



Village of Merrickville-Wolford

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 Village of Merrickville-Wolford and its subsidiaries (the "Municipality") 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 Municipality 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 Municipality 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;
- Discussion of subsequent events with Council;
- Council's review and approval of the consolidated 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 July 14, 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 Municipality. 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 consolidated 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 of the Municipality and Library Board was \$280,000 and \$5,000 respectively for December 31, 2024, and \$200,000 and \$5,000 respectively 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.
	Matters Arising in Connection with Related Parties	No significant matters arose during the course of our audit in connection with related parties of the Municipality.
	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 Municipality 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 Municipality's accounting practices, and have noted</p>

Area		Comments
		<p>the following items during the course of our audit that we wish to bring to your attention.</p> <p>The accounting policies used by the Municipality are appropriate and have been consistently applied.</p>
	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, however there continues to be a risk surrounding segregation of duties.
	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.

Significant Risk Areas and Responses

Significant Risk Area	Response and Conclusion
Revenues and receivables Revenues could be recorded in the wrong period	Tested pre and post year end cut-off at a low threshold.
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.
Expenses and payables Expenses could be recorded in the wrong period	Tested pre and post year end cut-off at a low threshold.
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.

Other Areas

Area	Comments
Auditor Independence	We confirm to Council that we are independent of the Municipality. 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 consolidated 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,

The image shows a handwritten signature in black ink that reads "MNP LLP". The letters are stylized and cursive.

Chartered Professional Accountants
Licensed Public Accountants

encls

July 14, 2025

Members of Council:
Village of Merrickville-Wolford
317 Brock Street West
P.O. Box 340
Merrickville, ON K0G 1N0

Dear Sirs/Mesdames:

We have been engaged to audit the consolidated financial statements of Village of Merrickville-Wolford (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 July 14, 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 July 14, 2025.

This report is intended solely for the use 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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July 14, 2025

The Corporation of the Village of Merrickville-Wolford
317 Brock Street West
P.O Box 340
Merrickville, ON K0G 1N0

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.

Taxes receivable

Taxes receivable rose by 33% from \$605,207 to \$806,182 as of December 31, 2024 from 2023 while tax revenues only rose by 8% from 2023. The main reason for the increase was the higher amount of utility arrears and other accounts receivable being transferred to the tax roll during the year as compared to previous years. Administration is aware of the higher balances and is following up on the overdue accounts. We recommend Administration continue to monitor and collect these amounts on a timely basis, which will assist in the overall cash flow for the Municipality.

Adjusting Journal Entry Review and Approval

While adjusting journal entries prepared by the Deputy Treasurer are reviewed and approved by the Treasurer, entries posted by the Treasurer are not subject to a formal review or approval process. We recommend that the Municipality implement a formal procedure to ensure that all adjusting journal entries, including those prepared by the Treasurer, are independently reviewed and approved. This review may be performed by the CAO or the Deputy Treasurer to strengthen internal controls and maintain consistency in the journal entry review process for the Municipality.

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 would 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: Ms. Darlene Plumley, Chief Administrative Officer
Ms. Kirsten Rahm, Manager of Finance/Treasurer