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**REPORT TO FINANCE COMMITTEE
MEETING OF WEDNESDAY, MAY 06, 2026**

SUBJECT **Capital Regional District 2025 Audit Findings Report and Statement of Financial Information**

ISSUE SUMMARY

This report summarizes the Capital Regional District (CRD) 2025 Statement of Financial Information (SOFI), the 2025 Audit Findings Report and requests approval of the SOFI.

BACKGROUND

The *Local Government Act* and the *Community Charter* require local governments to prepare financial statements each calendar year in accordance with Generally Accepted Accounting Principles and Canadian Public Sector Accounting Standards (PSAS). In addition, the statements must be independently qualified by an auditor.

The financial statements, along with the annual filing of the Local Government Data Entry form, must be submitted to the Inspector of Municipalities and available for public viewing by May 15. The SOFI and the annual report must be completed and submitted to the Inspector of Municipalities by June 30.

With the annual audit complete, management has prepared the SOFI (Appendix A) with the required statements, explanatory notes and schedules in accordance with PSAS.

The financial package also includes Appendix B through Appendix D, identified as follows:

- The 2025 Audit Findings Report and Management Letter from KPMG (Appendix B)
- The 2025 financial highlights with variance analysis of material year-over-year differences (Appendix C)
- Financial indicator analysis on the 2025 CRD results (Appendix D)

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District 2025 Statement of Financial Information be approved.

Alternative 2

That the Capital Regional District 2025 Statement of Financial Information be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

Audit Findings Report

The draft auditor's opinion is included as part of the Independent Auditors' Report within the financial statements (Appendix A).

The Audit Findings Report (Appendix B) summarizes the responsibilities of the auditor, the scope of work and audit results. The report also confirms there were no significant changes in the audit approach from the Audit Planning Report previously presented to the Finance Committee on January 7, 2026. The audit findings confirm the financial statements present fairly, in all material respects, the financial position of CRD as of and for the year ended December 31, 2025. Also included in the report is a summary of uncorrected misstatements (Appendix B, page 13).

Financial Statements

The Consolidated Statement of Financial Position and the Consolidated Statement of Operations form the basis of the audited financial statements.

The Capital Region Housing Corporation (CRHC) financial statements are consolidated in the CRD financial statements, as required by PSAS.

2025 Financial Statement Highlights

Summaries and analysis of the financial statements significant variances can be found in Appendix C.

Financial Indicators

The consolidated financial health of the organization is monitored and reported through financial indicators (Appendix D). These measures demonstrate a consistent, healthy financial position based on operational needs, market conditions and debt servicing costs.

Changes in Accounting Standards

As identified on page 22 of the Audit Findings Report (Appendix B), there will be an update to the Conceptual Framework for financial reporting and the implementation of PS 1202 *Financial statement Presentation*. These changes take effect for the CRD in fiscal 2027. These changes will impact how certain financial information is presented in the statements without changes to how transactions are recorded.

Staff will begin to assess the impact of these changes starting in 2026. The changes are not expected to have significant implications to the CRD's existing reporting practices; however, further work is required to complete the assessment.

CONCLUSION

Board approval of the CRD's 2025 SOFI is required under the *Local Government Act, Community Charter* and *Financial Information Act*. As noted in the Audit Findings Report, it is the auditor's opinion that these financial statements present fairly the consolidated financial position and the results of financial activities for the year ending December 31, 2025, in accordance with Canadian Public Sector Accounting Standards.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:
That the Capital Regional District 2025 Statement of Financial Information be approved.

Submitted by:	Varinia Somosan, CPA, CGA, Sr. Mgr., Financial Services / Deputy CFO
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer, GM Finance & IT
Concurrence:	Ted Robbins, B. Sc., C. Tech., Chief Administrative Officer

ATTACHMENTS

- Appendix A: CRD 2025 Statement of Financial Information
- Appendix B: CRD Audit Findings Report and Management Letter
- Appendix C: CRD 2025 Financial Highlights
- Appendix D: CRD Financial Indicators
- Appendix E: CRD 2025 Unaudited Financial Statements
- Presentation: 2025 Statement of Financial Information