



2019

Annual Report

For the fiscal year ended, December 31, 2019
The Corporation of the Town of Pelham
Ontario, Canada



2019

The Corporation of the Town of Pelham
ANNUAL REPORT
For the fiscal year ended December 31, 2019

This report was prepared by:
The Corporate Services Department of the Town of Pelham
Town of Pelham
Ontario, Canada

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INTRODUCTION

GREETINGS FROM THE MAYOR AND CHIEF ADMINISTRATIVE OFFICER



Marvin Junkin, Mayor



David Cribbs, CAO

On behalf of Council and staff of the Corporation of the Town of Pelham, we are pleased to present the Town's 2019 Annual Report. This report provides details about the Town's financial performance and accomplishments in the past year.

The Town of Pelham, nestled in the heart of Niagara, is a fusion of rural and urban communities offering unique lifestyles rich with history, agriculture, and commercial industries. As one of 12 municipalities in the Niagara Region, Pelham's central location makes it an ideal community for commuters, life-long residents, and businesses old and new.

With state-of-the-art facilities (Meridian Community Centre) to heritage sites (Comfort Maple Conservation Area), Pelham embraces technological and urban change while preserving a small-town feel.

A growing community, Pelham isn't just a place to visit, it's a place to call home.

Over 17,000 residents call Pelham home and the investment we've made in our community's growth cannot be understated. In 2019 Council and staff executed an aggressive plan to complete some of the most important items on the Town's Strategic Plan. From developing cash management and debt policies to enhancing communication with residents, Town Council and staff tackled challenges that make the community better.

As Pelham continues to grow, so too will its dedication and resolve to enhance the quality of life for residents in every decision Council makes. On behalf of Council and staff, we are proud of our work and we are eager to face the challenges of tomorrow.

Marvin Junkin
Mayor

David Cribbs
CAO

Dated: June 30, 2020

LEGISLATIVE AUTHORITY



The Corporation of the Town of Pelham is one of twelve municipalities in the Niagara Region. Pelham Township was part of the original Lincoln County since the late 1780s. The Town of Pelham was established in 1970, unifying five historical communities: Fonthill, Ridgeville, Effingham, North Pelham and Fenwick into a single town covering 126.42 square kilometres. This integration brought together a mix of farming and growing commercialism.

The Town is represented by a Mayor and six Councillors from three wards.

The Chief Administrative Officer (CAO) is appointed by Council to oversee the management and operation of the corporation. As the municipality's top administrative position, the CAO advises Council and staff on all municipal programs and services.

MAYOR AND COUNCILLORS



Town of Pelham Council, as at Dec. 31, 2019

Back Row:

Councillor Robert Hildebrandt, Councillor John Wink, Mayor Marvin Junkin, Councillor Marianne Stewart.

Front Row (seated):

Councillor Lisa Haun, Councillor Ron Kore, Councillor Mike Ciolfi.



This document is dedicated to Councillor Mike Ciolfi (deceased) whose business acumen and leadership were tremendous assets in developing the Town's new approach to financial issues and helping put Pelham on a positive financial track. Councillor Ciolfi is very much missed.

SENIOR LEADERSHIP TEAM

DAVID CRIBBS

CHIEF ADMINISTRATIVE OFFICER

NANCY BOZZATO

CLERK

TERESA QUINLIN

DIRECTOR, CORPORATE SERVICES AND TREASURER

BARBARA WIENS

DIRECTOR, COMMUNITY PLANNING AND DEVELOPMENT

JASON MARR

DIRECTOR, PUBLIC WORKS

VICKIE VANRAVENSWAAY

DIRECTOR, RECREATION, CULTURE, AND WELLNESS

BOB LYMBURNER

FIRE CHIEF AND DIRECTOR OF BY-LAW SERVICES

The Senior Leadership Team consists of the CAO and six Directors who are responsible for implementing the direction set out by Town Council, including the provision of high quality community-focused services and overall leadership to the organization. They administer the Town's operating and capital budgets and are responsible for implementing the goals and objectives outlined in the Town's Strategic Plan.

TOWN OF PELHAM

ORGANIZATIONAL CHART 2019

Mayor and Council

David Cribbs, BA, MA, JD, MPA
Chief Administrative Officer (CAO)

RESPONSIBILITIES

Chief Advisor to Council
Community Engagement
Human Resources
Leadership to Town Staff
Legal Services
Organizational Culture and Leadership

Nancy Bozzato, Dipl.M.M.
Town Clerk

Bob Lymburner
Fire Chief & Director of
By-Law Services

Jason Marr, P.Eng
Director of Public Works

Teresa Quinlin, MBA, CPA, CA
Director of Corporate Services
and Treasurer

Vickie vanRavenswaay, CRFP
Director of Recreation,
Culture, and Wellness

Barbara Wiens, MCIP, RPP
Director of Community
Planning and Development

RESPONSIBILITIES

Committee of Adjustment
Freedom of Information
Lottery and Licences
Marketing & Communications
Marriage Licences
Municipal Elections
Records Management
Vital Statistics

RESPONSIBILITIES

Animal Control
Community Emergency
Management Coordinator
Crossing Guards
Fire Prevention
Fire Suppression
Health and Safety
Parking & By-law
Enforcement

RESPONSIBILITIES

Beautification
Capital Infrastructure
Cemeteries
Engineering
Operations
Facilities Maintenance
Fleet
Roadway Maintenance
Water & Wastewater

RESPONSIBILITIES

Debt and Capital Financing
Financial Reporting
Information Technology
Operating and Capital Budgets
Procurement
Shared Administration
Taxation
Utility Billing

RESPONSIBILITIES

Culture and Community
Enhancement
Meridian Community Centre
Public Transit
Recreation & Wellness
Programming
Special Events & Festivals
Swim and Youth Programs

RESPONSIBILITIES

Building Services
Development Review
Heritage Planning
Land Use Policy
Development & Compliance
Municipal Drainage
Zoning Implementation

ABOUT PELHAM

Vision

Working together with the community to strengthen trust, enhance the quality of life and economic well-being for today and for the future.

Values

Our Values are important to all of us, as Council and as Town staff. They define our behaviours and strengthen our culture. We demonstrate leadership and commitment through our values.

Honesty: We tell the truth, we have integrity and we are sincere.

Caring: We are thoughtful, helpful and have concern for our community, each other and our work.

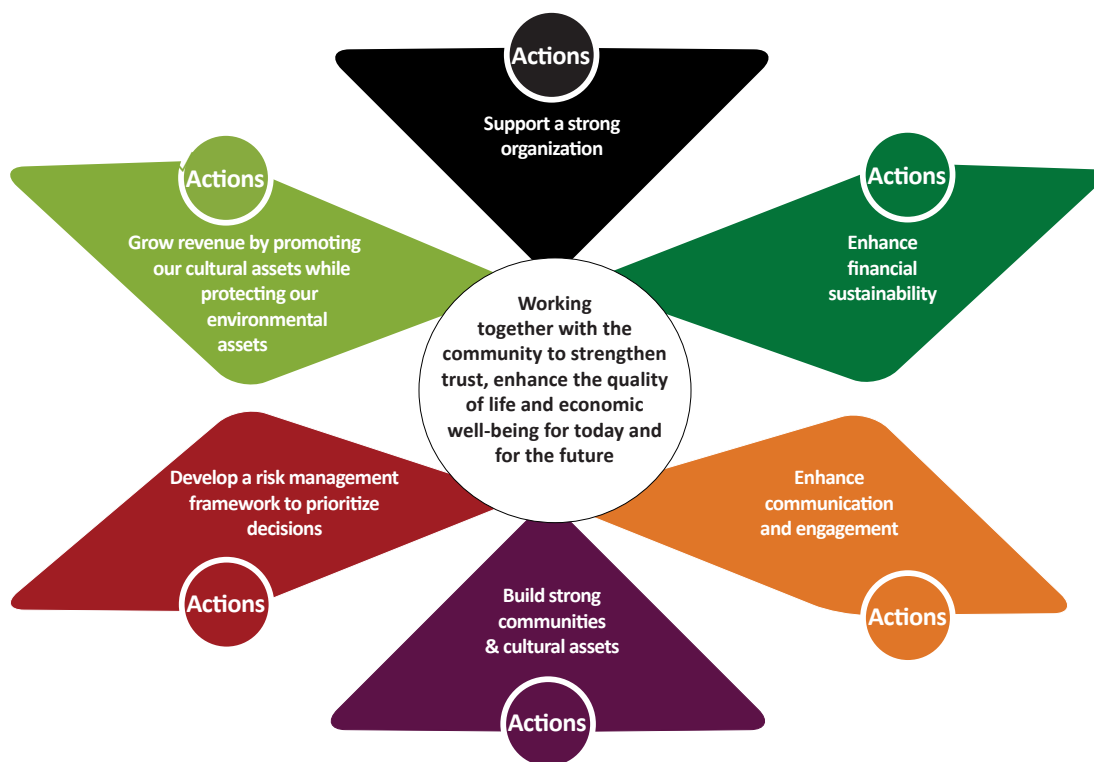
Respect: We value our interactions, we are polite, courteous and considerate.

Transparency: We ensure it is easy for others to see what decisions we make and what we do.

Trustworthiness: We are responsible, reliable and dependable.

Teamwork: We work collaboratively and together will achieve our Vision and Priorities.

Strategic Priorities



STRATEGIC GOAL ACHIEVEMENTS

ENHANCE COMMUNICATION AND ENGAGEMENT

ACTION

- Produce a community guide
- Continue to support and work with other committees and groups
- Promote and celebrate success
- Develop communications standards for all channels
- Update website
- Improve telecommunications
- Introduce mass notification system
- Develop communications plan
- Open the welcome center with the Chamber of Commerce

YEAR

Each Year
Each Year
Each Year

2019
2019
2019

2019
2019
2019

COMPLETION STAGE

✓ Completed spring/summer and fall/winter guide
✓ Ongoing
✓ Upgraded Peace Park; Summerfest Top 100 Best Festival (6th year in a row), Gold awards for Communications Plan, website redesign

✓ Completed with a communications plan
✓ MarCom Gold Award, AVA Digital Gold Award
✓ Implemented the voice activation system; phone system upgrade

...Waiting on Regional partners
✓ Completed: winner, Hermes Creative Gold award
✓ Completed

STRATEGIC GOAL ACHIEVEMENTS

BUILD STRONG COMMUNITIES AND CULTURAL ASSETS

ACTION	YEAR	COMPLETION STAGE
• Support service clubs	Each Year	✓ Supported through municipal grants
• Enhance opportunities for volunteers	Each Year	✓ Opened the welcome centre; created Volunteer in Pelham program (VIP) at MCC
• Promote Town events	Each Year	✓ Community guide; new website; newsletter; weekly advertisements; social media
• Increase “Love My Hood” events	Each Year	✓ Held three “Love My Hood” events
• Build and enhance parks	Each Year	✓ Lookout and Weiland neighbourhood parks completed; completed Peace Park improvement
• Finalize East Fenwick Secondary Plan	2019	...Council deferred this to 2020 and we are awaiting Environmental Impact Study Report from developer group
• Review options for Pelham Town Square gateway feature	2019	✓ Report provided to Council and volunteer group is leading the project, including the replacement of the arches
• Expand transit service	2019	✓ Second bus was added in the fall. Current negotiations with the Niagara Region for potential on-demand service
• Address cannabis requirements and regulations	2019	✓ Council provided an extension to the interim control bylaw to July 15, 2020. Council to make a decision on July 13, 2020.
• Finalize land sales for medical building and long-term care facility	2019	✓ Complete (2019 and 2020); Long-term care facility land sold. Medical building in progress.

STRATEGIC GOAL ACHIEVEMENTS

ENSURE FINANCIAL SUSTAINABILITY

ACTION	YEAR	COMPLETION STAGE
• Update Reserves Policy	2019	✓ Completed
• Develop Debt Policy	2019	✓ Completed
• Develop Cash Management Policy	2019	✓ Completed
• Establish an Audit Committee	2019	✓ Completed
• Establish Utility Sustainability Committee	2019	✓ Completed

DEVELOP A RISK MANAGEMENT FRAMEWORK TO PRIORITIZE DECISIONS

ACTION	YEAR	COMPLETION STAGE
• Develop Capital Asset Strategic Policy	2019	✓ Completed

STRATEGIC GOAL ACHIEVEMENTS

GROW REVENUE BY PROMOTING OUR NATURAL AND CULTURAL ASSETS

ACTION	YEAR	COMPLETION STAGE
• Work with MCC User Group Committee to determine opportunities	Each Year	✓ Usage increased dramatically at MCC
• Work with MCC Hospitality Committee to determine opportunities	Each Year	✓ Received a list of pre-approved caterers program at MCC
• Promote walkability, cycling and trails	Each Year	✓ Completed trails in East Fonthill; Sidewalk along Summersides Road
• Promote festivals and events	Each Year	✓ Community guide; new website; newsletter; weekly advertisements; social media
• Support Seniors Active Living Program	Each Year	✓ Second year of receiving grant and designation to support Seniors Active Living Centre
• Explore additional grant opportunities	Each Year	✓ Municipal Modernization Grant – Shared Services in Services and Municipal Drainage: \$ 39,534 funding approved Municipal Modernization Grant – IT Shared Services Review for \$ 19,425 - funding approved Municipal Modernization Grant – Public Works Operational Review for \$ 49,354 - funding approved FCM Green Municipal Fund – Pelham Street Storm Construction Project for \$ 2,160,000 - funding denied ✓ Niagara Region Combined Sewer Outflow (CSO) Program – Operating for Public Works for \$ 15,000 - funding approved

STRATEGIC GOAL ACHIEVEMENTS

GROW REVENUE BY PROMOTING OUR NATURAL AND CULTURAL ASSETS

ACTION	YEAR	COMPLETION STAGE
• Explore additional grant opportunities (continued)	Each Year	Investing in Canada Infrastructure Program Community, Culture and Recreation Stream – two proposals in 2019 for: \$5,013,000 for Recreation improvements and \$8,000,000 for library relocation - waiting funding decision Investing in Canada Infrastructure Program Rural & Northern Communities Infrastructure Funding Stream – Pelham Street Project for \$ 4,160,000 - funding approved Niagara Community Foundation Grant – Operating for Recreation, Culture, and Wellness for \$5,000 - funding approved New Horizons for Seniors Programs (NHSP) – received \$ 24,749. Community Transportation Grant Program – for second bus - \$500,000 over 5 years
• Explore feasibility of expanding youth programs	Each Year	✓ Mayor's Youth Advisory Council expanding programs
• Finalize MCC parking strategy	2019	✓ Presented reports to Council in 2019. Town-wide Comprehensive Parking Study to be initiated in 2020.
• Explore interest for a hotel	2019	✓ Met with two potential developers to explore hotel
• Implement policies and procedures to protect and preserve environmental assets	2019-2020	✓ Developed and implemented the gypsy moth program and invasive species policy

STRATEGIC GOAL ACHIEVEMENTS

GROW REVENUE BY PROMOTING OUR NATURAL AND CULTURAL ASSETS

ACTION	YEAR	COMPLETION STAGE
• Develop policies and protocols to address impacts of climate change	2019-2020	✓ Grant received to fund a Climate Change Coordinator contract position to work on a Climate Adaption Plan to be completed in March, 2021; Partnered with Brock University to develop a Niagara-wide Climate Adaptation Plan
• Introduce best practices related to climate change	2019-2020	... Work in progress

SUPPORT A STRONG ORGANIZATION

ACTION	YEAR	COMPLETION STAGE
• Continue to process improvements for efficiency and effectiveness	Each Year	✓ Two lean reviews completed in 2019; Development review process & procurement and accounts payable
• Focus on enhancing staff cross departmental communication and team building	Each Year	✓ Staff engagement survey; quarterly all staff meetings; CAO monthly updates to staff

QUICK FACTS

Nestled in the heart of Niagara you will find the Town of Pelham, a fusion of rural and urban areas offering unique lifestyles rich with history, agriculture, and commercial industries. As one of 12 municipalities in the Niagara Region, Pelham's central location makes it an ideal community for commuters, life-long residents, and businesses old and new. With state-of-the-art facilities (Meridian Community Centre) to heritage sites (Comfort Maple Conservation Area), Pelham embraces technological and urban change while preserving a small-town feel and nostalgia of days gone by. A growing community, Pelham isn't just a place to visit, it's a place to call home.



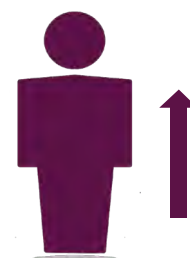
126 sq. km
Land Area*



17,110 Population
(2016 Statistics Canada)



143 Population
Density per sq. km*



3.1% Population
Growth (2011-2016)
From 16,598 to 17,110

Age of Population (by age groups)
0-19: 21% | 20-64: 55% | 65+: 24%

7,104 Number of Households
5.4% Increase in Number of Households
(2015-2019)

\$131,817 2019 Estimated Average Household Income* | **3.4% Property Taxes as a % of Household Income**



AVERAGE
RESIDENTIAL
PROPERTY

\$348,359
ASSESSMENT VALUE

=

\$4,469
ANNUAL PROPERTY TAX



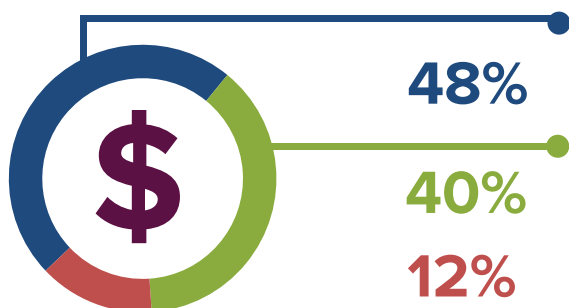
REGION \$2,129



TOWN \$1,779



EDUCATION \$561



Set by the Niagara Region. Collected by the Town and remitted to the Region.

Set by the Town to provide services.

Set by the Province. Collected by the Town and remitted to the local school board.

*Source: BMA Management Consulting Inc. Municipal Study 2019



FINANCIAL REPORT

MESSAGE FROM THE TREASURER



The Town of Pelham (“the Town”) is proud to present its Annual Financial Report for the year ended December 31, 2019. This report has been prepared by management in accordance with the *Municipal Act* and the Canadian Public Sector Accounting Standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB) of Chartered Professional Accountants (CPA) Canada.

The Annual Financial Report communicates to stakeholders and residents the Town’s 2019 financial performance and information regarding significant financial policies and processes. The 2019 financial results continue to demonstrate Pelham’s commitment to strengthening its financial sustainability. The Town has established three important policies in 2019 to help achieve this goal: (1) Reserve and Reserve Fund Policy and (2) Capital Financing and Debt Management Policy and (3) Strategic Asset Management Policy. The Town also established a Finance and Audit Committee in 2019 with two external CPA members.

In 2019, the Meridian Community Centre (MCC) had its first full year of operations, revenues exceeded budgeted expectations and the Utility Sustainability Committee obtained significant savings on hydro costs. During the year, a \$4 million debenture was issued for capital projects previously approved for debenture funding, which improved the overall cash position because they had been completed. The sale of land in East Fonthill resulted in a significant gain on disposal of assets held for sale. The Town and Niagara Region provide municipal services to Pelham taxpayers. The Niagara Region is exclusively responsible for garbage collection and disposal, water treatment, waste water services, policing, and social services. The Town’s financial statements do not include the cost of Niagara Region services.

Pelham’s property tax bill includes levies for the Town, Niagara Region and the Province of Ontario (for education purposes). The Town’s 2019 levy impact on a typical residential property was approximately 40% of the total property tax bill.

As the Town works on its asset management plan including service delivery reviews, and new budget software, the focus on balancing service levels, sustainability and affordability will be important towards ensuring informed decision making and the management of financial pressures facing the Town.

It has been an incredible year for the Town, along with achieving a positive surplus in both the Consolidated Financial Statements in accordance with PSAS and the budget on a modified cash basis.

Maintaining financial strength continues to be a focus for the Town.

Teresa Quinlin, MBA, CPA, CA
Director Corporate Services & Treasurer

FINANCIAL MANAGEMENT PROCESSES

Financial Management and Control

Budget

Council has sole authority to allocate funds through the annual operating, capital, and utility rate supported budget approval process. The Town's budget is prepared by each department initially, driven by the Town Strategic Plan, input from residents, departmental initiatives, and long-term financial goals. The budget is reviewed by the Senior Leadership Team and presented to Council for review, modification if necessary, and approval. The annual budget is balanced, as required by the *Municipal Act, 2001*, S.O. 2001, c.25, as amended ("the *Municipal Act*"), so that revenues equal expenditures for the budget year.

The 2019 operating, capital and utility rate supported budgets were approved by Council on April 1, 2019. Pelham's budget is prepared on a modified cash basis in order to ensure the Town collects enough tax revenue to cover its cash needs and meet its obligations. This includes budgeting for any principal debt repayments and any required transfers to or from reserves. Conversely, the Town does not budget for items such as amortization and its annual impact on tangible capital assets or changes in employee future benefit liabilities, which are primarily non-cash items. The Town is required to adjust its presentation of the budget in the financial statements to be in accordance with Canada Public Sector Accounting Standards (PSAS). Note 15 to the financial statements reconciles the approved budget to the budget amounts reported in the financial statements.

Accounting and Internal Controls

Management of the Town is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements. The financial statements and accompanying notes have been prepared by management within the framework of the accounting principles and requirements of the PSAS as recommended by CPA Canada. To meet its responsibility, management maintains a system of internal controls designed to ensure that assets are safeguarded and transactions are properly authorized and recorded in compliance with legislative and regulatory requirements. The financial management and control systems of the Town are governed by various by-laws, policies and procedures. The Town's systems of internal controls are monitored and evaluated by management and are subject to independent audit. In 2019, three new policies were presented to Council and approved, the Reserve and Reserve Fund Policy, Capital Financing and Debt Management Policy, and the Strategic Asset Management Policy.

Staff regularly provide financial reports to Council, and clearly compare budgets with actual results along with commentary on variances from budget and forecasts. Staff have been consistently making improvements to the Town's financial reporting capabilities through the implementation of software and report automation, which allows for more frequent financial reporting to Council to aid in decision-making, and provides the public with an understanding of how their tax dollars are spent.

External Audit

The Pelham Finance and Audit Committee is a Committee of Council, composed of three Councillors and two citizen representatives and is responsible for providing oversight, review, and recommendations to Council regarding:

- The selection and appointment of auditors
- The audit results and the management letter (if applicable).

The *Municipal Act* requires that the Town appoint an independent auditor licensed under the *Public Accounting Act, 2001*, to express an opinion as to 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 their opinion.

Deloitte LLP, Chartered Professional Accountants, was appointed by Pelham Town Council to express an audit opinion on the Town's consolidated financial statements for the year ended December 31, 2019.

FINANCIAL OVERVIEW

The Town of Pelham's consolidated financial statements have been prepared in accordance with the reporting standards set by the Public Sector Accounting Board (PSAB) of CPA Canada. The four required financial statements include: the consolidated statement of financial position, the consolidated statement of operations, the consolidated statement of change in net debt, and the consolidated statement of cash flows. These consolidated statements provide information on the financial position and activities of the Town. In addition, the notes to the consolidated financial statements provide additional information and form an integral part of the statements.

The consolidated financial statements include the Pelham Public Library Board, a local board under the control of Council. Niagara Central Airport Commission, which is a joint board, is proportionately consolidated. 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.

The following is a high-level overview of the 2019 financial results for Pelham.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position reports on the Town of Pelham's financial and non-financial assets, liabilities and accumulated surplus at December 31, 2019.

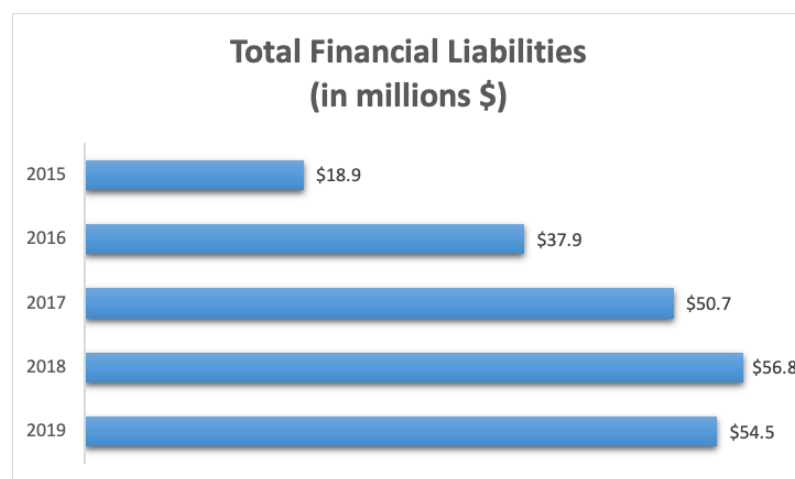
Financial Assets

Financial assets in 2019 were \$21.2 million (2018: \$ 15.3 million), a \$5.9 million increase over the prior year. This is mostly due to an increase in cash and cash equivalents; \$4.0 million of this increase was as a result of a debenture issued in the year for capital projects completed that had been previously approved for debenture, as well as capital projects which were delayed and will be completed in 2020. Other factors that contributed to the change in total financial assets were a decrease in taxes receivable as a result of improved collections, an increase in user charges receivable due to higher water and wastewater rates and new properties added in 2019, a decrease in accounts receivable collected from developers, a decrease in tangible capital assets held for sale due to land that was disposed of during the year and an increase in the investment in subsidiary due to equity earnings that exceeded dividends received. The chart illustrates the five-year trend in total financial assets.



Financial Liabilities

Liabilities in 2019 were \$54.5 million (2018: \$56.8 million), a \$2.3 million decrease over the prior year. This is primarily the result of a \$5.6 million decrease in bank indebtedness from payment of \$1 million on the line of credit balance, and \$4.5 million of the infrastructure Ontario loan repaid with land sale proceeds. The decrease in bank indebtedness was offset by a \$2.2 million increase in long-term debt due to \$4.0 million of long-term debt issued in the year less principal repayments. Accounts payable increased \$0.8 million primarily because of capital work being performed late in the year. Changes in accrued liabilities, other liabilities, deposits, deferred revenue and employee benefit obligations also contributed to the change in financial liabilities in 2019. The chart illustrates the five-year trend in total financial liabilities.



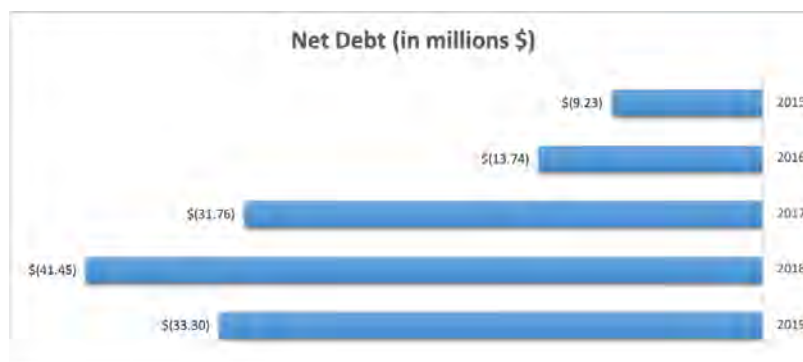
Net Financial Assets (Net Debt)

Net financial assets (net debt) represents the difference between the Town's financial assets and its financial liabilities.

The Town ended the year in a net debt position (financial liabilities exceeded financial assets) of \$33.3 million, a decrease in net debt of \$8.2 million from the prior year. This change was the result of an increase in financial assets and a decrease in financial liabilities from 2018.

Net Debt	2019	2018	Change	% Change
Financial assets	\$ 21,205,264	\$ 15,310,299	\$ 5,894,965	38.5%
Less financial liabilities	(54,501,475)	(56,765,185)	2,263,710	-4.0%
Net Debt	\$ (33,296,211)	\$ (41,454,886)	\$ 8,158,675	19.7%

The following chart illustrates the five-year trend in net debt.

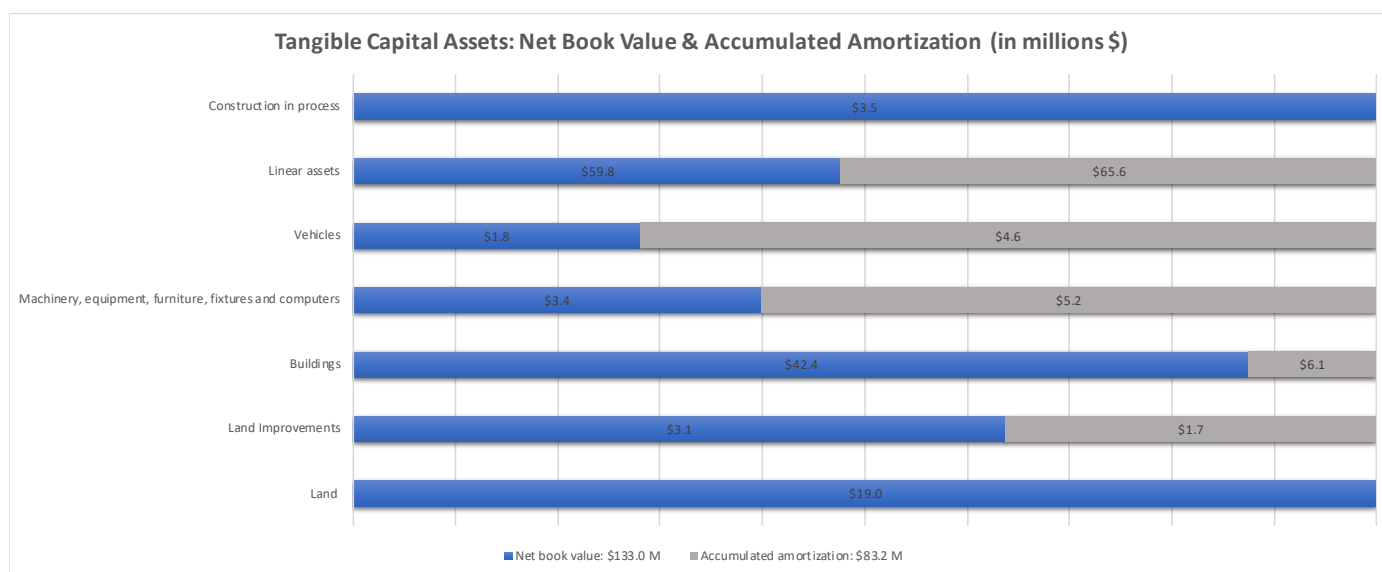


Non Financial Assets

The Town's non-financial assets are comprised mainly of tangible capital assets as well as prepaid expenses. Prepaid expenses increased compared to 2018 because the Town has an 18-month insurance policy, with twelve months prepaid at the end of 2019 versus six months at the end of 2018.

The net book value of tangible capital assets, as reported in the consolidated statement of financial position, is \$133.0 million and is highlighted by category in the accompanying chart. The total historical costs are \$216.2 million and the total accumulated amortization is \$83.2 million, implying that 38.5 percent of the estimated useful life of the Town of Pelham's capital assets has been utilized in the delivery of services. This is impacted by the Meridian Community Centre, which is a new asset with a high dollar value cost, and does not necessarily represent the remaining useful lives of other assets. For example, the historical cost of linear assets, which include roads, water, storm sewer and sanitary sewer distribution networks is \$125.4 million and the accumulated amortization is \$65.6 million, implying that 52% of the estimated useful life of the Town's linear assets have been utilized. A breakdown by category is available below.

During the year the Town of Pelham acquired \$4.2 million of tangible capital assets. The amortization expense, as reported in the statement of operations, amounted to \$5.9 million.

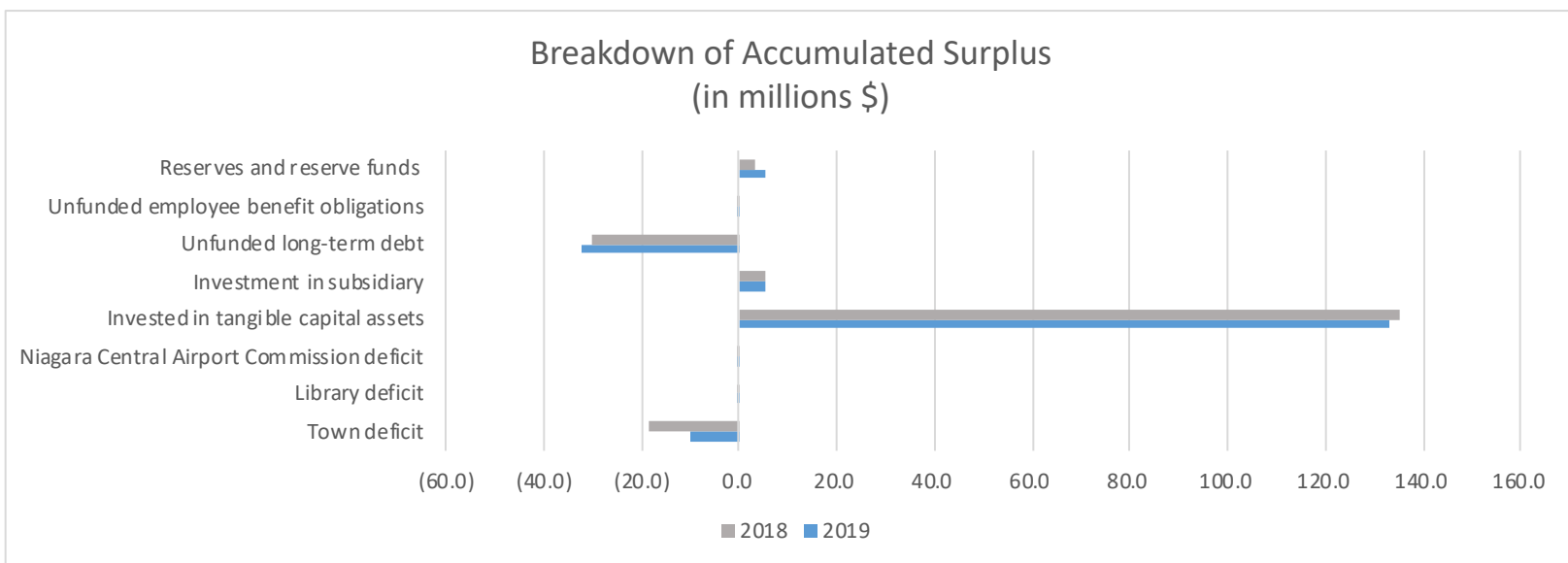


Accumulated Surplus

The Town's accumulated surplus is composed of investments in reserves and reserve funds, investments in subsidiaries and investments in tangible capital assets, which is offset by a deficit in the Town, Library and Niagara Central Airport Commission as well as unfunded long-term debt.

Reserves and discretionary reserve funds, as detailed in Note 9 to the consolidated financial statements, increased approximately \$2.2 million compared to 2018. This was due to the operating budget surplus transferred into the working capital reserve, as well as capital projects which have not yet been completed but are still committed against the reserves.

The following chart illustrates the breakdown of accumulated surplus.



CONSOLIDATED STATEMENT OF OPERATIONS

The consolidated statement of operations reports on the Town of Pelham's revenues, expenses, and surplus for the year and outlines the change in accumulated surplus.

Summary of Revenues and Expenses	2019	2018	% Change
Total revenue	30,370,207	24,581,468	23.5%
Total expenses	24,271,476	24,483,737	-0.9%
Annual surplus	\$ 6,098,731	\$ 97,731	
Accumulated surplus, beginning	94,102,675	94,004,944	
Accumulated surplus, ending	\$ 100,201,406	\$ 94,102,675	

Revenues

Revenues in 2019 were \$30.4 million (2018: \$24.6 million), an increase in \$5.8 million over the prior year. This increase is due to higher revenues from taxation, user charges for recreation, planning and building permit fees and a significant gain on the disposal of land held for sale.

Property taxation for the year was 47% of total revenues, being the Town's most significant source of revenue. Property tax revenue was higher than budget because of supplemental taxation revenue, which is primarily a result of growth in the Town, as well as additions, renovations and class changes that were not previously recorded on the assessment roll and are updated by the Municipal Property Assessment Corporation (MPAC).

User charges, including all user charges collected by the Town for items such as water and sewer billings, building permits, and recreation facilities, represented 22% of total revenues. User charges were higher than budget because of additional fees at the MCC as well as planning and building permit fees. These increases were slightly offset by lower than budgeted water and wastewater user charges due to decreased consumption.

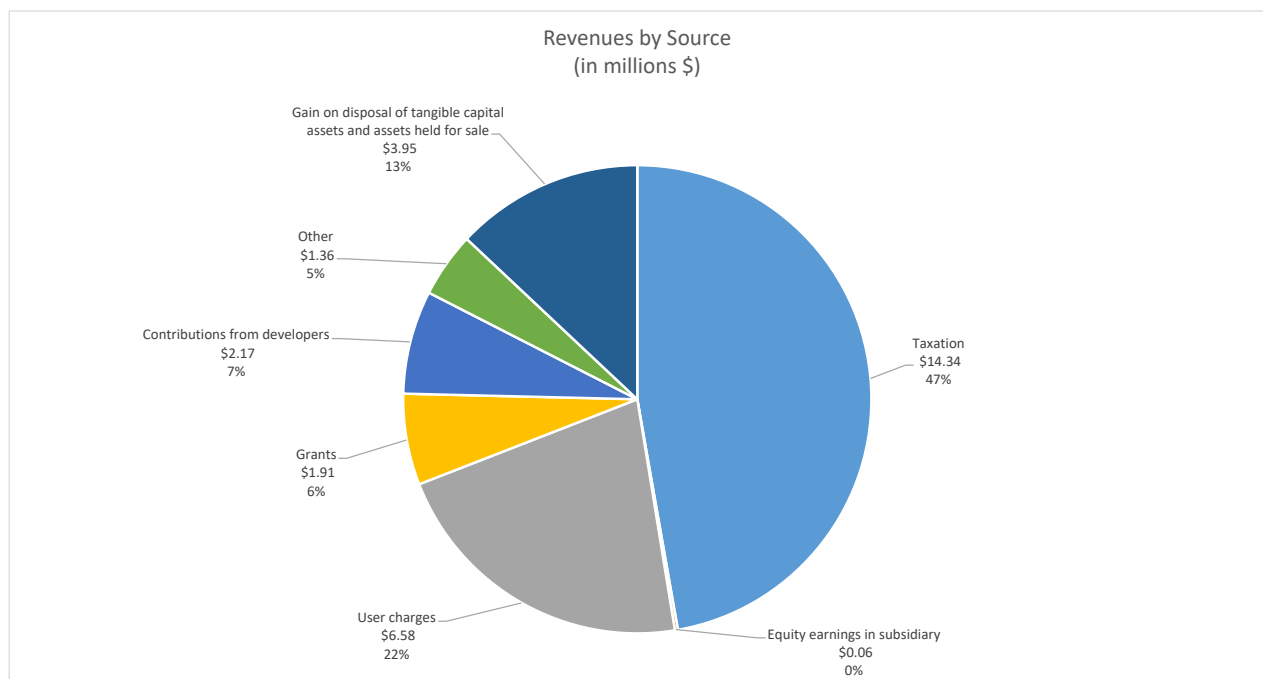
Grants for 2019 were 6% of total revenues, and were lower than budget because of capital projects that were only partially complete at year-end.

Contributions from developers were 7% of total revenues, and include items such as development charge revenues and parkland dedication revenues. Contributions from developers exceeded budget because of collections related to capital costs in East Fonthill that were budgeted in prior years.

Other revenues, including penalties and interest on taxes, investment income, and donations, were 5% of total revenues. Other revenues exceeded budget because of increased investment income due to the improved cash position, as well as MCC capital donations collected which were budgeted in a prior year.

Equity earnings in the Town's subsidiary, Peninsula West Power Inc., was below 1% of total revenues, and the gain on disposal on tangible capital assets and assets held for sale was 13% of the total. The Town had a significant gain on a portion of land in East Fonthill which was held for sale.

Below is a breakdown of revenues by source.



Expenses

Expenses in 2019 were \$24.3 million (2018: \$24.5 million), a decrease of \$200,000 from the prior year.

Of the Town's total expenses, 14% relate to general government, which includes corporate governance, management, and program support to other departments.

Protection to persons and property is 8% of the total and includes fire, protective inspection and control, emergency measures, and provincial offences.

Transportation services, being 27% of the total, includes expenses for roads, winter control, transit, parking, street lighting, and air transportation. Transportation Services expenses exceeded budget because of amortization on new roads constructed in East Fonthill, as well as capital items expensed exceeding the estimate; this relates to the nature of the work performed and whether it meets capitalization criteria, but the total capital spending is still within budget. In addition, Winter Control expenses exceeded budget due to unpredictable weather.

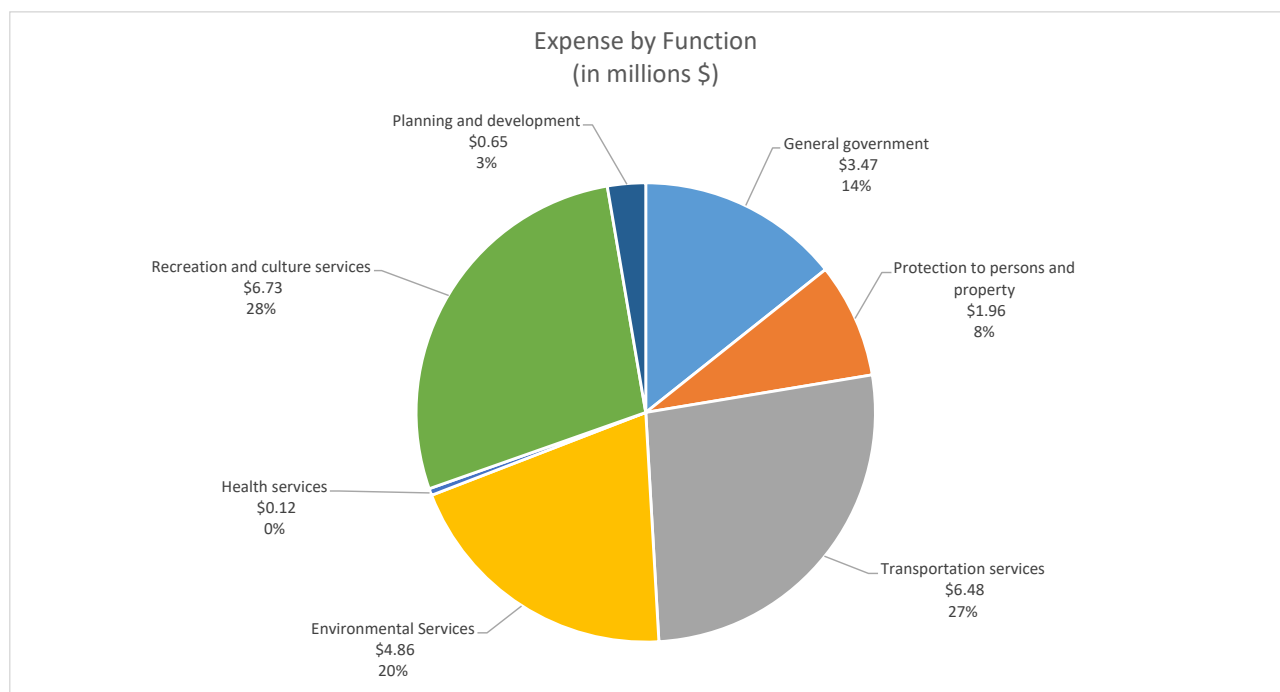
Environmental services is 20% of total expenses and is comprised of water and wastewater expenses. Environmental services expenses were slightly below budget because of lower materials and supplies due to lower consumption.

Health services is not a significant expense relative to the total, and includes the cost of operating and maintaining the cemeteries.

Recreation and culture services is 28% of the Town's total expense and includes parks, recreation programs, recreation facilities, libraries and cultural services. 2019 represents the first full year of operation of the MCC.

Planning and development expenses are 3% of the total and include planning and zoning, commercial and industrial development, residential development, agricultural and reforestation, heritage matters, and municipal drainage. Planning and development expenses were higher than budget because of the Community Improvement Plan (CIP) grants disbursed; the budget includes transfers to the CIP reserve which is not an expense in the financial statements in accordance with PSAB.

Below is a breakdown of expenses by function.



Annual Surplus

During 2019, revenues exceeded expenses resulting in a \$6.1 million surplus, a \$6.0 million increase in annual surplus from the prior year. This increase was primarily the result of increased revenues compared to 2018.

The annual surplus on the consolidated financial statements is different than the operating budget surplus presented in the year-end report to Council, because the financial statements are presented in accordance with PSAB standards, while the Town's operating budget results are reported on a modified cash basis and includes other expenditures such as principal payments on debt and reserve transfers, which are not expenses in the financial statements, and excludes items such as amortization and the gain or loss on disposal of assets. A detailed reconciliation of the approved budget to the budget amounts reported in the consolidated financial statements is available in Note 15 to the consolidated financial statements.

The Town's accumulated surplus at the end of 2019 was just over \$100.2 million. It is important to note that accumulated surplus cannot be construed as "cash" or "funds available", as the majority of this surplus is for tangible capital assets which are not available to discharge existing liabilities; rather, these assets are used in the provision of Town services.

Consolidated Statement of Change in Net Debt

The consolidated statement of change in net debt provides detailed information on the use or acquisition of non-financial assets and their impact on the net financial position of the Town. Net debt decreased by \$8.2 million in 2019 compared to 2018. This was primarily impacted by the annual surplus as well as the acquisition of tangible capital assets of \$4.2 million and amortization of tangible capital assets of \$5.9 million.

Consolidated Statement of Cash Flows

The consolidated statement of cash flows shows the impact that transactions had on the Town's cash position during the year. It reconciles the annual surplus to the cash balance reported on the consolidated statement of financial position, and highlights the use of cash for operating, capital, investing, and financing activities. Total operating activities increased cash by \$14.1 million, and this was used primarily for the acquisition of tangible capital assets net of proceeds on disposal of \$4.1 million, as well as to decrease debt by \$3.5 million (net of new debt issuance and investment dividends). The net impact was to increase cash and cash equivalents by \$6.6 million for an ending balance of \$7.8 million. This cash relates primarily to the Deferred Revenue - Obligatory Reserve Funds, as well as other Reserves and Reserve funds.

Trust Funds

The Town also administers trust funds, which are not consolidated with the Town's financial statements. These funds undergo a separate audit and their financial statements are also approved by Council. The financial statements for the Town of Pelham Trust Funds are found in pages 59 to 63 of the annual report. The most significant of these funds relate to Cemetery Care and Maintenance Funds held under the *Cemeteries Act (Revised)*, R.S.O. 1990. Total trust funds administered by the Town at the end of 2019 were \$992 thousand (2018 - \$967 thousand).

Conclusion

In 2019, the Meridian Community Centre (MCC) had its first full year of operations; revenues exceeded budgeted expectations and the Utility Sustainability Committee obtained significant savings on hydro costs. Planning and building department revenues exceeded budget and there was a significant gain on disposal of land held for sale, the proceeds of which were used to repay a portion of the construction bridge loan issued by Infrastructure Ontario for the construction of the MCC, in keeping with the budget for that project. The Town's cash position was improved through the issuance of a debenture for capital projects previously completed which were approved for debenture funding. In addition, policies were brought forward for Council approval regarding Reserves and Reserve Funds, Capital Financing and Debt Management, and Strategic Asset Management. These will help lay the foundation for the Town to move forward and plan for the future.

Consolidated Financial Statements of

CORPORATION OF THE TOWN OF PELHAM

December 31, 2019

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Pelham (the "Town"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2019, the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

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

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

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

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

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

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

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

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

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

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

The image shows a handwritten signature in dark ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2020

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Financial Position

December 31, 2019

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

Signed on behalf of the Town:



Marvin Junkin, Mayor





Teresa Quinlin, Treasurer



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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Operations

For the Year Ended December 31, 2019

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

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Change in Net Debt

For the Year Ended December 31, 2019

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

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2019

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Significant accounting policies

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

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

a. Basis of consolidation

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

i. Pelham Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionately consolidated:

ii. Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 16).

iii. Peninsula West Power Inc.

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

The consolidated statements exclude trust funds that are administered for the benefit of external parties (Note 17).

b. Basis of accounting

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Significant accounting policies (continued)

c. Deferred revenue - obligatory reserve funds

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

d. Employee future benefits

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

e. Cash and cash equivalents

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

f. Deposits and deferred revenue

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

g. Non-financial assets

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Significant accounting policies (continued)

h. Tangible capital assets

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

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

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

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

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

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

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

i. Subdivision infrastructure

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Significant accounting policies (continued)

j. Reserves for future expenses

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

k. Government transfer payments

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

l. Local improvements

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

m. Tax revenue

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

n. Region and school board transactions

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

o. Development charges

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

1. Significant accounting policies (continued)

p. Management estimates

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

2. Subsidiary operations

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

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

2. Subsidiary operations (continued)

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

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

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

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

3. Tangible capital assets held for sale

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

4. Bank indebtedness

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

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

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

5. Deferred revenue - obligatory reserve funds

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

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

6. Long-term debt

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

	2019	2018
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term debt issued by the Region of Niagara. At the end of the year, the outstanding principal amount of this debt is	\$ 32,252,037	\$ 30,088,688

- (b) The net long-term debt:

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

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

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

The Town paid \$937,707 (2018 - \$914,663) interest on long-term debt during the year.

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

7. Employee benefit obligations

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

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

Discount rate	beginning of year	3.01%
	end of year	2.83%
Medical cost increases	ultimate trend rate	4.50%

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

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

Vested sick leave benefits

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

Post-employment benefit liability

The Town sponsors a defined benefit plan for post-employment benefits other than pensions for substantially all of its employees. The plan provides extended health and life insurance coverage to age 65 for full-time employees. The plan is unfunded and requires no contribution from employees. Total benefit payments for retirees during the year were \$19,438 (2018 - \$28,619).

Pension agreement

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

8. Accumulated surplus

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

9. Reserves and reserve funds

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

10. Taxation

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

11. User charges

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

12. Collections for the Region of Niagara and school boards

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

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

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

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

13. Grants

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

14. Other revenue

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

15. Budget amounts

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

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

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

15. Budget amounts (continued)

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

16. Niagara Central Airport Commission

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

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

16. Niagara Central Airport Commission (continued)

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

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

The following summarizes the Town's related party transactions with the Niagara Central Airport Commission for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties. The loan receivable from the Niagara Central Airport Commission is unsecured and bears interest at 4.30%, payable in equal annual instalments over ten years, commencing June 2019.

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

17. Trust funds

Trust funds administered by the Town amounting to \$991,678 (2018 - \$967,257) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

18. Contingencies

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

19. Financial instruments

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

20. Comparative figures

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

CORPORATION OF THE TOWN OF PELHAM

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

21. Segmented information

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

The services included in each segment are as follows:

(i) General government

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

(ii) Protection services

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

(iii) Transportation services

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

(iv) Environmental services

Environmental is comprised of storm sewer systems and water collection.

(v) Health services

Health services is comprised of cemeteries.

(vi) Recreation and culture services

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

(vii) Planning and development

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Library Operations - Schedule 1

For the Year Ended December 31, 2019

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

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

	2019							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	\$ 19,045,733	\$ 3,938,360	\$ 48,492,300	\$ 7,910,276	\$ 6,406,143	\$120,769,320	\$ 6,042,765	\$212,604,897
Add additions	-	1,251,065	44,301	656,447	35,107	4,726,936	1,975,723	8,689,579
Less construction in process capitalized	-	-	-	-	-	-	(4,531,280)	(4,531,280)
Less disposals during the year	-	(402,318)	(68,542)	(1,998)	(47,854)	(76,370)	-	(597,082)
End of year	19,045,733	4,787,107	48,468,059	8,564,725	6,393,396	125,419,886	3,487,208	216,166,114
Accumulated amortization								
Beginning of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Add amortization during the year	-	193,351	1,316,816	536,880	327,614	3,503,387	-	5,878,048
Less amortization on disposals	-	-	(12,337)	-	(47,736)	-	-	(60,073)
End of year	-	1,735,235	6,060,930	5,150,134	4,601,761	65,638,994	-	83,187,054
Net book value	\$ 19,045,733	\$ 3,051,872	\$ 42,407,129	\$ 3,414,591	\$ 1,791,635	\$ 59,780,892	\$ 3,487,208	\$132,979,060

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Tangible Capital Assets - Schedule 2

For the Year Ended December 31, 2019

	2018							
	Land	Land improvements	Buildings	Machinery, equipment, furniture, fixtures and computers	Vehicles	Linear assets	Construction in process	Total
Cost								
Beginning of year	\$ 18,135,413	\$ 3,789,526	\$ 11,060,420	\$ 6,904,571	\$ 6,362,314	\$117,463,786	\$ 33,519,693	\$197,235,723
Add additions	908,978	148,834	37,875,951	1,005,705	43,829	3,305,534	1,259,827	44,548,658
Less construction in process capitalized	-	-	-	-	-	-	(28,736,755)	(28,736,755)
Less assets held for sale	1,342	-	(444,071)	-	-	-	-	(442,729)
End of year	19,045,733	3,938,360	48,492,300	7,910,276	6,406,143	120,769,320	6,042,765	212,604,897
Accumulated amortization								
Beginning of year	-	1,345,407	3,757,811	4,125,860	3,992,201	58,376,548	-	71,597,827
Add amortization during the year	-	196,477	998,640	487,394	329,682	3,759,059	-	5,771,252
End of year	-	1,541,884	4,756,451	4,613,254	4,321,883	62,135,607	-	77,369,079
Net book value	\$ 19,045,733	\$ 2,396,476	\$ 43,735,849	\$ 3,297,022	\$ 2,084,260	\$ 58,633,713	\$ 6,042,765	\$135,235,818

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

	2019							
	General government	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Total
Revenue								
Taxation	\$ 4,946,164	\$ 1,098,221	\$ 2,897,648	\$ -	\$ 22,686	\$ 5,005,228	\$ 372,102	\$ 14,342,049
User charges	28,602	736,708	66,083	4,431,348	38,451	1,078,878	196,894	6,576,964
Grants	46,600	5,000	1,549,593	164,441	-	146,578	-	1,912,212
Contributions from developers	-	34,118	1,505,529	308,477	-	244,796	75,434	2,168,354
Other	344,709	86,099	469,958	35,994	55,878	362,848	6,719	1,362,205
Equity earnings in subsidiary	63,059	-	-	-	-	-	-	63,059
Gain (loss) on disposal of tangible capital assets and assets held for sale	4,141,827	-	(6,821)	(76,371)	-	(113,271)	-	3,945,364
Total revenues	9,570,961	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	30,370,207
Expenses								
Salaries and wages	1,969,667	1,187,170	1,076,037	1,205,988	89,023	2,580,751	392,495	8,501,131
Long term debt interest	-	39,858	175,570	25,542	-	687,095	9,642	937,707
Materials	928,866	149,742	700,116	285,577	9,335	1,052,178	216,926	3,342,740
Contracted services	422,594	192,317	1,505,246	2,504,450	7,121	506,102	12,861	5,150,691
Rents & financials	27,330	-	128,186	-	-	281,975	-	437,491
External transfers to others	23,668	-	-	-	-	-	-	23,668
Amortization of tangible assets	100,105	391,059	2,896,835	842,332	11,536	1,616,956	19,225	5,878,048
	3,472,230	1,960,146	6,481,990	4,863,889	117,015	6,725,057	651,149	24,271,476
Annual surplus	\$ 6,098,731	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,098,731

CORPORATION OF THE TOWN OF PELHAM

Consolidated Schedule of Segment Operations - Schedule 3

For the Year Ended December 31, 2019

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Corporation of the Town of Pelham Trust Funds (the "Trust Funds"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenue and expenses and change in fund balances for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2019, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a bold, sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
May 19, 2020

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Financial Position

As at December 31, 2019

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

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Statement of Revenue and Expenses and Change in Fund Balances

Year ended December 31, 2019

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

CORPORATION OF THE TOWN OF PELHAM TRUST FUNDS

Notes to the Financial Statements

December 31, 2019

1. Accounting policies

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

(a) Basis of accounting

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

(b) Investments

Investments are recorded at cost.

(c) Financial instruments

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

(d) Use of estimates

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

2. Investments

The total for investments by the trust funds of \$830,282 (2018 - \$813,797) reported on the statement of financial position at cost, have a market value of \$830,282 (2018 - \$813,797) at the end of the year.

3. Due to/from Town of Pelham

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

4. Statement of cash flows

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



Summerfest



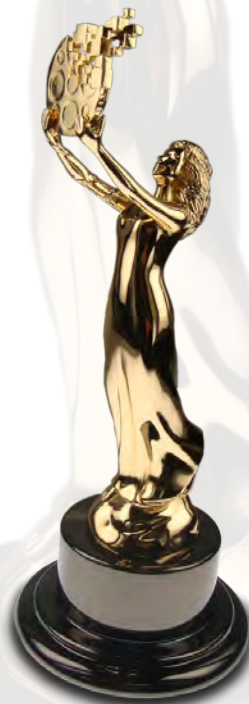
Life In Pelham Guide

Awards

The Town is proud of its staff, projects, and festivals that received recognition for their excellence in delivery, useability, and innovation. Strategic priorities have been transformed into award-winning projects and events, including: MarCom Gold (website), AVA Digital Gold (website), MarCom Honourable Mention (Life in Pelham Guide), Hermes Creative Gold (Communications Plan), and FEO Top 100 (Summerfest).



Hermes Creative Communications Plan



AVA Digital Website



MarCom Website



STATISTICAL REVIEW

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

General Statistics

	2019	2018	2017	2016	2015
Households *	7,104	7,064	6,977	6,882	6,740
Population **	17,110	17,110	15,641	15,654	15,626
Municipal Workforce Profile					
Full-time Positions	74	69	60	66	62
Part-time Postions	37	27	16	12	11
Seasonal Employees	52	54	47	49	48
Number of Building Permits Issued	235	280	476	407	257
Total Value of Building Permits Issued	\$ 43,337,503	\$ 68,647,113	\$ 104,245,493	\$ 126,872,861	\$ 33,366,725

* Source: MPAC

** Source: Statistics Canada 2018-2019, MPAC 2015-2017

All other data on this page as per the Town's Financial Information Return

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

Taxation Statistics

	2019	2018	2017	2016	2015
Taxable Assessment					
Residential	2,409,606,273	2,291,395,631	2,159,252,964	2,068,323,217	1,997,562,043
Multi-Residential	17,587,500	17,482,000	17,376,500	18,609,000	18,613,264
New Multi-Residential	544,000	-	-	-	-
Commerical	87,823,350	80,870,766	69,478,193	67,849,061	63,837,021
Commercial Excess/Vacant	2,970,845	3,150,670	4,226,954	4,382,972	798,394
Industrial	2,968,951	2,919,272	3,812,348	3,663,597	3,089,640
Industrial Excess/Vacant	132,825	119,550	110,525	93,000	50,500
Pipeline	16,854,093	16,213,500	15,421,250	14,900,000	14,508,804
Farmland	157,009,692	143,204,190	131,658,899	124,200,753	115,473,497
Managed Forest	2,701,293	1,961,922	1,774,825	1,748,200	1,616,844
Total Taxable Assessment	2,698,198,822	2,557,317,501	2,403,112,458	2,303,769,800	2,215,550,007
Taxy Levy					
Town of Pelham	\$ 13,674,374	\$ 12,530,627	\$ 11,791,257	\$ 11,063,305	\$ 10,085,964
Niagara Region	16,366,191	15,584,260	14,977,327	14,546,094	14,327,544
Education	5,116,884	5,109,284	5,011,531	5,051,132	4,975,361
Total Levy	\$ 35,157,449	\$ 33,224,171	\$ 31,780,115	\$ 30,660,531	\$ 29,388,869
Current Year's Tax Collections*	\$ 34,245,293	\$ 32,285,504	\$ 30,973,033	\$ 29,777,106	\$ 28,335,405
Total Arrears	\$ 1,751,162	\$ 1,761,963	\$ 1,791,341	\$ 2,210,469	\$ 2,306,587
Total Arrears as a Percentage of Current Tax Levy	5.0%	5.3%	5.6%	7.2%	7.8%

Top Ten Largest Corporate Property Taxpayers in 2019

FONTHILL GARDENS INC
 NIAGARA PROPERTY INVESTMENTS INC
 PELHAM PORTFOLIO INC
 2385746 ONTARIO INC
 FONTHILL PROPERTIES ULC
 1254392 ONTARIO LIMITED
 766432 ONTARIO INC, 706014 ONTARIO INC
 2594945 ONTARIO INC
 COLONNADE 1440 INC
 CITRIGNO HOLDING COMPANY INC

% of Total Industrial and Commercial Assessment 39.6%
 % of Total Taxable Assessment 1.33%

*Current Year's Tax Collections represents the cash collections for the year excluding adjustments, payments in lieu of taxes and supplementary assessments.

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

Consolidated Statement of Financial Position

	2019	2018	2017	2016	2015
Financial Assets					
Cash and cash equivalents	\$ 7,848,224	\$ 1,280,672	\$ 3,885,925	\$ 9,324,711	\$ 554,430
Taxes receivable	1,751,162	1,761,963	1,791,341	2,210,469	2,306,587
User charges receivable	684,278	613,935	597,267	592,086	579,200
Accounts receivable	5,012,259	5,735,179	6,512,813	6,753,703	942,057
Tangible capital assets held for sale	515,697	534,734	885,648	-	-
Investments in subsidiary	5,393,644	5,383,816	5,312,718	5,293,453	5,253,882
Total financial assets	21,205,264	15,310,299	18,985,712	24,174,422	9,636,156
Financial Liabilities					
Bank indebtedness	10,294,044	15,960,776	2,577,778	1,800,000	3,350,000
Accounts payable and accrued liabilities	4,726,141	3,922,388	9,633,723	7,712,420	3,738,556
Other liabilities	1,998,225	2,089,727	1,718,632	1,429,957	971,712
Deposits and deferred revenue	851,502	547,392	651,775	1,864,319	157,698
Deferred revenue- obligatory reserve funds	3,981,023	3,833,187	3,840,767	3,398,984	1,932,489
Long-term debt	32,252,037	30,088,688	31,905,664	21,310,239	8,395,372
Employee benefit obligations	398,503	323,027	419,726	399,342	316,529
Total financial liabilities	54,501,475	56,765,185	50,748,065	37,915,261	18,862,356
Net financial assets (net debt)	(33,296,211)	(41,454,886)	(31,762,353)	(13,740,839)	(9,226,200)
Non-financial assets					
Tangible capital assets	132,979,060	135,235,818	125,637,896	104,132,637	93,326,714
Prepaid expenses	518,557	321,743	129,401	373,244	199,213
Total non-financial assets	133,497,617	135,557,561	125,767,297	104,505,881	93,525,927
Accumulated surplus	\$ 100,201,406	\$ 94,102,675	\$ 94,004,944	\$ 90,765,042	\$ 84,299,727

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

Statement of Financial Position Statistics

	2019		2018		2017		2016		2015	
Acquisition of tangible capital assets, net of construction in process capitalized	\$	4,158,299	\$	15,675,398	\$	27,281,339	\$	15,761,806	\$	6,277,712
Long-term Debt	\$	32,252,037	\$	30,088,688	\$	31,905,664	\$	21,310,239	\$	8,395,372
Per Capita	\$	1,885	\$	1,759	\$	2,040	\$	1,361	\$	537
Percentage of Town Tax Levy		235.9%		240.1%		270.6%		192.6%		83.2%
Long-term Debt										
Supported by Taxes	\$	16,070,519	\$	12,788,279	\$	13,510,531	\$	14,219,617	\$	4,332,772
Supported by Non-tax Revenue		16,181,518		17,300,409		18,395,133		7,090,622		4,062,600
Net Long-term Liabilities	\$	32,252,037	\$	30,088,688	\$	31,905,664	\$	21,310,239	\$	8,395,372
Debt Charges for the Year										
Principal Payments	\$	1,855,006	\$	1,816,976	\$	1,543,167	\$	1,901,299	\$	837,617
Interest Charges	\$	937,707	\$	914,663	\$	740,632	\$	320,007	\$	213,924
Annual Debt Repayment Limit, excluding Treasurer's Adjustments	\$	2,587,339	\$	3,475,545	\$	3,013,683	\$	2,916,140	\$	2,901,428
Accumulated Surplus	\$	100,201,406	\$	94,102,675	\$	94,004,944	\$	90,765,042	\$	84,299,727
Provincial Debt Repayment Limit as a % of Own-source Revenues		25%		25%		25%		25%		25%
Town Net Debt Charges as a % of Own-source Revenues (Existing Debt Only)		13%		13%		12%		6%		6%

**The Corporation of The Town of Pelham
Statistical Review
(Unaudited)**

Consolidated Statement of Operations

	2019	2018	2017	2016	2015
Revenue by Source					
Taxation	\$ 14,342,049	\$ 13,003,056	\$ 12,468,706	\$ 11,648,113	\$ 10,561,790
User charges	6,576,964	6,066,122	5,896,406	6,298,719	4,936,058
Grants	1,912,212	1,319,945	968,598	1,117,957	313,433
Contributions from developers	2,168,354	2,118,168	3,061,990	1,352,815	896,845
Contributed tangible capital assets	-	136,505	-	4,928,757	-
Other	1,362,205	1,519,085	1,201,394	819,533	762,968
Equity earnings in subsidiary	63,059	123,087	71,012	91,166	116,718
Gain (loss) on disposal of tangible capital assets and assets held for sale	3,945,364	295,500	434,599	11,527	(289,270)
Total revenue by source	30,370,207	24,581,468	24,102,705	26,268,587	17,298,542
Expenses by Function					
General government	3,472,230	3,520,358	3,938,935	3,364,145	2,706,059
Protection to persons and property	1,960,146	1,912,943	1,946,632	1,918,954	1,660,147
Transportation services	6,481,990	6,821,947	5,945,354	5,966,156	6,136,269
Environmental services	4,863,889	5,373,591	4,419,347	4,623,560	4,280,855
Health services	117,015	114,074	125,306	123,481	105,322
Recreation and culture services	6,725,057	6,155,062	3,911,721	3,340,816	2,041,296
Planning and development	651,149	585,762	575,508	466,160	535,302
Total expenses by function	24,271,476	24,483,737	20,862,803	19,803,272	17,465,250
Annual Surplus (Deficit)	6,098,731	97,731	3,239,902	6,465,315	(166,708)
Accumulated surplus, beginning	94,102,675	94,004,944	90,765,042	84,299,727	84,466,435
Accumulated surplus, ending	\$ 100,201,406	\$ 94,102,675	\$ 94,004,944	\$ 90,765,042	\$ 84,299,727
Expenses by Object					
Salaries and wages	\$ 8,501,131	\$ 7,969,184	\$ 8,058,986	\$ 7,621,463	\$ 6,874,053
Long term debt interest	937,707	914,663	740,632	320,007	213,924
Materials	3,342,740	3,699,352	2,613,257	2,552,918	2,157,272
Contracted services	5,150,691	5,719,633	4,519,006	4,528,841	3,625,117
Rents & financials	437,491	386,651	92,946	19,842	18,059
External transfers to others	23,668	23,002	44,546	56,328	60,881
Amortization of tangible assets	5,878,048	5,771,252	4,793,430	4,703,873	4,515,944
Total expenses by object	\$ 24,271,476	\$ 24,483,737	\$ 20,862,803	\$ 19,803,272	\$ 17,465,250



Information on the Town of Pelham is available at:

www.pelham.ca

Direct any inquiries regarding this document to:

The Corporation of the Town of Pelham

Corporate Services Department

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