

AUDIT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: 2020 ANNUAL MUNICIPAL REPORT

RECOMMENDATION:

1. **THAT** Council receive the City of Burnaby 2020 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2020 December 31.

REPORT

The Audit Committee, at its meeting held on 2021 April 07, received and adopted the attached 2020 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:	Acting 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

TO: CHAIR AND MEMBERS
AUDIT COMMITTEE

DATE: 2021 April 15

FROM: DIRECTOR FINANCE

FILE: 7620-20

SUBJECT: 2020 ANNUAL MUNICIPAL REPORT

PURPOSE: To present the 2020 Annual Municipal Report.

RECOMMENDATION:

1. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2020 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2020 December 31.

REPORT

The purpose of the City of Burnaby's 2020 Annual Municipal Report is to present the financial results and service highlights for the City for the year ended 2020 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 2020 with an increase in Annual Surplus of \$139.0 million (2019 – \$112.9 million), bringing the Accumulated Surplus to \$4.7 billion (2019 – \$4.5 billion).

Annual Surplus (Net Revenues in excess of Expenses)

The 2020 Annual Surplus of \$139.0 million is lower than the budgeted surplus of \$145.3 million by (\$6.3) million. This is comprised of revenues lower than budget of (\$44.9) million and expenditures lower than budget of \$38.6 million.

The lower than budgeted revenue of (\$44.9) million is due to the following:

- (\$37.4) million lower than anticipated community benefit bonus contributions received from applicants largely due to market uncertainty and changes to municipal and provincial policies regulating development.
- (\$15.3) million lower than budgeted parks program revenue, City parking and rental revenues as a result of COVID-19.
- (\$5.4) million lower taxation revenue mainly attributed to higher than expected prior year assessment appeals approved by BC Assessment Authority.
- \$0.7 million in higher transfer from restricted funds, primarily due to development cost charges associated to higher level of activity in acquisition of parkland.

- \$1.3 million in higher than budgeted investment income due to a larger investment portfolio.
- \$3.4 million in higher than budgeted other revenues, primarily due to higher permit fee & licence revenues as a result of the continuing general construction and development activity in the City.
- \$3.4 million in higher than budgeted transfers from other government agencies, primarily due to the “BC Safe Restart Grant” and higher Translink/Major Roads Network (MRN) revenue recognized as a result of increased activity related to MRN capital projects. This is offset by lower casino grant revenue received due to the temporary closure of the Grand Villa casino.
- \$4.4 million in higher than budgeted contributed asset revenue primarily due to the timing of when projects are completed by developers and ownership is transferred to the City.

The lower than budgeted expenses of \$38.6 million is due to the following:

- \$20.9 million lower than budgeted general government expenses primarily due to fewer Community Benefit Bonus Affordable Housing Grants and Child Care Grants issued.
- \$12.4 million lower expenses in parks, recreation and cultural services expenses primarily due to compensation savings and lower operating program expenditures as a result of temporary closures and reduction in services provided resulting from COVID-19.
- \$4.0 million lower than budgeted protective services expenses primarily due to City staff vacancies and lower than anticipated expenditures in other operating activities.
- \$2.0 million lower than budgeted environmental services expenses mainly due to staff vacancies as well as less than budgeted expenses for Greater Vancouver Water District and Greater Vancouver Sewer & Drainage District levies as a result of lower consumption.
- \$0.9 million lower than budgeted expenses in development services mainly due to staff vacancies.
- (\$1.6) million in higher than budgeted expenses for transportation services primarily due to increased depreciation expense from a higher volume of roads infrastructure assets coming into service.

Accumulated Surplus (Equity)

The Annual Surplus of \$139.0 million for 2020 gets added to the City’s prior year Accumulated Surplus of \$4.5 billion which results in a 2020 Accumulated Surplus of \$4.7 billion. The Accumulated Surplus is a reflection of the City’s strong financial position and long term financial sustainability developed through Council’s diligence in exercising prudent financial practices. The \$139.0 million increase in Accumulated Surplus is distributed to Net Financial Assets, \$41.7 million, and Non-Financial Assets, \$97.3 million.

The increase in Net Financial Assets of \$41.7 million was distributed to the following reserve funds and reserves:

- \$43.1 million increase in non-statutory operating reserves, including general revenue, utilities, operating housing reserve, stabilization and other designated operating reserves used to fund one-time operating expenditures to reduce the impact on future year's property taxes.
- \$9.6 million increase in statutory capital reserve funds from interest income, land sales, and general revenue contributions for future replacements.
- \$0.4 million increase in non-statutory other capital reserves primarily from interest income.
- (\$0.3) million decrease in non-statutory utility capital reserves for future capital replacement of water and sewer infrastructure.
- (\$1.7) million decrease in Community Benefit Bonus reserves, mainly due to utilization of funds for capital projects in 2020 offset by developer contributions in 2020. Additionally, the amount equivalent to the total investment income earned in the Affordable Housing reserve was transferred to the new Operating Housing Reserve in 2020.
- (\$9.4) million decrease in gaming reserve as a result of lower casino grant revenue received due to the temporary closure of the Grand Villa casino and higher utilization of funds for the Laurel Works Yard project in 2020.

The increase in Non-Financial Assets of \$97.3 million was a result of additions to capital equity consisting of new land, buildings, infrastructure, and vehicles and equipment assets.

RECOMMENDATION

It is requested that the Audit Committee recommends Council receive the City of Burnaby 2020 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2020 December 31.



Noreen Kassam, CPA, CGA
DIRECTOR FINANCE

NK:RG / md

Attachment: 1 – 2020 Annual Municipal Report

Copied to: Acting City Manager