



Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2007



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CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2007



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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, 2007 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, 2007 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, Licensed Public Accountants

Windsor, Canada

May 23, 2008

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**December 31, 2007, with comparative figures for 2006**  
**(\$000's)**

	2007 \$	2006 \$
<b>Financial assets</b>		
Cash and temporary investments	84,666	58,079
Taxes and grants-in-lieu receivable	31,636	28,606
Trade and other receivables	55,977	56,783
Prepaid expenses	9,360	7,453
Promissory note receivable [note 4 (b)]	6,330	9,233
<b>Total financial assets</b>	<b>187,969</b>	<b>160,154</b>
Investment in government business enterprises [note 4 (a)]	206,385	190,436
<b>Total assets</b>	<b>394,354</b>	<b>350,590</b>
<b>Liabilities</b>		
Accounts payable [note 5]	124,130	99,995
Accrued interest on long-term debt	3,408	3,527
Net long-term liabilities [note 6 (a)]	125,924	126,946
Employee future benefit obligations [note 7 (b)]	253,999	225,464
Deferred revenue [note 8 (d)]	5,430	2,656
<b>Total liabilities</b>	<b>512,891</b>	<b>458,588</b>
<b>Municipal position</b>		
Operating fund [note 8 (a)]	(1,191)	(843)
Capital fund [note 8 (b)]	(35,681)	(14,051)
Reserves and reserve funds [note 8 (c)]	91,933	66,306
<b>Fund balances</b>	<b>55,061</b>	<b>51,412</b>
Equity in government business enterprises [note 4 (a)]	206,385	190,436
Amounts to be recovered in future years [note 8 (e)]	(379,983)	(349,846)
<b>Net municipal position</b>	<b>(118,537)</b>	<b>(107,998)</b>
<b>Total liabilities and municipal position</b>	<b>394,354</b>	<b>350,590</b>

**Commitments and contingencies [notes 3, 6, 9, 11, and 14]**

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

# THE CORPORATION OF THE CITY OF WINDSOR

## Consolidated Statement of Financial Activities

Year ended December 31, 2007, with comparative figures for the year ended 2006

(\$000's)

	2007	2006
	\$	\$
<b>Revenues</b>		
Net municipal property taxes and payments-in-lieu	302,048	295,021
User charges	155,118	145,806
Provincial and federal transfers	149,389	166,725
Revenue from other municipalities	52,551	31,319
Other	41,976	42,486
Change in equity in government business enterprises [note 4(a)]	16,424	10,478
<b>Total revenues</b>	<b>717,506</b>	<b>691,835</b>
<b>Expenditures</b>		
<b>Operating</b> [note 10]		
General government	45,424	45,903
Protection to persons and property	134,534	121,883
Transportation services	62,420	55,871
Environmental services	46,634	40,505
Health services	9,244	10,674
Social and family services	237,983	219,567
Recreation and culture	41,762	41,670
Planning and development	9,161	9,499
<b>Total operating</b>	<b>587,162</b>	<b>545,572</b>
<b>Capital</b> [note 10]		
General government	9,527	11,231
Protection to persons and property	1,614	2,724
Transportation services	29,523	32,137
Environmental services	36,475	53,924
Social and family services	5,756	15,679
Recreation and culture	42,536	9,942
Planning and development	10,525	8,341
<b>Total capital</b>	<b>135,956</b>	<b>133,978</b>
<b>Total expenditures</b>	<b>723,118</b>	<b>679,550</b>
<b>Net (expenditures) revenues</b>	<b>(5,612)</b>	<b>12,285</b>
Assumption of debt from former government business enterprise	(4,927)	-
<b>Change in municipal position</b>	<b>(10,539)</b>	<b>12,285</b>
Assumption of debt from former government business enterprise	4,927	-
Net debt principal repayments	(5,949)	(10,197)
Change in employee future benefit obligations	28,535	10,657
Other items affecting amounts to be recovered	2,624	2,377
Increase in amounts to be recovered in future years	30,137	2,837
Transfer of revenue from government business enterprises	(16,424)	(10,478)
Transfer of equity from government enterprise to fund balances	475	-
<b>Change in fund balances</b>	<b>3,649</b>	<b>4,644</b>

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

# THE CORPORATION OF THE CITY OF WINDSOR

## Consolidated Statement of Cash Flows

Year ended December 31, 2007, with comparative figures for the year ended 2006

(\$000's)

	2007	2006
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities:</b>		
Net (expenditures) revenues	(5,612)	12,285
Change in non-cash items:		
(Increase) decrease in taxes and grants-in-lieu receivable	(3,030)	43
Decrease in trade and other receivables	806	427
Increase in prepaid expenses	(1,907)	(468)
Increase in accounts payable	24,135	31,711
Increase (decrease) in deferred revenue	2,774	(1,287)
Decrease in accrued interest on long-term debt	(119)	(79)
Increase in employee future benefits obligations	28,535	10,657
<b>Net cash provided by operating activities</b>	<b>45,582</b>	<b>53,289</b>
<b>Financing activities</b>		
Net long-term debt repaid	(5,949)	(10,197)
<b>Net cash used in financing activities</b>	<b>(5,949)</b>	<b>(10,197)</b>
<b>Investing activities</b>		
Increase in investment in government business enterprises	(15,949)	(10,478)
Decrease in promissory note receivable	2,903	2,743
<b>Net cash used in investment activities</b>	<b>(13,046)</b>	<b>(7,735)</b>
<b>Increase in cash and temporary investments</b>	<b>26,587</b>	<b>35,357</b>
<b>Cash and temporary investments, beginning of year</b>	<b>58,079</b>	<b>22,722</b>
<b>Cash and temporary investments, end of year</b>	<b>84,666</b>	<b>58,079</b>

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2007**  
**(\$000's)**

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

**(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 ("the City").

**(i) Consolidated entities**

In addition to the general City 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 Community Housing Corporation  
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  
Pilette Village Business Improvement Area

On February 16, 2007, the City entered into an agreement with St. Clair College of Applied Arts and Technology for the transfer of the Cleary International Centre and Chrysler Theatre. This transfer was completed on March 9, 2007 with ownership of the land, buildings and assets being conveyed to the College.

On January 1, 2007, The City of Windsor Non-Profit Housing Corporation, Windsor-Essex County Housing Corporation and City of Windsor Housing Co. Ltd. amalgamated under the name of Windsor-Essex Community Housing Corporation.



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

The Essex-Windsor Solid Waste Authority ("EWSWA"), a joint partnership with the County of Essex, is consolidated on the basis of one half of the total operations, financial position and changes in financial position of the total entity.

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

#### (ii) Entities included on a modified equity basis

Certain subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a Government Business Enterprise ("GBE"). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee. The entities accounted for under this method are:

Windsor Canada Utilities Ltd. ("WCUL")  
Windsor Utilities Commission ("WUC")  
City of Windsor Housing Co. Ltd. ("CWHCL")  
Your Quick Gateway (Windsor) Inc. ("YQG")

On September 17, 2007 the City incorporated Windsor-Detroit Tunnel Corporation (WDTC) to ultimately hold ownership of all tunnel related assets currently owned by the City and to manage tunnel operations in 2008. The City owns 100% of issued shares. Though WDTC had no activity in 2007, it is anticipated that WDTC will be accounted for on the modified equity basis commencing in 2008. An asset transfer agreement between the City and WDTC is pending Transit Canada approval.

#### (iii) Non-consolidated entity

The following joint local board and municipal enterprise is not consolidated:  
Windsor-Essex County Health Unit

#### (iv) Accounting for school board transactions

The taxation, other revenues, 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 City are not consolidated, but are reported separately on the trust funds' statement of continuity and statement of financial position.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

#### (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 City 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 City 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.

##### (iii) Accrual basis of accounting

Within the framework of the fund basis of accounting, these financial statements have been prepared on an accrual basis except for Provincial Offences Administration. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenditures are accounted for in the period the goods and services are acquired.

##### (iv) Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

(v) **Accounts receivable**

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

(vi) **Inventories**

Inventories held by the City 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.

(vii) **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 are financed from long term debt and remain outstanding is included in the amounts to be recovered in future years on the consolidated statement of financial position.

Effective January 1, 2007, the City adopted Public Sector Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets by way of a note to the financial statements until Section 3150 - Tangible Capital Assets comes into effect on January 1, 2009. These provisions require local governments to report and capitalize tangible capital assets at historical cost and amortize these assets over their estimated useful life.

During 2007, the City has worked towards compliance with the new standards. As at December 31, 2007, the municipality has established asset thresholds, and initiated its compilation of general assets by establishing Land, Building, and Furniture inventories with valuation of these assets in progress. A complete listing and valuation of all tangible capital assets is currently underway and expected to be completed by December 31, 2008. Asset categories and useful life have been determined for the following asset types:

#### Asset Classification & Amortization Schedule

<u>Classification</u>	<u>Useful Life (Years)</u>
Land	Infinite
Buildings	25 - 40
Leasehold/Building Improvements	10 - 20
Machinery & Equipment (including Computers & Servers)	4 - 30

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

#### **Policies and Procedures**

The City has prepared a draft accounting policy and is preparing draft procedures for tangible capital asset accounting that will allow for the initial valuation and continued reporting of tangible capital assets. The approval and implementation of this policy and related procedures will be completed in adequate time to allow for recognition of tangible capital assets on the City's consolidated December 31, 2009 Financial Statements.

#### **Valuation of Assets**

Tangible Capital Assets are to be recorded at historic cost and include all amounts that are directly attributable to the development, acquisition and, set up of the asset. Where historic cost data is not available, costs are estimated by determining discounted reproduction, discounted replacement or other valuation methodology.

#### **Amortization**

Amortization will be calculated on a straight-line basis for all assets except for land, which has an infinite estimated useful life. Residual values are deemed to be zero for all assets.

#### **Contributed Assets**

Contributed assets are recognized at their fair market value as of the date of contribution to the City.

#### **Works of Art / Historical Treasures**

The City owns both works of art and historical treasures. These items have cultural, aesthetic or historical value and are worth preserving perpetually. Works of art and historical treasures will not be recognized as tangible capital assets pursuant to the guidelines of Section 3150.

#### (viii) **Employee future benefit obligations**

The City has adopted the accrual 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 of mortality and termination rates, retirement age and expected inflation rate.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

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. Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 17 years.

#### (ix) Provincial Offences Act

The City, under the authority of Part X of the Provincial Offences Act ("POA"), provides for and administers the POA courts in the Windsor/Essex Court Service Area, arranges for court support, has carriage of Part 1 prosecutions and associated appeals, and is responsible for the collection of related fines and fees. In accordance with policies adopted by other Provincial Offences offices and as a result of the nature of business activities, revenue is recognized on a cash basis.

#### (x) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits. Actual results could differ from those estimates.

### 2. Operations of school boards

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

	2007	2006
	\$	\$
Taxation received or receivable	97,476	97,466
Requisitions	99,911	97,608
<u>Amount due from school boards</u>	<u>(2,435)</u>	<u>(142)</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

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

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

	2007	2006
	\$	\$
Windsor-Essex County Health Unit	1,732	2,380

The City is contingently liable for its share, which is approximately 19%, of any deficits, which may arise. The Windsor-Essex County Health Unit incurred a deficit in 2007 of \$51 (2006 - \$44 deficit).

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

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

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

WCUL is a 100% owned subsidiary of the City. WCUL is a holding company which on December 31, 2007 wholly owned three subsidiaries: Enwin Utilities Ltd., Maxess Networkx, and Enwin Energy Ltd. Through these subsidiaries, WCUL is responsible for the transmission and distribution of electricity, maintenance of the area's powerlines, as well as the marketing of retail and wholesale utility services and products.

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

WUC is a wholly owned commission of the City engaged largely in the treatment and distribution of the area's potable water.

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

Until 2007, CWHCL was a 100% owned subsidiary of the City which provided low income senior housing on a non-profit basis. On January 1, 2007, CWHCL was amalgamated into the new company Windsor-Essex Community Housing Corporation (CHC), which in 2007 is a fully consolidated entity.

#### Your Quick Gateway (Windsor) Inc. ("YQG")

YQG is a 100% owned subsidiary of the City which provides management services for the Windsor airport. 2007 is the first year of operation for YQG, which incorporated on July 1, 2007.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 4. Government Business Enterprises (continued)

#### (a) Investment in GBE

The City has investments in GBE totalling \$206,385 (2006 - \$190,436), which is comprised of the following:

	2007 \$	2006 \$
WCUL	98,985	88,868
WUC	107,058	101,093
CWHCL	-	475
YQG	342	-
	206,385	190,436

A continuity of the investment in GBE is as follows:

	YQG \$	WCUL \$	WUC \$	CWHCL \$	2007 Total \$	2006 Total \$
Opening investment	-	88,868	101,093	475	190,436	179,958
Capital contribution	-	-	422	-	422	973
Change in reserve fund balance	-	-	-	-	-	(1,062)
Dividends declared	-	(3,000)	-	-	(3,000)	(2,000)
Current income	342	13,117	5,543	-	19,002	12,567
Current change in Investment	342	10,117	5,965	-	16,424	10,478
Reclass to opening fund balance	-	-	-	(475)	(475)	-
Closing investment	342	98,985	107,058	-	206,385	190,436

#### (b) Promissory note receivable

A promissory note dated December 20, 2001 in the principal sum of \$21,520 was issued to the City by Windsor Canada Utilities Ltd. (WCUL). This note is unsecured, due on demand and bears interest at 6% per annum payable quarterly. As at December 31, 2007 the principal sum of the promissory note is \$6,330 (2006 - \$9,233).

The principal repayments on the promissory note are as follows:

	\$
2008	3,074
2009	3,256
	6,330

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 4. Government Business Enterprises (continued)

#### (c) Supplementary information of GBE

##### (i) WCUL

	2007	2006
	\$	\$
<b>Financial position</b>		
Current assets	39,419	44,173
Capital assets	189,943	190,852
Work in progress and other assets	17,583	7,968
<b>Total assets</b>	<b>246,945</b>	<b>242,993</b>
Current liabilities	56,011	61,742
Long-term liabilities	91,949	92,383
<b>Total liabilities</b>	<b>147,960</b>	<b>154,125</b>
Shareholders' equity	98,985	88,868
<b>Total liabilities and equity</b>	<b>246,945</b>	<b>242,993</b>
<b>Results of operations</b>		
Revenue from distribution of electricity	227,635	224,755
Services provided to Windsor Utilities Commission	8,614	7,318
Other revenue	10,559	9,085
<b>Total revenue</b>	<b>246,808</b>	<b>241,158</b>
Cost of electrical energy	184,315	183,844
Operating expenses	34,016	33,310
Other net expenses and impairment	15,360	10,869
<b>Total expenses</b>	<b>233,691</b>	<b>228,023</b>
<b>Net income</b>	<b>13,117</b>	<b>13,135</b>

#### 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 Commission for the year ended December 31, 2007 is \$8,614 (2006 – \$7,318).
- Enwin Utilities Ltd. provides sewer surcharge billing and collecting and street lighting for the City. The total amount charged to the City and included in other revenue for the year ended December 31, 2007 was \$2,778 (2006 - \$2,100).



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 4. Government Business Enterprises (continued)

- Enwin Utilities Ltd. collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at year-end relating to sewer surcharge was \$4,029 (2006 - \$3,064).
- The amounts due to related parties which are included in current liabilities consist of:

	2007	2006
	\$	\$
Due to Windsor Utilities Commission	1,082	-
Due to the Corporation of the City of Windsor (net)	5,552	5,064
	<u>6,634</u>	<u>5,064</u>

(ii) WUC	2007	2006
	\$	\$
<b>Financial position</b>		
Current assets	9,521	6,426
Capital assets	148,959	146,732
Total assets	<u>158,480</u>	<u>153,158</u>
Current liabilities	12,093	11,931
Long-term liabilities	39,329	40,134
Total liabilities	51,422	52,065
Accumulated surplus	107,058	101,093
Total liabilities and surplus	<u>158,480</u>	<u>153,158</u>
<b>Results of operations</b>		
Retail water sales	35,966	28,482
Other revenues	9,475	9,606
Total revenues	<u>45,441</u>	<u>38,088</u>
Cost of production	13,512	13,839
Operating expenses	18,399	17,080
Other net expenses	7,987	7,629
Total expenses	<u>39,898</u>	<u>38,548</u>
Net income (loss)	<u>5,543</u>	<u>(460)</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 4. Government Business Enterprises (continued)

#### Related party transactions

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

- The City provides support for capital water main projects and road repairs to the Commission. The total amount charged to the Commission for the year ending December 31, 2007 was \$4,068 (2006 - \$3,884).
- At year-end, there is an amount owing from Enwin Utilities Ltd. totalling \$1,082 (2006 – amount owing of \$849) with no specified repayment terms, which is included above in current assets.
- The amounts due to related parties which are included in current liabilities consist of:

	2007	2006
	\$	\$
Due to Enwin Utilities Ltd.	-	849
Due to the Corporation of the City of Windsor	1,861	929
	<u>1,861</u>	<u>1,778</u>

#### (iii) YQG

	2007	2006
	\$	\$
<b>Financial position</b>		
Current assets	1,231	-
Total assets	<u>1,231</u>	<u>-</u>
Current liabilities	889	-
Total liabilities	889	-
Shareholders' equity	342	-
Total liabilities and equity	<u>1,231</u>	<u>-</u>
<b>Results of operations</b>		
Airport operating revenues	1,138	-
Management fees and other revenues	915	-
Total revenues	<u>2,053</u>	<u>-</u>
Operating expenses	1,711	-
Total expenses	<u>1,711</u>	<u>-</u>
Net income	<u>342</u>	<u>-</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 4. Government Business Enterprises (continued)

#### Related party transactions

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

- YQG provides airport management services to the City. The total amount of management fees received for the year ending December 31, 2007 was \$162.
- At year-end, there is a note receivable from the City of \$55 which is included above in current assets.

### 5. Accounts payable

Included in accounts payable are amounts for short-term financing of capital projects that have not yet been permanently financed. The balance of short-term financing related to capital projects includes the following:

	2007	2006
	\$	\$
Lou Romano Reclamation Plant Capacity Expansion & Upgrade project	30,444	25,322
WFCU Centre project	2,985	-
	<u>33,429</u>	<u>25,322</u>

### 6. Net long-term liabilities

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

	2007	2006
	\$	\$
Total long term liabilities incurred by the consolidated entity including those incurred on behalf of GBE which are outstanding at the end of the year amount to	158,249	160,241
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC	<u>(32,325)</u>	<u>(33,295)</u>
Net long term liabilities at the end of the year	125,924	126,946
Less amount repayable from user fees	<u>(83,054)</u>	<u>(82,297)</u>
<u>Net amount repayable from general taxation</u>	<u>42,870</u>	<u>44,649</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 6. Net long-term liabilities (Continued)

For 2007, net long term liabilities include the debt of former GBE CWHCL of \$4,806.

The amount repayable from user fees is comprised of:

	2007	2006
	\$	\$
Parking facilities fund	5,754	6,001
Windsor Canada Utilities Ltd.	6,550	9,580
Essex-Windsor Solid Waste Authority	32,239	31,816
Windsor-Essex Community Housing Corporation	38,511	-
Windsor Non-Profit Housing Corporation	-	34,900
<u>Total long term liabilities repayable by user fees</u>	<u>83,054</u>	<u>82,297</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 City specifically to help retire the related debt assumed from Windsor Canada Utilities Ltd.

EWSWA is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and 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 2007 net long-term liabilities for the EWSWA reflect a balance of \$64,477 (2006 - \$63,632).

At December 31, 2007, the net long-term liability as reported on the financial statements of the EWSWA consists of:

	2007	2006
	\$	\$
Debenture Payable	64,477	63,632
Accrued Interest	1,919	1,893
<u></u>	<u>66,396</u>	<u>65,525</u>

Under the terms of the debenture agreement, no principal repayments are required until July 2012.

The City has assumed no debt from other municipalities.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2007**  
**(\$000's)**

**6. Net long-term liabilities (Continued)**

- (b) Of the net long term liabilities in (a) of this note \$46,253 in principal payments are repayable from 2008 to 2012 and \$40,150 from 2013 to 2017 and \$39,521 thereafter.

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

	2008-2012	2013-2017	Thereafter	Total
	\$	\$		\$
From general municipal revenues	26,749	7,732	8,172	42,653
From benefiting landowners	215	2	-	217
	26,964	7,734	8,172	42,870
From user fees	19,289	32,416	31,349	83,054
	46,253	40,150	39,521	125,924

- (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 City.
- (d) The City is contingently liable for long-term liabilities for which the responsibility for the payment of principal and interest has been assumed by GBE amounting to \$32,325 (2006 - \$33,295).
- (e) Total interest expenditures for the year for net long term liabilities which are reported on the statement of financial activities are as follows:

	2007	2006
	\$	\$
Interest funded from general property taxes	1,373	1,651
Interest funded from user fees	4,473	4,423
	5,846	6,074

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

**7. Employee benefits**

**(a) Pension agreements**

The City makes contributions to the Ontario Municipal Employees Retirement System (OMERS), on behalf of members of its staff. The plan is a multi-employer defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 7. Employee benefits (continued)

The amount contributed to OMERS for current service for 2007 was \$13,543 (2006 - \$13,121).

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 City to its employees and retirees for benefits earned but not taken as at December 31, 2006 and consist of the following:

	2007	2006
	\$	\$
Post retirement benefits	198,977	180,346
Post employment benefits	7,179	-
WSIB future benefits	32,139	28,220
Accrued vested sick leave	15,897	15,969
Vacation and vested banked overtime	2,811	2,750
<u>Transit Windsor pension asset</u>	<u>(3,004)</u>	<u>(1,821)</u>
	<u>253,999</u>	<u>225,464</u>

#### (i) Post retirement and post employment benefits

The post retirement benefit and post employment benefit liabilities are based on an actuarial valuation performed by the City's actuaries. Post employment benefits include amounts accrued under the City's self funded long-term disability policy. The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount Rate 5.00% (2006 - 5%)
- Prescription Drugs Trend Rate: 10.5% (2006 - 11%)  
grading to 5% per annum in 2018
- Dental and other Medical: 5.00% (2006 - 5%)

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 7. Employee benefits (continued)

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

	2007	2006
	\$	\$
Accrued benefit liability at the beginning of the year	180,346	169,575
Current service cost	8,863	4,827
Interest	13,278	11,165
Amortization of actuarial net losses	3,238	1,397
Benefits paid	(6,748)	(6,618)
Accrued benefit liability at the end of the year	198,977	180,346
Unamortized net actuarial losses	77,736	49,341
<u>Accrued benefit obligations at the end of the year</u>	<u>276,713</u>	<u>229,687</u>

The measurement date of the employee future benefits obligation coincides with the City's fiscal year. An actuarial comprehensive valuation was completed as of December 31, 2007 and the next required valuation will be as of December 31, 2010.

#### (ii) Liability for Workplace Safety and Insurance ("WSIB")

The Workplace Safety and Insurance Board (WSIB) estimates the undiscounted future benefit costs and administrative downloading for the City as a Schedule II employer at December 31, 2007 in the amount of \$32,139 (2006 - \$28,220).

#### (iii) Accrued vested sick leave

Accrued vested sick leave refers to the balance of unused sick leave credits which is payable to eligible employees of the City upon their retirement. Under the sick leave plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment upon leaving the City's employment. An amount of \$916 (2006 - \$1,398) has been paid out in the current year and is reported as an expenditure on the consolidated statement of financial activities.

### 8. Municipal position

#### (a) Operating fund

The consolidated statement of financial position reflects an operating fund deficit of \$1,191 (2006 - \$843). 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

Year ended December 31, 2007

(\$000's)

### 8. Municipal position (continued)

#### (b) Capital fund

The consolidated statement of financial position reflects a balance of capital operations not permanently financed of \$35,681 (2006 - \$14,051). This outstanding balance at December 31, 2007 will be financed in future years.

#### (c) Reserves and reserve funds

The consolidated statement of financial position reflects a balance of reserves and reserve funds of \$91,933 (2006 - \$66,306) and are detailed as follows:

	2007	2006
	\$	\$
Reserves set aside for specific purpose by Council:		
Working funds	3,478	897
Encumbrances	6,061	5,226
Future planning	248	2
Post retirement death benefit	189	44
Recreation services	104	1,152
Fire services	307	372
Environmental services	18,779	18,038
Others	139	131
<b>Total reserves</b>	<b>29,305</b>	<b>25,862</b>
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	31,493	26,052
Capital expenditures	15,209	2,580
Tunnel improvements	(7,211)	(9,003)
Insurance	3,068	1,297
Health benefits rate stabilization	2,405	1,934
Sanitary sewer expenditures	(1,209)	(2,276)
Budget stabilization	13,774	15,438
Children's fund	371	400
Environmental services	604	(72)
Social housing	2,901	2,581
Corporate stability	545	527
Recreation	237	228
Future planning	441	758
<b>Total reserve funds</b>	<b>62,628</b>	<b>40,444</b>
<b>Total reserves and reserve funds</b>	<b>91,933</b>	<b>66,306</b>



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 8. Municipal position (continued)

#### (d) Deferred revenue

The following funds totalling \$5,430 (2006, \$2,419) relate to net inflows, which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 2006 \$	2007 Inflows \$	2007 Outflows \$	Balance at Dec 31 2007 \$
Parking facilities fund	(1,642)	570	302	(1,374)
Parks and recreation fund	(900)	524	2	(378)
Development charges fund	(712)	2,476	296	1468
Provincial gas tax fund	2,285	3,876	3,567	2,594
Federal gas tax fund	2,376	5,414	6,268	1,522
Federal public transit fund	-	3,097	2,378	719
Landfill post closure fund	1,012	-	133	879
	2,419	15,957	12,946	5,430
Other deferred revenues	237	-	237	-
<b>Total deferred revenues</b>	<b>2,656</b>	<b>15,957</b>	<b>13,183</b>	<b>5,430</b>

The parking facilities fund is utilized to fund expenditures which relate to offstreet parking facilities. The parks and recreation fund is utilized to fund purchases of parkland and other recreation expenditures. The development charges fund is utilized to fund growth related capital works. The Federal gas tax fund is utilized to fund environmentally stainable municipal infrastructure projects. The Provincial gas tax fund is utilized to fund public transportation programs. The Federal public transit fund is utilized to fund transit infrastructure to increase ridership. Landfill post closure fund reflects the estimated liability of the City should the regional landfill cease receiving waste on December 31, 2007.

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

The consolidated statement of financial position reflects a balance of \$379,983 (2006 - \$349,846) 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 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:

	2007 \$	2006 \$
Employee future benefit obligations	253,999	225,464
Long-term debt outstanding, net of promissory note receivable	119,594	117,713
Inventories	2,982	3,142
Accrued interest on long-term debt	3,408	3,527
	<b>379,983</b>	<b>349,846</b>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 9. Commitments

As at December 31, 2007, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$34,280 (2006 - \$26,357) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2013 approximating \$8,612 (2006 - \$9,860).
- (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 \$600 per year for the foreseeable future.
- (d) The City owns the Canadian half of the Detroit-Windsor 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 Windsor Tunnel Corporation LLC (DWT) for a term that expires in 2020. The Joint Operating Agreement (JOA) between the WTC, the City, and DWT and its affiliates, provides for the operation of the Canadian portion of the tunnel. The JOA expired October 31, 2007, but continues in force under a continuation clause with a 90 day notice period. DWT provides the day-to-day operation of the tunnel for the City and for its own account.

On March 11, 2004 the Federal and Provincial governments and the City made a joint announcement and signed a supporting Memorandum of Understanding, identifying five project investments under Phase I of the Border Infrastructure Improvement program known as the "Let's Get Windsor-Essex Moving" strategy. One of the approved projects will provide improvements to the Windsor-Detroit Tunnel Plaza and surrounding streets to facilitate more effective traffic management, including the implementation of an expanded NEXUS program. The formal Agreement between the City and the Province of Ontario was signed on January 9, 2006.

The plaza improvements are to be funded by contributions of up to \$10,000 each from the Federal and Provincial governments and also by contributions from the City, subject to WTC, Council, and Federal and Provincial government approval.

- (e) In 2004, the City entered into the Ontario's Millennium Partnerships Initiative Funding Agreement for Infrastructure Projects relative to the Lou Romano Reclamation Plant Capacity Expansion & Upgrade project. The total cost of the project is expected to be \$110,000. The federal government contributed \$9,000 towards the project, the province contributed \$19,000 and the Town of LaSalle contributed \$21,000 with approximately \$4,000 due upon project completion. The City's share of the cost is \$57,000 and is to be funded by \$15,000 development charges and sewer surcharge revenues and the remainder from debentures. Project costs expended to December 31, 2007 total approximately \$88,100. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2007 is \$5,212.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 9. Commitments (continued)

- (f) During 2004, the City entered into various agreements with St. Clair College with the combined purpose of redeveloping the City's Huron Lodge Home for the Aged and establishing a long-term care education and training facility.

Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements and is to be funded from contributions from the operating fund related to the debt reduction initiative approved by Council. The budgeted cost of the project is \$41,200. Project costs expended to December 31, 2007 total approximately \$37,861. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2007 is \$6.

The remaining project costs will be used to honour the City's trust obligations under the *Construction Lien Act (CLA)*; to pay for the costs, including legal fees, associated with outstanding disputes related to the contract; and to pay to correct deficiencies not otherwise recoverable from the contractor. Included in the City's obligations under the CLA is an amount that is anticipated to be paid into court to remove subtrade liens filed under the CLA. At this time that amount is estimated to be approximately \$943. The contractor has registered a lien in the amount of \$4,671. Whether it will recover all, some or none of that amount is speculative and premature to determine.

- (g) In late 2006, City Council approved a guaranteed fixed price proposal by PCR Contractors for a fixed contract of \$47,900 for the construction of the Greater Windsor Recreation and Sports Centre. In 2007, a letter of intent between the City and PCR Contractors relative to construction of the arena complex was entered into and City Council approved a total net budget of \$64,900 for this project, inclusive of land costs, fit-ups, site development, interim financing and contingencies. Permanent funding for this project is expected to come from capital contributions from the operating budget. The project is expected to be completed by the end of 2008.

Project costs expended to December 31, 2007 total approximately \$26,887. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2007 is \$31,300.

- (h) On February 16, 2007, the City entered into an agreement with St. Clair College of Applied Arts and Technology for the transfer of the Cleary International Centre and Chrysler Theatre. This transfer was completed on March 9, 2007 with ownership of the land, buildings and assets being conveyed to the College. Additionally, pursuant to the agreement, significantly all employees of the Cleary were assumed by the College. This transfer agreement has resulted in certain financial commitments for the City including salary contributions towards 50% of wages and benefits of the former employees to a maximum of \$2,600 over two years, payments of \$423 in each of 2007 and 2010 for leasehold improvements, and a reduction of payments in lieu of taxes totalling a minimum of \$263 for the 5 years immediately following the closing date of the agreement based on minimum student enrolment figures of 700 students per year.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 10. Budget figures

Budget figures have been excluded on the Consolidated Statement of Financial Activities as they may not be directly comparable to the actual figures due to the requirement to accrue certain expenditures in accordance with PSAB reporting requirements. The City does not, in many cases, include these amounts in the annual budget as they do not require immediate funding. Additionally, budgets relating to capital expenditures have been excluded on the consolidated statement of financial activities, as they may not be comparable to actual results. The City'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. Public liability insurance

The City 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 City is currently insured with the Ontario Municipal Insurance Exchange (OMEX), an insurance reciprocal whose members pool their insurance coverage. The City may be exposed to future costs should there be a retroactive assessment. As a member of a reciprocal, the City agrees to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. The City paid an amount of \$nil in retroactive assessments in 2007 (2006 - \$822), which is reflected on the Consolidated Statement of Financial Activity. The City has established a reserve fund for self-insurance, which as at December 31, 2007 amounted to, \$3,068 (2006 - \$1,297).

The City 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.

### 12. 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 Community Housing Corporation (then 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 City 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.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2007

(\$000's)

### 13. Social service contracts

The City has a Service Contract with the Ministry of Community and Social Services (MCSS) and/or the Ministry of Children and Youth Services (MCYS). MCSS Annual Reconciliation Reports summarize all revenue and expenditures and identifies any resulting surplus or deficit that relate to the Service Contract. A review of this report shows the following programs to be in a surplus position as at December 31, 2007. Surplus amounts or subsidy carryovers of \$2,028 are reflected as accounts payable:

	Subsidy received \$	Subsidy earned \$	Surplus \$
A393 Proxy pay equity	561	559	2
A661 Best start operating	7,086	6,038	1,048
A8766 Domicillary hostels	3,147	2,750	397
A8648 Ontario works administration	7,047	6,466	581
<b>Total surplus</b>	<b>17,841</b>	<b>15,813</b>	<b>2,028</b>

All of the surplus of A661 Best start operating and \$500 of the surplus of A8648 Ontario works administration have been carried over to the respective 2008 program budgets.

A review of the reconciliation report summarizes subsidy deficits for the following programs totalling \$105. These deficit amounts are reflected as trade and other receivables:

	Subsidy received \$	Subsidy earned \$	Deficit \$
A9285 Refugee claims	112	209	(97)
A8695 ODSP participation savings	47	55	(8)
<b>Total deficit</b>	<b>159</b>	<b>264</b>	<b>(105)</b>

### 14. Contingent liabilities

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

### 15. Comparative figures

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

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2007



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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, 2007 and the statement of financial activities and continuity of fund balances 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 fund for the residents of Huron Lodge derives 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 fund and we were unable to determine whether any adjustments for unrecorded receipts might be necessary to the residents' 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' 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, 2007 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.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

Windsor, Canada  
May 23, 2008

**THE CORPORATION OF THE CITY OF WINDSOR**

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2007

(\$'000's)

	Huron Lodge Residents' Comfort	Willstead Restoration	O.H.R.P. Regular	O.H.R.P. Rental	Municipal Candidates	Chinco Beque	Windsor Justice Facility Capital Maintenance	Heritage Endowment Fund	EWSWA Landfill Holiday Fund	EWSWA Landfill Expansion Fund	Richmond Landing Strip Bond	COAHP Revolving Homeownership	Library Board Donations	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	436	27	182	1	1	2,571	3,375	415	4,410	10,638	1,529	-	9	23,739
Revenues														
Residents' comfort	256	-	-	-	-	1	151	18	87	445	48	-	-	256
Interest earned	10	1	13	-	-	-	-	-	-	-	-	-	-	900
Recovery of expenses	-	-	-	-	-	-	447	-	-	-	-	-	-	125
Contributions	-	4	-	-	-	-	-	-	-	-	-	-	-	451
Total revenues	266	5	13	-	-	1	598	18	87	445	48	125	-	1,732
Expenditures														
Payments to residents or estates	280	-	-	-	-	-	-	-	-	-	-	-	-	280
Purchases of furnishings and capital improvements	-	-	-	-	-	-	132	-	3,259	-	-	125	-	132
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	3,384
Total expenditures	280	-	-	-	-	-	132	-	3,259	-	-	125	-	3,796
Balance at the end of the year	422	32	195	1	1	2,571	3,841	433	1,238	11,083	1,577	-	9	21,675

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



THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds  
Statement of Financial Position  
December 31, 2007  
(\$000's)

	Huron Lodge Residents' Comfort	Willstead Restoration	O.H.R.P. Regular	O.H.R.P. Rental	Municipal Candidates	Chinook Bequest
Assets						
Current assets	251	28	313	3	1	5
Cash and equivalents	-	-	-	-	-	2,830
Short-term investments	-	-	-	-	-	-
Accounts receivable:	-	-	6	-	-	-
Repayable	-	-	6	-	-	-
Forgivable	178	4	-	-	-	8
Other	-	-	1	-	-	-
Due from Current Fund City of Windsor	429	32	326	3	1	2,843
Total current assets	429	32	326	3	1	2,843
Long term assets (note 2):	-	-	-	-	-	-
Investments	-	-	-	-	-	-
Total assets	429	32	326	3	1	2,843
Liabilities	7	-	131	2	-	-
Accounts payable	7	-	131	2	-	-
Total liabilities	7	-	131	2	-	-
Fund balance	422	32	195	1	1	2,843
Total liabilities and fund balance	429	32	326	3	1	2,843

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

Windsor	Justice Facility Capital Maintenance	Heritage Endowment Fund	EWSWA Landfill Holiday Fund	EWSWA Landfill Expansion Fund	Richmond Landing Strip Bond	COAHP Revolving Homeownership	Library Board Donations	Total
3,838	-	-	1,230	-	-	-	9	4,448
-	-	-	-	-	-	-	-	4,060
-	-	-	-	-	-	-	-	6
-	-	-	-	-	-	-	-	6
2	2	2	8	-	-	-	-	202
13	-	-	-	-	-	-	-	14
3,853	2	2	1,238	-	-	-	9	8,736
-	431	-	-	11,083	1,577	-	-	13,091
3,853	433	433	1,238	11,083	1,577	-	9	21,827
12	-	-	-	-	-	-	-	152
12	-	-	-	-	-	-	-	152
3,841	433	433	1,238	11,083	1,577	-	9	21,675
3,853	433	433	1,238	11,083	1,577	-	9	21,827

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2007

(\$000's)

### 1. ACCOUNTING POLICIES

Basis of accounting

Revenue and expenditures are reported on the accrual basis of accounting.

### 2. LONG TERM ASSETS

Long-term assets include total investments of \$13,091 (2006 - \$13,799) 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

The trust funds administered by the Corporation as of December 31, 2007 total \$21,675 (2006 - \$23,739) and are comprised of the following:

**Huron Lodge Residents' Comfort Trust \$422 (2006 - \$436)**

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

**Willistead Restoration Trust Fund \$32 (\$2006 - \$27)**

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

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

- **Regular \$195 (2006 - \$182)**
- **Rental \$1 (2006 - \$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 \$1 (2006 - \$1)**

Administers unspent campaign donations of municipal election candidates.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2007

(\$000's)

**Chimczuk Trust \$2,843 (2006 - \$2,716)**

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

**Windsor Justice Facility Capital Maintenance Trust \$3,841 (2006 - \$3,375)**

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 \$433 (2006 - \$415)**

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

**Essex-Windsor Solid Waste Authority Landfill Holiday Fund \$1,238 (2006 - \$4,410)**

This trust fund was established to hold funds paid by MFP Financial Services Limited to the County of Essex and the City in accordance with the settlement dated July 29, 2005. These funds will be utilized towards payments on the Restructured Loan during the period commencing January 15, 2006 and ending on January 15, 2008. Final payment related to the Restructured Loan is as follows: 2008 - \$1,240. The fund balance of the trust fund relates specifically to an amount payable to the EWSWA regarding the restructured loan payments.

**Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$11,083 (2006 - \$10,638)**

This trust fund was established to hold funds paid by MFP Financial Services Limited to the County of Essex and the City in accordance with the settlement dated July 29, 2005. These funds will be utilized for ongoing cell expansions of the EWSWA consistent with the original loan with required payments in 2010, 2017 and 2025. The fund balance of the trust fund relates specifically to an amount payable to the EWSWA regarding ongoing future cell expansions.

**Richmond Landing Strip Bond Trust \$1,577 (2006 - \$1,529)**

This trust fund is established for the purposes of holding the strip bond issued relative to the Richmond Landing Project which is due to mature in 2031. The proceeds of the fund upon maturity of the bond may be used to purchase the leasehold title at the option of the tenant, but in any event, become the property of the City of Windsor.

**Canada-Ontario Affordable Housing Program (COAHP) Trust \$0 (2006 - \$0)**

This trust fund was established for the purposes of the Canada-Ontario Affordable Housing Program Homeownership Component. Federal funding deposited into the trust account is subsequently transferred to successful recipients. The funding is considered a grant if the recipient maintains ownership of their home for the term of 20 years. If the home is sold prior to the 20 year period, the downpayment assistance (\$8,000 maximum) is repayable and deposited back into the trust fund to be redistributed to another recipient.

**Library Board Trusts \$9 (2006 - \$9)**

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

SINKING FUND STATEMENT

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2007



**KPMG LLP**  
**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, 2007 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, 2007 in accordance with the provisions of the Municipal Act.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

Windsor, Canada  
May 23, 2008

# THE CORPORATION OF THE CITY OF WINDSOR

## Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2007 (Stated in thousands of dollars)

	2007	2006
	<u>\$</u>	<u>\$</u>
Actual balance at the beginning of the year	4,779	4,018
Annual levy	494	494
Investment income	<u>300</u>	<u>267</u>
Actual balance at the end of the year (see below)	5,573	4,779
Balance required at the end of the year	<u>5,703</u>	<u>4,950</u>
Shortfall	<u>(130)</u>	<u>(171)</u>
Actual balance (including accrued interest) consists of:		
Windsor Family Credit Union term deposit @ 5.11% matures August 12, 2011	4,205	3,411
City of Toronto debenture, \$652 at 6.4% due July 26, 2011	652	652
City of Ottawa/Carlton debenture, \$655 at 10.75% due February 28, 2011	655	655
Accrued interest income	61	58
Cash in bank	<u>-</u>	<u>3</u>
Total	<u>5,573</u>	<u>4,779</u>

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

### **Notes to Sinking Fund Financial Statement**

**December 31, 2006**

**(Stated in thousands of dollars)**

#### **1. Accounting Policy**

Investment income is reported on the accrual basis.

Investments are reported at redemption value, any premium or discount associated with the purchase/sale of an investment is recognized at the time of purchase/sale.

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

The sinking fund was established to fund the Windsor Utilities Commission's expansion of its water treatment plant in connection with By-law 10742 passed in 1997, which originally approved the debenture issue. The By-law required annual contributions to the sinking fund in the amount of \$311 for years 1997 to 2011 in order to fund the retirement of \$9,000 due in 2011.

Given prevailing interest rates, the annual levy was revised in 2001 by By-law to \$417 for the remainder of the period, 2002-2011. On May 16, 2005 City Council approved a further amendment to By-law 10742 increasing the annual levy to \$494 for the remainder of the period 2005-2011. As a result of the increase in annual funding, along with a guaranteed investment rate of 5.11% compounded quarterly, sufficient funds will be available to pay the lump sum payment due in August 2011.