# City of St. Albert

Audit Findings Report for the year ended December 31, 2022

Presented April 18, 2023

KPMG LLP

kpmg.ca/audit

## KPMG contacts

Key contacts in connection with this engagement



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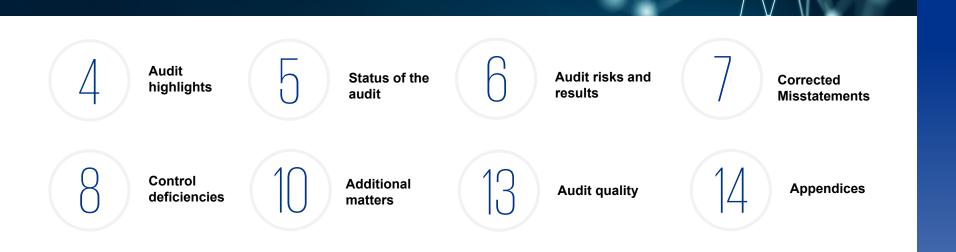


Chris Spence Audit Manager 780-429-6504 cspence1@kpmg.ca





# Table of contents



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 consolidated financial statements as at and for the period ended December 31, 2022. This report builds on the Audit Plan we presented to Council. 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.

### Digital use information

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

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



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



Audit highlights		
<b>Status of the audit</b> We have completed the audit of the consolidated financial statements of the City of St. Albert (the "City") for the year ended December 31, 2022 (the "consolidated financial statements"), with the exception of certain remaining outstanding procedures that are customarily done at or near the date Council approves the consolidated financial statements, which are highlighted on slide 5 of this report.	Audit risks and results – going concern assessment No matters to report.	Significant unusual transactions We did not identify any significant unusual transactions to bring to your attention.
Significant changes to our audit plan There were no significant changes to our audit plan which was originally communicated to you in the audit planning report.	Uncorrected audit misstatements Our management representation letter within Appendix 1b includes all misstatements that remain uncorrected.	<b>Independence</b> We confirm that we are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.
Audit risks and results – significant risks In the Audit Plan, we did not identify any significant financial reporting risks other than the presumed risk of management override of controls. We did not identify any additional significant financial reporting risks that required additional audit procedure. We have no matters to report regarding procedures performed over to address the presumed risk of management override of controls.	Corrected audit misstatements See slide 7 for a summary of individually significant corrected audit misstatements.	Accounting policies and practices There have been no changes to, or initial selections of, significant accounting policies and practices to bring to your attention. Refer to slide 12 for details of upcoming changes to accounting standards.
Audit risks and results – other significant findings   Other significant findings are discussed on slide 6.	<b>Control deficiencies</b> See slide 9 for control deficiencies identified during the audit. In addition, we identified certain other observations on slides 10 and 11.	Other financial reporting matters The financial statement presentation complies with the financial reporting framework.



Appendices

### Status of the audit

As of April 18, 2023, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with Council;
- Completing subsequent event procedures to the date of our auditor's report;
- Obtaining evidence of Council's approval of the financial statements; and
- Obtaining the signed management representation letter.

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

Our auditor's report, a draft of which is provided in Appendix 1a, will be dated upon the completion of any remaining procedures.

#### KPMG Clara for Clients (KCfc)



#### **Real-time collaboration and transparency**

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





### Significant findings and results

We highlight significant findings as follows:



Status

Annexation from Sturgeon County

#### Area of focus

Effective January 1, 2022, the City annexed 1558 hectares of land and related roads from Sturgeon County ("County"). This transaction falls under the scope of PS 3430 *Restructuring Transactions*, of the CPA Canada Handbook - Accounting. In accordance with PS 3430, individual assets and liabilities received in an annexation are recognized at their carrying amounts, adjusted to align with public sector accounting standards or to align with the accounting policies of the recipient.

While the carrying amounts of the annexed roads were provided by the County, the carrying amounts of the annexed land was not readily determinable. The City estimated the carrying amounts based on the approximate current replacement cost of the land and adjusted such amounts by the estimated increase in the cost of the land from the County's estimated acquisition date(s), using the Alberta Consumer Price Index. Further, management has asserted that this annexation did not result in the incurrence of any significant liabilities that need to be recognized by the City in its consolidated financial statements.

#### Our response

Our procedures included:

- · Inspection of the executed annexation agreement to understand key terms of the annexation;
- Analysis of accounting treatment in accordance with PS 3430;
- · Agreement of the carrying amounts of roads annexed to the carrying amounts of these assets as disclosed by Sturgeon County;
- For annexed land where the carrying amount was not readily determinable, inspection of the City's calculated estimate of the carrying amount and performance of a reasonability analysis; and
- Review of related disclosures.

#### Significant qualitative aspects of the City's accounting practices

We noted the practice used by the City to estimate the carrying amounts of the land is consistent with the accounting practice used by the City in 2009 when PS 3150 *Tangible Capital Assets* was first adopted.

#### Significant findings

Management originally recognized the land and related roads annexed from Sturgeon County at estimated fair value. Refer to slides 7 and 9, respectively, for the corrected audit misstatement and related control deficiency identified.



## Individually significant corrected audit misstatements

#### **Corrected audit misstatements:**

Status

	\$ Thousands					
Description of misstatement	Debit	Credit				
Overstatement of annexation from Sturgeon County (see slide 9)						
Capital revenue	\$17,482					
Tangible capital assets		\$17,352				
Amortization		\$130				

### Control deficiencies

#### Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the City'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.

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 significant deficiencies to be reported.



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#### 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 significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.



Appendices

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### Control deficiencies

#### Deficiencies in internal control over financial reporting

Description	Finding
Annexation from Sturgeon County	As discussed in slide 6, land and roads annexed from Sturgeon County are required to be recognized at the carrying amounts of the individual assets received. Through the performance of our audit procedures, we noted that management had instead recorded the annexed land and roads at the estimated fair values of approximately \$19 million instead of the carrying amounts which were determined to be approximately \$1.6M. Management has an established practice for researching and reviewing the accounting for significant non-routine transactions and, where considered necessary, consulting with KPMG in respect of accounting and financial statement disclosure considerations prior to the completion of the draft financial statements submitted for audit. The design of the controls associated with this practice are appropriate. However, the controls did not operate as intended which resulted in this error in the draft financial statements. As this matter was limited to the bookkeeping of this specific transaction, it did not have a pervasive impact on the draft financial statements or the scope of our audit. This misstatement was identified by KPMG during the course of our audit. Management has asserted that this misstatement was due to an incorrect application of the accounting standard related to recording annexation transactions.



Appendices

### Other observations

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



Status

**Capital Budgeting** 

#### Prior year observations and recommendations

In past periods we noted that the budgeted amount for the contribution and acquisition of tangible capital assets did not reflect the actual amount of contributions or acquisitions expected for the year. This was driven from the fact that the capital budget was based on projects approved, many of which span multiple years, instead of planned cash flows or contributions for the year.

We further noted that the budgeted amortization expense did not reflect the actual amount of amortization expected for the year. This was a result of the budgeted amount being determined based on historical results (i.e. amortization as a percentage of tangible capital assets, applied against current year tangible capital assets), rather than the use of updated assumptions and data to form a more reasonable expectation.

#### 2022 Update

In the current year, the City updated the approach used to budget amortization. As a result, the difference between budgeted and actual amortization for the year decreased significantly (i.e. difference of \$1 million in 2022 compared to \$8 million in 2021). We consider our previous recommendation to have been implemented as at December 31, 2022.

However, with respect to the budget for the contribution and acquisition of tangible capital assets, the approach remained consistent with prior year. We noted a difference between the budgeted and actual amount of tangible capital assets contributed and acquired in 2022 of \$10 million and \$136 million (2021 - \$21 million and \$119 million), respectively.

We continue to recommend that the City update its capital budgeting process such that budgeted amounts of contributed and acquired tangible capital assets reflect only the planned activity for the year. However, we acknowledge that City administration is unable to implement this recommendation unless multi-year budgeting is implemented. As a result, this will be the last year this observation will be raised to Council, in the absence of any changes in the City's budgeting process.



Appendices

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### Other observations



Status

Measurement of Contributed Tangible Capital Assets

#### Prior year observations and recommendations

In past periods we noted that current and relevant costing information was not provided to the City from developers when tangible capital assets were contributed. As a result, the City used prior year costs, adjusted for inflation, to measure contributed tangible capital assets. We recommended that the City request costing information to be provided directly from developers, reflecting the actual cost of assets contributed.

Effective September 1, 2021, the City's Municipal Engineering Standards were updated to require developer's to submit costing information when tangible capital assets are contributed to the City, as evidenced by a signed Construction Completion Certificate (CCC). Despite this policy, we noted that the process by which costs are submitted to the City was still in development. As such, current and relevant costing information was not provided to the City from developers related to contributed tangible capital assets during fiscal 2021.

#### 2022 Update

Towards the end of 2022, we noted developers began submitting costing information when tangible capital assets were contributed to the City. However, as this implementation occurred late in the fiscal year, most tangible capital assets contributed during 2022 were measured using the previous methodology. We expect this matter to be fully addressed in 2023 and will provide an update to Council in connection with our audit of the consolidated financial statements as at and for the year ended December 31, 2023.



## Significant accounting policies and practices



There have been no changes to, or initial selections of, significant accounting policies and practices to bring to your attention. The presentation and disclosure of the consolidated financial statements are, in all material respects, in accordance with Canadian Public Sector Accounting Standards. Several new accounting standards (or amendments to accounting standards) will be required to be adopted in 2023. Management is in the process of determining the impact the adoption of these accounting standards will have on the consolidated financial statements.

The accounting standard that is expected to have the most significant impact on the consolidated financial statements is the adoption of PS 3280 *Asset Retirement Obligations*, required to be adopted in 2023. Under the new standard, asset retirement obligations associated with post-retirement operation maintenance and monitoring costs of tangible capital assets are required to be recognized within the consolidated financial statements. The initial adoption of this standard is expected to require the expertise of finance, legal and operational personnel, in order to completely identify existing asset retirement obligations and determine the associated measurement. This is a significant undertaking and it is important that management's workplan is comprehensive and has an appropriate timeline for the appropriate activities to be undertaken, including audit examination. Our audit plan for 2023 will be modified to address this matter.

Description of new or revised significant accounting policies and practices

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



Audit Quality Appendices

## 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.

**Perform quality engagement** sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

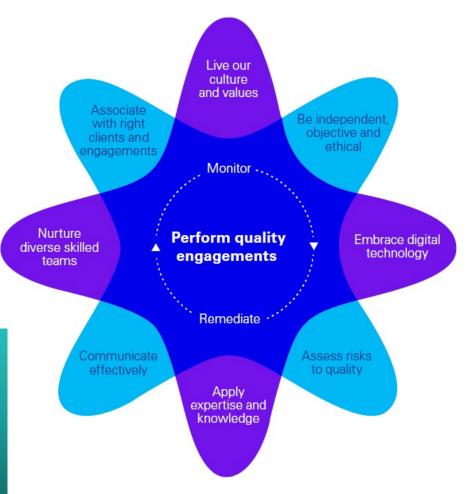
Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



KPMG 2022 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 controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity**, **independence**, **ethics** and **integrity**.





## Appendices



Required communications



Audit and assurance insights



Technology

### Appendix 1: Required communications

Misstatements



Status

Auditor's Report

The conclusion of our audit is set out in our draft auditor's report provided in Appendix 1a.



**Representations of management** 

In accordance with professional standards, we will obtain certain representations from management upon approval of the financial statements. A copy of the draft management representation letter is provided in Appendix 1b.





### Appendix 1a: Draft auditor's report

#### **INDEPENDENT AUDITOR'S REPORT**

To the Mayor and Members of Council of the City of St. Albert

#### Opinion

We have audited the consolidated financial statements of the City of St. Albert (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- 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 Entity as at December 31, 2022, 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 responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Financial Statements*" section of our auditor's report.

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

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

#### Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor's report thereon, included in the "Annual Report"

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report therein, included in the "Annual Report", as at the date of this auditor's report. If, based on the work we have performed on

this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Chartered Professional Accountants

Edmonton, Canada April 18, 2023

Appendix 1b: Draft management representation letter



#### (Letterhead of Client)

KPMG LLP 2200, 10175 – 101 Street NW Edmonton, AB T5J 0H3

#### April 18, 2023

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 City of St. Albert ("the Entity") as at and for the period ended December 31, 2022.

#### General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in <u>Attachment I</u> 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 June 15, 2022, 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.

#### 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.
- 9) We have disclosed to you the nature of all environmental liabilities of which we are aware.

#### Going concern:

- 10) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 11) 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:

- 12) The effects of the uncorrected misstatements described in <u>Attachment II</u> are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 13) We approve the corrected misstatements identified by you during the audit described in <u>Attachment II</u>.

#### Other information:

14) We confirm that the final version of the 2022 Annual Report will be provided to you when available, and prior to issuance by the Entity, to enable you to complete your required procedures in accordance with professional standards.

#### Non-SEC registrants or non-reporting issuers:

15) 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).

16) 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.

#### Other:

17) The annexation from Sturgeon County did not result in the incurrence of any significant liabilities that would require recognition within the Entity's financial statements.

Yours very truly,

William Fletcher Chief Administrative Officer

Diane McMordie Managing Director, Corporate & Emergency Services Chief Financial Officer

#### Attachment I – Definitions

#### Materiality

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

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

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

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

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

#### Fraud & error

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

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

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

#### Summary of Audit Misstatements - Uncorrected

Entity: For Period Ended:		City of St. Albert 31-Dec-22	
	Amounts in: Method Used to Quantify Audit Misstatements: Final Materiality:	000's CAD Rollover method 6,000,000	

	Correcting Entry Necessary at Current Period End			Income Stat	tement Effect - Debi	ct - Debit(Credit) Balance Sheet Effect - Debit (Credit)			Cash Flow Effect - Increase (Decrease)									
ID		Description of misstatement	Factual, judgmental or projected misstatement?	Misstatement in accounts or in disclosure?	Accounts (if applicable)	Debit	(Credit)	Income effect of correcting the balance sheet in prior period (carryforward from prior period)	correcting the	Income effect according to Rollover method	Accumulated Surplus	Financial Assets	Financial Liabilities	Non-Financial Assets		Capital Activities	Investing Activities	Financing Activities
AM1		Current period impact of prior year recognition of	Factual	Accounts	Opening accumulated surplus	-	(600)	-	-	-	(600.00)	-	-	-	-		-	-
AMI	4	compensation paid to Sturgeon County in the prior year.	ractual		Annexation (capital revenue)	600	-	600	-	600	600.00	-	-	-	-		-	-
Aggregate effect of uncorrected audit misstatements					lit misstatements:	600	-	-	-	-	-		-					
	Financial statement amounts (per final financial statements					ncial statements):	(50,363)	(1,341,034)	273,694	(180,922)	1,248,262	73,522	(59,298)	(20,998)	17,812			
	Uncorrected audit misstatements as a percentage of financial statement amount				tement amounts:	(1.19%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				

#### Summary of Audit Misstatements - Corrected

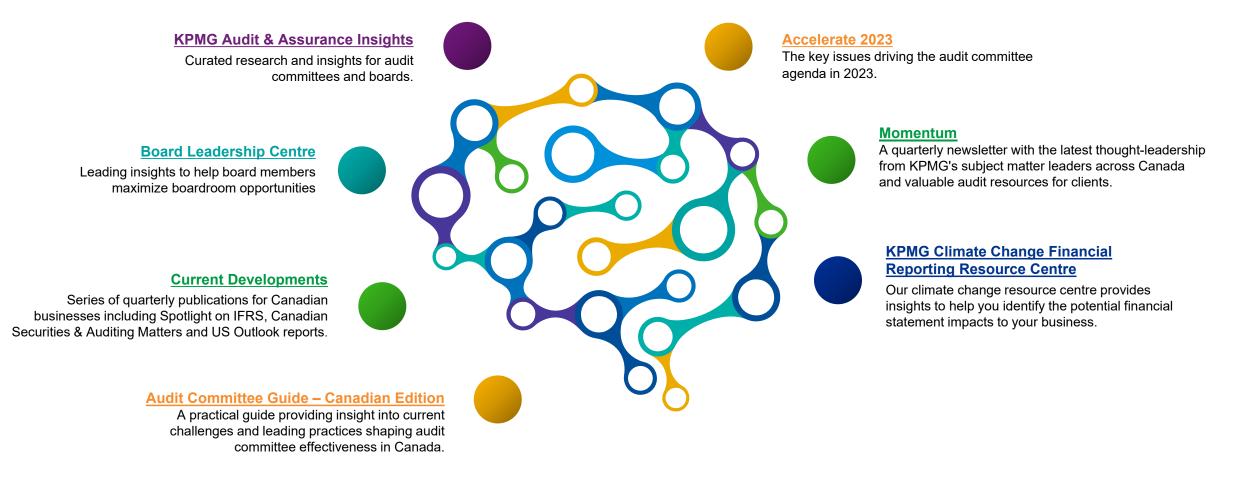
Entity:	City of St. Albert
For Period Ended:	31-Dec-22
Amounts in:	000's CAD

	Entry											
		Balance	sheet	Income statement								
ID	Description of misstatement	Factual, judgmental or projected misstatement?	Misstatement in accounts or in disclosure?	Accounts (if applicable)	Debit	(Credit)	Debit	(Credit)				
	Overstatement of annexation revenue and related TCA	Factual Ac	Accounts	Contributed tangible capital assets	-	-	19,164	-				
AM2				Annexation (capital revenue)	-	-	-	(1,682)				
AIVIZ				Amortization of tangible capital assets		-	-	(130)				
				Tangible capital assets	-	(17,352)	-	-				

- (17,352) 19,164 (1,812)

### Appendix 2: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.



Appendix 3: Technology - KPMG Clara - Bringing the audit to one place



Status

#### **Streamlined client experience**

And deeper insights into your business, translating to a better audit experience.



#### Secure

A secure client portal provides centralized, efficient coordination with your audit team.



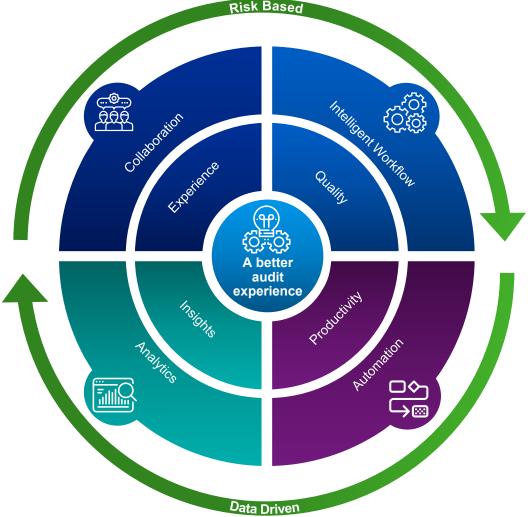
#### Intelligent workflow

An intelligent workflow guides audit teams through the audit.

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#### Increased precision

Advanced data analytics and automation facilitate a risk-based audit approach, increasing precision and reducing your burden.







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KPMG member firms around the world have 227,000 professionals, in 145 countries.

