

**North Bay Public Library Board**  
**Financial Statements**  
For the year ended December 31, 2017

**North Bay Public Library Board**  
**Financial Statements**  
For the year ended December 31, 2017

---

	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>3</b>
Statement of Operations and Accumulated Surplus	<b>4</b>
Statement of Changes in Net Debt	<b>5</b>
Statement of Cash Flows	<b>6</b>
<b>Notes to Financial Statements</b>	<b>7 - 15</b>
Schedule 1 - Detailed Schedule of Expenses	<b>16</b>



Tel: 705-495-2000  
Fax: 705-495-2001  
Toll-Free: 800-461-6324  
www.bdo.ca

BDO Canada LLP  
101 McIntyre Street W, Suite 301  
North Bay ON P1B 2Y5 Canada

---

## Independent Auditor's Report

---

### To the Directors of North Bay Public Library Board

We have audited the accompanying financial statements of the North Bay Public Library Board, which comprise of the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

#### Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the North Bay Public Library Board as at December 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Professional Accountants, Licensed Public Accountants


North Bay, Ontario  
May 9, 2018

## North Bay Public Library Board Statement of Financial Position

December 31	2017	2016
<b>Financial assets</b>		
Cash	\$ 200	\$ 200
Accounts receivable (Note 2)	7,944	11,168
Due from the Corporation of the City of North Bay	279,679	263,579
	<b>287,823</b>	<b>274,947</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	110,313	130,529
Employee future benefits (Note 4)	277,664	275,917
Deferred revenue	13,326	3,344
	<b>401,303</b>	<b>409,790</b>
<b>Net debt</b>	<b>(113,480)</b>	<b>(134,843)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	2,229,557	2,262,940
Prepaid expenses	35,659	46,428
	<b>2,265,216</b>	<b>2,309,368</b>
<b>Accumulated surplus (Note 7)</b>	<b>\$ 2,151,736</b>	<b>\$ 2,174,525</b>

On behalf of the Board:

  
 \_\_\_\_\_, Director

  
 \_\_\_\_\_, Director

## North Bay Public Library Board Statement of Operations and Accumulated Surplus

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
	(Note 6)		
<b>Revenues</b>			
City of North Bay levy	\$ 2,253,662	\$ 2,253,662	\$ 2,198,657
City of North Bay capital contributions	-	132,627	118,108
Provincial operating grants	107,911	108,451	108,727
Fees, service charges and donations	12,550	16,415	12,958
Facility rentals and other	31,800	35,064	38,713
Fines	48,000	38,113	44,485
Interest	-	1,217	1,050
	2,453,923	2,585,549	2,522,698
<b>Expenses (Schedule 1)</b>			
Salaries and employee benefits	1,914,138	1,972,912	1,947,117
Library building	105,170	172,663	142,488
Administration	120,130	102,559	85,014
Purchased services	66,985	64,461	63,501
Operating	68,000	46,822	33,143
Minor capital purchases	15,000	5,250	6,553
Other	2,500	1,816	2,727
Loss on disposal of capital assets	-	562	-
Amortization	162,000	241,293	233,315
	2,453,923	2,608,338	2,513,858
<b>Annual (deficit) surplus</b>	-	(22,789)	8,840
<b>Accumulated surplus, beginning of the year</b>	2,174,525	2,174,525	2,165,685
<b>Accumulated surplus, end of the year</b>	\$ 2,174,525	\$ 2,151,736	\$ 2,174,525

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

## North Bay Public Library Board Statement of Changes in Net Debt

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
	(Note 6)		
Annual (deficit) surplus	\$ -	\$ (22,789)	\$ 8,840
Acquisition of tangible capital assets	-	(208,472)	(230,246)
Amortization of tangible capital assets	-	241,293	233,315
Loss on sale of tangible capital assets	-	562	-
	-	10,594	11,909
Acquisition of prepaid expenses	-	(35,659)	(46,428)
Use of prepaid expenses	-	46,428	52,748
	-	10,769	6,320
<b>Change in net debt</b>	-	21,363	18,229
<b>Net debt, beginning of year</b>	(134,843)	(134,843)	(153,072)
<b>Net debt, end of year</b>	\$ (134,843)	\$ (113,480)	\$ (134,843)

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

## North Bay Public Library Board Statement of Cash Flows

For the year ended December 31	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating transactions</b>		
Annual (deficit) surplus	\$ (22,789)	\$ 8,840
Items not involving cash		
Amortization of tangible capital assets	241,293	233,315
Loss on disposal of capital assets	562	-
	219,066	242,155
Changes in non-cash working capital balances		
Accounts receivable	3,224	104,988
Due from the Corporation of the City of North Bay	(16,100)	(171,137)
Prepaid expenses	10,769	6,320
Accounts payable and accrued liabilities	(20,216)	32,496
Employee future benefits	1,747	30,460
Deferred revenue	9,982	(15,036)
	208,472	230,246
<b>Capital transactions</b>		
Acquisition of tangible capital assets	208,472	230,246
	-	-
<b>Change in cash and cash equivalents during the year</b>	-	-
<b>Cash and cash equivalents, beginning of year</b>	200	200
<b>Cash and cash equivalents, end of year</b>	\$ 200	\$ 200

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

---

# North Bay Public Library Board Notes to Financial Statements

December 31, 2017

---

## 1. Summary of Significant Accounting Policies

### Nature and Purpose of the Organization

The North Bay Public Library Board (Library) is a Board of the Corporation of the City of North Bay which is incorporated under the Ontario Public Library Act. The Board makes available a wide variety of reading, electronic and audio-visual materials to the citizens of North Bay and its surrounding area.

### Management Responsibility

The financial statements of the Library are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

### Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenses are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Building	100 years
Building betterments	remaining service life of building
Equipment	4 to 15 years
Books, CDs, Videos	2 to 10 years

### Deferred Revenue

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



---

# North Bay Public Library Board Notes to Financial Statements

December 31, 2017

---

## 1. Summary of Significant Accounting Policies (continued)

### Revenue Recognition

Revenues are recognized as follows:

- a. Municipal contributions are recognized in the period to which the related expenses are incurred.
- b. Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
- c. Fine and user fee revenue is recognized in the period in which it is collected.
- d. Interest and other income is recognized in the period in which it is earned.

### Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

---

# North Bay Public Library Board Notes to Financial Statements

December 31, 2017

---

## 1. Summary of Significant Accounting Policies (continued)

**Post-Employment Benefits** The Library sponsors a defined benefit supplementary health plan for certain employees and retirees funded on a pay-as-you-go basis and a defined benefit pension plan. The Library has adopted the following policies:

- (i) The cost of the accrued benefit obligation for the post-employment supplementary health plan is actuarially determined using the projected benefit method prorated on service and management's estimate of retirement age and health costs.
- (ii) Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are amortized over the average remaining service period of active employees.
- (iii) The Library is an employer member of the Ontario Municipal Employees Retirement Fund ("the Plan") which is a multi-employer, defined benefit pension plan. The Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

---

**North Bay Public Library Board  
Notes to Financial Statements**

**December 31, 2017**

---

**2. Accounts Receivable**

	<u>2017</u>	<u>2016</u>
Government of Canada	\$ 3,039	\$ 6,368
Other	<u>4,905</u>	<u>4,800</u>
	<u>\$ 7,944</u>	<u>\$ 11,168</u>

**North Bay Public Library Board  
Notes to Financial Statements**

**December 31, 2017**

**3. Tangible Capital Assets**

	2017					
	Land	Building	Equipment	Books, CD's Videos	Construction in Progress	Total
Cost, beginning of year	\$ 62,776	\$ 1,973,167	\$ 594,967	\$ 4,248,766	\$ 11,031	\$ 6,890,707
Additions	-	-	69,441	137,853	1,179	208,473
Disposals	-	-	-	(587,642)	-	(587,642)
Cost, end of year	62,776	1,973,167	664,408	3,798,977	12,210	6,511,538
Accumulated amortization, beginning of year	-	422,989	473,933	3,730,845	-	4,627,767
Amortization	-	31,636	65,691	143,966	-	241,293
Disposals	-	-	-	(587,079)	-	(587,079)
Accumulated amortization, end of year	-	454,625	539,624	3,287,732	-	4,281,981
Net carrying amount, end of year	\$ 62,776	\$ 1,518,542	\$ 124,784	\$ 511,245	\$ 12,210	\$ 2,229,557
	2016					
	Land	Building	Equipment	Books, CD's Videos	Construction in Progress	Total
Cost, beginning of year	\$ 62,776	\$ 1,966,547	\$ 528,729	\$ 4,227,338	\$ -	\$ 6,785,390
Additions	-	6,620	66,238	146,357	11,031	230,246
Disposals	-	-	-	(124,929)	-	(124,929)
Cost, end of year	62,776	1,973,167	594,967	4,248,766	11,031	6,890,707
Accumulated amortization, beginning of year	-	391,353	421,254	3,706,774	-	4,519,381
Amortization	-	31,636	52,679	149,000	-	233,315
Disposals	-	-	-	(124,929)	-	(124,929)
Accumulated amortization, end of year	-	422,989	473,933	3,730,845	-	4,627,767
Net carrying amount, end of year	\$ 62,776	\$ 1,550,178	\$ 121,034	\$ 517,921	\$ 11,031	\$ 2,262,940

## North Bay Public Library Board Notes to Financial Statements

December 31, 2017

#### 4. Post-Employment Benefits

Post-employment benefits are comprised of the following balances:

	2017	2016
Sick leave plan (accrued benefit obligation - \$96,600)	\$ 44,000	\$ 52,100
Supplementary health benefits (accrued benefit obligation (\$90,100))	90,100	90,900
Vacation and other	143,564	132,917
	\$ 277,664	\$ 275,917

Prior to August 31, 1987 the Board provided its employees with a sick leave plan whereby employees could accumulate sick leave credits and be entitled to a cash payment when they left the Board's employment. With the introduction of a long-term disability plan on August 31, 1987 this sick leave plan was discontinued and as such no sick leave credits have accumulated since. The outstanding accrued liability is to cover sick leave credits accumulated prior to August 31, 1987.

In addition, the library has a defined supplementary health benefit plan that provides medical, dental and life insurance to certain eligible Library employees who retire from current employment. The supplementary health benefit liability estimates the expense of each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement up to the age of 65.

The Library measures its accrued benefit obligations for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the plan for funding purposes was December 31, 2015 and the next valuation date will be as at January 1, 2019. Information about the Library's defined supplementary health benefit and sick leave plan is as follows:

	2017	2016
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 52,100	\$ 48,700
Amortization of unamortized actuarial gains/losses and other	7,400	7,400
Service cost for the year	19,000	18,400
Interest expense for the year	3,500	3,800
Benefits paid during the year	(38,000)	(26,200)
Accrued benefit liability and projected obligation, end of year	\$ 44,000	\$ 52,100

---

## North Bay Public Library Board Notes to Financial Statements

**December 31, 2017**

---

#### 4. Post-Employment Benefits (continued)

	2017	2016
Supplementary health benefits:		
Accrued benefit, beginning of year	\$ 90,900	\$ 88,900
Amortization of unamortized actuarial gains/losses and other	7,000	7,000
Service cost for the year	3,500	3,400
Interest expense for the year	3,200	3,400
Benefit paid during the year	(14,500)	(11,800)
Accrued benefit liability and projected obligation, end of year	\$ 90,100	\$ 90,900

The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate for supplemental health benefits was assumed at 3.40% per annum for Accrued Benefit Obligation ("ABO") (2016 - 3.40%) and 3.40% per annum for the 2017 expense (2016 - 3.40%).
- ii) The discount rate for sick leave benefits was assumed at 3.10% per annum for Accrued Benefit Obligation ("ABO") (2016 - 3.10%) and 3.10% per annum for the 2017 expense (2016 - 3.10%).
- iii) Future general salary and wage levels were assumed to increase 3% per annum.
- iv) Health costs were assumed at 6.35% per annum for 2017, reducing by 0.13% annually to 4.0% in 2036
- v) Dental costs were assumed to increase at 4% per annum.
- vi) The expected average remaining service life is 14 years for the supplemental health benefits and 11 years for the sick leave benefits.

---

#### 5. Related Party Transactions / Economic Dependence

The expenditures noted in Schedule 1 for Purchased Services are paid to the Corporation of the City of North Bay. These expenditures are measured at exchange amounts and consist of financial services, human resources, legal, information technology, telephone and internet.

Substantially all of the Board's revenue is received from the City of North Bay. The continuation of the Board is dependent on this funding.

---

## North Bay Public Library Board Notes to Financial Statements

December 31, 2017

---

### 6. Budget

The budgeted figures presented for comparative purposes are those approved by the Board of Directors. They have been reclassified to conform with these statements.

The Board completes a separate budget review for its Operating and Capital budgets each year. The approved budget for 2017 is reflected on the statement of operations and detailed schedule of expenses.

---

### 7. Accumulated Surplus

The Library's accumulated surplus balance at year end consists of the following:

	<u>2017</u>	<u>2016</u>
Invested in tangible capital assets	\$ 2,229,557	\$ 2,262,940
Reserve funds	199,843	187,502
Amounts to be funded from future revenues (Note 4)	<u>(277,664)</u>	<u>(275,917)</u>
	<u>\$ 2,151,736</u>	<u>\$ 2,174,525</u>

---

### 8. Segment Reporting

The Chartered Professional Accountants of Canada Handbook Section PS2700 - Segment Disclosures established standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Library has only one identifiable segment, considered to be public access to information related services as presented in these financial statements.

---

## North Bay Public Library Board Notes to Financial Statements

December 31, 2017

---

### 9. Pension Agreements

The Library makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time and qualifying part-time members 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. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration benefits. OMERS provides pension services to more than 482,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2017. The results of this valuation disclosed total actuarial liabilities of \$94,431 million in respect of benefits accrued for service with actuarial assets at that date of \$89,028 million indicating an actuarial deficit of \$5,403 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library to OMERS for 2017 were \$117,750 (2016 - \$114,789).



## North Bay Public Library Board Schedule 1 - Detailed Schedule of Expenses

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
<b>Salaries and benefits</b>			
Salaries	\$ 1,532,512	\$ 1,584,847	\$ 1,535,044
Overtime	17,848	16,587	16,846
Benefits	363,778	371,478	395,227
	<u>1,914,138</u>	<u>1,972,912</u>	<u>1,947,117</u>
<b>Operating</b>			
Book repairs and processing	20,000	22,986	15,761
Electronic materials	48,000	23,836	17,382
	<u>68,000</u>	<u>46,822</u>	<u>33,143</u>
<b>Library building</b>			
Building maintenance costs	22,400	92,814	62,151
Utility costs	68,270	69,145	66,146
Insurance costs	14,500	10,704	14,191
	<u>105,170</u>	<u>172,663</u>	<u>142,488</u>
<b>Administration</b>			
Office supplies	10,500	10,895	7,737
Telephone and communications	10,900	4,479	4,535
Postage/courier	6,000	4,472	5,031
Membership fees	1,500	1,236	1,222
Promotion costs	4,500	2,951	4,047
Professional development	4,900	5,658	6,113
Audit/Treasurer fees	6,250	4,544	4,345
Collection agency fees	1,000	404	1,000
Photocopy costs	9,600	11,282	11,045
System maintenance contract	37,000	26,114	31,723
Other contracts and miscellaneous costs	21,980	22,781	2,351
Employee parking	6,000	7,743	5,865
	<u>120,130</u>	<u>102,559</u>	<u>85,014</u>
<b>Purchased services</b>			
Purchased services	66,985	64,461	63,501
<b>Minor capital purchases and other</b>			
Furniture and equipment	15,000	5,250	6,553
One-time costs	2,500	1,816	2,727
Amortization of tangible capital assets	162,000	241,293	233,315
Loss on disposal of capital assets	-	562	-
	<u>179,500</u>	<u>248,921</u>	<u>242,595</u>
	<u>\$ 2,453,923</u>	<u>\$ 2,608,338</u>	<u>\$ 2,513,858</u>