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May 16, 2019

The Crowe Valley Conservation Authority
Board of Directors
70 Hughes Lane
PO Box 418
MARMORA, ON K0K 2M0

To the members of the board of directors of The Crowe Valley Conservation Authority:

We are pleased to report that we have now substantially completed our audit of the financial statements of The Crowe Valley Conservation Authority for the year ended December 31, 2018. The results of these audits are included in this letter.

Status of the audit

The following items need to be addressed/ completed before the release of our audit report:

- Receipt of signed management representation letter; and
- Approval of the financial statements by the board of directors

Our responsibility

Our function as auditors of The Crowe Valley Conservation Authority is to report to the directors by expressing an opinion on whether the financial statements are free from material misstatement and present fairly the financial position, results of operations and cash flows in accordance with Canadian public sector accounting standards. We conducted our audit in accordance with Canadian generally accepted auditing standards. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit was designed to provide reasonable but not absolute assurance that there are no misstatements in the financial statements resulting from fraud because fraud is usually accompanied by acts designed to conceal its existence.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our audit was undertaken using a risk based approach; more audit effort was directed in areas where there was a higher risk of material misstatement.

Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the entity;
- Confirming the independence of our engagement team members.

We have identified no information regarding our independence that in our judgement should be brought to your attention.

Materiality

The purpose of our audit is to provide an opinion as to whether the financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards at December 31, 2018. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that the auditor cannot verify every balance, transaction or judgement made in the financial reporting process. During the audit planning, we made an assessment of materiality for the purpose of developing our audit strategy, including determination of the extent of our audit procedures. Our materiality for the current audit was \$26,000.

Significant risks

We identified the following significant risks on which we focused our attention during the audit.

- Cut-off with respect to accounts receivable
- Cut-off with respect to accrued liabilities
- Determination of deferred revenue

Internal control

The primary objective of an audit is to express an opinion on the financial statements. To meet this objective, we obtained an understanding of internal control relevant to the audit when identifying and assessing the risks of material misstatement. In making those risk assessments, we considered internal control 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 internal control.

During the course of performing our audit, we did not identify any areas for improvement in internal control.

Fraud and illegal acts

Our inquiries of management did not reveal any fraud or illegal acts. Furthermore, nothing has come to our attention that indicates any director, officer or senior employee may have an interest that is in conflict with their responsibilities to The Crowe Valley Conservation Authority.

Legal or regulatory issues

Our audit procedures included an enquiry of legal counsel regarding legal contingencies. Furthermore, our audit procedures included consideration of any regulatory issues that affect the operation or financial reporting framework of the entity. There were no legal matters reported by legal counsel that require disclosure in the financial statements.

Summary of misstatements

Misstatements identified and adjusted in the financial statements by The Crowe Valley Conservation Authority as a result of our audit procedures are attached.

Summary of disclosure matters

Our audit did not identify any misstatements of disclosure.

Significant new accounting policies

There were no significant new accounting policies noted in the year.

Significant transactions

We did not note any significant transactions during the course of our audit of the financial statements.

Related party transactions not in the normal course of operations

During the course of our audit, we did not note any related party transactions that were not in the normal course of operations.

Cooperation during the audit

We report that we received cooperation from management and the employees of The Crowe Valley Conservation Authority. To our knowledge, we were provided access to all necessary records and other documentation and any issues that arose as a result of our audit were discussed with management and have been resolved to our satisfaction.

Consultations with other accountants

To our knowledge, management did not seek the advice or opinion of other external accountants on financial reporting or accounting matters.

Other reportable items

We did not identify any other reportable items during the course of our audit.

Yours sincerely,
Grant Thornton LLP



John A. West, CPA, CA
Licensed Public Accountant
Partner

JAW/mr

cc: Tim Pidduck, General Manager

The Crowe Valley Conservation Authority**DFC1****Year End: December 31, 2018****Adjusting Journal Entries****Date: 2018-12-01 To 2018-12-31**

Number	Date	Name	Account No	Debit	Credit
1	2018-12-31	Accounts receivable	1150		14,941.48
1	2018-12-31	Accounts receivable - other	1155	14,941.48	
1	2018-12-31	Accounts payable	2100		324.59
1	2018-12-31	Accounts payable - other	2105	9,180.55	
1	2018-12-31	Employer Health Tax payable	2300		8,839.15
1	2018-12-31	Deferred Revenue	2600		30.00
1	2018-12-31	General Surplus	3350		16.81
1	2018-12-31	General Surplus	3350 D2	30.00	
To reconcile opening balances.					
2	2018-12-31	Accounts receivable	1150		1,562.50
2	2018-12-31	Accounts receivable	1150	16,503.98	
2	2018-12-31	Accounts payable	2100	9,180.55	
2	2018-12-31	Source Water Protection	4160 D2		16,503.98
2	2018-12-31	Regulations - Fill &Grading(Septic)	4563 D10	1,087.50	
2	2018-12-31	Regulations - Buildings	4566 D10	300.00	
2	2018-12-31	Planning - Minor Variance	4587 D10	175.00	
2	2018-12-31	Office Supplies	5090 D1		99.99
2	2018-12-31	Operations Capital Expense	5220 D9		6,356.50
2	2018-12-31	General Projects	5515 D12		126.60
2	2018-12-31	Travel & Professional Development	5520 D1		399.98
2	2018-12-31	Dam operations	5680 D9		1,987.67
2	2018-12-31	PGMN Wells Expenses	5702 D1		209.81
To correct adjustments made by client.					
3	2018-12-31	Prepaid expense	1170		2,089.26
3	2018-12-31	Insurance	5580 D1	2,089.26	
To adjust prepaid expense to actual.					
4	2018-12-31	Accounts payable	2100	646.20	
4	2018-12-31	Employer Health Tax payable	2300		646.20
To adjust EHT balance.					
5	2018-12-31	Accounts receivable	1150	31,446.38	
5	2018-12-31	Levies - Operations	4100 D9		31,446.38

The Crowe Valley Conservation Authority**DFC1-1****Year End: December 31, 2018****Adjusting Journal Entries****Date: 2018-12-01 To 2018-12-31**

Number	Date	Name	Account No	Debit	Credit
To adjust A/R balance for items found during subsequent receipt testing.					
6	2018-12-31	Accrued liabilities	2140	1,094.95	
6	2018-12-31	Wages	5410 D13		469.20
6	2018-12-31	Wages	5410 D1	1,383.06	
6	2018-12-31	Wages	5410 D2		1,163.15
6	2018-12-31	Wages	5410 D3	72.06	
6	2018-12-31	Wages	5410 D5		101.70
6	2018-12-31	Wages	5410 D9	1,027.70	
6	2018-12-31	Wages	5410 D10		1,594.12
6	2018-12-31	Wages	5410 D12		249.60
To reverse prior year wage accrual and record accrual for current year.					
7	2018-12-31	Deferred Revenue	2600		4,000.00
7	2018-12-31	Consolidated Hydro Plant Revenue	4280 D5	4,000.00	
To adjust 2019 Shamen power prepayment to deferred revenue.					
8	2018-12-31	Accounts receivable	1150		42,090.20
8	2018-12-31	Consolidated Hydro Plant Revenue	4280 D5	42,090.20	
To reverse excess shaman power revenue not yet received.					
9	2018-12-31	Deferred Revenue	2600		15,515.89
9	2018-12-31	Levies - Operations	4100 D9	15,515.89	
To reallocate excess payment from Limerick to deferred revenue.					
10	2018-12-31	Automotive equipment	1670	32,599.39	
10	2018-12-31	Admin. Capital Expense	5200		32,599.39
To adjust new truck to capital items.					
11	2018-12-31	Computer hardware and software	1680	12,517.55	
11	2018-12-31	Computer Capital Expense	5210		12,517.55
To adjust new computers to					

The Crowe Valley Conservation Authority**DFC1-2**

Year End: December 31, 2018

Adjusting Journal Entries

Date: 2018-12-01 To 2018-12-31

Number	Date	Name	Account No	Debit	Credit
capital.					
12	2018-12-31	Land improvements - A/A	1645		345.00
12	2018-12-31	Buildings - A/A	1655		5,866.00
12	2018-12-31	Automotive equipment - A/A	1675		4,876.39
12	2018-12-31	Computer hardware/software-A/A	1685		2,086.26
12	2018-12-31	Infrastructure - A/A	1695		27,651.00
12	2018-12-31	Amortization	5900	40,824.65	
To record amortization expense.					
13	2018-12-31	Deferred Revenue	2600		31,699.83
13	2018-12-31	Deferred Revenue	2600		35,437.50
13	2018-12-31	Source Water Protection	4160 D2	31,699.83	
13	2018-12-31	MNR Funding	4240 D9	35,437.50	
To adjust the SWP and WECI deferred revenue.					
				303,843.68	303,843.68
Net Income (Loss)			219,882.41		