



Financial Statements

Elliot Lake Public Library Board

December 31, 2008

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# Grant Thornton

## Auditors' report

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To the Members of the Elliot Lake Public Library Board,  
Members of Council, Inhabitants and Ratepayers of  
The Corporation of the City of Elliot Lake

We have audited the statement of financial position of the Elliot Lake Public Library Board as at December 31, 2008 and the statements of financial activities, library position and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many such organizations, the Board derives revenue from fines, sale of materials and donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Board and we were not able to determine whether any adjustments might be necessary to other revenue, net revenue (expenditure) and current fund balance.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Sault Ste. Marie, Ontario  
March 11, 2009

*Grant Thornton LLP*  
Chartered accountants

Licensed public accountants

# Elliot Lake Public Library Board

## Statement of Financial Activities

For the Year Ended December 31

2008

2007

|                                   | Current Fund<br>Budget<br>(unaudited) | Current Fund<br>Actual | Capital Fund<br>Actual | Reserve Funds<br>Actual | Total              | Total              |
|-----------------------------------|---------------------------------------|------------------------|------------------------|-------------------------|--------------------|--------------------|
| <b>Revenue</b>                    |                                       |                        |                        |                         |                    |                    |
| Municipal contribution            | \$ 328,738                            | \$ 296,264             | \$ 742                 | \$ -                    | \$ 297,006         | \$ 273,292         |
| Province of Ontario grants        | 37,522                                | 38,022                 | -                      | -                       | 38,022             | 48,022             |
| User charges                      | 18,460                                | 16,963                 | -                      | -                       | 16,963             | 16,619             |
| Interest                          | -                                     | -                      | 3,236                  | 28,990                  | 32,226             | 36,659             |
| Other                             | 8,504                                 | 11,114                 | -                      | 9,918                   | 21,032             | 23,461             |
|                                   | <u>393,224</u>                        | <u>362,363</u>         | <u>3,978</u>           | <u>38,908</u>           | <u>405,249</u>     | <u>398,053</u>     |
| <b>Expenditures</b>               |                                       |                        |                        |                         |                    |                    |
| Salaries and benefits             | 286,945                               | 270,252                | -                      | -                       | 270,252            | 252,816            |
| Books                             | 54,750                                | 48,046                 | -                      | -                       | 48,046             | 46,214             |
| Maintenance and supplies          | 17,539                                | 17,825                 | -                      | -                       | 17,825             | 27,759             |
| Utilities                         | 12,000                                | 9,452                  | -                      | -                       | 9,452              | 11,599             |
| Travel                            | 3,996                                 | 1,875                  | -                      | -                       | 1,875              | 565                |
| Advertising                       | 1,110                                 | 2,185                  | -                      | -                       | 2,185              | 2,637              |
| Telephone and internet            | 8,386                                 | 6,597                  | -                      | -                       | 6,597              | 6,030              |
| Professional fees                 | 3,590                                 | 2,987                  | -                      | -                       | 2,987              | 1,931              |
| Repairs and maintenance           | 16,500                                | 14,814                 | -                      | -                       | 14,814             | 12,144             |
| Insurance                         | 1,206                                 | 1,206                  | -                      | -                       | 1,206              | 976                |
| Rent                              | 75,187                                | 75,128                 | -                      | -                       | 75,128             | 71,197             |
| Municipal taxes                   | 23,240                                | 23,221                 | -                      | -                       | 23,221             | 18,130             |
| Equipment                         | -                                     | -                      | 3,744                  | -                       | 3,744              | 10,799             |
|                                   | <u>504,449</u>                        | <u>473,588</u>         | <u>3,744</u>           | <u>-</u>                | <u>477,332</u>     | <u>463,797</u>     |
| <b>Net revenue (expenditures)</b> | <u>\$ (111,225)</u>                   | <u>\$ (111,225)</u>    | <u>\$ 234</u>          | <u>\$ 38,908</u>        | <u>\$ (72,083)</u> | <u>\$ (65,744)</u> |

See accompanying notes to the financial statements.

# Elliot Lake Public Library Board

## Statement of Library Position

For the Year Ended December 31

2008

2007

|  | Current Fund<br>Actual | Capital Fund<br>Actual | Reserve Funds<br>Actual | Total                    | Total             |
|--|------------------------|------------------------|-------------------------|--------------------------|-------------------|
| <b>Fund balances, at beginning of year</b> | \$ -                   | \$ 2,981               | \$ 716,387              | <b>\$ 719,368</b>        | \$ 785,112        |
| Net revenue (expenditures)                 | (111,225)              | 234                    | 38,908                  | <b>(72,083)</b>          | (65,744)          |
| Net appropriations between funds           | <u>111,225</u>         | <u>-</u>               | <u>(111,225)</u>        | <u>-</u>                 | <u>-</u>          |
| Net change in fund balances                | <u>-</u>               | <u>234</u>             | <u>(72,317)</u>         | <b><u>(72,083)</u></b>   | <u>(65,744)</u>   |
| <b>Fund balances, at end of year</b>       | <u>\$ -</u>            | <u>\$ 3,215</u>        | <u>\$ 644,070</u>       | <b><u>\$ 647,285</u></b> | <u>\$ 719,368</u> |

See accompanying notes to the financial statements.

# Elliot Lake Public Library Board Statement of Financial Position

As at December 31 2008 2007

## Assets

|                                  |                   |                   |
|----------------------------------|-------------------|-------------------|
| Capital Fund                     |                   |                   |
| Cash                             | \$ 500            | \$ 350            |
| Due from the City of Elliot Lake | <u>2,715</u>      | <u>2,631</u>      |
|                                  | <u>3,215</u>      | <u>2,981</u>      |
| <br>Reserve Fund                 |                   |                   |
| Cash                             | 536,439           | 507,448           |
| Annuity (Note 2)                 | <u>107,631</u>    | <u>208,939</u>    |
|                                  | <u>644,070</u>    | <u>716,387</u>    |
|                                  | <u>\$ 647,285</u> | <u>\$ 719,368</u> |

## Library position

|                       |                   |                   |
|-----------------------|-------------------|-------------------|
| Capital Fund (Note 3) | \$ 3,215          | \$ 2,981          |
| Reserve Fund (Note 4) | <u>644,070</u>    | <u>716,387</u>    |
|                       | <u>\$ 647,285</u> | <u>\$ 719,368</u> |

Commitment (Note 5)

On behalf of the Board

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See accompanying notes to the financial statements.

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# Elliot Lake Public Library Board

## Statement of Changes in Financial Position

For the Year Ended December 31

2008

2007

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### Operating activities

|  |                 |                 |
|--|-----------------|-----------------|
| Net expenditures   | \$ (72,083)     | \$ (65,744)     |
| Decrease (Increase) in due from<br>the City of Elliot Lake | <u>(84)</u>     | <u>7,120</u>    |
|  | <u>(72,167)</u> | <u>(58,624)</u> |

### Financing activities

|                               |                |               |
|-------------------------------|----------------|---------------|
| Increase in reserve fund cash | (28,990)       | (36,658)      |
| Decrease in annuity           | <u>101,307</u> | <u>95,332</u> |
|                               | <u>72,317</u>  | <u>58,674</u> |

Net increase in cash 150 50

### Unrestricted cash

|                   |               |               |
|-------------------|---------------|---------------|
| Beginning of year | <u>350</u>    | <u>300</u>    |
| End of year       | <u>\$ 500</u> | <u>\$ 350</u> |

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See accompanying notes to the financial statements.

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# Elliot Lake Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

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### 1. Significant accounting policies

The financial statements of the Elliot Lake Public Library Board (the Board) are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

#### (a) Reporting entity

The financial statements reflect the assets, liabilities, revenue, expenditures and changes in fund balances and in financial position of the reporting entity.

#### (b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

#### (c) Fund accounting

Funds within the financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

#### (d) Cash

Cash consists of cash in hand and cash on deposit at financial institutions by the Corporation of the City of Elliot Lake.

#### (e) Capital assets

The historical cost and accumulated depreciation for capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the Statement of Financial Activities in the year of acquisition.

#### (f) Reserves for future expenditures

Certain amounts, as approved by the Board, are set aside in reserves for future operating and capital expenditures. Transfers to and from reserves are reflected as an adjustment to the respective fund.

#### (g) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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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# Elliot Lake Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

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### 2. Annuity

In 1989 a \$725,000 25 year annuity was purchased to finance Library rent and municipal taxes. The excess of annuity payments received and rent and municipal taxes paid is included as other revenue in the Reserve Fund.

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### 3. Capital fund

The capital fund balance is comprised of funds available for future capital expenditures.

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| 4. Reserve fund           | <u>2008</u>       | <u>2007</u>       |
|---------------------------|-------------------|-------------------|
| Reserve fund consists of: |                   |                   |
| Library building          | \$ 536,439        | \$ 507,448        |
| Library rent              | <u>107,631</u>    | <u>208,939</u>    |
|                           | <u>\$ 644,070</u> | <u>\$ 716,387</u> |

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### 5. Commitment

The Library operates out of leased premises. The lease expires in 2009 with annual lease payments of approximately \$70,000. In addition, the Library entered into a contract in November 2007 for janitorial services which ends on September 30, 2009. The minimum annual commitment is \$875 per month, or \$10,500 per year.

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### 6. Pension agreements

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of five 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 service and rates of pay.

Commencing January 1, 2007 contribution rates ranged from 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result, \$13,856 (2007: \$13,359) was contributed to OMERS.

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# Elliot Lake Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2008

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### 7. Tangible capital assets

#### Transitional provisions

Effective January 1, 2007, the Public Library Board adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2008, the Public Library Board, through work done by the City of Elliot Lake, continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2008, the City of Elliot Lake has obtained a listing and values for all significant asset classes related to the Public Library Board as follows:

|                         | <u>Cost</u>      | <u>Accumulated<br/>Amortization</u> | <u>2008<br/>NBV</u> |
|-------------------------|------------------|-------------------------------------|---------------------|
| Machinery and equipment | \$ <u>12,291</u> | \$ <u>12,291</u>                    | \$ <u>-</u>         |