

Financial Statements

MIDDLESEX COUNTY LIBRARY BOARD

And Independent Auditors' Report thereon

Year ended December 31, 2023

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	\$ 6,974	\$ 142,178
Accounts receivable	18,628	15,091
Receivable from the County of Middlesex	1,143,109	1,089,320
	1,168,711	1,246,589
Financial liabilities:		
Accounts payable	309,364	220,644
Deferred revenue (note 8)	12,070	23,576
Employee future benefits (note 4)	176,600	146,000
Total liabilities	498,034	390,220
Net financial assets	670,677	856,369
Non-financial assets:		
Tangible capital assets (note 6)	2,016,966	1,941,005
Prepaid expenses	39,614	68,092
	2,056,580	2,009,097
Commitments (note 5)		
Accumulated surplus (note 3)	\$ 2,727,257	\$ 2,865,466

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Operations
Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	2023	2022
Revenues:			
Grants:			
Government of Canada	–	118,697	16,303
Province of Ontario	511,652	539,302	581,421
County of Middlesex, contribution	4,928,762	4,898,950	4,223,298
	5,440,414	5,556,949	4,821,022
User charges:			
Fines, fees, rentals and donations	144,877	254,694	309,651
Loss on disposal of tangible capital assets	–	(1,616)	(790)
	5,585,291	5,810,027	5,129,883
Expenditures:			
Salaries	2,932,186	2,839,631	2,674,147
Rent	762,961	762,847	712,147
Employee benefits (note 4)	728,172	705,139	628,025
Amortization	427,006	432,121	456,944
EarlyON (note 8)	377,605	409,534	399,835
Development and automation	217,237	315,952	243,419
Books	223,000	209,745	216,834
Non - print materials	174,400	168,354	114,800
Insurance	42,700	37,673	32,929
Postage	5,000	25,753	50,865
Utilities and maintenance	33,500	23,987	30,385
COVID – 19 program	–	13,490	11,752
Legal services	5,000	4,010	–
	5,928,767	5,948,236	5,572,082
Annual deficit:	(343,476)	(138,209)	(442,199)
Accumulated surplus, beginning of year	2,865,466	2,865,466	3,307,665
Accumulated surplus, end of year	\$ 2,521,990	\$ 2,727,257	\$ 2,865,466

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Changes in Net Financial Assets
 Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	2023	2022
Annual deficit	\$ (343,476)	\$ (138,209)	\$ (442,199)
Acquisition of tangible capital assets	(353,350)	(509,698)	(414,724)
Amortization of tangible capital assets	427,006	432,121	456,944
Loss on disposal of tangible capital assets	-	1,616	790
Prepaid expenses	-	28,478	(22,118)
Change in net financial assets	(269,820)	(185,692)	(421,307)
Net financial assets, beginning of year	856,369	856,369	1,277,676
Net financial assets, end of year	\$ 586,549	\$ 670,677	\$ 856,369

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (138,209)	\$ (442,199)
Items not involving cash:		
Amortization	432,121	456,944
Loss on disposal of tangible capital assets	1,616	790
Changes in non-cash operating working capital:		
Accounts receivable	(3,537)	(11,856)
Receivable from the County of Middlesex	(53,789)	376,535
Prepaid expenses	28,478	(22,118)
Accounts payable	88,720	36,203
Employee future benefits	30,600	21,500
	386,000	415,799
Investing activities:		
Acquisition of tangible capital assets	(509,698)	(414,724)
Financing activities:		
Deferred revenue	(11,506)	337
Increase (decrease) in cash	(135,204)	1,412
Cash, beginning of year	142,178	140,766
Cash, end of year	\$ 6,974	\$ 142,178

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements

December 31, 2023, with comparative information for 2022

1. Significant accounting policies:

The financial statements of the Middlesex County Library Board (the "Board") are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector 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 Board are as follows:

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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) Government transfers:

Government transfers are recognized in the financial statements in the period in which 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. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Employee future benefits:

The Board has adopted the following policies for future benefits provided to both active and retired employees:

(i) Post-employment benefits:

The cost of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefits are determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees and expected health costs

Employee future benefit costs are discounted using the Board's cost of long-term borrowing. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(c) Employee future benefits (continued):

(ii) Pension benefits:

The Board provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi- employer pension plan which operates as the Ontario Municipal Employees Retirement Fund, and provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The fund is a contributory defined benefit pension plan. As this is a multi-employer plan, no liability is recorded on the Board's books.

The employer's contributions to a multi-employer, defined benefit plan are expensed as the obligations arise.

(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, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(e) 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets, excluding land are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Rate
Machine and equipment	3 – 15 years
Collections	5 – 15 years

(f) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the funding model and generally accepted accounting principles for local governments established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(g) Asset retirement obligations:

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 the future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

Management has reviewed their tangible capital assets and is of the opinion that they do not have any assets that meet this obligation.

(h) Future accounting pronouncements:

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

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(h) Future accounting pronouncements (continued):

(i) Revenue

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 Board's December 31, 2024 year-end).

(ii) Public sector guideline 8 purchased intangible

Public Sector Guideline 8 Purchased Intangible, 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 Board's December 31, 2024 year-end).

2. Trust funds:

Trust funds and their related operations administered by the Board amounting to \$30,778 (2022 - \$30,778) are not consolidated, but are reported separately on the trust fund statement of continuity. They have not been included in the Statements of Financial Position or Operations.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

3. Accumulated surplus:

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

	2023	2022
Library Technology Replacement reserve fund	\$ 80,512	\$ 153,198
Murray Elliott reserve fund	72,243	70,826
Strathroy Library reserve fund	71,020	69,628
Friends of Strathroy Library reserve fund	35,328	34,358
	259,103	328,010
Surplus:		
Invested in tangible capital assets (note 6)	2,016,966	1,941,005
General revenue fund	52,932	199,812
Capital fund	601,162	567,956
Unfunded		
Future benefit cost liability	(176,600)	(146,000)
Vacation payable	(26,306)	(25,317)
Total surplus	2,468,154	2,537,456
Accumulated surplus	\$ 2,727,257	\$ 2,865,466

4. Employee future benefits:

(a) Pension plan:

During 2023, the Board contributed \$243,421 (2022 - \$217,089) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Statement of Operations.

(b) Health, dental and life insurance:

The Board provides certain employee future benefits such as health, dental and life insurance that will require funding in future periods.

The Board pays certain health care benefits on behalf of the retired employees. The Board recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was undertaken as at December 31, 2023, and it provided projected expense and liability disclosure information for the fiscal periods 2024 and 2025.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

4. Employee future benefits (continued):

(b) Health, dental and life insurance (continued):

The benefit obligation continuity is as follows:

	2023	2022
Accrued benefit obligation, January 1	\$ 158,100	\$ 138,200
Current period benefit cost	30,700	23,900
Post-employment benefit interest expenditure	5,200	4,600
Benefits paid	(6,400)	(8,600)
Accrued benefit obligation, December 31	187,600	158,100
Unamortized actuarial loss	(11,000)	(12,100)
Liability for benefits	\$ 176,600	\$ 146,000

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$ 30,700	\$ 23,900
Amortization of actuarial loss (gain)	1,100	1,600
Post-employment benefit interest expenditure	5,200	4,600
	\$ 37,000	\$ 30,100

The significant assumptions used in the actuarial valuation are as follows:

	2023	2022
Discount rate	4.3%	2.9%
Rate of compensation increase	3.0%	3.0%
Dental & other Extended Health Care cost increases	4.0%	4.0%
Extended Health Care cost increases	7.26% for 2023 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached	5.46% for 2022 then reducing by 0.13% per year until 2036 when the ultimate rate of 3.66% is reached

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

5. Commitments:

The Board has entered into commitments for rent and leases expiring at various dates prior to 2036. The future minimum annual payments are estimated to be as follows:

2024	\$	368,892
2025		376,270
2026		343,862
2027		350,739
2028		357,754
Thereafter		1,478,564
	\$	3,276,081

6. Tangible capital assets:

			2023	2022
	Collections	Machine and equipment	Total	Total
Cost:				
Balance, beginning of year	\$ 3,387,562	\$ 916,705	\$ 4,304,267	\$ 4,344,305
Additions during the year	417,983	91,715	509,698	414,724
Disposals during the year	(368,241)	(49,784)	(418,025)	(454,762)
Total	3,437,304	958,636	4,395,940	4,304,267
Accumulated amortization:				
Balance, beginning of year	1,684,470	678,792	2,363,262	2,360,290
Amortization during the year	332,192	99,929	432,121	456,944
Disposals during the year	(368,241)	(48,168)	(416,409)	(453,972)
Total	1,648,421	730,553	2,378,974	2,363,262
Net book value	\$ 1,788,883	\$ 228,083	\$ 2,016,966	\$ 1,941,005

7. Financial instruments:

The carrying value of cash, accounts receivable, receivable from the County of Middlesex and accounts payable approximate their fair value due to the relatively short periods to maturity of these instruments. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2023, with comparative information for 2022

8. EarlyON Child and Family Centres funding:

Ontario's EarlyON Child and Family Centres funding (EarlyON) is a funding issued by the Ministry of Education. The EarlyON programs and services provide opportunities for children from birth to 6 years of age to participate in play and inquiry-based programs, and support parents and caregivers in their roles. EarlyON centres offer free, high-quality drop-in programs, support families seeking convenient, accessible, play-based learning activities with their children.

During 2023, the Board received new funding of \$377,605 (2022 - \$377,604). At December 31, 2023, \$12,070 (2022 - \$23,576) was recorded as deferred revenue.