

Financial Statements: Unaudited

Ottawa Public Library Board

December 31, 2020

Appendix 2

OTTAWA PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION [UNAUDITED]

As at December 31

	2020 \$	2019 \$
FINANCIAL ASSETS		
Cash	13,180	13,130
Accounts receivable	1,097,762	72,183
Long Term accounts receivable	10,000,000	10,000,000
Due from City of Ottawa [note 2]	49,800,695	49,446,249
Total financial assets	60,911,637	59,531,562
LIABILITIES		
Accounts payable	814,995	1,847,576
Accrued liabilities	2,322,756	1,192,141
Deferred donations/grants	515,788	518,285
Deferred revenue - development charges	27,036,904	24,175,357
Employee future benefits [note 3]	7,557,000	7,552,572
Net long-term debt	2,712,835	3,085,001
Accrued interest on debt	57,157	51,585
Total liabilities	41,017,435	38,422,517
Net debt	19,894,202	21,109,045
Non-financial assets		
Tangible capital assets [note 4]	54,765,016	46,427,183
Prepaid expenses	0	2,035
Total non-financial assets	54,765,016	46,429,218
Accumulated surplus [note 5]	74,659,218	67,538,263

See accompanying notes

Appendix 2

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

For the year ended December 31

	2020 \$	2019 \$
REVENUE		
City of Ottawa	52,734,652	55,159,733
Province of Ontario – Ministry of tourism, sport and culture	1,380,328	1,380,328
Development charges	429,862	810,103
Other	609,188	1,728,309
Total revenue	55,154,030	59,078,473
EXPENSES		
Salaries, wages and benefits	33,888,665	39,835,952
Library materials	6,521,420	5,804,924
Purchased services	1,680,922	1,716,196
Materials and supply	3,544,555	3,536,658
	45,635,562	50,893,730
Operating expenses in capital	843,031	2,136,591
Amortization	1,544,482	1,524,556
Employee future benefits	4,428	634,001
Accrued interest	5,572	(5,862)
Total expenses	48,033,075	55,183,016
Annual surplus	7,120,955	3,895,457
Accumulated surplus, beginning of year	67,538,263	63,642,806
Accumulated surplus, end of year	74,659,218	67,538,263

See accompanying notes

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2020

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 judgment 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]
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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 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:

Asset type	Minimum years	Maximum years
Buildings and Improvements	20	80
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, 2020

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 2019 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:

Employee future benefit liabilities	2020	2019
	\$	\$
Post -retirement benefits	2,006,000	1,809,000
Post-employment benefits	5,135,000	5,017,000
WSIB	416,000	726,572
Total	7,557,000	7,552,572

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]
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The continuity for post-retirement and post-employment benefits for 2020 is as follows:

Employee future benefit liabilities	Post-retirement	Post-employment	WSIB	Total
	\$	\$	\$	\$
Balance, beginning of year	1,809,000	5,017,000	726,572	7,552,572
Current service costs/cost of new claims	156,000	856,000	579,641	1,591,641
Interest cost	64,000	126,000	132,808	322,808
Amortization of actuarial (gain) / loss	59,000	(159,000)	26,930	(73,070)
Benefits paid	(82,000)	(705,000)	(1,049,951)	(1,836,951)
Balance, end of year	2,006,000	5,135,000	416,000	7,557,000

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, 2018, with an extrapolation to December 31, 2020. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations for post-retirement and post-employment benefits for 2020 are as follows:

Discount rate	2.60%
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 2020 was \$2,279,460 (2019- \$2,453,943) 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, 2020

4. TANGIBLE CAPITAL ASSETS

Cost	Buildings and Leasehold Improvements	Land	Land Improvements	Machinery Plant and Equipment	Vehicles
	\$	\$	\$	\$	\$
Balance, beginning of year	43,670,629	2,681,362	220,492	7,967,076	1,373,480
Additions	0	0	0	0	767,645
Disposals	0	0	0	0	(432,448)
Balance, end of year	43,670,629	2,681,362	220,492	7,967,076	1,708,677

Accumulated Amortization	Buildings and Leasehold Improvements	Land	Land Improvements	Machinery Plant and Equipment	Vehicles
	\$	\$	\$	\$	\$
Balance, beginning of year	13,349,156	0	1,102	3,544,361	857,841
Disposals	0	0	0	0	0
Amortization expense	583,709	0	4,410	894,095	62,268
Balance, end of year	13,932,865	0	5,512	4,438,456	920,109
Net book value, end of year	29,737,764	2,681,362	214,980	3,528,620	788,568

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2020

Cost	Assets Under Construction	Total 2020	Total 2019
	\$	\$	\$
Balance, beginning of year	8,266,605	64,179,644	59,630,318
Additions	9,547,117	10,314,762	4,577,369
Disposals	0	(432,448)	(28,044)
Balance, end of year	17,813,722	74,061,958	64,179,643

Accumulated Amortization	Assets Under Construction	Total 2020	Total 2019
	\$	\$	\$
Balance, beginning of year	0	17,752,460	16,255,948
Disposals	0	0	(26,081)
Amortization expense	0	1,544,482	1,522,593
Balance, end of year	0	19,296,942	17,752,460
Net book value, end of year	17,813,722	54,765,016	46,427,183

5. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surpluses and reserve fund.

	2020	2019
Accumulated Surplus	\$	\$
Invested in tangible capital assets	51,995,024	43,290,597
Capital fund - Unexpended capital financing	20,368,076	28,332,091
Unfunded – Employee future benefits	(7,557,000)	(7,552,572)
Total surplus	64,806,100	64,070,116
Reserve fund	9,853,118	3,468,147
Accumulated Surplus	74,659,218	67,538,263

OTTAWA PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS [UNAUDITED]
DECEMBER 31, 2020

6. COMMITMENTS

[a] The Board has capital commitments on behalf of the Library as at December 31, 2020 in the amount of \$11,629,480 (2019 - \$11,135,303)

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

	\$
2021	615,616
2022	466,322
2023	458,909
2024	465,867
2025	460,740

7. ACCOUNTING FOR TRUST FUNDS

Trust funds administered by the Board amounting to \$989,608 [2019 - \$862,645] have not been included in the statement of financial position nor have its operations been included in the statement of operations and accumulated surplus.