
Financial statements of
Town of Newmarket
Public Library Board

December 31, 2021

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of cash flows	5
Statement of change in net financial assets	6
Notes to the financial statements	7-12

Independent Auditor's Report

To the Members of the Town of Newmarket Public Library Board, and the Members of Council of the Corporation of the Town of Newmarket

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Town of Newmarket Public Library Board (the "Library"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change 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 (collectively referred to as the "financial statements").

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 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 ("Canadian GAAS"). 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 GAAS 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 GAAS, 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 15, 2022

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Financial Position


As at December 31, 2021

	2021	2020
Financial Assets		
Cash and cash equivalents	\$22,310	\$15,234
Accounts receivable	21,611	13,085
Due from Other Groups (Note 4)	373	-
Due from Town of Newmarket (Note 3)	469,671	656,684
	513,965	685,003
Liabilities		
Due to Other Groups (Note 4)	-	295
Accounts payable and accrued liabilities (Note 6)	200,589	202,049
Deferred revenue (Note 5)	790	-
	201,379	202,344
Net Financial Assets	312,586	482,659
Non-Financial Assets		
Prepaid expenses	100,746	91,095
Tangible capital assets, net (Note 15)	941,065	934,655
	1,041,811	1,025,750
Accumulated Surplus	\$1,354,397	\$1,508,409

APPROVED BY THE BOARD



Board Chair: Darcy McNeill



Board Secretary / Treasurer: Tracy Munusami, CEO

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2021

	2021		2020
	Budget	Actual	Actual
REVENUES			
Municipal operating grant	\$3,465,422	\$3,487,422	\$3,465,422
Municipal Contributions towards tangible capital assets (Note 8)	-	137,125	91,449
Provincial grants	64,401	75,470	70,159
Other grants	-	500	-
Fines	38,070	2,439	7,401
Program fees	29,752	2,445	2,130
Other fees and miscellaneous revenues	71,250	9,476	15,632
	3,668,895	3,714,877	3,652,193
EXPENSES			
Library materials			
Books	164,664	-	-
Magazines, newspapers and periodicals	11,100	11,827	12,130
Electronic materials and subscriptions	157,530	180,233	191,520
Audio-visual materials	27,200	-	-
Book binding and processing	30,843	21,873	27,866
Amortization expense	-	291,704	319,272
	391,337	505,637	550,788
Operations			
Programs and projects	26,159	14,267	4,912
Other supplies	17,300	10,781	9,537
Building and property maintenance	79,793	92,685	58,715
Utilities	105,000	92,544	81,105
Equipment repairs and maintenance	90,007	67,550	65,703
Minor capital	5,656	-	1,188
Emergency management materials	-	3,526	19,059
	323,915	281,353	240,219
Administration			
Employee salaries	2,131,578	2,114,303	2,118,963
Employee benefits	444,000	403,458	389,322
Education, conferences, consulting and travel	45,005	78,726	20,217
Other sundry expenses	52,875	34,196	37,489
Telephone and internet	8,440	6,787	6,731
	2,681,898	2,637,470	2,572,722
	3,397,150	3,424,460	3,363,729
Transfers and other			
Fund for future capital replacements (Note 7)	(223,550)	(223,550)	(223,550)
Transfer to Long-term Disability Town of Newmarket Reserve	(48,195)	(47,126)	(47,220)
Transfer from Reserves (Note 13)	-	-	56,841
Transfer to Library Capital Needs Reserve Fund (Note 9)	-	(173,753)	(4,044)
	(271,745)	(444,429)	(217,973)
Annual (deficit) surplus	-	(154,012)	70,491
Opening Accumulated Surplus	1,508,409	1,508,409	1,437,918
Ending Accumulated Surplus	\$1,508,409	\$1,354,397	\$1,508,409

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2021

	2021	2020
Increase (decrease) in cash and cash equivalents		
Operating Activities		
Annual (deficit) surplus	(\$154,012)	\$70,491
Amortization of tangible capital assets	291,704	319,272
<u>Changes in non-cash operating items</u>		
Accounts receivable	(8,526)	2,039
Due from Town of Newmarket	187,013	(256,639)
Due from/to Other Groups	(295)	(30,969)
Accounts payable and accrued liabilities	(1,460)	46,328
Deferred revenue	790	(1,256)
Prepaid expenses	(9,651)	(7,204)
	305,563	142,062
Capital Activity		
Acquisitions of tangible capital assets	(298,114)	(220,053)
Increase (decrease) in cash and cash equivalents	7,449	(77,991)
Cash and cash equivalents, beginning of year	15,234	93,225
Cash and cash equivalents, end of year	\$22,683	\$15,234
Cash and cash equivalents is comprised of:		
Cash balances	\$22,683	\$15,234
Cash equivalents	-	-
	\$22,683	\$15,234

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

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2021

	2021		2020
	Budget	Actual	Actual
(Deficit) Annual surplus	\$ -	(\$154,012)	\$70,491
Acquisition of tangible capital assets	(350,020)	(298,114)	(220,053)
Amortization of tangible capital assets	328,600	291,704	319,272
	(21,420)	(160,422)	169,710
Change in prepaid expenses	-	(9,651)	(7,204)
Change in net financial assets	(21,420)	(170,073)	162,506
Net financial assets, beginning of year	482,659	482,659	320,153
Net financial assets, end of the year	\$461,239	\$312,586	\$482,659

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

1. NATURE OF OPERATIONS

The Town of Newmarket Public Library Board (the “Library”) is a local board of the Corporation of the Town of Newmarket (the “Town”) deemed to be a public library established under the Public Libraries Act. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library are the representation of management prepared in accordance with Canadian Public Sector accounting standards established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Library are as follows:

(a) *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) *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 an 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:

Library collection	7 years
Equipment	8-10 years
Furniture	15 years
Shelving	15-25 years
Computer hardware	3-4 years

Tangible capital assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. The tangible capital asset threshold amount for capitalization is pooled at \$10,000.

(c) *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.

(d) *Revenue Recognition*

Government transfers are recognized in the financial statements as revenue 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 recorded as deferred revenue when transfer stipulations give rise to a liability. Revenue is recognized in the statement of operations as stipulations related to the transfers are settled.

Fines are recognized when collected.

Fees for programs and services are recognized over the period of service or when related expenditures occur.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Deferred revenue*

Deferred revenues represent amounts which have been collected but, for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) *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 revenues and expenses during the year. The principle estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

(g) *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with the bank, net of overdrafts and cash equivalents such as short term deposits with maturities of three months or less on acquisition.

(h) *Pension Plan*

The Library makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan on behalf of eligible members of its staff. The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

3. DUE FROM TOWN OF NEWMARKET

The amount receivable from the Town of Newmarket is non-interest bearing and has no set terms of repayment.

4. DUE FROM/TO OTHER GROUPS

The Library partners with other external parties, and as part of various agreements, holds the balance of accounts to be distributed or received from partners.

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2021	2020
Program fees and room rental fees	\$790	\$ -

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities is the vacation pay liability. The Library provides vacation pay benefits to current employees. Employees may become entitled to a cash payment when they leave the Library's employment.

	2021	2020
Vacation pay liability	\$ 58,929	\$ 70,246

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

7. RESERVE FUND FOR FUTURE CAPITAL REPLACEMENTS

The reserve fund, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, is designated for future Library capital expenses.

Changes during the year were as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 1,474,615	\$ 1,312,683
Interest earned	24,268	29,831
Transfer from the Library Operating Fund	223,550	223,550
Capital expenditures - Library purposes	(137,125)	(91,449)
Balance, end of year	\$ 1,585,308	\$ 1,474,615

8. UNEXPENDED CAPITAL FUND

The following fund, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, have been designated by the Town Council for future Library capital expenses:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 177,351	\$ 394,519
New capital allocations for the year	48,149	28,800
Transferred from Town of Newmarket	-	26,281
Transferred to Town of Newmarket		(180,800)
Total Capital Budget	\$ 225,500	\$ 268,800
Financing expenditures	(137,125)	(91,449)
Balance, end of year	\$ 88,375	\$ 177,351

9. OTHER RESERVE FUNDS

The following funds, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, have been designated by the Town Council for future Library expenses:

<u>Development Charges</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 3,282,795	\$ 2,844,377
Interest earned	54,092	63,060
Developers contributions	252,145	375,358
Balance, end of year	\$ 3,589,032	\$ 3,282,795

<u>Library Minor Capital Fund</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 54,117	\$ 53,017
Interest earned	834	1,100
Balance, end of year	\$ 54,951	\$ 54,117

<u>Library Capital Needs Fund</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 130,984	\$ 124,295
Interest earned	3,866	2,645
Transfer from General Reserve (Note 11)	173,753	4,044
Balance, end of year	\$ 308,603	\$ 130,984

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

10. OTHER RESERVES

The following funds, held by the Town of Newmarket on behalf of the Town of Newmarket Public Library Board, have been designated by the Town Council for future Library expenses:

<u>Library Fundraising</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 24,618	\$ 24,419
Other contributions	6,787	2,369
Transfer to Operating Fund	-	(2,170)
Balance, end of year	\$ 31,405	\$ 24,618

<u>Insurance Reserve</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 10,000	\$ 10,000
Balance, end of year	\$ 10,000	\$ 10,000

<u>Strategic Plan Implementation Reserve</u>	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 180,555	\$ 168,899
Other contributions	-	11,656
Balance, end of year	\$ 180,555	\$ 180,555

11. GENERAL RESERVE

The Town of Newmarket Public Library Board set a target level of \$400,000 for the General Reserves for the Library held by the Town of Newmarket and once achieved any surplus is to be returned to the Town after Library Board approval of audited financial statements, per Library Board motion 15.11.69. In 2021, the 2020 operating surplus (\$173,753) was transferred to the Library Reserve Fund for Capital Needs, (2020: surplus of (\$4,044) from 2019), per Town of Newmarket Council motion 9.4.17.

<u>General Reserve</u>	<u>2021</u>	<u>2020</u>
Opening Balance	\$ 573,754	\$ 404,044
Transfer from Operating Fund	13,330	173,753
Transfer to Library Capital Needs Reserve Fund (Note 9)	(173,753)	(4,044)
Rounding	1	1
Closing Balance	\$ 413,332	\$ 573,754

12. PENSION AGREEMENTS

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings. During the year, \$172,233 (2020: \$175,693) was recorded as an operating expense of the Library.

13. TRANSFER FROM RESERVE

Due to expenditures related to the COVID-19 pandemic the Town of Newmarket received and recognized a total of \$2,458,182 from COVID-19 Recovery Fund and \$769,000 from the Safe Restart grant in 2021. The Town of Newmarket transferred the Library's allocation \$3,039 directly to revenue. In 2020 the Town of Newmarket transferred the Library's portion \$54,671 directly into the Library's Operating Fund.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

14. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Library in future periods.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2021

15. TANGIBLE CAPITAL ASSETS

2021						
	Library Collection	Furniture	Equipment	Shelving	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,525,792	\$124,490	\$365,536	\$144,481	\$317,365	\$2,477,664
Add: Additions during the year	161,284	-	-	-	136,830	298,114
Less: Disposals during the year	(211,523)	-	-	-	-	(211,523)
Balance, end of year	1,475,553	124,490	365,536	144,481	454,195	2,564,255
Accumulated amortization						
Balance, beginning of year	911,301	73,813	190,914	132,718	234,263	1,543,009
Add: Amortization during the year	184,415	8,299	41,569	1,917	55,504	291,704
Less: Amortization on Disposals	(211,523)	-	-	-	-	(211,523)
Balance, end of year	884,193	82,112	232,483	134,635	289,767	1,623,190
Net book value of Tangible Capital Assets	\$591,360	\$42,378	\$133,053	\$9,846	\$164,428	\$941,065

2020						
	Library Collection	Furniture	Equipment	Shelving	Computer Hardware	Total
Cost						
Balance, beginning of year	\$1,620,883	\$124,490	\$297,879	\$144,481	\$311,440	\$2,499,173
Add: Additions during the year	120,749	-	67,657	-	31,647	220,053
Less: Disposals during the year	(215,840)	-	-	-	(25,722)	(241,562)
Balance, end of year	1,525,792	124,490	365,536	144,481	317,365	2,477,664
Accumulated amortization						
Balance, beginning of year	932,910	65,514	151,431	126,378	189,066	1,465,299
Add: Amortization during the year	194,231	8,299	39,483	6,340	70,919	319,272
Less: Amortization on Disposals	(215,840)	-	-	-	(25,722)	(241,562)
Balance, end of year	911,301	73,813	190,914	132,718	234,263	1,543,009
Net book value of Tangible Capital Assets	\$614,491	\$50,677	\$174,622	\$11,763	\$83,102	\$934,655