



KPMG LLP
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Private

Mr. Luc Gagnon, CPA, CA, BMath
Director of Financial Services
Corporation of the Town of Tecumseh
917 Lesperance Rd.
Tecumseh, ON N8N 1W9

August 2, 2018

Dear Luc:

As requested, we are writing to provide you some information to assist both you and members of Council in their upcoming consideration of the appointment of auditors for fiscal 2018 and subsequent years. In particular, the attached appendices are intended to illustrate why we believe KPMG is deserving of re-appointment as the Corporation's auditors. Appendix A is a summary of audit and assurance related fees paid to KPMG over the five year period ended December 31, 2017. Appendix B is a fee proposal for the five year period ending December 31, 2022 supplemented by commentary to explain the proposed increase in base audit fees over 2017 for 2018 and forward. Appendix C provides some rationale as to why we believe KPMG is the Corporation's best choice to continue to serve as its auditors.

Also included per your request are Appendix D- Certificate of Insurance, Appendix E- WSIB Clearance Certificate and Appendix F- Public Accounting License.

We would be pleased to meet with you, and/or Council to elaborate further upon the enclosed information.

In the interim, we want to thank you for this opportunity to present our credentials with a view to continuing to serve as auditors of the Corporation of the Town of Tecumseh.

Yours very truly

A handwritten signature in cursive script that reads 'Cynthia Swift'.

Cynthia Swift, CPA, CA
Partner
519-251-3520

Corporation of the Town of Tecumseh

Comparative Fee Information for the Five Years Ended December 31, 2017

The base audit fees discussed below and in Appendix B relate to audit examinations of the following financial statements:

- Corporation of the Town of Tecumseh (consolidated)
- Tecumseh B.I.A.
- Gas Tax Audit

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Base audit fees	\$19,000	\$19,000	\$19,400	\$19,800	\$20,200
Gas tax audit	750	-	-	-	-
BIA	<u>750</u>	<u>750</u>	<u>765</u>	<u>780</u>	<u>800</u>
Total	<u>\$20,500</u>	<u>\$19,750</u>	<u>\$20,165</u>	<u>\$20,580</u>	<u>\$21,000</u>
% increase in base fees (excluding Gas Tax Audit)		0.0%	2.1%	2.1%	2.0%

% Total increase in base audit fees over five-year period	6.3%
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Corporation of the Town of Tecumseh

Proposed Fee Information 2018-2022

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Base audit fees:					
Town	\$21,000	\$21,400	\$21,900	\$22,300	\$22,700
BIA	820	830	850	870	900
Total	<u>\$21,820</u>	<u>\$22,230</u>	<u>\$22,750</u>	<u>\$23,170</u>	<u>\$23,600</u>

Reasons for proposed increase in 2018 and beyond:

- The five-year period ended December 31, 2017 has seen an unprecedented change in generally accepted auditing standards. All of these standards require external auditors to expend more professional time, particularly in the areas of financial statement level fraud risks, related party transactions, revenue recognition, reliance upon management representations and audit documentation requirements. Our fees, which merely reflect the number of professional hours needed to comply with Canadian generally accepted auditing standards, have not increased proportionately with the increase in time we have recently spent, and will spend on future audit work.
- Public Sector Accounting Standards Board has introduced changes to municipal reporting requirements with a view to conforming accounting principles currently used by municipalities with those used in the private sector. Tangible capital assets was the latest significant change and future charges include asset retirement obligations and financial instruments.
- In summary, we are prepared to commit once again, as we did during our recent five-year term as auditors, to limiting any increase in the proposed 2019 base audit fee to the annual increase in the Consumers' Price Index over that reported at the end of the previous year, beginning December 31, 2018. For purposes of this proposal, we have estimated this change to approximate 2% per annum beginning in 2019. We will, however, adjust the fee by the actual percentage change.

Corporation of the Town of Tecumseh

Reasons to Re-Appoint KPMG as Your Auditors

<u>Reason</u>	<u>Benefit to the Corporation</u>
<p>1. Unparalleled Municipal Experience Locally, regionally and nationally KPMG's government services practice is second to none.</p>	<p>The Corporation will benefit from our resources, knowledge and diversity of skills which will ensure you are provided with new ideas and creative approaches to meet the ever increasing demands of local government. KPMG has comprehensive knowledge of financial reporting requirements and relevant legislation affecting Ontario municipalities.</p>
<p>2. Continuity of Senior Staff Engagement partner Cynthia Swift has served the Corporation for several years.</p>	<p>Senior staff continuity has enabled the Corporation to build a strong working relationship with its external auditors. Continuity of staff not only enhances audit efficiencies and minimizes disruptions to the day-to-day routines of administration, but also ensures your service requirements are met promptly. We have, and will continue, to meet your deadlines.</p>
<p>3. Value for Money We understand you need to contain costs. As evidenced by our recent 5 year term, KPMG honoured its original fee commitments.</p>	<p>Your actual audit fees will be one expenditure unlikely to vary from budget. There will be no fee "surprises".</p>
<p>4. A Wide Range of Services Locally, and within our Southwestern Ontario regional practice, we can provide the specialized services and resources to identify opportunities to enhance your operations beyond the finance function.</p>	<p>Be it commodity tax services, advisory services, such as strategic planning, program evaluation or alternative service delivery, KPMG has demonstrated it has the ability to bring the right resources to the table in a cost-effective manner.</p>
<p>5. Measurable Service Quality We are committed to providing the Corporation with services of highest quality. During our tenure, we will meet your deadlines, provide staff continuity and be available to offer assistance and advice.</p>	<p>We formally, and informally solicit your input on our performance on an ongoing basis, including an annual Client Feedback Review. Administration, and Council members can assess and "grade" our team's performance against their expectations.</p>
<p>6. Proven Performance Record Reasons 1 – 5 above are not hollow representations. Our track record as auditors of the County is backed by a history of promises fulfilled and commitments honoured.</p>	<p>The Corporation is assured of KPMG's commitment to deliver the highest quality of service promptly and on a timely basis, in the most cost-efficient manner.</p>

Corporation of the Town of Tecumseh

Certificate of Insurance



CERTIFICATE OF INSURANCE

Date: June 19, 2018

The Insurer(s) hereby states that it has issued to the insured named herein a policy or policies of insurance providing the type of insurance and limits of liability set forth herein. This certificate of insurance neither affirmatively nor negatively amends, extends or alters the coverage, limits, terms or conditions of the policy it certifies.					
Certificate Holder: Town of Tecumseh, 917 Lesperance Rd, Tecumseh, ON N8N 1W9			Named Insured: KPMG LLP, Bay Adelaide Centre, Suite 4600, 333 Bay Street, Toronto, Ontario M5H 2S5		
COVERAGE PROVIDED ONLY FOR THE FOLLOWING SECTIONS: A,B,C,D,E,F,G,H & Q					
SECTION	TYPE OF POLICY	INSURER or POLICY NO.	POLICY PERIOD M / D / Y	LIMITS OF LIABILITY	
A	Commercial General Liability	Travelers Insurance Co. of Canada Policy # TRV0332521	12/31/17 to 12/31/18	Each Occurrence	\$2,000,000
B	Products and Completed Operations				
C	Owners and Contractors protective			Products / Completed Operations - Aggregate	\$2,000,000
D	Blanket Contractual Liability				
E	Occurrence Bodily Injury & Property Damage			Tenant's Legal Liability	\$2,000,000
F	Employers Liability-Canada only				
G	Cross Liability - Severability of Interests Clause			Non-Owned Automobile	\$2,000,000
H	Personal Injury				
I	Property			Property of Every Description	
J	Certificate Holder Loss Payee			Building	
K	• All Risks, subject to policy exclusions			Equipment	
L	• Replacement Cost			Stock	
M	• Stated Amount of Co-insurance			Property of Others	
N	• Other:			Tenants Improvement Business Interruption	
O	Boiler & Machinery			Limit Per Accident Comprehensive Form	
P	Umbrella Liability			Each Occurrence	
Q	Re: Consulting. Town of Tecumseh is added to the policy(ies) as an additional insured but only with respect to liability arising out of the operations/negligence of the Named Insured.				
If required by contract, the certificate holder is added to the policy(ies) as an additional insured but only with respect to liability arising out of the operations/negligence of the Named Insured. The Insurer(s) will endeavour to provide 30 days notice to the holder of this certificate of any material change adverse to the certificate holder or cancellation by the Insurer of these policies.					
 Authorized Representative THOMAS I. HULL INSURANCE LIMITED					

Corporation of the Town of Tecumseh

WSIB Clearance Certificate



Clearance Certificate / Certificat de décharge

Contractor Legal / Trade Name / Appellation commerciale ou raison sociale de l'entrepreneur	Contractor Address / Adresse de l'entrepreneur	Contractor Classification Unit and Description / Unité de classification de l'entrepreneur et description	Principal Legal / Trade Name / Appellation commerciale ou raison sociale de l'entrepreneur principal	Principal Address / Adresse de l'entrepreneur principal	Clearance certificate number / Numéro du certificat de décharge	Validity period (dd-mm-yyyy) / Période de validité (jj/mm/aaaa)
KPMG LLP / K P M G	1400-100 NEW PARK PLACE, C/O: PAYROLL MANAGER, VAUGHAN, ON, L4K0J3, CA	7731-000: Offices of Professional Accountants	THE CORPORATION OF THE TOWN OF TECUMSEH / TOWN OF TECUMSEH-1	917 LESPERANCE RD, WINDSOR, ON, N8N1W9, CA	P200000EO29N	26-Jul-2018 to 19-Nov-2018

Corporation of the Town of Tecumseh

Public Accounting License



LICENCE TO PRACTISE AS A
PUBLIC ACCOUNTANT
IN THE PROVINCE OF ONTARIO

Issued under the authority of the *Public Accounting Act, 2004*,
by Chartered Professional Accountants of Ontario.

Issued To: Mrs. Cynthia Swift, CPA, CA
618 Greenwood Centre
3200 Deziel Dr.
Windsor, ON N8W 5K8

Licence Number: 1-19532

Issue Date: November 01, 2017

Expiry Date: October 31, 2018



INGRID ENHAGEN, CPA, CA
ACTING REGISTRAR
Chartered Professional Accountants of Ontario