

TO: MAYOR & COUNCILLORS

FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER

SUBJECT: **2024 ANNUAL MUNICIPAL REPORT AND 2024 ANNUAL MUNICIPAL REPORT HIGHLIGHTS**

PURPOSE: To present the 2024 Annual Municipal Report and 2024 Annual Municipal Report Highlights.

RECOMMENDATION

THAT the report titled “2024 Annual Municipal Report and 2024 Annual Municipal Report Highlights”, dated May 13, 2025, be received for information; and

THAT the 2024 Annual Municipal Report (Attachment 1), which includes the audited Consolidated Financial Statements, for the year ended December 31, 2024, be approved.

1.0 POLICY SECTION

The 2024 Annual Municipal Report is provided in accordance with Sections 98 and 167 of the Community Charter. The 2024 Annual Municipal Report Highlights document is provided for information purposes.

2.0 BACKGROUND

The purpose of the City of Burnaby’s 2024 Annual Municipal Report is to present the financial results and service highlights for the City for the year ended December 31, 2024. This report includes the City’s audited Consolidated Financial Statements that reflect the accounts of all funds of the City.

3.0 GENERAL INFORMATION

The City’s financial position continued to be healthy throughout 2024 with an annual surplus of \$311.3 million (2023 – \$241.8 million), which results in the Accumulated Surplus to increase to \$6.1 billion (2023 – \$5.7 billion). The majority of the 2024 annual surplus is primarily due to an increase in revenues related to development activity such as contributed asset revenue. Furthermore, the City generated higher investment income revenue during the year which is primarily allocated to capital reserve & reserve funds as per Council policy.

In addition to the 2024 Annual Municipal Report, the Finance and Corporate Services Departments have also worked collaboratively to produce the City of Burnaby’s 2024 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 Annual Municipal Report and its associated Highlights document have received awards from the Government Finance Officers Association (GFOA). These awards are received by government organizations that publish high quality financial reports, go beyond the minimum requirements of generally accepted accounting principles, and demonstrate an effort to clearly communicate the municipal government's financial picture. City staff will once again apply for both GFOA awards once the Annual Municipal Report is adopted.

3.1 Financial Statement Overview

Annual Surplus (Net Revenues in excess of Expenses) – Budget Variance Discussion

Consolidated Statement of Operations and Accumulated Surplus (\$ millions)

	2024 Budget	2024 Actual	2024 Budget Variance
Revenues	882.8	977.4	94.6
Expenses	675.6	666.1	9.5
Annual Surplus	207.2	311.3	104.1

The Annual Surplus of \$311.3 million, which is the excess of actual revenues less expenditures, was higher than the budgeted surplus of \$207.2 million by \$104.1 million. The surplus variance is comprised of \$94.6 million in higher consolidated revenues and lower consolidated expenditures of \$9.5 million.

The City's consolidated revenues in 2024 were \$977.4 million which is higher than the budgeted revenues of \$882.8 million. This resulted in a favourable revenue variance of \$94.6 million (10.7%) which is primarily due to the following:

- \$71.6 million in higher than budgeted contributed asset revenue due to the timing of projects completed by developers and ownership transferred to the City.
- \$24.2 million higher than budgeted investment income due to a larger investment portfolio, and higher than anticipated market interest rates. The investment income is allocated to various reserves & reserve funds as per Council policy.
- \$8.4 million higher sales of goods and services revenue mainly related to increased enrollment of B-active recreation membership, golf revenue as a result of increased customer volume, and food & catering sales from additional weddings and special events. As well, there were higher refuse service fees collected primarily due to an increased volume of multi-family pickups.
- \$3.6 million transfers from restricted funds primarily related to development cost charges to fund expenses associated to parkland acquisition activity.
- \$2.8 million increase in taxation revenue, primarily due to additional new growth property taxation received as identified in the final revised BC assessment roll, which was received after the plan was finalized.
- \$0.7 million higher than budgeted transfers from other governments, primarily due to the Federal and Provincial grants.

- (\$3.1) million lower than budgeted other revenues, primarily due to the deferral of permit revenues as a result of the adoption of the new PS3400 accounting standard. Based on PS3400, it has been determined that the City has outstanding performance obligations to building permits issued by the City during the year and therefore related revenues will need to be deferred. These will subsequently be recognized as revenue in the year in which the performance obligation has been satisfied. This reduction in permit revenues has been partially offset by other additional development driven revenues such as rain garden maintenance contributions, future works and infrastructure contributions. Lastly, the City received a contribution from the Trans Mountain Pipeline to assist with public safety related initiatives.
- (\$13.6) million lower than anticipated community benefit bonus contributions received from developers. These revenues are difficult to predict as they can vary yearly due to fluctuations in market conditions.

The City's consolidated expenses in 2024 were \$666.1 million which is lower than the budgeted expenses of \$675.6 million. This resulted in a favourable expense variance of \$9.5 million (1.4%) mainly due to the following:

- \$18.7 million lower than budgeted general government expenses primarily due to fewer housing grants to various non-market housing partners which are funded through the City's Community Benefit Bonus Affordable Housing reserve. Other operating costs such as compensation, contracted services, building maintenance and materials are mostly aligned to budget.
- \$2.3 million lower than budgeted environmental services expenses mainly due to staffing levels in Refuse Services, Sanitary Sewer, and Waterworks Utility, contracted & consulting services from sewer & water infrastructure activities and savings in various operational expenses.
- \$1.7 million lower than budgeted expenses in development services mainly due to the delayed timing of contributions to Burnaby Housing Authority. Furthermore, lower staffing levels and anticipated operational expenses contributed further savings in the year.
- (\$1.3) million in higher than budgeted protective services expenses primarily due to compensation cost related to Fire protection coverage, higher RCMP Integrated Team contract as a result of the ratified collective agreement and other various operational expenses.
- (\$1.6) million in higher than budgeted transportation services expenses primarily due to additional hired equipment expenditures for hauling/disposal of materials, street cleaning, and maintenance activities for roads and sidewalks.
- (\$10.2) million higher than budgeted expenses in parks, recreation and cultural services primarily due to increased demand for Recreational Programs, Food Services & Golf Services, which resulted in higher compensation and operational costs. Furthermore, there were higher than anticipated expenditures related to contracted services in the Forestry & Tree Planting Services tied to increase in maintenance activities associated with hazard mitigation and environmental impacts.

Accumulated Surplus (Equity) – Year over Year Discussion

Consolidated Statement of Financial Position (\$ millions)

	2024 Actual	2023 Actual	Year Over Year Change
Net Financial Assets	2,101.8	2,160.0	(58.2)
Non-Financial Assets	3,951.7	3,582.2	369.5
Accumulated Surplus	6,053.5	5,742.2	311.3

The Annual Surplus of \$311.3 million for 2024 is added to the City's prior year Accumulated Surplus of \$5.7 billion that results in a 2024 Accumulated Surplus of \$6.1 billion. The Accumulated Surplus reflects the City's strong financial position and long-term financial sustainability developed through Council's diligence in exercising prudent financial practices. The \$311.3 million increase in Accumulated Surplus was a result of an increase in Non-Financial Assets of \$369.5 million offset by a decrease in Net Financial Assets of \$58.2 million.

The increase in Non-Financial Assets of \$369.5 million was a result of additions to capital assets consisting of the value of new land, buildings, infrastructure, and vehicles & equipment. In 2024, key capital additions include the completion of Firehall Stations #4 and #8 and Rosemary Brown Arena, purchases through the land acquisition program, and on-going construction of new civic projects such as Burnaby Lake Recreation Complex, Cameron Community Centre & Library and the new Community Safety Building (RCMP Detachment).

The decrease in Net Financial Assets of \$58.2 million (2.7% year over year decrease) was reflected in the following reserve funds and reserves:

Statutory Reserve Funds – Decrease of (\$95.0M):

- (\$80.2) million decrease in Corporate and Tax Sale Land Reserve Fund primarily due to property acquisition in 2024 partially offset by investment income earned and land sales proceeds.
- (\$18.0) million decrease in Capital Asset Works Financing Reserve Fund primarily due to capital expenditure requirement to support the delivery of core programs & services.
- \$3.2 million increase in other statutory capital reserve funds such as housing reserve fund, growing communities, local improvement due to interest income earned.

Non-Statutory Capital Reserves – Increase of \$28.7M:

- \$17.2 million increase in Community Benefit Bonus reserves primarily due to higher developer contributions received than anticipated and a lower utilization of funds for applicable capital projects. This increase was included as part of the City's projected budget. This reserve is fully allocated to fund on-going projects such as Burnaby Lake Recreation Complex, Cameron Community Centre & Library Redevelopment, James Cowan Theatre Redevelopment, and Community Safety Building (RCMP Detachment).
- \$18.4 million transfer from the Community Benefit Bonus – Affordable Housing reserve was completed in 2024 to create the Non-Market Housing Demolition reserve. The purpose of this reserve is to support demolition and site restoration costs for non-market housing development on City owned lands.

- (\$0.3) million decrease in Sanitary Sewer Fund and Waterworks Utility capital reserves due to increase in infrastructure project expenditures. In addition, contributions were reduced from operations as those funds were redirected to Sanitary Sewer and Waterworks utility operating reserves to help mitigate future Metro Vancouver rate increases.
- (\$2.0) million decrease in other capital reserves primarily from higher utilization of capital contingency related to unanticipated capital expenditures partially offset by contributions received for the Federal Gas Tax funding that are allocated for 2025 expenditures.
- (\$4.6) million decrease in Gaming reserve due to higher utilization of funds for various projects such as the Civic Facilities Charging Infrastructure and Burnaby Lake Rowing Pavillon as well as funds used to finance one-time operating initiatives.

Non-Statutory Operating Reserves & Unappropriated Operating Surplus – Increase of \$8.2M:

- \$8.3 million increase in various non-statutory operating reserve is primarily due to the increase in the Operating Housing reserve from investment income earned in the Community Benefit Bonus – Affordable Housing reserve as fewer housing grants were provided than anticipated. This increase was however offset by a decrease in Snow Removal reserve as funds were used to support snow removal activities.
- (\$0.1) million decrease in Unappropriated Operating Surplus reserves primarily due to increases in the Sanitary Sewer Fund reserve and Waterworks Utility reserve from increased utility revenues and additional contributions to the reserves to help mitigate future Metro Vancouver increases. However, the General Revenue & Stabilization Reserve fund has decreased as a result of the deferral of permit revenues from the adoption of PS3400 as noted above and also as Stabilization funds were used to finance one-time operating expenditures.

4.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

As per Section 99 of the Community Charter, the City is required to provide the Annual Report for public comment for a duration of two consecutive weeks. As a result, the Annual Municipal Reports Highlight document is scheduled to be available for public comment for two consecutive weeks starting April 23 to May 7, 2025. Any comments received will be forwarded to Council.

5.0 FINANCIAL CONSIDERATIONS

As referenced throughout the report.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer and Chief Financial Officer

ATTACHMENTS

Attachment 1 – 2024 Annual Municipal Report

Attachment 2 – 2024 Annual Municipal Report Highlights

REPORT CONTRIBUTORS

This report was prepared by James Cheu, Manager, Budgets & Reporting and reviewed by Wilson Kwan, Director, Budgets & Reporting and Ratan Grewal, Deputy General Manager, Finance.