

Financial Statements of

**TOWN OF NEWMARKET
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 Council, Inhabitants and Ratepayers of
The Corporation of the Town of Newmarket

Opinion

We have audited the financial statements of The Newmarket 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, net financial assets and cash flows for the period 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.



Page 2

Other Matter - Comparative Information

The financial statements for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 15, 2022.

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.



Page 3

- 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

Vaughan, Canada

July 25, 2023

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 89,292	\$ 22,310
Accounts receivable	23,031	21,611
Due from other groups (note 3)	–	373
Due from Town of Newmarket (note 2)	547,793	469,671
	<u>660,116</u>	<u>513,965</u>
Financial Liabilities		
Due to other groups (note 3)	520	–
Accounts payable and accrued liabilities (note 5)	245,267	200,589
Deferred revenue (note 4)	2,716	790
	<u>248,503</u>	<u>201,379</u>
Net financial assets	411,613	312,586
Non-Financial Assets		
Prepaid expenses	69,017	100,746
Tangible capital assets, net (note 12)	866,647	941,065
	<u>935,664</u>	<u>1,041,811</u>
Accumulated surplus	<u>\$ 1,347,277</u>	<u>\$ 1,354,397</u>

See accompanying notes to financial statements.

On behalf of the Board:

Board Chair: Darryl Gray

Board Secretary / Treasurer: Tracy Munusami, CEO

TOWN OF NEWMARKET 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
Revenue:			
Municipal operating grant	\$ 3,556,422	\$ 3,556,422	\$ 3,487,422
Municipal contributions towards tangible capital assets and building repair and maintenance(note 6)	–	116,328	137,125
Provincial grants	64,401	76,609	75,470
Other grants	–	–	500
Fines	30,928	1,136	2,439
Program fees	31,252	10,882	2,445
Other fees and miscellaneous	74,950	39,088	9,476
	<u>3,757,953</u>	<u>3,800,465</u>	<u>3,714,877</u>
Expenses:			
Library materials:			
Books	162,864	–	–
Magazines, newspapers and periodicals	11,000	9,829	11,827
Electronic materials and subscriptions	196,966	187,901	180,233
Audio-visual materials	24,000	–	–
Book binding and processing	32,318	26,992	21,873
Amortization	–	282,462	291,704
	<u>427,148</u>	<u>507,184</u>	<u>505,637</u>
Operations:			
Programs and projects	24,835	21,142	14,267
Other supplies	16,000	15,164	10,781
Building and property maintenance	78,993	152,256	92,685
Utilities	99,000	75,009	92,544
Equipment repairs and maintenance	84,465	106,192	67,550
Minor capital	5,656	5,449	–
Emergency management materials	–	–	3,526
	<u>308,949</u>	<u>375,212</u>	<u>281,353</u>
Administration:			
Employee salaries	2,238,399	2,138,640	2,114,303
Employee benefits	441,200	402,526	403,458
Education, conferences, consulting and travel	34,105	74,137	78,726
Other sundry	51,215	41,751	34,196
Telephone and internet	8,440	6,808	6,787
	<u>2,773,359</u>	<u>2,663,862</u>	<u>2,637,470</u>
	<u>3,509,456</u>	<u>3,546,258</u>	<u>3,424,460</u>
Excess of revenue over expense before the following	248,497	254,207	290,417
Transfers and other:			
Fund for future capital replacements (note 6)	(223,550)	(223,550)	(223,550)
Transfer to Long-term Disability Town of Newmarket Reserve	(24,947)	(24,447)	(47,126)
Transfer to Library Capital Needs Reserve Fund (note 8)	–	(13,330)	(173,753)
	<u>(248,497)</u>	<u>(261,327)</u>	<u>(444,429)</u>
Annual deficit	–	(7,120)	(154,012)
Accumulated surplus, beginning of year	1,354,397	1,354,397	1,508,409
Accumulated surplus, end of year	<u>\$ 1,354,397</u>	<u>\$ 1,347,277</u>	<u>\$ 1,354,397</u>

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

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

	Budget 2022	Actual 2022	Actual 2021
Annual deficit	\$ –	\$ (7,120)	\$ (154,012)
Acquisition of tangible capital assets	(241,420)	(208,044)	(298,114)
Amortization of tangible capital assets	282,730	282,462	291,704
Change in prepaid expenses	–	31,729	(9,651)
Change in net financial assets	41,310	99,027	(170,073)
Net financial assets, beginning of year	312,586	312,586	482,659
Net financial assets, end of year	\$ 353,896	\$ 411,613	\$ 312,586

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (7,120)	\$ (154,012)
Amortization of tangible capital assets	282,462	291,704
Change in non-cash operating items:		
Accounts receivable	(1,420)	(8,526)
Due from Town of Newmarket	(78,122)	187,013
Due from/to other groups	893	(668)
Accounts payable and accrued liabilities	44,678	(1,460)
Deferred revenue	1,926	790
Prepaid expenses	31,729	(9,651)
	275,026	305,190
Capital activity:		
Acquisition of tangible capital assets	(208,044)	(298,114)
Increase in cash and cash equivalents	66,982	7,076
Cash and cash equivalents, beginning of year	22,310	15,234
Cash and cash equivalents, end of year	\$ 89,292	\$ 22,310

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2022

The Town of Newmarket Public Library Board (the "Library Board") 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).

1. Significant accounting policies:

The financial statements of the Library Board are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Library Board are as follows:

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue 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
Furniture	15 years
Equipment	8 - 10 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.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies:

(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.

(e) Deferred revenue:

Deferred revenue represents amounts which has been collected but, for which the related services has yet to be performed. These amounts will be recognized as revenue 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 revenue 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.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(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 Board 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 Board has adopted defined contribution plan accounting principles for OMERS because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to OMERS for past employee service.

2. Due from Town of Newmarket:

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

3. Due from/to other groups:

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

4. Deferred revenue:

Deferred revenue consists of the following:

	2022	2021
Program fees and room rental fees	\$ 2,716	\$ 790

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Accounts payable and accrued liabilities:

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

	2022	2021
Vacation pay liability	\$ 63,889	\$ 58,929

6. Reserve fund for future capital replacements:

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

Changes during the year were as follows:

	2022	2021
Balance, beginning of year	\$ 1,585,308	\$ 1,474,615
Interest earned	28,313	24,268
Disposal proceeds	55	-
Transfer from the Library Operating Fund	223,550	223,550
Capital expenditures - Library purposes	(116,328)	(137,125)
Balance, end of year	\$ 1,720,898	\$ 1,585,308

7. Unexpended capital fund:

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

	2022	2021
Balance, beginning of year	\$ 88,375	\$ 177,351
New capital allocations for the year	476,175	48,149
Total capital budget	564,550	225,500
Financing expenditures	(116,328)	(137,125)
Balance, end of year	\$ 448,222	\$ 88,375

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Other reserve funds:

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

	2022	2021
Development charges		
Balance, beginning of year	\$ 3,589,032	\$ 3,282,795
Interest earned	64,027	54,092
Developers contributions	370,554	252,145
Balance, end of year	\$ 4,023,613	\$ 3,589,032
Library Minor Capital Fund		
Balance, beginning of year	\$ 54,951	\$ 54,117
Interest earned	960	834
Balance, end of year	\$ 55,911	\$ 54,951
Library Capital Needs Fund		
Balance, beginning of year	\$ 308,603	\$ 130,984
Interest earned	5,408	3,866
Transfer from General Reserve (note 10)	13,330	173,753
Balance, end of year	\$ 327,341	\$ 308,603

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Other reserves:

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

	2022	2021
Library Fundraising		
Balance, beginning of year	\$ 31,405	\$ 24,618
Other contributions	3,183	6,787
Balance, end of year	\$ 34,588	\$ 31,405
Insurance Reserve		
Balance, beginning and end of year	\$ 10,000	\$ 10,000
Strategic Plan Implementation Reserve		
Balance, beginning and end of year	\$ 180,555	\$ 180,555

10. General Reserve:

The Library Board set a target level of \$400,000 for the General Reserves for the Library Board held by the Town 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 2022, the 2021 operating surplus (\$13,330) was transferred to the Library Reserve Fund for Capital Needs, (2021 - surplus of (\$173,753) from 2020), per Town Council motion 9.4.17.

	2022	2021
General Reserve		
Balance, beginning of year	\$ 413,332	\$ 573,754
Transfer from Operating Fund	80,631	13,330
Transfer to Library Capital Needs Reserve Fund (note 8)	(13,330)	(173,753)
Rounding	(2)	1
Balance, end of year	\$ 480,631	\$ 413,332

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

11. Pension agreements:

The Library Board makes contributions to OMERS, which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. OMERS 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, \$176,845 (2021 - \$172,233) was recorded as an operating expense of the Library Board.

12. Tangible capital assets:

2022	Library collection	Furniture	Equipment	Shelving	Computer hardware	Total
Cost						
Balance, beginning of year	\$ 1,475,553	\$ 124,490	\$ 365,536	\$ 144,481	\$ 454,195	\$ 2,564,255
Add additions during the year	177,626	–	–	–	30,418	208,044
Less disposals during the year	(208,028)	–	(19,897)	–	(158,571)	(386,496)
Balance, end of year	\$ 1,445,151	\$ 124,490	\$ 345,639	\$ 144,481	\$ 326,042	\$ 2,385,803
Accumulated amortization						
Balance, beginning of year	\$ 884,193	\$ 82,112	\$ 232,483	\$ 134,635	\$ 289,767	\$ 1,623,190
Add amortization during the year	178,941	8,300	36,202	1,517	57,502	282,462
Less amortization on disposals	(208,028)	–	(19,897)	–	(158,571)	(386,496)
Balance, end of year	\$ 855,106	\$ 90,412	\$ 248,788	\$ 136,152	\$ 188,698	\$ 1,519,156
Net book value	\$ 590,045	\$ 34,078	\$ 96,851	\$ 8,329	\$ 137,344	\$ 866,647

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	\$ 591,360	\$ 42,378	\$ 133,053	\$ 9,846	\$ 164,428	\$ 941,065