



City of Richmond

Report to Committee

To: Finance Select Committee **Date:** September 10, 2003
From: Andrew Nazareth **File:** 0970-01
Director of Finance
Re: **General Government Expenditures 1998 - 2002**

Staff Recommendation

That the report dated September 10, 2003 on General Government expenditures from 1998 to 2002 be received for information.

Andrew Nazareth
Director of Finance

Attach.

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CONCURRENCE OF GENERAL MANAGER

Staff Report

Origin

At the request of Councillor Rob Howard, the following report provides an explanation for expenditure growth in the General Government classification over the past 5 years as contained in our 2002 Annual Report.

Analysis

Attachment A. provides a breakdown of the General Government expenditures with year over year percentage changes which serves to highlight the significant variances.

The year over year increases in 1999 are a direct result of the restructuring of accounts created by the move from the Wang system to PeopleSoft accounting system. With this transition came a new accounting organization structure with no prior year restatement making line by line comparisons difficult. However, there was no bottom-line effect as in 1999 the taxes were kept flat with no increase. The increase of \$4.1 million in General Government expenses is attributed to departments being transferred into this classification from elsewhere in the organization.

The following is a summary of subsequent key year over year increases:

2000 vs 1999 - \$1.3 million increase

- there was redistribution of Administrative support between the CAO's office and Council, hence, any favourability in one area is offset by unfavourability in the other
- \$0.7 million increase in Facility Management costs of which \$0.3 million was due to BC Gas increases and \$0.4 million in labour and utility costs as a result of facility growth
- \$0.5 million increase in IT maintenance contract
- \$0.4 million increase in fiscal costs for wage contingency settlements, community grants and bank charges
- \$<0.3>million net cumulative savings and reductions in all other areas

2001 vs 2000 - \$4.5 million increase

- \$0.4 million increase in Facility management costs mainly due to sharp BC Gas rate hike
- \$1.5 million increase in IT costs due to technical development increases, maintenance increases and salary increases to market for staff retention
- \$0.8 million increase in Human Resources due to the centralizing of training expenses. Previously, they were distributed throughout the organization under each individual department. Also, includes \$0.2 million in Fire Rescue legislated training increases
- \$1.0 million increase due to an increase in employee benefits resulting from contractual obligations and government downloading. Also includes a significant provision of \$0.6 million for Fire Rescue salaries retroactive settlements
- \$0.8 million cumulative increase in all other areas mainly as a result of salary increases

2002 vs 2001 - \$0.3 million increase

- \$0.2 million increase in IT maintenance costs
- \$0.4 million increase in Finance related expenses largely attributed to rising property insurance rates after 9/11
- \$<0.4 million> reduction in Fiscal expenditures due to prior year's Fire Rescue retroactive settlement provision
- \$0.1 million net increases in all other areas as a result of salary increases and election year related expenses

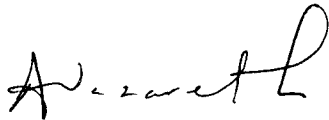
A number of these expenditures when categorized in this manner may appear to be high but are in most cases offset by revenues that are shown on another statement (p.51 of the Annual Report). In particular, investment income, business licence revenue and internal recoveries for employee benefits.

Financial Impact

None.

Conclusion

That the above report regarding expenditure growth for the General Government classification be received for information.



Andrew Nazareth
Director of Finance
(4365)

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CITY OF RICHMOND

General Government Breakdown - 1998 - 2002 Consolidated Expenditures by Source

<u>GENERAL GOVERNMENT</u>	1998	1999	2000	2001	2002	Year over Year Change (%)	Year over Year Change (%)	Year over Year Change (%)
Council	\$ 376,646	\$ 386,308	\$ 549,896	\$ 639,596	\$ 621,649	2.6%	42.3%	-2.8%
City Administrator's Office	803,343	819,690	533,237	613,785	662,433	2.0%	-34.9%	7.9%
Strategic Planning	205,427	249,053	162,614	232,305	219,908	21.2%	-34.7%	-5.3%
Facilities Management	1,493,216	1,846,846	2,537,195	2,944,600	3,029,873	23.7%	37.4%	2.9%
Clerks	845,558	882,245	821,544	964,396	1,035,438	4.3%	-6.9%	7.4%
Information Technology	3,049,158	3,613,028	4,087,590	5,673,355	5,920,031	18.5%	13.1%	4.3%
Human Resources	992,067	962,874	1,103,717	1,878,450	1,823,736	-2.9%	14.6%	-2.9%
Law	369,876	456,817	439,723	538,193	687,202	23.5%	-3.7%	27.7%
Finance	3,372,859	4,754,537	4,656,502	4,831,216	5,190,897	41.0%	-2.1%	7.4%
Economic Development	242,839	315,943	295,879	397,903	385,450	30.1%	-6.4%	-3.1%
Fiscal & Recoverable Fringe	(134,776)	1,441,177	1,874,380	2,832,969	2,231,676	969.3%	30.1%	-21.2%
TOTAL	\$ 11,616,213	\$ 15,728,516	\$ 17,062,277	\$ 21,546,767	\$ 21,808,293	35.4%	8.5%	1.2%