



Financial Statements

Elliot Lake Public Library Board

December 31, 2012

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## Independent Auditor's 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, 2012, 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.

### **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 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 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, 2012, 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, Canada

May 13, 2013



Chartered Accountants

Licensed Public Accountants

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# Elliot Lake Public Library Board

## Statement of Financial Position

December 31

2012

2011

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### Financial assets

Cash	\$ 37,573	\$ 500
Insurance recoveries receivable (Note 6)	252,000	-
Restricted cash (Note 3)	636,531	604,722
Due from the City of Elliot Lake	-	38,985
	<u>926,104</u>	<u>644,207</u>

### Liabilities

Accounts payable and accrued expenses	5,775	9,282
Due to the City of Elliot Lake (Note 7)	430,799	-
	<u>436,574</u>	<u>9,282</u>

### Net financial assets

489,530 634,925

### Non-financial assets

Tangible capital assets (Note 8)	<u>594,681</u>	<u>257,064</u>
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### Accumulated surplus

\$ 1,084,211 \$ 891,989

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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	2012	2011
<b>Revenue</b>			
Municipal grants – operations	\$ 404,972	\$ 404,972	\$ 406,399
Insurance recoveries (Note 6)	-	252,000	-
Province of Ontario grants	41,415	40,200	38,718
User charges	14,076	5,368	13,068
Interest	-	20,681	18,131
Other	14,680	14,588	13,509
	<u>475,143</u>	<u>737,809</u>	<u>489,825</u>
<b>Expenses</b>			
Salaries and payroll costs	235,628	183,784	234,198
Maintenance and supplies	20,061	20,396	15,224
Utilities	8,880	2,962	8,373
Travel	1,017	352	287
Advertising	1,400	1,063	1,763
Telephone and internet	6,801	4,388	5,643
Professional fees	4,263	2,851	2,862
Repairs and maintenance	13,480	13,737	13,189
Insurance	1,550	1,529	1,249
Rent	106,800	54,340	108,680
Municipal taxes	10,000	-	4,430
Amortization	1,406	25,031	51,439
Equipment	8,893	3,122	2,312
	<u>420,179</u>	<u>313,555</u>	<u>458,649</u>
Net revenue over expenses	54,964	424,254	31,176
Loss on disposal of tangible capital assets	-	(232,032)	-
Annual surplus	54,964	192,222	31,176
Opening accumulated surplus,	<u>891,989</u>	<u>891,989</u>	<u>860,813</u>
Ending accumulated surplus	<u>\$ 946,953</u>	<u>\$ 1,084,211</u>	<u>\$ 891,989</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

2012

2011

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### Consists of

#### Reserves set aside by the Board

Library building reserve	<u>\$ 636,531</u>	<u>\$ 604,722</u>
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#### Surpluses

Invested in tangible capital assets	594,681	257,064
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General fund	<u>(147,001)</u>	<u>30,203</u>
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<b>Total surpluses</b>	<u><b>447,680</b></u>	<u><b>287,267</b></u>
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<b>Accumulated surplus</b>	<u><b>\$ 1,084,211</b></u>	<u><b>\$ 891,989</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	2012	2011
Annual	\$ 54,964	\$ 192,222	\$ 31,176
Acquisition of tangible capital assets	(56,370)	(611,666)	(48,141)
Disposal of tangible capital assets	-	249,018	-
Amortization of tangible capital assets	<u>1,406</u>	<u>25,031</u>	<u>51,439</u>
Change in net financial assets	<u>\$ -</u>	(145,395)	34,474
Net financial assets, beginning of year		<u>634,925</u>	<u>600,451</u>
Net financial assets, end of year		<u>\$ 489,530</u>	<u>\$ 634,925</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

2012

2011

**Cash flows from operating transactions**

Annual surplus \$ 192,222 \$ 31,176

**Non-cash charges to operations**

Amortization	25,031	51,439
Disposal of Tangible capital assets	249,018	-
Change in Insurance recoveries receivable	(252,000)	-
Change in Due to/from the City of Elliot Lake	469,784	(14,366)
Change in Payables and accruals	<u>(3,507)</u>	<u>2,227</u>
	<u>488,326</u>	<u>70,476</u>

**Capital transactions**

Purchase of tangible capital assets (611,666) (48,141)

**Financing transactions**

Increase in restricted cash (31,809) (22,335)

Net change in cash 37,073 -

Cash, beginning of year 500 500

Cash, end of year \$ 37,573 \$ 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, 2012

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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

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable, with the exception of fines and other desk receipts which are reported on the cash basis of accounting. Expenditures are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

#### 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:

Library collection	10 years
Furniture and equipment	10 years
Leasehold improvements	2 years

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, 2012

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### 2. Summary of significant accounting policies (cont'd)

#### **Budget figures**

The operating budget approved by the Board for 2012 is reflected in the Statement of Operations and Accumulated Surplus. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. Budget figures have been restated to be comparable with the PSAB reporting reflected in the actual results.

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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 operated out of leased premises until June 23, 2012. A temporary site has been found for operations to continue, and the Library re-opened on February 4, 2013. The draft temporary lease is for a term of one year. Annual lease payments are currently \$11,637.

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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, 2011 contribution rates ranged from 6.4% to 9.7% depending on the proposed retirement age and the level of earnings. As a result, \$13,546 (2011: \$13,546) was contributed to OMERS.

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### 6. Insurance recoveries

Insurance recoveries relating to the replacement of assets lost in the collapse of the Algo Centre are recorded when the amount of the recovery is known. Additional claims have been submitted, and the related revenue will be recognized when collection is assured.

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### 7. Due to the City of Elliot Lake

The balance due to the City of Elliot Lake is non-interest bearing and has no set terms of repayment.

## Elliot Lake Public Library Board Notes to the Financial Statements

December 31, 2012

8. Tangible capital assets				<u>2012</u>	<u>2011</u>
	<u>Furniture and equipment</u>	<u>Library collection</u>	<u>Leasehold improvements</u>	<u>Total</u>	<u>Total</u>
<b>Cost</b>					
Balance, beginning of the year	\$ 26,349	\$ 580,302	\$ -	\$ 606,651	\$ 558,510
Additions during the year	108,075	218,803	284,788	611,666	48,141
Disposals during the year	<u>(26,349)</u>	<u>(597,287)</u>	<u>-</u>	<u>(623,636)</u>	<u>-</u>
<b>Balance, end of year</b>	<u>108,075</u>	<u>201,818</u>	<u>284,788</u>	<u>594,681</u>	<u>606,651</u>
<b>Accumulated amortization</b>					
Balance, beginning of the year	15,806	333,781	-	349,587	298,148
Disposals during the year	(16,510)	(358,108)	-	(374,618)	-
Amortization during the year	<u>704</u>	<u>24,327</u>	<u>-</u>	<u>25,031</u>	<u>51,439</u>
<b>Balance, end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,587</u>
<b>Net book value</b>	<u>\$ 108,075</u>	<u>\$ 201,818</u>	<u>\$ 284,788</u>	<u>\$ 594,681</u>	<u>\$ 257,064</u>

As a result of the collapse of the Algo Centre on June 23, 2012, all assets on-hand were permanently damaged and written off. The new library premises and related additions were not opened and operational until after December 31, 2012, so none have been put into use. As a result, all assets acquired since June 23, 2012 have been capitalized but not yet depreciated.