

Appendix 2

Financial Statements: Unaudited

Ottawa Public Library Board
December 31, 2015

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	7,735	7,670
Accounts receivable	1,279,046	42,494
Due from City of Ottawa <i>[note 2]</i>	20,772,293	21,892,974
Total financial assets	22,059,074	21,943,138
LIABILITIES		
Accounts payable	2,807,118	1,976,101
Accrued liabilities	221,259	273,205
Deferred donations/grants	226,616	0
Deferred revenue - development charges	16,023,588	15,123,708
Employee future benefits <i>[note 3]</i>	5,093,000	4,656,000
Net long term debt	4,353,084	4,643,962
Accrued interest on debt	73,784	78,714
Total liabilities	28,798,449	26,751,690
Net debt	(6,739,375)	(4,808,552)
Non-financial assets		
Tangible capital assets <i>[note 4]</i>	43,181,902	42,982,279
Prepaid expenses	7,500	7,500
Total non-financial assets	43,189,402	42,989,779
Accumulated surplus <i>[note 5]</i>	36,450,027	38,181,227

See accompanying notes

OTTAWA PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS [UNAUDITED]

For the year ended December 31

	2015	2014
	\$	\$
REVENUE		
City of Ottawa	45,068,551	44,019,397
Province of Ontario – Ministry of tourism, sport and culture	1,611,166	1,380,328
Development charges	934,000	4,696,426
Other	2,234,722	2,398,546
Total revenue	49,848,439	52,494,697
EXPENSES		
Salaries, wages and benefits	34,879,024	31,381,227
Library materials	5,170,494	5,577,044
Purchased services	4,887,333	4,873,076
Materials and supply	2,140,028	2,539,267
	47,076,879	44,370,614
Operating expenses in capital	2,574,586	4,107,552
Amortization	1,278,855	1,023,662
Loss on disposal	252,361	172,078
Employee future benefits	401,888	279,000
Accrued interest	(4,930)	(4,693)
Total expenses	51,579,639	49,948,213
Annual surplus	(1,731,200)	2,546,484
Accumulated surplus, beginning of year	38,181,227	35,634,743
Accumulated surplus, end of year	36,450,027	38,181,227

See accompanying notes

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2015**

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.

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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

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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 2015 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	2015	2014
	\$	\$
Post -retirement benefits	1,199,000	1,017,000
Post-employment benefits	3,894,000	3,639,000
Total	5,093,000	4,656,000

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
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The continuity for post-retirement and post-employment benefits for 2015 is as follows:

Employee future benefit liabilities	Post-retirement \$	Post-employment \$	Total \$
Balance, beginning of year	1,017,000	3,639,000	4,656,000
Current service costs/cost of new claims	142,000	640,000	782,000
Interest cost	70,000	107,000	177,000
Amortization of actuarial gain	84,000	(84,000)	-
Benefits paid	(114,000)	(408,000)	(522,000)
Balance, end of year	1,199,000	3,894,000	5,093,000

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 30, 2013, with an extrapolation to December 31, 2015. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2015 are as follows:

Discount rate	2.80%
Inflation rate	2.00%
Health care inflation rate	5.40% 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 2015 was \$2,334,048 (2014 - \$2,097,393) 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, 2015

4. TANGIBLE CAPITAL ASSETS

Cost	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Con- struction	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	47,278,998	2,681,362	5,182,034	918,253	850,891 (585,583)	56,911,538	53,048,500
Additions	1,125,121		1,191,301		(188,988)	1,730,839	4,394,052
Disposals			(145,274)	(100,00)		(434,262)	(531,014)
Balance, end of year	48,404,119	2,681,362	6,228,061	818,253	76,320	58,208,115	56,911,538

Accumulated Amortization	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Constru- ction	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	12,584,558		725,631	619,070		13,929,259	13,264,533
Disposals			(88,901)	(93,000)		(181,901)	(358,936)
Amortiza- tion expense	768,621		462,617	47,617		1,278,855	1,023,662
Balance, end of year	13,353,179		1,099,347	573,687		15,026,213	13,929,359
Net book value, end of year	35,050,940	2,681,362	5,128,714	244,566	76,320	43,181,902	42,982,279

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5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2015	2014
Accumulated Surplus	\$	\$
Invested in tangible capital assets	38,755,034	38,033,069
Capital fund - Unexpended capital financing	557,539	3,310,379
Unfunded – Employee future benefits	(5,093,000)	(4,656,000)
Total surplus	34,219,573	36,687,448
Reserve fund	2,230,454	1,493,779
Accumulated Surplus	36,450,027	38,181,227

6. COMMITMENTS

[a] The Board has capital commitments on behalf of the Library as at December 31, 2015 in the amount of \$1,128,782 (2014 - \$711,158)

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

	\$
2016	927,242
2017	950,248
2018	986,535
2019	1,011,279
2020	1,021,335

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7. ACCOUNTING FOR TRUST FUNDS

Trust funds administered by the Board amounting to \$720,752 [2014 - \$703,214] have not been included in the statement of financial position nor have its operations been included in the statement of operations.