

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2009



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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the City of Windsor

We have audited the consolidated statement of financial position of The Corporation of the City of Windsor as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Windsor as at December 31, 2009 and the results of its operations, its net financial liabilities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

July 9, 2010

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Financial Position
Year ended December 31, 2009
(\$000's)

| | 2009 | 2008 |
|---|------------------|-------------------------|
| | \$ | \$ |
| | | [restated - note 1 (e)] |
| Financial Assets | | |
| Cash and temporary investments | 160,667 | 104,730 |
| Investment in government business enterprises [note 4 (a)] | 221,704 | 219,750 |
| Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)] | 42,382 | 37,776 |
| Trade and other receivables | 44,755 | 58,608 |
| Promissory note receivable [note 4 (b)] | - | 3,256 |
| Total Financial Assets | 469,508 | 424,120 |
| Financial Liabilities | | |
| Accounts payable [note 5] | 91,621 | 89,816 |
| Accrued interest on long-term liabilities | 3,518 | 3,479 |
| Net long-term liabilities [note 6 (a)] | 152,171 | 159,077 |
| Employee future benefit obligations [note 7 (b)] | 299,108 | 273,091 |
| Deferred revenue [note 8 (b)] | 6,066 | 12,715 |
| Total Financial Liabilities | 552,484 | 538,178 |
| Net Financial Liabilities | (82,976) | (114,058) |
| Non-Financial Assets | | |
| Tangible capital assets [schedule 2] | 1,914,336 | 1,912,582 |
| Inventory and assets held for resale | 3,323 | 3,706 |
| Prepaid expenses | 11,049 | 11,629 |
| Total Non-Financial Assets | 1,928,708 | 1,927,917 |
| Accumulated Surplus [note 8 (a)] | 1,845,732 | 1,813,859 |

Commitments and contingencies [notes 3, 6, 9, 11 and 13]

The accompanying notes and schedules are integral parts of these consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2009
(\$000's)

| | 2009 | 2008 |
|--|------------------|-------------------------|
| | \$ | \$ |
| | | [restated - note 1 (e)] |
| Revenues | | |
| Net municipal property taxes and payments-in-lieu of taxes | 305,747 | 307,220 |
| User charges | 157,864 | 167,101 |
| Provincial and federal transfers | 178,484 | 201,908 |
| Revenue from other municipalities | 30,789 | 29,566 |
| Other | 49,145 | 36,498 |
| Change in equity in government business enterprises [note 4 (a)] | 1,954 | 13,365 |
| Total Revenues | 723,983 | 755,658 |
| Expenses [note 10, schedule 1] | | |
| General government | 53,646 | 54,358 |
| Protection to persons and property | 136,276 | 132,404 |
| Transportation services | 105,103 | 106,267 |
| Environmental services | 67,728 | 72,342 |
| Health services | 9,364 | 9,442 |
| Social and family services | 253,679 | 253,014 |
| Recreation and culture | 52,730 | 48,172 |
| Planning and development | 13,584 | 12,805 |
| Total Expenses | 692,110 | 688,804 |
| Annual Surplus | 31,873 | 66,854 |
| Accumulated surplus, beginning of year | 1,813,859 | 1,747,005 |
| Accumulated surplus, end of year | 1,845,732 | 1,813,859 |

The accompanying notes and schedules are integral parts of these consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Change in Net Financial Liabilities
Year ended December 31, 2009
(\$000's)

| | 2009 | 2008 |
|--|-----------|-----------|
| | \$ | \$ |
| Annual Surplus | 31,873 | 66,854 |
| Acquisition of tangible capital assets [schedule 2] | (87,038) | (123,800) |
| Amortization of tangible capital assets [schedule 2] | 70,745 | 70,400 |
| Gain on sale of tangible capital assets | (13,411) | (194) |
| Proceeds on sale of tangible capital assets | 27,950 | 2,767 |
| Net change in inventory and assets held for resale | 383 | 37 |
| Net consumption (acquisition) of prepaid expenses | 580 | (2,291) |
| Change in net financial liabilities | 31,082 | 13,773 |
| Net financial liabilities, beginning of period | (114,058) | (127,831) |
| Net financial liabilities, end of period | (82,976) | (114,058) |

The accompanying notes and schedules are integral parts of these consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Cash Flows
Year ended December 31, 2009
(\$000's)

| | 2009 | 2008 |
|--|----------|-------------------------|
| | \$ | \$ |
| | | [restated - note 1 (e)] |
| Cash provided by (used in): | | |
| Operating Activities: | | |
| Annual surplus | 31,873 | 66,854 |
| Amortization | 70,745 | 70,400 |
| Gain on sale of tangible capital assets | (13,411) | (194) |
| Increase in taxes and payments-in-lieu of taxes receivable | (4,606) | (5,011) |
| Decrease (increase) in trade and other receivables | 13,853 | (2,650) |
| Decrease (increase) in prepaid expenses | 580 | (2,270) |
| Decrease in inventory and assets held for resale | 383 | 45 |
| Increase (decrease) in accounts payable | 1,805 | (35,673) |
| (Decrease) increase in deferred revenue | (6,649) | 8,015 |
| Increase in interest on long-term liabilities | 39 | 71 |
| Increase in employee future benefit obligations | 26,017 | 18,648 |
| Net cash provided by operating activities | 120,629 | 118,235 |
| Capital Activities: | | |
| Proceeds on sale of tangible capital assets | 27,950 | 2,767 |
| Cash used to acquire tangible capital assets | (87,038) | (123,800) |
| Net cash used in capital activities | (59,088) | (121,033) |
| Financing Activities: | | |
| Net long-term liabilities (repaid) issued | (6,906) | 33,153 |
| Net cash (used in) provided by financing activities | (6,906) | 33,153 |
| Investing Activities: | | |
| Increase in investment in government business enterprises | (1,954) | (13,365) |
| Decrease in promissory note receivable | 3,256 | 3,074 |
| Net cash provided by (used in) investing activities | 1,302 | (10,291) |
| Increase in cash and temporary investments | 55,937 | 20,064 |
| Cash and temporary investments, beginning of year | 104,730 | 84,666 |
| Cash and temporary investments, end of year | 160,667 | 104,730 |

The accompanying notes and schedules are integral parts of these consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices

(a) Reporting entity

These consolidated statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to City Council and which are owned or controlled by the City of Windsor (“the City”).

(i) Consolidated entities

In addition to the general City departments, the reporting entity includes the following where deemed material:

Windsor Police Services
Roseland Golf and Curling Club Limited
Transit Windsor
Windsor Chartabus Limited
The Corporation of the City of Windsor Public Library Board
Windsor-Essex Community Housing Corporation
Windsor-Detroit Tunnel Corporation
Windsor Tunnel Commission
Downtown Windsor Business Improvement Association
Ford City Business District
Via Italia-Erie Street Business Improvement Area
Ottawa Street Business Improvement Area
Olde Riverside Town Centre Business Improvement Area
Walkerville Business Improvement Area
Wyandotte Towne Centre Business Improvement Area
Olde Sandwich Towne Business Improvement Area
Pillette Village Business Improvement Area

The Essex-Windsor Solid Waste Authority (“EWSWA”), a joint partnership with the County of Essex, is consolidated on the basis of one half of the total operations and financial position of the total entity.

All interfund assets, liabilities, revenues and expenses have been eliminated.

(ii) Entities included on a modified equity basis

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a Government Business Enterprise (“GBE”). Under the modified equity basis, the business enterprise’s accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City’s share of the net asset change of the investee.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices (continued)

The entities accounted for under this method are:

Windsor Canada Utilities Ltd. ("WCUL")
Windsor Utilities Commission ("WUC")
Your Quick Gateway (Windsor) Inc. ("YQG")

On September 17, 2007, the City incorporated Windsor-Detroit Tunnel Corporation ("WDTC") to ultimately hold ownership of all tunnel related assets currently owned by the City and to manage tunnel operations. The City owns 100% of the issued shares. Though WDTC had no activity in 2009, it is anticipated that WDTC will be accounted for on the modified equity basis. An asset transfer between the City and WDTC occurred on January 1, 2010. The assets had a net book value of \$141,627 (including tangible capital assets of \$143,697), and a fair value of \$104,303 and were exchanged for 500 common shares of WDTC.

(iii) Non-consolidated entity

The following joint local board and municipal enterprise is not consolidated:
Windsor-Essex County Health Unit

(iv) Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements. Amounts due to/from school boards are reported on the statement of financial position as accounts payable/accounts receivable.

(v) Trust funds

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the trust funds' statement of continuity and statement of financial position.

(b) Basis of accounting

(i) PSAB recommendations

These financial statements have been prepared in accordance with the standards established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants, which are applicable to municipalities.

(ii) Accrual basis of accounting

These financial statements have been prepared on an accrual basis except for Provincial Offences Administration. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods and services are acquired.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices (continued)

(iii) Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is reasonably certain. The City 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 any expense or allowance for doubtful accounts.

(iv) Accounts receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(vi) Tangible capital assets

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

Asset classification and amortization schedule

| <u>Classification</u> | <u>Useful Life</u> | <u>(Years)</u> |
|-------------------------------------|--------------------|----------------|
| Land | | Infinite |
| Land improvements | | 10-75 |
| Buildings and building improvements | | 10 - 60 |
| Vehicles, machinery and equipment | | 3 - 35 |
| Water and wastewater infrastructure | | 25 – 100 |
| Roads infrastructure | | 25 – 50 |
| Airport | | 6 – 40 |
| Tunnel | | 4 – 100 |

The landfill has an estimated service capacity of 8,000,000 tonnes and is being amortized using the units of production method based on capacity used during the year

Contributed assets

Contributed assets are recognized at their fair market value as of the date of contribution to the City.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices (continued)

Works of art and historical treasures

The City owns both works of art and historical treasures. These items have cultural, aesthetic or historical value and are worth preserving perpetually. Works of art and historical treasures are not recognized as tangible capital assets pursuant to the guidelines of PSAB Section 3150.

(vii) Employee future benefit obligations

The City has adopted the accrual method of accounting for employee future benefits as required by PSAB. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate.

The estimated cost of these benefit obligations already earned by the employees at the date of implementation of this policy (the transitional benefit obligation) was recognized as employee future benefit obligations. Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains and losses on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit obligation. The excess of the net actuarial gain or loss over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 17 years.

(c) Provincial Offences Act

The City, under the authority of Part X of the Provincial Offences Act ("POA"), provides for and administers the POA courts in the Windsor-Essex Court Service Area, arranges for court support, has carriage of Part 1 prosecutions and associated appeals, and is responsible for the collection of related fines and fees. In accordance with policies adopted by other Provincial Offences offices and as a result of the nature of business activities, revenue is recognized on a cash basis.

(d) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits and the carrying value of tangible capital assets.

Actual results could differ from these estimates.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices (continued)

(e) Change in accounting policies

The City has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Canadian Consumer Price Index was used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

| | |
|--|-----------|
| <hr/> | |
| Accumulated surplus at January 1, 2008: | |
| Operating fund balance | (1,191) |
| Capital fund balance | (35,681) |
| Reserves and reserve funds | 91,933 |
| Equity in government business enterprises | 206,385 |
| Amounts to be recovered in future years | (379,983) |
| <hr/> | |
| Accumulated surplus, as previously reported at January 1, 2008 | (118,537) |
| Restatement items: | |
| Net book value of tangible capital assets reported | 1,861,755 |
| Inventory and assets held for resale reported | 3,751 |
| Other changes recorded | 36 |
| <hr/> | |
| Accumulated surplus, as restated at January 1, 2008 | 1,747,005 |
| <hr/> | |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

1. Summary of significant accounting policies and reporting practices (continued)

| | |
|---|----------|
| Annual Surplus for 2008: | |
| Net revenue, as previously reported | 14,905 |
| Restatement items: | |
| Net tangible capital asset additions previously expensed | 123,800 |
| Amortization expense recorded | (70,400) |
| Proceeds on disposal of tangible capital assets previously recorded | (2,767) |
| Loss on disposal of tangible capital assets recorded | 194 |
| Other | 1,122 |
| <hr/> | |
| Annual surplus for 2008, as restated | 66,854 |

(f) Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook ("PSAB") Section 3510, Tax Revenue. This standard provides guidance to governments on the accounting and reporting of tax revenue in financial statements.

Effective for fiscal periods beginning on or after April 1, 2014, all governments will be required to adopt PSAB Section 3260, Liability for Contaminated Sites. This standard provides guidance on how to account for and report a liability associated with the remediation of contaminated sites, defines which activities would be included in the liability for remediation, establishes when to recognize and how to measure a liability for remediation and provides guidance on financial statement presentation and disclosure.

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

2. Operations of school boards

The taxation and requisitions of the school boards are comprised of the following:

| | 2009 | 2008 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Taxation received or receivable | 88,376 | 97,411 |
| <u>Requisitions</u> | <u>92,792</u> | <u>99,284</u> |
| <u>Amount due from school boards</u> | <u>(4,416)</u> | <u>(1,873)</u> |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

3. Contribution to non-consolidated joint board

The following contribution was made by the City to this non-consolidated joint board:

| | 2009 | 2008 |
|---|--------------|--------------|
| | \$ | \$ |
| <u>Windsor-Essex County Health Unit</u> | <u>2,036</u> | <u>1,945</u> |

The City is contingently liable for its share, which is approximately 19%, of any deficits which may arise.

4. Government Business Enterprises (“GBE”)

The consolidated financial statements of the City include, on a modified equity basis, the following GBE:

Windsor Canada Utilities Ltd. (“WCUL”)

WCUL is a 100% owned subsidiary of the City. WCUL is a holding company which wholly owns two subsidiaries: Enwin Utilities Ltd. and Enwin Energy Ltd. Through these subsidiaries, WCUL is responsible for the transmission and distribution of electricity, maintenance of the area’s powerlines, as well as the marketing of retail and wholesale utility services and products.

Windsor Utilities Commission (“WUC”)

WUC is a wholly owned commission of the City engaged largely in the treatment and distribution of the area’s potable water.

Your Quick Gateway (Windsor) Inc. (“YQG”)

YQG is a 100% owned subsidiary of the City which provides management services for the Windsor airport.

(a) Investment in GBE

The City has investments in GBE totalling \$221,704 (2008 - \$219,750), which is comprised of the following:

| | 2009 | 2008 |
|------|----------------|----------------|
| | \$ | \$ |
| YQG | 553 | 467 |
| WCUL | 93,010 | 102,899 |
| WUC | 128,141 | 116,384 |
| | <u>221,704</u> | <u>219,750</u> |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

4. **Government Business Enterprises (continued)**

A continuity of the investment in GBE is as follows:

| | YQG | WCUL | WUC | 2009 | 2008 |
|---|------------|---------------|----------------|----------------|----------------|
| | \$ | \$ | \$ | Total | Total |
| | \$ | \$ | \$ | \$ | \$ |
| Opening investment | 467 | 102,899 | 116,384 | 219,750 | 206,385 |
| Capital contribution | - | - | 63 | 63 | 81 |
| Dividends declared | - | (5,000) | - | (5,000) | (4,000) |
| Current income | 86 | 11,082 | 11,694 | 22,862 | 17,284 |
| Current change in investment | 86 | 6,082 | 11,757 | 17,925 | 13,365 |
| Change in deferred tax accounting policy | - | (15,971) | - | (15,971) | - |
| Closing investment | 553 | 93,010 | 128,141 | 221,704 | 219,750 |

(b) **Promissory note receivable**

A promissory note dated December 20, 2001 in the principal sum of \$21,520 was issued to the City by Windsor Canada Utilities Ltd. This note was unsecured, due on demand and bore interest at 6% per annum payable quarterly. As at December 31, 2009 the principal sum of the promissory note is \$ nil (2008 - \$3,256).

(c) **Supplementary information of GBE**

(i) **WCUL**

| | 2009 | 2008 |
|--|----------------|----------------|
| | \$ | \$ |
| Financial position | | |
| Current assets | 41,554 | 46,381 |
| Capital assets | 179,864 | 174,127 |
| Work in progress and other assets | 20,239 | 17,136 |
| Total assets | 241,657 | 237,644 |
| Current liabilities | 38,750 | 35,051 |
| Long-term liabilities | 109,897 | 99,694 |
| Total liabilities | 148,647 | 134,745 |
| Shareholders' equity | 93,010 | 102,899 |
| Total liabilities and equity | 241,657 | 237,644 |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

4. **Government Business Enterprises (continued)**

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Results of operations | | |
| Revenue from distribution of electricity | 222,799 | 224,245 |
| Services provided to Windsor Utilities Commission | 9,178 | 9,329 |
| <u>Other revenue</u> | <u>7,932</u> | <u>6,726</u> |
| <u>Total revenue</u> | <u>239,909</u> | <u>240,300</u> |
| Cost of electrical energy | 177,007 | 179,720 |
| Operating expenses | 31,760 | 33,204 |
| <u>Other net expenses</u> | <u>20,060</u> | <u>19,462</u> |
| <u>Total expenses</u> | <u>228,827</u> | <u>232,386</u> |
| <u>Net income</u> | <u>11,082</u> | <u>7,914</u> |

Related party transactions

The following transactions are in the normal course of operations and are measured at the exchange amount, which is the cost of consideration established and agreed to by the related parties:

- Under a Management Services Agreement effective January 1, 2007, WCUL provides certain finance, administration, human resource, management and other support services to WUC. The total amount charged to WUC for the year ended December 31, 2009 is \$9,178 (2008 – \$9,329).
- WCUL provides sewer surcharge billing and collecting and street lighting for the City. The total amount charged to the City and included in other revenue for the year ended December 31, 2009 was \$2,921 (2008 - \$2,967).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2009 relating to sewer surcharge was \$4,416 (2008 - \$4,580).
- The amounts due from related parties which are included in current assets consist of:

| | 2009 | 2008 |
|--|-------------|-------------|
| | \$ | \$ |
| <u>Due from Windsor Utilities Commission</u> | <u>-</u> | <u>403</u> |

- The amounts due to related parties which are included in current liabilities consist of:

| | 2009 | 2008 |
|--|--------------|--------------|
| | \$ | \$ |
| <u>Due to Windsor Utilities Commission</u> | <u>1,913</u> | <u>-</u> |
| <u>Due to the Corporation of the City of Windsor (net)</u> | <u>6,678</u> | <u>5,688</u> |
| | <u>8,591</u> | <u>5,688</u> |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

4. **Government Business Enterprises (continued)**

| (ii) WUC | 2009 | 2008 |
|--------------------------------------|----------------|----------------|
| | \$ | \$ |
| Financial position | | |
| Current assets | 9,060 | 8,281 |
| Capital assets | 167,489 | 155,669 |
| Total assets | 176,549 | 163,950 |
| Current liabilities | 10,705 | 8,751 |
| Long-term liabilities | 37,703 | 38,815 |
| Total liabilities | 48,408 | 47,566 |
| Accumulated surplus | 128,141 | 116,384 |
| Total liabilities and surplus | 176,549 | 163,950 |
| Results of operations | | |
| Retail water sales | 41,815 | 43,106 |
| Other revenues | 9,178 | 9,303 |
| Total revenues | 50,993 | 52,409 |
| Cost of production | 13,421 | 13,670 |
| Operating expenses | 17,907 | 18,568 |
| Other net expenses and impairment | 7,971 | 10,926 |
| Total expenses | 39,299 | 43,164 |
| Net income | 11,694 | 9,245 |

Related party transactions

The following transactions are in the normal course of operations and are measured at the exchange amount, which is the cost of consideration established and agreed to by the related parties:

- The City provides support for capital water main projects and road repairs to WUC. The total amount charged to WUC for the year ending December 31, 2009 was \$7,158 (2008 - \$3,520).
- At December 31, 2009, the amount owing from WCUL was \$1,912 (2008 - \$ nil) included above in current assets.
- The amounts due to related parties which are included in current liabilities consist of:

| | 2009 | 2008 |
|---|--------------|--------------|
| | \$ | \$ |
| Due to Windsor Canada Utilities Ltd. | - | 403 |
| Due to the Corporation of the City of Windsor | 1,593 | 1,387 |
| | 1,593 | 1,790 |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

4. **Government Business Enterprises (continued)**

(iii) YQG

| | 2009 | 2008 |
|---|--------------|--------------|
| | \$ | \$ |
| Financial position | | |
| <u>Total assets</u> | <u>1,347</u> | <u>1,439</u> |
| Current liabilities | 794 | 972 |
| Shareholders' equity | 553 | 467 |
| <u>Total liabilities and equity</u> | <u>1,347</u> | <u>1,439</u> |
| Results of operations | | |
| Airport operating revenues | 2,082 | 2,087 |
| <u>Management fees and other revenues</u> | <u>923</u> | <u>998</u> |
| <u>Total revenues</u> | <u>3,005</u> | <u>3,085</u> |
| | | |
| <u>Operating expenses</u> | <u>2,919</u> | <u>2,960</u> |
| | | |
| <u>Net income</u> | <u>86</u> | <u>125</u> |

Related party transactions

The following transactions are in the normal course of operations and are measured at the exchange amount, which is the cost of consideration established and agreed to by the related parties:

- YQG provides airport management services to the City. The total amount of management fees received for the year ending December 31, 2009 was \$324 (2008 - \$331).
- At year-end, there are amounts due from the City of \$6 (2008 - \$19) and a note receivable from the City of \$342 (2008 - \$317) which are included above in current assets.

5. **Accounts payable**

Included in accounts payable are amounts for short-term financing of capital projects that have not yet been permanently financed by year end. The balance of short-term financing related to capital projects includes the following:

| | 2009 | 2008 |
|---------------------------------------|---------------|--------------|
| | \$ | \$ |
| Lou Romano Reclamation Plant Capacity | | |
| Expansion & Upgrade project | 2,737 | 257 |
| <u>WFCU Centre project</u> | <u>18,300</u> | <u>2,985</u> |
| | <u>21,037</u> | <u>3,242</u> |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

6. **Net long-term liabilities**

- (a) The balance of the net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

| | 2009 | 2008 |
|--|------------------|------------------|
| | \$ | \$ |
| Total long-term liabilities incurred by the consolidated entity including those incurred on behalf of GBE which are outstanding at the end of the year amount to | 182,407 | 190,384 |
| Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC | <u>(30,236)</u> | <u>(31,307)</u> |
| Net long-term liabilities at the end of the year | 152,171 | 159,077 |
| <u>Less amount repayable from user fees</u> | <u>(104,998)</u> | <u>(111,061)</u> |
| <u>Net amount repayable from general taxation</u> | <u>47,173</u> | <u>48,016</u> |

The amount repayable from user fees is comprised of:

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Parking facilities fund | 2,500 | 2,637 |
| Windsor Canada Utilities Ltd. | - | 3,361 |
| Essex-Windsor Solid Waste Authority | 32,867 | 32,591 |
| Sewer Surcharge fund | 33,999 | 35,351 |
| <u>Windsor-Essex Community Housing Corporation</u> | <u>35,632</u> | <u>37,121</u> |
| <u>Total long-term liabilities repayable by user fees</u> | <u>104,998</u> | <u>111,061</u> |

WCUL assumed certain assets and liabilities of WUC in connection with the transfer by-law enacted pursuant to section 142 of the Electricity Act. The promissory note in note 4(b) was used by the City specifically to help retire the related debt assumed from WCUL.

EWSWA is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the City pursuant to an Agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill (the "Landfill"). The County holds title to the Landfill in accordance with the provisions of the EWSWA Agreement. The 2009 net long-term liabilities for EWSWA reflect a balance of \$65,733 (2008 - \$65,182).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

6. **Net long-term liabilities (continued)**

At December 31, 2009, the net long-term liability as reported on the financial statements of EWSWA consists of:

| | 2009 | 2008 |
|-------------------------|---------------|---------------|
| | \$ | \$ |
| Debenture Payable | 65,733 | 65,182 |
| <u>Accrued Interest</u> | <u>1,956</u> | <u>1,940</u> |
| | <u>67,689</u> | <u>67,122</u> |

Under the terms of the debenture agreement, no principal repayments are required until July 2012.

The City has assumed no debt from other municipalities.

- (b) Of the net long-term liabilities in (a) of this note, \$52,778 in principal payments are repayable from 2010 to 2014, \$47,204 from 2015 to 2019 and \$52,189 thereafter.

These amounts will require funding in those periods and are summarized as follows:

| | 2010-2014 | 2015-2019 | Thereafter | Total |
|---------------------------------|------------------|------------------|-------------------|----------------|
| | \$ | \$ | | \$ |
| From general municipal revenues | 34,077 | 8,757 | 4,339 | 47,173 |
| <u>From user fees</u> | <u>18,701</u> | <u>38,447</u> | <u>47,850</u> | <u>104,998</u> |
| | <u>52,778</u> | <u>47,204</u> | <u>52,189</u> | <u>152,171</u> |

- (c) Approval of the Ontario Municipal Board or a Treasurer's Certificate relative to the Authorized Repayment Limit of the City has been obtained for the long-term liabilities in (a) issued in the name of the City.
- (d) The City is contingently liable for long-term liabilities for which the responsibility of the payment of principal and interest has been assumed by GBE amounting to \$30,236 (2008 - \$31,307).
- (e) Total interest expenses for the year for net long-term liabilities which are reported on the statement of operations and accumulated surplus are as follows:

| | 2009 | 2008 |
|---|--------------|--------------|
| | \$ | \$ |
| Interest funded from general property taxes | 2,663 | 2,728 |
| <u>Interest funded from user fees</u> | <u>5,471</u> | <u>4,826</u> |
| | <u>8,134</u> | <u>7,554</u> |

The charges for long-term liabilities assumed by non-consolidated entities are not reflected in these statements.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

7. Employee benefits

(a) Pension agreements

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), on behalf of members of its staff. The plan is a multi-employer defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

The amount contributed to OMERS for current service for 2009 was \$13,891 (2008 - \$13,949). At December 31, 2009 the OMERS plan is in a deficit position, which will be addressed through temporary rate increases beginning in 2011.

The Transit Windsor contributory pension plan, covering substantially all of its employees, was frozen effective December 31, 1999 with pension benefits for service on and after January 1, 2000 being covered by OMERS. The plan has, for accounting purposes, pension assets of \$3,895 (2008 - \$3,957) and is in a funding deficit of \$3,696 (2008 - \$6,465).

(b) Employee future benefit obligations

Employee future benefit obligations are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2009 and consist of the following:

| | 2009 | 2008 |
|-------------------------------------|----------------|----------------|
| | \$ | \$ |
| Post retirement benefits | 241,218 | 218,276 |
| Post employment benefits | 8,868 | 8,355 |
| WSIB future benefits | 33,875 | 31,690 |
| Accrued vested sick leave | 15,014 | 15,681 |
| Vacation and vested banked overtime | 4,028 | 3,046 |
| Transit Windsor pension asset | (3,895) | (3,957) |
| | <u>299,108</u> | <u>273,091</u> |

(i) Post retirement and post employment benefits

The post retirement benefit and post employment benefit liabilities are based on an actuarial valuation performed by the City's actuaries. Post employment benefits include amounts accrued under the City's self funded long-term disability policy. The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount Rate 5.6% (2008 – 5.0%)
- Prescription Drugs Trend Rate: 9.5% (2008 – 10.0%)
9.0% per annum in 2010 grading to
4.5% per annum in 2030
- Dental and other Medical: 4.5% (2008 – 5.00%)

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

7. Employee benefits (continued)

Information about the City's future obligations with respect to post retirement benefits are as follows:

| | 2009 | 2008 |
|---|----------------|----------------|
| | \$ | \$ |
| Accrued benefit liability at the beginning of the year | 218,276 | 198,977 |
| Current service cost | 9,587 | 9,168 |
| Interest | 14,903 | 14,112 |
| Amortization of actuarial net losses | 2,660 | 2,929 |
| Plan amendments | 1,805 | - |
| Benefits paid | (6,013) | (6,910) |
| Accrued benefit liability at the end of the year | 241,218 | 218,276 |
| Unamortized net actuarial losses | 52,810 | 74,533 |
| <u>Accrued benefit obligations at the end of the year</u> | <u>294,028</u> | <u>292,809</u> |

The measurement date of the employee future benefits obligation coincides with the City's fiscal year. An actuarial comprehensive valuation was completed as of December 31, 2007 and the next required valuation will be as of December 31, 2010.

(ii) Liability for Workplace Safety and Insurance

The Workplace Safety and Insurance Board ("WSIB") estimates the undiscounted future benefit costs and administrative downloading for the City as a Schedule II employer at December 31, 2009 in the amount of \$33,875 (2007 - \$31,690).

(iii) Accrued vested sick leave

Accrued vested sick leave refers to the balance of unused sick leave credits which is payable to eligible employees of the City upon their retirement. Under the sick leave plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment upon leaving the City's employment. An amount of \$1,302 (2008 - \$1,368) has been paid out in the current year and is reported as an expense on the consolidated statement of operations and accumulated surplus.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

8. **Municipal position**

(a) **Accumulated surplus**

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

| | 2009 | 2008 |
|---|------------------|------------------|
| Surplus: | | |
| Invested in tangible capital assets | 1,762,165 | 1,756,761 |
| Invested in government business enterprises | 221,704 | 219,750 |
| Unfunded employee future benefit obligations | (299,108) | (273,091) |
| Other | 38,558 | (20,785) |
| Total surplus | 1,723,319 | 1,682,635 |
| Reserves set aside for specific purpose by Council: | | |
| Working funds | 10,191 | 6,634 |
| Encumbrances | 9,456 | 5,941 |
| Future planning | 230 | 208 |
| Post retirement death benefit | 216 | 174 |
| Recreation services | 319 | 260 |
| Fire Services | 72 | 188 |
| Environmental services | 19,983 | 20,576 |
| Occupational illness | 639 | 15 |
| Other reserves | 110 | 78 |
| Total reserves | 41,216 | 34,074 |
| Reserve funds set aside for specific purpose by Council: | | |
| Replacement of equipment | 42,457 | 35,932 |
| Capital expenditures | 13,736 | 34,461 |
| Tunnel improvements | (652) | (2,716) |
| Insurance | 349 | 2,474 |
| Health benefits rate stabilization | 2,640 | 2,364 |
| Sanitary sewer expenditures | 2,437 | 3,843 |
| Budget stabilization | 12,996 | 10,799 |
| Children's fund | 155 | 270 |
| Environmental services | 691 | 654 |
| Social housing | 5,813 | 7,763 |
| Corporate stability | 32 | 566 |
| Recreation | 249 | 246 |
| Future planning | 294 | 494 |
| Total reserve funds | 81,197 | 97,150 |
| | 1,845,732 | 1,813,859 |

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

8. **Municipal position (continued)**

(b) **Deferred revenue**

The following funds totalling \$6,066 (2008 - \$12,715) relate to net inflows, which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

| | Beginning balance 2008 \$ | 2009 Inflows \$ | 2009 Outflows \$ | Balance at Dec 31 2009 \$ |
|--------------------------------|--|--------------------------------|---------------------------------|--|
| Parkland acquisition fund | 416 | 405 | 188 | 633 |
| Development charges fund | 1,406 | 1,529 | 1,899 | 1,036 |
| Building permit fund | (4,299) | 432 | 1,793 | (5,660) |
| Ontario bus replacement fund | 1,889 | 1,933 | 3,694 | 128 |
| Provincial gas tax fund | 4,281 | 3,870 | 7,090 | 1,061 |
| Federal gas tax fund | 3,832 | 13,612 | 10,254 | 7,190 |
| Federal public transit fund | 749 | 9 | - | 758 |
| Landfill post closure fund | 737 | 183 | - | 920 |
| Other deferred revenues | 3,704 | - | 3,704 | - |
| Total deferred revenues | 12,715 | 21,973 | 28,622 | 6,066 |

The parkland acquisition fund is utilized to fund purchases of parkland and other recreation expenditures. The development charges fund is utilized to fund growth related capital works. The building permit fund is utilized to fund the building permit department. Surpluses or deficits of net building permit income (loss) must be transferred to this fund. The Ontario bus replacement fund is utilized to fund purchases of buses. The Provincial gas tax fund is utilized to fund public transportation programs. The Federal gas tax fund is utilized to fund environmentally sustainable municipal infrastructure projects. The Federal public transit fund is utilized to fund transit infrastructure to increase ridership. The landfill post closure fund reflects the estimated liability of the City should the regional landfill cease receiving waste on December 31, 2009. Other deferred revenues relate to Social Housing funding that was received in 2008 and subsequently allocated to 2009 programs.

9. **Commitments**

As at December 31, 2009, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects (excluding those listed below), at a cost approximating \$17,963 (2008 - \$12,717) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2013 approximating \$5,044 (2008 - \$5,562).
- (c) Funding for its share of the perpetual care costs of the now closed Landfill #3. This commitment is expected to require a payment to the Essex-Windsor Solid Waste Authority of \$600 per year for the foreseeable future.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

9. Commitments (continued)

- (d) In 2004, the City entered into the Ontario's Millennium Partnerships Initiative Funding Agreement for Infrastructure Projects relative to the Lou Romano Reclamation Plant Capacity Expansion & Upgrade project. The total cost of the project is expected to be \$111,500. Project costs expended to December 31, 2009 total approximately \$104,091. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2009 is \$2,591.
- (e) Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements and is to be funded from contributions from the operating fund related to the debt reduction initiative approved by Council. The budgeted cost of the project is \$41,200. Project costs expended to December 31, 2009 total approximately \$40,462. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2009 is \$378.

The remaining project costs will be used to honour the City's trust obligations under the *Construction Lien Act (CLA)*; to pay for the costs, including legal fees, associated with outstanding disputes related to the contract; and to pay to correct deficiencies not otherwise recoverable from the contractor. The contractor has registered a lien in the amount of \$4,462. Whether it will recover all, some or none of that amount is undeterminable.

- (f) In June 2009, the Federal and Provincial Governments announced the successful Infrastructure Stimulus Funding (ISF) and Recreational Infrastructure Canada (RInC) projects that would receive 2/3rds funding in the Windsor region under these programs. The total gross budget of these approved projects is \$137,952 (\$133,429 for ISF and \$4,523 for RInC). Windsor was granted ISF funding for twelve projects with the Federal and Provincial Governments' share being \$88,953 and the City share being \$44,476. Eligible costs for these programs must be incurred after June 4, 2009 and before April 1, 2011. Administration is working diligently to keep the projects on schedule and all current indications suggest that all projects will meet the completion deadline of March 31, 2011.

10. Budget figures

Budget figures have been excluded on the consolidated statement of operations and accumulated surplus as they may not be directly comparable to the actual figures due to the requirement to accrue certain expenses in accordance with PSAB reporting requirements. The City does not, in many cases, include these amounts in the annual budget as they do not require immediate funding. Additionally, budgets relating to tangible capital asset purchases have been excluded on the consolidated statement of operations and accumulated surplus, as they may not be comparable to actual results. The City's annual capital budget is primarily invested in tangible capital assets which are reflected on the consolidated statement of financial position, while expenses included in the consolidated statement of operations and accumulated surplus include the annual amortization expense relating to those tangible capital assets.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

11. Public liability insurance

The City is self-insured for public liability claims up to \$25 for any individual claim. Outside coverage is in place for claims in excess of this amount.

The City is currently insured with the Ontario Municipal Insurance Exchange (OMEX), an insurance reciprocal whose members pool their insurance coverage. As a member of a reciprocal, the City agrees to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. The City paid an amount of \$2,031 in retroactive assessments in 2009 (2008 - \$679), which is reflected on the consolidated statement of operations and accumulated surplus. The City has established a reserve fund for self-insurance, which at December 31, 2009 amounted to \$349 (2008 - \$2,474).

The City budgets each year for premiums and claims. Any budget excess is credited to the reserve fund. Payment of premiums and claims are shown as expenses on the statement of operations and accumulated surplus.

12. Segmented information

The City of Windsor is a diversified single tier municipality that provides a wide range of services to its citizens, including police, fire, ambulance, public transit, water and many others. These services are provided by departments and related entities of the City and their activities are reported by segment in these statements.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Net municipal property taxes and payments-in-lieu of taxes are allocated to segments based on the net expenses of that segment. The accounting basis used in these segments is consistent with that followed in the preparation of the consolidated financial statements as discussed in Note 1. For additional information, please see the Consolidated Schedule of Segmented Net Revenue (Schedule 1). The City's reportable operating segments and their associated activities are as follows:

General government is comprised of Finance, Administration, Governance, Legal, Human Resources and other activities to support the other segments of the City

Protection to persons and property is comprised of Police, Fire, Conservation Authority, Provincial Offences and Protective Inspection activities

Transportation services is comprised of Public Transportation, Roadway Maintenance, Winter Control, Central Garage, Airport and Tunnel activities

Environmental services is comprised of Sanitary and Storm Sewers, Solid Waste Collection and Disposal, and Recycling

Health services is comprised of Ambulance and Public Health services

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2009
(\$000's)

12. Segmented information (continued)

Social and family services is comprised of Social Services, Social Housing, Child Care, Assistance to the Aged

Recreation and culture is comprised of Parks, Recreation Facilities, and Libraries

Planning and development is comprised of Planning and Zoning, Commercial and Industrial, and Business Improvement Areas

13. Contingent liabilities

During the normal course of operations, the City is subject to various legal actions. The settlement of these actions is not expected to have a material effect on the financial statements of the City.

14. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Schedule of 2009 Segmented Net Revenue - Schedule 1
Year ended December 31, 2009
(\$000's)

| 2009 | General government | Protection to persons and property | Transportation services | Environmental services | Health services | Social and family services | Recreation and culture | Planning and development | Total |
|--|--------------------|------------------------------------|-------------------------|------------------------|-----------------|----------------------------|------------------------|--------------------------|----------------|
| Expenses | | | | | | | | | |
| Salaries, wages and benefits | 27,738 | 116,107 | 37,048 | 15,098 | - | 48,567 | 22,022 | 4,131 | 270,711 |
| Interest | 1,451 | 1,319 | - | 3,169 | - | 2,195 | - | - | 8,134 |
| External transfers | 5,299 | 1,298 | - | - | 9,364 | 165,662 | 900 | 1,082 | 183,605 |
| Amortization | 1,805 | 2,981 | 35,648 | 15,385 | - | 7,986 | 6,707 | 233 | 70,745 |
| Goods and services | 17,353 | 14,571 | 32,407 | 34,076 | - | 29,269 | 23,101 | 8,138 | 158,915 |
| Total Expenses | 53,646 | 136,276 | 105,103 | 67,728 | 9,364 | 253,679 | 52,730 | 13,584 | 692,110 |
| Revenues excluding taxation | | | | | | | | | |
| User charges | 15,736 | 9,584 | 28,301 | 59,553 | 209 | 32,926 | 10,126 | 1,429 | 157,864 |
| Provincial and federal transfers | 173 | 4,559 | 27,600 | - | - | 144,288 | 1,820 | 44 | 178,484 |
| Revenue from other municipalities | 39 | 398 | - | 4,909 | - | 24,445 | 280 | 718 | 30,789 |
| Other | 21,803 | 6,213 | 6,276 | 5,247 | - | 607 | 581 | 8,418 | 49,145 |
| Change in equity in government business enterprises | 1,954 | - | - | - | - | - | - | - | 1,954 |
| Total revenues excluding taxation | 39,705 | 20,754 | 62,177 | 69,709 | 209 | 202,266 | 12,807 | 10,609 | 418,236 |
| Net municipal property taxes and payments-in-lieu of taxes | | | | | | | | | 305,747 |
| Annual (deficit) surplus | (13,941) | (115,522) | (42,926) | 1,981 | (9,155) | (51,413) | (39,923) | (2,975) | 31,873 |

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Schedule of 2008 Segmented Net Revenue - Schedule 1
Year ended December 31, 2009
(\$000's)

| 2008 | General government | Protection to persons and property | Transportation services | Environmental services | Health services | Social and family services | Recreation and culture | Planning and development | Total |
|--|--------------------|------------------------------------|-------------------------|------------------------|-----------------|----------------------------|------------------------|--------------------------|----------------|
| Expenses | | | | | | | | | |
| Salaries, wages and benefits | 35,027 | 109,689 | 38,185 | 17,373 | - | 52,650 | 25,300 | 4,554 | 282,778 |
| Interest | 1,773 | 1,383 | - | 2,078 | - | 2,320 | - | - | 7,554 |
| External transfers | - | 1,304 | - | - | 9,442 | 154,289 | 1,004 | 1,178 | 167,217 |
| Amortization | 2,402 | 3,126 | 35,667 | 15,324 | - | 8,011 | 5,663 | 207 | 70,400 |
| Goods and services | 15,156 | 16,902 | 32,415 | 37,567 | - | 35,744 | 16,205 | 6,866 | 160,855 |
| Total expenses | 54,358 | 132,404 | 106,267 | 72,342 | 9,442 | 253,014 | 48,172 | 12,805 | 688,804 |
| Revenues excluding taxation | | | | | | | | | |
| User charges | 11,172 | 8,711 | 27,603 | 71,601 | 500 | 34,983 | 10,354 | 2,177 | 167,101 |
| Provincial and federal transfers | 83 | 2,380 | 54,560 | - | - | 142,884 | 1,975 | 26 | 201,908 |
| Revenue from other municipalities | 62 | 349 | - | 4,980 | - | 23,512 | 305 | 358 | 29,566 |
| Other | 15,630 | 6,445 | 112 | 6,967 | - | 393 | 1,309 | 5,642 | 36,498 |
| Change in equity in government business enterprises | 13,365 | - | - | - | - | - | - | - | 13,365 |
| Total revenues excluding taxation | 40,312 | 17,885 | 82,275 | 83,548 | 500 | 201,772 | 13,943 | 8,203 | 448,438 |
| Net municipal property taxes and payments-in-lieu of taxes | | | | | | | | | 307,220 |
| Annual (deficit) surplus | (14,046) | (114,519) | (23,992) | 11,206 | (8,942) | (51,242) | (34,229) | (4,602) | 66,854 |

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2009 - Schedule 2
Year ended December 31, 2009
(\$000's)

| 2009 | | | | |
|------------------------------------|-------------------------------|---------------|-----------------|-------------------------|
| Cost | Balance, beginning of year | Additions | Disposals | Balance, end of year |
| Land | 263,260 | 10,968 | (14,275) | 259,953 |
| Landfill and land improvements | 129,584 | 9,392 | (587) | 138,389 |
| Building and building improvements | 446,731 | 70,366 | (1,488) | 515,609 |
| Vehicles, machinery and equipment | 169,635 | 16,963 | (16,934) | 169,664 |
| Waste water infrastructure | 650,994 | 3,298 | (52) | 654,240 |
| Roads infrastructure | 826,255 | 8,943 | (3,378) | 831,820 |
| Airport assets | 46,820 | 207 | - | 47,027 |
| Tunnel assets | 187,209 | 167 | - | 187,376 |
| Assets under construction | 129,716 | (33,266) | - | 96,450 |
| Total | 2,850,204 | 87,038 | (36,714) | 2,900,528 |

| Accumulated amortization | Balance, beginning of year | Disposals | Amortization expense | Balance, end of year |
|------------------------------------|-------------------------------|-----------------|-------------------------|-------------------------|
| Landfill and land improvements | 33,590 | (587) | 3,319 | 36,322 |
| Building and building improvements | 178,655 | (1,488) | 14,834 | 192,001 |
| Vehicles, machinery and equipment | 101,268 | (16,670) | 11,566 | 96,164 |
| Waste water infrastructure | 201,493 | (52) | 12,788 | 214,229 |
| Roads infrastructure | 371,681 | (3,378) | 24,196 | 392,499 |
| Airport assets | 7,423 | - | 1,467 | 8,890 |
| Tunnel assets | 43,512 | - | 2,575 | 46,087 |
| Assets under construction | - | - | - | - |
| Total | 937,622 | (22,175) | 70,745 | 986,192 |

| Net book value | Balance, beginning of year | | Balance, end of year |
|------------------------------------|-------------------------------|--|-------------------------|
| Land | 263,260 | | 259,953 |
| Landfill and land improvements | 95,994 | | 102,067 |
| Building and building improvements | 268,076 | | 323,608 |
| Vehicles, machinery and equipment | 68,367 | | 73,500 |
| Waste water infrastructure | 449,501 | | 440,011 |
| Roads infrastructure | 454,574 | | 439,321 |
| Airport assets | 39,397 | | 38,137 |
| Tunnel assets | 143,697 | | 141,289 |
| Assets under construction | 129,716 | | 96,450 |
| Total | 1,912,582 | | 1,914,336 |

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2008 - Schedule 2
Year ended December 31, 2009
(\$000's)

| 2008 | | | | |
|------------------------------------|-------------------------------|----------------|-----------------|-------------------------|
| Cost | Balance, beginning of year | Additions | Disposals | Balance, end of year |
| Land | 261,663 | 3,663 | (2,066) | 263,260 |
| Landfill and land improvements | 127,250 | 2,411 | (77) | 129,584 |
| Building and building improvements | 441,856 | 4,875 | - | 446,731 |
| Vehicles, machinery and equipment | 167,632 | 7,957 | (5,954) | 169,635 |
| Waste water infrastructure | 638,788 | 12,206 | - | 650,994 |
| Roads infrastructure | 819,573 | 9,891 | (3,209) | 826,255 |
| Airport assets | 45,644 | 1,459 | (283) | 46,820 |
| Tunnel assets | 187,121 | 138 | (50) | 187,209 |
| Assets under construction | 48,516 | 81,200 | - | 129,716 |
| Total | 2,738,043 | 123,800 | (11,639) | 2,850,204 |

| Accumulated amortization | Balance, beginning of year | Disposals | Amortization expense | Balance, end of year |
|------------------------------------|-------------------------------|----------------|-------------------------|-------------------------|
| Landfill and land improvements | 30,421 | (77) | 3,246 | 33,590 |
| Building and building improvements | 164,301 | - | 14,354 | 178,655 |
| Vehicles, machinery and equipment | 94,363 | (5,447) | 12,352 | 101,268 |
| Waste water infrastructure | 189,024 | - | 12,469 | 201,493 |
| Roads infrastructure | 350,405 | (3,209) | 24,485 | 371,681 |
| Airport assets | 6,775 | (283) | 931 | 7,423 |
| Tunnel assets | 40,999 | (50) | 2,563 | 43,512 |
| Assets under construction | - | - | - | - |
| Total | 876,288 | (9,066) | 70,400 | 937,622 |

| Net book value | Balance, beginning of year | | Balance, end of year |
|------------------------------------|-------------------------------|--|-------------------------|
| Land | 261,663 | | 263,260 |
| Landfill and land improvements | 96,829 | | 95,994 |
| Building and building improvements | 277,555 | | 268,076 |
| Vehicles, machinery and equipment | 73,269 | | 68,367 |
| Waste water infrastructure | 449,764 | | 449,501 |
| Roads infrastructure | 469,168 | | 454,574 |
| Airport assets | 38,869 | | 39,397 |
| Tunnel assets | 146,122 | | 143,697 |
| Assets under construction | 48,516 | | 129,716 |
| Total | 1,861,755 | | 1,912,582 |

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2009



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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the City of Windsor

We have audited the statement of financial position of the trust funds of The Corporation of the City of Windsor as at December 31, 2009 and the statement of financial activities and continuity of fund balances for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The trust fund for the residents of Huron Lodge derives receipts from the residents, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these receipts was limited to the amounts recorded in the records of the trust fund and we were unable to determine whether any adjustments for unrecorded receipts might be necessary to the residents' comfort accounts and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of receipts for the Huron Lodge residents' comfort accounts described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of Windsor as at December 31, 2009 and the results of its financial activities and changes in fund balances of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada
April 30, 2010

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Position

December 31, 2009

(\$000's)

| | Huron Lodge Residents' Comfort \$ | Willistead Restoration \$ | O.H.R.P. Regular \$ | O.H.R.P. Rental \$ | Municipal Candidates \$ | Chimczuk Bequest \$ | Windsor Justice Facility Capital Maintenance \$ |
|---|--|---------------------------------|---------------------------|--------------------------|-------------------------------|---------------------------|---|
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and equivalents | 202 | 20 | 329 | 3 | - | 5 | 3,690 |
| Short-term investments | - | - | - | - | - | 3,030 | - |
| Accounts receivable: | | | | | | | |
| Repayable | - | - | 5 | - | - | - | - |
| Forgivable | - | - | 3 | - | - | - | - |
| Other | - | 5 | - | - | - | - | - |
| Due from Current Fund City of Windsor | 134 | - | - | - | - | - | 56 |
| Total current assets | 336 | 25 | 337 | 3 | - | 3,035 | 3,746 |
| Long term assets (note 2): | | | | | | | |
| Investments | - | - | - | - | - | - | - |
| Total assets | 336 | 25 | 337 | 3 | - | 3,035 | 3,746 |
| Liabilities | | | | | | | |
| Due to Current Fund City of Windsor | - | - | - | - | - | - | - |
| Accounts payable | 3 | - | 131 | 2 | - | - | 95 |
| Total liabilities | 3 | - | 131 | 2 | - | - | 95 |
| Fund balance | 333 | 25 | 206 | 1 | - | 3,035 | 3,651 |
| Total liabilities and fund balance | 336 | 25 | 337 | 3 | - | 3,035 | 3,746 |

The accompanying notes are an integral part of these financial statements

| Heritage Endowment Fund \$ | EWSWA Landfill Expansion Fund \$ | Richmond Landing Strip Bond \$ | COAHP Revolving Homeownership \$ | Windsor Medical Fund \$ | MacDonald Trust \$ | Library Board Donations \$ | Total \$ |
|--|--|--|--|---|----------------------------------|--|--------------------|
| 444 | 316 | - | 41 | 31 | 276 | 9 | 5,366 |
| - | 16 | - | - | - | - | - | 3,046 |
| - | - | - | - | - | - | - | 5 |
| - | - | - | - | - | - | - | 3 |
| - | - | - | - | - | - | - | 5 |
| 6 | - | - | 45 | - | - | - | 241 |
| 450 | 332 | - | 86 | 31 | 276 | 9 | 8,666 |
| - | 11,894 | 1,831 | - | - | - | - | 13,725 |
| 450 | 12,226 | 1,831 | 86 | 31 | 276 | 9 | 22,391 |
| - | - | - | 36 | - | - | - | 36 |
| - | - | - | - | - | - | - | 231 |
| - | - | - | 36 | - | - | - | 267 |
| 450 | 12,226 | 1,831 | 50 | 31 | 276 | 9 | 22,124 |
| 450 | 12,226 | 1,831 | 86 | 31 | 276 | 9 | 22,391 |

THE CORPORATION OF THE CITY OF WINDSOR
Trust Funds
Statement of Financial Activities and Continuity of Fund Balances
Year ended December 31, 2009

(\$000's)

| | Huron Lodge Residents' Comfort \$ | Willistead Restoration \$ | O.H.R.P. Regular \$ | O.H.R.P. Rental \$ | Municipal Candidates \$ | Chimczuk Bequest \$ | Windsor Justice Facility Capital Maintenance \$ |
|---|--|---------------------------------|---------------------------|--------------------------|-------------------------------|---------------------------|---|
| Balance at the beginning of the year | 351 | 28 | 204 | 1 | 1 | 2,961 | 4,113 |
| Revenues | | | | | | | |
| Residents' comfort | 229 | - | - | - | - | - | - |
| Interest earned | 1 | - | 2 | - | - | 74 | 18 |
| Contributions | - | 5 | - | - | - | - | 446 |
| Total revenues | 230 | 5 | 2 | - | - | 74 | 464 |
| Expenditures | | | | | | | |
| Payments to residents or estates | 248 | - | - | - | - | - | - |
| Purchases of furnishings and capital improvements | - | 8 | - | - | - | - | 926 |
| Other expenses | - | - | - | - | 1 | - | - |
| Total expenditures | 248 | 8 | - | - | 1 | - | 926 |
| Balance at the end of the year | 333 | 25 | 206 | 1 | - | 3,035 | 3,651 |

| Heritage Endowment Fund \$ | EWSWA Landfill Expansion Fund \$ | Richmond Landing Strip Bond \$ | COAHP Revolving Homeownership \$ | Windsor Medical Fund \$ | MacDonald Trust \$ | Library Board Donations \$ | Total \$ |
|---|---|---|---|--|-----------------------------------|---|---------------------|
| 443 | 11,711 | 1,700 | 22 | 31 | 291 | 9 | 21,866 |
| - | - | - | - | - | - | - | 229 |
| 7 | 515 | 131 | - | - | - | - | 748 |
| - | - | - | 402 | - | - | - | 853 |
| 7 | 515 | 131 | 402 | - | - | - | 1,830 |
| - | - | - | - | - | - | - | 248 |
| - | - | - | - | - | - | - | 934 |
| - | - | - | 374 | - | 15 | - | 390 |
| - | - | - | 374 | - | 15 | - | 1,572 |
| 450 | 12,226 | 1,831 | 50 | 31 | 276 | 9 | 22,124 |

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2009

(\$000's)

1. ACCOUNTING POLICIES

Basis of accounting

Revenue and expenditures are reported on the accrual basis of accounting.

2. LONG TERM ASSETS

Long-term assets include total investments of \$13,725 (2008 - \$8,614) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year. The intention is to hold these investments to maturity.

3. ONTARIO HOME RENEWAL PROGRAM (O.H.R.P.)

In 1995, the Province of Ontario discontinued this program for all but special circumstances. The municipalities will continue to act as agents on behalf of the Province with respect to the collection of outstanding receivables.

4. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2009 total \$22,124 (2008 - \$21,866) and are comprised of the following:

Huron Lodge Residents' Comfort Trust \$333 (2008 - \$351)

Administers the Home for the Aged residents' monthly spending allowance.

Willstead Restoration Trust Fund \$25 (\$2008 - \$28)

Receives various donations, which are utilized to fund furnishings for the City-owned heritage facility.

Ontario Home Renewal Program Trust (OHRP)

- **Regular \$206** (2008 - \$204)

- **Rental \$1** (2008 - \$1)

These trust funds represent funds contributed by the Province of Ontario which are loaned to qualifying individuals to be used to make needed repairs to personal residences or rental housing.

Municipal Candidates Trust \$0 (2008 - \$1)

Administers unspent campaign donations of municipal election candidates.

Chimczuk Trust \$3,035 (2008 - \$2,961)

Administers a bequest from Mr. Joseph Chimczuk intended to be used to fund a cultural museum.

Windsor Justice Facility Capital Maintenance Trust \$3,651 (2008 - \$4,113)

Administers joint contributions from the City of Windsor and Ontario Realty Corporation to be used for capital maintenance of the Joint Justice Facility.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2009

(\$000's)

Heritage Endowment Fund \$450 (2008 - \$443)

This is a fund which derives income for the purpose of capital funding costs associated with conserving eligible heritage properties.

Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$12,226 (2008 - \$11,711)

This trust fund was established to hold funds paid by MFP Financial Services Limited to the County of Essex and the City in accordance with the settlement dated July 29, 2005. These funds will be utilized for ongoing cell expansions of the EWSWA consistent with the original loan with required payments in 2010, 2017 and 2025. The fund balance of the trust fund relates specifically to an amount payable to the EWSWA regarding ongoing future cell expansions.

Richmond Landing Strip Bond Trust \$1,831 (2008 - \$1,700)

This trust fund is established for the purposes of holding the strip bond issued relative to the Richmond Landing Project which is due to mature in 2031. The proceeds of the fund upon maturity of the bond may be used to purchase the leasehold title at the option of the tenant, but in any event, become the property of the City of Windsor.

Canada-Ontario Affordable Housing Program (COAHP) Trust \$50 (2008 - \$22)

This trust fund was established for the purposes of the Canada-Ontario Affordable Housing Program Homeownership Component. Federal funding deposited into the trust account is subsequently transferred to successful recipients. The funding is considered a grant if the recipient maintains ownership of their home for the term of 20 years. If the home is sold prior to the 20 year period, the downpayment assistance (\$8 maximum) is repayable and deposited back into the trust fund to be redistributed to another recipient.

Windsor Medical Fund \$31 (2008 - \$31)

This fund was established in 2008 specifically for the acquisition of significant artifacts within the scope of the Windsor's Community Museum collection.

MacDonald Trust \$276 (2008 - \$291)

The transfer of the Museum function to the City of Windsor from the Windsor Public Library Board was finalized in 2008. The funds in the MacDonald Trust are to be expended on the collection, preservation and display of artifacts in the Francois Baby House.

Library Board Trusts \$9 (2008 - \$9)

Administers various bequests and donations made to the Windsor Public Library.

SINKING FUND STATEMENT

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2009



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AUDITORS' REPORT

To the Mayor, Members of Council, Inhabitants and Ratepayers
of The Corporation of the City of Windsor

We have examined the statement of continuity and fund balance of the Sinking Fund By-Law 10742 including all related amendments as at and for the year ended December 31, 2009 as required by the Municipal Act. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, this financial statement presents fairly, the balance of the Sinking Fund By-Law 10742 including all related amendments as at December 31, 2009 in accordance with the provisions of the Municipal Act.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slightly slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada
April 30, 2010

THE CORPORATION OF THE CITY OF WINDSOR

Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2009 (Stated in thousands of dollars)

| | 2009 | 2008 |
|---|--------------|--------------|
| | <u>\$</u> | <u>\$</u> |
| Actual balance at the beginning of the year | 6,417 | 5,573 |
| Annual levy | 494 | 494 |
| Investment income | <u>388</u> | <u>350</u> |
| Actual balance at the end of the year (see below) | 7,299 | 6,417 |
| Balance required at the end of the year | <u>7,303</u> | <u>6,420</u> |
| Shortfall | <u>(4)</u> | <u>(3)</u> |

Actual balance (including accrued interest) consists of:

| | | |
|---|--------------|--------------|
| Windsor Family Credit Union term deposit @ 5.11% matures August 12, 2011 | 5,920 | 5,041 |
| City of Toronto debenture, \$652 at 6.4% due July 26, 2011 | 652 | 652 |
| City of Ottawa/Carlton debenture, \$655 at 10.75% due February 28, 2011 | 655 | 655 |
| Accrued interest income | 70 | 67 |
| Cash in bank | <u>2</u> | <u>2</u> |
| Total | <u>7,299</u> | <u>6,417</u> |

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Sinking Fund Financial Statement

December 31, 2009

(Stated in thousands of dollars)

1. Accounting Policy

Investment income is reported on the accrual basis.

Investments are reported at redemption value, any premium or discount associated with the purchase or sale of an investment is recognized at the time of purchase or sale.

2. Details of Sinking Fund

The sinking fund was established to fund the Windsor Utilities Commission's expansion of its water treatment plant in connection with By-law 10742 passed in 1997, which originally approved the debenture issue. The By-law required annual contributions to the sinking fund in the amount of \$311 for years 1997 to 2011 in order to fund the retirement of \$9,000 due in 2011.

Given prevailing interest rates, the annual levy was revised in 2001 by By-law to \$417 for the remainder of the period, 2002-2011. On May 16, 2005 City Council approved a further amendment to By-law 10742 increasing the annual levy to \$494 for the remainder of the period 2005-2011. As a result of the increase in annual funding, along with a guaranteed investment rate of 5.11% compounded quarterly, sufficient funds will be available to pay the lump sum payment due in August 2011.

3. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted for the current year.