

Corporation of the City of Welland

Consolidated Financial Statements

For the year ended December 31, 2020

To the Members of Council of the Corporation of The City of Welland:

Opinion

We have audited the consolidated financial statements of Corporation of The City of Welland (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Municipality for the year ended December 31, 2019 were audited by another practitioner who expressed an unmodified opinion on those statements on August 5, 2020.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Burlington, Ontario

August 10, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Corporation of the City of Welland
 Consolidated statement of financial position
 Year ended December 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash		50,502,692	27,683,607
Taxes and grants-in-lieu receivable		12,661,891	8,336,315
Accounts receivable		10,948,984	10,265,504
Interest receivable		1,160,213	1,751,903
Due from trust fund		-	-
Investments	2	54,777,665	66,904,680
Investment in subsidiary	3	21,305,446	21,516,871
		<u>151,356,891</u>	<u>136,458,880</u>
Liabilities			
Accounts payable and accrued liabilities		18,225,425	16,959,272
Deferred revenue	5	24,155,551	20,294,914
Due to trust fund		-	8,552
Accrued interest on long-term debt		320,458	342,498
Obligations under capital lease		40,081	47,473
Long-term debt (Schedule 5)	6	48,340,344	49,365,471
Employee future benefits	7	8,759,459	8,650,528
		<u>99,841,318</u>	<u>95,668,708</u>
Net financial assets		<u>51,515,573</u>	<u>40,790,172</u>
Non-financial assets			
Tangible capital assets (Schedule 6)	8	278,446,429	270,006,089
Other assets	9	533,944	567,807
		<u>278,980,373</u>	<u>270,573,896</u>
Contingencies	15		
Accumulated surplus	10	330,495,946	311,364,068

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

Approved by

Chief Administrator Officer

General Manager, Financial &
 Corporate Services/Treasurer

Corporation of the City of Welland
Consolidated statement of operations
Year ended December 31, 2020

	Budget 2020 (Note 16)	Actual 2020	Actual 2019
Notes	\$	\$	\$
Revenue			
Taxation (Schedule 2)	49,152,367	46,304,774	45,865,061
User charges (Schedule 3)	36,734,103	35,413,802	34,501,251
Grants (Schedule 3)	11,878,946	12,781,625	13,338,565
Other (Schedule 4)	7,846,836	9,806,407	20,256,215
Equity earnings (loss) in subsidiary	3	-	(211,425)
	105,612,252	104,095,183	114,635,963
Expenses			
General government	13,211,283	14,561,003	15,942,053
Protection to persons and property	11,261,315	11,325,030	11,131,115
Transportation services	20,310,028	19,114,276	20,852,364
Environmental services	26,485,833	26,555,329	26,000,938
Health services	174,668	151,197	230,541
Social and family services	664,470	581,982	672,903
Recreational and cultural services	13,863,137	10,129,268	13,020,791
Planning and development	2,072,528	2,545,220	3,278,748
	88,043,262	84,963,305	91,129,453
Annual surplus	17,568,990	19,131,878	23,506,510
Accumulated surplus, beginning of year	311,364,068	311,364,068	287,857,558
Accumulated surplus, end of year	328,933,058	330,495,946	311,364,068

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

Corporation of the City of Welland
Consolidated statement of change in net financial assets
Year ended December 31, 2020

	Budget 2020 (Note 16) \$	Actual 2020 \$	Actual 2019 \$
Annual surplus	17,568,990	19,131,878	23,506,510
Amortization of tangible capital assets	11,180,061	11,276,438	11,013,103
Acquisition of tangible capital assets	(62,390,437)	(21,304,409)	(19,873,366)
Proceeds on the disposition of tangible capital assets	-	1,708,860	4,887,547
Gain on disposal of tangible capital assets	-	(136,629)	(4,599,030)
	(33,641,386)	10,676,138	14,934,764
Acquisition of other assets	-	(566,036)	(567,807)
Use of other assets	-	615,299	540,664
	-	49,263	(27,143)
Change in net financial assets	(33,641,386)	10,725,401	14,907,621
Net financial assets, beginning of year	40,790,172	40,790,172	25,882,551
Net financial assets, end of year	7,148,786	51,515,573	40,790,172

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

Corporation of the City of Welland
Consolidated statement of cash flows
Year ended December 31, 2020

	Notes	2020 \$	2019 \$
Operating activities			
Annual surplus		19,131,878	23,506,510
Non-cash items			
Amortization		11,276,438	11,013,103
Increase (decrease) in investment in subsidiary		(588,575)	12,080,520
Gain on disposal of tangible capital assets		(136,629)	(4,599,030)
Changes in the following balances:			
Taxes and grants-in-lieu receivable		(4,325,576)	(2,057,468)
Accounts receivable		(683,480)	415,619
Interest receivable		591,690	(150,315)
Accounts payable and accrued liabilities		1,266,153	605,353
Due to trust fund		(8,552)	(11,655)
Deferred revenue		3,860,637	3,370,945
Accrued interest on long-term debt		(22,040)	112,386
Employee future benefits		108,931	557,679
Other assets		49,263	(27,143)
		<u>30,520,138</u>	<u>44,816,504</u>
Capital activities			
Proceeds from sale of tangible capital assets		1,708,860	4,887,547
Acquisition of tangible capital assets		(21,304,409)	(19,873,366)
		<u>(19,595,549)</u>	<u>(14,985,819)</u>
Investing activity			
Decrease (increase) in investments – net		12,127,015	(14,630,485)
Financing activities			
Dividends received from investment in subsidiary	3	800,000	752,000
Proceeds on issuance of long-term debt		5,257,000	5,188,999
Repayment of long-term debt		(6,282,127)	(6,054,182)
Repayment of capital lease obligation		(7,392)	(6,749)
		<u>(232,519)</u>	<u>(119,932)</u>
Net increase in cash		22,819,085	15,080,268
Cash, beginning of year		27,683,607	12,603,339
Cash, end of year		<u>50,502,692</u>	<u>27,683,607</u>

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

1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Welland (“the City”) are the representations of management prepared in accordance with Canadian public sector accounting standards (“PSAS”). Significant aspects of the accounting policies adopted by the City are as follows:

Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, non-financial assets, revenues, and expenses of the City. The consolidated financial statements are comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the City and which are owned or controlled by the City. In addition to general government tax supported operations, they include the following:

- Welland Public Library Board
- Welland Downtown Business Improvement Area
- North Welland Business Improvement Area
- Youngs Sportsplex

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionately consolidated:

- Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated.

Welland Hydro-Electric Holding Corp. is a subsidiary corporation of the City and is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAS for government business enterprises (Note 3). 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.

These consolidated financial statements exclude trust funds that are administered for the benefit of external parties (Note 14).

Basis of accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of the legal obligation to pay.

Investments

Fixed income investments are recorded at amortized cost less amounts written off to reflect a permanent decline in value. Purchase premiums and discounts are amortized on the present value basis over the term of the issues.

1. Significant accounting policies (continued)

Deferred revenue

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses which will be incurred in a later period are deferred.

Employee future benefits

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of all employees covered.

Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

The City does not capitalize interest as part of the costs of its tangible capital assets.

Works of art for display in City property are not recorded as tangible capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations as "other revenue". Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully depreciated, disposed of or replaced. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

Classification	Useful life
Land improvements	10 to 25 years
Buildings	20 to 50 years
Roads and bridges	15 to 75 years
Water and waste water infrastructure	15 to 80 years
Vehicles	5 to 15 years
Computer hardware and software	1 to 5 years
Machinery and equipment	5 to 20 years

1. Significant accounting policies (continued)

Leased equipment

Equipment taken on lease with terms which transfer substantially all of the benefits and risks of ownership to the City are accounted for as capital leases, as though an asset has been purchased and a liability incurred. The assets are amortized on a straight line basis at the lesser of the lease term and expected useful life commencing in the month of purchase. All other items of equipment held on lease are accounted for as operating leases.

Capital lease obligations are recorded at the present value of the minimum lease payments. The discount rate used to determine the present value of the lease payments is the lower of the City's rate of incremental borrowing or the interest rate implicit in the lease.

Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure is required to be provided by subdivision developers. Upon completion they are turned over to the City. The City is not involved in the construction.

Reserves for future expenses

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital expenses.

Government transfer payments

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Tax revenue

Tax revenue is recognized on all taxable properties within the City that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the City as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the City's own purposes in the period for which the tax is levied.

Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue balance.

Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus balance of these consolidated financial statements.

1. Significant accounting policies (continued)

Management estimates

The preparation of financial statements in accordance with PSAS 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 date of the financial statements and the reported amounts of revenues and expenses during the report period. Significant estimates relate to the allowance for taxes and accounts receivable, accrued liabilities, employee future benefits, contaminated sites and the useful lives of tangible capital assets. Actual results could differ from those estimates.

2. Investments

Investments consist of guaranteed investment certificates (“GICs”) with various chartered banks, as well as mutual funds and other principal protected investment instruments.

The market value of the investments at December 31, 2020 was \$55,574,891 (2019 - \$63,711,339). Management does not believe the cost base of investments that are higher than market value are permanently impaired, and therefore no write-down is required in accordance with PSAS.

3. Subsidiary Operations

Welland Hydro-Electric Holding Corp. (“Welland Hydro”), established by City council under municipal By-law 2000-90, is wholly owned by the City, and provides regulated and unregulated electric utility services.

The following table provides condensed supplementary financial information for Welland Hydro:

	2020	2019
	\$	\$
<i>Financial position</i>		
Current Assets	14,339,000	12,017,000
Capital Assets	37,681,000	35,243,000
Regulatory Assets	4,944,000	3,069,000
Total Assets	56,964,000	50,329,000
Current Liabilities	7,437,000	7,379,000
Long-term debt Other	18,177,000	15,000,000
Long-term liabilities	7,322,000	4,233,000
Regulatory balances	4,781,000	4,226,000
Total Liabilities	37,717,000	30,838,000
Net Assets	19,247,000	19,491,000

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

3. Subsidiary Operations (continued)

	2020	2019
	\$	\$
Revenues	62,389,000	55,176,000
Operating Expenses	(60,592,000)	(53,375,000)
Financing Expenses	(527,000)	(951,000)
Other Income	31,000	60,000
Net movement in regulatory balances, net of tax	509,000	544,000
Income tax recovery (expense)	(121,000)	123,000
Net earnings from operations and increase in equity investment in subsidiary	1,689,000	1,577,000
Dividends	(800,000)	(752,000)
Other comprehensive loss	(1,133,000)	(176,000)
Change in equity	(244,000)	649,000

The City has a 51% share ownership in Welland Solar Joint Venture. The remaining 49% interest is held by Welland Hydro-Electric Holding Corp. (included in the above charts).

The City's investment in Welland Hydro and Welland Solar Joint Venture is comprised of the following:

	2020	2019
	\$	\$
Net assets- Welland Hydro	19,247,000	19,491,000
City of Welland investment in Welland Solar Joint Venture	2,058,446	2,025,871
	21,305,446	21,516,871

The financial position information is as reported by Welland Hydro at December 31, 2020. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2020.

In 2017, Welland Solar Joint Venture obtained a 10 year promissory note from the City of Welland in the amount of \$2,000,000. The note bears interest at 4.3%, calculated and paid semi-annually with the full principal balance due at the end of the ten year term. The company will have the option to renew the loan for an additional eight years within six months of the note maturing.

3. Subsidiary Operations (continued)

Contingencies

- (a) As of May 1, 2002, in order for Welland Hydro to obtain the electricity it requires to distribute to its customers, Welland Hydro was required to provide security to the Independent Electricity System Operator ("IESO") based on its usage. The security obtained was a letter of credit from a financial institution which requires an interest coverage ratio of more than 1.5 and a debt capitalization ratio less than 0.6. The letter is in the amount of \$2,539,000 and incurs interest at 0.6% annually.

The following summarizes the City's related party transactions with Welland Hydro for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2020	2019
	\$	\$
Electricity purchased	1,108,000	1,172,000
Rent paid	36,000	35,000
Streetlight maintenance	13,000	26,000
Dividends received	800,000	752,000
Interest received	-	844,000
Property taxes and other taxes received	58,000	59,000
Leases and miscellaneous	13,000	24,000
Water user charges received	4,000	7,000

4. Credit Facility

An operating line of credit of \$9,000,000 has been established with a financial institution, of which nil was used at December 31, 2020 (2019 – nil). Interest is calculated at prime minus an agreed upon percentage. There is no security on this line of credit.

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

5. Deferred Revenue

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

	Balance, beginning of year \$	Restricted funds received \$	Interest Earned \$	Revenue Recognized	Balance, end of year \$
Development Charges Act	10,865,196	3,553,410	(272,011)	(1,663,096)	12,483,499
Lot Levies and subdivider contributions	4,024,755	2,151,218	(93,250)	(1,734,462)	4,348,261
Recreational Land (planning act)	1,439,030	779,091	(19,180)	—	2,198,941
Provincial gas tax revenue	748,282	766,857	(62,780)	(430,090)	1,022,269
Federal gas tax revenue	3,013,048	1,667,743	(116,250)	(2,113,515)	2,451,026
Ontario Bus replacement	4,856	130	(190)	—	4,796
Safe restart funding	—	1,413,800	—	—	1,413,800
Youngs Sportsplex	199,747	202,959	—	(199,747)	202,959
Welland Downtown Business Improvement Area	—	30,000	—	—	30,000
2020 Total	20,294,914	10,565,208	(563,661)	(6,140,910)	24,155,551
2019 Total	16,923,969	8,329,492	(129,056)	(4,829,491)	20,294,914

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

6. Long-term Debt

- (a) The balance for long-term debt reported on the consolidated statement of financial position is comprised of the following:

	2020	2019
	\$	\$
The City has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Regional Municipality of Niagara (Note 6(b)). At the end of the year, the outstanding principal amount of this debt is	48,151,448	49,199,455
Due to the City of Port Colborne, bearing interest of 4.3% per annum repayable in annual instalments of \$4,113 commencing August 24, 2019	27,770	30,629
Due to the City of Port Colborne, bearing interest of 3.5% per annum repayable in annual instalments of \$6,012 commencing June 15, 2018	37,462	42,115
Due to the Town of Pelham, bearing interest of 4.3% per annum repayable in annual instalments of \$3,897 commencing June 15, 2019	26,522	29,252
Due to the Town of Pelham, bearing interest of 3.5% per annum repayable in annual instalments of \$5,411 commencing June 15, 2018	33,716	37,904
Due to the Township of Wainfleet, bearing interest of 4.3% per annum repayable in annual instalments of \$1,515 commencing June 15, 2019	10,314	11,376
Due to the Township of Wainfleet, bearing interest of 3.5% per annum repayable in annual instalments of \$2,190 commencing June 15, 2018	13,112	14,740
Canada Emergency Business Account Loan	40,000	-
	48,340,344	49,365,471

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

6. Long-term Debt (continued)

(b) Long-term debt issued by the Regional Municipality of Niagara is comprised of:

Debenture number	Purpose	Interest rates	Maturity dates	2020		2019	
				\$	\$	\$	\$
85-2004	Civic Square	5.57	2024	3,111,908		3,788,330	
72-2010	Various	1.60-4.65	2020		-	588,329	
83-2011	Various	1.55-4.05	2021	509,513		1,000,452	
73-2012	Various	1.35-3.10	2022	810,000		1,197,000	
40-2014	LED Streetlights	3.00	2024	819,862		1,054,108	
78-2014	Various	1.20-3.30	2024	1,336,213		1,648,406	
115-2013	River Rd MSC	4.00	2038	11,376,000		12,008,000	
75-2015	Various	1.15-2.80	2025	1,773,000		2,144,000	
85-2015	WIFC	3.12	2025	3,797,775		4,050,960	
73-2016	LED Streetlights	2.29	2026	828,570		955,990	
35-2016	Various	1.20-2.4	2026	2,546,865		2,946,225	
51-2017	Various	1.20-2.45	2027	3,090,601		3,500,655	
58-2018	Various	2.05-3.15	2028	8,217,000		9,129,000	
14-2019	Various	1.95-2.45	2029	4,717,141		5,188,000	
59-2020	Various	0.55-1.56	2030	5,217,000			-
				48,151,448		49,199,455	

(c) Principal repayments in each of the next five years are due as follows:

	\$
2021	6,309,749
2022	5,921,682
2023	5,627,343
2024	5,637,286
2025	4,196,208

(d) The City paid \$1,863,141 (2019 - \$1,750,873) interest on long-term debt during the year.

7. Employee future benefits

	2020	2019
	\$	\$
Post-retirement benefits	8,456,000	8,096,895
Other	303,459	553,633
	8,759,459	8,650,528

Employees who retire under the Ontario Municipal Employee Retirement System Act (“OMERS Act”) early retirement provisions are eligible to receive medical and dental benefits to the age of sixty-five and life insurance benefits to age seventy. Total benefit payments for retirees during the year were \$278,018 (2019 - \$245,968).

In addition, under the sick leave benefit plan, for firefighters and grandfathered full time employees, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City’s employment. The liability is for these accumulated days, to the extent they have vested and could be taken in cash by an employee on terminating employment. An amount of \$166,378 (2019 - \$29,679) was paid to employees who left the City’s employment during the current year for sick leave benefits.

The most recent actuarial valuation of the post-employment benefits was performed at December 31, 2019 using the projected unit credit method.

The post-employment benefit liability at December 31 includes the following components:

	2020	2019
	\$	\$
Actuarial determined accrued benefit obligation	7,027,300	6,502,100
Unamortized actuarial gains	1,428,700	1,594,795
	8,456,000	8,096,895

7. Employee future benefits (continued)

The current actuarial valuation is based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the City's best estimates; however actual experience may vary from these estimates. The main actuarial assumptions employed for the valuation are as follows:

Salary increase

Salary increase	
Firefighters	2.5% per annum
Non-firefighters	2.0% per annum
Discount rate at January 1, 2020	3.0%
Discount rate at December 31, 2020	3.0%
Medical cost increases	
First year	7.0%
Decreasing 1% per annum to	5.0%
Expected rate of dental cost increase	3.0%
Estimated average remaining service life of the employee group	9.6 years

The post-employment benefit expense is reported on the consolidated statement of operations in the various functional categories. Composition of the amount is as follows:

	2020	2019
	\$	\$
Current year benefit cost	459,100	363,700
Amortization of actuarial losses	(166,100)	285,000
Interest on post benefit liability	(206,700)	(56,900)
	86,300	591,800

As at December 31, 2019, the City has a sick leave reserve of \$40,304 (2019 –\$40,304) (Note 11).

8. Tangible capital assets

The net book values of tangible capital assets are as follows:

	2020	2019
	\$	\$
Land and land improvements	31,299,971	30,892,439
Buildings	58,410,075	57,583,275
Roads and bridges	64,016,422	62,617,677
Water and waste water infrastructure	106,028,076	100,318,124
Vehicles	10,454,204	11,333,212
Computer hardware and software	502,221	607,776
Machinery and equipment	7,683,236	6,598,775
Assets under capital lease	52,224	54,811
	<u>278,446,429</u>	<u>270,006,089</u>

9. Other Assets

	2020	2019
	\$	\$
Prepaid expenses	491,978	464,100
Inventory	41,966	103,707
	<u>533,944</u>	<u>567,807</u>

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

10. Accumulated surplus

	2020	2019
	\$	\$
Surplus (deficit)		
City	32,475,660	15,594,933
Welland Public Library	386,473	33,235
North Welland Business Improvement Area	94,279	97,272
Welland Downtown Business Improvement Area	(26,081)	(58,201)
Niagara Central Airport Commission	30,474	(131,307)
Youngs Sportsplex	178,031	178,031
	33,138,836	15,713,963
Investment in tangible capital assets	278,446,429	270,006,089
Investment in subsidiary	21,305,446	21,516,871
Unfunded		
Long-term debt	(48,340,344)	(49,365,471)
Obligations under capital lease	(40,081)	(47,473)
Employee benefit obligations	(8,759,459)	(8,650,528)
	(57,139,884)	(58,063,472)
Reserve and reserve funds (Note 11)	54,745,119	62,190,617
	330,495,946	311,364,068

Corporation of the City of Welland
Notes to the consolidated financial statements
December 31, 2020

11. Reserves and reserve funds

	2020	2019
	\$	\$
Reserves set aside for specific purposes by Council		
Integrated Library Systems	40,000	40,000
Bequests	80,939	80,939
	120,939	120,939
Reserve funds set aside for specific purposes by Council		
Sick leave	40,304	40,304
Workers' Safety Insurance Board	668,044	295,551
Capital expenditure		
Courthouse maintenance	195,265	138,354
Parks and recreation	144,404	139,367
Economic development	1,914,845	10,194,086
Fire	1,258,337	1,982,337
Airport	16,164	16,164
Fleet	396,764	337,446
Building capital improvements	778,645	298,875
Parking	2,657	12,102
Sports and culture	905,292	1,045,292
Municipal incentive grants	952,440	942,737
Recreational canal lands	13,795,228	13,551,922
Employee benefits	250,000	-
Water/wastewater surplus	3,271,973	3,370,995
Operating surplus	4,640,917	4,975,917
Insurance	1,315,411	1,115,411
YSP sustainability	999,650	951,400
Downtown Brownfield	1,067,928	788,560
Capital surplus	4,671,713	3,868,665
Infrastructure renewal	12,748,596	13,609,803
Atlas landfill	3,380,853	3,226,040
Tax reduction	822,929	822,929
Clerks	385,821	345,421
	54,624,180	62,069,678
	54,745,119	62,190,617
Continuity of reserves and reserve funds Balance, beginning of year	62,190,617	37,639,361
Other revenue	8,882,361	8,266,002
Transfers in from		
Operating revenue	208,220	23,813,922
Capital revenue	1,028,642	-
Transfers between reserve funds	-	9,690,222
	10,119,223	41,770,146
Transfers out for		
Operating purposes	302,930	2,062,985
Capital purposes	17,227,651	6,493,780
Transfers between reserve funds	34,140	8,662,125
	17,564,721	17,218,890
Balance, end of year	54,745,119	62,190,617

12. Collections for the Region of Niagara and school boards

Total taxation, user charges and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	2020	2019
	\$	\$
Region of Niagara (Schedule 2)	37,832,469	36,481,715
School Boards (Schedule 2)	12,641,133	13,273,267
	50,473,602	49,754,982

The City is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The City also collects development charges on behalf of the Region of Niagara amounting to \$7,773,085 in 2020 (2019 - \$5,456,218). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

13. Niagara Central Airport Commission

Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities: City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The City of Welland has a non-controlling interest in the airport of 55%.

The following table provides condensed supplementary financial information for Niagara Central Airport Commission:

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2020 and the results of operations are as reported for the year ended December 31, 2020.

The City has recorded in the financial statements its 55% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

13. Niagara Central Airport Commission (continued)

The following summarizes the City's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	2020	2019
	\$	\$
Note payable, bearing interest of 4.3% per annum repayable in annual instalments of \$12,123 commencing June 15, 2019	82,513	91,007
Note payable, bearing interest of 3.5% per annum repayable in annual instalments of \$16,533 commencing June 15, 2018	103,022	115,817
Grants	86,671	93,806

14. Trust fund

The trust fund administered by the City, amounting to \$624,008 (2019 - \$606,026), has not been included in the consolidated statement of financial position, nor have their financial activities been included in the consolidated statement of operations.

15. Contingencies

Certain property owners in the City of Welland have been successful in appealing their tax assessments with the result that previous years' taxes will eventually be refunded. Based on the results of these appeals it is likely that additional taxes for years up to 2020 will also be subject to appeal and it is further likely that these taxes will be refunded.

Although an estimate cannot be made of the contingent liability, the City has provided \$3,315,521 (2019 - \$2,596,374) as a reserve for doubtful accounts. The amount of loss will be recorded in the year in which the settlement occurs.

Litigation

The City is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the City believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in these consolidated financial statements.

16. Budget Amounts

The operating budget, the tax rate supported capital budgets to establish the tax rates for the year and the water and wastewater operating budget were approved by Council on December 10, 2019.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.

Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net financial assets.

16. Liability for contaminated sites

The City has recorded a liability of \$125,000 (2019 - \$125,000) in accounts payable and accrued liabilities for City owned sites which contained elevated levels of elements in the soil. The liability estimate of \$125,000 for the sites identified were based on the environmental assessment conducted by a third party engineering firm and cost of possible remediation alternatives. Estimated recoveries are expected to be nil.

17. Financial instruments

The City's financial instruments consist of cash, investments, accounts receivable, taxes and grants-in-lieu receivable, interest receivable, note receivable, loan receivable, accounts payable and accrued liabilities, due to trust fund, accrued interest on long-term debt, obligations under capital lease and long-term debt. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

18. Segmented information

General government

The City of Welland is known officially as "The Rose City", Welland is home to over 50,000 residents who represent a blend of many different cultures. Our community is the proud host of an abundance of investment and recreational opportunities and conveniently located in the centre of Niagara Region. The City of Welland is a truly unique canal city blessed with post-secondary opportunities, health care facilities, and commercial amenities that offer big city resources with small town charm.

Our vision is to be the municipality that other municipalities measure themselves by; to be the benchmark. Our mission is to plan and provide for a vibrant, safe community that promotes healthy living and supports business growth; to respond to the needs of our diverse community in a timely, innovative and effective manner, through teamwork and partnerships; and to advocate for strong livable cities on issues impacting Welland. Welland embraces progress, and its historical significance in Ontario's past.

18. Segmented information (continued)

General government (continued)

This segment includes general revenues and expenses as well as the Mayor and Council operations and the Chief Administrative Officer (“CAO”), City Clerks, Finance, and Human Resources Departments.

The CAO’s Office is responsible for corporate leadership and direction of the general management of the corporation as well as participating in the overall stewardship of the City.

The Corporate Services Department directs all Finance, Purchasing and Transit operations; performs statutory duties of the City Treasurer under the Ontario Municipal Act, Municipal By-laws and Council policies; provides financial analysis and reporting services to Council; and the department imparts financial and purchasing assistance to all departments, residents and Welland City Council. It also provides and/or manages tax and utility billing services to the residents and businesses of the City. The Finance Division administers all the accounting and financial services for the City.

Responsibilities of the Human Resources Department are to foster consistent, fair and equitable employee and labour relations in the workplace. Human Resources defines, implements and monitors activities which positively influence the effectiveness of employees as they work towards achieving organizational goals and objectives. The Human Resources Department is also part of the Corporate Services Department.

Information Services Division is a part of the Corporate Services Department. The Information Services Division of the City of Welland offers innovative system solutions, robust modern technology, strong data management, reliable telephones and telecommunication infrastructure, and helps City Departments meet their information processing and communication needs.

The Office of the City Clerk is part of the Corporate Services Department and is responsible for various corporate and administrative functions and is in frequent contact with all City departments, elected officials, other levels of government and the general public.

The Communications Division is part of the CAO’s Office and oversees communications with community and internal and external stakeholders, facilitates increased awareness of issues that affect the community, and fosters community involvement through the development of communications strategies.

The Legal Division is part of the CAO’s Office. The Legal Division oversees legal support services and liaises with external legal counsel, all City Departments, the registry office, courts, tribunals, and other boards or agencies that deal with legal proceedings affecting the Corporation.

18. Segmented information (continued)

Protection to persons and property

Protection is the City of Welland Fire and Emergency Services department's responsibility. The men and women of the Welland Fire Department are dedicated professionals whose mission is to protect the residents, employers, and visitors of the City of Welland from the consequences of fires and other emergencies. This mission encompasses the "Three Lines of Defense" which are Education, Enforcement and development of fire safety codes, and Emergency Response.

Part of Planning and Development Services, the Building and Inspection Division reviews plans and conducts inspections for permits, unsafe buildings and property standards complaints in accordance with the Ontario Building Code Act. By-law complaints, licensing for plumbers and businesses and administration of the SWAP and LASSR programs are also handled by this Division.

Transportation services

This segment maintains and provides services for roadways, sidewalks, street lighting, traffic & parking control and transit.

The Roads Section repairs and maintains City roadways, curbs, catch basins, culverts, and sidewalks. It also deals with drainage concerns in ditches and watercourses. This Section also provides winter plowing and sand/salt applications.

The Fleet Maintenance Section provides for all of the vehicle and equipment needs for the City. This involves licensed mechanics for repairs, parts and stores operations, as well as the preparation of specifications and tenders for equipment purchasing.

Traffic Operations and Safety primarily deals with the evaluation of existing roadways. Staff reviews roadways for safety and operational issues including traffic signals. Other areas of review include speeding, all-way stop requests, collisions, traffic and parking signage, traffic and parking bylaw administration and the traffic data collection and analysis.

Parking Operations oversees all maintenance and operations of the City's Parking Lots and on-street parking locations. In addition, staff reviews requests for on-street parking regulations.

Street Lighting is the responsibility of the City. Staff reviews existing and new street light locations.

Parking Enforcement staff issue infractions under the Traffic and Parking Bylaw 89-2000. These infractions include violations relating to Disabled Parking, Private Property, Fire Routes, Restricted.

Parking Zones and enforcement within the Municipal Parking Lots and on-street paid parking locations.

18. Segmented information (continued)

Transportation services (continued)

School Crossing Guard Operations consist of numerous locations throughout the City and 45 staff members. Staff reviews existing and new locations to identify the need for added protection for pedestrians.

Transportation Planning reviews the impacts on existing and new roadways and the roadway design requirements needed through Commercial and Residential Development.

Welland Transit is part of Corporate Services and provides conventional and specialized transit services to the residents of the City. In addition, Welland Transit provides transit services under contract to the City of Port Colborne, Niagara College, and Brock University. Niagara Regional Transit services are also supplied by Welland Transit, Niagara Falls Transit, and St. Catharines Transit Commission.

Environmental services

This division includes waterworks, wastewater and storm sewers, including the maintenance of watermain and wastewater sewers and the operation of the water system, water metering and the wastewater system.

The Water/Wastewater Section operates the water and wastewater system with provincially-licensed operators to maintain water quality and sampling, repair watermain breaks, flush watermains, clean and unplug sewers, replace water/wastewater service connections, and maintain water meters.

Health services

This segment includes the cemeteries operated by the City.

Social and family services

This segment includes the Welland Community Wellness Complex (WCWC).

Recreation and cultural services

This Division delivers Parks, Facilities and Leisure Programs and Services to the City. The Division is committed to working together to protect, support and enrich the quality of life of the people who live with and play in the City of Welland.

Tourism Division is responsible for development, coordination and promotion of tourism attraction.

18. Segmented information (continued)

Recreation and cultural services (continued)

The Welland Recreation Canal Corporation was established in 2001 as an independent body, with a Board of Directors made up of nine people; three members of Council and six citizens approved by council.

Facilities Division is responsible for the physical amenities including repairs and maintenance of 26 facilities, including the Civic Square, Museum, Fire Halls, Courthouse, WCWC, Arenas and Community Halls; maintain and repair of numerous playgrounds and multiple swimming pools, splash pad and wading pools; and responsible for building operations including security, caretaking and energy management.

The Parks Division is responsible for care and maintenance of numerous community parks and parkettes, sports fields and horticulture displays. The Parks Division also operates two City owned cemeteries. Winter operations include outdoor rinks and snow removal at numerous City owned Parks and Facilities. Forestry Crew take care of planting, trimming and removing dead dying or diseased trees on City boulevards, parks and naturalization areas throughout the City.

The Leisure Services Division includes Recreation Program Development, Community Development, Community Arenas, Playing Fields, Playgrounds, Halls and Market Square, and Marketing, Promotion and Public Awareness.

The functions of Recreation Program Development include Children, Youth, Adult, Older Adults; Aquatic; Summer Camp and Special Interest; Community Development includes Accessibility Advisory Committee and Consultation with Community Groups.

Planning and development

The Planning Division is responsible for the administration, review and processing of various Applications submitted under the Planning Act to include preparation of various Agreements and By-laws for approval of Council. Mapping, Property matters and various other studies/programs are also dealt with by the Division.

The Welland Development Commission (WDC) was established in 1963 as a non-profit economic development corporation that is an arm of the City. The WDC is funded by the City and corporate sponsors and is composed of chamber appointees, citizen appointees, members of council and two full time staff.

The WDC actively recruits new businesses and industries interested in establishing or expanding their enterprises in the City, as well as building working relationships with local businesses. It also promotes new business and investment opportunities within the City and will provide the business community with information and assistance with their respective needs and concerns.

18. Segmented information (continued)

Planning and development (continued)

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. Taxation revenue is allocated to segments based on the portion of taxation dollars budgeted to each segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the unconsolidated financial statements as disclosed in Note 1.

19. Comparative figures

Certain prior year figures have been reclassified to conform to the consolidated financial statement presentation adopted in the current year.

Corporation of the City of Welland
Schedules to consolidated statement of operations

Schedule 1 – Segment information

Year ended December 31, 2020

	2020								
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreational and cultural services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Taxation	7,894,965	11,914,218	15,609,339	199,111	18,522	1,060,379	7,918,116	1,690,124	46,304,774
User charges	234,899	1,571,150	3,581,479	29,294,340	72,536	-	416,549	242,849	35,413,802
Grants	4,315,220	-	6,504,100	1,014,929	-	-	737,537	209,839	12,781,625
Other	4,611,972	50,168	1,578,221	1,385,392	(3,814)	-	(221,882)	2,406,350	9,806,407
Equity earnings (loss) in subsidiary	(211,425)	-	-	-	-	-	-	-	(211,425)
	16,845,631	13,535,536	27,273,139	31,893,772	87,244	1,060,379	8,850,320	4,549,162	104,095,183
Expenses									
Salaries, wages and employee benefits	5,596,198	9,650,134	10,995,183	2,488,130	74,293	49,500	5,406,220	1,251,000	35,510,658
Net long-term debt charges	1,156,226	-	-	227,550	-	-	479,365	-	1,863,141
Materials, services and other	2,575,364	1,132,803	3,588,707	21,510,948	36,217	268,246	1,873,848	1,249,934	32,236,067
Rents and finance expenses	4,077,001	-	-	-	-	-	-	-	4,077,001
Amortization	1,156,214	542,093	4,530,386	2,328,701	40,687	264,236	2,369,835	44,286	11,276,438
	14,561,003	11,325,030	19,114,276	26,555,329	151,197	581,982	10,129,268	2,545,220	84,963,305
Annual surplus (deficit)	2,284,628	2,210,506	8,158,863	5,338,443	(63,953)	478,397	(1,278,948)	2,003,942	19,131,878

Corporation of the City of Welland
Schedules to consolidated statement of operations

Schedule 1 – Segment information

Year ended December 31, 2019

									2019
	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreational and cultural services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Taxation	7,819,993	11,801,080	15,461,112	197,220	18,346	1,050,310	7,842,925	1,674,075	45,865,061
User charges	320,043	1,431,025	4,352,649	26,995,788	82,552	—	1,131,278	187,916	34,501,251
Grants	4,422,300	—	5,014,173	3,766,363	—	—	104,276	31,453	13,338,565
Other	6,461,439	3,518,390	1,013,197	1,455,814	4,171	—	3,378,788	4,424,416	20,256,215
Equity earnings in subsidiary	674,871	—	—	—	—	—	—	—	674,871
	<u>19,698,646</u>	<u>16,750,495</u>	<u>25,841,131</u>	<u>32,415,185</u>	<u>105,069</u>	<u>1,050,310</u>	<u>12,457,267</u>	<u>6,317,860</u>	<u>114,635,963</u>
Expenses									
Salaries, wages and employee benefits	5,312,152	9,212,597	12,139,991	2,672,101	90,301	59,790	5,168,840	1,236,379	35,892,151
Net long-term debt charges	970,549	—	—	271,076	—	—	509,248	—	1,750,873
Materials, services and other	2,090,667	1,414,768	4,597,806	20,830,528	139,528	349,588	4,983,209	1,998,528	36,404,622
Rents and finance expenses	5,514,192	—	—	—	—	—	554,512	—	6,068,704
Amortization	2,054,493	503,750	4,114,567	2,227,233	712	263,525	1,804,982	43,841	11,013,103
	<u>15,942,053</u>	<u>11,131,115</u>	<u>20,852,364</u>	<u>26,000,938</u>	<u>230,541</u>	<u>672,903</u>	<u>13,020,791</u>	<u>3,278,748</u>	<u>91,129,453</u>
Annual surplus (deficit)	<u>3,756,593</u>	<u>5,619,380</u>	<u>4,988,767</u>	<u>6,414,247</u>	<u>(125,472)</u>	<u>377,407</u>	<u>(563,524)</u>	<u>3,039,112</u>	<u>23,506,510</u>

Corporation of the City of Welland
Schedules to consolidated statement of operations
Schedule 2 – Taxation revenue
Year ended December 31, 2020

	Budget 2020 (Note 16) \$	Actual 2020 \$	Actual 2019 \$
Taxation			
Real Property	93,915,700	95,400,167	94,214,527
From other governments			
Public Works	30,900	30,554	30,524
St. Lawrence Seaway Authority	55,800	59,180	57,157
Niagara College and Hospital	476,500	471,000	521,175
Hydro One Networks Inc.	130,600	133,681	132,369
Ministry of Government Services	152,000	154,303	152,469
Municipal enterprises	61,000	57,691	59,071
Railways	127,000	129,932	126,351
Regional Municipality of Niagara	310,000	341,868	326,400
	1,343,800	1,378,209	1,405,516
	95,259,500	96,778,376	95,620,043
Less: taxation collected on behalf of			
Region of Niagara	(34,189,462)	(37,832,469)	(36,481,715)
School boards	(11,917,671)	(12,641,133)	(13,273,267)
Net taxes available for municipal purposes	49,152,367	46,304,774	45,865,061
Residential and farm	36,313,685	34,232,466	32,923,697
Multi-residential	2,556,114	2,409,618	2,527,097
Commercial	7,093,468	6,686,928	6,413,344
Industrial	3,034,857	2,860,924	3,842,084
Local improvements	19	18	19
Business Improvement Area	154,224	114,820	158,820
Net taxes available for municipal purposes	49,152,367	46,304,774	45,865,061

Corporation of the City of Welland
Schedules to consolidated statement of operations
Schedule 3 – User charges & Grants revenue
Year ended December 31, 2020

	Budget 2020 (Note 16) \$	Actual 2020 \$	Actual 2019 \$
User charges			
Operating			
Fees, service charges and donations	7,498,769	6,017,919	7,389,385
Water billings	12,884,623	13,010,026	11,681,415
Wastewater billings	16,265,711	16,290,428	15,314,373
Licenses and permits	85,000	74,049	104,699
	36,734,103	35,392,422	34,489,872
Capital			
Fees, service charges and donations	-	21,380	11,379
	36,734,103	35,413,802	34,501,251
Grants			
Operating			
Province of Ontario	3,480,268	5,235,211	4,005,957
Government of Canada	-	68,629	-
Other	316,099	292,186	230,321
	3,796,367	5,596,026	4,236,278
Capital			
Province of Ontario	2,637,157	4,669,139	4,692,819
Government of Canada	5,445,422	2,473,410	4,409,468
Other	-	43,050	-
	8,082,579	7,185,599	9,102,287
	11,878,946	12,781,625	13,338,565

Corporation of the City of Welland
Schedules to consolidated statement of operations
 Schedule 4 – Other revenue
 Year ended December 31, 2020

	Budget 2020 (Note 16) \$	Actual 2020 \$	Actual 2019 \$
Other revenue			
Operating			
Penalties and interest on taxes	1,100,000	1,671,455	1,151,206
Fines	350,000	331,380	421,105
Rent and leases	672,216	641,854	791,617
Investment income	1,306,750	3,401,626	3,225,081
Cost sharing	852,682	120,682	122,270
Development charges	-	-	63,594
Other	824,517	(488,898)	2,505,447
	<u>5,106,165</u>	<u>5,678,099</u>	<u>8,280,320</u>
Capital			
Cost sharing	858,267	862,751	1,531,644
Other	1,882,404	3,128,928	5,845,221
Gain on disposal of tangible capital assets	-	136,629	4,599,030
	<u>2,740,671</u>	<u>4,128,308</u>	<u>11,975,895</u>
	<u>7,846,836</u>	<u>9,806,407</u>	<u>20,256,215</u>

Corporation of the City of Welland
 Schedule 5 – Consolidated schedule of long-term debt
 Year ended December 31, 2020

	2020	2019
	\$	\$
Municipal debt		
General government		
General government	7,804,946	8,851,990
Protection to persons and property		
Fire	1,615,818	1,901,928
Transportation services		
Roadways	4,789,597	4,882,565
Transit	1,171,495	1,312,054
LED streetlighting	1,648,432	2,010,099
Environmental services		
Sanitary sewer system	2,994,117	2,782,547
Storm sewer system	224,265	269,164
Waterworks system	6,820,682	6,074,671
Recreational and cultural services		
Parks and recreation	20,944,981	20,917,147
Planning and development		
Market	137,115	197,290
	48,151,448	49,199,455
Other		
Due to City of Port Colborne, Town of Pelham and Township of Wainfleet	188,896	166,016
	48,340,344	49,365,471

Corporation of the City of Welland
Schedule 6 – Consolidated schedule of tangible capital assets
Year ended December 31, 2020

									2020
	Land and land improvements	Buildings	Roads and bridges	Waste and wastewater infrastructure	Vehicles	Computer hardware and software	Machinery and equipment	Assets under capital lease	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	54,489,085	88,191,204	121,487,022	146,083,267	20,654,915	3,245,996	17,402,503	90,021	451,644,013
Add: additions during year	721,387	3,225,702	5,300,065	8,668,950	760,565	342,955	2,284,785	-	21,304,409
Less: disposals during year	(45,264)	(3,112,792)	-	-	(1,502,921)	(7,559)	(508,596)	-	(5,177,132)
Balance, end of year	55,165,208	88,304,114	126,787,087	154,752,217	19,912,559	3,581,392	19,178,692	90,021	467,771,290
Accumulated amortization									
Balance, beginning of year	23,596,646	32,155,580	59,711,440	46,754,803	9,321,703	2,638,220	11,115,047	35,210	185,328,649
Add: amortization	995,097	2,108,321	3,130,152	2,142,350	1,368,755	527,269	1,001,907	2,587	11,276,438
Less: accumulated amortization of disposals	-	(1,708,827)	-	(34,914)	(1,232,103)	(7,559)	(621,498)	-	(3,604,901)
Balance, end of year	24,591,743	32,555,074	62,841,592	48,862,239	9,458,355	3,157,930	11,495,456	37,797	193,000,186
Net book value	30,573,465	55,749,040	63,945,495	105,889,978	10,454,204	423,462	7,683,236	52,224	274,771,104
Assets under construction	726,506	2,661,035	70,927	138,098	-	78,759	-	-	3,675,325
	31,299,971	58,410,075	64,016,422	106,028,076	10,454,204	502,221	7,683,236	52,224	278,446,429

Corporation of the City of Welland

Schedule 6 – Consolidated schedule of tangible capital assets

Year ended December 31, 2019

									2019
	Land and land improvements	Buildings	Roads and bridges	Waste and wastewater infrastructure	Vehicles	Computer hardware and software	Machinery and equipment	Assets under capital lease	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Balance, beginning of year	52,050,847	87,943,722	112,382,540	133,568,599	19,250,083	2,390,195	16,155,622	90,021	423,831,629
Add: additions during year	2,474,104	247,482	9,493,967	12,520,798	1,988,797	855,801	1,480,449	-	29,061,398
Less: disposals during year	(35,866)	-	(389,485)	(6,130)	(583,965)	-	(233,568)	-	(1,249,014)
Balance, end of year	54,489,085	88,191,204	121,487,022	146,083,267	20,654,915	3,245,996	17,402,503	90,021	451,644,013
Accumulated amortization									
Balance, beginning of year	22,501,118	29,987,174	56,982,426	44,721,034	8,573,299	2,135,273	10,340,974	34,745	175,276,043
Add: amortization	1,095,528	2,168,406	2,921,091	2,033,769	1,265,840	502,947	1,025,057	465	11,013,103
Less: accumulated amortization of disposals	-	-	(192,077)	-	(517,436)	-	(250,984)	-	(960,497)
Balance, end of year	23,596,646	32,155,580	59,711,440	46,754,803	9,321,703	2,638,220	11,115,047	35,210	185,328,649
Net book value	30,892,439	56,035,624	61,775,582	99,328,464	11,333,212	607,776	6,287,456	54,811	266,315,364
Assets under construction	-	1,547,651	842,095	989,660	-	-	311,319	-	3,690,725
	30,892,439	57,583,275	62,617,677	100,318,124	11,333,212	607,776	6,598,775	54,811	270,006,089

Independent Auditor's Report

To the Members of Council of The Corporation of the City of Welland:

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the City of Welland (the "Municipality"), which comprise the statement of financial position as at December 31, 2020, and the statements of financial activities and fund balance for the year then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Municipality for the year ended December 31, 2019 were audited by another practitioner who expressed an unmodified opinion on those statements on August 5, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Burlington, Ontario

August 10, 2021

Chartered Professional Accountants

Licensed Public Accountants

Corporation of the City of Welland Trust Fund
Statement of financial activities and fund balance
For the Year Ended December 31, 2020

	2020	2019
	\$	\$
Revenue		
Perpetual Care	17,982	11,859
Fund balance, beginning of year	606,026	594,167
Fund balance, end of year	624,008	606,026

Corporation of the City of Welland Trust Fund
Statement of Financial Position

As at December 31, 2020

	2020	2019
	\$	\$
Assets		
Cash	398,471	373,053
Due from City of Welland	135,915	8,552
Investments	89,622	224,421
	<u>624,008</u>	<u>606,026</u>
Fund balance	<u>624,008</u>	<u>606,026</u>

Corporation of the City of Welland Trust Fund

Notes to the Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies

Management responsibility

The financial statements of the Corporation of the City of Welland Trust Fund are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"), and reflect the following significant accounting policies:

a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

b) Investments

Investments are recorded at cost.

c) Financial instruments

Cash and due from/to the City of Welland are recorded at amortized cost.

d) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimate and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

2. Investments

The total for investments by the trust funds of \$89,622 (2019 - \$224,421) reported on the statement of financial position at cost, have a market value of \$89,829 (2019 - \$213,504) at the end of the year.

Management does not believe the cost base of investments that are higher than market value are permanently impaired, and therefore no write-down is required in accordance with PSAS.

3. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements presented.