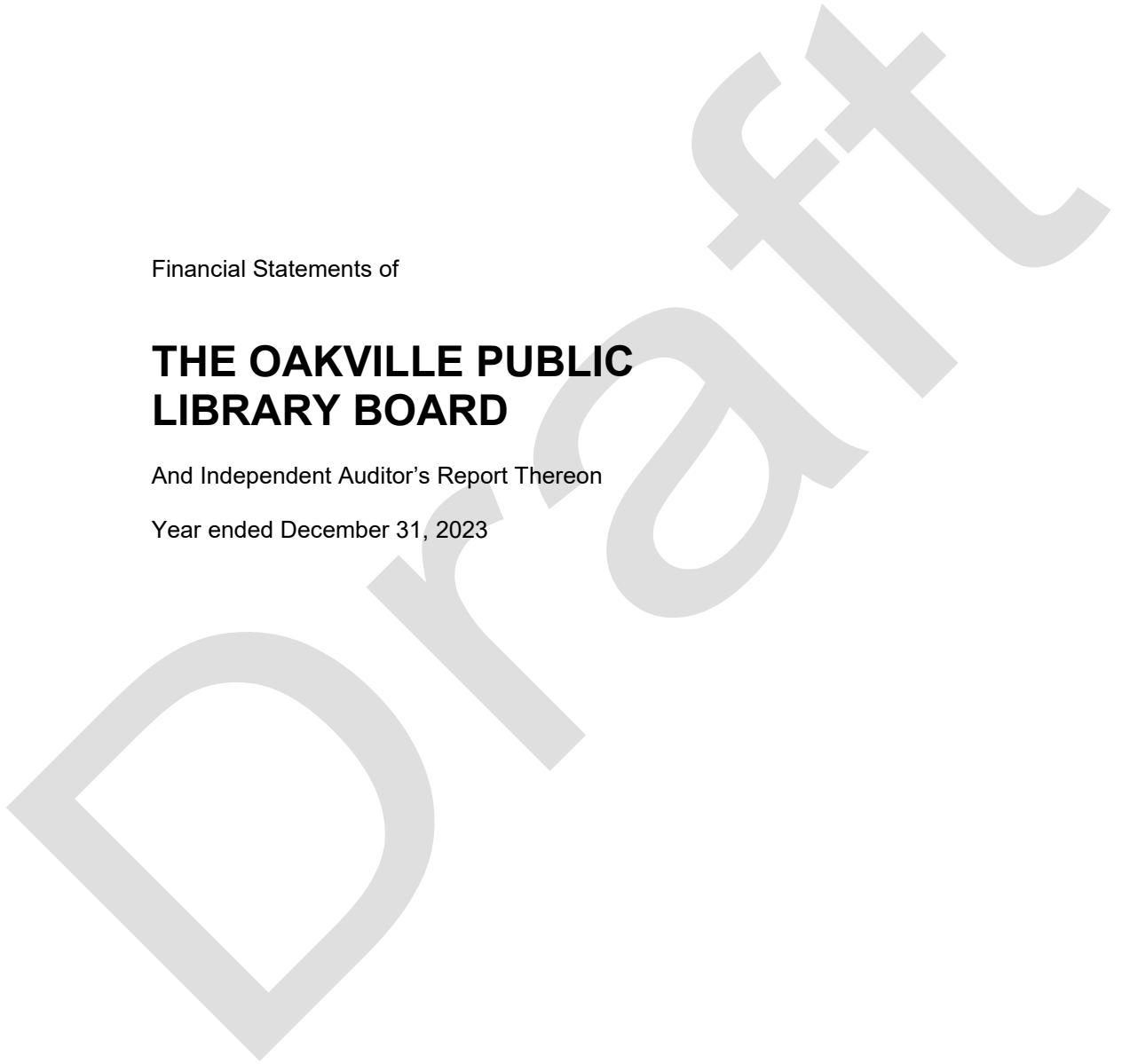


Financial Statements of

**THE OAKVILLE PUBLIC
LIBRARY BOARD**

And Independent Auditor's Report Thereon

Year ended December 31, 2023



INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of The Oakville Public Library Board, Members of Council, Inhabitants and Ratepayers of the Town of Oakville

Opinion

We have audited the accompanying financial statements of The Oakville Public Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023,
- the statements 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, including a summary of significant accounting policies and other explanatory information.

(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, 2023, and its results of operations, its 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. 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 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 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.

- 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 conclusion is 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.

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
May 16, 2024

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	\$ 467,661	\$ 405,395
Investments held with Oakville Community Foundation (note 2)	983,736	1,013,111
Accounts receivable	74	1,677
Due from the Town of Oakville (note 9)	12,681	-
	<u>1,464,152</u>	<u>1,420,183</u>
Liabilities:		
Accounts payable and accrued liabilities	233,135	223,824
Due to the Town of Oakville (note 9)	-	77,373
Post-employment benefit liability (note 3)	513,257	508,477
Deferred revenue - operations (note 4)	96,092	3,667
Deferred revenue - funds held by the OCF (note 4)	123,486	153,486
Deferred revenue - donations (note 4)	4,591	33,242
	<u>970,561</u>	<u>1,000,069</u>
Net financial assets	493,591	420,114
Non-financial assets:		
Tangible capital assets (note 5)	3,244,256	3,154,637
Prepaid expenses	22,855	81,218
	<u>3,267,111</u>	<u>3,235,855</u>
Accumulated surplus (note 6)	\$ 3,760,702	\$ 3,655,969

See accompanying notes to financial statements.

On behalf of the Library Board:

Chair

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 8)	2023	2022
Revenue:			
Town of Oakville operating grant	\$ 11,767,400	\$ 11,650,700	\$ 11,070,300
Province of Ontario grant	182,300	182,453	182,453
Halton Information Providers	69,700	146,039	198,134
Donations (DRF)	148,200	120,750	112,429
Donations (OCF)	-	625	-
Miscellaneous	128,100	69,331	62,038
Photocopiers and printers	33,000	45,610	30,612
Special grants	-	10,442	25,441
Fines	20,000	25,973	22,801
Tenancy and space rental	28,100	26,692	20,805
Federal grant	10,000	7,170	10,500
Interest	-	11,155	9,795
Programs	13,800	1,520	679
Total revenue	12,400,600	12,298,460	11,745,987
Expenses:			
Personnel services	9,179,400	8,566,174	8,015,617
Purchased services (schedule)	1,811,800	1,865,413	1,825,864
Amortization	-	695,723	685,498
Materials (schedule)	1,262,100	620,607	501,179
Supplies (schedule)	119,700	169,079	185,817
	12,373,000	11,916,996	11,213,975
Transfer to Town of Oakville:			
Operating surplus repayment	-	195,980	428,972
Reserves	27,600	80,751	74,745
Total transfers to Town of Oakville	27,600	276,731	503,717
Total expenses and transfers to Town of Oakville	12,400,600	12,193,727	11,717,692
Annual surplus	-	104,733	28,295
Accumulated surplus, beginning of year	3,655,969	3,655,969	3,627,674
Accumulated surplus, end of year	\$ 3,655,969	\$ 3,760,702	\$ 3,655,969

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Annual surplus	\$ 104,733	\$ 28,295
Acquisition of tangible capital assets	(785,342)	(743,714)
Amortization of tangible capital assets	695,723	685,498
Acquisition of prepaid expenses	(22,855)	(81,218)
Use of prepaid expenses	81,218	66,075
Change in net financial assets	73,477	(45,064)
Net financial assets, beginning of year	420,114	465,178
Net financial assets, end of year	\$ 493,591	\$ 420,114

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Operating activities:		
Annual surplus	\$ 104,733	\$ 28,295
Items not involving cash:		
Amortization	695,723	685,498
Change in employee benefits and other liabilities	4,780	43,643
Change in non-cash assets and liabilities:		
Accounts receivable	1,603	1,667
Due from Town of Oakville	(90,054)	521,233
Accounts payable and accrued liabilities	9,311	(338,405)
Deferred revenue	92,425	(20,441)
Deferred revenue – Jack and Joan Woods	(30,000)	(30,000)
Deferred revenue - donations	(28,651)	(21,107)
Prepaid expenses	58,363	(15,143)
Net change in cash from operating activities	818,233	855,240
Capital activities:		
Cash used to acquire tangible capital assets	(785,342)	(743,714)
Investing activities:		
Change in investments held with Oakville Community Foundation	29,375	(79,174)
Net increase in cash	62,266	32,352
Cash, beginning of year	405,395	373,043
Cash, end of year	\$ 467,661	\$ 405,395

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

The financial statements of the Oakville Public Library Board (the "Library") are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Library are as follows:

1. Significant accounting policies:

(a) Basis of accounting:

The Library follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Trust funds:

Trust funds and their related operations administered by the Library and the Town of Oakville are not included in these financial statements, but are reported separately.

(c) Government transfers:

Government transfers are received from the province, the federal government and the Town of Oakville and relate to library operations. Government transfers paid relate to surplus repayment and future reserves. Transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and a reasonable estimate of the amounts can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(d) Investment income:

Investment income is reported as revenue in the period earned.

(e) Deferred revenue:

Deferred revenue represents externally restricted development and program funding and donations received, for which the related expenses have yet to be incurred. These amounts will be recognized as revenue in the fiscal year in which the funding is spent on the purpose for which it was given.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Investments:

Investments held with the Oakville Community Foundation consist of securities, bonds, and equities and are recorded at cost or amortized cost. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

(g) Post-employment benefits:

- (i) The Library provides certain employee benefits which will require funding in future periods. The cost of self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement health and dental benefits for retirees, is actuarially determined using the projected benefits method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains and losses that are related to these benefits are recognized immediately in the period they arise.

- (ii) The costs of multi-employer defined contribution benefit plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period earned. These costs are recognized in the period in which the contributions are earned.

(h) 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 OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Years
Equipment - Collections	9

Amortization is charged in the year of acquisition and in the year of disposal.

Buildings and equipment used by the Library are owned and maintained by the Town of Oakville and are not included in these financial statements.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(i) Use of estimates:

The preparation of financial statements 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 period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in performing actuarial valuations of post-employment benefits. Actual results could differ from these estimates.

(j) Adoption of new accounting standards:

Effective January 1, 2023, the Library adopted the Public Sector Accounting Board's (PSAB) standard PS 3280 Asset Retirement Obligations. The new standard addresses the reporting of legal obligations associated with retirement of certain tangible capital assets. The adoption of this standard did not have a significant impact on the Library.

Effective January 1, 2023, the Library adopted PS 3450 Financial Instruments. The standard addresses the measurement and presentation of financial instruments, including portfolio investments. The adoption of this standard did not have a significant impact on the Library.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Investments held with the Oakville Community Foundation:

In August 1998, the Library established investment funds with the Community Foundation of Oakville (now the Oakville Community Foundation). These investments are the property of the Library and are comprised of three separate funds. The Library does not own or hold the individual investments comprised of securities, bonds and other instruments directly, these investments indirectly held through pooled funds and the Oakville Community Foundation. The investments have a market value of \$1,308,099 (2022 - \$1,242,216) at the end of the year. The market value represents the realizable value of investments if they were to be sold at December 31, 2023.

3. Post-employment benefit liability

Employee future benefits are comprised of health and dental benefits. Dependent on eligibility, health and dental coverage is a shared financial responsibility between the Library and the retired employees. All coverage ceases at age 65. The Library recognizes these post retirement costs as they are earned during the employee's tenure of service.

The post-employment benefit obligation was determined by an actuarial valuation and annual report update as at December 31, 2023.

The main actuarial assumptions employed in the valuation are as follows:

- | | |
|--------------------------------------|--|
| (i) Inflation | Inflation was assumed to be 2.5% per year. |
| (ii) Discount rate | The present value as at December 31, 2023 of the future benefits obligation was determined using a discount rate of 4.6% (2022 – 5.0%) at the end of the year. |
| (iii) Health and dental trend costs: | Health care trend costs of 6.5% in 2023, reducing linearly to 4.0% after 8 years. Dental care trend costs of 4.0% are presumed. |

Mortality is based on the Canadian Institute of Actuaries' 2014 Public Mortality Table with CPM Improvement Scale B.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Post-employment benefit liability (continued):

Information about the Library post-employment benefit liability is as follows:

	2023	2022
Accrued benefit obligation:		
Balance, beginning of year	\$ 306,170	\$ 530,494
Current service costs	21,700	48,600
Actuarial loss	21,280	(263,244)
Interest on accrued benefit obligation	15,366	14,920
Benefits paid during the period	(19,400)	(24,600)
Balance, end of year	345,116	306,170
Unamortized actuarial gain	168,141	202,307
Accrued post-employment benefit liability	\$ 513,257	\$ 508,477

The 2023 unamortized actuarial gain is amortized over the expected average remaining service life of 15.7 years (2022 – 13.9 years). Amortization included in expense is (\$12,886) (2022 – \$4,724).

4. Deferred revenue:

Deferred revenue is made up of the following amounts:

	Deferred revenue operations	Deferred revenue funds held by Oakville Community Foundation	Deferred revenue donations	Total 2023	Total 2022
Balance, beginning of year	\$ 3,667	\$ 153,486	\$ 33,242	\$ 190,395	\$ 261,943
Add:					
Donations and funds raised	96,109	-	33,725	129,834	63,710
	99,776	153,486	66,967	320,229	325,653
Less:					
Funds used for program development	(3,684)	-	-	(3,684)	-
Funds used for operations	-	(30,000)	(62,376)	(92,376)	(135,258)
Balance, end of year	\$ 96,092	\$ 123,486	\$ 4,591	\$ 224,169	\$ 190,395

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Write-offs	Balance at December 31, 2023
Equipment - collections	\$ 6,189,483	\$ 785,342	\$ (642,463)	\$ 6,332,362

Accumulated amortization	Balance at December 31, 2022	Write-offs	Amortization expense	Balance at December 31, 2023
Equipment - collections	\$ 3,034,846	\$ (642,463)	\$ 695,723	\$ 3,088,106

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
Equipment - collections	\$ 3,154,637	\$ 3,244,256

6. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	\$ 3,244,256	\$ 3,154,637
Oakville Community Foundation investments	846,107	731,353
Development reserve fund	183,596	278,456
Unfunded:		
Employee benefits	(513,257)	(508,477)
Total surplus	\$ 3,760,702	\$ 3,655,969

The Library has established a Development Reserve Fund to assist in providing due diligence to Library donors by segregating funds raised through external donations restricted for program development, from the regular Library operating revenue.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Accumulated surplus (continued):

In accordance with the requirements of the Municipal Act, the operating surplus at December 31, 2023 of \$195,980 (2022 - \$428,972) has been returned to the Town of Oakville.

	2023	2022
Annual surplus	\$ 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 deficit in OCF	(114,754)	4,955
Current year surplus in DRF	94,860	(18,677)
Tangible capital asset acquisitions	(785,342)	(743,714)
Net operating position, end of year	\$ -	\$ -

7. Pension agreement:

The Library makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 120 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 length of service and rates of pay. The amount contributed by the Library to OMERS for 2023 was \$588,404 (2022 - \$539,411) for service costs. As at December 31, 2023, OMERS reported it was 97% funded with a funding deficit of \$4,200,000,000 (2022 - \$6,700,000,000). An increase in future contributions may be required to fund any existing deficits.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Budget data:

The budget data presented in these financial statements is based upon the 2023 operating and capital budgets approved by Council on February 27, 2023 for the capital budget and operating budget. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

Revenues:	
Operating budget	\$ 12,425,600
Less:	
Transfers from reserves	(25,000)
Total revenue	12,400,600
Expenses:	
Operating budget	12,373,000
Less:	
Transfers to reserves	27,600
Total expenses	12,400,600
Annual surplus	\$ -

9. Related party transactions:

The Town of Oakville provides a variety of services, free of charge, to the Library to assist in the Library's ongoing operations. These services include, but are not limited to, use of town facilities and equipment, facilities management, financial and payroll related services, information technology services, and clerks services. No value for these services has been quantified or included in the financial statements.

The Town of Oakville does provide an operating grant to the Library and this grant is included in the financial statements at fair value.

Amounts owing from the Town of Oakville are non-interest bearing and have no fixed terms of repayment.

THE OAKVILLE PUBLIC LIBRARY BOARD

Schedule of Expenses

Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
Materials:			
Electronic resources	\$ 1,227,500	\$ 620,607	\$ 471,307
Periodicals	34,600	-	29,872
	\$ 1,262,100	\$ 620,607	\$ 501,179
Supplies:			
Janitorial supplies	\$ 18,600	\$ 13,819	\$ 21,214
Maintenance	11,500	454	5,107
Office	40,600	62,134	26,618
Operating	32,800	77,842	58,032
Photocopiers and printers	3,000	2,790	10,916
Postage	9,600	5,959	9,283
Programs	3,600	6,081	54,647
	\$ 119,700	\$ 169,079	\$ 185,817
Purchased Services:			
Advertising	\$ 55,500	\$ 87,058	\$ 48,819
Bank charges	8,000	8,258	6,465
Board expense	-	696	368
Cataloguing Tools	11,000	8,065	8,927
Courier and freight	48,900	63,163	92,703
Dues	31,900	35,687	21,306
Equipment rental	500	9,587	-
Insurance	74,100	73,052	60,451
Janitorial	282,000	344,983	438,097
Materials Processing	-	9,303	-
Meeting expenses	15,600	13,556	15,173
Professional fees	81,700	100,338	59,080
Programs	23,000	41,687	39,648
Property Rental	8,400	7,000	9,214
Repairs and maintenance	133,000	177,882	265,204
Software	216,900	208,335	169,419
Staff and volunteer recognition	16,600	12,650	10,048
Staff development	74,400	110,278	59,616
Sundry	166,000	49,801	76,003
Telephone	24,500	32,440	26,931
Town of Oakville	241,500	241,500	227,770
Travel	17,100	3,517	2,050
Utilities	281,200	226,577	188,572
	\$ 1,811,800	\$ 1,865,413	\$ 1,825,864