

Financial statements of

**Town of Newmarket
Public Library Board**

December 31, 2017

Town of Newmarket Public Library Board

December 31, 2017

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Independent Auditor's Report

To the Chair and Members of the Town of Newmarket Public Library Board, and the Mayor and Members of Council of the Corporation of the Town of Newmarket

We have audited the accompanying financial statements of the Town of Newmarket Public Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, change in net financial assets and of 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 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 Town of Newmarket Public Library Board as at December 31, 2017, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

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 were audited by another auditor who issued an unqualified opinion on May 17, 2017.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 20, 2018

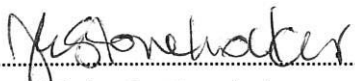
TOWN OF NEWMARKET PUBLIC LIBRARY BOARD


Statement of Financial Position

As at December 31, 2017

	2017	2016
Financial ASSETS		
Cash and cash equivalents	\$20,300	\$30,983
Accounts receivable	10,598	5,175
Inventory-York Region Transit tickets/passes	-	10,172
Due from Town of Newmarket (Note 3)	550,470	503,650
	581,368	549,980
LIABILITIES		
Due to Other Groups (Note 4)	20,635	20,178
Accounts payable and accrued liabilities	106,445	78,160
Deferred revenue (Note 5)	3,283	2,657
Employee future benefits liability (Note 6)	51,910	50,370
	182,273	151,365
Net Financial Assets	399,095	398,615
NON-FINANCIAL ASSETS		
Prepaid expenses	89,592	76,636
Tangible capital assets, net (Note 13)	1,099,754	1,123,847
	1,189,346	1,200,483
Accumulated Surplus	\$1,588,441	\$1,599,098

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 Operations

Year ended December 31, 2017

	2017		2016
	Budget	Actual	Actual
REVENUES			
Municipal operating grant	\$3,107,452	\$3,107,452	\$3,025,452
Municipal Contributions towards capital assets	-	151,075	98,394
Provincial grants	69,601	78,640	80,121
Other grants	-	-	1,600
Federal grants	-	3,078	-
Fines	40,459	32,113	33,140
Program fees	40,884	27,765	24,902
Financed from development charges (Note 9)	125,000	125,000	125,000
Other fees and miscellaneous revenues	61,242	89,595	63,570
	3,444,638	3,614,718	3,452,179
EXPENSES			
Library materials			
Books	173,864	-	-
Magazines, newspapers and periodicals	13,200	13,682	11,505
Electronic materials and subscriptions	121,065	127,418	101,099
Audio-visual materials	28,900	-	-
Book binding and processing	27,325	24,695	26,857
Amortization expense	-	326,172	335,228
	364,354	491,967	474,689
Operations			
Programs and projects	34,906	24,191	25,465
Other supplies	17,800	21,667	17,061
Building and property maintenance	68,473	79,012	89,937
Utilities	93,597	102,921	104,941
Equipment repairs and maintenance	89,499	117,955	88,711
Minor capital from operations	4,156	10,279	12,640
	308,431	356,025	338,755
Administration			
Employee salaries	1,985,868	1,940,339	1,840,591
Employee benefits	416,446	339,847	365,425
Education, conferences, consulting and travel	43,900	49,119	34,416
Other sundry expenses	50,825	47,682	45,272
Telephone and internet	9,150	9,224	9,104
	2,506,189	2,386,211	2,294,808
	3,178,974	3,234,203	3,108,252
Transfers and other			
Fund for future capital replacements (Note 7)	(223,550)	(223,550)	(223,550)
Fund for future minor capital replacements (Note 9)	-	-	(30,000)
Transfer to Long-term Disability Town of Newmarket Reserve	(42,114)	(42,001)	(40,869)
Fund for Strategic Plan Implementation Reserve (Note 9)	-	(125,621)	-
Transfer to Town of Newmarket Reserve (Note 10)	-	-	(172,810)
	(265,664)	(391,172)	(467,229)
Annual (deficit) surplus	-	(10,657)	(123,302)
Opening Accumulated Surplus	1,599,098	1,599,098	1,722,400
Ending Accumulated Surplus	\$1,599,098	\$1,588,441	\$1,599,098

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

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2017

	2017	2016
Increase (decrease) in cash and cash equivalents		
Operating Activities		
Annual (deficit) surplus	(\$10,657)	(\$123,302)
Amortization of tangible capital assets	326,172	335,228
<u>Changes in non-cash operating items</u>		
Accounts receivable	(5,423)	2,171
Inventory-York Region Transit tickets/passes	10,172	(4,211)
Due from Town of Newmarket	(46,820)	37,709
Due to Other Groups	457	2,172
Accounts payable and accrued liabilities	28,285	5,080
Deferred revenue	626	(8,238)
Employee future benefits liability	1,540	1,020
Prepaid expenses	(12,956)	(49,626)
	291,396	198,002
Capital Activity		
Acquisitions of tangible capital assets	(302,079)	(260,135)
Decrease in cash and cash equivalents	(10,683)	(62,132)
Cash and cash equivalents, beginning of year	30,983	93,115
Cash and cash equivalents, end of year	\$20,300	\$30,983

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

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2017

	2017		2016
	Budget	Actual	Actual
Annual (deficit) surplus	\$ -	(\$10,657)	(\$123,302)
Acquisition of tangible capital assets	(356,528)	(302,079)	(260,135)
Amortization of tangible capital assets	355,056	326,172	335,228
	(1,472)	13,436	(48,209)
Change in prepaid expenses	-	(12,956)	(49,626)
Change in net financial assets	(1,472)	480	(97,835)
Net financial assets, beginning of year	398,615	398,615	496,450
Net financial assets, end of the year	\$397,143	\$399,095	\$398,615

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, 2017

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 Canadian Public Sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Library are as follows:

(a) *Basis of accounting*

Revenues 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*

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

Tangible capital 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 tangible capital asset threshold amount for capitalization is pooled at \$10,000.

(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 recorded as deferred revenue when transfer stipulations give rise to a liability. Revenue is recognized in the statement of operations as stipulations related to the transfers are settled.

Fines are recognized when collected.

Fees for programs and services are recognized over the period of service or when related expenditures occur.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(h) *Pension Plan*

The Library makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan on behalf of eligible members of its staff. The OMERS 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 Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library 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. DUE TO OTHER GROUPS

The Library partners with other parties and as part of the agreements holds the balance of funds and records the partnership as a liability at year end on the Library's audited financial statements.

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2017	2016
Program fees, room rental fees, provincial grant and endowment	\$ 3,283	\$ 2,657

6. EMPLOYEE FUTURE BENEFITS LIABILITY

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, 2017 and forms the basis for estimated employee future benefits liability reported in these financial statements.

	2017	2016
Vacation pay liability	\$ 51,910	\$ 50,370

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2017

7. 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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,076,195	\$ 1,138,136
Interest earned	16,939	12,903
Transfer from Operating Fund	223,550	223,550
Capital expenses - Library purposes	(151,075)	(98,394)
Transfer to Town of Newmarket Reserve Fund	-	(200,000)
Balance, end of year	\$ 1,165,609	\$ 1,076,195

8. 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>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,164,691	\$ 1,087,389
New capital allocations for the year	118,800	175,700
Transferred to Town of Newmarket	(180,800)	-
Rounding Adj.	-	(4)
Total Capital Budget	\$ 1,102,691	\$ 1,263,085
Financing expenses	(151,075)	(98,394)
Balance, end of year	\$ 951,616	\$ 1,164,691

9. 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>Development Charges</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$2,406,634	\$ 2,416,417
Interest earned	38,145	24,972
Developers contributions	354,355	90,244
Transfer to Capital	-	-
Transfer to Operating Fund to finance expenses	(125,000)	(125,000)
Balance, end of year	\$ 2,674,134	\$ 2,406,634

<u>Library Minor Capital Fund</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 30,171	\$ -
Interest earned	456	171
Transfer from Operating Fund	-	30,000
Transfer to Operating Fund to finance expenses	-	-
Balance, end of year	\$ 30,627	\$ 30,171

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2017

9. OTHER RESERVE FUNDS (continued)

<u>Library Fundraising</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 3,212	\$ 1,760
Other contributions	6,035	1,452
Transfer to Operating Fund	-	-
Balance, end of year	\$ 9,247	\$ 3,212
<u>Strategic Planning</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,257	\$ 1,257
Transfer to Operating Fund	-	-
Balance, end of year	\$ 1,257	\$ 1,257
<u>Insurance Reserve</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 10,000	\$ 10,000
Transfer to Operating Fund	-	-
Balance, end of year	\$ 10,000	\$ 10,000
<u>Strategic Plan Implementation Reserve</u>	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 42,021	\$ 42,021
Transfer from Reserve	125,621	-
Transfer to Operating Fund	-	-
Balance, end of year	\$167,642	\$ 42,021

10. GENERAL RESERVE

The Town of Newmarket Public Library Board set a target level of \$400,000 for the General Reserves for the Library held by the Town of Newmarket 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. In 2017, the 2016 operating surplus (\$125,621) was transferred to the Strategic Plan Implementation Fund Reserve. In 2016, \$172,810 (2015 balance above target) was transferred from the Library Board General Reserve to the Town of Newmarket.

<u>General Reserve</u>	<u>2017</u>	<u>2016</u>
Opening Balance	\$525,621	\$572,810
Transfer from Operating Fund	140,597	125,621
Transfer to Other Reserves	(125,621)	(172,810)
Closing Balance	\$540,597	\$525,621

11. PENSION AGREEMENTS

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its 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 credited service and average earnings. No past service liability exists. During the year, \$143,461 (2016: \$155,466) was recorded as an operating expense of the Library.

12. COMPARATIVE FIGURES

Certain comparative numbers have been reclassified to conform to the current year presentation.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2017

13. TANGIBLE CAPITAL ASSETS

2017						
	Library Collection	Furniture	Equipment	Shelving	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,737,903	\$114,023	\$397,947	\$144,481	\$228,827	\$2,623,181
Add: Additions during the year	193,809	-	19,000	-	89,270	302,079
Less: Disposals during the year	(238,642)	-	(15,221)	-	(56,341)	(310,204)
Balance, end of year	1,693,070	114,023	401,726	144,481	261,756	2,615,056
Accumulated amortization						
Balance, beginning of year	1,005,581	42,252	210,539	107,356	133,606	1,499,334
Add: Amortization during the year	212,204	7,602	47,670	6,341	52,355	326,172
Less: Amortization on Disposals	(238,642)	-	(15,221)	-	(56,341)	(310,204)
Balance, end of year	979,143	49,854	242,988	113,697	129,620	1,515,302
Net book value of Tangible Capital Assets	\$713,927	\$64,169	\$158,738	\$30,784	\$132,136	\$1,099,754

2016						
	Library Collection	Furniture	Equipment	Shelving	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,754,996	\$102,729	394,182	\$144,481	\$217,258	\$2,613,646
Add: Additions during the year	201,171	11,294	17,751	-	29,919	260,135
Less: Disposals during the year	(218,264)	-	(13,986)	-	(18,350)	(250,600)
Balance, end of year	1,737,903	114,023	397,947	144,481	228,827	2,623,181
Accumulated amortization						
Balance, beginning of year	1,006,990	35,249	176,642	101,015	94,810	1,414,706
Add: Amortization during the year	216,855	7,003	47,883	6,341	57,146	335,228
Less: Amortization on Disposals	(218,264)	-	(13,986)	-	(18,350)	(250,600)
Balance, end of year	1,005,581	42,252	210,539	107,356	133,606	1,499,334
Net book value of Tangible Capital Assets	\$732,322	\$71,771	187,408	\$37,125	\$95,221	\$1,123,847

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