



Audit Service Plan for City of Barrie

FOR THE YEAR ENDING DECEMBER 31, 2025

To the Finance and Responsible Governance Committee (the “Committee”)



To the Members of the Finance and Responsible Governance Committee of

The Corporation of the City of Barrie

70 Collier Street

Barrie ON L4M 4T5

Dear Committee Members:

We are pleased to provide you with our audit service plan for The Corporation of the City of Barrie (the “City”) for the year ending December 31, 2025. We understand our responsibility to you, and we have developed a tailored audit plan that summarizes the key aspects of our audit scope and approach, our planned communications with you and our team.

We value our role as your independent auditor. As we plan to execute the 2025 audit, we look forward to continuing to build upon our working relationships with the City and meeting your expectations for high quality service by our team.

Our audit service plan addresses financial statement risks through targeted procedures, that have been developed through understanding recent developments at the City, the evolving business environment, and knowledge of your business obtained in the prior years. Our audit plan is responsive to the nature of the risks, the municipal environment, and the regulatory landscape in which you operate.

Our audit plan is dynamic and may change based on other transactions/matters of interest as they arise throughout the year.

We appreciate the opportunity to serve the City. We hope the accompanying information will be useful to you, and we look forward to answering your questions about our audit plan.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP".

Chartered Professional Accountants

Licensed Public Accountants

Executive Summary



Audit scope and terms of the engagement

We have been engaged to perform an audit of the following as of December 31, 2025:

- The Corporation of the City of Barrie's consolidated financial statements prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS");
- The City of Barrie Public Library Board's financial statements prepared in accordance with PSAS;
- The Barrie Police Services Board's financial statements prepared in accordance with PSAS; and
- The Downtown Barrie Business Improvement Area's financial statements prepared in accordance with PSAS.

Our audits will be conducted in accordance with Canadian generally accepted auditing standards (Canadian "GAAS").

The terms and conditions of our engagements are described in the Master Services Agreement for Professional Services dated October 1, 2022.

Changes from prior year audit approach:

No changes noted



Audit plan

Materiality

Materiality levels are based on professional judgement. We expect to use approximately 2.5% to 5% of expenses for the audits noted.

We will inform the Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgement, qualitatively material.

As a point of reference, our materiality for the City's consolidated financial statements for the year ended December 31, 2024 was \$14,400,000.

Current Year	2.5-5% of expenses
Prior Year	\$14,400,000

Audit risks for the consolidated City audit

1. Revenue recognition 
2. Management override of controls 
3. Management judgments & accounting estimates 



Consistent with prior year



New



Matters of interest

Audit Technology

We will be deploying new audit software in the current year:

- **Deloitte Omnia**
- **Omnia Data**
- **Gen.D**
- **Tie-out Tool**
- **Business Insight Analytics**
- **Project Zero**

The audit will be more technology-enabled and data driven, which is intended to drive enhanced efficiencies and improved quality in our process. See **Audit technology section** for further details.



RISKS AND AUDIT EXECUTION



Risks and Audit Execution

Revenue Recognition

RISK LEVEL

Significant

Risks:

Canadian GAAS include the presumption of a fraud risk involving improper revenue recognition.

We have pinpointed this fraud risk to the following revenue streams:

- User charges (occurrence and accuracy specific to manual entries only, as well as cut-off specific to waste water accrual)
- Grant revenue (occurrence, accuracy and cut-off)
- Developer contributions and development charges (occurrence and accuracy)
- Contributed tangible capital assets (occurrence, accuracy and cut-off)
- Other income (occurrence and accuracy specific to manual entries only)

Our planned response:

- Certain revenue streams are presumed areas of significant audit risk. We will test the design and implementation of controls in significant revenue streams and perform substantive analytic procedures and/or detailed testing in these areas (including testing of manual journal entries).
- Perform audit testing to determine if restricted contributions (i.e., development charges), and government transfers/grants have been recognized appropriately (revenue vs. deferred revenue) in the proper period.
- Review management's assessments and underlying assumptions for accounting estimates.

The following outlines the significant judgments and estimates involved in revenue recognition:

- The recognition of these revenues requires management to make accounting estimates and assumptions based on the best information available at the time of preparation of the financial statements and therefore involves significant accounting estimates.
- Estimates impacting the amounts recognized as revenue, deferred revenue, and/or grants receivable may be based on estimated performance metrics where estimated achievement of performance may involve some uncertainty.
- Therefore, we have also identified areas related to these revenue streams that require accounting estimates and professional judgement, including deferred revenue, grants receivable and the year end water/wastewater accrual.

Risks and Audit Execution (cont'd)

Management Override of Controls

RISK LEVEL

Significant

Risk:

Management override of controls is a presumed area of risk in a financial statement audit due to management's ability to override controls that otherwise appear to be operating effectively.

Our planned response:

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- We will obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the City and its environment.
- We will review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a material misstatement
- We will test journal entries that exhibited characteristics of audit interest, identified using electronic data interrogation and manual techniques.
- Professional skepticism will be maintained throughout the audit.

With respect to journal entries, we will use our analytics tools to interrogate the general ledger to identify entries exhibiting certain characteristics of interest for further testing, which may include:

- Seldom used accounts
- Entries by users with few entries
- Post-closing entries with short descriptions
- Entries containing recurring digits
- Entries posted by certain users (i.e. senior personnel)
- Large debit and credit entries to income around year-end
- Key words of audit interest

Innovation tools to be used:

- Project Zero
- Omnia Data
- Business Insight Analytics

Risks and Audit Execution (cont'd)

Management judgments & accounting estimates

RISK LEVEL

Higher

Risk:

Management judgments and accounting estimates may be subject to estimation uncertainty.

Our planned response:

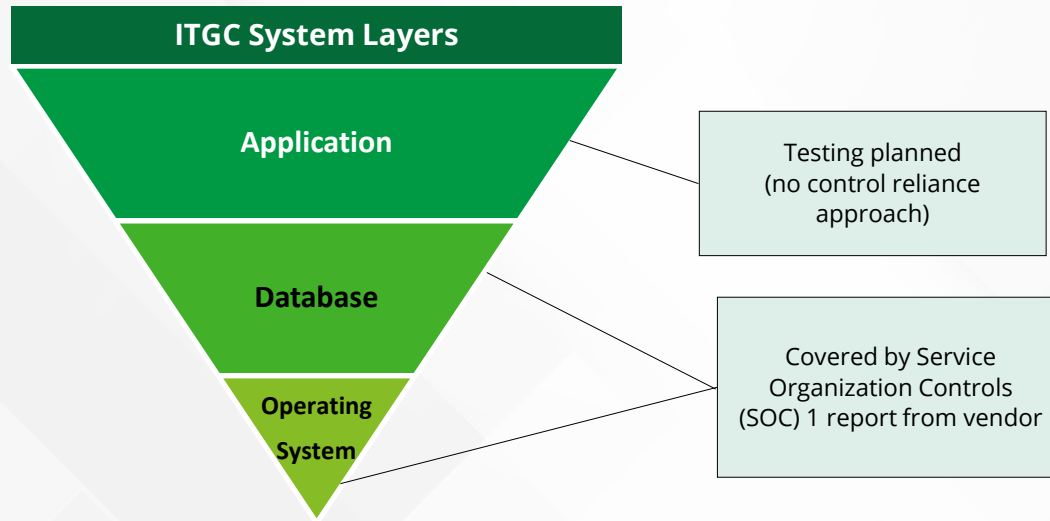
- Understand how management makes the accounting estimates and the underlying data on which those estimates are based.
- Review support for significant assumptions made by management (i.e. third-party source data, estimation models used by management, etc)
- Evaluate whether the significant assumptions made by management provide a reasonable basis for the accounting estimate, whether and how management considered alternative assumptions or outcomes, and why they have rejected them.
- Review transactions and events occurring subsequent to year-end to determine the reasonableness of estimates made at year-end.
- Review the consistency of assumptions made by management.

The following are examples of significant judgments and estimates:

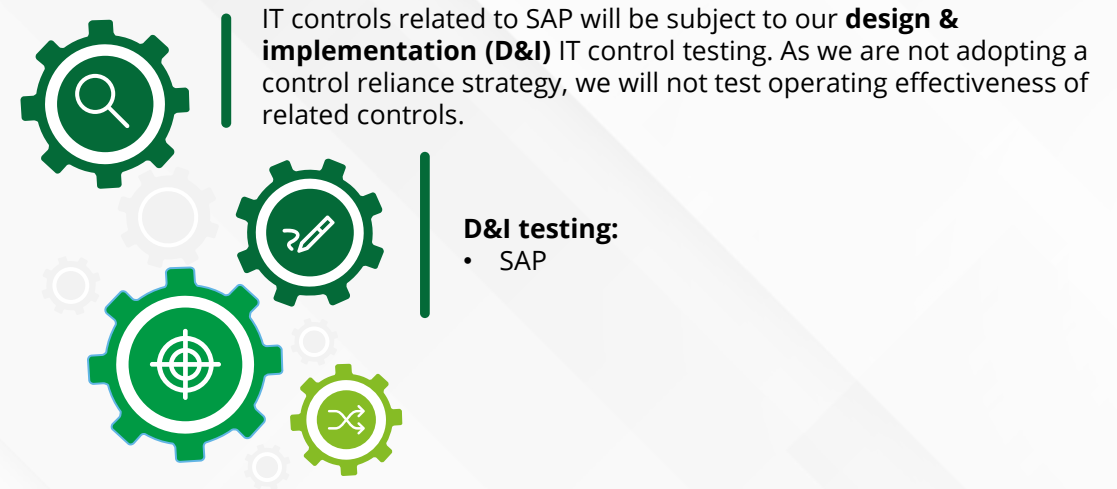
- Accounts receivable (allowance for doubtful accounts and accrual amounts).
- Capital assets, and deferred capital grants and contributions (recording and amortization).
- Accounts payable and accrued liabilities (estimated accrual amounts).
- Employee future benefits (actuarial assumptions).
- Asset retirement obligations (Valuation methodology assumptions, discount rate assumptions and amortization).

Risks and Audit Execution (cont'd)

Internal Controls



Main systems relevant to our audit

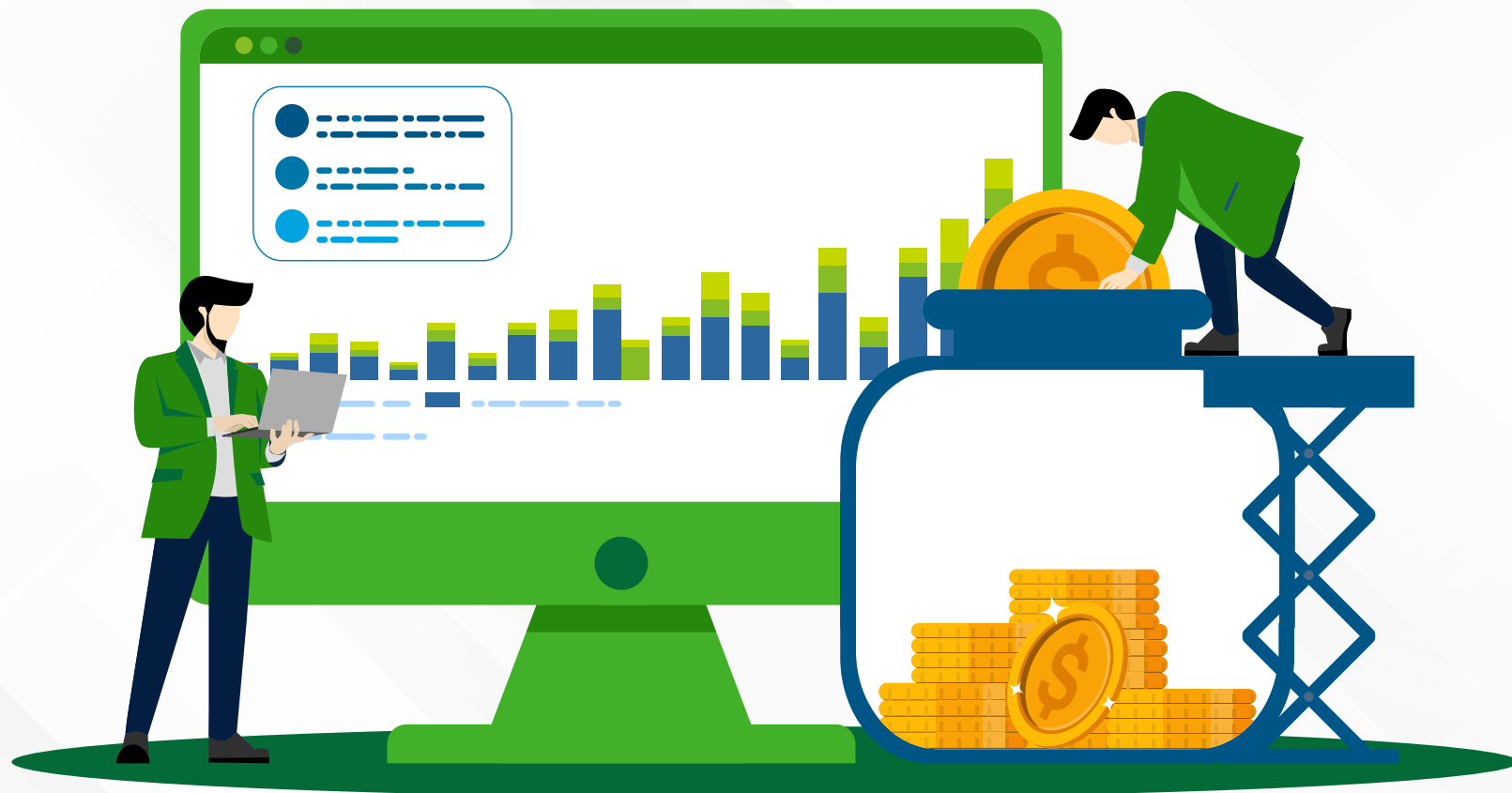


Cybersecurity Risk – Our audit response

With breaches continuing to dominate the headlines, cyber-security and cyber risk remain among the top areas of funders and other stakeholders, particularly with widespread remote working and increased online interactions. As part of our audit, we will perform the following procedures with assistance from our IT specialists:

1. Obtain an understanding of the cybersecurity program including oversight by those charged with governance
2. Review management's evaluation of its cybersecurity program including reports issued by third parties engaged by management
3. Inquire with management if a breach occurred
4. If a breach occurred, assess the impact on our audit approach (if any)

MATTERS OF INTEREST



Matters of Interest

Fraud Risk

Matter of interest: Fraud risk

Deloitte's approach:

We will develop our audit strategy to address the assessed risks of material misstatement due to fraud. Determining this strategy will involve:

1. Enquiry of those involved in the financial reporting process about inappropriate or unusual activity.
2. Testing a sample of journal entries throughout the fiscal year as well as adjustments made at the end of the fiscal year.
3. Identifying and obtaining an understanding of the business rationale for significant or unusual transactions that are outside the City's normal course of business.
4. Evaluating whether the City's accounting policies may be indicative of fraudulent financial reporting resulting from management's effort to manage financial results.
5. Evaluating whether the judgements and decisions related to management estimates indicate possible bias.
6. Incorporating an element of unpredictability in selecting our audit procedures.

We will also ask the Committee for their views about the risk of fraud, whether they know of an actual or suspected fraud affecting the City and their role in the oversight of management's anti-fraud programs.

Matters of Interest

Using the work of specialists

Matter of interest: Using the work of specialists

Deloitte's approach:

We intend to rely on the work of the following specialists, engaged by the City, during the audit:

1. **City's independent actuary** - We intend to use the work of the City's independent actuary in their determination of the City's post-employment benefits. We will review and test data and key assumptions used in the actuarial valuation and related extrapolations, ensure the disclosure in the Financial Statements complies with PSAS requirements and that the actuary is in good standing with the Canadian Institute of Actuaries.
2. **City's engineers, subject matter experts and their independent consultants**- We intend to use the work of the City's engineers, subject matter experts and their independent consultants in their determination of the City's asset retirement obligation. We will review and test data and assumptions used and ensure the disclosure in the financial statements complies with PSAS requirements.
3. **City's lawyers** - We intend to use the work of the City's lawyers to confirm the status of legal claims and assess their impact on the financial statements.

We also intend to use our own Deloitte IT specialists to test the design and implementation of the City's general computer information technology internal controls.

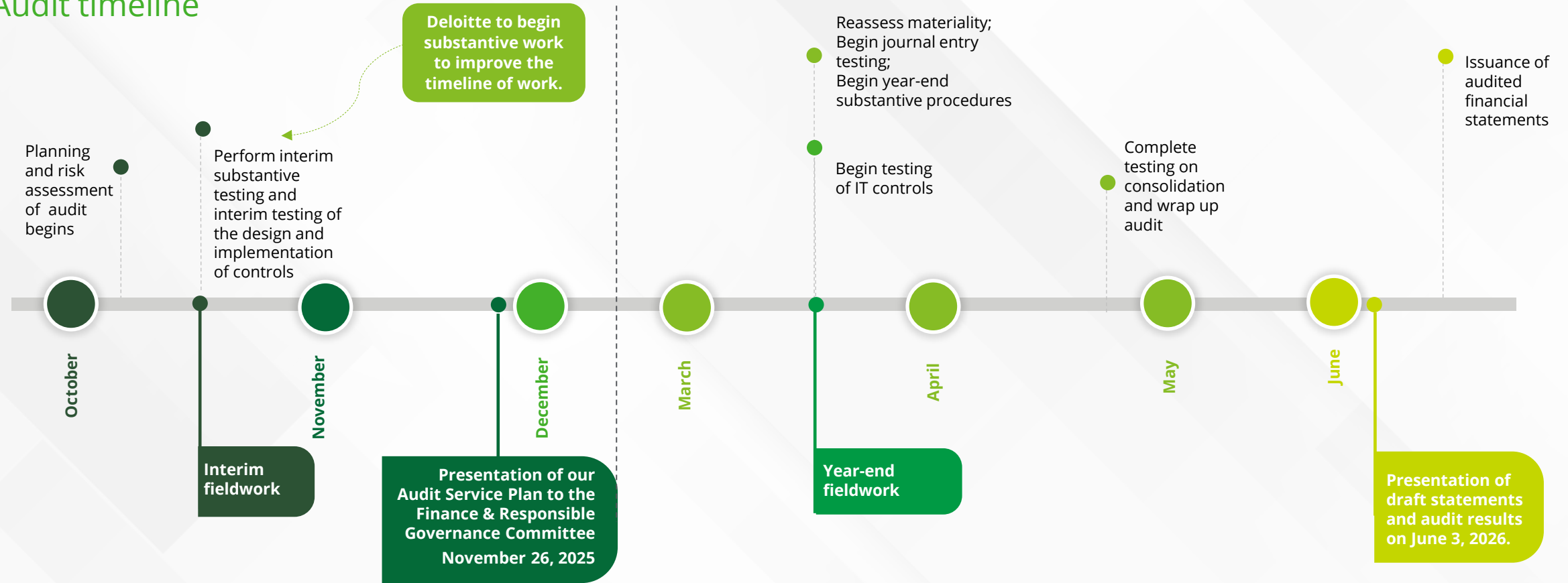
If our assessment does not provide us with sufficient, appropriate audit evidence, we will need to perform additional audit procedures to address the risks of material misstatements in the financial statements.



TIMELINE



Audit timeline



Planning

Execution

Concluding

Continuous communications and meetings with management

Continuous audit of significant transactions



APPENDICES



Appendix 1 – Required communications with Those Charged with Governance

Canadian GAAS standards require that we communicate to the Committee on the following matters:

Required communication	Reference/Comments
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS ¹ 260.14
2. An overview of the overall audit strategy, addressing: a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge need to perform the planned audit procedures related to significant risk	CAS 260.15
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27
4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks	CAS 240.21
5. Any known suspected or alleged fraud affecting the City	CAS 240.22
6. Whether the City is in compliance with laws and regulations	CAS 250.15
7. Modification to our audit plan and strategy	CAS 260.A26
8. Fraud or possible fraud identified through the audit process	CAS 240.40-42
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.
11. Matters related to going concern	CAS 570.25
12. Management judgments and accounting estimates	CAS 260.16 a.

¹ : Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Appendix 1 – Required communications with Those Charged with Governance (cont'd)

Required communication	Reference/Comments
13. Significant difficulties, if any, encountered during the audit	<i>CAS 260.16 b.</i>
14. Material written communications between management and us, including management representation letters	<i>CAS 260.16 c.</i>
15. Circumstances that affect the form and the content of the auditor's report	<i>CAS 260.16d.</i>
16. Modifications to our opinion	<i>CAS 260.A21</i>
17. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	<i>CAS 260.A22</i>
18. Significant matters discussed with management	<i>CAS 260.A.22</i>
19. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including illegal or possibly illegal acts that come to our attention	<i>CAS 250.23</i>
20. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	<i>CAS 265</i>
21. Uncorrected misstatements and disclosure items	<i>CAS 450.12-13</i>
22. Any significant matters arising during the audit in connection with the City's related parties	<i>CAS 550.27</i>

Appendix 2 - New and revised public sector accounting standards

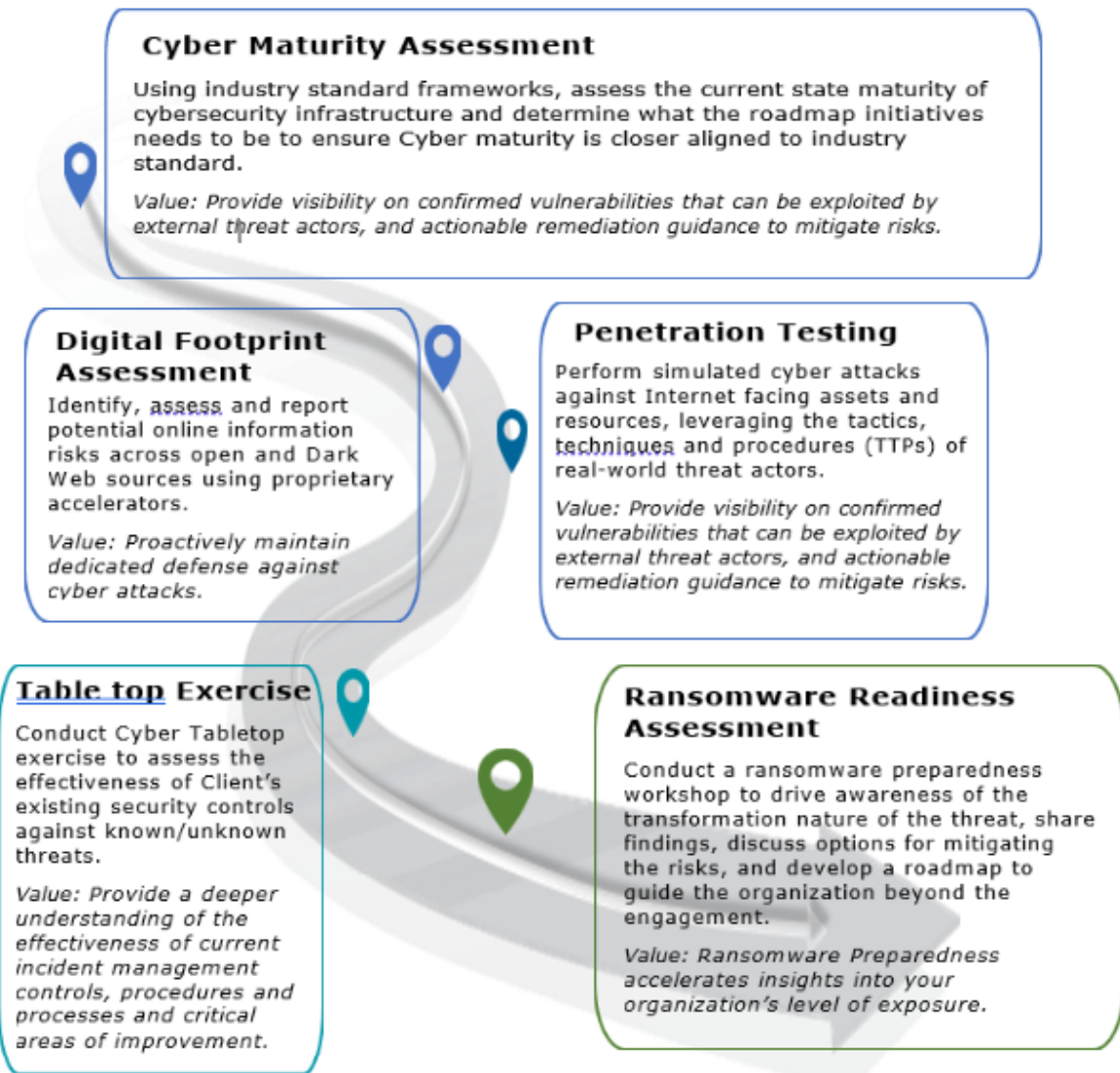
The following is a summary of certain new or revised Canadian Public Sector Accounting Standards that will become effective in 2026 and beyond.

Public Sector Accounting Standards

Title	Description	Effective Date	Implications and applicability
The Conceptual Framework for Financial Reporting in the Public Sector	The PSAB’s Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives	The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.	This series of standards will require adoption concurrently to enable the implementation of the new Conceptual Framework. The adoption of the new Conceptual Framework will fundamentally impact the presentation and composition of the City’s consolidated financial statements. We will work with the City to ensure that there is a strong understanding of how the financial statements and disclosures will change and ensure that a plan is in place to implement such changes.
Section PS 1000 - Financial statement concepts	This Section describes the concepts underlying the development and use of accounting principles in government financial statements. Such financial statements are designed to meet the common information needs of external users of financial information about a government.	Effective January 1, 2005. The amendments are effective for fiscal years beginning on or after April 1, 2023, with earlier application permitted. Retroactive or prospective application is allowed. The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted.	
Section PS 1100 - Financial statement objectives	This Section identifies and describes objectives of government financial statements that are generally acceptable to the users and preparers of the statements.	This Section applies to federal, provincial and territorial governments for fiscal years beginning on or after April 1, 2005. Earlier adoption is encouraged. The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted.	
Section PS 1202 - Financial Statement Presentation	This Section applies for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in this Section.	This Section applies for fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in this Section.	

Appendix 3 - Proactively managing cyber risks

The sophistication of Cyber threat actors continues to evolve and the municipal sector has been the victim of many Cyber attacks with various degrees of impact. Municipalities are less prepared than they might think to address existing and new risks. Below is a sample of proactive actions that should be considered.



Appendix 4 - Thought Leadership



Audit Committee Brief
March 2024



Audit Committee Brief, a periodic publication that provides Audit Committee members with recommendations, overviews of corporate governance resources, regulatory and legislative environment outlooks and technical updates



Center for Board Effectiveness
January 2024



**Living in "interesting" times:
The 2024 board agenda**
Over the course of the next year, board members could find themselves living in interesting times.



Board Practices Quarterly
Evolving lines of responsibility between the board and management
March 2024



Evolving lines of responsibility between the board and management - Board Practices Quarterly, quarterly series of reports, done in collaboration with the Society for Corporate Governance, providing pulse survey benchmarks on relevant topics for boards.



Deloitte center for Board Effectiveness:
It helps directors fulfill their oversight responsibility to the organization they serve throughout their board service, through a portfolio of high-quality, innovative experiences.

Audit Technology



Transforming the audit profession

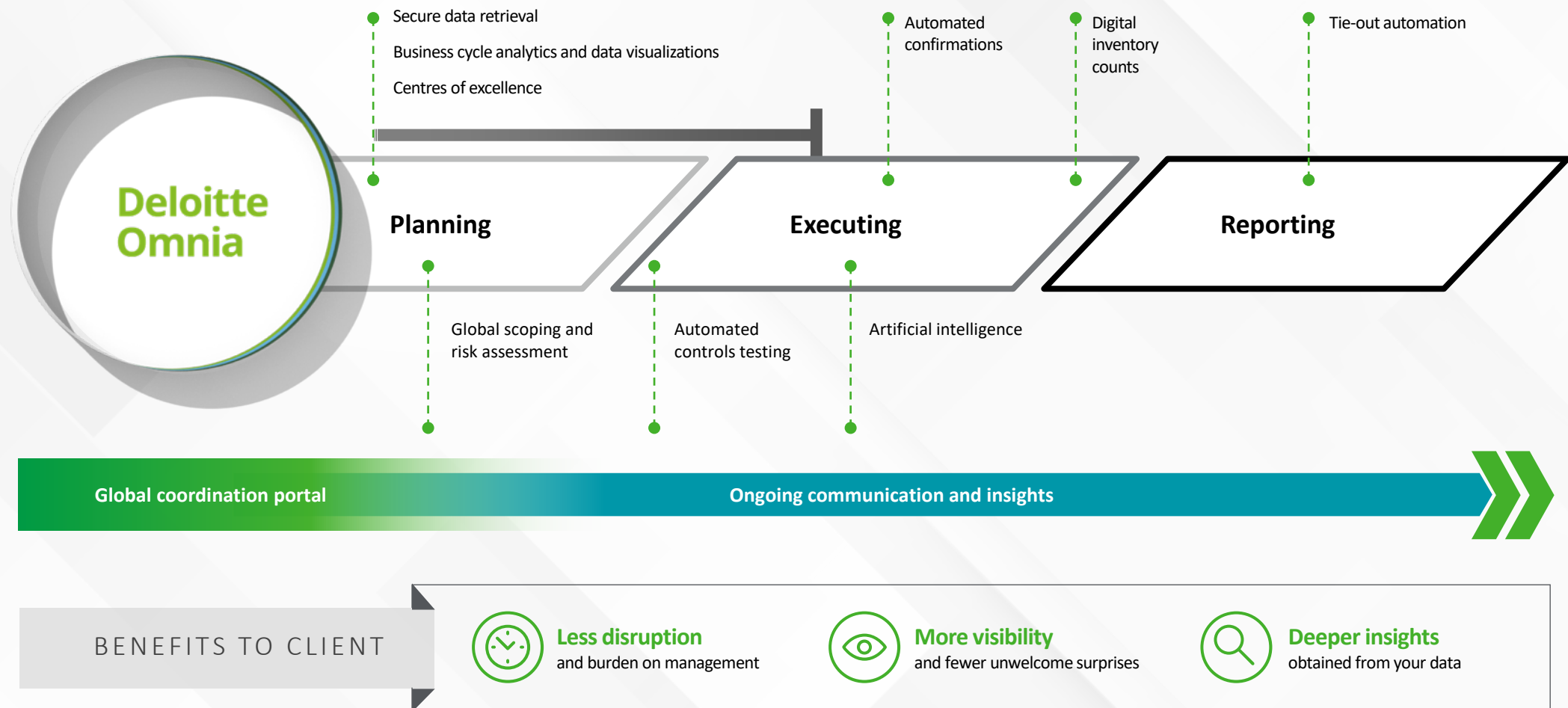
Deloitte’s investments in innovation are transforming how audits are delivered.

Our investment		Significant investments in audit transformation
Change in how audits are executed		Shift in how we deliver from field hours to an audit utilizing technology, intellectual property, audit delivery centers, and professionals with specialized data skills
Operating model		Combination of field hours, off-site delivery centers, innovative technologies, and data analytics
Insights		The Deloitte Audit Experience: valuable insights, risk focus, and timely, high-quality audits
Reimagined audit		Focus effort where it matters , deliver valuable insights, less burden on your staff, more timely audits

Estimating recurring audit fees based on field hours alone is no longer appropriate	
	Field hours alone do not reflect the effort to deliver an audit
	There has been a shift in inputs for delivering an audit from primarily time spent on-site to a combination of field hours, innovative tools and technologies, and off-site delivery centers
	Certain field professional hours are being replaced with annual recurring costs to maintain innovative technologies to deliver a high-quality audit
	Our investment in smarter audits benefits our clients and the investing public through a higher-quality audit, less effort from client personnel, and deeper insights

Deloitte Omnia

With Deloitte, you'll experience a digital audit that's less time-consuming, more transparent and insightful, but also of the highest quality. Deloitte Omnia, our award-winning digital audit platform, is embedded in every aspect of our audit process. It integrates cognitive technologies, automated workflows, and advanced data analytics for a more streamlined, less disruptive audit.



What is it?

State-of-the-art analytics tools to provide more meaningful insights.



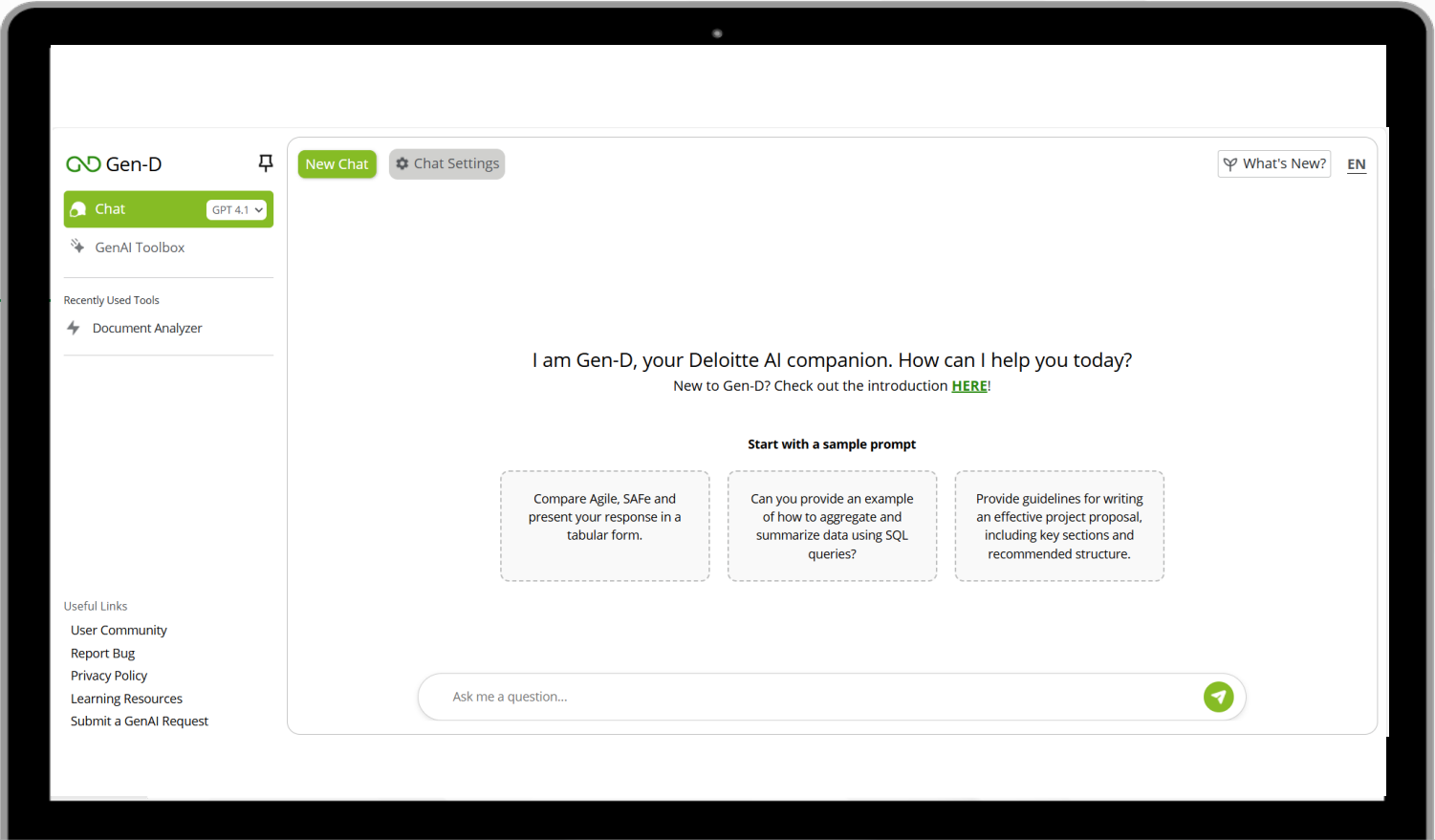
Why use it?

Benefits to engagement:

- Gather data and test journal entries, identify risks and anomalies more quickly, and generate meaningful insights through data visualization.
- Supports engagement teams with testing the general ledger and selecting samples for journal entry testing.
- Mines journal entry data to test 100 percent of select populations in a matter of minutes, identifies risks and anomalies more quickly, and generates meaningful insights through data visualization.

What is it?

Our ChatGPT-style GenAI solution for document analysis and AI Assistant tasks.



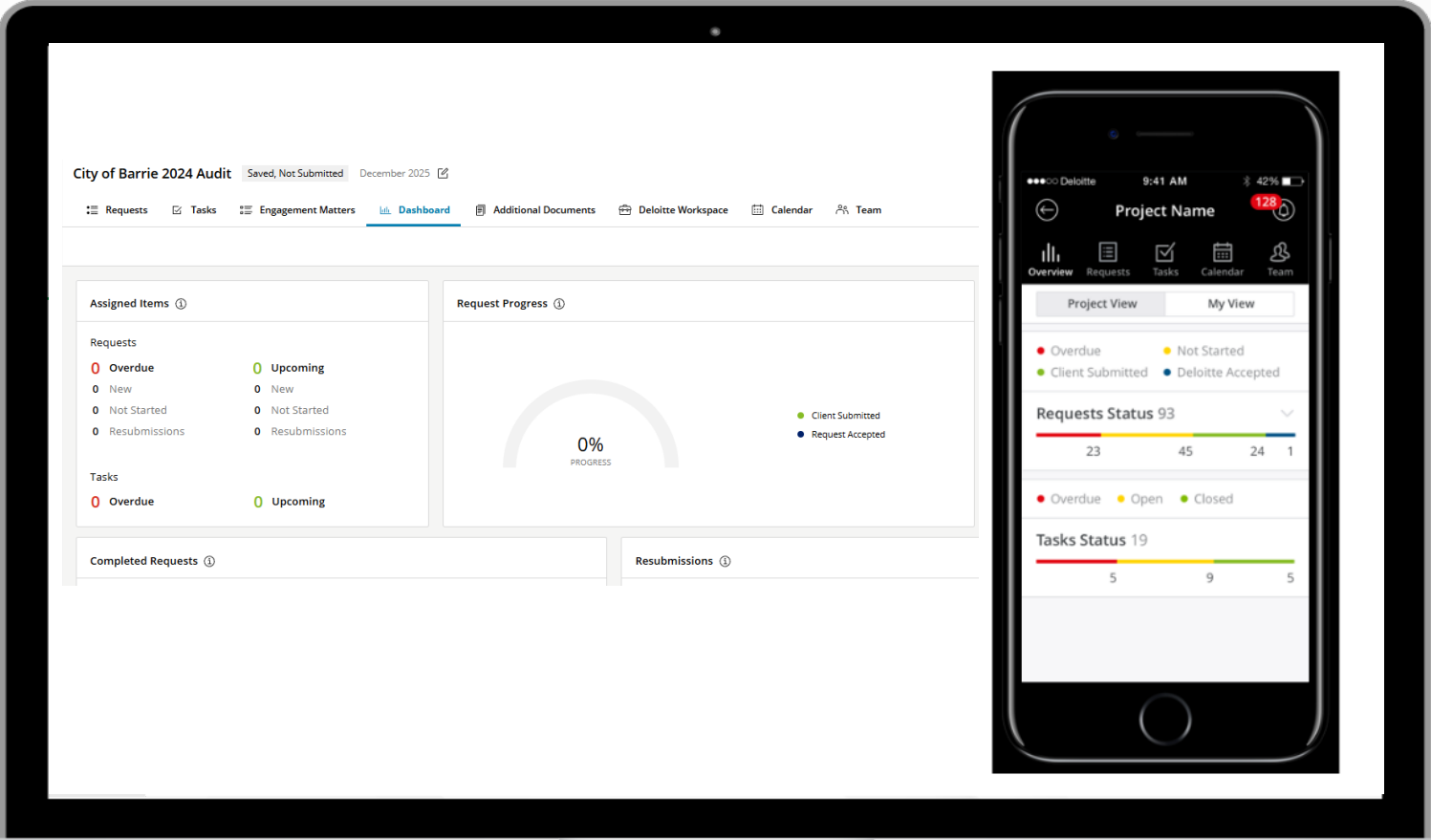
Why use it?

Benefits to engagement:

- Supports engagement teams with enhancing our work and to solve client issues.

What is it?

Secure online collaboration site that facilitates a two-way dialogue between the Deloitte and client team to effectively manage engagement coordination. The tool also allows on-the-go access to engagement project status using a mobile device.



Why use it?

Benefits to client:

- Summarized view of all requirements of the audit in one centralized location
- Automated notification of upcoming deadlines as well as real-time status updates using web or mobile applications allowing for 'updates on-the-go'.

Benefits to engagement:

- One central repository to manage all requests to provide instant status updates and tracking
- Improved understanding to timeliness of delivery of requested items from clients for potential billing opportunities

Tie-out

What is it?

Allows for a digital tie out of financial statements and related notes including referencing to workpapers and automated recalculations, internal referencing, footing and cross-footing. Also enables carryforward of tie outs to subsequent periods as well as carry-forward of tie outs to subsequent versions.

The Corporation of the City of Barrie
Consolidated statement of operations and accumulated surplus
year ended December 31, 2024

	Budget (Note 17)	2024	2023
	\$	\$	\$
Revenue			
Property taxation (Note 12)	304,059,254	306,155,239	284,380,008
User fees and service charges	105,866,057	114,798,246	104,514,123
Government transfers and grants	17,150,179	22,270,604	25,979,554
Provincial Offences Act (POA) (Note 16)	6,209,403	9,489,329	5,712,668
Licenses and permits	9,072,986	7,617,944	7,723,671
Investment income	6,918,374	16,801,899	12,231,046
Other	11,251,456	12,457,427	10,264,661
Contributed tangible capital assets (Note 9)	-	38,538,008	66,096,691
Equity earnings of government business enterprise (Note 3)	6,563,256	7,393,258	8,954,692
Municipal contributions	2,341,781	2,484,238	2,333,652
Utilization of obligatory reserve funds (Note 5)	79,291,299	67,279,767	68,872,682
	548,724,045	605,285,959	595,063,448
Expenses (Note 13)			
General government	54,928,142	63,958,558	60,328,030
Protection services	137,947,310	141,842,972	149,702,928
Transportation services	75,645,309	77,599,715	70,878,311
Environmental services	97,376,027	100,495,869	92,496,379
Health services	11,109,470	14,266,073	11,600,474
Social and family services	9,622,823	11,238,239	9,535,597
Social housing	7,848,000	12,050,981	11,105,233
Recreation and cultural services	50,739,766	50,857,580	47,877,880
Planning and development	8,066,169	8,635,650	9,271,726
	453,283,016	480,945,637	462,796,558
Annual surplus	95,441,029	124,340,322	132,266,890
Accumulated surplus, beginning of year	2,305,961,346	2,305,961,346	2,173,694,456
Accumulated surplus, end of year	2,401,402,375	2,430,301,668	2,305,961,346

The accompanying notes are an integral part of the consolidated financial statements.

Why use it?

Benefits to client:

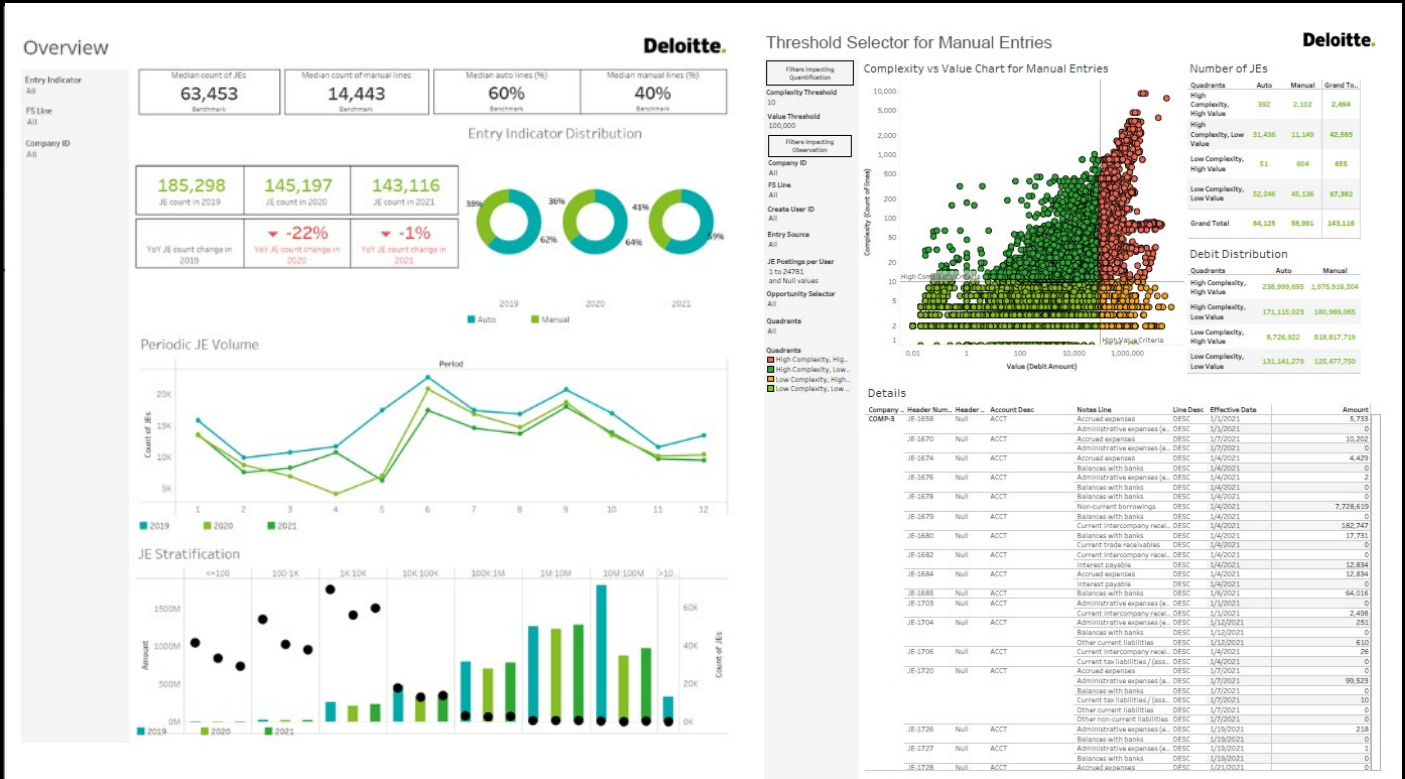
- Identify potential issues earlier due to automated tie-out and carryforward features

Benefits to engagement:

- Increased efficiency, higher quality documentation of the tie out process
- Less rework having to redocument tie outs where multiple versions are received

What is it?

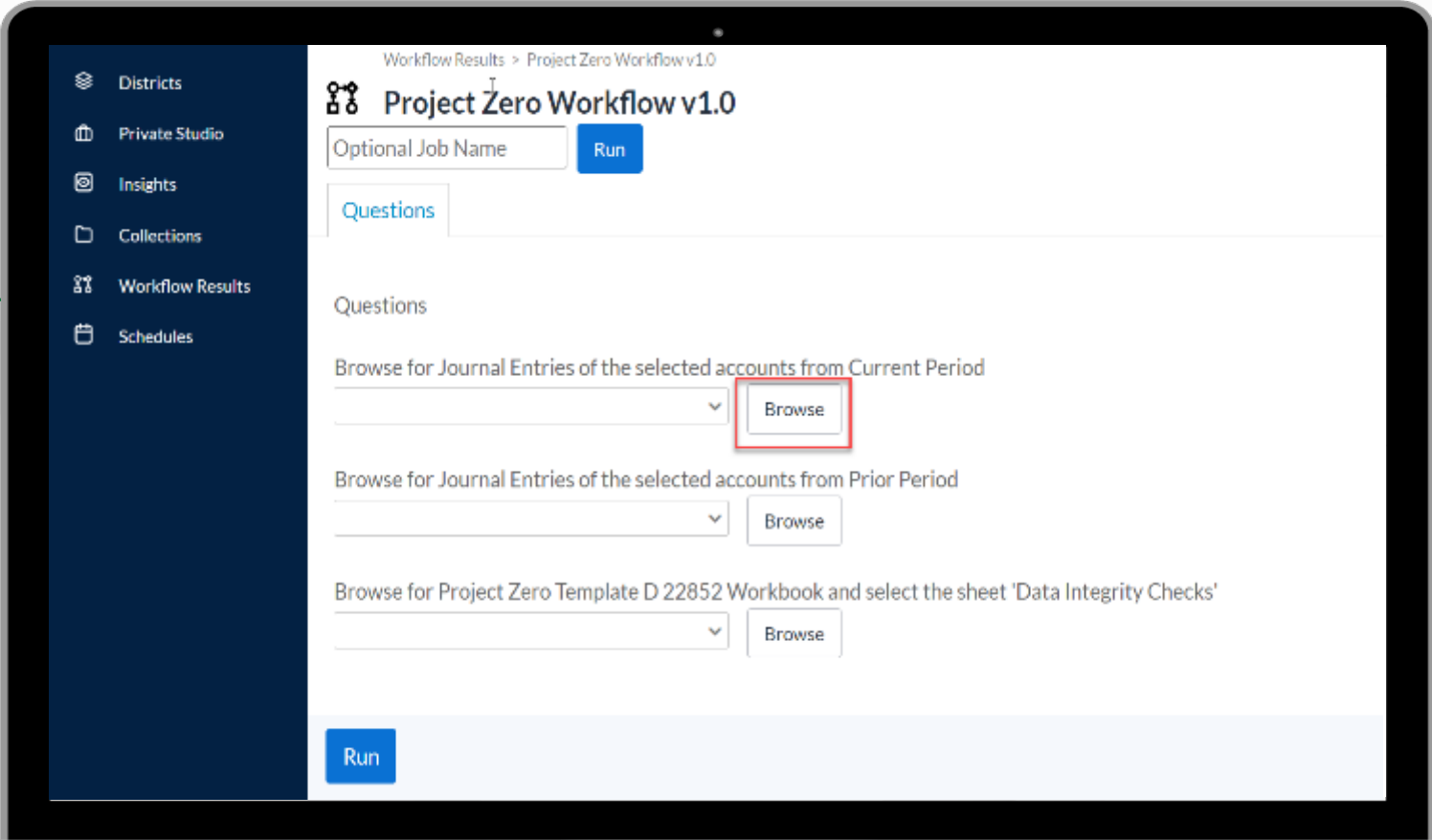
Visualizations focused on bringing value to clients through analytics using already obtained general ledger data used for journal entry testing purposes. Provides Deloitte's unique views of their own data to enable insightful conversations with clients.



Project Zero

What is it?

A script-based analytic that identifies reversing entries within accounts and removes them from the General Ledger population, leaving entries that impact the ending account balance to enable efficient detail testing.



Why use it?

Benefits to client:

- Saves effort and time pulling sample detail that is not needed

Benefits to engagement:

- Supports engagement teams with cleansing the General Ledger population to prevent selecting items for sampling that are reversed out of the population
- Allows for further analysis on the true population and movements of the account
- Matches up reversing entries to those posted in prior periods which may be of interest due to management override of controls



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