

Financial Statements of

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

Year ended December 31, 2017



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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, 2017, 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 25, 2018

THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

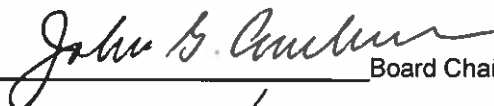
Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash	\$ 585,876	\$ 394,023
Accounts receivable	85,727	41,714
	671,603	-435,737
Financial liabilities:		
Accounts payable and accrued liabilities	139,569	115,517
Deferred revenue (note 3)	211,704	82,965
	351,273	198,482
Net financial assets	320,330	237,255
Non-financial assets:		
Tangible capital assets (note 8)	437,204	436,838
Prepaid expenses	9,023	18,290
	446,227	455,128
Commitments (note 5)		
Accumulated surplus (note 4)	\$ 766,557	\$ 692,383

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, 2017, with comparative information for 2016

	Budget 2017 (note 7)	Actual 2017	Actual 2016
Revenue:			
Government transfers (note 9)	\$ 1,213,853	\$ 1,246,663	\$ 1,201,795
Ontario Library Association	7,000	7,249	21,883
Archives	2,700	2,625	1,126
Desk revenue	12,000	23,599	17,412
Donations and fundraising	12,500	117,736	12,704
Interest and other	10,100	6,832	4,123
	<u>1,258,153</u>	<u>1,404,704</u>	<u>1,259,043</u>
Expenses:			
Wages and benefits	930,480	938,737	876,529
Amortization	—	91,921	91,592
Repairs and maintenance	76,360	89,024	71,861
Utilities and telephone	65,000	65,890	66,869
Licensing	20,000	32,224	24,727
Computers, furnishings and equipment	15,000	32,037	12,546
Programming and publicity	9,000	23,558	13,265
Office supplies and equipment rental	15,000	18,477	14,487
Mileage	12,000	11,978	12,672
Audit	10,500	6,886	6,232
Insurance	7,835	6,826	6,826
Periodicals	79,478	6,001	6,860
Archives	4,000	4,683	2,576
Training and seminars	5,000	4,463	3,663
Miscellaneous	1,500	1,825	4,543
	<u>1,251,153</u>	<u>1,334,530</u>	<u>1,215,248</u>
Excess of revenue over expenses before the undernoted item	7,000	70,174	43,795
Other income related to capital: Transfer from trust funds	4,000	4,000	4,000
Annual surplus	11,000	74,174	47,795
Accumulated surplus, beginning of year		692,383	644,588
Accumulated surplus, end of year		<u>\$ 766,557</u>	<u>\$ 692,383</u>

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, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 74,174	\$ 47,795
Amortization of tangible capital assets	91,921	91,592
Acquisition of tangible capital assets	(92,287)	(114,283)
Acquisition of prepaid expenses	(9,023)	(18,290)
Use of prepaid expenses	18,290	15,112
Change in net financial assets	83,075	21,926
Net financial assets, beginning of year	237,255	215,329
Net financial assets, end of year	\$ 320,330	\$ 237,255

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 74,174	\$ 47,795
Amortization, which does not involve cash	91,921	91,592
Change in non-cash operating capital:		
Accounts receivable	(44,013)	9,452
Prepaid expenses	9,267	(3,178)
Accounts payable and accrued liabilities	24,052	(13,711)
Deferred revenue	128,739	10,432
Net change in cash from operating activities	284,140	142,382
Capital activities:		
Acquisition of tangible capital assets	(92,287)	(114,283)
Increase in cash	191,853	28,099
Cash, beginning of year	394,023	365,924
Cash, end of year	\$ 585,876	\$ 394,023

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, 2017

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, 2017

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, 2017

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.

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, 2016	Additions	Transfers to income	Balance at December 31, 2017
Province of Ontario:				
Library Strategic Development Fund	\$ 11,842	\$ -	\$ -	\$ 11,842
Pay equity	6,954	-	-	6,954
Heritage Organization Development Grant	4,635	-	1,545	3,090
MTC Capacity Grant	8,831	10,702	12,677	6,856
SOLS Internet Connectivity	2,425	10,037	2,425	10,037
Stark	1,500	1,796	-	3,296
Functional Desk Grant	-	3,236	3,236	-
Donations:				
Books for County babies	581	-	581	-
Children's programming	1,000	-	-	1,000
Miscellaneous	45,197	25,560	2,128	68,629
John Parrott Foundation	-	100,000	-	100,000
Total	\$ 82,965	\$ 151,331	\$ 22,592	\$ 211,704

THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Accumulated surplus:

The accumulated surplus consists of the following:

	2017	2016
Equity in tangible capital assets	\$ 437,204	\$ 436,838
Reserves - emergency reserves	30,268	23,779
Reserve funds - estate reserves	239,062	153,301
Unrestricted surplus	60,023	78,465
	\$ 766,557	\$ 692,383

Reserves and reserve funds consist of the following:

	Balance at December 31, 2016	Interest earned on reserve funds	Contributions to operations	Balance at December 31, 2017
Reserves - emergency reserves	\$ 23,779	\$ 508	\$ 5,981	\$ 30,268
Reserve funds - estate reserves	153,301	2,871	82,890	239,062

5. Commitments:

The Library Board has commitments under various operating leases. The minimum payments remaining under the term of these leases are \$2,432 (2016 - \$7,296).

6. Trust funds:

Trust funds administered by the Library Board amount to \$14,897 (2016 - \$18,680) as at December 31, 2017.

7. Budget figures:

The approved current fund budget for 2017 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.

THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land and leasehold improvements	\$ 57,771	\$ 13,066	\$ –	\$ 70,837
Shelving, furniture and equipment	165,830	–	–	165,830
Computer hardware and software	113,751	4,868	–	118,619
Books	670,587	74,353	–	744,940
Total	\$ 1,007,939	\$ 92,287	\$ –	\$ 1,100,226

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land and leasehold improvements	\$ 7,439	\$ –	\$ 2,351	\$ 9,790
Shelving, furniture and equipment	55,605	–	7,485	63,090
Computer hardware and software	96,828	–	9,547	106,375
Books	411,229	–	72,538	483,767
Total	\$ 571,101	\$ –	\$ 91,921	\$ 663,022

	Net book value 2016	Net book value 2017
Land and leasehold improvements	\$ 50,332	\$ 61,047
Shelving, furniture and equipment	110,225	102,740
Computer hardware and software	16,923	12,244
Books	259,358	261,173
Total	\$ 436,838	\$ 437,204

THE COUNTY OF PRINCE EDWARD PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Government transfers:

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

	Budget 2017 (note 7)	Actual 2017	Actual 2016
Government transfers operating:			
Government of Canada			
Young Canada Works	\$ —	\$ 1,965	\$ 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	5,000	2,425	6,326
Service Ontario	2,550	2,550	2,550
MTC capacity grant	—	3,845	16,467
Other	11,842	23,253	—
County of Prince Edward:			
Operating	1,109,218	1,109,218	1,069,245
Transfer from development charges	7,000	7,000	7,072
	1,213,853	1,228,499	1,182,173
County of Prince Edward:			
Capital	—	18,164	19,622
	\$ 1,213,853	\$ 1,246,663	\$ 1,201,795