

Consolidated Financial Statements of

**CORPORATION OF THE TOWN OF PELHAM**

December 31, 2022

# CORPORATION OF THE TOWN OF PELHAM

December 31, 2022

## INDEX

### Consolidated Financial Statements

Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Change in Net Debt	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7 - 24
Consolidated Schedule of Library Operations - Schedule 1	25
Consolidated Schedule of Tangible Capital Assets - Schedule 2	26 - 27
Consolidated Schedule of Segment Disclosure - Schedule 3	28 - 29

### Trust Funds

Independent Auditor's Report	30 - 31
Statement of Financial Position	32
Statement of Revenue and Expenses and Change in Fund Balances	33
Notes to the Financial Statements	34

## 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, 2022, 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, 2022, 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  
June 7, 2023

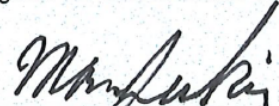

# CORPORATION OF THE TOWN OF PELHAM

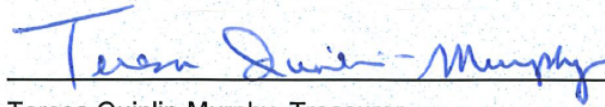

## Consolidated Statement of Financial Position

December 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 18,163,039	\$ 18,850,877
Taxes receivable	2,788,518	1,663,629
User charges receivable	953,193	967,228
Accounts receivable	6,992,230	6,264,347
Investment in subsidiary (Note 2)	5,659,632	5,594,552
	<b>34,556,612</b>	<b>33,340,633</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 3)	900,000	1,033,333
Accounts payable and accrued liabilities	5,834,422	5,005,336
Other liabilities	2,129,087	2,461,513
Deposits and deferred revenue	399,467	419,537
Deferred revenue - obligatory reserve funds (Note 4)	6,520,304	5,054,470
Long-term debt (Note 5)	28,745,764	31,032,054
Employee benefit obligations (Note 6)	529,504	425,250
	<b>45,058,548</b>	<b>45,431,493</b>
Contingencies (Note 17)		
Net debt	<b>(10,501,936)</b>	<b>(12,090,860)</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	146,104,135	140,465,822
Prepaid expenses	669,256	305,566
	<b>146,773,391</b>	<b>140,771,388</b>
Accumulated surplus (Note 7)	<b>\$ 136,271,455</b>	<b>\$ 128,680,528</b>

Signed on behalf of the Town:

  
  
 \_\_\_\_\_  
 Marvin Jurkin, Mayor

  
  
 \_\_\_\_\_  
 Teresa Quinlin-Murphy, 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, 2022

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
<b>REVENUE</b>			
Taxation (Note 9)	\$ 17,059,111	\$ 17,183,515	\$ 16,220,412
User charges (Note 10)	8,253,379	9,071,959	7,965,644
Grants (Note 12)	4,809,563	5,668,326	4,435,549
Contributions from developers	4,309,958	1,861,481	1,916,379
Contributed tangible capital assets	-	-	5,775,896
Other (Note 13)	878,150	1,722,550	1,201,872
Equity earnings in subsidiary (Note 2)	-	146,000	142,153
Gain on disposal of tangible capital assets and assets held for sale	-	96,848	13,586
	35,310,161	35,750,679	37,671,491
<b>EXPENSES</b>			
General government	4,156,384	4,397,503	4,200,643
Protection to persons and property	2,265,310	2,258,046	2,219,754
Transportation services	6,358,984	6,587,938	6,007,186
Environmental services	6,164,012	6,058,908	5,545,852
Health services	128,523	118,573	107,328
Recreation and culture services	7,496,285	7,985,727	6,715,269
Planning and development	677,101	753,057	639,038
	27,246,599	28,159,752	25,435,070
Annual surplus	8,063,562	7,590,927	12,236,421
Accumulated surplus, beginning of year	128,680,528	128,680,528	116,444,107
Accumulated surplus, end of year	\$ 136,744,090	\$ 136,271,455	\$ 128,680,528

*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, 2022

	Budget 2022	Actual 2022	Actual 2021
<b>ANNUAL SURPLUS</b>	\$ 8,063,562	\$ 7,590,927	\$ 12,236,421
Amortization of tangible assets	6,100,000	5,930,971	5,812,954
Contributed tangible capital assets	-	-	(5,775,896)
Acquisition of tangible capital assets	(14,026,590)	(11,709,825)	(5,660,168)
(Gain) loss on disposal of tangible capital assets	-	(96,848)	(13,586)
Proceeds on disposal of tangible capital assets	-	237,389	20,536
	136,972	1,952,614	6,620,261
Acquisition of prepaid expenses	-	(662,210)	(282,035)
Use of prepaid expenses	-	298,520	81,119
	-	(363,690)	(200,916)
Decrease in net debt	136,972	1,588,924	6,419,345
Net debt, beginning of year	(12,090,860)	(12,090,860)	(18,510,205)
<b>Net debt, end of year</b>	\$ (11,953,888)	\$ (10,501,936)	\$ (12,090,860)

*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, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 7,590,927	\$ 12,236,421
Items not involving cash:		
Amortization of tangible assets	5,930,971	5,812,954
Gain on disposal of tangible capital assets and assets held for sale	(96,848)	(13,586)
Contributed tangible capital assets	-	(5,775,896)
Net earnings from investment in subsidiary	(146,000)	(142,153)
Employment benefit obligations	104,254	20,334
Change in non-cash assets and liabilities:		
Taxes receivable	(1,124,889)	303,659
User charges receivable	14,036	(166,775)
Accounts receivable	(727,883)	(1,948,499)
Accounts payable and accrued liabilities	829,086	(671,582)
Other liabilities	(332,426)	247,207
Deferred revenue - obligatory reserve funds	1,465,834	1,827,442
Deposits and deferred revenue	(20,070)	(370,947)
Prepaid expenses	(363,690)	(200,916)
	<b>13,123,302</b>	<b>11,157,663</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	237,389	20,536
Acquisition of tangible capital assets, net of construction in process capitalized	(11,709,825)	(5,660,168)
	<b>(11,472,436)</b>	<b>(5,639,632)</b>
<b>FINANCING ACTIVITIES</b>		
Decrease in bank indebtedness	(133,333)	(133,334)
Dividends received from investment in subsidiary (Note 2)	80,920	40,358
Repayment of long-term debt	(2,286,290)	(2,433,289)
	<b>(2,338,703)</b>	<b>(2,526,265)</b>
Net (decrease) increase in cash	(687,837)	2,991,766
Cash and cash equivalents, beginning of year	18,850,877	15,859,111
<b>Cash and cash equivalents, end of year</b>	<b>\$ 18,163,040</b>	<b>\$ 18,850,877</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, 2022

---

### 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 (2021, and up to March 6, 2022)

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 15).

##### 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.

##### iv. Lincoln Pelham Union Public Library (from March 7, 2022 onward)

Effective March 7, 2022, the Lincoln Pelham Union Public Library was established pursuant to and in accordance with the provisions of the *Public Libraries Act* to serve Lincoln and Pelham. This board is under the management and control of a union board as described in the *Public Libraries Act*, which is a corporation incorporated pursuant to the Non-for-Profit Corporations Act, 2010, S.O. 2010 C.15. Lincoln and Pelham are responsible for their proportionate share of the operating budget based on population. For 2022, Lincoln's portion is 58% and Pelham's portion is 42%. The library facilities will remain the responsibility and asset of the respective municipality.

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

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

---

### 1. Significant accounting policies (continued)

#### 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.

#### 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, 2022

---

### 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

---

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, 2022

---

### 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, 2022

### 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.:

	2022	2021
Financial position		
Current assets	\$ 1,717,662	\$ 1,646,498
Capital assets	69,265	79,889
Investment	37,784,856	36,873,000
<b>Total assets</b>	<b>39,571,783</b>	<b>38,599,387</b>
Current liabilities		
Accounts payable and accrued liabilities	58,433	56,753
Future payments in lieu of taxes	6,226,804	5,638,911
<b>Total liabilities</b>	<b>6,285,237</b>	<b>5,695,664</b>
<b>Net assets</b>	<b>33,286,546</b>	<b>32,903,723</b>
Town of Pelham's interest - 17%	\$ 5,659,632	\$ 5,594,552

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 2. Subsidiary operations (continued)

	2022	2021
Change in equity investment in subsidiary		
Revenues	\$ 240,493	\$ 179,733
Expenses	(205,739)	(170,380)
Payment in lieu of income taxes	(597,786)	(2,081)
Gain (loss) from operations	(563,032)	7,272
Gain on investment	1,421,855	828,921
Net earnings	858,823	836,193
Dividends	(476,000)	(237,400)
Net increase in equity of subsidiary	382,823	598,793
Change in equity of subsidiary - 17%	\$ 65,080	\$ 101,795

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2022 and the results of operations is as reported for the year ended December 31, 2022. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2021.

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.

	2022	2021
Electricity purchased	\$ 58,594	\$ 31,620
Administration expense	4,685	4,685
	\$ 63,279	\$ 36,305

### 3. Bank indebtedness

The Town has an authorized revolving line of credit of \$11,500,000 (2021 - \$11,500,000) at prime minus 0.25%, of which \$11,500,000 (2021 - \$11,500,000) 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 \$900,000 (2021 - \$1,033,333) at prime minus 0.10%. Payment is due on demand.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 4. 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:

	Development charges	Parkland	Canada Community-Building Fund	Ontario Gas Tax	Other	2022 Total	2021 Total
Balance, beginning of year	\$ 3,026,873	\$ 1,335,479	\$ 572,765	\$ 89,515	\$ 29,838	\$ 5,054,470	\$ 3,227,028
Restricted funds received	3,522,259	393,696	542,646	-	1,017,542	5,476,143	5,657,659
Interest earned	52,970	23,260	11,280	1,858	8,301	97,669	43,472
Collection of receivable	-	(393,696)	-	-	-	(393,696)	(765,370)
Revenue recognized	(1,858,959)	-	(802,679)	(30,000)	(1,022,644)	(3,714,282)	(3,108,319)
Balance, end of year	\$ 4,743,143	\$ 1,358,739	\$ 324,012	\$ 61,373	\$ 33,037	\$ 6,520,304	\$ 5,054,470

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 5. 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:

	2022	2021
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	\$ 28,745,764	\$ 31,032,054

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2022	2021
73-2012	Haist St & Rice Rd	1.35% to 3.10%	2022	\$ -	\$ 90,000
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	78,856	155,986
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	392,848	580,680
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	1,070,000	1,410,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	2,416,733	2,991,888
72-2016	Meridian Community Centre	3.34%	2046	7,894,467	8,106,271
55-2017	Meridian Community Centre	3.22%	2047	10,830,692	11,109,245
59-2019	East Fonthill Roads	2.40%	2029	2,899,266	3,280,119
58-2020	Meridian Community Centre	1.98%	2040	3,162,902	3,307,865
				\$ 28,745,764	\$ 31,032,054

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

2023	\$ 2,248,376
2024	2,222,719
2025	2,074,693
2026	1,752,359
2027	1,159,134
Thereafter	19,288,483
<hr/>	
	\$ 28,745,764

The Town paid \$982,220 (2021 - \$924,280) of 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, 2022

### 6. 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	2.67%
	end of year	2.67%
Medical cost increases	ultimate trend rate	4.35%

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:

	2022	2021
Current service cost	\$ 126,352	\$ 33,040
Interest on post-employment benefit liability	11,346	10,803
<b>Total expense related to post-employment benefits</b>	<b>\$ 137,698</b>	<b>\$ 43,843</b>

#### 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 \$33,456 (2021 - \$23,509).

#### Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 75 members of its staff. The Town also makes contributions to OMERS on behalf of 7 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 Town accounts for its participation in OMERS as a defined contribution plan. The OMERS Plan ended 2022 with a funding deficit of \$6.7 billion (2021 - \$3.1 billion). The funded ratio decreased from 97% in 2021 to 95% in 2022, which is the first decline in the Plan's funded ratio since 2012. The primary reason for the decrease in funded ratio and the increase in the funding deficit is higher-than-expected price inflation. The amount the Town contributed to OMERS for 2022 was \$641,463 (2021 - \$601,040) 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, 2022

### 7. Accumulated surplus

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

	2022	2021
Surplus (deficit)		
Town	\$ 925,111	\$ 565,416
Library (Schedule 1)	(274,361)	(343,371)
Niagara Central Airport Commission (Note 15)	(17,124)	(15,901)
	<b>633,626</b>	206,144
Investment in tangible capital assets (Schedule 2)	<b>146,104,135</b>	140,465,822
Investment in subsidiary	<b>5,659,632</b>	5,594,552
Unfunded		
Long-term debt	(28,745,764)	(31,032,054)
Employee benefit obligations	(529,504)	(425,250)
	<b>(29,275,268)</b>	(31,457,304)
Reserves and reserve funds (Note 8)	<b>13,149,330</b>	13,871,314
	<b>\$ 136,271,455</b>	\$ 128,680,528

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 8. Reserves and reserve funds

	2022	2021
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 15)	\$ 28,357	\$ 2,955
Building department	1,973,804	1,724,040
Cemetery	157,162	78,190
Community improvement plan	283,957	296,520
Elections	14,345	98,455
Fire equipment	1,218,432	876,935
Fleet	1,552,894	1,134,797
Human resource capacity building	551,264	588,910
Information technology	104,965	192,279
Land acquisition	(837,592)	(984,592)
Library (Schedule 1)	388,450	392,907
Meridian Community Centre	601,747	630,364
Municipal building facility	635,999	593,277
Municipal drainage	61,763	44,131
Parks and recreation	61,894	321,524
Physician recruitment	27,705	27,705
Planning	363,357	334,509
Roads	2,469,836	3,574,427
Volunteer firefighter life insurance	37,500	25,000
Wastewater	2,563,441	2,115,558
Water	500,582	1,331,322
Working capital	389,468	472,101
	<b>\$ 13,149,330</b>	<b>\$ 13,871,314</b>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 9. Taxation

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
Taxation - real property	\$ 41,820,176	\$ 42,391,752	\$ 40,179,468
Payments in lieu of taxes	300,471	304,502	304,304
	42,120,647	42,696,254	40,483,772
Less: taxation collected on behalf of			
Region of Niagara	19,678,307	20,032,668	18,969,367
School boards	5,383,229	5,480,071	5,293,993
	25,061,536	25,512,739	24,263,360
Net taxes available for municipal purposes	17,059,111	17,183,515	16,220,412
Residential and farm	15,535,084	15,632,005	14,813,044
Multi-residential	206,285	210,077	202,523
Commercial	1,251,118	1,273,681	1,142,846
Industrial	66,552	67,752	61,999
	\$ 17,059,039	\$ 17,183,515	\$ 16,220,412

### 10. User charges

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
Operating			
Fees and service charges	\$ 1,284,388	\$ 1,965,657	\$ 1,156,118
Water charges	3,577,480	3,426,210	3,331,059
Sewer charges	2,712,861	2,675,016	2,514,188
Licenses and permits	678,650	1,005,076	964,279
	\$ 8,253,379	\$ 9,071,959	\$ 7,965,644

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 11. 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:

	<b>2022</b>	<b>2021</b>
Region of Niagara	\$ 24,136,175	\$ 22,881,532
School boards	5,480,071	5,293,993
	<b>\$ 29,616,246</b>	<b>\$ 28,175,525</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.

### 12. Grants

	<b>Budget 2022 (Note 14)</b>	<b>Actual 2022</b>	<b>Actual 2021</b>
Operating			
Government of Canada	\$ 14,650	\$ 83,383	\$ 89,564
Province of Ontario	782,288	1,872,751	956,418
Region of Niagara	2,000	40,089	26,400
Other	-	1,100	15,700
	798,938	1,997,323	1,088,082
Capital			
Government of Canada	3,046,620	2,690,302	1,611,432
Province of Ontario	964,005	857,298	1,691,035
Region of Niagara	-	123,403	45,000
	4,010,625	3,671,003	3,347,467
	<b>\$ 4,809,563</b>	<b>\$ 5,668,326</b>	<b>\$ 4,435,549</b>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 13. Other revenue

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
Operating			
Penalties and interest on taxes	\$ 270,000	\$ 380,139	\$ 302,903
Investment income	33,000	510,905	108,442
Fines and other penalties	52,500	31,272	55,031
Other	382,650	446,842	505,656
	738,150	1,369,158	972,032
Capital			
Investment income	-	-	-
Donations	-	353,392	229,840
Other	140,000	-	-
	\$ 878,150	\$ 1,722,550	\$ 1,201,872

### 14. Budget amounts

The operating tax rate supported budget was approved by Council on January 24, 2022 to establish the tax rates for the year. In addition, the tax rates supported capital budget was approved by Council on December, 20, 2021 and the water and wastewater budgets were approved on February 22, 2022.

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, 2022

### 14. Budget amounts (continued)

	<b>Budget Amount</b>
Revenues	
Approved operating budget	\$ 20,374,879
Approved water and wastewater budget	6,331,341
Approved library budget - other than Town contribution	118,138
Add capital:	
Development charges	4,047,475
Recreational Land (the Planning Act)	220,000
Federal Gas Tax	825,000
Ontario Community Infrastructure Fund	941,005
Other grants	<u>3,051,420</u>
	9,084,900
Less:	
Transfers from reserves - operating	<u>(599,097)</u>
	<u>(599,097)</u>
Total revenues	35,310,161
Expenses	
Approved operating budget	20,374,879
Approved water and wastewater budget	6,331,341
Approved library operating budget	954,845
Add:	
Amortization	6,100,000
Employee future benefits	40,000
Estimated capital budget items expense in nature	737,000
Debt interest payments - development charges	<u>410,032</u>
	7,287,032
Less:	
Debt principal payments (development charge excluded)	(1,302,223)
Town contribution to library	(894,707)
Transfers to reserves, including capital	<u>(5,504,568)</u>
	<u>(7,701,498)</u>
Total expenses	27,246,599
Annual surplus	<u>\$ 8,063,562</u>

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

### 15. 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%.

	2022	2021
Financial assets		
Cash and temporary investments	\$ 291,278	\$ 280,455
Receivables	34,503	6,485
	<b>325,781</b>	286,940
Liabilities		
Accounts payable and accrued liabilities	40,758	30,376
Loans payable and capital lease liability	277,696	367,184
	<b>318,454</b>	397,560
Net debt	<b>7,327</b>	(110,620)
Non-financial assets		
Prepaid expenses	14,738	14,783
Fuel inventory	15,805	23,912
Tangible capital assets	1,624,743	1,421,197
	<b>1,655,286</b>	1,459,892
Accumulated surplus	<b>1,662,613</b>	1,349,272
Accumulated surplus		
Operating deficit	(95,133)	(55,462)
Reserves	157,539	16,164
Investment in tangible capital assets	1,600,207	1,388,570
	<b>1,662,613</b>	1,349,272
Revenues		
Grants	154,770	154,770
Fuel and rentals	95,191	101,463
Other	350,882	29,973
Expenses	(287,502)	(230,772)
Annual surplus	<b>\$ 313,341</b>	\$ 55,434

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2022 and the results of operations are as reported for the year ended December 31, 2022.



# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

---

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

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.

		2022		2021
Grants	\$	25,854	\$	23,307
Donations		3,116		1,563
Loan payments received	\$	-	\$	9,308

### 16. Trust funds

Trust funds administered by the Town amounting to \$1,188,195 (2021 - \$1,108,089) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

### 17. 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.

### 18. 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, 2022

---

### 19. 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, 2022

	Budget 2022 (Note 14)	Actual 2022	Actual 2021
<b>Revenue</b>			
Municipal contribution (Library)	\$ 894,707	\$ 894,707	\$ 877,164
Library - grants	41,388	28,132	55,430
Deferred revenue earned (Development Charges)	42,750	42,750	42,750
Library - other revenue	34,000	29,147	13,175
	1,012,845	994,736	988,519
<b>Expenses</b>			
Administration	55,300	57,216	54,284
Amortization of books, periodicals and media	-	56,498	58,751
Books, periodicals and other media	58,000	46,874	-
Electronic resources and maintenance	37,798	15,083	56,751
Equipment rental	3,000	1,828	1,399
Furnishings and office equipment	500	6,710	159
Insurance	3,800	4,067	3,727
Programs	10,000	15,217	8,201
Repairs and maintenance	50,000	36,393	46,856
Salary, wages and employee benefits	767,947	684,185	657,945
Supplies	3,000	2,093	2,740
Utilities	23,500	22,133	21,149
	1,012,845	948,297	911,962
<b>Annual surplus</b>	-	46,439	76,557
Accumulated surplus, beginning of year	422,720	422,720	346,163
<b>Accumulated surplus, end of year</b>	422,720	469,159	422,720
<b>Accumulated surplus consists of the following</b>			
Operating deficit	-	(274,361)	(343,371)
Investment in library collection	-	385,473	395,096
Reserves	-	388,450	392,907
Unfunded employee benefit obligations	-	(30,403)	(21,912)
	\$ -	\$ 469,159	\$ 422,720

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2022

	<b>2022</b>							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 19,036,546	\$ 6,967,551	\$ 47,500,950	\$ 9,131,907	\$ 6,484,234	\$140,850,936	\$ 3,804,139	\$233,776,263
Add additions	-	935,032	18,744	1,016,006	-	6,265,480	6,888,317	15,123,579
Less construction in process capitalized	-	-	-	-	-	-	(3,413,754)	(3,413,754)
Less disposals during the year	(123,650)	-	-	(19,000)	(778,666)	(18,900)	-	(940,216)
<b>End of year</b>	<b>18,912,896</b>	<b>7,902,583</b>	<b>47,519,694</b>	<b>10,128,913</b>	<b>5,705,568</b>	<b>147,097,516</b>	<b>7,278,702</b>	<b>244,545,872</b>
<b>Accumulated amortization</b>								
Beginning of year	-	2,188,053	7,681,295	6,260,146	4,965,241	72,215,705	-	93,310,440
Add amortization during the year	-	367,940	1,311,388	564,020	240,777	3,446,847	-	5,930,972
Less amortization on disposals	-	-	-	(17,500)	(763,275)	(18,900)	-	(799,675)
<b>End of year</b>	<b>-</b>	<b>2,555,993</b>	<b>8,992,683</b>	<b>6,806,666</b>	<b>4,442,743</b>	<b>75,643,652</b>	<b>-</b>	<b>98,441,737</b>
<b>Net book value</b>	<b>\$ 18,912,896</b>	<b>\$ 5,346,590</b>	<b>\$ 38,527,011</b>	<b>\$ 3,322,247</b>	<b>\$ 1,262,825</b>	<b>\$ 71,453,864</b>	<b>\$ 7,278,702</b>	<b>\$146,104,135</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2022

	<b>2021</b>							
	<b>Land</b>	<b>Land improvements</b>	<b>Buildings</b>	<b>Machinery, equipment, furniture, fixtures and computers</b>	<b>Vehicles</b>	<b>Linear assets</b>	<b>Construction in process</b>	<b>Total</b>
<b>Cost</b>								
Beginning of year	\$ 18,931,537	\$ 5,673,216	\$ 47,470,980	\$ 8,816,728	\$ 6,367,497	\$129,653,001	\$ 5,670,467	\$222,583,426
Add additions	105,009	355,754	29,970	315,179	342,803	6,377,781	3,538,763	11,065,259
Add contributed tangible capital assets	-	938,581	-	-	-	4,837,315	-	5,775,896
Less construction in process capitalized	-	-	-	-	-	-	(5,405,091)	(5,405,091)
Less disposals during the year	-	-	-	-	(226,066)	(17,160)	-	(243,226)
<b>End of year</b>	<b>19,036,546</b>	<b>6,967,551</b>	<b>47,500,950</b>	<b>9,131,907</b>	<b>6,484,234</b>	<b>140,850,937</b>	<b>3,804,139</b>	<b>233,776,264</b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,881,412	6,371,708	5,702,438	4,888,385	68,889,821	-	87,733,764
Add amortization during the year	-	306,641	1,309,587	557,708	295,975	3,343,043	-	5,812,954
Less amortization on disposals	-	-	-	-	(219,117)	(17,159)	-	(236,276)
<b>End of year</b>	<b>-</b>	<b>2,188,053</b>	<b>7,681,295</b>	<b>6,260,146</b>	<b>4,965,243</b>	<b>72,215,705</b>	<b>-</b>	<b>93,310,442</b>
<b>Net book value</b>	<b>\$ 19,036,546</b>	<b>\$ 4,779,498</b>	<b>\$ 39,819,655</b>	<b>\$ 2,871,761</b>	<b>\$ 1,518,991</b>	<b>\$ 68,635,232</b>	<b>\$ 3,804,139</b>	<b>\$140,465,822</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2022

	<b>2022</b>							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>								
Taxation	\$ 9,836,917	\$ 1,161,830	\$ 1,438,220	\$ -	\$ (3,169)	\$ 4,573,078	\$ 176,639	\$ 17,183,515
User charges	77,483	1,015,858	101,706	6,101,226	48,994	1,226,064	500,628	9,071,959
Grants	390,298	-	3,340,873	321,034	-	1,616,121	-	5,668,326
Contributions from developers	-	33,929	1,520,517	161,670	-	76,061	69,304	1,861,481
Other	818,024	46,429	186,622	97,838	72,748	494,403	6,486	1,722,550
Equity earnings in subsidiary	146,000	-	-	-	-	-	-	146,000
Gain (loss) on disposal of tangible capital assets and assets held for sale	96,848	-	-	-	-	-	-	96,848
<b>Total revenues</b>	<b>11,365,570</b>	<b>2,258,046</b>	<b>6,587,938</b>	<b>6,681,768</b>	<b>118,573</b>	<b>7,985,727</b>	<b>753,057</b>	<b>35,750,679</b>
<b>Expenses</b>								
Salaries and wages	2,432,046	1,516,197	1,195,984	1,499,226	87,486	3,156,419	536,334	10,423,692
Long term debt interest	-	22,099	111,173	8,674	-	834,176	6,098	982,220
Materials	1,266,220	197,291	750,686	347,063	10,005	1,284,563	36,130	3,891,958
Contracted services	510,507	216,872	1,666,509	3,188,660	9,547	1,008,827	106,580	6,707,502
Rents & financials	41,784	-	135,297	-	-	1,828	-	178,909
External transfers to others	42,000	-	-	-	-	2,500	-	44,500
Amortization of tangible assets	104,946	305,587	2,728,289	1,015,285	11,535	1,697,414	67,915	5,930,971
	4,397,503	2,258,046	6,587,938	6,058,908	118,573	7,985,727	753,057	28,159,752
<b>Annual surplus</b>	<b>\$ 6,968,067</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 622,860</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,590,927</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2022

	<b>2021</b>							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>								
Taxation	\$ 8,781,604	\$ 1,045,113	\$ 772,029	\$ -	\$ 2,470	\$ 5,334,653	\$ 284,543	\$ 16,220,412
User charges	37,995	979,562	57,354	5,845,247	34,455	758,707	252,324	7,965,644
Grants	678,797	14,800	3,452,720	45,000	-	235,976	8,256	4,435,549
Contributions from developers	-	91,381	1,445,723	215,556	-	81,300	82,419	1,916,379
Contributed tangible capital assets	5,775,896	-	-	-	-	-	-	5,775,896
Other	404,810	88,898	271,134	50,498	70,403	304,633	11,496	1,201,872
Equity earnings in subsidiary	142,153	-	-	-	-	-	-	142,153
Gain on disposal of tangible capital assets and assets held for sale	5,360	-	8,226	-	-	-	-	13,586
<b>Total revenues</b>	<b>15,826,615</b>	<b>2,219,754</b>	<b>6,007,186</b>	<b>6,156,301</b>	<b>107,328</b>	<b>6,715,269</b>	<b>639,038</b>	<b>37,671,491</b>
<b>Expenses</b>								
Salaries and wages	2,083,628	1,454,562	1,095,600	1,350,518	79,617	2,661,084	486,084	9,211,093
Long term debt interest	-	28,747	139,674	14,219	-	734,184	7,456	924,280
Materials	914,974	161,866	627,313	341,414	4,928	1,004,898	24,351	3,079,744
Contracted services	1,046,744	202,846	1,372,700	2,887,208	11,247	654,857	53,232	6,228,834
Rents & financials	23,520	-	116,376	-	-	2,919	-	142,815
External transfers to others	32,850	-	-	-	-	2,500	-	35,350
Amortization of tangible assets	98,927	371,733	2,655,523	952,493	11,536	1,654,827	67,915	5,812,954
	4,200,643	2,219,754	6,007,186	5,545,852	107,328	6,715,269	639,038	25,435,070
<b>Annual surplus</b>	<b>\$ 11,625,972</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 610,449</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,236,421</b>

## Independent Auditor's Report

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

### 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, 2022, 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, 2022, 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  
June 7, 2022

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Statement of Financial Position

As at December 31, 2022

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2022	Total 2021
<b>Assets</b>					
Cash	\$ 855,503	\$ 146,627	\$ 152,474	\$ 1,154,604	\$ 1,063,562
Receivables and accrued interest	3,261	559	-	3,820	488
Investments (Note 2)	-	-	19,719	19,719	19,261
Due from the Town of Pelham (Note 3)	13,770	-	-	13,770	25,015
	<b>872,534</b>	<b>147,186</b>	<b>172,193</b>	<b>1,191,913</b>	<b>1,108,326</b>
<b>Liability</b>					
Due to the Town of Pelham (Note 3)	-	-	3,718	3,718	237
<b>Fund balance</b>	<b>\$ 872,534</b>	<b>\$ 147,186</b>	<b>\$ 168,475</b>	<b>\$ 1,188,195</b>	<b>\$ 1,108,089</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

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

Year ended December 31, 2022

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2022	Total 2021
<b>Revenue</b>					
Interest	\$ 19,267	\$ 3,322	\$ 3,399	\$ 25,988	\$ 6,853
Realized gain	-	-	(32)	(32)	-
Donations	-	-	67,897	67,897	28,390
Marker fees	7,650	-	-	7,650	3,600
Plot sales	25,387	-	-	25,387	26,238
	<b>52,304</b>	<b>3,322</b>	<b>71,264</b>	<b>126,890</b>	<b>65,081</b>
<b>Expenses</b>					
Purchase of equipment, books, periodicals and misc	-	-	26,384	26,384	1,326
Maintenance	19,267	-	-	19,267	4,823
	<b>19,267</b>	<b>-</b>	<b>26,384</b>	<b>45,651</b>	<b>6,149</b>
<b>Excess of revenues over expenses</b>	<b>33,037</b>	<b>3,322</b>	<b>44,880</b>	<b>81,239</b>	<b>58,932</b>
Fund balance, beginning of year	839,497	143,864	123,595	1,106,956	1,049,157
<b>Fund balance, end of year</b>	<b>\$ 872,534</b>	<b>\$ 147,186</b>	<b>\$ 168,475</b>	<b>\$ 1,188,195</b>	<b>\$ 1,108,089</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Notes to the Financial Statements

December 31, 2022

---

### 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 \$19,719 (2021 - \$19,261) reported on the statement of financial position at cost, have a market value of \$19,719 (2021 - \$19,261) 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.