

**AUDIT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: 2019 ANNUAL MUNICIPAL REPORT**

**RECOMMENDATION:**

1. **THAT** Council receive the City of Burnaby 2019 Annual Municipal Report, which includes the audited Consolidated Financial Statements for the year ended 2019 December 31.

**REPORT**

The Audit Committee, at its meeting held on 2020 April 08, received and adopted the *attached* 2019 Annual Municipal Report, which includes the audited Consolidated Financial Statements (*provided under separate cover*).

Respectfully submitted,

Mayor M. Hurley  
Chair

Councillor S. Dhaliwal  
Vice Chair

Copied to: City Manager Director Finance Director Corporate Services Director Engineering Director Parks, Rec. & Cult. Services Director Planning & Building Director Public Safety & Com. Services Chief Information Officer Chief Librarian Fire Chief OIC, RCMP
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**TO:** CHAIR AND MEMBERS  
AUDIT COMMITTEE **DATE:** 2020 April 01

**FROM:** DIRECTOR FINANCE **FILE:** 7620-20

**SUBJECT:** 2019 ANNUAL MUNICIPAL REPORT

**PURPOSE:** To present the 2019 Annual Municipal Report.

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**RECOMMENDATION:**

1. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2019 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2019 December 31.

**REPORT**

The purpose of the City of Burnaby's 2019 Annual Municipal Report is to present the financial results and service highlights for the City for the year ended 2019 December 31. This report includes the City's audited Consolidated Financial Statements that reflect the accounts of all the funds of the City on a consolidated basis.

The City's financial position continued to be healthy throughout 2019 with an increase in annual surplus of \$112.9 million (2018 – \$367.2 million), bringing the Accumulated Surplus to \$4.5 billion (2018 – \$4.4 billion).

***Annual Surplus (Net Revenues in excess of Expenses)***

The 2019 annual surplus of \$112.9 million is lower than the budgeted surplus of \$185.3 million by (\$72.4) million. This is comprised of revenues lower than budget of (\$82.2) million and expenditures lower than budget of \$9.8 million.

The lower than expected revenue of (\$82.2) million is due to the following:

- (\$95.0) million lower than budgeted community benefit funds received from developers due to the changes in policy and conditions of the housing market.
- (\$14.2) million lower than budget in restricted revenue recognition, primarily development cost charges.
- (\$1.2) million lower than budgeted provincial and federal grants.
- \$1.1 million higher in taxation revenue mainly attributed to assessment appeals and changes to a late adjustment to the final revised roll received from BC Assessment.

- \$2.0 million higher than budgeted revenues from sales of goods and services, primarily within food & catering sales and recreational program revenues.
- \$4.3 million higher than budgeted permit & licence revenue as a result of the continuing general construction and development activity in the City.
- \$9.2 million higher than budgeted investment income mainly due to a larger investment portfolio as well as a slightly higher interest rate than anticipated.
- \$11.6 million higher than budgeted contributed asset revenue.

The lower than expected expenses of \$9.8 million is due to the following:

- \$4.8 million lower than budget in general government expenses primarily due to savings from staff vacancies.
- \$2.7 million lower than budget in protective services expenses primarily due to lower staffing levels within RCMP contract, city staff vacancies and lower than anticipated expenditures in other operating activities.
- \$2.7 million lower than budget in environmental services expenses mainly due to staff vacancies and less expenses for Metro Vancouver Cost of Water and Greater Vancouver Sewer & Drainage District levies as a result of lower consumption.
- \$1.4 million lower expenses than budgeted in transportation and development services mainly due to staff vacancies.
- (\$1.8) million higher in parks, recreation and cultural services expenses primarily due to the operations of the warming centres.

### ***Accumulated Surplus (Equity)***

The Annual Surplus of \$112.9 million for 2019 gets added to the City's prior year Accumulated Surplus of \$4.4 billion which results in a 2019 Accumulated Surplus of \$4.5 billion. The Accumulated Surplus is a reflection of the City's strong financial position and long term financial sustainability developed through Council's continued support of prudent financial practices. The \$112.9 million increase in Accumulated Surplus is distributed to Net Financial Assets, \$46.1 million, and Non-Financial Assets, \$66.8 million.

The Net Financial Assets increase of \$46.1 million was distributed in the following reserve funds and reserves:

- \$19.7 million increase in non-statutory operating reserves including general revenue, utilities, stabilization and other designated operating reserves used to fund one-time operating expenditures to reduce the impact on next years property taxes;
- \$9.9 million increase in the non-statutory utility reserves for capital replacement of water and sewer infrastructure;
- \$6.0 million increase in statutory capital reserve funds from interest income, land sales, development cost charges and general revenue contributions for replacement;

To: *Audit Committee*  
From: *Director Finance*  
Re: *2019 Annual Municipal Report*  
2020 April 08 .....Page 3

- \$5.4 million investment income earned by the City within the Community Benefit Bonus reserves;
- \$3.5 million increase in non-statutory capital reserves from capital contributions and interest earnings on the reserve; and,
- \$1.6 million net increase in gaming reserves from the casino grant less utilization for projects in 2019.

The Non-Financial Assets increase of \$66.8 million was a result of additions to capital equity consisting of new land, building, infrastructure, and vehicles and equipment assets.

## **RECOMMENDATION**

It is recommended that Council receive the City of Burnaby 2019 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2019 December 31.



Noreen Kassam, CPA, CGA  
DIRECTOR FINANCE

NK:RG / md

*Attachment: 1 - 2019 Annual Municipal Report*

Copied to: City Manager