

**The Corporation of the Town of
Newmarket
Public Library Board
Financial Statements
For the year ended December 31, 2014**

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Independent Auditor's Report

To the Chair and Members of the Town of Newmarket Public Library Board, and Members of Council of the Town of Newmarket

We have audited the accompanying financial statements of The Corporation of the Town of Newmarket Public Library Board, which comprise the statement of financial position as at December 31, 2014, and the statements of financial activities, cash flows and changes in net financial assets 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.

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 Corporation of the Town of Newmarket Public Library Board as at December 31, 2014 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 20, 2015
Newmarket, Ontario

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2014

Draft

	2014	2013
ASSETS		
Cash and cash equivalents	\$14,247	\$10,880
Accounts receivable	6,749	5,222
Inventory-YRT tickets/passes	5,366	-
Due from Town of Newmarket (Note 3)	625,825	634,252
	652,187	650,354
LIABILITIES		
York North Community Info & Volunteer Assoc. (YNCIVA)	16,147	15,294
Accounts payable and accrued liabilities	171,570	156,326
Deferred revenue (Note 4)	4,902	5,615
Employee future benefits payable (Note 5)	48,100	45,400
	240,719	222,635
Net Financial Assets	411,468	427,719
NON-FINANCIAL ASSETS		
Prepaid expenses	29,187	15,406
Tangible capital assets, net (Note 2(b))	1,161,608	1,122,698
	1,190,795	1,138,104
Accumulated Surplus	\$1,602,263	\$1,565,823

APPROVED BY THE BOARD

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Board Chair:

.....
Board Secretary / Treasurer: Todd Kyle

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD**Statement of Financial Activities**

Year ended December 31, 2014

Draft

	2014		2013
	Budget	Actual	Actual
REVENUES			
Municipal operating grant	\$2,848,814	\$2,848,814	\$2,799,717
Municipal contributions towards tangible capital assets	-	234,407	173,418
Provincial grants	68,401	69,841	72,587
Other grants	3,700	-	-
Federal grants	-	2,508	2,460
Fines	44,330	32,441	35,354
Program fees	39,100	26,582	33,150
Financed from development charges	125,000	125,000	110,000
Financed from reserves	-	47,527	-
Other fees and miscellaneous revenues	47,100	61,380	54,570
	3,176,445	3,448,500	3,281,256
EXPENSES			
Library materials			
Books	181,250	-	-
Magazines, newspapers & periodicals	13,195	11,529	11,025
Electronic materials & subscriptions	70,527	72,839	61,798
Audio-visual materials	28,500	-	-
Book binding and processing	27,250	21,763	23,824
Amortization expense	-	305,123	311,590
	320,722	411,254	408,237
Operations			
Programs and projects	34,700	28,912	31,754
Other supplies	19,300	16,452	17,573
Building and property maintenance	72,580	152,822	130,863
Utilities	70,000	83,745	71,004
Equipment repairs and maintenance	71,968	67,651	60,222
Minor capital from operations	4,400	13,749	3,143
	272,948	363,331	314,559
Administration			
Employee salaries	1,828,202	1,889,668	1,769,422
Employee benefits	406,971	398,533	389,586
Education, conferences, consulting & travel	43,900	30,509	40,696
Other sundry expenses	48,880	47,044	46,966
Telephone and internet	8,270	8,721	8,933
	2,336,223	2,374,475	2,255,603
	2,929,893	3,149,060	2,978,399
Transfers and other			
Contribution from Library reserve fund	-	-	19,678
Fund for future capital replacements (Note 6)	(223,550)	(223,550)	(223,550)
Transfer to long-term disability reserve (Note 8)	(23,002)	(39,450)	(22,714)
	(246,552)	(263,000)	(226,586)
Annual surplus	-	36,440	76,271
Accumulated surplus, beginning of year	1,565,823	1,565,823	1,489,552
Accumulated surplus, end of year	\$1,565,823	\$1,602,263	\$1,565,823

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Cash Flow

Year ended December 31, 2014

Draft

	<u>2014</u>	<u>2013</u>
Increase (decrease) in cash and cash equivalents		
Operating Activities		
Annual surplus	\$36,440	\$76,271
Amortization of tangible capital assets	305,123	311,590
Changes in non-cash operating capital		
Accounts receivable	(1,527)	2,580
Inventory-YRT tickets/passes	(5,366)	-
Due from Town of Newmarket	8,427	(96,443)
York North Community Info & Volunteer Assoc. (YNCIVA)	853	15,294
Accounts payable and accrued liabilities	15,244	15,069
Deferred revenue	(713)	(80)
Employee future benefits payable	2,700	1,200
Prepaid expenses	(13,781)	3,015
	<u>347,400</u>	<u>328,496</u>
Capital Activities		
Acquisitions of tangible capital assets	(344,033)	(327,621)
Increase in cash and cash equivalents	3,367	875
Cash and cash equivalents, beginning of year	10,880	10,005
Cash and cash equivalents, end of year	<u>\$14,247</u>	<u>\$10,880</u>

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2014

Draft

	2014		2013
	Budget	Actual	Actual
Annual surplus	\$ -	\$36,440	\$76,271
Acquisition of tangible capital assets	(445,011)	(344,033)	(327,621)
Amortization of tangible capital assets	335,150	305,123	311,590
	(109,861)	(2,470)	60,240
Change in prepaid expenses	-	(13,781)	3,015
Change in net financial assets	(109,861)	(16,251)	63,255
Net financial assets, beginning of year	427,719	427,719	364,464
Net financial assets, end of the year	\$317,858	\$411,468	\$427,719

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

Draft

1. NATURE OF OPERATIONS

The Town of Newmarket Public Library Board (the "Library") is a local board of the Town of Newmarket (the "Town") deemed to be a public library established under the Public Libraries Act. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library are the representation of management prepared in accordance with local government accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Library are as follows:

(a) *Basis of accounting*

Sources of financing 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) *Tangible capital assets*

Assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. The capital asset threshold amount is pooled at \$10,000.

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Library collection	7 years
Equipment	8-10 years
Furniture	15 years
Shelving	15-25 years
Computer hardware	3-4 years

(c) *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.

(d) *Revenue Recognition*

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 financial activities as the stipulation liabilities are settled.

Sales of service and other revenue is recognized on an accrual basis.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

Draft

(e) Deferred revenue

Deferred revenues represent amounts which have been collected but, for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) 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 revenues and expenses during the year. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with the bank, net of overdrafts and short term deposits with maturities of three months or less. Bank borrowings are considered to be financing activities.

(h) Pension Plan

The Municipality is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Municipality has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Municipality records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

3. DUE FROM TOWN OF NEWMARKET

The amount receivable from the Town of Newmarket is non-interest bearing and has no set terms of repayment.

4. DEFERRED REVENUE

Deferred revenue consists of the following:

	2014	2013
Program fees, room rental fees and endowment	\$ 4,902	\$ 5,615

5. EMPLOYEE FUTURE BENEFITS

The Library provides vacation pay benefits that will require funding in future periods. Employees may become entitled to a cash payment when they leave the Library's employment. An estimate of employee future benefits was completed at December 31, 2014 and forms the basis for estimated employee future benefit liability reported in these financial statements.

	2014	2013
Vacation pay	\$ 48,100	\$ 45,400

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

Draft

6. RESERVE FUND FOR FUTURE CAPITAL REPLACEMENTS

The reserve fund, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, is designated for future Library capital expenses.

Changes during the year were as follows:

	2014	2013
Balance, beginning of year	\$ 1,061,642	\$ 986,581
Interest earned	18,347	17,811
Transfer from Operating Fund	223,550	223,550
Capital expenses – Library purposes	(231,106)	(166,300)
Balance, end of year	\$ 1,072,433	\$ 1,061,642

7. UNEXPENDED CAPITAL FUNDS

The following funds, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, have been designated by the Town Council for future Library capital expenses:

	2014	2013
Balance, beginning of year	\$ 1,179,131	\$ 1,261,749
New capital allocations for the year	108,061	90,800
Total Capital Budget	\$ 1,287,192	\$ 1,352,549
Financing expenses	(234,407)	(173,418)
Balance, end of year	\$ 1,052,785	\$ 1,179,131

8. OTHER RESERVE FUNDS

The following reserve funds, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, have been designated by the Town Council for future Library expenses:

<u>Long-Term Disability (LTD)</u>	2014	2013
Balance, beginning of year	\$ 280,882	\$ 253,637
Interest earned	5,067	4,531
Transfer from Operating Fund	39,450	22,714
Balance, end of year	\$ 325,399	\$ 280,882
<u>Development Charges</u>	2014	2013
Balance, beginning of year	\$ 1,880,192	\$ 1,442,448
Interest earned	31,797	28,839
Developers contributions	123,285	526,023
Transfer to Capital	(3,302)	(7,118)
Transfer to Operating Fund to finance expenses	(125,000)	(110,000)
Balance, end of year	\$ 1,906,972	\$ 1,880,192
<u>York North Community Information & Volunteer Database</u>	2014	2013
Balance, beginning of year	\$ -	\$ 11,147
Other contributions	-	6,222
Financing Operating	-	(17,369)
Balance, end of year	\$ -	\$ -

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2014

Draft

8. OTHER RESERVE FUNDS (continued)

<u>Library Fundraising</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 3,770	\$ 23,448
Other contributions	-	-
Transfer to Operating Fund	(2,105)	(19,678)
Balance, end of year	\$ 1,665	\$ 3,770
<u>Strategic Planning</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 5,255	\$ 5,255
Transfer from Operating Fund	-	-
Transfer to Operating Fund	(3,998)	-
Balance, end of year	\$ 1,257	\$ 5,255
<u>Insurance Reserve</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 10,000	\$ 10,000
Transfer from Operating Fund	-	-
Transfer to Operating Fund	-	-
Balance, end of year	\$ 10,000	\$ 10,000
<u>Strategic Plan Implementation Reserve</u>	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 83,445	\$ 83,445
Transfer from Operating Fund	-	-
Transfer to Operating Fund	(41,424)	-
Balance, end of year	\$ 42,021	\$ 83,445

9. PENSION AGREEMENTS

OMERS provides pension services to more than 451,115 active and retired members and approximately 974 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2014. The results of this valuation disclosed total actuarial liabilities of \$76,924 million in respect of benefits accrued for service with actuarial assets at that date of \$69,846 million indicating an actuarial deficit of \$7,078 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, Library does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library to OMERS for 2014 were \$169,581 (2013 - \$157,078).

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Schedule of Accumulated Surplus

Year ended December 31, 2014

Draft

	<u>2014</u>	<u>2013</u>
Consists of:		
Surpluses		
Invested in tangible capital assets	\$ 1,161,608	\$ 1,122,698
General fund revenue	488,755	488,525
Unfunded:		
Employee benefits / Post-employment liabilities	(48,100)	(45,400)
	<u>\$ 1,602,263</u>	<u>\$ 1,565,823</u>

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Schedule of Tangible Capital Assets

Year ended December 31, 2014

Draft

2014						
	Library Collection	Furniture	Equipment	Shelves	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,782,214	\$102,729	\$273,320	\$144,481	\$266,822	\$2,569,566
Add: Additions during the year	208,028	-	83,919	-	52,086	344,033
Less: Disposals during the year	(223,336)	-	(10,598)	-	(151,032)	(384,966)
Balance, end of year	1,766,906	102,729	346,641	144,481	167,876	2,528,633
Accumulated amortization						
Balance, beginning of year	1,007,557	21,551	137,095	88,333	192,332	1,446,868
Add: Amortization during the year	221,885	6,849	33,967	6,341	36,081	305,123
Less: Amortization on disposals	(223,336)	-	(10,598)	-	(151,032)	(384,966)
Balance, end of year	1,006,106	28,400	160,464	94,674	77,381	1,367,025
Net book value of tangible capital assets	\$760,800	\$74,329	\$186,177	\$49,807	\$90,495	\$1,161,608

2013						
	Library Collection	Furniture	Equipment	Shelves	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,755,802	\$81,508	\$244,526	\$144,481	\$315,822	\$2,542,139
Add: Additions during the year	211,523	21,221	43,548	-	51,329	327,621
Less: Disposals during the year	(185,111)	-	(14,754)	-	(100,329)	(300,194)
Balance, end of year	1,782,214	102,729	273,320	144,481	266,822	2,569,566
Accumulated amortization						
Balance, beginning of year	969,126	15,022	120,964	81,992	248,368	1,435,472
Add: Amortization during the year	223,542	6,529	30,885	6,341	44,293	311,590
Less: Amortization on disposals	(185,111)	-	(14,754)	-	(100,329)	(300,194)
Balance, end of year	1,007,557	21,551	137,095	88,333	192,332	1,446,868
Net book value of tangible capital assets	\$774,657	\$81,178	\$136,225	\$56,148	\$74,490	\$1,122,698