



## **Staff Report for Audit Committee Meeting**

**Date of Meeting:** June 24, 2025

**Report Number:** SRCFS.25.024

**Department:** Corporate and Financial Services

**Division:** Financial Services

**Subject:** SRCFS.25.024 – 2024 Draft Consolidated  
Financial Statements

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### **Purpose:**

To present the Draft Audited Consolidated Financial Statements for the year ended December 31, 2024.

### **Recommendation(s):**

- a) That the Draft 2024 Audited Consolidated Financial Statements included in Appendix “A” be approved and published;
- b) That the Mayor and Treasurer be authorized to sign the Financial Statements;  
and
- c) That the 2024 Audited Richmond Hill Public Library Board Financial Statements (to be approved by the Library Board in June 2025) included in Appendix “B” be received for information purposes.

### **Contact Person(s):**

- Shirley Tu, Manager Financial Reporting and Accounting, Extension 5450
- Gigi Li, Director Financial Services & Treasurer, Extension 6435
- Sherry Adam, Commissioner Corporate and Financial Services, Extension 2521

### **Report Approval:**

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

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### Background:

The City of Richmond Hill is legislatively obligated to undergo an external audit of financial processes and results each year. An external audit is an examination of the records and financial statements of an organization by an independent auditor, for the purpose of expressing an opinion as to whether the financial statements present fairly the financial position and results of operations and its cash flows as at the year-end in accordance with generally accepted accounting principles.

For the 2024 fiscal year, the City appointed a new external auditor, KPMG LLP Chartered Professional Accountants, following the conclusion of Grant Thornton LLP's term in 2023. KPMG LLP, Chartered Professional Accountants conducted the audit in accordance with Generally Accepted Auditing Standards. These standards require that the auditors plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

The audit of the accounting records and financial statements includes all the funds for the City of Richmond Hill, the Richmond Hill Public Library Board, and the Village of Richmond Hill Business Improvement Area. The approval of the financial statements meets the requirements of the Municipal Act.

This report summarizes the City of Richmond Hill's draft consolidated financial statements (provided in Appendix "A") and is divided into the following sections:

1. Consolidated Statement of Financial Position
2. Consolidated Statement of Operations
3. Consolidated Statement of Remeasurement Gains and Losses
4. Consolidated Statement of Change in Net Financial Assets
5. Consolidated Statement of Cash Flow, and
6. Notes to Consolidated Financial Statements.

### Discussion:

The Financial Statements reflect the combined positions and operations for the City, the Richmond Hill Public Library Board, and the Village of Richmond Hill Business Improvement Area, as well as how those entities financed their activities and met their cash requirements. In addition, the financial statements confirm that the resources were obtained and used in accordance with the budget approved by Council.

This report presents an overview of the financial statements.

#### **1. Consolidated Statement of Financial Position (page 1 of Appendix "A")**

The Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement focuses on the City's financial assets, financial liabilities and non-financial assets. The difference between the financial assets and financial

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liabilities reflects the City's net financial asset position and represents the funding available to offset future requirements.

On the Consolidated Statement of Financial Position, net financial assets of \$338.96 million (2023 - \$326.83) represents a positive net financial asset position which occurs when financial assets are greater than liabilities and implies that the City has the resources to finance future operations and obligations.

Non-financial assets, which are assets with physical rather than monetary value, include tangible capital assets (TCA) such as roads, buildings, inventories of supplies such as salt and sand, as well as prepaid expenses, totaled \$1,047.88 million (2023 - \$1,004.06), almost all of which is related to the addition of tangible capital assets owned by the City of Richmond Hill. On a historical cost basis, net investments in tangible capital assets such as roads, water-mains, parks and recreation facilities, total \$1,042.50 million (2023 – \$999.41). The replacement value of these assets is much higher.

The results of current year's operations are captured in the accumulated surplus and the Consolidated Statement of Operations (page 2 of Appendix "A"). Accumulated surplus consists of any general fund surplus, reserves, and reserve funds. The general fund surplus primarily represents the City's investments in tangible capital assets, unspent capital, unfunded post-employment benefits and budget surplus carry forward. For 2024, the total of the City's accumulated surplus was \$1,386.84 million (2023 - \$1,330.89 million) as summarized below:

**Table - Accumulated Surplus Details**

|                           | <b>2024</b>       | 2023       |
|---------------------------|-------------------|------------|
| General Surplus           | <b>\$1,030.85</b> | \$985.50   |
| Reserves                  | <b>\$69.61</b>    | \$59.22    |
| Reserve Funds             | <b>\$286.38</b>   | \$286.17   |
| Total Accumulated Surplus | <b>\$1,386.84</b> | \$1,330.89 |

Note 9, Accumulated Surplus in the Notes to the Financial Statements (page 25 Appendix "A") provides a breakdown of the Accumulated Surplus components.

## **2. Consolidated Statement of Operations (page 2 of Appendix "A")**

The Consolidated Statement of Operations is considered the municipal equivalent to the private sector's income statement and retained earnings. The focus of this statement is

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the net expenses or revenues for a given period. A net expense figure represents an amount that the City has to finance from sources other than operating revenue. A net revenue figure represents an amount that the City could allocate to reserves for future use.

Taxation revenue, user charges, developers' and other contributions, and permits income were the primary revenue sources for 2024. The City reported an annual surplus from all sources of \$48.10 million in 2024 compared to \$31.87 million in 2023.

Budget figures presented in these consolidated statements are based upon the 2024 operating and capital budgets approved by Council. Key indicators in the Consolidated Statement of Operations are large variances in budget to actual as well as large changes in revenue or expenses category from one year to the next. The variances are primarily due to activities related to tangible capital assets, where the timing of expenses, particularly for major capital projects, can span multiple years.

### **3. Consolidated Statement of Remeasurement Gains and Losses (page 3 of Appendix "A")**

This statement reflects remeasurement gains and losses resulting from changes in the fair value of portfolio investments. The City reported unrealized gains of \$7.8 million from remeasurement of portfolio investment in 2024 compared to \$6.4 million in 2023.

### **4. Consolidated Statement of Change in Net Financial Assets (page 4 of Appendix "A")**

The Consolidated Statement of Change in Net Financial Assets, a unique statement to public sector reporting. Its purpose is to assist financial statement users in understanding whether enough revenue was generated in the reporting period to cover the expenses to acquire new tangible capital assets and other non-financial assets such as inventories and prepaid expenses. The important measure of any level of government's financial condition is the net assets to debt amount. The City's net financial assets as at December 31, 2024 was \$326.83 million.

### **5. Consolidated Statement of Cash Flow (page 5 of Appendix "A")**

The Consolidated Statement of Cash Flows details how the City generated and used cash and cash equivalents during the fiscal year. It categorizes cash flows during the year between Operating, Capital, and Investment activities. An increase in the cash position of \$25.62 to \$120.40 million as compared with \$94.78 million in 2023 was mainly a result of the increase in operating activities.

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### **6. Notes to Consolidated Financial Statements (pages 6 - 42 of Appendix “A”)**

The Notes to Consolidated Financial Statements provide additional details to explain and supplement the financial statements results, including disclosures of accounting policies.

For reference, the Richmond Hill Public Library Board Financial Statements for 2024 are also included (Appendix “B”). These statements are scheduled for approval by the Library Board in June 2025.

### **Financial Implications:**

N/A

### **Relationship to Strategic Plan 2024-2027:**

Presentation of the City’s Financial Statement Information aligns with Pillar 3, Strengthening our Foundations, specifically, Priority 1, making decisions that are evidence-based and data-driven to enable the City’s long term financial sustainability, as well as, environmental and economic sustainability.

### **Attachments:**

The following attached documents may include scanned images of appendixes, maps and photographs. All attachments have been reviewed and made accessible. If you require an alternative format please call the contact person listed in this document.

- Appendix “A” – Draft 2024 Consolidated Financial Statements
- Appendix “B” – Draft 2024 Richmond Hill Public Library Board Financial Statements (to be approved by the Library Board in June 2025)

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### Report Approval Details

|                      |  |
|----------------------|--|
| Document Title:      | SRCFS.25.024 – 2024 Draft Consolidated Financial Statement.docx  |
| Attachments:         | - Appendix A - Draft 2024 Consolidated Financial Statements.pdf<br>- Appendix B - Draft 2024 Richmond Hill Public Library Board Financial Statements.pdf |
| Final Approval Date: | Jun 4, 2025  |

This report and all of its attachments were approved and signed as outlined below:

**Gigi Li - Jun 3, 2025 - 1:55 PM**

**Sherry Adams - Jun 3, 2025 - 2:18 PM**

**Darlene Joslin - Jun 4, 2025 - 9:39 AM**