



To: Toronto Public Library Board – April 30, 2001

From: City Librarian

Subject: **Audited 2000 Financial Statements of the Toronto Public Library Board**

Purpose:

To obtain Toronto Public Library Board approval of the Audited 2000 Financial Statements of the Toronto Public Library Board.

Funding Implications and Impact Statement:

Not applicable.

Recommendation:

It is recommended that the Toronto Public Library Board approve the Audited 2000 Financial Statements of the Toronto Public Library Board.

Background:

Approval of the Library's annual financial statements is required by the Board.

Comments:

For fiscal years commencing on January 1, 2000, the Ministry of Municipal Affairs and Housing has required that the accounting recommendations and disclosure requirements, as prescribed by the Public Sector Accounting Board [the "PSAB"] of The Canadian Institute of Chartered Accountants, be adopted for use by Ontario municipalities and their local boards. Prior to the fiscal year 2000, municipal financial statements were prepared using the accounting recommendations as prescribed by the Municipal Financial Reporting Handbook. Please see Notes 2 and 3 of the Financial Statements for further details.

These statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, reserve funds, and the capital fund of the Library. Financial Statements for the Trust Funds, administered by the Library Board, are submitted separately.

The excess of actual pay equity settlements for employees of the former City of Toronto Public Library Board, over the 1999 accrual for years 1990-1999, and the related revenue for the amount committed to be funded by the City, amounting to \$31,725,975, was accounted for in the

fiscal year 2000 although this amount was not budgeted for in that year. Please see Note 7 of the Financial Statements for more details.

As a result of the change in reporting requirements by the Ministry of Municipal Affairs and Housing, the Board's accrued benefit obligations to the employees has been reflected as a liability in the balance sheet as "Employee benefits" and in "Amounts to be recovered". Please see Notes 5 and 8 of the Financial Statements for more details.

The municipal grant and expense associated with debt charges has been added to both budget and actual. Debt charges are not included in the Library's approved operating budget, but our liability for them must be shown in the Audited Financial Statements.

Although the Financial Statements do not identify it, the Library realized a surplus at year-end of \$2,198. As explained in Note 12, the municipal grant, as approved through the budgetary process, is reduced by the surplus to show funding matching the expenditures.

Funds being held by the City on behalf of the Library include reserves, as detailed in the Statement of Reserve Fund Operations. Additionally, the City administers funds that are held for Library purposes, including development charges and the pay equity liability.

Also enclosed is a copy of the Management Letter received from Ernst and Young. Representatives from the auditing firm will be in attendance at the April 30 Board Meeting to respond to questions.

Contact:

Larry Hughsam, Acting Director, Administration, Tel: 397-5946, Fax: 393-7115, E-mail: lhughsam@tpl.toronto.on.ca

City Librarian

List of Attachments:

Attachment #1: 2000 Memorandum of Recommendations
Attachment #2: 2000 Audited Financial Statements