



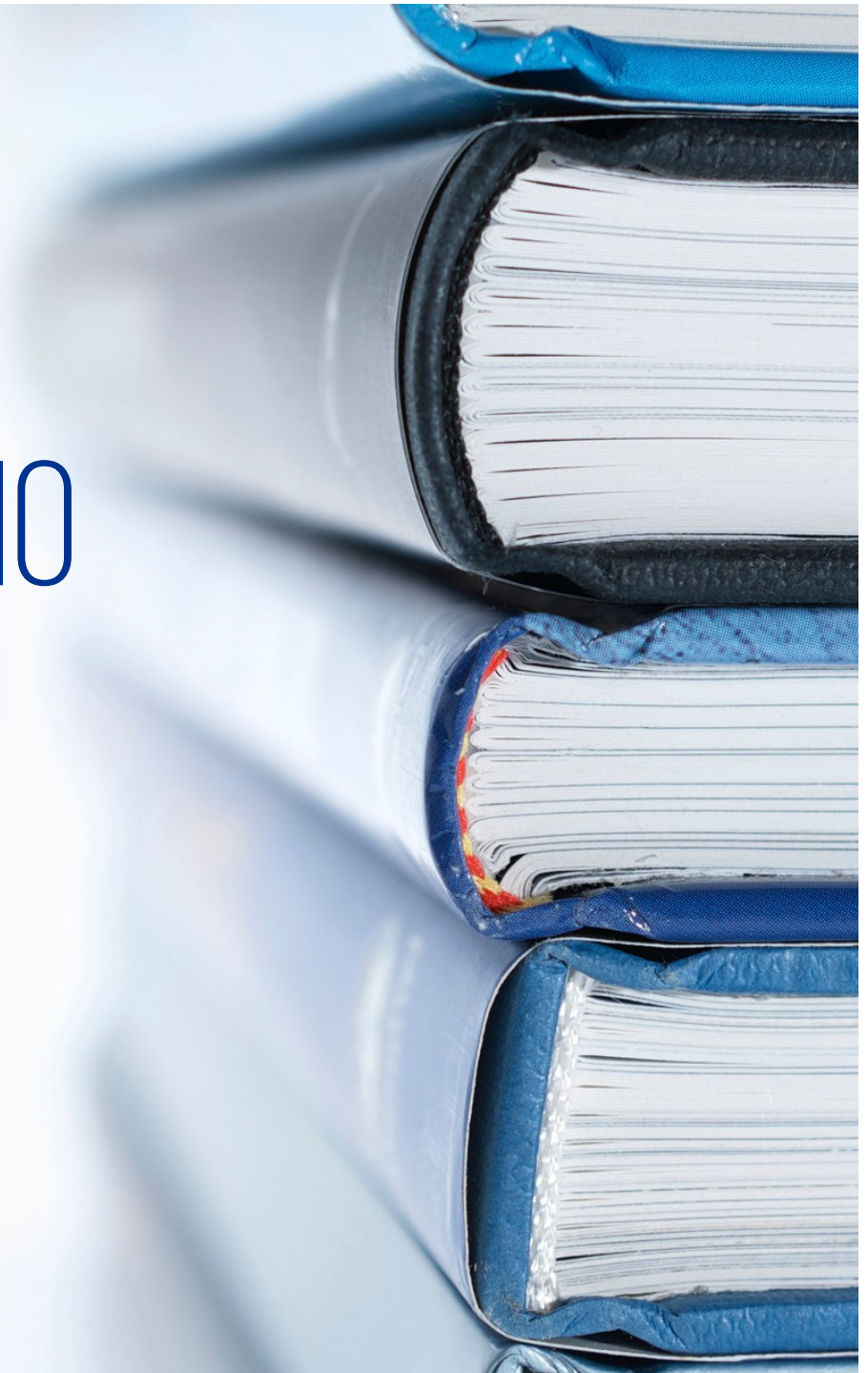
# School District No. 10 (Arrow Lakes)

**Audit Findings Report**

**For the year ended June 30, 2020**

September 22, 2020

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



# Table of contents

<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>AREAS OF AUDIT FOCUS AND RESULTS</b>	<b>2</b>
<b>UNCORRECTED DIFFERENCES AND CORRECTED ADJUSTMENTS</b>	<b>8</b>
<b>CURRENT DEVELOPMENTS AND AUDIT TRENDS</b>	<b>10</b>
<b>SELECT FINANCIAL INFORMATION</b>	<b>13</b>
<b>APPENDICES</b>	



The contacts at KPMG in connection with this report are:

**Dave Bond CPA, CA, CBV**  
Engagement Partner  
Tel: 250-979-7154  
dpbond@kpmg.ca

**Mike Van De Velde**  
Engagement Manager  
Tel: 250-979-6159  
mikevandelde@kpmg.ca



# Executive summary

## Purpose of this report<sup>1</sup>

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Education (the “Board”), in your review of the results of our audit of the financial statements of School District No. 10 (Arrow Lakes) (“the School District”) as at and for the year ended June 30, 2020.

### Finalizing the Audit

As of September 22, 2020, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Completing our discussions with the board;
- Completion of subsequent event review procedures; and
- Obtaining evidence of the Board’s approval of the financial statements

In addition to our audit report on the School District’s financial statements, we will be completing other reporting to the Office of the Auditor General for the purpose of their reliance on our audit opinion in the audit of the summary of financial statements of the Province.

### Areas of audit focus

Our audit is risk-focused. In planning our audit we have taken into account key areas of focus for financial reporting. These include:

- Employee future benefits
- Tangible capital assets
- Expenses and accounts payable and accrued liabilities
- Revenue and accounts receivable

### Audit materiality

Materiality is used to identify risks of material misstatements, develop an appropriate audit response to such risks, and evaluate the level at which we think misstatements will reasonably influence users of the financial statements. It considers both quantitative and qualitative factors.

For the 2020 audit, we determined a materiality of \$212,000 (2019 - \$212,000)

### Significant accounting policies and practices

There have been no new, significant accounting policies and practices or changes to significant accounting policies or practices to bring to your attention impacting the 2020 financial statements.

### Significant accounting estimates

Significant accounting estimates are summarized in note 2(m) to the financial statements and include employee future benefits, tangible capital asset amortization rates and for contingent liabilities.

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

<sup>1</sup> 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.

# Areas of audit focus and results

## 1 Significant Financial Reporting Risk

### Significant financial reporting risk

Fraud risk from management override of controls.

### Why is it significant?

This is a presumed fraud risk in accordance with Canadian generally accepted auditing standards. We have not identified any specific risks of management override relating to this audit.

### Our response and significant findings

Our audit methodology incorporates the required procedures in professional standards to address this risk of management override.

- These procedures include:
  - Testing of journal entries and other adjustments;
  - Performing a retrospective review of significant estimates; and
  - Evaluating the business rationale of significant unusual transactions.

There were no significant issues noted in our testing.

# Areas of audit focus and results

## 2 Employee Future Benefits

### Area of focus

The Ministry of Education, on behalf of all School Districts in BC, engages an external actuary to determine the obligations and related costs for both vested and non-vested benefits, which include sick leave, retirement incentive, severance and vacation offered as part of the District's collective agreements.

### Our response and significant findings

- We assessed the competence, capabilities and objectivity of the actuary in performing the actuarial valuation.
- We assessed the use of significant assumptions used for the valuing the obligation, including estimated inflation rate, discount rate, earnings growth and service life of employees.
- We agreed the amounts disclosed in the notes to the financial statements to the actuarial extrapolation based on the March 31, 2019 valuation.

No errors or issues were noted arising from the audit procedures performed.

# Areas of audit focus and results

## 3 Tangible Capital Assets

### Area of focus

During the year the School District reported \$1.7M in tangible capital additions, the majority relating to building upgrades and equipment additions.

### Our response and significant findings

- We selected a sample of additions and inspected supporting documentation to determine if additions were capital in nature and eligible if funded by restricted funding. No issues or differences were noted with respect to the additions tested.
- Consistent with previous years, the School District amortizes tangible capital assets using a process and tool recommended by Ministry of Education to BC School Districts. This process and tool defer amortization expense for new asset additions until the following fiscal year. As a result, there is a timing difference between amortization of tangible capital assets and related capital revenue recorded by the School District and amortization in accordance with Canadian Public Sector Accounting Standards.
  - The timing difference results in an overstatement of surplus for the year in the capital fund of approximately \$9,037 and an overstatement of accumulated surplus of approximately \$72,640. The timing difference has been included in our summary of unadjusted audit differences.
- Consistent with other School Districts in the province, we noted that the School District records an estimated or deemed disposal of tangible capital assets each year based on type, total costs and estimate age of assets. While this process works to annually reflect that certain assets are disposed of in the normal course of operations, a tangible capital asset register would be a better tool to accurately track assets in use, assets disposed of and assets scheduled for replacement.

# Areas of audit focus and results

---

## 4 Revenue and receivables Expenses and accounts payable and accrued liabilities

---

### Area of focus

Completeness, existence and accuracy of reporting of revenue and expenses for the current school year

### Our response and significant findings

- We performed the audit procedures including confirming revenue with the Ministry of Education, performing recalculations of other revenue amounts, testing accounts receivable and deferred revenue balances to supporting documentation and testing accounts payable and accrued liabilities balances as at June 30, 2020 and allocation of revenue and expenses in the year.
- No audit differences or issues were noted arising from the audit procedures performed.

# Areas of audit focus and results

## 5 Auditors' Opinion – Compliance Framework

### Area of focus

The financial statements are prepared under Canadian Public Sector Accounting (“PSA”) standards, supplemented by the requirements of Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

### Our response and significant findings

- These regulations direct the District to apply PSA, except in regard to accounting for restricted contributions. Under the regulations, capital contributions are to be deferred and amortized on the same basis as the amortization of the related tangible capital assets, not in accordance with the underlying stipulations on the funding, as required under PSA.
- As a result, the District’s revenue recognized in the statement of operations and certain related deferred capital revenue would have been recorded differently under Canadian Public Sector Accounting Standards.
- The Office of the Auditor General (“OAG”) has requested additional reporting, under the Group Auditor requirements, in order to perform the consolidation of the Provincial Accounts under the PSA standards.

No differences greater than OAG’s reporting threshold were identified.



# Areas of audit focus and results

## 6 COVID 19 – Audit and Reporting Considerations

### Area of focus

Due to the circumstances caused by the COVID-19 pandemic, additional considerations were made while performing the audit.

### Our response and significant findings

- The financial statements include additional disclosure (note 1 to the financial statements) outlining uncertainty arising from the COVID-19 pandemic.
- KPMG Resources for Management, Board and Committee members [COVID-19 Alerts](#)

Please visit our COVID-19 website for resources regarding the topics below. This site is being updated daily based on information being released by Federal, Provincial and Municipal news releases.

- Business continuity guide
- Immediate actions to take
- Medium to long-term actions
- Tax considerations and a summary of Federal and Provincial programs
- Legal considerations
- Financial reporting and audit considerations
- Global perspectives.

# Uncorrected differences and Corrected Adjustments

Differences and adjustments include disclosure differences and adjustments.

Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

## Uncorrected differences

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which disclose the impact of all uncorrected differences considered to be other than clearly trivial.

We concur with management's representation that the differences are not material to the financial statements. Accordingly, the differences have no effect on our auditors' report.

## Corrected adjustments

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

# Uncorrected differences

## Uncorrected differences

Based on both qualitative and quantitative considerations, management have decided not to correct certain differences and represented to us that the differences—individually and in the aggregate—are, in their judgment, not material to the financial statements.

As at and period / year ended June 30, 2020	Income effect	Financial position		
Description of differences greater than \$10,600 individually	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Equity (Decrease) Increase
Tangible capital assets – amortization difference from PSAS	(9,037)	(218,606)	(136,929)	(72,640)
<b>Total differences</b>	<b>(9,037)</b>	<b>(218,606)</b>	<b>(136,929)</b>	<b>(72,640)</b>

# Current developments and audit trends

Standard	Summary and implications
<b>Asset Retirement Obligations</b>	<p>A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2022.</p> <p>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 will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.</p> <p>The ARO standard will 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 will be added to the historical cost of the asset and amortized over its useful life.</p> <p>As a result of the new standard, the public sector entity will have to:</p> <ul style="list-style-type: none"><li>• consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;</li><li>• 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;</li><li>• 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.</li></ul>
<b>Revenue</b>	<p>A new standard has been approved that is effective for fiscal years beginning on or after April 1, 2023.</p> <p>The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.</p> <p>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.</p> <p>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.</p>

**Employee Future Benefit Obligations**

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. PSAB is currently deliberating on the comments received from the three Invitations to Comment.

The ultimate objective of this project is to issue a new employment benefits section to replace existing guidance.

**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.

A Statement of Concepts ("SOC") and Statement of Principles ("SOP") were issued for comment in May 2018 and has closed. PSAB is in the process of developing two exposure drafts for comment.

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 rereasurement 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.

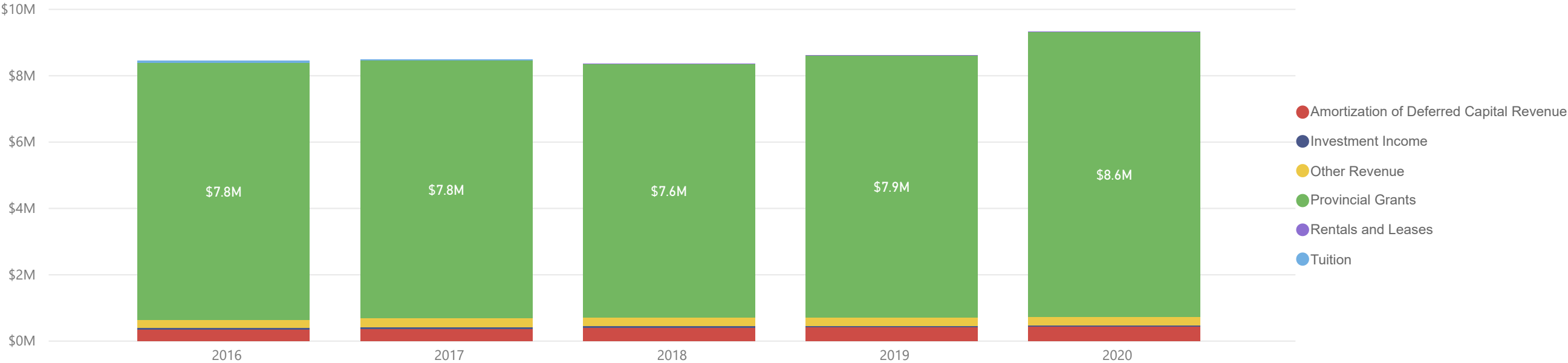
Thought Leadership	Overview	Links
<b>Accelerate</b>	Accelerate is a KPMG trends report and video series that includes the perspective of subject matter leaders from across KPMG in Canada on seven key issues impacting organizations today that are disrupting the audit committee mandate.	<a href="#">Link to report</a>
<b>Bracing for digital disruption</b>	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.	<a href="#">Link to report</a>

# Select financial information

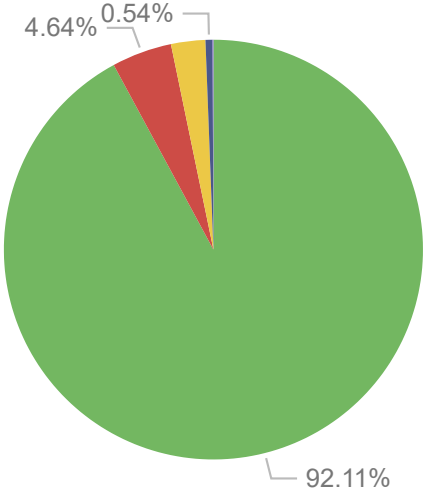
# Revenue Analysis



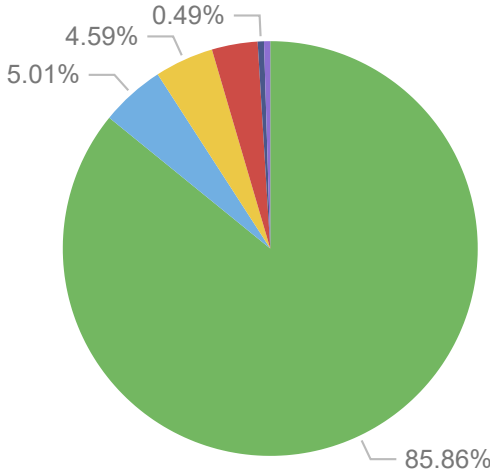
Revenue by Category (SD 10 (Arrow Lakes))



Proportional Revenue by Source 2020 (SD 10 (Arrow Lakes))



Proportional Revenue by Source - Province Average 2019

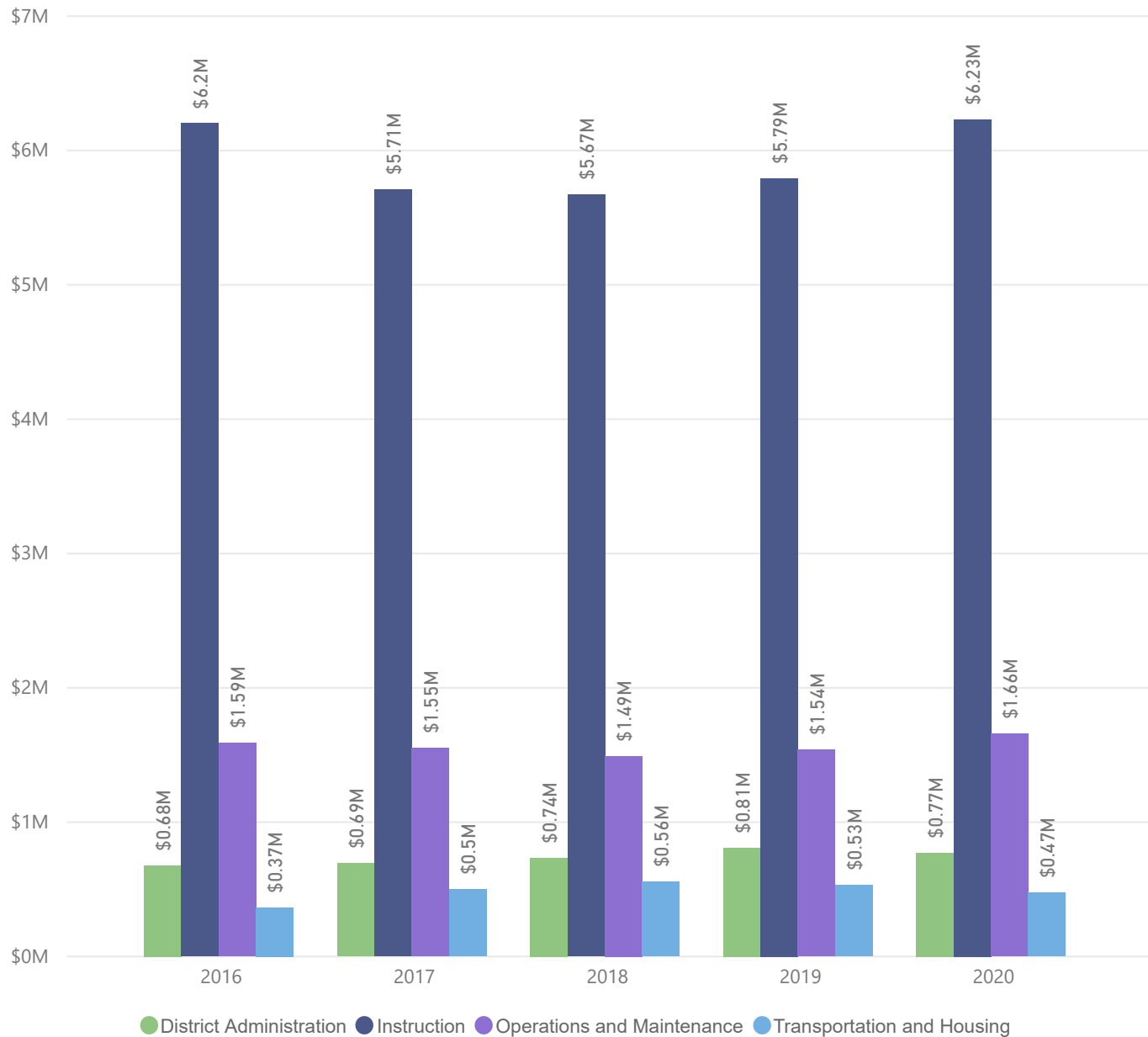




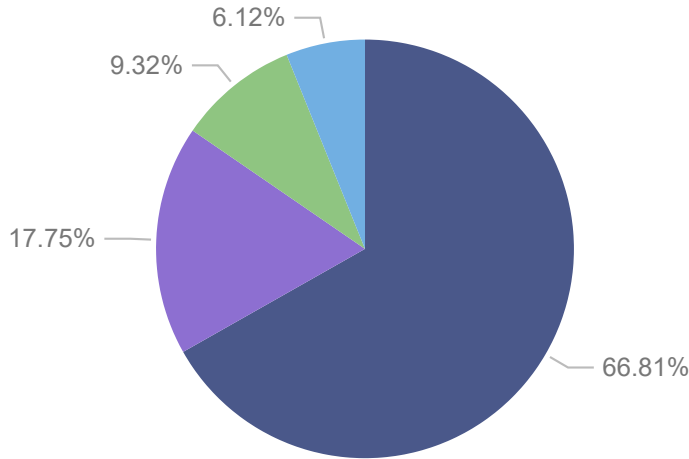
# Expense by Function Analysis



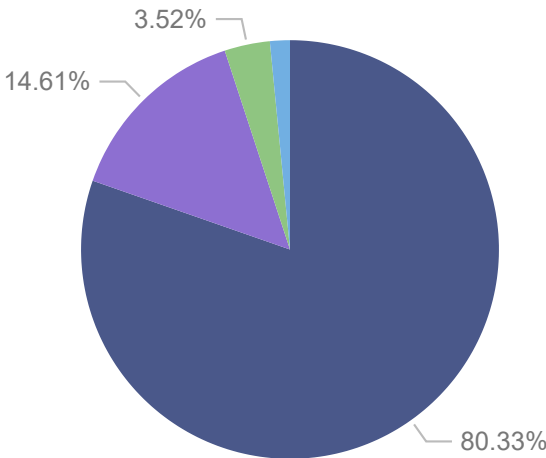
Expense by Function



Proportional Revenue by Source 2020 (SD 10 (Arrow Lakes))



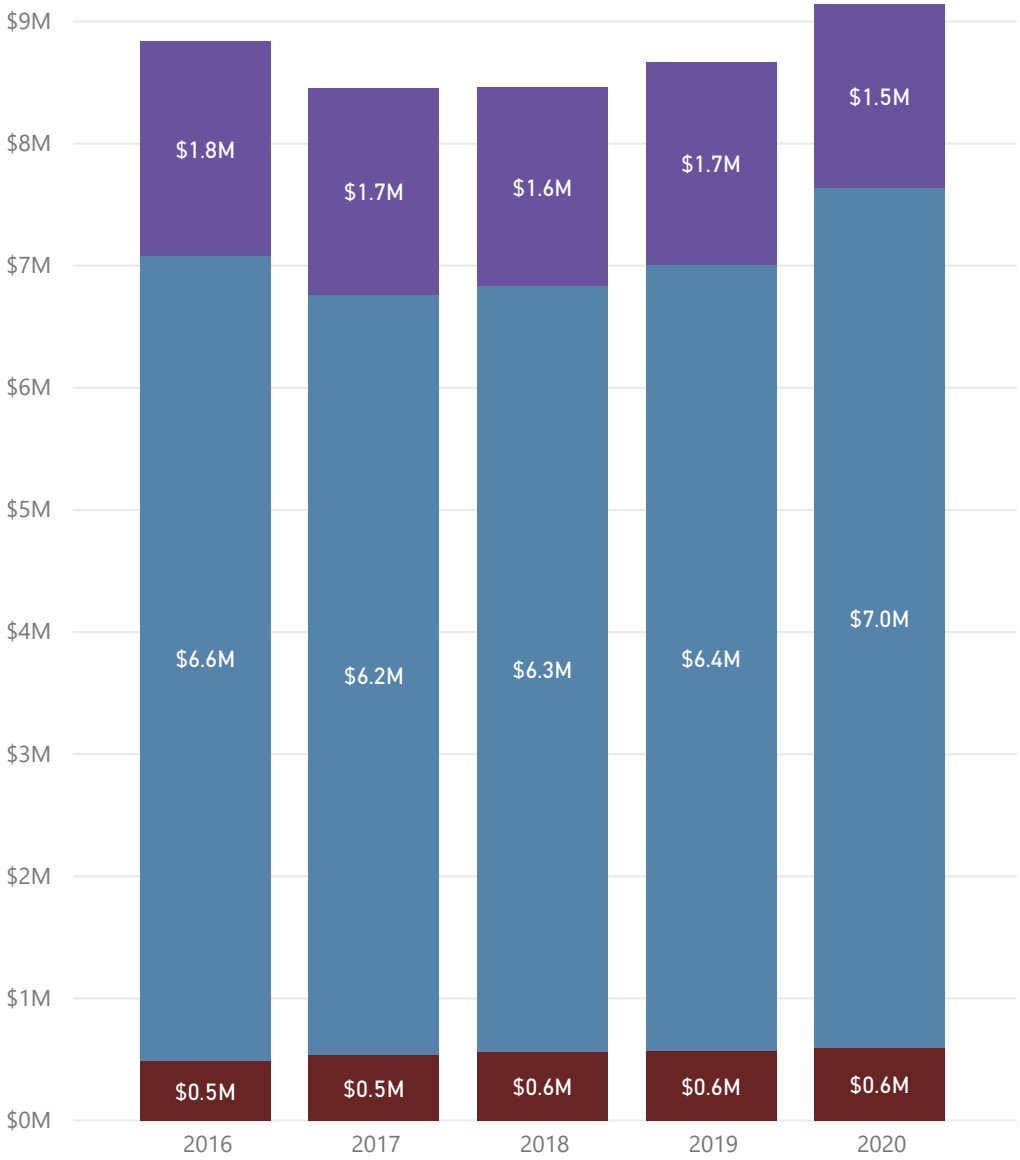
Proportional Revenue by Source - Province Average 2019



# Expense by Object Analysis

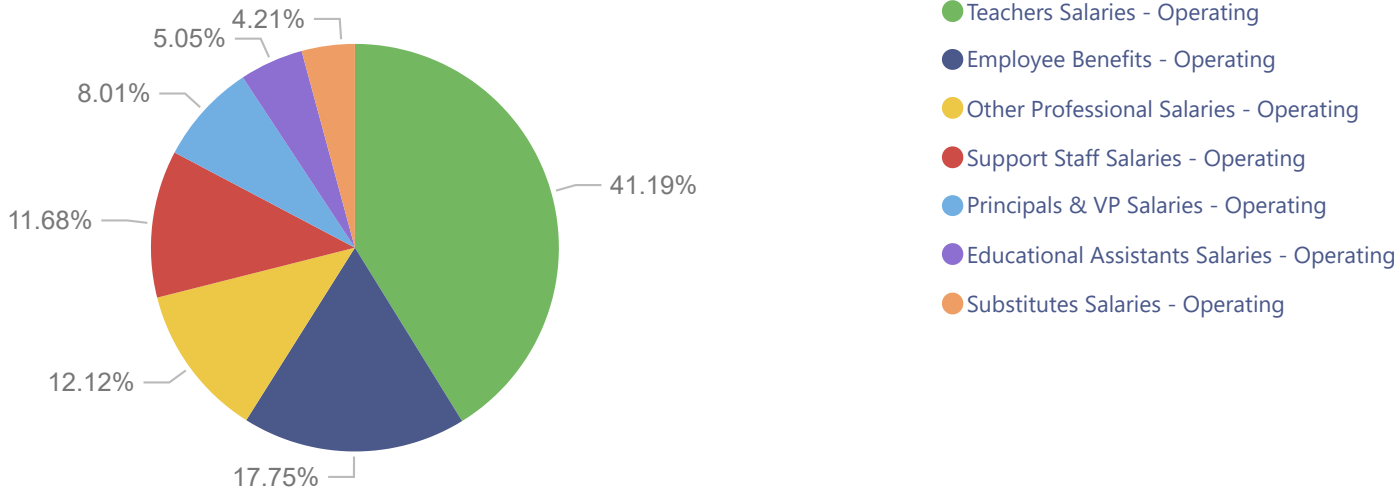


Expense by Object

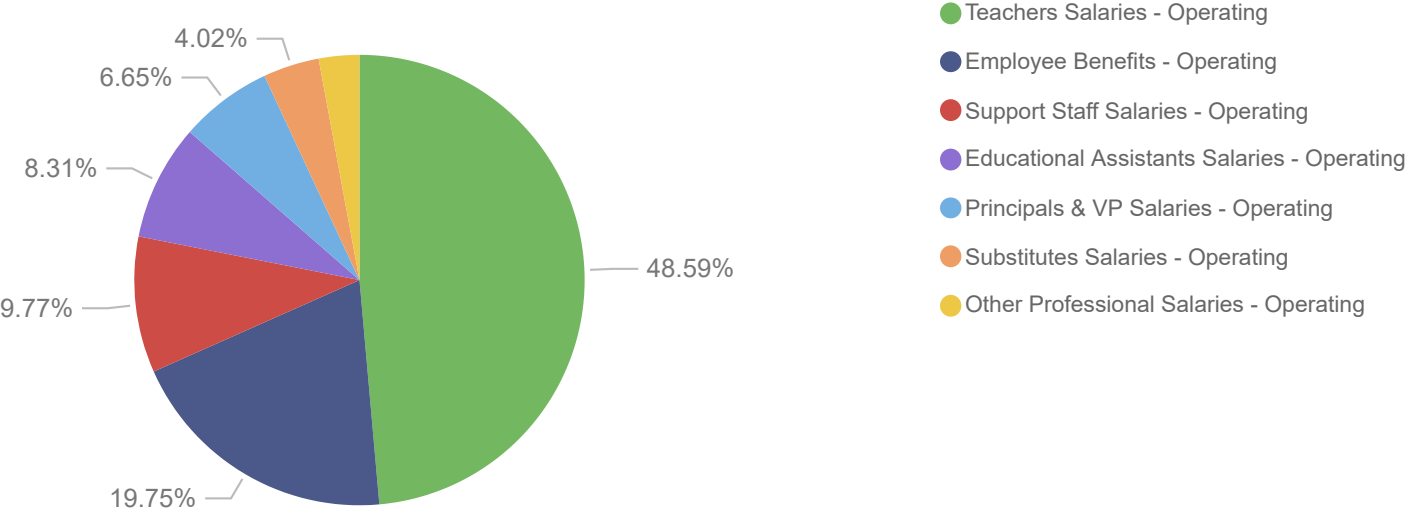


Amortization Salaries and benefits Services and supplies

Salaries and Benefits Expense 2020 (SD 10 (Arrow Lakes))



Salaries and Benefits Expense - Province Average 2019



# Appendices

## Content

Appendix 1: Required communications

Appendix 2: Audit Quality and Risk Management

Appendix 3: Draft Auditors' Report

Appendix 4: Management Representation Letter



# Appendix 1: Other Required Communications

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

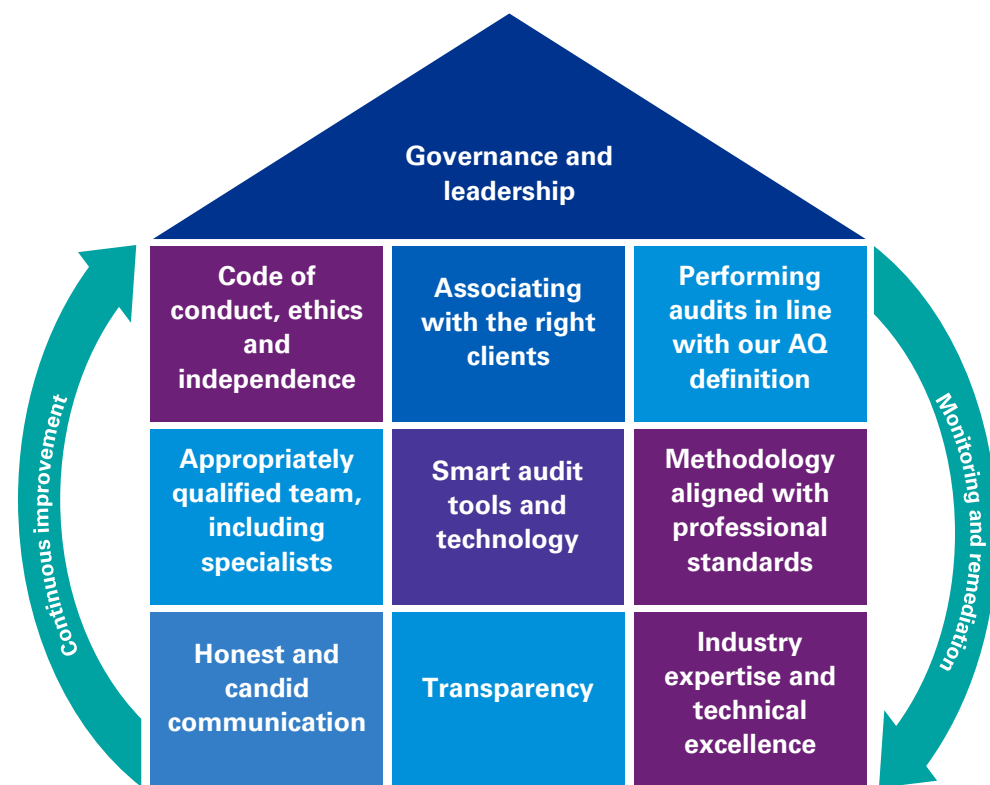
<b>Auditor's report</b>	<b>Management representation letter</b>
The conclusion of our audit is set out in our draft auditors' report as attached.	In accordance with professional standards, the management representation letter is attached.
<b>Audit findings report</b>	<b>Engagement letter</b>
Report summarizing our audit approach, key audit planning areas, and key findings and results of our audit.	The objectives of the audit, our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter and any other subsequent amendment letters as provided by management.



# 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: Draft Auditors' Report



KPMG LLP  
200 - 3200 Richter Street  
Kelowna BC V1W 5K9  
Canada  
Telephone (250) 979-7150  
Fax (250) 763-0044

## INDEPENDENT AUDITORS' REPORT

To the Board of Education of School District No. 10 (Arrow Lakes), and  
To the Minister of Education, Province of British Columbia

### *Opinion*

We have audited the accompanying financial statements of School District No. 10 (Arrow Lakes) (the "School District"), which comprise:

- the statement of financial position as at June 30, 2020
- the statements of operations for the year then ended
- the statements of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

### *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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

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

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



### ***Emphasis of Matter – Financial Reporting Framework***

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia 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 School District'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 School District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the School District'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. 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 School District'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 School District ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the School District to cease to continue as a going concern.
- 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.

A handwritten signature in black ink, appearing to read 'KPMG LLP'.

Chartered Professional Accountants

September 22, 2020  
Kelowna, Canada

# Appendix 4: Management Representation Letter

SCHOOL DISTRICT NO. 10 (ARROW LAKES)  
98 SIXTH AVENUE NW  
NAKUSP, BC V0G 1R0

KPMG LLP  
200-3200 Richter Street  
Kelowna, BC V1W 5K9  
Canada

September 22, 2020

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of School District No. 10 (Arrow Lakes) ("the Entity") as at and for the period ended June 30, 2020.

**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 6/17/2020, 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 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
    - otherswhere 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, 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) Measurement methods and significant assumptions used by us in making accounting estimates,

including those measured at fair value, are reasonable.

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

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

- 13) 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).
- 14) 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.

Yours very truly,

---

By: Ms. Terry Taylor, Superintendent/Secretary-Treasurer

---

By: Ms. Shelly Woolf, Assistant Secretary Treasurer

## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, 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 the size or nature of a misstatement, or a combination of both.

### **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.

## Attachment II

### Summary of uncorrected and corrected misstatements in presentation and disclosures

	Description of Audit Misstatement	Resolution
1	Annual uncorrected adjustment for amortization charged on tangible capital assets. Ministry of Education requires that amortization only be taken after the year the assets were purchased, rather than employing half-year rule. This is a departure from GAAP but SDs need to follow MoE guidance first.	Uncorrected
2	Various recommendations regarding the presentation and disclosure of the financial statements	Corrected



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



KPMG LLP, an Audit, Tax and Advisory firm ([kpmg.ca](https://kpmg.ca)) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative (“KPMG International”).

KPMG member firms around the world have 174,000 professionals, in 155 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2019 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with

KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

