

**Barrie Public Library Board**  
**Financial Statements**  
For the year ended December 31, 2011

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**Financial Statements**  
**For the year ended December 31, 2011**

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## Independent Auditor's Report

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### To the Board Members of the Barrie Public Library Board

We have audited the accompanying financial statements of the Barrie Public Library Board which comprise the statement of financial position as at December 31, 2011 and the statements of operations, change 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 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 qualified audit opinion.

#### Basis for Qualified Opinion

In common with many non-profit organizations, Barrie Public Library Board derives revenue from fines, 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 organization and we were not able to determine whether any adjustments might be necessary to fines, donations and fundraising revenues, annual surplus, financial assets and accumulated surplus.

#### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the statement of financial position of Barrie Public Library Board as at December 31, 2011, and the results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Barrie, Ontario  
May 24, 2012

## Barrie Public Library Board Statement of Financial Position

December 31	2011	2010
		Restated (See Note 1)
<b>Financial assets</b>		
Cash	\$ 935	\$ 1,005
GST/HST receivable	207,612	97,296
Due from the Corporation of the City of Barrie (Note 2)	1,311,907	1,781,470
	<b>1,520,454</b>	<b>1,879,771</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	13,155	10,938
Employee benefits plan liability (Note 3)	651,839	558,126
Deferred revenue (Note 4)	56,932	264,712
	<b>721,926</b>	<b>833,776</b>
<b>Net financial assets</b>	<b>798,528</b>	<b>1,045,995</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 5)	3,415,162	2,297,132
Tangible capital assets under construction (Note 5)	149,845	-
Prepaid expenses	26,447	68,434
	<b>3,591,454</b>	<b>2,365,566</b>
<b>Accumulated surplus (Note 6)</b>	<b>\$ 4,389,982</b>	<b>\$ 3,411,561</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Barrie Public Library Board Statement of Operations

For the year ended December 31	Budget 2011	2011	2010
	(Note 8)		Restated (See Note 1)
<b>Revenue</b>			
Municipal contribution (Note 2)	\$ 6,585,818	\$ 5,388,540	\$ 4,209,532
Development charges (Note 2)	268,935	250,859	126,331
Provincial grant	271,808	271,808	271,808
Miscellaneous grants	-	11,354	1,885
Contract receipt - Township of Oro-Medonte	128,835	128,835	122,700
Fines	146,000	119,565	129,158
Programs and fees	48,500	36,686	43,368
Donations	-	342,407	55,806
Fundraising revenue, Cafe and Boutique sales	-	128,104	125,544
Interest	-	19,884	6,093
	<u>7,449,896</u>	<u>6,698,042</u>	<u>5,092,225</u>
<b>Expenses</b>			
Amortization	560,091	560,091	548,556
Fundraising, Cafe and Boutique expenses	-	53,989	52,868
Maintenance	411,478	102,735	130,568
Materials	-	90,779	71,375
Other supplies	204,567	137,033	96,772
Personnel			
Benefits	17,378	639,405	559,052
Salaries	3,287,359	2,778,372	2,716,455
Processing, professional and other	360,496	342,869	314,313
Rent (Note 2)	394,633	440,408	426,010
Contribution to Municipality (Note 2)	-	573,940	-
	<u>5,236,002</u>	<u>5,719,621</u>	<u>4,915,969</u>
<b>Annual surplus</b>	<u>2,213,894</u>	<u>978,421</u>	<u>176,256</u>
<b>Accumulated surplus, beginning of year, as previously stated</b>	-	-	3,308,182
<b>Prior period adjustment</b>	-	-	(72,877)
<b>Accumulated surplus, beginning of year</b>	<u>3,411,561</u>	<u>3,411,561</u>	<u>3,235,305</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 5,625,455</u>	<u>\$ 4,389,982</u>	<u>\$ 3,411,561</u>

## Barrie Public Library Board Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2011	2011	2010
	(Note 8)		Restated (See Note 1)
Annual surplus	\$ 2,213,894	\$ 978,421	\$ 176,256
Acquisition of tangible capital assets	(1,678,121)	(1,678,121)	(557,869)
Acquisition of tangible capital assets under construction	(149,845)	(149,845)	548,556
Amortization of tangible capital assets	560,091	560,091	-
	<u>946,019</u>	<u>(289,454)</u>	<u>166,943</u>
Decrease (increase) of prepaid expenses	-	41,987	(29,186)
<b>Net change in net financial assets</b>	<u>946,019</u>	<u>(247,467)</u>	<u>137,757</u>
Net financial assets, beginning of year	-	-	981,115
Prior period adjustment (Note 1)	-	-	(72,877)
Net financial assets, beginning of year restated	<u>1,045,995</u>	<u>1,045,995</u>	<u>908,238</u>
<b>Net financial assets, end of year</b>	<u>\$ 1,992,014</u>	<u>\$ 798,528</u>	<u>\$ 1,045,995</u>

## Barrie Public Library Board Statement of Cash Flows

For the year ended December 31	2011	2010
		Restated (See Note 1)
<b>Operating transactions</b>		
Annual surplus	\$ 978,421	\$ 176,256
Items not involving cash:		
Amortization	560,091	548,556
Changes in non-cash operating balances:		
GST/HST receivable	(110,316)	(66,768)
Prepaid expenses	41,987	(29,185)
Accounts payable and accrued liabilities	2,217	-
Employee benefits plan liability	93,713	61,861
Deferred revenue	(207,780)	203,331
	<b>1,358,333</b>	<b>894,051</b>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(1,678,121)	(557,869)
Acquisition of tangible capital assets under construction	(149,845)	-
	<b>(1,827,966)</b>	<b>(557,869)</b>
<b>Investing transactions</b>		
Decrease (increase) in amount due from the Corporation of the City Barrie	469,563	(336,182)
	(70)	-
<b>Net change in cash and cash equivalents</b>		
	<b>1,005</b>	<b>1,005</b>
Cash, beginning of year		
	<b>935</b>	<b>1,005</b>
Cash, end of year	<b>\$ 935</b>	<b>\$ 1,005</b>

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## Barrie Public Library Board Summary of Significant Accounting Policies

**December 31, 2011**

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**Management's  
Responsibility for the  
Financial Statements**

The financial statements of the Barrie Public Library Board ("Board") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. It's primary role is to provide library services to the general public.

**Accrual Basis of  
Accounting**

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenditures are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

**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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the employee benefits payable, claims provisions, the estimated useful life of capital assets and valuation of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**Deferred Revenue**

Funds received for specific purposes which are externally restricted by agreement and are not available for general Board purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.



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## Barrie Public Library Board Summary of Significant Accounting Policies

**December 31, 2011**

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### **Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable 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 the 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 in the year following that in which the asset is available for productive use as follows:

Collections	7 years
Computer Equipment	3 to 5 years
Furniture and Fixtures	5 to 10 years

### **Revenue Recognition**

Revenues are recognized as follows:

- a) Municipal contributions are recognized in the period to which the related expenditures are incurred.
- b) Development charges are recognized over the period of service or when required expenditures occur if applicable.
- c) Grant revenue is recognized in the period to which the related expenditures are incurred.
- d) Revenue from the Contract receipt - Township of Oro-Medonte is recognized on a quarterly basis when due.
- e) Fine revenue is recognized when collected.
- f) Fees for programs and services are recognized over the period of service or when the related expenditures occur.
- g) Donations and fundraising revenue are recognized when collected.
- h) Interest income is recognized as it is earned.

### **Pension Plan**

The 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, are responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The 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.

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## Barrie Public Library Board Summary of Significant Accounting Policies

December 31, 2011

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**Government Transfers** Transfer payments, which included legislative grants, are recognized in the in the financial statements in the period in which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be determined.

**Other Employee  
Benefit Plans**

The Board provides other future benefits to specified employee groups. These benefits include life insurance, health care benefits, sick days and worker's compensation benefits. The Board has adopted the following policies with respect to accounting for these employee benefits:

a) The costs of self insured sick days and other employee future benefit plans are actuarially determined using management's best estimates of salary escalation, retirement ages of employees, accumulated sick days at retirement, insurance and health care cost trends, disability recovery rates, long-term inflation rates and discount rates.

For self insured other employee benefits that vest or accumulate over the periods of service provided by employees such as insurance, dental and medical benefits for retirees, or certain sick leave amounts, the cost is actuarially determined using the projected benefit method prorated on services. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For self insured benefit obligations that arise from specific events that occur from time to time such as long-term disability the cost is recognized in the year in which it occurs.

b) Vacation and lieu time entitlements are accrued for as entitlements are earned.

**Tangible Capital  
Assets Under  
Construction**

Tangible capital assets under construction are recorded at cost. When construction is completed the tangible capital assets under construction will be transferred to capital assets and amortized based on classification.

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## Barrie Public Library Board Notes to Financial Statements

December 31, 2011

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### 1. Restatement of Prior Period

During the year, it was discovered that the employee plan liabilities were understated as at December 31, 2010.

Prior period adjustments have been recorded. The impact of the above noted prior period adjustments were as follows:

	<u>2010</u>
<b><u>Statement of Financial Position</u></b>	
Decrease in 2010 opening accumulated surplus	\$ <u>(72,877)</u>
<b><u>2010 Statement of Operations</u></b>	
Increase in expenses	
Personnel - Benefits	\$ <u>4,832</u>
Total increase in expenses	\$ <u>4,832</u>
Decrease in 2010 annual surplus	\$ <u>(4,832)</u>
Decrease in 2010 closing accumulated surplus	\$ <u>(77,709)</u>
Increase in 2010 employee benefits plan liability	\$ <u>(77,709)</u>

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## Barrie Public Library Board Notes to Financial Statements

**December 31, 2011**

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### 2. Due from The Corporation of the City of Barrie

The Corporation of the City of Barrie controls the Barrie Public Library Board due to the fact that the Council for the City of Barrie approves the Board's budget and has representation on the Board of Directors. The following table summarizes the transactions with the Corporation of the City of Barrie for the year:

	2011	2010
<b>Revenue</b>		
Municipal operating grant	\$ 5,388,540	\$ 4,209,532
Development charges	\$ 250,859	\$ 126,331
<b>Expenditures</b>		
Rent	\$ 440,408	\$ 426,010
Contribution to municipality	\$ 573,940	\$ -

At the end of the year, the amount due from the Corporation of the City of Barrie is as follows:

	2011	2010
Due from the Corporation of the City of Barrie	\$ 1,311,907	\$ 1,781,470

During the year the Board transferred \$573,940 to the Corporation of the City of Barrie for the Painswick Library branch capital project.

Of the balance at year-end, \$1,484,382 (2010 - \$1,830,299) is held in reserve and bears interest as disclosed in Note 6.

The balance is unsecured, with no fixed terms of repayment and has arisen from the transactions listed above less expenditures paid on behalf of the Barrie Public Library Board. The transactions are measured at the exchange amount.

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## Barrie Public Library Board Notes to Financial Statements

**December 31, 2011**

### 3. Employee Benefits Plan Liability

	2011	2010
Retirement gratuity benefit - accrued benefit liability	\$ 257,723	\$ 234,017
Post retirement benefits - accrued benefit liability	203,989	140,912
Sick leave benefits - accrued benefit liability	60,077	61,682
Vacation and lieu time payable	130,050	121,515
	\$ 651,839	\$ 558,126

Information about post retirement benefits is as follows:

	2011	2010
Current year benefit cost	\$ 12,698	\$ 7,014
Interest on accrued benefit obligation	6,763	-
Increase due to plan amendment	43,616	-
Actuarial losses	-	5,038
Employee post retirement benefit expense	\$ 63,077	\$ 12,052

Information about compensated absences is as follows:

	2011	2010
Current year benefit cost	\$ 27,198	\$ 36,940
Interest on accrued benefit obligation	12,029	-
Actuarial losses	-	12,870
Employee compensated absences expense	\$ 39,227	\$ 49,810

The Board has established reserves to mitigate the future impact of the sick leave obligation as detailed on the schedule of reserves in note 6. The balance of the sick leave reserve is \$119,483 (2010 - \$114,483).

The amount of benefits paid during the year was \$8,591 (2010 - \$NIL) for compensated absence benefits.

Long-term disability benefits are available to employees as discussed in the policies. As of December 31, 2011 there is no liability recorded as the benefits are event driven and there have not been any events which would indicate a liability is required.

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**Barrie Public Library Board  
Notes to Financial Statements**

**December 31, 2011**

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**3. Employee Benefits Plan Liability, continued**

**Retirement Benefits**

Retirement Pay

Certain groups of employees who retire under the provisions of OMERS are entitled to retirement gratuities. The amount of the gratuities paid at retirement is based on their salary, accumulated sick days, and years of service at retirement. The benefit costs and liabilities recorded are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was as of December 31, 2011.

Sick Leave Benefits

The Board provides paid sick leave that can be carried forward up to a maximum defined by each employee group. The benefit costs and liabilities recorded for this benefit in 2011 are based on an actuarial valuation prepared by an independent firm. The date of the last actuarial valuation was at of December 31, 2011.

The accrued benefit obligations for the Board's employee future benefit plans as at December 31, 2011 are based on actuarial valuations for accounting purposes as at December 31, 2011. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	<u>2011</u>	<u>2010</u>
Expected future inflation rates	2%	2%
Expected wage and salary increases	3%	3%
Discount on accrued benefit obligations	4%	4%
Health care cost escalation	4% to 12%	4% to 12%
Dental costs escalation	3.5% to 8%	3.5% to 8%

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**Barrie Public Library Board  
Notes to Financial Statements**

**December 31, 2011**

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**4. Deferred Revenue**

	2010 Opening balance	Contributions received	Revenue recognized	2011 Ending balance	2010 Ending balance
Materials	\$ 71,250	\$ 3,750	\$ (18,068)	\$ 56,932	\$ 71,250
Capital campaign	193,462	121,539	(315,001)	-	193,462
	<b>\$ 264,712</b>	<b>\$ 125,289</b>	<b>\$(333,069)</b>	<b>\$ 56,932</b>	<b>\$ 264,712</b>

Materials

Deferred revenues for materials are contributions from members of the community for the purchase of specific library materials.

Capital Campaign

Deferred revenue for the capital campaign are contributions from members of the community for the construction of an additional library facility. During 2011, construction began on the Painswick Library branch, and \$315,001 of these donations were recognized as revenue to cover the contribution made to the City of Barrie for the related construction costs.

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**Barrie Public Library Board  
Notes to Financial Statements**

**December 31, 2011**

**5. Tangible Capital Assets**

	Collections	Computer Equipment	Furniture and Fixtures	2011 Total
Cost, beginning of year	\$ 4,888,003	\$ 470,723	\$ 602,396	\$ 5,961,122
Additions	1,233,472	17,173	427,476	1,678,121
Cost, end of year	<u>6,121,475</u>	<u>487,896</u>	<u>1,029,872</u>	<u>7,639,243</u>
Accumulated amortization, beginning of year	2,858,545	372,285	433,160	3,663,990
Amortization	485,967	45,236	28,888	560,091
Accumulated amortization, end of year	<u>3,344,512</u>	<u>417,521</u>	<u>462,048</u>	<u>4,224,081</u>
Net carrying amount, end of year	<u>\$ 2,776,963</u>	<u>\$ 70,375</u>	<u>\$ 567,824</u>	<u>\$ 3,415,162</u>

	Collections	Computer Equipment	Furniture and Fixtures	2010 Total
Cost, beginning of year	\$ 4,378,344	\$ 457,181	\$ 567,728	\$ 5,403,253
Additions	509,659	13,542	34,668	557,869
Cost, end of year	<u>4,888,003</u>	<u>470,723</u>	<u>602,396</u>	<u>5,961,122</u>
Accumulated amortization, beginning of year	2,370,783	341,543	403,108	3,115,434
Amortization	487,762	30,742	30,052	548,556
Accumulated amortization, end of year	<u>2,858,545</u>	<u>372,285</u>	<u>433,160</u>	<u>3,663,990</u>
Net carrying amount, end of year	<u>\$ 2,029,458</u>	<u>\$ 98,438</u>	<u>\$ 169,236</u>	<u>\$ 2,297,132</u>

The carrying amount of tangible capital assets not being amortized because they are under construction is \$149,845 (2010 - \$NIL).



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## Barrie Public Library Board Notes to Financial Statements

**December 31, 2011**

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### 6. Accumulated Surplus

The Board segregates its accumulated surplus in the following categories:

	<u>2011</u>	<u>2010</u>
Investment in tangible capital assets	\$ 3,565,007	\$ 2,297,132
Current Funds	(778,890)	(830,353)
Reserve Funds		
Vested sick leave benefits	119,483	114,483
Future capital expenditures	883,489	1,235,224
Future collection acquisitions	600,893	595,075
	<u>\$ 4,389,982</u>	<u>\$ 3,411,561</u>

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by resolution of the Board for specific purposes.

The Corporation of the City of Barrie calculates interest on the reserve funds based on a variable interest rate. This interest is credited to the reserves on a monthly basis. The rate for 2011 was 1.28% (2010 - 0.53%).

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### 7. Pension Agreement

OMERS provides pension services to more than 419,007 active and retired members and approximately 947 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 valuation of the Plan was conducted at December 31, 2011. The results of this valuation disclosed total actuarial liabilities of \$64,548 million in respect of benefits accrued for service with actuarial assets at that date of \$57,258 million indicating an actuarial deficit of \$7,290 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 Board does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Board to OMERS for 2011 were \$183,989 (2010 - \$153,567).

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## Barrie Public Library Board Notes to Financial Statements

**December 31, 2011**

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### 8. Budget

The Budget adopted by Board for 2011 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, 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 Board for 2011 with adjustments as follows:

	<u>2011</u>
Budget surplus for the year, as approved	\$ 946,019
Add:	
Capital expenditures	1,827,966
Less:	
Amortization	<u>(560,091)</u>
Budget surplus per statement of operations	<u>\$ 2,213,894</u>

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### 9. Subsequent Events

On April 23, 2012, the Board opened the Barrie Public Library Painswick Branch, to provide an additional location for residents.

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