



Special Finance Committee

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

Tuesday, May 21, 2019

Immediately Following the General Purposes Committee meeting

Pg. # ITEM

MINUTES

- FIN-4** *Motion to adopt the minutes of the meeting of the Finance Committee held on May 21, 2019.*



RICHMOND OLYMPIC OVAL CORPORATION

1. **RICHMOND OLYMPIC OVAL CORPORATION – 1ST QUARTER
2019 FINANCIAL INFORMATION**
(File Ref. No.) (REDMS No. 6185587)

FIN-8

See Page **FIN-8** for full report

Designated Speaker: Rick Dusanj

STAFF RECOMMENDATION

That the report on financial information for the first quarter ended March 31, 2019 for the Richmond Olympic Oval Corporation from the Controller of the Richmond Olympic Oval Corporation be received for information.



LULU ISLAND ENERGY COMPANY

2. **LULU ISLAND ENERGY COMPANY – 1ST QUARTER FINANCIAL INFORMATION**

(File Ref. No. 10-6600-10-01) (REDMS No. 6171538)

FIN-14

See Page **FIN-14** for full report

Designated Speaker: Jerry Chong

STAFF RECOMMENDATION

That the Lulu Island Energy Company report titled “Lulu Island Energy Company – 1st Quarter Financial Information” dated April 18, 2019 from the Chief Executive Officer and Chief Financial Officer, Lulu Island Energy Company be received for information.



FINANCE AND CORPORATE SERVICES DIVISION

3. **ACTIVE CAPITAL PROJECTS INFORMATION – 1ST QUARTER MARCH 31, 2019**

(File Ref. No. 03-1200-05) (REDMS No. 6163029 v. 7)

FIN-18

See Page **FIN-18** for full report

Designated Speaker: Melissa Shiau

STAFF RECOMMENDATION

That the staff report titled, “Active Capital Projects Information – 1st Quarter March 31, 2019”, dated April 9, 2019 from the Director, Finance be received for information.



Special Finance Committee Agenda – Tuesday, May 21, 2019

Pg. #

ITEM

ADDED 4. **FINANCIAL INFORMATION – 1ST QUARTER MARCH 31, 2019**
(File Ref. No. 03-0970-09-01) (REDMS No. 6164011 v. 9)

FIN-39

[See Page FIN-39 for full report](#)

Designated Speaker: Cindy Gilfillan

STAFF RECOMMENDATION

That the staff report titled, “Financial Information – 1st Quarter March 31, 2019”, dated May 15, 2019 from the Director, Finance be received for information.

☐

ADDED 5. **2018 ANNUAL REPORT AND 2018 ANNUAL REPORT – HIGHLIGHTS**
(File Ref. No.) (REDMS No. 6169653)

FIN-65

[See Page FIN-65 for full report](#)

Designated Speakers: Jerry Chong and Ted Townsend

STAFF RECOMMENDATION

That the reports titled, “2018 Annual Report” and the “2018 Annual Report – Highlights” be approved.

☐

ADJOURNMENT

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City of Richmond

Report to Committee

To: Finance Committee
From: Jerry Chong
Director, Finance
Date: May 15, 2019
File: 03-0970-09-01/2019-
Vol 01
Re: Financial Information – 1st Quarter March 31, 2019

Staff Recommendation

That the staff report titled, "Financial Information – 1st Quarter March 31, 2019", dated May 15, 2019 from the Director, Finance be received for information.

Jerry Chong, CPA, CA
Director, Finance
(604-276-4064)

Att: 5

REPORT CONCURRENCE		
ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Arts, Culture & Heritage	<input checked="" type="checkbox"/>	
Building Approvals	<input checked="" type="checkbox"/>	
Community Bylaws	<input checked="" type="checkbox"/>	
Community Social Development	<input checked="" type="checkbox"/>	
Development Applications	<input checked="" type="checkbox"/>	
Economic Development	<input checked="" type="checkbox"/>	
Engineering	<input checked="" type="checkbox"/>	
Fire Rescue	<input checked="" type="checkbox"/>	
Facilities	<input checked="" type="checkbox"/>	
Information Technology	<input checked="" type="checkbox"/>	
Parks Services	<input checked="" type="checkbox"/>	
Public Works	<input checked="" type="checkbox"/>	
RCMP	<input checked="" type="checkbox"/>	
Recreation Services	<input checked="" type="checkbox"/>	
Transportation	<input checked="" type="checkbox"/>	
Library Services	<input checked="" type="checkbox"/>	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: 	APPROVED BY CAO

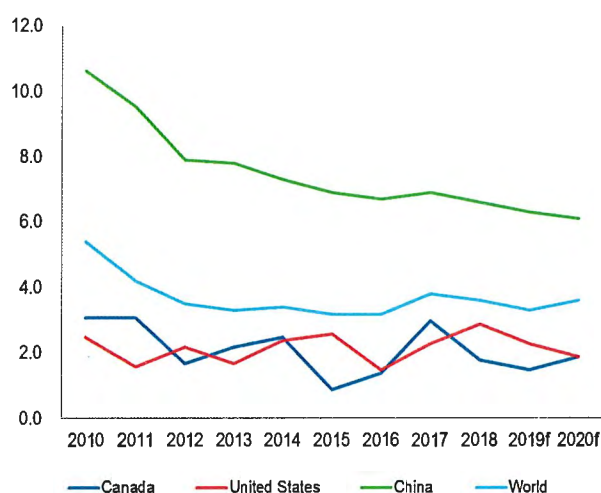
Origin

Pre-audited financial information for the 1st quarter ended March 31, 2019 is being provided to the Finance 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's financial results throughout the year and before the annual audited financial statements are presented.

Analysis

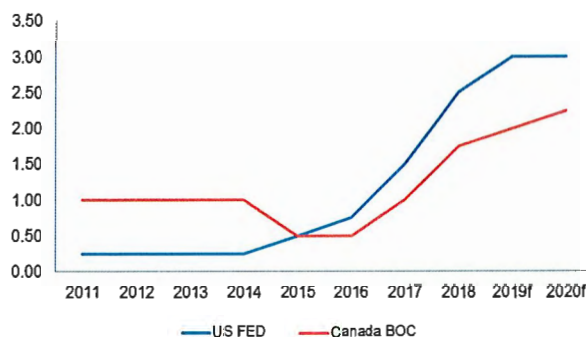
Macroeconomic Indicators & Forecast

1) Global Growth – Real Gross Domestic Product (GDP) % Change¹



- In 2018, Canada's GDP grew by 1.8%.
- The International Monetary Fund (IMF) projects a slowdown in growth for 70 per cent of the world's economy in 2019, largely due to global tensions in trade policies.
- Forecasted Canadian GDP growth is 1.5% and 1.9% for 2019 and 2020, respectively. Global GDP growth is expected to be 3.3% and 3.6% over the same periods.
- GDP growth in the U.S. is forecasted at 2.3% and 1.9% for 2019 and 2020, respectively. The GDP growth for China is forecast at 6.3% and 6.1% for the same years.

¹ International Monetary Fund, World Economic Outlook (April 2019)

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

- After experiencing three upward adjustments totaling 0.75 percentage points in 2018, the Bank of Canada's (BoC) overnight rate remained at 1.75% in Q1 2019 amidst slowing global growth.
- Canada's overnight rate is forecasted at 2.0% in 2019 and 2.25% in 2020.
- The slow global growth also caused the U.S. Federal Reserve (US FED) to hold its short-term rate steady at 2.5% in the first quarter of 2019. The US FED is expected to increase to 3.0% by the end of 2019 and hold steady at 3.0% in 2020.

3) Exchange Rates – CAD/USD at Year-End³

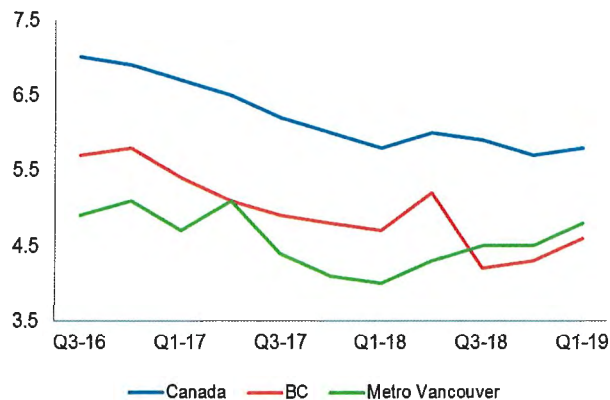
- The Canadian dollar ended Q1 2019 at \$1.34 CAD per \$1 USD.
- Forecasted USD/CAD exchange rates for 2019 and 2020 are \$1.33 CAD per \$1 USD and \$1.30 CAD per \$1 USD, respectively.

² US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2019)

³ Royal Bank Economic Research Forecast (March 2019)

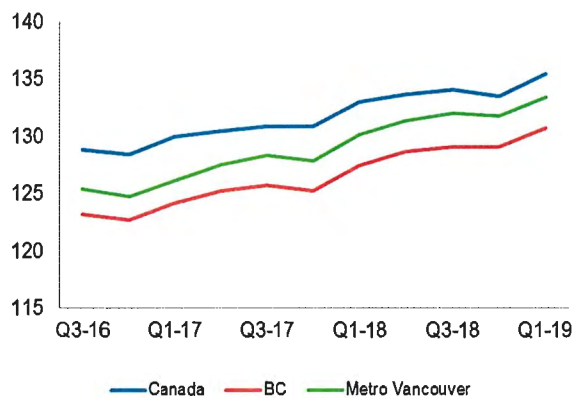
Regional & Local Economic Activity Indicators

4) Unemployment⁴



- Although Metro Vancouver, British Columbia and Canada continue to experience tight labour markets with near full employment, unemployment rates slightly increased in the first quarter of 2019 compared to prior quarter.
- At the end of Q1 2019, the unemployment rate was 5.8% in Canada, 4.6% in B.C. and 4.8% in Metro Vancouver.
- British Columbia continues to have the lowest unemployment rate of all Canadian provinces. In Q1 2019, the rate declined by 2.1% over the same quarter in 2018.

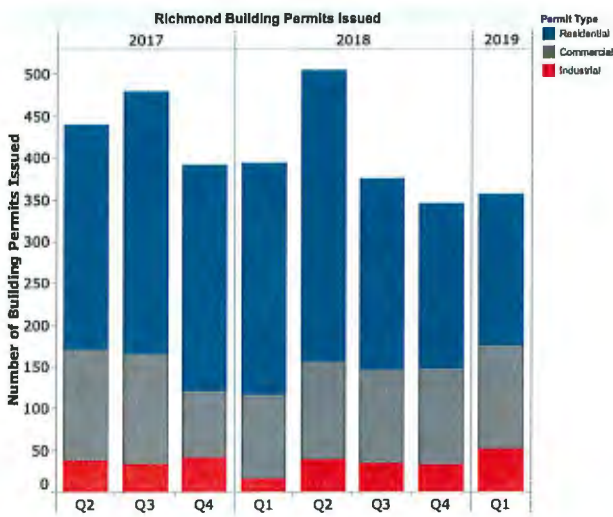
5) Consumer Price Index (CPI – 2002=100)⁵



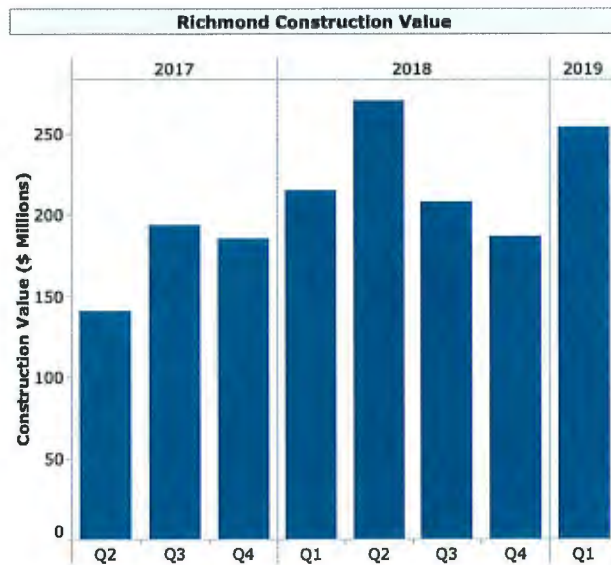
- The country's annual pace of inflation, as measured by Consumer Price Index (CPI) climbed in March as consumers experienced increases in the price of household items including mortgage borrowing costs and produce.
- At the end of Q1 2019, the CPI climbed by 1.9% in Canada, 2.6% in British Columbia and 2.5% in Metro Vancouver compared to the same period last year.
- The BoC continues to monitor inflation closely, and increases to its policy interest rate are intended to maintain the CPI rate of increase at the midpoint between 1 and 3 percent.

⁴ Statistics Canada

⁵ Statistics Canada

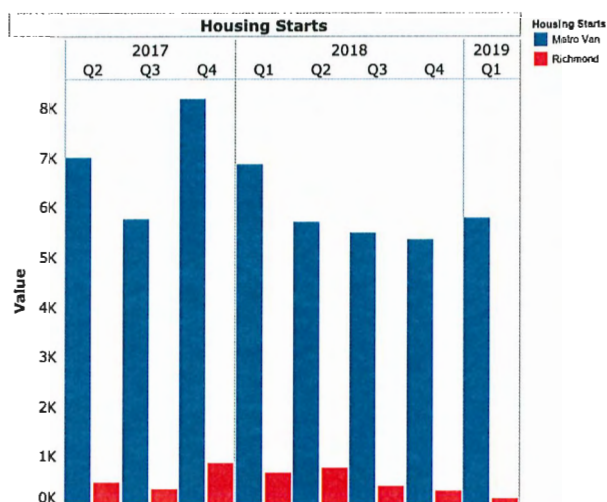
6) Building Permits – Richmond⁶

- In Q1 2019, there were 191 residential, 123 commercial, and 51 industrial building permits issued in Richmond.
- The 191 residential building permits consist of 73 permits for new residential construction and 118 permits for residential alterations.
- Residential building permits for new construction activity saw a decline of 43%. Although the number of building permits issued has decreased, the total number of units permitted for new construction has increased by 58% from 377 units in Q1 2018 to 597 units in Q1 2019 due to large multi-family developments.
- The residential alteration building permits decreased by 22% compared to Q1 2018.
- The commercial building permits increased by 22% and industrial permits increased by 240% over the same period last year.



- The total value of new construction in the first quarter of 2019 was approximately \$263 million, a 23% increase over the same period last year.
- The increased number of units due to large multi-family developments and the increased labour and construction costs contributed to the increased construction value experienced in Q1 2019 over Q1 2018.

⁶ City of Richmond Building Permits

7) Housing Starts⁷

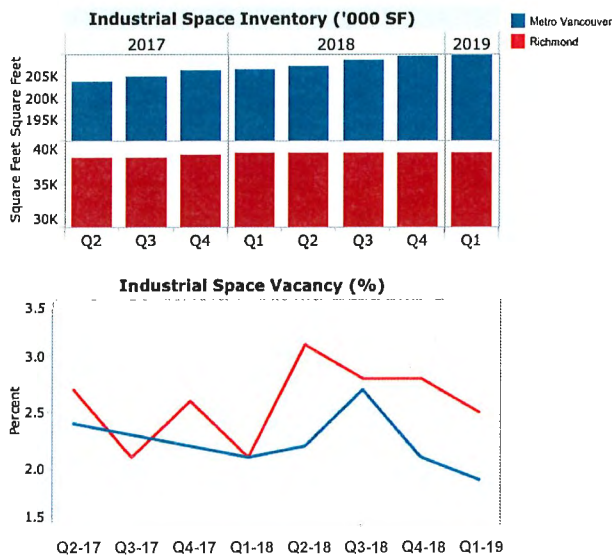
- In Q1 2019, there were 142 housing starts in Richmond and 5,772 in Metro Vancouver, as measured by the Canada Mortgage and Housing Corporation (CMHC) and based on a verification that construction work has commenced⁸.
- Housing starts in Richmond and Metro Vancouver declined by 79% and 16% respectively, when compared to the same period in 2018.
- Throughout 2018 and into 2019, the number of new homes being constructed in Metro Vancouver has slowed and returned to historical norms after multiple government policy interventions introduced since mid-2016.
- The decline in CHMC's housing start data for Richmond in Q1 2019 does not directly compare to the change in residential building permits issued by the City. This is mainly due to the varying timing between issuing a residential building permit and determining a housing start.

⁷ Canada Mortgage and Housing Corporation

⁸ Housing 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.

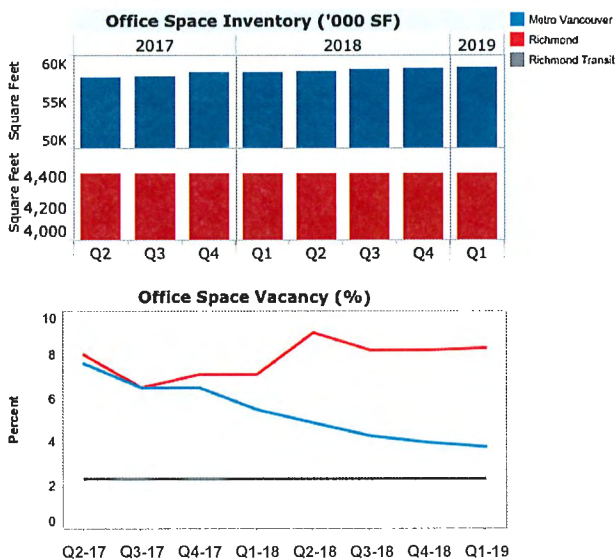
8) Commercial Space⁹

a) Industrial Space



- High demand for industrial space in Richmond and Metro Vancouver has resulted in continued low vacancy rates in Q1 2019 – 2.5% and 1.9%, respectively.
- With this acute shortage of industrial space, Richmond and Metro Vancouver are experiencing difficulty accommodating new large users as well as the expansion of existing businesses.
- 30,000 square feet of space was added to Richmond's inventory over the last year, which resulted in a total of 38.6 million square feet.
- The Richmond Industrial Center is the largest industrial project in development, and is expected to deliver over 2.8 million square feet of leasable space upon full build out.

b) Office Space

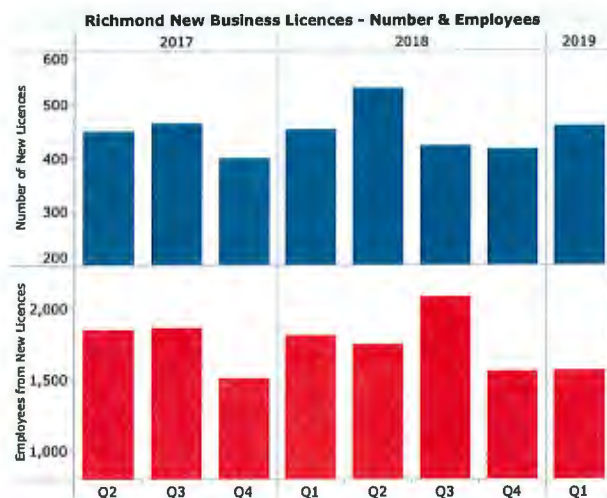


- At the end of Q1 2019, the office vacancy rate in Metro Vancouver decreased to 3.8%.
- In Richmond, the vacancy rate increased slightly to 8.3% from 8.2% at the end of 2018, which is up 16.9% from Q1 2018.
- The inventory of office space in Richmond remains unchanged at 4.4 million square feet.
- Demand for high quality office space around rapid transit stations is increasing as companies seek amenity rich locations that aid their talent attraction and retention efforts amidst a constrained labour market.

⁹ Cushman & Wakefield Office and Industrial Market Beat Reports

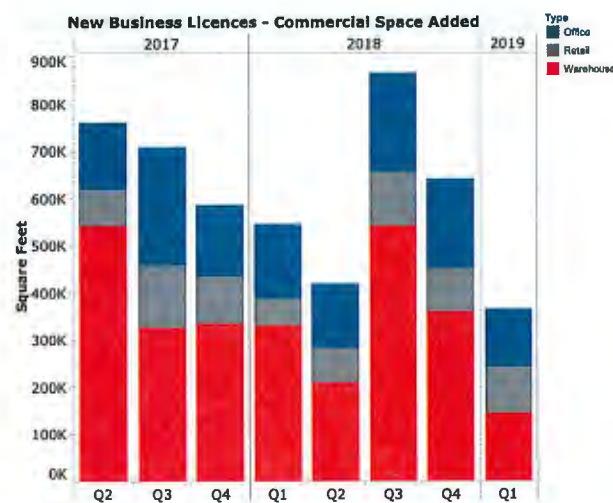
9) Business Growth – Richmond

a) New Business Licences



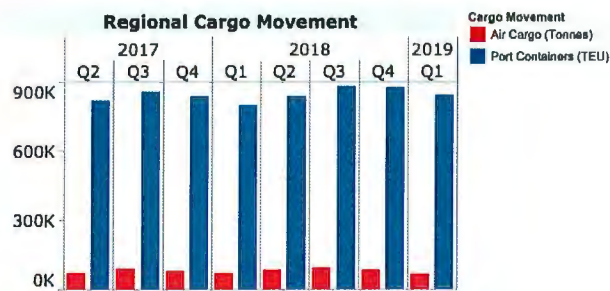
- 458 new business licences were issued in the first quarter of 2019, an increase of 1.1% over Q1 2018.
- 1,565 people were employed by these newly licenced businesses.

b) New Business Licences – Commercial Space

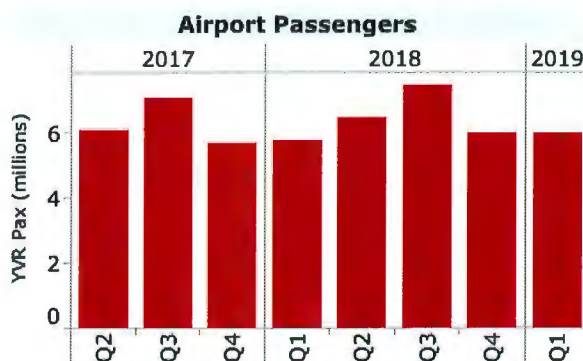


- Throughout the first quarter of 2019, the absorption of 364,000 square feet of commercial space was attributed to new business licences issued.
- Industrial space represented the largest share of absorption, at 144,000 square feet, followed by office space (122,000 square feet) and retail space (98,000 square feet).

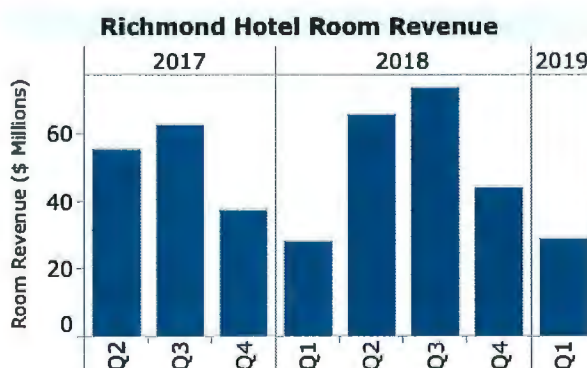
10) Goods and People Movement

a) Regional Cargo Movement¹⁰

- The volume of air cargo that moved through Vancouver International Airport (YVR) in the first quarter of 2019 was 68,598 tonnes, a decrease of 4.8% over the same period last year.
- Port cargo movements increased by 5.2% over the same period last year, to 843,000 Twenty Food Equivalent Units (TEUs) throughout Q1 2019.

b) Airport Passengers¹¹

- 6.0 million passengers flew through YVR in the first three months of 2019, an increase in 3.4% over the same period last year.
- This follows another year of record-breaking growth; YVR welcomed 25.9 million passengers throughout 2018.

c) Richmond Hotel Room Revenue¹²

- \$28.9 million in hotel room revenue was collected in Richmond in the first two months of 2019. This is a 2.1% growth over the same period in 2018.

* Q1 data for both 2018 and 2019 include figures from January and February. March figures not yet available.

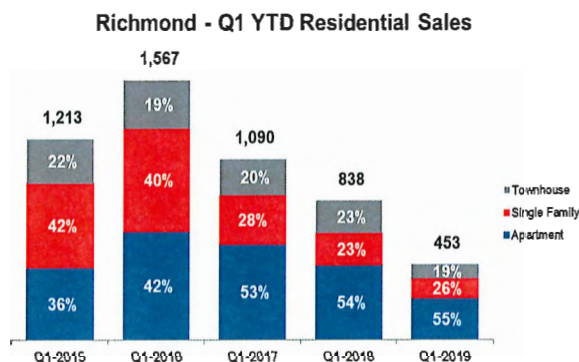
¹⁰ Port of Vancouver Monthly Cargo Statistics

¹¹ YVR Monthly Statistics

¹² City of Richmond Additional Hotel Room Tax Ledger; Destination BC

Residential Real Estate

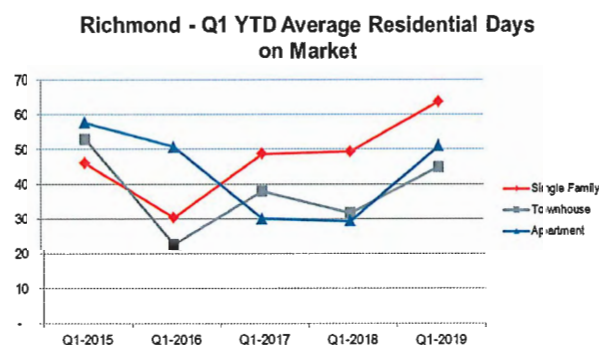
In the first three months of 2019, home buyer activity continued to decrease due to more restrictive mortgage requirements, increase in property transfer tax, foreign buyer's tax and the speculation tax.



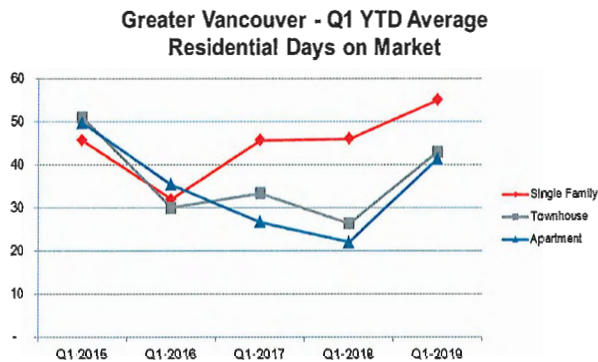
- Single family detached (SFD) home sales have continued to decline with a 39% decrease year-over-year.
- Apartment and townhome sales have declined 45% and 57% respectively compared to the same period last year.
- Apartment sales make up more than half of the residential home sales in Richmond. Townhome sales remain relatively constant at 19% of Richmond's home sales.
- There were 453 residential home sales in Richmond at the end of Q1 2019, a 46% decrease compared to the same period last year.



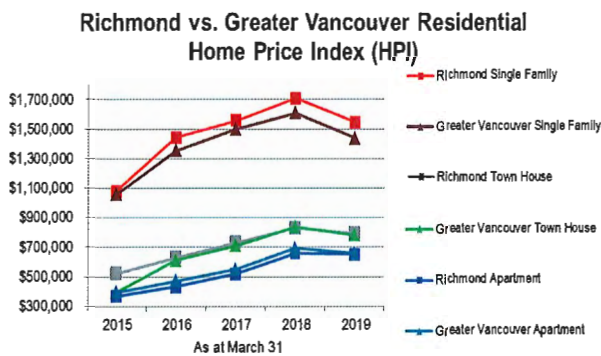
- Richmond's residential properties had sales-to-active listings of 8% as at March 31, 2019. The 8% represents the proportion of listed properties that are sold in the first three months of 2019. The sales-to-active listing rate has decreased by 63% compared to the first quarter of 2018.



- At Q1 2019, SFD properties in Richmond had an average of 64 days on the market and the Greater Vancouver Regional District (GVRD) had an average of 55 days on the market. The market has slowed down compared to the Q1 2018, where the average days on the market was 49 days and 46 days for Richmond and GVRD, respectively.



- In Q1 2019, the average number of days a residential listing staying in the market was 45 and 51 days for townhomes and apartments, respectively. GVRD had a lower average of 43 days for townhomes and 41 days for apartments.

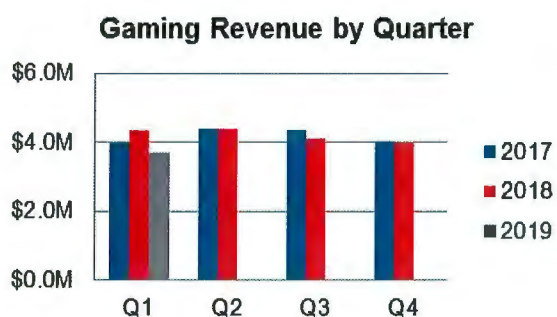


- The Home Price Index (HPI)¹³ for SFD properties in Richmond is \$1,546,500 as at March 31, 2019. This represents a 9% decrease compared to the same period last year. The GVRD housing market has also slowed down with SFD properties prices at \$1,437,100, which is an 11% decrease compared to Q1 2018.
- The HPI for townhouse properties in Richmond is \$791,500, a decrease of 5% compared to the same time last year. The HPI for townhome properties in GVRD is \$783,600, which represents a 6% decrease compared to Q1 2018.
- The HPI for apartments is consistent with prior year at \$653,400. GVRD's apartment prices decreased to \$656,900, which is a 6% decrease from the same period last year.

Gaming Revenue

In accordance with the Host Financial Assistance Agreement with the Province of BC, 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.

¹³ 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 for Q1 2019 decreased by 14.8% to \$3.70M compared to \$4.34M in Q1 2018.
- Q1 2019 decreased by 7.8% compared to the previous quarter from \$3.70M to \$4.01M.
- Q1 2019 revenue received is 22.4% of the 2019 annual budgeted of \$16.5M for gaming revenue.

River Rock continues to see a decrease in Table Drop¹⁴ revenue as a result of the BCLC source of funds procedures¹⁵ enacted in early 2018.

On June 27, 2018, the BC provincial government released a report on the review of anti-money laundering (AML) policies and practices in Lower Mainland casinos. GCGC has stated that they are continuing to work in collaboration with regulators and Crown corporations to enhance the AML system and that the report's recommendations are not expected to have a material impact on GCLC's business.

At the February 11, 2019 Council meeting, the 2019 Budget was approved which included the gaming revenue allocation for 2019. The distribution of these funds is detailed in Table 1 with any surplus revenue transferred to the Capital Building and Infrastructure Reserve. The distribution is consistent with the 2018 gaming revenue allocation.

Table 1: *Distribution of the 2019 gaming revenue allocation*

	Distribution	2019 Budget	2018 Actual
Capital Reserves	30%	\$5.0M	\$5.0M
Grants	15%	2.5M	2.5M
Council Community Initiatives Account	2%	0.3M	0.3M
Debt Servicing	Fixed	5.0M	5.0M
Operating (RCMP)	Four Officers	0.7M	0.7M
Capital Building and Infrastructure Reserve	Remainder	3.0M	3.3M
Total		\$16.5M	\$16.8M

At the end of Q4 2018, the City received \$16.8M or 102.0% of the 2018 annual budgeted amount of \$16.5M. The additional \$0.3M received was allocated to the CBI reserve for a total of \$3.3M contributed from 2018 gaming revenue.

¹⁴ Table drop means the collective amount of money customers deposit to purchase casino chips to wager on table games.

¹⁵ Source of funds procedures requires all BC casinos to obtain a bank receipt for any buy-ins of \$10,000 or more over a 24-hour period. The original receipt must be from the same day of the transaction and it must display the financial institution, branch, and account number.

Operating Activity

Table 2 compares budget to unaudited actual activity up to March 31, 2019. The net figure represents combined revenue and expense amounts. Actuals includes 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, 2019 to March 31, 2019 (in \$000's)*

Net operational activity ¹		Unaudited 2019 results		
Division/Department ²	2019 YTD Net Budget	2019 YTD Actuals and Commitments ³	Variance YTD (\$)	Variance YTD(%)
Community Safety	(\$967)	(\$1,540)	\$573	59%
Community Services	10,773	10,590	183	2%
Corporate Administration	2,928	2,740	188	6%
Engineering and Public Works	9,620	9,388	232	2%
Finance and Corporate Services	7,135	6,908	227	3%
Fire Rescue	10,681	9,884	797	7%
Library	2,775	2,712	63	2%
Planning and Development	1,105	226	879	80%
Policing	13,965	13,914	51	0%
Fiscal	(25,582)	(26,198)	616	2%
Total Operating	\$32,433	\$28,624	\$3,809	
Water utility	(99)	(356)	257	260%
Sanitary sewer utility	(3)	(219)	216	7200%
Sanitation and recycling utility	(310)	(327)	17	5%
Total Utilities	(\$412)	(\$902)	\$490	

¹Net Operational Activity does not include amounts related to capital such as: contributed assets, developer contributions, amortization, etc.

²Based on organizational structure in place as of March 31, 2019

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

The following section provides an explanation on a Divisional/Departmental basis of year to date variances in relation to the 2019 Financial Plan:

- Community Safety's (excluding fire and policing) favourable variance is driven by business licence revenue, community bylaw revenue, and vacant positions.
- Community Services' favourable variance is due to the timing of program expenditures and lower than budgeted public works expenditures due to seasonal impacts in Parks.
- Corporate Administration's favourable variance is due to vacant positions in the process of being filled.
- Engineering and Public Works' favourable net operating variance is mainly due to underpinning and permit fees, offset by higher costs for snow and ice removal, and dike brushing and repair.

- Finance and Corporate Services' favourable variance is mainly due to vacant positions.
- Fire Rescue's favourable variance is mainly due to timing required to fill the additional 12 firefighters approved in the 2019 Operating Budget and other vacant positions. Revenues are also higher for false alarm and inspection than budgeted in Q1 2019.
- The Library is on budget.
- Planning and Development's favourable variance is primarily due to building permit revenue related to multi residential buildings and vacant positions.
- Policing's favourable variance is due to timing required to fill the additional 19 officers approved in the 2019 Operating Budget resulting in lower than budgeted RCMP contract costs, offset by unutilized funding from provision.
- Fiscal's favourable variance is due to higher than budgeted investment income and timing of expenditures.
- Water Utility's favourable variance is mainly driven by unbudgeted revenue received from developers for water consumption charges during construction of new residential developments. Any surplus at year end will be transferred to the Water Levy Stabilization Provision.
- Sanitary Sewer Utility's favourable variance is mainly due to unbudgeted revenues received from developers for sanitary sewer user fees during construction of residential developments. Any surplus at year end will be transferred to the Sewer Stabilization Provision.
- Sanitation and Recycling is on budget.

The presentation of the figures for the Financial Statement, Statement of Operations is different than 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 surplus appropriations and transfer to reserves. The Statement of Operations for the Three Month Period Ended March 31, 2019, with comparative figures for 2018 is included in Attachment 3.

Cash and Investment Portfolio

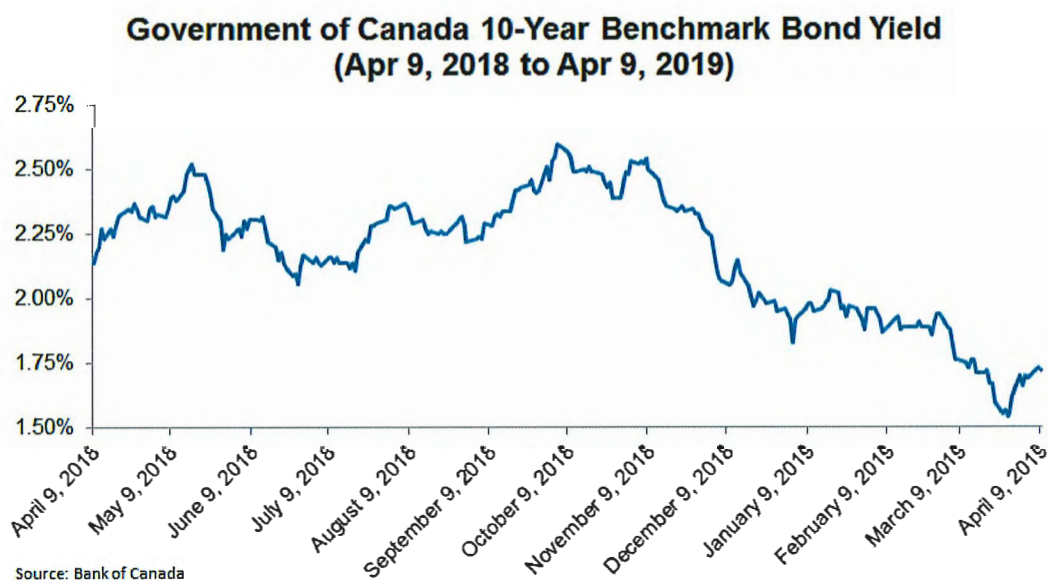
As of March 31, 2019, the City's total cash and investment balance was \$1.13 billion. The balance is comprised of \$906.3 million in investments and \$218.7 million in cash. The weighted average yield for the quarter was 2.47%. The interest rate environment and the City's cash flow projections have influenced the terms and types of investments that the City holds (Attachment 4).

Table 3: *Market Interest Rates (for analytical purposes only)*

	March 31, 2019
2 Year Government of Canada Bonds	1.46%
5 Year Government of Canada Bonds	1.43%
10 Year Government of Canada Bonds	1.54%

Source: Bank of Canada

The momentum of global and domestic growth in 2018 was short-lived. Global political uncertainties and the slowdown in economic activities began to resurface and intensify in the latter part of 2018. The pressure is also felt at home with the Canadian yield curve shifting dramatically lower over the last few months. As shown in the graph below, after the Canada 10-year government bond yield hit a near four-year peak of 2.60% in early October 2018, it dropped to only 1.54% at the end of the first quarter in 2019.



In light of the current economic environment, it is unlikely that the Bank of Canada will pursue additional rate hikes until more steady and positive incoming economic data are available. Deposit rates and bond yields have been suppressed as a result of the uncertainty to market sentiment and global growth prospects. The lower market yield, if it persists, will impact the City's overall investment yield because matured investments will be reinvested at the lower prevailing market rates. Staff will continue to position the City's cash and investment portfolio to optimize yields in safe and prudent manners.

The City continues to comply with its Investment Policy (3703) by carrying a diversified investment portfolio with strong credit quality, meeting the objectives of managing its investment activities in a manner that seeks to preserve capital and to realize a reasonable rate of return.

Contract Awards

This report provides information on the formal contracts awarded by the City during the first quarter. In accordance with Policy 3104, 24 contracts greater than \$75,000 were awarded totalling over \$16.5 million (Attachment 5).

Financial Impact

None.

Conclusion

The economic indicators are beginning to moderate, however, the City is maintaining its strong financial position through continued building construction and development activity and revenue collection.



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

- Att. 1: Economic Indicators
- Att. 2: Financial and Key Indicators
- Att. 3: Unaudited Statement of Operations
- Att. 4: Cash and Investment Portfolio
- Att. 5: Contract Awards greater than \$75,000

Economic Indicators**March 31, 2019****Macroeconomic Indicators & Forecast**

1) Real GDP - % Change	2017	2018	Change	2019f	2020f
Canada	3.0	1.8	(40.0%)	1.5	1.9
United States	2.2*	2.9	31.8%	2.3	1.9
China	6.8*	6.6	(2.9%)	6.3	6.1
World	3.8	3.6	(5.3%)	3.3	3.6
2) Interest Rates (at YE)	2017	2018	Change	2019f	2020f
Bank of Canada	1.00	1.75	75.0%	2.00	2.25
US FED	1.50	2.50	66.7%	3.00	3.00
3) Exchange Rate	2017	2018	Change	2019f	2020f
CAD per \$1 USD	1.26	1.36	7.9%	1.33	1.30

Regional and Local Market Indicators

4) Unemployment (%)	Q1-2019	Q4-2018	Change	Q1-2018	Change
Canada	5.8	5.7	1.8%	5.8	0.0%
BC	4.6	4.3	7.0%	4.7	(2.1%)
Metro Vancouver	4.8	4.5	6.7%	4.0	20.0%
5) CPI (2002=100)	Q1-2019	Q4-2018	Change	Q1-2018	Change
Canada	135.4	133.4	1.5%	132.9	1.9%
BC	130.7	129.0	1.3%	127.4	2.6%
Metro Vancouver	133.3	131.7	1.2%	130.1	2.5%
6) Richmond Building Permits	Q1-2019	Q1-2018	Change		
Residential – New Construction [^]	73	127	(42.5%)		
Residential – Alterations	118	151	(21.9%)		
Residential Total	191	278	(31.3%)		
[^] Number of units from new residential construction	597	377	58.4%		
Residential	191	278	(31.3%)		
Commercial	123	101	21.8%		
Industrial	51	15	240.0%		
Building Permits Total	365	394	(7.4%)		
Construction Value (\$ million)	263.4	214.9	22.6%		
7) Housing Starts (Units)	Q1-2019	Q1-2018	Change		
Starts - Metro Vancouver	5,772	6,864	(15.9%)		
Starts - Richmond	142	660	(78.5%)		
8) Richmond Residential Sales Activity	Q1-2019	Q1-2018	Change		
Sales - Detached	120	195	(38.5%)		
Sales - Townhouse	84	194	(56.7%)		
Sales - Apartment	249	449	(44.5%)		
Sales Total/Average Change	453	838	(45.9%)		

Economic Indicators**March 31, 2019****Regional and Local Market Indicators (continued)****9) Richmond Sales to Active Listings Ratio (%)**

	Q1-2019	Q1-2018	Change
Single Family Detached	4.9	9.3	(47.3%)
Townhouse	7.7	27.1	(71.6%)
Apartment	12.1	42.6	(71.6%)

10) Average Days on Market

Property Type	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Single Family Detached	64	49	30.6%	55	46	19.6%
Townhouse	45	32	40.6%	43	26	65.4%
Apartment	51	29	75.9%	41	22	86.4%

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

Property Type	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Single Family Detached	1,547	1,708	(9.4%)	1,437	1,609	(10.7%)
Townhouse	792	831	(4.7%)	784	835	(6.1%)
Apartment	653	660	(1.1%)	657	694	(5.3%)

12) Commercial Space (at QE)

	Richmond			Metro Vancouver		
	Q1-2019	Q1-2018	Change	Q1-2019	Q1-2018	Change
Office Vacancy (%)	8.3	7.1	16.9%	3.8	5.5	(30.9%)
Transit Oriented Office Vacancy (%)	2.3	2.3	0.0%	13.6	13.6	0.0%
Office Inventory (000 sf)	4,419	4,419	0.0%	58,669	58,119	0.9%
Industrial Vacancy (%)	2.5	2.1	19.0%	1.9	2.1	(9.5%)
Industrial Inventory (000 sf)	38,569	38,539	0.1%	209,930	206,568	1.6%

13) Richmond Business Growth

	Q1-2019	Q1-2018	Change
Total Valid Business Licences (at QE)	14,276	13,940	2.4%
New Licences - Number Issued	458	453*	1.1%
New Licences - Employees	1,565	1,369	14.3%
New Licences - Office Added (sf)	122,384	123,900	(1.2%)
New Licences - Retail Added (sf)	97,704	29,822	227.6%
New Licences - Industrial Added (sf)	143,593	117,331	22.4%
Total Space Added (sf)/Avg. Change	363,681	271,053	34.2%

Economic Indicators**March 31, 2019****Regional and Local Market Indicators (continued)**

14) Goods & People Movement	Q1-2019	Q1-2018	Change
YVR Air Cargo (tonnes)	68,598	72,058*	(4.8%)
PMV Container Movement (TEUs)	843,039	801,217	5.2%
YVR Passengers (million)	6.0	5.8	3.4%
Richmond Hotel Revenue (\$ million)**	28.9	28.3*	2.1%

Notes:

- a) QE indicates quarter end
 b) f - forecast to year-end
 c) * - Figures have been updated to reflect changes in source data.
 d) ** - Hotel revenue for Q1 excludes March figures.

List of Sources:

- 1) International Monetary Fund, World Economic Outlook (April 2019)
 2) & 3) US Federal Reserve, Bank of Canada and Royal Bank Economic Research Forecast (March 2019)
 4) & 5) Statistics Canada
 6) City of Richmond Building Permits
 7) Canada Mortgage and Housing Corporation
 8), 9) 10) & 11) Real Estate Board of Greater Vancouver
 12) Cushman & Wakefield Office and Industrial Market Beat Reports
 13) City of Richmond Business Licences
 14) Port of Vancouver Monthly Cargo Statistics
 YVR monthly statistics
 City of Richmond Additional Hotel Room Tax Ledger, Destination BC

Financial and Key Indicators**March 31, 2019**

(All dollar amounts in \$000's)

1) Development Cost Charges Contributions	Q1-2019	Q1-2018	Change
Roads, Water, Sewer DCC's Received	\$10,904	\$2,468	341.8%
Parks DCC's Received	\$5,631	\$3,395	65.9%
Total DCC Fees Received	\$16,535	\$5,863	182.0%
DCC Reserves – Uncommitted balance at QE	105,856	72,832	45.3%
2) Uncommitted Reserves (at QE)	Q1-2019	Q1-2018	Change
Capital Funding Reserves	\$140,554	\$118,200	18.9%
Utility Reserves	\$101,912	\$93,447	9.1%
Affordable Housing Reserves	\$3,315	\$1,899	74.6%
Other Reserves	\$84,137	\$60,976	38.0%
Total Uncommitted Reserves	\$329,918	\$274,522	20.2%
3) Taxes to date	Q1-2019	Q1-2018	Change
Taxes Collected	\$11,167	\$10,322	8.2%
City Portion of Taxes Collected	\$5,472	\$5,058	8.2%
Unpaid Taxes - Delinquent & Arrears (at QE)	\$8,763	\$7,269	20.5%
No. of Participants on Pre-authorized withdrawal (at QE)	6,321	6,284	0.6%
Pre-authorized withdrawals payments	\$8,859	\$8,704	1.8%
Interest rate % paid	1.95%	1.20%	62.5%
<i>Sources: All data is from City of Richmond records</i>			
4) Investments	Q1-2019	Q1-2018	Change
Total Investments	\$906,266	\$951,858	(4.8%)
Average City Rate of Return on Investments %	2.47%	2.15%	14.9%

Financial and Key Indicators**March 31, 2019**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

5) Planning and Development	Q1-2019	Q1-2018	Change
Building Permit Fees Collected	\$2,875	\$2,601	10.5%
Development Applications Received	38	49	(22.4%)
Development Applications Fees	\$193	\$233	(17.2%)

6) Business Licences	Q1-2019	Q1-2018	Change
Revenue Received for Current Year Licences	\$1,937	\$1,850	4.7%
Revenue Received for Next Year (Deferred)	\$60	\$91	(34.1%)
Total Licence Revenue	\$1,997	\$1,941	2.9%

Year to date valid licences and revenue include current year licences issued in the prior year.

7) Other Revenues	Q1-2019	Q1-2018	Change
Parking Program Revenue	\$532	\$450	18.2%
Gaming Revenue	\$3,699	\$4,341	(14.8%)
Traffic Fine Revenue	\$0	\$0	0.0%

8) Employees	Q1-2019	Q1-2018	Change
Full Time Equivalent (FTE) Employees (at QE)	1,577	1,568	0.6%

(City and Library)

FTE includes Regular Full Time, Temporary and Auxiliary status employees. The calculation is based on actual results.

9) Operating Indicators	Q1-2019	Q1-2018	Change
Fire Rescue Responses	2,286	2,660	(14.1%)
RCMP - Calls for Service Handled	18,333	15,281	20.0%
Public Works calls for Service	3,128	3,207	(2.5%)

Financial and Key Indicators**March 31, 2019**

(All dollar amounts in \$000's)

Financial and Key Indicators (continued)

10) Affordable Housing (at QE)	Q1-2019	Q1-2018	Change
Subsidized Rental (units)	477	477	0.0%
Affordable Rental (LEMR**) (units)	799	469*	70.4%
Market Rental (units)	726	411	76.6%
Entry Level Home ownership (units)	25	25*	0.0%
Secondary Suite / Coach House (units)	282	272*	3.7%
Total Affordable Housing	2,309	1,654*	39.6%
	Q1-2019	Q1-2018	Change
Floor Space secured, unit mix & other (sq feet) at QE ***	184,902	172,345	7.3%

* Figures have been updated to reflect changes in source data.

** LEMR units refer to Low End Market Rental units.

*** The floor space secured refers to square footage negotiated through phased developments. The number remains unchanged, as the development applications for subsequent phases have not come forward at this time with the unit breakdown and mix. LEMR units are still consistently secured through standard rezoning and development applications.

11) Richmond Population Estimate Year End	2019f	2018
	227,407	222,945

Population figures provided by City of Richmond – Policy Planning

Notes:

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

Unaudited Statement of Operations¹

For the Three Month Period Ended March 31, 2019, with comparative figures for 2018.

(Expressed in thousands of dollars)

	Budget March 31 2019	Actuals March 31 2019	Actuals⁴ March 31 2018
Revenue:			
Taxes and levies	\$54,027	\$54,027	\$51,854
Utility fees	27,675	25,501	24,301
Sales of services	8,589	7,936	7,447
Payments-in-lieu of taxes	3,550	3,872	3,662
Provincial and federal grants	1,129	1,448	748
Development cost charges	7,302	6,414	6,401
Other capital funding sources	15,799	6,653	7,416
Other revenue:			
Investment income	5,654	5,807	4,884
Gaming revenue	4,125	3,699	4,341
Licences and permits	3,717	4,906	4,214
Other	2,126	13,927	8,962
Equity income	-	392	265
	133,693	134,582	124,495
Expenses:			
Community safety	28,106	26,112	23,612
Utilities: water, sewer and sanitation	22,141	21,388	20,607
Engineering, public works and project development	18,510	15,551	15,264
Community services	17,534	13,903	13,270
General government	15,126	13,400	11,961
Planning and development	4,187	3,680	3,444
Library services	3,151	2,662	2,382
	108,755	96,696	90,540
YTD Surplus (Annual Surplus) ²	24,938	37,886	33,955
Accumulated surplus, beginning of year	3,119,119	3,119,119	2,935,988
Accumulated surplus, end of March 31 ³	\$3,144,057	\$3,157,005	\$2,969,943

¹ Statement of Operations for City and Library after intercompany eliminations, includes investment in Lulu Island Energy Company effective January 1, 2017, but excludes Oval results.

² Annual 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.

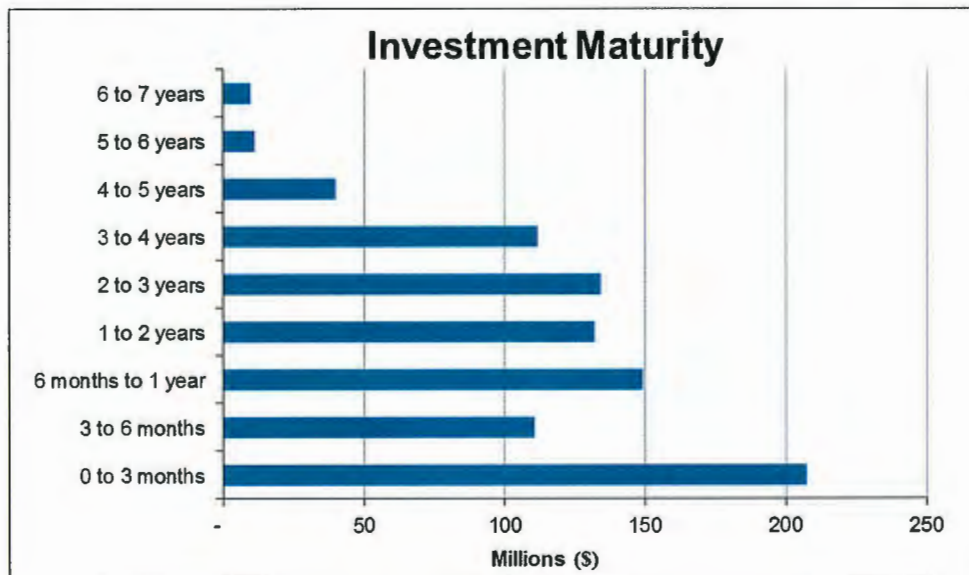
³ Accumulated surplus is equivalent to the net worth of an organization and is comprised of investment in tangible capital assets, reserves, appropriated surplus, general surplus and other equity.

⁴ Statement of Operation figures for 2018 were adjusted for comparative purposes.

Cash and Investment Portfolio

March 31, 2019 (in 000's)

Asset Class	DBRS Long Term Rating	Issuer	Term	Net Book Value	% of Total Portfolio	Investment Limit (% of Portfolio)
Provincial						
	AA (high)	Alberta	2019-2022	\$ 68,244	7.53%	
	A (high)	Quebec	2022-2023	22,169	2.45%	
	A (high)	Manitoba	2021	15,820	1.75%	
	AA (high)	British Columbia	2021	15,097	1.67%	
	AA (low)	Ontario	2024	11,199	1.24%	
	A (high)	Nova Scotia	2021	5,340	0.59%	
	A (high)	New Brunswick	2021	5,206	0.57%	
		Total		\$ 143,075	15.80%	50%
Chartered Banks						
	AA	Bank of Nova Scotia	2019-2022	\$ 134,881	14.88%	
	AA	TD Bank	2019-2023	86,501	9.54%	
	AA	Royal Bank	2019-2023	69,852	7.71%	
	AA (low)	National Bank of Canada	2019-2021	43,505	4.80%	
	A (high)	HSBC Bank of Canada	2021-2023	32,152	3.55%	
	AA	Bank of Montreal	2022-2025	29,952	3.30%	
	AA	CIBC	2019-2022	24,860	2.74%	
	A (low)	Canadian Western Bank	2019	24,324	2.68%	
		Total		\$ 446,026	49.20%	50%
BC Credit Unions						
		Coast Capital Savings	2019	\$ 82,520	9.11%	
		Vancity	2019	77,204	8.52%	
		Westminster Savings	2019	45,823	5.06%	
		Gulf and Fraser	2019	44,568	4.92%	
		Blue Shore Financial	2019	20,644	2.28%	
		Total		\$ 270,760	29.88%	30%
Pooled Investments						
		MFA Pooled Investment Fund		\$ 46,405	5.12%	20%
Total Investment Portfolio Balance				\$ 906,266	100.00%	
Cash Balance				\$ 218,693		
Total Cash and Investment Balance				\$ 1,124,959		



Contract Awards greater than \$75,000January 1st to March 31st, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
1	Annual Subscription Licence Renewal for Identity Management and Single Sign-on Software	ForgeRock Inc.	\$80,305	Finance & Corporate Services
2	Supply of four (4) KSB Submersible Axial Flow Propeller Pumps for No.2 Road South Drainage Pump Station Upgrade	KSB Pumps Inc.	426,028	Engineering & Public Works
3	Supply of three (3) KSB Submersible Axial Flow Propeller Pumps for No.7 Road South Drainage Pump Station Upgrade	KSB Pumps Inc.	318,075	Engineering & Public Works
4	Cisco IP Phones and Associated Licences	Telus Communications Inc.	93,178	Finance & Corporate Services
5	Emergency Sanitary Sewer Repair Work - Richmond General Hospital	Hexcel Construction Ltd.	147,119	Engineering & Public Works
6	Supply of three (3) KSB Submersible Axial Flow Propeller Pumps for Shell Road North Drainage Pump Station Upgrade	KSB Pumps Inc.	318,075	Engineering & Public Works
7	Emergency Restoration to King George Park Caretaker Building	Platinum Pro-Claim	146,091	Engineering & Public Works
8	PerfectMind Annual Subscription 2019	PerfectMind Inc.	175,036	Finance & Corporate Services
9	Direct Digital Control Upgrades - Community Safety Building	ESC Automation	120,937	Engineering & Public Works
10	Interior Demolition Services for City Hall West	Edifice Construction Inc.	147,000	Engineering & Public Works
11	Provision of Civil Engineering Consulting Services for Transportation Improvement Programs	McElhanney Consulting Services Ltd.	1,006,067	Engineering & Public Works
12	Supply and Installation of new Low Ammonia System	CIMCO Refrigeration	1,273,250	Engineering & Public Works
13	Supply and Installation of new Synthetic Running Track Surface at Minoru Park	Marathon Surfaces Inc.	399,936	Community Services
14	2019 Asphaltic Concrete Paving Program	LaFarge Canada Inc.	3,275,540	Engineering & Public Works
15	South Dike Upgrades from Gilbert Rd to No. 3 Rd	Tybo Contracting Ltd.	4,879,000	Engineering & Public Works
16	Palmer Garden City Playground Design-Build Services	Habitat Systems Inc.	119,706	Community Services

Contract Awards greater than \$75,000 (continued)January 1st to March 31th, 2019

Item	Description	Awarded Vendor	Awarded Amount	Division
17	Provision of Civil Engineering Consulting Services for Drainage and Irrigation Upgrades	McElhanney Consulting Services Ltd.	452,257	Engineering & Public Works
18	High Potential Leadership Certificate Program	Royal Roads University	85,000	Corporate Administration
19	Civil Engineering Consulting Services for Steveston Hwy and No. 3 Rd & Steveston Hwy and Gilbert Rd Drainage Pump Station Upgrades	Aplin & Martin Consultants Ltd.	510,010	Engineering & Public Works
20	Design and Construction Services for Domestic Hot Water Upgrade at Richmond Ice Centre	Ram Mechanical Ltd.	227,000	Engineering & Public Works
21	Delivery of Advanced Lifeguarding, Lifesaving & First-aid Instructional and Recertification Courses	LIT Aquatics Ltd.	229,000	Community Services
22	Civil Engineering Consulting Services for Burkeville Drainage Improvements	McElhanney Consulting Services Ltd.	585,197	Engineering & Public Works
23	City Hall Security Guard	GardaWorld Cash Services Canada Corp	1,175,000	Engineering & Public Works
24	2019 Oracle (PeopleSoft) Software License & Support	Oracle Canada ULC	320,040	Finance & Corporate Services
Total contractors awarded greater than \$75,000			\$16,508,847	



City of Richmond

Report to Committee

To: Finance Committee
From: Andrew Nazareth
General Manager, Finance and Corporate
Services

Date: May 3, 2019

File:

Re: 2018 Annual Report and 2018 Annual Report – Highlights

Staff Recommendation

That the reports titled, “2018 Annual Report” and the “2018 Annual Report – Highlights” be approved.

Andrew Nazareth
General Manager, Finance and Corporate Services
(4095)

Att. 2

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY SMT 	INITIALS: SL
APPROVED BY CAO 	

Staff Report

Origin

Pursuant to Section 98 of the Community Charter, before June 30th, in each year, a Council must:

- a) Prepare an annual report
- b) Make the report available for public inspection
- c) Have the report available for public inspection at a Council or other public meeting

Analysis

The City of Richmond's annual report formally presents the audited financial statements and other relevant financial, economic and demographic indicators to the public. The report also highlights many of the City's significant achievements and milestones from 2018.

Two versions of the Annual Report are produced each year in order to reach the different audiences interested in this information. The comprehensive 2018 Annual Report meets all legislative requirements for financial reporting as required under the Community Charter for British Columbia's local governments. This version will be publicly available through the City's website at www.richmond.ca and printed only on a demand basis. The comprehensive version includes the City's audited consolidated financial statements; the City's corporate objectives and success indicators, as identified through Council's Term Goals; and a listing of permissive exemptions. In addition to the statutorily required information, the comprehensive version provides information on the City's milestones from 2018, including awards and achievements and a variety of key corporate financial and community demographic statistical data for the year.

For a broader audience, the City also produces a condensed financial reporting document known as the 2018 Annual Report – Highlights. This shorter version, which is designed to be accessible and easily understandable for a general audience, provides information about the City of Richmond, its services, highlights from 2018 and the City's financial condition. This condensed version will also be available through the City's website and limited copies will be mailed out and available to the general public at Richmond City Hall. This year, the layout has been enhanced to allow for an expanded section highlighting the City's completion of the Community Safety Building Program, which included construction of five new fire halls and the Richmond Community Safety Building (home of the Richmond RCMP detachment) from 2007 to 2018.

Both copies will be submitted to the Government Finance Officers Association for consideration in their annual awards program.

The reports are produced entirely in house through the joint efforts of the Finance Department and the Corporate Communications and Marketing Department.

Financial Impact

None.

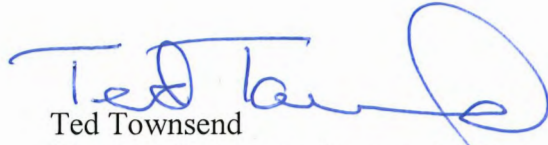
Conclusion

The City of Richmond 2018 Annual Report and the 2018 Annual Report – Highlights satisfy the Community Charter requirements for financial reporting and are important instruments in ensuring public transparency and accountability for the management of City finances. The reports also provide useful information on the City's achievements and milestones during the 2018 fiscal year.



Jerry Chong
Director, Finance

(4064)



Ted Townsend
Director, Corporate Communications and
Marketing

(4399)

Att. 1: 2018 Annual Report

2: 2018 Annual Report – Highlights



City of
Richmond

British Columbia, Canada

2018 Annual Report

For the year ended December 31, 2018





City of Richmond

British Columbia, Canada

2018 Annual Report

For the year ended December 31, 2018

*Our vision is to be the most appealing, livable
and well-managed community in Canada*

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For an online copy of this report, please visit www.richmond.ca

(City Hall > Finance, Taxes & Budgets > Budgets & Financial Reporting > Annual Reports).

Cover photos: Richmond City Hall (middle) and two winning submissions in the City's 2018 Street Banner Contest.

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. ©2019 City of Richmond

 Contents printed on Canadian made, 100% recycled stock, using environmentally friendly toners.

Message from the Mayor



The City of Richmond's 2018 Annual Report reflects another banner year for our community.

2018 saw the opening of the new Brighthouse No.1 Fire Hall. As our central fire hall serving our busy City Centre, this new state of the art facility is a key public safety building. The opening of No. 1 Fire Hall also marked the conclusion of the ambitious community safety infrastructure program. Since 2007, the City has constructed five new fire halls and completed a major retrofit of a sixth fire hall. We also acquired and completed a retrofit of the Richmond Community Safety Building to serve as home for the Richmond RCMP detachment.

Council continues to make community safety a top priority. In 2018, we approved funding for an expanded City Centre Community Policing Office. This satellite facility will provide enhanced police presence and service within the City Centre. Council also made further investments in increased police staffing to meet the needs of our growing population, which has passed 225,000.


The continued strong growth of our community was reflected in another busy year of construction, with building permit value exceeding \$879 million, the second highest total ever, while the number of licenced businesses surpassed 14,000.

With added growth, community mobility is another top priority for Council. The City continues to make significant investments in transportation infrastructure across Richmond. Of note, construction began on the new River Parkway. This will provide a major new arterial route bisecting our City Centre.

Improving our enviable quality of life is always top of mind for Council. In 2018, Richmond was among the first cities in the world to be named as a Global Active City. To earn this designation, a city must offer residents the opportunity to enjoy active, healthy lifestyles while improving their well-being. Richmond joins Buenos Aires, Hamburg, Liverpool and others among the first six cities to receive this prestigious recognition.

Richmond's long-standing reputation for innovation and excellence was further highlighted as we were named a finalist in the Government of Canada's Smart Cities Challenge. Our innovative concept proposes using technology and data to improve community resiliency to disaster, enhance transportation and combat climate change.

We owe our success to many who contribute to making Richmond a better place, including our staff, volunteers, business, and community and government partners. This Annual Report contains considerable more information on our goals and achievements and, as always, I invite your comments and questions through my office.



Malcolm Brodie
Mayor, City of Richmond

Richmond City Council



As of November 5, 2018

Front row, left to right:

Councillor Michael Wolfe,
Councillor Bill McNulty,
Mayor Malcolm Brodie,
Councillor Linda McPhail,
Councillor Kelly Greene

Back row, left to right:

Deputy Fire Chief Kevin Gray,
Richmond Fire-Rescue,
Councillor Harold Steves,
Councillor Carol Day,
Councillor Chak Au,
Councillor Alexa Loo,
Constable Leah Riske,
Richmond RCMP



Until November 4, 2018

Front row, left to right:

Councillor Carol Day,
Councillor Bill McNulty,
Mayor Malcolm Brodie,
Councillor Linda McPhail,
Councillor Harold Steves

Back row, left to right:

Constable Adam Carmichael,
Richmond RCMP,
Councillor Chak Au,
Councillor Derek Dang,
Councillor Ken Johnston,
Councillor Alexa Loo,
Captain Jack Beetstra,
Richmond Fire-Rescue

Connect with Richmond City Council

To contact Council: mayorandcouncillors@richmond.ca or call 604-276-4000.

For Council Meetings agendas and minutes, visit: www.richmond.ca/cityhall/council/agendas.

To watch Council meetings on live streaming or view videos of past meetings visit:
www.richmond.ca/cityhall/council/watch-video.

City of Richmond organizational chart

as of December 31, 2018

Chief Administrative Office		
George Duncan, CAO		
Deputy Chief Administrative Office		
Robert Gonzalez, Deputy CAO		
Community Services	Engineering and Public Works	Finance and Corporate Services
Serena Lusk, GM	Robert Gonzalez, GM	Andrew Nazareth, GM
Community Safety	Planning and Development	
Cecilia Achiam, GM	Joe Erceg, GM	

Civic officials

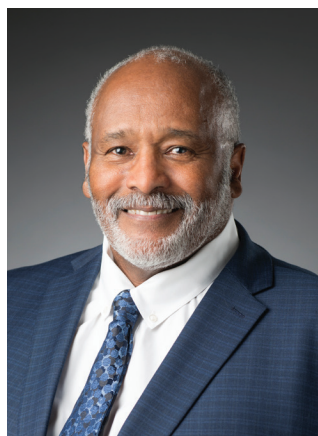
Chief Administrative Officer	George Duncan
Deputy Chief Administrative Officer	Robert Gonzalez
General Manager, Community Safety.....	Cecilia Achiam
General Manager, Community Services	Serena Lusk from January 30, 2018
General Manager, Engineering and Public Works	Robert Gonzalez
General Manager, Finance and Corporate Services	Andrew Nazareth
General Manager, Planning and Development.....	Joe Erceg
General Manager, Interagency Programs and Steveston Waterfront Initiatives.....	Dave Semple
Director, City Clerk’s Office.....	David Weber
City Solicitor	Tony Capuccinello Iraci from November 15, 2018
Chief, Richmond Fire-Rescue	Tim Wilkinson from January 10, 2018

Affiliated agencies

Officer in Charge, Royal Canadian Mounted Police	Will Ng
Chief Operating Officer, Richmond Olympic Oval	John Mills
Chief Librarian, Richmond Public Library.....	Susan Walters
Chief Executive Officer, Lulu Island Energy Company Ltd.	John Irving

Banker	Auditors
Scotiabank	KPMG

Message from the Chief Administrative Officer



I am pleased to present the City of Richmond's Annual Report for the year 2018. This report details our outstanding financial position, while illustrating how we are achieving a key element of our vision, which is for Richmond to be Canada's best managed city.

During the past Council term, which concluded in 2018, our administration made major strides in delivering on Council's nine term goals. Those achievements are highlighted throughout the Annual Report.

Corporate and community sustainability continues to be one of Council's top priority areas. Richmond has long been recognized as a leader in embracing the three pillars of sustainability. A strong focus on the long-term economic, social and environmental health of our community is always at the forefront of our planning and actions.

Environmentally, we have made significant inroads in offsetting the impact of global climate change. From 2007 to 2015, we were able to reduce overall greenhouse gas emissions in the City by 12 per cent, even as our population grew by 12 per cent during the same period. This has reduced greenhouse gas emissions and energy costs for the City, local residents and businesses. Our award-winning District Energy Utility is on track to become the largest of its kind in North America. In 2018, we became the first in North America to require that all parking stalls in new developments be energized to support Level 2 Electric Vehicle charging.

Our innovative diking and drainage utility allows us to make substantive annual investments to ensure our island city is protected from any potential flood risk, including extreme weather events and rising sea levels.

On the social side, the City has secured hundreds of affordable housing units and child care spaces, while updating policies to ensure we continue to address these critical needs in our community.

Strong financial stewardship through our Long Term Financial Management Strategy is also a hallmark of our City administration. This Strategy has allowed Council to limit property tax increases, while still making significant investments in infrastructure and programs. Richmond's property taxes remain among the lowest in the region and we maintain a favourable business-residential tax balance.

Our strong commitment to community sustainability allows us to continue to provide for the needs of a growing and evolving community, while delivering services that are second to none and providing great value for our taxpayers.

A stylized, handwritten signature in black ink, appearing to read 'George Duncan'.

George Duncan
Chief Administrative Officer

Council Term Goals: 2014 to 2018

The Community Charter requires that all BC municipalities include a statement in the Annual Report of their objectives for the current and future years, along with measures to track success towards these objectives.

The City of Richmond's objectives and success indicators are expressed through the Council Term Goals. With the beginning of a new four-year term of Council in 2014, a term goal setting process was undertaken to help Council fulfil its governance role and achieve a successful term of office. Council adopted a revised set of nine Term Goals, which provided the framework for the City's programs and services through 2018.

1. A Safe Community

Maintain emphasis on community safety to ensure Richmond continues to be a safe community.

2018 Achievement

City Council approved an additional 16 police officers for the Richmond RCMP, meaning a total increase of 40 new officers during the 2014–2018 Council term.



Council approved funding for an additional 16 police officers in 2018.



Richmond was one of the first in the world to receive Global Active Cities designation.

2. A Vibrant, Active, and Connected City

Continue the development and implementation of an excellent and accessible system of programs, services, and public spaces that reflect Richmond's demographics, rich heritage, diverse needs, and unique opportunities, and that facilitate active, caring, and connected communities.

2018 Achievement

Richmond was selected as one of the first six Global Active Cities in the world, recognizing our ongoing commitment to community wellness and active lifestyles.



Richmond was named as a finalist in the Smart Cities Challenge.

3. A Well-Planned Community

Adhere to effective planning and growth management practices to maintain and enhance the livability, sustainability and desirability of our City and its neighbourhoods, and to ensure the results match the intentions of our policies and bylaws.

2018 Achievement

Council approved development of a new 40-unit temporary modular housing project to serve people experiencing homelessness.

4. Leadership in Sustainability

Continue advancement of the City's sustainability framework and initiatives to improve the short and long term livability of our City, and that maintain Richmond's position as a leader in sustainable programs, practices and innovations.

2018 Achievement

The Richmond recycling program was expanded with acceptance of flexible plastic packaging at the Recycling Depot. The City achieved 78 per cent diversion from landfills for single family residences.

5. Partnerships and Collaboration

Continue development and utilization of collaborative approaches and partnerships with intergovernmental and other agencies to help meet the needs of the Richmond community.

2018 Achievement

The City was named a finalist for a \$10 million prize in the national Smart Cities Challenge competition. The City's innovative proposal was built on partnerships with other government agencies, business and academia.



Expanded recycling has resulted in 78% diversion of household waste from landfills.



A ground breaking ceremony was held for construction of the new River Parkway.

6. Quality Infrastructure Networks

Continue diligence towards the development of infrastructure networks that are safe, sustainable, and address the challenges associated with aging systems, population growth, and environmental impact.

2018 Achievement

A groundbreaking ceremony was held for the River Parkway, a major new arterial route that will bisect the City Centre and significantly enhance community mobility.

7. Strong Financial Stewardship

Maintain the City's strong financial position through effective budget processes, the efficient and effective use of financial resources, and the prudent leveraging of economic and financial opportunities to increase current and long-term financial sustainability.



Council approved development of a new 40-unit temporary modular housing project to serve people experiencing homelessness.

2018 Achievement

Council's Long Term Financial Management Strategy has resulted in the City and its subsidiaries accumulating \$540 million in Reserves as at December 31, 2018. This positions the City well for the future.



The launch of MyRichmond expanded the range of City e-services available to local residents.



Construction value of building permits in 2018 was the second highest ever.

8. Supportive Economic Development Environment

Review, develop and implement plans, policies, programs and practices to increase business and visitor appeal and promote local economic growth and resiliency.

2018 Achievement

The construction value of building permits issued in 2018 was \$879 million, the second highest total ever.

9. Well-Informed Citizenry

Continue to develop and provide programs and services that ensure the Richmond community is well-informed and engaged on City business and decision making.

2018 Achievement

The new MyRichmond e-services portal was launched, providing citizens with enhanced access to select online City services.

Additional information on the success indicators in support of these objectives can be found at: www.richmond.ca/cityhall/council/about/goals.

Community Safety Building Program



The opening of the Brighthouse Fire Hall No. 1 in the fall of 2018 was a momentous occasion for the City of Richmond.

It is the City's central fire hall serving the rapidly growing City Centre and is headquarters for Richmond Fire-Rescue's administration. It is also home to the City's Emergency Programs department.



Brighthouse Fire Hall No. 1 officially opened in 2018 with a celebration that included fun activities for the whole family and dedication of a new public art statue honouring firefighters.

The completion of Brighthouse Fire Hall No. 1 also marked the conclusion of an ambitious 10-year building program, in which the City replaced or upgraded virtually all of its public safety buildings. Since 2007, the City completed construction of five new fire halls, completed a major retrofit of a sixth fire hall, and acquired and renovated the Richmond Community Safety Building, which serves as the home of the City's police detachment.



Major milestones of the Community Safety Building Program included the openings of the following buildings:

- 2007** Hamilton Fire Hall
- 2007** Sea Island Fire Hall
- 2011** Richmond Community Safety Building
- 2011** Steveston Fire Hall
- 2017** Cambie Fire Hall
- 2018** Brighthouse Fire Hall

All the new buildings were built to post-disaster standard to ensure they would remain operable after a major seismic event. Sustainable building design was also incorporated into all the new facilities, with a number achieving gold certification under the Leadership in Energy and Environmental Design (LEED) ranking program.

The Cambie Fire Hall is also home to a BC ambulance service station, the first time these two critical emergency response agencies have been co-housed in an urban centre in BC.



Since 2007, the City has also completed a new Community Safety Building, which houses the police detachment (top) and five new fire halls, including the Cambie (middle), Steveston, Sea Island and Hamilton Fire Halls (bottom).

2018 Awards

A measurement of the City's success in achieving its goals are the honours and recognition we received from our peers and others. In 2018, Richmond again received numerous international, national and provincial awards recognizing our commitment to excellence and innovation.

Smart Cities Challenge

Richmond was selected as a finalist in the national Smart Cities Challenge. Richmond was chosen as one of 10 finalists competing for two \$10 million prizes. The Government of Canada competition challenged local governments to envision innovative ways to engage technologies and data that will improve the lives of residents and enhance service delivery.

Global Active City

Richmond was among the first six cities in the world to be named as a Global Active City based on work with our partners in developing key initiatives such as our Community Wellness Strategy and the Recreation and Sport Strategy.

District Energy Program

Richmond's District Energy Program has been the subject of more than a dozen awards since 2011, including two awards in 2018 – the Innovative Energy Project of the Year Award from the Association of Energy Engineers and the District Energy Leadership Award from the International District Energy Association.

Financial Reporting

The Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 16th year in a row and the Popular Financial Reporting Award for the 9th year in a row for our 2017 Annual Report.

Storeys affordable housing project

The City received the Planning Excellence Award in Social Planning from the Canadian Institute of Planners for the new Storeys affordable housing project on Granville Avenue east of No. 3 Road.



The Storeys affordable housing project received national honors for planning excellence.



The City received two 2018 awards from the BC Recreation and Parks Association.

City Centre Community Centre

The BC Recreation and Parks Association presented Richmond with the Building Excellence Award for the City Centre Community Centre.

Pollinator Pasture

Richmond received the BC Recreation and Parks Association Program Excellence Award, recognizing a creative, successful and innovative program that serves as a model for other recreation and parks agencies to enhance their services. The award was for the Pollinator Pasture, a community-engaged public art project by the City of Richmond in partnership with Border Free Bees.

MyRichmond

Richmond was named one of the 50 Top Smart Cities in the World in the Smart 50 competition for the development of our new MyRichmond e-services portal, part of the City's Digital Strategy.

City Fleet Program

The American Public Works Association and Government Fleet magazine honoured Richmond with their Leading Fleets Award.

Electric Vehicle Readiness Policy

The City received the Governance Award from the Union of BC Municipalities for our innovative Electric Vehicle Readiness Policy, a North American first.

No. 2 Road Drainage Pump Station

The Public Works Association of BC awarded Richmond the Project of the Year Award for the design of our new No. 2 Road Pump Station.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual
Financial Report
for the Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO

Report from the General Manager, Finance and Corporate Services

Mayor Malcom Brodie and Members of Richmond City Council,

I am pleased to submit the Consolidated Financial Statements and Auditor's Report for the fiscal year ended December 31, 2018 for the City of Richmond pursuant to Section 98 and 167 of the Community Charter.

Management is responsible for the preparation and presentation of the financial statements and related information in the 2018 Annual Report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The City maintains a system of internal controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial information.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion, that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2018 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

These financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval, and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company which is accounted for as a Government Business Enterprise.

Consolidated Statement of Financial Position (in \$000s)

	2018 Actual	2017 Actual	Change
Financial Assets	\$1,231,060	\$1,114,486	\$116,574
Financial Liabilities	467,939	416,396	51,543
Net Financial Assets	763,121	698,090	65,031
Tangible Capital Assets	2,371,694	2,251,901	119,793
Inventory	3,602	3,762	(160)
Prepaid Expenses	2,673	2,376	297
Non-Financial Assets	2,377,969	2,258,039	119,930
Accumulated Surplus	\$3,141,090	\$2,956,129	\$184,961

The City's financial position remains strong with an increase in the assets resulting from additions to capital and statutory reserves. This is offset by liabilities that include deferred revenue related to the collection of Development Cost Charges (DCC) as well as deposits for restricted purposes, including performance on development projects. The City's long-term debt with the Municipal Finance Authority continues to decline with an outstanding balance at the end of 2018 of \$32.8 million or approximately \$147 per capita.

The City's tangible capital assets increased by \$119.8 million, which includes \$88.0 million of in-kind contributions from development. The majority of these additional assets are related to land received as conditions of re-zoning, along with new infrastructure required to support the growing community.

Statutory Reserves (in \$000s)

	2014	2015	2016	2017	2018
Total Reserves	\$376,602	\$461,178	\$471,846	\$484,883	\$540,153

Statutory reserves are established by Bylaw for specific purposes, mainly capital expenditures. The increase in the balance to \$540.2 million is mainly attributable to the timing of these capital expenditures and contributions. Each year, amounts are transferred to the reserves through Council's Long Term Financial Management Strategy towards infrastructure construction and renewal along with cash contributions from developers as conditions of development.

Overall, the City's accumulated surplus increased to \$3.1 billion as at December 31, 2018. Accumulated surplus represents the net resources that can be used to provide future services.

Consolidated Statement of Operations (in \$000s)

	2018 Budget	2018 Actual	2017 Actual
Revenue	\$521,494	\$599,417	\$523,167
Expenses	439,367	414,456	413,284
Annual Surplus	\$82,127	\$184,961	\$109,883

The City's consolidated revenue for the year totaled \$599.4 million and represents an increase of \$76.3 million over 2017. Continuing growth in the community has resulted in the additional development-related revenue and contributions.

Expenses increased by \$1.2 million from prior year. 2017 expenses include an extraordinary contribution towards the Storeys affordable housing initiative.

The annual surplus for 2018 was \$185.0 million and represents the change in investment in tangible capital assets, reserves and other accumulated surplus.

Budget Variance

Consolidated revenue of \$599.4M was greater than budgeted revenue by \$77.9M mainly due to:

- \$37.2M higher than budgeted capital funding, mainly due to developer contributed assets;
- \$33.7M in developer cash contributions included under other revenue;
- \$14.2M lower than budgeted DCC revenue due to the timing of capital expenditures. Revenue is recognized when the amounts are spent while the budget represents the 2018 allocation of DCC's towards capital projects that can be spent over multiple years;
- \$7.1M higher than budget for payments-in-lieu of taxes, taxation and levies and other revenues;
- \$6.0M higher than budgeted investment income due to increases in the interest rate during the year and timing of capital expenditures;
- \$3.3M higher than budgeted permit revenue, underpinning fees and business licence revenue;
- \$2.7M of grant revenue recognized was greater than budgeted for the expansion of the Major Road Network and traffic grants; and,
- \$2.1M higher than budget for utility fees mainly due to construction related flat rate utility prepayments and fire hydrant usage revenue.

Consolidated expenses of \$414.5M were lower than budget by \$25.0M. The main variances include:

- \$9.2M lower than budgeted general government costs due to vacancies and timing of programs;
- \$7.3M lower than budgeted engineering and public works costs due to timing of programs scheduled to be completed in 2019;
- \$3.3M favourable budget variance for community safety due to RCMP policing contract and salary vacancies;
- \$2.9M lower than budgeted costs in other various services; and,
- \$2.3M lower than budgeted community service costs as a result of the delay in the opening of the Minoru Centre for Active Living.

The City's consolidated annual surplus of \$185.0 million exceeded the budgeted annual surplus of \$82.1 million by \$102.9 million prior to transfers to reserves and other accumulated surplus. The annual surplus exceeded budget primarily due to developer cash contributions of \$33.7 million and \$88.0 million of in-kind asset contributions.

Year over year change

Consolidated revenue of \$599.4M increased by \$76.3M over 2017 mainly due to:

- an increase of \$38.3M in capital funding due to the timing of developer contributed assets which includes a \$33.5M increase in donated assets by developers relating to land;
- an increase of \$17.2M in other revenue mainly from developer amenity contributions;
- an increase of \$10.0M in property taxes due to the approved rate increase and growth related to new development;
- an increase of \$3.4M in utility fees, including water and sewer rate and volume increases;
- an increase of \$2.9M of investment income from the higher average investment balance and improved yield; and,
- remaining net increase of \$4.5M on grants, development cost charges, and other revenue.

Consolidated expenses of \$414.5M increased by \$1.2M over 2017 mainly due to:

- a decrease of \$17.0M in contributions towards the Storeys Development project that was paid in 2017 and did not recur in 2018;
- an increase of \$8.6M from increased policing costs and contract costs for E-Comm 911;
- an increase of \$2.8M in contractual wage and other fringe costs; and,
- remaining net increase of \$6.8M in other expenses.

Financial Sustainability

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

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

Respectfully submitted,



Andrew Nazareth, BEc, CPA, CGA
General Manager, Finance and Corporate Services
May 13, 2019

City of Richmond audited financial statements

Year ended December 31, 2018



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Richmond

Opinion

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

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2018, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

Chartered Professional Accountants

Vancouver, Canada
May 13, 2019

CITY OF RICHMOND

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

December 31, 2018, with comparative information for 2017

	2018	2017
Financial Assets		
Cash	\$ 121,861	\$ 47,867
Investments (note 3)	1,004,928	972,783
Investment in Lulu Island Energy Company ("LIEC") (note 4)	29,780	28,289
Accrued interest receivable	7,443	6,651
Accounts receivable (note 5)	29,151	27,036
Taxes receivable	11,844	8,976
Development fees receivable	25,545	22,376
Debt reserve fund - deposits (note 6)	508	508
	1,231,060	1,114,486
Liabilities		
Accounts payable and accrued liabilities (note 7)	95,231	99,036
Development cost charges (note 8)	158,882	130,684
Deposits and holdbacks (note 9)	113,620	82,786
Deferred revenue (note 10)	67,364	66,287
Debt, net of MFA sinking fund deposits (note 11)	32,842	37,603
	467,939	416,396
Net financial assets	763,121	698,090
Non-Financial Assets		
Tangible capital assets (note 12)	2,371,694	2,251,901
Inventory of materials and supplies	3,602	3,762
Prepaid expenses	2,673	2,376
	2,377,969	2,258,039
Accumulated surplus (note 13)	\$ 3,141,090	\$ 2,956,129

Contingent demand notes (note 6)
Commitments and contingencies (note 18)

See accompanying notes to consolidated financial statements.



General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations (Expressed in thousands of dollars)

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (notes 2(p) and 24)	2018	2017
Revenue:			
Taxation and levies	\$ 216,703	\$ 216,908	\$ 206,901
Utility fees	100,786	102,915	99,493
Sales of services	39,246	39,111	39,430
Payments-in-lieu of taxes	14,245	15,489	14,647
Provincial and federal grants	7,692	10,355	9,276
Development cost charges (note 8)	31,638	17,432	15,710
Other capital funding sources	58,685	95,859	57,570
Other revenue:			
Investment income	14,694	20,705	17,832
Gaming revenue	16,500	16,837	16,753
Licenses and permits	10,384	13,637	13,011
Other (note 21)	10,921	48,678	31,502
Equity income in government business enterprise ("GBE") (note 4)	-	1,491	1,042
	521,494	599,417	523,167
Expenses:			
Community safety	101,786	98,500	89,933
Utilities: water, sewer and sanitation	90,460	89,959	87,757
Engineering, public works and project development	76,077	68,793	66,120
Community services	66,159	63,882	77,387
General government	61,796	52,549	51,720
Planning and development	16,120	15,368	15,417
Richmond Olympic Oval	16,211	15,424	15,331
Library services	10,758	9,981	9,619
	439,367	414,456	413,284
Annual surplus	82,127	184,961	109,883
Accumulated surplus, beginning of year	2,956,129	2,956,129	2,846,246
Accumulated surplus, end of year	\$ 3,038,256	\$ 3,141,090	\$ 2,956,129

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2018, with comparative information for 2017

	2018 Budget (notes 2(p) and 24)	2018	2017
Annual surplus for the year	\$ 82,127	\$ 184,961	\$ 109,883
Acquisition of tangible capital assets	(162,318)	(92,851)	(110,742)
Contributed tangible capital assets	(47,410)	(88,021)	(52,249)
Amortization of tangible capital assets	58,717	60,542	58,012
Net loss (gain) on disposal of tangible capital assets	-	324	(3,293)
Proceeds on sale of tangible capital assets	-	213	5,361
Reclassification of assets to LIEC as GBE	-	-	31,036
Classification of LIEC as GBE	-	-	(2,182)
	(68,884)	65,168	35,826
Acquisition of inventories of materials and supplies	-	(3,602)	(3,762)
Acquisition of prepaid expenses	-	(2,673)	(2,376)
Consumption of inventories of materials and supplies	-	3,762	3,138
Use of prepaid expenses	-	2,376	2,525
Change in net financial assets	(68,884)	65,031	35,351
Net financial assets, beginning of year	698,090	698,090	662,739
Net financial assets, end of year	\$ 629,206	\$ 763,121	\$ 698,090

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 184,961	\$ 109,883
Items not involving cash:		
Amortization	60,542	58,012
Loss (gain) on disposal of tangible capital assets	324	(3,293)
Contributions of tangible capital assets	(88,021)	(52,249)
Accounting adjustments upon transition of LIEC to a GBE	-	5,846
Equity income in GBE	(1,491)	(1,042)
Change in non-cash operating working capital:		
Accrued interest receivable	(792)	321
Accounts receivable	(2,115)	730
Taxes receivable	(2,868)	446
Development fees receivable	(3,169)	(5,664)
Inventories of materials and supplies	160	(624)
Prepaid expenses	(297)	149
Accounts payable and accrued liabilities	(3,805)	2,316
Development cost charges	28,198	13,087
Deposits and holdbacks	30,834	9,990
Deferred revenue	1,077	(33)
Net change in cash from operating activities	203,538	137,875
Capital activities:		
Cash used to acquire tangible capital assets	(92,851)	(110,742)
Proceeds on disposal of tangible capital assets	213	5,361
Net change in cash from capital activities	(92,638)	(105,381)
Financing activities:		
Repayments of debt	(4,761)	(4,578)
Investing activities:		
Net sale (purchase) of investments	(32,145)	5,855
Contribution to LIEC	-	(4,239)
Net change in cash from investing activities	(32,145)	1,616
Net change in cash	73,994	29,532
Cash, beginning of year	47,867	18,335
Cash, end of year	\$ 121,861	\$ 47,867

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

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

Year ended December 31, 2018

1. Operations:

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

2. Significant accounting policies:

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

(a) Basis of consolidation:

The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks, and Reserve Funds consolidated with the Richmond Public Library (the "Library") and the Richmond Olympic Oval (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly owned municipal corporation of the City. Interfund transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly owned government business enterprise ("GBE"), is accounted for using the modified equity method effective January 1, 2017 (note 2(f)).

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, policing, and servicing general debt.

(ii) General Capital and Loan Fund:

This fund is used to record the City's tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related tangible capital assets and debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund and developer contributions plus interest earned on fund balances.

CITY OF RICHMOND

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

Year ended December 31, 2018

2. Significant accounting policies (continued):

(b) Basis of accounting:

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

(c) Government transfers:

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

(d) Cash and cash equivalents:

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

(e) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(f) Investment in government business enterprises:

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

(g) Accounts receivable:

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

(h) Development cost charges:

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

CITY OF RICHMOND

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

Year ended December 31, 2018

2. Significant accounting policies (continued):

(i) Post-employment benefits:

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employee plan, contributions are expensed as incurred.

Post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits prorated as employees render services necessary to earn the future benefits.

(j) Non-financial assets:

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

(i) Tangible capital assets:

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

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

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

(ii) Contributions of tangible capital assets:

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

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

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

CITY OF RICHMOND

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

Year ended December 31, 2018

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(iv) Interest capitalization:

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

(v) Labour capitalization:

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

(vi) Leased tangible capital assets:

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

(vii) Impairment of tangible capital assets:

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

(viii) Inventory of materials and supplies:

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

(k) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

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

(l) Property taxes:

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

CITY OF RICHMOND

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

Year ended December 31, 2018

2. Significant accounting policies (continued):

(m) Deferred revenue:

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

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

(n) Deposits:

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

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's 5 Year Consolidated Financial Plan (2018-2022) ("Consolidated Financial Plan") and was adopted through Bylaw No. 9800 on March 12, 2018.

(q) Contaminated sites:

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

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

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

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

CITY OF RICHMOND

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

Year ended December 31, 2018

2. Significant accounting policies (continued):

(r) Use of accounting estimates:

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

(s) Segment disclosures:

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of segments as well as presented financial information in segment format.

3. Investments:

	2018		2017	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 577,416	\$ 577,060	\$ 499,541	\$ 488,215
Government and government guaranteed bonds	164,943	165,401	177,648	178,246
Municipal Finance Authority pooled investment	46,150	44,716	45,065	43,943
Other bonds	216,419	213,577	250,529	249,120
	\$ 1,004,928	\$ 1,000,754	\$ 972,783	\$ 959,524

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2018

4. Investment in Lulu Island Energy Company Ltd:

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

Summarized financial information relating to LIEC is as follows:

	2018	2017
Cash, cash equivalents, and investments	\$ 8,596	\$ 6,227
Accounts receivable	2,242	1,488
Tangible capital assets	32,361	32,033
Total assets	43,199	39,748
Accounts payable and accrued liabilities	1,922	1,550
Deferred contributions	5,268	3,522
Concession liability	6,229	6,387
Total liabilities	13,419	11,459
Shareholder's equity	\$ 29,780	\$ 28,289
Total revenue	\$ 4,888	\$ 4,224
Total expenses	3,397	3,182
Net income	\$ 1,491	\$ 1,042

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$1,375,799 (2017 - \$360,766).

On October 30, 2014, LIEC and the Oval Village district energy utility developer ("the Concessionaire") entered into a 30-year Concession Agreement, which is a public-private partnership project ("P3"), where the Concessionaire will design, construct, finance, operate, and maintain the infrastructure for the district energy utility at the Oval Village community. As part of the Agreement, the infrastructure will be owned by LIEC.

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of the Company's obligations under the Concession Agreement to a maximum of \$18.2 million (2017 - \$18.2 million).

CITY OF RICHMOND

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

Year ended December 31, 2018

5. Accounts receivable:

	2018	2017
Water and sewer utilities	\$ 11,999	\$ 12,661
Casino revenue	4,010	4,025
Capital grants	5,003	2,929
Other trade receivables	8,139	7,421
	<u>\$ 29,151</u>	<u>\$ 27,036</u>

6. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2017 and 2018 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 508	\$ 2,447

7. Accounts payable and accrued liabilities:

	2018	2017
Trade and other liabilities	\$ 64,917	\$ 68,618
Post-employment benefits (note 15)	30,314	30,418
	<u>\$ 95,231</u>	<u>\$ 99,036</u>

CITY OF RICHMOND

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

Year ended December 31, 2018

8. Development cost charges:

	2018	2017
Balance, beginning of year	\$ 130,684	\$ 117,597
Contributions	42,792	26,866
Interest	2,838	1,931
Revenue recognized	(17,432)	(15,710)
Balance, end of year	\$ 158,882	\$ 130,684

9. Deposits and holdbacks:

	Balance December 31, 2017	Deposit contributions	Refund/ expenditures	Balance December 31, 2018
Security deposits	\$ 58,083	\$ 63,785	\$ (32,311)	\$ 89,557
Developer contributions	6,953	360	-	7,313
Contract holdbacks	7,830	2,748	(3,928)	6,650
Other	9,920	8,814	(8,634)	10,100
	\$ 82,786	\$ 75,707	\$ (44,873)	\$ 113,620

10. Deferred revenue:

	Balance December 31, 2017	External restricted inflows	Revenue earned/ adjustments	Balance December 31, 2018
Taxes and utilities	\$ 19,613	\$ 20,450	\$ (19,613)	\$ 20,450
Building permits/development	13,726	7,545	(5,673)	15,598
Oval	6,515	10,304	(10,500)	6,319
Capital grants	20,278	7,240	(7,960)	19,558
Business licenses	2,510	2,136	(2,123)	2,523
Parking easement/leased land	2,423	54	(47)	2,430
Other	1,222	6,833	(7,569)	486
	\$ 66,287	\$ 54,562	\$ (53,485)	\$ 67,364

CITY OF RICHMOND

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

Year ended December 31, 2018

11. Debt, net of MFA sinking fund deposits:

The interest rate for the year ended December 31, 2018 on the principal amount of the MFA debentures was 3.30% (2017 - 3.30%) per annum. Interest expense incurred for the year on the long-term debt was \$1,676,895 (2017 - \$1,676,895). The maturity date of the MFA debt is April 7, 2024.

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

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

	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2018	Net debt 2017
General Fund	\$ 50,815	\$ 17,973	\$ 32,842	\$ 37,603

Repayments on net outstanding debt over the next five years and thereafter are as follows:

2019	\$ 4,951
2020	5,149
2021	5,355
2022	5,570
2023	5,792
Thereafter	6,025
	<hr/>
	\$ 32,842

CITY OF RICHMOND

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

Year ended December 31, 2018

12. Tangible capital assets:

Cost	Balance December 31, 2017	Additions and transfers	Disposals	Balance December 31, 2018
Land	\$ 905,118	\$ 78,883	\$ -	\$ 984,001
Building and building improvements	416,029	26,210	(58)	442,181
Infrastructure	1,697,075	47,729	(3,124)	1,741,680
Vehicles, machinery and equipment	130,776	16,434	(4,417)	142,793
Library's collections, furniture and equipment	9,047	1,072	(674)	9,445
Assets under construction	140,752	10,544	-	151,296
	\$ 3,298,797	\$ 180,872	\$ (8,273)	\$ 3,471,396

Accumulated amortization	Balance December 31, 2017	Disposals	Amortization expense	Balance December 31, 2018
Building and building improvements	\$ 170,579	\$ (52)	\$ 15,752	\$ 186,279
Infrastructure	789,365	(2,865)	33,887	820,387
Vehicles, machinery and equipment	81,260	(4,148)	9,714	86,826
Library's collections, furniture and equipment	5,692	(671)	1,189	6,210
	\$ 1,046,896	\$ (7,736)	\$ 60,542	\$ 1,099,702

Net book value	December 31, 2018	December 31, 2017
Land	\$ 984,001	\$ 905,118
Buildings and building improvements	255,902	245,450
Infrastructure	921,293	907,710
Vehicles, machinery and equipment	55,967	49,516
Library's collection, furniture and equipment	3,235	3,355
Assets under construction	151,296	140,752
Balance, end of year	\$ 2,371,694	\$ 2,251,901

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2018

12. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$151,295,702 (2017 - \$140,751,542) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$88,020,879 (2017 - \$52,248,550) comprised of land in the amount of \$69,654,386 (2017 - \$36,128,140), infrastructure in the amount of \$13,666,004 (2017 - \$13,694,410), and buildings in the amount of \$4,700,489 (2017 - \$2,426,000).

(c) Tangible capital assets disclosed at nominal values:

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

(d) Works of art and historical treasures:

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

(e) Write-down of tangible capital assets:

There were no write-downs of tangible capital assets during the year (2017 - nil).

13. Accumulated surplus:

	General and Reserve Funds	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2018 Total	2017 Total
Investment in tangible capital assets	\$ 2,323,998	\$ -	\$ -	\$ 9,256	\$ 3,235	\$ 2,336,489	\$ 2,211,771
Reserves (note 14)	533,829	-	-	6,324	-	540,153	484,883
Appropriated surplus	183,477	13,533	8,576	1,357	230	207,173	205,010
Investment in LIEC	29,780	-	-	-	-	29,780	28,289
Surplus	15,750	247	6,247	592	1,193	24,029	22,618
Other equity	3,466	-	-	-	-	3,466	3,558
Balance, end of year	\$ 3,090,300	\$ 13,780	\$ 14,823	\$ 17,529	\$ 4,658	\$ 3,141,090	\$ 2,956,129

CITY OF RICHMOND

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

Year ended December 31, 2018

14. Reserves:

	Balance, December 31, 2017	Change during year	Balance, December 31, 2018
Affordable housing	\$ 10,168	\$ 668	\$ 10,836
Arts, culture and heritage	4,183	(180)	4,003
Capital building and infrastructure	69,731	12,032	81,763
Capital reserve	163,599	12,543	176,142
Capstan station	19,725	12,607	32,332
Child care development	3,006	3,800	6,806
Community legacy and land replacement	8,623	229	8,852
Drainage improvement	56,956	(824)	56,132
Equipment replacement	22,168	(2,568)	19,600
Hamilton area plan community amenity	735	17	752
Leisure facilities	6,765	12,000	18,765
Local improvements	6,047	1,108	7,155
Neighborhood improvement	7,100	420	7,520
Oval	4,749	1,575	6,324
Public art program	3,861	999	4,860
Sanitary sewer	42,909	1,198	44,107
Steveston off-street parking	310	7	317
Steveston road ends	211	(56)	155
Waterfront improvement	344	(27)	317
Watermain replacement	53,693	(278)	53,415
	\$ 484,883	\$ 55,270	\$ 540,153

15. Post-employment benefits:

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

	2018	2017
Accrued benefit liability, beginning of year	\$ 30,418	\$ 31,303
Current service cost	1,947	1,814
Interest cost	879	1,015
Past service credit	(397)	-
Amortization of actuarial gain	(25)	(61)
Benefits paid	(2,508)	(3,653)
Accrued benefit liability, end of year	\$ 30,314	\$ 30,418

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2018

15. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2018. The difference between the actuarially determined accrued benefit obligation of approximately \$28,423,000 (2017 - \$29,892,000) and the liability of approximately \$30,314,000 (2017 - \$30,418,000) as at December 31, 2018 is an unamortized net actuarial gain of \$1,891,000 (2017 - \$526,000). This actuarial gain is being amortized over a period equal to the employees' average remaining service lifetime of 10 years (2017 - 10 years).

	2018	2017
Actuarial benefit obligation:		
Liability, end of year	\$ 30,314	\$ 30,418
Unamortized actuarial gain	(1,891)	(526)
Balance, end of year	\$ 28,423	\$ 29,892

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

	2018	2017
Discount rate	3.30%	2.90%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

16. Pension plan:

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 contributors from local governments.

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

CITY OF RICHMOND

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

Year ended December 31, 2018

16. Pension plan (continued):

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The City paid \$12,759,865 (2017 - \$12,284,569) for employer contributions while employees contributed \$10,615,884 (2017 - \$10,154,394) to the plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

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

17. Contingent assets and contractual rights:

(a) Contingent assets:

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

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2018. Contingent assets are not recorded in the consolidated financial statements.

(b) Contractual rights:

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

2019	\$ 13,609
2020	8,814
2021	2,576
2022	2,169
2023	724
Thereafter	5,573

CITY OF RICHMOND

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

Year ended December 31, 2018

17. Contingent assets and contractual rights (continued):

(b) Contractual rights (continued):

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

18. Commitments and contingencies:

(a) Joint and several liabilities:

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

(b) Lease payments:

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

2019	\$ 4,808
2020	3,050
2021	3,059
2022	2,329
2023	2,314
Thereafter	9,963

(c) Litigation:

As at December 31, 2018, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

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

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) Contractual obligation:

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

CITY OF RICHMOND

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

Year ended December 31, 2018

18. Commitments and contingencies (continued):

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

The City is a shareholder of the E-Comm whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 2 Class A shares and 1 Class B share (of a total of 32 Class A and 21 Class B shares issued and outstanding as at December 31, 2018). As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.

- (g) Community associations:

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

19. Trust funds:

Certain assets have been conveyed or assigned to the City to be administered as directed by agreement or statute. The City holds the assets for the benefit of and stands in fiduciary relationship to the beneficiary. The following trust fund is excluded from the City's consolidated financial statements.

	2018	2017
Richmond Community Associations	\$ 1,837	\$ 1,800

CITY OF RICHMOND

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

Year ended December 31, 2018

20. Collections for other authorities:

The City is obligated to collect certain taxation revenue on behalf of other government bodies. These funds are excluded from the City's consolidated financial statements since they are not revenue of the City. Such taxes collected (after supplementary adjustments) and remitted to the government bodies during the year are as follows:

	2018	2017
Province of British Columbia - Schools	\$ 169,005	\$ 162,120
Greater Vancouver Regional District and others	47,298	44,702
	\$ 216,303	\$ 206,822

21. Other revenue:

	2018	2017
Developer contributions	\$ 33,672	\$ 13,014
Tangible capital assets gain on sale of land	-	4,217
Penalties and fines	3,784	3,247
Parking program	2,054	1,818
Other	9,168	9,206
	\$ 48,678	\$ 31,502

22. Government transfers:

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

	2018	2017
Operating		
Province of British Columbia	\$ 21,899	\$ 21,368
TransLink	3,593	2,656
Government of Canada	1,700	1,580
Capital		
Province of British Columbia	5,685	746
TransLink	1,680	456
Government of Canada	36	803
	\$ 34,593	\$ 27,609

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)

(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2018

23. Segmented reporting:

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

- (a) **Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, and protection of life and properties.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water and sewer networks and sanitation and recycling.
- (c) **Engineering, Public Works and Project Development** comprises of General Public Works, Roads and Construction, Storm Drainage, Fleet Operations, Engineering, Project Development, and Facility Management. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.
- (d) **Community Services** comprises of Parks, Recreation, Arts, Culture and Heritage Services and Community Social Development. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the economic, arts, culture, and community issues that the City encounters.
- (e) **General Government** comprises of Mayor and Council, Corporate Administration, and Finance and Corporate Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, legal services, providing sound management of human resources, information technology, City finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and Development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City including the City's transportation systems.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.

CITY OF RICHMOND

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

Year ended December 31, 2018

23. Segmented reporting (continued):

	Community safety	Utilities	Engineering, public works and project development	Community services	General government	Planning and development	Total City subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 216,908	\$ -	\$ 216,908
User fees	-	91,168	11,747	-	-	-	102,915
Sales of services	6,196	2,816	2,646	9,050	7,730	2,246	30,684
Payments-in-lieu of taxes	-	-	-	-	15,489	-	15,489
Provincial and federal grants	154	-	3,658	139	3,125	-	7,076
Development cost charges	-	1,226	2,911	4,517	2,202	6,576	17,432
Other capital funding sources	-	1,013	15,966	6,402	69,654	2,824	95,859
Other revenue:							
Investment income	-	543	-	-	20,143	-	20,686
Gaming revenue	687	-	-	-	16,150	-	16,837
Licenses and permits	4,480	6	588	-	10	8,553	13,637
Other	2,373	3,248	701	936	39,303	106	46,667
Equity income	-	-	-	-	1,491	-	1,491
	13,890	100,020	38,217	21,044	392,205	20,305	585,681
Expenses:							
Wages and salaries	41,735	12,698	23,450	32,656	25,445	10,258	146,242
Public works maintenance	61	6,694	5,910	1,950	(1,447)	235	13,403
Contract services	50,867	8,957	3,609	4,609	3,552	1,484	73,078
Supplies and materials	3,094	31,151	1,777	14,438	10,641	673	61,774
Interest and finance	70	21,217	-	67	1,792	-	23,146
Transfer from (to) capital for tangible capital assets	(50)	1,113	7,353	3,241	455	1,291	13,403
Amortization of tangible capital assets	2,750	8,070	26,809	6,921	11,764	1,331	57,645
Loss (gain) on disposal of tangible capital assets	(27)	59	(115)	-	347	96	360
	98,500	89,959	68,793	63,882	52,549	15,368	389,051
Annual surplus (deficit)	\$ (84,610)	\$ 10,061	\$ (30,576)	\$ (42,838)	\$ 339,656	\$ 4,937	\$ 196,630

CITY OF RICHMOND

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

Year ended December 31, 2018

23. Segmented reporting (continued):

	Total City subtotal	Richmond Olympic Oval	Richmond Public Library	2018 Consolidated	2017 Consolidated
Revenue:					
Taxation and levies	\$ 216,908	\$ -	\$ -	\$ 216,908	\$ 206,901
User fees	102,915	-	-	102,915	99,493
Sales of services	30,684	8,346	81	39,111	39,430
Payments-in-lieu of taxes	15,489	-	-	15,489	14,647
Provincial and federal grants	7,076	2,899	380	10,355	9,276
Development cost charges	17,432	-	-	17,432	15,710
Other capital funding sources	95,859	-	-	95,859	57,570
Other revenue:					
Investment income	20,686	-	19	20,705	17,832
Gaming revenue	16,837	-	-	16,837	16,753
Licenses and permits	13,637	-	-	13,637	13,011
Other	46,667	1,764	247	48,678	31,502
Equity income	1,491	-	-	1,491	1,042
	585,681	13,009	727	599,417	523,167
Expenses:					
Wages and salaries	146,242	8,919	7,170	162,331	159,576
Public works maintenance	13,403	-	2	13,405	14,973
Contract services	73,078	-	401	73,479	64,912
Supplies and materials	61,774	4,798	1,347	67,919	65,959
Interest and finance	23,146	-	3	23,149	23,216
Transfer from (to) capital for tangible capital assets	13,403	-	(96)	13,307	25,712
Amortization of tangible capital assets	57,645	1,707	1,190	60,542	58,012
Loss (gain) on disposal of tangible capital assets	360	-	(36)	324	924
	389,051	15,424	9,981	414,456	413,284
Annual surplus (deficit)	\$ 196,630	\$ (2,415)	\$ (9,254)	\$ 184,961	\$ 109,883

CITY OF RICHMOND

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

Year ended December 31, 2018

24. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated Financial Plan adopted by Council on March 12, 2018. The table below reconciles the adopted Consolidated Financial Plan to the budget amounts reported in these consolidated financial statements.

	Financial plan Bylaw No. 9800	Financial statement budget
Consolidated financial plan:		
Revenue	\$ 521,494	\$ 521,494
Expenses	439,367	439,367
Annual surplus	82,127	82,127
Less:		
Acquisition of tangible capital assets	(419,998)	-
Contributed tangible capital assets	(47,410)	-
Transfer to reserves	(66,999)	-
Debt principal	(4,761)	-
Add:		
Capital funding	422,925	-
Transfer from surplus	34,116	-
Annual surplus	\$ -	\$ 82,127

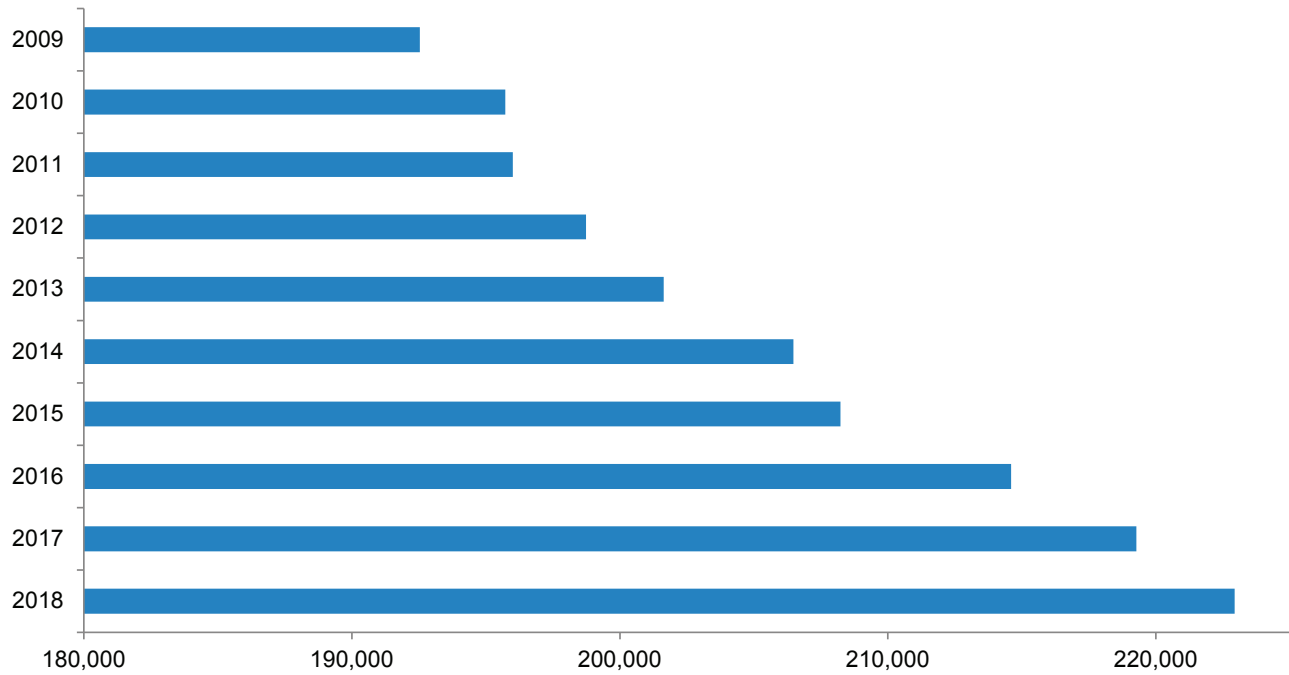
25. Comparative information:

Certain comparative information has been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

City of Richmond statistical data

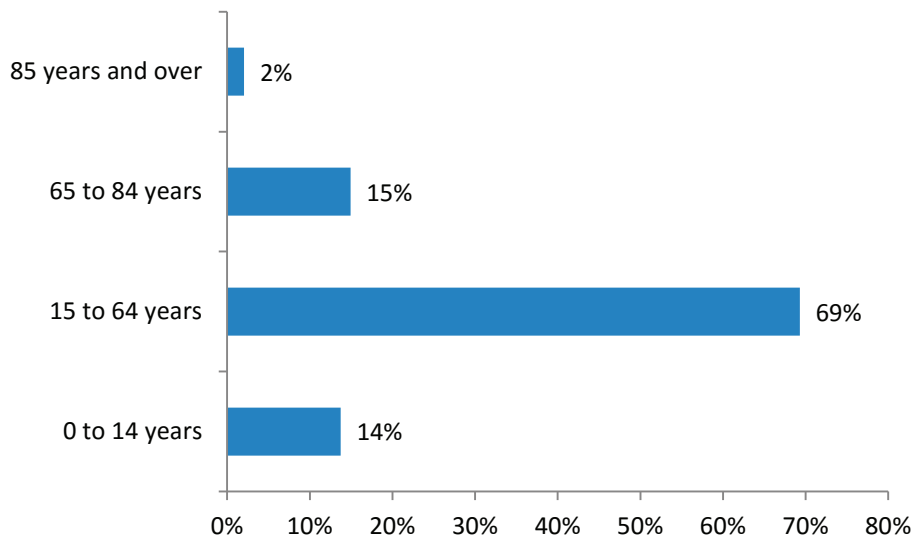
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City of Richmond population 2009–2018



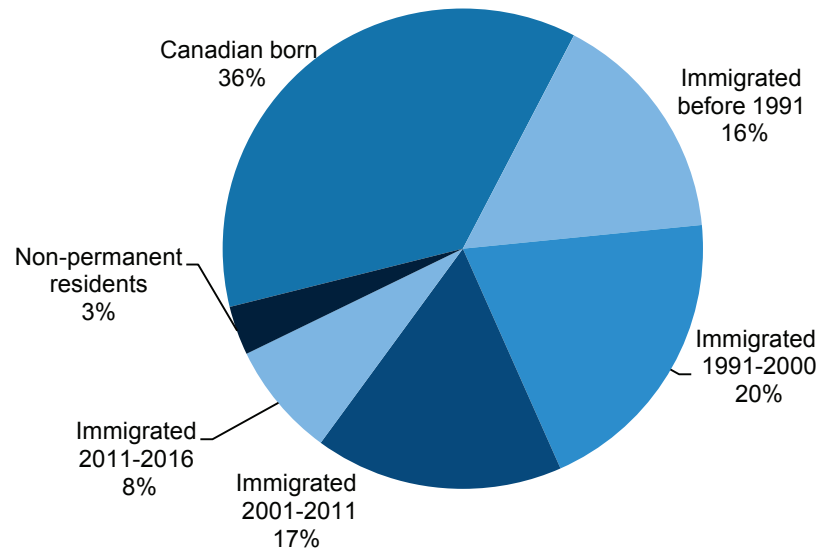
Source: BC Stats

Total population by age groups



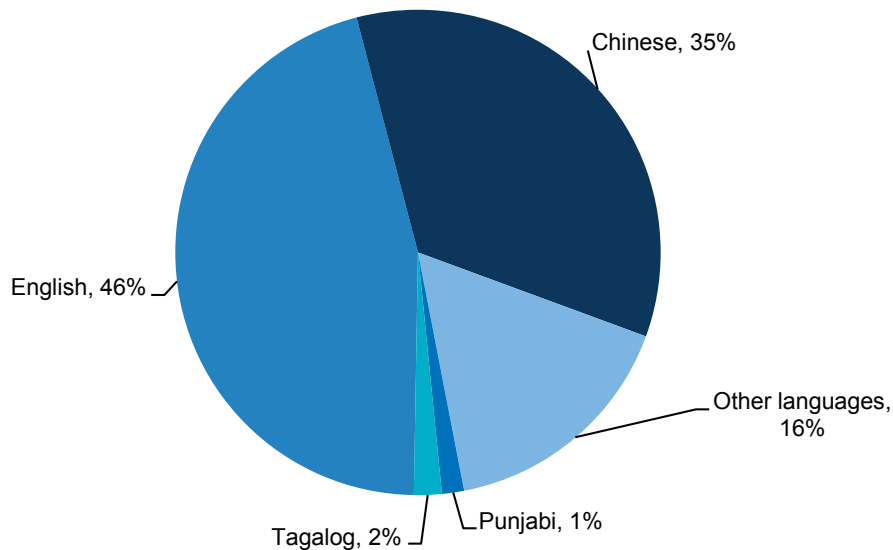
Source: Statistics Canada, 2016 Census of Population

Immigrant status of Richmond residents by period of immigration



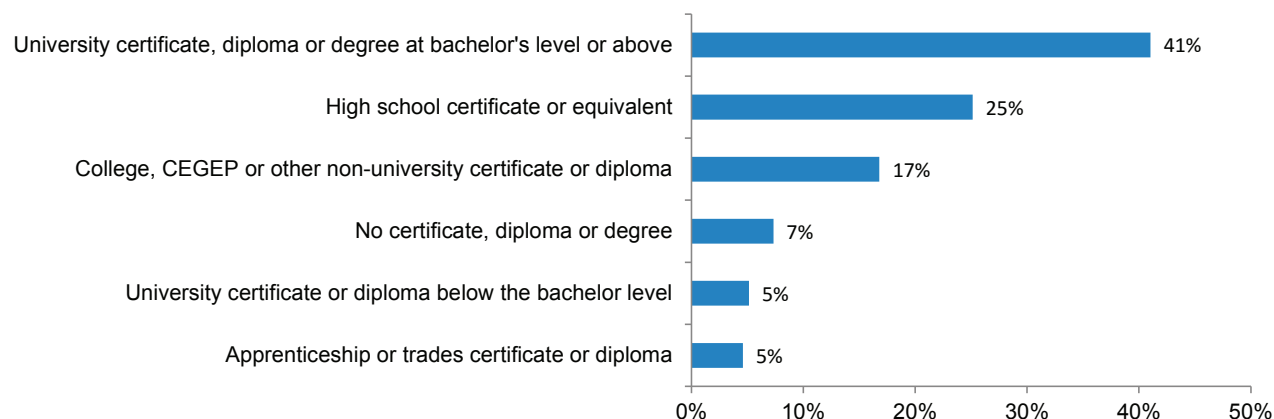
Source: Statistics Canada, 2016 Census of Population

Language spoken most often at home



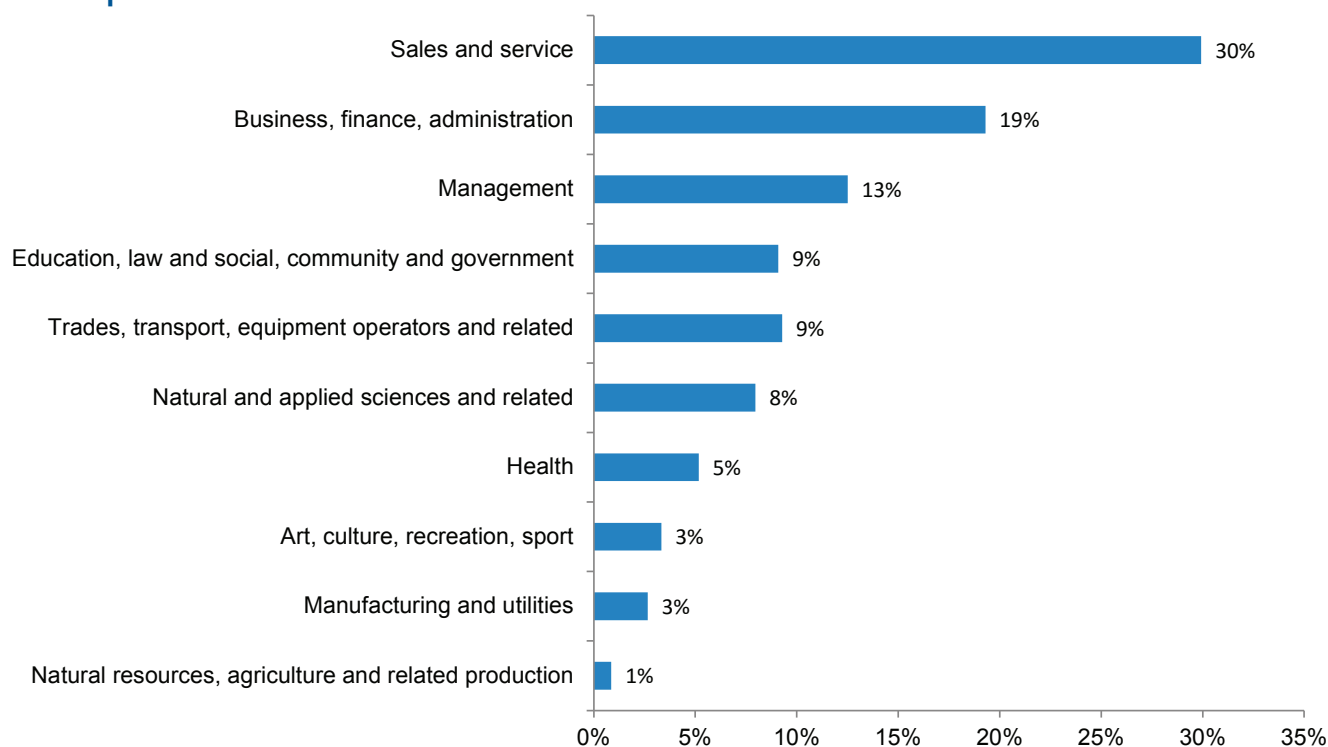
Source: Statistics Canada, 2016 Census of Population

Highest level of education attainment for the population aged 25 to 64



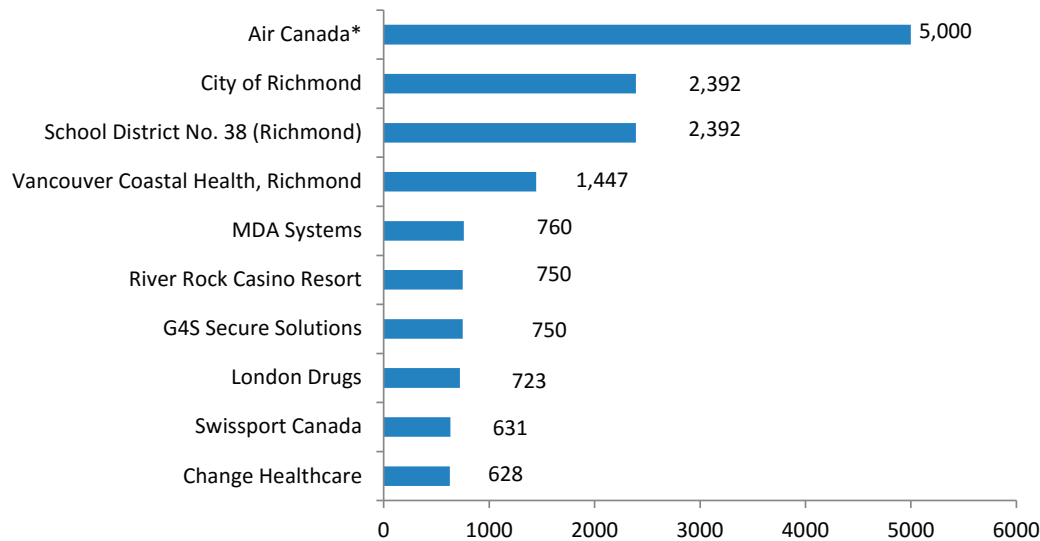
Source: Statistics Canada, 2016 Census of Population

Occupations of Richmond residents



Source: Statistics Canada, 2016 Census of Population

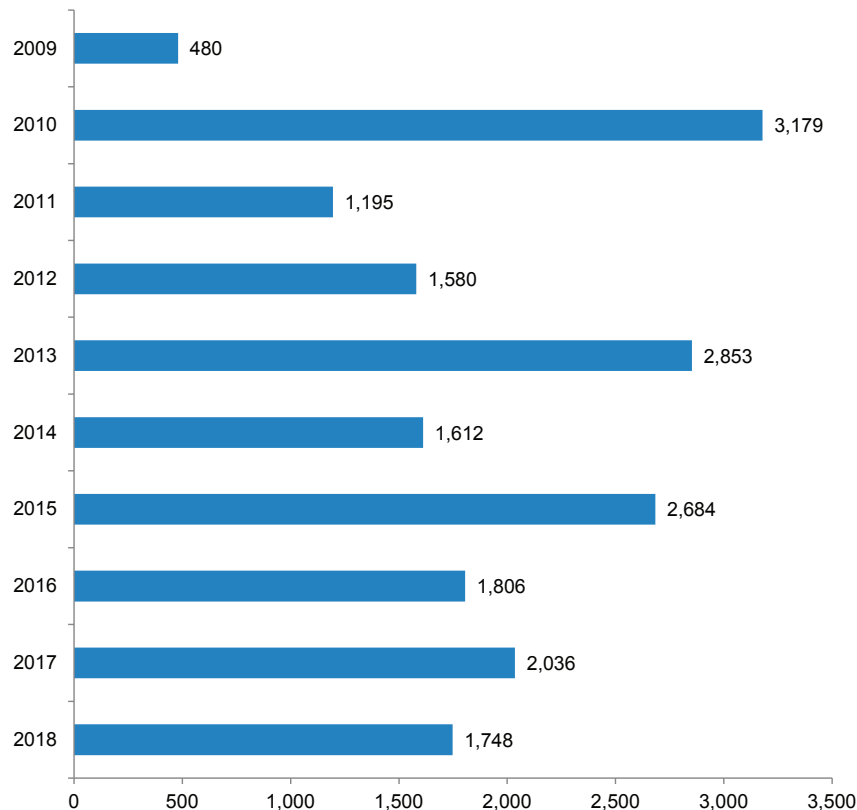
Top 10 Largest employers in Richmond



Source: 2018 City of Richmond—Business Licences

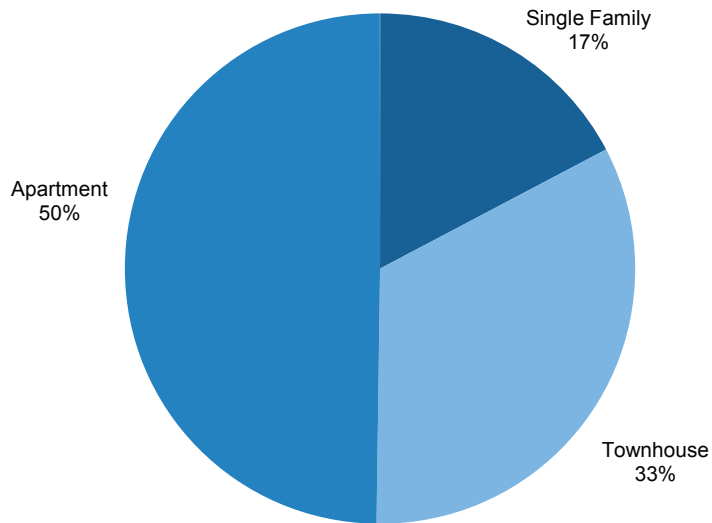
*Approximate

Housing starts in Richmond 2009–2018



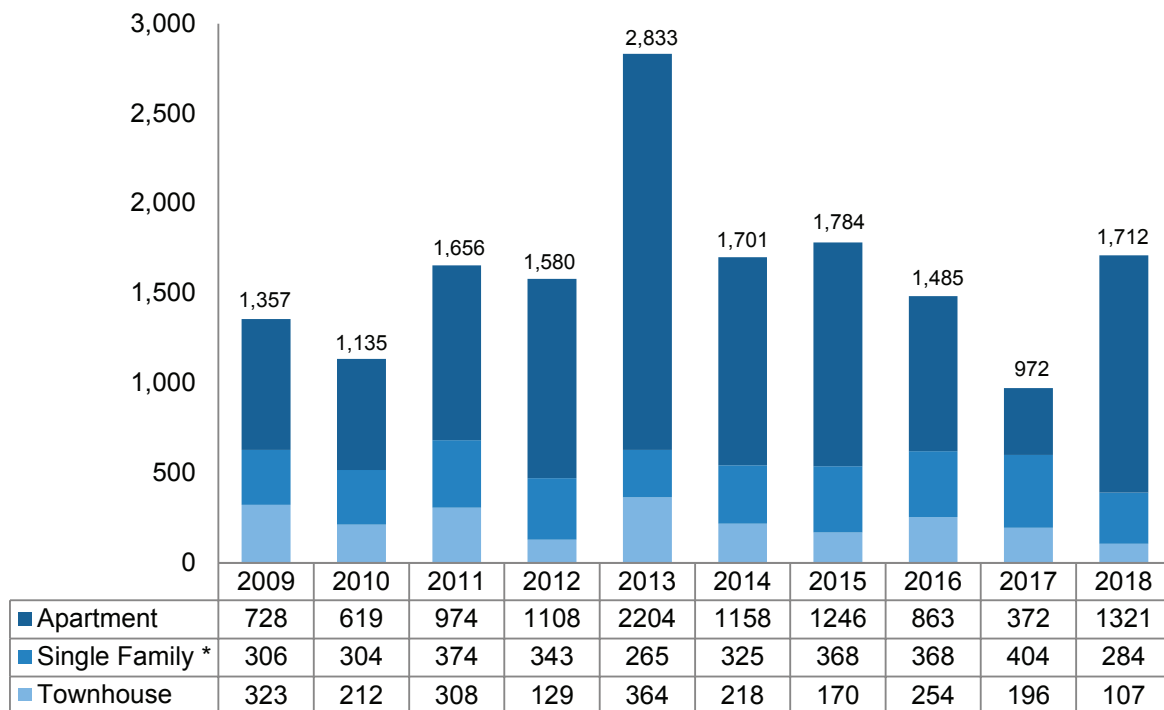
Source: City of Richmond building permit records. Includes only projects for new residential construction receiving final building permit in given year.

Richmond housing starts by type of units 2018



Source: City of Richmond building permit records. Includes only projects for new residential construction receiving final building permit in given year.

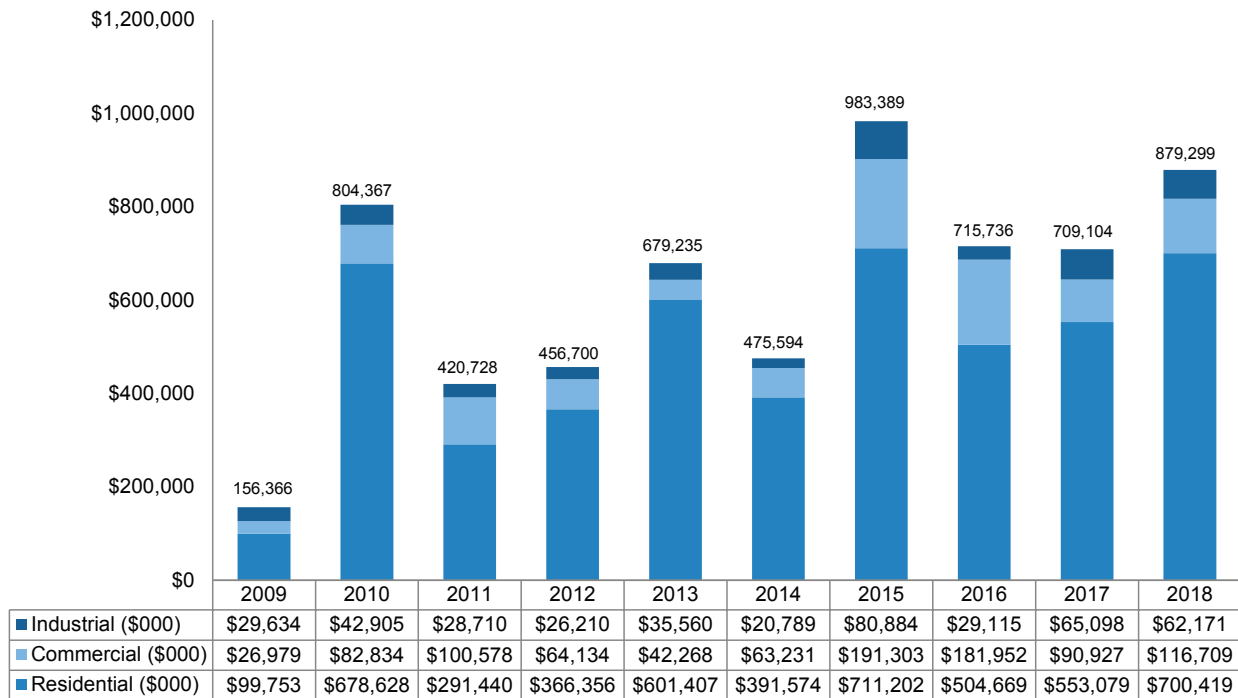
New dwelling units constructed 2009–2018



*Includes one family and two family dwellings

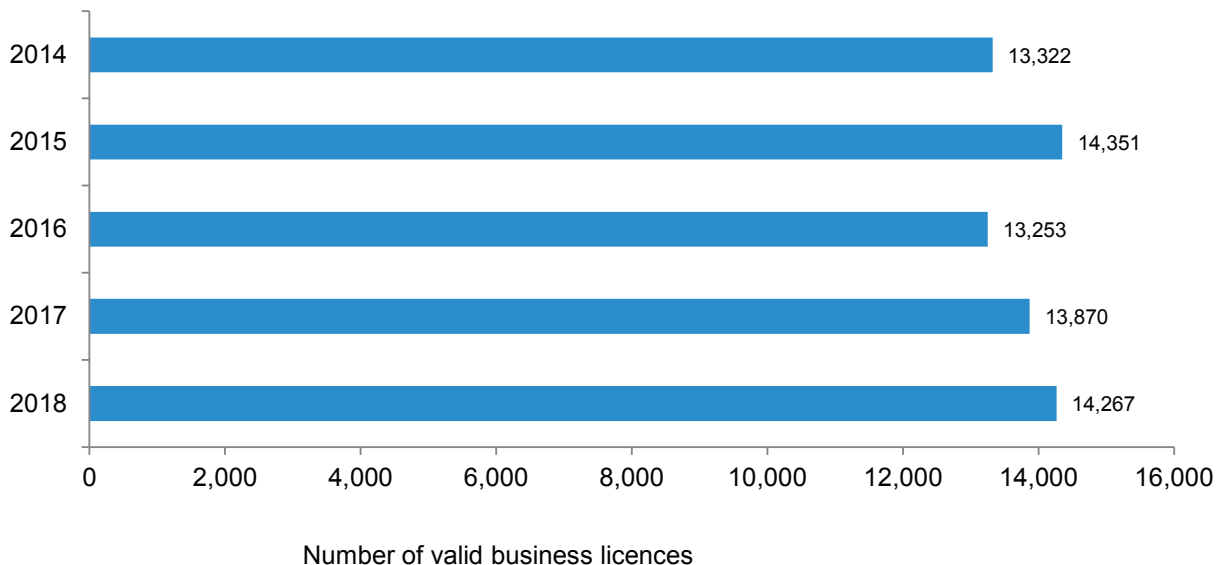
Source: City of Richmond building permit records. Includes only projects for new residential construction receiving final building permit in given year.

Construction value of building permits issued 2009–2018 (in \$000s)



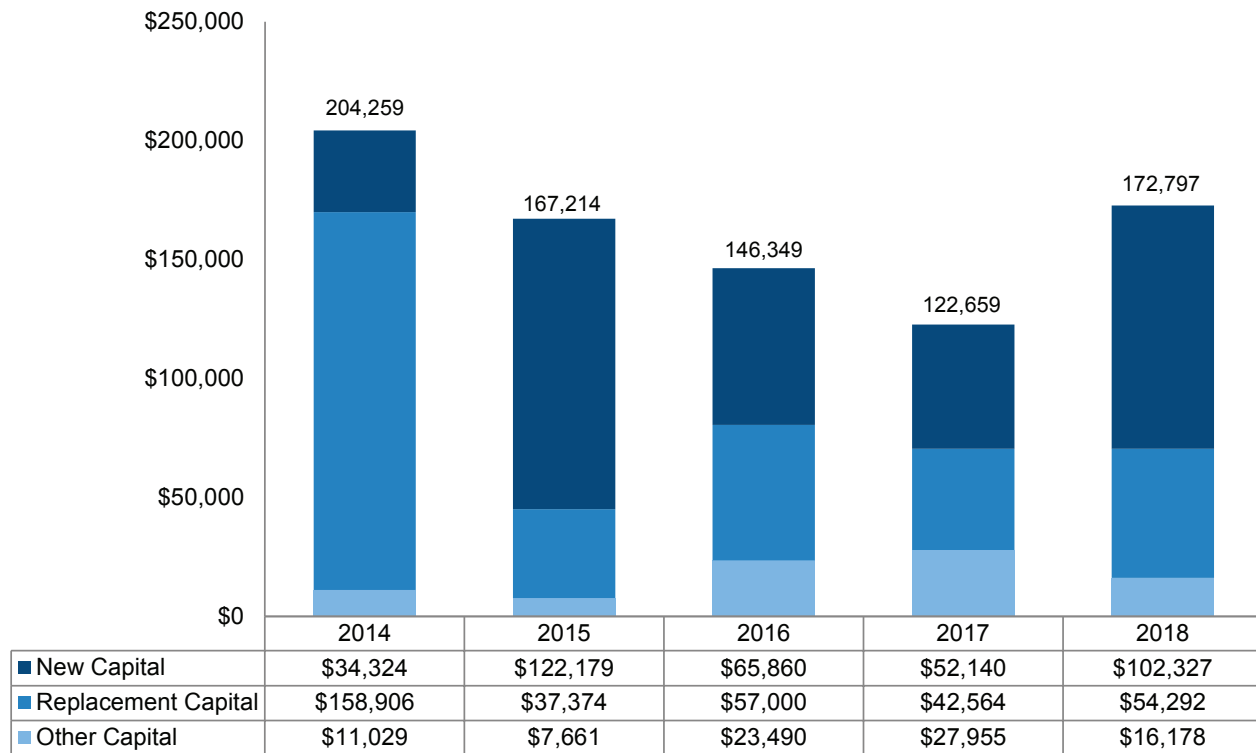
Source: City of Richmond building permit records

Richmond business licences 2014–2018



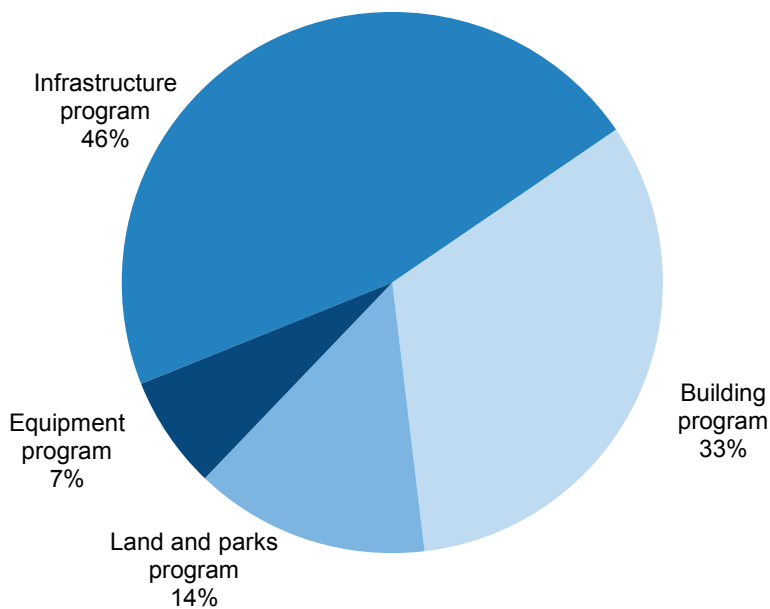
Source: 2018 City of Richmond—Business Licences

City of Richmond budgeted capital costs 2014–2018 (in \$000s)



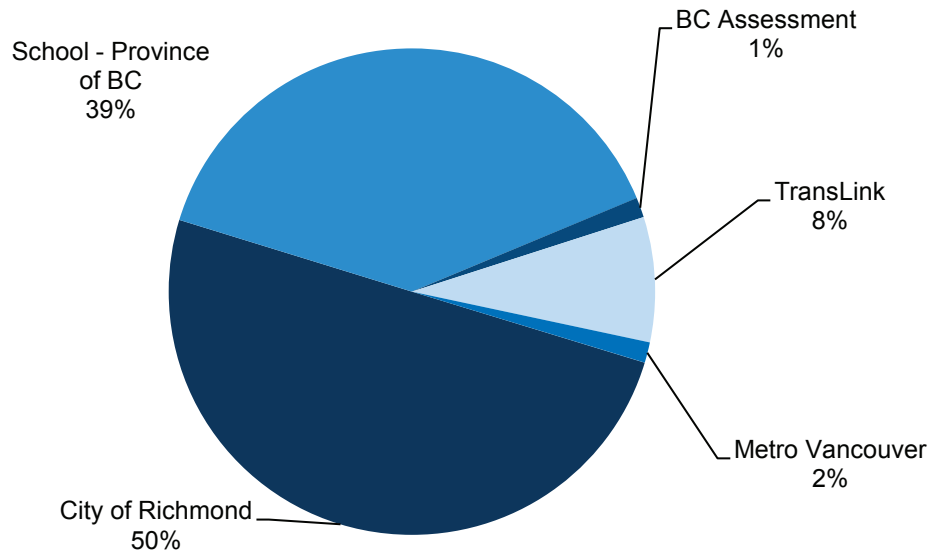
Source: City of Richmond Finance and Corporate Services

Capital program by type 2018



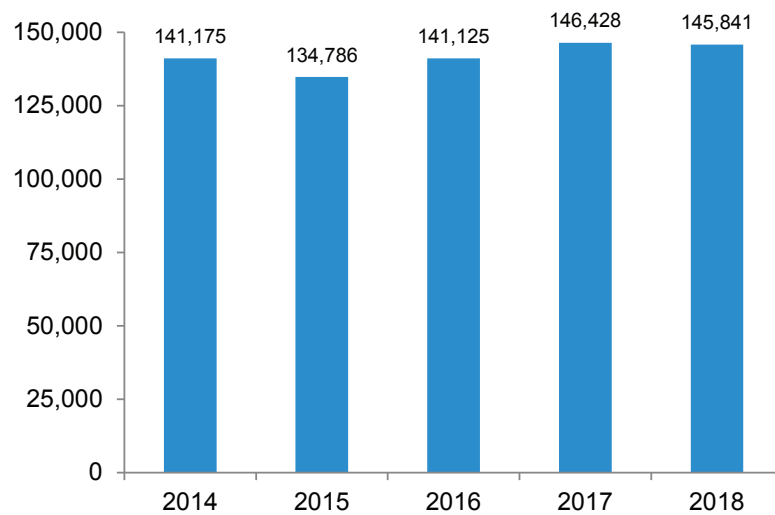
Source: City of Richmond Finance and Corporate Services

Breakdown of residential tax bill 2018



Source: City of Richmond Finance and Corporate Services

Registration in Richmond Recreation and Cultural Services programs 2014–2018



Source: City of Richmond Finance and Corporate Services

2018 tax rates

	City of Richmond	School - Province of BC	Metro Vancouver	BC Assessment	Municipal Finance Authority	TransLink
Residential	1.51524	1.06780	0.04248	0.04030	0.00020	0.21150
Business	4.83440	4.20000	0.10409	0.12410	0.00050	0.93960
Light industrial	4.83440	4.20000	0.14445	0.12410	0.00070	1.16200
Seasonal / Recreational	1.58328	2.50000	0.04248	0.04030	0.00020	0.18580
Major industrial	11.80024	1.68000	0.14445	0.50370	0.00070	1.69930
Farm	13.47100	3.50000	0.04248	0.04030	0.00020	0.34580
Utilities	31.59054	13.40000	0.14870	0.50370	0.00070	2.45570

Source: City of Richmond Finance and Corporate Services

2018 general revenue fund assessment and taxation by property class (in \$000s)

	Assessment	% of assessment by class	Taxation	% of taxation by class
Residential	\$80,530,838	80.66%	\$122,023	56.19%
Business	15,848,533	15.87%	76,308	35.14%
Light industrial	2,998,757	3.00%	14,807	6.82%
Seasonal / Recreational	200,893	0.20%	318	0.15%
Major industrial	204,542	0.20%	2,414	1.11%
Farm	26,297	0.03%	354	0.16%
Utilities	29,250	0.03%	924	0.43%
Total	\$99,839,110	100.00%	\$217,149	100.00%

Source: City of Richmond Finance and Corporate Services
Amounts are based on billing

Taxes levied on behalf of taxing authorities (in \$000s)

	2014	2015	2016	2017	2018
City of Richmond	\$183,687	\$190,074	\$199,744	\$207,802	\$216,908
School Board	133,539	147,087	150,420	162,120	169,005
Metro Vancouver	4,253	4,499	4,859	5,216	5,915
BC Assessment	4,843	4,973	5,087	5,517	5,737
TransLink	31,935	32,644	32,623	34,380	35,991
Other	15	16	18	23	26
Total Taxes	\$358,272	\$379,293	\$392,752	\$415,058	\$433,582

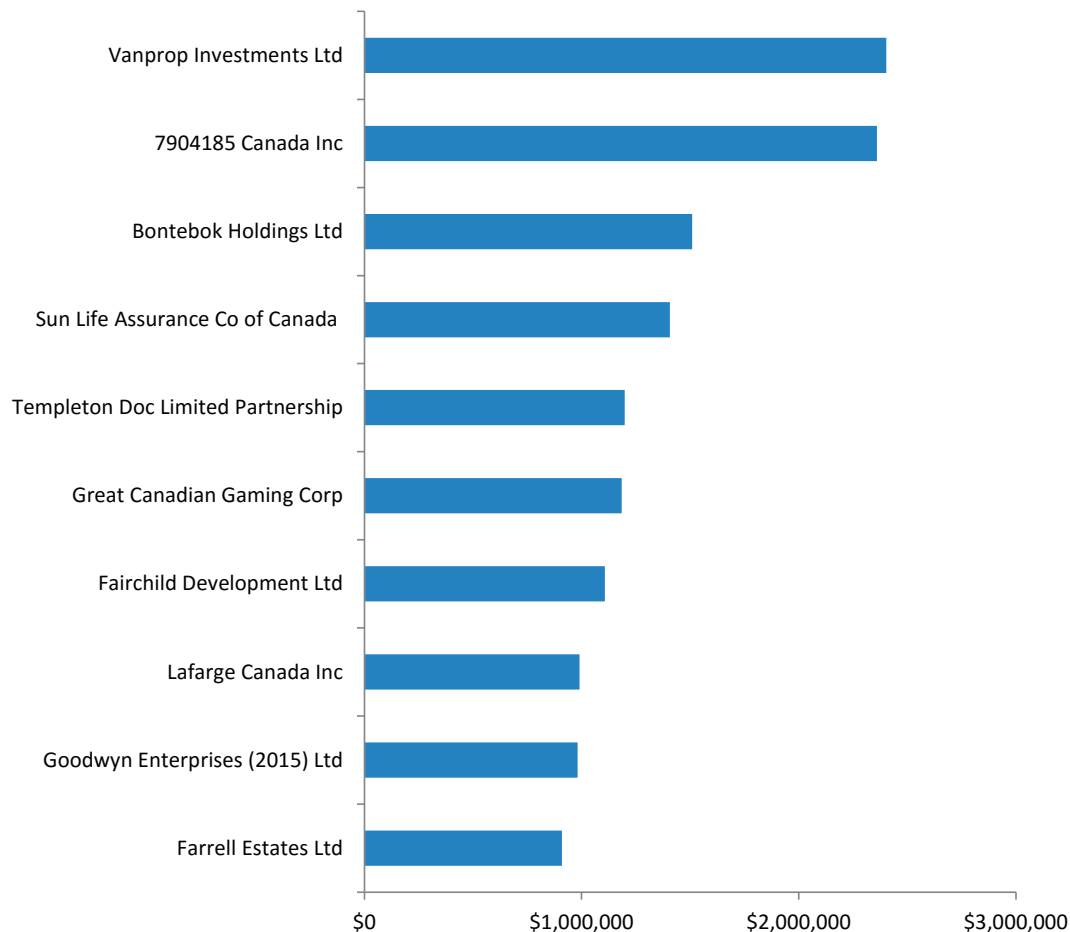
Source: City of Richmond Finance and Corporate Services
Amounts are less supplementary adjustments

2014–2018 general assessment by property class (in \$000s)

	2014	2015	2016	2017	2018
Residential	\$44,543,518	\$47,402,471	\$53,427,310	\$73,414,252	\$80,530,838
Business	9,001,342	9,770,812	10,669,183	13,093,222	15,848,533
Light industrial	2,100,089	2,208,027	2,338,871	2,624,855	2,998,757
Seasonal / Recreational	97,338	144,622	126,430	183,360	200,893
Major industrial	125,716	137,265	139,616	215,246	204,542
Farm	26,112	26,364	26,650	26,566	26,297
Utilities	20,888	21,195	22,181	26,541	29,250
Total	\$55,915,003	\$59,710,756	\$66,750,242	\$89,584,043	\$99,839,110

Source: City of Richmond Finance and Corporate Services

Top 10 corporate taxpayers in Richmond



Source: City of Richmond Finance and Corporate Services

Debt servicing costs compared to general taxation revenue 2014–2018 (in \$000s)

	2014	2015	2016	2017	2018
Debt servicing costs	2,563	5,931	5,916	5,909	5,909
General taxation revenue	\$183,687	\$189,136	\$198,612	\$206,901	\$216,908
Debt servicing costs as a % of general Taxation revenue	1.40%	3.14%	2.98%	2.86%	2.72%

Source: City of Richmond Finance and Corporate Services

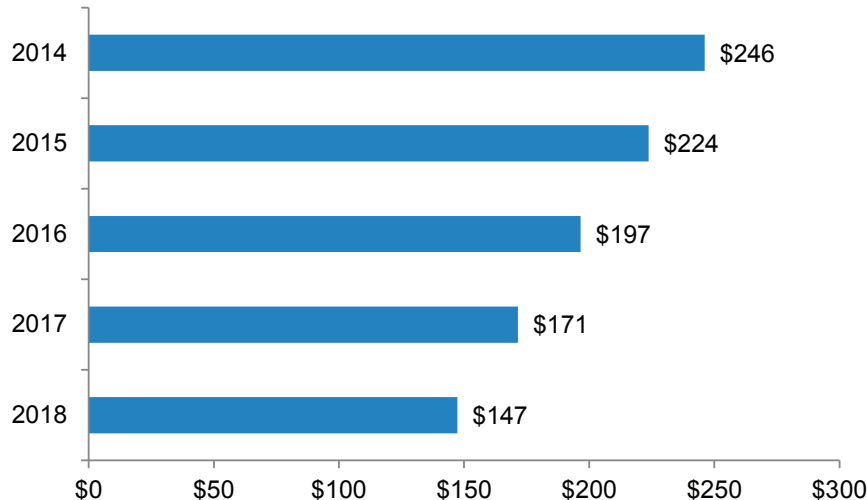
Liability servicing limit 2014–2018 (in \$000s)

	2014	2015	2016	2017	2018
Liability servicing limit	97,839	102,323	103,514	107,317	112,425

The liability servicing limit is a calculated amount based on 25% of specific municipal revenues.

Source: City of Richmond Finance and Corporate Services

City of Richmond debt per capita 2014–2018



Source: City of Richmond Finance and Corporate Services

Net debt 2014–2018 (in \$000s)

	2014	2015	2016	2017	2018
Net debt	\$50,815	\$46,583	\$42,181	\$37,603	\$32,842

Source: City of Richmond Finance and Corporate Services

Expenses by function 2014–2018 (in \$000s)

	2014*	2015	2016*	2017	2018
Community safety	\$83,820	\$85,386	\$88,702	\$89,933	\$98,500
Utilities	79,552	83,650	84,183	87,757	89,959
Engineering and public works	55,899	56,294	61,243	66,120	68,793
Community services	65,137**	68,246**	59,618	77,387**	63,882
General government	42,582	43,438	45,634	51,720	52,549
Planning and development	13,301	13,211	14,233	15,417	15,368
Richmond Olympic Oval	11,065	13,395	15,120	15,331	15,424
Library services	9,563	9,463	9,788	9,619	9,981
Lulu Island Energy Company	8	491	943	-	-
Total expenses	\$360,927	\$373,574	\$379,464	\$413,284	\$414,456

* Amounts have been restated.

** Includes one-time affordable housing contributions.

Source: City of Richmond Finance and Corporate Services

Expenses by object 2014–2018 (in \$000s)

	2014*	2015	2016*	2017	2018
Wages, salaries and benefits	\$142,169	\$147,996	\$152,286	\$159,576	\$162,331
Contract services	58,121	59,073	63,583	64,912	73,479
Supplies, materials	53,749	55,750	60,227	65,959	67,919
Public works maintenance	14,548	15,294	14,368	14,973	13,405
Interest and finance	21,367	21,391	22,602	23,216	23,149
Transfer from (to) capital for tangible capital assets	18,192	19,349	9,417	25,712	13,307
Amortization of tangible capital assets	52,106	53,966	55,960	58,012	60,542
Loss/(gain) on disposal of tangible capital assets	675	755	1,021	924	324
Total Expenses	\$360,927	\$373,574	\$379,464	\$413,284	\$414,456

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Revenue by source 2014–2018 (in \$000s)

	2014*	2015	2016*	2017	2018
Taxation and levies	\$183,687	\$189,136	\$198,612	\$206,901	\$216,908
Utility fees	93,201	94,290	97,819	99,493	102,915
Sales of services	32,809	34,186	38,231	39,430	39,111
Licences and permits	9,819	10,747	12,422	13,011	13,637
Investment income	16,568	16,303	17,614	17,832	20,705
Grants including gaming revenue	43,073	43,318	41,430	40,676	42,681
Development cost charges	18,765	17,818	16,632	15,710	17,432
Other capital funding	63,221	72,575	34,283	57,570	95,859
Other	35,194	48,755	35,543	32,544	50,169
Total revenue	\$496,337	\$527,128	\$492,586	\$523,167	\$599,417

*Amounts have been restated

Source: City of Richmond Finance and Corporate Services

Accumulated surplus 2014–2018 (in \$000s)

	2014*	2015	2016*	2017**	2018
Accumulated surplus, beginning of year	\$2,442,230	\$2,577,640	\$2,735,306	\$2,846,246	\$2,956,129
Annual surplus	135,410	153,554	113,122	109,883	184,961
Accumulated surplus, end of year	\$2,577,640	\$2,731,194	\$2,848,428	\$2,956,129	\$3,141,090

*Amounts have been restated

** Opening adjustment for change in accounting treatment for a government business enterprise

Source: City of Richmond Finance and Corporate Services

Changes in net financial assets 2014–2018 (in \$000s)

	2014*	2015	2016*	2017	2018
Change in net financial assets	\$53,623	\$61,390	(\$1,271)	\$35,351	\$65,031
Net financial assets, end of year	\$602,620	\$664,010	\$662,739	\$698,090	763,121

*Amounts have been restated

Source: City of Richmond Finance and Corporate Services

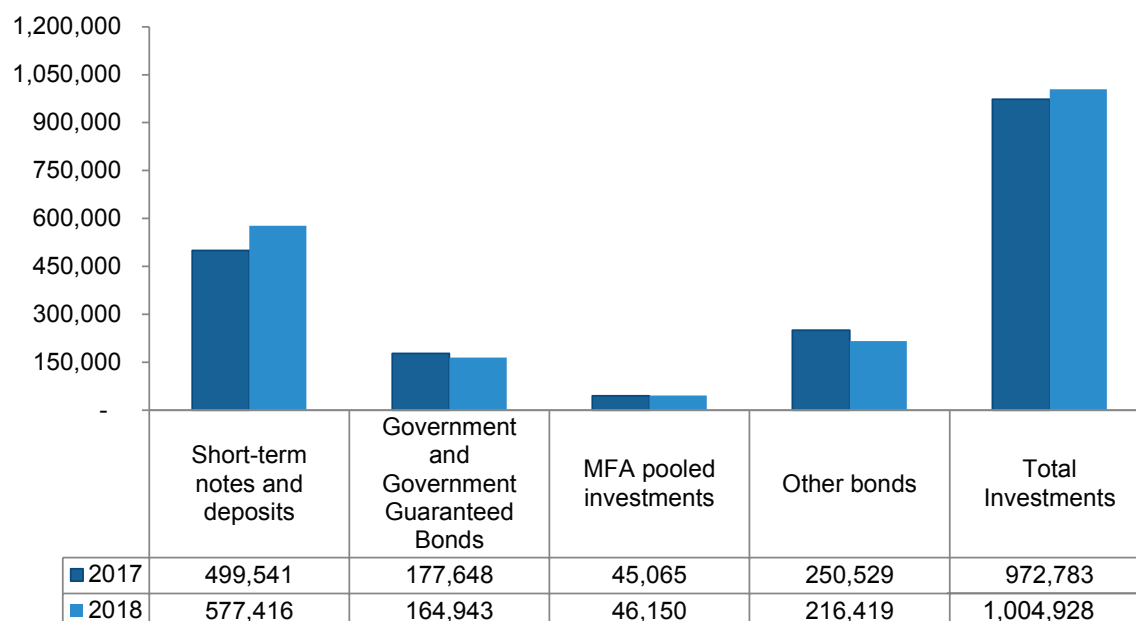
Reserves 2014–2018 (in \$000s)

	2014*	2015	2016	2017	2018
Affordable housing	\$12,551	\$24,934	\$23,726	\$10,168	\$10,836
Arts, culture and heritage	4,362	4,449	4,538	4,183	4,003
Capital building and infrastructure	55,651	60,412	63,476	69,731	81,763
Capital reserve	103,806	157,778	155,672	163,599	176,142
Capstan Station	8,241	9,508	14,957	19,725	32,332
Child care development	2,201	2,335	3,789	3,006	6,806
Community legacy and land replacement	16,720	16,994	8,413	8,623	8,852
Drainage improvement	44,505	52,922	55,903	56,956	56,132
Equipment replacement	17,241	16,882	18,571	22,168	19,600
Hamilton area plan community amenity	-	-	-	735	752
Leisure facilities	3,621	5,275	5,568	6,765	18,765
Local improvements	6,643	6,767	6,222	6,047	7,155
Neighbourhood improvement	6,724	6,975	6,933	7,100	7,520
Richmond Olympic Oval	4,328	3,191	4,261	4,749	6,324
Public art program	2,554	3,056	3,108	3,861	4,860
Sanitary sewer	39,504	41,687	44,527	42,909	44,107
Steveston off-street parking	293	299	305	310	317
Steveston road ends	623	458	407	211	155
Waterfront improvement	659	642	615	344	317
Watermain replacement	46,375	46,614	50,855	53,693	53,415
Total Reserves	\$376,602	\$461,178	\$471,846	\$484,883	\$540,153

* Amounts have been restated.

Source: City of Richmond Finance and Corporate Services

Investment portfolio per type 2017–2018 (in \$000s)



Source: City of Richmond Finance and Corporate Services

Ratio analysis indicators of financial condition

	2018	2017
Sustainability ratios		
Assets to liabilities (times)	7.7	8.1
Financial assets to liabilities (times)	2.6	2.7
Net debt to total revenues	5.5%	7.2%
Net debt to the total assessment	0.03%	0.04%
Expenses to the total assessment	0.4%	0.5%
Flexibility ratios		
Public debt charges to revenues	0.3%	0.3%
Net book value of capital assets to its cost	68.3%	68.3%
Own source revenue to the assessment	0.5%	0.5%
Vulnerability ratios		
Government transfers to total revenues	4.5%	5.0%

Source: City of Richmond Finance and Corporate Services

2018 permissive property tax exemptions

In accordance with Section 98 (2)(b) of the Community Charter, we disclose that the following properties were provided permissive property tax exemptions by Richmond City Council in 2018. Permissive tax exemptions are those exemptions granted by bylaw in accordance with Section 224 of the Community Charter.

Property / Organization	Address	2018 Municipal tax exempted
Churches and religious properties		
Aga Khan Foundation Canada	4000 May Drive	\$ 24,810
BC Muslim Association	12300 Blundell Road	2,315
Bakerview Gospel Chapel	8991 Francis Road	3,708
Beth Tikvah Congregation	9711 Geal Road	18,197
Bethany Baptist Church	22680 Westminster Highway	21,173
Brighthouse United Church	8151 Bennett Road	19,577
Broadmoor Baptist Church	8140 Saunders Road	15,515
Canadian Martyrs Parish	5771 Granville Avenue	25,378
Christian and Missionary Alliance	3360 Sexsmith Road	5,175
Christian Reformed Church	9280 No. 2 Road	21,721
Church in Richmond	4460 Brown Road	3,618
Church of Latter Day Saints	8440 Williams Road	25,492
Cornerstone Evangelical Baptist Church	12011 Blundell Road	755
Dharma Drum Mountain Buddhist Temple	8240 No. 5 Road	2,301
Emmanuel Christian Community	10351 No. 1 Road	11,042
Faith Evangelical Church	11960 Montego Street	4,967
Fraserview Mennonite Brethren Church	11295 Mellis Drive	12,791
Fujian Evangelical Church	12200 Blundell Road	5,609
Gilmore Park United Church	8060 No. 1 Road	5,627
I Kuan Tao (Fayi Chungder) Association	8866 Odlin Crescent	4,734
Immanuel Christian Reformed Church	7600 No. 4 Road	4,181
India Cultural Centre	8600 No. 5 Road	6,486
International Buddhist Society	9160 Steveston Highway	4,822
Johrei Fellowship Inc	10380 Odlin Road	7,666
Lansdowne Congregation Jehovah's Witnesses	11014 Westminster Highway	2,990
Larch St. Gospel Meeting Room	8020 No. 5 Road	2,998
Ling Yen Mountain Temple	10060 No. 5 Road	4,964
Nanaksar Gurdwara Gursikh Temple	18691 Westminster Highway	2,739
North Richmond Alliance Church	9140 Granville Avenue	6,415
Our Savior Lutheran Church	6340 No. 4 Road	4,977
Parish of St. Alban's	7260 St. Albans Road	18,159

Churches and religious properties continued . . .

Patterson Road Assembly	9291 Walford Street	\$ 1,201
Peace Evangelical Church	8280 No 5 Road	3,769
Peace Mennonite Church	11571 Daniels Road	22,939
Richmond Alliance Church	11371 No. 3 Road	4,056
Richmond Baptist Church	6560 Blundell Road	3,624
Richmond Baptist Church	6640 Blundell Road	12,737
Richmond Bethel Mennonite Church	10160 No. 5 Road	10,427
Richmond Chinese Alliance Church	10100 No. 1 Road	17,750
Richmond Chinese Evangelical Free Church	8040 No. 5 Road	3,675
Richmond Emmanuel Church	7451 Elmbridge Way	14,967
Richmond Pentecostal Church	9300 Westminster Highway	9,582
Richmond Pentecostal Church	9260 Westminster Highway	2,057
Richmond Presbyterian Church	7111 No. 2 Road	11,871
Richmond Sea Island United Church	8711 Cambie Road	17,042
Salvation Army Church	8280 Gilbert Road	4,718
Science of Spirituality SKRM Inc	11011 Shell Road	1,886
Shia Muslim Community	8580 No. 5 Road	2,042
South Arm United Church	11051 No. 3 Road	1,883
St. Anne's Anglican Church	4071 Francis Road	8,896
St. Gregory Armenian Apostolic Church	13780 Westminster Highway	2,053
St. Joseph the Worker Roman Catholic Church	4451 Williams Road	4,844
St. Monica's Roman Catholic Church	12011 Woodhead Road	13,568
St. Paul's Roman Catholic Parish	8251 St. Albans Road	18,811
Steveston Buddhist Temple	4360 Garry Street	27,437
Steveston Congregation Jehovah's Witnesses	4260 Williams Road	11,586
Steveston United Church	3720 Broadway Street	6,871
Subramaniya Swamy Temple	8840 No. 5 Road	1,614
Thrangu Monastery Association	8140 No. 5 Road	4,323
Thrangu Monastery Association	8160 No. 5 Road	1,553
Towers Baptist Church	10311 Albion Road	10,660
Trinity Lutheran Church	7100 Granville Avenue	19,703
Trinity Pacific Church	10011 No. 5 Road	7,489
Ukrainian Catholic Church	8700 Railway Avenue	5,458
Vancouver Airport Chaplaincy	3211 Grant McConachie Way	3,233
Vancouver International Buddhist Progress Society	6690 - 8181 Cambie Road	6,373
Vancouver International Buddhist Progress Society	8271 Cambie Road	8,715
Vedic Cultural Society of B.C.	8200 No. 5 Road	3,719
West Richmond Gospel Hall	5651 Francis Road	6,977

Recreation, child care, and community service properties

Atira Women's Resource Society	650-5688 Hollybridge Way	\$ 4,496
Canadian Sport Institute Pacific Society	2005 - 6111 River Road	4,655
Cook Road Children's Centre	8300 Cook Road	1,882
Cranberry Children's Centre	23591 Westminster Highway	2,876
Girl Guides of Canada	4780 Blundell Road	2,637
Girl Guides of Canada	11551 Dyke Road	16,040
Navy League of Canada	7411 River Road	9,202
Richmond Animal Protection Society	12071 No. 5 Road	10,215
Richmond Caring Place	7000 Minoru Boulevard	110,279
Richmond Centre for Disabilities	100 - 5671 No. 3 Road	21,255
Richmond Family Place	8660 Ash Street	9,320
Richmond Ice Centre	14140 Triangle Road	186,498
Richmond Lawn Bowling Club	6131 Bowling Green Road	37,507
Richmond Gymnastics Association	140-7400 River Road	9,982
Richmond Olympic Oval	6111 River Road	1,272,677
Richmond Public Library	11580 Cambie Road	2,892
Richmond Public Library	11688 Steveston Highway	5,173
Richmond Rod and Gun Club	7760 River Road	24,856
Richmond Rod and Gun Club	140-7400 River Road	4,991
Richmond Tennis Club	6820 Gilbert Road	45,385
Richmond Winter Club	5540 Hollybridge Way	196,912
Riverside Children's Centre	5862 Dover Crescent	836
Scotch Pond Heritage	2220 Chatham Street	6,497
Terra Nova Children's Centre	6011 Blanchard Drive	2,033
Treehouse Learning Centre	100 - 5500 Andrews Road	1,613
Watermania	14300 Entertainment Boulevard	194,412
West Cambie Childcare Centre	4033 Stolberg Street	3,030

Senior citizen housing

Richmond Legion Senior Citizen Society	7251 Langton Road	\$ 18,476
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Community care facilities

Canadian Mental Health Association	8911 Westminster Highway	\$ 10,264
Developmental Disabilities Association	6531 Azure Road	2,573
Developmental Disabilities Association	8400 Robinson Road	3,158
Developmental Disabilities Association	7611 Langton Road	3,080
Greater Vancouver Community Service	4811 Williams Road	2,691
Pinegrove Place, Mennonite Care Home Society	11331 Mellis Drive	13,601
Richmond Lions Manor	9020 Bridgeport Road	16,605
Richmond Society for Community Living	303 - 7560 Moffatt Road	773
Richmond Society for Community Living	4433 Francis Road	2,140
Richmond Society for Community Living	5635 Steveston Highway	1,953
Richmond Society for Community Living	9 - 11020 No. 1 Road	1,019
Richmond Society for Community Living	9580 Pendleton Road	2,935
Rosewood Manor, Richmond Intermediate Care Society	6260 Blundell Road	28,741
Western Recovery Foundation	10411 Odlin Road	2,466

Major services provided by the City of Richmond

Administration

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officer, Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing and the Corporate Planning and Programs Management Group.

Community Safety

Includes the City's public safety providers including police, Richmond Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

Community Services

Coordinates, supports and develops Richmond's community services including Parks, Recreation Services, Arts, Culture and Heritage Services and Community Social Development.



Finance and Corporate Services

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services, Law, City Clerk and Corporate Business Service Solutions.

Engineering and Public Works

The Engineering and Public Works Departments deliver public works services and utilities and engineering planning, design, construction and maintenance services for all utility and City building infrastructure.

Planning and Development

Includes the Policy Planning, Transportation, Development Applications and Building Approvals Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

Other City entities

Gateway Theatre

Operates the City's performing arts theatre.

Lulu Island Energy Company

Operates the City's district energy utilities.

Richmond Olympic Oval Corporation

Operates the Richmond Olympic Oval and the Richmond Sport Hosting program.

Richmond Public Library

Operates Richmond's public library, including four branches.

City of Richmond contacts

The City of Richmond offers many civic services to the community. Additional services to the community are provided through the Richmond Olympic Oval, Richmond Public Library, Gateway Theatre and Lulu Island Energy Company. For more information on City services contact:

City of Richmond

6911 No. 3 Road
Richmond, British Columbia
V6Y 2C1 Canada
Phone: 604-276-4000
Email: infocentre@richmond.ca
www.richmond.ca

 @CityofRichmondBC

 @Richmond_BC

 /CityofRichmondBC

Gateway Theatre

6500 Gilbert Road
Richmond, BC V7C 3V4
Phone: 604-270-6500
Box Office: 604-270-1812
www.gatewaytheatre.com

 @GatewayThtr

 @GatewayThtr

 @gatewaythtr

Lulu Island Energy Company

6911 No. 3 Road
Richmond, British Columbia
V6Y 2C1 Canada
Phone: 604-276-4011
www.luluislandenergy.ca

Richmond Public Library

Hours: 604-231-6401 (Brighthouse Branch)
www.YourLibrary.ca

 @yourlibraryRichmond

 @RPLBC

 /YourLibraryRichmond

 Account: RPLYourlibrary

 @rplbc

Richmond Olympic Oval

6111 River Road
Richmond, BC V7C 0A2
Phone: 778-296-1400
info@richmondoval.ca
www.richmondoval.ca

 @RichmondOval

 @RichmondOval

 @RichmondOval



City of Richmond

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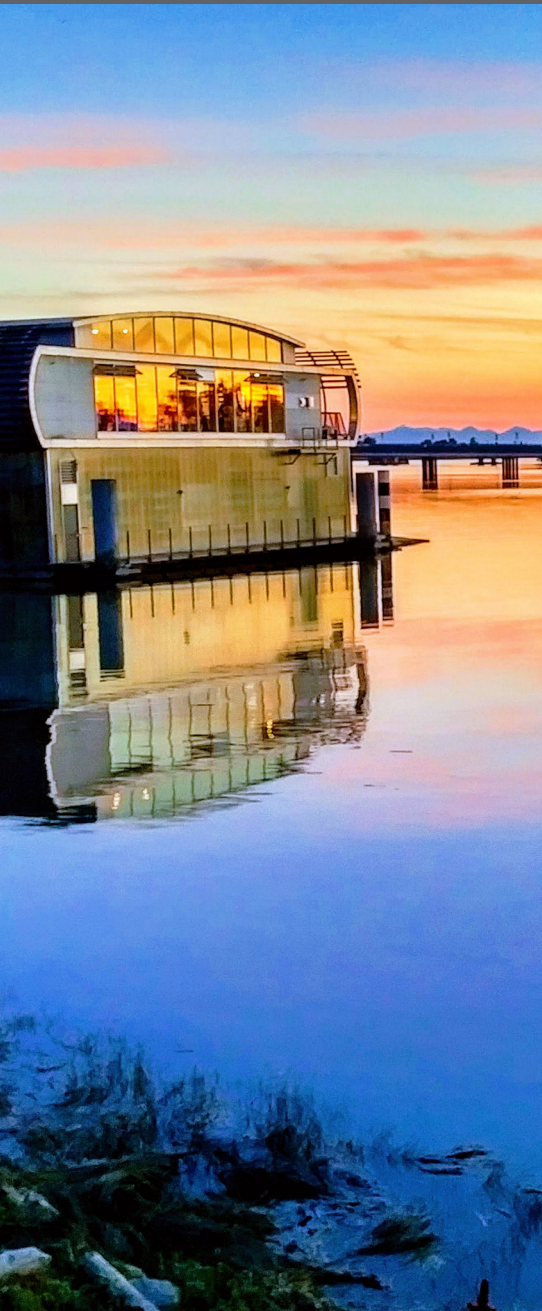
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City of
Richmond
British Columbia, Canada

2018 Annual Report Highlights

For the year ended December 31, 2018



RICHMOND CITY COUNCIL



AS OF NOVEMBER 5, 2018

Front row, left to right:

Councillor Michael Wolfe,
Councillor Bill McNulty,
Mayor Malcolm Brodie,
Councillor Linda McPhail,
Councillor Kelly Greene

Back row, left to right:

Deputy Fire Chief Kevin Gray,
Richmond Fire-Rescue,
Councillor Harold Steves,
Councillor Carol Day,
Councillor Chak Au,
Councillor Alexa Loo,
Constable Leah Riske,
Richmond RCMP



UNTIL NOVEMBER 4, 2018

Front row, left to right:

Councillor Carol Day,
Councillor Bill McNulty,
Mayor Malcolm Brodie,
Councillor Linda McPhail,
Councillor Harold Steves

Back row, left to right:

Constable Adam Carmichael,
Richmond RCMP,
Councillor Chak Au,
Councillor Derek Dang,
Councillor Ken Johnston,
Councillor Alexa Loo,
Captain Jack Beetstra,
Richmond Fire-Rescue

CONNECT WITH RICHMOND CITY COUNCIL

To contact Council: mayorandcouncillors@richmond.ca or call 604-276-4000.

For Council Meetings agendas and minutes, visit: www.richmond.ca/cityhall/council/agendas.

To watch Council meetings on live streaming or view videos of past meetings visit:
www.richmond.ca/cityhall/council/watch-video.

COVER PHOTOS: RICHMOND CITY HALL (MIDDLE) AND TWO WINNING
SUBMISSIONS IN THE CITY'S 2018 STREET BANNER CONTEST.

CITY OF RICHMOND, BRITISH COLUMBIA 2018 ANNUAL REPORT HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2018

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For an online copy of this report, please visit www.richmond.ca (City Hall > Finance, Taxes & Budgets > Budgets & Financial Reporting > Annual Reports).

This report features highlights from Richmond's 2018 Annual Report. For the detailed 2018 Annual Report that meets legislated requirements, please visit www.richmond.ca (City Hall > Finance, Taxes & Budgets & Financial Reporting > Annual Reports).

This report was prepared by the City of Richmond Finance and Corporate Communications and Marketing Departments. Design, layout and production by the City of Richmond Production Centre. © 2019 City of Richmond.

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**“Our vision is
to be the most
appealing, livable
and well-managed
community in
Canada.”**

MESSAGE FROM THE MAYOR



The City of Richmond's 2018 Annual Report reflects another banner year for our community.

2018 saw the opening of the new Brighthouse No.1 Fire Hall. As our central fire hall serving our busy City Centre, this new state of the art facility is a key public safety building. The opening of No. 1 Fire Hall also marked the conclusion of the ambitious community safety infrastructure program. Since 2007, the City has constructed five new fire halls and completed a major retrofit of a sixth fire hall. We also acquired and completed a retrofit of the Richmond Community Safety Building to serve as home for the Richmond RCMP detachment.

Council continues to make community safety a top priority. In 2018, we approved funding for an expanded City Centre Community Policing Office. This satellite facility will provide enhanced police presence and service within the City Centre. Council also made further investments in increased police staffing to meet the needs of our growing population, which has passed 225,000.

The continued strong growth of our community was reflected in another busy year of construction, with building permit value exceeding \$879 million, the second highest total ever, while the number of licenced businesses surpassed 14,000.



RICHMOND WAS NAMED AS A FINALIST
IN THE SMART CITIES CHALLENGE.

With added growth, community mobility is another top priority for Council. The City continues to make significant investments in transportation infrastructure across Richmond. Of note, construction began on the new River Parkway. This will provide a major new arterial route bisecting our City Centre.

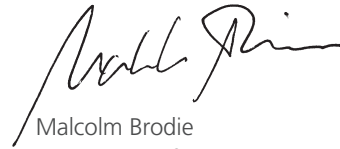
Improving our enviable quality of life is always top of mind for Council. In 2018, Richmond was among the first cities in the world to be named as a Global Active City. To earn this designation, a city must offer residents the opportunity to enjoy active, healthy lifestyles while improving their well-being. Richmond joins Buenos Aires,

Hamburg, Liverpool and others among the first six cities to receive this prestigious recognition.

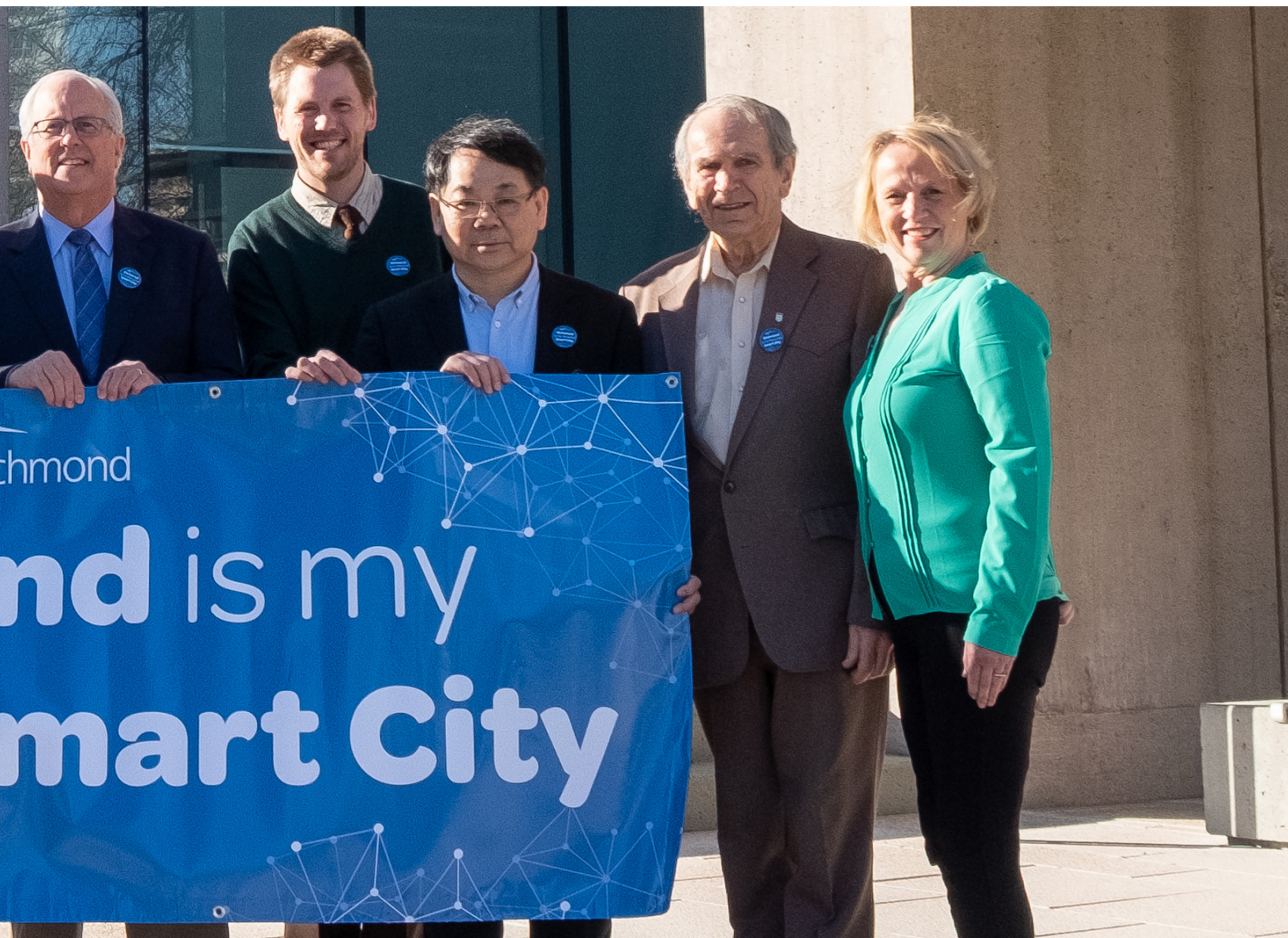
Richmond's long-standing reputation for innovation and excellence was further highlighted as we were named a finalist in the Government of Canada's Smart Cities Challenge. Our innovative concept proposes using technology and data to improve community resiliency to disaster, enhance transportation and combat climate change.

We owe our success to many who contribute to making Richmond a better place, including our staff, volunteers, business, and community and government

partners. The detailed Annual Report contains considerable more information on our goals and achievements and, as always, I invite your comments and questions through my office.



Malcolm Brodie
Mayor, City of Richmond



MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER



I am pleased to present the City of Richmond's Annual Report Highlights for the year 2018. This report details our outstanding financial position, while illustrating how we are achieving a key element of our vision, which is for Richmond to be Canada's best managed city.

During the past Council term, which concluded in 2018, our administration made major strides in delivering on Council's nine term goals. Those achievements are highlighted throughout the Annual Report.

Corporate and community sustainability continues to be one of Council's top priority areas. Richmond has long been recognized as a leader in embracing the

three pillars of sustainability. A strong focus on the long-term economic, social and environmental health of our community is always at the forefront of our planning and actions.

Environmentally, we have made significant inroads in offsetting the impact of global climate change. From 2007 to 2015, we were able to reduce overall greenhouse gas emissions in the City by 12 per cent, even as our population grew by 12 per cent during the same period. This has reduced greenhouse gas emissions and energy costs for the City, local residents and businesses. Our award-winning District Energy Utility is on track to become the largest of its kind in North



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America. In 2018, we became the first in North America to require that all parking stalls in new developments be energized to support Level 2 Electric Vehicle charging.

Our innovative diking and drainage utility allows us to make substantive annual investments to ensure our island city is protected from any potential flood risk, including extreme weather events and rising sea levels.

On the social side, the City has secured hundreds of affordable housing units and child care spaces, while updating policies to ensure we continue to address these critical needs in our community.

Strong financial stewardship through our Long Term Financial Management

Strategy is also a hallmark of our City administration. This Strategy has allowed Council to limit property tax increases, while still making significant investments in infrastructure and programs. Richmond's property taxes remain among the lowest in the region and we maintain a favourable business-residential tax balance.

Our strong commitment to community sustainability allows us to continue to

provide for the needs of a growing and evolving community, while delivering services that are second to none and providing great value for our taxpayers.



George Duncan
Chief Administrative Officer

2018 Awards

The City's commitment to excellence is reflected in the recognition we receive from peers and others.

In 2018, the City was proud to be one of the first six cities in the world to be designated as a Global Active City for our commitment to promoting community wellness and encouraging active lifestyles.

Richmond was also named as a finalist for a \$10 million prize in the Government of Canada's prestigious Smart Cities Challenge, which encourages use of technology and data to improve quality of life in our community.

For more information on awards and other recognition received by the City of Richmond in 2018, please see pages 14–17.



RICHMOND IS ADDRESSING THE IMPACT OF CLIMATE CHANGE ON OUR ISLAND CITY THROUGH OUR DISTRICT ENERGY PROGRAM AND OTHER INITIATIVES.



TOTAL CONSTRUCTION VALUE FOR BUILDING PERMITS ISSUED IN 2018 WAS THE SECOND HIGHEST EVER FOR RICHMOND.



RICHMOND WAS ONE OF THE FIRST IN THE WORLD TO RECEIVE A GLOBAL ACTIVE CITY DESIGNATION.

2018 Achievement Highlights



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During the past four years, the City's work was driven by Council's Term Goals 2014–2018. This document set out nine focus areas, each with numerous sub-goals and objectives. The following achievements represent highlights of our work to fulfil these goals 2018:

1. SAFE COMMUNITY

City Council approved an additional 16 police officers for the Richmond RCMP, meaning a total increase of 40 new officers during the 2014-2018 Council term.

2. VIBRANT, ACTIVE AND CONNECTED COMMUNITY

Richmond was selected as one of the first six Global Active Cities in the world, recognizing our ongoing commitment to community wellness and active lifestyles.

3. WELL PLANNED COMMUNITY

Council approved development of a new 40-unit temporary modular housing project to serve persons experiencing homelessness.

4. SUSTAINABILITY

The Richmond recycling program was expanded with acceptance of flexible plastic packaging at the Recycling Depot.

5. PARTNERSHIPS AND COLLABORATION

The City was named a finalist for a \$10 million prize in the national Smart Cities Challenge competition.

6. QUALITY INFRASTRUCTURE NETWORKS

A ground breaking ceremony was held for the River Parkway, a major new arterial route that will bisect the City Centre and significantly enhance community mobility.

7. FINANCIAL STEWARDSHIP

Council's Long Term Financial Management Strategy has resulted in the City and its subsidiaries accumulating \$540 million in Reserves as at December 31, 2018. This positions the City well for the future.

8. ECONOMIC DEVELOPMENT

The construction value of building permits issued in 2018 was \$879 million, the second highest total ever.

9. WELL-INFORMED CITIZENRY

The new MyRichmond e-services portal was launched, providing citizens with enhanced access to select online City services.

THROUGH CONTINUED INNOVATION IN OUR GARBAGE AND RECYCLING PROGRAMS, THE CITY HAS ACHIEVED 78% DIVERSION OF SINGLE FAMILY HOME WASTE FROM LANDFILLS.





COUNCIL APPROVED FUNDING FOR AN
ADDITIONAL 16 POLICE OFFICERS IN 2018.

Community Safety Building

The opening of the Brighthouse Fire Hall No. 1 in the fall of 2018 was a momentous occasion for the City of Richmond.

It is the City's central fire hall, serving the rapidly growing City Centre and is headquarters for Richmond Fire-Rescue's administration. It is also home to the City's Emergency Programs department.

The completion of Brighthouse Fire Hall No. 1 also marked the conclusion of an ambitious 10-year building program, in which the City replaced or upgraded virtually all of its public safety buildings. Beginning in 2007, the City completed construction of five new fire halls, completed a major retrofit of a sixth fire hall, and acquired and renovated the Richmond Community Safety Building, which serves as the home of the City's police detachment.



ABOVE: BRIGHOUSE FIRE HALL NO. 1 OFFICIALLY OPENED IN 2018 WITH A CELEBRATION THAT INCLUDED FUN ACTIVITIES FOR THE WHOLE FAMILY AND DEDICATION OF A NEW PUBLIC ART STATUE HONOURING FIREFIGHTERS.

OPPOSITE PAGE: SINCE 2007, THE CITY HAS ALSO COMPLETED A NEW COMMUNITY SAFETY BUILDING, WHICH HOUSES THE CITY'S POLICE DETACHMENT (TOP) AND FIVE NEW FIRE HALLS, INCLUDING THE CAMBIE (MIDDLE), STEVESTON, SEA ISLAND AND HAMILTON FIRE HALLS (BOTTOM).

Program



Major milestones of the Community Safety Building Program included the openings of the following buildings:

- 2007** Hamilton Fire Hall
- 2007** Sea Island Fire Hall
- 2011** Richmond Community Safety Building
- 2011** Steveston Fire Hall
- 2017** Cambie Fire Hall
- 2018** Brighthouse Fire Hall

All the new buildings were built to post-disaster standard to ensure they would remain operable after a major seismic event. Sustainable building design was also incorporated into all the new facilities, with a number achieving gold certification under the Leadership in Energy and Environmental Design (LEED) ranking program.

The Cambie Fire Hall is also home to a BC Ambulance Service station, the first time these two critical emergency response agencies have been co-housed in an urban centre in BC.



THE NEW NO. 2 ROAD NORTH PUMP STATION
WAS NAMED PROJECT OF THE YEAR BY
THE PUBLIC WORKS ASSOCIATION OF BC.



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2018 Awards

A measurement of the City's success in achieving its goals are the honours and recognition we received from our peers and others. In 2018, Richmond again received numerous international,

national and provincial awards recognizing our commitment to excellence and innovation.

SMART CITIES CHALLENGE

Richmond was selected as a finalist in the national Smart Cities Challenge. Richmond was chosen as one of 10 finalists in its category, competing for two \$10 million prizes. The Government of Canada competition challenged local governments to envision innovative ways to engage technologies and data that will improve the lives of residents and enhance service delivery.

GLOBAL ACTIVE CITY

Richmond was among the first six cities in the world to be named as a Global Active City based on work with our partners in developing key initiatives such as our Community Wellness Strategy and the Recreation and Sport Strategy.

DISTRICT ENERGY PROGRAM

Richmond's District Energy Program has been the subject of more than a dozen awards since 2011, including two awards in 2018 – the Innovative Energy Project of the Year Award from the Association of Energy Engineers and the District Energy Leadership Award from the International District Energy Association.

FINANCIAL REPORTING

The Government Finance Officers Association of the US and Canada presented Richmond with the Canadian Award for Financial Reporting for the 16th year in a row and the Popular Finance Reporting Award for the 9th year in a row for our 2017 Annual Report.

STOREYS AFFORDABLE HOUSING PROJECT

Richmond received the Planning Excellence Award in Social Planning from the Canadian Institute of Planners for the new Storeys affordable housing project on Granville Avenue east of No. 3 Road.



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**City of Richmond
British Columbia**

For its Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO

MYRICHMOND

Richmond was named as one of the 50 Top Smart Cities in the World in the Smart 50 competition for the development of our new MyRichmond e-services portal, part of the City's Digital Strategy.

CITY FLEET PROGRAM

The American Public Works Association and Government Fleet magazine honoured Richmond with their Leading Fleets Award.

ELECTRIC VEHICLE READINESS POLICY

The City received the Governance Award from the Union of BC Municipalities for our innovative Electric Vehicle Readiness Policy, a North American first.

THE STOREYS AFFORDABLE HOUSING PROJECT RECEIVED NATIONAL HONOURS FOR PLANNING EXCELLENCE.



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**NO. 2 ROAD DRAINAGE
PUMP STATION**

The Public Works Association of BC awarded Richmond the Project of the Year Award for the design of our new No. 2 Road North Pump Station.

**CITY CENTRE
COMMUNITY CENTRE**

The BC Recreation and Parks Association presented Richmond with the Building Excellence Award for the City Centre Community Centre.

POLLINATOR PASTURE

Richmond received the BC Recreation and Parks Association Program Excellence Award, recognizing a creative, successful and innovative program that serves as a model for other recreation and parks agencies to enhance their services. The award was for the Pollinator Pasture, a community-engaged public art project by the City of Richmond in partnership with Border Free Bees.

REPORT FROM THE GENERAL MANAGER, FINANCE AND CORPORATE SERVICES

I am pleased to submit the highlights of the Consolidated Financial Statements for the City of Richmond for the year ended December 31, 2018.

Management is responsible for the preparation and presentation of the financial statements and related information in the 2018 Annual Report. The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The City maintains a system of internal controls designed to provide reasonable assurances for the safeguarding of assets and the reliability of financial information.

KPMG LLP was appointed by City Council to independently audit the City's consolidated financial statements. They have expressed an opinion, that the City's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City of Richmond as at December 31, 2018 and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The financial statements combine the accounts of the City of Richmond, Richmond Olympic Oval, and Richmond Public Library (collectively referred to as the "City"), as well as the City's investment in Lulu Island Energy Company which is accounted for as a Government Business Enterprise.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (IN \$000s)

	2018 Actual	2017 Actual	Change
Financial Assets	\$1,231,060	\$1,114,486	\$116,574
Financial Liabilities	467,939	416,396	51,543
Net Financial Assets	763,121	698,090	65,031
Tangible Capital Assets	2,371,694	2,251,901	119,793
Inventory	3,602	3,762	(160)
Prepaid Expenses	2,673	2,376	297
Non-Financial Assets	2,377,969	2,258,039	119,930
Accumulated Surplus	\$3,141,090	\$2,956,129	\$184,961

The City's financial position remains strong with an increase in the assets resulting from additions to capital and statutory reserves. This is offset by liabilities that include deferred revenue related to the collection of Development Cost Charges as well as deposits for restricted purposes, including performance on development projects. The City's long-term debt with the Municipal Finance Authority continues to decline with an outstanding balance at the end of 2018 of \$32.8 million or approximately \$147 per capita.

The City has established several reserve funds by Bylaw. These reserve balances increased to \$540.2 million as at December 31, 2018 mainly due to annual transfers and developer contributions. These funds support the City's capital program, including infrastructure construction and renewal.

The City's tangible capital assets increased by \$119.8 million, which includes \$88.0 million of in-kind contributions from development. The majority of these additional assets are related to land received as conditions of re-zoning, along with new infrastructure required to support the growing community.

Overall, the City's accumulated surplus increased to \$3.1 billion as at December 31, 2018. Accumulated surplus represents the net resources that can be used to provide future services.

CONSOLIDATED STATEMENT OF OPERATIONS (IN \$000s)

	2018 Budget	2018 Actual	2017 Actual
Revenue	\$521,494	\$599,417	\$523,167
Expenses	439,367	414,456	413,284
Annual Surplus	\$82,127	\$184,961	\$109,883

The City's consolidated revenue for the year totaled \$599.4 million and represents an increase of \$76.3 million over 2017. Continuing growth in the community has resulted in the additional development-related revenue and contributions.



Expenses increased by \$1.2 million from prior year. 2017 expenses include an extraordinary contribution towards the Storeys affordable housing initiative.

The annual surplus for 2018 was \$185.0 million and represents in the change in investment in tangible capital assets, reserves and other accumulated surplus.

FINANCIAL SUSTAINABILITY

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

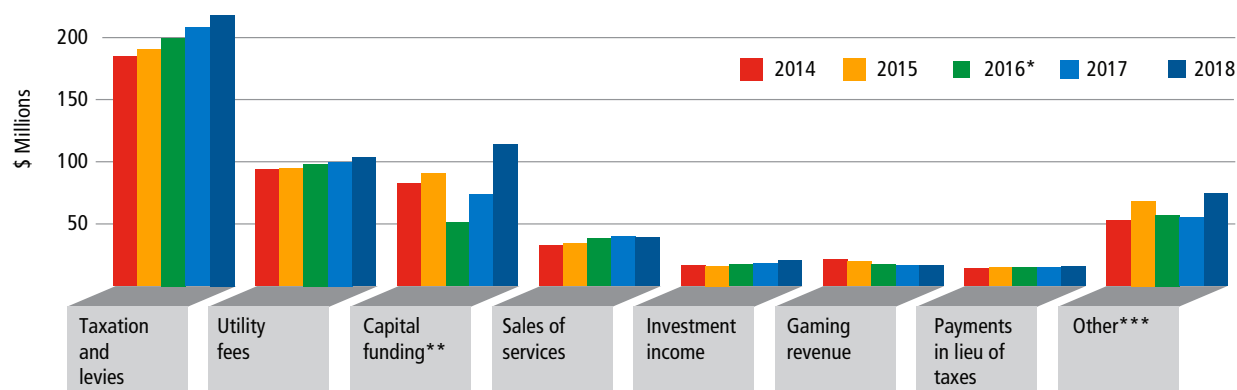
The City's financial management has positioned it well to continue to carry

out and meet Council goals and service commitments to provide a safe and desirable community to live, work and play in, while providing value for taxpayers.



Andrew Nazareth, BEc, CPA, CGA
General Manager,
Finance and Corporate Services
May 13, 2019

REVENUE BY SOURCE 2014–2018



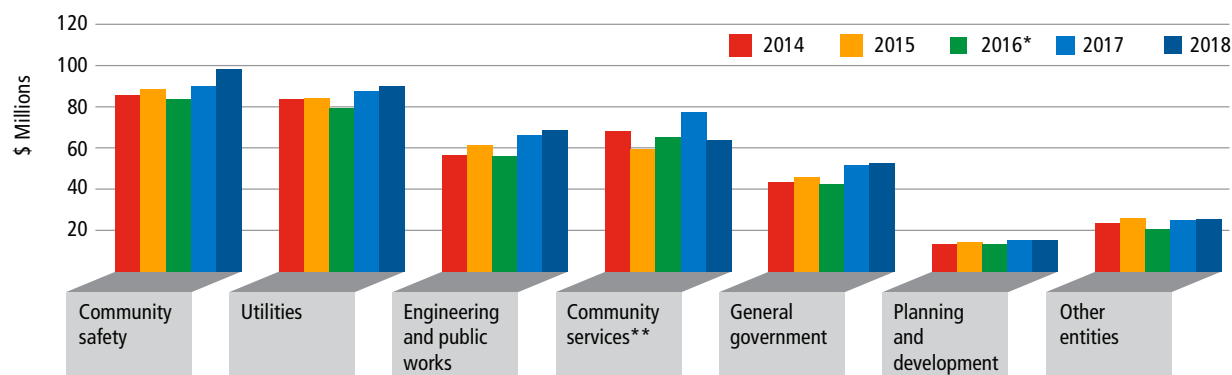
Source: City of Richmond Finance and Corporate Services

* Amounts have been restated

** Capital funding includes: Development Cost Charges and other capital funding sources

*** Other includes: provincial and federal grants, licenses and permits and other sources

EXPENSES BY FUNCTION 2014–2018



Source: City of Richmond Finance and Corporate Services

* Amounts have been restated

** Expenses for Community Services include one-time contributions towards affordable housing of 11.8m in 2014, 12.3m in 2015 and 17.0m in 2017

Richmond at a glance

222,945

2018 POPULATION

November 10, 1879

INCORPORATED AS MUNICIPALITY

129.27

SIZE OF CITY IN
SQUARE KM

17

ISLANDS COMPRISING
THE CITY

December 3, 1990

DESIGNATED AS CITY OF RICHMOND

Fast facts

\$206.6 million

2018 HOTEL ROOM REVENUES

48.71 million

2018 CANADA LINE
BOARDINGS

85.79

AVERAGE LIFE EXPECTANCY,
LONGEST IN CANADA

\$879 million

CONSTRUCTION VALUE OF
BUILDING PERMITS ISSUED IN
2018, 2ND HIGHEST EVER

25.9 million

2018 PASSENGERS PASSING
THROUGH VANCOUVER
INTERNATIONAL AIRPORT IN
RICHMOND, A NEW RECORD

38.6 million

INVENTORY OF INDUSTRIAL
SPACE IN SQUARE FEET,
LARGEST IN THE REGION

807

HECTARES OF CRANBERRY
FIELDS IN PRODUCTION,
LARGEST IN CANADA

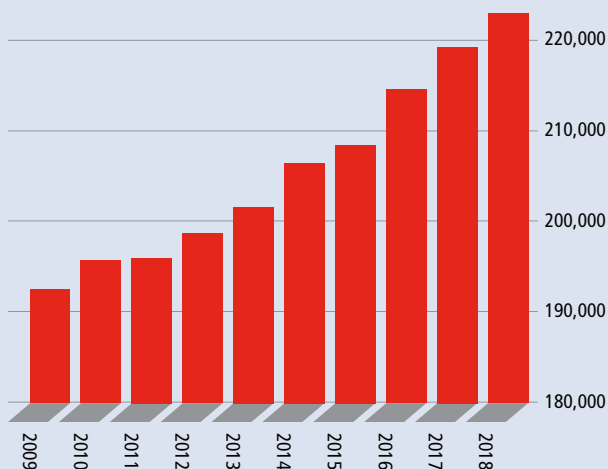
145,841

2018 REGISTRATIONS IN CITY
PARKS, RECREATION AND
CULTURE PROGRAMS

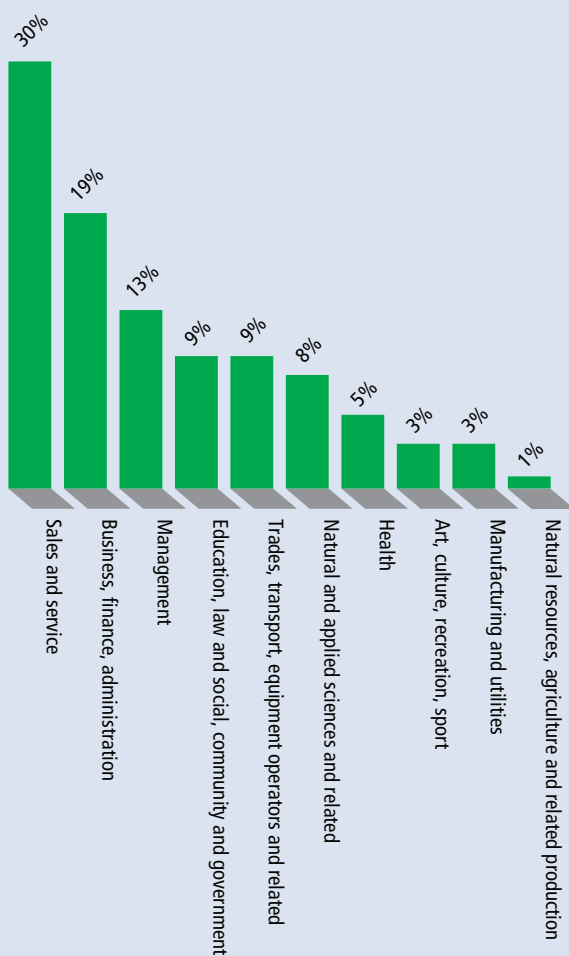
1.08 million

2018 SITE VISITS TO
RICHMOND OLYMPIC OVAL

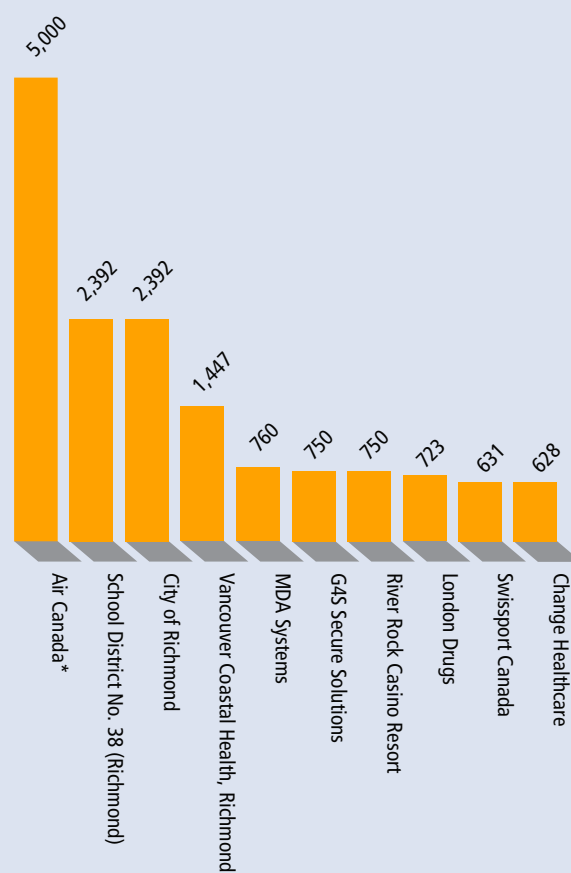
CITY OF RICHMOND POPULATION 2009–2019



OCCUPATIONS OF RICHMOND RESIDENTS



TOP 10 LARGEST EMPLOYERS IN RICHMOND



*Approximate



Sources: Statistics Canada, City of Richmond, Vancouver International Airport Authority, Steveston Harbour Authority, Metro Vancouver, Richmond School District.

MAJOR SERVICES PROVIDED BY THE CITY OF RICHMOND

ADMINISTRATION

Includes the office of the Chief Administrative Officer who oversees the overall administration of the City's operations. Also includes the Deputy Chief Administrative Officer, Human Resources, Intergovernmental Relations and Protocol, Corporate Communications and Marketing and the Corporate Planning and Programs Management Group.

COMMUNITY SAFETY

Includes the City's public safety providers including police, Richmond's Fire-Rescue, Emergency Programs, Community Bylaws and Business Licences.

COMMUNITY SERVICES

Coordinates, supports and develops Richmond's community services including Parks, Recreation Services, Arts, Culture and Heritage Services and Community Social Development.

FINANCE AND CORPORATE SERVICES

Includes Customer Service, Information Technology, Finance, Economic Development, Real Estate Services, Law, City Clerk and Corporate Business Service Solutions.

ENGINEERING AND PUBLIC WORKS

The Engineering and Public Works Departments deliver public works services and utilities and engineering planning, design, construction and maintenance services for all utility and City building infrastructure.

PLANNING AND DEVELOPMENT

Includes the Policy Planning, Transportation, Development Applications and Building Approvals Departments. This division provides policy directions that guide growth and change in Richmond with emphasis on land use planning, development regulations, environmental protection, heritage and livability.

THE CITY'S MAJOR EVENTS SECTION PRODUCES THE RICHMOND WORLD FESTIVAL AND OTHER COMMUNITY CELEBRATIONS.



CITY OF RICHMOND CONTACTS

The City of Richmond offers many civic services to the community. Additional services to the community are provided through the Richmond Olympic Oval, Richmond Public Library and Gateway Theatre. For more information on City services, contact:

CITY OF RICHMOND

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t @Richmond_BC
v /CityofRichmondBC

GATEWAY THEATRE

6500 Gilbert Road
Richmond, BC V7C 3V4
604-270-6500
Box Office: 604-270-1812
www.gatewaytheatre.com
f @GatewayThtr
t @GatewayThtr
i @gatewaythtr

LULU ISLAND ENERGY COMPANY

6911 No. 3 Road
Richmond, BC V6Y 2C1
604-276-4011
www.luluislandenergy.ca

RICHMOND PUBLIC LIBRARY

604-231-6404 (Brighthouse Branch)
www.yourlibrary.ca
f @YourLibraryRichmond
t @RPLBC
v /YourLibraryRichmond
RPLYourlibrary
i @rplbc

RICHMOND OLYMPIC OVAL

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