



County of Bruce

2024 | Audit Findings

Report to the Members of County Council

December 31, 2024

Traci Smith, CPA, CGA

Phone: (519)-376-6110

Email: traci.smith@mnp.ca



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 County of Bruce (the "County") 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 County Council.

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

This Report is intended solely for the information and use of County 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 substantially completed our audit of the consolidated financial statements of the County 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:

- Approval of the consolidated financial statements by Council
- Receipt of the signed management representation letter dated as of the final report date
- Receipt of outstanding legal confirmations
- Subsequent events review through to financial statement approval date

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 30, 2025.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion. A draft copy of our proposed Independent Auditor's Report has been included with this 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 consolidated financial statements considered separately.

Significant Audit, Accounting and Reporting Matters

Area	Comments
Final Materiality	Final materiality used for our audit was \$3,500,000 for December 31, 2024, and \$3,000,000 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 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, no significant deficiencies in internal control have come to our attention.
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.
Contingencies/Litigation Proceedings	We have discussed with management and they have indicated there are outstanding claims against the County. We will also be communicating with the County's legal counsel. These claims are disclosed in Note 19.

Commitments	There are no significant capital commitments as at December 31, 2024.
Accumulated Surplus	A breakdown of the County's accumulated surplus is included in Note 12. This includes the amount invested in capital assets, unfunded liabilities, reserves and reserve funds. The general surplus for 2024 of \$4,102,708 was transferred to reserve as per resolution.
Financial Instruments	We have discussed with management to ensure all financial instruments were identified and reviewed management's accounting policy to ensure they are appropriately recorded at amortized cost or fair market value, where applicable. See the Significant Accounting Policy for Financial Instruments and further disclosures in Note 17.
Taxation Revenue Estimate	In accordance with PS 3510, amounts have been estimated for taxable events that have occurred but have not yet been assessed. The estimate was based on trend analysis by year for supplemental taxation billings and write-offs for the last 3 years and knowledge of potential reassessments.
Post-Employment Benefits	The County provides post-employment health and life insurance benefits to eligible retired employees. The benefits earned by employees are determined using management's best estimate of expected benefit costs and are expensed as services are rendered. In order to help estimate the liability for post-employment benefits, the County engaged the services of an actuary.
WSIB Future Benefit and Commitment	The County is an employer included under Schedule 2 of the Workplace Safety and Insurance Act. It self-insures the entire risk of its own WSIB claims and it's individually liable for reimbursing the WSIB for all costs relating to its workers WSIB claims. The cost of the claims are determined using management's best estimate and the services of an actuary.
Asset Retirement Obligations	<p>Management reviewed all capital assets owned by the County or where the County has a responsibility for an asset to determine if there is a legal obligation associated with the retirement of any of the capital assets.</p> <p>Management identified an asset retirement obligation. In order to help identify and estimate the liability, the County engaged the services of consultants to perform an assessment of designated substances, review of applicable legislation and the services of engineers and other professionals to estimate the abatement, removal and remediation costs.</p>

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
Revenue Recognition	To address this risk, we reconciled significant government transfers to their various government funding agreements and letters, reviewed funding agreements for deferred grants and reviewed minutes to ensure grant revenue listed was complete. No issues were noted in regard to grant revenue during our testing.
Control Environment	To address this risk, we developed criteria for unusual journal entries, determined the population of unusual journal entries and obtained corroborating evidence of these journal entries from management as to why the journal entries were made. No inappropriate journal entries were noted. No management override of controls noted in the current period.
Non-Routine Transactions	To address this risk, we reviewed the minutes for material transactions not in the ordinary course of business and had discussions with management. No material transactions not in the ordinary course of business were noted in the current period.

Other Areas

Area	Comments
Auditor Independence	We have identified relationships between the County of Bruce and our Firm that may reasonably be thought to have influenced our independence. These are further discussed in Appendix A.
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	We did not identify any adjusted or unadjusted differences or disclosure omissions over the course of the audit.

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

encls.

Appendix A – Independence Letter

May 15, 2025

Members of the County Council
County of Bruce
30 Park Street
Walkerton, ON N0G 2V0

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of County of Bruce (the "County") as at December 31, 2024 and for the year then ended.

The purpose of this letter is to communicate with you regarding all relationships between the County and MNP LLP and/or its affiliates (collectively, "MNP") that, in our professional judgement, may reasonably be thought to bear on our independence. In determining which relationships to report, we consider the 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 aware of the following relationships between the County and MNP that, in our professional judgment, may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred from January 1, 2024 to May 15, 2025.

- We have provided assistance in the preparation of the financial statements. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
 - Management provided us with a trial balance, including notes, prior to completion of our audit.
 - Management created the source data for all the accounting entries.
 - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
 - Management reviewed advice and comments provided and undertook their own analysis considering the County's circumstances and generally accepted accounting principles.
 - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
 - Someone other than the preparer reviewed the proposed journal entries and financial statements.

We hereby confirm that MNP is independent with respect to the County within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario as of May 15, 2025.

This report is intended solely for the use of the County Council, management and those charged with governance of the County 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 at our meeting on May 15, 2025. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

encls.

Appendix B – Management Representation Letter

County of Bruce
30 Park Street
Walkerton, ON N0G 2V0

May 30, 2025

MNP LLP
1717 2nd Avenue East P.O. Box 397
Owen Sound, Ontario N4K 5P7

To Whom It May Concern:

In connection with your audit of the financial statements of County of Bruce (the "County") as at December 31, 2024 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 27, 2024, for the preparation and fair presentation of the County's financial statements in accordance with Canadian public sector accounting standards. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the County as at December 31, 2024, and the results of its operations and its cash flows, in accordance with Canadian public sector accounting standards.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the County's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian public sector accounting standards, and are applied consistently throughout the financial statements.
4. All significant judgments made in making the accounting estimates have taken into account all relevant information of which we are aware.

5. The selection and application of the methods, assumptions and data used in making the accounting estimates are consistent and appropriate.
 6. The assumptions relevant to accounting estimates and disclosures appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
 7. Disclosures related to accounting estimates, including disclosures describing estimation uncertainty, are complete and are reasonable in the context of Canadian public sector accounting standards.
 8. No subsequent event requires adjustment to the accounting estimates and related disclosures included in the financial statements.
 9. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
 10. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
 11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
 12. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
 13. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian public sector accounting standards.
 14. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian public sector accounting standards have been adjusted or disclosed as appropriate.
 15. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
 16. All assets, wherever located, to which the County had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
 17. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
 18. All restricted cash has been appropriately designated and separated from operating funds.
 19. All cash accounts have been appropriately recorded in the financial statements and all terms and associated
-

conditions have been disclosed to you in full. We have provided you with the most current banking agreements.

20. Accounts and contributions receivable are correctly described in the records and represent valid claims as at December 31, 2024.
21. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian public sector accounting standards.

Information Provided

1. We have responded fully to all inquiries made to us and have made available to you:
 - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements and related data;
 - Additional information that you have requested from us for the purpose of your audit;
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
 3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
 4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
 5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
 6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
 7. We have disclosed to you the identities of all related parties to the County and all related party relationships and transactions of which we are aware.
 8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
 9. The previous year's representation letter dated May 13, 2024 is still applicable to the prior year's financial statements and no matters have arisen that require restatement of those financial statements.
 10. There are no discussions with your firm's personnel regarding employment with the County.
-

Professional Services

- 1. We acknowledge the engagement letter dated November 27, 2024, which states the terms of reference regarding your professional services.
- 2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the County's audit.

Sincerely,

County of Bruce

Signature

Title

MADE ^{IN} CANADA

And proud of it!

At MNP we're proud to be the national accounting, consulting and tax firm that is 100% Made in Canada.

Our history defines who we are and our approach to business. Being a Canadian firm has helped shape our values, our collaborative approach, and the way we work with our clients, engaging them every step of the way.

We have a unique perspective. Our decisions are made here – decisions that drive Canadian business and help us all achieve success — and we know the impact that our choices have on the cities and towns we call home.

Throughout our six decades of work, we've seen our communities are more than just a place we do business in. They're a place where our families live, play, and thrive, and we work to make them the best places they can be.

Being 100% Canadian is something we wear proudly. This country provides us with great opportunities, and we're here to help our clients seize the opportunities so we can create a brighter future for the generations to come.



Wherever business takes you

MNP.ca



Wherever business takes you

MNP.ca