

Financial Statements of

**TOWN OF NEWMARKET
PUBLIC LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Town of Newmarket

Opinion

We have audited the financial statements of Town of Newmarket 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 changes 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 changes 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 19, 2024

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Financial Position

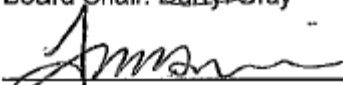
December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash and cash equivalents	\$ 72,101	\$ 89,292
Accounts receivable	18,579	23,031
Due from Town of Newmarket (note 2)	694,796	547,793
	<u>785,476</u>	<u>660,116</u>
Financial Liabilities		
Due to other groups (note 3)	282	520
Accounts payable and accrued liabilities (note 5)	324,131	245,267
Deferred revenue (note 4)	1,112	2,716
	<u>325,525</u>	<u>248,503</u>
Net financial assets	459,951	411,613
Non-Financial Assets		
Prepaid expenses	111,071	69,017
Tangible capital assets, net (note 12)	744,266	866,647
	<u>855,337</u>	<u>935,664</u>
Accumulated surplus	<u>\$ 1,315,288</u>	<u>\$ 1,347,277</u>

See accompanying notes to financial statements.

On behalf of the Board:



Board Chair: Darryl Gray

Board Secretary / Treasurer: Tracy Munusami, CEO

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

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

	Budget 2023	Actual 2023	Actual 2022
Revenue:			
Municipal operating grant	\$ 3,669,904	\$ 3,669,904	\$ 3,556,422
Municipal contributions towards tangible capital assets and building repair and maintenance (note 6)	–	33,750	116,328
Provincial grants	64,401	76,832	76,609
Federal grants	–	640	–
Fines	16,705	–	1,136
Program fees	21,400	7,486	10,882
Development charges flowed from Town of Newmarket (note 8)	–	18,164	–
Other fees and miscellaneous	91,150	37,399	39,088
	<u>3,863,560</u>	<u>3,844,175</u>	<u>3,800,465</u>
Expenses:			
Library materials:			
Books	158,864	–	–
Magazines, newspapers and periodicals	11,000	10,592	9,829
Electronic materials and subscriptions	196,966	206,142	187,901
Alternative collections	700	–	–
Audio-visual materials	21,400	–	–
Book binding and processing	32,318	26,724	26,992
Amortization	–	250,142	282,462
	<u>421,248</u>	<u>493,600</u>	<u>507,184</u>
Operations:			
Programs and projects	35,335	20,937	21,142
Other supplies	14,000	16,638	15,164
Building and property maintenance	160,540	99,563	152,256
Utilities	101,065	64,801	75,009
Equipment repairs and maintenance	84,465	94,741	106,192
Minor capital	5,656	17,128	5,449
	<u>401,061</u>	<u>313,808</u>	<u>375,212</u>
Administration:			
Employee salaries	2,304,789	2,172,382	2,138,640
Employee benefits	459,021	426,895	402,526
Education, conferences, consulting and travel	33,805	74,125	74,137
Other sundry	37,270	48,459	41,751
Loss on disposal of tangible capital assets	–	11,475	–
Telephone and internet	5,440	6,960	6,808
	<u>2,840,325</u>	<u>2,740,296</u>	<u>2,663,862</u>
	<u>3,662,634</u>	<u>3,547,704</u>	<u>3,546,258</u>
Excess of revenue over expense before the following	200,926	296,471	254,207
Transfers and other:			
Fund for future capital replacements (note 6)	(223,550)	(223,550)	(223,550)
Transfer to Long-term Disability Town of Newmarket Reserve	(25,484)	(24,279)	(24,447)
Transfer to Library Capital Needs Reserve Fund (note 8)	–	(80,631)	(13,330)
	<u>(249,034)</u>	<u>(328,460)</u>	<u>(261,327)</u>
Annual deficit	(48,108)	(31,989)	(7,120)
Accumulated surplus, beginning of year	1,347,277	1,347,277	1,354,397
Accumulated surplus, end of year	<u>\$ 1,299,169</u>	<u>\$ 1,315,288</u>	<u>\$ 1,347,277</u>

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

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

	Budget 2023	Actual 2023	Actual 2022
Annual deficit	\$ –	\$ (31,989)	\$ (7,120)
Acquisition of tangible capital assets	(241,420)	(139,236)	(208,044)
Amortization of tangible capital assets	282,730	250,142	282,462
Loss on disposal of tangible capital assets	–	11,475	–
Change in prepaid expenses	–	(42,054)	31,729
Change in net financial assets	41,310	48,338	99,027
Net financial assets, beginning of year	411,613	411,613	312,586
Net financial assets, end of year	\$ 452,923	\$ 459,951	\$ 411,613

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC 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	\$ (31,989)	\$ (7,120)
Amortization of tangible capital assets	250,142	282,462
Change in non-cash operating items:		
Accounts receivable	4,452	(1,420)
Due from Town of Newmarket	(147,003)	(78,122)
Due from/to other groups	(238)	893
Accounts payable and accrued liabilities	78,864	44,678
Deferred revenue	(1,604)	1,926
Prepaid expenses	(42,054)	31,729
	110,570	275,026
Capital activities:		
Acquisition of tangible capital assets	(139,236)	(208,044)
Loss on disposal of tangible capital assets	11,475	—
	(127,761)	(208,044)
Increase (decrease) in cash and cash equivalents	(17,191)	66,982
Cash and cash equivalents, beginning of year	89,292	22,310
Cash and cash equivalents, end of year	\$ 72,101	\$ 89,292

See accompanying notes to financial statements.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

The Town of Newmarket Public Library Board (the "Library Board") is a local board of the Corporation of the Town of Newmarket (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 Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

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

(a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they become available 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) 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 an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Library collection	7 years
Furniture	15 years
Equipment	8 - 10 years
Shelving	15 - 25 years
Computer hardware	3 - 4 years

Tangible capital assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. The tangible capital asset threshold amount for capitalization is pooled at \$10,000.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(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 have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(d) Revenue recognition:

Government transfers are recognized in the financial statements as revenue 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 recorded as deferred revenue when transfer stipulations give rise to a liability. Revenue is recognized in the statement of operations as stipulations related to the transfers are settled.

Fines are recognized when collected.

Fees for programs and services are recognized over the period of service or when related expenses occur.

(e) Deferred revenue:

Deferred revenue represents amounts which has been collected but, for which the related services has yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(f) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. The principle estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(g) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with the bank, net of overdrafts and cash equivalents such as short-term deposits with maturities of three months or less on acquisition.

(h) Pension plan:

The Library Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan on behalf of eligible members of its staff. The OMERS 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 OMERS 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 OMERS for past employee service.

2. Due from Town of Newmarket:

Due from Town of Newmarket is non-interest bearing and has no set terms of repayment.

3. Due from/to other groups:

The Library Board partners with other external parties, and as part of various agreements, holds the balance of accounts to be distributed or received from partners.

4. Deferred revenue:

Deferred revenue consists of the following:

	2023	2022
Program fees and room rental fees	\$ 1,112	\$ 2,716

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is the vacation pay liability. The Library Board provides vacation pay benefits to current employees. Employees may become entitled to a cash payment when they leave the Library Board's employment.

	2023	2022
Vacation pay liability	\$ 59,878	\$ 63,889

6. Reserve fund for future capital replacements:

The reserve fund, held by the Town on behalf of the Library Board, is designated for future Library Board capital expenses.

Changes during the year were as follows:

	2023	2022
Balance, beginning of year	\$ 1,631,580	\$ 1,585,308
Interest earned	93,439	28,313
Disposal proceeds	-	55
Transfer from the Library Operating Fund	223,550	223,550
Capital expenditures - Library purposes	(33,750)	(116,328)
Capital expenditures - Building related (Town)	(135,089)	(89,318)
Balance, end of year	\$ 1,779,730	\$ 1,631,580

7. Unexpended capital fund:

The following fund, held by the Town on behalf of the Library Board, have been designated by the Newmarket Town Council ("Town Council") for future Library Board capital expenses:

	2023	2022
Balance, beginning of year	\$ 448,222	\$ 88,375
New capital allocations for the year	-	476,175
Transferred from other reserves (note 9)	(18,164)	-
Transferred to Town of Newmarket	(200,058)	-
Total capital budget	230,000	564,550
Financing expenditures	(51,914)	(116,328)
Balance, end of year	\$ 178,086	\$ 448,222

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Other reserve funds:

The following funds, held by the Town on behalf of the Library Board, have been designated by the Town Council for future Library Board expenses:

	2023	2022
Development charges		
Balance, beginning of year	\$ 4,023,613	\$ 3,589,032
Interest earned	221,046	64,027
Developer's contributions	60,883	370,554
Other contributions	4,706	—
Transfer to capital	(18,164)	—
Balance, end of year	\$ 4,292,084	\$ 4,023,613
Library Minor Capital Fund		
Balance, beginning of year	\$ 55,911	\$ 54,951
Interest earned	3,063	960
Balance, end of year	\$ 58,974	\$ 55,911
Library Capital Needs Reserve Fund		
Balance, beginning of year	\$ 327,341	\$ 308,603
Interest earned	19,579	5,408
Transfer from General Reserve (note 10)	80,631	13,330
Transfer to capital	(11,850)	—
Balance, end of year	\$ 415,701	\$ 327,341

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Other reserves:

The following funds, held by the Town on behalf of the Library Board, have been designated by the Town Council for future Library Board expenses:

	2023	2022
Library Fundraising		
Balance, beginning of year	\$ 34,588	\$ 31,405
Other contributions	555	3,183
Balance, end of year	\$ 35,143	\$ 34,588
Insurance Reserve		
Balance, beginning and end of year	\$ 10,000	\$ 10,000
Strategic Plan Implementation Reserve		
Balance, beginning and end of year	\$ 180,555	\$ 180,555

10. General Reserve:

The Library Board set a target level of \$400,000 for the General Reserve for the Library Board held by the Town and once achieved any surplus is to be returned to the Town after Library Board approval of audited financial statements, per Library Board motion 15.11.69. In 2023, the 2022 operating surplus (\$80,631) (2022 - surplus (\$13,330) from 2021) was transferred to the Library Capital Needs Reserve Fund for capital needs per Town Council motion 9.4.17.

	2023	2022
General Reserve		
Balance, beginning of year	\$ 480,631	\$ 413,332
Transfer from Operating Fund	171,022	80,631
Transfer to Library Capital Needs Reserve Fund (note 8)	(80,631)	(13,330)
Rounding	-	(2)
Balance, end of year	\$ 571,022	\$ 480,631

TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Pension agreements:

The Library Board makes contributions to OMERS, which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. OMERS is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings. During the year, \$181,256 (2022 - \$176,845) was recorded as an operating expense of the Library Board.

12. Tangible capital assets:

2023	Library collection	Furniture	Equipment	Shelving	Computer hardware	Total
Cost						
Balance, beginning of year	\$ 1,445,151	\$ 124,490	\$ 345,639	\$ 144,481	\$ 326,042	\$ 2,385,803
Add additions during the year	139,236	—	—	—	—	139,236
Less disposals during the year	(207,507)	—	(45,854)	—	(126,708)	(380,069)
Less loss on disposals	—	—	(2,730)	—	(8,743)	(11,473)
Balance, end of year	\$ 1,376,880	\$ 124,490	\$ 297,055	\$ 144,481	\$ 190,591	\$ 2,133,497
Accumulated amortization						
Balance, beginning of year	\$ 855,106	\$ 90,412	\$ 248,788	\$ 136,152	\$ 188,698	\$ 1,519,156
Add amortization during the year	172,381	8,105	24,616	1,517	43,523	250,142
Less amortization on disposals	(207,507)	—	(45,854)	—	(126,708)	(380,069)
Less rounding adjustment	4	(1)	—	—	(1)	2
Balance, end of year	\$ 819,984	\$ 98,516	\$ 227,550	\$ 137,669	\$ 105,512	\$ 1,389,231
Net book value of tangible capital assets	\$ 556,896	\$ 25,974	\$ 69,505	\$ 6,812	\$ 85,079	\$ 744,266

2022	Library collection	Furniture	Equipment	Shelving	Computer hardware	Total
Cost						
Balance, beginning of year	\$ 1,475,553	\$ 124,490	\$ 365,536	\$ 144,481	\$ 454,195	\$ 2,564,255
Add additions during the year	177,626	—	—	—	30,418	208,044
Less disposals during the year	(208,028)	—	(19,897)	—	(158,571)	(386,496)
Balance, end of year	\$ 1,445,151	\$ 124,490	\$ 345,639	\$ 144,481	\$ 326,042	\$ 2,385,803
Accumulated amortization						
Balance, beginning of year	\$ 884,193	\$ 82,112	\$ 232,483	\$ 134,635	\$ 289,767	\$ 1,623,190
Add amortization during the year	178,941	8,300	36,202	1,517	57,502	282,462
Less amortization on disposals	(208,028)	—	(19,897)	—	(158,571)	(386,496)
Balance, end of year	\$ 855,106	\$ 90,412	\$ 248,788	\$ 136,152	\$ 188,698	\$ 1,519,156
Net book value of tangible capital assets	\$ 590,045	\$ 34,078	\$ 96,851	\$ 8,329	\$ 137,344	\$ 866,647