

**North Bay Public Library Board**  
**Financial Statements**  
For the year ended December 31, 2009

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For the year ended December 31, 2009

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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, 2009 and the statements of operations and changes in net debt 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 Board 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 (expenses) assets 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, 2009 and the results of its operations and changes in net debt for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

North Bay, Ontario  
April 21, 2010

## North Bay Public Library Board Statement of Financial Position

December 31	2009	2008 Restated (see Note 1)
<b>Financial Assets</b>		
Cash	\$ 200	\$ 200
Receivable from City of North Bay	209,667	174,102
Accounts receivable	20,846	4,187
	230,713	178,489
<b>Liabilities</b>		
Accounts payable and accrued liabilities	142,893	109,180
Deferred revenue	8,871	37,262
Post-employment benefits (Note 2)	225,058	203,983
	376,822	350,425
<b>Net debt</b>	(146,109)	(171,936)
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 3)	1,470,589	1,392,754
Prepaid expenses	25,119	51,898
	1,495,708	1,444,652
<b>Accumulated surplus (Note 4)</b>	\$ 1,349,599	\$ 1,272,716

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

## North Bay Public Library Board Statement of Operations

For the year ended December 31

	2009 Budget	2009 Actual	2008 Actual Restated (see Note 1)
<b>Revenues</b>			
City of North Bay tax levy	\$ 1,791,043	\$ 1,791,043	\$ 1,844,044
City of North Bay capital contribution	150,000	109,420	268,828
Province of Ontario grant - operating	101,764	101,764	101,764
Fines	62,000	62,741	59,381
Facility rentals and other	27,404	53,585	34,172
Fees, service charges and donations	15,100	14,043	14,285
Province of Ontario grant - other	6,147	6,012	9,227
Interest	2,500	793	2,451
	2,155,958	2,139,401	2,334,152
<b>Expenses (Schedule 1)</b>			
Personnel (Note 5)	1,534,390	1,555,780	1,567,134
Administration	81,280	110,687	86,643
Library building	94,544	76,574	85,543
Purchased services	56,774	56,774	55,118
Operating	48,000	51,516	46,368
Capital purchases	16,000	7,740	16,529
Other	500	1,586	2,008
Amortization	-	201,861	181,643
	1,831,488	2,062,518	2,040,986
<b>Annual surplus</b>	324,470	76,883	293,166
<b>Accumulated surplus,</b> beginning of year, as previously stated	-	1,272,716	(178,922)
Prior period adjustment (Note 1)	-	-	1,158,472
<b>Accumulated surplus, beginning of year restated</b>	-	1,272,716	979,550
<b>Accumulated surplus, end of year</b>	\$ -	\$ 1,349,599	\$ 1,272,716

The accompanying summary of significant accounting policies and 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	2009 Budget	2009	2008 Restated (see Note 1)
Annual surplus	\$ 324,470	\$ 76,883	\$ 293,166
Acquisition of tangible capital assets	(324,470)	(279,696)	(415,925)
Amortization of tangible capital assets	-	201,861	181,643
	-	(952)	58,884
Acquisition of prepaid expenses	-	(25,119)	(51,898)
Use of prepaid expenses	-	51,898	34,534
	-	26,779	(17,364)
Change in net financial assets	-	25,827	41,520
Net debt, beginning of year	(171,936)	(171,936)	(213,456)
Net debt, end of year	\$ (171,936)	\$ (146,109)	\$ (171,936)

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, 2009

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**Nature of Business**

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.

**Basis of Accounting**

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:

**a) Fund Accounting**

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) 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

**c) Reserve Funds**

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.

**d) Revenue Recognition**

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.

**e) 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.

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

December 31, 2009

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f) Retirement Benefits

The Library's contributions due during the period to its multi employer defined benefit plan are expensed as incurred.

g) Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates.

In particular, amounts recorded for amortization of tangible capital assets are based on estimates of useful service life. Post-employment benefits are reported based on amounts expected to be incurred and reflect assumptions based on management's best information and judgment at the time of valuation.



# North Bay Public Library Board Notes to Financial Statements

December 31, 2009

## 1. Change in Accounting Policy

On January 1, 2009, the Board adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and supplies inventories as assets in the financial statements. In addition, revenue from contributed assets, and amortization on tangible capital assets was recorded in the statement of operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital asset standard was as follows:

	2008
<u>Statement of Financial Position</u>	
Non-Financial Assets	
Increase in tangible capital assets - December 31, 2008	\$ 1,392,754
<b>Increase in accumulated surplus - December 31, 2008</b>	<b>\$ 1,392,754</b>
<u>Statement of Operations</u>	
Increase in revenues	
City of North Bay capital contribution	\$ 268,828
Increase (decrease) in expenses	
Operating	(144,150)
Amortization	181,643
Capital purchases	(2,947)
Total increase in expenses	\$ 34,546
Increase in annual surplus	\$ 234,282
Increase in opening accumulated surplus - January 1, 2008	\$ 1,158,472

## North Bay Public Library Board Notes to Financial Statements

December 31, 2009

### 2. Post-Employment Benefits

Post-employment benefits are comprised of the following balances:

	2009	2008
a) Sick leave plan	\$ 68,000	\$ 64,000
b) Vacation credits	116,058	110,983
c) Supplementary health benefits	41,000	29,000
	\$ 225,058	\$ 203,983

- 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 2010 and includes the following assumptions.

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

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

	2009	2008
Balance, beginning of year	\$ 203,983	\$ 262,375
Expenses (net of payments)	21,075	(58,392)
Balance, end of year	\$ 225,058	\$ 203,983

## North Bay Public Library Board Notes to Financial Statements

December 31, 2009

### 3. Tangible Capital Assets

	2009				
	Land	Building	Equipment	Books, CD's Videos	Total
Cost, beginning of year	\$ 62,776	\$ 945,952	\$ 172,992	\$ 4,308,203	\$ 5,489,923
Additions	-	68,574	47,017	164,105	279,696
Disposals	-	-	-	(79,242)	(79,242)
Cost, end of year	62,776	1,014,526	220,009	4,393,066	5,690,377
Accumulated amortization, beginning of year	-	239,453	122,035	3,735,681	4,097,169
Amortization	-	13,598	23,404	164,859	201,861
Disposals	-	-	-	(79,242)	(79,242)
Accumulated amortization, end of year	-	253,051	145,439	3,821,298	4,219,788
Net carrying amount, end of year	\$ 62,776	\$ 761,475	\$ 74,570	\$ 571,768	\$ 1,470,589
	2008				
	Land	Building	Equipment	Books, CD's, Videos	Total
Cost, beginning of year	\$ 62,776	\$ 690,368	\$ 156,801	\$ 4,248,739	\$ 5,158,684
Additions	-	255,584	16,191	144,150	415,925
Disposals	-	-	-	(84,686)	(84,686)
Cost, end of year	62,776	945,952	172,992	4,308,203	5,489,923
Accumulated amortization, beginning of year	-	227,058	110,278	3,662,876	4,000,212
Amortization	-	12,395	11,757	157,491	181,643
Disposals	-	-	-	(84,686)	(84,686)
Accumulated amortization, end of year	-	239,453	122,035	3,735,681	4,097,169
Net carrying amount, end of year	\$ 62,776	\$ 706,499	\$ 50,957	\$ 572,522	\$ 1,392,754

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## North Bay Public Library Board Notes to Financial Statements

December 31, 2009

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#### 4. Accumulated Surplus

	2009	2008
Invested in tangible capital assets	\$ 1,470,589	\$ 1,392,754
Internally restricted reserve fund	69,051	68,257
Capital reserve fund	14,125	11,937
Current fund	20,892	3,751
Amounts to be funded from future revenues (Note 2)	(225,058)	(203,983)
Accumulated surplus, end of year	\$ 1,349,599	\$ 1,272,716

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#### 5. 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 390,000 active and retired members and approximately 921 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, 2009. The results of this valuation disclosed total actuarial liabilities of \$54,253 million in respect of benefits accrued for service with actuarial assets at that date of \$52,734 million indicating an actuarial deficit of \$1,519 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 2009 was \$71,665 (2008 - \$65,425) for current service.

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#### 6. Statement of Cash Flows

A statement of cash flows 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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## North Bay Public Library Board Notes to Financial Statements

December 31, 2009

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### 7. 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.

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.

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### 8. 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 2009 is reflected on the statement of operations and schedule of operating fund expenses.

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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### 9. Segmented Reporting

The Canadian Institute of Chartered Accountants Public Sector Accounting Handbook Section PS 2700, Segment Disclosures establishes 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 Board has only one identifiable segment, considered to be public access to information and related services as presented in these financial statements.

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

For the year ended December 31	2009 Budget	2009 Actual	2008 Actual
<b>Personnel</b>			
Salaries	\$ 1,223,587	\$ 1,200,568	\$ 1,293,293
Overtime	25,000	41,584	34,296
Benefits (Note 5)	280,803	308,628	234,545
Vested sick leave payouts	5,000	5,000	5,000
<b>Total Personnel Expenses</b>	<b>1,534,390</b>	<b>1,555,780</b>	<b>1,567,134</b>
<b>Operating</b>			
Book repairs and processing	\$ 20,000	\$ 19,016	\$ 19,732
Electronic materials	28,000	32,500	26,636
<b>Total Operating Expenses</b>	<b>48,000</b>	<b>51,516</b>	<b>46,368</b>
<b>Library Building</b>			
Building maintenance costs	\$ 19,000	\$ 18,752	\$ 18,346
Utility costs	65,464	47,483	57,663
Insurance costs	10,080	10,339	9,534
<b>Total Library Building Expenses</b>	<b>94,544</b>	<b>76,574</b>	<b>85,543</b>
<b>Administration</b>			
Office supplies	\$ 12,000	\$ 10,523	\$ 12,392
Telephone	7,160	7,087	6,259
Office equipment maintenance	1,500	1,396	1,296
Postage/courier	6,700	5,985	6,013
Membership fees	1,600	1,009	1,286
Promotion costs	5,000	3,428	4,112
Professional development	5,000	8,098	5,633
Audit/Treasurer fees	4,900	4,900	4,890
Collection agency fees	750	842	725
Photocopy costs	7,400	8,543	7,796
Systems maintenance contract	19,770	19,181	18,528
Other contracts and miscellaneous costs	2,000	29,695	17,713
Labour negotiations	7,500	10,000	-
<b>Total Administration Expenses</b>	<b>81,280</b>	<b>110,687</b>	<b>86,643</b>

**North Bay Public Library Board**  
**Schedule 1 - Detailed Schedule of Expenses (continued)**

For the year ended December 31	2009 Budget	2009 Actual	2008 Actual
<b>Purchased Services (Note 7)</b>			
Financial services	\$ 9,555	\$ 9,555	\$ 9,276
Human resource services	1,160	1,160	1,126
Legal services	581	581	564
Internet services	5,798	5,798	5,629
IT services	32,490	32,490	31,543
Telephone services	7,190	7,190	6,980
<b>Total Purchased Services Expenses</b>	<b>56,774</b>	<b>56,774</b>	<b>55,118</b>
<b>Minor Capital Purchases and Other</b>			
Furniture and equipment	\$ 16,000	\$ 7,740	\$ 16,529
Programming	500	1,586	2,008
Amortization	-	201,861	181,643
<b>Total Other Expenses</b>	<b>16,500</b>	<b>211,187</b>	<b>200,180</b>
	<b>\$ 1,831,488</b>	<b>\$ 2,062,518</b>	<b>\$ 2,040,986</b>