



Financial Statements

Elliot Lake Public Library Board

December 31, 2009

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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, 2009 and the statements of operations, changes in net financial assets and cash flows 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 accumulated surplus.

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, 2009 and the results of its operations and cash flows 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

Grant Thornton LLP

March 12, 2010

Chartered accountants

Licensed public accountants

Elliot Lake Public Library Board Statement of Financial Position

December 31

2009

2008

Financial assets

Cash	\$ 500	\$ 500
Restricted cash (Note 3)	559,044	536,439
Investments (Note 4)	-	107,631
Due from the City of Elliot Lake	<u>23,311</u>	<u>2,715</u>
	<u>582,855</u>	<u>647,285</u>

Liabilities

Accounts payable and accrued expenses	<u>2,596</u>	-
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Net financial assets

580,259 647,285

Non-financial assets

Tangible capital assets (Note 7)	<u>13,355</u>	-
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Accumulated Surplus	<u>\$ 593,614</u>	<u>\$ 647,285</u>
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Commitment (Note 5)

On behalf of the Board

See accompanying notes to the financial statements.

Elliot Lake Public Library Board

Statement of Operations

Year Ended December 31	Budget (unaudited)	2009	2008
Revenue			
Municipal grants – operations	\$ 354,707	\$ 354,707	\$ 296,264
Municipal grants – capital	5,628	5,628	742
Province of Ontario grants	54,804	37,522	38,022
User charges	17,086	15,452	16,963
Donations	2,700	-	-
Interest	-	12,341	32,226
Other	20,341	19,962	21,032
	<u>455,266</u>	<u>445,612</u>	<u>405,249</u>
Expenditures			
Salaries and payroll costs	297,610	282,240	270,252
Books	56,050	53,053	48,046
Maintenance and supplies	18,060	17,497	17,825
Utilities	9,720	10,462	9,452
Travel	4,010	985	1,875
Advertising	1,300	2,962	2,185
Telephone and internet	8,133	6,622	6,597
Professional fees	3,590	3,461	2,987
Repairs and maintenance	15,500	11,719	14,814
Insurance	1,206	622	1,206
Rent	85,547	83,090	75,128
Municipal taxes	25,800	22,364	23,221
Amortization	-	704	-
Equipment	8,562	3,502	3,744
	<u>535,088</u>	<u>499,283</u>	<u>477,332</u>
Net expenditures	\$ <u>(79,822)</u>	(53,671)	\$ (72,083)
Opening accumulated surplus		<u>647,285</u>	<u>719,368</u>
Ending accumulated surplus		<u>\$ 593,614</u>	<u>\$ 647,285</u>

See accompanying notes to the financial statements.

Elliot Lake Public Library Board

Statement of Accumulated Surplus

Year Ended December 31

2009

2008

Consists of:

Reserves set aside by the Board

Library building reserve	\$ 559,044	\$ 536,439
Library rent reserve	-	107,631
	<u>559,044</u>	<u>644,070</u>

Surpluses

Invested in tangible capital assets	13,355	-
General fund	20,981	2,981
Unexpended capital	234	234
Total surpluses	<u>34,570</u>	<u>3,215</u>

Accumulated surplus	<u>\$ 593,614</u>	<u>\$ 647,285</u>
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See accompanying notes to the financial statements.

Elliot Lake Public Library Board

Statement of Changes in Net Financial Assets

Year Ended December 31	Budget (unaudited)	2009	2008
Annual deficit	\$ (79,822)	\$ (53,671)	\$ (72,083)
Acquisition of tangible capital assets	-	(14,059)	-
Amortization of tangible capital assets	<u>-</u>	<u>704</u>	<u>-</u>
Change in net financial assets	<u>\$ (79,822)</u>	(67,026)	(72,083)
Net financial assets, beginning of year		<u>647,285</u>	<u>719,368</u>
Net financial assets, end of year		<u>\$ 580,259</u>	<u>\$ 647,285</u>

See accompanying notes to the financial statements.

Elliot Lake Public Library Board

Statement of Cash Flows

Year Ended December 31

2009

2008

Cash flows from operating transactions

Annual surplus (deficit)	\$ (53,671)	\$ (72,083)
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Non-cash charges to operations

Amortization	704	-
Due from the City of Elliot Lake	(20,596)	(84)
Payables and accruals	2,596	
Deferred revenue	-	-
	<u>(70,967)</u>	<u>(72,167)</u>

Capital transactions

Purchase of tangible capital assets	<u>(14,059)</u>	<u>-</u>
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Financing transactions

Increase in restricted cash	(22,605)	(28,990)
Decrease in annuity	107,631	101,307
	<u>85,026</u>	<u>72,317</u>

Net change in cash	-	150
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Cash, beginning of year	<u>500</u>	<u>350</u>
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Cash, end of year	<u>\$ 500</u>	<u>\$ 500</u>
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See accompanying notes to the financial statements.

Elliot Lake Public Library Board

Notes to the Financial Statements

December 31, 2009

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.

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.

Elliot Lake Public Library Board

Notes to the Financial Statements

December 31, 2009

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.

4. Investments

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 year the annuity became fully matured.

5. Commitment

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

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, \$12,727 (2008: \$13,856) was contributed to OMERS.

7. Tangible capital assets

2009

2008

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	\$ 12,995	\$ 13,355	\$ -

The library purchased \$14,059 worth of furniture and equipment in the current fiscal (2008: \$nil) and recorded amortization expense of \$704 (2008: \$nil).