

DRAFT #3
May 13, 2024

Financial Statements of

**THE CORPORATION OF
THE TOWN OF GEORGINA
PUBLIC LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Residents and Taxpayers of the Town of Georgina

Opinion

We have audited the financial statements of The Corporation of the Town of Georgina Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	\$ 575	\$ 575
Due from Town of Georgina (note 2)	909,840	1,796,334
	<u>910,415</u>	<u>1,796,909</u>
Financial Liabilities		
Accounts payable and accrued liabilities	82,162	160,805
Net financial assets	828,253	1,636,104
Non-Financial Assets		
Tangible capital assets (note 4)	516,811	520,799
Accumulated surplus (note 5)	<u>\$ 1,345,064</u>	<u>\$ 2,156,903</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Statement of Operations and Accumulated Surplus

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

	Budget (note 6)	2023	2022
Revenue:			
Town of Georgina - operating grant	\$ 2,636,690	\$ 2,636,690	\$ 2,530,040
Province of Ontario - grant	62,600	62,584	62,584
York School Boards - purchase of service	58,500	63,824	59,675
Fines	7,900	2,670	1,637
Sales/costs recovered	14,000	7,413	4,611
Donations and fundraising	1,800	6,487	3,041
Room rental	4,100	4,998	—
Programs	4,200	217	1,720
Miscellaneous grant	9,240	7,270	9,659
	<u>2,799,030</u>	<u>2,792,153</u>	<u>2,672,967</u>
Expenses:			
Salaries and benefits	2,076,400	2,104,593	1,760,826
Amortization	146,721	146,721	154,197
Contracted services	160,790	161,959	165,074
Other recovery	—	—	(101,365)
Utilities	121,530	95,440	94,848
Materials and supplies	150,100	112,992	114,239
Insurance	35,240	35,240	29,860
Freight/postage	7,600	17,604	13,590
Travel/education	23,800	21,215	10,825
Consulting	—	28,013	44,382
Audit	2,700	2,700	2,750
Equipment repairs	3,500	1,099	—
Volunteer appreciation	500	513	595
Memberships	2,550	2,420	2,219
Bank charges	2,100	2,791	2,813
	<u>2,733,531</u>	<u>2,733,300</u>	<u>2,294,853</u>
Annual surplus before transfer to Town of Georgina Reserve	65,499	58,853	378,114
Transfer to Town of Georgina Reserve	—	(870,692)	(65,984)
Annual surplus (deficit)	<u>\$ 65,499</u>	(811,839)	312,130
Accumulated surplus, beginning of year		2,156,903	1,844,773
Accumulated surplus, end of year		<u>\$ 1,345,064</u>	<u>\$ 2,156,903</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Statement of Change in Net Financial Assets

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

	Budget (note 6)	2023	2022
Annual surplus (deficit)	\$ 65,499	\$ (811,839)	\$ 312,130
Acquisition of tangible capital assets	(137,930)	(142,733)	(139,540)
Amortization of tangible capital assets	146,721	146,721	154,197
Change in net financial assets	74,290	(807,851)	326,787
Net financial assets, beginning of year	1,636,104	1,636,104	1,309,317
Net financial assets, end of year	\$ 1,710,394	\$ 828,253	\$ 1,636,104

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Statement of Cash Flows

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

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (811,839)	\$ 312,130
Amortization which does not involve cash	146,721	154,197
Change in non-cash operating items:		
Due from Town of Georgina	886,494	(316,525)
Accounts payable and accrued liabilities	(78,643)	(10,262)
	<u>142,733</u>	<u>139,540</u>
Capital activities:		
Acquisition of tangible capital assets	(142,733)	(139,540)
Net change in cash	—	—
Cash, beginning of year	575	575
Cash, end of year	<u>\$ 575</u>	<u>\$ 575</u>

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements

Year ended December 31, 2023

The Georgina Public Library Board (the "Library Board") is a local board of The Town of Georgina (the "Town") deemed to be a public library established under the Public Libraries Act. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

1. Significant accounting policies:

The financial statements of the Library Board are the representation of management prepared in accordance with local government accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Library Board are as follows:

(a) Accrual accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

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

Library collections	7 years
Computer hardware and software	4 - 7 years
Furniture and equipment	5 - 20 years

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

One half of the annual amortization is charged in the year of acquisition.

(ii) Contributions of tangible capital assets:

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

(c) Revenue recognition:

User fees and other revenues including sales, room rentals and programs are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

(d) Government transfers:

Government transfers are recognized when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are settled.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library Board may undertake in the future. The principal estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from those estimates.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(f) Pension plan:

The Library Board is an employer member of the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(g) Adoption of new accounting standards - change in accounting policy:

The Library Board adopted the following new public sector accounting standards ("PS") for the year ended December 31, 2023:

(i) PS 3280, Asset Retirement Obligations; and

(ii) PS 1201, Financial Statement Presentation, PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, PS 3041, Portfolio Investments.

The adoption of these new accounting standards did not have a significant impact on the financial statements of the Library Board.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(h) Future accounting pronouncements:

- (i) 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 Library Board's December 31, 2024 year-end).
- (ii) 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 Library Board's December 31, 2024 year-end).
- (iii) 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 Library Board's December 31, 2024 year-end).

2. Due from Town of Georgina:

The amount due from Town of Georgina is non-interest bearing and has no set terms of repayment. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

3. Pension agreement:

OMERS provides pension services to more than 600,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets at that date of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit.

Contribution rates range from 9% to 14.6% (2022 - 9% to 14.6%) depending on the level of earnings. During the year, \$139,940 (2022 - \$110,838) was contributed to OMERS by the Library Board for current services.

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Tangible capital assets:

2023	Library collections	Furniture and equipment	Computer hardware and software	Total
Cost				
Balance, December 31, 2022	\$ 819,630	\$ 283,389	\$ 144,858	\$ 1,247,877
Additions	103,842	28,339	10,552	142,733
Disposals	(120,156)	–	(15,160)	(135,316)
Balance, December 31, 2023	\$ 803,316	\$ 311,728	\$ 140,250	\$ 1,255,294
Accumulated amortization				
Balance, December 31, 2022	\$ 415,881	\$ 208,799	\$ 102,398	\$ 727,078
Amortization	115,925	16,204	14,592	146,721
Disposals	(120,156)	–	(15,160)	(135,316)
Balance, December 31, 2023	\$ 411,650	\$ 225,003	\$ 101,830	\$ 738,483
Net book value				
As at December 31, 2023	\$ 391,666	\$ 86,725	\$ 38,420	\$ 516,811

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Tangible capital assets (continued):

2022	Library collections	Furniture and equipment	Computer hardware and software	Total
Cost				
Balance, December 31, 2021	\$ 860,204	\$ 272,534	\$ 152,796	\$ 1,285,534
Additions	116,921	10,855	11,764	139,540
Disposals	(157,495)	–	(19,702)	(177,197)
Balance, December 31, 2022	\$ 819,630	\$ 283,389	\$ 144,858	\$ 1,247,877
Accumulated amortization				
Balance, December 31, 2021	\$ 453,388	\$ 194,547	\$ 102,143	\$ 750,078
Amortization	119,988	14,252	19,957	154,197
Disposals	(157,495)	–	(19,702)	(177,197)
Balance, December 31, 2022	\$ 415,881	\$ 208,799	\$ 102,398	\$ 727,078
Net book value				
As at December 31, 2022	\$ 403,749	\$ 74,590	\$ 42,460	\$ 520,799

THE CORPORATION OF THE TOWN OF GEORGINA PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Accumulated surplus:

	2023	2022
Reserves set aside by the Library Board:		
Capital reserve	\$ 437,846	\$ 1,610,914
Library stabilization	353,131	–
Salary adjustment reserve	37,276	25,190
	<u>828,253</u>	<u>1,636,104</u>
Surplus:		
Invested in tangible capital assets	516,811	520,799
Accumulated surplus	\$ 1,345,064	\$ 2,156,903

6. Budget figures:

The 2023 budget figures included in the statement of operations and accumulated surplus are those adopted by the Library Board and approved by the Town Council on January 25, 2023.