

Financial Statements: Unaudited

Ottawa Public Library Board

December 31, 2017

OTTAWA PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	8,200	7,805
Accounts receivable	86,799	0
Due from City of Ottawa [note 2]	29,581,644	27,373,570
Total financial assets	29,676,643	27,381,375
LIABILITIES		
Accounts payable	2,194,162	944,354
Accrued liabilities	854,796	1,829,887
Deferred donations/grants	501,914	667,631
Deferred revenue - development charges	18,210,642	16,640,372
Employee future benefits [note 3]	6,472,318	6,119,350
Net long term debt	3,726,499	4,047,511
Accrued interest on debt	63,163	68,604
Total liabilities	32,023,494	30,317,709
Net debt	(2,346,851)	(2,936,334)
Non-financial assets		
Tangible capital assets [note 4]	45,051,027	44,355,451
Prepaid expenses	715,375	21,617
Total non-financial assets	45,766,402	44,377,068
Accumulated surplus [note 5]	43,419,551	41,440,734

See accompanying notes

OTTAWA PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS [UNAUDITED]

For the year ended December 31

	2017 \$	2016 \$
REVENUE		
City of Ottawa	47,180,344	49,642,528
Government of Canada	24,599	472,780
Province of Ontario – Ministry of tourism, sport and culture	1,626,949	1,447,789
Development charges	1,288,835	2,242,666
Other	2,691,522	2,329,994
Total revenue	52,812,249	56,135,757
EXPENSES		
Salaries, wages and benefits	35,818,068	33,107,547
Library materials	5,579,293	5,405,317
Purchased services	3,387,639	4,976,919
Materials and supply	3,626,164	2,697,656
	48,411,164	46,187,439
Operating expenses in capital	576,958	2,297,767
Amortization	1,497,783	1,474,696
Loss on disposal	0	163,977
Employee future benefits	352,968	1,026,350
Accrued interest	(5,441)	(5,179)
Total expenses	50,833,432	51,145,050
Annual surplus	1,978,817	4,990,707
Accumulated surplus, beginning of year	41,440,734	36,450,027
Accumulated surplus, end of year	43,419,551	41,440,734

See accompanying notes

**OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2017**

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.

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

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[b] payments, health care continuation costs, and fees paid to independent administrators of these plans, calculated on a present value basis.

[c] 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.

[d] 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.

[e] The cost of workplace safety and insurance obligations is actuarially determined and are expensed in the period they occur

[f] 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 2016 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	2017	2016
	\$	\$
Post -retirement benefits	1,548,000	1,385,000
Post-employment benefits	4,316,000	4,148,000
WSIB	608,318	586,350
Total	6,472,318	6,119,350

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.

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The continuity for post-retirement and post-employment benefits for 2017 is as follows:

Employee future benefit liabilities	Post-retirement	Post-employment	WSIB	Total
	\$	\$	\$	\$
Balance, beginning of year	1,385,000	4,148,000	586,350	6,119,350
Current service costs/cost of new claims	141,000	618,000	71,141	830,141
Interest cost	65,000	105,000	1,766	171,766
Amortization of actuarial gain	59,000	(177,000)	(1,798)	(119,798)
Benefits paid	(102,000)	(378,000)	(49,141)	(529,141)
Balance, end of year	1,548,000	4,316,000	608,318	6,472,318

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, 2017, with an extrapolation to December 31, 2017. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2017 are as follows:

Discount rate	3.00%
Inflation rate	2.00%
Health care inflation rate	5.11% 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 2017 was \$2,313,190 (2016- \$2,195,436) for current service and is included as an expense on the statement of operations.

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4. TANGIBLE CAPITAL ASSETS

Cost	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Construction	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	48,475,229	2,681,362	6,506,594	1,362,123	1,620,085	60,645,393	58,208,115
Additions	0	0	828,190	0	1,365,169	9	2,812,222
Disposals	0	0	(7,997)	0	0	(7,997)	(374,944)
Balance, end of year	48,475,229	2,681,362	7,326,787	1,362,123	2,985,254	62,830,755	60,645,393

Accumulated Amortization	Buildings and Leasehold Improvements	Land	Machinery Plant and Equipment	Vehicles	Assets Under Construction	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	14,182,086	0	1,466,211	641,645	0	16,289,942	15,026,213
Disposals	0	0	(7,997)	0	0	(7,997)	(210,967)
Amortization expense	774,793	0	633,262	89,728	0	1,497,783	1,474,696
Balance, end of year	14,956,879	0	2,091,476	731,373	0	17,779,728	16,289,942
Net book value, end of year	33,518,350	2,681,362	5,235,311	630,750	2,985,254	45,051,027	44,355,451

5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2017	2016
	\$	\$
Accumulated Surplus		
Invested in tangible capital assets	41,261,365	40,239,336
Capital fund - Unexpended capital financing	4,121,412	3,699,810
Unfunded – Employee future benefits	(6,472,318)	(6,119,350)
Total surplus	38,910,459	37,819,796
Reserve fund	4,509,092	3,620,938
Accumulated Surplus	43,419,551	41,440,734

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6. COMMITMENTS

[a] The Board has capital commitments on behalf of the Library as at December 31, 2017 in the amount of \$686,792 (2016 - \$ 924,683)

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

	\$
2018	975,089
2019	992,991
2020	990,902
2021	856,562
2022	716,946

7. ACCOUNTING FOR TRUST FUNDS

Trust funds administered by the Board amounting to \$805,847 [2016 - \$754,762] have not been included in the statement of financial position nor have its operations been included in the statement of operations.