



Financial Statements

(Unaudited)

New Tecumseth Public Library

December 31, 2016

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Review Engagement Report

To the Chairman, Members of the Board of Directors and
Ratepayers of the New Tecumseth Public Library

We have reviewed the accompanying financial statements of New Tecumseth Public Library, which comprise the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Board.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian public sector accounting standards.



Barrie, Canada
April 13, 2017

Chartered Professional Accountants
Licensed Public Accountants

New Tecumseth Public Library

Statement of Financial Position

(Unaudited)

December 31

2016

2015

Financial assets

Cash and cash equivalents	\$ 640,300	\$ 559,483
Restricted cash (Note 4)	143,159	143,317
Receivables	46,800	75,451
	<u>830,259</u>	<u>778,251</u>

Liabilities

Payables and accruals	196,601	248,570
Deferred revenue (Note 5)	152,069	135,521
Capital lease obligations (Note 6)	1,124	7,289
Employee future benefits payable (Note 7)	95,951	88,186
	<u>445,745</u>	<u>479,566</u>

Net financial assets (Page 4)

384,514

298,685

Non-financial assets

Prepaid expenses	18,038	10,857
Tangible capital assets (Note 8)	279,930	290,415
	<u>297,968</u>	<u>301,272</u>

Accumulated Surplus (Page 13)

\$ 682,482

\$ 599,957

On behalf of the Board

_____ Director _____ Director

See accompanying notes to the financial statements.

New Tecumseth Public Library Statement of Operations

(Unaudited)

Year Ended December 31

2016

2015

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Municipal grants	\$ 1,543,957	\$ 1,543,957	\$ 1,366,168
Provincial grants	51,841	58,585	59,902
Fines, copying charges and fees	31,500	29,605	40,547
Interest	100	2,318	1,383
Library user levy contracts	31,687	31,687	31,066
Other revenue	12,000	12,243	22,203
Donations and other	6,500	1,869	16,374
	<u>1,677,585</u>	<u>1,680,264</u>	<u>1,537,643</u>
Expenditures			
Salaries and payroll costs	1,405,585	1,227,857	1,168,241
Library materials and supplies	136,000	249,280	204,128
Amortization	120,602	120,602	122,711
	<u>1,662,187</u>	<u>1,597,739</u>	<u>1,495,080</u>
Annual surplus	\$ <u>15,398</u>	<u>82,525</u>	<u>42,563</u>
Accumulated surplus, beginning of year		<u>599,957</u>	<u>557,394</u>
Accumulated surplus, end of year		\$ <u>682,482</u>	\$ <u>599,957</u>

See accompanying notes to the financial statements.

New Tecumseth Public Library Statement of Change in Net Financial Assets

(Unaudited)

Year Ended December 31

	2016	2015
Annual surplus	\$ <u>82,525</u>	\$ 42,563
Acquisition of tangible capital assets	(110,115)	(97,496)
Amortization of tangible capital assets	120,602	122,711
Prepaid expenses	<u>(7,181)</u>	<u>8,056</u>
	<u>3,306</u>	<u>33,271</u>
Increase in net financial assets	85,831	75,834
Net financial assets, beginning of year	<u>298,685</u>	<u>222,851</u>
Net financial assets, end of year	\$ <u>384,516</u>	\$ <u>298,685</u>

See accompanying notes to the financial statements.

New Tecumseth Public Library Statement of Cash Flows

(Unaudited)

Year Ended December 31

2016

2015

Increase (decrease) in cash and cash equivalents

Operating activities

Annual surplus	\$	82,525	\$	42,564
Amortization		120,602		122,711
Changes in non-cash item balances				
Receivables		28,649		88,770
Payables and accruals		(51,969)		123,523
Deferred revenue		16,548		(65,922)
Prepaid expenses		(7,181)		8,057
		<u>189,174</u>		<u>383,852</u>

Capital activities

Purchase of tangible capital assets		<u>(110,115)</u>		<u>(97,496)</u>
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Financing transactions

Change in capital lease obligations		(6,165)		(5,527)
Change in employee future benefits payable		<u>7,765</u>		<u>6,353</u>
		<u>1,600</u>		<u>826</u>

Increase in cash and cash equivalents		80,659		287,182
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Cash and cash equivalents, beginning of year		<u>702,800</u>		<u>415,618</u>
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Cash and cash equivalents, end of year	\$	<u>783,459</u>	\$	<u>702,800</u>
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See accompanying notes to the financial statements.

New Tecumseth Public Library

Notes to the Financial Statements

(Unaudited)
December 31, 2016

1. Purpose of the Library Board

New Tecumseth Public Library (the "Board") provides library services to residents of the Town of New Tecumseth and residents of other municipalities who have contracted with the Board for services.

2. Summary of significant accounting policies

The financial statements of the Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures and surplus of the Board.

Accrual accounting

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates.

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 costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Core Collection	7 years
Popular Material	4 years
Furniture and equipment	15 years
Information Technology	5 years
Photocopiers	5 years

New Tecumseth Public Library

Notes to the Financial Statements

(Unaudited)
December 31, 2016

2. Summary of significant accounting policies (continued)

Tangible capital assets (continued)

In the year of acquisition a half year of amortization is taken on the new asset. Assets which are under the threshold established by the Board are not capitalized, and are expensed as incurred.

Contributions of tangible capital assets

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

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Revenue recognition

Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonable assured.

Donations are recognized as revenue when the amounts are received.

Fines, copying charges and fees, interest, library user levy contracts and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred revenue

Receipts which are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenue. When qualifying expenditures are incurred, restricted revenues are brought into revenue at equal amounts. Revenue received in advance of expenditures, which will be incurred in a later period, are deferred until they are earned by being matched against those expenditures.

New Tecumseth Public Library

Notes to the Financial Statements

(Unaudited)
December 31, 2015

2. Summary of significant accounting policies (continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 Board may undertake in the future. Significant accounting estimates include allowance for doubtful accounts and useful life of tangible capital assets. Actual results could differ from those estimates.

3. Budget reconciliation

The budget approved differs from the budget in the statement of operations as the approved budget has not been adjusted to account for the material changes due to PSAB reporting requirements.

	(Unaudited)	
	<u>Revenues</u>	<u>Expenses</u>
Total approved budget	\$ 1,677,585	\$ 1,677,585
Less: Tangible capital asset purchases	-	(136,000)
Add: Amortization expense	-	<u>120,602</u>
Adjusted budget on the statement of operations	\$ <u>1,677,585</u>	\$ <u>1,662,187</u>

4. Restricted Cash

Externally restricted contributions received by the Board are maintained in separate investment and bank accounts. The balances in these accounts have been reflected in the statement of financial position as restricted cash as their purpose is to finance future expenditures from the deferred revenue balance. Restricted cash is comprised of guaranteed investment certificates which are being carried at cost and amounts maintained in the bank account.

New Tecumseth Public Library

Notes to the Financial Statements

(Unaudited)
December 31, 2016

5. Deferred revenue

A requirement of PSAB is that funds subject to an externally imposed restriction be reported as deferred revenue. Funds subject to external restrictions and other deferred revenue including the unspent portion of certain conditional grants are summarized below:

	<u>2016</u>	<u>2015</u>
Jeffery	\$ 80,546	\$ 64,986
Knox Coulter	7,908	7,908
Pam Kirkpatrick (Tottenham) library	36,305	35,608
Somerville	<u>27,310</u>	<u>27,019</u>
	<u>\$ 152,069</u>	<u>\$ 135,521</u>

6. Capital lease obligations

The Board leases its photocopiers under long term capital leases. Future minimum payments under the capital leases are as follows:

	<u>2016</u>	<u>2015</u>
2016	\$ -	\$ 6,940
2017	1,072	1,072
2018	<u>143</u>	<u>143</u>
Total minimum lease payments	1,215	8,155
Less: imputed interest at rates ranging from 16% to 18%	<u>91</u>	<u>866</u>
	<u>\$ 1,124</u>	<u>\$ 7,289</u>

7. Employee future benefits payable

The Board provides certain employee benefits which will require funding in future periods:

	<u>2016</u>	<u>2015</u>
Vacation entitlements	\$ 18,772	\$ 18,049
Sick day entitlements	37,192	34,371
Health and dental entitlements	<u>39,987</u>	<u>35,766</u>
	<u>\$ 95,951</u>	<u>\$ 88,186</u>

New Tecumseth Public Library Notes to the Financial Statements

(Unaudited)
December 31, 2016

7. Employee future benefits payable (continued)

The Board pays 50% of the cost of the health and dental benefits on behalf of its retired employees until they reach the age of 65. The Board recognizes these post-retirement costs in the period in which the employees rendered the services.

	<u>2016</u>	<u>2015</u>
Accrued benefit liability, beginning of year	\$ 35,766	\$ 31,833
Expenses for the year	5,040	5,040
Employer contributions	<u>(819)</u>	<u>(1,107)</u>
	<u>\$ 39,987</u>	<u>\$ 35,766</u>

The main actuarial assumptions employed for the valuation are as follows:

- a) The discount rate used to discount future benefits is assumed to be 4% per annum
- b) The rates used to project health benefits costs into the future is 5%
- c) The rates used to project dental benefits costs into the future is 5%

8. Tangible capital assets

	<u>2016</u>	<u>2015</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Core Collection	\$ 218,636	\$ 130,535	\$ 88,101	\$ 92,811
Popular Material	364,173	220,629	143,544	135,783
Furniture and equipment	189,032	160,645	28,387	40,989
Information Technology	34,689	15,847	18,842	16,568
Photocopiers	<u>24,338</u>	<u>23,282</u>	<u>1,056</u>	<u>4,264</u>
	<u>\$ 830,868</u>	<u>\$ 550,938</u>	<u>\$ 279,930</u>	<u>\$ 290,415</u>

9. Reserve funds held by the Town

The Town of New Tecumseth maintains a Library and Cultural Development Charge Reserve Fund in the amount of \$1,750,478 (2015 - \$1,545,705) for the Board. This reserve fund does not appear in these accounts. It has been set aside for the specific purpose indicated by legislation.

New Tecumseth Public Library

Notes to the Financial Statements

(Unaudited)
December 31, 2016

10. Pension agreement

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contribution rates during the year ranged from 9% to 14.6% (2015 – 9% to 14.6%) depending on the proposed retirement age and level of earnings. As a result, \$63,603 (2015 - \$57,021) was contributed to OMERS, during the year.

11. Utilities, maintenance, insurance and leasing costs

The Council of the Town of New Tecumseth has directed the Town to assume the costs of utilities, maintenance, insurance and lease expenditures for the library facilities. Costs totalling \$138,384 were incurred by the Town during 2016 (2015 - \$123,938). As these costs are reported by the Town they were not budgeted by the Board and are not reported in these financial statements.

12. Related party transactions

	<u>2016</u>	<u>2015</u>
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The Board had the following related party transactions:

With the Town of New Tecumseth, valued at cost:

Municipal funding	\$ 1,543,957	\$ 1,366,168
Library staff wages and benefit expense	1,265,135	1,157,338
Consulting	23,120	10,157

Included in the receivables is \$33,485 (2015 – nil) due from the Town of New Tecumseth. Included in the payable and accruals is \$152,592 (2015- \$179,200) due to the Town of New Tecumseth.

13. Financial Instruments

Financial instruments consist of cash, restricted cash, receivables and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

New Tecumseth Public Library Schedule of Accumulated Surplus

December 31

2016

2015

Consists of:

Reserves set aside by the Board

Burton Ford	\$	1,625	\$	1,625
Bellamy		7,826		7,826
Wilde-Robinson		11,990		11,990
D.A. Jones (Beeton) library		8,227		8,227
Security		33,920		33,920
Computer		24,929		24,929
Capital		194,859		194,859
General		216,251		121,641
Total reserves		<u>499,627</u>		<u>405,017</u>

Surpluses

Invested in tangible capital assets		278,806		283,126
Operating Surplus		-		-
Unfunded:				
Employee benefits and post-employment liabilities		(95,951)		(88,186)
Total surpluses		<u>182,855</u>		<u>194,940</u>
Accumulated surplus	\$	<u>682,482</u>	\$	<u>599,957</u>