

**The Corporation of the Town of Georgina  
Public Library Board  
Financial Statements  
Year ended December 31, 2016**

**Contents**

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

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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

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## Independent Auditor's Report

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### 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, 2016, 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, 2016 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 21, 2017  
Newmarket, Ontario

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

	<u>2016</u>	<u>2015</u>
	\$	\$
<b>Financial assets</b>		
Cash	290	290
Due from Town of Georgina (Note 3)	1,500,141	1,278,180
Accounts receivable	38,337	100,882
	<u>1,538,768</u>	<u>1,379,352</u>
<b>Liabilities</b>		
Accounts payable	150,716	120,383
Accrued liabilities	62,475	53,321
Deferred deposits	271	495
	<u>213,462</u>	<u>174,199</u>
<b>Net financial assets</b>	<u>1,325,306</u>	<u>1,205,153</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	<u>687,913</u>	<u>705,063</u>
<b>Accumulated surplus (Note 6)</b>	<u>2,013,219</u>	<u>1,910,216</u>

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

Year ended December 31

	2016		2015
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Town of Georgina - operating grant	2,068,070	<b>2,068,070</b>	2,002,280
Town of Georgina - capital contribution	49,360	<b>56,195</b>	16,478
Province of Ontario - grant	62,580	<b>62,584</b>	62,584
York School Boards - purchase of service	55,810	<b>55,810</b>	54,720
Fines	30,500	<b>25,425</b>	29,001
Sales / Costs recovered	11,910	<b>16,291</b>	17,427
Donations & fundraising	800	<b>6,077</b>	4,251
Room rental	10,100	<b>8,683</b>	8,979
Programs	4,300	<b>4,506</b>	4,614
Miscellaneous grant	-	<b>1,154</b>	9,048
Development charges earned	5,900	<b>5,900</b>	-
	<u>2,299,330</u>	<u><b>2,310,695</b></u>	<u>2,209,382</u>
<b>Expenses</b>			
Salaries & benefits	1,506,430	<b>1,581,902</b>	1,489,544
Amortization	198,983	<b>194,784</b>	192,209
Contracted services	183,960	<b>163,280</b>	187,578
Utilities	106,080	<b>105,060</b>	88,349
Materials & supplies	81,500	<b>79,945</b>	23,882
Insurance	18,900	<b>18,900</b>	18,900
Freight / Postage	6,000	<b>3,395</b>	4,868
Travel / Education	22,750	<b>14,732</b>	9,471
Consulting	35,000	<b>32,381</b>	-
Audit	4,400	<b>4,948</b>	4,400
Equipment repairs	4,200	<b>3,139</b>	1,553
Volunteer appreciation	500	<b>803</b>	358
Memberships	2,550	<b>2,350</b>	2,488
Bank charges	1,800	<b>2,073</b>	1,869
<b>Total expenses</b>	<u>2,173,053</u>	<u><b>2,207,692</b></u>	<u>2,025,469</u>
<b>Annual surplus</b>	<u>126,277</u>	<u><b>103,003</b></u>	<u>183,913</u>
<b>Accumulated surplus, beginning of year</b>		<u><b>1,910,216</b></u>	<u>1,726,303</u>
<b>Accumulated surplus, end of year</b>		<u><u><b>2,013,219</b></u></u>	<u><u>1,910,216</u></u>

**Georgina Public Library Board**  
**Statement of Change in Net Financial Assets**

Year ended December 31

	2016		2015
	Budget	Actual	Actual
	\$	\$	\$
Annual surplus	166,017	<b>103,003</b>	183,913
Acquisition of tangible capital assets	(129,120)	<b>(177,634)</b>	(186,655)
Donated tangible capital assets	-	-	(3,100)
Amortization of tangible capital assets	198,983	<b>194,784</b>	192,209
	235,880	<b>120,153</b>	186,367
<b>Change in net financial assets</b>	235,880	<b>120,153</b>	186,367
<b>Net financial assets, beginning of year</b>	1,205,153	<b>1,205,153</b>	1,018,786
<b>Net financial assets, end of year</b>	1,441,033	<b>1,325,306</b>	1,205,153

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash provided by (used in)		
<b>Operating activities</b>		
Annual surplus	103,003	183,913
Amortization	194,784	192,209
Tangible capital assets - donated	-	(3,100)
Changes in non-cash operating working capital		
Accounts receivable	62,545	(64,284)
Due from Town of Georgina	(221,961)	(140,098)
Accrued liabilities	9,154	13,278
Accounts payable	30,333	5,112
Deferred deposits	(224)	(375)
<b>Cash provided by operating activities</b>	<u>177,634</u>	<u>186,655</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>177,634</u>	<u>(186,655)</u>
<b>Net change in cash</b>	-	-
<b>Cash, beginning of year</b>	290	290
<b>Cash, end of year</b>	<u>290</u>	<u>290</u>

**Georgina Public Library Board**  
**Notes to the Financial Statements**  
December 31, 2016

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**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).

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**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.

**Georgina Public Library Board**  
**Notes to the Financial Statements**  
December 31, 2016

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**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.

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**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.

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**Georgina Public Library Board**  
**Notes to the Financial Statements**  
December 31, 2016

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**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, 2016. The results of this valuation disclosed total actuarial liabilities of \$87,554 million in respect of benefits accrued for service with actuarial assets at that date of \$81,834 million indicating an actuarial deficit of \$5,720 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 \$101,006 (2015 - \$80,273) was contributed to OMERS by the Library Board for current services.

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**Georgina Public Library Board**  
**Notes to the Financial Statements**  
December 31, 2016

**5. Tangible capital assets**

	2016			Total
	Library Collection	Furniture	Computer Hardware/ Software	
<b>Cost</b>				
Balance, beginning of year	\$ 1,208,872	\$ 190,032	\$ 130,319	\$1,529,223
Add: Additions during the year	120,156	7,830	49,648	177,634
Less: Disposals during the year	<u>(179,838)</u>	<u>-</u>	<u>-</u>	<u>(179,838)</u>
Balance, end of year	<u>1,149,190</u>	<u>197,862</u>	<u>179,967</u>	<u>1,527,019</u>
<b>Accumulated amortization</b>				
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	<u>(179,838)</u>	<u>-</u>	<u>-</u>	<u>(179,838)</u>
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>

	2015			Total
	Library Collection	Furniture	Computer Hardware/ Software	
<b>Cost</b>				
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>
<b>Accumulated amortization</b>				
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>

**Georgina Public Library Board**  
**Notes to the Financial Statements**  
December 31, 2016

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<b>6. Accumulated surplus</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Consists of:		
	\$	\$
<b>Reserves set aside by the Library Board</b>		
Capital reserve	138,875	88,551
Future expenditure reserve	1,163,712	1,076,212
Salary adjustment reserve	<u>22,719</u>	<u>40,390</u>
	<u>1,325,306</u>	<u>1,205,153</u>
<b>Surplus</b>		
Invested in tangible capital assets	<u>687,913</u>	<u>705,063</u>
<b>Accumulated surplus</b>	<u>2,013,219</u>	<u>1,910,216</u>