



City of Richmond

Report to Committee

To: Finance Committee

Date: April 9, 2025

From: Mike Ching
Director, Finance

File: 03-0905-01/2025-Vol
01

Re: 2024 Consolidated Financial Statements

Staff Recommendation

That the 2024 City of Richmond Consolidated Financial Statements as presented in Attachment 2 be approved.

Mike Ching
Director, Finance
(604-276-4137)

Att. 3

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
SENIOR STAFF REPORT REVIEW	INITIALS:
APPROVED BY CAO	

Staff Report

Origin

Sections 98 and 167 of the *Community Charter* require that the City of Richmond (the City) prepare annual audited financial statements. The City's audited consolidated financial statements for 2024 have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

This report supports Council's Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

4.3 Foster community trust through open, transparent and accountable budgeting practices and processes.

Analysis

KPMG LLP (KPMG) has been appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion, that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, and its consolidated results of operation, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards. The complete Audit Findings Report is included as Attachment 1.

The annual financial statements and the auditor's report for the year ended December 31, 2024 are included as Attachment 2.

The consolidated financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval and Richmond Public Library. The City's investment in Lulu Island Energy Company, a wholly owned government business enterprise, is accounted for using the modified equity method. Further information about the basis of consolidation is listed in Note 2 to the consolidated financial statements.

An analysis of the consolidated financial statements as prepared by management is provided in the Financial Statement Discussion and Analysis (FSD&A) included in Attachment 3. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. This analysis is intended to be read in conjunction with the audited 2024 consolidated financial statements.

Adoption of new accounting standards

New Public Sector accounting standards (PS) and guidelines (PSG) were adopted effective for the 2024 consolidated financial statements. The new standards and guidelines include:

1. PS 3160 Public Private Partnerships. This standard addresses the recognition, measurement, presentation and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. The adoption of these standards did not have any impact on the amounts presented in the consolidated financial statements.
2. PSG-8 Purchased Intangibles. This guideline defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. The adoption of these guidelines did not have any impact on the amounts presented in the consolidated financial statements.
3. PS 3400 Revenue. This standard establishes how to account for and report on revenue arising from transactions that include performance obligations and applies to all revenues, except for taxation revenues, government transfers, income from investments in GBE and other revenues which are covered in other PS. Details on the impact of adopting these standards on the amounts presented in the consolidated financial statements is provided in Attachment 2, Note 3(c).

Financial Impact

None.

Conclusion

The City's audited consolidated financial statements for 2024 have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. As noted in the Auditors' Report, it is the Auditors' opinion that these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, and its consolidated results of operation, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Cindy Gilfillan, CPA, CMA
Manager, Financial Reporting
(604-276-4077)

- Att. 1: Audit Findings Report for the year ended December 31, 2024
2: 2024 City of Richmond Consolidated Financial Statements
3: 2024 Financial Statement Discussion and Analysis



City of Richmond

Audit Findings Report
for the year ended December 31, 2024

KPMG LLP

Prepared April 15, 2025 for presentation on May 5, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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* We have transitioned the role of Engagement Partner providing services to the City of Richmond. This change has been discussed with and approved by Management.



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The purpose of this report is to assist you, as a member of Richmond City Council ("Council"), in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Digital use information

This Audit Findings Report is also available as a "hyper-linked" PDF document.

If you are reading in electronic form (e.g. In "Adobe Reader" or "Board Books"), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

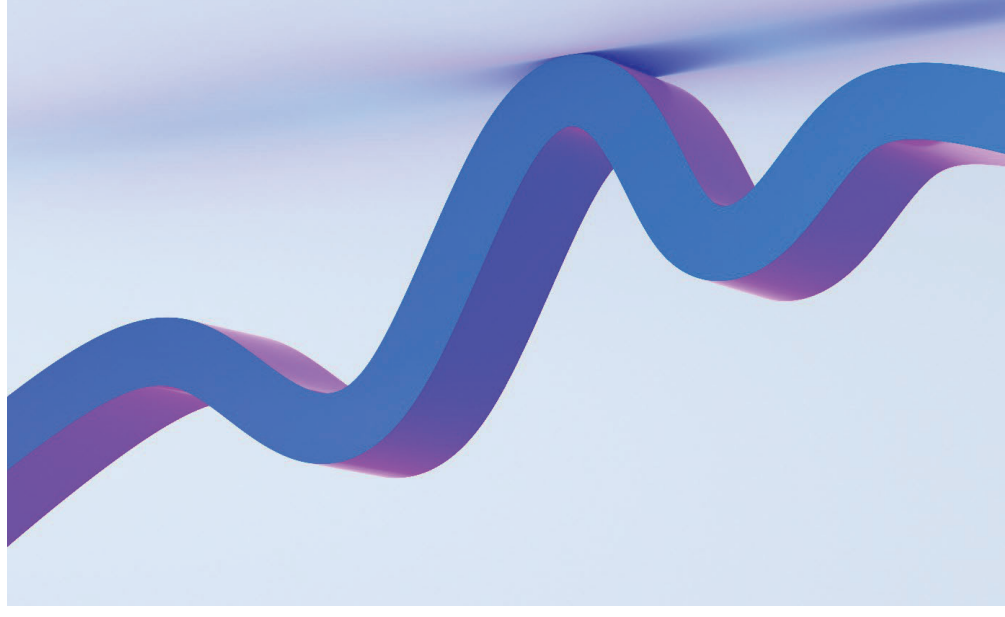


Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with the Council.
- Obtaining the signed management representation letter.
- Obtaining evidence of the Council's acceptance of the financial statements.
- Completing subsequent event review procedures up to the date of your approval of the financial statements.

We will update you and management on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor's report, a draft of which is included in the draft financial statements, will be dated upon the completion of any remaining procedures.



Significant risks and results

We highlight our significant findings in respect of **significant risks**.

Risk of management override of controls
presumed significant risk in accordance with Canadian Auditing Standards (“CAS”) 240

RISK OF
FRAUD

Significant risk

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

As the risk is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments.
- Performing a retrospective review of significant estimates and evaluating the business rationale of significant unusual transactions.
- Utilizing application software to evaluate the completeness of the journal entry population through a roll-forward of all accounts. We used computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.
- Reviewing the accounting estimates and assessing whether management’s estimates are reasonable and not indicative of management bias.

Our findings

There were no issues noted in our testing.

Other risks of material misstatement and results

We highlight our significant findings in respect of other risks of material misstatement.

	Revenue including new accounting standards, deferred revenues, and development cost charges	RISK OF ERROR
	Other risk of material misstatement	Estimate?
	Revenue from transactions with performance obligations are recognized when the City satisfies the performance obligation by providing the promised goods or services to a payor. Revenue from transactions with no performance obligations are recognized when the City has the authority to claim the economic inflow and an event has given rise to the asset. Revenue relating to future periods, including property taxes, development cost charges ("DCCs"), government grants, contributions for future capital works, and amounts collected for building permits and facility upgrades, are reported as deferred revenue and recognized when earned. PS 3400 Revenue ("PS 3400") is a new accounting standard effective for the City's 2024 fiscal year. The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement.	Yes – Deferred revenue for permits
Our response		

- We updated our understanding of the process activities and controls over revenue, deferred revenue, development cost charges, and restricted funds.
- We performed a walkthrough of the contributions received and related expenditures process, by tracing a transaction from initiation through to being recorded in the general ledger to confirm that the controls are implemented as designed.
- We inspected specific contracts and new grants to determine whether there were stipulations or restrictions impacting revenue recognition. We assessed whether revenue was appropriately recognized, or the amount was appropriately deferred. We also agreed the amounts recorded to cash receipts and the funding letter.
- We assessed whether the appropriate stipulations were met by inspecting and recalculating expenses incurred for certain projects.
- We performed substantive analytical procedures over taxation revenue to establish expected changes in taxation revenue, and compared with the actual recorded amount to assess the revenue recorded is within our expectation.
- We selected a sample of revenue transactions other than taxation revenue and vouched to supporting documents to ensure revenue was recognized appropriately.
- We reconciled permits to new development cost charges ("DCC") during the year and inspected appropriate bylaws noting the appropriation for its specified purpose.

Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of other risks of material misstatement.

	Revenue including new accounting standards, deferred revenues, and development cost charges (continued)	RISK OF ERROR
Our response		

- We tested a sample of DCC charges, recalculated the total amount, agreed each factor in the calculation to supporting documentation and agreed the amount recorded to cash receipts.
- We tested a sample of DCC expenditures, ensuring the expenditure bylaws were approved by Council and agreed the amount recorded to supporting documentation.
- We selected a sample of letters of credit held by the City and confirmed the authenticity of the letter of credit with the financial institution
- We assessed the impact of the new PS3400 Revenue ("PS 3400") standard on timing, measurement, recognition, and presentation of revenue. The adoption of this standard has resulted in changes to the timing of revenue recognition for certain revenue streams such as licenses and contributions.
 - We reviewed management's analysis of the impact of PS 3400 on the City's accounting policies for revenue recognition.
 - We performed a walkthroughs over the City's process for identifying performance obligations in revenue streams impacted by the initial implementation of PS 3400.
 - We assessed the adjustment calculated by management by testing a sample of license revenue and agreed the revenue recognition to supporting documentation.
 - We reviewed the financial statement note disclosures to ensure they are accurate and comply with the requirements in PS 3400.

The City has applied the prospective transitional provisions on initial implementation of the accounting standard. As a result, the City's licences and permits revenue increased by \$1,812,934, with a corresponding decrease in deferred revenue.

As a result of management's analysis, two adjustments were identified relating to the accounting for Major Roads Network revenue. The related adjustments were corrected in the current year, although some of the amounts relate to the prior year. We proposed audit adjustments to recognize the impact of the adjustments in prior year. The adjustments remains uncorrected and have no impact on our auditor's report since the amounts are not material. See *Appendix 2 – Management Representation Letter* for further details.

Our findings

Except for the adjustments noted above, there were no other issues noted in our testing.

Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of other risks of material misstatement.



Expenses, including salaries and benefits expense

RISK OF ERROR

Other risk of material misstatement		Estimate?
Expenses are closely monitored against approved budgets. Salaries and expenses represent a significant portion of the City's expenses. There is a need to ensure that the expenses recognized are appropriate.		No

Our response	
• We updated our understanding of the process activities and controls over expenses, including salaries and benefits expense. • We performed a walkthrough of the process activities, by tracing a transaction from initiation through to being recorded in the general ledger. • We performed substantive procedures over expenses, including testing a sample of expenses and agreeing them to supporting documentation to ensure expenses are appropriately recognized. • We tested the design and implementation and operating effectiveness of relevant payroll controls over review of new hires and terminations, as well as review and approval of timesheets. • We tested a sample of salaries and benefit expenses, and vouched to underlying supporting document including approved timesheets, employee contracts and payroll registers ensuring employee related expenses were appropriately recognized. • We performed substantive procedures over other expenses, including reviewing and vouching a sample of expenses to underlying supporting documentation, ensuring the expenses are appropriately recognized. • We selected a sample of payments made, trade payables recorded, and invoices received subsequent to year-end and ensured they were recorded in the appropriate fiscal year.	

Our findings

There were no issues noted in our testing.

Other risks of material misstatement and results (continued)

We highlight our significant findings in respect of **other risks of material misstatement**.

Tangible Capital Assets		RISK OF ERROR
Other risk of material misstatement		Estimate?
Tangible capital assets ("TCA") represent a significant portion of assets of the City. The assets owned by the City include land, buildings, furniture and equipment, vehicles, water and waste system infrastructure, road infrastructure, and library collection and may require estimation.		Yes - the established useful lives of tangible capital assets. There is no risk of material misstatement due to estimation.
Our response		
• We updated our understanding of the process activities and controls over TCA, including the year-end process around identifying assets for impairment. • We performed a walkthrough of the process activities, by tracing a transaction from initiation through to being recorded in the general ledger. • We obtained the TCA continuity schedule, verified its mathematical accuracy and performed substantive procedures over additions, disposals, reclassifications, and other adjustments. • We tested a sample of additions, including developer contributions, and inspected supporting documentation to ensure it is appropriate to capitalize the costs. • We tested a sample of disposals, by inspecting supporting documentation and assessing if the gain or loss on disposal has been recorded appropriately. • We assessed the reasonableness of estimated useful lives and amortization recognized. • We obtained an update on management's assessment of the asset retirement obligations, and assessed the reasonableness of changes to the obligations incurred during the fiscal year as well as changes to assumptions. • We inspected a sample of agreements for contractual commitments and related disclosure requirements.		
Our findings		
There were no issues noted in our testing.		

Other area of audit focus

We highlight our significant findings in respect of **other areas of audit focus**.

	Valuation of post-employment benefit liability		RISK OF ERROR
	Other risk of material misstatement		
	The City provides certain post-employment benefits, compensated absences, and termination benefits to employees. Due to the complexities of the estimate, management has engaged an actuarial expert to assist in the development of the estimate.		
	Estimate?		
	Yes – Actuarial valuations of post-employment benefit liability. There is no risk of material misstatement due to estimation.		
	Our response		
	• We updated our understanding of the process activities and controls over employee future benefits. • We obtained the valuation report prepared by the City's actuarial expert, George & Bell Consulting Inc. and assessed significant assumptions used for reasonableness. • We assessed the competence, expertise, and qualifications of the City's actuarial expert, and the reasonableness of the valuation methodology applied. • We obtained data inputs provided by the City to the actuary for use in determining the estimate, and tested select items to determine completeness and accuracy of the data provided. • We reviewed the financial statement note disclosure to ensure the required disclosure under the accounting standards are appropriately included.		
	Our findings		

There were no issues noted in our testing.



Control deficiencies and observations



Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.



Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR. We did not identify any other observations during the audit.



Accounting policies and practices

Significant accounting policies	
- Effective January 1, 2024, the City adopted three new accounting standards – PS 3400 Revenue (“PS 3400”), PS 3150 Public Private Partnerships (“PS 3150”) and PSG-8 <i>Purchased Intangibles</i> (“PSG-8”) - We inquired with management and reviewed their analysis of the impact of the new accounting standards relative to the City’s transactions/balances and accounting policies. - We reviewed the presentation and financial statement note disclosures to ensure they comply with the requirements in the new standards. - Refer to page 8 for further details about PS 3400. - PS 3150 and PSG-8 did not have an impact on the amounts presented in the financial statements. - There were no significant accounting policies in controversial or emerging areas. - There were no issues noted with the timing of the City’s transactions in relation to the period in which they were recorded. - There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions. - There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.	
Description of new or revised significant accounting policies and practices	
- There were no issues noted with management’s identification of accounting estimates. - There were no issues noted with management’s process for making accounting estimates. - There were no indicators of possible management bias. - There were no significant factors affecting the City’s asset and liability carrying values	



Accounting policies and practices (continued)

Significant qualitative aspects



- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures, and uncertainties.

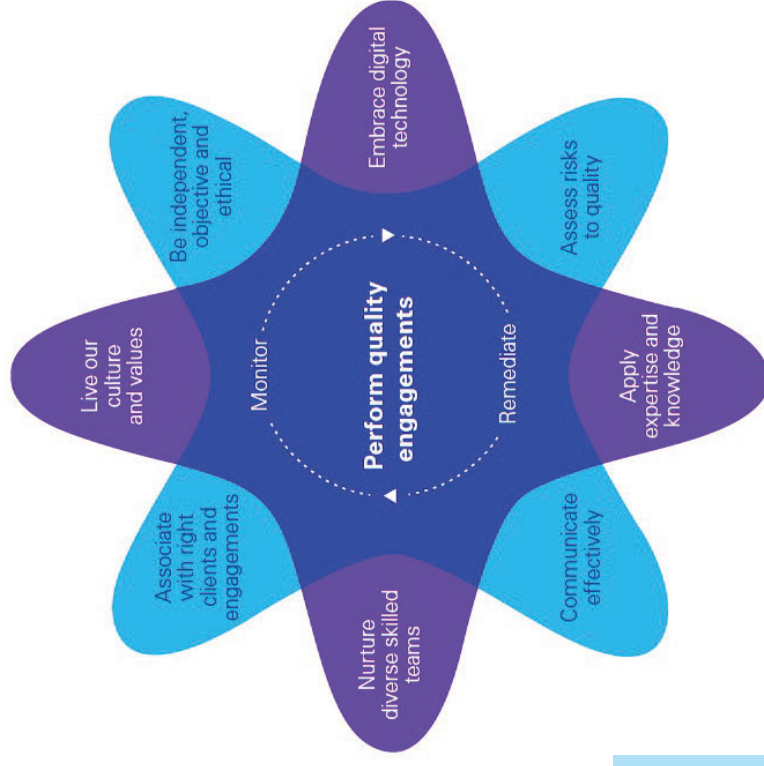


Audit quality - How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

[▶ KPMG Canada Transparency Report](#)



Doing the right thing. Always.

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Appendices

1

Required
communications

2

Management
Representation Letter

Appendix 1: Other required communications

	Auditor's report	Engagement letter
The conclusion of our audit is set out in the draft auditor's report attached to the draft consolidated financial statements.		The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter, copy of which has been provided to management.
	Audit findings report	Management representation letter
Represented by this report.		In accordance with professional standards, copy of the management representation letter is included in Appendix 2.
	Independence	Internal control deficiencies
We have confirmed our independence to Council on page 4 of this report.		We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. We did not identify any other observations during the audit.

Appendix 2: Management representation letter

(Letterhead of City of Richmond)

MANAGEMENT REPRESENTATION LETTER

KPMG LLP
P.O. Box 10426
777 Dunsmuir Street
Vancouver, BC V5Y 1K3

Date of Council's acceptance of the financial statements

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the City of Richmond (the "City") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 26, 2022, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties; and
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others;where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short-sellers, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
 - f) We have disclosed to you all information regarding investigations into possible fraud and/or non-compliance or suspected non-compliance with laws and regulations, including illegal acts, that we have undertaken at our discretion and completed, including the results of such investigations, and the resolution of the matters, if any, identified in such investigations.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the City's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the City's ability to continue as a going concern.

Other information:

- 11) We confirm that the final version of the 2024 annual report will be provided to you when available, and prior to issuance by the City, to enable you to complete your required procedures in accordance with professional standards.

Misstatements:

- 12) The effects of the uncorrected misstatements described in [Attachment II](#) are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the City is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the City will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Employee future benefits:

- 15) The employee future benefits costs, assets and obligation have been determined, accounted for and disclosed in accordance with the financial reporting framework.
- 16) The information provided by us to George & Bell Consulting (the "Expert") and used in the work and findings of the Expert are complete and accurate. We agree with the findings of the Expert in evaluating post-employment future benefits and have adequately considered the qualifications of the Expert in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give nor cause any instructions to be given to the Expert with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence and objectivity of the Expert.

Yours very truly,

Serena Lusk, Chief Administrative Officer

Jerry Chong, General Manager, Finance and Corporate Services

Mike Ching, Director, Finance

Cindy Gilfillan, Manager, Financial Reporting
cc: Richmond City Council

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedules

Summary of Uncorrected Audit Misstatements 2024

	Uncorrected Misstatements	Annual Surplus (Increase) / Decrease	Asset Increase / (Decrease)	Liability (Increase) / Decrease	Opening Accumulated Surplus (Increase) / Decrease
1	Dr. Opening surplus (factual) Cr. Provincial and federal contributions <i>The effects of an out-of-period adjustment to Major Road Network revenue of fiscal year 2024 made by management in order to record revenue in the period where the transfer stipulations have been satisfied.</i>	- (6,497,346)	- -	- -	6,497,346 -
	Total	(6,497,346)	-	-	6,497,346

Summary of Corrected Audit Misstatements 2024

We did not identify misstatements that were communicated to management and subsequently corrected in the financial statements.

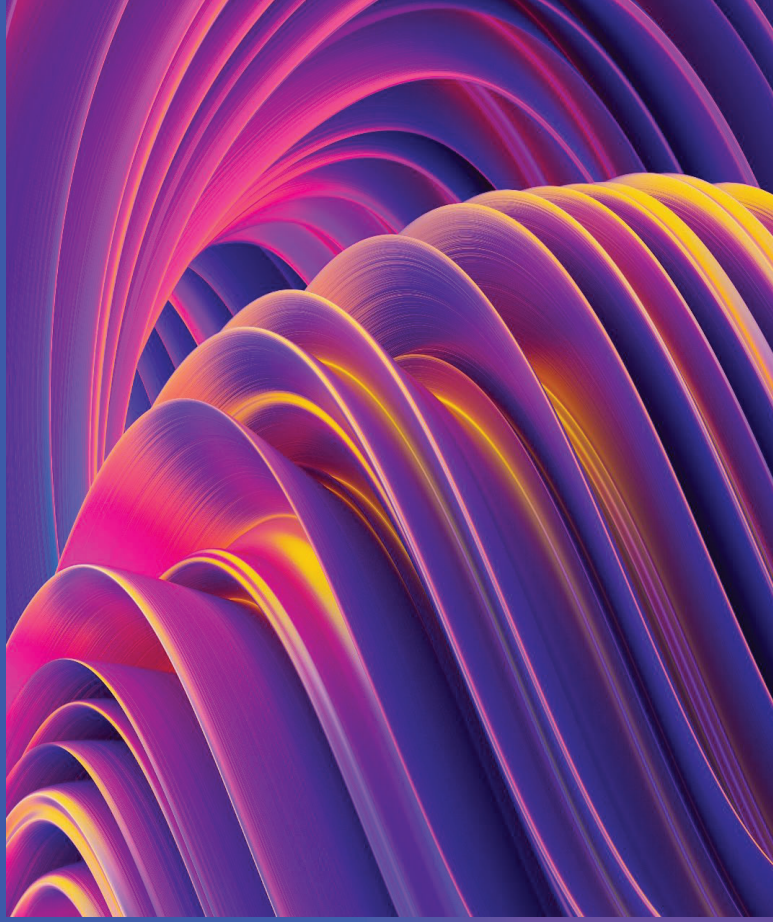
Summary of Uncorrected Audit Misstatements 2023 (updated)

	Uncorrected Misstatements	Annual Surplus (Increase) / Decrease	Asset Increase / (Decrease)	Liability (Increase) / Decrease	Opening Accumulated Surplus (Increase) / Decrease
1	Dr. Opening surplus (factual) Cr. Provincial and federal contributions Cr. Deferred revenue <i>To appropriately reflect revenue recognition of Major Road Network revenue of fiscal year 2023, and record revenue in the period where the transfer stipulations have been satisfied.</i>	- (1,134,089) -	- - -	- - (6,497,346)	7,631,435 - -
	Total	(1,134,089)	-	(6,497,346)	7,631,435



<https://kpmg.com/ca/en/home.html>

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2025
KPMG

Consolidated Financial Statements of

CITY OF RICHMOND

And Independent Auditor's Report thereon

Year ended December 31, 2024



KPMG LLP

PO Box 10426 777 Dunsmuir Street
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council of the City of Richmond

Opinion

We have audited the consolidated financial statements of the City of Richmond (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2024
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2024, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Vancouver, Canada

Date

CITY OF RICHMOND

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

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and cash equivalents	\$ 199,381	\$ 321,479
Investments (note 4)	1,590,310	1,380,383
Investment in Lulu Island Energy Company ("LIEC") (note 5)	39,855	37,098
Accrued interest receivable	22,681	26,614
Accounts receivable (note 6)	45,887	35,067
Taxes receivable	27,123	20,533
Development fees receivable	18,084	20,299
Debt reserve fund - deposits (note 7)	960	1,468
	1,944,281	1,842,941
Liabilities		
Accounts payable and accrued liabilities	125,784	103,234
Asset retirement obligations (note 8)	11,120	11,893
Post-employment benefits (note 9)	37,397	37,881
Development cost charges (note 10)	226,012	241,634
Deposits and holdbacks (note 11)	161,822	148,738
Deferred revenue (note 12)	80,586	75,357
Debt, net of sinking fund deposits (note 13)	89,092	98,629
	731,813	717,366
Net financial assets	1,212,468	1,125,575
Non-Financial Assets		
Tangible capital assets (note 14)	2,840,927	2,694,902
Inventory of materials and supplies	5,759	6,146
Prepaid expenses	5,393	4,909
	2,852,079	2,705,957
Accumulated surplus (note 15)	\$ 4,064,547	\$ 3,831,532

Contingent demand notes (note 7)
Contingent assets and contractual rights (note 18)
Commitments and contingencies (note 19)

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:

General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (notes 2(p) and 25)	2024	2023
Revenue:			
Taxation and levies (note 21)	\$ 306,676	\$ 318,093	\$ 297,793
Utility fees	148,459	150,823	132,951
Sales of services	54,556	57,450	50,737
Payments-in-lieu of taxes (note 21)	14,650	20,054	18,114
Provincial and federal contributions	26,637	13,545	38,660
Development cost charges (note 10)	16,607	70,450	10,292
Other capital funding sources	68,118	39,740	83,562
Other revenue:			
Investment income	25,635	69,853	61,503
Gaming revenue	12,500	11,971	13,013
Licences and permits	12,832	19,856	15,934
Other (note 22)	15,175	39,892	23,309
Equity income in LIEC (note 5)	362	2,757	2,070
	702,207	814,484	747,938
Expenses:			
Law and community safety	158,119	152,746	142,001
Utilities: flood, sanitation, sewer and water	147,380	144,647	133,166
General government	84,020	74,564	76,288
Engineering, transportation, public works and project development	83,659	71,322	69,915
Parks, recreation and culture	79,733	78,173	71,328
Planning and development	34,953	27,427	22,144
Richmond Olympic Oval	20,274	20,351	19,200
Richmond Public Library	12,496	12,239	11,533
	620,634	581,469	545,575
Annual surplus	81,573	233,015	202,363
Accumulated surplus, beginning of year	3,831,532	3,831,532	3,629,169
Accumulated surplus, end of year	\$ 3,913,105	\$ 4,064,547	\$ 3,831,532

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024 Budget (notes 2(p) and 25)	2024	2023
Annual surplus for the year	\$ 81,573	\$ 233,015	\$ 202,363
Acquisition of tangible capital assets – current year	(211,510)	(187,379)	(90,046)
Contributed tangible capital assets	(45,640)	(31,065)	(75,945)
Amortization of tangible capital assets	72,090	71,703	71,938
Asset retirement obligation	-	(103)	(7,081)
Net gain on disposal of tangible capital assets	-	(2,514)	(2,133)
Proceeds on sale of tangible capital assets	-	3,333	2,577
	(103,487)	86,990	101,673
Acquisition of inventory of materials and supplies	-	(5,759)	(6,146)
Acquisition of prepaid expenses	-	(5,393)	(4,909)
Consumption of inventory of materials and supplies	-	6,146	5,405
Use of prepaid expenses	-	4,909	3,827
Change in net financial assets	(103,487)	86,893	99,850
Net financial assets, beginning of year	1,125,575	1,125,575	1,025,725
Net financial assets, end of year	\$ 1,022,088	\$ 1,212,468	\$ 1,125,575

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 233,015	\$ 202,363
Items not involving cash:		
Amortization of tangible capital assets	71,703	71,938
Asset retirement obligation	(876)	4,812
Net gain on disposal of tangible capital assets	(2,514)	(2,133)
Contributions of tangible capital assets	(31,065)	(75,945)
Equity income in LIEC	(2,757)	(2,070)
Changes in non-cash operating working capital:		
Accrued interest receivable	3,933	(11,938)
Accounts receivable	(10,820)	947
Taxes receivable	(6,590)	(5,310)
Development fees receivable	2,215	22,920
Inventory of materials and supplies	387	(741)
Prepaid expenses	(484)	(1,082)
Accounts payable and accrued liabilities	22,550	(348)
Post-employment benefits	(484)	(647)
Development cost charges	(15,622)	4,583
Deposits and holdbacks	13,084	(1,269)
Deferred revenue	5,229	16,294
Net change in cash from operating activities	280,904	222,374
Capital activities:		
Cash used to acquire tangible capital assets	(187,379)	(90,046)
Proceeds on disposal of tangible capital assets	3,333	2,577
Net change in cash from capital activities	(184,046)	(87,469)
Financing activities:		
Repayments of debt	(9,537)	(9,187)
Debt reserve fund	508	-
Net change in cash from financing activities	(9,029)	(9,187)
Investing activities:		
Purchase of investments	(209,927)	(458,890)
Net change in cash from investing activities	(209,927)	(458,890)
Decrease in cash and cash equivalents	(122,098)	(333,172)
Cash and cash equivalents, beginning of year	321,479	654,651
Cash and cash equivalents, end of year	\$ 199,381	\$ 321,479
Non-cash transactions, related to asset retirement obligations:		
Tangible capital asset additions	\$ 103	\$ 7,081

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

1. Operations:

The City of Richmond (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, infrastructure, environmental, recreational, water, sewer, and drainage.

2. Significant accounting policies:

These consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of consolidation:

These 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 (the "Library") and the Richmond Olympic Oval Corporation (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly-owned municipal corporation of the City. Interfund and inter-entity transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly-owned government business enterprise ("GBE"), is accounted for using the modified equity method.

(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 tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related 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 tangible capital assets and 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 and developer contributions plus interest earned on fund balances.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(b) Basis of accounting:

The City follows the accrual method of accounting for revenue and expenses. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments:

Financial instruments include cash and cash equivalents, investments, accounts receivables, development fees receivables, accounts payable and accrued liabilities and debt.

Financial instruments are recorded at fair value on initial recognition. Equity instruments quoted in an active market and derivatives are subsequently measured at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the financial instrument at fair value. The City has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2024 and December 31, 2023. As a result, the City does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments are recorded at cost and expensed as incurred.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, development fees receivable, investments, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

(e) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90-days from date of acquisition.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(f) Investment in government business enterprises:

Government business enterprises are recorded using the modified equity method of accounting. The City's investment in the GBE is recorded as the value of the GBE's shareholder's equity. The investment's income or loss is recognized by the City when it is earned by the GBE. Inter-organizational transactions and balances are not eliminated, except for any gains or losses on assets remaining within the City.

(g) Accounts receivable and development fees receivable:

Accounts receivable and development fees receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(h) 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.

(i) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, 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.

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the assets. The cost, less estimated residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Asset	Useful life - years
Buildings and building improvements	10 - 75
Infrastructure	5 - 100
Vehicles, machinery and equipment	3 - 40
Library's collections, furniture and equipment	4 - 20

Amortization is charged over the asset's useful life commencing when the asset is acquired. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Natural resources, works of art, and cultural and historic assets:

Natural resources, works of art, and cultural and historic assets are not recorded as assets in the consolidated financial statements.

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the construction of a tangible capital asset.

(v) Labour capitalization:

Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized.

(vi) Leased tangible capital assets:

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(vii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(viii) 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.

(k) Revenue recognition:

(i) Property taxes, penalties and interest:

The Community Charter provides the City with the ability to impose and enforce collection of property taxes and levies, and to introduce penalties and interest. Property taxes are calculated based on the British Columbia Assessment Authority's (BCAA) assessment value and annually approved tax rates by Council. Tax revenues are recognized when they meet the definition of an asset, have been authorized, and the taxable event occurs. Annual property tax levies and payments-in-lieu of taxes are recorded as taxes for municipal services in the year which they are levied. The BCAA's appeal process may affect current year property assessments by supplementary roll adjustments. Adjustments on taxes are recognized in the year when the appeals are settled.

(ii) Licence and development fees:

Revenue from building and development permits and rezoning fees received in advance of services are provided, is initially deferred and recognized as the performance obligations are fulfilled. The nature of the permit determines the number and type of performance obligation and when the revenue is recognized.

(a) Single performance obligation:

When a permit includes a single performance obligation, revenue is recognized at the time the performance obligation is fulfilled, being either issuance or completion of the permit.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(k) Revenue recognition (continued):

(ii) Licence and development fees (continued):

(b) Multiple performance obligations:

For permits with multiple performance obligations, the first performance obligation is the issuance of the permit, subsequent performance obligations include activities such as inspections or compliance related tasks. Revenue is recognized as each performance obligation is fulfilled. When multiple performance obligations exist, revenue is allocated between the performance obligations based on the estimated cost to satisfy each performance obligation.

(iii) Cost recoveries:

Fees from sewer and water connection permits are initially deferred and subsequently recognized as revenue when the installation of the connection is completed.

(iv) Donations:

Donations for specified purposes are recognized when the related expenditures are incurred. Unrestricted donations are recognized when the donation is received.

(v) Restricted non-government grants:

Grants from non-government sources with externally imposed restrictions are recognized as revenue when spent in accordance with the funder's specified purpose or when the restriction is fulfilled.

(vi) Development cost charges (DCC's):

The City collects development cost charges in accordance with Council-approved bylaws to finance growth-related projects including parks and engineering infrastructure, which includes roads, drainage, sewer and water. DCC's must be spent on projects within defined area boundaries and are recognized as revenue as Council approved expenditures are incurred.

(vii) Prepaid leases:

The City has land leases with terms ranging from 3 to 99 years, some of which have been prepaid. These amounts are recognized as revenue on a straight-line basis over the lease term.

(viii) Capital contributions, government transfers:

Contributions are recognized as revenue as the related expenditures are incurred. Restricted transfers from governments are initially deferred and subsequently recognized as revenue as the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(k) Revenue recognition (continued):

(viii) Capital contributions, government transfers (continued):

received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(ix) All other revenues:

Unilateral transactions are recognized as revenue when the City has the authority to retain the inflow of economic resources and identifies a past transaction or event giving rise to an asset. Exchange transactions are recognized as revenue when the City's performance obligation, which is usually to provide goods and/or services, is fulfilled.

(l) Taxes:

The City establishes property tax rates based on assessed market values provided by the British Columbia Assessment Authority. Market values are determined as of July 1st of each year. The City records taxation revenue at the time the property tax bills are issued. The City is entitled to collect interest and penalties on overdue taxes.

The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.

Payments in Lieu of Taxes ("PILT") for federal properties are calculated on the basis of values and rates which would apply if these properties were taxable. The annual tax rates together with the assessed value on the Grant Roll are used to calculate the PILT levy. The PILT revenue is recorded when the payment is received.

(m) Deferred revenue:

The City defers a portion of the revenue collected from permits, licences and other fees and recognizes this revenue in the year in which related performance obligations are met, other related expenses are incurred or services are provided.

Deferred revenue also represents funds received from external parties for specified purposes. This revenue is recognized in the period in which the related expenses are incurred.

(n) Deposits:

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as deposits and are refundable under certain circumstances. When qualifying expenses are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenses.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2024-2028) ("Consolidated Financial Plan") and was adopted through Bylaw No. 10515 on January 29, 2024.

(q) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material of live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The City is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(r) Use of accounting estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of revenue and expenditures during the reporting period. Areas requiring the use of management estimates relate to performing the actuarial valuation of employee future benefits, the value of contributed tangible capital assets, the value of developer contributions, the value of asset retirement obligations, useful lives for amortization, determination of provisions for accrued liabilities, allowance for doubtful accounts, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(s) Segment disclosures:

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 provided definitions of segments as well as presented financial information in segment format.

(t) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The City's asset retirement obligations includes the removal for asbestos and lead in buildings, removal of fuel tanks owned by the City and end-of-life decommissioning costs for certain leases.

Measurement of the asset retirement obligation is recorded at the best estimate of the expenditures required to retire a tangible capital asset. Where available, assessment reports are used with experience and expert advice to determine the liability. The resulting costs are capitalized as part of the carrying amount of the related tangible capital asset that are in productive use. The cost is amortized over the useful life of the tangible capital asset (Note 2 (j)(i)). If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The carrying value of the liability is reviewed at each financial reporting date and adjusted for any revisions to the timing or amount required to settle the obligation. Changes in the liability due to the passage of time are recorded as an accretion expense in the Consolidated Statement of Operations and all other changes are adjusted to the tangible capital asset. Recoveries related to asset retirement obligations are recognized when the recovery can be appropriately measured, a reasonable estimate of the amount can be made and it is expected that future economic benefits will be obtained. A recovery is recognized on a gross basis from the asset retirement obligations liability.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

3. Adoption of new accounting standards:

(a) Adoption of PS 3160 Public Private Partnerships Standard:

On January 1, 2024, the City adopted Canadian Public Sector Accounting Standard PS 3160, Public Private Partnerships ("PS 3160"). The new standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. This standard was adopted on a prospective basis. The adoption of this standard did not have any impact on the amounts presented in these consolidated financial statements.

(b) Adoption of PSG-8, Purchased Intangibles:

On January 1, 2024, the City adopted Public Sector Guideline PSG-8, Purchased Intangibles ("PSG-8"), applied on a prospective basis. PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. The adoption of this standard did not have any impact on the amounts presented in these consolidated financial statements.

(c) Adoption of PS 3400 Revenue Standard:

On January 1, 2024, the City adopted Canadian Public Sector Accounting Standard PS 3400 Revenue and applied this standard on a prospective basis. The new standard applies to all revenues, except for taxation revenues, government transfers, income from investments in GBE and other revenues which are covered in other Public Sector Accounting Standards.

The standard was adopted prospectively from the date of adoption. As a result, the City's licences and permits revenue increased by \$1,812,934, with a corresponding decrease in deferred revenue. In addition, the City's other revenues increased by \$492,557, with a corresponding decrease in deferred revenue.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

4. Investments:

	2024		2023	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 489,091	\$ 489,091	\$ 443,418	\$ 443,418
Government and government guaranteed bonds	755,104	759,769	599,013	595,015
Bank bonds	333,646	342,568	325,486	328,578
Municipal Finance Authority bonds	12,469	12,758	12,466	12,722
	\$ 1,590,310	\$ 1,604,186	\$ 1,380,383	\$ 1,379,733

5. Investment in Lulu Island Energy Company Ltd.:

The City owns 100% of the issued and outstanding shares of LIEC, which was incorporated under the British Columbia Business Corporations Act on August 19, 2013. LIEC develops, manages and operates district energy utilities in the city of Richmond, on the City's behalf, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sales to customers, customer service, profit generation, financial management and advisory services for energy and infrastructure.

Summarized financial information relating to LIEC, prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, is as follows:

	2024	2023
Cash, cash equivalents, and investments	\$ 21,305	\$ 14,527
Accounts receivable	4,385	4,793
Tangible capital assets	58,128	53,741
Total assets	83,818	73,061
Deferred contributions	22,789	19,236
Project agreement	19,283	14,475
Accounts payable and accrued liabilities	1,291	1,776
Government grants	514	403
Post-employment benefits	86	73
Total liabilities	43,963	35,963
Shareholder's equity	\$ 39,855	\$ 37,098
Total revenue	\$ 9,760	\$ 8,570
Total expenses	7,003	6,500
Net income	\$ 2,757	\$ 2,070

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

5. Investment in Lulu Island Energy Company Ltd. (continued):

Included in accounts payable and accrued liabilities in the City's Consolidated Statement of Financial Position are payables to LIEC in the amount of \$166,301 (2023 - \$165,059).

On September 22, 2022, LIEC entered into a new concession project agreement (the "Project Agreement") with City Centre Energy Limited Partnership ("Project Contractor") to design, build, finance, operate and maintain City Centre District Energy Utility infrastructure providing heating and cooling services to new residential and mixed use commercial developments within the City Centre area (the "CCDEU project"). The Project Contractor was a wholly owned subsidiary of Corix Utilites Inc. ("Corix"). During 2024, following a re-organization within Corix, the Project Contractor become a wholly owned subsidiary of Corix District Energy Holdings GP Inc.

6. Accounts receivable:

	2024	2023
Water and sewer utilities	\$ 17,903	\$ 15,429
Casino revenue	2,918	2,940
Grants	12,728	8,416
Other trade receivables	12,338	8,282
	\$ 45,887	\$ 35,067

7. Debt reserve fund deposits and contingent 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 debt proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debt 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 City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2024 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 960	\$ 2,701

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

8. Asset retirement obligations:

The City's asset retirement obligation consists of the following obligations:

- (a) Asbestos and Lead Obligation: Once disturbed, the City has a legal obligation to properly remove and dispose of asbestos and lead. As such, asset retirement obligations have been recognized for various City buildings that are known and/or suspected of containing asbestos and lead.
- (b) Fuel Tank Obligation: The City has a legal obligation to adhere to particular practices when removing aboveground storage tanks and underground storage tanks. Asset retirement obligations have been recognized for all known land or buildings where an aboveground storage tank and underground storage tank is known to exist.
- (c) Contractual Obligation: The City is party to various contracts and agreements with entities that dictate various end-of life decommissioning activities associated with properties the City is leasing. Asset retirement obligations have been recognized for the estimated cost of adhering to these contracts.

The City has recognized liabilities related to the legal obligations to incur costs to retire a tangible capital asset. A significant part of City's asset retirement obligations results from the removal and disposal of designated materials from buildings and fuel tanks. The City estimates that the majority of the obligations will be paid during fiscal years 2048 to 2073.

	2024	2023
Asset retirement obligation, opening balance	\$ 11,893	\$ -
Asset retirement obligation recorded during the year	103	7,081
Accretion expense during the year	195	290
Asset retirement obligation expenditure incurred during the year	(1,059)	4,522
Asset retirement obligation settled during the year	(12)	-
Asset retirement obligation, closing balance	\$ 11,120	\$ 11,893

When significant obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows, otherwise they are recorded at current costs. The discount rate used reflects the risks specific to the asset retirement liability. The discount rate used for 2024 is 4.30% (2023 – 4.10%). There are no liabilities recorded using the present value of future cash flows at December 31, 2024 (2023 – nil).

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

9. Post-employment benefits:

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

	2024	2023
Accrued benefit obligation, beginning of year	\$ 34,813	\$ 33,637
Opening adjustment due to Oval actuarial valuation January 1, 2023	-	207
Current service cost	2,514	2,434
Interest cost	1,463	1,528
Past service cost / (credit)	411	(440)
Benefits paid	(4,056)	(3,840)
Actuarial loss	2	1,287
Accrued benefit obligation, end of year	\$ 35,147	\$ 34,813

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2024. This actuarial gain is being amortized over a period equal to the employees' expected average remaining service lifetime of 11-years (2023 – 11-years).

	2024	2023
Accrued benefit obligation, end of year	\$ 35,147	\$ 34,813
Unamortized net actuarial gain	2,250	3,068
Accrued benefit liability, end of year	\$ 37,397	\$ 37,881

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

	2024	2023
Discount rate	4.30%	4.10%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

10. Development cost charges:

	2024	2023
Balance, beginning of year	\$ 241,634	\$ 237,051
Contributions	44,832	4,342
Interest	9,996	10,533
Revenue recognized	(70,450)	(10,292)
Balance, end of year	\$ 226,012	\$ 241,634

11. Deposits and holdbacks:

	Balance December 31, 2023	Deposit contributions / interest earned	Refund/ expenditures	Balance December 31, 2024
Security deposits	\$ 125,713	\$ 24,411	\$ (11,289)	\$ 138,835
Developer contributions	7,919	172	-	8,091
Damage deposits	6,658	827	(958)	6,527
Contract holdbacks	4,767	3,823	(3,882)	4,708
Other	3,681	432	(452)	3,661
	\$ 148,738	\$ 29,665	\$ (16,581)	\$ 161,822

12. Deferred revenue:

	Balance December 31, 2023	Externally restricted inflows	Revenue earned	Balance December 31, 2024
Taxes and utilities	\$ 30,008	\$ 33,197	\$ (30,008)	\$ 33,197
Building permits/development	15,082	10,608	(8,368)	17,322
Oval	2,813	8,862	(8,782)	2,893
Grants	16,609	20,890	(17,578)	19,921
Licences	2,613	2,294	(4,064)	843
Parking easement/leased land	2,480	109	(54)	2,535
Other	5,752	5,353	(7,230)	3,875
	\$ 75,357	\$ 81,313	\$ (76,084)	\$ 80,586

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

13. Debt, net of MFA sinking fund deposits:

The City obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures.

Gross amount for the debt less principal payments and actuarial adjustments to date are as follows:

MFA issue	Loan authorization bylaw	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2024	Net debt 2023
127	9075	\$ 50,815	\$ 50,815	\$ -	\$ 6,024
158	10334	96,000	6,908	89,092	92,605
		\$ 146,815	\$ 57,723	\$ 89,092	\$ 98,629

Current borrowing includes:

MFA issue	Issue date	Term (yrs.)	Maturity date	Interest rate	Refinancing date
158	September 23, 2022	20	September 23, 2042	4.09%	September 23, 2032

Interest expense incurred for the year on the long-term debt was \$4,764,848 (2023 - \$5,594,469). Repayments on net outstanding debt over the next five years and thereafter are as follows:

2025	\$ 3,636
2026	3,764
2027	3,895
2028	4,032
2029	4,173
Thereafter	69,592
	\$ 89,092

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

14. Tangible capital assets:

Cost	Balance December 31, 2023	Additions and transfers	Disposals	Balance December 31, 2024
Land	\$ 1,191,847	\$ 93,570	\$ (107)	\$ 1,285,310
Building and building improvements	621,743	31,274	(1,048)	651,969
Infrastructure	2,002,755	38,547	(6,728)	2,034,574
Vehicles, machinery and equipment	184,620	12,082	(577)	196,125
Library's collections, furniture and equipment	11,969	1,137	(322)	12,784
Assets under construction	65,736	41,937	-	107,673
	\$ 4,078,670	\$ 218,547	\$ (8,782)	\$ 4,288,435

Accumulated amortization	Balance December 31, 2023	Disposals	Amortization expense	Balance December 31, 2024
Building and building improvements	\$ 265,314	\$ (1,023)	\$ 22,621	\$ 286,912
Infrastructure	984,920	(6,131)	37,392	1,016,181
Vehicles, machinery and equipment	125,139	(487)	10,689	135,341
Library's collections, furniture and equipment	8,395	(322)	1,001	9,074
	\$ 1,383,768	\$ (7,963)	\$ 71,703	\$ 1,447,508

Net book value	December 31, 2024	December 31, 2023
Land	\$ 1,285,310	\$ 1,191,847
Buildings and building improvements	365,057	356,429
Infrastructure	1,018,393	1,017,835
Vehicles, machinery and equipment	60,784	59,481
Library's collection, furniture and equipment	3,710	3,574
Assets under construction	107,673	65,736
Balance, end of year	\$ 2,840,927	\$ 2,694,902

(a) Assets under construction:

Assets under construction having a value of \$107,673,230 (2023 - \$65,735,570) have not been amortized. Amortization of these assets will commence when the asset is put into service.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

14. Tangible capital assets (continued):

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$31,065,021 (2023 - \$75,944,770) comprised of land in the amount of \$23,144,146 (2023 - \$58,306,673), and infrastructure in the amount of \$7,920,875 (2023 - \$17,638,097).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including building, artifacts, paintings, and sculptures located at City sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

There were no write-down of tangible capital assets in 2024 (2023 - nil).

15. Accumulated surplus:

	General and Reserve Funds	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2024 Total	2023 Total
Investment in tangible capital assets	\$ 2,814,071	\$ -	\$ -	\$ 8,297	\$ 3,711	\$ 2,826,079	\$ 2,687,860
Reserves (note 16)	792,544	51,864	35,195	13,133	-	892,736	789,710
Appropriated surplus	237,862	18,847	12,556	590	3,199	273,054	285,974
Investment in LIEC	39,855	-	-	-	-	39,855	37,098
Surplus	18,344	1,068	6,661	606	536	27,215	24,930
Other equity	5,608	-	-	-	-	5,608	5,960
Balance, end of year	\$ 3,908,284	\$ 71,779	\$ 54,412	\$ 22,626	\$ 7,446	\$ 4,064,547	\$ 3,831,532

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

16. Reserves:

	Balance, December 31, 2023	Change during year	Balance, December 31, 2024
Affordable housing	\$ 16,924	\$ (76)	\$ 16,848
Arts, culture and heritage	4,126	184	4,310
Capital building and infrastructure	145,902	20,509	166,411
Capital reserve	287,961	49,586	337,547
Capstan station	15,009	6,459	21,468
Child care development	10,866	1,907	12,773
Community legacy and land replacement	1,671	129	1,800
Flood protection BL 7812 and BL 10403	65,719	5,458	71,177
Equipment replacement	29,894	1,496	31,390
Growing communities fund	21,067	461	21,528
Hamilton area plan community amenity	3,767	168	3,935
Leisure facilities	29,059	6,096	35,155
Local improvements	8,109	361	8,470
Neighborhood improvement	9,153	678	9,831
Oval	11,586	1,547	13,133
Public art program	4,987	315	5,302
Sanitary sewer BL 7812 and BL 10401	58,139	4,977	63,116
Solid waste	-	256	256
Steveston off-street parking	354	5	359
Steveston road ends	143	(31)	112
Waterfront improvement	187	8	195
Water supply BL 7812 and BL 10402	65,087	2,533	67,620
	\$ 789,710	\$ 103,026	\$ 892,736

17. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may

CITY OF RICHMOND

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Year ended December 31, 2024

17. Pension plan (continued):

be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2024, with results available in later 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The City paid \$17,270,093 (2023 - \$15,534,932) for employer contributions while employees contributed \$15,099,053 (2023 - \$13,023,437) to the plan in fiscal 2024.

18. Contingent assets and contractual rights:

(a) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the City's control occurs or fails to occur.

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2024. Contingent assets are not recorded in the consolidated financial statements.

(b) Contractual rights:

The City has entered into contracts or agreements in the normal course of operations that it expects will result in revenue and assets in future fiscal years. The City's contractual rights are comprised of leases, licences, grants and various other agreements, including the provision of police services with the Vancouver Airport Authority. The following table summarizes the expected revenue from the City's contractual rights:

2025	\$ 39,375
2026	8,492
2027	5,697
2028	3,607
2029	2,704
Thereafter	5,534

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Year ended December 31, 2024

18. Contingent assets and contractual rights (continued):

(b) Contractual rights (continued):

The City is entitled to receive revenue from certain other agreements. The revenue from these agreements cannot be quantified and has not been included in the amounts noted above.

19. Commitments and contingencies:

(a) Joint and several liabilities:

The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Metro Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

The City is committed to operating lease payments for premises and equipment in the following approximate amounts:

2025	\$	4,547
2026		2,870
2027		954
2028		583
2029 and thereafter		4,513

(c) Litigation:

As at December 31, 2024, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia ("Association"):

The City is a participant in 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. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) 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.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

19. Commitments and contingencies (continued):

- (f) E-Comm Emergency Communications for Southwest British Columbia Incorporated (“E-Comm”):

The City is a shareholder of the 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 37 Class A and 18 Class B shares issued and outstanding as at December 31, 2024). 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.

- (g) Community associations:

The City has agreements with the various community associations which operate the community centers throughout the City. The City generally provides the buildings and grounds, pays the operating costs of the facilities, and provides certain staff and other services such as information technology. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive.

20. 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 consolidated financial statements.

	2024	2023
Richmond Community Associations	\$ -	\$ 724

CITY OF RICHMOND

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Year ended December 31, 2024

21. Taxation and levies:

	2024	2023
Taxes collected:		
Property taxes	\$ 621,165	\$ 572,078
Payment-in-lieu of taxes and grants	35,264	31,496
Local improvement levies	74	76
Municipal and Regional District Tax (MRDT)	9,315	9,073
	665,818	612,723
Less transfers to other authorities:		
Province of British Columbia - School taxes	(247,616)	(230,746)
TransLink	(60,588)	(48,562)
Metro Vancouver	(11,701)	(10,197)
BC Assessment Authority	(7,724)	(7,270)
Other	(42)	(41)
	(327,671)	(296,816)
Less payment-in-lieu of taxes retained by the City	(20,054)	(18,114)
	\$ 318,093	\$ 297,793

22. Other revenue:

	2024	2023
Developer contributions	\$ 15,967	\$ 3,102
Tangible capital assets gain on sale of land	3,008	2,497
Penalties and fines	5,958	5,080
Parking program	2,930	2,335
Recycle BC	3,326	3,274
Oval - Other revenue	2,712	2,987
Other	5,991	4,034
	\$ 39,892	\$ 23,309

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Year ended December 31, 2024

23. Government transfers:

Government transfers are received for operating and capital activities. The operating transfers consist of gaming revenue and provincial and federal contributions. Capital transfers are included in other capital funding sources revenue. The source of the government transfers are as follows:

	2024	2023
Operating:		
Government of British Columbia	\$ 16,650	\$ 23,943
Government of Canada	8,468	7,355
Capital:		
Government of British Columbia	7,099	26,123
Government of Canada	1,405	1,566
	\$ 33,622	\$ 58,987

24. Segmented reporting:

The City provides a 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:

- (a) **Law and community safety** 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, protection of life and properties and legal services.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water and sewer networks, flood protection and sanitation and recycling.
- (c) **Engineering, transportation, public works and project development** comprises of general public works, roads and construction, fleet operations, engineering, transportation, project development, and facility management. The services provided are construction and maintenance of the City's infrastructure and City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.
- (d) **Parks, recreation and culture** comprises of parks, recreation, arts, and culture and heritage services. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the arts, culture, and community issues that the City encounters.

CITY OF RICHMOND

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(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

24. Segmented reporting (continued):

- (e) **General government** comprises of Mayor and Council, corporate administration, finance and corporate services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, providing sound management of human resources, information technology, finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining five branches throughout the City.

	Law and community safety	Utilities	Engineering, transportation, public works and project development	Parks, recreation and culture	General government	Planning and development	Total city subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ 400	\$ 317,693	\$ -	\$ \$318,093
User fees	-	150,823	-	-	-	-	150,823
Sales of services	9,322	5,021	2,933	13,611	13,497	1,320	45,704
Payments-in-lieu of taxes	-	-	-	-	20,054	-	20,054
Provincial and federal grants	1,305	15	(849)	281	3,317	5,892	9,961
Development cost charges	-	720	9,691	31,119	28,920	-	70,450
Other capital funding sources	-	4,756	10,951	162	23,323	548	39,740
Other revenue:							
Investment income	-	366	-	-	69,457	-	69,823
Gaming revenue	914	-	-	-	11,057	-	11,971
Licences and permits	7,608	32	542	-	17	11,657	19,856
Other	3,371	4,687	1,457	743	26,822	27	37,107
Equity income in LIEC	-	-	-	-	2,757	-	2,757
	22,520	166,420	24,725	46,316	516,914	19,444	796,339
Expenses:							
Wages and salaries	66,833	24,171	30,703	45,324	32,590	15,097	214,718
Public works maintenance	70	10,211	5,252	2,321	(1,447)	-	16,407
Contract services	78,483	11,123	6,975	3,807	13,184	1,086	114,658
Regional district utility charges	-	66,161	-	-	-	-	66,161
Supplies and materials	4,058	10,839	1,372	12,493	14,273	8,674	51,709
Interest and finance	588	2	4	176	5,910	-	6,680
Transfer from (to) capital for tangible capital assets	(498)	4,469	1,514	2,700	443	505	9,133
Amortization of tangible capital assets	3,212	17,033	25,630	11,338	9,620	2,063	68,896
Loss (gain) on disposal of tangible capital assets	-	638	(128)	14	(9)	2	517
	152,746	144,647	71,322	78,173	74,564	27,427	548,879
Annual surplus (deficit)	\$ (130,226)	\$ 21,773	\$ (46,597)	\$ (31,857)	\$ 442,350	\$ (7,983)	\$ 247,460

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

24. Segmented reporting (continued):

	Total city subtotal	Richmond Public Library	Richmond Olympic Oval	2024 Consolidated	2023 Consolidated
Revenue:					
Taxation and levies	\$ 318,093	\$ -	\$ -	\$ 318,093	\$ 297,793
User fees	150,823	-	-	150,823	132,951
Sales of services	45,704	81	11,665	57,450	50,737
Payments-in-lieu of taxes	20,054	-	-	20,054	18,114
Provincial and federal grants	9,961	435	3,149	13,545	38,660
Development cost charges	70,450	-	-	70,450	10,292
Other capital funding sources	39,740	-	-	39,740	83,562
Other revenue:					
Investment income	69,823	30	-	69,853	61,503
Gaming revenue	11,971	-	-	11,971	13,013
Licences and permits	19,856	-	-	19,856	15,934
Other	37,107	73	2,712	39,892	23,309
Equity income in LIEC	2,757	-	-	2,757	2,070
	796,339	619	17,526	814,484	747,938
Expenses:					
Wages and salaries	214,718	8,800	12,727	236,245	211,637
Public works maintenance	16,407	37	-	16,444	16,087
Contract services	114,658	547	-	115,205	109,548
Regional district utility charges	66,161	-	-	66,161	60,743
Supplies and materials	51,709	2,125	5,818	59,652	53,164
Interest and finance	6,680	1	-	6,681	8,246
Transfer from (to) capital for tangible capital assets	9,133	(256)	-	8,877	13,848
Amortization of tangible capital assets	68,896	1,001	1,806	71,703	71,938
Loss (gain) on disposal of tangible capital assets	517	(16)	-	501	364
	548,879	12,239	20,351	581,469	545,575
Annual surplus (deficit)	\$ 247,460	\$ (11,620)	\$ (2,825)	\$ 233,015	\$ 202,363

25. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated 5 Year Financial Plan adopted by Council on January 29, 2024. The table below reconciles the adopted Consolidated 5 Year Financial Plan to the budget amounts reported in these consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

25. Budget data (continued):

	Financial plan Bylaw No. 10515	Financial statement budget
Revenue from Consolidated financial plan	\$ 702,207	\$ 702,207
Expenses from Consolidated financial plan	620,634	620,634
Annual surplus	81,573	81,573
Less:		
Acquisition of tangible capital assets – current year	(211,510)	-
Acquisition of tangible capital assets – prior years	(231,528)	-
Contributed tangible capital assets	(45,640)	-
Transfer to reserves	(97,079)	-
Debt principal	(9,612)	-
Add:		
Capital funding	492,725	-
Operating reserve funding	7,934	-
Transfer from surplus	13,137	-
Annual surplus	\$ -	\$ 81,573

26. Financial risk management:

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, market risk, interest rate risk and liquidity risk. Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. This note presents information on how the City manages those financial risks.

(a) Credit risk:

Credit risk is the risk of economic loss should the counterparty to a transaction default or otherwise fail to meet its obligation. The City is exposed to credit risk primarily through its cash and cash equivalents, investments and accounts receivables. The maximum exposure to credit risk on these instruments is their carrying value.

Credit risk associated with cash and cash equivalent is minimized by ensuring that these assets are held at financial institutions with a high credit ratings. The City has deposited cash with reputable financial institutions, from which management believes the risk of loss to be remote.

The City mitigates credit risk in its investments by adhering to its restrictive investment Policy 3703 which limits the type and distribution of investments.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

26. Financial risk management (continued):

(a) Credit risk (continued):

Accounts receivables mainly consist of property taxes, utilities, trade and other receivables. The Community Charter grants legislative authority for the City to enforce the collection of unpaid property taxes. As at December 31, 2024 and 2023, there were no significant collection issues related to outstanding receivable accounts. The City assesses, on a continuous basis, accounts receivables and provides for any amounts that are not collectible.

(b) Market risk:

Market risk is the risk that changes in market prices, as a result of changes in foreign exchange rates or interest rate will affect the City's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on investments.

(i) Interest rate risk:

Interest rate risk relates to the risk that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the City. There is no interest rate risk regarding the City's short terms notes and deposits, government guaranteed bonds, bank guaranteed bonds and Municipal Finance Authority bonds.

The City exposed to interest rate risk related to its debt issued by the Municipal Finance Authority which is subject to fixed interest rate. Fluctuations in rates could impact future payments upon renewal.

(ii) Currency risk:

Investments in foreign securities would be exposed to currency risk due to fluctuations in foreign exchange rates. The City does not hold investments in foreign currencies.

(iii) General risk:

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and the stability of global financial markets.

These tariffs are relatively recent and are subject to a number of uncertainties as they are implemented, and the impact cannot be predicted at this time.

(c) Liquidity risk:

Liquidity risk arises when the City is not able to meet its financial obligations as they fall due. The City manages liquidity risk by monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far out as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the City's reputation.

With the exception of note 26(b)(iii), there has been no significant change to the risk exposure from 2023.

CITY OF RICHMOND

Notes to Consolidated Financial Statements

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

27. Comparative information:

Certain comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for the current year. These reclassifications do not impact the annual surplus reported in the prior year or accumulated surplus.

CITY OF RICHMOND

Schedule 1 – Unaudited Statement of Growing Communities Fund

(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

In 2023, the Provincial Government announced funding of up to \$1 billion in direct grants provided to local governments to help support all B.C. communities. The objective of this funding is to help local government to invest into infrastructure and amenities that will help facilitate the increase in housing supply throughout the community. In 2023, the City received a Growing Communities Grant of \$20.3 million. A requirement of the Growing Communities Fund is to include a schedule to the financial statements presenting the amount of funding received, use of funds, and year-end balance of unused funds. A schedule will continue to be reported annually until funds are fully drawn down.

	2024	2023
Growing Communities Fund opening balance	\$ 21,067	\$ -
Growing Communities Fund received		20,354
Total eligible costs incurred	(7)	-
Interest earned	468	713
Balance, end of year	\$ 21,528	\$ 21,067

CITY OF RICHMOND

Schedule 2 – Unaudited Statement of Local Government Housing Initiatives Capacity Fund
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

Year ended December 31, 2024

In 2023, the Provincial Government announced funding of \$51 million in grant-based funding to help facilitate implementation and support local governments’ implement of the legislative changes to support housing initiatives, including small-scale multi-unit housing and proactive planning, development finance, and transit-oriented development.

In 2024, the City received the Local Government Housing Initiatives Capacity Fund of \$1.1 million. A requirement of the Local Government Housing Initiatives Capacity Fund is to include a schedule to the financial statements. A schedule will continue to be reported annually until funds are fully drawn down.

	2024	
Local Government Housing Initiatives Capacity Fund received	\$	1,146
Total eligible costs incurred		(192)
Balance December 31, 2024	\$	954

2024 | City of Richmond

FINANCIAL STATEMENT DISCUSSION & ANALYSIS

Prepared by Management

To be read in conjunction with the 2024
Financial Statements





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Introduction

The *Community Charter* requires that annual audited financial statements be prepared and presented to Council. The City of Richmond's audited consolidated financial statements for the year ended December 31, 2024 have been prepared in accordance with Canadian Public Sector Accounting Standards.

The Financial Statement Discussion and Analysis (FSD&A) provides a detailed analysis of the Consolidated Financial Statements. The FSD&A explains the significant differences in the financial statements between the reported year and the previous year, as well as between budgeted and actual results. This analysis has been prepared by management and is intended to be read in conjunction with the 2024 audited consolidated financial statements.

The consolidated financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval (Oval), and Richmond Public Library (Library). All future references to the "City" reflect the financial results for all entities.

Lulu Island Energy Company (LIEC) is classified as a government business entity (GBE). The City's investment in LIEC as a GBE is accounted for using the modified equity method.

Further information about the basis of consolidation is listed in Note 2 to the Consolidated Financial Statements.

The consolidated financial statements include the following statements:

- **Consolidated Statement of Financial Position** summarizes the assets (financial and non-financial), liabilities, net debt and accumulated surplus as at December 31, 2023 and 2024.
- **Consolidated Statement of Operations** outlines revenues, expenses, surplus for the year and accumulated surplus at year-end. This statement reflects the combined operations of the general, utility, capital and reserve funds for the City and its consolidated entities.
- **Consolidated Statement of Changes in Net Financial Assets** outlines the changes in net financial assets as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
- **Consolidated Statement of Cash Flows** summarizes the City's cash position and changes during the year by outlining the City's sources and uses of cash.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position shows the City's assets (financial and non-financial), liabilities and accumulated surplus. The difference between the financial assets and liabilities is the City's net financial assets, which represents the amount available for a later date.

The City maintained its strong financial position in 2024 allowing for flexibility and financial sustainability into the future.

- Financial assets increased by \$101.3M to \$1.9B
- Liabilities increased by \$14.4M to \$731.8M
- Net financial assets increased by \$86.9M to \$1.2B
- Non-financial assets increased by \$146.1M to \$2.9B
- Accumulated surplus increased by \$233.0M to \$4.1B

The accumulated surplus includes investment in tangible capital assets, reserves, appropriated surplus, surplus, investment in LIEC and other equity. The change in accumulated surplus is referred to as the annual surplus and is included on the Consolidated Statement of Operations.

Financial Assets

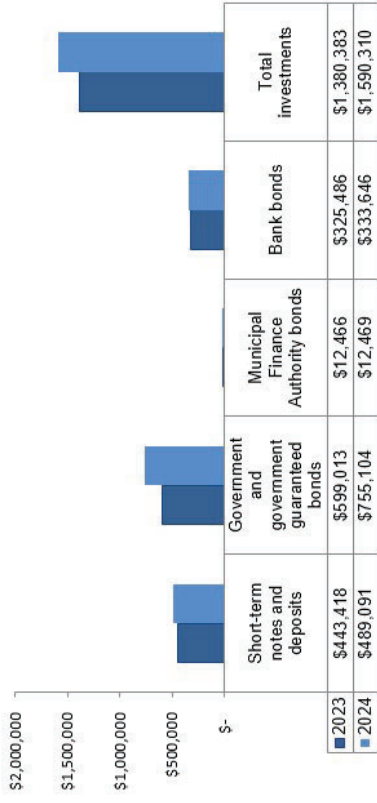
Cash and cash equivalents

The cash and cash equivalents balance of \$199.4M is mainly comprised of deposits in high interest savings products. Cash decreased by \$122.1M due to repositioning to the investment portfolio. This investment strategy allows the City to lock funds into longer-term and higher return investments.

Investments

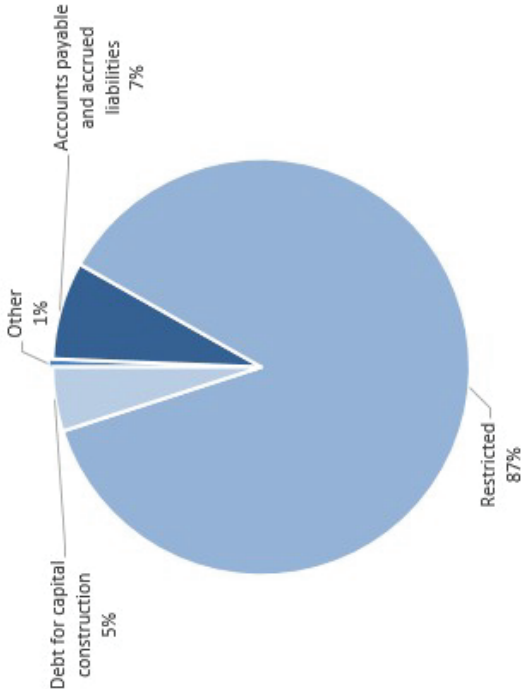
Investments increased by \$209.9M to \$1.6B primarily due to the City's strategic repositioning of its cash and investment structure and responding to the elevated interest rates which were available in 2024. The City has allocated a larger portion towards its investments, particularly in fixed income and longer-term GICs.

Investment Portfolio by Type (\$000's)



The majority of the cash and investment balance is restricted through legislation, relates to contractual requirements

concerning future obligations or is previously committed. The allocation is shown below.



Investment in LIEC

Effective January 1, 2017, LIEC was classified as a GBE. The City uses the modified equity method to account for this investment of \$39.9M (2023 - \$37.1M).

Accrued interest receivable

Accrued interest receivable decreased by \$3.9M to \$22.7M due to the series of interest rate cuts that took place in the second half of 2024.

Accounts receivable

Accounts receivable increased by \$10.8M to \$45.9M primarily due to the increase in revenue from the metered utility billings and grants.

Financial Assets

Accounts Receivable (\$'000's)	2024	2023	Change
Water and sewer utilities	\$17,903	\$15,429	\$2,474
Casino revenues	2,918	2,940	(22)
Grants	12,728	8,416	4,312
Other trade receivables	12,338	8,282	4,056
Total	\$45,887	\$35,067	\$10,820

Taxes receivable

Taxes receivable increased by \$6.6M to \$27.1M primarily due to the timing of property tax collections.

Development fees receivable

Development fees receivable decreased by \$2.2M to \$18.1M due to the timing of collections of Development Cost Charges (DCC) during the year and from the timing of new developments.

Developers have the option to pay DCCs upfront or in installments over a two-year period. When paying in installments, one-third of the total DCC is paid upfront, the next third is paid one year after the originating date and the final one-third is paid at the two-year anniversary date. The second and third payment amounts are secured by a letter of credit.

Development activities increased early in 2024 in advance of the DCC rate adjustment in July.

Debt reserve fund – deposits

The debt reserve fund balance decreased by \$0.5M to \$1.0M due to the debt maturity in 2024.



Liabilities

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by \$22.6M to \$125.8M mainly due timing of payments and accruals.

Asset retirement obligations

Asset retirement obligation decreased by \$0.8M to \$11.1M due to changes in estimates recorded during the year.

Post-employment benefits

Post-employment benefits decreased by \$0.5M to \$37.4M. An actuarial valuation was done in 2024 that lead to the decrease in the unamortized net actuarial gain.

Development cost charges

The DCC balance of \$226.0M (2023 - \$241.6M) is restricted by Section 566 of the *Local Government Act* and may only be used on authorized capital expenditures.

Net contributions of \$44.8M and interest earned of \$10.0M were received in 2024. The balance is offset by \$70.5M for capital project expenses funded by DCCs during the year, which was higher than in 2023 due to the acquisition of future parkland.

Development Cost Charges (\$000's)	2024	2023	Change
Balance, beginning of year	\$241,634	\$237,051	\$4,583
Contributions	44,832	4,342	40,490
Interest	9,996	10,533	(537)
Revenue recognized	(70,450)	(10,292)	(60,158)
Balance, end of year	\$226,012	\$241,634	(\$15,622)

The \$226.0M balance includes amounts which have been allocated to active capital projects but that remain unspent at December 31, 2024, there is \$56.4M (2023 - \$81.4M) committed to active capital projects. The Consolidated 5 Year Financial Plan (2025-2029), Bylaw No. 10622, includes \$16.7M approved toward the 2025 Capital Budget and an additional \$89.7M is estimated for the remaining four years (2026-2029).

Deposits and holdbacks

Deposits and holdbacks increased by \$13.1M to \$161.8M mainly due to an increase of development-related security deposits.

Deposits and Holdbacks (\$000's)	2024	2023	Change
Security deposits	\$138,835	\$125,713	\$13,122
Developer contribution	8,091	7,919	172
Damage deposits	6,527	6,658	(131)
Contract holdbacks	4,708	4,767	(59)
Other	3,661	3,681	(20)
Total deposits and holdbacks	\$161,822	\$148,738	\$13,084

Liabilities

Deferred revenue

Deferred revenue are funds that are set aside for specific purposes by legislation, regulation or agreement and may only be used for the specified work or where there is a performance obligation.

Deferred Revenue (\$000's)	2024	2023	Change
Taxes and utilities	\$33,197	\$30,008	\$3,189
Grants	19,921	16,609	3,312
Building permits/development	17,322	15,082	2,240
Oval	2,893	2,813	80
Parking easement/leased land	2,535	2,480	55
Licences	843	2,613	(1,770)
Other	3,875	5,752	(1,877)
Total deferred revenue	\$80,586	\$75,357	\$5,229

Deferred revenue increased by \$5.2M mainly due to increases in prepaid taxes, building permits and grants. This was offset by decreases in business licenses and other deferred revenue, which were impacted by the Canadian Public Sector Accounting change in revenue recognition standard PS 3400, which resulted in a \$2.3M decrease.

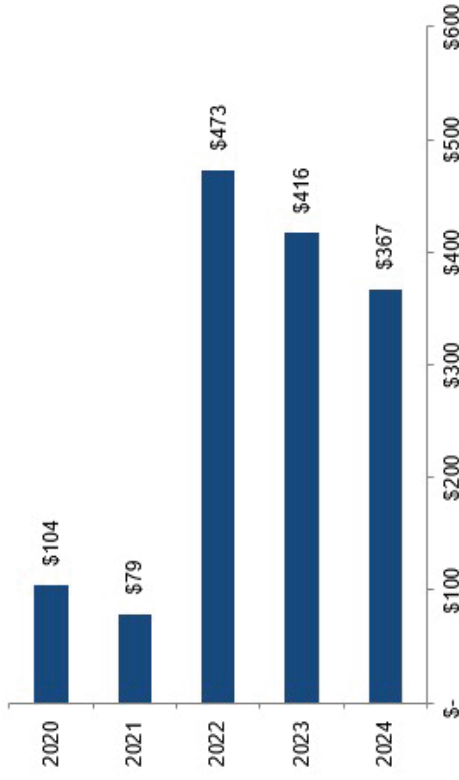
Debt, net of MFA sinking fund deposits

Debt decreased by \$9.5M to \$89.1M due to the annual repayment in 2024 towards the borrowings for the construction of the Minoru Center for Active Living facility and the construction of the Steveston Community Centre and

Branch Library. The debt relating to the Minoru Centre for Active Living was fully repaid in 2024.

The debt per capita decreased to \$367 per person in 2024 from \$416 as at December 31, 2023. The decrease in debt per capita is due to principal payments reducing the current debt balance, along with an increase in population.

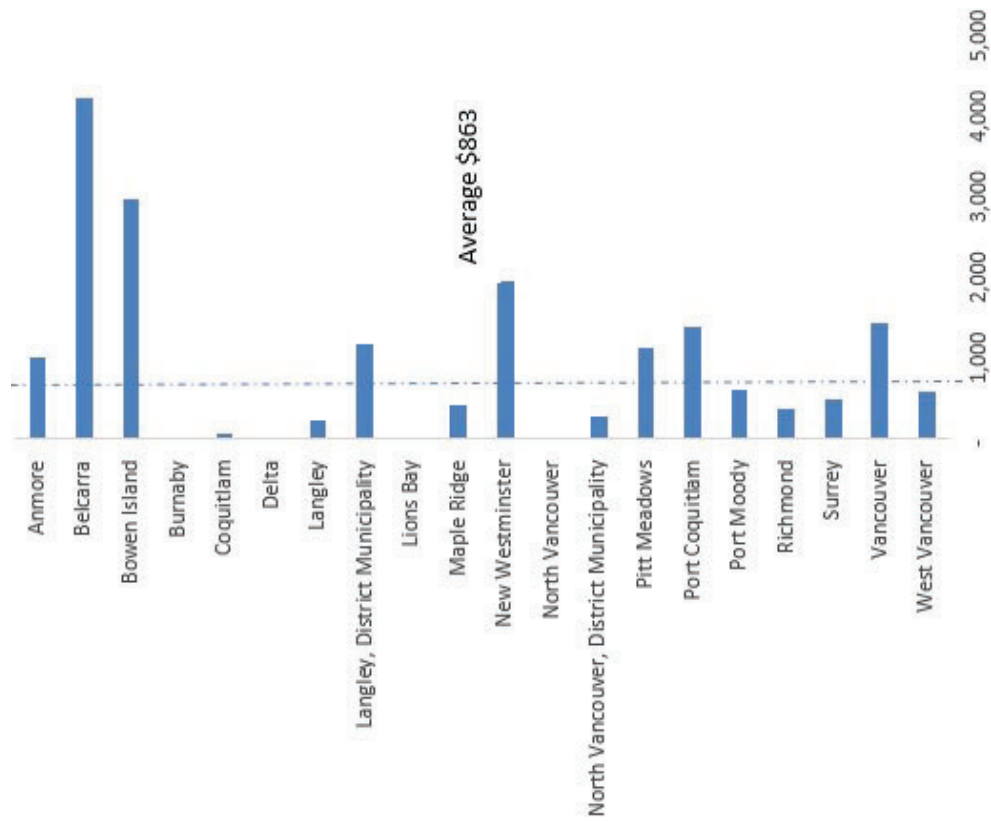
City of Richmond Debt Per Capita 2020-2024



The 2023 values for the other municipalities are the most current figures available from the Local Government Statistics. For comparative purposes, Richmond's 2024 debt per capita of \$367 is included below, and continues to be under the 2023 regional average of \$863.

Liabilities

Debt Per Capita by City 2023 (compared to Richmond 2024)



Long-Term debt data obtained from the Ministry of Municipal Affairs and Housing - 2023 Local Government Statistics. Population figures obtained from BC Stats, BC Regional District and Municipal Population Estimates as of March 2025.



Non-Financial Assets

Tangible Capital Assets

Tangible capital assets (TCA) are recorded at original cost and are amortized over their useful life. The net book value (original cost less accumulated amortization) is presented below. Additional information can be obtained in Note 14 of the consolidated financial statements.

TCA increased by \$146.0M to \$2.8B. The change is primarily a result of \$218.5M of asset additions and current year amortization expense of \$71.7M.

Tangible Capital Assets (\$000's)	2024	2023	Change
Land	\$1,285,310	\$1,191,847	\$93,463
Buildings and building improvements	365,057	356,429	8,628
Infrastructure	1,018,393	1,017,835	558
Vehicles, machinery and equipment	60,784	59,481	1,303
Library's collections, furniture and equipment	3,710	3,574	136
Assets under construction	107,673	65,736	41,937
Total	\$2,840,927	\$2,694,902	\$146,025

Land increased by \$93.5M mainly due to the acquisition of future parklands and land under roads received through rezoning.

Buildings increased by \$8.6M mainly due to \$31.3M in additions offset by \$22.6M of amortization expenses. The additions in 2024 included 100-12339 Steveston Highway \$11.1M, Richmond Ice Centre Renewal \$6.6M, Richmond Nature Park buildings \$4.6M.

Infrastructure increased by \$0.6M mainly due to \$38.5M in additions offset by \$37.4M of amortization expenses and disposal of \$0.6M. The additions in 2024 included \$3.4M for Steveston MUP (Shell-Mortfield), \$1.9M for No. 2 Road MUP (Steveston-Williams), and \$1.8M for contributed asset received through a development on Williams Road.

Vehicles, machinery and equipment increased by \$1.3M mainly due to \$12.1M in additions offset by \$10.7M of amortization expenses and disposal of \$0.1M. The additions in 2024 included \$6.0M for various vehicle and equipment reserve purchases, \$2.2M for various traffic signal assets and \$0.6M for Oracle EPM Solution Phase 1.

Library's collections, furniture and equipment increased by \$0.1M mainly due to \$1.1M of additions, offset by \$1.0M of amortization expense.

Non-Financial Assets



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Assets under construction increase by \$41.9M mainly due to Steveston Community Centre and Library of \$17.4M, Works Yard Replacement of \$4.7M, Watermain Replacement Upgrades Program of \$3.9M, Steveston Highway Multi-Use Pathway of \$3.9M, Public Works Infrastructure Advanced Design of \$3.0M, Steveston Utility Upgrades of \$2.7M, Lawn Bowling Club Replacement of \$2.5M, Burkeville Utility Improvements of \$2.2M and Canal Stabilization and Drainage and Irrigation Upgrades of \$1.8M.

Inventory of materials and supplies

Inventory decreased by \$0.4M to \$5.8M based on timing of materials issued.

Prepaid expenses

Prepaid expenses increased by \$0.5M to \$5.4M due to timing of expenses.

Accumulated Surplus

The accumulated surplus increased by \$233.0M to \$4.1B. The annual increase is presented on the Consolidated Statement of Operations.

Accumulated Surplus (\$000's)	2024	2023	Change
Investment in TCA	\$2,826,079	\$2,687,860	\$138,219
Reserves	892,736	789,710	103,026
Appropriated surplus	273,054	285,974	(12,920)
Investment in LIEC	39,855	37,098	2,757
Surplus	27,215	24,930	2,285
Other equity	5,608	5,960	(352)
Total	\$4,064,547	\$3,831,532	\$233,015

Investment in TCA

Investment in TCA represents the equity held in assets. This balance is equal to the net book value of tangible capital assets less any outstanding debt relating to capital and capital leases.

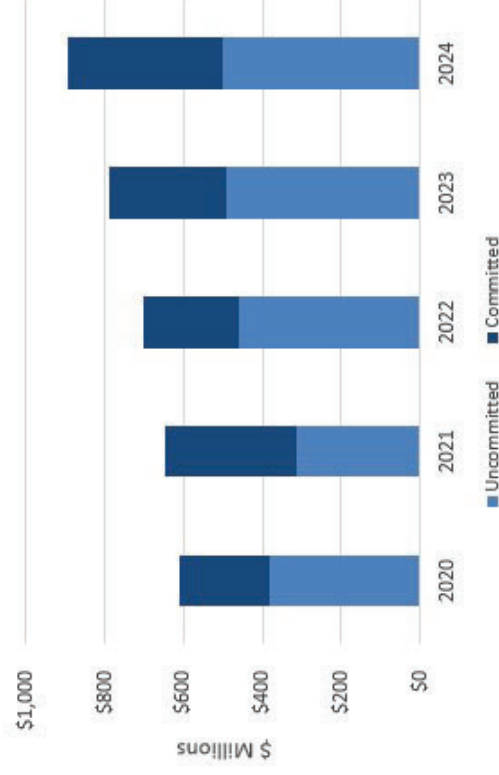
In accordance with accounting standards, this balance is accounted for using the cost method, net of accumulated amortization. It does not reflect market value or replacement value of the assets.

The investment in TCA balance increased by \$138.2M. This is the net activity of asset additions, amortization, disposals, and debt reduction.

Reserves

Reserves are established by Bylaw for specific purposes, mainly capital expenditures. The balance of \$892.7M includes amounts that have been approved for expenditure, but remain unspent as at December 31. The uncommitted reserve balance is \$502.5M (2023 - \$493.3M).

Reserve Balance 2020-2024



The increase in the reserve balance is mainly attributable to the timing of capital expenditures. There are several facility construction projects approved including strategic land acquisitions, West Richmond Pavilion, Works Yard replacement, Britannia Shipyards and the Phoenix Net Loft that have reserve funds allocated, but have not been spent as of the reporting date December 31, 2024.

Accumulated Surplus

From the available \$502.5M at December 31, 2024, \$88.2M has been approved for the City's 2025 Capital Budget and is included in the Consolidated 5 Year Financial Plan (2025-2029), Bylaw No. 10622. An additional \$427.7M is estimated for the remaining four years (2026-2029) of the 5 Year Capital Plan.

Appropriated Surplus

Appropriated surplus is internally restricted for future commitments and potential liabilities. The balance decreased by \$12.9M to \$273.1M primarily due to the use of funds for the collective agreement settlements offset by transfer of the 2023 operating surplus of \$6.1M to the Rate Stabilization provision.

Investment in LIEC

The City's investment in LIEC is recorded under the modified equity method. The balance reflects the City's share equity in LIEC on December 31, 2024 of \$39.9M, an increase of \$2.8M from the 2023 balance of \$37.1M.

Surplus

The consolidated surplus increased by \$2.3M to \$27.2M in 2024 primarily due to the net impact of transferring the 2023 operating surplus of \$6.1M to the Rate Stabilization provision, offset by the 2024 operating surplus of \$5.7M (excluding adjustments relating to the implementation of the new accounting standard PS 3400).

Other Equity

Other equity relates to the City's inventory. The balance decreased by \$0.4M to \$5.6M in 2024.



Consolidated Statement of Operations

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The Consolidated Statement of Operations provides a summary of the revenues, expenses, and surplus throughout the reporting period and outlines the change in accumulated surplus.

The 2024 budget amounts presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified 'cash requirements' basis, and amounts recorded in these financial statements on a 'full accrual' basis.

Note 25 outlines the adjustments to the approved budget, particularly the exclusion of transfers to reserves and other funds, as well as tangible capital asset acquisitions. These adjustments to budgeted values are required to provide comparative budget values based on the full accrual basis of accounting. As the accrual-based budget does not include transfers to reserves, investments in assets, and other items, the budget presented on the financial statements can show a surplus or deficit while the budget as approved by Council is a balanced budget.

Revenues

2024 Budget to Actual Comparison

Total consolidated revenues are \$814.5M compared to the budgeted revenues of \$702.2M. Certain revenues will always be difficult to accurately budget due to the unpredictability of the source, development timing, and use of funds for capital. Budget to actual variance explanations are below.

Revenues (\$000's)	2024		2024	Actual	Variance
	Budget				
Taxation and levies	\$306,676		\$318,093		\$11,417
Utility fees	148,459		150,823		2,364
Sales of services	54,556		57,450		2,894
Payments-in-lieu of taxes	14,650		20,054		5,404
Provincial and federal grants	26,637		13,545		(13,092)
Development cost charges	16,607		70,450		53,843
Other capital funding sources	68,118		39,740		(28,378)
Investment income	25,635		69,853		44,218
Gaming revenue	12,500		11,971		(529)
Licences and permits	12,832		19,856		7,024
Other	15,175		39,892		24,717
Equity income	362		2,757		2,395
Total	\$702,207		\$814,484		\$112,277

Taxation and levies had a favourable variance of \$11.4M mainly due to inclusion of Municipal & Regional District Tax Program revenue as a result of a change to its revenue recognition and higher than expected new growth.

Utility fees had a favourable variance of \$2.4M mainly due to preconstruction revenue.

Sales of services had a favourable variance of \$2.9M mainly due to higher Oval recreational program revenue and higher aquatic revenue.

Payments-in-lieu of taxes had a favourable variance of \$5.4M mainly due higher revenue received from Federal and Provincial entities.

Provincial and federal grants had an unfavourable variance of \$13.1M due to lower than anticipated recognition of grants which is aligned with the timing of spending.

Development cost charges had a favourable variance of \$53.8M due to the timing of capital expenditures for parkland acquisitions as development cost charges revenue is recognized when the amounts are spent.

Other capital funding had an unfavourable variance of \$28.4M due to lower than budgeted amounts relating to contributed assets received through development and the timing of externally funded capital expenditures. The revenue recognition relating to contributed assets is based on the timing of the development and when the ownership of assets are transferred to the City.

Investment income had a favourable variance of \$44.2M due to higher interest rates and higher investment balances in 2024. The majority of this increase was transferred to the reserves in accordance with *Community Charter* requirements.

Revenues

Gaming revenue had an unfavourable variance of \$0.5M due to actual revenue received from net gaming activities at the River Rock Casino being less than estimated in the budget. Consistent with the approved allocation model, the shortfall resulted in a reduction in the transfer to reserves.

Licences and permits had a favourable variance of \$7.0M due to higher building permit revenues than budgeted and higher business licencing revenues due to the change in revenue recognition through PS 3400 Revenue standard which increased business licence revenue by an additional \$1.8M in 2024.

Other revenue had a favourable variance of \$24.7M mainly due to unbudgeted developer reserve contributions and gain on disposal of land.

Equity income relates to the City's investment in LIEC. LIEC's net income for the year was favourable compared to budget by \$2.4M.



Revenues

2024 to 2023 Actual Comparison

Total 2024 consolidated revenues were \$814.5M compared to \$747.9M in 2023.

Revenues (\$'000's)	2024 Actual	2023 Actual	Change
Taxation and levies	\$318,093	\$297,793	\$20,300
Utility fees	150,823	132,951	17,872
Sales of services	57,450	50,737	6,713
Payments-in-lieu of taxes	20,054	18,114	1,940
Provincial and federal grants	13,545	38,660	(25,115)
Development cost charges	70,450	10,292	60,158
Other capital funding sources	39,740	83,562	(43,822)
Investment income	69,853	61,503	8,350
Gaming revenue	11,971	13,013	(1,042)
Licences and permits	19,856	15,934	3,922
Other	39,892	23,309	16,583
Equity income	2,757	2,070	687
Total	\$814,484	\$747,938	\$66,546

Taxation and levies increased by \$20.3M due to 5.62% approved tax increase and new growth compared to the prior year.



Revenues

Utility fees increased by \$17.9M due to higher metered billing revenue for water, sanitary sewer, sanitation and recycling based on approved rate increases to recover higher Metro Vancouver costs.

Sales of services increased by \$6.7M mainly due to higher receivable income, favourable Oval program revenue, increased rental and lease revenue due to acquisition of additional properties and higher external recoveries.

Payments-in-lieu of taxes increased by \$1.9M due to higher revenue received in 2024 from federal and provincial agencies than in 2023.

Provincial and federal contributions decreased by \$25.1M mainly due to \$20.4M from the Growing Community Fund grant received in 2023 as well as other grants which did not recur in 2024.

Development cost charges increased by \$60.2M due to the timing of capital expenditures for parkland acquisition as development cost charges revenue is recognized when the amounts are spent.

Other capital funding decreased by \$43.8M due to assets contributed received in 2024 including a decrease of \$42.1M for land and road cuts, \$4.4M decrease in park assets, and \$3.9M for road infrastructure assets and external contributions of \$0.3M. These were offset by an increase in \$6.9M for land donations.

Investment income increased by \$8.4M due to interest rate environment and timing of capital expenditures allowing additional funds to be invested.

Gaming revenue decreased by \$1.0M due to less activity at River Rock Casino Resort in 2024 compared to 2023.

Licences and permits increased by \$3.9M mainly due to higher building permits and the adoption of PS 3400 Revenue standard for business licences, which recognized an additional \$1.8M in 2024.

Other revenue increased by \$16.6M mainly due to higher developer reserve contributions including funds received for Capstan Canada Line Station and City Centre facilities.

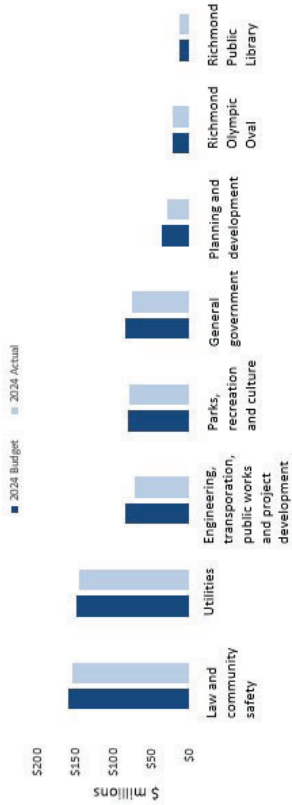
Equity income relates to the City's investment in LIEC. LIEC's net income for 2024 increased by \$0.7M.

Expenses

2024 Budget to Actual Comparison

Total consolidated expenses are \$581.5M compared to the budget of \$620.6M.

2024 Expenses by Function



The following comparisons are before transfers to provisions and/or reserves:

Law and community safety had a favourable variance of \$5.4M due to lower policing contract costs than budgeted due to the number of officers billed being less than budgeted.

Utilities had a favourable variance of \$2.7M due to less transfers from capital to operating for expenses that did not meet the capitalization threshold, vacant positions and contract costs.

Engineering, transportation, public works and project development had a favourable variance of \$12.3M mainly due

to less capital expenditures that did not meet the capitalization criteria and lower contract costs.

Parks, recreation and culture had a favourable variance of \$1.6M mainly due to lower than budgeted contract costs and less capital expenditures that did not meet the capitalization criteria.

General government had a favourable variance of \$9.5M mainly due to the timing of contingent grant expenses that were not fully spent in 2024 and will be spent in future periods and unspent contingencies.

Planning and development had a favourable variance of \$7.5M mainly due to timing of contributions to housing projects that vary with externally controlled milestones, including the Rapid Housing Initiatives and Pathways, also lower spending on contracts, services and supplies and salaries.

Oval had an unfavourable variance relative to the preliminary budget included in the City's Consolidated Financial Plan. Actual expenses are within the final budget which was subsequently approved by the Oval Board.

Library services had a favourable variance of \$0.3M mainly due to staff vacancies.

Expenses

2024 to 2023 Actual Comparison

Total 2024 consolidated expenses were \$581.5M compared to \$545.6M in 2023.

Expenses (\$000's)	2024 Actual	2023 Actual	Change
Law and community safety	\$152,746	\$142,001	\$10,745
Utilities: flood, sanitation, sewer and water	144,647	133,166	11,481
Engineering, transportation, public works and project development	71,322	69,915	1,407
Parks, recreation and culture	78,173	71,328	6,845
General government	74,564	76,288	(1,724)
Planning and development	27,427	22,144	5,283
Richmond Olympic Oval	20,351	19,200	1,151
Richmond Public Library	12,239	11,533	706
Total	\$581,469	\$545,575	\$35,894

Law and community safety expenses increased by \$10.7M mainly due to increase in labour costs due to new collective agreements, higher policing contract and E-Comm expenses.

Utilities expenses increased by \$11.5M mainly due to higher labour costs due to the new collective agreement, higher Greater Vancouver Sewerage and Drainage District operating and sewer debt levy, an increase in Metro Vancouver water purchase costs due to an increase in the rate, and more

transfers from capital to operating that did not meet the criteria for capitalization.

Engineering, transportation, public works and project development expenses increased by \$1.4M mainly due to labour costs as negotiated in the collective agreements offset by lower transfers from capital that were not eligible for capitalization and asset retirement obligation expense that did not recur.

Parks, recreation and culture increased by \$6.8M mainly due to increase in labour costs which is attributable to the new collective agreements and hiring of more auxiliary staff.

General government expenses decreased by \$1.7M mainly due to decrease in long term debt interest due to the Minoru Centre for Active Living debt maturity.

Planning and development cost increased by \$5.3M mainly due to the expenses related to the Rapid Housing Initiatives Project and increases in labour costs as negotiated in the collective agreements and filling of vacancies.

Oval expenses increased by \$1.2M mainly due to higher labour and programming expenses.

Library services expenses increased by \$0.7M mainly due to increase in labour costs

Expenses

Expenses by Object

Expenses (\$'000's)	2024 Actual	2023 Actual	Change
Wages and salaries	\$236,245	\$211,637	\$24,608
Public works maintenance	16,444	16,087	357
Contract services	115,205	109,548	5,657
Regional district utility charges	66,161	60,743	5,418
Supplies and materials	59,652	53,164	6,488
Interest and finance	6,681	8,246	(1,565)
Transfer from (to) capital for tangible capital assets	8,877	13,848	(4,971)
Amortization of tangible capital assets	71,703	71,938	(235)
Loss on disposal of tangible capital assets	501	364	137
Total	\$581,469	\$545,575	\$35,894

Wages and salaries increased by \$24.6M due to collective agreement increases which include a 4.5% wage increase for 2024, step increases in accordance with the collective agreement, a one time retroactive payment of 1% for 2022 and 3.5% for 2023 for CUPE 394 and 718 collective agreements, and vacancies being filled.

Public works maintenance is consistent with prior year.

Contract services increased by \$5.7M mainly due to higher policing contract costs and E-Comm increases.

Regional district utility charges increased by \$5.4M due to the Greater Vancouver Sewerage & Drainage District levy increase and due to an increase in the summer bulk rate for water purchases.

Supplies and materials increased by \$6.5M mainly due to higher expenses for the Rapid Housing Initiative, Pathway Housing project and higher property expense costs.

Interest and finance decreased by \$1.6M mainly due to decrease in long term debt interest as the final payment on debt for Minoru Centre for Active Living was made in 2024.

Transfer from (to) capital for tangible capital assets decreased by \$5.0M due to asset retirement obligation expenses in 2023 for the initial application of the new accounting standard which did not recur in 2024.

Amortization of tangible capital assets is consistent with prior year.

Loss on the disposal of tangible capital assets is consistent with prior year.

Annual Surplus

The 2024 consolidated annual surplus of \$233.0M is calculated as the difference between revenues and expenses and is reflected in the change in the accumulated surplus.

Annual Surplus Distribution

The largest driver of the \$233.0M annual surplus is the change in investment in capital assets of \$138.2M. This is primarily the net activity of asset additions \$218.5M offset by amortization expense of \$71.7M, disposals and debt reduction.

Investment in LIEC increased by \$2.8M.

Appropriated surplus decreased by \$12.9M due to the use of funds to off-set the CUPE 718 and 394 collective agreement settlements.

Reserves increased by \$103.0M due to the timing of capital expenditures. Included in the total reserve balance is \$390.2M committed towards active capital projects.

Surplus increased by \$2.3M mainly due to the net impact of transferring the 2023 operating surplus of \$6.1M to the Rate Stabilization provision, offset by the 2024 operating surplus of \$5.7M (excluding adjustments relating to the implementation of the new accounting standard PS 3400).

Other equity decreased by \$0.4M.



Consolidated Statement of Changes in Net Financial Assets

The Consolidated Statement of Changes in Net Financial Assets focuses on the net assets of the City, adjusting the annual surplus for the impact of tangible capital assets: mainly deducting the costs to acquire assets, and adding back amortization charged during the year.

An important measure of any government’s financial condition is its net financial assets: calculated as financial assets (e.g. cash, receivables, and investments) less liabilities (e.g. trade and employment payables, deposits and debt).

The City’s net financial assets as at December 31, 2024 increased by \$86.9M to \$1.2B (2023 - \$1.1B).

Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows is a summary of how the City's cash position changed during the year, highlighting sources and uses of cash, including the use of cash to acquire capital assets.

The City's cash decreased by \$122.1M to \$199.4M and investments increased by \$209.9M to \$1.6B.

In 2024, cash provided by operating activities was \$280.9M, compared to \$222.4M in 2023. This was mainly due to accounts payable and accrued liabilities, development cost charges, deposits and holdbacks and receivables (taxes and accounts).

Cash used in capital activities was \$184.0M compared to \$87.5M in 2023.

Cash used in financing activities was \$9.0M compared to \$9.2M received in 2023.

Cash used in investing activities was \$209.9M, compared to \$458.9M in 2023.

Ratio Analysis

The Public Sector Accounting Board (PSAB) encourages the Government sector to conduct ratio analysis as per the Statement of Recommended Practice (SORP) 4: Indicators of Financial Condition. The analysis enables the readers of financial reports to use the indicators to assess the City's ability to respond to changes in the economic climate. It also allows readers to interpret the financial reports and assess the quality of financial management.

The analysis addresses the following three key areas:

- **Assessment of sustainability** measures and demonstrates the ability of a government entity to carry out its service commitments, and settle financial commitments to creditors, employees, and others without increasing the debt or tax burden in the economy that it operates.
- **Assessment of flexibility** measures and demonstrates the degree to which a government entity can change the level of debt and tax burden in order to meet its service commitments or settle financial commitments.
- **Assessment of vulnerability** measures and demonstrates the degree by which a government entity is dependent on sources of funding outside its control or influence, or is exposed to risk that could impair its ability to meet its service and financial commitments.

The following table presents the ratio analysis for the three-year period 2022-2024:

Assessment of sustainability

Sustainability ratios:	2024	2023	2022
Assets to liabilities (times)	6.6	6.3	6.2
Financial assets to liabilities (times)	2.7	2.6	2.5
Net debt to total revenues	10.9%	13.2%	16.7%
Net debt to the total assessment	0.06%	0.07%	0.09%
Expenses to the total assessment	0.4%	0.4%	0.4%
Flexibility ratios:	2024	2023	2022
Debt charges to revenues	0.5%	0.7%	0.4%
Net book value of capital assets to cost	66.2%	66.1%	66.2%
Net book value of capital assets (excluding land) to cost	51.8%	52.1%	52.6%
Own source revenue to the assessment	0.4%	0.4%	0.5%
Vulnerability ratios:	2024	2023	2022
Government transfers to total revenues	4.1%	7.9%	5.6%
Government transfers (excluding gaming revenue) to total revenues	2.7%	6.1%	3.7%

An explanation of each of the ratios is provided below.

- Assets to liabilities indicates sustainability by the extent to which the government entity finances its operations by issuing debt. A ratio higher than one indicates that a government has accumulated surplus and has assets greater than liabilities. Included in the City's liabilities are DCCs and deferred revenue which represent an obligation to perform future works.
 - Financial assets to liabilities indicates sustainability by the degree that future revenues are required to pay for past transactions and events. A higher ratio indicates a greater ability to cover liabilities.
 - Net debt to total revenues indicates the financial burden over the earning capacity and also indicates how future revenues will be needed for financing of past transactions and events. A lower percentage indicates a lesser reliance on future revenues to finance existing debt.
- In 2022, the City acquired debt of \$96.0M for the construction of the Steveston Community Centre and Branch Library. The annual debt servicing costs relating to the Minoru Centre for Active Living, funded from \$6.4M gaming revenue and \$1.0M taxation revenue, will be applied to the Steveston Community Centre and Branch Library annual servicing costs now that the final

repayment for the Minoru Centre for Active Living is complete in 2024.

- Net debt to the total assessment indicates the relationship between the level of debt and the state of the local economy. A lower percentage indicates a lesser reliance on the current assessment base to finance existing debt.
- Expenses to the total assessment indicates the trend of the government spending in connection to the state of the local economy. A lower percentage indicates a lesser reliance on the current assessment base to finance existing expenses.

Assessment of flexibility

- Debt charges to revenues indicates the extent to which past borrowing decisions present a constraint on a government's ability to meet its financial commitments. A lower ratio indicates a lesser reliance on existing revenues to finance debt charges.
- Net book value of capital assets to cost indicates the estimated useful life of the capital assets to provide services. A higher ratio indicates a newer asset inventory.
- Net book value of capital assets (excluding land) to cost indicates the estimated useful life remaining of

depreciable capital assets. Land is not a depreciable asset and its inclusion can distort the net book value to cost ratio. A higher ratio indicates a newer asset inventory.

- Own source revenue to the assessment indicates the degree to which represents the percentage of taxes taken from its own tax base. A lower ratio indicates a lesser proportion of existing revenues from own sources on the current assessment base.

Assessment of vulnerability

- Government transfers to total revenues indicates the degree to which the local government is dependent on provincial or federal grants. A higher ratio indicates a higher proportion of grants.

Environmental Analysis

The City provides a wide array of services to residents, businesses, and visitors. The Council Strategic Plan helps guide the development and implementation of the City's work programs and operations.

The following section highlights:

- Council Strategic Plan 2022-2026
- Environment
 - Business Licences
 - Housing Activity
 - Population
- City Services

Strategic Plan

Council Strategic Plan 2022-2026

The Council Strategic Plan 2022-2026 identifies the collective priorities and focus areas for Richmond's City Council for the current term of office. The Council Strategic Plan allows the City to provide effective management and delivery of services in a manner that is responsive and flexible to address the current and future needs of all those who live, work, and play in Richmond.

The six high level areas of focus for the Council Strategic Plan 2022-2026 include:

1. Proactive in Stakeholder and Civic Engagement

Proactive stakeholder and civic engagement to foster understanding and involvement and advance Richmond's interests.

2. Strategic and Sustainable Community Growth

Strategic and sustainable growth that supports long-term community needs and a well-planned and prosperous city.

3. A Safe and Prepared Community

Community safety and preparedness through effective planning, strategic partnerships, and proactive programs.



4. Responsible Financial Management and Governance
Responsible financial management and efficient use of public resources to meet the needs of the community.

5. A Leader in Environmental Sustainability
Leadership in environmental sustainability through innovative, sustainable, and proactive solutions that mitigate climate change and other environmental impacts.

6. A Vibrant, Resilient and Active Community
Vibrant, resilient and active communities supported by a wide variety of opportunities to get involved, build relationships, and access resources.

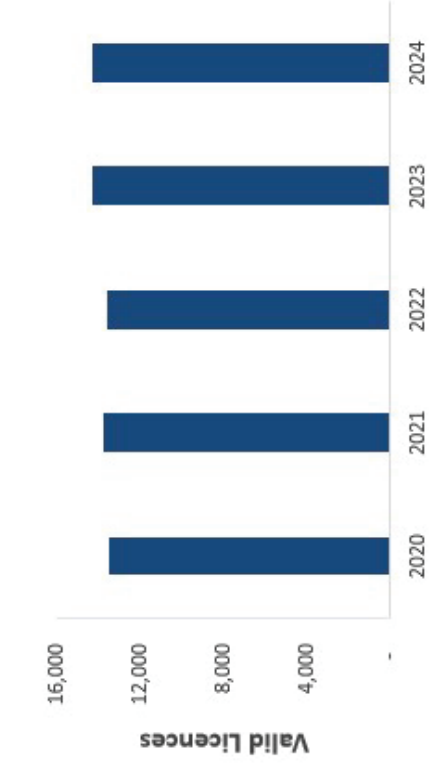


Environment

Business Licences

The total number of business licences issued increased to 14,317 in 2024 compared to 14,245 licences issued in 2023.

Business Licences 2020 – 2024



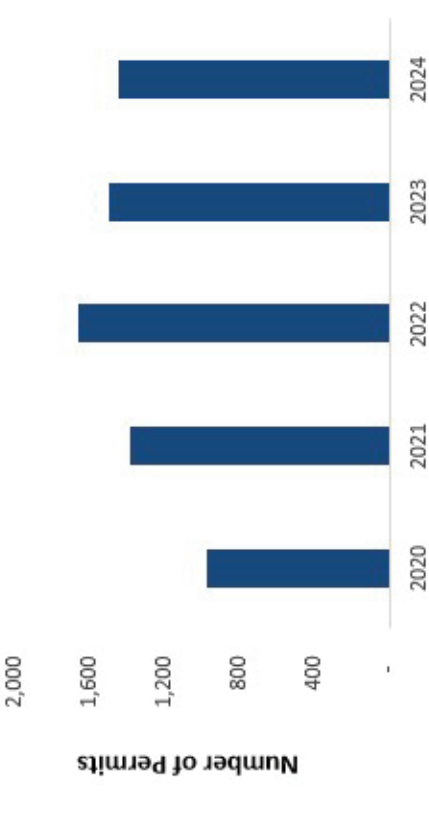
Housing Activity

Richmond house prices increased by 3.5%, with a 2024 detached median house price of \$2,060,000. The total number of sales decreased year-over-year by 8.1% to 2,949 from 3,208 in 2023.

In 2024, the total number of building permits issued was 1,451, which was a 3.6% decrease from 2023. The decrease is a result of decreases in all types of permits issued including single family dwellings, multi-family developments,

commercial and industrial. The actual permit fees collected for 2024 was \$14.6M.

Building Permits 2020-2024



The construction value of building permits issued in 2024 was \$1.3B, which increased by approximately 76.6% from 2023 of \$751.1M. Activities increased in 2024 in advance of the DCC rate adjustment in July, supported by the significant increase in DCC collections compared to the prior year.

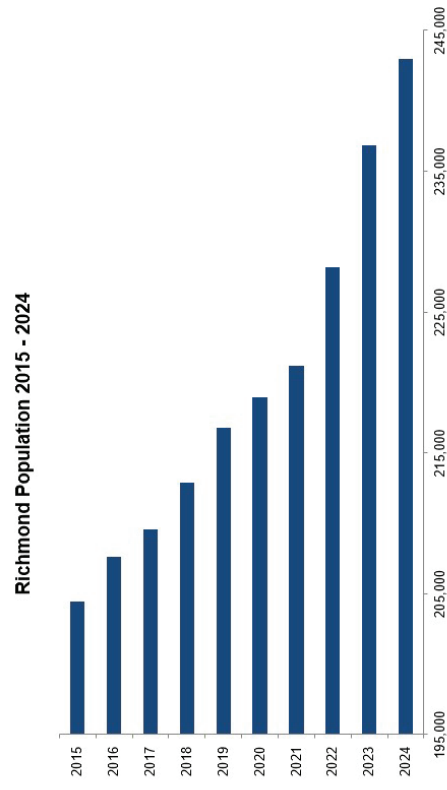
The number of development applications received in 2024 decreased by 17.1% to 131 applications from 158 applications in 2023. Total fees collected in 2024 increased by 16.0%.



Population

Richmond's current population is estimated at 242,966 which is a 2.6% increase from 2024. According to the latest Statistics Canada Census, Richmond is the fourth most populous municipality in the Greater Vancouver region.

Richmond Population 2015-2024



Graph has been updated with population figures from BC Stats, Demographic Analysis Section, updated March 2025.

City Services

The City of Richmond provides a wide array of services to residents, businesses, and visitors. The City is responsible for delivering the following services in Richmond:

- Performing land use and transportation planning, building approvals, property use and zoning.
- Providing and maintaining roads, dikes, water and sewerage systems, drainage and irrigation systems.
- Providing sanitation and recycling services.
- Providing safety and protection of citizens by maintaining policing, fire-rescue services, bylaw enforcement, emergency and environmental programs.
- Providing for the recreational and cultural needs of citizens by: funding library services; building and maintaining recreational and cultural facilities, including pools, arenas, community centres, art centres, theatre, and numerous heritage sites.
- Designing, constructing, and maintaining a recreational trail system and a system of parks with playing fields, playgrounds, and various amenities including tennis courts and basketball courts.
- Developing a sustainable community through: affordable housing, child care programs, wellness and outreach programs, tree protection, pesticide use restrictions, waste reduction programs, pollution prevention, district energy utility, energy management programs, purchasing policies, and high performance building programs.

- Providing business licences and economic development initiatives
- Adminstrating property taxes and utility bills.
- Working to safeguard the financial well-being of the City through the provision of effective and reliable financial services and information to Council, staff, and the public.
- Working to safeguard and enhance the livability and social, financial, and environmental sustainability of our community and surrounding environment.
- Representing the interests of our citizens on various regional bodies responsible for providing services such as transit, drinking water, waste disposal, and air quality monitoring and reporting.

These services are provided through the use of funds as approved by Council in the 2024 operating, capital, and utility budgets.

	2022	2023	2024
Population growth (per annum) ¹	3.09%	2.34%	2.60%
Capital construction costs (\$mil) ²	\$95.77	\$156.40	\$276.20
City Grants Program (\$mil)	\$0.88	\$0.91	\$0.93
Other grants (\$mil) ³	\$1.74	\$1.80	\$1.85
RCMP calls for services	55,711	66,403	68,033
Fire Rescue Responses	11,317	12,262	13,512

¹ Annual growth based on updated population figures from BC Stats, Demographic Analysis Section, March 2025.

² This reflects the amended capital budget excluding internal transfers, debt repayment and contributions.

³ Other grants include contributions towards Gateway Theatre, Richmond Center for Disability, Richmond Therapeutic Equestrian Society, various youth grants and Provision Transfer.

Conclusion

The City's financial management has positioned Richmond well to continue to carry out and meet Council's Strategic Plan and service commitments to provide a safe and desirable community to live, work, and play in, while providing value for taxpayers.

The FSD&A provides a detailed analysis of the Consolidated Financial Statements and explains the significant differences in the financial statements between the reported year and the previous year, as well as between budgeted and actual results.

The Consolidated Financial Statements and FSD&A provide details about past activity and the balances at December 31 of the fiscal year. This information, in conjunction with planning documents, provides a comprehensive depiction of the future financial viability of the City.

In 2003, Council adopted the Long Term Financial Management Strategy (LTFMS) to ensure prudent fiscal practices while maintaining the City's high service standards and balancing current and long-term financial needs. The effects of this policy can be seen in the current financial health of the organization.

The LTFMS policy forms the foundation for the City's financial planning, including the preparation of the Five Year Financial Plan Bylaws.

The 2024-2028 Five Year Financial Plan combines the Operating, Utility, and Capital Budgets. It provides details on the services provided, anticipated revenues and expenses, and planned capital projects.

Additional information about the current financial plan can be found at:

<https://www.richmond.ca/city-hall/finance/reporting/fiveyear.htm>

