

Financial Statements: Unaudited

Ottawa Public Library Board

December 31, 2019

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	13,130	21,373,340
Accounts receivable	72,183	0
Long Term accounts receivable	10,000,000	10,000,000
Due from City of Ottawa <i>[note 2]</i>	49,446,249	23,227,060
Total financial assets	59,531,562	54,600,400
LIABILITIES		
Accounts payable	1,847,576	1,502,939
Accrued liabilities	1,192,141	900,538
Deferred donations/grants	518,285	452,273
Deferred revenue - development charges	24,175,357	21,360,960
Employee future benefits <i>[note 3]</i>	7,552,572	6,918,571
Net long-term debt	3,085,001	3,389,269
Accrued interest on debt	51,585	57,447
Total liabilities	38,422,517	34,581,997
Net debt	21,109,045	20,018,403
Non-financial assets		
Tangible capital assets <i>[note 4]</i>	46,427,183	43,374,370
Prepaid expenses	2,035	250,033
Total non-financial assets	46,429,218	43,624,403
Accumulated surplus <i>[note 5]</i>	67,538,263	63,642,806

See accompanying notes

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS [UNAUDITED]

For the year ended December 31

	2019	2018
	\$	\$
REVENUE		
City of Ottawa	55,159,733	51,071,555
Government of Canada	0	1,944
Province of Ontario – Ministry of tourism, sport and culture	1,380,328	1,498,673
Development charges	810,103	272,000
Net Sale of Main Library building	0	18,266,912
Other	1,728,309	258,820
Total revenue	59,078,473	71,369,904
EXPENSES		
Salaries, wages and benefits	39,835,952	36,604,217
Library materials	5,804,924	5,695,792
Purchased services	1,716,196	2,732,547
Materials and supply	3,536,658	3,585,805
	50,893,730	48,618,361
Operating expenses in capital	2,136,591	540,020
Amortization	1,524,556	1,547,731
Employee future benefits	634,001	446,253
Accrued interest	(5,862)	(5,716)
Total expenses	55,183,016	51,146,649
Annual surplus	3,895,457	20,223,255
Accumulated surplus, beginning of year	63,642,806	43,419,551
Accumulated surplus, end of year	67,538,263	63,642,806

See accompanying notes

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2019**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Ottawa Public Library Board [the “Board”] are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board [“PSAB”] of the Chartered Professional Accountants of Canada [“CPA Canada”]

Revenues and expenses

These financial statements reflect the assets, liabilities, revenues, and expenses for the Board. All inter-fund revenues and expenses have been eliminated.

The assets, liabilities and results of operations of trust funds administered by the Board are not included in the accompanying financial statements [note 7].

Basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues, as they are earned and measurable; expenses are recognized, as they are incurred and measurable as a result of receipt of goods or services.

Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with Canadian Public sector accounting standards requires management to make estimates and assumptions on such areas as employee future benefits. These estimates and assumptions are based on the Board’s best information and judgment and may differ significantly based on actual results.

Fines and user charges

Given the uncertainty of collection regarding fines and user charges, the Board recognizes revenue generated from these activities on a cash basis.

**OTTAWA PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
 DECEMBER 31, 2019**

Employee benefit plans

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

[a] The costs of post-employment benefits are recognized as a liability 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.

[b] The costs of post-retirement benefits are actuarially determined using the projected benefits method prorated on service and management’s best estimate of retirement ages of employees, salary escalation, expected health care costs, and plan investment performance.

[c] Past service costs for plan amendments related to prior-period employee services are accounted for in the period of the plan amendment. The effects of gain or loss from settlements or curtailments are expensed in the period during which they occur. Net actuarial gains and losses related to employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefits are discounted using current interest rates on long-term bonds.

[d] The cost of workplace safety and insurance obligations are recognized as a liability when the event that obligate the Board occurs. The costs are actuarially determined and expensed in the period they occur

[e] 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.

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 costs, 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 type	Minimum years	Maximum years
Buildings and Improvements	20	80
Machinery, Plant and Equipment	10	50
Vehicles	5	15

Reserve fund

Reserve fund is comprised of funds set aside for specific purposes by the Board and Council to accumulate monies for future capital projects [note 5].

**OTTAWA PUBLIC LIBRARY BOARD
 NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
 DECEMBER 31, 2019**

2. DUE FROM CITY OF OTTAWA

The City holds the cash balances and administers the cash disbursements and accounting functions on behalf of the Ottawa Public Library Board. In 2019 the library reserve fund earned interest at a rate of 1.50% per annum on cash held by the City.

3. EMPLOYEE FUTURE BENEFITS

The Board provides certain benefits including retirement and other employment benefits to most of its employees.

[a] Employee future benefits

Employee future benefit liabilities of the Board as at December 31 are as follows:

Employee future benefit liabilities	2019	2018
	\$	\$
Post -retirement benefits	1,809,000	1,678,000
Post-employment benefits	5,017,000	4,649,000
WSIB	726,572	591,571
Total	7,552,572	6,918,571

The defined benefit plans relating to post-retirement, post-employment and WSIB provide a variety of benefits to retirees, active and long-term disabled employees, including income, medical, dental, life insurance, and Workers' Compensation and sick leave gratuity benefits.

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2019

The continuity for post-retirement and post-employment benefits for 2019 is as follows:

Employee future benefit liabilities	Post-retirement	Post-employment	WSIB	Total
	\$	\$	\$	\$
Balance, beginning of year	1,678,000	4,649,000	591,571	6,918,571
Current service costs/cost of new claims	134,000	800,000	208,439	1,142,439
Interest cost	67,000	172,000	18,591	257,591
Amortization of actuarial gain	40,000	(39,000)	(19,736)	(18,736)
Benefits paid	(110,000)	(565,000)	(72,293)	(747,293)
Balance, end of year	1,809,000	5,017,000	726,572	7,552,572

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The liabilities reported in these financial statements are based on a valuation as of September 30, 2019, with an extrapolation to December 31, 2019. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2019 are as follows:

Discount rate	3.20%
Inflation rate	2.00%
Health care inflation rate	5.90% initially grading down to 4.00% in and after 2040

[b] Pension agreements

Ontario Municipal Employees Retirement Fund

The Board makes contributions to the Ontario Municipal Employees Retirement System ["OMERS"], which is a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. The Library's contribution to the OMERS plan for 2019 was \$2,453,943 (2018- \$2,382,626) for current service and is included as an expense on the statement of operations.

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2019

4. TANGIBLE CAPITAL ASSETS

Cost	Buildings and Leasehold Improvements	Land	Land Improvements	Machinery Plant and Equipment	Vehicles
	\$	\$		\$	\$
Balance, beginning of year	43,670,629	2,681,362		7,721,952	1,362,123
Additions	0	0	220,491	245,124	39,401
Disposals	0	0	0	0	(28,044)
Balance, end of year	43,670,629	2,681,362	220,491	7,967,076	1,373,480
Accumulated Amortization	Buildings and Leasehold Improvements	Land	Land Improvements	Machinery Plant and Equipment	Vehicles
	\$	\$		\$	\$
Balance, beginning of year	12,643,000	0		2,795,803	817,145
Disposals		0			(26,081)
Amortization expense	706,156	0	1,102	748,558	66,777
Balance, end of year	13,349,156	0	1,102	3,544,361	857,841
Net book value, end of year	30,321,473	2,681,362	219,389	4,422,715	515,639

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2019

Cost	Assets Under Construction	Total 2019	Total 2018
	\$	\$	\$
Balance, beginning of year			
Additions	4,194,252	59,630,318	62,830,755
	4,072,353	4,577,369	1,604,163
Disposals	0	(28,044)	(4,804,600)
Balance, end of year	8,266,605	64,179,643	59,630,318

Accumulated Amortization	Assets Under Construction	Total 2019	Total 2018
	\$	\$	\$
Balance, beginning of year			
Disposals	0	16,255,948	17,779,728
Amortization expense	0	(26,081)	(3,071,512)
	0	1,522,593	1,547,732
Balance, end of year	0	17,752,460	16,255,948
Net book value, end of year	8,266,605	46,427,183	43,374,370

5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2019	2018
	\$	\$
Accumulated Surplus		
Invested in tangible capital assets	43,290,597	39,927,654
Capital fund - Unexpended capital financing	28,332,091	27,872,178
Unfunded – Employee future benefits	(7,552,572)	(6,918,571)
Total surplus	64,070,116	60,881,261
Reserve fund	3,468,147	2,761,545
Accumulated Surplus	67,538,263	63,642,806

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2019**

6. COMMITMENTS

[a] The Board has capital commitments on behalf of the Library as at December 31, 2019 in the amount of \$11,135,303 (2018 - \$ 9,802,438)

[b] The Board has operating lease commitments on behalf of the Library over the next 5 years as follows:

	\$
2020	839,619
2021	639,869
2022	442,000
2023	424,066
2024	424,066

7. ACCOUNTING FOR TRUST FUNDS

Trust funds administered by the Board amounting to \$862,645 [2018 - \$802,070] have not been included in the statement of financial position nor have its operations been included in the statement of operations.