

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2012



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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, 2012, 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, 2012, 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

July 29, 2013
Windsor, Canada

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THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Financial Position
Year ended December 31, 2012
(\$000's)

	2012	2011
	\$	\$
<hr/>		
Financial Assets		
Cash and temporary investments	162,652	152,664
Investment in government business enterprises [note 4 (a)]	447,945	404,598
Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)]	38,929	42,085
Trade and other receivables	59,199	65,604
<hr/>		
Total Financial Assets	708,725	664,951
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Financial Liabilities		
Accounts payable	98,556	91,598
Accrued interest on long-term liabilities	1,944	2,732
Net long-term liabilities [note 5 (a)]	114,825	141,658
Employee future benefit obligations [note 6 (b)]	370,934	340,261
Deferred revenue [note 8 (b)]	3,714	-
Landfill post closure liabilities [note 7]	13,447	13,769
<hr/>		
Total Financial Liabilities	603,420	590,018
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Net Financial Assets	105,305	74,933
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Non-Financial Assets		
Tangible capital assets [schedule 2]	1,984,759	1,932,678
Deferred expenses [note 8 (b)]	-	5,187
Inventory and assets held for resale	2,781	2,792
Prepaid expenses	12,160	10,917
<hr/>		
Total Non-Financial Assets	1,999,700	1,951,574
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Accumulated Surplus [note 8 (a)]	2,105,005	2,026,507
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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, 2012
(\$000's)

	2012	2011
	\$	\$
Revenues [note 10, schedule 1]		
Net municipal property taxes and payments-in-lieu of taxes	307,061	297,949
User charges	147,957	145,947
Provincial and federal transfers	214,918	220,912
Revenue from other municipalities	21,791	27,907
Other	35,451	44,124
Change in equity in government business enterprises [note 4 (a)]	43,347	23,738
Total Revenues	770,525	760,577
Expenses [note 10, schedule 1]		
General government	51,695	49,705
Protection to persons and property	156,357	148,104
Transportation services	98,665	97,070
Environmental services	63,694	61,242
Health services	10,876	9,857
Social and family services	237,204	237,770
Recreation and culture	56,875	58,708
Planning and development	16,661	9,222
Total Expenses	692,027	671,678
Annual Surplus	78,498	88,899
Accumulated surplus, beginning of year	2,026,507	1,937,608
Accumulated surplus, end of year	2,105,005	2,026,507

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, 2012
(\$000's)

	2012	2011
	\$	\$
Annual Surplus	78,498	88,899
Acquisition of tangible capital assets [schedule 2]	(124,752)	(140,690)
Amortization of tangible capital assets [schedule 2]	70,974	68,036
Loss (gain) on sale of tangible capital assets	1,267	(5,843)
Proceeds on sale of tangible capital assets	430	6,357
Net change in deferred expenses	5,187	(585)
Net change in inventory and assets held for resale	11	(54)
Net change in prepaid expenses	(1,243)	(730)
Change in net financial assets	30,372	15,390
Net financial assets, beginning of period	74,933	59,543
Net financial assets, end of period	105,305	74,933

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, 2012
(\$000's)

	2012	2011
	\$	\$
Cash provided by (used in):		
Operating Activities:		
Annual surplus	78,498	88,899
Amortization of tangible capital assets	70,974	68,036
Loss (gain) on sale of tangible capital assets	1,267	(5,843)
Decrease in taxes and payments-in-lieu of taxes receivable	3,156	2,636
Decrease in trade and other receivables	6,405	6,273
Decrease (increase) in deferred expenses	5,187	(585)
Decrease (increase) in inventory and assets held for resale	11	(54)
Increase in prepaid expenses	(1,243)	(730)
Increase in accounts payable	6,958	4,840
Decrease in accrued interest on long-term liabilities	(788)	(953)
Increase in employee future benefit obligations	30,673	26,428
Increase in deferred revenue	3,714	-
(Decrease) increase in landfill post closure liability	(322)	1,454
Net cash provided by operating activities	204,490	190,401
Capital Activities:		
Proceeds on sale of tangible capital assets	430	6,357
Cash used to acquire tangible capital assets	(124,752)	(140,690)
Net cash used in capital activities	(124,322)	(134,333)
Financing Activities:		
Net long-term liabilities repaid	(26,833)	(9,756)
Net cash used in financing activities	(26,833)	(9,756)
Investing Activities:		
Increase in investment in government business enterprises	(43,347)	(23,738)
Net cash used in investing activities	(43,347)	(23,738)
Increase in cash and temporary investments	9,988	22,574
Cash and temporary investments, beginning of year	152,664	130,090
Cash and temporary investments, end of year	162,652	152,664

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, 2012
(\$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
Pilette 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, 2012
(\$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/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 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, 2012
(\$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) **Accounts receivable**

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

(vi) **Tangible capital assets**

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

Asset classification and amortization schedule	
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 – 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, 2012
(\$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 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 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 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, the carrying value of tangible capital assets and the valuation 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, 2012
(\$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 does not expect the adoption of these standards to have a material impact on the consolidated financial statements.

2. **Operations of school boards**

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

	2012	2011
	\$	\$
Taxation received or receivable	65,002	76,595
Requisitions	66,698	78,752
<u>Amount due from school boards</u>	<u>(1,696)</u>	<u>(2,157)</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

3. Contribution to non-consolidated joint board

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

	2012	2011
	\$	\$
<u>Windsor-Essex County Health Unit</u>	<u>2,266</u>	<u>2,086</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, 2012
(\$000's)

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

(a) **Investment in GBE**

The City has investments in GBE totalling \$447,945 (2011 - \$404,598), which is comprised of the following:

	2012	2011
	\$	\$
WCUL	138,658	108,413
WDTC	142,141	140,860
WUC	166,856	156,188
YQG	290	(863)
	<u>447,945</u>	<u>404,598</u>

A continuity of the investment in GBE is as follows:

	WCUL	WDTC	WUC	YQG	2012	2011
	\$	\$	\$	\$	Total	Total
					\$	\$
Opening investment	108,413	140,860	156,188	(863)	404,598	380,860
Dividends declared	(5,000)	-	-	-	(5,000)	(5,000)
Current income	20,886	1,281	11,157	1,153	34,477	23,176
Current change in investment	15,886	1,281	11,157	1,153	29,477	18,176
Change in opening equity and contributed surplus	14,359	-	(489)	-	13,870	5,562
Closing investment	<u>138,658</u>	<u>142,141</u>	<u>166,856</u>	<u>290</u>	<u>447,945</u>	<u>404,598</u>

(b) **Supplementary information of GBE**

(i) **WCUL**

	2012	2011
	\$	\$
Financial position		
Current assets	60,221	45,227
Property, plant and equipment	193,616	180,903
Work in progress and other assets	25,378	16,582
Total assets	<u>279,215</u>	<u>242,712</u>
Current liabilities	37,863	84,627
Long-term liabilities	102,694	49,672
Total liabilities	140,557	134,299
Shareholders' equity	138,658	108,413
Total liabilities and equity	<u>279,215</u>	<u>242,712</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

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

	2012	2011
	\$	\$
Results of operations		
Revenue from distribution of electricity	260,368	255,634
Services provided to Windsor Utilities Commission	12,105	11,209
Other revenue	7,302	8,829
<u>Total revenue</u>	<u>279,775</u>	<u>275,672</u>
Cost of electrical energy	208,106	208,212
Other net expenses	55,783	56,284
<u>Total expenses</u>	<u>263,889</u>	<u>264,496</u>
<u>Net income</u>	<u>15,886</u>	<u>11,176</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 through November 6, 2012, WCUL provided certain finance, administration, human resource, management and other support services to WUC. The total amount charged to WUC for the year ended December 31, 2012 is \$12,105 (2011 - \$11,209).
- 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, 2012 was \$3,754 (2011 - \$3,507).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2012 relating to sewer surcharge was \$4,977 (2010 - \$4,552).
- The amounts due from related parties which are included in current assets consist of:

	2012	2011
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>749</u>	<u>-</u>

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

	2012	2011
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>7,808</u>	<u>-</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

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

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

	2012	2011
	\$	\$
Due to Windsor Utilities Commission	1,282	1,961
Due to the Corporation of the City of Windsor (net)	4,146	3,975
	<u>5,428</u>	<u>5,936</u>

(ii) **WDTC**

	2012	2011
	\$	\$
Financial position		
Current assets	8,885	5,220
Property, plant and equipment	134,445	136,751
Total assets	<u>143,330</u>	<u>141,971</u>
Current liabilities	1,189	1,111
Shareholders' equity	142,141	140,860
Total liabilities and equity	<u>143,330</u>	<u>141,971</u>
Results of operations		
Tolls	8,328	7,591
Other revenues	735	575
Total revenues	<u>9,063</u>	<u>8,166</u>
Operating expenses	7,782	7,878
Net income	<u>1,281</u>	<u>288</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:

- 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, 2012 is \$307 (2011 - \$309).
- The amounts due to related parties which are included in current liabilities consist of:

	2012	2011
	\$	\$
Due to Corporation of the City of Windsor	95	25

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

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

(iii) **WUC**

	2012	2011
	\$	\$
Financial position		
Current assets	40,286	12,322
Property, plant and equipment	202,540	189,185
<u>Total assets</u>	<u>242,826</u>	<u>201,507</u>
Current liabilities	8,816	30,144
Long-term liabilities	67,154	15,175
Total liabilities	75,970	45,319
Accumulated surplus	166,856	156,188
<u>Total liabilities and surplus</u>	<u>242,826</u>	<u>201,507</u>
Results of operations		
Retail water sales	43,765	42,811
Other revenues	9,152	9,307
<u>Total revenues</u>	<u>52,917</u>	<u>52,118</u>
Cost of production	15,221	15,409
Operating and other net expenses	26,539	24,197
<u>Total expenses</u>	<u>41,760</u>	<u>39,606</u>
<u>Net income</u>	<u>11,157</u>	<u>12,512</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, 2012 was \$7,561 (2011 - \$5,698).
- The amounts due from related parties which are included in current assets consist of:

	2012	2011
	\$	\$
Due from Enwin Utilities Ltd.	1,282	1,961
Due from the Corporation of the City of Windsor	89	2,648
<u></u>	<u>1,371</u>	<u>4,609</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

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

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

	2012	2011
	\$	\$
Due to Enwin Utilities Ltd.	749	-
Due to the Corporation of the City of Windsor	4,430	4,350
	<u>5,179</u>	<u>4,350</u>

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

	2012	2011
	\$	\$
Due to Enwin Utilities Ltd.	7,808	-
Due to the Corporation of the City of Windsor	-	1,982
	<u>7,808</u>	<u>1,982</u>

Due to the Corporation of the City of Windsor	-	1,982
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(iv) **YQG**

	2012	2011
	\$	\$
Financial position		
Total assets	2,350	2,068
Total liabilities	2,060	2,931
Shareholders' equity (deficit)	290	(863)
Total liabilities and equity	<u>2,350</u>	<u>2,068</u>
Results of operations		
Airport operating revenues	3,492	2,991
Management fees and other revenues	1,130	1,105
Total revenues	<u>4,622</u>	<u>4,096</u>
Operating and other expenses	3,469	4,896
Net income (loss)	<u>1,153</u>	<u>(800)</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, 2012 is \$324 (2011 - \$324).
- Subsequent to December 31, 2012 the City has provided a non-interest bearing loan of \$998 to YQG to fund the accrued benefit obligations of YQG repayable in 2013 through 2015.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

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

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

	2012	2011
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>86</u>	<u>80</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:

	2012	2011
	\$	\$
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	114,825	160,569
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC	-	(18,911)
Net long-term liabilities at the end of the year	114,825	141,658
<u>Less amount repayable from user fees</u>	<u>(98,919)</u>	<u>(102,620)</u>
<u>Net amount repayable from general taxation</u>	<u>15,906</u>	<u>39,038</u>

The amount repayable from user fees is comprised of:

	2012	2011
	\$	\$
Parking facilities fund	-	176
Essex-Windsor Solid Waste Authority	33,158	33,158
Sewer Surcharge fund	33,431	35,063
Transit Windsor	1,796	1,880
<u>Windsor-Essex Community Housing Corporation</u>	<u>30,534</u>	<u>32,343</u>
<u>Total long-term liabilities repayable by user fees</u>	<u>98,919</u>	<u>102,620</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

5. Net long-term liabilities (continued)

At December 31, 2012, the net long-term liability as reported on the financial statements of EWSWA consists of:

	2012	2011
	\$	\$
Debenture Payable	66,317	66,316
Accrued Interest	1,973	1,973
	<u>68,290</u>	<u>68,289</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, \$29,487 in principal payments are repayable from 2013 to 2017, \$44,538 from 2018 to 2022 and \$40,800 thereafter.

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

	2013-2017	2018-2022	Thereafter	Total
	\$	\$	\$	\$
From general municipal revenues	7,734	8,172	-	15,906
From user fees	21,753	36,366	40,800	98,919
	<u>29,487</u>	<u>44,538</u>	<u>40,800</u>	<u>114,825</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 \$nil (2011 - \$18,911).
- (e) 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:

	2012	2011
	\$	\$
Interest funded from general property taxes	2,217	2,348
Interest funded from user fees	5,013	5,201
	<u>7,230</u>	<u>7,549</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, 2012
(\$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 2012 was \$19,086 (2011 - \$16,905). At December 31, 2012 the OMERS plan is in a deficit position, which is being addressed through rate increases and benefit reductions.

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, 2012 the plan has, for accounting purposes, pension assets of \$3,646 (2011 - \$4,007) and is in a funding deficit of \$6,739 (2011 - \$7,422). 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, 2012 and consist of the following:

	2012	2011
	\$	\$
Post retirement benefits	318,492	285,137
Post employment benefits	6,700	8,304
WSIB future benefits	33,175	33,611
Accrued vested sick leave	13,515	14,299
Vacation and vested banked overtime	2,698	2,917
<u>Transit Windsor pension asset</u>	<u>(3,646)</u>	<u>(4,007)</u>
	<u>370,934</u>	<u>340,261</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 4.0% (2011 – 4.1%)
- Health Care Discount Rate: 6.2% (2011 – 6.3%)
grading to 4.5% per annum in 2030

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

6. Employee benefits (continued)

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

	2012	2011
	\$	\$
Accrued benefit liability at the beginning of the year	285,137	259,794
Current service cost	14,782	10,996
Interest	19,040	17,803
Amortization of actuarial net losses	8,686	4,808
<u>Benefits paid</u>	<u>(9,153)</u>	<u>(8,264)</u>
Accrued benefit liability at the end of the year	318,492	285,137
<u>Unamortized net actuarial losses</u>	<u>169,906</u>	<u>168,991</u>
<u>Accrued benefit obligations at the end of the year</u>	<u>488,938</u>	<u>454,128</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, 2012 in the amount of \$33,175 (2011 - \$33,611).

(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 2012, an amount of \$1,086 (2011 - \$1,031) 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, 2012 is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$2,048 (2011 - \$2,135) and post closure expenses associated with the closed Essex County Landfill #3 of \$11,399 (2011 - \$11,634).

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, 2012 liability for post closure expenditures is based on the annual payment to EWSWA of \$600 (2011 - \$600) and inflation adjusted at 2.0% per annum (2011 - 2.0%) and discounted to December 31, 2012 using a discount rate of 4.0% (2011 - 4.1%).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

8. Municipal position

(a) Accumulated surplus

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

	2012	2011
Surplus:		
Invested in tangible capital assets	1,869,934	1,791,020
Invested in government business enterprises	447,945	404,598
Unfunded employee future benefit liabilities	(370,934)	(340,261)
Unfunded landfill post closure liability	(13,447)	(13,769)
Other	21,827	36,068
Total surplus	1,955,325	1,877,656
Reserves set aside for specific purpose by Council:		
Working funds	11,840	11,840
Encumbrances	3,046	3,674
Future planning	637	537
Post retirement death benefit	258	228
Recreation services	724	595
Fire services	404	289
Environmental services	23,236	23,010
Occupational illness	2,610	1,950
Others	540	439
Total reserves	43,295	42,562
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	50,451	43,792
Capital expenditures	21,082	29,875
Insurance	3,593	1,992
Health benefits rate stabilization	3,427	3,083
Sanitary sewer expenditures	4,326	1,996
Budget stabilization	9,294	10,433
Children's fund	627	469
Social housing	7,886	8,555
Recreation	438	433
Transit debt repayment	2,165	2,265
Tax appeals	3,096	3,059
Future planning	-	337
Total reserve funds	106,385	106,289
Total accumulated surplus	2,105,005	2,026,507

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

8. Municipal position (continued)

(b) Deferred (expenses) revenue

The following funds totalling \$3,714 deferred revenue (2011 – \$5,187 deferred expenses) relate to net (outflows) inflows which have statutory restrictions and as such are classified as deferred (expenses) revenue on the consolidated statement of financial position:

	Beginning balance 2011 \$	2012 Inflows \$	2012 Outflows \$	Ending Balance 2012 \$
Parkland acquisition fund	455	220	479	196
Development charges fund	(34)	3,479	944	2,501
Building permit fund (net)	(8,011)	3,800	665	(4,876)
Provincial gas tax fund	1,231	3,600	3,981	850
Federal gas tax fund	2	13,291	9,649	3,644
Federal public transit fund	779	9	-	788
Others	391	220	-	611
Total deferred (expenses) revenue	(5,187)	24,619	15,718	3,714

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. 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. An additional \$3,600 will be contributed in 2013 to further reduce the noted deficit. 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, 2012, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$22,592 (2011 - \$19,061) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2017 approximating \$1,441 (2011 - \$3,496).
- (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, 2012 is \$986 (2011 - \$998).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

9. Commitments (continued)

- (e) Windsor Essex will host the 47th 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 \$300 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, 2012, there were nine 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.

The estimated value of remaining approved grants is \$1,293 (2011 - \$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 \$4,275.
- (h) Preliminary site work for the Family Aquatics Complex (71 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, 2012 total \$27,731. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2012 is \$43,124.
- (i) The City has agreed 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, 2012
(\$000's)

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 is self-insured for public liability claims up to \$250 (2011 - \$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 2012 (2011 - \$ nil). The City has established a reserve fund for self-insurance, which at December 31, 2012 amounted to \$3,593 (2011 - \$1,992).

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, 2012
(\$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 consolidated financial statements of the City.

(b) The City is awaiting a re-hearing 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 \$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 and claiming damages in the amount of \$4,677. Whether the contractor will recover all, some or none of that amount is undeterminable.

14. Subsequent Event

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 49 years at \$1 per year.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2012
(\$000's)

15. **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, 2012
(\$000's)

2012	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	30,579	134,351	40,027	13,310	-	52,967	31,222	3,656	306,112
Interest	1,239	1,102	42	3,064	-	1,783	-	-	7,230
External transfers	-	1,462	1,138	-	10,876	135,229	898	2,079	151,682
Amortization	1,348	3,102	33,865	16,280	-	8,088	8,196	95	70,974
Goods and services	18,529	16,340	23,593	31,040	-	39,137	16,559	10,831	156,029
Total Expenses	51,695	156,357	98,665	63,694	10,876	237,204	56,875	16,661	692,027
Revenues excluding taxation									
User charges	14,325	10,385	19,833	60,752	-	28,434	12,855	1,373	147,957
Provincial and federal transfers	8,034	3,618	27,573	4,237	-	150,362	14,053	7,041	214,918
Revenue from other municipalities	50	281	-	3,175	-	17,848	437	-	21,791
Other	13,710	7,697	5,706	5,515	-	1,748	727	348	35,451
Change in equity in government business enterprises	43,347	-	-	-	-	-	-	-	43,347
Total revenues excluding taxation	79,466	21,981	53,112	73,679	-	198,392	28,072	8,762	463,464
Net municipal property taxes and payments-in-lieu of taxes									307,061
Annual (deficit) surplus	27,771	(134,376)	(45,553)	9,985	(10,876)	(38,812)	(28,803)	(7,899)	78,498

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

2011	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	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	29,596	-	41,128	18,947	3,504	151,638
Total Expenses	49,705	148,104	97,070	61,242	9,857	237,770	58,708	9,222	671,678
Revenues excluding taxation									
User charges	11,998	10,005	20,092	60,456	-	29,008	12,672	1,716	145,947
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
Total revenues excluding taxation	59,208	20,870	61,952	97,889	-	199,529	15,190	7,990	462,628
Net municipal property taxes and payments-in-lieu of taxes									297,949
Annual (deficit) surplus	9,503	(127,234)	(35,118)	36,647	(9,857)	(38,241)	(43,518)	(1,232)	88,899

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2012 - Schedule 2
Year ended December 31, 2012
(\$000's)

2012				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	265,691	6,743	(128)	272,306
Landfill and land improvements	147,110	17,227	(61)	164,276
Building and building improvements	539,499	15,427	(144)	554,782
Vehicles, machinery and equipment	187,784	8,029	(7,452)	188,361
Water and wastewater infrastructure	675,418	103,756	(201)	778,973
Roads infrastructure	851,981	41,081	(9,104)	883,958
Airport assets	57,558	21,275	-	78,833
Assets under construction	249,781	(88,786)	-	160,995
Total	2,974,822	124,752	(17,090)	3,082,484

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end of year
Landfill and land improvements	42,637	(61)	3,749	46,325
Building and building improvements	218,161	(144)	16,092	234,109
Vehicles, machinery and equipment	101,481	(7,069)	11,959	106,371
Water and wastewater infrastructure	239,606	(180)	13,732	253,158
Roads infrastructure	422,668	(7,939)	23,305	438,034
Airport assets	17,591	-	2,137	19,728
Total	1,042,144	(15,393)	70,974	1,097,725

Net book value	Balance, beginning of year	Balance, end of year
Land	265,691	272,306
Landfill and land improvements	104,473	117,951
Building and building improvements	321,338	320,673
Vehicles, machinery and equipment	86,303	81,990
Water and wastewater infrastructure	435,812	525,815
Roads infrastructure	429,313	445,924
Airport assets	39,967	59,105
Assets under construction	249,781	160,995
Total	1,932,678	1,984,759

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2011 - Schedule 2
Year ended December 31, 2012
(\$000's)

2011				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end 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
Total	2,849,231	140,690	(15,099)	2,974,822

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end 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
Total	988,693	(14,585)	68,036	1,042,144

Net book value	Balance, beginning of year		Balance, end 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
Total	1,860,538		1,932,678

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2012



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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, 2012 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, 2012, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

July 29, 2013
Windsor, Canada

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THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Position

Year ended December 31, 2012

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Restoration \$	O.H.R.P. Regular \$	O.H.R.P. Rental \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$
Assets							
Current assets							
Cash and equivalents	7	23	350	3	5	4,681	462
Short-term investments	-	-	-	-	3,203	-	-
Accounts receivable:							
Repayable	-	-	3	-	-	-	-
Forgivable	-	-	2	-	-	-	-
Other	1	-	-	-	30	34	-
Due from City of Windsor	105	-	-	-	-	5	1
Total current assets	113	23	355	3	3,238	4,720	463
Long term assets (note 2):							
Investments	-	-	-	-	-	-	-
Total assets	113	23	355	3	3,238	4,720	463
Liabilities							
Due to Current Fund City of Windsor	-	-	-	-	-	6	-
Accounts payable	3	-	140	2	-	197	-
Total liabilities	3	-	140	2	-	203	-
Fund balance	110	23	215	1	3,238	4,517	463
Total liabilities and fund balance	113	23	355	3	3,238	4,720	463

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

EWSWA Landfill Expansion Fund	Richmond Landing Strip Bond	COAHP Revolving Homeownership	Windsor Medical Fund	MacDonald Trust	Willistead Endowment Fund	Library Board Donations	Total 2012	Total 2011
\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	103	32	41	5	9	5,721	7,652
8,548	2,224	-	-	-	-	-	13,975	3,135
-	-	-	-	-	-	-	3	4
-	-	-	-	-	-	-	2	2
-	-	-	-	-	-	-	65	29
-	-	-	-	-	-	-	111	120
8,548	2,224	103	32	41	5	9	19,877	10,942
-	-	-	-	-	-	-	-	8,174
8,548	2,224	103	32	41	5	9	19,877	19,116
-	-	-	-	-	-	-	6	2
-	-	102	-	-	-	-	444	321
-	-	102	-	-	-	-	450	323
8,548	2,224	1	32	41	5	9	19,427	18,793
8,548	2,224	103	32	41	5	9	19,877	19,116

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2012

(\$000's)

	Huron Lodge					Windsor	Heritage
	Residents'	Willistead	O.H.R.P.	O.H.R.P.	Chimczuk	Justice Facility	Endowment
	Comfort	Restoration	Regular	Rental	Bequest	Capital	Fund
	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	125	21	211	1	3,167	4,451	458
Revenues							
Residents' comfort	201	-	-	-	-	-	-
Interest earned	-	-	4	-	71	51	5
Contributions	-	4	-	-	-	490	-
Total revenues	201	4	4	-	71	541	5
Expenditures							
Payments to residents or estates	216	-	-	-	-	-	-
Purchases of furnishings and capital improvements	-	2	-	-	-	469	-
Payments to EWSWA	-	-	-	-	-	-	-
Other expenses	-	-	-	-	-	6	-
Total expenditures	216	2	-	-	-	475	-
Balance at the end of the year	110	23	215	1	3,238	4,517	463

EWSWA Landfill Expansion Fund \$	Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Willistead Endowment Trust \$	Library Board Donations \$	Total 2012 \$	Total 2011 \$
8,174	2,093	1	31	51	-	9	18,793	22,906
-	-	-	-	-	-	-	201	220
374	131	-	1	1	-	-	638	642
-	-	360	-	-	5	-	859	503
374	131	360	1	1	5	-	1,698	1,365
-	-	-	-	-	-	-	216	404
-	-	-	-	11	-	-	482	197
-	-	-	-	-	-	-	-	4,869
-	-	360	-	-	-	-	366	8
-	-	360	-	11	-	-	1,064	5,478
8,548	2,224	1	32	41	5	9	19,427	18,793

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Trust Funds
December 31, 2012

(\$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 \$nil (2011 - \$8,174) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year.

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, 2012 total \$19,427 (2011 - \$18,793) and are comprised of the following:

Huron Lodge Residents' Comfort Trust \$110 (2011 - \$125)

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

Willistead Restoration Trust Fund \$23 (2011 - \$21)

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

Ontario Home Renewal Program Trust (OHRP)

- **Regular \$215** (2011 - \$211)
- **Rental \$1** (2011 - \$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 \$3,238 (2011 - \$3,167)

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

Windsor Justice Facility Capital Maintenance Trust \$4,517 (2011 - \$4,451)

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 \$463 (2011 - \$458)

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, 2012

(\$000's)

Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$8,548 (2011 - \$8,174)

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 \$2,224 (2011 - \$2,093)

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 (2011 - \$1)

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 \$32 (2011 - \$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 \$41 (2011 - \$51)

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 \$5 (2011 - \$nil)

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.

Library Board Trusts \$9 (2011 - \$9)

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