



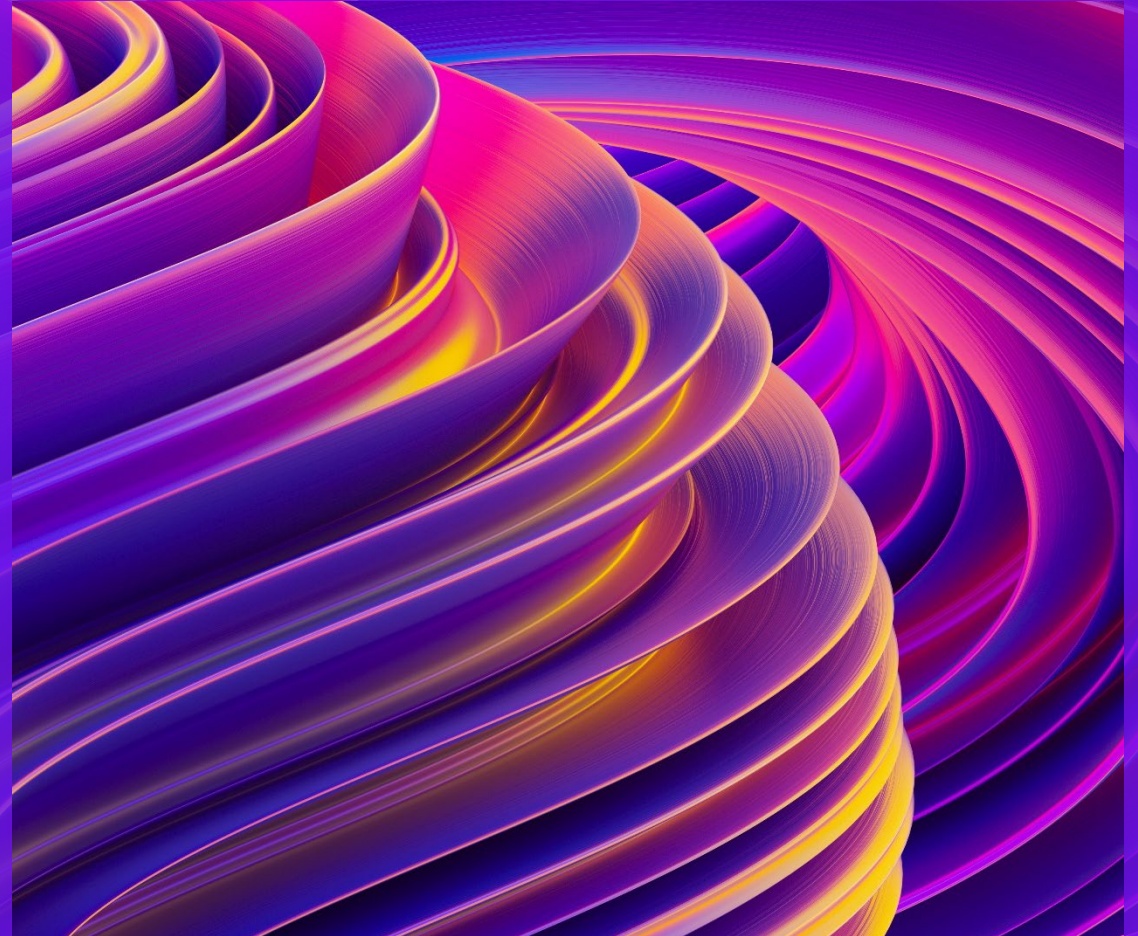
# Municipality of Temagami

**Combined Audit Planning and Findings  
Report for the year ended  
December 31, 2023**



Prepared as of October 21, 2024 for presentation to Council on  
November 14, 2024

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

Key contacts in connection with this engagement



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# Table of contents

## 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.

<b>4</b>	<b>Highlights</b>	<b>5</b>	<b>Audit strategy</b>	<b>8</b>	<b>Risks and results</b>	<b>11</b>	<b>Status</b>
<b>13</b>	<b>Misstatements</b>	<b>14</b>	<b>Control deficiencies</b>	<b>15</b>	<b>Policies and practices</b>	<b>17</b>	<b>Appendices</b>

The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and 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.



# Audit planning highlights



No matters to report



Matters to report – see link for details

## Scope

Our audit of the financial statements (“financial statements”) of the Municipality of Temagami (“the Municipality”) as of and for the year ended December 31, 2023 was performed in accordance with Canadian generally accepted auditing standards.

## Audit strategy

Materiality \$233,000 




Involvement of others




Updates to our prior year audit plan

## Risk assessment



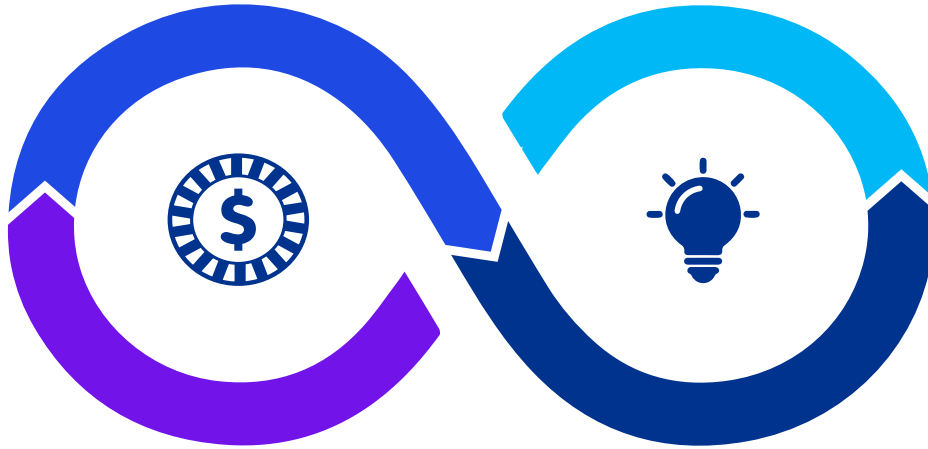
Risk of management override of controls 



Presumed risk of fraudulent revenue recognition 



# 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.

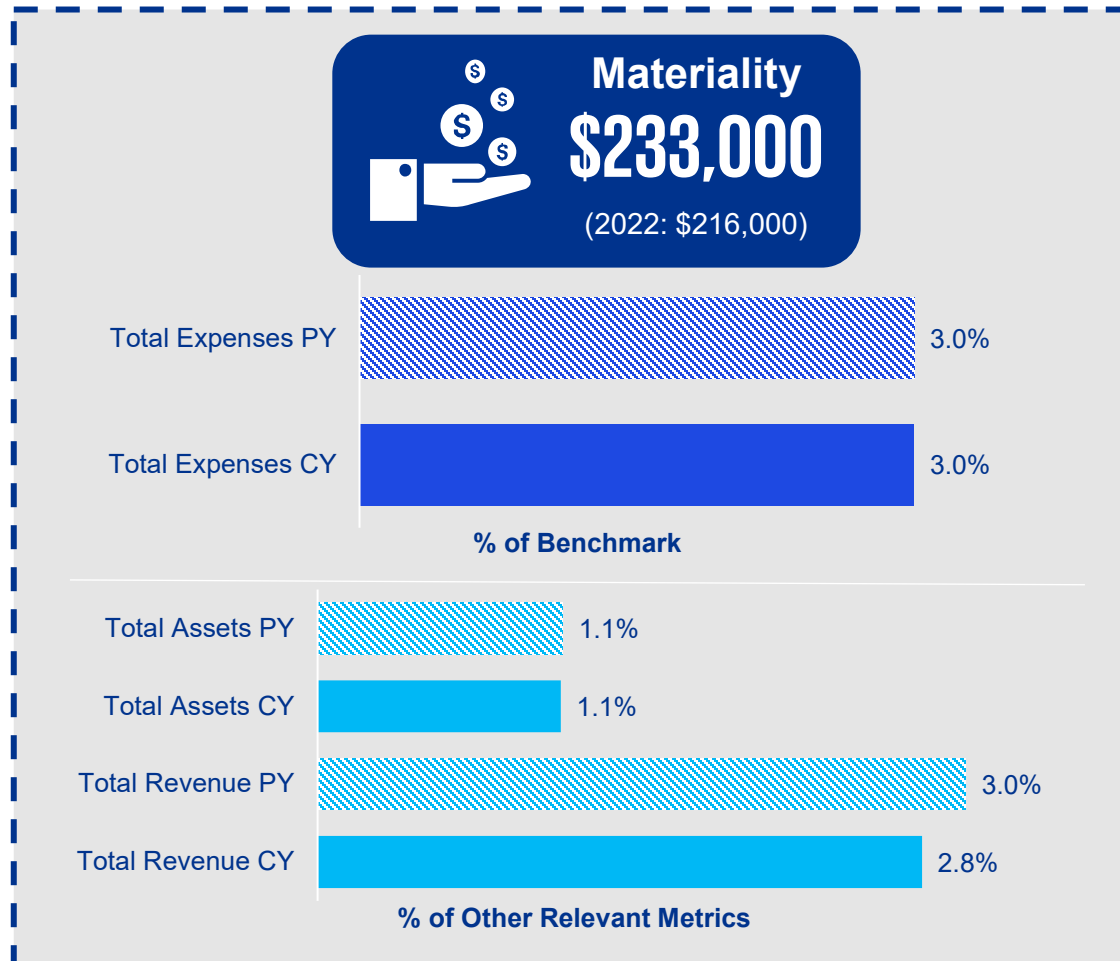
## Evaluate the effect of misstatements

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



**Total Expenses**  
**\$7.775 million**  
 (2022: \$7.220 million)

**Total Revenue**  
**\$7.819 million**  
 (2022: \$7.305 million)

**Total Assets**  
**\$19.29 million**  
 (2022: \$19.378 million)



# Involvement of others

The following parties are involved in the audit of the financial statements:

Involved party	Nature and extent of planned involvement
Management's specialists – Story Environmental	The experts were engaged to perform a valuation assessment of the post closure liabilities relating to landfill obligation under the new asset retirement obligation standards.



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

		Risk of fraud	Risk of error	PY risk rating
●	Management Override of Controls	✓		Significant

● SIGNIFICANT RISK ● PRESUMED RISK OF MATERIAL MISSTATEMENT ● OTHER RISK OF MATERIAL MISSTATEMENT

## Advanced technologies

Our **KPMG Clara Dynamic Risk Assessment** tool gives us a more sophisticated, forward-looking and multi-dimensional approach to assessing audit risk.

[▶ Learn more](#)

Our **KPMG Clara Business Process Mining** provides immediate visualization of how 100% of your transactions are processed to complement your process narratives & flow charts.

[▶ Learn more](#)

**KPMG Clara Account Analysis** allows us to analyze the flow of transactions through your business to drive a more meaningful risk assessment.

[▶ Learn more](#)

**KPMG Clara AI** allows us to layer AI into our auditing platform, allowing us to scan 100% of your data and pull all of the risky transactions and anomalies out for further analysis.

[▶ Learn more](#)





# Significant risks



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

RISK OF



FRAUD

## Why is it significant?

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

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.

## Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



# Significant risks – other considerations



Presumed risk of fraudulent revenue recognition

RISK OF



FRAUD

## Consideration of risk

**Presumption of the risk of fraud resulting revenue recognition**

The engagement team reviewed the Municipality's revenue streams in order to support our determination as to whether the fraud risk related to revenue recognition should be rebutted.

The engagement team has determined that rebutting the presumed fraud risk related to revenue recognition is appropriate based on the analysis outlined herein.

## Our analysis

Fraudulent revenue recognition risk factors have not been identified. The entity is not a high public profile entity and there are no significant third party expectations in relation to revenue creating perceived pressures or incentives. Revenues are relatively simple to recognize as they do not involve elements of significant judgment. The nature of the industry or the entity's operations do not provide perceived opportunities to engage in fraudulent revenue recognition. There are few, if any, indicators that management possesses the attitude, character or ethical values that would cause it to knowingly and intentionally commit a dishonest act. As a result there is not a risk of material misstatement of revenue due to fraudulent financial reporting by management.



# Audit findings highlights




No matters to report



Matters to report – see link for details

## Status

We have completed the audit of the financial statements for the Municipality of Temagami (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report. 

## Risks and results

- Significant risks
- Other risks of material misstatement
- Going concern matters

## Policies and practices & Specific topics

- Significant unusual transactions
- Accounting policies and practices
- Other financial reporting matters
- Specific topics

## Uncorrected misstatements

- Uncorrected misstatements

## Corrected misstatements

- Corrected misstatements

## Control deficiencies

- Significant deficiencies



# Status of the audit

As of October 21, 2024, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completion of final sign offs in the audit file
- Completing our discussions with Council
- Obtaining the signed management representation letter
- Obtaining the legal response
- Completion of the subsequent events discussions
- Obtaining evidence of Council's approval of the financial statements

We will update Council, and not solely the Chair, 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: Draft Auditor's Report.



# Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



## Impact of corrected misstatements

- Certain corrected adjustments were identified based on the audit procedures completed. These adjustments have been noted as an attachment to the management representation letter.



# 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.

## 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.

**There were no significant deficiencies noted that are required to be communicated to Council.**



# Significant accounting policies and practices



## Initial selections of significant accounting policies and practices

PSAS 3280 Asset Retirement Obligation Standards was effective for fiscal years beginning on or after April 1, 2022. The adoption of this standard was reflected in the December 31, 2023 on a modified retroactive basis.

Note disclosure has been included in the financial statements for the transition to the new accounting standard. Please see note 2 for additional information relating to the transitional adjustments.



## Description of new or revised significant accounting policies and practices

The new accounting standard, PS 3280, addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Municipality along with the retirement obligation associated with the landfill. The standard was adopted on the modified retrospective basis at the date of adoption such that the assumptions used to estimate the Municipality's asset retirement obligations were applied as of the date of adoption of the standard.

In determining the amount of the obligation, the Municipality utilized a present value measurement technique only for the landfill obligation as it as determined that the timing of the future cash flows related to the costs associated with the asset retirement obligation was determinable.



## Significant qualitative aspects of the accounting policies and practices

The adoption of the Asset Retirement Obligations Standard required management to calculate the value of the obligation as of the date of transition. For application of the Standard, the Municipality used internal knowledge of the public works staff which was supplemented with professional third party reports provided by an external consultants.



## Future implementation

Accounting pronouncements issued but not yet effective have not been disclosed in the notes to the financial statements. However, the most significant pronouncements in the near term relate to Revenue and Public Private Partnerships ("P3s") and that will be applicable for fiscal 2024. The implications of these new standards are not expected to be significant.



# Other financial reporting matters

We also highlight the following:



**Financial statement presentation - form, arrangement, and content**



No matters to report



**Concerns regarding application of new accounting pronouncements**



No matters to report



**Significant qualitative aspects of financial statement presentation and disclosure**



No matters to report



# Appendices

**A**

Required  
communications

**B**

Audit quality

**C**

New auditing  
standards

**D**

Insights

**E**

Financial Statement  
Presentation





# Appendix A: Draft auditor's report

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Municipality of Temagami

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Municipality of Temagami (the Municipality), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the 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 consolidated financial position of the Municipality as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated 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 responsibility 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 Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 – Comparative Information**

We draw attention to Note 2 to the financial statements ("Note 2"), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard. Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### **Other Matter – Comparative Information**

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 as a result of a change in accounting policy. In our opinion, such adjustments are appropriate and have been properly applied.

### **Responsibility 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 Municipality'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 Municipality or to cease operations or has no realistic alternative but to do so.

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

### **Auditors' 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 auditors' 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.



# Appendix A: Draft auditor's report

Page 3

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

We also:

- Identify and assess the risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Municipality'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 the events or conditions that may cast significant doubt on the Municipality'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 Municipality's 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.
- We 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



# Appendix A: Other required communications



## Engagement terms

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



## 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 A: Management representation letter

KPMG LLP  
Times Square  
1760 Regent Street, Unit 4  
Sudbury, Ontario P3E 3Z8  
Canada

November 14, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of The Corporation of the Municipality of Temagami ("the Entity") as at and for the period ended December 31, 2023.

## 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 February 15, 2019, 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 shareholders, board of directors and committees of the board of directors 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.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

## 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.



# Appendix A: Management representation letter

## 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

## MISSTATEMENTS:

- 11) We approve the corrected misstatements identified by you during the audit described in Attachment II.

## 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.

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By: Ms. Cathy LaPerriere, Acting Deputy Treasurer

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By: Ms. Sabrina Pandolfo, Municipal Clerk



# Appendix A: Management representation letter

## 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.

### 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 A: Management representation letter

## Attachment II

### Summary of corrected misstatements

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)	
							Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities	Investing Activities		Financing Activities
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
10	1-5-1300-2010	Penny Rounding	Opening balance reconciliation	N/A	(10)		-	(10)	-	-	-	-	-	-	-
	1-1-1100-1320	Misc Accounts Recivable			22,027		-	22,027	-	-	-	-	-	-	-
	1-2-1100-1010	Trade Accounts Payable			(22,027)		-	-	(22,027)	-	-	-	-	-	-
	1-3-3100-1310	Discretionary Operating Reserve			(55,700)		(55,700)	-	-	-	-	-	-	-	-
	1-3-3000-2000	Capital Surplus			463,394		463,394	-	-	-	-	-	-	-	-
	1-4-1499-9100	Transfer from Reserves			(115,864)		(115,864)	-	-	-	-	-	-	-	-
	1-4-1499-9200	Transfer from Reserves			47,439		47,439	-	-	-	-	-	-	-	-
	1-4-1499-9300	Transfer from Reserves			(219,061)		(219,061)	-	-	-	-	-	-	-	-
	1-4-1499-9400	Transfer from Reserves			(34,230)		(34,230)	-	-	-	-	-	-	-	-
	1-4-1499-9500	Transfer from Reserves			(2,612)		(2,612)	-	-	-	-	-	-	-	-
	1-4-1499-9700	Transfer from Reserves			(38,161)		(38,161)	-	-	-	-	-	-	-	-
	1-4-1499-9800	Transfer from Reserves			(45,196)		(45,196)	-	-	-	-	-	-	-	-
11	2-5-2100-8000	Temagami Fire Capital	Reclassification of capital assets additions	N/A	(41,067)	(41,067)	(41,067)					-	-	-	-
	2-5-4500-8000	Waste Site Capital			(22,896)	(22,896)	(22,896)					-	-	-	-
	2-5-3100-8100	PW Capital Fox Run			(451,464)	(451,464)	(4,561,464)					-	-	-	-
	2-5-7200-8000	Community Centre Capital			(9,694)	(9,694)	(9,694)					-	-	-	-
	2-5-8200-8000	Development Capital			(41,515)	(41,515)	(41,515)					-	-	-	-
	2-5-7300-8100	Chalet Rehabilitation			(287,097)	(287,097)	(287,097)					-	-	-	-
	2-5-4300-8000	Reserve Water OCWA Cap Lette			(157,406)	(157,406)	(157,406)					-	-	-	-
	2-5-4100-8100	Tem North Lagoon ECA			(188,734)	(188,734)	(188,734)					-	-	-	-





# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities	Investing Activities		Financing Activities	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
	1-1-1500-1000	Capital Assets			1,199,872		-	-	1,199,872	-	-	-	-	-	-	
12	1-5-1400-9100 1-5-2900-9100 1-5-3900-9100	Admin Depreciation Expense Protection Depreciation Expense PW Depreciation Expense	Recognition of annual depreciation	N/A	105,190 62,226 468,086	105,190 62,226 468,086	105,190 62,226 468,086					-	-	-	-	
	1-5-4900-9100 1-5-5900-9100 1-5-7900-9100 1-5-8900-9100 1-1-1500-2000	Environmental Depreciation Expe Health Depreciation Expense Recreation Depreciation Expense Development Depreciation Expen Accumulated Depreciation			411,999 4,374 138,258 2,816 (1,192,948)	411,999 4,374 138,258 2,816 -	411,999 4,374 138,258 2,816 -					-	-	-	-	
13	2-4-1500-1500 1-1-1100-1320	Gax Tax Revenue Misc Accounts Recivable	adjustment revenue not supported	N/A	22,694 (22,694)	22,694 -	22,694 -					-	-	-	-	
14	2-4-1500-2000 2-4-3100-2000 1-1-1100-1320	OCIF Formula PW Capital - Province Misc Accounts Recivable	To recognize OCIF, NORDS Funds	N/A	(129,266) (102,440) 124,284	(129,266) (102,440) -	(129,266) (102,440) -					-	-	-	-	
	1-1-1100-1320 1-4-1100-1100	Misc Accounts Recivable Interest on Bank Accounts			102,440 4,982	- 4,982	- 4,982	102,440				-	-	-	-	
15	1-2-1300-4000 1-1-1500-1000 1-1-1500-2000	Landfill Liability Capital Assets Accumulated Depreciation	to record the ARO adjustment to the ending 2023 balances	N/A	(3,779,614) 4,214,314 (2,219,938)	- - -	- - -					-	-	-	-	



# Appendix A: Management representation letter

## Attachment II

### Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen- sive Income - Debit (Credit)			
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities		Operating Activities	Investing Activities	Financing Activities
							\$	\$	\$	\$	\$	\$	\$		\$	\$	\$
	1-5-3900-9100	PW Depreciation Expense			9,914	9,914	914						-	-	-	-	
	1-5-4900-9100	Environmental Depreciation Expe			1,267,644	1,267,644	1,267,644						-	-	-	-	
	1-1-1500-2000	Accumulated Depreciation			(1,267,644)		-	-	(1,267,644)	-	-	-	-	-	-	-	
	1-3-3000-2000	Capital Surplus			1,785,238		1,785,238						-	-	-	-	
	1-1-1500-2000	Accumulated Depreciation			(9,914)		-	-	(9,914)	-	-	-	-	-	-	-	
Total effect of corrected misstatements						1,066,804	(1,267,149)	228,047	723,742	(3,801,641)	-	-	-	-	-	-	



# Appendix B: Audit quality - How do we deliver audit quality?

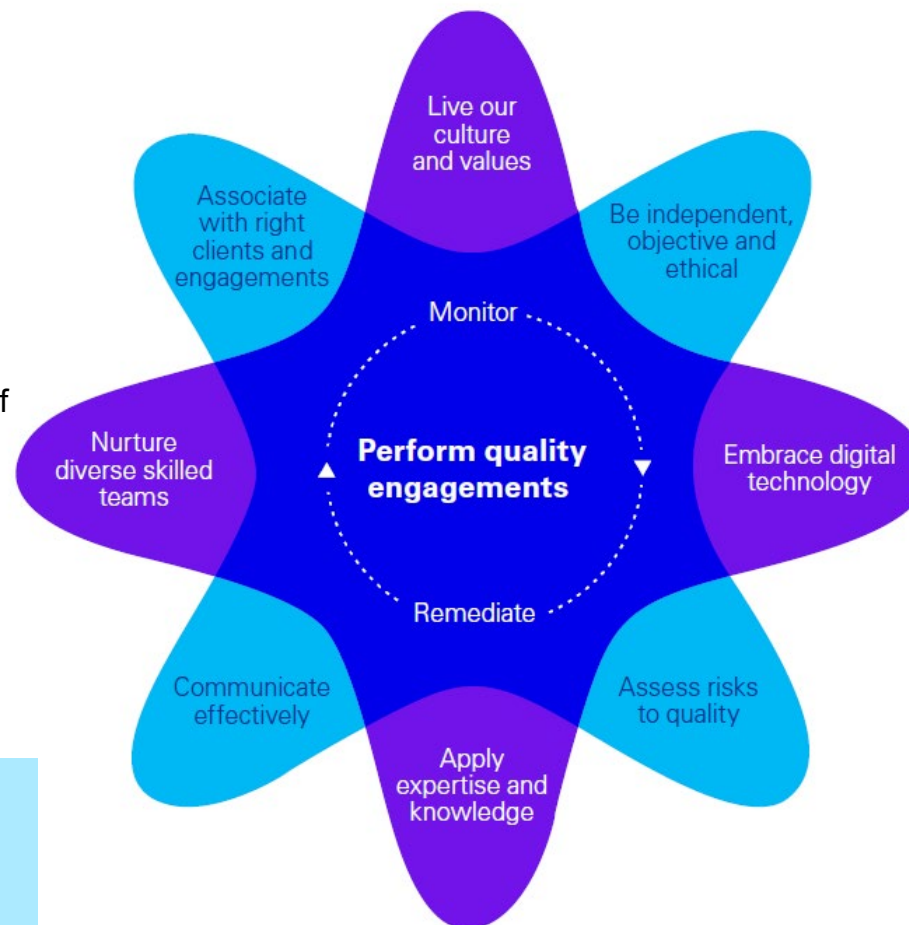
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

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 C: 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 periods beginning on or after December 15, 2022

## ISA/CAS 220

.....  
(Revised) Quality management for an audit of financial statements

## ISQM1/CSQM1

.....  
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

## ISQM2/CSQM2

.....  
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

## ISA 600/CAS 600

.....  
Revised special considerations – Audits of group financial statements



# Appendix D: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors 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 2023](#)

The key issues driving the audit committee agenda in 2023.

## [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.



# Appendix E: Financial Statement Presentation

## Highlights

### THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Financial assets</b>		
Cash	\$ 4,002,225	\$ 2,555,161
Taxes receivable	1,085,959	894,005
Accounts receivable (note 4)	257,216	604,077
	5,345,400	4,053,243
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 5)	1,310,609	378,802
Long-term debt (note 6)	283,894	293,702
Asset retirement obligation (note 7)	4,214,314	2,695,300
	5,808,817	3,367,804
<b>Net financial assets (debt)</b>	<b>(463,417)</b>	<b>685,439</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	16,121,338	15,701,860
Prepaid expenses	1,375	12,457
	16,122,713	15,714,317
<b>Accumulated surplus (note 9)</b>	<b>\$ 15,659,296</b>	<b>\$ 16,399,756</b>

- Cash balance has increased on a year over year basis. There was positive cash flows from operating activities in the amount of \$2.8 million was used to fund capital purchases of \$1.37 million along with the debt repayments made in the year.
- Taxes receivables have increased on a year over year basis. The increase mainly relates to all aging categories in the current year. There were properties that were included in tax registration in the current year. A small decrease was noted to the allowance in the current year. Taxes as a percentage of the taxation revenue has increased to 24% in the current year.
- Accounts receivable has decreased in the current year as the prior year included additional amounts owing from various government agencies which includes items such as grant receivables along with HST related receivables. The prior year included additional receivables for NOHFC (Walking Trail and Sports Complex), additional receivables from ICIP for the HVAC, Arena, Lighting and Boiler system work.
- Accounts payable have increased in the year as a result of increased amounts owing to suppliers as of the year end date. This is one of the drivers of the increased cash position as timing of cheque runs impact the cash and accounts payable balance at year end.
- Long term debt has decreased however this is made up of both a new debt issuance from Infrastructure Ontario along with as a result of the principal repayments made on the debt in the year
- The asset retirement obligation standard was adopted in the 2022 year end on a modified retroactive basis. The significant increase noted in 2023 as a result of the change in the costs as per the third party consultant report



# Appendix E: Financial Statement Presentation

	2023	2022
Current year	\$368,470	\$307,514
1 year arrears	\$158,001	\$149,024
2 years arrears	\$119,554	\$96,453
3+ years arrears	\$380,140	\$277,242
Penalties and interest	\$179,794	\$213,772
Allowance for doubtful taxes	(\$120,000)	(\$150,000)
<b>Total</b>	<b>\$1,085,959</b>	<b>\$894,005</b>
As a percentage of levy	24%	13.4%

## Highlights

- Focus throughout 2024 and 2025 should be on the cash collections of OS taxation receivable balances given the increasing trend noted in the OS receivable balances as a percentage of the taxation levies



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
<b>Financial assets</b>		
Cash	\$ 4,002,225	\$ 2,555,161
Taxes receivable	1,085,959	894,005
Accounts receivable (note 4)	257,216	604,077
	<u>5,345,400</u>	<u>4,053,243</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 5)	1,310,609	378,802
Long-term debt (note 6)	283,894	293,702
Asset retirement obligation (note 7)	4,214,314	2,695,300
	<u>5,808,817</u>	<u>3,367,804</u>
Net financial assets (debt)	(463,417)	685,439
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	16,121,338	15,701,860
Prepaid expenses	1,375	12,457
	<u>16,122,713</u>	<u>15,714,317</u>
Accumulated surplus (note 9)	<u>\$ 15,659,296</u>	<u>\$ 16,399,756</u>

### Highlights

- The tangible capital assets balance has increased by \$420,000 which is made up of \$2.89 million of capital asset additions offset by amortization expense of \$2.4 million. The capital asset purchases are described in the subsequent slide.





# Appendix E: Financial Statement Presentation



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (note 12)	Actual 2023	Actual 2022 (Restated - note 2)
<b>Revenues:</b>			
<b>Operating revenues:</b>			
Municipal taxation	\$ 4,506,687	\$ 4,518,264	\$ 4,196,918
User charges	1,118,610	1,017,537	948,653
Provincial grants	864,752	881,986	1,641,400
Federal grants	67,500	66,682	9,365
Investment income	80,000	184,188	100,217
Penalties and interest on taxes	80,000	119,558	103,942
Provincial Offences Act	10,000	179	31
Other	109,300	240,424	205,834
	6,836,849	7,028,818	7,206,360
<b>Capital revenues:</b>			
Provincial grants	226,724	231,706	428,656
Federal grants	396,381	396,380	184,475
	623,105	628,086	613,131
<b>Total revenues</b>	<b>7,459,954</b>	<b>7,656,904</b>	<b>7,819,491</b>
<b>Expenses:</b>			
General government	1,147,725	1,264,686	1,225,567
Protection to persons and property	744,735	798,677	771,084
Transportation services	1,108,842	1,334,768	1,444,069
Environmental services	1,031,698	2,562,182	1,353,820
Health services	59,180	67,042	854,279
Social and family services	1,507,698	1,520,198	1,438,262
Recreational and cultural services	394,596	519,408	459,870
Planning and development	257,550	330,403	225,491
<b>Total expenses</b>	<b>6,252,024</b>	<b>8,397,364</b>	<b>7,772,442</b>
<b>Annual surplus (deficit)</b>	<b>1,207,930</b>	<b>(740,460)</b>	<b>47,049</b>
Accumulated surplus, beginning of year	16,399,756	16,399,756	18,140,827
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(1,788,120)
<b>Accumulated surplus, end of year</b>	<b>\$ 17,607,686</b>	<b>\$ 15,659,296</b>	<b>\$ 16,399,756</b>

## Highlights

- On an overall basis, total revenue has decreased to \$7.819 million in 2023 compared with \$7.382 million in 2022 which is a decrease of \$166K or 2.1% on a year over year basis. There were a few changes noted in the year as follows:
  - Decreased capital revenues noted in the year as a result of decreased spending resulting in the use of OCIF funding and NOHFC funding
  - Taxation revenues have increased as a result of the increase in taxation rates noted in 2023
  - User charges and fees have increased as a result of increased landfill and garbage related fees along with additional sewer user fees noted in FY23.
  - Provincial grant revenue has decreased by \$759K as the prior year included the additional provincial funding associated with the ambulance services (\$687K) along with additional ICIP funding that was received for capital projects in FY23 (\$72K)
  - Federal grant revenue has increased as a result of additional funding from Fednor for economic development
  - Other revenues include a number of miscellaneous revenue streams with the increase in other revenue noted for the ambulance rental revenue in the year.
  - Additional provincial capital grants noted in the prior year relate to additional NORDS funding recognized in the year along with additional OCIF funding utilized for capital projects in the prior year. The federal capital revenue has increased given the Fednor funding received for the Chalet project



# Appendix E: Financial Statement Presentation

## THE CORPORATION OF THE MUNICIPALITY OF TEMAGAMI

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

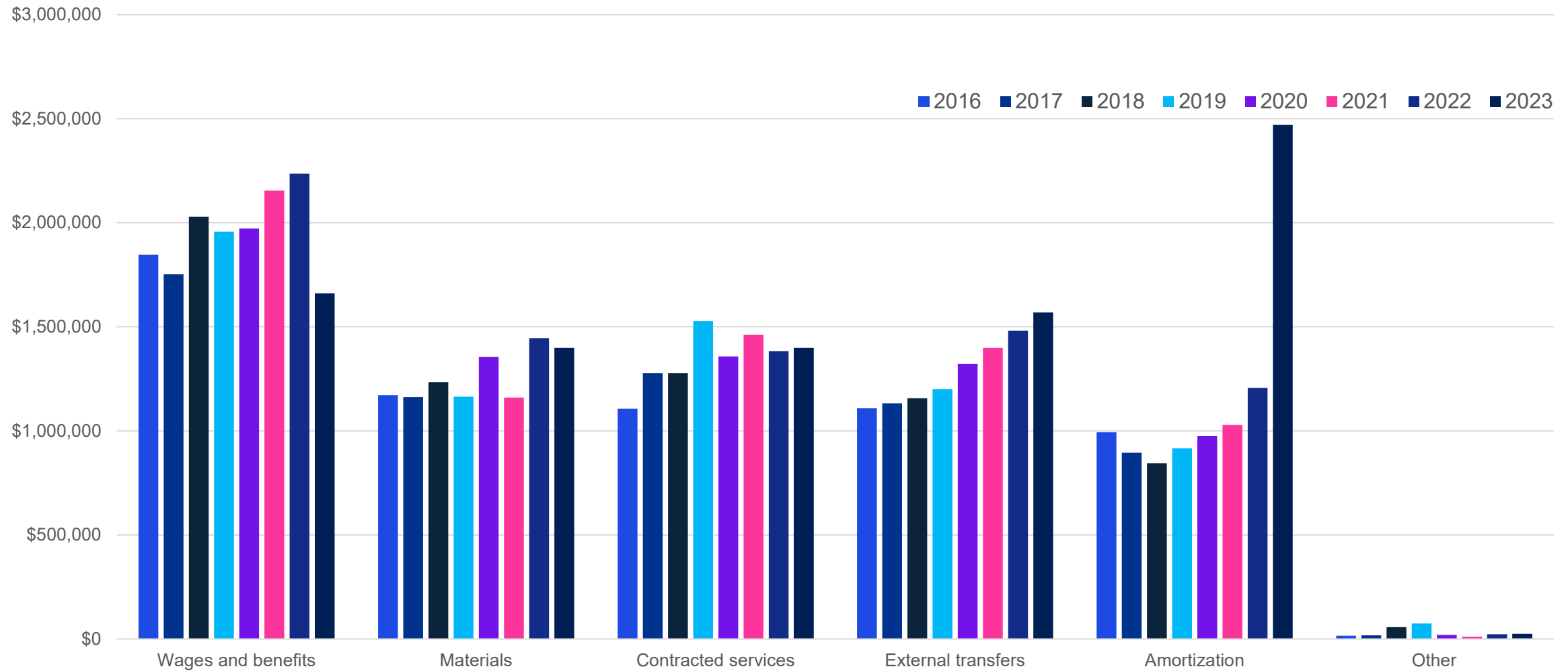
	Budget 2023 (note 12)	Actual 2023	Actual 2022 (Restated - note 2)
<b>Revenues:</b>			
<b>Operating revenues:</b>			
Municipal taxation	\$ 4,506,687	\$ 4,518,264	\$ 4,196,918
User charges	1,118,610	1,017,537	948,653
Provincial grants	864,752	881,986	1,641,400
Federal grants	67,500	66,682	9,365
Investment income	80,000	184,188	100,217
Penalties and interest on taxes	80,000	119,558	103,942
Provincial Offences Act	10,000	179	31
Other	109,300	240,424	205,834
	6,836,849	7,028,818	7,206,360
<b>Capital revenues:</b>			
Provincial grants	226,724	231,706	428,656
Federal grants	396,381	396,380	184,475
	623,105	628,086	613,131
<b>Total revenues</b>	<b>7,459,954</b>	<b>7,656,904</b>	<b>7,819,491</b>
<b>Expenses:</b>			
General government	1,147,725	1,264,686	1,225,567
Protection to persons and property	744,735	798,677	771,084
Transportation services	1,108,842	1,334,768	1,444,069
Environmental services	1,031,698	2,562,182	1,353,820
Health services	59,180	67,042	854,279
Social and family services	1,507,698	1,520,198	1,438,262
Recreational and cultural services	394,596	519,408	459,870
Planning and development	257,550	330,403	225,491
<b>Total expenses</b>	<b>6,252,024</b>	<b>8,397,364</b>	<b>7,772,442</b>
<b>Annual surplus (deficit)</b>	<b>1,207,930</b>	<b>(740,460)</b>	<b>47,049</b>
Accumulated surplus, beginning of year	16,399,756	16,399,756	18,140,827
Adjustment on adoption of the asset retirement obligation standard (note 2)	-	-	(1,788,120)
<b>Accumulated surplus, end of year</b>	<b>\$ 17,607,686</b>	<b>\$ 15,659,296</b>	<b>\$ 16,399,756</b>

## Highlights

- On an overall basis, total expenses have increased to \$8.4 million in 2023 compared with \$7.772 million in 2022 which is an increase of \$648K or 8.3% on a year over year basis. One of the large changes impacting the total expense is the non-cash expense relating to additional amortization expense given the increase in the landfill obligation (in the amount of \$1.26 million). Without this increase in amortization the expenses would have decreased to \$7.1 million representing a \$618K decrease in the year. These expenses are included in the environmental services expense line as they relate to the landfill.
- There were a few changes noted in the year as follows:
  - General government expenses have increased as a result of additional insurance and repairs and maintenance noted in 2023
  - Transportation services expenses have decreased as the year included additional patching and gravel costs noted
  - As noted above, environmental expenses have increased given the impact of the increased depreciation in relation to the landfill asset noted in the year.
  - Health services have decreased as the previous year included the as a increased and related expenses for the ambulance services
  - Recreation and cultural services expense have increased in the year as a result of additional salaries and related benefits noted to run programming in 2023.
  - All other expense captions are comparable on a year over year basis.



# Appendix E: Financial Statement Presentation





# Appendix E: Financial Statement Presentation

## 9. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022
	(as restated - note 2)	
Surplus (deficit):		
Invested in tangible capital assets	\$ 11,907,024	\$ 13,441,260
Accumulated surplus	582,404	–
Amounts to be recovered:		
Unfinanced municipal debt - grader and plow	(283,894)	(293,702)
Equity in tangible capital assets	12,206,534	13,147,558
Reserves set aside by Council for:		
Discretionary Capital Reserves:		
- Working capital	390,000	390,000
- Landfill closure costs	162,521	147,521
- Arena	42,474	42,474
- Public Works Complex	509,400	509,400
- Future Improvements Lake Temagami Access Road	200,000	180,000
- Marten River Fire	397,000	357,000
- Official Plan Review	28,739	29,884
- Temagami Fire	220,500	180,500
- Future IPM Town Road	101,095	81,095
- Welcome Centre – Generator Primary EOC	50,000	50,000
- Cemetery Columbarium / Memory Wall	1,701	1,701
- Community Improvement Plan	10,000	10,000
- Library	48,208	48,208
- Ambulance Building	56,820	44,820
- Cannabis	10,000	10,000
- COVID Funding	69,950	69,950
- Big Canoe	9,926	9,926
	2,308,334	2,162,479
Other Reserves:		
- Discretionary Operating	524,563	468,854
- Tax Rate Stabilization	267,031	267,031
- Dedicated Water and Wastewater Capital	353,834	353,834
	1,145,428	1,089,719
Total reserves	3,453,762	3,252,198
Accumulated surplus	\$ 15,659,296	\$ 16,399,756

## Highlights

- The Municipality's total accumulated surplus amounted to \$15.6 million, consisting of:
  - \$11.9 million in tangible capital assets
  - \$525K million in discretionary operating reserve
  - \$267K in tax rate stabilization reserves
  - \$2.3 million in discretionary capital reserves
  - \$558K accumulated surplus (could be allocated to other reserve funds)
- \$283K in unfunded liabilities relating to the municipal debt



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