

Consolidated financial statements of

Corporation of the Town of Pelham

December 31, 2014

Corporation of the Town of Pelham

December 31, 2014

Table of contents

Independent Auditor's Report	1-2
Consolidated statement of operations.....	3
Consolidated statement of change in net debt.....	4
Consolidated statement of financial position.....	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements.....	7-20
Schedule of library operations – Schedule 1.....	21
Consolidated schedule of tangible capital assets – Schedule 2	22-23
Consolidated schedule of segment disclosure – Schedule 3.....	24-25
Schedule of segment disclosure with budget information – Schedule 4	26-29
Trust Funds	
Independent Auditor's Report	30-31
Statement of revenue and expenses and change in fund balances	32
Statement of financial position	33
Notes to the financial statements	34

Independent Auditor's Report

To the Members of Council, and the Citizens of the
Corporation of the Town of Pelham

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Pelham, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Pelham as at December 31, 2014, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 20, 2015

Corporation of the Town of Pelham

Consolidated statement of operations year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Taxation (Note 10)	10,106,191	10,173,440	9,871,564
User charges (Note 11)	4,941,834	4,971,870	4,759,844
Grants (Note 13)	578,204	586,563	933,333
Contributions from developers	396,179	1,286,982	592,950
Other (Note 14)	707,815	857,578	819,094
Equity earnings (loss) in subsidiary (Note 2)	-	54,434	(139,708)
Loss on disposal of tangible capital assets	-	(208,478)	(581,263)
	16,730,223	17,722,389	16,255,814
Expenses			
General government	2,593,033	2,863,720	2,525,934
Protection to persons and property	1,658,858	1,690,161	1,572,790
Transportation services	5,327,652	6,100,292	5,164,272
Environmental services	4,131,047	4,555,211	4,079,393
Health services	174,704	134,782	152,956
Recreation and culture services	2,451,437	2,435,808	2,464,974
Planning and development	393,492	483,013	517,564
	16,730,223	18,262,987	16,477,883
Annual deficit	-	(540,598)	(222,069)
Accumulated surplus, beginning of year	85,007,033	85,007,033	85,229,102
Accumulated surplus, end of year	85,007,033	84,466,435	85,007,033

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Corporation of the Town of Pelham

Consolidated statement of change in net debt year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
		\$	\$
Annual deficit	-	(540,598)	(222,069)
Amortization of tangible capital assets	4,148,879	4,337,310	4,127,811
Acquisition of tangible capital assets	(16,360,084)	(9,416,645)	(4,888,533)
Loss on disposal of tangible capital assets	-	208,478	581,263
Proceeds on disposal of tangible capital assets	-	9,142	1,494
	(12,211,205)	(5,402,313)	(400,034)
Acquisition of other assets	-	(59,694)	(298,009)
Use of other assets	-	292,805	150,216
	-	233,111	(147,793)
Decrease in net debt	(12,211,205)	(5,169,202)	(547,827)
Net debt, beginning of year	(2,293,877)	(2,293,877)	(1,746,050)
Net debt, end of year	(14,505,082)	(7,463,079)	(2,293,877)

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Corporation of the Town of Pelham

Consolidated statement of financial position as at December 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash	473,272	403,745
Taxes receivable	2,112,912	2,314,360
User charges receivable	576,572	605,476
Accounts receivable	932,496	867,767
Investment in subsidiary (Note 2)	5,137,164	5,082,730
	9,232,416	9,274,078
Liabilities		
Bank indebtedness (Note 3)	3,200,000	1,000,000
Accounts payable and accrued liabilities	4,618,505	2,667,442
Other liabilities	844,959	655,576
Due to Perpetual Care Trust Fund (Note 4)	638,843	-
Deferred revenue (Note 5)	1,214,840	1,896,167
Long-term debt (Note 6)	5,897,839	5,026,279
Employee benefit obligations (Note 7)	280,509	322,491
	16,695,495	11,567,955
Contingencies (Note 18)		
Net debt	(7,463,079)	(2,293,877)
Non-financial assets		
Tangible capital assets (Schedule 2)	91,854,375	86,992,659
Other assets	75,139	308,251
	91,929,514	87,300,910
Accumulated surplus (Note 8)	84,466,435	85,007,033

Approved by

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Corporation of the Town of Pelham

Consolidated statement of cash flows year ended December 31, 2014

	2014	2013
	\$	\$
Operating activities		
Annual deficit	(540,598)	(222,069)
Amortization	4,337,310	4,127,811
Loss on disposal of tangible capital assets	208,478	581,263
Net earnings from investment in subsidiary	(96,858)	(65,754)
Decrease in taxes receivable	201,448	54,544
Increase in user charges receivable	28,904	(20,594)
Increase in accounts receivable	(64,729)	(257,160)
Increase in accounts payable and accrued liabilities	1,951,063	121,373
Increase in due to Perpetual Care Fund	638,843	-
Increase (decrease) in other liabilities	189,383	(43,509)
Decrease in deferred revenue	(681,327)	(331,608)
(Decrease) increase in employee benefit obligations	(41,982)	41,229
Decrease (increase) in other assets	233,112	(147,793)
	6,363,047	3,837,733
Capital activities		
Proceeds from disposal of tangible capital assets	9,142	1,494
Acquisition of tangible capital assets, net of construction in process capitalized	(9,416,645)	(4,888,533)
	(9,407,503)	(4,887,039)
Financing activities		
Increase in bank indebtedness	2,200,000	1,000,000
Dividends received from investment in subsidiary (Note 2)	42,424	205,462
Issuance of long-term debt	1,785,629	714,914
Repayment of long-term debt	(914,070)	(841,486)
	3,113,983	1,078,890
Net increase in cash	69,527	29,584
Cash, beginning of year	403,745	374,162
Cash, end of year	473,272	403,745

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

1. Significant accounting policies

The consolidated financial statements of the Corporation of the Town of Pelham ("the Town") are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, non-financial assets, revenues, and expenses and include all activities of all committees of Council and the following local boards and municipal entities which are under the control of Council:

Pelham Public Library Board

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).

Peninsula West Power Inc.

Peninsula West Power Inc., a subsidiary corporation of the Town is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government enterprises (Note 2). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and inter-organizational transactions and balances are not eliminated.

The consolidated statements exclude trust funds that are administered for the benefit of external parties (Note 17).

Basis of accounting

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

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.

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. The cost of the benefits earned by employees is determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

1. Significant accounting policies (continued)

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost, less residual value of the tangible capital asset is amortized on a straight line basis over the estimated useful life as follows:

<u>Classification</u>	<u>Useful life</u>
Land improvements	15 to 40 years
Buildings	20 to 60 years
Machinery and equipment	7 to 40 years
Furniture and fixtures	5 to 10 years
Computer hardware	4 years
Computer software	5 years
Library collection	15 years
Linear assets	2 to 90 years
Vehicles	3 to 20 years

Half year amortization is charged in the year of acquisition and no amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

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

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

Works of art, artifacts, cultural or historic assets are not recorded as assets in the 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.

Subdivision infrastructure

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Town. The Town is not involved in the construction.

Reserves for future expenses

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

Government transfer payments

Government transfers are recognized as revenues by the Town in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

Local improvements

The Town records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become receivable.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

1. Significant accounting policies (continued)

Tax revenue

Tax revenue is recognized on all taxable properties within the Town that are included in the tax roll provided by the Municipal Property Assessment Corporation, using property values included in the tax roll or property values that can be reasonably estimated by the Town as it relates to supplementary or omitted assessments, at tax rates authorized by Council for the Town's own purposes in the period for which the tax is levied.

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 of these financial statements.

Development charges

Development charges, collected under the authority of Sections 33 to 35 of the Development Charges Act, 1997, are reported as deferred revenue in the consolidated statement of financial position in accordance with Canadian public sector accounting standards. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

Management estimates

The preparation of these 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 reporting period. Actual results could differ from those estimates.

2. Subsidiary operations

Peninsula West Power Inc. (PWPI), established by Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the Municipalities of Lincoln, West Lincoln and Pelham. PWPI owns a 25.5% share of Niagara Peninsula Energy Inc., which provides electric distribution services and wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services. The Town of Pelham has a 17% interest in PWPI.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

2. Subsidiary operations (continued)

The following table provides condensed supplementary financial information for Peninsula West Power Inc.:

	2014	2013
	\$	\$
Financial position		
Current assets	1,205,555	1,104,145
Capital assets	103,528	95,676
Investment	33,922,308	33,629,805
Total assets	35,231,391	34,829,626
Current liabilities		
Accounts payable	62,349	44,691
Future payments in lieu of taxes	4,950,428	4,886,521
Total liabilities	5,012,777	4,931,212
Net assets	30,218,614	29,898,414
Town of Pelham's interest - 17%	5,137,164	5,082,730
	2014	2013
	\$	\$
Change in equity investment in subsidiary		
Revenues	238,890	282,568
Expenses	(193,240)	(229,738)
Payment in lieu of income taxes	(74,402)	(37,874)
(Loss) gain from operations	(28,752)	14,956
Other items related to merger	598,503	371,836
Net earnings	569,751	386,792
Dividends	(249,552)	(1,208,600)
Net increase (decrease) in equity of subsidiary	320,199	(821,808)
Change in equity of subsidiary - 17%	54,434	(139,708)

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Niagara Peninsula Energy Inc. at December 31, 2014 and the results of operations is as reported for the year ended December 31, 2014. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2013.

The following summarizes the Town's related party transactions with Niagara Peninsula Energy Inc. 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.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

2. Subsidiary operations (continued)

	2014	2013
	\$	\$
Electricity purchased	37,027	75,631
Property taxes and other taxes	630	635
	37,657	76,266

3. Bank indebtedness

The Town has an authorized revolving line of credit of \$3,000,000 at prime, of which \$0 remained unused at year-end. The line of credit is secured by borrowing by-law for operating line of \$3,000,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$2,000,000 at prime, of which \$1,800,000 remained unused at year-end. Payment is due on demand.

4. Due to Perpetual Care Trust Fund

The amounts due to the Perpetual Care Trust Fund is unsecured, interest bearing with no specific terms of repayment.

5. Deferred revenue

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

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

	Development charges	Parkland	Other	2014 Total	2013 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	797,110	1,029,491	69,566	1,896,167	2,227,730
Restricted funds received	648,662	225,471	2,798,882	3,673,015	1,148,092
Interest earned	4,364	5,636	1,544	11,544	13,628
Revenue recognized	(1,137,441)	(448,334)	(2,780,111)	(4,365,886)	(1,493,283)
Balance, end of year	312,695	812,264	89,881	1,214,840	1,896,167

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

6. Long-term debt

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

	2014	2013
	\$	\$
CIBC bank loan, with interest only payable monthly until January, 2007 and then monthly principal payments of \$21,428 plus interest commencing in January, 2007. Interest is payable at the prime rate.	1,345,580	1,602,716
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is	4,552,259	3,423,563
	5,897,839	5,026,279

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2014	2013
		%		\$	\$
114-2004	Canboro Road	2.46	2014	-	250,000
73-2010	Fire trucks	2.95 to 4.65	2015	89,209	175,652
67-2009	Centennial Park	3.15 to 4.8	2019	112,000	132,000
83-2011	Haist & Pelham St	1.95 to 4.05	2021	1,255,062	1,415,997
73-2012	Haist St & Rice Rd	1.35 to 3.10	2022	660,000	735,000
72-2013	Effingham & Hwy 20	1.40 to 3.75	2023	650,355	714,913
78-2014	Pelham St & Fire Stn #2	1.20 to 3.30	2024	1,785,633	-
Bank loan	Land purchase	Prime -0.10		1,345,580	1,602,717
				5,897,839	5,026,279

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

	\$
2015	837,480
2016	758,860
2017	768,100
2018	780,610
2019	794,450

The Town paid \$160,413 (2013 - \$143,605) interest on long-term debt during the year.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

7. Employee benefit obligations

The Town completed a valuation for accounting purposes annually using the projected benefit method prorated on service.

The valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, medical inflation rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect management's best estimates. The main assumptions employed for the valuation are as follows:

Discount rate	- beginning of year	3.75%
	- end of year	3.30%
Medical cost increases	- ultimate trend rate	4.60%

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

	2014	2013
	\$	\$
Current service cost	(33,219)	51,254
Interest on post-employment benefit liability	12,093	8,719
Total expense related to post-employment benefits	(21,126)	59,973

Vested sick leave benefits

Under the sick leave benefit plan, which was in place until 1994, unused sick leave could accumulate and employees were entitled to a cash payment. All the vested sick leave benefits have been paid out.

Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$20,856 (2013 - \$18,743).

Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 60 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the Town contributed to OMERS for 2014 was \$416,310 (2013 - \$422,016) for current service which is included as an expense in the consolidated statement of operations.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

8. Accumulated surplus

Accumulated surplus consists of individual fund surplus (deficit) and reserves as follows:

	2014	2013
	\$	\$
Surplus (deficit)		
Town	(9,432,384)	(5,219,425)
Library (Schedule 1)	(339,837)	(251,417)
Niagara Central Airport Commission (Note 16)	16,777	9,819
	(9,755,444)	(5,461,023)
Investment in tangible capital assets (Schedule 2)	91,854,375	86,992,659
Investment in subsidiary	5,137,164	5,082,730
Unfunded		
Long-term debt	(5,897,839)	(5,026,279)
Employee benefit obligations	(280,509)	(322,491)
	(6,178,348)	(5,348,770)
Reserves and reserve funds (Note 9)	3,408,688	3,741,437
	84,466,435	85,007,033

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

9. Reserves and reserve funds

	2014	2013
	\$	\$
Reserves set aside for specific purposes by Council		
Airport (Note 16)	2,955	2,955
Building department	18,017	(6,211)
Cemetery	(120,633)	(123,607)
Community improvement plan	180,412	187,804
Elections	(20,876)	11,934
Fire equipment	160,911	(2,495)
Fleet	(82,603)	(282,329)
Future subdivision project	362,613	362,613
Information technology	(22,715)	(41,219)
Land acquisition	60,098	60,098
Library (Schedule 1)	118,675	(54,062)
Municipal building facility	(391,970)	70,675
Parks and recreation	58,020	74,056
Physician recruitment	17,192	19,609
Planning	(60,110)	(68,963)
Roads	444,328	1,125,559
Wastewater	610,163	581,045
Water	1,930,270	1,665,635
Working capital	143,941	158,340
	3,408,688	3,741,437

10. Taxation

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Real property	28,793,400	29,315,867	28,588,419
From other governments payments in lieu of taxes	282,109	279,276	278,264
	29,075,509	29,595,143	28,866,683
Less: taxation collected on behalf of (Note 12)			
Region of Niagara	13,969,588	14,327,287	13,891,529
School boards	4,999,729	5,094,416	5,103,590
	18,969,317	19,421,703	18,995,119
Net taxes available for municipal purposes	10,106,192	10,173,440	9,871,564
Residential and farm	9,289,334	9,345,000	8,822,934
Multi-residential	169,186	171,583	160,291
Commercial	610,294	618,948	851,523
Industrial	37,378	37,909	36,816
	10,106,192	10,173,440	9,871,564

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

11. User charges

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Operating			
Fees and service charges	1,069,240	883,146	775,235
Water charges	2,193,139	2,169,633	2,181,030
Sewer charges	1,655,110	1,537,065	1,564,670
Licences and permits	24,345	382,026	238,909
	4,941,834	4,971,870	4,759,844

12. Collections for the Region of Niagara and school boards

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

	2014	2013
	\$	\$
Region of Niagara	14,327,287	13,891,529
School boards	5,094,416	5,103,590
	19,421,703	18,995,119

The Town 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 Town collects development charges on behalf of the Region of Niagara. Development charges collected in excess of those paid to the Region are recorded as accounts payable.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

13. Grants

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Operating			
Government of Canada	12,500	12,500	17,653
Province of Ontario	65,704	66,487	94,031
Region of Niagara	-	9,512	27,692
Other	-	10,000	-
	<u>78,204</u>	<u>98,499</u>	<u>139,376</u>
Capital			
Government of Canada	500,000	480,602	647,555
Province of Ontario	-	-	31,402
Other	-	7,462	115,000
	<u>500,000</u>	<u>488,064</u>	<u>793,957</u>
	<u>578,204</u>	<u>586,563</u>	<u>933,333</u>

14. Other revenue

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Operating			
Penalties and interest on taxes	310,000	331,223	338,292
Investment income	32,500	23,445	23,434
Fines and other penalties	56,000	62,312	69,880
Other	291,845	372,885	387,488
	<u>690,345</u>	<u>789,865</u>	<u>819,094</u>
Capital			
Other	17,470	67,713	-
	<u>707,815</u>	<u>857,578</u>	<u>819,094</u>

15. Budget amounts

The operating budget was approved by Council on February 3, 2014 and the tax rate supported capital budgets were approved by Council on December 2, 2013 to establish the tax rates for the year. In addition, the water and wastewater operating and capital budgets were approved by Council on March 17, 2014.

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original council approved budget.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

15. Budget amounts (continued)

Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in consolidated statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net debt.

16. Niagara Central Airport Commission

The 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 Town of Pelham has a non-controlling interest in the airport of 18%.

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

	2014	2013
	\$	\$
Financial assets		
Cash and temporary investments	77,800	62,900
Receivables	6,190	8,192
	83,990	71,092
Liability		
Accounts payable and accrued liabilities	11,029	27,056
Net financial assets	72,961	44,036
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	33,625	24,491
Tangible capital assets	1,147,210	1,152,797
	1,182,189	1,178,642
	1,255,150	1,222,678
Accumulated surplus		
Operating surplus	91,776	53,717
Reserves	16,164	16,164
Investment in tangible capital assets	1,147,210	1,152,797
	1,255,150	1,222,678
Revenues		
Grants	80,300	78,530
Fuel and rentals	86,221	65,375
Property tax refund	-	39,746
Other	35,767	2,955
Interest	627	506
Expenses	(170,442)	(223,116)
Annual (deficit) surplus	32,473	(36,004)

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

15. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2014 and the results of operations are as reported for the year ended December 31, 2014. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2013.

The Town has recorded in the financial statements its 18% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

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.

	2014	2013
	\$	\$
Grants	14,454	14,135

17. Trust funds

Trust funds administered by the Municipality amounting to \$954,896 (2013 - \$932,535) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

18. Contingencies

From time to time, the Town is the subject of litigation. In the opinion of management, any litigation outstanding, if successful, would not have a material impact on the financial statements.

The Town guarantees \$3,250,000 of the debt of Niagara West Transformation Corporation of which the corporation's 50% share is \$2,508,000 and is included on the consolidated balance sheet. The guarantee is secured by a general security agreement covering all assets of the corporation. The corporation is contingently liable for the difference of \$742,000.

19. Financial instruments

The Town'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 Town 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.

20. Comparative figures

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

21. Segmented information

The Town provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. 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.

Corporation of the Town of Pelham

Notes to the consolidated financial statements

December 31, 2014

21. Segmented information (continued)

The services included in each segment are as follows:

General government

General government is comprised of governance, corporate management and program support.

Protection services

Protection is comprised of fire, police, conservation authority, protective inspection and control, emergency measures and provincial offenses.

Transportation services

Transportation is comprised of roads, winter control, transit, parking, street lighting and air transportation.

Environmental services

Environmental is comprised of storm sewer systems, water collection, waste disposal and recycling.

Health services

Health services is comprised of cemeteries.

Recreation and culture services

Recreation and culture services is comprised of parks, recreation programs, recreation facilities, libraries and cultural services.

Planning and development

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation and tile draining and shoreline assistance.

Corporation of the Town of Pelham

Consolidated schedule of library operations - Schedule 1 year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Revenue			
Municipal contribution	792,258	792,258	746,594
Grants	23,388	30,849	26,547
Other	57,700	77,681	81,179
	<u>873,346</u>	<u>900,788</u>	<u>854,320</u>
Expenses			
Administration	44,650	33,395	24,018
Amortization		94,658	99,568
Books, periodicals and other media	53,000	45,689	50,753
Electronic resources and maintenance	16,550	25,260	13,054
Furnishings and office equipment	500	5,835	635
Insurance	3,050	997	2,045
Programs	6,000	5,983	8,914
Repairs and maintenance	23,008	28,187	24,292
Salaries, wages and benefits	698,438	593,142	685,657
Supplies	3,300	2,356	3,294
Utilities	24,850	24,524	23,780
	<u>873,346</u>	<u>860,026</u>	<u>936,010</u>
Annual surplus (deficit)	-	40,762	(81,690)
Accumulated surplus, beginning of year	219,178	219,178	300,868
Accumulated surplus, end of year	<u>219,178</u>	<u>259,940</u>	<u>219,178</u>
Accumulated surplus consists of the following			
Operating deficit	-	(339,837)	(251,417)
Investment in tangible capital assets	-	511,161	560,130
Reserves	-	118,675	(54,062)
Unfunded employee benefit obligations	-	(30,059)	(35,473)
	-	<u>259,940</u>	<u>219,178</u>

Corporation of the Town of Pelham

Consolidated schedule of tangible capital assets - Schedule 2
 year ended December 31, 2014

	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Beginning of year	11,880,261	1,497,296	8,138,033	5,914,016	6,622,619	105,309,797	3,035,146	142,397,168
Add additions	318,734	1,350,222	1,789,913	137,865	39,817	3,012,113	5,152,805	11,801,469
Less construction in process capitalized	-	-	-	-	-	-	(2,384,824)	(2,384,824)
Less disposals during the year	-	(16,512)	-	(36,482)	(5,362)	(616,973)	(21,771)	(697,100)
End of year	12,198,995	2,831,006	9,927,946	6,015,399	6,657,074	107,704,937	5,781,356	151,116,713
Accumulated amortization								
Beginning of year	-	847,242	2,942,134	2,791,798	3,466,888	45,356,447	-	55,404,509
Add amortization during the year	-	77,910	199,102	365,202	348,074	3,347,022	-	4,337,310
Less amortization on disposals	-	(16,512)	-	(33,715)	(5,362)	(423,892)	-	(479,481)
End of year	-	908,640	3,141,236	3,123,285	3,809,600	48,279,577	-	59,262,338
Net book value	12,198,995	1,922,366	6,786,710	2,892,114	2,847,474	59,425,360	5,781,356	91,854,375

Corporation of the Town of Pelham

Consolidated schedule of tangible capital assets - Schedule 2 (continued) year ended December 31, 2013

	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
Beginning of year	11,867,962	1,442,621	7,576,734	5,389,865	6,612,762	101,243,437	4,740,528	138,873,909
Add additions	12,299	61,231	561,299	655,402	9,857	5,293,827	2,347,613	8,941,528
Less construction in process capitalized	-	-	-	-	-	-	(4,052,995)	(4,052,995)
Less disposals during the year	-	(6,556)	-	(131,251)	-	(1,227,467)	-	(1,365,274)
End of year	11,880,261	1,497,296	8,138,033	5,914,016	6,622,619	105,309,797	3,035,146	142,397,168
Accumulated amortization								
Beginning of year	-	810,895	2,792,122	2,533,557	3,121,087	42,801,554	-	52,059,215
Add amortization during the year	-	42,903	150,012	349,449	345,801	3,239,646	-	4,127,811
Less amortization on disposals	-	(6,556)	-	(91,208)	-	(684,753)	-	(782,517)
End of year	-	847,242	2,942,134	2,791,798	3,466,888	45,356,447	-	55,404,509
Net book value	11,880,261	650,054	5,195,899	3,122,218	3,155,731	59,953,350	3,035,146	86,992,659

Corporation of the Town of Pelham

Consolidated schedule of segment disclosure - Schedule 3
year ended December 31, 2014

2014

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Taxation	1,869,695	1,139,518	5,071,797	663,541	43,192	1,049,955	335,742	10,173,440
User charges	23,378	404,410	155,875	3,735,015	40,232	488,510	124,450	4,971,870
Grants	14,888	10,000	480,602	-	-	69,016	12,057	586,563
Contributions from developers	-	76,155	380,124	166,164	-	657,159	7,380	1,286,982
Other	360,727	60,078	167,846	21,246	51,358	192,939	3,384	857,578
Equity (loss) earnings in subsidiary	54,434	-	-	-	-	-	-	54,434
Loss on disposal of tangible capital assets	-	-	(155,952)	(30,755)	-	(21,771)	-	(208,478)
	2,323,122	1,690,161	6,100,292	4,555,211	134,782	2,435,808	483,013	17,722,389
Expenses								
Salaries and wages	1,656,769	1,060,895	987,380	762,431	110,758	1,563,280	320,368	6,461,881
Long-term debt interest	-	27,088	59,250	36,196	-	50,477	-	173,011
Materials	728,765	133,395	1,100,954	156,307	5,525	364,809	27,994	2,517,749
Contracted services	355,246	98,563	1,150,897	2,834,959	7,354	107,289	134,651	4,688,959
Rents and financial expenses	1,119	-	14,598	12,516	-	341	-	28,574
External transfers	20,000	-	-	-	-	35,503	-	55,503
Amortization	101,821	370,220	2,787,213	752,802	11,145	314,109	-	4,337,310
	2,863,720	1,690,161	6,100,292	4,555,211	134,782	2,435,808	483,013	18,262,987
Annual deficit	(540,598)	-	-	-	-	-	-	(540,598)

Corporation of the Town of Pelham

Consolidated schedule of segment disclosure - Schedule 3 (continued)
year ended December 31, 2013

2013

	General government	Protection to persons and property	Transportation services	Environmental services	Health services	Recreation and culture services	Planning and development	Consolidated
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Taxation	2,009,632	1,208,252	4,769,590	189,680	55,325	1,317,772	321,313	9,871,564
User charges	21,882	265,007	40,027	3,760,850	42,608	508,080	121,390	4,759,844
Grants	56,984	-	498,961	-	-	367,453	9,935	933,333
Contributions from developers	22,263	33,222	326,951	117,397	-	28,460	64,657	592,950
Other	371,361	66,309	36,786	46,137	55,023	243,209	269	819,094
Equity earnings in subsidiary	(139,708)	-	-	-	-	-	-	(139,708)
Loss on disposal of tangible capital assets	(38,549)	-	(508,043)	(34,671)	-	-	-	(581,263)
	<u>2,303,865</u>	<u>1,572,790</u>	<u>5,164,272</u>	<u>4,079,393</u>	<u>152,956</u>	<u>2,464,974</u>	<u>517,564</u>	<u>16,255,814</u>
Expenses								
Salaries and wages	1,536,674	1,010,740	890,943	787,607	112,567	1,637,287	464,427	6,440,245
Long-term debt interest	-	13,353	50,024	30,893	-	54,192	-	148,462
Materials	623,836	127,730	712,994	112,758	7,036	436,254	25,384	2,045,992
Contracted services	269,589	84,915	789,147	2,405,037	22,207	36,182	27,753	3,634,830
Rents and financial expenses	4,742	-	17,102	12,210	-	12,347	-	46,401
External transfers	-	-	-	-	-	34,142	-	34,142
Interfunctional adjustments	-	-	-	-	-	-	-	-
Amortization	91,093	336,052	2,704,062	730,888	11,146	254,570	-	4,127,811
	<u>2,525,934</u>	<u>1,572,790</u>	<u>5,164,272</u>	<u>4,079,393</u>	<u>152,956</u>	<u>2,464,974</u>	<u>517,564</u>	<u>16,477,883</u>
Annual deficit	(222,069)	-	-	-	-	-	-	(222,069)

Corporation of the Town of Pelham

Schedule of segment disclosure with budget information - Schedule 4 year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
General government			
Revenue			
Taxation	2,192,419	1,869,695	2,009,632
User charges	22,250	23,378	21,882
Grants	13,264	14,888	56,984
Contributions from developers	-	-	22,263
Loss on disposal of tangible capital assets	-	-	(38,549)
Equity earnings (loss) in subsidiary	-	54,434	(139,708)
Other	365,100	360,727	371,361
	2,593,033	2,323,122	2,303,865
Expenses			
Salaries and wages	1,628,325	1,656,769	1,536,674
Materials	636,910	728,765	623,836
Contracted services	221,200	355,246	269,589
Rents and financial	3,620	1,119	4,742
External transfers	20,000	20,000	-
Amortization	82,978	101,821	91,093
	2,593,033	2,863,720	2,525,934
Annual surplus	-	(540,598)	(222,069)
Protection to persons and property			
Revenue			
Taxation	1,212,258	1,139,518	1,208,252
User charges	362,400	404,410	265,007
Grants	-	10,000	-
Contributions from developers	33,200	76,155	33,222
Other	51,000	60,078	66,309
	1,658,858	1,690,161	1,572,790
Expenses			
Salaries and wages	1,049,041	1,060,895	1,010,740
Long-term debt interest	30,894	27,088	13,353
Materials	147,941	133,395	127,730
Contracted services	99,072	98,563	84,915
Amortization	331,910	370,220	336,052
	1,658,858	1,690,161	1,572,790
Annual surplus	-	-	-

Corporation of the Town of Pelham

Schedule of segment disclosure with budget information - Schedule 4

(continued)

year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Transportation services			
Revenue			
Taxation	4,652,652	5,071,797	4,769,590
User charges	10,000	155,875	40,027
Grants	500,000	480,602	498,961
Contributions from developers	120,000	380,124	326,951
Loss on disposal of tangible capital assets	-	(155,952)	(508,043)
Other	45,000	167,846	36,786
	5,327,652	6,100,292	5,164,272
Expenses			
Salaries and wages	1,027,701	987,380	890,943
Long-term debt interest	18,108	59,250	50,024
Materials	749,197	1,100,954	712,994
Contracted services	809,975	1,150,897	789,147
Rents and financial	25,900	14,598	17,102
Amortization	2,696,771	2,787,213	2,704,062
	5,327,652	6,100,292	5,164,272
Annual surplus	-	-	-
Environmental services			
Revenue			
Taxation	213,102	663,541	189,680
User charges	3,864,249	3,735,015	3,760,850
Contributions from developers	33,696	166,164	117,397
Loss on disposal of tangible capital assets	-	(30,755)	(34,671)
Other	20,000	21,246	46,137
	4,131,047	4,555,211	4,079,393
Expenses			
Salaries and wages	759,004	762,431	787,607
Long-term debt interest	-	36,196	30,893
Materials	154,545	156,307	112,758
Contracted services	2,457,200	2,834,959	2,405,037
Rents and financial	13,500	12,516	12,210
Inter-functional adjustments	-	-	-
Amortization	746,798	752,802	730,888
	4,131,047	4,555,211	4,079,393
Annual surplus	-	-	-

Corporation of the Town of Pelham

Schedule of segment disclosure with budget information - Schedule 4

(continued)

year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Health services			
Revenue			
Taxation	71,204	43,192	55,325
User charges	40,055	40,232	42,608
Other	63,445	51,358	55,023
	174,704	134,782	152,956
Expenses			
Salaries and wages	114,020	110,758	112,567
Materials	7,345	5,525	7,036
Contracted services	11,850	7,354	22,207
Amortization	41,489	11,145	11,146
	174,704	134,782	152,956
Annual surplus	-	-	-
Recreation and culture services			
Revenue			
Taxation	1,518,531	1,049,955	1,317,772
User charges	528,150	488,510	508,080
Grants	48,673	69,016	367,453
Contributions from developers	199,783	657,159	28,460
Loss on disposal of tangible capital assets	-	(21,771)	-
Other	156,300	192,939	243,209
	2,451,437	2,435,808	2,464,974
Expenses			
Salaries and wages	1,636,206	1,563,280	1,637,287
Long-term debt interest	50,000	50,477	54,192
Materials	363,940	364,809	436,254
Contracted services	111,408	107,289	36,182
Rents and financial	1,750	341	12,347
External transfers	39,200	35,503	34,142
Amortization	248,933	314,109	254,570
	2,451,437	2,435,808	2,464,974
Annual surplus	-	-	-

Corporation of the Town of Pelham

Schedule of segment disclosure with budget information - Schedule 4

(continued)

year ended December 31, 2014

	Budget 2014 (Note 15)	Actual 2014	Actual 2013
	\$	\$	\$
Planning and development			
Revenue			
Taxation	246,025	335,742	321,313
User charges	114,730	124,450	121,390
Grants	16,267	12,057	9,935
Contributions from developers	9,500	7,380	64,657
Other	6,970	3,384	269
	393,492	483,013	517,564
Expenses			
Salaries and wages	337,762	320,368	464,427
Materials	27,730	27,994	25,384
Contracted services	28,000	134,651	27,753
	393,492	483,013	517,564
Annual surplus	-	-	-

Independent Auditor's Report

To the Members of Council, and the Citizens of the Corporation of the Town of Pelham

We have audited the accompanying financial statements of the Corporation of the Town of Pelham Trust Funds, which comprise the statement of financial position as at December 31, 2014 and the statement of revenue and expenses and change in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Pelham Trust Funds as at December 31, 2014, and the results of their operations for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 20, 2015

Corporation of the Town of Pelham

Trust Funds

Statement of revenue and expenses and change in fund balances
year ended December 31, 2014

	Cemetery				
	Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2014	Total 2013
	\$	\$	\$	\$	\$
Revenue					
Interest	7,652	1,406	2,308	11,366	15,461
Donations	-	-	15,807	15,807	16,095
Marker fees	2,050	-	-	2,050	4,600
Plot sales	17,136	-	-	17,136	15,864
	26,838	1,406	18,115	46,359	52,020
Expenses					
Purchase of equipment, books and periodicals and miscellaneous	-	-	23,999	23,999	12,766
Cash transfer to Town of Pelham	-	-	-	-	15,462
	-	-	23,999	23,999	28,228
Excess (deficiency) of revenues over expenses	26,838	1,406	(5,884)	22,360	23,792
Fund balance, beginning of year	650,070	137,111	145,355	932,536	908,744
Fund balance, end of year	676,908	138,517	139,471	954,896	932,536

The accompanying notes to the financial statements are an integral part of this financial statement.

Corporation of the Town of Pelham

Trust Funds

Statement of financial position
as at December 31, 2014

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2014	Total 2013
	\$	\$	\$	\$	\$
Assets					
Cash	38,065	35,241	163,470	236,776	218,761
Receivables and accrued interest	-	710	-	710	4,776
Investments (Note 2)	-	102,566	-	102,566	709,100
Due from Town of Pelham (Note 3)	638,843	-	-	638,843	20,464
	676,908	138,517	163,470	978,895	953,101
Liability					
Due to Town of Pelham	-	-	23,999	23,999	20,565
Fund balance	676,908	138,517	139,471	954,896	932,536

The accompanying notes to the financial statements are an integral part of this financial statement.

Corporation of the Town of Pelham

Trust Funds

Notes to the financial statements
December 31, 2014

1. Accounting policies

The financial statements of the Corporation of the Town of Pelham Trust Funds are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

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 recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

(b) *Investments*

Investments are recorded at cost.

(c) *Financial instruments*

Cash, due to Town of Pelham and due to other trust funds are recorded at amortized cost.

(d) *Use of estimates*

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make 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 amount of revenues and expenses during the period. Actual results could differ from those estimates.

2. Investments

The total for investments by the trust funds of \$102,566 (2013 - \$709,100) reported on the statement of financial position at cost, have a market value of \$102,566 (2013 - \$709,100) at the end of the year.

3. Due from Town of Pelham

The amounts due from the Town of Pelham is unsecured, non-interest bearing with no specific terms of repayment.

4. Subdividers', planning and builders' deposits

In addition to the cash accounts held by the Town and shown as trust funds, bank letters of credit are also held as security to ensure the provision of subdivision services and the completion of contracts:

	2014	2013
	\$	\$
Letters of credit beginning of year	5,799,764	3,057,750
Net increase	1,508,042	2,742,014
	<u>7,307,806</u>	<u>5,799,764</u>

5. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements presented.