



Financial Statements

Township of West Lincoln

Public Library Board

December 31, 2011

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## Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the Corporation of the Township of West Lincoln

We have audited the statement of financial position of the **Township of West Lincoln Public Library Board** as at December 31, 2011 and the statements of operations, changes 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditors 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 qualified audit opinion.

#### **Basis for qualified opinion**

The Township of West Lincoln Public Library Board derives revenue from donations and cash sales, 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 the Township of West Lincoln Public Library Board and we were not able to determine whether any adjustments might be necessary to donations and other revenue, assets, net financial assets and accumulated surplus.

#### **Qualified opinion**

In our opinion, except for the effects of the matter described in the *Basis for qualified opinion* paragraph, the financial statements present fairly, in all material respects, the financial position of the Township of West Lincoln Public Library Board as at December 31, 2011, 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.

#### **Other matter**

Without modifying our report we draw attention to the budget figures which are provided for comparative purposes only. They have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

*Grant Thornton LLP*

Port Colborne, Canada  
July 10, 2012

Chartered Accountants  
Licensed Public Accountants

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**Township of West Lincoln  
Public Library Board  
Statement of Financial Position**

As at December 31	2011	2010
<b>Financial assets</b>		
Cash	\$ 59	\$ 204
Receivables	646	1,031
Due from Township of West Lincoln	<u>572,725</u>	<u>502,370</u>
	<u>573,430</u>	<u>503,605</u>
<b>Liabilities</b>		
Payables and accruals	4,810	4,400
Deferred revenue	<u>37,988</u>	<u>41,795</u>
	<u>42,798</u>	<u>46,195</u>
<b>Net financial assets</b>	<b>530,632</b>	457,410
<b>Non-financial assets</b>		
Tangible capital assets (Page 11)	<u>305,530</u>	<u>329,961</u>
<b>Accumulated surplus (Note 3)</b>	<b><u>\$ 836,162</u></b>	<b><u>\$ 787,371</u></b>

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On behalf of the Board

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See accompanying notes and schedule to the financial statements

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**Township of West Lincoln**  
**Public Library Board**  
**Statement of Operations**

For the Year Ended December 31, 2011

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	Budget 2011 (Unaudited)	Actual 2011	Actual 2010
<b>Revenue</b>			
Municipal contribution	\$ 296,500	<b>\$ 297,037</b>	\$ 287,270
Grants (Note 4)	32,900	<b>51,933</b>	55,473
Other (Note 5)	<u>10,500</u>	<u><b>23,413</b></u>	<u>7,318</u>
	<u>339,900</u>	<u><b>372,383</b></u>	<u>350,061</u>
<b>Expenses</b>			
Administration	15,900	<b>14,230</b>	16,616
Amortization of tangible capital assets		<b>65,356</b>	62,242
Books and periodicals	41,000		
Community access program	10,000	<b>18,667</b>	11,135
Insurance	9,900	<b>9,859</b>	1,028
Rent	5,000	<b>5,000</b>	5,000
Salaries, wages and benefits (Note 6)	193,300	<b>195,673</b>	180,223
Supplies	7,600	<b>7,564</b>	8,021
Utilities	<u>7,200</u>	<u><b>7,243</b></u>	<u>7,239</u>
	<u>289,900</u>	<u><b>323,592</b></u>	<u>291,504</u>
<b>Annual surplus</b>	50,000	<b>48,791</b>	58,557
<b>Accumulated surplus (Note 3)</b>			
Beginning of year	<u>787,371</u>	<u><b>787,371</b></u>	<u>728,814</u>
End of year	<u>\$ 837,371</u>	<u><b>\$ 836,162</b></u>	<u>\$ 787,371</u>

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See accompanying notes and schedule to the financial statements.

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**Township of West Lincoln  
Public Library Board  
Statement of Changes in Net Financial Assets**

For the Year Ended December 31	2011	2010
Annual surplus	\$ 48,791	\$ 58,557
Amortization of tangible capital assets	65,356	62,242
Acquisition of tangible capital assets	<u>(40,925)</u>	<u>(51,357)</u>
<b>Increase in net financial assets</b>	<b>73,222</b>	<b>69,442</b>
<b>Net financial assets</b>		
Beginning of year	<u>457,410</u>	<u>387,968</u>
End of year	<u>\$ 530,632</u>	<u>\$ 457,410</u>

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See accompanying notes and schedule to the financial statements.

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**Township of West Lincoln  
Public Library Board  
Statement of Cash Flows**

For the Year Ended December 31

**2011**

**2010**

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**Increase (decrease) in cash and cash equivalents**

**Operating transactions**

Annual surplus	\$ 48,791	\$ 58,557
Non-cash items		
Amortization	65,356	62,242
Decrease (increase) in receivables	385	(271)
Increase in due from Township	(70,355)	(68,414)
Increase in payables and accruals	410	700
Decrease in deferred revenue	<u>(3,807)</u>	<u>(1,337)</u>
	40,780	51,477

**Capital transactions**

Acquisition of tangible capital assets	<u>(40,925)</u>	<u>(51,357)</u>
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Net increase (decrease) in cash and cash equivalents	(145)	120
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**Cash and cash equivalents**

Beginning of year	<u>204</u>	<u>84</u>
End of year	<u>\$ 59</u>	<u>\$ 204</u>

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See accompanying notes and schedule to the financial statements.



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# Township of West Lincoln

## Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2011

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#### 1. Purpose of the Library Board

The Township of West Lincoln Public Library Board ("the Library") provides library services to residents of the Township of West Lincoln and residents of other municipalities who have contracted with the Library for services.

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#### 2. Significant accounting policies

The financial statements of the Library are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Library are as follows:

##### (a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

##### (b) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the Library.

##### (c) Budget figures

The budget approved by the Library for 2011 is reflected on the statement of operations. The budget established for 2011 included amounts for capital expenses, however starting in 2009 these expenses have been recorded as tangible capital asset additions. The budget figures do not include amounts for amortization of tangible capital assets.

##### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates.

##### (e) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition. The Library does not capitalize interest as part of the costs of its capital assets.

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# Township of West Lincoln

## Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2011

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#### 2. Significant accounting policies (continued)

##### (e) Tangible capital assets (continued)

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as other revenue.

<u>Classification</u>	<u>Useful Lives</u>
Equipment, furniture and fixtures	20 years
Library collection	5 years

No amortization is charged in the year of acquisition and a full year amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

##### (f) Deferred revenue

Deferred revenue is comprised of the unspent portion of grants and donations received.

##### (g) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

##### (h) Revenue recognition

Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

User fees, program fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

##### (i) Reserves for future expenses

Certain amounts, as approved by the Library, are set aside in reserves for future operating and capital expenses.

##### (j) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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# Township of West Lincoln

## Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2011

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<b>3. Accumulated surplus</b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Operating surplus	\$ 8,199	\$ 8,289
Investment in tangible capital assets	305,530	329,961
Reserves and reserve funds	<u>522,433</u>	<u>449,121</u>
	<b><u>\$ 836,162</u></b>	<b><u>\$ 787,371</u></b>

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<b>4. Grants</b>	Budget <u>2011</u> (Unaudited)	<b><u>Actual</u> <u>2011</u></b>	Actual <u>2010</u>
<b>Province of Ontario</b>			
Unconditional grant	\$ 22,900	\$ 26,859	\$ 24,420
Community Access Program	10,000	25,074	14,142
\$ 15 Million Investment in Ontario Public Libraries	<u>                    </u>	<u>                    </u>	<u>16,911</u>
	<b><u>\$ 32,900</u></b>	<b><u>\$ 51,933</u></b>	<b><u>\$ 55,473</u></b>

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<b>5. Other revenue</b>	Budget <u>2011</u> (Unaudited)	<b><u>Actual</u> <u>2011</u></b>	Actual <u>2010</u>
Donations and fines	\$ 500	\$ 10,164	\$ 6,004
Interest – reserves and reserve funds		3,249	1,314
Lot levies and development charges	<u>10,000</u>	<u>10,000</u>	<u>                    </u>
	<b><u>\$ 10,500</u></b>	<b><u>\$ 23,413</u></b>	<b><u>\$ 7,318</u></b>

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<b>6. Salaries, wages and benefits</b>	Budget <u>2011</u> (Unaudited)	<b><u>Actual</u> <u>2011</u></b>	Actual <u>2010</u>
Salaries and wages	\$ 158,800	\$ 158,475	\$ 149,040
Benefits	<u>34,500</u>	<u>37,198</u>	<u>31,183</u>
	<b><u>\$ 193,300</u></b>	<b><u>\$ 195,673</u></b>	<b><u>\$ 180,223</u></b>

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**Township of West Lincoln**  
**Public Library Board**  
**Notes to the Financial Statements**

For the Year Ended December 31, 2011

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**7. Pension agreements**

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 7.4% to 14.1% depending on the proposed retirement age and the level of earnings. As a result \$ 16,556 (2010 - \$ 4,048) was contributed to OMERS for current service, of which \$ 8,278 (2010 - \$ 2,024) represents the employees' portion.

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**8. Financial instruments**

The Library's financial instruments consist of cash, accounts receivable, amounts due from related parties and accounts payable. It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

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**Township of West Lincoln**  
**Public Library Board**  
**Schedule of Tangible Capital Assets**

As at December 31, 2011

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	Equipment, Furniture and Fixtures	Library Collection	<u>2011</u>	<u>2010</u>
<b>Cost</b>				
Beginning of year	\$ 409,997	\$ 224,287	<b>\$ 634,284</b>	\$ 633,816
Add additions	3,924	37,001	<b>40,925</b>	51,357
Less disposals	<u>(20,987)</u>	<u>(49,203)</u>	<b><u>(70,190)</u></b>	<u>(50,889)</u>
End of year	<u>392,934</u>	<u>212,085</u>	<b><u>605,019</u></b>	<u>634,284</u>
<b>Accumulated amortization</b>				
Beginning of year	215,756	88,567	<b>304,323</b>	292,970
Add amortization	20,499	44,857	<b>65,356</b>	62,242
Less amortization on disposals	<u>(20,987)</u>	<u>(49,203)</u>	<b><u>(70,190)</u></b>	<u>(50,889)</u>
End of year	<u>215,268</u>	<u>84,221</u>	<b><u>299,489</u></b>	<u>304,323</u>
<b>Net book value</b>	<b><u>\$ 177,666</u></b>	<b><u>\$ 127,864</u></b>	<b><u>\$ 305,530</u></b>	<b><u>\$ 329,961</u></b>