

ITEM 1  
MANAGER'S REPORT NO. 24  
COUNCIL MEETING 87/04/06

RE: 1986 FINANCIAL STATEMENTS

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendation of the Director Finance be adopted.

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TO: MUNICIPAL MANAGER

1986 March 31  
File: F20

FROM: DIRECTOR FINANCE

Xref: 87 Budg.

RE: 1986 FINANCIAL STATEMENTS

RECOMMENDATION

1. THAT this report be received for information purposes.

SUMMARY

This report presents the audited financial statements for the year 1986. The statements show that the surplus for the year was \$2,534,300, which compares to \$1,646,207 shown as operating contingency in the recast budget. \$1,050,000 of that operating contingency was specified for wage and salary increases which were not reflected in the departmental budgets at recast time, due to the late settlement of the Union contracts. The Burnaby Public Library Board's share of the surplus is \$56,997.

The major variances which have occurred since the 1986 recast budget are explained in the report. Comments on the operating results of the waterworks utility and sanitary sewer system are also included.

REPORT

FINANCIAL STATEMENTS

The audited financial statements for the year ended 1986 December 31 are attached for Council's information. At this time, copies of the report are only available for Council; a copy is available in the Municipal Clerk's office for anyone else interested in reading the content. A formal printed copy of the statements, including additional statistical tables, will be available to the general public at a later date.

MAJOR VARIANCES

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The 1986 operating surplus of \$2,534,300 is \$888,093 greater than the surplus anticipated when the recast budget was prepared last Fall. The most significant variances from the budget are:

Revenue Increase Over Budget	Expenditure Decrease From Budget
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Administrative and Community Services		
R.C.M.P. contract - credit for change in billing to actual manpower strength		\$ 285,000
Firefighters salaries and benefits - cost savings due to sickness		105,000
Information Services - salaries and benefits and maintenance cost savings due to the postponement of start dates and postponement of equipment purchases		101,000

Engineering

Garage - over-recovery on shop work orders and expenditure less than budgeted 76,000

Planning and Building Inspection

Inspection fees - higher than anticipated activity near the year-end \$ 398,000

Recreation and Cultural Services

Golf course revenue higher than budgeted 59,000

Fiscal items

Investment income - drop in investment rates during last portion of the year (106,000)

Penalties and interest on taxes - better than anticipated collection rate (89,000)

262,000	567,000
<hr/>	
262,000	262,000

829,000

All other variances combined - all under \$50,000 and primarily attributable to reductions in budgeted expenditures

59,093

Increase in surplus over recast budget

888,093

Recast budget operating contingency - including \$1,050,000 for wage and salary increases not reflected in departmental budgets

1,646,207

Operating surplus for 1986

\$2,534,300

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This surplus is broken down as follows:

General municipal operation	\$2,477,303
Library Board	<u>56,997</u>

\$2,534,300

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The Municipal Manager and the Management Committee have reviewed the 1986 operating surplus and are recommending certain specific uses of that surplus, which will be reflected in the 1987 annual operating budget. These are:

Surplus brought forward to be used as general revenue - which includes provision for wage settlements not finalized in 1986

\$1,300,000

Allocation to capital for the removal of asbestos in the Municipal Hall

740,000

Renovations to Council Chambers and upgrading of Council sound system

100,000

Renovations to computer room for removal of the 90/30 and to increase the capacity of the air conditioner

94,000

Burnaby Public Library Board 1986 surplus to be taken into 1987 general revenue - \$55,000 allowed in 1987 provisional budget

56,997

Retained in operating surplus to be used as general working capital

2,290,997

243,303

\$2,534,300  
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The \$740,000 for asbestos removal will be combined with \$210,000 in capital surplus to make a total of \$950,000 available for asbestos removal. A \$950,000 tax sale monies by-law adopted on 1987 March 23 for the asbestos removal will be allowed to lapse.

The \$100,000 for renovations to the Council Chambers is an arbitrary allocation. A separate report will be presented to Council in the near future.

WATERWORKS UTILITY

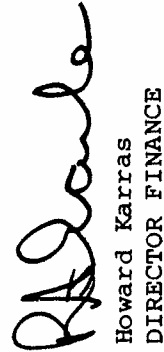
The waterworks utility used \$412,399 of its revenue fund accumulated surplus during the year compared to a recast budget draw estimated to be \$649,836. The better performance was a result of increased revenue from rates and delayed new debt billings from the Water District.

The remaining surplus is \$1,999,751 and is available to be utilized in future years as needed.

SANITARY SEWER SYSTEM

The sanitary sewer system used \$64,858 of its revenue fund accumulated surplus during the year compared to a recast budget draw estimated to be \$117,751. The better performance was primarily the result of increased revenues from metered accounts.

The remaining sanitary sewer system surplus of \$2,580,517 is available to be utilized in future years as needed.

*for*   
Howard Karras  
DIRECTOR FINANCE

RAE:gw  
Attach.

cc: All Directors

