

Consolidated financial statements of

Corporation of the City of Welland

December 31, 2017

Corporation of the City of Welland

December 31, 2017

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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, 2017, 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, 2017 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 28, 2018

Corporation of the City of Welland

Consolidated statement of financial position as at December 31, 2017

	2017	2016
	\$	\$
Financial assets		
Cash	6,248,292	4,978,307
Taxes and grants-in-lieu receivable	5,262,310	8,343,781
Accounts receivable	11,421,011	10,388,113
Interest receivable	938,499	1,072,600
Loan receivable	1,874	4,180
Due from trust fund	53,341	39,630
Investments (Note 2)	42,595,848	32,248,594
Investment in subsidiary (Note 3)	31,542,000	31,323,000
	98,063,175	88,398,205
Liabilities		
Bank indebtedness (Note 4)	-	5,000
Accounts payable and accrued liabilities (Note 17)	12,045,934	9,827,974
Deferred revenue (Note 5)	12,176,515	12,115,241
Accrued interest on long-term debt	305,303	415,817
Obligations under capital lease (Note 6)	-	2,659
Long-term debt (Note 6, Schedule 5)	45,734,792	47,085,280
Employee future benefits (Note 7)	7,663,229	7,440,800
	77,925,773	76,892,771
Net financial assets	20,137,402	11,505,434
Non-financial assets		
Tangible capital assets (Note 8, Schedule 6)	255,742,479	254,753,276
Other assets (Note 9)	224,708	106,125
	255,967,187	254,859,401
Contingencies (Note 15)		
Accumulated surplus (Note 10)	276,104,589	266,364,835

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, 2017

	Budget 2017 (Note 16)	Actual 2017	Actual 2016
	\$	\$	\$
Revenue			
Taxation (Schedule 2)	38,034,175	38,762,821	36,632,042
User charges (Schedule 3)	31,098,174	32,055,838	32,082,224
Grants (Schedule 3)	10,828,025	7,984,468	7,841,246
Other (Schedule 4)	8,336,154	12,983,069	10,921,217
Equity earnings in subsidiary	-	219,000	304,243
	<u>88,296,528</u>	<u>92,005,196</u>	<u>87,780,972</u>
Expenses			
General government	11,709,235	11,778,724	11,036,668
Protection to persons and property	10,049,278	9,727,404	9,530,145
Transportation services	17,673,805	19,523,787	16,948,025
Environmental services	23,486,792	25,070,383	24,140,867
Health services	149,790	125,667	123,919
Social and family services	661,409	659,445	655,282
Recreational and cultural services	13,834,440	13,058,212	13,240,526
Planning and development	1,835,110	2,321,819	2,326,003
	<u>79,399,859</u>	<u>82,265,441</u>	<u>78,001,435</u>
Annual surplus	8,896,669	9,739,755	9,779,537
Accumulated surplus, beginning of year	256,379,297	266,364,834	256,585,297
Accumulated surplus, end of year	<u>265,275,966</u>	<u>276,104,589</u>	<u>266,364,834</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, 2017

	Budget 2017 (Note 16)	Actual 2017	Actual 2016 (Note 2)
	\$	\$	\$
Annual surplus	8,896,669	9,739,755	9,779,537
Amortization of tangible capital assets	10,068,873	10,103,807	9,654,677
Acquisition of tangible capital assets	(11,557,643)	(12,025,894)	(12,301,286)
Proceeds on the disposition of tangible capital assets	-	2,029,643	2,674,442
(Gain) loss on disposal of tangible capital assets	-	(1,096,759)	(1,847,210)
	7,407,899	8,750,552	7,960,160
Acquisition of other assets	-	(226,411)	(201,941)
Use of other assets	-	107,828	194,944
	-	(118,583)	(6,997)
Change in net financial assets	7,407,899	8,631,969	7,953,163
Net financial assets, beginning of year	11,505,433	11,505,433	3,552,270
Net financial assets, end of year	18,913,332	20,137,402	11,505,433

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, 2017

	2017	2016
	\$	\$
Operating activities		
Annual surplus	9,739,755	9,779,537
Non-cash items		
Amortization	10,103,807	9,654,677
Loss on disposal of tangible capital assets	(1,096,759)	(1,847,210)
Increase in investment in subsidiary	(1,019,000)	(1,154,243)
Changes in the following balances		
Taxes and grants-in-lieu receivable	3,081,471	2,629,871
Accounts receivable	(1,032,898)	(3,353,537)
Interest receivable	134,101	(39,430)
Loan receivable	2,306	2,660
Accounts payable and accrued liabilities	2,217,960	132,191
Due from trust fund	(13,711)	(15,815)
Deferred revenue	61,274	100,482
Accrued interest on long-term debt	(110,514)	(55,548)
Employee future benefits	222,429	487,459
Other assets	(118,583)	(6,997)
	22,171,638	16,314,097
Capital activities		
Proceeds from sale of tangible capital assets	2,029,643	2,674,442
Acquisition of tangible capital assets	(12,025,894)	(12,301,286)
	(9,996,251)	(9,626,844)
Investing activities		
Increase in investments - net	(10,347,254)	(417,469)
	(10,347,254)	(417,469)
Financing activities		
Decrease in bank indebtedness	(5,000)	(2,437,345)
Dividends received from investment in subsidiary (Note 3)	800,000	850,000
Proceeds on issuance of long-term debt	4,433,501	4,696,590
Repayment of long-term debt	(5,783,990)	(5,572,377)
Repayment of capital lease obligation	(2,659)	(8,066)
	(558,148)	(2,471,198)
Net increase in cash	1,269,985	3,798,586
Cash, beginning of year	4,978,307	1,179,721
Cash, end of year	6,248,292	4,978,307

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, 2017

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 14).

Basis of accounting

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

Investments

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

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, 2017

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.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

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, 2017

2. Investments

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

The market value of the investments at December 31, 2017 was \$42,595,848 (2016 - \$32,248,594).

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

	2017	2016
	\$	\$
Current assets	13,232,000	12,269,000
Capital assets	31,428,000	30,273,000
Regulatory assets	1,570,000	2,297,000
Total assets	46,230,000	44,839,000
Current liabilities	7,442,000	7,435,000
Long-term debt	13,500,000	13,500,000
Other long-term liabilities	3,310,000	2,261,000
Regulatory balances	3,936,000	3,820,000
Total liabilities	28,188,000	27,016,000
Net assets	18,042,000	17,823,000

Change in equity investment in subsidiary

	2017	2016
	\$	\$
Revenues	54,033,000	59,946,000
Operating expenses	(51,362,000)	(57,006,000)
Financing expenses	(856,000)	(852,000)
Other income	40,000	33,000
Net movement in regulatory balances, net of tax	(802,000)	(1,057,757)
Income tax recovery (expense)	(34,000)	91,000
Net earnings from operations and increase in equity investment in subsidiary	1,019,000	1,154,243
Dividends	(800,000)	(850,000)
Change in equity	219,000	304,243

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

3. Subsidiary operations (continued)

Change in equity investment in subsidiary (continued)

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

	2017	2016
	\$	\$
Long term Debt	15,499,953	13,499,953
Net assets	16,042,047	17,823,047
	31,542,000	31,323,000

The financial position information is as reported by Welland Hydro at December 31, 2017. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2017.

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.

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

Contingencies

- (a) As of May 1, 2002, in order for Welland Hydro to obtain the electricity it requires to distribute to its customers, Welland Hydro was required to provide security to the Independent Electricity System Operator ("IESO") based on its usage. The security obtained was a letter of credit from a financial institution which requires an interest coverage ratio of more than 1.5 and a debt capitalization ratio less than 0.6. The letter is in the amount of \$2,538,527 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.

	2017	2016
	\$	\$
Electricity purchased	1,331,000	1,529,000
Rent paid	24,000	24,000
Streetlight maintenance	45,000	43,000
Dividends received	800,000	850,000
Interest received	843,747	843,747
Property taxes and other taxes received	61,000	71,000
Leases and miscellaneous	13,000	8,000
Water user charges received	5,000	5,000

4. Bank indebtedness

An operating line of credit of \$9,100,000 has been established with a financial institution, of which \$nil was used at December 31, 2017 (2016 - \$5,000). Interest is calculated at prime minus 0.50%. There is no security on this line of credit.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

5. Deferred revenue

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

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

	Balance, beginning of year	Restricted funds received	Interest earned	Revenue recognized	Balance, end of year
	\$	\$	\$	\$	\$
Development Charges Act	5,592,878	1,376,806	72,530	(577,383)	6,464,831
Lot levies and subdivider contributions	3,066,676	1,695,439	31,321	(2,442,336)	2,351,100
Recreational land (Planning Act)	120,914	367,757	10,900	(19,175)	480,396
Provincial gas tax revenue	1,006,640	687,029	(12,560)	(948,769)	732,340
Federal gas tax revenue	2,151,131	1,580,072	(4,220)	(1,730,396)	1,996,587
Ontario Bus Replacement Program	6,768	-	(290)	-	6,478
Youngs Sportsplex	170,234	144,783	-	(170,234)	144,783
2017 Total	12,115,241	5,851,886	97,681	(5,888,293)	12,176,515
2016 Total	12,014,759	4,199,409	(1,037)	(4,097,890)	12,115,241

6. Long-term debt

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

	2017	2016
	\$	\$
The City has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Regional Municipality of Niagara (Note 6(b)). At the end of the year, the outstanding principal amount of this debt is:		
	45,622,292	47,085,280
Due to the City of Port Colborne, bearing interest of 3.5% per annum repayable in annual instalments of \$6,012 commencing June 15, 2018.	50,000	-
Due to the Town of Pelham, bearing interest of 3.5% per annum repayable in annual instalments of \$5,411 commencing June 15, 2018.	45,000	-
Due to the Township of Wainfleet, bearing interest of 3.5% per annum repayable in annual instalments of \$2,190 commencing June 15, 2018.	17,500	-
	45,734,792	47,085,280

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

6. Long-term debt (continued)

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

Debenture number	Purpose	Interest rates	Maturity dates	2017	2016
#		%		\$	\$
85-2004	Civic Square	5.596	2024	5,034,158	5,607,363
71-2007	Various	4.95-5.10	2017	-	702,679
60-2008	Various	3.70-4.70	2018	579,000	1,131,000
66-2009	Various	1.15-4.80	2019	724,000	1,063,000
72-2010	Various	1.60-4.65	2020	1,695,592	2,216,357
83-2011	Various	1.55-4.05	2021	1,933,363	2,378,712
73-2012	Various	1.35-3.10	2022	1,942,000	2,302,000
40-2014	LED Streetlights	2.88	2024	1,522,601	1,756,847
78-2014	Various	1.20-3.10	2024	2,253,094	2,547,510
115-2013	River Rd MSC	4.08	2038	13,272,000	13,904,000
75-2015	Various	1.89	2025	2,871,000	3,228,000
83-2015	WIFC	3.12	2025	4,557,330	4,810,515
73-2016	LED Streetlights	2.29	2026	1,202,290	1,321,297
35-2016	Various	1.20-2.4	2026	3,730,364	4,116,000
51-2017	Various	1.92	2027	4,305,500	-
				45,622,292	47,085,280

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

	\$
2018	5,598,434
2019	5,141,403
2020	4,882,148
2021	4,393,490
2022	3,969,971

(d) The City paid \$1,641,738 (2016 - \$1,660,872) interest on long-term debt during the year.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

7. Employee future benefits

	2017	2016
	\$	\$
Post-retirement benefits	7,404,300	7,166,465
Other	258,929	274,335
	7,663,229	7,440,800

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 \$266,959 (2016 - \$252,863).

In addition, under the sick leave benefit plan, for firefighters and grandfathered full time employees, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. The liability is for these accumulated days, to the extent they have vested and could be taken in cash by an employee on terminating employment. An amount of \$81,360 (2016 - \$77,735) 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:

	2017	2016
	\$	\$
Actuarially determined accrued benefit obligation	6,834,300	7,029,465
Unamortized actuarial gains (losses)	570,000	137,000
	7,404,300	7,166,465

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, 2017	3.8%
Discount rate at December 31, 2017	3.8%
Medical cost increases	
First year	7.0%
Decreasing 1% per annum to	5.0%
Expected rate of dental cost increase	3.0%
Estimated average remaining service life of the employee group	8.9 years

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

7. 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:

	2017
	\$
Current year benefit cost	337,600
Amortization of actuarial losses	253,500
Interest on post benefit liability	(72,100)
	<u>519,000</u>

As at December 31, 2017, the City has a sick leave reserve of \$72,294 (2016 - \$51,374) (Note 12).

8. Tangible capital assets

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

	2017	2016
	\$	\$
Land and land improvements	31,169,888	31,629,326
Buildings	60,698,277	61,834,211
Roads and bridges	57,514,605	57,684,928
Water and waste water infrastructure	90,881,816	88,441,461
Vehicles	9,216,427	9,242,150
Computer hardware and software	615,449	400,176
Machinery and equipment	5,646,017	5,520,879
Assets under capital lease	-	145
	<u>255,742,479</u>	<u>254,753,276</u>

See Schedule 6 for more details.

9. Other assets

	2017	2016
	\$	\$
Prepaid expenses	90,621	44,897
Inventory	134,087	61,228
	<u>224,708</u>	<u>106,125</u>

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

10. Accumulated surplus

	2017	2016
	\$	\$
Surplus (deficit)		
City	8,439,335	6,826,017
Welland Public Library	173,984	-
Welland Recreational Canal Corporation	182,730	(28,174)
North Welland Business Improvement Area	56,643	57,096
Welland Downtown Business Improvement Area	65,656	53,335
Niagara Central Airport Commission	(71,944)	51,220
Youngs Sportsplex	208,273	(782,327)
	9,054,677	6,177,167
Investment in tangible capital assets and inventory	255,742,479	254,753,276
Investment in subsidiary	31,542,000	31,323,000
Unfunded		
Long-term debt	(45,734,792)	(47,085,280)
Employee benefit obligations	(7,663,229)	(7,440,800)
Welland Downtown Business Improvement Area long-term payable	-	(135,000)
	(53,398,021)	(54,661,080)
Reserve and reserve funds (Note 11)	33,163,454	28,772,472
	276,104,589	266,364,835

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

11. Reserves and reserve funds

	2017	2016
	\$	\$
Reserves set aside for specific purposes by Council		
Working capital	777,300	647,300
Replacement of equipment	1,271,326	1,271,326
Integrated Library Systems	40,000	40,000
Bequests	47,939	42,939
	2,136,565	2,001,565
Reserve funds set aside for specific purposes by Council		
Sick leave	72,294	51,374
Workers' Safety Insurance Board	196,265	194,936
Capital expenditure		
Courthouse maintenance	302,171	247,257
Parks and recreation	126,222	189,010
Economic development	3,468,028	3,422,851
Fire	1,897,908	1,542,203
Airport	16,164	8,860
Fleet	307,367	230,865
Building capital improvements	146,979	145,329
Parking	46,792	75,057
Sports and culture	1,624,984	2,317,459
Municipal incentive grants	950,028	909,940
Recreational canal lands	13,559,240	13,573,617
Employee benefits	681,053	662,803
Water/wastewater surplus	1,426,182	139,772
Operating surplus	4,080,644	1,890,179
Ontario Municipal Partnership Funding Contingency	74,036	73,216
Insurance	635,633	419,773
Health safety and wellness reserve	1,414,899	676,406
	31,026,889	26,770,907
	33,163,454	28,772,472
Continuity of reserves and reserve funds		
Balance, beginning of year	28,772,472	24,061,644
Interest earned	692,064	621,634
Other revenue	2,707,474	976,923
Transfers in from		
Operating revenue	4,208,327	1,764,181
Capital revenue	-	2,930,449
	7,607,865	6,293,187
Transfers out for		
Operating purposes	2,312,713	1,457,025
Capital purposes	904,170	125,334
	3,216,883	1,582,359
Balance, end of year	33,163,454	28,772,472

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

12. Collections for the Region of Niagara and school boards

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

	2017	2016
	\$	\$
Region of Niagara (Schedule 2)	32,637,314	32,163,863
School boards (Schedule 2)	12,271,557	12,480,028
	44,908,871	44,643,891

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 (2017 \$1,880,005, 2016 \$1,172,539). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

13. Niagara Central Airport Commission

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

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

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2017 and the results of operations are as reported for the year ended December 31, 2017. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2016.

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.

	2017	2016
	\$	\$
Notes payable, bearing interest of 3.5% per annum repayable in annual instalments of \$16,533 commencing June 15, 2018	137,500	-
Grants	90,035	46,448

14. Trust fund

The trust fund administered by the City, amounting to \$579,750 (2016 - \$566,021), has not been included in the consolidated statement of financial position, nor have their financial activities been included in the consolidated statement of operations.

Corporation of the City of Welland

Notes to the consolidated financial statements

December 31, 2017

15. Contingencies

Certain property owners in the City of Welland have been successful in appealing their tax assessments with the result that previous years' taxes will eventually be refunded. Based on the results of these appeals it is likely that additional taxes for years up to 2017 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 (2016 - \$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.

16. Budget amounts

The operating budget, the tax rate supported capital budgets to establish the tax rates for the year and the water and wastewater operating budget were approved by Council on May 16, 2017.

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.

17. Liability for contaminated sites

The City has recorded a liability of \$350,000 (2016 - \$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.

18. 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, 2017

19. 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, 2017

19. 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, 2017

19. 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, 2017

2017

	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	6,488,898	9,973,674	13,187,110	166,680	15,505	887,669	6,628,442	1,414,843	38,762,821
User charges	352,919	1,092,830	3,264,405	25,982,044	79,250	-	1,039,339	245,051	32,055,838
Grants	4,933,924	-	1,765,554	893,681	-	-	239,415	151,894	7,984,468
Other	5,972,765	49,121	632,791	3,033,450	17,088	-	3,408,065	(130,211)	12,983,069
Equity earnings in subsidiary	219,000	-	-	-	-	-	-	-	219,000
	17,967,506	11,115,625	18,849,860	30,075,855	111,843	887,669	11,315,261	1,681,577	92,005,196
Expenses									
Salaries, wages and employee benefits	4,977,917	8,081,691	11,018,648	2,679,798	86,004	33,912	4,680,686	1,133,169	32,691,825
Net long-term debt charges	953,458	-	-	138,589	-	-	549,692	-	1,641,739
Materials, services and other	2,108,682	1,201,973	4,759,255	20,119,895	37,835	332,046	4,739,630	1,146,182	34,445,498
Rents and finance expenses	2,913,348	-	-	-	-	-	469,224	-	3,382,572
Amortization	825,319	443,740	3,745,884	2,132,101	1,828	293,487	2,618,980	42,468	10,103,807
	11,778,724	9,727,404	19,523,787	25,070,383	125,667	659,445	13,058,212	2,321,819	82,265,441
Annual surplus (deficit)	6,188,782	1,388,221	(673,927)	5,005,472	(13,824)	228,224	(1,742,951)	(640,242)	9,739,755

Corporation of the City of Welland

Consolidated schedules of statement of operations

Segment information - Schedule 1 (continued)

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	303,850	1,217,990	3,433,658	25,847,368	85,145	-	998,787	195,426	32,082,224
Grants	4,404,601	-	1,520,061	1,509,219	-	-	378,013	29,352	7,841,246
Other	4,305,746	63,182	538,364	608,866	30,043	-	3,131,455	2,243,561	10,921,217
Equity earnings in subsidiary	304,243	-	-	-	-	-	-	-	304,243
	15,450,674	10,706,596	17,954,273	28,122,971	129,841	838,874	10,772,334	3,805,409	87,780,972
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	31,574,091
Net long-term debt charges	1,008,337	-	-	162,480	-	-	490,054	-	1,660,871
Materials, services and other	2,224,554	844,140	3,035,950	19,449,221	39,637	317,889	5,130,060	1,017,145	32,058,596
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
	11,036,668	9,530,145	16,948,025	24,140,867	123,919	655,282	13,240,526	2,326,003	78,001,435
Annual surplus (deficit)	4,414,006	1,176,451	1,006,248	3,982,104	5,922	183,592	(2,468,192)	1,479,406	9,779,537

Corporation of the City of Welland

Consolidated schedules of statement of operations

Taxation revenue - Schedule 2

year ended December 31, 2017

	Budget 2017 (Note 16)	Actual 2017	Actual 2016
	\$	\$	\$
Taxation			
Real property	81,166,149	82,387,206	80,026,358
From other governments			
Public Works	29,100	30,643	28,234
St. Lawrence Seaway Authority	51,800	53,420	50,885
Niagara College and Hospital	458,600	439,500	460,275
Hydro One Networks Inc.	129,800	130,066	128,920
Ministry of Government Services	157,000	152,520	155,373
Municipal enterprises	70,450	60,564	70,385
Railways	125,500	123,467	123,466
Regional Municipality of Niagara	232,000	294,306	232,038
	1,254,250	1,284,486	1,249,576
	82,420,399	83,671,692	81,275,934
Less: taxation collected on behalf of			
Region of Niagara	(32,280,542)	(32,637,314)	(32,163,863)
School boards	(12,105,682)	(12,271,557)	(12,480,029)
Net taxes available for municipal purposes	38,034,175	38,762,821	36,632,042
Residential and farm	28,327,413	28,831,611	26,988,449
Multi-residential	2,433,741	2,488,867	2,569,404
Commercial	5,700,743	5,829,870	5,515,525
Industrial	1,442,359	1,475,030	1,424,720
Local improvements	19	19	20
Business Improvement Area	129,900	137,424	133,924
Net taxes available for municipal purposes	38,034,175	38,762,821	36,632,042

Corporation of the City of Welland

Consolidated schedules of statement of operations

User charges and grants revenue - Schedule 3

year ended December 31, 2017

	Budget 2017 (Note 16)	Actual 2017	Actual 2016
	\$	\$	\$
User charges			
Operating			
Fees, service charges and donations	5,222,917	4,923,515	4,617,548
Water billings	10,895,778	10,923,774	10,810,273
Wastewater billings	14,904,479	14,966,394	14,762,095
Licenses and permits	75,000	1,029,674	1,174,822
	31,098,174	31,843,357	31,364,738
Capital			
Lot levies and development charges	-	212,481	717,486
	31,098,174	32,055,838	32,082,224
Grants			
Operating			
Province of Ontario	4,660,500	5,062,959	4,687,528
Government of Canada	398,741	39,757	98,468
Other	-	73,665	-
	5,059,241	5,176,381	4,785,996
Capital			
Province of Ontario	424,299	930,390	1,219,523
Government of Canada	5,344,485	1,727,450	1,807,952
Other Municipalities	-	150,247	27,775
	5,768,784	2,808,087	3,055,250
	10,828,025	7,984,468	7,841,246

Corporation of the City of Welland

Consolidated schedules of statement of operations

Other revenue - Schedule 4 year ended December 31, 2017

	Budget 2017 (Note 16)	Actual 2017	Actual 2016
	\$	\$	\$
Other revenue			
Operating			
Penalties and interest on taxes	1,400,000	1,130,232	1,625,049
Fines	361,800	345,826	400,560
Rent and leases	795,601	1,115,470	964,499
Investment income	1,402,750	2,433,380	2,029,170
Sale of land	5,000	-	-
Cost sharing	194,820	110,318	114,493
Development charges	59,840	458,421	-
Subdividers' contribution	281,160	-	-
Other	3,201,163	2,778,318	2,911,697
	7,702,134	8,371,965	8,045,468
Capital			
Cost sharing	634,020	2,954,026	777,919
Other	-	560,319	250,620
Gain on disposal of tangible capital assets	-	1,096,759	1,847,210
	634,020	4,611,104	2,875,749
	8,336,154	12,983,069	10,921,217

Corporation of the City of Welland

Consolidated schedule of long-term debt - Schedule 5 year ended December 31, 2017

	2017	2016
	\$	\$
Municipal debt		
General government		
Civic square	7,064,675	7,770,428
Protection to persons and property		
Fire	1,359,959	1,488,035
Transportation services		
Roadways	4,765,265	5,433,393
Transit	851,400	31,294
LED streetlighting	2,724,891	3,078,144
Environmental services		
Sanitary sewer system	2,862,181	2,962,002
Storm sewer system	292,119	316,029
Waterworks system	2,619,465	2,530,469
Recreational and cultural services		
Parks and recreation	22,757,782	23,084,212
Planning and development		
Market	324,555	391,274
	45,622,292	47,085,280
Other		
Due to City of Port Colborne, Town of Pelham and Township of Wainfleet (Note 6)	112,500	-
	45,734,792	47,085,280

Corporation of the City of Welland

Consolidated schedule of tangible capital assets - Schedule 6 year ended December 31, 2017

2017

	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	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
Add: additions during year	172,894	847,681	2,470,777	3,987,436	1,600,007	102,714	1,085,860	-	10,267,369
Less: disposals during year	(430,046)	(4,648)	-	-	(1,800,977)	-	(542,354)	-	(2,778,025)
Balance, end of year	50,924,303	88,476,283	110,861,490	132,407,847	17,337,093	2,314,290	15,312,404	34,280	417,667,990
Accumulated amortization									
Balance, beginning 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
Add: amortization	1,330,571	2,062,383	2,631,947	1,912,991	1,132,104	161,983	871,683	145	10,103,807
Less: accumulated amortization of disposals	(92,560)	(1,459)	-	-	(1,297,807)	-	(453,315)	-	(1,845,141)
Balance, end of year	21,093,053	27,944,057	54,328,420	42,794,272	8,169,361	1,981,683	9,666,387	34,280	166,011,513
Net book value	29,831,250	60,532,226	56,533,070	89,613,575	9,167,732	332,607	5,646,017	-	251,656,477
Assets under construction	1,338,638	166,051	981,535	1,268,241	48,695	282,842	-	-	4,086,002
	31,169,888	60,698,277	57,514,605	90,881,816	9,216,427	615,449	5,646,017	-	255,742,479

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

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, 2017, 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, 2017 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 28, 2018

Corporation of the City of Welland Trust Fund

Statement of financial activities and fund balance
year ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
Perpetual care	13,729	15,849
Fund balance, beginning of year	566,021	550,172
Fund balance, end of year	579,750	566,021

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, 2017

	2017	2016
	\$	\$
Assets		
Cash	21,490	21,200
Due from City of Welland	31,851	18,430
Investments (Note 2)	526,409	526,391
	579,750	566,021
Fund balance	579,750	566,021

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, 2017

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 \$526,409 (2016 - \$526,391) reported on the statement of financial position at cost, have a market value of \$536,616 (2016 - \$541,127) 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.