

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

FINANCIAL STATEMENTS

December 31, 2022

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

December 31, 2022

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STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

ADMINISTRATION'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

Administration is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, Administration designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The United Counties of Stormont, Dundas and Glengarry's Council is responsible for overseeing Administration in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by Administration and discussing relevant matters with Administration and external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and Administration to discuss their audit findings.

June 19, 2023



CAO



Manager of Finance/Treasurer

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, 2022, 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 Organization as at December 31, 2022, and the results of its operations, changes in its net financial assets and its cash flows 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 Organization 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 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.

In preparing the financial statements, Administration is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 Organization'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 19, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

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

As at December 31, 2022

	2022	2021
NET FINANCIAL ASSETS		
Assets		
Due from the United Counties of SD&G	\$ 644,719	\$ 482,995
Liabilities		
Municipal debt (Note 2)	2,815	7,641
Net Financial Assets	641,904	475,354
Non-Financial Assets		
Tangible capital assets (Note 4)	684,581	708,953
Prepaid expenses	13,217	21,792
	697,798	730,745
Accumulated Surplus	\$ 1,339,702	\$ 1,206,099

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2022

	(Note 5) 2022 BUDGET	2022 ACTUAL	2021 ACTUAL
REVENUE			
Municipal grant	\$ 2,567,543	\$ 2,567,546	\$ 2,511,722
Provincial operating grant	131,761	131,761	131,761
Special projects funding	9,740	38,399	21,033
Fees, fines and other	22,000	11,875	8,830
Sales and recovered costs	1,125	2,300	326
	<hr/> 2,732,169	<hr/> 2,751,881	<hr/> 2,673,672
EXPENSES			
Amortization	140,000	139,455	146,756
Books, periodicals and processing	161,575	133,136	121,072
Building costs	259,013	264,156	250,785
County support services	158,354	158,354	151,306
Furniture and equipment	56,418	58,712	61,758
Legal, audit and consultant fees	3,200	4,664	3,053
Mileage	6,900	6,837	3,281
Office supplies and postage	33,209	32,277	23,613
Promotion and programs	28,750	18,122	17,322
Service contracts	70,311	71,576	60,268
Special programs	59,500	78,791	10,443
Telephone and internet	65,835	48,341	48,588
Training and memberships	18,960	13,155	9,528
Vehicle	29,600	29,433	27,759
Wages and benefits	1,704,094	1,561,269	1,537,754
	<hr/> 2,795,719	<hr/> 2,618,278	<hr/> 2,473,286
SURPLUS (DEFICIT) FOR THE YEAR	(63,550)	133,603	200,386
ACCUMULATED SURPLUS, beginning of year	1,206,099	1,206,099	1,005,713
ACCUMULATED SURPLUS, end of year	\$ 1,142,549	\$ 1,339,702	\$ 1,206,099

See Accompanying Notes

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

For the year ended December 31, 2022

	(Note 5) 2022 BUDGET	2022 ACTUAL	2021 ACTUAL
Surplus for the year	\$ (63,550)	\$ 133,603	\$ 200,386
Amortization of tangible assets	140,000	139,455	146,756
Acquisition of tangible capital assets	(166,450)	(115,083)	(115,337)
Change in prepaid expenses	-	8,575	(19,349)
Increase (decrease) in net financial assets	(90,000)	166,550	212,456
Net financial assets, beginning of year	475,354	475,354	262,898
Net financial assets, end of year	\$ 385,354	\$ 641,904	\$ 475,354

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

STATEMENT OF CASH FLOWS

For the year ended December 31, 2022

	2022	2021
CASH FROM OPERATING ACTIVITIES		
Surplus for the year	\$ 133,603	\$ 200,386
Item not affecting cash		
Amortization expense	139,455	146,756
Changes in non-cash working capital balances		
Due from the United Counties of SD&G	(161,724)	(207,630)
Prepaid expenses	8,575	(19,349)
	119,909	120,163
CASH USED IN FINANCING ACTIVITIES		
Repayment of capital lease	(4,826)	(4,826)
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(115,083)	(115,337)
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, 2022

	2022	2021
Surpluses		
Operating surplus	\$ 594,194	\$ 441,045
Reserves		
Reserves set aside for specific purposes by Council:		
Working capital	17,671	17,671
Special projects	46,071	46,071
Total reserves	63,742	63,742
Invested in tangible capital assets		
Tangible capital assets	684,581	708,953
Less: related debt	(2,815)	(7,641)
Total invested in tangible capital assets	681,766	701,312
ACCUMULATED SURPLUS	\$ 1,339,702	\$ 1,206,099

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

For the year ended December 31, 2022

	Surpluses	Reserves	Invested in Tangible Capital Assets	2022	2021
Balance, beginning of year	\$ 441,045	\$ 63,742	\$ 701,312	\$ 1,206,099	\$ 1,005,713
Surplus for the year	133,603	-	-	133,603	200,386
Current year funds used for tangible capital assets	(115,083)	-	115,083	-	-
Amortization of tangible capital assets	139,455	-	(139,455)	-	-
Repayment of municipal debt	(4,826)	-	4,826	-	-
Change in accumulated surplus	153,149	-	(19,546)	133,603	200,386
Balance, end of year	\$ 594,194	\$ 63,742	\$ 681,766	\$ 1,339,702	\$ 1,206,099

See Accompanying Notes

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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 expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

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) Financial instruments

A contract establishing a financial instrument creates, at its inception, rights and obligations to receive or deliver economic benefits. The financial assets and financial liabilities portray these rights and obligations in the financial statements. The Organization recognizes a financial instrument when it becomes a party to a financial instrument contract.

Financial instruments consist of Due from the United Counties of SD&G and municipal debt which are recorded at amortized cost.

All financial assets except derivatives are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of financial activities.

(g) Measurement uncertainty (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 expenses 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.

(h) Future accounting pronouncements

Asset Retirement Obligations

PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations (ARO). The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

STORMONT, DUNDAS AND GLENGARRY COUNTY LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

2. MUNICIPAL DEBT

	2022	2021
Capital lease obligations, 0% interest, secured by assets, due July 2023	\$ 2,815	\$ 7,641
Lease payments due in the next year is as follows:		
2023	\$ 2,815	
	\$ 2,815	

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 \$3.1 billion (2020 - \$3.2 billion) in these financial statements.

The employer amount contributed to OMERS for 2022 was \$170,242 (2021 - \$98,697) for current service and is included as an expense on the Statement of Financial Activities.

4. TANGIBLE CAPITAL ASSETS

	2022	2021
Cost		
Equipment		
Balance, beginning of year	\$ 2,967,026	\$ 2,851,689
Additions during the year	115,083	115,337
Disposals during the year	(49,101)	-
Balance, end of year	3,033,008	2,967,026
Accumulated Amortization		
Equipment		
Balance, beginning of year	2,258,073	2,111,317
Amortization	139,455	146,756
Amortization on disposals	(49,101)	-
Balance, end of year	2,348,427	2,258,073
Net book value	\$ 684,581	\$ 708,953

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

5. BUDGET FIGURES

The 2022 budget amounts that were approved on January 24, 2022 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. FINANCIAL INSTRUMENTS

The Organization has exposure to the following risks from its use of financial instruments: liquidity risk.

Liquidity risk:

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due.

The Organization manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

There have been no changes to risk exposure from 2020 related to liquidity risks.