



Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

December 31, 2000



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Consolidated Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

Year ended December 31, 2000



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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, 2000 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, 2000 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.

The comparative figures for the preceding year were examined by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2000.

KPMG LLP

Chartered Accountants

Windsor, Canada

August 24, 2001, except as to note 17 which is as of January 6, 2002



THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Financial Position
December 31, 2000, with comparative figures for 1999
(\$000's)

	2000 \$	1999 \$ (Restated)
Financial assets		
Cash and temporary investments	23,411	19,233
Taxes and grants-in-lieu receivable	28,063	34,148
Trade and other receivables	43,088	33,363
Prepaid expenses	1,840	1,186
Promissory note receivable [note 4(b)]	71,718	-
Total financial assets	168,120	87,930
Investment in government business enterprises [note 4(a)]	183,040	3,877
Total assets	351,160	91,807
Liabilities		
Temporary borrowings [note 5]	41,204	32,981
Accounts payable	42,946	40,562
Deferred revenue [note 8(d)]	10,124	8,729
Accrued interest on long term debt	2,266	2,365
Long term debt [note 6 and 17]	115,104	86,972
Employee future benefit obligations [note 7(b)]	148,609	140,103
Total liabilities	360,253	311,712
Municipal position		
Operating fund [note 8(a)]	(1,785)	(1,837)
Capital fund [note 8(b)]	(69,423)	(58,747)
Reserves and reserve funds [note 8(c)]	78,471	71,452
Fund balances	7,263	10,868
Equity in government business enterprises [note 4(c)]	231,240	3,877
Amounts to be recovered in future years [note 8(e)]	(247,596)	(234,650)
Net municipal position	(9,093)	(219,905)
Total liabilities and municipal position	351,160	91,807

Commitments and contingencies [notes 3, 9, 14, and 17]

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

THE CORPORATION OF THE CITY OF WINDSOR

Consolidated Statement of Financial Activities

Year ended December 31, 2000, with comparative figures for 1999

(\$000's)

	Budget	2000	1999
	\$	\$	\$
			(Restated)
Revenues			
Property taxes and grants-in-lieu	208,547	210,204	208,463
User charges	110,805	119,756	107,335
Provincial and federal transfers	95,788	81,204	74,622
Revenue from other municipalities	17,529	18,256	14,763
Other	23,892	34,669	35,257
Change in equity in government business enterprises [note 4(a)]	-	7,862	309
Total revenues	456,561	471,951	440,749
Expenditures			
Operating			
General government	36,933	45,532	43,363
Protection to persons and property	77,099	83,208	77,136
Transportation services	44,651	48,512	47,284
Environmental services	25,551	30,688	29,594
Health services	7,024	7,153	7,350
Social and family services	141,514	124,967	108,284
Recreation and culture	34,769	36,371	36,757
Planning and development	20,508	20,161	17,420
Total operating	388,049	396,592	367,188
Capital [note 10]			
General government	4,427	3,341	2,517
Protection to persons and property	3,148	12,090	19,070
Transportation services	20,471	26,276	31,584
Environmental services	18,045	15,519	16,358
Social and family services	896	582	752
Recreation and culture	9,214	14,872	12,659
Planning and development	3,554	11,224	21,810
Health services	169	144	-
Total capital	59,924	84,048	104,750
Total expenditures	447,973	480,640	471,938
Acquisition of ownership interest in electric utility [note 4]	-	131,141	-
Transfer of assets of newly defined government business enterprise	-	88,360	-
Net revenues (expenditures)	8,588	210,812	(31,189)
New debt issued	19,535	22,550	17,790
Debt principal repayments	(19,223)	(17,900)	(16,275)
Inventory change	-	22	(122)
Change in employee future benefit obligations	-	8,506	6,320
Accrued interest change	-	(99)	640
Change in deferred expenses	-	(133)	-
Increase in amounts to be recovered in future years	312	12,946	8,353
Transfer of revenue from government business enterprises	-	(227,363)	(309)
Change in fund balances	8,900	(3,605)	(23,145)

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

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Cash Flows
Year ended December 31, 2000
(\$000's)

	2000 \$
	[Note 11]
Cash provided by (used in)	
Operating activities:	
Net revenues	210,812
Change in non-cash items:	
Decrease in taxes and grants and lieu receivable	6,085
Increase in trade and other receivables	(9,725)
Increase in prepaid expenses	(654)
Increase in accounts payable	2,384
Increase in deferred revenue	1,395
Decrease in accrued interest on long term debt	(99)
Increase in employee future benefits obligations	8,506
Net cash provided by operating activities	218,704
Financing activities	
Long-term debt assumed on acquisition of ownership interest in electric utility	23,518
Long-term debt issued	22,550
Long-term debt repaid	(17,936)
Increase in temporary borrowings	8,223
Net cash provided by financing activities	36,355
Investing activities	
Increase in investment in government business enterprises	(179,163)
Increase in promissory note	(71,718)
Net cash used by investment activities	(250,881)
Net change in cash and cash equivalents	4,178
Cash and temporary investments, beginning of year	19,233
Cash and temporary investments, end of year	23,411

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

1. Summary of significant accounting policies and reporting practices:

These consolidated financial statements of the Corporation are the representations of management prepared in accordance with its interpretation of the recommendations of the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants that are applicable to municipalities. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Reporting entity:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and changes in fund balance and in financial position of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to City Council and which are owned or controlled by the City of Windsor.

(i) Consolidated entities:

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

Cleary International Centre
Windsor Police Services
Roseland Golf and Curling Club Limited
Transit Windsor
The Corporation of the City of Windsor Public Library Board
Windsor Tunnel Commission
City Centre Business Improvement Area
Ford City Business Improvement Area
Erie Street Business Improvement Area
Ottawa Street Business Improvement Area
Olde Riverside Business Improvement Area
Historic Olde Walkerville Business Improvement Area
Wyandotte Towne Centre Business Improvement Area
Olde Sandwich Towne Business Improvement Area
Pilette Village Business Improvement Area

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

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

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

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

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

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

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

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

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

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

(v) **Trust funds:**

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

The trust funds administered by the Corporation as of December 31, 2000 total \$3,743 (1999 - \$3,357) and are comprised of the following:

Huron Lodge Maintenance Trust \$717 (1999 - \$767)

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

Huron Lodge Comfort Trust \$351 (1999 - \$394)

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

Willistead Furnishings and Acquisitions Trust Fund \$14 (1999 - \$17)

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

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2000

(\$000's)

Ontario Home Renewal Program Trust

- Regular \$199 (1999 - \$219)
- Rental \$1 (1999 - \$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 (1999 - \$1)

Administers unspent campaign donations of municipal elections candidates.

Chimczuk Trust \$2,033 (1999 - \$1,952)

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

Joint Justice Facility Capital Maintenance Trust \$421 (1999 - \$0)

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

Ontario Lottery Gaming Commission Trust (OLGC) \$0 (1999 - \$0)

Administers revenues from lottery ticket sales made on behalf of the OLGC.

Library Board Trust \$6 (1999 - \$6)

Administers a bequest to the Windsor Public Library.

(b) Basis of accounting:

(i) PSAB recommendations:

These financial statements have been prepared in accordance with those recommendations of the PSAB of the Canadian Institute of Chartered Accountants which are applicable to municipalities. In previous years, these financial statements were prepared based on the Municipal Financial Reporting Handbook of the Ministry of Municipal Affairs and Housing ("MAH"). This change in accounting policy was mandated for all Ontario municipalities by MAH. The comparative 1999 figures have been restated to conform to the new reporting format.

The new reporting requirements are comprehensive in nature requiring the City to recognize assets and liabilities not previously recorded in the consolidated statement of financial position. Further, the new reporting requirements have materially altered the fund balances, net municipal position and net revenues (expenditures) reported previously in the consolidated statement of financial activities. Under the former requirements, the following balances would have been reported:

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

	2000	1999
	\$	\$
Assets	245,666	161,889
Liabilities	184,952	145,980
Fund balances	60,714	15,909
Municipal position	60,714	15,909

(ii) Fund accounting:

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

(iii) Taxes receivable and related revenues:

Property tax billings are prepared by the City based on assessment rolls issued by the Ontario Property Assessment Corporation ("OPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by OPAC. A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded at the time tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the result of the appeal process is known.

The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(iv) Accounts receivable:

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

(v) **Inventories:**

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

(vi) **Fixed assets:**

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

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

In 2000, the corporation adopted the method of accounting for employee future benefits required by the Canadian Institute of Chartered Accountants'. Previously, costs for employee future benefits were expensed as paid.

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination rates, retirement age and expected inflation rate with respect to employee benefit costs.

2. **School boards:**

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

	2000	1999
	\$	\$
Taxation received or receivable	98,579	98,962
Requisitions	98,185	99,502
<u>Amount due to (from) school boards</u>	<u>394</u>	<u>(540)</u>

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

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

	2000	1999
	\$	\$
Windsor-Essex County Health Unit	2,540	2,382

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Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

The Corporation is contingently liable for its share, which is approximately 56%, of any deficits which may arise. The Windsor-Essex County Health Unit did not incur a deficit in 1999 or 2000.

The Corporation is also contingently liable for its share of the costs pertaining to a lease agreement of the Windsor-Essex County Health Unit which expires on December 31, 2018. In addition to future rental payments totalling \$8,692, the Corporation is also contingently liable for insurance, taxes and utilities related to the leased premises. It is considered unlikely that the Corporation will be called upon to take over these lease payments.

4. Government Business Enterprises ("GBE"):

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

Windsor Canada Utilities Ltd. ("WCUL")

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

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

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

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

THE CORPORATION OF THE CITY OF WINDSOR
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(\$000's)

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

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

Windsor Utilities Commission ("WUC")

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

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

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

(a) Investment in GBE:

The City of Windsor has investments in GBE totalling \$183,040 (1999, \$3,877) which is comprised of the following:

	2000	1999
	\$	\$
WCUL	86,847	-
WUC	92,467	-
CWHCL	3,726	3,877
	<u>183,040</u>	<u>3,877</u>

THE CORPORATION OF THE CITY OF WINDSOR
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(\$000's)

A continuity of the investment in GBE is as follows:

	WUCL	WUC	CWHCL	2000 Total	1999 Total
	\$	\$	\$	\$	\$
Opening investment	-	-	3,877	3,877	3,568
Acquisition of ownership interest of electric utility	82,941	-	-	82,941	-
Transfer of net assets of new defined GBE	-	88,360	-	88,360	-
Capital contribution	517	1,494	-	2,011	-
Current income (loss)	3,389	2,613	(151)	5,851	309
Closing investment	86,847	92,467	3,726	183,040	3,877

(b) Promissory note receivable:

During 2000, the Corporation negotiated a promissory note with WCUL in the amount of \$75,200. At December 31, 2000, the amount outstanding on the promissory note is \$71,718. This note receivable is unsecured and is non-interest bearing until August 1, 2001, at which time the rate will be 6% per annum receivable quarterly. The principal repayments on the promissory note receivable are as follows:

	\$
2001	2,887
2002	2,240
2003	2,370
2004	2,509
2005	2,655
Thereafter	59,057
Total	71,718

(c) Equity in GBE:

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

	2000	1999
	\$	\$
WCUL	135,047	-
WUC	92,467	-
CWHCL	3,726	3,877
	231,240	3,877

THE CORPORATION OF THE CITY OF WINDSOR
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(\$000's)

The difference in the investment in WCUL, as shown in note 4(a) and the equity therein, relates to the promissory note receivable in the amount of \$71,718 held by the Corporation and discussed in section (b) above less outstanding debt of WCUL assumed by the Corporation amounting to \$23,518.

(d) Supplementary information of GBE:

(i) WCUL

Comparative figures for 1999 are not available as WCUL commenced operations on January 1, 2000.

	2000
	\$
Financial position	
Current assets	42,988
Capital assets	173,866
Work in progress and other assets	2,210
Total assets	219,064
Current liabilities	39,316
Long term liabilities	92,900
Total liabilities	132,216
Shareholders' equity	86,848
Total liabilities and equity	219,064
	2000
	\$
Results of operations	
Residential revenue	51,726
General service revenue	162,348
Other revenue	9,216
Total revenue	223,290
Cost of electrical energy	192,594
Operating expenses	18,328
Other net expenses	8,979
Total expenses	219,901
Net income	3,389

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
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(\$000's)

Related party transactions:

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

- Under a Management Services Agreement effective January 1, 2000, Enwin Utilities Ltd. provides certain finance, administration, human resource, management and other support services to the Windsor Utilities Commission. The total amount charged to the Windsor Utilities Commission for the year ended December 31, 2000 was \$7,537 and is included in other revenue above.
- Enwin Energy Ltd. provides marketing services to the Windsor Utilities Commission. The total amount charged for these services for the year ended December 31, 2000 was \$218 which is included in other income above.
- Enwin Powerlines Ltd. provides sewer surcharge billing and collecting and street lighting for the City of Windsor. The total amount charged to the City of Windsor and included in other revenue for the year ended December 31, 2000 was \$1,499.
- Enwin Energy Ltd. collects and remits the sewer surcharge on behalf of the City of Windsor. The total amount owing to the City of Windsor at year end relating to sewer surcharge was \$1,551.
- The amounts due to related parties which are included in current liabilities consist of:

	\$
<u>Due to Windsor Utilities Commission</u>	4,281
<u>Due to the Corporation of the City of Windsor</u>	661
	<u>4,942</u>

(ii) WUC

	2000	1999
	\$	\$
Financial position		
Current assets	8,895	15,498
<u>Capital assets</u>	<u>119,752</u>	<u>99,728</u>
Total assets	128,647	115,226
Current liabilities	8,294	8,233
<u>Long term liabilities</u>	<u>27,886</u>	<u>32,742</u>
Total liabilities	36,180	40,975
<u>Accumulated surplus</u>	<u>92,467</u>	<u>74,251</u>
<u>Total liabilities and surplus</u>	<u>128,647</u>	<u>115,226</u>

THE CORPORATION OF THE CITY OF WINDSOR
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(\$000's)

	2000	1999
	\$	\$
Results of operations		
Retail water sales	20,083	20,992
Other revenues	10,442	3,550
Total revenues	30,525	24,542
Cost of production	9,577	6,055
Operating expenses	12,387	8,640
Other net expenses	5,948	4,900
Total expenses	27,912	19,595
Net income	2,613	4,947

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 resources and other support services to the Commission. The total amount charged to the Commission for the year ended December 31, 2000 was \$7,557 (1999 – N/A) which is included above under operating expenses.
- In addition, the Commission provides sewer surcharge billing, collecting and fire protection maintenance for the City of Windsor. The total amount charged to the City of Windsor for the year ended December 31, 2000 was \$1,676 (1999 - \$1,703) which is included above in other revenue.
- At year end, there is an amount owing from Enwin Utilities Ltd. totalling \$4,281 with no specified repayment terms which is included above in current assets. In addition, there is an amount owing for the Corporation totalling \$227 which is non-interest bearing with no specified repayment terms.

THE CORPORATION OF THE CITY OF WINDSOR
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(iii) CWHCL

	2000	1999
	\$	\$
Financial position:		
Current assets	2,773	3,032
Capital assets	7,155	7,227
Total assets	9,928	10,259
Current liabilities	713	821
Long term liabilities	5,490	5,562
Total liabilities	6,203	6,383
Shareholders' equity	3,725	3,876
Total liabilities and equity	9,928	10,259
	2000	1999
	\$	\$
Results of operations:		
Tenant rental revenue	3,017	2,970
Provincial rent supplement	165	147
Other revenues	210	246
Total revenues	3,392	3,363
General expenses	3,543	3,054
Net income (loss)	(151)	309

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 of Windsor provides administrative services to the CWHCL for which it receives a management fee in the amount of \$195 (1999, \$192). This transaction resulted in a balance payable at the end of the year of \$114 (1999, \$22) which is included in current liabilities above.

5. **Temporary borrowings:**

The temporary borrowings of \$41,204 (1999 - \$32,981) is comprised of \$26,204 (1999, \$22,981) owing to the Ontario Financing Authority (OFA) and \$15,000 (1999 - \$10,000) to the Bank of Montreal.

The amount owing to the OFA relates to advances made for the construction costs of the new Joint Justice Facility, as well as interest charged at the Province's 90-day treasury bill rate. In 2001, the Corporation issued a debenture to the OFA to permanently finance the project. The amount owing to the Bank of Montreal is a loan related to short term financing requirements and will be repaid from the revenue fund.

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6. **Long term debt:**

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

	2000	1999
	\$	\$
Total long term liabilities incurred by the Corporation including those incurred on behalf of school boards, other municipalities, government partnerships and GBE and outstanding at the end of the year amount to	143,121	143,502
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by:		
- GBE	(24,629)	(52,791)
- school boards	(1,203)	(1,549)
- other municipalities	(229)	(321)
Of the long term liabilities shown above, the Corporation of the City of Windsor has purchased the following amounts as long term investments	(1,956)	(1,869)
Net long term liabilities at the end of the year	115,104	86,972
<u>Less amount repayable from user fees</u>	<u>(59,373)</u>	<u>(31,519)</u>
<u>Net amount repayable from general taxation</u>	<u>55,731</u>	<u>55,453</u>

The Windsor Tunnel Commission has established a reserve fund to help pay for the balloon payment of \$14,882 due June 15, 2005 on the debentures issued on behalf of the Commission. At December 31, 2000, the balance in this reserve fund is \$4,360 (1999 - \$3,297).

The above amount recoverable from GBE is due from WUC.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

The above amount repayable from user fees is comprised of:

	2000	1999
	\$	\$
Windsor Canada Utilities Ltd.	23,518	-
Windsor Tunnel Commission	16,615	18,169
Sanitary Sewer Surcharge	4,190	-
Roseland Golf & Curling Club	1,700	-
<u>Essex-Windsor Solid Waste Authority</u>	<u>13,350</u>	<u>13,350</u>
	<u>59,373</u>	<u>31,519</u>

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

The long-term debt related to the Essex Windsor Waste Authority ("EWSWA") represents the Corporation's share of the capital lease obligation pertaining to the Regional Landfill. On October 31, 1997, the County of Essex received \$26,700,000 from MFP Technology Services Ltd./Leasing-Infrastructure Financing Trust 1 (LIFT1) to finance expenditures incurred over the period 1990 – 1997 related to the siting, approval and construction of the Regional Landfill located in the Town of Essex. The funds were advanced as a result of a lease agreement (Head Lease) between the County of Essex (Lessor) and LIFT1 (Lessee). A lease agreement (Sublease) between LIFT1 (Sublessor) and the Corporation of the County of Essex and the Corporation of the City of Windsor (Sublessees) stipulates that lease payments are payable to LIFT1 for a 34 year term ending November 30, 2031. On April 27, 2000 the Lessee advanced approximately \$2,500,000 with respect to additional assets and landfill expansions. The effect of this further advance was to extend the term of the lease a further ten years to November 30, 2041. No principal payments were required for 1999 or 2000. The EWSWA, as an agent for the Corporation of the City of Windsor and County of Essex, is responsible for budgeting for making these payments. The Corporation is currently reviewing the terms of the related leases. The amount of the future lease payments pertaining to this lease may change based on the results of this review. The change, if any, is not determinable at this time.

The Corporation has assumed no debt from other municipalities.

- (b) Of the net long term liabilities in (a) of this note and amounts held as long term investments, \$105,751 in principal payments are repayable from 2001 to 2005 and \$11,309 from 2006 to 2010.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

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

	2001-2005	2006-2010	Total
	\$	\$	\$
From general municipal revenues	55,257	-	55,257
From benefiting landowners	1,082	-	1,082
	56,339	-	56,339
From user fees	49,412	11,309	60,721
	<u>105,751</u>	<u>11,309</u>	<u>117,060</u>

- (c) Approval of the Ontario Municipal Board or Treasurer's Certificate has been obtained for the long term liabilities in (a) issued in the name of the Corporation.
- (d) The Corporation is contingently liable for long term liabilities for which the responsibility for the payment of principal and interest has been assumed by other municipalities, GBE's, school boards and amounting to \$26,064 (1999 - \$54,661).
- (e) Total interest expenditures for the year for net long term liabilities which are reported on the statement of financial activities are as follows:

	2000	1999
	\$	\$
Interest funded from general property taxes	2,956	3,118
Interest funded from user fees	3,958	2,119
	<u>6,914</u>	<u>5,237</u>

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

7. Employee benefits:

(a) Pension agreements:

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), on behalf of 2,316 members of its staff. The plan is a multi-employer defined-benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets and has no actuarial deficiency for current obligations.

The one year contribution holiday which was instituted beginning in August 1998 for all members and employees has now been extended to at least June 30, 2002. Once they resume contributions will be phased in over a three year period.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

The Transit Windsor contributory pension plan covering substantially all of its employees, was frozen effective December 31, 1999 with pension benefits for service on and after January 1, 2000 being covered by OMERS.

(b) Employee future benefit obligations:

Employee future benefit obligations are future liabilities of the Corporation to its employees and retirees for benefits earned but not taken as at December 31, 2000 and consist of the following:

	2000	1999
	\$	\$
Post retirement benefits	130,650	124,113
Accrued sick leave	14,310	14,170
Vacation	1,823	1,820
Transit Windsor pension solvency liability	1,826	-
	<u>148,609</u>	<u>140,103</u>

(i) Post retirement benefits:

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

▪ inflation rate with respect to benefit costs	3%
▪ discount rate	7%
▪ mortality rate of the sex distinct 1994 uninsured pensioner mortality table	100%

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

	2000	1999
	\$	\$
Accrued benefit obligations at the beginning of the year	124,113	117,808
Annual expense	11,332	10,722
Benefits paid	<u>(4,795)</u>	<u>(4,417)</u>
<u>Accrued benefit obligations at the end of the year</u>	<u>130,650</u>	<u>124,113</u>

(ii) Accrued sick leave:

Accumulated sick leave credits refers to the balance of unused sick leave credits which is payable to certain eligible employees of the Corporation upon their retirement. Under the sick leave plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment upon leaving the Corporation's employment. An

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2000

(\$000's)

amount of \$684 (1999 - \$841) has been paid out in the current year and is reported as an expenditure on the consolidated statement of financial activities.

(iii) **Vacation:**

Vacation pay reflects the value of vacation earned during the year but not taken as at December 31, 2000.

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

An actuarial valuation of the former frozen contributory pension plan of Transit Windsor identified a plan solvency deficit at December 31, 2000 of \$1,826 (1999 - \$NIL) which will be funded by minimum annual payments over the next four years.

8. **Municipal position:**

(a) **Operating fund:**

The consolidated statement of financial position reflects an operating fund deficit of \$1,785 (1999 - \$1,837). This deficit is funded in the following year as a first charge to that budget.

(b) **Capital fund:**

The consolidated statement of financial position reflects a balance of capital operations not permanently financed of \$69,423 (1999 - \$58,747). This outstanding balance will be financed in future years from a combination of debenture issues, transfer from reserves and reserve funds, and direct transfers from the operating fund.

(c) **Reserves and reserve funds:**

The consolidated statement of financial position reflects a balance of reserves and reserve funds of \$78,471 (1999 - \$71,452) and are detailed as follows:

	2000	1999
	\$	\$
<hr/>		
Reserves set aside for specific purpose by Council:		
Working funds	1,069	686
Encumbrances	1,834	1,857
Future planning	163	353
Post retirement death benefit	55	87
Recreation services	435	609
Police services	312	383
Fire services	89	63
Transit services	215	168
Environmental services	2,894	2,519
Total reserves	7,066	6,725

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

	2000	1999
	\$	\$
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	14,219	12,643
Capital expenditures	18,942	22,497
Tunnel improvements	21,980	16,412
Insurance	417	415
Health benefits rate stabilization	31	29
Sanitary sewers expenditures	6,397	3,152
Tunnel debt repayment	4,360	3,297
Airport capital expenditures	1,066	685
Budget stabilization	2	2,207
Children's fund	255	240
Environmental services	936	491
Long-term disability	2,800	2,659
Total Reserve Funds	71,405	64,727
Total reserves and reserve funds	78,471	71,452

(d) Deferred Revenue

The following funds totalling \$9,923 (1999, \$8,641) relate to inflows which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 1999 \$	2000 Inflows \$	2000 Outflows \$	Balance at Dec 31 2000 \$
Parking facilities fund	1,487	482	1,089	880
Park purposes fund	826	630	1,451	5
Development charges fund	5,851	3,094	610	8,335
Landfill post closure fund	477	226	-	703
	8,641	4,432	3,150	9,923
Other deferred revenues	88	113	-	201
Total deferred revenues	8,729	4,545	3,150	10,124

The parking facilities fund is utilized to fund expenditures which relate to offstreet parking facilities. The parks purposes fund is utilized to fund purchases of parkland. The development charges fund is utilized to fund growth related capital works. Landfill post closure fund reflects the estimated liability of the Corporation should the Regional Landfill cease receiving waste on December 31, 2000.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2000
(\$000's)

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

The consolidated statement of financial position reflects a balance of \$247,596 (1999 - \$234,650) for amounts to be recovered in future years. This amount reflects liabilities which will need to be budgeted and fully funded in future periods as these liabilities are retired. Additionally, certain assets such as inventories and some deferred expenses are not considered to be financial assets and as such, are also included in the amounts to be recovered in future years. This balance is comprised of the following items:

	2000	1999
	\$	\$
Employee future benefit obligations	148,609	140,103
Long term debt outstanding, including amounts held in own debentures	93,806	89,156
Inventories	2,431	2,409
Accrued interest on long term debt	2,266	2,365
Deferred expenses	484	617
	<u>247,596</u>	<u>234,650</u>

9. **Commitments:**

As at December 31, 2000, the Corporation is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$14,038 (1999 - \$6,727) in the aggregate, to be financed generally by unapplied capital receipts, senior government subsidies and the issuance of debentures.
- (b) Payments for various operating leases over the following year approximating \$7,700 (1999 - \$5,542). The Corporation is currently reviewing its lease portfolio. The future lease commitments pertaining to some of the leases in the portfolio may change based on the results of this review. The changes, if any, are not determinable at this time.
- (c) Funding for its share of the perpetual care costs of the now closed Landfill #3. This commitment is expected to require a payment to the Essex-Windsor Solid Waste Authority of \$400 per year for the foreseeable future.
- (d) Grants to the University of Windsor amounting to \$610 in 2001 and \$200 in 2002.
- (e) Contributions of \$2.0 million in each of the next five years to the Windsor-Essex County Hospitals Foundation's "Together in Caring" Campaign. Funding for this contribution will be obtained annually through a special tax levy. In 2000, \$2.0 million was levied and paid to the hospitals.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2000

(\$000's)

- (f) On April 22, 1999, City Council approved a public/private partnership with One Riverside Drive Inc., a subsidiary of the Canderel Stoneridge Group Inc., (Canderel) to redevelop the Richmond Landing Block. The redevelopment will include a commercial tower, more than half of which will be leased to DaimlerChrysler Canada as their new headquarters, as well as a parkade. Under the agreement, the City of Windsor is responsible for the expropriation of the properties, demolition of existing structures and construction of the parkade. The City's net capital costs are expected to approximate \$31,500 and relate primarily to the cost of building the parkade as well as its proportionate share of the land and demolition costs. Canderel's 25% share of the land cost, plus capitalized interest from the date of signing the agreement amounts to \$4,537. The City holds a strip bond that will mature in 2034 at a value of \$4,537. Its current value at December 31, 2000 is \$710. The City's expenditures will be financed by debentures to be repaid largely from the new taxes generated by the development, revenue from the commercial airspace lease from Canderel commencing on the rental commencement date of June 15, 2003, and contributions from the Off-Street Parking Reserve Fund.

10. Capital budget figures:

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

11. Statement of cash flows:

The consolidated statement of cash flows does not reflect comparative data for 1999 as the restatement of the 1998 consolidated statement of financial position and consolidated statement of financial activities required in order to provide this comparative data on a PSAB basis was not undertaken due to difficulties in obtaining some of the required figures.

12. Airport acquisition:

On December 31, 1998, the Corporation acquired title to the Windsor Airport from Transport Canada for nominal consideration and agreed to operate the Airport for a period of at least fifty-eight years. This transaction is governed by a master agreement and is subject to a number of restrictions and conditions. The Corporation contracted with SERCO Aviation Services Inc. to operate the Airport on its behalf for a ten year period. It is anticipated that the Airport operation will be self-sustaining. In its second year of operation, 2000, the Windsor Airport has generated a profit of \$117 (1999, \$100), of which 90% will be returned to the City in 2001.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Consolidated Financial Statements

Year ended December 31, 2000

(\$000's)

13. Public liability insurance:

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

The Corporation has established a reserve fund for self insurance which as at December 31, 2000 amounted to \$417 (1999 - \$415) and is reported on the consolidated statement of financial position under reserve funds. The Corporation budgets each year for premiums and claims. Any budget excess is credited to the reserve fund. Payment of claims is shown as an expenditure on the statement of financial activities.

14. Social Housing Administration

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

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

15. Contingent liabilities:

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

16. Restatement of prior year comparative figures:

Certain 1999 comparative figures have been restated to conform with the current year's presentation.

17. Subsequent Events

On December 28, 2001, The Corporation of the City of Windsor, The Corporation of the County of Essex, Essex-Windsor Solid Waste Authority and Transit Windsor filed a Statement of Claim against various parties relating to specific leases. The Statement includes a claim for damages in the amount of \$305,000,000. The outcome of this claim is undeterminable.



Trust Funds Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

Year ended December 31, 2000



KPMG LLP
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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, 2000 and the statement of financial activities and changes in fund balance for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of receipts for the Huron Lodge residents' maintenance 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, 2000 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.

The comparative figures for the preceding year were examined by other auditors who expressed an opinion with a similar qualification on those statements in their report dated April 28, 2000.

KPMG LLP

Chartered Accountants

Windsor, Canada

August 24, 2001



KPMG LLP, a Canadian limited liability partnership established under the laws of Ontario, is a member firm of KPMG International, a Swiss association

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Position

December 31, 2000

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willstead Restoration \$
Assets:			
Cash			
Investments	757	374	14
Receivables:	-	-	-
Repayable	-	-	-
Forgivable	-	-	-
Other	-	-	-
Due from Huron Lodge Residents' Comfort Trust Fund	421	-	-
Due from Huron Lodge Residents' Maintenance Trust Fund	27	-	-
	-	7	-
Total Current Assets	1,205	381	14
Investments (Note 2):			
City of Windsor Municipal Debentures	-	-	-
Term Deposits	-	-	-
Total Long Term Assets	-	-	-
Total Assets	1,205	381	14
Liabilities:			
Due to Huron Lodge Residents' Maintenance Trust Fund	-	27	-
Due to Huron Lodge Residents' Comfort Trust Fund	7	-	-
Due to City of Windsor	481	-	-
Accounts Payable	-	3	-
Total Liabilities	488	30	-
Fund Balance	717	351	14
Total Liabilities and Fund Balance	1,205	381	14

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

O.H.R.P. Regular \$	O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	OLGC Lottery Revenue \$	Library Board Donations \$	Total \$
268	2	1	1	174	3	6	1,600
-	-	-	1,051	-	-	-	1,051
120	-	-	-	-	-	-	120
8	-	-	-	-	-	-	8
9	-	-	-	258	-	-	688
-	-	-	-	-	-	-	27
-	-	-	-	-	-	-	7
405	2	1	1,052	432	3	6	3,501
-	-	-	481	-	-	-	481
-	-	-	500	-	-	-	500
-	-	-	981	-	-	-	981
405	2	1	2,033	432	3	6	4,482
-	-	-	-	-	-	-	27
-	-	-	-	-	-	-	7
-	-	-	-	11	-	-	492
206	1	-	-	-	3	-	213
206	1	-	-	11	3	-	739
199	1	1	2,033	421	-	6	3,743
405	2	1	2,033	432	3	6	4,482

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2000

(\$000's)

	Huron Lodge Residents' Maintenance \$	Huron Lodge Residents' Comfort \$	Willistead Restoration \$
Balance at the beginning of the year	767	394	17
Revenues:			
Residents' comfort	-	347	-
Residents' capital	3,631	-	-
Interest earned	16	19	1
Contributions	-	-	2
Total Revenues	<u>3,647</u>	<u>366</u>	<u>3</u>
Expenditures:			
Payments to residents or estates	393	409	-
Purchases of furnishings and capital improvements	-	-	6
Forgiveness of loans	-	-	-
Administrative charges	-	-	-
Transfers to the Province of Ontario	-	-	-
Payment Transfer of Maintenance to City of Windsor	3,304	-	-
Total Expenditures	<u>3,697</u>	<u>409</u>	<u>6</u>
Balance at the end of the year	<u>717</u>	<u>351</u>	<u>14</u>

O.H.R.P. Regular \$	O.H.R.P. Rental \$	Municipal Candidates \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$	OLGC Lottery Revenue \$	Library Board Donations \$	Total \$
219	1	1	1,952	-	-	6	3,357
-	-	-	-	-	-	-	347
-	-	-	-	-	-	-	3,631
19	-	-	81	-	-	-	136
-	-	-	-	490	13	-	505
19	-	-	81	490	13	-	4,619
-	-	-	-	-	-	-	802
-	-	-	-	58	-	-	64
1	-	-	-	-	-	-	1
2	-	-	-	11	-	-	13
36	-	-	-	-	13	-	49
-	-	-	-	-	-	-	3,304
39	-	-	-	69	13	-	4,233
199	1	1	2,033	421	-	6	3,743

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2000, with comparative figures for 1999

(\$000's)

1. ACCOUNTING POLICIES

Basis of Accounting

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

2. INVESTMENTS

The total investments of \$2,032 reported on the statement of financial position at cost, approximates market value at the end of the year.

2. ONTARIO HOME RENEWAL PROGRAM (O.H.R.P.)

In 1995, the Province of Ontario discontinued this program for all but special circumstances. The municipalities will continue to act as agents on behalf of the Province with respect to the collection of outstanding receivables.

4. TRUST FUNDS

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

The trust funds administered by the Corporation as of December 31, 2000 total \$3,743 (1999 \$3,357) and are comprised of the following:

Huron Lodge Maintenance Trust \$717 (1999 - \$767)

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

Huron Lodge Comfort Trust \$351 (1999 - \$394)

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

Willistead Furnishings and Acquisitions Trust Fund \$14 (\$1999 - \$17)

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

Ontario Home Renewal Program Trust (OHRP)

- Regular \$199 (1999 - \$219)
- Rental \$1 (1999 - \$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 (1999 - \$1)

Administers unspent campaign donations of municipal elections candidates.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2000, with comparative figures for 1999

(\$000's)

Chimczuk Trust \$2,033 (1999 - \$1,952)

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

Joint Justice Facility Capital Maintenance Trust \$421 (1999 - \$0)

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

Ontario Lottery Gaming Commission Trust "OLGC" \$3 (1999 - \$0)

Administers revenues from lottery ticket sales made on behalf of the OLGC.

Library Board Trusts \$6 (1999 - \$6)

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



Sinking Fund Financial Statements of

**THE CORPORATION OF
THE CITY OF WINDSOR**

Year ended December 31, 2000



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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 as at December 31, 2000 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 as at December 31, 2000 in accordance with the provisions of the Municipal Act.

The comparative figures for the preceding year were examined by other auditors who expressed an opinion without reservation on those statements in their report dated April 28, 2000.

KPMG LLP

Chartered Accountants

Windsor, Canada

August 24, 2001



THE CORPORATION OF THE CITY OF WINDSOR

Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2000 (\$000's)

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

Actual balance (including accrued interest) consists of:

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

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Sinking Funds Financial Statement Year ended December 31, 2000 (stated in thousands of dollars)

1. Accounting Policy

Investment income is reported on the accrual basis.

2. Details of Sinking Funds

Sinking fund By-law 10742 was approved in 1997 with a maturity value of \$9,000 due in 2011. The sinking fund was established to fund the Windsor Utilities Commission's expansion of its water treatment plant.