

Financial Statements of

**THE BLUE MOUNTAINS
PUBLIC LIBRARY BOARD**

Year ended December 31, 2016



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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, 2016 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.



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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 Blue Mountains Public Library Board as at December 31, 2016, 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, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Professional Accountants, Licensed Public Accountants

July 20, 2017
Waterloo, Canada

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
		(Restated – Note 7)
Financial assets:		
Cash (note 2)	\$ 41,328	\$ 17,793
Temporary investments (note 3)	220,707	212,050
	262,035	229,843
Liabilities:		
Due to Town of The Blue Mountains	23,560	-
	23,560	-
Net financial assets	238,475	229,843
Non-financial assets:		
Tangible capital assets (note 4)	301,063	297,630
Accumulated surplus (note 5)	\$ 539,538	\$ 527,473

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, 2016, with comparative information for 2015

	2016 Budget (note 6)	2016 Actual	2015 Actual (Restated – Note 7)
Revenue:			
Operating grants:			
Province of Ontario	\$ 24,000	\$ 24,137	\$ 24,712
Government of Canada	3,000	4,386	15,128
Town of The Blue Mountains	634,435	622,505	587,957
Capital grants:			
Provincial and other municipalities	2,000	-	-
Government of Canada	-	661	15,820
Town of The Blue Mountains	90,095	64,980	68,051
Capital donations	-	2,251	-
Fundraising	4,500	-	8,744
Interest	-	1,275	1,383
Other	24,500	20,638	24,370
Total revenue	\$ 782,530	\$ 740,833	\$ 746,165
Expenses:			
Salaries and benefits	552,900	504,773	507,765
Administrative	15,700	13,196	20,640
Operating	3,000	2,655	2,996
Books and materials	4,300	1,803	4,766
Communications	8,100	7,105	8,952
Training and travel	6,000	3,250	6,832
Personnel	1,550	1,162	520
Utilities	22,440	21,194	22,879
Equipment	24,900	19,539	16,849
Professional Fees	3,850	34,217	5,063
Financial related expenses	4,045	4,223	3,923
Premises	27,000	23,926	22,659
Other	14,000	14,209	12,066
Finance administration	2,650	9,400	2,600
Amortization	-	68,116	70,483
Total expenses	690,435	728,768	708,993
Annual surplus (note 5)	92,095	12,065	37,172
Accumulated surplus, beginning of year	527,473	527,473	490,301
Accumulated surplus, end of year	\$ 619,568	\$ 539,538	\$ 527,473

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, 2016, with comparative information for 2015

	2016 Budget (note 6)	2016 Actual	2015 Actual (Restated – Note 7)
Annual surplus	\$ 92,095	\$ 12,065	\$ 37,172
Acquisition of tangible capital assets	(82,095)	(71,549)	(83,003)
Amortization of tangible capital assets	-	68,116	70,483
	(82,095)	(3,433)	(12,520)
Increase in net financial assets	10,000	8,632	24,652
Net financial assets, beginning of year	229,843	229,843	205,191
Net financial assets, end of year	\$ 239,843	\$ 238,475	\$ 229,843

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		(Restated – Note 7)
Operating activities:		
Annual surplus	\$ 12,065	\$ 37,172
Items not involving cash:		
Amortization	68,116	70,483
	80,181	107,655
Changes in non-cash working capital balances		
Due to Town of The Blue Mountains	23,560	-
Net change in cash from operating activities	103,741	107,655
Capital transactions:		
Cash used to acquire tangible capital assets	(71,549)	(83,003)
Net change in cash from capital transactions	(71,549)	(83,003)
Investing activities:		
Changes in temporary investments	(8,657)	(21,265)
Net change in cash	23,535	3,387
Cash, beginning of year	17,793	14,406
Cash, end of year	\$ 41,328	\$ 17,793

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, 2016

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
Library collections	7 years
Machinery, equipment and vehicles	5 to 20 years

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, 2016

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:

	2016	2015
Unrestricted	\$ 41,328	\$ 17,793

3. Temporary investments:

	2016	2015
Unrestricted	\$ 220,707	\$ 212,050

Investments have a market value of \$220,707 (2015 - \$212,050) at the end of the year.

4. Tangible capital assets:

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Library collections	1,803,220	1,633,125	170,095	185,567
Machinery, equipment and vehicles	398,102	267,134	130,968	112,063
	\$ 2,201,322	\$ 1,900,259	\$ 301,063	\$ 297,630

5. Accumulated surplus:

The organization segregates its accumulated surplus in the following categories:

	2016	2015
Invested in capital assets	\$ 301,063	\$ 297,630
Reserves	238,475	229,843
Accumulated surplus	\$ 539,538	\$ 527,473

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2016

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.

	2016 Budget	2016 Actual	2015 Actual
Annual surplus	\$ 92,095	\$ 12,065	\$ 37,172
Transfers (to) from reserves	(10,000)	(8,632)	(24,652)
Capital acquisitions, disposals and write-down	(82,095)	(71,549)	(83,003)
Amortization	-	68,116	70,483
	\$ -	\$ -	\$ -

7. Change in Accounting Policy:

The Blue Mountains Public Library Board made adjustments to the 2015 comparative figures as follows:

During 2016 the Library Board changed its accounting policy pertaining to the reporting of land, buildings, and certain machinery and equipment within its tangible capital assets. Previously these tangible capital assets of the Corporation of The Town of The Blue Mountains had been allocated to the Library Board's financial statements. During 2016 the policy of allocating land, buildings, and certain machinery and equipment to the Library Board's statements ceased.

Capital Grant revenues related to building renovations are no longer allocated to the Library Board's financial statements, and have been adjusted for in the 2015 Statement of Operations.

The above adjustment resulted in the following changes to the comparative financial statements:

Statement of Financial Position, as at January 1, 2015	2015
Tangible Capital Assets	(\$1,478,805)
Accumulated Surplus	(\$1,478,805)

Statement of Operations, year ended December 31

Capital Grant	
Province of Ontario	(\$37,500)
Town of The Blue Mountains	(4,605)
Amortization Expense	(48,310)
Annual Surplus	\$6,205