



Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

December 31, 2002

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Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

December 31, 2002



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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, 2002 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, 2002 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.

KPMG LLP

Chartered Accountants

Windsor, Canada

June 13, 2003



THE CORPORATION OF THE CITY OF WINDSOR

Consolidated Statement of Financial Position

December 31, 2002, with comparative figures for 2001

(\$000's)

	2002	2001
	\$	\$
		(Restated) (see note 15)
Financial assets		
Cash and temporary investments	70,318	55,650
Taxes and grants-in-lieu receivable	27,981	27,879
Trade and other receivables	32,163	38,736
Prepaid expenses	11,014	4,987
Promissory note receivable [note 4 (b)]	19,331	21,520
Total financial assets	160,807	148,772
Investment in government business enterprises [note 4 (a)]	176,682	176,981
Total assets	337,489	325,753
Liabilities		
Accounts payable	46,208	52,108
Deferred revenue [note 7 (d)]	11,578	10,130
Accrued interest on long term debt	3,640	3,354
Long term debt [note 5 (a) and (f)]	191,847	178,717
Employee future benefit obligations [note 6 (b)]	166,811	157,614
Total liabilities	420,084	401,923
Municipal position		
Operating fund [note 7 (a)]	(548)	(258)
Capital fund [note 7 (b)]	(13,423)	(54,105)
Reserves and reserve funds [note 7 (c)]	101,747	124,202
Fund balances	87,776	69,839
Equity in government business enterprises [note 4 (c)]	176,682	176,981
Amounts to be recovered in future years [note 7 (e)]	(347,053)	(322,990)
Net municipal position	(82,595)	(76,170)
Total liabilities and municipal position	337,489	325,753

Commitments and contingencies [notes 3, 5, 8 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, 2002, with comparative figures for 2001

(\$000's)

	Budget \$	2002 \$	2001 \$ (Restated) (see note 15)
Revenues			
Property taxes and grants-in-lieu	234,683	234,572	222,780
User charges	144,053	143,399	142,457
Provincial and federal transfers	83,067	95,386	83,109
Revenue from other municipalities	19,304	19,340	17,836
Other	33,812	34,201	47,040
Change in equity in government business enterprises [note 4(a)]	-	(299)	2,178
Total revenues	514,919	526,599	515,400
Expenditures			
Operating			
General government	48,870	47,838	47,013
Protection to persons and property	90,419	93,536	89,554
Transportation services	52,057	53,028	50,198
Environmental services	39,175	38,146	36,013
Health services	9,879	10,248	9,054
Social and family services	160,853	170,994	157,353
Recreation and culture	36,819	37,154	37,010
Planning and development	6,758	6,157	5,697
Total operating	444,830	457,101	431,892
Capital [note 10]			
General government	2,421	4,002	6,429
Protection to persons and property	7,183	3,218	1,465
Transportation services	21,922	23,335	37,798
Environmental services	14,645	16,692	25,450
Health services	-	-	6
Social and family services	1,669	2,105	817
Recreation and culture	6,953	6,435	8,373
Planning and development	4,450	20,136	23,094
Total capital	59,243	75,923	103,432
Total expenditures	504,073	533,024	535,324
Net expenditures	10,846	(6,425)	(19,924)
New debt issued	-	36,000	44,017
Debt principal repayments [Note 5(f)]	(21,393)	(23,667)	(21,911)
Change in employee future benefit obligations	-	9,197	9,005
Other items affecting amounts to be recovered	-	2,533	3,018
Increase in amounts to be recovered in future years	(21,393)	24,063	34,129
Transfer of expenditure (revenue) from government business enterprises	-	299	(1,288)
Transfer of GBE Equity to reserve	-	-	47,310
Change in fund balances	(10,547)	17,937	60,227

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, 2002, with comparative figures for 2001

(\$000's)

	2002 \$	2001 \$ (Restated) (see Note 15)
Cash provided by (used in)		
Operating activities:		
Net expenditures	(6,425)	(19,924)
Change in non-cash items:		
Decrease (Increase) in taxes and grants and lieu receivable	(102)	184
Decrease in trade and other receivables	6,573	4,538
Increase in prepaid expenses	(6,027)	(3,147)
Increase (Decrease) in accounts payable	(5,900)	9,242
Increase in deferred revenue	1,448	6
Increase in accrued interest on long term debt	286	1,088
Increase in employee future benefits obligations	9,197	9,005
Net cash provided by (used in) operating activities	(950)	992
Financing activities		
Long-term debt issued	36,000	44,017
Long-term debt repaid [note 5(f)]	(22,870)	(21,935)
Decrease in temporary borrowings	-	(41,204)
Net cash provided by (used in) financing activities	13,130	(19,122)
Investing activities		
Decrease in investment in government business enterprises	299	640
Decrease in promissory note receivable	2,189	50,198
Net cash provided by investment activities	2,488	50,838
Net change in cash and cash equivalents	14,668	32,708
Cash and temporary investments, beginning of year	55,650	22,942
Cash and temporary investments, end of year	70,318	55,650

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, 2002

(\$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 where deemed material:

- Cleary International Centre
- 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 County Housing Corporation
- The City of Windsor Non-Profit 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
- Pillette 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 (continued)
Year ended December 31, 2002
(\$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 is not consolidated:

Windsor-Essex County Health Unit

(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, 2002 total \$5,416 (2001 - \$4,319) and are comprised of the following:

Huron Lodge Maintenance Trust \$543 (2001 - \$445)

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

Huron Lodge Comfort Trust \$625 (2001 - \$601)

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

Willstead Furnishings and Acquisitions Trust Fund \$15 (2001 - \$17)

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 (continued)
Year ended December 31, 2002
(\$000's)

Ontario Home Renewal Program Trust

- Regular \$174 (2001 - \$187)
- Rental \$1 (2001 - \$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 \$5 (2001 - \$4)

Administers unspent campaign donations of municipal elections candidates.

Chimczuk Trust \$2,308 (2001 - \$2,160)

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

Joint Justice Facility Capital Maintenance Trust \$1,334 (2001 - \$897)

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 Trust \$404 (2001 - \$NIL)

This is a new trust fund for 2002 that derives income for the purpose of capital costs associated with conserving eligible Heritage properties.

Library Board Trust \$7 (2001 - \$7)

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 (continued)
Year ended December 31, 2002
(\$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:

The corporation has adopted 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 (continued)
Year ended December 31, 2002
(\$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:

	2002	2001
	\$	\$
Taxation received or receivable	96,977	98,528
<u>Requisitions</u>	<u>96,954</u>	<u>97,358</u>
<u>Amount due to school boards</u>	<u>23</u>	<u>1,170</u>

3. Contribution to non-consolidated joint board:

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

	2002	2001
	\$	\$
Windsor-Essex County Health Unit	2,801	2,737

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 2002 or 2001.

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 \$7,875, 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 (continued)
Year ended December 31, 2002
(\$000's)

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.

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.

(a) Investment in GBE:

The City of Windsor has investments in GBE totalling \$176,682 (2001, \$176,981) which is comprised of the following:

	2002	2001
	\$	\$
		(Restated) (See Note 15)
WCUL	79,535	81,191
WUC	93,177	92,156
CWHCL	3,970	3,634
	<u>176,682</u>	<u>176,981</u>

A continuity of the investment in GBE is as follows:

	WCUL	WUC	CWHCL	2002	2001
	\$	\$	\$	Total	Total
				\$	\$
					(Restated) (See Note 15)
Opening investment	81,191	92,156	3,634	176,981	177,621
Capital contribution		1,690		1,690	1,354
Current income (loss)	(1,656)	(669)	336	(1,989)	(1,994)
Closing investment	<u>79,535</u>	<u>93,177</u>	<u>3,970</u>	<u>176,682</u>	<u>176,981</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. As at December 31, 2002 the principal sum of the promissory note is \$19,331 (2001, \$21,520).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

The principal repayments on the promissory note are as follows:

	\$
2003	2,314
2004	2,450
2005	2,591
2006	2,743
2007	2,904
Thereafter	6,329
	<u>19,331</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:

	2002	2001
	\$	\$
		(Restated)
		(See Note 15)
WCUL	79,535	81,191
WUC	93,177	92,156
CWHCL	3,970	3,634
	<u>176,682</u>	<u>176,981</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

(d) **Supplementary information of GBE:**

(i) **WCUL**

	2002	2001
	\$	\$
Financial position		(Restated) (See Note 15)
Current assets	51,604	36,400
Capital assets	194,269	180,670
Work in progress and other assets	29,526	14,228
Total assets	275,399	231,298
Current liabilities	98,393	102,731
Long term liabilities	97,471	47,376
Total liabilities	195,864	150,107
Shareholders' equity	79,535	81,191
Total liabilities and equity	275,399	231,298
Results of operations		
Revenue from distribution of electricity	257,152	232,797
Services provided to Windsor Utilities Commission	8,558	7,115
Other revenue	7,103	4,179
Total revenue	272,813	244,091
Cost of electrical energy	222,213	207,923
Operating expenses	31,791	26,640
Other net expenses	20,465	11,928
Total expenses	274,469	246,491
Net loss	(1,656)	(2,400)

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 CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$000's)

- Enwin Utilities 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, 2002 was \$1,570 (2001 - \$1,614).
- Enwin Utilities 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 \$1,680 (2001 - \$1,645).
- The amounts due to related parties which are included in current liabilities consist of:

	2002	2001
	\$	\$
Due to Windsor Utilities Commission	1,645	1,869
Due to the Corporation of the City of Windsor	1,680	1,645
Due to Windsor Utilities Commission – Maxess Networx	4,145	-
	<u>7,470</u>	<u>3,514</u>

(ii) WUC

	2002	2001
	\$	\$
Financial position		(Restated) (See Note 15)
Current assets	20,130	8,775
Capital assets	120,902	130,346
Total assets	141,032	139,121
Current liabilities	5,943	29,622
Long term liabilities	41,912	17,343
Total liabilities	47,855	46,965
Accumulated surplus	93,177	92,156
Total liabilities and surplus	<u>141,032</u>	<u>139,121</u>
Results of operations		
Retail water sales	27,469	27,607
Other revenues	9,328	10,824
Total revenues	36,797	38,431
Cost of production	15,264	18,334
Operating expenses	16,096	11,442
Other net expenses	6,106	7,227
Total expenses	37,466	37,003
Net income (loss)	<u>(669)</u>	<u>1,428</u>

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$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, 2002 is \$8,621 (2001 - \$6,757) 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, 2002 was \$733 (2001 - \$736) which is included above in other revenue.
- Enwin Energy Ltd. provides marketing services to the Windsor Utilities Commission. The total amount charged for these services for the year ended December 31, 2002 was \$139 (2001 - \$358).
- At year-end, there is an amount owing from Enwin Utilities Ltd. totalling \$1,645 (2001 - \$1,974) with no specified repayment terms which is included above in current assets.

(iii) CWHCL

	2002	2001
	\$	\$
Financial position:		
Current assets	2,864	3,082
Capital assets	6,995	7,079
Total assets	9,859	10,161
Current liabilities	559	1,114
Long term liabilities	5,330	5,413
Total liabilities	5,889	6,527
Shareholders' equity	3,970	3,634
Total liabilities and equity	9,859	10,161
Results of operations:		
Tenant rental revenue	3,130	3,043
Provincial rent supplement	148	150
Other revenues	136	127
Total revenues	3,414	3,320
General expenses	3,078	3,412
Net income (loss)	336	(92)

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$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 \$201 (2001 - \$194). This transaction resulted in a balance payable at the end of the year of \$27 (2001 - \$27) which is included in current liabilities above.

5. 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:

	2002	2001
	\$	\$
		(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	229,859	204,732
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by:		
- WUC	(37,006)	(23,740)
- school boards	(435)	(830)
- other municipalities	(83)	(159)
Of the long term liabilities shown above, the Corporation of the City of Windsor has purchased the following amounts as long term investments	(488)	(1,286)
Net long term liabilities at the end of the year	191,847	178,717
<u>Less amount repayable from user fees</u>	<u>(102,214)</u>	<u>(100,776)</u>
<u>Net amount repayable from general taxation</u>	<u>89,633</u>	<u>77,941</u>

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, 2002, the balance in this reserve fund is \$8,401 (2001 - \$6,710).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

The amount repayable from user fees is comprised of:

	2002	2001
	\$	\$
		(Restated See Note 15)
Off Street Parking Reserve	6,883	-
Windsor Canada Utilities Ltd.	20,271	22,626
Windsor Tunnel Commission	16,331	16,996
Sanitary Sewer Surcharge	4,299	5,649
Roseland Golf & Curling Club	1,079	1,398
Essex-Windsor Solid Waste Authority	14,600	14,600
Windsor Non-Profit Housing Corporation	38,751	39,507
	<u>102,214</u>	<u>100,776</u>

WCUL assumed certain assets and liabilities of WUC in connection with the transfer by-law enacted pursuant to section 142 of the Electricity Act. The promissory note in note 4(b) 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 (continued)

Year ended December 31, 2002

(\$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 5 year period ending December 31, 2002, 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 an 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 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, \$103,165 in principal payments are repayable from 2003 to 2007 and \$73,264 from 2008 to 2012 and \$15,906 thereafter.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

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

	2003-2007	2008-2012	Thereafter	Total
	\$	\$		\$
				(Restated See Note 15)
From general municipal revenues	46,357	26,964	15,906	89,227
From benefiting landowners	894	-	-	894
	47,251	26,964	15,906	90,121
From user fees	55,914	46,300	-	102,214
	103,165	73,264	15,906	192,335

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 2003-2007 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, and school boards amounting to \$37,524 (2001 - \$24,729).
- (e) Total interest expenditures for the year for net long term liabilities which are reported on the statement of financial activities are as follows:

	2002	2001
	\$	\$
		(Restated See Note 15)
Interest funded from general property taxes	2,279	2,006
Interest funded from user fees	7,164	7,123
	9,443	9,129

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 \$23,667 on the Consolidated Statement of Financial Activities is an amount of \$797 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 (continued)
Year ended December 31, 2002
(\$000's)

6. 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 contribution holiday which was instituted beginning in August 1998 for all members and employees ceased at December 31, 2002. Once resumed, contributions are expected to be phased in over a two 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, 2002 and consist of the following:

	2002	2001
	\$	\$
Post retirement benefits	143,854	137,206
Accrued sick leave	13,793	14,243
Vacation	2,120	1,803
Transit Windsor pension liability	7,044	4,362
	<u>166,811</u>	<u>157,614</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 6.5%
- Health Care Trend Rate: 9.25% for 2002 grading to
4% per annum in 2009
- Dental and other Medical: 4% per annum

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

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

	2002	2001
	\$	\$
Accrued benefit obligations at the beginning of the year	137,206	130,650
Annual expense	12,391	11,965
<u>Benefits paid</u>	<u>(5,743)</u>	<u>(5,409)</u>
<u>Accrued benefit obligations at the end of the year</u>	<u>143,854</u>	<u>137,206</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 \$1,251 (2001 - \$1,073) 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 liability:**

An actuarial valuation of the former frozen contributory pension plan of Transit Windsor identified plan solvency and going concern deficiencies as at December 31, 2002. Special contributions pursuant to the current and previous actuarial reports have been identified through to 2017. These future contributions have been discounted resulting in a future benefit obligation at December 31, 2002 of \$7,044 (2001 - \$4,362) which has been reflected on the consolidated statement of financial position.

7. **Municipal position:**

(a) **Operating fund:**

The consolidated statement of financial position reflects an operating fund deficit of \$548 (2001 - \$258). Any deficit is funded in the following year as a first charge to that budget.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

(b) Capital fund:

The consolidated statement of financial position reflects a balance of capital operations not permanently financed of \$13,423 (2001 - \$54,105). 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.

(c) Reserves and reserve funds:

The consolidated statement of financial position reflects a balance of reserves and reserve funds of \$101,747 (2001 - \$124,202) and are detailed as follows:

	2002	2001
	\$	\$
		(Restated See Note 15)
Reserves set aside for specific purpose by Council:		
Enwin recapitilization	70	47,310
Working funds	1,071	1,098
Encumbrances	1,972	1,322
Future planning	288	188
Post retirement death benefit	90	22
Recreation services	632	467
Police services	138	241
Fire services	68	115
Transit services	135	154
Winter control	78	78
Environmental services	3,202	3,084
Total reserves	7,744	54,079
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	12,710	14,948
Capital expenditures	39,304	16,516
Tunnel improvements	18,071	18,659
Insurance	443	434
Health benefits rate stabilization	381	374
Sanitary sewer expenditures	1,509	2,642
Tunnel debt repayment	8,401	6,710
Budget stabilization	4,652	1,848
Children's fund	234	248
Environmental services	325	325
Social Housing	5,010	4,518
Long-term disability	2,963	2,901
Total reserve funds	94,003	70,123
Total reserves and reserve funds	101,747	124,202

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$000's)

City Council approved in 2002 the use of the Enwin recapitalization funds, largely to transition from traditional debt and lease financing to a pay-as-you-go funding approach, thereby contributing to the significant decrease in the Enwin recapitalization funds offset by a significant increase in capital expenditure reserve fund.

(d) Deferred Revenue

The following funds totalling \$11,151 (2001 - \$9,686) relate to inflows which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 2001 \$	2002 Inflows \$	2002 Outflows \$	Balance at Dec 31 2002 \$
Parking facilities fund	1,233	1,297	2,421	109
Park purposes fund	182	1,000	442	740
Development charges fund	7,309	5,134	3,351	9,092
Landfill post closure fund	962	248	-	1,210
	9,686	7,679	6,214	11,151
Other deferred revenues	444	-	17	427
Total deferred revenues	10,130	7,679	6,231	11,578

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, 2002.

(e) Amounts to be recovered in future years:

The consolidated statement of financial position reflects a balance of \$347,053 (2001 - \$322,990) 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:

	2002 \$	2001 \$
Employee future benefit obligations	166,811	157,614
Long-term debt outstanding, including amounts held in own debentures net of promissory note receivable	173,004	158,484
Inventories	2,818	2,615
Accrued interest on long term debt	3,640	3,354
Deferred expenses	256	399
Essex Windsor Solid Waste amounts to be recovered	524	524
	347,053	322,990

(Restated See
Note 15)

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

8. Commitments:

As at December 31, 2002, the Corporation is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$3,332 (2001 - \$3,874) in the aggregate, to be financed generally by reserves including Pay-as-You-Go funding.
- (b) Payments for various operating leases over the following year approximating \$6,694 (2001 - \$6,829).
- (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 \$178 in 2003 and in 2004.
- (e) Contributions of \$2,000 in each of the next three 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 2002, \$2,000 was levied and paid to the hospitals.
- (f) On January 1, 2003 portions of the Corporation of the Town of Tecumseh ("Town") were annexed to the Corporation of the City of Windsor ("City"). All real property of the Town in the annexed areas vested with the City. Resulting from the annexation the City has an obligation to the Town of Tecumseh of \$1,300 in 2003, \$325 in 2004 through 2006 and \$135 in 2007. Additionally, the City also has an obligation to the County of Essex of \$700 in 2003, \$175 in 2004 through 2006 and \$75 in 2007.
- (g) The City owns the Canadian Tunnel and it is managed by the Windsor Tunnel Commission (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 the Detroit & Canada Tunnel Corporation (DCTC) for a term that expires in 2020. The Joint Operating Agreement (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 DCTC provides the day-to-day operation of the Canadian Tunnel for WTC and the City.

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 Ventilation System Upgrade projects) which have not yet begun as planned. The Joint Operating Agreement provides that all such projects will be cost shared on a 50/50 basis with DCTC and will be charged to the WTC's Capital Rehabilitation and Improvement Reserve Fund in the fiscal year they are incurred.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$000's)

The City, WTC and DCTC approved the plans and specifications for the Ventilation System Upgrade project and by Memorandum of Undertaking dated December 14, 2001, ("MOU") which supplemented the Joint Operating Agreement, agreed to proceed with the project in accordance therewith subject to a process for amending such approved plans and specifications contained in the MOU. DCTC subsequently resiled from the MOU and in August 2002 initiated an arbitration proceeding under the Joint Operating Agreement. DCTC is proceeding with the Ventilation System Upgrade project in the U.S. portion of the Tunnel in accordance with plans and specifications for the work that are not in accordance with the approved plans and specifications. The WTC intends to proceed with the work on the Canadian portion of the tunnel in accordance with the approved plans and specifications and to claim from DCTC, as damages in the arbitration proceeding, any additional costs it incurs to perform the work.

9. Public Private Limited Partnership:

In 2001 the Windsor Tunnel Commission funded a 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 are 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. Any losses of the partnership are borne by the general partner. The partnership incurred a loss in 2002.

10. 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 fourth year of operation, 2002, the Windsor Airport has generated a loss of \$454 (2001, loss of \$368). 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.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2002
(\$000's)

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, 2002 amounted to \$443 (2001 - \$434) 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

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 has been recorded in these financial statements.

Administrative responsibility of provincial non-profit and co-operative housing and federal non-profit programs including rent supplement were transferred to the City of Windsor on January 1, 2002. Operating agreements between the former provincial and co-operative housing providers and the province were terminated on that date. The City of Windsor has entered into a service agreement with these providers to operate the non-profit portfolio in accordance with the provisions of the Social Housing Reform Act and its regulations. Federal provider operating agreements with CMHC as a signatory were transferred to the Service Manager and remain in force.

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 2001 comparative figures have been restated to conform with the current year's presentation. In addition the following prior period adjustments have been made:

- (i) Resulting from the transfer of administration of the Provincial non-profit housing program, on January 1, 2002, the City has consolidated the operations of the City of Windsor Non-Profit Housing Corporation for 2002 and restated the comparative 2001 information to facilitate a meaningful comparison year to year. Resulting from this restatement, the most material change to the 2001 information is the inclusion of long term debt of \$39,507 with an equal increase in amounts to be recovered in future years.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

(\$000's)

- (ii) During 2002, it was determined that there was misinterpretation of information within the District Energy Service Agreement, between Northwind Ltd. and Windsor Utilities Commission with respect to capacity charges. As a result the Commission was obligated to pay \$3,714 to Northwind Ltd. in order to settle outstanding payments and interest charges. Of this amount paid, it was determined that \$1,592 related to amounts that were owed to Northwind Ltd. for 2001 and prior. The prior year's investment in government business enterprises and associated equity has been reduced by \$1,592.

- (iii) In the prior year, the report used to determine the value for unbilled revenue for WCUL utilized incorrect assumptions with respect to GST. In creating the report, GST was not removed from the amount of total revenue reported. Therefore, in 2001, the amounts reported for accounts receivable – unbilled revenue, (and consequently revenue) was overstated by GST. The report has been revised in the current year to separately identify GST and accordingly, the comparative financial statements have been restated. Prior year's investment in government business enterprises and associated equity has been reduced by \$1,226.



Trust Funds Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

December 31, 2002



KPMG LLP
Chartered Accountants

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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, 2002 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, 2002 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

June 13, 2003



THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2002

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willistead Restoration \$	O.H.R.P. Regular \$
Balance at the beginning of the year	445	601	17	187
Revenues:				
Residents' comfort	-	331	-	-
Residents' capital	4,252	-	-	-
Interest earned	40	9	-	11
Contributions	-	-	6	-
Total Revenues	<u>4,292</u>	<u>340</u>	<u>6</u>	<u>11</u>
Expenditures:				
Payments to residents or estates	280	316	-	-
Purchases of furnishings and capital improvements	-	-	8	-
Administrative charges and other expenses	1	-	-	1
Transfers to the Province of Ontario	-	-	-	23
Payment Transfer of Maintenance to City of Windsor	3,913	-	-	-
Total Expenditures	<u>4,194</u>	<u>316</u>	<u>8</u>	<u>24</u>
Balance at the end of the year	<u>543</u>	<u>625</u>	<u>15</u>	<u>174</u>

O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	Library Board Donations \$	Total \$
1	4	2,160	897	-	7	4,319
-	-	-	-	-	-	331
-	-	-	-	-	-	4,252
-	1	148	20	4	-	233
-	2	-	490	400	-	898
-	3	148	510	404	-	5,714
-	-	-	-	-	-	596
-	-	-	59	-	-	67
-	2	-	14	-	-	18
-	-	-	-	-	-	23
-	-	-	-	-	-	3,913
-	2	-	73	-	-	4,617
1	5	2,308	1,334	404	7	5,416

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2002

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willistead Restoration \$	O.H.R.P. Regular \$
Balance at the beginning of the year	445	601	17	187
Revenues:				
Residents' comfort	-	331	-	-
Residents' capital	4,252	-	-	-
Interest earned	40	9	-	11
Contributions	-	-	6	-
Total Revenues	4,292	340	6	11
Expenditures:				
Payments to residents or estates	280	316	-	-
Purchases of furnishings and capital improvements	-	-	8	-
Administrative charges and other expenses	1	-	-	1
Transfers to the Province of Ontario	-	-	-	23
Payment Transfer of Maintenance to City of Windsor	3,913	-	-	-
Total Expenditures	4,194	316	8	24
Balance at the end of the year	543	625	15	174

O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	Library Board Donations \$	Total \$
1	4	2,160	897	-	7	4,319
-	-	-	-	-	-	331
-	-	-	-	-	-	4,252
-	1	148	20	4	-	233
-	2	-	490	400	-	898
-	3	148	510	404	-	5,714
-	-	-	-	-	-	596
-	-	-	59	-	-	67
-	2	-	14	-	-	18
-	-	-	-	-	-	23
-	-	-	-	-	-	3,913
-	2	-	73	-	-	4,617
1	5	2,308	1,334	404	7	5,416

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2002, with comparative figures for 2001

(\$000's)

1. ACCOUNTING POLICIES

Basis of Accounting

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

2. LONG TERM ASSETS

Long term assets include total investments of \$2,573 reported on the statement of financial position at cost, which approximates market value at 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

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, 2002 total \$5,416 (2001 - \$4,319) and are comprised of the following:

Huron Lodge Maintenance Trust \$543 (2001 - \$445)

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

Huron Lodge Comfort Trust \$625 (2001 - \$601)

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

Willstead Furnishings and Acquisitions Trust Fund \$15 (\$2001 - \$17)

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

Ontario Home Renewal Program Trust (OHRP)

- **Regular \$174 (2001 - \$187)**
- **Rental \$1 (2001 - \$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 \$5 (2001 - \$4)

Administers unspent campaign donations of municipal elections candidates.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2002, with comparative figures for 2001

(\$000's)

Chimczuk Trust \$2,308 (2001 - \$2,160)

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

Joint Justice Facility Capital Maintenance Trust \$1,334 (2001 - \$897)

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 \$404 (2001 - \$0)

This is a new trust fund during 2002 which derives income for the purpose of capital costs associated with conserving eligible Heritage properties.

Library Board Trusts \$7 (2001 - \$7)

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, 2002



KPMG LLP
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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, 2002 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, 2002 in accordance with the provisions of the Municipal Act.

KPMG LLP

Chartered Accountants

Windsor, Canada

June 13, 2003



THE CORPORATION OF THE CITY OF WINDSOR
Sinking Fund By-Law 10742
Statement of Continuity and Fund Balance
December 31, 2002
(Stated in thousands of dollars)

	<u>2002</u>	<u>2001</u>
	<u>\$</u>	<u>\$</u>
Actual balance at the beginning of the year	1,878	1,452
Annual levy	417	331
Investment income	<u>134</u>	<u>95</u>
Actual balance at the end of the year (see below)	2,429	1,878
Balance required at the end of the year	<u>2,536</u>	<u>2,010</u>
Shortfall	<u>(107)</u>	<u>(132)</u>

Actual balance (including accrued interest) consists of:

City of Windsor debenture, \$700, at 6% due November 1, 2005	742	707
City of Windsor debenture, \$15, at 5.5% due November 1, 2003	15	15
City of Toronto debenture, \$652 at 6.4% due July 26, 2011	714	-
City of Ottawa/Carlton debenture, \$655 at 10.75% due February 28, 2011	903	-
Term Deposit, \$724, at 5.9% due November 1, 2002	-	774
Cash in bank	<u>55</u>	<u>382</u>
Total	<u>2,429</u>	<u>1,878</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Sinking Fund Financial Statement
December 31, 2002
(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.