

**Corporation of the  
City of Welland  
Consolidated Financial  
Report**

**For the year ended  
December 31, 2010**

**Corporation of the City of Welland**  
**Consolidated Financial Report**  
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for the year ended December 31, 2010

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# Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the  
**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, 2010, and the consolidated statements of operations, changes 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 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 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 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 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 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 consolidated financial position of the Corporation of the City of Welland as at December 31, 2010, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Port Colborne, Ontario  
September 20, 2011

Chartered Accountants  
Licensed Public Accountants

**Corporation of the City of Welland  
Consolidated Statement of Financial Position**

as at December 31 2010 2009

**Assets**

Cash and temporary investments (Note 2)	\$ 717,613	\$ 2,005,783	
Taxes and grants-in-lieu receivable	6,589,152	6,392,654	
Accounts receivable	9,454,271	5,842,075	
Interest receivable	1,050,115	746,243	
Note receivable	29,500	-	
Loan receivable	31,087	28,317	
Long term investments (Note 3)	30,949,811	31,171,663	
Investment in subsidiary (Note 4)	29,763,485	29,201,519	
	78,585,034	75,388,254	

**Liabilities**

Bank indebtedness (Note 5)	936,280	-	
Accounts payable	11,930,938	9,922,178	
Due to trust fund	3,628	-	
Deferred revenue (Note 6)	10,295,474	10,677,161	
Accrued interest on long term debt	512,595	547,845	
Long term debt (Note 7, Schedule 12)	33,123,060	31,228,412	
Employee benefit obligations (Note 8)	5,465,296	5,012,082	
	62,267,271	57,387,678	

**Net financial assets**

**16,317,763** **18,000,576**

**Non-financial assets**

Tangible capital assets (Note 9)	213,465,914	203,011,567	
Other assets (Note 10)	123,002	86,328	
	213,588,916	203,097,895	

**Accumulated surplus (Note 11)**

**\$ 229,906,679** **\$ 221,098,471**

Contingencies (Note 17)

  
\_\_\_\_\_  
City Manager

  
\_\_\_\_\_  
General Manager, Financial & Corporate  
Services / Treasurer

The accompanying notes and schedules are an integral part of this financial statement.

**Corporation of the City of Welland  
Consolidated Statement of Operations**

for the year ended December 31	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
<b>Revenue</b>			
Taxation (Schedule 2)	\$ 28,885,805	\$ <b>29,462,804</b>	\$ 28,133,751
User charges (Schedule 3)	25,388,731	<b>23,883,949</b>	22,262,352
Grants (Schedule 3)	4,006,716	<b>4,400,267</b>	3,861,576
Other (Schedule 4)	3,873,130	<b>5,766,353</b>	4,811,882
	<u>62,154,382</u>	<u><b>63,513,373</b></u>	<u>59,069,561</u>
<b>Expenses</b>			
General government (Schedule 5)	8,870,893	<b>9,309,454</b>	8,521,129
Protection to persons and property (Schedule 6)	8,699,201	<b>8,474,652</b>	7,904,987
Transportation services (Schedule 7)	21,403,827	<b>16,537,620</b>	14,158,296
Environmental services (Schedule 8)	24,652,325	<b>21,163,518</b>	20,622,546
Health services (Schedule 9)	107,908	<b>138,455</b>	88,743
Social and family services (Schedule 9)	82,463	<b>161,019</b>	154,336
Recreational and cultural services (Schedule 10)	8,982,571	<b>10,645,315</b>	9,573,313
Planning and development (Schedule 11)	4,483,611	<b>1,400,964</b>	1,321,488
	<u>77,282,799</u>	<u><b>67,830,997</b></u>	<u>62,344,838</u>
<b>Net expenses</b>	<u>(15,128,417)</u>	<u><b>(4,317,624)</b></u>	<u>(3,275,277)</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Schedule 3)	2,823,700	<b>1,485,256</b>	235,952
Grants (Schedule 3)	9,366,535	<b>10,091,037</b>	4,978,173
Other (Schedule 4)	920,000	<b>987,573</b>	2,012,669
Increase (decrease) in equity investment in subsidiary (Note 4)		<b>561,966</b>	(2,246,365)
	<u>13,110,235</u>	<u><b>13,125,832</b></u>	<u>4,980,429</u>
<b>Annual surplus (deficit)</b>	<u>(2,018,182)</u>	<u><b>8,808,208</b></u>	<u>1,705,152</u>
<b>Accumulated surplus (Note 11)</b>			
Beginning of year	221,098,471	<b>221,098,471</b>	219,393,319
<b>End of year</b>	<u>\$ 219,080,289</u>	<u>\$ <b>229,906,679</b></u>	<u>\$ 221,098,471</u>

The accompanying notes and schedules are an integral part of this financial statement.

**Corporation of the City of Welland  
Consolidated Statement of Changes in Net Financial Assets**

as at December 31	2010	2009
<b>Increase (decrease) in cash and cash equivalents</b>		
Annual surplus	\$ 8,808,208	\$ 1,705,152
Amortization of tangible capital assets	8,235,399	7,281,663
Acquisition of tangible capital assets	(19,133,164)	(11,950,920)
Proceeds on the disposition of tangible capital assets	727,127	481,249
Gain on disposal of tangible capital assets	(455,121)	(241,528)
Writedowns of tangible capital assets	171,412	
Change in other assets	(36,674)	(48,867)
	(1,682,813)	(2,773,251)
<b>Net financial assets</b>		
Beginning of year	18,000,576	20,773,827
<b>End of year</b>	\$ 16,317,763	\$ 18,000,576

The accompanying notes and schedules are an integral part of this financial statement.

**Corporation of the City of Welland  
Consolidated Statement of Cash Flows**

as at December 31	2010	2009
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Annual surplus	\$ 8,808,208	\$ 1,705,152
Non-cash items		
Amortization	8,235,399	7,281,663
Gain on disposal of tangible capital assets	(455,121)	(241,528)
Increase in taxes and grants-in-lieu receivable	(196,498)	(737,416)
Increase in trade and other accounts receivable	(3,612,196)	(85,910)
Increase in interest receivable	(303,872)	(275,469)
Increase (decrease) in loan receivable	(2,770)	4,049
Increase in accounts payable	2,008,760	973,030
Increase in due to trust fund	3,628	
Decrease in deferred revenue	(381,687)	(1,256,646)
Decrease in accrued interest on long term debt	(35,250)	(32,081)
Increase (decrease) in employee benefit obligations	453,214	(85,464)
Increase in other assets	(36,674)	(48,867)
	<u>14,485,141</u>	<u>7,200,513</u>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	727,127	481,249
Writedown of tangible capital assets	171,412	
Acquisition of tangible capital assets	(19,133,164)	(11,950,920)
	<u>(18,234,625)</u>	<u>(11,469,671)</u>
<b>Investing activities</b>		
Increase (decrease) in investment in subsidiary	(561,966)	2,246,365
Increase (decrease) in long term investments - net	221,852	(459,436)
	<u>(340,114)</u>	<u>1,786,929</u>
<b>Financing activities</b>		
Increase in bank indebtedness	936,280	
Issue of long term debt	4,933,000	3,159,000
Repayment of long term debt	(3,038,352)	(3,201,490)
Issue of note receivable	(30,000)	
Repayment of note receivable	500	
Repayment of capital lease obligation		(1,889)
	<u>2,801,428</u>	<u>(44,379)</u>
<b>Net decrease in cash and temporary investments</b>	<b>(1,288,170)</b>	<b>(2,526,608)</b>
<b>Cash and temporary investments</b>		
Beginning of year	<u>2,005,783</u>	<u>4,532,391</u>
<b>End of year</b>	<b>\$ 717,613</b>	<b>\$ 2,005,783</b>

The accompanying notes and schedules are an integral part of this financial statement.



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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Welland ("the Municipality") are prepared by management in accordance with Canadian public sector accounting standards.

Significant aspects of the accounting policies adopted by the Municipality are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

Welland Public Library Board  
Board of Management for the Welland Downtown Business Improvement Area  
Board of Management for the North Welland Business Improvement Area  
Welland Recreational Canal Corporation

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionality consolidated:

Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 15).

Welland Hydro-Electric Holding Corp. is a subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government enterprises (Note 4). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (Note 16).

#### (b) 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.

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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 1. Significant accounting policies (continued)

#### (c) Budget figures

The budget for 2010 is reflected on the consolidated statement of operations. The budget established for 2010 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

#### (d) Cash and temporary investments

Cash and temporary investments include cash on hand, balances with banks and guaranteed investment certificates.

#### (e) Long term 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.

Investments in common and preferred shares are recorded at cost, or at cost less amounts written off to reflect a permanent decline in value.

#### (f) 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 until they are earned by being matched against those expenses.

#### (g) Employee future benefits

The Municipality pays certain benefits on behalf of its retired employees. The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service.

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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 1. Significant accounting policies (continued)

#### (h) 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. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

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

Works of art for display in municipal property are not included as 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.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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 statement of operations as "other revenue". Amortization is based on six months for the year of acquisition regardless of the month purchased and annually thereafter until the asset is fully depreciated, disposed of or replaced. Assets under construction are not amortized until the asset is available for productive use.

Amortization is based on the following classifications and useful lives:

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

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (i) 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 Municipality. The Municipality is not involved in the construction.

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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

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for the year ended December 31, 2010

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**1. Significant accounting policies** (continued)

**(j) Local improvements**

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Prior to 2009, revenues were recognized over the term of the local improvement agreements as they were collected. Effective January 1, 2009, revenues are recognized in the year they become receivable.

**(k) Reserves for future expenses**

Certain amounts, as approved by Municipal Council, are set aside in reserves and reserve funds for future operating and capital expenses.

**(l) Government transfers**

Government transfers include entitlements, transfers under shared cost agreements, and grants. Revenue is recognized for entitlements and grants in the period received. Revenue is recognized for transfers under shared cost agreements in the period the costs are incurred.

**(m) 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 financial statements.

**(n) Use of estimates and measurement uncertainty**

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. Actual results could differ from those estimates.

**(o) 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.

**(p) Comparative figures**

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**Corporation of the City of Welland  
Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

<b>2. Cash and temporary investments</b>	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 10,738	\$ 8,550
Cash held in banks and temporary investments	<u>706,875</u>	<u>1,997,233</u>
	<u>\$ 717,613</u>	<u>\$ 2,005,783</u>

**3. Long term investments**

Long term investments consist of Provincial and Federal Government Bonds and bank notes issued by various chartered banks.

The market value of the long term investments at December 31, 2010 was \$ 31,904,193 (2009 - \$ 32,194,790).

**4. Subsidiary operations**

Welland Hydro-Electric Holding Corp. ("Welland Hydro"), established by municipal council under municipal By-law 2000-90, is wholly owned by the Corporation of the City of Welland and provides regulated and unregulated electric utility services.

The following table provides condensed supplementary financial information for Welland Hydro:

	<u>2010</u>	<u>2009</u>
<b>Financial position</b>		
Current assets	\$ 17,190,437	\$ 16,189,050
Investment in term deposits	1,500,000	1,500,000
Capital assets	24,305,657	23,535,688
Regulatory assets	2,992,335	2,935,788
Long term investment - non-associated company	<u>19,684</u>	<u>-</u>
Total assets	<u>46,008,113</u>	<u>44,160,526</u>
Current liabilities	6,252,482	5,556,888
Note payable	17,199,953	17,199,953
Other long term liabilities	<u>6,292,146</u>	<u>5,702,119</u>
Total liabilities	<u>29,744,581</u>	<u>28,458,960</u>
Net assets	<u>\$ 16,263,532</u>	<u>\$ 15,701,566</u>



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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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#### 4. Subsidiary operations (continued)

As a result, Welland Hydro is required to remove the temporary exemption pertaining to the application of Section 1100 to rate regulated operations, including the elimination of the opportunity to use industry practice as an acceptable basis for recognition and measurement of assets and liabilities arising from rate regulation. The amendment to Handbook Section 3465 required the recognition of future income tax assets and liabilities as well as a separate regulatory asset or liability for the amount of future income taxes expected to be included in the future rates and recovered from or paid to customers. As a result of the changes to Section 3465, Welland Hydro will be required to recognize future income taxes associated with its rate regulated operations using the assets and liability method.

An analysis of the future taxes as at December 31, 2010 identified a deferred tax asset of \$ 2,992,335 (2009 - \$ 2,935,788).

An analysis of future income taxes expected to be included in future rates and recovered from or paid to customers as at December 31, 2010 identified a regulatory liability of \$ 2,619,802 (2009 - \$ 2,679,279).

#### Contingencies

(a) Griffith et al. v. Toronto Hydro-Electric Commission et al.

This action has been brought under the *Class Proceedings Act, 1992*. The plaintiff class sought restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the *Criminal Code*.

In July, 2010 the Ontario Superior Court of Justice approved a settlement of the LPP Class Action suit. As a result of this settlement, Welland Hydro-Electric System Corp. will be required to make a onetime payment of \$ 74,905 by June 30, 2011. A liability has been included in current liabilities with an offsetting reduction to interest income.

Subsequent to year end, the Ontario Energy Board issued a decision in its generic hearings on Late Payment Penalty Litigation Costs which approves the recovery of these amounts in future distribution rates. Welland Hydro has formally requested the Board to approve recovery of its portion of settlement costs by way of a rate rider in its 2011 IRM Rate Application. To date, no decision has been received from the OEB concerning the requested rate rider.

(b) Welland Hydro participates with the other electrical utilities in Ontario in an agreement to exchange reciprocal contracts of indemnity through the Municipal Electrical Association Reciprocal Insurance Exchange. Welland Hydro is liable for additional assessments to the extent premiums collected and reserves established are not sufficient to cover the cost of claims and costs incurred.

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## Corporation of the City of Welland Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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#### 4. Subsidiary operations (continued)

- (c) 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 \$ 2,369,722 and incurs interest at 0.6% annually.

#### Commitments

Welland Hydro has an agreement to contribute to the costs of power connections and power lines in the new subdivisions built in the City of Welland. Welland Hydro will take over ownership of the power distribution equipment in the subdivisions two years after construction is accepted. The contribution made for the construction in subdivisions in 2010 was \$ 25,058 (2009 - \$ 11,503). The estimated contribution for 2011 is \$ 25,000.

The following summarizes the Municipality's related party transactions with Welland Hydro for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2010</u>	<u>2009</u>
Electricity purchased	\$ 1,334,377	\$ 1,043,966
Rent paid	21,136	20,774
Other services purchased	884,600	632,583
Dividends received	500,000	500,000
Interest received	843,747	843,747
Property taxes and other taxes received	67,776	69,599
Water user charges received	5,252	4,953

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#### 5. Bank indebtedness

An operating line of credit of \$ 6,000,000 has been established with a financial institution, of which \$ 936,280 was used at December 31, 2010. An executed borrowing by-law in form and content satisfactory to Royal Bank of Canada is in effect to a limit of \$ 6,000,000. Interest is calculated at prime minus 0.50%.



**Corporation of the City of Welland  
Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

<b>6. Deferred revenue</b>	<u>2010</u>	<u>2009</u>
Development Charges Act	\$ 3,765,725	\$ 4,209,272
Lot levies and subdivider contributions	3,521,504	3,600,888
Recreational land (Planning Act)	426,864	231,311
Provincial gas tax revenue	651,057	634,823
Federal gas tax revenue	1,500,813	1,785,226
Ontario Bus Replacement Program	224,219	20,763
Ontario State of Good Roads Program	189,968	179,554
Investing in Ontario Act	<u>15,324</u>	<u>15,324</u>
	<b><u>\$ 10,295,474</u></b>	<b><u>\$ 10,677,161</u></b>

<b>7. Long term debt</b>	<u>2010</u>	<u>2009</u>
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(a) The balance for net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by other municipalities. At the end of the year, the outstanding principal amount of this debt is

<b><u>\$ 33,123,060</u></b>	<b><u>\$ 31,228,412</u></b>
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(b) The net long term debt is comprised of:

<u>Debenture Number</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2010</u>	<u>2009</u>
89-2000	Various	6.15 - 6.50	2010		\$ 123,000
77-2002	Various	3.50 - 5.875	2012	\$ 215,000	314,000
74-2003	Various	2.95 - 5.35	2013	252,000	328,000
88-2004	Various	2.65 - 5.30	2014	1,914,813	2,338,018
85-2004	Civic Square	5.596	2024	8,455,067	8,844,583
OSIFA-04	General projects	2.46	2014	353,040	441,300
60-2005	Various	2.85 - 4.30	2015	3,428,000	3,731,000
56-2006	Various	4.70 - 5.15	2016	2,445,000	2,789,000
71-2007	Various	4.95 - 5.10	2017	4,269,140	4,768,511
60-2008	Various	3.70 - 4.70	2018	3,981,000	4,392,000
66-2009	Various	1.15 - 4.80	2019	2,877,000	3,159,000
72-2010	Various	1.60 - 4.65	2020	<u>4,933,000</u>	
				<b><u>\$ 33,123,060</u></b>	<b><u>\$ 31,228,412</u></b>

**Corporation of the City of Welland  
Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

**7. Long term debt** (continued)

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

2011	\$ 3,446,616
2012	3,602,226
2013	3,646,358
2014	3,721,077
2015	4,963,772

(d) The Municipality paid \$ 1,581,223 (2009 - \$ 1,537,086) interest on long term debt during the year.

**8. Employee benefit obligations**

	<u>2010</u>	<u>2009</u>
Vested sick leave benefits	\$ 1,541,671	\$ 1,511,155
Post-retirement benefits	3,760,893	3,367,541
Other	<u>162,732</u>	<u>133,386</u>
Total employee benefit obligations	<b>5,465,296</b>	5,012,082
Less: sick leave funded by reserve	<u>(410,632)</u>	<u>(488,471)</u>
	<b><u>\$ 5,054,664</u></b>	<b><u>\$ 4,523,611</u></b>

**(a) Vested sick leave benefits**

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Municipality's employment.

The liability for these accumulated days to the extent they have vested and could be taken in cash by an employee on terminating, amounted to \$ 1,541,671 (2009 - \$ 1,511,155). An amount of \$ 116,982 (2009 - \$ 138,687) was paid to employees who left the Municipality's employment during the current year. Payments to employees eligible to retire over the next five years are anticipated to be approximately \$ 75,000 per year.

An amount of \$ 410,632 (2009 - \$ 488,471) has been provided for the past service liability and is reported on the Consolidated Statement of Financial Position. An amount of \$ 20,000 (2009 - \$ 20,000) has been provided for in the current year and is reported on the Consolidated Statement of Operations.

**(b) Post-retirement benefits**

In accordance with PSAB guidelines the Municipality is required to report obligations for retirement benefits earned over the employment period of its employees.

Employees who retire under the OMERS early retirement provisions are eligible to receive medical and dental benefits to the age of sixty-five. This amounts to \$ 3,760,893 (2009 - \$ 3,367,541) and is determined using average employee ages, years of service and retirement age as consistent with public sector past practices.

The Municipality's obligation under the post-retirement provision of employment agreements will be funded out of current revenue.

**Corporation of the City of Welland  
Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

<b>9. Tangible capital assets</b>	<u>2010</u>	<u>2009</u>
The net book values of tangible capital assets are as follows:		
Land and land improvements	\$ 28,849,238	\$ 29,043,706
Buildings	38,126,505	35,402,792
Roads and bridges	54,525,079	50,768,498
Water and waste water infrastructure	80,710,523	77,153,094
Vehicles	6,043,940	5,358,418
Computer hardware and software	325,411	392,291
Machinery and equipment	<u>4,885,218</u>	<u>4,892,768</u>
	<u>\$ 213,465,914</u>	<u>\$ 203,011,567</u>

See Schedule 13 for more details.

<b>10. Other assets</b>	<u>2010</u>	<u>2009</u>
Prepaid expenses	\$ 93,129	\$ 41,652
Prepaid fuel	23,842	39,995
Inventory held for resale	<u>6,031</u>	<u>4,681</u>
	<u>\$ 123,002</u>	<u>\$ 86,328</u>

<b>11. Accumulated surplus</b>	<u>2010</u>	<u>2009</u>
Consists of:		
Surpluses (deficits)		
City	\$ 2,908,085	\$ 3,103,543
Library	-	-
Welland Recreational Canal Corporation	(88,011)	-
North Welland Business Improvement Area	24,843	18,721
Welland Downtown Business Improvement Area	88,771	104,187
Niagara Central Airport Commission (Note 15)	<u>43,965</u>	<u>22,100</u>
	<u>2,977,653</u>	<u>3,248,551</u>
Investment in tangible capital assets	<u>213,465,914</u>	<u>203,011,567</u>
Investment in subsidiary	<u>29,763,485</u>	<u>29,201,519</u>
Unfunded:		
Long term debt	(33,123,060)	(31,228,412)
Employee benefit obligations	(5,465,296)	(5,012,082)
Welland Downtown Business Improvement Area long term payable	<u>(225,000)</u>	<u>(240,000)</u>
	<u>(38,813,356)</u>	<u>(36,480,494)</u>
Reserves and reserve funds (Note 12)	<u>22,512,983</u>	<u>22,117,328</u>
	<u>\$ 229,906,679</u>	<u>\$ 221,098,471</u>

**Corporation of the City of Welland  
Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

<b>12. Reserves and reserve funds</b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Reserves set aside for specific purposes by Council		
Working capital	\$ 960,723	\$ 787,821
Replacement of equipment	644,942	913,310
Bequests	<u>43,141</u>	<u>43,023</u>
<b>Total reserves</b>	<b><u>1,648,806</u></b>	<b><u>1,744,154</u></b>
Reserve funds set aside for specific purposes by Council		
Sick leave	410,632	488,471
Workers Safety Insurance Board	217,810	153,373
Capital expenditure		
General administration	521,378	452,276
Parks and recreation	115,965	124,223
Economic development	390,317	361,680
Fire	1,173,321	1,125,522
Airport	36,031	36,390
Library	245,186	
Fleet	380,861	484,286
Building capital improvements	123,683	117,522
Parking	50,497	37,892
Sports and culture	76,017	-
Municipal incentive grants	372,247	391,446
Recreational canal lands	14,204,343	14,618,878
Pay equity	5,196	71,691
Employee benefits	142,786	14,180
Water/wastewater surplus	381,696	745,666
Operating surplus	1,876,486	1,013,934
Ontario Municipal Partnership Funding Contingency	<u>139,725</u>	<u>135,744</u>
<b>Total reserve funds</b>	<b><u>20,864,177</u></b>	<b><u>20,373,174</u></b>
<b>Total reserves and reserve funds</b>	<b><u>\$ 22,512,983</u></b>	<b><u>\$ 22,117,328</u></b>
<b>Continuity of reserves and reserve funds:</b>		
<b>Balance, beginning of year</b>	<b><u>\$ 22,117,328</u></b>	<b><u>\$ 22,813,336</u></b>
Interest earned	864,499	980,344
Other revenue	627,464	565,306
Transfers in from:		
Operating revenue	1,910,054	1,300,943
Capital revenue	<u>249,244</u>	<u>158,197</u>
	<b><u>3,651,261</u></b>	<b><u>3,004,790</u></b>
Transfers out for:		
Operating purposes	2,023,111	3,051,787
Capital purposes	<u>1,232,495</u>	<u>649,011</u>
	<b><u>3,255,606</u></b>	<b><u>3,700,798</u></b>
<b>Balance, end of year</b>	<b><u>\$ 22,512,983</u></b>	<b><u>\$ 22,117,328</u></b>

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## Corporation of the City of Welland Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 13. Collections for the Region of Niagara and school boards

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

	<u>2010</u>	<u>2009</u>
Region of Niagara (Schedule 2)	\$ 30,891,160	\$ 29,086,808
School boards (Schedule 2)	<u>13,548,612</u>	<u>12,955,307</u>
	<u>\$ 44,439,772</u>	<u>\$ 42,042,115</u>

The Municipality 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 Municipality also collects development charges on behalf of the Region of Niagara (2010 - \$ 1,499,838; 2009 - \$ 601,077). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

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### 14. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 6.4% to 13.1% depending on the proposed retirement age and the level of earnings. As a result \$ 3,112,793 (2009 - \$ 2,856,744) was contributed to OMERS for current service, representing both the employer's and the employees' portions, of which \$ 1,556,397 (2009 - \$ 1,428,372) represents the employees' portion.

## Corporation of the City of Welland Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

### 15. Niagara Central Airport Commission

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

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

	<u>2010</u>	<u>2009</u>
<b>Financial assets</b>		
Cash and temporary investments	\$ 133,966	\$ 85,038
Receivables	<u>9,577</u>	<u>19,616</u>
	<u>143,543</u>	<u>104,654</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>9,281</u>	<u>8,460</u>
<b>Net financial assets</b>	<u>134,262</u>	<u>96,194</u>
<b>Non-financial assets</b>		
Prepaid expenses	1,563	1,640
Fuel inventory	11,074	8,511
Tangible capital assets	<u>1,100,201</u>	<u>1,112,429</u>
	<u>1,112,838</u>	<u>1,122,580</u>
<b>Accumulated surplus</b>	<u>\$ 1,247,100</u>	<u>\$ 1,218,774</u>
<b>Revenues</b>		
Grants	\$ 91,082	\$ 87,000
Fuel and rentals	45,670	45,872
Interest	481	925
<b>Expenses</b>	<u>(108,907)</u>	<u>(132,680)</u>
<b>Annual surplus</b>	<u>\$ 28,326</u>	<u>\$ 1,117</u>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2010 and the results of operations are as reported for the year ended December 31, 2010. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2009.

The Municipality has recorded in the financial statements its 55% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus (deficit).

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**Corporation of the City of Welland**  
**Notes to the Consolidated Financial Statements**

for the year ended December 31, 2010

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

The following summarizes the Municipality'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.

	<u>2010</u>	<u>2009</u>
Grants	<u>\$ 49,600</u>	<u>\$ 47,850</u>

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**16. Trust fund**

The trust fund administered by the Municipality amounting to \$ 481,808 (2009 - \$ 460,157) has not been included in the Consolidated Statement of Financial Position nor has the operation been included in the Consolidated Statement of Operations.

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**17. Contingencies**

**Tax appeals**

Certain property owners in the Municipality 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 2010 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 Municipality has provided \$ 500,000 (2009 - \$ 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 Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of any outstanding claims, the Municipality 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 the accompanying financial statements.

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**18. Financial instruments**

The Municipality's financial instruments consist of cash, accounts receivable, temporary and long term investments, bank indebtedness, accounts payable, other liabilities and long term debt. It is management's opinion that the Municipality 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.

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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 19. Segmented information

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 the 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. The City of Welland embraces progress, and its historical significance in Ontario’s past.

#### General Government

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 Municipality. The communications division is part of the City Manager’s office.

The Communications Division 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 office of the City Clerk is responsible for various corporate and administrative functions and is in frequent contact with all municipal departments, elected officials, other levels of government and the general public.

The Legal Division is part of the City Clerk’s department. 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.

The Financial and Corporate Services Department directs all Finance, Purchasing and Information System 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, purchasing and information systems expertise and 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 Municipality. The Finance Division administers all the accounting and financial services for the Municipality.

The Information Services Division is a part of the Financial and Corporate Services Department. 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 help City Departments meet their information processing and communication needs.

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.



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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 19. Segmented information (continued)

#### Protection to Persons and Property

Protection is the City of Welland Fire and Emergency Services. 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.

Property is the Building Inspection and By-law Enforcement (except parking enforcement). 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 & LASSR programs are also handled by this division.

#### Transportation Services

This division maintains and provides services for roadways, sidewalks, street lighting, traffic and parking control and transit.

The Roads Section repairs and maintains City roadways, curbs, catch basins, culverts, and sidewalks. They also deal 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 Municipality. 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 review 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 by-law administration and the traffic data collection and analysis.

Parking Operations oversees all maintenance and operations of the Municipality'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 of Welland. Staff reviews existing and new street light locations.

Parking Enforcement staff issue infractions under the Traffic and Parking By-law 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.

The School Crossing Guard Operations consist of 35 locations throughout the City of Welland 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.

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# Corporation of the City of Welland

## Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 19. Segmented information (continued)

#### Environmental Services

This division includes waterworks, wastewater and storm sewers, including the maintenance of water and wastewater infrastructure and the operation of the water system, water metering and the wastewater system.

The Water and Wastewater Section operate the water and wastewater systems with provincially-licensed operators to maintain water quality and sampling, repair water main breaks, flush water mains, clean and unplug wastewater mains and connections, replace water/wastewater service connections, and maintain water meters.

#### Health Services

This segment includes the cemeteries operated by the Municipality.

#### Social and Family Services

This segment includes assistance to aged persons including the Rose City's Seniors Activity Centre.

#### Recreation and Cultural Services

This division delivers Parks, Facilities and Leisure Services to the City of Welland. The division is committed to working together to protect, support and enrich the quality of life of the people who live and play in the City of Welland.

The Tourism Division is responsible for development, coordination and promotion of tourism attraction.

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.

The Facilities Division is responsible for the physical amenities including repairs and maintenance of 25 facilities; maintain and repair of 20 plus playgrounds and 3 swimming pools, splash pad and 2 wading pools; and is responsible for building operations including security, caretaking and energy management.

The Parks Division is responsible for care and maintenance of 50 community parks and parkettes. 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 Municipality.

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.

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## Corporation of the City of Welland Notes to the Consolidated Financial Statements

for the year ended December 31, 2010

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### 19. Segmented information (continued)

#### 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 of Welland government. The WDC is funded by the Municipality 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 Municipality, as well as building working relationships with local businesses. It also promotes new business and investment opportunities within the Municipality 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. The schedules of segment information follow the notes.

Corporation of the City of Welland  
Schedules to Consolidated Statement of Operations - Schedule 1  
Segment Information

For the year ended December 31, 2010

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreational & Cultural Services	Planning & Development	Consolidated
<b>Revenues</b>									
Taxation	\$ 5,089,733	\$ 7,371,319	\$ 10,568,620	\$ 184,164		\$ 101,565	\$ 5,055,210	\$ 1,092,193	\$ 29,462,804
User charges	295,764	617,033	3,058,343	20,368,323	\$ 81,156		794,753	153,833	25,369,205
Grants	3,741,500		3,684,722	1,323,463		1,352,232	1,275,237	3,114,150	14,491,304
Other revenues	3,816,330	78,282	393,023	132,151	19,650		1,408,658	905,832	6,753,926
Increase in equity in subsidiary	561,966								561,966
<b>Total revenues</b>	<b>13,505,293</b>	<b>8,066,634</b>	<b>17,704,708</b>	<b>22,008,101</b>	<b>100,806</b>	<b>1,453,797</b>	<b>8,533,858</b>	<b>5,266,008</b>	<b>76,639,205</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	4,007,987	7,244,037	8,725,614	2,003,489	79,074	9,838	5,834,438	929,019	28,833,496
Net long term debt charges	667,171	11,981	392,995	355,105		18,290	90,624	8,877	1,545,043
Materials, services and other	2,967,964	898,564	4,261,533	16,924,282	58,266	68,773	2,635,205	343,892	28,158,479
Rents and finance expenses	728,279								728,279
External transfers							308,009		308,009
Amortization	938,053	320,070	3,157,478	1,880,642	1,115	64,118	1,777,039	119,176	8,257,691
<b>Total expenses</b>	<b>9,309,454</b>	<b>8,474,652</b>	<b>16,537,620</b>	<b>21,163,518</b>	<b>138,455</b>	<b>161,019</b>	<b>10,645,315</b>	<b>1,400,964</b>	<b>67,830,997</b>
<b>Net revenues (expenses)</b>	<b>\$ 4,195,839</b>	<b>\$ (408,018)</b>	<b>\$ 1,167,088</b>	<b>\$ 844,583</b>	<b>\$ (37,649)</b>	<b>\$ 1,292,778</b>	<b>\$ (2,111,457)</b>	<b>\$ 3,865,044</b>	<b>\$ 8,808,208</b>

Corporation of the City of Welland

Schedules to Consolidated Statement of Operations - Schedule 1

Segment Information

For the year ended December 31, 2009

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreational & Cultural Services	Planning & Development	Consolidated
<b>Revenues</b>									
Taxation	\$ 4,187,293	\$ 7,296,366	\$ 9,978,176	\$ 390,962		\$ 82,467	\$ 5,226,495	\$ 971,992	\$ 28,133,751
User charges	298,286	564,530	1,736,043	18,727,612	\$ 86,027		934,470	151,336	22,498,304
Grants	3,455,100		1,701,389	1,472,354			1,856,715	354,191	8,839,749
Other revenues	3,584,316	70,809	584,668	1,358,763	45,134	1,427	839,459	339,975	6,824,551
Decrease in equity in subsidiary	(2,246,365)								(2,246,365)
<b>Total revenues</b>	<b>9,278,630</b>	<b>7,931,705</b>	<b>14,000,276</b>	<b>21,949,691</b>	<b>131,161</b>	<b>83,894</b>	<b>8,857,139</b>	<b>1,817,494</b>	<b>64,049,990</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	3,721,018	6,830,294	8,142,111	1,830,378	69,502	13,164	5,324,382	868,741	26,799,590
Net long term debt charges	717,121	1,632	328,926	381,476			71,492	4,357	1,505,004
Materials, services and other	2,362,150	798,745	2,729,963	16,639,536	18,126	52,140	2,694,391	417,167	25,712,218
Rents and finance expenses	779,504								779,504
External transfers							266,859		266,859
Amortization	941,336	274,316	2,957,296	1,771,156	1,115	89,032	1,216,189	31,223	7,281,663
<b>Total expenses</b>	<b>8,521,129</b>	<b>7,904,987</b>	<b>14,158,296</b>	<b>20,622,546</b>	<b>88,743</b>	<b>154,336</b>	<b>9,573,313</b>	<b>1,321,488</b>	<b>62,344,838</b>
<b>Net revenues (expenses)</b>	<b>\$ 757,501</b>	<b>\$ 26,718</b>	<b>\$ (158,020)</b>	<b>\$ 1,327,145</b>	<b>\$ 42,418</b>	<b>\$ (70,442)</b>	<b>\$ (716,174)</b>	<b>\$ 496,006</b>	<b>\$ 1,705,152</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Revenue**  
**Schedule 2**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Taxation</b>			
Real property	\$ 69,553,305	\$ 71,266,510	\$ 68,398,423
From other governments			
Payments in lieu of taxes			
Public Works	48,000	16,642	48,537
St. Lawrence Seaway Authority	88,000	72,731	91,572
Niagara College and Hospital	293,000	313,200	299,100
Hydro One Networks Inc.	130,000	130,277	130,716
Ministry of Government Services	160,000	163,815	163,789
Municipal enterprises	70,000	67,776	69,599
Railways	122,900	123,466	123,466
Regional Municipality of Niagara	249,000	248,321	249,587
	1,160,900	1,136,228	1,176,366
	70,714,205	72,402,738	69,574,789
Less taxation collected on behalf of:			
Region of Niagara	(28,814,100)	(29,391,322)	(28,485,731)
School boards	(13,014,300)	(13,548,612)	(12,955,307)
Net taxes available for municipal purposes	\$ 28,885,805	\$ 29,462,804	\$ 28,133,751
Residential and farm	\$ 20,718,246	\$ 21,132,096	\$ 20,334,343
Multi-residential	1,961,452	2,000,632	1,962,343
Commercial	4,759,417	4,854,488	4,387,773
Industrial	1,322,760	1,349,183	1,312,874
Local improvements	11,184	11,407	21,364
Business Improvement Area	112,746	114,998	115,054
Net taxes available for municipal purposes	\$ 28,885,805	\$ 29,462,804	\$ 28,133,751

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Revenue**  
**Schedule 3**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>User charges</b>			
Operating			
Fees, service charges and donations	\$ 3,314,474	\$ 3,326,769	\$ 3,245,501
Water billings	9,189,633	8,469,450	7,596,749
Wastewater billings	12,334,224	11,394,825	10,789,144
Licenses and permits	550,400	692,905	630,958
	<u>25,388,731</u>	<u>23,883,949</u>	<u>22,262,352</u>
Capital			
Lot levies and development charges	2,823,700	1,478,995	154,266
Fees, service charges and donations		6,261	81,686
	<u>2,823,700</u>	<u>1,485,256</u>	<u>235,952</u>
	<u>\$ 28,212,431</u>	<u>\$ 25,369,205</u>	<u>\$ 22,498,304</u>
<b>Grants</b>			
Operating			
Province of Ontario	\$ 3,974,716	\$ 4,262,296	\$ 3,815,186
Government of Canada	2,000	109,000	26,995
Other municipalities	30,000	28,971	1,000
Other			18,395
Total operating grants	<u>4,006,716</u>	<u>4,400,267</u>	<u>3,861,576</u>
Capital			
Province of Ontario	4,571,335	4,163,269	3,800,540
Government of Canada	4,795,200	5,922,710	1,172,475
Other		5,058	5,158
Total capital grants	<u>9,366,535</u>	<u>10,091,037</u>	<u>4,978,173</u>
	<u>\$ 13,373,251</u>	<u>\$ 14,491,304</u>	<u>\$ 8,839,749</u>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Revenue**  
**Schedule 4**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Other revenue</b>			
Operating			
Penalties and interest on taxes	\$ 1,100,000	\$ 1,159,355	\$ 1,091,383
Fines	358,800	415,333	334,429
Rent and leases	514,255	602,097	526,166
Investment income	1,483,865	2,272,941	2,352,393
Sale of land	150,000		
Cost sharing	66,000	89,390	89,350
Development charges		21,500	125,195
Subdividers' contribution		527,600	67,285
Other	200,210	678,137	225,681
	<u>3,873,130</u>	<u>5,766,353</u>	<u>4,811,882</u>
Capital			
Rent and leases		12,260	28,116
Cost sharing	920,000	78,658	1,593,649
Other		441,534	149,376
Gain on disposal of tangible capital assets		455,121	241,528
	<u>920,000</u>	<u>987,573</u>	<u>2,012,669</u>
	<u>\$ 4,793,130</u>	<u>\$ 6,753,926</u>	<u>\$ 6,824,551</u>



**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 5**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>General Government</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 5,245,716	\$ 5,089,733	\$ 4,187,293
User charges/fees	289,125	295,764	298,286
Grants	3,695,600	3,741,500	3,455,100
Other revenues	3,319,568	3,816,330	3,584,316
<b>Total revenues</b>	<b>12,550,009</b>	<b>12,943,327</b>	<b>11,524,995</b>
<b><u>Expenses</u></b>			
Members of Council			
Salaries, wages and employee benefits	239,505	233,425	234,743
Materials, services and other	54,758	61,817	45,712
Amortization		865	4,934
General administration			
Salaries, wages and employee benefits	3,689,590	3,774,562	3,486,275
Net long term debt charges	682,706	667,171	717,121
Materials, services and other	3,190,359	2,906,147	2,316,438
Amortization		937,188	936,402
Financial expenses			
Pensions, sick leave and other benefits	100,225	117,195	138,900
Tax write-offs, net of recoveries	724,250	519,706	512,476
Other services and supplies	189,500	91,378	128,128
<b>Total expenses</b>	<b>8,870,893</b>	<b>9,309,454</b>	<b>8,521,129</b>
<b>Annual surplus</b>	<b>\$ 3,679,116</b>	<b>\$ 3,633,873</b>	<b>\$ 3,003,866</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 6**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Protection to Persons and Property</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 7,380,688	\$ 7,371,319	\$ 7,296,366
User charges/fees	506,050	617,033	564,530
Other revenues	12,800	78,282	70,809
<b>Total revenues</b>	<b>7,899,538</b>	<b>8,066,634</b>	<b>7,931,705</b>
<b><u>Expenses</u></b>			
Fire			
Salaries, wages and employee benefits	6,307,575	6,412,694	6,044,164
Net long term debt charges	12,269	11,981	1,632
Materials, services and other	1,265,942	598,333	559,951
Amortization		319,167	273,413
Protective inspection and control			
Salaries, wages and employee benefits	821,315	831,343	786,130
Materials, services and other	292,100	300,231	238,794
Amortization		903	903
<b>Total expenses</b>	<b>8,699,201</b>	<b>8,474,652</b>	<b>7,904,987</b>
<b>Annual surplus (deficit)</b>	<b>\$ (799,663)</b>	<b>\$ (408,018)</b>	<b>\$ 26,718</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 7**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Transportation Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 10,042,081	\$ 10,568,620	\$ 9,978,176
User charges/fees	1,583,399	3,058,343	1,736,043
Grants	4,799,035	3,684,722	1,701,389
Other revenues	279,362	393,023	584,668
<b>Total revenues</b>	<b>16,703,877</b>	<b>17,704,708</b>	<b>14,000,276</b>
<b><u>Expenses</u></b>			
Roadways, sidewalks, works and traffic control			
Salaries, wages and employee benefits	5,594,665	5,905,200	5,478,488
Net long term debt charges	358,559	392,995	328,926
Materials, services and other	9,788,196	2,211,804	846,353
Amortization		2,794,907	2,444,295
Transit, handi-trans and community bus service			
Salaries, wages and employee benefits	2,324,565	2,419,566	2,269,516
Materials, services and other	1,835,448	965,038	1,035,768
Amortization		350,563	501,697
Parking			
Salaries, wages and employee benefits	427,855	398,760	391,679
Materials, services and other	95,000	32,429	30,462
Amortization		2,865	
Street lighting			
Salaries, wages and employee benefits	2,100	2,088	2,428
Materials, services and other	912,935	999,681	755,710
Amortization		2,417	
Airport			
Materials, services and other	64,504	52,581	61,670
Amortization		6,726	11,304
<b>Total expenses</b>	<b>21,403,827</b>	<b>16,537,620</b>	<b>14,158,296</b>
<b>Annual surplus (deficit)</b>	<b>\$ (4,699,950)</b>	<b>\$ 1,167,088</b>	<b>\$ (158,020)</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 8**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		

**Environmental Services**

**Revenues**

Taxation	\$ 214,163	\$ <b>184,164</b>	\$ 390,962
User charges/fees	23,180,257	<b>20,368,323</b>	18,727,612
Grants	1,389,500	<b>1,323,463</b>	1,472,354
Other revenues	920,000	<b>132,151</b>	1,358,763
<b>Total revenues</b>	<b>25,703,920</b>	<b>22,008,101</b>	21,949,691

**Expenses**

Wastewater system

Salaries, wages and employee benefits	522,942	525,581	504,676
Net long term debt charges	85,606	<b>82,314</b>	92,301
Materials, services and other	13,678,200	<b>10,649,481</b>	10,843,155
Amortization		<b>437,534</b>	436,802

Storm sewer system

Salaries, wages and employee benefits	82,960	52,492	47,073
Net long term debt charges	18,816	<b>18,044</b>	32,542
Materials, services and other	463,000	<b>63,109</b>	9,671
Amortization		<b>445,369</b>	413,610

Waterworks system

Salaries, wages and employee benefits	1,431,528	1,425,416	1,278,629
Net long term debt charges	260,063	<b>254,747</b>	256,633
Materials, services and other	8,109,210	<b>6,211,692</b>	5,786,710
Amortization		<b>997,739</b>	920,744

<b>Total expenses</b>	<b>24,652,325</b>	<b>21,163,518</b>	20,622,546
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<b>Annual surplus</b>	<b>\$ 1,051,595</b>	<b>\$ 844,583</b>	\$ 1,327,145
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**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 9**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Health Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 6,364		
User charges/fees	73,500	\$ 81,156	\$ 86,027
Other revenues	13,125	19,650	45,134
<b>Total revenues</b>	<b>92,989</b>	<b>100,806</b>	<b>131,161</b>
<b><u>Expenses</u></b>			
Cemeteries			
Salaries, wages and employee benefits	75,120	79,074	69,502
Materials, services and other	32,788	58,266	18,126
Amortization		1,115	1,115
<b>Total expenses</b>	<b>107,908</b>	<b>138,455</b>	<b>88,743</b>
<b>Annual surplus (deficit)</b>	<b>\$ (14,919)</b>	<b>\$ (37,649)</b>	<b>\$ 42,418</b>
<b>Social and Family Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 83,223	\$ 101,565	\$ 82,467
Grants		1,352,232	
Other revenues	300		1,427
<b>Total revenues</b>	<b>83,523</b>	<b>1,453,797</b>	<b>83,894</b>
<b><u>Expenses</u></b>			
Assistance to aged persons			
Salaries, wages and employee benefits	13,845	9,838	13,164
Net long term charges		18,290	
Materials, services and other	68,618	68,773	52,140
Amortization		64,118	89,032
<b>Total expenses</b>	<b>82,463</b>	<b>161,019</b>	<b>154,336</b>
<b>Annual surplus (deficit)</b>	<b>\$ 1,060</b>	<b>\$ 1,292,778</b>	<b>\$ (70,442)</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 10**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Recreational and Cultural Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 4,751,072	\$ 5,055,210	\$ 5,226,495
User charges/fees	883,700	794,753	934,470
Grants	312,116	1,275,237	1,856,715
Other revenues	246,575	1,408,658	839,459
<b>Total revenues</b>	<b>6,193,463</b>	<b>8,533,858</b>	<b>8,857,139</b>
<b><u>Expenses</u></b>			
Parks and recreation services			
Salaries, wages and employee benefits	3,049,525	3,187,423	2,690,856
Net long term debt charges	5,135	9,427	5,447
Materials, services and other	1,063,357	521,784	626,360
Amortization		1,137,897	600,160
Facilities			
Salaries, wages and employee benefits	1,046,565	1,064,796	1,089,353
Net long term debt charges	63,954	81,197	66,045
Materials, services and other	1,350,920	915,307	1,018,217
Amortization		293,064	313,565
Library			
Salaries, wages and employee benefits	1,342,718	1,314,647	1,329,381
Materials, services and other	399,613	387,234	331,084
Amortization		163,404	173,958
Welland Recreational Canal Corporation			
Salaries, wages and employee benefits	210,000	267,572	214,792
Materials, services and other	903,725	810,880	718,730
Amortization		182,674	128,506
Other cultural services			
Grants	311,059	308,009	266,859
<b>Total expenses</b>	<b>9,746,571</b>	<b>10,645,315</b>	<b>9,573,313</b>
<b>Annual deficit</b>	<b>\$ (3,553,108)</b>	<b>\$ (2,111,457)</b>	<b>\$ (716,174)</b>

**Corporation of the City of Welland  
Schedules to Consolidated Statement of Operations  
Segment Information  
Schedule 11**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
	(Unaudited)		
<b>Planning and Development</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 1,162,498	\$ 1,092,193	\$ 971,992
User charges/fees	166,100	153,833	151,336
Grants	3,177,000	3,114,150	354,191
Other revenues	1,400	905,832	339,975
<b>Total revenues</b>	<b>4,506,998</b>	<b>5,266,008</b>	<b>1,817,494</b>
<b><u>Expenses</u></b>			
Planning, zoning and tourism			
Salaries, wages and employee benefits	702,020	724,623	671,560
Net long term debt charges	4,108	8,877	4,357
Materials, services and other	301,243	205,530	266,552
Amortization		117,374	29,527
Commercial and industrial			
Salaries, wages and employee benefits	202,090	204,396	197,181
Materials, services and other	3,274,150	138,362	150,615
Amortization		1,802	1,696
<b>Total expenses</b>	<b>4,483,611</b>	<b>1,400,964</b>	<b>1,321,488</b>
<b>Annual surplus</b>	<b>\$ 23,387</b>	<b>\$ 3,865,044</b>	<b>\$ 496,006</b>

**Corporation of the City of Welland  
Consolidated Schedule of Long Term Debt  
Schedule 12**

for the year ended December 31 2010 2009

**Net Municipal Debt**

General government		
Civic Square	\$ 10,761,583	\$ 11,248,966
Courthouse renovation		30,456
Protection to persons and property		
Fire pumper	273,219	300,000
Central firehall	45,537	50,000
Transportation services		
Roadways	8,162,094	6,924,849
Traffic	1,349,487	1,350,000
Environmental services		
Wastewater system	1,575,630	1,787,606
Storm sewer system	321,566	420,226
Waterworks system	5,157,697	5,664,429
Recreational and cultural services		
Parks and recreation	5,078,012	3,305,150
Museum	50,090	55,000
Planning and development		
Market	348,145	91,730
	<b>\$ 33,123,060</b>	<b>\$ 31,228,412</b>



**Corporation of the City of Welland**  
**Consolidated Schedule of Tangible Capital Assets**  
**Schedule 13**

**for the year ended December 31, 2010**

	Land and Land Improvements	Buildings	Roads and Bridges	Water and Wastewater	Vehicles	Computer Hardware and Software	Machinery and Equipment	Total
<b>Cost</b>								
Balance, beginning of year	\$ 38,604,763	\$ 49,762,771	\$ 84,918,180	\$ 104,954,304	\$ 10,683,836	\$ 1,197,158	\$ 9,149,481	\$299,270,493
Add: additions during year	468,471	650,265	7,919,207	5,663,202	1,429,035	116,214	824,581	17,070,975
Less: disposals during year	(23,193)	(362,251)	(187,416)		(308,046)		(180,737)	(1,061,643)
Balance, end of year	39,050,041	50,050,785	92,649,971	110,617,506	11,804,825	1,313,372	9,793,325	315,279,825
<b>Accumulated amortization</b>								
Balance, beginning of year	10,565,581	14,505,502	36,316,451	28,570,038	5,325,418	804,867	4,340,188	100,428,045
Add: amortization	1,483,670	1,185,558	2,221,423	1,671,586	741,896	183,094	748,172	8,235,399
Less: accumulated amortization of disposals	(6,176)	(109,408)	(15,959)		(306,429)		(180,253)	(618,225)
Balance, end of year	12,043,075	15,581,652	38,521,915	30,241,624	5,760,885	987,961	4,908,107	108,045,219
<b>Net book value</b>	27,006,966	34,469,133	54,128,056	80,375,882	6,043,940	325,411	4,885,218	207,234,606
<b>Assets under construction</b>	1,842,272	3,657,372	397,023	334,641				6,231,308
<b>Total</b>	\$ 28,849,238	\$ 38,126,505	\$ 54,525,079	\$ 80,710,523	\$ 6,043,940	\$ 325,411	\$ 4,885,218	\$213,465,914

**for the year ended December 31, 2009**

<b>Cost</b>								
Balance, beginning of year	\$ 36,951,510	\$ 50,079,033	\$ 82,649,553	\$ 103,706,041	\$ 9,386,800	\$ 1,254,881	\$ 9,006,958	\$293,034,776
Add: additions during year	1,823,304	141,163	2,874,183	1,418,112	1,565,712	165,191	628,560	8,616,225
Less: disposals during year	(170,051)	(457,425)	(605,556)	(169,849)	(268,676)	(222,914)	(486,037)	(2,380,508)
Balance, end of year	38,604,763	49,762,771	84,918,180	104,954,304	10,683,836	1,197,158	9,149,481	299,270,493
<b>Accumulated amortization</b>								
Balance, beginning of year	9,889,927	13,915,750	34,904,379	27,113,972	4,903,332	724,520	3,835,289	95,287,169
Add: amortization	741,396	1,040,512	1,997,714	1,596,444	774,413	303,261	827,923	7,281,663
Less: accumulated amortization of disposals	(65,742)	(450,760)	(585,642)	(140,378)	(352,327)	(222,914)	(323,024)	(2,140,787)
Balance, end of year	10,565,581	14,505,502	36,316,451	28,570,038	5,325,418	804,867	4,340,188	100,428,045
<b>Net book value</b>	28,039,182	35,257,269	48,601,729	76,384,266	5,358,418	392,291	4,809,293	198,842,448
<b>Assets under construction</b>	1,004,524	145,523	2,166,769	768,828			83,475	4,169,119
<b>Total</b>	\$ 29,043,706	\$ 35,402,792	\$ 50,768,498	\$ 77,153,094	\$ 5,358,418	\$ 392,291	\$ 4,892,768	\$203,011,567

**Corporation of the City of Welland  
Waterworks  
Statement of Financial Position and Accumulated Surplus**

as at December 31

2010

2009

**Assets**

Cash	\$ 1,000	\$ 1,000
Accounts receivable	3,500	
User charges receivable	1,938,296	1,857,603
	<u>1,942,796</u>	<u>1,858,603</u>

**Liabilities**

Accounts payable	76,927	90,963
Long term debt	5,157,679	5,664,415
Employee benefit obligations	281,408	273,124
Due to other funds	1,038,054	169,099
	<u>6,554,068</u>	<u>6,197,601</u>

**Net financial debt**

(4,611,272) (4,338,998)

**Non-financial assets**

Tangible capital assets	33,380,937	32,065,625
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**Accumulated surplus**

\$ 28,769,665 \$ 27,726,627

**Accumulated surplus consists of:**

Deficit	\$ (23,603)	\$ 408,153
Investment in tangible capital assets	33,380,937	32,065,625
Unfunded:		
Long term debt	(5,157,679)	(5,664,415)
Employee benefit obligations	(281,408)	(273,124)
	<u>(5,439,087)</u>	<u>(5,937,539)</u>
Reserves for capital projects	469,722	444,722
Water reserve	381,696	745,666

**Accumulated surplus**

\$ 28,769,665 \$ 27,726,627

**Corporation of the City of Welland  
Waterworks  
Statement of Operations**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
<b>Revenues</b>			
Sale of water	\$ 9,189,633	\$ 8,469,450	\$ 7,596,749
Penalties	75,000	79,279	76,290
Customer services	131,000	184,299	104,850
Other revenue		(4,597)	67,868
	<u>9,395,633</u>	<u>8,728,431</u>	<u>7,845,757</u>
<b>Expenses</b>			
Water purchases	5,068,200	4,684,806	4,249,281
Salaries, wages and benefits	1,431,528	1,425,416	1,278,629
Amortization		997,738	920,744
Other (includes long term debt interest)	973,173	1,781,634	1,700,430
	<u>7,472,901</u>	<u>8,889,594</u>	<u>8,149,084</u>
<b>Net revenues (expenses)</b>	<u>1,922,732</u>	<u>(161,163)</u>	<u>(303,327)</u>
<b>Revenues related to capital</b>			
User charges	646,400	25,898	10,000
Grants	639,500	998,730	944,597
Other		179,573	47,818
	<u>1,285,900</u>	<u>1,204,201</u>	<u>1,002,415</u>
<b>Annual surplus</b>	3,208,632	1,043,038	699,088
<b>Accumulated surplus, beginning of year</b>	<u>27,726,627</u>	<u>27,726,627</u>	<u>27,027,539</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 30,935,259</u>	<u>\$ 28,769,665</u>	<u>\$ 27,726,627</u>

**Corporation of the City of Welland  
Wastewater  
Statement of Financial Position and Accumulated Surplus**

as at December 31	2010	2009
<b>Assets</b>		
User charges receivable	\$ 1,956,422	\$ 1,988,236
<b>Liabilities</b>		
Accounts payable	30,528	44,564
Long term debt	1,575,612	1,787,593
Employee benefit obligations	109,578	107,155
Due to other funds	3,257,324	2,101,179
	4,973,042	4,040,491
<b>Net financial debt</b>	(3,016,620)	(2,052,255)
<b>Non-financial assets</b>		
Tangible capital assets	25,628,019	22,910,239
<b>Accumulated surplus</b>	\$ 22,611,399	\$ 20,857,984
<b>Accumulated surplus consists of:</b>		
Deficit	\$ (1,651,430)	\$ (397,507)
Investment in tangible capital assets	25,628,019	22,910,239
Unfunded:		
Long term debt	(1,575,612)	(1,787,593)
Employee benefit obligations	(109,578)	(107,155)
	(1,685,190)	(1,894,748)
Reserves for capital projects	320,000	240,000
<b>Accumulated surplus</b>	\$ 22,611,399	\$ 20,857,984

**Corporation of the City of Welland  
Wastewater  
Statement of Operations**

for the year ended December 31	Budget 2010	Actual 2010	Actual 2009
<b>Revenues</b>			
Wastewater rate	\$ 12,334,224	\$ 11,394,824	\$ 10,789,144
Penalties	95,000	110,037	91,637
Customer services	60,000	52,162	53,385
Other revenue			7,271
	<u>12,489,224</u>	<u>11,557,023</u>	<u>10,941,437</u>
<b>Expenses</b>			
Wastewater treatment	9,263,600	9,197,227	9,148,548
Salaries, wages and benefits	522,942	525,581	504,676
Amortization		437,534	436,802
Other (includes long term debt interest)	4,500,206	1,534,595	1,786,909
	<u>14,286,748</u>	<u>11,694,937</u>	<u>11,876,935</u>
<b>Net expenses</b>	<u>(1,797,524)</u>	<u>(137,914)</u>	<u>(935,498)</u>
<b>Revenues related to capital</b>			
User charges	632,000	911,967	
Grants	450,000	1,005,008	527,757
Other	920,000	(25,646)	1,173,684
	<u>2,002,000</u>	<u>1,891,329</u>	<u>1,701,441</u>
<b>Annual surplus (deficit)</b>	204,476	1,753,415	765,943
<b>Accumulated surplus, beginning of year</b>	<u>20,857,984</u>	<u>20,857,984</u>	<u>20,092,041</u>
<b>Accumulated surplus, end of year</b>	\$ 21,062,460	\$ 22,611,399	\$ 20,857,984

# Independent auditor's report

**Grant Thornton LLP**  
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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 trust funds of the Corporation of the City of Welland, which comprise the statement of financial position as at December 31, 2010, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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 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 trust funds of the Corporation of the City of Welland as at December 31, 2010, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

**Basis of accounting and restriction on use**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the trust funds of the Corporation of the City of Welland to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the City of Welland and should not be used by parties other than the City of Welland.



Port Colborne, Ontario  
September 20, 2011

Chartered Accountants  
Licensed Public Accountants

**Corporation of the City of Welland  
Trust Fund  
Statement of Financial Position**

	<b>Perpetual Care 2010</b>	<b>Perpetual Care 2009</b>
as at December 31		
<b>Assets</b>		
Cash	\$ 28,544	\$ 18,893
Due from other funds	3,628	450
Investments (Note 2)		
Provincial	65,278	48,011
Municipal and other	384,358	392,803
	449,636	440,814
<b>Accumulated surplus</b>	<b>\$ 481,808</b>	<b>\$ 460,157</b>



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**Corporation of the City of Welland**  
**Trust Fund**  
**Statement of Operations**

for the year ended December 31	<b>Perpetual Care 2010</b>	Perpetual Care 2009
<b>Revenue</b>		
Perpetual care	\$ 21,651	\$ 19,675
<b>Accumulated surplus</b>		
Beginning of year	<u>460,157</u>	<u>440,482</u>
End of year	<u>\$ 481,808</u>	<u>\$ 460,157</u>

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**Corporation of the City of Welland  
Trust Fund  
Notes to the Financial Statements**

for the year ended December 31, 2010

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**1. Accounting policies**

**Basis of accounting**

The financial statements of the City of Welland Trust Fund are prepared by management in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These estimates have been made using careful judgements.

Significant aspects of the 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.

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**2. Investments**

Trust fund investments of \$ 449,636 (2009 - \$ 440,814) have an estimated market value of \$ 486,429 (2009 - \$ 468,086). Investments consist of Canadian municipal bonds and bank guaranteed investment certificates.