



STAFF REPORT ACTION REQUIRED

10.

Audited 2009 Financial Statements – Toronto Public Library Board

Date:	June 21, 2010
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

This report requests Toronto Public Library Board approval of the Audited 2009 Financial Statements of the Toronto Public Library Board.

RECOMMENDATIONS

The City Librarian recommends that the Toronto Public Library Board:

1. approves the Audited 2009 Financial Statements of the Toronto Public Library Board, appended as Attachment 1.

FINANCIAL IMPACT

There was a year-end operating surplus in 2009 of \$60,908, which will be returned to the City.

The Director, Finance & Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

At the Board meeting of January 18, 2010, Ernst & Young's report on *Audit Planning – Year Ended December 31, 2009* was received for information.

ISSUE BACKGROUND

Ernst & Young started their audit work at the Library in October 2009, and work was completed in April 2010.

COMMENTS

The audited financial statements for the year ended December 31, 2009 are appended as Attachment 1.

The financial statements were prepared in accordance with the accounting recommendations and disclosure requirements as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The City of Toronto and the Toronto Public Library Board have adopted the new reporting standards for the Government Reporting Model and Tangible Capital Assets (TCAs). Refer to note 2 of the Financial Statements (page 7 of Attachment 1) for further details of significant accounting policies.

As a result of adopting the new reporting standards, there is a new 'Statement of Change in Net Financial Liabilities' and the introduction of an accumulated surplus (deficit) balance. Other changes include the recording of tangible capital assets and capital lease obligation on the Statement of Financial Position, the inclusion of non-cash expenditures such as amortization on the Statement of Operations and the discontinuance of the Schedule of Capital Operations. In preparing the 2009 financial statements, the 2008 comparative financials were restated to conform to the new reporting standards.

Tangible Capital Assets are recorded at historic cost and amortized over their useful lives. Establishing the historic values for TCAs included investigations and the use of acceptable valuation methods for lands and buildings, some of which are over 50 years old with limited or no documentation available. These valuation methods were based on practices at the City and other public libraries. Due to the significant materiality of the \$205 million value of TCAs, extensive work was required of both staff and the external auditors in creating and verifying the information. Ernst & Young's fee for doing this additional work is included in the *Audit Results – Year Ended December 31, 2009 - Toronto Public Library Board* report.

These statements reflect the assets, liabilities, accumulated surplus, revenues and expenses for the Library.

PSAB legislation requires the original budgets as approved by Council be reflected in the financial statements. The original capital and operating budgets as approved by Council do not include financing sources such as debt, even though the City allocates debt and interest charges to the Library on the audited financial statements.

Note 10 to the Financial Statements (page 18 of Attachment 1) indicates that the Library's current operating surplus is \$60,908 at year-end to be returned to the City. It is important to note that the changes in reporting standards are not expected to impact the capital and operating budget processes and funding received from the City.

The City administers certain funds that are held for Library purposes, including development charge reserves.

The auditors provided an unqualified opinion in the Auditors' Report contained in the Financial Statements (Page 2 of Attachment 1). An unqualified opinion means that the financial statements are presented fairly, in all material respects.

Representatives from Ernst & Young will be in attendance at the June 21, 2010 Board Meeting to respond to questions.

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946; Fax: 416-393-7115;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Jane Pyper
City Librarian

ATTACHMENTS

Attachment 1: Audited Financial Statements – Toronto Public Library Board –
December 31, 2009