

**The Corporation of the City of Mississauga –
Mississauga Public Library Board**

Financial Statements

For the Year Ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the City of Mississauga

Opinion

We have audited the financial statements of the City of Mississauga Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of change in net financial assets (debt) 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, 2021, and its results of operations, its change in net debt 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Auditors' 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 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 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.



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- 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 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 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

May 3, 2022

City of Mississauga - Public Library Board

Statement of Financial Position

as at December 31, 2021 with comparatives for 2020
 (All dollar amounts are in \$000)

	2021	2020
	\$	\$
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Financial Assets		
Cash	9	727
Accounts receivable	60	19
Due from the City of Mississauga (Note 2)	4,782	4,064
Total Financial Assets	4,851	4,810
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Financial Liabilities		
Accounts payable and accrued liabilities	657	933
Employee benefits and other liabilities (Note 4)	3,619	3,363
Deferred revenue	1	-
Total Financial Liabilities	4,277	4,296
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Net Financial Assets	574	514
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Non-financial Assets		
Tangible capital assets (Note 7)	63,196	67,613
Prepaid expenses	-	78
Total Non-Financial Assets	63,196	67,691
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Accumulated Surplus	63,770	68,205
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City of Mississauga - Public Library Board

Statement of Operations

for the year ended December 31, 2021 with comparatives for 2020
 (All dollar amounts are in \$000)

	Budget 2021 \$ (Note 6)	Actual 2021 \$	Actual 2020 \$
Revenues			
The City of Mississauga	29,657	26,347	28,557
Funding transfers from other governments	715	760	768
Contributed assets from the City of Mississauga	-	574	67
Fines, service charges and rents	1,223	536	563
Recoveries from third parties	40	98	97
Other	130	131	111
Total Revenues	31,765	28,446	30,163
Expenses			
Salaries, wages and employee benefits	22,997	21,704	20,605
Amortization of tangible capital assets (Note 7)	5,955	7,528	5,897
Occupancy	1,915	1,423	1,814
Materials and supplies	1,810	1,161	1,507
Administrative support charged by the City of Mississauga	522	506	510
Equipment	500	202	94
Professional Services	99	103	52
Communication	8	76	54
Staff development	166	76	99
Advertising and promotion	39	55	68
Transportation	51	29	42
Bank Charges	8	9	7
Collection fees	60	7	15
Other	12	2	7
Total Expenses	34,142	32,881	30,771
Annual deficit	(2,376)	(4,435)	(608)
Accumulated surplus, beginning of year	68,205	68,205	68,813
Accumulated surplus, end of year	65,829	63,770	68,205

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

City of Mississauga - Public Library Board

Statement of Change in Net Financial Assets/(Debt)

for the year ended December 31, 2021 with comparatives for 2020
 (All dollar amounts are in \$000)

	2021 Actual \$	2020 Actual \$
Annual deficit	(4,435)	(608)
Acquisition of tangible capital assets (Note 7)	(3,111)	(2,607)
Amortization of tangible capital assets (Note 7)	7,528	5,897
Acquisition of prepaid expenses	-	(78)
Use of prepaid expenses	78	51
Change in Net Financial Assets/(Debt)	(60)	2,655
Net Assets/(Debt), beginning of year	514	(2,141)
Net Financial Assets/(Debt), end of year	574	514

City of Mississauga - Public Library Board

Statement of Cash Flows

for the year ended December 31, 2021 with comparatives for 2020
 (All dollar amounts are in \$000)

	2021 \$	2020 \$
Cash provided by (used in):		
Operating activities:		
Annual deficit	(4,435)	(608)
Items not involving cash:		
Amortization of tangible capital assets	7,528	5,897
Contributed assets from the City of Mississauga	(574)	(67)
Change in employee benefits and other liabilities	256	320
Change in non-cash working capital:		
Accounts receivable	(41)	8
Due from the City of Mississauga	(718)	(1,258)
Accounts payable and accrued liabilities	(276)	(1,013)
Deferred revenue	1	-
Prepaid expenses	78	(27)
Net change in cash from operating activities	1,819	3,252
Capital Activities:		
Tangible capital asset additions	(2,537)	(2,540)
Net Change in Cash	(718)	712
Cash, beginning of year	727	15
Cash, end of year	9	727

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in \$000)

In 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on operations is not known at this time. These emergency measures and economic impacts could include potential future decreases in revenue and expenses.

1. Significant Accounting Policies

The financial statements of the City of Mississauga Public Library Board (the “Board”) are prepared by management in accordance with generally accepted accounting principles (“GAAP”) for local governments as recommended by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada (“CPA Canada”). Significant aspects of the accounting policies adopted by the Board are as follows:

a) Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting except for fines, service charges and rents which are reported upon receipt. The accrual basis of accounting recognizes revenues as they become measurable; expenses are the cost of goods and services acquired in the period whether or not payment has been made on invoices received.

b) Government transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The Corporation of the City of Mississauga’s (the “City”) contribution consists of the current year's requisition as approved by Council.

c) Pensions and employee benefits

The Board accounts for its participation in the Ontario Municipal Employee Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan.

Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and subject to pay out when an employee leaves the Board’s employment. Other post-employment benefits and compensated absences are accrued in accordance with the projected benefit method prorated on service and management’s best estimate of salary escalation and retirement ages of employees. Actuarial valuations, where necessary for accounting purposes, are performed triennially. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. Unamortized actuarial gains or losses are amortized on a straight line basis over the expected average remaining service life of the related employee groups. Unamortized gains / losses for event-triggered liabilities, such as those determined as claims related to the Workplace Safety Insurance Board (“WSIB”) are amortized over the average expected period during which the benefits will be paid.

Costs related to prior period employee services arising out of plan amendments are recognized in the period in which the plan is amended. For the purposes of these financial statements, the plans are considered unfunded.

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
 (All dollar amounts are in \$000)

d) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They 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 attributed 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 for Library assets in accordance with City policy as follows:

<u>Asset</u>	<u>Useful Life (Years)</u>
Land	Unlimited
Land improvements	20
Buildings	20 - 45
Equipment, books and other	8 - 15
Vehicles	10

A full year of amortization is charged in the year of acquisition and disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt. The contributions are recorded as contributed assets in the statement of operations.

(iii) Leased assets

Leases are classified as either operating or capital leases. Lease agreements which substantially transfer all the risks and rewards of ownership to the Board are accounted for as a capital lease. All other leases are considered operating leases and the related payments are charged to operating expense as incurred.

(iv) Works of art and historical treasures

The Board does not own any notable works of art and historical treasures at their branches. Typically these assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The historic cost of art and treasures are not determinable or relevant to their significance hence a valuation is not assigned to these assets nor would they be disclosed of in the financial statements.

e) 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 performing actuarial valuations of employee benefits and determining useful lives of tangible capital assets.

Actual amounts could differ from these estimates.

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in \$000)

f) Future accounting pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) PS 1201, Financial Statement Presentation, was issued in June, 2011. This standard requires entities to present a new statement of remeasurement gains and losses separate from the statement of operations and accumulated surplus. This new standard includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the City's December 31, 2023 year-end).

(ii) PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(iii) PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(iv) PS 3041 - Portfolio Investments, replaces PS 3040 - Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of portfolio investments to conform to PS 3450 - Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 - Temporary Investments, will no longer apply. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(v) PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(vi) PS 3160 - Public Private Partnerships ("P3s"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3s. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. This standard is effective for fiscal years beginning on or after April 1, 2022 (the City's December 31, 2023 year-end).

(vii) PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

(viii) Public Sector Guideline 8 Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the City's December 31, 2024 year-end).

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
 (All dollar amounts are in \$000)

2. Due from the City of Mississauga

There are no specific terms of repayment and the amounts do not bear any interest due from the City.

3. Pension Agreements

The Board makes contributions to OMERS, a multi-employer defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay on behalf of all permanent, full-time members of its staff. The plan is accounted for as a defined contribution plan. During the year, the Board contributed \$1,566 (2020 \$1,456) on behalf of these eligible employees and the employees contributed \$1,565 (2020 \$1,501).

4. Employee Benefits & Other Liabilities

Employee benefits and other liabilities, reported on the statement of financial position, are made up of the following:

	2021	2020
	\$	\$
WSIB benefits	504	316
Accumulated sick leave benefit plan entitlements	33	60
Early retirement benefits	982	982
Post-employment benefits	1,158	1,031
Vacation Liability	942	974
Total	3,619	3,363

(i) WSIB: The Board has elected to be a Schedule 2 employer under the provisions of WSIB, and as such, remits payments to the WSIB only as required to fund disability payments. A full actuarial study of this obligation was completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(ii) Accumulated sick leave benefits accrue to certain employees of the Board and are paid out either on approved retirement, or upon termination or death. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(iii) Early retirement benefits are representative of the Board's share of the cost to provide certain employees with extended benefits upon early retirement. The accrued benefit obligation and the net periodic benefit cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(v) Post-employment benefits are paid on behalf of any employee on long-term disability. The accrued benefit obligation and the net periodic cost were determined by a full actuarial valuation completed in December 2019, in accordance with the financial reporting guidelines established by PSAB.

(vi) Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
 (All dollar amounts are in \$000)

4. Employee Benefits & Other Liabilities

Information about the Board's defined benefit plans is as follows:

	2021				2020	
	WSIB \$	Sick Leave \$	Early Retirement \$	Post- Employment \$	Total \$	Total \$
Accrued benefit obligation, beginning of year	316	60	982	1,031	2,389	2,132
Service cost	196	-	32	175	403	392
Interest cost	41	1	31	34	107	100
Amortization of actuarial (gain)/loss	92	(23)	(5)	(5)	59	42
Benefit payments	(141)	(5)	(58)	(77)	(281)	(277)
Accrued benefit obligation, end of year	504	33	982	1,158	2,677	2,389
Unamortized actuarial (gain)/loss	722	(12)	(69)	(9)	632	690
Actuarial valuation update, end of year	1,226	21	913	1,049	3,309	3,079

Expected average remaining service life 11 years 13 years 13 years 8 years

The actuarial valuations of the plans were based upon a number of assumptions about future events, which reflect management's best estimates. The following represents the more significant assumptions made:

	WSIB	Sick Leave	Early Retirement	Post Employment
Expected inflation rate	1.75 %	1.75 %	1.75 %	1.75 %
Expected level of salary increases	n/a	2.75 %	2.75 %	2.75 %
Interest discount rate	3.50 %	3.50 %	3.50 %	3.25 %
Expected health care increases	3.75 %	n/a	6.75 %	6.75 %

5. Commitments

The Board has entered into various operating leases for premises. Anticipated payments under such leases during the next five years are approximately as follows:

2022	\$ 207
2023	160
2024	41
2025	-
2026	-
Total	408

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
 (All dollar amounts are in \$000)

6. Budget Data

Budget data presented in these financial statements are based upon the 2021 operating and capital budgets as approved by Council and adopted by the Board at the April 21, 2021 meeting. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget Amount
Revenue	\$
Approved Operating Budget	2,108
Adjustments:	
City contribution (net of allocations)	29,657
Adjusted Operating Budget	31,766
Approved capital budget	19,104
Adjustments:	
Adjustments for transfers from reserve funds	(19,104)
Adjusted Capital Budget	-
Total Revenues	31,766
Expenses	
Approved Operating Budget	31,244
Adjustments:	
Allocations from the City of Mississauga	522
Library books transferred to TCA	(2,316)
Transfers to Reserve Funds	(1,263)
Amortization of tangible capital assets	5,955
Adjusted Operating Budget	34,142
Approved capital budget	19,104
Adjustments:	
Eliminate capital expense budget	(19,104)
Adjusted Capital Budget	-
Total Expenses	34,142
Annual Deficit	(2,376)

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
 (All dollar amounts are in \$000)

7. Tangible Capital Assets

Tangible capital assets are non-financial assets that are generally not available to the Board for use in discharging its existing liabilities and are held for use in the provision of services. These assets are significant economic resources that are not intended for sale in the ordinary course of business and have an estimated useful life that extends beyond the current year. Examples include buildings, books, furniture, land, etc.

Library Tangible Capital Assets

Cost	December 31,	Additions	Disposals	December 31,
	2020			2021
	\$	\$	\$	\$
Land	1,247	-	-	1,247
Land improvements	404	192	-	596
Buildings	99,488	346	-	99,834
Equipment, books and other	37,688	2,573	-	40,261
Vehicles	167	-	-	167
Total	138,994	3,111	-	142,105

Accumulated Amortization	December 31,	Amortization	Disposals	December 31,
	2020	Expense		2021
	\$	\$	\$	\$
Land	-	-	-	-
Land improvements	360	20	-	380
Buildings	48,401	2,689	-	51,090
Equipment, books and other	22,541	4,807	-	27,348
Vehicles	79	12	-	91
Total	71,381	7,528	-	78,909

Net Book Value	December 31,	December 31,
	2020	2021
	\$	\$
Land	1,247	1,247
Land Improvements	44	216
Buildings	51,087	48,744
Equipment, books and other	15,147	12,913
Vehicles	88	76
Total	67,613	63,196

City of Mississauga - Public Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021
(All dollar amounts are in \$000)

8. Contractual Rights

The Board is involved with various contracts and agreements arising in the ordinary course of business. This results in contractual rights to economic resources, leading to both assets and revenue in the future.

The Board has revenues from incoming lease agreements for Board-owned properties as follows:

	2022	2023	2024	2025	2026	Total
Contractual Rights	\$	\$	\$	\$	\$	\$
Incoming Lease Payments	275	281	287	294	300	1,437
Total	275	281	287	294	300	1,437

9. Comparative Figures

Certain comparative information has been reclassified to the financial presentation adopted in the current year.