

2025 Audited Mississauga Public Library Board Financial Statements

For the year ended December 31, 2025

Prepared by: Finance Division
City of Mississauga

Management's Responsibility for Financial Reporting

For the year ended December 31, 2025

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 Public Sector Accounting Standards (PSAS) as established by the Public Sector Accounting Board (PSAB) 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 the Board's activities, how they were financed, investing activities, assets, and liabilities. The financial statements are reviewed and approved by the Commissioner of Corporate Services, Chief Financial Officer and Treasurer.

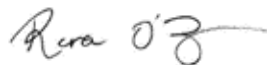
The City, on behalf of the Board, maintains systems of internal and financial controls designed to ensure that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative requirements, and reliable financial information is available on a timely basis for preparation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

The Board's financial statements have been audited by Deloitte 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 Board's financial statements and discuss any significant financial reporting or internal control matters.



Marisa Chiu
Commissioner of Corporate Services,
Chief Financial Officer and Treasurer



Rona O'Banion
Director, Library

Mississauga, Ontario
March 31, 2026

Independent Auditor's Report

To the Board of the
Mississauga Public Library Board

Opinion

We have audited the financial statements of the City of Mississauga Public Library Board (the "Board") which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2025, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board 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.

Other Matter

The financial statements of the Board for the year ended December 31, 2024, were audited by another auditor who expressed an unmodified opinion on April 4, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PSAS, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Board'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 GAAS 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 these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Board'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 Board'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 Board 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.

We 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 31, 2026

Mississauga Public Library Board
Statement of Financial Position
as at December 31, 2025 with comparatives for 2024
(All dollar amounts are in \$000s)

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

	2025	2024
Financial Assets		
Cash	1	4
Accounts receivable	83	19
Due from the City of Mississauga (Note 2)	4,643	6,431
Total Financial Assets	4,727	6,454
Financial Liabilities		
Accounts payable and accrued liabilities	1,154	1,004
Employee benefits and other liabilities (Note 4)	5,475	4,915
Asset retirement obligation (Note 7)	547	476
Total Financial Liabilities	7,176	6,395
Net Financial Assets/(Liabilities)	(2,449)	59
Non-Financial Assets		
Prepaid expenses	519	151
Tangible capital assets (Note 6)	90,675	93,115
Total Non-Financial Assets	91,194	93,266
Accumulated Surplus	88,745	93,325

Contractual rights (Note 8)
Commitments (Note 9)

Mississauga Public Library Board

Statement of Operations

for the year ended December 31, 2025 with comparatives for 2024

(All dollar amounts are in \$000s)

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

	2025 Budget (Note 5)	2025 Actual	2024 Actual
Revenue			
Funding transfer from the City of Mississauga	29,709	30,382	31,844
Contributed tangible capital assets from the City of Mississauga	-	4,370	10,516
User charges and rents	753	938	840
Funding transfers from other governments	715	715	715
Donations	-	224	121
Recoveries from third parties	40	89	41
Interest income	-	-	1
Total Revenue	31,217	36,718	44,078
Expenses			
Salaries, wages and employee benefits	25,098	28,977	26,887
Amortization of tangible capital assets (Note 6)	7,250	6,810	7,056
Materials and supplies	2,814	2,748	2,005
Occupancy	1,894	1,840	1,505
Equipment	1,116	405	467
Staff development	184	156	139
Contractors and professional services	214	91	263
Advertising and promotion	67	67	69
Communication	73	66	77
Collection fees	50	61	52
Transportation	45	29	40
Administrative support charged by the City of Mississauga	53	16	35
Bank charges	27	16	20
Accretion of asset retirement obligation (Note 7)	-	15	13
Other	10	1	1
Total Expenses	38,895	41,298	38,629
Annual (Deficit)/Surplus	(7,678)	(4,580)	5,449
Accumulated surplus, beginning of year	93,325	93,325	87,876
Accumulated Surplus, end of year	85,647	88,745	93,325

Mississauga Public Library Board
Statement of Change in Net Financial Assets
for the year ended December 31, 2025 with comparatives for 2024
(All dollar amounts are in \$000s)

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

	2025 Budget (Note 5)	2025 Actual	2024 Actual
Annual (deficit)/surplus	(7,678)	(4,580)	5,449
Acquisition of tangible capital assets (Note 6)	-	(4,370)	(13,613)
Amortization of tangible capital assets (Note 6)	7,250	6,810	7,056
Acquisition of prepaid expenses	-	(519)	(151)
Use of prepaid expenses	-	151	71
Change in Net Financial Assets	(428)	(2,508)	(1,188)
Net financial assets, beginning of year	59	59	1,247
Net Financial (Liabilities)/Assets, end of year	(369)	(2,449)	59

Mississauga Public Library Board
Statement of Cash Flows

for the year ended December 31, 2025 with comparatives for 2024

(All dollar amounts are in \$000s)

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual (deficit)/surplus	(4,580)	5,449
Items not involving cash:		
Amortization of tangible capital assets	6,810	7,056
Contributed tangible capital assets from the City of Mississauga	(4,370)	(10,516)
Accretion of asset retirement obligation	15	13
Change in employee benefits and other liabilities	560	690
Change in non-cash working capital:		
Accounts receivable	(64)	750
Due to/from the City of Mississauga	1,788	(338)
Accounts payable and accrued liabilities	150	67
Asset retirement obligation	56	-
Prepaid expenses	(368)	(80)
Net change in cash from operating activities	(3)	3,091
Capital Activities:		
Tangible capital asset additions	-	(3,097)
Net Change in Cash	(3)	(6)
Cash, beginning of year	4	10
Cash, end of year	1	4

Mississauga Public Library Board
Notes to the Financial Statements
for the year ended December 31, 2025
(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 the City Council (“Council”) of the City of Mississauga (the “City”), 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.

The Board’s financial statements are prepared by the City’s management in accordance with Public Sector Accounting Standards (PSAS) as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

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 standards are numbered and are referenced throughout these notes beginning with the letters “PS”.

The Board is economically dependent on the City for financial support.

1. Significant Accounting Policies

a) Basis of accounting

The Board 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) 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. 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.

c) 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, and estimated costs for asset retirement obligations. 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	15 - 20
Buildings	5 - 45
Equipment, books and other	4 - 40
Vehicles	5 - 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 tangible capital assets from the City of Mississauga 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.

d) 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.

e) 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 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
- (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 asset is amortized in accordance with the depreciation accounting policies outlined in (c).

f) Revenue

Funding transfers from the City of Mississauga and funding transfers from other governments (e.g., transfers from the Province of Ontario) 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 net levy as adopted. Government transfers consist of a provincial funding transfer.

Contributed tangible capital assets from the City of Mississauga are tangible capital assets received as contributions and are recorded at their fair market value on the date of receipt. The contributions are recognized as contributed tangible capital assets from the City of Mississauga in the Statement of Operations.

User charges and rents are paid by anyone using fee-based programs and services offered by the Board. User charges and rents are generally charged when services offered by the Board benefit specific individuals. User charges and rents are recognized when earned and measurable.

Recoveries from third parties are recognized in the financial statements when the Board expects to recover costs it has incurred from an external party. Recoveries from third parties are recognized when earned and measurable.

Donations are recognized in the financial statements in the period in which the events giving rise to the revenue occur. Donations are recognized when earned and measurable. Donations subject to external restrictions are recognized as revenue in the period in which the related expenditures are incurred.

Interest income is recognized as it is earned.

Other revenue that is restricted is recognized when the corresponding expenses are incurred. Other revenue that is not restricted is recognized into revenue upon receipt.

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 the 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 2025, there are no financial instruments recognized at fair value.

All financial assets are tested annually for impairment. The Board'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 amortized using the straight-line method over the life of the instrument.

The purchase and sale of 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, 2025 and have therefore not been applied to these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

- (i) The Conceptual Framework for Financial Reporting in the Public Sector will replace current guidance in Section PS 1000 – Financial Statement Concepts and Section PS 1100 – Financial Statement Objectives. The new Conceptual Framework prescribes the nature, function and limits of financial accounting and reporting. It is the foundation on which PSAS are developed and professional judgment is applied. This new Conceptual Framework 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).

- (ii) 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 will 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).
- (iii) Amendments to Section PS 3150 – Tangible Capital Assets are being implemented as part of PSAB’s Government Not-for-Profit Strategy. The changes include amending the definition of “tangible capital asset”; adding guidance to identify a collection; adding disclosure requirements to highlight the importance of works of art, historical treasures and collections; and adding guidance to clarify the accounting treatment purchase costs substantially below fair value, donated materials and labour costs. Sections PS 4230 – Capital Assets Held by Not-for-Profit Organizations, and PS 4240 – Collections Held by Not-for-Profit Organizations will be withdrawn as a result of the amendments to Section PS 3150 – Tangible Capital Assets. These amendments are effective for fiscal years beginning on or after April 1, 2030 (the first effective year for the Board being the year ending December 31, 2031).
- (iv) PS 3251 – Employee Benefits will replace PS 3250 – Retirement Benefits and PS 3255 – Post-employment Benefits, Compensated Absences and Termination Benefits. The standard aims to focus on refining the discount rate guidance for defined benefit plans, eliminating deferral approaches for actuarial gains/losses, and improving transparency. This standard is effective for fiscal years beginning on or after April 1, 2029 (the first effective year for the Board being the year ending December 31, 2030).

2. 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.

3. 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. The plan is accounted for as a defined contribution plan. During the year, the Board contributed \$1,827 (2024 \$1,759) on behalf of these eligible employees and the employees contributed \$1,830 (2024 \$1,759).

4. Employee Benefits and Other Liabilities

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

	2025	2024
Workplace Safety and Insurance Board (WSIB)	936	911
Early retirement benefits	1,041	997
Post-employment benefits	1,406	1,341
Long-term disability	915	605
Vacation liability	1,177	1,061
Total	5,475	4,915

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

	WSIB	Sick Leave	Early Retirement	Post-Employment	Long-Term Disability	2025 Total	2024 Total
Accrued benefit obligation, beginning of year	476	-	1,119	788	605	2,988	2,204
Service cost	75	-	36	177	369	657	280
Interest cost	23	-	53	40	37	153	106
Benefit payments	(68)	-	(57)	(94)	(96)	(315)	(207)
Increase due to plan amendment/survivor claims	-	-	-	-	-	-	605
Accrued benefit obligation, end of year	506	-	1,151	911	915	3,483	2,988
Unamortized actuarial gain/(loss)	430	-	(110)	495	-	815	866
Accrued benefit liability, end of year	936	-	1,041	1,406	915	4,298	3,854
Expected average remaining service life	11 years	3 years	13 years	8 years	8 years		

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

	WSIB	Sick Leave	Early Retirement	Post-Employment	Long-Term Disability
Expected inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%
Expected level of salary increases	N/A	3.00%	3.00%	3.00%	3.00%
Interest discount rate	4.75%	4.75%	4.75%	4.75%	5.00%
Expected health care increases	4.00%	N/A	5.33%	5.75%	N/A

- a) The Board has elected to be a Schedule 2 employer under the provisions of the WSIB, and remits payments to the WSIB only as required to fund disability payments. In accordance with the accounting standards established by PSAB, an independent, full actuarial valuation of this obligation was completed in December 2023. The full actuarial valuation provides an analysis of claims activity and significant assumptions for subsequent years that are included in the financial statements until the next full actuarial valuation (scheduled for 2026). These liabilities may change year over year based on assumptions, current year claims, and service years. WSIB was updated in December 2025 based on changes in survivor awards.
- b) Sick leave benefits accrue for certain employees of the Board and are paid out either on approved retirement, termination or death. In accordance with the accounting standards established by PSAB, the accrued benefit obligation and net periodic benefit cost were determined through an independent, full actuarial valuation that was completed in December 2023. The full actuarial valuation provides an analysis of claims activity and significant assumptions for subsequent years that are included in the financial statements until the next full actuarial valuation (scheduled for 2026). These liabilities may change year over year based on assumptions, current year claims, and service years. There were no changes to the estimated liability for 2025.
- c) Early retirement benefits are representative of the Board’s share of the cost to provide certain employees with extended benefits upon early retirement. In accordance with the accounting standards established by PSAB, the accrued benefit obligation and net periodic benefit cost were determined through an independent, full actuarial valuation that was completed in December 2023. The full actuarial valuation provides an analysis of claims activity and significant assumptions for subsequent years that are included in the financial statements until the next full actuarial valuation (scheduled for 2026). These liabilities may change year over year based on assumptions, current year claims, and service years. There were no changes to the estimated liability for 2025.

- d) Post-employment benefits such as health, dental and life insurance benefits, are paid on behalf of any employee on long term disability. In accordance with the accounting standards established by PSAB, the accrued benefit obligation and net periodic benefit cost were determined through an independent, full actuarial valuation that was completed in December 2023. The full actuarial valuation provides an analysis of claims activity and significant assumptions for subsequent years that are included in the financial statements until the next full actuarial valuation (scheduled for 2026). These liabilities may change year over year based on assumptions, current year claims, and service years. There were no changes to the estimated liability for 2025.
- e) The long-term disability (LTD) benefit program is a self-insured arrangement that was adopted in 2023. 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. In accordance with the accounting standards established by PSAB, an independent, full actuarial valuation of this obligation was completed in December 2023. The full actuarial valuation provides an analysis of claims activity and significant assumptions for subsequent years that are included in the financial statements until the next full actuarial valuation (scheduled for 2026). These liabilities may change year over year based on assumptions, current year claims, and service years. LTD was updated in December 2025 due to an increase in LTD experience for Library in 2024. The liability for claims incurred estimate is \$915 (2024 \$605) as at December 31, 2025 which is reported on the Statement of Financial Position.
- f) Vacation pay entitlements are accrued for 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.

5. Budget

Budget data presented in these financial statements is based on the 2025 operating and capital budgets as adopted as part of the City's 2025 Budget on December 2, 2024 and adopted by the Board at its February 19, 2025 meeting. The table below reconciles the adopted budget, which is developed using a modified accrual basis of accounting, and the budget figures presented in these financial statements, which are produced using the accrual basis of accounting.

	2025 Adopted Budget
Revenue	
Adopted Operating Budget	2,013
Adjustments:	
City contribution (net of allocations)	32,967
Budget adjustments	(3,258)
Transfers from reserve funds	(505)
Adjusted Operating Budget	31,217
Adopted Capital Budget	6,218
Adjustments:	
Adjustments for transfers from reserve funds	(6,218)
Adjusted Capital Budget	-
Total Revenue	31,217
Expenses	
Adopted Operating Budget	34,980
Adjustments:	
Budget adjustments	(3,258)
Transfers to reserve funds	(77)
Amortization of tangible capital assets	7,250
Adjusted Operating Budget	38,895
Adopted Capital Budget	6,218
Adjustments:	
Eliminate capital expense budget	(6,218)
Adjusted Capital Budget	-
Total Expenses	38,895
Annual Deficit	(7,678)

6. 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.

Cost	Dec. 31, 2024	Additions	Disposals	Dec. 31, 2025
Land	1,247	-	-	1,247
Land improvements	938	265	(103)	1,100
Buildings	107,239	1,507	-	108,746
Equipment, books and other	38,165	2,598	-	40,763
Vehicles	210	-	-	210
Total	147,799	4,370	(103)	152,066

Accumulated Amortization	Dec. 31, 2024	Amortization Expense	Disposals	Dec. 31, 2025
Land	-	-	-	-
Land improvements	447	43	(103)	387
Buildings	32,359	3,182	-	35,541
Equipment, books and other	21,794	3,564	-	25,358
Vehicles	84	21	-	105
Total	54,684	6,810	(103)	61,391

Net Book Value	Dec. 31, 2024	Dec. 31, 2025
Land	1,247	1,247
Land improvements	491	713
Buildings	74,880	73,205
Equipment, books and other	16,371	15,405
Vehicles	126	105
Total	93,115	90,675

7. 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 and discount rates are reviewed annually for significant changes and reflected in the asset retirement obligation.

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. Estimated costs and discount rates are reviewed annually for significant changes and reflected in the asset retirement obligation.

Changes to the asset retirement obligation are as follows:

2025 Asset Retirement Obligation	Asbestos Obligation	Lease Obligation	2025 Total
Opening balance	465	11	476
Obligation incurred in year	56	-	56
Obligation settled in year	-	-	-
Revisions to obligation in year	-	-	-
Accretion of asset retirement obligation	15	-	15
Closing Balance	536	11	547

2024 Asset Retirement Obligation	Asbestos Obligation	Lease Obligation	2024 Total
Opening balance	452	11	463
Obligation incurred in year	-	-	-
Obligation settled in year	-	-	-
Revisions to obligation in year	-	-	-
Accretion of asset retirement obligation	13	-	13
Closing Balance	465	11	476

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

Contractual Rights	2026	2027	2028	2029	2030	Thereafter	Total
Incoming Lease Payments	498	511	525	540	566	328	2,968

9. 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	Commitments
2026	410
2027	256
2028	171
2029	43
2030 and thereafter	-
Total	880

10. 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.