

THE CORPORATION OF THE TOWN OF COBALT
COBALT PUBLIC LIBRARY BOARD
DISTRICT OF TIMISKAMING
YEAR ENDED DECEMBER 31, 2023

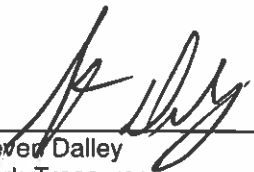
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Cobalt - Cobalt Public Library Board are the responsibility of the Corporation of the Town of Cobalt - Cobalt Public Library Board's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation of the Town of Cobalt - Cobalt Public Library Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the Corporation of the Town of Cobalt - Cobalt Public Library Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Cobalt - Cobalt Public Library Board's financial statements.



Steven Dalley
Clerk-Treasurer

Kemp Elliott & Blair LLP

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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Town of Cobalt:

Opinion

We have audited the consolidated financial statements of the Corporation of the Town of Cobalt - Cobalt Public Library Board, which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations, change in net financial assets, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Cobalt - Cobalt Public Library Board as at December 31, 2023, and the results of its operations, change in net financial assets 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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation of The Town of Cobalt - Cobalt Public 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is responsible for assessing the Corporation of The Town of Cobalt - Cobalt Public 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 Corporation of The Town of Cobalt - Cobalt Public Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation of The Town of Cobalt - Cobalt Public Library Board's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 Corporation of The Town of Cobalt - Cobalt Public 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 Corporation of The Town of Cobalt - Cobalt Public 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 auditors' 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 auditors' report. However, future events or conditions may cause the Corporation of The Town of Cobalt - Cobalt Public 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.

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
September 17, 2024

Kemp Elliott & Blair LLP

Chartered Professional Accountants

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

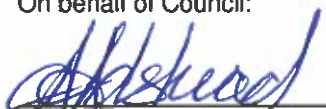
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash	\$ 11,346	\$ 61,085
Accounts receivable	25,530	4,659
	<u>36,876</u>	<u>65,744</u>
LIABILITIES		
Accounts payable and accrued liabilities	2,213	3,239
Asset retirement obligations	116,561	113,387
	<u>118,774</u>	<u>116,626</u>
NET DEBT	(81,898)	(50,882)
NON-FINANCIAL ASSETS		
Tangible capital assets – note 7	<u>138,378</u>	<u>150,033</u>
ACCUMULATED SURPLUS – note 5	<u>\$ 56,480</u>	<u>\$ 99,151</u>

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

On behalf of Council:



 Mayor



 Clerk-Treasurer

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUES		
Grants – Provincial	\$ 6,242	\$ 6,242
Grants – Federal	18,902	15,019
Grants – other	27,522	49,325
Municipal contribution – Town of Cobalt	28,494	33,709
Municipal contribution – Township of Coleman	2,000	2,000
Fees, donations and fundraising activities	<u>2,108</u>	<u>2,451</u>
Total revenues	<u>85,268</u>	<u>108,746</u>
EXPENDITURES		
Wages and benefits	52,938	67,386
Professional fees	37,093	-
Amortization	11,655	11,655
Books and subscriptions	3,618	3,293
Utilities	7,684	7,753
Other supplies	6,360	9,906
Insurance	2,916	2,250
Interest and penalties	976	656
Maintenance and repairs	1,525	3,112
Accretion	<u>3,174</u>	<u>3,089</u>
Total expenditures	<u>127,939</u>	<u>109,100</u>
ANNUAL DEFICIT	(42,671)	(354)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	99,151	198,364
Adjustments related to adoption of new accounting standards – note 2	<u>-</u>	<u>(98,859)</u>
ACCUMULATED SURPLUS, END OF YEAR – note 5	<u>\$ 56,480</u>	<u>\$ 99,151</u>

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

THE CORPORATION OF THE TOWN OF COBALT
COBALT PUBLIC LIBRARY BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (DEBT)
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
ANNUAL DEFICIT	\$ (42,671)	\$ (354)
Amortization of tangible capital assets	<u>11,655</u>	<u>11,655</u>
Increase (decrease) in net financial assets (debt)	(31,016)	11,301
Net financial assets (debt), beginning of year	(50,882)	48,115
Adjustments related to adoption of new accounting standards – note 2	<u>-</u>	<u>(110,298)</u>
NET DEBT, END OF YEAR	<u>\$ (81,898)</u>	<u>\$ (50,882)</u>

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

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. Significant accounting policies

Basis of accounting

The activities of the Library Board are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Equipment	25 years

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available.

The Library has no capitalization threshold for land and buildings, and a capitalization threshold of \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

Financial instruments

The Library recognizes its financial instruments when the municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section PS 3420 Inter-entity Transactions.

At initial recognition, the municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Library has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

1. **Significant accounting policies- continued**

Asset retirement obligations

Asset retirement obligations represent the legal obligation associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the consolidated financial statement date to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when there is a legal obligation for the Library Board to incur costs in relation to a specific tangible capital asset, when the past transaction or event causing the liability has already occurred, when economic benefits will need to be given up in order to remediate the liability and when a reasonable estimate of such amount can be made. The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized. Through the passage of time in subsequent reporting periods, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates.

At remediation, the Library Board derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations and accumulated surplus.

2. **Adoption of new accounting standards**

On January 1, 2023, the Library Board adopted PS 3280 Asset retirement obligations (ARO) on a modified retroactive basis. PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded.

As a result of the application of this accounting standard, an asset retirement obligation has been recognized as a liability and an asset retirement cost has been added to the cost of tangible capital assets in the consolidated statement of financial position. The asset retirement obligations represent the estimated costs of retiring assets owned by the Library Board.

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

2. Adoption of new accounting standards - continued

The adoption of PS 3280 Asset Retirement Obligations (ARO) has been applied to the comparative period as follows:

	<u>2022</u>		
	As previously reported	Increase (decrease)	As restated
Statement of Financial Position			
Asset retirement obligations	\$ -	\$ 113,387	\$ 113,387
Tangible capital assets	139,410	10,623	150,033
Accumulated surplus	201,915	(102,764)	99,151
Statement of Operations			
Amortization	10,839	816	11,655
Accretion	-	3,089	3,089
Annual surplus (deficit)	3,551	(3,905)	(354)
Adjustments related to adoption of new accounting standards	-	(98,859)	(98,859)
Accumulated surplus, end of year	201,915	(102,764)	99,151
Statement of Change in Net Financial Assets (Debt)			
Annual surplus (deficit)	3,551	(3,905)	(354)
Amortization of tangible capital assets	10,839	816	11,655
Adjustments related to adoption of new accounting standards	-	(110,298)	(110,298)
Net financial assets (debt), end of year	62,505	(113,387)	(50,882)

3. Cash flows

Required cash flow information is readily available from the statement of operations.

4. Budget figures

The Library Board does not prepare its budget in the same format as the financial statements and so no budget information is disclosed.

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

5. **Accumulated surplus**

Reserves represent an appropriation of surplus for a specific purpose, determined by the Library Board, are non-statutory and subject to change by the Library Board at any time.

	<u>2023</u>	<u>2022</u>
Reserves and surpluses		
Donation reserve	\$ 18,075	\$ 18,075
General surplus	<u>16,588</u>	<u>44,430</u>
	34,663	62,505
Amounts to be recovered		
Unfinanced asset retirement obligations	<u>(116,561)</u>	<u>(113,387)</u>
Net debt	(81,898)	(50,882)
Non-financial assets		
Invested in tangible capital assets	<u>138,378</u>	<u>150,033</u>
Accumulated surplus	<u>\$ 56,480</u>	<u>\$ 99,151</u>

6. **Asset retirement obligations**

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 113,387	\$
Opening balance adjustment	-	110,298
Accretion expense	<u>3,174</u>	<u>3,089</u>
Balance, end of year	<u>\$ 116,561</u>	<u>\$ 113,387</u>

The asset retirement obligation at year end is as follows:

	<u>2023</u>	<u>2022</u>
Asbestos removal	<u>116,561</u>	<u>113,387</u>
Balance, end of year	<u>\$ 116,561</u>	<u>\$ 113,387</u>

The discount rate used to present value future cash outputs is 2.80% (2022 2.80%).

Asbestos removal

The Library Board owns a building which contain asbestos, and therefore, the Library Board is legally required to perform abatement activities upon renovation or demolition of this asset. Abatement activities include handling and disposing of the asbestos in a prescribed manner when it is disturbed. Assumptions were made regarding the remaining useful life of the building that contains materials with asbestos in order to estimate when the costs of rehabilitation would be incurred.

THE CORPORATION OF THE TOWN OF COBALT

COBALT PUBLIC LIBRARY BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

7. Schedule of tangible capital assets

	Opening Cost	Additions	Ending Cost	Opening Accumulated Amortization	Current Amortization	Ending Accumulated Amortization	Net Assets 2023	Net Assets 2022
General								
Buildings	\$ 433,526	\$ -	\$ 433,526	\$ 308,962	\$ 8,670	\$ 317,632	\$ 115,894	\$ 124,564
Equipment	47,903	-	47,903	22,434	2,985	25,419	22,484	25,469
Total	\$ 481,429	\$ -	\$ 481,429	\$ 331,396	\$ 11,655	\$ 343,051	\$ 138,378	\$ 150,033

8. Financial instruments

The Library Board, as part of its operations, carries a number of financial instruments. It is management's opinion that the Library Board is not exposed to significant interest, currency, liquidity, market, other price or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk is the risk of financial loss because of a counter party to a financial instrument fails to discharge its contractual obligations.

The Library Board manages its credit risk by establishing an allowance for doubtful accounts based on factors surrounding the credit risk of specific accounts, historical trends and other information. The Library Board has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Library Board has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Library Board manages exposure through its normal operating and financing activities. The Library Board is exposed to interest rate risk primarily through its fixed rate GIC.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Library Board is exposed to this risk mainly in respect of its receipt of funds from its customers and ratepayers, and other related sources, and accounts payable.

The Library Board manages the liquidity risk resulting from its accounts payable by maintaining cash and investing in other liquid assets.