



Consolidated Financial statements

Corporation of the City of Welland

December 31, 2021

Contents

	Page
Independent auditor's report	1 - 2
Consolidated statement of financial position	3
Consolidated statement of operations	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7 - 27
Schedule 1 - Segment information	28 - 29
Schedule 2 - Taxation revenue	30
Schedule 3 - User charges & Grants revenue	31
Schedule 4 - Other revenue	32
Schedule 5 - Consolidated schedule of long-term debt	33
Schedule 6 - Consolidated schedule of tangible capital assets	34 - 34

Independent auditor's report

Grant Thornton LLP
Suite 501
201 City Centre Drive
Mississauga, ON
L5B 2T4
T +1 416 366 0100
F +1 905 804 0509

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

Opinion

We have audited the consolidated financial statements of the **Corporation of The City of Welland** ("the City"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations, change in net financial assets and cash flow 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 financial position of the **Corporation of The City of Welland** as at December 31, 2021, and its results of operations, its changes in its net debt, and its 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 City 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 City for the year ended December 31, 2020 were audited by another practitioner who expressed an unmodified opinion on those statements on August 10, 2021.

Responsibilities of Management and Those Charged with Governance 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.

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

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City 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 City and the organizations it controls 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.

Grant Thornton LLP

Mississauga, Canada
May 17, 2022

Chartered Professional Accountants
Licensed Public Accountants

Corporation of the City of Welland

Consolidated statement of financial position

December 31

2021

2020

Financial assets

Cash	\$ 42,526,360	\$ 50,502,692
Taxes and grants-in-lieu receivable	7,703,090	12,661,891
Accounts receivable	9,378,087	10,948,984
Interest receivable	1,443,148	1,160,213
Investments (Note 3)	107,510,891	54,777,665
Investment in subsidiary (Note 4)	<u>23,500,317</u>	<u>21,305,446</u>
	<u>192,061,893</u>	<u>151,356,891</u>

Liabilities

Accounts payable and accrued liabilities	23,937,202	18,225,425
Deferred revenue (Note 6)	30,254,760	24,155,551
Accrued interest on long-term debt	421,075	320,458
Obligations under capital lease	17,945	40,081
Long-term debt (Schedule 5) (Note 7)	63,018,816	48,340,344
Employee future benefits (Note 8)	<u>9,179,175</u>	<u>8,759,459</u>
	<u>126,828,973</u>	<u>99,841,318</u>

Net financial assets	<u>65,232,920</u>	<u>51,515,573</u>
----------------------	-------------------	-------------------

Non-financial assets

Tangible capital assets (Schedule 6) (Note 9)	289,970,927	278,446,429
Other assets (Note 10)	<u>559,253</u>	<u>533,944</u>
	<u>290,530,180</u>	<u>278,980,373</u>

Accumulated surplus (Note 11)	<u>\$ 355,763,100</u>	<u>\$ 330,495,946</u>
--------------------------------------	-----------------------	-----------------------

Contingencies (Note 16)

Approved by:

_____ Chief Administrator Officer

_____ Director of Finance, Chief Financial Officer, Treasurer

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

Corporation of the City of Welland

Consolidated statement of operations

December 31, 2021

	Budget 2021 (Note 17)	Actual 2021	Actual 2020
Revenue			
Taxation (Schedule 2)	\$ 47,794,225	\$ 47,911,833	\$ 46,304,774
User charges (Schedule 3)	38,286,731	35,701,428	35,413,802
Grants (Schedule 3)	8,130,928	11,032,539	12,781,625
Other (Schedule 4)	27,271,681	19,164,053	9,806,407
Equity earnings (loss) in subsidiary (Note 4)	-	2,194,871	(211,425)
	<u>121,483,565</u>	<u>116,004,724</u>	<u>104,095,183</u>
Expenses			
General government	14,238,768	15,151,072	14,561,003
Protection to persons and property	12,095,112	12,820,414	11,325,030
Transportation services	19,321,083	20,472,451	19,114,276
Environmental services	27,959,470	28,483,256	26,555,329
Health services	153,237	138,846	151,197
Social and family services	683,739	542,512	581,982
Recreational and cultural services	13,028,194	10,133,282	10,129,268
Planning and development	2,310,846	2,995,737	2,545,220
	<u>89,790,449</u>	<u>90,737,570</u>	<u>84,963,305</u>
Annual surplus	31,693,116	25,267,154	19,131,878
Accumulated surplus, beginning of year	<u>330,495,946</u>	<u>330,495,946</u>	<u>311,364,068</u>
Accumulated surplus, end of year	<u>\$ 362,189,062</u>	<u>\$ 355,763,100</u>	<u>\$ 330,495,946</u>

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

December 31, 2021

	<u>Budget</u> <u>2021</u> (Note 17)	<u>Actual</u> <u>2021</u>	<u>Actual</u> <u>2020</u>
Annual surplus	\$ 31,693,116	\$ 25,267,154	\$ 19,131,878
Amortization of tangible capital assets	10,943,196	11,007,049	11,276,438
Acquisition of tangible capital assets	(93,600)	(24,155,261)	(21,304,409)
Proceeds on the disposition of tangible capital assets	-	8,033,155	1,708,860
Gain on disposal of tangible capital assets	-	(6,395,625)	(136,629)
	<u>42,542,712</u>	<u>13,756,472</u>	<u>10,676,138</u>
Acquisition of other assets	(32,324)	(122,284)	(566,036)
Use of other assets	<u>32,324</u>	<u>83,159</u>	<u>615,299</u>
	-	(39,125)	49,263
Change in net financial assets	42,542,712	13,717,347	10,725,401
Net financial assets, beginning of year	<u>51,515,573</u>	<u>51,515,573</u>	<u>40,790,172</u>
Net financial assets, end of year	<u>\$ 94,058,285</u>	<u>\$ 65,232,920</u>	<u>\$ 51,515,573</u>

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

Corporation of the City of Welland

Consolidated statement of cash flows

December 31

2021

2020

Operating activities

Annual surplus	\$ 25,267,154	\$ 19,131,878
Non-cash items		
Amortization	11,007,049	11,276,438
(Increase) decrease in investment in subsidiary	(2,994,871)	(588,575)
Gain on disposal of tangible assets	(6,395,625)	(136,629)
Changes in the following balances		
Taxes and grants-in-lieu receivable	4,958,801	(4,325,576)
Accounts receivable	1,767,664	(683,480)
Interest receivable	(282,935)	591,690
Loan receivable	(809)	-
Accounts payable and accrued liabilities	5,615,326	1,266,153
Due to trust fund	-	(8,552)
Deferred revenue	6,099,209	3,860,637
Accrued interest on long-term debt	100,616	(22,040)
Employee future benefits	419,716	108,931
Other assets	(39,124)	49,263
	<u>45,522,171</u>	<u>30,520,138</u>

Capital activities

Proceeds from sale of tangible assets	8,033,155	1,708,860
Acquisition of tangible capital assets	(24,288,082)	(21,304,409)
	<u>(16,254,927)</u>	<u>(19,595,549)</u>

Investing activity

(Increase) decrease in investments – net	<u>(52,802,952)</u>	<u>12,127,015</u>
------------------------------------------	---------------------	-------------------

Financial activities

Dividends received from investment in subsidiary (Note 4)	800,000	800,000
Proceeds on issuance of long-term debt	21,083,000	5,257,000
Repayment of long-term debt	(6,319,524)	(6,282,127)
Repayment of capital lease obligation	(4,100)	(7,392)
	<u>15,559,376</u>	<u>(232,519)</u>

Net (decrease) increase in cash	(7,976,332)	22,819,085
Cash, beginning of year	<u>50,502,692</u>	<u>27,683,607</u>
Cash, end of year	<u>\$ 42,526,360</u>	<u>\$ 50,502,692</u>

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

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

1. Nature of operations

The Corporation of the City of Welland (“the City”) is a city in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

2. Summary of significant accounting policies

The consolidated financial statements of the Corporation of the City of Welland 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 Dorothy Rungeling 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 4). 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 15).

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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.

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
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

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

2. Summary of significant accounting policies (continued)

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.

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.

3. Investments

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

The market value of the investments at December 31, 2021 was \$109,784,944 (2020 - \$55,574,891). 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

4. 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:

	<u>2021</u>	<u>2020</u>
Financial position		
Current assets	\$ 13,278,000	\$ 14,339,000
Capital assets	39,765,000	37,681,000
Regulatory assets	<u>1,193,000</u>	<u>4,944,000</u>
Total assets	<u>54,236,000</u>	<u>56,964,000</u>
Current liabilities	7,443,000	7,437,000
Long-term debt other	17,968,000	18,177,000
Long-term liabilities	5,595,000	7,322,000
Regulatory balances	<u>1,814,000</u>	<u>4,781,000</u>
Total liabilities	<u>32,820,000</u>	<u>37,717,000</u>
Net assets	<u>\$ 21,416,000</u>	<u>\$ 19,247,000</u>
	<u>2021</u>	<u>2020</u>
Revenues	\$ 57,118,000	\$ 62,389,000
Operating expenses	(54,617,000)	(60,592,000)
Financing expenses	(546,000)	(527,000)
Other income	32,000	31,000
Net movement in regulatory balances, net of tax	(209,000)	509,000
Income tax recovery (expense)	<u>159,000</u>	<u>(121,000)</u>
Net earnings from operations and increase in equity investment in subsidiary	1,937,000	1,689,000
Dividends	(800,000)	(800,000)
Other comprehensive loss	<u>1,032,000</u>	<u>(1,133,000)</u>
Change in equity	<u>\$ 2,169,000</u>	<u>\$ (244,000)</u>

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).

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

4. Subsidiary operations (continued)

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

	<u>2021</u>	<u>2020</u>
Net assets – Welland Hydro	\$ 21,416,000	\$ 19,247,000
City of Welland investment in Welland Solar Joint Venture	<u>2,084,317</u>	<u>2,058,446</u>
	<u>\$ 23,500,317</u>	<u>\$ 21,305,446</u>

The financial position information is as reported by Welland Hydro at December 31, 2021. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2021.

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.

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.

	<u>2021</u>	<u>2020</u>
Electricity purchased	\$ 1,075,000	\$ 1,108,000
Rent paid	36,000	36,000
Streetlight maintenance	-	13,000
Dividends received	800,000	800,000
One-time grants received	500,000	-
Property taxes and other taxes received	56,000	58,000
Leases and miscellaneous	9,000	13,000
Water user charges received	4,000	4,000

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

5. 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, 2021 (2020 – nil). Interest is calculated at prime minus an agreed upon percentage. There is no security on this line of credit.

6. 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	\$ 12,483,499	\$ 4,996,633	\$ 371,780	\$(1,775,910)	\$ 16,076,002
Lot levies and subdivider contributions	4,348,261	362,028	71,332	(632,000)	4,149,621
Recreational land (planning act)	2,198,941	484,109	61,630	-	2,744,680
Provincial gas tax revenue	1,022,269	672,182	36,960	(298,768)	1,432,643
Federal gas tax revenue	2,451,026	3,252,825	98,910	(828,480)	4,974,281
Ontario Bus replacement	4,796	-	-	(4,796)	-
Safe restart funding	1,413,800	1,147,788	60,510	(2,057,128)	564,970
Youngs Sportsplex	202,959	697,509	-	(625,580)	274,888
Welland Downtown Business Improvement Area	<u>30,000</u>	<u>7,675</u>	<u>-</u>	<u>-</u>	<u>37,675</u>
2021 Total	<u>\$ 24,155,551</u>	<u>\$11,620,749</u>	<u>\$ 701,122</u>	<u>\$(6,222,662)</u>	<u>\$ 30,254,760</u>
2020 Total	<u>\$ 20,294,914</u>	<u>\$10,565,208</u>	<u>\$ (563,661)</u>	<u>\$(6,140,910)</u>	<u>\$ 24,155,551</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

7. Long-term debt

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

	<u>2021</u>	<u>2020</u>
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 7(b)). At the end of the year, the outstanding principal amount of this debt	\$ 62,924,697	\$ 48,151,448
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, due August 24, 2028.	13,633	27,770
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, due June 15, 2027.	17,956	37,462
Due to the Town of Pelham, bearing interest of 4.3% per annum repayable in annual instalments of \$3,897 commencing June 15, 2019, due June 15, 2028.	13,021	26,522
Due to the Town of Pelham, bearing interest of 3.5% per annum repayable in annual instalments of \$5,411 commencing June 15, 2018, due June 15, 2027.	16,160	33,716
Due to the Township of Wainfleet, bearing interest of 4.3% per annum repayable in annual instalments of \$1,515 commencing June 15, 2019, due June 15, 2028.	5,064	10,314
Due to the Township of Wainfleet, bearing interest of 3.5% per annum repayable in annual instalments of \$2,190 commencing June 15, 2018, due June 15, 2027.	6,285	13,112
Canada Emergency Business Account Loan	<u>22,000</u>	<u>40,000</u>
	<u>\$ 63,018,816</u>	<u>\$ 48,340,344</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

7. Long-term debt

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

Debenture number	Purpose	Interest rates	Maturity dates	2021 \$	2020 \$
85-2004	Civic Square	5.57	2024	2,397,105	3,111,908
83-2011	Various	1.55-4.05	2021	-	509,513
73-2012	Various	1.35-3.10	2022	411,000	810,000
40-2014	LED Streetlights	3.00	2024	585,616	819,862
78-2014	Various	1.20-3.30	2024	1,016,237	1,336,213
115-2013	River Rd MSC	4.00	2038	10,744,000	11,376,000
75-2015	Various	1.15-2.80	2025	1,394,000	1,773,000
85-2015	WIFC	3.12	2025	3,544,590	3,797,775
73-2016	LED Streetlights	2.29	2026	698,215	828,570
35-2016	Various	1.20-2.40	2026	2,141,672	2,546,865
51-2017	Various	1.20-2.45	2027	2,674,382	3,090,601
58-2018	Various	2.05-3.15	2028	7,284,000	8,217,000
14-2019	Various	1.95-2.45	2029	4,234,880	4,717,141
59-2020	Various	0.55-1.56	2030	4,716,000	5,217,000
52-2021	Various	0.40-2.10	2031	21,083,000	-
				<u>62,924,697</u>	<u>48,151,448</u>

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

2022	\$ 7,965,636
2023	7,657,677
2024	7,680,014
2025	6,260,346
2026	6,147,437
2027 and thereafter	<u>27,307,706</u>
	<u>\$ 63,018,816</u>

d) The City paid \$1,861,927 (2020 - \$1,863,141) interest on long-term debt during the year.

8. Employee future benefits

	<u>2021</u>	<u>2020</u>
Post-retirement benefits	<u>\$ 8,862,400</u>	\$ 8,456,000
Other	<u>316,775</u>	<u>303,459</u>
	<u>\$ 9,179,175</u>	<u>\$ 8,759,459</u>

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 \$249,880 (2020 - \$278,018).

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

8. Employee future benefits (continued)

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 \$156,945 (2020 - \$166,378) 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:

	<u>2021</u>	<u>2020</u>
Actuarial determined accrued benefit obligation	\$ 7,582,500	\$ 7,027,300
Unamortized actuarial gains	<u>1,279,900</u>	<u>1,428,700</u>
	<u>\$ 8,862,400</u>	<u>\$ 8,456,000</u>

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, 2021	3.0%
Discount rate at December 31, 2021	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

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

8. Employee future benefits (continued)

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:

	<u>2021</u>	<u>2020</u>
Current year benefit cost	\$ 472,900	\$ 459,100
Amortization of actuarial (gains)	(148,800)	(166,100)
Interest on post benefit liability	<u>222,900</u>	<u>206,700</u>
	<u>\$ 547,000</u>	<u>\$ 499,700</u>

As at December 31, 2021, the City has a sick leave reserve of \$40,304 (2020 – \$40,304) (Note 12).

9. Tangible capital assets

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

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 29,731,583	\$ 31,299,971
Buildings	66,067,875	58,410,075
Roads and bridges	69,132,287	64,016,422
Water and waste water infrastructure	108,540,549	106,028,076
Vehicles	9,892,729	10,454,204
Computer hardware and software	1,175,285	502,221
Machinery and equipment	5,404,451	7,683,236
Assets under capital lease	<u>26,168</u>	<u>52,224</u>
	<u>\$ 289,970,927</u>	<u>\$ 278,446,429</u>

10. Other assets

	<u>2021</u>	<u>2020</u>
Prepaid expenses	\$ 511,614	\$ 491,978
Inventory	<u>47,639</u>	<u>41,966</u>
	<u>\$ 559,253</u>	<u>\$ 533,944</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

11. Accumulated surplus

	<u>2021</u>	<u>2020</u>
Surplus (deficit)		
City	\$ 40,893,495	\$ 32,475,660
Welland Public Library	583,405	386,473
North Welland Business Improvement Area	87,543	94,279
Welland Downtown Business Improvement Area	80,348	(26,081)
Niagara Central Airport Commission	(30,504)	30,474
Youngs Sportsplex	<u>178,031</u>	<u>178,031</u>
	<u>41,792,318</u>	<u>33,138,836</u>
Investment in tangible capital assets	<u>289,970,927</u>	<u>278,446,429</u>
Investment in subsidiary	<u>23,500,317</u>	<u>21,305,446</u>
Unfunded		
Long-term debt	(63,018,816)	(48,340,344)
Obligations under capital lease	(17,945)	(40,081)
Employee benefit obligations	<u>(9,179,175)</u>	<u>(8,759,459)</u>
	<u>(72,215,936)</u>	<u>(57,139,884)</u>
Reserve and reserve funds (Note 12)	<u>72,715,474</u>	<u>54,745,119</u>
	<u>\$ 355,763,100</u>	<u>\$ 330,495,946</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

12. Reserve and reserve funds	<u>2021</u>	<u>2020</u>
Reserves set aside for specific purposes by Council		
Integrated library systems	\$ 546,179	\$ 40,000
Bequests	<u>23,000</u>	<u>80,939</u>
	<u>569,179</u>	<u>120,939</u>
Reserve funds set aside for specific purposes by Council		
Sick leave	40,304	40,304
Workers' Safety Insurance Board	668,044	668,044
Capital expenditure		
Courthouse maintenance	178,925	195,265
Parks and recreation	148,838	144,404
Economic development	3,924,811	1,914,845
Fire	708,337	1,258,337
Airport	8,890	16,164
Fleet	407,172	396,764
Building capital improvements	1,963,620	778,645
Parking	12,657	2,657
Sports and culture	905,292	905,292
Municipal incentive grants	966,994	952,440
Recreational canal lands	13,795,231	13,795,228
Employee benefits	-	250,000
Water/wastewater surplus	4,943,084	3,271,973
Operating surplus	6,046,396	4,640,917
Insurance	1,448,953	1,315,411
YSP sustainability	7,073,986	999,650
Downtown Brownfield	1,412,417	1,067,928
Capital surplus	7,301,581	4,671,713
Infrastructure renewal	12,854,189	12,748,596
Atlas landfill	3,339,600	3,380,853
Tax reduction	3,638,450	822,929
Clerks	<u>358,524</u>	<u>385,821</u>
	<u>72,146,292</u>	<u>54,624,180</u>
	<u>72,715,474</u>	<u>54,745,119</u>
Continuity of reserves and reserve funds balance,		
Beginning of year	<u>54,745,119</u>	<u>62,190,617</u>
Other revenue	8,203,509	8,882,361
Transfers in from		
Operating revenue	15,515,980	208,220
Capital purposes	848,985	1,028,642
Transfers between reserve funds	-	-
	<u>24,568,474</u>	<u>10,119,223</u>
Transfers out for		
Operational purposes	1,372,980	302,930
Capital purposes	5,225,139	17,227,651
Transfers between reserve funds	-	34,140
	<u>6,598,119</u>	<u>17,564,721</u>
Balance, end of year	<u>\$ 72,715,474</u>	<u>\$ 54,745,119</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

13. 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:

	<u>2021</u>	<u>2020</u>
Region of Niagara (Schedule 2)	\$ 39,146,805	\$ 37,832,469
School boards (Schedule 2)	<u>12,191,931</u>	<u>12,641,133</u>
	<u>\$ 51,338,736</u>	<u>\$ 50,473,602</u>

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 \$11,574,656 in 2021 (2020 - \$7,773,085). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

14. Niagara Central Dorothy Rungeling Airport Commission

Niagara Central Dorothy Rungeling 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 Dorothy Rungeling Airport Commission:

	<u>2021</u>	<u>2020</u>
Financial position		
Financial assets	\$ 286,940	\$ 269,355
Financial liabilities	<u>397,560</u>	<u>482,393</u>
Net debt	<u>(110,620)</u>	<u>(213,038)</u>
Non-financial assets	<u>1,459,892</u>	<u>1,506,876</u>
Accumulated surplus	<u>\$ 1,349,272</u>	<u>\$ 1,293,838</u>
Revenues	\$ 286,206	\$ 271,316
Expenses	<u>(230,772)</u>	<u>(297,107)</u>
Investment in subsidiary	<u>\$ 55,434</u>	<u>\$ (25,791)</u>

The financial position information is as reported by the Niagara Central Dorothy Rungeling Airport Commission as at December 31, 2021 and the results of operations are as reported for the year ended December 31, 2021.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

14. Niagara Central Dorothy Rungeling Airport Commission (continued)

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

The following summarizes the City's related party transactions with the Niagara Central Dorothy Rungeling 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.

	<u>2021</u>	<u>2020</u>
Note payable, bearing interest at 4.3% per annum, repayable in annual instalments of \$12,123 commencing June 15, 2019, due June 15, 2028.	\$ 73,653	\$ 82,513
Note payable, bearing interest of 3.5% per annum, repayable in annual instalments of \$16,533 commencing June 15, 2018, due June 15, 2027.	89,779	103,022
Grants	86,671	86,671

15. Trust fund

The trust fund administered by the City, amounting to \$642,895 (2020 - \$624,008), has not been included in the consolidated statement of financial position, nor have their financial activities been included in the consolidated statement of operations.

16. 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 2021 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 \$500,000 (2020 - \$3,315,521) 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

17. 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 15, 2020.

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.

18. Liability for contaminated sites

The City has recorded a liability of \$125,000 (2020 - \$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.

19. 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.

20. 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

20. 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 CAO Department.

Information Services Division is a part of the CAO’s Office. 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 CAO’s Office 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

20. 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

20. 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

20. 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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2021

20. 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 2.

21. 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, 2021

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreational and cultural services	Planning and development	2021 Consolidated
Revenue									
Taxation	\$ 8,168,967	\$ 12,327,715	\$ 16,151,079	\$ 206,021	\$ 19,165	\$ 1,097,181	\$ 8,192,923	\$ 1,748,782	\$ 47,911,833
User charges	367,299	2,519,146	2,990,948	28,589,348	76,334	-	538,385	619,968	35,701,428
Grants	4,338,322	201,103	4,043,557	1,119,432	-	-	1,268,385	61,740	11,032,539
Other	7,582,966	(374,783)	921,715	1,227,385	4,299	(3,231)	1,602,884	8,202,818	19,164,053
Equity earnings in subsidiary	2,194,871	-	-	-	-	-	-	-	2,194,871
	<u>22,652,425</u>	<u>14,673,181</u>	<u>24,107,299</u>	<u>31,142,186</u>	<u>99,798</u>	<u>1,093,950</u>	<u>11,602,577</u>	<u>10,633,308</u>	<u>116,004,724</u>
Expenses									
Salaries, wages and employee benefits	5,755,174	10,662,067	11,693,937	2,573,569	83,607	49,938	6,777,615	1,390,495	38,986,402
Net long-term debt charges	1,178,416	-	6,509	231,274	-	-	452,237	-	1,868,436
Materials, services and other	6,605,405	1,598,291	4,160,718	23,293,125	14,552	228,723	575,550	1,562,069	38,038,433
Rents and finance expenses	91,959	-	904	-	-	-	20,216	-	113,079
External transfers	724,171	-	-	-	-	-	-	-	724,171
Amortization	795,947	560,056	4,610,383	2,385,288	40,687	263,851	2,307,664	43,173	11,007,049
	<u>15,151,072</u>	<u>12,820,414</u>	<u>20,472,451</u>	<u>28,483,256</u>	<u>138,846</u>	<u>542,512</u>	<u>10,133,282</u>	<u>2,995,737</u>	<u>90,737,570</u>
Annual surplus (deficit)	<u>\$ 7,501,353</u>	<u>\$ 1,852,767</u>	<u>\$ 3,634,848</u>	<u>\$ 2,658,930</u>	<u>\$ (39,048)</u>	<u>\$ 551,438</u>	<u>\$ 1,469,295</u>	<u>\$ 7,637,571</u>	<u>\$ 25,267,154</u>

Corporation of the City of Welland

Schedules to consolidated statement of operations

Schedule 1 – Segment information

Year ended December 31, 2020

	<u>General government</u>	<u>Protection to persons and property</u>	<u>Transportation services</u>	<u>Environmental services</u>	<u>Health services</u>	<u>Social and family services</u>	<u>Recreational and cultural services</u>	<u>Planning and development</u>	<u>2020 Consolidated</u>
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)
	<u>16,845,631</u>	<u>13,535,536</u>	<u>27,273,139</u>	<u>31,893,772</u>	<u>87,244</u>	<u>1,060,379</u>	<u>8,850,320</u>	<u>4,549,162</u>	<u>104,095,183</u>
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
	<u>14,561,003</u>	<u>11,325,030</u>	<u>19,114,276</u>	<u>26,555,329</u>	<u>151,197</u>	<u>581,982</u>	<u>10,129,268</u>	<u>2,545,220</u>	<u>84,963,305</u>
Annual surplus (deficit)	<u>\$ 2,284,628</u>	<u>\$ 2,210,506</u>	<u>\$ 8,158,863</u>	<u>\$ 5,338,443</u>	<u>\$ (63,953)</u>	<u>\$ 478,397</u>	<u>\$ (1,278,948)</u>	<u>\$ 2,003,942</u>	<u>\$ 19,131,878</u>

Corporation of the City of Welland

Schedules to consolidated statement of operations

Schedule 2 – Taxation revenue
Year ended December 31, 2021

	Budget 2021 (Note 17)	Actual 2021	Actual 2020
Taxation			
Real property	\$ 96,660,501	\$ 97,934,096	\$ 95,400,167
From other governments			
Public Works	30,900	30,072	30,554
St. Lawrence Seaway Authority	55,800	121,154	59,180
Niagara College and Hospital	476,500	399,825	471,000
Hydro One Networks Inc.	130,600	70,507	133,681
Ministry of Government Services	152,000	160,606	154,303
Municipal enterprises	61,000	56,148	57,691
Railways	127,000	129,186	129,932
Regional Municipality of Niagara	310,000	348,975	341,868
	<u>1,343,800</u>	<u>1,316,473</u>	<u>1,378,209</u>
	98,004,301	99,250,569	96,778,376
Less: taxation collected on behalf of			
Region of Niagara	(38,120,684)	(39,146,805)	(37,832,469)
School boards	<u>(12,089,392)</u>	<u>(12,191,931)</u>	<u>(12,641,133)</u>
Net taxes available for municipal purposes	<u>\$ 47,794,225</u>	<u>\$ 47,911,833</u>	<u>\$ 46,304,774</u>
Residential and farm	\$ 36,631,959	\$ 35,476,998	\$ 34,232,466
Multi-residential	2,508,401	2,526,907	2,409,618
Commercial	5,592,884	6,779,389	6,686,928
Industrial	2,896,706	2,964,263	2,860,924
Local improvements	19	20	18
Business Improvements Area	<u>164,256</u>	<u>164,256</u>	<u>114,820</u>
Net taxes available for municipal purposes	<u>\$ 47,794,225</u>	<u>\$ 47,911,833</u>	<u>\$ 46,304,774</u>

Corporation of the City of Welland

Schedules to consolidated statement of operations

Schedule 3 – User charges & Grants revenue
Year ended December 31, 2021

	Budget 2021 (Note 17)	Actual 2021	Actual 2020
User charges			
Operating			
Fees, service charges and donations	\$ 6,785,701	\$ 7,026,950	\$ 6,017,919
Water billings	14,045,807	12,756,523	13,010,026
Wastewater billings	17,335,398	15,833,211	16,290,428
Licenses and permits	88,000	75,320	74,049
Other	31,825	-	-
	<u>38,286,731</u>	<u>35,692,004</u>	<u>35,392,422</u>
Capital			
Fees, service charges and donations	-	9,424	21,380
	<u>\$ 38,286,731</u>	<u>\$ 35,701,428</u>	<u>\$ 35,413,802</u>
Grants			
Operating			
Province of Ontario	4,177,996	7,188,008	5,235,211
Government of Canada	-	5,000	68,629
Other municipalities	220,000	37,455	-
Other	-	96,183	292,186
	<u>4,397,996</u>	<u>7,326,646</u>	<u>5,596,026</u>
Capital			
Province of Ontario	1,692,916	2,735,558	4,669,139
Government of Canada	2,040,016	970,335	2,473,410
Other	-	-	43,050
	<u>3,732,932</u>	<u>3,705,893</u>	<u>7,185,599</u>
	<u>\$ 8,130,928</u>	<u>\$ 11,032,539</u>	<u>\$ 12,781,625</u>

Corporation of the City of Welland

Schedules to consolidated statement of operations

Schedule 4 – Other revenue
Year ended December 31, 2021

	<u>Budget</u> <u>2021</u> (Note 17)	<u>Actual</u> <u>2021</u>	<u>Actual</u> <u>2020</u>
Other revenue			
Operating			
Penalties and interest on taxes	\$ 1,150,000	\$ 2,260,266	\$ 1,671,455
Fines	460,157	308,182	331,380
Rent and leases	689,347	634,821	641,854
Investment income	1,665,500	3,879,696	3,401,626
Cost sharing	120,000	298,185	120,682
Development charges	-	-	-
Other	<u>1,911,065</u>	<u>2,207,868</u>	<u>(488,898)</u>
	<u>5,996,069</u>	<u>9,589,018</u>	<u>5,678,099</u>
Capital			
Cost sharing	2,231,700	562,822	862,751
Other	19,043,912	2,614,311	3,128,928
Gain on disposal of tangible capital assets	-	<u>6,397,902</u>	<u>136,629</u>
	<u>21,275,612</u>	<u>9,575,035</u>	<u>4,128,308</u>
	<u>\$ 27,271,681</u>	<u>\$ 19,164,053</u>	<u>\$ 9,806,407</u>

Corporation of the City of Welland

Schedule 5 - Consolidated schedule of long-term debt

Year ended December 31, 2021

	<u>2021</u>	<u>2020</u>
Municipal debt		
General government		
General government	\$ 6,211,507	\$ 7,804,946
Protection to persons and property		
Fire	1,322,285	1,615,818
Transportation services		
Roadways	13,520,342	4,789,597
Transit	1,028,219	1,171,495
LED streetlighting	1,283,831	1,648,432
Environmental services		
Sanitary sewer system	6,469,785	2,994,117
Storm sewer system	1,033,271	224,265
Waterworks system	11,104,887	6,820,682
Recreational and cultural services		
Parks and recreation	20,842,613	20,944,981
Planning and development		
Market	<u>107,957</u>	<u>137,115</u>
	<u>62,924,697</u>	<u>48,151,448</u>
Other		
Due to City of Port Colborne, Town of Pelham and Township of Wainfleet	<u>94,119</u>	<u>188,896</u>
	<u>\$ 63,018,816</u>	<u>\$ 48,340,344</u>

Corporation of the City of Welland

Schedule 6 - Consolidated schedule of tangible capital assets

Year ended December 31, 2021

	Land and land improvements	Buildings	Roads and bridges	Water and wastewater infrastructure	Vehicles	Computer hardware and software	Machinery and equipment	Assets under capital lease	2021 Total
Cost									
Balance, beginning of year	\$ 54,005,409	\$ 89,254,410	\$ 128,276,439	\$ 154,755,474	\$ 19,910,023	\$ 4,868,985	\$ 16,140,169	\$ 49,512	\$ 467,260,421
Add: additions during year	487,893	-	58,458	20,797	797,667	117,787	303,856	-	1,786,458
Less: disposals during year	<u>(2,410,409)</u>	<u>(38,781)</u>	<u>-</u>	<u>(1,901,822)</u>	<u>(782,804)</u>	<u>(205,366)</u>	<u>(138,940)</u>	<u>-</u>	<u>(5,478,122)</u>
Balance, end of year	<u>52,082,893</u>	<u>89,215,629</u>	<u>128,334,897</u>	<u>152,874,449</u>	<u>19,924,886</u>	<u>4,781,406</u>	<u>16,305,085</u>	<u>49,512</u>	<u>463,568,757</u>
Accumulated amortization									
Balance, beginning of year	24,516,438	32,519,959	63,466,990	48,865,495	9,503,082	3,833,939	10,235,490	20,788	192,962,181
Add: amortization	990,284	2,105,516	3,158,526	2,200,379	1,357,433	325,481	866,871	2,556	11,007,046
Less: accumulated amortization of disposals	<u>(817,908)</u>	<u>(36,408)</u>	<u>-</u>	<u>(1,901,822)</u>	<u>(742,425)</u>	<u>(205,366)</u>	<u>(136,662)</u>	<u>-</u>	<u>(3,840,591)</u>
Balance, end of year	<u>24,688,814</u>	<u>34,589,067</u>	<u>66,625,516</u>	<u>49,164,052</u>	<u>10,118,090</u>	<u>3,954,054</u>	<u>10,965,699</u>	<u>23,344</u>	<u>200,128,636</u>
Net book value	27,394,079	54,626,562	61,709,381	103,710,397	9,806,796	827,352	5,339,386	26,168	263,440,121
Assets under construction	<u>2,337,504</u>	<u>11,441,313</u>	<u>7,422,906</u>	<u>4,830,152</u>	<u>85,933</u>	<u>347,933</u>	<u>65,065</u>	<u>-</u>	<u>26,530,806</u>
	<u>\$ 29,731,583</u>	<u>\$ 66,067,875</u>	<u>\$ 69,132,287</u>	<u>\$ 108,540,549</u>	<u>\$ 9,892,729</u>	<u>\$ 1,175,285</u>	<u>\$ 5,404,451</u>	<u>\$ 26,168</u>	<u>\$ 289,970,927</u>

Corporation of the City of Welland
Schedule 6 - Consolidated schedule of tangible capital assets

Year ended December 31, 2020

	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Roads and bridges</u>	<u>Water and wastewater infrastructure</u>	<u>Vehicles</u>	<u>Computer hardware and software</u>	<u>Machinery and equipment</u>	<u>Assets under capital lease</u>	<u>2020 Total</u>
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	-	23,304,409
Less: disposals during year	(45,264)	(3,112,792)	-	-	(1,502,921)	(7,559)	(508,596)	-	(5,177,132)
Balance, end of year	<u>55,165,208</u>	<u>88,304,114</u>	<u>126,787,087</u>	<u>154,752,217</u>	<u>19,912,559</u>	<u>3,581,392</u>	<u>19,178,692</u>	<u>90,021</u>	<u>467,771,290</u>
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	<u>24,591,743</u>	<u>32,555,074</u>	<u>62,841,592</u>	<u>48,862,239</u>	<u>9,458,355</u>	<u>3,157,930</u>	<u>11,495,456</u>	<u>37,797</u>	<u>193,000,186</u>
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	<u>726,506</u>	<u>2,661,035</u>	<u>70,927</u>	<u>138,098</u>	<u>-</u>	<u>78,759</u>	<u>-</u>	<u>-</u>	<u>3,675,325</u>
	<u>\$ 31,299,971</u>	<u>\$ 58,410,075</u>	<u>\$ 64,016,422</u>	<u>\$ 106,028,076</u>	<u>\$ 10,454,204</u>	<u>\$ 502,221</u>	<u>\$ 7,683,236</u>	<u>\$ 52,224</u>	<u>\$ 278,446,429</u>