

15.



STAFF REPORT ACTION REQUIRED

2024 Audited Financial Statements – Toronto Public Library Board

Date: June 23, 2025

To: Toronto Public Library Board

From: City Librarian

SUMMARY

The purpose of this report is to present the draft Audited Financial Statements for the year ended December 31, 2024, to the Toronto Public Library Board for approval in order to meet legislative requirements.

The Audited Financial Statements are prepared annually as required by the [City of Toronto Act, 2006](#), Section 231. The draft Financial Statements, prepared by applying accounting standards of the Public Sector Accounting Board (PSAB), provide an annual overview of Toronto Public Library's (TPL's) financial results as at the end of the fiscal year. By applying technical PSAB rules, the financial results include surpluses (budget and actuals) and accumulated surpluses, which are only "paper surpluses", resulting from the application of public sector accounting rules. The financial statements also confirm the financial results presented to the Board in the 2024 year-end Operating Budget Monitoring Report and Capital Budget Monitoring Report. Budget monitoring reports, presented to the Board throughout the year, are the primary tools

which demonstrate how the Council-approved budgets are being managed and expended.

The auditors, KPMG LLP, have provided an unqualified opinion in the Independent Auditors' Report which means that the Financial Statements are presented fairly in all material respects.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the 2024 Audited Financial Statements of the Toronto Public Library Board, appended as Attachment 1;
2. recommends that City Council receive via Audit Committee, the 2024 Audited Financial Statements, in Attachment 1 of this report dated June 23, 2025, and the Audit Findings in Attachment 1 of the report titled "Audit Findings Report – Year Ended December 31, 2024 – Toronto Public Library Board" dated May 26, 2025;
3. authorize the City Librarian, on behalf of the Board, to submit the Board's recommendation and materials in Recommendation 2, once approved by the Board at its meeting on June 23, 2025, to the Audit Committee Administrator for submission to Audit Committee and City Council.

FINANCIAL IMPACT

This report presents the Public Library 2024 Audited Financial Statements. There is no financial impact resulting from this report.

The financial statements presented in this report are not materially different from the financial statements included in the [2024 Audited Financial Statements – Toronto Public Library Board](#) report dated May 26, 2025. That report was deferred to the June 23rd Board meeting as the final, verified actuarial report from the City's 3rd party actuaries was not available in time to finalize the financial statements. TPL has since received the final, verified report and have updated the 2024 Financial Statements. The revised actuarial report resulted in a change to the note disclosure for employee benefits liability (Table

6 and note 6 in the Financial Statements). Overall, the employee benefits liability amount remains unchanged and the updates result in no material impact or change to the financial statements included in the May 26th Board report that was deferred.

These financial statements reflect the 2024 combined results of the spending of the operating and capital budgets in accordance with Canadian PSAB standards and result in surpluses (budget and actuals) and accumulated surpluses which are only “paper surpluses”.

The financial statements also confirm the financial results previously reported at the Board meeting on February 24, 2025: the [Operating Budget Monitoring Report - December 31, 2024](#) reported a net budget deficit of \$3.544 million, which will be covered by the City with additional funding. The [Capital Budget Adjustment and Monitoring Report - December 31, 2024](#) reported that the capital spending totalled \$46.031 million or 96.3% of the adjusted gross cash flow budget of \$47.784 million, resulting in a final unspent net balance \$1.752 million, which will be carried forward to future years.

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

ALIGNMENT WITH STRATEGIC PLAN

The 2024 audited financial statements report will support several of TPL’s strategic plan objectives across all priorities including social connection, civic engagement and democracy; shared community spaces; learning and growth; and awareness and availability. The 2024 audited financial statements report provides the assurance needed to ensure the resources allocated to TPL are being accounted for and recorded appropriately. Furthermore, there are sufficient controls in place for these resources to be utilized as intended, to advance actions identified within TPL’s strategic plan to achieve the objectives and outcomes identified within each of the priority areas.

EQUITY IMPACT STATEMENT

TPL’s 2024 audited financial statements report provides assurance that TPL’s resources are being utilized in an appropriate and transparent manner. These resources will have a positive impact on many equity-deserving groups,

including newcomers and low-income families and individuals. Access to library resources and programs can increase access to learning opportunities, City information, training and employment opportunities, as well as opportunities for civic engagement and community participation.

DECISION HISTORY

At its meeting on May 26, 2025, the Library Board deferred [2024 Audited Financial Statements – Toronto Public Library Board](#) to the June 23rd Board meeting, to allow for additional adjustments to be made to the draft 2024 audited financial statements for the Toronto Public Library.

At its meeting on December 2, 2024, the Library Board received for information the [KPMG Audit Plan](#), which outlined its approach to the audit.

At its meeting on May 27, 2024, the Library Board received and approved the [2023 Audited Financial Statements](#).

At its meeting on February 26, 2024, the Library Board received and approved the [Adoption of 2024 operating budget](#) and [2024 - 2033 capital budget and plan adoption](#).

ISSUE BACKGROUND

The Financial Statements are a requirement of the [City of Toronto Act, 2006](#), Section 231 as part of the overall fiscal framework for the City and its agencies, boards and commissions. These financial statements present a particular view of TPL's financial results at the end of the fiscal year and indicate revenues, expenses and funding for the year. The preparation, content and accuracy of the Financial Statements and all other information included in the financial report are the responsibility of management.

The Financial Statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) for local governments as defined by the PSAB of the Chartered Professional Accountants of Canada.

These Financial Statements have been audited by KPMG whose role is to provide an independent opinion on the fair presentation of TPL's financial position and operating results, and to confirm that the statements are free

from material misstatement. The external auditor's opinion is to provide comfort to third parties that the Financial Statements can be relied upon.

Financial Statements

The Financial Statements include the following individual statements:

1. Statement of Financial Position

Purpose is to summarize the assets (financial and non-financial), liabilities, net debt and accumulated surplus as at year-end.

The Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement focuses on TPL's assets (financial and non-financial) and liabilities. The difference between the liabilities and financial assets is TPL's net debt, which is primarily made up of future liabilities such as employee benefits and asset retirement obligations.

As a result of significant investment in tangible capital assets there is a large accumulated surplus. Although tangible capital asset balances are considerable, they do not provide liquidity and are not typically available for sale, the proceeds of which could be used for other purposes. It is for this purpose that tangible capital assets are not included in the calculation of net debt.

2. Statement of Operations and Accumulated Surplus

Purpose is to outline revenues, expenses, surplus for the year and accumulated surplus at year-end. This statement reflects the combined operations of the operating and capital funds for the Library and provides the calculation of TPL's accumulated surplus at year-end.

The Statement of Operations and Accumulated Surplus is considered to be the municipal equivalent to the private sector's Statement of Income and Retained Earnings.

The Statement of Operations and Accumulated Surplus provides a summary of revenues, expenses, and surplus throughout the reporting period and outlines the change in accumulated surplus.

PSAS legislation requires the operating and capital budgets as approved by Council be reflected in the Financial Statements and be adjusted for accrual-based accounting. The 2024 budget values presented in this statement have

been adjusted to reflect the differences between amounts as budgeted at the City and Library on a modified "cash requirements" basis and amounts now recorded in these financial statements on an accrual basis. As described in Note 4 to the Financial Statements (Budget figures), the total approved operating and capital budgets for 2024 have been combined and reflected in the statement of operations and accumulated surplus. The budgets for acquisition of tangible capital assets, primarily comprised of expenditures of the capital budget and for library collections, are capitalized and therefore result in a budget surplus.

3. Statement of Changes in Net Debt

Purpose is to outline the changes in net debt as a result of annual operations and tangible capital asset transactions.

The Statement of Changes in Net Debt is unique to governments. This statement focuses on the debt of the Library, adjusting the annual surplus for the impact of tangible capital assets, by deducting the costs to acquire tangible capital assets and adding back amortization charged during the year.

4. Statement of Cash Flows

Purpose is to summarize TPL's cash position and changes during the year by outlining the Library's sources and uses of cash.

The Statement of Cash Flows summarizes TPL's cash position and changes during the year. It segregates the Library's sources (inflows) and uses (outlay) of cash into two sections: Operating activities and Investing activities.

The Notes to the Financial Statements provide further detail about TPL's financial results and are an integral part of the Financial Statements.

COMMENTS

As noted in Attachment 1a, Independent Auditors' Report, the auditors have provided an unqualified opinion on the Financial Statements. An unqualified opinion means that the Financial Statements are presented fairly in all material respects in accordance with PSAS for local governments.

The draft Audited Financial Statements for the year ended December 31, 2024, Attachment 1b, provide details of the state of TPL's finances at the end of the fiscal year and the revenues and expenses for the year ended December 31, 2024. The financial statements are considered draft until approved by the Library Board and certain outstanding procedural matters, as detailed in the report to the Board dated May 26, 2025, Audit Findings Report - Year Ended December 31, 2024, are resolved.

Note that throughout this report, references to "tables" refers to tables within the body of the report, while references to "notes" refers to the accompanying financial statements in the attachment 1b.

Budget Monitoring Reports

At the Board meeting on February 24, 2025, the 2024 year-end results of spending the operating and capital budgets were presented for information. The [Operating Budget Monitoring Report - December 31, 2024](#) shows budget deficit of \$3.544 million, which will be covered by the City and is reflected in the financial statements as receivable from the City as shown in note 5(a) of the Audited Financial Statements and Table 2 of this report. The [Capital Budget Adjustment and Monitoring Report - December 31, 2024](#) showed a 96.3% expenditure rate of the adjusted gross capital budget. The unspent capital budget funding received is similarly reflected in the financial statements as payable to the City as shown in note 5(a) of the Audited Financial Statements and Table 4 of this report.

Budget Figures

Budget figures in the Audited Financial Statements are based on the 2024 original operating and capital budgets approved by City Council in February 2024. However, subsequent to this approval there have been in-year Council approved budget adjustments which have been reflected in the Operating and Capital Budget Monitoring Reports throughout 2024.

Change in Accounting Estimate (Note 2)

Note 2 outlines the Library's change in the estimate of the useful lives of certain of its electronic collections, which are included within the Library Materials. Certain of the electronic collections have a useful life of one or two years and

they will now be amortized over their revised useful life. In accordance with PS 2120 Accounting Changes – this change in estimate has been applied prospectively. The change in estimate has had the effect of increasing amortization expense by \$15,199,993 in 2024. This has no financial impact on budget monitoring reports, it solely impacts accumulated surplus.

Detailed Review of Statement of Financial Position

A detailed review of the Statement of Financial Position is provided in the following section:

Table 1: Statement of financial position variance (2024 vs. 2023)

	2024	2023	Increase / (Decrease)
Financial assets			
Cash and cash equivalents	34,571,800	11,518,067	23,053,733
Accounts receivable:			
City of Toronto (Table 2)	15,951,176	39,041,347	(23,090,171)
Other accounts receivable (Table 3)	5,613,505	4,889,923	723,582
	56,136,481	55,449,337	687,144
Liabilities and Net Debt			
Accounts payable:			
City of Toronto (Table 4)	23,486,861	12,080,617	11,406,244
Accounts payable and accrued liabilities (Table 5)	27,212,035	37,808,736	(10,596,701)
Deferred revenue	5,112,376	5,283,855	(171,479)
Employee benefits (Table 6)	75,293,314	77,182,108	(1,888,794)
Asset retirement obligation	11,178,179	10,886,669	291,510
	142,282,765	143,241,985	(959,220)
Net debt	(86,146,284)	(87,792,648)	(1,646,364)
Tangible capital assets (Table 8)	449,153,472	437,401,957	11,751,515
Accumulated surplus (Table 9)	363,007,188	349,609,309	10,105,151

Cash and cash equivalents (Note 3)

Cash and cash equivalents increased by \$23.054 million to \$34.571 million [2023 – \$11.518 million] in 2024, mainly due to a payment of \$17.0 million from the City for 2025 operating and capital funding received prior to 2024 year-end.

Accounts receivable – City of Toronto (Note 5(a))

The breakdown of accounts receivable from the City at year-end with prior year comparatives is as follows:

Table 2: Accounts receivable from the City of Toronto

	2024	2023	Increase / (Decrease)
Approved City operating budget funding receivable from prior years	12,377,754	32,377,780	(20,000,026)
Operating deficit receivable	3,544,285	6,479,670	(2,935,385)
Rental receivable / Common maintenance costs	29,137	183,897	(154,760)
Accounts receivable from the City of Toronto	15,951,176	39,041,347	(23,090,171)

The \$15.951 million accounts receivable from the City in 2024 (2023 - \$39.041 million) is comprised predominantly of \$12.377 million which represents the portion of the 2024 operating budget which has been recognized as a receivable but not cash flowed from the City to the Library as at year-end. This was subsequently received in January 2025 from the City. In addition, the \$3.544 million represents the Library’s 2024 year-end operating deficit which will be covered by the City and has therefore been recognized as a receivable from the City. The significant reduction in accounts receivable from the City from 2023 to 2024 is primarily due to a \$20.000 million payment received in 2024 from the City for prior year operating budget allocations that had not been previously cash flowed from the City to the Library.

Other accounts receivable

The breakdown of other accounts receivable at year-end with prior year comparatives is as follows:

Table 3: Other accounts receivable

	2024	2023	Increase / (Decrease)
Canada Revenue Agency – HST rebate	2,537,042	3,604,831	(1,067,789)
Foundation receivable	1,596,994	586,953	1,010,041
Rental receivable	508,845	486,218	22,627
Other	970,624	211,921	758,703
Total Other accounts receivable	5,613,505	4,889,923	723,582

Other accounts receivable increased by \$0.724 million to \$5.614 million [2023 – \$4.890 million] in 2024, mainly due to a \$0.476 million receivable for a tenant’s proportionate share of capital improvements at Northern District and \$0.400 million related to a deposit paid in relation to a service contract.

Accounts payable – City of Toronto (Note 5(a))

The breakdown of accounts payable to the City of Toronto at year-end with prior year comparatives is as follows:

Table 4: Accounts payable to the City of Toronto

	2024	2023	Increase / (Decrease)
2025 Operating funding received in 2024	17,000,000	-	17,000,000
Operating expenses	1,431,444	170,696	1,260,748
Ethennonnhawahstihnen capital project	1,633,130	-	1,633,130
Hydro charges payable	875,398	937,880	(62,482)
Unexpended capital advance	2,546,889	10,972,041	(8,425,152)
Accounts payable to the City of Toronto	23,486,861	12,080,617	11,406,244

The \$23.487 million accounts payable to the City in 2024 (2023 - \$12.081 million) is comprised predominantly of \$17.000 million for 2025 operating and capital funding received on December 31, 2024, offset by a reduction of \$8.425 million in unexpended capital advance which is the difference between the accumulated capital cash flow funding received from the City over the past few years vs. what has been expended. Ethennonnhawahstihnen’ capital project is a multi-partner project managed by the City and the \$1.633 million represents Library’s share of remaining costs to be paid to the City for this project.

Accounts payable and accrued liabilities

The breakdown of other accounts payable and accrued liabilities at year-end with prior year comparatives is as follows:

Table 5: Accounts payable and accrued liabilities

	2024	2023	Increase / (Decrease)
Salaries and benefits payable	9,881,015	9,255,421	625,594
Accounts payable and accruals	15,496,656	26,602,911	(11,106,255)
Holdback payable on construction contracts	1,834,364	1,950,404	(116,040)
Total accounts payable and accrued liabilities	27,212,035	37,808,736	(10,596,701)

Accounts payable and accrued liabilities decreased by \$10.596 million mainly due to accounts payable and accruals being higher in 2023 as a result of the cybersecurity incident which delayed the payment of invoices.

Deferred revenue (Note 5(d))

Deferred revenue decreased by \$0.172 million to \$5.112 million [2023 - \$5.284 million] in 2024, primarily related to funding received from the TPL Foundation for specific programs, including Summer Reading Club, Musical Instrument Lending Library and Health Programs & Partnerships, which are committed and will be expended in the following year.

Employee Benefit Liabilities (Note 6)

The Employee Benefits Liabilities obligation is an annual one-time entry, which is charged to accumulated surplus. It is not reflected in the budget monitoring reports.

The City has employed the services of a third-party valuation expert, to value the gross employee benefits liability (identified as 'employee benefits' in Note 6 of the Financial Statement). The most recent actuarial valuation was completed for the fiscal year ended December 31, 2024, for which the Library provided the necessary information on the composition of its workforce and benefits plans

to the City. The next actuarial valuation for post-retirement and post-employment benefits is expected to be performed as at December 31, 2027.

At the end of 2024, the Library's gross employee benefits liability (identified as Accrued Benefit Obligation in Note 6) decreased by \$4.261 million to \$59.819 million [2023 - \$64.080 million]. The decrease in the liability is the result of the full valuation completed as at December 31, 2024. These valuations are done once every three years and result in changes that are attributed to updated data and assumptions. The largest contributor to the reduction in the overall liability are new membership data and balances on the sick leave benefit, as these balances have been reduced due to usage and staff turnover.

Table 6: Net employee benefits

	2024	2023	Increase / (Decrease)
Post-retirement benefits	34,481,266	39,220,514	(4,739,248)
Disabled employees' benefits	4,513,942	3,509,562	1,004,380
Income benefits	9,944,379	6,407,309	3,537,070
Sick leave benefits	8,128,004	11,295,167	(3,167,163)
WSIB	2,751,319	3,647,312	(895,993)
Employee Benefits/Accrued Benefit Obligation	59,818,910	64,079,864	(4,260,954)
Net unamortized actuarial gain / (loss)	15,474,404	13,102,244	2,372,160
Total Net Employee Benefits	75,293,314	77,182,108	(1,888,794)

The net employee benefits liability decreased by \$1.889 million to \$75.293 million [2023 - \$77.182 million] in 2024. The components of the decrease are due to a \$4.261 million decrease in accrued benefit obligation offset by a \$2.372 million increase in the net unamortized actuarial gain calculated as follows:

Table 7: Net unamortized actuarial gain

Unamortized (gain) / loss - beginning of year	(13,102,244)	(18,363,324)
Amortization for 2024 (A)	2,203,018	2,375,789
Actuarial (gain) / loss (B)	(4,575,178)	2,885,291
Net unamortized (gain) / loss - end of year (C)	(15,474,404)	(13,102,244)

Net actuarial gains and losses are amortized (A) over the expected average remaining service life of the employee group, which ranges from 12 to 16 years. The amortization of the net actuarial balance is \$2.203 million [2023 – \$2.376 million]. In 2024, the actuarial gain (B) is \$4.575 million [2023 – \$2.885 million loss].

The net unamortized actuarial gain (C) of \$15.474 million represents the remaining balance of annual actuarial gain that has not yet been fully amortized.

An unamortized actuarial gain balance is added to the gross employee benefits obligation and an unamortized actuarial loss balance is deducted. The annual unamortized actuarial gain/(loss) balance (C) is drawn down as the actuarial gain/(loss) becomes fully amortized.

Asset Retirement Obligation (Note 7)

Asset Retirement Obligation (ARO) is recorded as an adjustment to the opening accumulated surplus. Similar to other non-cash items such as amortization of assets, the ARO obligation is not reflected in the budget monitoring reports. The liability will be updated annually to reflect remediation performed or changes in ownership or lease status for library facilities. Periodically, the accretion of the ARO liability will be reviewed. In 2024, ARO was increased by \$0.291 million.

Net Debt (Statement of Changes in Net Debt)

Net debt is calculated as liabilities (e.g. trade, employment payables and employee benefits) less financial assets (e.g. cash and cash equivalents and receivables). This represents the net amount of future financial obligations for the Library.

The Library's net debt of \$86.146 million in 2024 [2023 – \$87.793 million] predominantly consists of employee benefits liability (Note 6) and asset retirement obligation (Note 7).

While the City issues long-term debt to finance certain of its operations, none of the debt or associated financing costs are allocated to the Library and therefore the Library does not have any other long-term debt obligations.

Tangible Capital Assets (Notes 1, 2 and 9)

Note 1 outlines the Library's significant accounting policies and provides an overview of the policy for recording tangible capital assets.

Note 2 outlines the Library's change in the estimate of the useful lives of certain of its electronic collections, which are included within the Library Materials. Certain electronic collections have a useful life of one or two years and they will now be amortized over their revised useful life.

The breakdown of tangible capital assets at year-end with prior year comparatives (Note 9) is as follows:

Table 8: Tangible capital assets

	2024			2023
	Cost	Accumulated Amortization	Net	Net
Land	15,376,262	-	15,376,262	15,376,262
Building and leasehold improvements	467,116,798	149,943,779	317,173,019	301,603,146
Furniture, fixtures and equipment	73,946,081	32,237,412	41,708,669	36,228,589
Vehicles	3,733,942	2,189,563	1,544,379	1,900,029
Library materials	97,867,040	48,305,648	49,561,392	63,977,968
Assets under construction	23,789,751	-	23,789,751	18,315,963
Total Tangible Capital Assets	681,829,874	232,676,402	449,153,472	437,401,957

The net book value (NBV) of the Library's tangible capital assets increased by \$11.751 million in 2024, mainly due to capital projects related to Bridlewood, Junction Triangle, Locke, and Etobicoke Civic Centre. The Bridlewood project is complete as at December 31, 2024, while the others are ongoing.

During the year, asset additions totalled \$65.597 million, comprised of building improvements of \$29.581 million, furniture and equipment of \$14.195 million and library collections of \$21.820 million.

During the year, accumulated amortization of tangible capital assets decreased \$4.077 million net to \$232.676 million [2023 – \$236.753 million].

Accumulated Surplus

The 2024 actual accumulated surplus as shown on the Statement of Financial Position is \$363.007 million. The accumulated surplus is an outcome of applying PSAS accounting and is comprised of the NBV of tangible capital assets, employee benefits liability and other liabilities less financial assets:

Table 9: Accumulated surplus

	2024	2023
Cost of Tangible Capital Assets	681,829,874	674,154,531
Accumulated amortization	(232,676,402)	(236,752,574)
NBV of Tangible Capital Assets	449,153,472	437,401,957
Employee benefits liability	(75,293,314)	(77,182,108)
Asset retirement obligation	(11,178,179)	(10,886,671)
Other liabilities less financial assets	325,209	276,131
Accumulated Surplus - End of year (Table 1)	363,007,188	349,609,309

Net book value of tangible capital assets includes cost of asset retirement obligation remediation.

Annual Surplus

There are two annual surpluses for the year on the Statement of Operations and Accumulated Surplus (page 2 of Attachment 1b; breakdown shown in Table 10):

1. PSAS adjusted Budget Surplus for the year: \$8.909 million
2. PSAS Actual Surplus for the year: \$13.397 million

As described in Note 4, the audited budget on the financial statements is the sum of the approved 2024 operating and capital budgets, which have been adjusted for PSAS accounting, with a resulting budget surplus of \$8.909 million comprised of expenditures for the capital budget and library collections, less amortization. The budget surplus is compared to the PSAS actual surplus in the following chart:

Table 10: Annual surplus (budget vs. actual)

	Budget	PSAS Actual
Capital budget expenditure	40,770,866	43,776,665
Operating budget expenditure – Library materials	21,983,698	21,820,285
Tangible assets gross amount [a]	62,754,564	65,596,950
Amortization – Building and Equipment	(17,608,574)	(17,608,572)
Amortization – Library materials	(36,236,861)	(36,236,861)
Total amortization [b]	(53,845,435)	(53,845,433)
Tangible assets net book value [c = a + b]	8,909,129	11,751,517
Asset retirement obligation	-	(291,510)
Post-retirement and post-employment benefit expense	-	1,888,794
Other	-	49,078
Surplus for the year	8,909,129	13,397,879

Additionally there was a budget deficit of \$3.544 million of the approved operating budget as disclosed in Note 5 (a) and as presented in the [Operating Budget Monitoring Report - December 31, 2024](#).

The reconciliation of the operating budget deficit, which will be funded by the City, to the PSAS annual surplus is shown in table 11:

Table 11: Reconciliation of Surplus/Deficit for the year

	2024	2023
Operating Budget Surplus / (Deficit)	(3,544,285)	(6,479,670)
Surplus (Returned to) / Receivable from the City	3,544,285	6,479,670
Balance	-	-
Increase / (Decrease) in unspent non-debt Capital and Library Material funding	49,078	(2,388,872)
Net decrease / (increase) in asset retirement obligation (Table 1)	(291,510)	
Net decrease / (increase) in employee benefit liability (Table 1)	1,888,794	2,249,880
Change in net debt	1,646,362	(138,992)
Net increase in net book value of Tangible Capital Assets (Table 1)	11,751,517	20,942,169
PSAS Surplus for the year	13,397,879	20,803,177

Detailed Review of Statement of Operations and Accumulated Surplus

This statement reflects the combined operations of the operating and capital funds for the Library and provides the calculation of the Library's accumulated surplus at year end.

Revenues

The Library's primary source of funding comes from the City of Toronto (94.9%).

Table 12: Current year revenues and prior year comparatives

	Actual as % of Total	Budget	Actual	Variance	Actual
	2024	2024	2024	Favourable / (Unfavourable)	2023
City of Toronto	94.9	275,490,886	284,695,465	9,204,579	263,150,657
Province of Ontario	1.9	5,714,187	5,714,187	-	5,760,942
Federal government	0.0	-	142,864	142,864	128,727
Fines and user charges (Table 13)	0.4	2,746,500	1,198,824	(1,547,676)	1,893,022
Investment income	0.3	389,500	804,951	415,451	749,443
Donations and other grants/Foundation	1.6	3,009,490	4,667,514	1,658,024	4,444,155
Other income (Table 14)	0.9	3,374,491	2,657,866	(716,625)	2,570,839
Total Revenues	100.0	290,725,054	299,881,671	9,156,617	278,697,785

Revenues for 2024 totalled \$299.882 million [2023 – \$278.698 million], which is \$9.157 million greater than budget mainly due to revenue received from the City of Toronto to fund capital and operating expenditures. Capital spending exceeded original planned amounts for a few projects, namely multi-branch state of good repair projects, service and digital modernization, Junction Triangle (Perth Dupont relocation) and Bridlewood. There was also \$3.544 million additional funding from the City to cover the budget deficit experienced in the 2024 operating budget.

Fines and user charges primarily consists of printing/photocopying revenue, rental of theatres and community rooms, and payment for lost items. The breakdown at year-end with prior year comparatives is as follows:

Table 13: Fines and user charges

	Budget 2024	Actual 2024	Variance Favourable / (Unfavourable)	Actual 2023
Fines	330,000	340,942	10,942	332,833
Equipment & facility rentals	926,900	735,090	(191,810)	571,648
Printing / Photocopier receipts	1,303,770	15,771	(1,287,999)	886,884
Other charges	185,830	107,021	(78,809)	101,657
Fines and user charges	2,746,500	1,198,824	(1,547,676)	1,893,022

Fines and user charges for 2024 totalled \$1.198 million [2023 - \$1.893 million], which is \$1.548 million less than budget as printing/photocopier revenue and equipment & facility rentals continued to be impacted in 2024 by the 2023 cybersecurity incident.

Other income consists primarily of tenant rentals and revenue from premium venue space rentals. The breakdown at year-end with prior year comparatives is as follows:

Table 14: Other income

	Budget 2024	Actual 2024	Variance Favourable / (Unfavourable)	Actual 2023
Tenant rentals	1,408,220	1,167,234	(240,986)	1,462,856
Premium venue space rentals	1,330,390	886,253	(444,137)	779,576
Sale of merchandise	135,599	130,530	(5,069)	77,513
Miscellaneous	500,282	473,849	(26,433)	250,894
Total Other Income	3,374,491	2,657,866	(716,625)	2,570,839

Other income for 2024, including revenue from premium venue space rentals, totalled \$2.658 million [2023 - \$2.571 million], which is \$0.717 million less than budget. Premium venue space rental income was also impacted by the cybersecurity incident. The decrease in tenant rental income is due to the loss of two tenants in leased spaces effective March 31, 2024.

Expenses

Staff costs accounted for the largest portion of expenses, at 64.3%.

Table 15: Current year expenses and prior year comparatives

	Actual as % of Total	Budget	Actual	Variance	Actual
	2024	2024	2024	Favourable / (Unfavourable)	2023
Staff costs	64.3	183,130,138	184,205,857	(1,075,719)	174,801,023
Maintenance and supplies	9.5	22,805,452	27,075,261	(4,269,809)	25,555,820
Utility cost	3.4	10,343,830	9,663,861	679,969	9,957,471
Administration cost (Table 16)	2.4	6,817,554	6,843,551	(25,997)	5,864,052
Rental cost	1.2	3,409,532	3,520,201	(110,669)	3,727,601
Library materials	0.1	-	174,014	(174,014)	123,140
Transfers to City of Toronto and other	0.4	1,463,984	1,155,612	308,372	(1,391,073)
Amortization	18.8	53,845,435	53,845,435	-	39,256,574
Total Expenses	100.00	281,815,925	286,483,792	(4,667,867)	257,894,608

The 2024 budget represents the initial 2024 Council-approved budget on a PSAS basis (e.g. includes amortization) and does not include in-year budget adjustments.

In 2024, the total expenses were \$286.483 million [2023 - \$257.895 million], which is \$4.668 million more than budget. The unfavourable variance is primarily related to overspending in staffing costs mainly due to the recovery phase of the cybersecurity incident and higher than expected benefit costs, and higher spend on janitorial, building, HVAC, and software maintenance.

Note that \$21.820 million of expenditures on library collections (see Table 10), which is part of the approved operating budget, is treated as an addition to tangible capital assets. The library materials shown in Table 15 represent only special collections expenditures.

Table 16: Administration cost

	Budget 2024	Actual 2024	Variance Favourable / (Unfavourable)	Actual 2023
Professional & other services	1,125,510	2,301,142	(1,175,632)	2,241,761
Training & mileage	1,374,942	1,002,537	372,405	683,516
Supplies & services	119,500	133,718	(14,218)	131,333
Programs, printing & advertising	4,197,602	3,310,055	887,547	2,807,442
Total Administration cost	6,817,554	6,747,452	70,102	5,864,052

Administration cost for 2024 totalled \$6.747 million [2023 - \$5.864 million], which is \$0.070 million lower than budget, is primarily related to lower than

budgeted expenditures for library programming offset by unbudgeted spending funded by TPL Foundation donations and higher than budgeted expenditures for professional & other services as a result of the 2023 cybersecurity incident.

CONTACT

Marco Cuoco; Director, Finance & CFO; Tel: 416-397-5946; Email: mcuoco@tpl.ca

Wayne Lam; Senior Manager, Payroll and Accounting; Tel: 416-397-7203; Email: wlam@tpl.ca

SIGNATURE

Vickery Bowles
City Librarian

ATTACHMENTS

- Attachment 1: Draft Financial Statements of Toronto Public Library Board and Independent Auditors' Report Thereon – Year Ended December 31, 2024
- Attachment 1a: Independent Auditors' Report
- Attachment 1b: Toronto Public Library Board - Draft Financial Statements - December 31, 2024

DRAFT #4
June 3, 2025

Financial Statements of

**TORONTO PUBLIC LIBRARY
BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Toronto Public Library Board

Opinion

We have audited the financial statements of Toronto Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt 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, 2024, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

TORONTO PUBLIC LIBRARY BOARD

DRAFT Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Cash and cash equivalents (note 3)	\$ 34,571,800	\$ 11,518,067
Accounts receivable:		
City of Toronto (note 5(a))	15,951,176	39,041,347
Other accounts receivable	5,613,505	4,889,923
	<u>56,136,481</u>	<u>55,449,337</u>
Liabilities and Net Debt		
Accounts payable:		
City of Toronto (note 5(a))	23,486,861	12,080,617
Accounts payable and accrued liabilities	27,212,035	37,808,736
Deferred revenue (note 5(d))	5,112,376	5,283,855
Employee benefits (note 6)	75,293,314	77,182,108
Asset retirement obligation (note 7)	11,178,179	10,886,669
	<u>142,282,765</u>	<u>143,241,985</u>
Net debt	(86,146,284)	(87,792,648)
Non-financial assets:		
Tangible capital assets (notes 2 and 9)	449,153,472	437,401,957
Commitments and contingencies (notes 8 and 10)		
Accumulated surplus	<u>\$ 363,007,188</u>	<u>\$ 349,609,309</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Toronto Public Library Board Chair

_____ City Librarian

TORONTO PUBLIC LIBRARY BOARD

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 4)	Actual 2024	Actual 2023
Revenue:			
City of Toronto (note 5(a))	\$ 275,490,886	\$ 284,695,465	\$ 263,150,657
Province of Ontario	5,714,187	5,714,187	5,760,942
Federal government	–	142,864	128,727
Fines and user charges	2,746,500	1,198,824	1,893,022
Investment income	389,500	804,951	749,443
Donations and other grants (note 5(d))	3,009,490	4,667,514	4,444,155
Other income	3,374,491	2,657,866	2,570,839
	290,725,054	299,881,671	278,697,785
Expenses:			
Staff	183,130,138	184,205,857	174,801,023
Maintenance and supplies	22,805,452	27,075,261	25,555,820
Utilities	10,343,830	9,663,861	9,957,471
Administration	6,817,554	6,843,551	5,864,052
Rental	3,409,532	3,520,201	3,727,601
Library materials	–	174,014	123,140
Transfers to City of Toronto and other (note 5(b) and (c))	1,463,984	1,155,612	(1,391,073)
Amortization of tangible capital assets (note 2)	53,845,435	53,845,435	39,256,574
	281,815,925	286,483,792	257,894,608
Surplus for the year	8,909,129	13,397,879	20,803,177
Accumulated surplus, beginning of year	–	349,609,309	328,806,132
Accumulated surplus, end of year	\$ 8,909,129	\$ 363,007,188	\$ 349,609,309

See accompanying notes to financial statements.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Statement of Changes in Net Debt

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Surplus for the year	\$ 13,397,879	\$ 20,803,177
Acquisition of capital assets	(65,596,950)	(60,198,743)
Amortization of tangible capital assets	53,845,435	39,256,574
(Increase) decrease in net debt	1,646,364	(138,992)
Net debt, beginning of year	(87,792,648)	(87,653,656)
Net debt, end of year	\$ (86,146,284)	\$ (87,792,648)

See accompanying notes to financial statements.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Surplus for the year	\$ 13,397,879	\$ 20,803,177
Items not involving cash:		
Amortization of tangible capital assets	53,845,435	39,256,574
Employee benefits expense	3,040,623	2,777,063
Increase in asset retirement obligation	291,510	–
Change in non-cash operating items:		
Accounts receivable	22,366,589	26,960,993
Accounts payable and accrued liabilities	809,543	(20,499,432)
Deferred revenue	(171,479)	(163,954)
Payments for employee benefits	(4,929,417)	(5,026,943)
	88,650,683	64,107,478
Investing activities:		
Acquisition of tangible capital assets	(65,596,950)	(60,198,743)
Change in cash and cash equivalents	23,053,733	3,908,735
Cash and cash equivalents, beginning of year	11,518,067	7,609,332
Cash and cash equivalents, end of year	\$ 34,571,800	\$ 11,518,067

See accompanying notes to financial statements.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements

Year ended December 31, 2024

The Toronto Public Library Board (the "Board" or the "Library") is a local board of the City of Toronto (the "City") deemed to be a public library board established under the Public Libraries Act (Ontario) and is responsible for providing public library services that reflect the community's unique needs. The Public Libraries Act (Ontario) has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

The Toronto Public Library Foundation (the "Foundation") has responsibility for most of the fundraising activities for the Library. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets, revenue and expenses are not included in these financial statements as the Board does not control the Foundation.

1. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") for local governments as defined by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is as follows:

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on deposit, money market funds and short-term securities with original terms to maturity of less than 90 days.

(c) Employee benefits:

The Board has adopted the following policies with respect to employee benefit plans:

- (i) the Board makes contributions to the Ontario Municipal Employees' Retirement System plan ("OMERS"), a multi-employer pension plan, on behalf of most of its employees. 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 service and rates of pay. Employees and employers contribute jointly to the plan. The Board's contributions to OMERS are expensed when contributions are due, as the plan is accounted for as a defined contribution plan;

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

- (ii) the costs 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;
- (iii) the costs of other employee benefits are actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees, salary escalation, expected health-care costs and plan investment performance;
- (iv) past service costs from plan amendments related to prior years' employee services are accounted for in the year of the plan amendment;
- (v) employee future benefit liabilities are discounted using the City's cost of borrowing;
- (vi) net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group, which ranges from 12 to 16 years; and
- (vii) the effects of a gain or loss from settlements or curtailments are expensed in the year they occur.

(d) Asset retirement obligations:

The Board recognizes the fair value of an asset retirement obligation ("ARO") when all of the following criteria has been met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

A liability for the removal of asbestos-containing materials in certain Library facilities has been recognized based on estimated expenses. In addition, liability for the exit costs related to leased Library facilities has also been recognized based on estimated expenses. Actual remediation costs incurred are charged against the ARO to the extent of the liability recorded. Differences between the actual remediation costs incurred and the associated liability recorded within the financial statements are recognized in the statement of operations and accumulated surplus when the remediation occurs. Assumptions used in the calculations are revised on an annual basis.

(e) Financial instruments:

PSAS allows the Library to classify its financial instruments as either fair value or amortized cost. Currently, the Library only classifies cash and cash equivalents at fair value. Financial instruments carried at amortized cost include accounts receivable and accounts payable. They are initially recognized at cost and subsequently carried at amortized cost, less any impairment losses on financial assets, except for contributions, which are initially recognized at fair value.

Write downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down recognized in the statement of operations and accumulated surplus.

(f) Tangible capital assets:

Tangible capital assets are non-financial assets that 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.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. The Board recognizes disposals when the tangible capital assets are considered fully amortized, which is at the end of the useful lives for capital assets and vehicles and at the end of the lease for leasehold improvements, or when the asset has been disposed of. Amortization is recognized on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Leasehold improvements	Lesser of useful life and lease term
Furniture, fixtures and equipment	5 to 20 years
Vehicles	8 to 12 years
Library materials	1 to 6 years

Assets under construction are not amortized until the date of substantial completion.

Contributed rare books and other collections are expensed in the year received.

The cost of normal maintenance and repairs, which does not significantly enhance the service potential of tangible capital assets, is recognized as an expense in the year it has been incurred.

(g) Impairment of tangible capital assets:

The Board reviews the carrying amount, amortization and useful lives of its tangible capital assets regularly. If the capital asset no longer has any long-term service potential to the Board, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations and accumulated surplus.

(h) Contributed materials and services:

Donated materials and services are not recorded in the financial statements except for special collections and works of art, which are measured at fair value. The special collections and works of art are not capitalized because reasonable estimate of future benefit cannot be made. During the year, there were contributions of special collections of \$174,013 (2023 - \$137,420) and works of art of \$10,472 (2023 - \$21,781), which have been recorded as revenue and expenses in the statement of operations and accumulated surplus.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(i) Revenue recognition:

Government transfers, which include municipal, provincial and federal grants, are recognized in the year 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.

Donations and other grants are recognized as revenue when received or receivable if the amount to be received can be reasonably measured and collection is reasonably assured. Donations and other grants received that have restrictions are recognized as revenue to the extent the funds have been spent, with any unspent amounts recorded as deferred revenue, including funds received from the Foundation.

Revenue from user charges and other related services are recognized at the point of sale or when services have been provided and collection is reasonably assured. Investment income earned on available current funds is reported as revenue in the year earned.

(j) Materials and supplies:

Materials and supplies purchased for consumption in the Library's activities are reported as an expense on the statement of operations and accumulated surplus in the year of acquisition.

(k) Foreign currencies:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rates of exchange in effect at the date of the statement of financial position. Revenue and expenses are translated at the rates prevailing at the time of the respective transaction.

(l) Use of estimates:

The preparation of the financial statements in accordance with PSAS requires management to make estimates and assumptions. The amounts recorded for ARO and the employee benefits liability and related costs charged to the statement of operations and accumulated surplus depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(m) Adoption of new accounting standards:

Effective January 1, 2024, the Library adopted new accounting standards and a guideline issued by the Public Sector Accounting Board ("PSAB"). These include Public Sector Accounting Standard PS 3400 Revenue, PS 3160 Public private partnerships, and Public Sector Guideline - 8 Purchased intangibles ("PSG-8").

(i) PS 3400, Revenue ("PS 3400"):

PS 3400 addresses the recognition, measurement, presentation and disclosure of revenue, and introduces a distinction between exchange and non-exchange transactions. The distinguishing feature between the two is the existence of a performance obligation, an enforceable promise to provide a good or service to a payor in return for promised consideration. Exchange transactions are characterized by one or more performance obligations, while non-exchange transactions have no direct transfer of goods or services to a payor.

(ii) PSG 8, Purchased Intangibles:

PSG-8 provides guidance on when purchased intangibles can be recognized as assets in the statement of financial position.

(iii) PS 3160, Public Private Partnerships ("PS 3160"):

PS 3160 addresses the accounting for transactions associated with certain public-private partnerships, where public sector entities such as government procurement of infrastructure using private sector partners. PS 3160 provides guidance on the recognition, measurement, presentation and disclosure of the tangible capital assets, financial liabilities, revenues and expenses within its scope.

PS 3160, PS 3400 and PSG 8 have all been applied prospectively by the Library. As at December 31, 2024, the Library determined the adoption of these new standards and guidelines did not have an impact on the amounts presented in the financial statements.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Change in estimate:

During 2024, the Library revised its estimate of the useful lives of certain of its electronic collections, which are included within, Library materials. Certain of the electronic collections have been determined to have a useful life of one or two years. These depreciable assets will now be amortized over their revised useful life. In accordance with PS 2120, Accounting Changes, this change in estimate has been applied prospectively. The change in estimate has had the effect of increasing amortization expense by \$15,199,993 in 2024.

3. Cash and cash equivalents:

Included in cash and cash equivalents is \$109,142 (2023 - \$89,488) of restricted amounts held in trust for employees eligible for the sabbatical leave program and nil (2023 - \$340,146) of an irrevocable standby letter of credit issued for a construction project.

4. Budget figures:

Budget data presented is based on the 2024 operating and capital budgets approved by the City's council. Adjustments to budgeted values were required to provide comparative budget values based on the PSAS basis of accounting. The following chart reconciles the approved budget with the budget figures as presented in the statement of operations and accumulated surplus.

	Budget
Revenue:	
Approved budgets:	
Operating	\$ 252,293,464
Capital	40,770,866
Less inter-budget transfers	(2,339,276)
	<u>290,725,054</u>
Expenses:	
Approved budgets:	
Operating	252,293,464
Capital	40,770,866
Less inter-budget transfers	(2,339,276)
	<u>290,725,054</u>
Adjustments:	
Tangible capital assets:	
Library materials, included in operating expenses	(21,983,698)
Building and equipment - capitalized	(40,770,866)
Amortization of tangible capital asset	53,845,435
	<u>281,815,925</u>
Adjusted annual budget surplus on PSAS basis	<u>\$ 8,909,129</u>

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Related party balances and transactions:

(a) City of Toronto:

As part of the terms of the agreement between the Board and the City, the Board is funded by the City as approved in its operating and capital budgets on an annual basis. Any operating excess or deficiency and any unexpended capital project funding is to be transferred to or recovered from the City. In addition, in the normal course of operations, the Board incurs costs for various expenses payable to the City. Such transactions between the City and the Board are made at the agreed exchange amount. The Board also manages on behalf of the City the capital program for libraries. As a result, the Board will incur capital expenses that are recoverable from the City.

Accounts receivable from (payable to) the City consist of the following:

	2024	2023
City funding payable	\$ (17,000,000)	\$ –
Operating and capital expenses	(3,064,574)	(170,696)
Hydro charges	(875,398)	(937,880)
Unexpended capital advance	(2,546,889)	(10,972,041)
Accounts payable to the City of Toronto	\$ (23,486,861)	\$ (12,080,617)

	2024	2023
City funding receivable	\$ 12,377,754	\$ 32,377,780
Operating deficit receivable	3,544,285	6,479,670
Rent receivable	29,137	183,897
Accounts receivable from the City of Toronto	\$ 15,951,176	\$ 39,041,347

Payments to the City that are included in the statement of operations and accumulated surplus consist of the following:

	2024	2023
Maintenance and supplies	\$ 613,010	\$ 495,944
Rental	617,518	612,426
Utilities	6,072,648	5,832,503
Other	259,278	258,287
	\$ 7,562,454	\$ 7,199,160

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Related party balances and transactions (continued):

In addition, the City provided funding for capital purposes in the amount of \$4,381,055 (2023 - \$4,614,424). The Board received \$227,934 (2023 - \$293,429) from the City, consisting of \$227,934 (2023 - \$293,429) in rental income and nil (2023 - nil) in miscellaneous income.

(b) Asset replacement reserve fund:

In 2022, the Board established the reserve fund with City Council approval. The City maintains the reserve fund on behalf of the Board.

The purpose of this fund is to support the Library's current strategic plan to modernize and transform its back office and public-facing systems and processes. To provide a stable and flexible funding for the annual replacement of information technology equipment for the Library. Contributions are included in transfers to City of Toronto and other in the statement of operations and accumulated surplus. During the year, the Library made nil (2023 - nil) in contributions to this fund, nor were any expenditures made (2023 - nil) from this fund.

(c) Vehicle and equipment reserve fund:

The City maintains a reserve fund on behalf of the Board. The reserve fund was established by the City Council and is detailed in the City's municipal code.

The purpose of this fund is to provide funding to purchase or acquire any vehicles or equipment for the Library. The funding promotes efficiencies and provides budget stabilization by moderating large fluctuations in the annual replacement of vehicles and equipment. During the year, the Library made \$1,063,984 (2023 - nil) in contributions to fund the purchase of vehicles. Contributions are included in transfers to City of Toronto and other in the statement of operations and accumulated surplus. During the year, the Board acquired nil (2023 - \$1,402,333) of vehicles through the fund and is included in tangible capital assets.

Expenditures of the fund amounted to \$5,138 during the year (2023 - \$561,818) and proceeds from vehicle disposal amounted to \$20,777 (2023 - \$77,643). The balance of the vehicle and equipment reserve fund as at December 31, 2024 was \$1,618,310 (2023 - \$538,686).

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Related party balances and transactions (continued):

(d) Toronto Public Library Foundation:

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received contributions of \$4,448,747 (2023 - \$4,288,553) from the Foundation. Contribution from the Foundation of \$4,509,679 (2023 - \$4,741,154) is included in deferred revenue. Of the \$4,741,154 (2023 - \$4,884,048) received and deferred from prior year, \$4,667,514 (2023 - \$4,444,155) has been recognized in donation revenue, while \$60,932 (2023 - \$452,601) is still being deferred. Included in other accounts receivable is \$1,596,994 (2023 - \$586,953) owing from the Foundation and other accounts payable is \$10,437 (2023 - \$94,378) owing to the Foundation.

6. Employee benefits:

The Board sponsors defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees. The plans provide health, dental, life insurance, accidental death and dismemberment insurance and long-term disability benefits to certain employees.

Information about the Board's employee benefits, other than the multi-employer, defined benefit pension plan noted below, is as follows:

(a) Sick leave:

The Board's short-term disability plan for non-unionized employees provides salary protection to eligible employees who are absent from work due to short-term illnesses or non-compensative injuries for up to 26 weeks of coverage each calendar year and/or per injury or illness. Absences greater than 26 weeks' duration are covered under the Board's long-term disability plan.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Employee benefits (continued):

Under the sick leave benefit plan for unionized employees, all new permanent employees are enrolled in a short-term disability plan that does not include the accumulation of unused sick leave. The short-term disability plan provides coverage for up to 130 days in a calendar year. Prior to April 1, 2010, employees were credited with a maximum of 18 days' sick time per year. Unused sick leave could accumulate, and employees could become eligible for a cash payment, capped at one-half of unused sick time to a maximum of 130 days when they leave the Board's employment. Union employees, as of that date, were given the option of remaining on the sick leave plan of 18 days' sick time per year and the accumulation of unused sick time to a maximum of 130 days or moving to the short-term disability plan that does not include the accumulation of unused sick leave. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could then be taken in cash by employees on termination of employment.

(b) Workplace Safety Insurance Board ("WSIB"):

The Board is a Schedule 2 employer and, as such, pays the full cost of all medical and all other benefits for its employees who sustain injuries at the workplace plus the administration cost as determined by WSIB.

(c) Post-retirement and post-employment benefits:

The Board provides health, dental, life insurance and long-term disability benefits to certain employees.

The liability in relation to the above defined benefit plans has been noted, in aggregate, as follows:

	2024	2023
Accrued benefit obligation	\$ 59,818,910	\$ 64,079,864
Net unamortized actuarial gain	15,474,404	13,102,244
	<u>\$ 75,293,314</u>	<u>\$ 77,182,108</u>

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Employee benefits (continued):

Components of the accrued benefit obligations are as follows:

	2024	2023
Post-retirement benefits	\$ 34,481,266	\$ 39,220,514
Disabled employees' benefits	4,513,942	3,509,562
Income benefits	9,944,379	6,407,309
Sick leave benefits	8,128,004	11,295,167
WSIB	2,751,319	3,647,312
	<u>\$ 59,818,910</u>	<u>\$ 64,079,864</u>

The continuity of the accrued benefit obligation is as follows:

	2024	2023
Balance, beginning of year	\$ 64,079,864	\$ 61,068,664
Current year's service cost	2,586,212	2,376,419
Interest cost	2,657,429	2,776,433
Benefits paid	(4,929,417)	(5,026,943)
Actuarial (gain) loss	(4,575,178)	2,885,291
Balance, end of year	<u>\$ 59,818,910</u>	<u>\$ 64,079,864</u>

The total expenses related to employee benefits other than those related to the multi-employer pension plan are included in staff costs in the statement of operations and accumulated surplus and include the following components:

	2024	2023
Current year's service cost	\$ 2,586,212	\$ 2,376,419
Amortization of net actuarial gain	(2,203,018)	(2,375,789)
Interest cost	2,657,429	2,776,433
	<u>\$ 3,040,623</u>	<u>\$ 2,777,063</u>

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial valuation was completed for the fiscal year ending December 31, 2024. The next actuarial valuation for post-retirement and post-employment benefits is expected to be performed as at December 31, 2027.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Employee benefits (continued):

The significant actuarial assumptions are as follows:

	2024	2023
	%	%
Accrued benefit obligation:		
Discount rate:		
Post-retirement	4.3	4.2
Disabled employees, income benefit	3.8	4.0
Sick leave	4.2	4.1
WSIB	4.0	4.0
Health-care inflation		
Hospital, dental care and other medical	3.0 - 5.0	3.0 - 5.0
Drugs	6.0	6.0
Rate of compensation increase	3.0	3.0

The Library makes contributions to OMERS, which is a multi-employer plan, on behalf 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 service and rates of pay. During the year, the Library contributed \$12,856,214 (2023 - \$12,130,082) to OMERS for current service. These costs are included in staff expenses on the statement of operations and accumulated surplus.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

7. **Asset retirement obligation:**

The Board has accrued for ARO related to the legal requirement for the removal or remediation of asbestos-containing materials in certain facilities on properties owned and leased by the Board. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos-containing material in accordance with current legislation. The change in the estimated obligation during the year consists of the following:

	2024	2023
Balance, beginning of year	\$ 10,886,669	\$ 10,886,669
Less: obligations settled during the year	(62,723)	–
Total obligation at December 31	10,823,946	10,886,669
Add: obligations incurred during the year	354,233	–
Balance, end of year	\$ 11,178,179	\$ 10,886,669

8. **Lease commitments:**

As at December 31, 2024, the Board is committed to the following annual operating lease payments for facilities:

2025	\$ 2,740,210
2026	2,672,055
2027	2,233,297
2028	1,747,377
2029	1,480,471
Thereafter	14,620,182
	\$ 25,493,592

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

9. Tangible capital assets:

Tangible capital assets consist of the following:

2024	Cost	Accumulated amortization	Net book value
Land	\$ 15,376,262	\$ –	\$ 15,376,262
Buildings and leasehold improvements	467,116,798	149,943,779	317,173,019
Furniture, fixtures and equipment	73,946,081	32,237,412	41,708,669
Vehicles	3,733,942	2,189,563	1,544,379
Library materials	97,867,040	48,305,648	49,561,392
Assets under construction	23,789,751	–	23,789,751
	\$ 681,829,874	\$ 232,676,402	\$ 449,153,472

2023	Cost	Accumulated amortization	Net book value
Land	\$ 15,376,262	\$ –	\$ 15,376,262
Buildings and leasehold improvements	443,373,070	141,769,924	301,603,146
Furniture, fixtures and equipment	66,945,632	30,717,043	36,228,589
Vehicles	4,006,416	2,106,387	1,900,029
Library materials (note 2)	126,137,188	62,159,220	63,977,968
Assets under construction	18,315,963	–	18,315,963
	\$ 674,154,531	\$ 236,752,574	\$ 437,401,957

During the year, there were capital additions in the amount of \$65,596,950 (2023 - \$60,198,743). Disposals for the year were \$57,921,635 (2023 - \$30,555,748), which included only fully amortized tangible capital assets for nil (2023 - nil) in proceeds.

10. Contingencies:

In the normal course of operations, the Board is subject to various arbitrations, litigations and claims. Where a potential liability is determinable, management believes the ultimate disposition of the matters will not materially exceed the amounts recorded in accounts payable and accrued liabilities. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year when the liability can be estimated.

TORONTO PUBLIC LIBRARY BOARD

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Risk management:

(a) Credit risk:

Credit risk is the risk of financial loss occurring as a result of default or insolvency of counter-party on its obligation to the Board. Accounts receivable are exposed to credit risk since there is a risk of counterparty default. The Board provides an allowance for doubtful accounts to absorb potential credit losses.

As at December 31, 2024, the harmonized sales tax recoverable amount represents \$2,537,042 (2023 - \$3,604,831) of the total of other accounts receivable balance.

The Board believes it has low exposure to credit risk.

(b) Liquidity risk:

Liquidity risk is the risk the Board will not be able to meet its financial obligations when they come due. All of the Board's accounts payable are due within the first 6 months of fiscal 2024. The Board believes it has low exposure to liquidity risk.

(c) Currency risk:

The Board is exposed to foreign currency risk between the Canadian dollar and foreign currency primarily because of its purchases in U.S. dollars. Financial instruments subject to foreign currency risk include cash and cash equivalents, accounts receivable and accounts payable.

The Board does not use derivative instruments to reduce its exposure to foreign currency risk.

The Board believes the exposure to currency risk is low given the low magnitude and volume of foreign currency transactions.