

# The Corporation of the Municipality of Strathroy-Caradoc

Audit final report to the Members of Council

START

**BDO**



# To the Members of Council of The Corporation of the Municipality of Strathroy-Caradoc

For the year ended December 31, 2022

We are pleased to provide you with the results of our audit of The Corporation of the Municipality of Strathroy-Caradoc (the "Municipality") financial statements for the year ended December 31, 2022.

The enclosed final report includes estimates from management, accounting policies, financial statement disclosures, and significant transactions completed during the year. We will also report any significant internal control deficiencies identified during our audit and reconfirm our independence.

During the course of our audit, management made certain representations to us—in discussions and in writing. We documented these representations in the audit working papers.

The business environment has changed for us all during the time of COVID-19. Cash flow, strategy, operations: each has received a rethink. As your auditors, we have relied on our digital audit suite to stay connected—among ourselves, with management, and with you.

We look forward to discussing our audit conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP

July 17, 2023



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For the year ended December 31, 2022



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## Audit at a glance

Preliminary materiality was \$765,000. Final materiality remained unchanged from our preliminary assessment.

We are not aware of any fraud affecting the Municipality. If you have become aware of changes to processes or are aware of any instances of actual, suspected, or alleged fraud since our discussions held at planning, please let us know.

We have identified relationships between The Corporation of the Municipality of Strathroy-Caradoc and our Firm that may reasonably be thought to have influenced our independence. These are further discussed in [Appendix B](#).



Pete Barnes

Email: [pbarnes@bdo.ca](mailto:pbarnes@bdo.ca)

Direct: (226) 932-0524



March 1, 2023



July 17, 2023



## Status of the audit

We have substantially completed our audit of the year ended December 31, 2022 financial statements.

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. See [Appendix A](#) for our final independent auditor's report.

The scope of the work performed was substantially the same as that described in our Planning Report to the Members of Council dated March 20, 2023.

For the year ended December 31, 2022



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## Accounting practices

As part of our ongoing communications with you, we are required to share our views with you about significant qualitative aspects of the Municipality's accounting practices, including policies, accounting estimates and financial statements disclosures. We look forward to exploring these topics in depth and answering your questions. Please see these key discussion points:

Significant accounting practices	BDO assessment, risks identified, and findings
Adjusted and Unadjusted Differences	<p>We have disclosed all significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement. Each of these items has been discussed with Management.</p> <p>Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the consolidated financial statements taken as a whole. Should the Members of Council agree with this assessment, we do not propose further adjustments.</p> <p>A summary of adjusted and unadjusted differences and disclosure omissions has been presented in the following pages.</p>
Management Representations	<p>During our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the consolidated 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 out audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.</p> <p>A summary of the representation we have requested from management is set out in the management representation letter in the Appendices.</p>



## Audit findings

We are required to communicate all significant risks of material misstatement previously identified and communicated in our Planning Report as well as any new significant risks of material misstatement raised during the course of the audit. A summary of the key discussion points are below:

Significant risks of material misstatement	Risks noted	Audit findings
Management Override of Controls	Risk that management override internal controls.	Performed testing on entries recorded in the general ledger to ensure they are appropriately supported by documentation.



## Internal control matters

- ▶ During the audit, we performed the following procedures regarding the Municipality'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.
- ▶ We considered the results of these procedures in determining the extent and nature of audit testing required.



We are required to report to you in writing about any 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 merits the attention of those charged with governance.

The audit expresses an opinion on the Municipality's financial statements. As a result, it does not cover every aspect of internal controls—only those relevant to preparing the financial statements and designing appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

No control deficiencies were noted that, in our opinion, are of significant importance to discuss.





## Unadjusted differences

### Summary of unadjusted differences

See summary of unadjusted differences that is attached to the representation letter in the appendices.



Adjusted differences – see adjusted differences attached to the representation letter in the appendices.



## 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 attached table summarizes these additional required communications.

Issue	BDO 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 consolidated financial statements.	There are several lawsuits outstanding. The outcomes are unknown at this time. This information is disclosed in the financial statements.
The final draft of the representation letter.	See Appendix C.
Material uncertainties related to events and conditions that may cast significant doubt on the municipality's ability to continue as a going concern.	Not aware of any such uncertainties.
Disagreements with management about matters that, individually or in aggregate, could be significant to the municipality's consolidated 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 the normal course of operations, and which involve significant judgements made by management concerning measurement or disclosure.	None



## Other required communications (continued)

Issue	BDO response
Subsequent events that have caused changes to the audit report.	None
Modifications in opinion.	None
Emphasis of matters paragraphs or other matters paragraphs.	None
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
Management consultation with other accountants about significant auditing and accounting matters.	None



# How we audit financial statements: Our audit process

## IDENTIFY AND ASSESS RISK

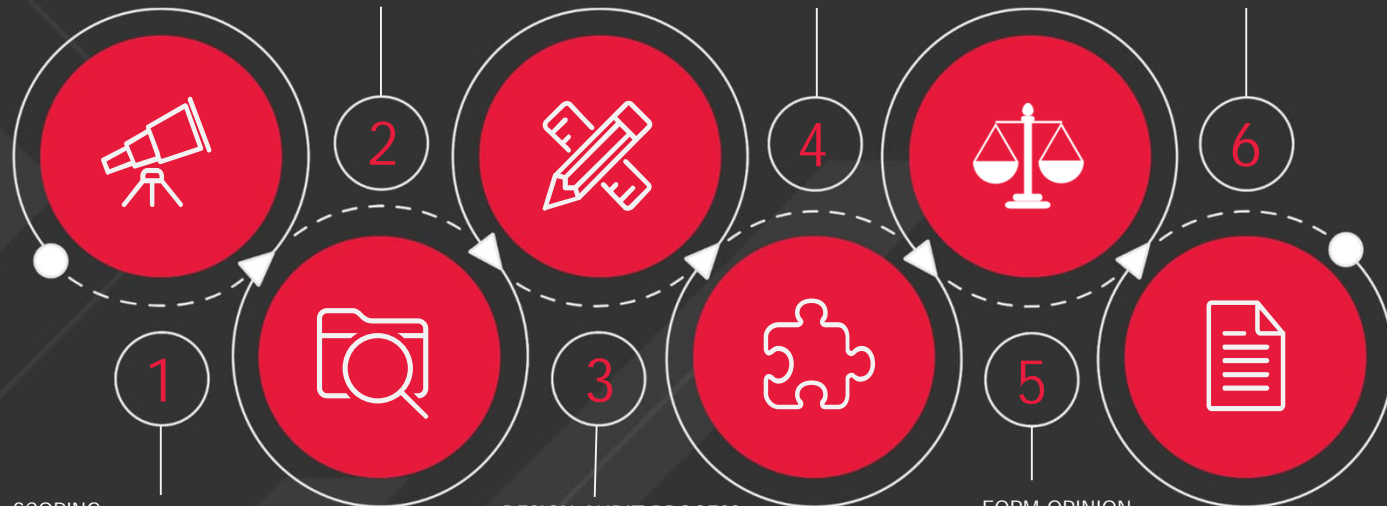
Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

## OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

## REPORT

Communicate our opinion and details of matters on which we are required to report



## SCOPING

Complete a preliminary review to plan the audit, determine the materiality level, and define the audit scope

## DESIGN AUDIT PROCESS

Design an appropriate audit strategy to obtain sufficient assurance and enable us to report on the financial statements

## FORM OPINION

Evaluate whether we have enough evidence to conclude that the financial statements are free from material misstatement, and consider the effect of any potential misstatements found

## New Standard for Audit Quality



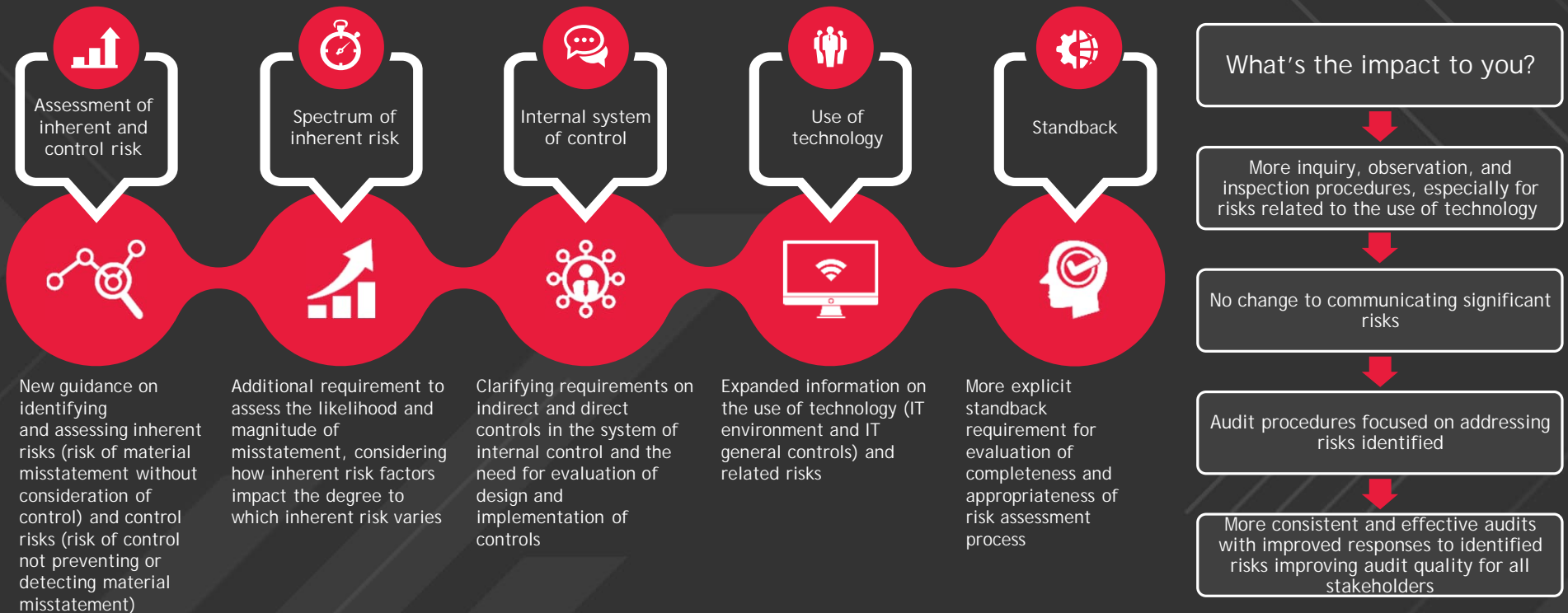
## ISQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.

[SEE THE STANDARD](#)

# Updates to our audit process

Canadian Auditing Standard 315, *Identifying and Assessing the Risks of Material Misstatement*, was significantly revised with a greater focus on more robust risk identification, assessment and response procedures. The standard is effective for periods beginning on or after December 15, 2021. Key enhancements include:



## Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your Municipality. Our audit process differs from the typical audit in our use of in-field reviews, subject to COVID-19 safety protocols. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



### Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

# BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



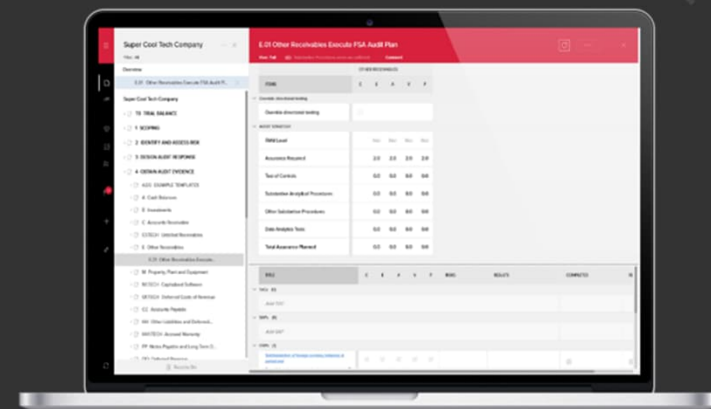
## APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your Municipality—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.

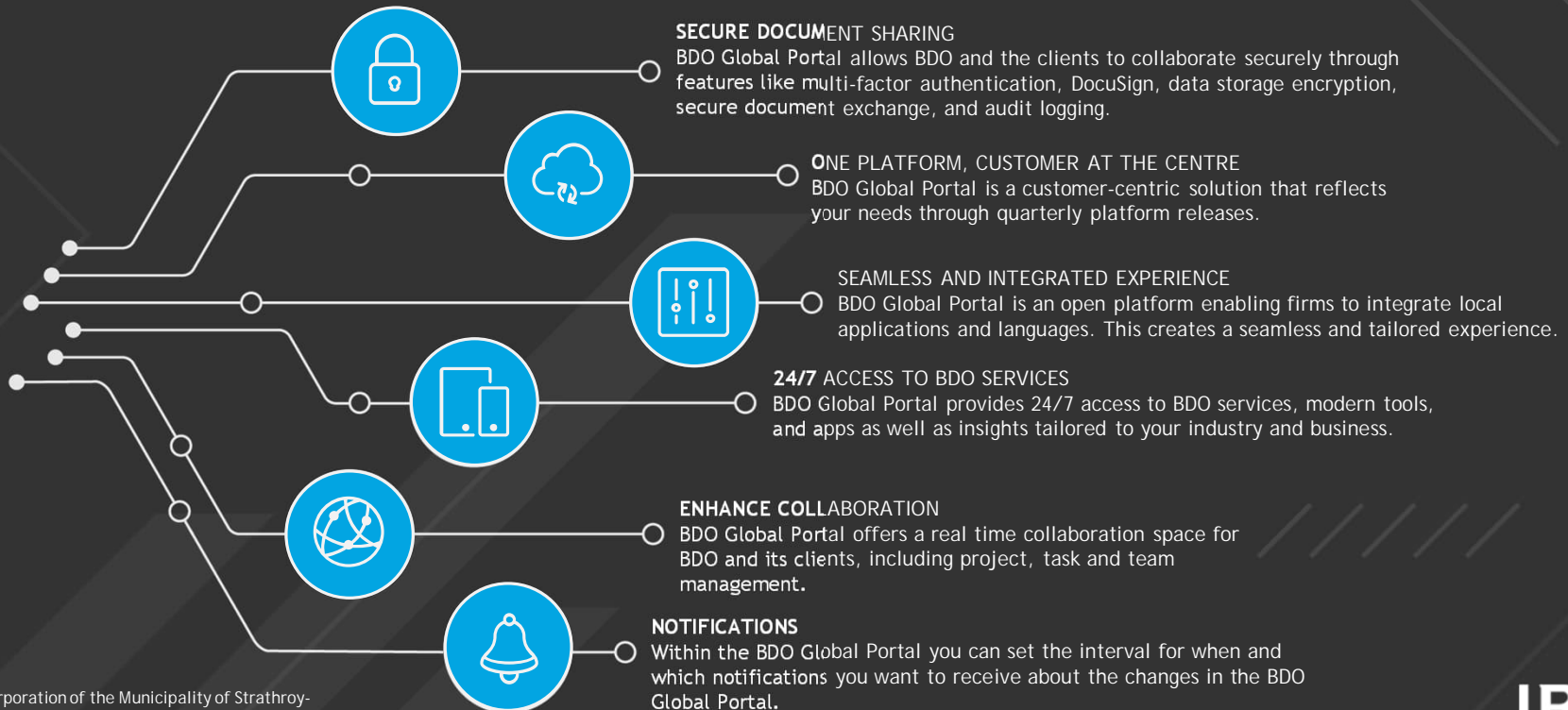






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## Recommended resources

### Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the Municipality.

[ACCESS OUR KNOWLEDGE CENTRE](#)

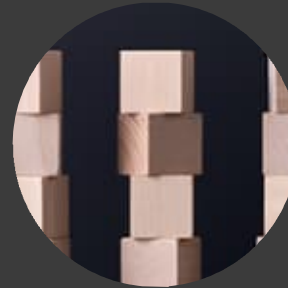
### 2023 Federal Budget



Understand the key elements of the 2023 Federal Budget and how it will impact you and your business

[STAY ON TOP OF TAXES](#)

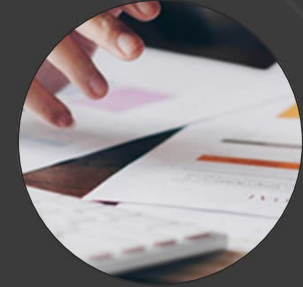
### 7 powerful steps to financial audit readiness



Getting and staying prepared for an audit simplifies the process, cuts turnaround time, and improves your chances of overall success. Learn how you can be audit ready.

[7 STEPS](#)

### A resource handpicked by your auditor



We think you'll find this resource valuable for your Municipality.

[READ ARTICLE](#)

## Spotlight on sustainability

Fast-moving world events are pushing sustainability up the agenda of Canadian organizations. Now organizational leaders, investors, and customers are responding on three fronts: environmental, social, and governance (ESG).

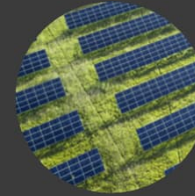
Regulators and issuers of standards are doing their part by supporting sustainability in the reporting ecosystem. Increasingly, organizations will need to go beyond the financials—and demonstrate sustainability with non-financial metrics.

5 reasons why businesses should care about ESG



[SEE 5 REASONS](#)

How climate change became a business issue worth reporting



[READ ARTICLE](#)

10 Questions about sustainability reporting



[EXPLORE QUESTIONS](#)

Accounting for going green



[LEARN MORE](#)

Why CFOs should make sustainability a part of their financial reporting today



[BUILD BACK SUSTAINABLY](#)

Rethinking sustainability: the ESG roadmap



[SEE ROADMAP](#)



# Appendices

- ▶ Appendix A: Independent auditor's report
- ▶ Appendix B: Independence update
- ▶ Appendix C: Representation letter

For the year ended December 31, 2022



# Appendix A: Independent auditor's report



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BDO Canada LLP  
Kenwick Place, 250 Christina Street North  
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Sarnia, Ontario N7T 7J7

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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Strathroy-Caradoc

### Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Strathroy-Caradoc as at December 31, 2022, and its consolidated results of operations, its consolidated change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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## Independent Auditor's Report

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### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario  
July 21, 2023



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## Independent Auditor's Report

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To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Municipality of Strathroy-Caradoc

### Opinion

We have audited the trust fund financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the Municipality), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Municipality of Strathroy-Caradoc as at December 31, 2022, and the results of operations and cash flows for the year then ended in accordance with the basis of accounting described in Note 1.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter - Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Municipality to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





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## Independent Auditor's Report

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### Auditor's Responsibilities for the Audit of the Financial Statements - continued

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Sarnia, Ontario  
July 21, 2023

For the year ended December 31, 2022



## Appendix B: Independence update



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BDO Canada LLP  
425 Caradoc Street South  
Strathroy, Ontario  
N7G 2P5

July 17, 2023

Members of the Members of Council  
The Corporation of the Municipality of Strathroy-Caradoc

Dear Members of the Members of Council:

We have been engaged to audit the consolidated financial statements of The Corporation of the Municipality of Strathroy-Caradoc (the "Municipality") for the year ended December 31, 2022.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Municipality and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, the standards require us to consider independence rules and interpretations of the CPA profession and relevant legislation.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 20, 2023, the date of our last letter.

We are aware of the following relationships between the Municipality and us that, in our professional judgment, may reasonably be thought to have influenced our independence. The following relationships represent matters that have occurred from March 20, 2023 to July 17, 2023.

- We have provided assistance in the preparation of the consolidated financial statements, including adjusting journal entries. These services created a self-review threat to our independence since we subsequently expressed an opinion on whether the consolidated financial statements presented fairly, in all material respects, the financial position, results of operations and cash flows in accordance with Canadian Public Sector Accounting Standards.
- We, therefore, required that the following safeguards be put in place related to the above:
  - Management created the source data for all the accounting entries.
  - Management developed any underlying assumptions required with respect to the accounting treatment and measurement of the entries.
  - Management reviewed advice and comments provided and undertook their own analysis considering the Municipality's circumstances and generally accepted accounting principles.
  - Management reviewed and approved all journal entries prepared by us, as well as changes to financial statement presentation and disclosure.
  - Someone other than the preparer reviewed the proposed journal entries and consolidated financial statements.



This letter is intended solely for the use of the Members of Council, management and those charged with governance of the Municipality and should not be used for any other purpose.

Yours truly,

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants



## Appendix C: Representation letter

The Corporation of the Municipality of Strathroy-Caradoc  
52 Frank Street  
Strathroy, Ontario  
N7G 2R4

July 17, 2023

BDO Canada LLP  
Chartered Professional Accountants  
425 Caradoc Street South  
Strathroy Ontario  
N7G 2P5

This representation letter is provided in connection with your audit of the financial statements of The Corporation of the Municipality of Strathroy-Caradoc for the year ended December 31, 2022, 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 February 8, 2023, 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.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- 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**

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- 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.
- Except as disclosed in the financial statements, there have been no changes to title, control over assets, liens or assets pledged as security for liabilities or collateral.
- The entity has complied with all provisions in its agreements related to debt and there were no defaults in principal or interest, or in the covenants and conditions contained in such agreements.
- 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. When applicable, these litigation and claims have been accounted for and disclosed in the financial statements.

Yours truly,

*Lindsay Laskey*  
\_\_\_\_\_

Signature

Manager of Accounting/Deputy Treasurer

Position

**William Dakin**  
\_\_\_\_\_

Signature

Digitally signed by William Dakin  
DN: cn=William Dakin, o=MOSC, ou=Treasury and Finance, email=bdakin@strathroy-caradoc, c=CA  
Date: 2023.07.18 15:07:50 -04'00'

Position



**The Corporation of the Municipality of Strathroy-Caradoc**  
**Summary of Unadjusted Misstatements**  
 Saturday, December 31, 2022

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)
Accrued interest on LTD	60,755		-		60,755		(60,755)
Settlement not recorded			250,000		(250,000)		250,000
Error in sampling population	9,451			315,969			(315,969)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	70,206	-	250,000	315,969	(189,245)	-	(126,724)
Effect of Previous Year's Errors				-	-	-	-
Likely Aggregate Misstatements				315,969	(189,245)	-	(126,724)

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

**The Corporation of the Municipality of Strathroy-Caradoc**

Year End: December 31, 2022

**Journal Entries**

Date: 01/12/1999 To 12/31/2022

Number	Date	Name	Account No		Debit	Credit
CE#1	12/31/2022	BIA CASH AND SHORT TERM INVEST	90050-01000	TB	98,132.00	
CE#1	12/31/2022	BIA A.R	90050-02001	TB	5,774.00	
CE#1	12/31/2022	BIA AP	90050-04000	TB		2,034.00
CE#1	12/31/2022	BIA Deferred Revenue	90050-05000	TB		18,306.00
CE#1	12/31/2022	BIA SURPLUS	90050-06001	TB		55,519.00
CE#1	12/31/2022	BIA OTHER REVENUE	90050-07001	TB		33,373.00
CE#1	12/31/2022	TRANSFER FROM TOWN	90050-08000	TB		58,705.00
CE#1	12/31/2022	BIA EXPENSES	90050-09000	TB	64,031.00	

Client Entry #1 - Do Not Record

CE#2	12/31/2022	Water-WATER RATES REVENUE	11-401-04010-40401	TB		422,761.87
CE#2	12/31/2022	Water-MISCELLANEOUS REVENUE	11-401-04010-40690	TB		1,422.85
CE#2	12/31/2022	Water-ADEL-METCALFE-WATER RATES REVENUE	11-401-04013-40401	TB		17,327.45
CE#2	12/31/2022	Wastewater -SEWER RATES REVENUE	11-402-04020-40402	TB		409,210.33
CE#2	12/31/2022	Wastewater-SEWER RATES-ADEL METCALFE	11-402-04024-40402	TB		13,433.80
CE#2	12/31/2022	UTILITY BILLING - CUSTOMER A/R	13-401-04010-00285	TB	864,156.30	

Client Entry #1 - Do Not Record

CE#3	12/31/2022	Caradoc Housing Cash	70000-01000	TB	173,619.06	
CE#3	12/31/2022	Caradoc Housing A/R	70000-02000	TB	2,582.14	
CE#3	12/31/2022	Caradoc Housing Building	70000-03000	TB	520,227.00	
CE#3	12/31/2022	Caradoc Housing Building Amort	70000-03001	TB		520,227.00
CE#3	12/31/2022	Caradoc Housing WIP	70000-03500	TB	145,611.06	
CE#3	12/31/2022	Caradoc Housing A/P	70000-04000	TB		74,152.77
CE#3	12/31/2022	Caradoc Housing Replacement reserve fund	70000-06000	TB		198,539.25
CE#3	12/31/2022	Caradoc Housing Operating Fund	70000-06001	TB		58,574.55
CE#3	12/31/2022	Caradoc Housing Revenue	70000-07000	TB		135,007.45
CE#3	12/31/2022	Caradoc Housing Expense	70000-08000	TB	144,461.76	

Client Entry #3 - Do Not Record

CE#4	12/31/2022	GEN ADMIN-Equipment Depreciation	12-100-01000-80200	TB		156.42
CE#4	12/31/2022	WATER-INFRASTRUCTURE DEPRECIATION EXP	12-401-04010-80300	TB		866,909.33
CE#4	12/31/2022	Accumulated Amortization-GENERAL ADMIN-ADMIN-EQUIP	16-100-01000-80200	TB	156.42	
CE#4	12/31/2022	WATER-ACC DEPRECIATION-INFRASTRUCTURE	16-401-04010-80300	TB	866,909.33	

CE #4 - Do not record

CE#5	12/31/2022	Lake Huron Primary Water A/R	60000-01000	TB	2,282,837.00	
CE#5	12/31/2022	Lake Huron Primary Water-Loans Receivable	60000-01025	TB	67,977.00	
CE#5	12/31/2022	Lake Huron Primary Water-Prepaid Expenses	60000-01050	TB	19,460.00	
CE#5	12/31/2022	Lake Huron Primary Water-Land	60000-01100	TB	116,394.00	
CE#5	12/31/2022	Lake Huron Primary Water-Buildings	60000-01110	TB	2,706,219.00	
CE#5	12/31/2022	Lake Huron Primary Water-Buildings Acc Amort	60000-01120	TB		1,139,905.00
CE#5	12/31/2022	Lake Huron Primary Water- Vehicles	60000-01130	TB	1,761,524.00	
CE#5	12/31/2022	Lake Huron Primary Water-Vehicle Acc Amort	60000-01140	TB		676,223.00
CE#5	12/31/2022	Lake Huron Primary Water-Water Infrastructure	60000-01150	TB	5,558,012.00	
CE#5	12/31/2022	Lake Huron Primary Water-Water Infrs Acc Amort	60000-01160	TB		1,770,249.00
CE#5	12/31/2022	Lake Huron Primary Water - WIP	60000-01170	TB	92,562.00	

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Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

**The Corporation of the Municipality of Strathroy-Caradoc**

Year End: December 31, 2022

**Journal Entries**

Date: 01/12/1999 To 12/31/2022

Number	Date	Name	Account No		Debit	Credit
CE#5	12/31/2022	Lake Huron Primary Water -A/P	60000-02000	TB		69,805.00
CE#5	12/31/2022	Lake Huron Primary Water-Accured Int on Debt	60000-02200	TB		952.00
CE#5	12/31/2022	Lake Huron Primary Water-Long Term Debt	60000-02300	TB		142,727.00
CE#5	12/31/2022	Lake Huron Primary Water- Acc Surplus	60000-03000	TB		8,375,467.00
CE#5	12/31/2022	Lake Huron Primary Water - User Fee	60000-50000	TB		1,080,385.00
CE#5	12/31/2022	Lake Huron Primary Water-Investment Income	60000-50100	TB		39,495.00
CE#5	12/31/2022	Lake Huron Primary Water- Other Revenue	60000-50400	TB		650.00
CE#5	12/31/2022	Lake Huron Primary Water-Salaries & Wages	60000-60100	TB	42,817.00	
CE#5	12/31/2022	Lake Huron Primary Water - Materials & Supplies	60000-60200	TB	542,517.00	
CE#5	12/31/2022	Lake Huron Primary Water-Contracted Services	60000-60300	TB	69,686.00	
CE#5	12/31/2022	Lake Huron Primary Water-Rent & Finance Expenses	60000-60400	TB	4,261.00	
CE#5	12/31/2022	Lake Huron Primary Water-Interest on Debt	60000-60500	TB	4,119.00	
CE#5	12/31/2022	Lake Huron Primary Water-Amort	60000-60600	TB	334,431.00	
CE#5	12/31/2022	Lake Huron Primary Water-Admin Expenses	60000-60700	TB	13,724.00	
CE#5	12/31/2022	Lake Huron Primary Water-Effect Of Rate Change	60000-60800	TB		320,682.00

CE#5 - Do not record

CE#6	12/31/2022	TRI TWP CASH	80000-01000	TB	73,467.20	
CE#6	12/31/2022	TRI TWP A/R	80000-02000	TB	86,583.55	
CE#6	12/31/2022	TRI TWP A/P	80000-04000	TB		51,351.05
CE#6	12/31/2022	TRI TWP DEF REV	80000-04001	TB		9,981.55
CE#6	12/31/2022	TRI TWP SURPLUS	80000-06000	TB		98,718.15
CE#6	12/31/2022	TRI TWP REVENUE	80000-07000	TB		350,251.85
CE#6	12/31/2022	TRI TWP EXPENSES	80000-09000	TB	350,251.85	

CE#6 - Do not record

CE#7	12/31/2022	Caradoc Housing Replacement reserve fund	70000-06000	TB	16,483.00	
CE#7	12/31/2022	Caradoc Housing Revenue	70000-07000	TB		16,483.00
CE#7	12/31/2022	BIA SURPLUS	90050-06001	TB		4,201.00
CE#7	12/31/2022	BIA OTHER REVENUE	90050-07001	TB	4,201.00	
CE#7	12/31/2022	Revenue-Downtown Strathroy Marke-Other Income	11-140-01400-40691	TB		1,119.20
CE#7	12/31/2022	YEAR END CLOSING ACCOUNT-Taxation and Grant--	13-000-00000-00000	TB	1,119.20	

CE#7 - Do not record

CE#8	12/31/2022	Wastewater-SEWER RATES-ADEL METCALFE	11-402-04024-40402	TB	40,652.85	
CE#8	12/31/2022	Accrued Expenses	14-000-00000-00000	TB		40,652.85

CE#8 - Do not record

CE#9	12/31/2022	LEGISLATIVE SERVICES-TRANS TO RES FUND	12-101-01010-60770	TB	240,794.00	
CE#9	12/31/2022	HUMAN RESOURCES-TRANS TO RESERVE FUND	12-102-01020-60770	TB	38,498.00	
CE#9	12/31/2022	Operating Expense-Council-COUNCIL-TRANS TO RESERVE	12-110-01100-60770	TB		158,570.00
CE#9	12/31/2022	TREASURY - TRANS TO RESERVE	12-112-01120-60770	TB	78,945.00	
CE#9	12/31/2022	IT - TRANSFER TO RESERVE	12-120-01200-60770	TB		242,026.00
CE#9	12/31/2022	DOWNTOWN MARKET - TRANSFER TO RESERVE	12-140-01400-60770	TB	15,246.00	
CE#9	12/31/2022	FIRE - TRANS TO RESERVE FUND	12-220-02200-60770	TB	199,310.00	
CE#9	12/31/2022	Operating Expense-POLICE-GENERAL-TRANS TO RESERVE	12-230-02300-60770	TB	139,884.00	
CE#9	12/31/2022	BUILDING DEPARTMENT - Transfer to Reserves	12-240-02400-60770	TB		144,507.00

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Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

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**The Corporation of the Municipality of Strathroy-Caradoc**

Year End: December 31, 2022

Journal Entries

Date: 01/12/1999 To 12/31/2022

Number	Date	Name	Account No		Debit	Credit
CE#9	12/31/2022	BYLAW ENFORCEMENT - Transfer to Reserves	12-250-02500-60770	TB	53,390.00	
CE#9	12/31/2022	ANIMAL CONTROL - Transfer To Reserves	12-260-02600-60770	TB	1,271.00	
CE#9	12/31/2022	CROSSING GUARDS - Transfer to Reserves	12-280-02800-60770	TB	31,496.00	
CE#9	12/31/2022	P/W-TRANSFER TO RESERVE FUND	12-301-03010-60770	TB	19,180.00	
CE#9	12/31/2022	Water-TRANS TO RESERVE FUND	12-401-04010-60770	TB	1,141,307.00	
CE#9	12/31/2022	Wastewater -TRANS TO RESERVE FUND	12-402-04020-60770	TB	695,919.00	
CE#9	12/31/2022	SOLID WASTE-- Transfer to Reserves	12-450-04500-60770	TB	66,278.00	
CE#9	12/31/2022	Operating Expense-CEMETERY-TRANS TO RESERVE F-	12-560-05600-60770	TB		38,967.00
CE#9	12/31/2022	Operating Expense-GENERAL RECREATION- -TRANS TO RE	12-600-06000-60770	TB	69,632.00	
CE#9	12/31/2022	PARKS -TRANSFER TO RESERVE FUND	12-620-06200-60770	TB	60,226.00	
CE#9	12/31/2022	POOL-TRANS TO RESERVE FUND	12-630-06300-60770	TB		25,305.00
CE#9	12/31/2022	ARENAS-TRANS TO RESERVE FUND	12-640-06400-60770	TB	113,637.00	
CE#9	12/31/2022	Museum-TRANSFER TO RESERVES	12-650-06500-60770	TB	85,234.00	
CE#9	12/31/2022	LIBRARY - transfer to reserve	12-660-06600-60770	TB	22,087.00	
CE#9	12/31/2022	SCOUT HALL - Transfer to Reserves	12-671-06710-60770	TB	222.00	
CE#9	12/31/2022	Caradoc Community Centre- Trans to Reserves	12-680-06800-60770	TB	14,267.00	
CE#9	12/31/2022	Operating Expense-PLANNING -TRANS TO RESERVE FUND-	12-710-07100-60770	TB	52,284.00	
CE#9	12/31/2022	ECONOMIC DEVELOPMEN -TRANS TO RESERVE	12-750-07500-60770	TB		40,332.00
CE#9	12/31/2022	COMMUNITY DEVELOPMENT - Transfer to Reserves	12-751-07510-60770	TB	3,476.00	
CE#9	12/31/2022	Operating Expense-Property Management- -TRANS TO R	12-752-07520-60770	TB		39,232.00
CE#9	12/31/2022	Drainage-TRANSFER TO RESERVES	12-800-08000-60770	TB	2,814.00	
CE#9	12/31/2022	FLEET- TRANS TO FLEET RESERVE	22-300-03000-60760	TB	7,761.00	
CE#9	12/31/2022	RESERVE-SOLID WASTE	34-000-70500-70302	TB		66,278.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB		1,271.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB		31,496.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB		78,945.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB		38,498.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB		240,794.00
CE#9	12/31/2022	GENERAL GOV - RESERVE	34-100-01000-70301	TB	39,232.00	
CE#9	12/31/2022	COUNCIL-RESERVE	34-110-01100-70300	TB	158,570.00	
CE#9	12/31/2022	RESERVE-INFORMATION TECHNOLOGY	34-120-01200-70300	TB	242,026.00	
CE#9	12/31/2022	DOWNTOWN MARKET - RESERVE	34-140-01400-70300	TB		15,246.00
CE#9	12/31/2022	Fire Services Reserve	34-220-02200-70330	TB		199,310.00
CE#9	12/31/2022	Police Services Reserve	34-230-02300-70330	TB		139,884.00
CE#9	12/31/2022	Reserve Fund-BUILDING Department	34-240-02400-70300	TB	144,507.00	
CE#9	12/31/2022	RESERVE-BYLAW ENFORCEMENT	34-250-02500-70300	TB		53,390.00
CE#9	12/31/2022	RESERVE-FLEET EQUIPMENT	34-300-03000-70300	TB		7,761.00
CE#9	12/31/2022	ROADS - RESERVE	34-310-03100-70300	TB		19,180.00
CE#9	12/31/2022	Water-S-C Water Reserve Fund	34-401-04010-70300	TB		1,141,307.00
CE#9	12/31/2022	Wastewater-S-C Wastewater Reserve Fund	34-402-04020-70300	TB		695,919.00
CE#9	12/31/2022	Cemetery Reserve	34-560-05600-70330	TB	38,967.00	
CE#9	12/31/2022	RESERVE-RECREATION EQUIPMENT	34-600-06000-70300	TB		69,632.00
CE#9	12/31/2022	Parks Reserve	34-620-06200-70330	TB		60,226.00
CE#9	12/31/2022	POOL- RESERVE	34-630-06300-70300	TB	25,305.00	
CE#9	12/31/2022	Arenas Reserve	34-640-06400-70330	TB		113,637.00
CE#9	12/31/2022	MUSEUM- -RESERVE	34-650-06500-70300	TB		85,234.00
CE#9	12/31/2022	RESERVE-LIBRARY	34-660-06600-70300	TB		22,087.00
CE#9	12/31/2022	RESERVE-SCOUT HALL	34-671-06710-70300	TB		222.00
CE#9	12/31/2022	RESERVE-CARADOC COMM CTR	34-680-06800-70300	TB		14,267.00
CE#9	12/31/2022	PLANNING- RESERVE	34-710-07100-70300	TB		52,284.00
CE#9	12/31/2022	RESERVE-Community/Economic Development	34-750-07500-70300	TB	40,332.00	
CE#9	12/31/2022	RESERVE-Community/Economic Development	34-750-07500-70300	TB		3,476.00
CE#9	12/31/2022	RESERVE-DRAINAGE	34-800-08000-70300	TB		2,814.00

Client Entry #9 - Do Not Record

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Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev

**The Corporation of the Municipality of Strathroy-Caradoc**

Year End: December 31, 2022

Journal Entries

Date: 01/12/1999 To 12/31/2022

Number	Date	Name	Account No	Debit	Credit
				20,917,055.72	20,917,055.72
		Net Income (Loss)	10,170,818.35		

07/14/2023  
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Prepared by	Detail Rev	Gen Rev	Quality Rev
4th Level Rev	Tax Rev	IS Audit Rev	Other Rev