



Corporation of the Township of Edwardsburgh/Cardinal

2024 Audit Findings

Report to Council

December 31, 2024

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Overview

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the consolidated financial statements of Corporation of the Township of Edwardsburgh/Cardinal and its subsidiaries (the "Township") as at December 31, 2024 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of Council.

As auditors, we report to the Members of Council, Inhabitants and Ratepayers on the results of our examination of the consolidated financial statements of the Township as at and for the year ended December 31, 2024. The purpose of this Report is to assist you, as members of Council, in your review of the results of our audit.

This Report is intended solely for the information and use of Council and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Engagement Status

We have completed our audit of the consolidated financial statements of the Township which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Approval of subsidiaries' 2024 financial statements by their respective board of directors; and
- Council's review and approval of the financial statements.

No significant limitations were placed on the scope or timing of our audit.

Independent Auditor's Report




We expect to have the above procedures completed and to release our Independent Auditor's Report on May 12, 2025.




Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the Members of Council, Inhabitants and Ratepayers of the Township. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

Audit Reporting Matters

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area		Comments
	Changes from Audit Service Plan	There were no deviations from the Audit Service Plan previously presented to you.
	Final Materiality	Final materiality used for our audit was \$850,000 for December 31, 2024, and \$685,000 for December 31, 2023.
	Identified or Suspected Fraud	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.
	Identified or Suspected Non-Compliance with Laws and Regulations	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.
	Matters Arising in Connection with Related Parties	No significant matters arose during the course of our audit in connection with related parties of the Township.
	Auditor's Views of Significant Accounting Practices, Accounting Policies and Accounting Estimates	<p>The application of Canadian public sector accounting standards allows and requires the Township to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your Township's accounting practices. The accounting policies used by the Township are appropriate and have been consistently applied.</p>

Area		Comments
		The most significant estimate relates to the landfill post-closure liability which is reported under asset retirement obligations. This has been determined by a specialist in 2016 and has been reduced over the years by actual amounts spent. There has been no change in circumstances in the year that would result in a change in estimate made. The estimate and related expense are properly disclosed in the consolidated financial statements.
	Financial Statement Disclosures	The disclosures made in the notes to the consolidated financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the consolidated financial statements.
	Significant Deficiencies in Internal Control	While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, we have not detected significant deficiencies in internal controls.
	Matters Arising From Discussions with Management	There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.
	Port of Johnstown investment	Effective January 1, 2024, the Port of Johnstown (the "Port") was no longer considered a Government Business Enterprise but as a government unit of the Township. As a result, the Township changed the accounting treatment for the Port from the modified equity basis to a consolidation basis. This change in accounting policy was recorded prospectively.

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
Management override of controls There is a presumed risk of management override of controls in all entities	MNP will test adjusting journal entries posted by management throughout the year based on criteria set by the audit engagement team.
Expenses and payables Expenses could be recorded in the wrong period	Test cut-off to gain a high degree of comfort over expenses being recorded in the proper period.

Significant Risk Area	Response and Conclusion
Revenues and receivables Revenues could be recorded in the wrong period	Test cut-off to gain a high degree of comfort over revenues being recorded in the proper period as well as testing adjusting journal entries posted by management with any unusual account combinations affecting revenue.

Higher Risk Areas and Responses

Higher Risk Area	Response and Conclusion
Grants Grants subject to certain criteria might be recorded in revenue when such criteria is not yet met	Test grants at a low threshold and ensure they qualify for recognition as revenue in the year.

Other Areas

Area	Comments
Auditor Independence	We confirm to Council that we are independent of the Township. Our letter to Council discussing our independence is included as part of the additional materials attached to this report.
Management Representations	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
Summary of Significant Differences	A few significant differences were proposed to management with respect to the December 31, 2024 financial statements.

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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May 12, 2025

Members of Council
Corporation of the Township of Edwardsburgh/Cardinal
P.O. Box 129
18 Centre Street
Spencerville, ON K0E 1X0

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of Corporation of the Township of Edwardsburgh/Cardinal (the "Municipality") as at December 31, 2024 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Municipality and its related entities or persons in financial reporting oversight roles at the Municipality and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the Municipality and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from January 1, 2024 to May 12, 2025.

We hereby confirm that MNP is independent with respect to the Municipality within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario as of May 12, 2025.

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

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.



Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

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May 12, 2025

Members of Council
Corporation of the Township of Edwardsburgh/Cardinal
P.O. Box 129
18 Centre Street
Spencerville, ON K0E 1X0

Dear Members of Council:

Re: Audit of December 31, 2024 Financial Statements

During the course of the audit of the financial statements for the year ended December 31, 2024, we identified some matters which may be of interest to Administration and Council. As a result of our observations, we have outlined below some suggestions for your consideration. This letter deals with the important matters that came to our attention during the audit. Minor matters were discussed verbally with your staff.

We have no recommendations from the 2024 audit that requires your attention.

RECOMMENDATIONS FROM PREVIOUS YEARS

Review of outstanding taxes receivable

Taxes receivable rose 22% between December 31, 2022 and December 31, 2023 while taxation revenues only rose by 4%. Administration is aware of this increase. Administration should consistently review their taxes receivables and to follow up on outstanding balances to ensure collection is still expected. Any tax arrears on properties that are older than two years should be registered for tax land sales.

Action Taken: Taxes receivable rose by 9% between December 31, 2023 and December 31, 2024 while taxation revenues rose by 5%.

We have discussed the matters in this report with your staff and received comments thereon. We now bring them to your attention. We would like to express our appreciation for the co-operation and assistance which we received from your Administration during the course of the audit.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

This communication is prepared solely for the information of Council and Administration and is not intended for any other purpose. We accept no responsibility to a third party who uses this communication.

Sincerely,
MNP LLP

**Chartered Professional Accountants
Licensed Public Accountants**

cc: Mr. Sean Nicholson, Chief Administrative Officer
Ms. Jessica Crawford, Treasurer