

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

FINANCIAL STATEMENTS

December 31, 2018

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

December 31, 2018

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of the United Counties of Stormont, Dundas and Glengarry Library Board (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of financial activities and changes in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the United Counties of Stormont, Dundas and Glengarry Library Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Administration and Those Charged with Governance for the Financial Statements

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards, and for such internal control as Administration determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the United Counties of Stormont, Dundas and Glengarry Library Board's financial reporting process.

In preparing the financial statements, Administration is responsible for assessing the United Counties of Stormont, Dundas and Glengarry Library Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Administration either intends to liquidate the United Counties of Stormont, Dundas and Glengarry Library Board or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Administration.
- Conclude on the appropriateness of Administration's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Cornwall, Ontario
June 17, 2019

MNP LLP
Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31, 2018

	2018	2017
NET FINANCIAL ASSETS		
Assets		
Due from the United Counties of SD&G	\$ 117,675	\$ 145,270
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Liabilities		
Municipal debt (Note 2)	22,118	1,986
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Net Financial Assets	95,557	143,284
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Non-Financial Assets		
Tangible capital assets (Note 4)	687,984	642,382
Prepaid expenses	4,407	4,349
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	692,391	646,731
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Accumulated Surplus	\$ 787,948	\$ 790,015
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See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2018

	(Unaudited) 2018 BUDGET	2018 ACTUAL	2017 ACTUAL
REVENUE			
Municipal grant	\$ 2,149,126	\$ 2,149,126	\$ 2,056,472
Provincial operating grant	131,761	131,761	131,761
Special projects funding	38,491	8,624	48,816
Fees, fines and other	30,500	30,950	28,974
Sales and recovered costs	1,200	2,866	2,626
	2,351,078	2,323,327	2,268,649
EXPENDITURES			
Amortization	175,000	146,103	175,043
Books, periodicals and processing	124,555	118,426	95,707
Building costs	141,258	138,922	93,387
County support services	136,705	136,705	136,705
Furniture and equipment	71,000	49,161	36,980
Legal, audit and consultant fees	2,910	4,325	2,849
Mileage	9,000	7,561	9,543
Office supplies and postage	27,835	29,066	29,821
Promotion and programs	55,216	62,138	51,429
Service contracts	36,570	30,486	27,080
Special programs	8,675	1,796	7,124
Telephone and internet	56,490	46,587	43,643
Training and memberships	18,675	12,435	16,483
Vehicle	33,500	31,707	31,271
Wages and benefits	1,460,189	1,509,976	1,481,429
	2,357,578	2,325,394	2,238,494
SURPLUS (DEFICIT) FOR THE YEAR	(6,500)	(2,067)	30,155
ACCUMULATED SURPLUS, beginning of year	790,015	790,015	759,860
ACCUMULATED SURPLUS, end of year	\$ 783,515	\$ 787,948	\$ 790,015

See Accompanying Notes

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

For the year ended December 31, 2018

	(Unaudited) 2018 BUDGET	2018 ACTUAL	2017 ACTUAL
Surplus (deficit) for the year	\$ (6,500)	\$ (2,067)	\$ 30,155
Amortization of tangible assets	175,000	146,103	175,043
Acquisition of tangible capital assets	-	(191,705)	(203,654)
Change in prepaid expenses	-	(58)	90
Increase (decrease) in net financial assets	168,500	(47,727)	1,634
Net financial assets, beginning of year	143,284	143,284	141,650
Net financial assets, end of year	\$ 311,784	\$ 95,557	\$ 143,284

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2018

	2018	2017
Surpluses		
Operating surplus	\$ 39,452	\$ 39,832
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	1,959	29,116
Special projects	80,671	80,671
Total reserves	82,630	109,787
Invested in tangible capital assets		
Tangible capital assets	687,984	642,382
Less: related debt	(22,118)	(1,986)
Total invested in tangible capital assets	665,866	640,396
ACCUMULATED SURPLUS	\$ 787,948	\$ 790,015

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

For the year ended December 31, 2018

	Surpluses	Reserves	Invested in Tangible Capital Assets	2018	2017
Balance, beginning of year	\$ 39,832	\$ 109,787	\$ 640,396	\$ 790,015	\$ 759,860
Surplus (deficit) for the year	144,036	-	(146,103)	(2,067)	30,155
Reserves used for operations	29,116	(29,116)	-	-	-
Transfer to reserves	(1,959)	1,959	-	-	-
Current year funds used for tangible capital assets	(191,705)	-	191,705	-	-
Repayment of municipal debt	20,132	-	(20,132)	-	-
Change in accumulated surplus	(380)	(27,157)	25,470	(2,067)	30,155
Balance, end of year	\$ 39,452	\$ 82,630	\$ 665,866	\$ 787,948	\$ 790,015

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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, 2018

2. MUNICIPAL DEBT

	2018	2017
Capital lease obligations, 0% interest, secured by assets, due July 2023	\$ 22,118	\$ 1,986

Lease payments due in the next five years is as follows:

2019	\$ 4,826	
2020	4,826	
2021	4,826	
2022	4,826	
2023	2,814	
	\$ 22,118	

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 2018 was \$87,256 (2017 - \$83,390) for current service and is included as an expenditure on the Statement of Financial Activities.

4. TANGIBLE CAPITAL ASSETS

	2018	2017
Cost		
Equipment		
Balance, beginning of year	\$ 2,929,313	\$ 2,741,849
Additions during the year	191,705	203,654
Disposals during the year	(75,414)	(16,190)
Balance, end of year	3,045,604	2,929,313
Accumulated Amortization		
Equipment		
Balance, beginning of year	2,286,931	2,128,078
Amortization	146,103	175,043
Amortization on disposals	(75,414)	(16,190)
Balance, end of year	2,357,620	2,286,931
Net book value	\$ 687,984	\$ 642,382

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

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.