

# Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the  
**Corporation of the Town of Pelham**

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Pelham, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

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

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



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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Town of Pelham as at December 31, 2010, and the results of its operations, changes in net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

**Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Port Colborne, Canada  
November 7, 2011

Chartered Accountants  
Licensed Public Accountants

**Town of Pelham**  
**Schedule of Library Operations**  
For the Year Ended December 31, 2010

	Budget 2010 (Unaudited)	Actual 2010	Actual 2009
<b>Revenue</b>			
Municipal contribution	\$ 677,800	\$ 677,800	\$ 661,234
Municipal contribution – capital		62,197	
Grants	23,388	70,195	67,049
Transfers from donation trust fund		7,462	24,022
Development charges	18,400	18,400	18,400
Other	<u>64,000</u>	<u>71,400</u>	<u>64,220</u>
	<u>783,588</u>	<u>907,454</u>	<u>834,925</u>
<b>Expenses</b>			
Administration	29,260	26,991	24,689
Amortization		84,351	97,730
Books, periodicals and other media	75,000	25,157	25,906
Electronic resources and maintenance	18,200	10,120	20,631
Furnishings and office equipment	500	2,745	986
Insurance	3,702	3,578	2,968
Programs	6,000	11,183	11,630
Repairs and maintenance	31,046	27,227	72,952
Salaries, wages and benefits	591,780	605,655	617,555
Supplies	4,900	5,311	7,783
Utilities	<u>23,200</u>	<u>21,574</u>	<u>20,783</u>
	<u>783,588</u>	<u>823,892</u>	<u>903,613</u>
<b>Annual surplus (deficit)</b>	Nil	83,562	(68,688)
<b>Accumulated surplus</b>			
Beginning of year	<u>499,136</u>	<u>499,136</u>	<u>567,824</u>
End of year	<u>\$ 499,136</u>	<u>\$ 582,698</u>	<u>\$ 499,136</u>
<b>Accumulated surplus consists of the following:</b>			
Operating surplus		\$ 21,285	\$ 3,776
Investment in tangible capital assets		584,743	504,908
Reserves		10,009	31,465
Unfunded employee benefit obligations		<u>(33,339)</u>	<u>(41,013)</u>
		<u>\$ 582,698</u>	<u>\$ 499,136</u>