

CONSOLIDATED FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2017



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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, 2017, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of Windsor as at December 31, 2017, and its consolidated results of operations and the changes in its consolidated net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada
September 17, 2018

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Financial Position
Year ended December 31, 2017
(\$000's)

	2017	2016
	\$	\$
Financial Assets		
Cash and temporary investments	303,941	298,358
Investment in government business enterprises [note 4 (a)]	551,372	542,315
Taxes and payments-in-lieu of taxes receivable [note 1 (b) (iii)]	32,697	32,247
Trade and other receivables	61,744	60,035
Total Financial Assets	949,754	932,955
Financial Liabilities		
Accounts payable and accrued liabilities	109,389	105,635
Accrued interest on long-term liabilities	1,479	1,594
Net long-term liabilities [note 5 (a)]	85,152	91,899
Employee future benefit liabilities [note 6 (b)]	532,251	519,054
Deferred revenue [note 8 (b)]	37,929	37,129
Landfill post closure liability [note 7]	13,873	12,695
Inactive contaminated sites liabilities [note 1 (b) (viii)]	6,289	6,289
Total Financial Liabilities	786,362	774,295
Net Financial Assets	163,392	158,660
Non-Financial Assets		
Tangible capital assets [schedule 2]	2,048,827	2,003,563
Inventory and assets held for resale	2,554	2,558
Prepaid expenses	9,257	4,426
Total Non-Financial Assets	2,060,638	2,010,547
Accumulated Surplus [notes 1 (b) (viii) and 8 (a)]	2,224,030	2,169,207

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

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

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2017
(\$000's)

	2017	2016
	\$	\$
Revenues [note 10, schedule 1]		
Net municipal property taxes and payments-in-lieu of taxes	325,009	307,578
User charges	167,508	153,573
Provincial and federal transfers	217,387	215,493
Revenue from other municipalities	19,022	21,224
Other	58,371	47,140
Change in equity in government business enterprises [note 4 (a)]	9,057	28,963
Total Revenues	796,354	773,971
Expenses [note 10, schedule 1]		
General government	62,395	60,588
Protection to persons and property	164,636	169,360
Transportation services	94,520	103,165
Environmental services	68,745	67,788
Health services	13,190	12,797
Social and family services	251,228	242,918
Recreation and culture	78,517	75,860
Planning and development	8,300	8,336
Total Expenses	741,531	740,812
Annual Surplus	54,823	33,159
Accumulated surplus, beginning of year [note 1 (b) (viii)]	2,169,207	2,136,048
Accumulated surplus, end of year	2,224,030	2,169,207

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

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2017
(\$000's)

	2017	2016
	\$	\$
Annual Surplus	54,823	33,159
Acquisition of tangible capital assets [schedule 2]	(124,020)	(95,393)
Amortization of tangible capital assets [schedule 2]	76,342	74,279
(Gain) Loss on disposal of tangible capital assets	(340)	951
Proceeds on sale of tangible capital assets	2,754	1,989
Net change in inventory and assets held for resale	4	(205)
Net consumption of prepaid expenses	(4,831)	3,237
Change in net financial assets	4,732	18,017
Net financial assets, beginning of period	158,660	140,643
Net financial assets, end of period	163,392	158,660

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, 2017
(\$000's)

	2017	2016
	\$	\$
Cash provided by (used in):		
Operating and Other Activities:		
Annual surplus	54,823	33,159
Amortization of tangible capital assets	76,342	74,279
(Gain) loss on disposal of tangible capital assets	(340)	951
(Increase) decrease in taxes and payments-in-lieu receivable	(450)	513
Increase in trade and other receivables	(1,709)	(7,840)
Decrease (Increase) in inventory and assets held for resale	4	(205)
(Increase) decrease in prepaid expenses	(4,831)	3,237
Increase in accounts payable and accrued liabilities	3,754	27,552
Decrease in accrued interest on long-term liabilities	(115)	(105)
Increase in employee future benefit liabilities	13,197	37,843
Increase in deferred revenue	800	27
Increase (decrease) in landfill post closure liability	1,178	(743)
Net cash provided by operating and other activities	142,653	168,668
Capital Activities:		
Proceeds on sale of tangible capital assets	2,754	1,989
Cash used to acquire tangible capital assets	(124,020)	(95,393)
Net cash used in capital activities	(121,266)	(93,404)
Financing Activities:		
Net long-term liabilities repaid	(6,747)	(6,312)
Net cash used in financing activities	(6,747)	(6,312)
Investing Activities:		
Increase in investment in government business enterprises	(9,057)	(28,963)
Net cash used in investing activities	(9,057)	(28,963)
Increase in cash and temporary investments	5,583	39,989
Cash and temporary investments, beginning of year	298,358	258,369
Cash and temporary investments, end of year	303,941	298,358

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, 2017
(\$000's)

1. Summary of significant accounting policies and reporting practices

(a) Reporting entity

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

(i) Consolidated entities

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

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

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

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

(ii) Entities included on a modified equity basis

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

The entities accounted for under this method are:

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

(iii) Non-consolidated entity

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

(iv) Accounting for school board transactions

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

(v) Trust funds

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

(b) Basis of accounting

(i) PSAB recommendations

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

(ii) Accrual basis of accounting

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

(iii) Taxes receivable and related revenues

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

(iv) Trade and other receivables

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

(vi) Tangible capital assets

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

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

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

Contributed assets

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

Works of art and historical treasures

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

(vii) Employee future benefit liabilities

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

Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. Actuarial gains and losses on the accrued benefit liability arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit liability. The excess of the net actuarial gains or losses are amortized over the average remaining service period of active employees, which is 12.7 years (2016 – 12.7 years).

(viii) Inactive contaminated sites liabilities

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

(c) Provincial Offences Act

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

(d) Use of estimates

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

Actual results could differ from these estimates.

2. Operations of school boards

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

	2017	2016
	\$	\$
Taxation received or receivable	56,477	63,492
Requisitions	57,332	68,161
Amount due from school boards	(855)	(4,669)

3. Contribution to non-consolidated joint board

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

	2017	2016
	\$	\$
Windsor-Essex County Health Unit	2,870	2,760

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

4. Government Business Enterprises (“GBE”)

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

Windsor Canada Utilities Ltd. (“WCUL”)

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

Windsor-Detroit Border Link (“WDBL”)

On January 1, 2018 the day-to-day operations of the Tunnel were transferred to Windsor Detroit Border Link (WDBL), also a wholly owned subsidiary of the City. WDTC will hold the assets of the Tunnel while WDBL will manage and operate the Tunnel. WDBL had immaterial start up expenditures in 2017 and will be accounted for beginning with their operations in 2018.

Windsor-Detroit Tunnel Corporation (“WDTC”)

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

Windsor Utilities Commission (“WUC”)

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

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

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

(a) Investment in GBE

The City has investments in GBE totalling \$551,372 (2016 - \$542,315), which is comprised of the following:

	2017	2016
	\$	\$
WCUL	161,870	169,135
WDTC	144,416	143,753
WUC	237,680	223,287
YQG	7,406	6,140
	<u>551,372</u>	<u>542,315</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

4. Government Business Enterprises (continued)

A continuity of the investment in GBE is as follows:

	WCUL	WDTC	WUC	YQG	2017	2016
	\$	\$	\$	\$	Total	Total
	\$	\$	\$	\$	\$	\$
Opening investment	169,135	143,753	223,287	6,140	542,315	513,352
Dividends declared	(5,000)	(1,000)	-	(1,000)	(7,000)	(7,000)
Equity Adjustment	(10,195)	-	(342)	-	(10,537)	-
Current income	7,930	1,663	14,735	2,266	26,594	35,963
Current change in investment	(7,265)	663	14,393	1,266	9,057	28,963
Closing investment	161,870	144,416	237,680	7,406	551,372	542,315

(b) Supplementary information of GBE

(i) WCUL

	2017	2016
	\$	(Recasted)
	\$	\$
Financial position		
Current assets	90,509	88,722
Property, plant and equipment	220,934	216,220
Other assets	80,437	81,189
Total assets	391,880	386,131
Current liabilities	39,046	43,879
Long-term liabilities	190,964	179,080
Total liabilities	230,010	222,959
Shareholders' equity	161,870	163,172
Total liabilities and equity	391,880	386,131

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Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

4. Government Business Enterprises (continued)

	2017	2016
	\$	(Recasted) \$
Results of operations		
Revenue from distribution of electricity	304,018	336,988
Services provided to Windsor Utilities Commission	19,336	20,547
Other revenue	7,806	8,429
<u>Total revenue</u>	<u>331,160</u>	<u>365,964</u>
Cost of electrical energy	255,421	280,944
Other net expenses	67,809	69,374
<u>Total expenses</u>	<u>323,230</u>	<u>350,318</u>
<u>Net income</u>	<u>7,930</u>	<u>15,646</u>

Related party transactions

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

- On November 6, 2012 WCUL and WUC entered into a Water System Operating Agreement (“WSOA”), whereby WCUL agreed to provide services to WUC with respect to certain management, administrative services, construction operations, and maintenance services. Pursuant to the terms of the WSOA, WUC has transferred all employees of WUC to WCUL.
- WCUL provides sewer surcharge billing and collecting and street lighting for the City. The total amount charged to the City and included in other revenue for the year ended December 31, 2017 was \$4,708 (2016 - \$5,173).
- WCUL collects and remits the sewer surcharge on behalf of the City. The total amount owing to the City at December 31, 2017 relating to sewer surcharge was \$5,219 (2016 - \$5,396).
- The amounts due from related parties which are included in current assets consist of:

	2017	2016
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>3,145</u>	<u>3,767</u>

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

	2017	2016
	\$	\$
<u>Due from Windsor Utilities Commission</u>	<u>54,877</u>	<u>55,699</u>

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

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

	2017	2016
	\$	\$
Due to the Corporation of the City of Windsor (net)	4,936	4,643

(ii) **WDTC**

	2017	2016
	\$	\$
Financial position		
Current assets	20,928	21,719
Property, plant and equipment	136,104	134,980
Total assets	157,032	156,699
Current liabilities	12,616	12,946
Shareholder's equity	144,416	143,753
Total liabilities and equity	157,032	156,699
Results of operations		
Tolls	10,185	10,522
Other revenues	1,601	1,552
Total revenues	11,786	12,074
Operating expenses	10,123	9,533
Net income	1,663	2,541

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, 2017 is \$396 (2016 - \$334).
- The amounts due to related parties which are included in current liabilities consist of:

	2017	2016
	\$	\$
Due to the Corporation of the City of Windsor	120	1,024

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

(iii) **WUC**

	2017	2016
	\$	\$
Financial position		
Current assets	33,665	37,825
Property, plant and equipment and sinking fund	285,846	263,967
<u>Total assets</u>	<u>319,511</u>	<u>301,792</u>
Current liabilities	14,124	11,432
Long-term liabilities	67,707	67,073
Total liabilities	81,831	78,505
Total equity	237,680	223,287
<u>Total liabilities and equity</u>	<u>319,511</u>	<u>301,792</u>
Results of operations		
Retail water sales	50,792	50,341
Other revenues	11,197	10,771
<u>Total revenues</u>	<u>61,989</u>	<u>61,112</u>
Cost of production	19,423	17,298
Operating and other net expenses	27,831	27,701
<u>Total expenses</u>	<u>47,254</u>	<u>44,999</u>
<u>Net income</u>	<u>14,735</u>	<u>16,113</u>

Related party transactions

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

- The City provides support for capital water main projects and road repairs to WUC. The total amount charged to WUC for the year ending December 31, 2017 was \$10,248 (2016 - \$10,260).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

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

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

	2017	2016
	\$	\$
Due to Enwin Utilities Ltd.	3,145	3,767
Due to the Corporation of the City of Windsor	4,130	3,911
	<u>7,275</u>	<u>7,678</u>

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

	2017	2016
	\$	\$
Due to Enwin Utilities Ltd.	<u>2,877</u>	<u>3,699</u>

(iv) **YQG**

	2017	2016
	\$	\$
Financial position		
Total assets	<u>9,327</u>	<u>8,320</u>
Total liabilities	1,921	2,180
Shareholder's equity	7,406	6,140
Total liabilities and equity	<u>9,327</u>	<u>8,320</u>
Results of operations		
Airport operating revenues	5,084	5,029
Management fees and other revenues	1,670	2,071
Total revenues	<u>6,754</u>	<u>7,100</u>
Operating and other expenses	<u>4,488</u>	<u>4,136</u>
Net income	<u>2,266</u>	<u>2,964</u>

Related party transactions

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

- YQG provides airport management services to the City. The total amount of management fees received for the year ending December 31, 2017 is \$nil (2016 - \$nil).

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Notes to Consolidated Financial Statements
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(\$000's)

4. Government Business Enterprises (continued)

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

	2017	2016
	\$	\$
<u>Due to the Corporation of the City of Windsor</u>	<u>1,082</u>	<u>1,148</u>

5. Net long-term liabilities

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

	2017	2016
	\$	\$
Total long-term liabilities	85,152	91,899
<u>Less amount repayable from user fees</u>	<u>(76,983)</u>	<u>(81,985)</u>
<u>Net amount repayable from general taxation</u>	<u>8,169</u>	<u>9,914</u>

The amount repayable from user fees is comprised of:

	2017	2016
	\$	\$
Essex-Windsor Solid Waste Authority (see below)	31,349	31,986
Sewer Surcharge fund	24,577	26,443
Transit Windsor	1,353	1,446
<u>Windsor-Essex Community Housing Corporation</u>	<u>19,704</u>	<u>22,110</u>
<u>Total long-term liabilities repayable by user fees</u>	<u>76,983</u>	<u>81,985</u>

At December 31, 2017, the net long-term liability as reported on the financial statements, which the City is responsible for 50% of EWSWA consists of:

	2017	2016
	\$	\$
Debenture Payable	62,698	63,972
<u>Accrued Interest</u>	<u>1,866</u>	<u>1,904</u>
	<u>64,564</u>	<u>65,876</u>

The City has assumed no debt from other municipalities.

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

5. Net long-term liabilities (continued)

- (b) Of the net long-term liabilities in (a) of this note, \$38,957 in principal payments are repayable from 2018 to 2022, \$26,200 from 2023 to 2027 and \$19,995 thereafter.

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

	2018-2022	2023-2027	Thereafter	Total
	\$	\$	\$	\$
From general municipal revenues	8,169	-	-	8,169
From user fees	30,788	26,200	19,995	76,983
	<u>38,957</u>	<u>26,200</u>	<u>19,995</u>	<u>85,152</u>

- (c) Approval of the Ontario Municipal Board or a Treasurer's Certificate relative to the Authorized Repayment Limit of the City has been obtained for the long-term liabilities in (a) issued in the name of the City.

- (d) Total interest expenses for the year for net long-term liabilities which are reported on the consolidated statement of operations and accumulated surplus are as follows:

	2017	2016
	\$	\$
Interest funded from general property taxes	636	741
Interest funded from user fees	3,801	4,051
	<u>4,437</u>	<u>4,792</u>

6. Employee benefits

(a) Pension agreements

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

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

The amount contributed to OMERS for current service for 2017 was \$21,654 (2016 - \$22,041). At December 31, 2017 the OMERS plan is in a deficit position, which is being addressed through managing contribution rates, benefit levels, and investment returns.

The Transit Windsor contributory pension plan, covering substantially all of its employees, was frozen effective December 31, 1999 with pension benefits for service on and after January 1, 2000 being covered by OMERS. As required by the Pension Benefits Standards Act, the City has issued a letter of credit to the pension plan regarding the plan funding balance. At December 31, 2017 the plan has, for accounting purposes and including the unfunded letter of credit, pension assets of \$6,801 (2016 - \$5,586) and is in a funding surplus of \$272 (2016 - \$1,280 deficit).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

6. **Employee benefits (continued)**

(b) **Employee future benefit liabilities**

Employee future benefit liabilities are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2017 and consist of the following:

	2017	2016
	\$	\$
Post retirement benefits	468,036	444,953
Post employment benefits	6,963	7,072
WSIB future benefits	50,392	58,996
Accrued vested sick leave	10,903	11,142
Vacation and vested banked overtime	2,758	2,477
<u>Transit Windsor pension asset</u>	<u>(6,801)</u>	<u>(5,586)</u>
	<u>532,251</u>	<u>519,054</u>

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

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

- Discount Rate 3.25% (2016 – 3.75%)
- Health Care Discount Rate: 4.5% (2016 – 5.0%)

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

	2017	2016
	\$	\$
Accrued benefit liability at the beginning of the year	444,953	411,933
Current service cost	13,372	16,743
Interest	19,366	20,242
Amortization of actuarial net losses	1,812	6,848
<u>Benefits paid</u>	<u>(11,467)</u>	<u>(10,813)</u>
Accrued benefit liability at the end of the year	468,036	444,953
<u>Unamortized net actuarial losses</u>	<u>119,256</u>	<u>63,959</u>
<u>Accrued benefit obligations at the end of the year</u>	<u>587,292</u>	<u>508,912</u>

The measurement date of the employee future benefits obligation coincides with the City's fiscal year. An actuarial comprehensive valuation was completed as of December 31, 2016 and the next required valuation will be as of December 31, 2019.

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

6. Employee benefits (continued)

(ii) Liability for Workplace Safety and Insurance

The Workplace Safety and Insurance Board ("WSIB") estimates the undiscounted future benefit costs and administrative downloading for the City as a Schedule II employer. The estimated liability recorded at December 31, 2017 is \$50,392 (2016 - \$58,996).

(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 2017, an amount of \$1,089 (2016 - \$1,214) has been paid and is reported as an expense on the consolidated statement of operations and accumulated surplus.

7. Landfill post closure liabilities

The liability for landfill post closure costs at December 31, 2017 is comprised of the City's proportion of the Regional Landfill closure and post closure expenses of \$3,608 (2016 - \$2,441) and post closure expenses associated with the closed Essex County Landfill #3 of \$10,265 (2016 - \$10,254).

The Essex County Landfill #3 was closed in 1997 and requires care for an estimated period of 40 years from the date of closure. The December 31, 2017 liability for post closure expenditures is based on the annual payment to EWSWA of \$610 (2016 - \$610) and inflation adjusted at 2.0% per annum (2016 - 2.0%) and discounted to December 31, 2017 using a discount rate of 3.25 % (2016 - 3.75%).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

8. Municipal position

(a) Accumulated surplus

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

	2017	2016
Surplus:		
Invested in tangible capital assets	1,963,675	1,911,664
Invested in government business enterprises	551,372	542,315
Unfunded employee future benefit liabilities	(532,251)	(519,054)
Unfunded landfill post closure liabilities	(13,873)	(12,695)
Unfunded inactive contaminated sites liabilities	(6,289)	(6,289)
Other	87,709	73,602
Total surplus	2,050,343	1,989,543
Reserves set aside for specific purpose by Council:		
Working funds	18,060	14,850
Encumbrances	3,268	2,235
Future planning	1,607	1,488
Post retirement death benefit	315	103
Recreation services	1,472	1,318
Fire services	931	568
Environmental services	24,626	23,002
Occupational illness	1,266	1,180
Others	2,192	1,944
Total reserves	53,737	46,688
Reserve funds set aside for specific purpose by Council:		
Replacement of equipment	49,912	52,332
Capital expenditures	27,154	42,143
Insurance	4,995	4,560
Health benefits rate stabilization	4,410	4,874
Sanitary sewer expenditures	10,026	7,883
Budget stabilization	5,827	6,568
Children's fund	692	686
Social housing	4,537	6,613
Recreation	145	194
Transit debt repayment	1,650	1,757
Public health	7,906	3,896
Tax appeals	2,696	1,470
Total reserve funds	119,950	132,976
Total accumulated surplus	2,224,030	2,169,207

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

8. Municipal position (continued)

(b) Deferred revenue

The following funds totalling \$37,929 deferred revenue (2016 – \$37,129) relate to net inflows (outflows) which have statutory restrictions and as such are classified as deferred revenue on the consolidated statement of financial position:

	Beginning balance 2016 \$	2017 Inflows \$	2017 Outflows \$	Ending Balance 2017 \$
Parkland acquisition fund	1,363	497	364	1,496
Development charges fund	21,564	7,184	8,627	20,121
Building permit fund (net)	(393)	445	22	30
Provincial gas tax fund	663	3,717	4,341	39
Federal gas tax fund	13,805	13,213	10,916	16,102
Federal public transit fund	332	2	193	141
Others	(205)	205	-	-
Total deferred revenue	37,129	25,263	24,463	37,929

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

9. Commitments

As at December 31, 2017, the City is committed to making the following payments:

- (a) Contracts for various capital construction projects, at a cost of \$34,832 (2016 - \$64,798) in the aggregate, to be financed generally by pay as you go funding from the operating fund.
- (b) Payments for various operating leases through 2021 of \$438 (2016 - \$641).
- (c) The City has approved Community Improvement Plans ("CIP") that contain financial incentive programs for Brownfield Redevelopment, Economic Revitalization, Olde Sandwich Towne Community Improvement and Downtown Community Improvement.

The CIPs allow the City to provide grants to property owners/tenants, or to undertake other community improvement activities to further the objectives of each CIP, which would otherwise be prohibited by Ontario's *Municipal Act*. At December 31, 2017, there were 23 approved grant applications under the Economic Revitalization CIP, 9 approved grant

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

9. Commitments (continued)

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

The estimated value of remaining approved grants is \$15,488 (2016 - \$12,923).

- (d) The City has agreed to fund \$10,000 towards the transfer and renovations of the Armouries to the University of Windsor for their programs. To date, \$2,000 (2016 - \$2,000) has been paid based on construction milestones. The City has approved a placeholder of \$8,000 in its capital budget relative to the remaining commitment.
- (e) In 2013, the City purchased the land and building which house the Art Gallery of Windsor ("AGW") for \$2,500. The City is obligated to lease a portion of the building to AGW for 45 years at \$1 per year.

10. Budget figures

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

11. Public liability insurance

The City is self-insured for general liability claims up to \$250 (2016 - \$250) for any individual claim. Outside coverage is in place for claims in excess of this amount.

At December 31, 2017, the City was insured through JLT Canada, an insurance broker. 2017 was the first year the City was insured by JLT. Previously, the City was 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. Although the City is no longer insured with OMEX, it still has exposure for the years in which the City was a member that have not yet been closed. The City paid \$ nil in retroactive assessments in 2017 (2016 - \$nil). The City has established a reserve fund for self-insurance, which at December 31, 2017 amounted to \$4,995 (2016 - \$4,560).

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

11. Public liability insurance (continued)

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

12. Segmented information

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

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

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

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

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

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

Health services is comprised of Ambulance and Public Health services

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

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

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

THE CORPORATION OF THE CITY OF WINDSOR
Notes to Consolidated Financial Statements
Year ended December 31, 2017
(\$000's)

13. Contingent liabilities

- (a) During the normal course of operations, the City is subject to various legal actions, including some which can be substantial. The settlement of the actions that can be reasonably estimated is not expected to have a material effect on the consolidated financial statements of the City. Other legal actions may be at an early stage and therefore the likelihood and magnitude of impact cannot be reasonably determined.
- (b) The City is awaiting a decision of the Ontario Municipal Board (“OMB”) regarding the expropriation of lands within the Spring Garden Area of Natural and Scientific Interest (ANSI). Depending on the outcome of the legal proceedings, the City could be obligated to pay an additional amount of up to approximately \$4,000.
- (c) Construction of a new Huron Lodge Home for the Aged began in 2004. The project was substantially completed in March 2007 in compliance with Ministry of Health requirements. The contractor has registered a lien and claiming damages in the amount of \$4,677. Whether the contractor will recover all, some or none of that amount is undeterminable.
- (d) The City is the subject of a class action lawsuit relating to bingo/lottery licence fees. Depending on the outcome of the legal proceedings, the City could incur a liability of up to approximately \$70,000.

14. Comparative figures and restatement

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

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Schedule of Segmented Net Revenue - Schedule 1
Year ended December 31, 2017
(\$000's)

2017	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture	Planning and development	Total
Expenses									
Salaries, wages and benefits	40,546	139,676	38,722	15,223	167	52,221	34,679	3,962	325,196
Interest	-	636	32	2,745	-	1,024	-	-	4,437
External transfers	33	1,561	1,072	-	12,859	146,646	390	2,205	164,766
Amortization	1,806	4,329	33,562	19,143	-	6,995	10,412	95	76,342
Goods and services	20,010	18,434	21,132	31,634	164	44,342	33,036	2,038	170,790
Total Expenses	62,395	164,636	94,520	68,745	13,190	251,228	78,517	8,300	741,531
Revenues excluding taxation									
User charges	15,206	11,762	19,437	63,603	597	35,041	20,741	1,121	167,508
Provincial and federal transfers	23,038	6,157	18,442	2,883	-	165,273	1,546	48	217,387
Revenue from other municipalities	56	289	-	2,180	-	16,397	100	-	19,022
Other	33,853	6,467	4,749	8,520	-	1,094	3,627	61	58,371
Change in equity in government business enterprises	9,057	-	-	-	-	-	-	-	9,057
Total revenues excluding taxation	81,210	24,675	42,628	77,186	597	217,805	26,014	1,230	471,345
Net municipal property taxes and payments-in-lieu of taxes									325,009
Annual surplus (deficit)	18,815	(139,961)	(51,892)	8,441	(12,593)	(33,423)	(52,503)	(7,070)	54,823

THE CORPORATION OF THE CITY OF WINDSOR
Consolidated Schedule of Segmented Net Revenue - Schedule 1
Year ended December 31, 2017
(\$000's)

2016	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreation and culture	Planning and development	Total
Expenses									
Salaries, wages and benefits	41,624	147,011	46,445	15,942	-	55,691	32,543	4,066	343,322
Interest	-	741	34	2,828	-	1,189	-	-	4,792
External transfers	196	1,519	1,072	-	12,709	142,352	364	2,205	160,417
Amortization	1,428	3,952	32,769	18,913	-	7,069	10,053	95	74,279
Goods and services	17,340	16,137	22,845	30,105	88	36,617	32,900	1,970	158,002
Total Expenses	60,588	169,360	103,165	67,788	12,797	242,918	75,860	8,336	740,812
Revenues excluding taxation									
User charges	10,373	10,488	20,388	63,653	-	32,676	14,795	1,200	153,573
Provincial and federal transfers	22,671	5,551	21,361	294	-	159,744	5,872	-	215,493
Revenue from other municipalities	-	275	-	2,372	-	17,876	701	-	21,224
Other	29,706	7,435	1,567	3,164	-	838	4,404	26	47,140
Change in equity in government business enterprises	28,963	-	-	-	-	-	-	-	28,963
Total revenues excluding taxation	91,713	23,749	43,316	69,483	-	211,134	25,772	1,226	466,393
Net municipal property taxes and payments-in-lieu of taxes									307,578
Annual surplus (deficit)	31,125	(145,611)	(59,849)	1,695	(12,797)	(31,784)	(50,088)	(7,110)	33,159

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2017 - Schedule 2
Year ended December 31, 2017
(\$000's)

2017				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	267,761	1,296	(511)	268,546
Landfill and land improvements	174,259	9,570	(493)	183,336
Building and building improvements	648,705	21,949	(85)	670,569
Vehicles, machinery and equipment	229,623	20,438	(4,059)	246,002
Water and wastewater infrastructure	848,862	33,037	(317)	881,582
Roads infrastructure	871,675	33,989	(5,168)	900,496
Airport assets	81,773	896	-	82,669
Assets under construction	201,685	98,223	(95,378)	204,530
Total	3,324,343	219,398	(106,011)	3,437,730

Accumulated amortization	Balance, beginning of year	Disposals	Amortization expense	Balance, end of year
Landfill and land improvements	61,257	(277)	4,668	65,648
Building and building improvements	296,608	(69)	17,140	313,679
Vehicles, machinery and equipment	131,446	(3,828)	14,166	141,784
Water and wastewater infrastructure	314,321	(262)	15,771	329,830
Roads infrastructure	487,869	(3,782)	22,080	506,167
Airport assets	29,279	-	2,516	31,795
Total	1,320,780	(8,218)	76,342	1,388,903

Net book value	Balance, beginning of year	Balance, end of year
Land	267,761	268,546
Landfill and land improvements	113,002	117,688
Building and building improvements	352,097	356,890
Vehicles, machinery and equipment	98,177	104,218
Water and wastewater infrastructure	534,541	551,752
Roads infrastructure	383,806	394,329
Airport assets	52,494	50,874
Assets under construction	201,685	204,530
Total	2,003,563	2,048,827

THE CORPORATION OF THE CITY OF WINDSOR
Tangible Capital Assets - 2016 - Schedule 2
Year ended December 31, 2017
(\$000's)

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

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

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

TRUST FUND FINANCIAL STATEMENTS

THE CORPORATION OF THE CITY OF WINDSOR

DECEMBER 31, 2017



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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, 2017 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, 2017, and its financial activities for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

September 7, 2018

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Position

Year ended December 31, 2017

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	EWSWA Landfill Expansion Fund \$
Assets					
Current assets					
Cash and equivalents	77	31	6,043	462	-
Short-term investments	-	-	-	-	-
Accounts receivable	-	-	5	-	-
Due from City of Windsor	2	-	7	1	-
Total current assets	79	31	6,055	463	-
Long term assets (note 2):					
Investments	-	-	-	-	4,221
Total assets	79	31	6,055	463	4,221
Liabilities					
Due to Current Fund City of Windsor	-	-	6	-	-
Due to Capital Fund City of Windsor	-	-	-	-	-
Accounts payable	4	-	51	-	-
Total liabilities	4	-	57	-	-
Fund balance	75	31	5,998	463	4,221
Total liabilities and fund balance	79	31	6,055	463	4,221

Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Willistead Endowment Fund \$	Fairbairn Cemetery Fund \$	Arts Endowment Trust Fund \$	WPL Bradley Trust Fund \$	Total 2017 \$	Total 2016 \$
-	638	33	36	19	11	2,750	10	10,110	6,656
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	5	-
-	11	-	-	-	-	-	-	21	82
-	649	33	36	19	11	2,750	10	10,136	6,738
2,878	-	-	-	-	-	-	-	7,099	6,810
2,878	649	33	36	19	11	2,750	10	17,235	13,548
-	-	-	-	-	-	-	-	6	35
-	-	-	-	-	-	-	-	-	1
-	635	-	-	-	-	-	-	690	452
-	635	-	-	-	-	-	-	696	488
2,878	14	33	36	19	11	2,750	10	16,539	13,060
2,878	649	33	36	19	11	2,750	10	17,235	13,548

THE CORPORATION OF THE CITY OF WINDSOR

Trust Funds

Statement of Financial Activities and Continuity of Fund Balances

Year ended December 31, 2017

(\$000's)

	Huron Lodge Residents' Comfort \$	Willistead Furnishings \$	Windsor Justice Facility Capital Maintenance \$	Heritage Endowment Fund \$	EWSWA Landfill Expansion Fund \$
Balance at the beginning of the year	89	39	5,549	457	4,063
Revenues					
Residents' comfort	74	-	-	-	-
Interest earned	-	-	66	6	158
Contributions	-	6	490	-	-
Total revenues	74	6	556	6	158
Expenditures					
Payments to residents or estates	88	-	-	-	-
Purchases of furnishings and capital improvements	-	14	107	-	-
Contribution to City of Windsor Capital Fund	-	-	-	-	-
Other expenses	-	-	-	-	-
Total expenditures	88	14	107	-	-
Balance at the end of the year	75	31	5,998	463	4,221

Richmond Landing Strip Bond \$	COAHP Revolving Homeownership \$	Windsor Medical Fund \$	MacDonald Trust \$	Willistead Endowment Trust \$	Fairbairn Cemetery Trust \$	Arts Endowment Trust \$	WPL Bradley Trust \$	Total 2017 \$	Total 2016 \$
2,747	9	33	36	17	11	-	10	13,060	18,855
-	-	-	-	-	-	-	-	74	177
131	5	-	-	-	-	-	-	366	550
-	-	-	-	2	-	2,750	-	3,248	542
131	5	-	-	2	-	2,750	-	3,688	1,269
-	-	-	-	-	-	-	-	88	182
-	-	-	-	-	-	-	-	121	327
-	-	-	-	-	-	-	-	-	576
-	-	-	-	-	-	-	-	-	5,979
-	-	-	-	-	-	-	-	209	7,064
2,878	14	33	36	19	11	2,750	10	16,539	13,060

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2017

(\$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 \$7,099 (2016 - \$6,810) reported on the statement of financial position which reflects cost plus accrued interest to the end of the year.

3. TRUST FUNDS

The trust funds administered by the Corporation as of December 31, 2017 total \$16,539 (2016 - \$13,060) and are comprised of the following:

Huron Lodge Residents' Comfort Trust \$75 (2016 - \$89)

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

Willistead Furnishings Trust Fund \$31 (\$2016 - \$39)

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

Windsor Justice Facility Capital Maintenance Trust \$5,998 (2016 - \$5,549)

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 \$463 (2016 - \$457)

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

Essex-Windsor Solid Waste Authority Landfill Expansion Fund \$4,221 (2016- \$4,063)

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

Richmond Landing Strip Bond Trust \$2,878 (2016 - \$2,747)

This trust fund is established for the purposes of holding the strip bond issued relative to the Richmond Landing Project which is due to mature in 2030. Subsequent to year end, the City entered into an agreement relative to this land parcel. As part of the agreement, the strip bond will be transferred to the benefit of the current property owner on the close of the transaction, expected to be in 2018.

THE CORPORATION OF THE CITY OF WINDSOR

Notes to Trust Funds

December 31, 2017

(\$000's)

Canada-Ontario Affordable Housing Program (COAHP) Trust \$14 (2016 - \$9)

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

Windsor Medical Fund \$33 (2016 - \$33)

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

MacDonald Trust \$36 (2016 - \$36)

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

Willistead Endowment Trust \$19 (2016 - \$17)

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

Fairbairn Cemetery Fund \$11 (2016 - \$11)

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

Arts Endowment Trust Fund \$2,750 (2016 - \$0)

This fund was established in 2017 to provide an ongoing funding source which will be available in perpetuity to support, in full or in part, public art related aspects of future City capital projects. The minimum annual distribution from the trust fund to be placed in the capital project has been established at 1.5% with any remaining yield to be retained in the fund.

Windsor Public Library – Bradley Trust \$10 (2016 - \$10)

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

4. COMPARATIVE FIGURES

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