

**NORTH
VANCOUVER
CITY
LIBRARY**

**2022
AUDITED
FINANCIAL
STATEMENTS**

**North Vancouver City Library
Audited Financial Statement
December 31, 2022**

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Statement of Management Responsibility

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, 2022, 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
April 6, 2023

Independent Auditor's Report

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, 2022, 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, 2022, 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.



- 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

April 21, 2023

**North Vancouver City Library
Statement of Financial Position
As at December 31, 2022 with comparatives for 2021**

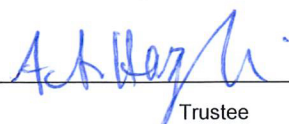
	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash	\$ 1,368,258	\$ 1,227,974
Accounts Receivable and Other	3,494	-
Total Financial Assets	<u>1,371,752</u>	<u>1,227,974</u>
Liabilities		
Accounts Payable and Accrued Liabilities	211,194	183,018
Deferred Revenue (Note 3)	167,782	118,536
Due to the City of North Vancouver (Note 4)	359,307	198,360
Post Employment Benefits, Compensated Absences and Termination Benefits (Note 5)	563,500	488,500
Total Liabilities	<u>1,301,783</u>	<u>988,414</u>
Net Financial Assets	<u>69,969</u>	<u>239,560</u>
Non-Financial Assets		
Tangible capital assets (Note 7)	477,080	474,815
Total Non-Financial Assets	<u>477,080</u>	<u>474,815</u>
Accumulated Surplus (Note 8)	<u>\$ 547,049</u>	<u>\$ 714,375</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, 2022 with comparatives for 2021

	2022 Budget <u>(Note 9)</u>	2022 Actual	2021 Actual
Revenues			
Grants from CNV	\$ 4,628,242	\$ 4,628,242	\$ 4,453,563
Surplus returned to CNV	-	(185,946)	(44,929)
Grants other			
General	115,811	115,811	115,811
Special purpose	-	68,183	36,157
Fines and fees	3,800	4,863	3,435
Interest income	10,000	25,331	7,218
Sale of goods and services	24,000	20,532	20,281
Donations			
Special purpose	-	51,390	10,111
Miscellaneous	5,000	2,307	-
	<u>4,786,853</u>	<u>4,730,713</u>	<u>4,601,647</u>
Expenses			
Wages and benefits			
General	3,447,800	3,340,980	3,077,337
Special purpose	-	37,834	6,405
Goods and supplies			
General	268,700	315,134	314,581
Special purpose	-	45,682	39,430
Services			
General	855,153	882,269	778,425
Special purpose	-	60,355	5,191
Depreciation	-	215,785	213,549
	<u>4,571,653</u>	<u>4,898,039</u>	<u>4,434,918</u>
Annual surplus (deficit)	215,200	(167,326)	166,729
Accumulated surplus at beginning of year	<u>714,375</u>	<u>714,375</u>	<u>547,646</u>
Accumulated surplus at end of year (Note 8)	<u>\$ 929,575</u>	<u>\$ 547,049</u>	<u>\$ 714,375</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, 2022 with comparatives for 2021

	2022 <u>Budget</u> (Note 9)	2022 <u>Actual</u>	2021 <u>Actual</u>
Annual surplus/(deficit)	\$ 215,200	\$ (167,326)	\$ 166,729
Acquisition of tangible capital assets	(215,200)	(218,050)	(236,018)
Depreciation of tangible capital assets	-	215,785	213,549
Use of prepaid expenses	-	-	783
Increase financial assets	-	(169,591)	145,043
Net financial assets at beginning of year	<u>239,560</u>	<u>239,560</u>	<u>94,517</u>
Net financial assets at end of year	<u>\$ 239,560</u>	<u>\$ 69,969</u>	<u>\$ 239,560</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, 2022 with comparatives for 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Annual surplus/(deficit)	\$ (167,326)	\$ 166,729
Items not involving cash:		
Depreciation	215,785	213,549
Changes in non-cash operating balances:		
Accounts receivable	(3,494)	9,414
Accounts payable and accrued liabilities	28,176	(58,628)
Deferred revenue	49,246	31,067
Due to the City of North Vancouver	160,947	31,749
Post-employment benefits, compensated absences and termination benefits	75,000	(87,900)
Prepaid expenses	-	783
	<u>358,334</u>	<u>306,763</u>
Capital activities		
Acquisition of tangible capital assets	<u>(218,050)</u>	<u>(236,018)</u>
	<u>(218,050)</u>	<u>(236,018)</u>
Increase in cash	140,284	70,745
Cash at beginning of year	<u>1,227,974</u>	<u>1,157,229</u>
Cash at end of year	<u>\$ 1,368,258</u>	<u>\$ 1,227,974</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, 2022

1. PURPOSE OF THE NORTH VANCOUVER CITY LIBRARY

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.

The Library’s accounts payable and payroll transactions are processed by the City. The City provides certain administrative support including finance, information technology, facilities and insurance services. (See 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 Canada.

(b) Functional and Category 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 category in the statement of operations.

General revenue and expenses relate to programs, and are budgeted for on an annual basis.

Special purpose revenue and expenses relate to special projects or funds which are donor or grant-funded and have been designated for a specific purpose. The Board is able to retain these funds until they are applied against related expenses. The Board does not approve an annual budget for these amounts but approves the designated project funding when received.

(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.

Financial 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, 2022

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 and related restrictions are satisfied. 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 for programs, and is recognized as revenue when the restrictions have been met or the appropriate expenditures are made.

	December 31 2021	December 31 22
Donations - Youth	9,353	8,873
Donations - Projects	73,910	56,595
Donations - Seniors/Accessible Services	529	2,326
Donations - Collections	3,194	4,378
Other	-	12,900
Grants	31,549	82,711
	\$ 118,536	\$ 167,782

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2022**

4. DUE TO THE CITY OF NORTH VANCOUVER

The Library receives an annual operating grant from the City. The City invoices the Library annually for cash payments made on the Library's behalf including accounts payable and payroll as well as administrative support costs and the invoiced amounts are interest free with no specific terms of repayment. The amounts due to the City of North Vancouver are net of the grant amounts due from the City.

The net amount invoiced by the City for the 2022 transactions is \$359,307 (2021 - \$198,360).

The City provides administrative support to the Library for accounts payable and payroll, information technology and facilities services and property and liability insurance. The amount charged for 2022 is \$554,888 (2021 - \$496,994).

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

The liability reported in the financial statements are based on an actuarial valuation as at August 31, 2021 that has been extrapolated to December 31, 2022. Every three years a full valuation is performed and the most recent actuarial valuation of the Library's employee future benefits was completed as at December 31, 2021.

The Library provides the following benefits to 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 annual evaluation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services.

Sick Leave

The Library provides benefits for sick leave to its employees. 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 annual evaluation done by an independent actuarial firm and is reviewed on a periodic basis.

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2022

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

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

	<u>2022</u>	<u>2021</u>
Accrued Benefit Obligation - Beginning	617,400	547,300
Service Cost	42,000	40,000
Interest Cost	15,200	11,500
Benefits Paid	(4,300)	(133,100)
Actuarial Loss (Gain)	(162,200)	151,700
Accrued Benefit Obligation - End	<u>508,100</u>	<u>617,400</u>
Deficit at end of year	(508,100)	(617,400)
Unamortized Net Actuarial Loss (Gain)	(55,400)	128,900
Accrued Benefit Liability	<u>(563,500)</u>	<u>(488,500)</u>

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

	<u>2022</u>	<u>2021</u>
Discount rates	4.50%	2.50%
Future inflation rates	2.00%	2.00%
Compensation increases (net of inflation)	.58% to 2.5%	.58% to 2.5%

6. PENSION PLAN

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustees 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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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.

North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2022

6. PENSION PLAN (continued)

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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Library paid \$189,611 (2021 - \$197,792) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

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.

7. TANGIBLE CAPITAL ASSETS

	2022			2021		
	Books	AV Materials	Totals	Books	AV Materials	Totals
Costs						
Balance beginning of year	\$ 851,289	\$ 90,803	\$ 942,092	\$ 843,528	\$ 85,463	\$ 928,991
Additions	189,078	28,972	218,050	182,174	53,844	236,018
Disposition	(167,859)	(36,959)	(204,818)	(174,413)	(48,504)	(222,917)
Balance end of year	\$ 872,508	\$ 82,816	\$ 955,324	\$ 851,289	\$ 90,803	\$ 942,092
Accumulated Depreciation						
Balance beginning of year	\$ 426,093	\$ 41,184	\$ 467,277	\$ 431,024	\$ 45,621	\$ 476,645
Depreciation	172,380	43,405	215,785	169,482	44,067	213,549
Disposition	(167,859)	(36,959)	(204,818)	(174,413)	(48,504)	(222,917)
Balance end of year	\$ 430,614	\$ 47,630	\$ 478,244	\$ 426,093	\$ 41,184	\$ 467,277
Net Book Value	\$ 441,894	\$ 35,186	\$ 477,080	\$ 425,196	\$ 49,619	\$ 474,815

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2022**

8. ACCUMULATED SURPLUS

Appropriated surplus represents funds that are restricted by the Library for specific purposes.

	December 31 2022	December 31 2021
Appropriated surplus	\$ 29,314	\$ 45,611
Equity in TCA	477,080	474,815
Unappropriated surplus	40,655	193,949
Accumulated surplus	<u>\$ 547,049</u>	<u>\$ 714,375</u>

The City policy limits the City's portion of the operating surplus to \$50,000. Any amounts in excess of this limit is returned to the City in the following year.

9. BUDGET

The budget approved by the City on April 11, 2022 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 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 statement of change in net financial assets represent the budget approved by the City on April 11, 2022 with adjustments as follows:

	<u>2022</u>
Budget surplus for the year	\$ -
Add:	
Acquisition of tangible capital assets	215,200
Less:	
Depreciation	-
Budget surplus per statement of operations	<u>\$ 215,200</u>

***North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2022***

10. COVID-19 IMPACTS

While the COVID-19 pandemic continued in 2022, the Library operated with full staffing and operating hours and most services fully restored in compliance with public health guidelines. Some services evolved in response to changes in community behavior linked to the pandemic- largely expressed as greater demand for digital collections and virtual services in addition to in-person programs and services.

The Library's 2022 budget was developed to reflect reasonably expected continuing impacts to revenues and expenditures from the pandemic, and similar considerations have informed development of the 2023 budget. Given the dynamic nature of the pandemic, the duration and depth of disruption to the Library's operations and any related financial impacts cannot be predicted with certainty at this time.

Since well over 90% of the Library's funding comes from the municipality, and a significant remaining sum from the Province of British Columbia, 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.