

Financial Statements of

**THE BLUE MOUNTAINS
PUBLIC LIBRARY BOARD**

Year ended December 31, 2017



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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, 2017 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, 2017, 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.

Other Matters

Without modifying our opinion, we draw attention to Note 7 to the financial statements which indicates that comparative information presented at and for the year ended December 31, 2016 has been restated.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
June 21, 2018

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
		(Restated - Note 7)
Financial assets:		
Cash (note 2)	\$ 44,503	\$ 41,328
Temporary investments (note 3)	128,083	126,444
	<u>172,586</u>	<u>167,772</u>
Liabilities:		
Due to Town of The Blue Mountains	26,735	23,560
	<u>26,735</u>	<u>23,560</u>
Net financial assets	<u>145,851</u>	<u>144,212</u>
Non-financial assets:		
Tangible capital assets (note 4)	313,851	301,063
	<u>313,851</u>	<u>301,063</u>
Accumulated surplus (note 5)	<u>\$ 459,702</u>	<u>\$ 445,275</u>

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, 2017, with comparative information for 2016

	2017	2017	2016
	Budget	Actual	Actual
	(note 6)		(Restated - Note 7)
Revenue:			
Operating grants:			
Province of Ontario	\$ 24,000	\$ 25,039	\$ 24,137
Government of Canada	3,000	9,788	4,386
Town of The Blue Mountains	443,240	533,798	622,505
Capital grants:			
Provincial and other municipalities	2,000	-	-
Government of Canada	-	-	661
Town of The Blue Mountains	90,095	84,718	64,980
Capital donations	-	2,361	2,251
Fundraising	2,500	11,456	-
Investment Income	1,000	1,198	1,275
Other	25,500	23,893	20,638
Total revenue	\$ 591,335	\$ 692,251	\$ 740,833
Expenses:			
Salaries and benefits	432,670	516,924	504,773
Administrative	14,600	21,267	13,196
Operating	3,000	3,626	2,655
Books and materials	3,300	4,629	1,803
Communications	7,730	7,860	7,105
Training and travel	6,050	4,065	3,250
Personnel	1,550	2,882	1,162
Utilities	250	537	21,194
Equipment	22,000	21,198	19,539
Professional fees	3,900	15,622	34,217
Financial	4,190	7,325	4,223
Premises	-	-	23,926
Other	-	120	14,209
Finance administration	2,700	-	9,400
Amortization	-	71,769	68,116
Total expenses	501,940	677,824	728,768
Annual surplus (note 5)	89,395	14,427	12,065
Accumulated surplus, beginning of year	445,275	445,275	433,210
Accumulated surplus, end of year	\$ 534,670	\$ 459,702	\$ 445,275

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, 2017, with comparative information for 2016

	2017	2017	2016
	Budget (note 6)	Actual	Actual (Restated - Note 7)
Annual surplus	\$ 89,395	\$ 14,427	\$ 12,065
Acquisition of tangible capital assets	(67,000)	(87,080)	(71,549)
Amortization of tangible capital assets	-	71,769	68,116
Loss on sale of tangible capital assets	-	2,523	-
	(67,000)	(12,788)	(3,433)
Increase in net financial assets	22,395	1,639	8,632
Net financial assets, beginning of year	144,212	144,212	135,580
Net financial assets, end of year	\$ 166,607	\$ 145,851	\$ 144,212

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 14,427	\$ 12,065
Items not involving cash:		
Amortization	71,769	68,116
Loss on disposal of capital assets	2,523	-
	88,719	80,181
Changes in non-cash working capital balances		
Due to Town of The Blue Mountains	3,175	23,560
Net change in cash from operating activities	91,894	103,741
Capital transactions:		
Cash used to acquire tangible capital assets	(87,080)	(71,549)
Net change in cash from capital transactions	(87,080)	(71,549)
Investing activities:		
Changes in temporary investments	(1,639)	(8,657)
Net change in cash	3,175	23,535
Cash, beginning of year	41,328	17,793
Cash, end of year	\$ 44,503	\$ 41,328

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, 2017

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, 2017

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:

	2017	2016
Unrestricted	\$ 44,503	\$ 41,328

3. Temporary investments:

	2017	2016
Unrestricted	\$ 128,083	\$ 126,444

Investments have a market value of \$128,083 (2016 - \$126,444) at the end of the year.

4. Tangible capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Library collections	\$ 1,852,253	\$ 1,683,311	\$ 168,942	\$ 170,095
Machinery, equipment and vehicles	431,697	286,788	144,909	130,968
	\$ 2,283,950	\$ 1,970,099	\$ 313,851	\$ 301,063

5. Accumulated surplus:

The organization segregates its accumulated surplus in the following categories:

	2017	2016
Invested in capital assets	\$ 313,851	\$ 301,063
Reserves	145,851	144,212
Accumulated surplus	\$ 459,702	\$ 445,275

THE BLUE MOUNTAINS PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2017

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.

	2017 Budget	2017 Actual	2016 Actual
Annual surplus	\$ 89,395	\$ 14,427	\$ 12,065
Transfers (to) from reserves	13,000	(1,639)	(8,632)
Capital acquisitions, disposals and write-down	(67,000)	(87,080)	(71,549)
Amortization	-	71,769	68,116
Loss on Disposal	-	2,523	-
	\$ 35,395	\$ -	\$ -

7. Change in Accounting Policy:

During 2017, Council approved the consolidation of the Library Asset Management Reserve Fund into a Facility Asset Replacement Reserve Fund. Adjustments to the 2016 comparative figures as follows:

Statement of Financial Position, as at January 1, 2016 and December 31, 2016

Temporary Investments	(\$94,263)
Accumulated Surplus	(\$94,263)