

FINANCIAL MANAGEMENT COMMITTEE

TO: *MAYOR AND COUNCILLORS*

SUBJECT: GAMING RESERVE AND GAMING INTEREST RESERVE

RECOMMENDATION:

THAT the report titled "Gaming Reserve and Gaming Interest Reserve" dated April 8, 2024, be received for information.

REPORT

The Financial Management Committee, at its meeting held on April 8, 2024, received and adopted the *attached* report providing information on the Gaming Reserve and Gaming Interest Reserve as of December 31, 2023.

On behalf of the Financial Management
Committee,

Councillor P. Calendino
Chair

Councillor A. Gu
Vice Chair

TO: FINANCIAL MANAGEMENT COMMITTEE (FMC)
FROM: DEPUTY CHIEF ADMINISTRATIVE OFFICER AND CHIEF FINANCIAL OFFICER
SUBJECT: **GAMING RESERVE & GAMING INTEREST RESERVE**
PURPOSE: To provide information on the Gaming Reserve and Gaming Interest Reserve as of December 31, 2023.

RECOMMENDATION

THAT the report titled “Gaming Reserve & Gaming Interest Reserve”, dated for April 8, 2024, be received for information.

1.0 BACKGROUND

This report is being provided as information on the 2023 year end status of the Gaming Reserve and the Gaming Interest Reserve in conjunction with the annual report filing to the Province.

2.0 GENERAL INFORMATION

2.1 History

Through the Host Financial Assistance Agreement with the Province of BC, the City receives 10% of the net Provincial proceeds from the Grand Villa (Gateway Casino). The City uses these funds for Council approved initiatives. Council policy has established criteria for use of the casino gaming grants received by the City are operating expenditures and/or capital projects that serve to protect or improve Burnaby’s environment, including beautification, heritage, public safety, international relations, arts and culture or other projects or programs at the discretion of Council.

In addition, operating expenditures and/or capital project initiatives would satisfy the following criteria:

- a) Ad hoc pilot projects which extend over a specific period of time.
- b) Discrete capital projects that do not require ongoing capital funding requirements.
- c) Gaming funds on hand shall be sufficient to complete the proposed project.
- d) The activity and/or project shall have little or no ongoing impact on the operating budget or result in a reliance on the property tax levy.

Council reviews and approves all operating expenditures and capital project initiatives funded by the Gaming Reserve annually prior to inclusion in the Financial Plan.

2.2 Gaming & Gaming Interest Reserve Activity in 2023

Attachment 1 (Gaming Reserve - Summary by Year from 2000 – 2023) provides a summary of the Gaming Reserve grants received and the expenditures made for the entire period of this Provincially funded program.

In addition, the 2024 budget based on operating initiatives and capital projects approved to utilize the Gaming Reserve, which is included in the 2024 – 2028 Financial Plan, have also been included on attachment 1 for information purposes. As per the Host Financial Assistance Agreement, all grants received and expenditures made are to be reported back to the Province on a cash basis. This information is reported to the Province annually with a deadline of March 15.

Expenditures funded from the Gaming Reserve for 2023 totaled \$19,269,827, of which \$2,972,138 are operating expenditures and \$16,297,689 are capital expenditures. Attachment 2 provides the details of these expenditures.

The balance of the Gaming Reserve at the end of 2023 was \$11,318,425. The 2023 ending balance does not include the Q4 payment accrual of \$2,738,672 as it was not received until January 31, 2024. As mentioned in the above paragraph, reporting to the Province is completed on a cash basis.

The following table provides the actual gaming grants received by the City for the past 5 years (2019 to 2023), compared to the budget.

Table 1 – Annual Gaming Grants, Budget vs Actual

Year	Budget (\$)	Actual (\$)
2019	11,500,000	11,892,514
2020	11,500,000	5,342,091
2021	3,250,000	3,273,221
2022	11,500,000	11,459,416
2023	11,500,000	11,624,755

At the end of each fiscal year, the total annual interest income earned on the balance of the Gaming Reserve is transferred to the Gaming Interest Reserve with the intent to use the proceeds to fund priority operating projects/initiatives as determined by Council.

Interest earnings on the Gaming Reserve totaled \$718,378 in 2023. Operating expenditures funded by the Gaming Interest Reserve in 2023 amounted to \$4,146,692, leaving an ending balance of \$4,624,175. Attachment 3 provides details of these expenditures.

3.0 COMMUNICATION AND COMMUNITY ENGAGEMENT

As per the Host Financial Assistance Agreement, all grants received and expenditures made are to be reported back to the Province on a cash basis. This information is reported to the Province annually with a deadline of March 15.

4.0 FINANCIAL CONSIDERATIONS

The Gaming Reserve and the Gaming Interest Reserve have sufficient funding available for capital and operating initiatives approved in the 2024 Financial Plan. Staff will continue to review reserve activity to ensure sufficiency for future projects and initiatives. These funding sources continue to allow the City to provide for programs and resources that would otherwise have to be funded from property taxation increases.

Respectfully submitted,

Noreen Kassam, Deputy Chief Administrative Officer - CFO

ATTACHMENTS

Attachment 1 – Gaming Reserve – Summary by Year from 2000 – 2023

Attachment 2 – 2023 Summary of Gaming Reserve Revenues & Expenditures

Attachment 3 – 2023 Summary of Gaming Interest Reserve Revenues & Expenditures

REPORT CONTRIBUTORS

This report was prepared by Geoff Mooney, Finance Functional Lead, and reviewed by Ratan Grewal, Director Budgets & Reporting.