

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2011



KPMG LLP  
Chartered Accountants  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor ON N8W 5K8

Telephone (519) 251-3500  
Telefax (519) 251-3530  
(519) 251-3540  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of Windsor, which comprise the consolidated statement of financial position as at December 31, 2011, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Windsor as at December 31, 2011, and its consolidated results of operations and the changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

October 15, 2012  
Windsor, Canada

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**Year ended December 31, 2011**  
**(\$000's)**

|   | 2011<br>\$       | 2010<br>\$       |
|---|------------------|------------------|
| <b>Financial Assets</b>   |                  |                  |
| Cash and temporary investments                                    | 152,664          | 130,090          |
| Investment in government business enterprises [note 4 (a)]        | 404,598          | 380,860          |
| Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)] | 42,085           | 44,721           |
| Trade and other receivables                                       | 65,604           | 71,877           |
| <b>Total Financial Assets</b>                                     | <b>664,951</b>   | <b>627,548</b>   |
| <b>Financial Liabilities</b>                                      |                  |                  |
| Accounts payable  | 91,598           | 86,758           |
| Accrued interest on long-term liabilities                         | 2,732            | 3,685            |
| Net long-term liabilities [note 5 (a)]                            | 141,658          | 151,414          |
| Employee future benefit liabilities [note 6 (b)]                  | 340,261          | 313,833          |
| Landfill post closure liability [note 7]                          | 13,769           | 12,315           |
| <b>Total Financial Liabilities</b>                                | <b>590,018</b>   | <b>568,005</b>   |
| <b>Net Financial Assets</b>                                       | <b>74,933</b>    | <b>59,543</b>    |
| <b>Non-Financial Assets</b>                                       |                  |                  |
| Tangible capital assets [schedule 2]                              | 1,932,678        | 1,860,538        |
| Deferred expenses [note 8 (b)]                                    | 5,187            | 4,602            |
| Inventory and assets held for resale                              | 2,792            | 2,738            |
| Prepaid expenses  | 10,917           | 10,187           |
| <b>Total Non-Financial Assets</b>                                 | <b>1,951,574</b> | <b>1,878,065</b> |
| <b>Accumulated Surplus [note 8 (a)]</b>                           | <b>2,026,507</b> | <b>1,937,608</b> |

Commitments and contingencies [notes 3, 5, 6(a), 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, 2011**  
**(\$000's)**

|  | 2011<br>\$       | 2010<br>\$       |
|--|------------------|------------------|
| <b>Revenues [note 10, schedule 1]</b>                            |                  |                  |
| Net municipal property taxes and payments-in-lieu of taxes       | 297,949          | 305,509          |
| User charges   | 149,200          | 147,135          |
| Provincial and federal transfers                                 | 220,912          | 249,497          |
| Revenue from other municipalities                                | 27,907           | 25,567           |
| Other  | 44,124           | 45,853           |
| Change in equity in government business enterprises [note 4 (a)] | 23,738           | 18,118           |
| <b>Total Revenues</b>  | <b>763,830</b>   | <b>791,679</b>   |
| <b>Expenses [note 10, schedule 1]</b>                            |                  |                  |
| General government   | 49,705           | 49,113           |
| Protection to persons and property                               | 148,104          | 137,789          |
| Transportation services  | 97,070           | 92,383           |
| Environmental services   | 64,495           | 65,615           |
| Health services  | 9,857            | 9,798            |
| Social and family services                                       | 237,770          | 261,781          |
| Recreation and culture   | 58,708           | 56,725           |
| Planning and development   | 9,222            | 9,748            |
| <b>Total Expenses</b>  | <b>674,931</b>   | <b>682,952</b>   |
| <b>Annual Surplus</b>  | <b>88,899</b>    | <b>108,727</b>   |
| Accumulated surplus, beginning of year                           | 1,937,608        | 1,828,881        |
| <b>Accumulated surplus, end of year</b>                          | <b>2,026,507</b> | <b>1,937,608</b> |

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 Assets (Liabilities)**  
**Year ended December 31, 2011**  
**(\$000's)**

|   | 2011<br>\$ | 2010<br>\$ |
|---|------------|------------|
| Annual Surplus  | 88,899     | 108,727    |
| Acquisition of tangible capital assets [schedule 2]                   | (140,690)  | (163,051)  |
| Amortization of tangible capital assets [schedule 2]                  | 68,036     | 68,481     |
| Gain on sale of tangible capital assets                               | (5,843)    | (7,939)    |
| Proceeds on sale of tangible capital assets                           | 6,357      | 14,679     |
| Tangible capital assets transferred to government business enterprise | -          | 141,628    |
| Net change in deferred expenses                                       | (585)      | (4,602)    |
| Net change in inventory and assets held for resale                    | (54)       | 585        |
| Net consumption of prepaid expenses                                   | (730)      | 862        |
| Change in net financial assets  | 15,390     | 159,370    |
| Net financial assets (liabilities), beginning of period               | 59,543     | (99,827)   |
| Net financial assets, end of period                                   | 74,933     | 59,543     |

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, 2011**  
**(\$000's)**

|   | 2011<br>\$ | 2010<br>\$ |
|---|------------|------------|
| Cash provided by (used in):   |            |            |
| Operating Activities:   |            |            |
| Annual surplus  | 88,899     | 108,727    |
| Amortization of tangible capital assets   | 68,036     | 68,481     |
| Gain on sale of tangible capital assets   | (5,843)    | (7,939)    |
| Decrease (increase) in taxes and payments-in-lieu of taxes receivable                             | 2,636      | (2,339)    |
| Decrease (increase) in trade and other receivables  | 6,273      | (27,122)   |
| Increase in deferred expenses   | (585)      | (4,602)    |
| Increase (decrease) in inventory and assets held for resale                                       | (54)       | 585        |
| Increase (decrease) in prepaid expenses   | (730)      | 862        |
| Increase (decrease) in accounts payable   | 4,840      | (11,378)   |
| (Decrease) increase in accrued interest on long-term liabilities                                  | (953)      | 167        |
| Increase in employee future benefit liabilities   | 26,428     | 14,725     |
| Decrease in deferred revenue  | -          | (5,146)    |
| Increase in landfill post closure liability   | 1,454      | 1,059      |
| Net cash provided by operating activities   | 190,401    | 136,080    |
| Capital Activities:   |            |            |
| Proceeds on sale of tangible capital assets   | 6,357      | 14,679     |
| Tangible capital assets transferred to government business enterprise<br>[ <i>note 1(a)(ii)</i> ] | -          | 141,628    |
| Cash used to acquire tangible capital assets  | (140,690)  | (163,051)  |
| Net cash used in capital activities   | (134,333)  | (6,744)    |
| Financing Activities:   |            |            |
| Net long-term liabilities repaid  | (9,756)    | (757)      |
| Net cash used in financing activities   | (9,756)    | (757)      |
| Investing Activities:   |            |            |
| Increase in investment in government business enterprises   | (23,738)   | (18,118)   |
| Investment in government business enterprise [ <i>note 1(a)(ii)</i> ]                             | -          | (141,038)  |
| Net cash used in investing activities   | (23,738)   | (159,156)  |
| Increase (decrease) in cash and temporary investments   | 22,574     | (30,577)   |
| Cash and temporary investments, beginning of year   | 130,090    | 160,667    |
| Cash and temporary investments, end of year   | 152,664    | 130,090    |

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, 2011**  
**(\$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  
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, 2011**  
**(\$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-Detroit Tunnel Corporation ("WDTC")  
Windsor Utilities Commission ("WUC")  
Your Quick Gateway (Windsor) Inc. ("YQG")

**(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 consolidated 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 consolidated 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 consolidated 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, 2011**  
**(\$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 has established a tax appeals reserve fund to provide funding to offset the results of any future appeal decisions. 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:

| <b>Asset classification and amortization schedule</b> |                            |
|---|----------------------------|
| <b>Classification</b>                                 | <b>Useful Life (Years)</b> |
| 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                     |

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, 2011**  
**(\$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 liabilities**

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 liabilities already earned by the employees at the date of implementation of this policy (the transitional benefit liability) was recognized as employee future benefit liabilities. 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 liability arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit liability. The excess of the net actuarial gains or losses are amortized over the average remaining service period of active employees, which is 14.2 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 consolidated 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 consolidated 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, 2011**  
**(\$000's)**

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

**(e) 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, 2012, all governments will be required to adopt PSAB Section 3410, Government Transfers. This standard provides guidance to governments on the accounting and reporting of government transfers by both the transferor and the recipient government perspective.

Effective for fiscal periods beginning on or after April 1, 2012 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, 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:

|                                 | <b>2011</b> | <b>2010</b> |
|---------------------------------|-------------|-------------|
|                                 | <b>\$</b>   | <b>\$</b>   |
| Taxation received or receivable | 76,595      | 80,542      |
| Requisitions                    | 78,752      | 84,122      |
| Amount due from school boards   | (2,157)     | (3,580)     |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

3. **Contribution to non-consolidated joint board**

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

|   | <b>2011</b>  | <b>2010</b>  |
|---|--------------|--------------|
|   | \$           | \$           |
| <u>Windsor-Essex County Health Unit</u> | <u>2,086</u> | <u>2,144</u> |

The City is contingently liable for its share, which is approximately 14%, 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 wholly 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-Detroit Tunnel Corporation (“WDTC”)**

WDTC is a wholly owned subsidiary of the City. WDTC owns and manages the portion of the Windsor-Detroit Tunnel situated in Canada.

**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 wholly owned subsidiary of the City which provides management services for the Windsor airport.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

**(a) Investment in GBE**

The City has investments in GBE totalling \$404,598 (2010 - \$380,860), which is comprised of the following:

|      | <b>2011</b>    | <b>2010</b>    |
|------|----------------|----------------|
|      | \$             | \$             |
| WCUL | 108,413        | 102,237        |
| WDTC | 140,860        | 140,572        |
| WUC  | 156,188        | 137,774        |
| YQG  | (863)          | 277            |
|      | <u>404,598</u> | <u>380,860</u> |

A continuity of the investment in GBE is as follows:

|  | <b>WCUL</b>    | <b>WDTC</b>    | <b>WUC</b>     | <b>YQG</b>   | <b>2011</b>    | <b>2010</b>    |
|--|----------------|----------------|----------------|--------------|----------------|----------------|
|  | \$             | \$             | \$             | \$           | Total          | Total          |
|  |                |                |                |              | \$             | \$             |
| Opening investment                               | 102,237        | 140,572        | 137,774        | 277          | 380,860        | 221,704        |
| Capital contribution                             | -              | -              | -              | -            | -              | 141,149        |
| Dividends declared                               | (5,000)        | -              | -              | -            | (5,000)        | (3,000)        |
| Current income (loss)                            | 11,176         | 288            | 12,512         | (800)        | 23,176         | 21,007         |
| Current change in investment                     | 6,176          | 288            | 12,512         | (800)        | 18,176         | 159,156        |
| Change in opening equity and contributed surplus | -              | -              | 5,902          | (340)        | 5,562          | -              |
| Closing investment                               | <u>108,413</u> | <u>140,860</u> | <u>156,188</u> | <u>(863)</u> | <u>404,598</u> | <u>380,860</u> |

**(b) Supplementary information of GBE**

**(i) WCUL**

|                                     | <b>2011</b>    | <b>2010</b>    |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| <b>Financial position</b>           |                |                |
| Current assets                      | 45,227         | 41,430         |
| Property, plant and equipment       | 180,903        | 182,975        |
| Work in progress and other assets   | 16,582         | 19,330         |
| <u>Total assets</u>                 | <u>242,712</u> | <u>243,735</u> |
| Current liabilities                 | 84,627         | 39,155         |
| Long-term liabilities               | 49,672         | 102,343        |
| <u>Total liabilities</u>            | <u>134,299</u> | <u>141,498</u> |
| <u>Shareholders' equity</u>         | <u>108,413</u> | <u>102,237</u> |
| <u>Total liabilities and equity</u> | <u>242,712</u> | <u>243,735</u> |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

|   | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
|   | \$             | \$             |
| <b>Results of operations</b>                      |                |                |
| Revenue from distribution of electricity          | 255,634        | 255,212        |
| Services provided to Windsor Utilities Commission | 11,209         | 11,427         |
| Other revenue                                     | 8,829          | 8,309          |
| <u>Total revenue</u>                              | <u>275,672</u> | <u>274,948</u> |
| Cost of electrical energy                         | 208,212        | 207,259        |
| Operating expenses                                | 35,264         | 34,322         |
| <u>Other net expenses</u>                         | <u>21,020</u>  | <u>21,140</u>  |
| <u>Total expenses</u>                             | <u>264,496</u> | <u>262,721</u> |
| <u>Net income</u>                                 | <u>11,176</u>  | <u>12,227</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, 2011 is \$11,209 (2010 – \$11,427).
- 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, 2011 was \$3,507 (2010 - \$3,122).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2011 relating to sewer surcharge was \$4,552 (2010 - \$4,312).
- The amounts due from related parties which are included in current assets consist of:

|  | <b>2011</b> | <b>2010</b>  |
|--|-------------|--------------|
|  | \$          | \$           |
| <u>Due from Windsor Utilities Commission</u> | <u>-</u>    | <u>1,575</u> |

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

|  | <b>2011</b>  | <b>2010</b>  |
|--|--------------|--------------|
|  | \$           | \$           |
| <u>Due to Windsor Utilities Commission</u>                 | <u>1,961</u> | <u>-</u>     |
| <u>Due to the Corporation of the City of Windsor (net)</u> | <u>3,975</u> | <u>4,534</u> |
|  | <u>5,936</u> | <u>4,534</u> |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

(ii) **WDTC**

|                               | <b>2011</b> | <b>2010</b> |
|-------------------------------|-------------|-------------|
|                               | <b>\$</b>   | <b>\$</b>   |
| <b>Financial position</b>     |             |             |
| Current assets                | 5,220       | 2,867       |
| Property, plant and equipment | 136,751     | 139,157     |
| Total assets                  | 141,971     | 142,024     |
| Current liabilities           | 1,111       | 1,452       |
| Shareholders' equity          | 140,860     | 140,572     |
| Total liabilities and equity  | 141,971     | 142,024     |
| <b>Results of operations</b>  |             |             |
| Tolls                         | 7,591       | 7,314       |
| Other revenues                | 575         | 497         |
| Total revenues                | 8,166       | 7,811       |
| Operating expenses            | 7,878       | 8,277       |
| Net income (loss)             | 288         | (466)       |

**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:

- WDTC utilizes financial, secretarial, project management and administrative services provided by the City. The total amount of fees paid for the year ending December 31, 2011 is \$309 (2010 - \$308).
- The amounts due from related parties which are included in current assets consist of:

|   | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Due from Corporation of the City of Windsor | -           | 61          |

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

|   | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
|   | <b>\$</b>   | <b>\$</b>   |
| Due to Corporation of the City of Windsor | 25          | 51          |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

(iii) **WUC**

|                                      | <b>2011</b>    | <b>2010</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$</b>      | <b>\$</b>      |
| <b>Financial position</b>            |                |                |
| Current assets                       | 12,322         | 10,048         |
| Property, plant and equipment        | 189,185        | 175,210        |
| <u>Total assets</u>                  | <u>201,507</u> | <u>185,258</u> |
| Current liabilities                  | 30,144         | 13,533         |
| Long-term liabilities                | 15,175         | 33,951         |
| Total liabilities                    | 45,319         | 47,484         |
| Accumulated surplus                  | 156,188        | 137,774        |
| <u>Total liabilities and surplus</u> | <u>201,507</u> | <u>185,258</u> |
| <b>Results of operations</b>         |                |                |
| Retail water sales                   | 42,811         | 42,092         |
| Other revenues                       | 9,307          | 9,572          |
| <u>Total revenues</u>                | <u>52,118</u>  | <u>51,664</u>  |
| Cost of production                   | 15,409         | 13,895         |
| Operating and other net expenses     | 24,197         | 28,247         |
| <u>Total expenses</u>                | <u>39,606</u>  | <u>42,142</u>  |
| <u>Net income</u>                    | <u>12,512</u>  | <u>9,522</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:

- 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, 2011 was \$5,698 (2010 - \$6,472).
- The amounts due from related parties which are included in current assets consist of:

|   | <b>2011</b>  | <b>2010</b> |
|---|--------------|-------------|
|   | <b>\$</b>    | <b>\$</b>   |
| Due from Enwin Utilities Ltd.                   | 1,961        | -           |
| Due from the Corporation of the City of Windsor | 2,648        | -           |
|   | <u>4,609</u> | <u>-</u>    |



**THE CORPORATION OF THE CITY OF WINDSOR**  
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**Year ended December 31, 2011**  
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4. **Government Business Enterprises (continued)**

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

|   | <b>2011</b>  | <b>2010</b>  |
|---|--------------|--------------|
|   | \$           | \$           |
| Due to Enwin Utilities Ltd.                   | -            | 1,241        |
| Due to the Corporation of the City of Windsor | 4,350        | 3,628        |
|   | <u>4,350</u> | <u>4,869</u> |

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

|   | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| Due to the Corporation of the City of Windsor | 1,982       | -           |

(iv) **YQG**

|  | <b>2011</b>  | <b>2010</b>  |
|--|--------------|--------------|
|  | \$           | \$           |
| <b>Financial position</b>              |              |              |
| Total assets                           | 2,068        | 1,829        |
| Total liabilities                      | 2,931        | 1,552        |
| Shareholders' (deficit) equity         | (863)        | 277          |
| Total liabilities and (deficit) equity | <u>2,068</u> | <u>1,829</u> |
| <b>Results of operations</b>           |              |              |
| Airport operating revenues             | 2,991        | 2,138        |
| Management fees and other revenues     | 1,105        | 1,065        |
| Total revenues                         | 4,096        | 3,203        |
| Operating and other expenses           | 4,896        | 3,479        |
| Net loss                               | <u>(800)</u> | <u>(276)</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, 2011 is \$324 (2010 - \$324).
- The City has committed to providing a loan to YQG to fund all or part of the accrued benefit obligations of YQG. The balance of the accrued benefit obligation at December 31, 2011 is \$998 (2010 - \$205)

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

- The amounts due from related parties which are included in total assets consist of:

|   | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| Due from the Corporation of the City of Windsor | -           | 906         |

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

|   | <b>2011</b> | <b>2010</b> |
|---|-------------|-------------|
|   | \$          | \$          |
| Due to the Corporation of the City of Windsor | 80          | 18          |

**5. 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:

|  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
|  | \$          | \$          |
| 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 | 160,569     | 180,519     |
| Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC                               | (18,911)    | (29,105)    |
| Net long-term liabilities at the end of the year   | 141,658     | 151,414     |
| Less amount repayable from user fees   | (102,620)   | (106,049)   |
| Net amount repayable from general taxation   | 39,038      | 45,365      |

The amount repayable from user fees is comprised of:

|  | <b>2011</b> | <b>2010</b> |
|--|-------------|-------------|
|  | \$          | \$          |
| Parking facilities fund                            | 176         | 329         |
| Essex-Windsor Solid Waste Authority                | 33,158      | 33,058      |
| Sewer Surcharge fund                               | 35,063      | 36,653      |
| Transit Windsor                                    | 1,880       | 1,960       |
| Windsor-Essex Community Housing Corporation        | 32,343      | 34,049      |
| Total long-term liabilities repayable by user fees | 102,620     | 106,049     |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

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

At December 31, 2011, the net long-term liability as reported on the financial statements of EWSWA consists of:

|                   | <b>2011</b>   | <b>2010</b>   |
|-------------------|---------------|---------------|
|                   | \$            | \$            |
| Debenture Payable | 66,316        | 66,116        |
| Accrued Interest  | 1,973         | 1,967         |
|                   | <u>68,289</u> | <u>68,083</u> |

Under the terms of the debenture agreement, no principal repayments are required until July 2013.

The City has assumed no debt from other municipalities.

- (b) Of the net long-term liabilities in (a) of this note, \$53,938 in principal payments are repayable from 2012 to 2016, \$43,105 from 2017 to 2021 and \$44,615 thereafter.

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

|                                 | <b>2012-2016</b> | <b>2017-2021</b> | <b>Thereafter</b> | <b>Total</b>   |
|---------------------------------|------------------|------------------|-------------------|----------------|
|                                 | \$               | \$               | \$                | \$             |
| From general municipal revenues | 29,122           | 9,916            | -                 | 39,038         |
| From user fees                  | 24,816           | 33,189           | 44,615            | 102,620        |
|                                 | <u>53,938</u>    | <u>43,105</u>    | <u>44,615</u>     | <u>141,658</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 a GBE amounting to \$18,911 (2010 - \$29,105).
- (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:

|   | <b>2011</b>  | <b>2010</b>  |
|---|--------------|--------------|
|   | \$           | \$           |
| Interest funded from general property taxes | 2,348        | 2,483        |
| Interest funded from user fees              | 5,201        | 5,144        |
|   | <u>7,549</u> | <u>7,627</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, 2011**  
**(\$000's)**

**6. 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 2011 was \$16,905 (2010 - \$15,915). At December 31, 2011 the OMERS plan is in a deficit position, which will be addressed through temporary rate increases which began 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. At December 31, 2011 the plan has, for accounting purposes, pension assets of \$4,007 (2010 - \$4,219) and is in a funding deficit of \$7,422 (2010 - \$4,489). As required by the Pension Benefits Standards Act, the City has issued a letter of credit to the pension plan in lieu of making special payments regarding this funding deficit.

**(b) Employee future benefit liabilities**

Employee future benefit liabilities are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2011 and consist of the following:

|                                     | <b>2011</b>    | <b>2010</b>    |
|-------------------------------------|----------------|----------------|
|                                     | \$             | \$             |
| Post retirement benefits            | 285,137        | 259,794        |
| Post employment benefits            | 8,304          | 8,775          |
| WSIB future benefits                | 33,611         | 31,719         |
| Accrued vested sick leave           | 14,299         | 14,702         |
| Vacation and vested banked overtime | 2,917          | 3,062          |
| Transit Windsor pension asset       | (4,007)        | (4,219)        |
|                                     | <u>340,261</u> | <u>313,833</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 4.1% (2010 – 4.8%)
- Health Care Discount Rate: 6.3% (2010 – 6.4%)  
grading to 4.5% per annum in 2030

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

**6. Employee benefits (continued)**

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

|   | <b>2011</b>    | <b>2010</b>    |
|---|----------------|----------------|
|   | \$             | \$             |
| Accrued benefit liability at the beginning of the year    | 259,794        | 241,218        |
| Current service cost                                      | 10,996         | 8,496          |
| Interest  | 17,803         | 16,915         |
| Amortization of actuarial net losses                      | 4,808          | 1,909          |
| <u>Benefits paid</u>                                      | <u>(8,264)</u> | <u>(8,744)</u> |
| Accrued benefit liability at the end of the year          | 285,137        | 259,794        |
| <u>Unamortized net actuarial losses</u>                   | <u>168,991</u> | <u>104,288</u> |
| <u>Accrued benefit obligations at the end of the year</u> | <u>454,128</u> | <u>364,082</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, 2010 and the next required valuation will be as of December 31, 2013.

**(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, 2011 in the amount of \$33,611 (2010 - \$31,719).

**(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. In 2011, an amount of \$1,031 (2010 - \$836) has been paid and is reported as an expense on the consolidated statement of operations and accumulated surplus.

**7. Landfill post closure liabilities**

The liability for landfill post closure costs at December 31, 2011 is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$2,135 (2010 - \$1,267) and post closure expenses associated with the closed Essex County Landfill #3 of \$11,634 (2010 - \$11,048).

The Essex County Landfill #3 was closed in 1997 and requires care for an estimated period of 40 years from the date of closure. The December 31, 2011 liability for post closure expenditures is based on the annual payment to EWSWA of \$600 (2010 - \$600) and inflation adjusted at 2.0% per annum (2010 - 2.0%) and discounted to December 31, 2011 using a discount rate of 4.1 % (2010 - 4.8%).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

**8. Municipal position**

**(a) Accumulated surplus**

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

|   | <b>2011</b>      | <b>2010</b>      |
|---|------------------|------------------|
| <b>Surplus:</b>   |                  |                  |
| Invested in tangible capital assets                             | 1,791,020        | 1,709,124        |
| Invested in government business enterprises                     | 404,598          | 380,860          |
| Unfunded employee future benefit liabilities                    | (340,261)        | (313,833)        |
| Unfunded landfill post closure liability                        | (13,769)         | (12,315)         |
| Other   | 36,068           | 40,902           |
| <b>Total surplus</b>  | <b>1,877,656</b> | <b>1,804,738</b> |
| <b>Reserves set aside for specific purpose by Council:</b>      |                  |                  |
| Working funds   | 11,840           | 11,840           |
| Encumbrances  | 3,674            | 3,916            |
| Future planning   | 537              | 285              |
| Post retirement death benefit                                   | 228              | 261              |
| Recreation services   | 595              | 521              |
| Fire services   | 289              | 218              |
| Environmental services  | 23,010           | 22,096           |
| Occupational illness  | 1,950            | 1,283            |
| Others  | 439              | 293              |
| <b>Total reserves</b>   | <b>42,562</b>    | <b>40,713</b>    |
| <b>Reserve funds set aside for specific purpose by Council:</b> |                  |                  |
| Replacement of equipment  | 43,792           | 38,058           |
| Capital expenditures  | 29,875           | 22,834           |
| Insurance   | 1,992            | 2,587            |
| Health benefits rate stabilization                              | 3,083            | 3,042            |
| Sanitary sewer expenditures                                     | 1,996            | 1,148            |
| Budget stabilization  | 10,433           | 9,701            |
| Children's fund   | 469              | 314              |
| Social housing  | 8,555            | 6,667            |
| Recreation  | 433              | 253              |
| Transit debt repayment  | 2,265            | 2,358            |
| Tax appeals   | 3,059            | 4,700            |
| Future planning   | 337              | 495              |
| <b>Total reserve funds</b>                                      | <b>106,289</b>   | <b>92,157</b>    |
| <b>Total accumulated surplus</b>                                | <b>2,026,507</b> | <b>1,937,608</b> |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

**8. Municipal position (continued)**

**(b) Deferred expenses**

The following funds totalling \$5,187 (2010 –\$4,602) relate to net outflows, which have statutory restrictions and as such, are classified as deferred expenses on the consolidated statement of financial position:

|                                | <b>Beginning<br/>balance<br/>2011<br/>\$</b> | <b>2011<br/>Inflows<br/>\$</b> | <b>2011<br/>Outflows<br/>\$</b> | <b>Ending<br/>Balance<br/>2011<br/>\$</b> |
|--------------------------------|--|--------------------------------|---------------------------------|---|
| Parkland acquisition fund      | 530  | 357                            | 432                             | 455                                       |
| Development charges fund       | (1,994)                                      | 2,779                          | 819                             | (34)                                      |
| Building permit fund           | (7,156)                                      | 525                            | 1,380                           | (8,011)                                   |
| Ontario bus replacement fund   | 1,193  | 9                              | 1,202                           | -   |
| Provincial gas tax fund        | 2,025  | 3,709                          | 4,503                           | 1,231                                     |
| Federal gas tax fund           | 32   | 13,282                         | 13,312                          | 2   |
| Federal public transit fund    | 768  | 11                             | -                               | 779                                       |
| Others                         | -  | 391                            | -                               | 391                                       |
| <b>Total deferred expenses</b> | <b>(4,602)</b>                               | <b>21,063</b>                  | <b>21,648</b>                   | <b>(5,187)</b>                            |

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.

**9. Commitments**

As at December 31, 2011, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$19,061 (2010 - \$27,238) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2025 approximating \$3,496 (2010 - \$5,767).
- (c) The City has guaranteed standby letters of credit on behalf of WDTC in the amount of \$1,655 and on behalf of YQG in the amount of \$500.
- (d) The City has committed to providing a loan to YQG to fund all or part of the accrued benefit obligations of YQG. The balance of the accrued benefit obligation at December 31, 2011 is \$998 (2010 - \$205).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

**9. Commitments (continued)**

- (e) Windsor Essex will host the 47<sup>th</sup> annual International Children's Games during the summer of 2013. Estimated expenditures for hosting the 2013 International Children's Games is expected to be in the range of \$2,000 to \$2,500. Over a three year period, the City has committed capital budgetary funding totaling \$900, the County of Essex has committed budgetary funding of \$600 and Tourism Windsor Essex Pelee Island has committed \$200 toward this event. All remaining funding is expected to be achieved via sponsorships, grants, and private contributions.
- (f) The City has approved Community Improvement Plans (CIP) that contain financial incentive programs for Brownfield Redevelopment and Economic Revitalization.

The CIPs allow the City to provide grants to property owners/tenants, or to undertake other community improvement activities to further the objectives of each CIP, which would otherwise be prohibited by Ontario's *Municipal Act*. At December 31, 2011, there were five approved grant applications under the Economic Revitalization CIP. The amount of grant funding is directly tied to the increase in municipal property taxes as a result of assessment growth so there will be no net financial cost to the City. The program will not reduce current revenue levels but forego incremental tax revenue. Grants are paid over a period not to exceed 10 years with the maximum amount of grant funding equal to eligible costs incurred by the applicant.

It is estimated that the value of approved grants is \$4,051.

- (g) In January 2011, City Council approved the City's involvement in facilitating a major economic development investment (manufacturing of wind turbine components) within the City. In order to facilitate this investment, the City has completed the purchase, assembly and swap of various parcels of land as well committed to the provision of rail service to the site at an expected cost of \$3,000.
- (h) Preliminary site work for the Family Aquatics Complex (72 metre pool plus family aquatic fun centre) began in late 2011. The pool section is expected to be operational by August 2013 to accommodate the 2013 Children's Games and the full facility by December 2013. The total cost of the project is expected to be \$77,622 of which \$15,000 is to be funded through a provincial grant. Project costs expended to December 31, 2011 total approximately \$650. There are no committed outstanding construction and engineering contracts at December 31, 2011 as the primary construction contract was not signed until 2012.
- (i) The City has agreed in principle to fund \$10,000 towards the transfer and renovations of the Armouries to the University of Windsor for their programs. The City has approved a placeholder of \$10,000 in its capital budget relative to this commitment.



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2011**  
**(\$000's)**

**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.

**11. Public liability insurance**

The City is self-insured for public liability claims up to \$250 (2010 - \$250) 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 \$ nil in retroactive assessments in 2011 (2010 - \$ nil). The City has established a reserve fund for self-insurance, which at December 31, 2011 amounted to \$1,992 (2010 - \$2,587).

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:

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

(\$000's)

### 12. Segmented information (continued)

*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, and Airport

*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

*Social and family services* is comprised of Social Services, Social Housing, Child Care, and 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

- (a) 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.
- (b) The City is currently appealing a decision of the Ontario Municipal Board (OMB) regarding the expropriation of lands within the Spring Garden Area of Natural and Scientific Interest (ANSI). That appeal was granted by the Court of Appeal who have quashed the OMB's significant award and ordered the OMB to re-hear the case based on the parameters of law advanced by the City. The plaintiff is seeking leave to appeal the decision to the Supreme Court of Canada. Depending on the outcome of the legal proceedings, the City could be obligated to pay an additional amount of up to approximately \$20,000.
- (c) 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. The contractor has registered a lien in the amount of \$4,677. Whether the contractor will recover all, some or none of that amount is undeterminable.

### 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 Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2011**  
**(\$000's)**

|  | General<br>government | Protection to<br>persons and<br>property | Transportation<br>services | Environmental<br>services | Health<br>services | Social and<br>family<br>services | Recreation<br>and culture | Planning<br>and<br>development | Total          |
|--|-----------------------|--|----------------------------|---------------------------|--------------------|----------------------------------|---------------------------|--------------------------------|----------------|
| <b>2011</b>  |                       |  |                            |                           |                    |                                  |                           |                                |                |
| <b>Expenses</b>  |                       |  |                            |                           |                    |                                  |                           |                                |                |
| Salaries, wages and benefits                               | 28,852                | 126,599                                  | 39,181                     | 13,124                    | 1                  | 51,856                           | 30,937                    | 3,568                          | 294,118        |
| Interest   | 1,316                 | 1,179                                    | 44                         | 3,102                     | -                  | 1,908                            | -                         | -                              | 7,549          |
| External transfers   | -                     | 1,333                                    | 926                        | -                         | 9,856              | 135,271                          | 898                       | 2,053                          | 150,337        |
| Amortization   | 1,502                 | 2,911                                    | 32,573                     | 15,420                    | -                  | 7,607                            | 7,926                     | 97                             | 68,036         |
| Goods and services   | 18,035                | 16,082                                   | 24,346                     | 32,849                    | -                  | 41,128                           | 18,947                    | 3,504                          | 154,891        |
| <b>Total Expenses</b>                                      | <b>49,705</b>         | <b>148,104</b>                           | <b>97,070</b>              | <b>64,495</b>             | <b>9,857</b>       | <b>237,770</b>                   | <b>58,708</b>             | <b>9,222</b>                   | <b>674,931</b> |
| <b>Revenues excluding taxation</b>                         |                       |  |                            |                           |                    |                                  |                           |                                |                |
| User charges   | 11,998                | 10,005                                   | 20,092                     | 63,709                    | -                  | 29,008                           | 12,672                    | 1,716                          | 149,200        |
| Provincial and federal transfers                           | 10,665                | 2,865                                    | 32,883                     | 23,720                    | -                  | 150,240                          | 537                       | 2                              | 220,912        |
| Revenue from other municipalities                          | 42                    | 279                                      | -                          | 8,520                     | -                  | 18,237                           | 829                       | -                              | 27,907         |
| Other  | 12,765                | 7,721                                    | 8,977                      | 5,193                     | -                  | 2,044                            | 1,152                     | 6,272                          | 44,124         |
| Change in equity in government business enterprises        | 23,738                | -  | -                          | -                         | -                  | -                                | -                         | -                              | 23,738         |
| <b>Total revenues excluding taxation</b>                   | <b>59,208</b>         | <b>20,870</b>                            | <b>61,952</b>              | <b>101,142</b>            | <b>-</b>           | <b>199,529</b>                   | <b>15,190</b>             | <b>7,990</b>                   | <b>465,881</b> |
| Net municipal property taxes and payments-in-lieu of taxes |                       |  |                            |                           |                    |                                  |                           |                                | 297,949        |
| <b>Annual (deficit) surplus</b>                            | <b>9,503</b>          | <b>(127,234)</b>                         | <b>(35,118)</b>            | <b>36,647</b>             | <b>(9,857)</b>     | <b>(38,241)</b>                  | <b>(43,518)</b>           | <b>(1,232)</b>                 | <b>88,899</b>  |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Schedule of Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2011**  
**(\$000's)**

|  | General<br>government | Protection to<br>persons and<br>property | Transportation<br>services | Environmental<br>services | Health<br>services | Social and<br>family<br>services | Recreation<br>and culture | Planning<br>and<br>development | Total          |
|--|-----------------------|--|----------------------------|---------------------------|--------------------|----------------------------------|---------------------------|--------------------------------|----------------|
| <b>2010</b>  |                       |  |                            |                           |                    |                                  |                           |                                |                |
| <b>Expenses</b>  |                       |  |                            |                           |                    |                                  |                           |                                |                |
| Salaries, wages and benefits                               | 28,504                | 116,496                                  | 38,308                     | 16,251                    | 1                  | 49,522                           | 26,000                    | 3,167                          | 278,249        |
| Interest   | 1,387                 | 1,251                                    | 23                         | 2,889                     | -                  | 2,077                            | -                         | -                              | 7,627          |
| External transfers   | -                     | 1,287                                    | 926                        | -                         | 9,685              | 142,477                          | 901                       | 2,164                          | 157,440        |
| Amortization   | 1,803                 | 2,833                                    | 32,275                     | 15,412                    | -                  | 8,260                            | 7,691                     | 207                            | 68,481         |
| Goods and services   | 17,419                | 15,922                                   | 20,851                     | 31,063                    | 112                | 59,445                           | 22,133                    | 4,210                          | 171,155        |
| <b>Total Expenses</b>                                      | <b>49,113</b>         | <b>137,789</b>                           | <b>92,383</b>              | <b>65,615</b>             | <b>9,798</b>       | <b>261,781</b>                   | <b>56,725</b>             | <b>9,748</b>                   | <b>682,952</b> |
| <b>Revenues excluding taxation</b>                         |                       |  |                            |                           |                    |                                  |                           |                                |                |
| User charges   | 12,186                | 9,953                                    | 19,940                     | 59,229                    | -                  | 31,596                           | 12,911                    | 1,320                          | 147,135        |
| Provincial and federal transfers                           | 10,821                | 3,116                                    | 35,969                     | 33,594                    | -                  | 161,192                          | 4,778                     | 27                             | 249,497        |
| Revenue from other municipalities                          | 65                    | 646                                      | -                          | 1,889                     | 29                 | 21,892                           | 1,046                     | -                              | 25,567         |
| Other  | 9,573                 | 6,955                                    | 8,030                      | 6,046                     | -                  | 1,884                            | 918                       | 12,447                         | 45,853         |
| Change in equity in government business enterprises        | 18,118                | -  | -                          | -                         | -                  | -                                | -                         | -                              | 18,118         |
| <b>Total revenues excluding taxation</b>                   | <b>50,763</b>         | <b>20,670</b>                            | <b>63,939</b>              | <b>100,758</b>            | <b>29</b>          | <b>216,564</b>                   | <b>19,653</b>             | <b>13,794</b>                  | <b>486,170</b> |
| Net municipal property taxes and payments-in-lieu of taxes |                       |  |                            |                           |                    |                                  |                           |                                | 305,509        |
| <b>Annual (deficit) surplus</b>                            | <b>1,650</b>          | <b>(117,119)</b>                         | <b>(28,444)</b>            | <b>35,143</b>             | <b>(9,769)</b>     | <b>(45,217)</b>                  | <b>(37,072)</b>           | <b>4,046</b>                   | <b>108,727</b> |

# THE CORPORATION OF THE CITY OF WINDSOR

## Tangible Capital Assets - 2011 - Schedule 2

Year ended December 31, 2011

(\$000's)

| <b>2011</b>                         |                               |                |                 |                         |
|-------------------------------------|-------------------------------|----------------|-----------------|-------------------------|
| <b>Cost</b>                         | Balance,<br>beginning of year | Additions      | Disposals       | Balance, end<br>of year |
| Land                                | 256,238                       | 9,552          | (99)            | 265,691                 |
| Landfill and land improvements      | 142,538                       | 4,749          | (177)           | 147,110                 |
| Building and building improvements  | 523,781                       | 16,259         | (541)           | 539,499                 |
| Vehicles, machinery and equipment   | 168,496                       | 28,733         | (9,445)         | 187,784                 |
| Water and wastewater infrastructure | 661,732                       | 13,846         | (160)           | 675,418                 |
| Roads infrastructure                | 837,375                       | 18,801         | (4,195)         | 851,981                 |
| Airport assets                      | 54,934                        | 3,106          | (482)           | 57,558                  |
| Assets under construction           | 204,137                       | 45,644         | -               | 249,781                 |
| <b>Total</b>                        | <b>2,849,231</b>              | <b>140,690</b> | <b>(15,099)</b> | <b>2,974,822</b>        |

| <b>Accumulated amortization</b>     | Balance,<br>beginning of year | Disposals      | Amortization<br>expense | Balance, end<br>of year |
|-------------------------------------|-------------------------------|----------------|-------------------------|-------------------------|
| Landfill and land improvements      | 38,912                        | (145)          | 3,870                   | 42,637                  |
| Building and building improvements  | 203,009                       | (312)          | 15,464                  | 218,161                 |
| Vehicles, machinery and equipment   | 99,351                        | (9,325)        | 11,455                  | 101,481                 |
| Water and wastewater infrastructure | 227,026                       | (126)          | 12,706                  | 239,606                 |
| Roads infrastructure                | 404,140                       | (4,195)        | 22,723                  | 422,668                 |
| Airport assets                      | 16,255                        | (482)          | 1,818                   | 17,591                  |
| <b>Total</b>                        | <b>988,693</b>                | <b>-14,585</b> | <b>68,036</b>           | <b>1,042,144</b>        |

| <b>Net book value</b>               | Balance,<br>beginning of year | Balance, end<br>of year |
|-------------------------------------|-------------------------------|-------------------------|
| Land                                | 256,238                       | 265,691                 |
| Landfill and land improvements      | 103,626                       | 104,473                 |
| Building and building improvements  | 320,772                       | 321,338                 |
| Vehicles, machinery and equipment   | 69,145                        | 86,303                  |
| Water and wastewater infrastructure | 434,706                       | 435,812                 |
| Roads infrastructure                | 433,235                       | 429,313                 |
| Airport assets                      | 38,679                        | 39,967                  |
| Assets under construction           | 204,137                       | 249,781                 |
| <b>Total</b>                        | <b>1,860,538</b>              | <b>1,932,678</b>        |

# THE CORPORATION OF THE CITY OF WINDSOR

## Tangible Capital Assets - 2010 - Schedule 2

Year ended December 31, 2011

(\$000's)

| <b>2010</b>                         |                               |                |                  |                         |
|-------------------------------------|-------------------------------|----------------|------------------|-------------------------|
| <b>Cost</b>                         | Balance,<br>beginning of year | Additions      | Disposals        | Balance, end<br>of year |
| Land                                | 259,953                       | 815            | (4,530)          | 256,238                 |
| Landfill and land improvements      | 138,389                       | 4,623          | (474)            | 142,538                 |
| Building and building improvements  | 515,609                       | 9,820          | (1,648)          | 523,781                 |
| Vehicles, machinery and equipment   | 169,664                       | 7,148          | (8,316)          | 168,496                 |
| Water and wastewater infrastructure | 654,240                       | 7,532          | (40)             | 661,732                 |
| Roads infrastructure                | 831,820                       | 17,180         | (11,625)         | 837,375                 |
| Airport assets                      | 47,027                        | 7,907          | -                | 54,934                  |
| Tunnel assets                       | 187,376                       | -              | (187,376)        | -                       |
| Assets under construction           | 96,450                        | 108,026        | (339)            | 204,137                 |
| <b>Total</b>                        | <b>2,900,528</b>              | <b>163,051</b> | <b>(214,348)</b> | <b>2,849,231</b>        |

| <b>Accumulated amortization</b>     | Balance,<br>beginning of year | Disposals       | Amortization<br>expense | Balance, end<br>of year |
|-------------------------------------|-------------------------------|-----------------|-------------------------|-------------------------|
| Landfill and land improvements      | 35,711                        | (474)           | 3,675                   | 38,912                  |
| Building and building improvements  | 187,995                       | (933)           | 15,947                  | 203,009                 |
| Vehicles, machinery and equipment   | 95,029                        | (6,871)         | 11,193                  | 99,351                  |
| Water and wastewater infrastructure | 214,229                       | (37)            | 12,834                  | 227,026                 |
| Roads infrastructure                | 392,499                       | (11,578)        | 23,219                  | 404,140                 |
| Airport assets                      | 14,642                        | -               | 1,613                   | 16,255                  |
| Tunnel assets                       | 46,087                        | (46,087)        | -                       | -                       |
| <b>Total</b>                        | <b>986,192</b>                | <b>(65,980)</b> | <b>68,481</b>           | <b>988,693</b>          |

| <b>Net book value</b>               | Balance,<br>beginning of year | Balance, end<br>of year |
|-------------------------------------|-------------------------------|-------------------------|
| Land                                | 259,953                       | 256,238                 |
| Landfill and land improvements      | 102,678                       | 103,626                 |
| Building and building improvements  | 327,614                       | 320,772                 |
| Vehicles, machinery and equipment   | 74,635                        | 69,145                  |
| Water and wastewater infrastructure | 440,011                       | 434,706                 |
| Roads infrastructure                | 439,321                       | 433,235                 |
| Airport assets                      | 32,385                        | 38,679                  |
| Tunnel assets                       | 141,289                       | -                       |
| Assets under construction           | 96,450                        | 204,137                 |
| <b>Total</b>                        | <b>1,914,336</b>              | <b>1,860,538</b>        |

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2011



KPMG LLP  
Chartered Accountants  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor ON N8W 5K8

Telephone (519) 251-3500  
Telefax (519) 251-3530  
(519) 251-3540  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the City of Windsor, which comprise the statement of financial position as at December 31, 2011 and the statement of financial activities and continuity of fund balances for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the 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, 2011, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

October 15, 2012  
Windsor, Canada



# THE CORPORATION OF THE CITY OF WINDSOR

## Trust Funds

### Statement of Financial Position

Year ended December 31, 2011

(\$000's)

|   | Huron Lodge<br>Residents'<br>Comfort<br>\$ | Willistead<br>Restoration<br>\$ | O.H.R.P.<br>Regular<br>\$ | O.H.R.P.<br>Rental<br>\$ | Chimczuk<br>Bequest<br>\$ | Windsor<br>Justice Facility<br>Capital<br>Maintenance<br>\$ |
|---|--|---------------------------------|---------------------------|--------------------------|---------------------------|---|
| <b>Assets</b>                             |  |                                 |                           |                          |                           |   |
| Current assets                            |  |                                 |                           |                          |                           |   |
| Cash and equivalents                      | 26   | 26                              | 336                       | 3                        | 5                         | 4,533   |
| Short-term investments                    | -  | -                               | -                         | -                        | 3,135                     | -   |
| Accounts receivable:                      |  |                                 |                           |                          |                           |   |
| Repayable                                 | -  | -                               | 4                         | -                        | -                         | -   |
| Forgivable                                | -  | -                               | 2                         | -                        | -                         | -   |
| Other                                     | 2  | -                               | -                         | -                        | 27                        | -   |
| Due from City of Windsor                  | 100  | -                               | 9                         | -                        | -                         | 10  |
| <b>Total current assets</b>               | <b>128</b>                                 | <b>26</b>                       | <b>351</b>                | <b>3</b>                 | <b>3,167</b>              | <b>4,543</b>  |
| Long term assets (note 2):                |  |                                 |                           |                          |                           |   |
| Investments                               | -  | -                               | -                         | -                        | -                         | -   |
| <b>Total assets</b>                       | <b>128</b>                                 | <b>26</b>                       | <b>351</b>                | <b>3</b>                 | <b>3,167</b>              | <b>4,543</b>  |
| <b>Liabilities</b>                        |  |                                 |                           |                          |                           |   |
| Due to Current Fund City of Windsor       | -  | 2                               | -                         | -                        | -                         | -   |
| Accounts payable                          | 3  | 3                               | 140                       | 2                        | -                         | 92  |
| <b>Total liabilities</b>                  | <b>3</b>                                   | <b>5</b>                        | <b>140</b>                | <b>2</b>                 | <b>-</b>                  | <b>92</b>   |
| Fund balance                              | 125  | 21                              | 211                       | 1                        | 3,167                     | 4,451   |
| <b>Total liabilities and fund balance</b> | <b>128</b>                                 | <b>26</b>                       | <b>351</b>                | <b>3</b>                 | <b>3,167</b>              | <b>4,543</b>  |

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

| <b>Heritage<br/>Endowment<br/>Fund<br/>\$</b> | <b>EWSWA<br/>Landfill<br/>Expansion Fund<br/>\$</b> | <b>Richmond<br/>Landing<br/>Strip Bond<br/>\$</b> | <b>COAHP<br/>Revolving<br/>Homeownership<br/>\$</b> | <b>Windsor<br/>Medical<br/>Fund<br/>\$</b> | <b>MacDonald<br/>Trust<br/>\$</b> | <b>Library<br/>Board<br/>Donations<br/>\$</b> | <b>Total<br/>\$</b> |
|---|---|---|---|--|-----------------------------------|---|---------------------|
| 457   | -   | 2,093   | 82  | 31   | 51                                | 9   | <b>7,652</b>        |
| -   | -   | -   | -   | -  | -                                 | -   | <b>3,135</b>        |
| -   | -   | -   | -   | -  | -                                 | -   | <b>4</b>            |
| -   | -   | -   | -   | -  | -                                 | -   | <b>2</b>            |
| -   | -   | -   | -   | -  | -                                 | -   | <b>29</b>           |
| 1   | -   | -   | -   | -  | -                                 | -   | <b>120</b>          |
| 458   | -   | 2,093   | 82  | 31   | 51                                | 9   | <b>10,942</b>       |
| -   | 8,174   | -   | -   | -  | -                                 | -   | <b>8,174</b>        |
| 458   | 8,174   | 2,093   | 82  | 31   | 51                                | 9   | <b>19,116</b>       |
| -   | -   | -   | -   | -  | -                                 | -   | <b>2</b>            |
| -   | -   | -   | 81  | -  | -                                 | -   | <b>321</b>          |
| -   | -   | -   | 81  | -  | -                                 | -   | <b>323</b>          |
| 458   | 8,174   | 2,093   | 1   | 31   | 51                                | 9   | <b>18,793</b>       |
| 458   | 8,174   | 2,093   | 82  | 31   | 51                                | 9   | <b>19,116</b>       |

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Trust Funds**  
**Statement of Financial Activities and Continuity of Fund Balances**  
**Year ended December 31, 2011**  
**(\$000's)**

|   | <b>Huron Lodge<br/>Residents'<br/>Comfort</b> | <b>Willistead<br/>Restoration</b> | <b>O.H.R.P.<br/>Regular</b> | <b>O.H.R.P.<br/>Rental</b> | <b>Chimczuk<br/>Bequest</b> | <b>Windsor<br/>Justice Facility<br/>Capital<br/>Maintenance</b> |
|---|---|-----------------------------------|-----------------------------|----------------------------|-----------------------------|---|
|   | \$  | \$                                | \$                          | \$                         | \$                          | \$  |
| Balance at the beginning of the year              | 309   | 22                                | 208                         | 1                          | 3,101                       | 3,959   |
| <b>Revenues</b>                                   |   |                                   |                             |                            |                             |   |
| Residents' comfort                                | 220   | -                                 | -                           | -                          | -                           | -   |
| Interest earned                                   | -   | -                                 | 3                           | -                          | 66                          | 48  |
| Contributions                                     | -   | 5                                 | -                           | -                          | -                           | 491   |
| <b>Total revenues</b>                             | <b>220</b>                                    | <b>5</b>                          | <b>3</b>                    | <b>-</b>                   | <b>66</b>                   | <b>539</b>  |
| <b>Expenditures</b>                               |   |                                   |                             |                            |                             |   |
| Payments to residents or estates                  | 404   | -                                 | -                           | -                          | -                           | -   |
| Purchases of furnishings and capital improvements | -   | 6                                 | -                           | -                          | -                           | 47  |
| Payments to EWSWA                                 | -   | -                                 | -                           | -                          | -                           | -   |
| Other expenses                                    | -   | -                                 | -                           | -                          | -                           | -   |
| <b>Total expenditures</b>                         | <b>404</b>                                    | <b>6</b>                          | <b>-</b>                    | <b>-</b>                   | <b>-</b>                    | <b>47</b>   |
| <b>Balance at the end of the year</b>             | <b>125</b>                                    | <b>21</b>                         | <b>211</b>                  | <b>1</b>                   | <b>3,167</b>                | <b>4,451</b>  |

| <b>Heritage<br/>Endowment<br/>Fund</b><br>\$ | <b>EWSWA<br/>Landfill<br/>Expansion Fund</b><br>\$ | <b>Richmond<br/>Landing<br/>Strip Bond</b><br>\$ | <b>COAHP<br/>Revolving<br/>Homeownership</b><br>\$ | <b>Windsor<br/>Medical<br/>Fund</b><br>\$ | <b>MacDonald<br/>Trust</b><br>\$ | <b>Library<br/>Board<br/>Donations</b><br>\$ | <b>Total</b><br>\$ |
|--|--|--|--|---|----------------------------------|--|--------------------|
| 453  | 12,656   | 1,962  | -  | 31  | 195                              | 9  | <b>22,906</b>      |
| -  | -  | -  | -  | -   | -                                | -  | <b>220</b>         |
| 5  | 387  | 131  | 1  | -   | 1                                | -  | <b>642</b>         |
| -  | -  | -  | 7  | -   | -                                | -  | <b>503</b>         |
| 5  | 387  | 131  | 8  | -   | 1                                | -  | <b>1,365</b>       |
| -  | -  | -  | -  | -   | -                                | -  | <b>404</b>         |
| -  | -  | -  | -  | -   | 144                              | -  | <b>197</b>         |
| -  | 4,869  | -  | -  | -   | -                                | -  | <b>4,869</b>       |
| -  | -  | -  | 7  | -   | 1                                | -  | <b>8</b>           |
| -  | 4,869  | -  | 7  | -   | 145                              | -  | <b>5,478</b>       |
| 458  | 8,174  | 2,093  | 1  | 31  | 51                               | 9  | <b>18,793</b>      |

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2011

(\$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 \$8,174 (2010 - \$14,618) 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, 2011 total \$18,793 (2010 - \$22,906) and are comprised of the following:

**Huron Lodge Residents' Comfort Trust \$125** (2010 - \$309)

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

**Willistead Restoration Trust Fund \$21** (2010 - \$22)

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

**Ontario Home Renewal Program Trust (OHRP)**

- **Regular \$211** (2010 - \$208)
- **Rental \$1** (2010 - \$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.

**Chimczuk Trust \$3,167** (2010 - \$3,101)

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

**Windsor Justice Facility Capital Maintenance Trust \$4,451** (2010 - \$3,959)

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

**Heritage Endowment Fund \$458** (2010 - \$453)

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

# **THE CORPORATION OF THE CITY OF WINDSOR**

## **Notes to Trust Funds**

**December 31, 2011**

**(\$000's)**

**Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$8,174 (2010 - \$12,656)**

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 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 \$2,093 (2010 - \$1,962)**

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 \$1 (2010 - \$ nil)**

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 (2010 - \$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 \$51 (2010 - \$195)**

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 (2010 - \$9)**

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

SINKING FUND STATEMENT

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2011



KPMG LLP  
Chartered Accountants  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor ON N8W 5K8

Telephone (519) 251-3500  
Telefax (519) 251-3530  
(519) 251-3540  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statement of the Sinking Fund By-Law 10742, which comprise the statement of continuity and fund balance as at and for the year then ended December 31, 2011, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of this financial statement 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.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

### *Opinion*

In our opinion, the financial statement presents fairly, in all material respects, the fund balance of Sinking Fund By-Law 10742 as at December 31, 2011, and its continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

October 15, 2012  
Windsor, Canada

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**The Corporation of the City of Windsor**  
**Sinking Fund By-Law 10742**  
**Statement of Continuity and Fund Balance**  
**December 31, 2011**  
**(Stated in thousands of dollars)**

|  | 2011<br>\$ | 2010<br>\$ |
|--|------------|------------|
| Actual balance at the beginning of the year                                  | 8,229      | 7,299      |
| Annual levy  | 494        | 494        |
| Investment income  | 277        | 436        |
| Additional Funds Required  |            |            |
| Repayment of Debt  | (9,000)    | -          |
| Actual balance at the end of the year  | -          | 8,229      |
| Balance required at the end of the year                                      | -          | 8,235      |
| Shortfall  | -          | (6)        |
| Actual balance (including accrued interest) consists of:                     |            |            |
| Windsor Family Credit Union term deposit at 5.11%<br>matured August 12, 2011 | -          | 6,845      |
| City of Toronto debenture, \$652, at 6.4% due<br>July 26, 2011               | -          | 652        |
| City of Ottawa/Carlton debenture, \$655 at 10.75% due<br>February 28, 2011   | -          | 655        |
| Accrued Interest Income  | -          | 75         |
| Cash in Bank   | -          | 2          |
| Total  | -          | 8,229      |

**The Corporation of the City of Windsor**  
**Notes to Sinking Fund Financial Statement**  
**December 31, 2011**  
**(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/sale of an investment is recognized at the time of purchase/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 were available to pay the lump sum payment due in August 2011.