

Financial Statements of

**NORTH BAY PUBLIC  
LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the North Bay Public Library Board

### *Opinion*

We have audited the accompanying financial statements of the North Bay Public Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the North Bay Public Library Board as at December 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada  
September 21, 2023

# NORTH BAY PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash	\$ 500	\$ 500
Accounts receivable (note 2)	17,590	17,427
Due from the Corporation of the City of North Bay	999,086	826,066
	<u>1,017,176</u>	<u>843,993</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	264,877	246,047
Employee future benefits (note 3)	264,873	239,673
Deferred revenue	13,326	13,326
	<u>543,076</u>	<u>499,046</u>
Net financial assets	474,100	344,947
<b>Non-financial assets</b>		
Tangible capital assets (note 4)	3,302,740	3,077,165
Prepaid expenses	56,535	43,276
	<u>3,359,275</u>	<u>3,120,441</u>
Accumulated surplus (note 8)	<u>\$ 3,833,375</u>	<u>\$ 3,465,388</u>

The accompanying notes are an integral part of this financial statement.

Approved:

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Director

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Director

# NORTH BAY PUBLIC LIBRARY BOARD

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 7)	Actual 2022	Actual 2021
Revenue:			
Tax levy	\$ 2,609,418	\$ 2,609,418	\$ 2,493,433
Capital contributions	-	316,736	60,569
Reserve transfer	30,000	-	-
Provincial operating grants	108,211	110,879	109,925
Fees, service charges and donations	10,050	12,619	5,027
Facility rentals and other	29,800	16,055	20,087
Fines	30,000	14,731	11,206
Interest	-	2,169	635
Total revenue	2,817,479	3,082,607	2,700,882
Expenses:			
Salaries and employee benefits	2,190,542	2,024,808	1,952,615
Library building	112,771	138,995	137,862
Administration	162,997	160,227	114,049
Purchased services	71,169	71,241	69,845
Operating	92,000	56,218	62,838
Minor capital purchases	4,000	13,165	1,950
Amortization	184,000	248,773	263,932
Other	-	1,193	1,330
Total expenses	2,817,479	2,714,620	2,604,421
Annual surplus	-	367,987	96,461
Accumulated surplus, beginning of year	-	3,465,388	3,368,927
Accumulated surplus, end of year	\$ -	\$ 3,833,375	\$ 3,465,388

The accompanying notes are an integral part of this financial statement.

# NORTH BAY PUBLIC LIBRARY BOARD

## Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 7)	Actual 2022	Actual 2021
Annual surplus	\$ -	\$ 367,987	\$ 96,461
Acquisition of tangible capital assets	-	(474,348)	(158,997)
Amortization of tangible capital assets	(184,000)	248,773	263,932
Prepaid expenses	-	(13,259)	11,194
Change in net financial assets	(184,000)	129,153	212,590
Net financial assets, beginning of year	344,947	344,947	132,357
Net financial assets, end of year	\$ 160,947	\$ 474,100	\$ 344,947

The accompanying notes are an integral part of this financial statement.

# NORTH BAY PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 367,987	\$ 96,461
Item not involving cash:		
Amortization of tangible capital assets	248,773	263,932
Employee future benefits expense	62,700	91,700
	679,460	452,093
Change in non-cash assets and liabilities:		
Accounts receivable	(163)	1,266
Due from The Corporation of the City of North Bay	(173,020)	(249,046)
Prepaid expenses	(13,259)	11,194
Accounts payable and accrued liabilities	18,830	(22,410)
Net change in cash from operating activities	511,848	193,097
Capital activities:		
Acquisition of tangible capital assets	(474,348)	(158,997)
Net change in cash from capital activities	(474,348)	(158,997)
Investing activities		
Employee future benefits paid	(37,500)	(33,800)
Net change in cash from investing activities	(37,500)	(33,800)
Net change in cash	-	300
Cash, beginning of year	500	200
Cash, end of year	\$ 500	\$ 500

The accompanying notes are an integral part of this financial statement.



# NORTH BAY PUBLIC LIBRARY BOARD

## Notes to Financial Statements

Year ended December 31, 2022

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

### 1. Significant accounting policies:

The financial statements of the Library are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Library are as follows:

#### (a) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable, expenses are recognized as they are incurred and measurable as a result of receipt of goods and the creation of a legal obligation to pay.

#### (b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction, development of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs.

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:

Asset	Useful Life - Years
Building	100
Building betterments	Remaining service life building
Equipment	4 - 15
Books, CDs, videos	2 - 10

Construction in progress is not subject to amortization as the assets are not in productive use.

#### (c) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

#### (d) 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 practices:

- (i) The cost of the accrued benefit obligation for the post-employment supplementary health plan is actuarially determined using the projected health benefit method pro-rated on service and management's estimate of retirement age and health costs.

# NORTH BAY PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Post-employment benefits (continued):

(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 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.

### (e) Revenue recognition:

The Library receives revenue from a variety of sources and applies the following recognition policies:

- a) Municipal contributions are recognized in the period to which the related expenses are incurred.
- b) Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.
- c) Fee and user fee revenue is recognized when the cash is collected.
- d) Interest and other income is recognized in the period in which it is earned.

### (f) 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.

### (g) Use of estimates:

The preparation of financial statements in conformity 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 dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. 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 (continued)

Year ended December 31, 2022

## 2. Accounts receivable:

	2022	2021
Government of Canada (HST)	\$ 13,322	\$ 11,018
Other	4,268	6,409
	<u>\$ 17,590</u>	<u>\$ 17,427</u>

## 3. Post-employment benefits:

	2022	2021
Sick leave plan	\$ 179,873	\$ 162,373
Supplementary health benefits	85,000	77,300
	<u>\$ 264,873</u>	<u>\$ 239,673</u>

Reconciliation of accrued benefits obligations to accrued benefit liabilities

	2022	2021
Accrued benefit obligation, end of year	\$ 313,773	\$ 360,773
Unamortized net actuarial losses	(48,900)	(121,100)
	<u>\$ 264,873</u>	<u>\$ 239,673</u>

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 with 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.

In addition, the Library has a defined supplementary health benefit plan that provides medical, dental and life insurance to certain eligible Library employees who retire from current employment. The supplementary health benefit liability estimates the expense of each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement up to the age of 65.

# NORTH BAY PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 3. Post-employment benefits (continued):

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, 2021 and the next valuation date will be as at January 1, 2024. Information about the Library's defined supplementary health benefit and sick leave plan is as follows:

	2022	2021
Sick leave benefits:		
Accrued benefit, beginning of year	\$ 162,373	\$ 113,773
Amortization of unamortized actuarial gains/losses	15,900	46,700
Service cost of the year	19,600	18,100
Interest expense for the year	5,300	6,400
Benefits paid during the year	(23,300)	(22,600)
Accrued benefit liability, end of year	\$ 179,873	\$ 162,373

	2022	2021
Supplementary benefits:		
Accrued benefit, beginning of year	\$ 77,300	\$ 68,000
Amortization of unamortized actuarial gains/losses	10,400	9,900
Service cost of the year	8,400	6,900
Interest expense for the year	3,100	3,700
Benefits paid during the year	(14,200)	(11,200)
Accrued benefit liability, end of year	\$ 85,000	\$ 77,300

The accrued benefit obligation for employee future benefits at December 31, 2022 is based on an actuarial valuation for accounting purposes. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the municipality's best estimates of expected rates of the following:

	2022	2021
Salaries	3.00%	3.00%
Discount on sick leave benefits	4.60%	2.60%
Discount on supplemental health benefits	4.60%	2.60%
Dental premium rates	4.00%	4.00%
Expected average remaining service life - sick leave benefits	11 years	9 years
Expected average remaining service life - supplemental health benefits	11 years	11 years
Health premium care rates	5.72% in 2022, reducing to 3.86% by 2042	

# NORTH BAY PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 4. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals / asset transfer	Balance at December 31, 2022
Land	\$ 62,776	\$ -	\$ -	\$ 62,776
Buildings	3,100,744	-	-	3,100,744
Equipment	762,517	46,019	-	808,536
Books, CD's, videos	3,348,816	179,181	(166,338)	3,361,659
Construction in progress	26,685	249,148	-	275,833
<b>Total</b>	<b>\$ 7,301,538</b>	<b>\$ 474,348</b>	<b>\$ (166,338)</b>	<b>\$ 7,609,548</b>

Accumulated Amortization	Balance at December 31, 2021	Disposals and write-downs	Amortization	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings	677,905	-	75,998	753,903
Equipment	712,384	-	32,915	745,299
Books, CD's, videos	2,834,084	(166,338)	139,860	2,807,606
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 4,224,373</b>	<b>\$ (166,338)</b>	<b>\$ 248,773</b>	<b>\$ 4,306,808</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 62,776	\$ 62,776
Buildings	2,422,839	2,346,841
Equipment	50,133	63,237
Books, CD's, videos	514,732	554,053
Construction in progress	26,685	275,833
<b>Total</b>	<b>\$ 3,077,165</b>	<b>\$ 3,302,740</b>

# NORTH BAY PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 4. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals / asset transfer	Balance at December 31, 2021
Land	\$ 62,776	\$ -	\$ -	\$ 62,776
Buildings	3,100,744	-	-	3,100,744
Equipment	751,544	10,973	-	762,517
Books, CD's, videos	3,398,345	121,339	(170,868)	3,348,816
Construction in progress	-	26,685	-	26,685
<b>Total</b>	<b>\$ 7,313,409</b>	<b>\$ 158,997</b>	<b>\$ (170,868)</b>	<b>\$ 7,301,538</b>

Accumulated Amortization	Balance at December 31, 2020	Disposals and write-downs	Amortization	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings	580,096	-	97,809	677,905
Equipment	679,087	-	33,297	712,384
Books, CD's, videos	2,872,126	(170,868)	132,826	2,834,084
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 4,131,309</b>	<b>\$ (170,868)</b>	<b>\$ 263,932</b>	<b>\$ 4,224,373</b>

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 62,776	\$ 62,776
Buildings	2,520,648	2,422,840
Equipment	72,457	50,133
Books, CD's, videos	526,219	514,731
Construction in progress	-	26,685
<b>Total</b>	<b>\$ 3,182,100</b>	<b>\$ 3,077,165</b>

# NORTH BAY PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 5. Related party transactions:

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.

## 6. Economic dependence:

The Library is dependent on fund transfers from the Corporation of the City of North Bay. The ability of the Library to continue service delivery in its present form is dependent on this funding.

## 7. 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.

## 8. Accumulated surplus:

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

	2022	2021
Invested in tangible capital assets (note 4)	\$ 3,302,740	\$ 3,077,165
Reserve funds	795,505	627,896
Amounts to be funded from future revenues	(264,870)	(239,673)
	<u>\$ 3,833,375</u>	<u>\$ 3,465,388</u>

## 9. Pension agreements:

OMERS provides pension services to more than 500,000 active retired members of approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS primary pension plan (the "Plan") by comparing actuarial value of invested assets to estimated present value of all pension benefits that members have earned to date. Because OMERS is a multi-employer plan, any pension surpluses or deficits are a joint responsibility of the 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 2022 were \$113,251 (2021 - \$114,043).

## 10. Financial instruments:

The fair value of cash, accounts receivable, accounts payable and accrued liabilities and deferred revenue approximate their carrying amounts due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.