

Consolidated financial statements of

Corporation of the City of Welland

December 31, 2014

Corporation of the City of Welland

December 31, 2014

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Independent Auditor's Report

To the Members of Council, Inhabitants and Taxpayers of
Corporation of the City of Welland

We have audited the accompanying consolidated financial statements of the Corporation of the City of Welland, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Welland as at December 31, 2014, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
September 22, 2015

Corporation of the City of Welland

Consolidated statement of financial position as at December 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash	762,365	2,358,499
Taxes and grants-in-lieu receivable	9,453,575	9,388,101
Accounts receivable	8,990,501	6,140,936
Interest receivable	1,118,120	1,067,681
Note receivable	6,288	13,000
Loan receivable	10,581	16,602
Due from trust fund	794	11,579
Investments (Note 2)	31,528,655	31,190,075
Investment in subsidiary (Note 3)	30,764,757	30,329,100
	82,635,636	80,515,573
Liabilities		
Bank indebtedness (Note 4)	575,854	-
Accounts payable and accrued liabilities	11,760,020	11,556,863
Deferred revenue (Note 5)	11,965,653	9,618,930
Accrued interest on long-term debt	601,758	557,967
Obligations under capital lease (Note 6)	26,511	-
Long-term debt (Note 7, Schedule 5)	49,773,916	51,104,573
Employee future benefits (Note 8)	6,610,167	6,203,534
	81,313,879	79,041,867
Net financial assets	1,321,757	1,473,706
Non-financial assets		
Tangible capital assets (Note 9, Schedule 6)	252,338,458	253,667,186
Other assets (Note 10)	130,160	83,315
	252,468,618	253,750,501
Contingencies (Note 16)		
Accumulated surplus (Note 11)	253,790,375	255,224,207

Approved by

_____ City Manager

_____ General Manager, Financial &
Corporate Services/Treasurer

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

Corporation of the City of Welland

Consolidated statement of operations year ended December 31, 2014

	Budget 2014 (Note 18)	Actual 2014	Actual 2013
	\$	\$	\$
Revenue			
Taxation (Schedule 2)	33,102,394	33,200,092	32,388,595
User charges (Schedule 3)	27,520,124	27,401,996	26,596,732
Grants (Schedule 3)	6,691,966	5,330,632	8,678,970
Other (Schedule 4)	7,916,289	7,734,118	13,543,342
Equity earnings in subsidiary (Note 3)	-	435,657	605,267
	75,230,773	74,102,495	81,812,906
Expenses			
General government	10,024,635	11,158,831	9,089,904
Protection to persons and property	9,128,081	9,401,764	9,094,181
Transportation services	16,641,174	16,429,955	16,664,861
Environmental services	21,563,203	22,912,601	21,555,882
Health services	114,933	125,744	119,127
Social and family services	709,119	710,154	739,086
Recreational and cultural services	12,448,204	13,459,155	15,645,404
Planning and development	1,407,889	1,338,123	1,455,838
	72,037,238	75,536,327	74,364,283
Annual surplus (deficit)	3,193,535	(1,433,832)	7,448,623
Accumulated surplus, beginning of year	255,224,207	255,224,207	247,775,584
Accumulated surplus, end of year	258,417,742	253,790,375	255,224,207

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

Corporation of the City of Welland

Consolidated statement of change in net financial assets year ended December 31, 2014

	Budget 2014 (Note 18)	Actual 2014	Actual 2013
	\$	\$	\$
Annual surplus (deficit)	3,193,535	(1,433,832)	7,448,623
Amortization of tangible capital assets	9,517,406	9,514,155	9,179,566
Acquisition of tangible capital assets	(20,630,762)	(10,696,916)	(15,490,297)
Proceeds on the disposition of tangible capital assets	-	802,020	1,341,645
Loss (gain) on disposal of tangible capital assets	-	1,709,469	(717,954)
	(7,919,821)	(105,104)	1,761,583
Acquisition of other assets	-	(274,775)	(124,223)
Use of other assets	-	227,930	153,362
	-	(46,845)	29,139
Change in net (debt) financial assets	(7,919,821)	(151,949)	1,790,722
Net financial assets (debt), beginning of year	1,473,706	1,473,706	(317,016)
Net financial assets (debt), end of year	(6,446,115)	1,321,757	1,473,706

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

Corporation of the City of Welland

Consolidated statement of cash flows year ended December 31, 2014

	2014	2013
	\$	\$
Operating activities		
Annual (deficit) surplus	(1,433,832)	7,448,623
Non-cash items		
Amortization	9,514,155	9,179,566
Loss (gain) on disposal of tangible capital assets	1,709,469	(717,954)
Increase in investment in subsidiary	(1,133,877)	(1,105,267)
Change in the following balances:		
Taxes and grants-in-lieu receivable	(65,474)	(2,285,741)
Accounts receivable	(2,849,565)	2,762,622
Interest receivable	(50,439)	(72,714)
Loan receivable	6,021	(418)
Accounts payable and accrued liabilities	203,157	(1,730,901)
Due from trust fund	10,785	(32,653)
Deferred revenue	2,346,723	(1,114,932)
Accrued interest on long-term debt	43,791	82,475
Employee future benefits	406,633	262,902
Other assets	(46,845)	29,139
	8,660,702	12,704,747
Capital activities		
Proceeds from sale of tangible capital assets	802,020	1,341,645
Acquisition of tangible capital assets	(10,696,916)	(15,490,297)
	(9,894,896)	(14,148,652)
Investing activities		
(Increase) decrease in investments - net	(338,580)	1,091,273
Repayment of note receivable	6,712	287,000
	(331,868)	1,378,273
Financing activities		
Increase in bank indebtedness	575,854	-
Dividends received from investment in subsidiary (Note 3)	698,220	500,000
Proceeds on issuance of long-term debt	3,895,500	4,693,940
Repayment of long-term debt	(5,226,157)	(4,389,712)
Proceeds on capital lease obligation	34,279	-
Repayment of capital lease obligation	(7,768)	-
	(30,072)	804,228
Net (decrease) increase in cash	(1,596,134)	738,596
Cash, beginning of year	2,358,499	1,619,903
Cash, end of year	762,365	2,358,499

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

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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
- Welland Recreational Canal Corporation
- 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 PSAB 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 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.

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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:

<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 bases at rates ranging from 1.3 – 3.5% per annum commencing in the month of purchase. All other items of equipment held on lease are accounted for as operating leases.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

1. Significant accounting policies (continued)

Leased equipment (continued)

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. Note 6 provides a schedule of repayments and amount of interest on the leases.

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.

Management estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the 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 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.

The market value of the investments at December 31, 2014 was \$31,528,655 (2013 - \$31,190,075).

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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:

Financial position

	2014	2013
	\$	\$
Current assets	11,986,496	16,251,314
Capital assets	27,266,339	26,342,085
Regulatory assets	1,400,285	1,817,058
Total assets	40,653,120	44,410,457
Current liabilities	6,471,942	10,225,253
Long-term debt	13,499,953	13,499,953
Other long-term liabilities	3,416,424	3,856,103
Total liabilities	23,388,319	27,581,309
Net assets	17,264,801	16,829,148

Change in equity investment in subsidiary

	2014	2013
	\$	\$
Revenues	52,099,025	50,729,347
Operating expenses	(50,756,536)	(49,337,585)
Financing expenses	(884,734)	(991,880)
Other income	724,272	707,065
Payments in lieu of taxes	(48,150)	(1,680)
Net earnings from operations and increase in equity investment in subsidiary	1,133,877	1,105,267
Dividends	(698,220)	(500,000)
Change in equity	435,657	605,267

The City's investment in Welland Hydro is comprised of the following:

	2014	2013
	\$	\$
Note receivable	13,499,953	13,499,953
Net assets	17,264,804	16,829,147
Total	30,764,757	30,329,100

The financial position information is as reported by Welland Hydro at December 31, 2014. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2014.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

3. Subsidiary operations (continued)

Note receivable

The \$13,499,953 note receivable is due to the City and bears interest at 6.25%, beginning May 1, 2006. It is due twelve months after official demand by the City.

Contingencies

- (a) Welland Hydro participates with the other electrical utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electrical Association Reciprocal Insurance Exchange. Welland Hydro is liable for additional assessments to the extent premiums collected and reserves established are not sufficient to cover the cost of claims and costs incurred.
- (b) 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 \$2,538,527 and incurs interest at 0.6% annually.

Commitments

Welland Hydro has an agreement to contribute to the costs of power connections and power lines in the new subdivisions built in the City of Welland. Welland Hydro will take over ownership of the power distribution equipment in the subdivisions two years after construction is accepted. The contribution made for the construction in subdivisions in 2014 was \$30,316 (2013 - \$69,401).

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.

	2014	2013
	\$	\$
Electricity purchased	1,220,727	1,381,510
Rent paid	23,588	23,014
Other services purchased	180,923	526,615
Dividends received	698,220	500,000
Interest received	843,747	843,747
Property taxes and other taxes received	67,891	69,084
Water user charges received	4,558	5,026

4. Bank indebtedness

An operating line of credit of \$9,040,000 has been established with a financial institution, of which \$575,854 was used at December 31, 2014 (2013 - Nil). Interest is calculated at prime minus 0.50%. There is no security on this line of credit.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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	4,513,415	1,292,810	48,210	(323,260)	5,531,175
Lot levies and subdivider contributions	2,878,530	241,970	133,361	(754,439)	2,499,422
Recreational land (Planning Act)	167,201	33,732	(6,790)	(106,347)	87,796
Provincial gas tax revenue	397,360	832,022	5,680	(137,128)	1,097,934
Federal gas tax revenue	1,310,101	1,545,900	18,180	(450,581)	2,423,600
Ontario Sate of Good Roads Program	191,284	4,200	430	(95,294)	100,620
Welland Recreational Canal Corporation	-	61,900	-	-	61,900
Youngs Sportsplex	161,039	163,206	-	(161,039)	163,206
2014 Total	9,618,930	4,175,740	199,071	(2,028,088)	11,965,653
2013 Total	10,733,862	3,583,134	22,981	(4,721,047)	9,618,930

6. Obligations under capital lease

Future minimum payments under capital leases, by year end in aggregate, consist of the following at December 31, 2014:

	\$
2015	16,362
2016	8,301
2017	2,680
Total minimum lease payments	27,343
Less: amount representing interest at rate 1.30% - 3.50%	(832)
Balance of obligation	26,511

The debt obligation is secured by the specific equipment under capital lease

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

7. Long-term debt

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

2014	2013
\$	\$

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. At the end of the year, the outstanding principal amount of this debt is:

49,773,916	51,104,573
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- (b) Long-term debt is comprised of:

Debenture number	Purpose	Interest rates	Maturity dates	2014	2013
#		%		\$	\$
88-2004	Various	2.65 - 5.30	2014	-	514,119
85-2004	Civic Square	5.596	2024	6,663,086	7,148,823
OSIFA-04	General projects	2.46	2014	-	88,260
60-2005	Various	2.85 - 4.3	2015	2,078,000	2,438,000
56-2006	Various	4.70 - 5.15	2016	895,000	1,311,000
71-2007	Various	4.95 - 5.10	2017	2,009,234	2,616,234
60-2008	Various	3.70 - 4.70	2018	2,164,000	2,647,000
66-2009	Various	1.15 - 4.80	2019	1,701,000	2,007,000
72-2010	Various	1.60 - 4.65	2020	3,196,463	3,657,424
83-2011	Various	1.55 - 4.05	2021	3,236,062	3,651,018
73-2012	Various	1.35 - 3.10	2022	3,001,000	3,342,000
IO-Loan	LED Streetlights	2.88	2024	2,225,340	-
78-2014	Various	1.20 - 3.30	2024	3,125,000	-
IO-Loan	River Rd MSC	4.08	2038	15,168,000	15,800,000
				45,462,185	45,220,878
Infrastructure Ontario				4,311,731	5,883,695
				49,773,916	51,104,573

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

	\$
2015	6,886,525
2016	4,966,192
2017	4,653,660
2018	4,072,623
2019	3,598,561

- (d) The City paid \$1,908,817 (2013 - \$1,448,040) interest on long-term debt during the year.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

8. Employee future benefits

	2014	2013
	\$	\$
Post-retirement benefits	6,398,465	6,056,561
Other	211,702	146,973
Total employee benefit obligations	6,610,167	6,203,534

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 \$228,800 (2013 - \$275,657).

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 \$ 81,793 (2013 - \$51,056) 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, 2014 using the projected unit credit method.

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

	2014	2013
	\$	\$
Actuarially determined accrued benefit obligation	6,277,165	5,919,561
Unamortized actuarial gains (losses)	121,300	137,000
	6,398,465	6,056,561

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	
Firefighters	2.5% per annum
Non-firefighters	2.0% per annum
Discount rate at January 1, 2014	3.8%
Discount rate at December 31, 2014	4.2%
Medical cost increases	
First year	10.0%
Decreasing over 5 years to	5.0%
Expected rate of dental cost increase	3.0%
Estimated average remaining service life of the employee group	8.7 years

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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:

	2014
	\$
Current year benefit cost	306,000
Amortization of actuarial losses	264,300
Interest on post benefit liability	(15,700)
	<u>554,600</u>

As at December 31, 2014, the City has a sick leave reserve of \$163,721(2013 - \$224,940) (Note 12).

9. Tangible capital assets

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

	2014	2013
	\$	\$
Land and land improvements	33,601,392	33,797,618
Buildings	64,553,339	65,896,928
Roads and bridges	56,603,365	56,758,478
Water and waste water infrastructure	83,984,614	83,590,844
Vehicles	8,494,779	8,553,530
Computer hardware and software	354,445	251,560
Machinery and equipment	4,715,872	4,818,228
Assets under capital lease	30,652	-
	<u>252,338,458</u>	<u>253,667,186</u>

See Schedule 6 for more details.

10. Other assets

	2014	2013
	\$	\$
Prepaid expenses	60,650	39,950
Inventory	69,510	43,365
	<u>130,160</u>	<u>83,315</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

11. Accumulated surplus

	2014	2013
	\$	\$
Surplus (deficit)		
City	3,159,538	2,925,380
Welland Recreational Canal Corporation	(250,177)	(150,479)
North Welland Business Improvement Area	44,022	49,983
Welland Downtown Business Improvement Area	76,074	79,701
Niagara Central Airport Commission	50,477	29,545
Youngs Sportsplex	(782,316)	(252,712)
	2,297,618	2,681,418
Investment in tangible capital assets	252,338,458	253,667,186
Investment in subsidiary	30,764,757	30,329,100
Unfunded:		
Long-term debt	(49,773,916)	(51,104,573)
Employee benefit obligations	(6,610,167)	(6,203,534)
Welland Downtown Business Improvement Area long-term payable	(165,000)	(180,000)
	(56,549,083)	(57,488,107)
Reserves and reserve funds (Note 12)	24,938,625	26,034,610
	253,790,375	255,224,207

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

12. Reserves and reserve funds

	2014	2013
	\$	\$
Reserves set aside for specific purposes by Council		
Working capital	630,614	834,925
Replacement of equipment	1,026,292	996,244
Integrated Library Systems	40,000	40,000
Bequests	37,939	37,490
	1,734,845	1,908,659
Reserve funds set aside for specific purposes by Council		
Sick leave	163,721	222,940
Workers' Safety Insurance Board	395,174	356,975
Capital expenditure		
Courthouse maintenance	132,422	278,982
Parks and recreation	169,393	156,300
Economic development	459,873	437,848
Fire	749,325	926,085
Airport	8,860	8,890
Fleet	184,874	212,947
Building capital improvements	139,618	135,898
Parking	57,726	69,308
Sports and culture	1,821,671	1,685,930
Municipal incentive grants	823,059	704,000
Recreational canal lands	13,565,635	13,548,032
Employee benefits	250,266	251,957
Water/wastewater surplus	208,584	800,875
Operating surplus	3,192,890	3,023,392
Ontario Municipal Partnership Funding Contingency	111,549	109,549
Insurance	107,874	293,445
Health safety and wellness reserve	661,266	902,598
	23,203,780	24,125,951
Total reserves and reserve funds	24,938,625	26,034,610
Continuity of reserves and reserve funds		
Balance, beginning of year	26,034,610	23,546,205
Interest earned	622,589	781,783
Other revenue	794,356	731,343
Transfers in from:		
Operating revenue	2,516,873	3,198,094
Capital revenue	167,915	1,448,361
	4,101,733	6,159,581
Transfers out for:		
Operating purposes	2,272,254	2,923,320
Capital purposes	2,925,464	747,856
	5,197,718	3,671,176
Balance, end of year	24,938,625	26,034,610

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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:

	2014	2013
	\$	\$
Region of Niagara (Schedule 2)	31,651,312	31,019,924
School boards (Schedule 2)	12,791,039	12,911,956
	44,442,351	43,931,880

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 (2014 - \$1,354,705, 2013 - \$1,287,114) Development charges collected in excess of those paid to the Region are recorded as accounts payable.

14. 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%.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

14. Niagara Central Airport Commission (continued)

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

	2014	2013
	\$	\$
Financial assets		
Cash and temporary investments	77,800	62,900
Accounts receivable	6,190	8,192
	83,990	71,092
Liabilities		
Accounts payable and accrued liabilities	11,029	27,056
Net financial assets	72,961	44,036
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	33,625	24,491
Tangible capital assets	1,147,210	1,152,797
	1,182,189	1,178,642
Accumulated surplus	1,255,150	1,222,678
Revenues		
Grants	80,300	78,530
Fuel and rentals	86,221	65,375
Property tax refund	-	39,746
Other	35,767	2,955
Interest	626	506
Expenses	(170,442)	(223,116)
Annual surplus (deficit)	32,472	(36,004)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2014 and the results of operations are as reported for the year ended December 31, 2014. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2013.

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.

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.

	2014	2013
	\$	\$
Grants	44,165	43,191
Insurance	-	9,902

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

15. Trust fund

The trust fund administered by the City, amounting to \$533,075 (2013 - \$520,430), has not been included in the consolidated statement of financial position, nor has the operation 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 2014 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 (2013 \$500,000) 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.

17. Commitments

The City has committed to contribute \$50,000 per year to Niagara College over five years. The contributions commenced in 2010. The City has also committed in 2013 to contribute \$25,000 per year for the next four years for a total of \$100,000 to the Welland Hospital Foundation.

18. Budget amounts

The operating budget was approved by Council on April 8, 2014 and the tax rate supported capital budgets were approved by Council on April 8, 2014 to establish the tax rates for the year. In addition, the water and wastewater operating budget were approved by Council on March 18, 2014.

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.

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, bank indebtedness, accounts payable and accrued liabilities, due from/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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

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.

This segment includes general revenues and expenses as well as the Mayor and Council operations and the City Manager, City Clerks, Finance, and Human Resources Departments.

The City Manager’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 responsible for the operations of Information Services, City Clerk, Communications and the Legal Division.

Information Services Division is a part of Human Resources. 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 Human Resources 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 City Clerk’s Division 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 Human Resources. 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

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

20. Segmented information (continued)

Protection to persons and property (continued)

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.

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).

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2014

20. Segmented information (continued)

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.

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.

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 consolidated financial statements as disclosed in Note 1.

Corporation of the City of Welland

Schedules to consolidated statement of operations

Segment information - Schedule 1

year ended December 31, 2014

2014

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Taxation	5,557,696	8,542,384	11,294,671	142,760	13,280	760,282	5,677,216	1,211,803	33,200,092
User charges	286,141	588,412	2,960,559	22,248,874	73,984	479	1,100,893	142,654	27,401,996
Grants	3,916,000	-	477,877	200,021	-	-	500,529	236,205	5,330,632
Other	479,643	36,417	596,963	99,470	19,709	55,077	5,697,119	749,720	7,734,118
Equity earnings in subsidiary	435,657	-	-	-	-	-	-	-	435,657
Total revenues	10,675,137	9,167,213	15,330,070	22,691,125	106,973	815,838	12,975,757	2,340,382	74,102,495
Expenses									
Salaries, wages and employee benefits	4,754,855	7,768,390	9,862,412	2,183,305	83,525	40,462	6,545,221	875,363	32,113,533
Net long-term debt charges	522,563	22,095	381,291	381,044	-	71,563	702,133	20,800	2,101,489
Materials, services and other	3,497,698	1,312,341	2,835,656	18,343,286	41,104	316,591	3,108,600	400,478	29,855,754
Rents and finance expenses	1,475,022	-	-	-	-	-	476,374	-	1,951,396
Amortization	908,693	298,938	3,350,596	2,004,966	1,115	281,538	2,626,827	41,482	9,514,155
Total expenses	11,158,831	9,401,764	16,429,955	22,912,601	125,744	710,154	13,459,155	1,338,123	75,536,327
Annual surplus (deficit)	(483,694)	(234,551)	(1,099,885)	(221,476)	(18,771)	105,684	(483,398)	1,002,259	(1,433,832)

Corporation of the City of Welland
Schedules to consolidated statement of operations
Segment information - Schedule 1
year ended December 31, 2013

2013

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Taxation	5,423,720	8,332,225	11,018,929	138,830	12,257	743,213	5,538,611	1,180,810	32,388,595
User charges	337,280	559,722	3,341,087	20,941,233	76,180	262	1,186,060	154,908	26,596,732
Grants	3,359,500	-	1,831,050	1,079,940	-	-	2,379,018	29,462	8,678,970
Other	4,655,397	80,207	533,801	196,050	18,554	52,134	7,574,456	432,740	13,543,339
Equity loss in subsidiary	605,267	-	-	-	-	-	-	-	605,267
Total revenues	14,381,164	8,972,154	16,724,867	22,356,053	106,991	795,609	16,678,145	1,797,920	81,812,903
Expenses									
Salaries, wages and employee benefits	4,309,183	7,626,128	9,551,004	2,149,867	78,180	24,894	6,828,002	874,200	31,441,458
Net long-term debt charges	534,069	34,016	320,232	277,200	-	95,797	122,609	13,624	1,397,547
Materials, services and other	2,575,586	1,128,055	3,514,329	17,160,949	39,832	352,510	5,833,443	527,675	31,132,379
Rents and finance expenses	770,562	-	-	-	-	-	442,771	-	1,213,333
Amortization	900,504	305,982	3,279,296	1,967,866	1,115	265,885	2,418,579	40,339	9,179,566
Total expenses	9,089,904	9,094,181	16,664,861	21,555,882	119,127	739,086	15,645,404	1,455,838	74,364,283
Annual surplus (deficit)	5,291,260	(122,027)	60,006	800,171	(12,136)	56,523	1,032,741	342,082	7,448,620

Corporation of the City of Welland

Schedules to consolidated statement of operations

Taxation revenue - Schedule 2

year ended December 31, 2014

	Budget 2014 (Note 18)	Actual 2014	Actual 2013
	\$	\$	\$
Taxation			
Real property	76,371,524	76,424,260	75,087,087
From other governments			
Public Works	29,400	29,176	28,739
St. Lawrence Seaway Authority	73,500	48,735	73,872
Niagara College and Hospital	420,870	438,900	426,000
Hydro One Networks Inc.	128,500	128,715	128,696
Ministry of Government Services	155,500	152,610	153,243
Municipal enterprises	66,700	67,891	69,084
Railways	123,240	123,466	123,466
Regional Municipality of Niagara	230,300	228,690	230,288
	1,228,010	1,218,183	1,233,388
	77,599,534	77,642,443	76,320,475
Less: taxation collected on behalf of			
Region of Niagara	(31,597,000)	(31,651,312)	(31,019,924)
School boards	(12,900,140)	(12,791,039)	(12,911,956)
Net taxes available for municipal purposes	33,102,394	33,200,092	32,388,595
Residential and farm	24,200,500	24,214,824	23,699,024
Multi-residential	2,278,494	2,309,074	2,165,393
Commercial	5,050,000	5,098,030	4,846,557
Industrial	1,450,000	1,454,759	1,579,216
Local improvements	11,400	11,406	11,405
Business Improvement Area	112,000	111,999	87,000
Net taxes available for municipal purposes	33,102,394	33,200,092	32,388,595

Corporation of the City of Welland

Schedules to consolidated statement of operations

User charges & Grants revenue - Schedule 3

year ended December 31, 2014

	Budget 2014 (Note 18)	Actual 2014	Actual 2013
	\$	\$	\$
User charges			
Operating			
Fees, service charges and donations	4,396,170	4,382,189	4,265,249
Water billings	9,018,405	8,930,826	8,564,591
Wastewater billings	13,498,779	13,033,424	11,967,679
Licenses and permits	606,770	611,138	607,556
	<u>27,520,124</u>	<u>26,957,577</u>	<u>25,405,075</u>
Capital			
Lot levies and development charges	-	444,419	1,191,657
	<u>27,520,124</u>	<u>27,401,996</u>	<u>26,596,732</u>
Grants			
Operating			
Province of Ontario	4,087,933	4,247,821	3,877,210
Government of Canada	132,233	136,429	1,521,401
Other	-	1,500	500
Total operating grants	<u>4,220,166</u>	<u>4,385,750</u>	<u>5,399,111</u>
Capital			
Province of Ontario	760,000	192,737	1,611,174
Government of Canada	1,643,800	681,126	1,668,685
Other Municipalities	68,000	71,019	-
Total capital grants	<u>2,471,800</u>	<u>944,882</u>	<u>3,279,859</u>
	<u>6,691,966</u>	<u>5,330,632</u>	<u>8,678,970</u>

Corporation of the City of Welland

Schedules to consolidated statement of operations

Other revenue - Schedule 4

year ended December 31, 2014

	Budget 2014 (Note 18)	Actual 2014	Actual 2013
	\$	\$	\$
Other revenue			
Operating			
Penalties and interest on taxes	1,140,000	1,400,050	1,273,711
Fines	390,752	355,550	320,781
Rent and leases	672,980	1,451,864	1,382,212
Investment income	1,399,450	2,044,467	2,173,978
Sale of land	5,000	-	14,817
Cost sharing	95,723	114,148	53,705
Development charges	-	-	158,281
Subdividers' contribution	1,000	78,360	5,400
Other	3,301,384	1,562,863	3,017,261
	7,006,289	7,007,302	8,400,146
Capital			
Sale of land	-	10,000	-
Cost sharing	890,000	1,322,101	4,272,174
Subdividers contribution	20,000	-	-
Other	-	1,104,184	153,068
(Loss) gain on disposal of tangible capital assets	-	(1,709,469)	717,954
	910,000	726,816	5,143,196
	7,916,289	7,734,118	13,543,342

Corporation of the City of Welland

Consolidated schedule of long-term debt - Schedule 5 year ended December 31, 2014

	2014	2013
	\$	\$
Municipal debt		
General government		
Civic Square	8,520,243	9,128,050
Medical building improvements	108,836	122,792
Co-generation study	39,907	45,024
Protection to persons and property		
Fire pumper	712,975	812,744
Central firehall	84,038	95,372
Transportation services		
Roadways	5,757,963	5,693,758
LED streetlights	2,225,340	2,342,463
Traffic	1,023,900	1,191,015
Environmental services		
Wastewater system	2,613,406	2,277,789
Storm sewer system	408,755	106,705
Waterworks system	3,407,666	3,707,113
Recreational and cultural services		
Parks and recreation	630,411	758,037
Museum	66,332	75,832
Recreation facilities	4,395,908	4,114,187
River Rd multisports complex	15,168,000	16,352,841
Welland International flatwater centre	4,311,732	3,541,232
Canal Lands	-	396,994
Planning and development		
Market	298,503	342,625
	49,773,916	51,104,573

Corporation of the City of Welland

Consolidated schedule of tangible capital assets - Schedule 6
year ended December 31, 2014

2014

	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	49,491,286	85,956,621	100,518,475	116,310,023	15,269,027	1,621,127	11,814,898	-	380,981,457
Add: additions during year	860,196	3,171,480	3,313,100	4,764,243	808,875	236,258	534,463	34,280	13,722,895
Less: disposals during year	(157,666)	(2,430,002)	-	-	(244,869)	(34,140)	(334,962)	-	(3,201,639)
Balance, end of year	50,193,816	86,698,099	103,831,575	121,074,266	15,833,033	1,823,245	12,014,399	34,280	391,502,713
Accumulated amortization									
Balance, beginning of year	15,748,568	20,176,619	45,088,700	35,404,072	6,856,100	1,372,630	7,024,219	-	131,670,908
Add: amortization	1,384,532	1,998,822	2,349,905	1,781,122	986,590	160,736	848,820	3,628	9,514,155
Less: accumulated amortization of disposals	(145,795)	-	-	-	(221,594)	(34,134)	(288,631)	-	(690,154)
Balance, end of year	16,987,305	22,175,441	47,438,605	37,185,194	7,621,096	1,499,232	7,584,408	3,628	140,494,909
Net book value	33,206,511	64,522,658	56,392,970	83,889,072	8,211,937	324,013	4,429,991	30,652	251,007,804
Assets under construction	394,881	30,681	210,395	95,542	282,842	30,432	285,881	-	1,330,654
Total	33,601,392	64,553,339	56,603,365	83,984,614	8,494,779	354,445	4,715,872	30,652	252,338,458

Corporation of the City of Welland

Consolidated schedule of tangible capital assets - Schedule 6 year ended December 31, 2013

2013

	Land and land improvements	Buildings	Roads and bridges	Waste and wastewater infrastructure	Vehicles	Computer hardware and software	Machinery and equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Balance, beginning of year	47,811,182	77,398,125	98,610,803	113,840,518	14,303,619	1,505,858	11,536,913	365,007,018
Add: additions during year	2,083,593	8,558,496	1,907,672	2,469,505	1,623,440	115,269	691,171	17,449,146
Less: disposals during year	(403,489)	-	-	-	(658,032)	-	(413,186)	(1,474,707)
Balance, end of year	49,491,286	85,956,621	100,518,475	116,310,023	15,269,027	1,621,127	11,814,898	380,981,457
Accumulated amortization								
Balance, beginning of year	14,377,394	18,330,704	42,797,004	33,667,685	6,589,882	1,232,410	6,347,276	123,342,355
Add: amortization	1,371,174	1,845,915	2,291,696	1,736,387	924,250	140,220	869,924	9,179,566
Less: accumulated amortization of disposals	-	-	-	-	(658,032)	-	(192,981)	(851,013)
Balance, end of year	15,748,568	20,176,619	45,088,700	35,404,072	6,856,100	1,372,630	7,024,219	131,670,908
Net book value	33,742,718	65,780,002	55,429,775	80,905,951	8,412,927	248,497	4,790,679	249,310,549
Assets under construction	54,900	116,926	1,328,703	2,684,893	140,603	3,063	27,549	4,356,637
Total	33,797,618	65,896,928	56,758,478	83,590,844	8,553,530	251,560	4,818,228	253,667,186

Independent Auditor's Report

To the Members of Council, Inhabitants and Taxpayers of the Corporation of the City of Welland

We have audited the accompanying financial statements of the Corporation of the City of Welland Trust Fund, which comprise the statement of financial position as at December 31, 2014, and the statement of financial activities and fund balance for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Welland Trust Fund as at December 31, 2014, and the results of its operations and its cash flows for the year then ended in accordance with the Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Deloitte LLP". The word "Deloitte" is written in a cursive script, and "LLP" is written in a simpler, blocky font.

Chartered Professional Accountants
Licensed Public Accountants
September 22, 2015

Corporation of the City of Welland Trust Fund

Statement of financial activities and fund balance
year ended December 31, 2014

	2014	2013
	\$	\$
Revenue		
Perpetual care	12,645	13,460
Fund balance, beginning of year	520,430	506,970
Fund balance, end of year	533,075	520,430

The accompanying notes to the financial statements are an integral part of this financial statement.

Corporation of the City of Welland Trust Fund

Statement of financial position
as at December 31, 2014

	2014	2013
	\$	\$
Assets		
Cash	14,981	24,188
Investments (Note 2)	518,888	507,821
	533,869	532,009
Liability		
Due to City of Welland	794	11,579
Fund balance	533,075	520,430

The accompanying notes to the financial statements are an integral part of this financial statement.

Corporation of the City of Welland Trust Fund

Notes to the financial statements
December 31, 2013

1. Accounting policies

Basis of accounting

The financial statements of the Corporation of the City of Welland Trust Fund are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Significant accounting policies adopted are as follows:

(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 \$518,888 (2013 - \$507,821) reported on the statement of financial position at cost, have a market value of \$518,888 (2013- \$507,821) at the end of the year

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.