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**STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD**

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**FINANCIAL STATEMENTS**

**December 31, 2016**

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

December 31, 2016

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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of  
the United Counties of Stormont, Dundas and Glengarry

We have audited the financial statements of the United Counties of Stormont, Dundas and Glengarry Library Board, which comprise the statement of financial position as at December 31, 2016, and the statements of financial activities and change in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Administration's Responsibility for the Financial Statements*

Administration 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 administration 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 an audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' 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 auditors 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 the 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, these financial statements present fairly, in all material respects, the financial position of the United Counties of Stormont, Dundas and Glengarry Library Board as at December 31, 2016 and the results of its operations and change in net assets for the year then ended in accordance with Canadian public sector accounting standards.

Cornwall, Ontario  
June 19, 2017

**Chartered Professional Accountants**  
Licensed Public Accountants

**STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD**  
**STATEMENT OF FINANCIAL POSITION**

As at December 31, 2016

	2016	2015
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Due from the United Counties of SD&G	\$ 147,437	\$ 142,834
<b>Liabilities</b>		
Municipal debt (Note 2)	5,787	9,366
Future employment benefits payable	-	1,545
	5,787	10,911
<b>Net Financial Assets</b>	<b>141,650</b>	<b>131,923</b>
 <b>Non-Financial Assets</b>		
Tangible capital assets (Note 4)	613,771	638,833
Prepaid expenses	4,439	36,245
	618,210	675,078
<b>Accumulated Surplus</b>	<b>\$ 759,860</b>	<b>\$ 807,001</b>

See Accompanying Notes



**STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD**

**STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2016

	(Unaudited) 2016 BUDGET	2016 ACTUAL	2015 ACTUAL
<b>REVENUE</b>			
Municipal grant	\$ 2,021,500	\$ 2,021,500	\$ 1,942,636
Provincial operating grant	131,761	131,761	131,761
Special projects funding	16,305	38,480	66,757
Fees, fines and other	25,100	23,549	21,171
Sales and recovered costs	750	888	803
	<b>2,195,416</b>	<b>2,216,178</b>	<b>2,163,128</b>
<b>EXPENDITURES</b>			
Amortization	185,000	179,969	182,541
Books, periodicals and processing	116,150	117,916	72,030
Building costs	103,110	96,377	93,031
County support services	133,721	133,722	132,247
Furniture and equipment	62,450	64,000	55,190
Legal, audit and consultant fees	2,800	4,814	2,748
Mileage	13,515	10,799	12,057
Office supplies and postage	32,850	28,202	19,692
Promotion and programs	50,410	46,177	53,501
Service contracts	36,500	31,628	45,176
Special programs	13,225	11,000	13,319
Telephone and internet	44,350	43,794	43,505
Training and memberships	16,365	13,335	14,718
Vehicle	33,500	31,564	31,832
Wages and benefits	1,445,729	1,450,022	1,422,344
	<b>2,289,675</b>	<b>2,263,319</b>	<b>2,193,931</b>
<b>DEFICIT FOR THE YEAR</b>	<b>(94,259)</b>	<b>(47,141)</b>	<b>(30,803)</b>
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>807,001</b>	<b>807,001</b>	<b>837,804</b>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 712,742</b>	<b>\$ 759,860</b>	<b>\$ 807,001</b>

See Accompanying Notes



**STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the year ended December 31, 2016

	(Unaudited) 2016 BUDGET	<b>2016 ACTUAL</b>	2015 ACTUAL
Deficit for the year	\$ (94,259)	\$ <b>(47,141)</b>	\$ (30,803)
Amortization of tangible assets	185,000	<b>179,969</b>	182,541
Acquisition of tangible capital assets	(128,600)	<b>(154,907)</b>	(166,421)
Change in prepaid expenses	-	<b>31,806</b>	(22,955)
Increase (decrease) in net financial assets	(37,859)	<b>9,727</b>	(37,638)
Net financial assets, beginning of year	131,923	<b>131,923</b>	169,561
Net financial assets, end of year	\$ 94,064	\$ <b>141,650</b>	\$ 131,923

See Accompanying Notes



# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2016

	2016	2015
<b>Surpluses</b>		
Operating surplus	\$ 24,173	\$ 49,854
Unfunded liabilities to be recovered from future revenues		
Future employment benefits	-	(1,545)
<b>Total surplus</b>	<b>24,173</b>	<b>48,309</b>
<b>Reserves</b>		
Reserves set aside for specific purposes by Council:		
Working capital	24,032	24,009
Special projects	103,671	103,671
Sick leave	-	1,545
<b>Total reserves</b>	<b>127,703</b>	<b>129,225</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	613,771	638,833
Less: related debt	(5,787)	(9,366)
<b>Total invested in tangible capital assets</b>	<b>607,984</b>	<b>629,467</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 759,860</b>	<b>\$ 807,001</b>

See Accompanying Notes

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2016

	Surpluses	Reserves	Invested in Tangible Capital Assets	2016	2015
<b>Balance, beginning of year</b>	\$ 48,309	\$ 129,225	\$ 629,467	\$ 807,001	\$ 837,804
Surplus for the year	132,828	-	(179,969)	(47,141)	(30,803)
Reserves used for operations	25,554	(25,554)	-	-	-
Transfer to reserves	(24,032)	24,032	-	-	-
Current year funds used for tangible capital assets	(154,907)	-	154,907	-	-
Repayment of municipal debt	(3,579)	-	3,579	-	-
<b>Change in accumulated surplus</b>	<b>(24,136)</b>	<b>(1,522)</b>	<b>(21,483)</b>	<b>(47,141)</b>	<b>(30,803)</b>
<b>Balance, end of year</b>	<b>\$ 24,173</b>	<b>\$ 127,703</b>	<b>\$ 607,984</b>	<b>\$ 759,860</b>	<b>\$ 807,001</b>

See Accompanying Notes





**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

**(a) Basis of accounting**

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

**(b) Future employment benefits**

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Counties' policy. The Library Board account for its participation in the Ontario Municipal Employees Retirement System (OMERS) as a defined benefit plan.

**(c) Amounts to be recovered from future revenues**

Amounts to be recovered from future revenues represents the outstanding principal portion of unmatured long-term liabilities for expenditures, accrued interest on long-term liabilities and future employment benefits payable that will be financed through future revenues of the Library Board and is reported on the Statement of Financial Position.

**(d) 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 change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

**(i) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Equipment	7 - 30 years
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**(ii) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risk incidental to ownership of property 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. Capital leases are included in equipment under tangible capital assets.

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2016

### 2. MUNICIPAL DEBT

	2016	2015
Capital lease obligations, interest ranging from 0.475% to 5.98%, secured by asset, due April 2016 and June 2018	\$ 5,787	\$ 9,366

Principal payments due in the next two years are as follows:

	2017	2018
	\$ 3,800	1,987
	\$ 5,787	

### 3. PENSION AGREEMENTS

The Library Board is a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Library Board does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The employer amount contributed to OMERS for 2016 was \$83,390 (2015 - \$77,752) for current service and is included as an expenditure on the Statement of Financial Activities.

### 4. TANGIBLE CAPITAL ASSETS

	2016	2015
<b>Cost</b>		
<b>Equipment</b>		
Balance, beginning of year	\$ 2,835,098	\$ 2,988,032
Additions during the year	154,907	166,421
Disposals during the year	248,156	319,355
Balance, end of year	2,741,849	2,835,098
<b>Accumulated Amortization</b>		
<b>Equipment</b>		
Balance, beginning of year	2,196,265	2,333,079
Amortization	179,969	182,541
Amortization on disposals	248,156	319,355
Balance, end of year	2,128,078	2,196,265
<b>Net book value</b>	<b>\$ 613,771</b>	<b>\$ 638,833</b>

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended December 31, 2016

**5. BUDGET FIGURES**

Budgets established for Capital and Reserves are based on a project-oriented basis, the costs of which may be carried out over one or more years.

**6. STATEMENT OF CASH FLOWS**

A statement of cash flows has not been prepared as all cash transactions flowed through the United Counties of Stormont, Dundas and Glengarry accounts.