

THE CORPORATION OF THE MUNICIPALITY OF ST. CHARLES  
2 KING ST E PO BOX 70  
ST CHARLES, ONTARIO P0M2W0

KPMG LLP  
Times Square  
1760 Regent Street, Unit 4  
Sudbury, ON P3E 3Z8  
Canada

October 4, 2023

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of The Corporation of the Municipality of St. Charles ("the Entity") as at and for the period ended December 31, 2022.

**GENERAL:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**RESPONSIBILITIES:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 7, 2020, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
  - c) providing you with unrestricted access to such relevant information.
  - d) providing you with complete responses to all enquiries made by you during the engagement.
  - e) providing you with additional information that you may request from us for the purpose of the engagement.
  - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

**SUBSEQUENT EVENTS:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**RELATED PARTIES:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**ESTIMATES:**

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

**GOING CONCERN:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern

**MISSTATEMENTS:**

- 11) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in the aggregate, to the financial statements as a whole.
- 12) We approve the corrected misstatements identified by you during the audit described in Attachment II.

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

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By: Mr. Denis Turcot, Chief Administrative Officer

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By: Ms. Pamela McCracken, Treasurer

## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### **FRAUD & ERROR**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.





Attachment II

Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect				Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)			
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities		Operating Activities	Investing Activities	Financing Activities
							\$	\$	\$	\$	\$	\$	\$		\$	\$	\$
	LIB-3100				(172)	-	(172)										
5	03.16.455 4 03.16.421 0		To reclassify non NORDS expenses to the correct account		(23,237) 23,237	- -	(23,237) 23,237										
6	07.07.311 1 1100 07.07.03 1100 07.07.04		To record the capital grant funding for the splashpad, arena and community centre projects		(282,061) 282,061 (102,194) 306,682 (204,488)	- - - - -	(282,061) - (102,194) - (204,488)		282,061		-						
7	07.02.455 3 1206 07.07.455 3		TO record the capital assets relating to the capital grants		(45,589) 45,589 (262,272)	- - -	(45,589) - (262,272)										
	1222 1206 1222 07.03.455 3 01.07.455 4 1235				262,272 284,294 27,968 (312,262) (109,759) 109,759	- - - - -	- - - (312,262) (109,759) -				262,272 284,294 27,968						
10	12000 12000 12000	Undeposited Funds Undeposited Funds Undeposited Funds	PBC Entry - To reverse entry - should be posted in 2023	N/A	(1,632) (200) (4,295)	- - -	- 8,640 -				(8,640) -			8,640 (8,640) 38,513			
	12000 12000 12000 1500 1501 12000 1504	Undeposited Funds Undeposited Funds Undeposited Funds Current Taxes Receivable Taxes Receivable - Year 1 Undeposited Funds Interest & Penalties Receivabl			(3,963) (172) (10,589) 17,401 3,128 (10,880) 321	- - - - - - -	38,513 4,361 - - 6,470 5,143 -							(38,513) (4,361) 4,361 6,470 (6,470) (5,143) 5,143			





Attachment II

Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities	Financing Activities
							\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
	2307				102,576		102,576	-	-	-	-	-	-	-	-	-	
	1315				(62,576)		(62,576)	-	-	-	-	-	-	-	-	-	
	2308				(26,721)		(26,721)	-	-	-	-	-	-	-	-	-	
	2308				40,000		40,000	-	-	-	-	-	-	-	-	-	
	2308				(4)		(4)	-	-	-	-	-	-	-	-	-	
	01.01.323				4	-	4	-	-	-	-	-	-	-	-	-	
	0																
	1315				(13,279)		(13,279)	-	-	-	-	-	-	-	-	-	
	2310				(7,000)		(7,000)	-	-	-	-	-	-	-	-	-	
	1309				7,000		7,000	-	-	-	-	-	-	-	-	-	
	2311				(22,039)		(22,039)	-	-	-	-	-	-	-	-	-	
12	1202		To record amortization		(8,640)	-	-	-	(8,640)	-	-	-	-	-	-	-	
	01.01.999				8,640	-	8,640	-	-	-	-	-	-	-	-	-	
	1208				(38,513)		-	-	(38,513)	-	-	-	-	-	-	-	
	01.10.999				38,513	-	38,513	-	-	-	-	-	-	-	-	-	
	9																
	1207				(15,357)	-	-	-	(15,357)	-	-	-	-	-	-	-	
	07.02.999				15,357	-	15,357	-	-	-	-	-	-	-	-	-	
	9																
	1210				(6,470)	-	-	-	(6,470)	-	-	-	-	-	-	-	
	03.37.999				6,470	-	6,470	-	-	-	-	-	-	-	-	-	
	9																
	1223				(29,726)	-	-	-	(29,726)	-	-	-	-	-	-	-	
	07.02.999				29,726	-	29,726	-	-	-	-	-	-	-	-	-	
	9																
	1226				(35,391)	-	-	-	(35,391)	-	-	-	-	-	-	-	
	03.37.999				35,391	-	35,391	-	-	-	-	-	-	-	-	-	
	9																
	1245				(2,827)	-	-	-	(2,827)	-	-	-	-	-	-	-	
	07.06.999				2,827	-	2,827	-	-	-	-	-	-	-	-	-	
	9																
	1251				(5,243)	-	-	-	(5,243)	-	-	-	-	-	-	-	
	04.06.999				5,243	-	5,243	-	-	-	-	-	-	-	-	-	
	9																
	1247				(496)	-	-	-	(496)	-	-	-	-	-	-	-	
	04.06.999				496	-	496	-	-	-	-	-	-	-	-	-	
	9																
	1236				(22,506)	-	-	-	(22,506)	-	-	-	-	-	-	-	



Attachment II

Summary of corrected misstatements (continued)

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities	Financing Activities
	01.01.400 2	Admin - Other: Janitor Wages			631	631	631						-	-	-	-	
	01.04.400 0	Hot and Cold Meals: Wages			383	383	383						-	-	-	-	
	01.06.400 0	ELECTIONS: Wages			306	306	306						-	-	-	-	
	01.09.400 0	School Rental: Wages			20	20	20						-	-	-	-	
	01.09.400 2	School Rental: Janitor Wages			421	421	421						-	-	-	-	
	01.10.400 2	Wellness Centre: Janitor Wages			485	485	485						-	-	-	-	
	01.12.400 0	Unclassified: Wages			68	68	68						-	-	-	-	
	03.01.400 0	# 1 - 2015 Western Star: Wages			345	345	345						-	-	-	-	
	03.02.400 0	# 2 - 2012 Western Star: Wages			412	412	412						-	-	-	-	
	03.03.400 0	# 3- 2012 Pick-up: Wages			66	66	66						-	-	-	-	
	03.04.400 0	# 4 - 1993 Grader: Wages			4	4	4						-	-	-	-	
	03.05.400 0	# 5 - Steamer: Wages			25	25	25						-	-	-	-	
	03.07.400 0	# 7 - Loader: Wages			168	168	168						-	-	-	-	
	03.08.400 0	# 8 - Backhoe: Wages			211	211	211						-	-	-	-	
	03.10.400 0	#10 - Float: Wages			26	26	26						-	-	-	-	
	03.11.400 0	#11 - Utility Truck: Wages			135	135	135						-	-	-	-	
	03.13.400 0	#14 - Kubota Lawn Mower: Wages			34	34	34						-	-	-	-	
	03.15.400 0	#16 - 2020 Kubota: Wages			160	160	160						-	-	-	-	
	03.17.400 0	Brush Cutting: Wages			28	28	28						-	-	-	-	



**Attachment II**

**Summary of corrected misstatements (continued)**

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)		
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities	Financing Activities
							\$	\$	\$	\$	\$	\$	\$	\$		\$	\$
	02.07.400 3	Fire Department - Other: Wages - FD Maintenance			32	32	32						-	-	-	-	
	02.07.400 4	Fire Department - Other: Wages - FD Volunteer			163	163	163						-	-	-	-	
	02.07.400 5	Fire Department - Other: Wages - FD Practice			678	678	678						-	-	-	-	
Total effect of corrected misstatements						67,920	(706,686)	529,321	396,114	(383,291)	-	(3,133)	-	-	-	-	