



**Finance and Audit Committee
Electronic Meeting**

**Anderson Room, City Hall
6911 No. 3 Road**

Monday, January 5, 2026

Immediately following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

FIN-4 *Motion to adopt the **minutes** of the meeting of the Finance and Audit Committee held on December 1, 2025.*



DELEGATION

FIN-12 1. Aanu Adeleye, Engagement Partner, and Brandon Ma, Engagement Quality Review Partner KPMG, to present the **Audit Planning Report**.

FINANCE AND CORPORATE SERVICES DIVISION

2. **FINANCIAL INFORMATION – 3RD QUARTER SEPTEMBER 30, 2025**
(File Ref. No. 03-0905-01) (REDMS No. 8202805)

FIN-42

See Page FIN-42 for full report

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the report titled, “Financial Information – 3rd Quarter September 30, 2025”, dated November 28, 2025, from the Director, Finance, be received for information.



3. **ACTIVE CAPITAL PROJECTS FINANCIAL UPDATE – 3RD QUARTER SEPTEMBER 30, 2025**

(File Ref. No. 03-0975-01) (REDMS No. 8229094)

FIN-66

See Page FIN-66 for full report

Designated Speaker: Jenny Ho

STAFF RECOMMENDATION

That the report titled “Active Capital Projects Financial Update – 3rd Quarter September 30, 2025”, dated December 3, 2025, from the Director, Finance, be received for information.



4. **FRAUD RISK MANAGEMENT UPDATE**

(File Ref. No. 03-0950-02) (REDMS No. 8067109)

FIN-82

See Page FIN-82 for full report

Designated Speakers: Katie Ferland & Kelvin Tse

STAFF RECOMMENDATION

That the report titled “Fraud Risk Management Update”, dated December 15, 2025, from the Director, Business Services, be received for information.



LULU ISLAND ENERGY COMPANY

5. **LULU ISLAND ENERGY COMPANY – 2025 3RD QUARTER FINANCIAL INFORMATION**

(File Ref. No. 03-0950-01) (REDMS No. 8248211)

FIN-89

See Page FIN-89 for full report

Designated Speaker: Alen Postolka

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2025 3rd Quarter Financial Information”, dated November 20, 2025, from the Chief Executive Officer and Chief Financial Officer, be received for information.

☐

RICHMOND OLYMPIC OVAL CORPORATION

6. **RICHMOND OLYMPIC OVAL CORPORATION 3RD QUARTER 2025 FINANCIAL INFORMATION**

(File Ref. No. 03-1200-09) (REDMS No. 8263257)

FIN-99

See Page FIN-99 for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the Richmond Olympic Oval Corporation 3rd Quarter 2025 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

☐

ADJOURNMENT

☐



Finance and Audit Committee

Date: Monday, December 1, 2025

Place: Anderson Room
Richmond City Hall

Present: Mayor Malcolm D. Brodie, Chair
Councillor Chak Au (by teleconference)
Councillor Carol Day
Councillor Laura Gillanders
Councillor Kash Heed
Councillor Andy Hobbs
Councillor Alexa Loo
Councillor Bill McNulty
Councillor Michael Wolfe

Call to Order: The Chair called the meeting to order at 4:43 p.m.

MINUTES

It was moved and seconded

That the minutes of the meeting of the Finance and Audit Committee held on November 3, 2025, be adopted as circulated.

CARRIED

RICHMOND PUBLIC LIBRARY

1. **2026 OPERATING AND CAPITAL BUDGETS FOR RICHMOND PUBLIC LIBRARY**

(File Ref. No. 03-0970-25-2026-01/) (REDMS No. 8209786)

Discussion ensued with respect to (i) request for increased investment into the Library's physical collection, including the one-time expenditure request for 2026, (ii) the need to balance both physical and digital collections, and monitor future circulation trends, (iii) increased costs due to the decommissioning of the Cisco phone system and adopting a new phone system, and (iv) the impact of provincial grants no longer being available in 2026.

Finance and Audit Committee

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As a result of the discussion, staff were requested to provide metrics for the requested investment of \$100,000 into the physical collection in terms of the number of books and circulations.

It was moved and seconded

- (1) *That the 2026 proposed Richmond Public Library budget with a municipal contribution of \$12,642,700, as presented in Attachment 1 from the Chief Librarian and the Secretary of the Board, be approved; and*
- (2) *That the Richmond Public Library request for an additional municipal contribution of \$100,000 for physical collection, from the Chief Librarian and the Secretary of the Board, be included as a recommended item in the report titled "2026 One-Time Expenditures", dated November 17, 2025, from the Director, Finance.*

CARRIED

RICHMOND OLYMPIC OVAL CORPORATION

2. **RICHMOND OLYMPIC OVAL CORPORATION – 2026 OPERATING AND CAPITAL BUDGETS**

(File Ref. No. 03-1200-09) (REDMS No. 8228489)

Staff provided an overview of the budget noting the concerted effort to reduce administration costs and furthering commitment to transparency.

Discussion ensued with respect to (i) projected capacity and capability for growth, (ii) increase in growth in terms of registration revenues; growth has been significant over the last 10 years, (iii) reduction in administrative costs by 7% primarily due to labour, (iv) Games Operating Trust funding and requirements, and (v) initiatives related to community engagement and accessibility.

It was moved and seconded

That the Richmond Olympic Oval Corporation - 2026 Operating and Capital Budgets report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation, be received for information.

CARRIED

FINANCE AND CORPORATE SERVICES DIVISION

3. **2026 PROPOSED CAPITAL BUDGET**

(File Ref. No. 03-0970-25-2026-01) (REDMS No. 8201906)

Discussion ensued regarding (i) the accelerated flood protection program and whether new developments contribute towards the raising of dykes, (ii) Richmond Fire Rescue vehicle replacement request and timing of when the new vehicle would be available, (iii) Workforce Management project being separate from the permitting process initiative that was previously approved by Council, (iv) Works Yard Replacement requested and previously approved funding and ability to set aside a portion of funding, with staff noting that of the previously approved \$100 million, \$93 million is remaining in account, (v) provisions, including funds set aside for future commitments and obligations, (vi) clarification that the requested Traffic Video and Communication Program is independent from the Community Safety Cameras, (vii) long-term financial management strategy, the health of reserves, and having the financial stability and flexibility to fund projects, (viii) 1% annual property tax increase to support the Works Yard and other infrastructure projects, (ix) the ability to include an additional facility project as part of the five year financial plan in subsequent years, and the status of an outstanding referral related to adding projects to upcoming budgets, (x) the difference between projects being funded in subsequent years compared to projects falling under the “not recommended” category of 2026 projects, (xi) clarification on specific projects such as Minoru Lakes District Art Plan and London Farm Envelope Restoration, and (xii) implementation of the project related to the Phoenix Net Loft, noting that this item has been pushed to future years.

It was moved and seconded

- (1) *That the 2026 Proposed Capital Budget as presented in Appendix 3 totaling \$245,724,000 be approved; and*
- (2) *That the 2026 Proposed Capital Budget as approved be included in the Consolidated 5 Year Financial Plan (2026-2030).*

CARRIED

4. **2026 PROPOSED OPERATING BUDGET**

(File Ref. No. 03-0985-01) (REDMS No. 8216955)

Staff provided an overview of the proposed Operating Budget for 2026 and referenced the on-table material that was proposing a change to recommendation 1(f) pertaining to the senior level government and other government agency increases (attached to and forming part of these minutes as Schedule 1). It was noted, in light of revised E-Comm estimates, the tax increase was changed to 0.21% for a total of 3.04%.

3.

Finance and Audit Committee
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Discussion ensued regarding (i) proposed budget includes an estimate for temporary vacancies enabling a one-time reduction, (ii) reduction in gaming revenue projected to be received and not allocating gaming revenue towards policing costs, (iii) the recommended four additional RCMP officers to be covered by surplus and traffic fines, (iv) Richmond Fire Rescue will be bringing forward a long-term resourcing plan in the future, (v) the rationale for not recommending various requests under emerging organizational levels, noting that only the highest priority items were being recommended, (vi) total of various Reserve accounts (\$471 million), and (vii) consideration being given to adding additional items to the emerging organizational levels, such as the other 4 RCMP officer positions, Urban Forestry Labour positions, HR Advisor and several Parks, Recreation and Culture positions.

It was moved and seconded

- (1) *That the 2026 Proposed Operating Budget as presented in Budget Option 2 for a total of 3.28% be approved as outlined below:*
- (a) *A same level of service budget increase of \$3,905,151 after tax growth with a tax increase of 1.19% be approved;*
 - (b) *Ongoing funding for expenditures previously approved by Council totaling \$2,742,450 as presented in Table 13 with a tax increase of 0.84% be approved;*
 - (c) *Emerging organizational additional levels in the amount of \$1,045,361 as presented in Attachments 10, 11, and 12, of the staff report titled 2026 Proposed Operating Budget with a tax increase of 0.32% be approved;*
 - (d) *The Rate Stabilization Account be used to pay for the one-time initial capital costs for the recommended No Tax Impact Positions from Attachment 11 totaling \$75,211 be approved;*
 - (e) *Transfer to reserves for Investment in Community Facilities as per Council's Long Term Financial Management Strategy in the amount of \$3,271,701 with a tax increase of 1.00% be approved;*
 - (f) *Senior level government and other government agency increase of \$1,479,436 with a tax increase of 0.45% be approved;*
 - (g) *Use of reserves for program expenditures for Affordable Housing, Child Care and Public Art programs of \$1,360,000 as presented in Attachment 9 be approved;*
 - (h) *Operating budget impacts from the 2026 Proposed Capital Budget totalling \$101,581 with a tax increase of 0.03% be approved; and*

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- (i) *The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$1,800,000 resulting in a tax decrease of 0.55% be approved.*
- (2) *That the 2026 Operating Budget as approved be included in the Consolidated 5 Year Financial Plan (2026-2030); and*
- (3) *That item 2 of the Long Term Financial Management Strategy (Council Policy 3707) be amended as follows:*
 - Gaming revenues are designated for the capital reserves, the major capital community facility replacement program, the grants program, and the Council initiatives account.*

The question on the motion was not called as the following **amendment motion** was introduced:

It was moved and seconded

That the emerging organizational additional levels be amended to fund eight officers in total, with a tax increase of 0.26%.

The question on the amendment motion was not called as discussion ensued with respect to the current compliment of officers and the estimated timeline to realize the increase in officers.

The question on the amendment motion was then called, and it was **DEFEATED** with Mayor Brodie and Cllrs. Au, Day, Gillanders, Heed, Hobbs and Wolfe opposed.

A further **amendment motion** was then introduced as follows:

It was moved and seconded

That the emerging organizational additional levels be amended to fund the Urban Forestry – RFT Labourer 2 (OBI Growth) position, with a tax increase of 0.04%.

The question on the amendment motion was not called as a brief discussion ensued with respect to the merits of the amendment motion.

The question on the amendment motion was then called, and it was **DEFEATED** with Mayor Brodie and Cllrs. Au, Heed, Hobbs, Loo and McNulty opposed.

A further **amendment motion** that the emerging organizational additional levels be amended to fund the HR Advisor – Recruitment – Parks, Recreation and Culture position was introduced, but failed to receive a seconder.

The question on the main motion was then called and it was **CARRIED**.

Finance and Audit Committee

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5. **2026 ONE-TIME EXPENDITURES**

(File Ref. No. 03-0985-01/) (REDMS No. 8217651)

It was moved and seconded

That the one-time expenditures totaling \$3,504,797 as outlined in Attachment 1 of the 2026 One- Time Expenditures staff report, be approved with funding from the Rate Stabilization Account and included in the Consolidated 5 Year Financial Plan (2026-2030).

CARRIED

LULU ISLAND ENERGY COMPANY

6. **LULU ISLAND ENERGY COMPANY – 2026 OPERATING AND CAPITAL BUDGETS**

(File Ref. No.) (REDMS No.)

It was moved and seconded

That the Lulu Island Energy Company report titled "Lulu Island Energy Company – 2026 Operating and Capital Budgets", dated November 6, 2025 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.

CARRIED

ADJOURNMENT

It was moved and seconded

That the meeting adjourn (7:06 p.m.).

CARRIED

Certified a true and correct copy of the Minutes of the meeting of the Finance and Audit Committee of the Council of the City of Richmond held on Monday, December 1, 2025.

Mayor Malcolm D. Brodie
Chair

Lorraine Anderson
Legislative Services Associate

Date: Dec 1
Meeting: Finance & Audit Comm.
Item: 4
* revised subsection (f)
pgs- FIN 180 + 209



City of Richmond

Report to Committee

To: Finance and Audit Committee
From: Mike Ching, CPA, CMA
Director, Finance
Re: **2026 Proposed Operating Budget**

Date: November 17, 2025
File: 03-0985-01/2025-Vol
01

Staff Recommendations

- (1) That the 2026 Proposed Operating Budget as presented in Budget Option 2 for a total of 3.04% be approved as outlined below:
- (a) A same level of service budget increase of \$3,905,151 after tax growth with a tax increase of 1.19% be approved;
 - (b) Ongoing funding for expenditures previously approved by Council totaling \$2,742,450 as presented in Table 13 with a tax increase of 0.84% be approved;
 - (c) Emerging organizational additional levels in the amount of \$1,045,361 as presented in Attachments 10, 11, and 12, of the staff report titled 2026 Proposed Operating Budget with a tax increase of 0.32% be approved;
 - (d) The Rate Stabilization Account be used to pay for the one-time initial capital costs for the recommended No Tax Impact Positions from Attachment 11 totaling \$75,211 be approved;
 - (e) Transfer to reserves for Investment in Community Facilities as per Council's Long Term Financial Management Strategy in the amount of \$3,271,701 with a tax increase of 1.00% be approved;
 - (f) Senior level government and other government agency increase of \$700,259 with a tax increase of 0.21% be approved;
 - (g) Use of reserves for program expenditures for Affordable Housing, Child Care and Public Art programs of \$1,360,000 as presented in Attachment 9 be approved;
 - (h) Operating budget impacts from the 2026 Proposed Capital Budget totalling \$101,581 with a tax increase of 0.03% be approved; and
 - (i) The Rate Stabilization Account be used to reduce the overall impact of additional operating costs for a total of \$1,800,000 resulting in a tax decrease of 0.55% be approved.
- (2) That the 2026 Operating Budget as approved be included in the Consolidated 5 Year Financial Plan (2026-2030); and

Table 17: Proposed Budget Options

Budget Components	Option 1	Option 2	Option 3
	Additional Levels with No Tax Impact with Rate Stabilization	<i>Recommended</i> High Priority Emerging Additional Levels with Rate Stabilization	Emerging Additional Levels with preservation of Rate Stabilization
Same Level of Service	3.01%	3.01%	3.01%
Less: Reduction From Temporary Vacancies	(0.93%)	(0.93%)	(0.93%)
Less: 2026 Tax Growth	(0.89%)	(0.89%)	(0.89%)
Same Level of Service after tax growth (below CPI target of 1.80%)	1.19%	1.19%	1.19%
Previously Approved Expenditures <i>Table 13, page 22</i>	0.84%	0.84%	0.84%
Law and Community Safety Emerging Organizational Additional Level Increases - Budget Option 1 (Attachment 11) - Budget Option 2 and 3 (Attachment 12 # 1 and 4)	0.26%	0.35%	0.35%
Housing Initiatives Emerging Organizational Additional Level Increase (Attachment 12 #5)	-%	0.12%	0.12%
Citywide Emerging Organizational Additional Level Increases (Attachment 12 #2 and 3)	-%	0.11%	0.11%
Mitigated tax impact of Emerging Organizational Additional Level	(0.26%)	(0.26%)	(0.26%)
Investment in Infrastructure Replacement Needs (Transfer to Reserves) <i>page 24</i>	1.00%	1.00%	1.00%
LTFMS Policy: Same Level of Service + Previously Approved Expenditures + Emerging Organizational Additional Levels + 1.00% for Infrastructure Replacement Needs	3.03%	3.35%	3.35%
Senior Government Increases <i>Table 15 page 25</i>	0.21%	0.21%	0.21%
Operating Budget Impacts <i>page 25</i>	0.03%	0.03%	0.03%
Rate Stabilization <i>page 26</i>	(0.55%)	(0.55%)	-
Subtotal of Senior Government Increases, Operating Budget Impacts and Rate Stabilization	(0.31%)	(0.31%)	0.24%
Preliminary 2026 Operating Budget Increase	2.72%	3.04%	3.59%
Annual equivalent tax increase for average residential property	\$64	\$71	\$84



City of Richmond

Audit Planning Report
for the year ending December 31, 2025

KPMG LLP

Prepared on December 16, 2025 for presentation to the Finance and
Audit Committee on January 5, 2026

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



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The purpose of this report is to assist you, as a member of the Finance and Audit Committee ("Committee"), in your review of the plan for our audit of the financial statements. This report is intended solely for the information and use of Management, Richmond City Council, and the Committee 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 to the Committee 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 Planning 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.

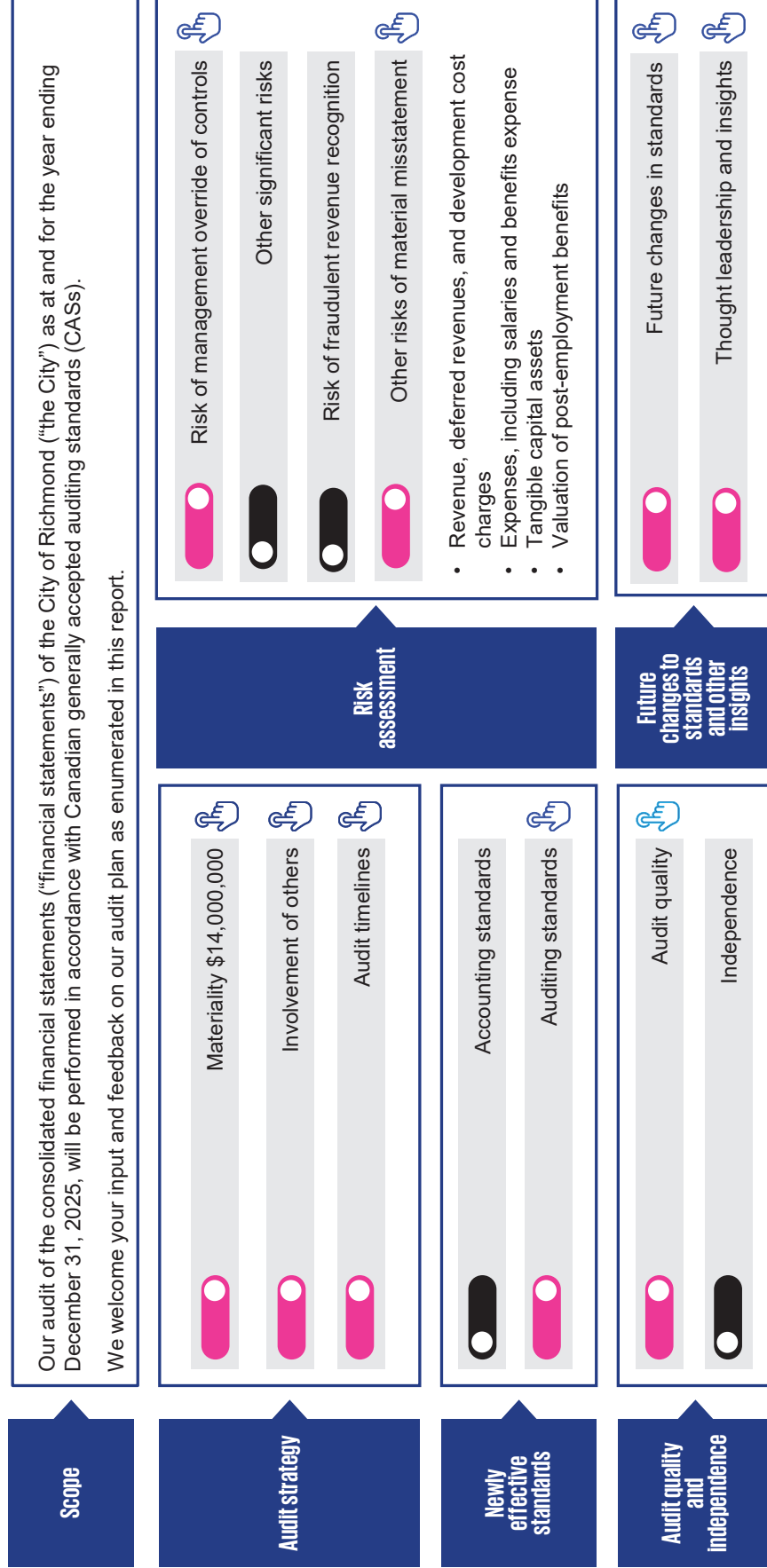


Click on any item in the table of contents to navigate to that section.



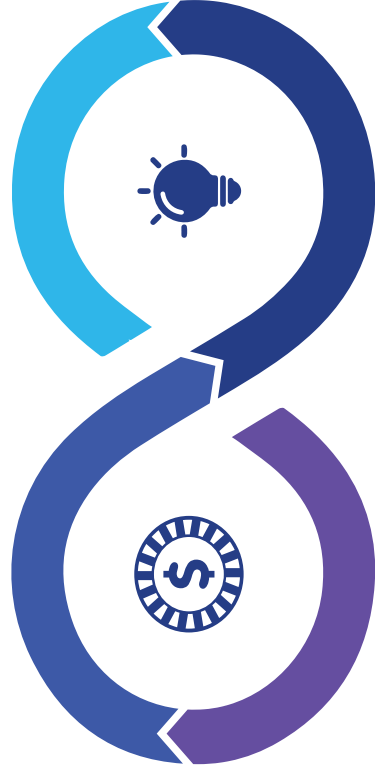
Audit highlights

☒ No matters to report
 ☐ Matters to report – see link for details





Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

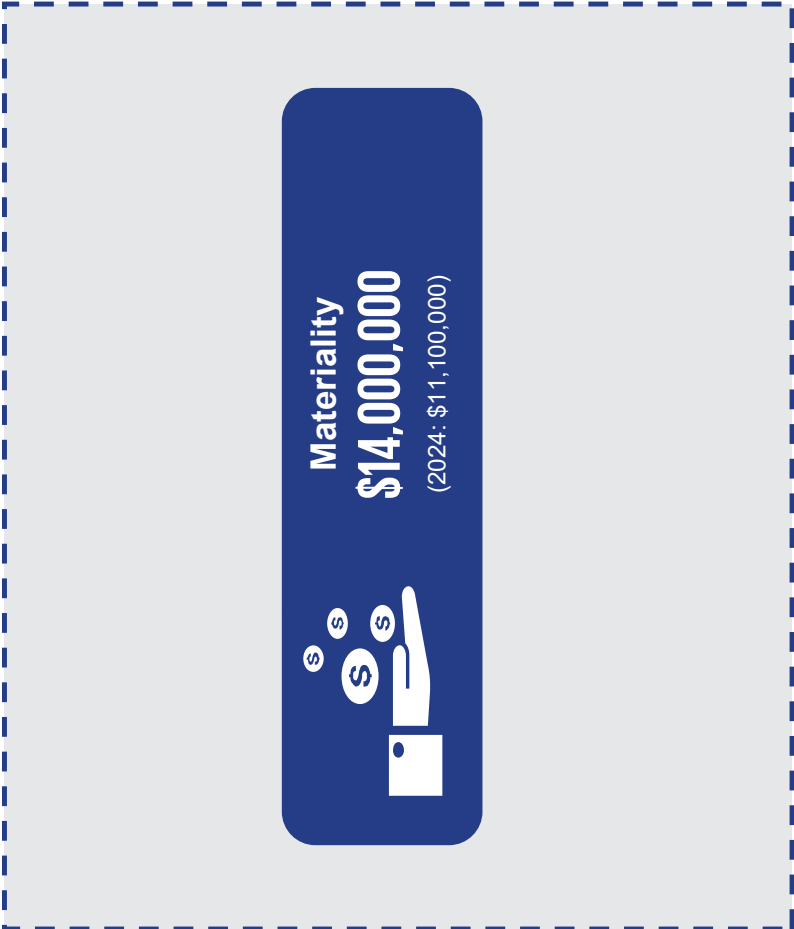
We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

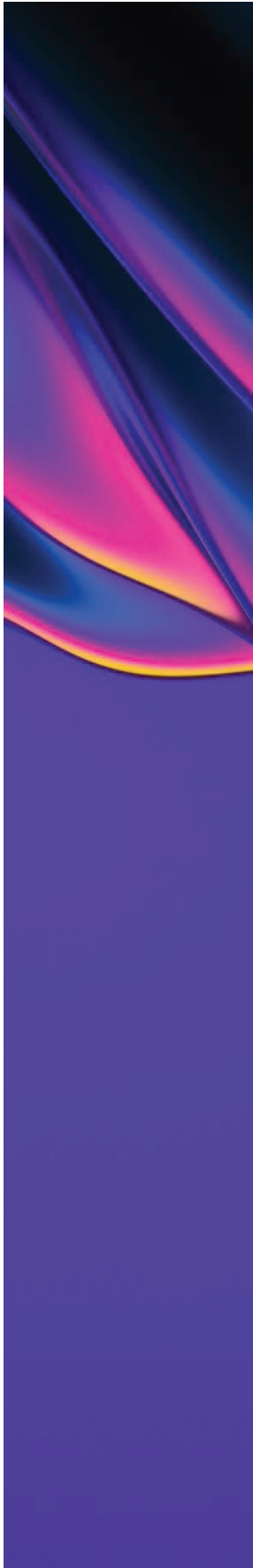
Initial Group materiality



Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management's specialists	<p>Employee benefit obligation:</p> <p>The actuary, Convyta Partners LP, will perform an actuarial valuation of employee benefits on termination and retirement. Information provided by Convyta Partners LP is used in management's calculation of employee benefits obligation.</p> <p>See page 16 for further details.</p> <p>Asset retirement obligation:</p> <p>Information provided by Management's specialist is used in management's calculation of the asset retirement obligation.</p>



Group audit – Scoping

We respond to identified and assessed risks of material misstatement to the consolidated group by performing audit procedures. Components subject to audit procedures are determined based on both quantitative and qualitative factors.

Components subject to audit procedures:
City of Richmond (significant component)
Richmond Public Library (standalone audit – statutory requirements)
Richmond Olympic Oval Corporation (standalone audit – statutory requirements)
Lulu Island Energy Company (standalone audit – statutory requirements)



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in the financial statements.

We draw upon our understanding of the City and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the City's systems of internal control, including our business process understanding.

		Risk of fraud	Risk of error	Risk rating
<ul style="list-style-type: none"> Management override of controls 	<ul style="list-style-type: none"> Revenue, deferred contributions, and development cost charges 	<ul style="list-style-type: none"> Expenses including salaries and benefits expense 	<ul style="list-style-type: none"> Tangible capital assets 	<ul style="list-style-type: none"> Post-employment benefits
<ul style="list-style-type: none"> Management override of controls 	<ul style="list-style-type: none"> Revenue, deferred contributions, and development cost charges 	<ul style="list-style-type: none"> Expenses including salaries and benefits expense 	<ul style="list-style-type: none"> Tangible capital assets 	<ul style="list-style-type: none"> Post-employment benefits
<ul style="list-style-type: none"> Management override of controls 	<ul style="list-style-type: none"> Revenue, deferred contributions, and development cost charges 	<ul style="list-style-type: none"> Expenses including salaries and benefits expense 	<ul style="list-style-type: none"> Tangible capital assets 	<ul style="list-style-type: none"> Post-employment benefits
<ul style="list-style-type: none"> Management override of controls 	<ul style="list-style-type: none"> Revenue, deferred contributions, and development cost charges 	<ul style="list-style-type: none"> Expenses including salaries and benefits expense 	<ul style="list-style-type: none"> Tangible capital assets 	<ul style="list-style-type: none"> Post-employment benefits

Significant (non-rebuttable significant risk as required by Canadian Auditing Standards)

- PRESUMED RISK OF MATERIAL MISSTATEMENT
- OTHER RISK OF MATERIAL MISSTATEMENT



Significant risks

Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF
 FRAUD

Presumption
of the risk of fraud
resulting from
management
override of
controls

Why is it significant?

Section 240.32 of Canadian Auditing Standards states: "Management is in a unique position to perpetrate fraud because of management's 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 is nevertheless present in all entities. Due to the unpredictable way in which such override could occur, it is a risk of material misstatement due to fraud and thus a significant risk."

Our audit methodology adheres to these mandatory requirements to assess this as a significant risk of fraud.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. An auditor must perform these procedures at every entity irrespective of the auditor's assessment of the risk of management override of controls. These procedures include:

- testing of journal entries and other adjustments
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

We have not identified specific additional risks of management override that are not covered as part of the above procedures.



Required inquiries of the Finance and Audit Committee



Inquiries regarding risk assessment, including fraud risks

- What are the Committee's views about fraud risks, including management override of controls, in the City? And have you taken any actions to respond to any identified fraud risks?
- Is the Committee aware of, or has the Committee identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Committee exercise oversight of the management's assessment of fraud risks and the establishment of controls to address/mitigate fraud risks?
- Is the Committee aware of any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- Is the Committee aware of any correspondence with regulators or licensing authorities?
- Is the Committee aware of any additional matters relevant to the audit?



Inquiries regarding company processes

- Is the Committee aware of tips or complaints regarding the City's financial reporting (including those received through the Committee's internal whistleblower program, if such programs exist)? If so, what was the Committee's responses to such tips and complaints?
- Has the City complied with all covenants during the financial statement period and before the date of the auditor's report?
- Have there been any events of default during the financial statement period and before the date of the auditor's report?



Inquires regarding related parties and significant unusual transactions

- Is the Committee aware of any instances where the Company entered into any significant unusual transactions?
- What is the Committee's understanding of the City's relationships and transactions with related parties that are significant to the City?
- Is the Committee concerned regarding relationships or transactions with related parties? If so, the substance of those concerns?



Other risks of material misstatement



Revenue, deferred revenue, and development cost charges

Revenue is recorded on an accrual basis and is recognized when it is earned and measurable. 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.

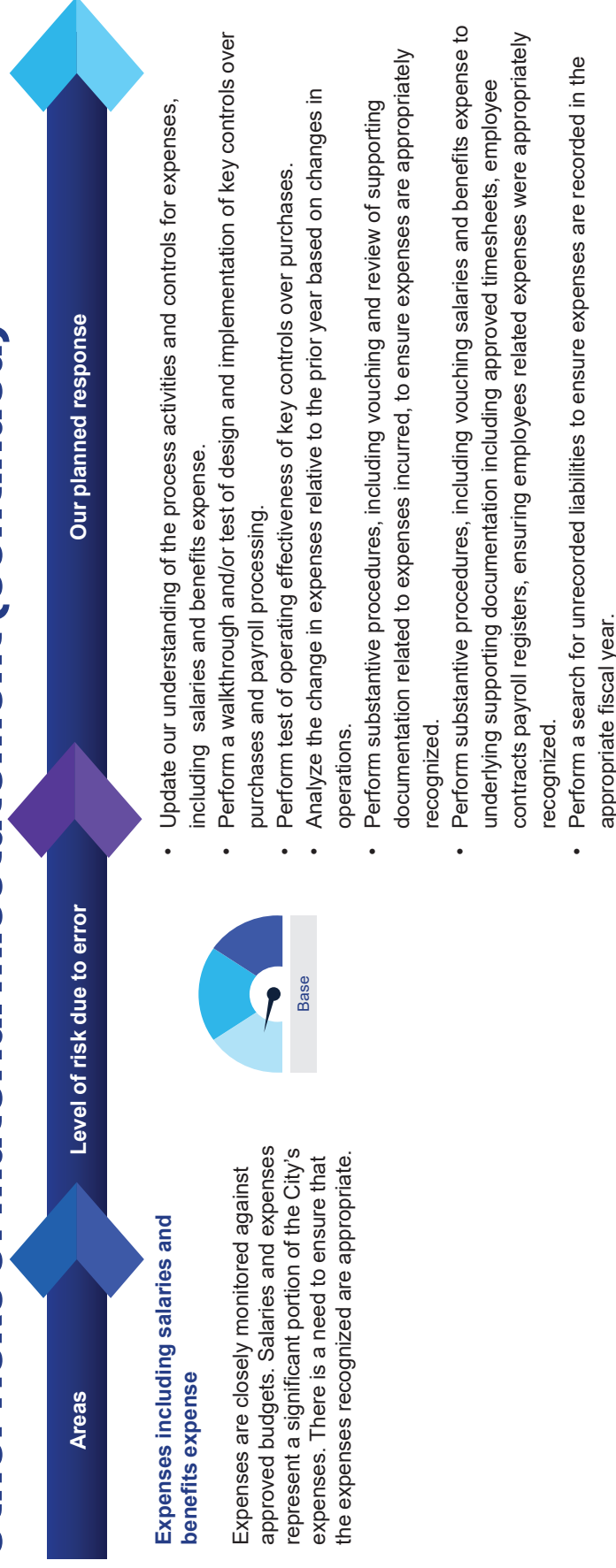
As contributions are received for specified purposes and sometimes contain restrictions, there is a need to determine whether the amounts should be deferred or recognized as revenue.



- Update our understanding of the process activities over revenues and contributions received, amounts spent as well as deferral of unspent amounts.
- Perform a walkthrough and/or test of design and implementation of key controls over contributions received and expenditures incurred, taxation revenue, and other revenue, as well as management's review of related balances.
- Review the accounting for significant new agreements to determine whether stipulations or restrictions exist and how the funds should be recognized and/or deferred.
- Perform substantive procedures, including vouching and review of supporting documentation related to contributions received, to ensure that revenues are appropriately recognized, and deferred revenues are appropriately recorded.
- Perform substantive analytical procedures over taxation revenue to establish changes during the year and to ensure the actual amount to revenue recorded is within expectation.
- Reconcile permits to new development cost charges during the year and inspect appropriate bylaws noting the appropriation for its specified purpose.
- Select a sample of DCC charges, recalculate the total amount, agree each factor in the calculation to supporting documentation (e.g. approved rates) and agree the amount recorded to cash receipts.
- Select a sample of DCC expenditures, ensure the expenditures bylaws were approved by Council and agree the amount recorded to supporting documentation.
- Perform substantive procedures over other revenue and vouch to supporting documentation to ensure revenue recorded was appropriately recognized.



Other risks of material misstatement (continued)





Other risks of material misstatement (continued)



Tangible Capital Assets ("TCA")

Tangible capital assets 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, library collection and may require estimation.



- Update our understanding of the process activities and controls over TCA, including the year-end process around identifying assets for impairment.
- Perform a walkthrough and/or test of design and implementation of key controls over recording tangible capital assets.
- Perform detailed testing of asset additions, including developer contributions, and inspection of supporting documentation to ensure it is appropriate to capitalize the costs.
- Test dispositions including inspection of supporting documentation and assessing if the gain or loss on disposition has been recorded appropriately.
- Review the reasonableness of estimated useful lives and amortization recognized.
- Review management's assessment of impairment, if any, to tangible capital asset. Assess whether the facts related to any impairment issues identified support a write down to the asset.
- Obtain and update on management's assessment of the asset retirement obligations to determine any changes to the obligation including consideration of remediation costs incurred during the fiscal year and any other changes to assumptions.
- Review agreements for contractual commitments and related disclosure requirements.

Areas

Level of risk due to error

Our planned response

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.



- Update our understanding of the process activities and controls over post-employment benefits.
- Obtain the valuation report prepared by the City's actuarial expert, Convyta Partners LP, and review significant assumptions used for reasonableness.
- Assess the competence, expertise, and qualifications of the City's actuarial expert, and the reasonableness of the valuation methodology.
- Perform analytical review and other substantive procedures over these balances.
- Obtain data inputs provided by the City to the actuary for use in determining the estimate and testing select items to determine completeness and accuracy of the data provided.
- Review note disclosure in the financial statements to determine if required disclosures under the accounting standards are appropriately included.





Key milestones and deliverables

October – November 2025

Planning

- Debrief prior year with management
- Kick-off with management
- Planning and initial risk assessment procedures, including:
 - Involvement of others
 - Identification and assessment of risks of misstatements and planned audit response for certain processes
- Obtain and update our understanding of the City and its environment

November 2025

Risk assessment

- Evaluate the City's components of internal control, other than the control activities component
- Inquire of the Committee, management and others within the City about risks of material misstatement
- Complete interim data extraction and processing activities
- Complete initial risk assessment
- Communicate audit plan
- Identify IT applications and environments
- Provide update on audit progress

November 2025

Interim work

- Perform process walkthroughs for remaining business processes
- Identify process risk points for remaining business processes
- Evaluate design & implementation of controls for remaining business processes (control activity component)
- Perform interim substantive audit procedures
- Provide update on audit progress

February – May 2026

Final Fieldwork & Reporting

- Complete year-end data extraction and processing activities
- Perform remaining substantive audit procedures
- Evaluate results of audit procedures, including control deficiencies and audit misstatements identified
- Review financial statement disclosures
- Closing meeting with management
- Present audit results to the Committee and perform required communications
- Issue audit report on financial statements





Our commitment to delivering audit quality

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**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm’s statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)



How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority.

We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets 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.

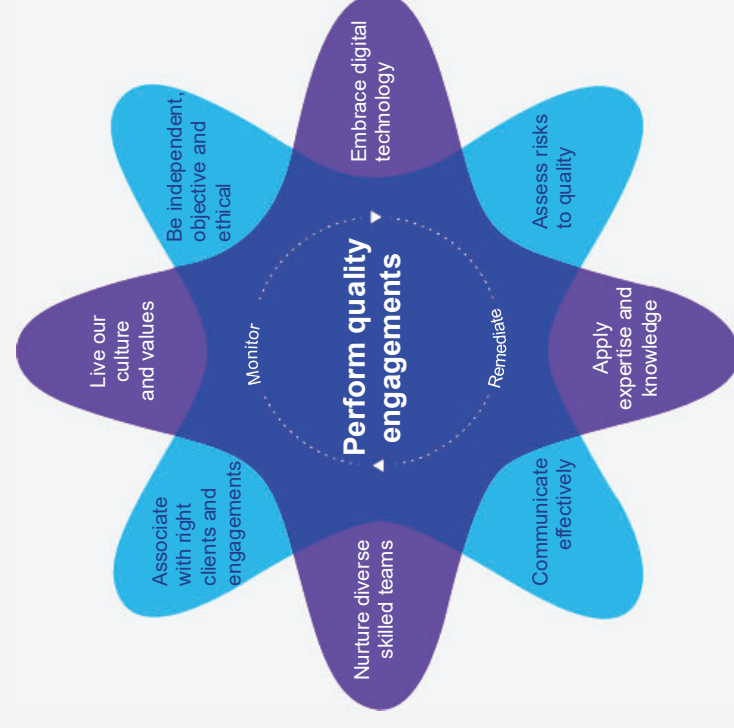
Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



'Perform quality engagements' sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.



Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

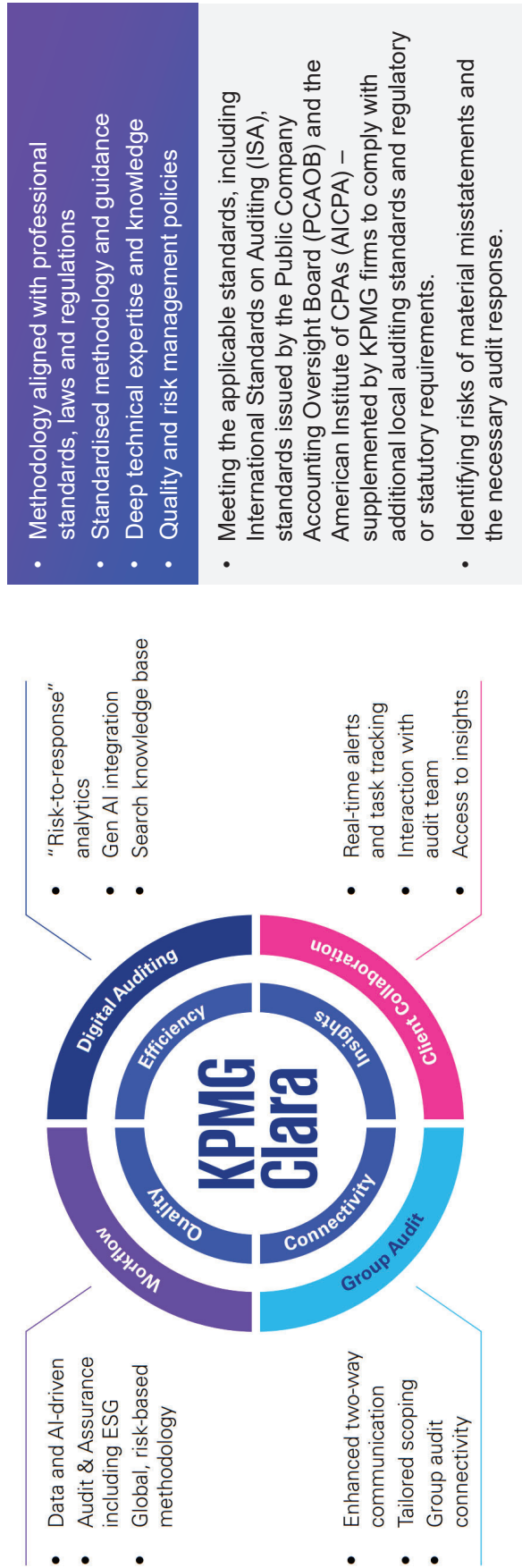


Doing the right thing. Always.

The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.





Independence: Shared responsibilities

Auditor independence is a shared responsibility and most effective when management, audit committees, and audit firms work together in considering compliance with relevant independence rules. In order for KPMG to fulfill its professional responsibility to maintain and monitor independence, management, the audit committee, and KPMG each play an important role. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of non-reporting issuers; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rule”) that are relevant to audits of financial statements of non-public interest entities.



The firm maintains a system of quality control over compliance with independence rules and firm policies. Timely information before the effective date of transactions or other business changes is necessary to effectively maintain the firm’s independence in relation to:

- New related entities
- Any former KPMG professional who are directors, officers, or employee in a position to exert significant influence over the preparation of the client’s accounting records or the financial statements.



- We will report to those charged with governance all relationships that may reasonably be thought to bear on our independence, including fees charged, and discuss the potential effects of such relationships on our independence. We will also report the related safeguards that have been applied, as applicable, to eliminate identified threats to independence or reduce them to an acceptable level.
- This communication, if any, will be provided during our year-end communications.





Independence



Under the newly effective *Narrow-scope Amendments to Canadian Auditing Standard (CAS) 700, Forming an Opinion and Reporting on Financial Statements, and CAS 260, Communication with Those Charged with Governance*, the auditor shall communicate with those charged with governance the relevant ethical requirements, including those related to independence, that the auditor applies for the audit engagement, including if applicable in the circumstances, any independence requirements specific to audits of financial statements of certain entities.

In accordance with this requirement, we communicate to the Committee that we apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA Code”) that are relevant to audits of financial statements; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants that are relevant to audits of financial statements.





Appendices

1Required
communications**2**New auditing
standards**3**New accounting
standards**4**Thought leadership
and insights

Appendix 1: Required communications

	Auditor's report	Engagement letter
<p>A copy of our draft auditor's report setting out the conclusion of our audit will be provided at the completion of the audit.</p>	<p>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.</p>	
	Audit findings report	Management representation letter
<p>At the completion of the audit, we will provide our findings report to the Committee.</p>	<p>We will obtain from management certain representations at the completion of the audit. In accordance with professional standards, a copy of the representation letter will be provided to the Committee.</p>	
	Independence	Internal control deficiencies
<p>We are independent and have a robust and consistent system of quality control. We provide complete transparency on all services and follow the Committee's approved protocols. At the completion of our audit, we will re-confirm our independence to the Committee.</p>	<p>Control deficiencies identified during the audit will be communicated to management and the Committee.</p>	



Appendix 1: Required communications (continued)

Management's responsibilities



Under the auditing standards, we are required to obtain the agreement of management that it acknowledges and understands its responsibility. An audit of the annual financial statements does not relieve management or those charged with governance of their responsibilities. We have obtained management's acknowledgment and understanding of their responsibilities in the engagement letter and as described below:

- (a) *the preparation and fair presentation of the annual financial statements in accordance with the financial reporting framework referred to above.*
- (b) *providing us with all information of which management is 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*
 - *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 to be included in such summaries.*
- (c) *providing us with unrestricted access to such relevant information.*
- (d) *providing us with complete responses to all enquiries made by us during the engagement.*
- (e) *providing us with additional information that we may request from management for the purpose of the engagement*
- (f) *providing us with unrestricted access to persons within the Entity from whom we determine it necessary to obtain evidence*
- (g) *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. Management also acknowledges and understands that they are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.*
- (h) *ensuring that all transactions have been recorded and are reflected in the financial statements.*
- (i) *ensuring that internal auditors providing direct assistance to us, if any, will be instructed to follow our instructions and that management, and others within the entity, will not intervene in the work the internal auditors perform for us.*
- (j) *providing us with written representations required to be obtained under professional standards and written representations that we determine are necessary. Management also acknowledges and understands that, as required by professional standards, we may disclaim an audit opinion when management does not provide certain written representations required.*

Appendix 2: Newly effective changes to auditing standards

Effective for current year (periods beginning on or after December 15, 2024)

ISA 260/CAS 260

.....

Communications with those charged with governance

Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

ISA 700/CAS 700

.....

Forming an opinion and reporting on the financial statements

Summary of Changes:

New requirements for the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities WHEN the ethical requirements require public disclosure.

Appendix 3: New accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance	<ul style="list-style-type: none"> The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026 with early adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation	<ul style="list-style-type: none"> The proposed section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption is permitted. The section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”. A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.



Appendix 3: New accounting standards (continued)

Standard

Summary and implications

Employee Future benefits

- The Public Sector Accounting Board has issued proposed new standard PS 3251 *Employee benefits* which would replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard.
- The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
- For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are:
 - Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses.
 - Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance.
 - Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts.
 - Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The proposed section PS 3251 *Employee benefits* will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement.
- Comments on the re-exposure draft were due on January 20, 2025. The re-exposure draft can be viewed at the following link: [Click here](#)



Appendix 3: New accounting standards (continued)

Standard

Summary and implications

Intangible assets

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted.
- The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts.
- The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events.
- Internally generated goodwill is not permitted to be recognized as an asset.
- An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements.
- Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired.
- Comments on the exposure draft were due on May 30, 2025. The exposure draft can be viewed at the following link: [Click here](#)

Cloud computing arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice.
- The survey closed on May 30, 2025, we encourage all entities to reach out to the Public Sector Accounting Board with any comments.



Appendix 4: Thought leadership and insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Sustainability Reporting
Resource centre on implementing the new Canadian reporting standards

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.



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City of Richmond

Report to Committee

To: Finance and Audit Committee

Date: November 28, 2025

From: Mike Ching
Director, Finance

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




Re: Financial Information – 3rd Quarter September 30, 2025

Staff Recommendation

That the report titled, “Financial Information – 3rd Quarter September 30, 2025”, dated November 28, 2025, from the Director, Finance, be received for information.


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

Att. 4

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Arts, Culture & Heritage Services	<input checked="" type="checkbox"/>	Housing Office <input checked="" type="checkbox"/>
Building Approvals	<input checked="" type="checkbox"/>	Information Technology <input checked="" type="checkbox"/>
Climate & Environment	<input checked="" type="checkbox"/>	Library Services <input checked="" type="checkbox"/>
Community Bylaws	<input checked="" type="checkbox"/>	Parks Services <input checked="" type="checkbox"/>
Community Safety Administration	<input checked="" type="checkbox"/>	Policy Planning <input checked="" type="checkbox"/>
Community Social Development	<input checked="" type="checkbox"/>	PRC Planning & Strategic Initiatives <input checked="" type="checkbox"/>
Development Applications	<input checked="" type="checkbox"/>	Public Works <input checked="" type="checkbox"/>
Economic Development	<input checked="" type="checkbox"/>	RCMP <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Facilities and Project Development	<input checked="" type="checkbox"/>	Recreation & Sport Services <input checked="" type="checkbox"/>
Fire Rescue	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
		CONCURRENCE OF GENERAL MANAGER
		
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO 

Staff Report

Origin

Pre-audited financial information for the third quarter (ended September 30, 2025) is being provided to the Finance and Audit Committee for review. The report provides details on the economic environment, financial results and other key indicator information. The financial information provides Council with an overview of the City of Richmond's (the City's) financial results throughout the year and before the annual audited financial statements are presented.

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.

Economic Overview

Global economic growth is expected to remain low amid continuing uncertainty largely related to changing global trade dynamics, lower immigration and policy unpredictability. The International Monetary Fund (IMF) is forecasting global growth to slow to 3.2% in 2025 and further to 3.1% in 2026.

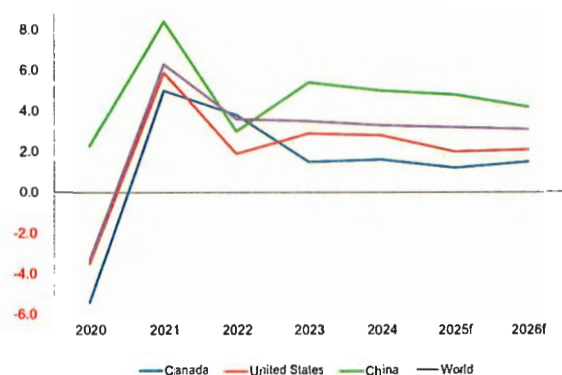
Global inflation is forecast to ease to 4.2% in 2025 and 3.7% in 2026, though differences remain across regions. Inflation in the United States continues to exceed target levels, while much of the rest of the world continues to experience price pressures.

In Canada, the economy remains delicately balanced between low growth and continuing inflationary pressures. Real Gross Domestic Product (GDP) growth is projected to increase from 1.2% in 2025 to 1.5% in 2026, supported by fiscal measures, improved business confidence, and stabilizing consumer demand. In October, the Bank of Canada (BoC) reduced its policy rate to 2.25%, signaling that inflation is approaching its target, and that further rate cuts may be unlikely unless conditions change.

In Richmond, the city's diverse economy—anchored in transportation, logistics, manufacturing, and tourism, among others—continues to provide a solid foundation. That said, businesses continue to face challenges related to lower growth, inflationary pressures, labour challenges, and high input costs. Industrial vacancy rates are holding steady, while office vacancies have declined as leasing activity strengthens. Looking ahead, growth in Richmond is expected to remain low through 2026, consistent with regional and global trends.

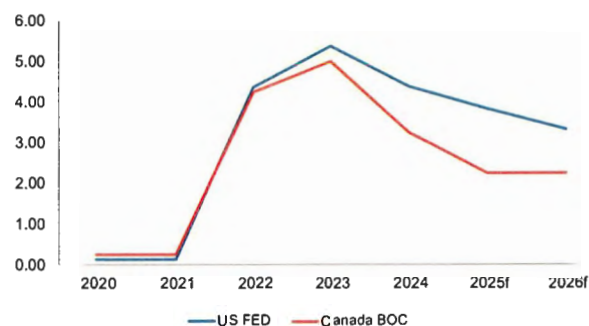
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product % Change¹



- The IMF projects global GDP to decrease slightly from the 2024 rate of 3.3% to 3.2% in 2025 and 3.1% in 2026. This reflects an upward revision to the previous 2025 forecast.
- In 2025, Canadian GDP is forecasted to grow by 1.2%, with U.S. and China GDP growth forecasts of 2.0% and 4.8%, respectively.
- The growth profile for 2025 reflects upward revisions globally and in the U.S., a downward revision for Canada, and growth in China holding steady.

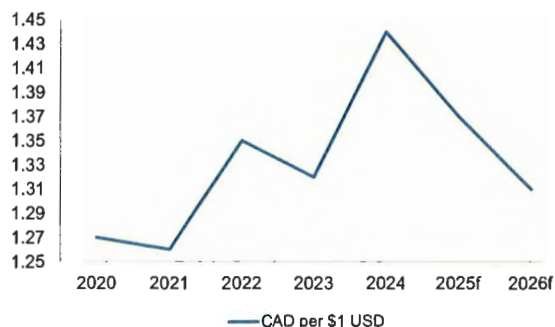
2) Interest Rates – US and Canadian Overnight Central Bank Rate % at Year End²



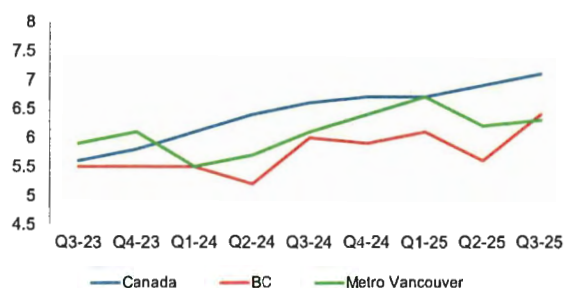
- By the end of Q3 2025, the BoC had lowered its overnight lending rate to 2.50%, down from 2.75% at the end of Q2.
- The BoC further cut its policy rate to 2.25% at the end of October, noting low growth and inflation expected to remain near its target.
- By the end of Q3, the U.S. FED had reduced its rates to 4.00 – 4.25%, which was followed by a further reduction in October to 3.75%-4.00%. It is anticipated that the U.S. FED will continue to reduce rates gradually, while the BoC may hold rates steady.

¹International Monetary Fund, World Economic Outlook (October 2025): Global Economy in Flux, Prospects Remain Dim.

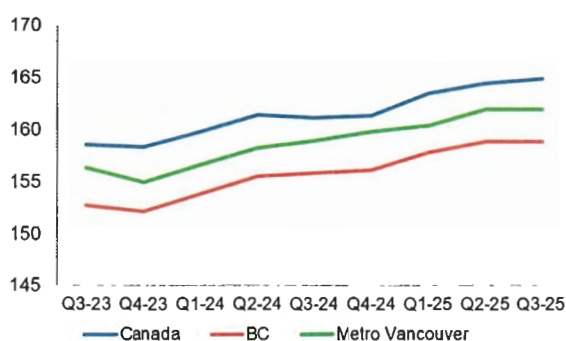
²Bank of Canada Pres Release, October 29, 2025 and RBC Monthly Forecast Update, October 2025 .

3) Exchange Rates – CAD/USD at Year End³

- The Canadian dollar was trading at \$1.39 CAD/\$1 USD at the end of Q3 2025, weakening slightly from the previous quarter.
- The CAD/USD exchange rate is expected to be \$1.37 CAD/\$1 USD at the end of 2025, strengthening to \$1.31 CAD/\$1 USD at the end of 2026. Short-term fluctuations are expected to continue.

4) Unemployment⁴

- According to Statistics Canada, national unemployment held steady at 7.1% in September. Employment increased, with gains concentrated in full-time work, while part-time employment declined.
- At the end of Q3 2025, the Canadian, B.C., and Metro Vancouver unemployment rates were 7.1%, 6.4%, and 6.3% respectively.
- Most recently, in October 2025, year-over-year employment in B.C.'s goods-producing sectors increased by 15,200 positions (+3.0%), while the services-producing sectors added 20,800 positions (+0.9%).

5) Consumer Price Index (CPI – 2002=100)⁵

- At the end of Q3, the national Consumer Price Index (CPI) increased by 2.4% year-over-year, with food, gasoline, and shelter as the key drivers of inflation.
- Both British Columbia and Metro Vancouver registered a year-over-year CPI increase of 1.9%, below the national CPI.
- In B.C., rent price growth was well below the national level, rising by 1.8% as compared to 4.8% across Canada.

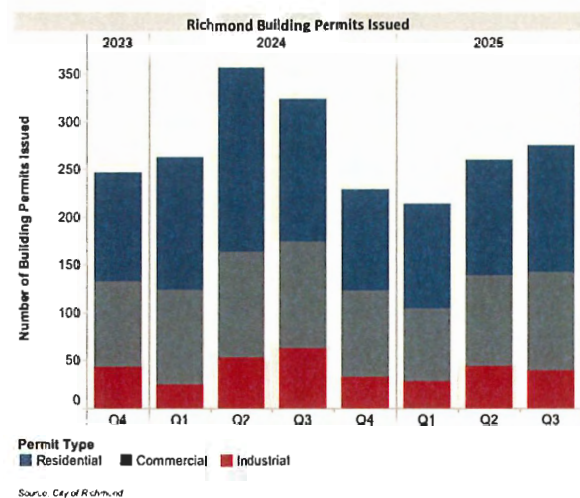
³RBC Monthly Forecast Update, October 2025.

⁴Statistics Canada Labour Force Characteristics (September 2025); Labour Force Statistics Highlights Issue #25-10.

⁵Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2025; also BC Stats, Consumer Price Index, September 2025, Issue 25-09.

Regional & Local Economic Activity Indicators

6) Building Permits – Richmond⁶



- During the third quarter of 2025, there were 133 residential, 102 commercial, and 40 industrial building permits issued in Richmond.
- This represents a 15.1% decrease in total building permits issued over the same period in 2024, with the highest decrease in industrial building permits, at 36.5%. The decreased number of permits in relation to this time last year reflects heightened permitting activity in the third quarter in 2024 partially in response to increases in Metro Vancouver and Translink DCC fees.

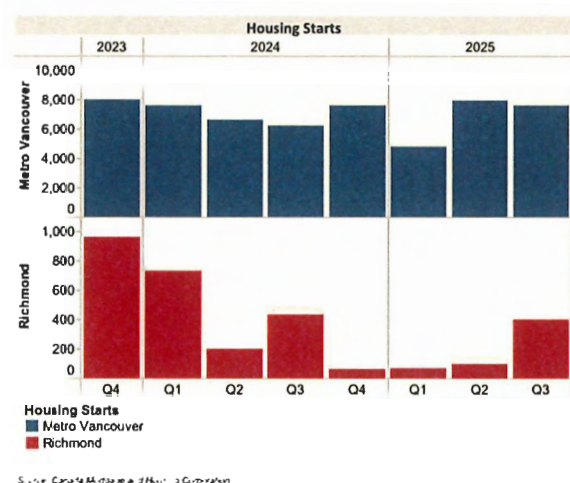
7) Construction Value⁷



- Approximately \$90.3 million in construction value was registered in Q3 2025, a decrease of 88.4% from the same period last year.
- Although there are anticipated year to year fluctuations by quarter, comparison of Q3 construction value in 2024 reflects a spike in permit activity in response to Metro Vancouver and Translink DCC fees.

⁶City of Richmond Building Permits.

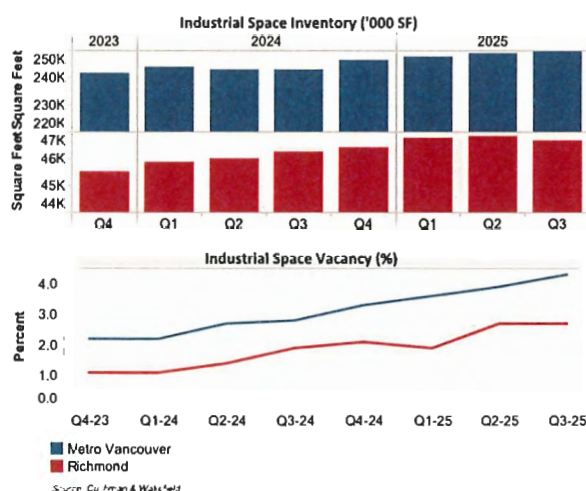
⁷City of Richmond Building Permits.

8) Housing Starts⁸

- In Q3 2025, there were 403 housing starts in Richmond and 7,602 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on verification that construction work has commenced.⁹
- Year to date housing starts decreased by 58.3% in Richmond and 0.6% in Metro Vancouver, as compared to the same period in 2024. There is a fair amount of fluctuation quarter by quarter, as is to be expected depending on project timelines.
- The Canadian housing market is projected to experience continued cooling in 2025, followed by a gradual recovery in 2026 amid easing trade tensions and improving economic conditions.

9) Commercial Space¹⁰

a) Industrial Space



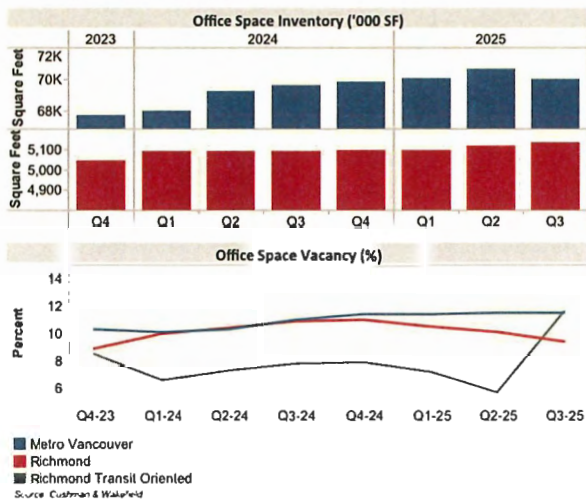
- In Q3, the Metro Vancouver industrial vacancy rate increased to 4.3%, which was the highest rate since Q3 2016. Despite the increase, Metro Vancouver still has the lowest vacancy in Canada among markets with inventories exceeding 100 million sq ft.
- In Richmond, the industrial vacancy rate remains lower than Metro Vancouver at 2.7% in Q3 2025.
- While asking rents are moderating alongside higher vacancies, Richmond still commands Metro Vancouver's highest net asking lease rates and lowest vacancy rate.

⁸Canada Mortgage and Housing Corporation; 2025 Housing Market Outlook.

⁹Housing Start is defined as the beginning of construction work on a building, generally when the concrete has been poured for the whole of the footing around the structure, or an equivalent stage where a basement will not be part of the structure.

¹⁰Cushman & Wakefield Office and Industrial Market Beat Reports Q3 2025.

b) Office Space

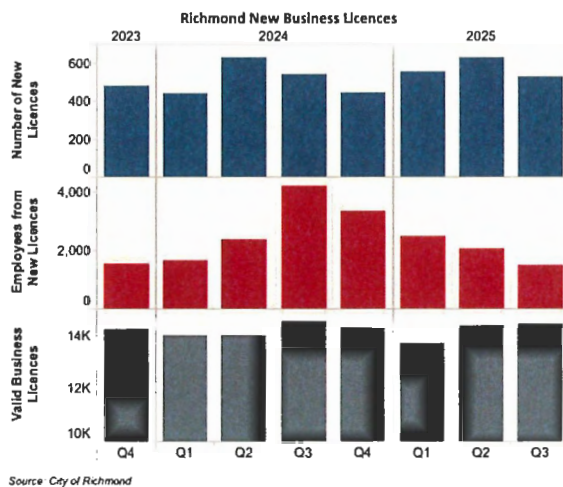


Note that the increased transit-oriented vacancy rate in Q3 2025 was due to the Galleria development (8555 Capstan Way) coming to market. Short-term fluctuations are expected as new supply is added.

- At the end of Q3 2025, Metro Vancouver's office vacancy rate increased to 11.5%, a 4.5% increase from the same time last year.
- In Richmond, the Q3 office vacancy rate decreased to 9.4%, with transit-oriented vacancy increasing from last quarter to 11.6%¹¹.
- Average asking rents in Richmond continue to be the lowest in the Metro Vancouver region.

10) Business Growth – Richmond¹²

a) New Business Licences – Number and Employees

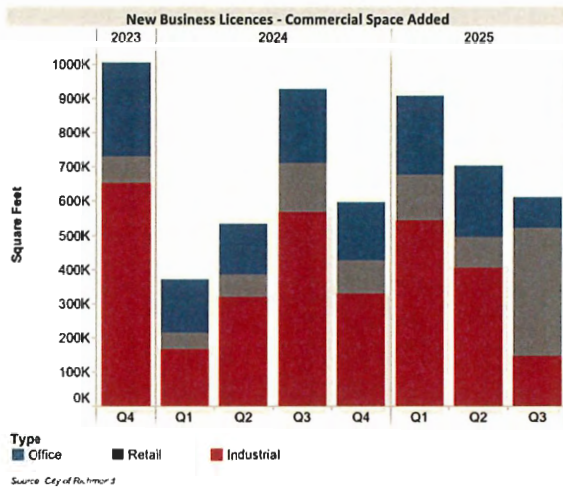


- 528 new business licences (representing 1,494 jobs) were issued by the City of Richmond in Q3 2025, a 2.4% decrease in new licences and a 64.4% decrease in jobs as compared to the same period last year.
- These new business licences are part of the City's 14,427 total valid business licenses at the end of Q3 2025, representing a slight decrease of 0.6%. Fluctuations in the total count of valid business licences are anticipated, reflecting periodic updates and annual renewals by businesses.

¹¹Note that transit-oriented office data is sourced from Cushman and Wakefield for consistency across commercial vacancy rates presented in this report. The definition of "transit-oriented office" is office space within 600 meters of a Skytrain station. As this definition includes a limited number of developments in the City Centre, any change (whether related to new inventory or absorption) may have a seemingly disproportionate impact on the data.

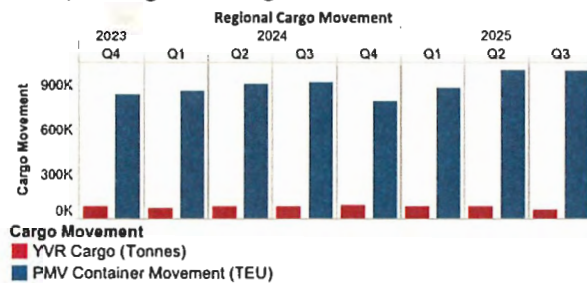
¹²City of Richmond Business Licencing data.

b) New Business Licences – Commercial Space

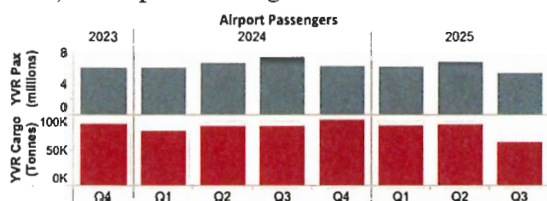


- 611,898 square feet of commercial space absorption was tied to the new business licenses issued during Q3 2025.
- This is a decrease of 34.1% compared to the same time period last year. The greatest amount of space was required by retail (373,919 sq ft), followed by industrial (146,985 sq ft), and then office (90,994 sq ft).

11) Goods and People Movement

a) Regional Cargo Movement¹³

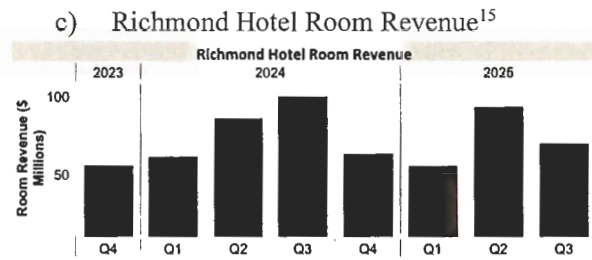
- In Q3 2025, cargo volumes handled by the Port of Vancouver, as measured by Twenty Foot Equivalents (TEUs), increased by 8.6%, as compared to the same period last year.
- In Q3 2025, 90,365 tonnes of air cargo passed through the Vancouver International Airport (YVR), which is a 7.0% increase as compared to the same period last year.

b) Airport Passengers¹⁴

- Passenger travel through YVR continues to be strong, with an increase of 3.9% during Q3 2025 with 7.7 million passengers as compared to the same period last year at 7.4 million.

¹³Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.

¹⁴YVR Monthly Statistics.



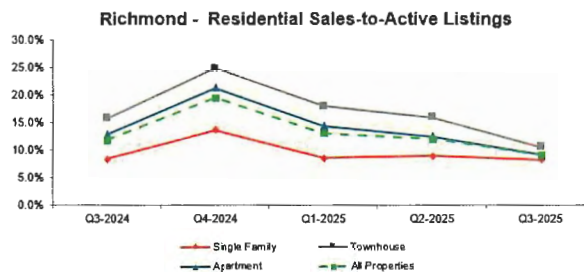
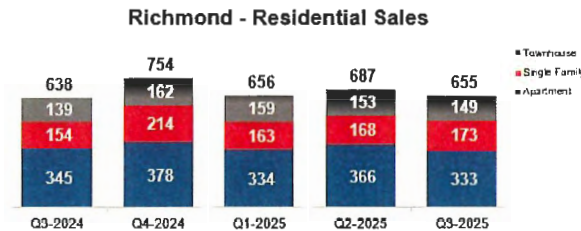
Source: City of Richmond Hotel Tax Ledger

Note: The chart for Richmond Hotel Room Revenue for Q3 2025 includes July and August data only, where Q3 2024 includes the full 3 months. The analysis compares the same periods for Q3, i.e. July and August only for both 2024 and 2025.

- Hotel room revenues in Richmond for the first two months of Q3 were \$69.9M, which is 5.0% higher than the same period last year.
- B.C.'s hotel occupancy rate sat at 87.2% in August, while Canada experienced its highest occupancy level since 2014 at 80.7%.

Residential Real Estate¹⁶

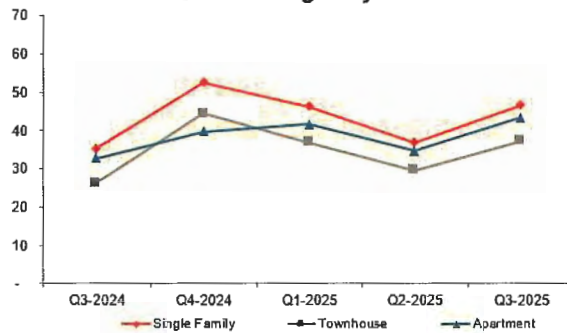
Richmond's residential real estate market remained in Buyer's Market conditions in Q3 2025, with a Sales-to-Active Listings Ratio of 9.0%. Overall sales rose 2.7% year-over-year, led by detached and townhouse properties, while apartment sales eased slightly. Benchmark prices continued to decline, with townhouses posting the largest annual drop at 9.3%. Homes took longer to sell across all property types, as elevated borrowing costs and ample supply kept downward pressure on prices.



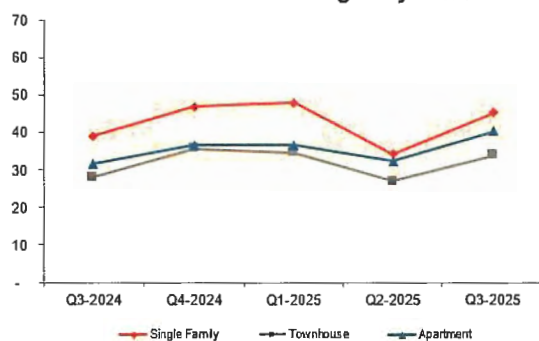
- Single family detached (SFD) home sales increased by 12.3% compared to Q3 2024.
- Townhouse sales have increased by 7.2% and apartment sales have decreased by 3.5% compared to Q3 2024.
- Townhouse sales comprise 22.8% of the residential home sales in Richmond. SFD and apartment sales account for 26.4% and 50.8%, respectively, of home sales in Richmond.
- There were 655 residential home sales in Richmond in Q3 2025, a 2.7% increase compared to the same period last year.
- Richmond residential properties had a sales-to-active listings ratio of 9.0% as at September 30, 2025.
- Analysis of historical data suggests downward pressure on home prices occurs when the ratio dips below 12.0% for a sustained period, while home prices often experience upward pressure when it surpasses 20.0% over several months.

¹⁵City of Richmond Additional Hotel Room Tax Ledger; STR Global (September 2025).

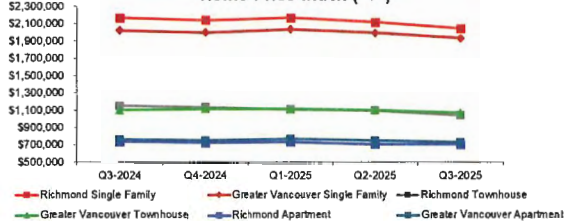
¹⁶Greater Vancouver Realtors.

Richmond - Average Days on Market

- At Q3 2025, SFD properties in Richmond had an average of 47 days on the market, a 34.3% increase compared to Q3 2024.
- Townhouses and apartments in Richmond had an average of 37 and 43 days on the market, respectively, representing a 42.3% and 30.3% increase, respectively, over the same period last year.

Greater Vancouver - Average Days on Market

- At Q3 2025, SFD properties in GVRD had an average of 45 days on the market, which represents an increase of 15.4% compared to Q3 2024.
- Townhouses and apartments in GVRD had an average of 34 and 40 days on the market, respectively, representing a 21.4% and 25.0% increase, respectively, over the same period last year.

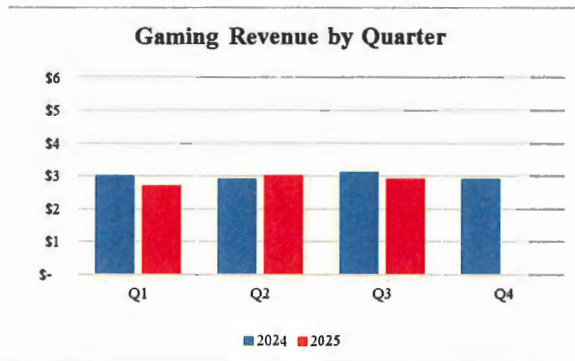
Richmond vs. Greater Vancouver Residential Home Price Index (HPI)

- The Home Price Index (HPI)¹⁷ for SFD properties in Richmond at Q3 2025 was \$2,044,800, a 5.7% decrease compared to Q3 2024. The GVRD housing market has decreased with SFD properties priced at \$1,933,100, which represents a 4.4% decrease compared to the same quarter last year.
- At Q3 2025, the HPI for townhouse properties in Richmond was \$1,042,700, a decrease of 9.3% compared to Q3 2024. The HPI for townhouse properties in GVRD was \$1,069,800, which represents a 2.7% decrease compared to the same quarter last year.
- The HPI for apartments in Richmond was \$704,600, a decrease of 4.5% compared to Q3 2024. The HPI for apartments in GVRD was \$728,800, which represents a 4.4% decrease compared to the same period last year.

¹⁷ Home Price Index is a tool to measure home prices trends in Metro Vancouver and other major markets in the country. It is an alternative measure of real estate prices that provides the market trends over traditional tools such as mean or median average prices.

Gaming Revenue

In accordance with the Host Financial Assistance Agreement with the Province of BC (Province), the Province pays 10% of net gaming income to the City. Net gaming revenue is calculated as net win from casino games less (i) fees payable by BC Lottery Corporation (BCLC) to the service provider, and (ii) BCLC's administrative and operating costs. Distributions are subject to volatility due to fluctuations in net win from casino games, operating costs and accounting adjustments.



- The gaming revenue for Q3 2025 was \$2,906,290, a decrease of 5.5% compared to the same quarter last year when \$3,074,504 was received.
- Year to date revenue for 2025 is \$8,571,156 which is 5.3% lower than for same period for 2024 which was \$9,052,082.
- The 2025 budget for gaming revenue is \$11,500,000. Actual revenue received year to date is 74.5% of the total budget.

Gaming revenue is dependent on the operations of the River Rock Casino, these amounts may vary due to consumer behaviours, changes in regulations and competition.

At the January 27, 2025, Council meeting, the 2025 Budget was approved which included the gaming revenue allocation for 2025. The distribution of these funds is detailed in Table 1 with any surplus revenue or shortfall to be transferred to the capital reserve.

Table 1: Distribution of the 2025 gaming revenue allocation

	Distribution	2025 Budget
Capital Reserves	Remainder	\$1.0M
Grants	25%	2.9M
Council Community Initiatives Account	2%	0.2M
Debt Servicing	Fixed	6.4M
Operating (RCMP)*	9%	1.0M
Total		\$11.5M

*The funding allocation towards total policing costs is calculated based on the cost of four officers and does not reflect actual policing effort.

Operating Activity

Table 2 compares budget to unaudited actual activity up to September 30, 2025. The net figure represents combined revenue and expense amounts. Actuals include estimates for revenues earned and expenses incurred to date where invoices may not yet be issued or received.

Table 2: Net Operational Activity for the period January 1, 2025 to September 30, 2025 (in \$000's)

Division/Department ¹	Q3 YTD Net Budget ²	Q3 YTD Actuals and Commitments ³	Q3 YTD Variance (\$)	Projected Surplus (Deficit) before Appropriation	Estimated Appropriation	Projected Surplus (Deficit) after Appropriation
Corporate Administration	9,004	8,872	132	189	-	189
Engineering and Public Works	38,078	37,432	646	969	(708)	261
Finance and Corporate Services	22,735	22,509	226	341	-	341
Fire Rescue	41,824	42,318	(494)	(1,413)	-	(1,413)
Law and Community Safety ⁴	2,346	1,653	693	1,389	(203)	1,186
Library	8,877	8,544	333	235	-	235
Parks, Recreation and Culture	41,177	39,924	1,253	1,453	-	1,453
Planning and Development	5,682	4,790	892	1,169	(330)	839
Policing	63,436	57,083	6,353	8,575	(2,390)	6,185
Fiscal	(219,254)	(219,476)	222	101	(981)	(880)
Total	\$13,905	3,649	\$10,256	\$13,008	(\$4,612)	\$8,396
Flood Protection Utility	4,393	3,615	778	844	(844)	-
Sanitary Sewer Utility	1,587	1,105	482	1	(1)	-
Sanitation and Recycling Utility	232	(1,876)	2,108	3,131	(3,131)	-
Water Utility	4,655	4,151	504	71	(71)	-
Utilities Total	10,867	6,995	3,872	4,047	(4,047)	-

¹Net Operational Activity does not include amounts related to capital such as contributed assets, developer contributions, amortization, etc. It does not represent Generally Accepted Accounting Principles but is presented on a modified cash basis.

²The Net Budget is based on the operating budget approved by Council on January 27, 2025.

³Includes budgeted equity transactions such as transfer to reserves, transfer to provision, transfers from provision, etc.

⁴Includes Law and Community Safety Administration, Animal Protection Services, Business Licences, Community Bylaws, Emergency Programs and Legal Services.

The following section provides an explanation on a Divisional/Departmental basis of year-to-date variances in relation to the 2025 Financial Plan:

- Corporate Administration is on budget.
- Engineering and Public Works' favourable variance is mainly due to underpinning fee revenue and Public Works maintenance expenses less than budgeted. Estimated appropriations at year-end include the following: \$100K for Snow & Ice control and \$608K for Fleet surplus to be transferred to the Equipment Reserve in accordance with Council's Sustainable Green Fleet Policy 2020.
- Finance and Corporate Services' favourable variance is mainly due to timing of IT maintenance contract renewals.
- Fire Rescue's unfavourable variance is primarily attributable to higher than anticipated firefighter overtime during the summer and fall months due to unforeseen absences, planned regulatory firefighter training and new recruit training. This is partially offset by savings from retirements, other statutory absences and vacant positions. \$325,000 was transferred from the Policing budget to Fire Rescue for firefighter equipment and payroll system enhancements, this transfer was included in the Financial Plan Amendment.

- Law and Community Safety (excluding fire rescue and policing) has a favourable variance due to vacant positions from recent staff movements and positions under review, higher parking revenues and timing on operational expenses. Estimated appropriations at year-end includes \$203K for 2026 Capital Submission for Parking Mobile Payment Solution.
- Library's favourable variance is primarily from salaries due to vacancies. Any surplus at year-end will be appropriated for future use within Library operations.
- Parks, Recreation and Culture Services' favourable variance is mainly due to vacant positions in Recreation and Sport Services and stronger revenue from Aquatic Services and Minoru Centre for Active Living.
- Planning and Development's favourable variance is primarily due to vacant positions offset by lower revenues in Development Applications and Building Approvals. Estimated appropriations at year-end include \$330k for Community Social Development auxiliary positions to advance priorities that are in progress and expected to carry over into 2026.
- Policing's favourable variance can be attributed to lower-than-expected expenditures on the policing contract, primarily due to by vacancies within the RCMP officer complement. \$325,000 was transferred from the Policing budget to Fire Rescue for firefighter equipment and payroll system enhancements, this transfer was included in the Financial Plan Amendment. Estimated appropriations at year-end includes \$2.4M of the policing contract surplus which will be utilized in the 2026 Operating Budget to reduce the cost of policing.
- Fiscal's favourable variance is mainly from favourable investment income. Estimated appropriations at year-end include \$981K for service fees for Lulu Island Energy Company in accordance with the asset transfer agreement as presented in the 2026 Proposed Operating Budget report.
- Flood Protection Utility has a favourable variance due to timing of Public Works maintenance projects. Any surplus at year end will be transferred to the Flood Protection Provision.
- Sanitary Sewer Utility has a favourable variance due to operational savings from Public Works expenses. Any surplus at year-end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling Utility's favourable variance is mainly due to Recycle BC revenue relating to changes in the renegotiated agreement, utility fees from additional customers, and vacant positions. Any surplus at year end will be transferred to the General Solid Waste and Recycling Provision.
- Water Utility's favourable variance is mainly due to lower operational expenses. Any surplus at year-end will be transferred to the Water Levy Provision.

The presentation of the figures for the Financial Statement, Statement of Operations is different from the Net Budget presentation above. The above presentation combines revenues and expenses, and presents the net amount inclusive of transfers. The Statement of Operations presents the revenues and expenses separately and prior to any appropriations and transfer to reserves. The Statement of Operations for the Nine Month Period Ended September 30, 2025, with comparative figures for 2024, is included in Attachment 3.

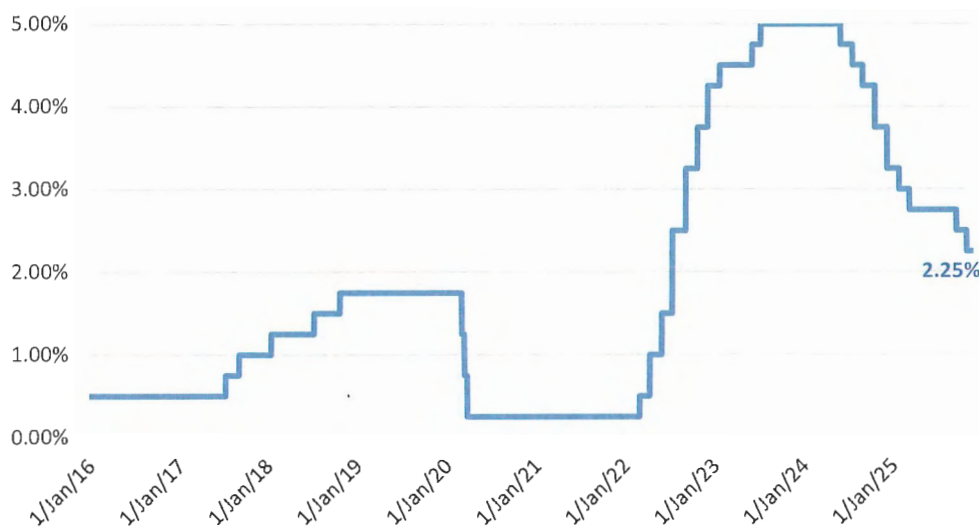
Cash and Investment Portfolio

As of September 30, 2025, the City's total cash and investment balance was \$1.8 billion, which represented the City's working capital for ongoing operational obligations, as well as funds held in reserves and liability accounts for future and restricted uses. The City's total cash and investment balance

was comprised of \$1.6 billion in investments and \$247.0 million in a high interest savings cash account, with an overall investment yield of 3.9% for the quarter.

At the most recent interest rate announcement that took place on October 29, 2025, the BoC lowered the policy interest rate by 0.25% to 2.25%. This was the second consecutive cut, and the fourth cut this year. Governor Tiff Macklem stated that the current policy rate is at about the right level to keep inflation close to 2.0% while helping the economy through this period of structural adjustment. This potentially indicates the end of an easing cycle that began in the summer of 2024 where the BoC had lowered borrowing costs nine times from the high of 5.00% to the current level of 2.25%.

Chart 1: History of Policy Interest Rate (2016 to Current)

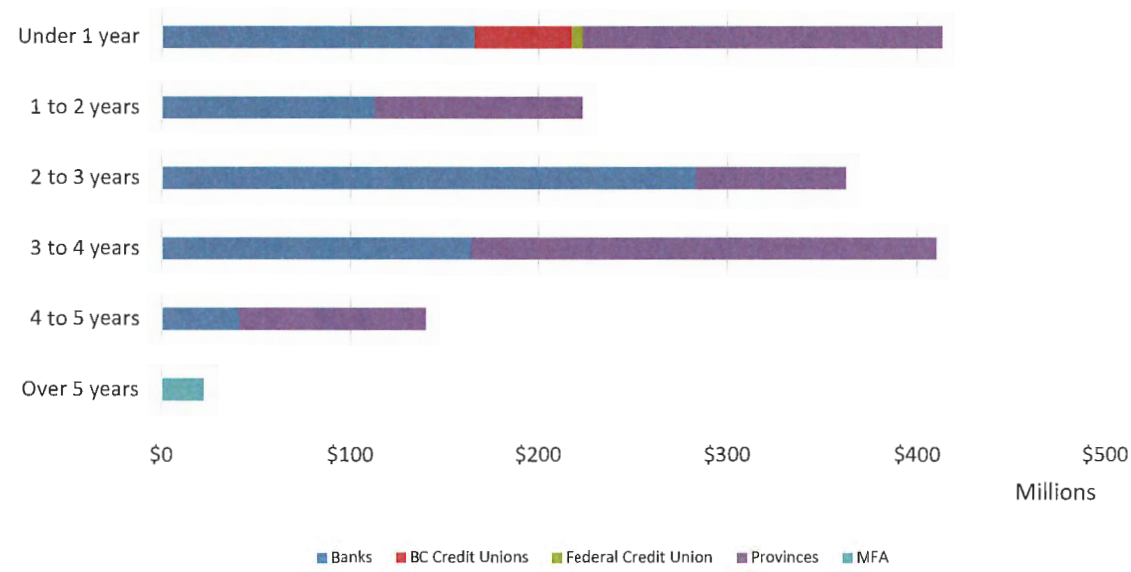


Source: Bank of Canada

The City's overall credit risk exposure remains stable as the City continues to maintain a diversified and high credit quality investment portfolio, where 48.8% is invested in chartered bank deposits and bonds, 46.5% in provincial government securities, 3.3% in credit unions deposits and approximately 1.4% in MFA bond and pooled investment funds.

The chart below shows the investment maturity summary by term to maturity. The City's cash and investment portfolio has been strategically positioned to allow the City to sustain a favourable investment yields in the long-run, while balancing the needs of near-term cash flow required to support operations and approved capital plans.

Chart 2: Q3 2025 Investment Maturity Summary



Staff continue to monitor the interest rate movement and position its cash and investments to ensure that, amongst its investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions.

All investment activities have been conducted in compliance with the City’s Investment Policy 3703. Based on independent ESG rating of the City’s fixed income portfolio, the City continues to receive high ESG Rating of “AA” as of Q3 2025.

Contract Awards

In accordance with Procurement Policy 3104, this report provides information on new contract awards and aggregate contract extensions greater than \$75,000. During the third quarter, 25 contracts greater than \$75,000 were awarded totalling over \$9.9 million (Attachment 4).

Financial Impact

None.

Conclusion

The September 30, 2025 financial information report provides details on the economic environment, financial results and other key indicator information to the Finance and Audit Committee for information.



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

CG:nj

- Att. 1: Economic Indicators
2: Financial and Key Indicators
3: Unaudited Statement of Operations
4: Contract Awards Greater than \$75,000

Economic Indicators**September 30, 2025****Macroeconomic Indicators & Forecast**

1) Real GDP (% at YE)	2025f	2026f			
Canada	1.2	1.5			
United States	2.0	2.1			
China	4.8	4.2			
World	3.2	3.1			
2) Interest Rates (at YE)	2025f	2026f			
Bank of Canada	2.25	2.25			
US FED	3.83	3.33			
3) Exchange Rate (at YE)	2025f	2026f			
CAD per \$1 USD	1.37	1.31			
4) Unemployment (% at QE)	Q3-2025	Q2-2025	Change	Q3-2024	Change
Canada	7.1	6.9	2.9%	6.6	7.6%
BC	6.4	5.6	14.3%	6.0	6.7%
Metro Vancouver	6.3	6.2	1.6%	6.1	3.3%
5) CPI (2002=100) (at QE)	Q3-2025	Q2-2025	Change	Q3-2024	Change
Canada	164.9	164.4	0.3%	161.1	2.4%
BC	158.8	158.8	0.0%	155.8	1.9%
Metro Vancouver	161.9	161.9	0.0%	158.9	1.9%

Regional and Local Market Indicators

6) Richmond Building Permits	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Residential – New Construction	61	71	(14.1%)	135	192	(29.7%)
Residential – Alterations	80	79	1.3%	237	395	(40.0%)
Residential Total	141	150	(6.0%)	372	587	(36.6%)
Number of units from new residential construction	75	531	(85.9%)	660	1,166	(43.4%)
Residential	133	150	(11.3%)	364	481	(24.3%)
Commercial	102	111	(8.1%)	273	321	(15.0%)
Industrial	40	63	(36.5%)	112	141	(20.6%)
Building Permits Total	275	324	(15.1%)	749	943	(20.6%)
Construction Value (\$ million)	90.3	781.4	(88.4%)	337.0	1,256.7	(73.2%)
7) Housing Starts CMHC (Units)	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Starts - Richmond	403	434	(7.1%)	571	1,368	(58.3%)
Starts - Metro Vancouver	7,602	6,225	22.1%	20,373	20,503	(0.6%)
Richmond Residential Sales Activity	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Sales - Detached	173	154	12.3%	504	569	(11.4%)
Sales - Townhouse	149	139	7.2%	461	478	(3.6%)
Sales - Apartment	333	345	(3.5%)	1,033	1,148	(10.0%)
Sales - Total	655	638	2.7%	1,998	2,195	(9.0%)

Economic Indicators**September 30, 2025****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings**

Ratio (% at QE)	Q3-2025	Q3-2024	Change
Single Family Detached	8.1%	8.2%	(1.2%)
Townhouse	10.4%	15.7%	(33.8%)
Apartment	9.0%	12.8%	(29.7%)
Total	9.0%	11.7%	(23.1%)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q3-2025	Q3-2024	Change	Q2-2025	Q2-2024	Change
Single Family Detached	47	35	34.3%	45	39	15.4%
Townhouse	37	26	42.3%	34	28	21.4%
Apartment	43	33	30.3%	40	32	25.0%

11) Home Price Index (\$000 at QE)

Property Type	Richmond			Metro Vancouver		
	Q3-2025	Q3-2024	Change	Q3-2025	Q3-2024	Change
Single Family Detached	2,045	2,169	(5.7%)	1,933	2,022	(4.4%)
Townhouse	1,043	1,149	(9.3%)	1,070	1,099	(2.7%)
Apartment	705	738	(4.5%)	729	762	(4.4%)

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q3-2025	Q3-2024	Change	Q3-2025	Q3-2024	Change
Office Vacancy (%)	9.4	10.9	(13.8%)	11.5	11.0	4.5%
Transit Oriented Office Vacancy (%)	11.6	7.8	48.7%	N/A	N/A	N/A
Office Inventory (000 sf)	5,134	5,090	0.9%	69,968	69,585	0.6%
Industrial Vacancy (%)	2.7	1.9	42.1%	4.3	2.8	53.6%
Industrial Inventory (000 sf)	46,672	46,243	0.9%	249,635	243,116	2.7%

13) Richmond Business Growth

	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Total Valid Business Licences (at QE)	14,427	14,518	(0.6%)	N/A	N/A	N/A
New Licences - Number Issued	528	541	(2.4%)	1,713	1,612	6.3%
New Licences - Employees	1,494	4,197	(64.4%)	6,002	8,220	(27.0%)
New Licences - Office Added (sf)	90,994	216,527	(58.0%)	530,061	518,256	2.3%
New Licences - Retail Added (sf)	373,919	144,004	159.7%	601,438	258,697	132.5%
New Licences - Industrial Added (sf)	146,985	567,698	(74.1%)	1,091,908	1,053,333	3.7%
Total Space Added (sf)/Avg. Change	611,898	928,229	(34.1%)	2,223,407	1,830,286	21.5%

Economic Indicators**September 30, 2025****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
YVR Air Cargo (tonnes)	90,365	84,465	7.0%	261,507	246,101	6.3%
PMV Container Movement (TEUs)	992,961	914,700	8.6%	2,870,730	2,683,718	7.0%
YVR Passengers (million)	7.65	7.36	3.9%	20.50	19.96	2.7%
Richmond Hotel Revenue (\$ million)*	69.9	66.6	5.0%	218.5	214.4	1.9%

Notes:

- a) QE indicates quarter-end; YTD indicates year to date; YE indicates year-end.
b) f-forecast to year-end.

* Richmond Hotel Room Revenue for Q3 2025 includes July and August data only. YTD includes data from January to August.

List of Sources:

- 1) International Monetary Fund, *World Economic Outlook (October 2025). Global Economy in Flux, Prospects Remain Dim.*
- 2) Bank of Canada Press Release, October 29, 2025 and RBC Monthly Forecast Update, October 2025.
- 3) RBC Monthly Forecast Update, October 2025.
- 4) Statistics Canada Labour Force Characteristics (September 2025); BC Stats Labour Force Statistics Highlights, Issue #25-10.
- 5) Statistics Canada, Consumer Price Index; also Consumer Price Index, September 2025; also BC Stats, Consumer Price Index, September 2025, Issue 25-09
- 6) City of Richmond Building Permits.
- 7) Canada Mortgage and Housing Corporation; 2025 Housing Market Outlook.
- 8), 9), 10) & 11) Greater Vancouver Realtors.
- 12) Cushman & Wakefield Office and Industrial Market Beat Reports, Q3 2025.
- 13) City of Richmond Business Licences data.
- 14) Port of Vancouver Monthly Cargo Statistics; YVR Monthly Statistics.
YVR Monthly Statistics;
City of Richmond Hotel Tax Ledger; STR Global (September 2025).

Financial and Key Indicators**September 30, 2025**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions*	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Roads, Water, Sewer DCCs Received	\$6,023	\$19,055	(68.4%)	\$16,166	\$26,494	(39.0%)
Parks DCCs Received	\$960	\$11,318	(91.5%)	\$3,696	\$16,482	(77.6%)
Total DCC Fees Received	\$6,983	\$30,373	(77.0%)	\$19,862	\$42,976	(53.8%)
DCC Reserves – Uncommitted Balance at QE	\$173,478	\$187,939	(7.7%)	N/A	N/A	N/A
2) Uncommitted Reserves (at QE)	Q3-2025	Q3-2024	Change			
Capital Funding Reserves	\$254,441	\$207,646	22.5%			
Utility Reserves	\$97,492	\$89,406	9.0%			
Affordable Housing Reserves	\$16,650	\$9,495	75.4%			
Other Reserves	\$102,087	\$114,052	(10.5%)			
Total Uncommitted Reserves	\$470,670	\$420,599	11.9%			
3) Taxes to date	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Taxes Collected	\$117,060	\$138,631	(15.6%)	\$592,819	\$558,967	6.1%
City Portion of Taxes Collected	\$59,701	\$70,702	(15.6%)	\$302,338	\$285,073	6.1%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$10,729	\$7,759	38.3%	N/A	N/A	N/A
No. of Participants on Pre-authorized withdrawal (at QE)	6,514	6,462	0.8%	N/A	N/A	N/A
Pre-authorized withdrawals payments	\$11,527	\$9,673	19.2%	\$35,734	\$32,119	11.3%
Interest rate % paid	2.95%	4.95%	(40.4%)	N/A	N/A	N/A
<i>Sources: All data is from City of Richmond records</i>						
4) Cash and Investments	Q3-2025	Q3-2024	Change			
Investments	\$1,572,086	\$1,499,296	4.9%			
Cash (includes high interest savings accounts)	\$246,767	\$304,018	(18.8%)			
Total Cash and Investments	\$1,818,853	\$1,803,314	0.9%			
Average City Rate of Return on Investments %	3.85%	4.43%	(13.1%)			
5) Planning and Development	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Building Permit Fees Collected	\$1,361	\$8,056	(83.1%)	\$4,760	\$12,704	(62.5%)
Development Applications Received	27	30	(10.0%)	86	88	(2.3%)
Development Applications Fees	\$160	\$275	(41.8%)	\$571	\$821	(30.5%)

Financial and Key Indicators**September 30, 2025**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

6) Business Licences	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Revenue Received for						
Current Year Licences	\$1,194	N/A	N/A	\$4,040	N/A	N/A
<i>Only the current periods of Business Licences revenue are presented as the City adopted the Canadian Public Sector Accounting Standard PS 3400 Revenue first-time prospectively in Q4 2024.</i>						
7) Other Revenues	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
Parking Program Revenue	\$848	\$629	34.8%	\$2,376	\$1,830	29.8%
Gaming Revenue	\$2,906	\$3,075	(5.5%)	\$8,571	\$9,052	(5.3%)
Traffic Fine Revenue*	\$2,273	\$0	0%	\$2,273	\$2,303	(1.3%)
8) Employees	Q3-2025	Q3-2024	Change			
Full Time Equivalent (FTE)						
Employees (at QE)	1,765	1,719	2.7%			
<i>(City and Library)</i>						
<i>FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.</i>						
9) Operating Indicators	Q3-2025	Q3-2024	Change	YTD-2025	YTD-2024	Change
RCMP - Calls for Service						
Handled	16,604	17,536	(5.3%)	49,797	51,786	(3.8%)
Community Bylaws	2,126	2,160	(1.6%)	5,758	5,880	(2.1%)
Fire-Rescue Incidents	3,382	3,460	(2.3%)	9,799	10,147	(3.4%)
Public Works Calls for Service	4,014	3,680	9.1%	10,830	10,658	1.6%
10) Richmond Population	2025f	2024f				
Estimate Year End	242,454	242,966				

Population figures from BC Stats

Notes:

- a) All figures presented above are unaudited
b) f - forecast to year-end

Unaudited Statement of Operations¹

For the Nine Month Period Ended September 30, 2025, with comparative figures for 2024.

(in \$000's)

	Budget Sep 30, 2025	Actuals Sep 30, 2025	Actuals Sep 30, 2024
Revenue:			
Taxes and levies	\$254,455	\$253,721	\$238,877
Utility fees	131,781	130,598	117,277
Sales of services	37,493	33,226	33,141
Payments-in-lieu of taxes	15,001	15,889	15,882
Provincial and federal grants	21,784	7,075	13,005
Development cost charges	9,644	4,600	34,549
Other capital funding sources	58,652	23,014	27,767
Other revenue:			
Investment income	22,977	46,149	51,150
Gaming revenue	8,870	8,571	9,052
Licences and permits	11,033	9,830	18,007
Other	22,636	20,793	30,431
Equity income	420	1,516	1,742
	\$594,746	\$554,982	\$590,880
Expenses:			
Law and community safety	\$128,692	\$119,677	\$113,079
Utilities ⁴	121,979	116,527	100,181
Engineering, transportation, public works and project development	57,052	52,159	51,360
Parks, recreation and culture services	61,147	57,871	55,639
General government	59,338	61,050	56,614
Planning and development	17,888	15,637	21,906
Library services	9,740	9,524	9,161
	\$455,836	\$432,445	\$407,940
YTD Surplus (Annual Surplus) ²	\$138,910	\$122,537	\$182,940
Accumulated surplus, beginning of year	4,014,470	4,014,470	3,831,531
Accumulated surplus, end of Sep 30 ³	\$4,153,380	\$4,137,007	\$4,014,471

¹Statement of Operations for City and Library after intercompany eliminations includes investment in Lulu Island Energy Company but excludes Oval results.

²Annual Surplus is the difference between revenues and expenses and reflects the change in the accumulated surplus on the Statement of Financial Position. Annual Surplus is prior to transfer to reserves and surplus appropriations. The revenues include capital contributions, development cost charges and other items that impact the investment in tangible capital assets within the accumulated surplus. The expenses include amortization, which impacts the investment in tangible capital assets in accumulated surplus.

³Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴Utilities includes flood protection, water, sanitary sewer, and sanitation and recycling.

Contract Awards Greater than \$75,000July 1st to September 30th, 2025

Item	Description	Awarded Vendor	Awarded Amount	Department/Section
1	Fire Hall No. 7 System Renewals	Edifice Construction Inc.	1,389,970	Project Development
2	Supply and Delivery of Electronic Key Cabinets and Key Management Systems	ECOS Systems Inc.	99,364	Facility Services
3	Supply and Delivery of LUCAS 3 Chest Compression System	Stryker Canada ULC	224,034	Fire-Rescue
4	Supply and Delivery of Multiple Conventional Two (2) Ton Dual Wheel Crew Cabs with 9' (nine foot) Dump Bodies	Mainland Ford Ltd.	280,736	Fleet Operations
5	Supply and Delivery of Two (2) Fully Electric Vans	Metro Motors Ltd.	172,300	Fleet Operations
6	Invasive Species Management Services (4 year term)	Green Admiral Nature Restoration	447,438	Climate & Environment and Parks
7	Review of Corporate Risk Framework	Price Waterhouse Coopers LLP	142,580	Business Services
8	Provision of Engineering Quality Assurance Program (2 year term)	E.X.L. Engineering Inc.	213,000	Engineering Design and Construction
9	Supply and Delivery of One (1) Asphalt Paver	Rollins Machinery Ltd.	410,900	Fleet Operations
10	Supply and Delivery of Multiple One Ton Crew Cab Pickup Trucks	Mainland Ford Ltd.	132,351	Fleet Operations
11	Steveston Community Centre and Library - Temporary Community Centre and Library	Scott Construction Ltd.	1,301,125	Project Development
12	Cambie and No. 4 Road Intersection Improvements	B.A. Blacktop Infrastructure Inc.	1,621,284	Engineering Design and Construction
13	Adobe Software Subscriptions - August 2025 - August 2026	CDW Canada	119,588	IT Administration

Contract Awards Greater than \$75,000 (continued)July 1st to September 30th, 2025

Item	Description	Awarded Vendor	Awarded Amount	Department/Section
14	Supply and Delivery of Flygt Pumps for Miller Road Drainage Pump Station	Xylem Canada LP	151,170	Flood Protection
15	Concrete Barriers for Westminster Highway at No. 2 Road Transportation Improvement Program	Eagle West Crane & Rigging	84,112	Roads and Construction Services
16	City Hall Annex First Floor Tenant Improvements - Design and Contract Administration Services	Mallen Gowing Berzins Architecture	127,253	Project Development
17	Paving for the Canal Stabilization Projects on Sidaway Road, No. 6 Road, Westminster Highway and No. 7 Road	GB Paving Ltd.	1,827,540	Engineering Design and Construction
18	Supply and Delivery - Lease a Mailing and a Folder/Inserter/Sealer and an Envelope Opener System - (5 year term)	Pitney Bowes of Canada Ltd.	93,900	IT Infrastructure Services
19	PeopleSoft Pay Advice Services	Attain Solutions Inc.	88,600	IT Business and Enterprise Systems
20	Phoenix Net Loft Concept Design and Interior Program	Iredale Architecture	95,115	Project Development
21	Richmond Ice Centre Interior Renewals - Design and Contract Administration	Mallen Gowing Berzins Architecture	159,470	Project Development
22	King George/Cambie Community Park Shade Structure - Design Build Services	Parkworks Solutions Corp.	82,114	Parks, Planning Design and Construction
23	Supply and Delivery of Oracle SPARC Servers	Eclipsys Solutions Inc.	398,445	IT Infrastructure Services
24	Supply and Delivery of Scott Air SCBA Packs	Brogan Fire & Safety	114,968	Fire-Rescue
25	Supply and Delivery of One (1) High Roof Cargo Van with Rear Crew Seat	Mercedes-Benz Boundary	100,119	Fleet Operations



City of Richmond

Report to Committee

To: Finance and Audit Committee

Date: December 3, 2025

From: Mike Ching, CPA,CMA
Director, Finance

File: 03-0975-01/2025-Vol
01

Re: **Active Capital Projects Financial Update – 3rd Quarter September 30, 2025**

Staff Recommendation

That the report titled “Active Capital Projects Financial Update – 3rd Quarter September 30, 2025”, dated December 3, 2025, from the Director, Finance, be received for information.

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

Att. 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE
Arts, Culture & Heritage Admin	<input checked="" type="checkbox"/>	PRC Planning & Strategic Initiatives <input checked="" type="checkbox"/>
Climate & Environment	<input checked="" type="checkbox"/>	Public Works <input checked="" type="checkbox"/>
Engineering	<input checked="" type="checkbox"/>	RCMP <input checked="" type="checkbox"/>
Facilities and Project Development	<input checked="" type="checkbox"/>	Real Estate Services <input checked="" type="checkbox"/>
Fire Administration	<input checked="" type="checkbox"/>	Recreation & Sport Services <input checked="" type="checkbox"/>
Information Technology	<input checked="" type="checkbox"/>	Transportation <input checked="" type="checkbox"/>
Parks Services	<input checked="" type="checkbox"/>	
		CONCURRENCE OF GENERAL MANAGER
SENIOR STAFF REPORT REVIEW	INITIALS:	APPROVED BY CAO

Staff Report

Origin

The Active Capital Projects Financial Update for the 3rd Quarter ended September 30, 2025, is provided to the Finance and Audit Committee for information.

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.

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

Analysis

ACTIVE CAPITAL PROJECT DEFINITION

Council approves the budget for each capital project before its initiation. For the purposes of this report, a capital project is considered active if it falls within any of the stages outlined in Figure 1.

Figure 1: Capital Project Completion Stages



Capital projects include amounts set aside for land acquisition where Council approval is required for each specific land acquisition transaction.

FINANCIAL OVERVIEW

As of September 30, 2025, the approved budget for all active capital projects excluding the contingent external contribution project was \$1,062.1M of which \$619.1M, or 58.3%, has already been spent or contractually committed. Any unspent budget for each active capital project will remain allocated until the project is closed.

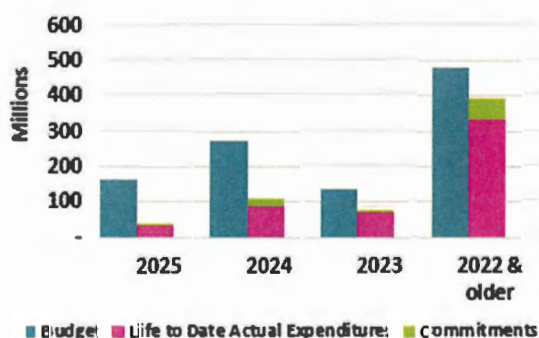
Table 1 highlights the pre-audited capital financial information by program. The total budgets for the Building and Infrastructure Programs are \$459.8M and \$351.9M, respectively, representing 76.4% of the overall capital budget. As the active capital projects progress, additional expenditures and commitments will arise in future periods, which will be covered by the remaining budget. As of September 30, 2025, the total actual expenditures for active capital projects amounted to \$528.2M.

Table 1: Capital Financial Information by Program as of September 30, 2025 (in '000s)

Program	Budget	Actual Expenditures	Commitments	Remaining Budget
Building	\$459,778	\$192,164	\$64,244	\$203,370
Infrastructure	351,910	174,983	20,879	156,048
Land ¹	133,386	107,692	-	25,694
Parks	49,099	32,697	758	15,644
Equipment	50,110	13,802	3,644	32,664
Information Technology	17,864	6,837	1,369	9,658
Total	\$1,062,147	\$528,175	\$90,894	\$443,078

¹ The land program budget was adjusted to include the \$30M budget amendment.

Figure 2: Capital Financial Information by Plan Year as of September 30, 2025



Capital projects with Plan Years 2022 and prior include the Steveston Community Centre and Library project, currently in the construction phase, and the Steveston Highway Multi-Use Pathway – Phases 1 & 2: Shell Road to Mortfield Gate & Mortfield Gate to No. 2 Road (2019 & 2020), which is substantially completed. The Request for Proposal (RFP) for the Fire Vehicle Replacement projects (2021 to 2025) is posted online, closing in Q4 2025.

FINANCIAL INFORMATION BY CAPITAL PROGRAM

Building Program

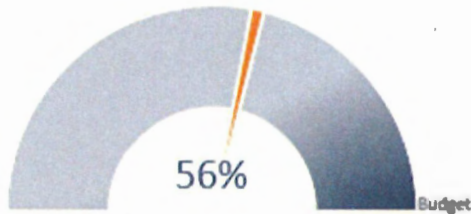


Figure 3: Life-to-Date Actual Expenditures and Commitments Compared to Budget

- Total approved budget for the Building Program is \$459.8M, of which \$256.4M has already been spent or contractually committed.
- Commitments as of September 30, 2025, were \$64.2M.
- Current year capital expenditures were \$36.6M.

Key capital projects are highlighted in Table 2, with project status updates provided in Attachment 1.

Table 2: Key Capital Project Highlights – Building Program as of September 30, 2025 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Bowling Green Community Activity Centre (2018)	\$5,300	\$4,792	\$25	\$483
Steveston Community Centre and Library (2021)	95,000	37,668	44,438	12,894
West Richmond Pavilion (2024)	19,850	404	850	18,596
Works Yard Replacement Project– Phase 1 (2023 & 2024)	100,000	7,731	5,909	86,360

Infrastructure Program

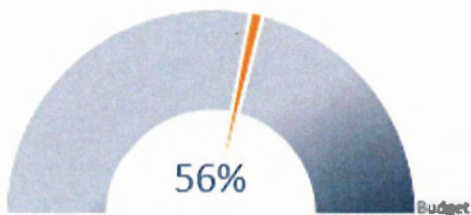


Figure 4: Life-to-Date Actual Expenditures and Commitments Compared to Budget

- Within the Infrastructure Program, the actual expenditures and commitments compared to budget for each sub-program is broken down as follows:
 - Roads Program – 71%
 - Water Program – 56%
 - Flood Protection Program – 43%
 - Sanitary Sewer Program – 33%
- Commitments as of September 30, 2025, were \$20.9M.
- Current year capital expenditures were \$38.5M.

Key capital projects are highlighted in Table 3, with project status updates provided in Attachment 1.

Table 3: Key Capital Project Highlights – Infrastructure Program as of September 30, 2025 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Roads				
Annual Asphalt Re-Paving Program (2025)	\$6,309	\$5,872	\$414	\$23
Gilbert Road Multi-Use Pathway (2020 & 2024)	4,750	833	3,120	797
Top 20 Collision Prone Intersections-Implementation of Medium-/Long-term Improvements (2021)	5,325	710	1,719	2,896
Flood Protection				
Burkeville Utility Improvements (2025)	3,000	1,170	13	1,817
Canal Stabilization and Drainage and Irrigation Upgrades (2023)	3,000	2,813	28	159
Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)	25,216	8,306	901	16,009
Invasive Species Management (2023-2025)	835	86	85	664
Laneway Drainage Upgrades (2025)	1,816	919	99	798
Water				
Watermain Replacement Upgrades Program (2023)	4,017	3,659	2	356

Parks Program**Figure 5: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

- Total approved budget for the Parks Program is \$49.1M, of which \$33.5M has already been spent or contractually committed.
- Commitments as of September 30, 2025, were \$0.8M.
- Current year capital expenditures were \$3.4M.

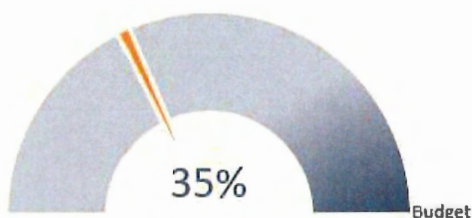
Key capital projects are highlighted in Table 4, with project status updates provided in Attachment 1.

Table 4: Key Capital Project Highlights – Parks Program as of September 30, 2025 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Burkeville Neighbourhood Park Redevelopment (2024)	\$600	\$21	\$-	\$579
Garden City Community Park Gathering Space (2025)	300	-	-	300
McLean Park Dog Off-Leash Area (2023)	200	15	-	185
Minoru Lakes Renewal: Phase 2 (2024)	2,500	108	69	2,323

Table 4: Key Capital Project Highlights – Parks Program as of September 30, 2025 (in '000s) - continued

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Pickleball Court Installation (2025)	\$800	\$9	\$-	\$791
Playground Improvement and Replacement Program				
<i>Hugh Boyd Community Park Playground Renewal (2024 & 2025)</i>	1,800	2	-	1,798
<i>Playground Replacement Program (2024)</i>	600	11	-	589
<i>Steveston Community Park Playground Expansion (2023)</i>	2,200	2,155	29	16
South Dike Trail Enhancements (around Crown Packaging) (2025)	400	-	-	400
Steveston Park Legacy Walk (2025)	485	11	4	470

Equipment Program**Figure 6: Life-to-Date Actual Expenditures and Commitments Compared to Budget**

- Total approved budget for the Equipment Program is \$50.1M, of which 41% of the Vehicle Program budget and 26% of Equipment Program budget have already been spent or contractually committed.
- Commitments as of September 30, 2025, were \$3.6M.
- Current year capital expenditures were \$5.4M.

Key capital projects are highlighted in Table 5, with project status updates provided in Attachment 1.

Table 5: Key Capital Project Highlights – Equipment Program as of September 30, 2025 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Fire Vehicle Replacement Reserve Purchases (2021-2025)	\$11,031	\$-	\$-	\$11,031
Public Safety Mobile Command and Communication Centre Vehicle (2024)	1,815	-	-	1,815
Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2023-2025)	10,467	5,567	2,522	2,378

Information Technology Program

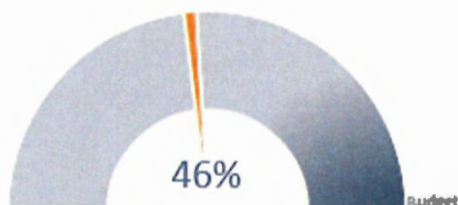


Figure 7: Life-to-Date Actual Expenditures and Commitments Compared to Budget

- Total approved budget for the Information Technology Program is \$17.9M, of which \$8.2M has already been spent or contractually committed.
- Commitments as of September 30, 2025, were \$1.4M.
- Current year capital expenditures were \$1.9M.

Key capital projects are highlighted in Table 6, with project status updates provided in Attachment 1.

Table 6: Key Capital Project Highlights – Information Technology Program as of September 30, 2025 (in '000s)

Project Name	Budget	Actual Expenditures	Commitments	Remaining Budget
Document and Records Management System Modernization (2025)	\$3,440	\$-	\$-	\$3,440
Permit Optimization Project (MyPermit) (2021 & 2024)	2,916	1,123	193	1,600

CAPITAL BUDGET REALLOCATION

Council Policy 3001 requires that changes to the Capital Budget be reported to the Finance and Audit Committee. The following reallocations were recorded in the 3rd quarter:

Table 7: Budget Reallocation for the Quarter Ended September 30, 2025 (in '000s)

Transfer From Capital Project	Transfer To Capital Project	Amount
Contingent External Contribution (2025): Translink	Arterial Roadway Improvement Program (2024)	\$ 1,517
Contingent External Contribution (2025): Translink	Arterial Roadway Improvement Program (2025)	600
Contingent External Contribution (2025): Translink	Arterial Roadway Improvement Program (2023)	531
Contingent External Contribution (2025): Government of Canada	Drainage Infrastructure Enhancement in Minoru Park (2022)	355
Contingent External Contribution (2025): Translink	Active Transportation Improvement Program (2024)	175
Contingent External Contribution (2025): Translink	2023 Translink Bus Speed & Reliability Projects (2023)	122
Contingent External Contribution (2025): Translink	Neighbourhood Walkway Program (2025)	100
Contingent External Contribution (2025): Translink	Top 20 Collision Prone Intersections-Implementation of Medium-/Long-term Improvements (2021)	75
Invasive Species Management (2020)	Invasive Species Management (2024)	35
Contingent External Contribution (2025): East Richmond Community Association	King George Park Masterplan - Phase 1 (2013)	15
Total Budget Reallocation		\$3,525

CAPITAL PROJECTS CLOSED IN THE QUARTER

The following capital projects were closed in the quarter ended September 30, 2025. Any unspent funding will be returned to the original source (e.g. Reserve Fund) for funding towards future projects, which require Council approval.

Table 8: Projects Closed in the Quarter Ended September 30, 2025 (in '000s)

Project Name	Plan Year	Budget	Actuals	Remaining Budget
Sanitary Sewer Repair - 8000 Block Capstan Way	2021	\$800	\$331	\$469
Database Encryption Project ²	2024	355	75	280
Watermania Aging Mechanical and Building Envelope Infrastructure Replacement Phase 2	2019	1,341	1,339	2
Vehicle and Equipment Reserve Purchases (PW and Corporate Fleet)	2022	4,369	4,367	2
Invasive Species Management	2022	300	299	1
Invasive Species Management	2020	290	290	-
Total		\$7,454	\$6,701	\$754

² The remaining budget was due to software subscription covered by the operating budget.

CONTRIBUTED ASSETS

Throughout the year, developers and third parties contribute assets to the City. The timing of the transfer of the contributed assets to the City is subject to the development and construction progress of the private developers, which the City cannot ascertain.

As of September 30, 2025, \$18.0M of contributed assets were recorded. These contributed assets are non-cash contributions and have no impact on the net operating surplus. Under the Public Sector Accounting Standards, these are recorded as revenue at fair market value at the time of contribution and will be reflected in the financial statements in the annual surplus, with a corresponding increase to investment in tangible capital assets in accumulated surplus.

Financial Impact

None.

Conclusion

This report provides financial information on the active capital projects that were previously approved by Council for the 3rd quarter ended September 30, 2025.



Jenny Ho, CPA, CGA
Manager, Tangible Capital Assets
(604-276-4223)

JH:sx

Att. 1: Highlights of Key Active Capital Projects

Highlights of Key Active Capital Projects

Building Program

Bowling Green Community Activity Centre (2018)

Budget: \$5.3M

Expected Completion Date: Q4 2025

The project has received provisional occupancy, a key milestone indicating that the building is safe for limited use while final exterior works are completed. This allows the user group to begin moving in loose furniture and preparing the space for operations. The current focus is on completing the final exterior works and addressing deficiencies to support full project completion. The new, single-storey replacement facility includes washrooms, change areas, a multipurpose room, kitchen, and a large open breezeway. The facility is targeting for LEED Gold Certification, and Rick Hansen Foundation Accessibility Certification.

Steveston Community Centre and Library (2021)

Budget: \$95.0M

Expected Completion Date: Q4 2026

Construction for the new, three-storey, 60,350 sq. ft. facility is progressing on-site, with the installation of structural steel and Cross-Laminated Timber (CLT) panels outlining the shape of the new building. The replacement facility includes a community centre with a double gymnasium, fitness centre, multipurpose rooms, gathering spaces, a shared community living room, and library with enhanced collections, children's and youth spaces, educational program rooms and space for quiet study. The facility will target Richmond's Enhanced Accessibility Design Guidelines and Technical Specifications, LEED Gold Certification, and Rick Hansen Foundation Accessibility Certification.

Installation of modular units at Easthope Hub is underway (directly south of the existing centre), for a 3,000 sq. ft. temporary facility that will support library services, preschool and community programming continuity, prior to the demolition of the existing centre. The temporary site will be open to the public until construction of the main replacement facility is completed.

The new parks washroom and electrical distribution centre is 50% complete. This will replace critical site infrastructure and public washrooms, ahead of the planned 2026 demolition of the existing Steveston Community Centre and Library.

West Richmond Pavilion (2024)

Budget: \$19.9M

Expected Completion Date: Q4 2027

Detailed design for the new 10,830 sq. ft. community facility will be complete in Q4 of 2025. The new West Richmond Pavilion in Hugh Boyd Park will support day-to-day sport groups and the needs of our growing community, with change rooms, public washrooms, as well as multipurpose spaces, offices, and a viewing deck. The project will target Rick Hansen Foundation Accessibility Certification and will be the first City of Richmond civic building designed to Passive House Standards.

Works Yard Replacement Project– Phase 1 (2023 & 2024)

Budget: \$100.0M

Expected Completion Date: Q4 2029

The Works Yard is critical to essential core services, daily operations and emergency response to the community, and will be fully operational throughout construction works. The new facility will be designed to post-disaster standards to ensure continued functionality following major events. Phase 1 includes construction of a main building, inclusive of administration and workshop space, above a one-level parking structure.

Infrastructure Program**Roads**Annual Asphalt Re-Paving Program (2025)

Budget: \$6.3M

Expected Completion Date: Q4 2025

This program upgrades both Major and Non-Major Road Networks as part of the City's Infrastructure Replacement Strategy, with 2025 work awarded in Q1 2025 and substantially spent as of Q3 2025. In 2025, the City continued to incorporate approximately 3,600 tonnes of 40% Recycled Asphalt Pavement on Vulcan Way located between No. 5 Road and No. 6 Road.

Gilbert Road Multi-Use Pathway (2020 & 2024)

Budget: \$4.8M

Expected Completion Date: Q2 2026

The Gilbert Road Multi-Use Pathway is a 750-metre protected cycling and pedestrian route between Azure Road South and Elmbridge Way, featuring a paved surface, concrete curbs, and related infrastructure like signage, signals, and lighting. Construction began in Q2 2025 and is scheduled for completion by Q2 of 2026.

Top 20 Collision Prone Intersections - Implementation of Medium-/Long-term Improvements (2021)

Budget: \$5.3M

Expected Completion Date: Q1 2026

The scope of work for the Top 20 Collision Prone Intersections - Implementation of Medium-/Long-term Improvements project includes road widening for the addition of dedicated left-turn lanes, removal of channelized right-turn islands, and associated infrastructure works. Construction for the intersection improvement projects at Cambie Road & No. 4 Road and Westminster Highway & No. 2 Road began in Q3 2025 and is expected for completion in Q1 2026.

Flood Protection**Burkeville Utility Improvements (2025)**

Budget: \$3.0M

Expected Completion Date: Q2 2026

This project consists of upgrading the drainage network, sanitary sewers and watermain in the Burkeville area, and will reduce local flood risks by increasing the City's storm system capacity. The phasing construction schedule, designed to prioritize servicing concerns and minimize community impacts, is currently in its final phase in the Lancaster Crescent area as of Q3 2025, with final paving for the Burkeville area scheduled for Q2 2026.

Canal Stabilization and Drainage and Irrigation Upgrades (2023)

Budget: \$3.0M

Expected Completion Date: Q4 2025

The City's drainage infrastructure network routinely goes through condition assessments, where canals and ditches are identified as a priority location for bank stabilization. The City has identified priority locations, and the scope of work includes the design and construction of canal stabilization works for Sidaway Road between Blundell Road and Westminster Highway, and No. 7 Road from Cambie Road to 570 metres south; canal stabilization construction has been completed on Sidaway Road and No. 7 Road as of Q3 2025, with remaining paving works continuing through the end of Q4, 2025.

Disaster Mitigation and Adaptation Fund Infrastructure Upgrades (2020-2024)

Budget: \$25.2M

Expected Completion Date: Q4 2028

The City secured \$13.8 million from the Federal Government through the Disaster Mitigation and Adaptation Fund Grant to contribute towards the Flood Protection Program. This project includes the upgrades of various drainage pump stations and diking upgrades, with the design of the North Dike Upgrades between No. 2 Road and Lynas Lane, and the No. 9 Road Drainage Pump Stations currently underway.

Invasive Species Management (2023-2025)

Budget: \$0.8M

Expected Completion Date: Ongoing

To protect drainage infrastructure and support flood management, the City has implemented a targeted invasive species treatment program focused on high-risk areas, with treatment of knotweed species, yellow flag iris, and parrot's feather underway at priority sites across the city as of Q3 2025. The control efforts follow a multi-year approach to ensure long-term effectiveness, with this year's treatments scheduled for completion by Q4, and follow-up treatments assessed and implemented annually as needed.

Laneway Drainage Upgrades (2025)

Budget: \$1.8M

Expected Completion Date: Q4 2025

In order to resolve laneway drainage issues, the City has implemented a program to install drainage systems and upgrade road structures to laneways each year. As of Q3 2025, the drainage and paving improvements along the laneway east of Seagrave Road (Seacote Neighbourhood) is complete, and the construction at the Aintree Place laneway, west of Shell Road (Shellmont Neighbourhood), will be substantially completed in Q4 2025.

WaterWatermain Replacement Upgrades Program (2023)

Budget: \$4.0M

Expected Completion Date: Q4 2025

This program replaces and upsizes ageing watermains at the end of their service life in line with the City's Ageing Infrastructure Renewal Strategy. Construction includes the installation of new watermains at various locations, with construction currently underway for the Seacote Neighbourhood Watermain Replacement.

Parks Program

The Parks Program includes the development and replacement of parks, trails and natural areas in Richmond.

Burkeville Neighbourhood Park Redevelopment (2024)

Budget: \$0.6M

Expected Completion Date: Q3 2026

Detailed design and procurement for construction services are currently underway. Construction activities have started at the basketball court and work will be completed in Q4 2025, with remaining work commencing in 2026 so that the park remains available for public use throughout the winter months.

Garden City Community Park Gathering Space (2025)

Budget: \$0.3M

Expected Completion Date: Q4 2026

Following Council approval of the proposed work, detailed design and procurement for construction services are currently underway. Construction procurement activities have started, and construction will commence between Q1 and Q2 2026 to ensure park remain available for public use through the winter months.

McLean Park Dog Off-Leash Area (2023)

Budget: \$0.2M

Expected Completion Date: Q3 2026

Following a successful pilot project with temporary fencing to delineate a new fenced dog off-leash area in McLean Park, a targeted public engagement process was recently hosted to receive public input for a permanent dog off-leash area. Construction will commence following detailed design between Q1 and Q2 2026.

Minoru Lakes Renewal: Phase 2 (2024)

Budget: \$2.5M

Expected Completion Date: Q4 2026

Proposals for construction services are currently under evaluation, with construction targeted to start in Q4 2025.

Pickleball Court Construction (2025)

Budget: \$0.8M

Expected Completion Date: Q2 2026

Geotechnical assessment and detailed design are completed. Procurement for construction services is expected in Q4 2025, with construction anticipated to commence between Q1 and Q2 2026 to ensure the project area remains available for public use throughout the winter months.

Playground Improvement and Replacement Program*Hugh Boyd Community Park Playground Renewal (2024 & 2025)*

Budget: \$1.8M

Expected Completion Date: Q3 2026

Detailed design is currently underway to outline detailed work scope. Procurement for construction services is expected in Q1 2026, with construction anticipated to commence in Q2 2026 so that the playground remains available for public use throughout the winter months.

Playground Replacement Program (2024)

Budget: \$0.6M

Expected Completion Date: Q3 2026

Proposals for construction services for playgrounds at McLean Neighbourhood Park, Dover Neighbourhood Park and Fedoruk Kartner Park are currently under evaluation. Construction is expected to commence between Q1 and Q2 2026 so that the playgrounds remain available for public use throughout the winter months.

Steveston Community Park Playground Expansion (2023)

Budget: \$2.2M

Expected Completion Date: Completed

Construction was completed in Q2 2025, and the area is now open for public use. Staff continue to receive feedback from the public and collaborate with key stakeholders on further opportunities to enhance play value throughout the rest of this year.

South Dike Trail Enhancements (around Crown Packaging) (2025)

Budget: \$0.4M

Expected Completion Date: Ongoing

Following Council approval of the proposed enhancements to the trail in Q1 2025, detailed design is currently underway to outline a detailed work scope, including further analysis of environmental and permitting requirements along with an Agricultural Land Commission (ALC) application. Pending all permits and ALC approval, procurement for construction services will immediately follow, and the estimated construction timeline will be established.

Steveston Park Legacy Walk (2025)

Budget: \$0.5M

Expected Completion Date: Q4 2026

Following Council approval of the proposed work, detailed design is currently underway. Construction is anticipated to commence in Q2 2026.

Land ProgramStrategic Real Estate Acquisition (2021-2025)Budget: \$133.4M³

Expected Completion Date: Ongoing

Capital projects include amounts set aside for potential real estate acquisition as per the Council Approved Strategic Real Estate Investment Plan. Council approval is required for each real estate acquisition transaction.

³ The land program budget was adjusted to include the \$30M budget amendment.

Equipment Program

The Equipment Program includes machinery and vehicles for Richmond Fire Rescue, Public Works, and other equipment.

Fire Vehicle Replacement Reserve Purchases (2021-2025)

Budget: \$11.0M

Expected Completion Date: Ongoing

The Fire Vehicle Replacement Reserve Purchases projects in Plan Years 2021 to 2025 include the planned acquisition to replace several large fire apparatuses. The project team has finalized technical specifications and posted the Request for Proposal (RFP).

Public Safety Mobile Command and Communication Centre Vehicle (2024)

Budget: \$1.8M

Expected Completion Date: Q4 2026

The Request for Proposal (RFP) closed at end of June 2025, and the proposals are under review by the project team.

Vehicle and Equipment Reserve Purchases (Public Works and Corporate Fleet) (2023-2025)

Budget: \$10.5M

Expected Completion Date: Ongoing

The 2022 to 2025 fleet vehicle and equipment projects involve the estimated acquisition of over 150 vehicles and equipment that have been identified for replacement. As of Q3 2025, 115 units have arrived, 18 are on order, and 23 units are in different stages of the evaluation process.

Information TechnologyDocument and Records Management System Modernization (2025)

Budget: \$3.4M

Expected Completion Date: Q4 2027

The City is replacing the Documents and Records Management System with a modern solution that integrates well with collaboration tools and mobile devices, making it easier for staff to work together and be more productive. Following the completion of the Request for Proposal (RFP) process, Council approved awarding the project to Cadence Solutions, who will implement the new system using SharePoint Online.

Permit Optimization Project (MyPermit) (2021 & 2024)

Budget: \$2.9M

Expected Completion Date: Q4 2027

MyPermit is a multi-phased initiative aimed at fully digitizing and enabling customer self-service for development and building permits. Phase 1 of the MyPermit project has streamlined the permitting process for simple permit types, including sprinklers, plumbing and gas trades permits, and servicing agreements through an online self-service portal option, while Phase 2 added both the Demolition and Tree Removal Permits in June and the Rezoning applications in December to the MyPermit Portal.



City of Richmond

Report to Committee

To: Finance and Audit Committee

Date: December 15, 2025

From: Katie Ferland
Director, Business Services

File: 03-0950-02/2025-Vol 01

Re: Fraud Risk Management Update

Staff Recommendation

That the report titled "Fraud Risk Management Update", dated December 15, 2025, from the Director, Business Services, be received for information.

Katie Ferland
Director, Business Services
(604-247-4923)

Att 1

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Human Resources Finance Department	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

In alignment with the City's commitment to responsible financial management and continuous improvement, various actions were undertaken in 2025 to enhance the City's fraud risk management practices including reviewing and updating relevant procedures, launching a fraud awareness campaign, expanding compliance training, and implementing additional confidential reporting channels for staff.

To supplement these actions, a planned review was undertaken in accordance with the City's Internal Audit Plan to assess the overall current state of fraud risk awareness and management within the organization, and to identify any additional opportunities for improvement.

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.

4.2 Seek improvements and efficiencies in all aspects of City business.

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

Background

Fraud is a deliberate act of deception by one or more individuals for personal gain that causes financial, reputational, legal, or other harm to an organization. Managing fraud risk requires coordinated activities to prevent, detect, and respond to fraudulent behaviour.

The City conducts systematic internal reviews to audit, evaluate, and strengthen risk management, financial controls, and governance processes. Fraud risk management is a focus of these regular reviews, recognizing that fraud risks and schemes evolve over time with technological changes, new payment methods, and shifting social and behavioural factors.

Fraud Risk Management and Governance Framework

The City's fraud risk management framework is governed by Council-approved Antifraud Policy 6804. This policy has been in place since 2008 and outlines the City's commitment to the highest standards of honesty, propriety, ethics and integrity in all of its activities and outlines duties and responsibilities, reporting mechanisms, and other elements of its ongoing Antifraud Program.

A supplementary Administrative Procedure outlines activities undertaken to operationalize this policy including providing communication and training to employees, implementing control mechanisms to prevent and detect fraud, providing secure reporting channels for staff and monitoring for indicators of potential fraud.

In 2025 and at the direction of Council, the Finance Committee was renamed the Finance and Audit Committee, and its terms of reference were expanded to include oversight of internal audit activities including internal audit plans and reports.

Through the 2026 budget process a new role was approved by Council that will provide objective assessments and reporting to the Senior Management Team and the Finance and Audit Committee on the design and effectiveness of internal controls, compliance, and organizational risk management practices including those related to fraud risks. An internal audit plan will be presented to the Committee for information and input. These actions will further strengthen the City's fraud risk management and governance framework.

Analysis

Various actions were undertaken in 2025 to enhance the City's fraud risk management practices including reviewing and updating relevant procedures and guidelines, launching a fraud awareness campaign and accompanying employee survey, expanding compliance training regarding fraud and other key topics and implementing new confidential reporting channels for staff. Updates on these initiatives were provided to Council by memorandum in June and October, and are included in Attachment 1.

To augment these actions, a review was initiated in accordance with the City's Internal Audit Plan and with the assistance of an independent expert third party. PricewaterhouseCoopers LLP (PwC) was retained to assist with assessing the current state of fraud oversight, prevention, detection and response practices and to recommend additional improvements that are aligned with recognized leading practices and standards across the following five components:

1. Fraud Risk Governance

Establishes the overall structure and accountability for fraud risk management by defining oversight roles. It ensures leadership sets the tone, reinforces ethical culture, embeds fraud considerations into processes and procedures, and supports organization-wide learning and awareness initiatives.

2. Fraud Risk Assessment

Systematically identifies, evaluates, and prioritizes potential fraud risks across the organization, considering likelihood, impact, and existing controls. It provides the basis for targeting mitigation efforts where vulnerabilities exist.

3. Control Activities (Preventative and Detective)

Encompasses the policies, procedures, and mechanisms that prevent fraud from occurring, detect it when it does, and enable employees to report concerns through safe and accessible channels. These controls strengthen internal processes, reduce opportunities for fraud, and support timely identification of irregularities.

4. Investigation and Corrective Action

Provides a structured approach for addressing allegations, managing cases, and conducting timely, fair, and consistent investigations. It ensures that findings lead to

appropriate remediation, disciplinary action, and control improvements to prevent recurrence.

5. Program Monitoring

Continuously reviews the effectiveness of the fraud risk management program to track performance, identify gaps, and adjust strategies to maintain a strong and adaptive fraud prevention posture.

Collectively these components form a comprehensive Fraud Risk Management Program (FRMP). The City's practices across each of these program components were assessed to identify opportunities for further enhancement and to formalize its FRMP. The City's ongoing focus on fraud risk management combined with improvements recently undertaken have enhanced the organization's fraud risk management posture to a well-defined and in some cases progressive state of maturity.

Key actions have been identified to continue to improve the City's fraud risk management posture. A summary of actions completed and in progress is provided in Attachment 1. It is anticipated that all in-progress actions will be completed within one to two years, with the majority completed in 2026. Upon completion of the action plan, the program in its entirety would be re-assessed to evaluate and enhance risk management practices amidst a continuously evolving fraud risk landscape. Regular status updates on this work plan will be provided to the Finance and Audit Committee.

Financial Impact

None.

Conclusion

The City conducts systematic internal reviews to audit, evaluate, and continuously improve risk management, financial controls, and governance processes. Various actions were undertaken in 2025 to strengthen the City's fraud risk management practices. Additional enhancement opportunities have been identified through a planned review in accordance with the City's Internal Audit Plan. This report includes a summary of actions completed and in progress that will continue to position the City to prevent, detect and respond to fraudulent activity.



Katie Ferland
Director, Business Services
604-247-4923

Att.1: Fraud Risk Management Program - Enhancements Completed and In Progress

Fraud Risk Management Program – Enhancements Completed and In Progress

	Action	Details	Status
1.	Raise awareness of Antifraud Policy	New training on the Antifraud Policy, including how to recognize and report fraud, was rolled out to all staff in early September through the learning management system. This training is mandatory for all regular full-time (RFT) staff, and all other staff are encouraged to participate. 1,149 employees have completed the training representing 98% of RFT employees.	Complete
2.	Implement new reporting channel for staff	To supplement existing mechanisms for reporting suspected fraudulent activity outlined in the Antifraud Policy, two additional confidential reporting channels were developed and made available to all staff through the City's internal audit function. These include a dedicated email address and telephone number.	Complete
3.	Increase Purchase Card (P-Card) Audit frequency	A P-Card audit was completed in July 2025. All recommended actions were completed by management or are underway. Moving forward P-Card audits will be conducted once per year, at minimum. The next P-Card audit will occur in 2026.	Complete
4.	Develop Purchase Card Training Program	Compliance training was expanded to include a mandatory module regarding Purchase Card (P-Card) use to help ensure that all staff who use P-Cards are aware of and comply with all relevant policies, procedures, guidelines, and bylaws.	Complete
5.	Undertake employee fraud awareness survey	A fraud awareness survey was administered to City employees over a 4-day period to assess employee awareness of the Antifraud Policy and confidence in using reporting mechanisms without fear of retaliation. The survey was completed by 655 staff, and the results helped to inform enhancements to training and awareness initiatives.	Complete
6.	Sustain communication and awareness campaign	To enhance employees' awareness of fraud risk management efforts and their understanding of the Antifraud Policy and specific aspects such as obligations and secure mechanisms to report suspected	In Progress

		fraudulent activity, communication initiatives will be ongoing. This will include promotion of events such as Cybersecurity Awareness Month and International Fraud Awareness Month.	
7.	Review and update relevant procedures and guidelines	Policies, procedures, and guidelines undergo continuous review in order to ensure appropriate controls are in place to reduce the risk of fraud. For example, updates to the Recognition of City Employees Administrative Directive and Purchasing Card Guidelines are underway.	In Progress
8.	Investigate the use of AI and other technologies	Staff are exploring opportunities to leverage the use of technology such as advanced data analytics and artificial intelligence to improve the efficiency and effectiveness of internal audit and compliance monitoring activities.	In Progress
9.	Improve exit interviews	The exit interview process will be enhanced by adding questions about ethics and misconduct, and ensuring feedback is reviewed to identify risks or areas for improvement.	In Progress
10.	Ensure cross-functional FRMP oversight	Cross-functional committee oversight of the Fraud Risk Management Program will be implemented to ensure sufficient expertise from relevant areas including Law, Risk, Internal Audit, Finance, and HR.	In Progress
11.	Track and monitor fraud allegations	Centralized tracking and monitoring of all allegations of fraud or misconduct, including actions taken and outcome, will be developed to inform continuous improvement efforts.	In Progress
12.	Strengthen conflict of interest process	Documentation of all Conflict of Interest (COI) declarations, including those determined not to be a conflict will be required, and an annual COI declaration process will be implemented to facilitate ongoing oversight and annual reporting.	In Progress
13.	Create Employee Code of Conduct	A code of conduct outlining core values and expected ethical behaviour for all employees is in development.	In Progress
14.	Enhance employee reporting channels	To further enhance fraud reporting processes, a standard intake template is being developed to ensure no critical information is missed, and a mailing option will be introduced for	In Progress

		submitting written complaints. A sustained effort is being made to raise awareness of the non-retaliation protections in place for those who report suspected fraud. Employee pulse surveys will be conducted periodically to continuously assess employees' awareness and confidence in using reporting mechanisms without fear of retaliation.	
15.	Update Antifraud Policy and Administrative Procedure	Updates to fraud related policies and procedures are underway to reflect enhancements recently made and in progress. An updated Policy will be presented to the Finance and Audit Committee for approval. These policies and procedures will be reviewed regularly and shared with employees for mandatory acknowledgement.	In Progress
16.	Conduct financial signing authority training and reviews	Recurring training will be made available for all employees who are granted financial signing authority. Periodic reviews of delegated limits will be conducted.	In Progress
17.	Undertake fraud risk assessments	Entity-wide Fraud Risk Assessments (FRAs) will be included in the rolling Internal Audit Plan. Formal guidelines and a schedule for completing FRAs on a recurring basis will be established.	In Progress
18.	Strengthen background checks	Background checks will be strengthened to ensure they are role-specific and applied to internal promotions.	In Progress



City of Richmond

Report to Committee

To: Finance and Audit Committee

From: John Irving, P.Eng., MPA
Deputy CAO
Chief Executive Officer, Lulu Island Energy
Company

Date: December 4, 2025

File: 03-0950-01/2025-Vol 01

Jerry Chong, CPA, CA
General Manager, Finance and
Corporate Services
Chief Financial Officer, Lulu Island Energy
Company

Re: Lulu Island Energy Company – 2025 3rd Quarter Financial Information

Staff Recommendation

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 2025 3rd Quarter Financial Information”, dated November 20, 2025, from the Chief Executive Officer and Chief Financial Officer, be received for information.

John Irving, P.Eng., MPA
Deputy CAO
Chief Executive Officer,
Lulu Island Energy Company
(604-276-4140)

Jerry Chong, CPA, CA
General Manager, Finance
and Corporate Services
Chief Financial Officer,
Lulu Island Energy Company
(604-276-4064)

REPORT CONCURRENCE	
REVIEWED BY SMT	INITIALS:
APPROVED BY CAO 	

Report

DATE: November 20, 2025

TO: Board of Directors

FROM: Jerry Chong, CPA, CA, Chief Financial Officer

Re: **Lulu Island Energy Company – 2025 3rd Quarter Financial Information**

Staff Recommendation

That the 3rd Quarter Financial Information as presented in the report titled “Lulu Island Energy Company – 2025 3rd Quarter Financial Information”, dated November 20, 2025, be approved.

Background

Lulu Island Energy Company (LIEC), a corporation wholly owned by the City of Richmond, was established to provide district energy services on behalf of the City. Information regarding LIEC’s district energy utility (DEU) operations can be found in Attachment 1. All capital and operating costs are recovered through revenues from user fees, ensuring the business is financially sustainable. City Council is the regulator and thus sets customer rates.

This report provides pre-audited financial information to the Board of Directors and LIEC’s shareholder, represented by Richmond City Council.

Analysis

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). LIEC’s Q3 financial information (unaudited) consists of the interim statement of financial position as of September 30, 2025 (Attachment 2) and the interim income statement for the period ended September 30, 2025 (Attachment 3). Year-to-date budget-to-actual comparison is shown in Attachment 4.

Interim Statement of Financial Position

The interim statement of financial position provides a summary of assets, liabilities, and shareholder’s equity. Total assets are comprised of current assets (cash, investments and receivables) of \$26,663,971 and non-current assets (plant and equipment) of \$84,096,069.

Current assets increased by \$973,771 or 4% from December 31, 2024 due to cash generated from operations. Accounts receivable primarily reflect accruals for the third-quarter meter billings, as well as GST receivable and amounts due from related parties. The decrease in accounts receivable from December 31, 2024, is mainly due to the collection of an outstanding developer contribution. Non-current assets increased by \$25,967,966 to \$84,096,069 (2024 - \$58,128,103) due to additional capital expenditures.

The total liabilities include outstanding invoices, deferred developer contributions and City Centre District Energy Utility (CCDEU) Project Agreement liabilities. Deferred developer contributions and CCDEU Project Agreement liabilities make up the majority of the liabilities and are the primary funding sources for new infrastructure. As of September 30, 2025, the total liabilities were \$69,389,457 (2024 - \$43,963,031). The increase from December 31, 2024, is due to additional capital expenditures and developer contributions received during the year, to support infrastructure development.

Shareholder's equity represents the net worth of the company, calculated as total assets minus total liabilities. As of September 30, 2025, LIEC's shareholder equity was \$41,370,583 (2024 - \$39,855,272), a 4% increase from December 31, 2024, resulting from net income earned during the year.

Interim Income Statement and Budget Variance

Revenues

Metered billings reflect energy sales in the ADEU and CCDEU service areas¹. The year-to-date metered billing revenue was \$2,284,008 from ADEU, and \$5,234,219 from CCDEU. Overall, 2025 year-to-date metered billing revenue increased by 16% to \$7,518,227 (Q3 2024 - \$6,504,652). This increase was driven by three new building connections, higher energy consumption from buildings that were not fully occupied in the prior year, and the approved 2025 customer rates. Revenue was in line with the budget.

Cost of Sales

The cost of sales is the accumulated total expenses attributable to the metered billing revenue, which includes contract services, utilities (electricity and natural gas), and depreciation expenses.

Contract expenses increased by \$371,443 to \$2,006,147 (Q3 2024 – \$1,634,704) when compared to Q3 2024, due to the cost to operate and maintain three additional on-site low-carbon energy plants (LCEPs). Despite these increases, contract expenses were 12% below budget due to fewer unplanned maintenance events than anticipated.

Utility costs increased by \$315,430 to \$1,691,074 (Q3 2024 – \$1,375,644) when compared to Q3 2024, primarily due to increased energy usage from three additional buildings connected and higher demand from one building that was not fully occupied in the prior year. Utility costs were

¹ Note that OVDEU was now combined under the CCDEU service area.

18% below budget, primarily due to the elimination of the BC carbon tax on natural gas used by interim energy centres.

Depreciation expense increased compared to Q3 2024 due to the addition of new capital assets placed in service. However, depreciation remained below budget due to timing differences in the in-service dates of certain assets.

Gross Margin

Gross margin as a percentage of revenue decreased to 36% from 40% in prior year due to the overall growth of the on-site Low Carbon Energy Plants (LCEPs). On-site LCEPs are used as an interim strategy to secure future connections to centralized district energy infrastructure while delivering low-carbon energy to customers from day one. LCEPs' air-source heat pump equipment is more complex, and they require more frequent maintenance and higher staffing requirements than centralized interim energy centres. As additional LCEPs come online, a continued downward trend in gross margin is anticipated; however, the long-term plan is to minimize the number of new on-site LCEPs and replace existing on-site LCEPs' equipment with connections to centralized district energy infrastructure, which should reverse the downward trend of the gross margin. Despite this, the gross margin exceeded budget by 28% due to the lower-than-budgeted contract costs, utility costs and depreciation expense.

General and Administration Expenses

General and administration (G&A) expenses represent costs incurred by LIEC to support ongoing operations and includes salaries and benefits, administration expenses, insurance, and professional fees. In the third quarter of 2025, G&A expenses increased by 15% compared to the same quarter in 2024. This reflects the company's overall growth and related operational efforts, which is consistent with the LIEC business's growth trajectory. The G&A expenses as percentage of revenue remained at 22%, same as prior year.

- Salaries and benefits were in line with the budget and 17% higher than Q3 2024. This increase was driven by the addition of new employees, approved by the board, to support the additional efforts needed to deliver new infrastructure and operate existing systems necessary to service LIEC customers.
- Administration expenses increased by 8% compared to Q3 2024 due to city staff support related to company growth and general inflation, and were 12% below budget.
- Insurance expense increased by 42% from Q3 2024 primarily due to additional assets being insured, general insurance rate increases, and additional insurance coverage for ADEU assets as directed by the board.
- Professional fees were in line with budget and prior year.

Contributions, Other Income and Financing Expenses

The contributions, other income and financing expenses section represents other sources of income and costs for the business. The recognized developer contributions revenue was higher than Q3 2024 due to additional on-site assets being placed into service. It is lower than budget due to the timing of the in-service date.

LIEC continued to invest available cash in secured term deposits. Financing costs related to the CCDEU Project Agreement liabilities were higher than the prior year, reflecting ongoing investment in capital infrastructure to service new customers. However, due to the careful timing of capital investments and slowdown in the development market, these costs remained below budget.

LIEC's earnings before interest, tax, depreciation and amortization (EBITDA) was 10% higher than prior year, while net income was 13% lower than prior year. This decline in net income is primarily due to higher operational cost related to additional on-site LCEPs (see Gross Margin section above). Despite this, the net income exceeded the budget, and EBITDA also exceeded the budget by 22%. Consistent with the company's financial plan objectives, any net income will be retained in LIEC's equity to fund future capital projects and infrastructure replacements.

Financial Impact

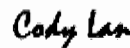
None.

Conclusion

The pre-audited financial information shows that LIEC's financial position was positive. This report will be presented to Council for information.



Helen Zhao
Controller
(604-204-8699)



Cody Lan
Assistant Controller
(604-247-4698)

- Att. 1: District Energy in Richmond
2: Interim Statement of Financial Position as of September 30, 2025 (unaudited)
3: Interim Income Statement for the period ending September 30, 2025 (unaudited)
4: Year-To-Date Budget vs. Actual Comparison (unaudited)

District Energy in Richmond

Richmond's 2041 Official Community Plan (OCP) establishes a target to reduce greenhouse gas (GHG) emissions 50 percent below 2007 levels by 2030 and 100 percent by 2050. The City identified district energy utilities (DEUs) as a leading strategy to achieve the City's GHG reduction goals and incorporated Lulu Island Energy Company Ltd. (LIEC) in 2013 for the purpose of carrying out the City's district energy initiatives based on the following guiding principles:

1. The DEU will provide end users with energy costs that were competitive with conventional energy costs, based on the same level of service.
2. Council will retain the authority to set customer rates, fees and charges for DEU services.
3. The DEU will provide a flexible platform for adopting low-carbon energy technologies.

The City established three DEU service areas: ADEU, OVDEU, and CCDEU. Table 1 below provides a summary of the developments connected under the DEU service areas to date.

Table 1 – DEU Bylaw Service Areas - Current and Projected Connected Space

	Buildings To-Date	Residential Units To-Date	Floor Area	
			To-Date	Build-out
Alexandra DEU	13	2,200	2.4M ft ²	4.4M ft ²
Oval Village DEU	14	3,174	3.7M ft ²	6.4M ft ²
City Centre DEU	6	2,164	2.2M ft ²	48M ft ²
Total	33	7,538	8.3M ft²	58.8M ft²

The ADEU provides heating and cooling services to ten residential buildings, the large commercial development at "Central at Garden City", the Richmond Jamatkhana Temple, and Fire Hall No. 3, comprising 2,200 residential units and over 2.4 million square feet of floor area. While some electricity was consumed for pumping and equipment operations, most of this energy was currently produced locally from the geo-exchange fields in the greenway corridor and West Cambie Park, and highly efficient air source heat pumps.

The OVDEU services 14 buildings, containing 3,174 residential units. Energy is currently supplied from the three interim energy centres with natural gas boilers, which provide 16 MW of heating capacity. LIEC received a \$6.2 million grant from the CleanBC Communities Fund for the design and construction of the sewer heat recovery technology and a permanent energy centre for the area. This project is in the detailed design stage and is expected to be completed in 2030. Once completed, the system will be able to produce up to 80% of low-carbon energy from the Gilbert Trunk sanitary force main sewer.

The CCDEU currently services four buildings, comprised of 2,164 residential units and approximately 2.2 million square feet of floor area. While off-site energy infrastructure is being built, CCDEU utilizes on-site low-carbon energy plants to service new customers. At full build-out, 176 developments, 28,000 residential units and approximately 48 million square feet of floor space will be serviced by 5 permanent energy centres with over 130 MW of heating and 115 MW of cooling capacity. The built-out system is estimated to reduce over one million tonnes of GHG emissions compared to conventional service.

Interim Statement of Financial Position (Unaudited)

	As of September 30 2025	As of December 31 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,431,421	\$ 7,576,940
Accounts receivable (Note 1)	3,425,517	4,385,448
Other investments	11,807,033	13,727,812
	26,663,971	25,690,200
Non-current assets:		
Plant and equipment	84,096,069	58,128,103
	\$110,760,040	\$ 83,818,303
Liabilities and Shareholder's Equity		
Current and non-current liabilities:		
Accounts payable and accrued liabilities	\$ 1,558,729	\$ 1,377,195
Deferred developer contributions	39,566,291	22,788,278
Government grants	1,360,090	514,462
Project Agreement liability	26,904,347	19,283,096
	69,389,457	43,963,031
Shareholder's equity:		
Share capital and contributed surplus	27,397,115	27,397,115
Retained earnings	13,973,468	12,458,157
	41,370,583	39,855,272
	\$110,760,040	\$ 83,818,303

Note 1:

	September 30, 2025			
Aging	Gross book balance	Bad debt provision	Proportion of provision	Credit- impaired
Current (not past due)	\$ 2,429,033	\$ -	-	No
1 to 30 days past due	117,143	-	-	No
31 to 60 days past due	-	-	-	-
61 to 90 days past due	-	-	-	-
91 days to 1 year past due	-	-	-	-
	\$ 2,546,176	\$ -	-	-

*Trade receivable aging table excludes GST receivable, and due from related parties.

Interim Income Statement (Unaudited)
For The Nine Months Ended September 30,

	2025	2024	\$ Changes	% Change
Revenues				
Metered billings (Quarterly)	\$ 7,518,227	\$ 6,504,652	\$ 1,013,575	16%
Service fee	736,115	736,115	-	0%
	8,254,342	7,240,767	1,013,575	14%
Cost of Sales				
Contracts	2,006,147	1,634,704	371,443	23%
Utilities	1,691,074	1,375,644	315,430	23%
Depreciation	1,619,886	1,321,485	298,401	23%
	5,317,107	4,331,833	985,274	23%
Gross margin	2,937,235	2,908,934	28,301	1%
General and Administration Expenses				
Salaries and benefits	934,141	800,371	133,770	17%
Administration expenses	286,540	264,111	22,429	8%
Insurance	293,662	206,290	87,372	42%
Professional fees	320,082	321,746	(1,664)	(1%)
	1,834,425	1,592,518	241,907	15%
Net income before other items	1,102,810	1,316,416	(213,606)	(16%)
Contributions and Financing Expense				
Developer contributions	628,502	383,053	245,449	64%
Other income	8,036	41,307	(33,271)	(81%)
Financing income	679,015	676,413	2,602	-
Financing cost	(903,052)	(675,144)	(227,908)	34%
	412,501	425,629	(13,128)	(3%)
Net Income	\$ 1,515,311	\$ 1,742,045	\$ (226,734)	(13%)
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Net income per above	\$ 1,515,311	\$ 1,742,045	\$ (226,734)	(13%)
Net financing cost	224,037	(1,269)	225,306	-
Depreciation expense	1,619,886	1,321,485	298,401	23%
EBITDA	\$ 3,359,234	\$ 3,062,261	\$ 296,973	10%

Notes:

	Ending September 30 2025	Ending September 30 2024
Percentage of Revenue		
Gross margin percentage	36%	40%
General and administration percentage	22%	22%
Net income percentage	18%	24%
EBITA percentage	41%	42%

**Year-To-Date Budget vs. Actual Comparison (Unaudited)
For The Nine Months Ended September 30, 2025**

	Budget	Actual	\$ Variance	%Variance
Revenues				
Metered Billings (Quarterly)	\$ 7,573,407	\$ 7,518,227	\$ (55,180)	(1%)
Service fee	736,115	736,115	-	0%
	8,309,522	8,254,342	(55,180)	(1%)
Cost of Sales				
Contracts	2,279,434	2,006,147	(273,287)	(12%)
Utilities	2,057,150	1,691,074	(366,076)	(18%)
Depreciation	1,680,342	1,619,886	(60,456)	(4%)
	6,016,926	5,317,107	(699,819)	(12%)
Gross margin	2,292,596	2,937,235	644,639	28%
General and Administration Expenses				
Salaries and benefits	942,419	934,141	(8,278)	(1%)
Administration expenses	325,318	286,540	(38,778)	(12%)
Insurance	310,864	293,662	(17,202)	(6%)
Professional Fees	328,613	320,082	(8,531)	(3%)
	1,907,214	1,834,425	(72,789)	(4%)
Net income before other items	385,382	1,102,810	717,428	
Contributions and Financing Expense				
Developer contributions	665,659	628,502	(37,157)	6%
Other income	27,000	8,036	(18,964)	(70%)
Financing income	575,867	679,015	103,148	18%
Financing cost	(1,234,351)	(903,052)	331,299	(27%)
	34,175	412,501	378,326	
Net Income	\$ 419,557	\$ 1,515,311	\$ 1,095,754	
Earnings before interest, taxes, depreciation and amortization (EBITDA)				
Net income per above	\$ 419,557	\$ 1,587,312	\$ 1,095,754	
Net Financing cost	658,484	224,037	(434,447)	(66%)
Depreciation expense	1,680,342	1,619,886	(60,456)	(4%)
EBITDA	\$ 2,758,383	\$ 3,359,234	\$ 600,851	22%



City of Richmond

Report to Committee

To: Finance and Audit Committee

Date: December 17, 2025

From: Jerry Chong
General Manager, Finance & Corporate Services

File: 03-1200-09/2025-Vol
01

Re: Richmond Olympic Oval Corporation 3rd Quarter 2025 Financial Information

Staff Recommendation

That the Richmond Olympic Oval Corporation 3rd Quarter 2025 Financial Information report from the Director, Finance, Innovation & Technology, Richmond Olympic Oval Corporation be received for information.

Jerry Chong
General Manager
Finance & Corporate Services
(604-276-4064)

REPORT CONCURRENCE

APPROVED BY CAO

DATE: December 17, 2025

TO: Serena Lusk
Chief Administrative Officer, City of Richmond

Jerry Chong
General Manager, Finance & Corporate Services, City of Richmond

FROM: Rick Dusanj, CPA, CA
Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

Re: **Richmond Olympic Oval Corporation - 3rd Quarter 2025 Financial Information**

Origin

During Q3 2025, the Oval's Board and senior management continued to prioritize more efficient and sustainable approaches to program delivery. By reinforcing core programs and services while driving operational efficiencies, these ongoing efforts led to improved financial results, and greater community engagement. These achievements are reflected in the program and financial highlights for the third quarter ending September 30, 2025 ("Q3") which was endorsed by the Corporation's Board of Directors.

Q3 Program Highlights

On August 24th, the Oval welcomed over 7,500 community members to the second Oval Community Day. The free event featured family-friendly obstacle courses and sport activations on the Oval's front plaza and Fields by community groups including, but not limited to: Richmond Curling Centre, Dynamo Fencing, Richmond Girls' Softball, Richmond Baseball's Dugout Club, Kidsport Richmond, Richmond Lacrosse, Pacific Wave Artistic Swimming, Richmond Cosom Floor Hockey, and the Richmond Rockets Speed Skating. Attendees also engaged in activities with booth partners, including the City of Richmond Emergency Programs, Vancouver Rise FC, and the BC Lions. In conjunction with the event, the Can3X Summerfest 3-on-3 basketball tournament took over the outdoor courts. The day was rounded out with complimentary admission to the Olympic Experience, festival food vendors and various entertainment options, including music, sport demonstrations, and Oval sport and fitness challenges.

As of the end of Q3, the Richmond Olympic Oval currently has over 4,300 members, with approximately 73% of them residing in Richmond. Group fitness continues to remain a popular activity among Oval members in Q3, with over 13,000 registrations in 735 classes.

Forever Young Wednesdays celebrated its first anniversary in September. Established to improve accessibility and promote engagement among Richmond's active aging participants, the program serves over 80 members, reflecting increased involvement and highlighting the value of community wellness efforts. Membership is \$55 per year, but Richmond Seniors Pass holders and Fee Subsidy participants receive the membership free of charge.

This summer, the Oval worked with Richmond Public Library's Summer Reading Club to include physical literacy, benefiting more than 4,000 children. Now in its second year, the partnership continues to expand programs and boost community engagement. Community sport summer camps were held in July and August, attracting over 2,700 registrations across 34 different camps. Over 80% of summer camp registrants were Richmond residents. Additionally, the summer camp program provided youth employment opportunities with 72% of sport camp leaders residing in Richmond.

In addition to ongoing operations, including welcoming drop-in visitors, managing corporate bookings and preparing for fall 2025 school bookings, the Richmond Olympic Experience (ROX) worked with Tourism Richmond to host three familiarization tours, aimed at boosting local tourism and hosted 40 hotel concierge staff for the Les Clefs d'Or monthly meeting. Les Clefs d'Or, an international concierge association, links travellers to local experiences. This partnership supports the City and ROX in attracting global guests, notably for FIFA 2026 and major events.

From August 19th to September 5th, the Oval partnered with Richmond Fire-Rescue to deliver a three-week training camp designed to enhance the physical preparedness, resilience, and long-term health of incoming fire recruits. Recruits trained under the guidance of Oval High Performance strength and conditioning coaches with a focus on developing strength, stamina and injury prevention on the job. Recruits also completed Indoor Cycling, Yoga, Mental Performance, Nutrition, Climbing, and Wheelchair Basketball, which was incorporated to raise accessibility awareness within the community.

The 11th Annual Forever Young 8K Run was held on Sunday, September 7th. For 2025, the event introduced a new 5K option to enhance accessibility for participants. Organized by Oval staff, this race is the only sanctioned event in Canada dedicated solely to older adults (ages 55+). The race achieved a record registration of 322 participants, representing seven distinct age categories, including several finishers in their nineties. Of particular note, 91-year-old Gwen McFarlan, a Richmond resident, successfully completed the course, exemplifying the event's central message that age does not limit fitness or community involvement. The event raised \$5,500 in support of seniors' charities.

Throughout Q3 2025, the Richmond Olympic Oval served as a training environment for athletes at every stage of the performance pathway, from high potential community athletes to Canadian national team members. Several notable accomplishments by Oval athletes in Q3 included Connaught Skating Club members Liam Kapeikis and Amy Shao Ning Yang competing in the 2025 Glacial Falls Summer Classic, Oval climbers Kindar McNamee and Natalie Hsu competing at the International Federation Sport Climbing World Championships in Seoul, Korea, and Hugo Yang, a new alumni of the Oval High Performance Speed Skating Program, graduating to the Speed Skating Canada's Regional Training Center (CRCE) in Montreal.

Events hosted at the Oval in Q3 included Climbing Escalade Canada Youth National Training Camp, Table Tennis Canada National Championship, World Health Qigong, Hooplaw, Rev Auto Show, Forever Young 8K Run, BC Wheelchair Rugby Provincial Team Tryouts, and the BC Table Tennis Association Fall Open Tournament.

Financial

The financial performance in Q3 reflects an overall positive trajectory, however, the Corporation's pace of revenue growth is stabilizing. Senior management continues to focus on cost management and operational efficiencies. The results for the 3 months ended September 30, 2025 show income of \$996,000 before amortization compared to a budgeted income of \$618,000, indicating a favourable variance of \$377,000. Overall, revenues were \$260,000 favourable to budget and expenditures were \$117,000 favourable to budget.

Year-to-date results as of September 30, 2025, continue to show strong financial momentum, with net income before amortization reaching \$3,377,000, well above the budgeted \$1,903,000, resulting in a favourable variance of \$1,473,000. Further highlighting this financial strength, these results were achieved with an 11% reduction in the City's annual contribution, \$428,000 less than the previous year.

Appendix A contains the Corporation's financial statements for the quarter. The Corporation's balance sheet as of September 30, 2025 can be found on page 4 and the statement of operations on page 5. In addition, pages 9 and 10 provides commentary and analysis on the balance sheet and income statement.



Rick Dusanj, CPA, CA

Director of Finance, Innovation & Technology, Richmond Olympic Oval Corporation

RICHMOND OLYMPIC OVAL CORPORATION**Balance sheet****As at Sep 30, 2025 with comparative figures as at Dec 31, 2024****Unaudited, prepared by management**

	Sep 30 2025	Dec 31 2024
ASSETS		
Financial Assets		
Cash	\$ 1,253,504	\$ 2,058,294
Investments	19,750,000	15,533,378
Inventory	149,733	150,494
Accounts receivable	626,710	881,608
	21,779,947	18,623,774
Financial Liabilities		
Accounts payable and accrued liabilities	1,163,879	1,838,177
Post-employment benefits	799,750	754,900
Deferred revenue	9,579,503	7,806,474
Rental deposits	11,781	11,781
	11,554,913	10,411,332
Net financial assets	10,225,034	8,212,442
Non-Financial Assets		
Tangible capital assets	13,816,678	14,041,453
Prepaid expenses and other deposits	581,538	371,531
	14,398,216	14,412,984
Accumulated Surplus (Note 1)	\$ 24,623,251	\$ 22,625,426

Note 1 - Breakdown of accumulated surplus account is as follows:

Investment in capital assets	8,261,551	8,296,851
Reserves/Provisions	15,562,638	13,722,777
Common Shares	1	1
Surplus	799,061	605,797
	24,623,251	22,625,426

The Accumulated Surplus shown above represents the Corporation's Shareholder's Equity. The investment in capital assets represents funding that has already been spent on existing capital assets currently being depreciated. The reserves/provisions balance primarily includes committed funding for approved capital projects as well as funding required for future minor capital expenditures. In addition, at the end of each year, the majority of the surplus balance is transferred to the capital reserves to primarily fund the Oval's future minor capital program, which has averaged \$1.81M annually over the past 5 years. The amount transferred each quarter varies and the final amount is determined by the Capital Works Committee in accordance with the operating agreement.

RICHMOND OLYMPIC OVAL CORPORATION

Statement of Operations

For the quarter ended September 30, 2025

Unaudited, prepared by management

	QTR 3 2025			QTR 3 2024			YTD ended September 30, 2025			YTD ended Sep 30, 2024			2025 BUDGET
	BUDGET	ACTUAL	\$ Variance Fav(Unfav)	% Variance Fav(Unfav)	ACTUAL		BUDGET	ACTUAL	\$ Variance Fav(Unfav)	% Variance Fav(Unfav)	ACTUAL		
REVENUES													
Rentals, admissions, memberships and programs	3,197,766	3,204,266	6,500	0%	3,031,045		8,988,245	9,402,380	414,135	5%	8,723,817		
Parking, leasing, interest and other	560,325	591,139	30,814	5%	651,355		1,742,382	1,939,527	197,145	11%	2,008,428		
2010 Games Operating Trust Fund	799,999	1,022,771	222,772	28%	774,434		2,400,000	3,068,312	668,312	28%	2,374,434		
Contribution from City of Richmond (COR)	893,374	893,374	-	0%	1,000,325		2,680,126	2,680,125	-	0%	3,000,977		
	5,451,464	5,711,550	260,086	5%	5,457,159		15,810,753	17,090,344	1,279,591	8%	16,107,656		
EXPENSES													
Rentals, admissions, memberships and programs	2,433,037	2,566,108	(133,071)	-5%	2,450,632		6,913,465	7,126,277	(212,812)	-3%	6,887,680		
Facility Operations	1,404,717	1,417,130	(12,413)	-1%	1,506,022		4,214,151	4,152,332	61,819	1%	4,139,948		
Admin/Finance	995,440	732,647	262,793	26%	948,053		2,779,684	2,434,961	344,723	12%	3,077,644		
	4,833,194	4,715,885	117,309	2%	4,904,708		13,907,300	13,713,571	193,729	1%	14,105,272		
Surplus/(loss) before amortization for period (Note 1)	618,270	995,665	377,395	61%	552,451		1,903,453	3,376,773	1,473,320	77%	2,002,384		
Amortization	634,992	463,787	171,205	27%	445,763		1,799,040	1,378,949	420,091	23%	1,350,851		
Surplus/(loss) after amortization for period (Note 1)	(16,722)	531,878	548,600	3281%	106,689		104,413	1,997,824	1,893,411	1813%	651,532		
Accumulated Surplus, beginning of the period	22,746,560	24,091,372			22,016,429		22,625,428	22,625,428			21,471,586		
Accumulated Surplus, end of the period	22,729,838	24,623,251			22,123,118		22,729,841	24,623,252			22,123,118		

Note 1 - For the quarter ended Sep 30, 2025, \$1.03M was transferred into reserves/equity

Numbers may be off due to rounding.

RICHMOND OLYMPIC OVAL CORPORATION**Statement of Cash Flows****For the quarter ended September 30, 2025****Unaudited, prepared by management**

	Q3 - 2025	YTD ended Sep 30, 2025	Q3 - 2024	YTD ended Sep 30, 2024
Cash provided by (used in):				
Operations:				
Surplus for the period	\$ 531,878	\$ 1,997,824	\$ 106,688	\$ 651,532
Item not involving cash:				
Amortization of tangible capital assets	463,787	1,378,949	445,763	1,350,851
Loss (gain) on sale of tangible capital assets	-	-	(5,266)	(4,471)
Changes in non-cash operating working capital:				
Accounts receivable	17,512	216,789	348,245	277,241
GOT receivable	2,045,542	-	1,600,000	-
Inventory	12,314	761	(15,362)	(37,970)
Prepaid expenses	208,876	(210,007)	201,360	(214,682)
Accounts payable and accrued liabilities	(691,632)	(674,298)	245,288	200,244
Post-employment benefits	14,950	44,850	(1,650)	(4,950)
Deferred revenue	(303,192)	1,773,029	(734,056)	1,462,569
Due from City of Richmond	78,036	38,109	89,726	79,137
	2,378,071	4,566,006	2,280,735	3,759,502
Capital activities:				
Cash used to acquire tangible capital assets	(499,431)	(1,154,174)	(448,904)	(797,751)
Proceeds on sale of tangible capital assets		-	5,365	5,365
	(499,431)	(1,154,174)	(443,539)	(792,386)
Investing activities:				
Change in investments	(2,500,000)	(4,216,622)	(1,500,000)	(2,683,378)
	(2,500,000)	(4,216,622)	(1,500,000)	(2,683,378)
Increase (decrease) in cash and cash equivalents	(621,360)	(804,790)	337,196	283,738
Cash, beginning of period	1,874,863	2,058,294	1,068,983	1,122,442
Cash, end of period	\$ 1,253,503	\$ 1,253,504	\$ 1,406,179	\$ 1,406,179

Numbers may be off due to rounding.

RICHMOND OLYMPIC OVAL CORPORATION**Statement of Changes in Net Financial Assets****For the quarter ended September 30, 2025****Unaudited, prepared by management**

	YTD ended Sep 30, 2025 budget	QTR 3 2025 actual	YTD ended Sep 30, 2025 actual	Year ended Dec 31, 2024
Surplus/(loss) for the period	\$ 104,416	\$ 531,879	\$ 1,997,824	\$ 1,153,841
Acquisition of tangible capital assets	(1,091,250)	(499,431)	(1,154,174)	(1,265,578)
Loss (gain) on sale of tangible capital assets	-	-	-	(4,471)
Proceeds on sale of tangible capital assets	-	-	-	5,365
Amortization of tangible capital assets	1,799,040	463,787	1,378,949	1,805,808
	707,790	(35,644)	224,774	541,124
Increase in prepaid expenses	-	(75,543)	(923,266)	(1,264,911)
Use of prepaid expenses and other deposits	-	284,420	713,260	1,256,150
Change in net financial assets	812,206	705,111	2,012,592	1,686,204
Net financial assets, beginning of period	8,212,440	9,519,923	8,212,440	6,526,236
Net financial assets, end of period	\$ 9,024,646	\$ 10,225,034	\$ 10,225,032	\$ 8,212,440

Numbers may be off due to rounding.

RICHLAND OLYMPIC OVAL CORPORATION

SEGMENT NOTE DISCLOSURE

For the quarter ended September 30, 2025

Unaudited, prepared by management

	Program Services (Note 1)	Facility Operations and Admin/Finance	QTR 3 2025	QTR 3 2024
REVENUES				
Rentals, admissions, memberships and programs	\$ 3,204,266		\$ 3,204,266	\$ 3,031,045
Parking, leasing, interest and other	\$ -	\$ 591,139	\$ 591,139	\$ 651,355
2010 Games Operating Trust Fund		\$ 1,022,771	\$ 1,022,771	\$ 774,434
Contribution from City of Richmond		\$ 893,374	\$ 893,374	\$ 1,000,325
	\$ 3,204,266	\$ 2,507,283	\$ 5,711,550	\$ 5,457,159
EXPENSES				
Salaries and benefits	\$ 2,011,593	\$ 1,286,444	\$ 3,298,037	\$ 3,366,135
Supplies and equipment	\$ 359,262	\$ 390,237	\$ 749,499	\$ 891,010
Utilities		\$ 220,728	\$ 220,728	\$ 241,771
Insurance		\$ 182,122	\$ 182,122	\$ 199,250
General and administration	\$ 195,253	\$ 70,245	\$ 265,498	\$ 206,541
	\$ 2,566,108	\$ 2,149,777	\$ 4,715,885	\$ 4,904,708
SURPLUS (DEFICIT) BEFORE AMORTIZATION	\$ 638,159	\$ 357,506	\$ 995,665	\$ 552,451
Amortization	\$ 267,012	\$ 196,775	\$ 463,787	\$ 445,763
SURPLUS (DEFICIT) AFTER AMORTIZATION	\$ 371,147	\$ 160,732	\$ 531,878	\$ 106,688

Note 1 - Program Services include Member Care, Fitness Services, Event Services, Sport Services, Yoga Services, Sport Hosting, High Performance Training, the Retail Store, ROX and Marketing operations.

Numbers may be off due to rounding.

Analysis of significant variances of actual results compared to the budget for Q3 of fiscal year 2025:

The unaudited financial statements and budget have been prepared in accordance with Public Sector Accounting Board ("PSAB") standards.

Statement of Operations Analysis

- 1) **Q3 results** were budgeted at a surplus of \$618,000 before amortization and transfers to reserves and the actual results show a surplus of \$996,000, a favorable variance of \$378,000.
- 2) **Rentals, admissions, memberships and programs** revenue of \$3,204,000 was consistent with budget. This primarily consisted of the following:
 - \$1,393,000 of registered programs revenue,
 - \$906,000 of membership and admissions revenue, and
 - \$613,000 of rental revenue
- 3) **Parking, leasing, interest and other** revenue of \$591,000 for the quarter was \$31,000 favorable to the budget. The \$591,000 primarily consisted of the following:
 - \$183,000 of interest revenue,
 - \$153,000 of parking revenue,
 - \$136,000 of space leasing revenue, and
 - \$78,000 of ROX and the Fields revenue recognition of capital funding
- 4) **Q3 Salaries and Benefits** were \$3,298,000 which was \$56,000 (2%) favorable to budget.
- 5) **Rentals, admissions, memberships and programs** expenses for Q3 were \$2,566,000, with YTD costs being within 3% of budget. The costs included in this account pertain to running the Member Care, Fitness, Events, Sport Services, Yoga Services, High Performance Training, Richmond Olympic Experience, Retail store, Marketing, and Sport Hosting departments.
- 6) **Facility Operations** costs for Q3 were \$1,417,000, with YTD costs being 1% favorable to budget.
- 7) **Administration and Finance** expenses for Q3 were \$733,000 which was \$263,000 (26%) favorable to budget.
- 8) **Amortization** expenses for Q3 were \$464,000 which was \$171,000 (27%) favorable to budget. This is primarily due to the timing of purchases.
- 9) In Q3, \$1,028,000 was transferred into Capital Reserves/Equity.

Balance Sheet Analysis

- 1) **Investments** of \$19,750,000 represent the Oval's investments in GIC's with Scotiabank.
- 2) **Due from the City of Richmond** of \$59,000 is comprised of transactions between the parties that arise in the normal course of business such as funding received for the Sport Hosting program as per the City of Richmond's agreements with Richmond Tourism Association and Richmond Hotel Association.
- 3) **Accounts Receivable** of \$568,000 includes:
 - \$319,000 trade, lease and other receivables, and
 - \$249,000 interest receivable
- 4) **Accounts Payable and Accrued Liabilities** of \$1,164,000 includes:
 - \$621,000 trade payables and accrual, and
 - \$543,000 salaries and benefits payable
- 5) **Post-employment benefits** of \$800,000 which are benefit obligations accrued based on projected benefits prorated as employees render services necessary to earn future benefits.
- 6) **Deferred Revenue** of \$9,580,000 primarily consists of the following:
 - \$3,260,000 for the Richmond Olympic Experience capital project,
 - \$2,277,000 for the Fields capital project,
 - \$2,125,000 Programs, memberships, rentals & sport hosting,
 - \$1,023,000 for annual funding received from the 2010 Games Operating Trust ("GOT"), and
 - \$893,000 for annual funding received from the City of Richmond.
- 7) **Tangible Capital Assets** net book value at the end of Q2 was \$13,781,000, net additions during Q3 were \$499,000 and Q3 amortization expense was \$464,000, resulting in an ending NBV of \$13,816,000.
- 8) **Prepaid Expenses** of \$582,000 includes:
 - \$371,000 prepaid insurance,
 - \$150,000 prepaid software/hardware maintenance costs, and
 - \$61,000 of various other prepaid items