

**NORTH
VANCOUVER
CITY
LIBRARY**

**2021
AUDITED
FINANCIAL
STATEMENTS**

**North Vancouver City Library
Audited Financial Statement
December 31, 2021**

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Statement of Management Responsibility

The Trustees of the North Vancouver City Library (“Library”) have delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statement to the management of the Library. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibilities, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Trustees oversee management’s responsibilities for the financial reporting and internal control systems. The Trustees annually review and approve the financial statements.

The Library’s independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the Library’s financial statements present fairly in all material respects the financial position of the Library as at December 31, 2021, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Deborah Koep

Chief Librarian
May 27, 2022

Independent Auditor's Report

To the Board of Trustees of North Vancouver City Library

Opinion

We have audited the financial statements of the North Vancouver City Library (the “Library”) which comprise the Statement of Financial Position as at December 31, 2021, and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2021, 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 Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical 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 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.

In preparing the financial statements, management is responsible for assessing the Library'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 Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities 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 these 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.



- 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 Library'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 Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Library 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 represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, BC
May 27, 2022

**North Vancouver City Library
Statement of Financial Position
As at December 31, 2021 with comparatives for 2020**

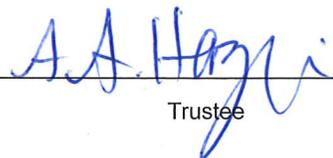
	<u>2021</u>	<u>2020</u>
Financial Assets		
Cash	\$ 1,227,974	\$ 1,157,229
Accounts Receivable and Other	-	9,414
Total Financial Assets	<u>1,227,974</u>	<u>1,166,643</u>
Liabilities		
Accounts Payable and Accrued Liabilities	183,018	241,646
Deferred Revenue (Note 3)	118,536	87,469
Due to the City of North Vancouver (Note 4)	198,360	166,611
Post Employment Benefits, Compensated Absences and Termination Benefits (Note 5)	488,500	576,400
Total Liabilities	<u>988,414</u>	<u>1,072,126</u>
Net Financial Assets	<u>239,560</u>	<u>94,517</u>
Non-Financial Assets		
Tangible capital assets (Note 7)	474,815	452,346
Prepaid expenses	-	783
Total Non-Financial Assets	<u>474,815</u>	<u>453,129</u>
Accumulated Surplus	<u>\$ 714,375</u>	<u>\$ 547,646</u>

To be read with reference to the Notes to the Financial Statements

On behalf of the Board:



Trustee



Trustee

North Vancouver City Library
Statement of Operations
For the year ended December 31, 2021 with comparatives for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenues			
Grants from CNV	4,453,563	4,453,563	4,033,592
Surplus returned to CNV	-	(44,929)	(36,866)
Grants other			
General	115,811	115,811	115,811
Special purpose	-	36,157	36,155
Fines and fees	3,800	3,435	13,086
Interest income	16,000	7,218	11,722
Sale of services	27,000	20,281	10,922
Commercial lease	-	-	-
Donations			
General	-	-	-
Special purpose	-	10,111	13,519
Miscellaneous	5,000	-	3,736
	<u>4,621,174</u>	<u>4,601,647</u>	<u>4,201,677</u>
Expenses			
Wages and benefits			
General	3,400,400	3,077,337	2,968,607
Special purpose	-	6,405	7,976
Goods and supplies			
General	230,600	314,581	268,523
Special purpose	-	39,430	75,860
Services			
General	761,474	778,425	686,960
Special purpose	-	5,191	8,301
Depreciation	-	213,549	215,105
	<u>4,392,474</u>	<u>4,434,918</u>	<u>4,231,332</u>
Annual surplus/(deficit)	228,700	166,729	(29,655)
Accumulated surplus at beginning of year	547,646	547,646	577,301
Accumulated surplus at end of year	<u>\$ 776,346</u>	<u>\$ 714,375</u>	<u>\$ 547,646</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver City Library
Statement of Change in Net Financial Assets
For the year ended December 31, 2021 with comparatives for 2020

	2021 Budget <u>(Note 9)</u>	2021 Actual <u></u>	2020 Actual <u></u>
Annual surplus/(deficit)	\$ 228,700	\$ 166,729	\$ (29,655)
Acquisition of tangible capital assets	(228,700)	(236,018)	(179,849)
Depreciation of tangible capital assets	-	213,549	215,105
Use of prepaid expenses	<u>-</u>	<u>783</u>	<u>-</u>
Increase financial assets	-	145,043	5,601
Net financial assets at beginning of year	<u>94,517</u>	<u>94,517</u>	<u>88,916</u>
Net financial assets at end of year	<u>\$ 94,517</u>	<u>\$ 239,560</u>	<u>\$ 94,517</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver City Library
Statement of Cash Flows
For the year ended December 31, 2021 with comparatives for 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Annual surplus/(deficit)	\$ 166,729	\$ (29,655)
Items not involving cash:		
Depreciation	213,549	215,105
Changes in non-cash operating balances:		
Accounts receivable	9,414	(9,414)
Accounts payable and accrued liabilities	(58,628)	(9,457)
Deferred revenue	31,067	16,309
Due to the City of North Vancouver	31,749	8,575
Post-employment benefits, compensated absences and termination benefits	(87,900)	40,700
Prepaid expenses	783	-
	<u>306,763</u>	<u>232,163</u>
Capital activities		
Acquisition of tangible capital assets	<u>(236,018)</u>	<u>(179,849)</u>
	<u>(236,018)</u>	<u>(179,849)</u>
Increase in cash	70,745	52,314
Cash at beginning of year	<u>1,157,229</u>	<u>1,104,915</u>
Cash at end of year	<u>\$ 1,227,974</u>	<u>\$ 1,157,229</u>

To be read with reference to the Notes to the Financial Statements

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

1. PURPOSE OF ORGANIZATION

The North Vancouver City Library (the "Library") was established as a municipal public library of the Corporation of the City of North Vancouver (the "City") under the Library Act of British Columbia. The Library Board, appointed by Council of the City, oversees the management and operation of library facilities within the City. The Library is funded primarily by the City.

Accounts payable and payroll transactions are processed by the City. The Library reimburses the City for financial, information technology, and human resources services provided by the City (note 4).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements of the Library have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

(b) Functional and Object Reporting

The operations of the Library are comprised of a single function, Library operations. As a result, the expenses of the Library are presented by object in the statement of operations.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition of the assets. Books are depreciated over five years and audio video materials ("AV materials") are depreciated over two years on a straight- line basis.

The City owns the Library building and land. Those assets, along with other tangible capital assets acquired for Library purposes but funded by the City, are recorded in the City's financial statements and are not included in these financial statements. No capital consumption amount or depreciation is charged by the City to the Library operations.

Long-term capital plans adopted by the Council of the City provide for the replacement and acquisition of tangible capital assets.

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue and Expense Recognition

Revenue is recorded on an accrual basis and recognized when earned. Restricted contributions and grants are recognized as revenue in the year in which related expenditures are incurred. Government transfers are recognized as revenue in the period they are authorized and any eligibility criteria are met, except to the extent they contain a stipulation that gives rise to a liability. Such transfers are initially deferred and recognized as revenue in the period the stipulations are met.

Expenses are recorded on an accrual basis and recognized when goods and services have been received and/or a legal obligation to pay has been created. Other expenses are recognized when they are incurred.

(e) Use of Estimates

The preparation of the financial statements 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 revenue and expenses during the year. Areas requiring significant estimation are useful lives of tangible capital assets and post-employment benefits, compensated absences and termination benefits. Actual results could differ from those estimates.

3. DEFERRED REVENUE

Deferred revenue represents restricted funding received from external sources, and is recognized as revenue when the restrictions have been met or the appropriate expenditures are made.

	December 31 2020	Revenue	Transfer in	Expenditure	December 31 2021
Donations - Friends	\$ 105	\$ -	\$ 1,277	\$ 1,382	\$ -
Donations - Youth	9,402	2,358	8	2,415	9,353
Donations - Projects	51,620	26,918	-	4,628	73,910
Donations - Seniors/Accessible Services	605	1,024	-	1,100	529
Donations - Collections	-	4,750	-	1,556	3,194
Grants	25,737	33,501	2,135	29,824	31,549
	<u>\$ 87,469</u>	<u>\$ 68,550</u>	<u>\$ 3,420</u>	<u>\$ 40,904</u>	<u>\$ 118,536</u>

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

4. DUE TO THE CITY OF NORTH VANCOUVER

The amount due to the City of North Vancouver is net of amounts due from the City.

The Library receives an annual operating grant from the City and reimburses the City for accounts payable and payroll transactions processed by the City. The City invoices the Library annually for such services. The amounts are interest free with no specific terms of repayment. The amount invoiced by the City for 2021 transactions is \$198,360 (2020 - \$166,611).

The City charges the Library for financial, IT and building services on a quarterly basis, property and liability insurance on a monthly basis. The amount charged for 2021 is \$496,994 (2020 - \$461,075).

5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS

The Library provides the following benefits to all its employees:

Sick and Severance

Employees of the Library are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an evaluation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the Library's post-employment benefits was completed as at December 31, 2021.

Sick Leave

The Library provides benefits for sick leave to all its employees. All employees accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The amount recorded for this benefit is based on an evaluation done by an independent actuarial firm and is reviewed on a periodic basis.

The Library funds the employee post-employment benefits with grant revenue as it is accrued.

Information regarding the Library's sick and severance termination and sick leave obligations for these benefits is as follows:

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS (continued)

	<u>2021</u>	<u>2020</u>
Accrued Benefit Obligation - Beginning	\$ 547,300	\$ 544,000
Service Cost	40,000	36,400
Interest Cost	11,500	14,700
Benefits Paid	(133,100)	(7,300)
Actuarial Loss/(Gain)	151,700	(40,500)
Accrued Benefit Obligation - End	<u>617,400</u>	<u>547,300</u>
Surplus/(Deficit) at end of year	(617,400)	(547,300)
Unamortized Net Actuarial Loss/(Gain)	128,900	(29,100)
Accrued Benefit Asset/(Liability)	<u>\$ (488,500)</u>	<u>\$ (576,400)</u>

The accrued benefit liability is included in post-employment benefits, compensated absences and termination benefits on the statement of financial position.

The most recent actuarial valuation of the Library's employee future benefits was completed as at December 31, 2021. The City commissioned an independent review which included the Library's estimated liability for sick and severance termination and sick leave benefits, vacation pay in year of retirement and early retirement vacation benefit.

The significant actuarial assumptions adopted in measuring the Library's accrued benefit liability are as follows:

	<u>2021</u>	<u>2020</u>
Discount rates	2.50%	2.10%
Expected future inflation rates	2.00%	2.50%
Expected wage and salary increases (net of inflation)	.58% to 2.5%	.08% to 2%

6. PENSION PLAN

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Library paid \$197,792 (2020 - \$199,205) for employer contributions to the plan in fiscal 2021.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

7. TANGIBLE CAPITAL ASSETS

	2021			2020		
	Books	AV Materials	Totals	Books	AV Materials	Totals
Costs						
Balance beginning of year	\$ 843,528	\$ 85,463	\$ 928,991	\$ 858,208	\$ 94,259	\$ 952,467
Additions	182,174	53,844	236,018	142,890	36,959	179,849
Disposition	(174,413)	(48,504)	(222,917)	(157,570)	(45,755)	(203,325)
Balance end of year	\$ 851,289	\$ 90,803	\$ 942,092	\$ 843,528	\$ 85,463	\$ 928,991
Accumulated Depreciation						
Balance beginning of year	\$ 431,024	\$ 45,621	\$ 476,645	\$ 418,420	\$ 46,445	\$ 464,865
Depreciation	169,482	44,067	213,549	170,174	44,931	215,105
Disposition	(174,413)	(48,504)	(222,917)	(157,570)	(45,755)	(203,325)
Balance end of year	\$ 426,093	\$ 41,184	\$ 467,277	\$ 431,024	\$ 45,621	\$ 476,645
Net Book Value	\$ 425,196	\$ 49,619	\$ 474,815	\$ 412,504	\$ 39,842	\$ 452,346

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021

8. ACCUMULATED SURPLUS

	December 31 2020	Transfer from (to) Unappr/Appr Equity	Revenue	Expenses	Unappropriated Surplus TCA Addition	TCA Depreciation	December 31 2021
Appropriated surplus	\$ 10,369	\$ 40,000	\$ 46,268	\$ (51,026)	\$ -	\$ -	\$ 45,611
Equity in TCA	452,346	-	-	-	236,018	(213,549)	474,815
Unappropriated surplus	84,931	(40,000)	4,555,379	(4,170,343)	(236,018)	-	193,949
Accumulated surplus	<u>\$ 547,646</u>	<u>\$ -</u>	<u>\$ 4,601,647</u>	<u>\$ (4,221,369)</u>	<u>\$ -</u>	<u>\$ (213,549)</u>	<u>\$ 714,375</u>

9. BUDGET

The budget approved by the City on April 12, 2021 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian public Accounting Standards now require a full accrual basis. The budget figures expensed all tangible capital expenditures rather than including depreciation expenses. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget approved by the City on April 12, 2021 with adjustments as follows:

	<u>2021</u>
Budget surplus for the year	\$ -
Add:	
Acquisition of tangible capital assets	228,700
Less:	
Depreciation	-
Budget surplus per statement of operations	<u>\$ 228,700</u>

10. COVID-19 IMPACTS

The COVID-19 pandemic has significantly disrupted activity across all sectors in Canada. Although the disruption is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Library's operations and related financial impacts cannot be accurately predicted at this time. In 2021, the Library returned to full staffing and operating hours, and restored all services to the fullest extent possible within public health guidelines. Restrictions on events and gatherings modestly impacted the Library's ability to generate revenue notably from room bookings, and necessitated additional expenditures for supplies and equipment to support service delivery. These were supported within the budget and through one-time funding. Drawing on the experiences of

***North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2021***

10. COVID-19 IMPACTS (continued)

2021, the Library developed budgets for 2022 to reflect reasonably expected continuing impacts to revenues and expenditures from the pandemic.

Since well over 90% of the Library's funding comes from the municipality, and a significant remaining sum from the Province, funding is stable and it is expected the Library will be able to continue to meet obligations as they come due, barring significant unexpected economic impacts to funders.