

**NORTH
VANCOUVER
CITY
LIBRARY**

**2023
AUDITED
FINANCIAL
STATEMENTS**

**North Vancouver City Library
Audited Financial Statement
December 31, 2023**

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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, 2023, 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.



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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, 2023, and the Statement 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, 2023, 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 Entity'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 Entity'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 Entity 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.

Chartered Professional Accountants

Vancouver, BC
April 23, 2024

**North Vancouver City Library
Statement of Financial Position
As at December 31, 2023 with comparatives for 2022**

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 1,729,872	\$ 1,368,258
Accounts Receivable and Other	20,923	3,494
Due from the City of North Vancouver (note 4)	19,805	-
Total Financial Assets	<u>1,770,600</u>	<u>1,371,752</u>
Liabilities		
Accounts Payable and Accrued Liabilities	578,116	211,194
Deferred Revenue (note 3)	150,548	167,782
Due to the City of North Vancouver (note 4)	-	359,307
Post Employment Benefits, Compensated Absences and Termination Benefits (note 5)	600,600	563,500
Total Liabilities	<u>1,329,264</u>	<u>1,301,783</u>
Net Financial Assets	<u>441,336</u>	<u>69,969</u>
Non-Financial Assets		
Tangible capital assets (note 7)	496,089	477,080
Total Non-Financial Assets	<u>496,089</u>	<u>477,080</u>
Accumulated Surplus (note 8)	<u>\$ 937,425</u>	<u>\$ 547,049</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, 2023 with comparatives for 2022

	2023 Budget <u>(note 9)</u>	2023 Actual	2022 Actual
Revenues			
Grants from CNV	4,828,546	5,176,588	4,628,242
Grants other			
General	115,811	121,412	115,811
Special purpose	-	460,524	68,183
Fines and fees	3,800	4,002	4,863
Interest income	10,000	86,936	25,331
Sale of services	25,000	39,250	20,532
Donations			
Special purpose	-	24,215	51,390
Miscellaneous	5,000	5,678	2,307
	<u>4,988,157</u>	<u>5,918,605</u>	<u>4,916,659</u>
Expenses			
Wages and benefits			
General	3,526,200	3,809,541	3,340,980
Special purpose	-	34,063	37,834
Goods and supplies			
General	322,685	377,314	315,134
Special purpose	-	61,628	45,682
Services			
General	932,372	965,879	882,269
Special purpose	-	44,910	60,355
Depreciation	-	214,242	215,785
	<u>4,781,257</u>	<u>5,507,577</u>	<u>4,898,039</u>
Annual surplus, before distribution	206,900	411,028	18,620
Prior year surplus returned to CNV	-	(20,652)	(185,946)
Annual surplus, after distribution	206,900	390,376	(167,326)
Accumulated surplus at beginning of year	547,049	547,049	714,375
Accumulated surplus at end of year (note 8)	<u>\$ 753,949</u>	<u>\$ 937,425</u>	<u>\$ 547,049</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, 2023 with comparatives for 2022

	2023 <u>Budget</u> (note 9)	2023 <u>Actual</u>	2022 <u>Actual</u>
Annual surplus/(deficit)	\$ 206,900	\$ 390,376	\$ (167,326)
Acquisition of tangible capital assets	(206,900)	(233,251)	(218,050)
Depreciation of tangible capital assets	-	214,242	215,785
Use of prepaid expenses	-	-	-
Increase (decrease) financial assets	-	371,367	(169,591)
Net financial assets at beginning of year	<u>69,969</u>	<u>69,969</u>	<u>239,560</u>
Net financial assets at end of year	<u>\$ 69,969</u>	<u>\$ 441,336</u>	<u>\$ 69,969</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, 2023 with comparatives for 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Annual surplus/(deficit)	\$ 390,376	\$ (167,326)
Items not involving cash:		
Depreciation	214,242	215,785
Changes in non-cash operating balances:		
Accounts receivable	(17,429)	(3,494)
Accounts payable and accrued liabilities	366,922	28,176
Deferred revenue	(17,234)	49,246
Due to the City of North Vancouver	(379,112)	160,947
Post-employment benefits, compensated absences and termination benefits	37,100	75,000
Prepaid expenses	-	-
	<u>594,865</u>	<u>358,334</u>
Capital activities		
Acquisition of tangible capital assets	(233,251)	(218,050)
	<u>(233,251)</u>	<u>(218,050)</u>
Increase in cash	361,614	140,284
Cash at beginning of year	1,368,258	1,227,974
Cash at end of year	<u>\$ 1,729,872</u>	<u>\$ 1,368,258</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, 2023**

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, 2023**

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.

(f) Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. The liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

As of December 31, 2022 and 2023, the Library does not have any asset retirement obligations.

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2023**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial Instruments

The Library’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, and other current liabilities. Cash and cash equivalents are measured at fair value. Accounts receivable, accounts payable, and other current liabilities are measured at cost or amortized cost. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. The carrying amount of each of these financial instruments is presented on the statement of financial position. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Library has not invested in equity instruments that are quoted in an active market and has not designated any financial instruments to be recorded at fair value.

The Library is not exposed to significant credit, liquidity or market risk arising from its financial instruments. Financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

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, 2023	December 31, 2022
Donations - Youth	10,161	8,873
Donations - Projects	61,468	56,595
Donations - Seniors/Accessible Services	-	2,326
Donations - Collections	1,500	4,378
Donations - Small donation campaign	1,873	-
Other	-	12,900
Grants	75,546	82,710
	<u>\$ 150,548</u>	<u>\$ 167,782</u>

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2023**

4. DUE FROM 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.

In 2023, the Library CUPE 389 members and North Vancouver City Library Board reached a new three-year collective bargaining agreement. The Library Board approved the Memorandum of Agreement on November 23, 2023. The settlement of outstanding wage increases was paid in January 2024, which was included in the amount due from the City for 2023.

The net amount receivable from the City at the end of 2023 is \$19,805. Last year it was payable amount of \$359,307.

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 2023 is \$605,583 (2022 - \$554,888).

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

The liability reported in the financial statements are based on employee data as at August 31, 2021 that has been extrapolated to December 31, 2023. 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.

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, 2023**

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

	<u>2023</u>	<u>2022</u>
Accrued Benefit Obligation - Beginning	\$ 508,100	\$ 617,400
Service Cost	34,500	42,000
Interest Cost	22,400	15,200
Benefits Paid	(30,500)	(4,300)
Actuarial Gain	(45,300)	(162,200)
Accrued Benefit Obligation - End	<u>489,200</u>	<u>508,100</u>
Deficit at end of year	(489,200)	(508,100)
Unamortized Net Actuarial Gain	(111,400)	(55,400)
Accrued Benefit Liability	<u>\$ (600,600)</u>	<u>\$ (563,500)</u>

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

	<u>2023</u>	<u>2022</u>
Discount rates	4.10%	4.50%
Future inflation rates	4.50% for 2024 and 2.50% thereafter	2.00%
Compensation increases (net of inflation)	0.00% to 0.50%	0.58% to 2.50%

6. PENSION PLAN

The Library and its employees contribute to the Municipal Pension Plan (MPP) (a jointly trustee pension plan). The MPP 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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.

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2023**

6. PENSION PLAN (continued)

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 \$212,610 (2022 - \$189,611) for employer contributions to the plan in fiscal 2023.

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

	2023			2022		
	Books	AV Materials	Totals	Books	AV Materials	Totals
Costs						
Balance beginning of year	\$ 872,508	\$ 82,816	\$ 955,324	\$ 851,289	\$ 90,803	\$ 942,092
Additions	194,280	38,971	233,251	189,078	28,972	218,050
Disposition	(173,755)	(53,844)	(227,599)	(167,859)	(36,959)	(204,818)
Balance end of year	\$ 893,033	\$ 67,943	\$ 960,976	\$ 872,508	\$ 82,816	\$ 955,324
Accumulated Depreciation						
Balance beginning of year	\$ 430,614	\$ 47,630	\$ 478,244	\$ 426,093	\$ 41,184	\$ 467,277
Depreciation	176,554	37,688	214,242	172,380	43,405	215,785
Disposition	(173,755)	(53,844)	(227,599)	(167,859)	(36,959)	(204,818)
Balance end of year	\$ 433,413	\$ 31,474	\$ 464,887	\$ 430,614	\$ 47,630	\$ 478,244
Net Book Value	\$ 459,620	\$ 36,469	\$ 496,089	\$ 441,894	\$ 35,186	\$ 477,080

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2023**

8. ACCUMULATED SURPLUS

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

	December 31, 2023	December 31, 2022
Appropriated surplus	\$ 20,114	\$ 29,314
Equity in TCA	496,089	477,080
Unappropriated surplus	421,222	40,655
Accumulated surplus	<u>\$ 937,425</u>	<u>\$ 547,049</u>

In 2023, the Library received a one-time Enhancement Grant totaling \$375,713 (2022 – nil) from the Province of British Columbia. This grant was intended to supplement local government funding and to be used to support local library service enhancement, respond to local service priorities and extend library services over three years. The full amount of the grant was recognized in 2023 as revenue. As a result, the unspent grant funds (\$373,338) have been included in unappropriated surplus.

City policy normally limits the City portion of the operating surplus to \$50,000 and any amounts in excess of this limit is returned to the City in the following year, unless permission from Council is obtained on a case by case basis. Any Enhancement Grant funds not appropriated for Library use consistent with the terms of the grant must be returned to the Province of British Columbia.

9. BUDGET

The budget approved by the City on April 24, 2023 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 24, 2023 with adjustments as follows:

**North Vancouver City Library
Notes to the Financial Statements
For the year ended December 31, 2023**

9. BUDGET (continued)

	<u>2023</u>
Budget surplus for the year	\$ -
Add:	
Acquisition of tangible capital assets	206,900
Less:	
Depreciation	-
Budget surplus per statement of operations	<u>\$ 206,900</u>

10. COMPARATIVE INFORMATION

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.