Financial statements of
Burlington Public Library Board

December 31, 2019

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Independent Auditor's Report

To the Members of Burlington Public
Library Board and Members of Council
of the Corporation of the City of Burlington

Opinion

We have audited the financial statements of Burlington Public Library Board (the "Board"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, change 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 (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 Board as at December 31, 2019, and the results of its operations 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 ("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 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 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 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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 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 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 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 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
June 25, 2020

Burlington Public Library Board
Statement of operations
Year ended December 31, 2019

	2019 Budget $ (Note 7)	2019 Actual $	2018 Actual $
Revenue			
Municipal contribution	**11,499,424**	**11,499,424**	11,404,757
Province of Ontario grants	**229,403**	**229,403**	229,403
Fines	**95,000**	**90,150**	91,997
Photocopier and printer	**36,468**	**47,482**	42,821
Sundry	**101,728**	**113,999**	193,125
Grants and donations	**—**	**53,818**	50,912
Interest earned in reserves	**—**	**50,841**	48,214
	11,962,023	**12,085,117**	12,061,229
Expenses			
Employment costs	**8,807,576**	**8,663,702**	8,567,720
Amortization	**1,437,453**	**1,437,453**	1,410,818
Library materials and processing	**479,472**	**548,755**	477,834
Program costs	**38,100**	**43,812**	81,394
Operating costs	**338,289**	**311,705**	386,718
Building costs	**815,473**	**805,181**	778,695
Automated systems	**357,561**	**395,376**	323,641
	12,273,924	**12,205,984**	12,026,820
Annual (deficit) surplus	**(311,901)**	**(120,867)**	34,409
Accumulated surplus, beginning of year	**8,623,991**	**8,623,991**	8,589,582
Accumulated surplus, end of year	**8,312,090**	**8,503,124**	8,623,991

The accompanying notes are an integral part of the financial statements

Burlington Public Library Board
Statement of change in net financial assets
Year ended December 31, 2019

	Notes	2019 Budget $	2019 Actual $	2018 Actual $
Annual (deficit) surplus		**(311,901)**	**(120,867)**	34,409
Acquisition of tangible capital assets	9	**(576,200)**	**(1,459,180)**	(1,546,870)
Amortization of tangible capital assets	9	**1,437,453**	**1,437,453**	1,410,818
		861,253	**(21,727)**	(136,052)
Acquisition of prepaid expenses		**—**	**(380,184)**	(353,630)
Use of prepaid expenses		**—**	**353,630**	288,635
		—	**(26,554)**	(64,995)
Change in net financial assets		**549,352**	**(169,148)**	(166,638)
Net financial assets, beginning of year		**2,574,981**	**2,574,981**	2,741,619
Net financial assets, end of year		**3,124,333**	**2,405,833**	2,574,981

The accompanying notes are an integral part of the financial statements

Burlington Public Library Board
Statement of financial position
As at December 31, 2019

	Notes	2019 $	2018 $
Assets			
Cash		**25,931**	317,161
Accounts receivable		**143,913**	238,638
Due from City of Burlington		**2,628,828**	2,594,682
		2,798,672	3,150,481
Liabilities			
Accounts payable and accrued liabilities		**350,323**	525,097
Deferred revenue	4	**42,516**	50,403
		392,839	575,500
Net financial assets		**2,405,833**	2,574,981
Commitments	6		
Non-financial assets			
Prepaid expenses		**380,184**	353,630
Tangible capital assets	9	**5,717,107**	5,695,380
		6,097,291	6,049,010
Accumulated surplus	10	**8,503,124**	8,623,991

The accompanying notes are an integral part of the financial statements

On behalf of the Board

_____, Board Chair

_____, Management

Burlington Public Library Board
Statement of cash flows
Year ended December 31, 2019

	Notes	2019 $	2018 $
Operating transactions			
Annual (deficit) surplus		**(120,867)**	34,409
Items not involving cash			
Amortization	9	**1,437,453**	1,410,818
Change in non-cash working capital balances			
Decrease (increase) in accounts receivable		**94,725**	(43,945)
(Increase) decrease in due from City of Burlington		**(34,146)**	200,768
Increase in prepaid expenses		**(26,554)**	(64,995)
(Decrease) increase in accounts payable and accrued liabilities		**(174,774)**	72,746
Decrease in deferred revenue	4	**(7,887)**	(12,369)
		1,167,950	1,597,432
Capital transaction			
Acquisitions of tangible capital assets	9	**(1,459,180)**	(1,546,870)
Net change in cash		**(291,230)**	50,562
Cash, beginning of year		**317,161**	266,599
Cash, end of year		**25,931**	317,161

The accompanying notes are an integral part of the financial statements

1. Summary of significant accounting policies

Basis of accounting

The financial statements of the Burlington Public Library Board (the "Board") are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue recognition

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	15 years
Library collections	10 years
Communication equipment	10 years
Major computer applications	7 years
Multi-function devices	5 years
Computers	4 years
Leasehold improvements	10 years
Vehicles	5 years

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Deferred revenue

Interest earned on the endowment funds held by the Burlington Community Foundation to be used for stipulated purposes are recorded as deferred revenue on the statement of financial position. These amounts are brought into income as the funds are expended.

Special projects reserve fund

The City of Burlington holds a special projects reserve fund in trust for the Board. These funds are internally restricted and on an annual basis the Board approves a plan and budget that directs how the funds will be disbursed.

1. Summary of significant accounting policies (continued)

Government transfers

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

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates are the useful lives of tangible capital assets and certain accrued liabilities. Actual results could differ from those estimates.

2. Pension agreements

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its full time and eligible part time staff. The plan 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.

Contributions to OMERS are made at rates ranging from 9% to 14.6% depending on the proposed retirement age and the level of earnings. During 2019, the Board contributed $571,454 ($568,919 in 2018) to OMERS.

3. Development charges reserve funds

At December 31, 2019, the portion of development charges reserve funds held by the City for future library development was approximately $42,721 ($57,467 in 2018). This reserve is not included in the Board's financial statements.

4. Deferred revenue

	Balance as at December 31, 2018 $	**Externally and internally restricted revenue and investment income $**	**Expenses incurred in the period $**	**Balance as at December 31, 2019 $**
Bequest – McEwen	16,790	**11,443**	**20,836**	**7,397**
Bequest – Isbister	11,882	**—**	**6,673**	**5,209**
Bequest – Broadbent	9,986	**5,437**	**1,663**	**13,760**
Bequest – Bird	2,320	**—**	**—**	**2,320**
Bequest – Clay	6,541	**10,510**	**6,904**	**10,147**
Grants – Ontario	1,420	**—**	**350**	**1,070**
Other grants	1,464	**8,000**	**6,851**	**2,613**
	50,403	**35,390**	**43,277**	**42,516**

4. Deferred revenue (continued)

(a) Bequest – Special Projects Reserve Fund

Funds are received and deferred for specific projects and are included in deferred revenue. At December 31, 2019, $38,833 ($40,978 in 2018) is held in deferred revenue for special projects.

5. Endowment and estate funds

(a) McEwen Endowment Fund

During 2004, the Board established an endowment fund held by the Burlington Community Foundation ("BCF"). These funds are to be used to enhance library services and collections for people in our community with low or no vision. At December 31, 2019, the BCF is holding $259,080 ($239,756 in 2018) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(b) Wendy Schick Endowment Fund

During 2009, the Board established an endowment fund in honour of the former Chief Librarian, Wendy Schick, held by the BCF. These funds are to be used to enhance librarian education. At December 31, 2019, the BCF is holding $14,624 ($13,535 in 2018) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(c) Burlington Public Library Endowment Fund

During 2008, the Board established an endowment fund held by the BCF. These funds are to be used to provide an ongoing source of revenue to support and enhance the library services. At December 31, 2019, the BCF is holding $68,165 ($60,326 in 2018) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(d) Mae Beatrice Broadbent Fund

During 2015, the Board established an endowment fund held by the BCF. These funds are to be used to enhance the large print collection. At December 31, 2019, the BCF is holding $122,393 ($113,262 in 2018) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(e) Margaret Clay Endowment Fund

In 2018, the Board established an endowment fund to be held by the BCF. These funds are to be used for media collections. At December 31, 2019 the balance of the endowment totalled $58,307 ($55,000 in 2018). These funds are held in trust and are not reflected in these financial statements.

6. Commitments

The Board is committed to payments under operating leases for equipment and branch locations through 2031. The minimum payments under these leases over the next five years are as follows:

	$
2020	298,648
2021	301,892
2022	305,272
2023	262,904
2024	172,036
Thereafter	1,171,994

7. Budget figures

The budget figures presented in these financial statements are based upon the 2019 operating and capital budgets approved by Board of Directors. The chart below reconciles the approved budget figures reported in these financial statements.

	$
Revenue	**11,392,671**
Revenue – capital	**569,352**
Total approved budgeted revenue	**11,962,023**
Expenses	**11,392,671**
Operating expenses from the capital fund	**20,000**
Total approved budgeted expenses	**11,412,671**
Less: tangible capital assets included in operating budget	**576,200**
Plus: amortization	**1,437,453**
Total budgeted expenses	**12,273,924**
Annual deficit	**(311,901)**

8. Financial instruments

The Board's financial instruments are comprised of cash, accounts receivable, due from City of Burlington and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the Board's financial instruments approximates their carrying value due to their short-term nature.

9. Tangible capital assets

	Office furniture and equipment $	Library collections $	Major computer applications $	Technology hardware $	Leasehold improvements $	Vehicles $	Work in Progress $	2019 $	2018 $
Cost									
Opening balance	**2,215,088**	**7,994,980**	**282,939**	**1,345,087**	**1,165,555**	**3,902**	**39,610**	**13,047,161**	12,516,127
Additions and transfers	**200,966**	**631,504**	**—**	**391,350**	**267,208**	**7,762**	**(39,610)**	**1,459,180**	1,546,870
Disposals	**(13,722)**	**(808,839)**	**—**	**(357,934)**	**—**	**—**	**—**	**(1,180,495)**	(1,015,836)
Closing balance	**2,402,332**	**7,817,645**	**282,939**	**1,378,503**	**1,432,763**	**11,664**	**—**	**13,325,846**	13,047,161
Accumulated amortization									
Opening balance	**1,266,127**	**4,513,919**	**211,370**	**757,048**	**602,537**	**780**	**—**	**7,351,781**	6,956,799
Current year amortization	**160,155**	**781,764**	**42,129**	**309,791**	**141,281**	**2,333**	**—**	**1,437,453**	1,410,818
Amortization on disposals	**(13,722)**	**(808,839)**	**—**	**(357,934)**	**—**	**—**	**—**	**(1,180,495)**	(1,015,836)
Closing balance	**1,412,560**	**4,486,844**	**253,499**	**708,905**	**743,818**	**3,113**	**—**	**7,608,739**	7,351,781
Net book value	**989,772**	**3,330,801**	**29,440**	**669,598**	**688,945**	**8,551**	**—**	**5,717,107**	5,695,380

10. Accumulated surplus

	2019 $	2018 $
Consists of		
Reserves set aside by the board		
Library Projects Reserve Fund	**2,695,240**	2,817,148
Surpluses		
Invested in tangible capital assets	**5,717,107**	5,695,380
General fund reserve	**90,777**	111,463
Total surpluses	**5,807,884**	5,806,843
Accumulated surplus	**8,503,124**	8,623,991

11. Subsequent events

Subsequent to the year-end, 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 Board in future periods.