



Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2001



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Consolidated Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2001



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## AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of The Corporation of the City of Windsor as at December 31, 2001 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the City of Windsor as at December 31, 2001 and the results of its financial activities and its cash flows for the year then ended in accordance with the accounting principles prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Chartered Accountants

Windsor, Canada

October 25, 2002



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**December 31, 2001, with comparative figures for 2000**  
**(\$000's)**

	2001 \$	2000 \$ (Restated) (see note 15)
<b>Financial assets</b>		
Cash and temporary investments	52,299	23,411
Taxes and grants-in-lieu receivable	27,879	28,063
Trade and other receivables	38,441	43,274
Prepaid expenses	4,970	1,840
Promissory note receivable [note 4 (b)]	21,520	71,718
<b>Total financial assets</b>	145,109	168,306
Investment in government business enterprises [note 4 (a)]	179,799	177,621
<b>Total assets</b>	324,908	345,927
<b>Liabilities</b>		
Temporary borrowings [note 5]	-	41,204
Accounts payable	50,895	42,866
Deferred revenue [note 8 (d)]	9,898	10,124
Accrued interest on long term debt	3,354	2,266
Long term debt [note 6 (a) and (f)]	139,210	116,434
Employee future benefit obligations [note 7 (b)]	157,614	148,609
<b>Total liabilities</b>	360,971	361,503
<b>Municipal position</b>		
Operating fund [note 8 (a)]	20	(1,785)
Capital fund [note 8 (b)]	(54,105)	(69,423)
Reserves and reserve funds [note 8 (c)]	121,706	78,471
<b>Fund balances</b>	67,621	7,263
Equity in government business enterprises [note 4 (c)]	179,799	225,821
Amounts to be recovered in future years [note 8 (e)]	(283,483)	(248,660)
<b>Net municipal position</b>	(36,063)	(15,576)
<b>Total liabilities and municipal position</b>	324,908	345,927

**Commitments and contingencies [notes 3, 6, 9 and 14]**

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

# THE CORPORATION OF THE CITY OF WINDSOR

## Consolidated Statement of Financial Activities

Year ended December 31, 2001, with comparative figures for 2000

(\$000's)

	Budget \$	2001 \$	2000 \$ (Restated) (see note 15)
<b>Revenues</b>			
Property taxes and grants-in-lieu	223,949	223,834	210,204
User charges	140,467	139,331	119,756
Provincial and federal transfers	82,619	82,915	81,204
Revenue from other municipalities	17,765	17,836	18,256
Other	24,185	46,818	34,669
Change in equity in government business enterprises [note 4(a)]	-	2,178	2,443
<b>Total revenues</b>	<b>488,985</b>	<b>512,912</b>	<b>466,532</b>
<b>Expenditures</b>			
<b>Operating</b>			
General government	43,010	51,694	45,532
Protection to persons and property	84,853	89,554	83,208
Transportation services	40,726	45,517	48,512
Environmental services	33,806	36,013	30,688
Health services	9,417	9,054	7,153
Social and family services	159,653	155,922	140,085
Recreation and culture	36,016	37,010	36,371
Planning and development	5,917	5,697	5,043
<b>Total operating</b>	<b>413,398</b>	<b>430,461</b>	<b>396,592</b>
<b>Capital [note 10 (a)]</b>			
General government	3,764	6,429	3,341
Protection to persons and property	1,857	1,465	12,090
Transportation services	31,606	37,798	26,276
Environmental services	18,107	25,450	15,519
Health services	6	6	144
Social and family services	917	323	582
Recreation and culture	7,277	8,373	14,872
Planning and development	3,651	23,094	11,224
<b>Total capital</b>	<b>67,185</b>	<b>102,938</b>	<b>84,048</b>
<b>Total expenditures</b>	<b>480,583</b>	<b>533,399</b>	<b>480,640</b>
Acquisition of ownership interest in electric utility [note 4]	-	-	131,141
Transfer of assets of newly defined government business enterprise [note 4]	-	-	88,360
<b>Net revenues (expenditures)</b>	<b>8,402</b>	<b>(20,487)</b>	<b>205,393</b>
New debt issued	23,200	44,017	22,550
Debt principal repayments [Note 6(f)]	(21,980)	(21,911)	(17,900)
Change in employee future benefit obligations	-	9,005	8,506
Other items affecting amounts to be recovered	-	3,712	(210)
Increase in amounts to be recovered in future years	1,220	34,823	12,946
Transfer of revenue from government business enterprises	-	(1,288)	(221,944)
Transfer of GBE Equity to reserve [note 8]	-	47,310	-
<b>Change in fund balances</b>	<b>9,622</b>	<b>60,358</b>	<b>(3,605)</b>

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2001, with comparative figures for 2000  
(\$000's)

	2001 \$	2000 \$ (Restated) (see Note 15)
<b>Cash provided by (used in)</b>		
<b>Operating activities:</b>		
Net revenues	(20,487)	205,393
Change in non-cash items:		
Decrease in taxes and grants and lieu receivable	184	6,085
Decrease (Increase) in trade and other receivables	4,833	(9,725)
Increase in prepaid expenses	(3,130)	(654)
Increase in accounts payable	8,029	2,304
Increase (Decrease) in deferred revenue	(226)	1,395
Increase (Decrease) in accrued interest on long term debt	1,088	(99)
Increase in employee future benefits obligations	9,005	8,506
<b>Net cash provided by (used in) provided by operating activities</b>	<b>(704)</b>	<b>213,205</b>
<b>Financing activities</b>		
Long-term debt assumed on acquisition of ownership interest in electric utility	-	23,518
Long-term debt issued	44,017	22,630
Long-term debt repaid	(21,241)	(17,936)
Increase (Decrease) in temporary borrowings	(41,204)	8,223
<b>Net cash provided by (used in) financing activities</b>	<b>(18,428)</b>	<b>36,435</b>
<b>Investing activities</b>		
Increase in investment in government business enterprises	(2,178)	(173,744)
Decrease (Increase) in promissory note receivable	50,198	(71,718)
<b>Net cash provided by (used in) investment activities</b>	<b>48,020</b>	<b>(245,462)</b>
<b>Net change in cash and cash equivalents</b>	<b>28,888</b>	<b>4,178</b>
<b>Cash and temporary investments, beginning of year</b>	<b>23,411</b>	<b>19,233</b>
<b>Cash and temporary investments, end of year</b>	<b>52,299</b>	<b>23,411</b>

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

**1. Summary of significant accounting policies and reporting practices:**

These consolidated financial statements of the Corporation are the representations of management. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

**(a) Reporting entity:**

These consolidated statements reflect the assets, liabilities, revenues, expenditures and changes in fund balance and in financial position 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.

**(i) Consolidated entities:**

In addition to the general City of Windsor departments, the reporting entity includes the following:

Cleary International Centre  
Windsor Police Services  
Roseland Golf and Curling Club Limited  
Transit Windsor  
The Corporation of the City of Windsor Public Library Board  
The Essex-Windsor Housing Corporation  
Windsor Tunnel Commission  
City Centre Business Improvement Area  
Ford City Business Improvement Area  
Erie Street Business Improvement Area  
Ottawa Street Business Improvement Area  
Olde Riverside Business Improvement Area  
Historic Olde 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, a joint partnership with the County of Essex, is consolidated on the basis of one half of the total operations, financial position and changes in financial position of the total entity.

All interfund assets and liabilities and revenues and expenditures have been eliminated.



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

(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 earnings of the investee. The entities accounted for under this method are:

Windsor Canada Utilities Ltd. ("WCUL")  
Windsor Utilities Commission ("WUC")  
City of Windsor Housing Co. Ltd. ("CWHCL")

(iii) **Non-consolidated entities:**

The following joint local board and municipal enterprise are not consolidated:

Windsor-Essex County Health Unit  
City of Windsor Non-Profit Housing Corporation

(iv) **Accounting for school board transactions:**

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

(v) **Trust funds:**

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

The trust funds administered by the Corporation as of December 31, 2001 total \$4,319 (2000 - \$3,743) and are comprised of the following:

**Huron Lodge Maintenance Trust \$445 (2000 - \$717)**

Receives the Home for the Aged residents' revenues from which their maintenance charges and comfort allowances are paid.

**Huron Lodge Comfort Trust \$601 (2000 - \$351)**

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

**Willistead Furnishings and Acquisitions Trust Fund \$17 (2000 - \$14)**

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

**Ontario Home Renewal Program Trust**

- Regular \$187 (2000 - \$199)
- Rental \$1 (2000 - \$1)

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

**Municipal Candidates Trust \$4 (2000 - \$1)**

Administers unspent campaign donations of municipal elections candidates.

**Chimczuk Trust \$2,160 (2000 - \$2,033)**

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

**Joint Justice Facility Capital Maintenance Trust \$897 (2000 - \$421)**

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

**Library Board Trust \$7 (2000 - \$6)**

Administers a bequest to the Windsor Public Library.

**(b) Basis of accounting:**

**(i) PSAB recommendations:**

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

**(ii) Fund accounting:**

In accordance with practices common to Ontario municipalities, the Corporation follows the fund basis of accounting. The capital fund is used principally to account for assets acquired or obligations incurred which are to be financed from the future revenue of the Corporation and it is the annual interest cost of this financing that is paid from current (operating fund) operations. Reserve funds are generally created, pursuant to applicable statutes, by appropriations from current (operating fund) operations. The uses of these funds are restricted to the purposes for which the reserve funds are created. Those reserve funds which have statutory restrictions have been classified as deferred revenue for financial reporting purposes. Within the framework of the fund basis of accounting, these financial statements have been prepared on an accrual basis. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures 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, 2001

(\$000's)

(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. Realty taxes are billed based on the assessment rolls provided by Municipal Property Assessment Corporation. A normal part of the assessment process is the issue 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 known.

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.

(iv) **Accounts receivable:**

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

(v) **Inventories:**

Inventories held by the Corporation are not viewed as financial assets and have therefore been included as expenditures in the period they are acquired on the consolidated statement of financial activities.

(vi) **Fixed assets:**

The historical cost and accumulated depreciation of fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition. The amount of these expenditures which is financed from long term debt which remains outstanding is included in the amounts to be recovered in future years on the consolidated statement of financial position.

(vii) **Employee future benefit obligations:**

In 2000, the corporation adopted retroactively, the method of accounting for employee future benefits as required by the Canadian Institute of Chartered Accountants. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

The estimated cost of these benefit obligations already earned by the employees at the date of implementation of this policy (the transitional benefit obligation) was recognized as employee future benefit obligations and amounts to be recovered in future years.

### 2. School boards:

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

	2001	2000
	\$	\$
Taxation received or receivable	98,528	98,579
<u>Requisitions</u>	<u>97,358</u>	<u>98,185</u>
<u>Amount due to school boards</u>	<u>1,170</u>	<u>394</u>

### 3. Contribution to non-consolidated joint board:

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

	2001	2000
	\$	\$
Windsor-Essex County Health Unit	2,737	2,540

The Corporation is contingently liable for its share, which is approximately 56%, of any deficits which may arise. The Windsor-Essex County Health Unit did not incur a deficit in 2001 or 2000.

The Corporation is also contingently liable for its share of the costs pertaining to a lease agreement of the Windsor-Essex County Health Unit which expires on December 31, 2018. In addition to future rental payments totalling \$8,268, the Corporation is also contingently liable for insurance, taxes and utilities related to the leased premises. It is considered unlikely that the Corporation will be called upon to take over these lease payments.

### 4. Government Business Enterprises ("GBE"):

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

#### Windsor Canada Utilities Ltd. ("WCUL")

WCUL is a 100% owned subsidiary of the City of Windsor. WCUL is a holding company which wholly owns three subsidiaries: Enwin Utilities Ltd., Enwin Powerlines 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.

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

## **Notes to Consolidated Financial Statements**

**Year ended December 31, 2001**

**(\$000's)**

WCUL commenced operations on January 1, 2000 pursuant to the Energy Competition Act, 1998 which was enacted to introduce competition to the Ontario electricity market. Pursuant to this legislation, on December 13, 1999, WCUL, Enwin Utilities Ltd., Enwin Powerlines Ltd. and Enwin Energy Ltd., collectively the "Enwin Group", were incorporated under the Ontario Business Corporations Act. Each of these entities issued 1,000 common shares to the City of Windsor upon incorporation.

The City of Windsor, under the authority of the Ontario Business Corporations Act and pursuant to section 142 of the Electricity Act, enacted a transfer by-law, effective January 1, 2000, under which the WUC transferred certain of its assets, liabilities and employees which were formerly associated with the distribution of electricity and related activities, to the Enwin Group.

The value of net assets transferred to the Enwin Group from WUC on January 1, 2000 was \$158,141, and is represented by the aggregate fair value of net assets related to the retail energy product and service activities of the former hydro division of WUC. In consideration for such transfer, the Enwin Group issued a long-term promissory note payable to the City of Windsor in the amount of \$75,200 and an additional 10,000 common shares of each entity within the Enwin Group for value of \$82,941.

On January 1, 2000, the 11,000 issued common shares held by the City of Windsor relating to each of the Enwin Group companies, totalling 33,000 common shares, were transferred from the City of Windsor to WCUL in exchange for 1,000 common shares of WCUL. As a result, WCUL is the parent company of the wholly owned subsidiaries, Enwin Utilities Ltd., Enwin Powerlines Ltd. and Enwin Energy Ltd.

Upon transfer, the Corporation assumed \$27,000 of debt belonging to the Enwin Group; such that the net assets controlled by the Corporation amounted to \$131,141.

### **Windsor Utilities Commission ("WUC")**

WUC is a wholly owned commission of the Corporation engaged largely in the treatment and distribution of the area's potable water. As noted above, the City of Windsor enacted a transfer by-law, effective January 1, 2000, under which WUC transferred certain of the assets, liabilities and employees from the water and hydro divisions associated with the distribution of electricity and related activities, to the Enwin Group.

### **City of Windsor Housing Company Ltd. ("CWHCL")**

CWCL is a 100% owned subsidiary of the Corporation which provides low income senior housing on a non-profit basis.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### (a) Investment in GBE:

The City of Windsor has investments in GBE totalling \$179,799 (2000, \$ 177,621) which is comprised of the following:

	2001 \$	2000 \$
		(Restated) (See Note 15)
WCUL	82,417	83,590
WUC	93,748	90,305
CWHCL	3,634	3,726
	<u>179,799</u>	<u>177,621</u>

A continuity of the investment in GBE is as follows:

	WCUL \$	WUC \$	CWHCL \$	2001 Total \$	2000 Total \$
					(Restated) (See Note 15)
Opening investment	83,590	90,305	3,726	177,621	3,877
Acquisition of ownership interest of electric utility	-	-	-	-	82,941
Transfer of net assets of new defined GBE	-	-	-	-	88,360
Capital contribution	-	1,354	-	1,354	2,011
Current income (loss)	(1,173)	2,089	(92)	824	432
Closing investment	<u>82,417</u>	<u>93,748</u>	<u>3,634</u>	<u>179,799</u>	<u>177,621</u>

### (b) Promissory note receivable:

The original promissory note receivable from Windsor Canada Utilities Ltd. (WCUL) was unsecured and non-interest bearing until August 1, 2001, at which time the rate was 6% per annum payable quarterly. The original promissory note was paid and refinanced by WCUL and a promissory note dated December 20, 2001 in the principal sum of \$21,520 was issued to the Corporation. This note is unsecured, due on demand and bears interest at 6% per annum payable quarterly.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

The principal repayments on the promissory note are as follows:

	\$
2002	\$ 2,190
2003	2,314
2004	2,450
2005	2,591
2006	2,743
Thereafter	9,232
	<u>21,520</u>

**(c) Equity in GBE:**

The value of the net assets of the GBE which are accounted for on a modified equity basis by the Corporation are comprised of the following:

	2001	2000
	\$	\$
		<b>(Restated)</b>
		<b>(See Note 15)</b>
WCUL	82,417	131,791
WUC	93,748	90,304
CWHCL	3,634	3,726
	<u>179,799</u>	<u>225,821</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

(d) Supplementary information of GBE:

(i) WCUL

	2001	2000
	\$	\$
<b>Financial position</b>		<b>(Restated)</b>
		<b>(See Note 15)</b>
Current assets	37,626	42,988
Capital assets	180,670	173,866
Work in progress and other assets	14,228	2,210
<u>Total assets</u>	<u>232,524</u>	<u>219,064</u>
Current liabilities	102,731	39,316
<u>Long term liabilities</u>	<u>47,376</u>	<u>96,158</u>
Total liabilities	150,107	135,474
Shareholders' equity	82,417	83,590
<u>Total liabilities and equity</u>	<u>232,524</u>	<u>219,064</u>
<b>Results of operations</b>		
Residential revenue	57,297	51,726
General service revenue	175,564	162,348
Other revenue	9,079	9,216
<u>Total revenue</u>	<u>241,940</u>	<u>223,290</u>
Cost of electrical energy	207,923	192,594
Operating expenses	23,262	18,714
<u>Other net expenses</u>	<u>11,928</u>	<u>8,979</u>
Total expenses	243,113	220,287
<u>Net income</u>	<u>(1,173)</u>	<u>3,003</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, 2000, Enwin Utilities Ltd. provides certain finance, administration, human resource, management and other support services to the Windsor Utilities Commission. The total amount charged to the Windsor Utilities Commission for the year ended December 31, 2001 was \$7,115 (2000 - \$7,775) and is included in other revenue above.



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

- Enwin Powerlines Ltd. provides sewer surcharge billing and collecting and street lighting for the City of Windsor. The total amount charged to the City of Windsor and included in other revenue for the year ended December 31, 2001 was \$1,645 (2000 -\$1,499).
- Enwin Energy Ltd. collects and remits the sewer surcharge on behalf of the City of Windsor. The total amount owing to the City of Windsor at year end relating to sewer surcharge was \$1,645 (2000 - \$1,551).
- The amounts due to related parties which are included in current liabilities consist of:

	2001	2000
	\$	\$
Due to Windsor Utilities Commission	1,869	4,281
Due to the Corporation of the City of Windsor	1,645	661
	<u>3,514</u>	<u>4,942</u>

### (ii) WUC

	2001	2000
	\$	\$
<b>Financial position</b>		<b>(Restated)</b>
		<b>(See Note 15)</b>
Current assets	8,775	8,895
Capital assets	130,346	119,752
Total assets	139,121	128,647
Current liabilities	28,030	6,271
Long term liabilities	17,343	32,071
Total liabilities	45,373	38,342
Accumulated surplus	93,748	90,305
<b>Total liabilities and surplus</b>	<u>139,121</u>	<u>128,647</u>
<b>Results of operations</b>		
Retail water sales	24,391	20,083
Other revenues	14,040	10,442
Total revenues	38,431	30,525
Cost of production	17,673	9,577
Operating expenses	11,442	12,640
Other net expenses	7,227	5,948
Total expenses	36,342	28,165
<b>Net income</b>	<u>2,089</u>	<u>2,360</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

**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, 2001, Enwin Utilities Ltd. provides certain finance, administration, human resources and other support services to the Commission. The total amount charged to the Commission for the year ended December 31, 2001 was \$7,115 (2000 - \$7,775) which is included above under operating expenses.
- In addition, the Commission provides sewer surcharge billing, collecting and fire protection maintenance for the City of Windsor. The total amount charged to the City of Windsor for the year ended December 31, 2001 was \$1,218 (2000 - \$1,676) which is included above in other revenue.
- At year end, there is an amount owing from Enwin Utilities Ltd. totalling \$1,974 (2000 - \$4,281) with no specified repayment terms which is included above in current assets.

**(iii) CWHCL**

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>Financial position:</b>		
Current assets	3,082	2,773
Capital assets	7,079	7,155
<b>Total assets</b>	<b>10,161</b>	<b>9,928</b>
Current liabilities	1,114	712
Long term liabilities	5,413	5,490
<b>Total liabilities</b>	<b>6,527</b>	<b>6,202</b>
Shareholders' equity	3,634	3,726
<b>Total liabilities and equity</b>	<b>10,161</b>	<b>9,928</b>
<b>Results of operations:</b>		
Tenant rental revenue	3,043	3,017
Provincial rent supplement	150	165
Other revenues	127	131
<b>Total revenues</b>	<b>3,320</b>	<b>3,313</b>
General expenses	3,412	3,464
<b>Net income (loss)</b>	<b>(92)</b>	<b>(151)</b>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### Related party transaction:

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

- The City of Windsor provides administrative services to the CWHCL for which it receives a management fee in the amount of \$194 (2000, \$195). This transaction resulted in a balance payable at the end of the year of \$27 (2000, \$114) which is included in current liabilities above.

### 5. Temporary borrowings:

The temporary borrowings of \$nil (2000-\$41,204) related to amounts owing to the Ontario financing Authority (OFA) and the Bank of Montreal. The amount owing to the OFA related to advances made in the construction of the Joint Justice Facility. In 2001, the Corporation issued a debenture to the OFA to permanently finance the project. The amount owing to the Bank of Montreal was a loan related to short term financing requirements and was repaid in 2001 from the revenue fund.

### 6. Long term debt:

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

	2001	2000
	\$	\$
		(Restated) (See Note 15)
Total long term liabilities incurred by the Corporation including those incurred on behalf of school boards, other municipalities, government partnerships and GBE and outstanding at the end of the year amount to	165,225	144,451
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by:		
- GBE	(23,740)	(24,629)
- school boards	(830)	(1,203)
- other municipalities	(159)	(229)
Of the long term liabilities shown above, the Corporation of the City of Windsor has purchased the following amounts as long term investments	(1,286)	(1,956)
Net long term liabilities at the end of the year	139,210	116,434
Less amount repayable from user fees	(61,269)	(62,964)
<u>Net amount repayable from general taxation</u>	<u>77,941</u>	<u>53,470</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

The Windsor Tunnel Commission has established a reserve fund to help pay for the balloon payment of \$14,882 due June 15, 2005 on the debentures issued on behalf of the Commission. At December 31, 2001, the balance in this reserve fund is \$6,710 (2000 - \$4,360).

The above amount recoverable from GBE is due from WUC.

The above amount repayable from user fees is comprised of:

	2001	2000
	\$	\$
Windsor Canada Utilities Ltd.	22,626	24,866
Windsor Tunnel Commission	16,996	17,608
Sanitary Sewer Surcharge	5,649	4,190
Roseland Golf & Curling Club	1,398	1,700
<u>Essex-Windsor Solid Waste Authority</u>	<u>14,600</u>	<u>14,600</u>
	<u>61,269</u>	<u>62,964</u>

As noted above, WCUL assumed certain assets and liabilities of WUC in connection with the transfer by-law enacted pursuant to section 142 of the Electricity Act. The promissory note in note 4(b) will be used by the Corporation specifically to retire the related debt assumed from Windsor Canada Utilities Ltd.

The EWSWA is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the Corporation of the City of Windsor (the "City") pursuant to an Agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill (the "Landfill"). The County holds title to the Landfill in accordance with the provisions of the EWSWA Agreement. The Authority in carrying out its mandate incurred costs of approximately \$26,700 over the period 1990-1997 in connection with the acquisition, approval and development of the Landfill.

By lease dated as of October 30, 1997, (the "Head Lease"), the County leased the Landfill to Leasing-Infrastructure Financing Trust 1 (LIFT) for a term of approximately 34 years ending on December 1, 2031. The rent payable by LIFT under the Head Lease was intended to be a loan to finance the costs incurred by the Authority to develop the Landfill and to pay the costs of future Landfill expansions. Upon completion of the Head Lease, LIFT prepaid \$26,700 of the rent payable thereunder.

Contemporaneously with the completion of the Head Lease, by sublease dated as of October 30, 1997, ( the "Sublease") LIFT subleased the Landfill to the County for a term of approximately 34 years ending on November 30, 2031. The rent payable under the Sublease amortized the amounts paid and to be paid under the Head Lease together with interest thereon over the term. This financing transaction has been accounted for as a capital lease and represents the net long-term liability recorded in the Authority's financial statements.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

The Authority, on behalf of the County and the City, is responsible, pursuant to the EWSWA Agreement, to prepare budgets for the Landfill and to pay the rent payable under the Sublease. The rent payments made pursuant to the Sublease for the 3 year period ending December 31, 2001, were recorded as interest payments in the Authority's statements of financial activities under the heading "Regional Landfill Rental Payments".

By Agreement dated as of April 28, 2000, (the "Amending Agreement") made among the County, City and LIFT, the Head Lease and Sublease were amended to finance the costs incurred by the Authority during the years 1998 and 1999 to acquire additional equipment for the Landfill and to further develop the Landfill in the approximate amount of \$2,500. LIFT financed such costs and the Amending Agreement extended the term of the Sublease in respect of certain equipment and additional 10 years to November 30, 2041, to repay LIFT the amount it financed.

The County, City and Authority subsequently discovered that the effective rate of interest payable as a result of the transaction was greater than had been agreed upon and on December 28, 2001, the County, City and Authority (the "Plaintiffs") commenced a legal action in the Ontario Superior Court of Justice against MFP Financial Services Limited, LIFT and others asserting, among other things, that certain of the defendants had fraudulently and negligently misrepresented the rate of interest payable by the Plaintiffs under the Head Lease and Sublease and seeking rescission or rectification thereof so that the effective rate of interest payable thereunder is 4.12%. The action is being defended and certain defendants have made counterclaims subsequent to December 31, 2001 against the Plaintiffs claiming, among other things, a declaration that the Head Lease and Sublease are enforceable, and an injunction requiring the Plaintiffs to make the payments under the Sublease and damages. The action is in its early stages and no provision has been made in the financial statements to provide for the outcome thereof.

Management estimates that LIFT advanced \$29,200 pursuant to the Head Lease and has recorded in the financial statements the Authority's long term liability under the Sublease in respect thereof in that amount. The Head Lease also obligates LIFT to advance further amounts over the term and the Sublease provides for repayment of the amounts advanced and to be advanced. The loan is being repaid from the Authority's general revenues and until the legal action described in the preceding paragraph is resolved the amount of the payments cannot be determined.

The Corporation has assumed no debt from other municipalities.

- (b) Of the net long term liabilities in (a) of this note and amounts held as long term investments, \$108,402 in principal payments are repayable from 2002 to 2006 and \$14,908 from 2007 to 2011 and \$17,184 thereafter.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

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

	2002-2006	2007-2011	Thereafter	Total
	\$	\$		\$
From general municipal revenues	55,694	5,328	17,184	78,206
From benefiting landowners	1,019	-	-	1,019
	56,713	5,328	17,184	79,225
From user fees	51,689	9,580	-	61,269
	<u>108,402</u>	<u>14,908</u>	<u>17,184</u>	<u>140,494</u>

- i) Resulting from a legal action against MFP Financial Services Limited as identified in note 6(a). the Corporation's share of principal repayment from user fees relating to the Essex Windsor Solid Waste Authority have conservatively been recorded in the repayment period 2002-2006 above.
- (c) Approval of the Ontario Municipal Board or Treasurer's Certificate has been obtained for the long term liabilities in (a) issued in the name of the Corporation.
- (d) The Corporation is contingently liable for long term liabilities for which the responsibility for the payment of principal and interest has been assumed by other municipalities, GBE's, school boards and amounting to \$24,729 (2000 - \$26,061).
- (e) Total interest expenditures for the year for net long term liabilities which are reported on the statement of financial activities are as follows:

	2001	2000
	\$	\$
Interest funded from general property taxes	2,006	2,956
Interest funded from user fees	4,212	3,958
	<u>6,218</u>	<u>6,914</u>

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

- (f) Included in the debt principal repayments of \$21,911 on the Consolidated Statement of Financial Activities is an amount of \$670 relating to principal repayments of debentures held as own investments for which no long term debt is reflected on the Consolidated Statement of Financial Position. Therefore, a continuity of long term debt would require exclusion of the amount of principal repayments relating to debentures held as own investments.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### 7. Employee benefits:

#### (a) Pension agreements:

The Corporation 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 the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets and has no actuarial deficiency for current obligations.

The one year contribution holiday which was instituted beginning in August 1998 for all members and employees has now been extended to at least January 1, 2003. Once they resume, contributions will be phased in over a three year period.

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.

#### (b) Employee future benefit obligations:

Employee future benefit obligations are future liabilities of the Corporation to its employees and retirees for benefits earned but not taken as at December 31, 2001 and consist of the following:

	2001	2000
	\$	\$
Post retirement benefits	137,206	130,650
Accrued sick leave	14,243	14,310
Vacation	1,803	1,823
Transit Windsor pension solvency liability	4,362	1,826
	<u>157,614</u>	<u>148,609</u>

#### (i) Post retirement benefits:

The post retirement benefit liability is based on an actuarial valuation performed by the Corporation's actuaries. The significant actuarial assumptions adopted in estimating the Corporation's liability are as follows:

##### Health Care Trend Rate:

- Discount Rate 7%
- Hospital, Drug and Nursing Home: 10% for 2001 grading down to 4% per annum for 2009 and thereafter
- Dental and other Medical: 4% per annum

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

Information about the Corporation's future obligations with respect to these costs are as follows:

	2001	2000
	\$	\$
Accrued benefit obligations at the beginning of the year	130,650	124,113
Annual expense	11,965	11,332
Benefits paid	(5,409)	(4,795)
<u>Accrued benefit obligations at the end of the year</u>	<u>137,206</u>	<u>130,650</u>

(ii) **Accrued sick leave:**

Accumulated sick leave credits refers to the balance of unused sick leave credits which is payable to certain eligible employees of the Corporation 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 Corporation's employment. An amount of \$1,073 (2000 - \$684) has been paid out in the current year and is reported as an expenditure on the consolidated statement of financial activities.

(iii) **Vacation:**

Vacation pay reflects the value of vacation earned during the year but not taken as at the year end.

(iv) **Transit Windsor pension solvency liability:**

An actuarial valuation of the former frozen contributory pension plan of Transit Windsor identified a plan solvency deficit at December 31, 2001 of \$4,362 (2000 - \$2,634) which will be funded by special contributions pursuant to the actuarial report.

8. **Municipal position:**

(a) **Operating fund:**

The consolidated statement of financial position reflects an operating fund surplus of \$20 (2000 - \$1,785 deficit). Any deficit is funded in the following year as a first charge to that budget.

(b) **Capital fund:**

The consolidated statement of financial position reflects a balance of capital operations not permanently financed of \$54,105 (2000 - \$69,423). This outstanding balance will be financed in future years from a combination of debenture issues, transfer from reserves and reserve funds, and direct transfers from the operating fund.



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### (c) Reserves and reserve funds:

The consolidated statement of financial position reflects a balance of reserves and reserve funds of \$121,706 (2000 - \$78,471) and are detailed as follows:

	2001	2000
	\$	\$
Reserves set aside for specific purpose by Council:		
Enwin recapitalization	47,310	-
Working funds	1,098	1,069
Encumbrances	1,322	1,834
Future planning	188	163
Post retirement death benefit	22	55
Recreation services	467	435
Police services	241	312
Fire services	115	89
Transit services	154	215
Winter control	78	-
<u>Environmental services</u>	<u>3,084</u>	<u>2,894</u>
<u>Total reserves</u>	<u>54,079</u>	<u>7,066</u>
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	14,948	14,219
Capital expenditures	16,318	18,942
Tunnel improvements	18,659	21,980
Insurance	434	417
Health benefits rate stabilization	374	31
Sanitary sewer expenditures	2,642	6,397
Tunnel debt repayment	6,710	4,360
Airport capital expenditures	198	1,066
Budget stabilization	1,848	2
Children's fund	248	255
Environmental services	325	936
Social Housing	2,022	-
<u>Long-term disability</u>	<u>2,901</u>	<u>2,800</u>
<u>Total Reserve Funds</u>	<u>67,627</u>	<u>71,405</u>
<u>Total reserves and reserve funds</u>	<u>121,706</u>	<u>78,471</u>

City Council has approved the use of the Enwin recapitalization funds, largely to transition from traditional debt and lease financing to a pay-as-you-go funding approach.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### (d) Deferred Revenue

The following funds totalling \$9,686 (2000, \$9,923) relate to inflows which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 2000 \$	2001 Inflows \$	2001 Outflows \$	Balance at Dec 31 2001 \$
Parking facilities fund	880	806	453	1,233
Park purposes fund	5	897	720	182
Development charges fund	8,335	4,755	5,781	7,309
Landfill post closure fund	703	259	-	962
	9,923	6,717	6,954	9,686
Other deferred revenues	201	11	-	212
<b>Total deferred revenues</b>	<b>10,124</b>	<b>6,728</b>	<b>6,954</b>	<b>9,898</b>

The parking facilities fund is utilized to fund expenditures which relate to offstreet parking facilities. The parks purposes fund is utilized to fund purchases of parkland. The development charges fund is utilized to fund growth related capital works. Landfill post closure fund reflects the estimated liability of the Corporation should the Regional Landfill cease receiving waste on December 31, 2001.

### (e) Amounts to be recovered in future years:

The consolidated statement of financial position reflects a balance of \$283,483 (2000 - \$248,660) for amounts to be recovered in future years. This amount reflects liabilities which will need to be budgeted and fully funded in future periods as these liabilities are retired. Additionally, certain assets such as inventories and some deferred expenses are not considered to be financial assets and as such, are also included in the amounts to be recovered in future years. This balance is comprised of the following items:

	2001 \$	2000 \$ (Restated) (See Note 15)
Employee future benefit obligations	157,614	148,609
Long term debt outstanding, including amounts held in own debentures	118,977	94,870
Inventories	2,615	2,431
Accrued interest on long term debt	3,354	2,266
Deferred expenses	399	484
Essex Windsor Solid Waste amounts to be recovered	524	-
	<b>283,483</b>	<b>248,660</b>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

### 9. Commitments:

As at December 31, 2001, the Corporation is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$3,874 (2000 - \$14,038) in the aggregate, to be financed generally by unapplied capital receipts, senior government subsidies and the issuance of debentures.
- (b) Payments for various operating leases over the following year approximating \$6,829 (2000 - \$7,700).
- (c) Funding for its share of the perpetual care costs of the now closed Landfill #3. This commitment is expected to require a payment to the Essex-Windsor Solid Waste Authority of \$400 per year for the foreseeable future.
- (d) Grants to the University of Windsor amounting to \$200 in 2002.
- (e) Contributions of \$2.0 million in each of the next four years to the Windsor-Essex County Hospitals Foundation's "Together in Caring" Campaign. Funding for this contribution will be obtained annually through a special tax levy. In 2001, \$2.0 million was levied and paid to the hospitals.
- (f) On April 22, 1999, City Council approved a public/private partnership with One Riverside Drive Inc., a subsidiary of the Canderel Stoneridge Group Inc., (Canderel) to redevelop the Richmond Landing Block. The redevelopment is complete and includes a commercial tower, more than half of which will be leased to DaimlerChrysler Canada as their new headquarters, as well as a parkade. Under the agreement, the City of Windsor is responsible for the expropriation of the properties, demolition of existing structures and construction of the parkade. The City's gross capital costs are expected to approximate \$36,000 and relate primarily to the cost of building the parkade as well as its proportionate share of the land and demolition costs. Canderel's 25% share of the land cost, plus capitalized interest from the date of signing the agreement amounts to \$4,537. The City holds a strip bond that will mature in 2034 at a value of \$4,537. Its current value at December 31, 2001 is \$693 and has been included on the Statement of Financial Position as a temporary investment. The City's expenditures will be financed by debentures to be repaid largely from the new taxes generated by the development, revenue from the commercial airspace lease from Canderel commencing on the rental commencement date of June 15, 2003, and contributions from the Off-Street Parking Reserve Fund, and contributions from a capital levy in accordance with the Debt Management and Capital Financing plan approved by Council in the 2002 budget.
- (g) The City owns the Canadian Tunnel and it is managed by WTC for the City. The City of Detroit owns the portion of the Windsor-Detroit Tunnel situated in the U.S.A. (the "Detroit Tunnel") and it is leased to DCTC for a term that expires on 2020. The JOA, made between the WTC and the City and DCTC and its affiliates, among other things, provides for the operation of the Canadian Tunnel and the Detroit Tunnel as a unitary tunnel, the repair and maintenance of the tunnel and for DCTC to provide the day to day operation of the Canadian Tunnel for WTC and the City.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2001

(\$000's)

WTC is committed to several major tunnel undertakings as part of the joint tunnel rehabilitation with DCTC. WTC is committed to the timely completion of both capital projects commenced in 2001 (Toll System Upgrade and Concrete Repairs projects which were not completed by year end) and the commencement of approved projects (Portal Drains and the Ventilation System Upgrade projects) which have not yet begun as planned.

The JOA specifically provides for the replacement of the electrical and mechanical systems in the tunnel (the "Electro-Mechanical Work") and establishes a timetable for performing the work. In about August, 2002, DCTC advised WTC and Windsor it would not proceed with the work in accordance with the timetable.

On December 14, 2001, DCTC proposed to the City an alternative process for proceeding with the Electro-Mechanical Work. DCTC's proposal was accepted and a Memorandum of Understanding dated December 14, 2001 (the "MOU") which set out the terms that were agreed upon was entered into between DCTC and the City.

DCTC subsequently resiled from the MOU and served WTC and the City with a Notice of Arbitration pursuant to the JOA claiming, among other things, that WTC and Windsor had failed to co-operate with DCTC and to honour its obligations under the JOA as modified by the MOU. WTC and the City dispute DCTC's claims and intend to assert counter-claims against DCTC and its affiliates in the arbitration proceeding.

An arbitration panel has been appointed and an arbitration agreement to establish the process governing the arbitration is being discussed. The arbitration has not progressed to the point that all the issues have been identified and no provision has been made in the financial statements to provide for the outcome thereof.

### 10. **Capital:**

#### (a) **Capital Expenditures:**

During the year, the Windsor Tunnel Commission funded a \$3,010 capital expenditure investment in a public-private limited partnership between MDC Madison Developments Ltd. (general partner) and the City (limited partner). The parties agreed to form a limited partnership for the purpose of erecting a parking facility ("Park 'N' Go") which would be managed by the general partner with the intention of earning a profit. Windsor Tunnel Commission's additional parking requirements and the need for additional public parking within the downtown area resulted in the City entering into this arrangement whereby the City receives an 80% equity interest in the partnership. All partnership profits will be shared on an 80/20 basis and the City's pro-rata portion will be recorded in Windsor Tunnel Commission's Capital Rehabilitation and Improvement Reserve Fund at the time of receipt.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2001**  
**(\$000's)**

**(b) Capital Budget Figures:**

Budgets which have been included for the capital expenditures on the consolidated statement of financial activities may not be comparable to actual as the Corporation's capital budget is approved on a project basis and some projects may span more than one year. The actual expenditures reflect the current year's costs incurred in the capital fund, some of which may relate to prior years' capital budget approvals.

**11. Airport acquisition:**

On December 31, 1998, the Corporation acquired title to the Windsor Airport from Transport Canada for nominal consideration and agreed to operate the Airport for a period of at least fifty-eight years. This transaction is governed by a master agreement and is subject to a number of restrictions and conditions. The Corporation contracted with SERCO Aviation Services Inc. to operate the Airport on its behalf for a ten year period. It is anticipated that the Airport operation will be self-sustaining. In its third year of operation, 2001, the Windsor Airport has generated a loss of \$144 (2000, profit of \$117). Over the term of the contract, SERCO aviation Services Inc. has guaranteed a return in operating profits to the City subject to certain terms and conditions.

**12. Public liability insurance:**

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

The Corporation has established a reserve fund for self insurance which as at December 31, 2001 amounted to \$434 (2000 - \$417) and is reported on the consolidated statement of financial position under reserve funds. The Corporation budgets each year for premiums and claims. Any budget excess is credited to the reserve fund. Payment of claims is shown as an expenditure on the statement of financial activities.

**13. Social Housing Administration**

Effective January 1, 1998 as part of Local Services Realignment, funding responsibility for the Province of Ontario's share of Public Housing and Provincially administered non-profit housing was transferred to the municipal level. In 1999, the Ontario government and the Federal government completed negotiations of the Social Housing Agreement resulting in the administrative transfer of most Federally funded programs.

On January 1, 2001, with the incorporation of the Windsor-Essex County Housing Corporation, the public housing portfolio for Windsor and Essex County was transferred to municipal jurisdiction. The City of Windsor, as Service Manager, is the sole shareholder of this newly formed corporation. Effective January 1, 2001 the public housing business including staff, real property, moveable assets and third-party agreements were transferred to the Windsor-Essex County Housing Corporation by Transfer Order pursuant to Part IV of the Social Housing Reform Act, 2000. Administration of the provincial non-profit and co-op housing and federal non-profit programs including rent supplement will be transferred on January 1, 2002.

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

## **Notes to Consolidated Financial Statements**

**Year ended December 31, 2001**

**(\$000's)**

In accordance with the Social Housing Reform Act, 2000 the net assets previously owned by the Ontario Housing Corporation were transferred to the Windsor-Essex County Housing Corporation effective January 1, 2001. The value of the net assets transferred was \$nil. The income producing properties held by the Ontario Housing Corporation were transferred to the Corporation at \$nil value. The outstanding obligations with respect to the debentures remains with the Ontario Housing Corporation. Accordingly, neither the value of the income producing properties nor the outstanding debt have been recorded in these financial statements.

**14. Contingent liabilities:**

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

**15. Restatement of prior year comparative figures:**

Certain 2000 comparative figures have been restated to conform with the current year's presentation. In addition the following prior period adjustments have been made:

- i) Amounts to be recovered in future years have been revised in the prior period to correct an accounting error related to the long term debt of the EWSWA. This correction has been recorded retroactively and accordingly net long-term liability and amounts to be recovered have increased by \$1,250.
- ii) In the prior year the actuarial valuations utilized to determine the expenses and liabilities of the WUC and WCUL relating to employee future benefits utilized incorrect assumptions with respect to the retirement ages of the Commission's employees. In preparing their report, the actuaries utilized an average retirement age of 65 years when the appropriate assumption was 57 years. The actuaries have revised their actuarial valuations and accordingly, the prior year's investment in government business enterprises and associated equity have been reduced by \$5,419.



Trust Funds Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2001



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## AUDITORS' REPORT

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

We have audited the statement of financial position of the trust funds of The Corporation of the City of Windsor as at December 31, 2001 and the statement of financial activities and changes in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of receipts for the Huron Lodge residents' maintenance and comfort accounts described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of Windsor as at December 31, 2001 and the results of its financial activities and changes in fund balances of the trust funds for the year then ended in accordance with the accounting principles prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Chartered Accountants

Windsor, Canada

October 25, 2002





# THE CORPORATION OF THE CITY OF WINDSOR

## Trust Funds

### Statement of Financial Position

December 31, 2001

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willistead Restoration \$
<b>Assets:</b>			
Cash	892	115	17
<b>Receivables:</b>			
Repayable	-	-	-
Forgivable	-	-	-
Other	28	-	-
Residents	445	-	-
Due from Huron Lodge Residents' Comfort Trust Fund	31	-	-
Due from Huron Lodge Residents' Maintenance Trust Fund	-	518	-
Due from Current Fund City of Windsor	82	1	-
Total Current Assets	<u>1,478</u>	<u>634</u>	<u>17</u>
<b>Long Term Assets (Note 2):</b>			
Receivables	-	-	-
City of Windsor Municipal Debentures	-	-	-
Term Deposits	-	-	-
Total Long Term Assets	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u><u>1,478</u></u>	<u><u>634</u></u>	<u><u>17</u></u>
<b>Liabilities:</b>			
Due to Huron Lodge Residents' Maintenance Trust Fund	-	31	-
Due to Huron Lodge Residents' Comfort Trust Fund	519	-	-
Due to City of Windsor	514	-	-
Accounts Payable	-	2	-
Total Liabilities	<u>1,033</u>	<u>33</u>	<u>-</u>
Fund Balance	<u>445</u>	<u>601</u>	<u>17</u>
Total Liabilities and Fund Balance	<u><u>1,478</u></u>	<u><u>634</u></u>	<u><u>17</u></u>

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

O.H.R.P. Regular \$	O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	Library Board Donations \$	Total \$
310	2	4	63	786	7	2,196
25	-	-	-	-	-	25
7	-	-	-	-	-	7
9	-	-	-	6	-	43
-	-	-	-	-	-	445
-	-	-	-	-	-	31
-	-	-	-	-	-	518
-	-	-	-	105	-	188
351	2	4	63	897	7	3,453
70	-	-	-	-	-	70
-	-	-	481	-	-	481
-	-	-	1,616	-	-	1,616
70	-	-	2,097	-	-	2,167
421	2	4	2,160	897	7	5,620
-	-	-	-	-	-	31
-	-	-	-	-	-	519
2	-	-	-	-	-	516
232	1	-	-	-	-	235
234	1	-	-	-	-	1,301
187	1	4	2,160	897	7	4,319
421	2	4	2,160	897	7	5,620

# THE CORPORATION OF THE CITY OF WINDSOR

## Trust Funds

### Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2001

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willistead Restoration \$
Balance at the beginning of the year	717	351	14
Revenues:			
Residents' comfort	-	713	-
Residents' capital	3,979	-	-
Interest earned	54	21	-
Contributions	-	5	16
Total Revenues	<u>4,033</u>	<u>739</u>	<u>16</u>
Expenditures:			
Payments to residents or estates	708	489	-
Purchases of furnishings and capital improvements	-	-	13
Forgiveness of loans	-	-	-
Administrative charges	-	-	-
Transfers to the Province of Ontario	-	-	-
Payment Transfer of Maintenance to City of Windsor	3,597	-	-
Total Expenditures	<u>4,305</u>	<u>489</u>	<u>13</u>
Balance at the end of the year	<u>445</u>	<u>601</u>	<u>17</u>

O.H.R.P. Regular \$	O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	Library Board Donations \$	Total \$
199	1	1	2,033	421	6	3,743
-	-	-	-	-	-	713
-	-	-	-	-	-	3,979
17	-	-	127	12	1	232
-	-	3	-	490	-	514
17	-	3	127	502	1	5,438
-	-	-	-	-	-	1,197
-	-	-	-	23	-	36
-	-	-	-	-	-	-
2	-	-	-	3	-	5
27	-	-	-	-	-	27
-	-	-	-	-	-	3,597
29	-	-	-	26	-	4,862
187	1	4	2,160	897	7	4,319

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2001, with comparative figures for 2000

(\$000's)

### 1. ACCOUNTING POLICIES

#### Basis of Accounting

Revenue and expenditures are reported on the accrual basis of accounting except for interest revenue on investments which is reported on the cash basis.

### 2. LONG TERM ASSETS

Long term assets include total investments of \$2,097 reported on the statement of financial position at cost, this amount approximates market value at the end of the year. Also included are O.H.R.P. receivables.

### 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

Trust funds and their related operations administered by the Corporation are not consolidated, but are reported separately on the financial statements of the trust funds.

The trust funds administered by the Corporation as of December 31, 2001 total \$4,319 (2000 - \$3,743) and are comprised of the following:

#### **Huron Lodge Maintenance Trust \$445 (2000 - \$717)**

Receives the Home for the Aged residents' revenues from which their maintenance charges and comfort allowance are paid.

#### **Huron Lodge Comfort Trust \$601 (2000 - \$351)**

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

#### **Willistead Furnishings and Acquisitions Trust Fund \$17 (\$2000 - \$14)**

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

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

- **Regular \$187 (2000 - \$199)**
- **Rental \$1 (2000 - \$1)**

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

#### **Municipal Candidates Trust \$4 (2000 - \$1)**

Administers unspent campaign donations of municipal elections candidates.

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

## **Notes to Trust Funds**

**December 31, 2001, with comparative figures for 2000**

**(\$000's)**

### **Chimczuk Trust \$2,160 (2000 - \$2,033)**

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

### **Joint Justice Facility Capital Maintenance Trust \$897 (2000 - \$421)**

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

### **Library Board Trusts \$7 (2000 - \$6)**

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



Sinking Fund Financial Statement of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2001



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Chartered Accountants

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## AUDITORS' REPORT

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

We have examined the financial statement of the Sinking Fund By-Law 10742 including all related amendments as at December 31, 2001 as required by the Municipal Act. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, this financial statement presents fairly, the balance of the Sinking Fund By-Law 10742 including all related amendments as at December 31, 2001 in accordance with the provisions of the Municipal Act.

Chartered Accountants

Windsor, Canada

October 25, 2002





# THE CORPORATION OF THE CITY OF WINDSOR

## Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2001 (Stated in thousands of dollars)

	2001	2000
	<u>\$</u>	<u>\$</u>
Actual balance at the beginning of the year	1,452	1,058
Annual levy	331	331
Investment income	<u>95</u>	<u>63</u>
Sub-total	<u>1,878</u>	<u>1,452</u>
Actual balance at the end of the year (see below)	1,878	1,452
Balance required at the end of the year	<u>2,010</u>	<u>1,542</u>
Shortfall	<u>(132)</u>	<u>(90)</u>

Actual balance (including accrued interest) consists of:

City of Windsor debenture, \$700, at 6% due November 1, 2005	707	707
City of Windsor debenture, \$15, at 5.5% due November 1, 2003	15	15
City of Windsor debenture, \$1 at 5% due November 1, 2001	-	1
Term Deposit, \$724, at 5.9% due November 1, 2002	774	728
Cash in bank	<u>382</u>	<u>1</u>
Total	<u>1,878</u>	<u>1,452</u>

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

## **Notes to Sinking Fund Financial Statement December 31, 2001 (stated in thousands of dollars)**

### **1. Accounting Policy**

Investment income is reported on the accrual basis.

### **2. Details of Sinking Fund**

The sinking fund was established to fund the Windsor Utilities Commission's expansion of its water treatment plant in connection with By-law 10742 passed in 1997 which originally approved the debenture issue. The By-law required annual contributions to the sinking fund in the amount of \$331 for years 1997 to 2011 in order to fund the retirement of \$9,000 due in 2011.

Given prevailing interest rates, the annual levy was revised in 2001 by By-law to \$417 for the remainder of the period, 2002-2011, in order to provide a sufficient balance for the maturity value in 2011.