



Grand Bend Area Joint Sewage Board

Final Report to the Board

May 26, 2022



Tel: 519 336 9900
Fax: 519 332 4828
www.bdo.ca

BDO Canada LLP
Kenwick Place, 250 Christina Street N
PO Box 730
Sarnia, Ontario N7T 7J7 Canada

May 26, 2022

Members of the Board of Directors
Grand Bend Area Joint Sewage Board
4 Ontario Street
P.O. Box 340
Grand Bend, Ontario N0M 1T0

Dear Sirs and Mesdames:

We are pleased to present the results of our audit of the financial statements of Grand Bend Area Joint Sewage Board (the "Organization") for the year ended December 31, 2021. The purpose of our report is to summarize certain aspects of the audit that we believe to be of interest to the Board of Directors and should be read in conjunction with the draft financial statements and our draft audit report.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board of Directors in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board of Directors and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We wish to express our appreciation for the co-operation we received during the audit from the Organization's management and staff who have assisted us in carrying out our work.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Pete Barnes', with a stylized flourish at the end.

Pete Barnes, CPA, CA
Partner
BDO Canada LLP
Chartered Professional Accountants, Licensed Public Accountants



TABLE OF CONTENTS

Status of the Audit	1
Independence	1
Materiality	1
Audit Findings	2
Fraud Discussion	3
Internal Control Matters	4
Other Required Communications	5-6
BDO Resources	6
Appendix A - Adjusted Differences and Disclosure Omissions	
Appendix B - Representation Letter	



STATUS OF THE AUDIT

As of the date of this final report, we have substantially completed our audit of the 2021 financial statements pending the completion of the items highlighted below. These items will need to be completed prior to issuance of our audit report on the financial statements.

COMPLETION OF AUDIT

- Receipt of signed Management representation letter
- Response from the Board of Directors regarding fraud
- Subsequent events review through to financial statement approval date

FINANCIAL STATEMENTS

- Approval of financial statements by the Board of Directors

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated February 28, 2022.

INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to the Board of Directors at least annually, all relationships between BDO Canada LLP and its related entities and Grand Bend Area Joint Sewage Board and its related entities, that, in our professional judgment, may reasonably be thought to bear on our independence with respect to the audit of the Organization.

Our annual letter confirming our independence was previously provided to you. We know of no circumstances that would cause us to amend the previously provided letter.

MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the Board of Directors, preliminary materiality was \$14,000. Final materiality remained unchanged from our preliminary assessment.

AUDIT FINDINGS

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Organization's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. A summary of the key discussion points are as follows:

ADJUSTED AND UNADJUSTED DIFFERENCES

We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement.

There were no unadjusted differences found.

For purposes of our discussion, a summary of adjusted differences and disclosure omissions has been presented in Appendix A.

MANAGEMENT REPRESENTATIONS

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representations we have requested from management is set out in the management representation letter included in Appendix B to the report.

FRAUD DISCUSSION

Canadian generally accepted auditing standards require us to discuss fraud risk with the Board of Directors on an annual basis. As an update to the discussion held with the Board of Directors during the planning of our audit, we have prepared the following comments:

Required Discussion	BDO Response	Question to Board of Directors
Details of existing oversight processes with regards to fraud.	Based on our discussions during the planning of our audit, the Board of Directors' oversight processes include: <ul style="list-style-type: none"> • Board of Directors charters; • Discussions at Board of Directors meetings; • Review of related party transactions; and • Consideration of tone at the top. 	Are there any new processes or changes in existing processes relating to fraud since the date of our previous discussions, that we should be aware of?
Knowledge of actual, suspected or alleged fraud.	Currently, we are not aware of any actual, suspected or alleged fraud.	Are you aware of any instances of actual, suspected or alleged fraud affecting the Organization?

AUDITORS' RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

The scope of the work performed was substantially the same as that described in our Planning Report to the Board of Directors dated February 28, 2022.



INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Organization's internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks with management.

The results of these procedures were considered in determining, the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

As the purpose of the audit is for us to express an opinion on the Organization's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

During the course of our audit, we did not detect any significant deficiencies in internal controls.

OTHER REQUIRED COMMUNICATIONS

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the table below summarizes these additional required communications.

Communication Required	Auditors' Response
Potential effect on the financial statements of any material risks and exposures, such as pending litigation, that are required to be disclosed in the financial statements.	None
The signed letter of representation.	See Appendix B
Material uncertainties related to events and conditions that may cast significant doubt on the Organization's ability to continue as a going concern.	None
Disagreements with management about matters that, individually or in aggregate, could be significant to the Organization's financial statements or our audit report.	None
Matters involving non-compliance with laws and regulations	None
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	None
Subsequent events that have caused changes to the audit report	None
Modifications in opinion	None
Emphasis of matters paragraphs or other matters paragraphs	None
Significant matters arising from the audit that were discussed or subject to correspondence with management.	None
Significant accounting policies, estimates and judgments	No change from planning
Unreasonable management's refusal to allow the auditor to send a confirmation request, or the inability to obtain relevant and reliable audit evidence from alternative audit procedures.	None



Limitation of the scope of the audit imposed by management.

None

BDO RESOURCES

BDO is one of Canada's largest accounting services firms providing assurance and accounting, taxation, financial advisory, risk advisory, financial recovery and consulting services to a variety of publicly traded and privately held companies.

BDO serves its clients through 105 offices across Canada. As a member firm of BDO International Limited, BDO serves its multinational clients through a global network of over 1,100 offices in more than 100 countries. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

Outlined below is a summary of certain BDO resources which may be of interest to the Board of Directors.

TAX BULLETINS, ALERTS AND NEWSLETTERS

BDO's national tax department issues a number of bulletins, alerts and newsletters relating to corporate federal, personal, commodity, transfer pricing and international tax matters.

For additional information on tax matters and links to archived tax publications, please refer to the following link: <https://www.bdo.ca/en-ca/insights/advanced-search/?filter=1&cat=876>

APPENDIX A

Adjusted Differences and Disclosure Omissions

Grand Bend Area Joint Sewage Board

0.10

Year End: December 31, 2021

Journal Entries

Date: 01/12/1999 To 12/31/2021

Prepared by JMS 03/24/2022	Detail Rev	Gen Rev PB 03/24/2022	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	12/31/2021	RF ALLOCATION	4-110-110-5899	SS. 02		224,667.22			
AJE#1	12/31/2021	GBSTP - RF ALLOCATION	4-410-175-5899	SS. 02			7,119.58		
AJE#1	12/31/2021	CAPITAL REPLACEMENT RESERVE	4-410-175-5910	SS. 02			217,547.64		
		To record entry to balance reserve fund allocation			/				
						224,667.22	224,667.22		
			Net Income (Loss)				224,667.22		



SUMMARY OF DISCLOSURE OMISSIONS

The following is a summary of disclosures that have not been made within the financial statements:

Disclosure Omission	Management's Response
None	None

APPENDIX B
Representation Letter

Grand Bend Area Joint Sewage Board
4 Ontario Street
P.O. Box 340
Grand Bend, Ontario N0M 1T0

May 26, 2022

BDO Canada LLP
Chartered Professional Accountants
250 Christina Street North
P.O. Box 730
Sarnia Ontario
N7T 7V3

This representation letter is provided in connection with your audit of the financial statements of Grand Bend Area Joint Sewage Board for the year ended December 31, 2021, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian Public Sector Accounting Standards.

We 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:

Financial Statements

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated January 23, 2020, for the preparation of the financial statements in accordance with Canadian Public Sector Accounting Standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian Public Sector Accounting Standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian Public Sector Accounting Standards.
- All events subsequent to the date of the financial statements and for which Canadian Public Sector Accounting Standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - 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;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 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 the financial statements.
- 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.

Fraud and Error

- 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 disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- 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.

General Representations

- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- We confirm that there are no derivatives or off-balance sheet financial instruments held at year end that have not been properly recorded or disclosed in the financial statements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the 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 financial statements.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.

Yours truly,

Signature

Position

Signature

Position

Grand Bend Area Joint Sewage Board
 Summary of Unadjusted Misstatements
 December 31, 2021

Description of Misstatement	Identified Misstatements	Projections of Identified Misstatements	Estimates	Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
N/A - None identified							
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	-	-	-	-	-	-	-
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				-	-	-	-

Details of why no adjustment has been made to the financial statements for the above items:
No errors noted above.

Grand Bend Area Joint Sewage Board

0.10

Year End: December 31, 2021

Journal Entries

Date: 01/12/1999 To 12/31/2021

Prepared by JMS 03/24/2022	Detail Rev	Gen Rev PB 03/24/2022	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE#1	12/31/2021	RF ALLOCATION	4-110-110-5899	SS. 02		224,667.22			
AJE#1	12/31/2021	GBSTP - RF ALLOCATION	4-410-175-5899	SS. 02			7,119.58		
AJE#1	12/31/2021	CAPITAL REPLACEMENT RESERVE	4-410-175-5910	SS. 02			217,547.64		
		To record entry to balance reserve fund allocation			/				
						224,667.22	224,667.22		
			Net Income (Loss)				224,667.22		