

Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2016



# INDEX

	<b><u>Section</u></b>
Consolidated Financial Statements	1
Trust Funds Financial Statements	2

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2016



KPMG LLP  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor, ON  
N8W 5K8  
Telephone (519) 251-3500  
Fax (519) 251-3530  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of Windsor, which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Windsor as at December 31, 2016, and its consolidated results of operations and the changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

August 8, 2017  
Windsor, Canada

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**Year ended December 31, 2016**  
**(\$000's)**

	2016	2015
	\$	\$
		[restated]
<b>Financial Assets</b>		
Cash and temporary investments	298,358	258,369
Investment in government business enterprises [note 4 (a)]	542,315	513,352
Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)]	32,247	32,760
Trade and other receivables	60,035	52,195
<b>Total Financial Assets</b>	<b>932,955</b>	<b>856,676</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	105,635	78,083
Accrued interest on long-term liabilities	1,594	1,699
Net long-term liabilities [note 5 (a)]	91,899	98,211
Employee future benefit obligations [note 6 (b)]	519,054	481,211
Deferred revenue [note 8 (b)]	37,129	37,102
Landfill post closure liabilities [note 7]	12,695	13,438
Inactive contaminated sites liabilities [note 1 (b) (viii)]	6,289	6,289
<b>Total Financial Liabilities</b>	<b>774,295</b>	<b>716,033</b>
<b>Net Financial Assets</b>	<b>158,660</b>	<b>140,643</b>
<b>Non-Financial Assets</b>		
Tangible capital assets [schedule 2]	2,003,563	1,985,389
Inventory and assets held for resale	2,558	2,353
Prepaid expenses	4,426	7,663
<b>Total Non-Financial Assets</b>	<b>2,010,547</b>	<b>1,995,405</b>
<b>Accumulated Surplus [note 8 (a)]</b>	<b>2,169,207</b>	<b>2,136,048</b>

Commitments and contingencies [notes 3, 5, 6(a), 9, 11 and 13]

The accompanying notes and schedules are integral parts of these consolidated financial statements.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year ended December 31, 2016**  
**(\$000's)**

	2016	2015
	\$	\$
		[restated]
<b>Revenues [note 12, schedule 1]</b>		
Net municipal property taxes and payments-in-lieu of taxes	307,578	308,937
User charges	153,573	148,810
Provincial and federal transfers	215,493	202,118
Revenue from other municipalities	21,224	19,943
Other	47,140	42,251
Change in equity in government business enterprises [note 4 (a)]	28,963	24,449
<b>Total Revenues</b>	<b>773,971</b>	<b>746,508</b>
<b>Expenses [note 12, schedule 1]</b>		
General government	58,591	56,332
Protection to persons and property	171,358	170,419
Transportation services	103,165	103,080
Environmental services	67,788	64,882
Health services	12,797	12,115
Social and family services	242,918	247,644
Recreation and culture	75,860	63,146
Planning and development	8,336	7,332
<b>Total Expenses</b>	<b>740,812</b>	<b>724,950</b>
<b>Annual Surplus</b>	<b>33,159</b>	<b>21,558</b>
Accumulated surplus, beginning of year	2,136,048	2,114,490
<b>Accumulated surplus, end of year</b>	<b>2,169,207</b>	<b>2,136,048</b>

The accompanying notes and schedules are integral parts of these consolidated financial statements.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Change in Net Financial Assets**  
**Year ended December 31, 2016**  
**(\$000's)**

	2016	2015
	\$	\$
		[restated]
Annual Surplus	33,159	21,558
Acquisition of tangible capital assets [schedule 2]	(95,393)	(82,656)
Amortization of tangible capital assets [schedule 2]	74,279	73,672
Loss on sale of tangible capital assets	951	94
Proceeds on sale of tangible capital assets	1,989	1,393
Net change in inventory and assets held for resale	(205)	236
Net change in prepaid expenses	3,237	947
Change in net financial assets	18,017	15,244
Net financial assets, beginning of period	140,643	125,399
Net financial assets, end of period	158,660	140,643

The accompanying notes and schedules are integral parts of these consolidated financial statements.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Cash Flows**  
**Year ended December 31, 2016**  
**(\$000's)**

	2016	2015
	\$	\$
		[restated]
Cash provided by (used in):		
Operating Activities:		
Annual surplus	33,159	21,558
Amortization of tangible capital assets	74,279	73,672
Loss on disposal of tangible capital assets	951	94
Decrease in taxes and payments-in-lieu of taxes receivable	513	4,027
(Increase) decrease in trade and other receivables	(7,840)	4,233
(Increase) decrease in inventory and assets held for resale	(205)	236
Decrease in prepaid expenses	3,237	947
Increase in accounts payable	27,552	6,246
Decrease in accrued interest on long-term liabilities	(105)	(82)
Increase in employee future benefit obligations	37,843	46,042
Increase in deferred revenue	27	13,481
Decrease in landfill post closure liability	(743)	(1,174)
Net cash provided by operating activities	168,668	169,280
Capital Activities:		
Proceeds on sale of tangible capital assets	1,989	1,393
Cash used to acquire tangible capital assets	(95,393)	(82,656)
Net cash used in capital activities	(93,404)	(81,263)
Financing Activities:		
Net long-term liabilities repaid	(6,312)	(5,910)
Net cash used in financing activities	(6,312)	(5,910)
Investing Activities:		
Increase in investment in government business enterprises	(28,963)	(24,449)
Net cash used in investing activities	(28,963)	(24,449)
Increase in cash and temporary investments	39,989	57,658
Cash and temporary investments, beginning of year	258,369	200,711
Cash and temporary investments, end of year	298,357	258,369

The accompanying notes and schedules are integral parts of these consolidated financial statements.



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

**(a) Reporting entity**

These consolidated statements reflect the assets, liabilities, revenues and expenses of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to City Council and which are owned or controlled by the City of Windsor ("the City").

**(i) Consolidated entities**

In addition to the general City departments, the reporting entity includes the following where deemed material:

Windsor Police Services  
Roseland Golf and Curling Club Limited  
Transit Windsor  
Windsor Chartabus Limited  
The Corporation of the City of Windsor Public Library Board  
Windsor-Essex Community Housing Corporation  
Downtown Windsor Business Improvement Association  
Ford City Business District  
Via Italia-Erie Street Business Improvement Area  
Ottawa Street Business Improvement Area  
Olde Riverside Town Centre Business Improvement Area  
Walkerville Business Improvement Area  
Wyandotte Towne Centre Business Improvement Area  
Olde Sandwich Towne Business Improvement Area  
Pilette Village Business Improvement Area

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

All interfund assets, liabilities, revenues and expenses have been eliminated.

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

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

The entities accounted for under this method are:

Windsor Canada Utilities Ltd. ("WCUL")  
Windsor-Detroit Tunnel Corporation ("WDTC")  
Windsor Utilities Commission ("WUC")  
Your Quick Gateway (Windsor) Inc. ("YQG")

**(iii) Non-consolidated entity**

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

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

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated financial statements. Amounts due to or from school boards are reported on the consolidated statement of financial position as accounts payable and accrued liabilities or trade and other receivables.

**(v) Trust funds**

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

**(b) Basis of accounting**

**(i) PSAB recommendations**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

**(ii) Accrual basis of accounting**

These consolidated financial statements have been prepared on an accrual basis except for Provincial Offences Administration. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Expenses are accounted for in the period the goods and services are acquired.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

(iii) **Taxes receivable and related revenues**

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

(iv) **Trade and other receivables**

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

(vi) **Tangible capital assets**

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

<b>Asset classification and amortization schedule</b>	
<b>Classification</b>	<b>Useful Life (Years)</b>
Land	Infinite
Land improvements	10 – 75
Buildings and building improvements	10 – 60
Vehicles, machinery and equipment	3 – 35
Water and wastewater infrastructure	25 – 100
Roads infrastructure	25 – 100
Airport	6 – 40

The landfill has an estimated service capacity of 8,000,000 tonnes and is being amortized using the units of production method based on capacity used during the year.

**Contributed assets**

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

**Works of art and historical treasures**

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

**(vii) Employee future benefit liabilities**

The City has adopted the accrual method of accounting for employee future benefits as required by PSAB. The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rate.

Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains and losses on the accrued benefit liability arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit liability. The excess of the net actuarial gains or losses are amortized over the average remaining service period of active employees, which is 12.7 years (2015 – 13.3 years).

**(viii) Inactive contaminated sites liabilities**

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

**(c) Provincial Offences Act**

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

**(d) Use of estimates**

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits and contaminated sites, the carrying value of tangible capital assets and the evaluation of contingencies.

Actual results could differ from these estimates.

**2. Operations of school boards**

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Taxation received or receivable	63,492	61,721
Requisitions	68,161	61,954
<u>Amount due from school boards</u>	<u>(4,669)</u>	<u>(233)</u>

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

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<u>Windsor-Essex County Health Unit</u>	<u>2,760</u>	<u>2,706</u>

The City is contingently liable for its share, which is approximately 14%, of any deficits which may arise.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**4. Government Business Enterprises (“GBE”)**

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

**Windsor Canada Utilities Ltd. (“WCUL”)**

WCUL is a wholly owned subsidiary of the City. WCUL is a holding company which wholly owns two subsidiaries: Enwin Utilities Ltd. and Enwin Energy Ltd. Through these subsidiaries, WCUL is responsible for the transmission and distribution of electricity, maintenance of the area’s powerlines, as well as the marketing of retail and wholesale utility services and products.

**Windsor-Detroit Tunnel Corporation (“WDTC”)**

WDTC is a wholly owned subsidiary of the City. WDTC owns and manages the portion of the Windsor-Detroit Tunnel situated in Canada.

**Windsor Utilities Commission (“WUC”)**

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

**Your Quick Gateway (Windsor) Inc. (“YQG”)**

YQG is a wholly owned subsidiary of the City which provides management services for the Windsor airport.

**(a) Investment in GBE**

The City has investments in GBE totalling \$542,315 (2015 - \$513,352), which is comprised of the following:

	2016	2015
	\$	\$
WCUL	169,135	159,790
WDTC	143,753	142,212
WUC	223,287	207,174
YQG	6,140	4,176
	<u>542,315</u>	<u>513,352</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

A continuity of the investment in GBE is as follows:

	<b>WCUL</b>	<b>WDTC</b>	<b>WUC</b>	<b>YQG</b>	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening investment	159,790	142,212	207,174	4,176	513,352	488,903
Dividends declared	(5,000)	(1,000)	-	(1,000)	(7,000)	(8,000)
Current income	14,345	2,541	16,113	2,964	35,963	32,449
Current change in investment	9,345	1,541	16,113	1,964	28,963	24,449
Closing investment	169,135	143,753	223,287	6,140	542,315	513,352

**(b) Supplementary information of GBE**

**(i) WCUL**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>Financial position</b>		
Current assets	88,722	73,049
Property, plant and equipment	223,523	219,179
Other assets	80,519	80,791
<b>Total assets</b>	<b>392,764</b>	<b>373,019</b>
Current liabilities	44,549	41,294
Long-term liabilities	179,080	171,935
Total liabilities	223,629	213,229
Shareholders' equity	169,135	159,790
<b>Total liabilities and equity</b>	<b>392,764</b>	<b>373,019</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

	2016	2015
	\$	\$
<b>Results of operations</b>		
Revenue from distribution of electricity	336,988	299,473
Services provided to Windsor Utilities Commission	20,547	20,503
<u>Other revenue</u>	<u>8,429</u>	<u>8,758</u>
<b>Total revenue</b>	<b>365,964</b>	<b>328,734</b>
Cost of electrical energy	280,944	248,714
<u>Other net expenses</u>	<u>70,675</u>	<u>66,472</u>
<b>Total expenses</b>	<b>351,619</b>	<b>315,186</b>
<u>Net income</u>	<u>14,345</u>	<u>13,548</u>

**Related party transactions**

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

- On November 6, 2012 WCUL and WUC entered into a Water System Operating Agreement (“WSOA”), whereby WCUL agreed to provide services to WUC with respect to certain management, administrative services, construction operations, and maintenance services. Pursuant to the terms of the WSOA, WUC has transferred all employees of WUC to WCUL.
- WCUL provides sewer surcharge billing and collecting and street lighting for the City. The total amount charged to the City and included in other revenue for the year ended December 31, 2016 was \$5,173 (2015 - \$5,368).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2016 relating to sewer surcharge was \$5,396 (2015 - \$5,696).
- The amounts due from related parties which are included in current assets consist of:

	2016	2015
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>3,767</u>	<u>3,114</u>

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

	2016	2015
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>55,699</u>	<u>56,520</u>



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

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

	<b>2016</b>	<b>2015</b>
	\$	\$
<u>Due to the Corporation of the City of Windsor (net)</u>	<u>4,643</u>	<u>5,103</u>

**(ii) WDTC**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Financial position</b>		
Current assets	21,719	17,896
Property, plant and equipment	134,980	127,286
<u>Total assets</u>	<u>156,699</u>	<u>145,182</u>
Current liabilities	12,946	2,970
Shareholder's equity	143,753	142,212
<u>Total liabilities and equity</u>	<u>156,699</u>	<u>145,182</u>
<b>Results of operations</b>		
Tolls	10,522	10,497
Other revenues	1,552	955
<u>Total revenues</u>	<u>12,074</u>	<u>11,452</u>
<u>Operating expenses</u>	<u>9,533</u>	<u>8,719</u>
<u>Net income</u>	<u>2,541</u>	<u>2,733</u>

**Related party transactions**

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

- WDTC utilizes financial, secretarial, project management and administrative services provided by the City. The total amount of fees paid for the year ending December 31, 2016 is \$334 (2015 - \$291).
- The amounts due to related parties which are included in current liabilities consist of:

	<b>2016</b>	<b>2015</b>
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>1,024</u>	<u>1,047</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

(iii) **WUC**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Financial position</b>		
Current assets	37,825	37,343
<u>Property, plant and equipment and sinking fund</u>	<u>263,967</u>	<u>247,180</u>
<u>Total assets</u>	<u>301,792</u>	<u>284,523</u>
Current liabilities	11,432	9,899
<u>Long-term liabilities</u>	<u>67,073</u>	<u>67,450</u>
Total liabilities	78,505	77,349
<u>Total equity</u>	<u>223,287</u>	<u>207,174</u>
<u>Total liabilities and equity</u>	<u>301,792</u>	<u>284,523</u>
<b>Results of operations</b>		
Retail water sales	50,341	47,243
<u>Other revenues</u>	<u>10,771</u>	<u>11,035</u>
<u>Total revenues</u>	<u>61,112</u>	<u>58,278</u>
Cost of production	17,298	16,728
<u>Operating and other net expenses</u>	<u>27,701</u>	<u>27,679</u>
<u>Total expenses</u>	<u>44,999</u>	<u>44,407</u>
<u>Net income</u>	<u>16,113</u>	<u>13,871</u>

**Related party transactions**

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

- The City provides support for capital water main projects and road repairs to WUC. The total amount charged to WUC for the year ending December 31, 2016 was \$10,260 (2015 - \$10,426).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
(\$000's)

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

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

	<b>2016</b>	<b>2015</b>
	\$	\$
Due to Enwin Utilities Ltd.	3,767	3,114
Due to the Corporation of the City of Windsor	3,922	3,028
	<u>6,142</u>	<u>6,142</u>

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

	<b>2016</b>	<b>2015</b>
	\$	\$
Due to Enwin Utilities Ltd.	<u>3,699</u>	<u>4,520</u>

(iv) **YQG**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Financial position</b>		
<b>Total assets</b>	<u>8,320</u>	<u>5,985</u>
Total liabilities	2,180	1,809
Shareholder's equity	6,140	4,176
<b>Total liabilities and equity</b>	<u>8,320</u>	<u>5,985</u>
<b>Results of operations</b>		
Airport operating revenues	5,029	4,306
Management fees and other revenues	2,071	1,638
<b>Total revenues</b>	<u>7,100</u>	<u>5,944</u>
Operating and other expenses	4,136	3,647
<b>Net income</b>	<u>2,964</u>	<u>2,297</u>

**Related party transactions**

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

- YQG provides airport management services to the City. The total amount of management fees received for the year ending December 31, 2016 is \$nil (2015 - \$324).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

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

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

	2016	2015
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>1,148</u>	<u>1,030</u>

**5. Net long-term liabilities**

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

	2016	2015
	\$	\$
Total long-term liabilities	91,899	98,211
<u>Less amount repayable from user fees</u>	<u>(81,985)</u>	<u>(86,657)</u>
<u>Net amount repayable from general taxation</u>	<u>9,914</u>	<u>11,554</u>

The amount repayable from user fees is comprised of:

	2016	2015
	\$	\$
Essex-Windsor Solid Waste Authority (see below)	31,986	32,475
Sewer Surcharge fund	26,443	28,261
Transit Windsor	1,446	1,537
Windsor-Essex Community Housing Corporation	22,110	24,384
<u>Total long-term liabilities repayable by user fees</u>	<u>81,985</u>	<u>86,657</u>

At December 31, 2016, the net long-term liability as reported on the financial statements, which the City is responsible for 50% of EWSWA consists of:

	2016	2015
	\$	\$
Debenture Payable	63,972	64,950
Accrued Interest	1,904	1,933
<u></u>	<u>65,876</u>	<u>66,883</u>

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, 2016**  
**(\$000's)**

**5. Net long-term liabilities (continued)**

- (b) Of the net long-term liabilities in (a) of this note, \$38,241 in principal payments are repayable from 2017 to 2021, \$28,738 from 2022 to 2026 and \$24,920 thereafter.

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

	2017-2021	2022-2026	Thereafter	Total
	\$	\$	\$	\$
From general municipal revenues	9,914	-	-	9,914
From user fees	28,327	28,738	24,920	81,985
	<u>38,241</u>	<u>28,738</u>	<u>24,920</u>	<u>91,899</u>

- (c) Approval of the Ontario Municipal Board or a Treasurer's Certificate relative to the Authorized Repayment Limit of the City has been obtained for the long-term liabilities in (a) issued in the name of the City.
- (d) Total interest expenses for the year for net long-term liabilities which are reported on the consolidated statement of operations and accumulated surplus are as follows:

	2016	2015
	\$	\$
Interest funded from general property taxes	741	839
Interest funded from user fees	4,051	4,298
	<u>4,792</u>	<u>5,137</u>

**6. Employee benefits**

**(a) Pension agreements**

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

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

The amount contributed to OMERS for current service for 2016 was \$22,041 (2015 - \$22,007). At December 31, 2016 the OMERS plan is in a deficit position, which is being addressed through managing contribution rates, benefit levels, and investment returns.

The Transit Windsor contributory pension plan, covering substantially all of its employees, was frozen effective December 31, 1999 with pension benefits for service on and after January 1, 2000 being covered by OMERS. At December 31, 2016 the plan has, for accounting purposes, pension assets of \$5,587 (2015 - \$4,325) and is in a funding deficit of \$1,280 (2015 - \$5,203). As required by the Pension Benefits Standards Act, the City has issued a letter of credit to the pension plan and is making special payments regarding this funding deficit.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**6. Employee benefits (continued)**

**(b) Employee future benefit liabilities**

Employee future benefit liabilities are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2016 and consist of the following:

	<b>2016</b>	<b>2015</b>
	\$	\$
Post retirement benefits	444,953	411,933
Post employment benefits	7,072	6,781
WSIB future benefits	58,996	53,056
Accrued vested sick leave	11,142	11,585
Vacation and vested banked overtime	2,477	2,181
Transit Windsor pension asset	(5,586)	(4,325)
	<u>519,054</u>	<u>481,211</u>

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

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

- Discount Rate 3.75% (2015 – 3.55%)
- Health Care Discount Rate: 5.0% (2015 – 5.5%)  
grading to 4.5% per annum in 2017

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

	<b>2016</b>	<b>2015</b>
	\$	\$
Accrued benefit liability at the beginning of the year	411,933	375,290
Current service cost	16,743	17,675
Interest	20,242	18,909
Amortization of actuarial net losses	6,848	10,311
Benefits paid	(10,813)	(10,252)
Accrued benefit liability at the end of the year	444,953	411,933
Unamortized net actuarial losses	63,959	146,894
Accrued benefit obligations at the end of the year	<u>508,912</u>	<u>558,827</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, 2016 and the next required valuation will be as of December 31, 2019.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**6. Employee benefits (continued)**

**(ii) Liability for Workplace Safety and Insurance**

The Workplace Safety and Insurance Board ("WSIB") estimates the undiscounted future benefit costs and administrative downloading for the City as a Schedule II employer. The estimated liability recorded at December 31, 2016 is \$58,996 (2015 - \$53,056).

**(iii) Accrued vested sick leave**

Accrued vested sick leave refers to the balance of unused sick leave credits which is payable to eligible employees of the City upon their retirement. Under the sick leave plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment upon leaving the City's employment. In 2016, an amount of \$1,214 (2015 - \$1,322) has been paid and is reported as an expense on the consolidated statement of operations and accumulated surplus.

**7. Landfill post closure liabilities**

The liability for landfill post closure costs at December 31, 2016 is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$2,441 (2015 - \$2,362) and post closure expenses associated with the closed Essex County Landfill #3 of \$10,254 (2015 - \$11,076).

The Essex County Landfill #3 was closed in 1997 and requires care for an estimated period of 40 years from the date of closure. The December 31, 2016 liability for post closure expenditures is based on the annual payment to EWSWA of \$610 (2015 - \$620) and inflation adjusted at 2.0% per annum (2015 - 2.0%) and discounted to December 31, 2016 using a discount rate of 3.75 % (2015 - 3.55%).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**8. Municipal position**

**(a) Accumulated surplus**

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

	2016 \$	2015 \$ (restated)
<b>Surplus:</b>		
Invested in tangible capital assets	1,911,664	1,887,178
Invested in government business enterprises	542,315	513,352
Unfunded employee future benefit liabilities	(519,054)	(481,211)
Unfunded landfill post closure liabilities	(12,695)	(13,438)
Unfunded inactive contaminated sites liabilities	(6,289)	(6,289)
Other	73,602	50,560
<b>Total surplus</b>	<b>1,989,543</b>	<b>1,950,152</b>
<b>Reserves set aside for specific purpose by Council:</b>		
Working funds	14,850	11,840
Encumbrances	2,235	2,335
Future planning	1,488	1,351
Post retirement death benefit	103	79
Recreation services	1,318	1,253
Fire services	568	429
Environmental services	23,002	23,721
Occupational illness	1,180	2,828
Others	1,944	1,846
<b>Total reserves</b>	<b>46,688</b>	<b>45,682</b>
<b>Reserve funds set aside for specific purpose by Council:</b>		
Replacement of equipment	52,332	58,055
Capital expenditures	42,143	38,452
Insurance	4,560	4,134
Health benefits rate stabilization	4,874	4,606
Sanitary sewer expenditures	7,883	12,041
Budget stabilization	6,568	6,260
Children's fund	686	682
Social housing	6,613	6,266
Recreation	194	275
Transit debt repayment	1,757	1,864
Public health	3,896	-
Tax appeals	1,470	7,579
<b>Total reserve funds</b>	<b>132,976</b>	<b>140,214</b>
<b>Total accumulated surplus</b>	<b>2,169,207</b>	<b>2,136,048</b>



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**8. Municipal position (continued)**

**(b) Deferred revenue**

The following funds totalling \$37,129 deferred revenue (2015 – \$37,102) relate to net inflows (outflows) which have statutory restrictions and as such are classified as deferred revenue on the consolidated statement of financial position:

	<b>Beginning balance 2015 \$</b>	<b>2016 Inflows \$</b>	<b>2016 Outflows \$</b>	<b>Ending Balance 2016 \$</b>
Parkland acquisition fund	534	1,264	435	1,363
Development charges fund	16,871	9,314	4,621	21,564
Building permit fund (net)	(463)	75	5	(393)
Provincial gas tax fund	613	3,534	3,484	663
Federal gas tax fund	17,568	12,963	16,726	13,805
Federal public transit fund	329	3	-	332
Others	1,650	-	1,855	(205)
<b>Total deferred revenue</b>	<b>37,102</b>	<b>27,153</b>	<b>27,126</b>	<b>37,129</b>

The parkland acquisition fund is utilized to fund purchases of parkland and other recreation expenditures. The development charges fund is utilized to fund growth related capital works. The building permit fund is utilized to fund the building permit department. Surpluses or deficits of net building permit income (loss) are transferred to this fund. In 2012, the City created a reserve fund specifically to offset the deficit in the building permit fund, the activity of which is included above. The Provincial gas tax fund is utilized to fund public transportation programs. The Federal gas tax fund is utilized to fund environmentally sustainable municipal infrastructure projects. The Federal public transit fund is utilized to fund transit infrastructure to increase ridership.

**9. Commitments**

As at December 31, 2016, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost of \$64,798 (2015 - \$50,500) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2021 of \$641 (2015 - \$1,209).
- (c) The City has approved Community Improvement Plans (“CIP”) that contain financial incentive programs for Brownfield Redevelopment, Economic Revitalization and Olde Sandwich Towne Community Improvement.

The CIPs allow the City to provide grants to property owners/tenants, or to undertake other community improvement activities to further the objectives of each CIP, which would otherwise be prohibited by Ontario’s *Municipal Act*. At December 31, 2016, there were 17 approved grant applications under the Economic Revitalization CIP, 5 approved grant

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**9. Commitments (continued)**

applications under the Brownfield Redevelopment CIP, and 5 approved grant applications under the Olde Sandwich Towne CIP. The amount of grant funding is directly tied to the increase in municipal property taxes as a result of assessment growth so there will be no net financial cost to the City. The program will not reduce current revenue levels but forego incremental tax revenue. Grants are paid over a period not to exceed 10 years with the maximum amount of grant funding equal to eligible costs incurred by the applicant.

The estimated value of remaining approved grants is \$12,923 (2015 - \$8,751).

- (d) The City has agreed to fund \$10,000 towards the transfer and renovations of the Armouries to the University of Windsor for their programs. To date, \$2,000 (2015 - \$2,000) has been paid based on construction milestones. The City has approved a placeholder of \$8,000 in its capital budget relative to the remaining commitment.
- (e) In 2013, the City purchased the land and building which house the Art Gallery of Windsor ("AGW") for \$2,500. The City is obligated to lease a portion of the building to AGW for 46 years at \$1 per year.

**10. Budget figures**

Budget figures have been excluded on the consolidated statement of operations and accumulated surplus as they are not directly comparable to the actual figures due to the requirement to accrue certain expenses in accordance with PSAB reporting requirements. The City does not, in many cases, include these amounts in the annual budget as they do not require immediate funding. Additionally, budgets relating to tangible capital asset purchases have been excluded on the consolidated statement of operations and accumulated surplus, as they are not comparable to actual results. The City's annual capital budget is primarily invested in tangible capital assets which are reflected on the consolidated statement of financial position, while expenses included in the consolidated statement of operations and accumulated surplus include the annual amortization expense relating to those tangible capital assets.

**11. Public liability insurance**

The City is self-insured for general liability claims up to \$250 (2015 - \$250) for any individual claim. Outside coverage is in place for claims in excess of this amount.

The City is currently insured with the Ontario Municipal Insurance Exchange ("OMEX"), an insurance reciprocal whose members pool their insurance coverage. As a member of a reciprocal, the City agrees to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. The City paid \$ nil in retroactive assessments in 2016 (2015 - \$nil). The City has established a reserve fund for self-insurance, which at December 31, 2016 amounted to \$4,560 (2015 - \$4,134).

The City budgets each year for premiums and claims. Any budget excess is credited to the reserve fund. Payment of premiums and claims are shown as expenses on the consolidated statement of operations and accumulated surplus.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**12. Segmented information**

The City of Windsor is a diversified single tier municipality that provides a wide range of services to its citizens, including police, fire, ambulance, public transit, water and many others. These services are provided by departments and related entities of the City and their activities are reported by segment in these consolidated financial statements.

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

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

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

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

*Environmental services* is comprised of Sanitary and Storm Sewers, Solid Waste Collection and Disposal, and Recycling

*Health services* is comprised of Ambulance and Public Health services

*Social and family services* is comprised of Social Services, Social Housing, Child Care, and Assistance to the Aged

*Recreation and culture* is comprised of Parks, Recreation Facilities, and Libraries

*Planning and development* is comprised of Planning and Zoning, Commercial and Industrial, and Business Improvement Areas

**13. Contingent liabilities**

- (a) During the normal course of operations, the City is subject to various legal actions, including some which can be substantial. The settlement of the actions that can be reasonably estimated is not expected to have a material effect on the consolidated financial statements of the City. Other legal actions may be at an early stage and therefore the likelihood and magnitude of impact cannot be reasonably determined.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2016**  
**(\$000's)**

**13. Contingent liabilities (continued)**

- (b) The City is awaiting a re-hearing of the Ontario Municipal Board (“OMB”) regarding the expropriation of lands within the Spring Garden Area of Natural and Scientific Interest (ANSI). Depending on the outcome of the legal proceedings, the City could be obligated to pay an additional amount of up to approximately \$4,000.
- (c) Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements. The contractor has registered a lien and claiming damages in the amount of \$4,677. Whether the contractor will recover all, some or none of that amount is undeterminable.
- (d) The City is the subject of a class action lawsuit relating to bingo/lottery licence fees. Depending on the outcome of the legal proceedings, the City could incur a liability of up to approximately \$70,000.

**14. Comparative figures and restatement**

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

Additionally, the prior year amounts for Trade and other receivables, Accumulated Surplus, Other revenue, and Annual Surplus were restated to reflect proper accrued revenue.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Schedule of Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2016**  
**(\$000's)**

2016	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture	Planning and development	Total
<b>Expenses</b>									
Salaries, wages and benefits	39,627	149,009	46,445	15,942	-	55,691	32,543	4,066	343,323
Interest	-	741	34	2,828	-	1,189	-	-	4,792
External transfers	196	1,519	1,072	-	12,709	142,352	364	2,205	160,417
Amortization	1,428	3,952	32,769	18,913	-	7,069	10,053	95	74,279
Goods and services	17,339	16,137	22,845	30,105	88	36,617	32,900	1,970	158,001
<b>Total Expenses</b>	<b>58,590</b>	<b>171,358</b>	<b>103,165</b>	<b>67,788</b>	<b>12,797</b>	<b>242,918</b>	<b>75,860</b>	<b>8,336</b>	<b>740,812</b>
<b>Revenues excluding taxation</b>									
User charges	10,373	10,488	20,388	63,653	-	32,676	14,795	1,200	153,573
Provincial and federal transfers	22,671	5,551	21,361	294	-	159,744	5,872	-	215,493
Revenue from other municipalities	-	275	-	2,372	-	17,876	701	-	21,224
Other	29,706	7,435	1,567	3,164	-	838	4,404	26	47,140
Change in equity in government business enterprises	28,963	-	-	-	-	-	-	-	28,963
<b>Total revenues excluding taxation</b>	<b>91,713</b>	<b>23,749</b>	<b>43,316</b>	<b>69,483</b>	<b>-</b>	<b>211,134</b>	<b>25,772</b>	<b>1,226</b>	<b>466,393</b>
Net municipal property taxes and payments-in-lieu of taxes									307,578
<b>Annual (deficit) surplus</b>	<b>33,123</b>	<b>(147,609)</b>	<b>(59,849)</b>	<b>1,695</b>	<b>(12,797)</b>	<b>(31,784)</b>	<b>(50,088)</b>	<b>(7,110)</b>	<b>33,159</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Schedule of Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2016**  
**(\$000's)**

2015 [restated]	Protection to		Environmental services	Health services	Social and family services	Recreation and culture development	Planning and development	Total
	General government	persons and property						
<b>Expenses</b>								
Salaries, wages and benefits	37,149	148,505	14,037	-	54,746	30,228	3,973	333,727
Interest	-	839	2,901	-	1,361	-	-	5,137
External transfers	5	1,457	-	12,115	146,417	335	1,272	162,673
Amortization	1,490	3,405	18,483	-	7,762	10,250	96	73,672
Goods and services	17,688	16,213	29,461	-	37,358	22,333	1,991	149,741
<b>Total Expenses</b>	<b>56,332</b>	<b>170,419</b>	<b>64,882</b>	<b>12,115</b>	<b>247,644</b>	<b>63,146</b>	<b>7,332</b>	<b>724,950</b>
<b>Revenues excluding taxation</b>								
User charges	8,305	9,695	61,800	221	31,239	14,795	1,914	148,810
Provincial and federal transfers	20,953	5,124	144	-	157,580	788	-	202,118
Revenue from other municipalities	51	286	2,185	-	16,955	466	-	19,943
Other	27,042	6,089	3,880	-	852	489	689	42,251
Change in equity in government business enterprises	24,449	-	-	-	-	-	-	24,449
<b>Total revenues excluding taxation</b>	<b>80,800</b>	<b>21,194</b>	<b>68,009</b>	<b>221</b>	<b>206,626</b>	<b>16,538</b>	<b>2,603</b>	<b>437,571</b>
Net municipal property taxes and payments-in-lieu of taxes								308,937
<b>Annual (deficit) surplus</b>	<b>24,468</b>	<b>(149,225)</b>	<b>3,127</b>	<b>(11,894)</b>	<b>(41,018)</b>	<b>(46,608)</b>	<b>(4,729)</b>	<b>21,558</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Tangible Capital Assets - 2016 - Schedule 2**  
**Year ended December 31, 2016**  
**(\$000's)**

<b>2016</b>				
<b>Cost</b>	<b>Balance, beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, end of year</b>
Land	269,687	4	(1,930)	267,761
Landfill and land improvements	172,410	2,076	(227)	174,259
Building and building improvements	640,154	8,597	(46)	648,705
Vehicles, machinery and equipment	206,126	29,684	(6,187)	229,623
Water and wastewater infrastructure	837,517	11,686	(341)	848,862
Roads infrastructure	852,058	20,507	(890)	871,675
Airport assets	79,816	2,009	(52)	81,773
Assets under construction	180,855	20,830	-	201,685
<b>Total</b>	<b>3,238,623</b>	<b>95,393</b>	<b>(9,673)</b>	<b>3,324,343</b>

<b>Accumulated amortization</b>	<b>Balance, beginning of year</b>	<b>Disposals</b>	<b>Amortization expense</b>	<b>Balance, end of year</b>
Landfill and land improvements	56,961	(97)	4,393	61,257
Building and building improvements	279,712	(45)	16,941	296,608
Vehicles, machinery and equipment	123,891	(5,756)	13,311	131,446
Water and wastewater infrastructure	298,837	(144)	15,628	314,321
Roads infrastructure	466,966	(644)	21,547	487,869
Airport assets	26,867	(47)	2,459	29,279
<b>Total</b>	<b>1,253,234</b>	<b>(6,733)</b>	<b>74,279</b>	<b>1,320,780</b>

<b>Net book value</b>	<b>Balance, beginning of year</b>	<b>Balance, end of year</b>
Land	269,687	267,761
Landfill and land improvements	115,449	113,002
Building and building improvements	360,442	352,097
Vehicles, machinery and equipment	82,235	98,177
Water and wastewater infrastructure	538,680	534,541
Roads infrastructure	385,092	383,806
Airport assets	52,949	52,494
Assets under construction	180,855	201,685
<b>Total</b>	<b>1,985,389</b>	<b>2,003,563</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Tangible Capital Assets - 2015 - Schedule 2**  
**Year ended December 31, 2016**  
**(\$000's)**

2015				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	270,336	111	(760)	269,687
Landfill and land improvements	167,056	5,833	(479)	172,410
Building and building improvements	637,571	3,980	(1,397)	640,154
Vehicles, machinery and equipment	200,764	9,746	(4,384)	206,126
Water and wastewater infrastructure	826,206	11,449	(138)	837,517
Roads infrastructure	843,989	8,674	(605)	852,058
Airport assets	79,739	77	-	79,816
Assets under construction	138,069	42,786	-	180,855
<b>Total</b>	<b>3,163,730</b>	<b>82,656</b>	<b>(7,763)</b>	<b>3,238,623</b>

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end of year
Landfill and land improvements	53,305	(339)	3,995	56,961
Building and building improvements	263,055	(1,062)	17,719	279,712
Vehicles, machinery and equipment	115,581	(4,220)	12,530	123,891
Water and wastewater infrastructure	283,278	(126)	15,685	298,837
Roads infrastructure	446,144	(529)	21,351	466,966
Airport assets	24,475	-	2,392	26,867
<b>Total</b>	<b>1,185,838</b>	<b>(6,276)</b>	<b>73,672</b>	<b>1,253,234</b>

Net book value	Balance, beginning of year	Balance, end of year
Land	270,336	269,687
Landfill and land improvements	113,751	115,449
Building and building improvements	374,516	360,442
Vehicles, machinery and equipment	85,183	82,235
Water and wastewater infrastructure	542,928	538,680
Roads infrastructure	397,845	385,092
Airport assets	55,264	52,949
Assets under construction	138,069	180,855
<b>Total</b>	<b>1,977,892</b>	<b>1,985,389</b>



TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2016



KPMG LLP  
618 Greenwood Centre  
3200 Deziel Drive  
Windsor, ON  
N8W 5K8  
Telephone (519) 251-3500  
Fax (519) 251-3530  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the City of Windsor, which comprise the statement of financial position as at December 31, 2016 and the statement of financial activities and continuity of fund balances for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the City of Windsor as at December 31, 2016, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

August 8, 2017  
Windsor, Canada

# THE CORPORATION OF THE CITY OF WINDSOR

## Trust Funds

### Statement of Financial Position

Year ended December 31, 2016

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Chimczuk Bequest \$	Heritage Endowment Fund \$
<b>Assets</b>					
Current assets					
Cash and equivalents	90	17	5,577	-	457
Short-term investments	-	-	-	-	-
Accounts receivable:					
Repayable	-	-	-	-	-
Forgivable	-	-	-	-	-
Other	-	-	-	-	-
Due from City of Windsor	4	27	6	-	-
<b>Total current assets</b>	<b>94</b>	<b>44</b>	<b>5,583</b>	<b>-</b>	<b>457</b>
Long term assets (note 2):					
Investments	-	-	-	-	-
<b>Total assets</b>	<b>94</b>	<b>44</b>	<b>5,583</b>	<b>-</b>	<b>457</b>
<b>Liabilities</b>					
Due to Current Fund City of Windsor	-	-	9	-	-
Due to Capital Fund City of Windsor	-	1	-	-	-
Accounts payable	5	4	25	-	-
<b>Total liabilities</b>	<b>5</b>	<b>5</b>	<b>34</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>	<b>89</b>	<b>39</b>	<b>5,549</b>	<b>-</b>	<b>457</b>
<b>Total liabilities and fund balance</b>	<b>94</b>	<b>44</b>	<b>5,583</b>	<b>-</b>	<b>457</b>

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

<b>EWSWA Landfill Expansion Fund</b>	<b>Richmond Landing Strip Bond</b>	<b>COAHP Revolving Homeownership</b>	<b>Windsor Medical Fund</b>	<b>MacDonald Trust</b>	<b>Willistead Endowment Fund</b>	<b>Fairbairn Cemetery Fund</b>	<b>WPL Bradley Trust Fund</b>	<b>Total 2016</b>	<b>Total 2015</b>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
-	-	408	33	36	17	11	10	6,656	6,322
-	-	-	-	-	-	-	-	-	599
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	17
-	-	45	-	-	-	-	-	82	5
-	-	453	33	36	17	11	10	6,738	6,943
4,063	2,747	-	-	-	-	-	-	6,810	12,283
4,063	2,747	453	33	36	17	11	10	13,548	19,226
-	-	26	-	-	-	-	-	35	60
-	-	-	-	-	-	-	-	1	19
-	-	418	-	-	-	-	-	452	292
-	-	444	-	-	-	-	-	488	371
4,063	2,747	9	33	36	17	11	10	13,060	18,855
4,063	2,747	453	33	36	17	11	10	13,548	19,226

# THE CORPORATION OF THE CITY OF WINDSOR

## Trust Funds

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

Year ended December 31, 2016

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Chimczuk Bequest \$	Heritage Endowment Fund \$
Balance at the beginning of the year	94	57	5,300	575	453
<b>Revenues</b>					
Residents' comfort	177	-	-	-	-
Interest earned	-	-	54	1	4
Contributions	-	1	502	-	-
<b>Total revenues</b>	177	1	556	1	4
<b>Expenditures</b>					
Payments to residents or estates	182	-	-	-	-
Purchases of furnishings and capital improvements	-	19	307	-	-
Payments to Province of Ontario	-	-	-	-	-
Contribution to City of Windsor Capital Fund	-	-	-	576	-
Other expenses	-	-	-	-	-
<b>Total expenditures</b>	182	19	307	576	-
<b>Balance at the end of the year</b>	89	39	5,549	-	457

<b>EWSWA Landfill Expansion Fund</b>	<b>Richmond Landing Strip Bond</b>	<b>COAHP Revolving Homeownership</b>	<b>Windsor Medical Fund</b>	<b>MacDonald Trust</b>	<b>Willistead Endowment Trust</b>	<b>Fairbairn Cemetery Trust</b>	<b>WPL Bradley Trust</b>	<b>Total 2016</b>	<b>Total 2015</b>
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
9,667	2,616	6	33	37	7	-	10	18,855	21,509
-	-	-	-	-	-	-	-	177	178
357	131	3	-	-	-	-	-	550	619
-	-	18	-	-	10	11	-	542	522
357	131	21	-	-	10	11	-	1,269	1,319
-	-	-	-	-	-	-	-	182	181
-	-	-	-	1	-	-	-	327	685
-	-	-	-	-	-	-	-	-	204
-	-	-	-	-	-	-	-	576	2,810
5,961	-	18	-	-	-	-	-	5,979	93
5,961	-	18	-	1	-	-	-	7,064	3,973
4,063	2,747	9	33	36	17	11	10	13,060	18,855

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2016

(\$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 \$6,810 (2015 - \$12,283) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year.

### 3. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2016 total \$13,060 (2015 - \$18,855) and are comprised of the following:

**Huron Lodge Residents' Comfort Trust \$89** (2015 - \$94)

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

**Willistead Furnishings Trust Fund \$39** (\$2015 - \$57)

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

**Windsor Justice Facility Capital Maintenance Trust \$5,549** (2015 - \$5,300)

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

**Chimczuk Trust \$0** (2015 - \$575)

Administers a bequest from Mr. Joseph Chimczuk intended to be used to fund a cultural museum. In 2015, funds were utilized to begin the construction of the Chimczuk Museum and was officially opened in 2016. Funding sources for this project included over \$3.3 million from the bequest of Mr. Chimczuk.

**Heritage Endowment Fund \$457** (2015 - \$453)

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

**Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$4,063** (2015- \$9,667)

This trust fund was established to hold funds paid by MFP Financial Services Limited to the County of Essex and the City in accordance with the settlement dated July 29, 2005. These funds will be utilized for ongoing cell expansions of the EWSWA consistent with the original loan with required payments in 2016 and 2024. The fund balance of the trust fund relates specifically to an amount payable to the EWSWA regarding ongoing future cell expansions.



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2016

(\$000's)

### **Richmond Landing Strip Bond Trust \$2,747 (2015 - \$2,616)**

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 2030. 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 \$9 (2015 - \$6)**

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

### **Windsor Medical Fund \$33 (2015 - \$33)**

This fund was established in 2008 specifically for the acquisition of significant artifacts within the scope of the Windsor's Community Museum collection.

### **MacDonald Trust \$36 (2015 - \$37)**

The transfer of the Museum function to the City of Windsor from the Windsor Public Library Board was finalized in 2008. The funds in the MacDonald Trust are to be expended on the collection, preservation and display of artifacts in the Francois Baby House.

### **Willistead Endowment Trust \$17 (2015 - \$7)**

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

### **Fairbairn Cemetery Fund \$11 (2015 - \$0)**

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

### **Windsor Public Library – Bradley Trust \$10 (2015 - \$10)**

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

## 4. COMPARATIVE FIGURES

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