



THE MUNICIPALITY OF THE COUNTY OF
LA MUNICIPALITÉ DU COMTÉ DE
RICHMOND

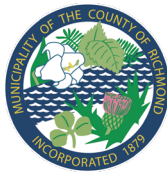
Audit Committee Meeting

Wednesday, April 10th, 2024, 4:00 P.M.

Council Chambers

Agenda

1. Call to Order
2. Review of Minutes: May 30th, 2023
3. Presentation of Financial Statements
4. Grant Thornton Audit Report
5. Question and Answer Period
6. Recommendation to Council
7. Adjournment



Audit Committee Meeting

May 30, 2023

Location: Council Chambers

Present: Councillor Shawn Samson, Councillor Michael Diggdon, Deputy Warden Brent Sampson, Warden Amanda Mombourquette, Councillor Melanie Sampson, Troy MacCulloch, Chief Administrative Officer, Jason Martell, Chief Financial Officer, Paul Jesty, Appointed Member, Shelley David, Municipal Clerk

Also Present: John MacNeil, Grant Thornton

Call to Order

Warden Mombourquette called the meeting to order at 6:05 p.m.

Approval of the Agenda

Moved by Deputy Warden Brent Sampson, seconded by appointed member Paula Jesty that the agenda be approved.
Motion carried.

Review of Minutes: November 17, 2022

Moved by Councillor Shawn Samson, seconded by appointed member Paula Jesty that the minutes of November 17, 2022 Audit Committee meeting be accepted as presented.
Motion carried.

Audit Strategy Discussions - Grant Thornton

Review of the Audit Strategy and Approach with the Audit Committee for the year ended March 31, 2023. Refer to Grant Thornton Document (Attached).

Adjournment

There being no further business the meeting was adjourned at 6:35 p.m.

Chairperson

Municipal Clerk



Municipality of the County of Richmond

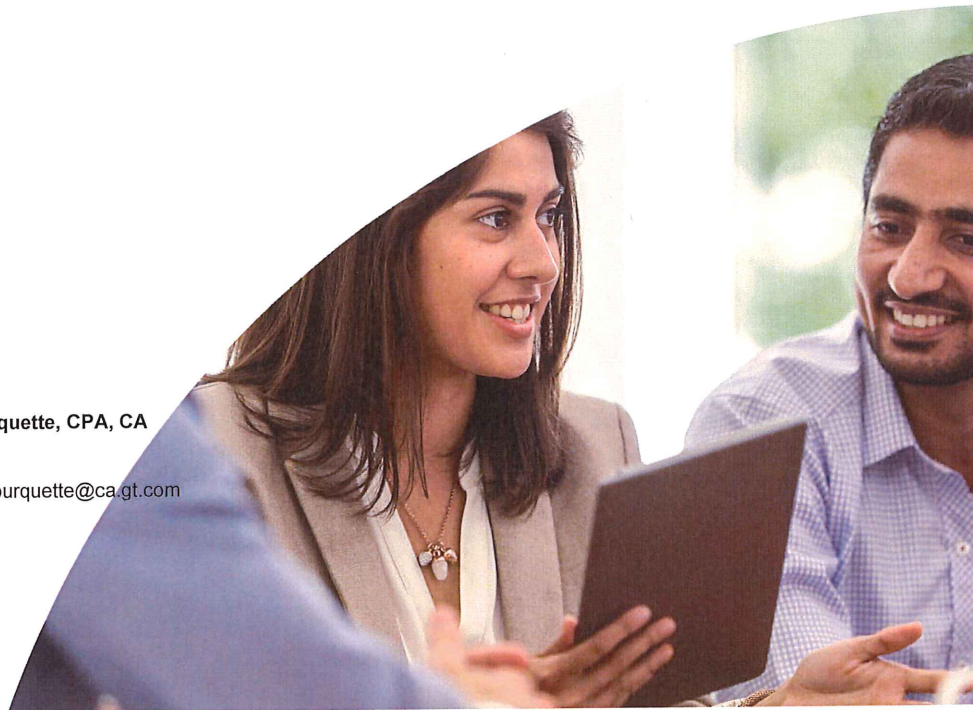
For the year ended March 31, 2023

Report to the Audit Committee
Audit strategy

May 30, 2023

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Executive summary

Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the consolidated financial statements of Municipality of the County of Richmond (the "County") for the year ended March 31, 2023. This communication will assist the Audit Committee in understanding the terms of the audit engagement, our proposed audit strategy and the level of responsibility assumed by us.

The information in this document is intended solely for the information and use of Audit Committee and management. It is not intended to be distributed to or used by anyone other than these specified parties.

Status of our audit plan

We have substantially completed our initial planning of the audit of the consolidated financial statements of the County. The following planning related items are outstanding:

- Confirmation that the audit committee is not aware of any instances of fraud during the period.

Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The greater the

risk of material misstatement associated with an area of the consolidated financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in the Appendix A and the body of the report.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the County
- Confirming the independence of our engagement team members through our letter of independence in Appendix B.

CAS 315 Revised

CAS 315 Identifying and assessing the risks of material misstatement ("CAS 315 Revised") will be effective for our audit of the County's consolidated financial statements for the year ending March 31, 2023. This is a significant change to the auditing standards that will affect the work required to complete the audit engagement and is expected to result in a one-time transition fee. More information about this revised standard is included in the Technical Updates section of our report.

Audit plan and risk assessment

We have planned our audit in accordance with our approach summarized in Appendix A.

Materiality

The purpose of our audit is to provide an opinion as to whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards as at March 31, 2023. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures.

During execution of the audit, we will consider whether materiality should be re-assessed due to changes or events identified. At completion, we will consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the consolidated financial statements, our audit opinion and whether matters should be brought to your attention.

Considerations

The following is a summary of matters that relate to changes to the County and its environment that were considered in preparing our audit plan.

Matter	Discussion and impact
Fraud	<p>We are responsible for obtaining reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with Council and management.</p> <p>During our audit planning, we enquired of management as to their views on the risks of fraud and their processes for identifying and assessing fraud risks. We are not aware of any fraud-related matters that could affect our audit approach. However, we would like to obtain your input on the following areas:</p> <ul style="list-style-type: none"> • How you oversee management's processes for identifying and responding to the risks of fraud and the related internal controls that management has put in place. • Whether you are aware of any actual, suspected or alleged fraud affecting the County.

Significant risks

We identified the following significant risks on which we plan to focus our attention:

Area of risk	Why there is a risk	Planned audit response
Fraud risk from revenue recognition	<p>There is a presumed risk of fraud in revenue.</p> <p>The risk primarily relates to revenue recognized under Other revenue from own sources.</p>	<p>In response, we complete the following procedures</p> <ul style="list-style-type: none"> • Sample revenue transactions and trace to supporting docs • Revenue analytical to evaluate trends • Confirm select receivables, if applicable
Fraud risk from management override and segregation of duties	<p>There is a presumed fraud risk relating to management override within the County as the Chief Financial Officer has the ability to post and approve entries without formal review and approval.</p>	<p>In response, we complete the following procedures</p> <ul style="list-style-type: none"> • Obtain an understanding of the County's process for recording journal entries and understanding where risks are in order to test journal entries; • Understanding the County's accounting estimates and significant transactions outside the normal course of operations and obtaining any necessary support; and • Select a sample of journal entries for testing.

Area of risk	Why there is a risk	Planned audit response
Asset retirement obligations PS 3280	The risk relates to first time adoption of the new accounting standard, PS 3280 Asset Retirement Obligation, due to its nature as an accounting estimate, the complexity in determining scope, completeness and the assumptions required in determining present value variables.	<p>In response, we complete the following procedures</p> <p>Due to future variables, ensuring the accuracy of the asset retirement obligation and transition from this new standard can present unique challenges. These challenges mean additional procedures are needed to assess the reasonability of the estimates. These procedures include, but are not limited to the following:</p> <ul style="list-style-type: none"> • Review managements process and scoping to ensure completeness of the ARO • Review support for retirement costs including the third party engineering reports for the landfill as well as internal assessments for non-landfill liabilities. • Ensure calculation of discounted future cash flows is accurate based on assumptions utilized by management.

Other audit risks and significant estimates

Other areas we have identified where we plan to focus our attention are as follows:

Area of risk	Why there is a risk	Planned audit response
Accounts receivable	The accounts receivable balance may be overstated due to errors in the assessment of collectability	<p>In response, we complete the following procedures</p> <ul style="list-style-type: none"> • Test subsequent receipts on a sample of receivables at year end; • Review and assess the valuation/collectability of receivables at year end; and • Discuss the adequacy of the allowance for doubtful accounts with appropriate client personnel, including discussing outstanding balances considered to be large
Accounts payable	Accounts payable is a material balance and may be understated due to unrecorded liabilities	<p>In response, we complete the following procedures</p> <ul style="list-style-type: none"> • Complete a search for unrecorded liabilities by using a sample of payments made subsequent to year end and compare identified items to supporting documents

Area of risk	Why there is a risk	Planned audit response
Accrued pension benefit liability - Estimate	For municipal employees, the County accrues its obligation under an employee benefit plan and the related costs, net of plan assets. The liability is recorded based on calculations provided in an annual actuary report. Actuarial assumptions and results are assessed for reasonableness in order to determine if the estimated pension obligation as at March 31, 2022 is reasonable.	<p data-bbox="970 689 1358 712">In response, we complete the following procedures</p> <ul data-bbox="970 714 1501 842" style="list-style-type: none"> <li data-bbox="970 714 1474 752">• Obtain a signed engagement letter and independence letter from the actuary (Desjardins Insurance); <li data-bbox="970 754 1474 792">• Review Desjardins' actuary funding valuation, extrapolation and audit underlying assumptions; and <li data-bbox="970 795 1501 842">• Ensure amounts accrued and disclosed within the consolidated financial statements trace to the actuary's valuation and extrapolation
Sick leave liability – Estimate	Under PSAB handbook section, PS 3255, Post-employment benefits, certain compensated absences (sick leave) and termination benefits are required to be recorded as a liability. As such, the County had an actuarial valuation performed by Eckler Ltd. for the year ended March 31, 2018. A new sick leave actuarial report will be required for the current year end audit of March 31, 2022.	<p data-bbox="970 853 1358 875">In response, we complete the following procedures</p> <ul data-bbox="970 878 1501 1005" style="list-style-type: none"> <li data-bbox="970 878 1474 916">• Obtain a signed engagement letter and independence letter from the actuary (Eckler Ltd.); <li data-bbox="970 918 1474 956">• Review Eckler's actuary projection and audit underlying assumptions; and <li data-bbox="970 958 1501 1005">• Ensure amounts accrued and disclosed within the consolidated financial statements trace to the actuary projection.

Other planning matters

The following is a discussion of relevant planning matters we have considered that are specific to Municipality of the County of Richmond.

Group audit

In forming our opinion on the consolidated financial statements, the type of work we plan to perform on the financial information of the components is as follows:

Component	Component auditor	Audit response and engagement team involvement
Municipality of the County of Richmond Water Utility	Grant Thornton	The engagement team will: Perform procedures on significant transactions/balances and areas of significant risk such as revenue and accounts payable and operating expenses.
Richmond County - Town of Port Hawkesbury Joint Development Commission	Grant Thornton	As the entity is not significant, no audit procedures will be performed.
Richmond Housing Corporation	Grant Thornton (separate engagement team)	The engagement team will: Perform procedures on significant transactions/balances and areas of significant risk such as revenue, accounts payable, sick leave accruals and operating expenses.
Landrie Lake Water Utility	Grant Thornton (separate engagement team)	The engagement team will: Perform procedures on significant transactions/balances and areas of significant risk such as revenue, accounts payable and operating expenses.

Use of experts

We intend to rely on the work of your independent third party actuaries, Eckler Ltd and Desjardins Insurance, to support the estimated sick leave liability and deferred pension benefit liability amounts, respectively, as recorded in the consolidated financial statements. From an audit perspective, we will test the appropriateness of data provided to the actuary by management and evaluate the expert's findings in relation to the estimates and assumptions presented in the consolidated financial statements

Other audit areas of focus

Other areas we have identified where we plan to focus our attention are as follows:

Area of focus	Why there is a focus	Planned audit response
Tax revenue, grant revenue, government transfers and water revenue	The following accounts have a material balance drawing audit attention: Tax, Water, Grant Revenue and Government transfers	<p>In response to tax revenue, we complete the following procedures</p> <ul style="list-style-type: none"> Compare tax revenue recorded to 3rd party assessment roll and rates approved by council; and Examine tax assessment adjustments for accuracy <p>In response to grant and government transfer revenue, we complete the following procedures</p> <ul style="list-style-type: none"> Vouch receipts of significant grants and government transfers to supporting documentation and bank statements <p>In response to water revenue, we complete the following procedures</p> <ul style="list-style-type: none"> Obtain a breakdown of meter sales by type (consumption report) and create an expectation based on number of users, consumption and approved rates; and Test accuracy of consumption report through test of details
Operating expenses	Operating expenses understated or not recorded in correct period	<p>In response we complete the following procedures</p> <ul style="list-style-type: none"> Analytical comparisons to prior year and to budget; and Completed a test of details on select operating expense accounts

Audit fees

Proposed fees

Service	Current year fees	Prior year fees
Annual audit	\$ 35,000	\$ 34,000

*As outlined in our RFP response dated February 15, 2019. There will be additional billing due to the adoption of New PS Section 3840 Asset Retirement Obligation, the revisions to CAS 315 Identifying and Assessing Risks of Material Misstatement and assistance with the preparation of consolidated audited financial statements.

**Plus applicable taxes

Deliverables

Deliverable
Discussions and communications regarding planning
Report on the March 31, 2023 consolidated financial statements
Communication of audit strategy and results

Fee considerations

Upfront and periodic discussions are central to our approach in dealing with fees. Our goal is to avoid surprises by having early and frank communication. We wish to provide you with a competitive price and fair value, while also allowing sufficient audit hours to conduct an effective audit and deliver quality service.

We have established a fee for the audit for the year ended March 31, 2023 that is based on the level of activity and the anticipated complexity of the audit of the County's consolidated financial statements. If there are any variances to the above plan, we will discuss them with you and agree on any additional fees before costs are incurred, wherever possible. Any unforeseen work outside the scope of this proposal will be billed separately after discussion with management

The proposed fee is based on receiving the following from management:

- Draft consolidated financial statements including the notes to the financial statements
- All working papers and schedules as outlined in our requirements letter
- Trial balance together with reconciled control accounts
- All books and records when requested
- Use of County staff to help us locate information and provide explanations

Team, timing and communications

Timing and communications

We are committed to delivering exceptional client service and executing our audit in the most effective, efficient and timely manner. The planned timing of our audit work and the deliverables we will provide to the Audit Committee are as follows:

Stage or deliverable	Timing/Status
Planning	January 2023 - complete
Communication of audit planning	May, 2023
Performance of fieldwork	June – July 2023
Communication of audit results	September 2023

In our communication of audit results, we will report on the following matters:

- Our views on significant accounting practices
- Significant difficulties, if any, encountered during the audit
- Misstatements, other than trivial errors
- Actual or suspected fraud or illegal acts
- Significant deficiencies in internal control
- Other significant audit matters, as applicable

Team

Engagement team member

John MacNeil, FCPA, FCA, FEA

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Technical updates – highlights

Accounting

Details of the changes to accounting standards that have arisen during the fiscal year are included as Appendix C. If you have any questions about those changes, we invite you to raise them during our next meeting. We will be pleased to address your concerns.

Assurance

Details of the changes to auditing standards issued by the Auditing and Assurance Standards Board that may change the nature, timing and extent of our audit procedures on the County and our communication with the Audit Committee are included in Appendix D. If you have any questions about those changes, we invite you to raise them during our next week. We will be pleased to address your concerns.

Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the consolidated financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

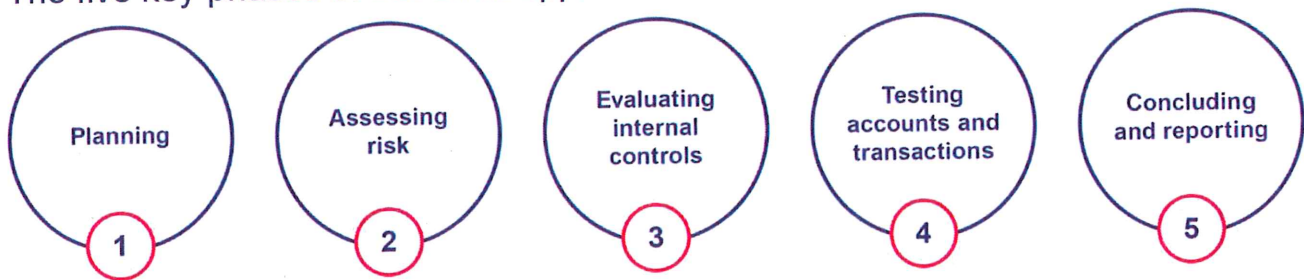
Roles and responsibilities

Role of the audit committee and council	<ul style="list-style-type: none">• Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention• Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting• Recommend the nomination and compensation of external auditors to the board• Directly oversee the work of the external auditors including reviewing and discussing the audit plan
Role of management	<ul style="list-style-type: none">• Prepare financial statements in accordance with Canadian public sector accounting standards• Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud• Exercise sound judgment in selecting and applying accounting policies• Prevent, detect and correct errors, including those caused by fraud• Provide representations to external auditors• Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements
Role of Grant Thornton LLP	<ul style="list-style-type: none">• Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards• Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)• Maintain independence and objectivity• Be a resource to management and to those charged with governance• Communicate matters of interest to those charged with governance• Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters

Audit approach

Our understanding of the County and its operations drives our audit approach, which is risk based and specifically tailored to Municipality of the County of Richmond.

The five key phases of our audit approach



Phase	Our approach
1. Planning	<ul style="list-style-type: none"> We obtain our understanding of your operations, internal controls and information systems We plan the audit timetable together
2. Assessing risk	<ul style="list-style-type: none"> We use our knowledge gained from the planning phase to assess financial reporting risks We customize our audit approach to focus our efforts on key areas
3. Evaluating internal controls	<ul style="list-style-type: none"> We evaluate the design of controls you have implemented over financial reporting risks We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls We provide you with information about the areas where you could potentially improve your controls
4. Testing accounts and transactions	<ul style="list-style-type: none"> We perform tests of balances and transactions We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency
5. Concluding and reporting	<ul style="list-style-type: none"> We conclude on the sufficiency and appropriateness of our testing We finalize our report and provide you with our observations and recommendations

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we will maintain our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the County and our beliefs about management's honesty and integrity.

Internal control

Our audit will include gaining an understanding of the County's internal control over financial reporting. Our understanding will focus on processes associated with the identified risk areas, as described in this report. We use this understanding to determine the nature, extent and timing of our audit procedures.

Our understanding may also result in valuable internal control findings for your consideration. Note that the auditor's objectives with regards to internal control are different from those of management and those charged with governance. For example, we primarily target controls that relate to financial reporting and not those that relate to the County's operations or compliance which may also be relevant to its objectives. Therefore, management and those charged with governance cannot solely rely on our findings to discharge their responsibilities in this area.

Quality control

We have a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality control and would be pleased to discuss any aspect with you at your convenience.

IDEA Data Analysis Software

We apply our audit methodology using advanced software tools. IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries. Grant Thornton continues to invest in developing industry-leading audit data analytical tools.

Appendix B

Letter of Independence



Grant Thornton
An instinct for growth™

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May 30, 2023

Warden and Council
Municipality of the County of Richmond
2357 Highway 206, PO Box 120
Arichat NS B0E 1A0

Dear Warden and Council:

We have been engaged to audit the consolidated financial statements of the Municipality of the County of Richmond (the "Municipality") for the year ending March 31, 2023.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Municipality and Grant Thornton LLP that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the appropriate provincial institute / order and applicable legislation, covering such matters as:

- a) holding a financial interest, either directly or indirectly, in a client;
- b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- d) economic dependence on a client; and
- e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since May 16, 2022, the date of our last letter.

We are not aware of any relationships between the Municipality and our firm that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from May 16, 2022, to May 30, 2023.

We confirm that we are independent with respect to the Municipality within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Nova Scotia as of May 30, 2023.

This report is intended solely for the use of the Warden and Council, management, and others within the Municipality and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter at our upcoming meeting.

Yours very truly,

Chartered Professional Accountants

Appendix C

Accounting developments

Appendix C – PSAS Accounting developments

Public Sector Accounting Standards	Effective date
<p>Section PS 3400 Revenues</p> <p>New Section PS 3400 <i>Revenue</i> establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:</p> <ul style="list-style-type: none"> • Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer • Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer • Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset 	<p>Fiscal years beginning on or after April 1, 2023.</p> <p>Earlier adoption is permitted.</p>
<p>Section PS 3280 Asset retirement obligations</p> <p>New Section PS 3280 <i>Asset Retirement Obligations</i> establishes standards on how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.</p> <p>Asset retirement costs associated with a tangible capital asset increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. Measurement of the liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date. A present value technique is often the best method to estimate the liability. Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.</p> <p>As a result of the issuance of Section PS 3280, the Public Sector Accounting Board (PSAB) approved the withdrawal of Section PS 3270 <i>Solid waste landfill closure and post-closure liability</i> as asset retirement obligations associated with landfills will be within the scope of PS 3280. PS 3280 does not address costs related to remediation of contaminated sites, which will continue to be addressed in Section PS 3260 <i>Liability for contaminated sites</i>. Some consequential amendments have been made to PS 3260 to conform with PS 3280 and further clarify the scope of each standard.</p>	<p>Fiscal years beginning on or after April 1, 2022.</p> <p>Earlier adoption is permitted.</p>
<p>Section PS 3450 Financial instruments, Section PS 2601 Foreign currency translation, Section PS 1201 Financial statement presentation, and PS 3041 Portfolio investments</p> <p>PS 3450 <i>Financial instruments</i> is a new Section that establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Some highlights of the requirements include:</p> <ul style="list-style-type: none"> • a public sector entity should recognize a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument • financial instruments within the scope of the Section are assigned to one of two measurement categories: fair value, or cost / amortized cost • almost all derivatives are measured at fair value • fair value measurement is required for portfolio investments in equity instruments that are quoted in an active market • other financial assets and financial liabilities are generally measured at cost or amortized cost 	<p>The new requirements are all required to be applied at the same time.</p> <p>For governments - Fiscal years beginning on or after April 1, 2022.</p> <p>For government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the CPA Canada Public Sector Accounting Handbook - Fiscal years beginning on or after April 1, 2012.</p>

Public Sector Accounting Standards	Effective date
<ul style="list-style-type: none"> • until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses when the public sector entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category • additional disclosures with respect to financial instruments will be required, including the nature and extent of risks arising from a public sector entity's financial instrument <p>PS 2601 <i>Foreign currency translation</i> revises and replaces Section PS 2600 <i>Foreign currency translation</i>. Some highlights of the requirements include:</p> <ul style="list-style-type: none"> • the deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued • until the period of settlement, foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations <p>PS 1201 <i>Financial statement presentation</i> revises and replaces Section PS 1200 <i>Financial statement presentation</i>. The main amendment to this Section is the addition of the statement of remeasurement gains and losses.</p> <p>PS 3041 <i>Portfolio investments</i> revises and replaces Section PS 3040 <i>Portfolio investments</i>.</p> <p>The issuance of these new sections also includes consequential amendments to:</p> <ul style="list-style-type: none"> • <i>Introduction to accounting standards that apply only to government not-for-profit organizations</i> • PS 1000 <i>Financial statement concepts</i> • PS 1100 <i>Financial statement objectives</i> • PS 2125 <i>First-time adoption by government organizations</i> • PS 2500 <i>Basic principles of consolidation</i> • PS 2510 <i>Additional areas of consolidation</i> • PS 3050 <i>Loans receivable</i> • PS 3060 <i>Government partnerships</i> • PS 3070 <i>Investments in government business enterprises</i> • PS 3230 <i>Long-term debt</i> • PS 3310 <i>Loan guarantees</i> • PS 4200 <i>Financial statement presentation by not-for-profit organizations</i> 	<p>For all other government organizations - Fiscal years beginning on or after April 1, 2022.</p> <p>Earlier adoption is permitted</p>

Appendix D

Auditing developments

Appendix D – Auditing developments

Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB	Effective date
<p>Amendments to CAS 701 <i>Communicating Key Audit Matters in the Independent Auditor's Report</i></p> <p>New reporting standards were required to be applied for audits of entities with periods ending on or after December 15, 2018. One of the updated standards, CAS 701, dealt with the requirements when the auditor would be communicating matters judged to be most significant to the audit in the audit report, either because the auditor had chosen to do so or because law or regulation required key audit matters to be described in the auditor's report.</p> <p>In late 2019, the AASB finalized further amendments to the auditor reporting standards such that auditors would be required to communicate key audit matters in the auditor's report for complete sets of general purpose financial statements of entities listed on the Toronto Stock Exchange (TSX) and other listed entities, excluding entities required to comply with National Instrument 81-106 <i>Investment Fund Continuous Disclosure</i> ("NI 81-106").</p>	<p>The communication of key audit matters in the auditor's report is required for audits of entities listed on the TSX, other than entities required to comply with NI 81-106, for periods ending on or after December 15, 2020 and for other listed entities, other than entities required to comply with NI 81-106, for periods ending on or after December 15, 2022.</p>
<p>Revisions to CAS 315 <i>Identifying and Assessing Risks of Material Misstatement</i></p> <p>In July 2018, the IAASB issued an Exposure Draft proposing changes to ISA 315 that could drive more consistent and effective identification and assessment of the risks of material misstatement by auditors. The AASB published an Exposure Draft of the equivalent Canadian standard, which included the same proposed revisions as the ISA with no Canada-specific amendments. The revised CAS 315 has been issued and key amendments to the standard include the following:</p> <ul style="list-style-type: none"> • Focusing on the applicable financial reporting framework in identifying and assessing risks of material misstatement • Updating the understanding of the system of internal control, including clarifying the work effort for understanding each of the components of internal control and "controls relevant to the audit", as well as the relationship between this understanding and the assessment of control risk • Updating aspects relating to IT, in particular to the IT environment, the applications relevant to the audit and general IT controls relevant to the audit • Introducing the new concepts of inherent risk factors, relevant assertions, significant classes of transactions, account balances and disclosures, and the spectrum of inherent risk • Separating the inherent risk and control risk assessments for assertion level risks, enhancing the requirements relating to financial statement level risks, and updating the definition of "significant risks" 	<p>Periods beginning on or after December 15, 2021.</p>

Item #3 Presentation of Financial Statements

Draft financials are not included in the meeting package.

Once finalized and approved, the financial statements will be uploaded onto the Municipal Website.

Item # 4 Grant Thornton Audit Report

Presented at the meeting.