

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
AS AT DECEMBER 31, 2013

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Sections 1 to 4 as applicable
AS AT DECEMBER 31, 2013

Per attached audited financial statements

**District of North Vancouver Municipal Public Library
Financial Statements
December 31, 2013**

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KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Chair and Members of the Board of Trustees

We have audited the accompanying financial statements of the District of North Vancouver Municipal Public Library, which comprise the statement of financial position as at December 31, 2013, and the statement of operations, changes in net financial assets, and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 an 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 overall 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 District of North Vancouver Municipal Public Library as at December 31, 2013, and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants
May 8, 2014
Burnaby, Canada

District of North Vancouver Municipal Public Library
Statement of Financial Position

December 31

2013

2012

Financial assets

Cash	\$ 30,309	\$ 48,231
Payroll loans receivable (Note 3)	335	335
Due from the District of North Vancouver (Note 4)	1,791,120	1,633,229
	<u>1,821,764</u>	<u>1,681,795</u>

Liabilities

Accounts payable and accrued liabilities	340,734	297,847
Due to governments	28,344	26,881
Restricted revenue	40,664	32,504
Capital lease obligations	-	18,294
Post-employment benefits (Note 5)	524,100	577,500
	<u>933,842</u>	<u>953,026</u>

Net financial assets

	<u>887,922</u>	<u>728,769</u>
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Non-financial assets

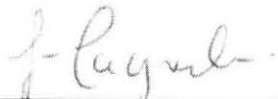
Tangible capital assets (Note 6)	1,912,144	2,083,906
Prepaid expenses	15,353	30,453
	<u>1,927,497</u>	<u>2,114,359</u>

Accumulated Surplus (Note 7)

	<u>\$ 2,815,419</u>	<u>\$ 2,843,128</u>
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Commitments and contingencies (Note 8)

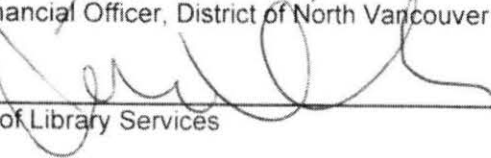
Approved by



Chair of the Board



Chief Financial Officer, District of North Vancouver



Director of Library Services

See accompanying notes to the financial statements

District of North Vancouver Municipal Public Library

Statement of Operations

Year ended December 31

	2013 Budget	2013	2012
	(Note 10)		
Revenues			
District of North Vancouver grant	\$ 5,369,700	\$ 5,363,470	\$ 5,320,886
Provincial grants	214,000	213,951	225,435
Donations	-	26,377	30,771
Book fines, photocopy charges and sundry	293,250	248,478	280,261
	<u>5,876,950</u>	<u>5,852,276</u>	<u>5,857,353</u>
Expenses			
Salaries and benefits	4,338,000	4,048,239	4,155,287
Other material purchases	102,612	113,087	119,441
Maintenance of equipment and premises	466,600	467,877	463,893
Rent and building services	168,838	151,062	157,413
Sundry	141,600	189,016	144,478
Book repairs and supplies	68,700	68,196	39,438
Federated library services	40,000	29,061	36,253
Minor equipment	4,600	18,128	24,520
Interest	-	446	882
Depreciation	-	577,110	615,768
Loss on disposal of tangible capital assets	-	108,004	77,083
	<u>5,330,950</u>	<u>5,770,226</u>	<u>5,834,456</u>
Annual surplus, before distribution of surplus	\$ <u>546,000</u>	82,050	22,897
Surplus returned to the District of North Vancouver (Note 9)		<u>(109,759)</u>	<u>(101,778)</u>
Annual deficit		(27,709)	(78,881)
Accumulated surplus, beginning of year		<u>2,843,128</u>	<u>2,922,009</u>
Accumulated surplus, end of year		<u>\$ 2,815,419</u>	<u>\$ 2,843,128</u>

See accompanying notes to the financial statements

District of North Vancouver Municipal Public Library
Statement of Changes in Net Financial Assets
Year Ended December 31

	2013 Budget (Note 10)	2013	2012
Annual surplus (deficit)	\$ 546,000	\$ (27,709)	\$ (78,881)
Acquisition of tangible capital assets	(543,000)	(513,352)	(521,327)
Depreciation of tangible capital assets	-	577,110	615,768
Loss on disposal of tangible capital assets	-	108,004	77,083
	<u>(543,000)</u>	<u>171,762</u>	<u>171,524</u>
Acquisition of prepaid expenses	-	(15,353)	(30,453)
Use of prepaid expenses	-	30,453	26,184
	<u>-</u>	<u>15,100</u>	<u>(4,269)</u>
Change in net financial assets	<u>\$ 3,000</u>	159,153	88,374
Net financial assets, beginning of year		<u>728,769</u>	<u>640,395</u>
Net financial assets, end of year		<u>\$ 887,922</u>	<u>\$ 728,769</u>

See accompanying notes to the financial statements

District of North Vancouver Municipal Public Library
Statement of Cash Flows
Year Ended December 31

	2013	2012
Operating transactions		
Annual deficit	\$ (27,709)	\$ (78,881)
Non-cash items:		
Depreciation	577,110	615,768
Loss on disposal of tangible capital assets	108,004	77,083
Change in other items:		
Payroll loans receivable	-	234
Due from the District of North Vancouver	(157,891)	(70,576)
Accounts payable and accrued liabilities	42,887	42,915
Due to governments	1,463	2,559
Restricted revenue	8,160	(13,183)
Post-employment benefits	(53,400)	(27,700)
Prepaid expenses	15,100	(4,269)
Cash provided by operating transactions	<u>513,724</u>	<u>543,950</u>
Capital transactions		
Acquisition of tangible capital assets	<u>(513,352)</u>	<u>(521,327)</u>
Cash applied to capital transactions	(513,352)	(521,327)
Financing transactions		
Capital lease obligation	<u>(18,294)</u>	<u>(17,859)</u>
Cash applied to financing transactions	(18,294)	(17,859)
Increase (decrease) in cash	(17,922)	4,764
Cash, beginning of year	<u>48,231</u>	<u>43,467</u>
Cash, end of year	<u>\$ 30,309</u>	<u>\$ 48,231</u>

See accompanying notes to the financial statements

District of North Vancouver Municipal Public Library

Notes to the Financial Statements

December 31, 2013

1. Nature of operations

The District of North Vancouver Municipal Public Library (the "Library") was established under the Library Act of British Columbia. The Library is governed by a Board of Trustees (the "Board") appointed by the Municipal Council of the District of North Vancouver ("DNV"). The Board, on behalf of the residents and taxpayers of the DNV, oversees the management and operation of the Library and further serves as its policy making body.

The Library is a registered charity and is exempt from income tax.

2. Summary of significant accounting policies

a) Basis of presentation

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 Canadian Institute of Chartered Accountants.

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) Revenue recognition

Revenue is recorded on the accrual basis and is recognized when it is earned. Revenue unearned in the current period is reported on the Statement of Financial Position as restricted revenue.

d) Expense recognition

Expenses are recognized as they are incurred by the receipt of goods and services or the creation of a legal obligation to pay.

e) Use of accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 areas requiring the use of management estimates relate to the determination of post-employment benefits, estimates of useful lives of tangible capital assets and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

f) Restricted revenue

Receipts of funding which are restricted by the legislation of senior governments or by agreement with external parties are deferred. When qualifying expenses are incurred, the deferred amounts are recognized as revenue at amounts equal to the qualifying expenses.

District of North Vancouver Municipal Public Library
Notes to the Financial Statements
December 31, 2013

2. Summary of significant accounting policies, continued

g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, are not intended for sale in the ordinary course of operations, and include prepaid expenses and tangible capital assets.

Tangible capital assets

- i) Tangible capital assets consist of the library collection, furniture, vehicle and information technology equipment. The library collection and information technology equipment are pooled throughout the year into major groups and an average cost attributed. Furniture and vehicle are recorded at historical cost to acquire and put in service.

The Library assets are depreciated on a straight line basis over the estimated useful life by major group as follows:

Asset	Life in Years
Library collection	2 - 10
Information technology equipment	2 - 15
Furniture	10
Vehicle	10

- ii) Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and also are recorded as revenue.
- iii) Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets.

h) Reserves

Certain amounts, as approved by the Board, are set aside in reserves for future expenditures. Transfers to and from reserves are reflected as an adjustment to accumulated surplus.

3. Payroll loans receivable

Payroll loans receivable were advanced to employees to cover the time lag between pay periods upon conversion to the computerized payroll. These non-interest bearing loans are due when the respective employees end their employment with the Library.

4. Due from the District of North Vancouver

Amounts due from the District of North Vancouver are non-interest bearing, unsecured and have no specified terms of repayment.

District of North Vancouver Municipal Public Library
Notes to the Financial Statements
December 31, 2013

5. Post-employment benefits

As per the terms of its Collective Agreement and compensation policy, the Library provides its employees with sick days and certain employee benefits on termination and retirement. These include severance pay based on years of service and a full year's vacation entitlement in the year of retirement.

The Library uses an actuarial valuation to determine the estimated value of post-employment benefits. The most recent full actuarial valuation was completed as at December 31, 2011 and has been updated to December 31, 2013.

Accrued benefit obligation:	2013	2012
Balance, beginning of year	\$ 527,600	\$ 611,200
Current service cost	39,200	37,700
Interest cost	18,200	20,200
Benefits paid	(98,100)	(79,800)
Actuarial loss/(gain)	18,500	(61,700)
Balance, end of year	<u>\$ 505,400</u>	<u>\$ 527,600</u>

Actuarial gains and losses are amortized over 8-10 years, being the expected average remaining service period of the related employee group, commencing the year after the gain or loss arises.

Accrued benefit obligation:	2013	2012
Liability, end of year	\$ 505,400	\$ 527,600
Unamortized actuarial gain	18,700	49,900
Accrued benefit liability, end of year	<u>\$ 524,100</u>	<u>\$ 577,500</u>

The significant actuarial assumptions used in estimating the Library's accrued benefit obligation are as follows:

	2013	2012
Discount rate	4.00%	3.40%
Expected future inflation rates	2.50%	2.50%
Expected wage increases	2.58 - 4.63%	2.58 - 4.63%

District of North Vancouver Municipal Public Library
Notes to the Financial Statements
December 31, 2013

6. Tangible capital assets

	2013		
	Library collection	Information technology, furniture & vehicle	Total
Cost, beginning of year	\$ 4,908,522	\$ 1,328,701	\$ 6,237,223
Additions	461,240	52,112	513,352
Disposals	(216,157)	(3,000)	(219,157)
Cost, end of year	<u>5,153,605</u>	<u>1,377,813</u>	<u>6,531,418</u>
Accumulated depreciation, beginning of year	3,497,346	655,971	4,153,317
Expense for the year	429,492	147,618	577,110
Disposals	(108,350)	(2,803)	(111,153)
Balance, end of year	<u>3,818,488</u>	<u>800,786</u>	<u>4,619,274</u>
Net book value, end of year	<u>\$ 1,335,117</u>	<u>\$ 577,027</u>	<u>\$ 1,912,144</u>
Net book value, beginning of year	<u>\$ 1,411,176</u>	<u>\$ 672,730</u>	<u>\$ 2,083,906</u>

Title to the land and buildings occupied by the Library is held by the District of North Vancouver.

Contributed capital assets are recognized at fair market value at the date of receipt. The value of contributed assets received during the year to the Library collection is \$nil (2012 - \$nil).

The write down of tangible capital assets during the year was \$nil (2012 - \$nil).

7. Accumulated surplus

Accumulated surplus is comprised of:

	2013	2012
Operating contingency reserve	\$ 475,321	\$ 365,562
Equipment replacement reserve	30,431	14,431
General surplus	397,523	397,523
Equity in tangible capital assets	1,912,144	2,065,612
	<u>\$ 2,815,419</u>	<u>\$ 2,843,128</u>

District of North Vancouver Municipal Public Library
Notes to the Financial Statements
December 31, 2013

8. Commitments and contingencies

a) Pension liability

The Library and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Board of trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 179,000 active members and approximately 71,000 retired members. Active members include approximately 58 contributors from the Library.

The most recent actuarial valuation as at December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. 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 with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Library paid \$263,331 (2012- \$278,816) for employer contributions to the Plan in fiscal 2013.

b) Outstanding claim

A claim for wrongful dismissal has been initiated against the Library for a maximum of \$25,000. The actual amount and likelihood of payment are indeterminable. Any amount payable will be recorded in the year in which the amount is determinable.

9. Surplus returned to the District of North Vancouver

All operating surplus is to be allocated so that 50% is retained by the Library and 50% is returned to the District of North Vancouver unless specified otherwise by mutual consent.

Distribution calculation:

	2013	2012
Annual surplus, before distribution	\$ 82,050	\$ 22,897
Decrease (increase) in reserves	(16,000)	26,994
Change in equity in tangible capital assets	153,468	153,665
	<u>\$ 219,518</u>	<u>\$ 203,556</u>
50% returned to the District of North Vancouver	<u>\$ 109,759</u>	<u>\$ 101,778</u>

District of North Vancouver Municipal Public Library
Notes to the Financial Statements
December 31, 2013

10. Budget data:

The budget data presented in these financial statements is based upon the 2013 operating and capital budgets approved by Council as part of the 2013 - 2017 Financial Plan Approval Bylaw No. 7981. Depreciation was not included on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	Budget
Revenues	
Operating revenues	\$ 5,333,950
Capital revenue	<u>543,000</u>
Total revenue	<u>5,876,950</u>
Expenses	
Operating budget	<u>5,330,950</u>
Total expenses	<u>5,330,950</u>
Annual surplus	<u>546,000</u>
Acquisition of tangible capital assets	<u>(543,000)</u>
Change in net financial assets	<u>\$ 3,000</u>

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 5 (4)
AS AT DECEMBER 31, 2013

Schedule of Guarantees and Indemnity Agreements

A Schedule of Guarantees and Indemnity Payments has not been prepared because this organization has not given any guarantees or indemnities under the Guarantees and Indemnities Regulation.

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 6(2)(a)
AS AT DECEMBER 31, 2013

Schedule of Expenses - Board Members

Cayuela, Lucy	Chair, Board	\$	-
Chande, Gopi	Member, Board		-
DeBock, Matthew	Member, Board		-
Kelly, Fiona	Member, Board		-
Lim, Ken	Member, Board		-
McGraw, Mike	Member, Board		-
Nixon, Alan	Member, Board		-
Osler, Sanford	Member, Board		243
Sullivan, Frank	Vice Chair, Board		-

\$ 243

Comments:

No remuneration paid.

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Sections 6(2)(b)&(c)
AS AT DECEMBER 31, 2013

Remuneration and Expenses

	Remuneration	Expenses
Paid over \$ 75,000		
Section 6(2)(b)		
Kaiser, Helen	\$ 102,925	\$ 210
Larsen, Susan	97,585	489
Manchester, Penny Forsyth	81,591	
McConchie, Corinne	<u>103,035</u>	<u>1,169</u>
	385,136	<u>\$ 1,868</u>
Paid under \$ 75,000		
Section 6(2)(c)		
Remainder of employees	<u>3,030,328</u>	
Total	\$ <u>3,415,464</u>	

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 6(2)(d)
AS AT DECEMBER 31, 2013

Reconciliation of Remuneration per Section 6(2)(b) to Financial Statements

Total remuneration	\$	3,415,464
Add (Deduct):		
Employer costs		584,040
2013 accruals		206,317
2012 accruals		(108,961)
Net changes in payroll liability accounts		(48,621)
Salaries and benefits per financial statements	\$	<u>4,048,239</u>

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 6(7) & (8)
AS AT DECEMBER 31, 2013

Schedule of Severance Agreements

There were no severance agreements made between the District of North Vancouver Municipal Public Library and its non-unionized employees during fiscal year 2013.

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Sections 7(1)(a)&(b)
AS AT DECEMBER 31, 2013

Schedule of Payments to Suppliers of Goods and Services

Paid over \$ 25,000

Section 7(1)(a)

B.C. Hydro	\$	49,854
BC Libraries Cooperative		72,638
Business Pro Computers		52,491
C&L Multimedia		29,851
Corporation of the District of North Vancouver		71,914
CVS Midwest Tape LLC		118,920
Invictus Building Maintenance		70,625
Municipal Pension Plan		263,331
Pacific Blue Cross		107,802
Public Library InterLINK		55,634
Receiver General for Canada		198,145
SirsiDynix		45,291
Tech Logic Corp		32,799
Transpacific Realty Advisors		210,625
United Library Services Inc.		265,142
Total Section 7(1)(a)		<u>1,645,062</u>

Paid under \$ 25,000

Section 7(1)(b)

Sundry		483,701
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Grand Total

\$ 2,128,763

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 7(1)(c)
AS AT DECEMBER 31, 2013

Reconciliation to Financial Statements

As reported:

Supplier payments per Schedule 1, Sections 7(1)(a) & (b)	2,128,763
Subtotal	<u>2,128,763</u>

Add/(Deduct):

Provisions, accruals and other net adjustments	5,121
Net change in prepaid expenses	15,100
Depreciation of tangible capital assets	577,110
Loss on disposal of tangible capital assets	108,004
Board Expenses per Schedule 1, Section 6(2)(a)	243
Employee Expenses per Schedule 1, Section 6(2)(b) & (c)	1,868
Salaries and benefits per Schedule 1, Section 6(2)(d)	4,048,239
Employer portion of benefits on supplier payments section	(582,576)
Acquisition of tangible capital assets	(513,352)
Capital Lease payments	<u>(18,294)</u>

Total expenses on financial statements **\$** 5,770,226

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 7 (2) (b)
AS AT DECEMBER 31, 2013

Statement of Payments for the Purposes of Grants or Contributions

District of North Vancouver Municipal Public Library did not make any payments of grants or contributions in the current year.

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 9(1)
AS AT DECEMBER 31, 2013

Statement of Financial Information Approval

The undersigned represents the Board of Trustees of the District of North Vancouver Municipal Public Library and approves all the statements and the schedules included in the Statement of Financial Information, produced under the *Financial Information Act*.



Lucy Cayuela
Chair, Library Board

May 8, 2014

DISTRICT OF NORTH VANCOUVER MUNICIPAL PUBLIC LIBRARY
Statement of Financial Information
FIR Schedule 1, Section 9(3)
AS AT DECEMBER 31, 2013

Management Report

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments, established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of Trustees is responsible for ensuring that management fulfils its responsibilities for the financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board. The Finance Committee meets with management once a year.

The external auditors, KPMG LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules and statements required by the Act. Their examination includes a review and evaluation of the corporation's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly. The external auditors have full and free access to the Finance Committee of the Board.

On behalf of District of North Vancouver Municipal Public Library



Nicole Deveau
Chief Financial Officer, District of North Vancouver

May 8, 2014