

**AUDIT COMMITTEE**

*HIS WORSHIP, THE MAYOR  
AND COUNCILLORS*

**SUBJECT: 2021 ANNUAL MUNICIPAL REPORT AND 2021 ANNUAL MUNICIPAL  
REPORT HIGHLIGHTS**

**RECOMMENDATIONS:**

1. THAT Council receive the City of Burnaby 2021 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2021 December 31.
2. THAT Council receive the City of Burnaby 2021 Annual Municipal Report Highlights for information.

**REPORT**

The Audit Committee, at its meeting held on 2022 April 11, received and adopted the attached 2021 Annual Municipal Report and 2021 Annual Municipal Report Highlights, which includes the audited Consolidated Financial Statements (*provided under separate cover*).

Respectfully submitted,

Mayor M. Hurley  
Chair

Councillor S. Dhaliwal  
Vice Chair

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| Copied to: Chief Administrative Officer<br>Acting Chief Financial Officer<br>GM Corporate Services |
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**TO:** CHAIR AND MEMBERS  
AUDIT COMMITTEE

**DATE:** 2022 April 07

**FROM:** ACTING CHIEF FINANCIAL OFFICER

**FILE:** 7600-20

**SUBJECT:** 2021 ANNUAL MUNICIPAL REPORT AND 2021 ANNUAL  
MUNICIPAL REPORT HIGHLIGHTS

**PURPOSE:** To present the 2021 Annual Municipal Report and 2021 Annual Municipal Report Highlights.

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#### **RECOMMENDATIONS:**

1. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2021 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2021 December 31.
2. **THAT** the Audit Committee recommend Council receive the City of Burnaby 2021 Annual Municipal Highlights for information purposes.

### **REPORT**

#### **1.0 INTRODUCTION**

The purpose of the City of Burnaby's 2021 Annual Municipal Report is to present the financial results and service highlights for the City for the year ended 2021 December 31. This report includes the City's audited Consolidated Financial Statements that reflect the accounts of all funds of the City.

The City's financial position continued to be healthy throughout 2021 with an increase in annual surplus of \$432.4 million (2020 – \$139.0 million), bringing the Accumulated Surplus to \$5.1 billion (2020 – \$4.7 billion).

In addition to the 2021 Annual Municipal Report, the Finance and Corporate Services Departments have also worked collaboratively to produce the City of Burnaby's 2021 Annual Municipal Report Highlights publication. The highlights publication extracts information from the Annual Municipal Report to provide a clear and concise communication document to the public. The highlights publication consists of the City's achievements, financial highlights and key statistics. The City's 2020 Annual Municipal Report Highlights publication has received the Popular Annual Financial Reporting (PAFR) award from the Government Finance Officers Association (GFOA) for the fourth consecutive year. City staff will once again apply for the GFOA award once the Annual Municipal Report is adopted.

## **2.0 POLICY SECTION**

This report aligns with the following goal and sub goal of the Corporate Strategic Plan:

### **Goal**

- A Thriving Organization
  - Financial viability – Maintain a financially sustainable City for the provision, renewal and enhancement of City services, facilities and assets.

## **3.0 FINANCIAL STATEMENTS DISCUSSION**

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

The 2021 annual surplus of \$432.4 million is higher than the budgeted surplus of \$104.7 million by \$327.7 million. This is a result of higher than budgeted revenues of \$298.7 million and lower than budgeted expenses of \$29.0 million.

The higher than budgeted revenues of \$298.7 million is due to the following:

- \$246.7 million higher than anticipated community benefit bonus contributions received from developers due to higher development activity throughout the City.
- \$33.0 million higher than budgeted other revenues, primarily due to gains from land sales, higher permit fee & licence revenues as a result of development activity in the City and other operating revenues.
- \$16.7 million in higher than budgeted contributed asset revenue primarily due to the timing when projects are completed by developers and ownership is transferred to the City.
- \$4.0 million higher than budgeted transfers from other governments, primarily due to casino grants received as the Grand Villa Casino reopened, a one time bonus gas tax grant and other various grants received.
- \$1.0 million higher taxation revenue, primarily due to lower than anticipated assessment appeals.
- \$0.8 million higher than budgeted investment income due to larger investment portfolio.
- (\$1.8) million lower sales of goods and services revenue mainly due to reduced parks program revenue and lower City parking and rental revenues as a result of COVID-19. This is offset by higher than budgeted revenues from Sanitary Sewer Fund and Waterworks Utility, primarily due to higher flat water revenue, sewer use fees, and metered revenues from both utilities.
- (\$1.7) million lower transfer from restricted funds, primarily due to lower than budgeted expenses from development cost charges associated to lower parkland acquisition activity.

The lower than budgeted expenses of \$29.0 million is due to the following:

- \$23.1 million lower than budgeted general government expenses primarily due to fewer Community Benefit Bonus Affordable Housing Grants, fewer Child Care Grants issued, and staff vacancies.
- \$8.1 million lower expenses in parks, recreation and cultural services primarily due to compensation savings and lower operating program expenses as a result of temporary closures and reduction in services provided resulting from COVID-19.
- \$2.9 million lower than budgeted environmental services expenses mainly due to staff vacancies and savings in various operational expenses. This is partially offset by higher expenses related to Greater Vancouver Water District and Greater Vancouver Sewer & Drainage District levies due to higher consumption.
- \$0.4 million lower than budgeted expenses in development services mainly due to staff vacancies.
- (\$2.8) million in higher than budgeted protective services expenses primarily due to the ratified RCMP collective agreement being higher than budgeted for both Regular Members and Integrated Teams. This is partially offset by staff vacancies and lower than anticipated expenses in other operating activities.
- (\$2.7) million in higher than budgeted transportation services expenses primarily due to increased amortization expense from capital additions related to engineering infrastructure assets.

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

The Annual Surplus of \$432.4 million for 2021 is added to the City's prior year Accumulated Surplus of \$4.7 billion that results in a 2021 Accumulated Surplus of \$5.1 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 \$432.4 million increase in Accumulated Surplus is distributed to Net Financial Assets, \$264.7 million, and Non-Financial Assets, \$167.7 million.

The increase in Net Financial Assets of \$264.7 million was distributed to the following reserve funds and reserves:

- \$277.8 million increase in Community Benefit Bonus reserves, mainly due to developer contributions in 2021 from increase in development activities.
- \$15.1 million increase in non-statutory operating reserves, including general revenue, utilities, operating housing, stabilization and other designated operating reserves used to fund one-time operating expenses to reduce the impact on future year's property taxes.
- \$7.1 million increase in non-statutory other capital reserves primarily from capital contributions from operating and interest income.
- (\$2.2) million decrease in non-statutory utility capital reserves for future capital replacement of water and sewer infrastructure.

To: Audit Committee  
From: Acting Chief Financial Officer  
Re: 2021 Annual Municipal Report and 2021 Annual Municipal Report Highlights  
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- (\$33.1) 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 2021.

The increase in Non-Financial Assets of \$167.7 million was a result of additions to capital equity consisting of new land, buildings, infrastructure, and vehicles & equipment assets. In 2021, key capital additions include the new Christine Sinclair Community Centre and engineering infrastructure program primarily related to roads & drainage.

#### 4.0 RECOMMENDATION

It is requested that the Audit Committee recommend Council receive the City of Burnaby 2021 Annual Municipal Report, which includes the audited Consolidated Financial Statements, for the year ended 2021 December 31. It is also recommended that Council receive the 2021 Annual Municipal Report Highlights for information purposes.



Bob Klimek  
ACTING CHIEF FINANCIAL OFFICER

BK:RG/kl:md:fm

Attachment: 1 – 2021 Annual Municipal Report  
2 – 2021 Annual Municipal Report Highlights

Copied to: Chief Administrative Officer