

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF TECUMSEH**

Year ended December 31, 2022

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Financial Statements

Year ended December 31, 2022

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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.



KPMG LLP

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Tecumseh

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Tecumseh (the Entity), which comprise:

- the consolidated statement of financial position as at end December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at end of December 31, 2022, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

November 30, 2023

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 72,183,956	\$ 65,725,397
Taxes receivable	2,373,021	2,234,100
Accounts receivable	4,743,400	2,284,539
Promissory note receivable - government business enterprise (note 2)	1,544,408	1,544,408
Due from government business enterprise (note 2)	2,031,631	1,887,237
Accounts receivable - long term (note 3)	721,830	1,006,402
Investment - government business enterprise (note 4)	12,272,362	12,103,362
Investment - portfolio	1,808,404	1,575,381
	\$ 97,679,012	\$ 88,360,826
Liabilities		
Accounts payable and accrued liabilities	\$ 4,442,511	\$ 4,981,382
Other current liabilities	2,616,552	3,504,275
Deferred revenue (note 5)	11,837,922	9,448,944
Employee future benefits payable (note 6)	11,781,805	11,991,193
Landfill post-closure liability (note 7)	622,135	619,935
Municipal debt (note 8)	11,723,349	13,023,592
	43,024,274	43,569,321
Net financial assets	54,654,738	44,791,505
Non-financial assets		
Tangible capital assets (schedule 1)	236,968,892	236,052,026
Inventories of supplies	176,176	138,845
Prepaid expenses	20,907	84,786
	237,165,975	236,275,657
Contingent liabilities (note 10)		
Contractual obligations (note 11)		
Accumulated surplus (note 9)	\$ 291,820,713	\$ 281,067,162

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, 2022, with comparative information for 2021

	2022 Budget (note 14)	2022 Actual	2021 Actual
Revenues:			
Property taxes	\$ 26,537,479	\$ 26,656,490	\$ 25,555,844
User charges	13,099,064	13,337,779	12,409,733
Capital contributions	1,398,700	873,058	3,877,397
Government transfers	7,153,817	5,469,385	4,809,590
Investment income	1,276,534	2,236,238	1,163,891
Penalties and interest on property taxes	380,000	402,356	400,884
Income from government business enterprise (note 4)	776,275	629,099	1,019,099
Loss on disposal of tangible capital assets	(194,326)	(347,706)	(101,624)
Other	6,500	94,616	72,527
	<u>50,434,043</u>	<u>49,351,315</u>	<u>49,207,341</u>
Expenses:			
General government	6,281,755	5,573,305	5,480,370
Protection to persons and property	6,727,886	6,517,478	6,275,760
Transportation	7,907,327	7,845,111	6,971,236
Environmental	12,118,567	11,177,720	11,277,426
Social and family	52,348	52,488	49,632
Recreational and cultural	5,775,845	5,473,017	4,937,873
Planning and development	2,086,464	1,958,645	1,500,863
	<u>40,950,192</u>	<u>38,597,764</u>	<u>36,493,160</u>
Annual surplus	9,483,851	10,753,551	12,714,181
Accumulated surplus, beginning of year	273,895,723	281,067,162	268,352,981
Accumulated surplus, end of year	\$ 283,379,574	\$ 291,820,713	\$ 281,067,162

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, 2022, with comparative information for 2021

	2022 Budget (note 14)	2022 Actual	2021 Actual
Annual surplus	\$ 9,483,851	\$ 10,753,551	\$ 12,714,181
Acquisition of tangible capital assets	(5,147,750)	(8,839,323)	(4,749,425)
Change in tangible capital assets WIP	(22,013,170)	(424,704)	(3,347,846)
Amortization of tangible capital assets	7,979,590	7,783,817	7,704,303
Loss on disposal of tangible capital assets	194,326	347,706	101,624
Proceeds from sale of tangible capital assets	-	215,638	22,895
	(18,987,004)	(916,866)	(268,449)
Net change in inventories of supplies	-	(37,331)	25,090
Net change in prepaid expense	-	63,879	(58,406)
	-	26,548	(33,316)
Change in net financial assets	(9,503,153)	9,863,233	12,412,416
Net financial assets, beginning of year	44,791,505	44,791,505	32,379,089
Net financial assets, end of year	\$ 35,288,352	\$ 54,654,738	\$ 44,791,505

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 10,753,551	\$ 12,714,181
Items not involving cash:		
Amortization	7,783,817	7,704,303
Income from government business enterprise	(629,099)	(1,019,099)
Loss on disposal of tangible capital assets	347,706	101,624
Change in non-cash operating working capital:		
Financial assets	(2,742,176)	(273,414)
Liabilities	755,196	3,345,348
Non-financial assets	26,548	(33,316)
Cash provided from operating transactions	16,295,543	22,539,627
Capital:		
Acquisition of tangible capital assets	(8,839,323)	(4,749,425)
Change in assets under construction	(424,704)	(3,347,846)
Proceeds on sale of tangible capital assets	215,638	22,895
Cash used in capital transactions	(9,048,389)	(8,074,376)
Investing:		
Accounts receivable - long-term - new	(33,682)	(616,028)
Accounts receivable - long-term - repayment	318,254	288,109
Investment portfolio purchases	(150,000)	-
Investment portfolio reinvestment	(83,023)	(129,043)
Dividends from government business enterprise	460,099	460,099
Cash used in investing activities	511,648	3,137
Financing:		
Proceeds from issuance of municipal debt	-	616,000
Municipal debt principal repayment	(1,300,243)	(1,196,391)
Cash used in financing activities	(1,300,243)	(580,391)
Change in cash and cash equivalents	6,458,559	13,887,997
Cash and cash equivalents, beginning of year	65,725,397	51,837,400
Cash and cash equivalents, end of year	\$ 72,183,956	\$ 65,725,397

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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, 2022

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 International Financial Reporting 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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.

2. Government business enterprise:

	2022	2021
Note receivable from EPC (note 4), long-term interest rate of 3.80%, 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, 2018 to December 31, 2022. 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.	2,031,631	1,887,237

3. Accounts receivable - long term:

Accounts receivable – long term consists of the following:

	2022	2021
Debentures	\$ 616,616	\$ 874,773
Other	105,214	131,629
	\$ 721,830	\$ 1,006,402

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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.

	2022	2021
Receivable over a five year term in annual instalments of \$43,013 at an interest rate of 3.04% and matured during the year	\$ —	\$ 41,744
Receivable over a 10 year term in annual instalments of \$24,310 at an interest rate of 4.04% and matured during the year	—	23,366
Receivable over a five year term in annual instalments of \$22,077 at an interest rate of 3.67% and will mature in 2023	21,296	41,838
Receivable over a five year term in annual instalments of \$63,790 at an interest rate of 4.00% and will mature in 2023	61,337	120,314
Receivable over a 10 year term in annual instalments of \$5,349 at an interest rate of 4.53% and will mature in 2029	27,562	31,484
Receivable over a five year term in annual instalments of \$114,739 at an interest rate of 2.21% and will mature in 2026	434,677	537,537
Receivable over a 10 year term in annual instalments of \$9,352 at an interest rate of 3.32% and will mature in 2031	71,744	78,490
	<u>\$ 616,616</u>	<u>\$ 874,773</u>

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Accounts receivable - long term (continued):

(b) Other:

	2022	2021
Municipal Drain receivable over a five year term in annual instalments of \$14,381 at an interest rate of 3.45% and matured during the year	\$ —	\$ 13,902
Municipal Drain receivable over a five year term in annual instalments of \$7,910 at an interest rate of 2.95% and matured during the year	—	7,683
Sanitary Sewer receivable over a five year term in annual instalments of \$6,565 at an interest rate of 3.95% and matured during the year	—	3,084
Municipal Drain receivable over a five year term in annual instalments of \$18,618 at an interest rate of 3.95% and will mature in 2023	12,635	24,789
Municipal Drain receivable over a five year term in annual instalments of \$1,376 at an interest rate of 4.00% and will mature in 2023	1,323	2,595
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	24,564	36,142
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	32,998	43,434
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	33,694	—
	\$ 105,214	\$ 131,629

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
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%	6,931,000	6,762,000
	<u>\$ 12,272,362</u>	<u>\$ 12,103,362</u>

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Investment – Government Business Enterprise (continued):

(c) Supplementary financial information for EPC:

	(in thousands of dollars)	
	2022	2021
Cash and cash equivalents	\$ 2,919	\$ 4,442
Accounts receivable	8,577	7,826
Unbilled revenue	6,657	5,711
Other current assets	2,882	1,794
Property, plant and equipment	79,593	76,379
Intangible assets	5,186	5,521
Right-of-use assets	1,771	1,950
Goodwill	1,623	1,623
Deferred assets	461	345
Note receivable	2,250	2,339
Regulatory balances	11,605	14,119
Total assets and regulatory balances	\$ 123,524	\$ 122,049
Current liabilities	\$ 23,434	\$ 21,752
Long-term debt	35,694	36,980
Post-employment benefits	2,592	3,162
Deferred revenue	8,594	7,181
Deferred tax liabilities	5,334	4,793
Other non-current liabilities	1,337	1,526
Total liabilities	76,985	75,394
Share capital	19,667	19,667
Retained earnings	20,281	19,906
Net assets attributable to external Limited Partners	1,995	2,162
Accumulated other comprehensive income	2,157	1,752
Total equity	44,100	43,487
Regulatory balances	2,439	3,168
Total liabilities, equity and regulatory balances	\$ 123,524	\$ 122,049
Total revenues	\$ 101,354	\$ 96,050
Total expenses	(94,971)	(90,773)
Finance costs	(1,132)	(1,244)
Income tax expense	(810)	(838)
Net movement in regulatory balances, net of tax	(1,785)	137
Other comprehensive income	405	135
Total comprehensive income for the year	\$ 3,061	\$ 3,467
26.44% share of comprehensive income	\$ 809	\$ 917
26.44% share of Green Share Dividend	(16)	(16)
26.44% share of regulatory adjustments	(164)	119
Income from government business enterprise	\$ 629	\$ 1,020

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Deferred revenue:

	2022 Opening balance	Contributions received	Externally restricted investments income	Revenue recognized	2022 Ending balance
Development charges	\$ 1,875,489	\$ 492,279	\$ 30,150	\$ (198,731)	\$ 2,199,187
Gas tax	5,625,631	1,153,805	194,565	–	6,974,001
Parkland development fees	705,652	153,217	11,345	–	870,214
Storm sewer	1,242,172	2,321,955	77,927	(1,850,000)	1,792,054
Town	9,448,944	4,121,256	313,987	(2,048,731)	11,835,456
BIA	–	2,466	–	–	2,466
	\$ 9,448,944	\$ 4,123,722	\$ 313,987	\$ (2,048,731)	\$ 11,837,922

6. Employee future benefits payable:

Employee future benefits payable consists of the following:

	2022	2021
Sick leave benefit plan (note 6 (b))	\$ 332,070	\$ 345,619
Health and dental (note 6 (c))	11,449,735	11,645,574
	\$ 11,781,805	\$ 11,991,193

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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, 2022, the OMERS plan is in a deficit position. Contributions rates for 2022 were 9.0% (2021 - 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2021 - 14.6%) thereafter. During the year ended December 31, 2022, the Municipality contributed \$729,299 (2021 - \$690,834) 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 2022 are based on an actuarial valuation prepared by an independent firm. The most recent actuarial valuation was performed as at December 31, 2022. Information about the Municipality's sick leave benefit plan is as follows:

	2022	2021
Accrued benefit liability, January 1	\$ 345,619	\$ 351,742
Expense for the year:		
Current service cost	44,172	36,149
Interest	9,719	7,275
Amortization of actuarial (gain) loss	(66)	(1,284)
Benefits paid for the year	(67,374)	(48,263)
Accrued benefit liability, December 31	332,070	345,619
Unamortized actuarial (gain) loss	(31,730)	17,704
Obligation, December 31	\$ 300,340	\$ 363,323

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Employee future benefits payable (continued):

(b) Sick leave benefit plan (continued):

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

	2022	2021
Discount rate	5.10%	2.60%
Rate of compensation increase	3.00%	3.00%

A sick leave reserve has been established in the amount of \$321,418 (2021 - \$303,503).

(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, 2022.

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

	2022	2021
Accrued benefit liability, January 1	\$ 11,645,574	\$ 11,104,742
Expense for the year:		
Current service cost	156,087	255,733
Interest	254,663	308,847
Amortization of actuarial (gain) loss	(427,024)	108,738
Benefits paid for the year	(179,565)	(132,486)
Accrued benefit liability, December 31	11,449,735	11,645,574
Unamortized actuarial gain	(5,408,851)	(3,222,989)
Obligation, December 31	\$ 6,040,884	\$ 8,422,585

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Employee future benefits payable (continued):

(c) Health and dental (continued):

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

	2022	2021
Discount rate	5.10%	3.00%
Rate of compensation increase:		
Dental	4.50%	4.50%
Health care:		
Initial	6.50%	6.50%
Ultimate reached in 2022	4.50%	4.50%

7. Landfill post-closure liability:

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.

	2022	2021
Landfill post-closure liability, January 1	\$ 619,935	\$ 615,950
Expense for the year:		
Interest	25,387	25,083
Amortization of actuarial loss	4,973	6,632
Amounts paid for the year	(28,160)	(27,730)
Landfill post-closure liability, December 31	622,135	619,935
Unamortized actuarial (gain) loss	(76,960)	240,372
Obligation, December 31	\$ 545,175	\$ 860,307

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

	2022	2021
Discount rate	4.90%	3.00%
Annual growth rate	2.50%	2.50%

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Municipal debt:

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

	2022	2021
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$348,228 including interest at 3.78%, due 2036	\$ 7,517,442	\$ 7,918,338
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$106,736 including interest at 4.71%, due 2025	590,777	770,065
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$75,229 including interest at 4.76%, due 2026	542,173	662,510
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$68,111 including interest at 4.95%, due 2027	596,884	699,727
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$61,485 including interest at 5.62%, due 2028	619,025	703,624
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$31,583 including interest at 4.77%, due 2029	372,193	416,031
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$26,241 including interest at 4.40%, due 2030	350,718	386,581
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$20,666 including interest at 3.59%, due 2031	315,484	344,702
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$28,680 including interest at 2.69%, repaid during the year	-	56,223
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$11,979 including interest at 3.41%, due 2032	201,564	218,221
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$20,941 including interest at 2.29%, repaid during the year	-	41,173
Balance carryforward	11,106,260	12,217,195

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Municipal debt (continued):

(a) (continued):

	2022	2021
Balance carryforward	\$ 11,106,260	\$ 12,217,195
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$11,356 including interest at 2.79%, repaid during the year	–	22,245
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$2,651 including interest at 3.97% due 2033	46,879	50,219
Ontario Infrastructure and Lands Corporation Debenture - repayable in semi-annual instalments of \$10,649 including interest at 2.62%, due 2023	10,511	31,127
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$14,530 including interest at 3.00%, due 2023	28,419	56,005
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$2,480 including interest at 3.28%, due 2028	26,818	30,801
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$55,932 including interest at 1.46%, due 2026	433,105	537,500
Ontario Strategic Infrastructure Financing Authority Debenture - repayable in semi-annual instalments of \$4,365 including interest at 2.07%, due 2031	71,357	78,500
Net municipal debt at the end of the year	\$ 11,723,349	\$ 13,023,592

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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
2023	\$ 1,061,969	\$ 156,261	\$ 1,218,230
2024	1,109,097	119,171	1,228,268
2025	1,158,360	121,041	1,279,401
2026	993,868	122,942	1,116,810
2027	885,156	12,603	897,759
	5,208,450	532,018	5,740,468
2028 - 2032	5,522,867	38,193	5,561,060
Thereafter	421,821	–	421,821
	\$ 11,153,138	\$ 570,211	\$ 11,723,349

(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, 2022

9. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 236,968,892	\$ 236,052,026
Inventories	176,176	138,845
To be used to offset user charges and taxation	1,285,649	1,359,417
To be financed by user charges and municipal debt	(3,290,147)	(3,371,916)
Equity in EPC	11,837,623	11,668,624
Amounts to be recovered:		
Benefitting landowners	616,616	874,774
Vacation pay liability	(476,000)	(539,000)
Employee benefits payable	(11,722,407)	(11,931,795)
Landfill post-closure liability	(622,135)	(619,935)
Accrued interest on net long term liabilities	(33,700)	(37,300)
Municipal debt	(11,723,349)	(13,023,592)
Reserves and reserve funds (note 9 (b))	68,803,495	60,497,014
Total surplus	\$ 291,820,713	\$ 281,067,162

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

	2022	2021
Reserves set aside for specific purposes by Council:		
Capital / lifecycle	\$ 37,458,457	\$ 33,787,852
Tax rate stabilization	3,901,678	3,364,518
Community Improvement Plan	599,782	509,467
Sick and vacation leave	571,834	725,855
Storm sewer	284,345	284,345
Working capital	216,300	216,300
Business improvement area	60,346	69,791
General	17,435	17,435
Fire Education Awareness	7,500	7,500
Total reserves	43,117,677	38,983,063
Reserve funds set aside for specific purposes by Council:		
Water capital	16,332,804	14,770,776
Sanitary sewers	7,304,668	4,782,836
Post-retirement benefits	2,048,346	1,960,339
Total reserve funds	25,685,818	21,513,951
Total reserve and reserve funds	\$ 68,803,495	\$ 60,497,014

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Sewage treatment	\$ 1,222,850	\$ 1,232,998

(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 \$3.4M 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, 2022

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:

	2022	2021
Taxation and share of payments in lieu and rights of way:		
School Boards	\$ 8,968,795	\$ 8,955,432
County	16,872,194	16,587,504
	<u>25,840,989</u>	<u>25,542,936</u>
 Requisitions	 25,840,989	 25,542,936
 Over levy for the year	 \$ —	 \$ —

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Financial Plan (Budget By-Law deficit) for the year	\$ (9,689,044)	\$ (9,823,804)
Add:		
Share of government business enterprises surplus	750,000	748,000
Landfill post-closure expenditures	27,692	26,400
Loss on sale of tangible capital assets	(194,326)	(21,199)
Capital expenditures	27,160,919	22,956,400
	27,744,285	23,709,601
Less:		
Accrued interest expense	(3,900)	—
Dividend from government business enterprise	460,000	460,100
Employee future benefits expense	75,000	87,000
Landfill post-closure expense	29,000	26,000
Amortization	7,979,590	7,839,746
	8,539,690	8,412,846
Budget surplus	\$ 9,515,551	\$ 5,472,951

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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 \$5,449,401:

	2022
Town	\$ 9,515,551
BIA	(31,700)
Budget surplus per Consolidated Statement of Operations	\$ 9,483,851

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 \$nil (2021 - \$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, 2022

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:

	2022	2021
General:		
Land	\$ 22,623,758	\$ 22,623,758
Land improvements	6,452,247	5,826,185
Buildings	25,478,001	26,168,695
Leasehold improvements	613,406	660,757
Equipment and vehicles	6,486,381	6,228,735
Computer	365,500	404,204
Furniture and fixtures	234,690	224,647
Infrastructure:		
Roads	59,573,537	59,781,086
Underground and other networks	102,033,139	101,450,430
Assets under construction	13,108,233	12,683,529
	<hr/>	<hr/>
	\$ 236,968,892	\$ 236,052,026

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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	\$ 212,058	\$ 2,257
Director Community and Recreation Services	P. Anthony	175,523	1,711
Director Public Works and Engineering Services	P. Bartnik	163,052	1,711
Director Development Services	B. Hillman	162,741	1,711
Director Financial Services and CFO	T. Kitsos	156,480	1,644
Director People and Culture	M. Bonnici	148,187	1,612
Director Technology and Client Services	S. Fuerth	145,792	1,517
Director Community Safety and Fire Chief	W. Bondy	137,007	1,490
Manager Planning Services and Local Economic Development	C. Jeffery	130,919	1,379
Manager Public Works and Transportation	K. McArdle	130,798	1,379
Manager Water Services and Volunteer Firefighter	B. Dupuis	129,159	1,275
Manager Engineering Services	J. Henderson	126,539	1,379
Deputy Treasurer and Manager Revenue Services	Z. Visekruna	118,799	1,269
Deputy Clerk and Manager Legislative Services	J. Alexander	113,428	1,216
Manager Facilities and Energy Management	D. Wolicki	113,195	1,228
Senior Manager Recreation Services	B. Palmer	113,036	1,184
Manager Parks and Horticulture	K. Colthurst	111,980	1,183
Deputy Fire Chief Operations	K. Kavanagh	109,250	1,184
Deputy Fire Chief Compliance and Volunteer Firefighter	N. Fields	106,507	1,178
Deputy Clerk – Clerks Services and Policy Advisor	C. Hebert	101,877	1,072
Director Legislative Services and Clerk	L. Moy	101,152	956

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

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:

(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.

(e) Social and family:

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

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

17. Segmented information (continued):

(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, 2022

	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	11,453,521	43,323,836	1,518,005	14,572,355	1,376,143	368,016	122,271,269	157,901,767	12,683,529	\$ 388,092,199	\$ 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	11,267,166	
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	12,544,882	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	
Accumulated amortization:													
Balance, beginning of year	-	5,627,337	17,155,141	857,248	8,343,619	971,940	143,369	62,490,183	56,451,336	-	152,040,173	145,094,494	
Add: amortization	-	504,968	1,183,473	70,324	982,156	91,711	36,092	2,514,520	2,400,573	-	7,783,817	7,704,303	
Less: accumulated amortization on disposals	-	(39,669)	(296,899)	-	(684,170)	(11,213)	(60,327)	(36,591)	(277,174)	-	(1,406,043)	(758,624)	
Balance, end of year	-	6,092,636	18,041,715	927,572	8,641,605	1,052,438	119,134	64,968,112	58,574,735	-	158,417,947	152,040,173	
Net book value of tangible capital assets	\$ 22,623,758	\$ 6,452,246	\$ 25,478,001	\$ 613,406	\$ 6,486,382	\$ 365,499	\$ 234,690	\$ 59,573,537	\$ 102,033,140	\$ 13,108,233	\$ 236,968,892	\$ 236,052,026	

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2022

	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	2021	2020	
Cost:													
Balance, beginning of year	\$ 22,623,758	11,344,928	40,199,859	1,518,005	14,346,326	1,345,635	221,647	122,200,289	157,741,941	9,335,683	\$ 380,878,071	\$ 373,122,320	
Add: Additions during the year	-	115,393	3,352,460	-	647,352	143,944	167,128	122,104	201,044	6,517,741	11,267,166	16,253,312	
Less: Disposals during the year	-	(6,800)	(228,483)	-	(421,323)	(113,436)	(20,759)	(51,124)	(41,218)	-	(883,143)	(2,099,645)	
Other	-	-	-	-	-	-	-	-	-	(3,169,895)	(3,169,895)	(6,397,916)	
Balance, end of year	22,623,758	11,453,521	43,323,836	1,518,005	14,572,355	1,376,143	368,016	122,271,269	157,901,767	12,683,529	388,092,199	380,878,071	
Accumulated amortization:													
Balance, beginning of year	-	5,142,719	16,118,144	786,857	7,757,787	984,562	134,645	60,051,844	54,117,936	-	145,094,494	139,041,070	
Add: amortization	-	491,418	1,144,979	70,391	1,003,137	100,814	29,483	2,489,463	2,374,618	-	7,704,303	7,588,517	
Less: accumulated amortization on disposals	-	(6,800)	(107,982)	-	(417,305)	(113,436)	(20,759)	(51,124)	(41,218)	-	(758,624)	(1,535,093)	
Balance, end of year	-	5,627,337	17,155,141	857,248	8,343,619	971,940	143,369	62,490,183	56,451,336	-	152,040,173	145,094,494	
Net book value of tangible capital assets	\$ 22,623,758	\$ 5,826,184	\$ 26,168,695	\$ 660,757	\$ 6,228,736	\$ 404,203	\$ 224,647	\$ 59,781,086	\$ 101,450,431	\$ 12,683,529	\$ 236,052,026	\$ 235,783,577	

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2022

2022	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
Revenues:									
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
	<u>6,128,407</u>	<u>7,743,105</u>	<u>8,380,007</u>	<u>19,043,010</u>	<u>55,016</u>	<u>5,945,580</u>	<u>147,898</u>	<u>1,908,292</u>	<u>49,351,315</u>
Expenses:									
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
	<u>5,479,394</u>	<u>6,554,745</u>	<u>7,860,954</u>	<u>11,189,673</u>	<u>52,741</u>	<u>5,495,727</u>	<u>157,342</u>	<u>1,807,188</u>	<u>38,597,764</u>
Annual surplus (deficit)	\$ 649,013	\$ 1,188,360	\$ 519,053	\$ 7,853,337	\$ 2,275	\$ 449,853	\$ (9,444)	\$ 101,104	\$ 10,753,551

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2022

2021	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
Revenues:									
Property taxes	\$ 4,256,255	5,396,299	5,633,964	5,884,315	17,528	3,420,766	131,860	814,857	\$ 25,555,844
Government transfers	400,881	193,901	526,109	1,148,691	26,962	445,130	250	2,067,666	4,809,590
User charges	206,119	999,809	168,812	10,028,387	1,765	884,275	-	120,566	12,409,733
Capital contributions	-	-	360,593	2,536,406	-	584,163	-	396,235	3,877,397
Investment income	241,024	286,073	120,057	286,499	2,020	179,661	1,695	46,862	1,163,891
Penalties and interest on property taxes	97,796	118,639	49,789	39,880	838	74,508	-	19,434	400,884
Income from government business enterprise	248,610	301,596	126,571	101,380	2,129	189,409	-	49,404	1,019,099
Gain (loss) on disposal of tangible capital assets	-	(11,921)	(24,572)	(10,658)	-	(54,473)	-	-	(101,624)
Other	20	2,000	-	-	-	59,200	-	11,307	72,527
	5,450,705	7,286,396	6,961,323	20,014,900	51,242	5,782,639	133,805	3,526,331	49,207,341
Expenses:									
Wages and benefits	3,495,802	1,734,322	1,421,459	1,718,645	-	2,235,453	42,948	647,977	11,296,606
Interest on municipal debt	-	-	220,282	10,461	-	309,095	-	-	539,838
Office supplies and equipment maintenance	417,956	9,966	4,195	5,599	-	6,013	22,614	1,461	467,804
Memberships	21,026	7,488	14,928	5,002	-	6,109	239	4,280	59,072
Conventions and training	20,690	17,211	1,832	10,596	-	6,523	-	3,312	60,164
Maintenance materials and supplies	32,882	100,843	407,216	233,344	990	301,297	-	-	1,076,572
Purchases for resale	5,558	-	-	1,374,445	-	-	-	-	1,380,003
Maintenance	15,550	81,769	305,129	394,279	7,197	185,061	-	-	988,985
Contract services	319,987	3,876,511	1,400,758	3,320,786	-	96,604	-	232,195	9,246,841
Professional	302,796	13,390	58,259	603,109	-	68,252	7,616	354,902	1,408,324
Vehicle and equipment leases	2,580	-	-	-	-	270	-	-	2,850
Utilities	57,208	42,434	201,904	188,223	4,895	304,140	-	-	798,804
Insurance	97,906	45,420	65,848	126,130	4,798	86,426	-	4,896	431,424
Grants and donations	4,709	-	-	35,744	21,000	-	-	75,960	137,413
Amortization	192,313	317,945	2,831,783	3,134,096	10,706	1,211,660	-	5,800	7,704,303
Other	387,990	26,101	37,642	118,841	46	109,305	58,841	37,823	776,589
Financial	25,716	33,558	13,093	8,612	220	31,258	-	5,111	117,568
	5,400,669	6,306,958	6,984,328	11,287,912	49,852	4,957,466	132,258	1,373,717	36,493,160
Annual surplus (deficit)	\$ 50,036	\$ 979,438	\$ (23,005)	\$ 8,726,988	\$ 1,390	\$ 825,173	\$ 1,547	\$ 2,152,614	\$ 12,714,181