

April 19, 2018

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

**Attention: Board of Directors**

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, 2017. 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 engagement letter;
- 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, 2017. 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 \$17,000.

**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/sd

cc: Tim Pidduck, General Manager



# The Crowe Valley Conservation Authority

DFC1

Year End: December 31, 2017

Adjusting Journal Entries

Date: 01/12/2017 To 31/12/2017

Number	Date	Name	Account No	Debit	Credit
1	31/12/2017	General Surplus	3350		111.92
1	31/12/2017	General Surplus	3350 D1	19,614.18	
1	31/12/2017	General Surplus	3350 D9		48.40
1	31/12/2017	General Surplus	3350 D10		13,500.00
1	31/12/2017	General Surplus	3350 D12		6,114.18
1	31/12/2017	Bank charges and interest	5110	160.32	
To adjust opening account balances and reallocated surplus amounts to agree with reported balances.					
2	31/12/2017	Accounts receivable - other	1155		7,658.40
2	31/12/2017	Consolidated Hydro Plant Revenue	4280 D5	7,658.40	
To reverse prior year receivable for hydro plant revenue from Shaman Power Corporation.					
3	31/12/2017	Prepaid expense	1170		1,915.32
3	31/12/2017	Insurance	5580 D1	1,915.32	
To adjust current year prepaid.					
4	31/12/2017	Land improvements - A/A	1645		344.00
4	31/12/2017	Buildings - A/A	1655		5,866.00
4	31/12/2017	Automotive equipment - A/A	1675		5,812.00
4	31/12/2017	Infrastructure - A/A	1695		27,652.00
4	31/12/2017	Amortization	5900	39,674.00	
To record amortization for the year.					
5	31/12/2017	Accounts receivable	1150		16,503.98
5	31/12/2017	Deferred Revenue	2600	14,447.00	
5	31/12/2017	Source Water Protection	4160 D2		14,447.00
5	31/12/2017	Source Water Protection	4160 D2	16,503.98	
To adjust the SWP deferred revenue and receivable balance.					
6	31/12/2017	Accrued liabilities	2140		17,480.04
6	31/12/2017	Accrued liabilities	2140	15,240.54	
6	31/12/2017	Wages	5410 D13		284.55
6	31/12/2017	Wages	5410 D14	469.20	
6	31/12/2017	Wages	5410 D1	5,428.38	
6	31/12/2017	Wages	5410 D1		5,560.17
6	31/12/2017	Wages	5410 D2	1,981.07	

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**The Crowe Valley Conservation Authority**  
**Year End: December 31, 2017**  
**Adjusting Journal Entries**  
**Date: 01/12/2017 To 31/12/2017**

**DFC1-1**

Number	Date	Name	Account No	Debit	Credit
6	31/12/2017	Wages	5410 D2		1,210.79
6	31/12/2017	Wages	5410 D3		212.96
6	31/12/2017	Wages	5410 D3	107.14	
6	31/12/2017	Wages	5410 D4		
6	31/12/2017	Wages	5410 D4		106.48
6	31/12/2017	Wages	5410 D5	315.90	
6	31/12/2017	Wages	5410 D5		241.38
6	31/12/2017	Wages	5410 D7		
6	31/12/2017	Wages	5410 D9	6,226.55	
6	31/12/2017	Wages	5410 D9		5,898.81
6	31/12/2017	Wages	5410 D10	2,702.20	
6	31/12/2017	Wages	5410 D10		1,498.98
6	31/12/2017	Wages	5410 D12	249.60	
6	31/12/2017	Wages	5410 D12		226.42
To reverse prior year wage accrual and record accrual for current year.					
7	31/12/2017	Accounts receivable	1150	1,562.50	
7	31/12/2017	Regulations - Fill &Grading(Septic)	4563 D10		337.50
7	31/12/2017	Regulations - Buildings	4566 D10		1,225.00
To record Generic Regulations revenue pertaining to fiscal 2017.					
8	31/12/2017	Accounts payable	2100		6,356.50
8	31/12/2017	MNR Funding	4240 D9	6,356.50	
To record WECl claw-back.					
9	31/12/2017	Accounts payable	2100		2,824.05
9	31/12/2017	Office Supplies	5090	99.99	
9	31/12/2017	General Projects	5515	126.60	
9	31/12/2017	Travel & Professional Development	5520	399.98	
9	31/12/2017	Travel & Professional Development	5520		
9	31/12/2017	Dam operations	5680	1,987.67	
9	31/12/2017	PGMN Wells Expenses	5702	209.81	
To adjust payable to account for Visa statement paid after year end.					
10	31/12/2017	Deferred Revenue	2600		2,339.66
10	31/12/2017	MNR Funding	4240 D9	2,339.66	
To adjust 2018 WECl funding to					

**The Crowe Valley Conservation Authority**

DFC1-2

Year End: December 31, 2017

Adjusting Journal Entries

Date: 01/12/2017 To 31/12/2017

Number	Date	Name	Account No	Debit	Credit
deferred revenue from revenue.					
11	31/12/2017	Deferred Revenue	2600		9,963.71
11	31/12/2017	Source Water Protection	4160 D2	9,963.71	
To record current year portion for SWP deferred revenue.					
				155,740.20	155,740.20
Net Income (Loss)			-3,148.48		