



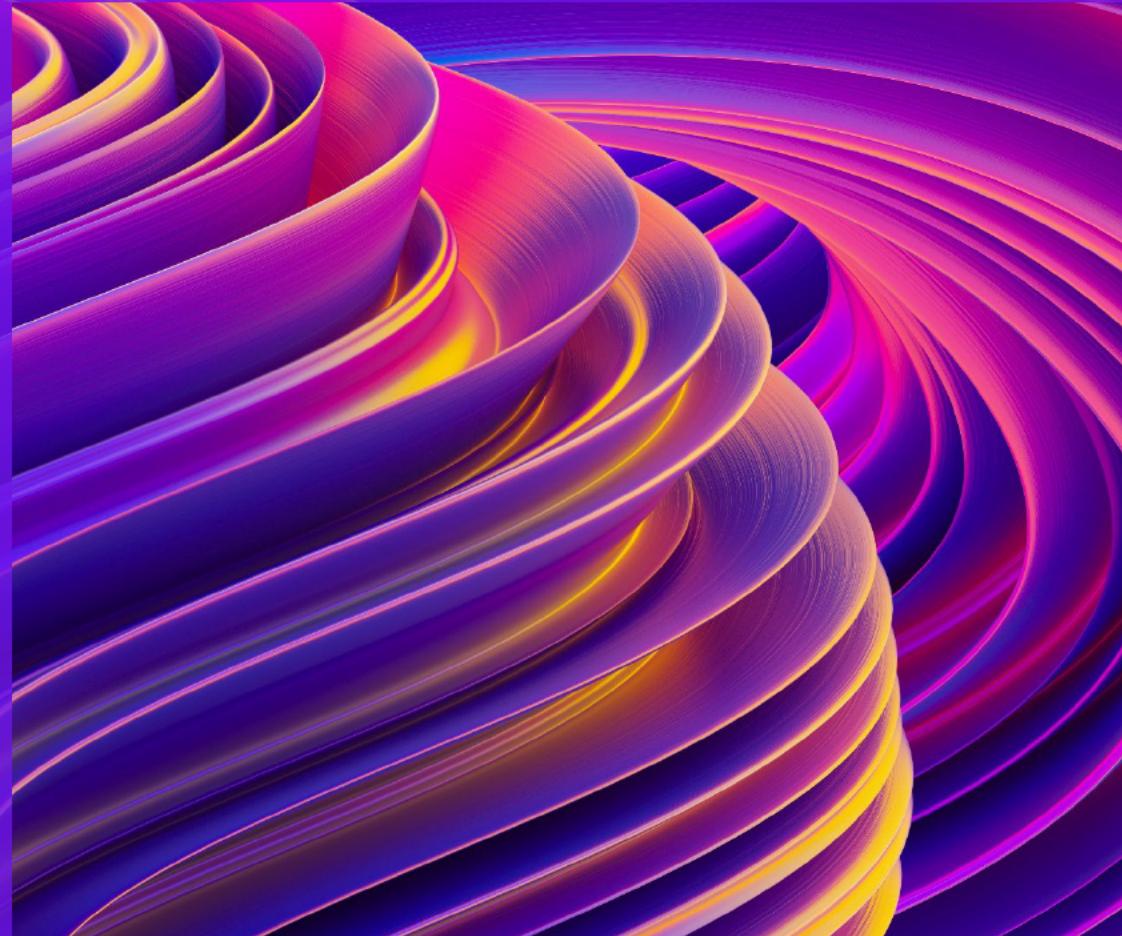
The Township of Esquimalt

**Audit Findings Report
for the year ended
December 31, 2024**

KPMG LLP

Prepared for presentation on May 5, 2025

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement

Lenora Lee

Lead Audit Engagement Partner

250-480-3588

lenoramlee@kpmg.ca

Sarah Burden

Senior Manager

250-480-3562

sburden1@kpmg.ca

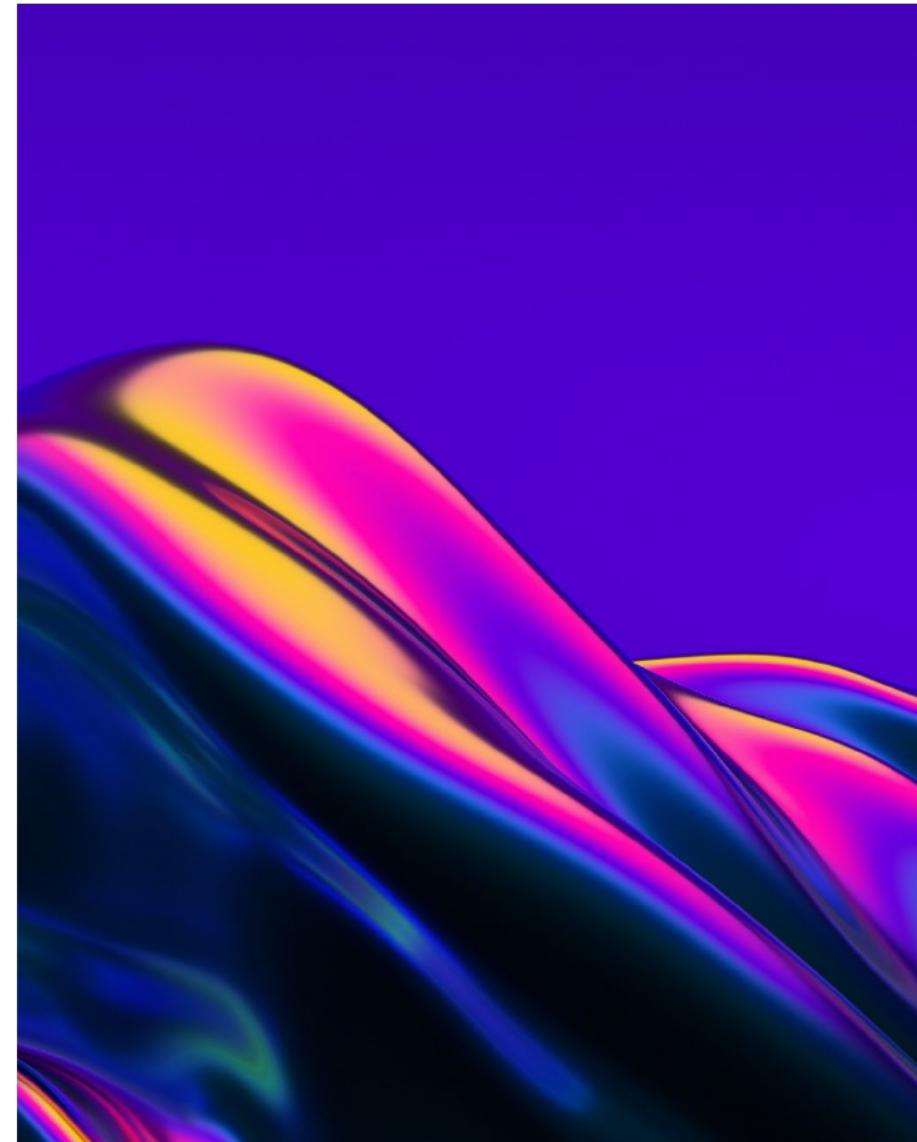


Table of contents

4	Highlights	5	Status	6	Materiality	8	Risks and results
14	Control deficiencies	16	Appendices				

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

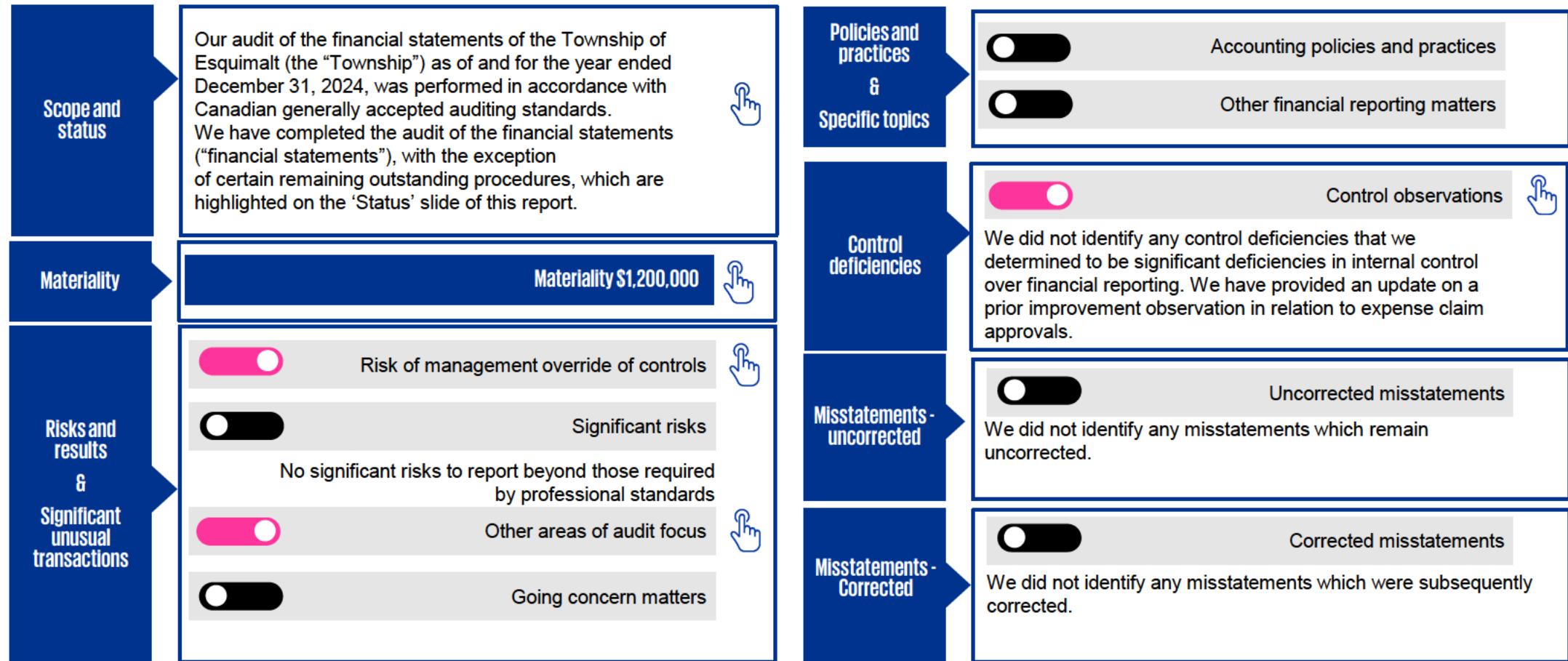
Audit highlights



No matters to report



Matters to report – see link for details



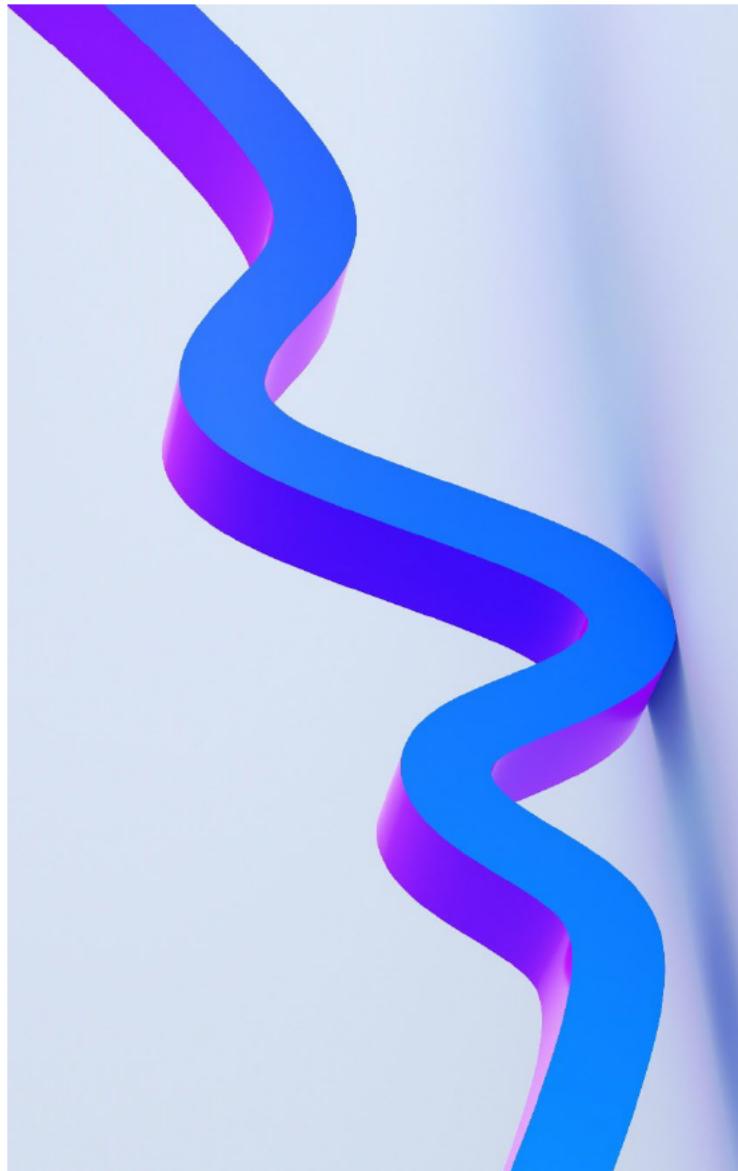
Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

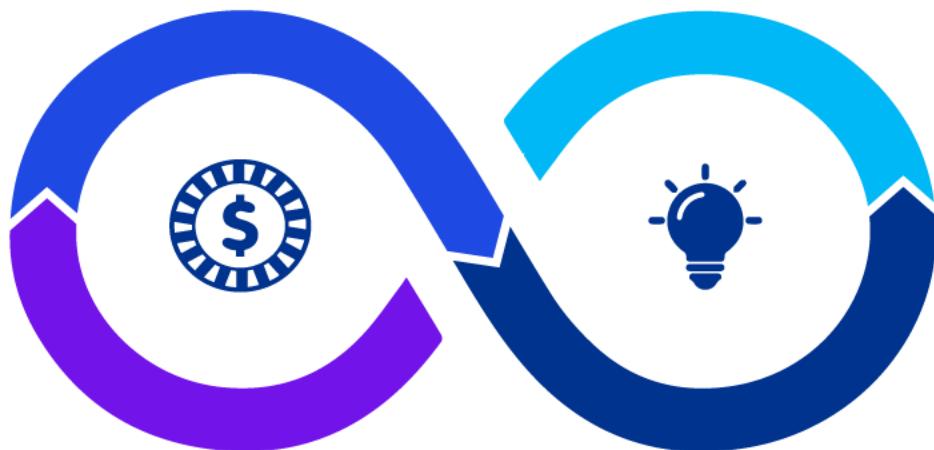
- Completing our discussions with Council
- Obtaining evidence of Council's acceptance of the financial statements
- Obtaining a signed management representation letter
- Completing subsequent event review procedures up to the date of Council's acceptance of the financial statements

We will update the Council, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is included in the draft financial statements.



Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.

Materiality



Materiality
\$1,200,000
(2023: \$1,100,000)

Total budgeted expenses less capital expenditures and transfers to operating reserves

\$43.6 million

(2023: \$39.8 million)

% of Benchmark
2.76%
(2023: 2.76%)

Audit Misstatement Posting Threshold
\$120,000
(2023: \$55,000)

Significant risks



Management Override of Controls (non-rebuttable significant risk of material misstatement)

RISK OF
 FRAUD

Presumption
of the risk of fraud
resulting from
management
override of
controls

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our planned response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Our findings

No issues were noted from our testing.



Required inquiries of the Council



Inquiries regarding risk assessment, including fraud risks

- What are the Council's views about fraud risks, including management override of controls, in the Township? And have you taken any actions to respond to any identified fraud risks?
- Is the Council aware of, or has the Council identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets?
 - If so, have the instances been appropriately addressed and how have they been addressed?
- How does the Council exercise oversight of the Township's fraud risks and the establishment of controls to address fraud risks?



Inquiries regarding Township processes

- Is the Council aware of tips or complaints regarding the Township's financial reporting (including those received through the Council's internal whistleblower program, if such programs exist)? If so, the Council's responses to such tips and complaints?



Inquiries regarding related parties and significant unusual transactions

- Is the Council aware of any instances where the Township entered into any significant unusual transactions?
- What is the Council's understanding of the Township's relationships and transactions with related parties that are significant to the Township?
- Is the Council concerned about those relationships or transactions with related parties? If so, the substance of those concerns?

Audit focus areas

We highlight findings in other areas of focus as identified in the Audit Plan as follows



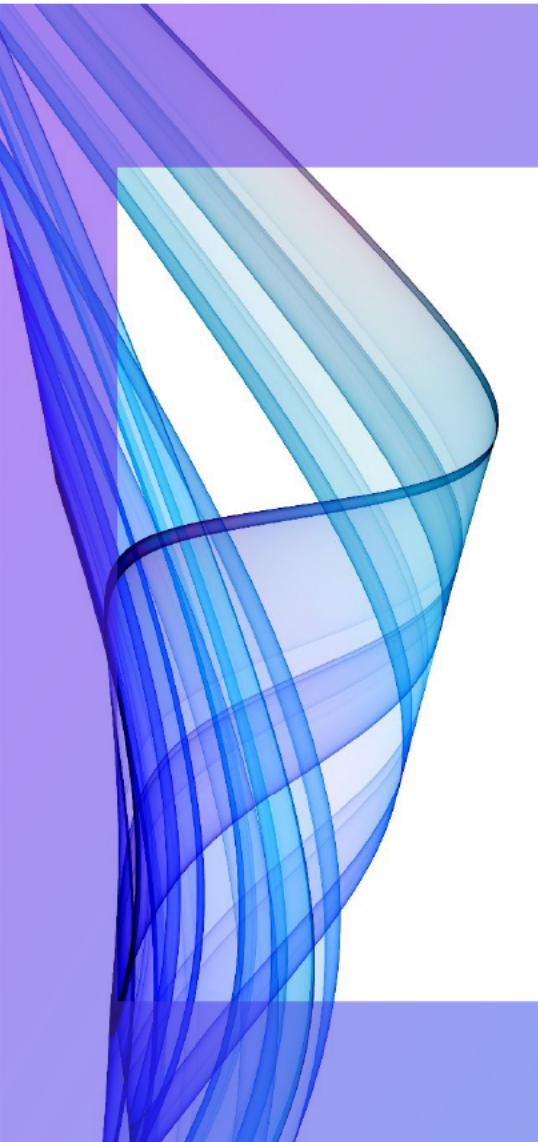
Tangible Capital Assets

The Township had several significant capital projects ongoing during the year, including the public safety building, Tillicum and Lampson active transportation improvements, and the sports centre HVAC and roof replacement.

Our response and findings

Tangible Capital Assets

- In fiscal 2024, the Township recognized tangible capital asset additions of \$14.3 million related to capital projects, of which \$4.9 million was for work in progress put into use during the year.
- We selected a sample of capital expenditures incurred during the year, compared the amounts recorded to invoices and verified that the amounts had been appropriately recorded as work in progress or capital additions. No issues were noted.
- We selected a sample of projects which were completed in the year and transferred from work in progress to in use capital assets. No issues were noted.
- We developed an expectation of amortization expense based on prior year actual expense and new additions placed in service during the year and compared our expectation to amounts reported. No issues were noted.



Audit focus areas (continued)



Revenue

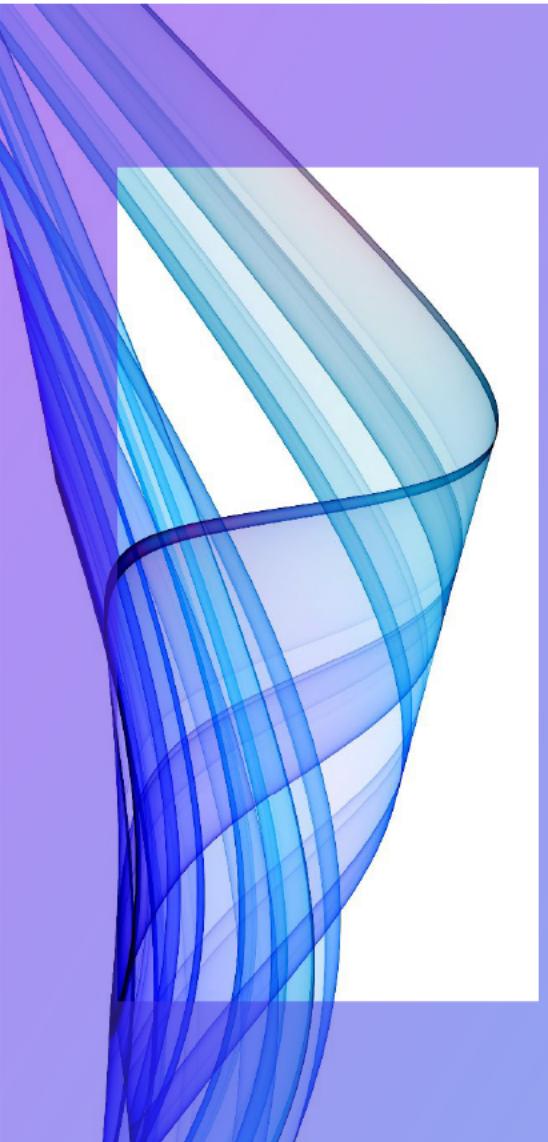
The Township has many significant revenue streams. In 2024, the Township adopted PS3400 *Revenue* which provides guidance on revenue recognition for exchange and non-exchange transactions which are not covered by existing public sector accounting standards.

Our response and findings

- We compared revenue balances on a financial statement account level to budget and to prior year.
- We performed analytical procedures over property tax revenue, other revenue from own sources and sale of services by comparing actual revenue to prior year and non-recurring transactions that occurred during the year.
- We performed substantive testing over government transfers by agreeing revenues to supporting documentation and cash receipts.
- We performed substantive testing over deferred revenue by agreeing to supporting documents and cash receipts for amounts received in the year and by agreeing to related spend to support revenue recognition.
- We performed substantive testing over conditional and unconditional transfers from other governments by agreeing to supporting documents and assessing recognition criteria for such transfers.
- Management performed an assessment of the impact of adopting PS3400 *Revenue*. This analysis identified that building permit revenue had performance obligations whereby the Township must perform a series of activities over a duration of time to fulfill its requirements to the applicant. As a result, revenue should be recognized in line with the completion of performance obligations such as inspection points. The assessment and implementation of this standard lead to \$462,836 being recognized as deferred revenue as at December 31, 2024 which would have been recognized as revenue prior to the adoption of this standard.

We noted no issues as a result of our testing.

Appropriate disclosure has been included in the financial statements regarding the adoption of PS 3400 *Revenue*.



Audit focus areas (continued)



Cash, investments and debt

Response and findings

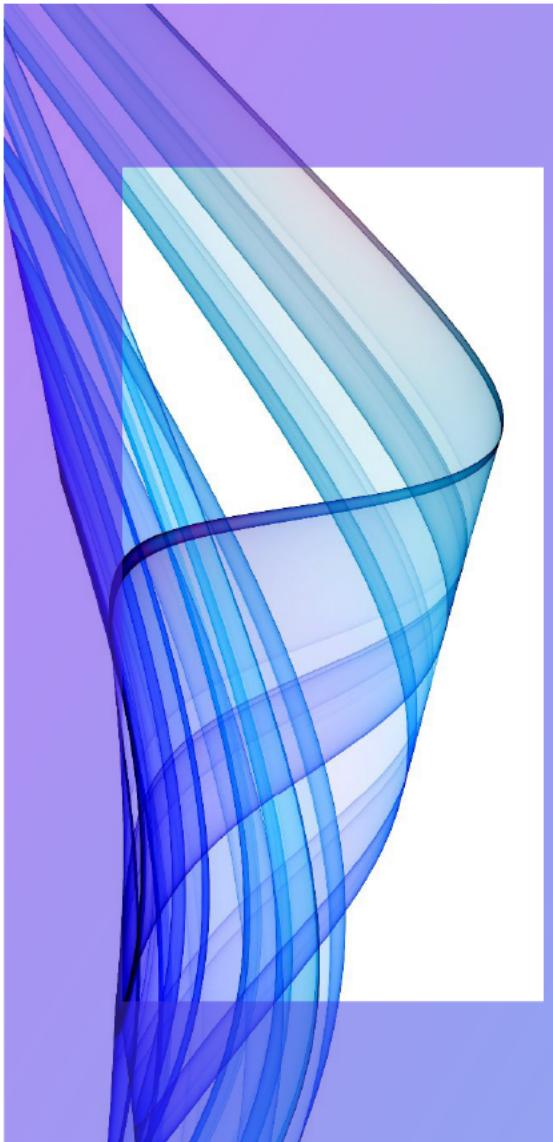
- We confirmed the balances with the respective financial institutions and reviewed bank reconciliations to identify and verify any significant period end reconciling items.
- We confirmed short and long term debt owing to Municipal Finance Authority of BC
- No issues or adjustments were noted as a result of the procedures performed.



Expenses, procurement and payables

Response and findings

- We compared actual balances to expectations including prior year taking into account known significant transactions during the year.
- Salaries and wage expense were tested by agreeing a sample of payments to expected wage rates and cash disbursed.
- We performed a search for unrecorded liabilities by testing payments made subsequent to year end and assessing the completeness of liabilities and expenses.
- No issues or adjustments were noted as a result of the procedures performed.



Misstatements



Corrected misstatements – No misstatements were identified and subsequently corrected



Uncorrected misstatements – No misstatements were identified and remain uncorrected

Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the Township's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.



A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.



Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

We did not identify any significant deficiencies in internal control over financial reporting.

Control deficiencies (continued)

Update on prior year control improvement observations

Description	Observation
Expense claim approvals	<p>Prior year observation and recommendation KPMG selected a sample of expense claims made by the Mayor, Councillors and senior management during the year. The current approval practice is for the Chief Administrative Officer or Chief Financial Officer to approve expense claims, including those from members of Council. The Director of Corporate Services and Manager of Finance may also periodically approve expense claims.</p> <p>We recommend expense reports be reviewed and approved by an individual of higher authority than the individual claiming reimbursement. The CAO, for example, should review expense claims of all Director level staff. CAO expenses should be reviewed and approved by a member of Council.</p> <p>For administrative timeliness, if an individual that is not of a higher level of authority approves an expense claim to initiate timely reimbursement, it should still be provided to the designated individual of higher authority for review and approval after cash disbursement is made. Quarterly reporting of expense claims, for example, could be a practical method of obtaining approval for expense claims of the Chief Administrative Officer and Council.</p> <p>2024 Update In 2024, we noted that a new process was implemented whereby the Director of Financial Services approves the CAO expense claims on a regular basis, followed by a summary of processed claims being reported to Council in October 2024. Council held an in-camera session with the Director of Financial Services to allow for any questions regarding the expenses to be addressed. This process will continue on a semi-annual basis in 2025. We consider this recommendation to be addressed.</p>

Appendices

1

Required
communications

2

Management
Representation Letter

3

Audit quality

4

Current developments

5

Changes to auditing
standards



Appendix 1: Required communications



Auditor's report

Refer to the draft report attached to the financial statements.

Engagement letter

A copy of the engagement letter and any subsequent amendments has been provided to management.



Independence

We are independent and have a robust and consistent system of quality control. A copy of the management representation letter is attached. We provide complete transparency on all services and follow the Board's approved protocols. We confirm our independence to the Board.

Management representation letter

Appendix 2: Management representation letter

See attached management representation letter

KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria, BC
V8W 3Y7

May 5, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of the Corporation of the Township of Esquimalt ("the Entity") as at and for the period ended December 31, 2024.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 30, 2023, including for:

- a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
- b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
- c) providing you with unrestricted access to such relevant information.
- d) providing you with complete responses to all enquiries made by you during the engagement.

- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

- a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting;
 - or
 - others

where such fraud or suspected fraud could have a material effect on the financial statements.

- c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Other information:

11) We confirm that the final version of the Annual Report 2024 will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your audit procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Employee Future Benefits

14) All arrangements (contractual or otherwise) by which programs have been established to provide employment benefits have been disclosed to you and included in the determination of post-employment costs and obligations. This includes:

- a) pension and other retirement benefits expected to be provided after retirement to employees and their beneficiaries.

- b) post-employment benefits expected to be provided after employment but before retirement to employees and their beneficiaries. These benefits include unused sick leave and severance benefits.
- c) compensated absences for which it is expected employees will be paid. These benefits include accumulated sick days, and termination benefits.

Other

15) All transfers of our statutory reserves have been approved by bylaw except for those transferred allowed by council resolution

16) Expenditures have been appropriately authorized and actual expenditures have not exceeded budgeted expenditures detailed in the amended budget bylaw.

17) We have disclosed to you all the inter-entity transactions, major categories of assets that are not recognized and contingent assets of which we are aware. Such transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

18) We confirm that we have provided you with a complete list of service organizations (SO) and sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented. For the purpose of this representation, a service organization is one as defined in CAS 402.

Yours very truly,

Mr. Ian Irvine, CFO and Director of Financial Services

Ms. Kristi Bilodeau, Manager of Financial Services

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Appendix 3: Audit quality - How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

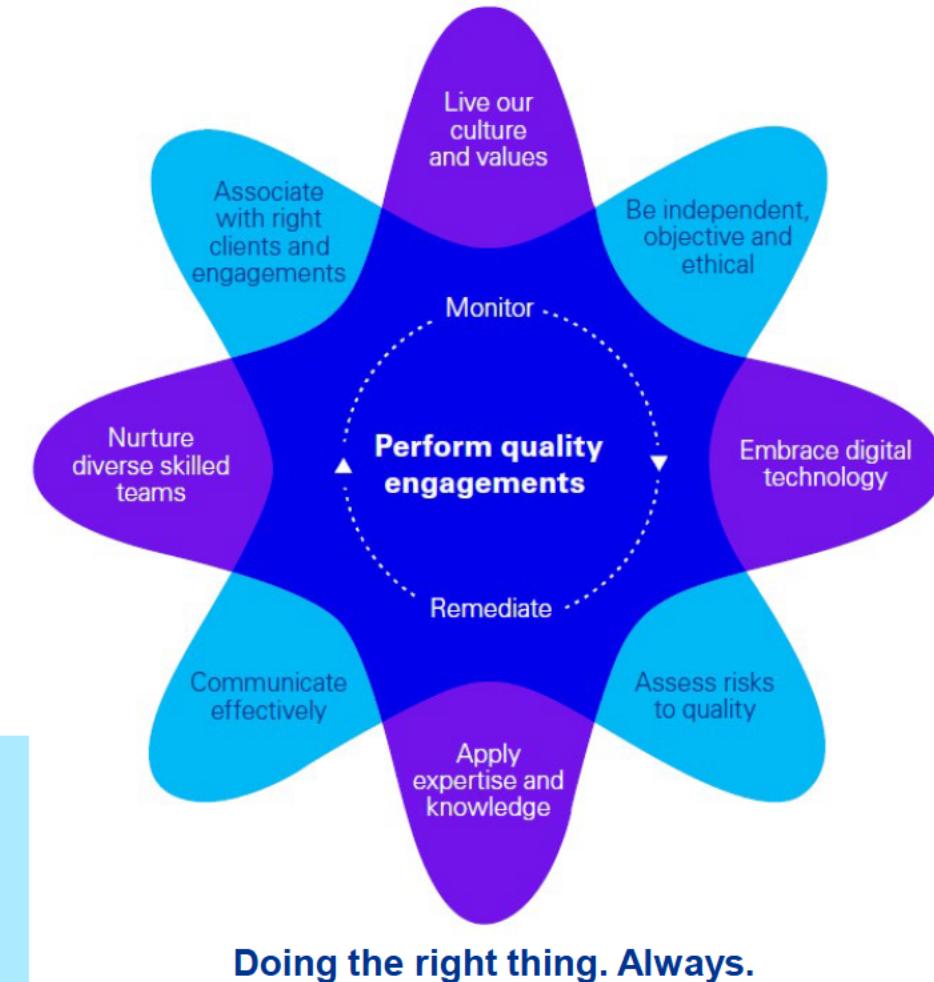
The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Appendix 4: Current developments

Changes to accounting standards

Standard	Summary and implications
Concepts Underlying Financial Performance Effective 2027	<ul style="list-style-type: none"> The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.
Financial Statement Presentation Effective 2027	<ul style="list-style-type: none"> Section PS 1202 <i>Financial statement presentation</i> will replace the current section PS 1201 <i>Financial statement presentation</i>. PS 1202 <i>Financial statement presentation</i> will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted. The proposed section includes the following: <ul style="list-style-type: none"> Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained. Separating liabilities into financial liabilities and non-financial liabilities. Restructuring the statement of financial position to present total assets followed by total liabilities. Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called "accumulated other". A new provision whereby an entity can use an amended budget in certain circumstances. Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Appendix 4: Current developments (continued)

Changes to accounting standards (continued)

Standard	Summary and implications
Employee Future Benefit Obligations	<ul style="list-style-type: none"> The Public Sector Accounting Board has issued proposed new standard PS 3251 <i>Employee benefits</i> which would replace the current sections PS 3250 <i>Retirement benefits</i> and PS 3255 <i>Post-employment benefits, compensated absences and termination benefits</i>. After evaluating comments received about the July 2021 exposure draft, a new re-exposure draft was released in October 2024. The re-exposure draft continues to use principles from International Public Sector Accounting Standard 39 <i>Employee benefits</i> as a starting point to develop the Canadian standard. The proposed standard would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. The re-exposure draft also proposes that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and unfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided. For most other topics, the re-exposure draft is consistent with the original exposure draft. A few exceptions are: <ul style="list-style-type: none"> Deferral provisions – Remeasurement gains and losses will be presented as part of accumulated remeasurement gains and losses. Valuation of plan assets – Public sector entities may continue to recognize non-transferable financial instruments that meet the definition of plan assets under existing PS 3250 guidance. Joint defined benefit plans – Defined benefit accounting will be used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which was based on defined contribution plan concepts. Disclosure of other long-term employee benefits and termination benefits – The re-exposure draft does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits. The proposed section PS 3251 <i>Employee benefits</i> will apply to fiscal years beginning on or after April 1, 2029. Early adoption will be permitted and guidance applied retroactively, with or without prior period restatement. Comments on the re-exposure draft were due on January 20, 2025. The re-exposure draft can be viewed at the following link: Click here

Appendix 4: Current developments (continued)

Changes to accounting standards (continued)

Standard	Summary and implications
Intangible assets	<ul style="list-style-type: none"> The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 <i>Intangible Assets</i> which would replace Public Sector Guideline 8 <i>Purchased Intangibles</i>. The new standard would be effective for fiscal years beginning on or after April 1, 2030 with early adoption permitted. The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts. The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events. Internally generated goodwill is not permitted to be recognized as an asset. An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements. Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired. Comments on the exposure draft are due on May 30, 2025. The exposure draft can be viewed at the following link: Click here
Cloud computing arrangements	<ul style="list-style-type: none"> As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey has been launched to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice. We encourage all entities to complete the survey by May 30, 2025, which is at the following link: Click here



Appendix 5: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards
- see Current Developments



Effective for current year (periods beginning on or after December 15, 2023)

ISA 600/CAS 600

Revised special
considerations –
Audits of group
financial
statements

Click here for information about CAS 600
from CPA Canada:

[Revised CAS 600](#)

Effective for next year (periods beginning on or after December 15, 2024)

ISA 260/CAS 260

Communications
with those charged
with governance

ISA 700/CAS 700

Forming an opinion
and reporting on
the financial
statements

Click here for information about CAS 260
and CAS 700 from CPA Canada:

[Amended CAS 260 and CAS 700](#)

Appendix 6: Financial Statement Highlights

Statement of Financial Position

	2024	2023	Change
Total Financial Assets	91,417,253	93,982,187	(2,564,934)
Total Liabilities	55,958,198	58,162,126	(2,203,928)
Net Financial Assets	35,459,055	35,820,061	(361,006)
Tangible Capital Assets	110,861,103	105,770,772	5,090,331
Other Non-Financial Assets	425,095	379,927	45,168
Accumulated Surplus	146,745,253	141,970,760	4,774,493

- Financial assets decreased due to additions to tangible capital assets during the year exceeding annual surplus earned
- Liabilities decreased mostly due to timing of invoicing for capital projects, with certain capital project invoices outstanding in 2023 but not in 2024, offset by new restricted grants received and building permit revenue deferral
- Additions to tangible capital assets during the year represent construction costs for projects such as the new public safety building and active transportation bike lanes
- Accumulated surplus increased due to investment in tangible capital assets and transfers to reserves

Appendix 6: Financial Statement Highlights

Statement of Operations

	Budget	2024	2023	2024 vs Budget	2024 vs 2023
Total Revenues	48,194,560	51,169,345	56,021,992	2,974,785	(4,852,647)
Total Expenses	43,309,715	46,394,852	43,785,561	(3,085,137)	2,609,291
Annual Surplus	4,884,845	4,774,493	12,236,431	(110,352)	(7,461,938)

- Revenue is lower in 2024 vs 2023 largely due to receipt of \$4.9M Growing Communities Fund in 2023 and sale of property in 2023 that was non-recurring in 2024. Strong investment income and parks and recreation activity contributed to actual revenue exceeding budget.
- Expenses are higher in 2024 vs 2023 due to increases in salaries, inflationary impact on goods and services and increased amortization from capital assets placed in use
- Overall surplus is within 2% of budget and lower than 2023 due to non-recurring revenue sources and higher expenses

Appendix 6: Financial Statement Highlights

Statement of Cash Flows

Cash Flow from Operating Activities	7,602,266
Cash Flow from Capital Activities	(9,159,863)
Cash Flow from Financing Activities	(1,193,784)
Decrease in Cash For the Year	(2,751,381)

- The annual surplus for the year from day to day operations was sufficient to pay all operating expenses and generated positive cash flows
- Purchase and construction of tangible capital assets used \$9.2M of cash during the year
- No new debt was obtained during the year; principal payments were made to pay down existing debt
- Overall there was a net use of cash during the year spent on tangible capital assets and debt repayment

Appendix 6: Financial Statement Highlights

Accumulated Surplus

	2024	2023	Change
Invested in Tangible Capital Assets	77,611,041	71,046,886	6,564,155
Reserves	23,232,936	21,407,859	1,825,077
Operating Surplus	45,901,276	49,516,015	(3,614,739)
Total Accumulated Surplus	146,745,253	141,970,760	4,774,493

- Invested in tangible capital assets increased from \$9.2M used to purchase and construct tangible capital assets from projects such as the public safety building and active transportation projects, offset by \$4.2M in amortization expense
- Reserves increased from a net increase in reserves for future expenditures, Community Works fund (gas tax) and machinery and equipment, plus interest earned
- Operating surplus decreased to fund operating expenses, investment in tangible capital assets and transfers to reserves



<https://kpmg.com/ca/en/home.html>

© 2024 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

