

Financial Statements

**Toronto Public Library Board**  
December 31, 2008

## AUDITORS' REPORT

To the Members of the  
**Toronto Public Library Board**

We have audited the statement of financial position of the **Toronto Public Library Board** as at December 31, 2008 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*Ernst + Young LLP*

Toronto, Canada,  
March 13, 2009.

Chartered Accountants  
Licensed Public Accountants

**Toronto Public Library Board**  
Incorporated under the laws of Ontario

**STATEMENT OF FINANCIAL POSITION**

As at December 31

	2008	2007
	\$	\$
		<i>[restated - note 4[a]]</i>
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash	6,297,996	3,853,229
Short-term investments	18,189,111	15,561,675
Accounts receivable <i>[note 11]</i>	2,505,761	2,787,845
<b>Total financial assets</b>	<b>26,992,868</b>	<b>22,202,749</b>
<b>LIABILITIES</b>		
Accounts payable		
City of Toronto <i>[note 3]</i>	2,125,609	1,705,248
Other accounts payable and accrued liabilities <i>[notes 7 and 11]</i>	22,277,717	18,823,326
Deferred revenue	602,266	512,255
Employee benefits <i>[note 4]</i>	60,603,476	56,299,705
Interest payable on long-term liabilities <i>[note 3]</i>	459,286	463,762
Long-term payable with City of Toronto <i>[note 5]</i>	600,004	666,670
Long-term payable with Canada Life Assurance Company <i>[note 5]</i>	1,399,476	1,490,419
Long-term debt with City of Toronto <i>[note 6]</i>	28,374,395	33,820,503
<b>Total liabilities</b>	<b>116,442,229</b>	<b>113,781,888</b>
<b>Net liabilities</b>	<b>(89,449,361)</b>	<b>(91,579,139)</b>
<b>LIBRARY POSITION</b>		
Operating fund <i>[schedule 1]</i>	—	—
Capital fund <i>[schedule 2]</i>	2,211,991	1,383,819
Total fund balances	2,211,991	1,383,819
Amounts to be recovered <i>[note 7]</i>	(91,661,352)	(92,962,958)
<b>Total library position</b>	<b>(89,449,361)</b>	<b>(91,579,139)</b>

*See accompanying notes*

On behalf of the Board:

*Kathy Gallagher Ross*

Toronto Public Library Board Chair

*Jane Pyper*

City Librarian

# Toronto Public Library Board

## STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	2008		2007
	Budget	Actual	Actual
	\$	\$	\$
			<i>[restated - note 4[a]]</i>
<b>REVENUES</b>			
Grants			
Municipal <i>[note 9]</i>	174,800,872	184,709,968	160,889,455
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	6,940,734	6,859,208
Total municipal grants	174,800,872	191,650,702	167,748,663
Province of Ontario	5,637,434	5,681,880	5,705,728
Federal government	41,874	293,604	182,310
User charges <i>[note 8]</i>	4,160,690	3,832,105	4,143,826
Investment income <i>[note 6]</i>	238,500	1,261,929	1,169,519
Donations and other grants <i>[note 11]</i>	495,000	1,840,748	1,838,683
Other income	1,479,969	1,789,072	2,095,667
	<b>186,854,339</b>	<b>206,350,040</b>	<b>182,884,396</b>
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	126,631,259	138,453,427	126,345,854
Purchase of services	21,425,092	20,265,599	21,212,221
Library materials	17,400,654	17,604,080	17,551,048
Buildings	15,515,229	17,352,429	10,805,343
Equipment and furnishings	3,006,310	5,017,203	4,384,043
Materials and supplies	2,277,090	2,548,592	2,428,977
Interest on long-term debt	—	1,997,517	1,955,556
Transfers to City of Toronto and other <i>[note 3]</i>	598,705	981,415	777,589
	<b>186,854,339</b>	<b>204,220,262</b>	<b>185,460,631</b>
<b>Net revenues (expenditures) and decrease (increase) in net liabilities</b>	<b>—</b>	<b>2,129,778</b>	<b>(2,576,235)</b>
<b>FINANCING</b>			
New debt from City of Toronto <i>[note 6]</i>	—	—	3,825,000
Principal repayment on debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(5,603,717)	(5,344,777)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	4,302,111	4,286,711
<b>Net increase (decrease) in amounts to be recovered</b>	<b>—</b>	<b>(1,301,606)</b>	<b>2,766,934</b>
<b>Net increase in fund balances during the year</b>	<b>—</b>	<b>828,172</b>	<b>190,699</b>
Total fund balances, beginning of year	—	1,383,819	1,193,120
<b>Total fund balances, end of year</b>	<b>—</b>	<b>2,211,991</b>	<b>1,383,819</b>

See accompanying notes

## Toronto Public Library Board

### STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2008	2007
	\$	\$
		<i>[restated - note 4[a]]</i>
<b>OPERATING ACTIVITIES</b>		
Net revenues for the year	2,129,778	(2,576,235)
Sources (uses) of cash		
Decrease in accounts receivable	282,084	1,005,763
Increase in accounts payable and accrued liabilities	3,874,752	566,379
Increase in employee benefits	4,303,771	4,287,954
(Decrease) increase in interest payable		
on long-term liabilities	(4,476)	76,897
Increase in deferred revenue	90,011	234,680
<b>Net increase in cash from operating activities</b>	<b>10,675,920</b>	<b>3,595,438</b>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
New debt from City of Toronto	—	3,825,000
Principal repayment on debt and long-term payable		
including interest earned on sinking fund	(5,603,717)	(5,344,777)
Redemption of short-term investments	(2,627,436)	18,836
<b>Net decrease in cash from</b>		
<b>financing and investing activities</b>	<b>(8,231,153)</b>	<b>(1,500,941)</b>
<b>Net increase in cash during the year</b>	<b>2,444,767</b>	<b>2,094,497</b>
Cash, beginning of year	3,853,229	1,758,732
<b>Cash, end of year</b>	<b>6,297,996</b>	<b>3,853,229</b>

*See accompanying notes*

## SCHEDULE OF CURRENT OPERATIONS

Year ended December 31

	2008		2007
	Budget	Actual	Actual
	\$	\$	\$
			<i>[restated - note 4[a]]</i>
<b>REVENUES</b>			
Grants			
Municipal <i>[notes 9 and 12]</i>	157,724,872	165,920,721	151,436,829
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	6,940,734	6,859,208
Total municipal grants	157,724,872	172,861,455	158,296,037
Province of Ontario	5,637,434	5,681,880	5,670,728
Federal government	41,874	293,604	182,310
User charges <i>[note 8]</i>	4,160,690	3,832,105	4,143,826
Investment income <i>[note 6]</i>	238,500	933,394	851,986
Donations and other grants <i>[note 11]</i>	495,000	1,234,150	1,329,718
Other income	1,191,969	1,391,157	1,415,344
	169,490,339	186,227,745	171,889,949
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	126,631,259	138,453,427	126,345,854
Purchase of services	21,425,092	20,265,599	21,212,221
Library materials	13,000	17,273	18,698
Materials and supplies	2,277,090	2,548,592	2,428,977
Equipment and furnishings	10,310	1,774,756	72,235
Interest on long-term debt	—	1,997,517	1,955,556
Transfers to City of Toronto and other <i>[note 3]</i>	598,705	981,415	777,589
	150,955,456	166,038,579	152,811,130
<b>Net revenues</b>	18,534,883	20,189,166	19,078,819
<b>FINANCING AND TRANSFERS</b>			
Principal repayment on debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(5,603,717)	(5,344,777)
Transfer from (to) capital fund <i>[schedule 2]</i>			
Library materials	(17,387,654)	(17,387,654)	(16,925,654)
Buildings	497,771	145,094	241,901
Equipment and furnishings	(1,645,000)	(1,645,000)	(1,337,000)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	4,302,111	4,286,711
<b>Net financing and transfers</b>	(18,534,883)	(20,189,166)	(19,078,819)
<b>Change in operating fund balance <i>[note 9]</i></b>	—	—	—
Operating fund balance, beginning of year	—	—	—
<b>Operating fund balance, end of year</b>	—	—	—

See accompanying notes

## SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31

	2008		2007
	Budget	Actual	Actual
	\$	\$	\$
<b>REVENUES</b>			
Grants			
Municipal	17,076,000	18,789,247	9,452,626
Province of Ontario	—	—	35,000
Investment income	—	328,535	317,533
Donations and other grants <i>[note 11]</i>	—	606,598	508,965
Other income	288,000	397,915	680,323
	<b>17,364,000</b>	<b>20,122,295</b>	<b>10,994,447</b>
<b>EXPENDITURES</b>			
Library materials	17,387,654	17,586,807	17,532,350
Buildings	15,515,229	17,352,429	10,805,343
Equipment and furnishings	2,996,000	3,242,447	4,311,808
	<b>35,898,883</b>	<b>38,181,683</b>	<b>32,649,501</b>
<b>Net expenditures</b>	<b>(18,534,883)</b>	<b>(18,059,388)</b>	<b>(21,655,054)</b>
<b>FINANCING AND TRANSFERS</b>			
New debt from City of Toronto <i>[note 6]</i>	—	—	3,825,000
Transfer from (to) current fund <i>[schedule 1]</i>			
Library materials	17,387,654	17,387,654	16,925,654
Buildings	(497,771)	(145,094)	(241,901)
Equipment and furnishings	1,645,000	1,645,000	1,337,000
<b>Net financing and transfers</b>	<b>18,534,883</b>	<b>18,887,560</b>	<b>21,845,753</b>
<b>Change in capital fund balance</b>	<b>—</b>	<b>828,172</b>	<b>190,699</b>
Capital fund balance, beginning of year	—	1,383,819	1,193,120
<b>Capital fund balance, end of year</b>	<b>—</b>	<b>2,211,991</b>	<b>1,383,819</b>

See accompanying notes

## **Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

#### **1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO AND THE TORONTO PUBLIC LIBRARY FOUNDATION**

The Toronto Public Library Board [the "Board"] is a local board of the City of Toronto [the "City"] deemed to be a public library board established under the Public Libraries Act and is responsible for providing public library service that reflects the community's unique needs. The Public Libraries Act has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund and capital fund of the Board.

The Toronto Public Library Foundation [the "Foundation"] has responsibility for most of the fundraising activities for the Toronto Public Library [the "Library"]. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets, revenues and expenditures are not included in these financial statements *[note 11]*.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted are as follows:

##### **Basis of accounting**

Revenues and expenditures are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.



## **Toronto Public Library Board**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

### **Revenue recognition**

Government transfers, which include municipal, provincial and federal grants, are recognized in the period in which 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. The Board follows the deferral method of accounting for donations and other grants. Donations and other grants are recognized as revenue when received or receivable if the amount to be received can be reasonably measured and collection is reasonably assured. Revenues from user charges and other related services are recognized at point of sale or when services have been provided and collection is reasonably assured.

### **Measurement uncertainty**

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. The employee benefits liabilities and related costs charged to the statement of financial activities depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

### **Short-term investments and investment income**

Short-term investments are recorded at cost plus accrued interest and consist of financial instruments, such as treasury bills and bankers' acceptances, which are readily cashable on short notice. The market value of these investments approximates cost.

Investment income earned on available current funds are reported as revenue in the period earned.

### **Inventory**

Expenditures on inventory of materials and supplies for consumption in the Library's activities, are reported as an expenditure on the statement of financial activities in the year of acquisition.

### **Capital assets**

The historical cost and accumulated amortization of capital assets are not reported. Purchases of capital assets are recorded on the statement of financial activities as expenditures in the year of acquisition [note 13].

## **Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2008

#### **Deferred revenue**

Deferred revenue includes the balance of funds which have been received from the Foundation for specific operating projects which the Board has not yet expended.

#### **Employee benefit plans**

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;
- past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group which is 13, 12.8 and 11.8 years.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 3. RELATED PARTY TRANSACTIONS

Accounts (payable to) receivable from the City consists of the following:

	2008 \$	2007 \$
Operating receivable	—	2,265,094
Accrued interest on long-term liabilities	459,286	463,762
	<u>459,286</u>	<u>2,728,856</u>
<b>Less</b>		
Operating payable	(359,130)	—
Operating surplus payable <i>[note 9]</i>	(18,320)	(642,651)
Payable for hydro charges	(254,424)	(250,185)
Unexpended capital advance	(1,953,021)	(3,541,268)
	<u>(2,125,609)</u>	<u>(1,705,248)</u>

Insurance coverage for the Board is done through the City. During the year, the Board contributes to the City's insurance reserve and expenses these contributions as made. Contributions for the year amounted to \$463,860 [2007 - \$346,905] and are included within transfers to City of Toronto and other expenditures on the statement of financial activities.

In addition, the Board contributes to the City's vehicle reserve and expenses these contributions as made. Contributions for the year amounted to \$232,950 [2007 - \$219,800] and are included within transfers to City of Toronto and other expenditures on the statement of financial activities.

The Board also contributes to a capital reserve with the City for a specific capital project. The amount held at the end of the year amounted to \$29,709 [2007 - \$96,556].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 4. EMPLOYEE BENEFITS

The Board sponsors defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees. The plans provide health, dental, life insurance and long-term disability benefits to certain employees.

[a] Restatement of employee benefits payable

The comparative 2007 financial statements have been restated to reflect an error in the actuarial valuation of sick leave liabilities, which are included in employee benefits payable. The actuarial error understated the accumulated sick leave liability and resulted in an understatement of sick leave benefits payable.

As a result of the restatement, as at December 31, 2007, the sick leave benefits liability increased by \$10,327,469 and the net unamortized actuarial loss increased by \$7,187,751. As a result, the amounts to be recovered from the City and employee benefits payable increased by \$3,139,718. In the statement of financial activities, staff costs and employee benefits and vacation pay to be recovered increased by \$3,139,718.

[b] Information about the Board's employee benefits, other than the multi-employer, defined benefit plan noted below, is as follows:

	2008 \$	2007 \$
		<i>[restated]</i>
Accrued benefit obligation	71,695,331	68,672,736
Net unamortized actuarial loss	(11,091,855)	(12,373,031)
<b>Total employee benefit liability</b>	<b>60,603,476</b>	<b>56,299,705</b>

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

Components of the accrued benefit obligation are as follows:

	2008 \$	2007 \$
		<i>[restated]</i>
Post-retirement benefits	43,275,897	40,838,055
Disabled employees' benefits	2,527,866	2,368,836
Income benefits	5,239,832	5,024,089
Sick leave benefits	20,129,698	19,951,606
Workplace Safety and Insurance	522,038	490,150
	<b>71,695,331</b>	<b>68,672,736</b>

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and assumes responsibility for financing its workplace safety insurance costs. The obligation of \$522,038 [2007 - \$490,150] represents the estimate of future benefit costs under Schedule 2.

The benefit plans are all unfunded in 2008 and 2007.

[c] The continuity of the accrued benefit obligation is as follows:

	2008 \$	2007 \$
		<i>[restated]</i>
<b>Balance, beginning of year</b>	<b>68,672,736</b>	58,594,335
Current service cost	3,812,647	3,265,509
Interest cost	3,354,136	3,229,281
Expected benefits paid	(4,173,997)	(3,516,087)
Actuarial loss	29,809	7,099,698
<b>Balance, end of year</b>	<b>71,695,331</b>	<b>68,672,736</b>

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

- [d] The total expenditures related to employee benefits other than those related to the multi-employer pension plan are included in staff costs on the statement of financial activities and include the following components:

	2008 \$	2007 \$
		<i>[restated]</i>
Current period benefit cost	<b>3,812,647</b>	3,265,509
Amortization of net actuarial loss	<b>1,310,985</b>	1,309,251
Benefit interest expenditure	<b>3,354,136</b>	3,229,281
<b>Total expenditures related to retirement benefits</b>	<b>8,477,768</b>	7,804,041

- [e] Cash payments made during the year are as follows:

	2008 \$	2007 \$
		<i>[restated]</i>
Post-retirement plans	<b>968,513</b>	865,483
Disabled employees' benefits	<b>678,944</b>	682,688
Sick leave benefits	<b>982,580</b>	886,518
	<b>2,630,037</b>	2,434,689

- [f] Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial report was prepared as at December 31, 2006. The accrued benefit obligation shown for 2008 and 2007 is based on an extrapolation of the 2006 valuation.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

[g] The significant actuarial assumptions are as follows:

	<b>2008</b> %	<b>2007</b> %
Accrued benefit obligation		
Discount rate – post-retirement	<b>5.0</b>	5.0
Discount rate – disabled employees, income benefit	<b>4.7</b>	4.7
Discount rate – sick leave, workers' compensation	<b>5.0</b>	5.0
Accrued benefit cost		
Discount rate – post-retirement	<b>5.0</b>	6.0
Discount rate – disabled employees, income benefit	<b>4.7</b>	5.5
Discount rate – sick leave, workers' compensation	<b>5.0</b>	6.0
Health care inflation – hospital, dental care and other medical	<b>4.5 – 7.3</b>	4.5 - 7.5
Health care inflation – drugs	<b>7.3 – 9.5</b>	7.5 - 10.0
Rate of compensation increase	<b>3.0</b>	3.0

The dental care rate will reduce to 4.0% in 2013 and the health care rate for drugs will reduce to 5.0% in 2017.

[h] In addition to the above-noted benefits, the Board makes contributions to the Ontario Municipal Employees' Retirement System plan ["OMERS"], a multi-employer pension plan, on behalf of most of its employees. OMERS 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. Employees and employers contribute jointly to the plan. Total employer contributions for the year amounted to \$6,514,278 [2007 - \$6,231,867] and are included in staff costs in the statement of financial activities.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 5. LONG-TERM PAYABLE

During 2001, the Board entered into an Energy Service Agreement with the City and Ameresco Canada ["Ameresco"], formerly DukeSolutions Canada Inc. Ameresco completed energy efficiency improvements to Library facilities in 2003 for a total net cost of \$3,218,935.

The first \$1,000,000 in improvements was financed by an interest-free loan from the Better Building Partnership Program of the City. The Board agreed to repay the City in 30 installments of \$33,333 over a 15-year period. During the year, the Library paid the City amounts totaling \$66,666 [2007 - \$66,666], resulting in an outstanding long-term payable as at December 31, 2008 of \$600,004 [2007 - \$666,670].

The remaining \$2,218,935 is being financed through a tri-party agreement among Ameresco, Canada Life Assurance Company ["Canada Life"] and the Library. Under the terms of the agreement, the Board agrees to pay Canada Life in accordance with the following payment schedule from the Energy Service Agreement, which will be ultimately funded by the energy savings over the matching 15-year period. Details of repayment are as follows:

	\$
2009	98,867
2010	107,099
2011	116,017
2012	125,422
2013	136,120
Thereafter	815,951
	<u>1,399,476</u>

During the year, the Library paid Canada Life amounts totaling \$211,052 [2007 - \$211,052]. The principal portion of this amount was \$90,943 [2007 - \$84,277], resulting in an outstanding long-term payable as at December 31, 2008 of \$1,399,476 [2007 - \$1,490,419].



## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 6. LONG-TERM DEBT WITH CITY OF TORONTO

The long-term debt with the City consists of the following:

	2008 \$	2007 \$
Debenture debt		
Principal amount	40,584,292	41,623,000
Accumulated sinking fund	(12,209,897)	(7,802,497)
	<u>28,374,395</u>	<u>33,820,503</u>

The debenture debt has a weighted average interest rate of 4.69% [2007 - 4.61%] and maturity dates ranging from 2009 through 2017.

Repayments of the long-term debt are due as follows:

	\$
2009	5,539,845
2010	5,616,387
2011	5,275,379
2012	3,548,523
2013	3,111,338
Thereafter	5,282,923
	<u>28,374,395</u>

During the year, interest earned of \$502,891 [2007 - \$290,182] on the accumulated sinking fund held by the City was recorded as investment income offset by including this amount as part of the debt principal repayment within the financing section on the statement of financial activities.

The debt and interest repayment for 2008 was \$6,940,734 [2007 - \$6,859,208], and is included as grant revenue on the schedule of current operations and statement of financial activities. These amounts are not reflected in the budget figures.

During 2008, the City did not issue debentures [2007 - \$3,825,000] resulting in a current year net capital funding of \$18,789,247 [2007 - \$9,452,626].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 7. AMOUNTS TO BE RECOVERED

Amounts to be recovered include the gross amount of the following liabilities at year end:

	2008 \$	2007 \$
		<i>[restated]</i>
Employee benefits <i>[note 4]</i>	60,603,476	56,299,705
Employee vacation pay [included in other accounts payable and accrued liabilities]	684,001	685,661
	61,287,477	56,985,366
Capital outlay financed by long-term payable to be recovered in future years <i>[note 5]</i>	1,999,480	2,157,089
Capital outlay financed by long-term debt to be recovered in future years <i>[note 6]</i>	28,374,395	33,820,503
	<b>91,661,352</b>	<b>92,962,958</b>

Since the City funds the net requirements of the current operations of the Board, the amounts shown above for employee benefits and vacation pay will ultimately be received from the City.

#### 8. REVENUES FROM USER CHARGES

Revenues from user charges consist of the following:

	2008 \$	2007 \$
Fines	2,783,052	3,038,145
Equipment and facility rentals	633,537	626,644
Photocopier receipts	351,017	389,463
Online search	28,198	39,001
Photography	15,659	25,319
Interlibrary loan	7,822	9,744
Non-resident user fees	8,831	9,843
Program registration fees	3,989	4,034
Other charges	—	1,633
	<b>3,832,105</b>	<b>4,143,826</b>

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2008

#### 9. ACCUMULATED NET REVENUES

The City funds the net requirements of the current operations of the Board. Consequently, the Board does not identify accumulated funds within the schedule of current operations. The current year's operating surplus of \$18,320 [2007 - \$642,651] is included within the accounts payable balance to the City *[note 3]*.

#### 10. LEASE COMMITMENTS

As at December 31, 2008, the Board is committed to the following annual operating lease payments for equipment and facilities:

	\$
2009	1,748,187
2010	1,757,601
2011	1,721,179
2012	1,180,934
2013	792,405
Thereafter	2,763,414
	<u>9,963,720</u>

#### 11. TORONTO PUBLIC LIBRARY FOUNDATION

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received contributions of \$1,840,748 [2007 - \$1,838,683] from the Foundation. Included in other accounts payable and accrued liabilities is \$157,822 owing to the Foundation [2007 - \$4,316]. The Foundation has net assets of \$14,431,456 [2007 - \$5,664,459] which includes an endowment balance of \$3,123,948 [2007 - \$3,708,232].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

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#### 12. BUDGET FIGURES

The approved operating and capital budgets for 2008 are reflected on the schedules of current operations and capital operations and the statement of financial activities.

The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual amounts. The Board did not budget for debt financing in 2008 and, therefore, no figures are shown on schedule 2.

The operating budget established for the municipal grant of \$157,724,872 in the schedule of current operations is comprised of tax supported funding of \$155,673,672 and a draw from the development charge reserve of \$2,051,200.

#### 13. TANGIBLE CAPITAL ASSETS

Effective January 1, 2007, the Board adopted Accounting Guideline 7 ["PSG-7"] of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - *Tangible Capital Assets*, of the Public Sector Accounting Handbook comes into effect on January 1, 2009. These provisions require local governments to record tangible capital assets at cost and amortize these assets over their estimated useful lives.

Tangible capital assets are significant economic resources managed by local government and a key component of cost in the delivery of many local government programs and services. Tangible capital assets include such diverse items as library materials, buildings, vehicles, machinery and equipment, land, furniture and fixtures, computer hardware and software.

The Board continues to record tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as expenditures within the capital fund. This will change when the new recommendations for accounting for tangible capital assets is implemented for the 2009 reporting year.

During 2008, the Board continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As at December 31, 2008, the Board had significantly completed the inventory of the listing of assets in the following categories: land, buildings, computer hardware and software, library materials and vehicles. A listing of assets and values which are not yet completed is currently underway and expected to be completed by June 30, 2009.