



INTER-TOWNSHIP FIRE DEPARTMENT

AUDIT REPORT TO THE JOINT BOARD OF MANAGEMENT

May 11, 2021

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SUMMARY

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Joint Board of Management in fulfilling its responsibilities. This report has been prepared solely for the use of the Joint Board of Management and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.



Status of the Audit

As of the date of this report, we have substantially completed our audit of the 2020 financial statements, pending completion of the following items:

- ▶ Approval of financial statements by the Joint Board of Management
- ▶ Receipt of signed management representation letter
- ▶ Subsequent events review through to financial statement approval date

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement.

The scope of the work performed was substantially the same as that described in our Planning Report to the Joint Board of Management dated February 2, 2021.



Materiality

As communicated to you in our Planning Report to the Joint Board of Management, preliminary materiality was \$27,000. Final materiality remained unchanged from our preliminary assessment.



Audit Findings

Our audit focused on the risks specific to your business and key accounts. Significant risks of material misstatement included the following items:

- ▶ Revenue Recognition
- ▶ Control Environment



Internal Control Matters

We are required to report to you in writing, any significant deficiencies in internal control that we have identified. The specifics of this communication are included in our report on page 6.



Independence

Our annual letter confirming our independence was previously provided to you in our planning correspondence. We know of no circumstances that would cause us to amend the previously provided letter.



Unadjusted Differences

All significant adjusted and unadjusted differences and disclosure omissions identified through the course of our audit engagement are required to be disclosed and discussed with management. We did not identify any disclosure omissions identified throughout our audit.

Management has determined that the unadjusted differences are immaterial both individually and in aggregate to the financial statements taken as a whole. Should the Joint Board of Management agree with this assessment, we do not propose further adjustments.

For purposes of our discussion, a summary of unadjusted differences has been presented in Appendix B.



Fraud Discussion

Through our planning process, and current and prior years' audits, we have developed an understanding of your oversight processes. We are not currently aware of any fraud affecting the Inter-Township Fire Department.

If you are aware of changes to processes or are aware of any instances of actual, suspected or alleged fraud affecting the Joint Board of Management since our discussions held at planning, we request that you provide us with this information.

Please refer to the Auditor's Responsibilities for Detecting Fraud in the Planning Report to the Joint Board of Management.



Management Representations

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representation we have requested from management is set out in the representation letter included in Appendix C to the report.

AUDIT FINDINGS

Our audit strategy and procedures focused on the risks specific to the Department and key accounts as outlined in our Planning Report to the Joint Board of Management. There were no changes to our planned procedures and no issues were identified in our testing performed. No additional risks were identified during the audit. The significant risks of material misstatement and areas of focus identified included the following items:

SIGNIFICANT RISKS OF MATERIAL MISSTATEMENT	RISKS NOTED	AUDIT FINDINGS
Revenue Recognition	Inherent risk that revenue may not be completely recorded.	<ul style="list-style-type: none"> Revenue recognition policies complied with client's accounting policies and Public Sector Accounting Standards. Revenue was appropriately recorded and accrued and agreed to subsequent revenue receipts.
Control Environment	Management may at any time have the opportunity to override internal controls.	<ul style="list-style-type: none"> Journal entries tested were appropriate and recorded by authorized personnel. No risk of material misstatement due to fraud found upon review of accounting estimates for biases. No significant transactions that are outside the normal course of business were found.

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Department's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. A summary of the key discussion points are as follows:

Significant Accounting Policies

Management is responsible for determining Inter-Township Fire Department's significant accounting policies. Significant accounting policies have been disclosed in the financial statements. The choice between accounting policy alternatives can have a significant effect on the financial position and the results of the Department. The application of these policies often involves significant estimates and judgements by management. Based on the audit work that we have performed, it is our opinion that the estimates are in accordance with the requirements of Public Sector Accounting Standards and have been consistently applied.

Significant Financial Statement Disclosures	Audit Findings
Commitments	Significant commitments for dispatch services are disclosed in note 7.
Uncertainty due to COVID-19	Due to the global pandemic's impact on almost all businesses, disclosure relating to COVID-19 is made in note 8.

Significant Estimates and Judgements	Audit Findings
Useful life of assets	No concerns were noted.

INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Department's internal control environment:

- ▶ Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- ▶ Discussed and considered potential audit risks with management.
- ▶ Tested the operating effectiveness of controls in the purchase and payroll transaction stream.

The results of these procedures were considered in determining the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did not find any deficiencies in the design and implementation of the internal controls that were tested during the audit.

As the purpose of the audit is for us to express an opinion on the Department's financial statements, our audit cannot be expected to disclose all matters that may be of interest to you. As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

APPENDIX A: INDEPENDENT AUDITOR’S REPORT

Inter-Township Fire Department
Financial Statements
For the year ended December 31, 2020

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Inter-Township Fire Department
Financial Statements
For the year ended December 31, 2020

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Financial Statements

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Independent Auditor's Report

To the Members of Council, Inhabitants, and Ratepayers of the
Township of Georgian Bluffs and the Municipality of Meaford

Opinion

We have audited the financial statements of the Inter-Township Fire Department, which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Inter-Township Fire Department as at December 31, 2020, and its statement of operations and statement of cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Inter-Township Fire Department in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
May 11, 2021

Inter-Township Fire Department Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash (Note 1)	\$ 771,683	\$ 752,129
Accounts receivable	2,375	-
Due from Province of Ontario	2,554	6,845
Due from the Township of Georgian Bluffs - Current	33,334	79,502
Due from the Township of Georgian Bluffs - Future Capital	471,426	471,426
Due from the Municipality of Meaford - Current	93,307	104,677
Due from the Municipality of Meaford - Future Capital	157,758	157,758
HST receivable	14,673	13,188
	<u>1,547,110</u>	<u>1,585,525</u>
Liabilities		
Accounts payable and accrued liabilities	194,060	79,830
Due to Township of Georgian Bluffs	64,815	62,415
	<u>258,875</u>	<u>142,245</u>
Net financial assets	<u>1,288,235</u>	<u>1,443,280</u>
Non-financial assets		
Prepaid expenses	13,108	1,750
Tangible capital assets (Note 2)	1,303,018	1,350,614
Accumulated surplus (Note 3)	<u>\$ 2,604,361</u>	<u>\$ 2,795,644</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Inter-Township Fire Department Statement of Operations and Accumulated Surplus

For the year ended December 31	2020 Budget (Note 5)	2020 Actual	2019 Actual
Revenue			
Requisitions - standby fees			
Township of Georgian Bluffs	\$ 402,413	\$ 402,263	\$ 435,275
Municipality of Meaford	134,138	134,138	145,175
Requisitions - capital			
Township of Georgian Bluffs	21,000	24,289	150,000
Municipality of Meaford	7,000	8,096	50,000
Fire Calls			
Township of Georgian Bluffs	100,000	131,990	114,905
Municipality of Meaford	40,000	63,315	51,255
Province of Ontario	35,000	36,902	33,049
Other revenues			
Donations	-	4,700	500
Compliance letters	249	150	250
Interest	9,000	9,591	13,089
Other Revenue	3,250	5,310	7,062
Loss on disposal of capital assets	-	(1,536)	-
	<u>752,050</u>	<u>819,208</u>	<u>1,000,560</u>
Expenses			
Firefighters			
Wages and benefits	488,000	661,546	517,147
Education and training	8,300	3,486	2,511
Vehicles			
Repairs and maintenance	41,700	52,884	60,043
Administrative and other			
Administrative	50,100	45,171	52,160
Amortization	-	116,347	115,064
Communications	47,750	49,162	46,397
Employee safety equipment	31,350	41,713	31,692
Fire hall property maintenance	33,000	29,287	31,660
Uniforms	6,100	5,917	2,518
Fire safety promotion	3,500	836	2,048
Equipment repairs	2,500	154	92
Miscellaneous	2,000	3,988	2,041
	<u>714,300</u>	<u>1,010,491</u>	<u>863,373</u>
Annual surplus (deficit) (Note 5)	37,750	(191,283)	137,187
Accumulated surplus, beginning of the year	2,795,644	2,795,644	2,658,457
Accumulated surplus, end of the year	\$ 2,833,394	\$2,604,361	\$ 2,795,644

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Inter-Township Fire Department
Statement of Changes in Net Financial Assets

For the year ended December 31	2020 Budget (Note 5)	2020 Actual	2019 Actual
Annual surplus (deficit) (Page 5)	\$ 37,750	\$ (191,283)	\$ 137,187
Acquisition of tangible capital assets	(37,500)	(70,287)	(38,559)
Amortization of tangible capital assets	-	116,347	115,064
Loss on disposal of tangible capital assets	-	1,536	-
	(37,500)	47,596	76,505
Change in prepaid expenses	-	(11,358)	10,845
Increase (decrease) in net financial assets	250	(155,045)	224,537
Net financial assets, beginning of the year	1,443,280	1,443,280	1,218,743
Net financial assets, end of the year	\$ 1,443,530	\$ 1,288,235	\$ 1,443,280

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Inter-Township Fire Department Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (191,283)	\$ 137,187
Items not involving cash		
Amortization	116,347	115,064
Loss on disposal of tangible capital assets	1,536	-
	(73,400)	252,251
Changes in non-cash working capital balances		
Accounts receivable	(2,375)	
Due from Province of Ontario	4,291	(5,866)
Due from supporting municipalities	57,538	30,498
HST receivable	(1,485)	1,622
Accounts payable and accrued liabilities	114,230	(26,463)
Due to supporting municipalities	2,400	28,257
Prepaid expenses	(11,358)	10,845
	163,241	38,893
	89,841	291,144
Capital transactions		
Cash used to acquire capital assets	(70,287)	(38,559)
Net change in cash	19,554	252,585
Cash, beginning of the year	752,129	499,544
Cash, end of the year	\$ 771,683	\$ 752,129

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Inter-Township Fire Department Summary of Significant Accounting Policies

December 31, 2020

Management Responsibility

The management of the Inter-Township Fire Department has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these financial statements. The Joint Board of Management reviews and approves the financial statements.

Basis of Accounting

The financial statements of the Inter-Township Fire Department are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. These estimates include accrued liabilities and the estimated useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The Inter-Township Fire Department has been proportionately consolidated in the financial statements of the Corporations of the Township of Georgian Bluffs and the Municipality of Meaford.

The statement of financial position reflects all of the financial assets and liabilities of the Inter-Township Fire Department. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

Inter-Township Fire Department Summary of Significant Accounting Policies

December 31, 2020

Revenue Recognition

Revenues are recognized as follows:

- a) Government transfers are recognized in the financial statements as revenue when the transfer is authorized and all eligibility criteria have been met except to the extent the transfer gives rise to a liability.
- b) Other revenues are recorded upon sale of goods or provision of service when collectibility is reasonably assured.

Liability for Contaminated Sites

A contaminated site is a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. Sites that are currently in productive use are only considered a contaminated site if an unexpected event results in contamination. A liability for remediation of contaminated sites is recognized when the organization is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring. The liability is recorded net of any expected recoveries. Management is not aware of any contaminated sites.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

Buildings and accessories	50 years
Vehicles and equipment	5 to 20 years
Technology	5 to 10 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Inter-Township Fire Department Notes to Financial Statements

December 31, 2020

1. Cash

	2020	2019
General	\$ 735,415	\$ 716,291
Reserve fund	36,268	35,838
	<u>\$ 771,683</u>	<u>\$ 752,129</u>

On December 31, 2020, the Inter-Township Fire Department had deposits totalling \$783,049 held in a Canadian Chartered bank. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

The CIBC bank account earns interest at CIBC's prime rate less 1.7%.

2. Tangible Capital Assets

	2020				
	Land	Buildings and Accessories	Vehicles and Equipment	Technology	Total
Cost, beginning of the year	\$ 55,333	\$ 506,694	\$ 2,073,262	\$ 71,632	\$ 2,706,921
Additions	-	19,475	50,812	-	70,287
Disposals	-	(6,398)	(20,355)	-	(26,753)
Cost, end of the year	<u>55,333</u>	<u>519,771</u>	<u>2,103,719</u>	<u>71,632</u>	<u>2,750,455</u>
Accumulated amortization, beginning of the year	-	188,831	1,095,844	71,632	1,356,307
Amortization	-	8,296	108,051	-	116,347
Disposals	-	(4,862)	(20,355)	-	(25,217)
Accumulated amortization, end of the year	<u>-</u>	<u>192,265</u>	<u>1,183,540</u>	<u>71,632</u>	<u>1,447,437</u>
Net carrying amount, end of the year	<u>\$ 55,333</u>	<u>\$ 327,506</u>	<u>\$ 920,179</u>	<u>\$ -</u>	<u>\$ 1,303,018</u>

Inter-Township Fire Department
Notes to Financial Statements

December 31, 2020

2. Tangible Capital Assets - (continued)

						2019
	Land	Buildings and Accessories	Vehicles and Equipment	Technology		Total
Cost, beginning of the year	\$ 55,333	\$ 493,090	\$ 2,065,826	\$ 71,632		\$ 2,685,881
Additions	-	13,604	24,955	-		38,559
Disposals	-	-	(17,519)	-		(17,519)
Cost, end of the year	55,333	506,694	2,073,262	71,632		2,706,921
Accumulated amortization, beginning of the year	-	177,915	1,009,215	71,632		1,258,762
Amortization	-	10,916	104,148	-		115,064
Disposals	-	-	(17,519)	-		(17,519)
Accumulated amortization, end of the year	-	188,831	1,095,844	71,632		1,356,307
Net carrying amount, end of the year	\$ 55,333	\$ 317,863	\$ 977,418	\$ -		\$ 1,350,614
There were no contributed capital assets recognized in the financial statements during the year.						

3. Accumulated Surplus

The organization segregates its accumulated surplus in the following categories:

	2020	2019
Invested in tangible capital assets		
Tangible capital assets purchased	\$ 1,303,018	\$ 1,350,614
Working capital reserve	150,000	150,000
General deficit (Note 5)	(144,117)	-
Future capital reserve fund (Note 4)	1,295,460	1,295,030
Accumulated surplus	\$ 2,604,361	\$ 2,795,644

Inter-Township Fire Department Notes to Financial Statements

December 31, 2020

4. Future Capital Reserve Fund

The future capital reserve funds are held as follows:

	2020	2019
Funds held in cash	\$ 36,268	\$ 35,838
Funds held by Township of Georgian Bluffs	471,426	471,426
Funds held by Municipality of Meaford	157,758	157,758
Funds to be transferred from operations	630,008	630,008
	<u>\$ 1,295,460</u>	<u>\$ 1,295,030</u>

5. Budgets

Under Canadian public sector accounting standards, budget amounts are to be reported on the consolidated statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2020 budget amounts for the Inter-Township Fire Department approved by the Board, have been reclassified to conform to the presentation of the consolidated statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by the Board.

	2020 Budget	2020 Actual	2019 Actual
Annual surplus (Page 5)	\$ 37,750	\$ (191,283)	\$ 137,187
Amortization	-	116,347	115,064
	37,750	(74,936)	252,251
Interest transferred to reserves	-	(430)	(636)
Operating surplus transferred to reserves	-	-	(40,740)
Capital surplus transferred to reserves	-	-	(172,316)
Capital acquisitions, disposals and write-down	(37,500)	(68,751)	(38,559)
General deficit	<u>\$ 250</u>	<u>\$ (144,117)</u>	<u>\$ -</u>

Inter-Township Fire Department Notes to Financial Statements

December 31, 2020

6. Pension Agreements

The Inter-Township Fire Department makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement entitlement to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The employer amount contributed to OMERS for 2020 was \$21,451 (2019 - \$19,799). The contribution rate for 2020 was 9.0% to 15.8% depending on income level (2019 - 9.0% to 15.8%).

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Inter-Township Fire Department does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2020. At that time the plan reported a \$3.20 billion actuarial deficit (2019 - \$3.40 billion actuarial deficit), based on actuarial liabilities of \$111.80 billion (2019 - \$106.40 billion) and actuarial assets of \$108.60 billion (2019 - \$103.04 billion). Ongoing adequacy of the current contribution rates will need to be monitored as declines in the financial markets may lead to increased future funding requirements.

7. Commitments

Subsequent to yearend The Inter-Township Fire Department Board approved an agreement with the Owen Sound Police Services Board to be serviced by its dispatch centre for answering and dispatching of the Fire Service for emergency purposes. The agreement will be in effect until December 31, 2025 and will consist of the following charges per year:

2021	\$	45,630
2022	\$	45,630
2023	\$	45,630
2024	\$	49,950
2025	\$	52,920

8. Uncertainty due to COVID-19

The impact of COVID-19 in Canada and on the global economy continues to increase. Specifically to the Inter-Township Fire Department, additional personal protection equipment was required to be purchased in the year without any additional funding to offset the unplanned cost. As the impacts of COVID-19 continue, there could be further impact on the Inter-Township Fire Department that could impact the timing and amounts realized on the Inter-Township Fire Department's assets and future ability to deliver its services. The Inter-Township Fire Department will continue to focus on its operations in order to maintain its ability to provide essential services.

APPENDIX B: UNADJUSTED DIFFERENCES

Inter-Township Fire Department
Summary of Unadjusted Misstatements
December 31, 2020

Description of the Misstatement	Identified Misstatement	Projected Misstatement	Estimates	Pre-Tax Proposed Adjustments			
				Assets Dr(Cr)	Liabilities Dr(Cr)	Opening R/E Dr(Cr)	Income Dr(Cr)
Accrual overstated	3,500	-	-	-	3,500	(1,860)	(1,640)
Likely Aggregate Misstatements Before Effect of Previous Year's Errors and Estimates	3,500	-	-	-	3,500	(1,860)	(1,640)
Effect of Previous Year's Errors, Net of Tax Effects				-	-	-	-
Tax Effect				-	-	-	-
Likely Aggregate Misstatements				-	3,500	(1,860)	(1,640)

Details of why no adjustment has been made to the financial statements for the above items:

Amount not significant

APPENDIX C: REPRESENTATION LETTER

Inter-Township Fire Department
c/o Township of Georgian Bluffs
RR3, 177964 Grey Road 18
Owen Sound ON N4K 5N5

May 11, 2021

BDO Canada LLP
Chartered Professional Accountants
1717 2nd Ave E., 3rd Floor
PO Box 397
Owen Sound ON N4K 5P7

This representation letter is provided in connection with your audit of the financial statements of Inter-Township Fire Department for the year ended December 31, 2020, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with Canadian public sector accounting standards.

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

We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated November 18, 2020, for the preparation of the financial statements in accordance with Canadian public sector accounting standards; in particular, the financial statements are fairly presented in accordance therewith.

- The methods, significant assumptions, and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and/or disclosure that are reasonable in accordance with Canadian public sector accounting standards.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian public sector accounting standards.
- All events subsequent to the date of the financial statements and for which Canadian public sector accounting standards require adjustment or disclosure have been adjusted or disclosed.
- The financial statements of the entity use appropriate accounting policies that have been properly disclosed and consistently applied.
- The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to the representation letter.
- We have reviewed and approved all journal entries recommended by the practitioners during the audit. A list of the journal entries is attached to the representation letter.

Information Provided

- We have provided you with:
 - 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;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- We are responsible for the design, implementation and maintenance of internal controls to prevent, detect and correct fraud and error, and have communicated to you all deficiencies in internal control of which we are aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Fraud and Error

- 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.
- 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:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

General Representations

- Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements or has otherwise been disclosed to you.
- We have provided you with significant assumptions that in our opinion are reasonable and appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity when relevant to the use of fair value measurements or disclosures in the financial statements.
- There have been no plans or intentions that may materially affect the recognition, measurement, presentation or disclosure of assets and liabilities (actual and contingent).
- The nature of all material uncertainties have been appropriately measured and disclosed in the financial statements, 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.
- There were no direct contingencies or provisions (including those associated with guarantees or indemnification provisions), unusual contractual obligations nor any substantial commitments, whether oral or written, other than in the ordinary course of business, which would materially affect the financial statements or financial position of the entity, except as disclosed in the financial statements.

Other Representations Where the Situation Exists

- We have informed you of all known actual or possible litigation and claims, whether or not they have been discussed with legal counsel. Since there are no actual, outstanding or possible litigation and claims, no disclosure is required in the financial statements.
- To the extent that our normal procedures and controls related to our financial statement close process at any of our location were adversely impacted by the COVID-19 outbreak, we took appropriate actions and safeguards to reasonably ensure the fair presentation of the financial statements in accordance with Canadian public sector accounting standards.

Yours truly,

Signature

Position

Signature

Position