

**NORTH  
VANCOUVER  
CITY  
LIBRARY**

**2020  
AUDITED  
FINANCIAL  
STATEMENTS**

**North Vancouver City Library  
Audited Financial Statement  
December 31, 2020**

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## **Statement of Management Responsibility**

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The Trustees of the North Vancouver City Library (“Library”) have delegated the responsibility for the integrity and objectivity of the financial information contained in the financial statement to the management of the Library. The financial statements which, in part, are based on informed judgments and estimates, have been prepared by management in accordance with Canadian public sector accounting standards, which have been applied on a basis consistent with that of the preceding year.

To assist in carrying out their responsibilities, management maintains an accounting system and internal controls to provide reasonable assurance that transactions are executed and recorded in accordance with authorization, and that financial records are reliable for preparation of financial statements.

The Trustees oversee management’s responsibilities for the financial reporting and internal control systems. The Trustees annually review and approve the financial statements.

The Library’s independent auditors, BDO Canada LLP, are engaged to express an opinion as to whether the Library’s financial statements present fairly in all material respects the financial position of the Library as at December 31, 2020, and the results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian generally accepted auditing standards.

The financial statements have, in management’s opinion, been properly prepared within reasonable limits of materiality and in accordance with Canadian public sector accounting standards.



Deborah Koep

Chief Librarian  
May 27, 2021

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## Independent Auditor's Report

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### To the Board of Trustees of North Vancouver City Library

#### Opinion

We have audited the financial statements of the North Vancouver City Library (the “Library”) which comprise the Statement of Financial Position as at December 31, 2020, and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2020, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library’s financial reporting process.

#### Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, BC  
June 4, 2021

**North Vancouver City Library  
Statement of Financial Position  
As at December 31, 2020 with comparatives for 2019**

	<u>2020</u>	<u>2019</u>
<b>Financial Assets</b>		
Cash	\$ 1,157,229	\$ 1,104,915
Accounts Receivable	9,414	-
<b>Total Financial Assets</b>	<u>1,166,643</u>	<u>1,104,915</u>
<b>Liabilities</b>		
Accounts Payable and Accrued Liabilities	241,646	251,103
Deferred Revenue (Note 3)	87,469	71,160
Due to the City of North Vancouver (Note 4)	166,611	158,036
Post Employment Benefits, Compensated Absences and Termination Benefits (Note 5)	576,400	535,700
<b>Total Liabilities</b>	<u>1,072,126</u>	<u>1,015,999</u>
<b>Net Financial Assets</b>	<u>94,517</u>	<u>88,916</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 7)	452,346	487,602
Prepaid expenses	783	783
<b>Total Non-Financial Assets</b>	<u>453,129</u>	<u>488,385</u>
<b>Accumulated Surplus (Note 8)</b>	<u>\$ 547,646</u>	<u>\$ 577,301</u>

*To be read with reference to the Notes to the Financial Statements*

On behalf of the Board:

  
 \_\_\_\_\_  
 Trustee

  
 \_\_\_\_\_  
 Trustee

**North Vancouver City Library  
Statement of Operations  
For the year ended December 31, 2020 with comparatives for 2019**

	2020 Budget (Note 9)	<b>2020 Actual</b>	2019 Actual
<b>Revenues</b>			
Grants from CNV	4,222,037	<b>4,033,592</b>	4,037,902
Surplus returned to CNV	-	<b>(36,866)</b>	(41,760)
Grants other			
General	115,811	<b>115,811</b>	115,811
Special purpose	-	<b>36,155</b>	8,664
Fines and fees	2,800	<b>13,086</b>	56,204
Interest income	16,000	<b>11,722</b>	22,083
Sale of services	32,000	<b>10,922</b>	31,471
Donations			
General	5,000	-	-
Special purpose	-	<b>13,519</b>	27,795
Miscellaneous	17,000	<b>3,736</b>	16,564
	<u>4,410,648</u>	<u><b>4,201,677</b></u>	<u>4,274,733</u>
<b>Expenses</b>			
Wages and benefits			
General	3,235,300	<b>2,968,607</b>	3,033,217
Special purpose	-	<b>7,976</b>	4,169
Goods and supplies			
General	208,645	<b>268,523</b>	224,556
Special purpose	-	<b>75,860</b>	43,519
Services			
General	736,303	<b>686,960</b>	716,283
Special purpose	-	<b>8,301</b>	12,142
Depreciation	-	<b>215,105</b>	215,733
	<u>4,180,248</u>	<u><b>4,231,332</b></u>	<u>4,249,618</u>
<b>Annual (deficit)/surplus</b>	<b>230,400</b>	<b>(29,655)</b>	25,115
Accumulated surplus at beginning of year	<u>577,301</u>	<u>577,301</u>	<u>552,186</u>
Accumulated surplus at end of year	<u><b>\$ 807,701</b></u>	<u><b>\$ 547,646</b></u>	<u>\$ 577,301</u>

*To be read with reference to the Notes to the Financial Statements*

**North Vancouver City Library**  
**Statement of Change in Net Financial Assets**  
**For the year ended December 31, 2020 with comparatives for 2019**

	2020 Budget <u>(Note 9)</u>	<b>2020 Actual</b> <u></u>	2019 Actual <u></u>
Annual surplus/(deficit)	\$ 230,400	\$ <b>(29,655)</b>	\$ 25,115
Acquisition of tangible capital assets	(230,400)	<b>(179,849)</b>	(233,115)
Depreciation of tangible capital assets	<u>-</u>	<u><b>215,105</b></u>	<u>215,733</u>
Increase financial assets	-	<b>5,601</b>	7,733
Net financial assets at beginning of year	<u>88,916</u>	<u><b>88,916</b></u>	<u>81,183</u>
Net financial assets at end of year	<u><u>\$ 88,916</u></u>	<u><u>\$ <b>94,517</b></u></u>	<u><u>\$ 88,916</u></u>

*To be read with reference to the Notes to the Financial Statements*



**North Vancouver City Library**  
**Statement of Cash Flows**  
**For the year ended December 31, 2020 with comparatives for 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Annual surplus/(deficit)	\$ (29,655)	\$ 25,115
Items not involving cash:		
Depreciation	215,105	215,733
Changes in non-cash operating balances:		
Accounts receivable	(9,414)	-
Accounts payable and accrued liabilities	(9,457)	81,075
Deferred revenue	16,309	12,655
Due to the City of North Vancouver	8,575	(19,479)
Post-employment benefits, compensated absences and termination benefits	40,700	27,800
Prepaid expenses	-	-
	<u>232,163</u>	<u>342,899</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	<u>(179,849)</u>	<u>(233,115)</u>
	<u>(179,849)</u>	<u>(233,115)</u>
Increase in cash	52,314	109,784
Cash at beginning of year	<u>1,104,915</u>	<u>995,131</u>
Cash at end of year	<u>\$ 1,157,229</u>	<u>\$ 1,104,915</u>

*To be read with reference to the Notes to the Financial Statements*

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**1. PURPOSE OF ORGANIZATION**

The North Vancouver City Library (the “Library”) was established as a municipal public library of the Corporation of the City of North Vancouver (the “City”) under the Library Act of British Columbia. The Library Board, appointed by Council of the City, oversees the management and operation of library facilities within the City. The Library is funded primarily by the City.

Accounts payable and payroll transactions are processed by the City. The Library reimburses the City for financial, information technology, and human resources services provided by the City (note 4).

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The financial statements of the Library have been prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

**(b) Functional and Object Reporting**

The operations of the Library are comprised of a single function, Library operations. As a result, the expenses of the Library are presented by object in the statement of operations.

**(c) Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition of the assets. Books are depreciated over five years and audio video materials (“AV materials”) are depreciated over two years on a straight- line basis.

The City owns the Library building and land. Those assets, along with other tangible capital assets acquired for Library purposes but funded by the City, are recorded in the City’s financial statements and are not included in these financial statements. No capital consumption amount or depreciation is charged by the City to the Library operations.

Long-term capital plans adopted by the Council of the City provide for the replacement and acquisition of tangible capital assets.

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Revenue and Expense Recognition**

Revenue is recorded on an accrual basis and recognized when earned. Restricted contributions and grants are recognized as revenue in the year in which related expenditures are incurred. Government transfers are recognized as revenue in the period they are authorized and any eligibility criteria are met, except to the extent they contain a stipulation that gives rise to a liability. Such transfers are initially deferred and recognized as revenue in the period the stipulations are met.

Expenses are recorded on an accrual basis and recognized when goods and services have been received and/or a legal obligation to pay has been created. Other expenses are recognized when they are incurred.

**(e) Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Areas requiring significant estimation are useful lives of tangible capital assets and post-employment benefits, compensated absences and termination benefits. Actual results could differ from those estimates.

**3. DEFERRED REVENUE**

Deferred revenue represents restricted funding received from external sources, and is recognized as revenue when the restrictions have been met or the appropriate expenditures are made.

	December 31 2019	Revenue	Transfer in	Expenditure	December 31 2020
Donations - Friends	\$ 105	\$ -	\$ -	\$ -	\$ 105
Donations - Youth	11,417	2,097	-	4,111	9,402
Donations - Projects	52,721	4,720	-	5,820	51,620
Donations - Seniors/Accessible Services	959	1,455	-	1,810	605
Donations - Collections	99	250	8	357	-
Grants	5,859	57,221	226	37,570	25,736
	<u>\$ 71,160</u>	<u>\$ 65,743</u>	<u>\$ 234</u>	<u>\$ 49,669</u>	<u>\$ 87,469</u>

**North Vancouver City Library  
Notes to the Financial Statements  
For the year ended December 31, 2020**

**4. DUE TO THE CITY OF NORTH VANCOUVER**

The amount due to the City of North Vancouver is net of amounts due from the City.

The Library receives an annual operating grant from the City and reimburses the City for accounts payable and payroll transactions processed by the City. The City invoices the Library annually for such services. The amounts are interest free with no specific terms of repayment. The amount invoiced by the City for 2020 transactions is \$166,611 (2019 - \$158,036).

The City charges the Library for financial, IT and building services on a quarterly basis, property and liability insurance on a monthly basis. The amount charged for 2020 is \$461,075 (2019 - \$425,219).

**5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS**

The Library provides the following benefits to all its employees:

**Sick and Severance**

Employees of the Library are entitled to payments related to unused sick leave and severance upon retirement or resignation after ten years of service. The amount recorded for these benefits is based on an evaluation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the Library's post-employment benefits was completed as at December 31, 2018.

**Sick Leave**

The Library provides benefits for sick leave to all its employees. All employees accumulate sick leave on a monthly basis and can only use this entitlement for paid time off under certain circumstances. The amount recorded for this benefit is based on an evaluation done by an independent actuarial firm and is reviewed on a periodic basis.

The Library funds the employee post-employment benefits with grant revenue as it is accrued.

Information regarding the Library's sick and severance termination and sick leave obligations for these benefits is as follows:

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**5. POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS (continued)**

	<u>2020</u>	<u>2019</u>
Accrued Benefit Obligation - Beginning	<b>\$ 544,000</b>	\$ 600,100
Service Cost	<b>36,400</b>	36,000
Interest Cost	<b>14,700</b>	18,800
Benefits Paid	<b>(7,300)</b>	(31,400)
Actuarial Loss/(Gain)	<b>(40,500)</b>	(79,500)
Accrued Benefit Obligation - End	<b><u>547,300</u></b>	<u>544,000</u>
Surplus/(Deficit) at end of year	<b>(547,300)</b>	(544,000)
Unamortized Net Actuarial Loss/(Gain)	<b>(29,100)</b>	8,300
Accrued Benefit Asset/(Liability)	<b><u>\$ (576,400)</u></b>	<u>\$ (535,700)</u>

The accrued benefit liability is included in post-employment benefits, compensated absences and termination benefits on the statement of financial position.

The most recent actuarial valuation of the Library's employee future benefits was completed as at December 31, 2018. The City commissioned an independent review which included the Library's estimated liability for sick and severance termination and sick leave benefits, vacation pay in year of retirement and early retirement vacation benefit.

The significant actuarial assumptions adopted in measuring the Library's accrued benefit liability are as follows:

	<u>2020</u>	<u>2019</u>
Discount rates	<b>2.10%</b>	2.70%
Expected future inflation rates	<b>2.50%</b>	2.50%
Expected wage and salary increases (net of inflation)	<b>.08% to 2%</b>	.08% to 2%

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**6. PENSION PLAN**

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2019, the plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Library paid \$199,205 (2019 - \$186,826) for employer contributions to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the plan.

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**7. TANGIBLE CAPITAL ASSETS**

	2020			2019		
	Books	AV Materials	Totals	Books	AV Materials	Totals
<b>Costs</b>						
Balance beginning of year	\$ 858,208	\$ 94,259	\$ 952,467	\$ 841,497	\$ 88,787	\$ 930,284
Additions	142,890	36,959	179,849	184,611	48,504	233,115
Disposition	(157,570)	(45,755)	(203,325)	(167,900)	(43,032)	(210,932)
Balance end of year	<u>\$ 843,528</u>	<u>\$ 85,463</u>	<u>\$ 928,991</u>	<u>\$ 858,208</u>	<u>\$ 94,259</u>	<u>\$ 952,467</u>
<b>Accumulated Depreciation</b>						
Balance beginning of year	\$ 418,420	\$ 46,445	\$ 464,865	\$ 416,349	\$ 43,715	\$ 460,064
Depreciation	170,174	44,931	215,105	169,971	45,762	215,733
Disposition	(157,570)	(45,755)	(203,325)	(167,900)	(43,032)	(210,932)
Balance end of year	<u>\$ 431,024</u>	<u>\$ 45,621</u>	<u>\$ 476,645</u>	<u>\$ 418,420</u>	<u>\$ 46,445</u>	<u>\$ 464,865</u>
<b>Net Book Value</b>	<u>\$ 412,504</u>	<u>\$ 39,842</u>	<u>\$ 452,346</u>	<u>\$ 439,788</u>	<u>\$ 47,814</u>	<u>\$ 487,602</u>

**8. ACCUMULATED SURPLUS**

	December 31 2019	Transfer from (to) Unappr/Appr Equity	Revenue	Expenses	Unappropriated Surplus TCA Addition	TCA Depreciation	December 31 2020
Appropriated surplus	\$ 16,832	\$ 36,000	\$ 49,674	\$ (92,137)	\$ -	\$ -	\$ 10,369
Equity in TCA	487,602	-	-	-	179,849	(215,105)	452,346
Unappropriated surplus	72,867	(36,000)	4,152,003	(3,924,090)	(179,849)	-	84,931
Accumulated surplus	<u>\$ 577,301</u>	<u>\$ -</u>	<u>\$ 4,201,677</u>	<u>\$ (4,016,227)</u>	<u>\$ -</u>	<u>\$ (215,105)</u>	<u>\$ 547,646</u>

**North Vancouver City Library**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2020**

**9. BUDGET**

The budget approved by the City on April 27, 2020 was not prepared on a basis consistent with that used to report actual results (Canadian Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian public Accounting Standards now require a full accrual basis. The budget figures expensed all tangible capital expenditures rather than including depreciation expenses. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budget approved by the City on April 27, 2020 with adjustments as follows:

	<u>2020</u>
Budget surplus for the year	\$ -
Add:	
Acquisition of tangible capital assets	230,400
Less:	
Depreciation	-
Budget surplus per statement of operations	<u>\$ 230,400</u>

**10. COVID-19 IMPACTS**

The COVID-19 pandemic has significantly disrupted activity across all sectors in Canada. Although the disruption is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Library's operations and related financial impacts cannot be accurately predicted at this time. In 2020, the Library laid off auxiliary staff, froze vacancies, reduced spending on non-essential goods and services and returned one-time savings of over \$188,000 to the City of North Vancouver, while absorbing additional costs related to the pandemic. As public health and workplace safety information and regulations were updated, the Library was able to move quickly to restore core services and develop alternative services where needed. For 2021, it is anticipated the Library will operate to provide maximum service within pandemic restrictions, with a full staff complement. Drawing on the experiences of 2020, the Library developed budgets for 2021 to reflect anticipated ongoing impacts to revenues and expenditures from the pandemic.

Since well over 90% of the Library's funding comes from the municipality, and a significant remaining sum from the Province, funding is stable and it is expected the Library will be able to continue to meet obligations as they come due, barring significant unexpected economic impacts to funders.