

Financial Statements of

**THE BLUE MOUNTAINS
PUBLIC LIBRARY BOARD**

Year ended December 31, 2014



KPMG LLP
115 King Street South, 2nd Floor
Waterloo ON N2J 5A3

Telephone 519-747-8800
Fax 519-747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of The Blue Mountains

We have audited the accompanying financial statements of The Blue Mountains Public Library Board (the "Entity"), which comprise the statement of financial position as at December 31, 2014 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.

Auditors' 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 an 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 our 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, we consider 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.



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Blue Mountains Public Library Board as at December 31, 2014, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style. Below the signature is a long, horizontal, slightly curved line that extends to the right.

Chartered Professional Accountants, Licensed Public Accountants

July 29, 2015
Waterloo, Canada

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 14,406	\$ 12,795
Temporary investments (note 2)	190,785	183,077
	205,191	195,872
Non-financial assets:		
Tangible capital assets (note 3)	1,763,915	1,769,527
	1,763,915	1,769,527
Accumulated surplus (note 4)	\$ 1,969,106	\$ 1,965,399

The accompanying notes are an integral part of these consolidated financial statements.

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 5)	2014 Actual	2013 Actual
Revenue:			
Operating grants:			
Province of Ontario	\$ 21,000	\$ 22,868	\$ 23,922
Government of Canada	2,500	5,654	3,484
Town of The Blue Mountains	561,325	563,931	539,586
Capital grants:			
Provincial and other municipalities	7,000	562	7,938
Government of Canada	-	-	793
Town of The Blue Mountains	76,135	128,479	71,708
Capital donations	-	-	1,250
Fundraising	4,500	4,314	4,635
Interest	-	1,551	2,321
Other	19,550	20,978	24,838
Total revenue	\$ 692,010	\$ 748,337	\$ 680,475
Expenses:			
Salaries and benefits	479,660	490,809	457,115
Administrative	16,950	13,668	13,237
Operating	3,100	2,742	2,707
Books and materials	4,300	4,366	4,098
Communications	12,900	8,512	13,589
Training and travel	6,425	4,939	3,635
Personnel	1,900	391	3,270
Utilities	20,650	25,358	22,354
Equipment	15,100	14,261	15,105
Professional Fees	3,550	2,745	8,405
Insurance and bank charges	4,340	3,112	9,967
Premises	32,500	27,273	28,097
Other	5,000	7,453	4,801
Corporate administration	2,500	2,500	2,500
Information Technology	-	9,042	9,492
Amortization	-	127,459	147,271
Total expenses	608,875	744,630	745,643
Annual surplus (deficit) (note 4)	83,135	3,707	(65,168)
Accumulated surplus, beginning of year	1,965,399	1,965,399	2,030,567
Accumulated surplus, end of year	\$ 2,048,534	\$ 1,969,106	\$ 1,965,399

The accompanying notes are an integral part of these consolidated financial statements.

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2014, with comparative information for 2013

	2014 Budget (note 5)	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ 83,135	\$ 3,707	\$ (65,168)
Acquisition of tangible capital assets	(110,500)	(121,847)	(100,800)
Amortization of tangible capital assets	-	127,459	147,271
	(110,500)	5,612	46,471
Increase (decrease) in net financial assets	(27,365)	9,319	(18,697)
Net financial assets, beginning of year	195,872	195,872	214,569
Net financial assets, end of year	\$ 168,507	\$ 205,191	\$ 195,872

The accompanying notes are an integral part of these consolidated financial statements.

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Consolidated Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus / (deficit)	\$ 3,707	\$ (65,168)
Items not involving cash:		
Amortization	127,459	147,271
	131,166	82,103
Change in non-cash working capital balances:		
Due to the Town of The Blue Mountains	-	(19,333)
Net change in cash from operating activities	131,166	62,770
Capital transactions:		
Cash used to acquire tangible capital assets	(121,847)	(100,800)
Investing activities:		
Changes in temporary investments	(7,708)	(79,573)
Net change in cash	1,611	(117,603)
Cash, beginning of year	12,795	130,398
Cash, end of year	\$ 14,406	\$ 12,795

The accompanying notes are an integral part of these consolidated financial statements.

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

1. Significant accounting policies:

(a) Basis of accounting:

The financial statements of The Blue Mountains Public Library Board are the representation of management and have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available 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.

(b) Use of estimates:

Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.

(c) Basis of consolidation:

The Public Library Board has been consolidated with the financial statements of The Corporation of the Town of The Blue Mountains.

(d) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Asset	Useful Life - Years
Buildings	15 to 50
Land improvements	10 to 50
Library collections	7
Machinery, equipment and vehicles	5 to 20

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

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

1. Significant accounting policies (continued):

(e) Revenue recognitions:

Revenues are reported on the accrual basis of accounting and are recognized as follows:

- (i) Grants are recorded as revenue when corresponding expenses have been incurred in accordance with the grant applications.
- (ii) Fines are recognized when received.
- (iii) All other revenues are recorded upon sale of goods or provision of services and when collection is reasonably assured.

2. Temporary investments:

	2014	2013
GIC	\$ 190,785	\$ 183,077

Investments have a market value of \$190,785 (2013 - \$183,077) at the end of the year.

3. Tangible capital assets:

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 756,487	\$ -	\$ 756,487	\$ 756,487
Land Improvements	261,716	104,629	157,087	169,379
Buildings	1,140,923	605,605	535,318	526,625
Library collections	1,706,261	1,527,344	178,917	175,138
Machinery, equipment and vehicles	370,422	234,316	136,106	141,898
	\$ 4,235,809	\$ 2,471,894	\$ 1,763,915	\$ 1,769,527

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

4. Accumulated surplus:

The organization segregates its accumulated surplus in the following categories:

	2014		2013	
Invested in capital assets	\$	1,763,915	\$	1,769,527
Reserves		205,191		195,872
Accumulated surplus	\$	1,969,106	\$	1,965,399

5. Budgets:

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenditures in excess of revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expenses. The following is a reconciliation of the budget approved by the Board.

	2014		2014		2013	
	Budget		Actual		Actual	
Annual surplus (deficit)	\$	83,135	\$	3,707	\$	(65,168)
Transfers (to) from reserves		(16,000)		(9,319)		18,697
Capital acquisitions, disposals and write-down		(110,500)		(121,847)		(100,800)
Amortization		-		127,459		147,271
	\$	(43,365)	\$	-	\$	-