
Financial statements of
City of Pickering
Public Library Board

December 31, 2020

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations	4
Statement of change in net debt	5
Statement of cash flows	6
Notes to the financial statements	7-11

Independent Auditor's Report

To the Board of Directors of The City of Pickering Public Library Board,
and Members of Council of the Corporation of the City of Pickering

Opinion

We have audited the financial statements of City of Pickering Public Library Board (the "Library Board"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, change in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Board 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 the financial statements in accordance with PSAS, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board'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 GAAS 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 GAAS, 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.
- 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 Board'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 Board'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 Board 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 11, 2022

City of Pickering Public Library Board

Statement of financial position

As at December 31, 2020

	Notes	2020 \$	2019 \$
Financial assets			
Cash		1,225	1,225
Accounts receivable		228	874
Due from the Government of Canada		14,184	12,934
Due from City of Pickering		249,607	221,888
		265,244	236,921
Liabilities			
Accounts payable and accrued liabilities		289,323	285,661
Deferred revenue		6,686	—
Post-employment benefits liability	2	483,025	471,282
		779,034	756,943
Net debt		(513,790)	(520,022)
Non-financial assets			
Tangible capital assets	4	1,242,118	1,420,297
Prepaid expense		30,765	48,740
		1,272,883	1,469,037
Accumulated surplus	5	759,093	949,015

The accompanying notes are an integral part of the financial statements.

City of Pickering Public Library Board

Statement of operations

Year ended December 31, 2020

	Budget	2020	2019
	\$	\$	\$
	(Note 6)		
Revenue			
City of Pickering grants	6,040,179	5,290,261	5,930,982
Federal grants	—	27,136	6,728
Province of Ontario grants	106,425	136,689	135,345
Fines and other receipts	164,500	40,817	130,761
	6,311,104	5,494,903	6,203,816
Expenses			
Operating			
Salaries			
Salaries and wages	3,461,809	3,154,965	3,582,595
Fringe benefits	931,479	877,923	939,763
	4,393,288	4,032,888	4,522,358
Material, supplies and utilities			
Books	273,290	288,246	262,455
Utilities	241,401	194,842	217,186
Other supplies	59,750	33,681	59,186
	574,441	516,769	538,827
Services			
Repairs and maintenance	578,399	273,136	333,060
Insurance	26,345	24,345	23,918
Travel	6,000	1,413	6,341
Consulting and professional	31,850	27,151	28,535
Advertising	23,000	15,231	29,093
Conference	6,500	4,971	8,694
Postage	3,800	1,170	3,505
Telephone	68,276	59,591	60,263
Seminars and education	16,900	29,316	22,475
Software/hardware maintenance	187,841	191,559	172,902
Vehicle repairs and maintenance	4,132	3,347	2,324
Minor capital purchases	51,075	59,620	56,589
Miscellaneous	21,000	15,007	18,161
	1,025,118	705,857	765,860
Amortization of tangible capital assets	439,946	429,311	457,741
	6,432,793	5,684,825	6,284,786
Annual deficit	(121,689)	(189,922)	(80,970)
Accumulated surplus, beginning of year	949,015	949,015	1,029,985
Accumulated surplus, end of year	827,326	759,093	949,015

The accompanying notes are an integral part of the financial statements.

City of Pickering Public Library Board**Statement of change in net debt**

Year ended December 31, 2020

	Budget	2020	2019
	\$	\$	\$
	(Note 6)		
Annual deficit	(121,689)	(189,922)	(80,970)
Acquisition of tangible capital assets	(330,000)	(251,132)	(383,975)
Amortization of tangible capital assets	439,946	429,311	457,741
	109,946	178,179	73,766
Acquisition of prepaid expenses	—	(30,765)	(48,740)
Usage of prepaid expenses	—	48,740	45,688
Change in prepaid expense	—	17,975	(3,052)
Change in net debt	(11,743)	6,232	(10,256)
Net debt, beginning of year	(520,022)	(520,022)	(509,766)
Net debt, end of year	(531,765)	(513,790)	(520,022)

The accompanying notes are an integral part of the financial statements.

City of Pickering Public Library Board

Statement of cash flows

Year ended December 31, 2020

	2020	2019
	\$	\$
Operating transactions		
Annual deficit	(189,922)	(80,970)
Non-cash items		
Amortization of tangible capital assets	429,311	457,741
	239,389	376,771
Change in non-cash operating items		
Decrease in accounts receivable	646	1,420
Increase in due from Government of Canada	(1,250)	(1,599)
Increase in due from City of Pickering	(27,719)	(74,129)
Increase in accounts payable and accrued liabilities	3,662	77,360
Increase in deferred revenue	6,686	—
Increase in post-employment benefits liability	11,743	7,204
Decrease (increase) in prepaid expense	17,975	(3,052)
	11,743	7,204
	251,132	383,975
Capital transaction		
Acquisition of tangible capital assets	(251,132)	(383,975)
Net change in cash	—	—
Cash, beginning of year	1,225	1,225
Cash, end of year	1,225	1,225

The accompanying notes are an integral part of the financial statements.

City of Pickering Public Library Board

Notes to the financial statements

December 31, 2020

1. Significant accounting policies

The financial statements of the City of Pickering Public Library Board (the "Library Board") are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Library Board are as follows:

Basis of accounting

(a) *Accrual basis of accounting*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized, as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(b) *Non-financial assets*

(i) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all amounts that are directly attributable to acquisition, development or betterment of the asset. The cost of the tangible capital asset is amortized on a straight-line basis over the estimated useful life as follows:

Machinery and equipment	2 to 25 years
Information technology hardware	4 to 8 years
Library collection materials	4 to 7 years
Furniture and fixtures	10 to 50 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Other major assets including the Library buildings are owned by the City and are not reflected in these financial statements.

(ii) Contribution/donation of tangible capital assets

Tangible capital assets received as contributions or donations are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(iii) Intangible assets

Intangible assets are not recognized as assets in the financial statements.

(c) *Post-employment benefits*

The present value of the cost of providing employees with future benefits programs is recognized as employees earn these entitlements through service. Any actuarial gains or losses are amortized on a straight-line basis over the average remaining service period (ARSP) of employees. The actuary estimated the ARSP to be 14 years for retirement and 13 years for sick leave benefits.

(d) *Government transfers*

Government transfers are recognized as revenue by the Library Board in the period in which the transfer is authorized and any eligibility criteria are met, unless they are restricted through stipulations that require specific actions to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

City of Pickering Public Library Board

Notes to the financial statements

December 31, 2020

1 Significant accounting policies (continued)

Basis of accounting (continued)

(e) *Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Balances which require estimates include amortization expense of tangible capital assets, which are based on estimated useful lives, accrued liabilities and post-employment benefits.

2. Post-employment benefits liability

The Library Board makes available to qualifying employees who retire before the age of 65 the opportunity to continue their coverage for benefits such as post-employment extended healthcare benefits. Coverage ceases at the age of 65. The Library Board also provides full-time and permanent part-time employees a sick time entitlement, with any unused entitlement accumulated year to year. This accumulated entitlement is not vested and therefore is forfeited at the time of retirement or termination. The post-employment benefits obligation at December 31, 2020 and the changes in the accrued benefit obligation for the 2020 fiscal year was determined by actuarial valuation prepared as at December 31, 2020.

Information about the Library Board's post-employment benefits liability is as follows:

	2020	2019
	\$	\$
Post-employment benefits liability, beginning of year	471,282	464,078
Current service costs	33,667	31,813
Amortization of actuarial (gains) losses	(963)	(363)
Interest expense	13,885	13,512
Benefits paid during the year	(34,846)	(37,758)
Post-employment benefits liability	483,025	471,282

	2020	2019
	\$	\$
Accrued post-employment benefits obligation	383,578	370,872
Unamortized actuarial gains	99,447	100,410
Post-employment benefits liability	483,025	471,282

The main actuarial assumptions employed in the actuarial valuation are as follows:

(a) Discount rate

The present value as at December 31, 2020 of the future benefits was determined using a discount rate of 3.00% (3.75% in 2019).

(b) Dental cost

The dental cost trend rate was 3.75% (3.75% in 2019) per annum.

City of Pickering Public Library Board

Notes to the financial statements

December 31, 2020

2. Post-employment benefits liability (continued)

(c) Health costs

Health costs were assumed to increase at 5.76% (6.09% in 2019) and decrease by 0.33% (0.33% in 2019) increments per year to an ultimate rate of 3.75% per year in 2027 and thereafter.

3. Pension agreement

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of eligible members of its staff. The Plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

OMERS provide pension services to over 496,000 active and retired members and about 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension ("the Plan") by comparing the actuarial value of the invested assets to the estimated present value of all pension benefits that members have earned to-date. The most recent actuarial valuation of the Plan was conducted as at December 31, 2020. The results of this valuation disclosed total actuarial liabilities as at that date of \$113,055 million in respect of benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employers. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit.

The Library Board accounts for their participation in OMERS as a defined contribution plan since they do not have sufficient information to apply defined benefit plan accounting. Contributions to OMERS are expensed on an accrual basis.

Contributions in the amount of \$268,791 (\$300,971 in 2019) were paid to OMERS on behalf of its members during the year.

City of Pickering Public Library Board
Notes to the financial statements
December 31, 2020

4. Tangible capital assets ("TCA")

	Machinery and equipment	Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2020
	\$	\$	\$	\$	\$	\$
Cost						
Balance, beginning of year	23,681	314,861	2,173,665	450,171	—	2,962,378
Additions during the year	—	—	251,132	—	—	251,132
Disposals/transfers to TCA during the year	—	—	413,253	—	—	413,253
Balance, end of year	23,681	314,861	2,011,544	450,171	—	2,800,257
Accumulated amortization						
Balance, beginning of year	14,783	220,899	1,117,646	188,753	—	1,542,081
Amortization	1,369	47,321	356,688	23,933	—	429,311
Accumulated amortization on disposals	—	—	413,253	—	—	413,253
Balance, end of year	16,152	268,220	1,061,081	212,686	—	1,558,139
Net book value	7,529	46,641	950,463	237,485	—	1,242,118
	Machinery and equipment	Information technology hardware	Library collection materials	Furniture and fixtures	Assets under construction	2019
	\$	\$	\$	\$	\$	\$
Cost						
Balance, beginning of year	23,681	301,848	2,250,862	423,691	—	3,000,082
Additions during the year	—	13,013	344,482	26,480	—	383,975
Disposals/transfers to TCA during the year	—	—	421,679	—	—	421,679
Balance, end of year	23,681	314,861	2,173,665	450,171	—	2,962,378
Accumulated amortization						
Balance, beginning of year	12,914	171,719	1,155,683	165,703	—	1,506,019
Amortization	1,869	49,180	383,642	23,050	—	457,741
Accumulated amortization on disposals	—	—	421,679	—	—	421,679
Balance, end of year	14,783	220,899	1,117,646	188,753	—	1,542,081
Net book value	8,898	93,962	1,056,019	261,418	—	1,420,297

City of Pickering Public Library Board

Notes to the financial statements

December 31, 2020

5. Accumulated surplus

Accumulated surplus consists of the following:

	2020 \$	2019 \$
Invested in tangible capital assets	1,242,118	1,420,297
Post-employment benefits liability	(483,025)	(471,282)
	759,093	949,015

6. Budget figures

The 2020 budget was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis of accounting. The budget figures treated all TCA acquisitions as expenditures and did not include amortization expense on tangible capital assets or post-employment benefits expenses on a full accrual basis. The following provides a reconciliation from the approved budget to the budget numbers presented in the financial statements.

	2020 Council approved budget \$	Post-employment benefits/ Amortization/ City Assets \$	2020 budget presented in statements \$
Revenue			
City of Pickering	6,085,179	(45,000)	6,040,179
Province of Ontario grants	106,425	—	106,425
Fines and other receipts	164,500	—	164,500
	6,356,104	(45,000)	6,311,104
Expenditures			
Salaries and benefits	4,381,545	11,743	4,393,288
Material, supplies and utilities	574,441	—	574,441
Services	1,025,118	—	1,025,118
Amortization	—	439,946	439,946
	5,981,104	451,689	6,432,793
Annual surplus (deficit)	375,000	(496,689)	(121,689)
Capital expenditures/ additions	375,000	(45,000)	330,000

7. Significant event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial position, results of operations and cash flows of the Library Board in future periods.