



Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2010



# INDEX

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**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**Year ended December 31, 2010**  
**(\$000's)**

	2010 \$	2009 \$
		[restated - note 16]
<b>Financial Assets</b>		
Cash and temporary investments	130,090	160,667
Investment in government business enterprises [note 4 (a)]	380,860	221,704
Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)]	44,721	42,382
Trade and other receivables	71,877	44,755
<b>Total Financial Assets</b>	<b>627,548</b>	<b>469,508</b>
<b>Financial Liabilities</b>		
Accounts payable [note 5]	86,758	98,136
Accrued interest on long-term liabilities	3,685	3,518
Net long-term liabilities [note 6 (a)]	151,414	152,171
Employee future benefit obligations [note 7 (b)]	313,833	299,108
Deferred revenue [note 9 (b)]	-	5,146
Landfill post closure liabilities [note 8]	12,315	11,256
<b>Total Financial Liabilities</b>	<b>568,005</b>	<b>569,335</b>
<b>Net Financial Assets (Liabilities)</b>	<b>59,543</b>	<b>(99,827)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets [schedule 2]	1,860,538	1,914,336
Deferred expenses [note 9 (b)]	4,602	-
Inventory and assets held for resale	2,738	3,323
Prepaid expenses	10,187	11,049
<b>Total Non-Financial Assets</b>	<b>1,878,065</b>	<b>1,928,708</b>
<b>Accumulated Surplus [note 9 (a)]</b>	<b>1,937,608</b>	<b>1,828,881</b>

Commitments and contingencies [notes 3, 6, 7(a), 10, 12 and 14]

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

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2010



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## 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, 2010, the consolidated statements of operations and accumulated surplus, changes in net financial assets (liabilities) 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, 2010, and its consolidated results of operations and the changes in its consolidated net financial assets (liabilities) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

September 6, 2011  
Windsor, Canada

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year ended December 31, 2010**  
**(\$000's)**

	2010 \$	2009 \$
		[restated - note 16]
<b>Revenues</b>		
Net municipal property taxes and payments-in-lieu of taxes	305,509	305,747
User charges	144,209	154,682
Provincial and federal transfers	249,497	178,484
Revenue from other municipalities	28,493	30,789
Other	45,853	41,481
Change in equity in government business enterprises [note 4 (a)]	18,118	1,954
<b>Total Revenues</b>	<b>791,679</b>	<b>713,137</b>
<b>Expenses [note 10, schedule 1]</b>		
General government	50,255	53,646
Protection to persons and property	136,647	139,176
Transportation services	92,383	100,586
Environmental services	65,615	61,399
Health services	9,798	9,364
Social and family services	261,781	253,679
Recreation and culture	56,725	52,730
Planning and development	9,748	13,584
<b>Total Expenses</b>	<b>682,952</b>	<b>684,164</b>
<b>Annual Surplus</b>	<b>108,727</b>	<b>28,973</b>
Accumulated surplus, beginning of year	1,828,881	1,799,908
<b>Accumulated surplus, end of year</b>	<b>1,937,608</b>	<b>1,828,881</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 (Liabilities)**  
**Year ended December 31, 2010**  
**(\$000's)**

	2010 \$	2009 \$
		[restated - note 16]
Annual Surplus	108,727	28,973
Acquisition of tangible capital assets [schedule 2]	(163,051)	(87,038)
Amortization of tangible capital assets [schedule 2]	68,481	70,745
Gain on sale of tangible capital assets	(7,939)	(13,411)
Proceeds on sale of tangible capital assets	14,679	27,950
Tangible capital assets transferred to government business enterprise (note 1(a)(ii))	141,628	-
Net change in deferred expenses	(4,602)	-
Net change in inventory and assets held for resale	585	383
Net consumption of prepaid expenses	862	580
Change in net financial assets (liabilities)	159,370	28,182
Net financial liabilities, beginning of period	(99,827)	(128,009)
Net financial assets (liabilities), end of period	59,543	(99,827)

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, 2010**  
**(\$000's)**

	2010	2009
	\$	\$
		[restated - note 16]
Cash provided by (used in):		
Operating Activities:		
Annual surplus	108,727	28,973
Amortization of tangible capital assets	68,481	70,745
Gain on sale of tangible capital assets	(7,939)	(13,411)
Increase in taxes and payments-in-lieu of taxes receivable	(2,339)	(4,606)
(Increase) decrease in trade and other receivables	(27,122)	13,853
Increase in deferred expenses	(4,602)	-
Decrease in inventory and assets held for resale	585	383
Decrease in prepaid expenses	862	580
(Decrease) increase in accounts payable	(11,378)	4,705
Increase in accrued interest on long-term liabilities	167	39
Increase in employee future benefit obligations	14,725	26,017
Decrease in deferred revenue	(5,146)	(6,649)
Increase in landfill post closure liability	1,059	-
Net cash provided by operating activities	136,080	120,629
Capital Activities:		
Proceeds on sale of tangible capital assets	14,679	27,950
Tangible capital assets transferred to government business enterprise (note 1(a)(ii))	141,628	-
Cash used to acquire tangible capital assets	(163,051)	(87,038)
Net cash used in capital activities	(6,744)	(59,088)
Financing Activities:		
Net long-term liabilities repaid	(757)	(6,906)
Net cash used in financing activities	(757)	(6,906)
Investing Activities:		
Increase in investment in government business enterprises	(18,118)	(1,954)
Investment in government business enterprise (note 1(a)(ii))	(141,038)	-
Decrease in promissory note receivable	-	3,256
Net cash (used in) provided by investing activities	(159,156)	1,302
(Decrease) increase in cash and temporary investments	(30,577)	55,937
Cash and temporary investments, beginning of year	160,667	104,730
Cash and temporary investments, end of year	130,090	160,667

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, 2010**  
**(\$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  
Windsor Detroit Tunnel Commission (2009 only)  
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 subsidiary corporations are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for a Government Business Enterprise ("GBE"). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$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")

On September 17, 2007, the City incorporated Windsor-Detroit Tunnel Corporation ("WDTC") to hold ownership of all real property, buildings and other property, plant and equipment ("Tunnel Assets") used in maintaining, operating and managing the Windsor-Detroit Tunnel. On January 1, 2010, under the terms of the asset transfer agreement between the City and WDTC, net assets having a carrying value of \$141,038 were transferred to WDTC, including Tunnel assets, having a carrying value of \$141,628, and a fair value of \$104,303, in exchange for 500 common shares of WDTC.

**(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 financial statements. Amounts due to/from school boards are reported on the statement of financial position as accounts payable/accounts receivable.

**(v) Trust funds**

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

**(b) Basis of accounting**

**(i) PSAB recommendations**

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

**(ii) Accrual basis of accounting**

These financial statements have been prepared on an accrual basis except for Provincial Offences Administration. Under this basis, revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. 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, 2010**  
**(\$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 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) Accounts receivable**

Accounts receivable 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 – 50
Airport	6 – 40
Tunnel	4 – 100

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, 2010**  
**(\$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 obligations**

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.

The estimated cost of these benefit obligations already earned by the employees at the date of implementation of this policy (the transitional benefit obligation) was recognized as employee future benefit obligations. 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 obligation arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit obligation. The excess of the net actuarial gain or loss over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 14.2 years.

**(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.

**(d) Use of estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and 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 the carrying value of tangible capital assets.

Actual results could differ from these estimates.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

**(e) Future accounting changes**

Effective for fiscal periods beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook (“PSAB”) Section 3510, Tax Revenue. This standard provides guidance to governments on the accounting and reporting of tax revenue in financial statements.

Effective for fiscal periods beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook (“PSAB”) Section 3410, Government Transfers. This standard provides guidance to governments on the accounting and reporting of government transfers by both the transferor and the recipient government perspective.

Effective for fiscal periods beginning on or after April 1, 2014, all governments will be required to adopt PSAB Section 3260, Liability for Contaminated Sites. This standard provides guidance on how to account for and report a liability associated with the remediation of contaminated sites, defines which activities would be included in the liability for remediation, establishes when to recognize and how to measure a liability for remediation and provides guidance on financial statement presentation and disclosure.

The City is currently in the process of evaluating the potential impact of adopting these standards.

**2. Operations of school boards**

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

	<b>2010</b>	<b>2009</b>
	\$	\$
Taxation received or receivable	85,701	88,376
Requisitions	89,281	92,792
<u>Amount due from school boards</u>	<u>(3,580)</u>	<u>(4,416)</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

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

	2010	2009
	\$	\$
<u>Windsor-Essex County Health Unit</u>	<u>2,144</u>	<u>2,036</u>

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

**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.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

**(a) Investment in GBE**

The City has investments in GBE totalling \$380,860 (2009 - \$221,704), which is comprised of the following:

	<b>2010</b>	<b>2009</b>
	\$	\$
WCUL	102,237	93,010
WDTC	140,572	-
WUC	137,774	128,141
YQG	277	553
	<u>380,860</u>	<u>221,704</u>

A continuity of the investment in GBE is as follows:

	<b>WCUL</b>	<b>WDTC</b>	<b>WUC</b>	<b>YQG</b>	<b>2010</b>	<b>2009</b>
	\$	\$	\$	\$	Total	Total
					\$	\$
Opening investment	93,010	-	128,141	553	221,704	219,750
Capital contribution	-	141,038	111	-	141,149	63
Dividends declared	(3,000)	-	-	-	(3,000)	(5,000)
Current income (loss)	12,227	(466)	9,522	(276)	21,007	22,862
Current change in investment	9,227	140,572	9,633	(276)	159,156	17,925
Change in deferred tax accounting policy	-	-	-	-	-	(15,971)
Closing investment	<u>102,237</u>	<u>140,572</u>	<u>137,774</u>	<u>277</u>	<u>380,860</u>	<u>221,704</u>

**(b) Supplementary information of GBE**

**(i) WCUL**

	<b>2010</b>	<b>2009</b>
	\$	\$
<b>Financial position</b>		
Current assets	41,430	41,554
Property, plant and equipment	182,975	179,864
Work in progress and other assets	19,330	20,239
<b>Total assets</b>	<u>243,735</u>	<u>241,657</u>
Current liabilities	39,155	38,750
Long-term liabilities	102,343	109,897
Total liabilities	141,498	148,647
Shareholders' equity	102,237	93,010
<b>Total liabilities and equity</b>	<u>243,735</u>	<u>241,657</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

	2010	2009
	\$	\$
<b>Results of operations</b>		
Revenue from distribution of electricity	255,212	222,799
Services provided to Windsor Utilities Commission	11,427	9,178
Other revenue	8,309	7,932
<b>Total revenue</b>	<b>274,948</b>	<b>239,909</b>
Cost of electrical energy	207,259	177,007
Operating expenses	34,322	31,760
Other net expenses	21,140	20,060
<b>Total expenses</b>	<b>262,721</b>	<b>228,827</b>
<b>Net income</b>	<b>12,227</b>	<b>11,082</b>

**Related party transactions**

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

- Under a Management Services Agreement effective January 1, 2007, WCUL provides certain finance, administration, human resource, management and other support services to WUC. The total amount charged to WUC for the year ended December 31, 2010 is \$11,427 (2009 - \$9,178).
- 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, 2010 was \$3,122 (2009 - \$2,884).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2010 relating to sewer surcharge was \$4,312 (2009 - \$4,416).
- The amounts due from related parties which are included in current assets consist of:

	2010	2009
	\$	\$
<b>Due from Windsor Utilities Commission</b>	<b>1,575</b>	<b>-</b>

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

	2010	2009
	\$	\$
Due to Windsor Utilities Commission	-	1,913
Due to the Corporation of the City of Windsor (net)	4,534	6,678
	<b>4,534</b>	<b>8,591</b>



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

(ii) **WDTC**

	2010	2009
	\$	\$
<b>Financial position</b>		
Current assets	2,867	-
Property, plant and equipment	139,157	-
<b>Total assets</b>	<b>142,024</b>	<b>-</b>
Current liabilities	1,452	-
Shareholders' equity	140,572	-
<b>Total liabilities and equity</b>	<b>142,024</b>	<b>-</b>
<b>Results of operations</b>		
Tolls	7,314	-
Other revenues	497	-
<b>Total revenues</b>	<b>7,811</b>	<b>-</b>
<b>Operating expenses</b>	<b>8,277</b>	<b>-</b>
<b>Net loss</b>	<b>(466)</b>	<b>-</b>

**Related party transactions**

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

- 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, 2010 was \$308.
- At year-end, there are amounts due from the City of \$61 which are included above in current assets.
- At year-end, there are amounts due to the City of \$51 which are included above in current liabilities.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

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

(iii) WUC

	2010	2009
	\$	\$
<b>Financial position</b>		
Current assets	10,048	9,060
Property, plant and equipment	175,210	167,489
<b>Total assets</b>	<b>185,258</b>	<b>176,549</b>
Current liabilities	13,533	10,705
Long-term liabilities	33,951	37,703
<b>Total liabilities</b>	<b>47,484</b>	<b>48,408</b>
<b>Accumulated surplus</b>	<b>137,774</b>	<b>128,141</b>
<b>Total liabilities and surplus</b>	<b>185,258</b>	<b>176,549</b>
<b>Results of operations</b>		
Retail water sales	42,092	41,815
Other revenues	9,572	9,178
<b>Total revenues</b>	<b>51,664</b>	<b>50,993</b>
Cost of production	13,895	13,421
Operating expenses	20,051	17,907
Other net expenses	8,196	7,971
<b>Total expenses</b>	<b>42,142</b>	<b>39,299</b>
<b>Net income</b>	<b>9,522</b>	<b>11,694</b>

**Related party transactions**

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

- 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, 2010 was \$6,472 (2009 - \$7,158).
- At December 31, 2010, the amount owing from WCUL was \$ nil (2009 - \$1,912) included above in current assets.
- The amounts due to related parties which are included in current liabilities consist of:

	2010	2009
	\$	\$
Due to Enwin Utilities Ltd.	1,241	-
Due to the Corporation of the City of Windsor	3,628	1,593
	<b>4,869</b>	<b>1,593</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
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**4. Government Business Enterprises (continued)**

(iv) YQG	2010	2009
	\$	\$
<b>Financial position</b>		
<u>Total assets</u>	1,829	1,347
Current liabilities	1,552	794
Shareholders' equity	277	553
<u>Total liabilities and equity</u>	1,829	1,347
<b>Results of operations</b>		
Airport operating revenues	2,138	2,082
Management fees and other revenues	1,065	923
<u>Total revenues</u>	3,203	3,005
<u>Operating expenses</u>	3,479	2,919
<u>Net (loss) income</u>	(276)	86

**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, 2010 was \$324 (2009 - \$324).
- At December 31, 2010, there are amounts due from the City of \$906 (2009 - \$6) and a note receivable from the City of \$ nil (2009 - \$342) which are included above in current assets.
- At December 31, 2010, there are amounts due to the City of \$18 (2009 - \$ nil) which are included above in current liabilities.

**5. Accounts payable**

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

	2010	2009
	\$	\$
Lou Romano Reclamation Plant Capacity		
Expansion & Upgrade project	-	2,737
WFCU Centre project	-	18,300
	-	21,037

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**6. Net long-term liabilities**

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

	<b>2010</b>	<b>2009</b>
	\$	\$
Total long-term liabilities incurred by the consolidated entity including those incurred on behalf of GBE which are outstanding at the end of the year amount to	180,519	182,407
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC	<u>(29,105)</u>	<u>(30,236)</u>
Net long-term liabilities at the end of the year	151,414	152,171
Less amount repayable from user fees	<u>(106,049)</u>	<u>(104,998)</u>
<u>Net amount repayable from general taxation</u>	<u>45,365</u>	<u>47,173</u>

The amount repayable from user fees is comprised of:

	<b>2010</b>	<b>2009</b>
	\$	\$
Parking facilities fund	329	2,500
Essex-Windsor Solid Waste Authority	33,058	32,867
Sewer Surcharge fund	36,653	33,999
Transit Windsor	1,960	-
Windsor-Essex Community Housing Corporation	<u>34,049</u>	<u>35,632</u>
<u>Total long-term liabilities repayable by user fees</u>	<u>106,049</u>	<u>104,998</u>

EWSWA is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the City pursuant to an Agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill (the "Landfill"). The County holds title to the Landfill in accordance with the provisions of the EWSWA Agreement. The December 31, 2010 net long-term liabilities for EWSWA reflect a balance of \$66,116 (2009 - \$65,733).

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

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

At December 31, 2010, the net long-term liability as reported on the financial statements of EWSWA consists of:

	2010	2009
	\$	\$
Debenture Payable	66,116	65,733
Accrued Interest	1,967	1,956
	<u>68,083</u>	<u>67,689</u>

Under the terms of the debenture agreement, no principal repayments are required until July 2013.

The City has assumed no debt from other municipalities.

- (b) Of the net long-term liabilities in (a) of this note, \$52,747 in principal payments are repayable from 2011 to 2015, \$47,973 from 2016 to 2020 and \$50,694 thereafter.

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

	2011-2015	2016-2020	Thereafter	Total
	\$	\$	\$	\$
From general municipal revenues	33,504	9,319	2,542	45,365
From user fees	19,243	38,654	48,152	106,049
	<u>52,747</u>	<u>47,973</u>	<u>50,694</u>	<u>151,414</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) The City is contingently liable for long-term liabilities for which the responsibility of the payment of principal and interest has been assumed by GBE amounting to \$29,105 (2009 - \$30,236).
- (e) Total interest expenses for the year for net long-term liabilities which are reported on the statement of operations and accumulated surplus are as follows:

	2010	2009
	\$	\$
Interest funded from general property taxes	2,483	2,663
Interest funded from user fees	5,144	5,471
	<u>7,627</u>	<u>8,134</u>

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
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**7. Employee benefits**

**(a) Pension agreements**

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

The amount contributed to OMERS for current service for 2010 was \$15,915 (2009 - \$13,891). At December 31, 2010 the OMERS plan is in a deficit position, which will be addressed through temporary rate increases beginning in 2011.

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, 2010 the plan has, for accounting purposes, pension assets of \$4,219 (2009 - \$3,895) and is in a funding deficit of \$4,489 (2009 - \$3,696). As required by the Pension Benefits Standards Act, the City has, subsequent to year-end, issued a letter of credit to the pension plan in lieu of making special payments regarding this funding deficit.

**(b) Employee future benefit obligations**

Employee future benefit obligations are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2010 and consist of the following:

	2010	2009
	\$	\$
Post retirement benefits	259,794	241,218
Post employment benefits	8,775	8,868
WSIB future benefits	31,719	33,875
Accrued vested sick leave	14,702	15,014
Vacation and vested banked overtime	3,062	4,028
Transit Windsor pension asset	(4,219)	(3,895)
	<u>313,833</u>	<u>299,108</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 4.8% (2009 – 5.6%)
- Prescription Drugs Trend Rate: 9.0% (2009 – 9.5%)  
9.0% per annum in 2010 grading to  
4.5% per annum in 2030
- Dental and other Medical: 4.5% (2009 – 4.5%)

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
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**7. Employee benefits (continued)**

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

	<b>2010</b>	<b>2009</b>
	\$	\$
Accrued benefit liability at the beginning of the year	241,218	218,276
Current service cost	8,496	9,587
Interest	16,915	14,903
Amortization of actuarial net losses	1,909	2,660
Plan amendments	-	1,805
<u>Benefits paid</u>	<u>(8,744)</u>	<u>(6,013)</u>
Accrued benefit liability at the end of the year	259,794	241,218
<u>Unamortized net actuarial losses</u>	<u>104,288</u>	<u>52,810</u>
<u>Accrued benefit obligations at the end of the year</u>	<u>364,082</u>	<u>294,028</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, 2010.

**(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 at December 31, 2010 in the amount of \$31,719 (2009 - \$33,875).

**(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 2010, an amount of \$836 (2009 - \$1,302) has been paid and is reported as an expense on the consolidated statement of operations and accumulated surplus.

**8. Landfill post closure liabilities**

The liability for landfill post closure costs is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$1,267 (2009 - \$920) and post closure expenses associated with the closed Essex County Landfill #3 of \$11,048 (2009 - \$10,336).

The Essex County Landfill #3 was closed in 1997 and requires care for an estimate period of 40 years from the date of closure. The liability for post closure expenditures is based on the annual payment to EWSWA of \$600 (2009 - \$600) and inflation adjusted at 2.0% per annum and discounted to December 31, 2010 using a discount rate of 4.8 % (2009 - 5.6%).

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
**(\$000's)**

9. **Municipal position**

(a) **Accumulated surplus**

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

	2010	2009
		[restated - note 16]
Surplus:		
Invested in tangible capital assets	1,709,124	1,762,165
Invested in government business enterprises	380,860	221,704
Unfunded employee future benefit obligations	(313,833)	(299,108)
Other	28,587	21,707
<b>Total surplus</b>	<b>1,804,738</b>	<b>1,706,468</b>
Reserves set aside for specific purpose by Council:		
Working funds	11,840	10,191
Encumbrances	3,916	9,456
Future planning	285	230
Post retirement death benefit	261	216
Recreation services	521	319
Fire services	218	72
Environmental services	22,096	19,983
Occupational illness	1,283	639
Others	293	110
<b>Total reserves</b>	<b>40,713</b>	<b>41,216</b>
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	38,058	42,457
Capital expenditures	22,834	13,736
Tunnel improvements	-	(652)
Insurance	2,587	349
Health benefits rate stabilization	3,042	2,640
Sanitary sewer expenditures	1,148	2,437
Budget stabilization	9,701	12,996
Children's fund	314	155
Environmental services	-	691
Social housing	6,667	5,813
Corporate stability	-	32
Recreation	253	249
Transit debt repayment	2,358	-
Tax appeals	4,700	-
Future planning	495	294
<b>Total reserve funds</b>	<b>92,157</b>	<b>81,197</b>
	<b>1,937,608</b>	<b>1,828,881</b>



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2010**  
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9. **Municipal position (continued)**

(b) **Deferred revenue (expenses)**

The following funds totalling \$(4,602) (2009 - \$5,146) relate to net (outflows) inflows, which have statutory restrictions and as such, are classified as deferred revenue (expenses) on the consolidated statement of financial position:

	<b>Beginning balance 2009 \$</b>	<b>2010 Inflows \$</b>	<b>2010 Outflows \$</b>	<b>Balance at Dec 31 2010 \$</b>
[restated – note 16]				
Parkland acquisition fund	633	335	438	530
Development charges fund	1,036	3,152	6,182	(1,994)
Building permit fund	(5,660)	252	1,748	(7,156)
Ontario bus replacement fund	128	1,136	71	1,193
Provincial gas tax fund	1,061	3,776	2,812	2,025
Federal gas tax fund	7,190	13,363	20,521	32
Federal public transit fund	758	10	-	768
<b>Total deferred revenues (expenses)</b>	<b>5,146</b>	<b>22,024</b>	<b>31,772</b>	<b>(4,602)</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) must be transferred to this fund. The Ontario bus replacement fund is utilized to fund purchases of buses. 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.

10. **Commitments**

As at December 31, 2010, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects (excluding those listed below), at a cost approximating \$25,362 (2009 - \$17,963) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2025 approximating \$5,767 (2009 - \$5,044).
- (c) In 2004, the City entered into the Ontario's Millennium Partnerships Initiative Funding Agreement for Infrastructure Projects relative to the Lou Romano Reclamation Plant Capacity Expansion & Upgrade project. The total cost of the project is expected to be \$111,500. Project costs expended to December 31, 2010 total approximately \$108,540. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2010 is \$1,876.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

(\$000's)

### 10. Commitments (continued)

- (d) Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements and is to be funded from contributions from the operating fund related to the debt reduction initiative approved by Council. The budgeted cost of the project is \$41,200. Project costs expended to December 31, 2010 total approximately \$40,510. The total value of committed outstanding construction and engineering contracts at December 31, 2010 is \$330.

The remaining project costs will be used to honour the City's trust obligations under the *Construction Lien Act (CLA)*; to pay for the costs, including legal fees, associated with outstanding disputes related to the contract; and to pay to correct deficiencies not otherwise recoverable from the contractor. The contractor has registered a lien in the amount of \$4,677. Whether it will recover all, some or none of that amount is undeterminable.

- (e) In June 2009, the Federal and Provincial Governments announced the successful Infrastructure Stimulus Funding (ISF) and Recreational Infrastructure Canada (RInC) projects that would receive 2/3rds funding in the Windsor region under these programs. The total gross budget of these approved projects is \$137,952 (\$133,429 for ISF and \$4,523 for RInC). Windsor was granted ISF funding for twelve projects with the Federal and Provincial Governments' share being \$88,953 and the City share being \$44,476. Eligible costs for these programs must be incurred after June 4, 2009 and before April 1, 2011, with some receiving an extension allowing completion before November 1, 2011. The City expects that all projects will meet the completion deadlines.
- (f) The City has guaranteed standby letters of credit on behalf of WDTC in the amount of \$1,655 and on behalf of YQG in the amount of \$500.
- (g) In 2011, the City approved the engineering and construction of a service hangar and related services at Windsor International Airport for a total gross cost of \$26,267 and a net cost to the City of \$17,792. The approval included authorization to enter into an agreement with Amico Design Build Inc. for the construction of the service hangar and related site services at a negotiated price of \$20,816. Total costs incurred through July 15, 2011 relative to this project total \$4,102. Additionally, the City and YQG have entered into a service agreement with Premier Aviation Windsor Inc. to operate, manage and maintain a full service heavy airframe maintenance repair and overhaul facility in this newly constructed service hangar at Windsor International Airport. The agreement with Premier Aviation Windsor Inc. is for a period of ten years with an option to extend the initial term for up to three additional terms of ten years.
- (h) Windsor Essex will host the 47<sup>th</sup> annual International Children's Games during the summer of 2013. Estimated expenditures for hosting the 2013 International Children's Games is expected to be in the range of \$2,000- \$2,500. Over a three year period, the City has committed capital budgetary funding totaling \$900, the County of Essex has committed budgetary funding of \$300 and Tourism Windsor Essex has committed \$200 toward this event. All remaining funding is expected to be achieved via sponsorships and private contributions.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

(\$000's)

### 10. Commitments (continued)

- (i) In January 2011, City Council approved the City's involvement in facilitating a major economic development investment (manufacturing of wind turbine components) within the City. In order to facilitate this investment the City has committed to the purchase, assembly and swap of various parcels of land as well as the provision of rail service to the site. The purchase, assembly and swap of lands including related costs totals \$7,860. Additionally, as part of the deal the City is also responsible for the provision of rail service to the site at an estimated cost of \$2,000. It is estimated that internal financing costs of \$1,000 will be incurred by the City until such time as the project is fully funded.

### 11. Budget figures

Budget figures have been excluded on the consolidated statement of operations and accumulated surplus as they may not be 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 may not be 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.

### 12. Public liability insurance

The City is self-insured for public liability claims up to \$250 (2009 - \$25) for any individual claim. Outside coverage is in place for claims in excess of this amount.

The City is currently insured with the Ontario Municipal Insurance Exchange (OMEX), an insurance reciprocal whose members pool their insurance coverage. As a member of a reciprocal, the City agrees to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. The City paid an amount of \$ nil in retroactive assessments in 2010 (2009 - \$2,031), which is reflected on the consolidated statement of operations and accumulated surplus. The City has established a reserve fund for self-insurance, which at December 31, 2010 amounted to \$2,587 (2009 - \$349).

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 statement of operations and accumulated surplus.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

(\$000's)

### 13. 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 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, Airport and (Tunnel activities for 2009 only)

*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, 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

### 14. Contingent liabilities

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

The City is currently appealing a decision of the Ontario Municipal Board (OMB) regarding the expropriation of lands within the Spring Garden Area of Natural and Scientific Interest (ANSI). The City's appeal of the OMB decision to the Ontario Divisional Court was dismissed by a two to one verdict of a three judge panel. The City is vigorously pursuing a reversal of the OMB decision in the courts and currently has an application for leave to appeal pending before the Ontario Court of Appeal. Depending on the outcome of the legal proceedings, the City could be potentially obligated to pay an additional amount of up to approximately \$20,000.

**THE CORPORATION OF THE CITY OF WINDSOR**  
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**15. Comparative figures**

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

**16. Restatement**

In prior years, landfill post closure expenses for landfill #3 were accounted for in the consolidated statement of operations, while future expected payments were disclosed as a commitment within the notes. For 2010, the present value of the future payments of this legislated liability has been grouped with other landfill post closure liabilities previously included within deferred revenue and are recorded as landfill post closure liabilities. In 2010 the change in this liability is recorded as an expense on the consolidated statement of operations and accumulated surplus.

In prior years, estimated future expenses for certain open employee contracts were accounted for by an appropriation to a reserve fund. In 2010, the liability and change in liability for these estimated future expenses have been included within the consolidated financial statements.

The effects of the 2009 restatements on the 2009 figures within the consolidated financial statements are as follows:

	<b>Net financial Liabilities</b>	<b>Accumulated Surplus</b>	<b>Annual Surplus</b>
	\$	\$	\$
As previously reported	82,976	1,845,732	31,873
Landfill post closure	10,336	(10,336)	-
Open employee contracts	6,515	(6,515)	(2,900)
<b>Restated figures</b>	<b>99,827</b>	<b>1,828,881</b>	<b>28,973</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Schedule of 2010 Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2010**  
**(\$000's)**

2010	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	28,504	116,496	38,308	16,251	1	49,522	26,000	3,167	278,249								
Interest	1,387	1,251	23	2,889	-	2,077	-	-	7,627								
External transfers	-	1,287	926	-	9,685	142,477	901	2,164	157,440								
Amortization	1,803	2,833	32,275	15,412	-	8,260	7,691	207	68,481								
Goods and services	18,561	14,780	20,851	31,063	112	59,445	22,133	4,210	171,155								
<b>Total Expenses</b>	<b>50,255</b>	<b>136,647</b>	<b>92,383</b>	<b>65,615</b>	<b>9,798</b>	<b>261,781</b>	<b>56,725</b>	<b>9,748</b>	<b>682,952</b>								
<b>Revenues excluding taxation</b>																	
User charges	12,186	9,953	19,940	56,303	-	31,596	12,911	1,320	144,209								
Provincial and federal transfers	9,750	3,116	35,969	33,594	-	162,263	4,778	27	249,497								
Revenue from other municipalities	65	646	-	4,815	29	21,892	1,046	-	28,493								
Other	9,573	6,955	8,030	6,046	-	1,884	918	12,447	45,853								
Change in equity in government business enterprises	18,118	-	-	-	-	-	-	-	18,118								
<b>Total revenues excluding taxation</b>	<b>49,692</b>	<b>20,670</b>	<b>63,939</b>	<b>100,758</b>	<b>29</b>	<b>217,635</b>	<b>19,653</b>	<b>13,794</b>	<b>486,170</b>								
Net municipal property taxes and payments-in-lieu of taxes																	
<b>Annual (deficit) surplus</b>	<b>(563)</b>	<b>(115,977)</b>	<b>(28,444)</b>	<b>35,143</b>	<b>(9,769)</b>	<b>(44,146)</b>	<b>(37,072)</b>	<b>4,046</b>	<b>108,727</b>								

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Schedule of 2009 Segmented Net Revenue - Schedule 1**  
**Year ended December 31, 2010**  
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2009 [restated - note 16]	Protection to		Health services	Social and family services	Recreation and culture	Planning and development	Total
	General government	persons and property					
<b>Expenses</b>							
Salaries, wages and benefits	27,738	119,007	15,098	48,567	22,022	4,131	273,611
Interest	1,451	1,319	3,169	2,195	-	-	8,134
External transfers	5,299	1,298	-	165,662	900	1,082	183,605
Amortization	1,805	2,981	15,385	7,986	6,707	233	70,745
Goods and services	17,353	14,571	27,747	29,269	23,101	8,138	148,069
<b>Total Expenses</b>	<b>53,646</b>	<b>139,176</b>	<b>61,399</b>	<b>253,679</b>	<b>52,730</b>	<b>13,584</b>	<b>684,164</b>
<b>Revenues excluding taxation</b>							
User charges	15,736	9,584	56,371	32,926	10,126	1,429	154,682
Provincial and federal transfers	173	4,559	-	144,288	1,820	44	178,484
Revenue from other municipalities	39	398	4,909	24,445	280	718	30,789
Other	21,803	6,213	2,100	607	581	8,418	41,481
Change in equity in government business enterprises	1,954	-	-	-	-	-	1,954
<b>Total revenues excluding taxation</b>	<b>39,705</b>	<b>20,754</b>	<b>63,380</b>	<b>202,266</b>	<b>12,807</b>	<b>10,609</b>	<b>407,390</b>
Net municipal property taxes and payments-in-lieu of taxes							305,747
<b>Annual (deficit) surplus</b>	<b>(13,941)</b>	<b>(118,422)</b>	<b>1,981</b>	<b>(51,413)</b>	<b>(39,923)</b>	<b>(2,975)</b>	<b>28,973</b>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Tangible Capital Assets - 2010 - Schedule 2**  
**Year ended December 31, 2010**  
**(\$000's)**

<b>2010</b>				
<b>Cost</b>	<b>Balance, beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, end of year</b>
Land	259,953	815	(4,530)	256,238
Landfill and land improvements	138,389	4,623	(474)	142,538
Building and building improvements	515,609	9,820	(1,648)	523,781
Vehicles, machinery and equipment	169,664	7,148	(8,316)	168,496
Water and wastewater infrastructure	654,240	7,532	(40)	661,732
Roads infrastructure	831,820	17,180	(11,625)	837,375
Airport assets	47,027	7,907	-	54,934
Tunnel assets	187,376	-	(187,376)	-
Assets under construction	96,450	108,026	(339)	204,137
<b>Total</b>	<b>2,900,528</b>	<b>163,051</b>	<b>(214,348)</b>	<b>2,849,231</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	35,711	(474)	3,675	38,912
Building and building improvements	187,995	(933)	15,947	203,009
Vehicles, machinery and equipment	95,029	(6,871)	11,193	99,351
Water and wastewater infrastructure	214,229	(37)	12,834	227,026
Roads infrastructure	392,499	(11,578)	23,219	404,140
Airport assets	14,642	-	1,613	16,255
Tunnel assets	46,087	(46,087)	-	-
<b>Total</b>	<b>986,192</b>	<b>(65,980)</b>	<b>68,481</b>	<b>988,693</b>

  

<b>Net book value</b>	<b>Balance, beginning of year</b>	<b>Balance, end of year</b>
Land	259,953	256,238
Landfill and land improvements	102,678	103,626
Building and building improvements	327,614	320,772
Vehicles, machinery and equipment	74,635	69,145
Water and wastewater infrastructure	440,011	434,706
Roads infrastructure	439,321	433,235
Airport assets	32,385	38,679
Tunnel assets	141,289	-
Assets under construction	96,450	204,137
<b>Total</b>	<b>1,914,336</b>	<b>1,860,538</b>



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Tangible Capital Assets - 2009 - Schedule 2**  
**Year ended December 31, 2010**  
**(\$000's)**

<b>2009</b>				
<b>Cost</b>	<b>Balance, beginning of year</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance, end of year</b>
Land	263,260	10,968	(14,275)	259,953
Landfill and land improvements	129,584	9,392	(587)	138,389
Building and building improvements	446,731	70,366	(1,488)	515,609
Vehicles, machinery and equipment	169,635	16,963	(16,934)	169,664
Water and wastewater infrastructure	650,994	3,298	(52)	654,240
Roads infrastructure	826,255	8,943	(3,378)	831,820
Airport assets	46,820	207	-	47,027
Tunnel assets	187,209	167	-	187,376
Assets under construction	129,716	(33,266)	-	96,450
<b>Total</b>	<b>2,850,204</b>	<b>87,038</b>	<b>(36,714)</b>	<b>2,900,528</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	32,979	(587)	3,319	35,711
Building and building improvements	174,649	(1,488)	14,834	187,995
Vehicles, machinery and equipment	100,133	(16,670)	11,566	95,029
Water and wastewater infrastructure	201,493	(52)	12,788	214,229
Roads infrastructure	371,681	(3,378)	24,196	392,499
Airport assets	13,175	-	1,467	14,642
Tunnel assets	43,512	-	2,575	46,087
<b>Total</b>	<b>937,622</b>	<b>(22,175)</b>	<b>70,745</b>	<b>986,192</b>

<b>Net book value</b>	<b>Balance, beginning of year</b>	<b>Balance, end of year</b>
Land	263,260	259,953
Landfill and land improvements	96,605	102,678
Building and building improvements	272,082	327,614
Vehicles, machinery and equipment	69,502	74,635
Water and wastewater infrastructure	449,501	440,011
Roads infrastructure	454,574	439,321
Airport assets	33,645	32,385
Tunnel assets	143,697	141,289
Assets under construction	129,716	96,450
<b>Total</b>	<b>1,912,582</b>	<b>1,914,336</b>

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2010



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**Chartered Accountants**  
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## 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, 2010 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, 2010, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

September 6, 2011  
Windsor, Canada

**THE CORPORATION OF THE CITY OF WINDSOR**

**Trust Funds**

**Statement of Financial Position**

**Year ended December 31, 2010**

**(\$000's)**

	Huron Lodge Residents' Comfort \$	Willistead Restoration \$	O.H.R.P. Regular \$	O.H.R.P. Rental \$	Chimczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$
<b>Assets</b>						
Current assets						
Cash and equivalents	186	22	332	3	5	3,960
Short-term investments	-	-	-	-	3,092	-
Accounts receivable:						
Repayable	-	-	5	-	-	-
Forgivable	-	-	2	-	-	-
Other	-	-	-	-	4	63
Due from Current Fund City of Windsor	127	-	-	-	-	20
<b>Total current assets</b>	<b>313</b>	<b>22</b>	<b>339</b>	<b>3</b>	<b>3,101</b>	<b>4,043</b>
Long term assets (note 2):						
Investments	-	-	-	-	-	-
<b>Total assets</b>	<b>313</b>	<b>22</b>	<b>339</b>	<b>3</b>	<b>3,101</b>	<b>4,043</b>
<b>Liabilities</b>						
Bank overdraft	-	-	-	-	-	-
Accounts payable	4	-	131	2	-	84
<b>Total liabilities</b>	<b>4</b>	<b>-</b>	<b>131</b>	<b>2</b>	<b>-</b>	<b>84</b>
Fund balance	309	22	208	1	3,101	3,959
<b>Total liabilities and fund balance</b>	<b>313</b>	<b>22</b>	<b>339</b>	<b>3</b>	<b>3,101</b>	<b>4,043</b>

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

Heritage Endowment Fund \$	EWSWA Landfill Expansion Fund \$	Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Library Board Donations \$	Total \$
450	-	-	-	31	190	9	5,188
-	-	-	-	-	-	-	3,092
-	-	-	-	-	-	-	5
-	-	-	-	-	-	-	2
-	-	-	-	-	-	-	67
3	-	-	30	-	5	-	185
453	-	-	30	31	195	9	8,539
-	12,656	1,962	-	-	-	-	14,618
453	12,656	1,962	30	31	195	9	23,157
-	-	-	17	-	-	-	17
-	-	-	13	-	-	-	234
-	-	-	30	-	-	-	251
453	12,656	1,962	-	31	195	9	22,906
453	12,656	1,962	30	31	195	9	23,157

**THE CORPORATION OF THE CITY OF WINDSOR**

**Trust Funds**

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

**Year ended December 31, 2010**

**(\$000's)**

	Huron Lodge Residents' Comfort \$	Willistead Restoration \$	O.H.R.P. Regular \$	O.H.R.P. Rental \$	Chimeczuk Bequest \$	Windsor Justice Facility Capital Maintenance \$
Balance at the beginning of the year	333	25	206	1	3,035	3,651
<b>Revenues</b>						
Residents' comfort	242	-	-	-	-	-
Interest earned	-	-	2	-	66	23
Contributions	-	-	-	-	-	490
<b>Total revenues</b>	242	-	2	-	66	513
<b>Expenditures</b>						
Payments to residents or estates	266	-	-	-	-	-
Purchases of furnishings and capital improvements	-	3	-	-	-	205
Other expenses	-	-	-	-	-	-
<b>Total expenditures</b>	266	3	-	-	-	205
<b>Balance at the end of the year</b>	309	22	208	1	3,101	3,959

<b>Heritage Endowment Fund \$</b>	<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>Library Board Donations \$</b>	<b>Total \$</b>
450	12,226	1,831	50	31	276	9	22,124
-	-	-	-	-	-	-	242
3	430	131	-	-	5	-	660
-	-	-	360	-	-	-	850
3	430	131	360	-	5	-	1,752
-	-	-	-	-	-	-	266
-	-	-	11	-	86	-	305
-	-	-	399	-	-	-	399
-	-	-	410	-	86	-	970
453	12,656	1,962	-	31	195	9	22,906

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2010

(\$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 \$14,618 (2009 - \$13,725) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year. The intention is to hold these investments to maturity.

### 3. ONTARIO HOME RENEWAL PROGRAM (O.H.R.P.)

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

### 4. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2010 total \$22,906 (2009 - \$22,124) and are comprised of the following:

**Huron Lodge Residents' Comfort Trust \$309 (2009 - \$333)**

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

**Willistead Restoration Trust Fund \$22 (\$2009 - \$25)**

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

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

- **Regular \$208 (2009 - \$206)**
- **Rental \$1 (2009 - \$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.

**Chimczuk Trust \$3,101 (2009 - \$3,035)**

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

**Windsor Justice Facility Capital Maintenance Trust \$3,959 (2009 - \$3,651)**

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



# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2010

(\$000's)

### **Heritage Endowment Fund \$453 (2009 - \$450)**

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 \$12,656 (2009 - \$12,226)**

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

### **Richmond Landing Strip Bond Trust \$1,962 (2009 - \$1,831)**

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

### **Canada-Ontario Affordable Housing Program (COAHP) Trust \$ nil (2009 - \$50)**

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 \$31 (2009 - \$31)**

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 \$195 (2009 - \$276)**

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.

### **Library Board Trusts \$9 (2009 - \$9)**

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

SINKING FUND STATEMENT

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2010



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## 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 statement of the Sinking Fund By-Law 10742, which comprise the statement of continuity and fund balance as at and for the year then ended December 31, 2010, 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 this financial statement 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 this financial statement 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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement present fairly, in all material respects, the fund balance of Sinking Fund By-Law 10742 as at December 31, 2010, and its continuity for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

September 6, 2011  
Windsor, Canada

# THE CORPORATION OF THE CITY OF WINDSOR

## Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2010 (Stated in thousands of dollars)

	2010	2009
	<u>\$</u>	<u>\$</u>
Actual balance at the beginning of the year	7,299	6,417
Annual levy	494	494
Investment income	<u>436</u>	<u>388</u>
Actual balance at the end of the year (see below)	8,229	7,299
Balance required at the end of the year	<u>8,235</u>	<u>7,303</u>
Shortfall	<u>(6)</u>	<u>(4)</u>
Actual balance (including accrued interest) consists of:		
Windsor Family Credit Union term deposit @ 5.11% matures August 12, 2011	6,845	5,920
City of Toronto debenture, \$652 at 6.4% due July 26, 2011	652	652
City of Ottawa/Carlton debenture, \$655 at 10.75% due February 28, 2011	655	655
Accrued interest income	75	70
Cash in bank	<u>2</u>	<u>2</u>
Total	<u>8,229</u>	<u>7,299</u>

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

## **Notes to Sinking Fund Financial Statement December 31, 2010 (Stated in thousands of dollars)**

### **1. Accounting Policy**

Investment income is reported on the accrual basis.

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

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

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

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

