

Financial Statements

MIDDLESEX COUNTY LIBRARY BOARD

And Independent Auditors' Report thereon

Year ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Members of the Middlesex County Library Board

Opinion

We have audited the financial statements of the Middlesex County 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 financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2024 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants
London, Canada
November 4, 2025

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Financial Position
December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets:		
Cash	\$ 143,649	\$ 6,974
Accounts receivable	13,586	18,628
Receivable from the County of Middlesex	1,027,841	1,143,109
	1,185,076	1,168,711
Financial liabilities:		
Accounts payable	335,677	309,364
Deferred revenue (note 9)	33,309	12,070
Employee future benefits (note 5)	198,500	176,600
Total liabilities	567,486	498,034
Net financial assets	617,590	670,677
Non-financial assets:		
Tangible capital assets (note 7)	2,036,744	2,016,966
Prepaid expenses	67,965	39,614
	2,104,709	2,056,580
Commitments (note 6)		
Accumulated surplus (note 4)	\$ 2,722,299	\$ 2,727,257

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Operations

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

	Budget 2024	2024	2023
Revenues:			
Grants:			
Government of Canada	\$ –	\$ 7,163	\$ 118,697
Province of Ontario	563,723	634,344	539,302
County of Middlesex, contribution	5,432,328	5,545,420	4,898,950
	5,996,051	6,186,927	5,556,949
User charges:			
Fines, fees, rentals and donations	151,877	210,519	254,694
Loss on disposal of tangible capital assets	–	(2,501)	(1,616)
	6,147,928	6,394,945	5,810,027
Expenditures:			
Salaries	3,086,366	3,216,207	2,839,631
Rent	797,294	792,557	762,847
Employee benefits (note 5)	785,117	743,222	705,139
EarlyON (note 9)	432,006	506,888	409,534
Amortization	438,703	430,200	432,121
Books	236,800	243,958	209,745
Development and automation	210,670	233,277	315,952
Non - print materials	178,700	165,658	168,354
Insurance	46,300	41,037	37,673
Utilities and maintenance	24,000	18,563	23,987
COVID – 19 program	–	4,518	13,490
Postage	2,000	3,818	25,753
Legal services	5,000	–	4,010
	6,242,956	6,399,903	5,948,236
Annual deficit:	(95,028)	(4,958)	(138,209)
Accumulated surplus, beginning of year	2,727,257	2,727,257	2,865,466
Accumulated surplus, end of year	\$ 2,632,229	\$ 2,722,299	\$ 2,727,257

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Changes in Net Financial Assets
Year ended December 31, 2024, with comparative information for 2023

	Budget 2024		2024	2023
Annual deficit	\$	(95,028)	\$ (4,958)	\$ (138,209)
Acquisition of tangible capital assets		(498,575)	(452,479)	(509,698)
Amortization of tangible capital assets		438,703	430,200	432,121
Loss on disposal of tangible capital assets		–	2,501	1,616
Prepaid expenses		–	(28,351)	28,478
Change in net financial assets		(154,900)	(53,087)	(185,692)
Net financial assets, beginning of year		670,677	670,677	856,369
Net financial assets, end of year	\$	515,777	\$ 617,590	\$ 670,677

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (4,958)	\$ (138,209)
Items not involving cash:		
Amortization	430,200	432,121
Loss on disposal of tangible capital assets	2,501	1,616
Changes in non-cash operating working capital:		
Accounts receivable	5,042	(3,537)
Receivable from the County of Middlesex	115,268	(53,789)
Prepaid expenses	(28,351)	28,478
Accounts payable	26,313	88,720
Employee future benefits	21,900	30,600
	567,915	386,000
Investing activities:		
Acquisition of tangible capital assets	(452,479)	(509,698)
Financing activities:		
Deferred revenue	21,239	(11,506)
Increase (decrease) in cash	136,675	(135,204)
Cash, beginning of year	6,974	142,178
Cash, end of year	\$ 143,649	\$ 6,974

See accompanying notes to financial statements.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements

December 31, 2024, with comparative information for 2023

1. Significant accounting policies:

The financial statements of the Middlesex County Library Board (the "Board") are prepared by management in accordance with generally accepted accounting principles for organizations operating in the local government sector as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Government transfers:

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Employee future benefits:

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

(i) Post-employment benefits:

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

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

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

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(c) Employee future benefits (continued):

(ii) Pension benefits:

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

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

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of employee future benefits.

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

Actual results could differ from these estimates.

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets:

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

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

(f) Budget figures:

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

(g) Asset retirement obligations:

An asset retirement obligation is recognized when as at the financial reporting date, all of the following criteria are met:

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that the future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

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

(h) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2024, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) New public sector accounting standards (PSAS) conceptual framework

The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. It defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. The framework will be effective for fiscal years beginning on or after April 1, 2026 (the Board's December 31, 2026 year-end).

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

1. Significant accounting policies (continued):

(h) Future accounting pronouncements (continued):

(ii) Financial statement presentation

Section PS 1202 provides guidance on how information should be presented in the financial statements. It will replace the current section PS 1201 financial statement presentation. The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026 (the Board's December 31, 2026 year-end).

2. Change in accounting policies:

The Board adopted the following standards concurrently beginning January 1, 2024:

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. Based on an evaluation of the Board's revenue transactions, no revenue was adjusted in 2024.

(ii) Public sector guideline 8 purchased intangibles

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangibles purchased through an exchange transaction. In 2024, no purchased intangibles have been recognized on the Statement of Financial Position or Operations.

(iii) Public private partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. In 2024, the Board reviewed its capital projects and contracts and concluded that it did not enter into any agreements that meet the definition of public private partnership during the year.

3. Trust funds:

Trust funds and their related operations administered by the Board amounting to \$30,778 (2023 - \$30,778) are not consolidated but are reported separately on the trust fund statement of continuity. They have not been included in the Statements of Financial Position or Operations.

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

4. Accumulated surplus:

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

	2024	2023
Library Technology Replacement reserve fund	\$ 6,458	\$ 80,512
Murray Elliott reserve fund	73,832	72,243
Strathroy Library reserve fund	72,582	71,020
Friends of Strathroy Library reserve fund	36,106	35,328
	188,978	259,103
Surplus:		
Invested in tangible capital assets (note 7)	2,036,744	2,016,966
General revenue fund	41,285	52,932
Capital fund	670,715	601,162
Unfunded		
Future benefit cost liability	(198,500)	(176,600)
Vacation payable	(16,923)	(26,306)
Total surplus	2,533,321	2,468,154
Accumulated surplus	\$ 2,722,299	\$ 2,727,257

5. Employee future benefits:

(a) Pension plan:

During 2024, the Board contributed \$271,622 (2023 - \$243,421) to OMERS on behalf of its employees for current service. Contributions are included as an expenditure on the Statement of Operations.

(b) Health, dental and life insurance:

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

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

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

5. Employee future benefits (continued):

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

The benefit obligation continuity is as follows:

	2024	2023
Accrued benefit obligation, January 1	\$ 187,600	\$ 158,100
Current period benefit cost	26,900	30,700
Post-employment benefit interest expenditure	7,500	5,200
Benefits paid	(11,200)	(6,400)
Accrued benefit obligation, December 31	210,800	187,600
Unamortized actuarial loss	(12,300)	(11,000)
Liability for benefits	\$ 198,500	\$ 176,600

Post retirement and sick leave benefits expenses are as follows:

Current period benefit cost	\$ 26,900	\$ 30,700
Amortization of actuarial loss (gain)	(1,300)	1,100
Post-employment benefit interest expenditure	7,500	5,200
	\$ 33,100	\$ 37,000

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

	2024	2023
Discount rate	4.3%	4.3%
Rate of compensation increase	3.0%	3.0%
Dental & other Extended Health Care cost increases	4.0%	4.0%
Extended Health Care cost increases	7.09% for 2024 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached	7.26% for 2023 then reducing by 0.17% per year until 2044 when the ultimate rate of 3.83% is reached

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

6. Commitments:

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

2025	\$	377,688
2026		345,142
2027		352,045
2028		359,086
2029		230,883
Thereafter		1,253,178
	\$	2,918,022

7. Tangible capital assets:

				2024	2023
	Vehicle	Collections	Machine and equipment	Total	Total
Cost:					
Balance, beginning of year	\$ -	\$ 3,437,304	\$ 958,636	\$ 4,395,940	\$ 4,304,267
Additions during the year	66,365	204,395	181,719	452,479	509,698
Disposals during the year		(310,913)	(96,488)	(407,401)	(418,025)
Total	66,365	3,330,786	1,043,867	4,441,018	4,395,940
Accumulated amortization:					
Balance, beginning of year	-	1,648,421	730,553	2,378,974	2,363,262
Amortization during the year	4,148	322,186	103,866	430,200	432,121
Disposals during the year	-	(310,913)	(93,987)	(404,900)	(416,409)
Total	4,148	1,659,694	740,432	2,404,274	2,378,974
Net book value	\$ 62,217	\$ 1,671,092	\$ 303,435	\$ 2,036,744	\$ 2,016,966

8. Financial instruments:

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

MIDDLESEX COUNTY LIBRARY BOARD

Notes to Financial Statements (continued)

December 31, 2024, with comparative information for 2023

9. EarlyON Child and Family Centres funding:

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

During 2024, the Board received new funding of \$492,797 (2023 - \$377,605). At December 31, 2024, \$24,147 (2023 - \$12,070) was recorded as deferred revenue.