

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF TECUMSEH**

Year ended December 31, 2017

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Financial Statements

Year ended December 31, 2017

Management's Responsibility for the Consolidated Financial Statements	1
Independent Auditor's Report	2 – 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 – 35
Schedule of Tangible Capital Assets	36
Schedule of Segment Disclosure	37 – 38

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 AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Tecumseh, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Tecumseh as at December 31, 2017, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal flourish underneath.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
June 26, 2018

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and cash equivalents	\$ 32,927,479	\$ 28,588,182
Taxes receivable	2,043,548	2,260,072
Accounts receivable	1,646,800	1,644,429
Other	-	216
Promissory note receivable - government business enterprise (note 2)	1,544,408	1,544,408
Due from government business enterprise (note 2)	1,650,333	1,583,629
Accounts receivable - long term (note 3)	788,949	817,045
Investment - government business enterprise (note 4)	10,459,362	10,120,362
Investment - portfolio	1,000,000	400,000
	<u>\$ 52,060,879</u>	<u>\$ 46,958,343</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 3,742,158	\$ 3,661,347
Other current liabilities	3,312,588	2,384,483
Deferred revenue (note 5)	1,141,364	845,673
Employee future benefits payable (note 6)	10,193,131	9,287,461
Landfill post-closure liability (note 7)	606,908	598,654
Municipal debt (note 8)	18,071,912	19,975,762
	<u>37,068,061</u>	<u>36,753,380</u>
Net financial assets	14,992,818	10,204,963
Non-financial assets		
Tangible capital assets (schedule 1)	227,775,666	225,898,326
Inventories of supplies	170,574	77,813
Prepaid expenses	29,184	88,963
	<u>227,975,424</u>	<u>226,065,102</u>
Accumulated surplus (note 9)	<u>\$ 242,968,242</u>	<u>\$ 236,270,065</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, 2017, with comparative information for 2016

	2017 Budget (note 14)	2017 Actual	2016 Actual
Revenues:			
Property taxes	\$ 21,940,212	\$ 22,153,294	\$ 21,207,679
Government transfers	3,677,897	2,931,412	2,730,495
User charges	11,689,893	11,752,247	11,924,551
Capital contributions	3,014,700	2,004,578	1,351,836
Investment income	638,900	811,577	711,807
Penalties and interest on property taxes	395,000	365,355	394,809
Income from government business enterprise (note 4)	738,975	772,352	963,660
Loss on disposal of tangible capital assets	(357,254)	(190,317)	(355,763)
Other	8,000	28,773	67,582
	41,746,323	40,629,271	38,996,656
Expenses:			
General government	4,439,947	4,201,953	4,219,070
Protection to persons and property	5,958,298	5,804,958	6,348,932
Transportation	7,636,607	6,293,797	7,299,032
Environmental	12,349,917	10,706,540	10,464,863
Social and family	44,564	51,531	51,100
Recreational and cultural	6,328,708	5,036,495	4,866,244
Planning and development	1,447,845	1,835,820	1,815,334
	38,205,886	33,931,094	35,064,575
Annual surplus	3,540,437	6,698,177	3,932,081
Accumulated surplus, beginning of year	237,102,953	236,270,065	232,337,984
Accumulated surplus, end of year	\$ 240,643,390	\$ 242,968,242	\$ 236,270,065

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, 2017, with comparative information for 2016

	2017 Budget (note 14)	2017 Actual	2016 Actual
Annual surplus	\$ 3,540,437	\$ 6,698,177	\$ 3,932,081
Acquisition of tangible capital assets	(7,313,550)	(6,405,814)	(8,432,082)
Change in tangible capital assets	(5,639,900)	(2,718,025)	(74,808)
Amortization of tangible capital assets	7,011,796	6,998,544	6,875,558
Loss on disposal of tangible capital assets	357,254	190,317	355,762
Proceeds from sale of tangible capital assets	-	57,638	73,365
	(5,584,400)	(1,877,340)	(1,202,205)
Net change in inventories of supplies	-	(92,761)	71,054
Net change in prepaid expense	-	59,779	(62,841)
	-	(32,982)	8,213
Change in net financial assets	(2,043,963)	4,787,855	2,738,089
Net financial assets, beginning of year	6,747,535	10,204,963	7,466,874
Net financial assets, end of year	\$ 4,703,572	\$ 14,992,818	\$ 10,204,963

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 6,698,177	\$ 3,932,081
Items not involving cash:		
Amortization	6,998,544	6,875,558
Income from government business enterprise	(772,352)	(963,660)
Loss on disposal of tangible capital assets	190,317	355,762
Change in non-cash operating working capital:		
Financial assets	147,665	1,063,324
Liabilities	2,218,531	386,611
Non-financial assets	(32,982)	8,213
Cash provided from operating transactions	15,447,900	11,657,889
Capital:		
Acquisition of tangible capital assets	(6,405,814)	(8,432,082)
Change in tangible capital assets	(2,718,025)	(74,808)
Proceeds on sale of tangible capital assets	57,638	73,365
Cash used in capital transactions	(9,066,201)	(8,433,525)
Investing:		
Accounts receivable - long-term - new	(300,416)	(388,993)
Accounts receivable - long-term - repayment	328,512	211,522
Investment portfolio purchases	(600,000)	(400,000)
Dividends from government business enterprise	433,352	420,660
Cash used in investing activities	(138,552)	(156,811)
Financing:		
Proceeds from issuance of municipal debt	196,800	267,100
Municipal debt principal repayment	(2,100,650)	(2,331,949)
Cash used in financing activities	(1,903,850)	(2,064,849)
Change in cash and cash equivalents	4,339,297	1,002,704
Cash and cash equivalents, beginning of year	28,588,182	27,585,478
Cash and cash equivalents, end of year	\$ 32,927,479	\$ 28,588,182

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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, 2017

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, 2017

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, 2017

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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(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.

(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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(x) Taxation and related revenue (continued):

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.

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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

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

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.

(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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

2. Government business enterprise:

	2017	2016
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 years notice subject to EPC's ability to make such payment. Term is from January 1, 2013 to December 31, 2017. 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.	1,650,333	1,583,629

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

3. Accounts receivable – long term:

Accounts receivable – long term consists of the following:

	2017	2016
Debentures	\$ 521,160	\$ 547,252
Other	267,789	269,793
	<u>\$ 788,949</u>	<u>\$ 817,045</u>

(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.

	2017	2016
Receivable over a five year term in annual instalments of \$57,510 at an interest rate of 2.91% and will mature January 2021	\$ 216,295	\$ 267,100
Receivable over a five year term in annual instalments of \$43,013 at an interest rate of 3.04% and will mature January 2022	196,762	-
Receivable over a 10 year term in annual instalments of \$24,310 at an interest rate of 4.04% and will mature January 2022	108,103	127,271
Receivable over a five year term in annual instalments of \$157,330 at an interest rate of 2.91% matured January 2017	-	152,881
	<u>\$ 521,160</u>	<u>\$ 547,252</u>

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

3. Accounts receivable – long term (continued):

(b) Other:

	2017	2016
Lacasse Park Scoreboard donation of \$20,000 repayable at \$4,000 per year	\$ 2,000	\$ 4,000
Municipal Drain receivable over a five year term in annual Installments of \$4,051 at an interest rate of 3.25% and will mature in 2019	7,723	11,403
Municipal Drain receivables over a five year term in annual Installments of \$26,352 at an interest rate of 3.10% and will mature in 2020	74,904	98,385
Municipal Drain receivable over a five year term in annual Installments of \$48,134 at an interest rate of 2.51% and will mature in 2021	65,838	105,010
Municipal Drain receivable over a five year term in annual Installments of \$14,901 at an interest rate of 3.45% and will mature in 2021	67,376	-
Municipal Drain receivable over a five year term in annual Installments of \$7,910 at an interest rate of 2.95% and will mature in 2021	36,277	-
Sanitary Sewer receivable over a five year term in annual Installments of \$3,635 at an interest rate of 2.51% and will mature in 2021	13,671	16,883
Share of Waterfront Park Improvements	-	34,112
	<u>\$ 267,789</u>	<u>\$ 269,793</u>

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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:

	2017	2016
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%	5,118,000	4,779,000
	<u>\$ 10,459,362</u>	<u>\$10,120,362</u>

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Investment – Government Business Enterprise (continued):

(c) Supplementary financial information for EPC:

	(in thousands of dollars)	
	2017	2016
Current assets	\$ 3,477	\$ 3,359
Accounts receivable	8,966	9,920
Unbilled revenue	5,502	6,631
Other current assets	1,305	1,560
Property, plant and equipment	61,410	58,159
Intangible assets	6,595	6,265
Goodwill	1,623	1,769
Deferred assets	1,157	708
Deferred tax assets	136	1,069
Regulatory balances	40,155	39,824
Total assets and regulatory balances	\$ 130,326	\$ 129,264
Current liabilities	\$ 28,191	\$ 29,573
Long-term liabilities	19,970	18,265
Post-employment benefits	2,838	3,417
Deferred tax liabilities	3,344	2,975
Other non-current liabilities	84	353
Total liabilities	54,427	54,583
Share capital	19,667	19,667
Retained earnings	16,338	15,609
Accumulated other comprehensive income (loss)	1,329	823
Total equity	37,334	36,099
Regulatory balances	38,565	38,582
Total liabilities, equity and regulatory balances	\$ 130,326	\$ 129,264
Total revenues	\$ 87,886	\$ 93,743
Total expenses	(83,485)	(92,802)
Finance income (costs)	(1,013)	(922)
Income tax expense (recovery)	(1,110)	(1,159)
Net movement in regulatory balances, net of tax	348	4,325
Other comprehensive income	506	-
Total comprehensive income for the year	\$ 3,132	\$ 3,185
26.44% share of comprehensive income	\$ 828	\$ 842
26.44% share of Green Share Dividend	(16)	(16)
26.44% share of regulatory adjustments	(39)	138
Income from government business enterprise	\$ 773	\$ 964

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

5. Deferred revenue:

	2017 Opening balance	Contributions received	Externally restricted investments income	Revenue recognized	2017 Ending balance
Development charges	\$ 467,837	\$ 944,405	\$ 11,207	\$ (734,515)	\$ 688,934
Gas tax	-	-	7,714	(7,714)	-
Parkland development fees	377,836	65,545	9,049	-	452,430
	<u>\$ 845,673</u>	<u>\$ 1,009,950</u>	<u>\$ 27,970</u>	<u>\$ (742,229)</u>	<u>\$ 1,141,364</u>

6. Employee future benefits payable:

Employee future benefits payable consists of the following:

	2017	2016
Sick leave benefit plan (note 6 (b))	\$ 339,972	\$ 338,663
Health and dental (note 6 (c))	9,853,159	8,948,798
	<u>\$ 10,193,131</u>	<u>\$ 9,287,461</u>

(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, 2017, the OMERS plan is in a deficit position. Contributions rates for 2017 were 9.0% (2016 – 9.0%) for employee earnings below the year's maximum pensionable earnings and 14.6% (2016 – 14.6%) thereafter. During the year ended December 31, 2017, the Municipality contributed \$598,380 (2016 – \$570,430) 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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Employee future benefits payable (continued):

(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 2017 are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2016, with extrapolation of the calculation to December 31, 2017. Information about the Municipality's sick leave benefit plan is as follows:

	2017	2016
Accrued benefit liability, January 1	\$ 338,663	\$ 323,415
Expense for the year:		
Current service cost	27,711	26,826
Interest	10,213	9,731
Amortization of actuarial losses (gains)	(2,933)	(9,276)
Benefits paid for the year	(33,682)	(12,033)
Accrued benefit liability, December 31	339,972	338,663
Unamortized actuarial gains	(34,899)	(40,063)
Obligation, December 31	\$ 305,073	\$ 298,600

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

	2017	2016
Discount rate	3.15%	3.30%
Rate of compensation increase	3.00%	3.00%

A sick leave reserve has been established in the amount of \$339,983 (2016 - \$338,183).

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Employee future benefits payable (continued):

(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, 2016, with extrapolation of the calculation to December 31, 2017.

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

	2017	2016
Accrued benefit liability, January 1	\$ 8,948,798	\$ 8,138,993
Expense for the year:		
Current service cost	620,299	570,051
Interest	364,150	330,637
Amortization of actuarial losses	34,206	10,736
Benefits paid for the year	(114,294)	(101,619)
Accrued benefit liability, December 31	9,853,159	8,948,798
Unamortized actuarial losses (gains)	245,266	(844,180)
Obligation, December 31	\$ 10,098,425	\$ 8,104,618

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

	2017	2016
Discount rate	3.60%	4.20%
Rate of compensation increase:		
Dental	3.00%	3.00%
Health care:		
initial	8.00%	8.00%
ultimate reached in 2022	5.00%	5.00%

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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.

	2017	2016
Landfill post-closure liability, January 1	\$ 598,654	\$ 586,608
Expense for the year:		
Interest	30,720	33,939
Amortization of actuarial losses	3,554	4,510
Amounts paid for the year	(26,020)	(26,403)
Landfill post-closure liability, December 31	606,908	598,654
Unamortized actuarial losses	177,944	182,367
Obligation, December 31	\$ 784,852	\$ 781,021

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

	2017	2016
Discount rate	3.50%	4.00%
Annual growth rate	2.50%	2.50%

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Municipal debt:

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

	2017	2016
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$348,228 including interest at 3.78%, due December 2036	\$ 9,379,890	\$ 9,712,333
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$106,736 including interest at 4.71%, due December 2025	1,409,291	1,551,348
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$75,229 including interest at 4.76%, due December 2026	1,091,046	1,186,161
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$68,111 including interest at 4.95%, due December 2027	1,064,308	1,144,844
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$61,485 including interest at 5.62%, due December 2028	998,801	1,062,923
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$129,277 including interest at 3.65%, due December 2020	728,432	954,199
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$31,583 including interest at 4.77%, due December 2029	572,105	606,738
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$139,915 including interest at 3.89%, due December 2019	533,470	785,181
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$26,241 including interest at 4.40%, due December 2030	515,398	544,248
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$20,666 including interest at 3.59%, due December 2031	451,708	476,164
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$28,680 including interest at 2.69%, due December 2022	266,676	315,867

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Municipal debt (continued):

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

	2017	2016
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$11,979 including interest at 3.41%, due December 2032	279,493	293,559
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$28,020 including interest at 1.76%, due December 2021	215,536	267,100
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$20,941 including interest at 2.29%, due August 2022	196,800	-
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$82,880 including interest at 4.87%, due December 2018	159,897	312,282
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$11,356 including interest at 2.79%, due October 2022	105,312	124,680
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$7,084 including interest at 1.50%, due October 2020	41,408	54,803
Ontario Infrastructure and Lands Corporation Debenture – repayable in semi-annual installments of \$2,651 including interest at 3.97% due December 2033	62,341	65,086
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$190,267 including interest at 4.76%, repaid during the year	-	367,367
Ontario Strategic Infrastructure Financing Authority Debenture – repayable in semi-annual installments of \$76,664 including interest at 2.16%, repaid during the year	-	150,879
Tile Drain Loans – repayable in annual installments including interest from 6% to 8%, due in various amounts to December 2018	3,531	9,945
	18,075,443	19,985,707
The Municipality is contingently liable for the tile drain loans listed above. The responsibility for payment of principal and interest charges has been assumed by individual landowners	(3,531)	(9,945)
Net municipal debt at the end of the year	\$ 18,071,912	\$ 19,975,762

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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
2018	\$ 1,561,283	\$ 123,573	\$ 1,684,856
2019	1,459,443	126,130	1,585,573
2020	1,237,408	128,743	1,366,151
2021	1,028,481	117,192	1,145,673
2022	1,073,103	63,418	1,136,521
	6,359,718	559,056	6,918,774
2023 – 2027	5,208,450		5,208,450
Thereafter	5,944,688		5,944,688
	\$ 17,512,856	\$ 559,056	\$18,071,912

- (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, 2017

9. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 227,775,666	\$ 225,898,326
Inventories	170,574	77,813
To be used to offset user charges and taxation	972,785	365,766
To be financed by user charges and municipal debt	(1,906,160)	(1,774,575)
Equity in EPC	10,024,624	9,685,624
Amounts to be recovered:		
Benefitting landowners	521,160	547,252
Vacation pay liability	(345,804)	(314,061)
Employee benefits payable	(10,133,733)	(9,228,063)
Landfill post-closure liability	(606,908)	(598,654)
Accrued interest on net long term liabilities	(51,900)	(56,300)
Municipal debt	(18,071,912)	(19,975,762)
Reserves and reserve funds (note 9 (b))	34,619,850	31,642,699
Total surplus	\$ 242,968,242	\$ 236,270,065

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

9. Accumulated surplus (continued):

(b) Reserves and reserve funds consist of the following

	2017	2016
Reserves set aside for specific purposes by Council:		
Capital / lifecycle	\$ 19,054,498	\$ 16,489,801
Tax rate stabilization	3,861,885	3,185,849
Storm sewer	284,345	284,345
Working capital	218,200	218,200
Business improvement area	61,002	50,981
Sick and vacation leave	685,823	652,423
General	17,435	20,543
Fire Education Awareness	8,945	8,945
Community Improvement Plan	359,539	151,525
Total reserves	24,551,672	21,062,612
Reserve funds set aside for specific purposes by Council:		
Water capital	10,168,476	9,999,585
Sanitary sewers	(1,809,363)	(1,104,902)
Post-retirement benefits	1,709,065	1,685,404
Total reserve funds	10,068,178	10,580,087
Total reserve and reserve funds	\$ 34,619,850	\$ 31,642,699

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.

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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:

	2017	2016
Sewage treatment	\$ 1,180,838	\$ 1,496,318

- (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 \$0.6M and \$3.2M 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, 2017

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:

	2017	2016
Taxation and share of payments in lieu and rights of way:		
School Boards	\$ 10,585,022	\$ 10,648,203
County	13,705,670	12,908,975
	<u>24,290,692</u>	<u>23,557,178</u>
Requisitions	24,290,692	23,557,178
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, 2017

14. Budget:

(a) The Financial Plan (Budget) By-Law adopted by Council on December 13, 2016 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 13, 2016 with adjustments as follows:

	2017	2016
Financial Plan (Budget By-Law surplus (deficit)) for the year	\$ (1,316,413)	\$ 2,630,796
Add:		
Share of government business enterprises surplus	702,000	700,000
Employee future benefits expenditures	-	-
Landfill post-closure expenditures	32,000	32,000
Loss on sale of tangible capital assets	(357,254)	(314,282)
Capital expenditures	12,953,450	11,157,600
	<u>13,330,196</u>	<u>11,575,318</u>
Less:		
Accrued interest expense	(6,200)	(5,100)
Dividend from government business enterprise	410,000	400,000
Employee future benefits expense	1,013,000	876,000
Landfill post-closure expense	36,000	33,000
Amortization	7,011,796	6,960,384
	<u>8,464,596</u>	<u>8,264,284</u>
Budget surplus	\$ 3,549,187	\$ 5,941,830

(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:

	2017
Town	\$ 3,549,187
BIA	(8,750)
Budget surplus per Consolidated Statement of Operations	\$ 3,540,437

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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 (2016 - \$98,000).

(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.

(d) Capitalization of interest:

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

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Tangible capital assets (continued):

	2017	2016
General:		
Land	\$ 22,623,758	\$ 22,469,179
Land improvements	7,178,665	6,790,765
Buildings	26,517,937	27,492,469
Leasehold improvements	649,791	673,246
Equipment and vehicles	5,782,823	6,191,972
Computer	381,256	326,556
Furniture and fixtures	117,035	115,449
Infrastructure:		
Roads	61,448,128	61,787,765
Underground and other networks	94,840,682	94,533,359
Assets under construction	8,235,591	5,517,566
	\$ 227,775,666	\$ 225,898,326

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	T. Haddad	\$ 199,830	\$ 20,549
Director Parks & Recreation	P. Anthony	140,694	1,629
Director Corporate Services & Clerk	L. Moy	140,432	1,629
Director Planning Services	B. Hillman	140,171	1,629
Director Financial Services & Treasurer	L. Gagnon	140,171	1,629
Director Public Works	D. Piescic	136,902	1,629
Director Information & Com Services	S. Fuerth	124,550	1,443
Director Fire Services & Fire Chief	D. Pitre	116,422	1,389
Manager Planning Services/Senior Planner	C. Jeffery	115,794	1,341
Manager Water Services	D. Berthiaume	111,340	1,293
Manager Roads & Fleet	K. McArdle	111,340	1,293
Manager Engineering Services	P. Bartnik	109,374	1,293
Manager Building Services	M. Voegeli	108,105	1,251
Deputy Treasurer & Tax Collector	T. Kitsos	106,698	1,251

THE CORPORATION OF THE TOWN OF TECUMSEH

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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. The mandate of the Police Services department is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offender; and enforce the law. Conservation Authority includes the Town's share of the Essex Region Conservation Authority. The Fire Service department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. Protective Inspection and Control ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants.

(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 citizens of Tecumseh, collecting and treating 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, 2017

17. Segmented information (continued):

(e) Social and Family:

It provides 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, 2017

	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	2017	2016
Cost:												
Balance, beginning of year	\$ 22,469,179	10,163,332	39,395,189	1,206,298	11,876,072	1,159,738	209,687	113,642,633	140,237,506	5,517,566	\$ 345,877,200	\$ 339,031,907
Add: Additions during the year	154,579	835,971	122,854	31,861	507,289	155,861	22,977	2,033,698	2,540,724	6,822,007	13,227,821	13,208,655
Less: Disposals during the year	-	10,152	19,075	712	350,087	77,140	13,486	178,253	182,122	-	831,027	1,661,600
Other	-	-	-	-	-	-	-	-	-	(4,103,982)	(4,103,982)	(4,701,762)
Balance, end of year	22,623,758	10,989,151	39,498,968	1,237,447	12,033,274	1,238,459	219,178	115,498,078	142,596,108	8,235,591	354,170,012	345,877,200
Accumulated amortization:												
Balance, beginning of year	-	3,372,567	11,902,720	533,052	5,684,100	833,182	94,238	51,854,868	45,704,147	-	119,978,874	114,335,786
Add: amortization	-	448,071	1,094,176	55,316	823,164	101,161	21,391	2,300,050	2,155,215	-	6,998,544	6,875,558
Less: accumulated amortization on disposals	-	10,152	15,865	712	256,813	77,140	13,486	104,968	103,936	-	583,072	1,232,470
Other	-	-	-	-	-	-	-	-	-	-	-	-
Balance, end of year	-	3,810,486	12,981,031	587,656	6,250,451	857,203	102,143	54,049,950	47,755,426	-	126,394,346	119,978,874
Net book value of tangible capital assets	\$ 22,623,758	\$ 7,178,665	26,517,937	\$ 649,791	\$ 5,782,823	\$ 381,256	\$ 117,035	61,448,128	94,840,682	8,235,591	\$ 227,775,666	\$ 225,898,326

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2017

2017	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
Revenues:									
Property taxes	\$ 3,036,481	\$ 5,149,586	\$ 5,527,621	\$ 5,085,660	\$ 20,498	\$ 2,637,409	\$ 108,983	\$ 587,056	\$ 22,153,294
Government transfers	18,462	179,871	1,383,530	513,589	27,497	709,711	1,125	97,627	2,931,412
User charges	209,441	861,094	229,642	8,683,485	1,969	1,661,075	9,694	95,847	11,752,247
Capital contributions	-	-	331,869	1,133,605	-	160,606	-	378,498	2,004,578
Investment income	155,350	183,011	77,575	260,906	1,238	108,460	1,199	23,838	811,577
Penalties and interest on property taxes	83,868	116,550	49,403	30,492	788	69,073	-	15,181	365,355
Income from government business enterprise	177,292	246,385	104,437	64,460	1,667	146,018	-	32,093	772,352
Gain (loss) on disposal of tangible capital assets	-	-	(74,842)	(78,186)	-	(37,289)	-	-	(190,317)
Other	-	-	-	-	-	28,773	-	-	28,773
	3,680,894	6,736,497	7,629,235	15,694,011	53,657	5,483,836	121,001	1,230,140	40,629,271
Expenses:									
Wages and benefits	3,042,372	1,631,062	1,252,389	1,489,990	-	2,113,449	51,738	590,398	10,171,398
Interest on municipal debt	-	-	(1,000)	104,256	-	363,014	-	-	466,270
Office supplies and equipment maintenance	208,851	20,807	6,508	44,334	585	9,787	4,546	3,188	298,606
Memberships	18,773	6,305	10,859	1,082	-	4,856	481	3,337	45,693
Conventions and training	79,090	17,805	5,800	21,074	-	14,616	1,362	17,786	157,533
Maintenance materials and supplies	34,284	78,232	518,813	155,184	-	485,941	-	-	1,272,454
Purchases for resale	-	-	-	1,339,171	-	37,822	-	-	1,376,993
Maintenance	7,553	87,420	190,835	281,172	6,154	185,680	-	-	758,814
Contract services	29,321	3,554,700	1,341,374	3,356,414	-	116,757	-	602,093	9,000,659
Professional	251,798	26,414	24,679	350,212	650	42,031	814	428,721	1,125,319
Vehicle and equipment leases	2,414	-	-	-	-	280	-	-	2,694
Utilities	28,560	48,584	220,242	194,898	6,309	371,581	-	2,410	872,584
Insurance	102,401	55,578	76,585	119,850	5,561	86,465	-	-	446,440
Grants and donations	10,000	-	-	255,014	21,000	-	-	16,987	303,001
Amortization	139,899	249,039	2,623,274	2,915,556	11,272	1,059,363	-	141	6,998,544
Other	114,341	29,012	23,439	60,206	-	130,265	52,041	59,779	469,083
Financial	30,368	42,203	17,889	29,168	285	39,599	-	5,497	165,009
	4,100,025	5,847,161	6,311,686	10,717,581	51,816	5,061,506	110,982	1,730,337	33,931,094
Annual surplus (deficit)	\$ (419,131)	\$ 889,336	1,317,549	\$ 4,976,430	\$ 1,841	\$ 422,330	\$ 10,019	\$ (500,197)	\$ 6,698,177

THE CORPORATION OF THE TOWN OF TECUMSEH

Consolidated Schedule of Segment Disclosure

Schedule 2

Year ended December 31, 2017

2016	General government	Protection to persons and property	Transportation	Environmental	Social and family services	Recreation and culture	BIA	Planning and development	Totals
Revenues:									
Property taxes	\$ 2,950,552	\$ 5,274,751	\$ 5,383,934	\$ 4,599,750	\$ 18,879	\$ 2,383,930	\$ 106,249	\$ 489,634	\$ 21,207,679
Government transfers	41,852	214,365	1,497,730	304,460	23,810	572,301	1,034	74,943	2,730,495
User charges	203,388	783,111	243,911	8,992,513	1,938	1,597,483	8,664	93,543	11,924,551
Capital contributions	-	6,183	155,025	893,378	-	95,543	-	201,707	1,351,836
Investment income	146,688	162,165	65,132	227,011	1,005	90,493	994	18,319	711,807
Penalties and interest on property taxes	87,113	133,983	53,813	32,817	830	71,118	-	15,135	394,809
Income from government business enterprise	212,627	327,029	131,347	80,102	2,026	173,587	-	36,942	963,660
Gain (loss) on disposal of tangible capital assets	-	(4,874)	(246,880)	(132,493)	-	28,484	-	-	(355,763)
Other	-	35,000	-	-	-	32,582	-	-	67,582
	3,642,220	6,931,713	7,284,012	14,997,538	48,488	5,045,521	116,941	930,223	38,996,656
Expenses:									
Wages and benefits	2,733,763	1,634,581	1,219,653	1,409,405	-	2,027,691	53,522	525,610	9,604,225
Interest on municipal debt	-	-	343,867	158,964	-	375,233	-	-	878,064
Office supplies and equipment maintenance	201,995	19,121	6,679	34,481	1,530	15,083	6,161	4,534	289,584
Memberships	17,202	4,961	12,639	1,390	-	3,454	741	3,599	43,986
Conventions and training	55,775	19,895	7,129	29,705	-	15,126	1,143	14,901	143,674
Maintenance materials and supplies	22,515	70,546	818,589	141,165	803	436,706	-	-	1,490,324
Purchases for resale	-	-	-	1,424,208	-	45,089	-	-	1,469,297
Maintenance	9,468	101,629	325,117	286,103	1,197	182,193	-	-	905,707
Contract services	12,438	4,047,466	1,331,727	3,334,752	5,505	67,752	-	652,845	9,452,485
Professional	664,611	26,731	220,325	252,059	-	72,789	814	431,234	1,668,563
Vehicle and equipment leases	1,848	-	-	-	-	720	-	-	2,568
Utilities	35,622	51,820	365,996	213,865	6,907	362,826	-	3,230	1,040,266
Insurance	86,997	55,265	76,898	121,425	5,587	86,621	-	-	432,793
Grants and donations	15,500	-	-	118,603	21,000	-	-	3,470	158,573
Amortization	133,732	286,137	2,546,911	2,878,701	8,570	1,020,841	-	666	6,875,558
Other	84,343	30,781	23,503	55,833	-	135,441	58,729	54,119	442,749
Financial	31,610	48,617	19,527	16,128	301	44,484	-	5,492	166,159
	4,107,419	6,397,550	7,318,560	10,476,787	51,400	4,892,049	121,110	1,699,700	35,064,575
Annual surplus (deficit)	\$ (465,199)	\$ 534,163	(34,548)	\$ 4,520,751	\$ (2,912)	\$ 153,472	\$ (4,169)	\$ (769,477)	\$ 3,932,081