

Financial Statements of

**THE COUNTY OF PRINCE EDWARD  
PUBLIC LIBRARY BOARD**

Year ended December 31, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Chairperson and Members of The County of Prince Edward Public Library Board

We have audited the accompanying financial statements of The County of Prince Edward Public Library Board, which comprise the statement of financial position as at December 31, 2016, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising 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.

### *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 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 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.



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 County of Prince Edward Public Library Board as at December 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 26, 2017

Kingston, Canada

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

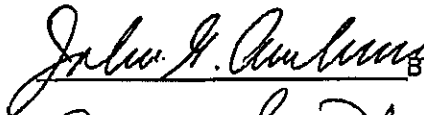
## Statement of Financial Position

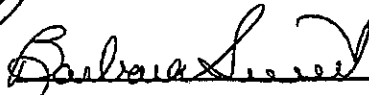
December 31, 2016, with comparative information for 2015

	2016	2015
<b>Financial assets:</b>		
Cash	\$ 394,023	\$ 365,924
Accounts receivable	41,714	51,166
	435,737	417,090
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities	115,517	129,228
Deferred revenue (note 3)	82,965	72,533
	198,482	201,761
<b>Net financial assets</b>	<b>237,255</b>	<b>215,329</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	436,838	414,147
Prepaid expenses	18,290	15,112
	455,128	429,259
Commitments (note 5)		
Subsequent events (note 10)		
<b>Accumulated surplus (note 4)</b>	<b>\$ 692,383</b>	<b>\$ 644,588</b>

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

On behalf of the Board:

  
 Board Chair

  
 Chief Executive Officer

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016 (note 7)	Actual 2016	Actual 2015
<b>Revenue:</b>			
Government transfers (note 9)	\$ 1,167,038	\$ 1,201,795	\$ 1,181,083
Ontario Library Association	20,000	21,883	36,119
Archives	2,700	1,126	5,004
Desk revenue	10,000	17,412	15,021
Donations and fundraising	22,000	12,704	61,078
Interest and other	10,100	4,123	3,683
	1,231,838	1,259,043	1,301,988
<b>Expenses:</b>			
Wages and benefits	920,371	876,529	854,725
Amortization	-	91,592	92,447
Repairs and maintenance	76,360	71,861	85,495
Utilities and telephone	60,000	66,869	63,360
Licensing	20,000	24,727	29,000
Programming and publicity	7,500	13,265	10,995
Mileage	12,000	12,672	12,078
Office supplies and equipment rental	15,000	14,487	17,784
Insurance	7,607	6,826	6,660
Audit	6,500	6,232	6,004
Training and seminars	5,000	3,663	7,689
Periodicals	5,000	6,860	6,365
Computers, furnishings and equipment	15,000	12,546	5,073
Miscellaneous	1,500	4,543	7,580
Archives	4,000	2,576	5,795
	1,155,838	1,215,248	1,211,050
Excess of revenue over expenses before the undernoted item	76,000	43,795	90,938
Other income related to capital: Transfer from trust funds	4,000	4,000	4,000
Annual surplus	80,000	47,795	94,938
Accumulated surplus, beginning of year		644,588	549,650
Accumulated surplus, end of year		\$ 692,383	\$ 644,588

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

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

## Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Annual surplus	\$ 47,795	\$ 94,938
Amortization of tangible capital assets	91,592	92,447
Acquisition of tangible capital assets	(114,283)	(80,329)
Acquisition of prepaid expenses	(18,290)	(12,314)
Use of prepaid expenses	15,112	9,516
<b>Change in net financial assets</b>	<b>21,926</b>	<b>104,258</b>
Net financial assets, beginning of year	215,329	111,071
<b>Net financial assets, end of year</b>	<b>\$ 237,255</b>	<b>\$ 215,329</b>

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

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 47,795	\$ 94,938
Amortization, which does not involve cash	91,592	92,447
Change in non-cash operating capital:		
Accounts receivable	9,452	(27,755)
Prepaid expenses	(3,178)	(2,798)
Accounts payable and accrued liabilities	(13,711)	(30,344)
Deferred revenue	10,432	31,642
Net change in cash from operating activities	142,382	158,130
Capital activities:		
Acquisition of tangible capital assets	(114,283)	(80,329)
Increase in cash	28,099	77,801
Cash, beginning of year	365,924	288,123
Cash, end of year	\$ 394,023	\$ 365,924

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

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2016

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## 1. Significant accounting policies:

The financial statements of The County of Prince Edward Public Library Board (the "Library Board"), a registered charity and a local board of the Corporation of the County of Prince Edward, are the representation of management prepared in accordance with Canadian public sector accounting standards ("PSAS"). Significant aspects of the accounting policies adopted by the Library Board are as follows:

### (a) Reporting entity:

- (i) These statements reflect the assets, liabilities, revenue and expenses of the Library Board and include current, capital and reserve activities.
- (ii) Trust Funds and their related operations administered by the Library Board are not reflected in these financial statements but are reported separately on the "Trust Fund Statement of Financial Position and Trust Fund Statement of Continuity".

### (b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

### (c) Government transfers:

Government transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made.

### (d) Deferred revenue:

Deferred revenue represents amounts which have been collected for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal period in which the services are performed or the related expenses incurred.

### (e) Pledges:

The Library Board records donations when received.

### (f) 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 COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

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## 1. Significant accounting policies (continued):

### (g) Tangible capital assets:

Tangible capital assets are recorded at cost, or at an estimated cost using valuation techniques if historic costs are not available. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives.

### (i) Asset categories and estimated useful lives:

Asset	Useful Life
Land and leasehold improvements	30 years
Shelving, furniture and equipment	20 to 30 years
Computer hardware and software	5 years
Books	7 years

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

### (ii) Contribution of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties is recorded as an expense equal to the net book value of the assets as of the date of transfer.

### (iii) Works of art:

Assets that have a historical or cultural significance, which include works of art, monuments and other cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of future benefits associated with this property cannot be made.

### (iv) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 1. Significant accounting policies (continued):

### (h) 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. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

## 2. Financial instruments:

The Library Board's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities and are carried at cost. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of the Library Board's financial instruments approximates their carrying value due to their short-term nature.

## 3. Deferred revenue:

	Balance at December 31, 2015	Additions	Transfers to income	Balance at December 31, 2016
Province of Ontario:				
Library Strategic Development Fund	\$ 11,842	\$ —	\$ —	\$ 11,842
Pay equity	6,954	6,954	6,954	6,954
PEC Community Fund	1,500	—	1,500	—
Heritage Organization				
Development Grant	3,090	1,545	—	4,635
MTC Capacity Grant	16,467	11,256	16,467	11,256
Stark	—	1,500	—	1,500
Donations:				
Books for County babies	581	—	—	581
Children's programming	1,000	—	—	1,000
Miscellaneous	28,581	15,212	—	43,793
Wellington Landscape project	2,518	886	2,000	1,404
<b>Total</b>	<b>\$ 72,533</b>	<b>\$ 37,353</b>	<b>\$ 26,921</b>	<b>\$ 82,965</b>

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

#### 4. Accumulated surplus:

The accumulated surplus consists of the following:

	2016	2015
Equity in tangible capital assets	\$ 436,838	\$ 414,147
Reserves - emergency reserves	23,779	23,548
Reserve funds - estate reserves	153,301	155,990
Unrestricted surplus	78,465	50,903
	<b>\$ 692,383</b>	<b>\$ 644,588</b>

Reserves and reserve funds consist of the following:

	Balance at December 31, 2015	Interest earned on reserve funds	Contributions to operations	Balance at December 31, 2016
Reserves - emergency reserves	\$ 23,548	\$ 231	\$ -	\$ 23,779
Reserve funds - estate reserves	155,990	1,311	(4,000)	153,301

#### 5. Commitments:

The Library Board has commitments under various operating leases. The minimum payments under these leases are as follows:

2017	\$ 4,864
2018	2,432

#### 6. Trust funds:

Trust funds administered by the Library Board amounting to \$18,680 (2015 - \$22,466) have not been included in the Statement of Financial Position, nor have their operations been included on the Statement of Operations and Accumulated Surplus.

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

**7. Budget figures:**

The approved current fund budget for 2016 is reflected on the Statement of Operations and Accumulated Surplus. Amortization was not contemplated in development of the budget and, as such, has not been included.

**8. Tangible capital assets:**

Cost	Balance at December 31, 2015	Additions	Disposals	Balance at December 31, 2016
Land and leasehold improvements	\$ 33,524	\$ 24,247	\$ -	\$ 57,771
Shelving, furniture and equipment	165,830	-	-	165,830
Computer hardware and software	110,471	3,280	-	113,751
Books	583,831	86,756	-	670,587
<b>Total</b>	<b>\$ 893,656</b>	<b>\$ 114,283</b>	<b>\$ -</b>	<b>\$ 1,007,939</b>

Accumulated amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land and leasehold improvements	\$ 6,126	\$ -	\$ 1,313	\$ 7,439
Shelving, furniture and equipment	48,120	-	7,485	55,605
Computer hardware and software	83,193	-	13,635	96,828
Books	342,070	-	69,159	411,229
<b>Total</b>	<b>\$ 479,509</b>	<b>\$ -</b>	<b>\$ 91,592</b>	<b>\$ 571,101</b>

	Net book value 2015	Net book value 2016
Land and leasehold improvements	\$ 27,398	\$ 50,332
Shelving, furniture and equipment	117,710	110,225
Computer hardware and software	27,278	16,923
Books	241,761	259,358
<b>Total</b>	<b>\$ 414,147</b>	<b>\$ 436,838</b>

# THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 9. Government transfers:

Government transfers consist of revenue from various funding agencies as follows:

	Budget 2016 (note 7)	Actual 2016	Actual 2015
Government transfers operating:			
Government of Canada			
Young Canada Works	\$ -	\$ 2,270	\$ -
Province of Ontario:			
Operating	50,427	50,427	50,427
Pay equity funding	27,816	27,816	27,816
SOLS public internet access	10,000	6,326	13,649
Service Ontario	2,550	2,550	2,550
Museums and Technology Fund	-	-	14,794
MTC capacity grant	-	16,467	2,923
County of Prince Edward:			
Operating	1,069,245	1,069,245	1,053,975
Transfer from development charges	7,000	7,072	7,000
	1,167,038	1,182,173	1,173,134
County of Prince Edward:			
Capital	-	19,622	7,949
	\$ 1,167,038	\$ 1,201,795	\$ 1,181,083

## 10. Subsequent events:

Subsequent to year-end, the Library Board entered into an agreement with Brighton Public Library to provide an associate membership to the Ontario Library Consortium (OLC) where the Library Board will invoice Brighton Public Library for a share of membership costs. The agreement is effective January 1, 2017 to December 31, 2019.

## 11. Comparative information:

The financial statements have been reclassified, where applicable, to conform to presentation used in the current year.