

Appendix 2

Financial Statements: Unaudited

Ottawa Public Library Board
December 31, 2014

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2014 \$	2013 \$
FINANCIAL ASSETS		
Cash	7,670	7,445
Accounts receivable	42,494	50,074
Due from City of Ottawa <i>[note 2]</i>	21,892,974	23,946,116
Total financial assets	21,943,138	24,003,635
LIABILITIES		
Accounts payable	1,976,101	1,623,747
Accrued liabilities	273,205	227,814
Deferred donations/grants	0	234,349
Deferred revenue - development charges	15,123,708	16,693,193
Employee future benefits <i>[note 3]</i>	4,656,000	4,377,000
Net long term debt	4,643,962	4,920,849
Accrued interest on debt	78,714	83,407
Total liabilities	26,751,690	28,160,359
	(4,808,552	
Net debt)	(4,156,724)
Non-financial assets		
Tangible capital assets <i>[note 4]</i>	42,982,279	39,783,967
Prepaid expenses	7,500	7,500
Total non-financial assets	42,989,779	39,791,467
		35,634,74
Accumulated surplus <i>[note 5]</i>	38,181,227	3

See accompanying notes

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS [UNAUDITED]

For the year ended December 31

	2014 \$	2013 \$
REVENUE		
	44,019,3	43,352,5
City of Ottawa	97	62
		1,391,00
Province of Ontario – Ministry of infrastructure	0	0
Province of Ontario – Ministry of tourism, sport and culture	1,380,32	1,430,00
	8	0
	4,696,42	3,237,00
Development charges	6	0
	2,398,54	2,529,00
Other	6	0
	52,494,69	51,939,562
Total revenue	7	
EXPENSES		
	31,381,2	35,674,5
Salaries, wages and benefits	27	34
	5,577,04	5,334,41
Library materials	4	3
	4,873,07	1,779,83
Purchased services	6	4
	2,539,26	
Materials and supply	7	234,795
	44,370,6	43,023,5
	14	76
Operating expenses in capital	4,107,552	2,964,478
Amortization	1,023,662	887,745
Loss on disposal	172,078	173,744
Employee future benefits	279,000	(18,000)
Accrued interest	(4,693)	82,711
	49,948,21	
Total expenses	3	47,114,254
Annual surplus	2,546,484	4,825,308
	35,634,74	
Accumulated surplus, beginning of year	3	30,809,435
	38,181,22	
Accumulated surplus, end of year	7	35,634,743

See accompanying notes

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2014**

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”]

Reporting entity

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
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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; 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 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

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2014**

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].

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 2014 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	2014	2013
	\$	\$
Post -retirement benefits	1,017,000	1,152,000
Post-employment benefits	3,639,000	3,225,000
Total	4,656,000	4,377,000

The defined benefit plans relating to post-retirement and post-employment 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]
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The continuity for post-retirement and post-employment benefits for 2014 is as follows:

Employee future benefit liabilities	Post-retirement \$	Post-employment \$	Total \$
Balance, beginning of year	1,152,000	3,225,000	4,377,000
Current service costs/cost of new claims	0	779,000	779,000
Interest cost	13,000	154,000	167,000
Amortization of actuarial gain	(59,000)	(2,000)	(61,000)
Benefits paid	(89,000)	(517,000)	(606,000)
Balance, end of year	1,017,000	3,639,000	4,656,000

Due to the complexities in valuating 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 31, 2014, with an extrapolation to December 31, 2014. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2014 are as follows:

Discount rate	3.80%
Inflation rate	2.25%
Health care inflation rate	6.57% initially grading down to 4.5% in and after 2029

[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 2014 was \$2,097,393 (2013 - \$2,071,269) 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, 2014

4. TANGIBLE CAPITAL ASSETS

Cost	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Construction	Total 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	37,279,642	2,681,362	\$ 3,593,586	820,261	8,673,649	53,048,500	48,296,441
Additions	9,999,356	0	2,119,462	97,992	(7,822,758)	4,394,052	5,003,359
Disposals	0	0	(531,014)	0	0	(531,014)	(251,300)
Balance, end of year	47,278,998	2,681,362	5,182,034	918,253	850,891	56,911,538	53,048,500

Accumulated Amortization	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Construction	Total 2013	Total 2012
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	11,906,194	0	775,254	583,085	0	13,264,533	12,454,344
Disposals	0	0	(358,936)	0	0	(358,936)	(77,556)
Amortization expense	678,364	0	309,313	35,985	0	1,023,662	887,745
Balance, end of year	12,584,558	0	725,631	619,070	0	13,929,259	13,264,533
Net book value, end of year	34,694,440	2,681,362	4,456,403	299,183	850,891	42,982,279	39,783,967

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2014

5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2014	2013
	\$	\$
Accumulated Surplus		
Invested in tangible capital assets	38,033,069	34,779,711
Capital fund - Unexpended capital financing	3,310,379	4,078,480
Unfunded – Employee future benefits	(4,656,000)	(4,377,000)
Total surplus	36,687,448	34,481,191
Reserve fund	1,493,779	1,153,552
Accumulated Surplus	38,181,227	35,634,743

6. COMMITMENTS

[a] The Board has capital commitments on behalf of the Library as at December 31, 2014 in the amount of \$711,158 (2013 - \$5,100,631)

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

	\$
2015	895,836
2016	939,048
2017	962,347
2018	998,919
2019	1,023,930

7. ACCOUNTING FOR TRUST FUNDS

Trust funds administered by the Board amounting to \$703,214 [2013 - \$663,797] have not been included in the statement of financial position nor have its operations been included in the statement of operations.