

# UNITED TOWNSHIPS OF HEAD, CLARA & MARIA

15 Township Hall Road  
Stonecliffe, ON  
K0J 2K0

Welch LLP  
270 Lake Street  
P.O. Box 757  
Pembroke, ON  
K8A 6X9

Dear Sirs:

We are providing this letter in connection with your audit of the consolidated financial statements of United Townships of Head, Clara & Maria as of December 31, 2014 and for the year then ended, for the purpose of expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of United Townships of Head, Clara & Maria in accordance with Canadian public sector accounting standards.

We acknowledge that we are responsible for the fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error.

We acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards so as to enable you to express an opinion on the consolidated financial statements. We understand that while your work includes an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

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 consolidated financial statements would influence the decision of a reasonable person relying on the consolidated financial statements.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

## **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated May 8, 2015, for the preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards; in particular, the consolidated financial statements are fairly presented in accordance therewith.

2. The significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

### **Information Provided**

1. We have provided you with:
  - (a) Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - (b) Additional information that you have requested from us for the purpose of the audit; and
  - (c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. We have assessed this risk as low.
4. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
  - (a) Management;
  - (b) Employees who have significant roles in internal control; or
  - (c) Others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.
6. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
7. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

### **Financial Instruments**

We confirm that the entity has identified all its financial assets and liabilities and has classified them correctly in accordance with their characteristics.

### **Taxes and Accounts Receivable**

1. Taxes and accounts receivable represent valid claims relating to transactions made before the end of the fiscal year and do not include any amount relating to goods shipped on consignment. Adequate provision has been made for losses which may be sustained in the collection of receivables.

### **Capital Assets**

1. All charges to capital asset accounts during the year represent actual additions to and no expenditures of a capital nature were charged to the operations of the organization during the year.
2. All capital assets sold or dismantled have been properly accounted for in the books of the organization.
3. Appropriate rates have been used to amortize the assets over their estimated useful lives and the provisions were calculated on a basis consistent with that of the previous year.
4. The organization has good title to the properties represented by the balance carried on the capital asset accounts, and there are no liens, mortgages or other charges against any of the capital assets shown on the books of the organization.
5. Where the value of any capital assets has been impaired, this fact has been disclosed to you.

### **Liabilities and Commitments**

1. At the year end, with the exception of relatively immaterial obligations for which invoices had not been received or which otherwise could not readily be determined or estimated, all known liabilities of the organization are included and fairly stated on the statement of financial position.
2. At the year end there were no contingent liabilities (e.g., discounted receivables or drafts, guarantees, pending or unsettled suits, matters in dispute), except as disclosed in the notes to the consolidated financial statements.
3. The organization has complied with all aspects of contractual agreements that could have a material effect on the consolidated financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
4. At the year end, the organization had no unusual commitments or contractual obligations of any sort that were not in the ordinary course of business or that might have an adverse effect upon the organization.
5. All claims outstanding against the organization or possible claims have been disclosed to you and, where appropriate, reflected in the consolidated financial statements or notes thereto.
6. We understand that any illegal or possibly illegal act could damage the organization or its reputation or give rise to a claim or claims against the organization. We are not aware of any violations or possible violations of law or regulations the effects of which should be considered for disclosure in the consolidated financial statements or as the basis for recording a contingent loss.

### **Statement of Operations**

1. All of the revenues of the organization for the year has been recorded in the books of account and disclosed in the consolidated financial statements.
2. The statement of operations contains no extraordinary or non-recurring items of material amount except as shown thereon.

## **Restrictions**

1. All restrictions on the use of the organization's funds or assets, as well as all requirements or conditions imposed by third parties, have been brought to your attention and are appropriately disclosed in the consolidated financial statements. The organization complied with all restrictions, requirements or conditions which, in the event of non-compliance could have a significant effect on the consolidated financial statements.
2. All assets subject to a lien, pledged or assigned as security or guarantee for liabilities were brought to your attention and are appropriately disclosed in the consolidated financial statements.

## **Council Minutes**

The minute books of the organization contain an accurate record of all of the business transacted at meetings and committees of Council up to the date of this letter.

## **Controlled and Related Entities**

1. All subsidiaries and controlled not-for-profit organizations have been accurately reflected in the consolidated financial statements.
2. All enterprises and not-for-profit organizations where the organization has joint control, exerts significant influence or has an economic interest have been appropriately reflected in the consolidated financial statements.

## **Related Party Transactions**

1. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards
2. There have been no exchanges of goods or services with any related parties for which appropriate accounting recognition and financial statement disclosure has not been given.

## **Recognition, Measurement and Disclosure**

1. Significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the consolidated financial statements are reasonable and appropriate in the circumstances.
2. The organization has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the consolidated financial statements.
3. The nature of all material measurement uncertainties has been appropriately disclosed in the consolidated financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the consolidated financial statements.

**Going Concern**

We confirm that we have assessed the entity's ability to continue as a going concern, taking into account all information which is at least twelve months from the year end date, and we conclude that the entity is able to continue as a going concern for the foreseeable future.

**General**

1. We are unaware of any frauds or possible frauds having been committed by the organization, its employees or any of its directors and officers and we have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
2. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's consolidated financial statements.
3. We acknowledge that we are responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.
4. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
5. In the course of your audit of our consolidated financial statements for the year ended December 31, 2014, you have recommended certain journal entries and adjustments to our books and records as attached to this letter. We hereby acknowledge that we understand, agree with and approve of the attached journal entries which have been considered necessary to present fairly the financial position and operating results of our the organization.

**Events Subsequent to the Year End**

No facts have been discovered which necessitate material adjustment to the year end figures.

Yours very truly,

UNITED TOWNSHIPS OF HEAD, CLARA & MARIA

Per: \_\_\_\_\_  
Melinda Reith - Clerk

Per: \_\_\_\_\_  
Jim Gibson - Mayor

United Townships of Head, Clara & Maria

Year End: December 31, 2014

Adjusting journal entries

Date: 01/01/2014 To 31/12/2014

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
4	31/12/2014	Miscellaneous Receivable	01-00-000-1035				576.93		
4	31/12/2014	Treasury Account Interest	01-01-000-4180			463.04			
4	31/12/2014	HST	01-01-01A-5110			13.10			
4	31/12/2014	Office Supplies	01-01-01A-5130			100.79			
		To reverse additional receivables from 2013							
5	31/12/2014	Miscellaneous Receivable	01-00-000-1035			275.10			
5	31/12/2014	Penalty & Interest - Property Taxes	01-01-000-4190				3.10		
5	31/12/2014	Building Permits & Fees	01-02-000-4170				150.00		
5	31/12/2014	Tipping Fees	01-04-000-4220				122.00		
		To correct posting of items added to property tax accounts							
6	31/12/2014	Proper tax receivable - transfer of	01-00-000-1008				88.03		
6	31/12/2014	Penny Rounding - Property Taxes Receivable	01-00-000-1009				0.02		
6	31/12/2014	Property Taxes Receivable	01-00-000-1010				45,277.72		
6	31/12/2014	Property Tax Adjustments Receivable	01-00-000-1011			5,073.68			
6	31/12/2014	1 Year Tax Arrears	01-00-000-1012			4,025.11			
6	31/12/2014	2 Years Tax Arrears	01-00-000-1013			1,345.40			
6	31/12/2014	3 Years+ Tax Arrears	01-00-000-1014			616.26			
6	31/12/2014	Prepaid Taxes	01-00-000-2040			39,181.24			
6	31/12/2014	Penalty & Interest - Property Taxes	01-01-000-4190			237.33			
6	31/12/2014	HST	01-01-01A-5110				588.25		
6	31/12/2014	Tax Sale	01-01-01A-5195				4,525.00		
		To adjust property tax accounts at December 31, 2014							
7	31/12/2014	Miscellaneous Receivable	01-00-000-1035			1,125.18			
7	31/12/2014	Treasury Account Interest	01-01-000-4180				1,125.18		
		To record accrued treasury account interest at December 31, 2014							
8	31/12/2014	Prepaid Expenses	01-00-000-1020				13,223.00		
8	31/12/2014	Insurance	01-01-01A-5220			13,223.00			
		To reverse 2013 prepaid insurance							
9	31/12/2014	Prepaid Expenses	01-00-000-1020			14,006.00			
9	31/12/2014	Insurance	01-01-01A-5220				14,006.00		
		To record 2014 prepaid insurance							
11	31/12/2014	Accrued Payables	01-00-000-2005				252.04		
11	31/12/2014	Office Supplies	01-01-01A-5130			252.04			
		To reverse client posting							
12	31/12/2014	Accrued Payables	01-00-000-2005			15,219.41			
12	31/12/2014	Employment Benefits	01-01-01A-5102				26.46		
12	31/12/2014	HST	01-01-01A-5110				220.15		
12	31/12/2014	Office Supplies	01-01-01A-5130				541.66		
12	31/12/2014	Audit Fees	01-01-01A-5150				10,700.00		
12	31/12/2014	Internet	01-01-01A-5165				9.99		
12	31/12/2014	Office Telephone/Fax	01-01-01A-5170				118.11		
12	31/12/2014	Advertising	01-01-01A-5250				19.95		
12	31/12/2014	Bank Charges	01-01-01A-5280				65.00		
12	31/12/2014	CBO Telephone	01-02-02B-5170				57.58		
12	31/12/2014	911 Agreement - County	01-02-02F-5365				2,018.73		
12	31/12/2014	Roadsuper - Cell Phone	01-03-03R-5175				27.49		
12	31/12/2014	Twp Garage Utilities	01-03-03R-5180				101.37		
12	31/12/2014	Gravel Pits	01-03-03R-5640				499.30		
12	31/12/2014	Hall Supplies	01-06-06P-5130				436.86		
12	31/12/2014	Hall Telephone	01-06-06P-5170				45.58		
12	31/12/2014	Hall Repairs/Maintenance	01-06-06P-5255				26.11		
12	31/12/2014	Special Projects	01-06-06P-5265				305.07		
		To reverse additional payables from 2013							
14	31/12/2014	HST Recoverable Federal/Provincial	01-00-000-1015			192.31			
14	31/12/2014	Accrued Payables	01-00-000-2005				192.31		

United Townships of Head, Clara & Maria

Year End: December 31, 2014

Adjusting journal entries

Date: 01/01/2014 To 31/12/2014

Number	Date	Name	Account No	Reference Annotation	Debit	Credit	Recurrence	Misstatement
To re-allocate amount owing to Library re: 2012 HST rebate								
15	31/12/2014	HST Recoverable Federal/Provincial	01-00-000-1015			179.24		
15	31/12/2014	Miscellaneous	01-01-01A-5275		179.24			
To expenses difference between HST accrued in 2013 and amount received								
16	31/12/2014	Accrued Payables	01-00-000-2005			471.55		
16	31/12/2014	Treasury Account Interest	01-01-000-4180		152.59			
16	31/12/2014	internet	01-01-01A-5165		318.96			
To record amounts owing to the Library Board for interest and internet.								
17	31/12/2014	Payroll Taxes	01-00-000-2105			26.38		
17	31/12/2014	Employment Benefits	01-01-01A-5102		26.38			
To adjust ETD account balance to CRA								
19	31/12/2014	Due from Ontario	01-00-000-1055		4,524.98			
19	31/12/2014	Recycling Grants	01-04-000-4140			4,524.98		
To accrue amount owing from Stewardship Ontario								
21	31/12/2014	Accrued Payables	01-00-000-2005			17,300.00		
21	31/12/2014	Audit Fees	01-01-01A-5150		17,300.00			
To record Townships share of audit accrual								
22	31/12/2014	Miscellaneous Revenue	01-01-000-4195		41.16			
22	31/12/2014	Special Grants	01-10-000-4150			41.16		
To reclassify court security								
24	31/12/2014	Miscellaneous Receivable	01-00-000-1035		2,919.84			
24	31/12/2014	Due from Ontario	01-00-000-1055		1,000.00			
24	31/12/2014	HST	01-01-01A-5110			9.69		
24	31/12/2014	Recycling Income	01-04-000-4210			74.50		
24	31/12/2014	Fundraising	01-06-000-4165			2,835.65		
24	31/12/2014	Special Grants	01-10-000-4150			1,000.00		
To record additional receivables per review of subsequent receipts ***REVERSE***								
26	31/12/2014	HST Recoverable Federal/Provincial	01-00-000-1015		13,311.92			
26	31/12/2014	HST	01-01-01A-5110			13,311.92		
To accrue HST rebate receivable at 12/31/14								
28	31/12/2014	Accrued Payables	01-00-000-2005			5,259.44		
28	31/12/2014	Due to County of Renfrew	01-00-000-2065			2,066.37		
28	31/12/2014	Payroll Taxes	01-00-000-2105			26.76		
28	31/12/2014	EHT Payable	01-00-000-2135			3,053.18		
28	31/12/2014	Payroll Taxes	01-01-01A-5103		26.76			
28	31/12/2014	EHT Employer Expense	01-01-01A-5106		3,053.18			
28	31/12/2014	HST	01-01-01A-5110		268.24			
28	31/12/2014	HST	01-01-01A-5110			0.70		
28	31/12/2014	Internet	01-01-01A-5165		19.98			
28	31/12/2014	Office Telephone/Fax	01-01-01A-5170		123.04			
28	31/12/2014	Property/Office Maintenance/Repair	01-01-01A-5205		16.98			
28	31/12/2014	Promotions	01-01-01A-5270		789.59			
28	31/12/2014	Miscellaneous	01-01-01A-5275		191.60			
28	31/12/2014	Bank Charges	01-01-01A-5280		65.00			
28	31/12/2014	CBO Telephone	01-02-02B-5170		57.57			
28	31/12/2014	911 Agreement - County	01-02-02F-5365		2,066.37			
28	31/12/2014	Roadsuper - Cell Phone	01-03-03R-5175		50.55			
28	31/12/2014	Twp Garage Utilities	01-03-03R-5180		100.99			
28	31/12/2014	Gravel Pits	01-03-03R-5640		468.25			
28	31/12/2014	Hall Telephone	01-06-06P-5170		45.57			
28	31/12/2014	Hall Utilities	01-06-06P-5180		344.56			
28	31/12/2014	Hall Repairs/Maintenance	01-06-06P-5255		29.11			
28	31/12/2014	Miscellaneous	01-06-06P-5275		1,055.00			
28	31/12/2014	Hall Fundraising Expenses	01-06-06P-5570		1,634.11			

United Townships of Head, Clara & Maria

Year End: December 31, 2014

Adjusting journal entries

Date: 01/01/2014 To 31/12/2014

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
To record additional payables ***REVERSE***									
30	31/12/2014	EHT Payable	01-00-000-2135			2,748.55			
30	31/12/2014	EHT Employer Expense	01-01-01A-5106				2,748.55		
To reverse 2013 accrual regarding EHT									
31	31/12/2014	EI Payable	01-00-000-2115			537.19			
31	31/12/2014	Payroll Taxes	01-01-01A-5103				537.19		
To re-allocate 2013 EI credit									
32	31/12/2014	Accrued Payables	01-00-000-2005				7,500.00		
32	31/12/2014	Miscellaneous Revenue	01-01-000-4195			7,500.00			
To re-allocate prepaid rent received ***REVERSE***									
35	31/12/2014	Deferred Revenue - Obligatory	01-00-000-2020				18,312.48		
35	31/12/2014	Special Grants	01-10-000-4150			18,312.48			
To record MTO funding back to deferred revenue. Township will utilize Small rural capacity funding for the project									
39	31/12/2014	Land Improvements	01-00-000-1210			6,919.62			
39	31/12/2014	Buildings	01-00-000-1220			9,158.40			
39	31/12/2014	Machinery & Equipment	01-00-000-1230			8,015.64			
39	31/12/2014	Linear Assets	01-00-000-1250			23,468.41			
39	31/12/2014	HST	01-01-01A-5110				822.57		
39	31/12/2014	Special Projects	01-03-03R-5265				16,720.00		
39	31/12/2014	Road Maintenance	01-03-03R-5610				6,342.50		
39	31/12/2014	Hall Upgrade/Capital	01-06-06P-5260				12,150.00		
39	31/12/2014	Special Projects	01-06-06P-5265				11,527.00		
To record tangible capital asset additions in 2014									
40	31/12/2014	Accumulated Amortization - Land Improvement	01-00-000-1215				3,647.41		
40	31/12/2014	Accumulated Amortization - Building	01-00-000-1225				15,035.64		
40	31/12/2014	Machinery & Equipment	01-00-000-1230				2,039.04		
40	31/12/2014	Accumulated Amortization - Machinery & Equiptr	01-00-000-1235				5,777.33		
40	31/12/2014	Accumulated Amortization - Machinery & Equiptr	01-00-000-1235			2,039.04			
40	31/12/2014	Accumulated Amortization - Vehicles	01-00-000-1245				5,714.23		
40	31/12/2014	Accumulated Amortization - Linear Assets	01-00-000-1255				3,853.15		
40	31/12/2014	Amortization Expense - General Government	01-11-000-5935			1,346.14			
40	31/12/2014	Amortization Expense - General Government	01-11-000-5935			1,634.29			
40	31/12/2014	Amortization Expense - General Government	01-11-000-5935			2,301.51			
40	31/12/2014	Amortization Expense - Roads	01-12-000-5940			3,975.87			
40	31/12/2014	Amortization Expense - Roads	01-12-000-5940			5,131.09			
40	31/12/2014	Amortization Expense - Roads	01-12-000-5940			3,853.15			
40	31/12/2014	Amortization Expense - Environment	01-13-000-5945			1,997.33			
40	31/12/2014	Amortization Expense - Environment	01-13-000-5945			2,676.41			
40	31/12/2014	Amortization Expense - Recreation	01-14-000-5950			11,874.84			
40	31/12/2014	Amortization Expense - Recreation	01-14-000-5950			1,237.13			
To record current year amortization									
41	31/12/2014	Landfill Closure Liability	01-00-000-2030				161,000.00		
41	31/12/2014	Amounts to be Recovered	01-00-000-3210			161,000.00			
To record change in closure and psot closure care liability									
						<b>421,257.60</b>	<b>421,257.60</b>		
<b>Net Income (Loss)</b>			<b>190,181.75</b>						