

Financial Statements of

**TOWNSHIP OF LEEDS AND
THE THOUSAND ISLANDS
PUBLIC LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Township of Leeds and the Thousand Islands Public Library Board

Opinion

We have audited the financial statements of the Township of Leeds and The Thousand Islands Public Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, and its results of operations 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 auditor's report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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.



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- 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 Entity'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 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 Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

May 15, 2023

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2022, with comparative information for 2021

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Financial assets: | | |
| Cash and cash equivalents | \$ 250,851 | \$ 237,325 |
| Due from Township of Leeds and the Thousand Islands | – | 36,173 |
| | <u>250,851</u> | <u>273,498</u> |
| Financial liabilities: | | |
| Accounts payable and accrued liabilities (note 6) | 22,802 | 54,358 |
| Deferred revenue | 17,200 | – |
| | <u>40,002</u> | <u>54,358</u> |
| Total net financial assets | <u>210,849</u> | <u>219,140</u> |
| Non-financial assets: | | |
| Tangible capital assets (note 4) | 93,441 | 98,312 |
| Accumulated surplus (note 3) | <u>\$ 304,290</u> | <u>\$ 317,452</u> |

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

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

| | Budget 2022 | Actual 2022 | Actual 2021 |
|---|----------------|----------------|----------------|
| | (note 5) | | |
| Revenue: | | | |
| Municipal grants | \$ 436,600 | \$ 436,600 | \$ 433,101 |
| Province of Ontario grant | 28,500 | 28,493 | 28,493 |
| Donations and fundraising | 2,000 | 3,579 | 12,317 |
| Other grants | – | 9,720 | 3,441 |
| Investment income | 2,900 | 5,889 | 2,133 |
| Service charges and fines | 800 | 2,300 | 628 |
| Transfer from reserve | 12,500 | 27,892 | – |
| | 483,300 | 514,473 | 480,113 |
| Expenses: | | | |
| Salaries and wages | 331,500 | 322,095 | 315,881 |
| Professional fees | 12,000 | 8,964 | 39,208 |
| Amortization expense | – | 32,763 | 33,550 |
| Technical services | 40,000 | 59,796 | 22,686 |
| Other supplies and services | 19,000 | 19,897 | 17,613 |
| Facility maintenance and utilities | 16,100 | 14,681 | 14,056 |
| Utilities, telephone, fax and internet | 15,500 | 18,127 | 13,989 |
| Minor capital – equipment and furniture | 5,700 | 1,160 | 2,739 |
| Advertising | 3,000 | 1,626 | 1,154 |
| Other special grant expenses | 12,500 | 12,218 | – |
| | 455,300 | 491,327 | 460,876 |
| Annual surplus before the undernoted | 28,000 | 23,146 | 19,237 |
| Transfer to Township of Leeds and the Thousand Islands operating fund (note 6) | – | 36,308 | 15,611 |
| Annual surplus (deficit) | 28,000 | (13,162) | 3,626 |
| Accumulated surplus, beginning of year | 317,452 | 317,452 | 313,826 |
| Accumulated surplus, end of year | \$ 345,452 | \$ 304,290 | \$ 317,452 |

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

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

| | Budget 2022 | Actual 2022 | Actual 2021 |
|---|----------------|----------------|----------------|
| | (note 5) | | |
| Annual surplus (deficit) | \$ 28,000 | \$ (13,162) | \$ 3,626 |
| Amortization of tangible capital assets | – | 32,763 | 33,550 |
| Acquisition of tangible capital assets | (28,000) | (27,892) | (26,199) |
| Change in net financial assets | – | (8,291) | 10,977 |
| Net financial assets, beginning of year | 219,140 | 219,140 | 208,163 |
| Net financial assets, end of year | \$ 219,140 | \$ 210,849 | \$ 219,140 |

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

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2022, with comparative information 2021

| | 2022 | 2021 |
|---|-------------|------------|
| Operating activities: | | |
| Annual surplus (deficit) | \$ (13,162) | \$ 3,626 |
| Amortization, which does not involve cash | 32,763 | 33,550 |
| Net change in non-cash working capital items: | | |
| Accounts receivable | — | 20,906 |
| Due from Township of Leeds and the Thousand Islands | 36,173 | 59,851 |
| Accounts payable and accrued liabilities | (31,556) | (4,770) |
| Deferred revenue | 17,200 | (2,340) |
| | 41,418 | 110,823 |
| Capital transactions: | | |
| Acquisition of tangible capital assets | (27,892) | (26,199) |
| Increase in cash and cash equivalents | 13,526 | 84,624 |
| Cash and cash equivalents, beginning of year | 237,325 | 152,701 |
| Cash and cash equivalents, end of year | \$ 250,851 | \$ 237,325 |

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

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2022

1. Status of the Library Board

The Township of Leeds and The Thousand Islands Public Library Board (the 'Library Board') was established under the Public Library Act, 1992, R.S.O. 1990 in accordance with the Section 15 of the Minister of Municipal Affairs Restructuring Order which amalgamated the former Townships of Front of Leeds and Lansdowne, Rear of Leeds and Lansdowne and Front of Escott effective January 1, 2001.

2. Significant accounting policies:

The financial statements of the Library Board, a local board of the Township of Leeds and the Thousands Islands (the "Township"), are the representation of management prepared in accordance with Canadian public sector accounting standards ("PSAB"). Significant aspects of the accounting policies adopted by the Library Board are as follows:

(a) Reporting entity:

These statements reflect the assets, liabilities, revenue and expenses of the Library Board and include capital and reserve activities.

(b) Basis of accounting:

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost, which include all amounts that are directly attributable to 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:

| Assets | Estimated Useful Life |
|--------------------|-----------------------|
| Library collection | 7 years |

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Statement of Operations and Accumulated Surplus in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the Library Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the Statement of Operations and Accumulated Surplus.

(d) Cash and cash equivalents:

The Library Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

(e) Government transfers:

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(f) Deferred revenue:

Deferred revenue represents amounts which have been collected for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal period in which the services are performed or the related expenses incurred.

(g) Pledges:

The Library Board records donations when received.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements in conformity 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 revenue and expenses during the period. Actual results could differ from those estimates.

3. Accumulated surplus:

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

| | 2022 | 2021 |
|-------------------------------------|------------|------------|
| Surplus: | | |
| Invested in tangible capital assets | \$ 93,441 | \$ 98,312 |
| Reserves: | | |
| Technology | 75,158 | 85,289 |
| Working fund | 56,364 | 56,364 |
| Literacy/opening day collection | 69,111 | 67,487 |
| Archives | 10,216 | 10,000 |
| | 210,849 | 219,140 |
| Accumulated surplus | \$ 304,290 | \$ 317,452 |

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Tangible capital assets:

| Cost | Balance at January 1, 2022 | Additions | Disposals | Balance at December 31, 2022 |
|--------------------|----------------------------------|-----------|-----------|------------------------------------|
| Library collection | \$ 625,599 | \$ 27,892 | \$ - | \$ 653,491 |

| Accumulated amortization | Balance at January 1, 2022 | Amortization | Disposals | Balance at December 31, 2022 |
|-----------------------------|----------------------------------|--------------|-----------|------------------------------------|
| Library collection | \$ 527,287 | \$ 32,763 | \$ - | \$ 560,050 |

| | Net book value 2022 | Net book value 2021 |
|--------------------|---------------------------|---------------------------|
| Library collection | \$ 93,441 | \$ 98,312 |

5. Budget figures:

The Library Board reviews its operating and capital budgets each year. The approved operating budget for 2022 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus. Amortization was not contemplated in development of the budget and, as such, has not been included. In fiscal 2022, tangible capital asset acquisitions were budgeted to be funded through reserves in the amount of \$28,000.

6. Related party transactions:

The Township pays for certain operating costs on behalf of the Library Board, which the Library Board subsequently reimburses.

During the year, the Library Board returned \$36,308 (2021 - \$15,611) related to unused municipal grant funding to the Township.

Included in accounts payable and accrued liabilities is \$22,802 (2021 - \$54,358) related to the payment of these funds.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Pension agreements:

The Library Board makes contributions to the Ontario Municipal Employees Retirement System Pension Fund ("OMERS"), which is a multi-employer plan, on behalf of its employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit. The last available report was at December 31, 2022, at that time, the plan reported a \$3.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit). The plan is a contributory defined benefit plan which specifies the amount of the 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. In 2022, the contributions made by the Library Board were \$12,896 (2021 - \$11,850) and are included on the Statement of Operations and Accumulated Surplus.