

Consolidated Financial Statements of

**CORPORATION OF THE TOWN OF PELHAM**

December 31, 2023

# CORPORATION OF THE TOWN OF PELHAM

December 31, 2023

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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, 2023, 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, 2023, 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 19, 2024

# CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position  
December 31, 2023

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 18,721,011	\$ 18,163,039
Taxes receivable	2,257,197	2,788,518
User charges receivable	1,053,565	953,193
Accounts receivable	5,112,629	6,992,230
Investment in subsidiary (Note 3)	5,731,360	5,659,632
	<b>32,875,762</b>	<b>34,556,612</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 4)	-	900,000
Accounts payable and accrued liabilities	7,159,168	5,834,422
Other liabilities	2,262,765	2,129,087
Deposits and deferred revenue	307,707	399,467
Deferred revenue - obligatory reserve funds (Note 5)	6,119,335	6,520,304
Long-term debt (Note 6)	26,497,388	28,745,764
Employee benefit obligations (Note 7)	519,252	529,504
	<b>42,865,615</b>	<b>45,058,548</b>
Contingencies (Note 18)		
Net debt	<b>(9,989,853)</b>	<b>(10,501,936)</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	155,327,877	146,104,135
Prepaid expenses	109,714	669,256
	<b>155,437,591</b>	<b>146,773,391</b>
Accumulated surplus (Note 8)	<b>\$ 145,447,738</b>	<b>\$ 136,271,455</b>

Signed on behalf of the Town:




Marvin Junkin, 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, 2023

	Budget 2023 (Note 15)	Actual 2023	Actual 2022
<b>REVENUE</b>			
Taxation (Note 10)	\$ 18,337,307	\$ 18,822,144	\$ 17,183,515
User charges (Note 11)	9,045,209	9,431,171	9,071,959
Grants (Note 13)	3,702,863	4,332,472	5,668,326
Contributions from developers	3,841,689	3,806,942	1,861,481
Contributed tangible capital assets	-	578,758	-
Other (Note 14)	740,150	2,343,948	1,722,550
Equity earnings in subsidiary (Note 3)	-	164,718	146,000
(Loss) gain on disposal of assets and assets held for sale	-	(224,003)	96,848
	35,667,218	39,256,150	35,750,679
<b>EXPENSES</b>			
General government	4,540,473	5,045,161	4,397,503
Protection to persons and property	2,366,149	2,426,825	2,258,046
Transportation services	6,331,992	6,334,428	6,587,938
Environmental services	6,811,533	6,741,763	6,058,908
Health services	134,586	138,704	118,573
Recreation and culture services (Note 21)	7,947,017	8,424,086	7,985,727
Planning and development	712,111	968,900	753,057
	28,843,861	30,079,867	28,159,752
Annual surplus	6,823,357	9,176,283	7,590,927
Accumulated surplus, beginning of year	136,271,455	136,271,455	128,680,528
Accumulated surplus, end of year	\$ 143,094,812	\$ 145,447,738	\$ 136,271,455

*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, 2023

	Budget 2023	Actual 2023	Actual 2022
<b>ANNUAL SURPLUS</b>	\$ 6,101,357	\$ 9,176,283	\$ 7,590,927
Amortization of tangible assets	6,000,000	5,962,892	5,930,971
Contributed tangible capital assets	-	(578,758)	-
Acquisition of tangible capital assets	(18,334,638)	(15,048,670)	(11,709,825)
Loss (gain) on disposal of tangible capital assets	-	224,003	(96,848)
Proceeds on disposal of tangible capital assets	-	216,791	237,389
	(6,233,281)	(47,459)	1,952,614
Acquisition of prepaid expenses	-	(89,107)	(662,210)
Use of prepaid expenses	-	648,649	298,520
	-	559,542	(363,690)
Decrease in net debt	(6,233,281)	512,083	1,588,924
Net debt, beginning of year	(10,501,936)	(10,501,936)	(12,090,860)
<b>Net debt, end of year</b>	\$ (16,735,217)	\$ (9,989,853)	\$ (10,501,936)

*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, 2023

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 9,176,283	\$ 7,590,927
Items not involving cash:		
Amortization of tangible assets	5,962,892	5,930,971
Loss (gain) on disposal of tangible capital assets and assets held for sale	224,003	(96,848)
Contributed tangible capital assets	(578,758)	-
Net earnings from investment in subsidiary	(164,718)	(146,000)
Employment benefit obligations	(10,252)	104,254
Change in non-cash assets and liabilities:		
Taxes receivable	531,321	(1,124,889)
User charges receivable	97,187	14,036
Accounts receivable	1,682,042	(727,883)
Accounts payable and accrued liabilities	1,324,746	829,086
Other liabilities	133,678	(332,426)
Deferred revenue - obligatory reserve funds	(400,969)	1,465,834
Deposits and deferred revenue	(91,760)	(20,070)
Prepaid expenses	559,542	(363,690)
	<b>18,445,237</b>	<b>13,123,302</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	216,791	237,389
Acquisition of tangible capital assets, net of construction in process capitalized	(15,048,670)	(11,709,825)
	<b>(14,831,879)</b>	<b>(11,472,436)</b>
<b>FINANCING ACTIVITIES</b>		
Decrease in bank indebtedness	(900,000)	(133,333)
Dividends received from investment in subsidiary (Note 3)	92,990	80,920
Repayment of long-term debt	(2,248,376)	(2,286,290)
	<b>(3,055,386)</b>	<b>(2,338,703)</b>
Net increase (decrease) in cash	557,972	(687,837)
Cash and cash equivalents, beginning of year	18,163,040	18,850,877
<b>Cash and cash equivalents, end of year</b>	<b>\$ 18,721,011</b>	<b>\$ 18,163,040</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, 2023

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## 1. Significant accounting policies

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

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

### a. Basis of consolidation

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

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

Related party transactions are eliminated (Note 16).

#### ii. 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 3). 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.

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

Effective March 7, 2022, the Lincoln Pelham Union Public Library (LPPL) was established pursuant to and in accordance with the provisions of the *Public Libraries Act* to serve Lincoln and Pelham. The Lincoln Pelham Union Public Library board commenced operations effective January 1, 2023. 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 2023, Lincoln's portion is 58% and Pelham's portion is 42%. The library facilities will remain the responsibility and asset of the respective municipality.

These consolidated financial 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, 2023

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## 1. Significant accounting policies (continued)

### c. Deferred revenue - obligatory reserve funds

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses which will be incurred in a later period are deferred.

### d. Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is determined using the projected benefit method pro-rated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

### e. Cash and cash equivalents

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

### f. Deposits and deferred revenue

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

### g. Non-financial assets

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

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

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## 1. Significant accounting policies (continued)

### h. Tangible capital assets

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

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

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

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

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

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

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

### i. Subdivision infrastructure

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

### 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.

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

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## 1. Significant accounting policies (continued)

### 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, 2023

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## 1. Significant accounting policies (continued)

### p. Asset Retirement Obligations

Asset Retirement Obligations (ARO) represent the legal obligations associated with the retirement of a tangible capital asset (TCA) that result from its acquisition, construction, development, or normal use. The tangible assets include but are not limited to assets in productive use, assets no longer in productive use, leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Town to incur costs in relation to a specific TCA, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been recorded and reported within the TCA values presented in the financial statements. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the ARO will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Town derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the statement of operations.

### q. 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.

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

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## 2. Accounting Policies Adopted During the Year

### PS 3280 Asset Retirement Obligations

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. As this standard includes solid waste landfill sites active and post-closing obligations, upon adoption of this new standard, existing Solid Waste Landfill Closure and Post-Closure Liability section PS 3270 was withdrawn.

Information presented for comparative purposes should be restated unless the necessary financial data is not reasonably determinable.

The Town adopted this new standard on a prospective basis effective January 1, 2023. Management determined that the Town does not have any asset retirement obligations for 2023.

### PS 1201 – Financial Statement Presentation

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

### PS 2601 – Foreign Currency Translation

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

### PS 3041 - Portfolio Investments

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

### PS 3450 Financial Instruments

PS 3450 Financial Instruments, a new standard establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

### Establishing fair value

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 2. Accounting Policies Adopted During the Year (continued)

### Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Town adopted these standards concurrently beginning January 1, 2023 on a prospective basis. As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Town, a Statement of Remeasurement Gains and Losses has not been prepared.

## 3. 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.:

	2023	2022
Financial position		
Current assets	\$ 1,771,669	\$ 1,717,662
Capital assets	60,351	69,265
Investment	38,393,827	37,784,856
<b>Total assets</b>	<b>40,225,847</b>	<b>39,571,783</b>
Current liabilities		
Accounts payable and accrued liabilities	58,599	58,433
Future payments in lieu of taxes	6,532,770	6,226,804
<b>Total liabilities</b>	<b>6,591,369</b>	<b>6,285,237</b>

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

### 3. Subsidiary operations (continued)

	2023	2022
Net assets	33,634,478	33,286,546
Town of Pelham's interest - 17%	\$ 5,731,360	\$ 5,659,632
	2023	2022
Change in equity investment in subsidiary		
Revenues	\$ 239,524	\$ 240,493
Expenses	(188,833)	(205,739)
Payment in lieu of income taxes	(251,736)	(597,786)
Loss from operations	(201,045)	(563,032)
Gain on investment	1,169,972	1,421,855
Net earnings	968,927	858,823
Dividends	(547,000)	(476,000)
Net increase in equity of subsidiary	421,927	382,823
Change in equity of subsidiary - 17%	\$ 71,728	\$ 65,080

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2023 and the results of operations is as reported for the year ended December 31, 2023. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2022.

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.

	2023	2022
Electricity purchased	\$ 44,377	\$ 58,594
Administration expense	6,360	4,685
	\$ 50,737	\$ 63,279

### 4. Bank indebtedness

The Town has an authorized revolving line of credit of \$11,500,000 (2022 - \$11,500,000) at prime minus 0.25%, of which \$11,500,000 (2022 - \$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 installment loan of \$nil (2022 - \$900,000) at prime minus 0.10%. The demand installment loan was paid in full in 2023.



# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 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	Canada Community-Building Fund	Ontario Gas Tax	Other	2023 Total	2022 Total
Balance, beginning of year	\$ 4,743,143	\$ 1,358,739	\$ 324,012	\$ 61,373	\$ 33,037	\$ 6,520,304	\$ 5,054,470
Restricted funds received	2,882,654	196,942	566,240	-	864,014	4,509,850	5,476,143
Interest earned	83,005	61,991	19,133	3,185	5,975	173,289	97,669
Collection of receivable	-	(196,942)	-	-	-	(196,942)	(393,696)
Revenue recognized	(3,284,683)	(370,936)	(355,706)	-	(875,841)	(4,887,166)	(3,714,282)
Balance, end of year	\$ 4,424,119	\$ 1,049,794	\$ 553,679	\$ 64,558	\$ 27,185	\$ 6,119,335	\$ 6,520,304

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 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:

	2023	2022
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	\$ 26,497,388	\$ 28,745,764

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2023	2022
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	\$ -	\$ 78,856
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	199,471	392,848
75-2015	Fire Stn #3 & Pt Robinson	1.94%	2025	722,000	1,070,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	1,831,272	2,416,733
72-2016	Meridian Community Centre	3.34%	2046	7,675,530	7,894,467
55-2017	Meridian Community Centre	3.22%	2047	10,543,098	10,830,692
59-2019	East Fonthill Roads	2.40%	2029	2,510,963	2,899,266
58-2020	Meridian Community Centre	1.98%	2040	3,015,054	3,162,902
				\$ 26,497,388	\$ 28,745,764

- (c) Principal repayments due in each of the next 5 years and thereafter are as follows:

2024	\$ 2,232,719
2025	2,074,693
2026	1,752,359
2027	1,159,134
2028	1,191,275
Thereafter	18,087,208
	\$ 26,497,388

The Town paid \$862,053 (2022 - \$982,220) 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, 2023

## 7. Employee benefit obligations

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

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

Discount rate	beginning of year	4.00%
	end of year	4.00%
Medical cost increases	ultimate trend rate	5.00%

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:

	2023	2022
Current service cost	\$ (13,858)	\$ 126,352
Interest on post-employment benefit liability	21,180	11,346
<b>Total expense related to post-employment benefits</b>	<b>\$ 7,322</b>	<b>\$ 137,698</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 \$30,343 (2022 - \$33,456).

### 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 2023 with a funding deficit of \$4.2 billion (2022 - \$6.7 billion). The funded ratio increased to 97% in 2023, up from 95% in 2022. The primary reason for the increase in funded ratio is due to net return of 4.6% (\$5.6 billion). The amount the Town contributed to OMERS for 2023 was \$666,913 (2022 - \$641,463) 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, 2023

## 8. Accumulated surplus

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

	2023	2022
Surplus (deficit)		
Town	\$ 1,559,003	\$ 925,111
Library (Note 21)	(26,327)	(274,361)
Niagara Central Airport Commission (Note 16)	(116,864)	(17,124)
	<b>1,415,812</b>	<b>633,626</b>
Investment in tangible capital assets (Schedule 2)	<b>155,327,877</b>	146,104,135
Investment in subsidiary	<b>5,731,360</b>	5,659,632
Unfunded		
Long-term debt	(26,497,388)	(28,745,764)
Employee benefit obligations	(519,252)	(529,504)
	<b>(27,016,640)</b>	<b>(29,275,268)</b>
Reserves and reserve funds (Note 9)	<b>9,989,329</b>	13,149,330
	<b>\$ 145,447,738</b>	<b>\$ 136,271,455</b>

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 9. Reserves and reserve funds

	2023	2022
Reserves and reserve funds set aside for specific purposes by Council		
Airport (Note 16)	\$ 28,357	\$ 28,357
Building department	2,009,400	1,973,804
Cemetery	250,692	157,162
Community improvement plan	270,566	283,957
Elections	55,523	14,345
Fire equipment	965,664	1,218,432
Fleet	1,585,471	1,552,894
Human resource capacity building	543,935	551,264
Information technology	12,129	104,965
Land acquisition	(537,296)	(837,592)
Library	251,034	388,450
Meridian Community Centre	393,340	601,747
Municipal building facility	63,771	635,999
Municipal drainage	71,860	61,763
Parks and recreation	156,244	61,894
Physician recruitment	27,705	27,705
Planning	271,572	363,357
Roads	1,310,218	2,469,836
Volunteer firefighter life insurance	50,000	37,500
Wastewater	1,948,702	2,563,441
Water	(172,648)	500,582
Invasive Species Management Reserve	120,000	-
Working capital	313,090	389,468
	<b>\$ 9,989,329</b>	<b>\$ 13,149,330</b>

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 10. Taxation

	Budget 2023 (Note 15)	Actual 2023	Actual 2022
Taxation - real property	\$ 45,259,166	\$ 46,868,189	\$ 42,391,752
Payments in lieu of taxes	350,471	304,559	304,502
	45,609,637	47,172,748	42,696,254
Less: taxation collected on behalf of			
Region of Niagara	21,807,866	22,690,912	20,032,668
School boards	5,464,461	5,659,692	5,480,071
	27,272,327	28,350,604	25,512,739
Net taxes available for municipal purposes	18,337,310	18,822,144	17,183,515
Residential and farm	16,748,589	17,173,436	15,632,005
Multi-residential	213,138	221,186	210,077
Commercial	1,306,685	1,356,023	1,273,681
Industrial	68,896	71,499	67,752
	\$ 18,337,308	\$ 18,822,144	\$ 17,183,515

## 11. User charges

	Budget 2023 (Note 15)	Actual 2023	Actual 2022
Operating			
Fees and service charges	\$ 1,554,606	\$ 1,927,630	\$ 1,965,657
Water charges	3,742,086	3,783,431	3,426,210
Sewer charges	2,976,458	2,970,282	2,675,016
Licenses and permits	772,059	749,828	1,005,076
	\$ 9,045,209	\$ 9,431,171	\$ 9,071,959

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 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:

	2023	2022
Region of Niagara	\$ 25,987,785	\$ 24,136,175
School boards	5,659,692	5,480,071
	<b>\$ 31,647,477</b>	<b>\$ 29,616,246</b>

The Town is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

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

## 13. Grants

	Budget 2023 (Note 15)	Actual 2023	Actual 2022
<b>Operating</b>			
Government of Canada	\$ 14,650	\$ 68,095	\$ 83,383
Province of Ontario	259,200	728,122	1,872,751
Region of Niagara	-	17,388	40,089
Other	-	33,899	1,100
	273,850	847,504	1,997,323
<b>Capital</b>			
Government of Canada	1,117,875	1,214,261	2,690,302
Province of Ontario	1,598,146	1,577,715	857,298
Region of Niagara	712,992	692,992	123,403
	3,429,013	3,484,968	3,671,003
	<b>\$ 3,702,863</b>	<b>\$ 4,332,472</b>	<b>\$ 5,668,326</b>

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 14. Other revenue

	Budget 2023 (Note 15)	Actual 2023	Actual 2022
<b>Operating</b>			
Penalties and interest on taxes	\$ 278,000	\$ 446,537	\$ 380,139
Investment income	43,000	1,108,607	510,905
Fines and other penalties	22,500	50,455	31,272
Other	396,650	545,628	446,842
	740,150	2,151,227	1,369,158
<b>Capital</b>			
Donations	-	192,721	353,392
	\$ 740,150	\$ 2,343,948	\$ 1,722,550

## 15. Budget amounts

The operating and tax rate supported budgets were approved by Council on February 6, 2023 to establish the tax rates for the year. In addition, the tax rate supported capital budget was also approved by Council on February 6, 2023 and the water and wastewater operating budgets were approved by Council on February 21, 2023.

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, 2023

## 15. Budget amounts (continued)

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

	Budget Amount
<b>Revenues</b>	
Approved operating budget	\$ 21,960,804
Approved water and wastewater budget	6,759,544
Approved library budget - other than Town contribution	87,871
<b>Add capital:</b>	
Development charges	3,841,689
Federal Gas Tax	324,000
Ontario Community Infrastructure Fund	836,829
Other grants	2,201,313
	<u>7,203,831</u>
<b>Less:</b>	
Transfers from reserves - operating	<u>(344,832)</u>
	<u>(344,832)</u>
<b>Total revenues</b>	<b>35,667,218</b>
<b>Expenses</b>	
Approved operating budget	21,960,804
Approved water and wastewater budget	6,759,544
Approved library operating budget	951,733
<b>Add:</b>	
Amortization	6,000,000
Employee future benefits	40,000
Estimated capital budget items expense in nature	794,000
Debt interest payments - development charges	385,592
	<u>7,219,592</u>
<b>Less:</b>	
Debt principal payments (development charge excluded)	(1,329,968)
Town contribution to library	(865,962)
Transfers to reserves, including capital	<u>(5,851,882)</u>
	<u>(8,047,812)</u>
<b>Total expenses</b>	<b>28,843,861</b>
<b>Annual surplus</b>	<b>\$ 6,823,357</b>

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 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%.

	2023	2022
<b>Financial assets</b>		
Cash and temporary investments	\$ 341,980	\$ 291,278
Receivables	23,927	34,503
	<b>365,907</b>	<b>325,781</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	27,402	40,758
Loans payable and capital lease liability	810,549	277,696
Asset retirement obligation	41,940	-
	<b>879,891</b>	<b>318,454</b>
<b>Net debt</b>	<b>(513,984)</b>	<b>7,327</b>
<b>Non-financial assets</b>		
Prepaid expenses	15,492	14,738
Fuel inventory	6,785	15,805
Tangible capital assets	2,131,101	1,624,743
	<b>2,153,378</b>	<b>1,655,286</b>
<b>Accumulated surplus</b>	<b>1,639,394</b>	<b>1,662,613</b>
<b>Accumulated surplus</b>		
Operating deficit	(591,152)	(95,133)
Reserves	157,539	157,539
Investment in tangible capital assets	2,073,007	1,600,207
	<b>1,639,394</b>	<b>1,662,613</b>
<b>Revenues</b>		
Grants	154,770	154,770
Fuel and rentals	117,042	95,191
Other	50,116	350,882
<b>Expenses</b>	<b>(312,042)</b>	<b>(287,502)</b>
<b>Annual surplus</b>	<b>\$ 9,886</b>	<b>\$ 313,341</b>

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2023 and the results of operations are as reported for the year ended December 31, 2023.

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

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## 16. 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.

		2023		2022
Grants	\$	25,356	\$	25,854
Donations	\$	2,493	\$	3,116

## 17. Trust funds

Trust funds administered by the Town amounting to \$1,054,574 (2022 - \$1,188,195) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

## 18. Contingencies

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

## 19. Financial instruments

The Town's financial instruments consist of cash and cash equivalents, user charges and accounts receivable, bank indebtedness, accounts payable and accrued liabilities, other liabilities and long-term debt. It is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values.

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

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## 20. Segmented information

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

The services included in each segment are as follows:

(i) General government

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

(ii) Protection services

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

(iii) Transportation services

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

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

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

(vii) Planning and development

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

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

## 21. Lincoln Pelham Public Library

The Lincoln Pelham Union Public Library board is established on March 7 2022 by the Town's of Lincoln and Pelham to in accordance with the provisions of the Public Libraries Act to serve the Town's of Lincoln and Pelham. The new library board commenced operations on January 1, 2023. The proportions of local operating support to be contributed by the Councils of Lincoln and Pelham is be based on 2016 census data. For 2023, the Town of Pelham's proportionate share of local support to the Library Board is 42%.

	2023
Financial assets	
Cash and temporary investments	\$ 88,793
Receivables	673,944
	<u>762,737</u>
Liabilities	
Accounts payable and accrued liabilities	203,278
Post-retirement benefit liability	30,403
Deferred revenue	25,000
	<u>504,056</u>
Net financial assets	504,056
Non-financial assets	
Tangible capital assets	657,618
	<u>1,161,674</u>
Accumulated surplus	
Operating surplus	(63,242)
Reserves	597,701
Post-retirement benefit liability	(30,403)
Investment in tangible capital assets	657,618
	<u>1,161,674</u>
Revenues	
Municipal Grants	2,066,044
Provincial Grants	84,216
Fees, fines, rentals and sales	31,909
Deferred revenue earned	84,695
Other revenue	44,322
	<u>2,311,186</u>
Total Revenue	2,311,186
Expenses	
Staffing Cost	1,860,403
Materials and Supplies	366,553

# CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2023

21. Lincoln Pelham Public Library (continued)

	2023
Contracted Services	67,950
Amortization of tangible capital assets	182,541
<b>Total Expenses</b>	<b>2,477,447</b>
Annual (deficit)	(166,261)
Accumulated surplus, transferred from the Towns of Pelham and Lincoln	1,327,935
Accumulated surplus, end of year	\$ 1,161,674

The financial position information is as reported by the Lincoln Pelham Public Library as at December 31, 2023 and the results of operations are as reported for the year ended December 31, 2023.

The Town has recorded in the financial statements its 42% share of Lincoln Pelham Public Library's' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Lincoln Pelham Public Library 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.

	2023
Municipal Grant - From Pelham to Library	\$ (865,962)
Town of Pelham's Payable to Library	\$ 480,615

The transfer of assets, liabilities and reserves to the Lincoln Pelham Union Public Library was recorded as a restructuring transaction during the year, with an impact of an increase in expenses in the Town's consolidated statement of operations, recorded as recreation and culture services, of \$249,236.

# CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 1  
For the Year Ended December 31, 2023

2023

	Land improvements	Land	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 18,912,896	\$ 7,902,583	\$ 47,519,694	\$ 10,128,913	\$ 5,705,568	\$ 147,097,516	\$ 7,278,702	\$ 244,545,872
Add library additions	-	-	-	338,897	-	-	-	338,897
Add additions	-	294,519	2,317,547	1,285,667	998,892	2,669,768	11,351,736	18,918,129
Add contributed tangible capital assets	-	104,152	-	13,735	-	460,871	-	578,758
Less construction in process capitalized	-	-	-	-	-	-	(4,208,356)	(4,208,356)
Less disposals during the year	-	-	-	(3,218,964)	(58,910)	-	-	(3,277,874)
<b>End of year</b>	<b>18,912,896</b>	<b>8,301,254</b>	<b>49,837,241</b>	<b>8,548,248</b>	<b>6,645,550</b>	<b>150,228,155</b>	<b>14,422,082</b>	<b>256,895,426</b>
<b>Accumulated amortization</b>								
Beginning of year	-	2,555,993	8,992,683	6,806,666	4,442,743	75,643,652	-	98,441,737
Add amortization during the year	-	395,476	1,327,994	588,433	228,063	3,422,926	-	5,962,892
Less amortization on disposals	-	-	-	(2,779,036)	(58,044)	-	-	(2,837,080)
<b>End of year</b>	<b>-</b>	<b>2,951,469</b>	<b>10,320,677</b>	<b>4,616,063</b>	<b>4,612,762</b>	<b>79,066,578</b>	<b>-</b>	<b>101,567,549</b>
<b>Net book value</b>	<b>\$ 18,912,896</b>	<b>\$ 5,349,785</b>	<b>\$ 39,516,564</b>	<b>\$ 3,932,185</b>	<b>\$ 2,032,788</b>	<b>\$ 71,161,577</b>	<b>\$ 14,422,082</b>	<b>\$ 155,327,877</b>

# CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 1  
For the Year Ended December 31, 2023

2022

	Land	Land improvements	Land	Buildings	Machinery, equipment, 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	
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>	18,912,896	7,902,583	47,519,694	10,128,913	5,705,568	147,097,516	7,278,702	244,545,872	
<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>	-	2,555,993	8,992,683	6,806,666	4,442,743	75,643,652	-	98,441,737	
<b>Net book value</b>	\$ 18,912,896	\$ 5,346,590	\$ 38,527,011	\$ 3,322,247	\$ 1,262,825	\$ 71,453,864	\$ 7,278,702	\$ 146,104,135	



# CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 2  
For the Year Ended December 31, 2023

	2023							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>								
Taxation	\$ 10,038,834	\$ 1,515,030	\$ 1,093,219	\$ -	\$ -	\$ 5,535,059	\$ 640,002	\$ 18,822,144
User charges	74,050	762,347	51,432	6,753,713	42,768	1,579,708	167,153	9,431,171
Grants	213,576	32,217	2,862,179	733,910	-	406,114	84,476	4,332,472
Contributions from developers	-	-	2,150,846	1,058,495	-	528,357	69,244	3,806,942
Contributed tangible capital assets	565,023	-	-	-	-	13,735	-	578,758
Other	1,403,961	117,231	176,752	172,145	104,721	361,113	8,025	2,343,948
Equity earnings in subsidiary	164,718	-	-	-	-	-	-	164,718
Loss on disposal of tangible capital assets and assets held for sale	(224,003)	-	-	-	-	-	-	(224,003)
<b>Total revenues</b>	<b>12,236,159</b>	<b>2,426,825</b>	<b>6,334,428</b>	<b>8,718,263</b>	<b>147,489</b>	<b>8,424,086</b>	<b>968,900</b>	<b>39,256,150</b>
<b>Expenses</b>								
Salaries and wages	2,666,858	1,657,910	1,220,370	1,540,050	93,169	3,529,828	569,510	11,277,695
Long term debt interest	-	15,159	139,484	4,804	-	698,055	4,551	862,053
Materials	1,360,030	240,575	766,126	441,421	26,819	1,560,086	84,159	4,479,216
Contracted services	776,417	236,820	1,440,041	3,705,843	7,180	409,607	242,765	6,818,673
Rents & financials	68,027	-	92,407	-	-	1,566	-	162,000
External transfers to others	33,923	-	-	-	-	483,415	-	517,338
Amortization of tangible assets	139,906	276,361	2,676,000	1,049,645	11,536	1,741,529	67,915	5,962,892
	5,045,161	2,426,825	6,334,428	6,741,763	138,704	8,424,086	968,900	30,079,867
<b>Annual surplus</b>	<b>\$ 7,190,998</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,976,500</b>	<b>\$ 8,785</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,176,283</b>

# CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 2  
For the Year Ended December 31, 2023

	2022							
	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
(Loss) gain 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>

## 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, 2023, 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, 2023, 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 19, 2023

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Statement of Financial Position

As at December 31, 2023

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2023	Total 2022
<b>Assets</b>					
Cash	\$ 899,423	\$ 154,155	\$ -	\$ 1,053,578	\$ 1,154,604
Receivables and accrued interest	4,084	700	-	4,784	3,820
Investments (Note 2)	-	-	-	-	19,719
Due from the Town of Pelham (Note 3)	-	-	-	-	13,770
	903,507	154,855	-	1,058,362	1,191,913
<b>Liability</b>					
Due to the Town of Pelham (Note 3)	3,788	-	-	3,788	3,718
<b>Fund balance</b>	<b>\$ 899,719</b>	<b>\$ 154,855</b>	<b>\$ -</b>	<b>\$ 1,054,574</b>	<b>\$ 1,188,195</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

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

Year ended December 31, 2023

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2023	Total 2022
<b>Revenue</b>					
Interest	\$ 44,743	\$ 7,669	\$ -	\$ 52,412	\$ 25,988
Realized gain	-	-	-	-	(32)
Donations	-	-	-	-	67,897
Marker fees	7,150	-	-	7,150	7,650
Plot sales	20,035	-	-	20,035	25,387
	<b>71,928</b>	<b>7,669</b>	<b>-</b>	<b>79,597</b>	<b>126,890</b>
<b>Expenses</b>					
Purchase of equipment, books, periodicals and misc	-	-	-	-	26,384
Transfer of assets and liabilities to Lincoln Pelham Public Library (Note 5)	-	-	168,475	168,475	26,384
Maintenance	44,743	-	-	44,743	19,267
	<b>44,743</b>	<b>-</b>	<b>168,475</b>	<b>213,218</b>	<b>72,035</b>
<b>Excess of revenue over expenses (expenses over revenue)</b>	<b>27,185</b>	<b>7,669</b>	<b>(168,475)</b>	<b>(133,621)</b>	<b>54,855</b>
Fund balance, beginning of year	872,534	147,186	168,475	1,188,195	1,106,956
<b>Fund balance, end of year</b>	<b>\$ 899,719</b>	<b>\$ 154,855</b>	<b>\$ -</b>	<b>\$ 1,054,574</b>	<b>\$ 1,161,811</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Notes to the Financial Statements

December 31, 2023

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### 1. Accounting policies

The financial statements of the Corporation of the Town of Pelham Trust Funds are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. Significant aspects of the accounting policies adopted are as follows:

#### (a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

#### (b) Investments

Investments are recorded at cost.

#### (c) Financial instruments

Cash, due to Town of Pelham and due from the Town of Pelham are recorded at amortized cost.

#### (d) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from those estimates.

### 2. Investments

The total for investments by the trust funds of \$nil (2022 - \$19,719) reported on the statement of financial position at cost, have a market value of \$nil (2022 - \$19,719) 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.

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Notes to the Financial Statements

December 31, 2023

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### 5. Lincoln Pelham Public Library Trust

Effective March 7, 2022, the Lincoln Pelham Union Public Library (LPPL) was established pursuant to and in accordance with the provisions of the *Public Libraries Act* to serve Lincoln and Pelham. The Lincoln Pelham Union Public Library board commenced operations effective January 1, 2023. 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 2023, Lincoln's portion is 58% and Pelham's portion is 42%. The Library trust was transferred to the Lincoln Pelham Public Library board as per the agreement. .