

Financial Statements: Unaudited

**Ottawa Public Library Board**

December 31, 2022

# OTTAWA PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2022	2021
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	9,835	12,485
Accounts receivable	4,010,988	2,013,195
Long Term accounts receivable	10,000,000	10,000,000
Due from City of Ottawa <i>[note 2]</i>	31,279,187	51,675,833
<b>Total financial assets</b>	<b>45,300,010</b>	<b>63,701,513</b>
<b>LIABILITIES</b>		
Accounts payable	1,885,565	1,550,033
	574,771	
Accrued liabilities		1,530,220
Deferred donations/grants	803,312	642,564
Deferred revenue - development charges	33,757,213	30,816,487
Employee future benefits <i>[note 3]</i>	8,367,000	8,197,000
Net long-term debt	1,911,144	2,321,866
Accrued interest on debt	32,679	39,386
<b>Total liabilities</b>	<b>47,331,684</b>	<b>45,097,756</b>
<b>Net financial assets (debt)</b>	<b>(2,031,674)</b>	<b>18,603,757</b>
<b>Non-financial assets</b>		
Tangible capital assets <i>[note 4]</i>	103,382,170	61,546,294
Total non-financial assets	103,382,170	61,546,294
<b>Accumulated surplus <i>[note 5]</i></b>	<b>101,350,496</b>	<b>80,150,051</b>

*See accompanying notes*

**OTTAWA PUBLIC LIBRARY BOARD  
STATEMENT OF OPERATIONS AND ACCUMULATED  
SURPLUS [UNAUDITED]**

For the year ended December 31

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>REVENUE</b>		
City of Ottawa	<b>58,280,408</b>	56,191,981
Government of Canada	<b>16,252,697</b>	0
Province of Ontario – Ministry of tourism, sport and culture	<b>1,380,000</b>	1,380,328
Development charges	<b>123,320</b>	(466,500)
Other	<b>812,753</b>	1,870,036
<b>Total revenue</b>	<b>76,849,178</b>	<b>58,975,845</b>
<b>EXPENSES</b>		
Salaries, wages and benefits	<b>39,518,820</b>	37,295,414
Library materials	<b>6,073,676</b>	6,401,113
Purchased services	<b>3,363,218</b>	2,703,106
Materials and supplies	<b>3,334,496</b>	2,861,400
	<b>52,290,210</b>	49,261,033
Operating expenses in capital	<b>1,623,029</b>	1,932,241
Amortization	<b>1,562,708</b>	1,550,319
Employee future benefits	<b>179,493</b>	759,190
Accrued interest	<b>(6,707)</b>	(17,771)
<b>Total expenses</b>	<b>55,648,733</b>	<b>53,485,012</b>
<b>Annual surplus</b>	<b>21,200,445</b>	<b>5,490,833</b>
<b>Accumulated surplus, beginning of year</b>	<b>80,150,051</b>	<b>74,659,218</b>
<b>Accumulated surplus, end of year</b>	<b>101,350,496</b>	<b>80,150,051</b>

*See accompanying notes*

**OTTAWA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]  
DECEMBER 31, 2022**

**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 judgement, and actual results may differ significantly from these estimates.

**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  
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**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. The costs are actuarially determined using 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 recognized as a liability when the event that obligates the Board occurs. The costs 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 costs 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:

<b>Asset type</b>	<b>Minimum years</b>	<b>Maximum years</b>
Buildings and Leasehold Improvements	20	100
Land Improvements	50	200
Machinery, Plant and Equipment	5	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]  
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**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 2022, the library reserve fund earned interest at a rate of 1.80% 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:

<b>Employee future benefit liabilities</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Post-retirement benefits	<b>2,438,000</b>	2,236,000
Post-employment benefits	<b>5,528,000</b>	5,300,000
WSIB	<b>401,000</b>	661,000
<b>Total</b>	<b>8,367,000</b>	8,197,000

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 benefits.

**OTTAWA PUBLIC LIBRARY BOARD  
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The continuity for post-retirement, post-employment, and WSIB benefits for 2022 is as follows:

<b>Employee future benefit liabilities</b>	<b>Post-retirement \$</b>	<b>Post-employment \$</b>	<b>WSIB \$</b>	<b>Total \$</b>
Balance, beginning of year	2,236,000	5,300,000	661,000	<b>8,197,000</b>
Current service costs/cost of new claims	182,000	791,000	282,200	<b>1,255,200</b>
Interest cost	48,000	116,000	53,300	<b>217,300</b>
Amortization of actuarial (gain) / loss	86,000	(39,000)	56,300	<b>103,300</b>
Benefits paid	(114,000)	(640,000)	(651,800)	<b>(1,405,800)</b>
<b>Balance, end of year</b>	<b>2,438,000</b>	<b>5,528,000</b>	<b>401,000</b>	<b>8,367,000</b>

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The liabilities for post-retirement and post-employment benefits reported in these financial statements are based on a valuation as of September 30, 2022, with an extrapolation to December 31, 2022. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2022 are as follows:

Discount rate	4.10%
Inflation rate	6.50%
Health care inflation rate	4.75% initially, grading down to 4.00% in 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 2022 was \$2,599,267 (2021 - \$2,323,857) for current services and is included as an expense on the statement of operations and accumulated surplus.

**OTTAWA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]  
DECEMBER 31, 2022**

**4. TANGIBLE CAPITAL ASSETS**

<b>Cost</b>	<b>Buildings and Leasehold Improvements</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Machinery Plant and Equipment</b>	<b>Vehicles</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	46,681,906	2,681,362	220,492	7,982,823	1,708,677
Additions	0	0	0	253,979	305,369
Disposals	0	0	0	0	(186,950)
<b>Balance, end of year</b>	<b>46,681,906</b>	<b>2,681,362</b>	<b>220,492</b>	<b>8,236,802</b>	<b>1,827,096</b>

<b>Accumulate d Amortizatio n</b>	<b>Buildings and Leasehold Improvements</b>	<b>Land</b>	<b>Land Improvements</b>	<b>Machinery Plant and Equipment</b>	<b>Vehicles</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	14,608,779	0	9,922	5,206,571	589,542
Disposals	0	0	0	0	(145,712)
Amortization expense	696,581	0	4,410	756,351	105,366
<b>Balance, end of year</b>	<b>15,305,360</b>	<b>0</b>	<b>14,332</b>	<b>5,962,922</b>	<b>549,196</b>
<b>Net book value, end of year</b>	<b>31,376,546</b>	<b>2,681,362</b>	<b>206,160</b>	<b>2,273,880</b>	<b>1,277,900</b>



**OTTAWA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]  
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Cost	Assets Under Constructio	Total 2022	Total 2021
	n		
	\$	\$	\$
Balance, beginning of year	22,685,847	<b>81,961,107</b>	74,061,958
Additions	43,185,844	<b>43,745,192</b>	7,899,149
Disposals	(305,369)	<b>(492,319)</b>	0
<b>Balance, end of year</b>	65,566,322	<b>125,213,980</b>	81,961,107

Accumulate d Amortization	Assets Under Constructio	Total 2022	Total 2021
	n		
	\$	\$	\$
Balance, beginning of year	0	<b>20,414,814</b>	19,296,942
Disposals	0	<b>(145,712)</b>	(432,448)
Amortization expense	0	<b>1,562,708</b>	1,550,320
<b>Balance, end of year</b>	0	<b>21,831,810</b>	20,414,814
<b>Net book value, end of year</b>	<b>65,566,322</b>	<b>103,382,170</b>	61,546,293

**ACCUMULATED SURPLUS**

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2022	2021
	\$	\$
<b>Accumulated Surplus</b>		
Invested in tangible capital assets	<b>101,438,346</b>	59,185,042
Capital fund - Unexpended capital financing	<b>(2,518,614)</b>	19,074,200
Unfunded – Employee future benefits	<b>(8,367,000)</b>	(8,197,000)
Unfunded Vacation	<b>(128,683)</b>	(119,190)
<b>Total surplus</b>	<b>90,424,049</b>	69,943,052
<b>Reserve fund</b>	<b>10,926,447</b>	10,206,999
<b>Accumulated Surplus</b>	<b>101,350,496</b>	80,150,051

**OTTAWA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]  
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**6. COMMITMENTS**

- [a] The Board has total capital commitments on behalf of the Library as at December 31, 2022 in the amount of \$467,332,755 (2021 - \$245,605,086)
- [b] In 2017, Council and the Ottawa Public Library Board approved partnering with Library and Archives Canada to build a new joint facility that brings together the creative services of a public library and the public services of a national library and archives. The final design plans of the joint facility were approved in April 2021 and the City's Supply Services branch, in May 2021, released the tender for the construction of the joint facility. As at the end of 2022, construction of the new facility was ongoing. Construction is planned to continue until late 2025, with the official opening taking place in 2026. The Library and Archives Canada portion of the building is funded by the federal government. For the City's portion of the building, capital costs incurred up to December 31, 2022 were \$44,953,137. Future commitments for the City portion of the building amount to \$138,007,473 for 2023 to 2026 inclusive
- [c] The Board has operating lease commitments on behalf of the Library over the next 6 years as follows:

	\$
2023	415,415
2024	438,968
2025	434,512
2026	340,714
2027	205,400
2028	48,275

**7. ACCOUNTING FOR TRUST FUNDS**

Trust funds administered by the Board amounting to \$1,103,840 [2021 - \$1,005,680] have not been included in the statement of financial position nor have its operations been included in the statement of operations and accumulated surplus.