



THE CORPORATION OF THE CITY OF VERNON

INTERNAL M E M O R A N D U M

TO: Will Pearce, Chief Administrative Officer **FILE:** 1830-02
FROM: Debra Law, Director, Financial Services **DATE:** March 18, 2022
SUBJECT: 2021 YEAR-END RESULTS

A summary of the 2021 year-end results, and transfer to the unexpended uncommitted balance is presented in Attachment 1. Overall the City experienced an unexpended uncommitted balance of \$1,438,157. However, there is a remaining 2020 unexpended uncommitted balance of \$157,944, for a total of \$1,596,101 available to Council for future expenditures (Attachment 2).

Attachment 1 summarizes the 2021 year-end financial results. The net operating amount of \$1,438,157 represents the 2021 Unexpended Uncommitted Balance. Column one shows the net amended Budget, column two shows the year-to-date net actual results, and column three shows the net difference between the budget and actual columns. The Comments column in the table provides Council with a high-level description identifying the most significant reason for the variance on that line.

Attachment 2 provides Council with a summary of the projected reserve balances, as of the year-end results December 31, 2021. Note that 2022 resolutions of Council, committing additional reserve amounts in 2022, have not been included in this schedule.

Reserve Allocations for Consideration:

There are some reserves that are allocated at year-end once it has been identified that expenditures occurred related to the purpose of the reserve. For 2021, the only reserve utilized was the Abandoned Camp reserve in the amount of \$50,823 to fund abandoned camp clean-ups. Administration recommends that this reserve be topped up by that amount from the 2021 Unexpended uncommitted balance to maintain a balance of \$60,000.

In the recent past Administration has requested Council budget \$100,000 for extreme wildfire events. Administration is recommending the 2021 unexpended uncommitted balance be utilized to create a new reserve in the amount of \$200,000 specifically for future wildfire events that will only be spent if needed.

2022 Expenditures for Consideration:

For the most part all expenditures required during 2022 have been planned for and already exist in the 2022 Financial Plan. However, as with every year, other items come up after the finalization of the financial plan. Administration is recommending Council authorize utilizing the 2021 Unexpended Uncommitted Balance to fund the following additional items:

1. When Fire Station 3 was built several years ago it did not include an exhaust system. This facility has not been utilized extensively since its build and mitigating measures, such as opening the bay doors prior to starting fire engines, has been done to limit exhaust exposure to firefighters. As this facility is used more, especially during wildfire season, it has become more important that an exhaust system be installed. Administration is recommending that \$60,000 of the 2021 Unexpended Uncommitted Balance be used for this purchase and installation.
2. Despite the current addition to the Yards facility, there is a need to accommodate the Parks department and reduce congestion in the Operations yard area. Administration is recommending utilizing \$200,000 of the 2021 Unexpended Uncommitted balance for the acquisition of a facility to accommodate those staff.

Administration has three additional reports to Council from Operations and Legislative Services requesting funding from the 2021 Unexpended Uncommitted Balance. One report from the Manager, Fleet Services requests \$320,000 to fund a 2022 forecasted budget shortfall. The second report from the Manager, Parks and Public Spaces requests \$20,000 to fund the seasonal operation of the Marshall Field washrooms. The third report from the Manager, Legislative Services requests \$30,000 to top-up funding for the 2022 Municipal election. The Council resolutions for these three requests are listed with those three reports.

If Council decides to proceed with all of the recommendations above, at a total amount of \$880,823, the remaining balance available to Council for future one-time projects would be \$715,278.

RECOMMENDATION:

THAT Council receive the memorandum dated March 18, 2022 from the Director, Financial Services titled "2021 Year End Results";

AND FURTHER, that Council approve the transfer of \$50,823 from the 2021 Unexpended Uncommitted Balance to the Abandoned Camp reserve;

AND FURTHER, that Council approve the creation of an Extreme Wildfire reserve in the amount of \$200,000, funded by the 2021 Unexpended Uncommitted Balance;

AND FURTHER, that Council approve the expenditure of up to \$60,000 for the purchase of an exhaust system at Fire Station 3, funded from the 2021 Unexpended Uncommitted Balance;

AND FURTHER, that Council approve the expenditure of up to \$200,000 for the acquisition of a facility to support Operations, funded from the 2021 Unexpended Uncommitted Balance.

Respectfully submitted,



Attachment: 1 – Financial Report – Consolidated – December 31, 2021
2 – Reserve Accounts Continuity Projections



Division/Department	Amended Net Budget	YTD Actual Net Results	Difference from Budget +ve / (-ve)	Comments
OPERATING RESULTS ONLY				
Administration	\$ (890,695)	\$ (901,869)	\$ (11,174)	
Community, Infrastructure & Development	(3,051,328)	(2,265,401)	785,927	Net expenditures under budget due to salary slippages totaling \$692K during the year.
Public Transit	(2,074,724)	(2,074,724)	-	
Corporate Services	(2,688,421)	(2,558,029)	130,392	Net expenditures under budget distributed throughout various departments in the Division.
RCMP Municipal Support	(1,895,931)	(1,911,768)	(15,837)	
Bylaw Compliance & Community Safety	(400,263)	(211,215)	189,048	Excess net revenues due to transfer from COVID grant (\$207K).
Financial Services	(287,066)	(382,080)	(95,014)	Net revenue loss due to reduced investment income throughout the year.
Grants	(206,361)	(191,155)	15,206	
Fiscal Services - General	3,135,899	2,659,510	(476,389)	Overall net revenue loss due to required adjustment to local area service fees.
Collections for Other Governments	-	-	-	
Taxation	44,740,105	44,715,524	(24,581)	
Fire Rescue Services	(6,837,514)	(6,700,511)	137,003	Net expenditure under budget due to not operating FTC and salary slippage.
Human Resources	(1,713,708)	(1,756,139)	(42,431)	
Operations	694,346	692,185	(2,161)	
Airport	(146,035)	(146,035)	-	
Public Works	(6,303,809)	(5,809,217)	494,592	Overall decrease in road maintenance expenditures due to capacity issues in the department. Some savings carried over to 2022 to catch up on unfinished work.
Parks Maintenance	(2,487,918)	(2,141,435)	346,483	Net expenditure savings due to reduced maintenance activity due to limits on public participation in recreational activities.
Fleet Operation	-	-	-	
Facilities	(1,668,951)	(1,671,133)	(2,182)	
Storm Drainage	(336,084)	(326,809)	9,275	
Water Contract Services	-	-	-	
Sewer (excludes Fiscal Services)	(6,069,676)	(5,445,205)	624,471	Excess revenue from Septic Dump fees (\$111K), expenditure savings in electricity (\$179K) and biosoldis disposal contract (\$358K).
Fiscal Services - Sewer	6,069,676	5,445,205	(624,471)	Expenditure savings in sewer fund transferred to Sewer reserve.
RCMP Contract Services	(9,925,741)	(9,925,741)	-	
Recreation Services	(2,488,656)	(2,488,656)	-	
NET OPERATING RESULTS	\$5,167,145	\$6,605,302	\$ 1,438,157	
NET INFRASTRUCTURE PROJECTS	(5,167,145)	(5,167,145)	(0)	
NET OPERATING & PROJECT RESULTS	\$ -	\$1,438,157	\$ 1,438,157	

RESERVE ACCOUNTS CONTINUITY PROJECTIONS

	RESERVE BALANCES DEC 31/21	2022 BUDGET		PROJECTED BALANCE DEC 31/22
		OPERATING TRANSFERS OUT	TRANSFERS IN	
OPERATING GROUP				
Abandoned Camp Reserve	9,178			9,178
Emergency Planning	24,004			24,004
Mural Maintenance	107,366	(10,000)	10,000	107,366
Arts and Culture	20,982			20,982
	161,530	(10,000)	10,000	0
TAX EQUALIZATION GROUP				
Insurance Deductible	534,740			534,740
Snow Removal	230,502			230,502
Development Excess Revenue	2,466,721	(377,014)		(443,850)
RCMP Contingency	2,108,093			2,108,093
Election	75,287	(100,287)	25,000	0
Legal Fees	200,000			200,000
Salary	482,882			482,882
	6,098,225	(477,301)	25,000	(443,850)
CAPITAL GROUP				
Data Processing	1,465,684		211,000	1,676,684
Civic Buildings	258,380		34,451	292,831
Casino Grant	3,801,431	(105,762)	1,500,000	(3,097,345)
Vehicles & Equipment	2,028,642		640,135	(1,150,000)
Fire Apparatus Reserve	227,083			(110,000)
Fire Equipment Reserve	170,743		101,295	(50,555)
Infrastructure Reserve	4,245,280			(2,424,813)
Polson Park Reserve	16,977			16,977
IS Equipment Reserve	831,377		357,556	(631,721)
MFA Refund Res - General	218,475			(75,210)
Fortis BC Gas LILO Bylaw	102,996			102,996
RCMP Building Reserve	2,171,504			2,171,504
Ice Plant Equipment	86,400		12,000	(85,000)
Hesperia Landfill Reserve	423,514		90,756	514,270
Recreation IT Equipment	43,425	(21,000)	21,000	43,425
Rec Vehicle & Equipment	451,934		25,500	477,434
CWF Gas Tax	6,046,228		1,824,124	(3,963,604)
Airport Reserve	268,548			268,548
	22,858,621	(126,762)	4,817,817	(11,588,248)
SPECIAL PURPOSE & LEGACY GROUP				
Affordable Housing	562,851		75,000	(260,376)
Emergency Response	27,526			27,526
Transit Expansion	1,654,857	(108,371)		1,546,486
Hotel Tax	1,160,390	(164,000)		996,390
Climate Action Revolving Fund	1,190,811			(106,279)
Ammonia Chloride Reserve	62,267	(1,200)		61,067
Fortis BC Gas Lease Legacy	1,074,178			(187,820)
Parks Legacy Reserve	141,809			(726)
Kin Race Track Park reserve	9,965,046	(121,086)		(1,565,046)
COVID-19 Safe Restart grant Balance	605,749			605,749
Unexpended Uncommitted Balance	1,682,782			(86,681)
	18,128,266	(394,657)	75,000	(2,206,928)

RESERVE ACCOUNTS CONTINUITY PROJECTIONS

	2022 BUDGET				PROJECTED BALANCE DEC 31/22
	RESERVE BALANCES DEC 31/21	OPERATING TRANSFERS OUT	TRANSFERS IN	PROJECTS TRANSFERS OUT	
	BUDGET CARRYOVERS				
Budget Carry-Over General	6,810,516	(1,255,852)		(5,550,709)	3,955
Heritage Program	33,854				33,854
Special Projects	34,481				34,481
	6,878,851	(1,255,852)	0	(5,550,709)	72,290
TOTAL GENERAL RESERVES	54,125,493	(2,264,572)	4,927,817	(19,789,735)	36,730,455
SEWER					
MFA Refund Reserve - Sewer	1,355,032			(919,383)	435,649
Sewer General	18,090,137	(95,000)	2,968,638	(17,043,161)	3,920,614
RDNO Dump Site	50,133				50,133
Septage Facility	697,625				697,625
	20,192,927	(95,000)	2,968,638	(17,962,544)	5,104,021
TOTAL GENERAL & SEWER RESERVES	74,318,420	(2,359,572)	7,896,455	(37,752,279)	41,834,477
STATUTORY RESERVES & DEFERRED REVENUE					
Highway Access to Water	720,720				720,720
Land Sale	449,969				449,969
Local Improvement	710,111			(364,673)	345,438
Parkland	264,850			(102,000)	162,850
Works Contribution/Sidewalk Gifting	2,233,435			(8,260)	2,225,175
Rec Facility Major Maint	1,022,973			(831,341)	191,632
Rec Facility Operating	1,415,999	(6,723)		(31,115)	1,378,161
DCC Roads	6,863,361			(5,631,483)	1,231,878
DCC Storm	2,524,806			(911,591)	1,613,215
DCC Sewer Collection	1,265,959			(763,422)	502,537
DCC Sewer Treatment	1,423,242				1,423,242
DCC Sewer Disposal	2,527,471				2,527,471
DCC Parks	757,266				757,266
	22,180,162	(6,723)	0	(8,643,885)	13,529,554
TOTAL RESERVES & DEFERRED REVENUES	96,498,582	(2,366,295)	7,896,455	(46,396,164)	55,364,031