

Financial Statements of

**THE OAKVILLE PUBLIC
LIBRARY BOARD**

And Independent Auditor's Report Thereon

Year ended December 31, 2024

DRAFT

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, 2024
- 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, 2024, 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 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 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 15, 2025

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 447,342	\$ 467,661
Investments held with Oakville Community Foundation (note 2)	953,896	983,736
Accounts receivable	52,500	74
Due from the Town of Oakville (note 9)	—	12,681
	<u>1,453,738</u>	<u>1,464,152</u>
Liabilities:		
Accounts payable and accrued liabilities	280,434	233,135
Due to the Town of Oakville (note 9)	26,440	—
Post-employment benefit liability (note 3)	525,800	513,257
Deferred revenue - operations (note 4)	97,750	96,092
Deferred revenue - funds held by the OCF (note 4)	93,486	123,486
Deferred revenue - donations (note 4)	14,556	4,591
	<u>1,038,466</u>	<u>970,561</u>
Net financial assets	415,272	493,591
Non-financial assets:		
Tangible capital assets (note 5)	3,365,765	3,244,256
Prepaid expenses	34,385	22,855
	<u>3,400,150</u>	<u>3,267,111</u>
Accumulated surplus (note 6)	\$ 3,815,422	\$ 3,760,702

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, 2024, with comparative information for 2023

	2024 Budget (note 8)	2024 Actual	2023 Actual
Revenue:			
Town of Oakville operating grant	\$ 12,179,800	\$ 12,179,800	\$ 11,650,700
Province of Ontario grant	182,300	182,453	182,453
Halton Information Providers	138,500	147,427	146,039
Miscellaneous	86,300	81,302	69,331
Donations (DRF)	240,300	77,076	120,750
Photocopiers and printers	34,000	56,542	45,610
Tenancy and space rental	28,900	30,979	26,692
Special grants	—	25,434	10,442
Fines	20,000	24,248	25,973
Interest	—	9,208	11,155
Federal grant	10,000	8,314	7,170
Programs	13,800	3,348	1,520
Donations (OCF)	—	160	625
Total revenue	12,933,900	12,826,291	12,298,460
Expenses:			
Personnel services	9,678,300	9,246,444	8,566,174
Purchased services (schedule)	1,694,800	1,656,074	1,865,413
Amortization	—	713,401	695,723
Materials (schedule)	1,359,600	612,778	620,607
Supplies (schedule)	120,100	116,186	169,079
	12,852,800	12,344,883	11,916,996
Transfer to Town of Oakville:			
Operating surplus repayment (note 6)	—	339,059	195,980
Reserves	81,100	87,629	80,751
Total transfers to Town of Oakville	81,100	426,688	276,731
Total expenses and transfers to Town of Oakville	12,933,900	12,771,571	12,193,727
Annual surplus	—	54,720	104,733
Accumulated surplus, beginning of year	3,760,702	3,760,702	3,655,969
Accumulated surplus, end of year	\$ 3,760,702	\$ 3,815,422	\$ 3,760,702

See accompanying notes to financial statements.

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Annual surplus	\$ 54,720	\$ 104,733
Acquisition of tangible capital assets	(834,910)	(785,342)
Amortization of tangible capital assets	713,401	695,723
Acquisition of prepaid expenses	(34,385)	(22,855)
Use of prepaid expenses	22,855	81,218
Change in net financial assets	(78,319)	73,477
Net financial assets, beginning of year	493,591	420,114
Net financial assets, end of year	\$ 415,272	\$ 493,591

See accompanying notes to financial statements.

THE OAKVILLE PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Operating activities:		
Annual surplus	\$ 54,720	\$ 104,733
Items not involving cash:		
Amortization	713,401	695,723
Change in employee benefits and other liabilities	12,543	4,780
Change in non-cash assets and liabilities:		
Accounts receivable	(52,426)	1,603
Due from Town of Oakville	39,121	(90,054)
Accounts payable and accrued liabilities	47,299	9,311
Deferred revenue	1,658	92,425
Deferred revenue - Jack and Joan Woods	(30,000)	(30,000)
Deferred revenue - donations	9,965	(28,651)
Prepaid expenses	(11,530)	58,363
Net change in cash from operating activities	784,751	818,233
Capital activities:		
Cash used to acquire tangible capital assets	(834,910)	(785,342)
Investing activities:		
Change in investments held with Oakville Community Foundation	29,840	29,375
Net (decrease) increase in cash	(20,319)	62,266
Cash, beginning of year	467,661	405,395
Cash, end of year	\$ 447,342	\$ 467,661

See accompanying notes to financial statements.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

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.

(f) Investments:

Investments held with the Town of Oakville primarily consist of bonds and are recorded at amortized cost. Discounts and premiums arising on the purchase of these investments are amortized over the term of the 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.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(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.

(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	Estimated useful life
Equipment - Collections	9 years

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.

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(h) Non-financial assets (continued):

(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, 2024, the Library adopted the Public Sector Accounting Board's (PSAB) standard PS 3400 *Revenue*. The new standard addresses the reporting of general revenues not covered under other PS sections and differentiates between revenue arising from transactions with performance obligations, and transactions without. The adoption of this standard did not have a significant impact on the Library.

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 \$1,414,439 (2023 - \$1,308,099) at the end of the year. The market value represents the realizable value of investments if they were to be sold at December 31, 2024.

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 OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Post-employment benefit liability (continued):

The post-employment benefit obligation was determined by an actuarial valuation and annual report update as at December 31, 2024.

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, 2024 of the future benefits obligation was determined using a discount rate of 4.6% (2023 - 4.6%) at the end of the year.
- (iii) Health and dental trend costs: Health care trend costs of 6.5% in 2024, 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.

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

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 345,116	\$ 306,170
Current service costs	24,784	21,700
Actuarial loss	—	21,280
Interest on accrued benefit obligation	16,000	15,366
Benefits paid during the period	(17,500)	(19,400)
Balance, end of year	368,400	345,116
Unamortized actuarial gain	157,400	168,141
Accrued post-employment benefit liability	\$ 525,800	\$ 513,257

The 2024 unamortized actuarial gain is amortized over the expected average remaining service life of 15.7 years (2023 - 15.7 years). Amortization gain included in expense is \$(10,700) (2023 - (\$12,886)).

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2024

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 2024	Total 2023
Balance, beginning of year	\$ 96,092	\$ 123,486	\$ 4,591	\$ 224,169	\$ 190,395
Add:					
Donations and funds raised	97,767	—	31,299	129,066	129,834
	193,859	123,486	35,890	353,235	320,229
Less:					
Funds used for program development	(96,109)	—	—	(96,109)	(3,684)
Funds used for operations	—	(30,000)	(21,334)	(51,334)	(92,376)
Balance, end of year	\$ 97,750	\$ 93,486	\$ 14,556	\$ 205,792	\$ 224,169

5. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Write-offs	Balance at December 31, 2024
Equipment - collections	\$ 6,332,362	\$ 834,910	\$ (657,591)	\$ 6,509,681

Accumulated amortization	Balance at December 31, 2023	Amortization	Write-offs	Balance at December 31, 2024
Equipment - collections	\$ 3,088,106	\$ 713,401	\$ (657,591)	\$ 3,143,916

THE OAKVILLE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Tangible capital assets (continued):

	Balance at December 31, 2023	Balance at December 31, 2024
Net book value		
Equipment - collections	\$ 3,244,256	\$ 3,365,765

6. Accumulated surplus:

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

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 3,365,765	\$ 3,244,256
Oakville Community Foundation fund	846,267	846,107
Development reserve fund	129,190	183,596
Unfunded:		
Employee benefits	(525,800)	(513,257)
Total surplus	\$ 3,815,422	\$ 3,760,702

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, 2024

6. Accumulated surplus (continued):

In accordance with the requirements of the Municipal Act, the operating surplus at December 31, 2024 of \$339,059 (2023 - \$195,980) has been returned to the Town of Oakville.

	2024	2023
Annual surplus	\$ 54,720	\$ 104,733
Add:		
Amortization expense on tangible capital assets	713,401	695,723
Change in Post-Employment Benefits	12,543	4,780
Less:		
Current year surplus in OCF	(160)	(114,754)
Current year deficit in DRF	54,406	94,860
Tangible capital asset acquisitions	(834,910)	(785,342)
Total	\$ —	\$ —

7. Pension agreement:

The Library makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of 129 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 2024 was \$659,055 (2023 - \$588,404) for service costs. As at December 31, 2024, OMERS reported it was 98% funded with a funding deficit of \$2,900,000,000 (2023 - \$4,200,000,000). 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, 2024

8. Budget data:

The budget data presented in these financial statements is based upon the 2024 operating and capital budgets approved by Council on December 20, 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	\$ 12,958,900
Less:	
Transfers from reserves	(25,000)
Total revenue	12,933,900
Expenses:	
Operating budget	12,852,800
Less:	
Transfers to reserves	81,100
Total expenses	12,933,900
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, 2024, with comparative information for 2023

	2024 Budget	2024 Actual	2023 Actual
Materials:			
Electronic resources	\$ 1,325,600	\$ 588,497	\$ 620,607
Periodicals	34,000	24,281	—
	\$ 1,359,600	\$ 612,778	\$ 620,607
Supplies:			
Janitorial supplies	\$ 18,600	\$ 19,678	\$ 13,819
Maintenance	11,500	3,095	454
Office	40,300	25,262	62,134
Operating	33,300	45,497	77,842
Photocopiers and printers	3,000	8,936	2,790
Postage	9,800	6,616	5,959
Programs	3,600	7,102	6,081
	\$ 120,100	\$ 116,186	\$ 169,079
Purchased services:			
Advertising	\$ 55,500	\$ 21,663	\$ 87,058
Bank charges	9,500	9,699	8,258
Board expense	—	3,809	696
Cataloguing Tools	11,500	8,813	8,065
Courier and freight	48,900	—	63,163
Dues	35,400	50,709	35,687
Equipment rental	500	9,166	9,587
Insurance	83,300	80,475	73,052
Janitorial	181,200	298,853	344,983
Materials Processing	—	—	9,303
Meeting expenses	15,600	11,783	13,556
Professional fees	96,700	132,186	100,338
Programs	23,000	17,013	41,687
Property Rental	8,400	9,860	7,000
Repairs and maintenance	133,000	158,611	177,882
Software	216,900	192,193	208,335
Staff and volunteer recognition	19,800	20,486	12,650
Staff development	69,400	59,026	110,278
Sundry	155,600	79,505	49,801
Telephone	26,600	30,013	32,440
Town of Oakville	233,600	234,836	241,500
Travel	16,700	6,971	3,517
Utilities	253,700	220,404	226,577
	\$ 1,694,800	\$ 1,656,074	\$ 1,865,413