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June 2, 2025

Members of Council
Corporation of the Township of Clearview
217 Gideon Street
P.O. Box 200
Stayner, ON, L0M 1S0

Re: Audit of the consolidated Financial Statements of Corporation of the Township of Clearview

We have been engaged to express an audit opinion on the consolidated financial statements of Corporation of the Township of Clearview ("the municipality") for the year ended December 31, 2023. We have substantially completed our audit and are pleased to report on the following items.

The purpose of this report is to summarize certain aspects of the audit that we believe to be of interest to the Council. This report should be read in conjunction with the draft consolidated financial statements and our report thereon.

Auditor Independence

Paragraph 17 of CAS 260 requires (for listed entities) that the auditor communicate with those charged with governance stating that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

Through our planning process, we identify any potential independence threats and communicate any concerns we identify. The municipality, management and Council have a proactive role in this process, and are responsible for understanding the independence requirements applicable to the municipality and its auditor. You must bring to our attention any changes in the threshold status of the municipality, any concerns you may have, or any knowledge of situations or relationships between the municipality, management, personnel (acting in an oversight or financial reporting role) and our Firm, its partners/principals and audit team personnel that may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Ontario 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;

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- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) Economic dependence on a client; and
- (e) Provision of services in addition to the audit engagement.

In accordance with our professional requirements, we advise you that we are not aware of any relationships between the municipality and our Firm that, in our professional judgement, may reasonably be thought to bear on our independence.

Accordingly, we hereby confirm that our audit engagement team, our Firm and the other Baker Tilly Canada offices are independent with respect to the municipality within the meaning of the Code of Professional Conduct Rule 204 of the Chartered Professional Accountants of Ontario.

Our Responsibilities as Auditor

As stated in the engagement letter, our responsibility as auditor of your municipality is to express an opinion on whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the municipality in accordance with Canadian Public Sector Accounting Standards.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed.

Our audit includes:

- Assessing the risk that the financial statements may contain material misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used, and their application;
- Assessing the significant estimates made by management;
- Concluding 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 municipality's ability to continue as a going concern; and
- Evaluating 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.

As part of our audit, we obtained a sufficient understanding of the business and internal control structure of the municipality to plan the audit. This included management's assessment of:

- The risk that the financial statements may be materially misstated as a result of fraud and error; and
- The internal controls put in place by management to address such risks.

The engagement team undertook a documented planning process prior to commencement of the audit to identify concerns, address independence considerations, assess the engagement team requirements, and plan the audit work and timing.

An audit does not relieve management or those responsible for governance of their responsibilities for the preparation of the municipality's financial statements.

The firm maintains a system of quality management that supports the consistent performance of quality audit engagements.

Council's Responsibilities

Council's role is to act in an objective, independent capacity as a liaison between the auditor and management to ensure the auditor has a facility to consider and discuss governance and audit issues with parties not directly responsible for operations.

Council's responsibilities include:

- Being available to assist and provide direction in the audit planning process when and where appropriate;
- Meeting with the auditor as necessary and prior to release and approval of financial statements to review audit, disclosure and compliance issues;
- Where necessary, reviewing matters raised by the auditor with appropriate levels of management, and reporting back to the auditor their findings;
- Making known to the auditor any issues of disclosure, corporate governance, fraud or illegal acts, non-compliance with laws or regulatory requirements that are known to them, where such matters may impact the financial statements or Independent Auditor's Report;
- Providing guidance and direction to the auditor on any additional work the auditor feels should be undertaken in response to issues raised or concerns expressed;
- Making such enquiries as appropriate into the findings of the auditor with respect to corporate governance, management conduct, cooperation, information flow and systems of internal controls; and
- Reviewing the draft financial statements prepared by management, including the presentation, disclosures and supporting notes and schedules, for accuracy, completeness and appropriateness, and approving same to be passed to directors for approval.

At the end of our audit, we are required to evaluate, as part of our audit, whether the two-way communication between us and the audit committee has been adequate for the purpose of the audit.

Audit Approach

Outlined below are certain aspects of our audit approach which are intended to help you in discharging your oversight responsibilities. Our general approach to the audit of Corporation of the Township of Clearview was to assess the risks of material misstatement in the financial statements and then respond by designing audit procedures.

Independent Auditor's Report

We anticipate that our Independent Auditor's Report will be issued without modification.

Our Independent Auditor's Report will be dated no earlier than the date on which we have obtained sufficient appropriate audit evidence on which to base our audit opinion on the consolidated financial statements, including evidence that all the statements and disclosures that comprise the consolidated financial statements have been prepared and the Board of Directors has approved the consolidated financial statements.

Illegal Acts, Fraud, Intentional Misstatements and Errors

Our auditing procedures, including tests of your accounting records, were limited to those considered necessary in the circumstances and will not necessarily disclose all illegal acts should any exist. Under CAS, we consider the municipality's control environment, governance structure, circumstances encountered during the audit and the potential likelihood of fraud and illegal acts occurring.

These procedures are not designed to test for fraudulent or illegal acts, nor will they necessarily detect such acts or recognize them as such, even if the effect on the consolidated financial statements is material. However, should we become aware that an illegal or possibly illegal act or act of fraud may have occurred, other than one considered clearly inconsequential, we will communicate directly to the Council.

It is our responsibility to maintain professional skepticism throughout the audit. This recognizes the possibility that a material misstatement due to fraud could exist, notwithstanding our past experience of the honesty and integrity of the municipality's management and the audit committee.

It is management's responsibility to detect and prevent illegal action. If such acts are discovered or Council members become aware of circumstances under which the municipality may have been involved in fraudulent, illegal or regulatory non-compliance situations, such circumstances must be disclosed to us.

Testing during our audit did not reveal any illegal, improper or questionable payments or acts, nor any acts committed with the intent to deceive, involving either misappropriation of assets or misrepresentation of assets or misrepresentation of financial information.

Related Party Transactions

During our audit, we conduct various tests and procedures to identify transactions considered to involve related parties. Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Related parties also include management, directors and their immediate family members and companies with which these individuals have an economic interest.

All related party transactions that were identified during the audit have been represented by management to have been disclosed in the notes to financial statements, recorded in accordance with Canadian Public Sector Accounting Standards, and have been reviewed with you.

Management has advised that no other related party transactions have occurred that have not been disclosed to us. Council is required to advise us if it is aware of or suspects any other related party transactions have occurred, which have not been disclosed in the financial statements.

Significant Accounting Principles and Policies

Management is responsible for the appropriate selection and application of accounting policies. Our role is to review the appropriateness and application as part of our audit. The significant accounting principles and policies are disclosed in the notes to the consolidated financial statements.

The accounting policies adopted may be acceptable policies under Canadian Public Sector Accounting Standards; however, alternative policies may also be acceptable under Canadian Public Sector Accounting Standards. The municipality and Council have a responsibility to not adopt extreme or inappropriate interpretations of Canadian Public Sector Accounting Standards that may have inappropriate or misleading results. Alternative policies, if adopted, may produce significant changes in the reported results of the operations, financial position and disclosures of the municipality.

The Council has a responsibility to review the accounting policies adopted by the municipality, and where alternative policies are available, make determinations as to the most appropriate policies to be adopted in the circumstances. If members of Council believe that the adoption or change in accounting policy may produce an inappropriate or misleading result in financial reporting or disclosure, this concern must be discussed with management and us.

As described in the notes to the consolidated financial statements, the municipality has adopted the following:

Section PS 3280, Asset Retirement Obligations - effective for fiscal years beginning on or after April 1, 2022 with earlier application permitted. This is a new accounting standard that addresses the reporting of legal obligations associated with the retirement of tangible capital assets is required. Specifically, it:

- (a) defines which activities would be included in a liability for retirement of a tangible capital asset;
- (b) establishes when to recognize and how to measure a liability for an asset retirement obligation; and
- (c) provides the related financial statement presentation and disclosure requirements.

Section PS 1201, Financial Statement Presentation - adopted when PS 3450 are adopted. This section includes the components of the financial statements, including remeasurement gains and losses. Accumulated remeasurement gains and losses are reported at the beginning and end of the period.

Section PS 3041, Portfolio Investments - adopted when PS 1201 and PS 3450 are adopted. This section applies to equity instruments or debt instruments issued by the investee and must contain significant concessionary terms.

Section PS 3450, Financial Instruments - effective for fiscal years beginning on or after April 1, 2022 with earlier adoption is permitted when adopting Section PS 1201.

Accounting Estimates

Management is responsible for the accounting estimates included in the consolidated financial statements. Estimates and the related judgements and assumptions are based on management's knowledge of the business and past experience about current and future events.

Our responsibility as auditor is to obtain sufficient appropriate evidence to provide reasonable assurance that management's accounting estimates are reasonable within the context of the consolidated financial statements as a whole. An audit includes performing appropriate procedures to verify the:

- Calculation of accounting estimates;
- Analyzing of key factors such as underlying management assumptions;
- Materiality of estimates individually and in the aggregate in relation to the financial statements as a whole;
- Estimate's sensitivity to variation and deviation from historical patterns;
- Estimate's consistency with the entity's business plans; and
- Other audit evidence.

Risk-based

Our risk-based approach focuses on obtaining sufficient appropriate audit evidence to reduce the risk of material misstatement in the financial statements to an appropriately low level. This means that we focus our audit work on areas that have a higher risk of being materially misstated.

Materiality

Materiality is used throughout the audit and in particular when:

- a) Identifying and assessing risk of material misstatement;
- b) Determining the nature, timing and extent of further audit procedures; and
- c) Evaluating the effect of uncorrected misstatements, if any, on the financial statements and in forming an opinion on the Auditor's Report.

Materiality is defined as:

Materiality is the term used to describe the significance of financial statement information to decision makers. An item of information, or an aggregate of items, is material if it is probable that its omission or misstatement would influence or change a decision. Materiality is a matter of professional judgement in the particular circumstances.

We used an overall materiality of \$950,000 and a performance materiality of \$570,000. The overall materiality for last year's audit was \$800,000 and the performance materiality was \$480,000.

Audit Procedures

The objective of the tests of controls is to evaluate whether certain controls operated effectively. The objective of the tests of details is to detect material misstatements in the account balances and transaction streams. Substantive analytical procedures are used to identify differences between recorded amounts and predictable expectations in larger volumes of transactions over time.

In response to our risk assessment and based on our understanding of internal controls, we adopted a substantive approach for the audit.

Evaluation of Internal Controls

Audits include a review and evaluation of the system of internal controls to assist in determining the level of reliance that may or should be placed on the system in assessing the nature and extent of audit procedures to be undertaken.

During the course of our audit, we encountered internal control matters that we have brought to the attention of management in our separately issued management letter.

Significant Misstatements

In the course of our audit, we have not found any material misstatements or unadjusted items that, in aggregate, exceed materiality thresholds established for the audit, nor have we found significant misstatements that would likely cause future financial statements to be materially misstated.

Uncorrected Misstatements

In the course of our audit, we have aggregated uncorrected financial statement misstatements. Management has deemed the effects of these misstatements to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Under CAS, we are required to request that Council consider the correction of these misstatements.

Significant Unusual Transactions

We are not aware of any significant transactions entered into by the municipality that you should be informed about.

Disagreements with Management

We are required to communicate any disagreements with management, whether or not resolved, about matters that are individually or in aggregate significant to the municipality's financial statements or Auditor's Report. Disagreements may arise over:

- Selection or application of accounting principles;
- Assumptions and related judgements for accounting estimates;
- Financial statement disclosures;
- Scope of the audit; or
- Wording of the Auditor's Report.

In the course of our audit, we did not have any significant disagreements with management.

Difficulties Encountered During the Audit

Difficulties encountered while performing the audit, include:

Delays in management providing information required for the audit.

Considerable changes to balances through management prepared and auditor identified adjustments throughout the course of the audit.

Management Letter

We have submitted to management a letter on internal controls and any other matters that we feel should be brought to the attention of management.

Conclusion

We wish to express our appreciation for the co-operation we received during the audit from the municipality's management.

Should any member of Council wish to discuss or review any matter addressed in this letter or any other matters related to financial reporting, please do not hesitate to contact us at any time.

Yours very truly,

Baker Tilly SGB LLP



Jay Anstey, B.Acc, CPA, CA
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Schedule of Uncorrected Misstatements

Description of Misstatement	Proposed Adjustments Dr (Cr)				
	Statement of Income		Balance Sheet		
	Identified Misstatements	Likely Aggregate Misstatements	Assets	Liabilities	Opening Surplus
Under accrual of audit fees for 2022 and 2023 audits	-	50,000	-	(76,100)	26,100
Under accrual of banked time	-	115,190	-	(115,190)	-
Payables accounts with debit balances	-	151,322	-	(151,322)	-
Potential misstatement on consolidation of cemetery boards	-	55,708	(5,839)	-	(49,869)
December 2022 bank interest recorded in 2023	76,066	76,066	-	-	(76,066)
Overstatement of HST receivable amount, majority is carried forward from 2021 and 2020	-	-	(47,660)	-	47,660
Sum of errors below Trivial threshold	-	(78,568)	26,757	48,111	3,700
a) Totals		369,718	(26,742)	(294,501)	(48,475)
b) Misstatements corrected by management		-	-	-	-
c) Likely aggregate misstatements net of corrections (a - b)		369,718	(26,742)	(294,501)	(48,475)
d) Effect of unadjusted misstatements from previous year's errors		-	-	-	-
e) Aggregate likely misstatements (c + d)		369,718	(26,742)	(294,501)	(48,475)
f) Final overall materiality		950,000	950,000	950,000	950,000
g) Amount remaining for further possible misstatement (f - e)		580,282	923,258	655,499	901,525