

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Corporation of the City of Windsor (the City), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statements of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2018, and its results of operations and its changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibility of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

August 26, 2019

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Financial Position
Year ended December 31, 2018
(\$000's)

	2018 \$	2017 \$
Financial Assets		
Cash and temporary investments	297,826	303,941
Investment in government business enterprises [note 4 (a)]	574,092	551,372
Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)]	28,232	32,697
Trade and other receivables	59,478	61,744
Total Financial Assets	959,628	949,754
Financial Liabilities		
Accounts payable and accrued liabilities	90,813	109,389
Accrued interest on long-term liabilities	1,354	1,479
Net long-term liabilities [note 5 (a)]	78,154	85,152
Employee future benefit liabilities [note 6 (b)]	565,410	532,251
Deferred revenue [note 8 (b)]	40,916	37,929
Landfill post closure liability [note 7]	13,591	13,873
Inactive contaminated sites liabilities [note 1 (b) (viii)]	6,674	6,289
Total Financial Liabilities	796,912	786,362
Net Financial Assets	162,716	163,392
Non-Financial Assets		
Tangible capital assets [schedule 2]	2,087,908	2,048,827
Inventory and assets held for resale	2,832	2,554
Prepaid expenses	11,245	9,257
Total Non-Financial Assets	2,101,985	2,060,638
Accumulated Surplus [note 8 (a)]	2,264,701	2,224,030

Commitments and contingencies [notes 3, 6(a), 9, 11, 13 and 14]

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, 2018
(\$000's)

	2018	2017
	\$	\$
Revenues [note 10, schedule 1]		
Net municipal property taxes and payments-in-lieu of taxes	336,228	325,009
User charges	152,320	157,159
Provincial and federal transfers	269,511	222,737
Revenue from other municipalities	18,852	19,022
Other	45,163	58,371
Change in equity in government business enterprises [note 4 (a)]	22,720	9,057
Total Revenues	844,794	791,355
Expenses [note 10, schedule 1]		
General government	62,336	62,395
Protection to persons and property	174,485	164,636
Transportation services	105,326	94,520
Environmental services	75,525	68,745
Health services	15,495	13,190
Social and family services	284,899	251,228
Recreation and culture	69,244	73,518
Planning and development	16,813	8,300
Total Expenses	804,123	736,532
Annual Surplus	40,671	54,823
Accumulated surplus, beginning of year [note 8 (a)]	2,224,030	2,169,207
Accumulated surplus, end of year	2,264,701	2,224,030

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
Year ended December 31, 2018
(\$000's)

	2018 \$	2017 \$
Annual Surplus	40,671	54,823
Acquisition of tangible capital assets [schedule 2]	(129,160)	(124,020)
Amortization of tangible capital assets [schedule 2]	78,315	76,342
(Gain) Loss on disposal of tangible capital assets	3,474	(340)
Proceeds on sale of tangible capital assets	8,290	2,754
Net change in inventory and assets held for resale	(278)	4
Net consumption of prepaid expenses	(1,988)	(4,831)
Change in net financial assets	(676)	4,732
Net financial assets, beginning of period	163,392	158,660
Net financial assets, end of period	162,716	163,392

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, 2018
(\$000's)

	2018 \$	2017 \$
Cash provided by (used in):		
Operating and Other Activities:		
Annual surplus	40,671	54,823
Amortization of tangible capital assets	78,315	76,342
Loss (gain) on disposal of tangible capital assets	3,474	(340)
Decrease (increase) in taxes and payments-in-lieu receivable	4,465	(450)
Decrease (Increase) in trade and other receivables	2,266	(1,709)
(Increase) decrease in inventory and assets held for resale	(278)	4
Increase in prepaid expenses	(1,988)	(4,831)
(Decrease) increase in accounts payable and accrued liabilities	(18,576)	3,754
Decrease in accrued interest on long-term liabilities	(125)	(115)
Increase in employee future benefit liabilities	33,159	13,197
Increase in deferred revenue	2,987	800
Increase in contaminated site liability	385	-
(Decrease) increase in landfill post closure liability	(282)	1,178
Net cash provided by operating and other activities	144,473	142,653
Capital Activities:		
Proceeds on sale of tangible capital assets	8,290	2,754
Cash used to acquire tangible capital assets	(129,160)	(124,020)
Net cash used in capital activities	(120,870)	(121,266)
Financing Activities:		
Net long-term liabilities repaid	(6,998)	(6,747)
Net cash used in financing activities	(6,998)	(6,747)
Investing Activities:		
Increase in investment in government business enterprises	(22,720)	(9,057)
Net cash used in investing activities	(22,720)	(9,057)
(Decrease) increase in cash and temporary investments	(6,115)	5,583
Cash and temporary investments, beginning of year	303,941	298,358
Cash and temporary investments, end of year	297,826	303,941

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, 2018

(\$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 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 GBE 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, 2018
(\$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 Detroit Borderlink Limited ("WDBL")
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 or from school boards are reported on the consolidated statement of financial position as accounts payable and accrued liabilities or trade and other receivables.

(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 Canadian public sector accounting standards.

(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, 2018

(\$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 help 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) Trade and other receivables

Trade and other receivables are reported net of any allowance for doubtful accounts.

(vi) Tangible capital assets

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

Asset classification and amortization schedule	
Classification	Useful Life (Years)
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 – 100
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, 2018
(\$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 and PSAB 3210.

(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.

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 assumptions 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 12.7 years (2017 – 12.7 years).

(viii) Inactive contaminated sites liabilities

The City adopted Public Sector Accounting Board Standard *PS 3260 Liability for Contaminated Sites* in 2015. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use. The liability represents the estimated cost to remediate inactive sites to within the environmental standard.

(ix) Inter-entity Transactions

Inter-entity Transactions (PSAB 3420) specifically addresses the reporting of transactions between entities controlled by the City from both a provider and recipient perspective. Inter-entity transactions are classified by the following types:

- For inter-entity transactions that are undertaken similar to an arm's length transaction or allocating cost and recovery transactions, these are to be recognized at the exchange amount by both parties.
- For inter-entity transactions that involve transfer or exchange of assets and/or liabilities for no or nominal consideration, both parties record the transaction at the carrying amount.
- Any difference between the exchange amount and carrying amount for asset or liability transfers are recorded as a gain or loss in the statement of operations.
- Cost allocations and recoveries to/from commonly controlled entities are recorded on a gross basis in the statement of operations.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

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

The City does not recognize any amount in the consolidated financial statements in respect to shared services received for which no costs are allocated. PSAB 3420 requires the City to assess inter-entity transactions for disclosure when there are inter-entity transfers of assets or liabilities, material transactions recorded that are not at the exchange amount or unallocated costs to determine whether or not the transaction is given accounting recognition. This standard has no impact on the consolidated financial statements, as all transactions with consolidated entities and government business enterprises have been recorded at the exchange amount.

(x) Related Party Disclosure

Related Party Disclosure (PSAB 2200) defines a related party and identifies disclosures for related parties and related party transactions. Parties are considered related when one party has the ability to exercise control or shared control over the other. A related party could be an individual or an entity and includes key management personnel. Key management personnel include members of Council, Corporate Leadership Team (CLT) personnel and their close family members including spouses and dependents.

PSAB 2200 requires the City to assess related party transactions that have occurred at a value different from that which would have been arrived at if the parties were not related. Only those transactions that have or could have a material effect on the financial statements are disclosed. There are no material transactions for disclosure.

(xi) Contingent Assets & Contractual Rights

For additional information on Contingent Assets (PSAB 3320) please see Note 14. For additional information on Contractual Rights (PSAB 3380), please see Note 15.

(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 Canadian public sector accounting standards 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 contaminated sites, the carrying value of tangible capital assets and the evaluation of contingencies. Actual results could differ from these estimates.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

2. Operations of school boards

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

	2018 \$	2017 \$
Taxation received or receivable	60,828	56,477
Requisitions	60,971	57,332
Amount due from school boards	(143)	(855)

3. Contribution to non-consolidated joint board

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

	2018 \$	2017 \$
Windsor-Essex County Health Unit	2,983	2,870

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 Borderlink Limited ("WDBL")

WDBL is a wholly owned subsidiary of the City. WDBL manages and operates the Tunnel while WDTCT owns the assets.

Windsor-Detroit Tunnel Corporation ("WDTCT")

WDTCT is a wholly owned subsidiary of the City. WDTCT owns the portion of the Windsor-Detroit Tunnel situated in Canada, while WDBL manages and operates the Tunnel.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

4. Government Business Enterprises (continued)

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.

(a) Investment in GBE

The City has investments in GBE totalling \$574,092 (2017 - \$551,372), which is comprised of the following:

	2018	2017
	\$	\$
WCUL	171,682	161,870
WDTC	142,872	144,416
WDBL	(3,487)	-
WUC	254,501	237,680
YQG	8,524	7,406
	574,092	551,372

A continuity of the investment in GBE is as follows:

	WCUL	WDTC	WDBL	WUC	YQG	2018	2017
	\$	\$	\$	\$	\$	Total	Total
	\$	\$	\$	\$	\$	\$	\$
Opening Investment	161,870	144,416	-	237,680	7,406	551,372	542,315
Dividends Declared	(4,000)	-	-	-	(1,500)	(5,500)	(7,000)
Adjustments	5,353	-	594	411	-	6,358	(10,537)
Current Income	8,459	(1,544)	(4,081)	16,410	2,618	21,862	26,594
Current change in Investment	9,812	(1,544)	(3,487)	16,821	1,118	22,720	9,057
Closing Investment	171,682	142,872	(3,487)	254,501	8,524	574,092	551,372

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

4. Government Business Enterprises (continued)

(b) Supplementary information of GBE

(i) WCUL

	2018 \$	2017 \$
Financial position		
Current assets	97,925	90,509
Property, plant and equipment	229,572	220,934
Other assets	73,690	80,437
Total assets	401,187	391,880
Current liabilities	42,272	39,046
Long-term liabilities	187,233	190,964
Total liabilities	229,505	230,010
Shareholders' equity	171,682	161,870
Total liabilities and equity	401,187	391,880
	2018 \$	2017 \$
Results of operations		
Revenue from distribution of electricity	301,298	304,018
Services provided to Windsor Utilities Commission	20,004	19,336
Other revenue	6,981	7,806
Total revenue	328,283	331,160
Cost of electrical energy	252,700	255,421
Other net expenses	67,124	67,809
Total expenses	319,824	323,230
Net income	8,459	7,930

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:

- On November 6, 2012 WCUL and WUC entered into a Water System Operating Agreement ("WSOA"), whereby WCUL agreed to provide services to WUC with respect to certain management, administrative services, construction operations, and maintenance services. Pursuant to the terms of the WSOA, WUC has transferred all employees of WUC to WCUL.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

4. Government Business Enterprises (continued)

- 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, 2018 was \$4,379 (2017 - \$4,708).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2018 relating to sewer surcharge was \$5,649 (2017 - \$5,219).
- The amounts due from related parties which are included in current assets consist of:

	2018	2017
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>2,338</u>	<u>3,145</u>

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

	2018	2017
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>54,055</u>	<u>54,877</u>

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

	2018	2017
	\$	\$
<u>Due to the Corporation of the City of Windsor (net)</u>	<u>5,204</u>	<u>4,936</u>

(ii) WDTC

	2018	2017
	\$	\$
Financial position		
Current assets	8,470	20,928
Property, plant and equipment	143,771	136,104
<u>Total assets</u>	<u>152,241</u>	<u>157,032</u>
Current liabilities	9,369	12,616
Shareholder's equity	142,872	144,416
<u>Total liabilities and equity</u>	<u>152,241</u>	<u>157,032</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

4. Government Business Enterprises (continued)

Results of operations		
Tolls	-	10,185
Other revenues	1,836	1,601
<u>Total revenues</u>	<u>1,836</u>	<u>11,786</u>
 Operating expenses	 3,380	 10,123
<u>Net income/(loss)</u>	<u>(1,544)</u>	<u>1,663</u>

Related party transactions

Windsor Detroit Borderlink (WDBL) is the sister company of WDTC. WDTC transferred the operations of the Tunnel to WDBL and only holds the assets of the Tunnel, commencing January 1, 2018. 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 previously utilized financial, secretarial, project management and administrative services provided by the City. The total amount of fees paid for the year ending December 31, 2018 was \$nil (2017 - \$396).
- The amounts due to related parties which are included in current liabilities consist of:

	2018	2017
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>-</u>	<u>120</u>

	2018	2017
	\$	\$
<u>Due to WDBL</u>	<u>3,579</u>	<u>-</u>

(iii) WDBL

	2018	2017
	\$	\$
Financial position		
Current assets	9,613	-
Property, plant and equipment	13	-
<u>Total assets</u>	<u>9,626</u>	<u>-</u>
 Current & long term liabilities	 13,113	 -
Shareholder's equity (deficit)	(3,487)	-
<u>Total liabilities and equity</u>	<u>9,626</u>	<u>-</u>

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

4. Government Business Enterprises (continued)

Results of operations		
Tolls	9,213	-
Other revenues	821	-
<u>Total revenues</u>	<u>10,034</u>	<u>-</u>
 Operating expenses	 14,115	 -
<u>Net loss</u>	<u>(4,081)</u>	<u>-</u>

Related party transactions

Windsor-Detroit Tunnel Corporation (WDTC) is the sister company of WDBL. WDTC transferred the operations of the Tunnel to WDBL and only holds the assets of the Tunnel, commencing January 1, 2018.

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

	2018	2017
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>496</u>	<u>-</u>

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

	2018	2017
	\$	\$
<u>Due from WDTC</u>	<u>(3,579)</u>	<u>-</u>

(iv) WUC

	2018	2017
	\$	\$
Financial position		
Current assets	28,728	33,665
Property, plant and equipment and sinking fund	305,598	285,846
<u>Total assets</u>	<u>334,326</u>	<u>319,511</u>
 Current liabilities	 11,409	 14,124
Long-term liabilities	68,416	67,707
<u>Total liabilities</u>	<u>79,825</u>	<u>81,831</u>
<u>Total equity</u>	<u>254,501</u>	<u>237,680</u>
<u>Total liabilities and equity</u>	<u>334,326</u>	<u>319,511</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

4. Government Business Enterprises (continued)

Results of operations		
Retail water sales	52,193	50,792
Other revenues	11,953	11,445
<u>Total revenues</u>	<u>64,146</u>	<u>62,237</u>
Cost of production	16,361	16,420
Depreciation and amortization	8,556	8,715
Operating and other net expenses	22,819	22,367
<u>Total expenses</u>	<u>47,736</u>	<u>47,502</u>
<u>Net income</u>	<u>16,410</u>	<u>14,735</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, 2018 was \$7,729 (2017 - \$10,248).
- The amounts due to related parties which are included in current liabilities consist of:

	2018	2017
	\$	\$
Due to Enwin Utilities Ltd.	2,308	3,145
Due to the Corporation of the City of Windsor	1,478	4,130
	<u>3,786</u>	<u>7,275</u>

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

	2018	2017
	\$	\$
Due to Enwin Utilities Ltd.	2,055	2,877

(v) YQG

	2018	2017
	\$	\$
Financial position		
<u>Total assets</u>	<u>10,691</u>	<u>9,327</u>
Total liabilities	2,167	1,921
Shareholder's equity	8,524	7,406
<u>Total liabilities and equity</u>	<u>10,691</u>	<u>9,327</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

4. Government Business Enterprises (continued)

Results of operations		
Airport operating revenues	5,735	5,084
Management fees and other revenues	1,876	1,670
<u>Total revenues</u>	<u>7,611</u>	<u>6,754</u>
 Operating and other expenses	 4,993	 4,488
 <u>Net income</u>	 <u>2,618</u>	 <u>2,266</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:

- Amounts owing to the City relate mainly to capital purchases which are to be reimbursed and dividends payable. The amounts due to related parties which are included in total liabilities are non-interest bearing and consist of:

	2018	2017
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>1,183</u>	<u>1,082</u>

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:

	2018	2017
	\$	\$
 Total long-term liabilities	 78,154	 85,152
 Less amount repayable from user fees	 (71,839)	 (76,983)
 <u>Net amount repayable from general taxation</u>	 <u>6,315</u>	 <u>8,169</u>

The amount repayable from user fees is comprised of:

	2018	2017
	\$	\$
 Essex-Windsor Solid Waste Authority (see next page)	 30,551	 31,349
Sewer Surcharge fund	22,659	24,577
Transit Windsor	1,259	1,353
Windsor-Essex Community Housing Corporation	17,370	19,704
 <u>Total long-term liabilities repayable by user fees</u>	 <u>71,839</u>	 <u>76,983</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

5. Net long-term liabilities (continued)

At December 31, 2018, the net long-term liability as reported on the financial statements of EWSWA, which the City is responsible for 50%, consists of:

	2018	2017
	\$	\$
Debt Payable	61,102	62,698
Accrued Interest	1,818	1,866
	<u>62,920</u>	<u>64,564</u>

The City has assumed no debt from other municipalities.

- (b) Of the net long-term liabilities in (a) of this note, \$37,081 in principal payments are repayable from 2019 to 2023, \$24,004 from 2024 to 2028 and \$17,069 thereafter.

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

	2019-2023	2023-2027	Thereafter	Total
	\$	\$	\$	\$
From general taxation	6,315	-	-	6,315
From user fees	30,766	24,004	17,069	71,839
	<u>37,081</u>	<u>24,004</u>	<u>17,069</u>	<u>78,154</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) Total interest expenses for the year for net long-term liabilities which are reported on the consolidated statement of operations and accumulated surplus are as follows:

	2018	2017
	\$	\$
Interest funded from general property taxes	524	636
Interest funded from user fees	3,513	3,801
	<u>4,037</u>	<u>4,437</u>

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 CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

6. Employee benefits (continued)

The City accounts for the OMERS plan by expensing contributions in the period in the consolidated statement of operations and accumulated surplus. Any surplus or deficit of the OMERS plan is accounted for by OMERS.

The amount contributed to OMERS for current service for 2018 was \$24,062 (2017 - \$21,654). At December 31, 2018 the OMERS plan is in a deficit position, which is being addressed through managing contribution rates, benefit levels, and investment returns.

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. As required by the Pension Benefits Standards Act, the City has issued a letter of credit to the pension plan regarding the plan funding balance. At December 31, 2018 the plan has, for accounting purposes and including the unfunded letter of credit, pension assets of \$5,523 (2017 - \$6,801) and is in a funding surplus of \$231 (2017 - \$272 surplus).

(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, 2018 and consist of the following:

	2018	2017
	\$	\$
Post-retirement benefits	495,561	468,036
Post-employment benefits	7,707	6,963
WSIB future benefits	55,024	50,392
Accrued vested sick leave	10,188	10,903
Vacation and vested banked overtime	2,453	2,758
Transit Windsor pension asset	(5,523)	(6,801)
	<u>565,410</u>	<u>532,251</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 3.55% (2017 – 3.25%)
- Health Care Discount Rate: 4.5% (2017 – 4.5%)

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

6. Employee benefits (continued)

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

	2018	2017
	\$	\$
Accrued benefit liability at the beginning of the year	468,036	444,953
Current service cost	16,035	13,372
Interest	19,419	19,366
Amortization of actuarial net losses	4,087	1,812
Benefits paid	(12,016)	(11,467)
Accrued benefit liability at the end of the year	495,561	468,036
Unamortized net actuarial losses	89,568	119,256
Accrued benefit obligations at the end of the year	585,129	587,292

The measurement date of the employee future benefits obligation coincides with the City's fiscal year. An actuarial comprehensive valuation was completed as of August 1, 2016 and the next required valuation will be as of December 31, 2019.

(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. The estimated liability recorded at December 31, 2018 is \$54,836 (2017 - \$50,392).

(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 2018, an amount of \$2,166 (2017 - \$1,089) 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, 2018 is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$4,048 (2017 - \$3,608) and post closure expenses associated with the closed Essex County Landfill #3 of \$9,543 (2017 - \$10,265).

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, 2018 liability for post closure expenditures is based on the annual payment to EWSWA of \$610 (2017 - \$610) and inflation adjusted at 2.0% per annum (2017 - 2.0%) and discounted to December 31, 2018 using a discount rate of 3.55 % (2017 - 3.25%).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

8. Municipal position

(a) Accumulated surplus

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

	2018	2017
	\$	\$
Surplus:		
Invested in tangible capital assets	2,009,754	1,963,675
Invested in government business enterprises	574,092	551,372
Unfunded employee future benefit liabilities	(565,410)	(532,251)
Unfunded landfill post closure liabilities	(13,591)	(13,873)
Unfunded inactive contaminated sites liabilities	(6,674)	(6,289)
Other	77,848	87,709
Total Surplus	2,076,019	2,050,343
Reserves set aside for a specific purpose by Council:		
Working funds	21,270	18,060
Encumbrances	3,713	3,268
Future planning	948	1,607
Post retirement death benefit	318	315
Recreation services	1,455	1,472
Fire services	1,137	931
Environmental services	22,764	24,626
Occupational illness	1,316	1,266
Others	3,058	2,192
Total reserves	55,979	53,737
Reserve funds set aside for a specific purpose by Council:		
Replacement of equipment	48,956	49,912
Capital expenditures	26,309	27,154
Insurance	5,496	4,995
Health benefits rate stabilization	7,602	4,410
Sanitary sewer expenditures	5,464	10,026
Budget stabilization	7,386	5,827
Children's fund	702	692
Social housing	9,560	4,537
Recreation	148	145
Transit debt repayment	1,556	1,650
Public health	12,099	7,906
Tax appeals	7,425	2,696
Total reserve funds	132,703	119,950
Total accumulated surplus	2,264,701	2,224,030

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

8. Municipal position (continued)

(b) Deferred revenue

The following funds totalling \$40,916 deferred revenue (2017 – \$37,929) relate to net inflows (outflows) which have statutory restrictions and as such are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 2017 \$	2018 Inflows \$	2018 Outflows \$	Ending Balance 2018 \$
Parkland acquisition fund	1,496	651	558	1,589
Development charges fund	20,121	7,097	4,462	22,756
Building permit fund (net)	30	1	133	(102)
Provincial gas tax fund	39	3,877	3,627	289
Federal gas tax fund	16,102	13,721	13,582	16,241
Federal public transit fund	141	2	-	143
Total deferred revenue	37,929	25,349	22,362	40,916

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) are transferred to this fund. In 2012, the City created a reserve fund specifically to offset the deficit in the building permit fund, the activity of which is included above. 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, 2018, the City is committed to making the following payments:

- Contracts for various capital construction projects, at a cost of \$23,328 (2017 - \$34,832) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- Payments for various operating leases through 2022 of \$155 (2017 - \$438).
- The City has approved Community Improvement Plans ("CIP") that contain financial incentive programs for Brownfield Redevelopment, Economic Revitalization, Olde Sandwich Towne Community Improvement and Downtown Community Improvement.

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, 2018, there were 31 approved grant applications under the Economic Revitalization CIP, 13 approved grant applications under the

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

9. Commitments (continued)

Brownfield Redevelopment CIP, 6 approved grant applications under the Olde Sandwich Towne CIP and 13 grant applications under the Downtown 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.

The estimated value of remaining approved grants is \$28,843 (2017 - \$15,488).

- (d) In 2013, the City purchased the land and building which house the Art Gallery of Windsor ("AGW") for \$2,500. The City is obligated to lease a portion of the building to AGW for 45 years at \$1 per year.

10. Budget figures

Budget figures have been excluded on the consolidated statement of operations and accumulated surplus as they are not 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 are not 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 has an insurance deductible for general liability claims up to \$250 (2017 - \$250) for any individual claim. Outside coverage is in place for claims in excess of this amount.

At December 31, 2018, the City was insured through JLT Canada, an insurance broker. 2017 was the first year the City was insured by JLT. Previously, the City was 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. Although the City is no longer insured with OMEX, it still has exposure for the years in which the City was a member that have not yet been closed. The City paid \$ nil in retroactive assessments in 2018 (2017 - \$nil). The City has established a reserve fund for self-insurance, which at December 31, 2018 amounted to \$5,496 (2017 - \$4,995).

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

11. Public liability insurance (continued)

The City budgets each year for premiums and claims. Any budget excess may be credited to the reserve fund at the discretion of Council. Payment of premiums and claims are shown as expenses on the consolidated 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 consolidated financial statements.

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

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

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

Transportation services is comprised of Public Transportation, Roadway Maintenance, Winter Control, Central Garage, 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

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2018

(\$000's)

13. Contingent liabilities

- (a) During the normal course of operations, the City is subject to various legal actions, including some which can be substantial. The settlement of the actions that can be reasonably estimated is not expected to have a material effect on the consolidated financial statements of the City. Other legal actions may be at an early stage and therefore the likelihood and magnitude of impact cannot be reasonably determined.
- (b) The City is awaiting a decision of the Ontario Municipal Board ("OMB") regarding the expropriation of lands within the Spring Garden Area of Natural and Scientific Interest (ANSI). Depending on the outcome of the legal proceedings, the City could be obligated to pay an additional amount of up to approximately \$5,800.
- (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 and claiming damages in the amount of \$4,677. Whether the contractor will recover all, some or none of that amount is undeterminable.
- (d) The City is the subject of a class action lawsuit relating to bingo/lottery licence fees. Depending on the outcome of the legal proceedings, the City could incur a liability of up to approximately \$70,000.

14. Contingent Assets

During the normal course of operations, the City may bring various legal actions, including some which can be substantial. The settlement of these actions may result in the City's favour and any favourable settlement amounts will be available for the City's use. Contingent assets are not recorded in the consolidated financial statements as they do not meet the definition of an asset.

15. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise because of contracts entered into for various services, long-term leases, and rental contracts. Contractual rights arise from the normal course of operations and are not reflected in the consolidated financial statements until revenues or assets are received. The following table summarizes the contractual rights of the City for future assets:

	2019	2020	2021	2022	2023	2024+
Service Contracts	495	495	495	495	495	1,680
Long Term Leases	2,492	1,611	1,620	1,440	1,450	4,315
	2,987	2,106	2,115	1,935	1,945	5,995

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2018
(\$000's)

16. 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, 2018
(\$000's)

2018	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture	Planning and development	Total
Expenses									
Salaries, wages and benefits	40,300	148,056	41,713	19,300	186	53,067	34,654	4,111	341,387
Interest	-	648	30	2,528	-	831	-	-	4,037
External transfers	896	1,605	1,072	-	14,980	160,704	422	2,205	181,884
Amortization	2,307	4,553	34,437	19,149	-	7,302	10,470	97	78,315
Goods and services	18,833	19,623	28,074	34,548	329	62,995	23,698	10,400	198,500
Total Expenses	62,336	174,485	105,326	75,525	15,495	284,899	69,244	16,813	804,123
Revenues excluding taxation									
User charges	13,559	9,971	22,617	58,442	701	30,910	15,092	1,028	152,320
Provincial and federal transfers	22,659	6,792	29,491	4,070	-	205,533	966	-	269,511
Revenue from other municipalities	15	288	-	2,077	-	16,374	99	-	18,852
Other	33,564	3,566	4,328	5,259	-	1,095	1,029	(3,679)	45,163
Change in equity in government business enterprises	22,720	-	-	-	-	-	-	-	22,720
Total revenues excluding taxation	92,517	20,617	56,436	69,848	701	253,912	17,186	(2,651)	508,566
Net municipal property taxes and payments-in-lieu of taxes									336,228
Annual surplus (deficit)	30,181	(153,868)	(48,890)	(5,677)	(14,794)	(30,987)	(52,058)	(19,464)	40,671

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Schedule of Segmented Net Revenue - Schedule 1
Year ended December 31, 2018
(\$000's)

2017	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture	Planning and development	Total
Expenses									
Salaries, wages and benefits	40,546	139,676	38,722	15,223	167	52,221	34,679	3,962	325,196
Interest	-	636	32	2,745	-	1,024	-	-	4,437
External transfers	33	1,561	1,072	-	12,859	146,646	390	2,205	164,766
Amortization	1,806	4,329	33,562	19,143	-	6,995	10,412	95	76,342
Goods and services	20,010	18,434	21,132	31,634	164	44,342	28,037	2,038	165,791
Total Expenses	62,395	164,636	94,520	68,745	13,190	251,228	73,518	8,300	736,532
Revenues excluding taxation									
User charges	15,206	11,762	19,437	63,603	597	29,691	15,742	1,121	157,159
Provincial and federal transfers	23,038	6,157	18,442	2,883	-	170,623	1,546	48	222,737
Revenue from other municipalities	56	289	-	2,180	-	16,397	100	-	19,022
Other	33,853	6,467	4,749	8,520	-	1,094	3,627	61	58,371
Change in equity in government business enterprises	9,057	-	-	-	-	-	-	-	9,057
Total revenues excluding taxation	81,210	24,675	42,628	77,186	597	217,805	21,015	1,230	466,346
Net municipal property taxes and payments-in-lieu of taxes									325,009
Annual surplus (deficit)	18,815	(139,961)	(51,892)	8,441	(12,593)	(33,423)	(52,503)	(7,070)	54,823

THE CORPORATION OF THE CITY OF WINDSOR

Tangible Capital Assets - 2018 - Schedule 2

Year ended December 31, 2018

(\$000's)

2018				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	268,546	644	(130)	269,060
Landfill and land improvements	183,336	3,382	(3,548)	183,170
Building and building improvements	670,569	11,603	(17,823)	664,349
Vehicles, machinery and equipment	246,002	23,811	(26,518)	243,295
Water and wastewater infrastructure	881,582	4,371	(87)	885,866
Roads infrastructure	900,496	18,047	(1,368)	917,175
Airport assets	82,669	347	-	83,016
Assets under construction	204,530	94,393	(27,438)	271,485
Total	3,437,730	156,598	(76,911)	3,517,416

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end of year
Landfill and land improvements	65,648	(3,032)	4,742	67,358
Building and building improvements	313,679	(7,008)	17,412	324,083
Vehicles, machinery and equipment	141,784	(26,406)	14,846	130,224
Water and wastewater infrastructure	329,830	(77)	15,979	345,732
Roads infrastructure	506,167	(1,189)	22,789	527,769
Airport assets	31,795	-	2,547	34,342
Total	1,388,903	(37,712)	78,315	1,429,508

Net book value	Balance, beginning of year	Balance, end of year
Land	268,546	269,060
Landfill and land improvements	117,688	115,812
Building and building improvements	356,890	340,266
Vehicles, machinery and equipment	104,218	113,071
Water and wastewater infrastructure	551,752	540,134
Roads infrastructure	394,329	389,406
Airport assets	50,874	48,674
Assets under construction	204,530	271,485
Total	2,048,827	2,087,908

THE CORPORATION OF THE CITY OF WINDSOR

Tangible Capital Assets - 2017 - Schedule 2

Year ended December 31, 2018

(\$000's)

2017				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	267,761	1,296	(511)	268,546
Landfill and land improvements	174,259	9,570	(493)	183,336
Building and building improvements	648,705	21,949	(85)	670,569
Vehicles, machinery and equipment	229,623	20,438	(4,059)	246,002
Water and wastewater infrastructure	848,862	33,037	(317)	881,582
Roads infrastructure	871,675	33,989	(5,168)	900,496
Airport assets	81,773	896	-	82,669
Assets under construction	201,685	98,223	(95,378)	204,530
Total	3,324,343	219,398	(106,011)	3,437,730

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end of year
Landfill and land improvements	61,257	(277)	4,668	65,648
Building and building improvements	296,608	(69)	17,140	313,679
Vehicles, machinery and equipment	131,446	(3,828)	14,166	141,784
Water and wastewater infrastructure	314,321	(262)	15,771	329,830
Roads infrastructure	487,869	(3,782)	22,080	506,167
Airport assets	29,279	-	2,516	31,795
Total	1,320,780	(8,218)	76,342	1,388,903

Net book value	Balance, beginning of year	Balance, end of year
Land	267,761	268,546
Landfill and land improvements	113,002	117,688
Building and building improvements	352,097	356,890
Vehicles, machinery and equipment	98,177	104,217
Water and wastewater infrastructure	534,541	551,752
Roads infrastructure	383,806	394,329
Airport assets	52,494	50,874
Assets under construction	201,685	204,530
Total	2,003,563	2,048,826

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2018



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the City of Windsor (the Trusts), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of financial activities and continuity of fund balances for the year then ended
- and the notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trusts as at December 31, 2018, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Trusts in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



Responsibility of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trusts' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trusts or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trusts' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Trusts' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Trusts' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trusts' to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

August 26, 2019

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Position

Year ended December 31, 2018

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	EWSWA Landfill Expansion Fund \$
Assets					
Current assets					
Cash and equivalents	71	31	6,441	471	-
Accounts receivable	-	-	-	-	-
Due from City of Windsor	-	-	12	1	-
Total current assets	71	31	6,453	472	-
Long term assets (note 2):					
Investments	-	-	-	-	4,380
Total assets	71	31	6,453	472	4,380
Liabilities					
Due to Current Fund City of Windsor	-	-	7	-	-
Due to Reserve Fund City of Windsor	-	4	-	-	-
Due to Trust Fund City of Windsor	1	-	-	-	-
Accounts payable	3	-	7	-	-
Total liabilities	4	4	14	-	-
Fund balance	67	27	6,439	472	4,380
Total liabilities and fund balance	71	31	6,453	472	4,380

Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Willistead Endowment Fund \$	Fairbairn Cemetery Fund \$	Arts Endowment Trust Fund \$	WPL Bradley Trust Fund \$	Total 2018 \$	Total 2017 \$
-	775	34	31	22	11	-	10	7,897	10,110
-	-	-	-	-	-	-	-	-	5
-	36	-	-	-	-	-	-	49	21
-	811	34	31	22	11	-	10	7,946	10,136
-	-	-	-	-	-	2,762	-	7,142	7,099
-	811	34	31	22	11	2,762	10	15,088	17,235
-	-	-	-	-	-	-	-	7	6
-	-	-	-	-	-	-	-	4	-
-	-	-	-	-	-	-	-	1	-
-	785	-	-	-	-	-	-	795	690
-	785	-	-	-	-	-	-	807	696
-	26	34	31	22	11	2,762	10	14,281	16,539
-	811	34	31	22	11	2,762	10	15,088	17,235

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2018

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	EWSWA Landfill Expansion Fund \$
Balance at the beginning of the year	75	31	5,998	463	4,221
Revenues					
Residents' comfort	71	-	-	-	-
Interest earned	-	-	116	9	159
Contributions	-	-	490	-	-
Total revenues	71	-	606	9	159
Expenditures					
Payments to residents or estates	79	-	-	-	-
Purchases of furnishings and capital improvements	-	4	165	-	-
Contribution to City of Windsor Capital Fund	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenditures	79	4	165	-	-
Balance at the end of the year	67	27	6,439	472	4,380

Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Willistead Endowment Trust \$	Fairbairn Cemetery Trust \$	Arts Endowment Trust \$	WPL Bradley Trust \$	Total 2018 \$	Total 2017 \$
2,878	14	33	36	19	11	2,750	10	16,539	13,060
-	-	-	-	-	-	-	-	71	74
196	12	1	-	-	-	53	-	546	366
-	-	-	-	3	-	-	-	493	3,248
196	12	1	-	3	-	53	-	1,110	3,688
-	-	-	-	-	-	-	-	79	88
-	-	-	5	-	-	-	-	174	121
-	-	-	-	-	-	41	-	41	-
3,074	-	-	-	-	-	-	-	3,074	-
3,074	-	-	5	-	-	41	-	3,368	209
-	26	34	31	22	11	2,762	10	14,281	16,539

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2018

(\$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 \$7,142 (2017 - \$7,099) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year.

3. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2018 total \$14,281 (2017 - \$16,539) and are comprised of the following:

Huron Lodge Residents' Comfort Trust \$67 (2017 - \$75)

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

Willistead Furnishings Trust Fund \$27 (\$2017 - \$31)

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

Windsor Justice Facility Capital Maintenance Trust \$6,439 (2017 - \$5,998)

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 \$472 (2017 - \$463)

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

Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$4,380 (2017- \$4,221)

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 2016 and 2024. 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 \$0 (2017 - \$2,878)

This trust fund is established for the purposes of holding the strip bond issued relative to the Richmond Landing Project. The City entered into an agreement relative to this land parcel. As part of the agreement, the strip bond was transferred to the benefit of the current property owner on the close of the transaction.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2018

(\$000's)

Canada-Ontario Affordable Housing Program (COAHP) Trust \$26 (2017 - \$14)

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 \$34 (2017 - \$33)

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 \$31 (2017 - \$36)

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.

Willistead Endowment Trust \$22 (2017 - \$19)

This fund was established in 2012 to be used for the benefit of Willistead Manor. The fund is to be used exclusively and in perpetuity for the preservation, restoration, and capital improvement of Willistead Manor and used for any means needed to achieve this purpose. It is intended that the fund be used for infrastructure projects. The minimum capital amount that must be preserved in the fund at all times is set at 50% of the receipted value of life to date contributions to the fund.

Fairbairn Cemetery Fund \$11 (2017 - \$11)

This fund was established when the City of Windsor became owner of Fairbairn Cemetery to be used for Parks Department management and third party contractor maintenance.

Arts Endowment Trust Fund \$2,762 (2017 - \$2,750)

This fund was established in 2017 to provide an ongoing funding source which will be available in perpetuity to support, in full or in part, public art related aspects of future City capital projects. The minimum annual distribution from the trust fund to be placed in the capital project has been established at 1.5% with any remaining yield to be retained in the fund.

Windsor Public Library – Bradley Trust \$10 (2017 - \$10)

This fund was established for the future building of a Sandwich Library.

4. COMPARATIVE FIGURES

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