

Consolidated financial statements of

**Corporation of the City of Welland**

December 31, 2015

# Corporation of the City of Welland

December 31, 2015

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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, 2015, 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, 2015 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  
July 19, 2016

# Corporation of the City of Welland

## Consolidated statement of financial position as at December 31, 2015

	2015	2014
	\$	\$
<b>Financial assets</b>		
Cash	1,179,720	762,365
Taxes and grants-in-lieu receivable	10,973,652	9,453,575
Accounts receivable	7,034,576	8,990,501
Interest receivable	1,033,170	1,118,120
Note receivable	-	6,288
Loan receivable	6,840	10,581
Due from trust fund	23,815	794
Investments (Note 3)	31,831,125	31,528,655
Investment in subsidiary (Note 4)	31,018,757	30,558,757
	<b>83,101,655</b>	<b>82,429,636</b>
<b>Liabilities</b>		
Bank indebtedness (Note 5)	2,442,345	575,854
Accounts payable and accrued liabilities	9,695,783	11,760,020
Deferred revenue (Note 6)	12,014,759	11,965,653
Accrued interest on long-term debt	471,365	601,758
Obligations under capital lease (Note 7)	10,725	26,511
Long-term debt (Note 8, Schedule 5)	47,961,067	49,773,916
Employee future benefits (Note 9)	6,953,341	6,610,167
	<b>79,549,385</b>	<b>81,313,879</b>
Net financial assets	<b>3,552,270</b>	<b>1,115,757</b>
Non-financial assets		
Tangible capital assets (Note 10, Schedule 6)	252,933,899	252,351,875
Other assets (Note 11)	99,128	130,160
	<b>253,033,027</b>	<b>252,482,035</b>
Contingencies (Note 17)		
<b>Accumulated surplus (Note 12)</b>	<b>256,585,297</b>	<b>253,597,792</b>

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, 2015

	Budget 2015 (Note 19)	Actual 2015	Actual 2014
	\$	\$	\$
<b>Revenue</b>			
Taxation (Schedule 2)	34,604,932	<b>34,652,883</b>	33,200,092
User charges (Schedule 3)	29,506,336	<b>29,811,510</b>	27,401,996
Grants (Schedule 3)	7,042,491	<b>7,007,429</b>	5,330,632
Other (Schedule 4)	7,001,315	<b>9,679,106</b>	7,734,118
Equity earnings in subsidiary (Note 4)	-	<b>460,000</b>	333,657
	<u>78,155,074</u>	<u><b>81,610,928</b></u>	<u>74,000,495</u>
<b>Expenses</b>			
General government	10,024,635	<b>12,217,819</b>	11,158,831
Protection to persons and property	9,128,081	<b>10,749,951</b>	9,401,764
Transportation services	16,641,174	<b>16,447,075</b>	16,429,955
Environmental services	21,563,203	<b>22,296,006</b>	22,912,601
Health services	114,933	<b>132,452</b>	125,744
Social and family services	709,119	<b>656,207</b>	710,154
Recreational and cultural services	12,448,204	<b>14,772,749</b>	13,459,155
Planning and development	1,407,889	<b>1,337,747</b>	1,338,123
	<u>72,037,238</u>	<u><b>78,610,006</b></u>	<u>75,536,327</u>
Annual surplus (deficit)	6,117,836	<b>3,000,922</b>	(1,535,832)
Accumulated surplus, beginning of year, as previously stated	253,584,375	<b>253,584,375</b>	255,224,207
Adjustment (Note 2)	-	<b>(206,000)</b>	(104,000)
Accumulated surplus, beginning of year, restated	253,584,375	<b>253,378,375</b>	255,120,207
<b>Accumulated surplus, end of year</b>	<u>259,702,211</u>	<u><b>256,379,297</b></u>	<u>253,584,375</u>

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, 2015

	Budget 2015 (Note 19)	Actual 2015	Actual 2014 (Note 2)
	\$	\$	\$
<b>Annual surplus (deficit)</b>	6,117,836	<b>3,000,922</b>	(1,535,832)
Amortization of tangible capital assets	9,517,406	<b>9,631,158</b>	9,514,155
Acquisition of tangible capital assets	(20,630,762)	<b>(10,285,941)</b>	(10,696,916)
Proceeds on the disposition of tangible capital assets	-	<b>41,222</b>	802,020
Loss on disposal of tangible capital assets	-	<b>18,120</b>	1,709,469
	(4,995,520)	<b>2,405,481</b>	(207,104)
Acquisition of other assets	-	<b>(195,588)</b>	(274,775)
Use of other assets	-	<b>226,620</b>	227,930
	-	<b>31,032</b>	(46,845)
Change in net (debt) financial assets	(4,995,520)	<b>2,436,513</b>	(253,949)
Net financial assets, beginning of year	1,115,757	<b>1,115,757</b>	1,369,706
<b>Net financial assets (debt), end of year</b>	<b>(3,879,763)</b>	<b>3,552,270</b>	<b>1,115,757</b>

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, 2015

	2015	2014
	\$	\$
<b>Operating activities</b>		
Annual surplus (deficit)	3,000,922	(1,535,832)
Non-cash items		
Amortization	9,631,158	9,514,155
Loss on disposal of tangible capital assets	18,120	1,709,469
Increase in investment in subsidiary	(1,130,000)	(1,031,786)
Changes in the following balances		
Taxes and grants-in-lieu receivable	(1,520,077)	(65,474)
Accounts receivable	1,955,925	(2,849,656)
Interest receivable	84,950	(50,439)
Loan receivable	3,741	6,021
Accounts payable and accrued liabilities	(2,064,237)	203,157
Due from trust fund	(23,021)	10,785
Deferred revenue	49,106	2,346,723
Accrued interest on long-term debt	(130,393)	43,791
Employee future benefits	343,174	406,633
Other assets	31,032	(46,845)
	<b>10,250,400</b>	<b>8,660,702</b>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	41,222	802,020
Acquisition of tangible capital assets	(10,285,941)	(10,696,916)
	<b>(10,244,719)</b>	<b>(9,894,896)</b>
<b>Investing activities</b>		
Increase in investments - net	(302,470)	(338,580)
Repayment of note receivable	6,288	6,712
	<b>(296,182)</b>	<b>(331,868)</b>
<b>Financing activities</b>		
Increase in bank indebtedness	1,866,491	575,854
Dividends received from investment in subsidiary (Note 3)	670,000	698,220
Proceeds on issuance of long-term debt	5,073,675	3,895,500
Repayment of long-term debt	(6,886,524)	(5,226,157)
Proceeds on capital lease obligation	-	34,279
Repayment of capital lease obligation	(15,786)	(7,768)
	<b>707,856</b>	<b>(30,072)</b>
Net increase (decrease) in cash	417,355	(1,596,134)
Cash, beginning of year	762,365	2,358,499
<b>Cash, end of year</b>	<b>1,179,720</b>	<b>762,365</b>

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, 2015

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### 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 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 16).

#### *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.

#### *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.

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Significant accounting policies (continued)

#### *Employee future benefits*

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

#### *Tangible capital assets*

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

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

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

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

Amortization is based on the following classifications and useful lives:

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

#### *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.

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

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Significant accounting policies (continued)

#### *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, contaminated sites and the useful lives of tangible capital assets. Actual results could differ from those estimates.

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 2. Change in accounting policies

#### (a) Liability for contaminated sites

As at January 1, 2015, the City adopted the Canadian public sector accounting standard PS 3260 Liability for Contaminated Sites. The standard requires governments to record a liability in their financial statements if they have a contaminated site that meets the requirements as set out in the standard. The standard defines contamination as the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability for the remediation of a contaminated site is recognized as the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the City is either directly responsible or accepts responsibility, it is expected that the future economic benefit will be given up, and a reasonable estimate of the amount is determinable. The adoption of this standard has been applied prospectively and the City has recorded \$350,000 of liabilities for contaminated sites as described in Note 20.

#### (b) Welland Hydro-Electric Holding Corporation first time adoption of International Financial Reporting Standards (IFRS)

Welland Hydro-Electric Holding Corporation first time which is owned 100% by the City of Welland adopted IFRS on January 1, 2015. The adoption of IFRS requires retrospective application of the new accounting framework to January 1, 2014, the date of transition. As a result, the amounts reported by Welland Hydro-Electric Holding Corporation for its December 31, 2014 year end and the opening balance sheet as at the date of transition have been restated.

In preparing its opening IFRS consolidated balance sheet Welland Hydro-Electric Holding Corporation has adjusted amounts reported previously in its consolidated financial statements prepared in accordance with Canadian GAAP.

IFRS 1 requires an entity to explain how the transition from its previous GAAP to IFRS affected its reported financial position, financial performance and cash flows by providing reconciliations of shareholder's equity, comprehensive income and cash flows for prior periods.

Accordingly, Welland Hydro-Electric Holding Corporation prepared their first annual consolidated financial statements in accordance with IFRS and IFRS 1 First-time Adoption of International Financial Reporting Standards (IFRS 1) has been applied. The adjustments required in the City's financial statements due to Welland Hydro-Electric Holding Corporation's transition to IFRS are provided below:

As at and for the year ended December 31, 2014, unless otherwise stated	Balance, previously reported	IFRS adjustments to opening accumulated surplus as at Jan. 1, 2014	IFRS adjustments to 2014	Total adjustments to 2014	Balance, restated (Note 4)
	\$	\$	\$	\$	\$
Investment in Welland					
Hydro- Electric Holding Corporation	30,764,757	(104,000)	(102,000)	(206,000)	30,558,757
Equity pick up from					
Hydro- Electric Holding Corporation	435,657	-	(102,000)	(102,000)	333,657
Accumulated surplus, January 1, 2014	255,224,207	(104,000)	-	(104,000)	255,120,207

### 3. Investments

Investments consist of guaranteed investment certificates ("GICs") with various chartered banks.

The market value of the investments at December 31, 2015 was \$32,987,471 (2014 - \$31,528,655).

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 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:

#### *Financial position*

	2015	2014
	\$	\$
Current assets	11,727,000	11,986,496
Capital assets	28,674,000	27,442,000
Regulatory assets	967,000	647,000
Deferred tax assets	1,547,000	1,226,000
<b>Total assets</b>	<b>42,915,000</b>	<b>41,301,496</b>
Current liabilities	6,782,000	6,784,000
Long-term debt	13,499,953	13,499,953
Other long-term liabilities	2,083,000	1,689,000
Regulatory balances	3,031,243	2,269,739
<b>Total liabilities</b>	<b>25,396,196</b>	<b>24,242,692</b>
<b>Net assets</b>	<b>17,518,804</b>	<b>17,058,804</b>

#### *Change in equity investment in subsidiary*

	2015	2014
	\$	\$
Revenue	53,935,000	52,832,000
Operating expenses	(51,742,000)	(50,929,000)
Financing expenses	(851,000)	(859,000)
Other income	37,000	50,000
Net movement in regulatory balances, net of tax	(398,000)	191,000
Income tax recovery (expense)	149,000	(140,000)
Other comprehensive income (loss)	-	(113,333)
<b>Net earnings from operations and increase in equity investment in subsidiary</b>	<b>1,130,000</b>	<b>1,031,667</b>
Dividends	(670,000)	(698,000)
<b>Change in equity</b>	<b>460,000</b>	<b>333,667</b>

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

	2015	2014
	\$	\$
Note receivable	13,499,953	13,499,953
Net assets	17,518,804	17,058,804
<b>Total</b>	<b>31,018,757</b>	<b>30,558,757</b>

The financial position information is as reported by Welland Hydro at December 31, 2015. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2015.

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 4. 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) 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.

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.

	<b>2015</b>	2014
	\$	\$
Electricity purchased	<b>1,504,000</b>	1,439,000
Rent paid	<b>24,000</b>	23,000
Streetlight maintenance	<b>100,000</b>	98,000
Dividends received	<b>670,000</b>	698,220
Interest received	<b>843,747</b>	843,747
Property taxes and other taxes received	<b>69,000</b>	68,000
Water user charges received	<b>4,000</b>	4,000

### 5. Bank indebtedness

An operating line of credit of \$9,200,000 has been established with a financial institution, of which \$2,442,345 was used at December 31, 2015 (2014 - \$575,854). Interest is calculated at prime minus 0.50%. 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.

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

### 6. Deferred revenue (continued)

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	5,531,176	1,324,312	6,160	(1,410,980)	5,450,668
Lot levies and subdivider contributions	2,499,422	495,600	(36,631)	(429,592)	2,528,799
Recreational land (Planning Act)	87,796	18,800	(820)	(2,245)	103,531
Provincial gas tax revenue	1,097,934	690,115	(3,340)	(502,243)	1,282,466
Federal gas tax revenue	2,423,600	1,537,672	20,330	(1,502,330)	2,479,272
Ontario Bus Replacement Program	100,619	2,090	(6,060)	(79,812)	16,837
Welland Recreational Canal Corporation	61,900	-	-	(61,900)	-
Youngs Sportsplex	163,206	153,186	-	(163,206)	153,186
<b>2015 Total</b>	<b>11,965,653</b>	<b>4,221,775</b>	<b>(20,361)</b>	<b>(4,152,308)</b>	<b>12,014,759</b>
<b>2014 Total</b>	<b>9,618,930</b>	<b>4,175,740</b>	<b>199,071</b>	<b>(2,028,088)</b>	<b>11,965,653</b>

### 7. Obligations under capital lease

Future minimum payments under capital leases, by year end in aggregate, consist of the following at December 31, 2015:

	\$
2016	8,301
2017	2,680
Total minimum lease payments	10,981
Less: amount representing interest at rate 1.30%-3.50%	(256)
<b>Balance of obligation</b>	<b>10,725</b>

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

### 8. Long-term debt

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

	2015	2014
	\$	\$
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	<b>47,961,067</b>	49,773,916

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

### 8. Long-term debt (continued)

(b) Long-term debt is comprised of:

Debenture number	Purpose	Interest rates	Maturity dates	2015	2014
#		%		\$	\$
85-2004	Civic Square	5.596	2024	<b>6,149,787</b>	6,663,086
60-2005	Various	2.85-4.3	2015	-	2,078,000
56-2006	Various	4.70-5.15	2016	<b>459,000</b>	895,000
71-2007	Various	4.95-5.10	2017	<b>1,371,853</b>	2,009,234
60-2008	Various	3.70-4.70	2018	<b>1,659,000</b>	2,164,000
66-2009	Various	1.15-4.80	2019	<b>1,387,000</b>	1,701,000
72-2010	Various	1.60-4.65	2020	<b>2,716,371</b>	3,196,463
83-2011	Various	2.95	2021	<b>2,812,664</b>	3,236,062
73-2012	Various	2.29	2022	<b>2,655,000</b>	3,001,000
IO-Loan	LED Streetlights	2.88	2024	<b>1,991,094</b>	2,225,340
78-2014	Various	2.35	2024	<b>2,837,891</b>	3,125,000
IO-Loan	River Rd MSC	4.08	2038	<b>14,536,000</b>	15,168,000
75-2015	Various	1.89	2025	<b>3,581,000</b>	-
OILC-15-02	WIFC	3.12	2035	<b>5,063,700</b>	-
				<b>47,220,360</b>	45,462,185
Infrastructure Ontario LED streetlights Phase II				<b>740,707</b>	4,311,731
				<b>47,961,067</b>	49,773,916

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

	\$
2016	5,393,262
2017	5,084,731
2018	4,507,694
2019	4,038,630
2020	3,766,199

(d) The City paid \$1,796,919 (2014 - \$1,908,817) interest on long-term debt during the year.

### 9. Employee future benefits

	2015	2014
	\$	\$
Post-retirement benefits	<b>6,767,765</b>	6,398,465
Other	<b>185,576</b>	211,702
Total employee benefit obligations	<b>6,953,341</b>	6,610,167

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 (2014 - \$228,800).



# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 9. 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 \$ 100,000 (2014 - \$81,793) 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, 2015 using the projected unit credit method.

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

	2015	2014
	\$	\$
Actuarially determined accrued benefit obligation	6,630,765	6,277,165
Unamortized actuarial gains (losses)	137,000	121,300
	<b>6,767,765</b>	<b>6,398,465</b>

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, 2015	4.2%
Discount rate at December 31, 2015	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

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:

	\$
Current year benefit cost	318,900
Amortization of actuarial losses	279,200
Interest on post benefit liability	(13,900)
	<b>584,200</b>

As at December 31, 2015, the City has a sick leave reserve of \$82,931 (2014 - \$163,721) (Note 13).

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 10. Tangible capital assets

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

	2015	2014
	\$	\$
Land and land improvements	32,631,233	33,601,392
Buildings	63,307,943	64,553,339
Roads and bridges	57,101,587	56,603,365
Water and waste water infrastructure	85,486,329	83,984,614
Vehicles	8,473,696	8,494,779
Computer hardware and software	243,605	354,445
Machinery and equipment	5,673,008	4,715,872
Assets under capital lease	16,498	30,652
	<b>252,933,899</b>	<b>252,338,458</b>

See Schedule 6 for more details.

### 11. Other assets

	2015	2014
	\$	\$
Prepaid expenses	51,645	60,650
Inventory	47,483	69,510
	<b>99,128</b>	<b>130,160</b>

# Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2015

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## 12. Accumulated surplus

	2015	2014
	\$	\$
Surplus (deficit)		
City	4,264,067	3,159,538
Welland Recreational Canal Corporation	(207,269)	(250,177)
North Welland Business Improvement Area	46,494	44,022
Welland Downtown Business Improvement Area	64,571	76,074
Niagara Central Airport Commission	72,742	50,477
Youngs Sportsplex	(605,200)	(782,316)
	<b>3,635,405</b>	<b>2,297,618</b>
Investment in tangible capital assets	<b>252,933,899</b>	252,338,458
Investment in subsidiary	<b>31,018,757</b>	30,558,757
Unfunded		
Long-term debt	(47,961,067)	(49,773,916)
Employee benefit obligations	(6,953,341)	(6,610,167)
Welland Downtown Business Improvement Area long-term payable	(150,000)	(165,000)
	<b>(55,064,408)</b>	<b>(56,549,083)</b>
Reserve and reserve funds (Note 13)	<b>24,061,644</b>	24,938,625
	<b>256,585,297</b>	<b>253,584,375</b>

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

### 13. Reserves and reserve funds

	2015	2014
	\$	\$
Reserves set aside for specific purposes by Council		
Working capital	517,300	630,614
Replacement of equipment	1,014,085	1,026,292
Integrated Library Systems	40,000	40,000
Bequests	37,939	37,939
	<b>1,609,324</b>	<b>1,734,845</b>
Reserve funds set aside for specific purposes by Council		
Sick leave	82,931	163,721
Workers' Safety Insurance Board	224,343	395,174
Capital expenditure		
Courthouse maintenance	195,868	132,422
Parks and recreation	181,917	169,393
Economic development	500,739	459,873
Fire	1,067,725	749,325
Airport	8,860	8,860
Fleet	105,187	184,874
Building capital improvements	142,798	139,618
Parking	69,345	57,726
Sports and culture	1,904,077	1,821,671
Municipal incentive grants	865,009	823,059
Recreational canal lands	13,553,288	13,565,635
Employee benefits	342,717	250,266
Water/wastewater surplus	128,580	208,584
Operating surplus	2,135,093	3,192,890
Ontario Municipal Partnership Funding Contingency	72,013	111,549
Insurance	206,764	107,874
Health safety and wellness reserve	665,066	661,266
	<b>22,452,320</b>	<b>23,203,780</b>
	<b>24,061,644</b>	<b>24,938,625</b>
Continuity of reserves and reserve funds		
Balance, beginning of year	24,938,625	26,034,610
Interest earned		
Other revenue	778,121	794,356
Transfers in from		
Operating revenue	1,384,090	2,516,873
Capital revenue	51,348	167,915
	<b>2,761,080</b>	<b>4,101,733</b>
Transfers out for		
Operating purposes	2,584,715	2,272,254
Capital purposes	1,053,346	2,925,464
	<b>3,638,061</b>	<b>5,197,718</b>
Balance, end of year	<b>24,061,644</b>	<b>24,938,625</b>

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 14. 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:

	2015	2014
	\$	\$
Region of Niagara (Schedule 2)	<b>32,154,193</b>	31,651,312
School boards (Schedule 2)	<b>12,563,027</b>	12,791,039
	<b>44,717,220</b>	44,442,351

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 (2015 \$1,493,002, 2014 \$1,354,705). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

### 15. 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, 2015

### 15. Niagara Central Airport Commission (continued)

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

	2015	2014
	\$	\$
Financial assets		
Cash and temporary investments	125,564	77,799
Accounts receivable	17,710	6,190
	<b>143,274</b>	83,989
Liabilities		
Accounts payable and accrued liabilities	14,552	11,028
Net financial assets	<b>128,722</b>	72,961
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	18,347	33,625
Tangible capital assets	1,132,862	1,147,210
	<b>1,152,563</b>	1,182,189
Accumulated surplus	<b>1,281,285</b>	1,255,150
Revenue		
Grants	82,800	80,300
Fuel and rentals	104,426	86,221
Other	4,653	35,767
Interest	935	627
Expenses	<b>(166,679)</b>	(170,443)
Annual surplus	<b>26,135</b>	32,472

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2015 and the results of operations are as reported for the year ended December 31, 2015. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2014.

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.

	2015	2014
	\$	\$
Grants	<b>45,540</b>	44,165

### 16. Trust fund

The trust fund administered by the City, amounting to \$550,172 (2014 - \$533,075), has not been included in the consolidated statement of financial position, nor has the operation been included in the consolidated statement of operations.

# Corporation of the City of Welland

## Notes to the consolidated financial statements

December 31, 2015

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### 17. 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 2015 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 (2014 \$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.

### 18. Commitments

The City 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.

### 19. Budget amounts

The operating budget was approved by Council on April 28, 2015 and the tax rate supported capital budgets were approved by Council on April 21, 2015 to establish the tax rates for the year. In addition, the water and wastewater operating budget were approved by Council on March 24, 2015.

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.

### 20. Liability for contaminated sites

The City has recorded a liability of \$350,000 in accounts payable and accrued liabilities for City owned sites which contained elevated levels of elements in the soil. The liability estimate of \$350,000 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.

### 21. 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, 2015

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### 22. 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, Recreational and Cultural Services 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, 2015

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### 22. 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, 2015

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### 22. 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

Consolidated schedules of statement of operations

Segment information - Schedule 1

year ended December 31, 2015

2015

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
Taxation	5,800,893	8,916,187	11,788,910	149,007	13,861	793,551	5,925,643	1,264,831	34,652,883
User charges	294,934	537,959	3,783,436	23,969,217	87,770	479	970,496	167,219	29,811,510
Grants	4,108,300	-	1,801,035	529,839	-	-	482,691	85,564	7,007,429
Other	4,707,870	41,164	529,968	240,477	32,681	57,055	3,940,889	129,002	9,679,106
Equity earnings in subsidiary	460,000	-	-	-	-	-	-	-	460,000
	<b>15,371,997</b>	<b>9,495,310</b>	<b>17,903,349</b>	<b>24,888,540</b>	<b>134,312</b>	<b>851,085</b>	<b>11,319,719</b>	<b>1,646,616</b>	<b>81,610,928</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	5,129,616	9,131,662	9,937,220	2,454,173	90,288	33,202	4,477,913	910,916	32,164,990
Net long-term debt charges	956,029	-	-	197,159	-	-	615,461	-	1,768,649
Materials, services and other	3,474,676	1,304,738	3,071,672	17,625,912	40,692	327,146	6,659,407	385,368	32,889,611
Rents and finance expenses	1,779,087	-	-	-	-	-	376,511	-	2,155,598
Amortization	878,411	313,551	3,438,183	2,018,762	1,472	295,859	2,643,457	41,463	9,631,158
	<b>12,217,819</b>	<b>10,749,951</b>	<b>16,447,075</b>	<b>22,296,006</b>	<b>132,452</b>	<b>656,207</b>	<b>14,772,749</b>	<b>1,337,747</b>	<b>78,610,006</b>
<b>Annual surplus (deficit)</b>	<b>3,154,178</b>	<b>(1,254,641)</b>	<b>1,456,274</b>	<b>2,592,534</b>	<b>1,860</b>	<b>194,878</b>	<b>(3,453,030)</b>	<b>308,869</b>	<b>3,000,922</b>

# Corporation of the City of Welland

## Consolidated schedules of statement of operations

### Segment information - Schedule 1 (continued)

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>									
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	333,657	-	-	-	-	-	-	-	333,657
	10,573,137	9,167,213	15,330,070	22,691,125	106,973	815,838	12,975,757	2,340,382	74,000,495
<b>Expenses</b>									
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
	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
<b>Annual surplus (deficit)</b>	(585,694)	(234,551)	(1,099,885)	(221,476)	(18,771)	105,684	(483,398)	1,002,259	(1,535,832)

# Corporation of the City of Welland

## Consolidated schedules of statement of operations

### Taxation revenue - Schedule 2

year ended December 31, 2015

	Budget 2015 (Note 19)	Actual 2015	Actual 2014
	\$	\$	\$
<b>Taxation</b>			
Real property	78,113,032	<b>78,153,603</b>	76,424,260
From other governments			
Public Works	29,900	<b>30,275</b>	29,176
St. Lawrence Seaway Authority	48,900	<b>49,685</b>	48,735
Niagara College and Hospital	430,000	<b>431,025</b>	438,900
Hydro One Networks Inc.	128,600	<b>128,818</b>	128,715
Ministry of Government Services	152,300	<b>153,996</b>	152,610
Municipal enterprises	68,000	<b>68,989</b>	67,891
Railways	123,230	<b>123,466</b>	123,466
Regional Municipality of Niagara	228,700	<b>230,246</b>	228,690
	1,209,630	<b>1,216,500</b>	1,218,183
	79,322,662	<b>79,370,103</b>	77,642,443
Less: taxation collected on behalf of			
Region of Niagara	(32,145,600)	<b>(32,154,193)</b>	(31,651,312)
School boards	(12,572,130)	<b>(12,563,027)</b>	(12,791,039)
<b>Net taxes available for municipal purposes</b>	<b>34,604,932</b>	<b>34,652,883</b>	<b>33,200,092</b>
Residential and farm	25,380,251	<b>25,402,374</b>	24,214,824
Multi-residential	2,464,938	<b>2,467,087</b>	2,309,074
Commercial	5,365,101	<b>5,369,778</b>	5,098,030
Industrial	1,271,242	<b>1,272,349</b>	1,454,759
Local improvements	11,400	<b>11,372</b>	11,406
Business Improvement Area	112,000	<b>129,923</b>	111,999
<b>Net taxes available for municipal purposes</b>	<b>34,604,932</b>	<b>34,652,883</b>	<b>33,200,092</b>

# Corporation of the City of Welland

## Consolidated schedules of statement of operations

### User charges & Grants revenue - Schedule 3

year ended December 31, 2015

	Budget 2015 (Note 19)	Actual 2015	Actual 2014
	\$	\$	\$
<b>User charges</b>			
Operating			
Fees, service charges and donations	4,512,075	<b>4,440,855</b>	4,382,189
Water billings	9,874,612	<b>9,671,699</b>	8,930,826
Wastewater billings	13,721,121	<b>13,600,257</b>	13,033,424
Licenses and permits	566,500	<b>535,915</b>	611,138
	<u>28,674,308</u>	<u><b>28,248,726</b></u>	<u>26,957,577</u>
Capital			
Lot levies and development charges	832,028	<b>1,562,784</b>	444,419
	<u>29,506,336</u>	<u><b>29,811,510</b></u>	<u>27,401,996</u>
<b>Grants</b>			
Operating			
Province of Ontario	4,175,300	<b>4,589,342</b>	4,247,821
Government of Canada	165,241	<b>5,358</b>	136,429
Other	190,000	-	1,500
	<u>4,530,541</u>	<u><b>4,594,700</b></u>	<u>4,385,750</u>
Capital			
Province of Ontario	916,908	<b>356,195</b>	192,737
Government of Canada	1,595,042	<b>1,972,290</b>	681,126
Other Municipalities	-	<b>84,244</b>	71,019
	<u>2,511,950</u>	<u><b>2,412,729</b></u>	<u>944,882</u>
	<u>7,042,491</u>	<u><b>7,007,429</b></u>	<u>5,330,632</u>

# Corporation of the City of Welland

## Consolidated schedules of statement of operations

### Other revenue - Schedule 4

year ended December 31, 2015

	Budget 2015 (Note 19)	Actual 2015	Actual 2014
	\$	\$	\$
<b>Other revenue</b>			
Operating			
Penalties and interest on taxes	1,250,000	<b>1,581,966</b>	1,400,050
Fines	243,250	<b>340,671</b>	355,550
Rent and leases	672,041	<b>992,734</b>	1,451,864
Investment income	1,401,250	<b>2,023,235</b>	2,044,467
Sale of land	5,000	-	-
Cost sharing	96,446	<b>123,505</b>	114,148
Subdividers' contribution	1,000	-	78,360
Other	1,846,192	<b>3,546,738</b>	1,562,863
	<b>5,515,179</b>	<b>8,608,849</b>	7,007,302
Capital			
Sale of land	-	<b>11,200</b>	10,000
Cost sharing	866,152	<b>356,897</b>	1,322,101
Subdividers contribution	619,984	-	-
Other	-	<b>720,280</b>	1,104,184
Loss on disposal of tangible capital assets	-	<b>(18,120)</b>	(1,709,469)
	<b>1,486,136</b>	<b>1,070,257</b>	726,816
	<b>7,001,315</b>	<b>9,679,106</b>	7,734,118

# Corporation of the City of Welland

## Consolidated schedule of long-term debt - Schedule 5 year ended December 31, 2015

	2015	2014
	\$	\$
<b>Municipal debt</b>		
General government		
Civic square	8,286,788	8,668,986
Protection to persons and property		
Fire	683,490	797,013
Transportation services		
Roadways	5,451,360	8,966,406
Transit	852,522	40,797
LED streetlighting	2,731,801	-
Environmental services		
Sanitary sewer system	2,635,051	2,613,406
Storm sewer system	392,888	408,755
Waterworks system	2,695,349	3,407,666
Recreational and cultural services		
Parks and recreation	23,979,060	24,572,384
Planning and development		
Market	252,758	298,503
	<b>47,961,067</b>	<b>49,773,916</b>



# Corporation of the City of Welland

## Consolidated schedule of tangible capital assets - Schedule 6 year ended December 31, 2015

2015

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
Balance, beginning of year	50,193,817	86,698,099	103,831,575	121,074,265	15,832,942	1,823,244	12,061,002	34,280	391,549,224
Add: additions during year	503,544	401,472	1,935,606	2,141,893	999,727	77,345	1,454,704	-	7,514,291
Less: disposals during year	(645)	-	-	-	(247,083)	-	(359,729)	-	(607,457)
Balance, end of year	50,696,716	87,099,571	105,767,181	123,216,158	16,585,586	1,900,589	13,155,977	34,280	398,456,058
<b>Accumulated amortization</b>									
Balance, beginning of year	17,133,099	22,029,646	47,438,605	37,185,192	7,613,104	1,499,232	7,625,497	3,628	140,528,003
Add: amortization	1,367,124	2,016,709	2,093,389	1,824,454	990,031	157,752	1,167,545	14,154	9,631,158
Less: accumulated amortization of disposals	-	-	-	-	(192,380)	-	(355,735)	-	(548,115)
Balance, end of year	18,500,223	24,046,355	49,531,994	39,009,646	8,410,755	1,656,984	8,437,307	17,782	149,611,046
Net book value	32,196,493	63,053,216	56,235,187	84,206,512	8,174,831	243,605	4,718,670	16,498	248,845,012
Assets under construction	434,740	254,727	866,400	1,279,817	298,865	-	954,338	-	4,088,887
	32,631,233	63,307,943	57,101,587	85,486,329	8,473,696	243,605	5,673,008	16,498	252,933,899

# Corporation of the City of Welland

## Consolidated schedule of tangible capital assets - Schedule 6 year ended December 31, 2015

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
Balance, beginning of year	49,491,287	85,956,621	100,518,475	116,310,022	15,268,936	1,621,126	11,861,501	-	381,027,968
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	50,193,817	86,698,099	103,831,575	121,074,265	15,832,942	1,823,244	12,061,002	34,280	391,549,224
<b>Accumulated amortization</b>									
Balance, beginning of year	15,894,362	20,030,824	45,088,700	35,404,070	6,848,108	1,372,630	7,065,308	-	131,704,002
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	17,133,099	22,029,646	47,438,605	37,185,192	7,613,104	1,499,232	7,625,497	3,628	140,528,003
Net book value	33,060,718	64,668,453	56,392,970	83,889,073	8,219,838	324,012	4,435,505	30,652	251,021,221
Assets under construction	394,881	30,681	210,395	95,542	282,842	30,432	285,881	-	1,330,654
	33,455,599	64,699,134	56,603,365	83,984,615	8,502,680	354,444	4,721,386	30,652	252,351,875

## **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, 2015, 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, 2015 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.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
July 19, 2016

# Corporation of the City of Welland Trust Fund

Statement of financial activities and fund balance  
year ended December 31, 2015

	2015	2014
	\$	\$
<b>Revenue</b>		
Perpetual care	17,097	12,645
Fund balance, beginning of year	533,075	520,430
<b>Fund balance, end of year</b>	<b>550,172</b>	<b>533,075</b>

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, 2015

	2015	2014
	\$	\$
<b>Assets</b>		
Cash	20,995	14,981
Due from City of Welland	2,820	-
Investments (Note 2)	526,357	518,888
	<b>550,172</b>	<b>533,869</b>
<b>Liability</b>		
Due to City of Welland	-	794
<b>Fund balance</b>	<b>550,172</b>	<b>533,075</b>

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, 2015

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## 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 \$526,357 (2014 - \$518,888 reported on the statement of financial position at cost, have a market value of \$526,357 (2014 - \$518,888) 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.