

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

FINANCIAL STATEMENTS

December 31, 2019

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

December 31, 2019

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INDEPENDENT AUDITOR'S 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 Stormont, Dundas and Glengarry Library Board (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of financial activities, changes in net financial assets and cash flows 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 Stormont, Dundas and Glengarry Library Board as at December 31, 2019, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 Stormont, Dundas and Glengarry Library Board's financial reporting process.

In preparing the financial statements, Administration is responsible for assessing the 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 Stormont, Dundas and Glengarry Library Board or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's 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 of 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 auditor's 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.

Cornwall, Ontario
June 15, 2020

MNP LLP

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31, 2019

	2019	2018
NET FINANCIAL ASSETS		
Assets		
Due from the United Counties of SD&G	\$ 99,892	\$ 117,675
Liabilities		
Municipal debt (Note 2)	17,292	22,118
Net Financial Assets		
	82,600	95,557
Non-Financial Assets		
Tangible capital assets (Note 4)	709,731	687,984
Prepaid expenses	9,118	4,407
	718,849	692,391
Accumulated Surplus		
	\$ 801,449	\$ 787,948

Subsequent event (Note 7)

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
REVENUE			
Municipal grant	\$ 2,258,696	\$ 2,258,696	\$ 2,149,126
Provincial operating grant	131,761	131,761	131,761
Special projects funding	12,375	8,853	8,624
Fees, fines and other	30,250	28,300	30,950
Sales and recovered costs	1,125	2,190	2,866
	2,434,207	2,429,800	2,323,327
EXPENDITURES			
Amortization	150,000	154,508	146,103
Books, periodicals and processing	147,935	151,821	118,426
Building costs	186,649	186,463	138,922
County support services	112,317	112,317	136,705
Furniture and equipment	49,840	34,828	49,161
Legal, audit and consultant fees	2,900	4,868	4,325
Mileage	8,400	6,487	7,561
Office supplies and postage	27,725	28,082	29,066
Promotion and programs	28,100	27,201	62,138
Service contracts	40,695	34,921	30,486
Special programs	8,525	1,532	1,796
Telephone and internet	58,500	52,908	46,587
Training and memberships	18,575	13,790	12,435
Vehicle	33,300	33,135	31,707
Wages and benefits	1,559,346	1,573,438	1,509,976
	2,432,807	2,416,299	2,325,394
SURPLUS (DEFICIT) FOR THE YEAR	1,400	13,501	(2,067)
ACCUMULATED SURPLUS, beginning of year	787,948	787,948	790,015
ACCUMULATED SURPLUS, end of year	\$ 789,348	\$ 801,449	\$ 787,948

See Accompanying Notes

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

For the year ended December 31, 2019

	2019 BUDGET	2019 ACTUAL	2018 ACTUAL
Surplus (deficit) for the year	\$ 1,400	\$ 13,501	\$ (2,067)
Amortization of tangible assets	150,000	154,508	146,103
Acquisition of tangible capital assets	(187,000)	(176,255)	(191,705)
Change in prepaid expenses	-	(4,711)	(58)
Decrease in net financial assets	(35,600)	(12,957)	(47,727)
Net financial assets, beginning of year	95,557	95,557	143,284
Net financial assets, end of year	\$ 59,957	\$ 82,600	\$ 95,557

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

	2019	2018
CASH FROM OPERATING ACTIVITIES		
Surplus (deficit) for the year	\$ 13,501	\$ (2,067)
Item not affecting cash		
Amortization expense	154,508	146,103
Changes in non-cash working capital balances		
Due from the United Counties of SD&G	17,783	27,595
Prepaid expenses	(4,711)	(58)
	181,081	171,573
CASH USED IN FINANCING ACTIVITIES		
Repayment of capital lease	(4,826)	(4,000)
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(176,255)	(167,573)
INCREASE IN CASH AND EQUIVALENT	-	-
CASH, beginning of year	-	-
CASH, end of year	\$ -	\$ -

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2019

	2019	2018
Surpluses		
Operating surplus	\$ 60,688	\$ 39,452
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	2,251	1,959
Special projects	46,071	80,671
Total reserves	48,322	82,630
Invested in tangible capital assets		
Tangible capital assets	709,731	687,984
Less: related debt	(17,292)	(22,118)
Total invested in tangible capital assets	692,439	665,866
ACCUMULATED SURPLUS	\$ 801,449	\$ 787,948

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

For the year ended December 31, 2019

	Surpluses	Reserves	Invested in Tangible Capital Assets	2019	2018
Balance, beginning of year	\$ 39,452	\$ 82,630	\$ 665,866	\$ 787,948	\$ 790,015
Surplus (deficit) for the year	168,009	-	(154,508)	13,501	(2,067)
Reserves used for operations	34,600	(34,600)	-	-	-
Transfer to reserves	(292)	292	-	-	-
Current year funds used for tangible capital assets	(176,255)	-	176,255	-	-
Repayment of municipal debt	(4,826)	-	4,826	-	-
Change in accumulated surplus	21,236	(34,308)	26,573	13,501	(2,067)
Balance, end of year	\$ 60,688	\$ 48,322	\$ 692,439	\$ 801,449	\$ 787,948

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

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) Accrual basis of accounting

Revenues and expenditures are reported on the accrual 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) Government transfers

Government transfers are the transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. The Organization recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Organization recognizes revenue as the liability is settled.

(c) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered and collection is reasonably assured.

(d) 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 Organization accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS) as a defined benefit plan.

(e) 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 surplus, 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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STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Non-financial assets (Continued)

(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.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets and the valuation of allowances for receivables. Actual results could differ from these estimates.

2. MUNICIPAL DEBT

	2019	2018
Capital lease obligations, 0% interest, secured by assets, due July 2023	\$ 17,292	\$ 22,118
Lease payments due in the next five years is as follows:		
2020	\$ 4,826	
2021	4,826	
2022	4,826	
2023	2,814	
	\$ 17,292	

3. PENSION AGREEMENTS

The Organization 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 Organization does not recognize any share of the OMERS pension deficit of \$3.4 billion (2018 - \$4.2 billion) in these financial statements.

The employer amount contributed to OMERS for 2019 was \$28,023 (2018 - \$87,256) for current service and is included as an expenditure on the Statement of Financial Activities.

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2019

4. TANGIBLE CAPITAL ASSETS

	2019	2018
Cost		
Equipment		
Balance, beginning of year	\$ 3,045,604	\$ 2,929,313
Additions during the year	176,255	191,705
Disposals during the year	(165,709)	(75,414)
Balance, end of year	3,056,150	3,045,604
Accumulated Amortization		
Equipment		
Balance, beginning of year	2,357,620	2,286,931
Amortization	154,508	146,103
Amortization on disposals	(165,709)	(75,414)
Balance, end of year	2,346,419	2,357,620
Net book value	\$ 709,731	\$ 687,984

5. BUDGET FIGURES

The 2019 budget amounts that were approved on February 20, 2019 were established for Capital, Reserves and Reserve Funds and 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

All cash transactions flowed through the United Counties of Stormont, Dundas and Glengarry accounts.

7. SUBSEQUENT EVENT

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Organization's financial condition.