The City of Richmond Hill, Ontario, Canada

2025 Annual Financial Report

For the fiscal year ended December 31, 2025

Produced by the Finance Division of the City of Richmond Hill in co-operation with all City departments.









Land acknowledgement

We are gathering on lands that have been home to First Nations Peoples from time immemorial. We acknowledge that what we now call Richmond Hill is on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation and the Mississauga and Chippewa Nations of the Williams Treaty. We also recognize that we are on part of the traditional territories of the Haudenosaunee and the Huron Wendat.

We would also like to acknowledge all First Nation, Inuit and Métis peoples from across North America, also known as Turtle Island, who now reside in the City of Richmond Hill. We are committed to rebuilding constructive and cooperative relationships.

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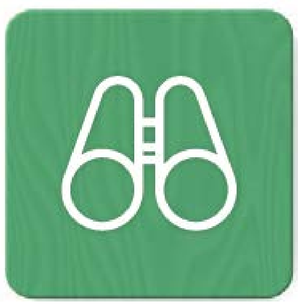
Introduction

Richmond Hill’s Mission, Vision and Values

Our Mission

Council and staff work with the community to make decisions and deliver quality services for today and tomorrow.



Our Vision

Richmond Hill, a vibrant and inclusive city of neighbours.

Our Values

Our values help guide our actions in creating this budget with you, our neighbours, at the heart of all our decisions.

Our Strategic Plan

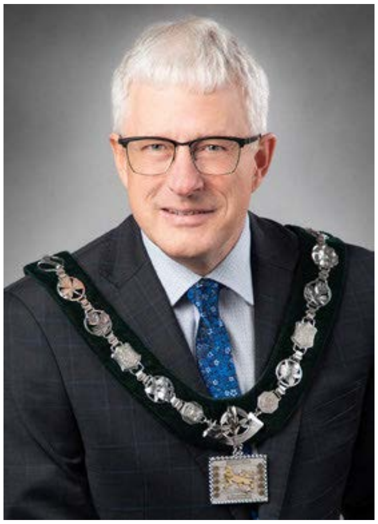
2024 - 2027 Strategic Plan

In 2024, Council approved the City's 2024-2027 Strategic Plan, which sets a path for both the community and the organization. It focuses on outward-facing priorities to the community as well as the internal work required to support our collective aspirations. The Strategic Plan is the guiding document for Richmond Hill to draw upon to prioritize and align the City's goals, resources and activities, centring on three pillars.

Visit RichmondHill.ca/StrategicPlan

Message from the Mayor

David West



It is my pleasure to present the 2025 Annual Financial Report. This report reflects our continued commitment to transparency, offering a clear and comprehensive overview of Richmond Hill’s financial position, our results over the past year and how we've stewarded the public resources entrusted to us.

Each year, Council approves an operating budget and a capital budget. We consistently and diligently monitor these budgets throughout the year to make sure we stay on track.

The City continues to prioritize financial sustainability, invest in the renewal of our infrastructure and manage the challenges that come with a growing community. We do all this while maintaining the high standard of service the people of Richmond Hill have come to expect.

Thank you for your continued trust and engagement. I look forward to building an even stronger, more resilient community together with you.

Message from the City Manager

Darlene Joslin

I am proud to present the City's annual financial statements, which reflect the continued commitment of our staff and Council to fiscal responsibility and strong service delivery.

Richmond Hill continues to thrive as a vibrant, diverse community within the Greater Toronto Area. This success is made possible by the dedication of our team and the trust residents have placed in us. We remain focused on transparency, sound financial management and continuous improvement, ensuring our community remains a great place to live, work and invest.

In 2025, we strengthened our internal controls and improved our governance practices to protect public assets and maintain the integrity of our financial reporting. This work supports informed decision-making and reinforces public trust in how we manage city resources. We remain committed to responsible leadership, excellent service delivery and community building.

Thank you for your continued support and engagement as we work together to build a bright future for Richmond Hill.

Message from the City Treasurer

Gigi Li

I am pleased to share with you the City's 2025 Annual Financial Report. It demonstrates Richmond Hill's financial strength and our Finance team's excellent work.

In the report, you will find the City's comprehensive financial information and the audited Consolidated Financial Statements of The Corporation of the City of Richmond Hill, which include the financial details for both the City and the organizations it oversees, such as the Richmond Hill Public Library and Business Improvement Area (BIA).

The report was developed in accordance with the requirements set out in the *Municipal Act, 2001* and the Canadian Public Sector Accounting Standards (PSAS).

In the 2025 Financial Highlights below, you will see that Richmond Hill remains in a strong financial position, with sufficient resources to meet its obligations and support growth.

2025 Financial Highlights

- Total revenues $421.5 million
- Total expenses $365.7 million
- Annual surplus $55.8 million
- Accumulated surplus: $1.454 billion
- Financial assets: $817.5 million
- Financial liabilities: $464.8 million
- Net financial assets: $352.7 million

The City will continue to work closely with York Region, which receives a significant portion of the property tax Richmond Hill collects, as well as other local agencies, to deliver important services to the community every day and build a bright future for everyone in our vibrant community.

Thank you to City staff for their hard work putting this report together and for keeping the City's financial reporting accurate, transparent and trustworthy.

The City of Richmond Hill

Located in the Greater Toronto Area, the City of Richmond Hill is a key urban centre in southern Ontario, covering about 100 square kilometres.

What makes Richmond Hill unique is its sense of place, community, green space and people. Our high quality of life makes the municipality an attractive destination for visitors and businesses alike.

Our Community

Richmond Hill's growing community of over 202,000 residents is vibrant and diverse, with a median age of 43.6 and 17.2% of residents aged 65 or older[1]. Every day, residents and businesses rely on the City to deliver a wide range of programs and services, from building recreation centres to road maintenance and so much more.

With a forward-looking drive to provide more housing choices, higher-order transit and a healthy natural environment, the City strives to make this a home with unbound social and economic potential where everyone is welcome.

[1] Based on 2021 Census data

Our Economy

The median household income in Richmond Hill is $102,000, with 66.8% of households earning over $70,000, 33.3% earning over $150,000, and only 16.4% earning $40,000 or less.[2] The most recent Statistics Canada census data shows that we have one of Canada's most educated workforces, with 56% of the population having a bachelor's degree or above.

Our robust workforce spans across skilled professionals, business owners, service workers and other professionals. They are the backbone of our dynamic local economy.

We are home to about 5,000 companies that provide more than 73,000 jobs, with healthcare, health sciences and equipment manufacturing as the top employers.

As one of Canada's largest technology clusters, we are home to many technology businesses, including health technology and medical devices, IT services, electronic products, environmental services and fintech. Several large computer services and office supply companies chose Richmond Hill as the location of their head offices.

[2] Based on 2021 Census data

Our Award-Winning City

Richmond Hill is recognized across the province and the country for our contributions in building a great community.

Hermes Awards

- Hermes Creative Platinum Award for the 2025 Strategic Plan Annual Report
- Hermes Gold for the 24-25 Education Series Brochure and the 2024 Always On marketing campaign

Engineering Project of the Year Award

- Second place in the York Chapter of Professional Engineers of Ontario Large Project Category for the Carrville Road Watermain Rehabilitation (Bathurst to Yonge)

Municipal Waste Association Outreach Awards

- Richmond Hill received two Silver Awards from the Municipal Waste Association for our efforts in waste management education and outreach:
- “Surprise Us” Category – Choose to Reuse: Dish Library
- Community Engagement and Outreach Program – Battery Collection Safety and Container Inspections

Ontario Public Works Association (OPWA) Environment Award (less than $2 million category)

- Mill Street-Altamira Avenue Drainage Improvements project

Government Finance Officers Association Award

- Distinguished Budget Presentation Award for our 2025 Budget

Mayor and Council

From left to right: **Carol Davidson** (Ward 1), **Scott Thompson** (Ward 2), **Godwin Chan** (Deputy Mayor/Regional and Local Councillor), **Castro Liu** (Ward 3), **David West** (Mayor), **Simon Cui** (Ward 4), **Joe DiPaola** (Regional and Local Councillor), **Karen Cilevitz** (Ward 5), **Michael Shiu** (Ward 6)

Richmond Hill Council consists of the Mayor and eight members of Council who are elected by qualified electors every four years.

Together, they are the residents' voice and represent their interests in the governing of the Municipality and the Region of York.

The Mayor and Members of Council are available to address the day-to-day concerns of residents, attend official functions, address administrative matters and communicate with the public directly and through information prepared by staff. They also liaise with Provincial and Federal members of government, the Boards of Education, and many other agencies on behalf of the City.

Members of Council

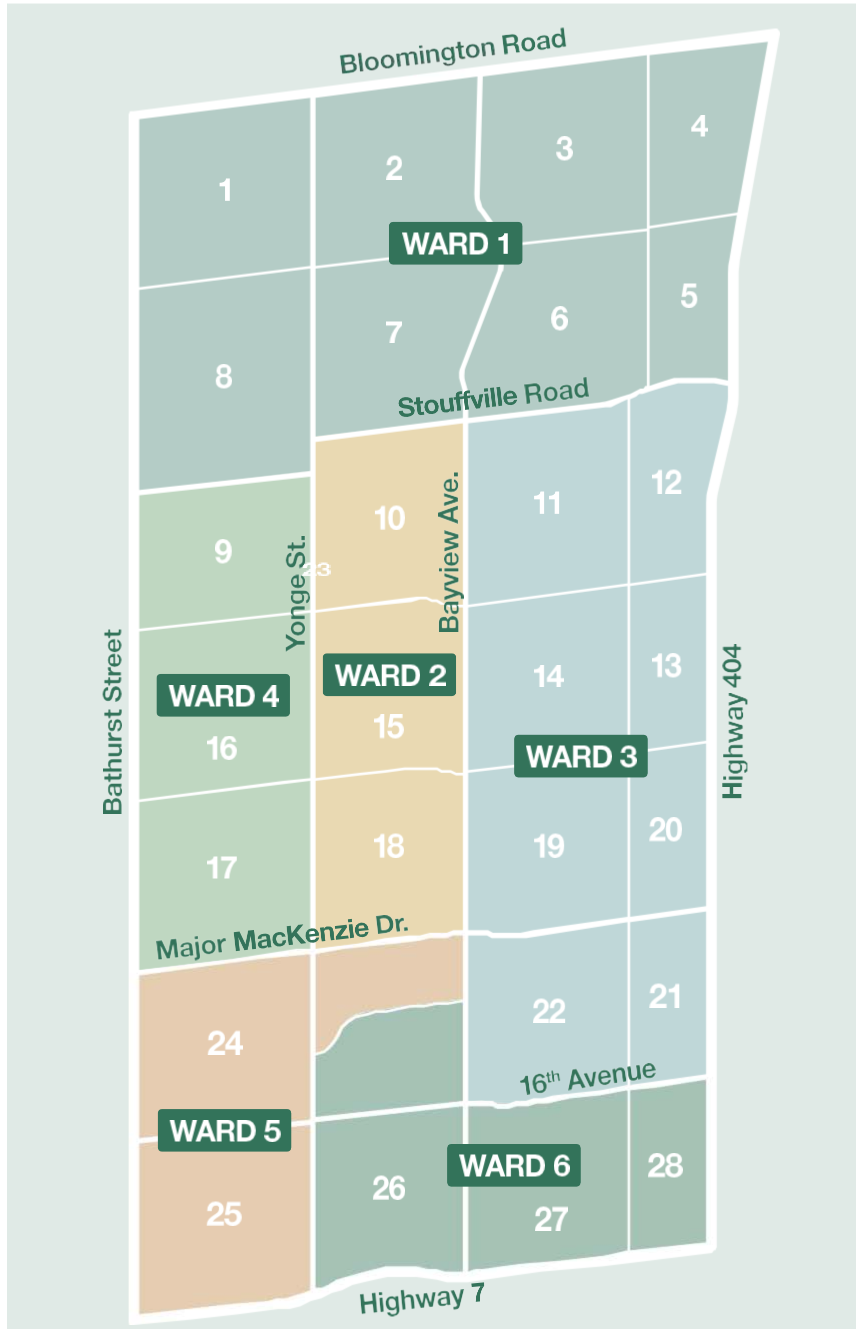
Council's current Term of Office is November 15, 2022, to November 14, 2026.

Mayor

David West

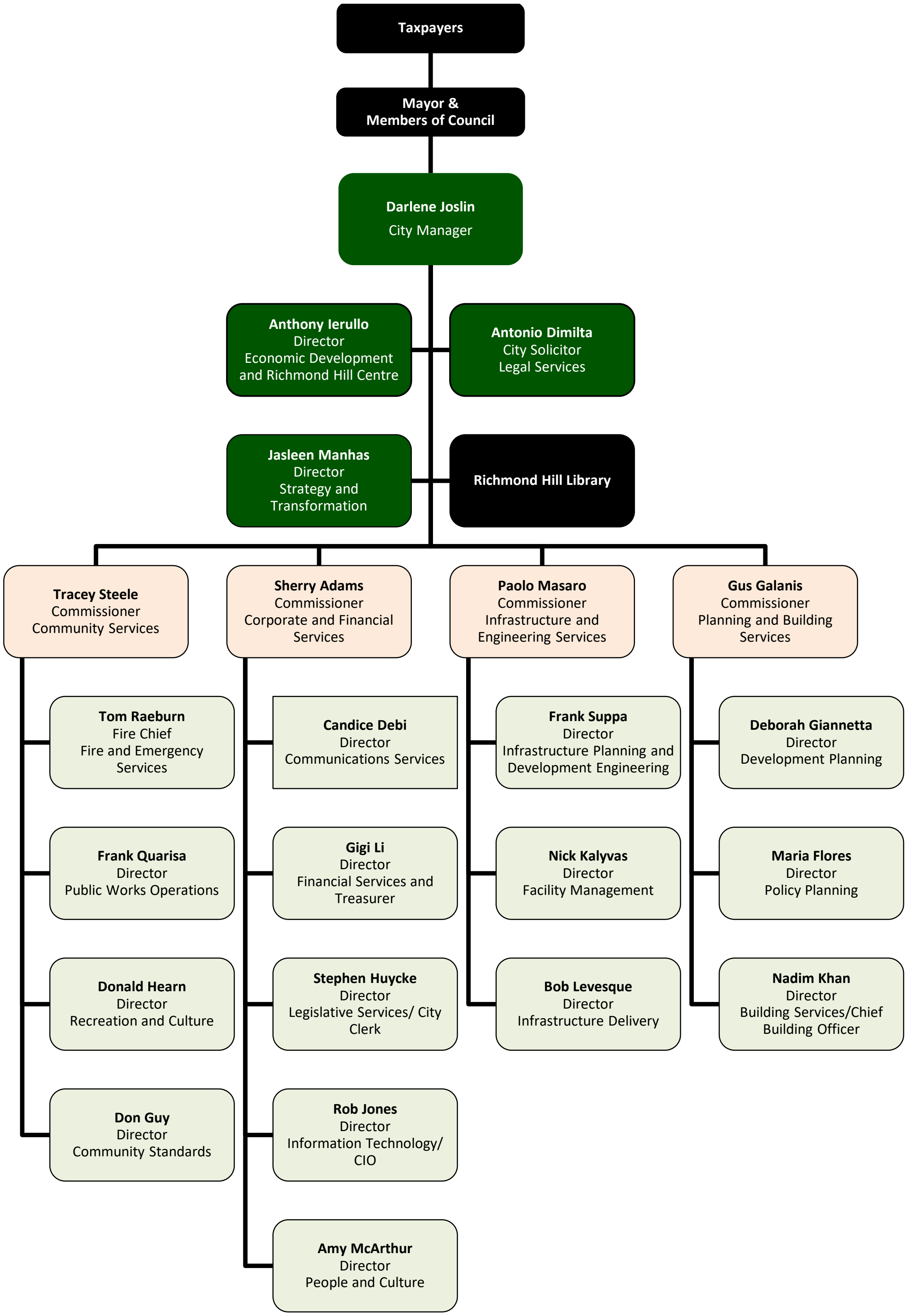
Deputy Mayor/Regional and Local Councillor
Godwin Chan
Regional and Local Councillor
Joe DiPaola

Local Councillors
Ward 1 - Carol Davidson
Ward 2 - Scott Thompson
Ward 3 - Castro Liu
Ward 4 - Simon Cui
Ward 5 - Karen Cilevitz
Ward 6 - Michael Shiu



Ward Boundaries Map

City Administrative Structure



Financial Information

A Successful Collaboration: The City and Council

City Management's Role

The management team at the City prepares and presents the annual financial statements in accordance with generally accepted accounting principles. The team ensures the accuracy and integrity of financial data by maintaining comprehensive internal controls, conducting regular monitoring and implementing effective governance practices. These controls safeguard the City's assets, support reliable financial reporting and enhance compliance with relevant laws and regulations. Additionally, management is accountable for the stewardship of public funds and for the transparent disclosure of financial performance to City Council and residents, ensuring informed decision-making and building public trust.

The Financial Services team received the Distinguished Budget Presentation Award for our 2025 Budget from the Government Finance Officers Association (GFOA).

Council's Role

Council provides oversight and direction of the City's financial management to ensure all financial activities align with the City's and the community's best interests. Council reviews and approves the annual financial statements, sets policies that guide fiscal operations and monitors the performance of City Management to meet established financial goals. In collaboration with City Management, Council upholds transparency and accountability by requiring regular financial reporting, supporting the implementation of strong internal controls and ensuring compliance with applicable laws and regulations. Through these actions, Council safeguards public assets, promotes fiscal responsibility and fosters public trust in the stewardship of the City's resources.

Financial Audit

The City of Richmond Hill's Annual Consolidated Financial Statements are audited by the independent external auditor KPMG LLP to ensure accuracy, transparency and compliance with established accounting standards. The Independent Auditor's Report, which is included in the statements, provides an unqualified opinion on the City's Consolidated Financial Statements for the year ended December 31, 2025.

The audit is conducted in accordance with Canadian generally accepted auditing standards. These standards require that the auditors comply with ethical requirements necessary to plan and perform the audit to obtain reasonable assurance that the Consolidated Financial Statements are free from material misstatement.

An audit involves performing specific procedures selected by the auditor to obtain evidence to verify the amounts and disclosures in the Consolidated Financial Statements and to assess the risk of a material misstatement. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

The City's management team is responsible for supporting the audit process by providing access to relevant documentation, facilitating open communication with auditors, and promptly addressing any recommendations or findings. This collaborative approach reinforces the City's commitment to strong financial stewardship, accountability and public trust, while ensuring continual improvements to financial practices and controls.

Financial Budget

As part of its management responsibilities, the City of Richmond Hill prepares an annual financial budget that aligns with Council-approved strategic goals and service standards. The budget serves as a comprehensive financial plan, outlining projected revenues and expenditures for both operating programs and capital projects over the fiscal year.

Management applies strong internal controls during the budget development phase, including detailed forecasting, risk assessment, and adherence to relevant financial policies and legislative requirements. Budget allocations are made to support essential services such as public safety, infrastructure maintenance, community programs and administrative operations, while also reserving funds for unforeseen needs and future growth. The proposed budget is presented to Council for review and approval, demonstrating transparency and accountability in the stewardship of public funds.

Once approved, management monitors budget performance throughout the year, reporting regularly to Council on results versus projections and recommending adjustments as necessary to maintain fiscal sustainability. This ongoing monitoring ensures financial resources are managed efficiently and that the City remains responsive to evolving community needs and priorities.

Financial Policies

Financial Control By-Law

This *By-law* establishes procedures for developing, approving, and adopting the budget. It also establishes authorities for encumbering, committing, and paying funds from the budget. Under Bill 3 (the *Strong Mayors, Building Homes Act*, 2022), the City's Mayor has the authority to approve and adopt budgets for operating programs and capital projects, as long as the budget reflects the goals and objectives approved by Council.

Capital Budget Financial Monitoring Policy

Richmond Hill Council and staff prioritize responsible financial leadership by establishing a transparent process for administering and reporting one-time capital budget requests and funding. The Capital Budget Financial Monitoring Policy links accountability to the timely delivery of services, providing flexibility to manage changing circumstances and priorities. The policy defines roles, responsibilities, and authorizations for requesting, administering, and reporting capital budget adjustments for planned and unplanned projects, maximizing operational efficiency.

Investment Policy

The City of Richmond Hill aims to maximize investment returns on available funds while ensuring capital preservation and legislative compliance. The Investment Policy establishes guidelines for managing all City revenue and investment portfolios, including reserves, trust funds and capital funds. Investment objectives prioritize statutory compliance, capital preservation, liquidity maintenance and competitive returns.

Development Charges Interest Policy

This policy establishes the rules and practices for charging interest, as permitted under the *Development Charges Act.* The *Act* allows municipalities to charge interest on development charges payable. The rate must not exceed the prescribed maximum interest rate from the date of the application to the date the development charge is payable. The Development Charges Interest Policy allows the City to recoup any changes in construction costs that occur between the application date and the date development charges are due.

Infrastructure Funding Policy

This policy aims to ensure that the City of Richmond Hill addresses infrastructure development within the City while collaborating with key stakeholders.
The policy guides the amount, timing, and method by which the City may contribute to the delivery of municipal infrastructure by developers. It provides a framework for developers to accelerate infrastructure construction, facilitating development while protecting the City from potential financial risks.

Tangible Capital Assets (TCA) Policy

This policy aims to ensure the City of Richmond Hill complies with Section 294.1 of the *Municipal Act*, 2001 and Section 3150 of the Public Sector Accounting Board Handbook (PSAB 3150) by recognizing, recording, tracking and reporting tangible capital assets in financial statements. Objectives include complying with PSAB 3150 standards while maintaining a database of all tangible capital assets for asset management analysis and long-term financial planning. These requirements improve decision-making by promoting a clear understanding of the value and cost of using assets, while enhancing transparency and ensuring consistent financial statement reporting.

Debt Policy

The City's Debt Policy provides a framework for the prudent use of debt financing to support long-term capital infrastructure needs. While debt may be considered where it is financially advantageous and supports intergenerational equity, the City continues to prioritize funding capital investments through reserves, reserve funds, development charges, grants, and other non-debt financing sources. The policy establishes affordability measures, debt management practices, and reporting requirements to ensure long-term financial sustainability and compliance with provincial legislation. As at December 31, 2025, the City had no outstanding external debt.

Budget Development Process

The City of Richmond Hill's 2025 budget was developed as an annual financial plan to support Council priorities, maintain existing service levels, respond to growth-related pressures and fund infrastructure renewal. The process began in 2024 with departmental review of operating requirements, capital project needs, revenue assumptions, reserve and reserve fund availability, and known budget pressures. Management used this information to prepare a proposed budget that included the tax-supported operating budget, the user rate-supported water, wastewater and stormwater budgets, and the capital budget.

Public engagement was built into the process before final adoption. The City hosted an in-person public budget open house on November 6, 2024 at the McConaghy Centre, where residents were invited to learn about the 2025 budget, how tax dollars are used and how the budget supports community priorities. The public was also able to attend or watch Budget Committee of the Whole meetings and provide input through the City's regular Council and committee processes.

The proposed 2025 budget was reviewed through Budget Committee of the Whole meetings held on November 5, November 19, November 25 and November 26, 2024. These meetings provided Council with an opportunity to review the proposed operating and capital budgets, ask questions of staff, consider service and financial impacts, and discuss amendments or refinements before the budget was finalized.

Following the committee review process, Mayor David West tabled the final 2025 budget for Council consideration in December 2024. The budget was adopted on December 11, 2024, establishing the approved financial plan for the 2025 fiscal year. The adopted budget included a total operating budget of $245 million and a capital budget of $89.5 million to fund more than 160 capital projects. The approved tax rate increase for Richmond Hill taxpayers was 4.69%, made up of a 3.19% operating budget increase and a 1.5% Capital Asset Sustainability Levy increase.

Once approved, the 2025 budget became the City's authority to deliver programs, provide services and proceed with capital projects during the fiscal year. Management is responsible for monitoring actual financial results against the approved budget, identifying variances, and reporting to Council through financial monitoring reports and year-end forecasts. This monitoring supports accountability, ensures that resources are used for approved purposes, and allows the City to respond to emerging financial pressures while maintaining fiscal sustainability.

Reconciliation of City's Budget to Audited Financial Statements

The City's approved budget is prepared on a municipal funding basis to support the delivery of services, capital projects and reserve funding decisions approved by Council. For financial statement reporting, the approved budget is adjusted to conform with Canadian public sector accounting standards and the presentation used in the audited consolidated financial statements. This reconciliation includes reclassifying budget amounts to match the financial statement categories, consolidating controlled entities such as the Richmond Hill Public Library and Business Improvement Area, eliminating interfund and inter-entity transactions, and adjusting for items that are treated differently for budget and accounting purposes. Common reconciling items include capital expenditures, transfers to and from reserves and reserve funds, amortization, contributed tangible capital assets, deferred revenue recognition and other non-cash accounting entries. As a result, the budget figure reported in the audited financial statements may differ from the City's approved operating and capital budgets, but it is derived from the same Council-approved financial plan and restated to provide a consistent budget-to-actual comparison in accordance with PSAS.

(in thousands of dollars)	**2025 Approved Budget**		**Adjustment**	**2025 Adjusted budget as per financial statement**
	Operating	**Capital**		
Revenues				
Tax revenues	153,959	-	-	153,959
User charges	134,307	-	(1,328)	132,979
Grants	2,160	9,036	-	11,196
Permits, penalties, rents and other	31,459	-	-	31,459
Investment income	7,153	-	15,875	23,028
Developer and other contributions	181	24,283	7,620	32,084
Contributed tangible capital asset	-	-	13,507	13,507
Total revenues by source	**329,219**	**33,319**	**35,674**	**398,212**
Expenses by object				
Environmental services	104,407	24,805	10,234	139,446
Recreation and cultural services	58,037	26,440	15,081	99,558
General government	45,438	14,047	4,753	64,238
Protection to persons and property	41,185	398	1,348	42,931
Transportation services	24,845	20,975	10,510	56,330
Planning and development	23,491	-	-	23,491
Health and social services	500	-	-	500
Total expenses by object	**297,903**	**86,665**	**41,926**	**426,494**
Other - internal fund transfer	**(31,377)**	**53,346**	**(21,969)**	**-**
Annual surplus / (deficit)	**(61)**	**-**	**(28,221)**	**(28,282)**

Financial Statements Discussion and Analysis

The accompanying Financial Statements are prepared in accordance with the Canadian public sector accounting standards published by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The City's financial information is presented through several separate financial statements. Each statement serves a different purpose, but together they provide a complete picture of the City's financial position, annual results and cash activity.

Consolidated Statement of Financial Position

(What the City owns and owes at year-end)
This statement provides a snapshot of the City's financial health on a specific date, similar to a household net worth statement. It helps readers understand the City's long-term financial stability and its ability to maintain services and infrastructure.

Consolidated Statement of Operations and Accumulated Surplus

(How the City performed over the year)
This statement summarizes the City's annual revenues and expenses and shows whether the City recorded a surplus or deficit for the year.

Consolidated Statement of Change in Net Financial Assets

(How financial flexibility changed during the year)
This statement highlights whether the City's financial resources are growing faster than its obligations, helping assess future service capacity and sustainability.

Consolidated Statement of Remeasurement Gains and Losses

(Market value changes that have not yet been realized)
This statement improves transparency by separating day-to-day operations from temporary market value changes.

Consolidated Statement of Cash Flows

(How cash moved in and out during the year)
This statement helps the public understand how the City manages cash to fund operations, pay obligations and invest in infrastructure.

Notes to the Consolidated Financial Statements

(Important details and explanations)
These notes help ensure transparency and allow the public to fully understand how the financial statements were prepared and what the numbers represent.

2025 Financial Snapshot

Cash & Investments

$ 699.3 M

▲ $ 21.4 M

Net Financial Assets

$ 352.7 M

▲ $ 14.3 M

Tangible Capital Assets

$ 1,095.8 M

▲ $ 53.3 M

Annual Revenue

$ 421.5 M

▲ $ 30.6 M

Annual Expenses

$ 365.7 M

▲ $ 22.9 M

Annual Surplus

$ 55.8 M

▲ $ 7.7 M

Financial Summary – Past 5 Years

Financial Summary (in Millions of Dollars)	**2025**	**2024**	**2023**	**2022**	**2021**
Cash & Investments	699.3	677.9	608.8	569.5	537.9
Net Financial Assets	352.7	338.4	326.8	306.1	298.1
Tangible Capital Assets	1,095.8	1,042.5	999.4	982.4	989.3
Total Revenue	421.5	390.9	345.2	306.1	312.6
Total Expenses	365.7	342.8	313.3	304.8	280.2
Annual Surplus	55.8	48.1	31.9	1.3	32.4

2025 Financial Statements Highlights

Financial Position and Liquidity

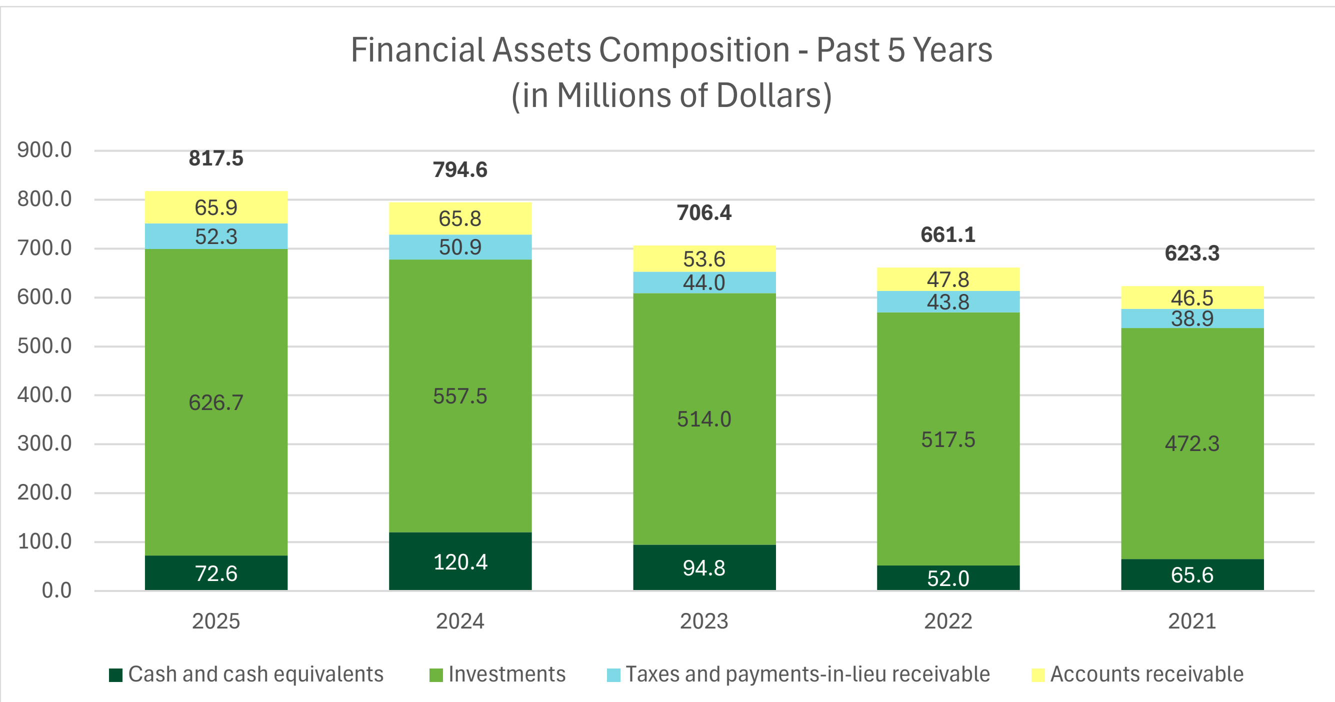
Cash & Investments

Cash and investments represent a significant portion of the City's financial assets and contribute to its overall liquidity, financial flexibility and ability to respond to future operating and capital needs.

Cash & Investments include both cash and cash equivalents that are available for immediate use, as well as portfolio investments held to earn investment income and support the City's longer-term financial needs. At December 31, 2025, cash and investments totalled $699.3 million, consisting of $72.6 million in cash and cash equivalents and $626.7 million in portfolio investments. Together, these balances represented approximately 86% of the City's total financial assets of $817.5 million.

Cash and cash equivalents totalled $72.6 million at 2025 year-end. These balances include cash on hand and highly liquid accounts that are available to support day-to-day operations, capital activity and short-term financial requirements.

Portfolio investments totalled $626.7 million at 2025 year-end. These investments support the City's reserve and reserve fund strategy, provide investment income, and help preserve financial capacity for future infrastructure and service needs. The portfolio also generated unrealized gains that contributed to accumulated remeasurement gains of $25.7 million.

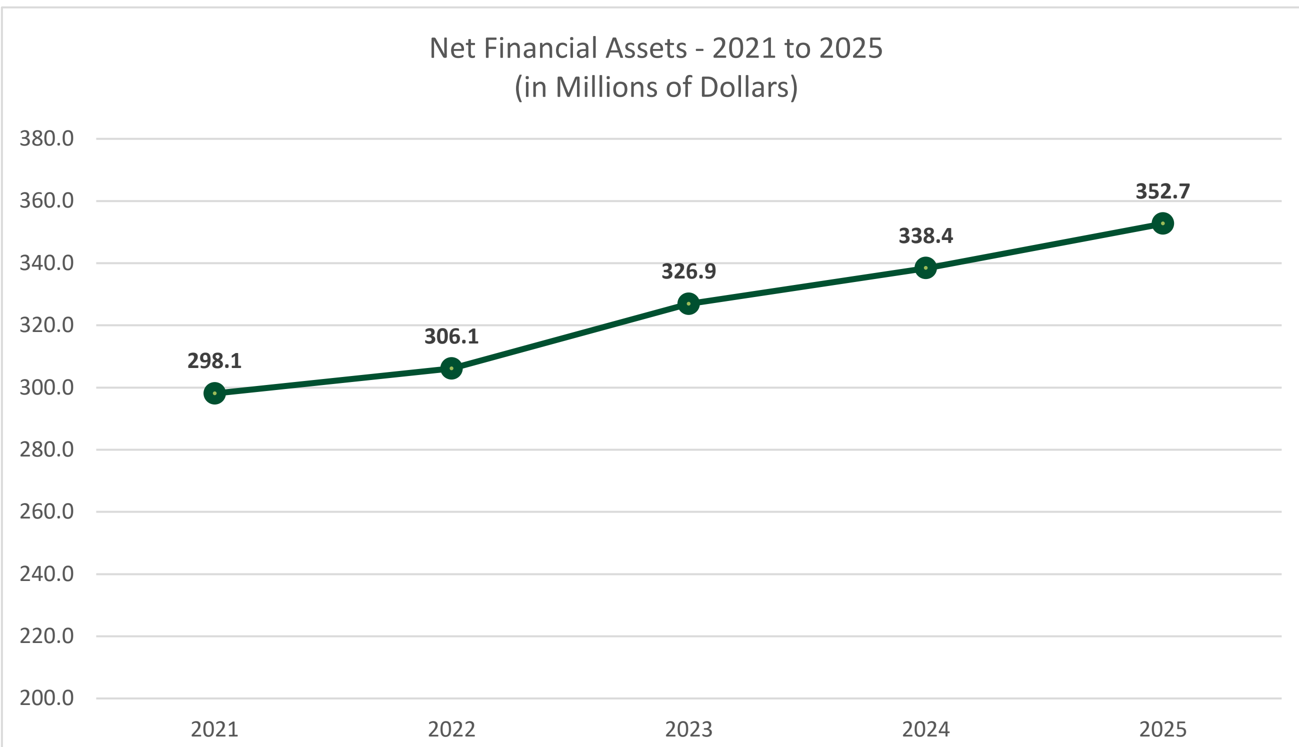


Net Financial Assets

Net financial assets represent the difference between the City's financial assets and financial liabilities. This measure helps assess the City's financial flexibility by showing the extent to which financial resources are available to support future obligations, service delivery and capital needs.

At December 31, 2025, the City reported net financial assets of $352.7 million, calculated as total financial assets of $817.5 million less total financial liabilities of $464.8 million. This positive net financial asset position reflects the City's continued commitment to financial stability and prudent fiscal management, while providing flexibility to respond to future economic challenges and capital requirements.

Over the past five years, the City has maintained a positive net financial asset position, with an average annual increase of approximately 4%. This trend demonstrates the City's ongoing ability to preserve financial flexibility while supporting service delivery and long-term capital planning.

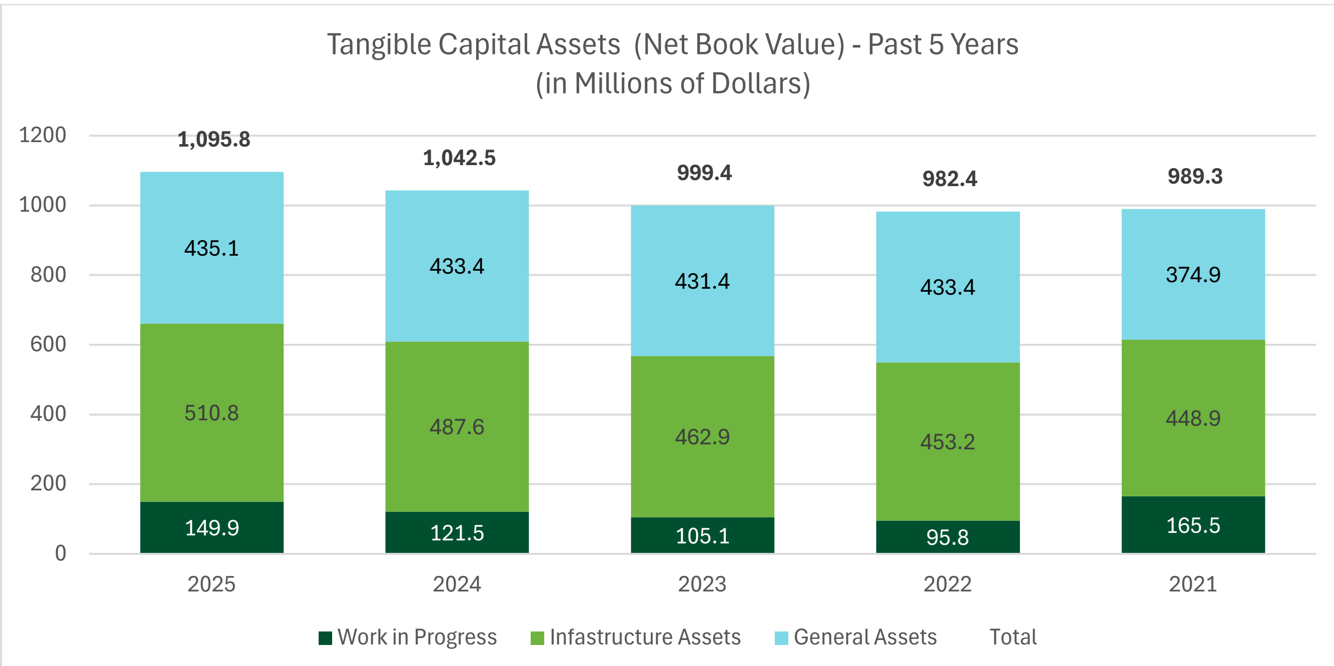


Capital Investment and Infrastructure

Tangible Capital Assets

The net book value of the City's tangible capital assets increased to $1,095.8 million at December 31, 2025, from $1,042.5 million in 2024. This increase reflects continued investment in the City's infrastructure and capital asset base, including assets acquired, constructed or contributed during the year, partially offset by annual amortization and disposals.

During 2025, the City acquired $99.2 million in tangible capital assets, as reported in the Consolidated Statement of Change in Net Financial Assets. Capital activity included continued investment in roads, water, wastewater, stormwater infrastructure, facilities and other municipal assets. Work in progress totalled $149.9 million at year-end, reflecting major capital projects underway that will be placed into service in future years.

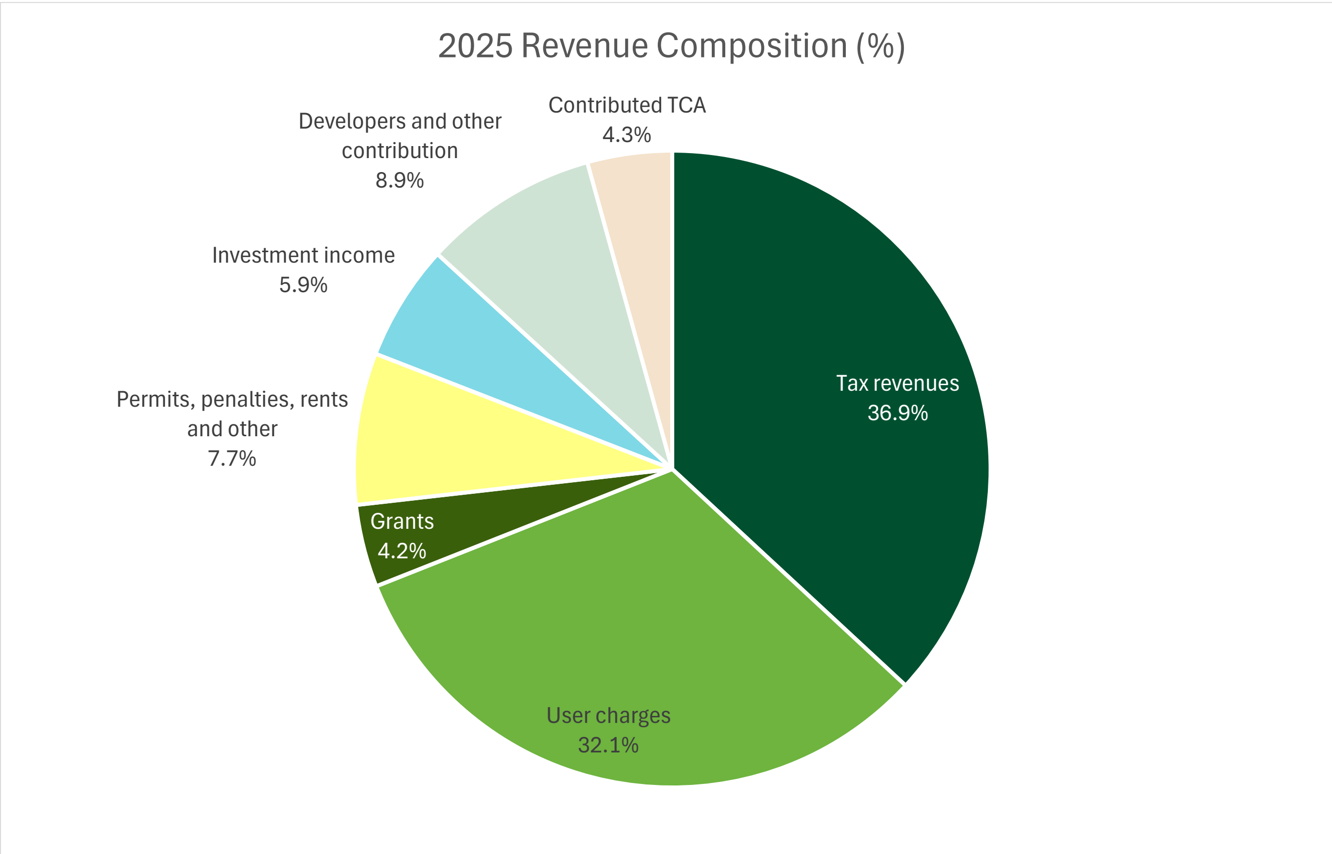


The continued increase in the net book value of tangible capital assets reflects the City's ongoing investment in its long-term infrastructure base. The work-in-progress balance also indicates that significant capital projects are underway and will support future service delivery once completed and placed into service.

Revenue, Expense and Surplus

Annual Revenue

In 2025, total revenues were $421.5 million, an increase of $30.6 million, or approximately 7.8%, from $390.9 million in 2024. Taxation revenues and user charges remained the City's primary revenue sources, together accounting for 69.1% of total revenue, with taxation contributing 37.0% and user charges contributing 32.1%.



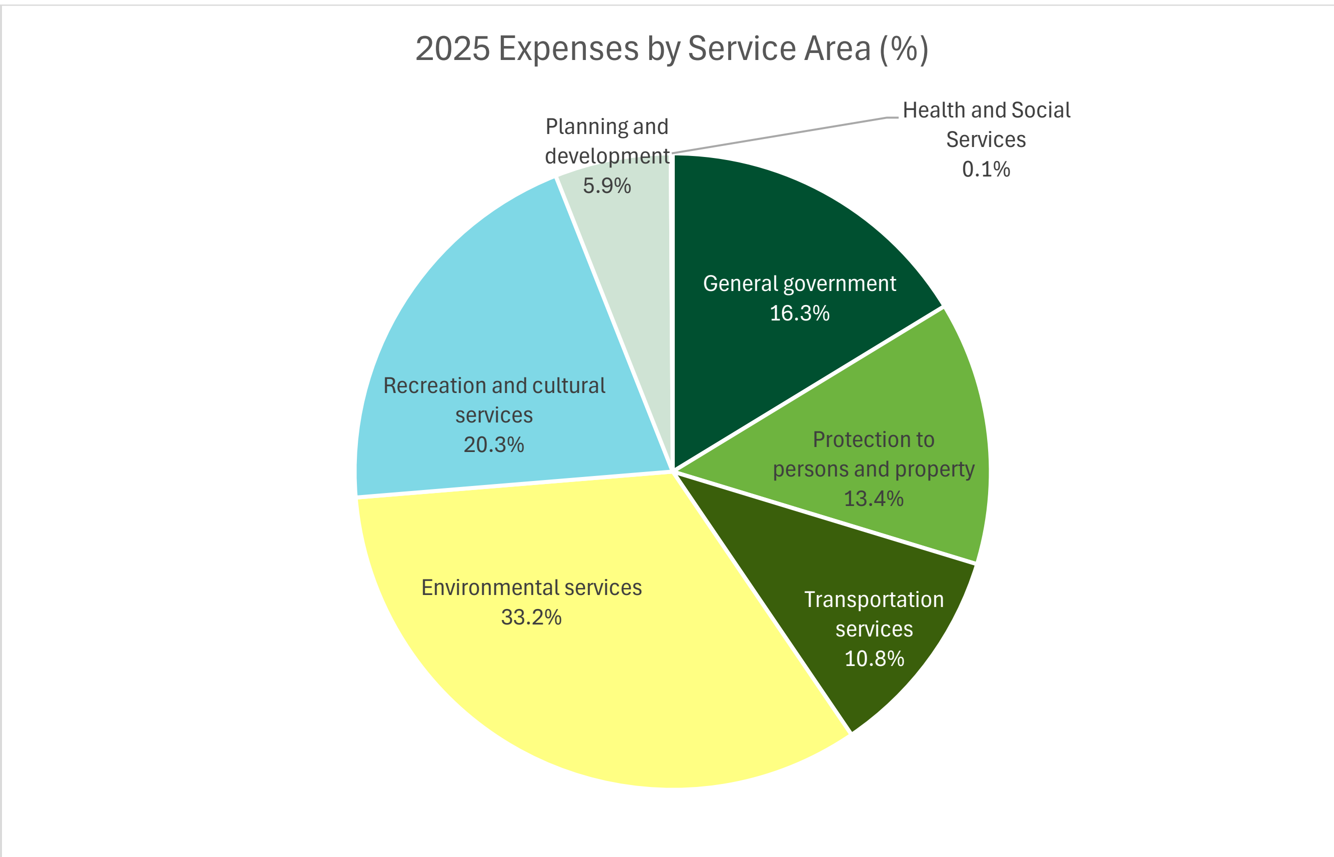
Taxation revenues increased by $8.6 million year over year to $155.8 million. This growth reflected assessment growth and Council-approved tax rates and was further supported by stronger-than-budgeted tax-related revenues. The 2025 Year-End Operating Results noted that tax arrears penalties and interest were favourable to budget due to higher outstanding property tax balances, while supplementary taxes were also favourable as several large developments were assessed late in the year.

User charges increased by $11.2 million year over year to $135.3 million. The increase was supported by higher water consumption, metered hydrant use and new connections, along with stronger demand for fee-based recreation and fitness programs. These higher revenues helped offset some service delivery pressures; however, in the Water and Wastewater Fund, higher wholesale water purchases from York Region exceeded the additional water revenues and contributed to the fund's year-end deficit.

Other revenue categories also contributed to the year-over-year increase. Permits, penalties, rents and other revenues increased by $4.8 million, supported by stronger parking fine revenues, lottery licence revenues and building permit activity. Grants and government transfers increased by $1.5 million, developer and other contributions earned increased by $1.6 million, and revenue recognized on contributed tangible capital assets increased by $3.6 million. Investment income decreased modestly by $0.6 million from 2024, but remained a significant revenue source at $24.9 million, supported by the City's investment strategy despite interest rate reductions during the year.

Annual Expense

Total expenses were $365.7 million in 2025, an increase of $22.9 million, or approximately 6.7%, from $342.8 million in 2024. The year-over-year increase reflects a combination of service delivery, inflationary and operating cost pressures across several major program areas. Environmental services remained the largest expenditure category at $121.4 million, representing 33.2% of total expenses.



Environmental services increased by $6.4 million from 2024, primarily reflecting water, wastewater and stormwater operations and maintenance. City purchased more water from York Region than budgeted, and higher wholesale water costs exceeded the additional water revenues generated from higher consumption, metered hydrant use and new connections. This pressure contributed to the Water and Wastewater Fund deficit, even though related user charge revenues increased.

Recreation and cultural services increased by $2.7 million to $74.1 million, consistent with expanded program delivery, facility operations and higher activity levels. General government expenses increased by $3.3 million to $59.3 million, reflecting city-wide administration, corporate support and project-related costs. Protection to persons and property increased by $1.2 million to $49.0 million, consistent with Fire and Emergency Services staffing, overtime, shift premium and vehicle and equipment maintenance pressures identified in the year-end operating results.

Planning and development expenses increased by $10.7 million from 2024 to $21.6 million, primarily due to newly introduced internal cost allocations from departments that support the planning and development process, which more accurately reflect the full cost of delivering these services. Transportation services decreased by $1.4 million from 2024 to $39.7 million, partially offsetting increases in other categories; however, the operating results still identified 2025 cost pressures in winter maintenance, fleet repairs and facility maintenance, which were managed within the City's broader year-end results.

Annual Surplus

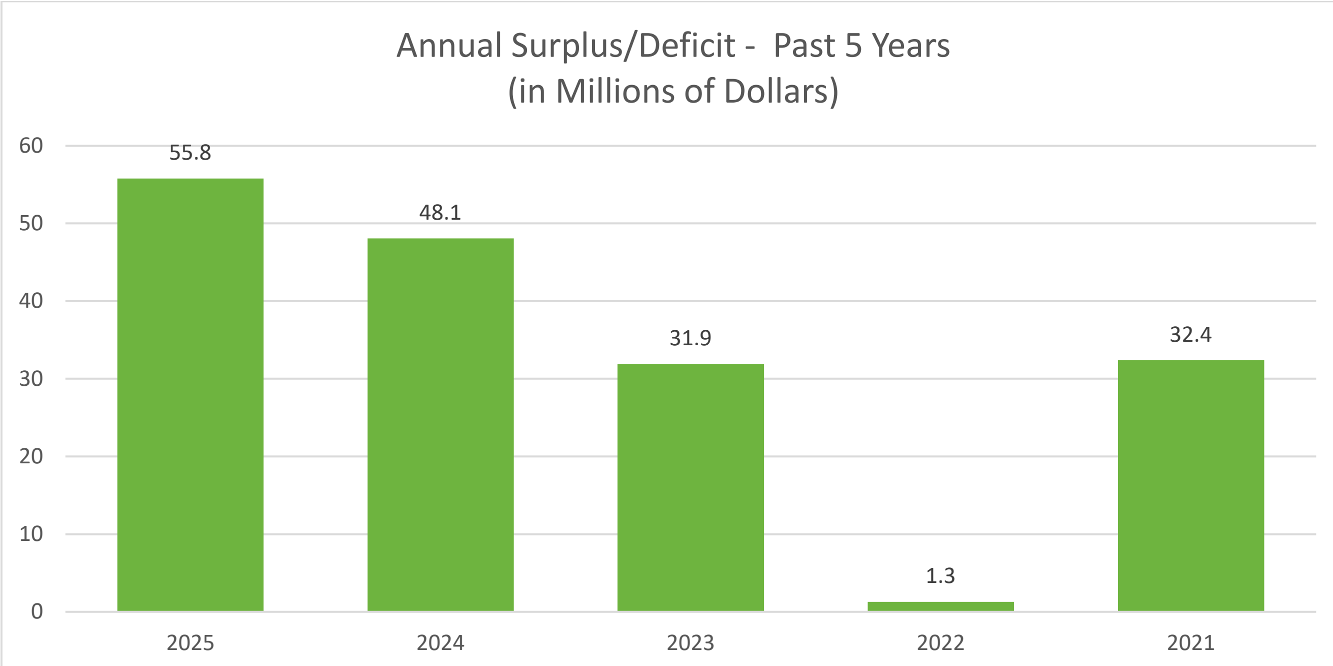
The Annual Surplus reflects total revenues minus total expenses for the year. In 2025, the surplus was $55.8 million, up from $48.1 million in 2024. Compared to the 2025 budgeted deficit of $28.3 million, this represents a favourable variance of $84.1 million.

Understanding the Budget-to-Actual Variance

Budget-to-actual variances can arise when certain items are excluded from the approved budget or cannot be reliably estimated during budget preparation because of their uncertain timing, value or accounting treatment. These items may include non-cash accounting adjustments, contributed assets, unrealized investment gains or losses, and other transactions that are recognized for financial statement purposes but are not budgeted in the same manner.

Reconciliation to the Audited Financial Statements

The budget amount presented in the audited financial statements is derived from the Council-approved budget and adjusted to align with Canadian public sector accounting standards and the financial statement presentation. For further detail, refer to the section titled *Reconciliation of City's Budget to Audited Financial Statements*, which explains how the approved budget is restated for audited financial reporting purposes.



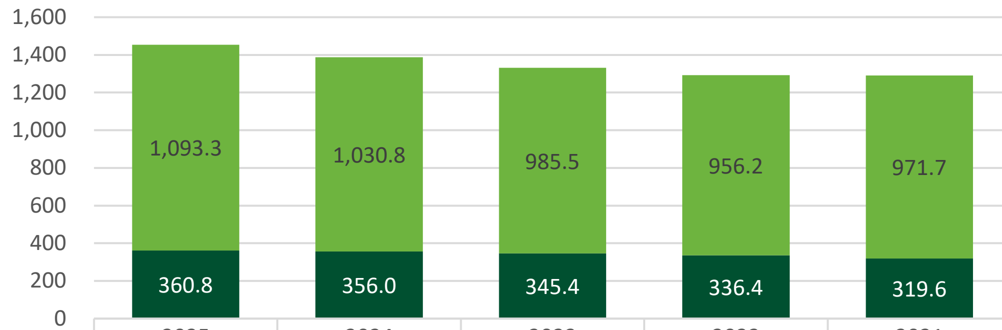
Components of Accumulated Surplus
Accumulated surplus is made up of the City's individual fund surpluses, investment in tangible capital assets, and balances held in reserves and reserve funds. These components reflect both the City's accumulated operating results and the resources that have been set aside or invested to support future service delivery, infrastructure renewal and long-term financial sustainability.

A detailed breakdown is provided in Note 9 – Accumulated Surplus in the 2025 Audited Financial Statements.

Reserves and Reserve Funds are mechanisms the City uses to manage and monitor financial resources that Council has designated for specific future purposes. These include operational reserves that support key municipal needs, such as the administration of municipal elections, contingency planning, insurance and WSIB obligations, firefighter sick leave liabilities, and other anticipated or unforeseen expenditures.

Contributions to these funds are typically made through the operating budget, while withdrawals are used to finance capital projects and other Council-approved initiatives. As of 2025, Reserves and Reserve Funds total $360.8 million, consistently representing approximately 25% of the City's accumulated surplus over the past five years.

Accumulated Surplus - Past 5 Years (in Millions of Dollars)



	2025	2024	2023	2022	2021
Total surplus	1,093.3	1,030.8	985.5	956.2	971.7
Total reserves and reserve funds	360.8	356.0	345.4	336.4	319.6
Total accumulated surplus	1,454.1	1,386.8	1,330.9	1,292.6	1,291.3

■ Total reserves and reserve funds ■ Total surplus

Consolidated Financial Statements of

THE CORPORATION OF THE CITY OF RICHMOND HILL

And Independent Auditor's Report thereon

Year ended December 31, 2025

Responsibility for Financial Reporting

Management's Report

The integrity, relevance and comparability of data in the accompanying consolidated financial statements are the responsibility of management.

The consolidated financial statements are prepared by management, in accordance with general accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

City Council fulfills its responsibilities for financial reporting through The City Council and its Audit Committee. The City Council consists of the Mayor and eight councillors. The Audit Committee consists of the Mayor and two councillors. The Audit Committee meets with management and the external auditors to review the consolidated financial statements, discuss significant accounting and reporting matters.

The City's external auditors, **KPMG LLP**, appointed by City Council to express an opinion on The City's consolidated financial statements. Their report follows.

Darlene Joslin
City Manager

Gigi Li
Treasurer

Richmond Hill, Ontario
June 10, 2026

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Richmond Hill

Opinion

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

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of change 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, 2025, and its consolidated results of operations, its consolidated remeasurement of gains and losses, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness ofaccounting estimates and related disclosures made by management.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 10, 2026

THE CORPORATION OF THE CITY OF RICHMOND HILL
Consolidated Statement of Financial Position
(In thousands of dollars)

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets	$	$
Cash and cash equivalents	72,575	120,398
Portfolio investments (note 3)	626,761	557,503
Taxes and payments-in-lieu receivable (note 5)	52,328	50,889
Accounts receivable	65,815	65,811
	817,479	**794,601**
Financial Liabilities		
Accounts payable and accrued liabilities	81,168	110,583
Other liabilities (note 6)	23,719	22,594
Deferred revenue (note 7)	326,428	294,405
Employee future benefits liability (note 8)	33,514	28,574
	464,829	**456,156**
Net financial assets	**352,650**	**338,445**
Non-Financial Assets		
Tangible capital assets (note 18)	1,095,825	1,042,498
Inventories	1,179	1,308
Prepaid expenses	4,430	4,585
	1,101,434	**1,048,391**
Accumulated surplus	**1,454,084**	**1,386,836**
Accumulated surplus comprises:		
Accumulated surplus from operations	1,428,431	1,372,595
Accumulated remeasurement gains	25,653	14,241
Accumulated surplus	**1,454,084**	**1,386,836**

Commitments (note 15)
Contingencies (note 16)

See accompanying notes to consolidated financial statements

Approved by:

Paul West
_______________________________ Mayor

_______________________________ Director

THE CORPORATION OF THE CITY OF RICHMOND HILL

Consolidated Statement of Operations

(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Budget 2025 (note 17)	Actual 2025	Actual 2024
Revenue:	$	$	$
Taxation (note 10)	153,959	155,786	147,231
User charges	132,979	135,289	124,082
Grants and government transfers (note 11)	11,196	17,494	16,004
Permits, penalties, rents and other	31,459	32,490	27,722
Investment income	23,028	24,897	25,528
Revenue recognized on contributed tangible capital assets	13,507	18,118	14,518
Developer and other contributions earned	32,084	37,415	35,800
	398,212	**421,489**	**390,885**
Expenses:			
Environmental services	139,446	121,383	115,021
Recreation and cultural services	99,558	74,142	71,407
General government	64,238	59,302	55,995
Protection to persons and property	42,931	49,047	47,885
Transportation services	56,330	39,671	41,103
Planning and development	23,491	21,586	10,891
Health and social services	500	522	481
	426,494	**365,653**	**342,783**
Annual surplus (deficit)	**(28,282)**	**55,836**	**48,102**
Accumulated surplus, beginning of year	**1,372,595**	**1,372,595**	**1,324,493**
Accumulated surplus, end of year	**1,344,313**	**1,428,431**	**1,372,595**

THE CORPORATION OF THE CITY OF RICHMOND HILL

Consolidated Statement of Remeasurement Gains and Losses

(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
	$	$
Accumulated remeasurement gains, beginning of year	14,241	6,394
Unrealized gains attributable to portfolio investmentsnote 3)	11,412	7,847
Accumulated remeasurement gains, end of year	**25,653**	**14,241**

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL

Consolidated Statement of Change in Net Financial Assets

(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	Budget 2025 (note 17)	Actual 2025	Actual 2024
	$	$	$
Annual surplus (deficit)	(28,282)	55,836	48,102
Unrealized gain from the satement of remeasurement gains a losses	–	11,412	7,847
Acquisition of tangible cpital assets	(13,507)	(99,222)	(88,836)
Amortization of tangibleapital assets	43,252	45,491	43,324
Loss on disposal of tangble capital assets	–	146	1,897
Proceeds from sale of tngible capital assets	–	258	529
Change in prepaid expes	–	155	(1,240)
Change in inventories	–	129	(8)
Increase in net financiaassets	**1,463**	**14,205**	**11,615**
Net financial assets, bginning of year	**338,445**	**338,445**	**326,830**
Net financial assets, ed of year	**339,908**	**352,650**	**338,445**

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF RICHMOND HILL
Consolidated Statement of Cash Flows
(In thousands of dollars)

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):	$	$
Operating activities:		
Annual surplus	55,836	48,102
Items not involving cash:		
Amortization of tangible capital assets	45,491	43,324
Revenue recognized on contributed capital assets	(18,118)	(14,518)
Loss on disposal of tangible capital assets	146	1,897
	83,355	**78,805**
Change in non-cash operating items:		
Taxes and payments-in-lieu receivable	(1,439)	(6,913)
Inventories	129	(8)
Prepaid expenses	155	(1,240)
Accounts receivable	(4)	(12,261)
Accounts payable and accrued liabilities	(29,415)	49,888
Other liabilities	1,125	876
Deferred revenue	32,023	24,273
Employee future benefits liability	4,940	1,578
	90,869	**134,998**
Capital activities:		
Acquisition of tangible capital assets	(81,104)	(74,318)
Proceeds from sale of tangible capital assets	258	529
	(80,846)	**(73,789)**
Investing activities:		
Purchase of investments	(188,072)	(154,337)
Proceeds from maturity of investments	130,226	118,749
	(57,846)	**(35,588)**
Increase (decrease) in cash and cash equivalents	**(47,823)**	**25,621**
Cash and cash equivalents, beginning of year	**120,398**	**94,777**
Cash and cash equivalents, end of year	**72,575**	**120,398**

See accompanying notes to consolidated financial statements.

The Corporation of the City of Richmond Hill (the "City") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, 2001, Municipal Affairs Act, Development Charges Act and related legislation.

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the City of Richmond Hill (the "City") are the representations of management prepared in accordance with local government accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the City include:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all organizations, local boards and committees controlled by the City including the following:

- Richmond Hill Public Library
- Village of Richmond Hill Business Improvement Area

All material inter-entity and interfund transactions and balances are eliminated on consolidation.

(b) Accounting for region and school board:

The taxation, other revenues, expenditures, assets, and liabilities with respect to the operations of The York Region District School Board, The York Catholic District School Board, and The Region of York are not reflected in the municipal fund balances of these consolidated financial statements.

(c) Trust funds:

Trust funds and their related operations administered by the City are not included in the consolidated financial statements but are reported separately on the trust funds statement of revenue, expenditure and fund balance.

1. Significant accounting policies (continued):

(d) Basis of accounting:

(i) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers' acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

(ii) Revenue and expenses:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the year in which the transactions or events occurred when they are earned and measurable; expenses are recognized in the year the goods or services are acquired and a legal liability is incurred or transfers are due.

(iii) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities unless they are sold and are held for use in the provision of services. They have lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Tangible capital and other non-financial assets are accounted for as assets by the City because they can be used to provide services in future years.

(In thousands of dollars)

1. Significant accounting policies (continued):

(iv) Tangible capital assets:

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

Asset category	Asset subcategory	Useful life (in years)
General assets		
Land		Indefinite
Land improvements	Parks and parkettes	10 - 40
	Parking lots	15
Buildings	Structural and architectural comp	40
	Mechanical	25
	Electrical	20
Vehicles	Vehicles	3 - 10
Machinery and equipment	Fire equipment	5 - 15
	Arena and fitness equipment	4 - 20
	Hardware and software	4 - 15
Other	Library material	4 - 7
Infrastructure assets		
Road network	Travelled roads	20
	Sidewalk and walkways	40 - 80
	Bridges and culverts	30 - 100
Water network	Water main	50 - 100
	Valves	35
	Water meter	20
Wastewater network	Sanitary sewers	75 - 100
	Pump and lift station	10 - 50
Stormwater network	Storm sewer	30 - 100

Assets under construction are not amortized until the asset is available for productive use.

1. Significant accounting policies (continued):

(a) Amortization:

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives. One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

(b) Contribution of tangible capital assets:

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

Contributed assets where an estimate cannot be made at the time of contribution are recorded at nominal value.

(c) Intangible assets:

Intangible assets are not recognized as assets in the consolidated financial statements.

(d) Interest capitalization:

The City's intangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition or construction of tangible capital assets.

(v) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(vi) Deferred revenue:

Deferred revenue represents government transfers, user charges, development charges and other fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

1. Significant accounting policies (continued):

(vii) Employee future benefits:

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

(viii) Investment income:

Investment income earned is reported as revenue in the year earned. Investment income earned on Development Charges and Cash-in-lieu of Parkland Obligatory Reserve Funds is added to the obligatory reserve fund balance and forms part of the respective deferred revenue balances.

(ix) Contaminated sites:

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:
(a) an environmental standard exists; (b) contamination exceeds the environmental standard; (c) the organization is directly responsible or accepts responsibility for the liability; (d) future economic benefits will be given up; and (e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the City's consolidated statement of operations.

(x) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenue in the financial year in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

1. Significant accounting policies (continued):

(xi) Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount 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 year. Actual results could differ from these amounts. Significant estimates include employee future benefits and useful lives of tangible capital assets.

(e) Asset retirement obligation:

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

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

These obligations represent estimated retirement costs for the City owned buildings, including fuel tanks and restoration costs for leasehold improvements. Asset retirement obligations are recorded on the consolidated financial statements as a liability and are based on accrual accounting. As such, there is no direct cash flow or budgetary impact to the City.

The ARO standard applies to all tangible capital assets controlled by the City that have a legal or contractual obligation. It addresses the reporting of legal obligations associated with the retirement of tangible capital assets, both in productive use and not in productive use and controlled by the entity, and the costs associated with the retirement of these assets.

1. Significant accounting policies (continued):

The estimate of the liability associated is measured based on the best estimate of directly attributable expenditures required to settle this obligation. Other costs would also include post-retirement operation, maintenance and monitoring costs required after the asset has been removed from service. To record the obligation, the total liability is added to the carrying value of the associated assets and amortized using straight-line basis over the remaining useful life of the asset. As new and updated information is available through maintenance of assets, the estimates for ARO would be revised and any updates to the estimated costs of obligation will result in change in carrying value of the assets in productive use to be amortized for the remaining life of the asset.

(f) Related parties disclosure:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties include key management personnel, their close family members and the entities they control or have shared control over. Related party transactions are disclosed if they occurred at a value different from that which would have been arrived at if parties were unrelated and the transaction has material effect on the consolidated financial statements. As at December 31, 2025, there are no such related party transactions to disclose.

(g) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty which will be ultimately resolved when one of more future events occurs that are not within the government's control. Disclosure of a contingent asset is required under this standard when the occurrence of a confirming future event is likely. As at December 31, 2025, there are no such contingent assets to disclose.

1. **Significant accounting policies (continued):**

(h) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2025, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of these standards on the future consolidated financial statements.

(a) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (the City's December 31, 2027 year end).

(b) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (the City's December 31, 2027 year end).

(c) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (the City's December 31, 2030 year end).

(d) PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (the City's December 31, 2031 year end).

(e) PS 3155, Intangible Assets, will replace the current section PSG 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

2. Financial instruments:

(a) Financial instruments are classified into three categories: fair value, amortized cost or cost.

(i) Fair value:

The City manages and reports performance for groups of financial assets on a fair- value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and related balances reversed from the consolidated statement of remeasurement gains and losses.

(ii) Amortized cost:

Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant year, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category and is now the method that must be used to calculate amortized cost.

(iii) Cost:

Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(In thousands of dollars)

2. Financial instruments (continued):

Financial instruments measured at fair value are classified according to fair value hierarchy that reflects the importance of the data used to perform each valuation. The fair value hierarchy is made up of the following levels:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy of investment assets at December 31st is as follows:

	evel	2025	2024
		$	$
Investments, at cost:			
Term deposits	1	121,000	66,000
Accrual notes	1	88,000	123,000
Strips	1	99,400	96,350
Bonds	1	23,657	28,864
Deposit notes	1	16,000	16,000
Investment funds, bonds	2	93,586	86,952
		441,643	**417,166**
Investments, at fair value			
Principal protected notes	1	42,616	35,436
Pooled investments, equity fund	2	142,502	104,901
		185,118	**140,337**
Total		**626,761**	**557,503**

(In thousands of dollars)

2. Financial instruments (continued):

The following table provides the carrying amount information of the financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

	2025 Amortize cost	2025 Fai valu	2024 Amortized cost	2024 Fair value
	$	$	$	$
Cash and cash equivalent	72,57	–	120,398	–
Portfolio investments	441,643	185,118	417,166	140,337
Accounts receivable	65,81	–	65,811	–
Accounts payable and accued liabilities	(81,168)	–	(110,583)	–
Employee future benefits lbility	–	(33,514)	–	(28,574)

(b) Credit risk:

Credit risk is the risk of financial loss to the City if a debtor fails to discharge their obligation (e.g. pay the accounts receivable owing to the City). The City is exposed to this risk arising from its cash and cash equivalents, portfolio investments and receivables. The City holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. Portfolio investments primarily include investments in corporate bonds with terms to maturity greater than 5 years through the Canadian Corporate Bond Portfolio, which is a third party professionally managed fund administered by ONE Investment.

Accounts receivable is primarily due from tax and water services. The City measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the City historical experience regarding collections. Impairment allowance related to receivables as at December 31, 2025 is $2,980 (2024 - $2,315), $1,302 (2024 - $880) relating to taxes and payments-in-lieu receivable and $1,678 (2024 - $1,435) relating to accounts receivable. There were no changes in exposures to credit risk during the year.

(In thousands of dollars)

2. Financial instruments (continued):

(a) Liquidity risk:

Liquidity risk is the risk that the City will not be able to meet all cash outflow obligations as they come due. The City mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining sufficient cash on hand if unexpected cash outflows arise. The following table sets out the expected maturities, representing undiscounted cash-flows of its financial liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
	$	$	$	$	$
Accounts payables and accrued liabilities	71,383	9,785	–	–	81,168
Employee benefits payable	2,394	2,394	7,182	21,544	33,514
	73,777	**12,179**	**7,182**	**21,544**	**114,682**

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk.

(b) Market risk:

(i) Foreign currency risk:

Foreign currency risk is the risk that an investment loses value based on exchange rate fluctuations upon. The City is exposed to foreign currency risk with regard to cash balances denominated in U.S. dollars ("USD"). As at December 31, 2025, the City held USD 359 (2024 - USD 298). Additionally, the City does not hold any U.S.-denominated investments. It is the City's opinion that the City is not exposed to significant foreign currency risk arising from cash balances denominated in USD.

2. Financial instruments (continued):

(ii) Interest rate risk:

Interest rate risk is the risk that its fixed income investments decline in value in response to an increase in interest rates. The investment strategy at the City is based on a buy and hold approach, thereby reducing the need to speculate on the future changes in interest rates. Further, purchases are made through varying lengths of maturities to balance investment term exposures, to mitigate the effects of interest rate volatility, as investments mature at face value. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure that risk.

(iii) Other price risk:

Other price risk is the risk that the fair value or future cash flows of an investment will decline due to changes in market prices other than those caused by interest rate risk or foreign currency risk. Portfolio owns units in however, this comprises the smallest allocation relative to the total portfolio, while supporting portfolio diversification. Exposure to equities is monitored on a frequent basis and rebalanced, if necessary, in order to avoid overconcentration as market values change over time.

(In thousands of dollars)

3. Investments:

Investments in the consolidated statement of financial position are reported at cost with the exception of pooled investments - equity fund and principal protected notes, that are traded in the active market being reported at market value. Investments had a market value of $626,761 (2024 - $564,135) at the end of the year. They consist of investments pursuant and long-term instruments of various financial institutions. Investments are comprised of the following:

	2025	2025	2025	2025	2024	2024
	Recorded at cost	Recorded at market value	Reported total	Market value	Reported total	Market value
Recorded at cost	$	$	$	$	$	$
Term deposits	121,000	–	121,000	121,000	66,000	66,000
Accrual notes	88,000	–	88,000	94,927	123,000	133,407
Strips	99,400	–	99,400	102,484	96,350	96,313
Bonds	23,657	–	23,657	23,387	28,864	28,833
Deposit notes	16,000	–	16,000	15,351	16,000	15,116
Investment funds - bonds	93,586	–	93,586	90,681	86,952	84,129
Reported at market value						
Principal protected notes	–	42,616	42,616	42,616	35,436	35,436
Pooled investments equity fund	–	142,502	142,502	142,503	104,901	104,901
	441,643	**185,118**	**626,761**	**632,949**	**557,503**	**564,135**

The City also has a long-term investment in a principal protected notes and pooled investments - equity fund. Market value of these investments is $185,118 (2024 - $140,337) at December 31, 2025. The change in unrealized gain of $11,412 (2024 - $7,847) is reported in the consolidated statement of remeasurement gains and losses.

(In thousands of dollars)

4. Trust funds:

Trust funds administrated by the City amount to $20 (2024 - $20). As the City holds these funds in trust for the benefit of others, they are not presented as part of the City's consolidated statement of financial position or financial activities.

5. Taxes and payments-in-lieu receivable:

The balance in taxes and payments-in-lieu receivable, including penalties and interest, is comprised of the following

	2025	2024
	$	$
Current year	26,653	24,481
Previous yeas	20,117	20,364
Penalties andnterest	6,860	6,924
Allowance	(1,302)	(880)
	52,328	**50,889**

6. Other liabilities:

The balance in other liabilities is comprised of the following:

	2025	2024
	$	$
Liabilities for asset retirement obligation	3,973	3,958
Other liabilities	19,746	18,636
	23,719	**22,594**

Other liabilities comprise obligations such as letters of credit drawn, security and grading deposits, as well as various miscellaneous deposits and bonds held in trust or pending fulfillment of related commitments.

The City of Richmond Hill has recognized an ARO for the removal of asbestos from various City owned facilities.

(In thousands of dollars)

6. Other liabilities (continued):

A reconciliation of the aggregate carry amount of the ARO is as follows:

	2025	2024
	$	$
Balance, beginning of yea	3,958	3,929
Accretion expense	15	29
Balance, end of year	**3,973**	**3,958**

7. Deferred revenue:

Deferred revenue represents government transfers, user charges and fees which have been collected but for which the related services have yet to be performed. Obligatory reserve funds are funds set aside and legally restricted by provincial legislation, a municipal by-law, or an agreement. The funds are raised for specific purpose and cannot be used for any other purpose. The main obligatory reserve funds are the Development Charges Reserve Funds that are regulated by the Development Charges Act. These amounts will be recognized as revenue in the fiscal year the services are performed. The following is the current status of the deferred revenue:

	2025	2024
	$	$
General	10,551	9,992
Obligatoy Reserve Funds	315,877	284,413
	326,428	**294,405**

(In thousands of dollars)

7. Deferred revenue (continued):

The breakdown of general deferred revenue is as follows:

	2025	2024
	$	$
Deferred advance sales	6,327	5,243
Deferred grants	101	1,954
Deferred building and delopment fees	1,107	712
Deferred other contributons	3,016	2,083
	10,551	**9,992**

The following represents the activity and the year end balances for the Obligatory Reserve Funds:

	Balance, beginning of year	Receipts	Revenue earned	Balance, end of year
	$	$	$	$
Development Charges	185,171	48,098	(21,756)	211,513
Cash-in-lieu (CIL) Parkand	66,899	7,218	(9,929)	64,188
Building Permit Stabiliztion	4,918	6,346	(1,453)	9,811
Canada Community Blding Fund	19,429	7,633	(10,659)	16,403
Community Benefit Fd (formerly Section 37)	1,294	77	(879)	492
Housing Accelerator Fd Grant	6,702	7,779	(1,011)	13,470
	284,413	**77,151**	**(45,687)**	**315,877**

(In thousands of dollars)

8. Employee future benefits:

Information about the City's employee future benefits liability is as follows:

	Retirement and sick leave benefits (a)	Workplace Safety and Insurance Board ("WSIB") (b)	2025	2024
	$	$	$	$
Accrued future benefits liability, beginning of year	19,998	8,576	28,574	26,996
Current service costs	1,079	1,772	2,851	2,177
Interest accrued	693	678	1,371	1,013
Benefits paid during the year	(1,469)	(1,896)	(3,365)	(2,290)
Increase due to Survivor Awards Plan Amendment	1,382	1,834	3,216	–
Amortization of actuarial loss	133	734	867	678
Employee future benefits liabily, end of year	**21,816**	**11,698**	**33,514**	**28,574**
Accrued benefit obligations	23,202	17,576	40,778	32,988
Unamortized actuarial loss	(1,386)	(5,878)	(7,264)	(4,414)
Employee future benefits liabily, end of year	**21,816**	**11,698**	**33,514**	**28,574**

(a) Retirement and sick leave benefits:

Employee future benefits include health and dental benefits that the City pays on behalf of its current and retired employees. The City recognizes these post-retirement costs as they are earned during the employees' tenure of service.

Under the sick leave benefit plan available only to the City's firefighters, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment, provided they have ten years of service.

The benefit liability at December 31, 2025 of $21,816 (2024 - $19,998) was determined by actuarial valuation. The accrued benefit liability and the expense for the year ended December 31, 2025 were based on assumptions used for the December 31, 2025 actuarial valuation.

8. Employee future benefits (continued):

An actuarial loss is being amortized on a straight-line basis over the expected average remaining service life, estimated to be 15 years for firefighter and 14 years for City and library employees.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

(i) General inflation:

Future general inflation levels were assumed to be 2% in 2025 (2024 - 1.75%) and thereafter.

(ii) Interest (discount) rate:

The present value as at December 31, 2025 of the future benefits was determined using a discount rate of 4.25% (2024 - 3.25%). This corresponds to the assumed inflation rate plus an assumed rate of return of 2.25% (2024 - 1.50%).

(iii) Health costs:

The 12-month ending March 31, 2024 combined (active and retiree) health cost rates, projected to July 1, 2025, are used as the basis for projecting the future retiree health cost rates. The management assumption for the annual health cost rate escalation for the City is 5% for 2026 and decreasing by 0.3333% per year over the following 5 years, to 3% in 2032, and 2.75% each year thereafter.

(iv) Dental costs:

The 12-month ending March 31, 2024 Combined (active & retiree) Dental Cost Rates, projected to July 1, 2025, are used as the basis for projecting the future retiree Dental Cost Rates. The management assumption for the future annual Dental Cost Rate escalation is 3.00% per annum.

8. **Employee future benefits (continued):**

(b) WSIB liability:

The City is a Schedule II employer under the Workplace Safety and Insurance Act and follows a policy of self insurance for all its employees.

The WSIB liability at December 31, 2025 of $11,698 (2024 - $8,576) was determined by an actuarial update for the year ended December 31, 2025.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

(i) Interest (discount) rate:

The present value as at December 31, 2025 of the future benefits was determined using a discount rate of 4% (2024 - 3%).

(ii) WSIB administration rate:

The WSIB administration rate at December 31, 2025 is set at 19% (2024 - 23%) which reflects 17% (2024 - 21%) for Schedule 2 administration fees and 2% (2024 - 2%) for physician fees.

(In thousands of dollars)

9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus, invested in tangible capital assets, reserves and reserve funds as follows:

	2025	2024
Surplus:	$	$
Operating funds	2,129	12
Unspent capital funds	7,252	6,756
Invested in tangible capital assets	1,095,825	1,042,498
Employees future benefits	(33,514)	(28,574)
Unfunded library's vacation pay	(135)	(123)
Increase in ARO	(3,973)	(3,958)
Remeasurement gains	25,653	14,241
	1,093,237	**1,030,852**
Reserves set aside for special purposes by Council:		
Elections	650	461
Contingencies	20,068	19,520
Acquisition of tangible capital assets	18,207	16,298
Operations and special purposes	29,480	33,329
	68,405	**69,608**
Reserve funds set aside for special purposes by Council:		
Acquisition of tangible capital assets	165,004	158,183
Insurance	3,856	3,440
WSIB	5,007	5,036
Firefighters' sick leave	1,360	1,285
Operating and special purposes	117,215	118,432
	292,442	**286,376**
Total accumulated surplus	**1,454,084**	**1,386,836**

(In thousands of dollars)

10. Taxation:

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC") and in accordance with the provisions of the Municipal Act, 2001. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services, the requisitions made by the Region of York in respect to regional services and amounts the City is required to collect on behalf of the School Board(s) in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the City upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no collection risk.

11. Grants and government transfers:

	2025	**2024**
	$	$
Government of Canada	13,849	11,769
Province of Ontario	2,411	3,723
Other grants	1,234	512
	17,494	**16,004**

12. Segment information:

The City is a diversified municipal government institution that provides a wide range of services to its residents, including water, fire, library and arena. For management reporting purposes the municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to accomplish certain objectives in accordance with special regulations, restrictions or limitations. City services are provided by departments/divisions and their activities are reported in these funds. For additional information, see the Consolidated Schedule of Segmented Disclosures (Schedule 1). Divisions that have been separately disclosed in the segmented information as follows:

(a) General government:

The Corporate and Financial Services department is primarily responsible for the provision of internal services that support the work of management and staff across all municipal departments as well as for the provision of external services to the public. These services are provided through governance and corporate finance.

(b) Protection to persons and property:

Protection to persons and property is comprised of the Fire and Emergency Services, Building and Community Standard divisions. The Fire Service is responsible providing fire suppression service; fire prevention, training and other emergency services to the City. The Fire and Emergency Services respond to a variety of calls including fires, medical assistance, rescue, auto extrication, public assistance, spills and release of materials hazardous to the environment.

The Building and Community Standard division ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards, parking, and by-law for the protection of occupants.

(c) Transportation services:

The Infrastructure and Engineering Services department provides the majority of the capital transportation services, such as road design construction, maintenance, and assessment of infrastructure. The roads section of the Community Services ("CS") department is responsible for the maintenance of all municipal roads, sidewalks, storm sewers, road and sidewalk snow clearing and winter control.

12. Segment information (continued):

(d) Environmental services:

The Infrastructure and Engineering Services department and Public Works Operations of the Community Services department provide environmental services. The Infrastructure and Engineering Services is responsible for the capital design and construction of water, wastewater and sewer infrastructure. The operation and maintenance of the City's water, wastewater and sewage infrastructure is the responsibility of the Public Works Operations Division of the Community Services Department.

(e) Health and social services:

The expenses grouped in this segment relate primarily to services and contributions to seniors and voluntary organizations.

(f) Recreation and cultural services:

The Community Services department provides public services that contribute to neighborhood development and sustainability through the provision of parks operations, recreation, and leisure services such as fitness, skating and aquatic programs. The department also contributes towards information and services provided by Richmond Hill Library Board are also included.

(g) Planning and development:

The Development Planning, Policy Planning and Building division in Planning and Building Services department manage urban development, local neighborhood planning, community development and heritage matters. It deals with planning from a broad policy perspective, formulating and promoting long-term planning policy. The Heritage Richmond Hill ("HRH") Committee provides advice on heritage matters, as well as recommendations to Council under the Ontario Heritage Act with respect to the heritage designation of properties. The Development Planning division processes and makes recommendations on development applications. Such applications include official plan and zoning by-law amendments, plans of subdivisions and site plans. The Committee of Adjustment processes applications related to minor variances and consents to sever parcels of land.

(In thousands of dollars)

12. Segment information (continued):

For each reporting segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

13. Classification of expenditures by object:

The consolidated statement of operations presents the expenditures by function, whereas the following classifies those same expenditures by object:

		2024
	$	$
Salaries, wages and employee benefits	164,468	148,677
Operating materials and supplies	76,313	82,227
Contracted services	74,079	63,472
Rents and financial expenses	4,336	4,160
External transfers to others	966	923
Amortization of tangible capital assets	45,491	43,324
Total expenditures by objects	**365,653**	**342,783**

14. Pension agreements:

The City is required to participate in and make contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2023. The results of this valuation disclosed total actuarial liabilities of $136,185 million with respect to benefits accrued for service with actuarial assets at that date of $131,983 million indicating an actuarial deficit of $4,202 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees.

(In thousands of dollars)

14. Pension agreements (continued):

The contribution rate for 2025 was 9% (2024 - 9%) up to Canada Pension Plan ("CPP") earnings limit and 14.6% above CPP earnings limit (2024 - 14.6%). The amount contributed to OMERS for 2025 was $11,774 (2024 - $10,963) for current service and is included as an expenditure on the consolidated statement of operations.

CPP earning's limit ("Year's Maximum Pensionable Earnings" or "YMPE") in 2025 was $71.3 (2024 - $68.5).

15. Commitments:

(a) The City has entered into various contracts for maintenance and repairs of City's infrastructure. The obligations over the remaining life of these contracts are as follows:

2026	$7,485
2027	3,891
2028	1,353
2029	519
2030	405
	$13,653

(b) For the supply and delivery of insurance and the remaining obligations are as follows:

2026	$310
2027	310
2028	310
2029	182
	$1,112

(In thousands of dollars)

15. Commitments (continued):

(c) The City leases various equipments such as vehicles to serve the day to day maintenance operations:

2026	$1,305
2027	307
2028	282
	$1,894

(d) The City continues to be in a contract for the handling of garbage, recycling materials and snow removal. The obligations over the remaining life of this contract are as follows:

2026	$9,289
2027	4,448
2028	2,537
2029	1,291
2030 and thereafter	1,607
	$19,172

(e) The City has entered into contracts for the construction of major tangible capital assets. The unpaid portion of these contracts amounted to $48,445 as at December 31, 2025 (2024 - $51,855).

(f) The City continues to be in a common area maintenance agreement for the City hall building. The obligations over the remaining life of this contract are as follows:

2026	$249
2027	254
2028	259
2029	264
2030 and thereafter	545
	$1,571

(In thousands of dollars)

15. Commitments (continued):

(g) The City has entered into various security, janitorial and consulting contracts. The obligations over the remaining life of these contracts are as follows:

2026	$2,087
2027	1,609
2028	1,407
2029	1,150
2030 and thereafter	804
	$7,057

(h) The City has entered into contracts for shelter for domestic animals and control wildlife services. The obligations over the remaining life of these contracts are as follows:

2026	$784
2027	741
2028	741
2029	741
2030 and thereafter	2,223
	$5,230

(i) The City has entered into contracts relating to environmental maintenance and the supply of materials. The obligations over the remaining life of these contracts are as follows:

2026	$2,522
2027	1,131
2028	697
2029	676
2030	668
	$5,694

(In thousands of dollars)

15. Commitments (continued):

(j) The City has entered into contracts for the delivery and supply of material and supplies. The remaining obligations of these contracts are as follows:

2026	$2,035
2027	1,642
2028	1,083
2029	624
2030 and thereafter	501
	$5,885

(k) The City has entered into contracts to support and protect IT hardware and software resources. The remaining obligations of these contracts are as follows:

2026	$7,250
2027	5,653
2028	3,338
2029	1,883
2030 and thereafter	1,973
	$20,097

(l) The City has entered into a rental contract with York Region Standard Condominium Corp #1365 and #1314. The space rented is used for recreation purpose. The remaining obligations of these contracts are as follows:

2026	$7
2027	7
2028	7
2029	8
2030 and thereafter	16
	$45

(In thousands of dollars)

16. Contingencies:

The City is the defendant in several legal actions claiming personal, property and other damages. Many of these claims are being handled by the City's insurers. The outcome of these actions is not determinable as at the date of reporting and accordingly, to the extent not covered by insurance or inclusion in the consolidated financial statements, management is of the opinion that no liability would be material to the City's consolidated statement of financial position.

17. Budget figures:

Budget data presented in these consolidated financial statements are based upon the four operating and capital budgets as approved by Council and adopted by the City on December 11, 2024.

The budgets originally approved by City Council for 2025, for the current year was prepared on a modified accrual basis and has been restated on the consolidated statement of operations to conform with the Canadian Public Sector Accounting Standards except for the effect of amortization of tangible capital assets. A reconciliation of the adopted and reported budgets is presented below:

Adopted budget:

Budgeted annual surplus for the year (per Decision Number: 25-24, 26-24, 27-24).

Adjustments to adopted budget:

Decrease in reserves and reserve funds	$1,526
Amortization of tangible capital assets	(43,252)
Acquisition of contributed tangible capital assets	13,507
Budgeted operating loss from BIA	(63)
Restated budgeted annual deficit	**$(28,282)**

(In thousands of dollars)

18. Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, or betterment of the asset.

	2025	2024
	Net book value	**Net book value**
General:	$	$
Land	130,107	127,097
Land improvements	79,592	84,479
Buildings	172,244	178,494
Vehicles	12,813	11,699
Machinery and equipment	36,007	27,234
Other	4,299	4,406
	435,062	**433,409**
Infrastructure:		
Land	14,309	14,309
Road network	163,193	142,582
Water network	85,296	85,260
Wastewater network	60,275	57,183
Storm water network	187,805	188,269
	510,878	**487,603**
Work in progress	**149,885**	**121,486**
	1,095,825	**1,042,498**

18. Tangible capital assets (continued):

(a) Contributed tangible capital assets:

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

The value of contributed tangible assets received during the year is $18,118(2024 - $14,518) comprised of machinery and equipment $13 (2024 -nil), roads infrastructure $7,307 (2024 - $482), storm water $6,270 (2024 - $13,193), water and wastewater infrastructure in the amount of $4,528 (2024 - $78) and land improvement of nil (2024 - $765).

(b) Capital work in progress ("WIP"):

Tangible capital assets under construction are not amortized until the assets are available for productive use. The value of WIP at the end of year is $149,885 (2024 - $121,486).

For additional information, see the Consolidated Schedule of Tangible Capital Assets (Schedule 2).

19. Comparative information:

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

THE CORPORATION OF THE CITY OF RICHMOND HILL
Schedule 1 - Consolidated Schedule of Segmented Disclosure

(In thousands of dollars)

Year ended December 31, 2025

	General government	Protection to persons and property	Trans-portation services	Environ-mental services	Health and social services	Recreation and cultural services	Planning and development	Consolidated
Expenses	$	$	$	$	$	$	$	$
Salaries, wages and employee benefits	30,046	44,284	14,535	16,660	–	37,987	20,956	164,468
Operating materials supplies	15,095	2,083	7,357	37,099	–	14,351	328	76,313
Contracted services	5,212	1,207	6,286	55,241	–	5,932	201	74,079
Rents and financial expenses	3,271	67	623	138	–	237	–	4,336
External transfers to others	8	–	–	–	522	335	101	966
Amortization expenses	5,670	1,406	10,870	12,245	–	15,300	–	45,491
Total expenses	**59,302**	**49,047**	**39,671**	**121,383**	**522**	**74,142**	**21,586**	**365,653**
Revenue								
Tax revenue	25,991	23,496	13,585	52,770	258	29,022	10,664	155,786
User charges	3,120	1,955	698	111,074	–	15,769	2,673	135,289
Grants	1,374	50	5,294	1,232	–	8,978	566	17,494
Permits, penalties, rents and other	10,529	4,286	5	64	–	7,985	9,621	32,490
Investment income	11,932	–	5,130	5,598	–	1,254	983	24,897
Developer and other contribution	5,247	283	8,564	1,750	–	19,438	2,133	37,415
Contributed TCA	–	–	7,308	10,797	–	13	–	18,118
Total revenue	**58,193**	**30,070**	**40,584**	**183,285**	**258**	**82,459**	**26,640**	**421,489**
Annual surplus (deficit)	**(1,109)**	**(18,977)**	**913**	**61,902**	**(264)**	**8,317**	**5,054**	**55,836**

THE CORPORATION OF THE CITY OF RICHMOND HILL
Schedule 1 - Consolidated Schedule of Segmented Disclosure (continued)
(In thousands of dollars)

Year ended December 31, 2024

	General government	Protection to persons and property	Trans-portation services	Environ-mental services	Health and social services	Recreation and cultural services	Planning and development	Consolidated
Expenses	$	$	$	$	$	$	$	$
Salaries, wages and employee benefits	31,733	43,319	13,060	14,761	$ –	35,343	10,461	148,677
Operating materials supplies	14,554	2,084	12,678	37,692	–	15,056	163	82,227
Contracted services	2,684	1,023	4,059	50,405	–	5,178	123	63,472
Rents and financial expenses	2,238	87	796	870	–	169	–	4,160
External transfers to others	7	–	–	–	481	291	144	923
Amortization expenses	4,779	1,372	10,510	11,293	–	15,370	–	43,324
Total expenses	**55,995**	**47,885**	**41,103**	**115,021**	**481**	**71,407**	**10,891**	**342,783**
Revenue								
Tax revenue	25,212	22,870	15,043	51,004	236	27,511	5,355	147,231
User charges	2,046	1,939	736	101,770	–	14,761	2,830	124,082
Grants	3,166	–	6,298	1,169	–	4,960	411	16,004
Permits, penalties, rents and other	9,732	9,880	8	53	–	7,499	550	27,722
Investment income	13,119	–	5,047	5,352	–	1,088	922	25,528
Developer and other contribution	2,190	294	12,460	1,501	–	14,194	5,161	35,800
Contributed TCA	–	–	482	13,271	–	765	–	14,518
Total revenue	**55,465**	**34,983**	**40,074**	**174,120**	**236**	**70,778**	**15,229**	**390,885**
Annual surplus (deficit)	**(530)**	**(12,902)**	**(1,029)**	**59,099**	**(245)**	**(629)**	**4,338**	**48,102**

THE CORPORATION OF THE CITY OF RICHMOND HILL
Schedule 2 - Consolidated Schedule of Tangible Capital Assets

(In thousands of dollars)

Year ended December 31, 2025

	Land	Land improvement	Buildings	Vehicles	Machinery and equipment	Other
General	$	$	$	$	$	$
Cost						
Balance, beginning of year	127,097	169,466	367,992	30,618	62,018	12,180
Additions during the year	3,010	157	518	3,136	5,851	1,133
WIP completed	–	3	3,843	–	8,293	–
Contributed assets	–	–	–	–	13	–
Disposals during the year	–	(554)	–	(1,250)	(1,860)	(1,411)
Balance, end of year	**130,107**	**169,072**	**372,353**	**32,504**	**74,315**	**11,902**
Accumulated amortization						
Balance, beginning of year	–	84,987	189,498	18,919	34,784	7,774
Amortization during the year	–	5,045	10,611	1,874	5,365	1,238
Less accumulated amortization on disposal	–	(552)	–	(1,102)	(1,841)	(1,409)
Balance, end of year	**–**	**89,480**	**200,109**	**19,691**	**38,308**	**7,603**
Net book value of tangible capital assets	**130,107**	**79,592**	**172,244**	**12,813**	**36,007**	**4,299**

THE CORPORATION OF THE CITY OF RICHMOND HILL

Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2025

	Land	Roads	Water	Stormwater	Wastewater	Work in progress	Total
Infrastructure	$	$	$	$	$	$	$
Cost							
Balance, beginning of year	14,309	431,884	118,325	277,919	80,348	121,486	1,813,642
Additions during the year	–	8,327	943	898	1,559	55,572	81,104
WIP completed	–	15,034	–	–	–	(27,173)	–
Contributed assets	–	7,307	1,975	6,270	2,553	–	18,118
Disposals during the year	–	(1,702)	(390)	(234)	(4)	–	(7,405)
Balance, end of year	**14,309**	**460,850**	**120,853**	**284,853**	**84,456**	**149,885**	**1,905,459**
Accumulated amortization							
Balance, beginning of year	–	289,302	33,065	89,650	23,165	–	771,144
Amortization during the year	–	10,037	2,671	7,632	1,018	–	45,491
Less accumulated amortization on disposal	–	(1,682)	(179)	(234)	(2)	–	(7,001)
Balance, end of year	**–**	**297,657**	**35,557**	**97,048**	**24,181**	**–**	**809,634**
Net book value of tangible capital assets	**14,309**	**163,193**	**85,296**	**187,805**	**60,275**	**149,885**	**1,095,825**

THE CORPORATION OF THE CITY OF RICHMOND HILL

Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2024

	Land	Land improvement	Buildings	Vehicles	Machinery and equipment	Other
General	$	$	$	$	$	$
Cost						
Balance, beginning of year	127,097	160,596	362,795	28,223	59,542	13,390
Additions during the year	–	–	514	–	175	509
WIP completed	–	9,989	5,829	3,357	4,530	903
Contributed assets	–	765	–	–	–	–
Disposals during the year	–	(1,884)	(1,146)	(962)	(2,229)	(2,622)
Balance, end of year	**127,097**	**169,466**	**367,992**	**30,618**	**62,018**	**12,180**
Accumulated amortization						
Balance, beginning of year	–	81,261	179,612	18,005	32,262	9,075
Amortization during the year	–	5,013	10,700	1,663	4,441	1,315
Less accumulated amortization on disposal	–	(1,287)	(814)	(749)	(1,919)	(2,616)
Balance, end of year	**–**	**84,987**	**189,498**	**18,919**	**34,784**	**7,774**
Net book value of tangible capital assets	**127,097**	**84,479**	**178,494**	**11,699**	**27,234**	**4,406**

THE CORPORATION OF THE CITY OF RICHMOND HILL

Schedule 2 - Consolidated Schedule of Tangible Capital Assets (continued)

(In thousands of dollars)

Year ended December 31, 2024

	Land	Roads	Water	Stormwater	Wastewater	Work in progress	Total
Infrastructure	$	$	$	$	$	$	$
Cost							
Balance, beginning of year	14,309	420,948	109,278	255,097	79,721	105,084	1,736,080
Additions during the year	–	98	66	144	147	72,665	74,318
WIP completed	–	10,996	10,126	10,067	466	(56,263)	–
Contributed assets	–	482	62	13,193	16	–	14,518
Disposals during the year	–	(640)	(1,207)	(582)	(2)	–	(11,274)
Balance, end of year	**14,309**	**431,884**	**118,325**	**277,919**	**80,348**	**121,486**	**1,813,642**
Accumulated amortization							
Balance, beginning of year	–	279,885	31,096	83,291	22,181	–	736,668
Amortization during the year	–	9,733	2,533	6,941	985	–	43,324
Less accumulated amortization on disposal	–	(316)	(564)	(582)	(1)	–	(8,848)
Balance, end of year	**–**	**289,302**	**33,065**	**89,650**	**23,165**	**–**	**771,144**
Net book value of tangible capital assets	**14,309**	**142,582**	**85,260**	**188,269**	**57,183**	**121,486**	**1,042,498**

Statistical Information

Table 1: Taxation Statistics

Taxation Statistics	2025	2024	2023	2022	2021
Taxable Assessment (in thousands of dollars)					
Residential and Multi-Residential	65,508,105	64,866,972	63,904,651	62,795,484	61,771,195
Farmland	23,022	23,954	25,052	27,411	26,131
Commercial	5,116,437	5,032,563	5,016,801	4,962,878	4,981,792
Industrial	624,513	625,916	644,274	671,022	672,205
Pipeline and Managed Forest	45,793	45,155	44,879	44,771	44,344
Grand Total	**71,317,870**	**70,594,560**	**69,635,657**	**68,501,566**	**67,495,667**
Property Tax Rates					
Residential and Multi-Residential					
City of Richmond Hill	0.208147%	0.200386%	0.189580%	0.181692%	0.180124%
Region of York	0.375863%	0.361852%	0.348892%	0.335958%	0.326425%
School Boards	0.153000%	0.153000%	0.153000%	0.153000%	0.153000%
Farmland					
City of Richmond Hill	0.052037%	0.050096%	0.047395%	0.045423%	0.045031%
Region of York	0.093966%	0.090463%	0.087223%	0.083990%	0.081606%
School Boards	0.038250%	0.038250%	0.038250%	0.038250%	0.038250%
Commercial (Full)*					
City of Richmond Hill	0.277273%	0.266934%	0.252540%	0.242032%	0.239943%
Region of York	0.500687%	0.482023%	0.464759%	0.447530%	0.434831%
School Boards	0.880000%	0.880000%	0.880000%	0.880000%	0.880000%
Industrial (Full)*					
City of Richmond Hill	0.342027%	0.329274%	0.311518%	0.298556%	0.295980%
Region of York	0.617618%	0.594595%	0.573299%	0.552046%	0.536382%
School Boards	0.880000%	0.880000%	0.880000%	0.880000%	0.880000%
Pipeline and Managed Forest					
City of Richmond Hill	0.191287%	0.184155%	0.174224%	0.166975%	0.165534%
Region of York	0.345418%	0.332542%	0.320632%	0.308745%	0.299985%
School Boards	0.880000%	0.880000%	0.880000%	0.880000%	0.880000%
Taxes Levied (in thousands of dollars)					
City of Richmond Hill	152,103	144,702	135,131	127,464	124,528
Region of York	274,661	261,300	248,685	235,685	225,671
School Boards	149,196	147,496	146,259	144,433	143,038
Grand Total	**575,960**	**553,499**	**530,075**	**507,581**	**493,237**

Table 2: Consolidated Statement of Financial Position

Financial Position (in thousands of dollars)	2025	2024	2023	2022	2021
Financial assets	$	$	$	$	$
Cash and cash equivalents	72,575	120,398	94,777	51,967	65,618
Investments	626,761	557,503	514,068	517,552	472,262
Taxes and payments-in-lieu receivable	52,328	50,889	43,976	43,785	38,893
Accounts receivable	65,815	65,811	53,550	47,807	46,534
	817,479	**794,601**	**706,371**	**661,111**	**623,307**
Liabilities					
Accounts payable & accrued liabilities	81,168	110,583	60,695	60,247	57,619
Other liabilities (include ARO)	23,719	22,594	21,718	16,217	14,966
Deferred revenue	326,428	294,405	270,132	252,977	228,539
Employee future benefits liability	33,514	28,574	26,996	25,562	24,058
	464,829	**456,156**	**379,541**	**355,003**	**325,182**
Net financial assets	**352,650**	**338,445**	**326,830**	**306,108**	**298,125**
Non-financial assets					
Tangible capital assets	1,095,825	1,042,498	999,412	982,406	989,344
Inventories	1,179	1,308	1,300	1,178	1,079
Prepaid expenses	4,430	4,585	3,345	2,929	2,801
	1,101,434	**1,048,391**	**1,004,057**	**986,513**	**993,224**
Accumulated Surplus	**1,454,084**	**1,386,836**	**1,330,887**	**1,292,621**	**1,291,349**
Accumulated surplus comprises:					
Accumulated surplus from operations	1,428,431	1,372,595	1,324,493	1,292,621	1,291,349
Accumulated remeasurement gains	25,653	14,241	6,394	-	-
Accumulated Surplus	**1,454,084**	**1,386,836**	**1,330,887**	**1,292,621**	**1,291,349**

Table 3: Tangible Capital Assets (TCA)

TCA (Net Book Valu) (in thousands of dollas)	2025	2024	2023	2022	2021
Land	130,10	127,7	127,09	127,097	127,012
Land Improvements	79,5	84,4	79,3	76,370	65,232
Buildings	172,24	178,4	183,18	185,705	149,108
Vehicles	12,8	11,6	10,2	11,735	13,036
Machinery & Equipment	36,0	27,2	27,2	27,695	15,586
Other	4,29	4,6	4,31	4,807	4,896
Land (Infrastructure)	14,3	14,3	14,3	14,309	14,309
Roads Network	163,19	142,2	141,06	137,813	135,616
Water Network	85,2	85,2	78,1	72,994	73,770
Storm Water Network	60,2	57,1	171,80	171,166	168,261
Wastewater Network	187,80	188,9	57,5	56,955	56,974
Work in Progress	149,88	121,6	105,08	95,760	165,544
Net book value	**1,095,**	**1,042,**	**999,**	**982,406**	**989,344**

TCA (Activity) (in thousands of dollars)	2025	2024	2023	2022	2021
Cost					
Balance, beginning of year	1,813,642	1,736,080	1,682,350	1,654,848	1,608,312
Additions during the year	81,104	74,318	50,198	29,977	27,766
Contributed Assets	18,118	14,518	8,178	2,648	24,479
Less: Disposals during the year	(7,405)	(11,274)	(4,646)	(5,123)	(5,709)
Balance, end of year	**1,905,459**	**1,813,642**	**1,736,080**	**1,682,350**	**1,654,848**
Accumulated Amortization					
Balance, beginning of the year	**771,144**	**736,668**	**699,944**	**665,504**	**634,241**
Add: Amortization during the year	45,491	43,324	40,479	38,634	36,437
Less: Accumulated amortization on disposals	(7,001)	(8,848)	(3,755)	(4,194)	(5,174)
Balance, end of year	**809,634**	**771,144**	**736,668**	**699,944**	**665,504**
Net book value of tangible capital assets	**1,095,825**	**1,042,498**	**999,412**	**982,406**	**989,344**

Table 4: Consolidated Statement of Operations and Accumulated Surplus

Operations And Accumulated Surplus (in thousands of dollars)	**2025**	**2024**	**2023**	**2022**	**2021**
Revenues					
Tax revenues	155,786	147,231	137,496	129,846	126,173
User charges	135,289	124,082	115,491	107,678	98,684
Grants	17,494	16,004	17,784	12,318	13,878
Permits, penalties, rents and other	32,490	27,722	23,916	22,293	20,294
Investment income	24,897	25,528	19,316	11,021	11,694
Developer and other contributions	37,415	35,800	23,040	16,068	17,380
Contributed TCA	18,118	14,518	8,178	6,854	24,479
Total revenues by source	**421,489**	**390,885**	**345,221**	**306,078**	**312,582**
Expenses by object					
Salaries, wages and employees benefits	164,468	148,677	139,972	127,978	121,026
Operating materials and supplies	76,313	82,227	40,659	47,278	36,288
Contracted services	74,079	63,472	87,572	86,980	82,902
Rents and financial expenses	4,336	4,160	3,833	3,139	2,746
External transfers to others	966	923	816	797	775
Amortization expenses	45,491	43,324	40,497	38,634	36,438
Total expenses by object	**365,653**	**342,783**	**313,349**	**304,806**	**280,175**
Expenses by function					
General government	59,302	55,995	51,456	56,764	48,387
Protection to persons and property	49,047	47,885	44,834	42,315	39,936
Transportation services	39,671	41,103	35,722	36,134	35,476
Environmental services	121,383	115,021	103,816	101,538	93,989
Recreation and cultural services	74,142	71,407	67,103	57,470	50,922
Planning and development	21,586	10,891	9,968	10,155	11,038
Health and Social Services	522	481	450	430	427
Total expenses by function	**365,653**	**342,783**	**313,349**	**304,806**	**280,175**
Annual surplus	**55,836**	**48,102**	**31,872**	**1,272**	**32,407**

Table 5: Accumulated Surplus, Reserves and Reserve Funds

Surplus, Reserves and Reserve Funds (in thousands of dollars)	**2025**	**2024**	**2023**	**2022**	**2021**
Reserves					
Elections	650	461	200	-	596
Contingencies	20,068	19,520	12,149	11,163	9,019
Acquisition of tangible capital assets	18,207	16,298	14,512	12,317	10,080
Operations and special purposes	29,480	33,329	32,356	27,354	24,940
Total reserves	**68,405**	**69,608**	**59,217**	**50,834**	**44,635**
Reserve Funds					
Acquisition of tangible capital assets	165,004	158,183	160,180	163,741	160,124
Insurance	3,856	3,440	2,978	2,597	2,391
W.S.I.B.	5,007	5,036	5,419	5,567	5,470
Fire fighters' sick leave	1,360	1,285	1,028	508	-
Operating and special purposes	117,215	118,432	116,562	113,178	107,025
Total reserve funds	**292,442**	**286,376**	**286,167**	**285,591**	**275,010**
Total reserves and reserve funds	**360,847**	**355,984**	**345,384**	**336,425**	**319,645**
Accumulated					
Total operating surplus	2,129	12	6,350	(3,020)	4,351
Unspent capital	7,252	6,756	4,427	2,555	2,214
Invested in tangible capital assets	1,095,825	1,042,498	999,412	982,406	989,344
Employees future benefits	(33,514)	(28,574)	(26,996)	(25,562)	(24,058)
Unfunded library's vacation pay	(135)	(123)	(155)	(183)	(147)
Increase in ARO	(3,973)	(3,958)	(3,929)	-	-
Remeasurement of Gain and Loss	25,653	14,241	6,394	-	-
Total Accumulated	**1,093,237**	**1,030,852**	**985,503**	**956,196**	**971,704**
Total accumulated surplus	**1,454,084**	**1,386,836**	**1,330,887**	**1,292,621**	**1,291,349**

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Water customer portal:
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