

**The Corporation of the Town of  
Newmarket  
Public Library Board  
Financial Statements  
For the year ended December 31, 2015**

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## Independent Auditor's Report

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### 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, 2015, 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, 2015 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 18, 2016  
Newmarket, Ontario

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

December 31, 2015

**DRAFT**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$93,115	\$14,247
Accounts receivable	7,346	6,749
Inventory-YRT tickets/passes	5,961	5,366
Due from Town of Newmarket (Note 3)	541,359	625,825
	<b>647,781</b>	<b>652,187</b>
<b>LIABILITIES</b>		
York North Community Info & Volunteer Assoc. (YNCIVA)	18,006	16,147
Accounts payable and accrued liabilities	73,080	171,570
Deferred revenue (Note 4)	10,895	4,902
Employee future benefits payable (Note 5)	49,350	48,100
	<b>151,331</b>	<b>240,719</b>
<b>Net Financial Assets</b>	<b>496,450</b>	<b>411,468</b>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	27,010	29,187
Tangible capital assets, net (Note 2(b))	1,198,940	1,161,608
	<b>1,225,950</b>	<b>1,190,795</b>
<b>Accumulated Surplus</b>	<b>\$1,722,400</b>	<b>\$1,602,263</b>

**APPROVED BY THE BOARD**

.....  
 Board Chair: Joan Stonehocker

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

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

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

Year ended December 31, 2015

**DRAFT**

	2015		2014
	Budget	Actual	Actual
<b>REVENUES</b>			
Municipal operating grant	\$2,915,814	\$2,915,814	\$2,848,814
Municipal Contributions towards capital assets	-	171,596	234,407
Provincial grants	64,401	78,477	69,841
Other grants	5,200	-	-
Federal grants	-	-	2,508
Fines	43,000	33,165	32,441
Program fees	29,306	26,011	26,582
Financed from development charges	125,000	125,000	125,000
Financed from reserves (not funds)	18,720	-	47,527
Other fees and miscellaneous revenues	57,100	59,162	61,380
	<b>3,258,541</b>	<b>3,409,225</b>	<b>3,448,500</b>
<b>EXPENSES</b>			
Library materials			
Books	180,950	-	-
Magazines, newspapers & periodicals	13,000	11,222	11,529
Electronic materials & subscriptions	86,812	83,456	72,839
Audio-visual materials	28,000	-	-
Book binding and processing	27,925	21,360	21,763
Amortization expense	-	318,115	305,123
	<b>336,687</b>	<b>434,153</b>	<b>411,254</b>
Operations			
Programs and projects	22,698	29,003	28,912
Other supplies	19,300	17,183	16,452
Building and property maintenance	64,300	81,092	152,822
Utilities	82,175	100,088	83,745
Equipment repairs and maintenance	71,968	57,664	67,651
Minor capital from operations	4,156	31,634	13,749
	<b>264,597</b>	<b>316,664</b>	<b>363,331</b>
Administration			
Employee salaries	1,886,924	1,799,214	1,889,668
Employee benefits	405,473	374,219	398,533
Education, conferences, consulting & travel	43,900	25,482	30,509
Other sundry expenses	49,585	69,389	47,044
Telephone and internet	8,615	9,513	8,721
	<b>2,394,497</b>	<b>2,277,817</b>	<b>2,374,475</b>
	<b>2,995,781</b>	<b>3,028,634</b>	<b>3,149,060</b>
Transfers and other			
Contribution from Library reserve fund	-	-	-
Fund for future capital replacements (Note 6)	(223,550)	(223,550)	(223,550)
Transfer to Long-term Disability Reserve (Note 8)	(39,210)	(36,904)	(39,450)
	<b>(262,760)</b>	<b>(260,454)</b>	<b>(263,000)</b>
Annual surplus	-	120,137	36,440
Opening Accumulated Surplus	1,602,263	1,602,263	1,565,823
Ending Accumulated Surplus	<b>\$1,602,263</b>	<b>1,722,400</b>	<b>\$1,602,263</b>

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

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Statement of Cash Flow

Year ended December 31, 2015

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	2015	2014
Increase (decrease) in cash and cash equivalents		
<b>Operating Activities</b>		
Annual surplus	\$120,137	\$36,440
Amortization of tangible capital assets	318,115	305,123
Changes in non-cash operating capital		
Accounts receivable	(597)	(1,527)
Inventory-YRT tickets/passes	(595)	(5,366)
Due from Town of Newmarket	84,466	8,427
York North Community Info & Volunteer Assoc. (YNCIVA)	1,859	853
Accounts payable and accrued liabilities	(98,490)	15,244
Deferred revenue	5,993	(713)
Employee future benefits payable	1,250	2,700
Prepaid expenses	2,177	(13,781)
	<b>434,315</b>	<b>347,400</b>
<b>Capital Activities</b>		
Acquisitions of tangible capital assets	(355,447)	(344,033)
Increase in cash and cash equivalents	78,868	3,367
Cash and cash equivalents, beginning of year	14,247	10,880
Cash and cash equivalents, end of year	<b>\$93,115</b>	<b>\$14,247</b>

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

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

Year ended December 31, 2015

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	2015		2014
	Budget	Actual	Actual
Annual surplus	\$0	\$120,137	\$36,440
Acquisition of tangible capital assets	(564,606)	(355,447)	(344,033)
Amortization of tangible capital assets	367,504	318,115	305,123
	(197,102)	82,804	(2,470)
Change in prepaid expenses	-	2,177	(13,781)
Change in net financial assets	(197,102)	84,981	(16,251)
Net financial assets, beginning of year	411,468	411,468	427,719
Net financial assets, end of the year	\$214,366	\$496,450	\$411,468

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

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Notes to the Financial Statements

Year ended December 31, 2015

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### 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, 2015

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**(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 principle 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:

	2015	2014
Program fees, room rental fees, provincial grant and endowment	\$ 10,895	\$ 4,902

**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, 2015 and forms the basis for estimated employee future benefit liability reported in these financial statements.

	2015	2014
Vacation pay	\$ 49,350	\$ 48,100



# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Notes to the Financial Statements

Year ended December 31, 2015

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### 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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,072,433	\$ 1,061,642
Interest earned	12,252	18,347
Transfer from Operating Fund	223,550	223,550
Capital expenses - Library purposes	(170,099)	(231,106)
Balance, end of year	\$ 1,138,136	\$ 1,072,433

### 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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,052,785	\$ 1,179,131
New capital allocations for the year	206,200	108,061
Total Capital Budget	\$ 1,258,985	\$ 1,287,192
Financing expenses	(171,596)	(234,407)
Balance, end of year	\$ 1,087,389	\$ 1,052,785

### 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>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 325,399	\$ 280,882
Interest earned	2,577	5,067
Transfer from Operating Fund	19,921	39,450
Transfer to Reserve Fund	(347,897)	-
Balance, end of year	\$ 0	\$ 325,399

Note: Town of Newmarket converted its LTD benefit from provider funded to fully self-funded program. The Library Board approved the closure and transfer of the Library LTD Reserve to the Town's equivalent reserve to participate in the self-funded LTD program through a corporate wide LTD Reserve. Per motion 15.05.015

<u>Development Charges</u>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,906,972	\$ 1,880,192
Interest earned	22,569	31,797
Developers contributions	613,373	123,285
Transfer to Capital	(1,497)	(3,302)
Transfer to Operating Fund to finance expenses	(125,000)	(125,000)
Balance, end of year	\$ 2,416,417	\$ 1,906,972

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Notes to the Financial Statements

Year ended December 31, 2015

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### 8. OTHER RESERVE FUNDS (continued)

<u>Library Fundraising</u>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,665	\$ 3,770
Other contributions	95	-
Transfer to Operating Fund	-	(2,105)
Balance, end of year	\$ 1,760	\$ 1,665
<u>Strategic Planning</u>	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 1,257	\$ 5,255
Transfer from Operating Fund	-	-
Transfer to Operating Fund	-	(3,998)
Balance, end of year	\$ 1,257	\$ 1,257
<u>Insurance Reserve</u>	<u>2015</u>	<u>2014</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>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 42,021	\$ 83,445
Transfer from Operating Fund	-	-
Transfer to Operating Fund	-	(41,424)
Balance, end of year	\$ 42,021	\$ 42,021

### 9. PENSION AGREEMENTS

OMERS provides pension services to more than 461,000 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. The most recent actuarial valuation of the Plan was conducted at December 31, 2015. The results of this valuation disclosed total actuarial liabilities of \$81,924 million in respect of benefits accrued for service with actuarial assets at that date of \$74,947 million indicating an actuarial deficit of \$6,977 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 2015 were \$162,738 (2014 - \$169,581).

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Schedule of Accumulated Surplus

Year ended December 31, 2015

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	2015	2014
<b>Consists of:</b>		
<b>Surpluses</b>		
Invested in tangible capital assets	\$1,198,940	\$1,161,608
General fund revenue	572,810	488,755
<b>Unfunded:</b>		
Employee benefits / Post-employment liabilities	(49,350)	(48,100)
	<b>\$1,722,400</b>	<b>\$1,602,263</b>

Note: The Town of Newmarket Public Library Board set a target level of \$400k for the General Reserves for Library and once achieved any surplus is to be returned to the Town after Library Board approval of audited financial statements. Per motion 15.11.69

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## Schedule of Tangible Capital Assets

Year ended December 31, 2015

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<b>2015</b>						
	<b>Library Collection</b>	<b>Furniture</b>	<b>Equipment</b>	<b>Shelves</b>	<b>Computer Hardware</b>	<b>Total</b>
<b>Cost</b>						
Balance, beginning of year	\$1,766,906	\$102,729	\$346,641	\$144,481	\$167,876	\$2,528,633
Add: Additions during the year	207,507	-	71,939	-	76,001	355,447
Less: Disposals during the year	(219,417)	-	(24,398)	-	(26,619)	(270,434)
Balance, end of year	1,754,996	102,729	394,182	144,481	217,258	2,613,646
<b>Accumulated amortization</b>						
Balance, beginning of year	1,006,106	28,400	160,464	94,674	77,381	1,367,025
Add: Amortization during the year	220,301	6,849	40,576	6,341	44,048	318,115
Less: Amortization on Disposals	(219,417)	-	(24,398)	-	(26,619)	(270,434)
Balance, end of year	1,006,990	35,249	176,642	101,015	94,810	1,414,706
<b>Net book value of Tangible Capital Assets</b>	<b>\$748,006</b>	<b>\$67,480</b>	<b>\$217,540</b>	<b>\$43,466</b>	<b>\$122,448</b>	<b>\$1,198,940</b>

<b>2014</b>						
	<b>Library Collection</b>	<b>Furniture</b>	<b>Equipment</b>	<b>Shelves</b>	<b>Computer Hardware</b>	<b>Total</b>
<b>Cost</b>						
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
<b>Accumulated amortization</b>						
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
<b>Net book value of tangible capital assets</b>	<b>\$760,800</b>	<b>\$74,329</b>	<b>\$186,177</b>	<b>\$49,807</b>	<b>\$90,495</b>	<b>1,161,608</b>