

# REPORT

## Oakville Public Library Board

Meeting Date: May 16, 2024

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**FROM:** Finance Department

**DATE:** May 7, 2024

**SUBJECT:** 2023 Financial Statement Report – May 16, 2024

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### RECOMMENDATION:

That the draft Financial Statements of the Oakville Public Library for the year-end December 31, 2023 be approved.

### KEY FACTS:

The following are key points for consideration with respect to this report:

- The Library recorded an operating surplus of \$195,980 and a Canadian Public Sector Account Standards (PSAS) surplus of \$104,733 for 2023.
- This operating surplus is slightly different from the operating surplus of \$196,006 reported on the Comprehensive Financial Report presented at the February meeting.
- KPMG is prepared to issue an unqualified (or “clean”) opinion on the 2023 financial statements once all aspects of the audit are completed.

### BACKGROUND:

The Library is required to prepare annual financial statements, which must be audited by the town’s external auditors and approved by the Board of Directors. The financial statements provide the Board and the public with information on the Library’s financial position, its results of operations, and any other relevant financial information for the most recent year.

In early 2024, town finance staff, along with Library management, completed the 2023 year-end processes and prepared the financial statements (Appendix A). These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS).

Upon completion of the financial statements, the Library’s auditors from KPMG conducted their audit to ensure that the financial statements are presented fairly.

**COMMENT/OPTIONS:**

- The Library continues to maintain a strong net financial asset position on the balance sheet. This means that the financial assets are greater than liabilities indicating the Library has the ability to meet its financial obligations.
- The 2023 revenue increase of \$552k over 2022 relates mainly to the increase in the operating grant from the town. During the year not all transfers from the town were made knowing that the Library was in a surplus position. Had all transfers been made, total revenue would have been in line with the 2023 budget but would have been repaid at year-end.
- Personnel expenses were higher than 2022 by \$550k but lower than 2023 budgeted figures by \$613k. The decrease in expenditures over budget relates primarily to staff vacancies that weren't filled immediately, as well as new positions where the employees weren't hired until later in the year.
- Material expenses increased from prior year by \$119k and were lower than budget. The decrease from budget relates entirely to the accounting treatment of the Library's collections. For budget purposes the purchases are treated as an expense, but for accounting purposes we capitalize the books and amortize over their lifetime. The increase in remaining expenses over prior year relate to the increase in electronic resources purchased due to higher demand from the public.
- Purchased services was higher than budget and explained in the schedule within the Financial Statements. There is no one main reason, but overall actuals were higher in janitorial, repairs and maintenance, and staff development, offset by lower utilities and sundry. The janitorial services for touchpoint cleaning continued through to June where this wasn't budgeted in 2023. The increase in repairs and maintenance relates primarily to the required repairs to the Central Library due to the age and condition of the building. Staff development was higher than budget due to increased focus on team development, leadership training, and general staff training.
- Consistent with other years, there are differences between the Library's operational accounting records and the audited financial statements (prepared according to PSAS). This is demonstrated in the second table of Note 6 in the financial statements and has been expanded on here:

	2023	2022
Annual surplus per financial statements	\$ 104,733	\$ 28,295
Add:		
Amortization expense on tangible capital assets	\$ 695,723	\$ 685,498
Change in Post employment benefits	\$ 4,780	\$ 43,643
Less:		
Current year (surplus) deficit in OCF	\$ (114,754)	\$ 4,955
Current year deficit (surplus) in DRF	\$ 94,860	\$ (18,677)
Tangible capital asset acquisitions	\$ (785,342)	\$ (743,714)
	\$ -	\$ -

- Operationally, acquisitions to the Library’s collection are viewed as expenses; however, for PSAS these are added to the tangible capital assets and amortized over the life of the collection;
- Operationally, the change in post-employment benefits is not accounted for; however, these costs are required for PSAS;
- The Library has two separate areas for holding non-operational donations (Development Reserve Fund and Oakville Community Foundation funds). The income and expenses of these funds are not part of the operational results; however, they are part of the PSAS results;
- Current year operating surplus of \$195,980 was paid back to the town, this is an expense under PSAS and is included on the statement of Operations and Accumulated Surplus.
- The Development Reserve Fund balance included in Note 6 is the unrestricted surplus for revenues that have been recognized under PSAS. For general planning purposes, the Development Reserve Fund totals \$188,346 and is comprised of the fund balance in Note 6 of \$183,596, deferred revenue balance of \$4,591 (restricted until spent), as well as \$159 in accounts payable at year end.

**APPENDICES:**

Appendix A – OPL 2023 Draft Financial Statements

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