
BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2016

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY

CONTENTS

	Page
Independent Auditor's Report	1-2
Statement of Financial Position	3
Statements of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11

Independent Auditor's Report

Grant Thornton LLP
Suite 200
222 McIntyre Street W
North Bay, ON
P1B 2Y8
T (705) 472-6500
F (705) 472-7760
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Village of Burk's Falls, The Township of Ryerson and The Township of Armour

We have audited the accompanying financial statements of the Burk's Falls, Armour and Ryerson Union 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the 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 the auditor's 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, the auditor considers 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Burk's Falls, Armour and Ryerson Union Public Library as at December 31, 2016, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



North Bay, Canada
May 17, 2017

Chartered Professional Accountants
Licensed Public Accountants

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 24,220	\$ 5,649
Investments <i>(Note 2)</i>	29,993	30,097
Accounts receivable	4,451	7,635
	58,664	43,381
LIABILITIES		
Accounts payable and accrued liabilities	13,838	7,198
Deferred revenue <i>(Note 3)</i>	2,950	4,626
	16,788	11,824
NET FINANCIAL ASSETS	41,876	31,557
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>(Note 5)</i>	88,066	86,022
Prepaid expenses	278	297
	88,344	86,319
ACCUMULATED SURPLUS <i>(Note 6)</i>	\$ 130,220	\$ 117,876

Commitment *(Note 8)*

APPROVED ON BEHALF OF THE BOARD:

_____ Chairman

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 <i>(see Note 7)</i>	Actual 2016	Actual 2015
REVENUE			
Municipal contributions	\$ 117,461	\$ 117,461	\$ 105,978
Provincial grants	18,373	18,838	22,647
Federal grants	4,370	2,366	3,770
Other	6,250	14,125	10,719
TOTAL REVENUE	146,454	152,790	143,114
EXPENSES			
Amortization	18,300	18,309	17,809
Audit and accounting	3,600	3,401	3,902
Professional development	1,000	1,232	691
Insurance	1,800	1,763	1,737
Program and office supplies	6,050	5,480	8,099
Other	9,470	6,416	7,224
Rent <i>(Note 9)</i>	6,000	5,869	5,698
Telephone and utilities	4,050	5,183	4,086
Wages and benefits, net of capitalized wages	92,636	92,793	91,674
TOTAL EXPENSES	142,906	140,446	140,920
ANNUAL SURPLUS <i>(Note 6)</i>	3,548	12,344	2,194
ACCUMULATED SURPLUS, BEGINNING OF YEAR	117,876	117,876	115,682
ACCUMULATED SURPLUS, END OF YEAR	\$ 121,424	\$ 130,220	\$ 117,876

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budget 2016 <i>(see Note 7)</i>	Actual 2016	Actual 2015
Annual surplus	\$ 3,548	\$ 12,344	\$ 2,194
Acquisition of tangible capital assets	(21,848)	(20,353)	(23,264)
Contributed tangible capital assets	-	-	(1,320)
Amortization of tangible capital assets	18,300	18,309	17,809
Change in prepaid expenses	-	19	329
Increase (decrease) in net financial assets	-	10,319	(4,252)
Net financial assets, beginning of year	31,557	31,557	35,809
Net financial assets, end of year	\$ 31,557	\$ 41,876	\$ 31,557

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
Operating transactions		
Annual surplus	\$ 12,344	\$ 2,194
Non-cash charges to operations:		
Amortization	18,309	17,809
	30,653	20,003
Changes in non-cash items:		
Accounts receivable	3,184	(3,283)
Accounts payable and accrued liabilities	6,640	(1,265)
Deferred revenue	(1,676)	3,626
Prepaid expenses	19	329
	8,167	(593)
Cash provided by operating transactions	38,820	19,410
Capital transactions		
Acquisition of tangible capital assets	(20,353)	(23,264)
Contributed tangible capital assets	-	(1,320)
Cash applied to capital transactions	(20,353)	(24,584)
Investing transactions		
Change in investments	104	(30,097)
Cash provided by (applied to) investing transactions	104	(30,097)
Net change in cash and cash equivalents	18,571	(35,271)
Cash and cash equivalents, beginning of year	5,649	40,920
Cash and cash equivalents, end of year	\$ 24,220	\$ 5,649

The accompanying notes are an integral part of these financial statements

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

The Burk's Falls, Armour and Ryerson Union Public Library (the "Library") is a joint board of the Municipal Corporation of the Township of Armour, the Corporation of the Village of Burk's Falls and the Corporation of the Township of Ryerson, who contribute towards the Library in the following proportions: Armour - 50%; Burk's Falls - 25%; Ryerson - 25% (2015 Armour - 50%; Burk's Falls - 25%; Ryerson - 25%).

The financial statements of the Library are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Library are as follows:

Basis of Accounting**(i) Accrual basis of accounting**

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.

(ii) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances held at financial institutions.

(iii) Investments

Investments are recorded at cost plus accrued interest.

(iv) Non-financial assets

Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2016

(a) 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. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements - 20 years
Computers - 5 years
Equipment and furniture - 5 to 20 years
Library collections - 10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The capitalized cost of library collections includes the acquisition cost plus a shelving factor of 30% of the acquisition cost. The shelving costs is reported as a reduction in wages and benefits on the Statement of Operations.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(v) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(vi) Deferred revenue

Revenue restricted by legislation, regulation, or agreement and not available for general Library purposes is reported as deferred revenue on the Statement of Financial Position. The revenue is reported on the Statement of Operations in the year in which it is used for the specific purpose.

(vii) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets. Actual results could differ from these estimates.

2. INVESTMENTS

Investments are comprised of guaranteed investment certificates, bearing interest at 1.5% and maturing between October 13, 2017 and October 20, 2017.

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20163. DEFERRED REVENUE

Details of the deferred revenue reported on the Statement of Financial Position are as follows:

	2016	2015
Balance, beginning of year:		
Dedicated donations	\$ 1,212	\$ 1,000
Provincial Capacity Building grant	3,414	-
	<u>4,626</u>	<u>1,000</u>
Received during the year:		
Dedicated donations	-	1,100
Provincial Capacity Building grant	3,450	3,414
	<u>3,450</u>	<u>4,514</u>
Recognized in revenue during the year	(5,126)	(888)
Balance, end of year	<u>\$ 2,950</u>	<u>\$ 4,626</u>
Dedicated donations	\$ -	\$ 1,212
Provincial Capacity Building grant	2,950	3,414
Balance, end of year	<u>\$ 2,950</u>	<u>\$ 4,626</u>

4. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Statement of Operations by the object of the expense.

	2016	2015
Salaries, wages and benefits (net of capitalized wages)	\$ 92,868	\$ 91,674
Materials and supplies	17,666	19,498
Contracted services	5,430	5,937
Rents and financial expenses	6,173	6,002
Amortization	18,309	17,809
	<u>\$ 140,446</u>	<u>\$ 140,920</u>

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016
5. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Library by major asset class are outlined below.

2016					
	Land Improvements	Computers	Equipment and Furniture	Collections	TOTAL
COST					
Balance, beginning of year	\$ 594	\$ 10,686	\$ 12,870	\$ 157,897	\$ 182,047
Additions and betterments	-	1,821	3,672	14,860	20,353
Disposals and writedowns	-	(2,200)	-	(19,284)	(21,484)
BALANCE, END OF YEAR	594	10,307	16,542	153,473	180,916
ACCUMULATED AMORTIZATION					
Balance, beginning of year	282	5,111	5,403	85,229	96,025
Annual amortization	30	1,879	831	15,569	18,309
Amortization disposals	-	(2,200)	-	(19,284)	(21,484)
BALANCE, END OF YEAR	312	4,790	6,234	81,514	92,850
TANGIBLE CAPITAL ASSETS-NET	\$ 282	\$ 5,517	\$ 10,308	\$ 71,959	\$ 88,066

2015					
	Land Improvements	Computers	Equipment and Furniture	Collections	TOTAL
COST					
Balance, beginning of year	\$ 594	\$ 7,744	\$ 7,169	\$ 157,034	\$ 172,541
Additions and betterments	-	4,676	4,381	14,207	23,264
Contributed assets	-	-	1,320	-	1,320
Disposals and writedowns	-	(1,734)	-	(13,344)	(15,078)
BALANCE, END OF YEAR	594	10,686	12,870	157,897	182,047
ACCUMULATED AMORTIZATION					
Balance, beginning of year	252	5,565	4,650	82,827	93,294
Annual amortization	30	1,280	753	15,746	17,809
Amortization disposals	-	(1,734)	-	(13,344)	(15,078)
BALANCE, END OF YEAR	282	5,111	5,403	85,229	96,025
TANGIBLE CAPITAL ASSETS-NET	\$ 312	\$ 5,575	\$ 7,467	\$ 72,668	\$ 86,022

6. ACCUMULATED SURPLUS

The 2016 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus	Balance End of Year
Tangible capital assets	\$ 86,022	\$ 2,044	\$ 88,066
General operating surplus (deficit)	(1,536)	6,846	5,310
Reserves - Future Needs	33,390	500	33,890
Reserves - Bursary	-	2,954	2,954
	\$ 117,876	\$ 12,344	\$ 130,220

BURK'S FALLS, ARMOUR AND RYERSON UNION PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2016

7. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Change in general operating surplus	\$ -
ADJUSTMENTS:	
Acquisition of tangible capital assets including collections	21,848
Amortization of tangible capital assets	(18,300)
ANNUAL SURPLUS	\$ 3,548

8. COMMITMENT

The Library has entered into a agreement to lease property from the Village of Burk's Falls for a five-year period commencing April 1, 2012 at an initial cost of \$5,253, increasing by 3% annually.

9. MUNICIPAL TRANSACTIONS

During the normal course of operations, the Library rents property from the Village of Burk's Falls at an annual cost of \$5,869 (2015 \$5,698). All related party transactions are recorded at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. SEGMENT DISCLOSURE

Since the Library's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.