



Financial Statements

Elliot Lake Public Library Board

December 31, 2010

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## Independent 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 accompanying financial statements of the Elliot Lake Public Library Board, which comprise the statement of financial position as at December 31, 2010, and the statement of operations, accumulated surplus, changes in net financial assets and statement 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.

### **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 the auditors' 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 qualified audit opinion.

**Basis for qualified opinion**

In common with many such organizations, the Board derives revenue from fines, user charges and sale of materials, 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 Library Board and we were not able to determine whether any adjustments might be necessary to revenue, annual surplus (deficit) 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 Library Board as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sault Ste. Marie, Ontario

April 14, 2011



Chartered accountants

Licensed public accountants

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# Elliot Lake Public Library Board Statement of Financial Position

December 31	2010	2009
<b>Financial assets</b>		
Cash	\$ 500	\$ 500
Restricted cash (Note 3)	582,387	559,044
Due from the City of Elliot Lake	<u>24,619</u>	<u>23,311</u>
	<u>607,506</u>	<u>582,855</u>
<b>Liabilities</b>		
Accounts payable and accrued expenses	<u>7,055</u>	<u>2,596</u>
<b>Net financial assets</b>	600,451	580,259
<b>Non-financial assets</b>		
Tangible capital assets (Note 6)	<u>11,950</u>	<u>13,355</u>
Accumulated Surplus	<u>\$ 612,401</u>	<u>\$ 593,614</u>

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Commitment (Note 4)

On behalf of the Board

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See accompanying notes to the financial statements.

# Elliot Lake Public Library Board

## Statement of Operations

Year Ended December 31	Budget (unaudited)	2010	2009
<b>Revenue</b>			
Municipal grants – operations	\$ 381,555	\$ 381,555	\$ 354,707
Municipal grants – capital	-	-	5,628
Province of Ontario grants	54,804	54,804	37,522
User charges	17,086	13,551	15,452
Interest	-	18,277	12,341
Other	18,300	16,553	19,962
	<u>471,745</u>	<u>484,740</u>	<u>445,612</u>
<b>Expenditures</b>			
Salaries and payroll costs	201,464	233,761	282,240
Books	56,221	43,818	53,053
Maintenance and supplies	19,045	13,925	17,497
Utilities	10,104	10,437	10,462
Travel	4,090	255	985
Advertising	1,326	1,002	2,962
Telephone and internet	6,446	6,189	6,622
Professional fees	4,707	2,585	3,461
Repairs and maintenance	15,030	13,424	11,719
Insurance	1,230	1,292	622
Rent	106,800	107,740	83,090
Municipal taxes	22,000	14,112	22,364
Amortization	-	1,405	704
Equipment	17,282	16,008	3,502
	<u>465,745</u>	<u>465,953</u>	<u>499,283</u>
Annual surplus (deficit)	\$ <u>6,000</u>	18,787	(53,671)
Accumulated surplus, beginning of year		<u>593,614</u>	<u>647,285</u>
Accumulated surplus, end of year		<u>\$ 612,401</u>	<u>\$ 593,614</u>

See accompanying notes to the financial statements.

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## Elliot Lake Public Library Board Statement of Accumulated Surplus

Year Ended December 31

2010

2009

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**Consists of:**

**Reserves set aside by the Board**

Library building reserve	<u>\$ 582,387</u>	<u>\$ 559,044</u>
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**Surpluses**

Invested in tangible capital assets	11,950	13,355
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General fund	<u>18,064</u>	<u>21,215</u>
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<b>Total surpluses</b>	<u><b>30,014</b></u>	<u><b>34,570</b></u>
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<b>Accumulated surplus</b>	<u><b>\$ 612,401</b></u>	<u><b>\$ 593,614</b></u>
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See accompanying notes to the financial statements.

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## Elliot Lake Public Library Board

### Statement of Changes in Net Financial Assets

Year Ended December 31	Budget (unaudited)	2010	2009
Annual surplus (deficit)	\$ 6,000	\$ 18,787	\$ (53,671)
Acquisition of tangible capital assets	-	-	(14,059)
Amortization of tangible capital assets	<u>-</u>	<u>1,405</u>	<u>704</u>
Change in net financial assets	<u>\$ 6,000</u>	<b>20,192</b>	(67,026)
Net financial assets, beginning of year		<u><b>580,259</b></u>	<u>647,285</u>
Net financial assets, end of year		<u><b>\$ 600,451</b></u>	<u>\$ 580,259</u>

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See accompanying notes to the financial statements.



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# Elliot Lake Public Library Board

## Statement of Cash Flows

Year Ended December 31

2010

2009

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### Cash flows from operating transactions

Annual surplus (deficit) \$ 18,787 \$ (53,671)

### Non-cash charges to operations

Amortization 1,405 704

Due from the City of Elliot Lake (1,308) (20,596)

Payable and accruals 4,459 2,596

23,343 (70,967)

### Capital transactions

Purchase of tangible capital assets - (14,059)

### Financing transactions

Increase in restricted cash (23,343) (22,605)

Decrease in annuity - 107,631

(23,343) 85,026

Net change in cash - -

Cash, beginning of year 500 500

Cash, end of year \$ 500 \$ 500

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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

December 31, 2010

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### 1. Purpose of the Library Board

Elliot Lake Public Library Board (the "Board") provides library services to residents of the City of Elliot Lake and residents of other municipalities who have contracted the Board for services.

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### 2. Summary of 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 ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

#### Basis of accounting

Effective January 1, 2009, the Elliot Lake Public Library adopted CICA Public Sector Handbook Section 1200 Financial Statement Presentation and Section 3150 Tangible Capital Assets. As a result of these changes, the Board has recorded its tangible capital assets for 2009 with prior year information restated to conform with the current year presentation. In addition, the statements reflect the new Statement of Changes in Net Financial Assets and Statement of Accumulated Surplus.

#### Accrual accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measureable.

#### 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 the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Machinery and equipment	10 years
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One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

#### 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

December 31, 2010

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### 3. Restricted cash

Internally restricted cash which arose as a result of historical surpluses of the Library consist of cash and short term investments. Cash is restricted to fund future deficits and capital purchases as decided by the board.

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### 4. Commitment

The Library operates out of leased premises. The five year lease expires in 2014 with annual lease payments of approximately \$106,800.

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### 5. 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, 2010 contribution rates ranged from 6.4% to 9.7% depending on the proposed retirement age and the level of earnings. As a result, \$10,624 (2009: \$12,727) was contributed to OMERS.

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### 6. Tangible capital assets

2010

2009

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 26,350	\$ 14,400	\$ 11,950	\$ 13,355

The Library had no tangible capital asset additions in 2010. In the prior year the Library purchased furniture and equipment at a cost of: \$14,059. The Library recorded amortization expense of \$1,405 (2009: \$704).