The Regional Municipality of York

Audit Findings Report
for the year ended
December 31, 2019

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 30, 2020

kpmg.ca/audit

KPMG

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Executive summary

Purpose of this report[1]

The purpose of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements of the Regional Municipality of York ("Region"), as at and for the year ended December 31, 2019. This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Finalizing the Audit

As of April 30, 2020, we have completed the audit of the consolidated financial statements and received evidence of approval of the consolidated financial statements from the Region's Commissioner of Finance (individual delegated authority to approve the consolidated financial statements). We have also extended our subsequent event procedures up to our auditor's report date.

Our audit report is dated the same as the date of approval of the consolidated financial statements by the Region's Commissioner of Finance on April 30, 2020.

Independence

We confirm our independence to the Region. We confirm that we are independent of the Region in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

Significant and other accounting policies and practices

There was no change to the significant accounting policies during the year.

The Region adopted a new public sector accounting standard in 2019. See page 8 for considerations regarding the implementation of the new standard in the current year consolidated financial statements.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting

[1] This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings 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.

Adjustments and Differences

For the Region's consolidated financial statements, we did not identify differences that remain uncorrected. We did not identify any adjustments that were communicated to management and subsequently corrected in the consolidated financial statements.

Financial statement presentation and disclosure

The presentation and disclosure of the consolidated financial statements are, in all material respects, in accordance with the Region's relevant financial reporting framework.

Accounting estimates

Overall, we are satisfied with the reasonability of accounting estimates.

The areas of estimates relate to the carrying value of tangible capital assets, liability for contaminated sites, obligations related to employee future benefits, and claim provisions.

Financial impact of Covid-19

We have obtained and reviewed management's assessment of the financial impact of Covid-19 on the operations of the Region. As a result of this assessment, management has added a subsequent event to the notes to the consolidated financial statements.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity Estimate

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

1	**Area of focus**	Employee Future Benefits

Significant financial reporting risk

Estimation uncertainty due to assumptions used by the actuary for calculating the liability for Employee Future Benefits

Our response and significant findings

– An independent actuarial valuation was completed for the post-employment benefits and vested sick leave benefits liability in fiscal 2017. A valuation update was performed to determine the liability as reported in the Region's 2019 consolidated financial statements. The employee future benefit liabilities as at December 31, 2019 are outlined in Note 6 to the consolidated financial statements.

– We reviewed the actuarial valuation report and assumptions applied in the valuation, and performed trend analysis on the liability. A discount rate ranging from of 3.75% (2018 – 3.75%) was used for the determination of the liability. KPMG reviewed the discount rate in comparison with rates issued by the Canadian Institute of Actuaries and noted that the rate used by the Region is reasonable.

– Applicable auditing standards require that we review the qualifications, competence and objectivity of the preparer of the estimate.

– Based on the analysis and testing performed, we did not identify any discrepancies.

Audit risks and results

Relevant factors affecting our risk assessment

Estimate

2	**Area of focus**	Contingencies

Significant financial reporting risk

Estimation uncertainty related to the likelihood and measurement of contingent liabilities

Our response and significant findings

- The Chartered Professional Accountants Handbook PS3300 Contingent Liabilities requires that the Region recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”
- At any point in time, the Region is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as collectability of certain accounts receivable, contract settlement amounts, legal claims, etc.
- We reviewed the Region’s assessments of contingent liabilities and the process employed to develop and record the related estimated liabilities. Where applicable, KPMG discussed with the individuals responsible for the process and is satisfied that the methodology used is rational, consistent with the approach taken in prior years and has been appropriately reviewed.
- As these items are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management’s best estimates of exposure given the information presently available.
- We did not note any issues in Region’s assessment of contingent liabilities and amount of related liabilities that were recorded and reported for the year-ended December 31, 2019.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity

3	**Area of focus**	Revenues and Deferred Revenue

Significant financial reporting risk

Revenue recognition related to various streams of revenue including deferred revenue

Our response and significant findings

- As part of our audit planning report, we had reported the following fraud risk:
  - Fraud risk from revenue recognition related to transactions that are not in the normal course of business. The primary risk of fraudulent revenue recognition resides with manual journal entries for revenue transactions not in the normal course of business.
- To address this risk, we evaluated the design and implementation of selected relevant controls. We tested journal entries that met specific criteria designed during planning. We performed journal entry testing focused on manual journal entries for revenue transactions. This criteria is based on areas and accounts that are susceptible to manipulation through management override. We used filters that allowed us to identify any unusual journal entries.
- As part of our audit approach to address the inherent risk of error in revenue recognition, KPMG substantively tested revenues (both recognized and amounts held as deferred at year end).
- KPMG obtained and reviewed the continuity for deferred revenue prepared by management. KPMG also selected a sample of the increases (cash receipts) and decreases (items recognized as revenue in the current period.
- Included in Deferred Revenue is funding for the Metrolinx projects. During our substantive testing, we noted that the Region recognized $227M (2018 - $252M) of revenue for the Metrolinx projects. The Region also received additional cash advances from Metrolinx of $86M (2018 - $159M).
- There were no issues noted as a result of the testing that we performed.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity Estimate

4	**Area of focus**	Tangible Capital Assets

Significant financial reporting risk

Recognition and capitalization of tangible capital assets and the estimated useful life

Our response and significant findings

- During our substantive testing of tangible capital asset additions, we noted that the Region recognized $769M (2018 - $344M) in total additions. The Region also capitalized $778M (2018 - $378M) from assets under construction into tangible capital assets.
- The Region disposed of assets with a cost base of $70M (2018 - $33M) and accumulated amortization of $63M (2018 - $31M). The proceeds on the disposal of tangible capital assets were $4M (2018 - $1M), which resulted in a loss on disposal of $3M (2018 - $1M).
- We reviewed on a sample basis the additions to both assets under construction and tangible capital assets. We noted that the capital additions were appropriate and management has correctly capitalized the additions from assets under construction to tangible capital assets. We also reviewed on a sample basis the disposals of tangible capital assets, and recalculated the overall loss on disposal. We noted that the disposals were recorded appropriately.
- We have also reviewed the estimated useful lives of the various additions from assets under construction to tangible capital assets and conclude that they are reasonable. Our review includes the Region and its subsidiaries.
- Included in additions to tangible capital assets, is contributed assets with a fair market value of $131,568,415 from external parties. The contributed assets relate to betterments from project H2 for the Highway 7 East/West Woodbridge/Vaughan Rapidway, and the fair market value was communicated to the Region from the external parties. We substantively tested the contributed assets and noted it was recorded appropriately.

Audit risks and results

Relevant factors affecting our risk assessment

Complexity Estimate

5	**Area of focus**	Expropriation Accruals

Significant financial reporting risk

The accrual for land expropriation is management's best estimate for the costs to settle land transactions and related claims for the rapid transit system

Our response and significant findings

- During the substantive audit of accrued liabilities we noted the land expropriation accrual for Metrolinx related projects was $94M (2018 - $27M).
- We reviewed the estimated accrual methodology and the financial impact in 2019 with management.
- We substantively tested a sample of property accruals and obtained supporting documentation for the amount accrued.
- As these land transactions and related claims are resolved, it is possible that the final amounts recorded for these liabilities may change, however the amounts currently recorded represent management's best estimates of exposure given the information presently available.
- We did not note any issues in the Region's assessment of the liabilities that were recorded and reported for the year-ended December 31, 2019.

Significant and other accounting policies and practices

Initial selections

There were no initial selections of significant accounting policies and practices. The following new other accounting policy was selected and applied during the period as per the requirement of Public Sector Accounting Standards. This accounting policy was applied prospectively for the consolidated financial statements for the year ended December 31, 2019.

Changes

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 1(c) to the consolidated financial statements.

Beginning in fiscal 2019, the Region is now required to adopt the following new public sector accounting standard (PSAS):

PS 3430 – Restructuring Transactions

- This section establishes standards on how to account for and report restructuring transactions by both transferors and recipients of asset and/or liabilities, together with related program and operating responsibilities. Individual assets and liabilities received in a restructuring transaction should be recognized by the recipient if they meet the definitions of assets and liabilities and applicable recognition criteria at the restructuring date. Individual assets and liabilities transferred in a restructuring transaction should be derecognized by the transferor if they no longer meet the definition of assets and liabilities and applicable recognition criteria at the restructuring date.

- The Region has internal policies to identify and monitor restructuring transactions. Our findings from our review of internal policies and procedures were consistent in this regard. At the completion of the audit, we obtained from management a signed representation letter indicating that there were no restructuring transactions not identified to us or disclosed in the consolidated financial statements.

As at December 31, 2019 and for the year then ended, the Region does not have any restructuring transactions to report.

Current developments and audit trends

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

Our discussions with you and what KPMG is seeing in the marketplace—both from an audit and industry perspective—indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
Accelerate	Accelerate is a KPMG trends report and video series that includes the perspective of subject matter leaders from across KPMG in Canada on seven key issues impacting organizations today that are disrupting the audit committee mandate.	Link to report
Bracing for digital disruption	The digital revolution may be well into its prime, but the disruption is far from over. New and emerging technologies continue to shape (and reshape) how organizations operate and adapt to their customers. While these tools have opened the doors to new capabilities and market opportunities, they have also driven the need for stronger and more adaptive risk management strategies.	Link to report

Standard	Summary and implications
Asset Retirement Obligations	– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2021 (Appendix 4). – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs would be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area. – The ARO standard would require the public sector entity to record a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability would be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity would have to: • consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; • carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; • Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.
Revenue	– A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022. – The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. – The standard notes that in the case of revenues arising from an exchange, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. – The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Financial Instruments and Foreign Currency Translation	– New accounting standards, PS3450 *Financial Instruments*, PS2601 *Foreign Currency Translation*, PS1201 *Financial Statement Presentation* and PS3041 *Portfolio Investments* have been approved by PSAB and are effective for years commencing on or after April 1, 2021. – Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the government’s choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. – Hedge accounting is not permitted. – A new statement, the Statement of Re-measurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations. – Based on stakeholder feedback received, PSAB is considering certain scope amendments to PS 3450 *Financial Instruments*. An exposure draft with the amendments is expected to be issued in 2020. The proposed amendments are expected to include the accounting treatment of bond repurchases, scope exclusions for certain activities by the federal government, and improvements to the transitional provisions.

Standard	Summary and implications

2019 – 2020 Annual Improvements	– PSAB adopted an annual improvements process to make minor improvements to the CPA Canada Public Sector Accounting (PSA) Handbook or Statements of Recommended Practices (other guidance).
	– The annual improvement process:
	  – clarifies standards or other guidance; or
	  – corrects relatively minor unintended consequences, conflicts or oversights.
	– Major or narrow scope amendments to the standards or other guidance are not included in the annual improvement process.

Employee Future Benefit Obligation	– PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. Given the complexity of issues involved and potential implications of any changes that may arise from this review, the project will be undertaken in phases. Phase I will address specific issues related to measurement of employment benefits. Phase II will address accounting for plans with risk sharing features, multi-employer defined benefit plans and sick leave benefits. – Three Invitations to Comment were issued and have closed. The first Invitation to Comment sought guidance on whether the deferral provisions in existing public sector standards remain appropriate and justified and the appropriateness of accounting for various components of changes in the value of the accrued benefit obligation and plan assets. The second Invitation to Comment sought guidance on the present value measurement of accrued benefit obligations. A third Invitation to Comment sought guidance on non-traditional pension plans. – The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.
Public Private Partnerships ("P3")	– A taskforce was established in 2016 as a result of increasing use of public private partnerships for the delivery of services and provision of assets. The objective is to develop a public sector accounting standard specific to pubic private partnerships. – A Statement of Principles ("SOP") was issued in August 2017 which proposes new requirements for recognizing, measuring and classifying infrastructure procured through a public private partnership. An Exposure Draft of the new standard was issued in November 2019. – Public private partnership infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the asset is recognized and may be a financial liability, a performance obligation or a combination of both. – An infrastructure asset acquired in an exchange transaction is recorded at cost which is equal to its fair value on the measurements date. The liability is measured at the cost of the infrastructure asset initially. – Subsequently, the infrastructure asset is amortized in a rational and systematic manner over its useful life. Subsequent measurement of the financial liability would reflect the payments made by the public sector entity to settle the liability as well as the finance charge passed on to the public sector entity through the public private partnership agreement. Subsequent measurement of the performance obligation: revenues are recognized and the liability reduced in accordance with the substance of the public private partnership agreement.

Standard	Summary and implications
Concepts Underlying Financial Performance	– PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards. – PSAB is developing two exposure drafts (one for a revised conceptual framework and one for a revised reporting model) with two accompanying basis for conclusions documents and resulting consequential amendments. PSAB expects to issue the two exposure drafts and accompanying documents in 2020. – A Statement of Concepts (“SOC”) and Statement of Principles (“SOP”) were issued for comment in May 2018. – The SOC proposes a revised, ten chapter conceptual framework intended to replace PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced. – The SOP includes principles intended to replace PS 1201 *Financial Statement Presentation*. The SOP proposes: • Removal of the net debt indicator, except for on the statement of net debt where it would be calculated exclusive of financial assets and liabilities that are externally restricted and/or not available to settle the liabilities or financial assets. • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities). • Restructuring the statement of financial position to present non-financial assets before liabilities. • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities). • A new provision whereby an entity can use an amended budget in certain circumstances. – Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.
International Strategy	– PSAB is in the process of reviewing its current approach towards International Public Sector Accounting Standards (IPSAS). This project may result in changes to the role PSAB plays in setting standards in Canada. – A consultation paper was released for comment in May 2018 and has closed. The consultation paper described the decision-making criteria PSAB expects to consider in evaluating the international strategy that best serves the public sector. It also introduced four proposed international strategies that PSAB considers to be viable. Over 2017-2021 period, PSAB intends to do the following: o conduct research on differences between Canadian Public Sector Accounting Standards and International Accounting Standards; o learn about experiences of other jurisdictions that choose to follow IPSAS; publish a consultation paper to get the opinion of stakeholders; o and, develop options for PSAB’s International strategy.
Purchased Intangibles	– As a result of stakeholder feedback received, PSAB will revisit validity of the prohibition against recognizing purchased intangibles in public sector financial statements and will consider a narrow scope amendment. – Input received in response to the 2018 conceptual framework and reporting model documents for comment supported PSAB relocating the recognition prohibitions from the conceptual framework to the standards level. This is a bigger issued for Indigenous governments. PSAB is looking into why the question of purchased intangibles acquired through an exchange transaction cannot be recognized in public sector financial statements as they are measureable at the price in the transaction.

Appendices

Content

Appendix 1: Other Required Communications

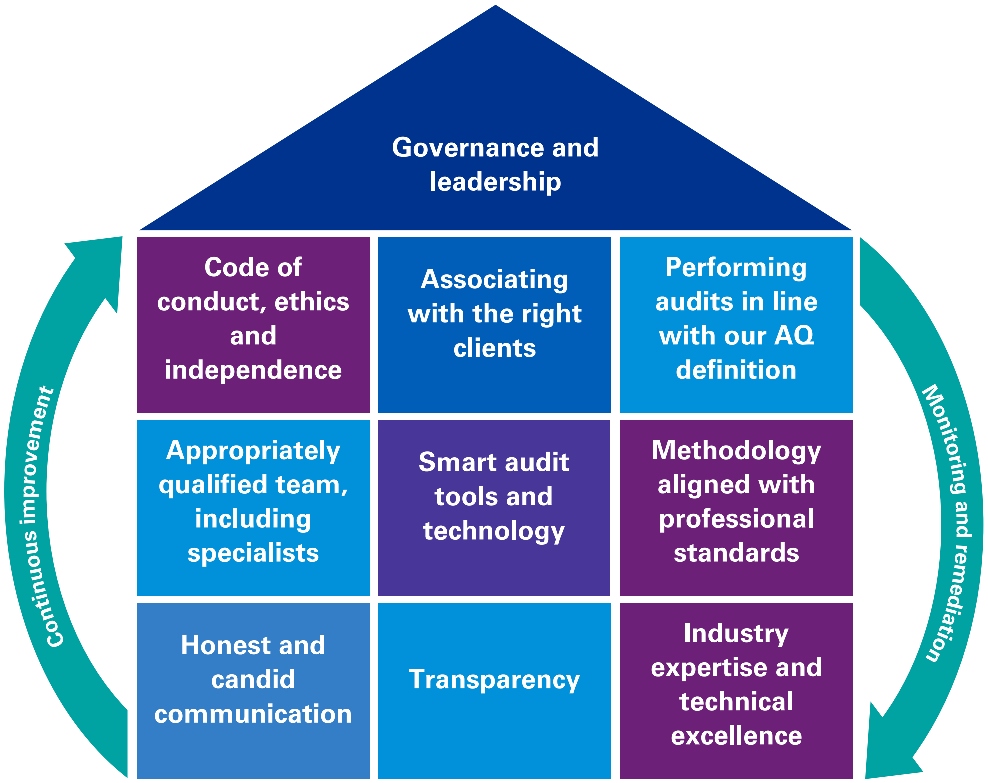
In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Auditor's report	Management representation letter
The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.	In accordance with professional standards, Management have provided you with a copy of the representation letter for the audit of the financial statements.
Annual independence letter	**Audit quality**
We confirm we remain independent as required by professional standards.	Audit Quality (AQ) is at the core of everything we do at KPMG. Appendix 2 provides more information on AQ.

Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

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 controls and
– All of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics,** and **integrity**.

Our AQ Framework summarises how we deliver AQ. Visit our Audit Quality Resources page for more information including access to our Audit Quality and Transparency report.

Appendix 3: Key Audit Matters – Identification

Key audit matters (KAMs) are those matters that were communicated to those charged with governance which required significant audit attention in performing the audit and that, in the auditor's professional judgment, were of the most significance in the audit of the financial statements in the current period.

Currently, the communication of KAMs in the auditors' report is only applicable when:

1. The auditors' report will refer to International Standards on Auditing and the audit is for a complete set of general purpose financial statements of a listed entity
2. Required by law or regulation; or
3. The auditor is engaged to do so

However, the AASB approved amendments to bullet #1 which now require auditors' to communicate KAMs in the auditors' report for audits of complete sets of general purpose financial statements of:

- Toronto Stock Exchange listed entities (TSX listed entities) for periods ending on or after December 15, 2020.
- Other listed entities (non-TSX listed entities) for periods ending on or after December 15, 2022.

The above excludes TSX listed entities / Non-TSX listed entities that comply with National Instrument 81-106, *Investment Fund Continuous Disclosure*.

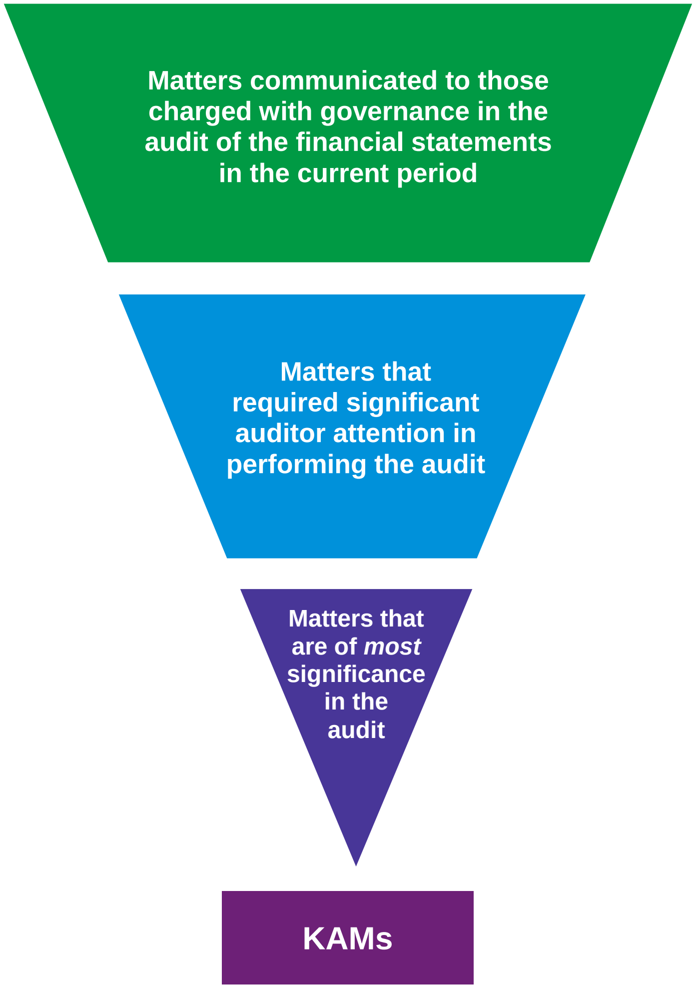
The above includes auditors' reports on separate/non-consolidated financial statements.

The total population of potential KAMs begins with all matters communicated to the audit committee during the audit of the current period.

The auditor is required to identify from that total population of potential KAMs, which matters required significant auditor attention in performing the audit. In doing so, the auditor is required to take into account the following:

- Areas of higher assessed risks of material misstatement identified
- Areas of significant risks identified
- Significant auditor judgments relating to areas in the financial statements that are subject to a high degree of estimation uncertainty
- The effect of the audit of significant events or transactions that occurred during the period

From that population of potential KAMs, the auditor identifies those matters that are of "most" significance in the audit. The use of the term "most" significance in the audit is not intended to limit the number of KAMs to one. However, lengthy lists of KAMs may be contrary to the notion that such matters are of most significance to the audit.



Appendix 4: Preparing for PSAB Standard Changes

Preparing for PSAB Standard Changes

Are you ready to implement PSAB's impactful series of new standards?

Public sector entities are preparing to implement three significant Public Sector Accounting standards through 2022. These standards will impact not only your accounting policies, but also how Finance engages key stakeholders.

Asset Retirement Obligations

PS3280 addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites by public sector entities.

PS3280 will apply to fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted. Three transition options are available – retroactive, modified retroactive, prospective.

Asset retirement activities are defined to include all activities related to an asset retirement obligation. These may include but are not limited to:

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed
- decontamination created by the normal use of the tangible capital asset
- post-retirement activities such as monitoring
- constructing other tangible capital assets in order to perform postretirement activities

With the introduction of PS3280 PSAB has withdrawn existing Section PS3270, solid waste landfill closure and post-closure liability.

Some examples of asset retirement obligations which fall under scope of proposed PS3280 include:

- end of lease provisions (from a lessee perspective)
- removal of radiologically contaminated medical equipment
- wastewater or sewage treatment facilities
- firewater holding tanks
- closure and post-closure obligations associated with landfills
- septic beds
- fuel storage tank removal

Under PS3280, an asset retirement obligation should be recognized when, as at the financial reporting date, ALL of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset
- the past transaction or event giving rise to the liability has occurred
- it is expected that future economic benefits will be given up
- a reasonable estimate of the amount can be made

Whether you are an education or health institution or a government entity (federal, provincial, municipal or Indigenous) this accounting standard will have implications for your organization if you report under the Public Sector Accounting Standards.

Are You Ready?

1. *Has a project plan been developed for the implementation of this section?*
2. *Has Finance communicated with key stakeholders, including Council or Board on the impact of this section?*
3. *Does Finance communicate with representatives of the Public Works, Asset Management, Facilities Management or Legal functions through the financial reporting process?*
4. *Has a complete inventory been developed of all inactive or active assets or sites, to provide a baseline for scoping of potential retirement obligations?*
5. *If a complete inventory has been developed, does it reconcile back to information currently reported in the entity's financial statements for tangible capital assets or contaminated sites?*
6. *Does your entity have data on non-recorded assets or sites (ie: assets which were originally expensed on purchase, or recorded at no book value) which could have retirement obligations?*
7. *Does your entity have an active solid waste landfill site?*
8. *If yes, does your entity have an existing estimate of the full costs to retire and monitor the landfill site?*
9. *Is your entity aware of any of its buildings which have asbestos?*
10. *If so, does your entity have information to inform a cost estimate to remove/ treat the asbestos?*
11. *Is your entity aware of underground fuel storage tanks or boilers which must be removed at end of life?*
12. *If so, does your entity have information to inform a cost estimate to remove the tanks?*
13. *Is your entity aware of any lease arrangements where it will be required to incur costs to return the premises to pre-existing conditions at the end of the lease?*
14. *Has your entity determined if it has any sewage or wastewater treatment plants which have closure plans or environmental approvals which require full or partial retirement of the plant at the end of its life?*
15. *Is your entity aware of any other contractual or legal obligations to retire or otherwise dismantle or remove an asset at the end of its life?*

Revenues

PS3400 outlines a framework describing two categories of revenue – transactions with performance obligations (exchange transactions) and transactions without performance obligations (unilateral transactions).

- This section will apply to fiscal years beginning on or after April 1, 2022, with earlier adoption permitted.
- This Section may be applied retroactively or prospectively.
- This section will not impact the present accounting for taxation revenues and government transfers.

Transactions which give rise to one or more performance obligations are considered to be exchange transactions. Performance obligations are defined as enforceable promises to provide goods or services to a payer as a result of exchange transactions. Revenue from an exchange transaction would be recognized when the public sector entity has satisfied the performance obligation(s), at a point in time or over a period of time.

If no performance obligations are present, the transaction would represent unilateral revenue, and be recognized when the public sector entity has the authority to claim or retain an inflow of economic resources and a past event gives rise to a claim of economic resources.

Public sector entities will need to review their revenue recognition policies for in-scope transaction types. Impacted areas may include:

- Development charges
- Permits
- Licences
- Advertising programs

Are You Ready?

1. *Has the entity identified any revenue-generating transactions other than taxation or government transfer revenues which create performance obligations (ie: the entity is required to provide a good or service to earn that revenue)?*
2. *If so, has the entity reviewed its accounting policies for these transactions to verify revenue is recognized only as performance obligations are being met?*
3. *Has the entity quantified the impact of any change in accounting policy, or determined that there is no impact?*

Financial Instruments

PS3450 establishes standards on how to account for and report all types of financial instruments including derivatives.

- This Section applies to fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.
- Government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the CPA Canada Public Sector Accounting Handbook applied this Section to fiscal years beginning on or after April 1, 2012.
- This section must be adopted with Section PS 2601, Foreign Currency Transaltion.
- Specific transition requirements are outlined in the section.

This section prescribes a fair value measurement framework for derivatives, and equity instruments that are quoted in an active market.

Where an entity manages risks, the investment strategy, or performance of a group of financial assets, financial liabilities or both on a fair value basis, they may also be meased at fair value.

Other financial instruments are measured at cost/ amortized cost.

Changes in the fair value of a financial instrument in the fair value category are recognized in the Statement of Remeasurement Gains and Losses as a remeasurement gain or loss until the financial instrument is derecognized.

- Upon derecognition, the remeasurement gain or loss is realized in the Statement of Operations.

Are You Ready?

1. *Does the entity hold any financial assets which are equity or derivative instruments?*
2. *Has the entity determined if it has any embedded derivatives that might arise from existing contractual arrangements?*
3. *Does the entity have other financial assets which it assesses performance of based on fair value, and for which it might elect a fair value measure?*
4. *If yes to any of the above three questions, does the entity have readily observable market data to inform a fair value measure?*
5. *Has the entity reviewed existing financial instrument note disclosure in the financial statements to determine any required revisions to meet the requirements of this section?*
6. *Does the entity enter into transactions involving foreign exchange?*
7. *Does the entity hold any monetary assets and monetary liabilities, or non-monetary assets denominated in a foreign currency?*

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	Option 1	Option 2	Option 3	Option 4	Option 4
Package	Individual	CFO exclusive	Team – up to 10 team members	Comprehensive A – up to 10 team members	Comprehensive B – up to 10 team members
10 hours of in-depth CPD-eligible training *	×	×	×	×	×
1 Licence KPMG Learning online	×	×	×	×	×
10 Hours of on-call accounting advice		×		×	
25 Hours of on-call accounting advice					×
Annual Fee	$2,000	$5,000	$10,000	$13,000	$17,500

* Course availability subject to the enrollment of five or more customers

Course Delivery by classroom or video on demand dependent on geographic enrollment

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