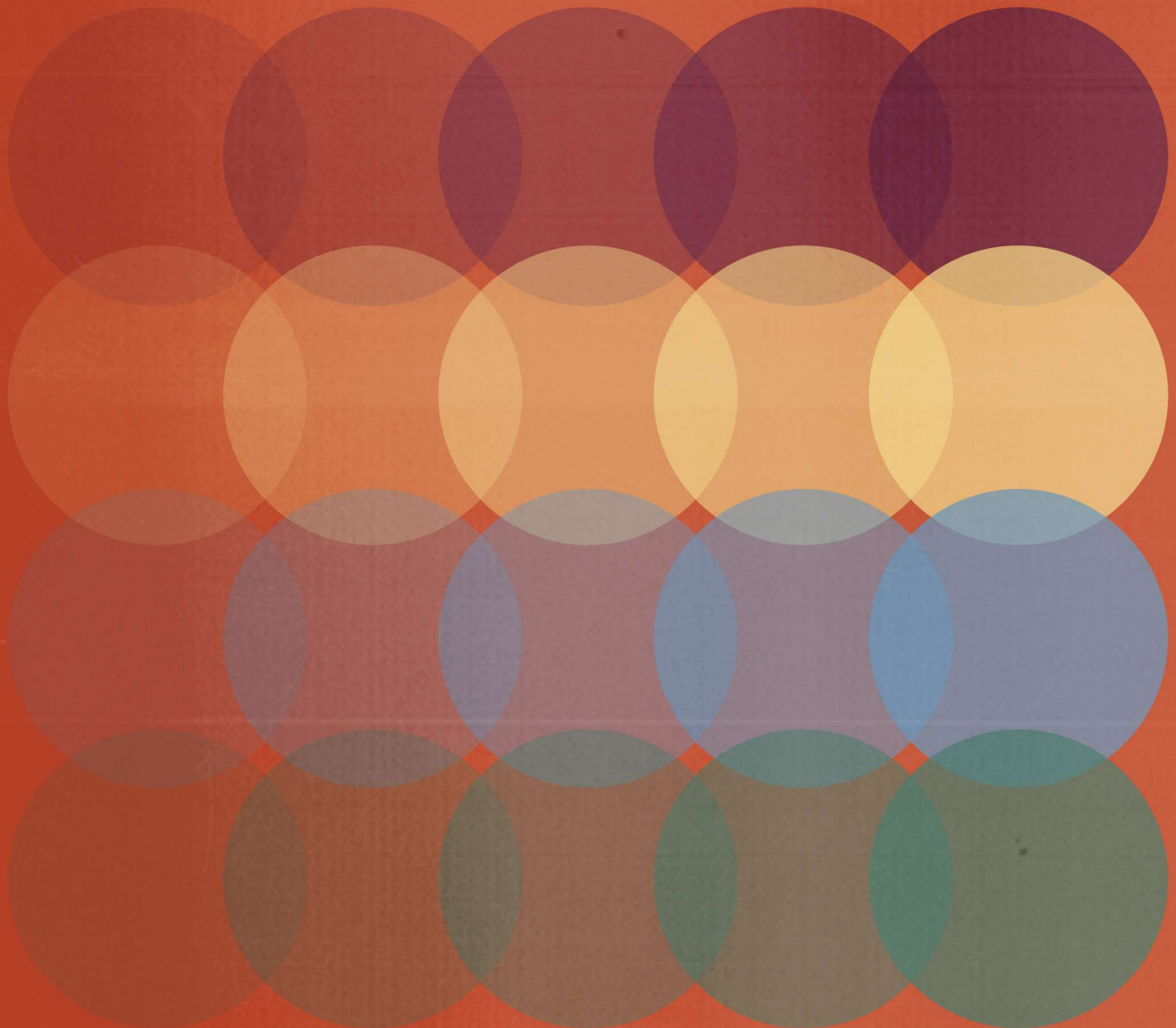


2023 Audited Mississauga Public Library Board Financial Statements



For the year ended December 31, 2023

Prepared by: Finance Division
City of Mississauga



Management's Responsibility for Financial Reporting

For the year ended December 31, 2023

The accompanying financial statements of the Mississauga Public Library Board ("the Board") are the responsibility of management at the City of Mississauga (the "City") and have been prepared in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

The City's Finance Division is responsible for the preparation of the Board's financial statements and accompanying notes. The statements and notes include certain amounts based on estimates and judgements. Such amounts have been determined on a reasonable basis to ensure that the Board's financial statements are presented fairly in all material respects.

There are four required financial statements: the Statement of Financial Position, the Statement of Operations, the Statement of Change in Net Financial Assets, and the Statement of Cash Flows. These financial statements provide information on the cost of all Board activities, how they were financed, investing activities, assets, and liabilities. The financial statements are reviewed and approved by the Director of Finance and Treasurer.

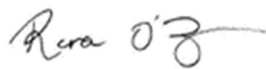
The City maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by City management.

The Board's financial statements have been audited by KPMG LLP, independent external auditors appointed by the City's Audit Committee. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Board's financial statements.

The City's Audit Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters.



Marisa Chiu
Director of Finance and Treasurer



Rona O'Banion
Director, Library

Mississauga, Ontario
April 19, 2024



KPMG LLP

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INDEPENDENT AUDITOR'S 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 Corporation of the City of Mississauga - Mississauga Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of change in net financial assets 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, 2023, and its results of operations, its change 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.



Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated as a result of the modified retroactive adoption of the asset retirement obligation standard.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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.



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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 conclusions are 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 19, 2024

Mississauga Public Library Board
Statement of Financial Position
as at December 31, 2023 with comparatives for 2022
(All dollar amounts are in \$000s)

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

	2023	2022 Restated (Note 2)
Financial Assets		
Cash and cash equivalents	10	8
Accounts receivable	769	55
Due from the City of Mississauga (Note 3)	6,093	6,166
Total Financial Assets	6,872	6,229
Financial Liabilities		
Accounts payable and accrued liabilities	937	631
Employee benefits and other liabilities (Note 5)	4,225	3,952
Asset retirement obligation (Note 8)	463	460
Total Financial Liabilities	5,625	5,043
Net Financial Assets	1,247	1,186
Non-Financial Assets		
Tangible capital assets (Note 7)	86,558	59,735
Prepaid expenses	71	228
Total Non-Financial Assets	86,629	59,963
Accumulated Surplus	87,876	61,149

Mississauga Public Library Board

Statement of Operations

for the year ended December 31, 2023 with comparatives for 2022

(All dollar amounts are in \$000s)

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

	2023 Budget (Note 6)	2023 Actual	2022 Actual Restated (Note 2)
Revenue			
Funding transfer from the City of Mississauga	31,236	28,767	27,608
Funding transfers from other governments	715	783	715
User charges and rents	714	767	503
Contributed assets from the City of Mississauga	-	43,469	192
Recoveries from third parties	40	93	101
Other	-	32	4
Total Revenue	32,705	73,911	29,123
Expenses			
Salaries, wages and employee benefits	23,878	22,905	21,503
Loss on disposal of tangible capital assets	-	13,243	-
Amortization of tangible capital assets (Note 7)	8,556	6,706	6,547
Materials and supplies	1,778	1,714	1,137
Occupancy	1,735	1,415	1,433
Administrative support charged by the City of Mississauga	518	516	537
Staff development	166	135	79
Equipment	916	133	115
Contractors and professional services	69	100	63
Communication	44	85	76
Advertising and promotion	67	80	51
Transportation	45	65	51
Collection fees	25	53	11
Bank charges	27	16	12
Accretion of asset retirement obligation (Note 8)	-	13	13
Other	10	5	2
Total Expenses	37,834	47,184	31,630
Annual Surplus/(Deficit)	(5,129)	26,727	(2,507)
Accumulated surplus, beginning of year	61,149	61,149	63,770
Adjustment on adoption of the asset retirement obligation standard (Note 2, b)			(114)
Accumulated surplus, beginning of year, as restated	61,149	61,149	63,656
Accumulated Surplus, end of year	56,020	87,876	61,149

Mississauga Public Library Board
Statement of Change in Net Financial Assets
for the year ended December 31, 2023 with comparatives for 2022
(All dollar amounts are in \$000s)

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

	2023 Budget (Note 6)	2023 Actual	2022 Actual Restated (Note 2)
Annual surplus (deficit)	(5,129)	26,727	(2,507)
Acquisition of tangible capital assets (Note 7)	-	(46,772)	(2,753)
Amortization of tangible capital assets (Note 7)	8,556	6,706	6,547
Loss on disposal of tangible capital assets	-	13,243	-
Acquisition of prepaid expenses	-	(71)	(228)
Use of prepaid expenses	-	228	-
Change in Net Financial Assets	3,427	61	1,059
Net financial assets, beginning of year	1,186	1,186	574
Adjustment on adoption of the asset retirement obligation standard (Note 2, b)			(447)
Net Financial Assets, beginning of year, as restated			127
Net Financial Assets, end of year	4,613	1,247	1,186

Mississauga Public Library Board

Statement of Cash Flows

for the year ended December 31, 2023 with comparatives for 2022

(All dollar amounts are in \$000s)

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

	2023	2022 Restated (Note 2)
<hr/>		
Cash provided by (used in):		
Operating activities:		
Annual surplus/(deficit)	26,727	(2,507)
Items not involving cash:		
Amortization of tangible capital assets	6,706	6,547
Contributed assets from the City of Mississauga	(43,469)	(192)
Loss on disposal of tangible capital assets	13,243	-
Accretion of asset retirement obligation	13	13
Change in employee benefits and other liabilities	273	333
Change in non-cash working capital:		
Accounts receivable	(714)	5
Due from the City of Mississauga	73	(1,384)
Accounts payable and accrued liabilities	306	(26)
Asset retirement obligation	(10)	-
Deferred revenue	-	(1)
Prepaid expenses	157	(228)
Net change in cash from operating activities	3,305	2,560
Capital Activities:		
Tangible capital asset additions	(3,303)	(2,561)
Net Change in Cash and Cash Equivalents	2	(1)
Cash and cash equivalents, beginning of year	8	9
Cash and Cash Equivalents, end of year	10	8

Mississauga Public Library Board
Notes to the Financial Statements
for the year ended December 31, 2023
(All dollar amounts are in \$000s)

The Mississauga Public Library Board (the “Board”) operates in accordance with the *Public Libraries Act*. Board members are appointed by City Council (“Council”), concurrent with the four-year term of Council. The purpose of the Board is to govern the affairs of the public library in service to the community. This includes developing and expressing the Board’s philosophy and values, contributing to the development of a mission and vision statement, upholding service priorities and furthering the Library’s long-term strategy.

Accounting standards specify how transactions and other events are to be recognized, measured, presented and disclosed in a public sector entity’s financial statements. These statements have been prepared in accordance with the accounting standards of the Public Sector Accounting Board (PSAB). These standards are numbered and are referenced throughout these notes beginning with the letters “PS”.

1. Significant Accounting Policies

The Board’s financial statements are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

a) Basis of accounting

The Library follows the accrual method of accounting for revenue and expenses. Revenue is normally recognized in the year in which it is 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) 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 City’s 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 as earned by the employee. Sick leave benefits are accrued where they are vested and subject to payout 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 and Insurance Board (WSIB), are amortized over the average expected period during which the benefits will be paid.

Costs related to prior-period employee service arising out of related benefit 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.

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. This category 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 in accordance with Board policy as follows:

<u>Tangible Capital Asset</u>	<u>Useful Life (Years)</u>
Land	Unlimited
Land improvements	20
Buildings	5 - 45
Equipment, books and other	4 - 40
Vehicles	7 - 15

A full year of amortization is charged in the year of acquisition. Amortization is not charged in the year of disposition. Assets under construction are not amortized until the asset is available for productive use. Amortization expense is not recorded on land because it has an unlimited useful life.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value on 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 expensed as incurred.

(iv) Works of art and historical treasures

The Board does not own any notable works of art nor historical treasures. 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 is not determinable or relevant to their significance; hence a valuation is not assigned to such 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates and assumptions include estimated useful life of tangible capital assets, estimated costs and applicability of the asset retirement obligation, and provisions for accrued liabilities and obligations related to employee benefits. Actual amounts could differ from these estimates.

f) Asset retirement obligation

The Board has legal obligations associated with the retirement from service of buildings and lease agreements. The Board recognizes obligations to retiring tangible capital assets from service in the period in which the obligation arises, which is typically upon acquisition or development of the asset, or when a reasonable estimate of the obligation can be made.

Asset retirement obligations are measured based on the best estimate of directly attributable expenditures required to settle the obligation. The amount of the obligation is added to the carrying amount of the associated asset and amortized on a straight-line basis over the estimated remaining useful life of the asset. If an obligation exists and does not have a corresponding asset, the amount of the obligation is recognized as a liability and an expense in the year of acquisition. Under the modified retroactive method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised annually.

Asset retirement obligations are reviewed at each statement of financial reporting date and adjusted based on the facts and circumstances available at that time. Changes to the estimated timing or amount of future asset retirement obligation costs are recognized in the Statement of Financial Position. Once the related tangible capital asset is no longer in productive use or remediated, the estimate of the liability for asset retirement obligations is removed from the statement of financial position and any additional cost that arises in respect of the asset's disposal or remediation is recognized as an expense.

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and
- (iv) A reasonable estimate of the amount can be made.

Asset retirement obligation liabilities are recognized in the Board's financial statements for the following:

- (i) Removal of asbestos in buildings owned by the Board
- (ii) Remediation and/or restoration of leased real property and facility space

The liability is discounted using a present value calculation and adjusted annually for accretion expense. The recognition of a liability results in a corresponding increase to the

respective tangible capital asset. The increase to the tangible capital assets is amortized in accordance with the depreciation accounting policies outlined in (d).

g) Measurement of financial instruments

The Board's financial instruments (assets and liabilities) are measured as follows:

- (i) Cash at amortized cost
- (ii) Accounts receivable and due from City of Mississauga at amortized cost
- (iii) Accounts payable and accrued liabilities at amortized cost
- (iv) Deferred revenue at amortized cost

At the end of 2023, there are no financial instruments recognized at fair value.

All financial assets are tested annually for impairment. The Corporation's investment policies and practices reduce the risk of asset impairment. If financial assets are impaired, these losses are recorded in the Statement of Operations. Financial instruments are measured using amortized cost, with the effective interest rate method used to determine expenses. Transaction costs incurred on the acquisition of financial instruments are expensed as incurred, and are amortized using the straight-line method over the life of the instrument.

The purchase and sale of cash equivalents and investments are accounted for using trade-date accounting. The Board does not use foreign currency contracts or any other type of derivative financial instruments for trading or speculative purposes.

h) Future accounting pronouncements

These standards and amendments were not effective for the year ended December 31, 2023 and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

- (i) PS 3400 - Revenue establishes a single framework to categorize revenue 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 first effective year for the Board being the year ending December 31, 2024).
- (ii) 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 first effective year for the Board being the year ending December 31, 2024).
- (iii) PS 1202 - Financial Statement Presentation was approved in March 2023. This standard supersedes PS 1201 - Financial Statement Presentation and covers a new conceptual framework and reporting model. Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information. This standard is effective for fiscal years beginning on or after April 1, 2026 (the first effective year for the Board being the year ending December 31, 2027).

(iv) 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, 2023 (the first effective year for the Board being the year ending December 31, 2024).

2. Change in Accounting Policies

a) PS 1201, PS 2601, PS 3450 and PS 3041

On January 1, 2023, the Board adopted PS 1201 – Financial Statement Presentation, PS 2601 – Foreign Currency Translation, PS 3450 – Financial Instruments, and PS 3041 – Portfolio Investments. These standards were adopted by the Board prospectively from the date of adoption of the new standards. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included on the Statement of Financial Position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the organization’s accounting policy choices (see also Note 1, f) – Significant Accounting Policies). In accordance with the provisions of this new standard, all items have been recorded at amortized cost; therefore, no adjustments were recorded in 2023.

b) PS 3280

On January 1, 2022, the Board adopted PS 3280 – Asset Retirement Obligations (ARO) using the modified retroactive method. As a result of applying the new accounting standard, adjustments were recorded to opening accumulated surplus of \$114, asset retirement obligation of \$447, and tangible capital assets of \$333 in the Statement of Financial Position as of January 1, 2022. These obligations represent the estimated legal obligations associated with the retirement and remediation of Board-owned buildings that contain asbestos and leased real property and facility space.

In accordance with the provisions of this new standard, the Board reflected the following adjustments as of December 31, 2022:

	Previously reported	Adjustments	2022 Restated
Statement of Financial Position			
Asset retirement obligation	-	460	460
Tangible capital assets	59,485	250	59,735
Accumulated surplus	61,359	(210)	61,149
Statement of Operations			
Amortization of tangible capital assets	6,464	83	6,547
Accretion of asset retirement obligation	-	13	13
Annual deficit	(2,411)	(96)	(2,507)
Accumulated surplus, beginning of year	63,770	(114)	63,656
Accumulated surplus, end of year	61,359	(210)	61,149
Statement of Change in Net Financial Assets			
Annual deficit	(2,411)	(96)	(2,507)
Amortization of tangible capital assets	6,464	83	6,547
Statement of Cash Flows			
Annual deficit	(2,411)	(96)	(2,507)
Amortization of tangible capital assets	6,464	83	6,547
Accretion of asset retirement obligation	-	13	13

3. Due from the City of Mississauga

This category represents the accumulated surplus and the current year, non-cash, working capital changes due from the City. There are no specific terms of repayment and the amounts do not bear any interest due from the City.

4. Pension Agreements

The Board makes contributions to OMERS, 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 \$1,504 (2022 \$1,458) on behalf of these eligible employees and the employees contributed \$1,515 (2022 \$1,460).

5. Employee Benefits and Other Liabilities

Employee benefits and other liabilities, reported on the Statement of Financial Position, are made up of the following:

	2023	2022
Workplace Safety and Insurance Board (WSIB)	886	694
Accumulated sick leave benefit plan entitlements	17	18
Early retirement benefits	951	969
Post-employment benefits	1,362	1,256
Long-term disability	-	-
Vacation liability	1,009	1,015
Total	4,225	3,952

- a) 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 2023, in accordance with the financial reporting guidelines established by PSAB.
- b) 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 2023, in accordance with the financial reporting guidelines established by PSAB.
- c) 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 2023, in accordance with the financial reporting guidelines established by PSAB.
- d) 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 2023, in accordance with the financial reporting guidelines established by PSAB.
- e) In January 2023, the Board adopted a self-insured arrangement for its long-term disability benefit program. Under this arrangement, the Board funds its own claims through a segregated reserve fund and contracts with an insurance carrier to adjudicate and administer all claims on an administrative services-only basis. An independent actuarial valuation, dated December 2023, estimates the liability for claims incurred to be \$nil (2022 \$nil) as at December 31, 2023 which is reported on the Statement of Financial Position.
- f) Vacation entitlements are accrued as earned by the employee. Values are derived by the employee's current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

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

	WSIB	Sick Leave	Early Retirement	Post- Employment	2023 Total	2022 Total
Accrued benefit obligation, beginning of year	694	18	969	1,256	2,937	2,677
Service cost	207	-	36	185	428	415
Interest cost	47	1	32	44	124	116
Amortization of actuarial (gain)/loss	92	-	(33)	(41)	18	17
Benefit payments	(154)	(2)	(56)	(82)	(294)	(288)
Increase due to plan amendment/survivor claims	-	-	3	-	3	-
Accrued benefit obligation, end of year	886	17	951	1,362	3,216	2,937
Unamortized actuarial (gain)/loss	538	-	134	(689)	(17)	615
Actuarial valuation update, end of year	1,424	17	1,085	673	3,199	3,552
Expected average remaining service life	11 years	3 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	2.00%	2.00%	2.00%	2.00%
Expected level of salary increases	N/A	3.00%	3.00%	3.00%
Interest discount rate	4.75%	4.75%	4.75%	4.75%
Expected health care increases	4.00%	N/A	5.67%	6.00%

6. Budget

Budget data presented in these financial statements are based upon the 2023 Operating and Capital Budgets as approved by Council and adopted by the Board at the April 19, 2023 meeting. Adjustments to budgeted values are required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget, which is developed using the cash basis of accounting, and the budget figures presented in these financial statements, which are produced using the accrual basis of accounting.

	2023 Approved Budget
Revenue	
Approved Operating Budget	1,857
Adjustments:	
City contribution (net of allocations)	31,236
Budget adjustments	500
Transfers from reserve funds	(888)
Adjusted Operating Budget	32,705
Approved Capital Budget	8,614
Adjustments:	
Adjustments for transfers from reserve funds	(8,614)
Adjusted Capital Budget	-
Total Revenue	32,705
Expenses	
Approved Operating Budget	33,093
Adjustments:	
Budget adjustments	500
Library books transferred to tangible capital assets	(3,316)
Transfers to reserve funds	(999)
Amortization of tangible capital assets	8,556
Adjusted Operating Budget	37,834
Approved Capital Budget	8,614
Adjustments:	
Eliminate capital expense budget	(8,614)
Adjusted Capital Budget	-
Total Expenses	37,834
Annual Deficit	(5,129)

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. Tangible capital assets include buildings, books, furniture and land.

Library Tangible Capital Assets

Cost	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Additions	Disposals	Dec. 31, 2023
Land	1,247	-	1,247	-	-	1,247
Land improvements	596	-	596	166	-	762
Buildings	99,834	417	100,251	38,120	(40,504)	97,867
Equipment, books and other	43,014	-	43,014	8,486	(17,297)	34,203
Vehicles	167	-	167	-	(51)	116
Total	144,858	417	145,275	46,772	(57,852)	134,195

Accumulated Amortization	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Amortization Expense	Disposals	Dec. 31, 2023
Land	-	-	-	-	-	-
Land improvements	401	-	401	25	-	426
Buildings	53,779	167	53,946	2,621	(27,261)	29,306
Equipment, books and other	31,091	-	31,091	4,048	(17,297)	17,842
Vehicles	102	-	102	12	(51)	63
Total	85,373	167	85,540	6,706	(44,609)	47,637

Net Book Value	Dec. 31, 2022 previously reported	PS 3280 ARO adoption	Dec. 31, 2022 as restated	Dec. 31, 2023
Land	1,247	-	1,247	1,247
Land improvements	195	-	195	336
Buildings	46,055	250	46,305	68,561
Equipment, books and other	11,923	-	11,923	16,361
Vehicles	65	-	65	53
Total	59,485	250	59,735	86,558

8. Asset Retirement Obligation

The Board's asset retirement obligation consists of the following:

a) Asbestos obligation

The Board owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 - Asset Retirement Obligations, the Board recognized an obligation relating to the removal of the asbestos in these buildings as estimated at January 1, 2022. Estimated costs of \$437 have been discounted to the present value using a discount rate of 2.83 per cent per annum.

b) Lease obligation

The Board leases real property and facility space with requirements to return the property to the original condition, which represents a legal obligation to remediate or restore at the end of the lease term. Following the adoption of PS 3280 - Asset Retirement Obligations, the Board recognized an obligation relating to the restoration and remediation of leased space as estimated at January 1, 2022. The lease term is 20 years; however, only five years remain on the agreement. Estimated costs of \$10 have been discounted to the present value using a discount rate of 2.83 per cent per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to *buildings* (tangible capital assets) and the restatement of prior year numbers (see also Note 2).

Changes to the asset retirement obligation in 2023 are as follows:

Asset Retirement Obligation	Asbestos Obligation	Lease Obligation	Total
Opening balance, December 31, 2022 as previously reported	-	-	-
Adjustment on adoption of the standard PS 3280 - Asset Retirement Obligations	449	11	460
Opening balance, December 31, 2022 as restated	449	11	460
Obligation incurred in year	-	-	-
Obligation settled in year	(10)	-	(10)
Revisions to obligation in year	-	-	-
Accretion of asset retirement obligation	13	-	13
Closing Balance, December 31, 2023	452	11	463

9. 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 revenue from incoming lease agreements for Board-owned properties as follows:

Contractual Rights	2023	2024	2025	2026	2027	Total
Incoming Lease Payments	372	380	388	397	406	1,943

10. 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:

Year	Lease Commitment
2024	226
2025	190
2026	190
2027	47
2028	-
Total	653

11. Financial Instruments

The Board is exposed to some risks through financial instruments (both assets and liabilities), including credit risk, liquidity risk and market risk. The following provides insights into the various risk exposures:

a) Credit risk

Credit risk is the risk that one party to a financial instrument (asset or liability) will cause a financial loss to the other party through the failure to discharge the obligations under the covenants of the financial instrument.

The Board is exposed to credit risk in the event of non-payment by external parties. The Board's credit risk is primarily attributable to its receivables. The Board does not have any significant past-due accounts that are not provided for.

b) Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting its financial obligations associated with its financial liabilities. The Board mitigates its exposure to liquidity risk through the monitoring of cash flows relative to operational needs.

The majority of trade accounts payable and accrued liabilities are expected to be settled in the next fiscal year.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk, currency risk and price risk.

(i) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument (asset or liability) will fluctuate because of changes in market interest rates. The Board is not exposed to interest rate risk as it does not hold any investments or debt.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Board is exposed to currency risk through purchases of goods and services using foreign currency. The Board mitigates this risk through cash flow monitoring of operational needs, and purchasing foreign currency only as needed to settle financial liabilities.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Board mitigates price risk through fixed pricing procurement contracts.

12. Comparative Figures

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