

Financial Statements

**Toronto Public Library Board**

December 31, 2006

## 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, 2006 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, 2006 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.

Toronto, Canada,  
March 23, 2007.

Chartered Accountants

# Toronto Public Library Board

## STATEMENT OF FINANCIAL POSITION

As at December 31

	2006 \$	2005 \$
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash	1,758,732	1,577,368
Short-term investments	15,580,511	17,524,777
Accounts receivable <i>[note 12]</i>	3,793,608	3,074,350
<b>Total financial assets</b>	<b>21,132,851</b>	<b>22,176,495</b>
<b>LIABILITIES</b>		
Accounts payable		
City of Toronto <i>[note 3]</i>	3,392,062	4,861,850
Other accounts payable and accrued liabilities <i>[note 7]</i>	16,570,133	15,343,173
Deferred revenue	277,575	375,986
Employee benefits <i>[note 4]</i>	52,011,751	48,159,450
Interest payable on long-term liabilities	386,865	227,393
Long-term payable with City of Toronto <i>[note 5]</i>	733,336	800,002
Long-term payable with Canada Life Assurance Company <i>[note 5]</i>	1,574,696	1,652,496
Long-term debt with City of Toronto <i>[note 6]</i>	35,189,337	26,572,594
<b>Total liabilities</b>	<b>110,135,755</b>	<b>97,992,944</b>
<b>Net liabilities</b>	<b>(89,002,904)</b>	<b>(75,816,449)</b>
<b>LIBRARY POSITION</b>		
Operating fund <i>[schedule 1]</i>	—	—
Capital fund <i>[schedule 2]</i>	1,193,120	2,005,904
Total fund balances	1,193,120	2,005,904
Amounts to be recovered <i>[note 7]</i>	(90,196,024)	(77,822,353)
<b>Total library position</b>	<b>(89,002,904)</b>	<b>(75,816,449)</b>

*See accompanying notes*

On behalf of the Board:

Toronto Public Library Board Chair

City Librarian

# Toronto Public Library Board

## STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	<b>2006</b>		<b>2005</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
	<i>[note 13]</i>		
<b>REVENUES</b>			
Grants			
Municipal <i>[note 10]</i>	159,364,147	146,517,445	142,654,929
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	4,647,706	3,518,978
Total municipal grants	159,364,147	151,165,151	146,173,907
Province of Ontario	5,637,434	5,630,560	6,228,642
Federal government	69,000	281,653	167,842
User charges <i>[note 8]</i>	4,162,190	4,101,955	4,032,535
Investment income <i>[note 6]</i>	200,000	967,279	733,481
Donations and other grants <i>[note 9]</i>	503,500	2,252,106	2,005,856
Other income	1,014,199	1,626,647	1,964,513
	170,950,470	166,025,351	161,306,776
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	116,538,095	121,679,963	116,715,022
Purchase of services	20,734,290	21,136,058	22,182,168
Library materials	16,938,163	17,306,300	16,988,447
Buildings	8,193,000	7,728,228	8,039,238
Equipment and furnishings	5,626,117	6,111,724	4,583,650
Materials and supplies	2,357,055	2,492,084	2,416,215
Transfer to City of Toronto <i>[note 6]</i>	—	590,549	—
Interest on long-term debt	—	1,580,431	1,328,199
Taxes and other <i>[note 1]</i>	563,750	586,469	741,900
	170,950,470	179,211,806	172,994,839
<b>Net expenditures and increase in net liabilities</b>	—	(13,186,455)	(11,688,063)
<b>FINANCING</b>			
New debt from City of Toronto <i>[note 6]</i>	—	11,862,000	10,229,000
Principal repayment on debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(3,389,723)	(2,450,822)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	3,901,394	4,330,791
<b>Net increase in amounts to be recovered</b>	—	12,373,671	12,108,969
<b>Net increase (decrease) in fund balances during the year</b>	—	(812,784)	420,906
Total fund balances, beginning of year	—	2,005,904	1,584,998
<b>Total fund balances, end of year</b>	—	1,193,120	2,005,904

See accompanying notes

## Toronto Public Library Board

### STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2006 \$	2005 \$
<b>OPERATING ACTIVITIES</b>		
Net expenditures for the year	(13,186,455)	(11,688,063)
Sources (uses) of cash		
Decrease (increase) in accounts receivable	(719,258)	5,584,986
Decrease in accounts payable and accrued liabilities	(242,828)	(3,769,168)
Increase in employee benefits	3,852,301	4,265,731
Increase in interest payable on long-term liabilities	159,472	44,527
Decrease in deferred revenue	(98,411)	(129,402)
<b>Net decrease in cash from operating activities</b>	<b>(10,235,179)</b>	<b>(5,691,389)</b>
<b>FINANCING AND INVESTING ACTIVITIES</b>		
New debt from City of Toronto	11,862,000	10,229,000
Principal repayment on debt and long-term payable including interest earned on sinking fund	(3,389,723)	(2,450,822)
Redemption of short-term investments	1,944,266	1,175,967
<b>Net increase in cash from financing and investing activities</b>	<b>10,416,543</b>	<b>8,954,145</b>
<b>Net increase in cash during the year</b>	<b>181,364</b>	<b>3,262,756</b>
Cash (bank indebtedness), beginning of year	1,577,368	(1,685,388)
<b>Cash, end of year</b>	<b>1,758,732</b>	<b>1,577,368</b>

*See accompanying notes*

**SCHEDULE OF CURRENT OPERATIONS**

Year ended December 31

	<b>2006</b>		<b>2005</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>[note 13]</i>			
<b>REVENUES</b>			
Grants			
Municipal <i>[note 10]</i>	<b>146,529,147</b>	<b>146,517,445</b>	141,280,952
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	<b>4,647,706</b>	3,518,978
Total municipal grants	<b>146,529,147</b>	<b>151,165,151</b>	144,799,930
Province of Ontario	<b>5,637,434</b>	<b>5,630,560</b>	6,188,642
Federal government	<b>69,000</b>	<b>81,653</b>	167,842
User charges <i>[note 8]</i>	<b>4,162,190</b>	<b>4,101,955</b>	4,032,535
Investment income <i>[note 6]</i>	<b>200,000</b>	<b>665,700</b>	553,327
Donations and other grants <i>[note 9]</i>	<b>503,500</b>	<b>1,893,536</b>	1,637,170
Other income	<b>1,014,199</b>	<b>1,626,647</b>	1,964,193
	<b>158,115,470</b>	<b>165,165,202</b>	159,343,639
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	<b>116,538,095</b>	<b>121,679,963</b>	116,715,022
Purchase of services	<b>20,734,290</b>	<b>21,136,058</b>	22,182,168
Materials and supplies	<b>2,357,055</b>	<b>2,492,084</b>	2,416,215
Library materials	<b>13,000</b>	<b>22,675</b>	135,091
Equipment and furnishings	<b>230,117</b>	<b>355,474</b>	148,906
Interest on long-term debt	—	<b>1,580,431</b>	1,328,199
Taxes and other <i>[note 1]</i>	<b>563,750</b>	<b>586,469</b>	741,900
	<b>140,436,307</b>	<b>147,853,154</b>	143,667,501
<b>Net revenues</b>	<b>17,679,163</b>	<b>17,312,048</b>	15,676,138
<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>	—	<b>(3,389,723)</b>	(2,450,822)
Transfer from (to) capital funds <i>[schedule 2]</i>			
Library materials	<b>(16,925,163)</b>	<b>(16,925,163)</b>	(16,408,663)
Buildings	<b>457,000</b>	<b>312,444</b>	60,244
Equipment and furnishings	<b>(1,211,000)</b>	<b>(1,211,000)</b>	(1,207,688)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	<b>3,901,394</b>	4,330,791
<b>Net financing and transfers</b>	<b>(17,679,163)</b>	<b>(17,312,048)</b>	(15,676,138)
<b>Change in operating fund balance <i>[note 10]</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

	<b>2006</b>		<b>2005</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<i>[note 13]</i>			
<b>REVENUES</b>			
Grants			
Municipal	<b>12,835,000</b>	—	1,373,977
Province of Ontario	—	—	40,000
Federal government	—	<b>200,000</b>	—
Investment income	—	<b>301,579</b>	180,154
Donations and other grants <i>[note 9]</i>	—	<b>358,570</b>	368,686
Other income	—	—	320
	<b>12,835,000</b>	<b>860,149</b>	1,963,137
<b>EXPENDITURES</b>			
Library materials	<b>16,925,163</b>	<b>17,283,625</b>	16,853,356
Buildings	<b>8,193,000</b>	<b>7,728,228</b>	8,039,238
Equipment and furnishings	<b>5,396,000</b>	<b>5,756,250</b>	4,434,744
Transfer to City of Toronto <i>[note 6]</i>	—	<b>590,549</b>	—
	<b>30,514,163</b>	<b>31,358,652</b>	29,327,338
<b>Net expenditures</b>	<b>(17,679,163)</b>	<b>(30,498,503)</b>	(27,364,201)
<b>FINANCING AND TRANSFERS</b>			
New debt from City of Toronto <i>[note 6]</i>	—	<b>11,862,000</b>	10,229,000
Transfer from (to) current fund <i>[schedule 1]</i>			
Library materials	<b>16,925,163</b>	<b>16,925,163</b>	16,408,663
Buildings	<b>(457,000)</b>	<b>(312,444)</b>	(60,244)
Equipment and furnishings	<b>1,211,000</b>	<b>1,211,000</b>	1,207,688
<b>Net financing and transfers</b>	<b>17,679,163</b>	<b>29,685,719</b>	27,785,107
<b>Change in capital fund balance</b>	—	<b>(812,784)</b>	420,906
Capital fund balance, beginning of year	—	<b>2,005,904</b>	1,584,998
<b>Capital fund balance, end of year</b>	—	<b>1,193,120</b>	2,005,904

*See accompanying notes*

## **Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

#### **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).

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 \$380,900 [2005 - \$315,017] and are included within taxes and other expenses 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 nil [2005 - \$219,800] and are included within taxes and other expenses on the statement of financial activities.

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, reserve funds 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 12].

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

These financial statements are the representation of management and have been prepared in accordance with 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, 2006

#### **Measurement uncertainty**

The preparation of the financial statements in conformity with 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**

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.

#### **Inventories**

Expenditures on inventories of materials and supplies 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.

#### **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;

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

- 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 years.

#### 3. ACCOUNTS (PAYABLE TO) RECEIVABLE FROM CITY OF TORONTO

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

	2006 \$	2005 \$
Operating receivable	—	230,335
Accrued interest on long-term liabilities	386,865	227,394
	386,865	457,729
<b>Less</b>		
Operating payable	(349,660)	—
Operating surplus payable <i>[note 10]</i>	(11,072)	(26,069)
Wage harmonization	—	(1,992,698)
Payable for hydro charges	(474,301)	(445,467)
Unexpended capital advance	(2,943,894)	(2,855,345)
	(3,392,062)	(4,861,850)

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

	2006 \$	2005 \$
Accrued benefit obligation	58,594,335	56,312,950
Net unamortized actuarial loss	(6,582,584)	(8,153,500)
<b>Total employee benefit liability</b>	<b>52,011,751</b>	<b>48,159,450</b>

Components of the accrued benefit obligation are as follows:

	2006 \$	2005 \$
Post-retirement benefits	39,477,434	37,230,687
Disabled employees' benefits	1,431,497	1,514,651
Income benefits	3,266,241	3,560,875
Sick leave benefits	14,014,554	13,602,128
Workplace Safety and Insurance	404,609	404,609
	<b>58,594,335</b>	<b>56,312,950</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 \$404,609 represents the estimate of future benefit costs under Schedule 2.

The benefit plans are all unfunded in 2006 and 2005.

# Toronto Public Library Board

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

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

	2006 \$	2005 \$
Balance, beginning of year	56,312,950	52,862,569
Current service cost	2,921,874	2,887,688
Interest cost	3,383,751	3,194,278
Expected benefits paid	(3,268,674)	(2,631,585)
Actuarial gain	(755,566)	—
<b>Balance, end of year</b>	<b>58,594,335</b>	<b>56,312,950</b>

[c] The total expenditures related to employee future 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:

	2006 \$	2005 \$
Current period benefit cost	2,921,874	2,887,688
Amortization of actuarial loss	815,350	815,350
Benefit interest expenditure	3,383,751	3,194,278
<b>Total expenditures related to retirement benefits</b>	<b>7,120,975</b>	<b>6,897,316</b>

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

	2006 \$	2005 \$
Post-retirement plans	828,891	868,928
Disabled employees' benefits	562,846	550,710
Sick leave benefits	469,749	471,507
	<b>1,861,486</b>	<b>1,891,145</b>

[e] Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial report was prepared at December 31, 2002. The accrued obligation shown for 2006 is based on an extrapolation of the 2002 valuation. The next actuarial review will be performed as at December 31, 2006.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

- [f] The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligation are as follows:

	2006 %	2005 %
Discount rate - post-retirement	6.0	6.0
Discount rate - disabled employees, income benefit	5.5	5.5
Discount rate - sick leave, workers' compensation	6.0	6.0
Health care inflation - hospital, dental care and other medical	4.5	4.5
Health care inflation - drugs	10.7	11.4
Rate of compensation increase	3.0	3.0

The health care rate for drugs will reduce to 5.5% over 8 years.

- [g] 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 \$5,971,571 [2005 - \$5,299,703] and are included in staff costs in the statement of financial activities.

#### 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 [2005 - \$66,666], resulting in an outstanding long-term payable as at December 31, 2006 of \$733,336 [2005 - \$800,002].

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 payment schedule from the Energy Service Agreement which will be ultimately funded by the energy savings over the matching 15-year period.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

During the year, the Library paid Canada Life amounts totalling \$211,052 [2005 - \$211,052]. The principal portion of this amount was \$77,800 [2005 - \$65,908], resulting in an outstanding long-term payable as at December 31, 2006 of \$1,574,696 [2005 - \$1,652,496].

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

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

	2006 \$	2005 \$
Debtenture debt		
Principal amount	39,348,626	29,142,765
Accumulated sinking fund	(4,159,289)	(2,570,171)
	35,189,337	26,572,594

The debtenture debt has a weighted average interest rate of 2.99% and maturity dates ranging from 2007 through 2016.

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

	\$
2007	5,139,082
2008	5,017,327
2009	5,202,486
2010	5,304,005
2011	4,953,600
2012 and thereafter	9,572,837
	35,189,337

During the year, interest earned of \$177,982 [2005 - \$127,470] 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 2006 was \$4,647,706 [2005 - \$3,518,978], 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 2006, the City issued debtentures of \$11,862,000 [2005 - \$10,229,000] resulting in a net current year transfer of \$590,549 to the City [2005 - net capital funding of \$1,373,977].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

#### 7. AMOUNTS TO BE RECOVERED

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

	2006 \$	2005 \$
Employee benefits <i>[note 4]</i>	52,011,751	48,159,450
Employee vacation pay [included in other accounts payable and accrued liabilities]	686,905	637,811
	52,698,656	48,797,261
Capital outlay financed by long-term payable and to be recovered in future years <i>[note 5]</i>	2,308,031	2,452,498
Capital outlay financed by long-term debt and to be recovered in future years <i>[note 6]</i>	35,189,337	26,572,594
	90,196,024	77,822,353

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:

	2006 \$	2005 \$
Fines	3,030,976	2,962,471
Equipment and facility rentals	548,450	536,448
Photocopier receipts	425,309	455,447
Online search	53,323	48,793
Photography	18,257	6,575
Interlibrary loan	11,949	8,802
Non-resident user fees	9,546	7,960
Program registration fees	4,145	4,488
Other charges	—	1,551
	4,101,955	4,032,535

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2006

#### 9. REVENUES FROM DONATIONS AND OTHER GRANTS

Revenues from donations and other grants consist of the following:

	2006 \$	2005 \$
Toronto Public Library Foundation <i>[note 12]</i>	2,214,659	2,005,856
Other donations	37,447	—
	<b>2,252,106</b>	<b>2,005,856</b>

#### 10. ACCUMULATED NET REVENUE

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 \$11,072 [2005 - \$26,069], is included within the accounts payable balance to the City *[note 3]*.

#### 11. LEASE COMMITMENTS

As at December 31, 2006, the Board is committed to the following annual operating lease payments for equipment and facilities:

	\$
2007	2,239,750
2008	1,069,161
2009	748,709
2010	748,709
2011	716,545
2012 and thereafter	2,196,817
	<b>7,719,691</b>

#### 12. TORONTO PUBLIC LIBRARY FOUNDATION

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received contributions of \$2,214,659 [2005 - \$2,005,856] from the Foundation *[note 9]*, of which \$1,146,069 is included in accounts receivable at December 31, 2006 [2005 - nil]. The Foundation has net assets of \$4,540,998 [2005 - \$3,322,058] which includes an endowment balance of \$3,026,526 [2005 - \$1,722,953].



## **Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2006

#### **13. BUDGET FIGURES**

The approved operating and capital budgets for 2006 are reflected on the schedules of current operations, 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 2006 and, therefore, no figures are shown on schedule 2.

The operating budget established for the municipal grant of \$146,529,147 in the schedule of current operations is comprised of tax supported funding of \$144,477,947 and a draw from the development charge reserve of \$2,051,200.

#### **14. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2006 financial statements.