

AUDIT COMMITTEE

*HIS WORSHIP, THE MAYOR
AND COUNCILLORS*

SUBJECT: 2013 ANNUAL FINANCIAL REPORT

RECOMMENDATIONS:

1. THAT Council receive the City of Burnaby 2013 Annual Financial Report and audited consolidated financial statements for the year ended 2013 December 31.
2. THAT Council authorize the transfer of the 2013 General Municipal Surplus in the amount of \$3,537,772 to the Stabilization Fund.

REPORT

The Audit Committee, at its meeting held on 2014 April 14, received and adopted the *attached* 2013 Annual Financial Report including a recommendation to seek Council's approval to transfer the 2013 General Municipal Surplus in the amount of \$3,537,772 to the Stabilization Fund.

Respectfully submitted,

Councillor D. Johnston
Chair

Councillor C. Jordan
Vice Chair

His Worship, Mayor D. Corrigan
Member

Councillor P. McDonell
Member

Copied to:	City Manager Deputy City Managers Director Finance Director Engineering Director Planning & Building Director Parks, Recr. & Cult. Services
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TO: CHAIR AND MEMBERS
AUDIT COMMITTEE

DATE: 2014 April 11

FROM: DIRECTOR FINANCE

FILE: 7620-20

SUBJECT: 2013 ANNUAL FINANCIAL REPORT

PURPOSE: To present the 2013 Annual Financial Report and to request Council authorize the transfer of the 2013 General Municipal Surplus to Stabilization.

RECOMMENDATIONS:

1. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2013 Annual Financial Report and audited consolidated financial statements for the year ended 2013 December 31.
2. **THAT** the Audit Committee recommend Council authorize the transfer of the 2013 General Municipal Surplus in the amount of \$3,537,772 to the Stabilization Fund.

REPORT

The purpose of the City of Burnaby's 2013 Annual Financial Report is to present to readers the financial results for the year ended 2013 December 31. This report includes the City's audited consolidated financial statements that reflect the accounts of all funds of the City on a consolidated basis. This presentation emphasizes the City's ability to meet its current commitments and finance its future liabilities. Net Financial Assets, as found in the Consolidated Statement of Financial Position, are a key indicator of the City's financial strength and sustainability.

Net Financial Assets for 2013 increased by \$35.6 million which attests to the continued strong financial health of the City. These funds are held in Capital and Operating reserves and funds.

Capital reserves and funds are the funding source for the City's capital program and are used to fund asset replacement, capital acquisition and new construction. Operating reserves and funds provide Council with the ability to maintain taxation stability and are used to fund one-time operating expenditures. The interest earned annually on the operating funds is contributed as revenue to operations to reduce the burden on City taxpayers.

Council's strong support of prudent financial practices has produced a debt-free City with strong reserves. These reserves provide capital funding for City projects without incurring debt in the external markets.

The City budgets on a fund basis. The following summarizes the net fund surpluses from operations for 2013.

<u>Fund Surplus</u>	
General Municipal	\$ 3,537,772
Sewer Utility	\$ 1,217,516
Library	\$ 400,202

The General Municipal Surplus of \$3,537,772 is comprised of the following major items:

General Municipal Surplus: Major Items

RCMP Contract and Integrated Teams	\$3,740,301
Planning & Building Revenue	3,015,449
Other Departmental Variances (Net)	(3,217,978)
Total General Municipal Surplus	\$3,537,772

The RCMP surplus is attributed to unfilled member positions. The Planning and Building surplus is due to the increased construction activity within the City. The net of other revenue and expenditure variances of \$3.2 million reduced these surplus amounts.

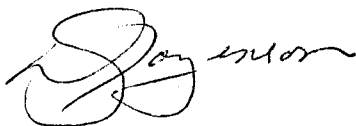
The Library surplus of \$400,202 is carried forward to help fund 2014 Library operations.

The utilities are self-funded programs. The Sewer Utility operating surplus of \$1,217,516 will be retained within the General Revenue Sewer Utility fund to reduce and stabilize the impact of annual operating costs of future services.

It is recommended that the General Municipal surplus in the amount of \$3,537,772 be transferred to the Stabilization Fund. Stabilization funding is used to reduce the impact of one-time expenditure requirements on the City's operating budget. The 2014 Provisional Plan includes Stabilization Funding of \$3,973,100. This funding provision will be reviewed by Council prior to adoption of the 2014 Annual Financial Plan.

RECOMMENDATIONS

It is recommended that Council receive the City of Burnaby 2013 Annual Financial Report and audited consolidated financial statements for the year ended 2013 December 31 and that the 2013 General Municipal Surplus in the amount of \$3,537,772 be transferred to the Stabilization Fund.



Denise Jorgenson
 DIRECTOR FINANCE

DJ:NK/ml

Copied to: City Manager
 Deputy City Managers (2)
 Director Engineering

Director Planning and Building
 Director Parks, Recreation and Cultural Services