Deloitte.

# The Corporation of the City of Burlington

Report to the Audit Committee on the 2019 audits

Deloitte.

Deloitte LLP
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August 28, 2020

**Private and confidential**

To the Chair and Members of the Audit Committee
City of Burlington
426 Brant Street
Burlington ON L7R 3Z6

**Report on audited annual financial statements**

Dear Audit Committee Members:

We are pleased to submit this report on the status of our audit of the consolidated financial statements of the Corporation of the City of Burlington (the "City") for the year ended December 31, 2019. This report summarizes the scope of our audits, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our Master Services Agreement dated November 7, 2016, and our confirmation of changes letter dated October 9, 2018, we have performed an audit of the following, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"):

- Consolidated financial statements of the City as at, and for the year ended, December 31, 2019
- Financial statements of the Trust Funds of the Corporation of the City of Burlington (the "Trust Funds") as at, and for the year ended December 31, 2019, and
- Financial statements of the Burlington Public Library, Burlington Economic Development Corporation, Burlington Museums Board, Burlington Theatre Board, Burlington Downtown BIA and Aldershot BIA (the "Boards") as at, and for the year ended, December 31, 2019.

We expect to issue our Independent Auditor's Reports on the financial statements of the City and the Trust Funds, upon approval of the financial statements by Council.

Our audits were conducted in accordance with the audit plan presented to the Audit Committee on February 12, 2020.

This report is intended solely for the information and use of the Council through the Audit Committee, management and others within the City, and is not intended to, and should not, be used by anyone other than these specified parties. Accordingly, we disclaim any responsibility to any other party who may rely on it.

We would like to express our appreciation for the cooperation we received from the officers and employees of the City with whom we worked to discharge our responsibilities.

Yours very truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

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# Our audits explained

This report summarizes the main findings arising from our audits.

**Audit scope and terms of engagement**

We have been asked to perform audits of the financial statements of the City and the Trust Funds (collectively, the "City") in accordance with Canadian Public Sector Accounting Standards ("PSAS") and Canadian accounting standards for not-for-profit organizations ("ASNPO") (respectively) as at and for the year ended December 31, 2019. Our audits were conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the Master Services Agreement dated November 7, 2016, and our confirmation of changes letter dated October 9, 2018, which were signed on behalf of the Committee and management.

**Audit risks**

Through our risk assessment process, we have identified the audit risks. These risks of material misstatement and related audit responses are discussed in the Audit Risks section of this report.

Scope and terms of engagement → Materiality → Audit risks

**Materiality**

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

Materiality levels were determined as follows:

- Consolidated financial statements for the City – On the basis of 3% of expenses.
- City of Burlington Trust Funds – On the basis of 3% of revenues.

We have informed the Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

### Status and outstanding matters

We expect to be in a position to render our audit opinions on the financial statements of the City, following their approval, and the completion of the following outstanding procedures:

- Receipt of signed management representations letter
- Receipt of outstanding legal responses, and
- Update of our subsequent events procedures.

### Uncorrected misstatements

There were no corrected or uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented.

Status and outstanding matters → Going concern → Internal controls → Uncorrected misstatements → Uncorrected disclosure misstatements

### Going concern

Management has completed its assessment of the ability of the City to continue as a going concern and in making its assessment did not identify any material uncertainties related to events or conditions that may cast significant doubt upon the City's ability to continue as a going concern. We agree with management's assessment.

### Internal controls

During the course of our audits, we examined the accounting procedures and internal controls employed by the City. We did not identify any deficiencies in internal control that existed as of December 31, 2019 that we concluded to be significant.

### Uncorrected disclosure misstatements

In accordance with Canadian GAAS, we request that all disclosure misstatements be corrected. There are no disclosure misstatements aggregated by us during the current engagement and pertaining to the latest period presented to report.

### Fraud risk

A summary of the results of our audit procedures designed to address the risk of material misstatement in the financial statements relating to fraud is provided in the Audit risks section of this report.

Based on the audit evidence obtained, our assessment of the risks of material misstatement due to fraud remain appropriate.

### Independence

We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level. We confirm that we have complied with relevant ethical requirements regarding independence.

Fraud risk → Significant accounting practices, judgments and estimates → Independence → Conclusion

### Significant accounting practices, judgments and estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2019, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

### Conclusion

In accordance with Canadian GAAS, our audits were designed to enable us to express an opinion on the fairness of the presentation of the City's annual financial statements prepared in accordance with PSAS.

No restrictions have been placed on the scope of our audit. In performing the audit, we were given full and complete access to the accounting records, supporting documentation and other information requested.

We intend to issue an unmodified audit report on the consolidated financial statements of the City for the year ended December 31, 2019 once the outstanding items referred to above are completed satisfactorily and the financial statements are approved.

# Audit risks

## The Corporation of the City of Burlington

### Revenue and deferred revenue amounts*

| Audit risk | Our audit response | Audit results |
|---|---|---|
| Canadian Auditing Standards include the presumption of a fraud risk involving improper revenue recognition. | • Substantive testing to determine if restricted contributions (i.e., development charges, gas tax, conditional grants, etc.) have been recognized as revenue in the appropriate period. | No significant issues were noted as a result of this testing. |

### Year-end cut-off

| Audit risk | Our audit response | Audit results |
|---|---|---|
| Determine if cut-off of revenues and expenses is appropriate. | • Substantive testing on accounts payable, accrued liabilities, deferred revenue and accounts receivable, and<br>• Test disbursements subsequent to year-end. | No significant issues were noted as a result of this testing. |

### Tangible capital assets

| Audit risk | Our audit response | Audit results |
|---|---|---|
| Appropriate accounting and disclosure. | • Test assumptions used in determining completeness, valuation, recording and cut-off of 2019 additions and disposals, and<br>• Testing of calculations of amortization. | No significant issues were noted as a result of this testing. |

## Year-end accruals and other estimates (including salaries, employee future benefits, contaminated sites, and allowance for doubtful accounts)

### Audit risk

Estimates require management judgments and assumptions.

### Our audit response

- Obtain documentation on management's control over accounting estimates and assess risk
- Review and assess the consistency of major assumptions used to develop significant accounting estimates
- Compare actual historical experience to models employed in such calculations
- Obtain calculations from experts for accruals such as employee future benefit liability, and assess assumptions and data used to prepare the report, and
- Review actual outcome of prior year estimates.

### Audit results

No significant issues were noted as a result of this testing.

## Management override of controls*

### Audit risk

Management override of controls is a presumed area of risk in a financial statement audit due to management's ability to override controls that otherwise appear to be operating effectively.

### Our audit response

- Our audit tests the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of financial statements
- We will obtain an understanding of the business rationale for significant transactions that we become aware of that are outside of the normal course of business, or that otherwise appear to be unusual given our understanding of the City and its environment
- We will review accounting estimates for bias and evaluate whether the circumstances producing the bias, if any, represent a risk of material misstatement
- In addition, experienced Deloitte personnel will be assigned to the testing and review of journal entries and areas of estimates, and
- Professional skepticism will be maintained throughout the audit.

### Audit results

No significant issues were noted as a result of this testing.

# Significant accounting practices, judgments and estimates

The accounting policies described in Note 1 to the City's financial statements are most important to the portrayal of the City's financial condition and financial performance.

In the course of our audits of the financial statements, we considered the qualitative aspects of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability and understandability of the information included in the financial statements.

## Significant accounting policies

During the year ended December 31, 2019, the City did not change any significant accounting policies or implement any new accounting standards.

## Management judgment and accounting estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's current judgments. These judgments are normally based on knowledge and experience about past and current events, assumptions about future events and interpretations of the financial reporting standards.

During the year ended December 31, 2019, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

In the current year, funding deferred in prior years from the Ministry of Transportation for the QEW/Waterdown Road Interchange project totalling $3.2 million was recognized as revenue, based on management's assessment that the City has fulfilled its performance obligations with respect to the agreement. We are in agreement with this treatment.

In our judgment, the significant accounting estimates made by management are, in all material respects, free of possible management bias and of material misstatement. The disclosure in the financial statements with respect to estimation uncertainty is in accordance with PSAS and is appropriate to the particular circumstances of the City.

# Other reportable matters

The following summarizes the status and findings of key aspects of our audits. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Committee as part of the audit plan.

| | Comment |
|---|---|
| **Changes to the audit plan** | The audits were conducted in accordance with our audit plan, which was communicated to the Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan. |
| **Significant difficulties encountered in performing the audit** | Due to COVID-19 physical distancing measures, certain of the year-end audit evidence was provided electronically as the audit team worked remotely for a portion of our audit fieldwork. The year-end audit fieldwork commenced as planned but was paused as a result of COVID-19 shutdowns, and recommenced in August 2020.<br>We did not encounter any significant difficulties while performing the audits. There were no significant delays in receiving information from management required for the audits except as it relates to COVID-19 changes in audit logistics, nor was there an unnecessarily brief timetable in which to complete the audits. |
| **COVID-19 considerations** | On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus<br>("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the City in future periods.<br>To assess the impact these economic events may have on our audit, we performed the following audit procedures:<br>• Enquiry of management regarding the impact of recent economic conditions on their financial results or future financial results, and<br>• Considered the effect of recent events on our risk assessment and planned audit procedures.<br>As a result of the above discussions and audit considerations, we anticipate that the most significant impact of COVID-19 on the City will relate to any deferral or cancellation of permits, rents, and courses/memberships, as well as volatility experienced in capital markets and the impact on its investment portfolio. An additional note disclosure has been included as Note 17 to the financial statements to describe the effects of COVID-19 on the City. |
| **Related party transactions** | Related party transactions or balances have been properly disclosed in the financial statements.<br>We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments by management concerning measurement or disclosure. |

| | Comment |
|---|---|
| **Disagreements with management** | In the course of our audits, we did not encounter any disagreements with management about matters that individually or in the aggregate could be significant to the financial statements. |
| **Consultation with other accountants** | Management has informed us that the City has not consulted with other accountants about auditing or accounting matters. |
| **Legal and regulatory compliance** | Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the City. |
| **Post-balance sheet events** | At the date of finalizing this report, we are not aware of any significant post balance sheet events other than the impact of COVID-19 on the future financial condition and results of the City. A disclosure has been included in Note 17 to the financial statements. |

# Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit. We confirm that all required communications have been reported in our audit service plan and year end communication.

| Required communication | Comment |
|---|---|
| **Audit service plan** | |
| 1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the Financial Statements. | Master Services Agreement dated November 7, 2016 and confirmation of changes letter dated October 9, 2018. |
| 2. An overview of the overall audit strategy, addressing:<br>a. Timing of the audit<br>b. Significant risks, including fraud risks, and<br>c. Names, locations, and planned responsibilities of other independent public accounting firms or others that perform audit procedures in the audit. | Audit service plan presented to the audit committee on February 12, 2020. |
| 3. Significant transactions outside of the normal course of business, including related party transactions. | None noted. |
| **Enquiries of those charged with governance** | |
| 4. How those charged with governance exercise oversight over management's process for identifying and responding to the risk of fraud and the internal control that management has established to mitigate these risks | Audit service plan presented to the audit committee on February 12, 2020. |
| 5. Any known suspected or alleged fraud affecting the City | None noted. |
| 6. Whether the City is in compliance with laws and regulations | No issues of non-compliance noted. |
| **Year end communication** | |
| 7. Fraud or possible fraud identified through the audit process. | None noted. |
| 8. Significant accounting policies, practices, unusual transactions, and our related conclusions. | See note 1 to the financial statements for significant accounting policies.<br>No unusual transactions noted. |

| Required communication | Comment |
|---|---|
| 9. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period. | The significant accounting practices and policies selected and applied by management are, in all material respects, acceptable under PSAS and are appropriate to the particular circumstances of the City. |
| 10. Matters related to going concern. | See page 2 of this report. |
| 11. Management judgments and accounting estimates. | See page 3 of this report. |
| 12. Significant difficulties, if any, encountered during the audit. | None. |
| 13. Material written communications between management and us, including management representation letters. | See Appendix 4. |
| 14. Other matters that are significant to the oversight of the financial reporting process. | None noted. |
| 15. Modifications to our opinion(s). | None. |
| 16. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns. | Other reportable matters section of this report. |
| 17. Significant matters discussed with management. | None. |
| 18. Illegal or possibly illegal acts that come to our attention. | None noted. |
| 19. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the Financial Statements. | None noted. |
| 20. Uncorrected misstatements and disclosure items. | None noted. |
| 21. Any significant matters arising during the audit in connection with the City’s related parties | None noted. |

# Appendix 2 – Management letter

Deloitte.

Deloitte LLP
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Canada

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August 28, 2020

**Private and confidential**

Joan Ford
Chief Financial Officer
City of Burlington
426 Brant Street
Burlington ON  L7R 3Z6

Dear Ms. Ford:

We have substantially completed our examination of the consolidated financial statements of the Corporation of City of Burlington (the "City") for the year ended December 31, 2019. We would like to provide the attached management comments for your consideration.

As part of our examination, we reviewed the City's systems and internal controls to the extent we considered necessary to make an evaluation of such systems and procedures in accordance with Canadian generally accepted auditing standards. Under these standards, the fundamental purpose of the evaluation is to assess audit risk and to establish a basis for reliance on the internal controls in determining the nature, extent and timing of other auditing procedures, which are necessary for the expression of an opinion on the financial statements; it is not to determine whether internal controls are adequate for management's purposes.

While the audit did not include an in-depth evaluation of all systems or all aspects of any individual system, we undertake to report any internal control matters which come to our attention during the audit.

We would be happy to discuss our recommendation in further detail and provide suggestions on implementation.

Yours very truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Enclosure

c: Members of the Audit Committee

## User access review

**Observation**
During our testing of journal entries, we noted two journal entries that were posted by users who should not have had posting access to the general ledger. Per discussion, it was noted that these users' access authority were likely inadvertently changed as a result of the SAP upgrade, and were undetected at the time. We noted that both journal entries were immaterial in dollar value. No other journal entries were made by these two users.

**Implication**
Although the journal entries identified were immaterial, the fact that these users had posting access to the general ledger leads to a risk of inappropriate, material journal entries being recorded without detection.

**Recommendation**
We recommend that periodic review of user access, particularly in conjunction with any systems upgrades or implementations to ensure post-implementation access remains appropriate, be performed. At minimum, access authority should be reviewed annually to ensure it remains appropriate and captures any changes in employee roles and responsibilities.

**Management response**
Finance management has reviewed the recommendation and agrees that periodic review of user access should be performed.  As such, finance staff will review user access annually. User access will also be included in test plans with future system upgrades.

# Appendix 3 – Independence letter

Deloitte.

Deloitte LLP
1005 Skyview Drive
Suite 200
Burlington ON L7P 5B1
Canada

Tel: 905-315-6770
Fax: 905-315-6700
www.deloitte.ca

August 28, 2020

**Private and confidential**

The Audit Committee
City of Burlington
426 Brant St
Burlington ON  L7R 3Z6

Dear Audit Committee Members:

We have been engaged to audit the consolidated financial statements of the City of Burlington (the "City") for the year ended December 31, 2019.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the City, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial institute/order and applicable legislation, covering such matters as:

a. Holding a financial interest, either directly or indirectly, in a client
b. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
c. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client

d. Economic dependence on a client, and

e. Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence matters arising since April 22, 2019, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities and the City and its affiliates, or persons in financial reporting oversight roles at the City and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from April 22, 2019 to August 28, 2020.

We hereby confirm that we are independent with respect to the City in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario as of August 28, 2020.

This report is intended solely for the use of the Audit Committee, Council, management, and others within the City and should not be used for any other purposes.

Yours very truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

# Appendix 4 – Draft management representation letter



[Date]

**Private and confidential**

Deloitte LLP
400 Applewood Crescent
Suite 500
Vaughan ON  L4K 0C3

**Subject: Consolidated financial statements of the City of Burlington for the year ended December 31, 2019**

Dear Mr. Trevor Ferguson:

This representation letter is provided in connection with the audit by Deloitte LLP ("Deloitte" or "you") of the consolidated financial statements of the Corporation of the City of Burlington (the "City" or "we" or "us") as of and for the year ended December 31, 2019, the notes to the consolidated financial statements and a summary of significant accounting policies (the "Financial Statements") for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the City in accordance with Public Sector Accounting Standards ("PSAS").

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the City and Deloitte dated November 7, 2016 and subsequent confirmation of changes letter dated October 9, 2018 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the City as at December 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with PSAS.
2. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.

   In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The City has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, 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.

   The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2019 that require adjustment to the estimates and disclosures included in the Financial Statements.

   There are no changes in management's method of determining significant estimates in the current year.
3. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
4. We have completed our review of events after December 31, 2019 and up to the date of this letter.
5. The Financial Statements are free of material errors and omissions.

## Internal controls

6. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
7. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

## Information provided

8. We have provided you with:
    a. 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.
    b. All relevant information as well as additional information that you have requested from us for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and,
    d. All minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries.
9. 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.
10. 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:
    a. Management;
    b. Employees who have significant roles in internal control; or
    c. Others where the fraud could have a material effect on the Financial Statements.
11. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the City.
12. There have been no communications with regulatory agencies concerning actual or potential noncompliance with or deficiencies in financial reporting practices which have been provided to you. There are also no known or possible instances of non-compliance with the requirements of regulatory or governmental authorities.
13. We have disclosed to you the identities of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration.

## Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

14. Prior to the City having any substantive employment conversations with a former or current Deloitte engagement team member, the City has held discussions with Deloitte and obtained approval from the Audit Committee.
15. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit Committee in accordance with its established approval policies and procedures.

## Other matters

Except where otherwise stated below, immaterial matters less than $370,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the Financial Statements.

16. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
17. The City has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has determined that such disclosure is not necessary because the transactions have not occurred at a value different from that which would have been arrived at if the parties were unrelated and do not or could not have a material effect on the financial statements. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
18. There are no instances of identified or suspected noncompliance with laws and regulations.
19. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.
20. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
21. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
22. We have disclosed to you, and the City has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
23. The City has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.

## Plans or intentions affecting carrying value/classification of assets and liabilities

24. We have disclosed to you all plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the Financial Statements.

## Notes, loans and receivables

25. The City is responsible for determining the appropriate carrying amount of notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

## Environmental liabilities/contingencies

26. We have considered the effect of environmental matters on the City and have disclosed to you all liabilities, provisions or contingencies arising from environmental matters. All liabilities, provisions, contingencies and commitments arising from environmental matters, and the effect of environmental matters on the carrying values of the relevant assets are recognized, measured and disclosed, as appropriate, in the Financial Statements.

## Employee future benefits

27. Employees future benefit costs, assets, and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances

28. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan, or taking any other action that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.

29. The following have been properly recorded and, when appropriate, adequately disclosed and presented in the Financial Statements:

    a. losses arising from sale and purchase commitments
    b. agreements to buy back assets previously sold
    c. provisions for future removal and site restoration costs
    d. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
    e. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
    f. all impaired loans receivable
    g. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
    h. losses arising from sale and purchase commitments
    i. agreements to buy back assets previously sold
    j. provisions for future removal and site restoration costs
    k. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
    l. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
    m. all impaired loans receivable

n. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

30. We have reviewed and approved the year-end adjusting entries, including all related supporting schedules, and the financial statements and acknowledge our responsibility for their accuracy. While discharging our responsibility we may have requested your assistance or input in certain areas such as:

a. Recording of transactions for which we have determined or approved the appropriate account classification

b. Posting transactions to the general ledger

c. Preparing financial statements

d. Posting journal entries to the trial balance

e. Performing non-custodial payroll services, and

f. Preparing taxation returns.

We acknowledge our responsibility for the above listed items and confirm that we have authorized, reviewed and approved all of the above items.

## Investments

31. The City does not hold any investments in Master Asset Vehicle notes (which replaced third party non-bank asset backed commercial paper).

## Access to minutes

32. We have not provided you access to review certain minutes and reports which may violate the solicitor-client privilege. The City Solicitor has reviewed all minutes and reports impacted by the solicitor-client privilege, and has concluded that there are no material liabilities or contractual obligations included in them which are not already reflected in the consolidated financial statements of the City.

Yours truly,

**The Corporation of the City of Burlington**

Mr. Tim Commisso
City Manager

Ms. Joan Ford
Chief Financial Officer

Ms. Sandy O'Reilly
Controller & Manager of Financial Services