



Financial Statements

Town of Pelham

Public Library Board

December 31, 2007

Contents

	Page
Auditors' Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Financial Activities	4
Consolidated Statement of Changes in Financial Position	5
Notes to the Consolidated Financial Statements	6-9
Donation Trust Fund	10



Grant Thornton

Auditors' report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1

T (905) 834-3651
F (905) 834-5095
www.GrantThornton.ca

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, 2007 and the consolidated statements of financial activities and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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, 2007 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
April 16, 2008

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants

Town of Pelham
Public Library Board
Consolidated Statement of Financial Position

As at December 31 2007 2006

Assets

Cash	\$ 200	\$ 200
Accounts receivable	5,884	6,147
Due from Donation Trust Fund	3,972	7,955
Due from Town of Pelham	87,619	60,739
Prepays	<u>1,227</u>	<u>915</u>
	<u>\$ 98,902</u>	<u>\$ 75,956</u>

Liabilities

Payables and accruals	\$ 24,797	\$ 13,999
Deferred revenue	46,176	18,303
Employee future benefits (Note 3)	<u>23,438</u>	<u>-</u>
	<u>94,411</u>	<u>32,302</u>

Library position

Current fund	27,929	43,654
Liabilities to be recovered in the future	<u>(23,438)</u>	<u>-</u>
	<u>4,491</u>	<u>43,654</u>
	<u>\$ 98,902</u>	<u>\$ 75,956</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, 2007

	Budget 2007 (Unaudited)	Actual 2007	Actual 2006
Revenue			
Municipal contribution	\$ 588,150	\$ 578,150	\$ 564,835
Grants (Note 4)	23,400	38,181	35,811
Transfers from donation trust fund	-	18,253	19,056
Development charges	10,000	10,000	10,000
Other (Note 5)	<u>40,200</u>	<u>55,341</u>	<u>52,298</u>
	<u>661,750</u>	<u>699,925</u>	<u>682,000</u>
Expenditures			
Salaries, wages and benefits (Note 6)	469,000	513,283	425,231
Books, periodicals and other media	82,400	88,128	110,654
Electronic resources and maintenance	15,000	15,480	14,542
Administration	28,650	29,565	21,039
Furnishings and office equipment	1,700	10,873	5,850
Insurance	3,000	2,954	2,885
Utilities	24,100	24,887	22,129
Repairs and maintenance	33,400	32,346	22,318
Supplies	7,200	10,501	7,998
Programs	<u>6,000</u>	<u>11,071</u>	<u>13,529</u>
	<u>670,450</u>	<u>739,088</u>	<u>646,175</u>
Net revenues (expenditures)	(8,700)	(39,163)	35,825
Financing			
Increase in employee future benefit obligation	<u>-</u>	<u>(23,438)</u>	<u>-</u>
Change in current fund	(8,700)	(15,725)	35,825
Current fund			
Beginning of year	<u>43,654</u>	<u>43,654</u>	<u>7,829</u>
End of year	<u>\$ 34,954</u>	<u>\$ 27,929</u>	<u>\$ 43,654</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

2007

2006

Increase (decrease) in cash and cash equivalents

Operating activities		
Net revenues (expenditures)	\$ (39,163)	\$ 35,825
Decrease in accounts receivables	263	4,598
Increase (decrease) in due from Donation Trust Fund	3,983	(7,710)
Increase in due from Town of Pelham	(26,880)	(46,074)
Decrease (increase) in prepaids	(312)	194
Decrease (increase) in payables and accruals	10,798	(5,136)
Increase in deferred revenue	27,873	18,303
Increase in post-employment benefits	<u>23,438</u>	<u>-</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, 2007

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, 2007

2. Tangible capital assets

(a) Transitional provisions

Effective January 1, 2007, the Library adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook comes into effect on January 1, 2009.

During 2007, the Library continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As of December 31, 2007, the Library has completed a listing of assets, but has not yet completed the values for those assets. The accumulation of data is currently underway and is expected to be completed by December 31, 2008.

(b) Determination of costs

Tangible capital assets are to be initially recorded at cost. Cost will include all directly attributable expenditures 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. Donated assets are to be capitalized at their estimated fair value upon acquisition. Works of art for display in municipal property are not included as capital assets.

On transition to PS-3150, certain capital assets for which historical cost information is not available, will be recorded at current fair market value discounted by a relevant inflation factor.

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

(c) Amortization

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing government services over the estimated useful life of the asset. Amortization expense is expected to be presented in the consolidated financial statements for the year ended December 31, 2009 and will be calculated on a straight-line basis over the assets' estimated useful lives.

Town of Pelham
Public Library Board
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2007

3. Employee benefit obligations

Employees who are eligible to retire under the OMERS early retirement provisions are eligible to receive medical benefits and life insurance to the age of sixty-five. The Library pays 100% of the premiums.

The post-employment benefits obligation is calculated using the average age and average service life of the applicable employees. The obligation is calculated using an extrapolation of current medical and life insurance premiums and includes a calculation of the estimated benefits that will be paid to current retirees.

The Library's obligation under the post-employment provision of employment agreements will be funded out of current revenue.

4. Grants	Budget <u>2007</u> (Unaudited)	Actual <u>2007</u>	Actual <u>2006</u>
Federal Government			
Canada Council for the Arts	-	\$ 3,325	\$ 1,800
Summer programs	-	<u>1,400</u>	<u>1,494</u>
	-	<u>4,725</u>	<u>3,294</u>
Province of Ontario			
Unconditional	\$ 23,400	23,388	23,388
Healthy Living Niagara	-	-	1,500
Niagara Community Foundation	-	-	3,100
Ontario Literacy	-	3,061	2,897
SOLS Connectivity	-	1,641	1,632
Trillium Foundation	-	<u>5,366</u>	-
	<u>23,400</u>	<u>33,456</u>	<u>32,517</u>
	<u>\$ 23,400</u>	<u>\$ 38,181</u>	<u>\$ 35,811</u>

5. Other revenue	Budget <u>2007</u> (Unaudited)	Actual <u>2007</u>	Actual <u>2006</u>
Desk receipts	\$ 16,000	\$ 24,135	\$ 23,756
Room rentals	3,500	3,364	3,204
Sale of books	6,500	10,358	7,928
Program fees	13,000	15,322	14,368
Other	<u>1,200</u>	<u>2,162</u>	<u>3,042</u>
	<u>\$ 40,200</u>	<u>\$ 55,341</u>	<u>\$ 52,298</u>

Town of Pelham
Public Library Board
Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2007

6. Salaries, wages and benefits	Budget <u>2007</u> (Unaudited)	Actual <u>2007</u>	Actual <u>2006</u>
Salaries and wages	\$ 412,400	\$ 448,634	\$ 372,263
Benefits	<u>56,600</u>	<u>64,649</u>	<u>52,968</u>
	<u>\$ 469,000</u>	<u>\$ 513,283</u>	<u>\$ 425,231</u>

7. 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 6.5% to 9.6% depending on the proposed retirement age and the level of earnings. As a result, \$ 21,491 (2006 - \$ 15,059) was contributed to OMERS for current service, of which \$ 10,746 (2006 - \$ 7,530) represents the employees' portion.

8. 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.

9. Trust funds

Trust funds administered by the board amounting to \$ 46,415 (2006 - \$ 34,646) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of financial activities.

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

For the Year Ended December 31, 2007

Statement of Financial Activities	<u>2007</u>	<u>2006</u>
Receipts		
Donations and fundraising	\$ 28,282	\$ 24,060
Interest earned	<u>1,740</u>	<u>1,309</u>
	<u>30,022</u>	<u>25,369</u>
Transfers to library for the following expenditures		
Audio visual	-	589
Books and periodicals	6,516	9,557
Equipment purchases	270	2,457
Fundraising	-	32
Miscellaneous	788	796
Printing	621	419
Programs	2,178	2,109
Transfer to current fund operations	<u>7,880</u>	<u>3,097</u>
Net increase in trust fund	<u>18,253</u>	<u>19,056</u>
	11,769	6,313
Fund balance		
Beginning of year	<u>34,646</u>	<u>28,333</u>
End of year	<u>\$ 46,415</u>	<u>\$ 34,646</u>

Statement of Financial Position

As at December 31	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 50,387	\$ 42,601
Due to library	<u>(3,972)</u>	<u>(7,955)</u>
	<u>\$ 46,415</u>	<u>\$ 34,646</u>
Liabilities		
Fund balance	<u>\$ 46,415</u>	<u>\$ 34,646</u>