

Financial Statements

Toronto Public Library Board

December 31, 2004

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, 2004 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, 2004 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 9, 2005.

Chartered Accountants

Toronto Public Library Board

STATEMENT OF FINANCIAL POSITION

As at December 31

	2004 \$	2003 \$
ASSETS		
Financial assets		
Cash	—	2,006,596
Short-term investments	18,700,744	14,827,337
Accounts receivable		
City of Toronto <i>[note 3]</i>	6,403,347	—
Other	2,255,989	3,139,209
Total financial assets	27,360,080	19,973,142
LIABILITIES		
Bank indebtedness	1,685,388	—
Accounts payable		
City of Toronto <i>[note 3]</i>	—	1,226,268
Other accounts payable and accrued liabilities <i>[note 7]</i>	24,406,484	11,914,696
Deferred revenue <i>[note 13]</i>	73,095	—
Employee benefits <i>[note 4]</i>	43,893,719	39,894,497
Interest on long-term liabilities	182,866	279,278
Long-term payable with City of Toronto <i>[note 5]</i>	866,668	933,333
Long-term payable with Canada Life		
Assurance Company <i>[note 5]</i>	1,718,404	2,010,145
Long-term debt with City of Toronto <i>[note 6]</i>	18,661,842	8,479,980
Total liabilities	91,488,466	64,738,197
Net liabilities	(64,128,386)	(44,765,055)
LIBRARY POSITION		
Operating fund <i>[schedule 1]</i>	—	—
Capital fund <i>[schedule 2]</i>	1,584,998	7,960,844
Reserve funds <i>[schedule 3]</i>	—	79,536
Total fund balances	1,584,998	8,040,380
Amounts to be recovered <i>[note 7]</i>	(65,713,384)	(52,805,435)
Total library position	(64,128,386)	(44,765,055)

See accompanying notes

On behalf of the Board:

Board Chair

City Librarian

Toronto Public Library Board

STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	2004		2003
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES			
Grants			
Municipal <i>[note 10]</i>	143,126,375	130,203,928	132,400,220
Municipal grant for wage harmonization <i>[note 11]</i>	—	7,992,000	—
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	2,254,231	2,190,849
Total municipal grants	143,126,375	140,450,159	134,591,069
Province of Ontario	5,619,671	5,726,985	5,875,805
Federal government	300,000	392,000	15,905
User charges <i>[note 8]</i>	4,207,328	4,113,755	3,820,851
Investment income <i>[note 6]</i>	250,000	557,860	722,709
Donations and other grants <i>[note 9]</i>	496,519	998,376	1,655,353
Other income	981,241	1,534,735	1,152,042
	154,981,134	153,773,870	147,833,734
EXPENDITURES			
Staff costs <i>[note 4]</i>	104,599,052	114,354,267	101,270,336
Purchase of services	21,148,933	21,127,370	20,033,140
Library materials	15,719,231	17,233,666	14,369,736
Buildings	9,186,739	12,751,722	9,269,745
Equipment and furnishings	1,398,310	2,193,276	2,288,661
Materials and supplies	2,690,212	2,626,311	2,273,936
Transfer to City of Toronto <i>[note 6]</i>	—	1,599,322	—
Interest on long-term debt	—	978,305	816,498
Taxes and other	238,657	272,962	317,338
	154,981,134	173,137,201	150,639,390
Net expenditures and increase in net liabilities	—	(19,363,331)	(2,805,656)
FINANCING			
New debt from City of Toronto <i>[note 6]</i>	—	11,479,000	—
Principal repayment of debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(1,655,544)	(1,659,730)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	3,084,493	2,376,928
Net increase in amounts to be recovered	—	12,907,949	717,198
Net decrease in fund balances during the year	—	(6,455,382)	(2,088,458)
Total fund balances, beginning of year	—	8,040,380	10,128,838
Total fund balances, end of year	—	1,584,998	8,040,380

See accompanying notes

Toronto Public Library Board

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2004 \$	2003 \$
OPERATING ACTIVITIES		
Net change in library position	(19,363,331)	(2,805,656)
Sources (uses) of cash		
Increase in accounts receivable	(5,520,127)	(1,072,720)
Increase (decrease) in accounts payable and accrued liabilities	11,265,520	(248,122)
Increase in employee benefits	3,999,222	2,622,178
Decrease in interest on long-term liabilities	(96,412)	(43,882)
Increase in deferred revenue	73,095	—
Net decrease in cash from operating activities	(9,642,033)	(1,548,202)
FINANCING AND INVESTING ACTIVITIES		
New debt from City of Toronto	11,479,000	—
Principal repayment of debt and long-term payable including interest earned on sinking fund	(1,655,544)	(1,659,730)
Purchase of short-term investments	(3,873,407)	(3,203,103)
Net increase (decrease) in cash from financing and investing activities	5,950,049	(4,862,833)
Net decrease in cash during the year	(3,691,984)	(6,411,035)
Cash, beginning of year	2,006,596	8,417,631
Cash (bank indebtedness), end of year	(1,685,388)	2,006,596

See accompanying notes

SCHEDULE OF CURRENT OPERATIONS

Year ended December 31

	2004		2003
	Budget	Actual	Actual
	\$	\$	\$
<i>[note 15]</i>			
REVENUES			
Grants			
Municipal <i>[note 10]</i>	132,231,375	130,203,928	123,210,220
Municipal grant for wage harmonization <i>[note 11]</i>	—	7,992,000	—
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	2,254,231	2,190,849
Total municipal grants	132,231,375	140,450,159	125,401,069
Province of Ontario	5,619,671	5,715,913	5,875,805
Federal government	300,000	392,000	15,905
User charges <i>[note 8]</i>	4,207,328	4,113,755	3,820,851
Investment income <i>[note 6]</i>	250,000	355,927	394,506
Donations and other grants <i>[note 9]</i>	496,519	771,072	1,242,274
Other income	981,241	1,526,822	879,675
	144,086,134	153,325,648	137,630,085
EXPENDITURES			
Staff costs <i>[note 4]</i>	104,599,052	114,354,267	101,270,336
Purchase of services	21,148,933	21,127,370	20,033,140
Materials and supplies	2,690,212	2,626,311	2,273,936
Library materials	4,680	19,543	31,875
Equipment and furnishings	10,310	61,085	16,955
Interest on long-term debt	—	978,305	816,498
Taxes and other	238,657	272,962	317,338
	128,691,844	139,439,843	124,760,078
Net revenues	15,394,290	13,885,805	12,870,007
FINANCING AND TRANSFERS			
Principal repayment of debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(1,655,544)	(1,659,730)
Transfer from reserve funds <i>[schedule 3]</i>	—	79,536	776,340
Transfer from (to) capital fund <i>[schedule 2]</i>			
Library materials	(15,714,551)	(15,714,551)	(14,697,351)
Buildings	320,261	300,261	286,806
Equipment and furnishings	—	20,000	47,000
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	3,084,493	2,376,928
Net financing and transfers	(15,394,290)	(13,885,805)	(12,870,007)
Change in operating fund balance <i>[note 10]</i>	—	—	—
Operating fund balance, beginning of year	—	—	—
Operating fund balance, end of year	—	—	—

See accompanying notes

SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31

	2004		2003
	Budget \$	Actual \$	Actual \$
	<i>[note 15]</i>		
REVENUES			
Grants			
Municipal	10,895,000	—	9,190,000
Province of Ontario	—	11,072	—
Investment income	—	201,933	282,815
Donations and other grants <i>[note 9]</i>	—	227,304	413,079
Other income	—	7,913	272,367
	10,895,000	448,222	10,158,261
EXPENDITURES			
Library materials	15,714,551	17,214,123	14,337,861
Buildings	9,186,739	12,751,722	9,269,745
Equipment and furnishings	1,388,000	2,132,191	2,271,706
Transfer to City of Toronto <i>[note 6]</i>	—	1,599,322	—
	26,289,290	33,697,358	25,879,312
Net expenditures	(15,394,290)	(33,249,136)	(15,721,051)
FINANCING AND TRANSFERS			
New debt from City of Toronto <i>[note 6]</i>	—	11,479,000	—
Transfer from (to) current fund <i>[schedule 1]</i>			
Library materials	15,714,551	15,714,551	14,697,351
Buildings	(320,261)	(300,261)	(286,806)
Equipment and furnishings	—	(20,000)	(47,000)
Transfer from reserve funds <i>[schedule 3]</i>	—	—	13,202
Net financing and transfers	15,394,290	26,873,290	14,376,747
Change in capital fund balance	—	(6,375,846)	(1,344,304)
Capital fund balance, beginning of year	—	7,960,844	9,305,148
Capital fund balance, end of year	—	1,584,998	7,960,844

See accompanying notes

SCHEDULE OF RESERVE FUNDS

Year ended December 31

	2004		2003
	Budget \$	Actual \$	Actual \$
	<i>[note 15]</i>		
REVENUES			
Investment income	—	—	45,388
TRANSFERS			
Transfer to current fund <i>[schedule 1]</i>	—	(79,536)	(776,340)
Transfer to capital fund <i>[schedule 2]</i>	—	—	(13,202)
Total transfers	—	(79,536)	(789,542)
Change in reserve funds balance		(79,536)	(744,154)
Reserve funds balance, beginning of year	—	79,536	823,690
Reserve funds balance, end of year	—	—	79,536
RESERVE FUNDS ANALYZED AS FOLLOWS			
Sick leave <i>[note 4[e]]</i>	—	—	79,536

See accompanying notes

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO, TRUSTS AND FOUNDATIONS

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, reserve funds and capital fund of the Board. Trust funds administered by the Board are not included in these financial statements [note 13].

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 are not included in these financial statements [note 14].

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.

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.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

Short-term investments

Short-term investments are recorded at cost 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 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; accrued obligations and related costs of funded benefits are net of plan assets;
- 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;
- net actuarial gains and losses related to compensated absences are amortized over the expected average remaining service life of the related employee group;

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

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

	2004 \$	2003 \$
Operating receivable	301,112	93,716
Wage harmonization <i>[note 11]</i>	7,992,000	—
Sick leave grant	591,813	—
Use of sick leave reserve <i>[note 4[e]]</i>	79,536	—
Accrued interest on long-term liabilities	182,866	279,278
Reserve funds deposited with the City of Toronto	—	79,536
Hydro rebate	72,093	—
	9,219,420	452,530
Less		
Operating surplus payable <i>[note 10]</i>	(1,169,260)	(6,826)
Payable for hydro charges	(193,491)	(502,972)
Unexpended capital advance	(1,453,322)	(1,169,000)
	6,403,347	(1,226,268)

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:

	2004 \$	2003 \$
Accrued benefit obligation	52,862,569	49,678,697
Unamortized actuarial loss	(8,968,850)	(9,784,200)
Total employee benefit liability	43,893,719	39,894,497

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

Components of the accrued benefit obligation are as follows:

	2004	2003
	\$	\$
Post-retirement benefits	34,970,936	32,738,675
Disabled employees' benefits	1,357,222	1,212,067
Income benefits	3,190,767	2,849,513
Sick leave benefits	12,939,035	12,473,833
Workplace Safety and Insurance	404,609	404,609
	52,862,569	49,678,697

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

	2004	2003
	\$	\$
Balance, beginning of year	49,678,697	37,272,319
Actuarial loss	—	9,784,200
Current service cost	2,636,941	2,406,923
Interest cost	3,000,901	3,670,396
Expected benefits paid	(2,453,970)	(3,455,141)
Balance, end of year	52,862,569	49,678,697

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.

[c] The total expenditures related to employee future benefits other than pensions are included in staff costs on the statement of financial activities and include the following components:

	2004	2003
	\$	\$
Current period benefit cost	2,636,941	2,406,923
Amortization of actuarial loss	815,350	815,350
Benefit interest expenditure	3,000,901	3,670,396
Total expenditures related to retirement benefits	6,453,192	6,892,669

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

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

	2004 \$	2003 \$
Post-retirement plans	773,041	593,884
Disabled employees' benefits	470,629	351,945
Sick leave benefits	847,231	532,677
	2,090,901	1,478,506

[e] The benefit plans as noted above are all unfunded. The balance of the sick leave reserve fund of \$79,536 brought forward from 2003 has been used to fund part of the sick leave payout [note 3] this year and is nil at year end [2003 - \$79,536].

[f] 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 2004 is based on an extrapolation of the 2002 valuation. The net actuarial loss is being amortized on a straight-line basis over the expected remaining service of the related employee groups, which is 13 years. The next actuarial review is estimated to be completed for December 31, 2005 for the Board's 2006 year end.

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

	2004 %	2003 %
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	5.5
Health care inflation - hospital, dental care and other medical	4.5	4.5
Health care inflation - drugs	12.0	12.0
Rate of compensation increase	3.0	3.0

The health care rate for drugs will reduce to 5.5% over 10 years.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

[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.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Due to past significant surpluses, OMERS declared a temporary contribution holiday for all active employees and participating employers, effective August 1, 1998 through December 31, 2002. As a result of this contribution holiday, no contributions were required on account of current service in 2002. Contributions to the OMERS pension plan recommenced in January 2003 with reduced rates and returned to full rates in January 2004. Total employer contributions for the year ended December 31, 2004 amounted to \$4,659,824 [2003 - \$1,510,725] 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 totalling \$66,666 [2003 - \$66,667], resulting in an outstanding long-term payable as at December 31, 2004 of \$866,668 [2003 - \$933,333].

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.

During the year, the Library paid Canada Life amounts totalling \$455,242 [2003 - \$237,336]. The principal portion of this amount was \$291,741 [2003 - \$68,583], resulting in an outstanding long-term payable as at December 31, 2004 of \$1,718,404 [2003 - \$2,010,145].

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

6. LONG-TERM DEBT WITH CITY OF TORONTO

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

	2004	2003
	\$	\$
Debenture debt		
Principal amount	20,630,665	12,848,438
Accumulated sinking fund	(1,968,823)	(4,368,458)
	18,661,842	8,479,980

The debenture debt has a weighted average interest rate of 4.94% and maturity dates ranging from 2005 through 2014.

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

	\$
2005	2,318,924
2006	2,254,708
2007	2,288,745
2008	2,048,476
2009	2,114,880
2010 and thereafter	7,636,109
	18,661,842

During the year, interest earned of \$21,210 [2003 - \$428,271] 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 2004 was \$2,254,231 [2003 - \$2,190,849], 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 2004, the City issued debentures in excess of the current year capital funding, in the amount of \$1,599,322 [2003 - nil]. This amount is shown as a transfer to the City on the statement of financial activities.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

7. AMOUNTS TO BE RECOVERED

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

	2004	2003
	\$	\$
Employee benefits <i>[note 4]</i>	43,893,719	39,894,497
Employee vacation pay [included in other accounts payable and accrued liabilities]	572,751	1,487,480
	44,466,470	41,381,977
Capital outlay financed by long-term payable and to be recovered in future years <i>[note 5]</i>	2,585,072	2,943,478
Capital outlay financed by long-term debt and to be recovered in future years <i>[note 6]</i>	18,661,842	8,479,980
	65,713,384	52,805,435

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

8. REVENUES FROM USER CHARGES

Revenues from user charges consist of the following:

	2004	2003
	\$	\$
Fines	2,967,100	2,666,136
Equipment and facility rentals	557,380	473,624
Photocopier receipts	495,819	576,234
Online search	55,600	65,255
Photography	12,435	10,940
Interlibrary loan	11,241	11,618
Non-resident user fees	8,424	7,794
Program registration fees	3,276	4,240
Other charges	2,480	5,010
	4,113,755	3,820,851

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

9. REVENUES FROM DONATIONS AND OTHER GRANTS

Revenues from donations and other grants consist of the following:

	2004	2003
	\$	\$
Toronto Public Library Foundation <i>[note 14]</i>		
Donations	417,920	995,612
Grants	539,518	551,912
Trust Funds of the Toronto Public Library Board	40,938	107,529
Other	—	300
	998,376	1,655,353

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 municipal grant approved through the budgetary process was reduced to reflect the effect of the current year's operating surplus of \$1,169,260 [2003 - \$6,826] and is included within the accounts receivable balance to the City of Toronto on the statement of financial position.

11. WAGE HARMONIZATION

On December 14, 2004, the wage rate and job classification harmonization award for members of Local 416, the Canadian Union of Public Employees, was received by the Board.

The estimated impact of the award is to increase staffing costs [including benefits] in the base 2005 budget by approximately \$6,210,000. The retroactive portion of the award, from the first full pay-period after September 1, 2003 to the date of the award on December 14, 2004, amounts to approximately \$7,992,000. This amount is recorded as a wage harmonization receivable from the City *[note 3]*.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

12. LEASE COMMITMENTS

As at December 31, 2004, the Board is committed to the following annual operating lease payments for equipment and facilities:

	\$
2005	3,880,703
2006	2,845,022
2007	2,451,403
2008	883,799
2009	510,646
2010 and thereafter	2,372,155
	<u>12,943,728</u>

13. TRUST FUNDS OF THE TORONTO PUBLIC LIBRARY BOARD

Certain trust funds are administered by the Board but are maintained separately within the books and records of the Trust Funds of the Board. At the year end, Trust Funds totalled \$1,721,481 [2003 - \$1,969,927] and consist of the following:

	2004 \$	2003 \$
Osborne & L.H. Smith Collections	882,218	1,093,102
Catherine Fine	503,157	503,157
M.A. Isaac	80,333	80,333
Charles G. Sanderson	67,502	67,502
Dr. C.R. Sanderson	33,115	33,115
Other	29,088	28,504
Stanley Tobin	27,163	27,163
M.G. Bagshaw	26,061	26,061
D.J. Hayes	20,519	20,519
Norman Blaine Gash	17,625	17,625
Norman J. McLean	16,103	16,103
Friends of Toronto Public Library	11,238	11,238
Senator J.M. Lewis	7,359	7,359
Toronto Public Library Centennial Grant	—	38,146
	<u>1,721,481</u>	<u>1,969,927</u>

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

At December 31, 2004, the Trust Funds transferred the following trust funds to the Board: Friends of Osborne & L.H. Smith [part of Osborne & L.H. Smith Collections], Osborne Cataloguing Project [part of Osborne & L.H. Smith Collections] and Centennial Grant. These funds are recognized as liabilities on the statement of financial position.

14. TORONTO PUBLIC LIBRARY FOUNDATION

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received donations of \$417,920 [2003 - \$995,612] and grants of \$539,518 [2003 - \$551,912] from the Foundation. The Foundation has net assets of \$1,172,649 [2003 - \$50,344] which consist of the following:

	2004	2003
	\$	\$
General Fund	51,446	(468,156)
Restricted Fund	1,040,275	480,795
Endowment Fund	80,928	37,705
	1,172,649	50,344

15. BUDGET FIGURES

The approved operating and capital budgets for 2004 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 does not budget for debt financing and, therefore, no figures are shown on the schedule of capital operations.

The operating budget established for the municipal grant of \$132,231,375 in the schedule of current operations is comprised of a tax supported funding of \$129,380,175, a draw from the development charge reserve of \$2,051,200 and a draw from the City sick leave reserve of \$800,000.

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2004

16. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996, requires the disclosure in the annual report or on a statement on the activities or financial affairs, of the salaries and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The following is a list of those employees for the year 2004:

Name	Position	Salary paid \$	Taxable benefits \$
Bailey, Anne	Director	139,054	745
Barnett, Bruce	Senior Manager	108,837	561
Birchwood, Suzanna	Director	147,978	380
Bowles, Vickery	Director	125,244	670
Bryant, Josephine	City Librarian	170,853	8,334
Caron, Susan	Manager	102,600	536
Chavner, Nancy	Director	119,725	641
Dyck, Ronald	Director	121,799	641
Glass, Elizabeth	Manager	101,089	541
Hughsam, Larry	Director	126,680	678
Karlinsky, Linda	Manager	100,682	536
Keon, Daniel	Director	110,979	595
Levin, George	Senior Manager	117,190	563
MacKenzie, Linda	Director	138,961	713
Milne, Marion	Manager	100,419	536
Mooradian, Harvey	Manager	107,104	532
Pyper, Jane	Director	128,050	660
Richter, Brigitte	Manager	100,682	536
Rumball, Heather	President, Foundation	106,905	563
Skovronek, Cheryl	Manager	100,682	536
Stegman, Ian	Manager	110,657	536
Suarez-Mason, Janice	Manager	100,369	515

17. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2004 financial statements.