

The Corporation of the Town of Georgina
Public Library Board
DRAFT Financial Statements
Year ended December 31, 2017

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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

We have audited the accompanying financial statements of The Corporation of the Town of Georgina Public Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Georgina Public Library Board as at December 31, 2017 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 27, 2018
Newmarket, Ontario

**Georgina Public Library Board
Statement of Financial Position
December 31**

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	<u>2017</u>	<u>2016</u>
	\$	\$
Financial assets		
Cash	315	290
Due from Town of Georgina (Note 3)	1,799,657	1,500,141
Accounts receivable	4,772	38,337
	<u>1,804,744</u>	<u>1,538,768</u>
Liabilities		
Accounts payable	150,503	150,716
Accrued liabilities	58,033	62,475
Deferred deposits	-	271
	<u>208,536</u>	<u>213,462</u>
Net financial assets	<u>1,596,208</u>	<u>1,325,306</u>
Non-financial assets		
Tangible capital assets (Note 5)	<u>655,407</u>	<u>687,913</u>
Accumulated surplus (Note 6)	<u>2,251,615</u>	<u>2,013,219</u>

Georgina Public Library Board
Statement of Operations and Accumulated Surplus
Year ended December 31

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	2017		2016
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Town of Georgina - operating grant	2,153,070	2,153,070	2,068,070
Town of Georgina - capital contribution	14,900	18,956	56,195
Province of Ontario - grant	62,600	62,584	62,584
York School Boards - purchase of service	58,500	58,500	55,810
Fines	27,100	25,113	25,425
Sales / Costs recovered	13,600	13,113	16,291
Donations & fundraising	1,800	8,334	6,077
Room rental	10,100	8,311	8,683
Programs	4,200	4,143	4,506
Miscellaneous grant	11,650	10,782	1,154
Development charges earned	-	-	5,900
	<u>2,357,520</u>	<u>2,362,906</u>	<u>2,310,695</u>
Expenses			
Salaries & benefits	1,582,800	1,577,719	1,581,902
Amortization	191,495	191,495	194,784
Contracted services	199,000	99,707	163,280
Utilities	106,700	98,753	105,060
Materials & supplies	19,800	107,837	79,945
Insurance	19,900	19,900	18,900
Freight / Postage	3,500	3,844	3,395
Travel / Education	22,800	14,174	14,732
Consulting	-	458	32,381
Audit	4,400	3,053	4,948
Equipment repairs	3,500	2,323	3,139
Volunteer appreciation	500	775	803
Memberships	2,550	2,297	2,350
Bank charges	1,800	2,175	2,073
Total expenses	<u>2,158,745</u>	<u>2,124,510</u>	<u>2,207,692</u>
Annual surplus	<u>198,775</u>	<u>238,396</u>	<u>103,003</u>
Accumulated surplus, beginning of year		<u>2,013,219</u>	<u>1,910,216</u>
Accumulated surplus, end of year		<u>2,251,615</u>	<u>2,013,219</u>

See accompanying notes to the financial statements

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

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	2017		2016
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	198,775	238,396	103,003
Acquisition of tangible capital assets	(247,270)	(158,989)	(177,634)
Amortization of tangible capital assets	192,210	191,495	194,784
	143,715	270,902	120,153
Change in net financial assets	143,715	270,902	120,153
Net financial assets, beginning of year	1,325,306	1,325,306	1,205,153
Net financial assets, end of year	1,469,021	1,596,208	1,325,306

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

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	<u>2017</u>	<u>2016</u>
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus	238,396	103,003
Amortization	191,495	194,784
Changes in non-cash operating working capital		
Accounts receivable	33,565	62,545
Due from Town of Georgina	(299,516)	(221,961)
Accrued liabilities	(4,442)	9,154
Accounts payable	(213)	30,333
Deferred deposits	(271)	(224)
Cash provided by operating activities	<u>159,014</u>	<u>177,634</u>
Capital activities		
Acquisition of tangible capital assets	<u>158,989</u>	<u>177,634</u>
Net change in cash	25	-
Cash, beginning of year	290	290
Cash, end of year	<u>315</u>	<u>290</u>

See accompanying notes to the financial statements

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.

4. Pension agreement

OMERS provides pension services to more than 482,000 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, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 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 \$88,986 (2016 - \$101,006) was contributed to OMERS by the Library Board for current services.

5. Tangible capital assets

	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	(178,961)	-	-	(178,961)
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	(178,961)	-	-	(178,961)
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>

	2016			Total
	Library Collection	Furniture	Computer Hardware/ Software	
Cost				
Balance, beginning of year	\$ 1,208,872	\$ 190,032	\$ 130,319	\$1,529,233
Add: Additions during the year	120,156	7,830	49,648	177,634
Less: Disposals during the year	(179,838)	-	-	(179,838)
Balance, end of year	<u>1,149,190</u>	<u>197,862</u>	<u>179,967</u>	<u>1,527,019</u>
Accumulated amortization				
Balance, beginning of year	608,790	113,052	102,318	824,160
Add: Amortization during the year	169,866	11,354	13,564	194,784
Less: Amortization on disposals	(179,838)	-	-	(179,838)
Balance, end of year	<u>598,818</u>	<u>124,406</u>	<u>115,882</u>	<u>839,106</u>
Net book value	<u>\$ 550,372</u>	<u>\$ 73,456</u>	<u>\$ 64,086</u>	<u>\$ 687,913</u>

Georgina Public Library Board
Notes to the Financial Statements
 December 31, 2017

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6. Accumulated surplus	<u>2017</u>	<u>2016</u>
Consists of:		
	\$	\$
Reserves set aside by the Library Board		
Capital reserve	265,500	138,875
Future expenditure reserve	1,320,518	1,163,712
Salary adjustment reserve	<u>9,190</u>	<u>22,719</u>
	<u>1,595,208</u>	<u>1,325,306</u>
Surplus		
Invested in tangible capital assets	<u>655,407</u>	<u>687,913</u>
Accumulated surplus	<u>2,251,615</u>	<u>2,013,219</u>