

## Special Council Meeting Agenda

Date: Tuesday, January 14, 2025, 4:00 pm  
Location: Tecumseh Town Hall - Council Chambers  
917 Lesperance Road  
Tecumseh, Ontario N8N 1W9

Pages

**A. Roll Call**

**B. Call to Order**

**C. Land Acknowledgement**

We acknowledge that we are on land and surrounded by water, originally inhabited by Indigenous Peoples who have travelled this area since time immemorial. This territory is within the lands honoured by the Wampum Treaties; agreements between the Anishinaabe, Haudenosaunee, Leni Lenape and allied Nations to peacefully share and care for the resources around the Great Lakes. Specifically, we would like to acknowledge the presence of the Three Fires Confederacy Ojibwe, Odawa, Potawatomi and Huron/Wendat Peoples. We are dedicated to honouring Indigenous history and culture while remaining committed to moving forward respectfully with all First Nations, Inuit and Métis.

**D. Reporting Out of Closed Session**

**E. Disclosure of Pecuniary Interest**

**F. Communications**

1. Ministry of Municipal Affairs and Housing dated December 12, 2024

6 - 7

Re: Comments for Proposed amendments to the Municipal Act, 2021 to standardize and strengthen the municipal code of conduct and integrity commissioner framework

Deadline for comments submission is February 10, 2025

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** Communication as listed on the Tuesday, January 14, 2025 Special Council Meeting Agenda, **be received or received and supported:**

**And that if the communication is supported, Council directs Administration as follows:**

**G. Reports**

1. LCS-2025-02 Board Appointments

8 - 13

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** the application to the Business Improvement Area (BIA) Board of Management from (insert name) **be accepted and appointed** as a Director of the BIA Board of Management for the term ending November 14, 2026 or until such time as new members are appointed;

**And that** the application to the Essex Power Board from (insert name) **be accepted and appointed** as the Independent Municipal Representative for the term ending December 31, 2028, or until such time new members are appointed;

**And further that** the application from (insert name) **be accepted and appointed** to the Tecumseh Accessibility Advisory Committee for the term ending November 14, 2026, or until such time new members are appointed.

2. FS-2025-02 Consideration for Financial Assistance for Local Historical Societies

14 - 18

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** Report FS-2025-02 entitled "Consideration for Financial Assistance for Local Historical Groups" **be received,**

**And that** direction **be given** during 2025 budget deliberations regarding any contribution and the timing thereof to the annual operating costs of the Tecumseh Historical Society and the Sandwich South & Area Historical Society.

3. FS-2025-01 2023 Year-End Budget Variance Amendment

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** Report FS-2025-01, 2023 Year-End Budget Variance Amendment Report, dated January 14, 2025, showing a tax-supported surplus of \$487,717, an increase of \$53,659 as to what was reported in Council Report FS-2024-09, **be received**;

**And that** tax-supported surplus transfers be made as follows:

- a. \$415,804 operating fund surplus to Tax Rate Stabilization Reserve to bring this reserve to approximately \$3.4M (target reserve balance is 15% of general levy, which is \$4.3M); and
- b. \$71,913 capital fund surplus be transferred as follows:
  - a. \$50,000 to Tax Rate Stabilization Reserve to be carried forward to 2024 towards 2023 approved Small Equipment purchases not fulfilled at year-end, and
  - b. \$21,913 to Infrastructure Reserve

**H. Delegations**

1. 2023 Audit Findings and Financial Statements

19 - 95

Re: Cynthia Swift, KPMG Partner, Town Auditor

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** the Town of Tecumseh 2023 Audited Financial Statements presented by Cynthis Swift, KPMG Partner, Municipal Auditor, **be approved**.

2. 2025 Tecumseh Business plan and Budget-Operating Lifecycle and Reserves as submitted to Town Council

Re: Tom Kitsos, Director Financial Services & Chief Financial Officer and Margaret Misek-Evans, Chief Administrative Officer

Link to the 2025 Business Plan and Budget

- a. Director Financial Services & Chief Financial Officer (Pages 62-74)
- b. Chief Administrative Officer (Pages 75-84)
- c. Director Information Technology & Communication Services (Pages 85-95)

- d. Director Legislative Services & Clerk  
(Pages 96-104)
- e. Director People & Culture (Pages 105-113)
- f. Director Community Safety & Fire Chief (Pages 114-123)
- g. Scheduled Recess
- h. Director Public Works & Engineering Services (Pages 124-149)
- i. Director Community & Recreation Services (Pages 150-170)
- j. Director Development Services (Pages 171-185)
- k. Lifecycle (Pages 186-242)
- l. Reserves (Pages 243-257)

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** the 2025 Budgeted Reconciliation for the Public sector Accounting Board (PSAB) Adjustments as reported in the 2025 Business Plan and Budget, as amended by the reduction in the budget at the January 14, 2024 Special Council Meeting, be accepted in accordance with the Municipal Act, 2001 Regulation 284/09, as amended.

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** Administration **be directed** to draft a by-law to approve the 2025 Business Plan and Budget as amended by a XX based on a municipal levy increase of XX net of assessment growth, and a consolidated tax increase of XX%.

**I. By-Laws**

- 1. By-Law 2025-001 Tender for Electric Busses

96 - 107

Being a by-law to authorize the execution of an Agreement with The Corporation of the Town of Tecumseh and Damera Bus Sales Canada Corp for the purchase for Electric Buses

**J. Adjournment**

**Recommendation**

Moved by \_\_\_\_\_

Seconded by \_\_\_\_\_

**That** there being no further business, the Tuesday, January 14, 2025 Special Council Meeting **be adjourned** at     pm.

**Ministry of  
Municipal Affairs  
and Housing**

Office of the Minister

777 Bay Street, 17<sup>th</sup> Floor  
Toronto ON M7A 2J3  
Tel.: 416 585-7000

**Ministère des  
Affaires municipales  
et du Logement**

Bureau du ministre

777, rue Bay, 17<sup>e</sup> étage  
Toronto (Ontario) M7A 2J3  
Tél. : 416 585-7000



234-2024-5801

December 12, 2024

Dear Head of Council,

I am pleased to inform you of the introduction of the proposed Municipal Accountability Act, 2024 on December 12, 2024, which, if passed, would make changes to the *Municipal Act, 2001* and *City of Toronto Act, 2006* to strengthen the municipal code of conduct and integrity commissioner framework.

I appreciate the valuable feedback we have received from municipalities and share your commitment to safe and respectful workplaces. The proposed changes, if passed, would:

- enable the creation of a standard municipal code of conduct and standard municipal integrity commissioner investigation processes to help ensure consistency across all Ontario municipalities;
- create a role for the Integrity Commissioner of Ontario in municipal code of conduct and integrity commissioner matters, including providing training to municipal integrity commissioners; and
- establish a mechanism to remove and disqualify members of council and certain local boards for a period of four years for the most serious code of conduct violations following a recommendation from the local integrity commissioner, a concurring report from the Integrity Commissioner of Ontario, and a unanimous vote of council.

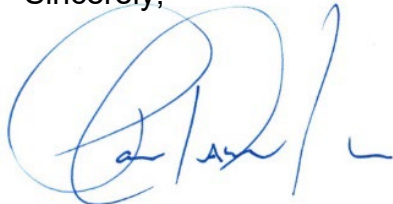
In the coming months, I will want to hear your feedback on the Bill as well as other matters regarding local accountability regimes. I look forward to seeing many of you at the upcoming Rural Ontario Municipal Association conference, where we will have the opportunity to discuss these changes and other matters of importance to your communities.

If passed, important work to develop the regulations to support this new framework would lie ahead, and I remain committed to engaging with you throughout that process. Our intention is to have these changes in effect for the new term of councils beginning in Fall 2026 to ensure there is adequate opportunity for local implementation.

For more information on these amendments, please see the [news release](#). To share your comments on the proposed legislation, please see a posting on the [Regulatory Registry](#) that will be open for comments for 60 days.

If you have any questions regarding these new provisions, please contact your local [Municipal Services Office](#) with the Ministry of Municipal Affairs and Housing.

Sincerely,



Hon. Paul Calandra  
Minister of Municipal Affairs and Housing

- c: Jessica Lippert, Chief of Staff
- Owen Macri, Deputy Chief of Staff
- Martha Greenberg, Deputy Minister
- Caspar Hall, Assistant Deputy Minister, Local Government Division
- Sean Fraser, Assistant Deputy Minister, Municipal Services Division
- Municipal Clerks and CAOs



## The Corporation of the Town of Tecumseh

Legislative & Clerk Services

**To:** Mayor and Members of Council

**From:** Robert Auger, Director Legislative Services & Clerk

**Date to Council:** January 14, 2025

**Report Number:** LCS-2025-02

**Subject:** Committee and Board Appointments

---

### Recommendations

It is recommended:

**That** the application to the Business Improvement Area (BIA) Board of Management from (insert name) **be accepted and appointed** as a Director of the BIA Board of Management for the term ending November 14, 2026, or until such time as new members are appointed;

**And that** the application to the Essex Power Board from (insert name) **be accepted and appointed** as the Independent Municipal Representative for the term ending December 31, 2028, or until such time new members are appointed;

**And further that** the application from (insert name) **be accepted and appointed** to the Tecumseh Accessibility Advisory Committee for the term ending November 14, 2026, or until such time new members are appointed.

### Background

There are currently three vacancies on Town Boards and Committees. A notice was placed on the Town's Website along with an online application form and linked to the Tecumseh Facebook page, Twitter and Instagram calling for applications for Tecumseh Accessibility Advisory Committee, the Town of Tecumseh Business Improvement Area



Board of Management and Essex Power Board along with a description of each Committee/Board.

Applications for each Committee/Board set out specific eligibility criteria for applying. General eligibility criteria also require that applicants:

- Be a resident/owner of lands in the Town;
- Be a Canadian Citizen;
- Be at least 18 years old;
- Not be an employee of the Town, and
- Not be prohibited by law from voting in a municipal election.

Eligibility criteria for the Tecumseh Accessibility Advisory Committee also requires applicants to be a person with a disability or such members as Council deems appropriate.

## Comments

In accordance with the Policy, a call for applications was posted on the Town's website from December 9, 2024, to January 10, 2025. Ongoing posts were shared to the Town's social media platforms to encourage application submissions.

A brief description of each of the Committees/Boards is provided in this report with the names of those who have applied. Council was provided with all applicant information in advance of this meeting for their consideration.

## Essex Power Corporation Board of Directors

The Town of Tecumseh, along with the Towns of Amherstburg, LaSalle and the Municipality of Leamington, are the shareholders of record in Essex Power Corporation. Pursuant to Essex Power Shareholder Agreement requirements each Municipality shall ensure the nomination for appointment of two Directors, one of whom shall be an Independent non-elected member of the business community.

In addition, nominees for appointment to Essex Power Board have new requirements or qualifications. In particular, the qualifications of such candidates shall include one or more of the following:

- (i) recognized credentials and experience in the electricity industry, including knowledge of public policy issues relating to the electricity sector;
- (ii) merger and acquisitions experience;

- (iii) regulated monopoly expertise;
- (iv) experience as a director for public or private “for profit” companies or not-for-profit companies;
- (v) certification or other recognized credentials in corporate governance;
- (vi) recognized credentials and experience in accounting, finance, legal and/or commercial business experience;
- (vii) recognized credentials and experience in IT, including cyber-security issues;
- (viii) background in innovation and entrepreneurialism, such as prior business experiences and/or prior involvement as operator or investor with innovative businesses, inventions or other intellectual property;
- (ix) recognized credentials and experience in environmental and real estate issues;  
and
- (x) recognized credentials and experience in labour relations and occupational health and safety issues.

The current Director vacancy for Tecumseh expired December 1, 2024. Mayor Gary McNamara is currently the other Tecumseh member previously appointed to the Board for a term ending November 14, 2026.

The Town has received two applications for the Essex Power Board and the applications have been circulated to Council for their review. The term of this appointment as the Town’s Independent Director ends on December 31, 2028.

### **Business Improvement Area Board of Management**

This non-profit organization represents and promotes a defined geographic area of the Town as a business or shopping area (north of County Road 22). The Board also oversees the improvement, beautification and maintenance of municipally owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally.

The budget for promotional activities and events as adopted by the Board of Management is submitted annually to Council for approval as part of the budget process. The Town provides the approved funding to the Board of Management by collection of a special levy applied to commercial properties in the defined geographic area

The BIA is governed by a nine (9) member Board of Management, comprised of two (2) Council Member directors appointed by Council and seven (7) directors nominated for

Council appointment by a vote of the membership of the improvement area. Currently there are three vacancies on the Board.

It is recommended that the application from Carlyn Bistany be accepted and be appointed as Director to the BIA Board of Management for the term ending on November 14, 2026.

### **Tecumseh Accessibility Advisory Committee**

*The Ontarians with Disabilities Act (ODA)* requires municipalities with a population greater than 10,000 to establish an Accessibility Advisory Committee to advise Council in each year about the preparation, implementation and effectiveness of the municipality's Accessibility Plan, in addition to other obligations as established by the ODA. The ODA requires that not less than 50 percent of the Committee's members be persons with disabilities, or such members as Council deems appropriate. The Accessibility Advisory Committee (TAAC) normally meets quarterly.

Currently there are five members on the committee with two members identified as persons with disabilities. The application received is not a person who has identified as a person with disabilities however, their current work experience in social work deems this applicant as an ideal candidate for this committee. Administration will continue to post the committee application form for TAAC in an effort to meet ODA's requirement of 50 percent of the Committee members be persons with disabilities.

It is recommended that the application from Kristina Fernandez be accepted and be appointed to the TAAC for the remainder of the term ending November 14, 2026.

### **Consultations**

None

### **Financial Implications**

There are no financial implications.

## Link to Strategic Priorities

Applicable	<a href="#">2023-2026 Strategic Priorities</a>
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

## Communications

Not applicable

Website

Social Media

News Release

Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Jennifer Alexander, MPA, AOMC, CMO  
Deputy Clerk & Manager Legislative Services

Reviewed by:

Robert Auger, LL.B.  
Director Legislative Services & Clerk

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
None	None



## The Corporation of the Town of Tecumseh

Financial Services

**To:** Mayor and Members of Council

**From:** Tom Kitsos, Director Financial Services & Chief Financial Officer

**Date to Council:** January 14, 2025

**Report Number:** FS-2025-02

**Subject:** Consideration for Financial Assistance for Local Historical Societies

---

### Recommendations

It is recommended:

**That** Report FS-2025-02 entitled “Consideration for Financial Assistance for Local Historical Groups” **be received**,

**And that** direction **be given** during 2025 budget deliberations regarding any contribution and the timing thereof to the annual operating costs of the Tecumseh Historical Society and the Sandwich South & Area Historical Society.

### Background

At the Regular Council Meeting held on October 22, 2024, Deputy Mayor Bachetti filed a Notice of Motion requesting that consideration be given during the 2025 Budget process to provide annual financial support through the Town’s operating budget to the Tecumseh Historical Society and the Sandwich South and Area Historical Society.

Motion RCM-258/24:

**Whereas** in the past, the Town of Tecumseh supported various cultural and historical initiatives by allocating funding to the former Cultural & Arts and Heritage Committees (Committees);

**And whereas** the Town currently has two historical societies: Tecumseh Historical Society and the Sandwich South and Area Historical Society, which are groups that are dedicated to the preservation of the rich heritage of the community and are volunteer organizations that are funded through fundraising and private donations.

**Now Therefore Be It Hereby Resolved:**

**That** the Town consider allocating funding of \$5,000 to be divided amongst the Tecumseh Historical Society and the Sandwich South and Area Historical Society to assist with their operating costs;

**And that** this consideration to allocate funding to the Tecumseh Historical Society and the Sandwich South and Area Historical Society **be referred** to the 2025 budget deliberations.

## **Comments**

The Town currently collects monthly lease payments of \$150 plus HST from both the Tecumseh Historical Society and the Sandwich South and Area Historical Society. This monthly fee was established in 2016 for the Tecumseh Historical Society, after the Town assumed the utility bills for the building, and in 2019 for the Sandwich South and Area Historical Society. Annual lease payments amount to \$1,800 plus HST totalling \$2,034 for each organization.

The Tecumseh Historical Society (THS) operates out of the town-owned museum at 12350 Tecumseh Road East and occupies the full approximate 1,150 square feet of space.

The Sandwich South and Area Historical Society (SSAHS) operates out of the town-owned Fire Hall #2 at 5520 Walker Road and occupies approximately 900 square feet of space within the 4,000 square foot building (excluding truck bays).

For both leases, the Town pays all facility-related costs including hydro, gas, building maintenance and capital costs.

Average Annual Facility Operating Costs	12350 Tecumseh Rd E	5520 Walker Road (15%)
Hydro	\$1,900	\$1,300
Natural Gas	\$800	\$500
Building Maintenance	\$1,600	\$1,100
Total	\$4,300	\$2,900
Cost per square foot *	\$3.74	\$3.22
Lease rent per square foot	\$1.77	\$2.26
Current market lease rent per square foot		

\*Note: Additional in-kind costs are incurred by the Town, however not captured in the table above, such as winter maintenance, grounds maintenance, insurance and facility capital costs (roof repair, parking lots etc.).

The Town has an outdated agreement with the THS and an informal arrangement with the SSAHS, whereby the lease payments are made by annual permit issued through the Community & Recreation Services Department. The Legislative Services & Clerks Department's workplan includes a review of these agreements/arrangements with a view to updating them and reporting back to Council. It would be the recommendation of Administration to wait for this review to conclude prior to consideration of financial contributions to either Society.

Typically, the Town does not waive rental/lease fees for community groups seeking to use Town facilities nor has the Town provided allowances to community groups for their operating costs. Occasionally, the Town provides in-kind support for specific events, such as Corn Fest, which has been done to ensure a successful transition to the Optimist Club as the principal event organizer. There is no specific policy related to financial or in-kind support for community groups/events.



## Consultations

Chief Administrative Officer  
Legislative Services & Clerk

## Financial Implications

The 2025 Proposed Business Plan and Budget does not include an allocation for financial assistance to historical societies.

Should Council decide to include an allocation, that allocation will be an addition to the proposed budget.

## Link to Strategic Priorities

Applicable	<a href="#">2023-2026 Strategic Priorities</a>
<input checked="" type="checkbox"/>	Sustainable Growth: Achieve prosperity and a livable community through sustainable growth.
<input type="checkbox"/>	Community Health and Inclusion: Integrate community health and inclusion into our places and spaces and everything we do.
<input type="checkbox"/>	Service Experience: Enhance the experience of Team Tecumseh and our citizens through responsive and respectful service.

## Communications

Not applicable

Website  Social Media  News Release  Local Newspaper

This report has been reviewed by Senior Administration as indicated below and recommended for submission by the Chief Administrative Officer.

Prepared by:

Tom Kitsos, CPA, CMA, BComm  
Director Financial Services & Chief Financial Officer

Recommended by:

Margaret Misek-Evans, MCIP, RPP  
Chief Administrative Officer

<b>Attachment Number</b>	<b>Attachment Name</b>
None	None



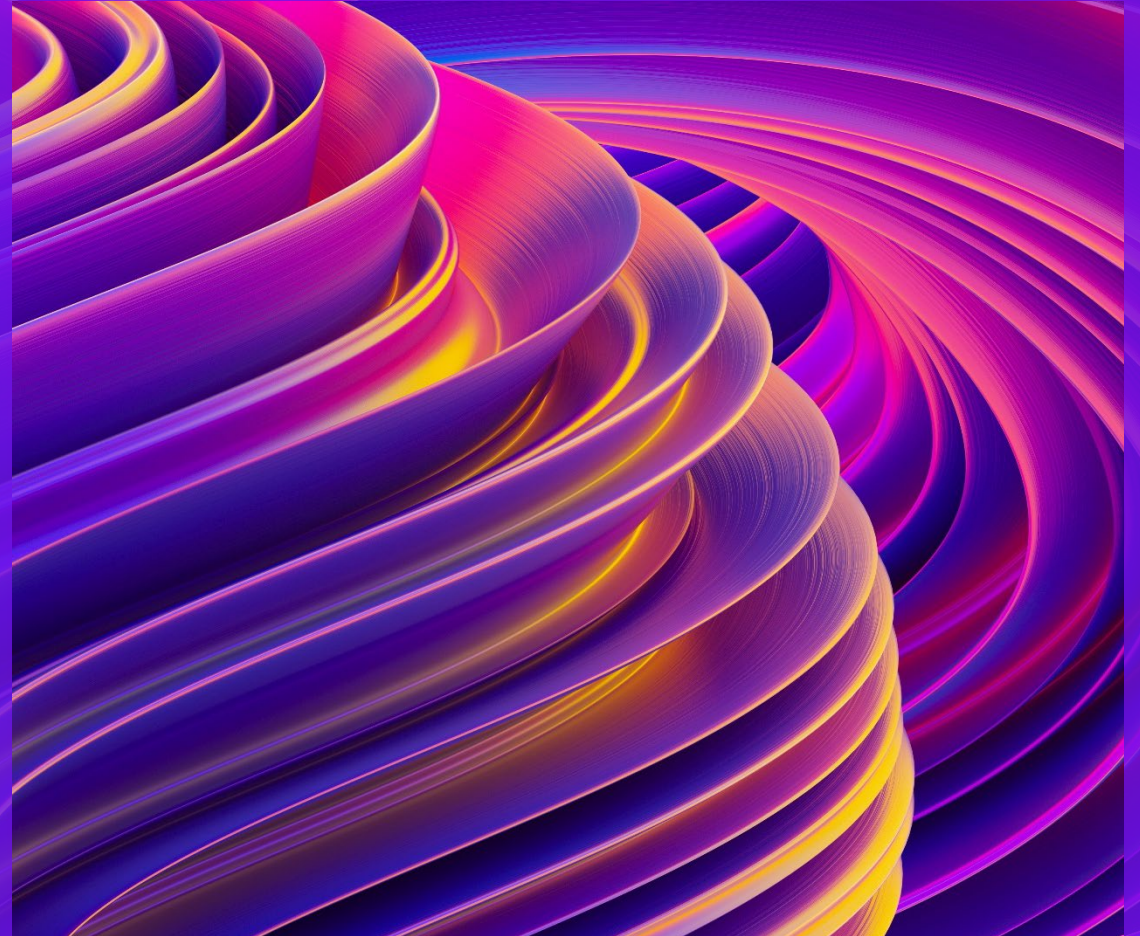
# The Corporation of the Town of Tecumseh

**Audit Findings Report  
for the year ended  
December 31, 2023**



Prepared as of November 26, 2024 for presentation to Town Council  
on January 14, 2025

[kpmg.ca/audit](https://kpmg.ca/audit)



# KPMG contacts

## Key contacts in connection with this engagement



**Cynthia Swift, CPA, CA**

Lead Audit Engagement Partner

519-251-3520

[caswift@kpmg.ca](mailto:caswift@kpmg.ca)



**Kevin Macchio, CPA, CA**

Senior Manager

519-251-5247

[kmacchio@kpmg.ca](mailto:kmacchio@kpmg.ca)

# Table of contents

## Digital use information

<b>4</b>	<b>Highlights</b>	<b>6</b>	<b>Status</b>	<b>7</b>	<b>Materiality</b>	<b>9</b>	<b>Risks and results</b>
<b>13</b>	<b>Control deficiencies</b>	<b>15</b>	<b>Policies and practices</b>	<b>17</b>	<b>Specific topics</b>	<b>18</b>	<b>Independence</b>
<b>20</b>	<b>Appendices</b>						

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

The purpose of this report is to assist you, as a member of Town Council, in your review of the results of our audit of the consolidated financial statements. This report is intended solely for the information and use of Management and Town Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



# Audit highlights



No matters to report



Matters to report – see link for details

## Status

We have completed the audit of the consolidated financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.

## Materiality

Materiality has been established by considering various metrics that are relevant to the users of the financial statements, including total expenses. We have determined materiality to be \$1,100,000.

## Risks and results

Significant risks
 

- Fraud risk from revenue recognition
- Fraud risk from management override of controls
- Asset retirement obligations

Other risks of material misstatement
 

- Employee future benefits
- Tangible capital assets
- Other newly effective accounting standards

Going concern matters

## Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

## Uncorrected and corrected misstatements

Uncorrected misstatements

Corrected misstatements

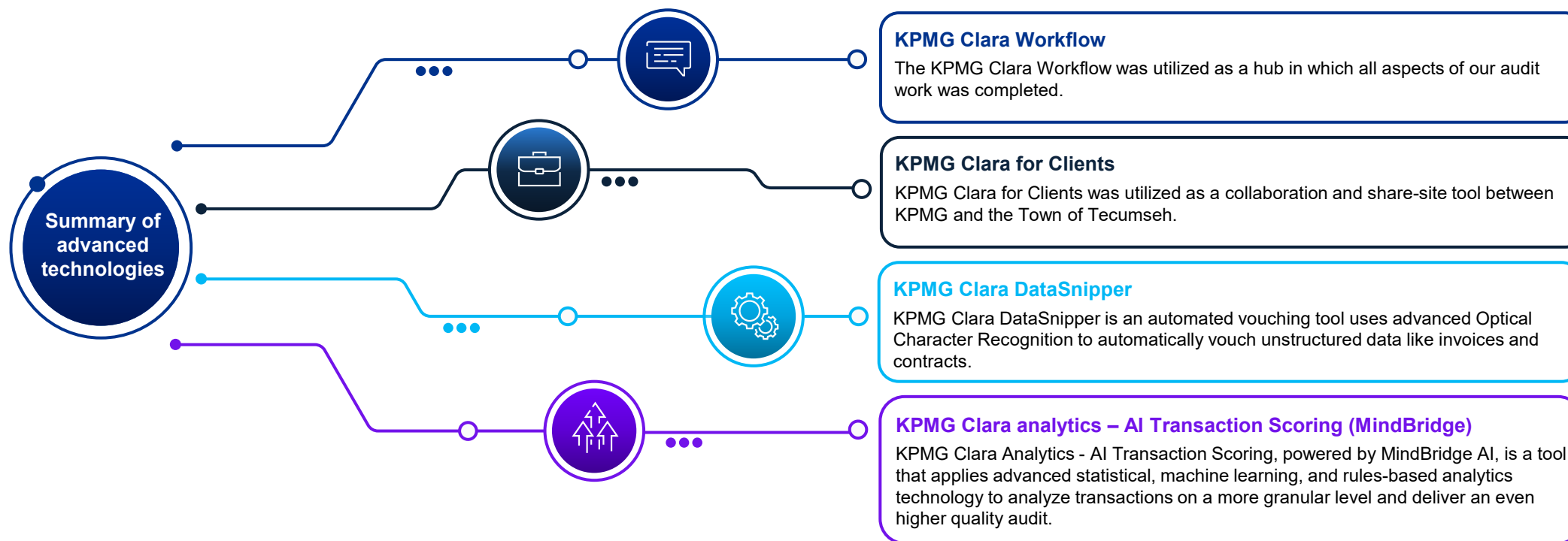
## Control deficiencies

Significant deficiencies



# Technology highlights

We plan to utilize technology to enhance the quality and effectiveness of the audit.





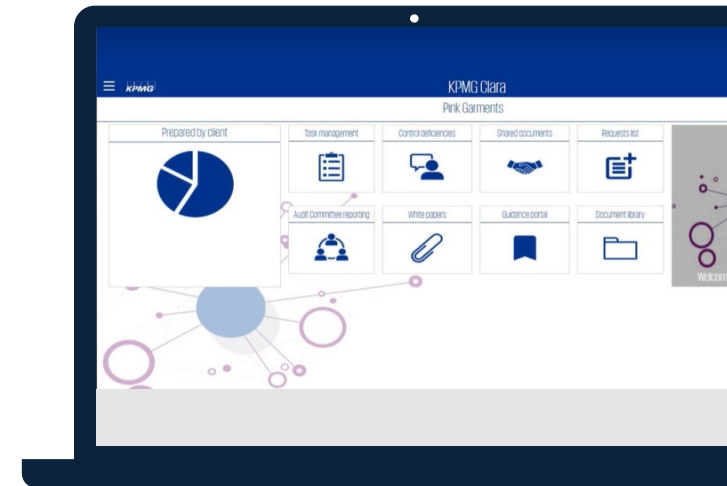
# Status

As of November 26, 2024, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining signed management representation letter
- Receipt of confirmation from the Town's legal counsel
- Completing our discussions with the Town Council
- Obtaining evidence of the Town Council's approval of the financial statements

We will update Town Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

## KPMG Clara for Clients (KCfc)



### Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

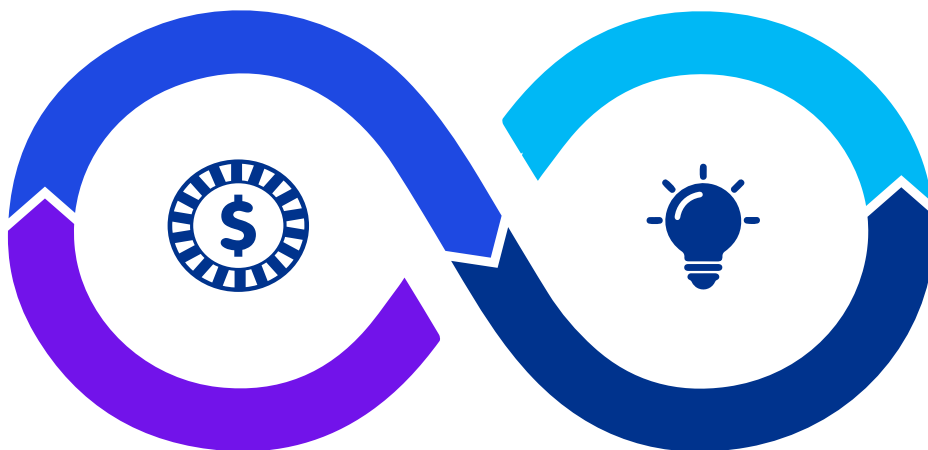
On our audit we used KCfc to coordinate requests from management.







# Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

## Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

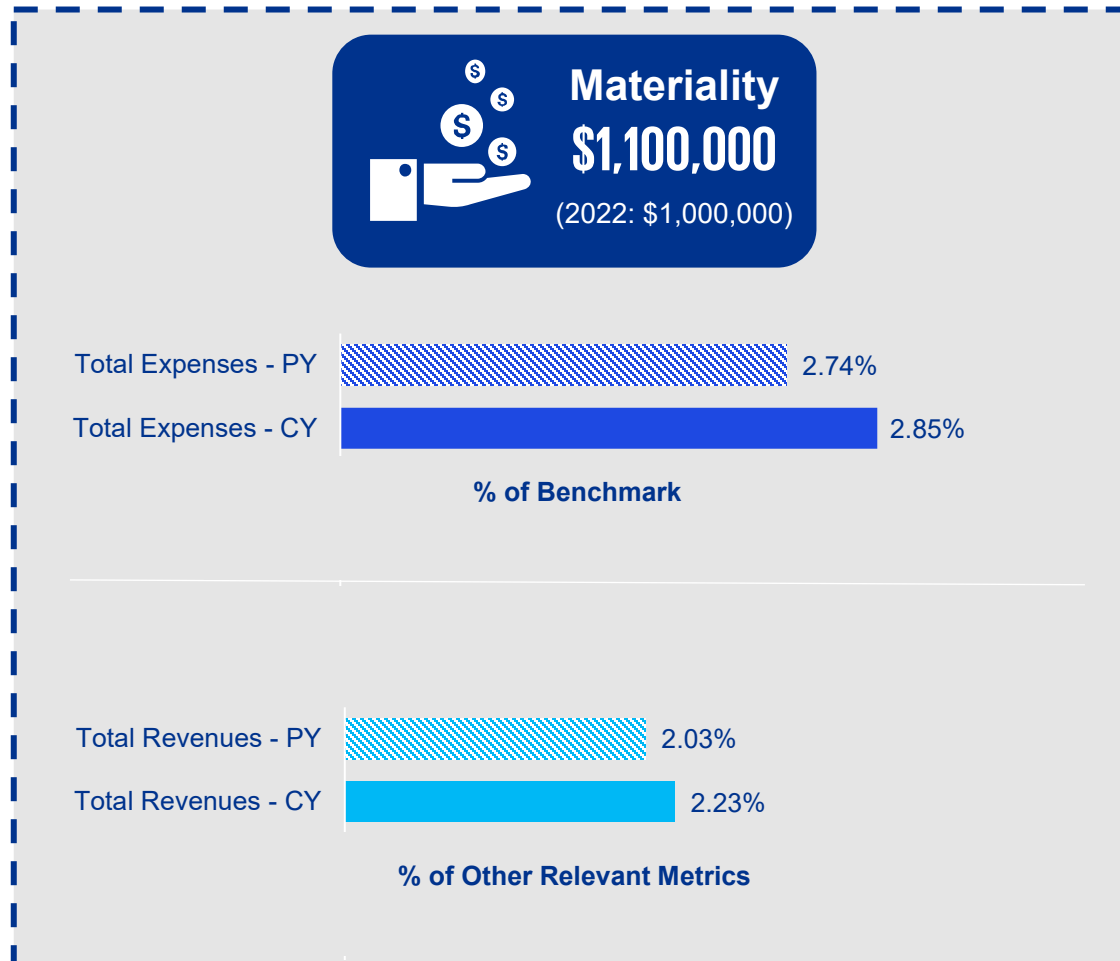
## Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



# Materiality



## Total Expenses

**\$38,597,764**

(2022: \$36,493,160)

## Total Revenues

**\$49,351,315**

(2022: \$49,207,341)

**Note:** In setting materiality, KPMG utilizes actual amounts from the prior year's audited financial statements as our benchmark.



# Significant risks



## Risk of Fraud Within the Financial Statements

**Presumption of the risk of fraud resulting from management override of controls**

### Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

### Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.
- No issues were noted.

**Presumption of the risk of fraud resulting from fraudulent revenue recognition**

### Why is it significant?

This is a presumed risk.  
There are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition when performance is measured in terms of year-over-year revenue growth or profit.

### Our response

We have rebutted the fraud risk over revenue recognition since there are limited perceived opportunities to commit fraud since revenue transactions do not involve elements of significant judgment. We have also not identified any indicators that management possesses the attitude, character or ethical values that would result in intentional dishonesty. The entity is not a high public profile entity and there are no significant third-party expectations in relation to revenue. As a result, there is no risk of material misstatement of revenue due to fraudulent financial reporting by management.

## Advanced technologies

Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



# Significant risks and results



## Asset Retirement Obligations

### Significant risk and our response

- The Town adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings and remediation of contaminated sites owned by the Town. ARO's are an estimate which are derived from available information and required management to make judgements and assumptions leveraging available data.
- Management performed an assessment of the impact of the new accounting standard on the Town's financial statements, including potential liabilities related to asbestos abatement, remediation of landfills and future removal of equipment such as underground fuel tanks. To generate their assessment, Management worked with Pinchin Ltd. to determine the quantities of contamination present and perform a calculation of remediation costs. As at December 31, 2023, an asset retirement obligation of \$2,032,667 has been recognized on the statement of financial position.

We performed the following audit procedures to assess the reasonability of Management's estimate:

- We obtained an understanding of the activities performed by Management to identify the Town's legal obligations associated with the retirement of capital assets, and ensured that all of the recognition criteria have been met to recognize an ARO in the financial statements.
- We obtained Management's most up-to-date calculation of the asset retirement obligation and verified that the estimated ARO costs were reasonable by reviewing the methods, data, and assumptions utilized by their expert in developing the estimate.
- The Town has chosen not to discount or use the present value technique for measurement of the ARO liability, as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. We do understand the Town's position for not discounting, as there is uncertainty as to the timing of remediation.

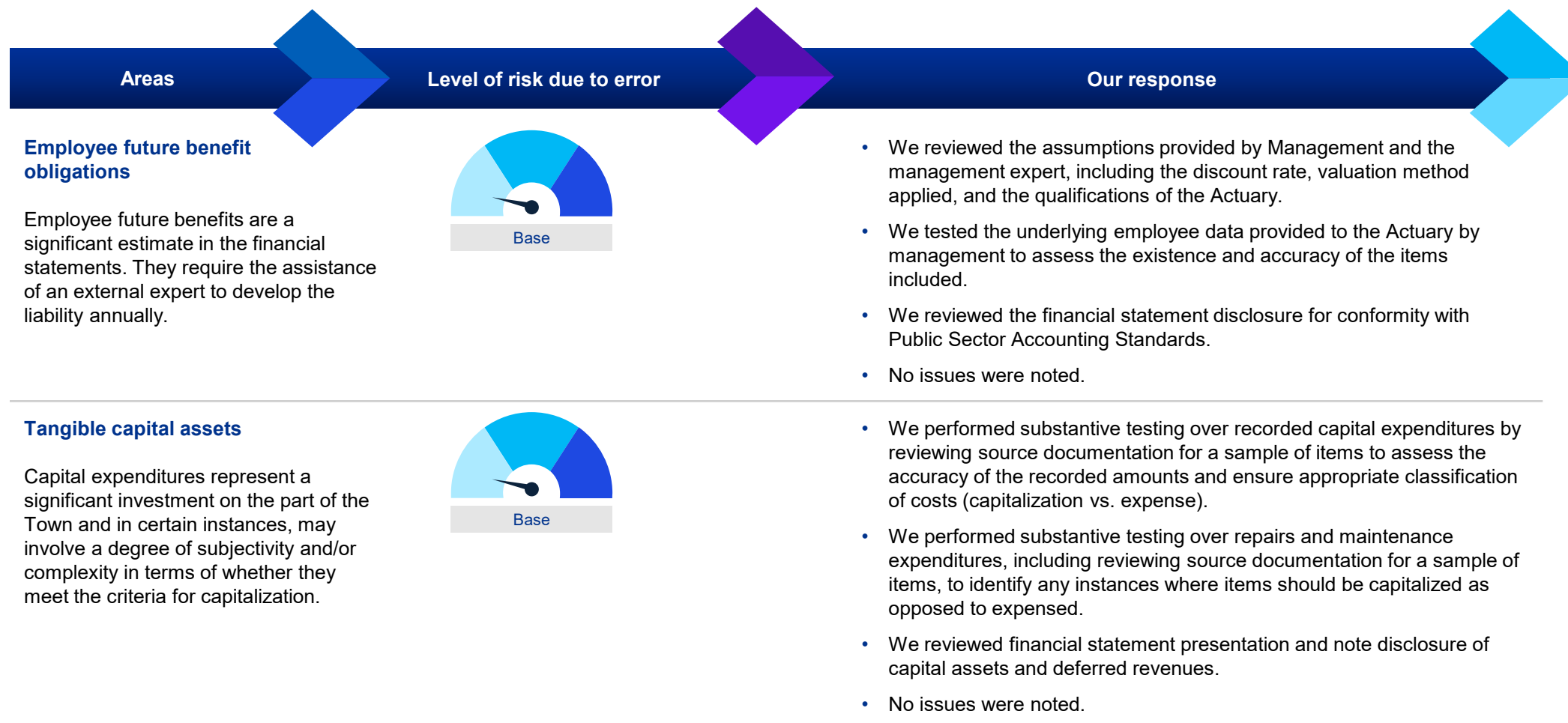
### Results

- No issues noted with any of the above procedures.
- Appropriate disclosures have been made in the financial statements for the adoption of the new accounting policy.



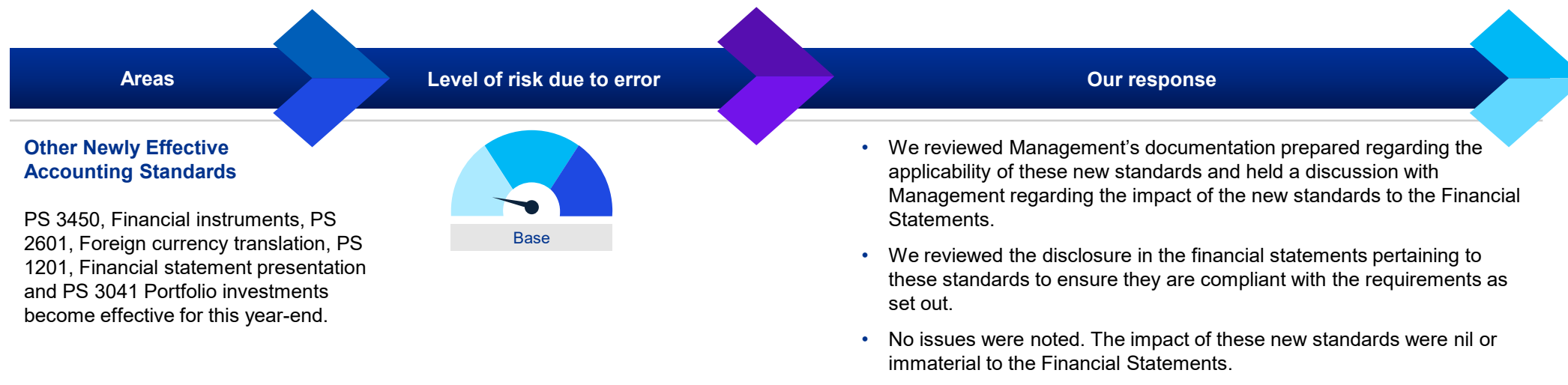


# Other risks of material misstatement





# Other risks of material misstatement (continued)





# Control deficiencies

## Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

## A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

## Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



# Control deficiencies – Significant deficiencies

## Significant deficiencies in internal control over financial reporting

Description	Status	Potential effects
1	No significant deficiencies in internal control to report.	





# Accounting policies and practices



## Initial selection

PS 3280 Asset Retirement Obligation Standards was effective for fiscal years beginning on or after April 1, 2022. The adoption of this standard was reflected in the December 31, 2023 financial statements.

Note disclosure has been included in the financial statements for the transition to the new accounting standard. Please see note 2 for additional information relating to the transitional adjustments.



## Revised

The new accounting standard, PS 3280, addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in buildings owned by the Town and the remediation of other fuel contamination from underground tanks on property owned by the Town. The standard was adopted on the modified retrospective basis at the date of adoption such that the assumptions used to estimate the Town's asset retirement obligations were applied as of the date of adoption of the standard.



## Significant qualitative aspects

The adoption of the Asset Retirement Obligations Standard required management to calculate the value of the obligation as of the date of transition. For application of the Standard, the Town used internal knowledge of the obligations, which was supplemented with professional third party advisors.



# Other financial reporting matters

We also highlight the following:



## Financial statement presentation - form, arrangement, and content



- Upon adoption of PS 1201 Financial Statement Presentation and PS 3450 Financial Instruments, the Town now presents a statement of rereasurement gains and losses within the financial statements.
- Included in the statement of rereasurement gains and losses are the unrealized gains/losses in investment income and the other comprehensive income/loss from GBEs.



## Concerns regarding application of new accounting pronouncements



- The Town's estimate of its asset retirement obligations has been audited by KPMG in accordance with Canadian Auditing Standards. Based on the results of our procedures, no concerns have been identified.
- The financial statements include note disclosure relating to the application of the new accounting standard for asset retirement obligations.
- An emphasis of matter and other matter paragraphs have been added to the audit opinion to bring the readers attention to the change in comparative information as a result of the accounting change.



## Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



# Specific topics

We have highlighted the following that we would like to bring to your attention:

Matter	Finding
<b>Illegal acts, including noncompliance with laws and regulations, or fraud</b>	No matters to report.
<b>Other information in documents containing the audited financial statements</b>	No matters to report.
<b>Significant difficulties encountered during the audit</b>	No matters to report.
<b>Difficult or contentious matters for which the auditor consulted</b>	No matters to report.
<b>Management's consultation with other accountants</b>	No matters to report.
<b>Disagreements with management</b>	No matters to report.
<b>Related parties</b>	No matters to report.
<b>Significant issues in connection with our appointment or retention</b>	No matters to report.
<b>Other matters that are relevant matters of governance interest</b>	No matters to report.



# Services initiated under Town Council's pre-approval policies and procedures

Engagement description	Fee CDN
Audit of the consolidated financial statements of the Corporation of the Town of Tecumseh	\$29,000
Audit of the consolidated financial statements of the Corporation of the Town of Tecumseh BIA	\$1,200
Strategic support for the implementation of Public Sector Accounting Standard ("PSAS") 3280 Asset Retirement Obligations ("PS 3280")	TBD



**Note:** Town Council was previously provided with a written description of the nature and scope of each service and details of the proposed fee arrangement.



# Pre-approval of services – Additional detail



# Appendices

1

Required communications

2

Audit quality

3

New accounting standards

4

New auditing standards

5

Insights

6

Environmental, social and governance (ESG)

7

Technology



# Appendix 1: Other required communications



## Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Town Council.



## CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Audit Quality Insights Report: 2021 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2022 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2023 Interim Inspections Results](#)



# Appendix 1: Management representation letter



KPMG LLP  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor, Ontario N8W 5K8  
Canada

December 10, 2024

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of **The Corporation of the Town of Tecumseh** ("the Entity") as at and for the period ended December 31, 2023.

**GENERAL:**

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also 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:

**RESPONSIBILITIES:**

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated April 29, 2019, including for:
  - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
  - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
    - the names of all related parties and information regarding all relationships and transactions with related parties;
    - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
  - c) providing you with unrestricted access to such relevant information.

- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

**FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:**

- 3) We have disclosed to you:
  - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
  - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
    - management;
    - employees who have significant roles in internal control over financial reporting; or
    - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
  - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
  - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
  - e) all known actual or possible litigation and claims whose effects should be considered

when preparing the financial statements.

**SUBSEQUENT EVENTS:**

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

**RELATED PARTIES:**

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

**ESTIMATES:**

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

**GOING CONCERN:**

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

**NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:**

- 10) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 11) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

---

By: Mr. Tom Kitsos, Director Financial Services & Chief Financial Officer

---

By: Ms. Margaret Misk-Evans, Chief Administrative Officer

## **Attachment I – Definitions**

### **MATERIALITY**

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

### **FRAUD & ERROR**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

DRAFT



# Appendix 2: Audit quality - How do we deliver audit quality?

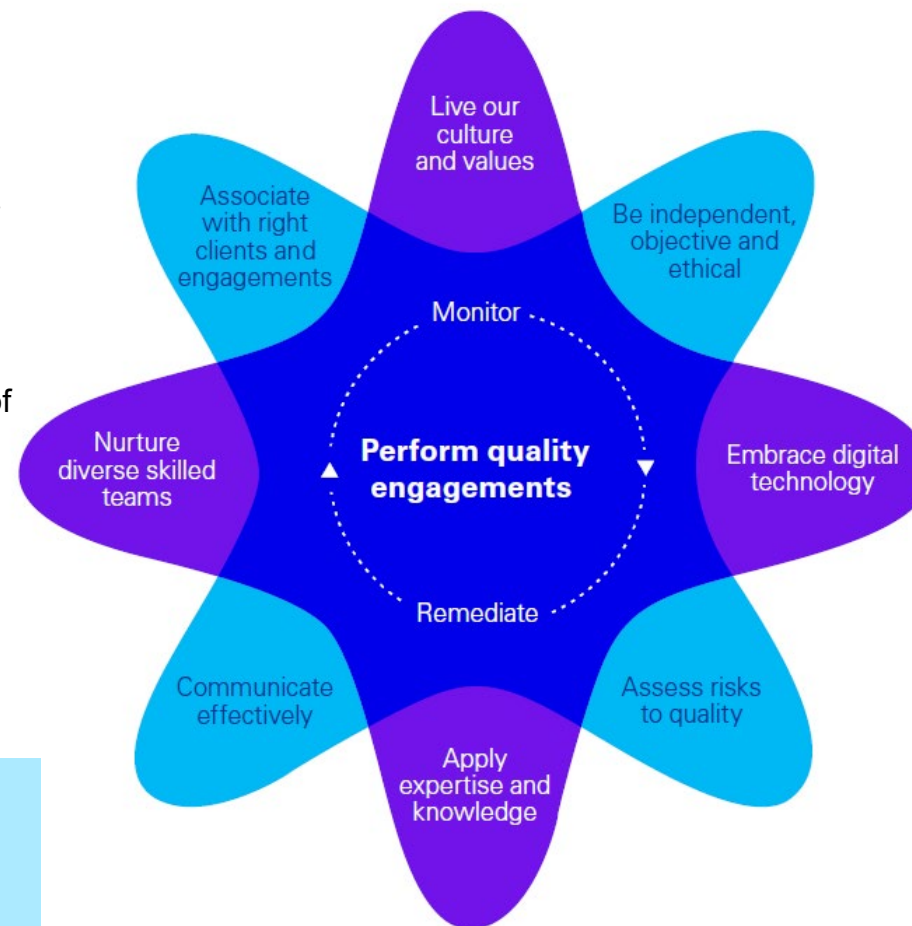
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

 [KPMG 2023 Audit Quality and Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



**Doing the right thing. Always.**



# Appendix 3: New accounting standards

## Matter

## Summary and implications

### Revenue

- The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.
- The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

### Employee Future Benefit Obligations

- PSAB has initiated a review of sections PS3250 Retirement Benefits and PS3255 Post-Employment Benefits, Compensated Absences and Termination Benefits. In July 2020, PSAB approved a revised project plan.
- PSAB intends to use principles from International Public Sector Accounting Standard 39 Employee Benefits as a starting point to develop the Canadian standard.
- Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.



# Appendix 3: New accounting standards

## Matter

## Summary and implications

### Concepts Underlying Financial Performance

- PSAB is in the process of reviewing the conceptual framework that provides the core concepts and objectives underlying Canadian public sector accounting standards.
- PSAB is proposing a revised, ten chapter conceptual framework intended to replace PS 1000 Financial Statement Concepts and PS 1100 Financial Statement Objectives. The revised conceptual framework would be defined and elaborate on the characteristics of public sector entities and their financial reporting objectives. Additional information would be provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts would be introduced.
- In addition, PSAB is proposing:
  - Relocation of the net debt indicator to its own statement and the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
  - Separating liabilities into financial liabilities and non-financial liabilities.
  - Restructuring the statement of financial position to present non-financial assets before liabilities.
  - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).

### Purchased Intangibles

- In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.
- PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.
- The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.



# Appendix 4: Newly effective and upcoming changes to auditing standards

For more information on newly effective and upcoming changes to auditing standards – see Current Developments



Effective for periods beginning on or after December 15, 2022

## ISA/CAS 220

.....  
(Revised) Quality management for an audit of financial statements

## ISQM1/CSQM1

.....  
Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

## ISQM2/CSQM2

.....  
Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

## ISA 600/CAS 600

.....  
Revised special considerations – Audits of group financial statements





# Appendix 5: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

**Lean in Audit**

Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to working with you to incorporate this approach in your audit.

How it works		
<b>Standard Audit</b>	Typical process and how it's audited	
<b>Lean in Audit™</b>	Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps	
<b>How Lean in Audit helps improve businesses processes</b>	Make the process more streamlined and efficient for all	

- **Value:** what customers want (maximize)
  - **Necessary:** required activities (minimize)
  - **Redundant:** non-essential activities (remove)
- 
- 🔒 Process controls
  - ✔️ Key controls tested



# Appendix 5: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

## [KPMG Audit & Assurance Insights](#)

Curated research and insights for audit committees and boards.

## [Board Leadership Centre](#)

Leading insights to help board members maximize boardroom opportunities

## [Current Developments](#)

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

## [Audit Committee Guide – Canadian Edition](#)

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.

## [Accelerate 2023](#)

The key issues driving the audit committee agenda in 2023.

## [Momentum](#)

A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

## [KPMG Climate Change Financial Reporting Resource Centre](#)

Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

## [IFRS Breaking News](#)

A monthly Canadian newsletter that provides the latest insights on international financial reporting standards and IASB activities.



# Appendix 6: ESG - Global regulatory reporting standards

## EU

## US

## ISSB

## CAN

### Recent Activity<sup>1-6</sup>

- The European Financial Reporting Advisory Group (EFRAG) was mandated to develop European Sustainability Reporting Standards (ESRSs) setting out the detailed disclosure requirements under the Corporate Sustainability Reporting Directive (CSRD)
- On July 31, 2023, the European Commission published the final text of its first set of twelve ESRSs as delegated acts
- The ESRSs will become effective as early as 2024 reporting periods for some companies
- **There are potentially considerable ESG reporting implications for Canadian entities** – as most EU-listed companies and large subsidiaries of Canadian companies with significant operations in the EU are in scope. Non-EU parent entities with substantial activity in the EU may also be in scope, with separate standards to be developed for these entities, with an effective date of 2028 reporting periods
- SEC's climate rule proposal published in March 2022 would require investor-focused climate disclosures
- The SEC's latest regulatory agenda, published in December 2023, included three items of note:
  - **the climate rule, scheduled to be finalized in April 2024;**
  - a proposal for human capital management disclosures, scheduled for April 2024; and
  - a proposal for corporate board diversity, scheduled for October 2024
- On October 7, 2023, the **California** Governor signed **two climate disclosure laws** that will shape climate disclosure practices beyond the state's borders. The laws will apply to US businesses (**including US subsidiaries of non-US companies**) that meet specified revenue thresholds and do business in California
- Under the climate disclosure laws, certain businesses will be required to disclose **scope 1, 2 and 3 GHG emissions**, with **limited assurance requirements** from 2026 (on FY25 data)
- In June 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards – IFRS S1 (general requirements standard) and IFRS S2 (climate standard)
- The standards are effective for annual periods beginning on or after January 1, 2024 – subject to local jurisdiction adoption
- Companies will be required to report material sustainability-related financial disclosures for the same period and at the same time as their annual financial statements, subject to temporary transition relief options
- **The Canadian Sustainability Standards Board (CSSB)** has been established with the mandate to develop and support the adoption of the ISSB standards in Canada. **The CSSB expects to release draft requirements in March 2024** for public consultation
  1. Refer to our [US Quarterly Outlook](#) publication for regulatory updates on the proposed SEC climate rules
  2. Refer to our [ESRS resource centre](#) for resources on implementing the ESRSs
  3. Refer to our [ISSB resource centre](#) for resources on implementing the IFRS Sustainability Disclosure Standards
  4. Refer to our [guide](#) which compares the sustainability proposals issued by the ISSB, SEC and EFRAG
  5. Refer to our [publication](#) on California's introduction of climate disclosures and assurance requirements
  6. Refer to our [publication](#) on the impact of EU ESG reporting on non-EU companies
- The CSA proposal published in October 2021 would require investor-focused climate disclosures
- Subsequent to the release of the IFRS Sustainability Disclosure Standards, the **CSA announced** that they intend to conduct further consultations to adopt disclosure standards based on the IFRS Sustainability Disclosure Standards, with **modifications considered necessary and appropriate in the Canadian context**
- Bill S-211, **Canada's new Act on fighting against forced labor and child labour** will take effect on January 1, 2024. Canadian and foreign businesses impacted by the Act will be required to file a report on their efforts to prevent and reduce the risk of forced labour and child labour in their supply chain, by May 31<sup>st</sup> of each year



# Appendix 7: Continuous evolution

## Our investment: \$5B

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

## Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

## Result: A better experience

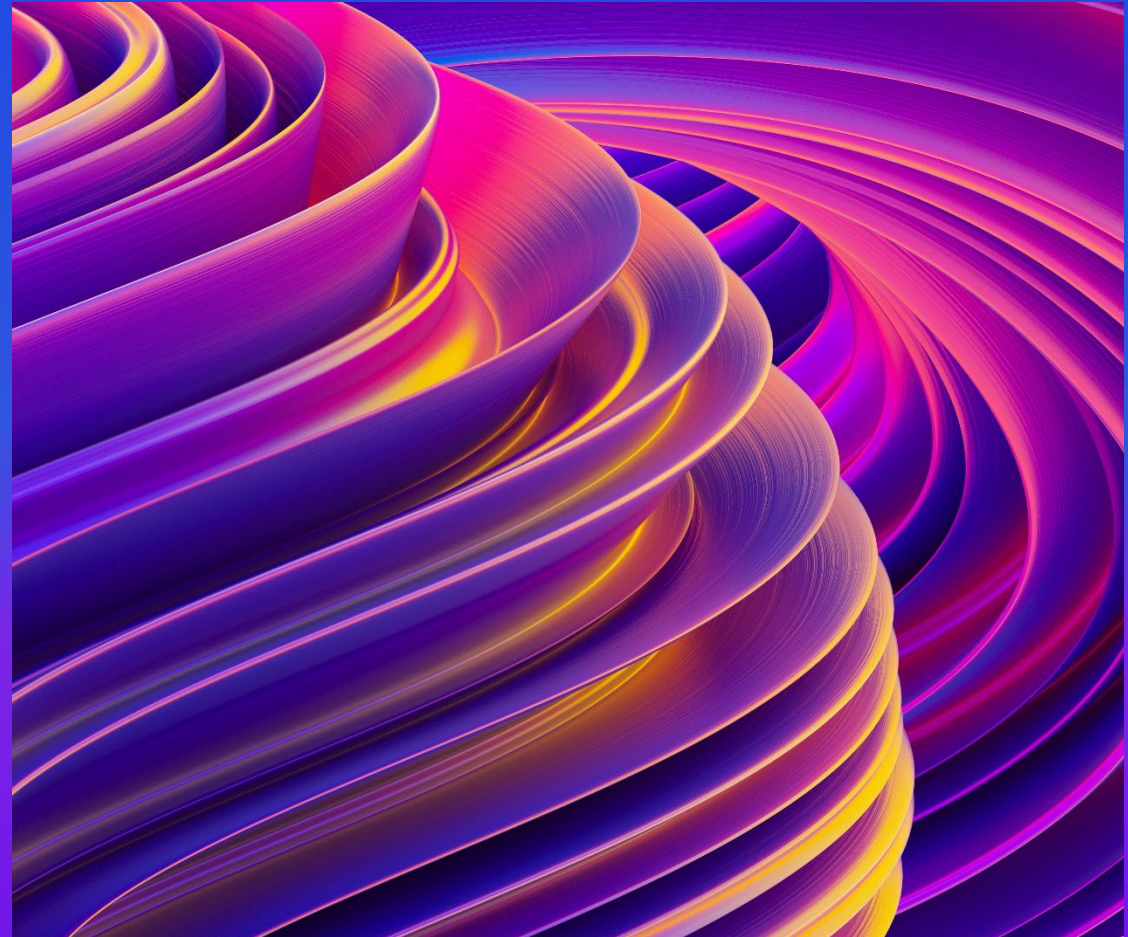
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





<https://kpmg.com/ca/en/home.html>

© 2023 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWN OF TECUMSEH**

Year ended December 31, 2023

DRAFT

# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Financial Statements

Year ended December 31, 2023

---

	Page
<b>Management's Responsibility for the Consolidated Financial Statements</b>	
<b>Independent Auditor's Report</b>	
<b>Consolidated Financial Statements:</b>	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Changes in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 31
Schedule 1 - Tangible Capital Assets	32 - 33
Schedule 2 - Segment Disclosure	34 - 35

DRAFT

## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of The Corporation of the Town of Tecumseh (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
<b>Financial assets</b>		
Cash and cash equivalents	\$ 80,019,945	\$ 72,183,956
Taxes receivable	2,872,792	2,373,021
Accounts receivable	4,518,108	4,743,400
Promissory note receivable - government business enterprise (note 2)	1,544,408	1,544,408
Due from government business enterprise (note 2)	2,106,445	2,031,631
Accounts receivable - long term (note 3)	488,033	721,830
Investment - government business enterprise (note 4)	12,305,362	12,272,362
Investment - portfolio	2,022,369	1,808,404
	<u>\$ 105,877,462</u>	<u>\$ 97,679,012</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,869,511	\$ 4,442,511
Other current liabilities	2,567,922	2,616,552
Deferred revenue (note 5)	11,998,877	11,837,922
Employee future benefits payable (note 6)	10,948,883	11,781,805
Landfill post-closure liability (note 7)	-	622,135
Asset retirement obligation (note 7)	2,032,667	-
Municipal debt (note 8)	10,505,118	11,723,349
	<u>51,922,978</u>	<u>43,024,274</u>
Net financial assets	53,954,484	54,654,738
<b>Non-financial assets</b>		
Tangible capital assets (schedule 1)	250,042,259	236,968,892
Inventories of supplies	253,252	176,176
Prepaid expenses	71,464	20,907
	<u>250,366,975</u>	<u>237,165,975</u>
Accumulated surplus (note 9)	304,315,907	291,820,713
Accumulated rereasurement gains	5,552	-
	<u>\$ 304,321,459</u>	<u>\$ 291,820,713</u>

Contingent liabilities (note 10)  
Contractual obligations (note 11)

See accompanying notes to consolidated financial statements.

Approved on behalf of Council:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Treasurer

# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 14)	2023 Actual	2022 Actual
<b>Revenues:</b>			
Property taxes	\$ 27,860,684	\$ 28,095,008	\$ 26,656,490
User charges	13,825,064	13,479,937	13,337,779
Capital contributions	2,444,100	4,565,431	873,058
Government transfers	10,410,775	2,939,377	5,469,385
Investment income	2,200,400	4,130,524	2,236,238
Penalties and interest on property taxes	380,000	449,200	402,356
Income from government business enterprise (note 4)	861,275	494,378	629,099
Loss on disposal of tangible capital assets	(120,879)	(332,171)	(347,706)
Other	326,500	672,224	94,616
	<u>58,187,919</u>	<u>54,493,908</u>	<u>49,351,315</u>
<b>Expenses:</b>			
General government	6,746,181	5,269,385	5,573,305
Protection to persons and property	7,116,336	6,686,516	6,517,478
Transportation	7,569,172	7,130,944	7,845,111
Environmental	12,300,478	13,215,781	11,177,720
Social and family	47,654	60,792	52,488
Recreational and cultural	6,393,460	5,982,029	5,473,017
Planning and development	2,118,379	3,653,267	1,958,645
	<u>42,291,660</u>	<u>41,998,714</u>	<u>38,597,764</u>
Annual surplus	15,896,259	12,495,194	10,753,551
Accumulated surplus, beginning of year	290,582,713	291,820,713	281,067,162
Accumulated surplus, end of year	<u>\$ 306,478,972</u>	<u>\$ 304,315,907</u>	<u>\$ 291,820,713</u>

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 14)	2023 Actual	2022 Actual
Annual surplus	\$ 15,896,259	\$ 12,495,194	\$ 10,753,551
Acquisition of tangible capital assets	(26,699,635)	(20,659,648)	(8,839,323)
Change in tangible capital assets WIP	(9,008,505)	(940,884)	(424,704)
Amortization of tangible capital assets	8,101,262	8,136,351	7,783,817
Loss on disposal of tangible capital assets	120,879	332,171	347,706
Proceeds from sale of tangible capital assets	-	58,643	215,638
	(27,485,999)	(13,073,367)	(916,866)
Net change in inventories of supplies	-	(77,076)	(37,331)
Net change in prepaid expense	-	(50,557)	63,879
	-	(127,633)	26,548
Change in net financial assets	(11,589,740)	(705,806)	9,863,233
Net financial assets, beginning of year	54,654,738	54,654,738	44,791,505
Net financial assets, end of year	\$ 43,064,998	\$ 53,948,932	\$ 54,654,738

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Statement of Remeasurement Gains and Losses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Remeasurement gains and losses, beginning of year	-	-
Essex Power Corporation - other comprehensive income	5,552	
<b>Remeasurement gains, end of year</b>	<b>\$ 5,552</b>	<b>\$ -</b>

See accompanying notes to consolidated financial statements.

DRAFT

# THE CORPORATION OF THE TOWN OF TECUMSEH

## Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 12,495,194	\$ 10,753,551
Items not involving cash:		
Amortization	8,136,351	7,783,817
Income from government business enterprise	(494,378)	(629,099)
Loss on disposal of tangible capital assets	332,171	347,706
Change in non-cash operating working capital:		
Financial assets	(349,293)	(2,742,176)
Liabilities	10,116,935	755,196
Non-financial assets	(127,633)	26,548
Cash provided from operating transactions	30,109,347	16,295,543
Capital:		
Acquisition of tangible capital assets	(20,659,648)	(8,839,323)
Change in assets under construction	(940,884)	(424,704)
Proceeds on sale of tangible capital assets	58,643	215,638
Cash used in capital transactions	(21,541,889)	(9,048,389)
Investing:		
Accounts receivable - long-term - new	(9,829)	(33,682)
Accounts receivable - long-term - repayment	243,626	318,254
Investment portfolio purchases	(100,000)	(150,000)
Investment portfolio reinvestment	(113,965)	(83,023)
Dividends from government business enterprise	466,930	460,099
Cash used in investing activities	486,762	511,648
Financing:		
Proceeds from issuance of municipal debt	-	-
Municipal debt principal repayment	(1,218,231)	(1,300,243)
Cash used in financing activities	(1,218,231)	(1,300,243)
Change in cash and cash equivalents	7,835,989	6,458,559
Cash and cash equivalents, beginning of year	72,183,956	65,725,397
Cash and cash equivalents, end of year	\$ 80,019,945	\$ 72,183,956

See accompanying notes to consolidated financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements

Year ended December 31, 2023

---

The Corporation of the Town of Tecumseh was formed on January 1, 1999, by the amalgamation of the former municipalities of the Village of St. Clair Beach, the Town of Tecumseh and the Township of Sandwich South.

## 1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Town of Tecumseh (the "Municipality") are the responsibility of management. They have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. The Corporation of the Town of Tecumseh is a municipality in the Province of Ontario and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, policing, roads, water, wastewater, planning, parks, recreation and other general government services.

The focus of PSAB consolidated financial statements is on the financial position of the Municipality and the changes thereto. The Consolidated Statement of Financial Position includes all the assets and liabilities of the Municipality. Financial assets are those which provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position and is the difference between assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

### (a) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statement reflect the financial assets, liabilities, revenue and expenses of all municipal organizations, committees and Boards which are owned or controlled by the Municipality. The following entities have been consolidated:

Tecumseh Business Improvement Area Board  
Tecumseh Police Services Board

All inter-entity transactions and balances have been eliminated.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

### (a) Basis of consolidation (continued):

#### (ii) Non-consolidated entity:

The investment in Essex Power Corporation (“EPC”) is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise’s accounting policies, which follow IFRS Accounting Standards (“IFRS”), are not adjusted to conform with Public Sector Accounting Standards. Inter-entity transactions and balances are not eliminated.

The Municipality recognizes its equity interest in the annual income or loss of EPC in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment account. Any dividends that the Municipality receives from EPC are reflected as reductions in the investment account.

#### (iii) Accounting for County of Essex and School Board transactions:

Taxation and other revenues with respect to the operations of the County of Essex (the “County”) and School Boards are not reflected in the Consolidated Statement of Operations. In addition, the revenues, expenses, assets and liabilities with respect to the operations of the County and School Boards are not reflected in these consolidated financial statements except to the extent that any amounts due to or from are reported on the Consolidated Statement of Financial Position in “accounts receivable” or “accounts payable”.

#### (iv) Trust funds:

Trust funds and their related operations that are administered by the Municipality are not consolidated.

#### (v) Municipal debt:

The charges for municipal debt assumed by non-consolidated entities or by individuals, in the case of tile drainage and shoreline property assistance loans, are not reflected in these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

### (b) Basis of accounting:

#### (i) Accrual basis of accounting:

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues, as they become available and measurable; expenses 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.

#### (ii) Cash and cash equivalents:

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

#### (iii) Portfolio investments:

Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value.

#### (iv) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

#### (v) Accounts receivable – long term:

Interest is recognized as income in the year that it is earned.



# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vi) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Asset	Rate
Land improvements	20 – 50 years
Buildings	20 – 50 years
Leasehold improvements	15 – 50 years
Equipment / vehicles	3 – 40 years
Computer	4 – 12 years
Furniture and fixtures	10 years
Linear assets – roads	20 – 50 years
Linear assets – water	20 – 80 years
Linear assets – wastewater	65 years
Linear assets – stormwater	65 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use at which time they are capitalized.

The Municipality has a capitalization threshold of \$5,000 to \$10,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have greater than \$100,000 value, or for operational reasons. Examples of pools are desktop computer systems, furniture and fixtures, sidewalks and water meters.

(vii) Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (viii) Leased assets:

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Municipality, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expensed as incurred.

#### (ix) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### (x) Taxation and related revenue:

Taxes are recognized as revenue in the year they are levied. Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Municipal Council, incorporating amounts to be raised for local services, the requisition made by the County in respect of County services and amounts the Municipality is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Taxation revenue is recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal and write off for physical changes to the property. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known. The Municipality is entitled to collect interest and penalties on overdue taxes. This revenue is recorded in the period the interest and penalties are levied.

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met. Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (x) Taxation and related revenue (continued):

Sanitary sewer and water operations are funded by various revenues including frontage, connection and usage charges. Charges for sewer and water usage are recorded as user fees. Connection fee revenues are recognized when the connection has been established.

#### (xi) Deferred revenue:

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. Government transfers of gas taxes, development charges collected under the Development Charges Act, 1997 and parkland contributions collected under the Planning Act are reported as deferred revenue in the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

#### (xii) Retirement benefits and other employee benefit plans:

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by employees based on length of service and pay rates.

Employee benefits include vacation entitlement, sick leave benefits and certain post-employment benefits. Vacation entitlements are accrued as entitlements are earned. Sick leave benefits and other post-employment benefits that accumulate over the period of service provided by employees are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees, inflation rates, investment returns, wage and salary escalation, insurance and health care cost trends, employee turnover and discount rates. Actuarial gains and losses are amortized on a straight-line basis over the expected average remaining service life of the employee group.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (xiii) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits and the landfill post closure liability, the carrying value of tangible capital assets and the evaluation of contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

In addition, the Town's implementation of *PS3280 Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs. As well as the timing and duration of these retirement costs.

#### (xiv) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos and septic systems in several of the buildings owned by the Town has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the prospective method, the liability is measured as of the date it was incurred and the discount rate and assumptions used are those as of the date the obligation was incurred. Comparatives are not restated. Assumptions used in the subsequent calculations are revised yearly.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital asset is being amortized in accordance with the depreciation accounting policies outlined in (vi).

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 1. Significant accounting policies (continued):

(c) Change in accounting policies:

(i) PS3280 – Asset Retirement Obligations:

On January 1, 2023, the Town adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in the withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the prospective basis at the date of adoption. Under the prospective method, the liability is measured as of the adoption date and the discount rate and assumptions used are those as of the date the standard was adopted.

The Town removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS3280. The liability represents the required closure and post-closure care for the landfill sites owned by the Town. Landfill #3 was closed in 1997 and requires care consisting of hauling and treating leachate for an indefinite period of time. Landfill#3 is the joint responsibility of the Municipality, the Town of Lakeshore and the City of Windsor. The site is administered by the Essex Windsor Solid Waste Authority.

(ii) PS2601 – Foreign currency translation:

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to either be adjusted to reflect the exchange rates in effect at the financial statement date, or for changes in value due to exchange rate fluctuations to flow through the Statement of Operations. Once selected, the policy cannot be rescinded or altered. The Town adopted this standard with no material impact to the financial statements.

(ii) PS3401– Portfolio investments:

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies. The Town adopted this standard with no material impact to the financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 1. Significant accounting policies (continued):

(c) Change in accounting policies (continued):

(ii) PS3450 – Financial instruments:

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses

## 2. Government business enterprise:

	2023	2022
Note receivable from EPC (note 4), long-term interest rate of 4.00%, repayable up to 20% of the original balance of \$1,544,408 in each year. The Municipality can request payment in full upon a year's notice subject to EPC's ability to make such payment. Term is from January 1, 2023 to December 31, 2027. The Municipality can defer any payment to a subsequent year.	\$ 1,544,408	\$ 1,544,408
Amount due from EPC relates to water and sewer billings collected by EPC on behalf of the Municipality under an ongoing agreement.	2,106,445	2,031,631

## 3. Accounts receivable - long term:

Accounts receivable – long term consists of the following:

	2023	2022
Debentures	\$ 417,780	\$ 616,616
Other	70,253	105,214
	\$ 488,033	\$ 721,830

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

### 3. Accounts receivable - long term (continued):

(a) Debentures:

These accounts receivable are owing from taxpayers and are related to amounts recoverable with regards to infrastructure work completed and paid for by the Municipality but for which the taxpayers are responsible. Due to the work performed being substantial and the related costs being significant, the Municipality provides taxpayers the option to pay when the work is completed or to provide payments over a term of five years. If the taxpayer could prove undue hardship, then the Municipality allows for a term of 10 years.

	2023	2022
Receivable over a five year term in annual instalments of \$22,077 at an interest rate of 3.67% and matured during the year	–	21,296
Receivable over a five year term in annual instalments of \$63,790 at an interest rate of 4.00% and will mature during the year	–	61,337
Receivable over a 10 year term in annual instalments of \$5,349 at an interest rate of 4.53% and will mature in 2029	23,461	27,562
Receivable over a five year term in annual instalments of \$114,739 at an interest rate of 2.21% and will mature in 2026	329,545	434,677
Receivable over a 10 year term in annual instalments of \$9,352 at an interest rate of 3.32% and will mature in 2031	64,774	71,744
	<b>\$ 417,780</b>	<b>\$ 616,616</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

### 3. Accounts receivable - long term (continued):

(b) Other:

	2023	2022
Municipal Drain receivable over a five year term in annual instalments of \$18,618 at an interest rate of 3.95% and matured during the year	–	12,635
Municipal Drain receivable over a five year term in annual instalments of \$1,376 at an interest rate of 4.00% and matured during the year	–	1,323
Municipal Drain receivable over a five year term in annual instalments of \$13,488 at an interest rate of 4.00% and will mature in 2024	12,523	24,564
Municipal Drain receivable over a five year term in annual instalments of \$11,598 at an interest rate of 2.70% and will mature in 2025	22,290	32,998
Municipal Drain receivable over a five year term in annual instalments of \$8,997 at an interest rate of 2.70% and will mature in 2026	25,611	33,694
Municipal Drain receivable over a five year term in annual instalments of \$2,382 at an interest rate of 6.76% and will mature in 2027	9,829	–
	\$ 70,253	\$ 105,214



# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

#### 4. Investment – Government Business Enterprise:

- (a) Pursuant to the Energy Competition Act, the Municipality incorporated companies created for the purposes of generating, distributing and retailing electricity. The corporations include the former Utilities of the Towns of Amherstburg, Lasalle, Leamington and Tecumseh.

The Corporation of the Town of Tecumseh holds a 26.44% interest in Essex Power Corporation.

- (b) Investment balance at December 31, is comprised of the following:

	2023	2022
2,678,177 Class A voting common shares – EPC	\$ 2,678,177	\$ 2,678,177
2,289,242 Class B non-voting common shares – EPC	2,289,242	2,289,242
373,943 special shares, Class A non-voting – EPC	373,943	373,943
Share of accumulated earnings 26.44%	6,964,000	6,931,000
	<u>\$ 12,305,362</u>	<u>\$ 12,272,362</u>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 4. Investment – Government Business Enterprise (continued):

(c) Supplementary financial information for EPC:

	(in thousands of dollars)	
	2023	2022
Cash and cash equivalents	\$ 2,881	\$ 2,919
Accounts receivable	10,352	8,577
Unbilled revenue	6,627	6,657
Other current assets	3,460	2,882
Property, plant and equipment	85,190	79,593
Intangible assets	6,127	5,186
Right-of-use assets	1,350	1,771
Goodwill	1,623	1,623
Deferred assets	196	461
Note receivable	2,253	2,250
Regulatory balances	8,814	11,605
<b>Total assets and regulatory balances</b>	<b>\$ 128,873</b>	<b>\$ 123,524</b>
Current liabilities	\$ 21,316	\$ 23,434
Long-term debt	38,642	35,694
Post-employment benefits	2,578	2,592
Deferred revenue	11,633	8,594
Deferred tax liabilities	5,802	5,334
Other non-current liabilities	1,182	1,337
<b>Total liabilities</b>	<b>81,153</b>	<b>76,985</b>
Share capital	19,667	19,667
Retained earnings	20,528	20,281
Net assets attributable to external Limited Partners	1,1825	1,995
Accumulated other comprehensive income	2,178	2,157
<b>Total equity</b>	<b>44,198</b>	<b>44,100</b>
<b>Regulatory balances</b>	<b>3,522</b>	<b>2,439</b>
<b>Total liabilities, equity and regulatory balances</b>	<b>\$ 128,873</b>	<b>\$ 123,524</b>
Total revenues	\$ 100,321	\$ 101,354
Total expenses	(92,162)	(94,971)
Finance costs	(1,135)	(1,132)
Income tax expense	(680)	(810)
Net movement in regulatory balances, net of tax	(3,875)	(1,785)
Other comprehensive income	21	405
<b>Total comprehensive income for the year</b>	<b>\$ 2,240</b>	<b>\$ 3,061</b>
26.44% share of comprehensive income	\$ 592	\$ 809
26.44% share of Green Share Dividend	(16)	(16)
26.44% share of regulatory adjustments	(76)	(164)
<b>Income from government business enterprise</b>	<b>\$ 500</b>	<b>\$ 629</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 5. Deferred revenue:

	2023 Opening balance	Contributions received	Externally restricted investments income	Revenue recognized	2023 Ending balance
Development charges	\$ 2,199,187	\$ 453,159	\$ 47,298	\$ (2,027,658)	\$ 671,986
Gas tax	6,974,001	1,203,969	415,714	(2,167,015)	6,426,669
Parkland development fees	870,214	—	20,463	—	890,677
Storm sewer	1,792,054	2,419,110	195,956	—	4,407,120
Building Code	—	—	—	(397,575)	(397,575)
Town	11,835,456	4,076,238	679,431	(4,592,248)	11,998,877
BIA	2,466	—	—	(2,466)	—
	\$ 11,837,922	\$ 4,076,238	\$ 679,431	\$ (4,594,714)	\$ 11,998,877

## 6. Employee future benefits payable:

Employee future benefits payable consists of the following:

	2023	2022
Sick leave benefit plan (note 6 (b))	\$ 340,957	\$ 332,070
Health and dental (note 6 (c))	10,607,926	11,449,735
	\$ 10,948,883	\$ 11,781,805

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Employee future benefits payable (continued):

### (a) Pension:

Certain employees of the Municipality are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of credited service and rates of pay. However, as OMERS does not segregate its pension assets and liabilities information by individual employer, there is not sufficient information to enable the Municipality to account for the plan as a defined benefit plan. At December 31, 2023, the OMERS plan is in a deficit position. Contributions rates for 2023 were 9.0% (2022 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2022 - 14.6%) thereafter. During the year ended December 31, 2023, the Municipality contributed \$839,350 (2022 - \$729,299) to the plan. These contributions are the Municipality's pension benefit expense. No pension liability for this type of plan is included in the Municipality's Consolidated Statement of Financial Position.

### (b) Sick leave benefit plan:

The Municipality provides paid sick leave that can be carried forward up to a maximum of 65 days and employees may become entitled to a cash payment of one-half of the sick bank balance when they leave the Municipality's employment. The benefit costs and liabilities recorded in 2023 are based on an actuarial valuation prepared by an independent firm. The most recent actuarial valuation was performed as at December 31, 2021. Information about the Municipality's sick leave benefit plan is as follows:

	2023	2022
Accrued benefit liability, January 1	\$ 332,070	\$ 345,619
Expense for the year:		
Current service cost	39,790	44,172
Interest	16,372	9,719
Amortization of actuarial gain	(9,041)	(66)
Benefits paid for the year	(38,234)	(67,374)
Accrued benefit liability, December 31	340,957	332,070
Unamortized actuarial gain	(14,205)	(31,730)
Obligation, December 31	\$ 326,752	\$ 300,340

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Employee future benefits payable (continued):

### (b) Sick leave benefit plan (continued):

The main actuarial assumptions employed for the valuations are as follows:

	2023	2022
Discount rate	4.60%	5.10%
Rate of compensation increase	3.00%	3.00%

A sick leave reserve has been established in the amount of \$340,957 (2022 - \$332,070).

### (c) Health and dental:

The Municipality pays certain benefits on behalf of its retired employees.

The Municipality provides life insurance, dental and health care benefits to certain employee groups after retirement until the members reach 65 years of age. In addition, the Municipality provides dental and health care benefits beyond age 65 until death for the union employees hired prior to March 31, 2010 and for management employees hired prior to January 9, 2007. The benefit costs and liabilities related to this plan are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2021.

Information about the Municipality's health and dental plan is as follows:

	2023	2022
Accrued benefit liability, January 1	\$ 11,449,735	\$ 11,645,574
Expense for the year:		
Current service cost	91,196	156,087
Interest	306,894	254,663
Amortization of actuarial gain	(1,011,040)	(427,024)
Benefits paid for the year	(228,859)	(179,565)
Accrued benefit liability, December 31	10,607,926	11,449,735
Unamortized actuarial gain	(3,917,595)	(5,408,851)
Obligation, December 31	\$ 6,690,331	\$ 6,040,884

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 6. Employee future benefits payable (continued):

(c) Health and dental (continued):

The main actuarial assumptions employed for the valuations are as follows:

	2023	2022
Discount rate	4.60%	5.10%
Rate of compensation increase:		
Dental	4.50%	4.50%
Health care:		
Initial	6.50%	6.50%
Ultimate reached in 2023	4.50%	4.50%

## 7. Asset Retirement Obligation:

The Town's asset retirement obligations consist of several obligations as follows:

a) Landfill obligation:

Landfill #3 was closed in 1997 and requires care consisting of hauling and treating leachate for an indefinite period of time. Landfill #3 is the joint responsibility of the Municipality, the Town of Lakeshore and the City of Windsor. The site is administered by the Essex Windsor Solid Waste Authority.

	2023	2022
Landfill post-closure liability, January 1	\$ 545,175	\$ 619,935
Adjustment on adoption of PS 3280	76,960	-
Expense for the year:		
Interest	25,961	25,387
Amortization of actuarial loss	(1,300)	4,973
Amounts paid for the year	(30,722)	(28,160)
Landfill post-closure liability, December 31	616,074	622,135
Unamortized actuarial (gain) loss	23,042	(76,960)
Obligation, December 31	\$ 639,116	\$ 545,175

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 7. Asset Retirement Obligation (continued):

The main actuarial assumptions employed for the valuations are as follows:

	2023	2022
Discount rate	4.60%	4.90%
Annual growth rate	2.50%	2.50%

### b) Asbestos obligation

The Town owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 Asset Retirement Obligations, the Town recognized an obligation relating to the removal and post-removal care of the asbestos in these buildings as estimated at January 1, 2023.

The transition and recognition of asset retirement obligations involved an accompanying increase to the tangible capital assets (see Schedule 1).

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Municipal debt:

- (a) The balance of municipal debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$348,228 including interest at 3.78%, due 2036	\$ 7,101,247	\$ 7,517,442
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$106,736 including interest at 4.71%, due 2025	402,945	590,777
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$75,229 including interest at 4.76%, due 2026	416,039	542,173
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$68,111 including interest at 4.95%, due 2027	488,887	596,884
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$61,485 including interest at 5.62%, due 2028	529,605	619,025
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$31,583 including interest at 4.77%, due 2029	326,239	372,193
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$26,241 including interest at 4.40%, due 2030	313,259	350,718
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$20,666 including interest at 3.59%, due 2031	285,209	315,484
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$11,979 including interest at 3.41%, due 2032	184,334	201,564
Balance carryforward	10,047,764	11,106,260



# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Municipal debt (continued):

(a) (continued):

	2023	2022
Balance carryforward	\$ 10,047,764	\$ 11,106,260
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$2,651 including interest at 3.97% due 2033	43,404	46,879
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$10,649 including interest at 2.62%, repaid during the year	-	10,511
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$14,530 including interest at 3.00%, repaid during the year	-	28,419
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$2,480 including interest at 3.28%, due 2028	22,704	26,818
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$55,932 including interest at 1.46%, due 2026	327,180	433,105
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$4,365 including interest at 2.07%, due 2031	64,066	71,357
<b>Net municipal debt at the end of the year</b>	<b>\$ 10,505,118</b>	<b>\$ 11,723,349</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 8. Municipal debt (continued):

(b) Principal due on municipal debt reported in (a) is summarized as follows:

	Recoverable from taxes	Recoverable from benefiting landowners	Total
2024	\$ 1,109,097	\$ 119,171	\$ 1,228,268
2025	1,158,360	121,040	1,279,400
2026	993,868	122,944	1,116,802
2027	885,160	12,603	897,763
2028	785,400	12,932	798,332
	4,931,885	388,680	5,320,565
2028 - 2032	3,201,446	25,269	3,226,715
Thereafter	1,957,838	–	1,957,838
	\$ 10,091,169	\$ 413,949	\$ 10,505,118

(c) The municipal debt in the name of the Municipality has received the approval of the Ontario Municipal Board or has been approved by the Council of the Municipality by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 9. Accumulated surplus:

(a) Accumulated surplus consists of individual fund surplus (deficit) as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 250,042,259	\$ 236,968,892
Inventories	253,253	176,176
To be used to offset user charges and taxation	487,723	1,285,649
To be financed by user charges and municipal debt	(6,007,485)	(3,290,147)
Equity in EPC	11,870,623	11,837,623
Amounts to be recovered:		
Benefitting landowners	417,780	616,616
Vacation pay liability	(507,700)	(476,000)
Employee benefits payable	(10,889,485)	(11,722,407)
Asset retirement obligation	(1,416,593)	-
Landfill post-closure liability	(616,074)	(622,135)
Accrued interest on net long term liabilities	(30,500)	(33,700)
Municipal debt	(10,505,118)	(11,723,349)
Reserves and reserve funds (note 9 (b))	71,222,776	68,803,495
<b>Total surplus</b>	<b>\$ 304,321,459</b>	<b>\$ 291,820,713</b>

(b) Reserves and reserve funds consist of the following:

	2023	2022
Reserves set aside for specific purposes by Council:		
Capital / lifecycle	\$ 41,044,785	\$ 37,458,457
Tax rate stabilization	4,557,068	3,901,678
Community Improvement Plan	724,782	599,782
Sick and vacation leave	615,756	571,834
Storm sewer	284,345	284,345
Working capital	216,300	216,300
Business improvement area	120,011	60,346
General	17,435	17,435
Fire Education Awareness	7,500	7,500
<b>Total reserves</b>	<b>47,587,982</b>	<b>43,117,677</b>
Reserve funds set aside for specific purposes by Council:		
Water capital	14,592,830	16,332,804
Sanitary sewers	6,674,011	7,304,668
Post-retirement benefits	2,367,953	2,048,346
<b>Total reserve funds</b>	<b>23,634,794</b>	<b>25,685,818</b>
<b>Total reserve and reserve funds</b>	<b>\$ 71,222,776</b>	<b>\$ 68,803,495</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 10. Contingent liabilities:

During the normal course of operations, the Municipality is subject to various legal actions, including some which could be substantial. The settlement of the actions that can be reasonably estimated is not expected to have a material effect on the consolidated financial statements of the Municipality. Other legal actions may be at an early stage and therefore the likelihood and magnitude of impact cannot be reasonably determined.

## 11. Contractual obligations:

- (a) The former municipalities entered into agreements with the City of Windsor (“Windsor”) whereby Windsor provides sewage treatment services to the Municipality at its Little River plant. In exchange for treatment services, the Municipality is responsible to the City of Windsor for a portion of debt charges associated with the Little River plant. Currently, there are no debt charges outstanding.

The Consolidated Statement of Financial Position does not reflect any assets or liabilities related to the Little River plant as the Municipality does not and will not have any ownership interest in the plant.

Included in the Consolidated Statement of Operations, are the following charges from the City of Windsor:

	2023	2022
Sewage treatment	\$ 1,736,671	\$ 1,222,850

- (b) The Municipality has entered into various service agreements. The two largest relate to Waste Collection and The Solicitor General of Ontario (“Police Services”). The obligations under these contracts approximate \$0.7M and \$3.25M respectively in expenditures on an annual basis. The duration of these contracts is five years. The contract with Police Services can be terminated by either party with written notice of one year.

## 12. Trust funds:

The Municipality does not administer any trust funds and, as such, there are no trust funds included in these consolidated financial statements.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 13. Operations of School Boards and the County of Essex:

The taxation, other revenues and expenditures of the School Boards and the County of Essex are comprised of the following:

	2023	2022
Taxation and share of payments in lieu and rights of way:		
School Boards	\$ 9,149,264	\$ 8,968,795
County	17,787,431	16,872,194
	<u>26,936,695</u>	<u>25,840,989</u>
Requisitions	26,936,695	25,840,989
Over levy for the year	<u>\$ —</u>	<u>\$ —</u>

DRAFT

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. Budget:

- (a) The Financial Plan (Budget) By-Law adopted by Council on December 14, 2021, was not prepared on a basis consistent with that used to report actual results (“Canadian public sector accounting standards”). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated using surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. Subsequently Council approved a report from the Treasurer restating the Financial Plan (Budget) to conform with PSAB basis of accounting. As a result, the budget figures presented in the Consolidated Statements of Operations and change in net financial assets represent the Financial Plan adopted by Council on December 14, 2021, with adjustments as follows:

	2023	2022
Financial Plan (Budget By-Law deficit) for the year	\$ (13,709,925)	\$ (9,689,044)
Add:		
Share of government business enterprises surplus	835,000	750,000
Asset retirement obligations	29,000	27,692
Loss on sale of tangible capital assets	(120,879)	(194,326)
Deferred revenue	2,200,000	-
Capital expenditures	35,708,140	27,160,919
	38,651,261	27,744,285
Less:		
Accrued interest expense	(2,900)	(3,900)
Dividend from government business enterprise	460,000	460,000
Employee future benefits expense	455,000	75,000
Asset retirement obligations	31,715	29,000
Amortization	8,101,262	7,979,590
	9,045,077	8,539,690
<b>Budget surplus</b>	<b>\$ 15,896,259</b>	<b>\$ 9,515,551</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 14. Budget (continued):

- (b) The Business Improvement Area (BIA) is a Consolidated Entity which is not included in the Budget By-Law adopted by Council. These Consolidated Budget figures include the BIA budget approved by the BIA Board. Total overall budget surplus is: \$15,864,781.

	2023
Town	\$ 15,896,259
BIA	(31,478)
Budget surplus per Consolidated Statement of Operations	\$ 15,864,781

## 15. Tangible capital assets:

The Consolidated Schedule of Tangible Capital Assets (Schedule 1) provides information on the tangible capital assets of the Town by major assets as well as accumulated amortization of the assets controlled. The reader should be aware of the following relating to tangible capital assets:

(a) Contributed capital assets:

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. Transfers recorded amounted to \$580,000 (2022 - \$nil).

(b) Tangible capital assets recognized at nominal value:

Certain assets have been assigned a nominal value of one Canadian Dollar, because of the difficulty of determining a tenable valuation. These assets generally consist of small parcels of land acquired over seventy years ago.

(c) Works of art and historical treasures:

The town has been given and purchased a number of paintings and other pieces of artwork. Altogether, there are 35 pieces that were appraised at \$96,000 in 2005. These pieces are insured for \$100,000. These have not been capitalized.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 15. Tangible capital assets (continued):

### (d) Capitalization of interest:

The Town has a policy of not capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset.

Tangible capital assets consist of:

	2023	2022
General:		
Land	\$ 22,882,778	\$ 22,623,758
Land improvements	6,071,897	6,452,247
Buildings	26,295,795	25,478,001
Leasehold improvements	571,073	613,406
Equipment and vehicles	6,151,644	6,486,381
Computer	420,595	365,500
Furniture and fixtures	280,831	234,690
Infrastructure:		
Roads	64,737,931	59,573,537
Underground and other networks	108,580,598	102,033,139
Assets under construction	14,049,117	13,108,233
	<u>\$ 250,042,259</u>	<u>\$ 236,968,892</u>



# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

## 16. Public Sector Salary Disclosure Act:

The Public Sector Salary Disclosure Act requires all municipalities to disclose which, if any, employees or officers received remuneration totaling more than \$100,000 during the year.

Position	Name	Salary paid	Taxable benefits
Chief Administrative Officer	M. Misek-Evans	\$ 233,854	\$ 2,403
Director Public Works and Engineering Services	P. Bartnik	175,697	1,816
Director Development Services	B. Hillman	175,697	1,816
Director Financial Services and CFO	T. Kitsos	168,940	1,744
Director Technology and Client Services	S. Fuerth	156,538	1,633
Director Community and Recreation Services	M. Gignac	156,064	1,281
Director Legislative Services and Clerk	R. Auger	150,920	1,239
Director Community Safety and Fire Chief	W. Bondy	147,856	1,569
Manager Water Services and Volunteer Firefighter	B. Dupuis	137,875	1,356
Manager Planning Services and Local Economic Development	C. Jeffery	133,539	1,405
Manager Public Works and Transportation	K. McArdle	132,841	1,405
Manager Engineering Services	J. Henderson	129,071	1,405
Manager Building Services and Chief Building Official	P. Valore	129,071	1,405
Deputy Treasurer and Manager Financial Services	Z. Visekruna	122,317	1,292
Senior Manager Recreation Services	B. Palmer	119,727	1,252
Manager Facilities and Energy Management	D. Wolicki	118,888	1,292
Deputy Fire Chief Operations	K. Kavanagh	115,892	1,252
Deputy Clerk and Manager Legislative Services	J. Alexander	115,143	1,212
Manager Parks and Horticulture	K. Colthurst	113,795	1,205
Deputy Clerk – Clerks Services and Policy Advisor	C. Hebert	107,165	1,117
Deputy Treasurer and Manager Revenue Services	V. DaDalt	106,748	1,154
Development Engineer	S. McVitty	107,616	116
Manager Information Technology	D. Doyon	106,300	1,111
Special Projects Manager	C. Hedges	105,422	1,106
Water Employee and Volunteer Firefighter Captain	D. Dupuis	103,015	854
People and Culture Generalist	M. Doetzel	102,162	1,067
Fire Prevention Officer and Volunteer Firefighter	R. MacEachern	100,599	1,023

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 17. Segmented information:

The Town of Tecumseh is a diversified local municipal government that provides a wide range of services to its citizens, including police, fire, water, wastewater and parks and recreation. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Town services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General government:

General government consists of three categories: governance, corporate management and program support. It includes offices of Council, Chief Administrative Officer, Information Technology, Financial and Clerk Services.

(b) Protection to persons and property:

Protection is comprised of Fire, Police, Conservation Authority and Protective Inspection and Control. Police Services ensures the safety of the lives and property of citizens; preserves peace and good order; prevents crimes from occurring; detects offenders; and enforces the law. Conservation Authority includes the Town's share of the Essex Region Conservation Authority. Fire Services is responsible to provide fire suppression services; fire prevention programs; training and education. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws.

(c) Transportation:

The Public Works department is responsible for the delivery of municipal public works services to the planning, development and maintenance of roadway systems, snow clearing and removal and street lighting.

(d) Environmental:

Includes water, wastewater as well as garbage collection and disposal. The department provides drinking water to the citizens of Tecumseh, is responsible for collecting wastewater, and providing collection and disposal of waste. Recycling is provided at the County level.

# THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

---

## 17. Segmented information (continued):

(e) Social and family:

This consists of the Town's share of the Golden Age Club operations.

(f) Recreational and cultural:

The department provides public services that responds to citizens' leisure and cultural requirements. Facilities include a wide variety of parks plus a twin pad arena, pool and various community facilities.

(g) Business Improvement Area (BIA):

The BIA, a geographic area of the municipality, has a board of management which is an organization set up to provide business promotion and improvement functions. A BIA allows local business people and property owners to join together and with the support of the municipality, organize, finance and carry out physical improvement and promote economic development in their district. The local municipality is the body responsible for approving the budget of the BIA.

(h) Planning and development:

The Planning and Development department facilitates the orderly growth of the Town through approval to all land development plans in accordance with the Official Plan.

For each reported segment, revenues and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. For additional information see the Consolidated Schedule of Segmented Disclosure (Schedule 2).

**THE CORPORATION OF THE TOWN OF TECUMSEH**

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2023

	General						Infrastructure				Totals	
	Land	Land improvements	Buildings	Leasehold improvements	Equipment / vehicles	Computer	Furniture and fixtures	Linear assets - Roads	Linear assets - Water, wastewater and storm	Assets under construction	2023	2022
Cost:												
Balance, beginning of year	\$ 22,623,758	12,544,882	43,519,716	1,540,978	15,127,987	1,417,937	353,824	124,541,649	160,607,875	13,108,233	\$ 395,386,839	\$ 388,092,199
Add: Additions during the year	259,020	282,207	2,126,530	31,665	645,742	151,163	85,159	8,012,265	9,065,897	7,579,398	28,239,046	15,824,235
Less: Disposals during the year	-	(337,385)	(57,311)	-	(281,048)	(37,866)	(12,476)	(707,159)	(168,036)	-	(1,601,281)	(1,969,387)
Other	-	-	-	-	-	-	-	-	-	(6,638,514)	(6,638,514)	(6,560,208)
Balance, end of year	22,882,778	12,489,704	45,588,935	1,572,643	15,492,681	1,531,234	426,507	131,846,755	169,505,736	14,049,117	415,386,090	395,386,839
Accumulated amortization:												
Balance, beginning of year	-	6,092,636	18,041,715	927,571	8,641,605	1,052,437	119,135	64,968,113	58,574,735	-	158,417,947	152,040,173
Add: amortization	-	510,733	1,304,234	73,998	980,480	96,068	39,017	2,646,117	2,485,703	-	8,136,350	7,783,817
Less: accumulated amortization on disposals	-	(185,562)	(52,809)	-	(281,048)	(37,866)	(12,476)	(505,406)	(135,299)	-	(1,210,466)	(1,406,043)
Balance, end of year	-	6,417,807	19,293,140	1,001,569	9,341,037	1,110,639	145,676	67,108,824	60,925,139	-	165,343,831	158,417,947
Net book value of tangible capital assets	\$ 22,882,778	\$ 6,071,897	\$ 26,295,795	\$ 571,074	\$ 6,151,644	\$ 420,595	\$ 280,831	\$ 64,737,931	\$ 108,580,597	\$ 14,049,117	\$ 250,042,259	\$ 236,968,892

**THE CORPORATION OF THE TOWN OF TECUMSEH**

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2023

	General										Infrastructure		Totals	
	Land	Land improvements	Buildings	Leasehold improvements	Equipment / vehicles	Computer	Furniture and fixtures	Linear assets - Roads	Linear assets - Water, wastewater and storm	Assets under construction	2022	2021		
Cost:														
Balance, beginning of year	\$ 22,623,758	11,453,522	43,323,836	1,518,004	14,572,354	1,376,143	368,017	122,271,269	157,901,766	12,683,529	\$ 388,092,198	\$ 380,878,071		
Add: Additions during the year		1,142,429	543,134	22,973	1,253,295	53,007	46,135	2,531,742	3,246,608	6,984,912	15,824,235	11,267,165		
Less: Disposals during the year		51,068	347,254		697,663	11,213	60,327	261,362	540,500		1,969,387	883,143		
Other			-	-						(6,560,208)	(6,560,208)	(3,169,895)		
Balance, end of year	22,623,758	12,544,883	43,519,716	1,540,977	15,127,986	1,417,937	353,825	124,541,649	160,607,874	13,108,233	395,386,838	388,092,198		
Accumulated amortization:														
Balance, beginning of year		5,627,337	17,155,141	857,247	8,343,619	971,939	143,370	62,490,183	56,451,336		152,040,172	145,094,493		
Add: amortization		504,968	1,183,473	70,324	982,156	91,711	36,092	2,514,520	2,400,573		7,783,817	7,704,302		
Less: accumulated amortization on disposals		39,669	296,899		684,170	11,213	60,327	36,591	277,174		1,406,043	758,623		
Other			-	-										
Balance, end of year	-	6,092,636	18,041,715	927,571	8,641,605	1,052,437	119,135	64,968,112	58,574,735	-	158,417,946	152,040,172		
Net book value of tangible capital assets	\$ 22,623,758	\$ 6,452,247	\$ 25,478,001	\$ 613,406	\$ 6,486,381	\$ 365,500	\$ 234,690	\$ 59,573,537	\$ 102,033,139	\$ 13,108,233	\$ 236,968,892	\$ 236,052,026		

# THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2023

2023	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
<b>Revenues:</b>									
Property taxes	\$ 5,636,619	5,669,714	5,943,257	6,231,747	20,840	3,619,020	235,170	738,641	\$ 28,095,008
Government transfers	86,040	155,122	1,554,361	620,591	24,860	486,488	3,091	8,824	2,939,377
User charges	252,637	642,486	159,499	10,720,320	3,721	1,610,277	-	90,997	13,479,937
Capital contributions	-	503,443	1,932,693	616,320	-	1,631,828	-	(118,853)	4,565,431
Investment income	962,573	1,008,192	439,804	885,599	5,979	641,978	5,828	180,571	4,130,524
Penalties and interest on property taxes	120,637	127,098	55,444	41,572	754	80,931	-	22,764	449,200
Income from government business enterprise	134,260	141,452	61,706	46,267	839	90,071	-	25,335	499,930
Gain (loss) on disposal of tangible capital assets	4,419	-	(201,059)	(32,736)	-	(102,795)	-	-	(332,171)
Other	3,944	-	-	-	-	661,776	6,504	-	672,224
	7,201,129	8,247,507	9,945,705	19,129,680	56,993	8,719,574	250,593	948,279	54,499,460
<b>Expenses:</b>									
Wages and benefits	3,631,895	2,053,566	1,301,022	1,889,805	-	2,573,704	51,494	639,791	12,141,277
Interest on municipal debt	-	-	161,987	8,702	-	278,963	-	-	449,652
Office supplies and equipment maintenance	557,638	13,539	3,167	4,516	-	6,762	39,904	2,551	628,077
Memberships	25,180	7,076	7,717	3,933	-	5,182	344	4,273	53,705
Conventions and training	62,125	22,263	31,165	27,360	-	22,358	360	16,093	181,724
Maintenance materials and supplies	30,515	99,892	384,011	319,959	2,379	504,979	-	1,439	1,343,174
Purchases for resale	2,793	-	-	1,541,655	-	2,204	-	-	1,546,652
Maintenance	14,561	167,653	371,035	528,161	1,978	307,187	-	1,018	1,391,593
Contract services	69,139	3,711,058	1,044,874	4,728,559	2,340	328,887	-	1,775,966	11,660,823
Professional	276,189	87,422	527,030	390,041	-	37,806	10,278	962,684	2,291,450
Vehicle and equipment leases	2,827	-	-	-	-	-	-	-	2,827
Utilities	76,953	54,699	209,787	217,868	7,252	410,533	-	-	977,092
Insurance	145,250	61,488	83,253	171,104	6,502	110,300	-	6,478	584,375
Grants and donations	5,316	-	-	2,400	17,604	-	-	-	25,320
Amortization	258,393	319,081	2,961,166	3,278,385	22,187	1,291,393	-	5,746	8,136,351
Other	60,886	35,402	21,876	79,039	239	50,159	88,548	36,907	373,056
Financial	49,725	53,377	22,854	24,294	311	51,612	-	9,393	211,566
	5,269,385	6,686,516	7,130,944	13,215,781	60,792	5,982,029	190,928	3,462,339	41,998,714
<b>Annual surplus (deficit)</b>	<b>\$ 1,931,744</b>	<b>\$ 1,560,991</b>	<b>\$ 2,814,761</b>	<b>\$ 5,913,899</b>	<b>\$ (3,799)</b>	<b>\$ 2,737,545</b>	<b>\$ 59,665</b>	<b>\$ (2,514,060)</b>	<b>\$ 12,500,746</b>

# THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2023

2022	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
<b>Revenues:</b>									
Property taxes	\$ 4,684,187	5,694,739	5,732,373	6,068,038	18,325	3,537,340	131,813	789,675	\$ 26,656,490
Government transfers	388,746	202,024	2,203,520	2,047,565	28,813	388,712	7,938	202,067	5,469,385
User charges	286,243	817,412	158,888	10,559,811	2,082	1,409,930	4,996	98,417	13,337,779
Capital contributions	-	176,187	-	13,310	-	-	-	683,561	873,058
Investment income	522,724	553,961	235,515	492,092	3,766	337,586	3,151	87,443	2,236,238
Penalties and interest on property taxes	108,852	116,468	49,516	37,368	792	70,976	-	18,384	402,356
Income from government business enterprise	170,195	182,101	77,420	58,427	1,238	110,973	-	28,745	629,099
Gain (loss) on disposal of tangible capital assets	(36,000)	213	(77,646)	(241,205)	-	6,932	-	-	(347,706)
Other	3,460	-	421	7,604	-	83,131	-	-	94,616
	6,128,407	7,743,105	8,380,007	19,043,010	55,016	5,945,580	147,898	1,908,292	49,351,315
<b>Expenses:</b>									
Wages and benefits	3,677,884	1,959,696	1,329,148	1,635,339	-	2,393,613	46,431	642,019	11,684,130
Interest on municipal debt	-	-	191,778	13,702	-	294,360	-	-	499,840
Office supplies and equipment maintenance	370,419	12,544	2,950	7,010	-	5,389	25,450	1,707	425,469
Memberships	19,986	7,937	12,346	935	-	3,900	344	1,630	47,078
Conventions and training	50,808	22,343	6,537	13,264	-	5,342	1,003	8,407	107,704
Maintenance materials and supplies	45,552	94,355	381,596	285,159	-	486,040	-	378	1,293,080
Purchases for resale	8,761	-	-	1,488,002	-	2,497	-	-	1,499,260
Maintenance	16,382	129,626	325,581	461,002	9,651	230,290	-	194	1,172,726
Contract services	315,639	3,843,558	2,154,057	3,114,501	-	193,204	-	-	9,620,959
Professional	401,470	10,916	291,954	545,094	-	10,158	14,375	182,355	1,456,322
Vehicle and equipment leases	2,697	-	-	-	-	-	-	-	2,697
Utilities	71,255	50,198	204,160	182,186	6,903	385,434	-	-	900,136
Insurance	105,370	52,895	76,807	145,650	5,587	92,956	-	5,653	484,918
Grants and donations	6,000	-	-	15,696	21,000	-	-	34,685	77,381
Amortization	238,928	307,717	2,832,642	3,171,352	9,347	1,218,058	-	5,773	7,783,817
Other	113,414	24,641	35,555	83,727	-	138,249	69,739	918,502	1,383,827
Financial	34,829	38,319	15,843	27,054	253	36,237	-	5,885	158,420
	5,479,394	6,554,745	7,860,954	11,189,673	52,741	5,495,727	157,342	1,807,188	38,597,764
<b>Annual surplus (deficit)</b>	<b>\$ 649,013</b>	<b>\$ 1,188,360</b>	<b>\$ 519,053</b>	<b>\$ 7,853,337</b>	<b>\$ 2,275</b>	<b>\$ 449,853</b>	<b>\$ (9,444)</b>	<b>\$ 101,104</b>	<b>\$ 10,753,551</b>

# The Corporation of the Town of Tecumseh

## By-Law Number 2025-001

Being a by-law to authorize the execution of an Agreement with The Corporation of the Town of Tecumseh and Damera Bus Sales Canada Corp for the purchase for Electric Buses and Charging Infrastructure

**Whereas** Damera Bus Sales Canada Corp, was awarded the tender for the purchase of electric buses and charging infrastructure as presented in Report DS-2024-44 Tecumseh Transit Service, Execution of Purchasing Agreement for Electric Buses for the purchasing of electric buses and charging infrastructure;

**And whereas** The Corporation of The Town of Tecumseh is desirous of entering into an Agreement with Damera Bus Sales Canada Corp for the purchase of electric buses and charging infrastructure;

**And whereas** under Section 5 of the *Municipal Act 2001, S.O. 2001 c. M. 25* the powers of a municipality shall be exercised by its Council by by-law.

**Now Therefore the Council of The Corporation of The Town of Tecumseh enacts as follows:**

1. **That** the Mayor and Clerk be authorized and empowered on behalf of The Corporation of the Town of Tecumseh, to execute an Agreement between The Corporation of the Town of Tecumseh and Damera Bus Sales Canada Corp. dated 10<sup>th</sup> day of December, 2024, a copy of said Agreement is attached hereto and forms part of this by-law and further to do such further and other acts which may be necessary to implement the said Agreement.

**Read** a first, second, third time and finally passed this 14th day of January, 2025.

---

Gary McNamara, Mayor

---

Robert Auger, Clerk





**Agreement for Electric Transit Buses  
with Charging Infrastructure**

**between**

**The Corporation of the Town of Tecumseh**

**and**

**Damera Bus Sales Canada Corp.**

**Table of Contents**

- 1. Recitals..... 3
- 2. Contract Documents..... 3
- 3. Scope of Services..... 4
- 4. Effective Date and Term of Agreement ..... 4
- 5. Terms of Performance..... 4
  - a. Time for Completion/Purchase Orders ..... 4
  - b. Representatives..... 4
  - c. Non-Exclusive Contract ..... 5
  - d. Contractor Responsibility..... 5
  - e. Compliance with Laws ..... 5
- 6. Compensation ..... 5
  - a. Invoices ..... 6
  - b. Contracts with Non-Residents of Canada..... 6
  - c. Disputed Invoices ..... 6
- 7. Patent, Trademark, Copyright and Trade Secrets ..... 6
- 8. Use of Names/Public Announcements ..... 6
- 9. Delay in Performance/Force Majeure ..... 7
  - a. Time of the Essence ..... 7
  - b. Unavoidable Delay ..... 7
  - c. No Damages for Delay ..... 7
  - d. Notification..... 7
- 10. Disputes, Breaches, Defaults, or Other Litigation..... 8
  - a. Rights and Remedies ..... 8
  - b. Solicitors’ Fees ..... 8
- 11. Indemnification ..... 8
  - a. Indemnification ..... 8
  - b. Control of Defence..... 9
- 12. Miscellaneous..... 9
  - a. Entire Agreement..... 9
  - b. Notices ..... 9
  - c. Waiver of Remedies for any Breach ..... 10
  - d. Modification ..... 10
  - e. Headings and Section References ..... 10
  - f. Authorization..... 10
  - g. Assignment..... 10
  - h. Severability ..... 11
  - i. Electronic Signatures..... 11
  - j. Counterparts..... 11

**This Agreement** made this 10<sup>th</sup> day of December 2024,

Between:

**The Corporation of the Town of Tecumseh**  
(hereinafter referred to as the “**Town**”)

Of the First Part

-and-

**Damera Bus Sales Canada Corp.**  
(hereinafter referred to as the “**Contractor**”)

Of the Second Part

(collectively the “**Parties**”)

**Recitals:**

**Whereas** the Town wishes to retain procure electric buses;

**And Whereas** the Town issued Request for Proposal #123 on August 27, 2024, respecting the procurement of electric buses and other such services described therein (the “**RFP**”), which RFP is incorporated into and forms part of this Agreement by reference hereto;

**And Whereas** the Contractor responded to the RFP by proposal dated October 8, 2024 (the “**Proposal**”), which Proposal is further incorporated into and forms part of this Agreement by reference hereto;

**And Whereas** each of the Town and the Contractor hereby wish to enter into an agreement for such services upon the terms and conditions set forth herein;

**Now Therefore** in consideration of and reliance upon the terms and conditions contained in this Agreement, the parties hereto agree as follows:

1. **Recitals**

The above recitals are true and correct and incorporated herein by reference.

2. **Contract Documents**

The “**Contract Documents**” shall mean and refer to this Agreement, the RFP including all schedules and attachments thereto including any and all duly executed and issued addenda, any and all Purchase Orders (as defined below), and the Proposal.

3. **Scope of Services**

The Contractor, at the discretion of the Town, shall furnish to the Town Electric Transit Buses with Charging Infrastructure as described in, and in accordance with the specifications, tasks, and scope of work set forth in the RFP (the “**Services**”), and in the amount set forth in the RFP, which RFP forms a part of this Agreement. The Contractor acknowledges that it has read the specifications and understands them. The Contractor also agrees to provide electric transit buses with charging Infrastructure to all permissible assignees of the Town. The Town’s permissible assignees shall have the option to purchase electric transit buses and charging infrastructure in accordance with the terms and conditions of the RFP.

4. **Effective Date and Term of Agreement**

This Agreement shall become effective and commence on the Effective Date and shall remain in effect for five (5) years (the “**Contract Term**”).

5. **Terms of Performance**

a. Time for Completion/Purchase Orders

The Town will issue an award letter for the electric buses with charging infrastructure it needs provided under this Agreement (hereinafter, together with any amendments or change orders thereto, collectively referred to as “**Purchaser Order(s)**”). Upon issuance:

- i. the Purchaser Orders shall be appended to this Agreement and incorporated as an exhibit;
- ii. the Contractor shall immediately begin providing the Services pursuant to the Purchase Orders; and
- iii. all work and deliverables shall be completed by the date set forth in the Purchaser Orders,

unless modified in writing by the Parties.

In the event a Purchaser Order approved during the Contract Term has a completion date beyond the Contract Term, the terms and conditions of this Agreement shall be automatically extended through the completion of the Purchaser Order to the full satisfaction of the Town.

b. Representatives

Prior to the start of any ordering or supplying the Services under this Agreement, the Contractor shall designate a primary and alternative representative, who will have management responsibilities for the Services, Purchaser Order(s), and the Contract Documents, to the Town, in writing. Such designation shall include the contract information (including phone numbers) of the Contractor’s representative. The Town will advise the

Contractor in writing of the personnel who will represent the Town in the administration of the Contract Documents. Such writing from the Town may include the specific duties of each individual and each representative's limits of authority.

c. Non-Exclusive Contract

The Town specifically reserves the right to contract with other entities for the Services described in the Contract Documents or for similar products if it deems, in its sole discretion, such action to be in the Town's best interest.

d. Contractor Responsibility

The Contractor shall provide electric buses with charging infrastructure of first quality, and the workmanship must be in accordance with customary standards of the various trades and industries involved in the manufacturing and furnishing of such products. The Services and the work associated therewith shall be of high-quality in all respects. No advantage will be taken by the Contractor in the omission of any part or detail of the Services. The Contractor hereby assumes responsibility for all materials, equipment, and processes used in the manufacturing and furnishing of the electric buses and all charging infrastructure, whether the same is manufactured by the Contractor or purchased readymade from a source outside the Contractor's company.

e. Compliance with Laws

The Contractor shall comply with all federal, provincial, county, and municipal laws and bylaws, rules and/or regulations, and lawful orders of public authorities including those set forth in this Agreement and that, in any manner, could bear on the provision of the Services under the Contract Documents. Omission of any applicable laws, ordinances, rules, regulations, standards, or orders by the Town in the Contract Document shall be construed as an oversight and shall not relieve the Contractor of its obligations to comply with such laws fully and completely. Upon request, the Contractor shall furnish to the Town certificates of compliance with all such laws, orders, and regulations. The Contractor shall be responsible for obtaining all necessary permits and licenses required for performance under this Agreement.

**6. Compensation**

In consideration of the Contractor's faithful performance of the Contract Documents, the Town agrees to pay the Contractor pursuant to the rates and pricing set forth in the Contractors Proposal. However, all payments to the Contractor individually and in the aggregate shall not exceed the Contract Total. Payment shall be made in accordance with the RFP and Part I.1 of the *Construction Act*, R.S.O. 1990, c. C.30.

a. Invoices

All invoices shall be submitted in accordance with Part I.1 of the *Construction Act*, R.S.O. 1990, c. C.30, with all details prescribed by the Town, and delivered to the following address:

The Corporation of the Town of Tecumseh  
Attention: Chad Jeffery  
Manager, Planning Services & Local Economic Development  
917 Lesperance Road, Tecumseh, Ontario N8N 1W9  
Email: [cjeffery@tecumseh.ca](mailto:cjeffery@tecumseh.ca)

b. Contracts with Non-Residents of Canada

Pursuant to section 153(1)(g) of the *Income Tax Act (Canada)* and section 105 of the *Income Tax Regulations*, fees, commissions, or other amounts paid to a non-resident provider of services rendered in Canada are subject to a fifteen percent (15%) withholding tax. The Town will withhold the required amounts on each Invoice and remit same to Canada Revenue Agency as required. Withholding of the 15% of the payment does not represent a definite tax, but rather a payment on account of the non-resident contractor's overall tax liability to Canada.

c. Disputed Invoices

In the event of a disputed invoice, only that portion so contested may be withheld from payment and the undisputed portion shall be due and payable on the terms set forth herein.

**7. Patent, Trademark, Copyright and Trade Secrets**

The Contractor warrants that the Services, and all goods and work associated therewith, do not infringe on any patent, trademark, copyright, or trade secret of any third parties and agrees to defend, indemnify and hold the Town harmless from and against any and all liability, loss, damage, or expense, including without limitation, court costs and reasonable solicitor fees arising out of any infringement of claims of infringement of any patent, trade name, trademark, copyright, or trade secret by reason of the sale or use of any goods or services purchased under this Agreement. The Contractor shall promptly notify the Town of any such claim.

**8. Use of Names/Public Announcements**

Neither party shall use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press release or make any public announcements of any kind regarding the relationship between the parties without the other party's prior written consent.

9. **Delay in Performance/Force Majeure**

a. Time of the Essence

The timely receipt of the Services and deliverables to the Town is essential. If the Services and deliverables under each Purchase Order are not received by the Town within the date specified in each Purchase Order, the Town may cancel the unfilled portion of the Purchase Order and this Agreement for cause, purchase substitutes elsewhere, and recover from the Contractor any increased costs and damages thereby incurred by the Town.

b. Unavoidable Delay

If completion of the Services under any Purchase Order is unavoidably delayed, the Town may, in its sole and absolute discretion, extend the time for completion for a determined number of days of excusable delay. A delay in unavoidable only if the delay was not reasonably expected to occur in connection with or during the Contractor's performance; was not caused directly or substantially by negligent errors, omissions, or mistakes of the Contractor, its subcontractors, or its suppliers or their agents; and, in fact, caused the Contractor to miss delivery dates and could not adequately have been guarded against by contractual or legal means.

c. No Damages for Delay

The Contractor shall not be entitled to any claim for damages on account of hinderances or delays in the work from any cause whatsoever, including any delays or hinderances caused by the Town. This paragraph shall include, but not be limited to, any actions which result in delays in scheduling, substantial changes in scope of the Services or deliverables or substantial increases in the costs of performing the work under the Contract Documents.

d. Notification

The Contractor will notify the Town as soon as the Contractor has, or should have, knowledge that an event has occurred which will delay completion of the Services under a Purchase Order. Within five (5) working days, the Contractor will confirm such notice in writing, furnishing as much detail as is available, any reasonable proofs that are required by the Town, to decide on any request for extension. The Town will examine the request, and any documentation supplied by the Contractor and will determine if the Contractor is entitled to an extension and the duration of such extension. The Town will notify the Contractor of its decision in writing. It is expressly understood and agreed that the Contractor will not be entitled to any extension and the granting of such extension is in the sole discretion of the Town. It is further expressly understood that the Contractor shall not be entitled to damages or compensation and will not be reimbursed for any losses on account of delays resulting from any cause.

10. **Disputes, Breaches, Defaults, or Other Litigation**

a. Rights and Remedies

The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law. No action or failure to act by the Town or the Contractor shall constitute a waiver of any right or duty afforded any of them under this Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed to in writing.

b. Solicitors' Fees

In the event of legal action or other proceeding arising under this Agreement, the Town shall be entitled to recover from the Contractor all its reasonable solicitors' fees and costs incurred by the Town in the prosecution or defence of such action, or in any post-judgment or collection proceedings and whether incurred before suit, at trial level or at the appellate level. This shall include any bankruptcy proceedings filed by or against the Contractor. The Town shall also be entitled to recover any reasonable solicitors' fees and costs incurred in litigating the entitlement to solicitors' fees and costs, as well as in determining the amount of the solicitors' fees and costs due to the Town.

11. **Indemnification**

a. Indemnification

The Parties recognize that the Contractor is an independent contractor. The Contractor agrees to assume liability for and indemnify, hold harmless, and defend the Town, its council, directors, officers, employees, agents from and against all liability and expense, including reasonable solicitors' fees, in connection with any and all claims, demands, damages, actions, causes of action, and suits in equity of whatever kind or nature, including claims for personal injury, property damage, equitable relief, or loss of use, arising out of the execution, performance, non-performance, or enforcement of this Agreement, whether or not due to or caused by the negligence, excluding the sole negligence, of the Town, its council, directors, officers, employees, or agents. The Contractor's liability hereunder shall include all solicitors' fees and costs incurred by the Town in the enforcement of this indemnification provision. Notwithstanding anything contained herein to the contrary, this indemnification provision shall not be construed as a waiver of any immunity from or limitation of liability to which the Town is entitled. The obligations contained in this provision shall survive termination of this Agreement, however terminated, and shall not be limited by the amount of any insurance required to be obtained or maintained under this Agreement.



b. Control of Defence

Subject to the limitations set forth in this provision, the Contractor shall assume control of the defence of any claim asserted by a third party against the Town arising from or in any way related to this Agreement and, in connection with such defences, shall appoint a lead counsel, in each case at the Contractor's expense. The Contractor shall have the right, at its sole option, to participate in the defence of any third-party claim, without relieving the Contractor of any of its obligations hereunder. If the Contractor assumes control of the defence of any third-party claim in accordance with this paragraph, the Contractor shall obtain the prior written consent of the Town before entering into any settlement of such claim. Notwithstanding anything to the contrary in this provision, the Contractor shall not assume or maintain control of the defence of any third-party claim, but shall pay the fees of counsel retained by the Town and all expenses including experts' fees, if:

- i. an adverse determination with respect to the third-party claim would, in the good faith judgment of the Town, be detrimental in any material respect to the Town's reputation;
- ii. the third-party claim seeks an injunction or equitable relief against the Town; or
- iii. the Contractor has failed or is failing to prosecute or defend vigorously the third-party claim.

Each party shall cooperate, and cause its agents to cooperate, in the defense or prosecution of any third-party claim and shall furnish or cause to be furnished such records and information, and attend such conferences, discovery proceedings, hearings, trials, or appeals, as may be reasonably requested in connection therewith.

12. **Miscellaneous**

a. Entire Agreement

The Contract Documents, including all exhibits, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersedes all previous written or oral negotiations, agreements, proposals, and/or understandings.

b. Notices

Any notices, requests, or other communications pursuant to this Agreement will be addressed to the party at its address listed below. such notices will be deemed to have been duly given: (i) if delivered in person or by courier, upon delivery; (ii) if sent by an overnight service with tracking capabilities, upon receipt; (iii) if sent by registered or certified mail, postage prepaid, within five (5) days of deposit in the mail; or (iv) if sent by fax or electronic mail, at such

time as the party which sent the notice receives confirmation of receipt by the applicable method of transmittal.

**If to the Town:**

The Corporation of the Town of Tecumseh  
Attention: Chad Jeffrey  
917 Lesperance Road  
Tecumseh, Ontario N8N 1W9  
[cjeffery@tecumseh.ca](mailto:cjeffery@tecumseh.ca)

**If to the Contractor:**

Damera Bus Sales Canada Corp.  
Attention: Jeff Dowling  
6625 Kestrel Rd.  
Mississauga, Ontario L5T 1P4  
[j.dowling@dameracorp.com](mailto:j.dowling@dameracorp.com)

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

c. Waiver of Remedies for any Breach

In the event the Town elects to waive its remedies for any breach by the Contractor of any covenant, term or condition of this Agreement, such waiver by the Town shall only be valid if set forth in writing and shall not limit the Town's remedies for any succeeding breach of that or of any other term, covenant, or condition of this Agreement.

d. Modification

The Contract Documents, including the scope, specification, and details of the Services may only be modified by written agreement of the Parties. No modification shall serve to increase the Contract Total unless such change has been approved by the Town's Council prior to any work being performed that would serve to increase the Contract Total.

e. Headings and Section References

The headings and section references in this Agreement are inserted only for the purpose of convenience and shall not be construed to expand or limit the provisions contained in such sections.

f. Authorization

Both parties to this Agreement represent and warrant that they are authorized to enter into this Agreement without the consent and joinder of any other party and that the parties executing this Agreement have full power and authority to bind their respective parties to the terms hereof.

g. Assignment

The terms and provisions of this Agreement shall be binding upon the Parties and their respective partners, successors, heirs, executors, administrators, assigns and legal representatives. Notwithstanding the foregoing, a party's rights and obligations under this Agreement may only be transferred,

assigned, sublet, mortgaged, pledged or otherwise disposed of or encumbered in any way with the other party's prior written consent.

**h. Severability**

If any one or more provisions of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby and this Agreement shall be treated as though the invalidated portion(s) had never been a part hereof.

**i. Electronic Signatures**

This Agreement may be executed by electronic signature technology and such electronic signature shall act as the Parties' legal signatures on this Agreement and shall be treated in all respects as an original handwritten signature.

**j. Counterparts**

This Agreement may be executed in one or more counterparts, any one of which need not contain the signatures of more than one party, but all such counterparts taken together will constitute one and the same instrument.

**In Witness Whereof** the parties hereto have signed or affixed their seal as of the date first above written.

**The Corporation of the Town of Tecumseh**

**Gary McNamara**

Signed with ConsignO Cloud (2024/12/19)  
Verify with verifio.com or Adobe Reader.



Per: \_\_\_\_\_

Gary McNamara, Mayor

**Robert Auger**

Signed with ConsignO Cloud (2024/12/19)  
Verify with verifio.com or Adobe Reader.



Per: \_\_\_\_\_

Robert Auger, Director Legislative Services and Clerk

We have authority to bind.

**Damera Bus Sales Canada Corp.**

**Mahendra Mahadeo**

Signed with ConsignO Cloud (2024/12/19)  
Verify with verifio.com or Adobe Reader.

Per: \_\_\_\_\_

Name: Mahendra Mahadeo

Title: President

I have authority to bind.