

**The Corporation of the City of  
Burlington**  
Report to The Audit Committee on the  
2020 audit

June 9, 2021

June 2, 2021

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 Corporation of the City of Burlington ("the City") for the 2020 fiscal year. This report summarizes the scope of our audit, our findings and reviews certain other matters that we believe to be of interest to you.

As agreed in our master service agreement dated November 7, 2016, and our confirmation of changes letters dated October 9, 2018 and December 2, 2020, we have performed 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, 2020
- 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, 2020, and
- Financial statements of the Burlington Public Library Board, Burlington Economic Development Corporation, Burlington Museums Board, Burlington Theatre Board, Burlington Downtown Business Improvement Association and Aldershot Village Business Improvement Association (the "Boards") as at, and for the year ended, December 31, 2020.

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 audit has been conducted in accordance with the audit plan that was presented to The Audit Committee at the meeting on December 9, 2020.

This report is intended solely for the information and use of The Audit Committee, management and others within the City and is not intended to be, and should not be, used by anyone other than these specified parties.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,



Chartered Professional Accountants  
Licensed Public Accountants

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# Executive summary



## Audit scope and terms of engagement

We have been asked to perform an audit of the City's financial statements (the "financial statements") in accordance with Canadian Public Sector Accounting Standards ("PSAS") as at and for the year ended December 31, 2020. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master service agreement dated November 7, 2016 and subsequent confirmation of changes letters dated October 9, 2018 and December 2, 2020. We have developed appropriate safeguards and procedures to eliminate threats to our independence or to reduce them to an acceptable level.

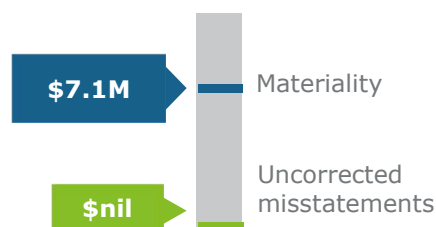


## Audit risks

- 1 Revenue recognition and deferred revenue
- 2 Management override of controls
- 3 Tangible capital assets
- 4 Year-end accruals



## Uncorrected misstatements



Materiality levels are determined on the basis of total expenses. Our materiality for the year ended December 31, 2020 was \$7,100,000 (2019, \$7,400,000). This lower materiality required some additional audit procedures on opening balances. Uncorrected misstatements totaled nil.



## Outstanding Matters & Next Steps

**Receipt** of legal letters

**Receipt** of signed Management's representation letter

**Completion** of our subsequent events procedures



### 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.



### Results

No restrictions have been placed on the scope of our audit.

We intend to issue an unmodified Independent Auditor's Report on the consolidated financial statements of the City for the year ended December 31, 2020, once the outstanding items referred to above are completed satisfactorily and the financial statements are approved by Council.

# Significant audit risks, significant events and other audit risks

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

## Revenue recognition and deferred revenue

Analysis of risk	Audit response and results
<ul style="list-style-type: none"> <li>Under Canadian GAAS, we are required to evaluate the risk of fraud in revenue recognition. We have evaluated the revenue transactions, and we have concluded that the significant risk is that revenue may have been recorded in the incorrect period.</li> <li>This represents a fraud risk for the 2020 audit.</li> </ul>	<ul style="list-style-type: none"> <li>We evaluated the design and implementation of the internal controls that address this risk. We did not rely on controls.</li> <li>We performed 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.</li> <li>We concluded that the internal controls were designed and implemented appropriately.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

## Management override of controls

Analysis of risk	Audit Response and results
<ul style="list-style-type: none"> <li>Under Canadian Auditing Standards, it is the responsibility of the management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection. Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.</li> <li>Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.</li> </ul>	<ul style="list-style-type: none"> <li>We discussed fraud with management.</li> <li>We asked The Audit Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the City and their role in the oversight of management's antifraud programs.</li> <li>We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.</li> <li>We evaluated the business rationale for any significant unusual transactions.</li> <li>We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

## Tangible capital assets

Analysis of risk	Audit response and results
<ul style="list-style-type: none"> <li>Appropriate accounting and disclosure of tangible capital assets.</li> </ul>	<ul style="list-style-type: none"> <li>We tested, on a sample basis, capital asset additions and disposals.</li> <li>We tested, on a sample basis, transfers from work in progress ("WIP") to the applicable asset classes to ensure the project was completed and moved into the correct asset class.</li> <li>We tested, on a sample basis, items recorded as repairs and maintenance to ensure these amounts were appropriately expensed.</li> <li>We tested through analytical procedures the current year amortization.</li> <li>We reviewed the disclosures in the financial statements to ensure compliance with the applicable account standards.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

## Year end accruals

Analysis of risk	Audit response and results
<ul style="list-style-type: none"> <li>Estimates require management judgements and assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>We tested, on a sample basis, transactions recorded subsequent to year end to identify any unrecorded liabilities.</li> <li>We viewed unpaid invoices subsequent to year end to identify any unrecorded liabilities.</li> <li>We reviewed and assessed the consistency of major assumptions used to develop significant accounting estimates.</li> <li>We obtained sufficient audit evidence to conclude that there were no material misstatements.</li> </ul>

## Significant events

### COVID-19

#### Impact on our 2020 audit

Due to the ongoing COVID-19 pandemic, the audit work was performed remotely, and the risk assessment and analytical procedures were considered with the potential impact of the pandemic in mind. Despite the audit taking place in a remote work environment, we were able to obtain sufficient evidence for our audit and controls testing with minimal delay. There were no significant changes to the nature of our audit procedures as a result.

# Significant accounting policies, judgments and estimates

## **Significant accounting policies**

Significant accounting policies are those that are most important and representative of the City's financial condition and financial performance.

In the course of our audit 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.

The City's significant accounting policies are disclosed in Note 1 to the financial statements.

In our judgment, 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.

## **Management judgments and accounting 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, 2020, management advised us that there were no significant changes in accounting estimates or in judgments relating to the application of the accounting policies.

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 around estimation uncertainty is in accordance with PSAS and is appropriate to the particular circumstances of the City.



# Appendix 1 – Communication requirements and other reportable matters

Required communication	Reference	Refer to this report or document described below
<b>Audit service plan</b>		
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	CAS <sup>1</sup> 260.14	Refer to our master service agreement dated November 7, 2016 and confirmation of changes letters dated October 9, 2018 and December 2, 2020.
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> <li>a. Timing of the audit</li> <li>b. Significant risks, including fraud risks</li> <li>c. Nature and extent of specialized skill or knowledge needed to perform the planned audit procedures related to significant risk</li> </ul>	CAS 260.15	Audit service plan presented to the Audit Committee on December 9, 2020.
3. Significant transactions outside of the normal course of business, including related party transactions	CAS 260 App. 2, CAS 550.27	None noted.
<b>Enquiries of those charged with governance</b>		
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	CAS 240.21	We asked the Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the City and their role in the oversight of management's antifraud programs.
5. Any known suspected or alleged fraud affecting the City	CAS 240.22	None noted.
6. Whether the City is in compliance with laws and regulations	CAS 250.15	Management is responsible for ensuring that the City's operations are conducted in accordance with the laws and regulations applicable to the City. The responsibility for preventing and detecting non-compliance rests with management. The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations  Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the City.

<sup>1</sup> CAS: Canadian Auditing Standards – CAS are issued by the Auditing and Assurance Standards Board of CPA Canada

Required communication	Reference	Refer to this report or document described below
<b>Year end communication</b>		
7. Modification to our audit plan and strategy	CAS 260.A26	The audit was conducted in accordance with our Audit service 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 service plan.
8. Fraud or possible fraud identified through the audit process	CAS 240.40-.42	We are not aware of any fraudulent events.
9. Significant accounting policies, practices, unusual transactions, and our related conclusions	CAS 260.16 a.	See page 5 of this report. No unusual transactions noted.
10. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	CAS 260.16 a.	None.
11. Matters related to going concern	CAS 570.25	We concluded that there was no substantial doubt about the City's ability to continue as a going concern.
12. Management judgments and accounting estimates	CAS 260.16 a.	See page 5 of this report.
13. Significant difficulties, if any, encountered during the audit	CAS 260.16 b.	None noted.
14. Material written communications between management and us, including management representation letters	CAS 260.16 c.	Management representations letter will be signed by management as at the date of financial statement approval. See Appendix 3 – Draft management representation letter.
15. Circumstances that affect the form and the content of the auditor's report	CAS 260.16.d.	None
16. Other matters that are significant to the oversight of the financial reporting process	CAS 260.16e.	No other matters to report.
17. Modifications to our opinion		None.
18. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	CAS 260.A.22	None.
19. Other significant matters discussed with management	CAS 260.A22	None noted.
20. Matters involving non-compliance with laws and regulations that come to our attention, unless prohibited by law or regulation, including Illegal or possibly illegal acts that come to our attention	CAS 250.23	Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the City.

Required communication	Reference	Refer to this report or document described below
21. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	CAS 265	No deficiencies to report.
22. Uncorrected misstatements and disclosure items	CAS 450.12-13	In accordance with Canadian GAAS, we request that all misstatements be corrected. No uncorrected misstatements and uncorrected disclosure to report
23. Any significant matters arising during the audit in connection with the City's related parties	CAS 550.27	None noted.
<b>Other reportable matters</b>		
24. Significant difficulties encountered in performing the audit		Due to COVID-19 physical distancing measures, the year-end audit evidence was provided electronically as the audit team worked remotely for our audit fieldwork. We did not encounter any significant difficulties while performing the audit of the City. However, there were significant delays in receiving information from some of the subsidiaries of the City.
25. Related party transactions		Related party transactions or balances have been properly disclosed in the financial statements. 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.
26. 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.
27. Post-balance sheet events		None noted.
28. Other significant matters arising from the audit		None noted.

# Appendix 2 – Independence letter

June 2, 2021

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, 2020.

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.
- 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 August 28, 2020, 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 August 28, 2020 to June 2, 2021.

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 June 9, 2021.

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,

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, and "LLP" is written in a simpler, slightly cursive font.

Chartered Professional Accountants  
Licensed Public Accountants

# Appendix 3 – Draft management representation letter

**Subject:** Consolidated financial statements of the City of Burlington for the year ended December 31, 2020

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, 2020, 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 letters dated October 9, 2018 and December 2, 2020 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, 2020 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, 2020 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, 2020 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.

### **Going concern**

14. 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, which would require disclosure in the Financial Statements. In assessing whether the going concern assumption is appropriate, management took into account all available information about the future, which is at least, but is not limited to, twelve months from the statement of financial position date, their plans for future action and the feasibility of these plans.

### **Government Business Enterprises**

15. The City has appropriately classified its investments in Burlington Enterprises Corporation as a Government Business Enterprise.
16. With regard to the City's investment in Burlington Enterprises Corporation, we have disclosed to you any events that have occurred and facts that have been discovered with respect to such investment that would affect the investment's value as reported in the Financial Statements.

### **Government transfers**

17. We have disclosed to you all correspondence relating to government transfers that the City has had with the funding body.
18. We have assessed the eligibility criteria and determined that the City is an eligible recipient for the government transfers received.
19. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
20. All government transfers that have been recorded as deferred revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.
21. All authorized transfers that have been expensed have been transferred to recipients whom have met the eligibility criteria.

### **Independence matters**

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

22. 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.
23. 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 \$1,136,000 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.

24. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
25. 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.
26. There are no instances of identified or suspected noncompliance with laws and regulations.
27. 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.



28. 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.
29. 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.
30. 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.
31. 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.

### **Assets**

32. The City has recognized all assets, which do not fall within the scope of other standards, only when the requirements in CPA Canada Public Sector Accounting Handbook Section PS 3210, *Assets* ("Section PS 3210") have been met. For those assets which do not meet the recognition criteria in Section PS 3210, the City has appropriately disclosed details of such unrecognized assets in accordance with Section PS 3210.

### **Contingent assets**

33. The City has identified all contingent assets in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

### **Contractual rights**

34. The City has identified and disclosed all contractual rights that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3380, *Contractual Rights*.

### **Inter-entity transactions**

35. The City has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3420, *Inter-entity transactions* ("PS 3420").
36. The City has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in Section PS 3420.14-.22.
37. The City has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*.

### **Restructuring transactions**

38. The City has identified all restructuring transactions, as defined in CPA Canada Public Sector Accounting Handbook Section PS 2430, *Restructuring Transactions*.

### **Liabilities for contaminated sites**

39. We have evaluated all of our tangible capital assets that we have direct responsibility for or accept responsibility for, and have not identified any sites in which contamination exceeds an environmental standard.

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

40. 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**

41. 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**

42. 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**

43. 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
44. 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.
45. 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
  - a. agreements to buy back assets previously sold
  - b. provisions for future removal and site restoration costs
  - c. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
  - d. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
  - e. all impaired loans receivable
  - f. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.
  - g. losses arising from sale and purchase commitments
  - h. agreements to buy back assets previously sold
  - i. provisions for future removal and site restoration costs
  - j. financial instruments with significant individual or group concentration of credit risk, and related maximum credit risk exposure
  - k. arrangements with financial institutions involving compensating balances or other arrangements involving restriction on cash balances and line-of-credit or similar arrangements
  - l. all impaired loans receivable
  - m. loans that have been restructured to provide a reduction or deferral of interest or principal payments because of borrower financial difficulties.

46. 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**

47. 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**

48. 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**

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Mr. Tim Commisso  
City Manager

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Ms. Joan Ford  
Chief Financial Officer

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Ms. Michelle Moore  
Controller & Manager of Financial Services