



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
General Manager, Business & Financial
Services

Date: May 15, 2009
File:

Re: 2008 City of Richmond Audited Consolidated Financial Statements

Staff Recommendation

That the City's audited consolidated financial statements for the year ended December 31, 2008 be approved.

Andrew Nazareth
General Manager, Business & Financial Services
(4095)

Attach.

FOR ORIGINATING DIVISION USE ONLY		
CONCURRENCE OF GENERAL MANAGER		
REVIEWED BY TAG	YES	NO
	<input checked="" type="checkbox"/>	<input type="checkbox"/>
REVIEWED BY CAO	YES	NO
<i>Acting</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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, 2008 as required by Section 167 of the Community Charter. These financial statements are the responsibility of the City of Richmond's management and have been prepared in accordance with generally accepted accounting principles as established by the Public Sector Accounting Board (PSAB).

Analysis

The primary purpose of the City's financial statements is to provide relevant information to meet the needs of taxpayers, donors, members of Council and other users as well as to satisfy any external reporting requirements. The interests of the external users of financial statements include assessing the cost of services the City provides and its ability to continue to provide those services, how the City discharges its custodial and stewardship responsibilities and measuring the financial health of the City.

The consolidated financial statements include the City's General Revenue and Expenditures, General Capital and Loan, Waterworks, Sewerworks and Reserve funds, Richmond Public Library and Richmond Olympic Oval.

More specifically, the financial statements, including accompanying notes, provide information about:

- The City's financial position in terms of its assets, liabilities, and net assets (financial equity),
- The effects of transactions and other events and circumstances that change the amount and nature of net assets,
- The City's financial activities in terms of its revenues and expenditures and resulting surplus or deficit,
- The City's inflows and outflows of cash, its borrowing and repayment of borrowing, and other factors that may affect its liquidity,
- The contribution to City's reserves and appropriation of surpluses.

The City has continued to strengthen its financial position in 2008. The following are the highlights as at December 31, 2008 as compared to December 31, 2007:

- The City's cash and investments have increased by \$14.1 million (2.6%) to \$557.5 million.
- Statutory reserves at \$273.3 million have remained virtually at the same level as 2007.
- Capital expenditures amounted to \$126.1 million in total as compared to \$132.7 million in 2007.
- Net debt outstanding was reduced by \$2.9 million (13.7%) to \$18.3 million.

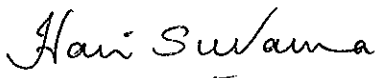
- The City ended the year with a consolidated surplus (after transfers to and from reserves) of \$2.7 million or 1% of the total budget due mainly to the following:
- RCMP contract costs lower than budget due to delayed replacements, approximately \$1.8 million.
 - Other items such as vacant positions, supplies, maintenance, investment income etc.

Financial Impact

None.

Conclusion

Overall, the financial results for 2008 were favourable and the City continues to maintain its strong financial position.



Hari Suvarna
Manager, Budgets and Accounting
(4365)

Consolidated Financial Statements of

CITY OF RICHMOND

Year ended December 31, 2008



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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, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These 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, 2008 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.

KPMG LLP

Chartered Accountants

Burnaby, Canada

March 27, 2009

KPMG LLP is not a member firm of the KPMG network of independent member firms affiliated with KPMG Network of independent member firms affiliated with KPMG LLP.

CITY OF RICHMOND

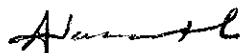
Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2008, with comparative figures for 2007

	2008	2007
Financial Assets		
Cash and cash equivalents	\$ 7,380	\$ 22,660
Investments	550,138	520,683
Accrued interest receivable	4,052	14,373
Accounts receivable	22,091	13,291
Taxes receivable	6,902	6,710
Development fees receivable	9,732	13,895
Debt reserve fund - deposits (note 2)	449	449
	600,744	592,061
Liabilities		
Accounts payable and accrued liabilities (note 3)	75,935	75,108
Deposits and holdbacks	41,701	26,429
Deferred revenue	34,627	40,256
Development cost charges (note 4)	48,857	44,553
Obligations under capital leases (note 5)	927	566
Long-term debt, net of MFA sinking fund deposits (note 6)	18,317	21,183
	220,364	208,095
Net financial assets	380,380	383,966
Capital assets (note 7)	1,375,243	1,249,347
Inventory of materials and supplies	2,412	2,467
	\$ 1,758,035	\$ 1,635,780
Financial Equity		
Reserves (note 9)	\$ 273,339	\$ 275,445
Appropriated surplus (note 10)	93,028	96,037
Surplus	33,438	34,445
Obligations to be funded from future revenue	(181)	(212)
	399,624	405,715
Capital equity (note 8)	1,355,999	1,227,598
Other equity	2,412	2,467
	\$ 1,758,035	\$ 1,635,780

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.



General Manager Business & Financial Services

CITY OF RICHMOND

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

Year ended December 31, 2008, with comparative figures for 2007

	Budget 2008 (unaudited) (note 1(c))	Actual 2008	Actual 2007
Revenue:			
Taxation and levies	\$ 140,508	\$ 139,475	\$ 131,292
User fees	58,417	57,027	54,837
Sales of services	35,561	31,714	29,649
Development cost charges	17,953	9,506	34,403
Provincial and federal grants	3,947	8,601	4,990
Other capital funding sources	30,810	35,960	27,586
Payments-in-lieu of taxes	10,320	11,526	11,385
Other revenues:			
Gaming revenue	11,016	12,239	12,802
Investment income	11,963	25,011	19,396
Licenses and permits	7,681	7,833	8,413
Other (note 16)	11,934	13,972	141,579
	340,110	352,864	476,332
Expenditures:			
Community safety	67,403	64,315	61,347
Parks, recreation and cultural services	32,590	33,579	31,844
General government	33,319	29,568	26,658
Engineering and public works	27,306	27,876	23,842
Planning and development	10,067	9,647	9,308
Richmond Olympic Oval	3,350	2,884	-
Richmond Public Library	6,873	7,984	7,567
Utilities:			
Sanitation and recycling services	7,755	7,393	7,359
Water supply and distribution	24,874	22,218	20,399
Sewerage collection and disposal	20,880	17,916	17,203
Interest and finance charges	8,483	6,976	9,606
Capital and infrastructure investments	166,188	126,094	132,655
	409,088	356,450	347,788
Excess (deficiency) of revenue over expenditures	(68,978)	(3,586)	128,544
New capital lease obligations	-	726	-
Repayment of debt and capital lease obligations	(2,869)	(3,231)	(3,936)
Increase (decrease) in financial equity	\$ (71,847)	(6,091)	124,608
Financial equity, beginning of year		405,715	281,107
Financial equity, end of year		\$ 399,624	\$ 405,715

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ (3,586)	\$ 128,544
Revenue recognized from development cost charges, an item not involving cash	(9,506)	(34,403)
Working capital items:		
Accrued interest receivable	10,321	(3,912)
Accounts and taxes receivable	(8,992)	1,394
Development fees receivable	4,163	2,634
Accounts payable and accrued liabilities	827	14,430
Deposits and holdbacks	15,272	8,441
Deferred revenue	(5,629)	8,349
	2,870	125,477
Investments:		
Acquisition of short-term investments, net	(29,455)	(126,652)
Financing:		
Development cost charges and interest received	13,810	20,363
Repayment of debt and capital lease obligations (net)	(2,505)	(3,936)
	11,305	16,427
Increase (decrease) in cash and cash equivalents	(15,280)	15,252
Cash and cash equivalents, beginning of year	22,660	7,408
Cash and cash equivalents, end of year	\$ 7,380	\$ 22,660

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2008

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 and the newly formed 0827805 B.C. Ltd. (doing business as the Richmond Olympic Oval), a wholly owned municipal corporation of the City of Richmond. 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 post-employment 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, policing and servicing general debt.

(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 (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2008

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 #8369 on May 12, 2008.

(d) Expenditures:

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

(e) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. 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 declines in value are considered temporary for investments with known maturity dates as they generally reverse as the investments mature and therefore an adjustment to market value for these market declines is not recorded.

(g) Accounts receivable:

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

(h) Inventory of materials and supplies:

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

(i) Capital assets:

Capital assets and work-in-progress are reported as capital expenditures in the period they are acquired or constructed. 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.

(j) Development cost charges:

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

CITY OF RICHMOND

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

Year ended December 31, 2008

1. Significant accounting policies (continued):

(k) Post-employment benefits:

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

Post-employment benefits also accrue to the City's employees. The liabilities related to 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.

(l) Segment disclosures:

A new requirement for Municipal Governments, PSAB standard PS 2700 on Segment Disclosures, is effective for fiscal years beginning on or after April 1, 2007. A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has adopted this PSAB section for the fiscal year ending December 31, 2008 and has provided definitions of segments used by the City as well as presented financial information in segmented format in note 17.

(m) Government transfers:

Government transfers are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates can be made.

(n) Future accounting changes:

(i) Tangible capital assets:

The City is in the process of accumulating information and developing its accounting policies related to its tangible capital assets in order to comply with the new PSAB standard PS 3150. This new standard will be applicable to the City's 2009 annual financial statements. As at December 31, 2008, the cost and accumulated amortization have not yet been finalized for the individual classes of tangible capital assets and hence details concerning the major categories of tangible capital assets have not been provided.

(ii) Financial statement presentation:

Section PS1200, *Financial Statement Presentation*, will be applicable to local governments for fiscal years beginning on or after January 1, 2009. The City is currently in the process of gathering the information required to be able to comply with this standard.

(iii) Accounting framework for government organizations:

PSAB is currently evaluating the accounting framework for government organizations. The City's accounting framework may change due to conclusions reached by PSAB which are expected later in 2009.

CITY OF RICHMOND

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

Year ended December 31, 2008

2. Debt reserve fund deposits and demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the accounts. The details of the cash deposits and contingent demand notes at December 31, 2008 are as follows:

	Cash deposits	Demand notes	Total
General Revenue Fund	\$ 439	\$ 2,007	\$ 2,446
Sewerworks Revenue Fund	10	48	58
Total	\$ 449	\$ 2,055	\$ 2,504

3. Accounts payable and accrued liabilities:

	2008	2007
Trade and other liabilities	\$ 53,930	\$ 53,875
Post-employment benefits (note 11)	22,005	21,233
	\$ 75,935	\$ 75,108

4. Development cost charges:

	2008	2007
Balance, beginning of year	\$ 44,553	\$ 58,593
Contributions	12,748	19,068
Interest	1,062	1,295
Revenue recognized for expenditures incurred	(9,506)	(34,403)
Balance, end of year	\$ 48,857	\$ 44,553

CITY OF RICHMOND

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

Year ended December 31, 2008

5. 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 accounted for this transaction as a financing arrangement and no gain or loss was recognized. The City has an option at the end of the lease to repurchase the equipment for \$1 each.

During the year, the City has entered into capital lease agreements to finance certain equipment at an estimated cost of borrowing ranging from 2.52% to 4.2% per year.

Future minimum lease payments relating to obligations under capital leases expiring on various dates ranging from July 1, 2009 to January 28, 2013 are as follows:

Year ending December 31:

2009	\$	428
2010		201
2011		201
2012		167
2013		1
		998
Total future minimum lease payments		
Less amount representing interest (2.52% - 4.61%)		(71)
Present value of capital lease payments		\$ 927

6. Long-term debt, net of MFA sinking fund deposits:

The rates of interest on the principal amount of the MFA debentures vary between 5.99% and 8.50% per annum. The average rate of interest for the year ended December 31, 2008 approximates 7.01%.

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

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

	Gross debt	Sinking fund asset	Net debt 2008	Net debt 2007
General Fund	\$ 45,817	\$ 27,847	\$ 17,970	\$ 20,776
Sewerworks Fund	1,029	682	347	407
	\$ 46,846	\$ 28,529	\$ 18,317	\$ 21,183

CITY OF RICHMOND

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

Year ended December 31, 2008

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

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

	General	Sewerworks	Total
2009	\$ 2,946	\$ 63	\$ 3,009
2010	3,093	66	3,159
2011	3,248	69	3,317
2012	3,411	73	3,484
2013	3,437	76	3,513
Thereafter	1,835	-	1,835
	\$ 17,970	\$ 347	\$ 18,317

7. Capital assets:

	2008	2007
Community services	\$ 116,888	\$ 109,213
General government	245,101	211,856
Protection to persons and property	30,828	29,932
Public works	606,696	534,742
Recreation services	325,100	131,774
Sanitation and waste removal	24,899	21,683
Social welfare	5,068	5,068
Work-in-progress	20,663	205,079
	\$ 1,375,243	\$ 1,249,347

8. Capital equity:

	2008	2007
Balance, beginning of year	\$ 1,227,598	\$ 1,091,608
Capital additions (net of disposals)	125,170	132,054
Repayment of debt	2,866	2,729
Payment of capital lease obligations	365	1,207
Change in capital equity	128,401	135,990
Balance, end of year	\$ 1,355,999	\$ 1,227,598

CITY OF RICHMOND

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

Year ended December 31, 2008

9. Reserves:

	2007	Change during year	2008
Reserve funds:			
Affordable housing	\$ 9,429	\$ 692	\$ 10,121
Capital building and infrastructure	16,206	2,313	18,519
Capital reserve	68,507	(336)	68,171
Child care development	431	110	541
Community legacy and land replacement	88,094	(19,132)	68,962
Drainage improvement	9,051	2,218	11,269
Equipment replacement	11,530	1,137	12,667
Leisure facilities	1,229	885	2,114
Local improvements	4,834	599	5,433
Neighbourhood improvement	5,169	770	5,939
Public art program	459	629	1,088
Sanitary sewer	18,677	2,970	21,647
Steveston off-street parking	187	61	248
Steveston road ends	296	(3)	293
Waterfront improvement	2,276	775	3,051
Watermain replacement	39,070	4,206	43,276
	\$ 275,445	\$ (2,106)	\$ 273,339

10. Appropriated surplus:

	2008	2007
Appropriated surplus, beginning of year	\$ 96,037	\$ 86,381
Addition in the year	36,915	39,792
Usage	(39,924)	(30,136)
Appropriated surplus, end of year	\$ 93,028	\$ 96,037

Surplus amounts are appropriated or reserved for certain types of expenditures that may be incurred in the future. Surplus appropriations to December 31, 2008 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.

CITY OF RICHMOND

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

Year ended December 31, 2008

11. Post-employment benefits:

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

	2008	2007
Balance, beginning of year	\$ 21,233	\$ 19,679
Current service cost	1,250	1,255
Interest cost	1,180	1,131
Plan amendment	-	65
Amortization of actuarial loss	478	607
Benefits paid	(2,136)	(1,504)
Balance, end of year	\$ 22,005	\$ 21,233

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2008. The difference between the actuarially determined accrued benefit obligation of \$23.9 million and the liability of \$22.0 million as at December 31, 2008 is an unamortized actuarial loss of \$1.9 million. This actuarial loss is being amortized over a period equal to the employees' average remaining service life of 9 years.

	2008	2007
Actuarial benefit obligation:		
Liability, end of year	\$ 22,005	\$ 21,233
Unamortized net actuarial loss	1,887	3,447
Balance, end of year	\$ 23,892	\$ 24,680

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

	2008	2007
Discount rate	5.25%	4.75%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary range increases	3.50%	3.50%

CITY OF RICHMOND

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

Year ended December 31, 2008

12. 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:

In addition to the obligations under capital leases, at December 31, 2008, the City was committed to operating lease payments for premises and equipment in the following approximate amounts:

2009	\$	4,493
2010		4,264
2011		3,982
2012		3,889
2013 and thereafter		42,926

(c) Litigation:

As at December 31, 2008, there were a number of legal claims in various stages of litigation. The City has made no specific provision for those where the outcome is presently not determinable.

(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.

CITY OF RICHMOND

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

Year ended December 31, 2008

12. Commitments and contingencies (continued):

(e) Pensions:

The City and its employees contribute to the Municipal Pension Plan (the plan), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including the investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

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, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The City paid \$7,407,294 (2007 - \$6,896,143) for employer contributions to the Plan in fiscal 2008. Employee contributions totaled \$5,977,090 in 2008 (2007 - \$5,559,084).

(f) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

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

The City is a shareholder of the Emergency Communications for Southwest British Columbia Incorporated (E-Comm) whose services provided include: regional 9-1-1 call centre for 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 24 Class A and 24 Class B shares issued and outstanding as at December 31, 2008). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date. As a Class B shareholder, the City is only obligated to share in funding of the ongoing operating costs.

CITY OF RICHMOND

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

Year ended December 31, 2008

13. 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 fund is excluded from the City's financial statements.

	2008	2007
Richmond Community Associations	\$ 1,163	\$ 1,165

14. 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 are as follows:

	2008	2007
Province of British Columbia - Schools	\$ 117,124	\$ 112,484
Greater Vancouver Regional District and others	32,689	33,981
	\$ 149,813	\$ 146,465

15. Expenditures by object:

	2008	2007
Wages, salaries and benefits	\$ 106,829	\$ 93,949
Contract services	47,498	38,732
Supplies, materials and capital	195,147	205,501
Interest and finance charges	6,976	9,606
	\$ 356,450	\$ 347,788

16. Other revenue:

Other revenue in 2008 includes the revenue from sale of properties in the amount of \$1,635,546 (2007 - \$126,829,856).

CITY OF RICHMOND

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

Year ended December 31, 2008

17. Segmented reporting:

The City of Richmond provides wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows.

General Government comprises of Mayor and Council, Corporate Administration, Corporate Services and Business and Financial Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, providing sound financial, Human Resources and Information Technology management and ensuring high quality services to Richmond residents.

Community Safety Department brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs and Community Bylaws along with sections responsible for legal and regulatory matters. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response and protection of life and properties.

Parks, Recreation and Cultural Services Department consists of Parks Division and Recreation and Cultural Services Division. This department ensures Recreation and Cultural opportunities in Richmond by maintaining a variety of facilities such as Arenas, Community Centres, Pools, Museum, etc. It also designs, constructs and maintains parks and sports fields to ensure adequate open green space and sports fields are available for Richmond residents.

Engineering & Public Works Department comprises General Public Works, Roads and Construction, Storm Drainage, Facility Management, Fleet Operations and Engineering Planning. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of City's road network, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations and development of current and long-range engineering planning.

Utilities provide such services as planning, designing, constructing, operating and maintaining city's infrastructure of water and sewer network and sanitation and recycling.

Planning and Development Services is responsible for land use plans, developing bylaws and policies for sustainable development of the City and City's transportation systems.

Richmond Public Library provides public access to information by maintaining 5 branches throughout the City.

Capital Expenditures represent expenditures relating to the acquisition, construction and modification of capital assets. These expenditures are incurred on City Infrastructure, Buildings, Land Acquisition and Equipment and Machinery. Capital assets and work-in-progress are reported as capital expenditures in the period they are acquired or constructed.

Richmond Olympic Oval is formed as a wholly owned subsidiary of the City to use the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities, including, but not limited to, the long-track speed skating venue for the 2010 Olympic and Paralympic Winter Games.

CITY OF RICHMOND

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

Year ended December 31, 2008

17. Segmented reporting (continued):

	General Government	Community Safety	Parks Recreation & Cultural Services	Engineering and Public Works	Utilities	Planning and Development	Richmond Public Library	Capital Expenditures	Richmond Olympic Oval	2008	2007
Revenues:											
Taxation and levies	\$ 139,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,475	\$ 131,282
Development Cost Charges	-	-	-	-	-	-	-	9,506	-	9,506	34,403
User Fees	-	-	-	4,800	52,228	-	-	-	-	57,028	54,837
Sales of Services	6,211	4,003	7,856	1,448	10,870	1,014	311	-	-	31,713	29,849
Provincial and Federal Grants	2,932	130	97	1,854	189	14	501	-	2,884	8,601	4,980
Other Capital Funding Sources	-	-	-	-	-	-	-	35,960	-	35,960	27,586
Payments-in-Lieu of taxes	11,526	-	-	-	-	-	-	-	-	11,526	11,385
Other revenues:											
Gaming revenue	10,340	499	-	1,400	-	-	-	-	-	12,239	12,902
Licenses and permits	3,007	151	40	27	-	4,608	-	-	-	7,803	8,413
Investment income	24,221	-	-	-	612	-	-	-	178	25,011	19,396
Other	6,997	1,559	3	459	1,107	7	303	3,478	59	13,972	141,579
	204,709	6,342	7,996	9,988	65,006	5,643	1,115	48,944	3,121	352,864	476,332
Expenditures:											
Wages and Salaries	17,850	29,964	19,462	16,761	8,068	8,180	5,495	-	1,048	106,829	93,949
PW Maintenance	117	51	2,310	6,317	3,620	80	-	-	-	12,475	14,459
Contract Services	4,070	31,036	1,126	6,686	3,163	319	80	-	1,018	47,498	38,732
Supplies and Materials	7,495	3,264	10,681	(1,888)	32,677	1,088	2,433	-	302	56,053	56,356
Interest and Finance	3,787	-	-	-	3,189	-	9	-	-	6,965	9,616
Capital Infrastructure	-	-	-	-	-	-	-	124,958	1,136	126,094	132,655
Other Expenses	-	-	-	-	-	-	-	-	516	516	21
	33,320	64,315	33,579	27,876	50,717	9,647	8,018	124,958	4,020	356,450	347,768
Excess (deficiency) of revenues over expenditures	171,389	(57,973)	(25,583)	(17,898)	14,289	(4,004)	(6,903)	(76,014)	(899)	(3,586)	128,544
New capital lease obligation	-	-	-	-	-	-	-	-	726	726	-
Repayment of debt and capital lease obligations	(3,171)	-	-	-	(60)	-	-	-	-	(3,231)	(3,936)
Increase (decrease) in financial equity	\$ 168,218	\$ (57,973)	\$ (25,583)	\$ (17,898)	\$ 14,229	\$ (4,004)	\$ (6,903)	\$ (76,014)	\$ (173)	\$ (5,091)	\$ 124,608

CITY OF RICHMOND

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

Year ended December 31, 2008

18. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.