

Consolidated financial statements of

Corporation of the City of Welland

December 31, 2016

Corporation of the City of Welland

December 31, 2016

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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, 2016, 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

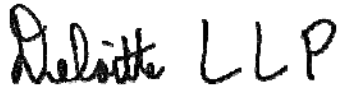
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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, 2016 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.

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
August 22, 2017

Corporation of the City of Welland

Consolidated statement of financial position as at December 31, 2016

	2016	2015
	\$	\$
Financial assets		
Cash	4,978,307	1,179,720
Taxes and grants-in-lieu receivable	8,343,781	10,973,652
Accounts receivable	10,388,113	7,034,576
Interest receivable	1,072,600	1,033,170
Loan receivable	4,180	6,840
Due from trust fund	39,630	23,815
Investments (Note 2)	32,248,594	31,831,125
Investment in subsidiary (Note 3)	31,323,000	31,018,757
	88,398,205	83,101,655
Liabilities		
Bank indebtedness (Note 4)	5,000	2,442,345
Accounts payable and accrued liabilities (Note 19)	9,827,974	9,695,783
Deferred revenue (Note 5)	12,115,241	12,014,759
Accrued interest on long-term debt	415,817	471,365
Obligations under capital lease (Note 6)	2,659	10,725
Long-term debt (Note 7, Schedule 5)	47,085,280	47,961,067
Employee future benefits (Note 8)	7,440,800	6,953,341
	76,892,771	79,549,385
Net financial assets	11,505,434	3,552,270
Non-financial assets		
Tangible capital assets (Note 9, Schedule 6)	254,753,276	252,933,899
Other assets (Note 10)	106,125	99,128
	254,859,401	253,033,027
Contingencies (Note 16)		
Accumulated surplus (Note 11)	266,364,835	256,585,297

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, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015
	\$	\$	\$
Revenue			
Taxation (Schedule 2)	36,329,954	36,632,042	34,652,883
User charges (Schedule 3)	29,935,300	32,082,224	29,811,510
Grants (Schedule 3)	7,276,024	7,841,246	7,007,429
Other (Schedule 4)	7,991,134	10,921,217	9,679,106
Equity earnings in subsidiary	-	304,243	460,000
	81,532,412	87,780,972	81,610,928
Expenses			
General government	10,024,635	11,036,667	12,217,819
Protection to persons and property	9,128,081	9,530,145	10,749,951
Transportation services	16,641,174	16,948,025	16,447,075
Environmental services	21,563,203	24,140,867	22,296,006
Health services	114,933	123,919	132,452
Social and family services	709,119	655,282	656,207
Recreational and cultural services	12,448,204	13,240,526	14,772,749
Planning and development	1,407,889	2,326,003	1,337,747
	72,037,238	78,001,434	78,610,006
Annual surplus	9,495,174	9,779,537	3,000,922
Accumulated surplus, beginning of year	256,379,297	256,585,297	253,584,375
Accumulated surplus, end of year	265,874,471	266,364,834	256,585,297

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, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015 (Note 2)
	\$	\$	\$
Annual surplus	9,495,174	9,779,537	3,000,922
Amortization of tangible capital assets	9,856,883	9,654,677	9,631,158
Acquisition of tangible capital assets	(12,626,651)	(12,301,286)	(10,285,941)
Proceeds on the disposition of tangible capital assets	-	2,674,442	41,222
(Gain) loss on disposal of tangible capital assets	-	(1,847,210)	18,120
	6,725,406	7,960,160	2,405,481
Acquisition of other assets	-	(201,941)	(195,588)
Use of other assets	-	194,944	226,620
	-	(6,997)	31,032
Change in net financial assets	6,725,406	7,953,163	2,436,513
Net financial assets, beginning of year	3,552,270	3,552,270	1,115,757
Net financial assets, end of year	10,277,676	11,505,433	3,552,270

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, 2016

	2016	2015
	\$	\$
Operating activities		
Annual surplus	9,779,537	3,000,922
Non-cash items		
Amortization	9,654,677	9,631,158
Loss on disposal of tangible capital assets	(1,847,210)	18,120
Increase in investment in subsidiary	(1,154,243)	(1,130,000)
Changes in the following balances		
Taxes and grants-in-lieu receivable	2,629,871	(1,520,077)
Accounts receivable	(3,353,537)	1,955,925
Interest receivable	(39,430)	84,950
Loan receivable	2,660	3,741
Accounts payable and accrued liabilities	132,191	(2,064,237)
Due from trust fund	(15,815)	(23,021)
Deferred revenue	100,482	49,106
Accrued interest on long-term debt	(55,548)	(130,393)
Employee future benefits	487,459	343,174
Other assets	(6,997)	31,032
	16,314,097	10,250,400
Capital activities		
Proceeds from sale of tangible capital assets	2,674,442	41,222
Acquisition of tangible capital assets	(12,301,286)	(10,285,941)
	(9,626,844)	(10,244,719)
Investing activities		
Increase in investments - net	(417,469)	(302,470)
Repayment of note receivable	-	6,288
	(417,469)	(296,182)
Financing activities		
(Decrease) increase in bank indebtedness	(2,437,345)	1,866,491
Dividends received from investment in subsidiary (Note 4)	850,000	670,000
Proceeds on issuance of long-term debt	4,696,590	5,073,675
Repayment of long-term debt	(5,572,377)	(6,886,524)
Repayment of capital lease obligation	(8,066)	(15,786)
	(2,471,198)	707,856
Net increase in cash	3,798,586	417,355
Cash, beginning of year	1,179,720	762,365
Cash, end of year	4,978,306	1,179,720

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, 2016

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 PSAS for government business enterprises (Note 3). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated.

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

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, 2016

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 6 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, 2016

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, 2016

2. Investments

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

The market value of the investments at December 31, 2016 was \$32,248,594 (2015 - \$31,831,125).

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

	2016	2015
	\$	\$
Current assets	12,269,000	11,727,000
Capital assets	30,273,000	28,674,000
Regulatory assets	2,297,000	2,514,000
Total assets	44,839,000	42,915,000
Current liabilities	7,435,000	6,782,000
Long-term debt	13,499,953	13,499,953
Other long-term liabilities	2,261,000	2,083,000
Regulatory balances	3,820,000	3,031,243
Total liabilities	27,015,953	25,396,196
Net assets	17,823,047	17,518,804

Change in equity investment in subsidiary

	2016	2015
	\$	\$
Revenues	59,946,000	53,935,000
Operating expenses	(57,006,000)	(51,742,000)
Financing expenses	(852,000)	(851,000)
Other income	33,000	37,000
Net movement in regulatory balances, net of tax	(1,057,757)	(398,000)
Income tax recovery	91,000	149,000
Net earnings from operations and increase in equity investment in subsidiary	1,154,243	1,130,000
Dividends	(850,000)	(670,000)
Change in equity	304,243	460,000

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

3. Subsidiary operations (continued)

Change in equity investment in subsidiary (continued)

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

	2016	2015
	\$	\$
Long term Debt	13,499,953	13,499,953
Net assets	17,823,047	17,518,804
	31,323,000	31,018,757

The financial position information is as reported by Welland Hydro at December 31, 2016. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2016.

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.

	2016	2015
	\$	\$
Electricity purchased	1,529,000	1,504,000
Rent paid	24,000	24,000
Streetlight maintenance	43,000	100,000
Dividends received	850,000	670,000
Interest received	843,747	843,747
Property taxes and other taxes received	71,000	69,000
Leases and miscellaneous	8,000	9,000
Water user charges received	5,000	4,000

4. Bank indebtedness

An operating line of credit of \$9,100,000 has been established with a financial institution, of which \$5,000 was used at December 31, 2016 (2015 - \$2,442,345). Interest is calculated at prime minus 0.50%. There is no security on this line of credit.

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

5. 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	5,450,668	1,050,780	(23,970)	(884,600)	5,592,878
Lot levies and subdivider contributions	2,528,799	661,830	10,163	(134,116)	3,066,676
Recreational land (Planning Act)	103,531	31,628	120	(14,365)	120,914
Provincial gas tax revenue	1,282,466	694,919	19,300	(990,045)	1,006,640
Federal gas tax revenue	2,479,272	1,589,698	(4,260)	(1,913,579)	2,151,131
Ontario Bus Replacement Program	16,837	320	(2,390)	(7,999)	6,768
Welland Recreational Canal Corporation	-	-	-	-	-
Youngs Sportsplex	153,186	170,234	-	(153,186)	170,234
2016 Total	12,014,759	4,199,409	(1,037)	(4,097,890)	12,115,241
2015 Total	11,965,653	4,221,775	(20,361)	(4,152,308)	12,014,759

6. Obligations under capital lease

Future minimum payments under capital leases, by year end in aggregate, consist of the following at December 31, 2016:

	\$
2017	2,680
Total minimum lease payments	2,680
Less: amount representing interest at rate 1.30%-3.50%	(21)
Balance of obligation	2,659

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

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:

	2016	2015
	\$	\$
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	47,085,280	47,961,067

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

7. Long-term debt (continued)

(b) Long-term debt is comprised of:

Debenture number	Purpose	Interest rates	Maturity dates	2016	2015
#		%		\$	\$
85-2004	Civic Square	5.596	2024	5,607,363	6,149,787
56-2006	Various	4.70-5.5	2016	-	459,000
71-2007	Various	4.95-5.10	2017	702,679	1,371,853
60-2008	Various	3.70-4.70	2018	1,131,000	1,659,000
66-2009	Various	1.15-4.80	2019	1,063,000	1,387,000
72-2010	Various	1.60-4.65	2020	2,216,357	2,716,371
83-2011	Various	1.55-4.05	2021	2,378,712	2,812,664
73-2012	Various	1.35-3.10	2022	2,302,000	2,655,000
IO-Loan	LED Streetlights	2.88	2024	1,756,847	1,991,094
78-2014	Various	1.20-3.10	2024	2,547,510	2,837,891
IO-Loan	River Rd MSC	4.08	2038	13,904,000	14,536,000
75-2015	Various	1.89	2025	3,228,000	3,581,000
IO-Loan	WIFC	3.12	2035	4,810,515	5,063,700
IO-Loan	LED Streetlights	2.29	2026	1,321,297	-
35-2016	Various	1.20-2.4	2026	4,116,000	-
				47,085,280	47,220,360
Infrastructure Ontario LED streetlights Phase II				-	740,707
				47,085,280	47,961,067

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

	\$
2017	5,768,489
2018	5,198,481
2019	4,736,511
2020	4,472,094
2021	3,977,271

(d) The City paid \$1,660,872 (2015 - \$1,796,919) interest on long-term debt during the year.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

8. Employee future benefits

	2016	2015
	\$	\$
Post-retirement benefits	7,166,465	6,767,765
Other	274,335	185,576
Total employee benefit obligations	7,440,800	6,953,341

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 \$252,863 (2015 - \$228,800).

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 \$77,735 (2015 - \$100,000) 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, 2016 using the projected unit credit method.

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

	2016	2015
	\$	\$
Actuarially determined accrued benefit obligation	7,029,465	6,630,765
Unamortized actuarial gains (losses)	137,000	137,000
	7,166,465	6,767,765

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, 2016	4.2%
Discount rate at December 31, 2016	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, 2016

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:

	2016
	\$
Current year benefit cost	332,200
Amortization of actuarial losses	295,000
Interest on post benefit liability	(12,300)
	614,900

As at December 31, 2016, the City has a sick leave reserve of \$51,374 (2015 - \$82,931) (Note 12).

9. Tangible capital assets

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

	2016	2015
	\$	\$
Land and land improvements	31,629,326	32,631,233
Buildings	61,834,211	63,307,943
Roads and bridges	57,684,928	57,101,587
Water and waste water infrastructure	88,441,461	85,486,329
Vehicles	9,242,150	8,473,696
Computer hardware and software	400,176	243,605
Machinery and equipment	5,520,879	5,673,008
Assets under capital lease	145	16,498
	254,753,276	252,933,899

See Schedule 6 for more details.

10. Other assets

	2016	2015
	\$	\$
Prepaid expenses	44,897	51,645
Inventory	61,228	47,483
	106,125	99,128

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

11. Accumulated surplus

	2016	2015
	\$	\$
Surplus (deficit)		
City	6,826,017	4,264,067
Welland Recreational Canal Corporation	(28,174)	(207,269)
North Welland Business Improvement Area	57,096	46,494
Welland Downtown Business Improvement Area	53,335	64,571
Niagara Central Airport Commission	51,220	72,742
Youngs Sportsplex	(782,327)	(605,200)
	6,177,167	3,635,405
Investment in tangible capital assets	254,753,276	252,933,899
Investment in subsidiary	31,323,000	31,018,757
Unfunded		
Long-term debt	(47,085,280)	(47,961,067)
Employee benefit obligations	(7,440,800)	(6,953,341)
Welland Downtown Business Improvement Area long-term payable	(135,000)	(150,000)
	(54,661,080)	(55,064,408)
Reserve and reserve funds (Note 12)	28,772,472	24,061,644
	266,364,835	256,585,297

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

12. Reserves and reserve funds

	2016	2015
	\$	\$
Reserves set aside for specific purposes by Council		
Working capital	647,300	517,300
Replacement of equipment	1,271,326	1,014,085
Integrated Library Systems	40,000	40,000
Bequests	42,939	37,939
	2,001,565	1,609,324
Reserve funds set aside for specific purposes by Council		
Sick leave	51,374	82,931
Workers' Safety Insurance Board	194,936	224,343
Capital expenditure		
Courthouse maintenance	247,257	195,868
Parks and recreation	189,010	181,917
Economic development	3,422,851	500,739
Fire	1,542,203	1,067,725
Airport	8,860	8,860
Fleet	230,865	105,187
Building capital improvements	145,329	142,798
Parking	75,057	69,345
Sports and culture	2,317,459	1,904,077
Municipal incentive grants	909,940	865,009
Recreational canal lands	13,573,617	13,553,288
Employee benefits	662,803	342,717
Water/wastewater surplus	139,772	128,580
Operating surplus	1,890,179	2,135,093
Ontario Municipal Partnership Funding Contingency	73,216	72,013
Insurance	419,773	206,764
Health safety and wellness reserve	676,406	665,066
	26,770,907	22,452,320
	28,772,472	24,061,644
Continuity of reserves and reserve funds		
Balance, beginning of year	24,061,644	24,938,625
Interest earned	621,634	547,521
Other revenue	976,923	778,121
Transfers in from		
Operating revenue	1,764,181	1,384,090
Capital revenue	2,930,449	51,348
	6,293,187	2,761,080
Transfers out for		
Operating purposes	1,457,025	2,584,715
Capital purposes	125,334	1,053,346
	1,582,359	3,638,061
Balance, end of year	28,772,472	24,061,644

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2016

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:

	2016	2015
	\$	\$
Region of Niagara (Schedule 2)	32,163,863	32,154,193
School boards (Schedule 2)	12,480,028	12,563,027
	44,643,891	44,717,220

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 (2016 \$1,172,539, 2015 \$1,493,002). 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%.

15. Niagara Central Airport Commission (continued)

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

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2016 and the results of operations are as reported for the year ended December 31, 2016. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2015.

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.

	2016	2015
	\$	\$
Grants	46,448	45,540

16. Trust fund

The trust fund administered by the City, amounting to \$566,021 (2015 - \$550,172), 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, 2016

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 2016 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 (2015 - \$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, the tax rate supported capital budgets to establish the tax rates for the year and the water and wastewater operating budget were approved by Council on Feb 2, 2016.

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 (2015 - \$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 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, 2016

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, 2016

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, 2016

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, 2016

2016

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Social and family services	Recreational and cultural services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Taxation	6,132,234	9,425,424	12,462,190	157,518	14,653	838,874	6,264,079	1,337,070	36,632,042
User charges	303,852	1,217,990	3,433,658	25,847,368	85,145	-	998,787	195,426	32,082,225
Grants	4,404,600	-	1,520,061	1,509,219	-	-	378,013	29,352	7,841,246
Other	4,640,842	63,182	538,364	608,866	30,043	-	3,131,455	2,243,561	11,256,313
Equity earnings in subsidiary	304,243	-	-	-	-	-	-	-	304,243
	15,785,771	10,706,596	17,954,273	28,122,971	129,841	838,874	10,772,334	3,805,409	88,116,068
Expenses									
Salaries, wages and employee benefits	4,489,251	8,311,367	10,353,495	2,462,074	82,454	42,208	4,566,190	1,267,052	31,574,092
Net long-term debt charges	1,008,337	-	-	162,480	-	-	490,054	-	1,660,871
Materials, services and other	2,224,553	844,140	3,035,950	19,449,221	39,637	317,889	5,130,060	1,017,145	32,058,595
Rents and finance expenses	2,666,158	-	-	-	-	-	387,042	-	3,053,200
Amortization	648,368	374,638	3,558,580	2,067,092	1,828	295,185	2,667,180	41,806	9,654,677
	11,036,667	9,530,145	16,948,025	24,140,867	123,919	655,282	13,240,526	2,326,003	78,001,434
Annual surplus (deficit)	4,749,104	1,176,451	1,006,248	3,982,104	5,922	183,592	(2,468,192)	1,479,406	10,114,634

Corporation of the City of Welland

Consolidated schedules of statement of operations

Segment information - Schedule 1 (continued)

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
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
	15,371,997	9,495,310	17,903,349	24,888,540	134,312	851,085	11,319,719	1,646,616	81,610,928
Expenses									
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
	12,217,819	10,749,951	16,447,075	22,296,006	132,452	656,207	14,772,749	1,337,747	78,610,006
Annual surplus (deficit)	3,154,178	(1,254,641)	1,456,274	2,592,534	1,860	194,878	(3,453,030)	308,869	3,000,922

Corporation of the City of Welland

Consolidated schedules of statement of operations

Taxation revenue - Schedule 2

year ended December 31, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015
	\$	\$	\$
Taxation			
Real property	79,071,258	80,026,358	78,153,603
From other governments			
Public Works	29,900	28,234	30,275
St. Lawrence Seaway Authority	49,600	50,885	49,685
Niagara College and Hospital	430,100	460,275	431,025
Hydro One Networks Inc.	128,300	128,920	128,818
Ministry of Government Services	153,300	155,373	153,996
Municipal enterprises	68,800	70,385	68,989
Railways	123,330	123,466	123,466
Regional Municipality of Niagara	230,000	232,038	230,246
	1,213,330	1,249,576	1,216,500
	80,284,588	81,275,934	79,370,103
Less: taxation collected on behalf of			
Region of Niagara	(31,700,234)	(32,163,863)	(32,154,193)
School boards	(12,254,400)	(12,480,029)	(12,563,027)
Net taxes available for municipal purposes	36,329,954	36,632,042	34,652,883
Residential and farm	26,768,039	26,988,449	25,402,374
Multi-residential	2,548,420	2,569,404	2,467,087
Commercial	5,470,480	5,515,525	5,369,778
Industrial	1,413,084	1,424,720	1,272,349
Local improvements	31	20	11,372
Business Improvement Area	129,900	133,924	129,923
Net taxes available for municipal purposes	36,329,954	36,632,042	34,652,883

Corporation of the City of Welland

Consolidated schedules of statement of operations

User charges and grants revenue - Schedule 3

year ended December 31, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015
	\$	\$	\$
User charges			
Operating			
Fees, service charges and donations	4,894,623	4,617,548	4,440,855
Water billings	10,474,262	10,810,273	9,671,699
Wastewater billings	14,491,415	14,762,095	13,600,257
Licenses and permits	75,000	1,174,822	535,915
	29,935,300	31,364,738	28,248,726
Capital			
Lot levies and development charges	-	717,486	1,562,784
	29,935,300	32,082,224	29,811,510
Grants			
Operating			
Province of Ontario	4,471,600	4,687,528	4,589,342
Government of Canada	410,241	98,468	5,358
Other	-	-	-
	4,881,841	4,785,996	4,594,700
Capital			
Province of Ontario	929,141	1,219,523	356,195
Government of Canada	1,465,042	1,807,952	1,972,290
Other Municipalities	-	27,775	84,244
	2,394,183	3,055,250	2,412,729
	7,276,024	7,841,246	7,007,429

Corporation of the City of Welland

Consolidated schedules of statement of operations

Other revenue - Schedule 4 year ended December 31, 2016

	Budget 2016 (Note 19)	Actual 2016	Actual 2015
	\$	\$	\$
Other revenue			
Operating			
Penalties and interest on taxes	1,400,000	1,625,049	1,581,966
Fines	361,800	400,560	340,671
Rent and leases	796,706	964,499	992,734
Investment income	1,402,750	2,029,170	2,023,235
Sale of land	5,000	-	-
Cost sharing	96,000	114,493	123,505
Subdividers' contribution	1,000	-	-
Other	3,395,378	2,911,697	3,546,738
	<u>7,458,634</u>	<u>8,045,468</u>	<u>8,608,849</u>
Capital			
Sale of land	-	-	11,200
Cost sharing	532,500	777,919	356,897
Other	-	250,620	720,280
Gain(loss) on disposal of tangible capital assets	-	1,847,210	(18,120)
	<u>532,500</u>	<u>2,875,749</u>	<u>1,070,257</u>
	<u>7,991,134</u>	<u>10,921,217</u>	<u>9,679,106</u>

Corporation of the City of Welland

Consolidated schedule of long-term debt - Schedule 5 year ended December 31, 2016

	2016	2015
	\$	\$
Municipal debt		
General government		
Civic square	7,770,428	8,286,788
Protection to persons and property		
Fire	1,488,035	683,490
Transportation services		
Roadways	5,433,393	5,451,360
Transit	31,294	852,522
LED streetlighting	3,078,144	2,731,801
Environmental services		
Sanitary sewer system	2,962,002	2,635,051
Storm sewer system	316,029	392,888
Waterworks system	2,530,469	2,695,349
Recreational and cultural services		
Parks and recreation	23,084,212	23,979,060
Planning and development		
Market	391,274	252,758
	47,085,280	47,961,067

Corporation of the City of Welland

Consolidated schedule of tangible capital assets - Schedule 6 year ended December 31, 2016

2016

	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	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
Add: additions during year	737,940	533,679	2,623,532	5,407,993	2,403,003	310,987	2,045,562	-	14,062,696
Less: disposals during year	(253,201)	-	-	(203,740)	(1,450,526)	-	(432,641)	-	(2,340,108)
Balance, end of year	51,181,455	87,633,250	108,390,713	128,420,411	17,538,063	2,211,576	14,768,898	34,280	410,178,646
Accumulated amortization									
Balance, beginning 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
Add: amortization	1,354,819	1,836,778	2,164,479	1,871,635	1,037,195	162,716	1,210,702	16,353	9,654,677
Less: accumulated amortization of disposals	-	-	-	-	(1,112,886)	-	(399,990)	-	(1,512,876)
Balance, end of year	19,855,042	25,883,133	51,696,473	40,881,281	8,335,064	1,819,700	9,248,019	34,135	157,752,847
Net book value	31,326,413	61,750,117	56,694,240	87,539,130	9,202,999	391,876	5,520,879	145	252,425,799
Assets under construction	302,913	84,094	990,688	902,331	39,151	8,300	-	-	2,327,477
	31,629,326	61,834,211	57,684,928	88,441,461	9,242,150	400,176	5,520,879	145	254,753,276

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
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
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
Accumulated amortization									
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

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, 2016, 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

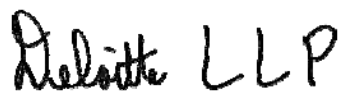
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2016 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
August 22, 2017

Corporation of the City of Welland Trust Fund

Statement of financial activities and fund balance
year ended December 31, 2016

	2016	2015
	\$	\$
Revenue		
Perpetual care	15,849	17,097
Fund balance, beginning of year	550,172	550,172
Fund balance, end of year	566,021	567,269

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, 2016

	2016	2015
	\$	\$
Assets		
Cash	21,200	20,995
Due from City of Welland	18,430	2,820
Investments (Note 2)	526,391	526,357
	566,021	550,172
Fund balance	566,021	550,172

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, 2016

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 \$526,391 (2015 - \$526,357) reported on the statement of financial position at cost, have a market value of \$541,127 (2015 - \$526,357) 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.