



**TOWN OF AMHERSTBURG
SPECIAL COUNCIL MEETING
REVISED AGENDA**

Monday, July 26, 2021

5:00 PM

For information pertaining to this agenda or to arrange for any additional accessibility needs please contact Tammy Fowkes, Deputy Clerk at tfowkes@amherstburg.ca

Information will be gathered in accordance with the Municipal Freedom of Information and Protection of Privacy Act (MFIPPA). All comments and communications received will become part of the public record unless you expressly request the Town to remove it. If you want to learn more about why and how the Town collects your information, write to the Town Clerk's Office, 271 Sandwich Street South, Amherstburg, ON N9V 2A5 or call 519-736-0012.

Pages

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. DISCLOSURE OF PECUNIARY INTEREST & GENERAL NATURE THEREOF**
- 4. LAND ACKNOWLEDGEMENT**

We will begin by acknowledging that the land on which we gather is the traditional territory of the Three Fires Confederacy of First Nations (comprising the Ojibway, the Odawa, and the Potawatomie Peoples), and of the Huron-Wendat and Wyandot Peoples. We recognize the land as an expression of gratitude to those whose traditional territory we reside on, and a way of honouring the Indigenous people who have been living and thriving on the land since time immemorial. We value the significant historical and contemporary contributions of local and regional First Nations and all of the Original Peoples of Turtle Island.

5. REPORTS - CORPORATE SERVICES

5.1. Investing in Canada Infrastructure Program (ICIP) Green Stream - Transfer Payment Agreement

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It is recommended that:

1. A capital expenditure not to exceed \$2,337,500 including net HST **BE APPROVED**, including a 2021 over-expenditure not to exceed \$100,000 and a pre-commitment not to exceed \$2,237,500 for future budget years, for reconstruction of sanitary sewers on George and Seymour Street, to be funded from the Investing in Canada Infrastructure Program (ICIP): Green Stream and a transfer from the Wastewater Reserve;
2. Administration **BE AUTHORIZED** to enter into a Transfer Payment Agreement for an Investing in Canada Infrastructure Program (ICIP): Green Stream Project with the Minister of Infrastructure for funding of up to \$1,714,088.75 toward reconstruction of the Sanitary Sewer System on George and Seymour Street at a total project cost not to exceed \$2,337,500 including net HST; and,
3. By-law 2021-047 being a by-law to enter into a Transfer Payment Agreement for the Investing in Canada Infrastructure Program (ICIP): Green Stream with Minister of Infrastructure **BE TAKEN** as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

5.2. 2020 Year End Reporting: Audited Consolidated Financial Statements, Building Services Annual Statement, Development Charge Reserve Funds Statement, and Parkland Dedication Reserve Fund Statement

It is recommended that:

1. The Audited Consolidated Financial Statements for the year ended December 31, 2020 **BE APPROVED**;
2. The Audit Findings Report of KPMG for the year ended December 31, 2020 **BE RECEIVED**;
3. Administration **BE AUTHORIZED** to post the 2020 Consolidated Financial Statements on the Town of Amherstburg website;
4. The Statement of Revenue and Expenses and Accumulated Net Expense for Building Services for the year ended December 31, 2020 **BE RECEIVED**;
5. The Development Charge Reserve Funds Statement, for the year ended December 31, 2020 **BE RECEIVED**; and,
6. The Parkland Dedication Reserve Fund Statement, for the year ended December 31, 2020 **BE RECEIVED**.

It is recommended that:

1. An over-expenditure of salary and benefits expenses in the Clerks Budget Centre not to exceed \$5,000 for additional staff overtime to deal with advisory committee commitments and AODA compliance **BE APPROVED** and be funded by taxation;
2. An over-expenditure of professional fees expense in the Financial Services Budget Centre not to exceed \$20,000 to provide for Asset Management Plan consulting work **BE APPROVED** and be funded by a transfer from the Plans and Studies Reserve;
3. An over-expenditure of professional fees expense in the Planning and Development Budget Centre not to exceed \$40,000 for consulting services to assist with workload in the Planning division **BE APPROVED** and be funded by an under-expenditure in salary and benefits expense;
4. An over-expenditure of clothing expense in the Parks Budget Centre not to exceed \$3,200 **BE AFFIRMED** and be funded by taxation; and,
5. An over-expenditure of salary and benefits expenses in the Tourism Budget Centre not to exceed \$35,000 related to mass vaccination clinic operations **BE APPROVED** and be funded by recovery revenue from the County of Essex.

6. INFORMATION REPORTS

That the following report **BE RECEIVED**:

6.1. 2020 Year-End Financial Ratios and Indicators

7. OTHER MINUTES

7.1. *Audit and Finance Advisory Committee Meeting Minutes - July 22, 2021*

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It is recommended that:

1. The Audit and Finance Advisory Committee Meeting Minutes of July 22, 2021, **BE RECEIVED**;
2. Budgeting funds for Council training to read financial statements as indicated in the 2016 Deloitte Report **BE ENTERTAINED**, as recommended by the Audit and Finance Advisory Committee;
3. Council **DIRECT** Administration to **INCLUDE** in future iterations of the Year End Financial Ratios and Indicators report benchmarking data in the financial leverage ratios section, as recommended by the Audit and Finance Advisory Committee; and,
4. Council **CONSIDER** a different timeline for the 2023 budget to provide additional time for Council, the Audit and Finance Advisory Committee and the public to weigh in, as recommended by the Audit and Finance Advisory Committee.

8. ADJOURNMENT

That Council adjourn from Special session at p.m.



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF CORPORATE SERVICES

MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.

Author's Name: Justin Rousseau	Report Date: July 12, 2021
Author's Phone: 519 736-0012 ext. 2259	Date to Council: July 26, 2021
Author's E-mail: jrousseau@amherstburg.ca	Resolution #: N/A

To: Mayor and Members of Town Council

Subject: Investing in Canada Infrastructure Program (ICIP) Green Stream -
Transfer Payment Agreement

1. RECOMMENDATION:

It is recommended that:

1. A capital expenditure not to exceed \$2,337,500 including net HST **BE APPROVED**, including a 2021 over-expenditure not to exceed \$100,000 and a pre-commitment not to exceed \$2,237,500 for future budget years, for reconstruction of sanitary sewers on George and Seymour Street, to be funded from the Investing in Canada Infrastructure Program (ICIP): Green Stream and a transfer from the Wastewater Reserve;
2. Administration **BE AUTHORIZED** to enter into a Transfer Payment Agreement for an Investing in Canada Infrastructure Program (ICIP): Green Stream Project with the Minister of Infrastructure for funding of up to \$1,714,088.75 toward reconstruction of the Sanitary Sewer System on George and Seymour Street at a total project cost not to exceed \$2,337,500 including net HST; and,
3. **By-law 2021-047** being a By-law to enter into a Transfer Payment Agreement for the Investing in Canada Infrastructure Program (ICIP): Green Stream with Minister of Infrastructure **BE TAKEN** as having been read three times and finally passed and the Mayor and Clerk **BE AUTHORIZED** to sign same.

2. BACKGROUND:

The Investing in Canada Infrastructure Program (ICIP): Green Stream is the fourth (4th) stream Ontario is opening under the joint federal/provincial program.

On January 22, 2020 the Town submitted an application for funding toward the reconstruction of the sanitary sewers on George and Seymour Streets (Project).

3. DISCUSSION:

On February 25, 2021 the Town received a confidential notification that the submitted project was being considered for funding conditional on the Town entering into a comprehensive Transfer Payment Agreement (TPA) with the Province and on meeting the conditions outlined in the Transfer Payment Agreement.

On July 5, 2021 the Town received the TPA for approval with a request to make best efforts to return signed copies of the TPA by Friday July 16, 2021. Administration asked the Minister's office for additional time to submit the agreement to facilitate Council agenda and meeting timelines; the request for an extension to July 27, 2021 was granted.

The Project will replace and reconstruct the sanitary sewer system on George Street (Richmond to Simcoe) and Seymour Street (Richmond to Simcoe), in the Town's historic core. The existing sewers on George and Seymour Streets are vitrified clay pipes and sewers and are believed to have been installed in the 1930s or earlier. The work will involve installing approximately 900 metres of sanitary sewer and collection lines, and replacing manholes. The work will also involve asphalt restoration of the affected roadway.

The objectives of the Project are as follows:

- Reconstruct aging sanitary sewers and reduce maintenance costs
- Reduce groundwater and stormwater infiltration into the Town's sewer systems
- Reduce possibility of sanitary bypass to the Detroit River
- Reduced flow to the Amherstburg wastewater treatment plant

Under the TPA the project must be completed on or before October 31, 2026.

4. RISK ANALYSIS:

There is financial risk that the municipality may have to fund the replacement of the sewers fully from wastewater rates should Council forego senior government funding contributions and not approve the TPA.

5. FINANCIAL MATTERS:

Senior government funding programs, such as the ICIP, are effective tools used by municipalities to address key challenges posed by financial constraints. The successful application under the ICIP for funding from the Federal and Provincial governments will assist the Town in long-term financial stability through replacement of critical infrastructure.

Given the uncertainty around the award of funding for the Project, and competing priorities for the limited financial resources of the Town, the Project was not included in the 2021

Budget request. In order to proceed with the works, Administration is recommending that Council approve an over-expenditure for 2021 and a pre-commitment of future budgets, likely 2022 and 2023. Construction is anticipated to continue into 2023 to allow sufficient time to complete engineering and to tender the works.

If approved to proceed, the financial impact of the Project is estimated to be incurred during 2021 and future budget years as follows:

	2021 Budget	2021 Estimated	Post 2021 Estimated	Total Incl net HST
Project Cost:				
Engineering/Consulting	\$ -	\$100,000	\$ 270,000	\$ 370,000
Construction			1,967,500	1,967,500
Total Cost	\$ -	\$100,000	\$2,237,500	\$2,337,500
	2021 Budget	2021 Estimated	Post 2021 Estimated	Total Incl net HST
Project Funding:				
Transfer from Reserve	\$ -	\$ 26,667	\$ 596,745	\$ 623,412
Federal Funding (up to 40%; max \$935,000))	-	40,000	895,000	935,000
Provincial Funding (up to 33.33%; max \$779,088)	=	33,333	745,755	779,088
Total Funding	\$ -	\$100,000	\$2,237,500	\$2,337,500

Other Anticipated Works for future budgets:

On review of the state of infrastructure in the recommended project area, Administration has determined that additional works would be beneficial to renew other infrastructure assets while the work is being undertaken on the recommended project. The coordination of projects for infrastructure renewal is consistent with Town policy as it seeks to obtain the best value for the investment. The additional works are expected to include replacement of watermains and a section of storm sewer, new sidewalks and asphalt replacement. The additional works would be included in the Request for Proposal (RFP) to be considered in the engineering design.

The additional works are outside of the scope of the ICIP funded project and are **not** included in the financial impacts outlined in this report. Recommendations for capital expenditures to complete the additional works and related funding sources will be brought forward in future budgets based on project design recommendations.

6. CONSULTATIONS:

The Director of Infrastructure Services, the Manager of Engineering and the Director of Corporate Services were consulted on this report.

7. **CONCLUSION:**

Approval of the recommendations in this report will provide significant financial support toward reconstruction of the George Street and Seymour Street sanitary sewers



Justin Rousseau
Treasurer

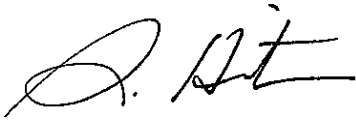
Report Approval Details

Document Title:	2021 07 26 -ICIP Green Transfer Payment Agreement.docx
Attachments:	- Town of Amherstburg Ltr.pdf - By-law 2021-047- ICIP Agreement.docx - Town of Amherstburg TPA.pdf
Final Approval Date:	Jul 16, 2021

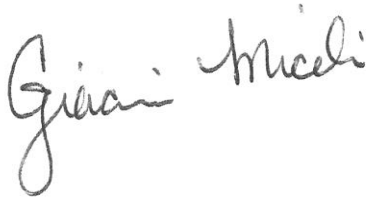
This report and all of its attachments were approved and signed as outlined below:



Cheryl Horrobin



Susan Hirota



John Miceli



Paula Parker

Ministry of Infrastructure

Infrastructure Program Design and
Delivery Division

777 Bay Street, 4th Floor, Suite 425
Toronto, Ontario M5G 2E5

Ministère de l'Infrastructure

Division de la conception et de la mise en
œuvre des programmes d'infrastructure

777, rue Bay, 4 étage, Suite 425
Toronto (Ontario) M5G 2E5



Case #2020-01-1-1427971114

Justin Rousseau, Treasurer
Corporation of the Town of Amherstburg
jrousseau@amherstburg.ca

Re: Investing in Canada Infrastructure Program (ICIP) Green Stream – Transfer Payment Agreement

I am pleased to provide you with the attached copy of the Transfer Payment Agreement (the Agreement) for your approved ICIP Green Stream Project as well as a summary document outlining important information about your Agreement. Please review both documents carefully. If changes to the Agreement are required, these should be made before the Agreement is executed. Please contact your Project Analyst immediately to discuss any required revisions.

We ask that you please make best efforts to return signed copies of the Transfer Payment Agreement to our office by **Friday July 16, 2021**. In order to execute your agreement, the designated signatories should sign on page 6. You will also need to insert the titles of the designated signatories and affix the corporate seal (if applicable) in the signature area.

Given the current situation with COVID-19, if you wish to use electronic means to execute your agreement, please ensure you scan your entire agreement (not just the signature page) and email to ICIPGreen@ontario.ca.

If you wish to proceed with hard-copy execution, the designated signatories should sign two (2) copies of the Agreement and return the two original signed and sealed (if applicable) copies via courier to:

Ministry of Infrastructure
Infrastructure Program Delivery Branch
Infrastructure Renewal Programs Unit
1 Stone Road West, 4NW
Guelph, ON N1G 4Y2

A copy of the Agreement will be returned to you following execution by the Province.

Should you have any questions, please do not hesitate to call your Project Analyst, Andrea Neill, at 226-979-6384 or Andrea.Neill@ontario.ca.

Congratulations on your successful application and we look forward to working with you as you implement this project.

Sincerely,

Jillian Soule
A/Manager, Infrastructure Renewal Programs Unit
Infrastructure Program Delivery Branch
Ministry of Infrastructure

Attachments: Agreement
Important Information regarding your ICIP Agreement
Aboriginal Consultation Requirements

IMPORTANT INFORMATION REGARDING YOUR AGREEMENT

Project Description - Please ensure the description of your project noted in Schedule “C” is accurate and complete. The amount of funding you will receive is contingent on completion of the project described in this Schedule, and only activities noted will be eligible. Your proposed project description may have been revised from the information submitted as part of your application based on the eligibility of project components. The description in your Agreement supercedes all prior information shared with the Province, and only the work described in the Agreement will be funded, subject to eligibility requirements being met. If changes to the project description noted in Schedule “C” are required, please contact your Project Analyst immediately to request a revision.

Insurance - Article A10 of Schedule “A” outlines the insurance requirements for the project. Please ensure that the required insurance is in place prior to the start of the project. Note: At this time, MOI does not need to receive documentation that these requirements have been met but please ensure these are kept on file as they may be requested at any time during the Term of the Agreement.

Reporting - Schedule “D” provides details on the type of reporting that you will be required to provide to the Province. Note that these reporting requirements must be met in order to receive funding. The Province will direct the format and timelines for reporting. Regular reporting must be completed within the Transfer Payment Ontario online platform.

Cost Eligibility – Schedule “E” sets out the costs that are eligible and ineligible under this funding agreement. No costs incurred prior to the Federal Approval Date set out in the Agreement are eligible for reimbursement. In order to qualify for payment, costs must be incurred and paid and must be submitted by March 31 of the year following the Funding Year in which they were incurred.

Communications / Signage - Schedule “G” outlines the communication requirements for the project. As noted in Schedule “G”, funding provided by both the provincial and federal government must be recognized in the format of project signage. The Province and Canada will provide further instruction regarding signage shortly. The cost of signage is considered an eligible project cost within your approved funding allocation so long as such costs are billed by a third-party vendor.

Aboriginal Consultation - Schedule “I” outlines the Aboriginal Consultation requirements for the project. As noted in Schedule “I” any required Aboriginal Consultation must be complete prior to the start of any project construction work. In addition, capital costs are not eligible for reimbursement and no site preparation, removal of vegetation or construction can occur until Canada and if applicable the Province have confirmed in writing that it is satisfied that all federal duty to consult and environmental assessment requirements have been met. More details on Aboriginal Consultation Requirements are set out in the attachment to this document.

ABORIGINAL CONSULTATION REQUIREMENTS

In consideration of the financial support for the Project, if notified by Canada or the Province, your community must engage and consult with Aboriginal Groups that may have a potential interest in the Project. The Province intends to rely on this consultation process as much as possible. As part of this process, your community must disclose that financial assistance for the project is being provided by Ontario. You must also provide your Project Analyst with a summary of communications with Aboriginal Groups, including any issues or concerns that may be raised by any Aboriginal Group, and an indication of how your community has addressed or proposes to address those issues or concerns. This information may be provided in the form of the template consultation log and tracking chart provided by Canada (if applicable).

If in the future changes to the nature, scope, design or location of the Project are being considered, you must immediately notify your Project Analyst so that the Province may determine whether the proposed change impacts the duty to consult. Your community must also cease all construction activities if at any time during construction archaeological resources are found; other impacts that could affect Aboriginal or treaty rights emerge; or you are contacted by any Aboriginal Group expressing concerns about the project and potential impacts on rights.

**THE CORPORATION OF THE TOWN OF AMHERSTBURG
BY-LAW NO. 2021-047**

**By-law to enter into a Transfer Payment Agreement for the Investing in Canada
Infrastructure Program (ICIP): Green Stream with Minister of Infrastructure**

WHEREAS under Section 9 of the Municipal Act 2001, S.O., 2001, c. 25, as amended, a municipality has the capacity, rights, powers and privileges of a natural person for the purpose of exercising its authority under this or any other Act.

AND WHEREAS under Section 8(1) of the Municipal Act 2001, S.O., 2001, c. 25, as amended, shall be interpreted broadly so as to confer broad authority on municipalities to enable them to govern their affairs as they consider appropriate and to enhance their ability to respond to municipal issues;

AND WHEREAS the Council of the Town of Amherstburg passed a resolution on July 26, 2021 agreeing to enter into a Transfer Payment agreement with Her Majesty the Queen in right of Ontario as represented by the Minister of Infrastructure;

NOW THEREFORE the Council of The Corporation of the Town of Amherstburg enacts as follows:

1. That the Council of The Corporation of the Town of Amherstburg agrees to enter into the agreement as attached hereto as Schedule "A" to this By-law.
2. That the Mayor and Clerk are hereby authorized to sign and seal said agreement on behalf of The Corporation of Town of Amherstburg.
3. This By-law shall come into force and take effect immediately upon the final passing thereof.

Read a first, second and third time and finally passed this 26th day of July 2021

MAYOR – Aldo DiCarlo

CLERK – Paula Parker

**TRANSFER PAYMENT AGREEMENT
FOR THE INVESTING IN CANADA INFRASTRUCTURE PROGRAM (ICIP):
GREEN STREAM**

THIS TRANSFER PAYMENT AGREEMENT for an Investing in Canada Infrastructure Program (ICIP): Green Stream Project (the “**Agreement**”) is effective as of the Effective Date.

B E T W E E N:

Her Majesty the Queen in right of Ontario,
as represented by the Minister of Infrastructure

(“**Ontario**” or the “**Province**”)

- and -

Corporation of the Town of Amherstburg

(CRA#131599276)

(the “**Recipient**”)

BACKGROUND

The Investing in Canada Infrastructure Program (“ICIP”) is a federal infrastructure program designed to create long-term economic growth, build inclusive, sustainable and resilient communities, and support a low-carbon economy.

The Government of Canada (“**Canada**”) announced, in its *Budget 2016* and *Budget 2017*, over \$180 billion for the ICIP to support sustainable and inclusive communities, while driving economic growth.

The federal Minister of Infrastructure, Communities and Intergovernmental Affairs and the provincial Minister of Infrastructure entered into the Canada-Ontario Integrated Bilateral Agreement for the Investing in Canada Infrastructure Program for Canada to provide financial support to the Province.

Under the Bilateral Agreement, Canada agrees, amongst other things, to provide contribution funding to the Province under the Green infrastructure funding stream of ICIP. This stream supports greenhouse gas emission (GHG) reductions, enables greater adaptation and resilience to the impacts of climate change and climate related disaster mitigation, and ensures that more communities can provide clean air and safe drinking water for their citizens.

Also, under the Bilateral Agreement, Ontario agrees to identify projects and be responsible for the transfer of ICIP and provincial funds to eligible recipients pursuant to transfer payment agreements.

The Recipient has applied to the Province for ICIP funds to assist the Recipient in carrying out a Green Stream project.

The Province has submitted to Canada for approval and the Province and Canada have approved, in accordance with the terms and conditions set out in the Bilateral Agreement, the Project as set out in Schedule "C".

The Agreement sets out the terms and conditions upon which ICIP funds, up to the Maximum Funds, will be provided to the Recipient for carrying out the Project.

CONSIDERATION

In consideration of the mutual covenants and agreements contained in the Agreement and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the Province and the Recipient agree as follows:

1.0 ENTIRE AGREEMENT

1.1 Schedules to the Agreement. The following schedules and their sub-schedules, if any, form part of the Agreement:

Schedule "A" - General Terms and Conditions

Schedule "B" - Specific Information

Schedule "C" - Project Description, Financial Information, Timelines and Project Standards

Schedule "D" - Reports

Schedule "E" - Eligible Expenditures and Ineligible Expenditures

Schedule "F" - Evaluation

Schedule "G" - Communications Protocol

Schedule "H" - Disposal of Assets

Schedule "I" - Aboriginal Consultation Protocol

Schedule "J" - Requests for Payment and Payment Procedures

Schedule "K" - Committee

1.2 Entire Agreement. The Agreement constitutes the entire agreement between the Parties in respect to the subject matter contained in the Agreement and supersedes all prior oral or written representations and agreements save and except for the Bilateral Agreement, which shall apply in accordance with section 2.1.

2.0 CONFLICT OR INCONSISTENCY

2.1 **Conflict or Inconsistency.** In the event of a conflict or inconsistency between any of the requirements of:

- (a) the Bilateral Agreement and the Agreement, the Bilateral Agreement will prevail to the extent of the conflict or inconsistency;
- (b) the main body of the Agreement and any of the requirements of a schedule or a sub-schedule, the main body of the Agreement will prevail to the extent of the conflict or inconsistency;
- (c) Schedule “A” (General Terms and Conditions) and any of the requirements of another schedule or a sub-schedule, Schedule “A” (General Terms and Conditions) will prevail to the extent of the conflict or inconsistency; or
- (d) a schedule and any of the requirements of a sub-schedule, the schedule will prevail to the extent of the conflict or inconsistency.

3.0 EXECUTION, DELIVERY AND COUNTERPARTS

3.1 **One and the Same Agreement.** The Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

3.2 **Electronic Execution and Delivery of Agreement.** The parties agree that the Agreement may be validly executed electronically, and that their respective electronic signature is the legal equivalent of a manual signature. The electronic or manual signature of a party may be evidenced by one of the following means and transmission of the Agreement may be as follows:

- (i) a manual signature of an authorized signing representative placed in the respective signature line of the Agreement and the Agreement delivered by facsimile transmission to the other Party;
- (i) a manual signature of an authorized signing representative placed in the respective signature line of the Agreement and the Agreement scanned as a pdf and delivered by email to the other Party;
- (ii) a digital signature, including the name of the authorized signing representative typed in the respective signature line of the Agreement, an image of a manual signature or an Adobe signature of an authorized signing representative, or any other digital signature of an authorized signing representative, placed in the respective signature line of the Agreement and the Agreement delivered by email to the other Party; or

(iii) any other means with the other Party's prior written consent.

4.0 AMENDING THE AGREEMENT AND AGREEMENT REVIEW

4.1 **Amending the Agreement.** The Agreement may only be amended by a written agreement duly executed by the Parties.

4.2 **Agreement Review.** If, pursuant to section 25.10 (Review of Agreement) of the Bilateral Agreement, the Bilateral Agreement is reviewed after three or five years, or both, of the effective date of the Bilateral Agreement, and any changes to the Bilateral Agreement are required as a result, the Parties agree to amend the Agreement as necessary and in a manner that is consistent with such changes.

5.0 ACKNOWLEDGEMENT

5.1 **Acknowledgement from Recipient.** The Recipient acknowledges, in respect of the Project, that:

- (a) the Funds are to assist the Recipient to carry out the Project and not to provide goods or services to the Province or Canada;
- (b) the Province and Canada are not responsible for carrying out the Project;
- (c) the Province's and Canada's role in respect of the Project is limited to making a financial contribution to the Recipient for the Project, and the Province and Canada are not involved in the Project or its operation;
- (d) the Province and Canada are neither decision-makers nor administrators in respect of the Project;
- (e) the Province is bound by the *Freedom of Information and Protection of Privacy Act* (Ontario) and any information provided to the Province in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act;
- (f) Canada is bound by the *Access to Information Act* (Canada) and any information provided to Canada by either the Province or the Recipient in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act;
- (g) by receiving Funds, the Recipient may be subject to legislation applicable to organizations that receive funding from the Government of Ontario, including the Broader Public Sector Accountability Act, 2010 (Ontario), the Public Sector Salary Disclosure Act, 1996 (Ontario), and the Auditor General Act (Ontario); and

(h) the Recipient has read and understood the Bilateral Agreement.

5.2 **Acknowledgement from Province.** The Province acknowledges that the Recipient may be bound by the *Municipal Freedom of Information and Protection of Privacy Act* (Ontario) and any information provided to the Recipient in connection with the Project or otherwise in connection with the Agreement may be subject to disclosure in accordance with that Act.

6.0 CANADA'S RIGHTS AND INFORMATION SHARING WITH CANADA

6.1 **Third Party Beneficiary.** The Recipient agrees that, although the Agreement is between the Province and the Recipient, Canada is, in respect of the rights, covenants, remedies, obligations, indemnities, and benefits (together referred to as "**Rights**") undertaken or given to Canada in the Agreement, a third party beneficiary under the Agreement and is entitled to rely upon and directly enforce those Rights as if Canada were a party to the Agreement.

6.2 **Sharing of Information with the Province and Canada.** The Recipient agrees that, consistent with section 6.1 (Third Party Beneficiary) and for the implementation of the Bilateral Agreement:

- (a) the Province or Canada, or both, and in respect of Canada either directly or through the Province, may, upon Notice to the Recipient, request additional information from the Recipient including, without limitation, information for any determination under Article A.27.0 (Environmental Requirements and Assessments) and Article A.28.0 (Aboriginal Consultation);
- (b) if the Province or Canada, or both, provide the Recipient with Notice under paragraph 6.2(a), the Recipient will, within the timelines set out in the Notice, deliver the information to either the Province or Canada, or both, as required; and
- (c) the Province or Canada, or both, may share any information received from the Recipient pursuant to the Agreement with each other.

[SIGNATURE PAGE FOLLOWS]

The Parties have executed the Agreement on the dates set out below.

HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO, as represented by the Minister of Infrastructure

Date

p.p. Adam Redish, Assistant Deputy Minister
The Honourable Kinga Surma
Minister of Infrastructure

AFFIX
CORPORATE
SEAL

Corporation of the Town of Amherstburg

Date

Name:
Title:

I have authority to bind the Recipient.

Date

Name:
Title:

I have authority to bind the Recipient.

[SCHEDULE "A" – GENERAL TERMS AND CONDITIONS FOLLOWS]

SCHEDULE “A” GENERAL TERMS AND CONDITIONS

A.1.0 INTERPRETATION AND DEFINITIONS

A.1.1 **Interpretation.** For the purposes of interpretation:

- (a) words in the singular include the plural and vice-versa;
- (b) words in one gender include all genders;
- (c) the background and headings do not form part of the Agreement; they are for information and reference only and will not affect the interpretation of the Agreement;
- (d) any reference to dollars or currency will be in Canadian dollars and currency;
- (e) “shall” and “will” are used interchangeably in the Agreement and denote the same affirmative and imperative obligation on the applicable Party.
- (f) all accounting terms not otherwise defined in the Agreement have their ordinary meanings; and
- (g) “include”, “includes”, and “including” denote that the subsequent list is not exhaustive.

A.1.2 **Definitions.** In the Agreement, the following terms have the following meanings:

“Aboriginal Community” has the meaning ascribed to it in section I.1.1 (Definitions).

“Aboriginal Consultation Record” means the Aboriginal Consultation Record described in section I.3.1 (Requirements for Aboriginal Consultation Record).

“Agreement” means this agreement entered into between the Province and the Recipient, all of the schedules and sub-schedules listed in section 1.1 (Schedules to the Agreement), and any amending agreement entered into pursuant to section 4.1 (Amending the Agreement).

“Asset” means any real or personal property, or immovable or movable asset, acquired, purchased, constructed, rehabilitated, or improved, in whole or in part, with any of the Funds.

“Authorities” means any government authority, agency, body or department having or claiming jurisdiction over the Agreement or the Project, or both.

“Bilateral Agreement” means the Canada-Ontario Integrated Bilateral Agreement for

the Investing in Canada Infrastructure Program entered into between Canada and Her Majesty the Queen in right of Ontario, effective as of March 26, 2018, as amended.

“Business Day” means any working day the Province is open for business, Monday to Friday inclusive, excluding statutory and other holidays, namely: New Year’s Day; Family Day; Good Friday; Easter Monday; Victoria Day; Canada Day; Civic Holiday; Labour Day; Thanksgiving Day; Remembrance Day; Christmas Day; Boxing Day; and any other day on which the Province is not open for business.

“Canada” means, unless the context requires otherwise, Her Majesty the Queen in right of Canada.

“Canada’s Maximum Contribution” means the maximum contribution from Canada as set out in Schedule “C”.

“Committee” refers to a Committee established pursuant to section A.29.1 (Establishment of Committee).

“Communications Activities” means, but is not limited to, public or media events or ceremonies including key milestone events, news releases, reports, web and social media products or postings, blogs, news conferences, public notices, physical and digital signs, publications, success stories and vignettes, photos, videos, multi-media content, advertising campaigns, awareness campaigns, editorials, multi-media products, and all related communication materials under the Agreement.

“Contract” means a contract between the Recipient and a Third Party whereby the Third Party agrees to supply goods or services, or both, in respect of the Project in return for financial consideration.

“Effective Date” means the date of signature by the last signing party to the Agreement.

“Eligible Expenditures” means the costs in respect of the Project that the Recipient has incurred and paid and that are eligible for payment under the terms and conditions of the Agreement, and that are further described in Schedule “E” (Eligible Expenditures and Ineligible Expenditures).

“Environmental Laws” means all applicable governmental, regulations, by-laws, orders, rules, policies, or guidelines respecting the protection of the natural environment or the public, and the manufacture, importation, handling, transportation, storage, disposal, and treatment of environmental contaminants and includes, without limitation, the *Environmental Protection Act* (Ontario), *Environmental Assessment Act* (Ontario), *Ontario Water Resources Act* (Ontario), *Canadian Environmental Protection Act, 1999* (Canada), *Canadian Environmental Assessment Act, 2012* (Canada), *Fisheries Act* (Canada), and *the Canadian Navigable Waters Act* (Canada).

“Evaluation” means an evaluation in respect of the Project or the ICIP as described in Article F.1.0 (Project and ICIP Evaluations).

“Event of Default” has the meaning ascribed to it in section A.12.1 (Events of Default).

“Expiration Date” means the expiry date set out in Schedule “B” (Specific Information).

“Federal Approval Date” means the date on which Canada has approved the Project identified in Schedule “C” (Project Description, Financial Information, Timelines, and Project Standards).

“Funding Year” means:

- (a) in the case of the first Funding Year, the period commencing on the Effective Date and ending on the following March 31; and
- (b) in the case of Funding Years subsequent to the first Funding Year, the period commencing on April 1 following the end of the previous Funding Year and ending on the following March 31 or the Expiration Date, whichever comes first.

“Funds” means the money the Province provides to the Recipient pursuant to the Agreement, and in any event, will not exceed the Maximum Funds.

“Holdback” means the Holdback described in and to be paid in accordance with section A.4.12 (Retention of Contribution) and Article J.7.0 (Holdback).

“ICIP” means the Investing in Canada Infrastructure Program, a federal infrastructure program described in the first paragraph of the “Background” to the Agreement.

“Indemnified Parties” means Her Majesty the Queen in right of Ontario and Her Majesty the Queen in right of Canada, and includes their respective ministers, officers, servants, agents, appointees and employees.

“Ineligible Expenditures” means the costs that are ineligible for payment under the terms and conditions of the Agreement, and that are described in Schedule “E” (Eligible Expenditures and Ineligible Expenditures).

“Interest or Interest Earned” means the amount of money earned by the Recipient from placing the Funds in an interest bearing account as set out under section A.4.4 of Schedule “A” of this Agreement, and includes any and all interest or other income generated from the Funds.

“Loss” means any cause of action, liability, loss, cost, damage, or expense (including

legal, expert, and consultant fees) that anyone incurs or sustains as a result of or in connection with the Project or any part of the Agreement or the Bilateral Agreement.

“Maximum Funds” means the maximum Funds amount as set out in Schedule “B” (Specific Information).

“Notice” means any communication given or required to be given pursuant to the Agreement.

“Ontario’s Maximum Contribution” means the maximum contribution from Ontario as set out in Schedule “C”.

“Parties” means the Province and the Recipient.

“Party” means either the Province or the Recipient.

“Person” means, without limitation, a person, the Recipient, a Third Party, a corporation, or any other legal entity, and their officers, servants, employees, or agents.

“Proceeding” means any action, claim, demand, lawsuit, or other proceeding, whether in contract, tort (including negligence), or otherwise, that anyone makes, brings, or prosecutes as a result of or in connection with the Project or any part of the Agreement or the Bilateral Agreement.

“Project” means the undertaking described in Schedule “C” (Project Description, Financial Information, Timelines, and Project Standards).

“Records Review” means any assessment the Province conducts pursuant to section A.7.4 (Records Review).

“Remedial Period” means the period of time within which the Recipient is required to remedy an Event of Default, pursuant to paragraph A.12.3 (b), and includes any such period or periods of time by which the Province extends that time in accordance with section A.12.4 (Recipient Not Remediating).

“Reports” means the reports described in Schedule “D” (Reports).

“Requirements of Law” means all applicable requirements, laws, statutes, codes, acts, ordinances, approvals, orders, decrees, injunctions, by-laws, rules, regulations, official plans, permits, licences, authorizations, directions, and agreements with all Authorities, and includes the Environmental Laws.

“Substantial Completion” or **“Substantially Completed”** means that the Project can be used for the purpose for which it was intended and, in any event, no later than October 31, 2026.

“**Term**” means the period of time described in section A.3.1 (Term).

“**Third Party**” means any person or legal entity, other than a Party, who participates in the implementation of the Project by means of a Contract.

“**Total Financial Assistance**” means the total Project funding from all sources including, but not limited to, funding from federal, provincial, territorial, municipal, regional, band council, and Indigenous government sources; private sources; and in-kind contributions.

A.2.0 REPRESENTATIONS, WARRANTIES, AND COVENANTS

A.2.1 **General.** The Recipient represents, warrants, and covenants that, in respect of the Project:

- (a) it has, and will continue to have, the experience and expertise necessary to carry out the Project;
- (b) it is in compliance with, and will continue to comply with, all Requirements of Law related to any aspect of the Project, the Funds, or both;
- (c) unless otherwise provided for in the Agreement, any information the Recipient provided to the Province in support of its request for Funds (including, without limitation, any information relating to any eligibility requirements) was true and complete at the time the Recipient provided it and will continue to be true and complete;
- (d) the Project meets and will continue to meet all of the program’s eligibility criteria, construction conditions and the Recipient will abide by all of the Province’s and Canada’s respective requirements set out in the guidelines, including the financial, contractual and reporting requirements;
- (e) the Project will meet at least one of the outcomes in the table below:

Adaptation, Resilience and Disaster Mitigation Outcomes:
Increased structural capacity and/or increased natural capacity to adapt to climate change impacts, natural disasters and/or extreme weather events
Environmental Quality Outcomes:
Increased capacity to treat and/or manage wastewater and stormwater
Increased access to potable water

- (f) if the Project meets an environmental quality outcome, once complete it will, depending on the nature of the Project:

- (i) result in wastewater effluent that meets the Wastewater Systems Effluent Regulations or provincial regulations where there is a federal equivalency agreement in place, where applicable; or
 - (ii.) result in drinking water quality that meets or exceeds provincial standards, where applicable.
- (g) any Funds received have not displaced, and will continue to not displace, the Recipient's own funding and spending on public transit.

A.2.2 Execution of Agreement. The Recipient represents and warrants that it has:

- (a) the full power and authority to enter into the Agreement; and
- (b) taken all necessary actions to authorize the execution of the Agreement, in a manner that is satisfactory to the Province, including passing of municipal by-law or council resolution authorizing the Recipient to enter into the Agreement, where required.

A.2.3 Governance. The Recipient represents, warrants, and covenants that it has, will maintain in writing, and will follow:

- (a) procedures to enable the Recipient to manage Funds prudently and effectively;
- (b) procedures to enable the Recipient to complete the Project successfully;
- (c) procedures to enable the Recipient to identify risks to the completion of the Project and strategies to address the identified risks, all in a timely manner;
- (d) procedures to enable the preparation and submission of all Reports required pursuant to Article A.7.0 (Reporting, Accounting, and Review); and
- (e) procedures to enable the Recipient to address such other matters as the Recipient considers necessary to enable the Recipient to carry out its obligations under the Agreement.

A.2.4 Supporting Proof. Upon the request of the Province, the Recipient will provide the Province with proof of the matters referred to in this Article A.2.0 (Representations, Warranties, and Covenants).

A.3.0 TERM OF THE AGREEMENT AND SUBSTANTIAL COMPLETION

A.3.1 Term. The term of the Agreement will commence on the Effective Date and will expire on the Expiration Date, unless terminated earlier pursuant to Article A.11.0 (Termination on Notice) or Article A.12.0 (Event of Default, Corrective Action, and Termination for Default).

A.3.2 **Substantial Completion.** The Recipient will ensure that the Project is Substantially Completed on or before October 31, 2026.

A.4.0 FUNDS AND CARRYING OUT THE PROJECT

A.4.1 **Funds Provided.** The Province will:

- (a) provide the Recipient funding up to the Maximum Funds for the sole purpose of carrying out the Project;
- (b) provide the Funds to the Recipient in accordance with the request for payment and payment procedures provided for in Schedule “J” (Requests for Payment and Payment Procedures); and
- (c) deposit the Funds into an account the Recipient designates, provided that the account:
 - (i) is at a branch of a Canadian financial institution in Ontario; and
 - (ii) is solely in the name of the Recipient.

A.4.2 **Limitation on Payment of Funds.** Despite section A.4.1 (Funds Provided):

- (a) in addition to any other limitation under the Agreement on the payment of Funds, the Province is not obligated to provide:
 - (i) any Funds to the Recipient until the Recipient fulfils the special conditions listed in section A.31.1 (Special Conditions); and
 - (ii) any Funds to the Recipient until the Province and Canada are satisfied with the progress of the Project;
- (b) the Province, at its sole discretion, may adjust the amount of Funds it provides to the Recipient based upon the Province’s assessment of the information the Recipient provides to the Province pursuant to section A.7.2 (Preparation and Submission); and
- (c) any payment of Funds is subject to:
 - (i) the requirements of the *Financial Administration Act* (Ontario), including the availability of an appropriation by the Ontario Legislature that is sufficient and constitutes lawful authority for the payment;
 - (ii) ministerial funding levels in respect of transfer payments, the program under which the Agreement was made, or otherwise that are sufficient for the

payment; and

- (iii) Canada's payment of funds to the Province, pursuant to the Bilateral Agreement, that are sufficient for the payment.

The Province, at its sole discretion, may reduce or cancel any amount of Funds or terminate the Agreement in response to a reduction or lack of federal or provincial government appropriation, ministerial funding levels, or Canada's payment of funds. Notwithstanding Article A.9.0 (Limitation of Liability and Indemnity), the Province will not be liable for any direct, indirect, consequential, exemplary, or punitive damages, regardless of the form of action, whether in contract or in tort (including negligence) or otherwise, arising from any reduction or cancellation of Funds. If any changes to the Agreement, including changes in respect of the Project, are required as a result, the Parties agree to amend the Agreement accordingly.

A.4.3 Use of Funds and Carry Out the Project. The Recipient will, in respect of the Project, do all of the following:

- (a) carry out the Project in accordance with the Agreement;
- (b) use the Funds only for the purpose of carrying out the Project;
- (c) spend the Funds only on Eligible Expenditures as described in Schedule "E" (Eligible Expenditures and Ineligible Expenditures);
- (d) not use the Funds to cover any Ineligible Expenditure; and
- (e) not use the Funds to cover any Eligible Expenditure that has or will be funded or reimbursed by one or more of any third party, or ministry, department, agency, or organization of the Government of Ontario or of the Government of Canada.

A.4.4 Interest-Bearing Account. If for any reason, Funds were provided to the Recipient before the Recipient's immediate need for the Funds, the Recipient will place the Funds in an interest-bearing account solely in the name of the Recipient at a branch of a Canadian financial institution in Ontario. The Recipient will hold the Funds plus any Interest Earned in trust for the Province until the Funds are used in accordance with the Agreement.

A.4.5 Interest. If the Recipient earns any Interest on the Funds, the Province may do either or both of the following:

- (a) deduct an amount equal to the Interest Earned from the remaining Funds, if any;
- (b) demand from the Recipient the payment of an amount equal to the Interest Earned.

- A.4.6 Maximum Funds and Recovery of Excesses.** The Recipient acknowledges that:
- (a) the Funds available to it pursuant to the Agreement will not exceed the Maximum Funds;
 - (b) if Canada's total contribution from all federal sources in respect of the Project exceeds 40 percent of Total Eligible Expenditures, the Province may demand the return of the excess from the Recipient and the Recipient shall return the excess forthwith or the Province may reduce the remaining Funds under the Agreement by an amount equal to the excess;
 - (c) if the Total Financial Assistance received in respect of the Project exceeds one hundred percent (100%) of Total Eligible Expenditures, the Province, at its sole discretion, may, up to the Maximum Funds, demand the return of the excess from the Recipient and the Recipient shall return the excess forthwith or the Province may reduce the remaining Funds under the Agreement by an amount equal to the excess.
- A.4.7 Disclosure of Other Financial Assistance.** The Recipient will inform the Province promptly of any financial assistance received in respect of the Project.
- A.4.8 Rebates, Credits, and Refunds.** The Province will, in respect of the Project, calculate Funds based on the actual costs to the Recipient to carry out the Project, less any costs (including taxes) for which the Recipient has received, will receive, or is eligible to receive, a rebate, credit, or refund.
- A.4.9 Recipient's Acknowledgement of Responsibility for Project.** The Recipient will, in respect of the Project, assume full responsibility for the Project, including, without limitation:
- (a) complete, diligent, and timely Project implementation within the costs and timelines specified in the Agreement and in accordance with all other terms and conditions of the Agreement;
 - (b) all of the costs of the Project, including, without limitation, unapproved expenditures, Ineligible Expenditures, and cost overruns, if any;
 - (c) subsequent operation, maintenance, repair, rehabilitation, construction, demolition, or reconstruction, as required and in accordance with industry standards, and any related costs for the full lifecycle of the Project; and
 - (d) the engineering work being undertaken in accordance with industry standards.
- A.4.10 Increase in Project Costs.** If, at any time during the Term the Recipient determines that it will not be possible to complete the Project unless it expends amounts in excess

of all funding available to it (a “**Shortfall**”), the Recipient will immediately notify the Province of that determination. If the Recipient so notifies the Province, it will, within 30 days of a request from the Province, provide a summary of the measures that it proposes to remedy the Shortfall. If the Province is not satisfied that the measures proposed will be adequate to remedy the Shortfall, then the Province may exercise one or more of the remedies available to it pursuant to section A.12.4 (Recipient Not Remediating).

A.4.11 **Recipient’s Request for Payment and Payment Procedures.** The Recipient agrees to submit its requests for payment in accordance with the payment procedures provided for in Schedule “J” (Requests for Payment and Payment Procedures).

A.4.12 **Retention of Contribution.** The Province will retain 10% of the Maximum Funds in respect of the Project (“**Holdback**”) up until the Recipient has fulfilled all of its obligations under the Agreement for the Project.

A.5.0 RECIPIENT’S ACQUISITION OF GOODS OR SERVICES, CONTRACT PROVISIONS, AND DISPOSAL OF ASSETS

A.5.1 **Acquisition.** The Recipient will ensure that all Contracts are awarded in way that is:

- (a) is fair, transparent, competitive, and consistent with value for money principles, or in a manner otherwise acceptable to the Province and Canada; and
- (b) if applicable, is in accordance with the Canadian Free Trade Agreement and international agreements.

A.5.2 **Non-Compliance with Acquisition Requirements.** If the Province or Canada determines that a Contract is awarded in a manner that is not in compliance with the requirements in section A.5.1 (Acquisition), upon giving Notice to the Recipient, the Province may consider the expenditures associated with the Contract to be an Ineligible Expenditure.

A.5.3 **Exemptions to Competitive Awarding.** The Province and Canada may consent to the provision of exemptions from competitive awarding of Contracts on a case-by-case basis, in their sole and absolute discretion, if the Recipient:

- (a) provides a written request indicating the business case rationale for the exemption, in advance of the Contract being awarded;
- (b) attests to:
 - (i) following value-for-money procurement processes for materials and sub-contracts; and
 - (ii) following its own policies and procedures.

- A.5.4 Contract Provisions.** The Recipient will ensure that all Contracts are consistent with and incorporate the relevant provisions of the Agreement, including its insurance provisions. More specifically, but without limiting the generality of the foregoing, the Recipient agrees to include provisions in all Contracts to ensure:
- (a) that proper and accurate accounts and records are kept and maintained as described in the Agreement including, but not limited to, in paragraph A.7.3(a);
 - (b) that all applicable Requirements of Law including, without limitation, labour and human rights legislation, are complied with; and
 - (c) that the Contract secures the respective rights of the Province and Canada, and any authorized representative or independent auditor identified by the Province or Canada, and the Auditor General of Ontario and the Auditor General of Canada to:
 - (i) inspect and audit the terms of any Contract, record or account in respect of the Project; and
 - (ii) have free and timely access to the Project sites and facilities, and any records, documentation or information, as contemplated pursuant to section A.7.5 (Inspection and Removal).
- A.5.5 Disposal of Assets.** The Recipient will not, unless in accordance with the terms and conditions set out in Schedule “H” (Disposal of Assets), sell, lease, encumber, or otherwise dispose, directly or indirectly, of any Asset.

A.6.0 CONFLICT OF INTEREST

- A.6.1 Conflict of Interest Includes.** For the purposes of this Article A.6.0 (Conflict of Interest), a conflict of interest includes any circumstances where:
- (a) the Recipient or any person who has the capacity to influence the Recipient’s decisions has outside commitments, relationships, or financial interests that could, or could be seen by a reasonable person to interfere with the Recipient’s objective, unbiased, and impartial judgment in respect of the Project or the use of the Funds, or both; or
 - (b) a former public servant or public office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes, or policies of Canada apply will derive a direct benefit from the Agreement, unless the provision or receipt of such benefits complies with such legislation, guidelines, policies, or codes.

A.6.2 No Conflict of Interest. The Recipient will carry out the Project and use the Funds without an actual, potential, or perceived conflict of interest unless:

- (a) the Recipient:
 - (i) provides Notice to the Province disclosing the details of the actual, potential, or perceived conflict of interest; and
 - (ii) requests the consent of the Province to carry out the Project with an actual, potential, or perceived conflict of interest;
- (b) the Province consents in writing to the Recipient carrying out the Project with an actual, potential, or perceived conflict of interest; and
- (c) the Recipient complies with any terms and conditions the Province may prescribe in its consent.

A.7.0 REPORTING, ACCOUNTING, AND REVIEW

A.7.1 Province and Canada Include. For the purpose of sections A.7.4 (Records Review), A.7.5 (Inspection and Removal) and A.7.6 (Cooperation), "Province" includes Canada and any auditor or representative that the Province or Canada, or both, may identify.

A.7.2 Preparation and Submission. The Recipient will:

- (a) submit to the Province at the address referred to in section A.15.1 (Notice in Writing and Addressed):
 - (i) all Reports in accordance with the timelines and content requirements provided for in Schedule "D" (Reports); and
 - (ii) any other reports in accordance with any timelines and content requirements the Province may specify from time to time; and
- (b) ensure that all Reports and other reports are:
 - (i) completed to the satisfaction of the Province; and
 - (ii) signed by an authorized signing officer of the Recipient.

A.7.3 Record Maintenance. The Recipient will keep and maintain for a period of seven years after the Expiration Date:

- (a) proper and accurate financial accounts and records, kept in a manner consistent with generally accepted accounting principles, including but not limited to its

contracts, invoices, statements, receipts, and vouchers and any other evidence of payment relating to the Funds or otherwise to the Project; and

- (b) all non-financial records and documents relating to the Funds or otherwise to the Project.

A.7.4 Records Review. The Province, at its sole discretion and expense, may, upon 24 hours' Notice to the Recipient and during normal business hours, enter upon the Recipient's premises to conduct an audit or investigation of the Recipient or the Project regarding the Recipient's compliance with the Agreement, including assessing any of the following:

- (a) the truth of any of the Recipient's representations and warranties;
- (b) the progress of the Project; or
- (c) the Recipient's allocation and expenditure of the Funds.

A.7.5 Inspection and Removal. For the purposes of any Records Review, the Province may take one or more of the following actions:

- (a) inspect and copy any records or documents referred to in section A.7.3 (Record Maintenance);
- (b) remove any copies the Province makes pursuant to section A.7.5(a); and
- (c) share any documents, records and findings with Canada.

A.7.6 Cooperation. To assist the Province in respect of its rights provided for in section A.7.5 (Inspection and Removal), the Recipient will cooperate with the Province by:

- (a) ensuring that the Province has access to the records and documents wherever they are located;
- (b) coordinating access with any Third Party;
- (c) assisting the Province to copy the records and documents;
- (d) providing to the Province, in the form the Province specifies, any information the Province identifies; and
- (e) carrying out any other activities the Province requests.

A.7.7 No Control of Records. No provision of the Agreement will be construed so as to give the Province or Canada, or both, any control whatsoever over the Recipient's records.

- A.7.8 **Auditor General (Ontario and Canada).** The Province's rights under this Article A.7.0 (Reporting, Accounting, and Review) are in addition to any rights provided to the Auditor General of Ontario pursuant to section 9.2 of the *Auditor General Act* (Ontario) and to the Auditor General of Canada pursuant to section 7.1 of the *Auditor General Act* (Canada).
- A.7.9 **Sharing of Audit Findings and Reports.** The Recipient acknowledges that Canada and the Province may:
- (a) inform each other, and any of their respective authorized representatives and auditors, that an audit is being conducted; and
 - (b) share the findings of any audit or investigation, including any ensuing report, with each other and any of their respective authorized representatives and auditors.
- A.7.10 **Evaluation.** The Recipient agrees to participate in any Evaluation and comply with the requirements for such Evaluation that are set out in Schedule "F" (Evaluation).
- A.7.11 **Calculations.** The Recipient will make all calculations and prepare all financial data to be submitted in accordance with the generally accepted accounting principles in effect in Canada. These will include, without limitation, those principles and standards approved or recommended from time to time by the Chartered Professional Accountants of Canada or the Public Sector Accounting Board, as applicable, or any successor institute, applied on a consistent basis.
- A.7.12 **Adverse Fact or Event.** The Recipient will inform the Province immediately of any fact or event of which it is aware that has or will compromise, wholly or in part, the Project.

A.8.0 COMMUNICATIONS REQUIREMENTS

- A.8.1 **Communications Protocol.** The Parties agree to be bound by the terms and conditions of the communications protocol provided for in Schedule "G" (Communications Protocol).

A.9.0 LIMITATION OF LIABILITY AND INDEMNITY

- A.9.1 **Province and Canada Limitation of Liability.** In no event will any of the Indemnified Parties be held liable for any damages, including direct, indirect, consequential, exemplary, or punitive damages, regardless of the form of action, whether in contract, tort (including negligence), or otherwise, for:
- (a) any injury to any Person, including, but not limited to, death, economic loss, or infringement of rights;

- (b) any damage to or loss or destruction of property of, any Person; or
- (c) any obligation of any Person, including, but not limited to, any obligation arising from a loan, capital lease, or other long-term obligation

in relation to the Agreement, the Bilateral Agreement, or the Project.

A.9.2 Indemnification of the Province and Canada. The Recipient will indemnify and hold harmless the Indemnified Parties from and against any Loss and any Proceeding based upon or occasioned by:

- (a) any injury to any Person, including, but not limited to, death, economic loss, or any infringement of rights;
- (b) any damage to, or loss or destruction of, property of any Person; or
- (c) any obligation of any Person, including, but not limited to, any obligation arising from a loan, capital lease, or other long-term obligation,

except to the extent to which such Loss or Proceeding is caused by the negligence or wilful misconduct of any Indemnified Party in the performance of that Indemnified Party's duties.

A.9.3 Recipient's Participation. The Recipient will, at its expense, to the extent requested by the Province or Canada, or both, participate in or conduct the defence of any Proceeding against any of the Indemnified Parties and any negotiations for their settlement.

A.9.4 Province's Election. The Province or Canada, or both, may elect to participate in, or conduct the defence of, any Proceeding by providing Notice to the Recipient of such election, without prejudice to any other rights or remedies of the Province under the Agreement or of the Province or Canada under the Bilateral Agreement, at law or in equity. If the Province, Canada, or the Recipient, as applicable, participates in the defence, it will do so by actively participating with the other's counsel.

A.9.5 Settlement Authority. The Recipient will not enter into a settlement of any Proceeding against any of the Indemnified Parties unless the Recipient has obtained from the Province or Canada, as applicable, prior written approval or a waiver of this requirement. If the Recipient is requested by the Province or Canada to participate in or conduct the defence of any Proceeding, the Province or Canada, as applicable, will cooperate with and assist the Recipient to the fullest extent possible in the Proceeding and any related settlement negotiations.

A.9.6 Recipient's Cooperation. If the Province or Canada conducts the defence of any Proceeding, the Recipient will cooperate with and assist the Province or Canada, as applicable, to the fullest extent possible in the Proceeding and any related settlement

negotiations.

A.10.0 INSURANCE

A.10.1 Recipient's Insurance. The Recipient represents, warrants, and covenants that it has, and will maintain at its own cost and expense for a period extending at least 90 Business Days beyond the Term, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person carrying out a project similar to the Project would maintain, including commercial general liability insurance on an occurrence basis for third party bodily injury, personal injury, and property damage, to an inclusive limit of not less than \$2,000,000.00 per occurrence, and including products and completed operations coverage with the endorsements identified below:

- (a) the Indemnified Parties as additional insureds in respect of liability arising in the course of performance of the Recipient's obligations under, or otherwise in connection with, the Agreement;
- (b) a cross-liability clause;
- (c) contractual liability coverage; and
- (d) a 30-day written notice of cancellation.

A.10.2 Proof of Insurance. At the request of the Province from time to time, the Recipient will:

- (a) provide to the Province, either:
 - (i) annually, certificates of insurance that confirm the insurance coverage as provided in section A.10.1 (Recipient's Insurance); or
 - (ii) other proof that confirms the insurance coverage as provided for in section A.10.1 (Recipient's Insurance); and
- (b) at the Province's request, the Recipient will provide to the Province a copy of any of the Recipient's insurance policies that relate to the Project or otherwise to the Agreement or both.

A.11.0 TERMINATION ON NOTICE

A.11.1 Termination on Notice. The Province may terminate the Agreement at any time without liability, penalty, or costs upon giving at least 30 days' Notice to the Recipient.

A.11.2 Consequences of Termination on Notice by the Province. If the Province terminates the Agreement pursuant to section A.11.1 (Termination on Notice), the Province may take one or more of the following actions:

- (a) Direct the Recipient not to incur any further costs for the Project subsequent to the Notice of termination. If the Recipient fails to comply with such direction and unless with the Province's prior written consent, the Recipient shall be solely responsible for any further costs incurred after such Notice was given;
- (b) cancel all further instalments of Funds; and
- (c) demand the payment of any Funds plus any Interest Earned remaining in the possession or under the control of the Recipient.

A.12.0 EVENT OF DEFAULT, CORRECTIVE ACTION, AND TERMINATION FOR DEFAULT

A.12.1 Events of Default. It will constitute an Event of Default if, in the opinion of the Province, the Recipient breaches any representation, warranty, covenant, or other material term of the Agreement, including:

- (a) failing to carry out the Project in whole or in part in accordance with the terms of the Agreement;
- (b) failing to use or spend Funds in accordance with the terms of the Agreement;
- (c) failing to provide, in accordance with section A.7.2 (Preparation and Submission), Reports or such other reports as the Province may have requested pursuant to the Agreement);
- (d) the Recipient's operations, its financial condition, its organizational structure or its control changes such that it no longer meets one or more of the eligibility requirements of the program under which the Province provides the Funds;
- (e) the Recipient makes an assignment, proposal, compromise, or arrangement for the benefit of creditors, or a creditor makes an application for an order adjudging the Recipient bankrupt, or applies for the appointment of a receiver; or
- (f) the Recipient ceases to operate.

A.12.2 Consequences of Events of Default and Corrective Action. If an Event of Default occurs, the Province may, at any time, and at its sole discretion, take one or more of the following actions:

- (a) initiate any action the Province considers necessary in order to facilitate the

successful continuation or completion of the Project;

- (b) provide the Recipient with an opportunity to remedy the Event of Default;
- (c) suspend the payment of Funds for such period as the Province determines appropriate;
- (d) reduce the amount of the Funds;
- (e) cancel all further instalments of Funds;
- (f) demand from the Recipient the payment of any Funds plus any Interest Earned remaining in the possession or under the control of the Recipient;
- (g) demand from the Recipient the payment of an amount equal to any Funds the Recipient used, but did not use in accordance with the Agreement;
- (h) demand from the Recipient the repayment of an amount equal to any Funds the Province provided to the Recipient;
- (i) demand from the Recipient an amount equal to the costs the Province incurred or incurs to enforce its rights under the Agreement, including the costs of any Records Review and the costs it incurs to collect any amounts the Recipient owes to the Province; and
- (j) terminate the Agreement at any time, including immediately, without liability, penalty, or costs to the Province upon giving Notice to the Recipient.

A.12.3 Opportunity to Remedy. If, in accordance with paragraph A.12.2(b), the Province provides the Recipient with an opportunity to remedy the Event of Default, the Province will provide Notice to the Recipient of:

- (a) the particulars of the Event of Default; and
- (b) the Remedial Period.

A.12.4 Recipient Not Remediating. If the Province provided the Recipient with an opportunity to remedy the Event of Default pursuant to paragraph A.12.2(b), and:

- (a) the Recipient does not remedy the Event of Default within the Remedial Period;
- (b) it becomes apparent to the Province that the Recipient cannot completely remedy the Event of Default within the Remedial Period; or
- (c) the Recipient is not proceeding to remedy the Event of Default in a way that is satisfactory to the Province, the Province may extend the Remedial Period or

initiate any one or more of the actions provided for in paragraphs A.12.2(a), (c), (d), (e), (f), (g), (h), (i) and (j).

A.12.5 **When Termination Effective.** Termination under this Article A.12.0 (Event of Default, Corrective Action, and Termination for Default) will take effect as provided for in the Notice.

A.13.0 FUNDS UPON EXPIRY

A.13.1 **Funds Upon Expiry.** The Recipient will, upon expiry of the Agreement, pay to the Province any Funds plus Interest Earned remaining in its possession, under its control, or both.

A.14.0 DEBT DUE AND PAYMENT

A.14.1 **Payment of Overpayment.** If at any time the Province provides Funds in excess of the amount the Recipient is entitled to under the Agreement, the Province may:

- (a) deduct an amount equal to the excess Funds plus any Interest Earned from any further instalments of Funds; or
- (b) demand that the Recipient pay to the Province an amount equal to the excess Funds plus any Interest Earned.

A.14.2 **Debt Due.** If, pursuant to the Agreement:

- (a) the Province demands from the Recipient the payment of any Funds, an amount equal to any Funds, or any other amounts owing under the Agreement; or
- (b) the Recipient owes to the Province any Funds, an amount equal to any Funds, or any other amounts under the Agreement, whether or not the Province has demanded their payment,

such amounts will be deemed to be debts due and owing to the Province by the Recipient, and the Recipient will pay the amounts to the Province immediately, unless the Province directs otherwise.

A.14.3 **Interest Rate.** The Province may charge the Recipient interest on any money owing to the Province by the Recipient under the Agreement at the then-current interest rate charged by the Province of Ontario on accounts receivable.

A.14.4 **Payment of Money to Province.** The Recipient will pay any money owing to the Province by cheque payable to the "Ontario Minister of Finance" and delivered to the Province at the address set out in Schedule "B" (Specific Information) for the purposes of Notice to the Province.

A.14.5 **Failure to Repay.** Without limiting the application of section 43 of the *Financial Administration Act* (Ontario), if the Recipient fails to pay any amount owing under the Agreement, Her Majesty the Queen in right of Ontario may deduct any unpaid amount from any money payable to the Recipient by Her Majesty the Queen in right of Ontario.

A.15.0 NOTICE

A.15.1 **Notice in Writing and Addressed.** Notice will be:

- (a) in writing;
- (b) delivered by email, postage-prepaid mail, personal delivery, or courier; and
- (c) addressed to the Province and the Recipient as set out in Schedule “B” (Specific Information), or as either Party later designates to the other by Notice.

A.15.2 **Notice Given.** Notice will be deemed to have been given:

- (a) in the case of postage-prepaid mail, five Business Days after the Notice is delivered; and
- (b) in the case of email, personal delivery, or courier, on the date on which the Notice is delivered.

A.15.3 **Postal Disruption.** Despite paragraph A.15.2(a), in the event of a postal disruption:

- (a) Notice by postage-prepaid mail will not be deemed to be given; and
- (b) the Party giving Notice will provide Notice by email, personal delivery, or courier.

A.16.0 CONSENT BY PROVINCE OR CANADA AND COMPLIANCE BY RECIPIENT

A.16.1 **Consent.** When the Province or Canada provides its consent pursuant to the Agreement:

- (a) it will do so by Notice;
- (b) it may attach any terms and conditions to the consent; and
- (c) the Recipient may rely on the consent only if the Recipient complies with any terms and conditions the Province or Canada may have attached to the consent.

A.17.0 SEVERABILITY OF PROVISIONS

A.17.1 **Invalidity or Unenforceability of Any Provision.** The invalidity or unenforceability of any provision of the Agreement will not affect the validity or enforceability of any other provision of the Agreement.

A.18.0 WAIVER

A.18.1 **Waiver Request.** Either Party may, by Notice, ask the other Party to waive an obligation under the Agreement.

A.18.2 **Waiver Applies.** If in response to a request made pursuant to section A.18.1 (Waiver Request) a Party consents to a waiver, the waiver will:

- (a) be valid only if the Party that consents to the waiver provides the consent by Notice; and
- (b) apply only to the specific obligation referred to in the waiver.

A.18.3 **Waivers in Writing.** If a Party fails to comply with any term of the Agreement, that Party may only rely on a waiver of the other Party if the other Party has provided a written waiver in accordance with the Notice provisions in Article A.15.0 (Notice). Any waiver must refer to a specific failure to comply and will not have the effect of waiving any subsequent failures to comply.

A.19.0 INDEPENDENT PARTIES

A.19.1 **Parties Independent.** The Recipient is not an agent, joint venturer, partner, or employee of either the Province or Canada, and the Recipient will not represent itself in any way that might be taken by a reasonable person to suggest that it is, or take any actions that could establish or imply such a relationship.

A.19.2 **No Authority to Represent.** Nothing in the Agreement is to be construed as authorizing any Person, including a Third Party, to contract for or to incur any obligation on behalf of the Province or Canada, or both, or to act as an agent for the Province or Canada. The Recipient will take the necessary action to ensure that any Contract between the Recipient and a Third Party contains a provision to that effect.

A.20.0 ASSIGNMENT OF AGREEMENT OR FUNDS

A.20.1 **No Assignment.** The Recipient will not, without the prior written consent of the Province, assign any of its rights or obligations under the Agreement.

A.20.2 **Agreement Binding.** All rights and obligations contained in the Agreement will extend to and be binding on:

- (a) the Recipient's successors and permitted assigns; and
- (b) the successors to Her Majesty the Queen in right of Ontario.

A.21.0 GOVERNING LAW

A.21.1 **Governing Law.** The Agreement and the rights, obligations, and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the applicable federal laws of Canada. Any actions or proceedings arising in connection with the Agreement will be conducted in the courts of Ontario, which will have exclusive jurisdiction over such proceedings.

A.22.0 FURTHER ASSURANCES

A.22.1 **Agreement into Effect.** The Recipient will:

- (a) provide such further assurances as the Province may request from time to time in respect to any matter to which the Agreement pertains; and
- (b) do or cause to be done all acts or things necessary to implement and carry into effect the terms and conditions of the Agreement to their full extent.

A.23.0 JOINT AND SEVERAL LIABILITY

A.23.1 **Joint and Several Liability.** Where the Recipient is comprised of more than one entity, each entity will be jointly and severally liable to the Province for the fulfillment of the obligations of the Recipient under the Agreement.

A.24.0 RIGHTS AND REMEDIES CUMULATIVE & JOINT AUTHORSHIP

A.24.1 **Rights and Remedies Cumulative.** The rights and remedies of the Province under the Agreement are cumulative and are in addition to, and not in substitution for, any of its rights and remedies provided by law or in equity.

A.24.2 **Joint Authorship Of Agreement.** Each and every provision of this Agreement shall be construed as though both Parties participated equally in the drafting of same, and any rule of construction that a document shall be construed against the drafting party, including without limitation, the doctrine commonly known as contra proferentem, shall not be applicable to this Agreement. The Parties shall not seek to avoid a provision

herein because of its authorship through recourse to a third-party, court, tribunal or arbitrator.

A.25.0 FAILURE TO COMPLY WITH OTHER AGREEMENTS

A.25.1 **Other Agreements.** If the Recipient:

- (a) has failed to comply with any term, condition, or obligation under any other agreement with Her Majesty the Queen in right of Ontario or one of Her agencies (a “**Failure**”);
- (b) has been provided with notice of such Failure in accordance with the requirements of such other agreement;
- (c) has, if applicable, failed to rectify such Failure in accordance with the requirements of such other agreement; and
- (d) such Failure is continuing,

the Province, at its sole discretion, may suspend the payment of Funds for such period as the Province determines appropriate and may demand immediate repayment or deduct such amounts owing plus any Interest Earned from the remaining Funds, if any, as a result of such Failure.

A.26.0 SURVIVAL

A.26.1 **Survival.** Any rights and obligations of the Parties that, by their nature, extend beyond the termination of the Agreement will continue in full force and effect for a period of seven years from the date of expiry or termination of the Agreement. Surviving provisions include, without limitation, the following Articles, sections and paragraphs, and all applicable cross-referenced Articles, sections, paragraphs, schedules, and sub-schedules: Articles 1.0 (Entire Agreement), 2.0 (Conflict or Inconsistency), 5.1 (Acknowledgement from Recipient), 6.0 (Canada’s Rights and Information Sharing with Canada), A.1.0 (Interpretation and Definitions) and any other applicable definitions, A.2.0 (Representations, Warranties, and Covenants), A. 4.1(c), A.4.2(c), sections A.4.4 (Interest-Bearing Account), A.4.5 (Interest), A.4.6 (Maximum Funds and Recovery of Excesses), A.4.8 (Rebates, Credits, and Refunds), A.4.9 (Recipient’s Acknowledgement of Responsibility for Project), A.5.5 (Disposal of Assets), A.7.1 (Province and Canada Include), A.7.2 (Preparation and Submission) (to the extent that the Recipient has not provided the Reports or other reports as may have been requested to the satisfaction of the Province), A.7.3 (Record Maintenance), A.7.4 (Records Review), A.7.5 (Inspection and Removal), A.7.6 (Cooperation), A.7.7 (No Control of Records), A.7.8 (Auditor General (Ontario and Canada)), A.7.9 (Sharing of Audit Findings and Reports), A.7.10 (Evaluation), A.7.11 (Calculations), Articles A.8.0

(Communications Requirements), A.9.0 (Limitation of Liability and Indemnity), A.10.1, for a period extending 90 Business Days beyond the Terms, sections A.11.2 (Consequences of Termination on Notice by the Province), A.12.1 (Events of Default), paragraphs A.12.2(d), (e), (f), (g), (h) and (i), A.13.0 (Funds Upon Expiry), A.14.0 (Debt Due and Payment), A.15.0 (Notice), and A.17.0 (Severability of Provisions), section A.20.2 (Agreement Binding), and Articles A.21.0 (Governing Law), A.23.0 (Joint and Several Liability), A.24.0 (Rights and Remedies Cumulative & Joint Authorship), A.26.0 (Survival), A.27.0 (Environmental Requirements and Assessments), A.28.0 (Aboriginal Consultation), and A.31.0 (Special Conditions).

A.27.0 ENVIRONMENTAL REQUIREMENTS AND ASSESSMENTS

A.27.1 Federal Environmental Requirements. Without limitation to the Recipient's obligations to comply with Environmental Laws and for greater clarity:

- (a) no site preparation, removal of vegetation or construction will occur in respect of the Project; and
- (b) the Province will have no obligation to pay any Eligible Expenditures that are capital costs, as determined by the Province, until Canada is satisfied that federal requirements are met, and continue to be met, under the following:
 - (i) *Canadian Environmental Assessment Act, 2012*;
 - (ii) other applicable environmental assessment legislation that is or may come into force during the term of the Agreement; and
 - (iii) other applicable agreements between Canada and Aboriginal Communities.

A.27.2 Assessments. The Recipient will complete the assessments that are further described in Schedule "D" (Reports).

A.28.0 ABORIGINAL CONSULTATION

A.28.1 Aboriginal Consultation Protocol. The Parties agree to be bound by the terms and conditions of the Aboriginal Consultation Protocol provided for in Schedule "I" (Aboriginal Consultation Protocol).

A.28.2 Legal Duty to Consult. Until Canada and, if applicable, the Province are satisfied that any legal duty to consult and, where appropriate, to accommodate Aboriginal Communities, or any other federal consultation requirement, has been, and continues to be met:

- (a) no site preparation, removal of vegetation or construction will occur in respect of the Project; and

- (b) despite section A.4.1, the Province has no obligation to pay any Eligible Expenditures that are capital costs, as determined by the Province and Canada; and, for the Project requiring consultation, Canada and, if applicable, the Province must be satisfied that:
 - (i) Aboriginal Communities have been notified and, if applicable, consulted;
 - (ii) where consultation has occurred, the Recipient has provided a summary of consultation or engagement activities, including a list of Aboriginal Communities consulted, concerns raised, and how each of the concerns have been addressed or, if not addressed, an explanation as to why not;
 - (iii) the Recipient is carrying out accommodation measures, where appropriate; and
 - (iv) any other information has been provided which Canada or the Province, or both, may deem appropriate.

A.28.3 Funding Conditional upon Meeting Aboriginal Consultation Obligations. No Funds will be provided to the Recipient under the Agreement unless Canada and, if applicable in the opinion of the Province, the Province are satisfied that their respective obligations have been met in respect of the legal duty to consult and, if applicable, accommodate any Aboriginal Community.

A.29.0 COMMITTEE

A.29.1 Establishment of Committee. The Province may, at its sole discretion, require the establishment of a committee to oversee the Agreement (the “Committee”).

A.29.2 Notice of Establishment of Committee. Upon Notice from the Province, the Parties will hold an initial meeting to establish, in accordance with Schedule “K” (Committee), the Committee described in section A.29.1 (Establishment of Committee).

A.30.0 DISPUTE RESOLUTION

A.30.1 Contentious Issues. The Parties will keep each other informed of any issues that could be contentious.

A.30.2 Examination by the Committee and Parties. If a contentious issue arises and a Committee has been established under section A.29.1 (Establishment of Committee), the Parties will refer the contentious issue that may arise to the Committee for examination. In the absence of a Committee, the Parties will examine the contentious issue.

- A.30.3 **Potential Dispute Resolution by Committee.** The Committee or the Parties, as the case may be, will attempt, reasonably and in good faith, to resolve disputes as soon as possible and, in any event, within, for the Committee, 30 days, or, for the Parties, 90 days of receiving Notice of a contentious issue.
- A.30.4 **Dispute Resolution by the Parties.** If the Committee cannot agree on a resolution, the matter will be referred to the Parties for resolution. The Parties will provide a decision within 60 Business Days of the Notice.
- A.30.5 **Alternative Mechanisms for Dispute Resolutions.** Where the Parties cannot agree on a resolution, the Parties may use any alternative dispute resolution mechanisms available to them to resolve the issue.
- A.30.6 **Suspension of Payments.** The Province may suspend any payments related to any contentious issue or dispute raised by either Party, together with the obligations related to such issue, pending resolution.

A.31.0 SPECIAL CONDITIONS

- A.31.1 **Special Conditions.** The Province's funding under the Agreement is conditional upon,
- (a) on or before the Effective Date, the Recipient having provided to the satisfaction of the Province with:
 - (i) a copy of the by-law(s), council resolution(s) or both or any other necessary instrument applicable to the Recipient authorizing its entry into the Agreement;
 - (ii) the certificates of insurance or any other proof the Province may request pursuant to section A.10.2 (Proof of Insurance);
 - (iii) banking information, such as a void cheque or a bank letter, for an interest-bearing account in the name of the Recipient at a Canadian financial institution, into which the Province may transfer funds electronically; and
 - (iv) any other Reports requested by the Province in the format specified.
 - (b) prior to submitting a request for payment in respect of the Project under the Agreement if required by the Province,
 - (i) the Recipient having provided to the satisfaction of the Province with written confirmation that:
 - a. the Recipient is in compliance with all Environmental Laws, including

- the Recipient's obligations under section A.27.1 (Federal Environmental Requirements), and has obtained all necessary approvals and permits;
- b. the Recipient has met any requirements under Article A.28.0 (Aboriginal Consultation) that may apply to the Project; and
 - c. the Recipient has the necessary ownership of any real property required for the completion of the Project; and
- (ii) the Recipient having provided to the satisfaction of the Province with any required assessments pursuant to Article A.27.0 (Environmental Requirements and Assessments); and
- (c) where the Recipient is a municipality, the Recipient having submitted to the satisfaction of the Province, in a form and at an address supplied by the Province, an asset management self-assessment on or before the Effective Date, and, thereafter annually on or before a date provided by the Province, until the Project reaches Substantial Completion.

For greater certainty, if the Province provides any Funds to the Recipient before the conditions set out in this Article A.31.0 (Special Conditions) have been met, and unless the Province has waived compliance with such condition in writing, the Province may exercise one or more of the remedies available to it pursuant to section A.12.2 (Consequences of Event of Default and Corrective Action).

END OF GENERAL TERMS AND CONDITIONS

[SCHEDULE "B" – SPECIFIC INFORMATION FOLLOWS]

**SCHEDULE “B”
SPECIFIC INFORMATION**

B.1.0 EXPIRATION DATE

B.1.1 **Expiration date.** The Expiration Date is March 31, 2028.

B.2.0 MAXIMUM FUNDS

B.2.1 **Maximum Funds.** Maximum Funds means the sum of Canada’s Maximum Contribution and Ontario’s Maximum Contribution.

B.3.0 ADDRESSEES

B.3.1 **Addressees.** All Reports and Notices under the Agreement will be submitted to the Province at the address listed below:

<p>Contact information for the purposes of Notice to the Province</p>	<p>Address: Ministry of Infrastructure Infrastructure Program Delivery Branch 1 Stone Road West, 4NW Guelph, Ontario N1G 4Y2</p> <p>Attention: Manager, Infrastructure Renewal Programs</p> <p>Email: ICIPGreen@ontario.ca</p>
<p>Contact information for the purposes of Notice to the Recipient</p>	<p>Address: Corporation of the Town of Amherstburg 271 Sandwich Street South Amherstburg, Ontario N9V2A5</p> <p>Attention: Treasurer</p> <p>Email: jrousseau@amherstburg.ca</p>

**[SCHEDULE “C” - PROJECT DESCRIPTION, FINANCIAL INFORMATION, TIMELINES
AND PROJECT STANDARDS FOLLOWS]**

SCHEDULE “C” PROJECT DESCRIPTION, FINANCIAL INFORMATION, TIMELINES AND PROJECT STANDARDS

C.1.0 PROJECT DESCRIPTION

The Project will replace and reconstruct the sanitary sewer system on George and Seymour streets in the Town of Amherstburg. The work will involve installing approximately 900 metres of sanitary sewer and collection lines, and replacing manholes. The work will also involve asphalt restoration of the affected roadway.

C.2.0 FINANCIAL INFORMATION

C.2.1 **Total Eligible Expenditures.** Total Eligible Expenditures means \$2,337,500.00 rounded to two decimal places.

C.2.2 **Ontario’s Maximum Contribution.** Ontario’s Maximum Contribution means \$779,088.75, rounded to two decimal places, towards the Total Eligible Expenditures of the Project.

C.2.3 **Canada’s Maximum Contribution.** Canada’s Maximum Contribution means \$935,000.00, rounded to two decimal places, towards the Total Eligible Expenditures of the Project.

C.2.4 **Percentage of Provincial Support.** Percentage of Provincial Support means 33.33%, rounded to two decimal places, towards the Total Eligible Expenditures of the Project.

C.2.5 **Percentage of Federal Support.** Percentage of Federal Support means 40.00%, rounded to two decimal places, towards the Total Eligible Expenditures of the Project.

C.3.0 TIMELINES

C.3.1 **Federal Approval Date.** Federal approval date means January 27, 2021.

C.4.0 PROJECT STANDARDS

C.4.1 **Canada’s Requirements for Standards.** In addition to any other standards that the Recipient must meet or exceed for the Project, the Recipient will ensure the Project meets or exceeds the following:

- (a) any applicable energy efficiency standards for buildings outlined in Canada’s *Pan-Canadian Framework on Clean Growth and Climate Change* provided by Canada at www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework.html, or at any other location the Province may provide; and

- (b) the accessibility requirements of the highest accessibility standards published in Ontario, in addition to accessibility requirements in applicable provincial building codes and relevant municipal by-laws.

C.5.0 CHANGES TO THE PROJECT DESCRIPTION, FINANCIAL INFORMATION, TIMELINES, AND PROJECT STANDARDS

C.5.1 **Province's and Canada's Consent.** Any change to the Project will require the Province's and Canada's consent. When seeking to make a change in respect of the Project, the Recipient will submit updated Project information and any other information that the Province or Canada, or both, may require to the satisfaction of Canada and the Province.

[SCHEDULE "D" – REPORTS FOLLOWS]

SCHEDULE “D” REPORTS

D.1.0 REPORTING REQUIREMENTS

D.1.1 **Reports.** The Recipient will submit all Reports to the Province in a manner, format, at such dates and with such content, as may be prescribed by the Province from time to time, at its sole discretion, prior to its required submission by the Province. Without limitation and at the sole discretion of the Province, Reports will include the following:

- (a) **Initial Report.** The Initial Report will provide the Recipient’s forecast of the timelines and costs (expenditure forecast) to completion. It also outlines the sources of Recipient funds and confirms other information regarding the Project.
- (b) **Progress Reports.** Progress Reports include an update on the Project’s status. Progress Reports will be submitted by the Recipient no less frequently than twice a year on dates provided by the Province.
- (c) **Claim Reports.** Claim Reports will detail amounts that are being claimed for reimbursement. Claim Reports may be submitted by the Recipient as frequently as needed, but no less frequently than twice a year (if Eligible Expenditures have been incurred). If no Eligible Expenditures have been incurred in the previous six months, the Recipient will notify the Province that no Claim Report is being submitted for that period. When submitting a Claim Report, the report must include a detailed breakdown of invoices that are being claimed for reimbursement. Note that copies of invoices and any associated backup information must be provided at the time of claim submission, as directed by the Province.
- (d) **Final Report.** The Final Report shall summarize the Project’s final timelines, costs, and outcomes. It will include a declaration of Substantial Completion.

The Final Report will be submitted to the Province within sixty (60) Business Days of Substantial Completion or December 31, 2026, whichever is earlier.
- (e) **Other Reports.** Any other reports that the Province so directs on or before such date and with such content as the Province requests.

D.2.0 ABORIGINAL CONSULTATION RECORD

D.2.1 Inclusion of Aboriginal Consultation Record. The Recipient will include an updated Aboriginal Consultation Record, if consultation with any Aboriginal Community is required, in its Progress Report.

D.3.0 RISK ASSESSMENT

D.3.1 Further Details on Risk Assessment. Upon the Province's written request and within the timelines set out by the Province, the Recipient will provide further details on the risk assessment in respect of the Project.

D.4.0 COMPLIANCE AUDIT(S)

D.4.1 Compliance Audit(s). Without limiting the generality of section A.7.4 (Records Review), if requested by the Province from time to time, which request shall be at the Province's sole discretion, the Recipient, at its own expense, will forthwith retain an independent third party auditor to conduct one or more compliance audits of the Recipient or the Project. The audit will be conducted in accordance with Canadian Generally Accepted Auditing Standards, as adopted by the Canadian Institute of Chartered Accountants, applicable as of the date on which a record is kept or required to be kept under such standards. In addition, the audit will assess the Recipient's compliance with the terms of the Agreement and will address, without limitation, the following:

- (a) whether the Funds were spent in accordance with the Agreement and with due regard to economy, efficiency, and effectiveness;
- (b) the Project's progress or state of completion;
- (c) whether the financial information the Recipient provided is complete, accurate, and timely, and in accordance with the Agreement;
- (d) whether the Recipient's information and monitoring processes and systems are adequate to identify, capture, validate, and monitor the achievement of intended benefits of the Project;
- (e) the overall management and administration of the Project;
- (f) recommendations for improvement or redress; and
- (g) whether prompt and timely corrective action is taken on prior audit findings.

[SCHEDULE "E" - ELIGIBLE EXPENDITURES AND INELIGIBLE EXPENDITURES FOLLOWS]

**SCHEDULE “E”
ELIGIBLE EXPENDITURES AND INELIGIBLE EXPENDITURES**

E.1.0 ELIGIBLE EXPENDITURES

E.1.1 Notwithstanding anything to the contrary herein the Agreement, Eligible Expenditures shall only include those direct costs that are considered, in the Province’s and Canada’s sole and absolute discretion, to be directly necessary for the successful completion of the Project, and must be properly and reasonably incurred and paid to an arm’s length party as evidenced by invoices, receipts or other records that are satisfactory to the Province and Canada, in their sole and absolute discretion, and that are associated with the acquisition, planning, environmental assessments, design and engineering, project management, materials and construction or renovation of the Project. Eligible Expenditures exclude costs set out as Ineligible Expenditures in section E.2.1 below, but may include:

- a) The incremental costs of the Recipient’s staff or employees provided that:
 - i. The Recipient is able to demonstrate that it is not economically feasible to tender a Contract that ensures the acquisition of the required goods or services at the best value for money; and
 - ii. The arrangement is approved in advance in writing by the Province and Canada.
- b) Any costs that are determined by the Province and Canada, in their sole discretion, to be Eligible Expenditures; and
- c) Notwithstanding section E.2.1(a) of this Schedule, expenditures related to the Project associated with completing climate lens assessments or associated with Aboriginal consultation and engagement activities, if applicable, that were incurred after February 15, 2018.

E.2.0 INELIGIBLE EXPENDITURES

E.2.1 Without limiting the discretion of Province and Canada in section E.1.1, the following costs are Ineligible Expenditures and are therefore ineligible to be paid from the Funds:

- a) Costs incurred prior to the Federal Approval Date;
- b) Costs incurred after October 31, 2026;
- c) All expenditures related to Contracts signed prior to the Federal Approval Date;
- d) Costs incurred for terminated or cancelled Projects;
- e) Costs related to developing a business case or proposal or application for funding;
- f) Costs associated with the acquisition, expropriation or leasing of:
 - i. Land,
 - ii. Buildings, or

- iii. Other facilities
- g) Costs associated with the acquisition or leasing of equipment other than equipment directly related to the construction, improvement, repair, rehabilitation or reconstruction of the Project where the Province has not provided its prior written approval;
 - h) Costs that have not been claimed for reimbursement by March 31st of the year following the year in which the costs were incurred;
 - i) Capital costs, including site preparation and construction costs, until Canada and if applicable the Province have confirmed in writing that environmental assessment and Aboriginal consultation obligations have been fully met and continue to be fully met;
 - j) Costs related to any component of the Project other than its approved scope;
 - k) Real estate fees and related costs;
 - l) Costs incurred for the general operation, repair and regularly scheduled maintenance of the Project;
 - m) Services or works normally provided by the Recipient, incurred in the course of implementation of the Project, except those specified as Eligible Expenditures;
 - n) Expenditures related to any goods and services which are received through donations or in-kind contributions;
 - o) Any overhead costs, including salaries and other employment benefits of any employees of the Recipient, its direct or indirect operating or administrative costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with the list of Eligible Expenditures above;
 - p) Unreasonable meal, hospitality or incidental costs or expenses of any Third Party;
 - q) Any amount for which the Recipient has received, will receive or is eligible to receive, a rebate, credit or refund, in full or in part;
 - r) Taxes of any kind;
 - s) Costs of relocating entire communities;
 - t) In the Province's sole discretion, the costs of communication activities undertaken by the Recipient that did not conform with the requirements of the Communications Protocol in Schedule "G";
 - u) Any amounts incurred or paid by the Recipient to an entity that is not at arm's length from the Recipient, except in accordance with the list of Eligible Expenditures above;
 - v) Costs incurred contrary to Article 5 of Schedule "A" (Recipient's Acquisition of Goods or Services, Contract Provisions, and Disposal of Assets) of this Agreement;
 - w) The costs, charges, penalties or fees incurred or paid by the Recipient in the process of having a cost determined to be an Ineligible Expenditure.
 - x) Legal fees, financing charges and loan interest payments, including those related to easements (e.g., surveys);
 - y) If the Project meets an adaptation, resilience and disaster mitigation outcome costs associated with:

- (i) relocating whole communities;
 - (ii.) emergency services infrastructure; or
 - (iii.) addressing seismic risks; and
- z) Costs of furnishings and non-fixed assets which are not essential for the operation of the funded Asset or Project, as well as all costs associated with moveable assets or rolling stock.

[SCHEDULE “F” – EVALUATION FOLLOWS]

SCHEDULE “F” EVALUATION

F.1.0 PROJECT AND ICIP EVALUATIONS

- F.1.1 Recipient’s Participation in Project and ICIP Evaluations.** The Recipient understands that the Province or Canada, or both, may ask the Recipient to participate in one or more evaluation in respect of the Project or the ICIP during and for a period of up to six years after March 31, 2028. The Recipient agrees, if asked and at its own expense, to provide Project-related information to the Province or Canada, or both, for any evaluation.
- F.1.2 Results of Project and ICIP Evaluations.** The result of any evaluation carried under section F.1.1 (Recipient’s Participation in Project and ICIP Evaluations) will be made available to the public, subject to all applicable laws and policy requirements.

[SCHEDULE “G” – COMMUNICATIONS PROTOCOL FOLLOWS]

SCHEDULE “G” COMMUNICATIONS PROTOCOL

G.1.0 DEFINITIONS

G.1.1 **Definitions.** For the purposes of this Schedule “G” (Communications Protocol):

“**Joint Communications**” means events, news releases, and signage that relate to the Agreement or the Bilateral Agreement, or both, that are not operational in nature, and that are collaboratively developed and approved by,

(a) in the case of the Bilateral Agreement, Canada, the Province and the Recipient; and

(b) in the case of the Agreement, the Province and the Recipient.

G.2.0 PURPOSE

G.2.1 **Purpose.** This communications protocol outlines the roles and responsibilities of each of the Parties to the Agreement in respect of Communications Activities related to the Project.

G.2.2 **Guidance.** This communications protocol will guide all planning, development and implementation of Communications Activities with a view to ensuring efficient, structured, continuous, consistent, and coordinated communications to the Canadian public.

G.2.3 **Application to Communications Activities.** The provisions of this communications protocol apply to all Communications Activities related to the Agreement and the Project.

G.3.0 GUIDING PRINCIPLES

G.3.1 **Information to Canadians.** Communications Activities undertaken through this communications protocol should ensure that Canadians are informed about the Project’s benefits, including the ways in which the Project helps improve their quality of life.

G.3.2 **Factors to Consider.** The scale and scope of Communications Activities undertaken for any Project will take into consideration the financial value, scope and duration of the Project and the feasibility of Joint Communications for such Communications Activities.

- G.3.3 **Deficiencies and Corrective Actions.** The Province will communicate to the Recipient any deficiencies or corrective actions, or both, identified by the Province, Canada or, as applicable, the Committee.
- G.3.4 **Approval of Communications Material.** The announcement or publication of the Project must be approved by the Parties and Canada prior to being carried out.
- G.3.5 **Costs of Communication Activities.** With the exception of advertising campaigns outlined in Article G.10.0 (Advertising Campaigns), the costs of Communication Activities and signage will follow the eligibility rules established in Schedule “E” (Eligible Expenditures and Ineligible Expenditures).

G.4.0 JOINT COMMUNICATIONS

- G.4.1 **Subject Matter.** The Parties and Canada may have Joint Communications about the funding and status of the Project.
- G.4.2 **Prior Knowledge and Agreement.** Joint Communications in respect of the Project should not occur without the prior knowledge and agreement of the Parties and Canada.
- G.4.3 **Recognition of the Province’s and Canada’s Contributions.** All Joint Communications material must be approved by the Province and Canada and will recognize the Province’s and Canada’s contribution or the Total Financial Assistance, or both, received in respect of the Project.
- G.4.4 **Notice and Timing.** The Recipient and the Province, on its own behalf or that of Canada, may request Joint Communications. The Party requesting the Joint Communications will provide at least 15 Business Days’ notice to the other Party. If the Communications Activity is an event, it will take place at a date and location mutually agreed to by the Parties and, if applicable, Canada.
- G.4.5 **Participation and Representatives.** The Party requesting a Joint Communications will provide the opportunity for the other Party and Canada to choose to participate and, if they do so choose, their own designated representative (in the case of an event).
- G.4.6 **English and French.** Canada has an obligation to communicate in English and French. Communications products related to events must be bilingual and include the Canada word mark and the logos of the Parties. In such cases, Canada will provide the translation services and final approval on products.
- G.4.7 **Table of Precedence for Canada.** The conduct of all Joint Communications will, as applicable, follow the *Table of Precedence for Canada* provided by Canada at

<https://www.canada.ca/en/canadian-heritage/services/protocol-guidelines-special-event/table-precedence-canada.html>, or at any other location as the Province may provide.

G.5.0 INDIVIDUAL COMMUNICATIONS

- G.5.1 **Canada's Obligations.** Notwithstanding Article G.4.0 (Joint Communications), the Parties agree that Canada or the Province, or both, have the right to communicate information to Canadians and Ontarians about the Agreement and the use of Funds to meet its legislated and regulatory obligations through their respective own Communications Activities.
- G.5.2 **Restrictions.** Each Party may include general ICIP messaging and an overview in respect of the Project in their own Communications Activities. The Province and the Recipient will not unreasonably restrict the use of, for their own purposes, Communications Activities related to the Project and, if the communications are web- or social-media based, the ability to link to it. Canada has also agreed, in the Bilateral Agreement, to the above.
- G.5.3 **Publication.** The Recipient will indicate, in respect of the Project-related publications, whether written, oral, or visual, that the views expressed in the publication are the views of the Recipient and do not necessarily reflect those of Canada and the Province.
- G.5.4 **Canada's Recognition in Documents.** In respect of the Project where the deliverable is a document, such as but not limited to plans, reports, studies, strategies, training material, webinars, and workshops, the Recipient will clearly recognize Canada's and the Province's respective financial contribution for the Project.
- G.5.5 **Acknowledgement of Support.** Unless the Province directs the Recipient to do otherwise, the Recipient will, in respect of the Project-related publications, whether written, oral, or visual, acknowledge the Province's and Canada's support for the Project.

G.6.0 OPERATIONAL COMMUNICATIONS

- G.6.1 **Responsibility of Recipient.** The Recipient is solely responsible for operational communications in respect of the Project, including but not limited to calls for tender, contract awards, and construction and public safety notices. Operational communications as described above are not subject to the *Official Languages Act* of Canada.

G.7.0 MEDIA RELATIONS

G.7.1 **Significant Media Inquiry.** The Province and the Recipient will share information promptly with the other Party and Canada if significant media inquiries are received or emerging media or stakeholder issues arise in respect of a Project or the ICIP.

G.8.0 SIGNAGE

G.8.1 **Recognition of Funding Contribution.** The Parties agree that Canada, the Province and the Recipient may each have signage recognizing their funding contribution in respect of the Project.

G.8.2 **Funding Recognition.** Unless otherwise agreed by Canada or the Province, or both, the Recipient will produce and install a sign to recognize the funding contributed by the Province or Canada, or both, at the Project site in accordance with, as applicable, their current respective signage guidelines. Federal sign design, content, and installation guidelines will be provided by Canada. Provincial sign design, content, and installation guidelines will be provided by the Province.

G.8.3 **Permanent Plaque.** Where the Recipient decides to install a permanent plaque or another suitable marker in respect of the Project, the Recipient will:

- (a) on the marker, recognize the Province's and Canada's contributions; and
- (b) prior to installing the marker, seek the prior written approval of both Canada and the Province, each respectively, for its content and installation.

G.8.4 **Notice of Sign Installation.** The Recipient will inform the Province of sign installations, including providing the Province with photographs of the sign, once the sign has been installed.

G.8.5 **Timing for Erection of Sign.** If erected, signage recognizing Canada's and the Province's respective contributions will be installed at the Project site(s) 30 days prior to the start of construction, be visible for the duration of the Project, and remain in place until 30 days after construction is completed and the infrastructure is fully operational or opened for public use.

G.8.6 **Size of Sign.** If erected, signage recognizing Canada's and the Province's respective contribution will be at least equivalent in size and prominence to Project signage for contributions by other orders of government and will be installed in a prominent and visible location that takes into consideration pedestrian and traffic safety and visibility.

G.8.7 **Responsibility of Recipient.** The Recipient is responsible for the production and installation of Project signage, and for maintaining the signage in a good state of repair during the Project, or as otherwise agreed upon.

G.9.0 COMMUNICATING WITH RECIPIENT

G.9.1 Facilitation of Communications. The Province agrees to facilitate, as required, communications between Canada and the Recipient for Communications Activities.

G.10.0 ADVERTISING CAMPAIGNS

G.10.1 Notice of Advertising Campaigns. Recognizing that advertising can be an effective means of communicating with the public, the Recipient agrees that Canada or the Province, or both, may, at their own cost, organize an advertising or public information campaign in respect of the Project or the Agreement. However, such a campaign will respect the provisions of the Agreement. In the event of such a campaign, Canada or the Province will inform each other and the Recipient of its intention no less than 21 Business Days prior to the campaign launch.

[SCHEDULE “H” – DISPOSAL OF ASSETS FOLLOWS]

SCHEDULE “H” DISPOSAL OF ASSETS

H.1.0 DEFINITIONS

H.1.1 **Definitions.** For the purposes of this Schedule “H” (Disposal of Assets):

“**Asset Disposal Period**” means the period commencing on the Effective Date and ending five (5) years after the Expiration Date.

H.2.0 DISPOSAL OF ASSETS

H.2.1 **Asset Disposal Period.** Unless otherwise agreed to by the Province, the Recipient will maintain the ongoing operations and retain title to and ownership of any Asset acquired in respect of the Project for the Asset Disposal Period.

H.2.2 **Disposal of Asset and Payment.** If, at any time within the Asset Disposal Period, the Recipient sells, leases, encumbers, or otherwise disposes, directly or indirectly, of any Asset other than to Canada, the Province, or a municipal or regional government established by or under provincial statute, the Province may require the Recipient to reimburse the Province or Canada, via the Province, for any Funds received for the Project.

[SCHEDULE “I” – ABORIGINAL CONSULTATION PROTOCOL FOLLOWS]

SCHEDULE “I” ABORIGINAL CONSULTATION PROTOCOL

I.1.0 DEFINITIONS

I.1.1 **Definitions.** For the purposes of this Schedule “I” (Aboriginal Consultation Protocol):

“**Aboriginal Community**”, also known as “Aboriginal Group”, includes First Nation, Métis, and Inuit communities or peoples of Canada.

“**Aboriginal Consultation Plan**” means the Aboriginal Consultation Plan described in section I.2.1 (Development of Plan).

I.2.0 ABORIGINAL CONSULTATION PLAN

I.2.1 **Development of Plan.** The Province, based on the scope and nature of the Project or at the request of Canada, may require the Recipient, in consultation with the Province or Canada, or both, to develop and comply with an Aboriginal consultation plan (“Aboriginal Consultation Plan”).

I.2.2 **Procedural Aspects of Aboriginal Consultation.** If consultation with Aboriginal Communities is required, the Recipient agrees that:

- (a) the Province or Canada, or both, may delegate certain procedural aspects of the consultation to the Recipient; and
- (b) the Province or Canada, or both, will provide the Recipient with an initial list of the Aboriginal Communities the Recipient will consult.

I.2.3 **Provision of Plan to Province.** If, pursuant to section I.2.1 (Development of Plan), the Province provides Notice to the Recipient that an Aboriginal Consultation Plan is required, the Recipient will, within the timelines provided in the Notice, provide the Province with a copy of the Aboriginal Consultation Plan.

I.2.4 **Changes to Plan.** The Recipient agrees that the Province or Canada, in the sole discretion of the Province or Canada and from time to time, may require the Recipient to make changes to the Aboriginal Consultation Plan.

I.3.0 ABORIGINAL CONSULTATION RECORD

I.3.1 **Requirements for Aboriginal Consultation Record.** If consultation with an Aboriginal Community is required, the Recipient will maintain an Aboriginal Consultation Record and provide such record to the Province, and any update to it, as part of its reporting to the Province pursuant to section D.3.1 (Inclusion of Aboriginal Consultation Record).

I.4.0 RESPONSIBILITIES OF THE RECIPIENT

I.4.1 Notification to and Direction from the Province. The Recipient will immediately notify the Province:

- (a) of contact by Aboriginal Communities regarding the Project; or
- (b) of any Aboriginal archaeological resources that are discovered in relation to the Project,

and, in either case, the Recipient agrees that the Province or Canada, or both, may direct the Recipient to take such actions as the Province or Canada, or both, may require. The Recipient will comply with the Province's or Canada's direction.

I.4.2 Direction from the Province and Contracts. In any Contract, the Recipient will provide for the Recipient's right and ability to respond to direction from the Province or Canada, or both, as the Province or Canada may provide in accordance with section I.4.1 (Notification to and Direction from the Province).

**[SCHEDULE "J" – REQUESTS FOR PAYMENT AND PAYMENT PROCEDURES
FOLLOWS]**

SCHEDULE “J” REQUESTS FOR PAYMENT AND PAYMENT PROCEDURES

J.1.0 DEFINITION

J.1.1 **Definition.** For the purposes of this Schedule “J” (Requests for Payment and Payment Procedures):

“**Final Payment**” means the final payment by the Province to the Recipient in respect of the Project as described in and to be paid in accordance with Article J.8.0 (Final Payment).

J.2.0 PROCEDURES AND TIMING FOR REQUESTS FOR PAYMENT

J.2.1 **Procedures.** The procedures provided for in Article J.3.0 of this Schedule “J” (Procedures for Requests for Payment for Eligible Expenditures) will apply to requests for payment that the Recipient submits to the Province under the Agreement.

J.2.2 **Diligent and Timely Manner.** The Recipient will submit its requests for payment for Eligible Expenditures in respect of the Project to the Province in a diligent and timely manner, and no less frequently than twice a year if Eligible Expenditures have been incurred. If no Eligible Expenditures have been incurred in the previous six months, the recipient will notify the Province that no claim is being submitted for that period.

J.3.0 PROCEDURES FOR REQUESTS FOR PAYMENT FOR ELIGIBLE EXPENDITURES

J.3.1 **Timing, Reports and Documents.** The Recipient will submit each request for payment for Eligible Expenditures in respect of the Project to the Province on a date and frequency as indicated in Schedule “D” (Reports) and, if the Province so requested pursuant to paragraph K.4.1(f), after review by the Committee. The Recipient agrees to submit, for each of the circumstances listed below, the following reports and documents:

- (a) for each request for payment, including the final payment, a Claim Report in a format prescribed by the Province, including invoices, statements, receipts, and vouchers and any other evidence of payment relating to the Funds or otherwise to the Project;
- (b) for each request for final payment, a Final Report, in a format prescribed by the Province, acceptable to the Province; and
- (c) such other information as the Province may request.

J.4.0 PAYMENTS OF FUNDS

- J.4.1 **Payment by the Province.** Subject to the terms and conditions of the Agreement, upon receipt of a request for payment fully completed in accordance with this Schedule “J” (Requests for Payment and Payment Procedures), the Province will use its reasonable efforts to pay Funds to the Recipient based on the Recipient’s incurred and paid Eligible Expenditures up to the Maximum Funds, if due and owing under the terms of the Agreement. Claims will be reimbursed based on the Percentage of Provincial Support and the Percentage of Federal Support as set out in Schedule “C”.
- J.4.2 For greater certainty and without limitation, before the Province makes a payment to the Recipient, the following terms and conditions of the Agreement must be met, in the opinion of the Province or Canada, or both:
- (a) the conditions set out in paragraph A.4.2(c) of Schedule “A”;
 - (b) the special conditions listed in Article A.31.0 of Schedule “A” (Special Conditions);
 - (c) receipt and acceptance by the Province of all required Reports and other reports, as applicable;
 - (d) compliance with all applicable audit requirements under the Agreement; and
 - (e) applicable communications requirements, as set out Schedule “G” (Communications Protocol).
- J.4.3 The Province will under no circumstances be liable for interest for failure to make a payment within the time limit provided for in this Article J.4.0 (Payments).

J.5.0 TIME LIMITS FOR REQUESTS FOR PAYMENTS

- J.5.1 **Timing.** The Recipient will submit all requests for payment on or before December 31, 2026.
- J.5.2 **No Obligation for Payment.** Notwithstanding anything to the contrary herein, the Province will have no obligation to make any payment for a request for payment submitted after
- (i.) December 31, 2026; or
 - (ii) March 31st of the year following the Funding Year in which the Eligible Expenditures were incurred.

J.6.0 FINAL RECONCILIATION AND ADJUSTMENTS

J.6.1 **Final Reconciliation and Adjustments.** For the Project, following the submission of the Final Report, which will include a declaration of Substantial Completion, the Province may carry out a final reconciliation of all requests for payments and payments in respect of the Project and make any adjustments required in the circumstances.

J.7.0 HOLDBACK

J.7.1 **Holdback.** For the Project, the Province may hold back funding in accordance with section A.4.12 (Retention of Contribution).

J.8.0 FINAL PAYMENT

J.8.1 **Final Payment.** Subject to paragraph A.4.2(c) of Schedule “A”, the Province will pay to the Recipient the remainder of the Funds under the Agreement, including the Holdback, after all of the conditions under section A.4.12 of Schedule “A” (Retention of Contribution) have been met.

[SCHEDULE “K” – COMMITTEE FOLLOWS]

SCHEDULE “K” COMMITTEE

K.1.0 ESTABLISHMENT OF COMMITTEE

K.1.1 Establishment and Term of Committee. If the Province requires the establishment of a Committee to oversee the Agreement, pursuant to section A.29.1 (Establishment of Committee), the Parties will, within 60 days of the Province providing Notice, hold an initial meeting to establish the Committee. The Committee’s mandate will expire on the Expiration Date of the Agreement.

K.2.0 COMMITTEE MEMBERS, CO-CHAIRS, AND OBSERVERS

K.2.1 Appointments by the Province. The Province will appoint two persons as members of the Committee.

K.2.2 Appointments by the Recipient. The Recipient will appoint two persons as members of the Committee.

K.2.3 Chairs of the Committee. The Committee will be headed by co-chairs chosen from its members, one appointed by the Province and one appointed by the Recipient. If a co-chair is absent or otherwise unable to act, the member of the Committee duly authorized in writing by the Province or the Recipient, as applicable, will replace him or her and will act as co-chair in his or her place.

K.2.4 Non-committee Member Staff. The Parties may invite any of their staff to participate in Committee meetings. The Province may invite up to two representatives from Canada to sit as observers on the Committee. For greater certainty, the staff and representative(s) from Canada will not be considered members and will not be allowed to vote.

K.3.0 MEETINGS AND ADMINISTRATIVE MATTERS

K.3.1 Rules of Committee. The Committee will:

- (a) meet at least two times a year, and at other times at the request of a co-chair; and
- (b) keep minutes of meetings approved and signed by the co-chairs as a true record of the Committee meetings.

K.3.2 Quorum. A quorum for a meeting of the Committee will exist only when both co-chairs are present.

K.4.0 COMMITTEE MANDATE

K.4.1 Mandate. Provided that no action taken by the Committee will conflict with the rights of the Parties under the Agreement, the mandate of the Committee will include, but not be limited to:

- (a) monitoring the implementation of the Agreement including, without limitation, the implementation of Schedule “G” (Communications Protocol), for compliance with the terms and conditions of the Agreement;
- (b) acting as a forum to resolve potential issues or disputes and address concerns;
- (c) reviewing and, as necessary, recommending to the Parties amendments to the Agreement;
- (d) approving and ensuring audit plans are carried out as per the Agreement;
- (e) establishing sub-committees as needed;
- (f) at the request of the Province, reviewing requests for payments; and
- (g) attending to any other function required by the Agreement, including monitoring project risk and mitigation measures, or as mutually directed by the Parties.

K.4.2 Committee Decisions. Decisions of the Committee will be made as follows:

- (a) the co-chairs will be the only voting members on the Committee; and
- (b) decisions of the Committee must be unanimous and recorded in writing.

K.5.0 ROLE OF THE RECIPIENT

K.5.1 Requirements. The Recipient undertakes to fulfill, in addition to any other requirements provided for in this Schedule “K” (Committee), the following:

- (a) establish a fixed location where the Agreement will be managed, and maintain it until the expiry of the Committee’s mandate and, if relocation is required, establish a new location;
- (b) prepare and retain, at the location described in paragraph K.5.1(a), and make available to the Committee, all documents needed for the work of the Committee, including payment request forms, approval documents, contracts, and agendas and minutes of meetings of the Committee and its subcommittees;

- (c) ensure that any audit required of the Recipient pursuant to the Agreement is carried out and the results are reported to the Committee;
- (d) ensure that administrative and financial systems are developed and implemented for the Project and the work of the Committee;
- (e) promptly inform the Committee of all proposed changes in respect of the Project; and
- (f) provide the Committee, as requested and within the timelines set by the Committee, and to the Committee's satisfaction, project status information related to Schedule "D" (Reports).



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF CORPORATE SERVICES

MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.

Table with 2 columns: Author's Name, Report Date, Author's Phone, Date to Council, Author's E-mail, Resolution #.

To: Mayor and Members of Town Council

Subject: 2020 Year End Reporting: Audited Consolidated Financial Statements, Building Services Annual Statement, Development Charge Reserve Funds Statement, and Parkland Dedication Reserve Fund Statement

1. RECOMMENDATION:

It is recommended that:

- 1. The Audited Consolidated Financial Statements for the year ended December 31, 2020 BE APPROVED;
2. The Audit Findings Report of KPMG for the year ended December 31, 2020 BE RECEIVED;
3. Administration BE AUTHORIZED to post the 2020 Consolidated Financial Statements on the Town of Amherstburg website;
4. The Statement of Revenue and Expenses and Accumulated Net Expense for Building Services for the year ended December 31, 2020 BE RECEIVED;
5. The Development Charge Reserve Funds Statement, for the year ended December 31, 2020 BE RECEIVED; and,
6. The Parkland Dedication Reserve Fund Statement, for the year ended December 31, 2020 BE RECEIVED.

2. BACKGROUND:

The Municipal Act requires that all municipalities undertake an annual audit of their accounts and that the external auditors express an opinion on the Consolidated Financial Statements (Statements) based on the audit (Section 296); and that the audited financial statements of the municipality for the previous year be published (Section 294).

The Development Charges (DC) Act, section 43(1), requires the Treasurer of the municipality to annually provide Council with a statement about each Reserve Fund established under the Act. Ontario Regulation 82/98, paragraphs 12 and 13 indicate the information to be included in the report.

The Ontario Building Code Act, subsection 7(4) requires that an annual Statement of Revenue and Expenses and Accumulated Net Revenue (Expense) be completed. Ontario Regulation 332/12 (Building Code) Division C, Section 1.9.1.1 Annual Report, outlines the information to be included in the report.

The Planning Act has annual report provisions for disclosure of Parkland Dedications. This is a requirement under Section 42 of the Planning Act, resulting from the proclamation of the Smart Growth for Our Communities Act (Bill 73).

Under Section 42 of the Planning Act a municipality may require, as a condition of development, that land be conveyed to the municipality for park or other public recreational purposes. Alternatively, the Council may require a payment-in-lieu to the value of the land otherwise required to be conveyed. Those funds must be held in a special account (reserve fund), allocated interest income and spent only for the acquisition of land to be used for park or other recreational purposes including the erection, improvement or repair of buildings and the acquisition of machinery.

3. DISCUSSION:

In accordance with these legislative requirements outlined above, this report transmits the following statements for the year ended December 31, 2020:

1. 2020 Consolidated Financial Statements (audited) (Attachment A),
2. Development Charge Reserve Funds Statement (Attachment B), and
3. Statement of Revenue and Expenses and Accumulated Net Expense for Building Services (Attachment C)
4. Parkland Dedication Reserve Fund Statement (Chart Below)

In addition, it transmits KPMG's Audit Findings Report (AFR) (Attachment D).

The 2020 Consolidated Financial Statements (attached in draft) are prepared in accordance with Canadian generally accepted accounting principles for governments, as recommended by the Public Sector Accounting Board (PSAB), and are a snapshot of the Town's financial position and performance that provides important information to financial institutions and the public.

These Statements are prepared on an accrual basis of accounting; as such they differ from the figures presented in the cash-based budget for determination of the municipal tax levy. The main reasons they differ include accounting treatment of amortization, inter-company transfers, principal and interest (P&I) payments and capital financing.

Together with management reporting on actual performance against budget (variance reports), these Statements provide a good picture of the financial state of affairs of the Town of Amherstburg.

KPMG's Audit Findings Report provides an overview of the 2020 year-end audit process, and assists in the review of the results of the audit of the Consolidated Financial Statements of the Town. Of note in the report KPMG identifies the following with respect to control deficiencies:

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. We did identify one deficiency with respect to the process of approval of journal entries that we bring to your attention on page 13.

The description of the issue and potential effect outlined on page 13 state:

Description: As part of our testing for the risk of management override of controls, we noted an absence of segregation of duties within the process for posting journal entries. Same personnel were initiating as well as authorising the entries. We were however, provided with complete supporting documents and rationale for the sample journal entries tested.

Potential Effect: This may result in increased chance of management override and allows for unidentified discrepancies. We suggest incorporating formal review within the process to ensure segregation within the roles for initiation, review and posting of journal entries.

Administration has reviewed KPMG's findings and will amend the process for approval of journal entries to more clearly demonstrate approval authority in 2021 and for segregation of duties. As noted by KPMG, complete supporting documents and rationale were provided and the AFR indicates no significant deficiencies in internal control. Further, the risk of material management override that could exist is mitigated by quarterly review of variance and projection reports by Administration and Council. However as mentioned above amended procedures for journal voucher processing will be implemented in 2021 to address the identified potential risk.

The Development Charge (DC) Reserve Funds Statement is prepared as part of the year-end financial accounting process, and is outlined in Attachment B.

The Statement of Revenue and Expenses and Accumulated Net Expense for Building Services for the year ended December 31, 2020 (Attachment C) outlines the fiscal results as well as continuity for the building operations and capital reserve funds. The 2020 actual figures include allocated overhead costs (indirect) for building services and exclude costs not related to Building Code Act operations.

The Parkland Dedication Reserve Fund Statement activity for the year ended December 31, 2020 is provided below.

4. RISK ANALYSIS:

The Municipal Act requires publication of Consolidated Financial Statements for the benefit of users who rely on and or wish to review the Town's financial position and operations, such as rate payers and banks. The risk of publishing a material misstatement, which may affect users of the Statements, is mitigated by the independent external audit and the Town's internal control structure.

5. FINANCIAL MATTERS:

Highlights of the **2020 Consolidated Financial Statements** (Attachment A) include the following:

i) Overview of the Consolidated Statement of Financial Position compared with the prior year:

- Cash has increased \$10.2 million (41%) due to cash flow management efforts, fully funded budgets resulting in less reliance on short term borrowing (line of credit), increases in grant funding on account for use against eligible future capital project costs and an operating surplus related to reduced service levels due to the pandemic emergency, including staff layoffs, program reductions, and limited staff training and professional development. The increase also reflects increased balances in development charge reserve funds and water and wastewater reserve accounts.
- Taxes receivable increased by \$0.4 million (42%), which reflects growth in the Town and related supplementary property tax billings, including a December 2020 supplementary assessment roll. Another factor was the impact of the pandemic emergency on the local economy, which appears to have resulted in balances remaining on account longer than in the prior year including a few larger balances outstanding at year end for properties that are in a tax sale registration process.

Administration regularly reviews the tax arrears status of properties and continues to work with residents to reduce their arrears and to avoid future arrears through registration in the pre-authorized payment program.

- Trade and other receivables increased by \$0.55 million (15%). The increase results from higher accrued receivables including a large accrual for the County portion of the paved shoulders along Alma St. and accrual of a grant receivable for cost related to the waterfront development (former Duffy's property) under the Green Municipal Fund Grant.
- Drainage receivables decreased by \$0.08 million (9%) reflecting amounts due from landowners for new drainage construction projects in progress at yearend and drain maintenance works during the year.

- Investment in Government Business Enterprise (GBE) reflects the Town's ownership share in Essex Power Corporation. The investment increased by \$0.16 million to a value of \$5.7 million for the Town's share (14.258%) of the accumulated surplus of Essex Power as at the end of 2020; this increase does not represent cash collected on behalf of Town water and wastewater operations. A breakdown of the investment is provided in Note 3 to the Consolidated Financial Statements.
- Bank indebtedness decreased by \$3.8 million (80%) resulting from payments of all temporary loans for construction of the Edgewater forcemain as grant funding was received in 2020. There is also no use of the operating line of credit in use at the end of 2020. The balance included only the Town's line of credit to finance drainage projects.
- Accounts payable and accrued liabilities have increased by \$0.5 million (9%) primarily due significant planning deposits made towards the end of the year with regards to the new high4school.
- Accrued interest on long-term debt decrease by \$0.04M (6%) due to a reduction of outstanding long-term debt.
- Municipal debt decreased by \$2.3 million (7%) to \$32.63 million. The decrease resulted from annual loan repayments. A breakdown of long-term debt is provided in Note 5 to the Consolidated Financial Statements. Full retirement of outstanding debt funded by taxation, wastewater rates and water rates will occur in 2041, 2039 and 2037 respectively.
- Employee future benefit obligations have increased by \$0.4 million based on actuarial assumptions. The Town funds the liability on a cash basis as actual payments are required. The actuarial valuation/projection takes into account post-retirement life insurance for members of the former Hydro Electric group, and corporate obligations for employee post-retirement health insurance and post-retirement dental insurance. A breakdown of the various components of the employee future benefit obligations is provided in Note 6 to the Consolidated Financial Statements.
- The balance of deferred revenue increased \$1.9 million (16%) to \$13.6 million. These funds are held as obligatory reserve funds, for a prescribed purpose, and consist of the Development Charge Reserve Funds, Federal Grants (Gas Tax) Reserve Fund, Provincial Grants Reserve Fund and Other. Schedule 2 to the Consolidated Financial Statements provides a summary of the transactions during the year.
- Tangible Capital Assets (TCA) at the end of the year have a net book value of \$254.64 million, an increase of \$1 million (0.004%). The Town made a net investment of \$9.33 million in capital assets and assets transferred from developers added \$1.67 million during the year, a total of \$11 million that largely consisted of asset renewals and improvements for roads, water and wastewater infrastructure. The change to the net book value of TCA includes the net annual amortization of the capital assets in the amount of \$10 million. The amortization

represents the proportionate cost of the assets used up as during 2020, based on their estimated useful life. Schedule 1 of the Consolidated Financial Statements details the activity during the year.

- Prepaid expenses decreased by \$0.1 million (41%) in 2020 mainly due to the timing of payments for software licencing and prepaid amounts for the solid waste disposal contract.
- The Accumulated Surplus summarizes the Town's consolidated equity which identifies the financial position, including TCAs and financial resources of the Town. Included in determining the surplus are a number of expenses mandated by PSAB for financial reporting purposes, for example employee future benefits, accrued interest on long-term debt, TCA amortization and accrued receivables and payables. Schedule 4 of the Consolidated Financial Statements details the components of the Accumulated Surplus, which indicates the Town's assets outweigh the Town's liabilities by \$230.48 million, an increase of \$15.5 million (7%).
- Reserve and Reserve Fund balances have increased \$5.97 million (45%), as disclosed within the Accumulated Surplus position, largely from increases in Water and Wastewater reserves (\$1.74 million) and General Reserve Fund (\$2.21 million), which includes funds for asset lifecycle renewals. Schedule 3 to the Consolidated Financial Statements, provides Consolidated Reserve and Reserve Fund continuity and balances at year end.

ii) Review of Statement of Financial Activities compared with the prior year:

As noted above, the figures disclosed in the Consolidated Financial Statements are based on the accrual basis of accounting, in accordance with PSAB reporting requirements. As such the revenue and expense amounts reported do not reflect the results reported in relation to the Town's annual cash-based budget.

Also, as reported in the 2020 Year End Q4 Variance Report, the 2020 Results are not reflective of regular Town operations given the pervasive impacts of the pandemic (COVID-19) emergency in 2020. Due to the pandemic emergency the Town reduced service levels, including staff layoffs and program reductions and implemented alternate service delivery measures. In addition, across the corporation the investment in staff training and development had to be curtailed due to resources shortages, heavy workload and operational restrictions, all related to the pandemic emergency. The Town also incurred expenses for emergency response such as enhanced cleaning and various health and safety measures, the costs of which were mitigated to some extent by Ontario grant funding through the Ontario Safe Restart program.

Revenues:

- Taxation, which includes property taxes and user fees, increased by \$1.66 million (6%) based on the fiscal levy increase, net impact of in-year assessment changes and increased supplementary tax revenue from new housing.

- Water charges increased by \$0.56 million (11%) resulting from applying 2020 water rates against increased water usage volume, and fees based on an increase in demand for new water service connections.
- Wastewater charges increased by \$1.53 million (24%). The increase reflects the net impact of 2020 wastewater rates applied to an increase flow volume. As well as the realization of deferred revenue for a capital project completed in 2020.
- Government transfers and Other Revenue saw very little change as revenue recognized for grant funding and developer contributions were comparable to the prior year.
- Interest income was down \$0.1 million, despite increases in cash holdings, due to low market interest rates in response to the pandemic emergency.
- Income from Government Business Enterprises (GBE) results from the Town's ownership share in Essex Power Corporation and consists of the Town's share of Essex Power Corporation's net income of \$0.4 million, based on 14% of the Town's total investment.
- Drainage related revenue and expenses, previously reported on a net accounting basis, have been reclassified and are disclosed within applicable revenue and expense lines on a gross accounting basis.
- Gain on disposal of tangible capital assets of \$0.089 million is the calculated accounting gain from the sale of fully amortized (end of useful life) fleet and equipment assets.

Expenses:

In accordance with PSAB reporting requirements, capital expenditures and principal repayments for long-term debt are removed, and amortization expenses are included in the total expenses reported in the Consolidated Financial Statements.

- General government expenses decreased of approximately \$1.076 million (17%) primarily due to decreases in salary and benefits and drainage expenses offset by higher insurance premiums expense incurred in the year.
- Protection to persons & property expenses decreased by \$0.725 million (8%). This change is mainly related to the one-time police transition costs incurred in 2019.
- Transportation services expenses decreased by \$0.045 million (1%) resulting from reductions in transportation related capital expenditures in 2020 in relation to 2019.
- Environmental Services expenses decreased by \$0.29 million (2%) due to reduced capital expenses in relation to 2019 and lower salary and benefits expense.
- Recreation and Cultural Services expenses decreased by \$0.429 million (7%) resulting from a decrease in salary and benefits expense.

- Planning and Development expenses decreased by \$0.185 million (11%) primarily due to the vacancy in the director position.

The Annual Surplus of \$15.5 million in 2020 (\$8.97 million in 2019) resulted from the items outlined above. The surplus includes consolidation adjustments based on recognition of the Town's equity interest in Essex Power and adjustments for mandatory PSAB reporting requirements, which include the recognition of grant revenue as received in the year. As a result of these adjustments, the accrual based annual surplus reported in the Statements is not comparable to the cash-based budget surplus/deficit reported to Council in the Town's 2020 Q4 variance reporting.

Highlights of the **2020 Development Charge Reserve Funds Statement** (Attachment B):

- Development Charges (DC) of \$3.0 million were collected in 2020.
- Interest income of \$0.18 million was earned on the DC reserve funds.
- A withdrawal of \$0.5 million was made to fund the growth related share of debt service costs for the wastewater treatment plant.
- A withdrawal of \$0.3 million was made to fund the growth related share of new wastewater sewer infrastructure (Edgewater forcemain)
- A withdrawal of \$0.004 million was made to fund the growth related share of the water master plan cost.
- A withdrawal of \$0.012 million was made to fund the growth related share of the CIP study cost incurred in the year.

Highlights of the **2020 Statement of Revenue and Expenses and Accumulated Net Expense for Building Services** (Attachment C) include the following:

This statement outlines the fiscal results as well as continuity of building operations and capital reserve funds.

The 2020 actual figures include allocated overhead costs (indirect) and actual costs for delivery of building services under the Building Code Act.

The statement shows that 2020 resulted in a net surplus of \$403,895, decreasing the accumulated expense reflected in the Building Services – Operations reserve fund. The net balance of the Building Services reserve funds, equal to the accumulated net expense, totals \$0.29 million at the end of 2020. It is expected that accumulated surpluses or accumulated expenses will occur over time based on fluctuations in development activity. Any future surpluses from building services will be transferred to draw down on the accumulated expense, and Administration will continue to monitor and provide recommendations with respect to building services fee adjustments and expense containment, as appropriate.

2020 Parkland Dedication Reporting

Chart 1 - 2020 Parkland Dedication Reserve Fund Statement, shown below, outlines the Parkland Dedication Reserve Fund activity for the year ended December 31, 2020. Total collections of payments in lieu of parkland dedication were \$11,507 in 2020 (\$28,572 - 2019).

**The Corporation of the Town of Amherstburg
Parkland Dedication Reserve Fund Statement
For the Year Ended December 31, 2020**

	Activity	Balance
Balance January 1, 2020		\$282,425
Plus: Deposits		
Contributions	\$11,507	
Interest Income	4,373	
Sub-total - Deposits	\$15,880	15,880
Sub-total		\$298,306
Less: Withdrawals	\$ -	-
Balance December 31, 2020		\$298,306

6. CONSULTATIONS:

KPMG, LLP audited the financial statements and prepared the Audit Findings Report transmitted with this report.

7. CONCLUSION:

The 2020 Year End Reporting reflects the position of the municipality as at December 31, 2020.


Justin Rousseau
Treasurer


Cheryl Horrobin
Director of Corporate Services

Report Approval Details

Document Title:	2021 07 26 - 2020 Financial Statements.docx
Attachments:	- 2020-12-31 Amherstburg Audited FS draft Jul7.pdf - 2020 Building Services Statement.pdf - Aburg 2020 AFR.pdf - 2020 - DC Reserve Fund Reporting.pdf
Final Approval Date:	Jul 20, 2021

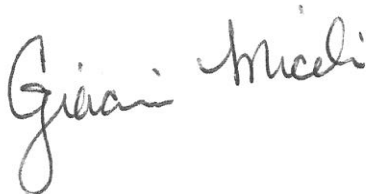
This report and all of its attachments were approved and signed as outlined below:



Cheryl Horrobin



Susan Hirota



John Miceli



Paula Parker

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF AMHERSTBURG**

Year ended December 31, 2020

DRAFT

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Financial Statements

Year ended December 31, 2020

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Amherstburg (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.

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Town of Amherstburg

Opinion

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

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of financial activities for the year then ended
- the consolidated statement of change in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Town as at December 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ 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.

Auditors' 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 auditors' 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.

- 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's 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

Approval date

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 35,184,907	\$ 24,952,316
Taxes receivable	1,417,368	996,305
Trade and other receivables	4,101,183	3,554,153
Drainage receivables	852,828	936,450
Investment in government business enterprise (note 3)	5,737,430	5,579,346
	<u>\$ 47,293,716</u>	<u>\$ 36,018,570</u>
Financial liabilities		
Bank indebtedness (note 9)	\$ 937,703	\$ 4,728,381
Accounts payable and accrued liabilities	5,741,090	5,245,246
Accrued interest on long-term debt	646,147	685,809
Municipal debt (note 5)	32,633,161	34,925,253
Employee future benefit obligations (note 6)	18,015,600	17,621,700
Deferred revenue (Schedule 2)	13,639,028	11,736,031
	<u>71,612,729</u>	<u>74,942,420</u>
Net debt	(24,319,013)	(38,923,850)
Non-financial assets		
Tangible capital assets (Schedule 1)	254,641,943	253,631,274
Prepaid expenses	158,735	267,631
	<u>254,800,678</u>	<u>253,898,905</u>
Commitments and contingencies (notes 10, 11 and 12)		
Accumulated surplus (Schedule 4)	<u>\$ 230,481,665</u>	<u>\$ 214,975,055</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Financial Activities

Year ended December 31, 2020, with comparative information for 2019

	Budget	2020	2019
Revenue:			
Taxation	\$ 27,144,462	\$ 28,316,472	\$ 26,652,152
Water charges	4,941,293	5,656,960	5,099,103
Wastewater charges	6,478,263	7,895,499	6,362,643
Government transfers	4,548,900	9,488,747	9,493,722
Other	1,299,353	3,281,492	3,278,067
Interest	250,000	466,294	574,096
Income from government business enterprise	248,000	423,950	338,307
Gain on disposal of tangible capital assets	-	89,451	32,207
	<u>44,910,271</u>	<u>55,618,865</u>	<u>51,830,297</u>
Expenses:			
General government	6,733,777	5,196,888	6,272,878
Protection to persons and property	7,917,879	7,977,694	8,703,023
Transportation services	8,644,507	7,161,033	7,207,015
Environmental services	12,210,654	12,789,942	13,079,976
Recreation and cultural services	6,492,573	5,512,228	5,941,647
Planning and development	1,857,570	1,474,470	1,659,491
	<u>43,856,960</u>	<u>40,112,255</u>	<u>42,864,030</u>
Annual surplus	1,053,311	15,506,610	8,966,267
Accumulated surplus, beginning of year	214,975,055	214,975,055	206,008,788
Accumulated surplus, end of year	<u>\$ 216,028,366</u>	<u>\$ 230,481,665</u>	<u>\$ 214,975,055</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Change in Net Debt

Year ended December 31, 2020, with comparative information for 2019

	2020 Actual	2019 Actual
Annual surplus	\$ 15,506,610	\$ 8,966,267
Amortization of tangible capital assets	10,138,673	9,976,032
Acquisition of tangible capital assets	(11,138,845)	(15,036,693)
Gain on sale of tangible capital assets	(89,451)	(32,207)
Proceeds on sale of tangible capital assets	78,954	32,207
Use of prepaid expense	108,896	595,022
Change in net debt	14,604,837	4,500,628
Net debt, beginning of year	(38,923,850)	(43,424,478)
Net debt, end of year	\$ (24,319,013)	\$ (38,923,850)

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 15,506,610	\$ 8,966,267
Items not involving cash:		
Amortization of tangible capital assets	10,138,673	9,976,032
Gain on sale of tangible capital assets	(89,451)	(32,207)
Increase in employee benefits payable	393,900	262,500
Income from government business enterprise	(423,950)	(338,307)
Change in non-cash operating working capital:		
Taxes receivable	(421,063)	216,525
Accounts receivable	(547,030)	434,525
Drain receivables	83,622	380,926
Prepaid expenses	108,896	595,022
Accounts payable	495,844	(2,137,190)
Deferred revenue	1,902,997	3,203,007
Accrued interest	(39,662)	(89,693)
Net change in cash from operations	27,109,386	21,437,407
Investing:		
Dividends received from government business enterprise	265,866	248,062
Net change in cash from investing	265,866	248,062
Capital:		
Acquisition of tangible capital assets	(11,138,845)	(15,036,693)
Proceeds on sale of tangible capital assets	78,954	32,207
Net change in cash from capital	(11,059,891)	(15,004,486)
Financing:		
Decrease in bank indebtedness	(3,790,678)	(1,413,648)
Long-term debt issued	-	1,843,551
Long-term debt repaid	(2,292,092)	(2,595,526)
Net change in cash from financing	(6,082,770)	(2,165,623)
Increase in cash	10,232,591	4,515,360
Cash, beginning of year	24,952,316	20,436,956
Cash, end of year	\$ 35,184,907	\$ 24,952,316

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements

Year ended December 31, 2020

The Corporation of the Town of Amherstburg (the "Town") is a municipality in the Province of Ontario incorporated in 1998 and operates under the provisions of the Municipal Act.

1. Significant accounting policies:

(a) Management responsibility:

The consolidated financial statements of the Town are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Town are as follows:

(b) Basis of consolidation:

(i) The consolidated financial statements reflect the assets, liabilities, operating revenues and expenses, reserves, reserve funds, and changes in investment in tangible capital assets of the Town.

(ii) Investment in Government Business Enterprises:

Essex Power Corporation ("Essex Power"), a government business enterprise, is accounted for using the modified equity basis of accounting, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in Government Business Enterprises. Under this method, Essex Power's accounting policies are not adjusted to conform with those of the Town and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of Essex Power in its consolidated statement of financial activities with the corresponding increase or decrease in its investment asset account. Any dividends the Town may receive from Essex Power will be reflected as reductions in the investment account.

(iii) Accounting for County and School Board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Essex are not reflected in the municipal fund balances of these financial statements.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(b) Basis of consolidation (continued):

(iv) Trust funds:

There are no trust funds administered by the Town.

(c) Basis of accounting:

- (i) Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods and services and the creation of a legal obligation to pay.

The focus of PSAB financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Net debt represents the financial position of the Town and is the difference between financial assets and liabilities. This information explains the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

- (ii) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year, and are not intended for sale in the ordinary course of operations.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(ii) Non-financial assets (continued):

(a) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life
Land	not amortized
Land improvements	5 – 20 years
Buildings and improvements	20 – 40 years
Information technology	5 – 10 years
Vehicles	3 – 15 years
Machinery and equipment	10 – 30 years
Water infrastructure:	
Water mains	100 years
Water valves and hydrants	75 – 100 years
Water treatment plant	15 – 50 years
Water meters	20 years
Wastewater infrastructure:	
Sewer mains	50 years
Sanitary and storm pump stations	20 – 50 years
Wastewater Treatment Plant	20 – 50 years
Sanitary sewage lagoons	30 years
Transportation infrastructure:	
Roads and bridges	5 – 40 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.

The Town has a capitalization threshold of \$5,000 - \$10,000 depending on the asset, so that individual TCAs of lesser value are expensed, unless they are land, construction in progress, or pooled because, collectively, they have significant value, or for operational reasons. Examples of pools are desktop computers and computer laptops.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(ii) Non-financial assets (continued):

(b) Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are 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.

(c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iii) Deferred revenue:

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specific purpose.

(iv) Employee future benefits and other employee benefit plans:

The Town 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 AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(iv) Employee future 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 the 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, health care cost trends 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.

(v) Use of estimates:

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates 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 the valuation of taxes and other accounts receivable, the carrying value of tangible capital assets, accruals and employee benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(vi) Taxation and related revenues:

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Town Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect to 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 Town revenues are recorded at the time tax billings are issued. Assessment and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded based upon management's estimate of the outcome taking into consideration historical trends. The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions, taxes receivable are reported net of an expense for allowance for doubtful accounts.

(vii) Revenue recognition:

- a) Tax levies are recognized as revenue when amounts are levied on the municipality's ratepayers.
- b) Fines and donations are recognized when collected.
- c) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- d) Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and stipulations have been met and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(c) Basis of accounting (continued):

(viii) Liability for Contaminated Sites:

The Municipality recognizes a liability associated with the remediation of contaminated sites when a contamination exceeds an environmental standard, the Municipality has direct or has accepted responsibility for the remediation and a reasonable estimate can be made for the costs to remediate.

(vix) Future accounting changes:

Effective for fiscal periods beginning on or after April 1, 2021, all governments will be required to adopt PSAB Section 3450, Financial Instruments and Section 2601, Foreign Currency Translation. Section 3450, provides guidance on how to account for financial instruments including derivatives. Section 2601, provides guidance on how to account for and report transactions that are denominated in foreign currency in government financial statements.

Effective for fiscal periods beginning on or after April 1, 2022, all governments will be required to adopt PSAB Section 3280, Asset Retirement Obligations. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use.

The Town is currently in the process of evaluating the potential impact of adopting these standards.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

2. Operation of School Boards and County of Essex:

The taxation, other revenues and, expenditures of the school boards and the County of Essex are comprised of the following:

	2020	2019
Taxation and user charges		
School Boards	\$ 5,771,373	\$ 5,905,362
County	12,270,777	11,707,840
	<u>\$ 18,042,150</u>	<u>\$ 17,613,202</u>

3. Investment in government business enterprise:

(a) Long-term investments – Essex Power Corporation:

The Town has an investment in Essex Power Corporation (“Essex Power”).

The investment is comprised of the following:

	2020	2019
2,678,179 Class A voting common shares	\$ 2,678,179	\$ 2,678,179
254,346 Special Shares, Class A non-voting	254,346	254,346
Share of accumulated earnings	2,804,905	2,846,821
	<u>\$ 5,737,430</u>	<u>\$ 5,579,346</u>

The Town of Amherstburg is a 14.258% shareholder in Essex Power.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

3. Investment in government business enterprise (continued):

(a) Long-term investments – Essex Power Corporation (continued):

Supplementary information:

The following table provides condensed supplementary information for Essex Power as at December 31:

	(in thousands of dollars)	
	2020	2019
Cash and cash equivalents	\$ 4,765	\$ 3,979
Accounts receivable	8,447	8,645
Unbilled revenue	6,270	5,802
Other current assets	1,579	1,876
Property, plant and equipment	73,472	69,789
Intangible assets	5,423	5,462
Right-of-use assets	2,026	2,435
Goodwill	1,623	1,623
Deferred assets	61	406
Note receivable	2,422	1,665
Deferred tax assets	872	953
Regulatory balances	15,181	13,421
Total assets and regulatory balances	\$ 122,141	\$ 116,056
Current liabilities	\$ 23,560	\$ 31,175
Long-term liabilities	36,628	25,397
Post-employment benefits	3,327	2,915
Deferred tax liabilities	5,289	5,602
Other non-current liabilities	7,600	7,369
Total liabilities	\$ 76,404	\$ 72,458
Share capital	\$ 19,667	\$ 19,667
Retained earnings	17,764	16,931
Net assets attributable to external Limited Partners	2,322	1,599
Accumulated other comprehensive income	1,617	1,370
Total equity	\$ 41,370	\$ 39,567
Regulatory balances	\$ 4,367	\$ 4,031
Total liabilities, equity and regulatory balances	\$ 122,141	\$ 116,056
Total revenues	\$ 102,543	\$ 88,898
Total expenses	(99,771)	(88,934)
Finance costs	(1,212)	(1,155)
Income tax expense	(239)	(1,476)
Net movement in regulatory balances, net of tax	1,424	5,182
Other comprehensive income (loss)	247	(36)
Total comprehensive income for the year	\$ 2,992	\$ 2,479

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

4. Tangible capital assets:

(a) Contributed tangible 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 and, water and sewer lines installed by a developer as part of a subdivision agreement. The total value of transfers in 2020 were \$1,667,319 (2019 - \$1,975,512).

(b) Tangible capital assets recognized at nominal value:

Where an estimate of fair value could not be made, the tangible capital asset is recognized at a nominal value.

(c) Capitalization of interest:

The Town has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use. Total interest capitalized in 2020 was \$64,274 (2019 - \$86,397).

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

5. Municipal debt:

- (a) Total long-term debt incurred by the Town and those incurred on behalf of municipal enterprises and benefiting landowners and outstanding at the end of the year amount to:

	2020	2019
Total long-term liabilities incurred by the Town and those incurred on behalf of municipal enterprises and benefiting landowners and outstanding at the end of the year amount to:	\$ 32,633,161	\$ 34,925,253
Amount to be recovered from benefiting landowners and user rates.	23,808,694	24,617,536
	<u>\$ 8,824,467</u>	<u>\$ 10,307,717</u>

- (b) Of the long-term debt reported in (a), the interest rates range from 0% to 7.99%.

- (c) Of the long-term debt reported in (a), the following are the years of repayment:

2021	\$ 2,379,017
2022	2,269,894
2023	2,058,566
2024	2,058,566
2025 and thereafter	23,867,118
	<u>\$ 32,633,161</u>

- (d) The long-term liabilities in (a) issued in the name of the Town have received approval of the Ontario Municipal Board (or approval by private legislation) for those approved 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.

Total charges for the year for net long-term debt are as follows:

	2020	2019
Principal payments	\$ 2,292,092	\$ 2,595,526
Interest	1,316,539	1,404,897
	<u>\$ 3,608,631</u>	<u>\$ 4,000,423</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

6. Employee future benefits obligations:

The Town pays certain benefits on behalf of its retired employees. The most recent actuarial valuation was prepared as at December 31, 2019 and has been projected to December 31, 2020. Information about the Town's defined benefit plans is as follows:

	2020	2019
Accrued benefit liability, January 1	\$ 17,621,700	\$ 17,359,200
Expense for the year:		
Current service cost	306,500	284,000
Interest	518,000	571,100
Amortization of actuarial gains (losses)	170,600	(25,600)
Benefits paid	(601,200)	(567,000)
Accrued benefit liability, December 31	18,015,600	17,621,700
Unamortized actuarial losses (gains)	(741,000)	1,208,200
Accrued benefit obligation, December 31	\$ 17,274,600	\$ 18,829,900

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

	2020	2019
Discount rate	2.55%	2.75%
Dental	4.00%	4.00%
Health care:		
initial	4.00%	5.10%
ultimate reached in 2037	3.90%	3.80%

OMERS:

The Town belongs to the Ontario Municipal Employee Retirement Fund (OMERS) which is a multi-employer plan on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The Town contributed \$777,797 (2019 - \$736,080) during the year and this amount is included in the Consolidated Statement of Financial Activities. No pension liability for this type of plan is included in the Town's Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

7. Segmented Information:

The Town provides a wide range of services to its citizens. On Schedule 5, consolidated revenues and expenses have been presented on a segmented basis. Municipal services have been segmented by grouping activities with similar service objectives. Revenue directly related to each service has been allocated to its respective segment. Municipal taxation revenue has been allocated based on the percentage of total budgeted expenditures. The segments are defined as follows;

General Government

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

Protection to Persons and Property

Protection to persons and property includes fire and police services.

Transportation

Transportation services refer to the operations of the Public Works Department which is responsible for road maintenance, winter control and street lighting.

Environmental

Environmental services include the distribution and treatment of water, the collection and treatment of waste water and storm water, and the collection and disposal of garbage.

Recreation & Culture

Recreation & culture services refer to the operations of municipally owned recreational facilities, parks, arena and community centres. It also includes the delivery of recreational and cultural programming.

Planning & Development

Planning & development includes planning, building, by-law enforcement and animal control.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

8. Expenses by object:

Total operating expenditures on the consolidated statement of financial activities are as follows:

	2020	2019
Salaries and employee benefits	\$ 11,995,204	\$ 12,741,590
Materials, goods services and utilities	8,747,057	9,579,370
Contracted services	7,870,387	9,194,171
Interest on long-term debt	1,316,539	1,322,347
Rent and financial expenses	13,994	14,243
External transfers	30,400	36,277
Amortization	10,138,674	9,976,032
	<u>\$ 40,112,255</u>	<u>\$ 42,864,030</u>

9. Bank indebtedness:

Demand Operating Line:

The Town has a demand operating line of credit with its banker WFCU. Credit is available to a maximum of \$7,000,000 and bears interest at prime less 0.875%. All amounts under this facility are repayable immediately on demand by WFCU, and this facility may be terminated in whole or in part by WFCU at any time. The balance at year end is \$nil (2019 - \$732,598).

The line is offered on an unsecured basis.

Drainage Line of Credit:

The Town has a drainage line of credit with WFCU to a maximum of \$2,000,000 and bears interest at prime less 0.875%. The balance at year end is \$937,703 (2019 - \$866,179).

Demand Loan:

The Town has a demand loan to a maximum of \$1,393,662 and bears interest at prime less 0.5%. The balance at year end is \$nil (2019 - \$8,903).

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

9. Bank indebtedness (continued):

Demand Loan – Edgewater Project:

The Town has a demand loan to a maximum of \$5,166,000 to be repaid from project funding and bears interest at prime less 0.5%. The balance at year end is \$nil (2019 - \$3,120,701).

10. Contractual obligation - Ontario Clean Water Agency:

In accordance with a service agreement entered into by the Town with the Ontario Clean Water Agency (the “Agency”), the primary sewage system is operated by the Agency. The Town is obligated to meet all operating costs and repay the long term liabilities related to these projects.

11. Commitments:

The Town has the following commitment as at December 31, 2020:

	Total contract	Earned to December 31, 2020	Future commitment
Waste Water Treatment Plant	\$ 30,986,740	\$ 30,986,740	\$ nil

Effective January 1, 2019, the Corporation contracted out its Police Services to the Corporation of the City of Windsor, for a five year term, renewal every five years. Fees for contracted services for the five year period are as follows:

	Operating Costs	Capital Costs	Total commitment
2021	\$ 4,912,445	\$ 206,136	\$ 5,118,581
2022	5,047,950	206,136	5,254,086
2023	5,144,321	206,136	5,350,457

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

12. Contingent liabilities:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for any claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

13. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Town has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- The closure of a number of indoor and outdoor facilities to the general public.
- Revisions to the delivery of a number of municipal services in order to contribute towards physical distancing.
- Enhanced protocols implemented in line with Public Health guidelines.
- Put in place measures to limit and control access to the premises by staff and the general public; and
- In certain instances, the Town has reduced penalty and interest charges.

The federal and provincial governments have implemented various government programs to respond to the negative economic impacts of COVID-19.

During 2020, the Town received \$568,400 in Phase 1 funding under the federal-provincial Safe Restart Agreement to support municipal operating pressures as a result of COVID-19. The balance of this funding that was used to offset expenses in 2020 is included in the consolidated statement of financial activities. Additionally, the Town received \$405,000 in Phase 2 funding to support additional municipal operating pressures for 2021. The balance of this funding is included in deferred revenue on the consolidated statement of financial position.

The continued development and impact of COVID-19 on the Town and the overall economy are highly uncertain and cannot be determined at this time. Management is actively monitoring the situation.

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2020

14. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year including taxation revenue, general government expenses, transportation services and environmental services. The reclassifications did not impact the annual surplus.

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THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2020

	General						Infrastructure					Totals	
	Land	Land improvements	Buildings and improvements	Information Technology	Vehicles	Machinery and Equipment	Water	Wastewater	Storm Sewers	Transportation	Construction in progress	2020	2019
Cost:													
Balance, beginning of year	\$ 7,172,422	8,076,331	33,640,791	1,178,808	5,208,740	2,766,640	111,171,772	103,392,668	54,260,569	116,811,059	2,198,560	\$ 445,878,360	\$ 431,233,012
Add: Additions during the year	-	340,807	1,491,160	37,819	462,014	373,251	1,288,079	766,961	290,025	5,175,928	3,182,153	13,408,197	18,783,377
Less: Disposals during the year	32,794	-	-	-	49,462	127,648	-	-	-	-	2,198,560	2,408,464	4,138,029
Balance, end of year	7,139,628	8,417,138	35,131,951	1,216,627	5,621,292	3,012,243	112,459,851	104,159,629	54,550,594	121,986,987	3,182,153	456,878,093	445,878,360
Accumulated amortization:													
Balance, beginning of year	-	4,489,567	12,690,896	729,143	3,362,147	1,498,151	33,429,676	24,698,746	30,001,435	81,347,325	-	192,247,086	182,662,399
Add: amortization during the year	-	340,597	1,550,190	181,697	394,666	176,078	1,311,032	1,870,660	1,041,492	3,272,261	-	10,138,673	9,976,032
Less: accumulated amortization on disposals	-	-	-	-	49,462	100,147	-	-	-	-	-	149,609	391,345
Balance, end of year	-	4,830,164	14,241,086	910,840	3,707,351	1,574,082	34,740,708	26,569,406	31,042,927	84,619,586	-	202,236,150	192,247,086
Tangible capital assets	\$ 7,139,628	\$ 3,586,974	\$ 20,890,865	\$ 305,787	\$ 1,913,941	\$ 1,438,161	\$ 77,719,143	\$ 77,590,223	\$ 23,507,667	\$ 37,367,401	\$ 3,182,153	\$ 254,641,943	\$ 253,631,274

	General government	Protection to persons and property	Transportation services	Environmental services	Recreation and culture	Planning and development	Total 2020
Cost:							
Balance, beginning of year	\$ 7,428,788	8,238,058	121,915,110	269,782,751	38,420,962	92,691	\$ 445,878,360
Add: Additions during the year	3,476,269	140,046	6,523,028	2,602,936	656,103	9,815	13,408,197
Less: Disposals during the year	1,324,529	50,000	475,003	241,880	317,052	-	2,408,464
Balance, end of year	9,580,528	8,328,104	127,963,135	272,143,807	38,760,013	102,506	456,878,093
Accumulated amortization:							
Balance, beginning of year	947,189	4,610,420	84,191,215	88,626,440	13,803,368	68,454	192,247,086
Add: amortization during the year	268,988	384,802	3,559,263	4,268,583	1,649,696	7,341	10,138,673
Less: accumulated amortization on disposals	-	22,500	101,438	25,671	-	-	149,609
Balance, end of year	1,216,177	4,972,722	87,649,040	92,869,352	15,453,064	75,795	202,236,150
Net book value of tangible capital assets	\$ 8,364,351	\$ 3,355,382	\$ 40,314,095	\$ 179,274,455	\$ 23,306,949	\$ 26,711	\$ 254,641,943

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Deferred Revenue

Schedule 2

Year ended December 31, 2020

	Balance December 31, 2019	Interest earned	Contributions received	Revenue earned- capital	Balance December 31, 2020
Development charges	\$ 8,331,702	\$ 180,428	\$ 3,000,981	\$ (844,467)	\$ 10,668,644
Federal gas tax	1,346,599	26,833	1,064,729	(591,307)	1,846,854
Grants	1,311,800	30,051	2,426,479	(2,653,366)	1,114,964
Other	745,930	-	8,566	(745,930)	8,566
	\$ 11,736,031	\$ 237,312	\$ 6,500,755	\$ (4,835,070)	\$ 13,639,028

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THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Reserves and Reserve Funds

Schedule 3

Year ended December 31, 2020, with comparative information for 2019

	Balance December 31, 2019	Interest earned	Transfer from (to) operations	Transfer from (to) capital	Transfer from Accum Surplus	Balance December 31, 2020
Reserve funds:						
General	\$ 2,466,764	\$ 44,797	\$ 3,725,838	(1,559,616)	\$ -	\$ 4,677,783
Parkland	282,425	4,373	-	-	11,507	298,305
Post-retirement benefits	-	-	-	-	570,063	570,063
Renta Memorial Park	-	-	-	-	173,940	173,940
Tree Planting	2,500	37	-	-	-	2,537
Watermain	454,836	8,130	-	-	-	462,966
	<u>3,206,525</u>	<u>57,337</u>	<u>3,725,838</u>	<u>(1,559,616)</u>	<u>755,510</u>	<u>6,185,594</u>
General rated reserves:						
AODA Compliance	98,706	2,213	50,000	-	-	150,919
Building service capital	100,000	1,342	(9,815)	-	-	91,527
Building service operations	(789,011)	(3,301)	403,895	-	-	(388,417)
Co-An park capital	-	212	9,288	-	4,946	14,446
Contingency	122,300	3,584	118,600	-	-	244,484
Community Improvement Plan	180,623	4,175	100,000	-	-	284,798
Developer deposits reserve	-	253	17,000	-	-	17,253
Economic Development	-	-	-	-	-	-
Elections	61,105	1,409	33,600	-	-	96,114
Employee related	-	1,488	100,000	-	-	101,488
Events	32,345	481	(1,149)	-	-	31,677
Fire	145,420	3,107	74,815	(11,402)	-	211,940
Fleet	160,993	2,635	218,536	(202,450)	-	179,714
Information technology	324,190	6,237	157,653	(28,004)	-	460,076
Insurance	381,264	6,535	74,079	-	-	461,878
Libro	(4,309)	250	21,133	-	-	17,074
Litigation	75,000	1,488	25,000	-	-	101,488
Municipal Drain	231,383	4,990	104,000	-	-	340,373
Parks	1,273,895	9,575	94,150	(679,289)	-	698,331
Plans & Studies	344,111	5,381	17,572	-	-	367,064
Police	344,779	6,618	100,000	-	-	451,397
Risk Management	50,000	744	-	-	-	50,744
Street Lights	12,000	312	12,000	(3,031)	-	21,281
Tax stabilization	209,768	4,609	100,000	-	-	314,377
Winter control	-	1,190	80,000	-	-	81,190
Working capital	889,806	14,495	163,224	-	-	1,067,525
	<u>4,244,368</u>	<u>80,022</u>	<u>2,063,581</u>	<u>(924,176)</u>	<u>4,946</u>	<u>5,468,741</u>
Water and wastewater reserves:						
Wastewater capital	3,094,902	57,204	1,915,708	(522,358)	(514,458)	4,030,998
Water capital	2,774,751	45,148	961,306	(204,251)	4,196	3,581,150
	<u>5,869,653</u>	<u>102,352</u>	<u>2,877,014</u>	<u>(726,609)</u>	<u>(510,262)</u>	<u>7,612,148</u>
Donation reserves:						
Donations	7,900	-	40,750	(16,075)	-	32,575
Brick fund	15,006	511	-	-	-	15,517
	<u>22,906</u>	<u>511</u>	<u>40,750</u>	<u>(16,075)</u>	<u>-</u>	<u>48,092</u>
	<u>10,136,927</u>	<u>182,885</u>	<u>4,981,345</u>	<u>(1,666,860)</u>	<u>(505,316)</u>	<u>13,128,981</u>
	<u>\$ 13,343,452</u>	<u>\$ 240,222</u>	<u>\$ 8,707,183</u>	<u>\$ (3,226,476)</u>	<u>\$ 250,194</u>	<u>\$ 19,314,575</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Accumulated Surplus

Schedule 4

December 31, 2020, with comparative information for 2019

	2020	2019
Reserve and reserve funds:		
Reserve funds (Schedule 3)	\$ 6,185,594	\$ 2,921,600
Reserves (Schedule 3)	13,128,981	10,421,852
	<u>19,314,575</u>	<u>13,343,452</u>
Surpluses:		
Tangible capital assets	254,641,943	253,631,274
General revenue fund surplus	7,173,908	593,061
Marina deficit	-	(50,725)
Co-An surplus	-	4,946
Unfunded:		
Employee future benefit obligations	(18,015,600)	(17,621,700)
Long-term debt	(32,633,161)	(34,925,253)
	<u>211,167,090</u>	<u>201,631,603</u>
Accumulated surplus	<u>\$ 230,481,665</u>	<u>\$ 214,975,055</u>

THE CORPORATION OF THE TOWN OF AMHERSTBURG

Consolidated Schedule of Segment Disclosures

Schedule 5

Year ended December 31, 2020

	General Government	Protection to persons and property	Transportation services	Environmental services	Recreation and cultural services	Planning and development	Consolidated
Revenues:							
Taxation	\$ 25,579,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,579,118
User charges	445,460	132,001	77,133	15,182,093	360,947	92,179	16,289,813
Government transfers	5,449,602	35,272	-	3,709,230	294,643	-	9,488,747
Other	1,339,032	38,748	1,686,843	-	131,126	1,065,438	4,261,187
	<u>32,813,212</u>	<u>206,021</u>	<u>1,763,976</u>	<u>18,891,323</u>	<u>786,716</u>	<u>1,157,617</u>	<u>55,618,865</u>
Expenditures:							
Salaries, wages and employee benefits	3,627,616	1,778,421	1,641,666	1,137,593	2,426,057	1,383,851	11,995,204
Materials, goods, services, utilities	1,068,245	614,256	1,784,394	4,072,001	1,204,732	3,429	8,747,057
Contracted services	187,645	5,198,893	26,048	2,377,952	-	79,849	7,870,387
Interest on long-term debt	-	1,322	149,661	933,813	231,743	-	1,316,539
Rents and financial expenses	13,994	-	-	-	-	-	13,994
External transfers	30,400	-	-	-	-	-	30,400
Amortization	268,988	384,802	3,559,264	4,268,583	1,649,696	7,341	10,138,674
	<u>5,196,888</u>	<u>7,977,694</u>	<u>7,161,033</u>	<u>12,789,942</u>	<u>5,512,228</u>	<u>1,474,470</u>	<u>40,112,255</u>
	<u>\$ 27,616,324</u>	<u>\$ (7,771,673)</u>	<u>\$ (5,397,057)</u>	<u>\$ 6,101,381</u>	<u>\$ (4,725,512)</u>	<u>\$ (316,853)</u>	<u>\$ 15,506,610</u>

The Corporation of the Town of Amherstburg

Statement of Revenue and Expenses and Accumulated Net Expense for Building Services

Year ended December 31, 2020

	2020 Budget	2020 Actual
Revenue:		
Permit fees	\$ 504,090	\$ 879,708
Other revenue	16,000	22,506
	<u>\$ 520,090</u>	<u>\$ 902,214</u>
 Expenses:		
Direct	\$ 409,592	\$ 415,043
Indirect	-	83,276
	<u>\$ 409,592</u>	<u>\$ 498,319</u>
Net Surplus	110,498	\$ 403,895
Add: Accumulated net expense, beginning of year	-	(689,011)
Add: Transfers & Interest in the year	-	(11,775)
Accumulated net expense, end of year	<u>\$ 110,498</u>	<u>\$ (296,891)</u>
 Building Reserve Fund - Operating:		
Balance, beginning of the year		\$ (789,011)
Net transfer from/(to) operating		403,895
Interest income		(3,302)
Balance,end of the year		<u>\$ (388,418)</u>
 Building Reserve Fund - Capital:		
Balance, beginning of the year		\$ 100,000
Net transfer from/(to) capital		(9,815)
Interest income		1,342
Balance,end of the year		<u>\$ 91,527</u>

The Corporation of the Town of Amherstburg

Audit Findings Report
for the year ended
December 31, 2020

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

Prepared on July 2, 2021 for
presentation on July 26, 2021

kpmg.ca/audit

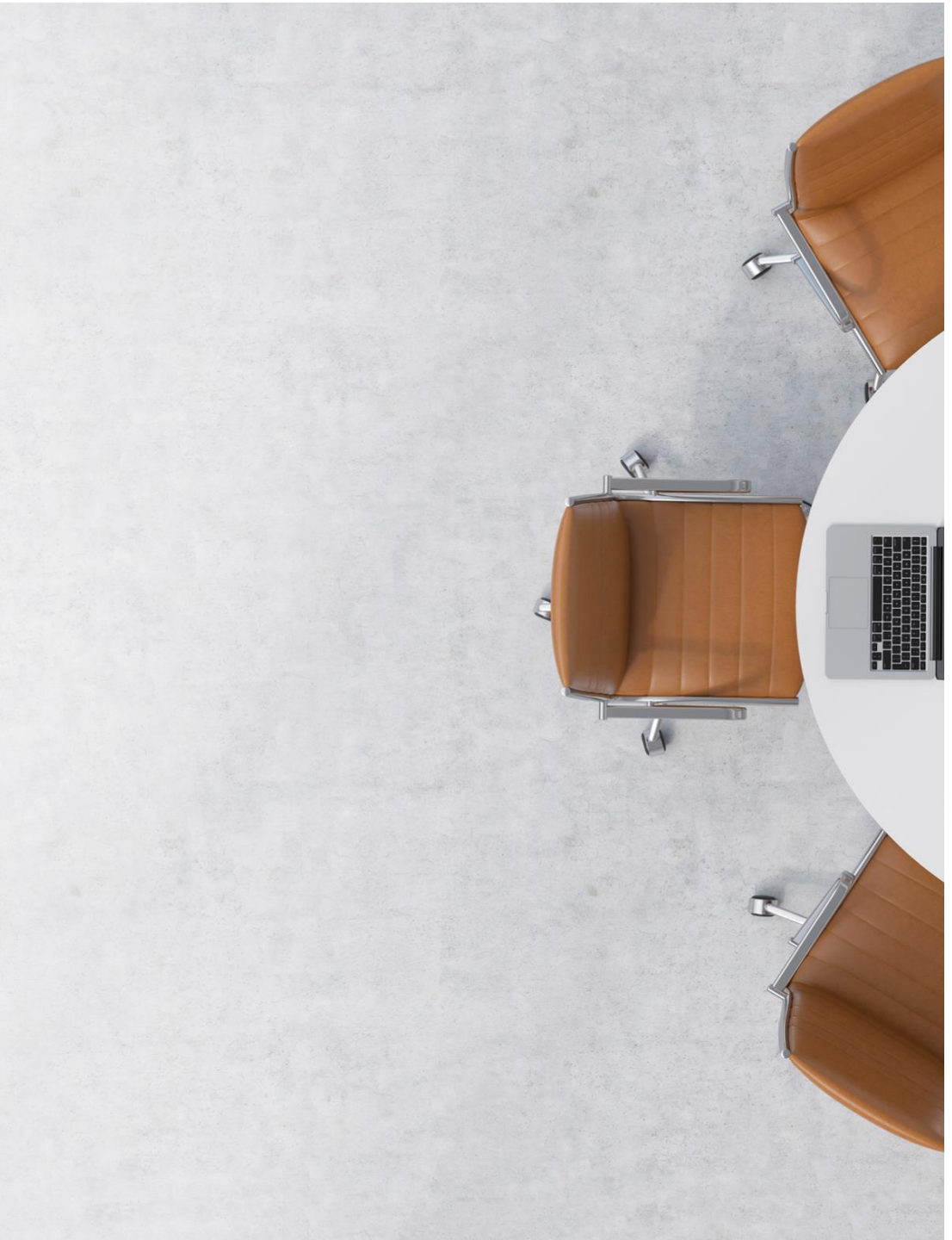


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The contacts at KPMG in connection with this report are:

Cynthia Swift CPA, CA

Lead Audit Engagement Partner

Tel: 519 251 3520

caswift@kpmg.ca

Maira Butt, CPA, ACA, FCCA

Audit Manager

Tel: 519 251 3567

mairabutt1@kpmg.ca



How do we deliver audit quality?

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

‘**Perform quality engagements**’ sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

We define ‘**audit quality**’ as being the outcome when:

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



Doing the right thing. Always.

Executive summary

Purpose of this report¹

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the financial statements as at and for the year ended December 31, 2020. This Audit Findings Report builds on the Audit Plan we presented to Council.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report provided to management.

We will update Council (as required by professional standards), on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

What's new in 2020?

There have been significant changes in the year 2020 which impacted financial reporting, and our audit:

- COVID-19 pandemic – See page 7-8
- New CAS auditing standards – See page 9

Independence

We are independent and have extensive quality control and conflict checking processes in place. We provide complete transparency on all services and follow Council approved protocols.

Finalizing the audit

As of July 2, 2021, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Receipt of management representation letter
- Obtaining evidence of Council's approval of the financial statements

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than the audit committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Uncorrected differences

We did not identify any differences that remain uncorrected.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. We did identify one deficiency with respect to the process of approval of journal entries that we bring to your attention on page 13.

Other observations

We did not identify any other matters that we determined to be significant to bring to your attention.

Audit risks and results

See pages 7-10.

What's new in 2020

COVID-19 pandemic

In our Audit Planning Report, we communicated revisions to our audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
Company's financial reporting impacts	<ul style="list-style-type: none">— We considered impacts to financial reporting due to the COVID-19 pandemic and the increased disclosures needed in the financial statements as a result of the significant judgements.— In areas of the financial statements where estimates involved significant judgements, we evaluated whether the method, assumptions and data used by management to derive the accounting estimates, and their related financial statement disclosures were still appropriate per the relevant financial reporting framework given the changed economic conditions and increased estimation uncertainty.
Materiality	<ul style="list-style-type: none">— We considered impacts to financial reporting on both the determination and the re-assessment of materiality for the audit of the financial statements.
Risk Assessment	<ul style="list-style-type: none">— We performed a more thorough risk assessment specifically targeted at the impacts of the COVID-19 pandemic, including an assessment of fraud risk factors (i.e., conditions or events that may be indicative of an incentive/pressure to commit fraud, opportunities to commit fraud, rationalizations of committing fraud).— We did not identify <i>additional</i> risks of material misstatement as a result of impacts to financial reporting, which required an audit response compared to the prior year.
Working remotely	<ul style="list-style-type: none">— We used virtual work rooms, video conferencing, and internally shared team sites to collaborate in real-time, both amongst the audit team as well as with management.— We increased our professional skepticism when evaluating electronic evidence received and performed additional procedures to validate the authenticity and reliability of electronic information used as audit evidence.

COVID-19 pandemic

In our Audit Planning Report, we communicated revisions to our audit plan arising from the impacts of the COVID-19 pandemic. We adapted our audit to respond to the continued changes in your business, including the impacts on financial reporting and internal control over financial reporting.

Area of Impact	Key Observations
Direction and Supervision of the audit	<ul style="list-style-type: none">— The manager, partner and engagement quality control review were actively involved in determining the impact that the COVID-19 pandemic had on the audit (as discussed above), including the impact on financial reporting and changes in internal control over financial reporting.— Managers and partners implemented new supervision processes to deal with working in a remote environment, and our audit approach allowed us to manage the audit using meaningful milestones and frequent touch points.
Substantive Testing - Response	<ul style="list-style-type: none">— Our evaluation of management's assessment of going concern was enhanced to respond to the uncertainties relating to prospective financial information and judgements about appropriate financial statement disclosures in the rapidly changing environment.

New auditing standards

The following new auditing standards that are effective for the current year had an impact on our audit.

Standard	Key observations
CAS 540, Auditing Accounting Estimates and Related Disclosures	<ul style="list-style-type: none">— The new standard was applied on all estimates within the financial statements that had a risk of material misstatement due to estimation uncertainty and not just “key estimates”, “critical accounting estimates”, or “estimates with significant risk”.— The granularity and complexity of the new standard along with our interpretation of the application of that standard necessitated more planning and discussion and increased involvement of more senior members of the engagement team.— We performed more granular risk assessments based on the elements making up <u>each</u> accounting estimate such as the method, the assumptions used, the data used and the application of the method.— We considered the potential for management bias.— We assessed the degree of uncertainty, complexity, and subjectivity involved in making each accounting estimate to determine the level of audit response; the higher the level of response, the more persuasive the audit evidence was needed.— See page 10 under Audit Risk and Results for estimates that related to employee future benefits, which was determined to be a significant estimate subject to the new standard.

Audit risks and results

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

1 Significant Risk Fraud risk from revenue recognition

Significant financial reporting risk

Why is it significant?

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

This is a presumed fraud risk.

Our response and significant findings

We have rebutted this presumed fraud risk as it is not relevant when we consider the manner in which performance is measured by the Town.

Audit risks and results

2 Significant Risk

Fraud risk from management override of controls

Significant financial reporting risk

Why is it significant?

We have not identified any specific additional risks of management override relating to the audit of the financial statements of the Corporation of the Town of Amherstburg.

This is a presumed fraud risk.

Our response and significant findings

KPMG completed the requisite testing over journal entries and performed a review of estimates for potential bias. No exceptions were identified that are required to be reported to Council.

Audit risks and results

1 Areas of focus

Other areas

Accounting for tangible capital assets requires the determination as to whether the item constitutes a betterment or an expense.

Why is it significant?

Capital expenditures represent a significant investment on the part of the Town and in certain instances, may involve a degree of subjectivity and/or complexity in terms of whether they meet the criteria for capitalization.

Our response and significant findings

We performed substantive testing over:

- recorded capital expenditures, including reviewing source documentation for a sample of capital expenditures, to determine the appropriate classification of costs (capitalization vs. expense).
- repairs and maintenance expenditures, including reviewing source documentation for a sample of capital expenditures, to identify any instances where items should be capitalized as opposed to expensed.

We reviewed financial statement presentation and note disclosure of capital assets.

We reviewed contracts to ensure all capital commitments are appropriately disclosed in the notes to the financial statements.

No exceptions were identified that are required to be reported to Council.

Audit risks and results - estimates with significant risk

We believe management's process for identifying estimates with significant risk is considered adequate.

We have summarized our assessment of the subjective areas.

Asset / liability	Carrying Amount (\$'000s)
Taxes, trade and other receivables - Allowance for doubtful accounts (AFDA)	nil
Tangible capital assets – amortization expense and useful lives	\$254,642
Employee future benefits	\$18,016

KPMG comment

Management recorded an allowance for doubtful accounts of \$nil for property taxes receivable. There is no history of material write offs.

When capitalizing tangible capital assets, the Corporation is required to make estimates regarding the identification of components of capital assets as well as the respective useful lives of the assets. KPMG performed substantive tests of details over additions to capital assets, significant disposals, as well as substantive analytical procedures over the amortization of capital assets.

The most recent valuation for employee future benefits by the Corporation's actuary was performed as at December 31, 2020. KPMG evaluated the reasonability of the discount rate used in the current year calculation. The discount rate used by the Corporation was 2.55% (2019 – 2.75%) at December 31, 2020. See note 6 to the financial statements for details of the employee future benefit obligation. Further, KPMG assessed the reasonableness of the other assumptions used in the calculation and gained an understanding of the nature and scope of the work performed by the actuaries. KPMG assessed the qualifications of AON Hewitt, the Actuary firm utilized, to ensure they have the expertise to perform the estimated calculations. Moreover, KPMG performed audit procedures on the underlying data that was used as the basis for calculating the accrued benefit obligation. KPMG has identified the liability for employee future benefits as a significant estimate and applied the new estimates auditing standard to our testing approach in this area.

No exceptions were identified that are required to be reported to Council.

Technology in the audit

We have utilized technology to enhance the quality and effectiveness of the audit.



Areas of the audit where Technology and D&A routines were used

Tool	Our results and insights
Journal Entry Analysis	<p>We utilized KPMG application software (IDEA) to evaluate the completeness of the journal entry population through a roll-forward of 100% of the accounts from January 1, 2020 to December 31, 2020.</p> <p>We further utilized computer-assisted audit techniques (CAATs) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.</p> <p>This allowed us to conclude over potential discrepancies in the completeness of the journal entry populations provided to us, and also enabled us to filter journal entries for certain higher risk criteria, thereby making our procedures to cover the risk of management overrides more targeted and effective.</p> <p>As a result of our testing, no material misstatement or issues were identified.</p>

Financial statement presentation and disclosure

The presentation and disclosure of the financial statements are, in all material respects, in accordance with the Company's relevant financial reporting framework. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

We also highlight the following:

Form, arrangement, and content of the financial statements	The financial statements are, in all material respects, in accordance with the applicable financial accounting framework. The disclosures in the notes to the financial statements are appropriate.
Application of accounting pronouncements issued but not yet effective	There are no concerns at this time regarding future implementation of new and revised standards.

Control deficiencies

In accordance with professional standards, we are required to communicate to the audit committee significant deficiencies in internal control over financial reporting (ICFR) that we identified during our audit.

The purpose of our audit is to express an opinion on the financial statements. Our audit included consideration of ICFR 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 ICFR. The matters being reported are limited to those deficiencies that we have identified during our audit and that we have concluded are of sufficient importance to merit being reported to the audit committee.

Description	Potential effect
<p>As part of our testing for the risk of management override of controls, we noted an absence of segregation of duties within the process for posting journal entries. Same personnel were initiating as well as authorising the entries. We were however, provided with complete supporting documents and rationale for the sample journal entries tested.</p>	<p>This may result in increased chance of management override and allows for unidentified discrepancies.</p> <p>We suggest incorporating formal review within the process to ensure segregation within the roles for initiation, review and posting of journal entries.</p>

Appendices

Content

Appendix 1: Required communications

Appendix 2: Audit Quality and Risk Management

Appendix 3: Current Developments

Appendix 4: Management Representation Letter



Appendix 1: Other Required Communications

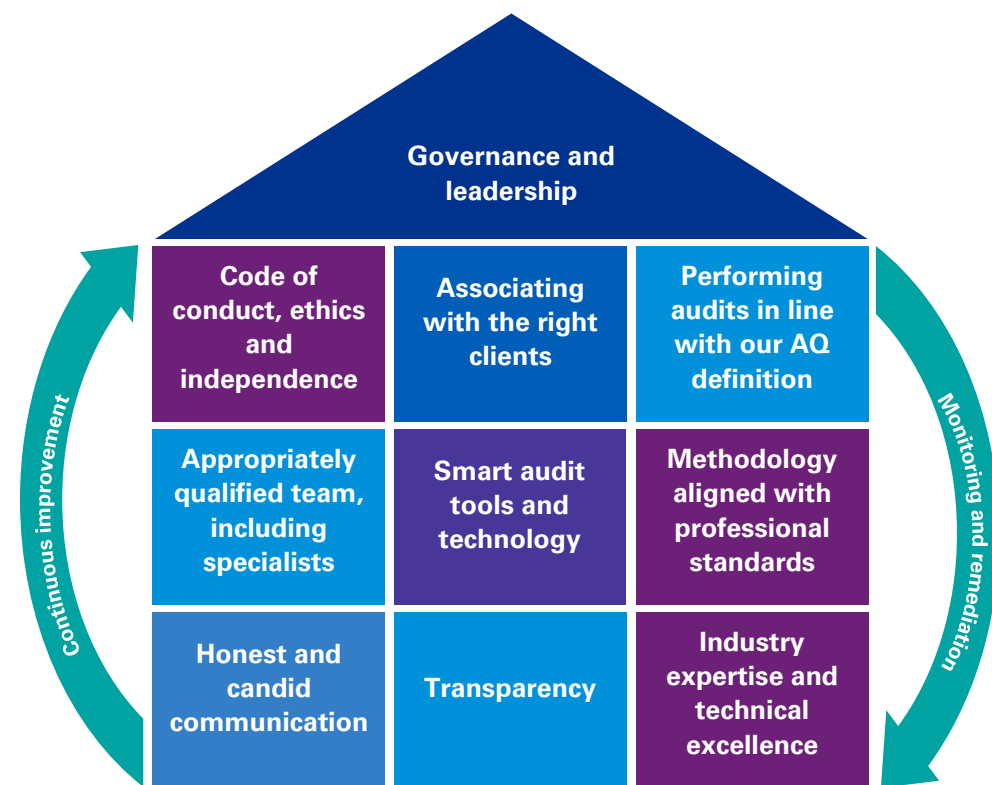
In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

Auditor's report	Management representation letter
<p>The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.</p>	<p>In accordance with professional standards, a copy of the management representation letter are provided to Council. The management representation letter is attached.</p>
Audit quality	
<p>Audit Quality (AQ) is at the core of everything we do at KPMG. Appendix 2 provides more information on AQ.</p>	
<p>The following links are external audit quality reports for referral by the audit committee:</p>	
<ul style="list-style-type: none">• CPAB Audit Quality Insights Report: 2019 Annual Inspections Results• CPAB Audit Quality Insights Report: 2019 Fall Inspection Results	

Appendix 2: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarizes the key elements of our quality control system.



Audit Quality Framework

What do we mean by audit quality?

Audit Quality (AQ) is at the core of everything we do at KPMG.

We believe that it is not just about reaching the right opinion, but how we reach that opinion.

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

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

Our AQ Framework summarises how we deliver AQ. Visit our [Audit Quality Resources page](#) for more information including access to our [Audit Quality and Transparency report](#).

Appendix 3: Current Developments

Current Developments, created by the KPMG Public Sector and Not-for-Profit Practice, summarizes some of the regulatory, operational and governance developments impacting public sector, charitable and not-for-profit organizations. We provide this summary to inform our clients of changes that they may impact their organization, and the trends we see in the industry based on our discussions with the management and Board members of our clients.

We attach this summary to our audit plans and audit findings reports that we provide to the Audit Committees and their equivalents of our public sector, not-for-profit and charity clients. Some of these developments may not impact your organization directly but we believe it is important for management and Committee members to understand what is happening in the broader public, not-for-profit and charity sector.

Annual Accounting, Tax and Risk Update for Not-for-Profit Organizations

KPMG held its Annual Accounting, Tax & Risk Update for Not-for-Profit Organizations remotely on **November 5, 2020**. The seminar covers current accounting, tax, technology and risk issues, including some of those discussed below, in greater detail providing not-for-profit organizations and charities with guidance on new standards, regulations and best practices. This event consistently attracts over 100 executives, financial officers and Board members from the Ottawa and area not-for-profit and charity community.

Audit Committee members are also invited to virtually attend our next session. If you wish to have your name included on the invite list going forward, please e-mail Vanessa Hundert at vhundert@kpmg.ca.

Fraud Risk Assessments

A proactive approach to help counter the risk of fraud

A reputation for integrity is critical to safeguarding public trust in your business. Unfortunately, fraud can seriously undermine these efforts after they occur. That's why regulators, insurers, Boards of Directors and experienced business leaders are focused on ensuring organizations have effective approaches to mitigating fraud risks.

In the wake of high-profile corporate failures and their devastating impacts, there is a renewed spotlight on fraud from regulators. Regulators know that a company's susceptibility to fraud is influenced by the strength of its fraud risk management programs. So, regulators are exploring what actions relevant stakeholders should be taking to better prevent and detect fraud.

Insurers, who may provide coverage for losses suffered due to fraud, are also inquiring about what efforts companies have taken to proactively assess and address fraud risks in the organization. Without such proactive measures in place, there may be a risk that insurers will deny such coverage if the company is found to have contributed to an environment that enabled the fraud to occur in the first place.

In coping with the current pandemic crisis, organizations must continue to manage future risks, especially the risk of fraud during uncertain times. For many organizations that are working to ride out these difficult times, the need to cut costs and continue to operate is painful and ever-present. There is usually increased pressure on organizations to conserve through the close management of costs. Whether a company reduces its headcount, rationalizes processes and controls, cuts back on internal audits and other risk management measures, or restructures some of its business, these decisions can have significant consequences for the organization and its people. At the same time, there are greater incentives for employees, suppliers, customers, agents, and others to commit fraud during uncertain times, economic downturns, pandemics, or other periods of economic distress. Experience suggests that an unintended downside of our focus on the present may be the neglect of risks and opportunities ahead.

So what can you do to help ensure that your organization can proactively mitigate fraud risks that it may face?

A good starting point is to first understand where you may be vulnerable to fraud risk. A [Fraud Risk Assessment](#) is a tool that organizations use to understand where these vulnerabilities may exist. The objective is to understand these vulnerabilities and then to ensure that adequate measures are in place to mitigate these fraud risks.

Return to the Office Assurance

Returning to the physical workplace is a complex yet integral part of organizations' recovery from the pandemic. Various considerations around health and safety will need to be taken into account when developing any return to work (RTW) strategy. However, the changing implications of COVID-19 make it challenging for organizations to navigate this landscape on their own.

Organizations have established several processes to help ensure that employees' health and safety risks are clearly understood and effectively managed. However, are these processes complete and do they continue to adapt to the evolving state of the pandemic? In this environment, there are still many questions left unanswered, but here is what we do know:

- Leaders will play an active role in managing mental health
- The municipalities guidelines for reopening will differ from other municipalities
- There will be frequent changes in requirements
- Best practices will evolve over a year or more, not in a matter of weeks
- There will be regional disparity in approaches
- There will be outbreaks of COVID-19 in the workplace
- The 9 to 5 workday will be challenged
- Technology will contribute to the solution and will permanently alter the workplace but will need time to evolve.

KPMG has developed a comprehensive people-centric *RTW Playbook*, which takes into account 23 different elements that need to be considered in order to bring staff and relevant stakeholders back to work, safely. The framework starts with a COVID-19 task force, and ends with case response procedure. Each of the 23 elements in the RTW Playbook has several action items tagged, providing a basis for a comprehensive RTW management system.

In order to help organizations navigate through this rapidly changing landscape, KPMG has developed the **Return to Work (RTW) Management Systems Framework**.

KPMG's RTW Management Systems Framework and related assurance will increase the Government of Canada's level of confidence over the comprehensiveness of its RTW program, by alignment to industry leading practices. Ultimately our framework will focus on the following categories aligned to the RTW framework:

- Governance;
- Planning and program design;
- Workforce preparation;
- Implementation and operations; and,
- Monitoring, maintenance and improvement.

The RTW framework and assurance provides management and executives with the “playbook” to implement RTW and the framework to manage and monitor, with the level of dashboard reporting to allow for dynamic and agile management actions.

Our approach consists of performing a current state assessment, gap analysis and RTW implementation roadmap, in order to support the implementation of appropriate management activities, and ultimately monitor and track successes. Our approach also offers several tools, including the RTW Dashboard, which is used as a reporting tool to assess and track all or portions of the Government of Canada’s return to work management system, and the KPMG Workforce Safeguard App. For more information on Return to Work Assurance, please contact your relevant KPMG professional.

Working from Anywhere

As we all strive to cope and adapt to the new reality and rapidly changing landscape, many organizations are being forced to quickly adopt remote ways of working. In some cases, employees are requesting to work from a different country than their employer, or employers are considering hiring remote workers who will work abroad. Working from Anywhere (WFA) offers a number of potential benefits, including increased employee flexibility and productivity, and the availability of a broader pool of talent to draw upon. Yet it’s important to weigh the costs and benefits, and there are a number of potential risks and compliance obligations that employers must consider, such as:

- Tax planning and compliance: Understand where corporate tax obligations are triggered, and how payroll registration and indirect tax obligations are impacted depending on the country where the remote employee is performing the service.
- Employment and labour law considerations: Design workplace terms, conditions and agreements to navigate the interplay between local and foreign labour standards and overcome the human resources challenges of a remote workforce.
- Immigration implications: Assess the need for business visitor and work permit eligibility assessments, as well as a review of immigration compliance considerations related to changes in the work location.
- People and culture impacts: Identify the short and long-term effects of WFA on leadership and employee engagement, and take an active role in the employee experience and organizational reshaping.
- Cybersecurity and technology challenges: Secure systems and data against internal and external threats, and rapidly adapt to technological change, while considering the potentially different technological environment and standards in the remote work jurisdiction.

KPMG can assist your organization with understanding the information to collect, performing a risk assessment of potential remote work jurisdictions, creating terms and conditions to minimize the risks and amplify the benefits, developing a WFA compliance process and policies, and coaching you through stakeholder communications and WFA program implementation. For more information on WFA assistance, please contact your relevant KPMG professional.

Government Subsidy Programs

The Government of Canada offers various subsidy programs to organizations that meet various criteria and characteristics. Various programs continue to receive frequent and further information on eligibility, extensions to programs, and restrictions. As your trusted advisors, we are here to help. Because every organization is unique, our experienced

professionals can assist you with establishing that the methodology you use to determine eligibility – which can often be subjective – is consistent with similar organizations in your sector and across Canada.

Canada Emergency Wage Subsidy:

Canada has enacted the CEWS to help businesses retain employees during COVID-19. This temporary subsidy, which is available to qualifying employers that have lost revenue due to COVID-19, initially provided an amount to employers equal to 75% of employees' remuneration paid, up to a maximum of \$847 per week per employee, from March 15, 2020 to June 6, 2020.

The CEWS was first passed into law on April 11, 2020 and has been subject to several revisions and extensions since then. On November 19, 2020, Bill C-9 was passed into law which provides for the extension of the CEWS with announced changes through December 19, 2020.

Bill C-9, the government also introduces the new Canada Emergency Rent Subsidy ("CERS") in addition to the new Lockdown support. On November 30, 2020, in its Fall Economic Statement, the Government announced the proposed rule details for the CEWS and CERS from December 20, 2020, to March 13, 2021, which were subsequently reflected in the legislation via amending the Regulations in the heading of Part LXXXIX.1 on December 18, 2020.

The most recent legislation for the subsidy, outlines many details of the program and provides additional guidance on how employers can further qualify for the subsidy.

The following is a high level summary of some of the key elements of the CEWS:

- The subsidy is available to employers that meet the definition of "eligible entity". An "eligible entity" may include individuals, taxable corporations, certain trusts, certain non-profit organizations, registered charities and partnerships consisting of eligible employers, other than "public institutions".
- CEWS is available on weekly eligible remuneration of an eligible employee paid between March 15, 2020 and December 19, 2020.
- For the qualifying period prior to July 5, 2020 (Period 5), the subsidy is the greater of:
 - 75% of eligible remuneration paid, up to a maximum of \$847 per week (or nil in the case of a non-arm's length employee)
 - or the lesser of either:
 - The eligible remuneration paid, up to a maximum of \$847 per week, or
 - 75% of the employee's baseline weekly remuneration.

Eligible entities can claim the subsidy if they have incurred a revenue reduction of at least 15% in qualifying revenues in March 2020; 30% in April, May 2020 and June 2020.

- For the qualifying periods of July 5, 2020 to August 1, 2020 (Period 5) and August 2, 2020 to August 29, 2020 (Period 6), the legislation provides a "safe harbour" rule to allow employers with a revenue decline of 30% or more to receive a 75% subsidy rate that they otherwise would have received under the initially enacted CEWS rules, if this is a larger amount.
- For the qualifying periods August 30, 2020 to September 26, 2020 (Period 7) and onward, legislation expanded the eligibility to eligible employers with a two-part subsidy consisting of a "base" and "top-up" amount.
- Under these new rules, the amount of the wage subsidy an eligible employer could qualify for would vary depending on their revenue decline, with a maximum combined subsidy of 85% of eligible remuneration up to \$960 per week, for at least July and August (Periods 5 and 6).
- The maximum subsidy rate will remain at 65% from Period 8 to Period 10.
- The top-up subsidy rate has been increased from 25% to 35% for Period 11 to Period 13 for eligible entities with a revenue drop of 70% or more. The base rate of 40% will continue to apply for the three periods, providing a maximum subsidy rate for up to 75%.

- The modified two-tiered subsidy includes different treatment related to eligible employees that are either active or on leave. Employees on leave are not eligible for the new two-tiered subsidy, however, prescribed amounts will be available to an employer for employees on leave if any revenue reduction is experienced for the duration of the CEWS program.

The legislation provides for various criteria around what is “qualifying revenue” and around the financial accounting methods which can be utilized to calculate the revenue reduction.

Canada Emergency Response Benefit:

The Canada Emergency Response Benefit (CERB) gives financial support to employed and self-employed Canadians who are directly affected by COVID-19. Recent updates to the CERB consist of the extension from 4 months to 6 months, and the ability to repay amounts where the qualifications were not met. The CERB stopped on October 3, 2020.

Canada Emergency Business Account:

The Canada Emergency Business Account (CEBA) program provides interest-free loans of up to \$40,000 to eligible small businesses and not-for-profit organizations, with terms of repayment of the balance done prior to December 31, 2022, resulting in loan forgiveness of 25% of the original loan balance. Recent updates to the CEBA consist of significant expansion of eligibility criteria and loan ceiling of \$60,000.

Conditions may be contained in loan agreements that risk lacking consistency of the criteria provided by the Government of Canada. Organizations should ensure that loan agreements have been reviewed closely. With very frequent and potential significant changes and updates occurring relating to CEBA, please continue to communicate with your KPMG professional for real-time updates, and opportunities where we are able to help.

Auditing Accounting Estimates:

The new auditing standard over accounting estimates is in effect for audits of Organizations with year-ends on or after December 15, 2020. As a result of the revised methodology for auditing estimates, audit engagement teams globally will apply one methodology when auditing accounting estimates, including fair value accounting estimates, and related disclosures. Canadian Auditing Standards define an accounting estimate as a monetary amount for which the measurement in accordance with the requirements of the applicable financial reporting framework, is subject to estimation uncertainty.

Accounting estimates vary widely across Organizations and are required to be made by management when the monetary amounts cannot be directly observed. The process of determining accounting estimates involves selecting and applying a method using assumptions and data, which requires judgment by management and can give rise to complexity in measurement. The effects of complexity, subjectivity or other inherent risk factors on the measurement of these monetary amounts affects their susceptibility to misstatement. Similar to the variation among different Organizations, the degree to which an accounting estimate is subject to estimation uncertainty will also vary significantly. Examples of accounting estimates consist of, but are not limited to:

- Inventory obsolescence;
- Amortization of property and equipment;
- Valuation of financial instruments;
- Outcome of pending litigation;

- Revenue recognized for long-term contracts;
- Impairment of long-lived assets or property of equipment held for disposal;
- Warranty obligations

Key concepts in this revised standard focus on assessment of risks, and the goal of your KPMG team is to obtain sufficient appropriate audit evidence about whether accounting estimates and related disclosures in the financial statements are reasonable in the context of the applicable financial reporting framework.

With the new accounting standards, organizations will be required to perform self-assessments of all applicable accounting estimates relevant to your Organization and support the determination and methodology of the calculation of all accounting estimates. In auditing accounting estimates, your KPMG team will work with management to complete the following:

- Understand the Organization and its environment, including internal controls over financial reporting;
- Understand the process, including understand the process by which each accounting estimate is developed, understand the nature and extent to which management uses the work of specialists of third parties (other than specialists), understand how management understandings and addresses estimation uncertainty, and understand the elements of an estimate

Based on the understanding we have obtain from management, we will determine the components of the accounting estimate, perform a retrospective review and assess risk. The revision to our methodology includes as well the following considerations:

- Identification and addressing any management bias;
- Consideration of additional risk factors when assessing whether an estimate gives rise to a risk of material misstatement;
- Determination of components of an estimate and consideration of their differing risks;
- Identification and linkage of risk considerations of the methods, assumptions and data;
- Identification of individual items that contribute ti risks individually, or in combination, and determination of our audit response for each applicable element;
- Performance of a retrospective review for all significant accounts and applicable disclosure for identification of a relevant assertion for an accounting estimate in the current year;
- Performance of an aggregate risk assessment

Cyber Security – Adapting to the ‘new normal’

COVID-19 has forced us to transform the way we work — projects which might have taken a year have been driven through in weeks. Pragmatism has become the rule, and organizations have likely taken security risks that they might never have accepted in other circumstances. The dust is still settling, but some major themes are emerging: we’re already seeing rapid expansions of digital commerce channels as consumer behaviours shift, in addition to dealing with a workforce that has grown accustomed to a flexible and remote work environment.

At the same time, cyber criminals have shown themselves ruthless and entrepreneurial in exploiting fear, uncertainty and doubt over COVID-19 — repurposing phishing and attack infrastructure to build out COVID-19 fake websites and scams. With a larger attack surface due to the increased use of online tools, opportunity for malicious activity is abound.

Organizations need to demonstrate that they can protect the heart of the transformed business with an agility of thought and action that recognizes the pace and speed at which cyber criminals operate. These issues must be handled proactively and can no longer be an after-thought. Cyber security is now becoming the key business enabler.

Members of Audit Committees should be asking management fundamental questions such as:

- Are we doing enough to reduce our cyber risk to an acceptable level?
- Is our organization fully prepared to detect, respond and react to a cyber attack of any kind?
- As we shifted to remote interaction with employees and customers, have we done it securely without relaxing our security or increasing our exposure?

Lean:

Approach

Our innovative audit approach, Lean in Audit™, further improves audit value and productivity to help deliver real insight to you. Lean in Audit is process oriented, directly engaging organizational stakeholders and employing hands-on tools, such as walkthroughs and flowcharts of actual financial processes.

By embedding Lean techniques into our core audit delivery process, our teams are able to enhance their understanding of the business processes and control environment within your organization – allowing us to provide actionable quality and productivity improvement observations.

Any insights gathered through the course of the audit will be available to both engagement teams and management. For example, we may identify control gaps and potential process improvement areas, while management has the opportunity to apply such insights to streamline processes, inform business decisions, improve compliance, lower costs, increase productivity, strengthen customer service and satisfaction and drive overall performance.

How it Works

Lean in Audit employs three key Lean techniques:

- Provide basic Lean training and equip our teams with a new Lean mindset to improve quality, value and productivity;
- Perform interactive workshops to conduct walkthroughs of selected financial processes providing end-to-end transparency and understanding of process and control quality and effectiveness;
- Quick and pragmatic insight report including immediate quick win actions and prioritized opportunities to realize benefit

Current Environment Adaptation

In the current environment, Organizations are working entirely remotely and we have tailored our methodology on the delivery and facilitation of interactive workshops to accommodate for current in-person restrictions. We are happy to inform our clients that we offer Lean in Audit workshops facilitated remotely, through the use of Microsoft Teams or Skype for Business. In facilitating workshops remotely, we are able to obtain the same high quality level of process information, and document the process live with the help of your teams.

Please reach out to your KPMG professional on more information on remote-workshops and to schedule workshops for your audit processes.

Audit response to COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social dislocating impact. As such enhanced contingency and subsequent events procedures are warranted.

Audit response:

- Management will be required with the audit team to customize language for an Impact of COVID-19 note.
- An assessment for any financial indicators of financial implications was undertaken and documented by management and reviewed by the audit team.
- An additional required note to the financial statements will be included for all year-ends that occurred subsequent to the start of the pandemic per our Canadian Auditing Standards. An example of the financial statement note is as follows:

X. Impact of COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market and societal impacts in Canada and around the world.

From the declaration of the pandemic to the date of approval of these financial statements, the [Organization] implemented the following actions in relation to COVID-19:

- *[management's documentation of relevant impacts]*

As a result of these actions, the [Organization] experienced decreases in recognition of [applicable revenues] and related costs during the year and subsequent to year end.

(a) Subsequent events related to COVID-19:

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditor's report that provide additional evidence relating to conditions that existed as at year-end. Management has assessed the financial impacts and there are no additional adjustments required to the financial statements.

(b) Impact of COVID-19 on financial risks:

The ultimate duration and magnitude of COVID-19's impact on the [Organization]'s operations and financial position is not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities, and the use of accumulated net assets to sustain operations. An estimate of the financial effect of the pandemic on the [Organization] is not practicable at this time.

Please visit our COVID-19 website for resources. This site is being updated daily based on information being released by Federal, Provincial and Municipal news releases.

Public Sector Accounting Update

Asset Retirement Obligations

The new standard is effective for fiscal years beginning on or after April 1, 2022. The effective date was deferred by one year due to COVID-19. The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAB currently contains no specific guidance in this area.

The ARO standard will require the public sector entity to record a liability related to future costs of any legal obligation to be incurred upon retirement of any controlled tangible capital assets (“TCA”). The amount of the initial liability will be added to the historical cost of the asset and amortized over its useful life.

As a result of the new standard, the public sector entity will have to:

- Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset;
- Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements;
- Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.

Are You Ready Checklist	Potential Impact Areas
<ol style="list-style-type: none">1. Have you formed a project team for ARO implementation? If so, who outside of Finance is on that team?2. Have you developed a policy or guideline, with clear roles and responsibilities?3. Have you identified asset types considered in scope? If so, what assumptions have you used?4. Does your scoping consider both capital assets, and other asset type items?5. What assessment has been done of active landfill sites – particularly those early in their lifespan?6. Are you applying a risk-based approach to scoping and assessment?7. How are you identifying legislation, regulations or contracts creating legal obligations?	<ol style="list-style-type: none">1. Facilities with asbestos or other contaminated substances.2. Underground fuel storage tanks3. Active landfill sites4. Septic tanks5. Drinking wells6. Firewater holding tanks7. Leases with end of lease retirement clauses.8. Underground pipes with asbestos (where there is a requirement to remove)9. Land leases10. Wastewater treatment plants

<p>8. Are you applying discounting to measure the retirement obligation? If so, what estimates are you applying for discount rate?</p> <p>9. What data sources do you have for measurement?</p> <p>10. Have you identified a transition method?</p>	
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Employee Future Benefits

PSAB has initiated a review of sections PS3250 *Retirement Benefits* and PS3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*. In July 2020, PSAB approved a revised project plan.

PSAB intends to use principles from International Public Sector Accounting Standard 39 *Employee Benefits* as a starting point to develop the Canadian standard.

Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, PSAB will implement a multi-release strategy for the new standards. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues.

Revenues

The new standard is effective for fiscal years beginning on or after April 1, 2023. The effective date was deferred by one year due to COVID-19.

The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.

The standard notes that in the case of revenues arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations.

The standard notes that unilateral revenues arise when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.

Are You Ready Checklist	Potential Impact Areas
<ol style="list-style-type: none"> 1. Have you identified any revenue-generating transactions other than taxation or government transfer revenues which create performance obligations (ie: the entity is required to provide a good or service to earn that revenue)? 2. Did you review accounting policies for these transactions to verify revenue is recognized only as performance obligations are being met? 3. Have you quantified the impact of any change in accounting policy, or determined that there is no impact? 	<ol style="list-style-type: none"> 1. User charges such as transit fees, utility charges, licensing fees and fees for programs or activities. 2. Revenues linked to the provision of a good or service. 3. Development charges

Financial instruments and foreign currency translation

The accounting standards, PS3450 *Financial Instruments*, PS2601 *Foreign Currency Translation*, PS1201 *Financial Statement Presentation* and PS3041 *Portfolio Investments* are effective for fiscal years commencing on or after April 1, 2022. The effective date was deferred by one year due to COVID-19.

Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity’s choice and this choice must be made on initial recognition of the financial instrument and is irrevocable. Hedge accounting is not permitted.

A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations

In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 *Financial Instruments* which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 *Financial Instruments*. The exposure drafts will be released in summer 2020 with a 90-day comment period.

Are You Ready Checklist	Potential Impact Areas
<ol style="list-style-type: none"> 1. What process have you followed to determine if you have any embedded derivatives that might arise from existing contractual arrangements? Has a contract review been conducted? 2. Does the entity have other financial assets which it assesses performance based on fair value, and for which it might elect a fair value measure? 3. Where the entity holds equity or derivative instruments, does it have readily observable market data to inform a fair value measure? 4. Has the entity reviewed existing financial instrument note disclosure in the financial statements to determine any required revisions to meet the requirements of this section (particularly the required risk disclosures)? 5. Does the entity enter foreign exchange transactions? Does the entity hold any monetary assets and monetary liabilities, or non-monetary assets denominated in a foreign currency? 	<ol style="list-style-type: none"> 1. Equity instruments 2. Derivatives such as futures, forwards, interest rate swaps and currency swaps. 3. Contracts with embedded derivatives 4. Other financial instruments for which performance is assessed on a fair value basis

Appendix 4: Management Representation Letter

THE CORPORATION OF THE TOWN OF AMHERSTBURG
271 SANDWICH STREET SOUTH
AMHERSTBURG, ONTARIO N9V 2A5

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

July 26, 2021

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of The Corporation of the Town of Amherstburg ("the Entity") as at and for the period ended December 31, 2020.

GENERAL:

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

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated December 31, 2019, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also

acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

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

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

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

SUBSEQUENT EVENTS:

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

RELATED PARTIES:

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

ESTIMATES:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

GOING CONCERN:

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

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

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

Yours very truly,

By: John Miceli, Chief Administrative Officer

By: Justin Rousseau, Treasurer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

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

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

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



kpmg.ca/audit



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KPMG member firms around the world have 174,000 professionals, in 155 countries.

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Figure 1
The Corporation of the Town of Amherstburg
Development Charge Reserve Funds Statement
Year Ended December 31, 2020

Description	Services to which the Development Charge Relates						Total
	Non-Discounted Services						
	Services Related to a Highway	Water	Wastewater	Protection(3)	Parks and Recreation(4)	Administration	
Opening Balance, January 1, 2020	1,937,623	3,459,986	1,198,863	557,591	1,174,417	3,222	8,331,702
Plus:							
Development Charge Collections	696,283	293,100	1,356,526	149,767	360,272	145,033	3,000,981
Accrued Interest	41,246	63,001	33,312	11,284	24,745	6,840	180,428
Repayment of Monies Borrowed from Fund and Associated Interest	-	-	-	-	-	-	-
Sub-Total	737,529	356,101	1,389,838	161,051	385,017	151,873	3,181,409
Less:							
Amount Transferred to Capital (or Other) Funds (1)			827,771		-	16,696	844,467
Amounts Reallocated							-
Amounts Loaned to operations for Interim Financing Credits (2)							-
Sub-Total	-	-	827,771	-	-	16,696	844,467
Closing Balance, December 31, 2020	2,675,152	3,816,087	1,760,930	718,642	1,559,434	138,399	10,668,644

1 See Attachment 1 for details

2 See Attachment 2 for details

3 Service category includes: Police Services and Fire Services

4 Service category includes: Indoor Recreation Services and Parkland Development Services

The Municipality is compliant with s.s. 59.1 (1) of the *Development Charges Act*, whereby charges are not directly or indirectly imposed on development nor has a requirement to construct a service related to development been imposed, except as permitted by the *Development Charges Act* or another Act.

Attachment 1
The Corporation of the Town of Amherstburg
Amount Transferred to Capital (or Other) Funds - Capital Fund Transactions

Capital Fund Transactions	Gross Capital Cost	DC Recoverable Cost Share					Non-D.C. Recoverable Cost Share				
		D.C. By-Law Period			Post D.C. By-Law Period		Other Reserve/Reserve Fund Draws	Tax Supported Operating Fund Contributions	Rate Supported Operating Fund Contributions	Debt Financing	Grants, Subsidies Other Contributions
		D.C. Reserve Fund Draw	D.C. Debt Financing	Grants, Subsidies Other Contributions	Post-Period Benefit/Capacity Interim Financing	Grants, Subsidies Other Contributions					
<u>Services Related to a Highway</u>											
Sub-Total - Services Related to Highways	-	-	-	-	-	-	-	-	-	-	-
<u>Parks and Recreation</u>											
Sub-Total - Parks and Recreation	-	-	-	-	-	-	-	-	-	-	-
<u>Administration</u>											
Admin- Studies	66,960	16,696	-	-	-	-	-	12,500	37,764	-	-
Sub-Total - Administration	66,960	16,696	-	-	-	-	-	12,500	37,764	-	-
<u>Water</u>											
Sub-Total - Water	-	-	-	-	-	-	-	-	-	-	-
<u>Wastewater</u>											
WW Forcemain (Edgewater)	7,256,000	323,577	-	5,503,241	-	-	585,923	-	843,259	-	-
Sub-Total - Wastewater	7,256,000	323,577	-	5,503,241	-	-	585,923	-	843,259	-	-

Amount Transferred to Capital (or Other) Funds - Operating Fund Transactions

Operating Fund Transactions	Annual Debt Repayment Amount	D.C. Reserve Fund Draw		Post D.C. By-Law Period			Non-D.C. Recoverable Cost Share		
		Principal	Interest	Principal	Interest	Source	Principal	Interest	Source
<u>Services Related to a Highway</u>									
Sub-Total - Services Related to Highways	-	-	-	-	-	-	-	-	-
<u>Wastewater</u>									
Debt Service Cost - WW treatment plant	1,563,878	328,396	175,799	-	-	-	690,202	369,482	Wastewater rate
Sub-Total - Wastewater	1,563,878	328,396	175,799	-	-	-	690,202	369,482	

Attachment 2
The Corporation of the Town of Amherstburg
Statement of Credit Holder Transactions

Credit Holder	Applicable D.C. Reserve Fund	Credit Balance Outstanding Beginning of Year 2020	Additional Credits Granted During Year	Credits Used by Holder During Year	Credit Balance Outstanding End of Year 2020
Malden Sewage Project Properties	Wastewater	166,407	-	1,422	164,984
					-



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF CORPORATE SERVICES

MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.

Table with 2 columns: Author's Name, Report Date, Author's Phone, Date to Council, Author's E-mail, Resolution #.

To: Mayor and Members of Town Council

Subject: 2021 First Quarter (Q1) Variance as at March 31, 2021

1. RECOMMENDATION:

It is recommended that:

- 1. An over-expenditure of salary and benefits expenses in the Clerks Budget Centre not to exceed \$5,000 for additional staff overtime to deal with advisory committee commitments and AODA compliance BE APPROVED and be funded by taxation;
2. An over-expenditure of professional fees expense in the Financial Services Budget Centre not to exceed \$20,000 to provide for Asset Management Plan consulting work BE APPROVED and be funded by a transfer from the Plans and Studies Reserve;
3. An over-expenditure of professional fees expense in the Planning and Development Budget Centre not to exceed \$40,000 for consulting services to assist with workload in the Planning division BE APPROVED and be funded by an under-expenditure in salary and benefits expense;
4. An over-expenditure of clothing expense in the Parks Budget Centre not to exceed \$3,200 BE AFFIRMED and be funded by taxation; and,
5. An over-expenditure of salary and benefits expenses in the Tourism Budget Centre not to exceed \$35,000 related to mass vaccination clinic operations BE APPROVED and be funded by recovery revenue from the County of Essex.

2. BACKGROUND:

The Town's budget is established by Council each year for operating and capital purposes as required under the Municipal Act. Council approves both:

- i) a cash based budget, used for determination of the annual tax levy requirement and user rate impacts, and;
- ii) an accrual based budget required under Public Sector Accounting Board ('PSAB') standards for reporting in the annual financial statements.

The cash based budget estimates are formed based on Council direction, economic trends and the best estimates and information available at the time of creation.

The actual expenditures and revenues in the various budget centres are monitored by Administration in relation to the approved budget on an ongoing basis throughout the year. The year-to-date and projected year-end results are reported to Council quarterly.

In March 2021, the Town began preparation for operation of a regional Mass Vaccination Centre (MVC), which opened in April and is expected to be decommissioned by August 7th, 2021, at the direction of the Windsor-Essex County Health Unit. It is important for Council to note that the MVC operation was not anticipated in the development and presentation of the 2021 Budget for Council's approval in the context of this report.

3. DISCUSSION:

This report is provided to advise Council of the operating results for the first quarter of the 2021 fiscal year, in relation to the cash based budget.

It should be noted that the continuing pandemic emergency (COVID-19) has had significant impacts on operations and some significant assumptions around the pandemic have been made in both the budget and the projected results.

The 2021 projected results assume that:

- Recreational and Libro Centre ice and dry floor programming will resume in Q4 of 2021
- Schools will reopen for in-school learning and crossing guard staff will be in place starting September 2021
- All Safe Restart grant funding will be earned and applied in 2021
- All costs incurred by the Town for operation of the Mass Vaccination Centre (MVC) at the Libro Centre will be fully reimbursed by the County of Essex

Significant changes in financial projections and operating results may occur should these assumptions not hold true.

The following is a breakdown of the major operating variances by department:

Taxation Funded:

As at March 31, 2021, a surplus of approximately \$987,500 is projected for budget centres funded from taxation, as outlined in the comments below.

Office of the CAO

The Office of the CAO includes the following budget centres: CAO's Office, Clerk's Office, and Council & Committees. This department is projecting an overall surplus of \$50,900.

The CAO's Office is forecasting a surplus of \$74,000 primarily due to an estimated reduction in legal fees expense based on recruitment of a Town Solicitor, along with reduced training/professional development.

The Clerk's Office budget centre is projecting a deficit of \$22,500, mainly due to higher than anticipated insurance premiums as renewal costs exceeded the estimated budget, along with additional overtime to fulfill advisory committee obligations and AODA compliance requirements. An over-expenditure for overtime expense to fulfil this obligation is recommended by Administration. Offsetting these deficits is a small surplus in salary and benefits expenses due to a position vacancy during the first quarter of 2021.

The Council & Committees budget centre shows a projected shortfall of \$600 from slightly higher than expected meeting costs.

Corporate Services

The Corporate Services Department includes Financial Services, Non-Departmental, Information Technology and Human Resources budget centres. This department is projecting an overall surplus of \$632,200.

The main elements of the projected surplus include:

A \$16,500 surplus is anticipated in the Financial Services budget centre, primarily due to lower than budgeted costs for contracted services and training/professional development. An over-expenditure of professional fees is projected for Asset Management Initiative work, contracted in 2020 and to be completed in 2021, that would be offset by a transfer from the Plans and Studies Reserve.

There is a small deficit variance of \$4,000 projected for Human Resources primarily related to a salary and benefits expense adjustment.

A surplus of \$20,400 is projected in the Information Technology budget centre mainly related to a staff leave of absence and reduced training/professional development.

In the Non-Departmental budget centre, a surplus of \$599,300 is expected mainly due to an increase in property tax revenue from supplementary assessment, higher interest income and recognition of grant revenue (Safe Restart Funding) that offsets pandemic

emergency related revenue shortfalls and expenses projected in various other budget centres.

Planning and Development Services

The Planning and Development Services Department includes Licencing & Enforcement, Planning & Legislative, Police and Building Services budget centres. This department is projecting an overall surplus of \$121,300.

The Police Budget Centre is trending toward a \$25,000 surplus, mainly from a projected surplus in POA revenue as the office is expected to resume to normal operation.

The Building budget centre is currently projecting no net variance. Although there is a projected operational surplus of \$228,700 in revenue, primarily due to an increase in building permit revenue from increased residential housing construction, this surplus will be transferred to the building permit reserve at year-end in accordance with the Building Code Act provisions.

The Licencing & Enforcement budget centre shows a projected deficit of \$6,200 due to forecasted drops in revenue related to the impact of the provincial shutdown limiting lottery and marriage license revenue. Slightly offsetting this decrease in revenue are savings in staffing costs due to vacant positions during the early portion of the year.

The projected surplus of \$102,500 in the Planning & Legislative budget centre is mainly related to staff vacancies earlier in the year in the Director and Planner positions. Other variances projected are a surplus in user fees due to an increase in residential planning applications, offset by an increase to professional fees to assist in managing workload pressures created by a staff vacancy, along with a slight decrease in user fees from lower than anticipated commercial planning applications. A recommendation to authorize an over-expenditure of consulting services would be offset by underspending of salary and benefits expense, and address workload impacts of the temporary vacancy in the Planner position.

Community and Protective Services

The Parks, Facilities, Recreation and Culture Department includes the Libro Centre, Facilities, Parks, Recreation, Fire and Tourism & Culture budget centres. This department is projecting an overall surplus of \$180,800; however significant fluctuations in both revenue and expenses continue to have an impact on operations given the pandemic emergency.

The main elements of the projected surplus include:

The Recreation budget centre is projecting a surplus of \$31,400, which is mainly based on estimated shortfalls in revenue offset by projected underspending for staffing costs, small equipment, program and event costs, marketing and advertising and travel and mileage expenses. In addition, these projections are based on the expectation that programming will resume in the fall (Q4) of 2021.

The Parks budget centre is forecasting a deficit of \$6,200 mainly related to a projected increase in contracted services for weed control, along with an over-expenditure for staff

clothing. This is offset by a small increase in revenue based on the renewal of a third party property maintenance contract. Administration will review the required allowance for clothing expense to facilitate provision of entitlements under policy and the collective agreement and make an appropriate recommendation for 2022 Budget.

A projected deficit of \$19,400 in the Facilities budget centre mainly related to estimated building maintenance costs, including unexpected maintenance required at Fire Stations 2 and 3, along with the Gordon House.

The Libro Centre budget centre is projected to have a \$201,400 surplus based on savings during the 1st quarter of 2021 mainly for utilities and staffing cost savings during reduced service levels due to the pandemic emergency.

The Tourism & Culture budget centre has a projected deficit of \$33,300 mainly related to projected overtime costs for staff working at the mass vaccination centre in addition to their regular duties; the overtime expense is expected to be mitigated by recoveries from the County of Essex as noted above and a recommendation to authorize this over-expenditure is included in this report. In addition, lower projected event revenues are offset by a reduction in anticipated advertising costs.

The Fire budget centre has a projected surplus of \$6,900 mainly related to lower than expected salary costs for temporary part-time staff due to the closure of the municipal office to the public, offset by increased open burn permit fees.

Infrastructure Services

The Infrastructure Services Department includes the Public Works and Drainage taxation funded budget centres, along with user rate funded Water and Wastewater budget centres, which are addressed separately below. This department is projecting a taxation funded surplus of \$2,300 at this time.

The projected surplus of \$2,300 in the Public Works budget centre is mainly due to estimated impacts of increased storm sewer outlet repairs, offset by lower than expected student salary costs due to a delayed hiring, as a result of the provincial shutdown due to the COVID-19 pandemic.

No variance is projected at this time in the Drainage budget centre.

Capital:

Capital projects are under review and will be projections will be included in future variance reports. Funding sources for each project differ and as a result capital surplus may result in additional funds remaining in the various reserves at year end.

User Rate Funded:

Infrastructure Services - Water

There is a forecasted surplus of \$26,000 in the Water budget centre based on an insurance claim recovery and lower insurance premium cost. Offsetting this projected

surplus is a minor increase in sample station costs. As this budget centre is user rate funded and is closed to a related reserve, the projected variance will affect the net transfer to or from reserve at the end of the year.

Infrastructure Services - Wastewater

There is a forecasted deficit in the Wastewater budget centre of \$120,500 due primarily to emergency sanitary maintenance at the location of the 2nd Concession bridge reconstruction project and higher than expected insurance expense. As this budget centre is user rate funded and is closed to a related reserve, the projected variance will affect the net transfer to or from reserve at the end of the year.

4. RISK ANALYSIS:

In considering this particular report, it is important to note that not all revenues and expenditures occur evenly throughout the year. As a result, the forecast may be significantly different than the actual to date extrapolated for the balance of the year. Projections will be refined as the year progresses and updated variance reports are provided quarterly for Council.

The impacts of the pandemic emergency continue to impact the Town's operations and carry ongoing financial and political risks in terms of service levels, cost of goods and services, staffing levels and related costs, and recovery of mass vaccination centre related costs.

It is also important to note that a risk remains with the Delta variant and those who have chosen not to be vaccinated as the Province re-opens and we return to some form of normalcy.

5. FINANCIAL MATTERS:

A summary of the 2021 projected year-end budget variances is included in the attached **Appendix A**. A summary of budget used to date and balances remaining is outlined in the attached **Appendix B**.

Financial impacts are discussed throughout this report. As noted above, there continues to be a significant amount of financial uncertainty related to impacts of the pandemic emergency. Estimates are made based on the best information available at this time and Administration will continue to monitor financial impacts and to update projections as the year progresses and further impacts of the pandemic emergency continue to unfold. Further, where possible, Administration will seek to mitigate the projected over-expenditures and to operate within the approved budget.


6. CONSULTATIONS:

The Senior Management Team and budget centre managers provided input for the budget centre projections.

7. CONCLUSION:

The projections as of March 31, 2021 are based on preliminary estimates and may change significantly by year-end. Administration will work to mitigate negative variances during the year and estimates will be refined as the year progresses.

Administration will continue to monitor funding requirements for actual results and recommendations to fund year-end results, including potential transfers from reserves, will be brought forward with the year-end report.



Justin Rousseau
Treasurer



Cheryl Horrobin
Director of Corporate Services

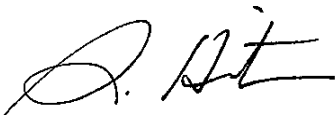
Report Approval Details

Document Title:	2021 First Quarter (Q1) Variance as at March 31 2021.docx
Attachments:	- Appendix A - By Budget Centre 2021 Q1.pdf - Appendix B - Budget YTD by Fund 2021 Q1.pdf
Final Approval Date:	Jul 21, 2021

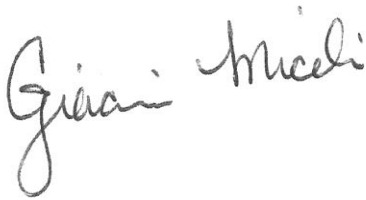
This report and all of its attachments were approved and signed as outlined below:



Cheryl Horrobin



Susan Hirota



John Miceli



Paula Parker

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-1001023-CAO
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	50,000	4,757	45,243	10%	50,000	-
Total Expenses	899,032	123,942	775,090	14%	825,032	74,000
Net Total	849,032	119,185	729,847	14%	775,032	74,000

Budget Center 10-1001022-CLERKS & RISK MANAGEMENT
as at March 31, 2021 (Q1)

	Budget	YTD Actual Cost	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	27,000	4,335	22,665	16%	26,600	(400)
Total Expenses	1,299,134	779,349	519,785	60%	1,321,234	(22,100)
Net Total	1,272,134	775,013	497,121	61%	1,294,634	(22,500)

Budget Center 10-1001010-COUNCIL
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Expenses	326,184	55,430	270,754	17%	326,784	(600)
Net Total	326,184	55,430	270,754	17%	326,784	(600)

SUMMARY - DEPARTMENT OF THE OFFICE OF THE CAO

as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	77,000	9,093	67,907	12%	76,600	(400)
Total Expenses	2,524,350	958,721	1,565,629	38%	2,473,050	51,300
Net Total	2,447,350	949,628	1,497,722	39%	2,396,450	50,900

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-1001021-FINANCE
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	86,000	48,557	37,443	56%	108,500	22,500
Total Expenses	1,583,902	372,834	1,211,068	24%	1,589,902	(6,000)
Net Total	1,497,902	324,277	1,173,625	22%	1,481,402	16,500

Budget Center 10-1001024-HUMAN RESOURCES
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Expenses	422,623	80,290	342,333	19%	426,623	(4,000)
Net Total	422,623	80,290	342,333	19%	426,623	(4,000)

Budget Center 10-1001025-INFORMATION TECHNOLOGY
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Expenses	1,174,162	272,150	902,012	23%	1,153,762	20,400
Net Total	1,174,162	272,150	902,012	23%	1,153,762	20,400

Budget Center -NON-DEPARTMENTAL
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	30,540,641	7,506,426	23,034,215	25%	33,818,991	3,278,350
Total Expenses	5,500,147	1,595,240	3,904,907	29%	8,179,197	(2,679,050)
Net Total	25,040,494	5,911,187	19,129,307	24%	25,639,794	599,300

SUMMARY - DEPARTMENT OF CORPORATE SERVICES

as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	30,626,641	7,554,983	23,071,658	25%	33,927,491	3,300,850
Total Expenses	8,680,834	2,320,514	6,360,320	27%	11,349,484	(2,668,650)
Net Total	(21,945,807)	(5,234,469)	(16,711,338)	24%	(22,578,007)	632,200

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-2020000-POLICE
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	-	15,739	15,739	-	77,000	77,000
Total Expenses	5,524,032	1,437,577	4,086,455	26%	5,576,032	(52,000)
Net Total	5,524,032	1,421,838	4,102,194	26%	5,499,032	25,000

Budget Center 10-2043010-BUILDING
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	538,360	211,087	327,273	39%	770,100	231,740
Total Expenses	538,360	117,695	420,665	22%	770,100	(231,740)
Net Total	-	(93,392)	93,392	-	-	-

Budget Center 10-2043015-LICENSING AND ENFORCEMENT
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	78,100	8,767	69,333	11%	46,100	(32,000)
Total Expenses	471,412	109,685	361,727	23%	445,612	25,800
Net Total	393,312	100,918	292,394	26%	399,512	(6,200)

Budget Center 10-8010000-PLANNING & DEVELOPMENT
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	279,725	53,210	226,515	19%	295,025	15,300
Total Expenses	786,420	86,954	699,466	11%	699,220	87,200
Net Total	506,695	33,744	472,951	7%	404,195	102,500

SUMMARY - DEPARTMENT OF PLANNING & DEVELOPMENT

as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	896,185	288,803	607,382	32%	1,188,225	292,040
Total Expenses	7,320,224	1,751,911	5,568,313	24%	7,490,964	(170,740)
Net Total	6,424,039	1,463,108	4,960,931	23%	6,302,739	121,300

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-7010000-RECREATION
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	200,700	12,881	187,819	6%	43,900	(156,800)
Total Expenses	568,007	54,152	513,855	10%	379,807	188,200
Net Total	367,307	41,271	326,036	11%	335,907	31,400

Budget Center 10-7017000-PARKS
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	20,000	-	20,000	-	24,500	4,500
Total Expenses	1,472,060	273,924	1,198,136	19%	1,482,760	(10,700)
Net Total	1,452,060	273,924	1,178,136	19%	1,458,260	(6,200)

Budget Center 10-7017002-FACILITIES
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	509,763	73,514	436,249	14%	343,763	(166,000)
Total Expenses	1,151,672	260,669	891,003	23%	1,005,072	146,600
Net Total	641,909	187,156	454,753	29%	661,309	(19,400)

Budget Center 10-7017300-LIBRO
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	501,021	2,502	498,519	0.5%	501,021	-
Total Expenses	2,767,919	377,531	2,390,388	14%	2,566,519	201,400
Net Total	2,266,898	375,028	1,891,870	17%	2,065,498	201,400

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-8020000-TOURISM & CULTURE
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	75,000	33,660	41,340	45%	66,000	(9,000)
Total Expenses	516,871	123,003	393,868	24%	541,171	(24,300)
Net Total	441,871	89,343	352,528	20%	475,171	(33,300)

Budget Center 10-2010000-FIRE
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	96,000	24,472	71,528	25%	98,300	2,300
Total Expenses	2,505,911	453,546	2,052,365	18%	2,501,311	4,600
Net Total	2,409,911	429,074	1,980,837	18%	2,403,011	6,900

SUMMARY - DEPARTMENT OF COMMUNITY & PROTECTIVE SERVICES
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	1,402,484	147,028	1,255,456	10%	1,077,484	(325,000)
Total Expenses	8,982,440	1,542,825	7,439,615	17%	8,476,640	505,800
Net Total	7,579,956	1,395,797	6,184,159	18%	7,399,156	180,800

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 10-3010000-PUBLIC WORKS
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	993,200	178,009	815,191	18%	1,002,600	9,400
Total Expenses	6,398,579	1,307,646	5,090,933	20%	6,405,679	(7,100)
Net Total	5,405,379	1,129,637	4,275,742	21%	5,403,079	2,300

Budget Center 10-1008030-DRAINAGE
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	1,468,720	170,553	1,298,167	12%	1,468,720	-
Total Expenses	1,557,804	201,971	1,355,833	13%	1,557,804	-
Net Total	89,084	31,419	57,665	35%	89,084	-

SUMMARY - DEPARTMENT OF INFRASTRUCTURE SERVICES
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	2,461,920	348,562	2,113,358	14%	2,471,320	9,400
Total Expenses	7,956,383	1,509,618	6,446,765	19%	7,963,483	(7,100)
Net Total	5,494,463	1,161,056	4,333,407	21%	5,492,163	2,300

SUMMARY - TAXATION FUNDED

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	35,464,230	8,348,469	27,115,761	24%	38,741,120	3,276,890
Total Expenses	35,464,230	8,083,589	27,380,641	23%	37,753,620	(2,289,390)
Net Total	-	(264,881)	264,881	-	(987,500)	987,500

APPENDIX A - 2021 1st Quarter Operating Budget Variance - By Budget Centre

Budget Center 80-0000000-WATER
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	5,674,138	1,347,078	4,327,060	24%	5,691,738	17,600
Total Expenses	5,674,138	1,107,029	4,567,109	20%	5,665,738	8,400
Net Total	-	(240,049)	240,049	-	26,000	26,000

Budget Center 80-4010000-WASTEWATER
as at March 31, 2021 (Q1)

	Budget	YTD Actuals	Variance Surplus/(Deficit)	Percent Committed	Forecast	Forecasted Surplus/(Deficit)
Total Revenues	6,682,346	1,562,093	5,120,253	23%	6,682,346	-
Total Expenses	6,682,346	1,631,367	5,050,979	24%	6,802,846	(120,500)
Net Total	-	69,274	(69,274)	-	(120,500)	(120,500)

Actual vs Budget Year To Date by Fund

Fund - 10 - General Operating
as at March 31, 2021 (Q1)

	Budget	YTD Actual Cost	Balance Remaining	Percent Committed
Revenues				
- Administrative Recoveries	1,456,100	355,275	1,100,825	24%
- Fees	65,000	44,685	20,315	69%
- Grants	2,943,800	836,206	2,107,594	28%
- Grants in Lieu	279,099	6,695	272,404	2%
- Investment Income	278,000	23,684	254,316	9%
- Local Improvements	1,275,520	154,564	1,120,956	12%
- Other Income	605,000	167,021	437,979	28%
- Supplemental Taxes	510,000	-	510,000	0%
- Taxes Levied	25,362,156	6,072,384	19,289,772	24%
- Transfer from Reserves	856,000	314,413	541,587	37%
- User Fees	1,833,556	373,542	1,460,014	20%
Total Revenues	35,464,231	8,348,469	27,115,762	24%
Expenses				
- Building	541,300	119,867	421,433	22%
- Committees- Expenses	15,600	(1,465)	17,065	-9%
- Debt Charges	979,717	244,930	734,787	25%
- Equipment and Vehicles	730,900	123,560	607,340	17%
- Expenses - Grants & Waivers	161,967	39,147	122,820	24%
- General Expenses	3,162,050	1,130,370	2,031,680	36%
- Municipal Partnerships	45,000	25,000	20,000	56%
- Other Expenses	5,173,581	1,279,645	3,893,936	25%
- Professional and Consulting Fees	992,000	105,474	886,526	11%
- Road and Drainage Maintenance	2,773,750	377,069	2,396,681	14%
- Salaries and Wages	9,014,726	1,623,524	7,391,202	18%
- Salaries and Wages- Benefit Costs	2,607,963	572,951	2,035,012	22%
- Salaries and Wages-Retiree Benefit	374,570	88,310	286,260	24%
- Solid Waste and Landfill	1,464,200	342,490	1,121,710	23%
- Traffic Signal and Sign Maintenance	55,000	11,457	43,543	21%
- Transfer to Current Capital	496,958	168,101	328,857	34%
- Transfer to Reserves	5,585,849	1,650,734	3,935,115	30%
- Tree Maintenance	189,500	39,778	149,722	21%
- Utilities	1,099,600	142,647	956,953	13%
Total Expenses	35,464,231	8,083,589	27,380,642	23%
Net Total	-	264,880	(264,880)	25%

Actual vs Budget Year To Date by Fund

Fund - 80 - Wastewater
as at March 31, 2021 (Q1)

	Budget	YTD Actual Cost	Balance Remaining	Percent Committed
Revenues				
- Investment Income	10,000	4,441	5,559	44%
- Local Improvements	308,346	-	308,346	0%
- Other Income	105,000	6,396	98,604	6%
- User Fees	6,259,000	1,551,256	4,707,744	25%
Total Revenues	6,682,346	1,562,093	5,120,253	23%
Expenses				
- Debt Charges	2,312,895	578,224	1,734,671	25%
- Environmental Services	522,000	65,775	456,225	13%
- General Expenses	2,493,780	693,119	1,800,661	28%
- Professional and Consulting Fees	60,000	885	59,115	1%
- Solid Waste and Landfill	-	0	(0)	0%
- Transfer to Current Capital	260,840	128,892	131,948	49%
- Transfer to Reserves	529,531	62,500	467,031	12%
- Utilities	503,300	101,971	401,329	20%
Total Expenses	6,682,346	1,631,367	5,050,979	24%
Net Total	-	(69,274)	69,274	25%

Actual vs Budget Year To Date by Fund

Fund - 80 - Water
as at March 31, 2021 (Q1)

	Budget	YTD Actual Cost	Balance Remaining	Percentage Variance
Revenues				
- Investment Income	10,000	5,595	4,405	56%
- Other Income	18,634	3,750	14,884	20%
- Transfer from Reserves	437,504	-	437,504	0%
- User Fees	5,208,000	1,337,733	3,870,267	26%
Total Revenues	5,674,138	1,347,078	4,327,060	24%
Expenses				
- Debt Charges	354,378	88,595	265,783	25%
- Equipment and Vehicles	52,000	10,222	41,778	20%
- General Expenses	1,843,350	537,321	1,306,029	29%
- Professional and Consulting Fees	30,000	1,336	28,664	4%
- Salaries and Wages	865,586	201,174	664,412	23%
- Salaries and Wages- Benefit Costs	290,163	71,570	218,593	25%
- Salaries and Wages-Retiree Benefit	35,000	7,465	27,535	21%
- Service Maintenance	352,000	90,417	261,583	26%
- Transfer to Current Capital	1,440,161	14,106	1,426,055	1%
- Transfer to Reserves	200,000	50,000	150,000	25%
- Utilities	210,000	34,822	175,178	17%
- Water Program	1,500	-	1,500	0%
Total Expenses	5,674,138	1,107,029	4,567,109	20%
Net Total	-	240,049	(240,049)	25%



THE CORPORATION OF THE TOWN OF AMHERSTBURG

OFFICE OF CORPORATE SERVICES

MISSION STATEMENT: Committed to delivering cost-effective and efficient services for the residents of the Town of Amherstburg with a view to improve and enhance their quality of life.

Table with 2 columns: Author's Name, Report Date, Author's Phone, Date to Council, Author's E-mail, Resolution #.

To: Mayor and Members of Town Council

Subject: 2020 Year- End Financial Ratios and Indicators

1. RECOMMENDATION:

It is recommended that:

- 1. The report from the Treasurer dated July 12, 2021 regarding 2020 Year-End Financial Ratios and Indicators BE RECEIVED for information.

2. BACKGROUND:

Financial ratios quantify many aspects of a business and are an integral part of the financial position analysis. Management and financial analysts use financial ratios to compare the strengths and weaknesses in various companies.

Administration monitors financial and operational effectiveness indicators and benchmarking to validate the Town's related policies and processes and to identify opportunities for change that would improve operational outcomes.

The financial ratio analysis focuses on important indicators such as the Town's ability to pay its short-term debts (liquidity ratios), to efficiently issue credit to its ratepayers/customers and collect funds from them in a timely manner (tax and accounts receivable ratios), and how much capital comes in the form of debt (loans) and or the Town's ability to meet its financial obligations (financial leverage ratios).

3. DISCUSSION:

This report outlines key financial indicators and benchmarks for the Town based on the 2020 Audited Financial Statements, in comparison to the prior two years ended. Calculation details are shown in the schedule attached to this report.

Liquidity Ratios

Current Ratio: This ratio is used to provide a picture of the Town's ability to pay back its short-term liabilities (debt and payables) with its short-term assets (cash, receivables). The higher the current ratio, the more capable the Town is of paying its obligations. A ratio under 1 suggests that the Town would be unable to pay off its obligations if they came due at that point in time.

The Ministry of Municipal Affairs and Housing (MMAH) evaluates this ratio as a sustainability indicator and identifies a ratio of greater than 0.5 to 1 as low risk, while most commercial banks call for a current ratio of no less than 1:1 or 1.25:1 as part of the banking covenants.

	2020	2019	2018
Current Ratio (ratio of current assets to current liabilities)	5.69:1	2.89:1	1.99:1

The Town's Current Ratio and cash liquidity has increased from 2019 and sits at a 5.69 to 1 ability to pay off all short term debts.

It is important to note that some of the short-term assets (cash) are restricted for the purpose of future capital replacement. Historically, the Town has relied on a substantial line of credit to meet current cash-flow obligations. Administration has made significant strides again in 2020 with management of the use of the line of credit, recommending a fully funded budget and cash-flow management measures. The line of credit was not in use at the end of 2020.

This ratio has been calculated in a manner consistent with past practice at the Town, which includes all cash assets including reserves and reserve funds held for use at a later date. Going forward Administration will revisit the calculation to exclude restricted cash that is not expected to be used within one year, which is expected to better reflect the Town's ability to meet current liability obligations (must be paid within one year).

The ratio is at an acceptable level and no corrective action is needed at this time.

Taxes Receivable as a Percentage of Total Tax Revenue: This ratio is used to determine how much of the Town's taxation revenue remains uncollected at year end. Uncollected tax revenues negatively affect the municipality's cash flow, though the negative impact is offset through application of interest and penalty charges on the tax arrears.

	2020	2019	2018
Taxes Receivable as a Percentage of Total Tax Revenue	5.01%	3.81%	4.74%

The amount of taxes receivable, as a percentage of total tax revenue, has increased from the prior year. This ratio is a key indicator for both the Town's banking services provider and MMAH, which identifies 'low' risk as a factor of less than ten (10) percent.

Administration has been working for a number of years through collection efforts to reduce and maintain this number below 10%, as that target is viewed as a favourable by the MMAH. This was achieved for the first time in 2017 with even greater results in 2019. However in 2020 the taxes receivable balance is up by about \$400,000 over 2019, which reflects growth in the Town and related supplementary property tax billings including a December 2020 supplementary assessment roll. Another factor for 2020 was the impact of the pandemic emergency on the local economy, which appears that have resulted in balances remaining on account longer than in the prior year.

Under the Municipal Act (Section 373), municipalities are provided with the authority to register a tax arrears certificate against a property that is two years in arrears, which has contributed to the reduction of taxes receivable for the Town over the years. Administration will continue efforts to maintain an acceptable level of taxes receivable going forward, and the 5.01% ratio is well within the acceptable range.

The ratio reflects a negative trend in terms of increased taxes receivable at year end; however, a portion of the increase actually reflects a positive trend in development growth in the Town; no corrective action is needed at this time.

Total Accounts Receivable as a Percentage of Total Revenue: This ratio reflects how much of the total revenue remains uncollected at year end. Uncollected revenues negatively affect the municipality's cash flow.

	2020	2019	2018
Accounts Receivable as a Percentage of Total Revenue	11.46%	10.77%	13.73%

The ratio reflects a negative trend due to an increase of accounts receivable in all areas (taxes, trade and drainage); the increase related to taxes receivable is discussed above.

Administration has continued to enhance collection efforts for water account arrears, including implementation of the Water and Wastewater Billing and Collections Policy adopted by Council in 2020 and working with Essex Power to introduce ensure a timely collection process. These measures have had a positive impact, which has mitigated the effects of the increase in taxes and other receivables.

The ratio reflects a negative trend, however, a portion of the increase actually reflects a positive trend in development growth in the Town; no corrective action is needed at this time.

Total Accounts Receivable over Accounts Payable (use of operating cash flow):

This shows the amount of cash flow that the Town is financing at year end by comparing the amount of Accounts Receivable in relation Accounts Payable.

Accounts Receivables over Accounts Payable	2020	2019	2018
Total Accounts Receivable	\$6,371,379	\$5,486,908	\$6,518,884
Total Accounts Payable	\$6,387,237	\$5,931,055	\$8,157,938
Use of Operating Cash Flow	\$(15,858)	\$(444,147)	\$(1,639,054)

Administration is continuing efforts to reduce accounts receivable and improve cash flow for the Town. Items such as local improvements and drainage works, which the Town finances for residents over long periods of time, place additional pressure on total accounts receivable and cash-flow.

In 2020 the increase in accounts receivable and the timing of large construction invoices included in accounts payable at year end created a timing difference that was favourable to the Town's cash-flow and shows a positive trend from the prior year. Administration will continue to review opportunities to optimize cash-flow going forward.

Financial Leverage Ratios

Total Long-term Debt to Long-term Assets: is defined as the ratio of total long-term debt to total assets, expressed as a percentage, and can be interpreted as the proportion of the Town's assets that are financed by debt. The higher this ratio, the greater the Town's financial risk.

Long-term Debt to Long-term Assets (Cost)	2020	2019	2018
Total Long-term Debt	\$33,279,308	\$35,619,965	\$36,801,509
Total Tangible Capital Assets (Cost)	\$456,878,094	\$445,878,360	\$431,233,014
Debt as a Percentage of Assets (Cost)	7.28%	7.99%	8.53%

The above ratio indicates that 7.28% of the original asset cost (Cost) of the Town's total tangible capital assets is funded by debt.

Long-term Debt to Long-term Assets (NBV)	2020	2019	2018
Total Long-term Debt	\$33,279,308	\$35,619,965	\$36,801,509
Total Tangible Capital Assets NBV*	\$254,641,943	\$253,631,274	\$248,570,613
Debt as a Percentage of Assets NBV*	13.07%	14.04%	14.81%

*NBV (Net Book Value): The net value of an asset which is equal to its original cost (its book value) minus accumulated amortization.

The above ratio indicates that 13.07% of the net book value (depreciated value) of the Town's total tangible capital assets is funded by debt.

The Town has seen improvement and reduction in both ratios, which reflects decreasing debt levels and increasing asset values, as legacy assets are replaced and new assets are added.

The trends for these ratios are positive and Administration will continue to review opportunities to enhance the Town's financial sustainability by reducing its reliance on long-term debt.

Total Long-term Debt to Equity: This ratio indicates what proportions of equity and debt the Town is using to finance its assets. A high ratio usually indicates a higher degree of business risk because the entity must meet principal and interest payments on its obligations.

Long-term Debt to Equity	2020	2019	2018
Total Long-term Debt	\$33,279,308	\$35,619,965	\$36,801,509
Accumulated Surplus (Equity)	\$230,481,665	\$214,975,055	\$206,008,788
Debt as a Percentage of Accumulated Surplus	14.44%	16.57%	17.86%

This Ratio reflects a positive trend as it indicates that the total debt has decreased as compared to total Town equity position.

This positive trend is an indicator that the current funding models are improving the Town's financial stability; however, there is still work to be done. Administration will continue to review opportunities to further reduce the Town's reliance on long-term debt and to increase reserve and reserve fund balances to support asset management through a pay-as-you-go model.

Other Financial Management Considerations

Contingent Liabilities: Note 14 of the Town of Amherstburg Financial Statements states the following:

“From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for any claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.”

Currently, no legal action has met the definition of “probable loss” and at this time no “verifiable estimate” has been reached. However, it is important to note that at the end of 2020 the Town of Amherstburg was involved in litigation with the following upset limits:

Claimant	Year Claim Initiated	Amount of Claim	Reason for Claim
Facca Incorporated CV-13-19969	2013	\$2,704,700 plus taxes, interest and costs	Delay Claim, liquidated damages, various disputed contract issues for Wastewater Treatment Plant
Human Rights Tribunal claim vs APSB	2018	\$50,000, plus court cost and returned time	Complaint filed against the APSB from a former employee.
Small Claim Court	2019	\$10,000 plus court cost	Complaint against the Town of Amherstburg from a former APSB employee

In addition to the legal claims above, the Town is self-insured for insurance claims up to a maximum of \$50,000 per claim; which means the Town would incur an expense of up to \$50,000 per claim. The costs for any claims that exceed the self-insured amount would be covered through the Town's insurance provider, who responds on behalf of the Town with these actions being handled by their legal counsel. The Town carries a reserve account to mitigate financial risk on claim costs incurred above the budget allowance in a given year.

Annual Repayment Limit (ARL): is a long-term borrowing limit calculated based on 25% of certain annual revenues or receipts, less most ongoing annual long-term debt service costs (and similarly less most annual payments for other long-term financial obligations). The calculation of the Town's Annual Repayment Limit (ARL) is based on data contained in the Town's Financial Information Return (FIR), as submitted to MMAH.

The Debt and Financial Obligation Limits regulation places a limit on how much a municipality can commit to principal and interest payments relating to debt and financial obligations, without first obtaining approval from the Ontario Municipal Board.

Annual Repayment Limit	2020	2019	2018
Total Revenue for ARL	\$43,671,327	\$39,748,749	\$40,977,224
25% of Revenue (Debt Limit) (maximum allowed)	\$10,917,832	\$ 9,937,187	\$10,244,306
Actual Principal and Interest Payments	\$3,648,372	\$ 3,900,830	\$4,185,961
Additional Room	\$ 7,269,460	\$ 6,036,357	\$ 6,079,641
Percentage of Revenue applied to Debt Repayment	8.40%	9.80%	10.21%

At 8.40%, the Town is within the maximum ARL for debt service (25%) and is within the amounts approved in the Town's Loans and Borrowing Policy (20%); no corrective action is required at this time. However, MMAH considers this a financial flexibility indicator and identifies 'low' risk as a factor of less than five (5) percent.

4. RISK ANALYSIS:

Future financial risk exists if the Town does not continue to evaluate the operations by performing ratio analysis and benchmarking progress towards the Town's long-term financial goals.

5. FINANCIAL MATTERS:

In support of the key strategic goal of ensuring financial sustainability through a long-term financial plan and maintenance of adequate reserves, Administration will continue to review opportunities to further reduce the Town's reliance on short term financing and long-term debt and to increase reserve and reserve fund balances to support asset management through a pay-as-you-go model.

6. CONSULTATIONS:

The Supervisor of Accounting, the Clerk/Risk Manager, and KPMG LLP were consulted with regards to this report.

7. CONCLUSION:

Positive trends in debt reduction and improved financial stability are being observed with the results of 2020. No significant corrective actions are recommended at this time, however it is essential that a 'pay as you go' approach be supported and more robust reserves and reserve funds be established to ensure the Town's fiscal stability in future.



Justin Rousseau
Treasurer



Cheryl Horrobin
Director of Corporate Services


Report Approval Details

Document Title:	2020 Year-End Financial Ratios and Indicators.docx
Attachments:	- 2020 Year End Financial Ratios and Indicators.pdf
Final Approval Date:	Jul 16, 2021

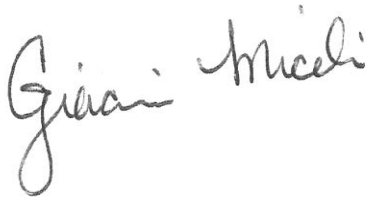
This report and all of its attachments were approved and signed as outlined below:



Cheryl Horrobin



Susan Hirota



John Miceli



Paula Parker

**Town of Amherstburg
Ratio Analysis & Important Factors
Year ended December 31, 2020**

Liquidity Ratios:	2020		2019		2018	
(1) Current Ratio						
Current Assets:						
Cash	\$	35,184,907	\$	24,952,316	\$	20,436,956
Taxes Receivable		1,417,368		996,305		1,212,830
Trade and Other Receivable		4,101,183		3,554,153		3,988,678
Drainage Receivable		852,828		936,450		1,317,376
Prepaid Expenses		158,735		267,631		862,653
Total Current Assets	\$	41,715,021	A	\$	30,706,855	A
Current Liabilities:						
Bank Indebtedness	\$	937,703	\$	4,728,381	\$	6,142,029
Less: Construction & Demand Loans		-		8,903		348,779
Short Term Indebtedness		937,703		4,719,478		5,793,250
Accounts Payable and Accrued Liabilities		5,741,090		5,237,675		7,382,436
Accrued Interest on Long Term Debt		646,147		685,809		775,502
Total Current Liabilities	\$	7,324,940	B	\$	10,642,962	B
Current Ratio (A/B)		5.69		2.89		1.99
(2) Tax Receivable as a percentage of total taxes						
		2020		2019		2018
Taxes	\$	28,316,472	A	\$	26,157,356	A
Taxes Receivable	\$	1,417,368	B	\$	996,305	B
Percentage of Receivables to taxes(A/B)		5.01%		3.81%		4.74%
(3) Total Accounts Receivable as a percentage of total income						
		2020		2019		2018
Total Revenue	\$	55,618,865	A	\$	50,954,575	A
Taxes Receivable		1,417,368		996,305		1,212,830
Trade and other Receivables		4,101,183		3,554,153		3,988,678
Drainage Receivables		852,828		936,450		1,317,376
	\$	6,371,379	B	\$	5,486,908	B
Percentage of Receivables to total income (A/B)		11.46%		10.77%		13.73%
(4) Accounts Receivable over Accounts Payable (use of cash flow)						
		2020		2019		2018
Taxes Receivable	\$	1,417,368	\$	996,305	\$	1,212,830
Trade and other Receivables		4,101,183		3,554,153		3,988,678
Drainage Receivables		852,828		936,450		1,317,376
	\$	6,371,379	A	\$	5,486,908	A
Accounts Payable and accrued liabilities	\$	5,741,090	\$	5,245,246	\$	7,382,436
Accrued interest on long term debt		646,147		685,809		775,502
	\$	6,387,237	B	\$	5,931,055	B
Use of cash flow (A-B)	\$	(15,858)	\$	(444,147)	\$	(1,639,054)

**Town of Amherstburg
Ratio Analysis & Important Factors
Year ended December 31, 2020**

Financial Leverage Ratios:

(5) Total Long Term Debt to Long Term Assets Ratio	2020	2019	2018
Total Debt			
Municipal debt	\$ 32,633,161	\$ 34,925,253	\$ 35,677,228
Plus Construction & Demand Loans	-	8,903	348,779
Accrued interest	646,147	685,809	775,502
	<u>\$ 33,279,308</u> A	<u>\$ 35,619,965</u> A	<u>\$ 36,801,509</u> A
Tangible Capital Assets (NBV)	\$ 254,641,943 B	\$ 253,631,274 B	\$ 248,570,613 B
Debt as a percentage of Assets (NBV) (A/B)	13.07%	14.04%	14.81%
Tangible Capital Assets (Cost)	\$ 456,878,093 C	\$ 445,878,360 C	\$ 431,233,014 C
Debt as a percentage of Assets Cost (A/C)	7.28%	7.99%	8.53%
(6) Total Debt to Equity Ratio	2020	2019	2018
Total Debt			
Municipal debt	\$ 32,633,161	\$ 34,925,253	\$ 35,677,228
Plus Construction Loans	-	8,903	348,779
Accrued interest	646,147	685,809	775,502
	<u>\$ 33,279,308</u> A	<u>\$ 35,619,965</u> A	<u>\$ 36,801,509</u> A
Accumulated Surplus	\$ 230,481,665 B	\$ 214,975,055 B	\$ 206,008,788 B
Debt as a percentage of Accumulated Surplus (A/B)	14.44%	16.57%	17.86%
Annual Repayment Limit (ARL)	2020	2019	2018
Net Revenue per ARL schedule calculation	\$ 43,671,327 A	\$ 39,748,749 A	\$ 40,977,224 A
25% of Revenue (Annual Debt Repayment Limit Allowed)	\$ 10,917,832	\$ 9,937,187	\$ 10,244,306
Actual Annual Debt Repayment	<u>3,648,372</u> B	<u>3,900,830</u> B	<u>4,164,665</u> B
Additional Room	\$ 7,269,460	\$ 6,036,357	\$ 6,079,641
Percentage of Revenue applied to Debt Repayment (B/A)	8.4%	9.8%	10.2%



TOWN OF AMHERSTBURG
AUDIT AND FINANCE ADVISORY COMMITTEE MEETING
ELECTRONIC PARTICIPATION
Thursday, July 22, 2021
5:30 PM

MINUTES

PRESENT

Councillor Michael Prue, Chair
Gillian Heisz, Vice Chair
Gordon Moore
John Purdie

Cheryl Horrobin, Staff Liaison
Kevin Fox, Recording Secretary

Cynthia Swift, KPMG

ABSENT

Councillor Patricia Simone (*Regrets*)

1.0 CALL TO ORDER

The Chair called the meeting to order at 5:33 p.m.

2.0 ROLL CALL

3.0 DISCLOSURE OF PECUNIARY INTEREST & GENERAL NATURE THEREOF

There were no declarations.

4.0 LAND ACKNOWLEDGMENT

The Chair read the following land acknowledgment, “We will begin by acknowledging that the land on which we gather is the traditional territory of the Three Fires Confederacy of First Nations (comprising the Ojibway, the Odawa, and the Potawatomie Peoples), and of the Huron-Wendat and Wyandot Peoples. We recognize the land as an expression of gratitude to those whose traditional territory we reside on, and a way of honouring the Indigenous people who have been living and thriving on the land since time immemorial. We value the significant historical and contemporary contributions of local and regional First Nations and all of the Original Peoples of Turtle Island.”

5.0 ADOPTION OF MINUTES OF PREVIOUS MEETING

5.1 Audit and Finance Advisory Committee Meeting of May 26, 2021

Moved By J. Purdie

Seconded By G. Heisz

That the Audit and Finance Advisory Committee Minutes of May 26, 2021 BE ADOPTED as presented.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

6.0 ORDER OF BUSINESS

6.1 2020 Year End Reporting: Audited Consolidated Financial Statements, Building Services Annual Statement, Development Charge Reserve Funds Statement and Parkland Dedication Reserve Fund Statement

Gillian Heisz vacated her seat at 6:57 p.m.

Moved By G. Heisz
Seconded By J. Purdie

That the report entitled 2020 Year End Reporting: Audited Consolidated Financial Statements, Building Services Annual Statement, Development Charge Reserve Funds Statement and Parkland Dedication Reserve Fund Statement BE RECEIVED for information.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	Absent	Absent
Councillor Michael Prue (CH)	X	

Motion Carried

Gillian Heisz assumed her seat at 7:03 p.m.

6.2 2021 First Quarter (Q1) Variance as at March 31, 2021

Moved By J. Purdie
Seconded By G. Heisz

That the Audit and Finance Advisory Committee RECOMMEND that Council ENTERTAIN budgeting funds for Council training to read financial statements as indicated in the 2016 Deloitte Report.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

Moved By G. Heisz
Seconded By J. Purdie

That the report entitled 2021 First Quarter (Q1) Variance as at March 31, 2021 BE RECEIVED for information.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

6.3 2020 Year End Financial Ratios and Indicators

Moved By J. Purdie
Seconded By G. Heisz

That the Audit and Finance Advisory Committee RECOMMEND that Council DIRECT Administration to INCLUDE in future iterations of the Year End Financial Ratios and Indicators report benchmarking data in the financial leverage ratios section.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

Gillian Heisz vacated her seat at 7:46 p.m.

Gillian Heisz assumed her seat at 7:48 p.m.

Moved By G. Heisz
Seconded By J. Purdie

That the report entitled 2020 Year End Financial Ratios and Indicators BE RECEIVED for information.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

7.0 UNFINISHED BUSINESS

8.0 NEW BUSINESS

Moved By G. Moore
Seconded By G. Heisz

That the Audit and Finance Advisory Committee RECOMMEND that Council CONSIDER a different timeline for the 2023 budget to provide additional time for Council, the AFAC Committee and the public to weigh in.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

9.0 ADJOURNMENT

Moved By J. Purdie
Seconded By G. Heisz

That the Committee ADJOURN at 8:03 p.m.

The Chair put the Motion.

	Yes/Concur	No/Not Concur
Gordon Moore	X	
John Purdie	X	
Councillor Patricia Simone	Absent	Absent
Gillian Heisz (VC)	X	
Councillor Michael Prue (CH)	X	

Motion Carried

Committee Chair
Councillor Michael Prue

Committee Coordinator
Kevin Fox