

Consolidated Financial Statements of

**CORPORATION OF THE TOWN OF PELHAM**

December 31, 2020

# CORPORATION OF THE TOWN OF PELHAM

December 31, 2020

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## Independent Auditor's Report

To the Members of Council of the  
Corporation of the Town of Pelham

### Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Pelham (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2020, the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Town in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the consolidated financial statements. We are solely responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
May 17, 2021

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Statement of Financial Position

December 31, 2020

	2020	2019
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 15,859,111	\$ 7,848,224
Taxes receivable	1,967,288	1,751,162
User charges receivable	800,453	684,278
Accounts receivable	4,315,848	5,012,259
Tangible capital assets held for sale (Note 3)	-	515,697
Investment in subsidiary (Note 2)	5,492,757	5,393,644
	<b>28,435,457</b>	<b>21,205,264</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 4)	1,166,667	10,294,044
Accounts payable and accrued liabilities	5,676,918	4,726,141
Other liabilities	2,214,306	1,998,225
Deposits and deferred revenue	790,484	851,502
Deferred revenue - obligatory reserve funds (Note 5)	3,227,028	3,981,023
Long-term debt (Note 6)	33,465,343	32,252,037
Employee benefit obligations (Note 7)	404,916	398,503
	<b>46,945,662</b>	<b>54,501,475</b>
Contingencies (Note 18)		
Net debt	<b>(18,510,205)</b>	<b>(33,296,211)</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	134,849,662	132,979,060
Prepaid expenses	104,650	518,557
	<b>134,954,312</b>	<b>133,497,617</b>
Accumulated surplus (Note 8)	<b>\$ 116,444,107</b>	<b>\$ 100,201,406</b>

Signed on behalf of the Town:



Marvin Junkin, Mayor





Teresa Quinlin, Treasurer



*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 Operations

For the Year Ended December 31, 2020

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
<b>REVENUE</b>			
Taxation (Note 10)	\$ 15,446,958	\$ <b>15,724,635</b>	\$ 14,342,049
User charges (Note 11)	7,030,517	<b>7,168,751</b>	6,576,964
Grants (Note 13)	1,748,914	<b>4,110,579</b>	1,912,212
Contributions from developers	2,716,804	<b>2,083,217</b>	2,168,354
Contributed tangible capital assets	-	<b>4,092,908</b>	-
Other (Note 14)	788,380	<b>890,208</b>	1,362,205
Equity earnings in subsidiary (Note 2)	-	<b>99,113</b>	63,059
Gain on disposal of tangible capital assets and assets held for sale	-	<b>6,394,140</b>	3,945,364
	27,731,573	<b>40,563,551</b>	30,370,207
<b>EXPENSES</b>			
General government	3,558,905	<b>3,950,174</b>	3,472,230
Protection to persons and property	2,190,419	<b>2,056,453</b>	1,960,146
Transportation services	6,431,727	<b>5,929,468</b>	6,481,990
Environmental services	5,192,783	<b>5,283,920</b>	4,863,889
Health services	123,876	<b>117,052</b>	117,015
Recreation and culture services	6,962,636	<b>6,400,982</b>	6,725,057
Planning and development	558,371	<b>582,801</b>	651,149
	25,018,717	<b>24,320,850</b>	24,271,476
Annual surplus	2,712,856	<b>16,242,701</b>	6,098,731
Accumulated surplus, beginning of year	100,201,406	<b>100,201,406</b>	94,102,675
Accumulated surplus, end of year	\$ 102,914,262	\$ <b>116,444,107</b>	\$ 100,201,406

*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

For the Year Ended December 31, 2020

	Budget 2020	Actual 2020	Actual 2019
<b>ANNUAL SURPLUS</b>	\$ 2,712,856	\$ 16,242,701	\$ 6,098,731
Amortization of tangible assets	6,200,000	5,681,227	5,878,048
Contributed tangible capital assets	-	(4,092,908)	-
Acquisition of tangible capital assets	(6,562,744)	(3,946,806)	(4,158,299)
Transfer from tangible capital asset held for sale	-	(9,593)	-
Loss on disposal of tangible capital assets	-	428,057	506,755
Proceeds on disposal of tangible capital assets	-	69,421	30,254
	2,350,112	14,372,099	8,355,489
Acquisition of prepaid expenses	-	(63,693)	(487,438)
Use of prepaid expenses	-	477,600	290,624
	-	413,907	(196,814)
Decrease in net debt	2,350,112	14,786,006	8,158,675
Net debt, beginning of year	(33,296,211)	(33,296,211)	(41,454,886)
<b>Net debt, end of year</b>	\$ (30,946,099)	\$ (18,510,205)	\$ (33,296,211)

*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

For the Year Ended December 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 16,242,701	\$ 6,098,731
Items not involving cash:		
Amortization of tangible assets	5,681,227	5,878,048
Gain on disposal of tangible capital assets and assets held for sale	(6,394,140)	(3,945,364)
Contributed tangible capital assets	(4,092,908)	-
Net earnings from investment in subsidiary	(99,113)	(63,059)
Employment benefit obligations	6,413	75,476
Change in non-cash assets and liabilities:		
Taxes receivable	(216,126)	10,801
User charges receivable	(116,175)	(70,343)
Accounts receivable	696,411	722,920
Accounts payable and accrued liabilities	950,777	803,753
Other liabilities	216,081	(91,502)
Deferred revenue - obligatory reserve funds	(753,995)	147,836
Deposits and deferred revenue	(61,018)	304,110
Prepaid expenses	413,907	(196,814)
Proceeds on disposal of tangible capital assets held for sale	7,328,301	4,471,156
	<b>19,802,343</b>	<b>14,145,749</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	69,421	30,254
Acquisition of tangible capital assets, net of construction in process capitalized	(3,946,806)	(4,158,299)
	<b>(3,877,385)</b>	<b>(4,128,045)</b>
<b>FINANCING ACTIVITIES</b>		
Decrease in bank indebtedness	(9,127,377)	(5,666,732)
Dividends received from investment in subsidiary (Note 2)	-	53,231
Issuance of long-term debt	3,450,000	4,018,355
Repayment of long-term debt	(2,236,694)	(1,855,006)
	<b>(7,914,071)</b>	<b>(3,450,152)</b>
Net increase in cash	8,010,887	6,567,552
Cash and cash equivalents, beginning of year	7,848,224	1,280,672
<b>Cash and cash equivalents, end of year</b>	<b>\$ 15,859,111</b>	<b>\$ 7,848,224</b>

*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

For the Year Ended December 31, 2020

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### 1. Significant accounting policies

The Corporation of the Town of Pelham ("the Town") is a municipality that provides municipal services such as fire, public works, planning, parks and recreation, library and other general government operations.

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

#### a. 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:

##### i. Pelham Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionately consolidated:

##### ii. Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 16).

##### iii. 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 interorganizational transactions and balances are not eliminated.

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

#### b. 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.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

#### c. Deferred revenue - obligatory reserve funds

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.

#### d. 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.

#### e. Cash and cash equivalents

For the purpose of the consolidated financial statements, the Town considers all short-term investments with an original maturity of three months or less to be cash equivalents.

#### f. Deposits and deferred revenue

Deposits and deferred revenue represent user fees and charges that have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

#### g. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

#### h. 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:

<b>Classification</b>	<b>Useful life</b>
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

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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 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.

#### i. 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.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 1. Significant accounting policies (continued)

j. 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.

k. 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.

l. 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.

m. 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.

n. 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 consolidated financial statements.

o. Development charges

Development charges, collected under the authority of Sections 33 to 35 of the Development Charges Act, 1997, are reported as deferred revenue - obligatory reserve funds 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.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 1. Significant accounting policies (continued)

p. Management estimates

The preparation of these consolidated 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. Significant estimates include accounts receivable, accrued liabilities, deferred revenue, employee benefit obligations and useful lives of tangible capital assets.

### 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.

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

	2020	2019
Financial position		
Current assets	\$ 1,595,696	\$ 1,578,890
Capital assets	86,476	96,428
Investment	36,299,079	35,733,453
<b>Total assets</b>	<b>37,981,251</b>	<b>37,408,771</b>
Current liabilities		
Accounts payable and accrued liabilities	32,109	39,091
Future payments in lieu of taxes	5,644,211	5,647,768
<b>Total liabilities</b>	<b>5,676,320</b>	<b>5,686,859</b>
<b>Net assets</b>	<b>32,304,931</b>	<b>31,721,912</b>
Town of Pelham's interest - 17%	\$ 5,492,757	\$ 5,393,644

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 2. Subsidiary operations (continued)

	2020	2019
Change in equity investment in subsidiary		
Revenues	\$ 212,881	\$ 230,278
Expenses	(192,894)	(191,988)
Payment in lieu of income taxes	(2,594)	(5,032)
Gain from operations	17,393	33,258
Gain on investment	565,626	337,676
Net earnings	583,019	370,934
Dividends	-	(313,121)
Net increase in equity of subsidiary	583,019	57,813
Change in equity of subsidiary - 17%	\$ 99,113	\$ 9,828

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2020 and the results of operations is as reported for the year ended December 31, 2020. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2019.

The following summarizes the Town's related party transactions with Peninsula West Power 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.

	2020	2019
Electricity purchased	\$ 41,516	\$ 50,614
Administration expense	6,170	7,535
	\$ 47,686	\$ 58,149

### 3. Tangible capital assets held for sale

As at December 31, 2020 the Town had land and buildings held for sale of \$nil (2019 - \$515,697). During the year, land and buildings held for sale with a net book value of \$506,104 were sold for proceeds of \$7,328,301, resulting in a gain on disposal of \$6,822,197. The remaining land with a net book value of \$9,593 is no longer held for sale.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 4. Bank indebtedness

The Town has an authorized revolving line of credit of \$11,500,000 (2019 - \$7,000,000) at prime minus 0.25%, of which \$11,500,000 (2019 - \$7,000,000) remained unused at year-end. The line of credit is secured by a borrowing by-law for operating line of \$11,500,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$1,166,667 (2019 - \$1,300,000) at prime minus 0.10%. Payment is due on demand.

### 5. Deferred revenue - obligatory reserve funds

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:

	<b>Development charges</b>	<b>Parkland</b>	<b>Other</b>	<b>2020 Total</b>	<b>2019 Total</b>
Balance, beginning of year	\$ 1,708,046	\$ 1,306,374	\$ 966,603	\$ 3,981,023	\$ 3,833,187
Restricted funds received	1,874,186	419,474	1,190,028	3,483,688	3,231,268
Interest earned	29,891	16,537	6,657	53,085	89,322
Collection of receivable	-	(419,474)	-	(419,474)	(216,543)
Revenue recognized	(2,057,716)	-	(1,813,578)	(3,871,294)	(2,956,211)
Balance, end of year	\$ 1,554,407	\$ 1,322,911	\$ 349,710	\$ 3,227,028	\$ 3,981,023

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 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:

	2020	2019
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	\$ 33,465,343	\$ 32,252,037

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2020	2019
83-2011	Haist & Pelham St	1.55% to 4.05%	2021	\$ 197,608	\$ 388,012
73-2012	Haist St & Rice Rd	1.35% to 3.10%	2022	178,000	263,000
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	231,416	305,173
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	763,515	941,903
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	1,743,000	2,070,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	3,557,938	4,115,839
72-2016	Meridian Community Centre	3.34%	2046	8,311,174	8,509,401
55-2017	Meridian Community Centre	3.22%	2047	11,379,039	11,640,354
59-2019	East Fonthill Roads	2.40%	2029	3,653,653	4,018,355
58-2020	Meridian Community Centre	1.98%	2040	3,450,000	-
				\$ 33,465,343	\$ 32,252,037

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

2021	\$ 2,433,289
2022	2,286,290
2023	2,248,376
2024	2,222,719
2025	2,074,693
Thereafter	22,199,976
	\$ 33,465,343

The Town paid \$929,241 (2019 - \$937,707) interest on long-term debt during the year.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 7. Employee benefit obligations

The Town completes 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	2.83%
	end of year	2.67%
Medical cost increases	ultimate trend rate	4.50%

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:

	2020	2019
Current service cost	\$ 19,975	\$ 85,766
Interest on post-employment benefit liability	10,632	9,148
Total expense related to post-employment benefits	\$ 30,607	\$ 94,914

#### 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 for retirees during the year were \$24,194 (2019 - \$19,438).

#### Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 70 members of its staff. The Town also makes contributions to OMERS on behalf of 8 members of its library 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 2020 was \$565,782 (2019 - \$519,286) 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

For the Year Ended December 31, 2020

### 8. Accumulated surplus

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

	<b>2020</b>	<b>2019</b>
Surplus (deficit)		
Town	\$ 229,912	\$ (10,274,391)
Library (Schedule 1)	(346,437)	(352,741)
Niagara Central Airport Commission (Note 16)	(35,996)	(31,566)
	<b>(152,521)</b>	<b>(10,658,698)</b>
Investment in tangible capital assets (Schedule 2)	<b>134,849,662</b>	132,979,060
Investment in subsidiary	<b>5,492,757</b>	5,393,644
Unfunded		
Long-term debt	<b>(33,465,343)</b>	(32,252,037)
Employee benefit obligations	<b>(404,916)</b>	(398,503)
	<b>(33,870,259)</b>	<b>(32,650,540)</b>
Reserves and reserve funds (Note 9)	<b>10,124,468</b>	5,137,940
	<b>\$ 116,444,107</b>	<b>\$ 100,201,406</b>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 9. Reserves and reserve funds

	<b>2020</b>	<b>2019</b>
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 16)	\$ 2,955	\$ 2,955
Building department	1,404,644	1,378,609
Cemetery	42,590	(52,055)
Community improvement plan	243,603	168,754
Elections	75,943	20,794
Fire equipment	607,582	345,880
Fleet	1,028,724	733,041
Human resource capacity building	339,363	-
Information technology	76,430	(94,399)
Land acquisition	(1,176,452)	(1,323,452)
Library (Schedule 1)	293,821	139,352
Meridian Community Centre	429,384	215,252
Municipal building facility	156,831	(311,314)
Municipal drainage	16,831	(97,669)
Parks and recreation	55,904	(405,009)
Physician recruitment	25,706	23,705
Planning	256,765	(34,116)
Roads	3,046,895	1,406,973
Volunteer firefighter life insurance	12,500	-
Wastewater	1,418,665	1,042,700
Water	946,119	976,004
Working capital	819,665	1,001,935
	<b>\$ 10,124,468</b>	<b>\$ 5,137,940</b>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 10. Taxation

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
Taxation - real property	\$ 38,133,888	\$ 39,238,924	\$ 36,227,610
Payments in lieu of taxes	300,468	302,118	300,875
	38,434,356	39,541,042	36,528,485
Less: taxation collected on behalf of			
Region of Niagara	17,855,611	18,423,493	16,943,045
School boards	5,131,787	5,392,914	5,243,391
	22,987,398	23,816,407	22,186,436
Net taxes available for municipal purposes	15,446,958	15,724,635	14,342,049
Residential and farm	14,219,756	14,458,908	13,152,475
Multi-residential	184,674	190,486	183,635
Commercial	985,604	1,016,503	963,873
Industrial	56,924	58,738	42,066
	\$ 15,446,958	\$ 15,724,635	\$ 14,342,049

### 11. User charges

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
Operating			
Fees and service charges	\$ 1,311,422	\$ 1,235,964	\$ 1,427,595
Water charges	2,933,982	3,042,547	2,541,809
Sewer charges	2,156,963	2,261,788	1,889,539
Licenses and permits	628,150	628,452	718,021
	\$ 7,030,517	\$ 7,168,751	\$ 6,576,964

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 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:

	2020	2019
Region of Niagara	\$ 20,359,271	\$ 18,461,659
School boards	5,392,914	5,243,391
	<b>\$ 25,752,185</b>	<b>\$ 23,705,050</b>

The Town is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. 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.

### 13. Grants

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
<b>Operating</b>			
Government of Canada	\$ 80,950	\$ 62,956	\$ 89,689
Province of Ontario	312,338	2,124,759	261,289
Region of Niagara	66,000	14,925	64,437
Other	-	16,259	5,000
	459,288	2,218,899	420,415
<b>Capital</b>			
Government of Canada	519,053	1,416,458	535,744
Province of Ontario	725,263	425,222	798,131
Region of Niagara	45,310	50,000	-
Other	-	-	157,922
	1,289,626	1,891,680	1,491,797
	<b>\$ 1,748,914</b>	<b>\$ 4,110,579</b>	<b>\$ 1,912,212</b>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 14. Other revenue

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
Operating			
Penalties and interest on taxes	\$ 270,000	\$ 231,419	\$ 261,321
Investment income	14,500	69,256	92,606
Fines and other penalties	40,830	41,271	69,500
Other	400,550	247,225	458,585
	725,880	589,171	882,012
Capital			
Investment income	-	3,199	-
Donations	-	297,838	480,193
Other	62,500	-	-
	62,500	301,037	480,193
	\$ 788,380	\$ 890,208	\$ 1,362,205

### 15. Budget amounts

The tax rate supported capital budgets were approved by Council on October 21, 2019 and the operating budget was approved by Council on November 18, 2019 to establish the tax rates for the year. In addition, the water and wastewater capital budgets were approved on October 21, 2019 and the water and wastewater operating budgets were approved by Council on November 18, 2019.

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

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

The chart below reconciles the approved budget to the budget amounts reported in the consolidated financial statements.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 15. Budget amounts (continued)

	<b>Budget Amount</b>
Revenues	
Approved operating budget	\$ 18,629,565
Approved water and wastewater budget	5,110,275
Approved library budget - other than Town contribution	145,050
Add capital:	
Development charges	2,174,054
Recreational Land (the Planning Act)	300,000
Federal Gas Tax	519,053
Ontario Community Infrastructure Fund	450,000
Other grants	320,573
Other contributions	262,500
	<u>4,026,180</u>
Less:	
Transfers from reserves - operating	<u>(179,497)</u>
	<u>(179,497)</u>
Total revenues	27,731,573
Expenses	
Approved operating budget	18,629,565
Approved water and wastewater budget	5,110,275
Approved library operating budget	944,556
Add:	
Amortization	6,200,000
Employee future benefits	40,000
Estimated capital budget items expense in nature	370,000
Debt interest payments - development charges	468,375
	<u>7,078,375</u>
Less:	
Debt principal payments (development charge excluded)	(1,249,778)
Town contribution to library	(864,218)
Transfers to reserves, including capital	<u>(4,630,058)</u>
	<u>(6,744,054)</u>
Total expenses	25,018,717
Annual surplus	\$ 2,712,856

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

### 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%.

	2020	2019
Financial assets		
Cash and temporary investments	\$ 237,067	\$ 228,562
Receivables	31,065	43,073
	<b>268,132</b>	271,635
Liabilities		
Accounts payable and accrued liabilities	67,881	37,317
Loans payable and capital lease liability	414,512	420,313
	<b>482,393</b>	457,630
Net debt	<b>(214,261)</b>	(185,995)
Non-financial assets		
Prepaid expenses	15,040	1,354
Fuel inventory	15,659	25,685
Tangible capital assets	1,476,176	1,492,862
	<b>1,506,875</b>	1,519,901
Accumulated surplus	<b>1,292,614</b>	1,333,906
Accumulated surplus		
Operating deficit	(199,726)	(175,120)
Reserves	16,164	16,164
Investment in tangible capital assets	1,476,176	1,492,862
	<b>1,292,614</b>	1,333,906
Revenues		
Grants	154,770	167,510
Fuel and rentals	94,480	118,697
Other	172	1,350
Interest	-	571
Expenses	<b>(276,436)</b>	(292,366)
Annual deficit	<b>\$ (27,014)</b>	\$ (4,238)

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 16. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2020 and the results of operations are as reported for the year ended December 31, 2020. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2019.

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 Town'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.

	<b>2020</b>	<b>2019</b>
Grants	\$ 27,858	\$ 30,152
Donations	80	4,070
Loan payments received	\$ 9,308	\$ 9,308

### 17. Trust funds

Trust funds administered by the Town amounting to \$1,049,157 (2019 - \$991,678) 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.

### 19. Financial instruments

The Town's financial instruments consist of cash and cash equivalents, user charges and accounts receivable, bank indebtedness, accounts payable and accrued liabilities, 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.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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### 20. 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.

The services included in each segment are as follows:

(i) General government

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

(ii) Protection services

Protection is comprised of fire, protective inspection and control, emergency measures and provincial offences.

(iii) Transportation services

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

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

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

(vii) Planning and development

Planning and development is comprised of planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, heritage matters and municipal drainage.

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Library Operations - Schedule 1

For the Year Ended December 31, 2020

	Budget 2020 (Note 15)	Actual 2020	Actual 2019
<b>Revenue</b>			
Municipal contribution (Library)	\$ 864,218	\$ 864,218	\$ 814,218
Library - grants	44,800	71,458	45,524
Deferred revenue earned (Development Charges)	42,750	42,750	42,750
Library - other revenue	57,500	45,182	62,054
	1,009,268	1,023,608	964,546
<b>Expenses</b>			
Administration	63,100	48,481	54,357
Amortization of books, periodicals and media	-	60,583	61,611
Books, periodicals and other media	57,212	-	-
Electronic resources and maintenance	27,000	33,689	25,740
Equipment rental	3,000	1,064	2,725
Furnishings and office equipment	500	4,673	6,509
Insurance	3,100	3,075	3,027
Programs	10,000	5,379	11,779
Repairs and maintenance	48,143	38,009	46,421
Salary, wages and employee benefits	759,013	652,550	693,331
Supplies	3,000	2,487	2,894
Utilities	27,700	20,375	25,508
	1,001,768	870,365	933,902
<b>Annual surplus</b>	7,500	153,243	30,644
Accumulated surplus, beginning of year	192,920	192,920	162,276
<b>Accumulated surplus, end of year</b>	200,420	346,163	192,920
<b>Accumulated surplus consists of the following</b>			
Operating deficit	-	(346,437)	(352,741)
Investment in library collection	-	419,594	427,720
Reserves	-	293,821	139,352
Unfunded employee benefit obligations	-	(20,815)	(21,411)
	\$ -	\$ 346,163	\$ 192,920

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2020

	2020							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 19,045,733	\$ 4,787,107	\$ 48,468,059	\$ 8,564,725	\$ 6,393,396	\$125,419,886	\$ 3,487,208	\$216,166,114
Add additions	-	477,682	195	267,695	-	1,017,975	3,300,818	5,064,365
Add contributed tangible capital assets	16,208	861,560	-	-	-	3,215,140	-	4,092,908
Add transfer from assets held for sale	9,593	-	-	-	-	-	-	9,593
Less construction in process capitalized	-	-	-	-	-	-	(1,117,559)	(1,117,559)
Less disposals during the year	(139,997)	(453,133)	(997,274)	(15,692)	(25,899)	-	-	(1,631,995)
<b>End of year</b>	<b>18,931,537</b>	<b>5,673,216</b>	<b>47,470,980</b>	<b>8,816,728</b>	<b>6,367,497</b>	<b>129,653,001</b>	<b>5,670,467</b>	<b>222,583,426</b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,735,235	6,060,930	5,150,134	4,601,761	65,638,994	-	83,187,054
Add amortization during the year	-	242,585	1,308,063	567,984	311,768	3,250,827	-	5,681,227
Less amortization on disposals	-	(96,408)	(997,285)	(15,680)	(25,144)	-	-	(1,134,517)
<b>End of year</b>	<b>-</b>	<b>1,881,412</b>	<b>6,371,708</b>	<b>5,702,438</b>	<b>4,888,385</b>	<b>68,889,821</b>	<b>-</b>	<b>87,733,764</b>
<b>Net book value</b>	<b>\$ 18,931,537</b>	<b>\$ 3,791,804</b>	<b>\$ 41,099,272</b>	<b>\$ 3,114,290</b>	<b>\$ 1,479,112</b>	<b>\$ 60,763,180</b>	<b>\$ 5,670,467</b>	<b>\$134,849,662</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2020

	2019							
	Land	Land improvements	Buildings	Machinery, equipment, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 19,045,733	\$ 3,938,360	\$ 48,492,300	\$ 7,910,276	\$ 6,406,143	\$120,769,320	\$ 6,042,765	\$212,604,897
Add additions	-	1,251,065	44,301	656,447	35,107	4,726,936	1,975,723	8,689,579
Less construction in process capitalized	-	-	-	-	-	-	(4,531,280)	(4,531,280)
Less disposals during the year	-	(402,318)	(68,542)	(1,998)	(47,854)	(76,370)	-	(597,082)
<b>End of year</b>	<b>19,045,733</b>	<b>4,787,107</b>	<b>48,468,059</b>	<b>8,564,725</b>	<b>6,393,396</b>	<b>125,419,886</b>	<b>3,487,208</b>	<b>216,166,114</b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Add amortization during the year	-	193,351	1,316,816	536,880	327,614	3,503,387	-	5,878,048
Less amortization on disposals	-	-	(12,337)	-	(47,736)	-	-	(60,073)
<b>End of year</b>	<b>-</b>	<b>1,735,235</b>	<b>6,060,930</b>	<b>5,150,134</b>	<b>4,601,761</b>	<b>65,638,994</b>	<b>-</b>	<b>83,187,054</b>
<b>Net book value</b>	<b>\$ 19,045,733</b>	<b>\$ 3,051,872</b>	<b>\$ 42,407,129</b>	<b>\$ 3,414,591</b>	<b>\$ 1,791,635</b>	<b>\$ 59,780,892</b>	<b>\$ 3,487,208</b>	<b>\$132,979,060</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2020

	<b>2020</b>							
	<b>General government</b>	<b>Protection services</b>	<b>Transportation services</b>	<b>Environmental services</b>	<b>Health services</b>	<b>Recreation and cultural services</b>	<b>Planning and development</b>	<b>Total</b>
<b>Revenue</b>								
Taxation	\$ 9,000,918	\$ 1,311,610	\$ 2,079,866	\$ -	\$ 2,043	\$ 3,132,902	\$ 197,296	\$ 15,724,635
User charges	29,101	647,257	30,736	5,304,335	27,023	828,621	301,678	7,168,751
Grants	1,794,349	10,100	2,140,374	-	-	141,867	23,889	4,110,579
Contributions from developers	-	34,009	1,366,831	334,492	-	278,462	69,423	2,083,217
Contributed tangible capital assets	4,092,908	-	-	-	-	-	-	4,092,908
Other	295,806	53,477	331,433	42,320	87,986	74,018	5,168	890,208
Equity earnings in subsidiary	99,113	-	-	-	-	-	-	99,113
Gain (loss) on disposal of tangible capital assets and assets held for sale	4,498,200	-	(19,772)	(14,747)	-	1,945,112	(14,653)	6,394,140
<b>Total revenues</b>	<b>19,810,395</b>	<b>2,056,453</b>	<b>5,929,468</b>	<b>5,666,400</b>	<b>117,052</b>	<b>6,400,982</b>	<b>582,801</b>	<b>40,563,551</b>
<b>Expenses</b>								
Salaries and wages	1,903,169	1,257,830	1,127,859	1,234,730	86,318	2,514,028	492,428	8,616,362
Long term debt interest	-	34,660	172,877	20,146	-	692,924	8,634	929,241
Materials	1,139,892	198,453	629,336	316,971	4,995	915,634	27,687	3,232,968
Contracted services	770,204	168,299	1,291,081	2,833,288	14,204	565,076	10,482	5,652,634
Rents & financials	22,953	-	104,665	-	-	69,009	-	196,627
External transfers to others	11,791	-	-	-	-	-	-	11,791
Amortization of tangible assets	102,165	397,211	2,603,650	878,785	11,535	1,644,311	43,570	5,681,227
	3,950,174	2,056,453	5,929,468	5,283,920	117,052	6,400,982	582,801	24,320,850
<b>Annual surplus</b>	<b>\$ 15,860,221</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 382,480</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,242,701</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2020

	<b>2019</b>							
	<b>General government</b>	<b>Protection services</b>	<b>Transportation services</b>	<b>Environmental services</b>	<b>Health services</b>	<b>Recreation and cultural services</b>	<b>Planning and development</b>	<b>Total</b>
<b>Revenue</b>								
Taxation	\$ 4,946,164	\$ 1,098,221	\$ 2,897,648	\$ -	\$ 22,686	\$ 5,005,228	\$ 372,102	\$ 14,342,049
User charges	28,602	736,708	66,083	4,431,348	38,451	1,078,878	196,894	6,576,964
Grants	46,600	5,000	1,549,593	164,441	-	146,578	-	1,912,212
Contributions from developers	-	34,118	1,505,529	308,477	-	244,796	75,434	2,168,354
Other	344,709	86,099	469,958	35,994	55,878	362,848	6,719	1,362,205
Equity earnings in subsidiary	63,059	-	-	-	-	-	-	63,059
Gain on disposal of tangible capital assets and assets held for sale	4,141,827	-	(6,821)	(76,371)	-	(113,271)	-	3,945,364
<b>Total revenues</b>	<b>9,570,961</b>	<b>1,960,146</b>	<b>6,481,990</b>	<b>4,863,889</b>	<b>117,015</b>	<b>6,725,057</b>	<b>651,149</b>	<b>30,370,207</b>
<b>Expenses</b>								
Salaries and wages	1,969,667	1,187,170	1,076,037	1,205,988	89,023	2,580,751	392,495	8,501,131
Long term debt interest	-	39,858	175,570	25,542	-	687,095	9,642	937,707
Materials	928,866	149,742	700,116	285,577	9,335	1,052,178	216,926	3,342,740
Contracted services	422,594	192,317	1,505,246	2,504,450	7,121	506,102	12,861	5,150,691
Rents & financials	27,330	-	128,186	-	-	281,975	-	437,491
External transfers to others	23,668	-	-	-	-	-	-	23,668
Amortization of tangible assets	100,105	391,059	2,896,835	842,332	11,536	1,616,956	19,225	5,878,048
	3,472,230	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	24,271,476
<b>Annual surplus</b>	<b>\$ 6,098,731</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,098,731</b>

## Independent Auditor's Report

To the Members of Council of the  
Corporation of the Town of Pelham

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of the Corporation of the Town of Pelham Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2020, and the statements of revenue and expenses and change in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2020, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund's financial reporting process

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Deloitte LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
May 17, 2021

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Statement of Financial Position

As at December 31, 2020

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2020	Total 2019
<b>Assets</b>					
Cash	\$ 790,117	\$ 142,931	\$ 79,688	\$ 1,012,736	\$ 177,635
Receivables and accrued interest	248	73	-	321	2,872
Investments (Note 2)	-	-	17,194	17,194	830,282
Due from the Town of Pelham (Note 3)	19,295	-	-	19,295	2,799
	<b>809,660</b>	<b>143,004</b>	<b>96,882</b>	<b>1,049,546</b>	1,013,588
<b>Liability</b>					
Due to the Town of Pelham (Note 3)	-	-	389	389	21,910
<b>Fund balance</b>	<b>\$ 809,660</b>	<b>\$ 143,004</b>	<b>\$ 96,493</b>	<b>\$ 1,049,157</b>	<b>\$ 991,678</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2020

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2020	Total 2019
<b>Revenue</b>					
Interest	\$ 14,435	\$ 1,367	\$ 1,531	\$ 17,333	\$ 20,674
Realized gain	-	-	291	291	302
Donations	-	-	22,484	22,484	23,281
Marker fees	2,900	-	-	2,900	2,850
Plot sales	30,830	-	-	30,830	15,964
	<b>48,165</b>	<b>1,367</b>	<b>24,306</b>	<b>73,838</b>	<b>63,071</b>
<b>Expenses</b>					
Purchase of equipment, books, periodicals and misc	-	-	1,924	1,924	22,635
Maintenance	14,435	-	-	14,435	16,015
	<b>14,435</b>	<b>-</b>	<b>1,924</b>	<b>16,359</b>	<b>38,650</b>
<b>Excess of revenues over expenses</b>	<b>33,730</b>	<b>1,367</b>	<b>22,382</b>	<b>57,479</b>	<b>24,421</b>
Fund balance, beginning of year	775,930	141,637	74,111	991,678	967,257
<b>Fund balance, end of year</b>	<b>\$ 809,660</b>	<b>\$ 143,004</b>	<b>\$ 96,493</b>	<b>\$ 1,049,157</b>	<b>\$ 991,678</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Notes to the Financial Statements

December 31, 2020

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### 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 from the Town of Pelham 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 \$17,194 (2019 - \$830,282) reported on the statement of financial position at cost, have a market value of \$17,194 (2019 - \$830,282) at the end of the year.

### 3. Due to/from Town of Pelham

The amounts due to/from the Town of Pelham are unsecured, interest bearing with no specific terms of repayment.

### 4. 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.