

Financial Statements of

**Township of West Lincoln  
Public Library Board**

December 31, 2021

# CONTENTS

	<b><u>Page</u></b>
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Operations and Accumulated Surplus	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Schedule of Tangible Capital Assets	12

To the Members of the Township of West Lincoln Public Library Board, Members of Council, Inhabitants and Taxpayers of Township of West Lincoln:

## Opinion

We have audited the financial statements of Township of West Lincoln (the "Library"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, 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 Library as at December 31, 2021, 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 Library 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 Management and Those Charged with Governance for the Financial Statements

Management 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 management 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, management is responsible for assessing the Library'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 management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library'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 Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Library'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 Library 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.

Burlington, Ontario

June 10, 2022

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**MNP**

# Township of West Lincoln Public Library Board

## Statement of Financial Position

As At December 31, 2021

	2021	2020
<b>Financial assets</b>		
Cash	\$ 328	\$ 140
Due from Municipality	358,715	308,936
	<b>359,043</b>	<b>309,076</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	17,601	14,868
Accrued vacation pay	19,588	13,555
Deferred revenue	16,392	16,392
	<b>53,581</b>	<b>44,815</b>
<b>Net financial assets</b>	<b>305,462</b>	<b>264,261</b>
<b>Non-financial assets</b>		
Tangible capital assets (Page 12)	273,080	285,428
Prepaid expenses	6,933	6,234
	<b>280,013</b>	<b>291,660</b>
<b>Accumulated surplus (Note 4)</b>	<b>\$ 585,475</b>	<b>\$ 555,921</b>

On behalf of the Board



Chair of the Board



Board Member

# Township of West Lincoln Public Library Board

## Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2021

	Budget 2021 (Note 3)	<b>Actual 2021</b>	Actual 2020
<b>Revenues</b>			
Municipal contribution	\$ 679,270	\$ <b>679,270</b>	\$ 640,900
User charges (Note 5)	6,220	<b>2,981</b>	6,816
Government transfers (Note 6)	22,900	<b>22,920</b>	22,920
Other (Note 7)	1,000	<b>3,568</b>	2,899
	709,390	<b>708,739</b>	673,535
<b>Expenses</b>			
Salaries, wages and benefits (Note 8)	514,800	<b>498,965</b>	393,731
Operating materials and supplies	150,780	<b>120,552</b>	110,752
Contracted services	34,370	<b>20,230</b>	47,671
Amortization of tangible capital assets	66,734	<b>66,734</b>	64,540
	766,684	<b>706,481</b>	616,694
<b>Net (expense) revenue</b>	<b>(57,294)</b>	<b>2,258</b>	56,841
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Note 5)	27,900	<b>27,296</b>	27,000
<b>Annual (deficit) surplus</b>	<b>(29,394)</b>	<b>29,554</b>	83,841
<b>Accumulated surplus (Note 4)</b>			
Beginning of year	555,921	<b>555,921</b>	472,080
End of year	<b>\$ 526,527</b>	<b>\$ 585,475</b>	\$ 555,921

See accompanying notes and schedule to the financial statements

## Township of West Lincoln Public Library Board

### Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2021

	Budget 2021 (Note 3)	<b>Actual 2021</b>	Actual 2020
Annual (deficit) surplus	\$ (29,394)	\$ <b>29,554</b>	\$ 83,841
Amortization of tangible capital assets	66,734	<b>66,734</b>	64,540
Acquisition of tangible capital assets	(90,900)	<b>(54,388)</b>	(60,770)
(Acquisition) use of prepaid expenses	-	<b>(699)</b>	379
<b>(Decrease) increase in net financial assets</b>	<b>(53,560)</b>	<b>41,201</b>	87,990
<b>Net financial assets</b>			
Beginning of year	264,261	<b>264,261</b>	176,271
End of year	<b>\$ 210,701</b>	<b>\$ 305,462</b>	<b>\$ 264,261</b>

See accompanying notes and schedule to the financial statements

# Township of West Lincoln Public Library Board

## Statement of Cash Flows

For the Year Ended December 31, 2021

	2021	2020
<b>Operating activities</b>		
Annual surplus	\$ 29,554	\$ 83,841
Non-cash items		
Amortization of tangible capital assets	66,734	64,540
Decrease in receivables	-	308
Increase in due from Municipality	(49,779)	(96,725)
Increase in accounts payable and accrued liabilities	2,733	2,651
Increase in accrued vacation pay	6,033	5,344
(Increase) decrease in prepaid expenses	(699)	379
	<u>54,576</u>	<u>60,338</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(54,388)	(60,770)
<b>Net change in cash and cash equivalents</b>	<b>188</b>	<b>(432)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>140</u>	<u>572</u>
End of year	<u>\$ 328</u>	<u>\$ 140</u>

See accompanying notes and schedule to the financial statements



# Township of West Lincoln Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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### 1. Purpose of the Library Board

The Township of West Lincoln Public Library Board (the "Library") provides library services to residents of the Township of West Lincoln and residents of other municipalities who have contracted with the Library for services.

### 2. Significant accounting policies

The financial statements of the Library are prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies used are as follows:

#### (a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

#### (b) Reporting entity

The financial statements reflect the financial assets, liabilities, non- financial assets, revenues, expenses and changes in accumulated surplus of the Library.

#### (c) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon the date of acquisition and are also recorded as revenue. The library does not capitalize interest as part of the costs of its capital assets.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the statement of operations as other revenue.

<b>Classification</b>	<b>Useful Life</b>
Equipment, furniture and fixtures	20 years
Library collection	5 years

No amortization is charged in the year of acquisition and a full year amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Library land, land improvements, buildings and facilities are owned and controlled by the Corporation of the Township of West Lincoln (the "Municipality") and are therefore not reflected in these financial statements.

# Township of West Lincoln Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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### 2. Significant accounting policies (continued)

**(d) Deferred revenue**

Deferred revenue is comprised of the unspent portion of government transfers and donations received.

**(e) Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks 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.

**(f) Revenue recognition**

Government transfers, which include municipal contributions and provincial and federal grants, are recognized in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria or stipulations have been met and reasonable estimates of the amounts can be made.

User charges and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**(g) Reserves for future expenses**

Certain amounts, as approved by the Library, are set aside in reserves for future operating and capital expenses.

**(h) Use of estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management 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 reporting period. Actual results could differ from those estimates.

# Township of West Lincoln Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2021

### 3. Budget

The budget approved by the Library includes expenditures for tangible capital assets but does not include amortization of tangible capital assets. The following is a reconciliation of the approved budget to that reported on the statement of operations.

	<b>2021</b>
Approved budgeted annual surplus	\$ -
Add:	
Transfer to reserve and reserve funds	36,100
Acquisition of tangible capital assets	90,900
Less:	
Transfer from reserve and reserve funds	(89,660)
Amortization of tangible capital assets	(66,734)
Budgeted annual deficit reported on the statement of operations	<u>\$ (29,394)</u>

### 4. Accumulated surplus

	<b>2021</b>	2020
Operating surplus	\$ 22,350	\$ 7,980
Investment in tangible capital assets	273,080	285,426
Reserves and reserve funds	290,045	262,515
	<u>\$ 585,475</u>	<u>\$ 555,921</u>

### 5. User charges

	Budget 2021	Actual 2021	Actual 2020
<b>Operating</b>			
Development charges	\$ -	\$ 2,867	\$ 5,902
Program fees	6,220	114	914
	<u>6,220</u>	<u>2,981</u>	<u>6,816</u>
<b>Capital</b>			
Development charges	27,900	27,296	27,000
	<u>\$ 34,120</u>	<u>\$ 30,277</u>	<u>\$ 33,816</u>

## Township of West Lincoln Public Library Board

### Notes to the Financial Statements

For the Year Ended December 31, 2021

#### 6. Government transfers

	Budget 2021		Actual 2021		Actual 2020
<b>Operating</b>					
Province of Ontario	\$ 22,900	\$	<b>22,920</b>	\$	22,920
	<b>\$ 22,900</b>	<b>\$</b>	<b>22,920</b>	<b>\$</b>	<b>22,920</b>

#### 7. Other revenue

	Budget 2021		Actual 2021		Actual 2020
<b>Operating</b>					
Donations and fines	\$ 1,000	\$	<b>1,641</b>	\$	983
Interest income - reserves and reserve funds	-		<b>1,927</b>		1,916
	<b>\$ 1,000</b>	<b>\$</b>	<b>3,568</b>	<b>\$</b>	<b>2,899</b>

#### 8. Salaries, wages and benefits

	Budget 2021		Actual 2021		Actual 2020
Salaries and wages	\$ 413,480	\$	<b>414,908</b>	\$	322,692
Benefits	101,320		<b>84,057</b>		71,039
	<b>\$ 514,800</b>	<b>\$</b>	<b>498,965</b>	<b>\$</b>	<b>393,731</b>

#### 9. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Library does not recognize any share of the pension plan deficit of \$3.13 billion (2020 - \$3.21 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2021 calendar year at rates ranging from 9.0% to 14.6% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the statement of operations. Employer contributions to OMERS for 2021 current and past service was \$17,224 (2020 - \$22,927) and were matched by employee contributions in a similar amount.

# Township of West Lincoln Public Library Board

## Notes to the Financial Statements

For the Year Ended December 31, 2021

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### 10. Impact of COVID-19 pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Library's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. In order to mitigate risk, the Library continues to actively monitor and assess the impact of the pandemic on its operating activities and services.

## Township of West Lincoln Public Library Board

### Schedule of Tangible Capital Assets

For the Year Ended December 31, 2021

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	Equipment, Furniture and Fixtures	Library Collection	2021	2020
<b>Cost</b>				
Beginning of year	\$ 333,869	\$ 209,316	\$ 543,185	\$ 546,741
Add: additions	12,111	42,277	54,388	60,770
Less: disposals	(34,619)	(38,488)	(73,107)	(64,326)
End of year	311,361	213,105	524,466	543,185
<b>Accumulated amortization</b>				
Beginning of year	178,622	79,137	257,759	257,545
Add: amortization	24,871	41,863	66,734	64,540
Less: amortization on disposals	(34,619)	(38,488)	(73,107)	(64,326)
End of year	168,874	82,512	251,386	257,759
<b>Net book value</b>	\$ 142,487	\$ 130,593	\$ 273,080	\$ 285,426

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