



CITY OF RICHMOND

REPORT TO COMMITTEE

TO: Finance Select Committee

DATE: July 16, 2001

FROM: Danley J. Yip, C.A.
Director of Finance

FILE: 1075-01

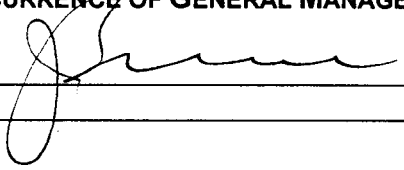
RE: Operating Reserves & Provisions as at June 30, 2001

STAFF RECOMMENDATION

That the Report to Committee (dated July 16, 2001 from the Director of Finance) regarding Operating Reserves & Provisions as at June 30, 2001 be received for information.

Danley J. Yip, C.A.
Director of Finance

Att. 1

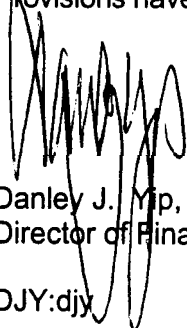
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|-----------------------------------|--------------------|--------------------------------------------------------------------------------------|
| ROUTED TO: | CONCURRENCE | CONCURRENCE OF GENERAL MANAGER |
| | |  |

STAFF REPORT

A Schedule of the City's Operating Reserves and Provisions as at June 30, 2001 (see Schedule 1) with corresponding year-end balances from 1997-2000 has been provided for the Finance Select Committee for review and discussion.

At the Finance Select Committee meeting held on July 20, 2000, discussion ensued among Committee members and staff on whether any action should be taken with respect to certain Operating Reserves and Provisions. The General Manager, Finance & Corporate Services suggested that no action be taken until the conclusion of the 2000 fiscal year-end to determine if there was any Surplus available and how it would be allocated to various accounts. Pursuant to the 2000 year-end audit conducted by KPMG, the Surplus amounted to \$111,454 and was recorded in the City's Surplus account.

Based on a current review of all Operating Reserves and Provisions as at June 30, 2001, staff feel that each of the accounts are still relevant and that the funds in those accounts should not be re-allocated but maintained for their presently defined purposes. In fact, some of the Reserves and Provisions are under-funded (e.g. the Vacation Accrual account is under-funded by about \$1.0 million) and should be addressed by additional funding. Also, the distinction between Primary and Secondary Provisions is still appropriate and helps to identify which Operating Reserves and Provisions have been set up as a result of legal obligations or inherent liabilities.



Danley J. Yip, C.A.
Director of Finance

DJY:djy

City of Richmond
Operating Reserves and Provisions
As of June 30, 2001

| Fund Name | Balance at 31-Dec-97 | Balance at 31-Dec-98 | Balance at 31-Dec-99 | Balance at 31-Dec-00 | Balance at 30-Jun-01 | Variance | Explanation |
|--------------------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------|---------------------------------------------------------------------------------|
| Primary Provisions: | | | | | | | |
| Arbitrations Provision | 285,719 | 313,110 | 131,241 | 63,615 | 63,615 | - | |
| Damage Claims Reserve | 1,048,335 | 1,296,236 | 1,444,136 | 1,580,387 | 1,580,387 | - | |
| Debt Retirement Reserve | 2,995,615 | 2,711,079 | 2,711,079 | 2,711,079 | 2,711,079 | - | |
| E.B.I. Provision | - | - | 509,958 | 509,958 | 512,078 | 2,120 | Received funds from Insurance Company |
| Early Retirement Incentive Program Provision | - | 1,691,000 | 1,691,000 | 72,848 | 14,226 | (58,622) | Balance of 2000 ERIP retiring |
| Elections Reserve | 170,835 | 245,835 | 127,038 | 200,847 | 200,847 | - | |
| Emergency Response Provision | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | - | |
| Enterprise Fund Provision | 337,238 | 337,239 | 107,700 | 158,392 | 158,392 | - | |
| Exempt Gratuities Provision | 764,451 | 429,082 | 143,366 | 97,264 | 97,264 | - | |
| Gratuities Accrual | 2,185,094 | 2,319,697 | 2,458,444 | 2,001,370 | 1,812,360 | (189,010) | Gratuities paid out for those retiring |
| Legal Claims Provision | 1,097,303 | 1,072,304 | 1,072,304 | 1,072,304 | 1,072,304 | - | |
| Local Improvement Provision | 1,489,824 | 771,184 | - | - | - | - | |
| Retirement Provision | 780,381 | 2,512,617 | 626,934 | 183,215 | 145,316 | (37,899) | Retirement of Selinger/Papp/Brow/Brand/Gilies |
| Salaries Adjustment Provision | 1,235,055 | 1,235,055 | 1,216,455 | 2,215,306 | 2,198,378 | (16,928) | Exempt banked overtime adjustment |
| Sick Time Accrual | 2,594,348 | 2,512,617 | 2,654,008 | 2,448,485 | 2,485,773 | 37,288 | Reclassify sick time Richmond Public Library accrual |
| Training and Development Provision | 100,000 | 100,000 | 300,000 | 233,841 | 210,084 | (23,757) | GM's and CAO's Training and Development & recognition/educational opportunities |
| Vacation Accrual | 1,120,773 | 1,077,185 | 1,052,753 | 1,666,587 | 1,600,816 | 34,229 | Richmond Public Library Reclass and vacation payout for retirees |
| Vehicles Damage/Replacement Provision | - | 39,106 | 55,726 | 73,775 | 73,775 | - | |
| Total Primary Provisions: | 17,204,971 | 19,663,346 | 17,302,142 | 16,189,273 | 15,936,694 | (252,579) | |
| Secondary Provisions: | | | | | | | |
| Appeal Board Decisions Reserve | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | - | |
| Asphalt Capping Provision | 500,000 | 500,000 | 550,000 | 165,000 | 165,000 | - | |
| BC Packers Legacy Centre Provision | - | - | - | - | 200,000 | 200,000 | Monies from BC Packers for Legacy Centre |
| Building Replacement Provision | 1,412,535 | 1,815,535 | 1,815,535 | 1,815,535 | 1,815,535 | - | |
| Child Care Provision | - | 4,372 | 4,372 | 4,372 | 4,372 | - | |
| Community Safety Task Force Provision | 180,000 | 180,000 | - | - | - | - | |
| Dyke Improvement Provision | - | 284,108 | 234,108 | 234,108 | 231,608 | (2,500) | Covers costs for Dyke Maint project #45389 |
| Gaming Revenue Provision | - | - | 450,262 | 2,315,353 | 669,819 | (1,645,534) | Funds allocated to non-profit organization projects and 2001 Fiscal Revenue |
| GVRD Plant Upgrade Provision | 626,000 | 626,000 | 626,000 | 626,000 | 626,000 | - | |
| Library Provision | 246,402 | 453,981 | 633,287 | 902,097 | 902,097 | - | |
| RCMP Provision | 11,315 | 208,167 | 263,533 | - | - | - | |
| Systems Upgrade Provision | 506,115 | 2,000,000 | 280,366 | 525,503 | 525,503 | - | |
| Terra Nova Land Provision | - | 300,000 | 2,706,734 | 4,172,334 | 4,172,334 | - | |
| Tram Car Provision | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | - | |
| Total Secondary Provisions: | 4,057,367 | 6,947,163 | 8,139,207 | 11,335,302 | 9,887,267 | (1,448,035) | |
| Other Provisions: | | | | | | | |
| Council Provision | - | - | 403,000 | 814,783 | 814,783 | - | |
| Total Flexible Provisions: | - | - | 403,000 | 814,783 | 814,783 | - | |
| Total Operating Reserves & Provisions | \$ 21,262,338 | \$ 26,610,509 | \$ 25,844,349 | \$ 28,339,358 | \$ 26,638,744 | (1,700,615) | |

32