

Financial Report

Grimsby Public Library

December 31, 2018

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Management's Responsibility for Financial Statements

The accompanying financial statements of the Grimsby Public Library (the "Library") are the responsibility of the Library's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Library board meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, licensed public accountants, appointed by the Town of Grimsby. The accompanying Independent Auditor's Report outlines the responsibilities of management and the board, the auditor's responsibilities and their opinion on the Library's financial statements.

Kathryn Drury
CEO/Chief Librarian
Grimsby Public Library

Steven Gruninger, CPA, CGA
Director of Finance/Treasurer
Corporation of the Town of Grimsby

September 11, 2019

Independent auditor's report

To the Board, Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby

Qualified Opinion

We have audited the financial statements of the Grimsby Public Library ("the Library"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net financial assets (debt) 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Grimsby Public Library as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Library derives revenue from donations and cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Grimsby Public Library. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other revenue and annual surplus for the years ended December 31, 2018 and 2017, net financial assets as at December 31, 2018 and 2017, and accumulated surplus as at January 1 and December 31 for both 2018 and 2017. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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 these 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 these financial statements in accordance with Canadian accounting standards for public sector organizations, 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 related 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 Responsibilities 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. 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.

Grant Thornton LLP

Port Colborne, Canada
September 11, 2019

Chartered Professional Accountants
Licensed Public Accountants

Grimsby Public Library

Statement of Financial Position

As at December 31, 2018

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents (Note 3)	\$ 43,443	\$ 41,737
Receivables	13,231	11,948
Due from Town of Grimsby	178,107	127,269
Inventories for resale	<u>1,071</u>	<u>2,229</u>
	<u>235,852</u>	<u>183,183</u>
Liabilities		
Deferred revenue (Note 4)	7,851	27,220
Employee benefit obligations (Note 5)	62,100	61,100
Long term debt (Note 6)	<u>8,248</u>	<u>10,768</u>
	<u>78,199</u>	<u>99,088</u>
Net financial assets	<u>157,653</u>	<u>84,095</u>
Non-financial assets		
Tangible capital assets (Pages 19 and 20)	440,237	451,047
Prepaid expenses	<u>4,237</u>	<u>4,288</u>
	<u>444,474</u>	<u>455,335</u>
Accumulated surplus (Note 7)	<u>\$ 602,127</u>	<u>\$ 539,430</u>

Approved by

See accompanying notes to the financial statements

Grimsby Public Library

Statement of Operations

For the Year Ended December 31, 2018

	Budget <u>2018</u> (Note 17)	Actual <u>2018</u>	<u>Actual 2017</u>
Revenues			
Municipal contribution	\$ 967,790	\$ 967,790	\$ 931,520
Development charges (Note 10)	27,400	27,400	27,400
Government transfers (Note 11)	45,950	46,327	40,013
Other (Note 12)	<u>91,150</u>	<u>105,279</u>	<u>85,466</u>
	<u>1,132,290</u>	<u>1,146,796</u>	<u>1,084,399</u>
Expenses			
Advertising and promotion	8,000	7,845	3,629
Amortization	101,907	101,907	98,735
Conferences and training	5,200	3,771	4,108
Contracted services	59,320	76,323	75,930
Insurance	5,720	5,723	8,243
Memberships	1,830	1,393	1,785
Office	39,190	34,465	31,039
Other	-	2,307	1,272
Periodicals and videos	24,500	27,726	24,977
Professional fees	7,210	6,018	8,298
Programs	34,160	28,567	21,425
Repairs and maintenance	15,800	16,009	18,572
Salaries, wages and benefits (Notes 13, 14 and 15)	715,810	700,547	668,167
Supplies	23,000	17,165	16,668
Travel	1,500	1,342	1,056
Utilities	<u>60,650</u>	<u>52,991</u>	<u>60,334</u>
	<u>1,103,797</u>	<u>1,084,099</u>	<u>1,044,238</u>
Annual surplus	28,493	62,697	40,161
Accumulated surplus (Note 7)			
Beginning of year	<u>539,430</u>	<u>539,430</u>	<u>499,269</u>
End of year	<u>\$ 567,923</u>	<u>\$ 602,127</u>	<u>\$ 539,430</u>

See accompanying notes to the financial statements.

Grimsby Public Library
Statement of Changes in Net Financial Assets (Debt)

For the Year Ended December 31, 2018

	Budget <u>2018</u> (Note 17)	Actual <u>2018</u>	Actual <u>2017</u>
Annual surplus	\$ 28,493	\$ 62,697	\$ 40,161
Amortization of tangible capital assets	101,907	101,907	98,735
Acquisition of tangible capital assets	<u>(244,400)</u>	<u>(91,097)</u>	<u>(80,588)</u>
	(114,000)	73,507	58,308
Utilization of prepaid expenses	<u>-</u>	<u>51</u>	<u>24,269</u>
Increase (decrease) in net financial assets (debt)	(114,000)	73,558	82,577
Net financial assets (debt)			
Beginning of year	<u>84,095</u>	<u>84,095</u>	<u>1,518</u>
End of year	<u>\$ (29,905)</u>	<u>\$ 157,653</u>	<u>\$ 84,095</u>

See accompanying notes to the financial statements.

Grimsby Public Library

Statement of Cash Flows

For the Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 62,697	\$ 40,161
Non-cash items:		
Amortization of tangible capital assets	101,907	98,735
Changes in:		
Receivables	(1,283)	(11,352)
Due from Town of Grimsby	(50,838)	(94,199)
Inventories for resale	1,158	(308)
Deferred revenue	(19,369)	10,178
Employee benefit obligations	1,000	500
Prepaid expenses	<u>51</u>	<u>24,269</u>
	<u>95,323</u>	<u>67,984</u>
Capital activities		
Acquisition of tangible capital assets	<u>(91,097)</u>	<u>(80,588)</u>
Financing activities		
Proceeds from long term debt issuance	-	12,550
Repayment of long term debt	<u>(2,520)</u>	<u>(2,797)</u>
	<u>(2,520)</u>	<u>9,753</u>
Net increase (decrease) in cash and cash equivalents	1,706	(2,851)
Cash and cash equivalents		
Beginning of year	<u>41,737</u>	<u>44,588</u>
End of year	<u>\$ 43,443</u>	<u>\$ 41,737</u>

See accompanying notes to the financial statements.

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

1. Purpose of the Library

The Grimsby Public Library (“the Library”) provides informational and literacy based community programming for all demographics which is supported by a wide range of virtual and physical collections and services. All of this is provided to residents of the Town of Grimsby and residents of other municipalities who have contracted with the Library for services.

2. Significant accounting policies

Management responsibility

The financial statements of the Library are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

(a) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the Library.

(b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and guaranteed investment certificates that mature within three months.

(d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

(e) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

2. Significant accounting policies (continued)

(f) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(g) Employee future benefits

The Library pays certain benefits on behalf of its retired employees. These retirement costs are recognized in the period in which the employees rendered their services to the Library. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

(h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Library does not capitalize interest as part of the costs of its capital assets.

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Consolidated Statement of Operations.

Amortization is based on the following classifications and useful lives:

<u>Classification</u>	<u>Useful Life</u>
Library collection	8 years
Furniture and fixtures	20 years
Equipment	3-5 years
Computer software	15 years
Computer equipment	3 years

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

2. Significant accounting policies (continued)

(h) Tangible capital assets (continued)

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal amortization is taken up to the month of disposal. Assets under construction are not amortized until the asset is available for productive use.

(i) Revenue recognition

i) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

ii) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

iii) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

(j) Reserves for future expenses

Certain amounts, as approved by the Library and recommended to the Town of Grimsby, are set aside in reserves for future operating and capital expenses.

(k) Use of estimates

The preparation of the financial statements in accordance 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 reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to an allowance for doubtful accounts.

3. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 930	\$ 930
Bank balances	<u>42,513</u>	<u>40,807</u>
	<u>\$ 43,443</u>	<u>\$ 41,737</u>

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

4. Deferred revenue	<u>2018</u>	<u>2017</u>
The continuity of the deferred revenue is made up of the following:		
Balance, beginning of year	\$ <u>27,220</u>	\$ <u>17,042</u>
Contributions from		
Government transfers	-	3,466
Author's series	6,755	17,557
Other revenue	<u>1,096</u>	<u>6,197</u>
	<u>7,851</u>	<u>27,220</u>
Utilized for		
Operations	<u>(27,220)</u>	<u>(17,042)</u>
Balance, end of year	<u>\$ 7,851</u>	<u>\$ 27,220</u>

5. Employee benefit obligations	<u>2018</u>	<u>2017</u>
Post-employment benefits	<u>\$ 62,100</u>	<u>\$ 61,100</u>

The Library pays certain retirement benefits on behalf of its retired employees. The Library recognizes these retirement costs in the period in which the employees rendered the services. The plan is substantially unfunded and requires no contributions from employees.

The accrued benefit obligation at December 31, 2018 of \$ 62,100 (2017 - \$ 61,100) was determined by actuarial valuation using a discount rate of 4.1% (2017 - 4.1%). The Library's obligation under the retirement benefits provision of employment agreements will be funded out of current revenue. During the year, benefit payments of \$ 2,200 (2017 - \$ 2,700) were paid to retirees.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected post-employment benefits are deemed to be earned on a pro-rata basis over the employee's years of service.

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

5. Employee benefit obligations (continued)

The most recent actuarial valuation was prepared at December 31, 2015. The main actuarial assumptions employed for the valuation are as follows:

Interest (discount) rate - the obligations as at December 31, 2018 of the present value of future liabilities were determined using a discount rate of 4.1%.

Dental costs – dental costs were assumed to be 5% per annum.

Medical costs – medical costs were assumed to be 5% per annum.

	<u>2018</u>	<u>2017</u>
Accrued benefit obligation		
Beginning of year	\$ 61,100	\$ 60,600
Current service cost	1,000	1,000
Interest cost	2,400	2,400
Benefits paid	(2,200)	(2,700)
Amortization of actuarial gain	<u>(200)</u>	<u>(200)</u>
	<u>\$ 62,100</u>	<u>\$ 61,100</u>
Funded status		
Deficit	\$ 60,600	\$ 59,400
Unamortized actuarial gain	<u>1,500</u>	<u>1,700</u>
	<u>\$ 62,100</u>	<u>\$ 61,100</u>

The net benefit expense for the employee benefit plan is as follows:

Current service cost	\$ 1,000	\$ 1,000
Interest cost	2,400	2,400
Amortization of actuarial gain	<u>(200)</u>	<u>(200)</u>
	<u>\$ 3,200</u>	<u>\$ 3,200</u>

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

6. Long term debt 2018 2017

(a) The Library has assumed responsibility for the payment of principal and interest charges on certain capital lease obligations. At the end of the year, the outstanding principal amount of this debt is

	\$ 8,248	\$ 10,768
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(b) The net long term debt reported on the Statement of Financial Position is made up of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2018</u>	<u>2017</u>
Photocopier	0%	2022	\$ 8,248	\$ 10,768

(c) Principal repayments in each of the next four years are due as follows:

2019	\$ 2,520
2020	2,520
2021	2,520
2022	688

(d) Total charges for interest, which are reported on the Statement of Operations in contracted services amounts to \$ Nil (2017 - \$ 169).

7. Accumulated surplus 2018 2017

Operating deficit	\$ (2,929)	\$ (55,031)
Investment in tangible capital assets	440,237	451,047
Reserves and reserves funds (Note 8)	235,167	215,282
Unfunded liabilities (Note 9)	<u>(70,348)</u>	<u>(71,868)</u>
	\$ 602,127	\$ 539,430

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

8. Reserves and reserve funds	<u>2018</u>	<u>2017</u>
Reserves set aside by the Board for specific purposes:		
Replacement of equipment	\$ 68,174	\$ 58,289
Maintenance	<u>166,993</u>	<u>156,993</u>
	<u>\$ 235,167</u>	<u>\$ 215,282</u>

9. Unfunded liabilities	<u>2018</u>	<u>2017</u>
Employee benefit obligations	\$ 62,100	\$ 61,100
Long term debt	<u>8,248</u>	<u>10,768</u>
	<u>\$ 70,348</u>	<u>\$ 71,868</u>

10. Development charges

Development charges are fees collected by the Town of Grimsby from developers at the time a building permit is issued to help pay for municipal services, including Library services, required to meet the needs of community growth. Development charges allocated for Library purposes are collected, administered, and held by the Town are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 822,846	\$ 779,845
Add: contributions during the year	162,023	56,355
Add: interest income	17,468	14,046
Less: amounts recognized during the year	<u>(27,400)</u>	<u>(27,400)</u>
Balance, end of year	<u>\$ 974,937</u>	<u>\$ 822,846</u>

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

11. Government transfers	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Province of Ontario			
Unconditional	\$ 31,390	\$ 31,391	\$ 31,391
Service Ontario grant	-	-	425
SOLS - Capacity Building grant	3,470	3,466	2,859
Government of Canada			
HRDC summer student grant	6,650	7,030	5,338
Region of Niagara			
Healthy kids grant	<u>4,440</u>	<u>4,440</u>	<u>-</u>
	<u>\$ 45,950</u>	<u>\$ 46,327</u>	<u>\$ 40,013</u>

12. Other revenue	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
User charges	\$ 37,700	\$ 42,047	\$ 37,389
Investment income	100	311	163
Fundraising	46,300	54,920	45,606
Miscellaneous	<u>7,050</u>	<u>8,001</u>	<u>2,308</u>
	<u>\$ 91,150</u>	<u>\$ 105,279</u>	<u>\$ 85,466</u>

13. Salaries, wages and benefits	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Salaries and wages	\$ 572,840	\$ 571,616	\$ 542,537
Benefits	<u>142,970</u>	<u>128,931</u>	<u>125,630</u>
	<u>\$ 715,810</u>	<u>\$ 700,547</u>	<u>\$ 668,167</u>

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

14. Workplace Safety and Insurance Board future benefits

The Library, as a part of the Town, is a Schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for all its employees.

An actuarial estimate of the future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The Library remits payments to the WSIB as required to fund disability payments.

A Workplace Safety and Insurance Reserve, funded by annual contributions from the Town, has also been established to protect against any unknown future liability. The Town also maintains an insurance policy, which protects the Corporation against single claims in excess of \$ 500,000.

15. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that 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.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 2.8 billion (2017 - \$ 600 million surplus) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2018 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2018 current and past service was \$ 42,085 (2017 - \$ 39,465) and were matched by employee contributions in a similar amount.

Grimsby Public Library

Notes to the Financial Statements

For the Year Ended December 31, 2018

16. Related party transactions	<u>2018</u>	<u>2017</u>
Revenues		
Municipal contribution	<u>\$ 967,790</u>	<u>\$ 931,520</u>
Expenses		
Utilities	\$ 43,599	\$ 51,223
Office	29,950	24,500
Repairs and maintenance	<u>6,805</u>	<u>6,949</u>
	<u>\$ 80,354</u>	<u>\$ 82,672</u>

In 2018, the municipal contribution for water and sewer charges of \$ 505 is included in utilities, office repairs and maintenance transactions were with the Town of Grimsby. Electricity charges of \$ 43,094 included in utilities were paid to Grimsby Power Incorporated, a company owned by the Town.

17. Budget

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Changes in Net Financial Assets (Debt) represent the budget adopted by the Board with the following adjustments:

Budgeted annual surplus	\$ -
Add:	
Acquisition of tangible capital assets	244,400
Less:	
Transfers to/from reserves, net	(114,000)
Amortization of tangible capital assets	<u>(101,907)</u>
Budgeted surplus per Statement of Operations	<u>\$ 28,493</u>

Grimsby Public Library Schedule of Tangible Capital Assets

For the Year Ended December 31, 2018

	<u>Library Collection</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>Computer Software</u>	<u>Computers</u>	<u>2018</u>
Cost						
Beginning of year	\$ 618,523	\$ 296,653	\$ 23,262	\$ 42,197	\$ 8,717	\$ 989,352
Additions	69,426	-	-	-	21,671	91,097
Disposals	<u>(68,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,096)</u>
End of year	<u>619,853</u>	<u>296,653</u>	<u>23,262</u>	<u>42,197</u>	<u>30,388</u>	<u>1,012,353</u>
Accumulated amortization						
Beginning of year	314,267	196,881	8,593	9,847	8,717	538,305
Amortization	77,399	15,054	3,030	2,812	3,612	101,907
Amortization on disposals	<u>(68,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,096)</u>
End of year	<u>323,570</u>	<u>211,935</u>	<u>11,623</u>	<u>12,659</u>	<u>12,329</u>	<u>572,116</u>
Net book value	<u>\$ 296,283</u>	<u>\$ 84,718</u>	<u>\$ 11,639</u>	<u>\$ 29,538</u>	<u>\$ 18,059</u>	<u>\$ 440,237</u>

The net book value of equipment under capital leases is \$ 8,785.

Grimsby Public Library Schedule of Tangible Capital Assets

For the Year Ended December 31, 2017

	<u>Library Collection</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>Computer Software</u>	<u>Computers</u>	<u>2017</u>
Cost						
Beginning of year	\$ 620,278	\$ 296,653	\$ 18,649	\$ 42,197	\$ 8,717	\$ 986,494
Additions	68,038	-	12,550	-	-	80,588
Disposals	<u>(69,793)</u>	<u>-</u>	<u>(7,937)</u>	<u>-</u>	<u>-</u>	<u>(77,730)</u>
End of year	<u>618,523</u>	<u>296,653</u>	<u>23,262</u>	<u>42,197</u>	<u>8,717</u>	<u>989,352</u>
Accumulated amortization						
Beginning of year	306,635	181,827	13,518	7,032	8,288	517,300
Amortization	77,425	15,054	3,012	2,815	429	98,735
Amortization on disposals	<u>(69,793)</u>	<u>-</u>	<u>(7,937)</u>	<u>-</u>	<u>-</u>	<u>(77,730)</u>
End of year	<u>314,267</u>	<u>196,881</u>	<u>8,593</u>	<u>9,847</u>	<u>8,717</u>	<u>538,305</u>
Net book value	<u>\$ 304,256</u>	<u>\$ 99,772</u>	<u>\$ 14,669</u>	<u>\$ 32,350</u>	<u>\$ -</u>	<u>\$ 451,047</u>

The net book value of equipment under capital leases is \$ 11,295.