

**Corporation of the  
City of Welland  
Consolidated Financial  
Report  
For the year ended  
December 31, 2009**

**Corporation of the City of Welland**  
**Consolidated Financial Report**  
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for the year ended December 31, 2009 Page

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## Auditors' report

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To the Members of Council, Inhabitants and Ratepayers

of the **Corporation of the City of Welland**

We have audited the consolidated statement of financial position of the Corporation of the City of Welland as at December 31, 2009 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2009 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The current year's supplementary waterworks and sanitary sewer information included on pages 38 to 41 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Port Colborne, Ontario  
September 13, 2010

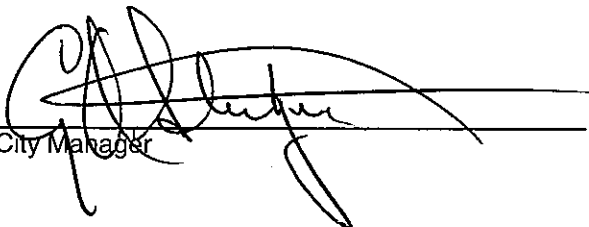
*Grant Thornton LLP*

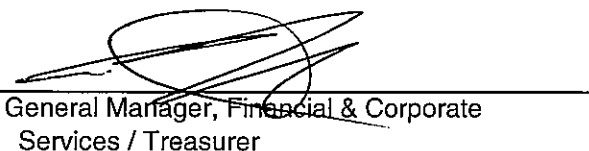
Chartered Accountants  
Licensed Public Accountants

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

as at December 31	2009	2008
		(As restated) (Note 1(b))
<b>Assets</b>		
Cash and temporary investments (Note 2)	\$ 2,005,783	\$ 4,532,391
Taxes and grants-in-lieu receivable	6,392,654	5,655,238
Accounts receivable	5,842,075	5,756,165
Interest receivable	746,243	470,774
Loan receivable	28,317	32,366
Long term investments (Note 3)	31,171,663	30,712,227
Investment in subsidiary (Note 4)	29,201,519	31,447,884
	<b>75,388,254</b>	<b>78,607,045</b>
<b>Liabilities</b>		
Accounts payable	9,922,178	8,949,148
Deferred revenue (Note 6)	10,677,161	11,933,807
Accrued interest on long term debt	547,845	579,926
Capital lease obligation (Note 7)		1,889
Long term debt (Note 8, Schedule 12)	31,228,412	31,270,902
Employee benefit obligations (Note 9)	5,012,082	5,097,546
	<b>57,387,678</b>	<b>57,833,218</b>
<b>Net financial assets</b>	<b>18,000,576</b>	<b>20,773,827</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 10)	203,011,567	198,582,031
Other assets (Note 11)	86,328	37,461
	<b>203,097,895</b>	<b>198,619,492</b>
<b>Accumulated surplus (Note 12)</b>	<b>\$ 221,098,471</b>	<b>\$ 219,393,319</b>

Contingencies and commitments (Notes 18 and 19)

  
 \_\_\_\_\_  
 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 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Revenue</b>			
Taxation (Schedule 2)	\$ 28,301,054	\$ 28,133,751	\$ 27,625,440
User charges (Schedule 3)	24,940,979	22,262,352	22,294,521
Grants (Schedule 3)	3,708,978	3,861,576	3,757,445
Other (Schedule 4)	4,769,384	4,811,882	4,880,958
	<u>61,720,395</u>	<u>59,069,561</u>	<u>58,558,364</u>
<b>Expenditures</b>			
General government (Schedule 5)	8,126,678	8,521,129	8,878,638
Protection to persons and property (Schedule 6)	7,817,501	7,904,987	7,383,416
Transportation services (Schedule 7)	11,154,723	14,158,296	14,369,949
Environmental services (Schedule 8)	19,282,870	20,622,546	19,956,012
Health services (Schedule 9)	92,814	88,743	96,827
Social and family services (Schedule 9)	84,636	154,336	197,860
Recreation and cultural services (Schedule 10)	8,135,210	9,573,313	9,033,364
Planning and development (Schedule 11)	1,426,739	1,321,488	1,119,909
	<u>56,121,171</u>	<u>62,344,838</u>	<u>61,035,975</u>
<b>Net revenues (expenditures)</b>	5,599,224	(3,275,277)	(2,477,611)
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Schedule 3)	346,700	235,952	604,372
Grants (Schedule 3)	12,897,140	4,978,173	4,568,464
Other (Schedule 4)	2,059,900	2,012,669	(16,545)
Increase (decrease) in equity investment in subsidiary (Note 4)		(2,246,365)	2,157,143
		<u>(2,246,365)</u>	<u>2,157,143</u>
<b>Annual surplus</b>	20,902,964	1,705,152	4,835,823
<b>Accumulated surplus (Note 12)</b>			
Beginning of year	219,393,319	219,393,319	214,557,496
<b>End of year</b>	<u>\$ 240,296,283</u>	<u>\$ 221,098,471</u>	<u>\$ 219,393,319</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	2009	2008
<b>Increase (decrease) in cash and cash equivalents</b>		
Annual surplus	\$ 1,705,152	\$ 4,835,823
Amortization of tangible capital assets	7,281,663	7,012,319
Acquisition of tangible capital assets	(11,950,920)	(12,137,636)
Proceeds on the disposition of tangible capital assets	481,249	276,952
Loss (gain) on disposal of tangible capital assets	(241,528)	400,356
Change in other assets	(48,867)	349
	<u>(2,773,251)</u>	<u>388,163</u>
<b>Net financial assets</b>		
Beginning of year	<u>20,773,827</u>	<u>20,385,664</u>
<b>End of year</b>	<u>\$ 18,000,576</u>	<u>\$ 20,773,827</u>

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	2009	2008
		(As restated) (Note 1(b))
<b>Increase (decrease) in cash and cash equivalents</b>		
<b>Operating activities</b>		
Annual surplus	\$ 1,705,152	\$ 4,835,823
Non-cash items		
Amortization	7,281,663	7,012,319
Loss (gain) on disposal of tangible capital assets	(241,528)	400,356
Decrease (increase) in taxes and grants-in-lieu receivable	(737,416)	566,703
Increase in trade and other accounts receivable	(85,910)	(1,005,438)
Increase in interest receivable	(275,469)	(25,669)
Decrease in loan receivable	4,049	79,132
Increase (decrease) in accounts payable	973,030	(354,810)
Increase (decrease) in deferred revenue	(1,256,646)	3,841,429
Increase (decrease) in accrued interest on long term debt	(32,081)	40,214
Decrease in employee benefit obligations	(85,464)	(13,659)
Decrease (increase) in other assets	(48,867)	349
	<u>7,200,513</u>	<u>15,376,749</u>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	481,249	276,952
Acquisition of tangible capital assets	(11,950,920)	(12,137,636)
	<u>(11,469,671)</u>	<u>(11,860,684)</u>
<b>Investing activities</b>		
Increase (decrease) in investment in subsidiary	2,246,365	(2,157,143)
Increase in long term investments - net	(459,436)	(3,245,042)
	<u>1,786,929</u>	<u>(5,402,185)</u>
<b>Financing activities</b>		
Issue of long term debt	3,159,000	4,788,000
Repayment of long term debt	(3,201,490)	(3,132,737)
Repayment of capital lease obligation	(1,889)	(3,640)
	<u>(44,379)</u>	<u>1,651,623</u>
<b>Net decrease in cash and temporary investments</b>	<b>(2,526,608)</b>	<b>(234,497)</b>
<b>Cash and temporary investments</b>		
Beginning of year	<u>4,532,391</u>	<u>4,766,888</u>
<b>End of year</b>	<b>\$ 2,005,783</b>	<b>\$ 4,532,391</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, 2009

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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 generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

#### (a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position 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 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 16).

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 17).

#### (b) Basis of accounting

Effective January 1, 2009, the Municipality adopted the Public Sector Accounting Handbook (PSAB) Section 1200 - Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The Municipality's financial statements are now presented on this new basis and the comparative figures have been restated to conform with the new basis of presentation.

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.

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

for the year ended December 31, 2009

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

**(b) Basis of accounting (continued)**

Effective January 1, 2009, the Municipality adopted the PSAB Section 3150 - Tangible Capital Assets. The Municipality has recorded its tangible capital assets for 2009, as well as 2008 for comparative purposes.

The effect of the adoption of Sections 1200 and 3150 to the previously reported financial statements is as follows:

	<u>2009</u>	<u>2008</u>
<b>Accumulated surplus</b>		
Beginning of year		
As previously recorded as Municipal position	\$ 21,427,276	\$ 21,186,081
Add recording of tangible capital assets	198,582,031	194,134,023
Less change in employee benefit obligation	(575,997)	(715,616)
Less capital lease obligation	(1,889)	(5,529)
Less change in consolidation method of accounting for the Niagara Central Airport Commission to proportionate consolidation from full consolidation	(38,102)	(41,463)
As restated	\$ 219,393,319	\$ 214,557,496

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

**(c) Cash and temporary investments**

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

**(d) 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.

**(e) 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 expenditures are incurred restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenditures which will be incurred in a later period are deferred until they are earned by being matched against those expenditures.

**(f) Employee future benefits**

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, 2009

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### 1. Significant accounting policies (continued)

#### (g) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenditures 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	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.

#### (h) 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, 2009

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

**(i) Local improvements**

The Municipality records capital expenditures 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.

**(j) Reserves for future expenditures**

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

**(k) 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.

**(l) Region and school board transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the municipal fund balances of these financial statements.

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

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 expenditures during the report period. Actual results could differ from those estimates.

**(n) Budget figures**

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

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

for the year ended December 31, 2009

<b>2. Cash and temporary investments</b>	<u>2009</u>	<u>2008</u>
Cash on hand	\$ 8,550	\$ 13,557
Cash held in banks	<u>1,997,233</u>	<u>4,518,834</u>
	<u>\$ 2,005,783</u>	<u>\$ 4,532,391</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, 2009 was \$ 32,194,790 (2008 - \$ 31,488,351).

**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>2009</u>	<u>2008</u>
<b>Financial position</b>		
Current assets	\$ 16,189,050	\$ 16,797,339
Investment in term deposits	1,500,000	
Capital assets	23,535,688	20,943,532
Regulatory assets	<u>2,935,788</u>	<u>2,418,885</u>
Total assets	<u>44,160,526</u>	<u>40,159,756</u>
Current liabilities	5,556,888	5,282,180
Note payable	17,199,953	13,499,953
Other long term liabilities	<u>5,702,119</u>	<u>3,429,692</u>
Total liabilities	<u>28,458,960</u>	<u>22,211,825</u>
Net assets	<u>\$ 15,701,566</u>	<u>\$ 17,947,931</u>

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

for the year ended December 31, 2009

<b>4. Subsidiary operations</b> (continued)	<u>2009</u>	<u>2008</u>
<b>Change in equity investment in subsidiary</b>		
Revenues	\$ 40,353,475	\$ 42,385,033
Operating expenses	(39,188,287)	(41,580,232)
Financing expenses	(977,481)	(882,549)
Regulatory asset provision		271,632
Other income	659,530	682,618
Discontinued operation subsidiary	(15,751)	
Payments in lieu of taxes	<u>(311,478)</u>	<u>(412,538)</u>
Net earnings from operations and increase in equity investment in subsidiary	<b>520,008</b>	463,964
Dividends	(500,000)	(500,000)
Increase in contributed capital		20,000
Adjustment for change in accounting policy - future taxes	<u>(2,266,373)</u>	<u>2,173,179</u>
Change in equity	<b><u>\$ (2,246,365)</u></b>	<b><u>\$ 2,157,143</u></b>

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

	<u>2009</u>	<u>2008</u>
Note receivable	\$ 13,499,953	\$ 13,499,953
Net assets	<u>15,701,566</u>	<u>17,947,931</u>
	<b><u>\$ 29,201,519</u></b>	<b><u>\$ 31,447,884</u></b>

The financial position information is as reported by Welland Hydro at December 31, 2009. The results of operations information is as reported by Welland Hydro for the year ended December 31, 2009.

**Note payable**

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

The \$ 3,700,000 loan with the Toronto Dominion Bank commenced February 6, 2009 for five years with an Optional Exit Strategy at three years. Welland Hydro has also entered into an interest rate swap agreement with Toronto Dominion Securities for the full amount of the loan to reduce its exposure to interest rate fluctuations. Under the terms of the agreement, Welland Hydro has effectively fixed interest rates at 2.87%. The loan payments cover interest only with no principal repayments.

**Change in accounting policy – future taxes**

In December, 2007, the CICA revised Handbook Sections 1100, Generally Accepted Accounting Principles, and 3465, Income Taxes, and Accounting Guideline 19 ("AcG-19"), Disclosures by Entities Subject to Rate Regulation.

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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, 2009

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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, 2009 identified a deferred tax asset of \$ 2,935,788 (2008 - \$ 2,418,885). An adjustment of \$ 2,173,179 was made to retained earnings in 2008 to reflect the deferred tax asset as at December 31, 2007.

An analysis of future income taxes expected to be included in future rates and recovered from or paid to customers as at December 31, 2009 identified a regulatory liability of \$ 2,679,279 (2008 - \$ Nil). An adjustment of \$ 2,266,373 was made to retained earnings in 2009 to reflect the regulatory liability as at December 31, 2008.

#### 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 seeks \$ 500 million in 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*. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as parties were awaiting the outcome of a similar proceedings brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Supreme Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable to Enbridge.

In 2007, Enbridge filed an application to the OEB to recover the Court-approved amount and related amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. The parties are in settlement discussions but no settlement has been reached. At this time, it is not possible to quantify the effect, if any, on the financial statements.

**(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, 2009

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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 2009 was \$ 11,503 (2008 - \$ 13,116). The estimated contribution for 2010 is \$ 50,000.

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>2009</u>	<u>2008</u>
Electricity purchased	\$ 1,043,966	\$ 899,525
Rent paid	20,774	20,510
Other services purchased	632,853	605,835
Dividends received	500,000	500,000
Interest received	843,747	843,747
Property taxes and other taxes received	69,599	92,244
Water user charges received	4,953	6,040

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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 \$ Nil was used at December 31, 2009. 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, 2009

<b>6. Deferred revenue</b>	<u>2009</u>	<u>2008</u>
Development Charges Act	\$ 4,209,272	\$ 3,935,019
Lot levies and subdivider contributions	3,600,888	3,471,737
Recreational land (Planning Act)	231,311	220,995
Provincial gas tax revenue	634,823	556,989
Federal gas tax revenue	1,785,226	995,255
Ontario Bus Replacement Program	20,763	267,317
Ontario State of Good Roads Program	179,554	71,171
Investing in Ontario Act	<u>15,324</u>	<u>2,415,324</u>
	<u>\$ 10,677,161</u>	<u>\$ 11,933,807</u>

**7. Capital lease obligation**

Capital Underwriters Corp., 5% capital lease, repaid during the year.

<b>8. Long term debt</b>	<u>2009</u>	<u>2008</u>
(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	<u>\$ 31,228,412</u>	<u>\$ 31,270,902</u>

(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>2009</u>	<u>2008</u>
140-1999	Various	5.75 - 6.25	2009		\$ 568,000
89-2000	Various	6.15 - 6.50	2010	\$ 123,000	238,000
77-2002	Various	3.50 - 5.875	2012	314,000	408,000
74-2003	Various	2.95 - 5.35	2013	328,000	401,000
88-2004	Various	2.65 - 5.30	2014	2,338,018	2,741,064
85-2004	Civic Square	5.596	2024	8,844,583	9,213,181
OSIFA-04	General projects	2.46	2014	441,300	529,560
60-2005	Various	2.85 - 4.30	2015	3,731,000	4,023,000
56-2006	Various	4.70 - 5.15	2016	2,789,000	3,117,000
71-2007	Various	4.95 - 5.10	2017	4,768,511	5,244,097
60-2008	Various	3.70 - 4.70	2018	4,392,000	4,788,000
66-2009	Various	1.150	2019	<u>3,159,000</u>	
				<u>\$ 31,228,412</u>	<u>\$ 31,270,902</u>

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

for the year ended December 31, 2009

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

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

2010	\$ 3,038,350
2011	3,038,591
2012	3,177,268
2013	3,203,765
2014	3,260,116

(d) The Municipality paid \$ 1,537,086 (2008 - \$ 1,475,294) interest on long term debt during the year.

**9. Employee benefit obligations**

	<u>2009</u>	<u>2008</u>
Vested sick leave benefits	\$ 1,511,155	\$ 1,514,136
Post-retirement benefits	3,367,541	3,446,385
Other	<u>133,386</u>	<u>137,025</u>
	<b>5,012,082</b>	<b>5,097,546</b>
Less: sick leave funded by reserve	<u>(488,471)</u>	<u>(585,675)</u>
	<b><u>\$ 4,523,611</u></b>	<b><u>\$ 4,511,871</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 \$ 1,511,155 (2008 - \$ 1,514,136). An amount of \$ 138,687 (2008 - \$ 181,259) 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 \$ 488,471 (2008 - \$ 585,675) has been provided for the past service liability and is reported on the Consolidated Statement of Financial Position. An amount of \$ 20,000 (2008 - \$ 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 \$ 3,367,541 (2008 - \$ 3,446,385) 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, 2009

<b>10. Tangible capital assets</b>	<u>2009</u>	<u>2008</u>
The net book values of tangible capital assets are as follows:		
Land and land improvements	\$ 29,043,703	\$ 27,339,853
Buildings	35,402,792	36,300,026
Roads and bridges	50,768,498	47,858,610
Water and waste water	77,153,094	76,811,178
Vehicles	5,718,766	4,843,816
Computer hardware and software	371,217	509,287
Machinery and equipment	<u>4,553,497</u>	<u>4,919,261</u>
	<u>\$ 203,011,567</u>	<u>\$ 198,582,031</u>

See Schedule 13 for more details.

<b>11. Other assets</b>	<u>2009</u>	<u>2008</u>
Prepaid expenses	\$ 41,652	\$ 31,765
Prepaid fuel	39,995	
Inventory held for resale	<u>4,681</u>	<u>5,696</u>
	<u>\$ 86,328</u>	<u>\$ 37,461</u>

<b>12. Accumulated surplus</b>	<u>2009</u>	<u>2008</u> (As restated) (Note 1(b))
Consists of:		
Surpluses (deficits)		
City	\$ 3,103,543	\$ 3,043,261
Library		(1,889)
North Welland BIA	18,721	35,827
Welland Downtown BIA	104,187	86,136
Niagara Central Airport Commission (Note 16)	<u>22,100</u>	<u>10,181</u>
	<u>3,248,551</u>	<u>3,173,516</u>
Investment in tangible capital assets	<u>203,011,567</u>	<u>198,582,031</u>
Investment in subsidiary	<u>29,201,519</u>	<u>31,447,884</u>
Unfunded:		
Long term debt	(31,228,412)	(31,270,902)
Employee benefit obligations	(5,012,082)	(5,097,546)
Welland Downtown BIA long term payable	<u>(240,000)</u>	<u>(255,000)</u>
	<u>(36,480,494)</u>	<u>(36,623,448)</u>
Reserves and reserve funds (Note 13)	<u>22,117,328</u>	<u>22,813,336</u>
	<u>\$ 221,098,471</u>	<u>\$ 219,393,319</u>

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

for the year ended December 31, 2009

<b>13. Reserves and reserve funds</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
Reserves set aside for specific purposes by Council		
Working capital	\$ 787,821	\$ 635,535
Replacement of equipment	913,310	654,167
Bequests	<u>43,023</u>	<u>42,519</u>
<b>Total reserves</b>	<u><b>1,744,154</b></u>	<u><b>1,332,221</b></u>
Reserve funds set aside for specific purposes by Council		
Sick leave	488,471	585,675
Workers Safety Insurance Board	153,373	137,190
Capital expenditure		
General administration	452,276	388,675
Parks and recreation	124,223	118,477
Economic development	361,680	25,049
Fire	1,125,522	883,699
Airport	36,390	36,390
Fleet	484,286	554,564
Building capital improvements	117,522	112,641
Parking	37,892	26,403
Municipal incentive grants	391,446	489,329
Recreational canal lands	14,618,878	14,966,247
Pay equity	71,691	82,198
Employee benefits	14,180	13,561
Water/sewer surplus	745,666	1,545,215
Operating surplus	1,013,934	1,447,706
Ontario Municipal Partnership Funding Contingency	<u>135,744</u>	<u>68,096</u>
<b>Total reserve funds</b>	<u><b>20,373,174</b></u>	<u><b>21,481,115</b></u>
<b>Total reserves and reserve funds</b>	<u><b>\$ 22,117,328</b></u>	<u><b>\$ 22,813,336</b></u>
<b>Continuity of reserves and reserve funds:</b>		
<b>Balance, beginning of year</b>	<b>\$ 22,813,336</b>	<b>\$ 22,684,354</b>
Interest earned	980,344	1,131,642
Other revenue	565,306	72,782
Transfers in from:		
Operating revenue	1,300,943	1,694,690
Capital revenue	<u>158,197</u>	<u>47,119</u>
	<u><b>3,004,790</b></u>	<u><b>2,946,233</b></u>
Transfers out for:		
Operating purposes	3,051,787	1,436,251
Capital purposes	<u>649,011</u>	<u>1,381,000</u>
	<u><b>3,700,798</b></u>	<u><b>2,817,251</b></u>
<b>Balance, end of year</b>	<u><b>\$ 22,117,328</b></u>	<u><b>\$ 22,813,336</b></u>

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

for the year ended December 31, 2009

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

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

	<u>2009</u>	<u>2008</u>
Region of Niagara (Schedule 2)	\$ 29,086,808	\$ 29,168,890
School boards (Schedule 2)	<u>12,955,307</u>	<u>13,137,563</u>
	<u>\$ 42,042,115</u>	<u>\$ 42,306,453</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 (2009 - \$ 601,077; 2008 - \$ 1,315,361). Development charges collected in excess of those paid to the Region are recorded as accounts payable.

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### 15. 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.

Effective January 1, 2009, contributions were made at rates ranging from 6.5% to 10.7% depending on the proposed retirement age and the level of earnings. As a result \$ 2,856,744 (2008 - \$ 2,953,625) was contributed to OMERS for current service, representing both the employer's and the employees' portions, of which \$ 1,428,372 (2008 - \$ 1,476,813) represents the employees' portion.

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

for the year ended December 31, 2009

### 16. 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>2009</u>	<u>2008</u>
<b>Financial assets</b>		
Cash and temporary investments	\$ 85,038	\$ 75,266
Receivables	<u>19,616</u>	<u>5,170</u>
	<u>104,654</u>	<u>80,436</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>8,460</u>	<u>7,839</u>
<b>Net financial assets</b>	<u>96,194</u>	<u>72,597</u>
<b>Non-financial assets</b>		
Prepaid expenses	1,640	1,722
Fuel inventory	8,511	10,356
Tangible capital assets	<u>1,112,429</u>	<u>1,132,982</u>
	<u>1,122,580</u>	<u>1,145,060</u>
<b>Accumulated surplus</b>	<u>\$ 1,218,774</u>	<u>\$ 1,217,657</u>
<b>Revenues</b>		
Grants	\$ 87,000	\$ 90,348
Fuel and rentals	45,872	43,088
Interest	925	1,203
<b>Expenditures</b>	<u>(132,680)</u>	<u>(171,153)</u>
<b>Annual surplus (deficit)</b>	<u>\$ 1,117</u>	<u>\$ (36,514)</u>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2009 and the results of operations are as reported for the year ended December 31, 2009. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2008.

The Municipality has recorded in the financial statements its 55% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenditures, 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, 2009

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#### **17. Trust fund**

The trust fund administered by the Municipality amounting to \$ 460,157 (2008 - \$ 440,482) 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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#### **18. 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 2009 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 (2008 - \$ 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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#### **19. Commitments**

The Municipality has committed to contribute \$ 30,000 per year to Niagara College over five years. The contributions commenced in 2005.

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#### **20. 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, 2009

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### 21. 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, 2009

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### 21. 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, 2009

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### 21. Segmented information (continued)

#### **Environmental Services**

This division includes waterworks, sanitary sewers and storm sewers, including the maintenance of water main and sanitary sewers and the operation of the water system, water metering and the sanitary sewer system.

The Water and Sewer Section operate the water and sewer system with provincially-licensed operators to maintain water quality and sampling, repair water main breaks, flush water mains, clean and unplug sewers, replace water/sewer 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, 2009

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### 21. 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, 2009  
(As restated)  
(Note 1(b))

	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	888,741	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 (expenditures)</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>\$ 486,006</b>	<b>\$ 1,705,152</b>

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

For the year ended December 31, 2008  
(As restated)  
(Note 1(b))

	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	\$ 2,808,460	\$ 7,112,443	\$ 10,852,542	\$ 490,576	\$ 57,028	\$ 101,513	\$ 5,335,493	\$ 867,385	\$ 27,625,440
User charges	284,295	512,444	1,551,340	18,898,440	75,091		1,077,287	499,996	22,898,893
Grants	3,519,500		3,363,849	963,164			452,363	27,033	8,325,909
Other revenues	3,589,021	34,739	205,826	(18,299)	12,710	528	1,025,337	14,551	4,864,413
Increase in equity in subsidiary	2,157,143								2,157,143
<b>Total revenues</b>	<b>12,358,419</b>	<b>7,659,626</b>	<b>15,973,557</b>	<b>20,333,881</b>	<b>144,829</b>	<b>102,041</b>	<b>7,890,480</b>	<b>1,408,965</b>	<b>65,871,798</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	3,564,514	6,477,896	8,034,123	1,982,823	71,776	17,869	5,323,690	769,623	26,242,314
Net long term debt charges	768,396		325,477	394,487					1,488,360
Materials, services and other	2,409,384	649,120	3,131,634	15,881,044	23,936	91,321	2,332,543	320,748	24,839,730
Rents and finance expenses	1,207,093								1,207,093
External transfers							246,159		246,159
Amortization	929,251	256,400	2,878,715	1,697,658	1,115	88,670	1,130,972	29,538	7,012,319
<b>Total expenses</b>	<b>8,878,638</b>	<b>7,383,416</b>	<b>14,369,949</b>	<b>19,956,012</b>	<b>96,827</b>	<b>197,860</b>	<b>9,033,364</b>	<b>1,119,909</b>	<b>61,035,975</b>
<b>Net revenues (expenditures)</b>	<b>\$ 3,479,781</b>	<b>\$ 276,210</b>	<b>\$ 1,603,608</b>	<b>\$ 377,869</b>	<b>\$ 48,002</b>	<b>\$ (95,819)</b>	<b>\$ (1,142,884)</b>	<b>\$ 289,056</b>	<b>\$ 4,835,823</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Taxation</b>			
Real property	\$ 68,691,154	\$ 68,398,423	\$ 67,413,386
From other governments			
Payments in lieu of taxes			
Public Works	49,000	48,537	49,307
St. Lawrence Seaway Authority	88,000	91,572	88,522
Niagara College and Hospital	294,000	299,100	294,974
Hydro One Networks Inc.	131,000	130,716	131,143
Ministry of Government Services	162,000	163,789	175,633
Municipal enterprises	92,000	69,599	92,244
Railways	122,680	123,466	123,466
Regional Municipality of Niagara	248,000	249,587	247,857
	<u>1,186,680</u>	<u>1,176,366</u>	<u>1,203,146</u>
	69,877,834	69,574,789	68,616,532
Less taxation collected on behalf of:			
Region of Niagara	(28,590,000)	(28,485,731)	(27,853,529)
School boards	(12,986,780)	(12,955,307)	(13,137,563)
Net taxes available for municipal purposes	<u>\$ 28,301,054</u>	<u>\$ 28,133,751</u>	<u>\$ 27,625,440</u>
Residential and farm	\$ 20,455,266	\$ 20,334,343	\$ 19,553,580
Multi-residential	1,974,012	1,962,343	1,964,451
Commercial	4,413,866	4,387,773	4,539,902
Industrial	1,320,681	1,312,874	1,430,889
Local improvements	21,491	21,364	21,366
Business Improvement Area	115,738	115,054	115,252
Net taxes available for municipal purposes	<u>\$ 28,301,054</u>	<u>\$ 28,133,751</u>	<u>\$ 27,625,440</u>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>User charges</b>			
Operating			
Fees, service charges and donations	\$ 3,310,850	\$ 3,245,501	\$ 3,155,360
Water billings	8,700,068	7,596,749	7,702,628
Sewer billings	12,346,561	10,789,144	10,860,884
Licenses and permits	583,500	630,958	575,649
	<u>24,940,979</u>	<u>22,262,352</u>	<u>22,294,521</u>
Capital			
Lot levies and development charges	346,700	154,266	357,548
Fees, service charges and donations		81,686	246,824
	<u>346,700</u>	<u>235,952</u>	<u>604,372</u>
	<u>\$ 25,287,679</u>	<u>\$ 22,498,304</u>	<u>\$ 22,898,893</u>
<b>Grants</b>			
Operating			
Province of Ontario	\$ 3,652,978	\$ 3,815,186	\$ 3,719,644
Government of Canada	27,000	26,995	2,412
Other municipalities	29,000	1,000	31,294
Other		18,395	4,095
Total operating grants	<u>3,708,978</u>	<u>3,861,576</u>	<u>3,757,445</u>
Capital			
Province of Ontario	7,053,240	3,800,540	3,513,050
Government of Canada	5,743,900	1,172,475	1,055,414
Other	100,000	5,158	
Total capital grants	<u>12,897,140</u>	<u>4,978,173</u>	<u>4,568,464</u>
	<u>\$ 16,606,118</u>	<u>\$ 8,839,749</u>	<u>\$ 8,325,909</u>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Other revenue</b>			
Operating			
Penalties and interest on taxes	\$ 1,100,000	\$ 1,091,383	\$ 978,005
Fines	378,800	334,429	306,361
Rent and leases	551,654	526,166	537,225
Investment income	2,174,035	2,352,393	2,436,630
Sale of land	300,000		
Cost sharing	67,000	89,350	165,296
Development charges	125,195	125,195	51,736
Subdividers' contribution		67,285	
Other	72,700	225,681	405,705
	<u>4,769,384</u>	<u>4,811,882</u>	<u>4,880,958</u>
Capital			
Rent and leases		28,116	38,693
Cost sharing	1,119,900	1,593,649	166,712
Subdividers' contribution	940,000		30,167
Other		149,376	148,239
Gain (loss) on disposal of tangible capital assets		241,528	(400,356)
	<u>2,059,900</u>	<u>2,012,669</u>	<u>(16,545)</u>
	<u>\$ 6,829,284</u>	<u>\$ 6,824,551</u>	<u>\$ 4,864,413</u>



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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>General Government</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 4,247,958	\$ 4,187,293	\$ 2,808,460
User charges/fees	285,725	298,286	284,295
Grants	3,455,100	3,455,100	3,519,500
Other revenues	3,685,899	3,584,316	3,589,021
<b>Total revenues</b>	<b>11,674,682</b>	<b>11,524,995</b>	<b>10,201,276</b>
<b><u>Expenditures</u></b>			
Members of Council			
Salaries, wages and employee benefits	241,425	234,743	228,586
Materials, services and other	48,180	45,712	57,747
Amortization		4,934	5,024
General administration			
Salaries, wages and employee benefits	3,629,633	3,486,275	3,335,928
Net long term debt charges	732,980	717,121	768,396
Materials, services and other	2,434,985	2,316,438	2,351,637
Amortization		936,402	924,227
Financial expenses			
Pensions, sick leave and other benefits	100,225	138,900	181,472
Tax write-offs, net of recoveries	729,250	512,476	688,320
Other services and supplies	210,000	128,128	337,301
<b>Total expenditures</b>	<b>8,126,678</b>	<b>8,521,129</b>	<b>8,878,638</b>
<b>Net surplus</b>	<b>\$ 3,548,004</b>	<b>\$ 3,003,866</b>	<b>\$ 1,322,638</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Protection to Persons and Property</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 7,394,005	\$ 7,296,366	\$ 7,112,443
User charges/fees	533,750	564,530	512,444
Other revenues	13,800	70,809	34,739
<b>Total revenues</b>	<b>7,941,555</b>	<b>7,931,705</b>	<b>7,659,626</b>
<b><u>Expenditures</u></b>			
Fire			
Salaries, wages and employee benefits	6,113,529	6,044,164	5,767,922
Net long term debt charges		1,632	
Materials, services and other	657,642	559,951	405,955
Amortization		273,413	255,497
Protective inspection and control			
Salaries, wages and employee benefits	801,925	786,130	709,974
Materials, services and other	244,405	238,794	243,165
Amortization		903	903
<b>Total expenditures</b>	<b>7,817,501</b>	<b>7,904,987</b>	<b>7,383,416</b>
<b>Net surplus</b>	<b>\$ 124,054</b>	<b>\$ 26,718</b>	<b>\$ 276,210</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Transportation Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 9,575,078	\$ 9,978,176	\$ 10,852,542
User charges/fees	1,595,000	1,736,043	1,551,340
Grants	2,662,990	1,701,389	3,363,849
Other revenues	304,710	584,668	205,826
<b>Total revenues</b>	<b>14,137,778</b>	<b>14,000,276</b>	<b>15,973,557</b>
<b><u>Expenditures</u></b>			
Roadways, sidewalks, works and traffic control			
Salaries, wages and employee benefits	5,487,461	5,478,488	5,467,200
Net long term debt charges	332,490	328,926	323,803
Materials, services and other	824,484	846,353	1,511,971
Amortization		2,444,295	2,390,681
Transit, handi-trans and community bus service			
Salaries, wages and employee benefits	2,316,808	2,269,516	2,144,060
Net long term debt charges			1,674
Materials, services and other	1,033,424	1,035,768	908,644
Amortization		501,697	471,733
Parking			
Salaries, wages and employee benefits	410,787	391,679	421,853
Materials, services and other	31,009	30,462	33,064
Street lighting			
Salaries, wages and employee benefits	1,000	2,428	1,010
Materials, services and other	640,700	755,710	600,122
Airport			
Materials, services and other	76,560	61,670	77,833
Amortization		11,304	16,301
<b>Total expenditures</b>	<b>11,154,723</b>	<b>14,158,296</b>	<b>14,369,949</b>
<b>Net surplus (deficit)</b>	<b>\$ 2,983,055</b>	<b>\$ (158,020)</b>	<b>\$ 1,603,608</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Environmental Services</b>			
<u>Revenues</u>			
Taxation	\$ 444,635	\$ 390,962	\$ 490,576
User charges/fees	21,723,329	18,727,612	18,898,440
Grants	1,712,950	1,472,354	963,164
Other revenues	2,038,500	1,358,763	(18,299)
<b>Total revenues</b>	<b>25,919,414</b>	<b>21,949,691</b>	<b>20,333,881</b>
<u>Expenditures</u>			
Sanitary sewer system			
Salaries, wages and employee benefits	506,382	504,676	465,035
Net long term debt charges	96,505	92,301	100,851
Materials, services and other	10,430,264	10,843,155	10,629,028
Amortization		436,802	429,353
Storm sewer system			
Salaries, wages and employee benefits	92,306	47,073	49,565
Net long term debt charges	36,100	32,542	49,319
Materials, services and other	15,200	9,671	52,725
Amortization		413,610	412,844
Waterworks system			
Salaries, wages and employee benefits	1,387,943	1,278,629	1,468,223
Net long term debt charges	262,460	256,633	244,317
Materials, services and other	6,455,710	5,786,710	5,199,291
Amortization		920,744	855,461
<b>Total expenditures</b>	<b>19,282,870</b>	<b>20,622,546</b>	<b>19,956,012</b>
<b>Net surplus</b>	<b>\$ 6,636,544</b>	<b>\$ 1,327,145</b>	<b>\$ 377,869</b>

**Corporation of the City of Welland**  
**Schedules to Consolidated Statement of Operations**  
**Segment Information**  
**Schedule 9**

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Health Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 11,315	\$ 57,028	57,028
User charges/fees	68,500	86,027	75,091
Other revenues	13,125	45,134	12,710
<b>Total revenues</b>	<b>92,940</b>	<b>131,161</b>	<b>144,829</b>
<b><u>Expenditures</u></b>			
Cemeteries			
Salaries, wages and employee benefits	75,026	69,502	71,776
Materials, services and other	17,788	18,126	23,936
Amortization		1,115	1,115
<b>Total expenditures</b>	<b>92,814</b>	<b>88,743</b>	<b>96,827</b>
<b>Net surplus</b>	<b>\$ 126</b>	<b>\$ 42,418</b>	<b>\$ 48,002</b>
<b>Social and Family Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 85,286	\$ 82,467	\$ 101,513
Grants	6,000,000		
Other revenues	300	1,427	528
<b>Total revenues</b>	<b>6,085,586</b>	<b>83,894</b>	<b>102,041</b>
<b><u>Expenditures</u></b>			
Assistance to aged persons			
Salaries, wages and employee benefits	16,118	13,164	17,869
Materials, services and other	68,518	52,140	91,321
Amortization		89,032	88,670
<b>Total expenditures</b>	<b>84,636</b>	<b>154,336</b>	<b>197,860</b>
<b>Net surplus (deficit)</b>	<b>\$ 6,000,950</b>	<b>\$ (70,442)</b>	<b>\$ (95,819)</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Recreational and Cultural Services</b>			
<b><u>Revenues</u></b>			
Taxation	\$ 5,418,000	\$ 5,226,495	\$ 5,335,493
User charges/fees	912,200	934,470	1,077,287
Grants	2,576,878	1,856,715	452,363
Other revenues	750,150	839,459	1,025,337
<b>Total revenues</b>	<b>9,657,228</b>	<b>8,857,139</b>	<b>7,890,480</b>
<b><u>Expenditures</u></b>			
Parks and recreation services			
Salaries, wages and employee benefits	2,916,596	2,905,648	2,890,799
Net long term debt charges	5,520	5,447	
Materials, services and other	1,142,182	1,345,090	1,154,960
Amortization		728,666	659,479
Facilities			
Salaries, wages and employee benefits	1,057,685	1,089,353	1,101,594
Net long term debt charges	66,655	66,045	
Materials, services and other	833,210	1,018,217	908,168
Amortization		313,565	296,292
Library			
Salaries, wages and employee benefits	1,356,579	1,329,381	1,331,297
Materials, services and other	489,924	331,084	269,415
Amortization		173,958	175,201
Other cultural services			
Grants	266,859	266,859	246,159
<b>Total expenditures</b>	<b>8,135,210</b>	<b>9,573,313</b>	<b>9,033,364</b>
<b>Net surplus (deficit)</b>	<b>\$ 1,522,018</b>	<b>\$ (716,174)</b>	<b>\$ (1,142,884)</b>

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

for the year ended December 31	Budget 2009 (Unaudited)	Actual 2009	Actual 2008 (As restated) (Note 1(b))
<b>Planning and Development</b>			
<u>Revenues</u>			
Taxation	\$ 1,124,777	\$ 971,992	\$ 867,385
User charges/fees	169,175	151,336	499,996
Grants	198,200	354,191	27,033
Other revenues	22,800	339,975	14,551
<b>Total revenues</b>	<b>1,514,952</b>	<b>1,817,494</b>	<b>1,408,965</b>
<u>Expenditures</u>			
Planning, zoning and tourism			
Salaries, wages and employee benefits	687,926	671,560	551,730
Net long term debt charges	4,415	4,357	
Materials, services and other	362,948	266,552	189,254
Amortization		29,527	28,191
Commercial and industrial			
Salaries, wages and employee benefits	197,550	197,181	217,893
Materials, services and other	173,900	150,615	131,494
Amortization		1,696	1,347
<b>Total expenditures</b>	<b>1,426,739</b>	<b>1,321,488</b>	<b>1,119,909</b>
<b>Net surplus</b>	<b>\$ 88,213</b>	<b>\$ 496,006</b>	<b>\$ 289,056</b>

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

for the year ended December 31	2009	2008
<b>Net Municipal Debt</b>		
General government		
Civic Square	\$ 11,248,966	\$ 11,711,181
Court house renovation	30,456	224,219
Protection to persons and property		
Fire pumper	300,000	
Central firehall	50,000	
Transportation services		
Roadways	6,924,849	7,208,203
Traffic	1,350,000	
Environmental services		
Sanitary sewer system	1,787,606	1,970,915
Storm sewer system	420,226	716,300
Waterworks system	5,664,429	5,588,483
Recreational and cultural services		
Parks and recreation	3,305,150	3,751,601
Museum	55,000	
Planning and development		
Market	91,730	100,000
	<b>\$ 31,228,412</b>	<b>\$ 31,270,902</b>



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

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

	Land and Land Improvements	Buildings	Roads and Bridges	Water and Waste Water	Vehicles	Computer Hardware and Software	Machinery and Equipment	Total
<b>Cost</b>								
Balance, beginning of year	\$ 36,951,510	\$ 50,079,033	\$ 82,649,553	\$ 103,706,041	\$ 9,814,528	\$ 1,254,881	\$ 8,579,230	\$ 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	11,111,564	1,197,158	8,721,753	299,270,493
<b>Accumulated amortization</b>								
Balance, beginning of year	9,889,927	13,915,750	34,904,379	27,113,972	4,970,712	745,594	3,746,832	95,287,166
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	5,392,798	825,941	4,251,731	100,428,042
<b>Net book value</b>	28,039,182	35,257,269	48,601,729	76,384,266	5,718,766	371,217	4,470,022	198,842,451
<b>Assets under construction</b>	1,004,521	145,523	2,166,769	768,828			83,475	4,169,116
<b>Total</b>	\$ 29,043,703	\$ 35,402,792	\$ 50,768,498	\$ 77,153,094	\$ 5,718,766	\$ 371,217	\$ 4,553,497	\$ 203,011,567

**for the year ended December 31, 2008**

<b>Cost</b>								
Balance, beginning of year	\$ 35,958,582	\$ 50,291,782	\$ 80,605,269	\$ 99,388,383	\$ 8,894,271	\$ 1,186,530	\$ 8,218,092	\$ 284,542,909
Add: additions during year	1,344,807	368,105	2,695,901	4,690,233	1,090,395	225,867	887,906	11,303,214
Less: disposals during year	(351,879)	(580,854)	(651,617)	(372,575)	(170,138)	(157,516)	(526,768)	(2,811,347)
Balance, end of year	36,951,510	50,079,033	82,649,553	103,706,041	9,814,528	1,254,881	8,579,230	293,034,776
<b>Accumulated amortization</b>								
Balance, beginning of year	9,230,156	13,417,840	33,640,333	25,635,083	4,381,292	596,553	3,507,629	90,408,886
Add: amortization	710,926	1,074,826	1,890,867	1,526,406	753,012	306,558	749,724	7,012,319
Less: accumulated amortization of disposals	(51,155)	(576,916)	(626,821)	(47,517)	(163,592)	(157,517)	(510,521)	(2,134,039)
Balance, end of year	9,889,927	13,915,750	34,904,379	27,113,972	4,970,712	745,594	3,746,832	95,287,166
<b>Net book value</b>	27,061,583	36,163,283	47,745,174	76,592,069	4,843,816	509,287	4,832,398	197,747,610
<b>Assets under construction</b>	278,270	136,743	113,436	219,109			86,863	834,421
<b>Total</b>	\$ 27,339,853	\$ 36,300,026	\$ 47,858,610	\$ 76,811,178	\$ 4,843,816	\$ 509,287	\$ 4,919,261	\$ 198,582,031

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

as at December 31	2009	2008
<b>Assets</b>		
Cash	\$ 1,000	\$ 1,000
User charges receivable	1,857,603	1,605,136
	<u>1,858,603</u>	<u>1,606,136</u>
<b>Liabilities</b>		
Accounts payable	90,963	74,462
Long term debt	5,664,415	5,588,474
Employee benefit obligations	273,124	255,684
Due to other funds	1,274,417	745,715
	<u>7,302,919</u>	<u>6,664,335</u>
<b>Net financial debt</b>	<b>(5,444,316)</b>	<b>(5,058,199)</b>
<b>Non-financial assets</b>		
Tangible capital assets	33,170,943	32,085,738
<b>Accumulated surplus</b>	<b>\$ 27,726,627</b>	<b>\$ 27,027,539</b>
<b>Accumulated surplus consists of:</b>		
Deficit	\$ (697,165)	\$ (1,178,978)
Investment in tangible capital assets	33,170,943	32,085,738
Unfunded:		
Long term debt	(5,664,415)	(5,588,474)
Employee benefit obligations	(273,124)	(255,684)
	<u>(5,937,539)</u>	<u>(5,844,158)</u>
Reserves for capital projects	444,722	419,722
Water reserve	745,666	1,545,215
<b>Accumulated surplus</b>	<b>\$ 27,726,627</b>	<b>\$ 27,027,539</b>

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

for the year ended December 31	Budget 2009	Actual 2009	Actual 2008
<b>Revenues</b>			
Sale of water	\$ 8,700,068	\$ 7,596,749	\$ 7,702,628
Penalties	75,000	76,290	57,561
Customer services	105,000	104,850	130,487
Other revenue		67,868	128,330
	<u>8,880,068</u>	<u>7,845,757</u>	<u>8,019,006</u>
<b>Expenditures</b>			
Water purchases	4,970,800	4,249,281	4,039,170
Salaries, wages and benefits	1,387,943	1,278,629	1,468,223
Amortization		920,744	855,461
Other (includes long term debt interest)	1,747,370	1,700,430	1,408,780
	<u>8,106,113</u>	<u>8,149,084</u>	<u>7,771,634</u>
<b>Net revenues (expenditures)</b>	<u>773,955</u>	<u>(303,327)</u>	<u>247,372</u>
<b>Revenues related to capital</b>			
User charges	346,700	10,000	18,188
Grants	370,000	944,597	445,280
Other		47,818	(160,853)
	<u>716,700</u>	<u>1,002,415</u>	<u>302,615</u>
<b>Annual surplus</b>	1,490,655	699,088	549,987
<b>Accumulated surplus, beginning of year</b>	<u>27,027,539</u>	<u>27,027,539</u>	<u>26,477,552</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 28,518,194</u>	<u>\$ 27,726,627</u>	<u>\$ 27,027,539</u>

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

as at December 31 2009 2008

**Assets**

User charges receivable	\$ 1,988,236	\$ 1,637,086
Accounts receivable		81,246
	<b>1,988,236</b>	<b>1,718,332</b>

**Liabilities**

Accounts payable	44,564	42,972
Long term debt	1,787,593	1,970,906
Employee benefit obligations	107,155	126,869
Due to other funds	2,101,179	2,443,329
	<b>4,040,491</b>	<b>4,584,076</b>

**Net financial debt** (2,052,255) (2,865,744)

**Non-financial assets**

Tangible capital assets	22,910,239	22,957,785
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**Accumulated surplus** \$ 20,857,984 \$ 20,092,041

**Accumulated surplus consists of:**

Deficit	\$ (397,507)	\$ (927,969)
Investment in tangible capital assets	22,910,239	22,957,785
Unfunded:		
Long term debt	(1,787,593)	(1,970,906)
Employee benefit obligations	(107,155)	(126,869)
	<b>(1,894,748)</b>	<b>(2,097,775)</b>
Reserves for capital projects	240,000	160,000

**Accumulated surplus** \$ 20,857,984 \$ 20,092,041

**Corporation of the City of Welland  
Sanitary Sewers  
Statement of Operations**

for the year ended December 31	Budget 2009	Actual 2009	Actual 2008
<b>Revenues</b>			
Sewer rate	\$ 12,346,561	\$ 10,789,144	\$ 10,860,884
Penalties	90,000	91,637	90,035
Customer services	60,000	53,385	56,996
Other revenue		7,271	1,723
	<u>12,496,561</u>	<u>10,941,437</u>	<u>11,009,638</u>
<b>Expenditures</b>			
Sewage treatment	9,322,364	9,148,548	8,851,399
Salaries, wages and benefits	506,382	504,676	465,035
Amortization		436,802	429,353
Other (includes long term debt interest)	1,204,405	1,786,909	2,277,926
	<u>11,033,151</u>	<u>11,876,935</u>	<u>12,023,713</u>
<b>Net revenues (expenditures)</b>	<u>1,463,410</u>	<u>(935,498)</u>	<u>(1,014,075)</u>
<b>Revenues related to capital</b>			
Grants	300,000	527,757	517,883
Other	2,038,500	1,173,684	12,500
	<u>2,338,500</u>	<u>1,701,441</u>	<u>530,383</u>
<b>Annual surplus (deficit)</b>	3,801,910	765,943	(483,692)
<b>Accumulated surplus, beginning of year</b>	<u>20,092,041</u>	<u>20,092,041</u>	<u>20,575,733</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 23,893,951</u>	<u>\$ 20,857,984</u>	<u>\$ 20,092,041</u>



## Auditors' report

Grant Thornton LLP  
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To the Members of Council, Inhabitants and Ratepayers

of the **Corporation of the City of Welland**

We have audited the statement of financial position of the trust fund of the Corporation of the City of Welland as at December 31, 2009 and the statement of operations of the trust fund for the year then ended. These financial statements are the responsibility of the City's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust fund of the City as at December 31, 2009 and the results of their operations for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

Port Colborne, Ontario  
September 13, 2010

*Grant Thornton LLP*

Chartered Accountants  
Licensed Public Accountants

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

	<b>Perpetual Care 2009</b>	<b>Perpetual Care 2008</b>
as at December 31		
<b>Assets</b>		
<b>Cash</b>	<b>\$ 18,893</b>	<b>\$ 64,549</b>
<b>Due from other funds</b>	<b>450</b>	<b>2,554</b>
<b>Investments (Note 2)</b>		
Provincial	48,011	99,792
Municipal and other	392,803	273,587
	<b>440,814</b>	<b>373,379</b>
<b>Accumulated surplus</b>	<b>\$ 460,157</b>	<b>\$ 440,482</b>

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

	Perpetual Care 2009	Perpetual Care 2008
<hr/>		
for the year ended December 31		
<hr/>		
<b>Revenue</b>		
Perpetual care	\$ 19,675	\$ 19,326
<b>Accumulated surplus</b>		
Beginning of year	440,482	421,156
End of year	\$ 460,157	\$ 440,482



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

for the year ended December 31, 2009

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**1. Accounting policies**

**Basis of accounting**

The consolidated 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 \$ 440,157 (2008 - \$ 373,379) have an estimated market value of \$ 468,086 (2008 - \$ 399,467). Investments consist of Canadian municipal bonds and bank guaranteed investment certificates.