

Consolidated Financial Statements of

CORPORATION OF THE TOWN OF PELHAM

December 31, 2022

CORPORATION OF THE TOWN OF PELHAM

December 31, 2022

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Consolidated Financial Statements

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Pelham (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2022, the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

Chartered Professional Accountants
Licensed Public Accountants
June XX, 2023

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position

December 31, 2022

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

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, 2022

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

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Change in Net Debt

For the Year Ended December 31, 2022

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

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2022

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

The accompanying notes to the consolidated financial statements are an integral part of this consolidated financial statement.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies

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

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

a. Basis of consolidation

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

i. Pelham Public Library Board (2021, and up to March 6, 2022)

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionately consolidated:

ii. Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 15).

iii. Peninsula West Power Inc.

Peninsula West Power Inc., a subsidiary corporation of the Town is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government enterprises (Note 2). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and interorganizational transactions and balances are not eliminated.

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

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

b. Basis of accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c. Deferred revenue - obligatory reserve funds

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

d. Employee future benefits

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

e. Cash and cash equivalents

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

f. Deposits and deferred revenue

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

g. Non-financial assets

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

h. Tangible capital assets

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

| 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, 2022

1. Significant accounting policies (continued)

j. Reserves for future expenses

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

k. Government transfer payments

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

l. Local improvements

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

m. Tax revenue

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

n. Region and school board transactions

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

o. Development charges

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

1. Significant accounting policies (continued)

p. Management estimates

The preparation of these consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include accounts receivable, accrued liabilities, deferred revenue, employee benefit obligations and useful lives of tangible capital assets.

2. Subsidiary operations

Peninsula West Power Inc. (PWPI), established by Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the Municipalities of Lincoln, West Lincoln and Pelham. PWPI owns a 25.5% share of Niagara Peninsula Energy Inc., which provides electric distribution services and wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services. The Town of Pelham has a 17% interest in PWPI.

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

2. Subsidiary operations (continued)

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

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

The following summarizes the Town's related party transactions with Peninsula West Power Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

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

3. Bank indebtedness

The Town has an authorized revolving line of credit of \$11,500,000 (2021 - \$11,500,000) at prime minus 0.25%, of which \$11,500,000 (2021 - \$11,500,000) remained unused at year-end. The line of credit is secured by a borrowing by-law for operating line of \$11,500,000 held. Payment is due on demand. The Town has a non-revolving demand instalment loan of \$900,000 (2021 - \$1,033,333) at prime minus 0.10%. Payment is due on demand.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

4. Deferred revenue - obligatory reserve funds

A requirement of PSAS is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation restricts how these funds may be used and under certain circumstances these funds may be refunded.

The net change during the year in the legislatively restricted deferred revenue balances is as follows:

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

5. Long-term debt

- (a) The balance of net long-term debt reported on the consolidated statement of financial position is made up of the following:

| | 2022 | 2021 |
|---|---------------|---------------|
| The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is | \$ 28,745,764 | \$ 31,032,054 |

- (b) The net long-term debt:

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

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

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

The Town paid \$982,220 (2021 - \$924,280) of interest on long-term debt during the year.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

6. Employee benefit obligations

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

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

| | | |
|------------------------|---------------------|-------|
| Discount rate | beginning of year | 2.67% |
| | end of year | 2.67% |
| Medical cost increases | ultimate trend rate | 4.35% |

The post-employment benefit expense is reported as a component of expenses on the consolidated statement of operations. Composition of the amount is as follows:

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

Vested sick leave benefits

Under the sick leave benefit plan, which was in place until 1994, unused sick leave could accumulate and employees were entitled to a cash payment. All the vested sick leave benefits have been paid out.

Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments for retirees during the year were \$33,456 (2021 - \$23,509).

Pension agreement

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

7. Accumulated surplus

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

8. Reserves and reserve funds

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

9. Taxation

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

10. User charges

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

11. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

| | 2022 | 2021 |
|-------------------|----------------------|----------------------|
| Region of Niagara | \$ 24,136,175 | \$ 22,881,532 |
| School boards | 5,480,071 | 5,293,993 |
| | \$ 29,616,246 | \$ 28,175,525 |

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

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

12. Grants

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

13. Other revenue

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

14. Budget amounts

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

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

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

14. Budget amounts (continued)

| | Budget Amount |
|--|---------------|
| Revenues | |
| Approved operating budget | \$ 20,374,879 |
| Approved water and wastewater budget | 6,331,341 |
| Approved library budget - other than Town contribution | 118,138 |
| Add capital: | |
| Development charges | 4,047,475 |
| Recreational Land (the Planning Act) | 220,000 |
| Federal Gas Tax | 825,000 |
| Ontario Community Infrastructure Fund | 941,005 |
| Other grants | 3,051,420 |
| | 9,084,900 |
| Less: | |
| Transfers from reserves - operating | (411,832) |
| | (411,832) |
| Total revenues | 35,497,426 |
| Expenses | |
| Approved operating budget | 20,374,879 |
| Approved water and wastewater budget | 6,331,341 |
| Approved library operating budget | 1,012,845 |
| Add: | |
| Amortization | 6,100,000 |
| Employee future benefits | 40,000 |
| Estimated capital budget items expense in nature | 737,000 |
| Debt interest payments - development charges | 410,032 |
| | 7,287,032 |
| Less: | |
| Debt principal payments (development charge excluded) | (1,168,623) |
| Town contribution to library | (894,707) |
| Transfers to reserves, including capital | (5,504,568) |
| | (7,567,898) |
| Total expenses | 27,438,199 |
| Annual surplus | \$ 8,059,227 |

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

15. Niagara Central Airport Commission

The Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Town of Pelham has a non-controlling interest in the airport of 18%.

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

15. Niagara Central Airport Commission (continued)

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

The following summarizes the Town's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

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

16. Trust funds

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

17. Contingencies

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

18. Financial instruments

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2022

19. Segmented information

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

The services included in each segment are as follows:

(i) General government

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

(ii) Protection services

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

(iii) Transportation services

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

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

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

(vii) Planning and development

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Library Operations - Schedule 1

For the Year Ended December 31, 2022

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2022

| | | | | | | | | 2022 |
|--|---------------|-------------------|---------------|---|--------------|---------------|-------------------------|---------------|
| | Land | Land improvements | Buildings | Machinery, equipment, furniture, fixtures and computers | Vehicles | Linear assets | Construction in process | Total |
| Cost | | | | | | | | |
| Beginning of year | \$ 19,036,546 | \$ 6,967,551 | \$ 47,500,950 | \$ 9,131,907 | \$ 6,484,234 | \$140,850,936 | \$ 3,804,139 | \$233,776,263 |
| Add additions | - | 935,032 | 18,744 | 1,016,006 | - | 6,265,480 | 6,888,317 | 15,123,579 |
| Less construction in process capitalized | - | - | - | - | - | - | (3,413,754) | (3,413,754) |
| Less disposals during the year | (123,650) | - | - | (19,000) | (778,666) | (18,900) | - | (940,216) |
| End 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 |
| Accumulated amortization | | | | | | | | |
| 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) |
| End of year | - | 2,555,993 | 8,992,683 | 6,806,666 | 4,442,743 | 75,643,652 | - | 98,441,737 |
| Net book value | \$ 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 Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2022

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2022

| | 2022 | | | | | | | |
|---|---------------------|---------------------|-------------------------|------------------------|-----------------|----------------------------------|--------------------------|---------------------|
| | General government | Protection services | Transportation services | Environmental services | Health services | Recreation and cultural services | Planning and development | Total |
| Revenue | | | | | | | | |
| Taxation | \$ 9,836,917 | \$ 1,161,830 | \$ 1,438,220 | \$ - | \$ (3,169) | \$ 4,573,078 | \$ 176,639 | \$ 17,183,515 |
| User charges | 77,483 | 1,015,858 | 101,706 | 6,101,226 | 48,994 | 1,226,064 | 500,628 | 9,071,959 |
| Grants | 390,298 | - | 3,340,873 | 321,034 | - | 1,616,121 | - | 5,668,326 |
| Contributions from developers | - | 33,929 | 1,520,517 | 161,670 | - | 76,061 | 69,304 | 1,861,481 |
| Other | 818,024 | 46,429 | 186,622 | 97,838 | 72,748 | 494,403 | 6,486 | 1,722,550 |
| Equity earnings in subsidiary | 146,000 | - | - | - | - | - | - | 146,000 |
| Gain (loss) on disposal of tangible capital assets and assets held for sale | 96,848 | - | - | - | - | - | - | 96,848 |
| Total revenues | 11,365,570 | 2,258,046 | 6,587,938 | 6,681,768 | 118,573 | 7,985,727 | 753,057 | 35,750,679 |
| Expenses | | | | | | | | |
| 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 |
| Annual surplus | \$ 6,968,067 | \$ - | \$ - | \$ 622,860 | \$ - | \$ - | \$ - | \$ 7,590,927 |

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2022

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Corporation of the Town of Pelham Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2022, and the statements of revenue and expenses and change in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2022, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Financial Position

As at December 31, 2022

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

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2022

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

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Notes to the Financial Statements

December 31, 2022

1. Accounting policies

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

(a) Basis of accounting

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

(b) Investments

Investments are recorded at cost.

(c) Financial instruments

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

(d) Use of estimates

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

2. Investments

The total for investments by the trust funds of \$19,719 (2021 - \$19,261) reported on the statement of financial position at cost, have a market value of \$19,719 (2021 - \$19,261) at the end of the year.

3. Due to/from Town of Pelham

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

4. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements presented.