

Financial Statements: Unaudited

**Ottawa Public Library Board**  
December 31, 2021

# OTTAWA PUBLIC LIBRARY BOARD

## STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2021	2020
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	12,485	13,180
Accounts receivable	2,013,195	1,097,762
Long Term accounts receivable	10,000,000	10,000,000
Due from City of Ottawa <i>[note 2]</i>	51,675,833	49,800,695
<b>Total financial assets</b>	<b>63,701,513</b>	<b>60,911,637</b>
<b>LIABILITIES</b>		
Accounts payable	1,550,033	814,995
Accrued liabilities	1,530,220	2,322,756
Deferred donations/grants	642,564	515,788
Deferred revenue - development charges	30,816,487	27,036,904
Employee future benefits <i>[note 3]</i>	8,197,000	7,557,000
Net long-term debt	2,321,866	2,712,835
Accrued interest on debt	39,386	57,157
<b>Total liabilities</b>	<b>45,097,756</b>	<b>41,017,435</b>
<b>Net debt</b>	<b>18,603,757</b>	<b>19,894,202</b>
<b>Non-financial assets</b>		
Tangible capital assets <i>[note 4]</i>	61,546,294	54,765,016
<b>Total non-financial assets</b>	<b>61,546,294</b>	<b>54,765,016</b>
<b>Accumulated surplus <i>[note 5]</i></b>	<b>80,150,051</b>	<b>74,659,218</b>

*See accompanying notes*

# OTTAWA PUBLIC LIBRARY BOARD

## STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS [UNAUDITED]

For the year ended December 31

	2021 \$	2020 \$
<b>REVENUE</b>		
City of Ottawa	56,191,981	52,734,652
Province of Ontario – Ministry of tourism, sport and culture	1,380,328	1,380,328
Development charges	(466,500)	429,862
Other	1,870,036	609,188
<b>Total revenue</b>	<b>58,975,845</b>	<b>55,154,030</b>
<b>EXPENSES</b>		
Salaries, wages and benefits	37,295,414	33,888,665
Library materials	6,401,113	6,521,420
Purchased services	2,703,106	1,680,922
Materials and supply	2,861,400	3,544,555
	<b>49,261,033</b>	<b>45,635,562</b>
Operating expenses in capital	1,932,241	843,031
Amortization	1,550,319	1,544,482
Employee future benefits	759,190	4,428
Accrued interest	(17,771)	5,572
<b>Total expenses</b>	<b>53,485,012</b>	<b>48,033,075</b>
<b>Annual surplus</b>	<b>5,490,833</b>	<b>7,120,955</b>
<b>Accumulated surplus, beginning of year</b>	<b>74,659,218</b>	<b>67,538,263</b>
<b>Accumulated surplus, end of year</b>	<b>80,150,051</b>	<b>74,659,218</b>

*See accompanying notes*

**OTTAWA PUBLIC LIBRARY BOARD  
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]  
DECEMBER 31, 2021**

**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**  
**NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]**  
**DECEMBER 31, 2021**

**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:

<b>Asset type</b>	<b>Minimum years</b>	<b>Maximum years</b>
Buildings and Improvements	20	80
Land Improvements	50	200
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, 2021**

**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 2021 the library reserve fund earned interest at a rate of 0.50% 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:

<b>Employee future benefit liabilities</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Post -retirement benefits	<b>2,236,000</b>	2,006,000
Post-employment benefits	<b>5,300,000</b>	5,135,000
WSIB	<b>661,000</b>	416,000
<b>Total</b>	<b>8,197,000</b>	<b>7,557,000</b>

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**  
**NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]**  
**DECEMBER 31, 2021**

The continuity for post-retirement and post-employment benefits for 2021 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	2,006,000	5,135,000	416,000	<b>7,557,000</b>
Current service costs/cost of new claims	193,000	682,000	598,983	<b>1,473,983</b>
Interest cost	48,000	74,000	86,989	<b>208,989</b>
Amortization of actuarial (gain) / loss	86,000	(100,000)	113,273	<b>99,273</b>
Benefits paid	(97,000)	(491,000)	(554,245)	<b>(1,142,245)</b>
<b>Balance, end of year</b>	<b>2,236,000</b>	<b>5,300,000</b>	<b>661,000</b>	<b>8,197,000</b>

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, 2021, with an extrapolation to December 31, 2021. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2021 are as follows:

Discount rate	2.20%
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 2021 was \$2,323,857 (2020- \$2,279,460) 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, 2021**

**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	43,670,629	2,681,362	220,492	7,967,076	1,708,677
Additions	3,011,277	0	0	15,747	0
Disposals	0	0	0	0	0
<b>Balance, end of year</b>	<b>46,681,906</b>	<b>2,681,362</b>	<b>220,492</b>	<b>7,982,823</b>	<b>1,708,677</b>

  

<b>Accumulated Amortization</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	13,932,865	0	5,512	4,438,456	920,109
Disposals	0	0	0	0	(432,448)
Amortization expense	675,914	0	4,410	768,115	101,881
<b>Balance, end of year</b>	<b>14,608,779</b>	<b>0</b>	<b>9,922</b>	<b>5,206,571</b>	<b>589,542</b>
<b>Net book value, end of year</b>	<b>32,073,127</b>	<b>2,681,362</b>	<b>210,570</b>	<b>2,776,252</b>	<b>1,119,135</b>

**OTTAWA PUBLIC LIBRARY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]**  
**DECEMBER 31, 2021**

<b>Cost</b>	<b>Assets Under Construction</b>	<b>Total 2021</b>	<b>Total 2020</b>
	\$	\$	\$
Balance, beginning of year	17,813,722	<b>74,061,958</b>	64,179,644
Additions	4,872,125	<b>7,899,149</b>	10,314,762
Disposals	0	<b>0</b>	(432,448)
<b>Balance, end of year</b>	<b>22,685,847</b>	<b>81,961,107</b>	<b>74,061,958</b>

  

<b>Accumulated Amortization</b>	<b>Assets Under Construction</b>	<b>Total 2021</b>	<b>Total 2020</b>
	\$	\$	\$
Balance, beginning of year	0	<b>19,296,942</b>	17,752,460
Disposals	0	<b>(432,448)</b>	0
Amortization expense	0	<b>1,550,320</b>	1,544,482
<b>Balance, end of year</b>	<b>0</b>	<b>20,414,814</b>	<b>19,296,942</b>
<b>Net book value, end of year</b>	<b>22,685,847</b>	<b>61,546,293</b>	<b>54,765,016</b>

## **5. ACCUMULATED SURPLUS**

Accumulated surplus consists of individual fund surpluses and reserve fund.

	<b>2021</b>	<b>2020</b>
<b>Accumulated Surplus</b>	\$	\$
Invested in tangible capital assets	<b>59,185,042</b>	<b>51,995,024</b>
Capital fund - Unexpended capital financing	<b>19,074,200</b>	<b>20,368,076</b>
Unfunded – Employee future benefits	<b>(8,197,000)</b>	<b>(7,557,000)</b>
Unfunded Vacation	<b>(119,190)</b>	<b>0</b>
<b>Total surplus</b>	<b>69,943,052</b>	<b>64,806,100</b>
<b>Reserve fund</b>	<b>10,206,999</b>	<b>9,853,118</b>
<b>Accumulated Surplus</b>	<b>80,150,051</b>	<b>74,659,218</b>

**OTTAWA PUBLIC LIBRARY BOARD**  
**NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]**  
**DECEMBER 31, 2021**

**6. COMMITMENTS**

[a] The Board has capital commitments on behalf of the Library as at December 31, 2021 in the amount of \$245,605,086 (2020 - \$11,629,480)

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

	\$
2022	633,226
2023	640,795
2024	648,365
2025	640,059
2026	503,906

**7. ACCOUNTING FOR TRUST FUNDS**

Trust funds administered by the Board amounting to \$1,005,680 [2020 - \$989,608] have not been included in the statement of financial position nor have its operations been included in the statement of operations and accumulated surplus.