

Consolidated Financial Statements of

CORPORATION OF THE TOWN OF PELHAM

December 31, 2019

CORPORATION OF THE TOWN OF PELHAM

December 31, 2019

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Consolidated Financial Statements

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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, 2019, 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, 2019, 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 19, 2020

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position

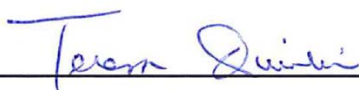
December 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 7,848,224	\$ 1,280,672
Taxes receivable	1,751,162	1,761,963
User charges receivable	684,278	613,935
Accounts receivable	5,012,259	5,735,179
Tangible capital assets held for sale (Note 3)	515,697	534,734
Investment in subsidiary (Note 2)	5,393,644	5,383,816
	21,205,264	15,310,299
LIABILITIES		
Bank indebtedness (Note 4)	10,294,044	15,960,776
Accounts payable and accrued liabilities	4,726,141	3,922,388
Other liabilities	1,998,225	2,089,727
Deposits and deferred revenue	851,502	547,392
Deferred revenue - obligatory reserve funds (Note 5)	3,981,023	3,833,187
Long-term debt (Note 6)	32,252,037	30,088,688
Employee benefit obligations (Note 7)	398,503	323,027
	54,501,475	56,765,185
Contingencies (Note 18)		
Net debt	(33,296,211)	(41,454,886)
NON FINANCIAL ASSETS		
Tangible capital assets (Schedule 2)	132,979,060	135,235,818
Prepaid expenses	518,557	321,743
	133,497,617	135,557,561
Accumulated surplus (Note 8)	\$ 100,201,406	\$ 94,102,675

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, 2019

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
REVENUE			
Taxation (Note 10)	\$ 14,184,857	\$ 14,342,049	\$ 13,003,056
User charges (Note 11)	6,464,147	6,576,964	6,066,122
Grants (Note 13)	2,546,119	1,912,212	1,319,945
Contributions from developers	1,975,591	2,168,354	2,118,168
Contributed tangible capital assets	-	-	136,505
Other (Note 14)	712,800	1,362,205	1,519,085
Equity earnings in subsidiary (Note 2)	-	63,059	123,087
Gain on disposal of tangible capital assets and assets held for sale	-	3,945,364	295,500
	25,883,514	30,370,207	24,581,468
EXPENSES			
General government	3,495,525	3,472,230	3,520,358
Protection to persons and property	1,977,957	1,960,146	1,912,943
Transportation services	6,075,468	6,481,990	6,821,947
Environmental services	5,042,112	4,863,889	5,373,591
Health services	123,378	117,015	114,074
Recreation and culture services	6,732,529	6,725,057	6,155,062
Planning and development	461,183	651,149	585,762
	23,908,152	24,271,476	24,483,737
Annual surplus	1,975,362	6,098,731	97,731
Accumulated surplus, beginning of year	94,102,675	94,102,675	94,004,944
Accumulated surplus, end of year	\$ 96,078,037	\$ 100,201,406	\$ 94,102,675

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, 2019

	Budget 2019	Actual 2019	Actual 2018
ANNUAL SURPLUS	\$ 1,975,362	\$ 6,098,731	\$ 97,731
Amortization of tangible assets	5,700,000	5,878,048	5,771,252
Contributed tangible capital assets	-	-	(136,505)
Acquisition of tangible capital assets	(6,284,727)	(4,158,299)	(15,675,398)
Transfer to tangible capital asset held for sale	-	-	442,729
Loss (gain) on disposal of tangible capital assets	-	506,755	(7,321)
Proceeds on disposal of tangible capital assets	-	30,254	7,321
	1,390,635	8,355,489	(9,500,191)
Acquisition of prepaid expenses	-	(487,438)	(290,573)
Use of prepaid expenses	-	290,624	98,231
	-	(196,814)	(192,342)
Decrease (increase) in net debt	1,390,635	8,158,675	(9,692,533)
Net debt, beginning of year	(41,454,886)	(41,454,886)	(31,762,353)
Net debt, end of year	\$ (40,064,251)	\$ (33,296,211)	\$ (41,454,886)

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, 2019

	2019	2018
OPERATING ACTIVITIES		
Annual surplus	\$ 6,098,731	\$ 97,731
Items not involving cash:		
Amortization of tangible assets	5,878,048	5,771,252
Gain on disposal of tangible capital assets and assets held for sale	(3,945,364)	(295,500)
Contributed tangible capital assets	-	(136,505)
Net earnings from investment in subsidiary	(63,059)	(123,087)
Employment benefit obligations	75,476	(96,699)
Change in non-cash assets and liabilities:		
Taxes receivable	10,801	29,378
User charges receivable	(70,343)	(16,668)
Accounts receivable	722,920	777,634
Accounts payable and accrued liabilities	803,753	(5,711,335)
Other liabilities	(91,502)	371,095
Deferred revenue - obligatory reserve funds	147,836	(7,580)
Deposits and deferred revenue	304,110	(104,383)
Prepaid expenses	(196,814)	(192,342)
Proceeds on disposal of assets held for sale	4,471,156	1,081,822
	14,145,749	1,444,813
CAPITAL ACTIVITIES		
Proceeds on disposal of tangible capital assets	30,254	7,321
Acquisition of tangible capital assets, net of construction in process capitalized	(4,158,299)	(15,675,398)
	(4,128,045)	(15,668,077)
FINANCING ACTIVITIES		
(Decrease) increase in bank indebtedness	(5,666,732)	13,382,998
Dividends received from investment in subsidiary (Note 2)	53,231	51,989
Issuance of long-term debt	4,018,355	-
Repayment of long-term debt	(1,855,006)	(1,816,976)
	(3,450,152)	11,618,011
Net increase (decrease) in cash	6,567,552	(2,605,253)
Cash and cash equivalents, beginning of year	1,280,672	3,885,925
Cash and cash equivalents, end of year	\$ 7,848,224	\$ 1,280,672

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, 2019

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. 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, 2019

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, 2019

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:

Classification	Useful life
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, 2019

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, 2019

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.:

	2019	2018
Financial position		
Current assets	\$ 1,578,890	\$ 1,500,087
Capital assets	96,428	97,049
Investment	35,733,453	35,749,306
Total assets	37,408,771	37,346,442
Current liabilities		
Accounts payable and accrued liabilities	39,091	34,548
Future payments in lieu of taxes	5,647,768	5,647,795
Total liabilities	5,686,859	5,682,343
Net assets	31,721,912	31,664,099
Town of Pelham's interest - 17%	\$ 5,393,644	\$ 5,383,816

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

2. Subsidiary operations (continued)

	2019	2018
Change in equity investment in subsidiary		
Revenues	\$ 230,278	\$ 217,892
Expenses	(191,988)	(184,572)
Payment in lieu of income taxes	(5,032)	(7,875)
Gain from operations	33,258	25,445
Gain on investment	337,676	698,595
Net earnings	370,934	724,040
Dividends	(313,121)	(305,819)
Net increase in equity of subsidiary	57,813	418,221
Change in equity of subsidiary - 17%	\$ 9,828	\$ 71,098

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2019 and the results of operations is as reported for the year ended December 31, 2019. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2018.

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.

	2019	2018
Electricity purchased	\$ 50,614	\$ 44,552
Administration expense	7,535	6,625
	\$ 58,149	\$ 51,177

3. Tangible capital assets held for sale

As at December 31, 2019 the Town had land and buildings held for sale of \$515,697 (2018 - \$534,734). During the year, land held for sale with a net book value of \$19,037 was sold for proceeds of \$4,471,156, resulting in a gain on disposal of \$4,452,119.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

4. Bank indebtedness

The Town has an authorized revolving line of credit of \$7,000,000 (2018 - \$7,000,000) at prime minus 0.25%, of which \$7,000,000 (2018 - \$6,000,000) remained unused at year-end. The line of credit is secured by borrowing by-law for operating line of \$7,000,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$1,300,000 (2018 - \$1,433,333) at prime minus 0.10%. Payment is due on demand.

The Town has a floating rate construction bridge loan of \$8,994,044 (2018 - \$13,527,443) issued by Infrastructure Ontario for the construction of the Meridian Community Centre. The loan is secured by a promissory note, the majority of which is expected to be repaid in 2020 with proceeds of tangible capital assets held for sale. Any unpaid portion as of October 31, 2020 will be converted to a debenture with a maximum term of thirty years at the Infrastructure Ontario lending rate at time of debenture.

In addition, the Town has an outstanding letter of credit in the amount of \$nil (2018 - \$31,615).

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:

	Development charges	Parkland	Other	2019 Total	2018 Total
Balance, beginning of year	\$ 2,120,170	\$ 1,303,682	\$ 409,335	\$ 3,833,187	\$ 3,840,767
Restricted funds received	1,430,586	216,543	1,584,139	3,231,268	3,084,742
Interest earned	44,524	27,377	17,421	89,322	69,033
Collection of receivable	-	(216,543)	-	(216,543)	(277,902)
Revenue recognized	(1,887,234)	(24,685)	(1,044,292)	(2,956,211)	(2,883,453)
Balance, end of year	\$ 1,708,046	\$ 1,306,374	\$ 966,603	\$ 3,981,023	\$ 3,833,187

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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:

	2019	2018
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	\$ 32,252,037	\$ 30,088,688

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2019	2018
67-2009	Centennial Park	3.50% to 4.80%	2019	\$ -	\$ 24,000
83-2011	Haist & Pelham St	1.55% to 4.05%	2021	388,012	571,867
73-2012	Haist St & Rice Rd	1.35% to 3.10%	2022	263,000	346,000
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	305,173	377,312
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	941,903	1,116,338
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	2,070,000	2,392,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	4,115,839	4,666,550
72-2016	Meridian Community Centre	3.34%	2046	8,509,401	8,701,170
55-2017	Meridian Community Centre	3.22%	2047	11,640,354	11,893,451
59-2019	East Fonthill Roads	2.40%	2029	4,018,355	-
				\$ 32,252,037	\$ 30,088,688

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

2020	\$ 2,236,693
2021	2,291,154
2022	2,141,327
2023	2,100,528
2024	2,071,929
Thereafter	21,410,406
	\$ 32,252,037

The Town paid \$937,707 (2018 - \$914,663) 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, 2019

7. Employee benefit obligations

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

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

Discount rate	beginning of year	3.01%
	end of year	2.83%
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:

	2019	2018
Current service cost (recovery)	\$ 85,766	\$ (80,714)
Interest on post-employment benefit liability	9,148	12,634
Total expense (recovery) related to post-employment benefits	\$ 94,914	\$ (68,080)

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 \$19,438 (2018 - \$28,619).

Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 66 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the Town contributed to OMERS for 2019 was \$519,286 (2018 - \$515,757) 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, 2019

8. Accumulated surplus

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

	2019	2018
Surplus (deficit)		
Town	\$ (10,274,391)	\$ (18,629,792)
Library (Schedule 1)	(352,741)	(350,781)
Niagara Central Airport Commission (Note 16)	(31,566)	(66,080)
	(10,658,698)	(19,046,653)
Investment in tangible capital assets (Schedule 2)	132,979,060	135,235,818
Investment in subsidiary	5,393,644	5,383,816
Unfunded		
Long-term debt	(32,252,037)	(30,088,688)
Employee benefit obligations	(398,503)	(323,027)
	(32,650,540)	(30,411,715)
Reserves and reserve funds (Note 9)	5,137,940	2,941,409
	\$ 100,201,406	\$ 94,102,675

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

9. Reserves and reserve funds

	2019	2018
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 16)	\$ 2,955	\$ 2,955
Building department	1,378,609	1,178,592
Cemetery	(52,055)	(68,061)
Community improvement plan	168,754	204,269
Elections	20,794	8,367
Fire equipment	345,880	453,423
Fleet	733,041	586,289
Future subdivision projects	-	362,613
Information technology	(94,399)	(46,482)
Land acquisition	(1,323,452)	(1,470,452)
Library (Schedule 1)	139,352	93,310
Meridian Community Centre	215,252	762,080
Municipal building facility	(311,314)	(460,563)
Municipal Drainage	(97,669)	(117,669)
Parks and recreation	(405,009)	(217,936)
Physician recruitment	23,705	21,704
Planning	(34,116)	(87,847)
Roads	1,406,973	(279,492)
Wastewater	1,042,700	804,825
Water	976,004	1,224,458
Working capital	1,001,935	(12,974)
	\$ 5,137,940	\$ 2,941,409

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

10. Taxation

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Taxation - real property	\$ 35,500,599	\$ 36,227,610	\$ 33,823,092
Payments in lieu of taxes	300,471	300,875	299,576
	35,801,070	36,528,485	34,122,668
Less: taxation collected on behalf of			
Region of Niagara	16,499,328	16,943,045	15,932,864
School boards	5,116,885	5,243,391	5,186,748
	21,616,213	22,186,436	21,119,612
Net taxes available for municipal purposes	14,184,857	14,342,049	13,003,056
Residential and farm	13,025,740	13,152,475	11,922,496
Multi-residential	178,933	183,635	173,849
Commercial	939,195	963,873	866,809
Industrial	40,989	42,066	39,902
	\$ 14,184,857	\$ 14,342,049	\$ 13,003,056

11. User charges

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Fees and service charges	\$ 1,176,009	\$ 1,427,595	\$ 1,089,110
Water charges	2,748,884	2,541,809	2,501,284
Sewer charges	2,009,104	1,889,539	1,789,569
Licenses and Permits	530,150	718,021	686,159
	\$ 6,464,147	\$ 6,576,964	\$ 6,066,122

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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:

	2019	2018
Region of Niagara	\$ 18,461,659	\$ 17,820,122
School boards	5,243,391	5,186,748
	\$ 23,705,050	\$ 23,006,870

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 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Government of Canada	\$ 64,200	\$ 89,689	\$ 32,943
Province of Ontario	244,453	261,289	184,423
Region of Niagara	66,000	64,437	3,921
Other	-	5,000	-
	374,653	420,415	221,287
Capital			
Government of Canada	1,373,404	535,744	272,296
Province of Ontario	798,062	798,131	826,362
Other	-	157,922	-
	2,171,466	1,491,797	1,098,658
	\$ 2,546,119	\$ 1,912,212	\$ 1,319,945

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

14. Other revenue

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Operating			
Penalties and interest on taxes	\$ 270,000	\$ 261,321	\$ 268,465
Investment income - operating	12,500	92,606	52,756
Fines and other penalties	26,500	69,500	69,117
Other	403,800	458,585	525,317
	712,800	882,012	915,655
Capital			
Investment income	-	-	3,189
Donations	-	480,193	600,241
	\$ 712,800	\$ 1,362,205	\$ 1,519,085

15. Budget amounts

The operating and tax rate supported budgets were approved by Council on April 1, 2019 to establish the tax rates for the year. In addition, the water and wastewater operating and capital budgets were approved by Council on April 1, 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, 2019

15. Budget amounts (continued)

	Budget Amount
Revenues	
Approved operating budget	\$ 17,328,707
Approved water and wastewater budget	4,775,988
Approved library budget - other than Town contribution	142,950
Approved budget adjustments	35,000
Add capital:	
Development charges	1,932,841
Federal Gas Tax	519,053
Ontario Community Infrastructure Fund	294,204
Other grants	<u>1,358,209</u>
	4,104,307
Less:	
Transfers from reserves - operating	<u>(503,438)</u>
	<u>(503,438)</u>
Total revenues	25,883,514
Expenses	
Approved operating budget	17,328,707
Approved water and wastewater budget	4,775,988
Approved library operating budget	910,524
Approved budget adjustments	35,000
Add:	
Amortization	5,700,000
Employee future benefits	40,000
Estimated capital budget items expense in nature	310,000
Debt interest payments - development charges	<u>495,949</u>
	6,545,949
Less:	
Debt principal payments (development charge excluded)	(1,029,187)
Town contribution to library	(814,218)
Transfers to reserves, including capital	<u>(3,844,611)</u>
	<u>(5,688,016)</u>
Total expenses	23,908,152
Annual surplus	\$ 1,975,362

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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%.

	2019	2018
Financial assets		
Cash and temporary investments	\$ 228,562	\$ 284,481
Receivables	43,073	46,129
	271,635	330,610
Liabilities		
Accounts payable and accrued liabilities	37,317	211,162
Loans payable and capital lease liability	420,313	466,572
	457,630	677,734
Net debt	(185,995)	(347,124)
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	25,685	47,272
Tangible capital assets	1,492,862	1,636,642
	1,519,901	1,685,268
Accumulated surplus	1,333,906	1,338,144
Accumulated surplus		
Operating deficit	(175,120)	(314,662)
Reserves	16,164	16,164
Investment in tangible capital assets	1,492,862	1,636,642
	1,333,906	1,338,144
Revenues		
Grants	167,510	82,219
Fuel and rentals	118,697	86,114
Other	1,350	39,409
Interest	571	1,138
Expenses	(292,366)	(220,757)
Annual deficit	\$ (4,238)	\$ (11,877)

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

16. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2019 and the results of operations are as reported for the year ended December 31, 2019. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2018.

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. The loan receivable from the Niagara Central Airport Commission is unsecured and bears interest at 4.30%, payable in equal annual instalments over ten years, commencing June 2019.

	2019	2018
Grants	\$ 30,152	\$ 11,676
Donations	4,070	10,702
Loan payments received	9,308	5,411
Loan advances	\$ -	\$ 31,140

17. Trust funds

Trust funds administered by the Town amounting to \$991,678 (2018 - \$967,257) 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.

20. Comparative figures

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

21. Segmented information

The Town provides a diverse range of services to its citizens. The Consolidated schedule of segment disclosure has grouped various services into segments to provide a further breakdown of the revenues and expenses attributable to each segment. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

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, 2019

	Budget 2019 (Note 15)	Actual 2019	Actual 2018
Revenue			
Municipal contribution (Library)	\$ 814,218	\$ 814,218	\$ 814,218
Library - grants	41,700	45,524	59,318
Deferred revenue earned (Development Charges)	42,750	42,750	47,709
Library - other revenue	58,500	62,054	68,468
	957,168	964,546	989,713
Expenses			
Administration	57,920	54,357	52,401
Amortization of books, periodicals and media	-	61,611	62,287
Books, periodicals and other media	54,500	-	-
Electronic resources and maintenance	26,595	25,740	27,958
Equipment rental	2,600	2,725	2,600
Furnishings and office equipment	500	6,509	5,218
Insurance	3,000	3,027	2,978
Programs	10,000	11,779	12,057
Repairs and maintenance	44,060	46,421	27,070
Salary, wages and employee benefits	732,167	693,331	745,152
Supplies	1,800	2,894	1,723
Utilities	26,882	25,508	24,984
	960,024	933,902	964,428
Annual surplus (deficit)	(2,856)	30,644	25,285
Accumulated surplus, beginning of year	162,276	162,276	136,991
Accumulated surplus, end of year	159,420	192,920	162,276
Accumulated surplus consists of the following			
Operating deficit	-	(352,741)	(350,781)
Investment in library collection	-	427,720	437,671
Reserves	-	139,352	93,310
Unfunded employee benefit obligations	-	(21,411)	(17,924)
	\$ -	\$ 192,920	\$ 162,276

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

	2019							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
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)
End 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
Accumulated amortization								
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)
End of year	-	1,735,235	6,060,930	5,150,134	4,601,761	65,638,994	-	83,187,054
Net book value	\$ 19,045,733	\$ 3,051,872	\$ 42,407,129	\$ 3,414,591	\$ 1,791,635	\$ 59,780,892	\$ 3,487,208	\$132,979,060

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

	2018							
	Land	Land improvements	Buildings	Machinery, equipment, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	\$ 18,135,413	\$ 3,789,526	\$ 11,060,420	\$ 6,904,571	\$ 6,362,314	\$117,463,786	\$ 33,519,693	\$197,235,723
Add additions	908,978	148,834	37,875,951	1,005,705	43,829	3,305,534	1,259,827	44,548,658
Less construction in process capitalized	-	-	-	-	-	-	(28,736,755)	(28,736,755)
Less assets held for sale	1,342	-	(444,071)	-	-	-	-	(442,729)
End 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
Accumulated amortization								
Beginning of year	-	1,345,407	3,757,811	4,125,860	3,992,201	58,376,548	-	71,597,827
Add amortization during the year	-	196,477	998,640	487,394	329,682	3,759,059	-	5,771,252
End of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Net book value	\$ 19,045,733	\$ 2,396,476	\$ 43,735,849	\$ 3,297,022	\$ 2,084,260	\$ 58,633,713	\$ 6,042,765	\$135,235,818

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

	2019							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
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 (loss) on disposal of tangible capital assets and assets held for sale	4,141,827	-	(6,821)	(76,371)	-	(113,271)	-	3,945,364
Total revenues	9,570,961	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	30,370,207
Expenses								
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
Annual surplus	\$ 6,098,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,098,731

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

								2018
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
Taxation	\$ 2,521,279	\$ 1,111,616	\$ 4,130,580	\$ 383,871	\$ 18,224	\$ 4,837,486	\$ -	\$ 13,003,056
User charges	27,439	703,802	21,741	4,290,853	41,171	751,696	229,420	6,066,122
Grants	39,800	-	734,808	406,519	-	138,818	-	1,319,945
Contributions from developers	-	34,145	1,641,182	274,056	-	105,944	62,841	2,118,168
Contributed tangible capital assets	136,505	-	-	-	-	-	-	136,505
Other	769,979	63,380	286,315	18,292	54,679	321,118	5,322	1,519,085
Equity earnings in subsidiary	123,087	-	-	-	-	-	-	123,087
Gain on disposal of tangible capital assets and assets held for sale	-	-	7,321	-	-	-	288,179	295,500
Total revenues	3,618,089	1,912,943	6,821,947	5,373,591	114,074	6,155,062	585,762	24,581,468
Expenses								
Salaries and wages	1,767,173	1,179,039	959,078	1,133,161	87,148	2,457,898	385,687	7,969,184
Long term debt interest	-	44,330	142,590	30,384	-	686,873	10,486	914,663
Materials	869,361	157,079	693,773	808,497	4,892	1,088,941	76,809	3,699,352
Contracted services	655,415	166,345	1,765,440	2,569,108	10,693	490,521	62,111	5,719,633
Rents & financials	100,117	-	94,238	-	-	192,296	-	386,651
External transfers to others	23,002	-	-	-	-	-	-	23,002
Amortization of tangible assets	105,290	366,150	3,166,828	832,441	11,341	1,238,533	50,669	5,771,252
	3,520,358	1,912,943	6,821,947	5,373,591	114,074	6,155,062	585,762	24,483,737
Annual surplus	\$ 97,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,731

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, 2019, 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, 2019, 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 19, 2020

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Financial Position

As at December 31, 2019

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2019	Total 2018
Assets					
Cash	\$ 63,832	\$ 32,102	\$ 81,701	\$ 177,635	\$ 162,052
Receivables and accrued interest	740	2,132	-	2,872	1,188
Investments (Note 2)	708,559	107,403	14,320	830,282	813,797
Due from the Town of Pelham (Note 3)	2,799	-	-	2,799	12,235
	775,930	141,637	96,021	1,013,588	989,272
Liability					
Due to the Town of Pelham (Note 3)	-	-	21,910	21,910	22,015
Fund balance	\$ 775,930	\$ 141,637	\$ 74,111	\$ 991,678	\$ 967,257

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2019

		Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2019	Total 2018
Revenue						
Interest	\$	16,015	\$ 2,628	\$ 2,031	\$ 20,674	\$ 11,408
Realized gain		-	-	302	302	409
Donations		-	-	23,281	23,281	21,065
Marker fees		2,850	-	-	2,850	3,200
Plot sales		15,964	-	-	15,964	17,786
		34,829	2,628	25,614	63,071	53,868
Expenses						
Purchase of equipment, books, periodicals and misc		-	-	22,635	22,635	22,599
Maintenance		16,015	-	-	16,015	8,751
		16,015	-	22,635	38,650	31,350
Excess of revenues over expenses		18,814	2,628	2,979	24,421	22,518
Fund balance, beginning of year		757,116	139,009	71,132	967,257	944,739
Fund balance, end of year	\$	775,930	\$ 141,637	\$ 74,111	\$ 991,678	\$ 967,257

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Notes to the Financial Statements

December 31, 2019

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 \$830,282 (2018 - \$813,797) reported on the statement of financial position at cost, have a market value of \$830,282 (2018 - \$813,797) 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.