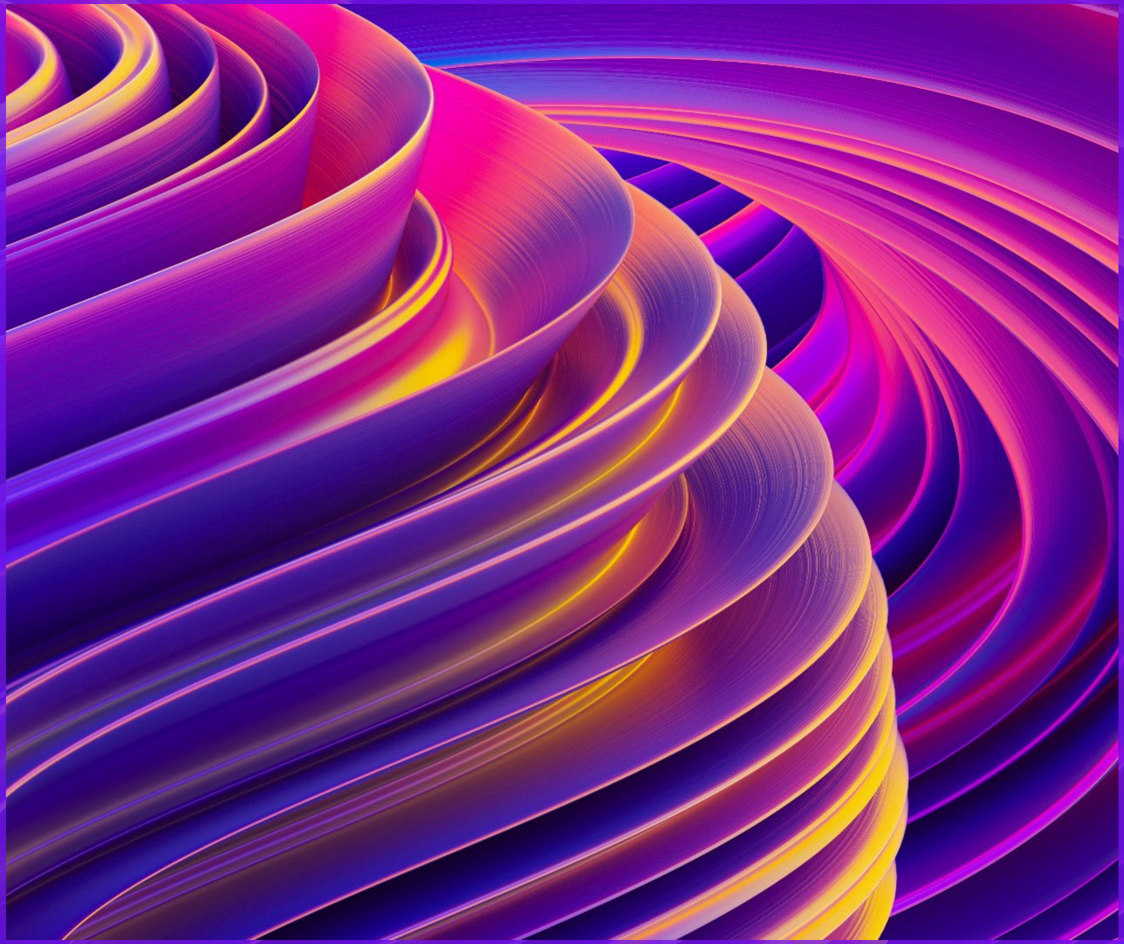
KPMG

Corporation of the Township of Rideau Lakes



Audit Findings Report for the year ended December 31, 2023

KPMG LLP

Prepared for presentation to Council on September 3, 2024

kpmg.ca/audit

KPMG contacts

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The purpose of this report is to assist you, as a member of the Council, in your review of the results of our audit of the non-consolidated financial statements. This report is intended solely for the information and use of Management and the Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

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

Status

We have completed the audit of the non-consolidated financial statements ("financial statements") of Corporation of the Township of Rideau Lakes ("the Township") for the year ended December 31, 2023, with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes to our audit plan

- No changes to risk assessment
- No changes to audit strategy assessment

Risks and results

Significant risks

- We identified a significant financial reporting risk related to the **presumed** risk of management override of controls under professional standards.
- Upon completion of the audit procedures, no matters to report.

Other risks of material misstatement

- No matters to report.

Materiality

Current year	$440,000
Benchmark	Expenses
% Benchmark	2.59%
Audit Misstatement Posting Threshold	$22,500

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Going concern matters

Uncorrected misstatements

Uncorrected misstatements

- We have identified any adjustments which remain uncorrected.

Corrected misstatements

Corrected misstatements

- We have not identified adjustments which were corrected through the course of the audit.

Control deficiencies

Significant deficiencies

- We have not identified any significant deficiencies in internal control over financial reporting.

Status

As of August 28, 2024 in preparation of our Audit Findings Report, we have completed the audit of the non-consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

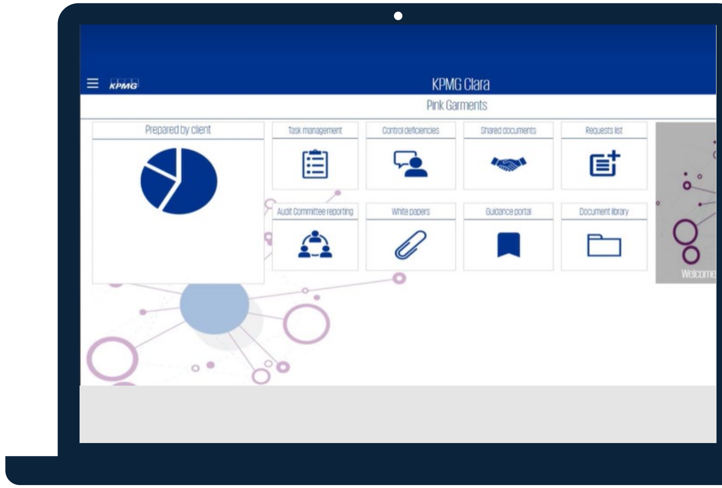
- Completing our discussions with the Council;
- Final assembly of our audit documentation, including completion of any remaining procedures and review of audit working papers;
- Completion of our subsequent events review procedures up to the date of our auditor's report;
- Obtaining evidence of the Council's approval of the financial statements; and
- Receipt of signed management representation letter.

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 provided in Appendix 1a: Draft Auditor's Report.

Our auditor's report has been modified from the standard report because of the change in accounting policy related to the implementation of PS 3280 Asset Retirement Obligations (ARO) in 2023.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.

Learn more

Financial statement highlights

CORPORATION OF THE TOWNSHIP OF RIDEAU LAKES

Rideau Lakes

Non-Consolidated Statement of Financial Position
For the Year Ended December 31,

	2023	2022
Financial assets		
Cash	$4,594,948	$3,390,226
Taxes receivable	1,627,307	1,146,360
Accounts receivable	1,102,110	1,047,451
	7,324,365	5,584,037
Financial liabilities		
Accounts payable and accrued liabilities	1,991,441	2,054,581
Tax revenue paid in advance	349,432	-
Asset retirement obligations (note 9)	3,524,139	3,403,754
Other current liabilities	129,240	129,346
Deferred revenue (note 5)	1,117,667	1,081,304
Long-term liabilities (note 6)	4,156,343	4,364,056
	11,268,262	11,033,041
Net debt	(3,943,897)	(5,449,004)
Non-financial assets		
Tangible capital assets (note 12)	41,432,425	40,337,157
Inventories	315,047	250,307
Prepaid expenses	88,453	191,675
	41,835,925	40,779,139
Commitments (note 10)		
Contingent liabilities (note 11)		
Municipal Equity (note 7)	**$37,892,028**	**$35,330,135**

Financial Assets:

- Cash position has increased due to the surplus generated for the year from operating activities along with reduced capital activity compared to the prior year.
- Taxes receivable has increased in line with increase in taxation revenue. Also, tax revenue paid in advance has been split out in 2023. Management continue to monitor the aging of accounts with a high volume of tax sales.

Financial Liabilities:

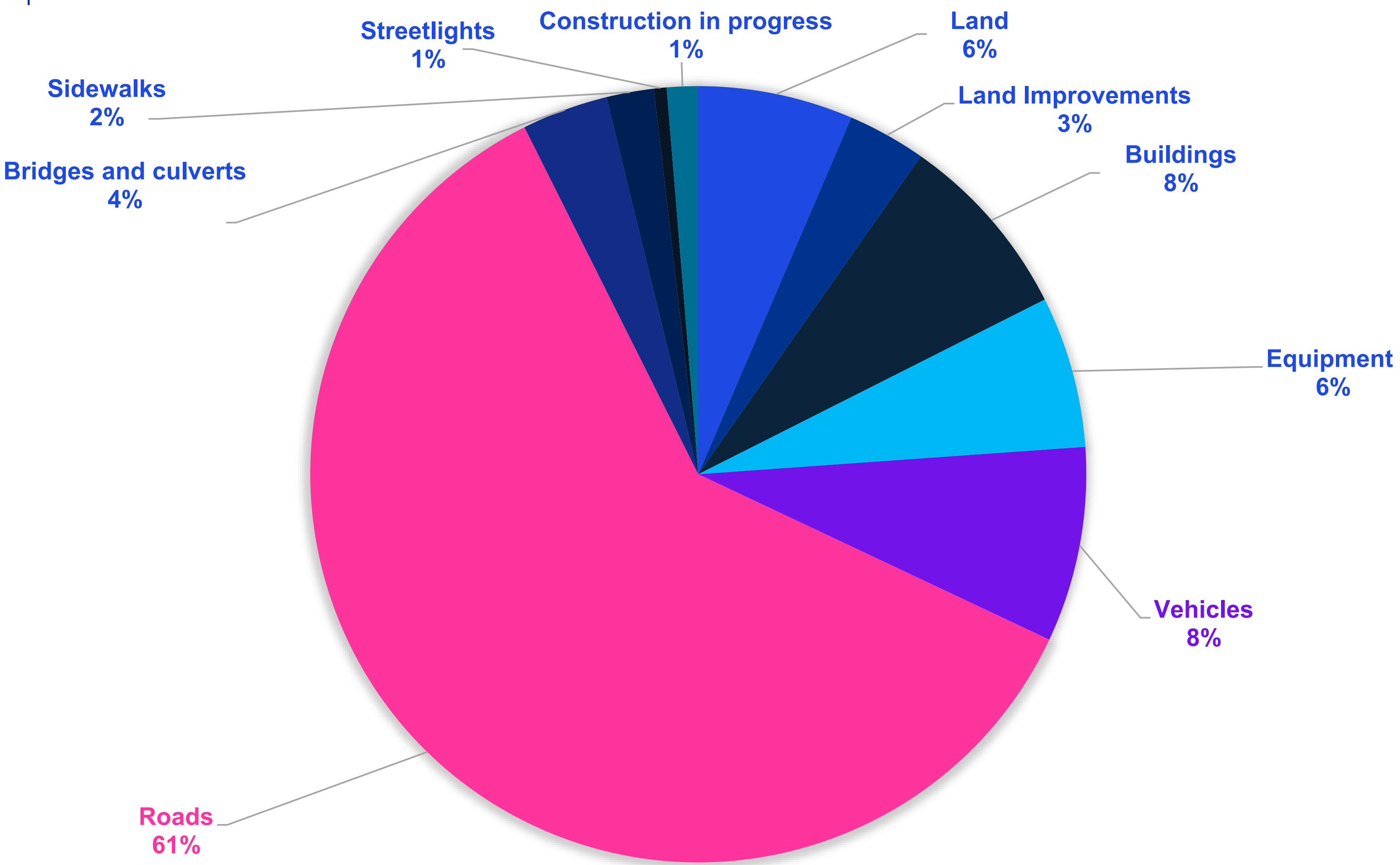
- Accounts payables is relatively flat and includes capital purchases not yet paid at year-end
- Deferred revenue increased as $292,788 developers contributions were recorded in 2023 and the funds were not utilized. This was offset by the use of other restricted funds in 2023.
- Accrued landfill closure and post closure is included in the implementation of PS 3280 ARO with prospective restatement. ARO now includes an estimate for asbestos and well decommissioning also.
- Long-term liabilities decreased due to the principal repayments on loans.

Non-Financial Assets:

- Increase in tangible capital assets driven by additions of $4.0M offset by amortization of $2.8M. Significant additions include roads, building and vehicles.

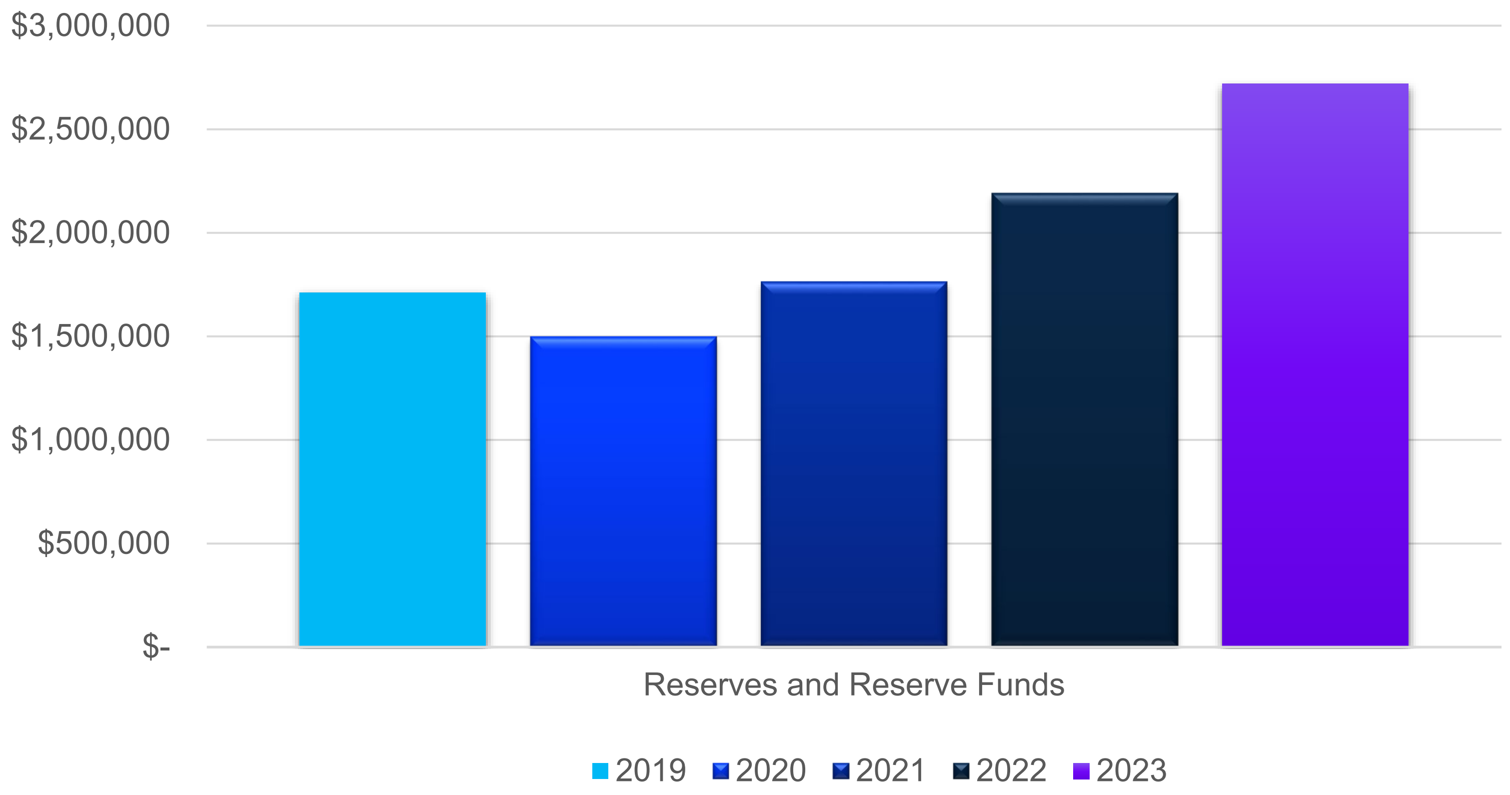
Financial statement highlights (continued)

Tangible capital assets



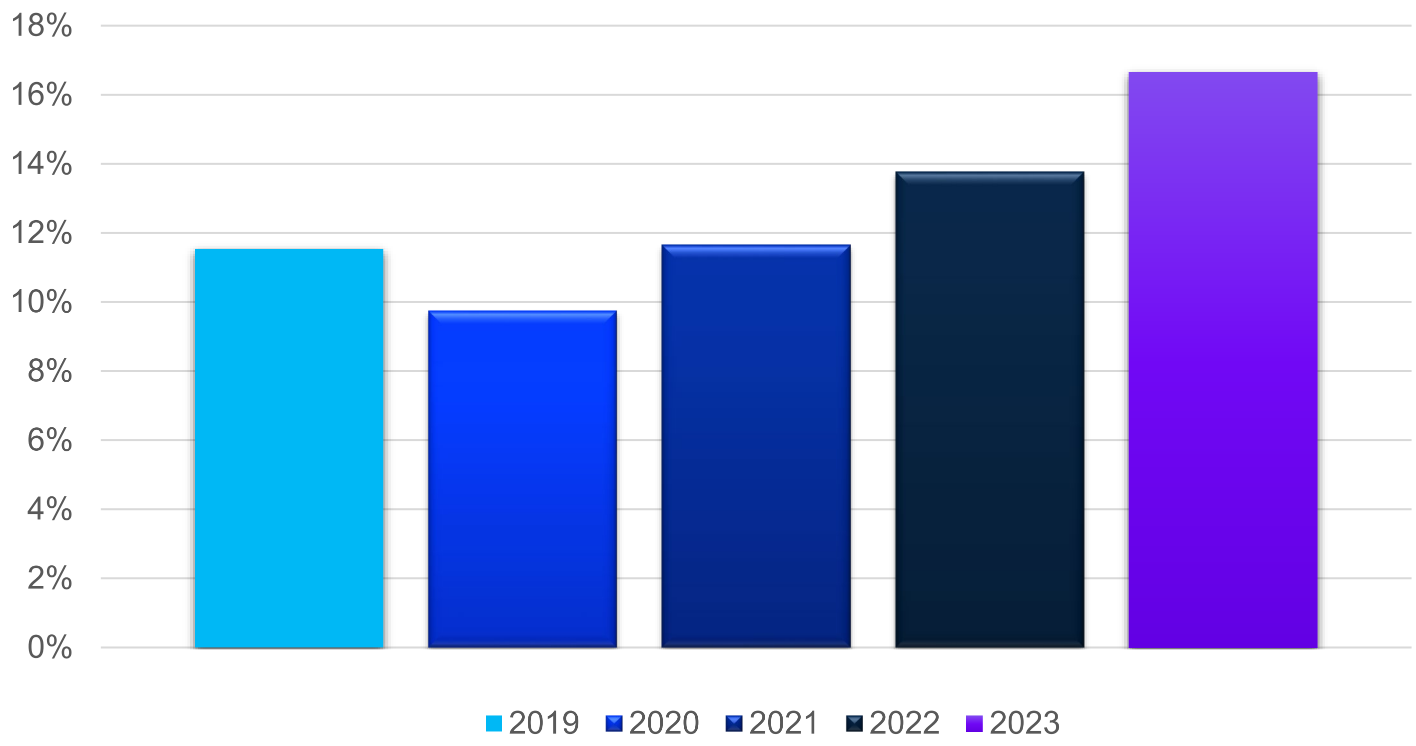
Financial statement highlights (continued)

Reserves and reserve funds



Financial statement highlights (continued)

Reserves and reserve fund as a percentage of operating expenses



Benchmark: greater than 20%

Financial statement highlights (continued)

CORPORATION OF THE TOWNSHIP OF RIDEAU LAKES

Rideau Lakes

Non-Consolidated Statement of Operations and Municipal Equity
For the year ended December 31,

	Budget (note 15) 2023	2023	2022
Revenue:			
Taxation	$12,447,978	$12,530,780	$11,922,852
Taxation - other governments	238,317	242,522	257,787
User charges	792,790	842,933	888,174
Contributions from developers	-	-	31,990
Government transfers	2,028,714	2,051,402	1,960,706
Licences and permits	867,786	890,619	1,004,506
Investment income	120,000	235,975	94,729
Penalties and interest on taxes	245,000	244,573	272,664
Other	217,160	265,513	261,057
Total revenue	16,957,745	17,304,317	16,694,465
Expenses (note 14):			
General government	3,274,547	3,206,613	3,634,375
Protection to persons and property	4,353,852	4,522,615	4,494,033
Transportation services	5,256,728	5,034,982	4,946,468
Environmental services	1,658,305	1,563,076	1,344,410
Asset retirement obligation	-	120,385	(324,736)
Recreation and cultural services	1,568,486	1,400,860	1,331,030
Planning and development	587,235	485,875	480,930
Total expenses	16,699,153	16,334,406	15,906,510
Annual operating surplus before the undernoted items	258,592	969,911	787,955
Other:			
Grants and transfers related to capital:			
Contributions from developers	366,950	177,059	80,000
Government transfers	695,172	731,609	940,640
Other	1,167,690	788,953	122,950
Gain/Loss on Sale/Disposal TCA	-	-	1,916,669
Write-down of tangible capital assets	-	(105,639)	(80,692)
	2,229,812	1,591,982	2,979,567
Annual Surplus	**2,488,404**	**2,561,893**	**3,767,522**
Municipal equity, beginning of year	35,330,135	35,330,135	31,562,613
Municipal equity, end of year	**$37,818,539**	**$37,892,028**	**$35,330,135**

The accompanying notes are an integral part of these financial statements.

Revenue:

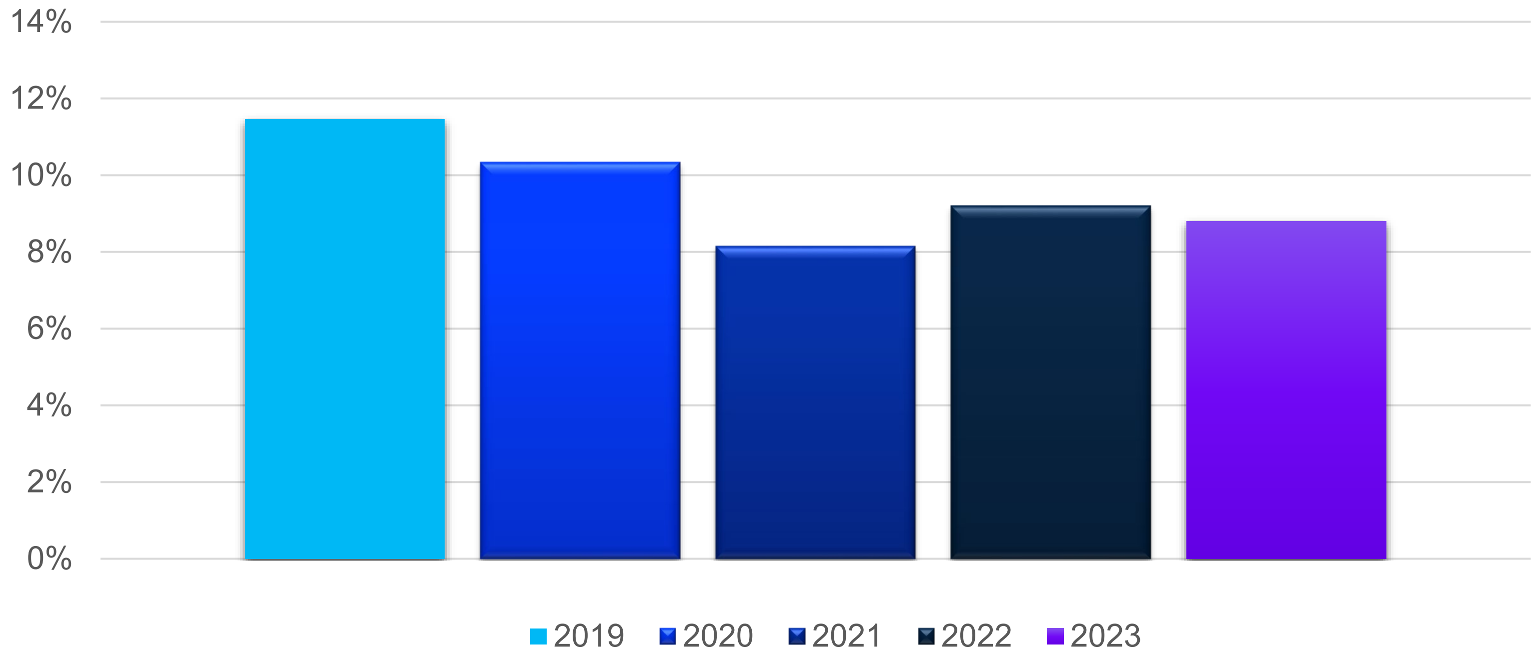
- Taxation revenue increase driven by tax rate and tax base. Revenue is aligned with budget.
- Government grants will fluctuate based on capital activity.
- Licenses and permits revenue is lower as a result of reduced activity compared to the prior year, consistent with the sector, post-COVID.
- Investment income has increased as a result of more favorable rates of interest based on market conditions.

Expenses:

- Increase in expenses is less than the increase in revenue. Expenses were tightly managed to budget.
- The increase in expenses includes the non-cash charge for the change in the ARO balance for the year including the new in-scope items such as asbestos and well decommissioning.

Financial Statement Highlights (continued)

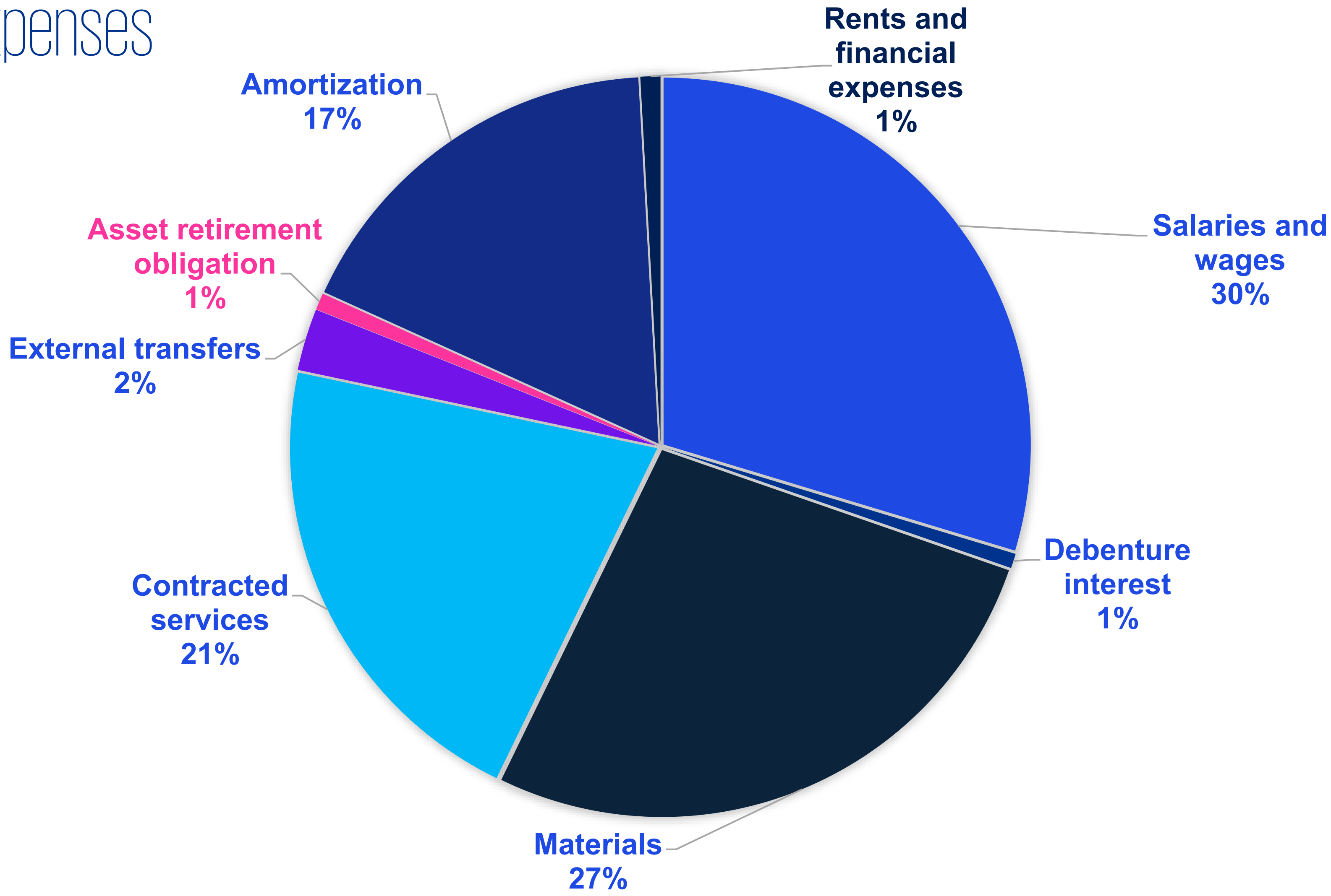
Tax arrears as a percentage of current levy



Benchmark: less than 10%

Financial statement highlights (continued)

Operating expenses



Risk assessment summary

Our planning begins with an assessment of risks of material misstatement in your financial statements.

We draw upon our understanding of the Township and its environment (e.g. the industry, the wider economic environment in which the business operates, etc.), our understanding of the Township's components of its system of internal control, including our business process understanding.

		Risk of Fraud	Risk of Error	Risk Rating
●	Management override of controls	✓		Significant
●	Cash		✓	Base
●	Operating and payroll expenses (including related accruals)		✓	Base
●	Tangible capital assets		✓	Base
●	Asset retirement obligations		✓	Base
●	Government grants		✓	Base
●	Financial instruments		✓	Base
●	Financial reporting		✓	Base

- ● PRESUMED RISK OF MATERIAL MISSTATEMENT
- ● OTHER AREA OF FOCUS

Current year findings

We did not uncover any significant findings as a result of the procedures performed over the areas highlighted above.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Fraud risk from management override of controls

Significant risk	Estimate?	Key audit matter?
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.**	No	No

Our 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:

- Assessed the design and implementation of controls surrounding the journal entry process;
- Determined the criteria to identify high-risk journal entries and other adjustments; and
- Tested high-risk journal entries and other adjustments.

Findings

We did not uncover any issues during the performance of the procedures described above.

Other audit risks and results

Asset Retirement Obligations

Background

In 2023, the Township adopted Public Accounting Standard PS 3280, Asset Retirement Obligations (“ARO”). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Township, as well as replacing PS3270, Solid Waste Landfill Closure and Post-Closure Liability. Asset retirement obligations are an estimate in the Township’s financial statements which is primarily derived from third party engineering estimates.

Management performed an assessment of the impact of the new accounting standard on the Township’s financial statements by working with external consultants to perform assessments of any required remediation under the new standard. Using the prospective application approach, as at December 31, 2023, an asset retirement obligation amounting to $3.524 million (2022 - $3.403 million) has been recognized on the Township’s Non-Consolidated Statement of Financial Position.

Our response

- We obtained an understanding of the activities performed by Management to identify the Township’s legal obligations associated with the retirement of capital assets and ensured that all of the recognition criteria were met to recognize an ARO in the financial statements.
- We obtained Management's calculation of the ARO liability and corroborated management’s inputs into the calculation to assess their reasonableness.
- We also inquired about the completeness of the liability estimate for TCA without an associated ARO.
- We do note that discounting was utilized in the calculation of the landfill retirement costs. Inflation and discount rates utilized in the calculation were based on management’s assessment current market conditions. The other AROs were not discounted due to the uncertainty around the timing of cashflows.
- We noted that this estimate is based on management’s knowledge of the assets within scope of ARO. Any changes to the ARO in the future will be treated as a change in estimate, presented prospectively. Management are required to re-evaluate this estimate annually to ensure accurate financial reporting.

Findings

Based on the information provided and the audit procedures performed, we concur with Management’s presentation and disclosure related to the implementation of PS 3280, Asset Retirement Obligations in the Township’s financial statements for the year ended December 31, 2023.

Other audit risks and results (continued)

Financial Instruments

Background

In fiscal 2023, the Township adopted the following standards concurrently beginning January 1, 2023 on a prospective basis:

- PS 1201 Financial Statement Presentation;
- PS 2601 Foreign Currency Translation;
- PS 3041 Portfolio Investments; and
- PS 3450 Financial Instruments.

Management performed an assessment of the impact of the new accounting standards and concluded there was not a significant impact.

Our response

- We obtained an understanding of the activities performed by management to identify financial instruments and ensure compliance with the new standards.
- We ensured appropriate disclosures have been made in the financial statements for the adoption of the new accounting standards, including related financial risk and concentration of risk disclosures (see note 13).

Findings

Based on the information provided and the audit procedures performed, we concur with Management's presentation and disclosure related to the implementation of these new standards in the Township's financial statements for the year ended December 31, 2023.

Audit misstatements

As noted previously in our report, component materiality for fiscal 2023 was set at $440,000 which translated into an audit misstatement posting threshold of $22,000. As such, all misstatements identified during the audit greater than $22,000 have been recorded on our summary of adjustments and differences.

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and Council that all identified adjustments or differences be corrected.

Impact of uncorrected misstatements – Not material to the financial statements

- This includes the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management’s representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Impact of corrected misstatements

- We did not identify any misstatements that were communicated to management and subsequently corrected in the financial statements.

Individually significant uncorrected audit misstatements

Uncorrected audit misstatements greater than $22,000 individually:

	Annual surplus effect	Financial position effect		
Description of individually significant misstatements	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Municipal Equity (Decrease) Increase**
To adjust for prepaid insurance at year-end	33,174	33,174	-	33,174
To record the building reserve as a component of the obligatory reserve funds on the Statement of Financial Position	(291,000)	-	291,000	(291,000)
Total uncorrected misstatements	(257,826)	33,174	291,000	(257,826)

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity'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. **We have provided management with observations through the course of the audit along with a follow-up to observations noted in the prior year audits.**

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 have not identified a significant deficiency in internal control over financial reporting.**

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The presentation and disclosure in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements. Through the course of the audit, KPMG provided support to management on required disclosures in accordance with the financial reporting framework, along with the adoption of the new accounting standards in 2023.
Concerns regarding application of new accounting pronouncements	See Appendix 3: Upcoming changes to accounting standards for Public Sector Accounting Standards Board developments.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report.

Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report
Other information in documents containing the audited financial statements	Not applicable.
Significant difficulties encountered during the audit	No matters to report
Difficult or contentious matters for which the auditor consulted	No matters to report
Management's consultation with other accountants	No matters to report
Disagreements with management	No matters to report
Related parties	No matters to report
Significant issues in connection with our appointment or retention	No matters to report
Other matters that are relevant matters of governance interest	No matters to report

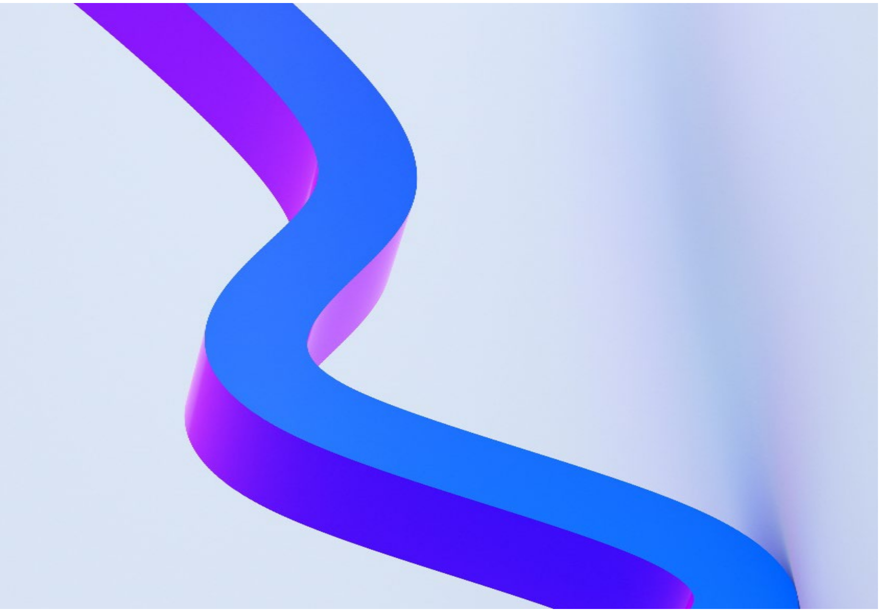
Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code[1] and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

1. Required communications
2. Audit quality
3. Upcoming changes to accounting standards
4. Insights

Appendix 1: Other required communications

Engagement terms

An engagement letter was provided to management for fiscal 2023.

Auditor's report

The conclusion of our audit is set out in our draft auditors' report as attached.

Representations of management

In accordance with professional standards, we will obtain certain representations from management upon approval of the financial statements.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results

Appendix 1a: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Rideau Lakes:

Opinion

We have audited the non-consolidated financial statements of the Corporation of the Township of Rideau Lakes (the Entity), which comprise:

- the non-consolidated statement of financial position as at December 31, 2023
- the non-consolidated statement of operations and municipal equity for the year then ended
- the non-consolidated statement of changes in net debt for the year then ended
- the non-consolidated statement of cash flows for the year then ended
- and notes to the non-consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Change in Accounting Policy

We draw attention to note 2 to the financial statements which indicates that the Entity has changed its accounting policy for Asset Retirement Obligations, as a result of the adoption of PS 3280, Asset Retirement Obligations, and has applied the change using the prospective method.

Our opinion is not modified in respect of this matter.

Appendix 1a: Draft auditor's report (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

Appendix 1a: Draft auditor's report (continued)

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Perth, Canada

(date)

Appendix 2: Audit quality - How do we deliver audit quality?

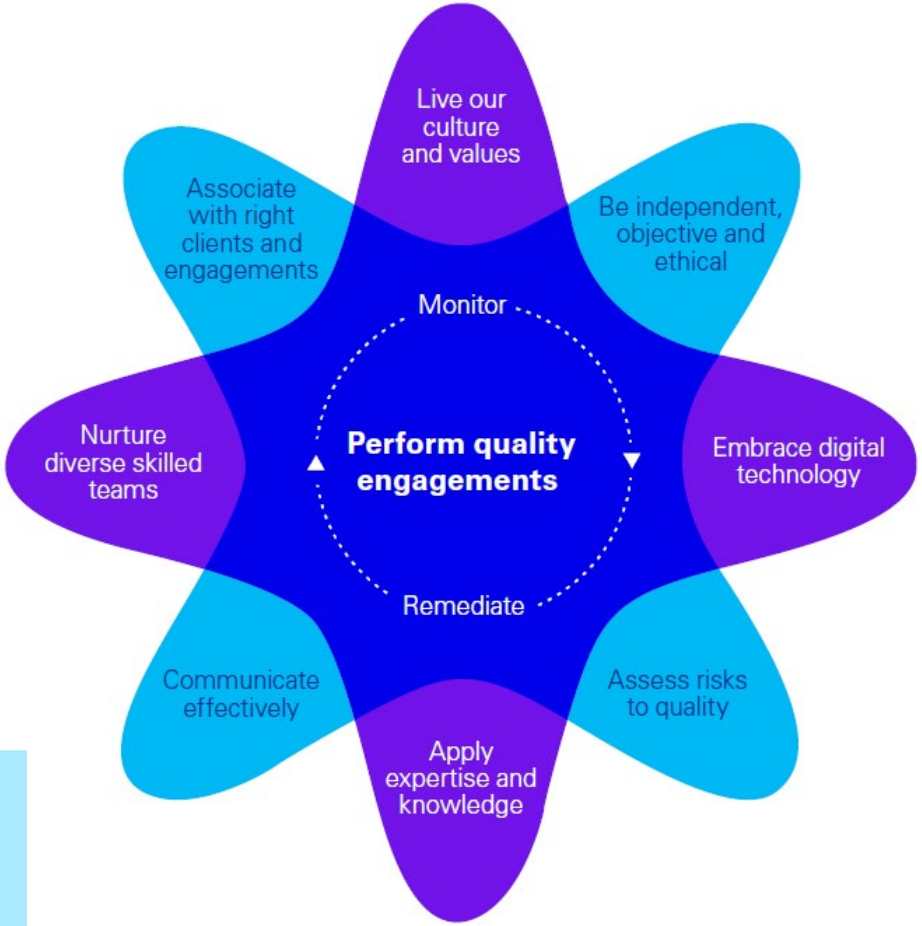
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

KPMG 2023 Audit Quality and 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.**



Doing the right thing. Always.

Appendix 3: Upcoming changes to accounting standards

Accounting changes

Newly effective accounting standards

The amendments to PS 3400, *Revenue,* become effective for this year end (fiscal years beginning on or after April 1, 2023).

- The standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.
- The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Newly effective accounting standards

PS 3160, *Public Private Partnerships (“P3s”)* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- This standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard may be applied retroactively or prospectively.
- The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the P3 ends.
- The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure.

Newly effective accounting standards

PSG-8, *Purchased Intangibles,* becomes effective for this year end (fiscal years beginning on or after April 1, 2023).

- The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles.
- Narrow scope amendments were made to PS 1000 Financial statement concepts to remove the prohibition to recognize purchased intangibles and to PS 1201 Financial statement presentation to remove the requirement to disclose purchased intangibles not recognized.
- The guideline can be applied retroactively or prospectively.

Appendix 4: Audit and assurance insights

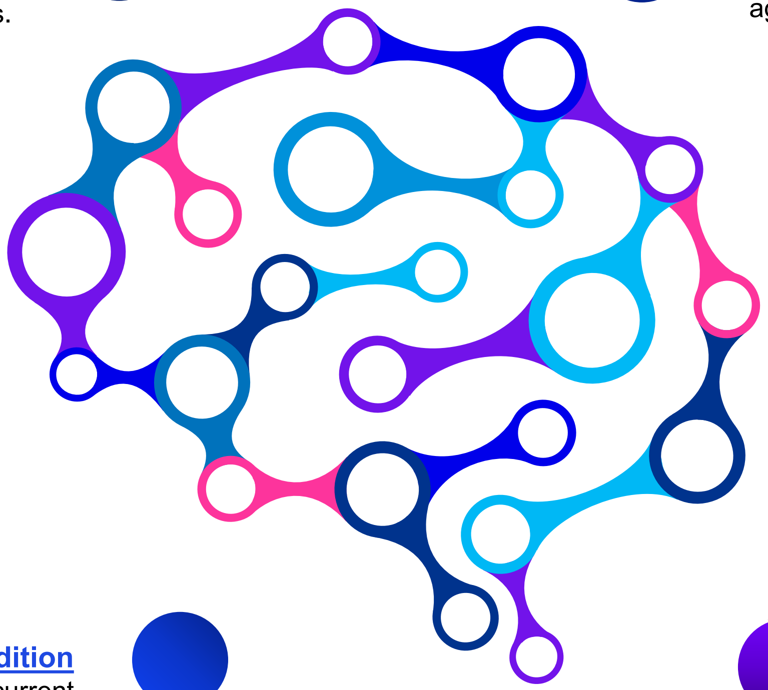
Our latest thinking on the issues that matter most to Councils and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



Accelerate 2024
The key issues driving the audit committee agenda in 2024.

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

IFRS Breaking News
A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.

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