

North Bay Public Library Board
Financial Statements
For the year ended December 31, 2016

North Bay Public Library Board
Financial Statements
For the year ended December 31, 2016

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations and Accumulated Surplus	5
Statement of Changes in Net Debt	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 16
Schedule 1 - Detailed Schedule of Expenses	17



Tel: 705 495 2000
Fax: 705 495 2001
Toll-Free: 800 461 6324
www.bdo.ca

BDO Canada LLP
101 McIntyre Street W, Suite 301
North Bay ON P1B 2Y5 Canada

Independent Auditor's Report

To the Directors of North Bay Public Library Board

We have audited the accompanying financial statements of the North Bay Public Library Board, which comprise of the statement of financial position as at December 31, 2016, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of the North Bay Public Library Board as at December 31, 2016 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The financial statements of North Bay Public Library Board for the year ended December 31, 2015 were audited by another auditor who expressed an unqualified opinion on those financial statements on June 13, 2016.

BDO Gando LLP

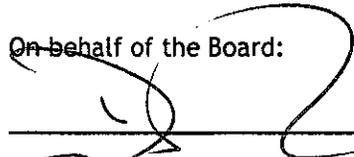
Chartered Professional Accountants, Licensed Public Accountants

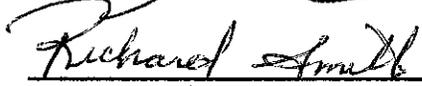
North Bay, Ontario
June 14, 2017

North Bay Public Library Board Statement of Financial Position

December 31	2016	2015
Financial assets		
Cash	\$ 200	\$ 200
Accounts receivable (Note 2)	11,168	116,156
Due from the Corporation of the City of North Bay	263,579	92,442
	274,947	208,798
Liabilities		
Accounts payable and accrued liabilities	130,529	98,033
Employee future benefits (Note 4)	275,917	245,457
Deferred revenue	3,344	18,380
	409,790	361,870
Net debt	(134,843)	(153,072)
Non-financial assets		
Tangible capital assets (Note 3)	2,262,940	2,266,009
Prepaid expenses	46,428	52,748
	2,309,368	2,318,757
Accumulated surplus (Note 7)	\$ 2,174,525	\$ 2,165,685

On behalf of the Board:


_____, Director


_____, Director

 CEO

North Bay Public Library Board Statement of Operations and Accumulated Surplus

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 6)		
Revenues			
City of North Bay tax levy	\$ 2,198,657	\$ 2,198,657	\$ 2,138,920
City of North Bay capital contributions	-	118,108	194,417
Provincial operating grants	109,511	108,727	110,864
Fees, service charges and donations	12,350	12,958	11,624
Facility rentals and other	30,300	38,713	23,600
Fines	48,000	44,485	48,256
Interest	-	1,050	770
	2,398,818	2,522,698	2,528,451
Expenses (Schedule 1)			
Salaries and employee benefits	1,889,816	1,947,117	1,897,289
Library building	99,600	142,488	115,182
Administration	96,230	85,014	103,268
Purchased services	65,672	63,501	63,548
Operating	56,000	33,143	28,485
Minor capital purchases	15,000	6,553	-
Other	2,500	2,727	1,169
Amortization	174,000	233,315	221,807
	2,398,818	2,513,858	2,430,748
Annual surplus	-	8,840	97,703
Accumulated surplus, beginning of the year	-	2,165,685	2,067,982
Accumulated surplus, end of the year	\$ -	\$ 2,174,525	\$ 2,165,685

The accompanying notes are an integral part of these financial statements.

North Bay Public Library Board Statement of Changes in Net Debt

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
	(Note 6)		
Annual surplus	\$ -	\$ 8,840	\$ 97,703
Acquisition of tangible capital assets	-	(230,246)	(305,334)
Amortization of tangible capital assets	-	233,315	221,807
	-	11,909	14,176
Acquisition of prepaid expenses	-	(46,428)	(52,748)
Use of prepaid expenses	-	52,748	62,488
	-	6,320	9,740
Change in net financial assets	-	18,229	23,916
Net financial debt, beginning of year	-	(153,072)	(176,988)
Net financial debt, end of year	\$ -	\$ (134,843)	\$ (153,072)

The accompanying notes are an integral part of these financial statements.

North Bay Public Library Board Statement of Cash Flows

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 8,840	\$ 97,703
Items not involving cash		
Amortization of tangible capital assets	233,315	221,807
	242,155	319,510
Changes in non-cash working capital balances		
Accounts receivable	104,988	(3,686)
Due from the Corporation of the City of North Bay	(171,137)	(76,938)
Prepaid expenses	6,320	9,740
Accounts payable and accrued liabilities	32,496	27,839
Employee future benefits	30,460	13,833
Deferred revenue	(15,036)	15,036
	230,246	305,334
Capital transactions		
Acquisition of tangible capital assets	230,246	305,334
Change in cash and cash equivalents during the year	-	-
Cash and cash equivalents, beginning of year	200	200
Cash and cash equivalents, end of year	\$ 200	\$ 200

The accompanying notes are an integral part of these financial statements.

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

1. Summary of Significant Accounting Policies

Nature and Purpose of the Organization

The North Bay Public Library Board (Library) is a Board of the Corporation of the City of North Bay which is incorporated under the Ontario Public Library Act. The Board makes available a wide variety of reading, electronic and audio-visual materials to the citizens of North Bay and its surrounding area.

Management Responsibility

The financial statements of the Library are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenses are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Building	100 years
Building betterments	remaining service life of building
Equipment	4 to 15 years
Books, CDs, Videos	2 to 10 years

Deferred Revenue

Deferred revenue represents funds which have been applied for and collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenues are recognized as follows:

- a. Municipal contributions are recognized in the period to which the related expenses are incurred.
- b. Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.
- c. Fine and user fee revenue is recognized in the period in which it is collected.
- d. Interest and other income is recognized in the period in which it is earned.

Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

1. Summary of Significant Accounting Policies (continued)

Post-Employment Benefits The Library sponsors a defined benefit supplementary health plan for certain employees and retirees funded on a pay-as-you-go basis and a defined benefit pension plan. The Library has adopted the following policies:

- (i) The cost of the accrued benefit obligation for the post-employment supplementary health plan is actuarially determined using the projected benefit method prorated on service and management's estimate of retirement age and health costs.
- (ii) Actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are amortized over the average remaining service period of active employees.
- (iii) The Library is an employer member of the Ontario Municipal Employees Retirement Fund ("the Plan") which is a multi-employer, defined benefit pension plan. The Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

2. Accounts Receivable

	<u>2016</u>	<u>2015</u>
Government of Canada	\$ 6,368	\$ 8,554
Provincial grant	-	106,611
Other	<u>4,800</u>	<u>991</u>
	<u>\$ 11,168</u>	<u>\$ 116,156</u>

**North Bay Public Library Board
Notes to Financial Statements**

December 31, 2016

3. Tangible Capital Assets

	2016					
	Land	Building	Equipment	Books, CD's Videos	Construction in Progress	Total
Cost, beginning of year	\$ 62,776	\$ 1,966,547	\$ 528,729	\$ 4,227,338	\$ -	\$ 6,785,390
Additions	-	6,620	66,238	146,357	11,031	230,246
Disposals	-	-	-	(124,929)	-	(124,929)
Cost, end of year	62,776	1,973,167	594,967	4,248,766	11,031	6,890,707
Accumulated amortization, beginning of year	-	391,353	421,254	3,706,774	-	4,519,381
Amortization	-	31,636	52,679	149,000	-	233,315
Disposals	-	-	-	(124,929)	-	(124,929)
Accumulated amortization, end of year	-	422,989	473,933	3,730,845	-	4,627,767
Net carrying amount, end of year	\$ 62,776	\$ 1,550,178	\$ 121,034	\$ 517,921	\$ 11,031	\$ 2,262,940
	2015					
	Land	Building	Equipment	Books, CD's Videos	Construction in Progress	Total
Cost, beginning of year	\$ 62,776	\$ 1,835,509	\$ 488,646	\$ 4,373,324	\$ -	\$ 6,760,255
Additions	-	131,038	40,083	134,213	-	305,334
Disposals	-	-	-	(280,199)	-	(280,199)
Cost, end of year	62,776	1,966,547	528,729	4,227,338	-	6,785,390
Accumulated amortization, beginning of year	-	359,849	380,081	3,837,843	-	4,577,773
Amortization	-	31,504	41,173	149,130	-	221,807
Disposals	-	-	-	(280,199)	-	(280,199)
Accumulated amortization, end of year	-	391,353	421,254	3,706,774	-	4,519,381
Net carrying amount, end of year	\$ 62,776	\$ 1,575,194	\$ 107,475	\$ 520,564	\$ -	\$ 2,266,009

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

4. Post-Employment Benefits

Post-employment benefits are comprised of the following balances:

	2016	2015
Sick leave plan	\$ 52,100	\$ 48,700
Supplementary health benefits	54,300	52,300
Vacation and other	169,517	144,457
	\$ 275,917	\$ 245,457

Prior to August 31, 1987 the Board provided its employees with a sick leave plan whereby employees could accumulate sick leave credits and be entitled to a cash payment when they left the Board's employment. With the introduction of a long-term disability plan on August 31, 1987 this sick leave plan was discontinued and as such no sick leave credits have accumulated since. The outstanding accrued liability is to cover sick leave credits accumulated prior to August 31, 1987.

The Library measures its accrued benefit obligations for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the plan for funding purposes was December 31, 2015 and the next valuation date will be as at January 1, 2019. Information about the Library's defined supplementary health benefit and sick leave plan is as follows:

	2016	2015
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 48,700	\$ 37,663
Amortization of unamortized actuarial gains/losses and other	7,400	7,337
Service cost for the year	18,400	17,900
Interest expense for the year	3,800	3,800
Benefits paid during the year	(26,200)	(18,000)
Accrued benefit liability and projected obligation, end of year	\$ 52,100	\$ 48,700

	2016	2015
Supplementary health benefits:		
Accrued benefit, beginning of year	\$ 52,300	\$ 49,504
Amortization of unamortized actuarial gains/losses and other	7,000	6,996
Service cost for the year	3,400	3,200
Interest expense for the year	3,400	3,600
Benefit paid during the year	(11,800)	(11,000)
Accrued benefit liability and projected obligation, end of year	\$ 54,300	\$ 52,300

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

4. Post-Employment Benefits (continued)

The main actuarial assumptions employed for the valuations are as follows:

- i) The discount rate for supplemental health benefits was assumed at 3.40% per annum for Accrued Benefit Obligation ("ABO") (2015 - 3.40%) and 3.40% per annum for the 2016 expense (2015 - 3.40%).
- ii) The discount rate for sick leave benefits was assumed at 3.10% per annum for Accrued Benefit Obligation ("ABO") (2015 - 3.10%) and 3.10% per annum for the 2016 expense (2015 - 3.10%).
- iii) Future general salary and wage levels were assumed to increase 3% per annum.
- iv) Health costs were assumed at 6.48% per annum for 2016, reducing by 0.13% annually to 4.0% in 2036
- v) Dental costs were assumed to increase at 4% per annum.
- vi) The expected average remaining service life is 14 years for the supplemental health benefits and 11 years for the sick leave benefits.

5. Related Party Transactions / Economic Dependence

The expenditures noted in Schedule 1 for Purchased Services are paid to the Corporation of the City of North Bay. These expenditures are measured at exchange amounts and consist of financial services, human resources, legal, information technology, telephone and internet.

Substantially all of the Board's revenue is received from the City of North Bay. The continuation of the Board is dependent on this funding.

6. Budget

The budgeted figures presented for comparative purposes are those approved by the Board of Directors. They have been reclassified to conform with these statements.

The Board completes a separate budget review for its Operating and Capital budgets each year. The approved budget for 2016 is reflected on the statement of operations and detailed schedule of expenses.

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

7. Accumulated Surplus

The Library's accumulated surplus balance at year end consists of the following:

	<u>2016</u>	<u>2015</u>
Invested in tangible capital assets	\$ 2,262,940	\$ 2,266,009
Reserve funds	187,502	145,133
Amounts to be funded from future revenues (Note 4)	<u>(275,917)</u>	<u>(245,457)</u>
	<u>\$ 2,174,525</u>	<u>\$ 2,165,685</u>

8. Segment Reporting

The Chartered Professional Accountants of Canada Handbook Section PS2700 - Segment Disclosures established standards on defining and disclosing segments in a government's financial statements. Government organizations that apply these standards are encouraged to provide the disclosures established by this section when their operations are diverse enough to warrant such disclosures. The Library has only one identifiable segment, considered to be public access to information related services as presented in these financial statements.

9. Pension Agreements

The Library makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of all permanent, full-time and qualifying part-time members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration benefits. OMERS provides pension services to more than 470,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2016, the estimated accrued pension obligation for all members of the Plan was \$87.0 billion (2015 - \$81.9 billion). The plan had an actuarial value of net assets at that date of \$85.2 billion (2015 - \$77 billion) indicating an actuarial deficit of \$5.7 billion (2015 - \$7.0 billion). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library to OMERS for 2016 were \$114,789 (2015 - \$112,013).

North Bay Public Library Board Notes to Financial Statements

December 31, 2016

10. Comparative Figures

Certain 2015 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

North Bay Public Library Board Schedule 1 - Detailed Schedule of Expenses

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Salaries and benefits			
Salaries	\$ 1,497,820	\$ 1,535,044	\$ 1,495,610
Overtime	15,500	16,846	14,410
Benefits	376,496	395,227	387,269
	<u>1,889,816</u>	<u>1,947,117</u>	<u>1,897,289</u>
Operating			
Book repairs and processing	20,000	15,761	11,375
Electronic materials	36,000	17,382	17,110
	<u>56,000</u>	<u>33,143</u>	<u>28,485</u>
Library building			
Building maintenance costs	21,100	62,151	43,454
Utility costs	65,500	66,146	58,952
Insurance costs	13,000	14,191	12,776
	<u>99,600</u>	<u>142,488</u>	<u>115,182</u>
Administration			
Office supplies	10,500	7,737	9,171
Telephone	7,300	4,535	4,407
Postage/courier	6,000	5,031	4,751
Membership fees	1,500	1,222	1,098
Promotion costs	4,500	4,047	3,221
Professional development	4,500	6,113	5,324
Audit/Treasurer fees	6,250	4,345	6,172
Collection agency fees	1,100	1,000	866
Photocopy costs	9,600	11,045	10,550
System maintenance contract	37,000	31,723	46,006
Other contracts and miscellaneous costs	1,980	2,351	6,090
Employee parking	6,000	5,865	5,612
	<u>96,230</u>	<u>85,014</u>	<u>103,268</u>
Purchased services			
Purchased services	65,672	63,501	63,548
Minor capital purchases and other			
Furniture and equipment	15,000	6,553	-
One-time costs	2,500	2,727	1,169
Amortization of tangible capital assets	174,000	233,315	221,807
	<u>191,500</u>	<u>242,595</u>	<u>222,976</u>
	<u>\$ 2,398,818</u>	<u>\$ 2,513,858</u>	<u>\$ 2,430,748</u>