

Town of Pelham
Public Library Board
Financial Statements
December 31, 2005

Grant Thornton 

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Auditors' Report

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

We have audited the consolidated statements of financial position of the Public Library Board and the Donation Trust Fund of the **Public Library Board of the Corporation of the Town of Pelham** as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Public Library Board of the Corporation of the Town of Pelham derives receipts from donations and cash sales, 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 Public Library Board and we were not able to determine whether any adjustments might be necessary to donations and other revenue, net revenues, assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we may have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Public Library Board and the Trust Fund of the Public Library Board of the Corporation of the Town of Pelham as at December 31, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express an opinion on the budget figures.

Grant Thornton LLP

Port Colborne, Ontario
March 13, 2006

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Town of Pelham
Public Library Board
Consolidated Statement of Financial Position

As at December 31 2005 2004

Assets

Cash	\$ 200	\$ 200
Accounts receivable	10,745	9,201
Due from donation trust fund	245	-
Due from Town of Pelham	14,665	42,883
Prepays	<u>1,109</u>	<u>-</u>
	<u>\$ 26,964</u>	<u>\$ 52,284</u>

Liabilities

Accounts payable and accrued liabilities	\$ 19,135	\$ 32,819
Deferred revenue	<u>-</u>	<u>7,650</u>
	19,135	40,469

Library position

Current fund	<u>7,829</u>	<u>11,815</u>
	<u>\$ 26,964</u>	<u>\$ 52,284</u>

On behalf of the Board

See accompanying notes to the consolidated financial statements

Town of Pelham

Public Library Board

Consolidated Statement of Financial Activities

For the Year Ended December 31, 2005

	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Revenue			
Municipal contribution	\$ 494,210	\$ 494,210	\$ 422,310
Municipal reserve contribution	-	16,751	22,750
Grants (Note 2)	23,430	110,538	65,063
Transfers from donation trust fund	-	28,532	33,215
Development charges	10,000	10,000	10,000
Other (Note 3)	<u>35,500</u>	<u>44,608</u>	<u>43,956</u>
Total revenue	<u>563,140</u>	<u>704,639</u>	<u>597,294</u>
Expenditures			
Salaries, wages and benefits (Note 4)	364,000	376,602	313,527
Books, periodicals and other media	78,660	91,517	90,904
Electronic resources and maintenance	10,000	9,217	7,853
Administration	15,100	18,528	16,143
Furnishings and office equipment	1,200	104,118	61,886
Insurance	2,600	2,603	2,528
Utilities	20,850	20,321	18,484
Repairs and maintenance	63,110	57,473	52,924
Supplies	5,100	7,855	9,481
Programs	<u>7,000</u>	<u>20,391</u>	<u>27,360</u>
Total expenditures	<u>567,620</u>	<u>708,625</u>	<u>601,090</u>
Net expenditures	(4,480)	(3,986)	(3,796)
Surplus, beginning of year	<u>11,815</u>	<u>11,815</u>	<u>15,611</u>
Surplus, end of year	<u>\$ 7,335</u>	<u>\$ 7,829</u>	<u>\$ 11,815</u>

See accompanying notes to the consolidated financial statements.

Town of Pelham
Public Library Board
Consolidated Statement of Changes in Financial Position
For the Year Ended December 31 2005 2004

Increase (decrease) in cash and cash equivalents

Operating activities		
Net expenditures	\$ (3,986)	\$ (3,796)
Increase in accounts receivables	(1,544)	(4,489)
Decrease (increase) in due from donation trust fund	(245)	6,589
Decrease (increase) in due from Town of Pelham	28,218	(4,780)
Increase in prepaids	(1,109)	-
Increase (decrease) in accounts payable and accrued liabilities	(13,684)	20,091
Decrease in deferred revenue	<u>(7,650)</u>	<u>(13,615)</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	<u>200</u>	<u>200</u>
End of year	<u>\$ 200</u>	<u>\$ 200</u>

See accompanying notes to the consolidated financial statements.

Town of Pelham

Public Library Board

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

1. Significant accounting policies

The consolidated financial statements of the Town of Pelham Public Library Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the board are as follows:

(a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and changes in fund balances and in financial position of the Town of Pelham Public Library Board.

(b) Basis of accounting

The basis of accounting followed in the financial statement presentation includes revenues in the period in which the transactions or events occurred that gave rise to the revenues and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

(c) Fund accounting

Funds within the consolidated financial statements consist of the current and capital funds.

(d) Tangible capital assets

The historical cost and accumulated depreciation for tangible capital assets are not reported for municipal purposes. Tangible capital assets are reported as an expenditure on the consolidated statement of financial activities in the year of acquisition.

(e) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(f) Budgets

The board does not prepare budgets for program revenues and expenditures nor for trust fund receipts and related expenditures.

Town of Pelham

Public Library Board

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2005

2. Grants	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Federal Government			
Canada Council for the Arts	-	\$ 612	\$ 1,405
HRDC job creation	-	-	140
Summer programs	-	<u>1,306</u>	<u>1,128</u>
	-	<u>1,918</u>	<u>2,673</u>
Province of Ontario			
Unconditional	\$ 23,430	23,388	23,388
Community Access Program	-	9,616	12,435
Early Years Challenge Program	-	4,049	11,070
Niagara Community Foundation	-	4,000	-
SOLS Connectivity	-	1,664	-
Trillium Foundation	-	65,000	14,400
TD Friends of the Environment	-	<u>903</u>	<u>1,097</u>
	<u>23,430</u>	<u>108,620</u>	<u>62,390</u>
	<u>\$ 23,430</u>	<u>\$ 110,538</u>	<u>\$ 65,063</u>
3. Other revenue			
	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Operating			
Desk receipts	\$ 15,500	\$ 19,213	\$ 18,421
Room rentals	3,000	3,620	3,050
Sale of books	5,500	6,378	6,466
Program fees	11,000	14,150	15,910
Other	<u>500</u>	<u>1,247</u>	<u>109</u>
	<u>\$ 35,500</u>	<u>\$ 44,608</u>	<u>\$ 43,956</u>
4. Salaries, wages and benefits			
	Budget 2005 (Unaudited)	Actual 2005	Actual 2004
Salaries and wages	\$ 312,900	\$ 329,953	\$ 274,558
Benefits	<u>51,100</u>	<u>46,649</u>	<u>38,969</u>
	<u>\$ 364,000</u>	<u>\$ 376,602</u>	<u>\$ 313,527</u>

Town of Pelham
Public Library Board
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2005

5. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The 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.

Contributions to OMERS are made at rates ranging from 6% to 9.8% depending on the proposed retirement age and the level of earnings. As a result, \$ 11,679 (2004 \$ 9,928) was contributed to OMERS for current service. Effective January 1, 2006 contribution rates will increase to a range of 6.5% to 10.7%.

6. Financial instruments

The board's financial instruments consist of cash, accounts receivable, accounts payable and amounts due from related parties. It is management's opinion that the board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values.

7. Trust funds

Trust funds administered by the board amounting to \$ 28,333 (2004 \$ 32,047) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of financial activities.

8. Public Sector Salary Disclosure Act

For 2005, no employees were paid salaries as defined in the Public Sector Salary Disclosure Act, 1996 of \$ 100,000 or more.

**Town of Pelham
Public Library Board
Donation Trust Fund**

For the Year Ended December 31

Statement of Financial Activities	<u>2005</u>	<u>2004</u>
Balance at the beginning of the year	<u>\$ 32,047</u>	<u>\$ 38,917</u>
Receipts		
Donations and fundraising	24,078	25,546
Interest earned	<u>740</u>	<u>799</u>
	<u>24,818</u>	<u>26,345</u>
Transfers to library for the following expenditures		
Audio visual	-	859
Books and periodicals	1,190	6,306
Contracted services	-	75
Equipment purchases	12,056	14,453
Fundraising	75	75
Miscellaneous	357	100
Printing	97	252
Programs	1,679	970
Transfer to current fund operations	<u>13,078</u>	<u>10,125</u>
	<u>28,532</u>	<u>33,215</u>
Balance at the end of the year	<u>\$ 28,333</u>	<u>\$ 32,047</u>

Statement of Financial Position

As at December 31	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 28,578	\$ 32,047
Due to library	<u>(245)</u>	<u>-</u>
	<u>\$ 28,333</u>	<u>\$ 32,047</u>
Liabilities		
Fund balance	<u>\$ 28,333</u>	<u>\$ 32,047</u>