

Bibliothèque East Ferris Public Library

**Independent Auditor's Report and
Financial Statements**

December 31, 2018

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Bibliothèque publique
East Ferris Public Library



Management's Responsibility for the Financial Statements

The accompanying financial statements of the Bibliothèque East Ferris Public Library (the "Library") are the responsibility of the Library's management and have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 2 to the financial statements.

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.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Library meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Baker Tilly SNT LLP, independent external auditors appointed by the Library. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Library's financial statements.


Chief Executive Officer
May 7, 2019

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Independent Auditor's Report

**To the Chairperson and Members of
Bibliothèque East Ferris Public Library**

Qualified Opinion

We have audited the financial statements of Bibliothèque East Ferris Public Library, which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, cash flows, and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2018, and its financial performance and its cash flows for the year then ended, in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Library Boards, the Bibliothèque East Ferris Public Library derives part of its revenues from donations and service charges, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Bibliothèque East Ferris Public Library and we were not able to determine whether any adjustments might be necessary to revenues, annual surplus, financial assets and accumulated surplus.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

ACCOUNTING • TAX • ADVISORY

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Independent Auditor's Report (Continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control.

Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly SNT LLP

North Bay, Ontario
May 7, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Bibliothèque East Ferris Public Library

Financial Statements

December 31, 2018

Independent Auditor's Report

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Bibliothèque East Ferris Public Library
Statement of Financial Position
December 31, 2018



	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash	\$ 12,197	\$ 34,392
Accounts receivable	4,397	539
Due from Municipality of East Ferris (Note 4)	<u>19,648</u>	<u>-</u>
	<u>36,242</u>	<u>34,931</u>
Liabilities		
Accounts payable and accrued liabilities	15,073	12,910
Deferred revenues (Note 3)	1,217	5,553
Due to Municipality of East Ferris (Note 4)	<u>-</u>	<u>1,464</u>
Net Financial Assets	<u>19,952</u>	<u>15,004</u>
Non-Financial Assets		
Prepaid expenses	<u>467</u>	<u>1,441</u>
Accumulated Surplus	<u>\$ 20,419</u>	<u>\$ 16,445</u>

Approved by:

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

Bibliothèque East Ferris Public Library
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2018



	2018		2017
	Budget	Actual	Actual
	(unaudited)		
Revenues			
Municipal contributions	\$ 131,400	\$ 131,400	\$ 124,266
Province of Ontario - operating grant	8,531	8,531	8,531
Province of Ontario - capacity fund	4,031	4,031	3,320
Southern Ontario Library Service grant	-	1,079	918
Service Ontario grant	425	425	425
Service charges and other revenues	2,870	4,901	5,860
Donations	2,500	5,435	4,358
Total Revenues	149,757	155,802	147,678
Expenses			
Books and video tapes	12,225	13,323	12,571
Cataloguing and programming	800	577	1,091
Insurance	1,751	1,748	1,741
Professional fees	2,600	2,753	2,442
Repairs and maintenance	1,320	1,470	1,320
Salaries and benefits	110,690	107,752	99,601
Supplies and other	8,421	12,943	13,138
Telephone	1,980	1,746	1,955
Training and conferences	3,470	4,002	2,416
Utilities	6,500	5,514	4,772
Total Expenses	149,757	151,828	141,047
Annual Surplus	-	3,974	6,631
Accumulated Surplus, Beginning of Year	16,445	16,445	9,814
Accumulated Surplus, End of Year	\$ 16,445	\$ 20,419	\$ 16,445

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

Bibliothèque East Ferris Public Library
Statement of Cash Flows
For The Year Ended December 31, 2018



	<u>2018</u>	<u>2017</u>
Operations transactions		
Annual Surplus	\$ 3,974	\$ 6,631
Cash provided by (used for)		
Decrease (increase) in accounts receivable	(3,858)	215
Increase in due from Municipality of East Ferris	(19,648)	-
Increase (decrease) in accounts payable and accrued liabilities	2,163	(4,115)
Increase (decrease) in deferred revenues	(4,336)	324
Decrease in due to Municipality of East Ferris	(1,464)	(3,362)
Decrease (increase) in prepaid expenses	<u>974</u>	<u>(12)</u>
Cash used for operating transactions	<u>(22,195)</u>	<u>(319)</u>
Decrease in cash	(22,195)	(319)
Cash, at the Beginning of Year	<u>34,392</u>	<u>34,711</u>
Cash, at the End of Year	<u><u>\$ 12,197</u></u>	<u><u>\$ 34,392</u></u>

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

Bibliothèque East Ferris Public Library
Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2018



	<u>2018</u>	<u>2017</u>
Annual Surplus	\$ 3,974	\$ 6,631
Increase (decrease) in prepaid expenses	<u>974</u>	<u>(12)</u>
Increase In Net Financial Assets	4,948	6,619
Net Financial Assets, Beginning of Year	<u>15,004</u>	<u>8,385</u>
Net Financial Assets, End of Year	<u><u>\$ 19,952</u></u>	<u><u>\$ 15,004</u></u>

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

1. Purpose of the Organization

The Bibliothèque East Ferris Public Library (the "Library"), which is funded and supported primarily by the Corporation of the Municipality of East Ferris (the "Municipality"), was established in 1980 pursuant to the Public Libraries Act of Ontario as a Municipal Public Library. The Library, on behalf of the residents and taxpayers of the Municipality, oversees the management and operation of the Library and further serves as a policy making body for the organization. The Library is appointed by the Council of the Municipality.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

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.

Revenue Recognition

The Library follows the deferral method of accounting.

Government transfers, such as municipal contributions and grants, are recognized in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

Revenues from donations, service charges and other revenues are recognized as revenue when received.

Employee Future Benefits

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

2. Significant Accounting Policies (Continued)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and 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. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

Use of Estimates

The preparation of financial statements in conformity with the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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 revenues and expenses during the year. Accounts subject to estimate include accrued liabilities. These estimates are based on management's best knowledge of current events and actions that the Library may undertake in the future. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

3. Deferred Revenues

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 5,553	\$ 5,229
Revenues received during the year	-	4,331
Revenues recognized during the year	<u>(4,336)</u>	<u>(4,007)</u>
Balance, end of year	<u>\$ 1,217</u>	<u>\$ 5,553</u>

Deferred revenues, set aside for specific purposes, are comprised of the following:

Donations - Forest of Reading	\$ 1,217	\$ 1,522
Province of Ontario - capacity fund	<u>-</u>	<u>4,031</u>
	<u>\$ 1,217</u>	<u>\$ 5,553</u>

4. Related Party Transactions

In the normal course of business, the Library had transactions with the Municipality as follows:

	<u>2018</u>	<u>2017</u>
Municipal contributions	<u>\$ 131,400</u>	<u>\$ 124,266</u>

These transaction are in the normal course of operations and are measured at the exchange amount.

The Library held related party balances as follows:

	<u>2018</u>	<u>2017</u>
Due from (to) Municipality of East Ferris	<u>\$ 19,648</u>	<u>\$ (1,464)</u>

5. Pension Agreements

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 496,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ('the Plan') by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2018 the estimated accrued pension obligation for all members of the Plan was \$99,058 million (2017 - \$93,614 million). The Plan had an actuarial value of net assets at that date of \$94,867 million (2017 - \$88,211 million) indicating an actuarial deficit of \$4,191 million (2017 - \$5,403 million). The Plan is a multi-employer plan, therefore any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed by the Library to OMERS for 2018 was \$6,417 (2017 - \$6,463) for current services and is included as an expense on the Statement of Operations and Accumulated Surplus.

5. Pension Agreements (Continued)

On January 1, 2018 the yearly maximum pension earnings increased to \$55,900 from \$55,300 in 2017. The contributions are calculated at a rate of 9.0% (2017 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2017 - 14.6%) for amounts above the yearly maximum pension earnings.

6. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Library. The budget approved by the Library is developed on a model used to manage program spending within the guidelines of the model. Given differences between the model and generally accepted accounting principles established by the Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the financial statements. The budget figures are unaudited.

7. Comparative Figures

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.