

The County of Bruce
Library Board
Financial Statements
For the year ended December 31, 2019

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For the year ended December 31, 2019

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The Bruce County Library

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Independent Auditor's Report

To the Board Members of the County of Bruce Library

Opinion

We have audited the accompanying financial statements of the County of Bruce Library Board (the Library Board), which comprise the statement of financial position as at December 31, 2019, 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 County of Bruce Library Board as at December 31, 2019 and its results of operations, its change in 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 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 Management and Those Charged with Governance for the Financial Statements

Management 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 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 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 management either intends to liquidate the Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board'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 accounting 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 Board'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 Board'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 Board 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Owen Sound, Ontario
June 4, 2020

The County of Bruce Library Board
Statement of Financial Position

December 31	2019	2018
Financial assets		
Cash held by the County of Bruce (Note 2)	\$ 437,308	\$ 387,052
Due from County of Bruce	120,242	128,992
Due from Canada	-	822
Due from Province of Ontario	2,303	2,200
Due from other municipalities	-	117
Accounts receivable	6,526	4,843
	<u>566,379</u>	<u>524,026</u>
Liabilities		
Accounts payable and accrued liabilities	<u>174,903</u>	<u>149,848</u>
Net financial assets	<u>391,476</u>	<u>374,178</u>
Non-financial assets		
Tangible capital assets (Note 3)	1,333,436	1,357,100
Prepaid expenses	20,057	11,919
	<u>1,353,493</u>	<u>1,369,019</u>
Accumulated surplus (Note 4)	<u>\$ 1,744,969</u>	<u>\$ 1,743,197</u>

The accompanying notes are an integral part of these financial statements.

The County of Bruce Library Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	2019 Budget (Note 5)	2019 Actual	2018 Actual
Revenue			
Government transfers:			
County of Bruce	\$ 3,851,791	\$ 3,794,656	\$ 3,295,730
Province of Ontario	188,487	190,790	207,609
Fines and sale of books	22,600	29,404	24,613
Interest income	-	8,662	6,802
Donations	16,107	24,353	11,598
Rental income and user fees	15,768	16,078	19,001
Loss on disposal of tangible capital assets	-	(32,685)	(38,263)
	<u>4,094,753</u>	<u>4,031,258</u>	<u>3,527,090</u>
Expenses			
Salaries and benefits	2,613,206	2,587,096	2,498,445
Contract services	42,900	33,603	40,332
Materials	292,365	268,047	352,065
External transfers	338,042	338,042	331,414
Amortization	-	353,821	379,204
Interdepartmental allocation (Note 6)	448,877	448,877	-
	<u>3,735,390</u>	<u>4,029,486</u>	<u>3,601,460</u>
Annual surplus (deficit) (Note 5)	359,363	1,772	(74,370)
Accumulated surplus, beginning of the year	<u>1,743,197</u>	<u>1,743,197</u>	<u>1,817,567</u>
Accumulated surplus, end of the year	<u>\$ 2,102,560</u>	<u>\$ 1,744,969</u>	<u>\$ 1,743,197</u>

The County of Bruce Library Board
Statement of Changes in Net Financial Assets

For the year ended December 31	2019 Budget (Note 5)	2019 Actual	2018 Actual
Annual surplus (deficit) (Page 5)	\$ 359,363	\$ 1,772	\$ (74,370)
Acquisition of tangible capital assets	(350,000)	(377,842)	(340,881)
Amortization of tangible capital assets	-	353,821	379,204
Loss on sale of tangible capital assets	-	32,685	38,263
Proceeds on disposal of tangible capital assets	-	15,000	740
	(350,000)	23,664	77,326
Change in prepaid expenses	-	(8,138)	(7,182)
Increase (decrease) in net financial assets	9,363	17,298	(4,226)
Net financial assets, beginning of the year	374,178	374,178	378,404
Net financial assets, end of the year	\$ 383,541	\$ 391,476	\$ 374,178

The accompanying notes are an integral part of these financial statements.

The County of Bruce Library Board
Consolidated Statement of Cash Flows

December 31, 2019	2019	2018
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit) (Page 5)	\$ 1,772	\$ (74,370)
Items not involving cash		
Amortization	353,821	379,204
Loss on disposal of tangible capital assets	32,685	38,263
	<u>388,278</u>	<u>343,097</u>
Changes in non-cash working capital balances		
Accounts receivable	(1,683)	1,229
Accounts payable and accrued liabilities	25,055	10,150
Due from Canada	822	(818)
Due from Province of Ontario	(103)	4,627
Due from other municipalities	117	(117)
Due from County of Bruce	8,750	(7,884)
Prepaid expenses	(8,138)	(7,182)
	<u>24,820</u>	<u>5</u>
	413,098	343,102
Capital transaction		
Cash used to acquire tangible capital assets	(377,842)	(340,881)
Proceeds on disposal of tangible capital assets	15,000	740
	<u>(362,842)</u>	<u>(340,141)</u>
Net change in cash	50,256	2,961
Cash, beginning of the year	<u>387,052</u>	<u>384,091</u>
Cash, end of the year	<u>\$ 437,308</u>	<u>\$ 387,052</u>

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies

Management Responsibility The management of the County of Bruce has prepared and is responsible for the integrity, objectivity and accuracy of the financial information presented in these consolidated financial statements. Management reviews and approves the financial statements before they are submitted to the Library Board.

Basis of Accounting The financial statements of the County of Bruce Library Board have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants of Canada as prescribed by the Ontario Ministry of Municipal Affairs and Housing.

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.

Basis of Consolidation The Library Board has been consolidated within the financial statements of the Corporation of the County of Bruce.

Use of Estimates The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ from management's best estimates as additional information becomes available in the future. Estimates are used when accounting for items such as accrued liabilities and useful life of tangible capital assets.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2019

1. Summary of Significant Accounting Policies - (continued)

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Amortization is provided over the estimated useful life of the assets, using the straight-line method. The useful life of the assets is based on estimates made by management. The following rates are used:

Library collections	7 years
Technology and communication	4 to 5 years
Furniture and fixtures	5 years
Vehicle and machinery	5 to 10 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Revenue Recognition

- a) Fines and donations are recognized when collected.
- b) Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.
- c) Revenue restricted by legislation, regulation or agreement and not available for general County purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations and accumulated surplus in the year in which it is used for the specified purpose.
- d) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2019

2. Cash Held by the County of Bruce

	2019	2018
Restricted	\$ 437,308	\$ 387,052

The cash balance is being held in the Corporation of the County of Bruce bank accounts as part of a centralized cash control service. The Canadian Deposit Insurance Corporation insures deposits up to a maximum of \$100,000 per depositor.

3. Tangible Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Library collections	\$ 2,406,891	\$ 1,253,408	\$ 2,374,002	\$ 1,211,121
Technology and communication	163,324	130,640	179,145	125,262
Vehicle and machinery	68,576	31,611	68,404	43,323
Furniture and fixtures	412,710	302,406	399,870	284,615
	\$ 3,051,501	\$ 1,718,065	\$ 3,021,421	\$ 1,664,321
Net book value		\$ 1,333,436		\$ 1,357,100

4. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2019	2018
Invested in capital assets	\$ 1,333,436	\$ 1,357,100
Reserves	411,533	386,097
Accumulated surplus	\$ 1,744,969	\$ 1,743,197

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2019

5. Budgets

Under Canadian public sector accounting principles, budget amounts are to be reported on the statement of operations and accumulated surplus and changes in net financial assets for comparative purposes. The 2019 budget amounts for The County of Bruce Library Board approved by the Board have been reclassified to conform to the presentation of the statements of operations and accumulated surplus and changes in net financial assets. The following is a reconciliation of the budget approved by the Board.

	2019	2019	2018
	Budget	Actual	Actual
Annual surplus (deficit) (Page 5)	\$ 359,363	\$ 1,772	\$ (74,370)
Net transfers (to) from reserves	63,951	(25,436)	(2,956)
Capital acquisitions and disposals	(423,314)	(330,157)	(301,878)
Amortization	-	353,821	379,204
General surplus	\$ -	\$ -	\$ -

6. Related Party Transactions

The Library Board was established and is controlled by the County of Bruce. Effective with the 2019 fiscal year, Bruce County commenced the allocation of the organization's Program Support (Finance, Information Technology, Human Resources and Emergency Management) and Facilities costs to each of the service departments based on each departments' proportion of the organizations FTE and square footage usage respectively. This allocation is intended to increase awareness and transparency around the full cost of operating these businesses while making operational and strategic decisions throughout the year.

7. Subsequent Event

Subsequent to year end, the impact of COVID-19 in Canada and on the global economy increased significantly. As the impacts of COVID-19 continue, there could be further impact on the Library Board, its patrons, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Library Board's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Library Board is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Library Board's ability to continue delivering its services and employ related staff, will depend on the legislative mandates from the various levels of government. The Library Board will continue to focus on managing expenditures and leveraging existing reserves and available credit facilities to ensure it is able to continue providing its services.