

Financial Statements of

CITY OF MARKHAM PUBLIC LIBRARY BOARD

December 31, 2024

CITY OF MARKHAM PUBLIC LIBRARY BOARD
Statement of Financial Position
December 31, 2024, with comparative information for 2023

	Note	2024	2023
FINANCIAL ASSETS			
Cash		\$ 2,770	\$ 3,510
Due from the City of Markham	5	7,567,244	7,561,850
Other		72,680	103,827
		7,642,694	7,669,187
FINANCIAL LIABILITIES			
Accounts payable		24,209	53,118
Accrued salaries and wages		633,267	528,868
Accrued vacation pay	3	186,572	180,689
Deferred revenue		115,643	135,568
		959,691	898,243
NET ASSET		6,683,003	6,770,944
NON-FINANCIAL ASSETS			
Tangible capital assets	2	6,158,665	6,041,761
Prepaid expenses		97,561	217,196
		6,256,226	6,258,957
ACCUMULATED SURPLUS		\$ 12,939,229	\$ 13,029,901

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

CITY OF MARKHAM PUBLIC LIBRARY BOARD**Statement of Operations****For the year ended December 31, 2024, with comparative information for 2023**

	2024 Budget (note 6)	2024 Actual	2023 Actual
REVENUES			
City of Markham grants	\$ 18,060,382	\$ 18,060,382	\$ 17,571,865
Province of Ontario			
Per household grant	228,778	228,778	228,778
Seniors grant	-	12,659	3,341
Federal Grant: Summer Employment	-	-	42,075
Program fees	515,319	500,491	400,848
Fines and Fees	222,648	47,039	48,014
Rentals	57,148	28,131	15,812
Photocopying	30,250	49,828	28,754
Sales	71,186	90,668	57,498
Miscellaneous	21,791	28,296	19,718
	19,207,502	19,046,272	18,416,703
EXPENSES			
Salaries, wages and benefits	13,739,737	13,624,100	13,312,553
Amortization	1,864,944	1,898,630	2,021,651
Library materials and supplies	1,648,218	1,528,567	1,616,616
Property rental/leased equipment	926,870	927,551	924,024
Contracts and service agreements	280,721	264,322	239,956
Maintenance and repairs	212,768	193,913	190,814
Communication	164,270	153,815	150,041
Utilities	175,810	152,203	158,490
Professional services	79,131	122,694	118,158
Program expenses	111,115	107,944	116,883
Training and travel	107,937	107,396	108,100
Printing and office supplies	44,753	29,866	28,641
Promotion	32,588	22,237	23,412
Office furniture and equipment	7,000	3,706	5,316
	19,395,862	19,136,944	19,014,655
Annual deficit	(188,360)	(90,672)	(597,952)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	13,029,901	13,029,901	13,627,853
ACCUMULATED SURPLUS, END OF YEAR	\$ 12,841,541	\$ 12,939,229	\$ 13,029,901

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

CITY OF MARKHAM PUBLIC LIBRARY BOARD**Statement of Change in Net Financial Assets****For the year ended December 31, 2024, with comparative information for 2023**

	2024 Actual	2023 Actual
ANNUAL DEFICIT	\$ (90,672)	\$ (597,952)
Acquisition of tangible capital assets	(2,015,534)	(1,595,843)
Amortization of tangible capital assets	1,898,630	2,021,651
Change in non-financial assets and liabilities	119,635	(128,404)
CHANGE IN NET FINANCIAL ASSETS	(87,941)	(300,544)
NET ASSET, BEGINNING OF YEAR	6,770,944	7,071,488
NET ASSET, END OF YEAR	\$ 6,683,003	\$ 6,770,944

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

CITY OF MARKHAM PUBLIC LIBRARY BOARD**Statement of Cash Flows****For the year ended December 31, 2024, with comparative information for 2023**

	2024	2023
Cash provided by (used in)		
Operating Activities:		
Annual deficit	\$ (90,672)	\$ (597,952)
Amortization of tangible capital assets	1,898,630	2,021,651
Change in other non-cash assets and liabilities		
Accounts receivable	31,147	(34,052)
Accounts payable	(28,909)	22,984
Accrued salaries and wages	104,399	(200,587)
Accrued vacation pay	5,883	21,651
Deferred revenue	(19,925)	18,729
Prepaid expenses	119,635	(128,404)
Net Change in cash from operating activities	2,020,188	1,124,020
Capital Activities:		
Purchase of tangible capital assets	(2,015,534)	(1,595,839)
Net Change in cash from capital activities	(2,015,534)	(1,595,839)
Financing Activities:		
Due from the City of Markham	(5,394)	472,411
Net Change in cash from financing activities	(5,394)	472,411
NET CHANGE IN CASH	(740)	592
CASH, BEGINNING OF YEAR	3,510	2,918
CASH, END OF YEAR	\$ 2,770	\$ 3,510

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

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Markham Library Board (the "Library Board") have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Library Board is economically dependent on the City of Markham for financial support through grants.

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

BASIS OF ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognize revenues as they become available and measurable; expenditures are the cost of goods or services acquired in the period whether or not payment has been made or invoices received.

GOVERNMENT TRANSFERS

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. The Corporation of the City of Markham's (the "City") contribution consists of the current year's requisition as approved by Council.

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

The estimated useful lives as follows:

Asset	Useful Life - Years
Library Furniture & Fixtures	10
Library Media Collection	7

1. SIGNIFICANT ACCOUNTING POLICIES

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City of Markham Public Library Board (Markham Public Library) applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, CPI was used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

Library Media Collections include all non-electronic publications with a useful life extending beyond one year. Electronic products are expensed in the year of acquisition as library materials and supplies within the Statement of Operations. Amortization is pro-rated to 6 months in the year of acquisition and in the year of disposal.

(ii) Works of art, culture and historic assets

Works of art, culture and historic assets are not recorded as assets in these financial assets.

DEFERRED REVENUE

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

PENSION AGREEMENT

The Library Board contributes to the Ontario Municipal Employees Retirement System on behalf of its staff. The plan is a defined benefit plan and specifies the amount the retirement benefit to be received by the employees based upon length of credited service and average earnings. As the plan is a multi-employer plan, the Library Board accounts for the plan as if it were a defined contribution plan.

USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and the disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

VACATION PAY

Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

1. SIGNIFICANT ACCOUNTING POLICIES

RELATED PARTY TRANSACTIONS

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as City Councillors, as well as their close family members.

PS 2200 - Related Party Disclosure, requires the City to disclose circumstances in which the entity enters into transactions with its related parties at a value different from that which would have been arrived at if the parties were unrelated (i.e. not at arm's length) and these transactions are considered to have a significant financial impact on the City's consolidated financial statements. In the event qualifying transactions are identified, the City would disclose the nature of relationships with all involved parties, type of related party transaction, and amounts recognized in the consolidated financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

The Markham Public Library adopted the following new public sector accounting standards ("PS") for the year ended December 31, 2024.

- (i) PS 3160, Public Private Partnerships ("P3s")
- (ii) PS 3400, Revenue
- (iii) Public Sector Guideline 8 Purchased Intangibles

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

FUTURE ACCOUNTING PRONOUNCEMENTS

Standards applicable for fiscal years beginning on or after April 1, 2026 (the Library Boards's December 31, 2027, year end).

(i) The Conceptual Framework for Financial Reporting in the Public Sector, the revised framework defines and elaborates on the characteristics of public sector entities and financial reporting objectives. The revised conceptual framework will replace the existing conceptual framework, which consists of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The conceptual framework is to be applied prospectively.

(ii) PS 1202 – Financial Statement Presentation: this new reporting model will be built upon the existing Section PS 1201 of the same name to better respond to the need for understandable financial statements.

(iii) PS 3251 - Employee Benefits will replace the current section PS 3250 and PS 3255. The proposed section is currently undergoing discussions where further changes are expected as a result of the re-exposure comments. Effective date is currently not determined.

CITY OF MARKHAM PUBLIC LIBRARY BOARD
Notes to the Financial Statements
Year ended December 31, 2024

2. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Depreciation				Net book value	
	Jan 1, 2024	Additions	Disposals	Dec 31, 2024	Jan 1, 2024	Additions	Disposals	Dec 31, 2024	Dec 31, 2024	Dec 31, 2023
Library Furniture & Fixture	2,405,430	146,154	(226,966)	2,324,618	1,373,460	218,059	(226,966)	1,364,553	960,065	1,031,970
Library Media Collection	14,118,504	1,869,380	(1,642,571)	14,345,313	9,108,713	1,680,571	(1,642,571)	9,146,713	5,198,600	5,009,791
Total	16,523,934	2,015,534	(1,869,537)	16,669,931	10,482,173	1,898,630	(1,869,537)	10,511,266	6,158,665	6,041,761

3. ACCRUED VACATION PAY

Full-time staff is entitled to carry forward up to fifty percent of the earned vacation, to be used no later than June of the following year.

At year-end, the number of unused vacation days for full-time staff totaled 525.02 days (2023 – 537.51 days).

4. PENSION AGREEMENTS

The Library Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer public sector pension plan, on behalf of 184 members (2023 - 189) of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for current services for 2024 was \$892,129 (2023 - \$921,310).

5. DUE FROM THE CITY OF MARKHAM

The amount due from the City is not subject to any specific terms of repayment and does not bear any interest. The amount arises primarily as the result of net current year operations and capital expenditure incurred by the City on behalf of the Markham Public Library Board and is consolidated with the City's financial statements.

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of the year	7,561,850	8,034,261
Deficit for the year	(90,672)	(597,952)
Amortization	1,898,630	2,021,651
Purchase of fixed assets	(2,015,534)	(1,595,840)
Change in cash and working capital	212,970	(300,270)
Due from the City of Markham	7,567,244	7,561,850

6. BUDGET

The 2024 operating budget was approved by the Council on February 28, 2024, and subsequently approved by the Library Board on May 27, 2024.

7. FINANCIAL INSTRUMENTS

(a) Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1: when valuation can be based on quoted prices in active markets for identical assets and liabilities.
- Level 2: when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3: when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Fair value inputs are taken from observable markets where possible, but if they are unavailable, judgement is required in establishing fair value. The Library Board's fair value hierarchy is classified as Level 1 for all financial assets and liabilities.

(b) Credit Risk:

Credit risk is the risk of a financial loss to the Library Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the City consisting of accounts receivables.

As at December 31, 2024 there were no significant balances of accounts receivable due except for the City of Markham as per note 5.

(c) Liquidity Risk:

Liquidity risk is the risk that the Library Board will not be able to meet its obligations as they become due. The Library Board's objective is to have sufficient liquidity to meet these liabilities when due. The Library Board monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. There has been no change to the risk exposure from 2023.

(d) Market Risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the entity's net results of operations or the fair value of its holdings of financial instruments. The Library Board does not have any market risk.