

# Highway 41 Water Utility

Year End: December 31, 2021

## Summary of Identified Misstatements (Core)

Completed by		Reviewed by	
DB			
5/25/22			

335-1

### CONCLUSION:

In my opinion, the identified and uncorrected misstatements (if any) are not material, either individually or in aggregate, to the financial statements.  
*(If misstatements are material, explain why and describe the impact on the auditor's opinion.)*

Signature: Devin Berger Date: June 7/22

Describe the basis for the conclusion reached (such as all misstatements identified have been corrected)

Completed by:

Devin Berger

5/25/22

Reviewed by:

# Highway 41 Water Utility

Year End: December 31, 2021

## Summary of identified misstatements (Core)

Completed by	Reviewed by
DB	
5/25/22	

**Objectives:**

To document misstatements identified during the audit and to evaluate:

- The effect of identified misstatements (including those in qualitative financial statement disclosures) on the audit.
- The effect of uncorrected misstatements if any, on the financial statements.

(Refer to Vol. 1, Ch. 37, Completing the File, Vol. 2, Ch. 18, Step 8 - Perform Planned Procedures, Vol. 2, Ch. 19, Step 9 - Evaluate Evidence Obtained, Vol. 2, Ch. 21, Step 10 - Communicate the Results, and Vol. 2, Ch. 22, Step 11 - Complete the File, for further guidance.)

Performance materiality \$ 14,250 Trivial misstatements under \$ 950 need not be recorded below.

Round To: 1's

Description	Under (over) misstatement in the financial statements			Corrected?	W/P ref.
	Assets	Liabilities	Equity		
Total corrected adjusting journal entries	50,273	-	9,884	40,389	Yes
Unrecorded misstatements - factual	-	-	-	(11,145)	No
Unrecorded misstatements - projected	-	-	-	-	No
Unrecorded misstatements - judgmental	-	-	-	-	No
<b>Total uncorrected misstatements</b>	-	-	-	<b>(11,145)</b>	
Effect of uncorrected misstatements from prior periods	-	-	-	11,145	
<b>Uncorrected misstatements to be carried forward</b>	-	-	-	-	

## MANAGEMENT'S RESPONSIBILITY

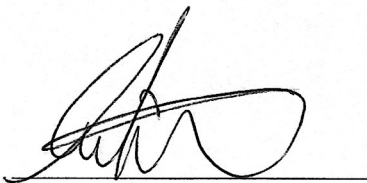
To the Subscribers of  
**Highway 41 Water Utility:**

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

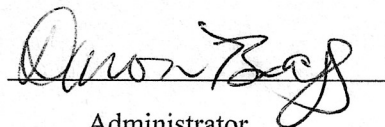
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Utility is composed primarily of board of directors who are neither management nor employees of the Utility. The Utility is responsible for overseeing management in the performance of its financial reporting responsibilities. The Utility fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors.

Jensen Stromberg Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Utility to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Chair



Administrator



**Relevant parties**

The client will not assert any claim for damages against our Firm unless the client has concurrently or previously asserted a claim against all other persons who might reasonably be liable in relation to that claim. Any release, waiver, or covenant to otherwise not sue or enforce any remedy known to law given by the client to a third party shall be deemed to apply in favour of our Firm.

**Fees at Regular Billing Rates**

Our professional fees will be based on our regular billing rates, plus direct out-of-pocket expenses and applicable taxes and are due when rendered. Fees for any additional services will be established separately.

**Termination**

Management acknowledges and understands that failure to fulfill its obligations as set out in this engagement letter will result, upon written notice, in the termination of the engagement. Either party may terminate this agreement for any reason upon providing written notice to the other party. If early termination takes place, you shall be responsible for all time and expenses incurred up to the termination date.

**Survival of Terms**

This engagement letter will continue in force for subsequent audits unless terminated by either party by written notice prior to the commencement of the subsequent audit.

This engagement letter includes the relevant terms that will govern the engagement for which it has been prepared. The terms of this letter supersede any prior written oral or written representations or commitments by or between the parties. Any material changes or additions to the terms set forth in this letter will only become effective if evidenced by a written amendment to this letter, signed by all parties. If you have any questions about the contents of this letter, please raise them with us. If the services outlined are in accordance with your requirements, and if the above terms are acceptable to you, please sign the copy of this letter in the space provided and return it to us.

We appreciate the opportunity of continuing to be of service to your entity.

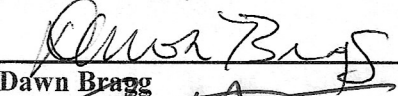
Yours truly,


**JENSEN STROMBERG CHARTERED PROFESSIONAL ACCOUNTANTS**

Bill Jensen, CPA, CA

The services and terms set out are as agreed:

**Highway 41 Water Utility**

Per:  **March 3, 2022**  
Dawn Bragg

Per:  **March 3, 2022**  
Graham White

Dear Sir,

I have the honor to acknowledge the receipt of your letter of the 14th inst. in relation to the above mentioned matter.

I am sorry to hear that you are unable to attend the meeting on the 18th inst. but I trust that you will be able to attend the meeting on the 25th inst.

I have discussed the matter with the other members of the committee and we have decided to postpone the meeting until the 25th inst. I am sure that you will be able to attend this meeting.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

I am sure that you will be able to attend the meeting on the 25th inst. and I am sure that you will be able to attend the meeting on the 25th inst.

# HIGHWAY 41 WATER UTILITY

**Auditor's Report**

**Financial Statements**

**December 31, 2021**

DRAFT



Auditor



CEO

## MANAGEMENT'S RESPONSIBILITY

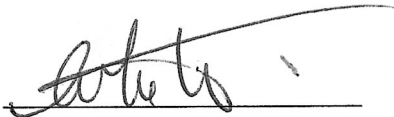
To the Subscribers of  
**Highway 41 Water Utility:**

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

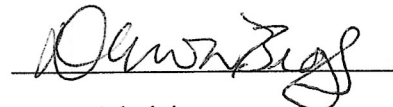
In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Utility is composed primarily of board of directors who are neither management nor employees of the Utility. The Utility is responsible for overseeing management in the performance of its financial reporting responsibilities. The Utility fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors.

Jensen Stromberg Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Utility to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.



Chair



Administrator



# HIGHWAY 41 WATER UTILITY


**Statement 1**

## STATEMENT OF FINANCIAL POSITION

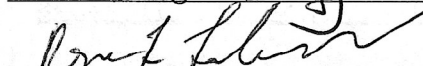
**December 31, 2021**  
with comparative figures for 2020

	<u>2021</u>	<u>2020</u> (Restated) (Note 10)
<b><u>ASSETS</u></b>		
Cash	\$ 428,004	759,736
Short term investments (Note 4)	831,121	749,745
Accounts receivable (Note 5)	130,348	63,690
Goods and services tax receivable	5,913	14,370
Subscriber loans receivable (Note 6)	<u>86,830</u>	<u>147,351</u>
Total financial assets	1,482,216	1,734,892
Long-term investments (Note 4)	<u>281,433</u>	<u>-</u>
Total financial assets	<u>1,763,649</u>	<u>1,734,892</u>
<b><u>LIABILITIES</u></b>		
Accounts payable and accrued liabilities	34,430	36,102
Deferred revenue	6,240	3,494
Employee deductions payable	<u>4,464</u>	<u>5,061</u>
Total liabilities	<u>45,134</u>	<u>44,657</u>
<b>NET FINANCIAL ASSETS (DEBT)</b>	1,718,515	1,690,235
Non-financial assets:		
Tangible capital assets (Note 7)	10,024,143	10,026,713
Prepaid expenses	<u>11,352</u>	<u>-</u>
Total non-financial assets	<u>10,035,495</u>	<u>10,026,713</u>
Accumulated surplus	<u>\$11,754,010</u>	<u>11,716,948</u>

**APPROVED ON BEHALF OF THE BOARD:**

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Director

  
See accompanying notes to the financial statements.

# HIGHWAY 41 WATER UTILITY

Statement 2

## STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31, 2021  
with comparative figures for 2020

	<u>Budget</u> <u>2021</u>	<u>Actual</u> <u>2021</u>	<u>Actual</u> <u>2020</u> (Restated) (Note 10)
<b>Revenues:</b>			
Connection payments	\$ 186,418	126,027	272,129
Custom work	-	-	116
Expense recoveries	-	46,916	32,339
Interest	17,464	14,396	20,492
Maintenance and infrastructure	164,844	175,544	169,050
Meter installations	26,400	1,200	26,400
Other revenue	1,337	55,997	2,434
Recovery of bad debts	-	10,000	30,000
Sustainability	13,113	13,880	13,016
Water sales	526,019	587,193	505,033
Restructurings (Note 12)	-	82,198	-
Total revenue	<u>935,595</u>	<u>1,113,351</u>	<u>1,071,009</u>
<b>Cost of sales:</b>			
Water purchases	394,292	436,503	402,769
Gross profit	<u>541,303</u>	<u>676,848</u>	<u>668,240</u>
<b>Expenditures:</b>			
<b>Administration</b>			
Insurance	17,000	18,560	10,318
Interest and bank charges	4,389	3,781	3,816
Legal fees	6,000	6,615	13,863
Memberships and licences	1,000	925	817
Office	13,226	8,618	6,708
Professional fees	5,275	5,062	5,374
Repairs and Maintenance	7,000	5,353	2,159
Telephone	13,316	9,919	10,867
Travel	8,379	5,642	5,523
Wages and salaries	<u>25,990</u>	<u>25,345</u>	<u>24,328</u>
	<u>101,575</u>	<u>89,820</u>	<u>83,773</u>
<b>Operating</b>			
Amortization	-	283,068	272,433
Professional fees	15,000	8,110	14,090
Repairs and maintenance	145,073	99,545	76,317
Utilities	37,437	32,906	36,645
Wages and salaries	<u>114,126</u>	<u>126,337</u>	<u>113,831</u>
	<u>311,636</u>	<u>549,966</u>	<u>513,316</u>
Total expenditures	<u>413,211</u>	<u>639,786</u>	<u>597,089</u>
Excess of revenues over expenditures	128,092	37,062	71,151
Accumulated surplus (deficit), beginning of year	<u>11,716,948</u>	<u>11,716,948</u>	<u>11,622,685</u>
Accumulated surplus (deficit), end of year	<u>\$ 11,845,040</u>	<u>11,754,010</u>	<u>11,716,948</u>

See accompanying notes to the financial statements.

**Comparative Information**


We confirm that the comparative financial statements have been appropriately restated in accordance with PSAS to reflect the material misstatement described in Note 10 to the financial statements that occurred in prior period financial statements.


**Other Representations**

- We confirm that the significant assumptions used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements are reasonable and appropriate.
- We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all significant customers and/or suppliers of the Organization who individually represent a significant volume of transactions with our Organization. We are of the opinion that the volume of transactions (sales, services, purchases, borrowing and lending) done by the Organization with any one party is not of sufficient magnitude that discontinuance would have a material negative effect on the ongoing operations of the Organization.
- The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements. This includes:
  - ◆ Appropriate provisions for idle or obsolete assets or where site restoration costs will be necessary.
  - ◆ Impairments in the value of goodwill or intangible assets.
- Receivables recorded in the financial statements represent valid claims against debtors for sales or other charges arising on or before the balance-sheet date and have been appropriately reduced to their estimated net realizable value.

Yours very truly,

**HIGHWAY 41 WATER UTILITY**

Per:  Title: Chair Person Date: June 7, 22

Per:  Title: Vice Chair Date: June 7/22  
*R.P.P.*

