

Financial Statements of

**THE HAMILTON PUBLIC LIBRARY  
BOARD**

Year ended December 31, 2012

# THE HAMILTON PUBLIC LIBRARY BOARD

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December 31, 2012, with comparative figures for 2011

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## INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

We have audited the accompanying financial statements of The Hamilton Public Library Board, which comprise the statement of financial position as at December 31, 2012, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' 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 our 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, we consider 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 Hamilton Public Library Board as at December 31, 2012, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

Hamilton, Canada  
June 19, 2013

# THE HAMILTON PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets</b>		
Cash	\$ 24,927	\$ 32,232
Accounts receivable	49,727	67,782
Due from City of Hamilton (note 2)	9,345,611	7,898,934
	<b>\$ 9,420,265</b>	<b>\$ 7,998,948</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	\$ 825,137	\$ 697,672
Due to trust funds	366,669	365,643
Liability for future benefits (note 3)	2,166,433	2,132,236
	<b>3,358,239</b>	<b>3,195,551</b>
Net financial assets	<b>6,062,026</b>	<b>4,803,397</b>
<b>Non-financial assets</b>		
Prepaid expenses	113,531	35,113
Tangible capital assets (net) (Schedule)	12,789,410	12,729,594
	<b>12,902,941</b>	<b>12,764,707</b>
Commitments (note 6)		
Accumulated surplus (note 8)	<b>\$18,964,967</b>	<b>\$17,568,104</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# THE HAMILTON PUBLIC LIBRARY BOARD

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	Budget 2012	Actual 2012	Actual 2011
	(unaudited)		
Revenues:			
Municipal contribution	\$ 28,108,160	\$ 28,108,160	\$ 27,635,290
Province of Ontario Grants	949,450	949,451	949,451
Other grant revenue	581,270	468,570	965,215
Fines	461,070	522,615	513,294
Photocopier revenue	28,370	67,650	50,669
Other – rentals, sales and recoveries	79,910	77,194	110,896
Interest	-	173,137	149,062
Contributions from Municipal reserves	281,490	294,851	334,343
Contributions from Capital	-	123,540	234,529
Donations	-	11,885	7,900
	<u>30,489,720</u>	<u>30,797,053</u>	<u>30,950,649</u>
Expenditures:			
Employee related expenses	20,309,730	18,615,435	18,520,453
Capital financing (note 4)	351,040	287,892	627,612
Financial	113,840	86,915	43,693
Materials and supplies	4,083,500	970,429	726,200
Vehicle expenses	63,430	34,856	34,242
Building and grounds	1,684,190	1,428,884	1,578,600
Consulting	-	-	11,212
Contractual	1,971,990	1,736,969	1,363,347
Reserves/recoveries	1,912,000	1,546,520	2,064,694
Cost allocations	-	3,634	1,476
Amortization	-	3,477,735	3,361,194
Employee future benefits	-	34,197	48,951
Contribution to Municipal reserves	-	68,880	9,938
Contribution to Municipal capital	-	162,357	-
	<u>30,489,720</u>	<u>28,454,703</u>	<u>28,391,612</u>
Annual surplus	-	2,342,350	2,559,037
Contributions from reserves to Municipality (note 10)	-	945,487	1,159,252
Annual surplus	-	1,396,863	1,399,785
Accumulated surplus, beginning of year	17,568,104	17,568,104	16,168,319
Accumulated surplus, end of year	<u>\$ 17,568,104</u>	<u>\$ 18,964,967</u>	<u>\$ 17,568,104</u>

See accompanying notes to financial statements.

# THE HAMILTON PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Annual surplus	\$ 1,396,863	\$ 1,399,785
Acquisition of tangible capital assets	(3,537,551)	(3,810,153)
Amortization of tangible capital assets	3,477,735	3,361,194
	(59,816)	(448,959)
Acquisition of prepaid expenses	(113,531)	(35,113)
Use of prepaid expenses	35,113	67,208
	(78,418)	32,095
Change in net financial assets	1,258,629	982,921
Net financial assets, beginning of year	4,803,397	3,820,476
Net financial assets, end of year	\$ 6,062,026	\$ 4,803,397

See accompanying notes to financial statements.

# THE HAMILTON PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,396,863	\$ 1,399,785
Items not involving cash:		
Amortization	3,477,735	3,361,194
Increase in future benefits	34,197	48,951
Changes in non-cash assets and other liabilities:		
Decrease in accounts receivable	18,055	985,140
Increase in due from City of Hamilton	(1,446,677)	(2,199,576)
(Increase) decrease in prepaid expenses	(78,418)	32,095
Increase in accounts payable and accrued liabilities	127,465	192,440
Increase (decrease) in due to trust funds	1,026	(7,589)
	3,530,246	3,812,440
Capital activities:		
Purchase of tangible capital assets	(3,537,551)	(3,810,153)
Net change in cash	(7,305)	2,287
Cash, beginning of year	32,232	29,945
Cash, end of year	\$ 24,927	\$ 32,232

See accompanying notes to financial statements.



# THE HAMILTON PUBLIC LIBRARY BOARD

## Notes to Financial Statements

Year ended December 31, 2012

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The financial statements of the Hamilton Public Library Board (the "Board") are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.

The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. The Board does not budget actively within reserves or reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures do not include amounts for tangible capital asset amortization.

### 1. Significant account policies:

#### (a) Basis of accounting:

Revenues are recorded on the accrual basis of accounting which recognizes revenues as they become available and measurable, with the exception of fines and other desk receipts which are reported on the cash basis of accounting. Expenditures are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

#### (b) Tangible capital assets:

##### (i) Determination of costs:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt.

##### (ii) Amortization:

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing Library services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Collections (asset pool)	7 years
Furniture, equipment and shelving	10 years
Computer hardware	3 years
Computer software	5 years

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# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant account policies (continued):

### (b) Tangible capital assets:

#### (ii) Amortization (continued):

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

Library land and buildings are owned and controlled by the City of Hamilton and are therefore not reflected in these financial statements.

### (c) Trust funds:

Trust Funds and their related operations administered by the Library are not included in these financial statements, but are reported separately.

### (d) Municipal contributions:

Municipal contributions received relate to library operations. Municipal contributions paid relate to surplus repayment and future reserves. Contributions are recognized in the financial statements as revenues in the period in which events giving rise to the contribution occur, providing the contributions are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

### (e) Employee future benefits:

The Library provides certain employee benefits which will require funding in future periods. The cost of self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement health and dental benefits for retirees, is actuarially determined using the project benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

### (f) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 1. Significant account policies (continued):

(g) Use of estimates:

The preparation of financial statements in accordance with 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 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.

## 2. Due from City of Hamilton:

The balance due from the City of Hamilton is non-interest bearing and has no set terms of repayment.

## 3. Liability for future benefits:

In accordance with PSAB guidelines, the Board is required to report obligations for retirement benefits earned over the employment period of its employees.

Employees who have retired either under the OMERS early retirement provisions or otherwise are eligible to receive drug, extended health services and dental benefits for the lifetime of the retiree. Effective January 1, 2002 new retirees only receive benefits until age sixty-five.

The Board recognizes the post employment benefits costs as they are earned during the year. The Board's obligation under the post employment provisions of employment agreements will be funded out of current revenue.

Accrued benefit obligation:

	2012	2011
Vested sick leave liability	\$ 101,306	\$ 102,588
Retirement benefits	2,573,195	2,602,454
	2,674,501	2,705,042
Net unamortized actuarial loss	(508,068)	(572,806)
Accrued liability	\$ 2,166,433	\$ 2,132,236

# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

### 3. Liability for future benefits (continued):

The continuity of employee benefits and other obligations are summarized as follows:

	2012	2011
Liability for employee benefits and other obligations balance at beginning of the year	\$ 2,132,236	\$ 2,083,285
Benefit expenditure	63,231	60,508
Interest expenditure	118,377	119,395
Amortization of actuarial loss	64,737	64,737
Benefit payments	(212,148)	(195,689)
Liability for employee benefits and other obligations balance at end of the year	\$ 2,166,433	\$ 2,132,236

Actuarial valuations are performed on post employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions are used as follows:

	Discount Rate	Inflation rate	Salary increases	Health increases	Dental increases	Life Expectancy (years)
Vested sick leave	4.5%	2%	4%	NA	NA	12
Retirement benefits – health and dental	4.5%	2%	4%	(1)	3.5%	12

Note (1) – Medical costs are assumed to increase at a rate of 6% in 2012 grading down linearly by 0.5% to an ultimate rate of 3.5%.

(a) Liability for vested sick leave:

Effective May 1, 1982 the Income Protection Plan was adopted and sick leave credits earned under the Sick Leave Benefit Plan were frozen. Under the Sick Leave Benefit Plan unused sick leave would accumulate and employees were entitled to cash payment upon termination of services after ten continuous years. Entitlement to cash payment continues to apply to those employees who accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination. The estimated accrued benefit obligation at December 31, 2012 is \$101,306 (2011 - \$102,588).

# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 3. Liability for future benefits (continued):

(b) Liability for retirement benefits:

The Board provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. The estimated accrued benefit obligation at December 31, 2012 is \$2,573,195 (2011 - \$2,602,454).

### 4. Long term debt:

The City charges the Library principal and interest for long term debt, as well as sinking fund charges, related to Library facilities and other capital. These charges are funded by the City through its annual contributions. The debt is not disclosed on the statement of financial position as the City of Hamilton is legally responsible for the repayment of the debt.

(a) The net long term debt to which these charges are related is as follows:

Debenture number	Purpose	Interest rates	Maturity date	2012	2011
12-094	Westdale Branch	2.13%	2017	\$ 85,392	\$ -
12-094	Barton Branch	2.13%	2017	195,119	-
01-162	Central Library	4.65% to 6.75%	2016	10,885	13,203
06-120	South Mtn Complex	4.728%	2023	2,308,739	2,475,152
				<u>\$ 2,600,135</u>	<u>\$ 2,488,355</u>

(b) Principal charges in each of the next five years are as follows:

2013	\$ 232,944
2014	241,447
2015	250,359
2016	259,700
2017	266,314
2018 and thereafter	1,349,371

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# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 4. Long term debt (continued):

(c) The Board was charged \$287,892 (2011 - \$627,612) for long term debt charges during the year as follows:

	2012	2011
Principal	\$ 168,731	\$ 488,474
Interest	119,161	139,138
	<u>\$ 287,892</u>	<u>\$ 627,612</u>

## 5. Pension agreements:

The Hamilton Public Library makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 249 members 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.

The latest actuarial valuation as at December 31, 2010 indicated that current member and employer contributions were sufficient to fund future benefits. Contributions were made in the 2012 calendar year at rates ranging from 8.3% to 12.8% depending on the level of earnings. As a result, \$1,140,311 was contributed to OMERS (2011 - \$986,471) for current service.

## 6. Commitments:

Minimum future lease payments for various premises and equipments are as follows:

2013	\$ 510,480
2014	509,400
2015	484,400
2016	504,800
2017	504,800
2018 and thereafter	1,330,067
	<u>\$ 3,843,947</u>

## 7. Trust funds:

Trust funds administered by the Board amounting to \$2,863,263 (2011 – \$2,694,048) have not been included in the statement of financial position nor have these operations been included in the statement of operations.

# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 8. Accumulated surplus:

Consists of:

	2012	2011
Reserves and reserve funds	\$ 8,341,990	\$ 6,970,746
Amounts to be recovered in the future	(2,166,433)	(2,132,236)
Tangible capital assets	12,789,410	12,729,594
Balance, end of year	\$ 18,964,967	\$ 17,568,104

Reserves and reserve funds:

	2012	2011
Mobile equipment	\$ 175,445	\$ 129,726
Library collections	1,110,710	1,213,569
Library general development	1,952,411	1,150,859
Library major capital projects	2,993,361	3,071,661
Summer reading	349,856	457,266
Redevelopment, training & restructuring	482,624	373,379
Youth programming	113,655	13,325
Accessibility health & safety	428,495	222,973
Computer reserve	735,433	337,988
	\$ 8,341,990	\$ 6,970,746

## 9. Budget figures:

The budgets originally approved by the Library for 2012 are reflected on the statement of operations and the statement of changes in net financial assets and do not include amounts related to PSAB reporting requirements.

- The budget reflects anticipated expenditures for collection purchases, whereas actual results have been adjusted to move capital-related collection items to tangible capital assets. An amount for amortization expense has not been included in the budget, but is reflected in actual results.
- Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in the statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the statement of changes in net financial assets.

# THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 10. Contribution from reserves to the Municipality:

The contribution from reserves to the Municipality does not include any transfers for the operating budget.

Net transfer to Municipality	\$945,487
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Historically, there has been no budgeted amount for transfers to the Municipality. This is due to the fact that impending projects are not necessarily known or approved at the time of the budget preparation.

## 11. Comparative figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



# THE HAMILTON PUBLIC LIBRARY BOARD

## Schedule of Tangible Capital Assets

Year ended December 31, 2012 with comparative figures for 2011

### December 31, 2012

Cost	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 227,974	\$ 98,985	\$ 22,181,291	\$ 1,815,331	\$ 24,323,581
Add: additions during the year	78,277	45,912	2,975,569	437,793	3,537,551
Less: disposals during the year	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 306,251	\$ 144,897	\$ 22,201,840	\$ 2,066,399	\$ 24,719,387
Accumulated amortization	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 37,996	\$ 9,892	\$ 10,675,236	\$ 870,863	\$ 11,593,987
Add: amortization during the year	89,037	24,388	3,170,224	194,086	3,477,735
Less: amortization on disposals	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 127,033	\$ 34,280	\$ 10,890,440	\$ 878,224	\$ 11,929,977
Net book value	\$ 179,218	\$ 110,617	\$ 11,311,400	\$ 1,188,175	\$ 12,789,410

### December 31, 2011

Cost	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ -	\$ -	\$ 21,674,913	\$ 1,799,062	\$ 23,473,975
Add: additions during the year	227,974	98,985	3,200,884	282,308	3,810,151
Less: disposals during the year	-	-	(2,694,506)	(266,039)	(2,960,545)
End of year	\$ 227,974	\$ 98,985	\$ 22,181,291	\$ 1,815,331	\$ 24,323,581
Accumulated amortization	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ -	\$ -	\$ 10,237,156	\$ 956,182	\$ 11,193,338
Add: amortization during the year	37,996	9,892	3,132,586	180,720	3,361,194
Less: amortization on disposals	-	-	(2,694,506)	(266,039)	(2,960,545)
End of year	\$ 37,996	\$ 9,892	\$ 10,675,236	\$ 870,863	\$ 11,593,987
Net book value	\$ 189,978	\$ 89,094	\$ 11,506,055	\$ 944,467	\$ 12,729,594



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## INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

We have audited the accompanying financial statements of the Trust Funds of the Hamilton Public Library Board, which comprise the statement of financial position as at December 31, 2012, and the statement of operations for the year then ended, and notes, comprising 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 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.

### *Auditors' 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 our 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, we consider 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 Trust Funds of the Hamilton Public Library Board as at December 31, 2012, and its results of operations for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

Hamilton, Canada  
June 19, 2013

# THE HAMILTON PUBLIC LIBRARY BOARD TRUST FUNDS

Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Cash	\$ 305,062	\$ 301,163
Accrued interest receivable	1,312,470	714,772
Deposits - Hamilton Community Foundation	879,062	1,312,470
Due from City of Hamilton	366,669	365,643
<b>Total assets</b>	<b>2,863,263</b>	<b>2,694,048</b>
<b>Accumulated surplus</b>	<b>\$ 2,863,263</b>	<b>\$ 2,694,048</b>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

# THE HAMILTON PUBLIC LIBRARY BOARD TRUST FUNDS

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Revenue:		
Investment income (loss)	\$ 66,666	\$ (3,850)
Hamilton Community Foundation	129,963	35,926
Total revenue	196,629	32,076
Expenses:		
Other	27,414	31,118
Annual surplus	169,215	958
Accumulated surplus, beginning of year	2,694,048	2,693,090
Accumulated surplus, end of year	\$ 2,863,263	\$ 2,694,048

See accompanying notes to financial statements.

# THE HAMILTON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2012

## 1. Accounting policies:

### Basis of accounting:

Income and capital receipts are reported on the cash basis.

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses, which are reported on the accrual basis of accounting, which recognizes expenditures, as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

## 2. Reserve for capital projects:

The accumulated surplus consists of:

	2012	2011
Library		
M. Walden Thompson Estate	\$ 20,114	\$ 19,673
Special Gift Fund Central	2,085,199	1,955,114
Permanent Endowment Funds	621,505	587,449
Keetha McLaren Memorial Fund	30,890	28,064
F. Walden Library Bequest	63,098	62,317
Waterdown Library Fundraising	42,457	41,431
	<b>\$ 2,863,263</b>	<b>\$ 2,694,048</b>