

**The County of Bruce  
Library Board  
Financial Statements  
For the year ended December 31, 2010**



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## Independent Auditor's Report

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**To the Members of Council, Inhabitants and Ratepayers  
of the County of Bruce**

We have audited the accompanying financial statements of the County of Bruce Library Board, which comprise the statement of financial position as at December 31, 2010, and the statements of operations and accumulated surplus, changes 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 Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 County of Bruce Library Board as at December 31, 2010 and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Owen Sound, Ontario  
June 6, 2011

**The County of Bruce Library Board**  
**Statement of Financial Position**

<b>December 31</b>	<b>2010</b>	<b>2009</b>
		(Restated) (Note 5)
<b>Financial assets</b>		
Due from County of Bruce	\$ -	\$ 171,317
Due from Canada	27,908	19,703
Due from Province of Ontario	260,938	10,325
Accounts receivable - Other municipalities	140	-
Accounts receivable	1,216	3,153
	<u>290,202</u>	<u>204,498</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	176,638	180,822
Due to County of Bruce	101,435	-
Post-employment benefits	26,290	26,290
	<u>304,363</u>	<u>207,112</u>
<b>Net financial assets (debt)</b>	<b>(14,161)</b>	<b>(2,614)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 2)	1,287,225	1,204,121
Inventory and prepaids	8,917	9,462
	<u>1,296,142</u>	<u>1,213,583</u>
<b>Accumulated surplus (Note 3)</b>	<b>\$ 1,281,981</b>	<b>\$ 1,210,969</b>

**The County of Bruce Library Board  
Statement of Operations and Accumulated Surplus**

<b>For the year ended December 31</b>	<b>2010</b>	<b>2010</b>	<b>2009</b>
	Budget	Actual	Actual (Restated) (Note 5)
<b>Revenue</b>			
<b>Grants:</b>			
County of Bruce	\$ 2,610,865	\$ 2,598,175	\$ 2,517,933
Province of Ontario	219,487	317,279	221,188
Government of Canada	31,000	51,372	35,500
Library Board contract receipts	-	-	14,445
Fines and sale of books	26,000	33,544	26,193
Miscellaneous	2,000	28	5,301
Donations	9,100	6,191	11,419
Rental income and user fees	42,500	40,975	30,107
	<u>2,940,952</u>	<u>3,047,564</u>	<u>2,862,086</u>
<b>Expenses</b>			
Salaries and benefits	1,911,684	1,916,155	1,856,537
Contract services	40,257	43,788	12,224
Materials	365,373	356,356	291,864
External transfers	302,913	302,913	389,934
Amortization	-	357,340	346,808
	<u>2,620,227</u>	<u>2,976,552</u>	<u>2,897,367</u>
<b>Annual surplus</b>	320,725	71,012	(35,281)
<b>Accumulated surplus, beginning of the year</b>	<u>1,210,969</u>	<u>1,210,969</u>	<u>1,246,250</u>
<b>Accumulated surplus, end of the year</b>	<u>\$ 1,531,694</u>	<u>\$ 1,281,981</u>	<u>\$ 1,210,969</u>

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

**The County of Bruce Library Board  
Statement of Changes in Net Financial Assets (Debt)**

<u>For the year ended December 31</u>	<u>2010</u> Budget	<u>2010</u> Actual	<u>2009</u> Actual (Restated) (Note 5)
Annual surplus	\$ 320,725	\$ 71,012	\$ (35,281)
Acquisition of tangible capital assets	(511,725)	(440,445)	(335,504)
Amortization of tangible capital assets	-	357,340	346,808
	<u>(511,725)</u>	<u>(83,105)</u>	<u>11,304</u>
Change in inventory and prepaid expenses	-	546	118
Increase (decrease) in net financial assets	(191,000)	(11,547)	(23,859)
Net financial assets (debt), beginning of year	<u>(2,612)</u>	<u>(2,614)</u>	<u>21,245</u>
<b>Net financial assets (debt), end of year</b>	<b>\$ (193,612)</b>	<b>\$ (14,161)</b>	<b>\$ (2,614)</b>

**The County of Bruce Library Board**  
**Consolidated Statement of Cash Flows**

<u>December 31, 2010</u>	<u>2010</u>	<u>2009</u> (Restated) (Note 5)
<b>Operating activities</b>		
Annual surplus	\$ 71,012	\$ (35,281)
Items not involving cash		
Amortization	<u>357,340</u>	<u>346,808</u>
	<u>428,352</u>	<u>311,527</u>
<b>Changes in non-cash working capital balances</b>		
Accounts receivable	1,937	(1,096)
Accounts payable and accrued liabilities	(4,184)	(34,717)
Due from Canada	(8,205)	497
Due from Province of Ontario	(250,613)	(2,790)
Due from other municipalities	(140)	-
Due from/to County of Bruce	272,753	62,265
Deferred revenue	-	(300)
Inventory and prepaids	<u>545</u>	<u>119</u>
	<u>12,093</u>	<u>23,978</u>
	440,445	335,505
<b>Capital transaction</b>		
Cash used to acquire capital assets	<u>(440,446)</u>	<u>(335,504)</u>
<b>Net change in cash</b>	(1)	1
<b>Cash, beginning of year</b>	<u>1</u>	<u>-</u>
<b>Cash, end of year</b>	<u>\$ -</u>	<u>\$ 1</u>

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# The Corporation of the County of Bruce Library Board

## Notes to Financial Statements

**December 31, 2010**

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### 1. Summary of Significant Accounting Policies

**Management Responsibility** The financial statements of the County of Bruce Library Board are the representation of management prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

**Use of Estimates** Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review. 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.

**Basis of Consolidation** The Library Board has been consolidated with the financial statements of the County of Bruce.

**Accrual Basis of Accounting** Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**Inventory** Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

**Tangible Capital Assets** Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by Council. The following rates are used:

Building and building improvements	50 years
Library collections	7 years
Computer equipment	5 years
Office furniture and equipment	20 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

**The Corporation of the County of Bruce Library Board**  
**Notes to Financial Statements**

**December 31, 2010**

**2. Tangible Capital Assets**

	2010		2009	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Library collections	\$ 3,341,961	\$ 2,302,327	\$ 3,226,707	\$ 2,257,556
Technology and communication	568,805	416,132	522,493	376,508
Vehicle and machinery	51,562	41,422	51,562	36,352
Furniture and fixtures	292,605	207,827	274,796	201,021
	<b>\$ 4,254,933</b>	<b>\$ 2,967,708</b>	<b>\$ 4,075,558</b>	<b>\$ 2,871,437</b>
Net book value		<b>\$ 1,287,225</b>		<b>\$ 1,204,121</b>

**3. Accumulated Surplus**

The organization segregates its accumulated surplus in the following categories:

	2010	2009
Invested in capital assets	\$ 1,287,225	\$ 1,204,121
Unfunded post-employment benefits	(26,290)	(26,290)
General surplus	21,046	33,138
Accumulated surplus	<b>\$ 1,281,981</b>	<b>\$ 1,210,969</b>

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**The Corporation of the County of Bruce Library Board**  
**Notes to Financial Statements**

**December 31, 2010**

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**4. Budgets**

The budget adopted by the Board was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated the use of reserves accumulated in previous years to reduce current year expenditures in excess of revenues to \$Nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. The following is a reconciliation of the budget approved by the Board. The budget figures have not been audited.

	<u>2010</u> <u>Budget</u>	<u>2010</u> <u>Actual</u>	<u>2009</u> <u>Actual</u>
Annual surplus	\$ 320,725	\$ 71,012	\$ (35,281)
Prior year general surplus	-	33,139	57,116
Capital acquisitions	(511,725)	(440,445)	(335,504)
Amortization	-	357,340	346,808
	<u>\$ (191,000)</u>	<u>\$ 21,046</u>	<u>\$ 33,139</u>

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**The Corporation of the County of Bruce Library Board**  
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**December 31, 2010**

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**5. Prior Period Adjustment**

An error occurred on January 1, 2009 when the organization adopted the revised accounting standard Section 3150 - Tangible Capital Assets. The opening balance of accumulated amortization of tangible capital assets as at January 1, 2008 was overstated and the amortization of tangible capital assets in 2008 and 2009 was understated. These opening balances and comparative figures have been restated to correct this error from prior periods.

The impact of the adjustment is as follows:

	<u>2009</u>
<b>Statement of Financial Position:</b>	
Increase in non-financial assets - tangible capital assets	<u>\$ 207,756</u>
Increase in accumulated surplus	<u>\$ 207,756</u>
<b>Statement of Operations:</b>	
Increase (decrease) in expenses:	
Amortization	\$ 39,709
Increase in opening accumulated surplus	<u>247,465</u>
	<u>\$ 207,756</u>

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