

**The County of Bruce
Library Board
Financial Statements
For the year ended December 31, 2023**

**The County of Bruce Library Board
Financial Statements
For the year ended December 31, 2023**

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The Bruce County Library

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Tel: 519 376 6110
Fax: 519 376 4741
www.bdo.ca

BDO Canada LLP
1717 2nd Avenue E, Third Floor
PO Box 397
Owen Sound ON N4K 5P7 Canada

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, 2023, 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, 2023 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
May 13, 2024

The County of Bruce Library Board
Statement of Financial Position

December 31	2023	2022
Financial assets		
Cash (Note 2)	\$ 938,254	\$ 1,030,209
Due from County of Bruce	117,592	130,297
Due from Canada	650	135
Due from Province of Ontario	6,145	5,223
Due from other municipalities	-	37
Accounts receivable	663	100
	<u>1,063,304</u>	<u>1,166,001</u>
Liabilities		
Accounts payable and accrued liabilities	201,227	184,619
Deferred revenue	8,528	2,317
	<u>209,755</u>	<u>186,936</u>
Net financial assets	<u>853,549</u>	<u>979,065</u>
Non-financial assets		
Tangible capital assets (Note 3)	1,539,585	1,350,013
Prepaid expenses	-	2,801
	<u>1,539,585</u>	<u>1,352,814</u>
Accumulated surplus (Note 4)	<u>\$ 2,393,134</u>	<u>\$ 2,331,879</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	2023	2023	2022
	Budget (Note 5)	Actual	Actual
Revenue			
Government transfers:			
County of Bruce	\$ 4,584,727	\$ 4,493,668	\$ 4,472,944
Province of Ontario	188,487	195,980	193,541
Government of Canada	-	725	-
Fines and sale of books	18,100	35,390	31,125
Interest income	-	43,221	23,827
Donations	-	38,528	70,243
Rental income and user fees	10,850	18,068	15,260
Loss on disposal of tangible capital assets	-	13,000	(88)
	<u>4,802,164</u>	<u>4,838,580</u>	<u>4,806,852</u>
Expenses			
Salaries and benefits	2,985,943	2,904,560	2,734,270
Contract services	50,130	60,832	54,772
Materials	358,450	378,537	304,650
External transfers	365,823	366,020	358,921
Amortization	-	389,443	377,659
Interdepartmental allocation (Note 6)	677,933	677,933	589,437
	<u>4,438,279</u>	<u>4,777,325</u>	<u>4,419,709</u>
Annual surplus (Note 5)	363,885	61,255	387,143
Accumulated surplus, beginning of the year	<u>2,331,879</u>	<u>2,331,879</u>	<u>1,944,736</u>
Accumulated surplus, end of the year	<u>\$ 2,695,764</u>	<u>\$ 2,393,134</u>	<u>\$ 2,331,879</u>

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

For the year ended December 31	2023	2023	2022
	Budget (Note 5)	Actual	Actual
Annual surplus (Page 5)	\$ 363,885	\$ 61,255	\$ 387,143
Acquisition of tangible capital assets	(650,009)	(579,015)	(402,147)
Amortization of tangible capital assets	-	389,443	377,659
Loss (gain) on sale of tangible capital assets	-	(13,000)	88
Proceeds on disposal of tangible capital assets	-	13,000	-
	<u>(650,009)</u>	<u>(189,572)</u>	<u>(24,400)</u>
Change in prepaid expenses	-	2,801	1,662
Increase (decrease) in net financial assets	(286,124)	(125,516)	364,405
Net financial assets, beginning of the year	979,065	979,065	614,660
Net financial assets, end of the year	\$ 692,941	\$ 853,549	\$ 979,065

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

The County of Bruce Library Board
Consolidated Statement of Cash Flows

December 31, 2023	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (Page 5)	\$ 61,255	\$ 387,143
Items not involving cash		
Amortization	389,443	377,659
Loss (gain) on disposal of tangible capital assets	(13,000)	88
	<u>437,698</u>	<u>764,890</u>
Changes in non-cash working capital balances		
Accounts receivable	(563)	303
Accounts payable and accrued liabilities	16,608	8,836
Due from Canada	(515)	(101)
Due from Province of Ontario	(922)	1,467
Due from other municipalities	37	(37)
Due from County of Bruce	12,705	7,852
Deferred revenue	6,211	(4,594)
Prepaid expenses	2,801	1,662
	<u>36,362</u>	<u>15,388</u>
	<u>474,060</u>	<u>780,278</u>
Capital transaction		
Cash used to acquire tangible capital assets	(579,015)	(402,147)
Proceeds on disposal of tangible capital assets	13,000	-
	<u>(566,015)</u>	<u>(402,147)</u>
Net change in cash	(91,955)	378,131
Cash, beginning of the year	<u>1,030,209</u>	<u>652,078</u>
Cash, end of the year	\$ 938,254	\$ 1,030,209

The County of Bruce Library Board Notes to Financial Statements

December 31, 2023

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, 2023

1. Summary of Significant Accounting Policies - (continued)

Cash Cash includes all cash on hand and deposits with banks recorded at fair market value.

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, 2023

1. Summary of Significant Accounting Policies - (continued)

Asset Retirement Obligation A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. Management has not identified any asset retirement obligations for which a liability needs to be recognized.

Financial Instruments Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2023

2. Cash Held by the County of Bruce

	2023	2022
Cash	\$ 671,815	\$ 635,456
Cash held by the County of Bruce	266,439	394,753
	\$ 938,254	\$ 1,030,209

The cash balance held in the Corporation of the County of Bruce bank accounts is 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

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Library collections	\$ 3,171,171	\$ 1,982,083	\$ 2,998,824	\$ 1,822,431
Technology and communication	129,069	108,239	141,310	113,395
Vehicle and machinery	239,737	45,212	68,576	58,129
Furniture and fixtures	523,186	388,044	501,158	365,900
	\$ 4,063,163	\$ 2,523,578	\$ 3,709,868	\$ 2,359,855
Net book value		\$ 1,539,585		\$ 1,350,013

4. Accumulated Surplus

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

	2023	2022
Invested in capital assets	\$ 1,539,585	\$ 1,350,013
Reserves	853,549	981,866
Accumulated surplus	\$ 2,393,134	\$ 2,331,879

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2023

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 2023 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.

	2023	2023	2022
	Budget	Actual	Actual
Annual surplus (Page 5)	\$ 363,885	\$ 61,255	\$ 387,143
Net transfers (to) from reserves	286,124	128,317	(362,743)
Capital acquisitions and disposals	(650,009)	(579,015)	(402,059)
Amortization	-	389,443	377,659
	-	-	-
General deficit	\$ -	\$ -	\$ -

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 and Human Resources) 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. Financial Instruments

Financial Instrument Risk Management

The Library is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Library's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

The County of Bruce Library Board
Notes to Financial Statements

December 31, 2023

17. Financial Instruments (continued)

Credit Risk

The Library is exposed to credit risk through its cash and accounts receivables. There is the possibility of non-collection of trade and other receivables. The majority of the Library's receivables are from government entities. For receivables, the Library measures impairment of each receivable type based on how long the amounts have been outstanding, noting that some government ministries can take multiple years to complete funding reconciliations. The amounts outstanding at year end, which is the Library's maximum exposure to credit risk related to receivables, were as follows:

	<u>0 - 30 days</u>	<u>31 - 90 days</u>	<u>91 - 365 days</u>	<u>1 to 2 years</u>	<u>3 to 10 years</u>
Cash	\$ 938,254	\$ -	\$ -	\$ -	-
Due from County of Bruce	117,592	-	-	-	-
Due from Canada	650	-	-	-	-
Due from Province of Ontario	6,145	-	-	-	-
Accounts receivable	663	-	-	-	-
Total	\$ 1,063,304	\$ -	\$ -	\$ -	-

Liquidity Risk

Liquidity risk is the risk that the Library encounters difficulty in meeting its obligations as they fall due. The Library has a planning and budgeting process in place to help determine the funds required to support the Library's normal operating requirements on an ongoing basis. The Library is exposed to liquidity risk through its accounts payable and accrued liabilities. The Library ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash. The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	<u>Within 6 months</u>	<u>6 months to 1 year</u>	<u>1 - 5 years</u>	<u>Over 5 years</u>
Accounts payable and accrued liabilities	\$ 201,227	\$ -	\$ -	-
Total financial liabilities	\$ 201,227	\$ -	\$ -	-