

Report
The Corporation of the Town of Tillsonburg

Report to the Members of Council

December 31, 2023

September 4, 2024

To the Members of Council
The Corporation of the Town of Tillsonburg

Our audit of the financial statements of The Corporation of the Town of Tillsonburg (the Town) for the year ended December 31, 2023 is complete and we have issued a report on these financial statements without qualification.

The report to the members of the finance committee has been prepared to facilitate communication with those charged with governance, as required by Canadian Auditing Standards. These standards require that we communicate with those charged with governance regarding various matters including:

- Auditor responsibilities in relation to the financial statement audit
- Planned scope and timing of the audit
- Auditor independence
- Significant findings from the audit, including:
 - qualitative aspects of accounting practices
 - difficulties encountered during the audit
 - matters discussed with management
 - other matters relevant to the financial reporting process

We express our appreciation for the cooperation and assistance received from the management and the Finance Department of the Entity during the course of our audit.

If you have any particular comments or concerns, please do not hesitate to contact me.

Yours very truly,

MILLARD, ROUSE & ROSEBRUGH LLP



Whitney Deane, CPA, CA, LPA
Engagement Partner

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Introduction

This report summarizes significant matters that we believe should be brought to your attention for the Town. We emphasize that the audit and this report would not necessarily identify all matters that may be of interest to the committee.

This report has been prepared solely for the purpose of assisting the finance committee in the discharge of its oversight responsibility and should not be used for any other purpose. We disclaim any obligation to any other party that may rely upon this report.

Audit Scope and Responsibility

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Tillsonburg

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Tillsonburg (the 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these 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 consolidated 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an audit 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we may identify during our audit.

September 4, 2024
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

Independence

As external auditors of the Entity, we are required to be independent in accordance with Provincial professional requirements. These standards require that we disclose to the Finance Committee all relationships that, in our professional judgement, may reasonably be thought to bear on our independence. We provided a letter to management dated October 17, 2023, which confirms our independence with respect to the Entity.

We confirm that we are not aware of any relationship or non-audit services that would impair our independence for purposes of expressing an opinion on the financial statements.

Responsibility of Management

Preparation of financial statements

The preparation of the financial statements, including the accompanying notes, is the responsibility of management. This includes the preparation of the financial statements in accordance with Canadian public sector accounting standards.

Management is responsible for selecting the significant accounting policies used in the preparation of the financial statements, for applying judgment in preparing accounting estimates contained in the financial statements, and for preparing or obtaining documentation supporting amounts and disclosures in the financial statements. In addition, management is responsible for assessing the impact of any misstatements detected during the preparation and audit of the financial statements, individually and in aggregate, on the fair presentation of amounts and disclosures contained in the financial statements and determining if such adjustments should be recorded.

Management's representations

The transactions and estimates reflected in the accounts and in the financial statements are within the direct control of management. Accordingly, the fairness of the representations made through the financial statements is an implicit and integral part of management's responsibility.

Throughout the course of our audit, we obtain representations from management in the form of answers to our audit inquiries. We also obtained a formal representation letter from management at the conclusion of the audit.

Reportable Matters

CPA Canada has specified matters that should be brought to the attention of Audit Committees. The following summarizes the matters to be communicated.

Significant accounting principles and policies

Significant accounting principles and policies are disclosed in the notes to the financial statements. Within the context of the audit, management has represented to us that there have not been any material changes in the accounting principles and policies during the year.

We have not noted any significant unusual transactions.

Materiality

Millard, Rouse & Rosebrugh LLP planned the audit with the objective of having reasonable assurance of detecting misstatements that would be material to the financial statements taken as a whole. As required by audit standards, materiality was utilized during the conduct of the audit and the evaluation of any misstatements identified.

Misstatements and significant audit adjustments

Misstatements represent audit findings for which we do not agree with the amount, classification, presentation or disclosure of items in the financial statements.

A misstatement may arise from an error or from fraud and other irregularities. An error refers to an unintentional misstatement in financial statements, including an omission of amount or disclosure.

Fraud and other irregularities refer to an intentional misstatement in financial statements, including an omission of amount or disclosure, or to a misstatement arising from theft of the entity's assets.

In conducting our procedures, we may identify misstatements that require adjustments to the recorded amounts. These audit adjustments are discussed with management, who in consultation with us, determine if an adjustment should be recorded.

During the course of our audit, we did not discover any misstatements arising from fraud or other irregularities.

Internal controls

Management is responsible for the design and operation of an effective system of internal control that provides reasonable assurance that the accounting systems provide timely, accurate and reliable financial information, as well as safeguard the assets of the Entity.

Through our role as auditors of your financial statements we possess an understanding of the Entity and its operating environment, including internal control. However, a financial statement audit is not designed to provide assurance on internal control. Professional standards do require us to communicate to the finance committee significant deficiencies and material weaknesses in internal control that have come to our attention in the course of performing the audit.

During the course of our audit, we did not discover any significant deficiencies in internal control.

Fraud and illegal acts

Our inquiries of management and our testing of financial records did not reveal any fraud, illegal or possible illegal acts. However, please be aware that improper conduct is usually carefully and often elaborately concealed and therefore, the probability of detecting such acts is not high. Management is also asked in the formal letter of representations to disclose if they are aware of any fraud, illegal or possible illegal acts that would impact the financial statements.

Difficulties

We did not encounter any difficulties in the performance of the audit. We have had no disagreements with management, and have resolved all auditing, accounting and presentation issues to our satisfaction.

Cooperation during the audit

We report that we have received excellent cooperation from staff and management of the Entity. To our knowledge, we were provided with complete access to all necessary accounting records and other documentation. Issues identified as a result of our audit work, whether in amounts for the financial statements or disclosure, were discussed with management and issues have been resolved to our satisfaction. There were no limitations placed on the scope of our audit.

Current Accounting and Reporting Developments

We continually monitor the potential impact of new accounting pronouncements on the accounting practices of The Corporation of the Town of Tillsonburg.

As of the date of this report, there are several new accounting pronouncements that may potentially impact the Entity's financial reporting. The following standards will be applicable to the Entity:

Standards effective for fiscal years beginning on or after April 1, 2023

Revenue, PS 3400

This Section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

Purchased Intangibles, PSG-8

Public Private Partnerships, Section PS 3160