

September 18, 2018

Town of Amherst
P.O. Box 516
98 East Victoria Street
Amherst Nova Scotia B4H 4A1

CLIENT COPY

Attention: Town of Amherst Audit Committee

Dear Sir / Madam:

Re: Audit findings

This letter has been prepared to assist you with your review of the consolidated financial statements of Town of Amherst for the year ending March 31, 2018. We look forward to meeting with you and discussing the matters outlined below.

Audit Status

We have completed the audit of the consolidated financial statements, with the exception of the following items:

1. Receipt of a signed representation letter by management;
2. Completing our discussions with the Audit Committee;
3. Obtaining evidence of the Committee's approval of the consolidated financial statements;

Once these items have been completed, we will date and sign our auditor's report.

Significant Difficulties Encountered

There were no significant difficulties encountered during our audit.

Comments on Accounting Practices

Accounting Policies

The significant accounting policies used by the entity are outlined in Note 1 to the consolidated financial statements.

- There were no significant changes in accounting policies
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances

Significant Accounting Estimates

The following significant estimates/judgments are contained in the consolidated financial statements:

Comments on Accounting Practices - Significant Accounting Estimates (continued)

- Allowance for doubtful accounts
- Value of inventory
- Deferred revenue

Based on audit work performed, we are satisfied with the estimates made by management.

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that are particularly significant, sensitive or require significant judgments, that we believe should be specifically drawn to your attention.

Deficiencies in Internal Control

A deficiency in internal control exists when a control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the consolidated financial statements on a timely basis is missing.

To identify and assess the risks of material misstatement in the consolidated financial statements, we are required to obtain an understanding of internal control relevant to the audit. This understanding is used for the limited purpose of designing appropriate audit procedures. It is not used for the purpose of expressing an opinion on the effectiveness of internal control and, as a result, we do not express any such opinion. The limited purpose also means that there can be no assurance that all significant deficiencies in internal control, or any other control deficiencies, will be identified during our audit.

We did not identify any control deficiencies that, in our judgment, would be considered significant deficiencies, apart from those outlined below:

#	Nature of Significant Deficiency	Implication for the Financial Statements	Recommendation
1	The verification of payroll related accruals reveals a need to adhere to current policy, which provides limits to entitlement, as set out in employment agreements.	Current practice is to accrue the hours in excess of stipulated maximums for overtime accruals. This "conservative" approach results in an accrual amount that is in excess of guidance per employment agreements.	It is recommended that efforts continue to be made, communicating and actioning the reduction of these banked overtime hours, resulting in totals by employee that are within stipulated limits.
	Management response: Management welcomes the opportunity to utilize information discussed during the audit to improve our internal processes. We note that this relates to seven employees, five of whom work at the Police Department. A new Collective Agreement was signed this Spring which has provisions which will ensure the banks are kept in alignment with policy (Cash and Time banks). All of these amounts have been accrued.		
2	In our examination of the Water Capital project activity, we note that due to operating fund surpluses, the financing of several smaller projects totaling \$182,115 was accomplished by Capital Out of Revenue rather than through long term debt as initially planned.	While this alternate method of financing is sound from a business point of view, transparency would be improved through a specific motion of Council.	We recommend that on a recurring basis that these capital expenditure funding source revisions be formally motioned and documented within Council proceedings.

Deficiencies in Internal Control (continued)

Management response:

Management and Council have indicated a strong desire to minimize borrowing for projects by using surplus funds when available. Although not a legislated requirement, Management would be pleased to increase transparency by formally documenting Council's approval when paying cash for capital projects rather than borrowing.

Written Representations

In a separate communication, as attached, we have requested a number of written representations from management with respect to their responsibility for the preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards.

Other Audit Matters of Governance Interest

We did not identify any other matters to bring to your attention at this time.

We would like to thank management and staff for the assistance they provided to us during the audit.

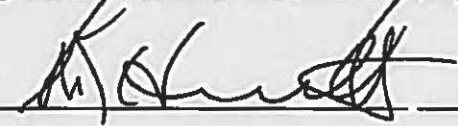
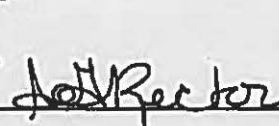
We hope the information in this audit findings letter will be useful. We would be pleased to discuss them with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Town of Amherst to carry out and discharge their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Yours truly,

Jorgensen & Bickerton Inc.
Jorgensen & Bickerton Inc.
Chartered Professional Accountants

Agreed to on behalf of Town of Amherst by:

2018 09 18
Date signed

2018-09-18
Date signed

