

**North Bay Public Library Board**  
**Financial Statements**  
**For the year ended December 31, 2008**

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Financial Statements  
For the year ended December 31, 2008**

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## Auditors' Report

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

We have audited the statement of financial position of the North Bay Public Library Board as at December 31, 2008 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not for profit organizations the Library receives revenue from the collection of fines, fees, service charges and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, net revenues (expenditures) and net assets.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
April 2, 2009

## North Bay Public Library Board Statement of Financial Position

December 31	2008	2007
<b>Financial Assets</b>		
Cash	\$ 200	\$ 200
Receivable from City of North Bay	174,102	241,105
Accounts receivable	4,187	4,700
<b>Total Financial Assets</b>	<b>178,489</b>	246,005
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	109,180	150,243
Deferred revenue	37,262	46,843
Post-employment benefits (Note 1)	203,983	262,375
<b>Total Financial Liabilities</b>	<b>350,425</b>	459,461
<b>Net Financial Liabilities</b>	<b>(171,936)</b>	(213,456)
<b>Non-Financial Assets</b>		
Prepaid expenses	51,898	34,534
<b>Net Liabilities</b>	<b>\$ (120,038)</b>	\$ (178,922)
<b>Financial Position</b>		
Operating Fund (Schedule 1)	\$ 3,751	\$ 1,821
Capital Reserve Fund (Schedule 2)	11,937	15,826
Internally Restricted Reserve Fund (Schedule 2)	68,257	65,806
<b>Total Fund Balances</b>	<b>83,945</b>	83,453
Amounts to be recovered (Note 1)	(203,983)	(262,375)
<b>Net Financial Position</b>	<b>\$ (120,038)</b>	\$ (178,922)

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## North Bay Public Library Board Statement of Financial Activities

For the year ended December 31

	2008 Budget	2008 Actual	2007 Actual
<b>Revenues</b>			
City of North Bay tax levy	\$ 1,699,730	\$ 1,844,044	\$ 1,579,156
Province of Ontario grant - operating	101,764	101,764	101,764
Province of Ontario grant - other	6,147	9,227	7,382
Fines	62,000	59,381	61,719
Fees, service charges and donations	15,600	14,285	15,125
Facility rentals and other	23,049	34,172	32,064
Interest	3,300	2,451	3,253
<b>Total Revenues</b>	<b>1,911,590</b>	<b>2,065,324</b>	<b>1,800,463</b>
<b>Expenditures (Schedules 2 and 3)</b>			
Personnel (Note 2)	1,455,485	1,567,134	1,385,817
Operating	222,470	190,518	189,885
Administration	70,310	86,643	71,153
Library building	95,064	85,543	92,505
Purchased services	55,118	55,118	53,510
Other	500	2,008	1,523
Capital purchases	16,000	19,476	23,930
<b>Total Expenditures</b>	<b>1,914,947</b>	<b>2,006,440</b>	<b>1,818,323</b>
<b>Net revenues (expenditures) for the year</b>	<b>(3,357)</b>	<b>58,884</b>	<b>(17,860)</b>
<b>Financing Transactions</b>			
Change in post-employment benefits (Note 1)	-	(58,392)	13,516
<b>Net change in fund balances</b>	<b>-</b>	<b>492</b>	<b>(4,344)</b>
<b>Fund balance beginning of year</b>	<b>-</b>	<b>83,453</b>	<b>87,797</b>
<b>Fund balance end of year</b>	<b>\$ -</b>	<b>\$ 83,945</b>	<b>\$ 83,453</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## North Bay Public Library Board Summary of Significant Accounting Policies

December 31, 2008

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<b>Nature of Business</b>	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 Municipal 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.
<b>Basis of Accounting</b>	The financial statements of the Library are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Standards Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:
<b>a) Fund Accounting</b>	Funds within the financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.
<b>b) Capital Assets</b>	Expenditures made on capital assets are reported as capital expenditures on the statement of financial activities in the period incurred. Books purchased for the Library during the year are expensed in the year of purchase instead of amortizing over its useful life.
<b>c) Reserve Funds</b>	Certain amounts are set aside in reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.
<b>Revenue Recognition</b>	Revenue is recognized when it is earned with the exception of late fines which are recognized in the period they are received due to the uncertainty of collection.
<b>Deferred Revenue</b>	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.

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## North Bay Public Library Board Summary of Significant Accounting Policies

December 31, 2008

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### Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the estimates.

### New Accounting Pronouncements

#### Local Government Reporting Model

For the year ending December 31, 2009 the Board will be required to comply with Sections 100, 1100 and 1200 of the Public Sector Accounting Handbook. As a result, local governments will be required to:

- Prepare a statement of financial position which presents both net debt/net financial assets and accumulated surplus/deficit calculated on a full accrual basis of accounting. When reporting the accumulated surplus/deficit, it will be presented as a single line item.
- Prepare a statement of changes in net debt which highlights the effects of capital spending on net debt.
- Prepare a statement of cash flows which provides for a new capital category and allows either the direct of indirect method to be used.
- Present current year budget figures on the statement of operations and the statement of changes in net dent on a basis consistent with that used for actual results
- Funds and reserves are not permitted to be presented on the face of the financial statements. If the government chooses, they may be disclosed in the notes or schedules to the financial statements.

# North Bay Public Library Board Notes to Financial Statements

**December 31, 2008**

## 1. Post-Employment Benefits

Post-employment benefits are comprised of the following balances:

	2008	2007
a) Sick leave plan	\$ 64,000	\$ 56,548
b) Vacation credits	110,982	111,122
c) Supplementary health benefits	29,000	94,705
	\$ 203,982	\$ 262,375

- a) 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.
- b) Commencing January 1, 2004 the Board began to measure the liability for vacation entitlement on an accrual basis.
- c) Commencing January 1, 2004 the Board began to measure the liability for the employee supplementary health benefits plan on an accrual basis. This plan provides extended health plan coverage to age 65 for all qualifying retirees.

The liability for the employee supplementary health benefits plan noted above was determined by an actuarial valuation performed in early 2009 and includes the following assumptions.

- i) Expected average remaining service life - 12-14 years
- ii) Interest/Discount rate - 4.50%
- iii) Medical costs - escalate at 8% to 2010 and grading down over the next 9 years to 4.5%

Details of the post-employment benefit liability are as follows:

	2008	2007
<b>Balance</b> , beginning of year	\$ 262,375	\$ 248,859
Expenses (net of payments)	(58,392)	13,516
<b>Balance</b> , end of year	\$ 203,983	\$ 262,375



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## North Bay Public Library Board Notes to Financial Statements

December 31, 2008

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### 2. Pension Agreements

The Corporation of the City of North Bay makes contributions on behalf of the Board to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan which covers substantially all of the Library's employees. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on 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 of the benefits. OMERS provides pension services to more than 380,000 active and retired members and approximately 910 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, 2008. The results of this valuation disclosed total actuarial liabilities of \$50,080 million in respect of benefits accrued for service with actuarial assets at that date of \$49,801 million indicating an actuarial deficit of \$279 million. Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2008 was \$65,425 (2007 - \$64,628) for current service.

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### 3. Statement of Changes in Financial Position

A statement of changes in financial position has not been included in these financial statements as management is of the opinion that its inclusion would not provide any additional meaningful information.

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### 4. Related Party Transactions

The expenditures noted in Schedule 3 for purchased services are paid to the Corporation of the City of North Bay. These expenditures are measured at exchange amounts.

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## North Bay Public Library Board Notes to Financial Statements

December 31, 2008

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### 5. Tangible Capital Assets

For the year ended December 31, 2009, the Board will be required to comply with Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all of the relevant information can be provided for the complete stock of tangible capital assets of that category.

As of the date of financial statement preparation, the Board has not gathered the necessary information to be in a position to disclose any of its major classes of tangible capital assets. The Board's tangible capital assets would consist of land, building, books, periodicals, furniture and fixtures, and computer equipment.

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### 6. Budget Figures

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

The Board completes separate budget reviews for its Operating and Capital Budgets each year. The approved budget for 2008 is reflected on the Statement of Financial Activities and schedules of operating and reserve funds.

Budgets established for the Capital Fund are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years and may not be comparable with the current year's actual amounts. Funding for these capital projects is determined annually and made by transfers from reserve funds and by the application of applicable grants or other funds.

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### 7. Tangible Capital Assets

The major categories of tangible capital assets identified by the Board are: audio visual equipment, furniture and equipment, computer equipment, computer software and library books and collections. As at December 31, 2008 there is no cost or amortization information available for any of the identified categories.

## North Bay Public Library Board Schedule 1 - Operating Fund

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
<b>Revenues</b>			
City of North Bay tax levy	\$ 1,699,730	\$ 1,844,044	\$ 1,579,156
Province of Ontario grants - operating	101,764	101,764	101,764
Province of Ontario grants - other	6,147	9,227	7,382
Fines	62,000	59,381	61,719
Fees, service charges and donations	15,600	14,285	15,125
Facility rentals and other	23,049	34,172	32,064
<b>Total Revenues</b>	<b>1,908,290</b>	<b>2,062,873</b>	<b>1,797,210</b>
<b>Expenditures (Schedule 3)</b>			
Personnel (Note 2)	1,455,485	1,567,134	1,385,817
Operating	222,470	190,518	189,885
Library building	95,064	85,543	92,505
Administration	70,310	86,643	71,153
Purchased services	55,118	55,118	53,510
Capital purchases	4,500	4,087	13,940
Other	500	2,008	1,523
<b>Total Expenditures</b>	<b>1,903,447</b>	<b>1,991,051</b>	<b>1,808,333</b>
<b>Net Revenues (Expenditures)</b>	<b>4,843</b>	<b>71,822</b>	<b>(11,123)</b>
<b>Net transfers (to)/from other funds</b>			
Transfer (to)/from Reserve Funds	(8,200)	(11,500)	(8,247)
<b>Change in post-employment benefits (Note 1)</b>	<b>-</b>	<b>(58,392)</b>	<b>13,516</b>
<b>Change in Operating Fund balance</b>	<b>(3,357)</b>	<b>1,930</b>	<b>(5,854)</b>
<b>Opening balance - Operating Fund</b>	<b>-</b>	<b>1,821</b>	<b>7,675</b>
<b>Closing balance - Operating Fund</b>	<b>\$ (3,357)</b>	<b>\$ 3,751</b>	<b>\$ 1,821</b>

**North Bay Public Library Board  
Schedule 2 - Reserve Funds**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
<b>Capital Reserve Fund</b>			
<b>Revenues</b>	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Capital purchases	11,500	15,389	9,990
<b>Net Revenues (Expenditures)</b>	(11,500)	(15,389)	(9,990)
<b>Net transfers (to)/from other funds</b>			
Transfer (to)/from Operating Fund	11,500	11,500	11,500
<b>Change in Reserve Fund balance</b>	-	(3,889)	1,510
<b>Opening balance - Reserve Fund</b>	-	15,826	14,316
<b>Closing balance - Reserve Fund</b>	\$ -	\$ 11,937	\$ 15,826

**Internally Restricted Reserve Fund**

<b>Revenues</b>			
Interest	\$ 3,300	\$ 2,451	\$ 3,253
<b>Expenditures</b>	-	-	-
<b>Net Revenues (Expenditures)</b>	3,300	2,451	3,253
<b>Net transfers (to)/from other funds</b>			
Transfer (to)/from Operating Fund	(3,300)	-	(3,253)
<b>Opening balance - Reserve Fund</b>	-	65,806	65,806
<b>Closing balance - Reserve Fund</b>	\$ -	\$ 68,257	\$ 65,806

## North Bay Public Library Board Schedule 3 - Detailed Operating Fund Expenditures

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
<b>Personnel</b>			
Salaries	\$ 1,149,508	\$ 1,293,293	\$ 1,092,471
Overtime	23,000	34,296	32,121
Benefits (Note 2)	277,977	234,545	256,225
Vested sick leave payouts	5,000	5,000	5,000
<b>Total Personnel Expenditures</b>	<b>1,455,485</b>	<b>1,567,134</b>	<b>1,385,817</b>
<b>Operating</b>			
Books	\$ 136,470	\$ 106,333	\$ 104,866
Magazines and periodicals	15,000	13,396	14,165
A/V materials	28,000	24,616	27,348
Book repairs and processing	20,000	19,537	20,614
Electronic materials	23,000	26,636	22,892
<b>Total Operating Expenditures</b>	<b>222,470</b>	<b>190,518</b>	<b>189,885</b>
<b>Library Building</b>			
Building maintenance costs	\$ 19,000	\$ 18,346	\$ 16,139
Utility costs	66,464	57,663	66,044
Insurance costs	9,600	9,534	10,322
<b>Total Library Building Expenditures</b>	<b>95,064</b>	<b>85,543</b>	<b>92,505</b>
<b>Administration</b>			
Office supplies	\$ 12,000	\$ 12,392	\$ 12,862
Telephone	6,200	6,259	5,869
Office equipment maintenance	1,500	1,296	1,296
Postage/courier	6,500	6,013	6,875
Membership fees	1,600	1,286	1,592
Promotion costs	3,500	4,112	4,439
Professional development	5,000	5,633	4,990
Audit/Treasurer Fees	4,900	4,890	4,708
Collection agency fees	500	725	542
Photocopy costs	7,800	7,796	7,420
Systems maintenance contract	18,810	18,528	18,810
Miscellaneous costs	2,000	17,713	1,750
<b>Total Administration Expenditures</b>	<b>70,310</b>	<b>86,643</b>	<b>71,153</b>

**North Bay Public Library Board**  
**Schedule 3 - Detailed Operating Fund Expenditures (continued)**

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
<b>Purchased Services</b> (Note 4)			
Financial services	\$ 9,276	\$ 9,276	\$ 9,005
Human resource services	1,126	1,126	1,093
Legal services	564	564	547
Internet services	5,629	5,629	5,465
IT services	31,543	31,543	30,624
Telephone services	6,980	6,980	6,776
<b>Total Purchased Services Expenditures</b>	<b>55,118</b>	<b>55,118</b>	<b>53,510</b>
<b>Other</b>			
Furniture and equipment	\$ 4,500	\$ 4,087	\$ 13,940
Programming	500	2,008	1,523
<b>Total Other Expenditures</b>	<b>5,000</b>	<b>6,095</b>	<b>15,463</b>
	<b>\$ 1,903,447</b>	<b>\$ 1,991,051</b>	<b>\$ 1,808,333</b>