

**The Corporation of the Town of Georgina
Public Library Board
Financial Statements
Year ended December 31, 2018**

Contents

Independent Auditor's Report	2-3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8



Tel: 905-898-1221
Fax: 905-898-0028
Toll-Free: 866-275-8836
www.bdo.ca

BDO Canada LLP
The Gates of York Plaza
17310 Yonge Street, Unit 11
Newmarket ON L3Y 7R9 Canada

Independent Auditor's Report

To the Chair and Members of the Town of Georgina Public Library Board, and Members of Council of the Town of Georgina

Opinion

We have audited the financial statements of The Corporation of the Town of Georgina Public Library Board (the "Library Board"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at December 31, 2018, and results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Library Board 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 these 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.

In preparing the financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Library Board'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 Library Board'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 Library Board 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.

Chartered Professional Accountants, Licensed Public Accountants

BDO Canada LLP

August 15, 2019
Newmarket, Ontario

Georgina Public Library Board
Statement of Financial Position
December 31

	<u>2018</u>	<u>2017</u>
	\$	\$
Financial assets		
Cash	475	315
Due from Town of Georgina (Note 3)	431,755	1,799,657
Accounts receivable	<u>4,031</u>	<u>4,772</u>
	<u>436,261</u>	<u>1,804,744</u>
Liabilities		
Accounts payable	143,379	150,503
Accrued liabilities	<u>68,016</u>	<u>58,033</u>
	<u>211,395</u>	<u>208,536</u>
Net financial assets	<u>224,866</u>	<u>1,596,208</u>
Non-financial assets		
Tangible capital assets (Note 5)	<u>614,005</u>	<u>655,407</u>
Accumulated surplus (Note 6)	<u>838,871</u>	<u>2,251,615</u>

**Georgina Public Library Board
Statement of Operations and Accumulated Surplus**

Year ended December 31

	2018		2017
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Town of Georgina - operating grant	2,331,180	2,317,919	2,153,070
Town of Georgina - capital contribution	-	-	18,956
Province of Ontario - grant	62,600	62,584	62,584
York School Boards - purchase of service	58,500	58,550	58,500
Fines	27,100	26,531	25,113
Sales / Costs recovered	14,000	15,792	13,113
Donations & fundraising	1,800	14,109	8,334
Room rental	4,100	3,555	8,311
Programs	4,200	5,528	4,143
Miscellaneous grant	9,240	12,557	10,782
Development charges earned	19,700	6,517	-
	2,532,420	2,523,642	2,362,906
Expenses			
Salaries & benefits	1,721,600	1,717,464	1,577,719
Amortization	183,640	183,640	191,495
Contracted services	169,220	158,844	99,707
Utilities	108,800	96,240	98,753
Materials & supplies	45,500	104,007	107,837
Insurance	19,900	19,900	19,900
Freight / Postage	3,500	5,916	3,844
Travel / Education	22,800	27,302	14,174
Consulting	-	93,104	458
Audit	4,400	2,544	3,053
Equipment repairs	3,500	133	2,323
Volunteer appreciation	500	300	775
Memberships	2,550	2,822	2,297
Bank charges	1,800	2,151	2,175
Total expenses	2,287,710	2,414,367	2,124,510
Transfer to Town of Georgina Reserve (Note 7)	-	(1,522,019)	-
Annual surplus (deficit)	244,710	(1,412,744)	238,396
Accumulated surplus, beginning of year		2,251,615	2,013,219
Accumulated surplus, end of year		838,871	2,251,615

See accompanying notes to the financial statements

Georgina Public Library Board
Statement of Change in Net Financial Assets
Year ended December 31

	2018		2017
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus (deficit)	244,710	(1,412,744)	238,396
Acquisition of tangible capital assets	(141,393)	(142,238)	(158,989)
Amortization of tangible capital assets	183,640	183,640	191,495
	286,957	(1,371,342)	270,902
Change in net financial assets	286,957	(1,371,342)	270,902
Net financial assets, beginning of year	1,596,208	1,596,208	1,325,306
Net financial assets, end of year	1,883,165	224,866	1,596,208

Georgina Public Library Board
Statement of Cash Flows
Year ended December 31

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	(1,412,744)	238,396
Amortization	183,640	191,495
Changes in non-cash operating working capital		
Accounts receivable	741	33,565
Due from Town of Georgina	1,367,902	(299,516)
Accrued liabilities	9,983	(4,442)
Accounts payable	(7,124)	(213)
Deferred deposits	-	(271)
Cash provided by operating activities	<u>142,398</u>	<u>159,014</u>
Capital activities		
Acquisition of tangible capital assets	<u>142,238</u>	<u>158,989</u>
Net change in cash	160	25
Cash, beginning of year	315	290
Cash, end of year	<u>475</u>	<u>315</u>

See accompanying notes to the financial statements

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2018

1. Nature of operations

The Georgina Public Library Board (the "Library Board") is a local board of The Town of Georgina (the "Town") deemed to be a public library established under the Public Libraries Act. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

2. Summary of significant accounting policies

The financial statements of the Library Board are the representation of management prepared in accordance with local government accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Library Board are as follows:

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned 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.

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.

Tangible capital assets

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

Collections	7 years
Computer hardware & software	4 - 7 years
Furniture & equipment	5 - 20 years

One half of the annual amortization is charged in the year of acquisition.

Contributions of tangible capital assets

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

2. Summary of significant accounting policies (continued)

Revenue recognition

User fees and other revenues including sales, room rentals and programs are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Government transfers

Government transfers are recognized when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library Board may undertake in the future. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from those estimates.

Pension Plan

The Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

3. Receivable from Town of Georgina

The amount receivable from the Town of Georgina is non-interest bearing and has no set terms of repayment. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2018

4. Pension agreement

OMERS provides pension services to more than 470,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2018. The results of this valuation disclosed total actuarial liabilities of \$100,081 million in respect of benefits accrued for service with actuarial assets at that date of \$95,890 million indicating an actuarial deficit of \$4,191 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit.

Contribution rates range from 9% to 14.6% depending on the level of earnings. During the year \$98,099 (2017 - \$88,986) was contributed to OMERS by the Library Board for current services.

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2018

5. Tangible capital assets

	2018			Total
	Library Collection	Furniture	Computer Hardware/ Software	
Cost				
Balance, beginning of year	\$ 1,090,438	\$ 218,266	\$ 198,343	\$1,507,047
Add: Additions during the year	121,182	845	20,211	142,238
Less: Disposals during the year	<u>(167,293)</u>	<u>-</u>	<u>(87,791)</u>	<u>(255,084)</u>
Balance, end of year	<u>1,044,327</u>	<u>219,111</u>	<u>130,763</u>	<u>1,394,201</u>
Accumulated amortization				
Balance, beginning of year	580,260	138,003	133,377	851,640
Add: Amortization during the year	153,200	15,141	15,299	183,640
Less: Amortization on disposals	<u>(167,293)</u>	<u>-</u>	<u>(87,791)</u>	<u>(255,084)</u>
Balance, end of year	<u>566,167</u>	<u>153,144</u>	<u>60,885</u>	<u>780,196</u>
Net book value	<u>\$ 478,160</u>	<u>\$ 65,967</u>	<u>\$ 69,878</u>	<u>\$ 614,005</u>

	2017			Total
	Library Collection	Furniture	Computer Hardware/ Software	
Cost				
Balance, beginning of year	\$ 1,149,190	\$ 197,862	\$ 179,967	\$1,527,019
Add: Additions during the year	120,209	20,404	18,376	158,989
Less: Disposals during the year	<u>(178,961)</u>	<u>-</u>	<u>-</u>	<u>(178,961)</u>
Balance, end of year	<u>1,090,438</u>	<u>218,266</u>	<u>198,343</u>	<u>1,507,047</u>
Accumulated amortization				
Balance, beginning of year	598,818	124,406	115,882	839,106
Add: Amortization during the year	160,403	13,597	17,495	191,495
Less: Amortization on disposals	<u>(178,961)</u>	<u>-</u>	<u>-</u>	<u>(178,961)</u>
Balance, end of year	<u>580,260</u>	<u>138,003</u>	<u>133,377</u>	<u>851,640</u>
Net book value	<u>\$ 510,178</u>	<u>\$ 80,263</u>	<u>\$ 64,966</u>	<u>\$ 655,407</u>

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2018

6. Accumulated surplus	<u>2018</u>	<u>2017</u>
Consists of:		
	\$	\$
Reserves set aside by the Library Board		
Capital reserve	215,676	265,500
Future expenditure reserve	-	1,320,518
Salary adjustment reserve	<u>9,190</u>	<u>9,190</u>
	<u>224,866</u>	<u>1,595,208</u>
Surplus		
Invested in tangible capital assets	<u>614,005</u>	<u>655,407</u>
Accumulated surplus	<u>838,871</u>	<u>2,251,615</u>

7. Transfer to Town of Georgina Reserve

In 2018 it was determined that the Future Expenditure Reserve that was historically recorded as part of the Georgina Public Library Board's accumulated surplus should be transferred to the Town of Georgina. The rationale for this change is that this Reserve is for expenses related to facilities that are owned by the Town and are not recorded as tangible capital assets in the Library's financial statements.

The transfer of the Reserve amount of \$1,522,019 resulted in a deficit in 2018 of \$1,412,744. Had this adjustment not been reflected, the annual surplus from regular operations would have been \$109,275.