

The Corporation of the Town of Georgina
Public Library Board
Financial Statements
Year ended December 31, 2015

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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

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, 2015, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of 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, 2015 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

June 22, 2016
Newmarket, Ontario

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

December 31

	<u>2015</u>	<u>2014</u>
	\$	\$
Financial assets		
Cash	290	290
Due from Town of Georgina (Note 3)	1,278,180	1,138,082
Accounts receivable	100,882	36,598
	<u>1,379,352</u>	<u>1,174,970</u>
Liabilities		
Accounts payable	120,383	115,271
Accrued liabilities	53,321	40,043
Deferred deposits	495	870
	<u>174,199</u>	<u>156,184</u>
Net financial assets	<u>1,205,153</u>	<u>1,018,786</u>
Non-financial assets		
Tangible capital assets (Note 5)	<u>705,063</u>	<u>707,517</u>
Accumulated surplus (Note 6)	<u>1,910,216</u>	<u>1,726,303</u>

Georgina Public Library Board
Statement of Operations and Accumulated Surplus

Year ended December 31

	2015		2014
	Budget	Actual	Actual
	\$	\$	\$
Revenues			
Town of Georgina - operating grant	2,002,280	2,002,280	1,942,790
Province of Ontario - grant	62,580	62,584	62,591
York School Boards - purchase of service	54,720	54,720	53,650
Fines	30,500	29,001	29,843
Sales / Costs recovered	10,130	17,427	12,175
Donations & fundraising	1,300	4,251	8,370
Room rental	10,100	8,979	7,716
Programs	4,300	4,614	5,252
Miscellaneous grant	-	9,048	-
Donation from Municipality	-	16,478	13,470
	<u>2,175,910</u>	<u>2,209,382</u>	<u>2,135,857</u>
Expenses			
Salaries & benefits	1,522,730	1,489,544	1,369,399
Amortization	192,210	192,209	193,113
Contracted services	161,000	187,578	164,998
Utilities	81,440	88,349	102,983
Materials & supplies	21,000	23,882	22,312
Insurance	18,900	18,900	18,900
Freight / Postage	6,000	4,868	7,158
Travel / Education	9,000	9,471	6,618
Consulting	-	-	9,366
Audit	4,400	4,400	4,400
Equipment repairs	4,200	1,553	4,173
Board Honorarium	500	358	3,879
Memberships	2,350	2,488	2,434
Bank charges	1,500	1,869	1,753
Total expenses	<u>2,025,230</u>	<u>2,025,469</u>	<u>1,911,486</u>
Annual surplus	<u>150,680</u>	<u>183,913</u>	<u>224,371</u>
Accumulated surplus, beginning of year		<u>1,726,303</u>	1,501,932
Accumulated surplus, end of year		<u>1,910,216</u>	<u>1,726,303</u>

Georgina Public Library Board
Statement of Change in Net Financial Assets

Year ended December 31

	2015		2014
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	150,680	183,913	224,371
Acquisition of tangible capital assets	-	(186,655)	(170,833)
Donated tangible capital assets	-	(3,100)	(19,833)
Amortization of tangible capital assets	192,210	192,209	193,113
	342,890	186,367	226,818
Change in prepaid expenses	-	-	1,305
Change in net financial assets	342,890	186,367	228,123
Net financial assets, beginning of year	1,018,786	1,018,786	790,663
Net financial assets, end of year	1,361,676	1,205,153	1,018,786

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash provided by (used in)		
Operating activities		
Annual surplus	183,913	224,371
Amortization	192,209	193,113
Tangible capital assets - donated	(3,100)	(19,833)
Changes in non-cash operating working capital		
Accounts receivable	(64,284)	(6,181)
Due from Town of Georgina	(140,098)	(170,913)
Accrued liabilities	13,278	(15,456)
Accounts payable	5,112	(36,188)
Deferred deposits	(375)	615
Prepays	-	1,305
Cash provided by operating activities	<u>186,655</u>	<u>170,833</u>
Capital activities		
Acquisition of tangible capital assets	<u>(186,655)</u>	<u>(170,833)</u>
Net change in cash	-	-
Cash, beginning of year	290	290
Cash, end of year	<u>290</u>	<u>290</u>

Georgina Public Library Board

Notes to the Financial Statements

December 31, 2015

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 measureable. Expenses are recognized as they are incurred and measureable 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.

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2015

2. Summary of significant accounting policies (continued)

Revenue recognition

User fees and other revenues 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.

Georgina Public Library Board
Notes to the Financial Statements
December 31, 2015

4. Pension agreement

OMERS provides pension services to more than 461,000 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, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 million in respect of benefits accrued for service with actuarial assets at that date of \$74,947 million indicating an actuarial deficit of \$6,977 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 8.3% to 12.8% depending on the level of earnings. During the year \$80,273 (2014 - \$69,058) was contributed to OMERS by the Library Board for current services.

Georgia Public Library Board
Notes to the Financial Statements

December 31, 2015

5. Tangible capital assets

	2015			
	Library Collection	Furniture	Computer Hardware/ Software	Total
Cost				
Balance, beginning of year	\$ 1,223,637	\$ 177,474	\$ 110,617	\$ 1,511,728
Add: Additions during the year	157,495	12,558	19,702	189,755
Less: Disposals during the year	<u>(172,260)</u>	<u>-</u>	<u>-</u>	<u>(172,260)</u>
Balance, end of year	<u>1,208,872</u>	<u>190,032</u>	<u>130,319</u>	<u>1,529,223</u>
Accumulated amortization				
Balance, beginning of year	608,790	103,232	92,189	804,211
Add: Amortization during the year	172,260	9,820	10,129	192,209
Less: Amortization on disposals	<u>(172,260)</u>	<u>-</u>	<u>-</u>	<u>(172,260)</u>
Balance, end of year	<u>608,790</u>	<u>113,052</u>	<u>102,318</u>	<u>824,160</u>
Net book value	<u>\$ 600,082</u>	<u>\$ 76,980</u>	<u>\$ 28,001</u>	<u>\$ 705,063</u>
	2014			
	Library Collection	Furniture	Computer Hardware/ Software	Total
Cost				
Balance, beginning of year	\$ 1,251,072	\$ 167,654	\$ 102,209	\$ 1,520,935
Add: Additions during the year	172,438	9,820	8,408	190,666
Less: Disposals during the year	<u>(199,873)</u>	<u>-</u>	<u>-</u>	<u>(199,873)</u>
Balance, end of year	<u>1,223,637</u>	<u>177,474</u>	<u>110,617</u>	<u>1,511,728</u>
Accumulated amortization				
Balance, beginning of year	630,465	95,895	84,611	810,971
Add: Amortization during the year	178,198	7,337	7,578	193,113
Less: Amortization on disposals	<u>(199,873)</u>	<u>-</u>	<u>-</u>	<u>(199,873)</u>
Balance, end of year	<u>608,790</u>	<u>103,232</u>	<u>92,189</u>	<u>804,211</u>
Net book value	<u>\$ 614,847</u>	<u>\$ 74,242</u>	<u>\$ 18,428</u>	<u>\$ 707,517</u>

Georgina Public Library Board
Notes to the Financial Statements
 December 31, 2015

6. Accumulated surplus	<u>2015</u>	<u>2014</u>
Consists of:		
	\$	\$
Reserves set aside by the Library Board		
Capital reserve	88,551	74,075
Future expenditure reserve	1,076,212	904,321
Salary adjustment reserve	<u>40,390</u>	<u>40,390</u>
	<u>1,205,153</u>	<u>1,018,786</u>
Surplus		
Invested in tangible capital assets	<u>705,063</u>	<u>707,517</u>
Accumulated surplus	<u>1,910,216</u>	<u>1,726,303</u>