

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF TECUMSEH**

Year ended December 31, 2023

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Financial Statements

Year ended December 31, 2023

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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.



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statements 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 remeasurement gains and losses for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the 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 financial position of the Town as at December 31, 2023, and its results of operations and its changes in its net financial assets and its 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 responsibility 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 Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.



Responsibility 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 Town'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 Town or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town'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 risk 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, internal 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 purposes of expressing an opinion on the effectiveness of the Town'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 the events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Town 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 with 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small flourish at the end.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

January 14, 2025

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
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>

Liabilities

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

Non-financial assets

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
Revenues:			
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>
Expenses:			
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	\$ 306,478,972	\$ 304,315,907	\$ 291,820,713

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 excluding net remeasurement gains and losses	(11,589,740)	(705,806)	9,863,233
Net remeasurement gains	-	5,552	-
Net financial assets, beginning of year	54,654,738	54,654,738	44,791,505
Net financial assets, end of year	\$ 43,064,998	\$ 53,954,484	\$ 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	
Remeasurement gains, end of year	\$ 5,552	\$ -

See accompanying notes to consolidated financial statements.

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.

(iii) 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):

(iv) 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
	\$ 417,780	\$ 616,616

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
Total assets and regulatory balances	\$ 128,873	\$ 123,524
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
Total liabilities	81,153	76,985
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
Total equity	44,198	44,100
Regulatory balances	3,522	2,439
Total liabilities, equity and regulatory balances	\$ 128,873	\$ 123,524
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
Total comprehensive income for the year	\$ 2,240	\$ 3,061
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)
Income from government business enterprise	\$ 500	\$ 629

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 installments 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
Net municipal debt at the end of the year	\$ 10,505,118	\$ 11,723,349

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	122,934	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	11,865,071	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
Total surplus	\$ 304,315,907	\$ 291,820,713

(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
Total reserves	47,587,982	43,117,677
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
Total reserve funds	23,634,794	25,685,818
Total reserve and reserve funds	\$ 71,222,776	\$ 68,803,495

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>

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
	<u>38,651,261</u>	<u>27,744,285</u>
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
	<u>9,045,077</u>	<u>8,539,690</u>
Budget surplus	<u>\$ 15,896,259</u>	<u>\$ 9,515,551</u>

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
	<hr/>	<hr/>
	\$ 250,042,259	\$ 236,968,892

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:

(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

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
2022												
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	153,557,418
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	\$ 234,534,780

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
Revenues:									
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	135,900	61,706	46,267	839	90,071	-	25,335	494,378
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	8,241,955	9,945,705	19,129,680	56,993	8,719,574	250,593	948,279	54,493,908
Expenses:									
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
Annual surplus (deficit)	\$ 1,931,744	\$ 1,555,439	\$ 2,814,761	\$ 5,913,899	\$ (3,799)	\$ 2,737,545	\$ 59,665	\$ (2,514,060)	\$ 12,495,194

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
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