

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

**FINANCIAL STATEMENTS**

**December 31, 2017**

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

December 31, 2017

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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, 2017, and the statements of financial activities and changes 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, 2017 and the results of its operations and changes in net assets for the year then ended in accordance with Canadian public sector accounting standards.

### *Other Matter*

The financial statements of the United Counties of Stormont, Dundas and Glengarry Library Board for the year ended December 31, 2016 were audited by CKDM LLP of Cornwall, Ontario, prior to its merger with MNP LLP. CKDM LLP expressed an unmodified opinion on those statements dated May 10, 2017.

Cornwall, Ontario  
July 16, 2018

**MNP LLP**  
**Chartered Professional Accountants**  
Licensed Public Accountants



ACCOUNTING > CONSULTING > TAX  
709 COTTON MILL STREET, CORNWALL ON, K6H 7K7  
T: 613.932.3610 F: 613.938.3215 [MNP.ca](http://MNP.ca)

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

As at December 31, 2017

	2017	2016
<b>NET FINANCIAL ASSETS</b>		
<b>Assets</b>		
Due from the United Counties of SD&G	\$ 145,270	\$ 147,437
<b>Liabilities</b>		
Municipal debt (Note 2)	1,986	5,787
<b>Net Financial Assets</b>	<b>143,284</b>	<b>141,650</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4)	642,382	613,771
Prepaid expenses	4,349	4,439
	<b>646,731</b>	<b>618,210</b>
<b>Accumulated Surplus</b>	<b>\$ 790,015</b>	<b>\$ 759,860</b>

See Accompanying Notes

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2017

	(Unaudited) 2017 BUDGET	2017 ACTUAL	2016 ACTUAL
<b>REVENUE</b>			
Municipal grant	\$ 2,056,472	\$ 2,056,472	\$ 2,021,500
Provincial operating grant	131,761	131,761	131,761
Special projects funding	16,140	48,816	38,480
Fees, fines and other	26,000	28,974	23,549
Sales and recovered costs	550	2,626	888
	2,230,923	2,268,649	2,216,178
<b>EXPENDITURES</b>			
Amortization	180,000	175,043	179,969
Books, periodicals and processing	136,365	95,707	117,916
Building costs	95,900	93,387	96,377
County support services	136,705	136,705	133,722
Furniture and equipment	58,510	36,980	64,000
Legal, audit and consultant fees	2,850	2,849	4,814
Mileage	11,500	9,543	10,799
Office supplies and postage	28,550	29,821	28,202
Promotion and programs	48,132	51,429	46,177
Service contracts	33,255	27,080	31,628
Special programs	10,375	7,124	11,000
Telephone and internet	45,273	43,643	43,794
Training and memberships	17,645	16,483	13,335
Vehicle	32,600	31,271	31,564
Wages and benefits	1,481,395	1,481,429	1,450,022
	2,319,055	2,238,494	2,263,319
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	(88,132)	30,155	(47,141)
<b>ACCUMULATED SURPLUS, beginning of year</b>	759,860	759,860	807,001
<b>ACCUMULATED SURPLUS, end of year</b>	\$ 671,728	\$ 790,015	\$ 759,860

See Accompanying Notes

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

For the year ended December 31, 2017

	(Unaudited) 2017 BUDGET	<b>2017 ACTUAL</b>	2016 ACTUAL
Surplus (deficit) for the year	\$ (88,132)	\$ <b>30,155</b>	\$ (47,141)
Amortization of tangible assets	180,000	<b>175,043</b>	179,969
Acquisition of tangible capital assets	(128,600)	<b>(203,654)</b>	(154,907)
Change in prepaid expenses	-	<b>90</b>	31,806
Increase (decrease) in net financial assets	(36,732)	<b>1,634</b>	9,727
Net financial assets, beginning of year	141,650	<b>141,650</b>	131,923
Net financial assets, end of year	\$ 104,918	\$ <b>143,284</b>	\$ 141,650

See Accompanying Notes

# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2017

	2017	2016
<b>Surpluses</b>		
Operating surplus	\$ 39,832	\$ 24,173
<b>Reserves</b>		
Reserves set aside for specific purposes by Council:		
Working capital	29,116	24,032
Special projects	80,671	103,671
<b>Total reserves</b>	<b>109,787</b>	<b>127,703</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	642,382	613,771
Less: related debt	(1,986)	(5,787)
<b>Total invested in tangible capital assets</b>	<b>640,396</b>	<b>607,984</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 790,015</b>	<b>\$ 759,860</b>

See Accompanying Notes

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

**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**

For the year ended December 31, 2017

	Surpluses	Reserves	Invested in Tangible Capital Assets	2017	2016
<b>Balance, beginning of year</b>	\$ 24,173	\$ 127,703	\$ 607,984	\$ 759,860	\$ 807,001
Surplus for the year	205,198	-	(175,043)	30,155	(47,141)
Reserves used for operations	47,032	(47,032)	-	-	-
Transfer to reserves	(29,116)	29,116	-	-	-
Current year funds used for tangible capital assets	(203,654)	-	203,654	-	-
Repayment of municipal debt	(3,801)	-	3,801	-	-
<b>Change in accumulated surplus</b>	<b>15,659</b>	<b>(17,916)</b>	<b>32,412</b>	<b>30,155</b>	<b>(47,141)</b>
<b>Balance, end of year</b>	<b>\$ 39,832</b>	<b>\$ 109,787</b>	<b>\$ 640,396</b>	<b>\$ 790,015</b>	<b>\$ 759,860</b>

See Accompanying Notes



# STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2017

### 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 accounts 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 the 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, 2017

### 2. MUNICIPAL DEBT

	2017	2016
Capital lease obligations, interest ranging from 0.475% to 5.98%, secured by asset, due June 2018	\$ 1,986	\$ 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 of 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 2017 was \$83,390 (2016 - \$83,390) for current service and is included as an expenditure on the Statement of Financial Activities.

### 4. TANGIBLE CAPITAL ASSETS

	2017	2016
<b>Cost</b>		
<b>Equipment</b>		
Balance, beginning of year	\$ 2,741,849	\$ 2,835,098
Additions during the year	203,654	154,907
Disposals during the year	(16,190)	(248,156)
Balance, end of year	2,929,313	2,741,849
<b>Accumulated Amortization</b>		
<b>Equipment</b>		
Balance, beginning of year	2,128,078	2,196,265
Amortization	175,043	179,969
Amortization on disposals	(16,190)	(248,156)
Balance, end of year	2,286,931	2,128,078
<b>Net book value</b>	\$ 642,382	\$ 613,771

### 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.