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Independent Auditor's Report

**To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the Municipality of West Grey**

We have audited the accompanying financial statements of The Corporation of the Municipality of West Grey Public Library Board, which comprise the statement of financial position as at December 31, 2014 and the statements of operations, change in net financial assets and cash flow 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.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of West Grey Public Library Board as at December 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BDO Canada LP

Chartered Professional Accountants, Licensed Public Accountants

Hanover, Ontario
June 15, 2015

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Financial Position**

December 31	2014	2013
Financial assets		
Cash	\$ 28,138	\$ 8,755
Accounts receivable	3,203	27,509
Due from Municipality of West Grey	14,240	15,323
	<u>45,581</u>	<u>51,587</u>
Commitments (Note 5)		
Liabilities		
Accounts payable and accrued liabilities	<u>8,391</u>	<u>4,179</u>
Net financial assets	37,190	47,408
Non-Financial Assets		
Tangible capital assets (Note 1)	<u>224,321</u>	<u>218,656</u>
Accumulated surplus (Note 3)	<u>\$ 261,511</u>	<u>\$ 266,064</u>

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Operations**

For the year ended December 31	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Province of Ontario grants	\$ 25,190	\$ 27,328	\$ 29,035
Municipal grants	242,115	242,115	228,331
Investment income	-	168	247
Miscellaneous	5,025	21,122	15,510
	<u>272,330</u>	<u>290,733</u>	<u>273,123</u>
Expenses			
Amortization of tangible capital assets	31,478	31,586	31,478
Materials and periodical purchases	3,600	4,500	2,797
Supplies and office	89,315	78,732	62,531
Wages and benefits	187,070	180,468	172,050
	<u>311,463</u>	<u>295,286</u>	<u>268,856</u>
Annual surplus (deficit)	<u>(39,133)</u>	<u>(4,553)</u>	<u>4,267</u>
Accumulated surplus, beginning of year	<u>266,064</u>	<u>266,064</u>	<u>261,797</u>
Accumulated surplus, end of year	<u>\$ 226,931</u>	<u>\$ 261,511</u>	<u>\$ 266,064</u>

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Change in Net Financial Assets**

<u>For the year ended December 31</u>	2014	2014	2013
	Budget	Actual	Actual
Annual surplus (deficit)	\$ (39,133)	\$ (4,553)	\$ 4,267
Acquisition of tangible capital assets	(25,100)	(37,251)	(23,536)
Amortization	31,478	31,586	31,478
	6,378	(5,665)	7,942
Change in net financial assets	(32,755)	(10,218)	12,209
Net financial assets, beginning of year	47,408	47,408	35,199
Net financial assets, end of year	\$ 14,653	\$ 37,190	\$ 47,408

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

**The Corporation of the Municipality of West Grey
Public Library Board
Statement of Cash Flow**

<u>For the year ended December 31</u>	<u>2014</u>	<u>2013</u>
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	\$ (4,553)	\$ 4,267
Items not involving cash		
Amortization	31,586	31,478
Decrease (increase) in accounts receivable	24,307	(268)
Decrease (increase) in Due from Municipality	1,082	(2,480)
Increase (decrease) in accounts payable	4,212	(3,683)
	<u>56,634</u>	<u>29,314</u>
Capital activities		
Acquisition of tangible capital assets	<u>(37,251)</u>	<u>(23,536)</u>
Net change in cash and cash equivalents	19,383	5,778
Cash and cash equivalents, beginning of year	<u>8,755</u>	<u>2,977</u>
Cash and cash equivalents, end of year	\$ 28,138	\$ 8,755

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

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2014

Management Responsibility	The financial statements of The Corporation of the Municipality of West Grey Public Library Board are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada as prescribed by the Ministry of Municipal Affairs and Housing.
Basis of Accounting	These financial statements are prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.
Use of Estimates	The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates 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. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue Recognition	User fee revenue is recognized when earned, as services are rendered to customers, providing the amount is fixed or determinable, and collectibility is reasonably assured.
Government Transfers	Government transfers are recognized in the financial statements as revenue in the period that the events giving rise to the transfer occur; providing that the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.
Non-Financial Assets	Tangible capital and other non-financial assets are accounted for as assets by the organization because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold.

**The Corporation of the Municipality of West Grey
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2014

**Tangible
Capital Assets**

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Where fair market value cannot be reasonably determined, contributed tangible capital assets are recorded at a nominal amount. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. The useful lives of the assets are based on estimates made by management as follows:

Books - 15 years
Furniture, fixtures, and computers - 7 to 50 years

**Employee
Future Benefits**

Defined contribution plan accounting is applied to the board's multi-employer defined benefit pension plan.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and investments in money market instruments with maturities of three months or less.

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

1. Tangible Capital Assets

	2014		2013	
	Furniture, fixtures and computer	Total	Furniture, fixtures and computer	Total
Cost, beginning of year	\$ 472,559	\$ 472,559	\$ 470,800	\$ 470,800
Additions	37,251	37,251	23,536	23,536
Disposals	(22,207)	(22,207)	(21,777)	(21,777)
Cost, end of year	487,603	487,603	472,559	472,559
Accumulated amortization, beginning of year	253,903	253,903	244,202	244,202
Amortization	31,586	31,586	31,478	31,478
Disposals	(22,207)	(22,207)	(21,777)	(21,777)
Accumulated amortization, end of year	263,282	263,282	253,903	253,903
Net carrying amount, end of year	\$ 224,321	\$ 224,321	\$ 218,656	\$ 218,656

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

2. Employee Future Benefits Liability

Pension Plan

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. The amount contributed to OMERS for 2014 was \$4,832 (2013 - \$7,143). The contribution rate for 2014 was 9.0% to 15.9% depending on age and income level (2013 - 9.0% to 15.9%).

OMERS is a multi-employer plan, therefore, any pension plan surplus or deficit is a joint responsibility of Ontario municipal organizations and their employees. As a result, the municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2014. At that time the plan reported an actuarial deficit of \$7.1 billion (2013 - deficit of \$8.6 billion), based on actuarial liabilities of \$76.9 billion (2013 - \$73.0 billion) and actuarial assets of \$69.8 billion (2013 - \$64.4 billion). Ongoing adequacy of the current contribution rates will need to be monitored as fluctuations in financial markets may lead to increased future funding requirements.

3. Accumulated Surplus

The accumulated surplus reported on the statement of financial position is comprised of the following:

	2014	2013
General surplus	\$ -	\$ 11,542
Amount invested in tangible capital assets	224,321	218,656
Reserves	37,190	35,866
	\$ 261,511	\$ 266,064

**The Corporation of the Municipality of West Grey
Public Library Board
Notes to Financial Statements**

December 31, 2014

4. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the statement of financial activities for comparative purposes. The budget amounts for The Corporation of the Municipality of West Grey Public Library Board are as approved by council and have been restated to conform to the basis of presentation of the revenues and expenditures on the statement of financial activities.

The following is a reconciliation of the budget approved by Council:

	2014 Budget	2014 Actual	2013 Actual
Annual surplus (deficit)	\$ (39,133)	\$ (4,553)	\$ 4,267
Capital acquisitions, disposals and write-down	(25,100)	(37,251)	(23,536)
Amortization	31,478	31,586	31,478
Transfers from reserves for operations	32,755	(10,908)	(267)
Transfers (to) from reserves for capital	-	9,584	(400)
General surplus (deficit), beginning of year	-	(11,542)	11,542
General surplus (deficit), end of year	\$ -	\$ -	\$ 11,542

5. Contractual Commitments

The Board has entered into a five year agreement with the Municipality of Grey Highlands which expires December 31, 2016, to allow West Grey residents to use the Grey Highlands Library services at no cost. In exchange the board will pay Grey Highlands Library \$13,500 per year, increasing by 2% per year.