

**Haliburton County  
Library Board**

December 31, 2012

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## Independent Auditor's Report

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To the members of the Haliburton County Library Board, Members of Council, Inhabitants and Ratepayers of the County of Haliburton

We have audited the accompanying financial statements of the Haliburton County Library Board, which comprise the statement of financial position as at December 31, 2012 and the statements of operations and change in net financial assets for the year then ended, and a summary of significant accounting policies and notes to financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants, 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 unqualified audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Haliburton County Library Board as at December 31, 2012, and of its financial position in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

Chartered Accountants, Licensed Public Accountants

Lindsay, Ontario  
May 8, 2013

**Haliburton County  
Library Board  
Statement of Financial Position**

December 31	2012	2011 Restated (Note 2)
<hr/>		
<b>Financial assets</b>		
Cash	\$ 420	\$ 400
Due from County of Haliburton	58,647	57,276
	<hr/>	<hr/>
	59,067	57,676
<b>Liabilities</b>		
Accounts payable and accrued liabilities	30,617	31,614
Deferred leasehold inducement (Note 4)	10,000	15,000
	<hr/>	<hr/>
<b>Net financial assets</b>	18,450	11,062
	<hr/>	
Commitment (Note 4)		
<b>Non-financial assets</b>		
Tangible capital assets (Note 1)	338,183	340,481
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<b>Accumulated surplus (Note 3)</b>	\$ 356,633	\$ 351,543
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On behalf of the Board:

Chair

Treasurer

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County  
Library Board  
Statement of Operations**

For the year ended December 31	Budget 2012  (Note 6)	Actual 2012	Actual 2011  Restated (Note 2)
<b>Revenues</b>			
Contributions from County of Haliburton			
- operating	\$ 643,700	\$ 643,700	\$ 595,000
HCDC Grant	7,500	7,500	5,000
Province of Ontario grants	120,000	134,299	120,353
Southern Ontario Library Services grant	-	-	9,800
Rentals, sales and miscellaneous	15,000	16,791	14,218
Other	20,000	6,858	15,794
	<u>806,200</u>	<u>809,148</u>	<u>760,165</u>
<b>Expenses</b>			
Administration and general	35,800	33,947	32,663
Amortization expense	80,000	84,864	85,205
Automation	7,500	8,313	7,421
Library supplies	24,700	24,655	27,440
Materials	8,000	7,731	6,247
Postage, transportation, telephone	8,500	8,166	8,064
Rent	18,600	13,600	13,600
Salaries and benefits	626,600	622,782	590,316
Small capital	3,500	-	3,308
	<u>813,200</u>	<u>804,058</u>	<u>774,264</u>
<b>Annual surplus (deficit)</b>	<b>(7,000)</b>	<b>5,090</b>	<b>(14,099)</b>
<b>Accumulated surplus, beginning of year</b>	<b>351,543</b>	<b>351,543</b>	<b>365,642</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 344,543</b>	<b>\$ 356,633</b>	<b>\$ 351,543</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

Haliburton County  
Library Board

Statement of Change in Net Financial Assets (Debt)

For the year ended December 31	Budget 2012  (Note 6)	Actual 2012	Actual 2011 Restated (Note 2)
Annual surplus (deficit)	\$ (7,000)	\$ 5,090	\$ (14,099)
Acquisition of tangible capital assets	(1,000)	(82,566)	(90,862)
Amortization of tangible capital assets	-	84,864	85,205
Net change in net financial assets (debt)	(8,000)	7,388	(19,756)
Net financial assets, beginning of year	-	11,062	30,818
Net financial assets (debt), end of year	\$ (8,000)	\$ 18,450	\$ 11,062

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

**Haliburton County  
Library Board  
Statement of Cash Flows**

For the year ended December 31	2012	2011 Restated (Note 2)
<b>Cash provided by (used in)</b>		
<b>Cash flows from operating activities</b>		
Annual surplus (Page 4)	\$ 5,090	\$ (14,099)
Items not involving cash		
Amortization	<u>84,864</u>	<u>85,205</u>
	<u>89,954</u>	<u>71,106</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	(1,371)	16,160
Accounts payable and accrued liabilities	(997)	8,596
Decrease in deferred lease inducement	<u>(5,000)</u>	<u>(5,000)</u>
	<u>(7,368)</u>	<u>19,756</u>
	<u>82,586</u>	<u>90,862</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(82,566)</u>	<u>(90,862)</u>
<b>Net change in cash</b>	20	-
Cash, beginning of year	<u>400</u>	<u>400</u>
<b>Cash, end of year</b>	<u>\$ 420</u>	<u>\$ 400</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements

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**Haliburton County  
Library Board**

**Summary of Significant Accounting Policies**

December 31, 2012

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<b>Nature of Business</b>	<p>Haliburton County Library Board is an unincorporated non-profit organization. The Haliburton County Library Board is dedicated to working with its staff, members and clients to provide efficient service to meet the needs of the community.</p> <p>The Haliburton County Library Board house a new and up-to-date collection of almost 50,000 books and other items to serve the Haliburton County.</p> <p>The Haliburton County Library Board is a registered charity and, as such, is exempt from income tax.</p>
<b>Management Responsibility</b>	<p>The financial statements of the Haliburton County Library Board are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing and standards established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.</p>
<b>Basis of Accounting</b>	<p>Sources of financing and expenditures 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.</p> <p>The focus of PSAB financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes all the assets and liabilities of the Board. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Net financial assets form a part of the financial position and is the difference between financial assets and liabilities. This provides information about the Board's overall future revenue requirements and its ability to finance activities and meet its obligations. Non-financial assets are normally used to deliver services. Their value lies with their service potential rather than their ability to generate future cash inflows. They form part of the financial position as they provide resources that the government can employ in the future to meet its objectives. The accumulated surplus is made up of the combination of net financial assets and non-financial assets.</p>
<b>Estimates and Measurement Uncertainty</b>	<p>Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates. Significant estimates included in these financial statements are the tangible capital asset policies noted below.</p>

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**Haliburton County  
Library Board**

**Summary of Significant Accounting Policies**

December 31, 2012

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**Revenue Recognition**

The Library receives revenue from a variety of sources and applies the following recognition policies:

- a) Grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.
- b) Fee and fine revenue is recognized when the cash is collected.
- c) Revenue from donations and fundraising events is recognized when the cash is collected.

**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly related to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for production or use as follows:

Books	7 years
Computers	5 years
Leasehold improvements	5 years

**Pension Agreement**

Haliburton County Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Haliburton County Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Haliburton County Library Board 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.

**Financial Instruments**

The Haliburton County Library Board's financial instruments consist of accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Haliburton County Library Board are not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.



**Haliburton County  
Library Board  
Notes to Financial Statements**

December 31, 2012

**1. Tangible Capital Assets**

	Leaseholds	Books	Computers	2012
Cost beginning of year	\$ 25,000	\$ 571,344	\$ 57,825	\$ 654,169
Additions during the year	-	78,398	4,168	82,566
Disposals during the year	-	(65,360)	(22,004)	(87,364)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 584,382</u>	<u>\$ 39,989</u>	<u>\$ 649,371</u>
Accumulated amortization beginning of year	\$ 10,000	\$ 264,457	\$ 39,231	\$ 313,688
Amortization expense	5,000	72,283	7,581	84,864
Accumulated amortization of disposals	-	(65,360)	(22,004)	(87,364)
Accumulated amortization end of year	<u>\$ 15,000</u>	<u>\$ 271,380</u>	<u>\$ 24,808</u>	<u>\$ 311,188</u>
Net book value beginning of year	<u>\$ 15,000</u>	<u>\$ 306,887</u>	<u>\$ 18,594</u>	<u>\$ 340,481</u>
Net book value end of year	<u>\$ 10,000</u>	<u>\$ 313,002</u>	<u>\$ 15,181</u>	<u>\$ 338,183</u>
	Leaseholds	Books	Computers	2011
Cost beginning of year	\$ 25,000	\$ 595,825	\$ 70,937	\$ 691,762
Additions during the year	-	90,862	-	90,862
Disposals during the year	-	(115,343)	(13,112)	(128,455)
Cost end of the year	<u>\$ 25,000</u>	<u>\$ 571,344</u>	<u>\$ 57,825</u>	<u>\$ 654,169</u>
Accumulated amortization beginning of year	\$ 5,000	\$ 311,160	\$ 40,778	\$ 356,938
Amortization expense	5,000	68,640	11,565	85,205
Accumulated amortization of disposals	-	(115,343)	(13,112)	(128,455)
Accumulated amortization end of year	<u>\$ 10,000</u>	<u>\$ 264,457</u>	<u>\$ 39,231</u>	<u>\$ 313,688</u>
Net book value beginning of year	<u>\$ 20,000</u>	<u>\$ 284,665</u>	<u>\$ 30,159</u>	<u>\$ 334,824</u>
Net book value end of year	<u>\$ 15,000</u>	<u>\$ 306,887</u>	<u>\$ 18,594</u>	<u>\$ 340,481</u>

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**Haliburton County  
Public Library Board  
Notes to Financial Statements**

December 31, 2012

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**2. Prior Period Adjustment**

A prior period adjustment was made to record leasehold improvements and a deferred leasehold inducement that originated in 2009. The correction has been applied retroactively and the impact of the changes on fiscal 2011 were as follows:

- An increase in non-financial assets and deferred lease inducements of \$15,000
- An increase in amortization and a decrease in rent of \$5,000
- There was no impact on annual or accumulated surplus

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**3. Accumulated Surplus**

	<u>2012</u>	<u>2011</u>
Reserve	\$ 27,247	\$ 24,859
Invested in tangible capital assets	328,183	325,481
Other	1,203	1,203
	<u>\$ 356,633</u>	<u>\$ 351,543</u>

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**4. Commitment**

The library has entered into a five year tenant lease agreement with Dysart for the administration office attached to the Haliburton branch. Annual payments are \$13,600 for rent and \$5,000 for leasehold improvements. The lease expires December 2014.

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**Haliburton County  
Public Library Board  
Notes to Financial Statements**

December 31, 2012

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**5. Pension Agreement**

The Library Board is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of the past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

OMERS provides pension services to more than 428,947 active and retired members and approximately 968 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial value of the Plan was conducted at December 31, 2012. The results of this valuation disclosed total actuarial liabilities of \$62,292 million in respect of benefits accrued for service with actuarial assets at that date of \$59,368 million indicating an actuarial deficit of \$2,924 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library Board to OMERS for 2012 were \$26,601 (2011 - \$18,909).

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**6. Budget Figures**

The budget adopted by the Library Board on February 8, 2012 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget adopted by the Library Board on February 8, 2012 with adjustments as follows:

	<u>2012</u>
Balanced budget for the year	\$ -
Add:	
Capital expenditures	1,000
Budgeted transfers from accumulated surplus	<u>(8,000)</u>
Budget surplus per statement of operations	<u>\$ (7,000)</u>

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