

Financial Statements

**Toronto Public Library Board**

December 31, 2007

## AUDITORS' REPORT

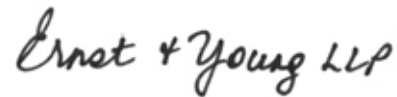
To the Members of the  
**Toronto Public Library Board**

We have audited the statement of financial position of the **Toronto Public Library Board** as at December 31, 2007 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2007 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,  
March 18, 2008.



Chartered Accountants  
Licensed Public Accountants

**Toronto Public Library Board**  
 Incorporated under the laws of Ontario

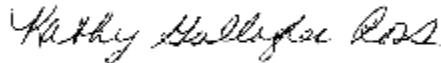
**STATEMENT OF FINANCIAL POSITION**

As at December 31

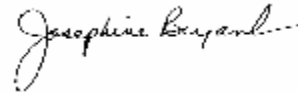
	2007	2006
	\$	\$
<b>ASSETS</b>		
<b>Financial assets</b>		
Cash	3,853,229	1,758,732
Short-term investments	15,561,675	15,580,511
Accounts receivable <i>[note 12]</i>	2,787,845	3,793,608
<b>Total financial assets</b>	<b>22,202,749</b>	<b>21,132,851</b>
<b>LIABILITIES</b>		
Accounts payable		
City of Toronto <i>[note 3]</i>	1,705,248	3,392,062
Other accounts payable and accrued liabilities <i>[notes 7 and 12]</i>	18,823,326	16,570,133
Deferred revenue	512,255	277,575
Employee benefits <i>[note 4]</i>	53,159,987	52,011,751
Interest payable on long-term liabilities	463,762	386,865
Long-term payable with City of Toronto <i>[note 5]</i>	666,670	733,336
Long-term payable with		
Canada Life Assurance Company <i>[note 5]</i>	1,490,419	1,574,696
Long-term debt with City of Toronto <i>[note 6]</i>	33,820,503	35,189,337
<b>Total liabilities</b>	<b>110,642,170</b>	<b>110,135,755</b>
<b>Net liabilities</b>	<b>(88,439,421)</b>	<b>(89,002,904)</b>
<b>LIBRARY POSITION</b>		
Operating fund <i>[schedule 1]</i>	—	—
Capital fund <i>[schedule 2]</i>	1,383,819	1,193,120
Total fund balances	1,383,819	1,193,120
Amounts to be recovered <i>[note 7]</i>	(89,823,240)	(90,196,024)
<b>Total library position</b>	<b>(88,439,421)</b>	<b>(89,002,904)</b>

See accompanying notes

On behalf of the Board:



Toronto Public Library Board Chair



City Librarian

## Toronto Public Library Board

### STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	2007		2006
	Budget	Actual	Actual
	\$	\$	\$
<b>REVENUES</b>			
Grants			
Municipal <i>[note 10]</i>	168,478,343	160,889,455	146,517,445
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	6,859,208	4,647,706
Total municipal grants	168,478,343	167,748,663	151,165,151
Province of Ontario	5,637,434	5,705,728	5,630,560
Federal government	—	182,310	281,653
User charges <i>[note 8]</i>	4,152,690	4,143,826	4,101,955
Investment income <i>[note 6]</i>	200,000	1,169,519	967,279
Donations and other grants <i>[note 9]</i>	503,500	1,838,683	2,252,106
Other income	1,425,769	2,095,667	1,626,647
	<b>180,397,736</b>	<b>182,884,396</b>	166,025,351
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	121,579,189	123,206,136	121,679,963
Purchase of services	21,162,126	21,212,221	21,136,058
Library materials	17,268,654	17,551,048	17,306,300
Buildings	12,704,641	10,805,343	7,728,228
Equipment and furnishings	4,692,538	4,384,043	6,111,724
Materials and supplies	2,371,031	2,428,977	2,492,084
Transfer to City of Toronto <i>[note 6]</i>	—	—	590,549
Interest on long-term debt	—	1,955,556	1,580,431
Taxes and other <i>[note 3]</i>	619,557	777,589	586,469
	<b>180,397,736</b>	<b>182,320,913</b>	179,211,806
<b>Net revenues (expenditures) and decrease (increase) in net liabilities</b>	—	<b>563,483</b>	(13,186,455)
<b>FINANCING</b>			
New debt from City of Toronto <i>[note 6]</i>	—	3,825,000	11,862,000
Principal repayment on debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(5,344,777)	(3,389,723)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	1,146,993	3,901,394
<b>Net increase (decrease) in amounts to be recovered</b>	—	<b>(372,784)</b>	12,373,671
<b>Net increase (decrease) in fund balances during the year</b>	—	<b>190,699</b>	(812,784)
Total fund balances, beginning of year	—	1,193,120	2,005,904
<b>Total fund balances, end of year</b>	—	<b>1,383,819</b>	1,193,120

See accompanying notes

**Toronto Public Library Board**

**STATEMENT OF CHANGES IN FINANCIAL POSITION**

Year ended December 31

	<b>2007</b>	<b>2006</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net revenues (expenditures) for the year	<b>563,483</b>	(13,186,455)
Sources (uses) of cash		
Decrease (increase) in accounts receivable	<b>1,005,763</b>	(719,258)
Increase (decrease) in accounts payable and accrued liabilities	<b>566,379</b>	(242,828)
Increase in employee benefits	<b>1,148,236</b>	3,852,301
Increase in interest payable on long-term liabilities	<b>76,897</b>	159,472
Increase (decrease) in deferred revenue	<b>234,680</b>	(98,411)
<b>Net increase (decrease) in cash from operating activities</b>	<b>3,595,438</b>	(10,235,179)
<b>FINANCING AND INVESTING ACTIVITIES</b>		
New debt from City of Toronto	<b>3,825,000</b>	11,862,000
Principal repayment on debt and long-term payable including interest earned on sinking fund	<b>(5,344,777)</b>	(3,389,723)
Redemption of short-term investments	<b>18,836</b>	1,944,266
<b>Net increase (decrease) in cash     from financing and investing activities</b>	<b>(1,500,941)</b>	10,416,543
<b>Net increase in cash during the year</b>	<b>2,094,497</b>	181,364
Cash, beginning of year	<b>1,758,732</b>	1,577,368
<b>Cash, end of year</b>	<b>3,853,229</b>	1,758,732

*See accompanying notes*

## SCHEDULE OF CURRENT OPERATIONS

Year ended December 31

	2007		2006
	Budget	Actual	Actual
	\$	\$	\$
<b>REVENUES</b>			
Grants			
Municipal <i>[notes 10 and 13]</i>	152,113,474	151,436,829	146,517,445
Municipal grant for debt and interest repayment <i>[note 6]</i>	—	6,859,208	4,647,706
Total municipal grants	152,113,474	158,296,037	151,165,151
Province of Ontario	5,637,434	5,670,728	5,630,560
Federal government	—	182,310	81,653
User charges <i>[note 8]</i>	4,152,690	4,143,826	4,101,955
Investment income <i>[note 6]</i>	200,000	851,986	665,700
Donations and other grants <i>[note 9]</i>	503,500	1,329,718	1,893,536
Other income	1,263,769	1,415,344	1,626,647
	<b>163,870,867</b>	<b>171,889,949</b>	<b>165,165,202</b>
<b>EXPENDITURES</b>			
Staff costs <i>[note 4]</i>	121,579,189	123,206,136	121,679,963
Purchase of services	21,162,126	21,212,221	21,136,058
Materials and supplies	2,371,031	2,428,977	2,492,084
Library materials	343,000	18,698	22,675
Equipment and furnishings	10,310	72,235	355,474
Interest on long-term debt	—	1,955,556	1,580,431
Taxes and other <i>[note 3]</i>	619,557	777,589	586,469
	<b>146,085,213</b>	<b>149,671,412</b>	<b>147,853,154</b>
<b>Net revenues</b>	<b>17,785,654</b>	<b>22,218,537</b>	<b>17,312,048</b>
<b>FINANCING AND TRANSFERS</b>			
Principal repayment on debt and long-term payable including interest earned on sinking fund <i>[notes 5 and 6]</i>	—	(5,344,777)	(3,389,723)
Transfer from (to) capital funds <i>[schedule 2]</i>			
Library materials	(16,925,654)	(16,925,654)	(16,925,163)
Buildings	477,000	241,901	312,444
Equipment and furnishings	(1,337,000)	(1,337,000)	(1,211,000)
Employee benefits and vacation pay <i>[notes 4 and 7]</i>	—	1,146,993	3,901,394
<b>Net financing and transfers</b>	<b>(17,785,654)</b>	<b>(22,218,537)</b>	<b>(17,312,048)</b>
<b>Change in operating fund balance</b> <i>[note 10]</i>	—	—	—
Operating fund balance, beginning of year	—	—	—
<b>Operating fund balance, end of year</b>	<b>—</b>	<b>—</b>	<b>—</b>

See accompanying notes

## SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31

	2007		2006
	Budget	Actual	Actual
	\$	\$	\$
<b>REVENUES</b>			
Grants			
Municipal	16,364,869	9,452,626	—
Province of Ontario	—	35,000	—
Federal government	—	—	200,000
Investment income	—	317,533	301,579
Donations and other grants <i>[note 9]</i>	—	508,965	358,570
Other income	162,000	680,323	—
	<b>16,526,869</b>	<b>10,994,447</b>	<b>860,149</b>
<b>EXPENDITURES</b>			
Library materials	16,925,654	17,532,350	17,283,625
Buildings	12,704,641	10,805,343	7,728,228
Equipment and furnishings	4,682,228	4,311,808	5,756,250
Transfer to City of Toronto <i>[note 6]</i>	—	—	590,549
	<b>34,312,523</b>	<b>32,649,501</b>	<b>31,358,652</b>
<b>Net expenditures</b>	<b>(17,785,654)</b>	<b>(21,655,054)</b>	<b>(30,498,503)</b>
<b>FINANCING AND TRANSFERS</b>			
New debt from City of Toronto <i>[note 6]</i>	—	3,825,000	11,862,000
Transfer from (to) current fund <i>[schedule 1]</i>			
Library materials	16,925,654	16,925,654	16,925,163
Buildings	(477,000)	(241,901)	(312,444)
Equipment and furnishings	1,337,000	1,337,000	1,211,000
<b>Net financing and transfers</b>	<b>17,785,654</b>	<b>21,845,753</b>	<b>29,685,719</b>
<b>Change in capital fund balance</b>	<b>—</b>	<b>190,699</b>	<b>(812,784)</b>
Capital fund balance, beginning of year	—	1,193,120	2,005,904
<b>Capital fund balance, end of year</b>	<b>—</b>	<b>1,383,819</b>	<b>1,193,120</b>

See accompanying notes

## **Toronto Public Library Board**

# **NOTES TO FINANCIAL STATEMENTS**

December 31, 2007

### **1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO AND THE TORONTO PUBLIC LIBRARY FOUNDATION**

The Toronto Public Library Board [the "Board"] is a local board of the City of Toronto [the "City"] deemed to be a public library board established under the Public Libraries Act and is responsible for providing public library service that reflects the community's unique needs. The Public Libraries Act has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund and capital fund of the Board.

The Toronto Public Library Foundation [the "Foundation"] has responsibility for most of the fundraising activities for the Toronto Public Library [the "Library"]. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets, revenues and expenditures are not included in these financial statements *[note 12]*.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted are as follows:

#### **Basis of accounting**

Revenues and expenditures are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### **Measurement uncertainty**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The employee benefits liabilities and related costs charged to the statement of financial activities depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.



## **Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2007

#### **Short-term investments**

Short-term investments are recorded at cost plus accrued interest and consist of financial instruments, such as treasury bills and bankers' acceptances, which are readily cashable on short notice. The market value of these investments approximates cost.

#### **Inventories**

Expenditures on inventories of materials and supplies are reported as an expenditure on the statement of financial activities in the year of acquisition.

#### **Capital assets**

The historical cost and accumulated amortization of capital assets are not reported. Purchases of capital assets are recorded on the statement of financial activities as expenditures in the year of acquisition.

#### **Employee benefit plans**

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance;
- past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds; and
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group which is 13 years.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

#### 3. RELATED PARTY TRANSACTIONS

Accounts (payable to) receivable from the City consists of the following:

	2007 \$	2006 \$
Operating receivable	2,265,094	—
Accrued interest on long-term liabilities	463,762	386,865
	<u>2,728,856</u>	<u>386,865</u>
<b>Less</b>		
Operating payable	—	(349,660)
Operating surplus payable <i>[note 10]</i>	(642,651)	(11,072)
Payable for hydro charges	(250,185)	(474,301)
Unexpended capital advance	(3,541,268)	(2,943,894)
	<u>(1,705,248)</u>	<u>(3,392,062)</u>

Insurance coverage for the Board is done through the City. During the year, the Board contributes to the City's insurance reserve and expenses these contributions as made. Contributions for the year amounted to \$346,905 [2006 - \$380,900] and are included within taxes and other expenditures on the statement of financial activities.

In addition, the Board contributes to the City's vehicle reserve and expenses these contributions as made. Contributions for the year amounted to \$219,800 [2006 - nil] and are included within taxes and other expenditures on the statement of financial activities.

The Board also contributes to a capital reserve with the City for a specific capital project. The amount held at the end of the year amounted to \$96,556 [2006 - \$92,452].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

#### 4. EMPLOYEE BENEFITS

The Board sponsors defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees. The plans provide health, dental, life insurance and long-term disability benefits to certain employees.

[a] Information about the Board's employee benefits, other than the multi-employer, defined benefit plan noted below, is as follows:

	2007	2006
	\$	\$
Accrued benefit obligation	<b>58,345,267</b>	58,594,335
Net unamortized actuarial loss	<b>(5,185,280)</b>	(6,582,584)
<b>Total employee benefit liability</b>	<b>53,159,987</b>	52,011,751

Components of the accrued benefit obligation are as follows:

	2007	2006
	\$	\$
Post-retirement benefits	<b>40,838,055</b>	39,477,434
Disabled employees' benefits	<b>2,368,836</b>	1,431,497
Income benefits	<b>5,024,089</b>	3,266,241
Sick leave benefits	<b>9,624,137</b>	14,014,554
Workplace Safety and Insurance	<b>490,150</b>	404,609
	<b>58,345,267</b>	58,594,335

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and assumes responsibility for financing its workplace safety insurance costs. The obligation of \$490,150 [2006 - \$404,609] represents the estimate of future benefit costs under Schedule 2.

The benefit plans are all unfunded in 2007 and 2006.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

[b] The continuity of the accrued benefit obligation is as follows:

	2007	2006
	\$	\$
Balance, beginning of year	58,594,335	56,312,950
Current service cost	3,009,714	2,921,874
Interest cost	2,880,990	3,383,751
Expected benefits paid	(5,444,469)	(3,268,674)
Actuarial gain	(695,303)	(755,566)
<b>Balance, end of year</b>	<b>58,345,267</b>	<b>58,594,335</b>

[c] The total expenditures related to employee future benefits other than those related to the multi-employer pension plan are included in staff costs on the statement of financial activities and include the following components:

	2007	2006
	\$	\$
Current period benefit cost	3,009,714	2,921,874
Amortization of net actuarial loss	702,001	815,350
Benefit interest expenditure	2,880,990	3,383,751
<b>Total expenditures related to retirement benefits</b>	<b>6,592,705</b>	<b>7,120,975</b>

[d] Cash payments made during the year are as follows:

	2007	2006
	\$	\$
Post-retirement plans	865,483	828,891
Disabled employees' benefits	682,688	562,846
Sick leave benefits	886,518	469,749
	<b>2,434,689</b>	<b>1,861,486</b>

[e] Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial report was prepared at December 31, 2006. The accrued benefit obligation shown for 2007 is based on an extrapolation of the 2006 valuation.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

[f] The significant actuarial assumptions are as follows:

	<b>2007</b>	<b>2006</b>
	%	%
Accrued benefit obligation		
Discount rate – post-retirement	<b>5.0</b>	6.0
Discount rate – disabled employees, income benefit	<b>4.7</b>	5.5
Discount rate – sick leave, workers' compensation	<b>5.0</b>	6.0
Accrued benefit cost		
Discount rate – post-retirement	<b>6.0</b>	6.0
Discount rate – disabled employees, income benefit	<b>5.5</b>	5.5
Discount rate – sick leave, workers' compensation	<b>6.0</b>	6.0
Health care inflation – hospital, dental care and other medical	<b>4.5 - 7.5</b>	4.5
Health care inflation – drugs	<b>7.5 - 10.0</b>	10.7
Rate of compensation increase	<b>3.0</b>	3.0

The dental care rate will reduce to 4.0% in 2013 and the health care rate for drugs will reduce to 5.0% in 2017.

[g] In addition to the above-noted benefits, the Board makes contributions to the Ontario Municipal Employees' Retirement System plan ["OMERS"], a multi-employer pension plan, on behalf of most of its employees. OMERS 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. Employees and employers contribute jointly to the plan. Total employer contributions for the year amounted to \$6,231,867 [2006 - \$5,971,571] and are included in staff costs in the statement of financial activities.

#### 5. LONG-TERM PAYABLE

During 2001, the Board entered into an Energy Service Agreement with the City and Ameresco Canada ["Ameresco"], formerly DukeSolutions Canada Inc. Ameresco completed energy efficiency improvements to Library facilities in 2003 for a total net cost of \$3,218,935.

The first \$1,000,000 in improvements was financed by an interest-free loan from the Better Building Partnership Program of the City. The Board agreed to repay the City in 30 installments of \$33,333 over a 15-year period. During the year, the Library paid the City amounts totaling \$66,666 [2006 - \$66,666], resulting in an outstanding long-term payable as at December 31, 2007 of \$666,670 [2006 - \$733,336].

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

The remaining \$2,218,935 is being financed through a tri-party agreement among Ameresco, Canada Life Assurance Company ["Canada Life"] and the Library. Under the terms of the agreement, the Board agrees to pay Canada Life in accordance with the following payment schedule from the Energy Service Agreement, which will be ultimately funded by the energy savings over the matching 15-year period. Details of repayment are as follows:

	\$
2008	90,942
2009	98,867
2010	107,099
2011	116,017
2012	125,422
Thereafter	952,072
	<u>1,490,419</u>

During the year, the Library paid Canada Life amounts totalling \$211,052 [2006 - \$211,052]. The principal portion of this amount was \$84,277 [2006 - \$77,800], resulting in an outstanding long-term payable as at December 31, 2007 of \$1,490,419 [2006 - \$1,574,696].

#### 6. LONG-TERM DEBT WITH CITY OF TORONTO

The long-term debt with the City consists of the following:

	2007	2006
	\$	\$
Debt		
Principal amount	<b>41,623,000</b>	39,348,626
Accumulated sinking fund	<b>(7,802,497)</b>	(4,159,289)
	<u><b>33,820,503</b></u>	<u>35,189,337</u>

The debt has a weighted average interest rate of 4.61% [2006 – 2.99%] and maturity dates ranging from 2008 through 2017.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Repayments of the long-term debt are due as follows:

	\$
2008	5,341,710
2009	5,539,845
2010	5,644,455
2011	5,309,224
2012	3,548,523
Thereafter	8,436,746
	<u>33,820,503</u>

During the year, interest earned of \$290,182 [2006 - \$177,982] on the accumulated sinking fund held by the City was recorded as investment income offset by including this amount as part of the debt principal repayment within the financing section on the statement of financial activities.

The debt and interest repayment for 2007 was \$6,859,208 [2006 - \$4,647,706], and is included as grant revenue on the schedule of current operations and statement of financial activities. These amounts are not reflected in the budget figures.

During 2007, the City issued debentures of \$3,825,000 [2006 - \$11,862,000] resulting in a current year net capital funding of \$9,452,626 [2006 – net transfer to City of \$590,549].

#### 7. AMOUNTS TO BE RECOVERED

Amounts to be recovered include the gross amount of the following liabilities at year end:

	2007 \$	2006 \$
Employee benefits <i>[note 4]</i>	<b>53,159,987</b>	52,011,751
Employee vacation pay [included in other accounts payable and accrued liabilities]	<b>685,661</b>	686,905
	<b>53,845,648</b>	52,698,656
Capital outlay financed by long-term payable and to be recovered in future years <i>[note 5]</i>	<b>2,157,089</b>	2,308,031
Capital outlay financed by long-term debt and to be recovered in future years <i>[note 6]</i>	<b>33,820,503</b>	35,189,337
	<b>89,823,240</b>	90,196,024

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

Since the City funds the net requirements of the current operations of the Board, the amounts shown above for employee benefits and vacation pay will ultimately be received from the City.

#### 8. REVENUES FROM USER CHARGES

Revenues from user charges consist of the following:

	2007	2006
	\$	\$
Fines	3,038,145	3,030,976
Equipment and facility rentals	626,644	548,450
Photocopier receipts	389,463	425,309
Online search	39,001	53,323
Photography	25,319	18,257
Interlibrary loan	9,744	11,949
Non-resident user fees	9,843	9,546
Program registration fees	4,034	4,145
Other charges	1,633	—
	<u>4,143,826</u>	<u>4,101,955</u>

#### 9. REVENUES FROM DONATIONS AND OTHER GRANTS

Revenues from donations and other grants consist of the following:

	2007	2006
	\$	\$
Toronto Public Library Foundation <i>[note 12]</i>	1,838,683	2,214,659
Other donations	—	37,447
	<u>1,838,683</u>	<u>2,252,106</u>

#### 10. ACCUMULATED NET REVENUE

The City funds the net requirements of the current operations of the Board. Consequently, the Board does not identify accumulated funds within the schedule of current operations. The current year's operating surplus of \$642,651 [2006 - \$11,072] is included within the accounts payable balance to the City *[note 3]*.



## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2007

#### 11. LEASE COMMITMENTS

As at December 31, 2007, the Board is committed to the following annual operating lease payments for equipment and facilities:

	\$
2008	1,697,000
2009	1,322,000
2010	1,341,000
2011	1,303,000
2012	808,000
Thereafter	2,353,000
	<u>8,824,000</u>

#### 12. TORONTO PUBLIC LIBRARY FOUNDATION

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received contributions of \$1,838,683 [2006 - \$2,214,659] from the Foundation [note 9]. Included in other accounts payable and accrued liabilities is \$4,316 owing to the Foundation [2006 - \$1,146,069 receivable from the Foundation]. The Foundation has net assets of \$5,664,459 [2006 - \$4,540,998] which includes an endowment balance of \$3,708,232 [2006 - \$3,026,526].

#### 13. BUDGET FIGURES

The approved operating and capital budgets for 2007 are reflected on the schedules of current operations, capital operations and the statement of financial activities.

The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual amounts. The Board did not budget for debt financing in 2007 and, therefore, no figures are shown on schedule 2.

The operating budget established for the municipal grant of \$152,113,474 in the schedule of current operations is comprised of tax supported funding of \$149,712,274 and a draw from the development charge reserve of \$2,401,200.

## Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

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#### 14. TANGIBLE CAPITAL ASSETS

Effective January 1, 2007, the Board adopted Accounting Guideline 7 ["PSG-7"] of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants with respect to the disclosure of tangible capital assets of local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - *Tangible Capital Assets*, of the Public Sector Accounting Handbook comes into effect on January 1, 2009. These provisions require local governments to record tangible capital assets at cost and amortize these assets over their estimated useful lives.

Tangible capital assets are significant economic resources managed by local government and a key component of cost in the delivery of many local government programs and services. Tangible capital assets include such diverse items as library materials, buildings, vehicles, machinery and equipment, land, furniture and fixtures, computer hardware and software.

The Board continues to record tangible capital assets including assets held under capital leases at cost in the period they were acquired on the statement of financial position and as expenditures within the capital fund. This will change when the new recommendations for accounting for tangible capital assets is implemented for the 2009 reporting year.

During 2007, the Board continued to work towards compliance with the new recommendations for accounting for tangible capital assets. As at December 31, 2007, the Board had significantly completed the inventory of the listing of assets in the following categories: land, buildings, computer hardware and software, library materials and vehicles. A listing of assets and values which are not yet completed is currently underway and expected to be completed by June 30, 2008.