



Consolidated Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2006



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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, 2006 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, 2006 and the results of its financial activities and its cash flows for the year then ended in accordance with the accounting principles prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

Windsor, Canada

May 18, 2007

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Consolidated Statement of Financial Position**  
**December 31, 2006, with comparative figures for 2005**  
**(\$000's)**

	2006 \$	2005 \$
<b>Financial assets</b>		
Cash and temporary investments	58,079	22,722
Taxes and grants-in-lieu receivable	28,606	28,649
Trade and other receivables	56,783	57,210
Prepaid expenses	7,453	6,985
Promissory note receivable [note 4 (b)]	9,233	11,976
<b>Total financial assets</b>	160,154	127,542
Investment in government business enterprises [note 4 (a)]	192,101	181,623
<b>Total assets</b>	352,255	309,165
<b>Liabilities</b>		
Accounts payable	99,995	68,284
Accrued interest on long-term debt	3,527	3,606
Net long-term liabilities [note 5 (a)]	126,946	137,143
Employee future benefit obligations [note 6 (b)]	225,464	214,807
Deferred revenue [note 7 (d)]	2,656	3,943
<b>Total liabilities</b>	458,588	427,783
<b>Municipal position</b>		
Operating fund [note 7 (a)]	(843)	(2,557)
Capital fund [note 7 (b)]	(14,051)	(26,221)
Reserves and reserve funds [note 7 (c)]	66,306	75,546
<b>Fund balances</b>	51,412	46,768
Equity in government business enterprises [note 4 (a)]	192,101	181,623
Amounts to be recovered in future years [note 7 (e)]	(349,846)	(347,009)
<b>Net municipal position</b>	(106,333)	(118,618)
<b>Total liabilities and municipal position</b>	352,255	309,165

**Commitments and contingencies [notes 3, 5, 8, 10, 12 and 13]**

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

# THE CORPORATION OF THE CITY OF WINDSOR

## Consolidated Statement of Financial Activities

Year ended December 31, 2006, with comparative figures for the year ended 2005

(\$000's)

	2006 \$	2005 \$
<b>Revenues</b>		
Property taxes and grants-in-lieu	295,021	289,605
User charges	145,806	141,678
Provincial and federal transfers	166,725	122,140
Revenue from other municipalities	31,319	26,025
Other	42,486	76,723
Change in equity in government business enterprises [note 4(a)]	10,478	2,427
<b>Total revenues</b>	<b>691,835</b>	<b>658,598</b>
<b>Expenditures</b>		
<b>Operating</b> [note 9]		
General government	45,903	44,503
Protection to persons and property	121,883	114,723
Transportation services	55,871	56,218
Environmental services	40,505	40,815
Health services	10,674	13,718
Social and family services	219,567	206,336
Recreation and culture	41,670	47,256
Planning and development	9,499	9,414
<b>Total operating</b>	<b>545,572</b>	<b>532,983</b>
<b>Capital</b> [note 9]		
General government	11,231	10,405
Protection to persons and property	2,724	2,094
Transportation services	32,137	41,346
Environmental services	53,924	62,034
Social and family services	15,679	29,902
Recreation and culture	9,942	16,148
Planning and development	8,341	7,463
<b>Total capital</b>	<b>133,978</b>	<b>169,392</b>
<b>Total expenditures</b>	<b>679,410</b>	<b>702,375</b>
<b>Net revenues (expenditures)</b>	<b>12,285</b>	<b>(43,777)</b>
New debt issued	-	17,661
Debt principal repayments	(10,197)	(29,546)
Change in employee future benefit obligations	10,657	8,699
Other items affecting amounts to be recovered	2,377	1,854
Increase (decrease) in amounts to be recovered in future years	2,837	(1,332)
Transfer of revenue from government business enterprises	(10,478)	(2,427)
<b>Change in fund balances</b>	<b>4,644</b>	<b>(47,536)</b>

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

# THE CORPORATION OF THE CITY OF WINDSOR

## Consolidated Statement of Cash Flows

Year ended December 31, 2006, with comparative figures for the year ended 2005

(\$000's)

	2006	2005
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities:</b>		
Net revenues (expenditures)	12,285	(43,777)
Change in non-cash items:		
Decrease in taxes and grants-in-lieu receivable	43	343
Decrease in trade and other receivables	427	1,873
Increase in prepaid expenses	(468)	(1,505)
Increase in accounts payable	31,711	15,233
Decrease in deferred revenue	(1,287)	(6,049)
Decrease in accrued interest on long-term debt	(79)	(284)
Increase in employee future benefits obligations	10,657	8,699
Net cash provided by (used in) operating activities	53,289	(25,467)
<b>Financing activities</b>		
Long-term debt issued	-	17,661
Long-term debt repaid	(10,197)	(29,546)
Net cash used in financing activities	(10,197)	(11,885)
<b>Investing activities</b>		
Increase in investment in government business enterprises	(10,478)	(2,427)
Decrease in promissory note receivable	2,743	2,591
Net cash provided by (used in) investment activities	(7,735)	164
<b>Increase (decrease) in cash and temporary investments</b>	35,357	(37,188)
<b>Cash and temporary investments, beginning of year</b>	22,722	59,910
<b>Cash and temporary investments, end of year</b>	58,079	22,722

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**(a) Reporting entity**

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

**(i) Consolidated entities**

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

Cleary International Centre  
Windsor Police Services  
Roseland Golf and Curling Club Limited  
Transit Windsor  
Windsor Chartabus Limited  
The Corporation of the City of Windsor Public Library Board  
Windsor-Essex County Housing Corporation  
The City of Windsor Non-Profit Housing Corporation  
Windsor Tunnel Commission  
City Centre Business Improvement Area  
Ford City Business Improvement Area  
Erie Street Business Improvement Area  
Ottawa Street Business Improvement Area  
Olde Riverside Business Improvement Area  
Historic Olde Walkerville Business Improvement Area  
Wyandotte Towne Centre Business Improvement Area  
Olde Sandwich Towne Business Improvement Area  
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, 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, 2006**  
**(\$000's)**

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

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

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

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

**(iii) Non-consolidated entity**

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

Windsor-Essex County Health Unit

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

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

**(v) Trust funds**

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

**(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.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**(ii) Fund accounting**

In accordance with practices common to Ontario municipalities, the City follows the fund basis of accounting. The capital fund is used principally to account for assets acquired or obligations incurred which are to be financed from the future revenue of the City and it is the annual interest cost of this financing that is paid from current (operating fund) operations. Reserve funds are generally created, pursuant to applicable statutes, by appropriations from current (operating fund) operations. The uses of these funds are restricted to the purposes for which the reserve funds are created. Those reserve funds which have statutory restrictions have been classified as deferred revenue for financial reporting purposes.

**(iii) Accrual basis of accounting**

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

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

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council, incorporating amounts to be raised for local services, and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the 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 reasonably certain. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied. Taxes receivable are reported net of any allowance for doubtful accounts.

**(v) Accounts receivable**

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

**(vi) Inventories**

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



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

(vii) **Fixed assets**

The historical cost and accumulated depreciation of fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition. The amount of these expenditures which 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.

(viii) **Employee future benefit obligations**

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

The estimated cost of these benefit obligations already earned by the employees at the date of implementation of this policy (the transitional benefit obligation) was recognized as employee future benefit obligations and amounts to be recovered in future years. Past service costs from plan amendments, if any are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumption used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the benefit obligation is amortized over the average remaining service period of active employees, which is 14.66 years.

(ix) **Provincial Offences Act**

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**(x) Use of estimates**

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

**2. Operations of school boards**

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

	<b>2006</b>	<b>2005</b>
	\$	\$
Taxation received or receivable	97,466	100,758
<u>Requisitions</u>	<u>97,608</u>	<u>100,882</u>
<u>Amount due from school boards</u>	<u>(142)</u>	<u>(124)</u>

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

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

	<b>2006</b>	<b>2005</b>
	\$	\$
Windsor-Essex County Health Unit	2,380	3,152

The City is contingently liable for its share, which is approximately 19%, of any deficits, which may arise. The Windsor-Essex County Health Unit incurred a deficit in 2006 of \$44 (2005 - \$23 surplus).

The City 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 approximately \$6,050, the City is also contingently liable for insurance, taxes and utilities related to the leased premises. It is considered unlikely that the City will be called upon to take over these lease payments.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

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

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

WCUL is a 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.

**Windsor Utilities Commission ("WUC")**

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

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

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

**(a) Investment in GBE**

The City of Windsor has investments in GBE totalling \$192,101 (2005 - \$181,623), which is comprised of the following:

	2006	2005
	\$	\$
WCUL	88,868	77,733
WUC	101,093	100,580
CWHCL	2,140	3,310
	<u>192,101</u>	<u>181,623</u>

A continuity of the investment in GBE is as follows:

	WCUL	WUC	CWHCL	2006	2005
	\$	\$	\$	Total	Total
	\$	\$	\$	\$	\$
Opening investment	77,733	100,580	3,310	181,623	179,196
Capital contribution	-	973	-	973	1,045
Change in reserve fund balance	-	-	(1,062)	(1,062)	262
Dividends declared	(2,000)	-	-	(2,000)	(1,678)
Current income (loss)	13,135	(460)	(108)	12,567	2,798
Closing investment	<u>88,868</u>	<u>101,093</u>	<u>2,140</u>	<u>192,101</u>	<u>181,623</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**(b) Promissory note receivable**

A promissory note dated December 20, 2001 in the principal sum of \$21,520 was issued to the City by Windsor Canada Utilities Ltd. (WCUL). This note is unsecured, due on demand and bears interest at 6% per annum payable quarterly. As at December 31, 2006 the principal sum of the promissory note is \$9,233 (2005 - \$11,976).

The principal repayments on the promissory note are as follows:

	\$
2007	2,904
2008	3,073
2009	3,256
	<u>9,233</u>

**(c) Supplementary information of GBE**

**(i) WCUL**

	2006 \$	2005 \$
<b>Financial position</b>		
Current assets	44,173	44,371
Capital assets	190,852	181,813
Work in progress and other assets	7,968	10,367
<b>Total assets</b>	<u>242,993</u>	<u>236,551</u>
Current liabilities	61,742	63,409
Long-term liabilities	92,383	95,409
Total liabilities	154,125	158,818
Shareholders' equity	88,868	77,733
<b>Total liabilities and equity</b>	<u>242,993</u>	<u>236,551</u>
<b>Results of operations</b>		
Revenue from distribution of electricity	224,755	253,405
Services provided to Windsor Utilities Commission	7,318	8,239
Other revenue	9,085	9,342
Total revenue	241,158	270,986
Cost of electrical energy	183,844	216,831
Operating expenses	33,310	32,497
Other net expenses	10,869	19,389
Total expenses	228,023	268,717
<b>Net income</b>	<u>13,135</u>	<u>2,269</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**Related party transactions**

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

- Under a Management Services Agreement effective January 1, 2000, Enwin Utilities Ltd. provides certain finance, administration, human resource, management and other support services to the Windsor Utilities Commission. The total amount charged to the Commission for the year ended December 31, 2006 is \$7,318 (2005 - \$8,239).
- Enwin Utilities Ltd. provides sewer surcharge billing and collecting and street lighting for the City of Windsor. The total amount charged to the City of Windsor and included in other revenue for the year ended December 31, 2006 was \$2,100 (2005 - \$2,576).
- Enwin Utilities Ltd. collects and remits the sewer surcharge on behalf of the City of Windsor. The total amount owing to the City of Windsor at year-end relating to sewer surcharge was \$3,064 (2005 - \$3,349).
- The amounts due to related parties which are included in current liabilities consist of:

	2006	2005
	\$	\$
Due to Windsor Utilities Commission	-	1,238
Due to the Corporation of the City of Windsor	5,064	5,550
	<u>5,064</u>	<u>6,788</u>

(ii) WUC	2006	2005
	\$	\$
<b>Financial position</b>		
Current assets	6,426	8,249
Capital assets	146,732	141,107
Total assets	153,158	149,356
Current liabilities	11,931	7,913
Long-term liabilities	40,134	40,863
Total liabilities	52,065	48,776
Accumulated surplus	101,093	100,580
Total liabilities and surplus	<u>153,158</u>	<u>149,356</u>
<b>Results of operations</b>		
Retail water sales	28,482	29,144
Other revenues	9,606	9,277
Total revenues	<u>38,088</u>	<u>38,421</u>
Cost of production	13,839	13,456
Operating expenses	17,080	16,951
Other net expenses	7,629	7,187
Total expenses	<u>38,548</u>	<u>37,594</u>
Net income (loss)	<u>(460)</u>	<u>827</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**Related party transactions**

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

- The Corporation of the City of Windsor provides support for capital water main projects and road repairs to the Commission. The total amount charged to the Commission for the year ending December 31, 2006 was \$3,884 (2005 - \$3,576)
- At year-end, there is an amount owing from Enwin Utilities Ltd. totalling nil (2005 - \$1,360) with no specified repayment terms, which is included above in current assets.
- The amounts due to related parties which are included in current liabilities consist of:

	2006	2005
	\$	\$
Due to Enwin Utilities Ltd.	849	-
Due to Enwin Powerlines Ltd.	-	121
Due to the Corporation of the City of Windsor	929	1,916
	<u>1,778</u>	<u>2,037</u>

(iii) **CWHCL**

	2006	2005
	\$	\$
<b>Financial position</b>		
Current assets	2,328	2,296
Capital assets	6,593	6,705
<u>Total assets</u>	<u>8,921</u>	<u>9,001</u>
Current liabilities	1,854	650
Long-term liabilities	4,927	5,041
<u>Total liabilities</u>	<u>6,781</u>	<u>5,691</u>
Shareholders' equity	2,140	3,310
<u>Total liabilities and equity</u>	<u>8,921</u>	<u>9,001</u>
<b>Results of operations</b>		
Tenant rental revenue	3,276	3,317
Provincial rent supplement	143	169
Other revenues	118	123
<u>Total revenues</u>	<u>3,537</u>	<u>3,609</u>
General expenses	3,645	3,907
<u>Net loss</u>	<u>(108)</u>	<u>(298)</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

**Related party transactions**

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

The City of Windsor provides administrative and related services to the CWHCL for which it receives fees in the amount of \$119 (2005 - \$168).

5. **Net long-term liabilities**

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

	2006	2005
	\$	\$
Total long-term liabilities incurred by the City including those incurred on behalf of GBE which are outstanding at the end of the year amount to	160,241	171,364
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by WUC	(33,295)	(34,221)
Net long-term liabilities at the end of the year	126,946	137,143
<u>Less amount repayable from user fees</u>	<u>(82,297)</u>	<u>(86,581)</u>
<u>Net amount repayable from general taxation</u>	<u>44,649</u>	<u>50,562</u>

The amount repayable from user fees is comprised of:

	2006	2005
	\$	\$
Parking facilities fund	6,001	6,235
Windsor Canada Utilities Ltd.	9,580	12,459
Sanitary Sewer Surcharge	-	460
Essex-Windsor Solid Waste Authority	31,816	31,404
Windsor Non-Profit Housing Corporation	34,900	36,023
	<u>82,297</u>	<u>86,581</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

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

EWSWA is a Joint Board of Management created by the Corporation of the County of Essex (the "County") and the City pursuant to an Agreement dated May 18, 1994, (the "EWSWA Agreement") to establish, operate and manage, among other things, the Regional Landfill (the "Landfill"). The County holds title to the Landfill in accordance with the provisions of the EWSWA Agreement. The 2006 net long-term liabilities for the EWSWA reflect a balance of \$63,632 (2005 - \$62,808).

In July 2005, the County, City and EWSWA (the "Plaintiff") settled a legal action commenced in the Ontario Superior Court of Justice against MFP Financial Services, Leasing-Infrastructure Financing Trust 1 ("LIFT") and others in which the Plaintiffs had alleged that certain of the defendants had fraudulently and negligently misrepresented the rate of interest payable by the Plaintiffs in respect of a head lease and sublease intended to be a loan to finance certain costs incurred by the Authority to develop the Regional Landfill and pay the costs of future landfill expansions.

Under the terms of the mediated and Court approved settlement, LIFT assigned its rights under the original head lease which the Court ruled was a loan from LIFT to the County and City, to Sun Life Assurance Company Limited ("Sun Life"). Sun Life restructured the loan, in favour of a debenture in the amount of \$62,808, bearing interest at 6.427% per annum, issued by the County, on behalf of the County and the City. The County and the City are jointly liable for the debenture, which provides for principal and interest payments on January 15 and July 15 of each year, commencing January 15, 2006 and maturing on July 31, 2031. Total interest over the term of the debenture will aggregate \$88,455.

At December 31, 2006, the net long-term liability as reported on the financial statements of the EWSWA consists of:

	2006	2005
	\$	\$
Debenture payable	63,632	62,808
Accrued interest	1,893	1,714
	<u>65,525</u>	<u>64,522</u>

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

The City has assumed no debt from other municipalities.



**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

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

- (b) Of the net long-term liabilities in (a) of this note, \$24,771 in principal payments are repayable from 2007 to 2011 and \$60,273 from 2012 to 2016 and \$41,902 thereafter.

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

	2007-2011	2012-2016	Thereafter	Total
	\$	\$	\$	\$
From general municipal revenues	9,798	24,662	9,916	44,376
From benefiting landowners	263	10	-	273
	10,061	24,672	9,916	44,649
From user fees	14,710	35,601	31,986	82,297
	24,771	60,273	41,902	126,946

- (c) Approval of the Ontario Municipal Board or Treasurer's Certificate has been obtained for the long-term liabilities in (a) issued in the name of the City.
- (d) The City is contingently liable for long-term liabilities for which the responsibility for the payment of principal and interest has been assumed by GBE amounting to \$33,295 (2005 - \$34,221).
- (e) Total interest expenditures for the year for net long-term liabilities which are reported on the statement of financial activities are as follows:

	2006	2005
	\$	\$
Interest funded from general property taxes	1,651	2,172
Interest funded from user fees	4,423	5,721
	6,074	7,893

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

6. **Employee benefits**

(a) **Pension agreements**

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**6. Employee benefits (continued)**

The amount contributed to OMERS for current service for 2006 was \$13,121 (2005 - \$11,632).

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

**(b) Employee future benefit obligations**

Employee future benefit obligations are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2006 and consist of the following:

	<b>2006</b>	<b>2005</b>
	\$	\$
Post retirement benefits	180,346	169,575
WSIB future benefits	28,220	25,240
Accrued vested sick leave	15,969	15,146
Vacation and vested banked overtime	2,750	2,750
Transit Windsor pension liability (asset)	(1,821)	2,096
	<u>225,464</u>	<u>214,807</u>

**(i) Post retirement benefits**

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

- Discount Rate 5.00% (5.25% in 2005)
- Health Care Trend Rate: 11.0% for 2006 grading to  
5% per annum in 2018
- Dental and other Medical: 5% per annum
- Nursing Home 2% per annum

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**6. Employee benefits (continued)**

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

	<b>2006</b>	<b>2005</b>
	\$	\$
Accrued benefit liability at the beginning of the year	169,575	160,939
Current service cost	4,827	3,918
Interest	11,165	10,704
Amortization of actuarial net losses	1,397	201
Benefits paid	<u>(6,618)</u>	<u>(6,187)</u>
Accrued benefit liability at the end of the year	180,346	169,575
Unamortized net actuarial losses	49,341	41,200
<u>Accrued benefit obligations at the end of the year</u>	<u>229,687</u>	<u>210,775</u>

The measurement date of the employee future benefits obligation coincides with the City's fiscal year. The most recent actuarial comprehensive valuation was as of December 31, 2004 and the next required valuation will be as of December 31, 2007.

On May 15, 2006 City Council approved the limitation of Post Retirement benefit coverage to age 65 for all Non Union employees hired on or after May 16, 2006.

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

The Workplace Safety and Insurance Board (WSIB) estimates the undiscounted future benefit costs and administrative downloading for the City as a Schedule II employer at December 31, 2006 in the amount of \$28,220 (2005 - \$25,240).

**(iii) Accrued vested sick leave**

Accrued vested sick leave refers to the balance of unused sick leave credits which is payable to eligible employees of the City upon their retirement. Under the sick leave plan, unused sick leave can accumulate and certain employees may become entitled to a cash payment upon leaving the City's employment. An amount of \$1,398 (2005 - \$1,090) has been paid out in the current year and is reported as an expenditure on the consolidated statement of financial activities.

**7. Municipal position**

**(a) Operating fund**

The consolidated statement of financial position reflects an operating fund deficit of \$843 (2005 - \$2,557). Any deficit is funded in the following year as a first charge to that budget.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

7. **Municipal position (continued)**

(b) **Capital fund**

The consolidated statement of financial position reflects a balance of capital operations not permanently financed of \$14,051 (2005 - \$26,221). This outstanding balance at December 31, 2006 will be financed in future years.

(c) **Reserves and reserve funds**

The consolidated statement of financial position reflects a balance of reserves and reserve funds of \$66,306 (2005 - \$75,546) and are detailed as follows:

	2006	2005
	\$	\$
Reserves set aside for specific purpose by Council:		
Enwin recapitalization	53	49
Working funds	897	897
Encumbrances	5,226	2,233
Future planning	2	4
Post retirement death benefit	44	(53)
Recreation services	1,152	1,274
Police services	-	1
Fire services	372	371
Winter control	78	78
<u>Environmental services</u>	<u>18,038</u>	<u>16,428</u>
<u>Total reserves</u>	<u>25,862</u>	<u>21,282</u>
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	26,052	24,204
Capital expenditures	2,580	4,395
Tunnel improvements	(9,003)	(1,549)
Insurance	1,297	1,163
Health benefits rate stabilization	1,934	1,880
Sanitary sewer expenditures	(2,276)	2,677
Budget stabilization	15,438	15,929
Children's fund	400	366
Environmental Services	(72)	502
Social housing	2,581	3,074
Corporate stability	527	822
Recreation	228	-
<u>Future planning</u>	<u>758</u>	<u>801</u>
<u>Total reserve funds</u>	<u>40,444</u>	<u>54,264</u>
<u>Total reserves and reserve funds</u>	<u>66,306</u>	<u>75,546</u>

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**7. Municipal position (continued)**

**(d) Deferred revenue**

The following funds totalling \$2,419 (2005, \$3,638) relate to net inflows, which have statutory restrictions and as such, are classified as deferred revenue on the consolidated statement of financial position:

	<b>Beginning balance 2005 \$</b>	<b>2006 Inflows \$</b>	<b>2006 Outflows \$</b>	<b>Balance at Dec 31 2006 \$</b>
Parking facilities fund	(2,349)	1,514	807	(1,642)
Park purposes fund	1,108	395	2,403	(900)
Development charges fund	(318)	2,946	3,340	(712)
Federal/Provincial Gas Tax Fund	4,177	7,305	6,821	4,661
Landfill post closure fund	1,020	-	8	1,012
	3,638	12,160	13,379	2,419
Other deferred revenues	305	-	68	237
<b>Total deferred revenues</b>	<b>3,943</b>	<b>12,160</b>	<b>13,447</b>	<b>2,656</b>

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. The Federal Gas Tax fund is utilized to fund Environmentally Sustainable municipal infrastructure projects. The Provincial Gas Tax fund is utilized to fund Public Transportation Programs. Landfill post closure fund reflects the estimated liability of the City should the Regional Landfill cease receiving waste on December 31, 2006.

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

The consolidated statement of financial position reflects a balance of \$349,846 (2005 - \$347,009) 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:

	<b>2006 \$</b>	<b>2005 \$</b>
Employee future benefit obligations	225,464	214,807
Long-term debt outstanding, including amounts held in own debentures net of promissory note receivable	117,713	126,292
Inventories	3,142	3,161
Accrued interest on long-term debt	3,527	2,749
	349,846	347,009

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**8. Commitments**

As at December 31, 2006, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost approximating \$26,357 (2005 - \$17,169) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2013 approximating \$9,860 (2005 - \$12,602).
- (c) Funding for its share of the perpetual care costs of the now closed Landfill #3. This commitment is expected to require a payment to the Essex-Windsor Solid Waste Authority of \$600 per year for the foreseeable future.
- (d) The City owns the Canadian half of the Detroit-Windsor Tunnel and it is managed by the Windsor Tunnel Commission (WTC) for the City. The City of Detroit owns the portion of the Windsor-Detroit Tunnel situated in the U.S.A. (the "Detroit Tunnel") and it is leased to the Detroit & Canada Tunnel Corporation (DCTC) for a term that expires in 2020. The Joint Operating Agreement (JOA), between the WTC, the City of Windsor and DCTC and its affiliates, among other things, provides for the operation of the Canadian portion of the tunnel. The JOA expires October 31, 2007. DCTC provides the day-to-day operation of the tunnel for the cities of Windsor and Detroit.

WTC is committed to several major undertakings for rehabilitation of the tunnel. Two significant projects are the Ventilation System Upgrade and improvements to the Windsor Tunnel Plaza, including the implementation of an expanded NEXUS program.

The Ventilation System Upgrade commenced in 2003 was substantially completed in November 2006. The JOA provides that all such projects will be cost shared on a 50/50 basis with DCTC and will be charged to WTC's Capital Rehabilitation and Improvement Reserve Fund in the fiscal year they are incurred; however, costs for the Ventilation System Upgrade engineering and construction have been addressed in accordance with the agreement settling the arbitration for this matter reached on September 25, 2003.

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

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

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**8. Commitments (continued)**

- (e) In 2004, the City of Windsor entered into the Ontario's Millennium Partnerships Initiative Funding Agreement for Infrastructure Projects relative to the Lou Romano Reclamation Plant Capacity Expansion & Upgrade project. The total cost of the project is expected to be \$110,000. The federal government is funding \$9,000 towards the project, the province is contributing \$19,000 and the Town of LaSalle is contributing \$25,000 for a total of \$53,000. The City's share of the cost is \$57,000 and is to be funded by debentures, development charges and sewer surcharge revenues. The project must expend eligible costs of \$58,500 by March 31, 2008 in order to receive the full funding allotment from the provincial and federal governments. Project costs expended to December 31, 2006 total approximately \$76,797. Of the remaining project costs, the total value of committed outstanding construction and engineering contracts at December 31, 2006 is \$16,515.
- (f) During 2004, the City of Windsor entered into various agreements with St. Clair College with the combined purpose of redeveloping the City's Huron Lodge Home for the Aged and establishing a long-term care education and training facility.

Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements and is to be funded from contributions from the operating fund related to the debt reduction initiative approved by Council. The total cost of the project is \$41,200. Project costs expended to December 31, 2006 total approximately \$37,633. Of the remaining \$3,567 of project costs, the total value of committed outstanding construction contracts at December 31, 2006 is \$141.

As a result of the transaction, St. Clair College received an interest in the property currently occupied by the existing Huron Lodge Municipal Home for the Aged, which has been independently appraised at a value of \$1,334. In the event that St. Clair College decides not to develop its interest in this property, and is unable to sell or lease the property by December 31, 2008, the City agreed to repurchase the property from St. Clair College for the amount of \$1,334.

- (g) In late 2006, City Council approved a guaranteed fixed price proposal by PCR Contractors for a fixed contract of \$47.9 million for the construction of the Greater Windsor Recreation and Sports Centre. In 2007, a letter of intent between the City of Windsor and PCR Contractors relative to construction of the arena complex was entered into and City Council approved a total net budget of \$64.9 million for this project, inclusive of land costs, fit-ups, site development, interim financing and contingencies. Permanent funding for this project is expected to come from the operating budget. The project is expected to be completed by the end of 2008.

**9. Budget figures**

Budget figures have been excluded on the Consolidated Statement of Financial Activities as they may not be directly comparable to the actual figures due to the requirement to accrue certain expenditures in accordance with PSAB reporting requirements. The City does not, in many cases, include these amounts in the annual budget as they do not require immediate funding.

**THE CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

**9. Budget figures (continued)**

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

**10. Public liability insurance**

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

The City of Windsor is currently insured with the Ontario Municipal Insurance Exchange (OMEX). OMEX is a reciprocal, which means the City may be exposed to future costs should there be a retroactive assessment. As a member of a reciprocal, the City agrees to assume a certain percentage of the entire group's liabilities and losses for the period of time that the City was a member. In the event that an annual premium funding becomes insufficient to cover claims and claim reserves, the reciprocal has the ability to re-assess each member to appropriately fund the difference. The City paid an amount of \$822 in retroactive assessments in 2006, which is reflected on the Consolidated Statement of Financial Activity. The City has established a reserve fund for self-insurance, which as at December 31, 2006 amounted to, \$1,297 (2005 - \$1,163).

The City budgets each year for premiums and claims. Any budget excess is credited to the reserve fund. Payment of claims is shown as an expenditure on the statement of financial activities.

**11. Social Housing administration**

In accordance with the Social Housing Reform Act, 2000 the net assets previously owned by the Ontario Housing Corporation were transferred to the Windsor-Essex County Housing Corporation effective January 1, 2001. The value of the net assets transferred was \$nil. The income producing properties held by the Ontario Housing Corporation were transferred to the City at \$nil value. The outstanding obligations with respect to the debentures remains with the Ontario Housing Corporation. Accordingly, neither the value of the income producing properties nor the outstanding debt have been recorded in these financial statements.

**12. 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 CORPORATION OF THE CITY OF WINDSOR**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2006**  
**(\$000's)**

13. **Subsequent events**

(a) **Cleary International Centre transfer agreement**

On February 16, 2007, the City of Windsor entered into an agreement with St. Clair College of Applied Arts and Technology for the transfer of the Cleary International Centre and Chrysler Theatre. This transfer was completed on March 9, 2007 with ownership of the land, buildings and assets being conveyed to the College. Additionally, pursuant to the agreement, significantly all employees of the Cleary were assumed by the College. This transfer agreement has resulted in certain financial commitments for the City including salary contributions towards 50% of wages and benefits of the former employees to a maximum of \$2.6 million over two years and payment for capital improvements totalling \$0.8 million through 2009.

(b) **Winhome amalgamation**

On January 1, 2007 the City of Windsor Non-Profit Housing Corporation, the Windsor-Essex County Housing Corporation and the City of Windsor Housing Co. Ltd. amalgamated to form the Windsor Essex Community Housing Corporation. This amalgamation has resulted in the provision of the housing programs previously offered by the three separate housing companies within one integrated corporation.

(c) **Airport management agreement**

On December 31, 1998, the City 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 City contracted with SERCO Aviation Services Inc. to operate the Airport on its behalf for a ten-year period ending December 31, 2008.

On March 26, 2007 City Council approved the early termination of the Airport Management Agreement with Serco Aviation Services Inc. effective March 1, 2007. As a result, the City entered into an amended Management Agreement with Serco through to June 30, 2007 as well as, a Settlement Agreement. The Settlement Agreement requires Serco to pay for cumulative airport operating losses incurred during the period of the Management Agreement totalling \$1,265, a profit guarantee to the City in the sum of \$1,772, as well as full repayment of cash flow loans and advances provided by the City totalling \$643.

14. **Comparative figures**

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



Trust Funds Financial Statements of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2006



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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, 2006 and the statement of financial activities and continuity of fund balances for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the completeness of receipts for the Huron Lodge residents' comfort accounts described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the City of Windsor as at December 31, 2006 and the results of its financial activities and changes in fund balances of the trust funds for the year then ended in accordance with the accounting principles prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Chartered Accountants, Licensed Public Accountants

Windsor, Canada  
May 18, 2007

**THE CORPORATION OF THE CITY OF WINDSOR**

**Trust Funds**

**Statement of Financial Position**

December 31, 2006

(\$000's)

	Huron Lodge Residents' Comfort	Willistead Restoration	O.H.R.P. Regular	O.H.R.P. Rental	Municipal Candidates	Chimczuk Request
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
Current assets						
Cash and equivalents	251	24	326	3	1	4
Short-term investments	-	-	-	-	-	2,702
Accounts receivable:						
Repayable	-	-	8	-	-	-
Forgivable	-	-	7	-	-	-
Other	189	3	-	-	-	10
Due from Current Fund City of Windsor	1	-	3	-	-	-
Due from Capital Fund City of Windsor	-	-	-	-	-	-
<b>Total current assets</b>	<b>441</b>	<b>27</b>	<b>344</b>	<b>3</b>	<b>1</b>	<b>2,716</b>
Long term assets (note 2):						
Investments	-	-	-	-	-	-
<b>Total assets</b>	<b>441</b>	<b>27</b>	<b>344</b>	<b>3</b>	<b>1</b>	<b>2,716</b>
<b>Liabilities</b>						
Accounts payable	5	-	162	2	-	-
Due to City of Windsor	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5</b>	<b>-</b>	<b>162</b>	<b>2</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>	<b>436</b>	<b>27</b>	<b>182</b>	<b>1</b>	<b>1</b>	<b>2,716</b>
<b>Total liabilities and fund balance</b>	<b>441</b>	<b>27</b>	<b>344</b>	<b>3</b>	<b>1</b>	<b>2,716</b>

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

Windsor	Justice Facility Capital Maintenance	Heritage Endowment Fund	EWSWA Landfill Holiday Fund	EWSWA Landfill Expansion Fund	Richmond Landing Strip Bond	Library Board Donations	Total
	\$	\$	\$	\$	\$	\$	\$

	2,672	-	-	-	-	9	3,290
	-	-	3,172	-	-	-	5,874
	-	-	-	-	-	-	8
	-	-	-	-	-	-	7
	-	-	31	-	-	-	233
	15	-	-	-	-	-	19
	688	-	-	-	-	-	688
	3,375	-	3,203	-	-	9	10,119
	-	425	1,207	10,638	1,529	-	13,799
	3,375	425	4,410	10,638	1,529	9	23,918
	-	-	-	-	-	-	169
	-	10	-	-	-	-	10
	-	10	-	-	-	-	179
	3,375	415	4,410	10,638	1,529	9	23,739
	3,375	425	4,410	10,638	1,529	9	23,918

**THE CORPORATION OF THE CITY OF WINDSOR**

Trust Funds  
Statement of Financial Activities and Continuity of Fund Balances  
Year ended December 31, 2006  
(\$000's)

	Huron Lodge Residents' Comfort	Willistead Restoration	O.H.R.P. Regular	O.H.R.P. Rental	Municipal Candidates
	\$	\$	\$	\$	\$
Balance at the beginning of the year	449	23	177	1	3
Revenues					
Residents' comfort	263	-	-	-	-
Interest earned	10	1	13	-	-
Contributions	-	3	-	-	-
<b>Total revenues</b>	<b>273</b>	<b>4</b>	<b>13</b>	<b>-</b>	<b>-</b>
Expenditures					
Payments to residents or estates	286	-	-	-	-
Purchases of furnishings and capital improvements	-	-	-	-	-
Other expenses	-	-	8	-	2
<b>Total expenditures</b>	<b>286</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>2</b>
<b>Balance at the end of the year</b>	<b>436</b>	<b>27</b>	<b>182</b>	<b>1</b>	<b>1</b>

	Chimczuk Bequest	Windsor Justice Facility Capital Maintenance	Heritage Endowment Fund	EWSWA Landfill Holiday Fund	EWSWA Landfill Expansion Fund	Richmond Landing Strip Bond	Library Board Donations	Total
	\$	\$	\$	\$	\$	\$	\$	\$
	2,611	2,938	410	7,271	10,196	-	8	24,087
	105	124	15	208	442	167	-	263
	-	456	-	-	-	1,362	-	1,086
	105	580	15	208	442	1,529	1	3,170
	-	-	-	-	-	-	-	286
	-	143	10	-	-	-	-	153
	-	-	-	3,069	-	-	-	3,079
	-	143	10	3,069	-	-	-	3,518
<b>Total</b>	<b>2,716</b>	<b>3,375</b>	<b>415</b>	<b>4,410</b>	<b>10,638</b>	<b>1,529</b>	<b>9</b>	<b>23,739</b>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2006

(\$000's)

### 1. ACCOUNTING POLICIES

Basis of accounting

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

### 2. LONG TERM ASSETS

Long-term assets include total investments of \$13,799 (2005 - \$20,454) reported on the statement of financial position at cost, which approximates market value at the end of the year.

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

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

### 4. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2006 total \$23,739 (2005 - \$24,087) and are comprised of the following:

**Huron Lodge Residents' Comfort Trust \$436 (2005 - \$449)**

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

**Willistead Restoration Trust Fund \$27 (\$2005 - \$23)**

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

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

- **Regular \$182 (2005 - \$177)**
- **Rental \$1 (2005 - \$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 (2005 - \$3)**

Administers unspent campaign donations of municipal election candidates.

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Trust Funds

December 31, 2006

(\$000's)

**Chimczuk Trust \$2,716 (2005 - \$2,611)**

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

**Joint Justice Facility Capital Maintenance Trust \$3,375 (2005 - \$2,938)**

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

**Heritage Endowment Fund \$415 (2005 - \$410)**

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

**Essex-Windsor Solid Waste Authority Landfill Holiday Fund \$4,410 (2005 - \$7,271)**

This trust fund was established to hold funds paid by MFP Financial Services Limited to the County of Essex and the City in accordance with the settlement dated July 29, 2005. These funds will be utilized towards payments on the Restructured Loan during the period commencing January 15, 2006 and ending on January 15, 2008. Future payments related to the Restructured Loan are as follows: 2007 - \$3,259; 2008 - \$1,240. The fund balance of the trust fund relates specifically to an amount payable to the Essex-Windsor Solid Waste Authority regarding the restructured loan payments.

**Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$10,638 (2005 - \$10,196)**

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 Essex-Windsor Solid Waste Authority regarding ongoing future cell expansions.

**Richmond Landing Strip Bond Trust \$1,529 (2005 - \$0)**

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.

**Library Board Trusts \$9 (2005 - \$8)**

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



Sinking Fund Financial Statement of

**THE CORPORATION OF  
THE CITY OF WINDSOR**

December 31, 2006





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## AUDITORS' REPORT

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

We have examined the financial statement of the Sinking Fund By-Law 10742 including all related amendments as at December 31, 2006 as required by the Municipal Act. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

In our opinion, this financial statement presents fairly, the balance of the Sinking Fund By-Law 10742 including all related amendments as at December 31, 2006 in accordance with the provisions of the Municipal Act.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

Windsor, Canada  
May 18, 2007

# THE CORPORATION OF THE CITY OF WINDSOR

## Sinking Fund By-Law 10742 Statement of Continuity and Fund Balance December 31, 2006 (Stated in thousands of dollars)

	2006	2005
	<u>\$</u>	<u>\$</u>
Actual balance at the beginning of the year	4,018	3,308
Annual levy	494	494
Investment income	<u>267</u>	<u>216</u>
Actual balance at the end of the year (see below)	4,779	4,018
Balance required at the end of the year	<u>4,950</u>	<u>4,265</u>
Shortfall	<u>(171)</u>	<u>(247)</u>

Actual balance (including accrued interest) consists of:

Windsor Family Credit Union term deposit @ 5.11% matures August 12, 2011	3,411	2,657
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	58	54
Cash in bank	<u>3</u>	<u>-</u>
Total	<u>4,779</u>	<u>4,018</u>

# THE CORPORATION OF THE CITY OF WINDSOR

## Notes to Sinking Fund Financial Statement

December 31, 2006

(Stated in thousands of dollars)

### 1. Accounting Policy

Investment income is reported on the accrual basis.

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

### 2. Details of Sinking Fund

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

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

