Assessed Properties	103,692	105,585	105,755	105,167	111,264
Assessment Per Capita	\$ 244,809	\$ 241,602	\$ 240,400	\$ 245,768	\$ 239,652

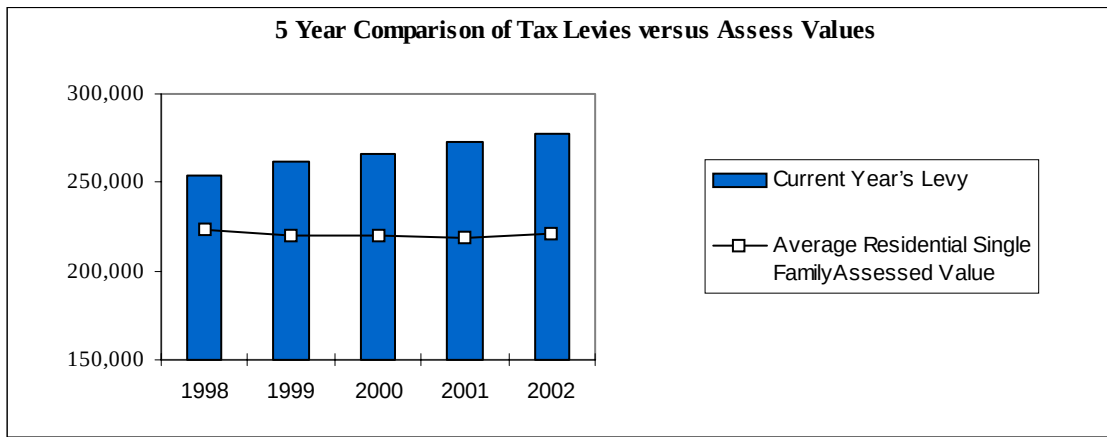
Percentage of General Assessment represented by:

Residential	86.9%	86.5%	86.0%	85.6%	85.3%
Utilities	0.1%	0.1%	0.1%	0.1%	0.1%
Major Industrial	0.2%	0.1%	0.1%	0.1%	0.3%
Light Industrial	1.4%	1.4%	1.7%	1.8%	1.8%
Business / Other	11.0%	11.4%	11.6%	11.9%	12.1%
Non-Profit Recreation	0.3%	0.3%	0.3%	0.3%	0.3%
Farm	0.2%	0.2%	0.2%	0.1%	0.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

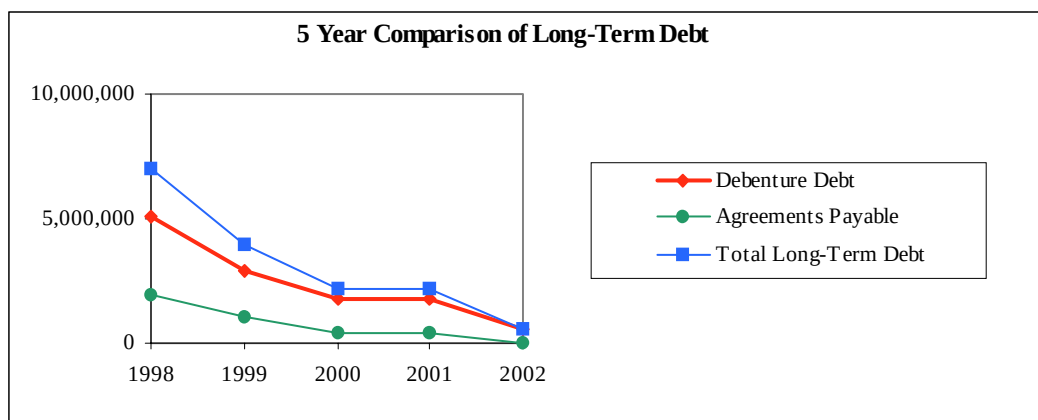
Taxes Collected: (in thousands)

Current Year's Levy	\$ 253,610	\$ 261,102	\$ 266,368	\$ 272,389	\$ 277,503
Current Taxes Collected	243,829	250,833	250,448	263,148	268,415
Current Taxes Outstanding	\$ 9,781	\$ 10,269	\$ 15,920	\$ 9,241	\$ 9,088

Percentage of Taxes Collected	96.1%	96.1%	94.0%	96.6%	96.7%
Levy per Capita	\$ 2,446	\$ 2,473	\$ 2,519	\$ 2,590	\$ 2,494



STATISTICAL REVIEW



	1998	1999	2000	2001	2002
Debuture Debt					
General Capital Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Water Capital Fund	4,353,700	2,573,700	1,606,780	1,606,780	558,996
Sewer Capital Fund	718,200	300,700	154,042	154,042	0
	<u>\$ 5,071,900</u>	<u>\$ 2,874,400</u>	<u>\$ 1,760,822</u>	<u>\$ 1,760,822</u>	<u>\$ 558,996</u>
Agreements Payable					
General Capital Fund	\$ 1,240,900	\$ 840,600	\$ 414,907	\$ 414,907	\$ 0
Water Capital Fund	716,400	213,800	7,661	7,661	0
Sewer Capital Fund	0	0	0	0	0
	<u>\$ 1,957,300</u>	<u>\$ 1,054,400</u>	<u>\$ 422,568</u>	<u>\$ 422,568</u>	<u>\$ 0</u>
Total Long-Term Debt	<u><u>\$ 7,029,200</u></u>	<u><u>\$ 3,928,800</u></u>	<u><u>\$ 2,183,390</u></u>	<u><u>\$ 2,183,390</u></u>	<u><u>\$ 558,996</u></u>
Debt Per Capita					
	73	40	22	22	5
Legal Debt Limit ('000's)	5,105,480	5,273,726	5,385,300	5,435,417	5,529,715
Overlapping Debt	0	0	0	0	0



This Financial Report was produced by the
Finance, Technology & Human Resources Department

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