



STAFF REPORT INFORMATION ONLY

13.

Audit Year-End Report – December 31, 2018 – Toronto Public Library Board

Date:	May 21, 2019
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

As part of their audit function, the external auditors, PricewaterhouseCoopers LLP (PwC), is required to produce a year-end report to the Toronto Public Library Board. The attached report from PwC summarizes the results of their audit of the 2018 financial statements for Toronto Public Library (TPL).

FINANCIAL IMPACT

PwC's fee for the 2018 audit is \$25,000, inclusive of expenses and exclusive of Harmonized Sales Tax (2017 – \$25,000). The amount was charged against the 2018 operating budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ISSUE BACKGROUND

At the Board meeting of November 19, 2018, PwC's report on the Audit Plan for the Year Ending December 31, 2018, which outlined their approach to the audit, was received for information. This is the fourth year of a five-year audit contract that the City has negotiated. The fee will remain unchanged for the duration of the contract.

As part of the annual audit, PwC is required to provide a year-end report to the Library Board upon completion of the audit.

COMMENTS

Attached is PwC's 2018 year-end report to the Board for the audit of the December 31, 2018 financial statements. PwC's report includes: status of the audit; significant audit risks; unadjusted and adjusted items; internal control recommendations, if any, and other required communications.

PwC proposes to issue an unqualified report when three outstanding matters are cleared: update on receipt of a signed management representation letter as of the May 21 Board meeting date; subsequent events procedures; and Board approval of the draft financial statements.

In Appendix B: Summary of unadjusted and adjusted differences on Attachment 1, there are two items and the net impact is a \$18,395 overstatement of assets and liabilities:

1. TPL offset \$821,605 of amounts payable to the City against the amounts receivable from the City for presentation purposes as the amount is relatively minor, while the accounting standards require them to be shown gross.
2. A \$840,000 accrual was set up to recognize the expropriation of the remaining two units at 414 Dawes Road that received initial Council approval on January 1, 2018 with final approval on March 27, 2019. TPL has acquired the other six units by purchase from the owners.

In the Internal Control Recommendations on page 4 of Attachment 1, it is noted there are no significant internal control recommendations to report.

A representative from PwC will be in attendance at the Board meeting and as part of their audit procedures, PwC will reconfirm that the Board is not aware of any known, suspected or alleged incidents of fraud or illegal acts.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
Email: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

Attachment 1: Toronto Public Library Board – 2018 Year-End Report to the Board

Toronto Public Library Board Audit results

*2018 year-end report
to the Board*

*Prepared as of
May 10, 2019*





May 10, 2019

The Board Members
Toronto Public Library Board

Dear Board Members:

We have substantially completed our audit of the financial statements of the Toronto Public Library Board (the Board) prepared in accordance with Canadian public sector accounting standards (PSAS) for the year ended December 31, 2018. We propose to issue our auditor's report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included as Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant audit, accounting and financial reporting matters dealt with during the audit process.

We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and staff who have assisted us in carrying out our work, and we look forward to your meeting on May 21, 2019. If you have any questions or concerns prior to the meeting, please do not hesitate to contact me in advance.

Yours very truly,

PricewaterhouseCoopers LLP

Terri McKinnon
Partner
Assurance

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: 416 863 1133 F: 416 365 8215 www.pwc.com/ca

Communications to the Board

Key matters for discussion	Comments
Status of the audit	<p>PricewaterhouseCoopers LLP have substantially completed our audit of the 2018 financial statements (the financial statements). We have included our draft auditor's report, which reflects the enhanced auditor reporting standards effective for years ending on or after December 15, 2018, in Appendix A. The financial statements has been provided in your Board package for the approval.</p> <p>Significant outstanding items at time of mailing include the following:</p> <ul style="list-style-type: none"> • Review and approval of final financial statements by the Board; • Receipt of signed management representation letter; and • Subsequent events procedures.
<i>Significant audit, accounting, and financial reporting matters discussed with management</i>	
Risk of fraud in revenue recognition (significant risk) Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in all businesses.	<p>In order to address this risk, we performed the following procedures:</p> <ul style="list-style-type: none"> • Confirmed all revenues received and receivable with the City of Toronto; • Performed substantive testing of different revenue streams to obtain comfort over occurrence and accuracy of transactions; • Reconciled grants from Province of Ontario recognized in the period to the relevant funds agreement; and • Agreed donations received from the Toronto Public Library Foundation (the Foundation) to the records of the Foundation. <p>We did not note any matters to bring to your attention.</p> <p>At December 31, 2018, \$2,843,479 of donations from the Foundation have been included in deferred revenues.</p>
Risk of material misstatement due to management override (significant risk) Accounting regulatory authorities require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement.	<p>To address the risk of management override of controls, and as part of our fraud procedures, we performed the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the entity's financial reporting processes and the controls over major business processes; • Identified risk criteria specific to the entity to identify journal entries for testing; • Inquired of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and

Key matters for discussion	Comments
	<ul style="list-style-type: none"> • Incorporated an element of unpredictability into the current year audit procedures. <p>We performed testing over a selection of journal entries for appropriateness and authorization. As a result of this testing, we did not note any matters that require your attention. In addition, for the unpredictable procedure we performed testing over existence of employees in local library branches. There were no significant matters to bring to your attention.</p>
Other required communications	
Summary of unadjusted and adjusted items	<p>The materiality level determined for the year ended December 31, 2018 was \$6,400,000, compared to \$6.6 million communicated in our audit plan based on forecasted results. We have communicated unadjusted and adjusted differences greater than our threshold of \$640,000.</p> <p>Unadjusted items can be found in Appendix B.</p>
	<p>In our opinion, the financial statements, taken as a whole, are free of material misstatement.</p>
Management's representations	<p>We need to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix C.</p>
Internal controls recommendations	<p>While our audit approach was primarily substantive in nature, we did not note any significant internal control deficiencies as a result of our work.</p>
Fraud and illegal acts	<p>No fraud involving senior management, or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures.</p> <p>We wish to confirm that the Board is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.</p>
Subsequent events	<p>No subsequent events which would impact the financial statements other than those disclosed have come to our attention. We would like to reconfirm that the Board is not aware of any other subsequent events that might affect the financial statements.</p>
Significant difficulties or disagreements	<p>We have no significant difficulties or disagreements during the course of the audit.</p>

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

Appendix A: Draft auditor's report

See Final Financial Statements –

December 31, 2018

Report No. 14 –

Attachment 1



Independent auditor's report

To the Members of Toronto Public Library Board

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Public Library Board (the Toronto Public Library Board) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Toronto Public Library Board's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Toronto Public Library Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

*PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

In preparing the financial statements, management is responsible for assessing the Toronto Public Library 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 Toronto Public Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Toronto Public Library 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 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 these 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 Toronto Public Library 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 Toronto Public Library 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 Toronto Public Library 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.

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
May 21, 2019

DRAFT

Appendix B: Summary of unadjusted differences

As a result of our audit, we noted the following differences that have not been recorded in the financial statements:

Description	Excess of revenue over expenses (under) over stated	Statement of financial position		
		Assets under (over) stated	Liabilities (under) over stated	Net assets (under) over stated
1 To reverse the offsetting entry of City of Toronto payable at December 31, 2018 DR. Accounts receivable - City of Toronto CR. Accounts payable - City of Toronto		\$821,605	(\$821,605)	
2 To reverse the accrual related to the expropriation of 414 Dawes Road DR. Accounts payable and accrued liabilities CR. Tangible capital assets		(\$840,000)	\$840,000	
Total	\$ nil	(\$18,395)	\$18,395	\$ nil

There were no differences noted that were adjusted by management.

Appendix C: Management representation letter

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PwC refers to the Canadian firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

May 21, 2019

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto ON M5J 0B2

We are providing this letter in connection with your audit of the financial statements of Toronto Public Library Board (the Board) as at December 31, 2018 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position of the Board and results of its operations and its cash flows in accordance with Canadian public sector accounting standards (the financial statements).

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 6, 2019 and in particular with respect to the following responsibilities:

- The preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards including disclosures;
- Designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error;
- Designing, implementing and maintaining an effective system of internal control to prevent and detect fraud;
- Providing you with all relevant information and access, as agreed in the terms of the audit engagement; and
- Ensuring all transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Approval of the financial statements

We have the authority to approve the financial statements on behalf of the Board of Directors and have done so on the date of this letter.

Distribution and use of the auditor's report on the financial statements

We confirm that the financial statements are prepared to assist the Board in complying with agreement and not for other use or purpose. We confirm that the auditor's report on the financial statements is solely intended for intended users, in accordance with the terms of our engagement. We understand that this auditor's report is not intended to be and should not be distributed to and used by anyone other than the above-mentioned users. We also understand that, during your audit, items of possible interest to a third party, other than the above-mentioned users, have not been specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

Preparation of financial statements

The financial statements are fairly presented in accordance with Canadian public sector accounting standards, and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which the Board is subject. We have prepared the Board's financial statements on the basis that the Board is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Other information

We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on the Board's operations and the Board's financial results and financial position as set out in the financial statements.

Accounting policies

We confirm that we have reviewed the Board's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Board's particular circumstances.

Internal control over financial reporting

We have designed disclosure controls and procedures to ensure material information relating to the Board is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian public sector accounting standards.

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware.

Minutes

All matters requiring disclosure to or approval of the Board have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions

All contractual arrangements entered into by the Board with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. The Board has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting the Board involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements, communicated by employees, former employees, analysts, regulators, investors or others.

Disclosure of information

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside the normal course of business;
 - Minutes of the meetings of the Board and committees the Board. The most recent meetings held were May 21, 2019;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting the Board received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including any known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

Accounting estimates and fair value measurements

Significant assumptions used by the Board in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- The measurement methods are appropriate and consistently applied;
- The significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;

- No subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- The significant assumptions used in determining fair value measurements are consistent with the Board's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities.

Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section 2130, *Measurement Uncertainty*, have been appropriately disclosed.

Related parties

We confirm that we have disclosed to you the identity of the Board's related parties as defined by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*.

The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by Canadian Auditing Standard 550.

The list of related parties attached to this letter as *Appendix I* accurately and completely describes the Board's related parties and the relationships with such parties.

Going concern

There are no events or conditions that, individually or collectively, may cast significant doubt on the Board's ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets. All liens or encumbrances on the Board's assets and assets pledged as collateral, to the extent material, have been disclosed in the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which the Board is contingently liable in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3300, *Contingent Liabilities*, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims

All known actual or possible litigation and claims, which existed as at financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

Misstatements

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

The effects of the uncorrected misstatements in the financial statements, as summarized in *Appendix II*, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in *Appendix II*.

There are no adjusted misstatements identified during your audit.

Events after balance sheet date

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Board.

All cash balances are under the control of the Board, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Board.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Board are included in the financial statements as at December 31, 2018.

Statements of operations, changes in net assets and remeasurement gains and losses

All transactions entered into by the Board have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations, changes in net assets and remeasurement gains and losses.

The accounting principles and policies followed throughout the year were consistent with prior year's practices (except as disclosed in the financial statements).

We confirm that the percentages used to allocate operating expenditures to various funds are based on management's best estimate, are reasonable and have been consistently applied from prior years.

Accounts receivable

All amounts receivable by the Board were recorded in the books and records.

Receivables recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts.

Amounts receivable amounted to \$18,108,901 and are considered to be fully collectible. Of the total receivable amount, \$15,410,809 is collectible from the City of Toronto.

All receivables were free from hypothecation or assignment as security for advances to the Board, except as hereunder stated.

The Board has accounted for and disclosed transfers of receivables (including securitizations) in accordance with the requirements of CPA Canada Handbook, Part II, Section 3856, *Financial Instruments*, Appendix B - Transfers of Receivables.

Tangible capital assets

All charges to capital asset accounts represented the actual cost of additions or the fair value at the date of contribution.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution.

No significant capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Capital assets owned by the Board are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

All lease agreements covering property leased by or from the Board have been disclosed to you and classified in accordance with CPA Canada Public Sector Accounting Handbook Guideline PSG-02, *Leased Tangible Capital Assets*.

Assets held under capital leases are being amortized on a systematic basis over the period of expected use.

There have been no events, conditions or changes in circumstances that indicate that a capital asset no longer contributes to the Board's ability to provide goods and services or that the value of future economic benefits associated with the tangible capital asset is less than its net book value. We believe that the carrying amount of the Board's long-lived tangible capital assets is fully recoverable in accordance with CPA Canada Public Sector Accounting Handbook PS 3150.

Deferred revenue and deferred contributions

All material amounts of deferred revenue and deferred contributions were appropriately recorded in the books and records.

Retirement benefits, post-employment benefits, compensated absences and termination benefits

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The details of all pension plan amendments since December 31, 2018, the date of the last actuarial valuation, have been identified to you.

The actuarial valuation dated December 31, 2018 incorporates management's best estimates, detailed as follows:

The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for pension and other post-retirement benefits are appropriate in the circumstances.

The employee future benefit costs, assets and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits* and CPA Canada Public Sector Accounting Handbook Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. In particular:

- The significant accounting policies that the Board has adopted in applying CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits*, and CPA Canada Public Sector Accounting Handbook Section PS 3255, *Post-employment Benefits, Compensated Absences and*

Termination Benefits, are accurately and completely disclosed in the notes to the financial statements. Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.

- The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
- The discount rate used to determine the accrued benefit obligation was determined by reference to the City's borrowing rate using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation and plan assets.
- The assumptions included in the actuarial valuation are those that management instructed Morneau Shepell to use in computing amounts to be used by management in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits*.

In arriving at these assumptions, management has obtained the advice of Morneau Shepell but has retained the final responsibility for the assumptions.

The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

Use of a specialist

We assume responsibility for the findings of specialists in evaluating the accrued benefit obligation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting reports. We did not have or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have an impact on the independence or objectivity of the specialists.

Environmental matters

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements.

Government transfers

We have disclosed all significant terms and agreements in respect of transfers received from governments.

Transfers without eligibility criteria or stipulation have been recognized as revenue once the transfer has been authorized.

Transfers with eligibility criteria but without stipulations have been recognized as revenue once the transfer has been authorized and all eligibility criteria have been met.

Transfers with or without eligibility criteria but with stipulations have been recognized as revenue in the year the transfer has been authorized and all eligibility criteria have been met, except when, and to the extent that, the transfer gives rise an obligation that meets the definition of a liability for the recipient government in accordance with CPA Canada Public Sector Accounting Handbook PS 3200, *Liabilities*.

Statements of operations and changes in net debt

All transactions entered into by the Board have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and changes in net debt.

The accounting principles and policies followed throughout the year were consistent with prior year's practices (except as disclosed in the financial statements).

Budgetary data

We have included budgetary data in our financial statements, which is relevant to the users of the financial statements and consistent with that originally planned and approved. Planned results were presented for the same scope of activities and on a basis consistent with that used for actual results.

Events after balance sheet date

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

Toronto Public Library Board

Vickery Bowles, City Librarian

Larry Hughesam, Director of Finance

Wayne Lam, Manager of Accounting and Payroll

Appendix I – Related parties

Toronto Public Library Foundation

American Foundation for Toronto Public Library

Board Members*:

Mr. Sue Graham-Nutter, Chair
Ms. Strahan McCarten, Vice-Chair
Mr. Paul Ainslie
Ms. Andrea Geddes Poole
Mr. Jonathan Hoss
Mr. Fenton Jagdeo
Ms. Jennifer Liu
Mr. Harry Orbach-Miller
Councillor Gord Perks
Mr. Alim Remtulla

Senior Management*:

Vickery Bowles, City Librarian
Larry Hughsam, Director of Finance and Treasurer

*Although not explicitly listed, immediate family members are considered included as related parties by this reference.

City of Toronto

TCHC – subsidiaries and joint ventures

- 2001064 Ontario Inc.
- Access Housing Connections Inc.
- Alexandra Park Condominium Residences Inc.
- Alexandra Park Development Corporation
- Allenbury Gardens Development Corporation
- Allenbury Gardens Revitalization General Partnership
- Don Mount Court Development Corporation
- Housing Services Inc.
- Leslie Nymark Development Corporatation

- Leslie Nymark Partnership
- Parliament and Gerrard Development Corporation
- Railway Lands Development Corporation
- Regent Part Arts Non-profit Development Corporation
- Regent Park Development Corporation
- Regent Park Energy Inc.
- Toronto Affordable Housing Fund
- Toronto Community Housing Enterprises Inc.
- Connect Residences
- Scala Residences Inc.
- Vivo Residences Inc.
- Sout Residences Inc.
- Verde Residence Inc.
- City of Toronto

City of Toronto – related parties

Agencies and Corporations:

- Board of Governors of Exhibition Place
- Toronto Board of Health
- Board of Management of the Toronto Zoo
- Toronto Community Housing Corporation ("TCHC")
- Build Toronto Inc. ("BTI")
- Toronto Licensing Commission
- Casa Loma Corporation
- Toronto Pan Am Sports Centre Inc. ("TPASC")
- Heritage Toronto
- Invest Toronto Inc.
- Toronto Police Services Board

- Lakeshore Arena Corporation
- Toronto Public Library Board
- Toronto Transit Commission ("TTC")
- Toronto Waterfront Revitalization Corporation ("TWRC")
- Yonge-Dundas Square
- Toronto Atmospheric Fund ("TAF")
- Civic Theatres Toronto

Government Business Enterprises:

- Toronto Parking Authority
- Toronto Hydro Corporation
- City of Toronto Economic Development Corporation
- Toronto Port Lands ("TPLC")

Arenas:

- Forest Hill Memorial
- Moss Park
- George Bell
- North Toronto Memorial
- Leaside Memorial Community Gardens
- McCormick Playground
- Ted Reeve Community
- William H. Bolton

Community Centres

- 519 Church Street
- Eastview Neighbourhood
- Applegrove
- Waterfront Neighbourhood
- Cecil Street

- Ralph Thornton
- Central Eglinton
- Scadding Court
- Community Centre 55
- Swansea Town Hall

Business Improvement Areas ("BIA"):

- Albion Islington Square
- Forest Hill Village
- Riverside District
- Baby Point Gates
- Gerrard India Bazaar
- Roncesvalles Village
- Bayview Leaside
- Greektown on the Danforth
- Rosedale Main Street
- Bloor Annex
- Harbord Street
- Sheppard East Village
- Bloor By The Park
- Hillcrest Village
- shoptheQueensway.com
- Bloor Street
- Historic Queen East
- St. Clair Gardens
- Bloor West Village
- Junction Gardens
- St. Lawrence Market
- Bloor Yorkville
- Kennedy Road
- Neighbourhood
- Bloordale Village
- Bloorcourt Village
- Kensington Market
- The Beach
- Korea Town
- The Danforth
- Cabbagetown
- Lakeshore Village
- The Eglinton Way
- Chinatown
- Leslieville
- The Kingsway
- Church Wellesley Village
- Liberty Village
- The Waterfront
- City Place & Fort York
- Little Italy
- Toronto Entertainment
- College Promenade
- Little Portugal District
- College West
- Corso Italia
- Long Branch
- Marketo District
- Trinity Bellwoods
- Upper Village
- Crossroads of the Danforth
- Midtown Yonge
- Uptown Yonge
- Danforth Mosaic
- Mimico by the Lake
- Village of Islington
- Danforth Village
- Mimico Village
- West Queen West
- Dovercourt Village
- Mirvish Village
- Weston Village
- Downtown Yonge
- Mount Dennis
- Wexford Heights
- DuKe Heights
- Mount Pleasant
- Wilson Village
- Dundas West
- Oakwood Village
- Wychwood Heights
- Dupont by the Castle
- Ossington Avenue
- Yonge Lawrence Village
- Eglinton Hill
- Pape Village
- York Eglinton
- Emery Village
- Parkdale Village
- Fairbank Village
- Financial District
- Queen Street West
- Regal Heights Village