

THE CORPORATION OF THE TOWN OF HUNTSVILLE

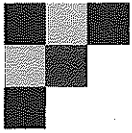
HUNTSVILLE PUBLIC LIBRARY

FINANCIAL STATEMENTS

December 31, 2018

**THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
INDEX TO FINANCIAL STATEMENTS**

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Change in Net Financial Assets	5
Statement of Cash Flow	6
Notes to the Financial Statements	7 - 9



INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of the Huntsville Public Library which comprise of the statement of financial position as at December 31, 2018 and the statement of financial activities and changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Huntsville Public Library as at December 31, 2018, and its statement of financial activities and changes in net financial assets for the year then ended in accordance to Canadian public sector accounting standards.

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 compete audit verification. Accordingly, our verification of such receipts was limited to accounting for the amounts recorded in the records of the Library. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

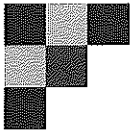
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.



PAHAPILL and ASSOCIATES Chartered Accountants

Professional Corporation

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pahapill and Associates

Huntsville, Ontario
July 22, 2019

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, 2018

	2018	2017
FINANCIAL ASSETS		
Due from The Corporation of the Town of Huntsville	729,493	706,296
	729,493	706,296
LIABILITIES		
NET FINANCIAL ASSETS	729,493	706,296
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 2)	437,791	444,244
	437,791	444,244
ACCUMULATED SURPLUS (Note 3)	\$ 1,167,284	\$ 1,150,540

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWN OF HUNTSVILLE
HUNTSVILLE PUBLIC LIBRARY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Budget 2018 (Note 4)	Actual 2018	Actual 2017
REVENUE			
Municipal contributions	\$ 947,311	\$ 947,311	\$ 947,311
Provincial grants	42,958	47,586	46,963
Federal grants	-	-	13,218
Fines	12,000	13,567	12,147
Donations	-	19,576	31,367
Other	31,566	43,235	40,985
TOTAL REVENUE	1,033,835	1,071,275	1,091,991
EXPENSES			
Administration	36,116	34,103	31,112
Amortization	175,964	175,964	156,999
Board expenses	3,000	3,695	3,922
Contracted services	89,150	66,077	53,959
Equipment repairs and maintenance	5,000	4,353	8,662
Heat, light and water	13,310	12,176	12,224
Professional fees	1,526	1,526	1,689
Repairs and maintenance	33,650	41,749	41,701
Supplies	11,000	39,641	31,658
Telephone	2,700	2,441	2,401
Wages and benefits	679,721	672,806	653,502
TOTAL EXPENSES	1,051,137	1,054,531	997,829
ANNUAL SURPLUS (DEFICIT)	(17,302)	16,744	94,162
ACCUMULATED SURPLUS, BEGINNING OF YEAR	1,150,540	1,150,540	1,056,378
ACCUMULATED SURPLUS, END OF YEAR	\$ 1,133,238	\$ 1,167,284	\$ 1,150,540

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, 2018

	Budget 2018 (Note 4)	Actual 2018	Actual 2017
Annual surplus (deficit)	\$ (17,302)	\$ 16,744	\$ 94,162
Acquisition of tangible capital assets	(169,511)	(169,511)	(147,096)
Amortization of tangible capital assets	175,964	175,964	156,999
Increase (decrease) in net financial assets	(10,849)	23,197	104,065
Net financial assets (deficit), beginning of year	706,296	706,296	602,231
Net financial assets, end of year	\$ 695,447	\$ 729,493	\$ 706,296

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, 2018

	2018	2017
Operating transactions		
Annual surplus (deficit)	\$ 16,744	\$ 94,162
Non-cash charges to operations:		
Amortization	175,964	156,999
	192,708	251,161
Changes in non-cash assets and liabilities:		
Due from The Corporation of the Town of Huntsville	(23,197)	(104,065)
	(23,197)	(104,065)
Cash provided by operating transactions	169,511	147,096
Capital transactions		
Acquisition of tangible capital assets	(169,511)	(147,096)
Cash applied to capital transactions	(169,511)	(147,096)
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, 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Huntsville Public Library (the "Library") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended in the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. 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 public sector accounting standards 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, 2018

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 2018	TOTAL 2017
COST				
Balance, beginning of year	\$ 172,142	\$ 1,010,993	\$ 1,183,135	\$ 1,036,039
Additions and betterments	56,776	112,735	169,511	147,096
Disposals and writedowns	(105,261)	-	(105,261)	-
BALANCE, END OF YEAR	123,657	1,123,728	1,247,385	1,183,135
ACCUMULATED AMORTIZATION				
Balance, beginning of year	139,937	598,954	738,891	581,892
Annual amortization	20,175	155,789	175,964	156,999
Disposals and writedowns	(105,261)	-	(105,261)	-
BALANCE, END OF YEAR	54,851	754,743	809,594	738,891
TANGIBLE CAPITAL ASSETS-NET	\$ 68,806	\$ 368,985	\$ 437,791	\$ 444,244

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:

	2018	2017
Tangible capital assets (Note 2)	\$ 437,791	\$ 444,244
General operating surplus (deficit)	270,850	249,192
Capital reserves	458,643	457,104
	\$ 1,167,284	\$ 1,150,540

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, 2018

4. BUDGET FIGURES

The unaudited budget adopted for the current year was prepared on a fund basis, and has been amended 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.