



Financial Statements

Huron Shores Public Library Board

December 31, 2012

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Independent auditor's report

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To the Members of the Huron Shores Public Library Board,
Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Huron Shores

We have audited the accompanying financial statements of Huron Shores Public Library Board, which comprise the statement of financial position as at December 31, 2012, the statements of operations, accumulated surplus, changes in 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 Board'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 Board'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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Huron Shores Public Library Board as at December 31, 2012, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Sault Ste. Marie, Canada

May 8, 2013

Grant Thornton LLP

Chartered accountants

Licensed public accountants

Huron Shores Public Library Board Statement of Financial Position

As at December 31	2012	2011
Financial assets		
Cash	\$ 21,542	\$ 35,357
Receivables	<u>11,431</u>	<u>4,034</u>
	<u>32,973</u>	<u>39,391</u>
Liabilities		
Payables and accruals	467	4,700
Deferred revenue (Note 4)	<u>2,887</u>	<u>7,509</u>
	<u>3,354</u>	<u>12,209</u>
Net financial assets	29,619	27,182
Non-financial assets		
Tangible capital assets (Note 3)	<u>19,636</u>	<u>22,611</u>
Accumulated surplus	<u>\$ 49,255</u>	<u>\$ 49,793</u>

On behalf of the Library Board

See accompanying notes to the financial statements.

Huron Shores Public Library Board

Statement of Operations

For the Year Ended December 31	Budget (Note 5)	2012	2011
Revenue			
Municipal contributions	\$ 17,100	\$ 11,500	\$ 11,500
Government transfers	8,244	23,876	19,592
Interest	-	-	-
Other	150	-	390
	<u>25,494</u>	<u>35,376</u>	<u>31,482</u>
Expenditures			
Salaries and payroll costs	25,100	25,086	21,121
Moving expenses	15,574	-	-
Materials and supplies	500	2,744	1,152
Travel and training	100	-	-
Telephone and internet	900	1,303	1,944
Rent	720	720	720
Amortization	5,000	5,571	5,729
Administration	30	490	96
	<u>47,924</u>	<u>35,914</u>	<u>30,762</u>
Annual (deficit) surplus	(22,430)	(538)	720
Opening accumulated surplus	<u>26,430</u>	<u>49,793</u>	<u>49,073</u>
Ending accumulated surplus	<u>\$ 4,000</u>	<u>\$ 49,255</u>	<u>\$ 49,793</u>

See accompanying notes to the financial statements.

Huron Shores Public Library Board Statement of Accumulated Surplus

For the Year Ended December 31

2012

2011

Accumulated surplus

Consists of:

Invested in tangible capital assets	\$ 19,636	\$ 22,611
Operating surplus	<u>29,619</u>	<u>27,182</u>
Accumulated surplus	<u>\$ 49,255</u>	<u>\$ 49,793</u>

See accompanying notes to the financial statements.

Huron Shores Public Library Board

Statement of Changes in Net Financial Assets

For the Year Ended December 31	Budget (Note 5)	2012	2011
Annual (deficit) surplus	\$ (23,159)	\$ (538)	\$ 720
Acquisition of tangible capital assets	(4,000)	(2,596)	(5,933)
Amortization of tangible capital assets	<u>5,000</u>	<u>5,571</u>	<u>5,729</u>
Change in net financial assets	(22,159)	2,437	516
Net financial assets, beginning of year	<u>27,182</u>	<u>27,182</u>	<u>26,666</u>
Net financial assets, end of year	<u>\$ 5,023</u>	<u>\$ 29,619</u>	<u>\$ 27,182</u>

See accompanying notes to the financial statements.

Huron Shores Public Library Board Statement of Cash Flows

For the Year Ended December 31

	2012	2011
Cash flows from operating transactions		
Annual (deficit) surplus	\$ (538)	\$ 720
Non-cash charges to operations		
Amortization	5,571	5,729
Change in:		
Receivables	(7,397)	6,823
Accounts payable and accruals	(4,233)	(2,515)
Deferred revenue	<u>(4,622)</u>	<u>1,818</u>
	<u>(11,219)</u>	<u>12,575</u>
Capital transactions		
Purchase of tangible capital assets	<u>(2,596)</u>	<u>(5,933)</u>
Net change in cash	(13,815)	6,642
Cash, beginning of year	<u>35,357</u>	<u>28,715</u>
Cash, end of year	<u>\$ 21,542</u>	<u>\$ 35,357</u>

See accompanying notes to the financial statements.

Huron Shores Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2012

1. Purpose of the Library Board

Huron Shores Public Library Board (the "Board") provides library services to residents of the Municipality of Huron Shores and residents of other municipalities who have contracted the Board for services.

2. Summary of significant accounting policies

The financial statements of the Huron Shores 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 and expenses 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 a legal obligation to pay.

Revenue recognition

Government transfers are recognized in the year in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent that the related expenditures have been incurred and collection can be reasonably assured.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is a reasonable assurance of collection.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs 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 the receipt. The cost, less residual value of the asset is amortized on a straight line basis over their estimated useful lives as follows:

Library collection	7 years
Furniture	10 years
Computer equipment	4 years

Huron Shores Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2012

3. Tangible capital assets

2012

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Library collection	\$ 22,204	\$ 11,312	\$ 10,892
Furniture	7,134	2,684	4,450
Computer equipment	9,969	5,675	4,294
	<u>\$ 39,307</u>	<u>\$ 19,671</u>	<u>\$ 19,636</u>

There were additions to tangible capital assets in the year of \$2,596; all of which were for the library collection. There was \$3,141 of disposals of cost and accumulated amortization in 2011.

2011

The following classifies the tangible capital assets by object:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Library collection	\$ 22,749	\$ 11,243	\$ 11,506
Furniture	7,134	2,090	5,044
Computer equipment	9,969	3,908	6,061
	<u>\$ 39,852</u>	<u>\$ 17,241</u>	<u>\$ 22,611</u>

There were additions to tangible capital assets in the year of \$5,933; \$3,085 of additions to the library collection and \$2,848 of additions to computer equipment. There was \$8,091 of disposals of cost and accumulated amortization in 2011.

4. Deferred revenue

2012

2011

Pay equity subsidy	\$ 1,988	\$ 1,988
Community Access Program subsidy	899	5,521
	<u>\$ 2,887</u>	<u>\$ 7,509</u>

5. Budget figures

The budgets originally approved by the Huron Shores Public Library Board for 2012, adjusted as noted below, are reflected in the statement of operations and statement of change in net financial assets.

- a) An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Board approved budget.
- b) An amount for acquisition of tangible capital assets has been added to the statement of changes in net financial assets based on budgeted capital expenditures in the original budgets approved by the Board.