

Financial Statements of

**THE BLUE MOUNTAINS  
PUBLIC LIBRARY BOARD**

Year ended December 31, 2015



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## **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, 2015 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, 2015, 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.

*KPMG LLP*

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 tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

June 8, 2016  
Waterloo, Canada

# THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash (note 2)	\$ 17,793	\$ 14,406
Temporary investments (note 3)	212,050	190,785
	<u>229,843</u>	<u>205,191</u>
<b>Non-financial assets:</b>		
Tangible capital assets (note 4)	1,770,230	1,763,915
	<u>1,770,230</u>	<u>1,763,915</u>
<b>Accumulated surplus (note 5)</b>	<b>\$ 2,000,073</b>	<b>\$ 1,969,106</b>

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, 2015, with comparative information for 2014

	2015 Budget (note 6)	2015 Actual	2014 Actual
<b>Revenue:</b>			
Operating grants:			
Province of Ontario	\$ 24,000	\$ 24,712	\$ 22,868
Government of Canada	2,500	15,128	5,654
Town of The Blue Mountains	605,630	587,957	563,931
Capital grants:			
Provincial and other municipalities	2,000	37,500	562
Government of Canada	-	15,820	-
Town of The Blue Mountains	84,556	72,656	128,479
Fundraising	4,500	8,744	4,314
Interest	-	1,383	1,551
Other	19,500	24,370	20,978
<b>Total revenue</b>	<b>\$ 742,686</b>	<b>\$ 788,270</b>	<b>\$ 748,337</b>
<b>Expenses:</b>			
Salaries and benefits	526,905	507,765	490,809
Administrative	18,850	20,640	13,668
Operating	3,000	2,996	2,742
Books and materials	4,300	4,766	4,366
Communications	11,050	8,952	8,512
Training and travel	6,250	6,832	4,939
Personnel	1,800	520	391
Utilities	21,325	22,879	25,358
Equipment	14,000	16,849	14,261
Professional Fees	3,600	5,063	2,745
Financial related expenses	4,050	3,923	3,112
Premises	29,000	22,659	27,273
Other	9,400	12,066	7,453
Finance administration	2,600	2,600	2,500
Information Technology	-	-	9,042
Amortization	-	118,793	127,459
<b>Total expenses</b>	<b>656,130</b>	<b>757,303</b>	<b>744,630</b>
<b>Annual surplus (note 5)</b>	<b>86,556</b>	<b>30,967</b>	<b>3,707</b>
Accumulated surplus, beginning of year	1,969,106	1,969,106	1,965,399
<b>Accumulated surplus, end of year</b>	<b>\$ 2,055,662</b>	<b>\$ 2,000,073</b>	<b>\$ 1,969,106</b>

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, 2015, with comparative information for 2014

	2015 Budget (note 6)	2015 Actual	2014 Actual
Annual surplus	\$ 86,556	\$ 30,967	\$ 3,707
Acquisition of tangible capital assets	(81,550)	(125,108)	( 121,847)
Amortization of tangible capital assets	-	118,793	127,459
	(81,550)	(6,315)	5,612
Increase in net financial assets	5,006	24,652	9,319
Net financial assets, beginning of year	205,191	205,191	195,872
Net financial assets, end of year	\$ 210,197	\$ 229,843	\$ 205,191

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, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 30,967	\$ 3,707
Items not involving cash:		
Amortization	118,793	127,459
	149,760	131,166
Net change in cash from operating activities	149,760	131,166
Capital transactions:		
Cash used to acquire tangible capital assets	(125,108)	(121,847)
Net change in cash from capital transactions	(125,108)	(121,847)
Investing activities:		
Changes in temporary investments	(21,265)	(7,708)
Net change in cash	3,387	1,611
Cash, beginning of year	14,406	12,795
Cash, end of year	\$ 17,793	\$ 14,406

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, 2015

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## 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, 2015

## 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. Cash:

	2015	2014
Unrestricted	\$ 17,793	\$ 14,406

## 3. Temporary investments:

	2015	2014
Unrestricted	\$ 212,050	\$ 190,785

Investments have a market value of \$212,050 (2014 - \$190,785) at the end of the year.

## 4. Tangible capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 756,487	\$ -	\$ 756,487	\$ 756,487
Land Improvements	261,716	118,698	143,018	157,087
Buildings	1,184,708	639,847	544,861	535,318
Library collections	1,759,144	1,576,557	182,587	178,917
Machinery, equipment and vehicles	398,862	255,585	143,277	136,106
	\$ 4,360,917	\$ 2,590,687	\$ 1,770,230	\$ 1,763,915

# THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2015

## 5. Accumulated surplus:

The organization segregates its accumulated surplus in the following categories:

	2015		2014	
Invested in capital assets	\$	1,770,230	\$	1,763,915
Reserves		229,843		205,191
Accumulated surplus	\$	2,000,073	\$	1,969,106

## 6. 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.

	2015 Budget		2015 Actual		2014 Actual	
Annual surplus	\$	86,556	\$	30,967	\$	3,707
Transfers (to) from reserves		13,000		(24,652)		(9,319)
Capital acquisitions, disposals and write-down		(81,550)		(125,108)		(121,847)
Amortization		-		118,793		127,459
	\$	18,006	\$	-	\$	-