

Consolidated Financial Statements of

# **CORPORATION OF THE TOWN OF PELHAM**

December 31, 2017

# CORPORATION OF THE TOWN OF PELHAM

December 31, 2017

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## Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Pelham, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Pelham as at December 31, 2017, and the results of its operations, change in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants  
Licensed Public Accountants  
May 7, 2018

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Statement of Financial Position

December 31, 2017

	2017	2016
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 3,885,925	\$ 9,324,711
Taxes receivable	1,791,341	2,210,469
User charges receivable	597,267	592,086
Accounts receivable	6,512,813	6,753,703
Tangible capital asset held for sale (Note 3)	885,648	-
Investment in subsidiary (Note 2)	5,312,718	5,293,453
	<b>18,985,712</b>	<b>24,174,422</b>
<b>LIABILITIES</b>		
Bank indebtedness (Note 4)	2,577,778	1,800,000
Accounts payable and accrued liabilities	9,633,723	7,712,420
Other liabilities	1,718,632	1,429,957
Deposits and deferred revenue	651,775	1,864,319
Deferred revenue - obligatory reserve funds (Note 5)	3,840,767	3,398,984
Long-term debt (Note 6)	31,905,664	21,310,239
Employee benefit obligations (Note 7)	419,726	399,342
	<b>50,748,065</b>	<b>37,915,261</b>
Contingencies (Note 18)		
Net debt	<b>(31,762,353)</b>	<b>(13,740,839)</b>
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 2)	125,637,896	104,132,637
Prepaid expenses	129,401	373,244
	<b>125,767,297</b>	<b>104,505,881</b>
Accumulated surplus (Note 8)	\$ 94,004,944	\$ 90,765,042

Signed on behalf of the Town:

\_\_\_\_\_  
Dave Augustyn, 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, 2017

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
<b>REVENUE</b>			
Taxation (Note 10)	\$ 12,428,471	\$ <b>12,468,706</b>	\$ 11,648,113
User charges (Note 11)	5,628,903	<b>5,896,406</b>	6,298,719
Grants (Note 13)	853,588	<b>968,598</b>	1,117,957
Contributions from developers	1,090,989	<b>3,061,990</b>	1,352,815
Contributed tangible capital assets	-	-	4,928,757
Other (Note 14)	2,741,685	<b>1,201,394</b>	819,533
Equity earnings in subsidiary (Note 2)	-	<b>71,012</b>	91,166
Gain on disposal of tangible capital assets	-	<b>434,599</b>	11,527
	22,743,636	<b>24,102,705</b>	26,268,587
<b>EXPENSES</b>			
General government	3,200,705	<b>3,938,935</b>	3,364,145
Protection to persons and property	1,912,509	<b>1,946,632</b>	1,918,954
Transportation services	5,802,629	<b>5,945,354</b>	5,966,156
Environmental services	4,550,255	<b>4,419,347</b>	4,623,560
Health services	128,279	<b>125,306</b>	123,481
Recreation and culture services	3,919,740	<b>3,911,721</b>	3,340,816
Planning and development	438,841	<b>575,508</b>	466,160
	19,952,958	<b>20,862,803</b>	19,803,272
Annual surplus	2,790,678	<b>3,239,902</b>	6,465,315
Accumulated surplus, beginning of year	90,765,042	<b>90,765,042</b>	84,299,727
Accumulated surplus, end of year	\$ 93,555,720	\$ <b>94,004,944</b>	\$ 90,765,042

*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, 2017

	Budget 2017	Actual 2017	Actual 2016
<b>ANNUAL SURPLUS</b>	\$ 2,790,678	\$ 3,239,902	\$ 6,465,315
Amortization of tangible assets	5,000,000	4,793,430	4,703,874
Acquisition of tangible capital assets	(6,465,572)	(27,281,339)	(15,761,806)
Tangible capital asset held for sale	-	885,648	-
Gain on disposal of tangible capital assets	-	(434,599)	(11,527)
Proceeds on disposal of tangible capital assets	-	531,601	263,536
	1,325,106	(18,265,357)	(4,340,608)
Acquisition of prepaid expenses	-	(115,719)	(349,081)
Use of prepaid expenses	-	359,562	175,050
	-	243,843	(174,031)
Increase in net debt	1,325,106	(18,021,514)	(4,514,639)
Net debt, beginning of year	(13,740,839)	(13,740,839)	(9,226,200)
<b>Net debt, end of year</b>	\$ (12,415,733)	\$ (31,762,353)	\$ (13,740,839)

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, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 3,239,902	\$ 6,465,315
Items not involving cash:		
Amortization of tangible assets	4,793,430	4,703,874
Gain on disposal of tangible capital assets	(434,599)	(11,527)
Net earnings from investment in subsidiary	(71,012)	(91,166)
Employment benefit obligations	20,384	82,813
Change in non-cash assets and liabilities:		
Taxes receivable	419,128	96,118
User charges receivable	(5,181)	(12,886)
Accounts receivable	240,890	(5,811,646)
Accounts payable and accrued liabilities	1,921,303	3,973,864
Other liabilities	288,675	458,245
Deferred revenue - obligatory reserve funds	441,783	1,466,495
Deposits and deferred revenue	(1,212,544)	1,706,621
Prepaid expenses	243,843	(174,031)
	<b>9,886,002</b>	<b>12,852,089</b>
<b>CAPITAL ACTIVITIES</b>		
Proceeds on disposal of tangible capital assets	531,601	263,536
Acquisition of tangible capital assets, net of construction in process capitalized	(27,281,339)	(15,761,806)
	<b>(26,749,738)</b>	<b>(15,498,270)</b>
<b>FINANCING ACTIVITIES</b>		
Increase/(decrease) in bank indebtedness	777,778	(1,550,000)
Dividends received from investment in subsidiary (Note 2)	51,747	51,595
Issuance of long-term debt	12,138,592	14,816,166
Repayment of long-term debt	(1,543,167)	(1,901,299)
	<b>11,424,950</b>	<b>11,416,462</b>
Net (decrease) increase in cash	(5,438,786)	8,770,281
Cash and cash equivalents, beginning of year	9,324,711	554,430
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,885,925</b>	<b>\$ 9,324,711</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, 2017

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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. 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, 2017

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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, 2017

### 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, 2017

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### 1. Significant accounting policies (continued)

#### j. Reserves for future expenses

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

#### k. Government transfer payments

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

#### l. Local improvements

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

#### m. Tax revenue

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

#### n. Region and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these consolidated financial statements.

#### o. Development charges

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

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 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.:

	2017	2016
Financial position		
Current assets	\$ 1,417,025	\$ 1,334,468
Capital assets	100,798	106,030
Investment	35,407,711	35,371,434
Total assets	36,925,534	36,811,932
Current liabilities		
Accounts payable and accrued liabilities	30,160	27,382
Future payments in lieu of taxes	5,649,496	5,651,993
Total liabilities	5,679,656	5,679,375
Net assets	31,245,878	31,132,557
Town of Pelham's interest - 17%	\$ 5,312,718	\$ 5,293,453

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 2. Subsidiary operations (continued)

	2017	2016
Change in equity investment in subsidiary		
Revenues	\$ 188,451	\$ 195,685
Expenses	(156,172)	(158,890)
Payment in lieu of income taxes	(7,841)	(539,145)
Gain (loss) from operations	24,438	(502,350)
Gain on investment	393,277	1,038,620
Net earnings	417,715	536,270
Dividends	(304,394)	(303,500)
Net increase in equity of subsidiary	113,321	232,770
Change in equity of subsidiary - 17%	\$ 19,265	\$ 39,570

The financial position, long-term debt, capital lease and contingent liabilities information is as reported by Peninsula West Power Inc. at December 31, 2017 and the results of operations is as reported for the year ended December 31, 2017. The comparative financial position and results of operations figures are as reported by Peninsula West Power Inc. at December 31, 2016.

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.

	2017	2016
Electricity purchased	\$ 32,887	\$ 47,493
Administration expense	4,876	7,124
	\$ 37,763	\$ 54,617

### 3. Tangible capital asset held for sale

As at December 31, 2017 the Town had land held for sale of \$885,648 (2016 - \$nil).

### 4. Bank indebtedness

The Town has an authorized revolving line of credit of \$3,000,000 at prime minus 0.25%, of which \$2,000,000 (2016 - \$2,800,000) remained unused at year-end. The line of credit is secured by borrowing by-law for operating line of \$3,000,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$2,000,000 at prime minus 0.10%, of which \$422,222 (2016 - \$400,000) remained unused at year-end. Payment is due on demand.

In addition, the Town has an outstanding letter of credit in the amount of \$316,154 (2016 - \$316,154).

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 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	2017 Total	2016 Total
Balance, beginning of year	\$ 1,948,003	\$ 1,392,503	\$ 58,478	\$ 3,398,984	\$ 1,932,489
Restricted funds received	2,619,298	380,064	741,047	3,740,409	3,680,250
Interest earned	8,414	6,016	1,061	15,491	12,929
Collection of receivable	-	(380,064)	-	(380,064)	-
Revenue recognized	(2,166,920)	(92,936)	(674,197)	(2,934,053)	(2,226,684)
Balance, end of year	\$ 2,408,795	\$ 1,305,583	\$ 126,389	\$ 3,840,767	\$ 3,398,984

### 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:

	2017	2016
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	\$ 31,905,664	\$ 21,310,239

- (b) The net long-term debt:

Debenture number	Purpose	Interest rates	Maturity dates	2017	2016
67-2009	Centennial Park	3.50% to 4.80%	2019	\$ 47,000	\$ 69,000
83-2011	Haist & Pelham St	1.55% to 4.05%	2021	749,829	922,551
73-2012	Haist St & Rice Rd	1.35% to 3.10%	2022	427,000	506,000
72-2013	Effingham & Hwy 20	1.40% to 3.75%	2023	447,859	516,869
78-2014	Pelham St & Fire Stn #2	1.20% to 3.30%	2024	1,287,423	1,455,653
75-2015	Fire Station #3	1.94%	2025	2,710,000	3,024,000
35-2016	Fenwick & Pt Robinson	1.20% to 2.40%	2026	5,211,271	5,750,000
72-2016	Meridian Community Centre	3.34%	2046	8,886,690	9,066,166
55-2017	Meridian Community Centre	3.22%	2047	12,138,592	-
				\$ 31,905,664	\$ 21,310,239

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 6. Long-term debt (continued)

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

2018	\$ 1,816,976
2019	1,855,006
2020	1,871,990
2021	1,917,620
2022	1,760,474
Thereafter	22,683,598
	<hr/>
	\$ 31,905,664

The Town paid \$740,632 (2016 - \$320,007) interest on long-term debt during the year.

### 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	2.40%
	end of year	3.01%
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:

	2017	2016
Current service cost	\$ 49,697	\$ 107,279
Interest on post-employment benefit liability	9,584	8,863
Total expense related to post-employment benefits	\$ 59,281	\$ 116,142

#### 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.



# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 7. Employee benefit obligations (continued)

#### Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments to retirees during the year were \$38,897 (2016 - \$33,329).

#### Pension agreement

The Town makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 60 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The amount the Town contributed to OMERS for 2017 was \$506,784 (2016 - \$494,800) for current service which is included as an expense in the consolidated statement of operations.

### 8. Accumulated surplus

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

	2017	2016
Surplus (deficit)		
Town	\$ (6,110,796)	\$ (2,417,090)
Library (Schedule 1)	(444,208)	(429,171)
Niagara Central Airport Commission (Note 16)	(12,995)	66,410
	(6,567,999)	(2,779,851)
Investment in tangible capital assets (Schedule 2)	125,637,896	104,132,637
Investment in subsidiary	5,312,718	5,293,453
Unfunded		
Long-term debt	(31,905,664)	(21,310,239)
Employee benefit obligations	(419,726)	(399,342)
	(32,325,390)	(21,709,581)
Reserves and reserve funds (Note 9)	1,947,719	5,828,384
	\$ 94,004,944	\$ 90,765,042

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 9. Reserves and reserve funds

	2017	2016
Reserves set aside for specific purposes by Council		
Airport (Note 16)	\$ 2,955	\$ 2,955
Building department	1,019,848	584,949
Cemetery	(78,322)	(92,491)
Meridian Community Centre	951,776	951,776
Community improvement plan	181,782	179,047
Elections	7,749	(2,162)
Fire equipment	286,595	76,075
Fleet	392,639	69,017
Future subdivision projects	362,613	362,613
Information technology	(31,436)	(3,102)
Land acquisition	(2,514,054)	60,098
Library (Schedule 1)	117,169	149,496
Municipal building facility	(566,969)	(54,222)
Municipal Drainage	(69,410)	(41,518)
Parks and recreation	(61,188)	326,759
Physician recruitment	23,135	24,697
Planning	(61,478)	(24,517)
Roads	(634,333)	346,300
Wastewater	838,228	650,989
Water	2,016,636	2,260,086
Working capital	(236,216)	1,539
	\$ 1,947,719	\$ 5,828,384

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 10. Taxation

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
Taxation - real property	\$ 32,273,248	\$ 32,992,968	\$ 31,406,193
Payments in lieu of taxes	282,109	301,040	299,263
	32,555,357	33,294,008	31,705,456
Less: taxation collected on behalf of (Note 12)			
Region of Niagara	15,115,356	15,594,565	14,931,337
School boards	5,011,530	5,230,737	5,126,006
	20,126,886	20,825,302	20,057,343
Net taxes available for municipal purposes	12,428,471	12,468,706	11,648,113
Residential and farm	11,455,930	11,464,320	10,669,455
Multi-residential	170,130	175,701	188,050
Commercial	752,297	776,930	742,203
Industrial	50,114	51,755	48,405
	\$ 12,428,471	\$ 12,468,706	\$ 11,648,113

### 11. User charges

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
Operating			
Fees and service charges	\$ 746,180	\$ 914,318	\$ 1,046,311
Water charges	2,502,483	2,335,373	2,446,405
Sewer charges	1,855,570	1,634,815	1,706,355
Licences and permits	524,670	1,011,900	1,099,648
	\$ 5,628,903	\$ 5,896,406	\$ 6,298,719

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 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:

	2017	2016
Region of Niagara	\$ 17,576,790	\$ 14,931,337
School boards	5,230,737	5,126,006
	\$ 22,807,527	\$ 20,057,343

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 2017 (Note 15)	Actual 2017	Actual 2016
Operating			
Government of Canada	\$ 17,000	\$ 13,697	\$ 19,584
Province of Ontario	190,588	212,273	106,075
Region of Niagara	11,400	6,500	5,000
	218,988	232,470	130,659
Capital			
Government of Canada	569,600	560,398	873,868
Province of Ontario	-	102,153	113,430
Other	65,000	73,577	-
	634,600	736,128	987,298
	\$ 853,588	\$ 968,598	\$ 1,117,957

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 14. Other revenue

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
Operating			
Penalties and interest on taxes	\$ 340,000	\$ 317,036	\$ 317,330
Investment Income - Operating	52,500	18,627	18,696
Fines and other penalties	48,500	40,264	44,811
Other	335,865	380,681	438,696
	776,865	756,608	819,533
Capital			
Investment income	-	87,266	-
Donations	-	357,520	-
Other	1,964,820	-	-
	\$ 2,741,685	\$ 1,201,394	\$ 819,533

### 15. Budget amounts

The operating budget was approved by Council on February 6, 2017 and the tax rate supported capital budgets were approved by Council on December 19, 2016 to establish the tax rates for the year. In addition, the water and wastewater operating and capital budgets were approved by Council on March 20, 2017.

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.

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 15. Budget amounts (continued)

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

	Budget Amount
Revenues	
Approved operating budget	\$ 14,521,395
Approved water and wastewater budget	4,376,053
Approved library budget - other than Town contribution	128,197
Add capital:	
Development charges	1,043,280
Federal Gas Tax	500,000
Other grants	134,600
Other contributions	<u>2,101,918</u>
	3,779,798
Less:	
Transfers from reserves - operating	<u>(61,807)</u>
	(61,807)
Total revenues	22,743,636
Expenses	
Approved operating budget	14,521,395
Approved water and wastewater budget	4,376,053
Approved library operating budget	927,036
Add:	
Amortization	5,000,000
Debt interest payments - development charges	<u>328,400</u>
	5,328,400
Less:	
Debt principal payments (development charge excluded)	(709,087)
Town contribution to library	(787,690)
Transfers to reserves, including capital	<u>(3,703,149)</u>
	(5,199,926)
Total expenses	19,952,958
Annual surplus	\$ 2,790,678

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

### 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%.

	2017	2016
Financial assets		
Cash and temporary investments	\$ 163,027	\$ 87,329
Receivables	32,902	40,659
	<b>195,929</b>	127,988
Liability		
Accounts payable and accrued liabilities	27,447	(44,763)
Loans payable	250,000	-
	<b>277,447</b>	44,763
Net (debt) financial assets	<b>(81,518)</b>	83,225
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	24,384	24,712
Tangible capital assets	1,460,280	1,238,404
	<b>1,486,018</b>	1,264,470
Accumulated surplus	<b>1,404,500</b>	1,347,695
Accumulated surplus		
Operating surplus (deficit)	(71,944)	93,127
Reserves	16,164	16,164
Investment in tangible capital assets	1,460,280	1,238,404
	<b>1,404,500</b>	1,347,695
Revenues		
Grants	163,701	84,450
Fuel and rentals	115,036	113,522
Other	34,299	38,587
Interest	390	477
Expenses	<b>(256,620)</b>	(170,626)
Annual surplus	\$ 56,806	\$ 66,410

# CORPORATION OF THE TOWN OF PELHAM

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2017 and the results of operations are as reported for the year ended December 31, 2017. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2016.

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

The following summarizes the Municipality's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties. The loan receivable from the Niagara Central Airport Commission is unsecured and bears interest at 3.50%, payable in equal annual instalments over ten years, commencing June 2017.

	2017	2016
Grants	\$ 29,466	\$ 15,201
Loan	\$ 45,000	\$ -

### 17. Trust funds

Trust funds administered by the Municipality amounting to \$944,739 (2016 - \$994,934) 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, 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, 2017

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### 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 offenses.

(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 services 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 and tile draining and shoreline assistance.

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Library Operations - Schedule 1

For the Year Ended December 31, 2017

	Budget 2017 (Note 15)	Actual 2017	Actual 2016
<b>Revenue</b>			
Municipal contribution (Library)	\$ 787,690	\$ 787,690	\$ 759,690
Library - grants	25,388	27,920	28,491
Deferred revenue earned (Development Charges)	47,709	47,709	47,709
Library - other revenue	55,100	68,719	60,255
	915,887	932,038	896,145
<b>Expenses</b>			
Administration	45,039	36,327	36,446
Amortization of books, periodicals and media	-	62,537	66,263
Books, periodicals and other media	61,969	58,279	51,666
Electronic resources and maintenance	23,205	24,074	35,460
Equipment rental	4,000	3,280	-
Furnishings and office equipment	500	5,187	259
Insurance	3,185	3,185	3,097
Programs	6,700	13,806	10,913
Repairs and maintenance	22,400	25,253	19,167
Salary, wages and employee benefits	714,016	750,530	709,959
Supplies	2,000	1,951	1,790
Utilities	27,155	25,903	23,601
	910,169	1,010,312	958,621
<b>Annual surplus (deficit)</b>	5,718	(78,274)	(62,476)
Accumulated surplus, beginning of year	156,986	156,986	219,462
<b>Accumulated surplus, end of year</b>	162,704	78,712	156,986
<b>Accumulated surplus, consists of the following</b>			
Operating deficit	-	(444,208)	(429,169)
Investment in library collection	-	443,330	472,636
Reserves	-	117,169	149,496
Unfunded employee benefit obligations	-	(37,579)	(35,977)
	\$ -	\$ 78,712	\$ 156,986

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2017

	2017							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 12,167,144	\$ 3,770,192	\$ 10,972,035	\$ 6,633,723	\$ 6,546,124	\$116,952,069	\$ 14,123,705	\$171,164,992
Add additions	6,926,201	19,334	92,212	318,727	-	528,877	23,685,056	31,570,407
Less construction in process capitalized	-	-	-	-	-	-	(4,289,068)	(4,289,068)
Less disposals during the year	(72,284)	-	(3,827)	(47,879)	(183,810)	(17,160)	-	(324,960)
Less assets held for sale	(885,648)	-	-	-	-	-	-	(885,648)
<b>End of year</b>	<b>18,135,413</b>	<b>3,789,526</b>	<b>11,060,420</b>	<b>6,904,571</b>	<b>6,362,314</b>	<b>117,463,786</b>	<b>33,519,693</b>	<b>197,235,723</b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,190,122	3,514,644	3,774,284	3,817,264	54,736,041	-	67,032,355
Add amortization during the year	-	155,285	243,167	399,455	337,853	3,657,670	-	4,793,430
Less amortization on disposals	-	-	-	(47,879)	(162,916)	(17,163)	-	(227,958)
<b>End of year</b>	<b>-</b>	<b>1,345,407</b>	<b>3,757,811</b>	<b>4,125,860</b>	<b>3,992,201</b>	<b>58,376,548</b>	<b>-</b>	<b>71,597,827</b>
<b>Net book value</b>	<b>\$ 18,135,413</b>	<b>\$ 2,444,119</b>	<b>\$ 7,302,609</b>	<b>\$ 2,778,711</b>	<b>\$ 2,370,113</b>	<b>\$ 59,087,238</b>	<b>\$ 33,519,693</b>	<b>\$125,637,896</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2017

2016								
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
<b>Cost</b>								
Beginning of year	\$ 12,248,542	\$ 3,702,780	\$ 9,934,510	\$ 6,357,293	\$ 6,551,228	\$113,801,371	\$ 3,820,209	\$156,415,933
Add additions	-	67,412	1,120,627	319,980	250,596	3,699,695	10,369,011	15,827,321
Less construction in process capitalized	-	-	-	-	-	-	(65,515)	(65,515)
Less disposals during the year	(81,398)	-	(83,102)	(43,550)	(255,700)	(548,997)	-	(1,012,747)
<b>End of year</b>	<b>12,167,144</b>	<b>3,770,192</b>	<b>10,972,035</b>	<b>6,633,723</b>	<b>6,546,124</b>	<b>116,952,069</b>	<b>14,123,705</b>	<b>171,164,992</b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,038,035	3,365,411	3,438,878	3,719,200	51,527,695	-	63,089,219
Add amortization during the year	-	152,087	229,546	376,870	348,072	3,597,299	-	4,703,874
Less amortization on disposals	-	-	(80,313)	(41,464)	(250,008)	(388,953)	-	(760,738)
<b>End of year</b>	<b>-</b>	<b>1,190,122</b>	<b>3,514,644</b>	<b>3,774,284</b>	<b>3,817,264</b>	<b>54,736,041</b>	<b>-</b>	<b>67,032,355</b>
<b>Net book value</b>	<b>\$ 12,167,144</b>	<b>\$ 2,580,070</b>	<b>\$ 7,457,391</b>	<b>\$ 2,859,439</b>	<b>\$ 2,728,860</b>	<b>\$ 62,216,028</b>	<b>\$ 14,123,705</b>	<b>\$104,132,637</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2017

	2017							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>								
Taxation	\$ 6,303,990	\$ 853,872	\$ 2,155,258	\$ 72,895	\$ 52,277	\$ 2,886,581	\$ 143,833	\$ 12,468,706
User charges	33,716	1,026,044	50,658	3,970,188	28,847	585,669	201,284	5,896,406
Grants	7,700	-	756,735	124,500	-	63,456	16,207	968,598
Contributions from developers	-	34,087	2,531,129	234,783	-	185,078	76,913	3,061,990
Other	400,012	32,629	465,533	16,981	44,182	190,937	51,120	1,201,394
Equity earnings in subsidiary	71,012	-	-	-	-	-	-	71,012
Gain on disposal of tangible capital assets	362,407	-	(13,959)	-	-	-	86,151	434,599
<b>Total revenues</b>	<b>7,178,837</b>	<b>1,946,632</b>	<b>5,945,354</b>	<b>4,419,347</b>	<b>125,306</b>	<b>3,911,721</b>	<b>575,508</b>	<b>24,102,705</b>
<b>Expenses</b>								
Salaries and wages	2,178,695	1,182,533	1,011,696	1,062,088	85,510	2,176,268	362,196	8,058,986
Long term debt interest	-	48,206	160,639	34,675	-	485,892	11,220	740,632
Materials	969,644	144,538	707,947	270,238	5,612	544,309	46,920	2,689,208
Contracted services	635,075	209,147	944,675	2,264,070	23,038	307,054	135,947	4,519,006
Rents & financials	868	-	12,811	36	-	3,280	-	16,995
External transfers to others	44,546	-	-	-	-	-	-	44,546
Amortization of tangible assets	110,107	362,208	3,107,586	788,240	11,146	394,918	19,225	4,793,430
	<b>3,938,935</b>	<b>1,946,632</b>	<b>5,945,354</b>	<b>4,419,347</b>	<b>125,306</b>	<b>3,911,721</b>	<b>575,508</b>	<b>20,862,803</b>
<b>Annual surplus</b>	<b>\$ 3,239,902</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,239,902</b>

# CORPORATION OF THE TOWN OF PELHAM

## Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2017

	2016							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
<b>Revenue</b>								
Taxation	\$ 4,304,583	\$ 461,687	\$ 4,454,097	\$ -	\$ 41,088	\$ 2,299,559	\$ 87,099	\$ 11,648,113
User charges	32,458	1,115,399	47,169	4,119,234	38,977	565,522	379,960	6,298,719
Grants	10,577	-	1,062,927	-	1,577	56,230	(13,354)	1,117,957
Contributions from developers	4,928,757	34,313	493,248	484,612	-	256,951	83,691	6,281,572
Other	461,919	54,211	69,146	19,714	41,839	162,554	10,150	819,533
Equity earnings in subsidiary	91,166	-	-	-	-	-	-	91,166
Gain on disposal of tangible capital assets	-	253,344	(160,431)	-	-	-	(81,386)	11,527
<b>Total revenues</b>	<b>9,829,460</b>	<b>1,918,954</b>	<b>5,966,156</b>	<b>4,623,560</b>	<b>123,481</b>	<b>3,340,816</b>	<b>466,160</b>	<b>26,268,587</b>
<b>Expenses</b>								
Salaries and wages	1,858,881	1,141,278	1,031,637	970,897	91,683	2,172,302	354,785	7,621,463
Long term debt interest	-	51,630	174,102	37,875	-	44,498	11,902	320,007
Materials	908,545	176,967	602,711	257,839	8,245	575,567	23,044	2,552,918
Contracted services	435,595	191,550	1,126,648	2,536,913	12,407	168,524	57,204	4,528,841
Rents & financials	789	-	6,842	12,211	-	-	-	19,842
External transfers to others	55,328	-	-	-	-	1,000	-	56,328
Amortization of tangible assets	105,007	357,529	3,024,216	807,825	11,146	378,925	19,225	4,703,873
	<b>3,364,145</b>	<b>1,918,954</b>	<b>5,966,156</b>	<b>4,623,560</b>	<b>123,481</b>	<b>3,340,816</b>	<b>466,160</b>	<b>19,803,272</b>
<b>Annual surplus</b>	<b>\$ 6,465,315</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,465,315</b>

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the Corporation of the Town of Pelham Trust Funds, which comprise the statement of financial position as at December 31, 2017, and the statement of revenue and expenses and change in fund balances for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian 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.

### Auditor's Responsibility

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Pelham Trust Funds as at December 31, 2017 and the results of their operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants  
Licensed Public Accountants  
May 7, 2018

DRAFT



# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Statement of Financial Position

As at December 31, 2017

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2017	Total 2016
<b>Assets</b>					
Cash	\$ 39,173	\$ 31,655	\$ 70,442	\$ 141,270	\$ 277,625
Receivables and accrued interest	1,616	523	-	2,139	2,350
Investments (Note 2)	683,775	106,048	11,844	801,667	765,945
Due from the Town of Pelham (Note 3)	11,566	-	-	11,566	2,842
	<b>736,130</b>	<b>138,226</b>	<b>82,286</b>	<b>956,642</b>	<b>1,048,762</b>
<b>Liability</b>					
Due to the Town of Pelham (Note 3)	-	-	11,903	11,903	53,828
<b>Fund balance</b>	<b>\$ 736,130</b>	<b>\$ 138,226</b>	<b>\$ 70,383</b>	<b>\$ 944,739</b>	<b>\$ 994,934</b>

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

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

Year ended December 31, 2017

	Cemetery Care and Maintenance Funds	Bradshaw Estate	Library Trust Funds	Total 2017	Total 2016
<b>Revenue</b>					
Interest	\$ 8,587	\$ 975	\$ 2,129	\$ 11,691	\$ 11,946
Realized gain	-	-	426	426	68
Donations	-	-	29,906	29,906	59,429
Marker fees	2,050	-	-	2,050	3,700
Plot sales	18,154	-	-	18,154	7,946
	28,791	975	32,461	62,227	83,089
<b>Expenses</b>					
Purchase of equipment, books, periodicals and misc	-	-	103,784	103,784	43,202
Maintenance	8,638	-	-	8,638	8,873
	8,638	-	103,784	112,422	52,075
<b>Excess of revenue over expenses (expenses over revenue)</b>	20,153	975	(71,323)	(50,195)	31,014
Fund balance, beginning of year	715,977	137,251	141,706	994,934	963,920
<b>Fund balance, end of year</b>	\$ 736,130	\$ 138,226	\$ 70,383	\$ 944,739	\$ 994,934

# CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

## Notes to the Financial Statements

December 31, 2017

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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 \$801,667 (2016 - \$765,945) reported on the statement of financial position at cost, have a market value of \$801,667 (2016 - \$765,945) 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.