

NO: **R095**

COUNCIL DATE: **May 7, 2012**

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## REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **April 25, 2011**

FROM: **General Manager, Finance & Technology**

FILE: **1880-20**

SUBJECT: **2011 Annual Financial Report**

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## RECOMMENDATION

The Finance and Technology Department recommends that Council:

1. receive this report as information; and
2. accept the 2011 Audited Financial Statements as presented in Appendix "A".

## INTENT

The purpose of this report is to provide Council with information about the results of the audit of the City of Surrey 2011 financial statements and to have Council accept such statements, which will then be included as part of the City's annual financial report.

## BACKGROUND

At its meeting on April 23, 2012, the Audit Committee considered this report and adopted the following resolution:

*"That staff be authorized to include this report on the agenda for the next Regular meeting of City Council".*

## DISCUSSION

Sections 98 and 167 of the Community Charter require that the City produce annual audited financial statements. The annual financial statements and the draft independent auditor's report for the year ended December 31, 2011 for the City of Surrey are attached to this report as **Appendix "A"**. These will be included in the City's 2011 Annual Financial Report that will be published by the end of June 2012.

The statements that are included in **Appendix "A"** have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA). The City maintains a comprehensive system of internal controls to safeguard City assets and to provide reliable financial information.

The accounting firm of KPMG was retained to conduct the 2011 audit and to express an opinion as to whether the consolidated financial statements fairly present the financial position of the City of Surrey as at December 31, 2011 and the results of its operations for the year 2011.

**Explanation of Variances between 'Budget' Amounts and Year End 'Actuals'**

The audited financial statements included in *Appendix "A"*, are presented in the format required by the Canadian Institute of Chartered Accountants. The format reports the amortization expense in each functional area. The Consolidated Statement of Financial Activities, that follows has been amended to remove the amortization expense from each functional area to better compare expenses to budget.

NOTE	<i>for the year ended December 31, 2011 (in thousands of dollars)</i>	<i>2011 Budget</i>	<i>2011 Actuals</i>	<i>2010 Actuals</i>
<b>REVENUES</b>				
1	Taxation for City purposes	\$ 260,182	\$ 259,526	\$ 244,552
2	Sales of goods and services	153,209	159,469	152,822
3	Development cost charges	97,400	57,045	56,899
4	Developer contributions	57,241	81,914	126,053
5	Investment income	28,334	20,890	21,940
6	Transfers from other governments	30,313	34,695	61,417
7	Other	43,100	41,298	35,403
		<u>669,779</u>	<u>654,837</u>	<u>699,086</u>
<b>EXPENSES</b>				
8	Fire and police protection	154,254	156,494	143,326
9	Water, sewer and drainage	93,803	105,368	84,341
10	Parks, recreation and culture	56,356	61,533	71,193
11	General government	46,514	42,609	48,926
12	Public works	24,338	28,423	19,636
13	Environment and health	25,835	25,582	21,821
14	Planning and development	21,362	20,635	18,140
15	Library services	13,056	12,741	11,738
16	Amortization	79,073	87,597	81,097
17	Interest, fiscal services & other	1,279	2,750	874
		<u>515,870</u>	<u>543,732</u>	<u>501,092</u>
18	Excess revenues over expenses	153,909	111,105	197,994
19	Contribution (to) capital expenditures	(221,083)	(200,199)	(282,491)
20	Contribution (to)/from reserves	63,223	87,183	84,497
		<u>(3,951)</u>	<u>(1,911)</u>	<u>0</u>
21	<b>Equity, beginning of year</b>	<u>7,342,707</u>	<u>7,342,707</u>	<u>7,144,713</u>
22	<b>Equity, end of year</b>	<u>\$ 7,496,616</u>	<u>\$7,453,812</u>	<u>\$ 7,342,707</u>

The lines in the table have been numbered on the left side. An explanatory note on the variance related to each line is provided below with each of the notes numbered and titled to match the line to which it refers.

**Revenue:**

1. Taxation for City Purposes: The actual taxation revenue received was slightly less than budget. This difference is primarily due to means by which drainage fees are collected on properties with multiple dwelling units. This shortfall is offset by a corresponding overage in the “Sale of Goods and Services” line.
2. Sale of Goods & Services: Sales revenues were higher than anticipated due to an increase in activity at community recreation facilities, an increase in metered utility revenues and higher than anticipated secondary suite revenues. This variance in part relates to the Carbon Tax Rebate that has been recognized as revenue before being transferred to reserves and will be used by the City to assist in offsetting the cost of purchasing carbon offsets in the future.
3. Development Cost Charges: The ‘Budget’ figure includes the development cost charge (DCC) revenues that are available for the 2011 program (\$57.3 million) as well as the DCC funding that was committed to projects in prior years but that had not yet been spent (\$40.1 million) for a total of \$97.4 million. The ‘Actual’ column includes only the revenue required to match the costs of the capital constructed (\$57.0 million) in 2011. The variance between actual and budget revenue (\$40.4 million) is due to the timing of construction and the related payments and will be used to complete projects that are currently in progress and that will be completed in future months.
4. Developer Contributions: A detailed breakdown in the variance of this line is provided below:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
▪ NCP Contributions	\$ 2.1 M	\$ 3.1 M	\$ 1.0 M
▪ Cash-In-Lieu of Parkland	\$ 3.8 M	\$ 3.9 M	\$ 0.1 M
▪ Private Developer Contributions	\$ 1.3 M	\$ 0.6 M	\$ (0.7)M
▪ Contributed Assets	<u>\$ 50.0 M</u>	<u>\$ 74.3 M</u>	<u>\$ 24.3 M</u>
<b>Total</b>	<b><u>\$ 57.2 M</u></b>	<b><u>\$ 81.9 M</u></b>	<b><u>\$ 24.7 M</u></b>

The ‘Budget’ figure for NCP Contributions and for Cash-In-Lieu of Parkland are based on the actual amount received in the immediately preceding year (2010). The ‘Actual’ column includes only the revenue required to match the cost of capital constructed or acquired in 2011. The variances are primarily due to the timing of construction of park development projects and the purchase of parklands. The ‘Budget’ figure for Private Developer Contributions is an estimated amount in recognition of contributions that may be received and applied to capital park development projects within the year. The “Actual” Contributions are related to miscellaneous contributions toward parks development and other capital projects received during the year.

The Contributed Assets line relates to infrastructure that the City received as a result of new development that occurred across the City. This includes, among other things, roads, water mains, sewer systems and drainage systems. The budget for 2011 was maintained at \$50 million. Actual asset contributions were \$74.3 million (\$11.7 million in 2010 and \$118 million in 2009). Staff will continue to monitor the activity in an effort to improve future budgeting estimates.

5. Investment Income: The variance between the 'Budget' figure (\$28.3 million) and the 'Actual' figure (\$20.9 million) of \$7.4 million is partly due to the fact that interest rates on investments were lower than expected for the year. Also, the budget amount included an estimate for anticipated interest earned on development cost charge funds (\$4.4 million), which is recorded as deferred revenue. The 2012 budget reflects this change in the manner in which DCC interest is recognized.

The General Fund earned more interest than anticipated (\$1.9 million) primarily as a result of interest that was earned on funds that were borrowed in April 2011 and which have not been expended to date on the projects for which they were borrowed. Utility Funds (\$1.3 million) and the Reserve Funds (\$8.0 million) earned less interest than was anticipated during the 2011 budget process due to lower than anticipated account balances and lower than anticipated interest rates.

6. Transfers from Other Governments: The detailed breakdown of this variance is as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
▪ Traffic Fine Revenue Sharing	\$ 5.9 M	\$ 8.0 M	\$ 2.1 M
▪ TransLink	\$ 4.8 M	\$ 7.6 M	\$ 2.8 M
▪ Gaming Revenue Sharing	\$ 3.2 M	\$ 2.8 M	\$ (0.4) M
▪ Other Sundry e.g.: Keep of Prisoners, Summer Student Program, & Libraries.	<u>\$ 1.3 M</u>	<u>\$ 1.6 M</u>	<u>\$ 0.3 M</u>
<b>Sub Total</b>	<b>\$ 15.2 M</b>	<b>\$ 20.0 M</b>	<b>\$ 4.8 M</b>
▪ Capital Infrastructure Grants	<u>\$ 15.1 M</u>	<u>\$ 14.7 M</u>	<u>\$ (0.4) M</u>
<b>Total</b>	<b><u>\$30.3 M</u></b>	<b><u>\$34.7 M</u></b>	<b><u>\$ 4.4 M</u></b>

The \$2.1 million variance in Traffic Fine Revenue Sharing (TFRS) is a result of the Province's decision to advance part of the TFRS revenues for 2012 in anticipation of the renewal of the Strategic Community Investment Funds Agreement covering the years 2012 to 2014. The \$2.1 million has been set aside for use in 2012. The "Budget" for TransLink is an approximation of anticipated expenditures; the "Actual" amount represents the funding that the City received for specific projects. Some of those major projects include the following:

- 152nd Street Overpass (\$2.4 million);
- Fraser Highway Widening (\$2.1 million);
- Arterial Paving (\$1.9 million); and
- Minor signal, bicycle and transit projects (\$1.2 million).

The City also received Capital Infrastructure Grants that included federal/provincial partnership funding for the following projects

- BC Rail Overpasses (\$4.5 million);
- Bridgeview Vacuum Sewer Improvements (\$2.6 million);
- 96 Avenue Improvements (\$2.5 million);
- Pedestrian Overpass at 168th Street across Highway 1 (\$2.3 million); and
- Other miscellaneous grants (\$2.8 million).

7. Other Revenue: This includes the following:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
▪ Permits, Licensing & Fines	\$21.7 M	\$21.7 M	\$ 0.0 M
▪ Leases & Rentals	\$ 6.9 M	\$ 4.9 M	\$(2.0)M
▪ Penalties & Interest on Taxes	\$ 3.8 M	\$ 4.2 M	\$ 0.4 M
▪ Donation & Sponsorship	<u>\$ 0.6 M</u>	<u>\$ 2.2 M</u>	<u>\$ 1.6 M</u>
<b>Sub Total</b>	<b>\$33.0 M</b>	<b>\$33.0 M</b>	<b>\$ 0.0 M</b>
▪ Land Sales	<u>\$ 10.1 M</u>	<u>\$ 8.3 M</u>	<u>\$(1.8)M</u>
<b>Total</b>	<b><u>\$43.1 M</u></b>	<b><u>\$41.3 M</u></b>	<b><u>\$(1.8)M</u></b>

The variances in lease and rentals revenue are primarily due to lower than anticipated revenue from Fraser Downs and a reduction in the number of City-owned rental facilities. This has been offset by an increase in donation & sponsorship revenue which is due to increased donations to the City for projects/programs in the Parks, Recreation and Culture areas.

In 2011, the City received proceeds from the sale of the land in the following categories:

▪ Park Land	\$ 4.4 M
▪ Surrey City Dev Corp sales (Newgen Land)	\$ 3.0 M
▪ Road Closure sales	\$ 0.6 M
▪ Other sundry sales	<u>\$ 0.3 M</u>
<b>Total</b>	<b><u>\$ 8.3 M</u></b>

All of the proceeds from the above-referenced land sales have been included as revenues for use in the 2012 Five Year Financial Plan adopted by Council in January 2012.

## Expenses

8. Fire and Police Protection: The over expenditure (\$2.2 million) is the result of retroactive payments made to Fire Services as part of the settlement of a Collective Agreement for 2010/11 time period, including salaries (\$3.2 million), which has been partially off-set by one-time operational savings (\$1.6 million). The over-expenditure has been fully recovered by a transfer from prior years' savings in Fire Services. There was also an increase in the RCMP contract costs (\$0.6 million) due to new members arriving sooner than anticipated. This is off-set by a one-time transfer from prior years' savings in Police Services.
9. Water, Sewer & Drainage: The over expenditure (\$11.6 million) is primarily due to an increase in minor projects that have historically been funded through capital. These projects consist of monitoring, enhancing and asset planning; however they will not produce or extend the life of the asset and therefore are captured as an operating expense under the PSAB accounting procedures.
10. Parks, Recreation & Culture: The increase in expenditures (\$5.2 million) is due in part to the inclusion of costs associated with community events, maintenance costs that had been previously captured as capital costs, and costs due to increased participation rates in community recreation centres. These expenditure increases have been offset by complementary increases in revenues as referenced in line 2.

11. General Government: This includes the following:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
▪ Mayor, Council, Grants & Initiatives	\$ 6.9 M	\$ 6.8 M	\$ 0.1 M
▪ City Manager (Leg Serv., Legal, Bylaws, Econ Dev)	\$ 11.7 M	\$ 11.1 M	\$ 0.6 M
▪ Finance & Technology	\$ 19.0 M	\$ 20.1 M	\$ (1.1)M
▪ Investments & Intergovernmental Rel.	\$ 1.2 M	\$ 1.0 M	\$ 0.2 M
▪ Human Resources	\$ 2.7 M	\$ 3.1 M	\$ (0.4)M
▪ Other (Charge to Utilities, fiscal services, asset disposal & contingency)	<u>\$ 5.0M</u>	<u>\$ 0.5 M</u>	<u>\$ 4.5 M</u>
<b>Total</b>	<b><u>\$ 46.5 M</u></b>	<b><u>\$ 42.6 M</u></b>	<b><u>\$ 3.9 M</u></b>

The Finance & Technology department variance is a result of an increase in wire theft claims totalling \$ 2.7 million, which has been offset by a transfer from the self-insurance reserve. The variance in 'Other' is the result of assets being replaced that have not yet been fully amortized.

12. Public Works: The over expenditure (\$4.1 million) is primarily due to an increase in minor projects that have historically been funded under capital. These projects consist of monitoring, enhancing and asset planning; however they will not produce or extend the life of the asset and therefore are captured as an operating expense under the PSAB accounting procedures.

13. Environment and Health: The savings are minor in nature and the result of lower than anticipated solid waste charges.

14. Planning and Development: These under expenditures are primarily the result of staff vacancies that occurred during the year.

15. Library services: The savings in Library are minor in nature and the result of the timing in opening the new City Centre Library.

16. Amortization: This expense represents the annual consumption of City Assets. The 2011 Budget amount was estimated based on the value of assets owned by the City in 2010 as well as an estimate of the value of new assets that would be added in 2011. Although amortization for major new projects was estimated, variances occurred due to the timing and mix of new assets added in each category during 2011. The amortization accrued by asset type is as follows:

	<u>Budget</u>	<u>Actual</u>
Land Improvements	\$ 3.6 M	\$ 3.6 M
Building	\$ 6.9 M	\$ 7.6 M
Infrastructure	\$57.1 M	\$ 62.1M
Equipment	<u>\$11.5 M</u>	<u>\$ 14.3M</u>
	<b><u>\$79.1 M</u></b>	<b><u>\$ 7.6 M</u></b>

17. Interest, Bank Charges, Fiscal Services and other: The variance between the 'Budget' for this item and the 'Actual' amount is related to interest payments made to the Municipal Finance Authority on the external borrowing. This expense was not fully budgeted in 2011 due to the uncertainty of the timing of the borrowing. This increased expense was offset by increased revenue from the City's investment portfolio.
18. Excess revenues over expenses: This line represents the revenues from the current year that has been allocated to capital acquisitions or contributed to statutory reserve funds.
19. Contribution (to) capital expenditures: As noted in the comments related to line 18, funding used to support capital expenditures is now included in the line titled "Excess revenues over expenses" in the financial statements. In 2011, capital expenditures totalled \$200 million, being funded by developer contributions (\$81 million), DCC's (\$57 million), federal/provincial contributions (\$22 million), general contributions (\$30 million) and other reserve funds (\$10 million).
20. Contribution (to)/from reserves: This line represents the reduction to the value of the City's equity resulting from annual amortization (\$87 million) of assets.
21. Equity, beginning of year: This line represents the value of all of the City's equity (monetary, property, other assets and infrastructure). This item is in essence the City's net worth, which includes value of capital assets net of amortization, and both committed and uncommitted reserve funds at the beginning of 2011. It reflects the balance under the "Accumulated Surplus" line of the City's 2010 financial statements.
22. Equity, end of year: This line represents the City's net worth at the end of 2011 which includes the value of capital assets net of amortization, and both committed and uncommitted reserve funds. Details of this balance are documented in **Appendix "B"**.

#### Adjustments to Tangible Capital Assets

Staff identified tangible infrastructure that had been constructed as part of the Golden Ears Bridge project and had previously not been recorded by the City. TransLink constructed the necessary – street lights, sidewalks, signals, bridges, roadways, water and drainages lines and purchased the underlying land for the road network connecting to the bridge. In July 2009, the subject infrastructure within the boundaries of the City was transferred to Surrey. This infrastructure was valued at \$8.5 million, which was recorded as Developer Contribution revenue in the 2011 statement of operations.

Staff has performed a detailed review of the various work orders classified as Work in Progress (WIP). In this process, staff identified projects that were included in WIP, which had also been previously capitalized as tangible capital assets in fiscal 2009 during a conversion related to new procedures adopted as part of the Public Sector Accounting Standards. As a result, staff recorded a reduction in WIP of \$17.0 million and a corresponding reduction in Developer Contribution revenue of \$17.0 million.

Tangible Capital Asset reporting was introduced as a PSAB requirement on January 1, 2009. Due to the number of assets and recent growth within the City, staff is continuing to review WIP amounts and is mapping assets with asset maintenance systems to ensure all of the City's assets are captured. As at December 31, 2011, all WIP accounts have been reviewed to minimize the potential for write downs in the future. Staff has implemented processes to ensure that all assets, including government transferred assets, are properly captured.

The net impact of the write down in WIP and increase in assets due to the transfer to the City of Golden Ears infrastructure on the prior period financial statements is \$8.6 million. Management has concluded and KPMG has concurred that the net impact of the adjustments to the opening accumulated surplus and the current year statement of operations is not material and therefore, recommended that the City not restate the prior period financial statements and simply record the adjustments in the current year.

#### Surrey City Development Corporation ("SCDC")

During the year, SCDC converted its financial framework to Public Sector Accounting Standards (PSAS). There were no adjustments to the opening accumulated surplus as a result of the conversion; however, there were changes to the presentation of the financial statements.

During the year, SCDC entered into three separate partnership arrangements for the development of properties. These partnerships are considered "government partnerships" under PSAS, which are accounted for on a proportionate consolidation basis.

SCDC is considered to be an "other government organization" and is fully consolidated into the City's financial statements as it is wholly-owned and controlled by the City.

#### **Future Reporting Requirements**

Staffs are attentive to potential changes in financial statement reporting requirements as may be mandated from time to time by the Public Sector Accounting Board (PSAB). The following PSAB changes may affect the City's financial reporting in the future:

##### Government Transfers

Section PS 3410 of the PSA Handbook requires the City to record Government Transfers as revenue in the period that the transfer is authorized by the transferring government, the grant eligibility criteria has been met and any obligations under the transfer have been fulfilled. This standard becomes effective on April 1, 2012. Examples of government transfers that are currently received by the City include: the Traffic Fine Revenue Sharing grant, the Library grant, the Victims Services grant and capital infrastructure grants.

Staff anticipates that this new standard will have minimal impact on the City's financial reports. It will be applied in the City's 2012 financial statements.



### Tax Revenue

Section PS 3510 of the PSA Handbook requires the City to differentiate between tax concessions and tax transfers. Tax concessions are foregone tax revenues such as exemptions, deductions and credits, which are netted against taxes, while tax transfers are the financial benefits provided to non-tax paying members and are included as an expense. This standard becomes effective on April 1, 2012.

Staff anticipates that this new standard will have minimal impact on the City's financial reports. It will be applied during the 2012 calendar year.

### Liability for Contaminated Sites

Section PS 3260 of the PSA Handbook requires the City to recognize a liability for contaminated sites when the City is responsible for, or accepts responsibility for, the contamination, and the contamination exceeds existing environmental standards. The amount recorded as a liability must be reasonably estimatable and would include costs directly related to remediation and post-remediation activities. This standard becomes effective January 1, 2014, although early adoption is encouraged. The City may become responsible for a contaminated site based on historical contamination of City-owned lands or by acquiring contaminated land as part of a tax sale.

Staff is currently working on identifying the impact of this new standard and plans to implement it in the City's financial reporting framework commencing on January 1, 2014.

### Financial Instruments and Foreign Currency Translation

Section PS 3450 and PS2601 of the PSA Handbook requires the City to recognize equity instruments quoted in an active market and free-standing derivatives at fair value. All other financial instruments, including bonds can be carried at cost or fair value depending on the government's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. This standard becomes effective for years commencing on or after April 1, 2015, although early adoption is encouraged. In accordance with the City's investment policy, the City does not invest in equity instruments or free-standing derivatives.

Staff anticipates that this new standard will have minimal impact on the City's financial reports. It will be applied during the 2015 calendar year.

### **General Comment**

The City continues to maintain a strong financial position. The City's current reserve balances and commitments are summarized in **Appendix B**, with a view to providing further clarification of the City's financial position. Staff will continue to provide Council with financial information on a quarterly basis during 2012 through the Quarterly Financial Reporting process.

## **Auditors Comments**

KPMG's draft report indicates that they are satisfied that the City's financial statements have been fairly stated in all material respects. The independent audit included obtaining audit evidence and consideration of certain internal controls, that the City has put in place. Staff will continue to monitor the City's financial controls as to their effectiveness in protecting the City's assets and will make adjustments where appropriate.

## **CONCLUSION**

The financial statements that are included in **Appendix "A"** have been prepared in accordance with Generally Accepted Accounting Principles as prescribed by PSAB of the Canadian Institute of Chartered Accountants. The City maintains a comprehensive system of internal controls to safeguard City assets and to provide reliable financial information.

The City's current reserve balances and commitments are summarized in **Appendix B**.

The financial statements appended to this report will be included in the City of Surrey 2011 Annual Financial Report that will be distributed to Council no later than June 25<sup>th</sup>, 2012.

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology

Appendix A: 2011 City of Surrey Financial Statements

Appendix B: Reserve Funds, Accumulated Surplus and Developer Contributions

# City of Surrey

## Consolidated Statement of Financial Position

*As at December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)*

	2011	2010
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 43,612	\$ 24,226
Accounts receivable (note 2)	135,845	133,891
Properties available-for-sale (note 1 (i) (vii))	8,711	-
Investments (note 3)	675,749	619,739
	<u>863,917</u>	<u>777,856</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities (note 4)	128,518	107,414
Deposits and prepayments (note 5)	141,278	129,397
Deferred revenue (note 6)	42,527	34,780
Deferred development cost charges (note 7)	183,889	184,404
Debenture debt (note 8)	100,000	-
	<u>596,212</u>	<u>455,995</u>
<b>NET FINANCIAL ASSETS</b>	<b>267,705</b>	<b>321,861</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (note 10)	7,183,370	7,018,349
Inventories of supplies	1,012	1,002
Prepaid expenses	1,725	1,495
	<u>7,186,107</u>	<u>7,020,846</u>
<b>ACCUMULATED SURPLUS (note 11)</b>	<b>\$ 7,453,812</b>	<b>\$ 7,342,707</b>

Commitments and contingencies (note 12)

Vivienne Wilke, CGA  
General Manager,  
Finance & Technology Department

Dianne L. Watts  
Mayor, City of Surrey

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

# City of Surrey

## Consolidated Statement of Operations

*For the year ended December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)*

	<i>2011</i>	<b>2011</b>	2010
	<i>Budget</i>		
	<i>(unaudited notes 1 (h) and 21)</i>		<i>(note 22)</i>
<b>REVENUES</b>			
Taxation revenue (note 14)	\$ 260,182	\$ 259,526	\$ 244,552
Sales of goods and services	153,209	159,469	152,822
Development cost charges (note 7)	97,400	57,045	56,899
Developer contributions	57,241	81,914	126,053
Investment income	28,334	20,890	21,940
Transfers from other governments (note 20)	30,313	34,695	61,417
Other	43,100	41,298	35,403
	<u>669,779</u>	<u>654,837</u>	<u>699,086</u>
<b>EXPENSES</b>			
Fire and police protection	156,545	159,200	145,521
Water, sewer & drainage	127,546	141,507	119,654
Parks, recreation and culture	66,044	72,198	81,134
General government	54,270	54,292	57,651
Public works	49,011	55,441	43,315
Environment and health	25,835	25,582	21,821
Planning and development	21,366	20,638	18,144
Library services	15,253	14,874	13,852
	<u>515,870</u>	<u>543,732</u>	<u>501,092</u>
<b>Annual Surplus</b>	<i>153,909</i>	<b>111,105</b>	197,994
<b>Accumulated Surplus, beginning of year</b>	<u>7,342,707</u>	<u>7,342,707</u>	<u>7,144,713</u>
<b>Accumulated Surplus, end of year</b>	<u>\$ 7,496,616</u>	<u>\$ 7,453,812</u>	<u>\$ 7,342,707</u>

# City of Surrey

## Consolidated Statement of Changes in Net Financial Assets

As at December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)

	<i>Budget</i>	<b>2011</b>	2010
	<i>(unaudited notes 1 (h) and 21)</i>		
<b>ANNUAL SURPLUS</b>	\$ 153,909	\$ <b>111,105</b>	\$ 197,994
Acquisition of tangible capital assets	(412,885)	<b>(263,267)</b>	(343,830)
Amortization of tangible capital assets	79,073	<b>87,597</b>	81,097
Loss (gain) on disposal of tangible capital assets	-	<b>(3,256)</b>	25,370
Proceeds on disposal of tangible capital assets	-	<b>5,194</b>	170
	<u>(179,903)</u>	<u><b>(62,627)</b></u>	<u>(39,199)</u>
Acquisition of inventories of supplies	-	<b>(1,012)</b>	(1,002)
Consumption of inventories of supplies	-	<b>1,002</b>	1,123
Acquisition of prepaid expenses	-	<b>(1,725)</b>	(1,495)
Use of prepaid expenses	-	<b>1,495</b>	1,940
Transfer to properties-available-for-sale	-	<b>8,711</b>	-
	<u>-</u>	<u><b>8,471</b></u>	<u>566</u>
<b>Change in net financial assets</b>	(179,903)	<b>(54,156)</b>	(38,633)
Net financial assets, beginning of year	321,861	<b>321,861</b>	360,494
<b>Net financial assets, end of year</b>	<u>\$ 141,958</u>	<u><b>\$ 267,705</b></u>	<u>\$ 321,861</u>

**City of Surrey**  
**Consolidated Statement of Cash Flows**

*For the year ended December 31, 2011, with comparative figures for 2010  
(in thousands of dollars)*

	<b>2011</b>	2010
<b>Cash provided by (used in):</b>		
<b>OPERATING TRANSACTIONS</b>		
Annual surplus	\$ 111,105	\$ 197,994
Non-cash charges to operations		
Amortization expense	87,597	81,097
Loss (gain) on disposal of tangible capital assets	(3,256)	25,370
Developer contributions of tangible capital assets (note 10 (b))	(66,524)	(111,680)
Change in non-cash operating working capital		
Accounts receivable	(1,954)	(33,977)
Inventories of supplies	(10)	121
Prepaid expenses	(230)	445
Accounts payable and accrued liabilities	21,104	14,242
Deposits and prepayments	11,881	13,058
Deferred revenue	7,747	(747)
Deferred development cost charges	(515)	(801)
<b>Net change in cash from operating transactions</b>	<b>166,945</b>	<b>185,122</b>
<b>FINANCING TRANSACTIONS</b>		
Proceeds from issuance of debenture debt	100,000	-
<b>Cash provided by (used in) financing transactions</b>	<b>100,000</b>	<b>-</b>
<b>CAPITAL TRANSACTIONS</b>		
Cash used to acquire tangible capital assets	(196,743)	(232,150)
Proceeds on disposal of tangible capital assets	5,194	170
<b>Net change in cash from capital transactions</b>	<b>(191,549)</b>	<b>(231,980)</b>
<b>INVESTING TRANSACTIONS</b>		
Decrease (increase) in investments	(56,010)	55,368
<b>Increase in cash and cash equivalents</b>	<b>19,386</b>	<b>8,510</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>24,226</b>	<b>15,716</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 43,612</b>	<b>\$ 24,226</b>

## Notes to the Consolidated Financial Statements

Appendix A-5

For the year ended December 31

(tabular amounts in thousands of dollars)

### General

The City of Surrey (the “City”) is incorporated under the Local Government Act of British Columbia. The City’s principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, infrastructure, environmental, recreational, water and sewer services.

#### 1. Significant accounting policies

The consolidated financial statements of the City are 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.

##### (a) Basis of consolidation

The consolidated financial statements are comprised of the City’s Operating, Capital and Reserve Funds consolidated with the Surrey Public Library (the “Library”), Surrey City Development Corporation (“SCDC”) and Surrey Homelessness and Housing Society (“SHHS”). The Library, SHHS and SCDC are consolidated as they are considered to be controlled by the City by virtue of their Board being appointed by the City. Inter-fund transactions, fund balances and activities are eliminated on consolidation.

The Library Services activities are maintained in separate operating and capital funds.

##### i) Operating Funds

These funds include the General, Water, and Sewer and 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.

##### ii) Capital Funds

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

##### iii) Reserve Funds

Under the Community Charter 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 only for the purpose for which the fund was established. If the amount in a reserve fund is greater than required for the purposes for which it was established, City Council may transfer all or part of the amount to another reserve fund.

## Notes to the Consolidated Financial Statements

Appendix A-6

For the year ended December 31

(tabular amounts in thousands of dollars)

### 1. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

iv) Other Entities Funds

These funds include the operations of Surrey City Development Corporation and Surrey Homelessness and Housing Society. The consolidated financial statements reflect the assets, liabilities, revenues and expenses of the organizations listed below. All inter-departmental and inter-entity accounts and transactions between these organizations are eliminated upon consolidation.

Surrey City Development Corporation ("SCDC") has the following government partnerships:

(i) Surrey City Investment Corporation ("SCIC") - (100% owned and fully consolidated by SCDC)

SCIC has a 50% ownership in nine holding companies that are proportionately consolidated and referred to as the "Tower Holdings".

SCIC has a 29.4% ownership in the following entities (proportionately consolidated) referred to as the "Surrey Centre Limited Partnerships":

- Surrey Centre Office Limited Partnership
- Surrey Centre Hotel Limited Partnership
- Surrey Centre Residential Partnership

(ii) Grove Limited Partnership and Grove (G.P.) Inc. - (50% owned and proportionately consolidated)

(iii) The Croydon Drive Development Limited Liability Partnership ("Croydon") - (50% owned and proportionately consolidated)

v) Trust Funds

These funds account for assets which must be administered as directed by agreement or statute for certain beneficiaries. In accordance with PSAB recommendations on financial statement presentation for local governments, trust funds are not included in the City's consolidated financial statements. Trust funds administered by the City are presented in note 16.

(b) Basis of accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenues. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay. Interest expense is accrued as the obligation is incurred.



## Notes to the Consolidated Financial Statements

Appendix A- 7

For the year ended December 31

(tabular amounts in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (c) Government transfers

Restricted transfers from governments are deferred and recognized as revenue in the year in which the related expenditures are incurred. Unrestricted transfers are recognized as revenue when received.

#### (d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue recognition on sale of properties occurs when the City has transferred the significant risks and rewards of ownership. Property lease revenue includes all amounts earned from tenants including property tax and operating cost recoveries. Lease revenues are recognized on a straight-line basis over the term of the lease.

#### (e) Deferred revenue

The City defers the portion of the revenue collected from permits, licenses and other fees relating to services not yet rendered. This revenue is recognized in the year in which related inspections are performed or other related services are provided.

#### (f) Investment income

Investment income is reported as revenue in the period earned.

#### (g) Properties available-for-sale

Properties available for sale include real estate properties which are ready and available to be sold and for which there is a market. They are valued at the lower of cost or expected net realizable value.

#### (h) Investments

Investments consist of demand deposits, short-term investments, bonds and debentures and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments on a straight line basis.

#### (i) Employee future benefits

The City and its employees participate in a Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

## Notes to the Consolidated Financial Statements

Appendix A- 8

For the year ended December 31

(tabular amounts in thousands of dollars)

### 1. Significant accounting policies (continued):

Sick leave and post-employment benefits also accrue to the City's employees. The liability relating to these benefits is actuarially determined based on length of service, best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefit plans are accrued based on projected benefits pro-rated as employees render services necessary to earn the future benefits.

The liability for event driven benefits, such as disability benefits, is calculated after the event occurs.

#### (j) Budget data

The unaudited budget data presented in these consolidated financial statements was included in the City of Surrey 2011 – 2015 Consolidated Financial Plan and was adopted through By-law #17299 on January 10, 2011.

#### (k) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

##### i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life – Years
Land improvements	12 – 60
Buildings and improvements	10 – 50
Infrastructure	10 – 100
Machinery and equipment	5 – 40

Annual amortization is charged commencing on the date the asset is acquired or available for use. Work-in-progress amounts are not amortized until the asset is put into service.

## Notes to the Consolidated Financial Statements

Appendix A-9

For the year ended December 31

(tabular amounts in thousands of dollars)

### 1. Significant accounting policies (continued):

#### ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue. These assets include some land, road infrastructure, water and wastewater infrastructure, machinery and equipment assets.

#### iii) Intangible assets

Intangible assets, including works of art and historic assets, are not recorded as assets in these financial statements.

#### iv) Interest capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

#### v) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as capital leases and the related asset and obligation are recorded on the statement of financial position. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### vi) Inventories of supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

#### vii) Work-in-progress

Work-in-progress are costs related to projects currently under planning, development or construction that will result in a finished asset at a future date. Costs related to planning, development or construction are capitalized until such time as the property is ready for use or sale.

#### viii) Impairment of properties available for sale and tangible capital assets

Properties available for sale and tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits are less than their net book value. Any impairment is accounted for as an expense in the consolidated statement of operations. No impairments were identified or recorded during the year ended December 31, 2011 and 2010.

## Notes to the Consolidated Financial Statements

Appendix A-10

For the year ended December 31

(tabular amounts in thousands of dollars)

### 1. Significant accounting policies (continued):

#### (l) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating contributed tangible capital assets, developer contributions, useful life for amortization, provisions for accrued liabilities, contingencies and in performing actuarial valuations of employee future benefits.

Actual results could differ from these estimates.

#### (m) Segment disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City of Surrey has provided definitions of segments used by the City (note 1(a)) as well as presented financial information in segmented format (note 19).

### 2. Accounts Receivable

	<u>2011</u>	<u>2010</u>
General accounts receivable	\$ 56,146	\$ 72,536
Development cost charges	34,998	27,956
Property taxes	19,171	18,112
Utility rates	10,042	9,813
Due from joint venture partners	9,597	-
Due from other authorities	4,739	5,027
Debenture debt guarantee	1,026	-
Tax sale properties	126	447
	<u>\$ 135,845</u>	<u>\$ 133,891</u>

### 3. Investments

	<u>2011</u>	<u>2010</u>
Investments maturing within one year	\$ 246,479	\$ 241,173
Investments maturing within two years	121,725	81,751
Investments maturing in three to seven years	307,545	296,815
	<u>\$ 675,749</u>	<u>\$ 619,739</u>

Average portfolio yield 3.39% (2010 - 3.92%). All investments can be liquidated on demand, and may have associated penalties on liquidation.

**Notes to the Consolidated Financial Statements**

Appendix A- 11

For the year ended December 31

(tabular amounts in thousands of dollars)

**4. Accounts Payable and Accrued Liabilities**

	<u>2011</u>	<u>2010</u>
Trade accounts payable	\$ 52,370	\$ 42,003
Due to Federal Government	24,224	22,550
Employee future benefits (note 9)	19,839	18,680
Due to joint venture partners	9,597	-
Contractors' holdbacks	9,016	10,052
Due to Regional Districts	6,802	8,758
Due to Province of British Columbia	4,260	3,951
Due to other government entities	1,397	1,420
Interest on debenture debt	1,013	-
	<u>\$ 128,518</u>	<u>\$ 107,414</u>

**5. Deposits and Prepayments**

	<u>2011</u>	<u>2010</u>
Deposits		
Future works	\$ 31,552	\$ 28,383
Planning and permits	30,832	26,815
Engineering	22,661	21,642
Capital deposits	14,174	13,624
Pavement cuts	4,121	3,500
Boulevard trees	2,699	2,703
Latecomer	1,563	542
Other deposits	1,357	1,087
Developer works agreement	1,315	514
Amenities	271	252
Total Deposits	<u>\$ 110,545</u>	<u>\$ 99,062</u>
Prepays		
Taxes	\$ 28,286	\$ 26,891
Utilities	1,859	2,074
Tax sale private purchase payment	586	1,368
Other prepaids	<u>2</u>	<u>2</u>
Total Prepays	<u>30,733</u>	<u>30,335</u>
Total Deposits and Prepays	<u>\$ 141,278</u>	<u>\$ 129,397</u>

**6. Deferred Revenue**

	<u>2011</u>	<u>2010</u>
Neighbourhood Concept Plans	\$ 20,657	\$ 19,460
Development/Building Permits	16,205	13,822
Other	5,665	1,498
	<u>\$ 42,527</u>	<u>\$ 34,780</u>

## Notes to the Consolidated Financial Statements

Appendix A-12

For the year ended December 31

(tabular amounts in thousands of dollars)

### 7. 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 on specified projects. In accordance with the Local Government Act, these funds must be deposited into a separate reserve fund. DCC's are deferred and recognized as revenue when the related costs are incurred.

	<u>2011</u>	<u>2010</u>
Deferred DCC's:		
Arterial roads	\$ 54,033	\$ 57,749
Parkland	44,314	49,159
Drainage/storm water detention	33,936	29,375
Sanitary sewer	18,472	16,961
Collector roads	15,247	13,372
Water	12,430	10,104
Area specific	2,733	3,913
Park development	2,724	3,771
	<u>\$ 183,889</u>	<u>\$ 184,404</u>
Deferred DCC's, beginning of year	\$ 184,404	\$ 185,205
DCC's levied for the year	52,828	50,891
Investment income	3,702	5,207
Total DCC's deferred	<u>56,530</u>	<u>56,098</u>
Revenue recognized for General Capital	(49,878)	(45,701)
Revenue recognized for Water Capital	(1,922)	(2,652)
Revenue recognized for Sewer & Drainage Capital	(5,245)	(8,546)
Total DCC's recognized as revenue	<u>(57,045)</u>	<u>(56,899)</u>
Net decrease for the year	(515)	(801)
Deferred DCC's, end of year	<u>\$ 183,889</u>	<u>\$ 184,404</u>

## Notes to the Consolidated Financial Statements

Appendix A- 13

For the year ended December 31

(tabular amounts in thousands of dollars)

### 8. Debenture debt

The City obtains debt instruments through the Municipal Finance Authority (MFA) pursuant to security issuing by-laws under authority of the Community Charter to finance certain capital expenditures. Sinking fund balances managed by the MFA are netted against related long-term debt.

Gross amount of the debt and the amount of the sinking fund assets available to retire the debt are as follows:

		<i>Gross debt</i>	<i>Sinking fund asset</i>	<i>Net debt 2011</i>	<i>Net debt 2010</i>
General Capital Fund	\$	100,000	\$ -	\$ <b>100,000</b>	\$ -

The 25-year borrowing was undertaken on April 4, 2011 with April 4, 2036 as the maturity date. The interest rate has been set at 4.2% in effect until April 4, 2021 (10 years). On April 4, 2021 the City has the option to retire the debt or refinance the borrowing at a new interest rate for the remaining 15 years.

Sinking fund instalments due over the next five years and thereafter are as follows:

	<i>Sinking fund payments</i>	<i>Actuarial sinking fund earnings</i>	<i>Total</i>
2012	\$ 2,401	\$ -	\$ <b>2,401</b>
2013	2,401	96	<b>2,497</b>
2014	2,401	196	<b>2,597</b>
2015	2,401	300	<b>2,701</b>
2016	2,401	408	<b>2,809</b>
2017 and thereafter	48,025	38,970	<b>86,995</b>
Total	\$ 60,030	\$ 39,970	\$ <b>100,000</b>

Interest charges on debt are as follows:

		<i>2011</i>	<i>2010</i>
Cash for interest payments	\$	<b>2,100</b>	\$ -
Interest accrued at December 31		<b>1,013</b>	-
Total interest expense	\$	<b>3,113</b>	\$ -

**Notes to the Consolidated Financial Statements**

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

**9. Employee Future Benefits**

The City provides certain post-employment and sick leave benefits to its employees. These benefits include accumulated non-vested sick leave, post-employment service pay and post-retirement top-ups for dental, life insurance and accidental death, dismemberment insurance, vacation deferral, supplementary vacation and benefit continuation for disabled employees. The liability associated with these benefits is calculated based on the present value of expected future payments pro-rated for services and is included in accounts payable and accrued liabilities.

	<u>2011</u>	<u>2010</u>
<b>Accrued benefit liability:</b>		
	<b>\$ 18,680</b>	\$ 16,813
Balance, beginning of year		
Current service cost	<b>1,043</b>	1,942
Interest cost	<b>1,065</b>	952
Amortization of actuarial loss	<b>531</b>	190
Benefits paid	<b>(1,480)</b>	(1,217)
Balance, end of year	<u><b>\$ 19,839</b></u>	<u>\$ 18,680</u>

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2011. The difference between the actuarially determined accrued benefit obligation of \$25.3 million and the accrued benefit liability of \$19.8 million as at December 31, 2011 is an unamortized actuarial loss of \$5.5 million. The actuarial loss is amortized over a period equal to the employees' average remaining service lifetime of 11 years.

	<u>2011</u>	<u>2010</u>
<b>Actuarial benefit obligation:</b>		
Accrued benefit liability, end of year	<b>\$ 19,839</b>	\$ 18,680
Unamortized actuarial loss	<b>5,526</b>	5,050
Actuarial benefit obligation, end of year	<u><b>\$ 25,365</b></u>	<u>\$ 23,730</u>

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	<u>2011</u>	<u>2010</u>
Discount rate	<b>3.75%</b>	4.50%
Expected future inflation rate	<b>2.00 - 2.50%</b>	2.00 - 2.50%
Expected wage and salary range increases	<b>0.50%</b>	0.50%



## Notes to the Consolidated Financial Statements

Appendix A-15

For the year ended December 31

(tabular amounts in thousands of dollars)

### 10. Tangible Capital Assets

Cost	Balance at December 31, 2010	Additions	Disposals / WIP Allocations	Balance at December 31, 2011
<b>Land and land improvements</b>	\$ 1,660,727	\$ 54,179	\$ 9,722	\$ 1,705,184
<b>Buildings</b>	247,470	54,535	1,407	300,598
<b>Infrastructure</b>	3,771,527	83,640	2,254	3,852,913
<b>Machinery and equipment</b>	125,800	22,950	5,701	143,049
<b>Land under road</b>	2,392,460	47,714	-	2,440,174
<b>Work-in-Progress</b>	192,554	263,267	263,018	192,803
<b>Total</b>	\$ 8,390,538	\$ 526,285	\$ 282,102	\$ 8,634,721

Accumulated Amortization	Balance at December 31, 2010	Amortization	Accumulated Amortization on Disposals	Balance at December 31, 2011
<b>Land and land improvements</b>	\$ 58,559	\$ 3,604	\$ 646	\$ 61,517
<b>Buildings</b>	142,750	7,632	1,182	149,200
<b>Infrastructure</b>	1,104,390	62,099	1,076	1,165,413
<b>Machinery and equipment</b>	66,490	14,262	5,531	75,221
<b>Total</b>	\$ 1,372,189	\$ 87,597	\$ 8,435	\$ 1,451,351

Net Book Value	December 31, 2010	December 31, 2011
<b>Land and land improvements</b>	\$ 1,602,168	\$ 1,643,667
<b>Buildings</b>	104,720	151,398
<b>Infrastructure</b>	2,667,137	2,687,500
<b>Machinery and equipment</b>	59,310	67,828
<b>Land under road</b>	2,392,460	2,440,174
<b>Work-in-Progress</b>	192,554	192,803
<b>Total</b>	\$ 7,018,349	\$ 7,183,370

## Notes to the Consolidated Financial Statements

Appendix A-16

For the year ended December 31

(tabular amounts in thousands of dollars)

### 10. Tangible Capital Assets (continued):

a) Work-in-progress

Work-in-progress having a value of \$192.8 million (2010 - \$192.6 million) has not been amortized. Amortization of these assets will commence when each specific asset is put into service.

b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$66.5 million (2010 - \$111.7 million) comprised of roads infrastructure in the amount of \$56 million (2010 - \$63.5 million), water and wastewater infrastructure in the amount of \$7.9 million (2010 - \$44.7 million) and land in the amount of \$2.6 million (2010 - \$3.5 million), including improvements.

c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

d) Intangible assets

The City manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

e) Write-down of Tangible Capital Assets

There were no write downs of tangible capital assets during the year (2010 \$nil).

## Notes to the Consolidated Financial Statements

Appendix A-17

For the year ended December 31

(tabular amounts in thousands of dollars)

### 11. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves. Operating surplus for the City is as follows:

	2011	2010
<b>Accumulated Surplus per Statement of Financial Position</b>	<b>\$ 7,453,812</b>	<b>\$ 7,342,707</b>
Less:		
<b>Invested in Tangible Capital Assets</b>	<b>7,147,649</b>	<b>7,018,349</b>
<b>Reserves set aside by Council</b>		
Equipment and Building Replacement	38,157	40,268
Capital Legacy	28,417	30,424
Local Improvement Financing	14,435	13,847
Municipal Land	1,665	7,626
Environmental Stewardship	6,359	6,908
Park Land Acquisition	9,040	5,027
Water Claims	1,255	1,226
Parking Space	1,202	1,174
Affordable Housing	67	5
	<u>100,597</u>	<u>106,505</u>
<b>Restricted Reserves</b>		
Infrastructure Replacement	58,018	53,830
Self Insurance	14,442	18,554
Revenue Stabilization	9,723	9,124
Operating Emergencies	7,042	7,042
Environmental Emergencies	5,771	5,206
Prepaid Expenses	1,725	1,495
Inventories of Supplies	1,012	1,002
Work-in-Progress	110,114	114,785
	<u>207,847</u>	<u>211,038</u>
<b>Other Entities</b>		
Surrey City Development Corporation	(18,472)	(13,229)
Surrey Homelessness and Housing Society	8,720	8,847
	<u>(9,752)</u>	<u>(4,382)</u>
<b>Total Restricted Funds</b>	<u>7,446,341</u>	<u>7,331,510</u>
<b>Unappropriated Surplus</b>	<u>\$ 7,471</u>	<u>\$ 11,197</u>

## Notes to the Consolidated Financial Statements

Appendix A-18

For the year ended December 31

(tabular amounts in thousands of dollars)

### 12. 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 tangible capital assets. To provide for the completion of the projects, unexpended budget money for incomplete projects is appropriated as Committed Funds. 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 has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Greater Vancouver Regional District, to the extent provided in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.
- c) The City is a shareholder of the Emergency Communications for Southwest British Columbia Incorporated (E-Comm) whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City holds 2 Class "A" shares and 1 Class "B" share (of a total of 26 Class "A" and 23 Class "B" shares issued and outstanding as at December 31, 2011). As a Class "A" shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date. As a Class "B" shareholder, the City is obligated to share in funding of the ongoing operating costs.
- d) The City entered into an agreement with the YMCA of Greater Vancouver for the joint development of a facility in Surrey. The City contributed \$5.5 million towards the completion of the project, which was matched by the YMCA. The City has also provided a guarantee through an \$8.0 million non-recourse first collateral mortgage expiring August 31, 2012, in favour of the Royal Bank of Canada that is registered against the land and facility. The City does not expect to make any payments on the guarantee and no amounts have been accrued in the financial statements.
- e) The City insures itself through a combination of insurance policies and self-insurance. The City has a funded self-insurance appropriation (note 11). Based on estimates, this appropriation reasonably provides for all outstanding claims.

There are several lawsuits pending in which the City is involved. The outcome and amounts that may be payable, if any, under some of these claims, cannot be determined and accordingly only those claims in which a payment is considered likely and the amounts can be estimated have been accrued based on the best estimate of management.

**Notes to the Consolidated Financial Statements**

*For the year ended December 31*

*(tabular amounts in thousands of dollars)*

**12. Commitments and Contingencies (continued):**

f) Debt Reserve Fund Demand Note

The City has a contingent liability with respect to the Municipal Finance Authority of BC's (MFA) Debt Reserve Fund Demand Note. As a condition of the borrowing undertaken by the City through MFA Debenture Issue No. 116 April 4, 2011, the City was required to contribute to the MFA Debt Reserve Fund through a demand note. The demand note will only be recorded as an asset and liability if a local government, under the joint and several agreement of the regional district, defaults on their loan obligation. Upon this action of default, the MFA may call the outstanding demand notes of the deficient regional district at which point the demand notes then become an asset and a liability of the associated members. Once the defaulting local government repays in full the defaulted position, the MFA will refund all called demand notes. It is generally unlikely that the funds will be demanded by the MFA; therefore the contingent liability has not been recorded in the consolidated financial statements. Demand note amounts are as follows.

Issue	LA	SI	Rgn SI	Purpose	Term	DRF Demand Note
116	17173	R10-2022	1139	Other	25	\$ 319
116	17180	R10-2357	1141	Other	25	637
116	17231	R11-124	1142	Other	25	1,036
Total						\$ 1,992

g) Policing services

The City has a contract with the federal government whereby the federal government provides Royal Canadian Mounted Police ("RCMP") policing services. RCMP members and the federal government are currently in legal proceedings regarding pay raises for 2009 and 2010 that were retracted for RCMP members. As the final outcome of the legal action and the potential financial impact to the City is not determinable, the City has not recorded any provision for this matter in the financial statements as at December 31, 2011.

h) Land purchase

As at December 31, 2011 the City had a commitment to purchase a parcel of land valued at \$22.14 million with a completion date of January 5, 2012.

**Notes to the Consolidated Financial Statements**

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

**13. Pension plan**

The City and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Plan’s Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits are defined. The Plan has about 173,000 active members, approximately 63,000 retired members. Active members include approximately 35,000 contributors from local governments.

The latest valuation as at December 31, 2009 indicated an unfunded liability of \$1,024 million for basic pension benefits. The next valuation will be as at December 31, 2012 with results expected to be available in 2013. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, Plan assets and cost to individual entities participating in the Plan.

The City paid \$13.2 million for employer’s contributions to the Plan in Fiscal 2011 (2010 - \$11.8 million) and employees contributed \$10.6 million to the Plan in Fiscal 2011 (2010 - \$9.2 million).

**14. Taxation revenue**

	<b>2011</b>	2010
Tax collected:		
Property taxes	\$ 222,172	\$ 208,300
Collections for other authorities	241,149	234,216
Sewer frontage taxes	24,352	23,359
Grants-in-lieu of taxes	12,768	12,583
Other	234	293
	<b>500,675</b>	478,751
Less transfers to other authorities:		
Province of BC - School Taxes	182,591	177,047
Greater Vancouver Regional District	10,726	10,198
BC Assessment Authority	5,918	5,777
Greater Vancouver Transportation Authority	38,714	38,129
Other	3,200	3,048
	<b>241,149</b>	234,199
<b>Taxation revenue</b>	<b>\$ 259,526</b>	<b>\$ 244,552</b>

**Notes to the Consolidated Financial Statements**

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

**15. Significant Taxpayers**

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

**16. 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:

<b>Assets</b>		<u>2011</u>	<u>2010</u>
Cash and short term investments		<u>\$ 2,818</u>	<u>\$ 2,683</u>
<b>Equity</b>	Employee Benefits Fund	Cemetery Perpetual Care Fund	
			<u>2011</u>
			<u>2010</u>
Balance, beginning of year	\$ 643	\$ 2,040	<b>\$ 2,683</b>
Employment insurance rebate	87	-	<b>87</b>
Contributions	-	82	<b>82</b>
Interest revenue	15	48	<b>63</b>
Benefits purchased	(29)	-	<b>(29)</b>
Refunded to employees	(68)	-	<b>(68)</b>
Balance, end of year	<u>\$ 648</u>	<u>\$ 2,170</u>	<u><b>\$ 2,818</b></u>
			<u>\$ 2,683</u>

**17. Surrey Homelessness and Housing Society**

On June 22, 2007, the City of Surrey incorporated the Surrey Homelessness and Housing Society. The purposes of the Society are to raise funds for financing programs and projects that address homelessness in Surrey; conduct and provide financial assistance to homelessness housing initiatives; manage the disbursements of grants for projects and programs that address homelessness in Surrey and act to raise funds for these purposes. As the majority of members in the Society consist of City officials, the City is considered to have control over the Society’s functions and the Society’s financial information is fully consolidated within the City’s financial statements.

## Notes to the Consolidated Financial Statements

Appendix A-22

For the year ended December 31

(tabular amounts in thousands of dollars)

### 18. Surrey City Development Corporation

On April 24, 2007 the City of Surrey incorporated a Development Corporation with broad powers to advance the commercial, industrial, institutional and residential development of the City. The City is the sole shareholder of the Development Corporation and has provided interest-bearing loans to sustain operations and finance development activities of this Corporation at this time. The Corporation's financial information is fully consolidated within the City's financial statements.

As at December 31, 2011, the Surrey City Development Corporation ("SCDC") has entered into Government Partnerships as follows:

a) The Grove Limited Partnership

The Grove Limited Partnership ("Grove") is a partnership between SCDC and Townline Grove Limited Partnership ("Townline") for the development of 141 three-level townhomes located in the East Clayton area of Surrey. SCDC contributed \$4,191,596 to The Grove, comprising beneficial interest in lands valued at \$2,850,000 and cash consideration of \$1,341,596, for a 50% interest in The Grove Limited Partnership.

b) Croydon Drive Limited Partnership

Croydon Drive Limited Partnership ("Croydon") is a partnership between SCDC and Back Lot Holdings LLP for the development of two office buildings. There were no operations in Croydon for the year ended December 31, 2011.

c) Surrey Centre Tower Partnerships

Surrey Centre Tower Partnerships ("Surrey Centre") are various partnerships with Century Group and Delta West Developments Inc., through SCDC's wholly-owned subsidiary, Surrey City Investment Corporation ("SCIC"), for the development of a tower which will include retail, residential and office spaces. At December 31, 2011 SCDC is obligated to contribute assets totalling \$13.6 million in exchange for partnership units, of which \$9.6 million is payable to outside partners. At December 31, 2011 the partners are obligated to contribute assets totalling \$32.6 million in exchange for partnership units, of which 29.4% or \$9.6 million is receivable by SCDC.



## Notes to the Consolidated Financial Statements

Appendix A-23

For the year ended December 31

(tabular amounts in thousands of dollars)

### 19. Segmented Information

The City of Surrey is a diversified municipal government institution that provides a wide range of services to the citizens of Surrey, including Protection Services; Parks, Recreation and Culture Services; General Government Services; Public Works Services; Solid Waste Management Services; Planning and Development Services; Water, Sewer and Drainage Services; and Surrey Public Library Services. For management reporting purposes the Government's operations and activities are organized and reported by Service Area. Service Areas were created for the purpose of recording specific activities and related objectives in accordance with legislated requirements.

City Departments and the activities for which they are responsible are reported in these Service Areas. The Departments listed in the Segmented Information, along with the services that each Department provides are listed below:

#### *Protection Services – Police Department and Fire Department*

The mandate of the Police Department includes enforcing laws, preventing crime, and maintaining peace, order and security. The mandate of the Fire Department is to enforce codes and maintain security by protecting life, property and the environment through the provision of emergency response services. These Departments assist in ensuring "Safe Homes and Safe Communities.

#### *Parks, Recreation and Culture Services – Parks, Recreation and Culture Department*

The Parks, Recreation and Culture Department is responsible for planning, facilitating the development of, operating and maintaining high quality parks, recreation facilities, and cultural services.

#### *General Government Services – Mayor & Councillor's Department, City Manager's Department, Finance & Technology Department, Human Resources Department, Surrey City Development Corporation and Surrey Homelessness and Housing Society*

General Government Services includes those elements of the organization with responsibility for adopting by-laws, adopting administrative policy, levying taxes, acquiring, disposing and managing City assets, ensuring effective financial management, monitoring performance and ensuring that high quality City service standards are met.

General Government Services also include the Surrey City Development Corporation, which engages in the provision of consulting services, land development activities, property acquisition/disposal and asset management.

General Government Services also includes the Surrey Homelessness and Housing Society, which focuses on addressing homelessness in Surrey through raising funds and the provision of grants to worthy projects.

## Notes to the Consolidated Financial Statements

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For the year ended December 31

(tabular amounts in thousands of dollars)

### 19. Segmented Information (continued):

#### *Public Works Services and Solid Waste Management Services – Engineering Department*

The Engineering Department is responsible for the delivery of municipal services (garbage collection, recycling, and transportation systems).

#### *Planning and Development Services – Planning and Development Department*

The Planning and Development Department is responsible for preparing land use plans, by-laws and policies for sustainable development of the City and for reviewing and approving new land and building development.

#### *Water, Sewer & Drainage Services – Water Department and Sewer & Drainage Department*

The Water, Sewer & Drainage Utilities operate the water system to distribute water, operate the network of sewer mains, to collect sewage and convey such sewage to treatment plants and to operate the network of storm sewers and pump stations for stormwater management.

#### *Surrey Public Library Services*

The Surrey Public Library provides access to local and global information through its nine Library branches located throughout the City.

# Notes to the Consolidated Financial Statements

For the year ended December 31

(tabular amounts in thousands of dollars)

## Appendix A-25

	Parks,					Library Services	Consolidated		
	General Government	Planning and Development	Protection Services	Recreation and Culture	Solid Waste Management		Public Works	Water, Sewer & Drainage	2011
<b>REVENUES</b>									
Taxation, grants-in-lieu, assessments	\$ 467,968	\$ -	\$ -	\$ -	\$ -	\$ 8,126	\$ 24,581	\$ -	\$ 478,751
Collections for other authorities	(241,149)	-	-	-	-	-	-	-	(234,199)
Taxation revenue	226,819	-	-	-	-	8,126	24,581	-	244,552
Sales of goods and services	9,523	2,222	2,445	19,412	28,743	3,869	93,100	155	159,469
Development cost charges	57,045	-	-	-	-	-	-	-	56,899
Developer contributions	10,208	-	-	121	-	61,761	9,783	41	81,914
Investment income	17,395	-	-	-	-	-	3,495	-	21,940
Transfers from other governments	4,086	-	8,392	391	-	18,316	2,612	898	61,417
Other	21,447	14,307	86	1,787	100	1,873	1,167	531	35,403
	<b>346,523</b>	<b>16,529</b>	<b>10,923</b>	<b>21,711</b>	<b>28,843</b>	<b>93,945</b>	<b>134,738</b>	<b>1,625</b>	<b>654,837</b>
<b>EXPENSES</b>									
Salaries and benefits	27,178	16,086	64,692	35,331	-	32,623	-	10,374	172,888
Consulting and professional services	3,130	747	188	6,317	1,013	2,710	3,998	108	16,016
RCMP contracted services	-	-	86,193	-	-	-	-	-	77,869
Telephone and communications	742	40	1,315	279	4	220	43	33	3,052
Regional district utility charges	-	-	-	-	-	-	63,860	-	59,463
Utilities	14	287	669	2,421	-	3,455	2,004	268	8,720
Garbage collection and disposal	-	11	35	128	13	13	-	11	17,115
Maintenance and small equipment	3,752	3,418	224	6,654	-	163	600	82	14,016
Insurance and claims	1,956	-	9	-	-	10	17	-	5,349
Leases and rentals	285	1	659	481	5	570	443	84	3,503
Supplies and materials	2,280	1,000	1,949	6,340	826	7,122	3,548	354	21,801
Advertising and media	272	19	31	430	163	16	13	626	1,925
Grants and sponsorships	1,545	41	-	65	-	-	-	-	1,651
Contract payments	1,092	126	15	2,057	481	12,714	12,079	47	28,611
Other	27	840	1,207	2,247	3	719	1,260	1,293	21,582
Cost recoveries, net	(1,322)	(1,981)	(692)	(1,501)	4,840	(31,912)	17,503	(544)	(24,926)
Interest on debenture debt	3,113	-	-	-	-	-	-	-	3,113
Other interests and fiscal services	1,295	-	-	284	-	-	-	5	1,584
Amortization expense	8,933	3	2,706	10,665	-	27,018	36,139	2,133	81,097
	<b>54,292</b>	<b>20,638</b>	<b>159,200</b>	<b>72,198</b>	<b>25,582</b>	<b>55,441</b>	<b>141,507</b>	<b>14,874</b>	<b>543,732</b>
<b>Excess (deficiency) of revenues over expenses</b>	292,231	(4,109)	(148,277)	(50,487)	3,261	38,504	(6,769)	(13,249)	197,994
Transfer from (to) operating funds	(46,000)	-	-	-	(3,116)	24,508	12,858	11,750	-
Transfer from (to) reserve funds	(30,947)	(186)	(3,077)	307	-	26,789	6,419	695	-
Transfer from (to) capital funds	15,197	982	-	33	-	(4,783)	(11,420)	(9)	-
<b>Annual surplus (deficit)</b>	<b>230,481</b>	<b>(3,313)</b>	<b>(151,354)</b>	<b>(50,147)</b>	<b>145</b>	<b>85,018</b>	<b>1,088</b>	<b>(813)</b>	<b>197,994</b>

## Notes to the Consolidated Financial Statements

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For the year ended December 31

(tabular amounts in thousands of dollars)

### 20. Transfers from Other Governments

The City recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	2011	2010
<b>Revenue</b>		
B.C. provincial government grants:		
Roads	\$ 8,699	\$ 7,817
Traffic Fine Revenue Sharing	8,034	2,379
Casino Revenue Sharing	2,841	2,889
Sewer Replacement	1,473	1,278
Library Operating	857	866
Victim Services	167	166
Child Care	145	88
Arts	59	90
BC One Card	36	36
Union of BC Municipalities	14	348
Resource Sharing	5	5
City Centre Library	-	9,794
Drainage	-	5,141
Newton Gym	-	736
Parks Development	-	338
Kwomais Point	-	41
BCSea Solar BC	-	3
Subtotal B.C. provincial government grants	22,330	32,015
Federal government grants:		
Roads	3,215	1,617
Parks Development	1,257	829
Keep of Prisoners	190	186
Urban Aboriginal Strategy	107	15
Summer Students	10	15
Child Care	4	30
BCSea Solar BC	2	-
City Centre Library	-	9,794
Newton Gym	-	736
Cloverdale Arena	-	42
Kwomais Point	-	41
Subtotal federal government grants	4,785	13,305
TransLink:		
Arterial Widening & Intersection Improvements	1,032	11,354
Arterial Paving	2,863	1,764
Arterial Bridges	2,398	2,027
Traffic Signals, Signs & Markings	404	350
Bicycle On/Off Street Network	657	103
Transit Projects	191	209
Transportation Management	35	290
Subtotal TransLink grants	7,580	16,097
<b>Total transfers from other government revenues</b>	<b>\$ 34,695</b>	<b>\$ 61,417</b>

## Notes to the Consolidated Financial Statements

Appendix A-27

For the year ended December 31

(tabular amounts in thousands of dollars)

### 21. Budget Data

The unaudited budget data presented in these consolidated financial statements was included in the City of Surrey 2011 – 2015 Consolidated Financial Plan and was adopted by way of By-law No. 17299 on January 10, 2011. The following table reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenues:	
Consolidated budget	\$ 669,779
Expenses:	
Consolidated budget	1,018,064
Annual deficit per approved budget	(348,285)
Add:	
Capital additions	502,194
Annual surplus per statement of operations	\$ 153,909

### 22. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

### 23. Subsequent events

At December 31, 2011, the SCDC had entered into tentative agreements to sell certain lots for estimated proceeds of \$12.5 million, subject to successful subdivision of the property.

At December 31, 2011, SCDC had entered into tentative agreements to sell properties in future years, which were subject to certain conditions and clauses in favour of the purchaser. The agreements were therefore not binding as at December 31, 2011. The properties have an estimated carrying value at year-end of \$8.6 million, with estimated proceeds of \$14.3 million. The properties were classified as held for sale as at December 31, 2011. All subject conditions were removed in February 2012.

On February 23, 2012, a credit facility was entered into by The Grove Limited Partnership for a maximum of \$32.9 million for which SCDC provided a corporate guarantee limited to the lesser of 50% of the indebtedness or \$15.5 million.

**RESERVE FUNDS, ACCUMULATED SURPLUS AND DEVELOPER CONTRIBUTIONS**  
*as at December 31, 2011*  
*(in thousands of dollars)*

	<i>2010</i>	<i>2011</i>	<i>Water, Sewer &amp; Drainage Funds</i>	<i>2012 &amp; Prior years</i>	<i>Available for Future Years</i>
<b>Reserve Funds</b>					
Equipment and building replacement	\$ 40,268	\$ 38,157		\$ 15,349	\$ 22,808
Municipal land	7,626	1,665		39,468	(37,803)
Park land acquisition	5,027	9,040		8,368	672
Capital legacy	30,424	28,417		46,950	(18,533)
Environmental stewardship	6,908	6,359		240	6,119
Local improvement financing	13,847	14,435		7,580	6,855
Water claims	1,226	1,255	1,255		-
Affordable housing	5	67			67
Parking space	1,174	1,202			1,202
	<u>\$ 106,505</u>	<u>\$ 100,597</u>	<u>\$ 1,255</u>	<u>\$ 117,955</u>	<u>\$ (18,613)</u>
<b>Other Entities</b>					
Surrey Public Library	(324)	(324)			(324)
Surrey City Development Corp	(13,229)	(18,472)			(18,472)
Surrey Homelessness & Housing Society	8,847	8,720		8,720	-
	<u>\$ (4,706)</u>	<u>\$ (10,076)</u>	<u>\$ -</u>	<u>\$ 8,720</u>	<u>\$ (18,796)</u>
<b>Unappropriated Surplus</b>					
General operating fund	\$ 12,519	\$ 8,793		\$ 3,998	\$ 4,795
Employee future benefits	(6,998)	(6,998)			(6,998)
Water operating fund	3,000	3,000	3,000		-
Sewer & drainage operating fund	3,000	3,000	3,000		-
	<u>\$ 11,521</u>	<u>\$ 7,795</u>	<u>\$ 6,000</u>	<u>\$ 3,998</u>	<u>\$ (2,203)</u>
<b>Appropriated Surplus</b>					
Operating contingency and emergencies	\$ 7,042	\$ 7,042	\$ 3,000		\$ 4,042
Environmental emergencies	5,206	5,771	1,792		3,979
Revenue stabilization	9,124	9,723	7,311		2,412
Self insurance	18,554	14,442	10,063		4,379
Infrastructure replacement	53,830	58,018	54,918		3,100
	<u>\$ 93,756</u>	<u>\$ 94,996</u>	<u>\$ 77,084</u>	<u>\$ -</u>	<u>\$ 17,912</u>
<b>Committed Funds</b>					
General operating	\$ 46,575	\$ 43,784		\$ 43,784	\$ -
Inventories of supplies	1,002	1,012	492	520	-
Library services	532	608		608	-
Prepaid expenses	1,495	1,725		1,725	-
Sewer & drainage operating and capital	34,410	31,991	31,991		-
Water operating and capital	33,268	33,731	33,731		-
	<u>\$ 117,282</u>	<u>\$ 112,851</u>	<u>\$ 66,214</u>	<u>\$ 46,637</u>	<u>\$ -</u>
<b>Deferred Development Cost Charges</b>					
Drainage/Storm Water Detention	\$ 29,375	\$ 33,936	\$ 33,936		\$ -
Arterial Roads	57,749	54,033		46,254	7,779
Collector Roads	13,372	15,247		14,799	448
Parkland	49,159	44,314		16,972	27,342
Park Development	3,771	2,724		2,825	(101)
Water	10,104	12,430	12,430		-
Sanitary Sewer	16,961	18,472	18,472		-
Campbell Heights	3,913	2,733	2,733		-
	<u>\$ 184,404</u>	<u>\$ 183,889</u>	<u>\$ 67,571</u>	<u>\$ 80,850</u>	<u>\$ 35,468</u>
<b>Other Deferred Revenue</b>					
Neighbourhood Concept Plans	\$ 19,460	\$ 20,657		\$ 17,136	\$ 3,521
Development/Building Permits	13,822	16,205		16,205	-
Other	1,498	5,665		5,665	-
	<u>\$ 34,780</u>	<u>\$ 42,527</u>	<u>\$ -</u>	<u>\$ 39,006</u>	<u>\$ 3,521</u>
<b>Total</b>	<u>\$ 543,542</u>	<u>\$ 532,579</u>	<u>\$ 218,124</u>	<u>\$ 297,166</u>	<u>\$ 17,289</u>