

Reference Committee Staff Report



To	Finance and Responsible Governance Committee
Subject	2024 Audited Consolidated Financial Statements
Date	June 4, 2025
Ward	All
From	C. Smith, Interim Director of Finance
Executive Member Approval	J. Schmidt, General Manager of Community and Corporate Services
CAO Approval	M. Prowse, Chief Administrative Officer

Recommendation(s):

1. That the 2024 Audited Consolidated Financial Statements attached as Appendix A to the Report to the Finance and Responsible Governance Committee, dated June 4, 2025, be received.

Executive Summary:

The purpose of this report is to present the 2024 Audited Consolidated Financial Statements (“the financial statements”). The financial statements have been prepared by staff in accordance with Public Sector Accounting Board (PSAB) standards, and have been audited by Deloitte LLP, as required by the Municipal Act, 2001. Deloitte’s role as the City’s external auditor is to express an opinion on the fair presentation of the financial statements, and to provide reasonable assurance that the financial statements are free from material misstatements. The financial statements are provided in Appendix “A” and Deloitte’s audit results report is provided in Appendix “B”.

The financial statements are prepared on a consolidated basis, which combines the financial results of all City of Barrie (“City”) departments and related entities the City effectively controls. This includes the Barrie Police Services Board, the Barrie Public Library Board, the Downtown Barrie Business Improvement Area, and Barrie Hydro Holdings Inc. (shown as a Government Business Entity).

Key Findings:

The financial statements present six key indicators about a government's finances.

- a) Annual surplus (deficit);
- b) Net assets (debt);
- c) Accumulated surplus (deficit);
- d) Annual change in net assets (debt);
- e) Accumulated remeasurement gains (losses); and,
- f) Cash flows.

The Consolidated Statement of Operations and Accumulated Surplus ("income statement" in the private sector) reports the annual surplus (deficit), for PSAB purposes. A PSAB surplus is not the same as a budget surplus due to adjustments required for PSAB purposes. The 2024 annual PSAB surplus is \$124.3 million. A PSAB surplus does not indicate that there are "profits" or extra cash to spend. For example, of the \$124.3 million PSAB surplus, \$38.5 million relates to the assumption of assets, which is a non-cash revenue resulting largely from the assumption of land and municipal infrastructure that must be maintained by the City in the future, and \$67.3 million relates to the utilization of obligatory reserves, which is largely used to fund capital assets, not expenses.

The Consolidated Statement of Financial Position, ("balance sheet" in the private sector), reports net assets (debt) and accumulated surplus (deficit). Net debt is the shortfall between financial assets and liabilities and represents the amount that must be financed from future budgets to pay for prior period decisions. Net debt decreased from 2023 to 2024 by \$13.7 million to \$87.8 million. Accumulated surplus is the amount by which all assets exceed liabilities. A surplus indicates a government has net resources (financial and physical) to provide services in the future, while a deficit indicates liabilities are greater than assets, and the government has been financing annual operating deficits by borrowing. Accumulated surplus grew by the annual surplus of \$124.3 million in 2024.

The Consolidated Statement of Change in Net Debt describes the factors making up the annual change in net debt, including information about tangible capital assets, inventories, prepaid expenses, and remeasurement gains.

The Consolidated Statement of Remeasurement Gains summarizes the unrealized gains or losses on financial instruments that are measured at fair value on the Consolidated Statement of Financial Position. In 2024, accumulated remeasurement gains are \$12.8 million, made up of \$368 thousand from the interest rate swap and \$12.4 million from equity instruments.

The Consolidated Statement of Cash Flows describes how activities were financed during the reporting period and the effect of activities on cash balances. In 2024, cash generated from operating activities totaled \$205.8 million. Investing activities of \$38.2 million, capital activities of \$153.9 million, and financing activities of \$27.9 million were primarily financed from cash generated from operating activities, with the remaining \$14.1 million being funded from the decrease in cash and cash equivalents.

Financial Implications:

There are no financial implications for The Corporation resulting from the proposed recommendation.

Alternatives:

There are no alternatives as this Staff Report is being presented for information purposes only.

Strategic Plan Alignment:

The recommendation(s) included in this Staff Report are not specifically related to the goals identified in the 2022-2026 Strategic Plan.

Additional Background Information and Analysis:

The table below provides additional information about the financial statements.

Financial Statement	Purpose	Comments
Consolidated Statement of Operations and Accumulated Surplus	Summarizes revenues and expenses for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating fund, capital fund (revenue portion only), reserves and reserve funds for the City and its consolidated entities and provides the calculation of the City's year end accumulated surplus.	<ul style="list-style-type: none">• Includes PSAB adjustments such as amortization expense and post-employment benefit expenses.• Capital spending is not shown as expenditures, but as an increase in tangible capital assets on the Statement of Financial Position.• Only reflects interest payments on debt (debt principal repayments reflected in balances shown on Statement of Financial Position).• Assets assumed during the year are reflected as revenue.
Consolidated Statement of Change in Net Debt	Summarizes the change in net assets (debt) because of annual operations, tangible capital asset transactions, and changes in other non-financial assets.	<ul style="list-style-type: none">• This statement (unique to governments) assists users in understanding whether net revenue generated during the year was sufficient to cover net capital investments and other changes in non-financial assets.

Financial Statement	Purpose	Comments
Consolidated Statement of Financial Position	Provides a summary of the City's consolidated financial assets and liabilities (the financial resources available to provide future services and the future revenues required to pay for past transactions).	<ul style="list-style-type: none"> • Includes tangible capital assets. • Reserves are reported as part of "Accumulated Surplus".
Consolidated Statement of Remeasurement Gains	Summarizes the unrealized gains and losses on financial instruments measured at fair value. Once the gain or loss on a financial instrument measured at fair value is realized (i.e. sold), the gain or loss is transferred to the Consolidated Statement of Operations and Accumulated Surplus.	<ul style="list-style-type: none"> • Includes unrealized gains and losses on equity instruments and interest rate swap.
Consolidated Statement of Cash Flows	Summarizes the City's cash position and changes during the year by describing the sources and uses of cash categorized by operating, capital, investing, and financing activities.	<ul style="list-style-type: none"> • Similar to cash flow statements from the private sector.

Consultation and Engagement:

There was no public consultation required in relation to this staff report.

Environmental and Climate Change Impact Matters:

There are no environmental and/or climate change impact matters related to the recommendation.

Appendix:

Appendix A – 2024 Audited Consolidated Financial Statements

Appendix B – Deloitte's 2024 Audit Results Report

Report Author:

S. Watt, Interim Manager of Accounting and Financial Reporting, Finance

File #: Not applicable

Pending #: Not Applicable