

Financial statements of

Barrie Public Library Board

December 31, 2016

Barrie Public Library Board

December 31, 2016

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Independent Auditor's Report

To the Board of Trustees of the
Barrie Public Library Board

We have audited the accompanying financial statements of the Barrie Public Library Board which comprise the statement of financial position as at December 31, 2016, and the statements of operations, change in net financial assets and cash flows 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 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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with similar organizations, Barrie Public Library Board derives revenue from fines, donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Barrie Public Library Board and we were not able to determine whether any adjustments might be necessary to fines, donations and fundraising revenues, annual surplus and cash flows from operations for the years ended December 31, 2016 and December 31, 2015, financial assets as at December 31, 2016 and December 31, 2015 and accumulated surplus as at January 1 and December 31 for both the 2016 and 2015 years. Our audit opinion on the financial statements for the year ended December 31, 2015 was modified accordingly, because of the possible effects of this scope limitation.

Qualified Opinion

In our opinion, except for the possible effects of the matter described on the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Barrie Public Library Board as at December 31, 2016 and the result of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The logo for Deloitte LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants
Licensed Public Accountants
April 27, 2017

Barrie Public Library Board

Statement of operations year ended December 31, 2016

	Budget (Note 8)	2016	2015
	\$	\$	\$
Revenue			
Municipal contribution (Note 2)	7,307,319	7,307,319	6,926,612
Development charges (Note 2)	50,000	50,000	170,000
Provincial grant	271,808	271,808	271,808
Miscellaneous grant	-	1,617	34,234
Contract receipt - Township of Oro-Medonte	164,430	164,430	156,600
Fines	100,000	108,693	86,177
Programs fees	39,000	40,693	41,228
Donations	-	15,407	17,612
Fundraising revenue, cafe and boutique sales	-	114,366	112,375
Interest	-	18,352	18,571
	7,932,557	8,092,685	7,835,217
Expenses			
Amortization	1,080,438	1,080,438	1,030,610
Fundraising, cafe and boutique expenses	-	126,204	50,173
Maintenance	342,372	294,055	394,383
Materials	-	233,499	43,513
Other supplies	103,000	124,850	126,141
Personnel	5,041,193	4,791,885	5,061,442
Processing, professional and other	590,630	507,942	369,113
Facility expenses (Note 2)	817,927	704,651	706,365
	7,975,560	7,863,524	7,781,740
Annual surplus	(43,003)	229,161	53,477
Accumulated surplus, beginning of year	5,161,919	5,161,919	5,108,442
Accumulated surplus, end of year	5,118,916	5,391,080	5,161,919

The accompanying notes to the financial statements are an integral part of this financial statement.

Barrie Public Library Board

Statement of change in net financial assets

year ended December 31, 2016

	Budget (Note 8)	2016	2015
	\$	\$	\$
Annual surplus (deficit)	(43,003)	229,161	53,477
Acquisition of tangible capital assets	(990,900)	(999,899)	(988,104)
Amortization of tangible capital assets	1,080,438	1,080,438	1,030,610
	46,535	309,700	95,983
Increase in prepaid expenses	-	(327)	(115,239)
Net change in net financial assets	46,535	309,373	(19,256)
Net financial assets, beginning of year	270,833	270,833	290,089
Net financial assets, end of year	317,368	580,206	270,833

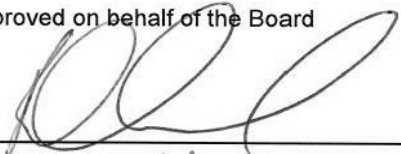
The accompanying notes to the financial statements are an integral part of this financial statement.

Barrie Public Library Board

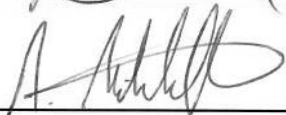
Statement of financial position as at December 31, 2016

	2016	2015
	\$	\$
Financial assets		
Cash	1,160	1,360
Accounts receivable	90,600	350,640
Due from The Corporation of the City of Barrie (Note 2)	1,568,608	1,104,094
	1,660,368	1,456,094
Liabilities		
Accounts payable and accrued liabilities	199,740	320,953
Employee future benefits liability (Note 3)	816,483	813,018
Deferred revenue	63,939	51,290
	1,080,162	1,185,261
Net financial assets	580,206	270,833
Non-financial assets		
Tangible capital assets (Note 4)	4,683,269	4,763,808
Prepaid expenses	127,605	127,278
	4,810,874	4,891,086
Accumulated surplus (Note 5)	5,391,080	5,161,919

Approved on behalf of the Board



Trustee



Trustee

Barrie Public Library Board

Statement of cash flows year ended December 31, 2016

	2016	2015
	\$	\$
Operating activities		
Annual surplus	229,161	53,477
Item not involving cash		
Amortization	1,080,438	1,030,610
	1,309,599	1,084,087
Change in non-cash operating balances		
Accounts receivable	260,040	(207,636)
Due from The Corporation of the City of Barrie	(464,514)	136,965
Prepaid expenses	(327)	(115,239)
Accounts payable and accrued liabilities	(121,213)	23,414
Deferred revenue	12,649	1,017
Employee future benefits liability	3,465	65,496
	999,699	988,104
Capital activity		
Acquisition of tangible capital assets	(999,899)	(988,104)
Net change in cash	(200)	-
Cash, beginning of year	1,360	1,360
Cash, end of year	1,160	1,360

The accompanying notes to the financial statements are an integral part of this financial statement.

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

1. Summary of significant accounting policies

Management's responsibility for the financial statements

The financial statements of the Barrie Public Library Board ("Board") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. Its primary role is to provide library services to the general public.

Accrual basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period that the goods or services are acquired and a legal liability is incurred or transfers are due.

Deferred revenue

Funds received for specific purposes which are externally restricted by agreement and are not available for general Board purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including, but not limited to transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at their fair value at the time of their donation, with a corresponding amount recorded as revenue.

Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing in the year following that in which the asset is available for productive use as follows:

Collections	7 years
Computer equipment	3 to 5 years
Furniture and fixtures	5 to 10 years

Revenue recognition

Revenues are recognized as follows:

- (a) Development charges are recognized when required expenditures occur;
- (b) Revenue from the Contract receipt - Township of Oro-Medonte is recognized on a quarterly basis when due;
- (c) Fine revenue is recognized when collected;
- (d) Fees for programs and services are recognized over the period of service or when the related expenditures occur;
- (e) Donations and fundraising revenue are recognized when collected; and
- (f) Interest income is recognized as it is earned.

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

1. Summary of significant accounting policies (continued)

Government transfers

The City provides funding to the Board for both operating and capital expenditures such as refurbishment, replacement and major repairs and maintenance to the Library buildings. Government transfer payments from the City of Barrie and Provincial grants are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed. If funding is received for which the related expenditures have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

Pension plan

The Board provides a pension plan to its full-time employees through the Ontario Municipal Employees Retirement System ("the OMERS plan"). The OMERS plan is a multi-employer defined benefit plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The OMERS plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. It is not practicable to determine the present value of the Board's obligation or the related current service cost under the OMERS plan as OMERS computes its obligations in accordance with an actuarial valuation in which all the benefit plans are co-mingled and therefore information for individual plans cannot be determined. As a result, the Board accounts for the OMERS plan as a defined contribution plan where contributions to the OMERS plan are recognized as an employee benefit expense in the periods during which services are rendered by employees.

Other employee benefit plans

The Board provides other future benefits to specified employee groups. These benefits include life insurance, health care benefits, sick days and worker's compensation benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

- (a) The costs of self-insured sick days and other employee future benefit plans are actuarially determined using management's best estimates of salary escalation, retirement ages of employees, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self-insured other employee benefits that vest or accumulate over the periods of service provided by employees such as insurance, dental and medical benefits for retirees, or certain sick leave amounts, the cost is actuarially determined using the projected benefit method prorated on services. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For self-insured benefit obligations that arise from specific events that occur from time to time, such as long-term disability, the cost is recognized in the year in which it occurs.

- (b) Vacation and lieu time entitlements are accrued for as entitlements are earned.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates in the preparation of the financial statements are the employee future benefits payable and the useful life of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

2. Due from the Corporation of the City of Barrie

The following table summarizes the transactions and balances with the Corporation of the City of Barrie for the year:

	2016	2015
	\$	\$
Revenue		
Municipal operating grant	7,307,319	6,926,612
Development charges	50,000	170,000
	7,357,319	7,096,612
Expenses		
Facility expenses	704,651	706,365

The balance due from the Corporation of the City of Barrie in the amount of \$1,568,608 (2015 - \$1,104,094) is non-interest bearing, unsecured, with no fixed terms of repayment and has arisen from the transactions listed above and amounts received or paid on behalf of the Barrie Public Library Board. The transactions are measured at the exchange amount.

3. Employee future benefits liability

	2016	2015
	\$	\$
-	-	-
Retirement gratuity benefit accrued obligation	293,720	317,711
Post retirement benefits accrued benefit obligation	464,709	407,415
Sick leave benefits accrued benefit obligation	95,790	101,577
Unamortized net actuarial loss	(37,736)	(13,685)
Employee future benefits liability	816,483	813,018

Information about post retirement benefits is as follows

	2016	2015
	\$	\$
Current year benefit cost	34,990	30,299
Interest on accrued benefit obligation	12,212	12,629
Amortization of actuarial gain	(2,615)	(5,070)
Employee future benefit expense	44,587	37,858

Information about compensated absences is as follows

	2016	2015
	\$	\$
Current year benefit cost	35,100	29,283
Interest on accrued benefit obligation	11,447	13,130
Amortization of actuarial loss	4,200	2,589
Employee compensated absences expense	50,747	45,002

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

3. Employee future benefits liability (continued)

The Board has established reserves to mitigate the future impact of the sick leave obligation as detailed on the schedule of reserve in Note 5. The balance of the sick leave reserve is \$149,483 (2015 - \$139,483).

The amount of benefits paid during the year was \$84,249 (2015 - \$29,200) for compensated absence benefits and \$7,620 (2015 - \$10,620) for post-retirement benefits.

Long-term disability benefits are available to employees as discussed in the significant accounting policies. As of December 31, 2016 there is no liability recorded as the benefits are event-driven and there have not been any events which would indicate a liability is required.

Retirement benefits

Retirement pay

Certain groups of employees who retire under the provisions of OMERS are entitled to retirement gratuities. The amount of the gratuities paid at retirement is based on their salary, accumulated sick days, and years of service at retirement. The benefit costs and liabilities recorded are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2014.

Sick leave benefits

The Board provides paid sick leave that can be carried forward up to a maximum defined by the employee group. The benefit costs and liabilities recorded for these benefits in 2016 are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2014.

The accrued benefit obligations for the Board's employee future benefit plans as at December 31, 2016 are based on actuarial extrapolations for accounting purposes as at December 31, 2016. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2016	2015
	%	%
Expected future inflation rates	2.0	2.0
Expected wage and salary increases	2.5	2.5
Discount on accrued benefit obligations	2.6	2.9
Health care costs escalation	4.0 to 8.5	4.0 to 8.5
Dental costs escalation	3.5 to 4.25	3.5 to 4.5

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

4. Tangible capital assets

	Collections	Computer equipment	Furniture and fixtures	2016 Total
	\$	\$	\$	\$
Cost, beginning of year	6,581,633	286,806	1,458,431	8,326,870
Additions	655,032	177,128	167,739	999,899
Less: disposals	482,998	94,783	30,879	608,660
Cost, end of year	6,753,667	369,151	1,595,291	8,718,109
Accumulated amortization, beginning of year	2,993,032	146,435	423,595	3,563,062
Amortization	874,348	66,011	140,079	1,080,438
Less: disposals	482,998	94,783	30,879	608,660
Accumulated amortization, end of year	3,384,382	117,663	532,795	4,034,840
Net carrying amount, end of year	3,369,285	251,488	1,062,496	4,683,269

	Collections	Computer equipment	Furniture and fixtures	2015 Total
	\$	\$	\$	\$
Cost, beginning of year	6,273,488	240,822	1,430,896	7,945,206
Additions	766,519	93,610	127,975	988,104
Less: disposals	458,374	47,626	100,440	606,440
Cost, end of year	6,581,633	286,806	1,458,431	8,326,870
Accumulated amortization, beginning of year	2,617,561	127,665	393,666	3,138,892
Amortization	833,845	66,396	130,369	1,030,610
Less: disposals	458,374	47,626	100,440	606,440
Accumulated amortization, end of year	2,993,032	146,435	423,595	3,563,062
Net carrying amount, end of year	3,588,601	140,371	1,034,836	4,763,808

5. Accumulated surplus

The Board aggregates its accumulated surplus into the following categories:

	2016	2015
	\$	\$
Investment in tangible capital assets	4,683,269	4,763,808
Unallocated	(1,510,791)	(1,568,567)
Reserves		
Vested sick leave benefits reserve	149,483	139,483
Future capital expenditures reserves	1,735,493	1,496,887
Future collection acquisitions reserve	333,626	330,308
	5,391,080	5,161,919

Barrie Public Library Board

Notes to the financial statements

December 31, 2016

5. Accumulated surplus (continued)

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other tangible capital.

Reserve funds represent funds set aside by resolution of the Board of Trustees for specific purposes.

The Corporation of the City of Barrie calculates interest on the reserve funds based on a variable interest rate. This interest is credited to the reserves on a monthly basis. The rate for 2016 was 1.0% (2015 - 1.0%).

6. Pension agreement

OMERS provides pension services to more than 470,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension (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, 2016. The accrued benefit obligation of the OMERS plan as shown in the OMERS financial statements as at December 31, 2016 is \$86,959 million, with a funding deficit of \$5,720 million. The funding deficit will result in future payments by the participating employers. 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, the Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Board to OMERS for 2016 were \$299,972 (2015 - \$312,605).

7. Endowment funds

The Barrie Community Foundation received endowment funds to benefit Barrie Public Library Board. The principal of the endowment fund at the Foundation's fiscal year ended March 31, 2016 was \$31,599 (2015 - \$30,640), interest earned during 2016 is \$800 (2015 - \$799); Grants issued are \$800 (2015 - \$800). The financial statements do not reflect the amounts held by The Barrie Community Foundation, the interest earned or related grants issued.

8. Budget

The budget adopted by the Board for 2016 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards requires a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. In addition, the budget did not include employee future benefit expense of a full accrual basis. As a result, the budget adopted by the Board for 2016 is reconciled to the statement of operations with adjustments as follows:

	\$
Budget surplus for the year, as approved	-
Capital expenditures	990,900
Transfer to sick leave reserve	10,000
Contribution to technology reserve	40,000
Actual amortization	(1,080,438)
Employee future benefits adjusted to a full accrual basis	(3,465)
Budget deficit per statement of operations	(43,003)

The budgeted capital expenditures of \$990,900 are reflected on the statement of changes in net financial assets.