

To: Chief Administrative Officer **Date:** May 2, 2022
From: Kerri Onken, Deputy Treasurer/Collector
Subject: Year-end Financial Reporting – December 31, 2021

Recommendation(s)

This report is provided for information purposes only. No staff recommendation accompanies this report and Council action is not required.

Purpose

The purpose of this report is to brief Council on the current status of the 2021 year-end results and explanation for the results that have a budget variance of +/- \$10,000 or +/- 10%.

Background

As part of the City's financial reporting system, budget status reports occur on a regular basis throughout the year to provide Council with timely information regarding the City's overall financial performance. This report provides an update through to the fiscal year-end, December 31, 2021

Discussion and Analysis

This financial review is for the year ending December 31, 2021. Attached to this report are the following:

- Attachment A summarizes the current year-end results on a departmental basis for the general operating fund and provides budget variance explanations where the variance is +/- \$10,000 or 10%.
- Attachment B summarizes the current year-end results for the utility operating funds and the equipment pool operations, along with budget variance explanations where the variance is +/- \$10,000 or 10%.
- Attachment C summarizes the current year-end results for the capital budget and provides budget variance explanations.
- Attachment D summarizes the transactions funded from the general operating fund contingency account.

General Operating Fund Year-end Results

The following table summarizes the year-end results (net of expenses and revenue) on a departmental basis for the general operating fund. The general operating fund results for 2021 includes a \$4,092,502 surplus. Attachment A has additional details for total revenue and expenditure variances +/- \$10,000 or +/- 10% for each department.

DEPARTMENT	FINAL/ AMENDED	2021 YEAR	PROJECTED VARIANCE		
	2021 BUDGET	END RESULTS	\$	%	
Development Services - Inspections	625,347	-656,941	-1,282,287	-205%	Under Budget
Public Transit	2,767,753	1,572,223	-1,195,531	-43%	
Police Services	12,530,596	11,773,502	-757,095	-6%	
General Government	993,767	488,764	-505,004	-51%	
Tax Levy	-40,725,795	-40,963,500	-237,705	1%	
Development Services - Planning	1,267,537	1,057,162	-210,375	-17%	
Parks & Grounds	1,198,478	1,048,127	-150,351	-13%	
Engineering	1,322,216	1,225,003	-97,213	-7%	
Council	758,006	689,635	-68,372	-9%	
Finance and Purchasing	2,152,187	2,095,699	-56,488	-3%	
Cemetery	50,639	0	-50,638	-100%	
Fire & Emergency Operations	5,325,361	5,281,552	-43,810	-1%	
Recreation Administration	1,006,744	975,471	-31,273	-3%	
Corporate Administration	3,370,584	3,368,554	-2,030	0%	
Payroll Overhead Recovery	0	0	0	0%	Over Budget
Economic Development	608,075	622,343	14,268	2%	
Municipal Facilities	1,030,432	1,075,064	44,633	4%	
Public Works	3,049,777	3,115,707	65,930	2%	
Recreation Services	2,668,296	3,139,136	470,839	18%	
Projected Budget Surplus	0		-4,092,502		

Negative variances = Under budget

Positive variances = Over budget

Utility Operating Fund Projected Year-end Results

The following table summarizes the current year-end transfer to reserves for the utility funds and the equipment replacement reserve plus the projected surplus or deficit to the operational budgets. Budget variance explanations where year-end results are +/- \$10,000 or +/- 10% from the budget for total revenue and total expenditures for each utility fund are included in Attachment B.

UTILITY FUNDS and EQUIPMENT OPERATIONS	BUDGETED TRANSFER TO CAPITAL	ACTUAL TRANSFER TO CAPITAL	PROJECTED OPERATING SURPLUS / (DEFICIT)
Drainage Utility Operating Fund	810,495	810,495	73,656
Equipment Pool Operations	1,080,861	1,080,861	95,317
Solid Waste Utility Operating Fund	785,638	785,638	233,156
Water Utility Operating Fund	2,758,765	2,758,765	416,994
Sewer Utility Operating Fund	1,502,460	1,502,460	505,572

Negative Projection = Operational Deficit

Positive Projection = Operational Surplus

The operational budgets for all utility funds and the Equipment Pool operations are projecting a surplus.

Variance Explanations

The attachments to this report summarize the variances by department or fund level. Within these departments and funds, are projects. At the detailed project level, the following budget line items in the General Operating Fund and Utility Funds had a variance greater than +/- \$150,000.

1. Policing Services

The RCMP contract budget has a surplus of \$568,458. Most of this represents budget savings from wages and overhead costs as the detachment was not fully staffed during the year. In addition, the Police Services department's net operations has a surplus just over \$757,000 resulting from several staff vacancies during the year and reduced prisoner expenses. Also, COVID has reduced auxiliary staffing hours and Provincial court hours during the year. The departmental surplus has been transferred to the RCMP (Public Safety) Reserve, under the General Government budget (see 10. below).

2. Council's Grant Program

For the 2021 budget, two grants totaling \$200,000 were carried over from 2020, one for the Welton Towers works, funded by the Gaming Reserve Fund and one for Mission Early Learning, funded by the General Operating Accumulated Surplus. Due to COVID, no expenditures were made in 2021 for these two projects. These two projects are included on the Carry Forward report for inclusion into the 2022 Financial Plan.

3. Corporate Administration

Legal expenses exceeded budget by \$212,897 as the quantity of developments has increased and the scope of developments in Mission are getting more complex requiring significantly more legal advice and this has also resulted in an increase in development fees in 2021. This is partially offset by budget savings of \$146,245 in Civic Engagement due to the Manager being on maternity leave for the year.

4. Development Services - Inspections

The building permit revenue for 2021 exceeded budget projections by \$942,296. This is a result of new building development in 2021 for multi-family complexes, plus commercial and industrial properties.

5. Public Transit

BC Transit ridership was down due to COVID reducing bus service revenue by \$446,992 for both the conventional and the HandyDART services. This revenue reduction was partially offset by the "Safe Restart Plan" grant received totaling \$345,767 for Mission in 2021 from the Provincial and Federal Governments. The "Safe Restart Plan" grant continues until March 2022 at \$28,832 per month for both the conventional transit and the HandyDART services to assist with COVID related expenditures.

The operating costs for BC Transit are predicting a budget surplus of \$744,827 for our fiscal year-end. The transit system has savings from fuel and property maintenance expenses lower than projected. In addition, \$261,751 of reserve funding held at BC Transit resulting from past differences between budget and actual to compensate for drastically fluctuating fuel and other costs, was applied against the contract.

Ridership on the Commuter Train Bus to Maple Ridge was affected by COVID and several routes were cancelled during the year. This provided a reduction to the contract costs of \$289,605.

6. Economic Development Office

The Waterfront Revitalization project started in 2021 and has unspent funds totaling \$264,668. This project has dedicated funding from the Debt Reserve Fund and is included on the Carry Forward report for inclusion into the 2022 Financial Plan as a re-budgeted project.

7. Recreation Administrative

The 2021 budget has an administrative amendment to record a grant for Strengthening Communities of \$686,936. This project is expected to start in 2022 and is included on the Carry Forward report for inclusion into the 2022 Financial Plan as a re-budgeted project.

8. Recreation Programs

COVID restrictions and mandated closures resulted in a net revenue loss for programs of \$928,162, and lowered the expenses with a net budget saving of \$457,322. The only program with increased revenue was Club KIDS which saw \$121,972 of additional revenue partially offset by \$103,225 of additional expenses to operate the program.

9. Engineering

The Subdivision Inspection revenue for 2021 exceeded budget projections by \$214,576 as a result of increased development in the community. In addition, Shaw Pit Royalties have increased by \$193,012 due to an increase in development, which increases the transfer to the Major Capital Reserve Fund by the same amount.

10. General Government

Some revenue collected is off-set by an equal transfer to a corresponding reserve including:

- The City collected \$2.2 million in land sales
- Gaming revenue increased by \$197,000 as Casinos opened up in 2021
- Community Amenity Fee collections increased by \$399,000 as development increased in 2021
- The City's investment portfolio generated an additional \$467,888 in investment revenue.
- The savings of \$757,000 from the RCMP (see 1. above) is transferred to the RCMP (Public Safety) Reserve.

Additional revenue of \$1,859,002 from Provincial Government COVID-19 Re-start Grant for Local Governments was included in 2021. This was partially offset by additional COVID expenses of \$452,432 posted to the General Government division.

11. Water Operating Fund

An increase in water consumption for industrial, commercial, and institutional water meter customers resulted in an increase of revenue of \$155,000.

12. Solid Waste Operating Fund

The activity at the landfill has increased the tonnage received during 2021. This has resulted in an increase of revenue of \$290,000 from all sources.

13. Drainage Operating Fund

The budget for Major Storm Events was exceeded by \$364,606 due to the November storms. It is expected that \$318,000 will be recovered through an approved DFA (Disaster Financial Assistance) application from the Province.

14. Equipment Operating Fund

Vehicle costs ended the year \$291,000 over budget as some operating and maintenance costs increased during the year and due to several pieces remaining in the fleet to assist with demand from COVID restrictions. This was partially offset by additional revenue of \$237,000 from increased vehicle usage in the year due to COVID.

Capital Fund Projected Year-end Results (Attachment C)

The general capital plan shows most departments are within budget targets. Police Services small miscellaneous capital were \$666 overbudget, however Corporate Administration's small miscellaneous capital had additional budget savings to cover this shortfall. Inspection Services small miscellaneous capital were \$1,761 overbudget, however Planning's small miscellaneous capital had additional budget savings to cover this shortfall. Some budgeted property purchases under Major Corporate Projects are not going ahead as planned resulting in budget savings of \$2.3 million.

The utility capital plans are within budget targets. In Local Water Capital, the Third-Party Work Orders are over the projected expenditure budget, however, this additional expense is funded from recoveries charged to the third parties.

Overall the general capital plan is projecting to be under budget by \$2,529,210 and the utility capital plan is projecting to be under budget by \$1,268,524.

General Operating Fund Contingency Account Transactions

Attachment D summarizes the transactions, approved by Council, that were funded from the 2021 General Operating Fund Contingency account.

Council Goals/Objectives

The Year-end Financial Reporting addresses Council's Secure Finances, Assets and Infrastructure goal "to ensure sound financial management of the City".

Financial Implications

General and Utility Operating Funds: The General Operating fund, the Utility Operating funds, and the Equipment Pool Operations are all showing surpluses.

Capital Fund: Overall, the capital plans meet their 2021 budget targets or were under budget. The general capital plan is under budget by \$2,529,210 and the utility capital plans are under budget by \$1,268,524. Funds not required for the current year's capital projects remain in the appropriate capital reserve funds for future capital projects.

Communication

No communication action is required.

Summary and Conclusion

The 2021 year-end budget review report summarizes the current year-end results at the department level along with budget variance explanations, where required. The general operating fund year-end results include a \$4,092,502 surplus.

The Utility Operating funds and the Equipment Pool Operations are showing a surplus from operations.

The capital program is within budget target or showing a surplus. Overall the general capital plan is under budget by \$2,529,210 and the utility capital plan is under budget by \$1,268,524.

Report Prepared by: Kerri Onken, Deputy Treasurer/Collector

Reviewed by: Doug Stewart, Director of Finance

Approved for Inclusion: Mike Younie, Chief Administrative Officer

Attachment(s)

Attachment A: General Operating Fund Summary

Attachment B: Utility Operating Funds and Equipment Pool Operations Summary

Attachment C: Capital Budget Variance Summary

Attachment D: General Operating Fund Contingency