

Elliot Lake Public Library
Financial Statements
For the year ended December 31, 2021

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Independent Auditor's Report

To the Members of the Elliot Lake Public Library Board,
Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Elliot Lake

Qualified Opinion

We have audited the accompanying financial statements of Elliot Lake Public Library (the Library), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2021, 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 Qualified Opinion

In common with many such organizations, the Library derives revenue from fines, user charges and sale of materials, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Library. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, annual surplus and cash flows from operations for the years ended December 31, 2021 and 2020, financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified audit 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'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.

Independent Auditor's Report

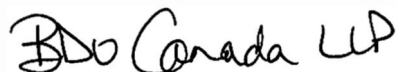
Auditor's Responsibilities for the Audit of the Financial Statements

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.




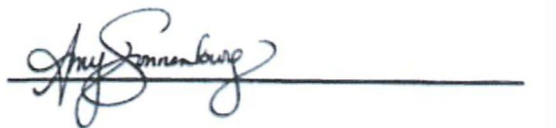
Chartered Professional Accountants, Licensed Public Accountants
Sault Ste. Marie, Ontario
July 11, 2022

**Elliot Lake Public Library
Statement of Financial Position**

December 31	2021	2020
Financial assets		
Cash	\$ 37,522	\$ -
Due from the City of Elliot Lake (Note 3)	262,178	1,106,094
	299,700	1,106,094
Liabilities		
Accounts payable and accrued liabilities	41,891	24,260
Net financial assets	257,809	1,081,834
Non-financial assets		
Tangible capital assets (Schedule 1)	1,381,842	1,455,623
Prepaid expenses	-	14,825
	1,381,842	1,470,448
Accumulated surplus (Note 4)	\$ 1,639,651	\$ 2,552,282

On behalf of the Board:





**Elliot Lake Public Library
Statement of Operations**

For the year ended December 31	Budget	2021	2020
Revenue			
Municipal contributions	\$ 598,931	\$ 544,547	\$ 562,122
Province of Ontario grants	37,530	37,522	37,522
User charges	4,910	2,576	661
Interest	-	3,442	4,730
Other	200	497	1,404
	641,571	588,584	606,439
Expenses			
Advertising	1,000	172	290
Amortization	-	144,360	138,949
Equipment	5,100	5,440	7,963
Insurance	5,075	5,075	3,500
Professional fees	10,000	3,355	3,178
Rent	197,553	192,715	62,425
Repairs and maintenance	720	720	1,669
Supplies and materials	19,884	13,628	10,249
Telephone and internet	5,440	3,078	2,169
Travel	150	-	-
Wages and benefits	343,149	312,996	197,729
	588,071	681,539	428,121
Annual surplus (deficit) before undernoted item	53,500	(92,955)	178,318
Adjustment to past municipal contributions (Note 4)	-	(819,676)	-
Annual surplus (deficit)	53,500	(912,631)	178,318
Accumulated surplus, beginning of year	2,552,282	2,552,282	2,373,964
Accumulated surplus, end of year	\$ 2,605,782	\$ 1,639,651	\$ 2,552,282

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

Elliot Lake Public Library
Statement of Change in Net Financial Assets

For the year ended December 31	Budget	2021	2020
Annual surplus (deficit)	\$ 53,500	\$ (912,631)	\$ 178,318
Acquisition of tangible capital assets	(76,294)	(70,579)	(40,803)
Amortization of tangible capital assets	-	144,360	138,949
Prepaid expenses	-	14,825	-
Net change in net financial assets	(22,794)	(824,025)	276,464
Net financial assets, beginning of year	1,081,834	1,081,834	805,370
Net financial assets, end of year	\$ 1,059,040	\$ 257,809	\$ 1,081,834

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

**Elliot Lake Public Library
Statement of Cash Flows**

For the year ended December 31	2021	2020
Operating transactions		
Annual surplus (deficit)	\$ (912,631)	\$ 178,318
Item not involving cash		
Amortization	<u>144,360</u>	138,949
	(768,271)	317,267
Changes in non-cash operating balances		
Accounts receivable	-	37,522
Prepaid expenses	14,825	-
Accounts payable and accrued liabilities	17,631	3,789
Due to/from the City of Elliot Lake	<u>843,916</u>	<u>(397,284)</u>
	108,101	(38,706)
Capital transactions		
Acquisition of tangible capital assets	(70,579)	(40,803)
Financing activities		
Decrease in portfolio investments	<u>-</u>	<u>(1,036)</u>
Net change in cash	37,522	(80,545)
Cash, beginning of year	<u>-</u>	<u>80,545</u>
Cash, end of year	\$ 37,522	\$ -

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

Elliot Lake Public Library Notes to Financial Statements

December 31, 2021

1. Summary of significant accounting policies

Management Responsibility	The financial statements of the Elliot Lake Public Library (the Library) are the responsibility of management. The Library Board reviews and approves the financial statements.						
Basis of accounting	The financial statements of the Elliot Lake Public Library are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.						
Nature of operations	The Elliot Lake Public Library provides library services to residents of the City of Elliot Lake and residents of other municipalities who have contracted the Library for services.						
Revenue recognition	<p>Government transfers are recognized in the year in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.</p> <p>User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.</p>						
Deferred revenue	Funds received for specific purposes which contain stipulations externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.						
Tangible capital assets	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table style="margin-left: 40px;"><tr><td>Library collection</td><td>- 10 years</td></tr><tr><td>Furniture and equipment</td><td>- 5-15 years</td></tr><tr><td>Leasehold improvements</td><td>- over the lease term</td></tr></table>	Library collection	- 10 years	Furniture and equipment	- 5-15 years	Leasehold improvements	- over the lease term
Library collection	- 10 years						
Furniture and equipment	- 5-15 years						
Leasehold improvements	- over the lease term						
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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.						

Elliot Lake Public Library Notes to Financial Statements

December 31, 2021

2. Pension plan and future benefits

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 that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, the library does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipalities and their employees. At December 31, 2021 OMERS reported an actuarial funding deficit of \$3.1 billion (2020 - \$3.2 billion). Employer's contributions for current and past service are included as an expense on the statement of operations. The amount contributed to OMERS in 2021 was \$15,876 (2020 -\$12,780).

3. Due to the City of Elliot Lake

The balance owing from the City of Elliot Lake is non-interest bearing and has no set terms of repayment.

4. Accumulated surplus

The total balance of accumulated surplus is made up of the following amounts:

	2021	2020
Equity in tangible capital assets	\$ 1,381,842	\$ 1,455,623
Operating surplus	-	819,676
Reserves set aside by the Board		
Library building reserve	257,809	276,983
	\$ 1,639,651	\$ 2,552,282
 Allocation of annual surplus:		
Reserves	\$ (19,174)	\$ 4,745
Equity in tangible capital assets	(73,781)	(98,146)
Operating surplus	(819,676)	271,719
	\$ (912,631)	\$ 178,318

Any operating surplus becomes part of The Corporation of the City of Elliot Lake's working capital reserve. As the City adjusts its contribution to the Library each year based on the annual operating surplus or deficit of the Library, in 2021 the presentation of the municipal contribution revenue and past accumulated balance was changed to reflect this.

**Elliot Lake Public Library
Notes to Financial Statements**

December 31, 2021

5. Commitment

The Library has entered into a 25 year lease for its premises commencing November 2013. Annual lease payments are approximately \$100,590 plus a proportionate share of common area costs and realty tax which are approximately \$74,235 annually.

6. Budget

The Financial Plan (Budget) By-Law adopted by Council on January 25, 2021 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets include the following adjustments:

Financial Plan (Budget) Bylaw surplus for the year	\$ -
Add:	
Capital expenditures	76,294
Less:	
Net inter-fund transfers from reserves	<u>(22,794)</u>
Budget surplus (deficit) per statement of operations	<u>\$ 53,500</u>

7. Uncertainty due to COVID-19

As a result of COVID-19, in late December 2020 a province-wide lockdown started, with the library only being allowed to operate via curbside services. As of July 5, 2021 the library was allowed to re-open to the public, with certain capacity and physical distancing restrictions in place.

There could be further impact on the library and its user charges, as a result of the continued COVID-19 pandemic. Management is actively monitoring the effect on its financial condition. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time.

8. Comparative figures

Comparative figures have been reclassified to conform with current year presentation.

Elliot Lake Public Library
Schedule 1 - Tangible Capital Assets

For the year ended December 31, 2021

	Leasehold Improvements	Furniture and Equipment	Library Collection	Work in Progress	Total
Cost, beginning of year	\$ 1,088,154	\$ 308,049	\$ 677,371	\$ -	\$ 2,073,574
Additions	-	22,617	47,962	-	70,579
Cost, end of year	1,088,154	330,666	725,333	-	2,144,153
Accumulated amortization, beginning of year	152,303	94,489	371,159	-	617,951
Amortization	43,528	26,560	74,272	-	144,360
Accumulated amortization, end of year	195,831	121,049	445,431	-	762,311
Net carrying amount, end of year	\$ 892,323	\$ 209,617	\$ 279,902	\$ -	\$ 1,381,842

For the year ended December 31, 2020 (comparative figures)

	Leasehold Improvements	Furniture and Equipment	Library Collection	Work in Progress	Total
Cost, beginning of year	\$ 1,088,154	\$ 308,049	\$ 636,568	\$ -	\$ 2,032,771
Additions	-	-	40,803	-	40,803
Cost, end of year	1,088,154	308,049	677,371	-	2,073,574
Accumulated amortization, beginning of year	108,775	69,195	301,032	-	479,002
Amortization	43,528	25,294	70,127	-	138,949
Accumulated amortization, end of year	152,303	94,489	371,159	-	617,951
Net carrying amount, end of year	\$ 935,851	\$ 213,560	\$ 306,212	\$ -	\$ 1,455,623

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