



Tel: 807 274 9848
Fax: 807 274 5142
www.bdo.ca

BDO Canada LLP
375 Scott Street
Fort Frances ON P9A 1H1 Canada

July 13, 2015

Mrs. Laurie Witherspoon, Treasurer
The Corporation of the Town of Fort Frances
320 Portage Avenue
Fort Frances, Ontario
P9A 3P9

Dear Mrs. Witherspoon:

Re: Management Letter
The Corporation of the Town of Fort Frances

During the course of our audit of the financial statements of The Corporation of the Town of Fort Frances for the year ended December 31, 2014, we identified matters which may be of interest to management. The objective of an audit is to obtain reasonable assurance whether the financial statements are free of any material misstatement and it is not designed to identify matters that may be of interest to management in discharging its responsibilities. Accordingly an audit would not usually identify all such matters.

The responsibility for producing consolidated financial statements and ensuring adequate internal controls and sound business practices is the responsibility of the Council through management and is a part of management's overall responsibility for the ongoing activities of the Municipality. Policies and procedures developed by the Municipality to safeguard its assets and to provide reasonable assurance that errors and irregularities or illegal acts are promptly identified, must be properly monitored to ensure that all staff are complying with the guidelines provided. Where we determined, from our testing, that there exists a need for improvement in existing systems of internal control or if we detected that the Municipality's staff are not complying with the critical accounting policies and procedures provided by management, we increased our year-end testing of account balances to ensure that audit risk was kept to an appropriate low level.

The comments and concerns expressed herein did not have a material effect on the Municipality's consolidated financial statements and, as such, our opinion thereon was without reservation. However, in order for the Municipality to ensure the safeguarding of its assets and the accuracy of its records, we believe our comments and concerns should be taken into consideration by management. Our comments are not intended to reflect upon the honesty or competence of the Municipality's employees.

The matters we have identified are discussed in the attached appendices.

This communication is prepared solely for the information of management and is not intended for any other purposes. We accept no responsibility to a third party who uses this communication.



We would like to express our appreciation for the cooperation and assistance which we received during the course of our audit from Laurie Witherspoon, Dawn Galusha and all other staff within the administration and treasury departments.

We shall be pleased to discuss with you further any matters mentioned in this report at your convenience.

Yours truly,

A handwritten signature in black ink, appearing to be 'J. Evans', with a long horizontal line extending to the right.

Jon Evans, CPA, CA

Partner

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants



The Corporation of the Town of Fort Frances

Appendix 1

Summary of Matters Identified

December 31, 2014

Liability for Contaminated Sites

Observation:

Beginning in 2015, local governments will be required to account for all liabilities associated with contaminated sites. This new Public Sector Accounting Board Section 3260 establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of local governments. The standard states that the liability should be recognized when contamination exceeds an accepted environmental standard and the entity is directly responsible, or accepts responsibility, for the damage. This liability should be measured at the entity's best estimate of the costs directly attributable to remediation of the contamination.

Recommendation:

Like the Tangible Capital Asset project that preceded it, dealing with this new accounting standard could be time consuming and require a need to use both internal and external specialists. One of the complexities of this standard is that it requires assessment of all properties even if you do not know or suspect that there may be contamination. For a property that is non-contaminated, you will be required to document how you know that there are no issues with that property. We recommend that you start early on this project and definitely do not leave it until 2015. Early planning will help you identify the processes and resources that will be necessary to meet the requirements.