

THE CORPORATION OF THE TOWN OF HUNTSVILLE

HUNTSVILLE PUBLIC LIBRARY

FINANCIAL STATEMENTS

December 31, 2017

**THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Huntsville

We have audited the statement of financial position of the Huntsville Public Library as at December 31, 2017 and the statements of operations, the change in its net financial assets and 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 audit opinion.

Basis for qualified opinion

In common with many other public sector organizations, the Library derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Library and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenue, annual surplus and accumulated surplus.

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 Huntsville Public Library as at December 31, 2017, and the results of its operations, the change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Huntsville, Ontario
May 30, 2018

Pahapill and Associates Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

**THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017**

	2017	2016
FINANCIAL ASSETS		
Due from The Corporation of the Town of Huntsville	706,296	602,231
	706,296	602,231
LIABILITIES		
NET FINANCIAL ASSETS	706,296	602,231
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 2)	444,244	454,147
	444,244	454,147
ACCUMULATED SURPLUS (Note 3)	\$ 1,150,540	\$ 1,056,378

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget 2017 (Note 4)	Actual 2017	Actual 2016
REVENUE			
Municipal contributions	\$ 947,311	\$ 947,311	\$ 916,006
Provincial grants	42,972	46,963	46,498
Federal grants	17,000	13,218	1,577
Fines	12,000	12,147	13,720
Donations	17,000	31,367	18,433
Other	28,000	40,985	22,673
TOTAL REVENUE	1,064,283	1,091,991	1,018,907
EXPENSES			
Administration	28,928	31,112	30,561
Amortization	156,999	156,999	137,135
Board expenses	3,000	3,922	2,120
Contracted services	56,510	53,959	32,430
Equipment repairs and maintenance	7,000	8,662	22,013
Heat, light and water	14,510	12,224	27,276
Professional fees	1,500	1,689	1,500
Repairs and maintenance	40,500	41,701	28,230
Supplies	13,000	31,658	13,252
Telephone	3,950	2,401	2,097
Wages and benefits	670,387	653,502	654,020
TOTAL EXPENSES	996,284	997,829	950,634
ANNUAL SURPLUS (DEFICIT)	67,999	94,162	68,273
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,056,378	1,056,378	988,105
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,124,377	\$ 1,150,540	\$ 1,056,378

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget 2017 (Note 4)	Actual 2017	Actual 2016
Annual surplus (deficit)	\$ 67,999	\$ 94,162	\$ 68,273
Acquisition of tangible capital assets	(147,096)	(147,096)	(141,849)
Amortization of tangible capital assets	156,999	156,999	137,135
Increase (decrease) in net financial assets	77,902	104,065	63,559
Net financial assets (deficit), beginning of year	602,231	602,231	538,672
Net financial assets, end of year	\$ 680,133	\$ 706,296	\$ 602,231

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Operating transactions		
Annual surplus (deficit)	\$ 94,162	\$ 68,273
Non-cash charges to operations:		
Amortization	156,999	137,135
	251,161	205,408
Changes in non-cash assets and liabilities:		
Due from The Corporation of the Town of Huntsville	(104,065)	(63,559)
	(104,065)	(63,559)
Cash provided by operating transactions	147,096	141,849
Capital transactions		
Acquisition of tangible capital assets	(147,096)	(141,849)
Cash applied to capital transactions	(147,096)	(141,849)
Investing transactions		
Cash provided by investing transactions	-	-
Financing transactions		
Cash applied to financing transactions	-	-
Cash and cash equivalents, beginning of year	-	-
Cash and cash equivalents, end of year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS
 Year Ended December 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Accounting

- (i) **Accrual basis of accounting**
 Sources of financing and expenditures are reported on the accrual basis of accounting. This method recognizes revenues as they become available and measurable; expenditures 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.
- (ii) **Non-financial assets**
 Non-financial assets are not available to discharge existing liabilities but are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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

Furniture and computers - 5 to 10 years
 Collection - 10 years

- (iii) **Government transfers**
 Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
- (iv) **Other revenues**
 Fines and other revenue are recognized as revenue when the services are provided and there is reasonable assurance of collection. Donations are recorded as revenue when received.
- (v) **Use of estimates**
 The preparation of financial statements in conformity 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 expenses during the period. Significant estimates include estimated useful lives of tangible capital assets. While actual results could differ from these estimates, material changes in the amounts reported within the next year are not considered reasonably possible.

THE CORPORATION OF THE TOWN OF HUNTSVILLE

HUNTSVILLE PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2017

2. TANGIBLE CAPITAL ASSETS

The following tables provide information on the tangible capital assets of the Library by major asset class.

	Furniture and computers	Collection	TOTAL 2017	TOTAL 2016
COST				
Balance, beginning of year	\$ 151,232	\$ 884,807	\$ 1,036,039	\$ 2,879,880
Additions and betterments	20,910	126,186	147,096	141,849
Disposals and writedowns	-	-	-	(1,985,690)
BALANCE, END OF YEAR	172,142	1,010,993	1,183,135	1,036,039
ACCUMULATED AMORTIZATION				
Balance, beginning of year	122,622	459,270	581,892	2,430,447
Annual amortization	17,315	139,684	156,999	137,135
Disposals and writedowns	-	-	-	(1,985,690)
BALANCE, END OF YEAR	139,937	598,954	738,891	581,892
TANGIBLE CAPITAL ASSETS-NET	\$ 32,205	\$ 412,039	\$ 444,244	\$ 454,147

Additional information relating to these assets is provided below.

- (a) **Contributed tangible capital assets**
The Library records all tangible capital assets contributed by external parties at the fair market value. During the year no such contributions were recorded.
- (b) **Works of Art and Historical Treasures**
Huntsville Public Library holds a collection of art and historical treasures that have been donated to the library or collected through the history of the library.

3. ACCUMULATED SURPLUS

The accumulated surplus balance is comprised of the following:

	2017	2016
Tangible capital assets (Note 2)	\$ 444,244	\$ 454,147
General operating surplus (deficit)	249,192	99,639
Capital reserves	457,104	502,592
	\$ 1,150,540	\$ 1,056,378

The investment in tangible capital assets represents amounts already spent and invested in equipment. Reserve funds represents funds set aside by by-law or Council resolution for specific purposes.

THE CORPORATION OF THE TOWN OF HUNTSVILLE**HUNTSVILLE PUBLIC LIBRARY****NOTES TO THE FINANCIAL STATEMENTS**Year Ended December 31, 2017

4. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been restated to conform with the accounting and reporting standards adopted for the current year actual results.

5. SEGMENT DISCLOSURE

Since the Library's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

6. COMPARATIVE FIGURES

Certain 2016 amounts in these financial statements have been reclassified to conform with their presentation in 2017.