



To:	Richmond City Council	Date:	June 22 nd , 2005
From:	Councillor Kiichi Kumagai Chair, Finance Select Committee	File:	03-1200-02/2005-Vol 01
Re:	2004 CITY OF RICHMOND AUDITED CONSOLIDATED FINANCIAL STATEMENTS		

The Finance Select Committee, at its meeting held on Thursday, June 16th, 2005, considered the attached report, and recommends as follows:

Committee Recommendation

That:

- (1) *That the surplus funds that were generated for 2004:*
 - (a) *the \$1.44 Million traffic fine surplus;*
 - (b) *the \$.8 Million utilities fund surplus; and*
 - (c) *the \$2.6 Million General funds balance,**be referred to staff for suggestions as to appropriate allocation and future uses.*
- (2) *That the 2004 City of Richmond audited consolidated financial statements (attached to the report dated April 28th, 2005, from the Director of Finance), be approved.*

Councillor Kiichi Kumagai, Chair
Finance Select Committee

Attach.

VARIANCE

Please note that staff recommended only Part (2) above.

Staff Report

Origin

The purpose of this report is to present to Council the City's audited consolidated financial statements for the year ended December 31, 2004. In accordance with Section 167 (2) of the Community Charter, the financial statements have been prepared in accordance with generally accepted accounting principles for local governments. In addition, under subsection 167(1)(b) the financial statements must be presented to council for its acceptance.

Analysis

The primary purpose of the City's financial statements is to provide relevant information to meet the interests of taxpayers, donors, members of Council and other users as well as to satisfy any external reporting requirements. The external users of financial statements interests include assessing (a) the services the City provides and its ability to continue to provide those services, and (b) how the City discharges their stewardship responsibilities and other aspects of their performance.

More specifically, the purpose of the financial statements, including accompanying notes, is to provide information about:

- a. The amount and nature of the City's assets, liabilities, and net assets,
- b. The effects of transactions and other events and circumstances that change the amount and nature of net assets,
- c. The amount and kinds of inflows and outflows of economic resources during a period and the relation between the inflows and outflows,
- d. How the City obtains and spends cash, its borrowing and repayment of borrowing, and other factors that may affect its liquidity.
- e. The service efforts of the City.

The City has modified its accounting policy to ensure full compliance with 'General Standards of Financial Statement Presentation of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants' (PSAB). Consequently, the financial statements have been prepared, in all material respects, in accordance with PSAB and may cause significant variances to budget in some cases.

Financial Impact

The City improved on its solid financial position in 2004. The cash and investments increased to \$314.0 million from \$264.4 million in 2003. The City ended the year with a consolidated surplus of \$4.8 million. This is approximately 2.1% of total budget. Statutory reserves increased by \$27.6 million to \$139.5 million, largely due to transfers back to the reserves of committed but unspent capital funds at December 31, 2004. In total, \$29.1 million in capital expenditures were made from the capital budget of \$45.4 million.

Much of the \$4.8 million in surplus relates to favourable revenues, lower purchases of water from the GVRD than expected and delayed replacements at the RCMP.

The significant favourable revenues consist of \$1.4 million in traffic fine sharing from the Province over what was expected, \$1.3 million more in building permit revenue and \$0.5 million more in development application revenue due to an active housing market. The significant favourable expenses consist of \$1.3 million in water purchases and \$0.7 million in RCMP contract costs due to billings being less than approved strength.

Conclusion

Overall, the financial results for 2004 were favourable and the City continues to maintain its solid financial position.



Jerry Chong
Budgets and Accounting Manager

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Consolidated Financial Statements of

CITY OF RICHMOND

Years ended December 31, 2004 and 2003

ABCD

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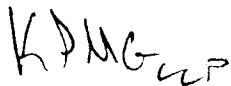
AUDITORS' REPORT

To the Mayor and Council
City of Richmond

We have audited the consolidated statement of financial position of the City of Richmond (the "City") as at December 31, 2004 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2004 and the results of its financial activities and its changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Vancouver, Canada

April 11, 2005

CITY OF RICHMOND

Consolidated Statements of Financial Position
(Expressed in thousands of dollars)

December 31, 2004 and 2003

	2004	2003 (restated - note 2)
Financial Assets		
Cash	\$ -	\$ 4,205
Investments	315,541	260,212
Accrued interest receivable	4,330	5,123
Accounts receivable	12,655	16,448
Taxes receivable	5,172	5,875
Development fees receivable	8,272	7,540
Debt reserve fund - deposits (note 3)	561	620
	<u>346,531</u>	<u>300,023</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	48,032	56,037
Bank indebtedness	1,541	-
Deposits and holdbacks	7,208	6,655
Deferred revenue	14,052	12,539
Development cost levies (note 5)	41,810	37,150
Debt reserve fund - deposits (note 3)	561	620
Obligations under capital leases (note 6)	4,639	4,769
Long-term debt, net of MFA sinking fund deposits (note 7)	34,188	38,751
	<u>152,031</u>	<u>156,521</u>
Net financial assets	194,500	143,502
Capital assets (note 8)	1,006,670	978,743
Inventory of materials and supplies	2,287	2,370
	<u>\$ 1,203,457</u>	<u>\$ 1,124,615</u>
Financial Equity		
Reserves (note 10)	\$ 139,500	\$ 111,860
Appropriated surplus (note 11)	48,155	34,649
Surplus	49,850	45,069
Obligations to be funded from future revenue	(4,178)	(4,556)
	<u>233,327</u>	<u>187,022</u>
Capital equity (note 9)	967,843	935,223
Other equity	2,287	2,370
	<u>\$ 1,203,457</u>	<u>\$ 1,124,615</u>

Commitments and contingencies (note 13)

See accompanying notes to financial statements.

 General Manager of Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statements of Financial Activities
(Expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

	Budget 2004 (note 1(c))	Actual 2004	Actual 2003 (restated - note 2)
Revenue:			
Taxation and levies	\$ 116,677	\$ 115,047	\$ 111,089
Development cost charges	13,214	8,942	11,321
User fees	36,978	37,794	34,403
Sales of services	23,358	26,316	25,126
Provincial and federal grants	4,926	11,592	5,003
Other capital funding sources	6,195	7,270	12,908
Grants-in-lieu of taxes	9,935	10,018	10,494
Other revenue from own sources:			
Licenses and permits	5,700	7,085	6,150
Investment income	10,079	10,000	10,143
Other (note 1(j))	2,795	21,253	11,346
	229,857	255,317	237,983
Expenditures:			
General government	25,247	23,869	23,630
Protective services	55,020	54,263	53,648
Transportation services	18,688	18,166	18,514
Sanitation and recycling services	6,781	6,537	7,020
Environmental development services	2,654	2,768	2,510
Recreational and cultural services	25,342	26,006	24,903
Capital and infrastructure investments	45,380	29,124	48,906
Richmond Public Library	5,891	7,221	6,571
Utilities:			
Water supply and distribution	16,102	14,403	13,152
Sewerage collection and disposal	11,491	13,502	9,729
Debt and finance	8,174	7,491	7,917
Other expenses	827	969	238
	221,597	204,319	216,738
Excess of revenue over expenditures	8,260	50,998	21,245
Repayment of debt and capital lease obligations	(4,540)	(4,693)	(3,958)
Increase in financial equity	\$ 3,720	46,305	17,287
Financial equity, beginning of year (note 2)		187,022	169,735
Financial equity, end of year		\$ 233,327	\$ 187,022

See accompanying notes to financial statements.

CITY OF RICHMOND

Consolidated Statements of Changes in Financial Position
(Expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

	2004	2003
		(restated - note 2)
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 50,998	\$ 21,245
Revenue recognized from development cost charges, an item not involving cash	(8,942)	(11,321)
Working capital items:		
Accrued interest receivable	793	11,904
Accounts and taxes receivable	4,496	608
Development fees receivable	(732)	(498)
Accounts payable and accrued liabilities	(8,005)	4,315
Deposits and holdbacks	553	(393)
Deferred revenue	1,513	1,785
	40,674	27,645
Investments:		
Acquisition of short-term investments, net	(55,329)	(32,169)
Financing:		
Increase in bank indebtedness	1,541	-
Development cost levies and interest received (note 5)	13,602	11,181
Repayment of debt and capital lease obligations	(4,693)	(3,958)
	10,450	7,223
Increase (decrease) in cash	(4,205)	2,699
Cash, beginning of year	4,205	1,506
Cash, end of year	\$ -	\$ 4,205

See accompanying notes to financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies:

(a) Basis of accounting:

The consolidated financial statements of the City of Richmond (the "City") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants ("CICA"). The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks and Reserve Funds consolidated with the Richmond Public Library Board. Interfund transactions, fund balances and activities have been eliminated on consolidation.

Management is required to make estimates and assumptions that affect the reported amounts in the financial statements and the disclosure of contingent liabilities. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits, the recoverability of accounts receivable and provision for contingencies. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below for the following funds:

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, provision of transportation services, policing, servicing general debt, etc.

(ii) General Capital and Loan Fund:

This fund is used to record the City's capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related long-term debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related capital assets and long-term debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund plus interest earned on fund balances.

(b) Revenue:

Revenue is recorded on the accrual basis and recognized when earned. Amounts that have been received in advance of services being rendered are recorded as deferred revenue until the City discharges the obligations that led to the collection of funds.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies (continued):

(c) Budget information:

Unaudited budget information, presented on a basis consistent with that used for actual results, was included in the City of Richmond's Five Year Financial Plan and was adopted through Bylaw #7726 on May 6, 2004.

(d) Expenditures:

Expenditures are recorded in the period in which the goods or services are acquired and a liability is incurred.

(e) Investments:

Investments are recorded at cost. Investments include term deposits and short-term bonds which generally have their principal guaranteed at maturity. Provisions for losses are recorded when they are considered to be other than temporary. At various times during the term of each individual investment, market value may be less than cost. Such a decline in value is considered temporary as it generally reverses as the investment matures and therefore an adjustment to market value for these market declines is not recorded.

(f) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected within the next year.

(g) Inventory:

Inventory is recorded at cost, net of an allowance made for obsolete stock. Cost is determined on a weighted average basis.

(h) Capital assets:

Capital assets purchased or constructed and work in progress are reported as capital expenditures in the period they are acquired. Interest incurred on borrowed funds used during construction is capitalized. Donated assets are recorded at their estimated fair market value at the time they are received. The City does not provide for depreciation or replacement of capital assets in the accounts. Proceeds from disposal of capital assets are credited to the appropriate reserve account.

(i) Development cost levies:

Development cost levies are restricted by legislation to expenditures on capital infrastructure. These amounts are recognized as revenue when the expenditures are incurred in accordance with the restrictions.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

1. Significant accounting policies (continued):

(j) Other revenue:

Other revenue in 2004 includes the proceeds from sale of properties in the amount of \$18,419,680. These proceeds were not budgeted for, and are not expected to recur in future periods. All proceeds were transferred to investment in capital assets and reserves.

(k) Employee future benefits:

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and post-employment benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits (see note 2).

(l) Comparative figures:

Comparative figures have been restated to reflect the consolidation of the Richmond Public Library Board.

2. Changes in accounting policy:

Effective January 1, 2004, the City adopted the recommendations as required under Section PS 3255 Post-Employment Benefits of the CICA Public Sector Accounting Handbook. This new policy requires the City to accrue and disclose obligations, using actuarial cost methodologies, for certain post-employment benefits, compensated absences and termination benefits.

This change in accounting policy has been applied retroactively. As a result, accounts payable and accrued liabilities as at December 31, 2003 have increased by \$7.4 million and expenditures for the year ended December 31, 2003 have decreased by \$1.9 million over the amounts previously reported. Expenditures for the year ended December 31, 2004 have decreased by \$1.5 million over the amount that would have been reported under the previous accounting policy.

The impact of this change in accounting policy on the opening balance of financial equity is as follows:

	2004	2003
Balance, beginning of year, as previously reported	\$ 194,443	\$ 179,047
Adjustment to reflect change in accounting for employee future benefits	(7,421)	(9,312)
Balance, beginning of year, as restated	\$ 187,022	\$ 169,735

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

3. Debt reserve fund deposits and demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "Authority"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the Authority as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan amounts to the Authority. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and demand notes at December 31, 2004 are as follows:

	Cash deposits	Demand notes	Total
General Revenue Fund	\$ 546	\$ 2,582	\$ 3,128
Sewerworks Revenue Fund	15	75	90
Total	\$ 561	\$ 2,657	\$ 3,218

4. Accounts payable and accrued liabilities:

	2004	2003
Trade and other liabilities	\$ 29,749	\$ 36,301
Employee future benefits (note 12)	18,283	19,736
	\$ 48,032	\$ 56,037

5. Development cost levies:

	2004	2003
Balance, beginning of year	\$ 37,150	\$ 37,290
Contributions	12,769	10,174
Interest	833	1,007
Expenditures	(8,942)	(11,321)
Balance, end of year	\$ 41,810	\$ 37,150

6. Obligations under capital leases:

During 2004 the City entered into an agreement for the sale and leaseback of equipment for proceeds of \$1,825,866. The City was required to treat this transaction as a financing arrangement under generally accepted accounting principles and no gain or loss was recognized. The City has an option at the end of the lease to repurchase each respective equipment for \$1 each.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

6. Obligations under capital leases (continued):

During 2003 the City entered into an agreement for the sale and leaseback of equipment for proceeds of \$5,541,000. The City was required to treat this transaction as a financing arrangement under generally accepted accounting principles and no gain or loss was recognized. The City has an option at the end of the lease to repurchase each respective equipment for \$1 each.

Future minimum lease payments under these capital leases, which expire on various dates ranging from October 1, 2007 and July 1, 2009, are as follows:

Year ending December 31:

2005	\$	1,572
2006		1,572
2007		1,324
2008		410
2009		224
Total future minimum lease payments		5,102
Less amount representing interest (3.88% - 4.61%)		(463)
Present value of capital lease payments		\$ 4,639

7. Long-term debt (net of MFA sinking fund deposits):

	2004	2003
Authority debentures	\$ 34,188	\$ 38,694
Provincial Capital Improvement loan	-	57
	\$ 34,188	\$ 38,751

The rates of interest on the principal amount of the Authority debentures vary between 5.99% and 10.25% per annum. The average rate of interest for the year ended December 31, 2004 approximates 7.5%.

The Provincial Capital Improvement loan bears interest at 9.00%.

The City issues debt instruments through the Authority pursuant to security issuing bylaws under authority of the community Charter to finance certain capital expenditures. Sinking fund balances managed by the Authority are netted against related long-term debt.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

7. Long-term debt (net of MFA sinking fund deposits) (continued):

Gross amount for the debt and the amount for the sinking fund assets available to retire the debt are as follows:

	Gross debt	Sinking fund asset	Net debt 2004	Net debt 2003
General Fund	\$ 61,356	\$ 27,972	\$ 33,384	\$ 36,331
Water Fund	3,401	3,401	-	-
Sewer Fund	8,498	7,694	804	2,420
	\$ 73,255	\$ 39,067	\$ 34,188	\$ 38,751

Repayments of long-term debt required in the following five years and thereafter are as follows:

	General	Sewerworks	Total
2005	\$ 7,040	\$ 216	\$ 7,256
2006	7,192	221	7,413
2007	7,351	225	7,576
2008	7,519	229	7,748
2009	7,694	234	7,928
Thereafter	30,717	734	31,451
Principal and interest payments	67,513	1,859	69,372
Amount representing interest	(34,129)	(1,055)	(35,184)
Debt principal repayments	\$ 33,384	\$ 804	\$ 34,188

8. Capital assets:

	2004	2003
General government	\$ 166,932	\$ 134,774
Public works	497,103	486,799
Protection to persons and property	23,277	14,775
Sanitation and waste removal	16,796	14,926
Social welfare	2,981	2,981
Recreation services	126,934	126,611
Community services	92,918	91,033
Assets held under capital lease	7,044	5,827
Miscellaneous	46	46
Work-in-progress	72,639	100,971
	\$ 1,006,670	\$ 978,743

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

9. Equity in capital assets:

	2004	2003
Balance, beginning of year	\$ 935,223	\$ 877,631
Capital additions (net)	27,927	58,403
Repayment of debt	4,563	3,958
Repayment (additions) to capital leases	130	(4,769)
Change in equity in capital assets	32,620	57,592
Balance, end of year	\$ 967,843	\$ 935,223

10. Reserves:

	2003	Change during year	2004
Reserve funds:			
Capital expenditure reserve	\$ 34,642	\$ 15,149	\$ 49,791
Steveston road ends	478	340	818
Equipment reserve	15,150	(1,438)	13,712
Affordable housing reserve	5,476	225	5,701
Steveston off-street parking reserve	80	3	83
Capital building and infrastructure	3,455	4,867	8,322
Neighbourhood improvement reserve	2,850	907	3,757
Waterfront improvement reserve	874	484	1,358
Child care facility	115	(26)	89
Public art	317	143	460
Local improvements reserve	3,415	955	4,370
Special sports reserve	1,034	(410)	624
Water main replacement reserve	23,610	3,346	26,956
Drainage improvement reserve	868	1,257	2,125
Sewer lateral replacement reserve	14,955	(288)	14,667
Leisure facilities reserve	-	129	129
	107,319	25,643	132,962
Reserves:			
Future elections	116	89	205
Appeal board decisions	427	632	1,059
Legal settlements	2,165	123	2,288
Major road networks rehabilitation reserve	1,833	1,153	2,986
	4,541	1,997	6,538
	\$ 111,860	\$ 27,640	\$ 139,500

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

11. Appropriated surplus:

	2004	2003
Appropriated surplus, beginning of the year	\$ 34,649	\$ 26,468
Addition in the year	26,968	30,000
Usage	(13,462)	(21,819)
Appropriated surplus, end of year	\$ 48,155	\$ 34,649

Surplus amounts are appropriated or reserved for certain types of expenditures that may be incurred in the future. Surplus appropriations to December 31, 2004 have been made in the General, Waterworks and Sewerworks Funds. These expenditures would be for such items as unexpected human resource issues, emergency or disaster recovery, debt requirements and future capital maintenance programs.

12. Employee future benefits:

The City provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave and post-employment benefits.

	2004	2003
Accrued benefit liability:		
Balance, beginning of the year	\$ 19,736	\$ 19,528
Current service cost	1,045	1,002
Interest cost	1,089	1,078
Benefits paid	(3,587)	(1,872)
Balance, end of year	\$ 18,283	\$ 19,736

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2004. The difference between the actuarially determined accrued benefit obligation of \$18.9 million and the accrued benefit liability of \$18.3 million as at December 31, 2004 is an actuarial loss of \$0.6 million. Starting in 2005, this actuarial loss will be amortized over a period equal to the employees' average remaining service lifetime.

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2004	2003
Discount rate	5.00%	5.50%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	3.50%	3.50%

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

13. Commitments and contingencies:

(a) Joint and several liabilities:

As a member of the following districts, the City is jointly and severally liable for each district's applicable portion of the net capital liability:

Greater Vancouver Regional District
Greater Vancouver Water District
Greater Vancouver Sewerage and Drainage District

(b) Lease payments:

As at December 31, 2004 the City was committed to lease payments for premises and equipment in the following approximate amounts:

2004	\$	3,736
2005		3,857
2006		3,746
2007		3,787
2008		3,759
Thereafter		74,108

(c) Litigation:

There are several lawsuits pending in which the City is involved. The outcome and amounts that may be payable, if any, under these claims cannot be determined and, accordingly, no amounts have been recorded.

(d) Municipal Insurance Association of British Columbia:

The City is a participant in the Municipal Insurance Association of British Columbia (the "Association"). Should the Association pay out claims in excess of premiums received it is possible that the City, along with other participants, would be required to contribute towards the deficit.

(e) Pensions:

The City and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan governed by the B.C. Public Sector Pension Plans Act. The Plan is a multi-employer contributory defined benefit pension plan with about 130,000 active contributors, including approximately 29,000 contributors from local governments. Basic pension benefits provided are defined. The board of trustees, representing plan members and employees, is fully responsible for overseeing management of the pension plan, including investment of the assets and administration of the benefits. The British Columbia Pension Corporation provides pension benefit administration services and the British Columbia Investment Management Corporation provides investment management services for the Plan.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

13. Commitments and contingencies (continued):

(e) Pensions (continued):

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2003 indicates an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. Each employer expenses contributions to the Plan in the year in which payments are made. Contributions to the Plan by the City totaled approximately \$4,807,167 (2003 - \$5,322,478).

(f) Contractual obligation:

The City has entered into various agreements with contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council. Included in these commitments is the commitment to contribute \$95.0 million toward the construction of the facility to house the Olympic Oval.

(g) E-Comm Emergency Communications for Southwest British Columbia ("E-Comm"):

The City is a shareholder and member of E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 20 Class A and 26 Class B shares issued and outstanding at December 31, 2004). Class A shareholders are obligated to share in both funding the ongoing operations and any additional costs relating to capital assets (in accordance with a cost sharing formula) while Class B shareholders are not obligated to share in funding of the ongoing operating costs.

14. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust funds are excluded from the City's financial statements.

	2004	2003
Richmond Community Associations	\$ 1,075	\$ 1,002

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Years ended December 31, 2004 and 2003

15. Collections for other governments:

The City is obligated to collect and transmit certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's financial statements since they are not revenue of the City. Such taxes collected and remitted to the government bodies during the year were as follows:

	2004	2003
Province of British Columbia - Schools	\$ 98,179	\$ 94,370
Regional District and others	18,488	17,760
	\$ 116,667	\$ 112,130

16. Expenditures by object:

	2004	2003
Wages, salaries and benefits	\$ 84,846	\$ 83,412
Contract services	31,311	29,034
Supplies, materials and equipment	80,671	96,375
Debt charges	7,491	7,917
	\$ 204,319	\$ 216,738