

## Submission Checklist

### Financial Information Act - Statement of Financial Information

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

a)	<input checked="" type="checkbox"/>	Approval of Statement of Financial Information
b)	<input checked="" type="checkbox"/>	A Management Report signed and dated by the Library Board and Library Director
		An operational statement including:
c)	<input checked="" type="checkbox"/>	i) Statement of Income
	<input checked="" type="checkbox"/>	ii) Statement of Changes in Financial Position, or, if omitted, an explanation in the Notes to the Financial Statements (audited <sup>1</sup> financial statements)
d)	<input checked="" type="checkbox"/>	Statement of assets and liabilities (audited <sup>1</sup> financial statements)
e)	<input checked="" type="checkbox"/>	Schedule of debts (audited <sup>1</sup> financial statements) If there is no debt, or if the information is found elsewhere in the SOFI, an explanation must be provided in the Schedule.
f)	<input checked="" type="checkbox"/>	Schedule of guarantee and indemnity agreements including the names of the entities involved and the amount of money involved. If no agreements, or if the information is found elsewhere in the SOFI, an explanation must be provided in the Schedule.
		Schedule of Remuneration and Expenses, including:
	<input checked="" type="checkbox"/>	i) An alphabetical list of employees (first and last names) earning over \$75,000
	<input checked="" type="checkbox"/>	ii) Total amount of expenses paid to or on behalf of each employee under 75,000
	<input checked="" type="checkbox"/>	iii) If the total wages and expenses differs from the audited financial statements, an explanation is required
g)	<input checked="" type="checkbox"/>	iv) A list, by name and position, of Library Board Members with the amount of any remuneration paid to or on behalf of the member.
	<input checked="" type="checkbox"/>	v) The number of severance agreements started during the fiscal year and the range of months` pay covered by the agreement, in respect of excluded employees. If there are no agreements to report, an explanation is required.
		Schedule of Payments for the Provision of Goods and Services including:
h)	<input checked="" type="checkbox"/>	i) An alphabetical list of suppliers receiving over \$25,000 and a consolidated total for those suppliers receiving less than \$25,000. If the total differs from the Audited Financial Statements, an explanation is required.

---

<sup>1</sup> Municipal Libraries and Regional Library Districts must provide audited financial statements as per the *Libraries Act* section 11(2) and 26(2) (a). Audited statements are not required for the SOFI but if available, please include them.

## **Board Approval Form**

### **Financial Information Act - Statement of Financial Information**

NAME OF LIBRARY Fraser Valley Regional Library District	FISCAL YEAR END (YYYY) 2019
LIBRARY ADDRESS 34589 DeLair Road	TELEPHONE NUMBER 604-859-7141
CITY Abbotsford	PROVINCE British Columbia
POSTAL CODE V2S 5Y1	
NAME OF THE CHAIRPERSON OF THE LIBRARY BOARD Gayle Martin	TELEPHONE NUMBER 640-514-2800
NAME OF THE LIBRARY DIRECTOR Scott Hargrove	TELEPHONE NUMBER 604-859-7141

#### **DECLARATION AND SIGNATURES**

*We, the undersigned, certify that the attached is a correct and true copy of the Statement of Financial Information of the year ended 2019 for Fraser Valley Regional Library District as required under Section 2 of the Financial Information Act.*

SIGNATURE OF THE CHAIRPERSON OF THE LIBRARY BOARD\*

DATE SIGNED (DD-MM-YYYY)



27-05-2020

SIGNATURE OF THE LIBRARY DIRECTOR

DATE SIGNED (DD-MM-YYYY)



27-05-2020

## Management Report

### Financial Information Act - Statement of Financial Information

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

#### MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of the Library is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the *Financial Information Act*. Their examination includes a review and evaluation of the board's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of Fraser Valley Regional Library District

**Name. Chairperson of the  
Library Board [Print]**

Gayle Martin

**Signature,  
Chairperson of the Library  
Board**



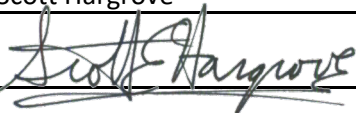
**Date  
(MM-DD-YYYY)**

05-28-2020

**Name,  
Library Director [Print]**

Scott Hargrove

**Signature,  
Library Director**



**Date  
(MM-DD-YYYY)**

05-28-2020

**Fraser Valley Regional Library District**

**Financial Statements**

**For the year ended December 31, 2019**

**Fraser Valley Regional Library District**  
**Financial Statements**  
For the year ended December 31, 2019

**Contents**

---

<b>Management's Responsibility for the Financial Statements</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3 - 4</b>
<b>Financial Statements</b>	
Statement of Financial Position	<b>5</b>
Statement of Operations	<b>6</b>
Statement of Changes in Net Financial Assets	<b>7</b>
Statement of Cash Flows	<b>8</b>
Notes to Financial Statements	<b>9 - 19</b>
Schedule of Operating Expenses	<b>20</b>

---

## Management's Responsibility for the Financial Statements

---

The accompanying financial statements of Fraser Valley Regional Library District (the "Library") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Library. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Library's financial statements.

---

Chief Executive Officer

---

Director of Finance

May 20, 2020

---

## Independent Auditor's Report

---

To the Library Board  
Fraser Valley Regional Library District

### Opinion

We have audited the financial statements of Fraser Valley Regional Library District (the "Library") which comprise the Statement of Financial Position as at December 31, 2019 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2019 and its results of operations, 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 this 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.

Chartered Professional Accountants

Langley, British Columbia  
May 20, 2020



**Fraser Valley Regional Library District**  
**Statement of Financial Position**

December 31	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,108,994	\$ 963,049
Portfolio investments (Note 3)	7,593,036	6,660,608
Accounts receivable	346,932	187,920
	<u>9,048,962</u>	<u>7,811,577</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,930,810	1,582,131
Deferred revenue	260,861	190,484
Deposits	280,195	236,171
Employee future benefits (Note 6)	2,690,603	2,699,827
Capital lease obligation (Note 7)	-	34,562
	<u>5,162,469</u>	<u>4,743,175</u>
<b>Net Financial Assets</b>	<u>3,886,493</u>	<u>3,068,402</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4)	10,152,819	9,748,799
Prepaid expenses and deposits	712,738	706,130
	<u>10,865,557</u>	<u>10,454,929</u>
<b>Accumulated Surplus (Note 8)</b>	<u>\$ 14,752,050</u>	<u>\$ 13,523,331</u>

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Fraser Valley Regional Library District**  
**Statement of Operations**

**For the year ended December 31**

	Budget 2019	2019	2018
<b>Revenue</b>			
Member assessments	\$ 26,586,894	\$ 26,403,790	\$ 25,422,059
Government transfers	1,459,632	1,449,450	1,451,519
Fines	345,789	297,201	296,044
Fees	204,019	302,377	251,880
Donations	88,000	64,141	87,297
Interest	101,000	157,623	119,995
	<u>28,785,334</u>	<u>28,674,582</u>	<u>27,628,794</u>
<b>Expenses</b>			
Salaries and benefits	19,823,502	19,074,031	18,154,210
Library materials	1,238,500	1,283,140	1,069,087
Operating (Schedule)	3,320,820	3,264,447	3,162,204
Library interlink	115,000	108,796	107,478
Amortization	3,635,372	3,715,449	3,606,924
Transfer asset to member organization	-	-	118,346
	<u>28,133,194</u>	<u>27,445,863</u>	<u>26,218,249</u>
<b>Annual Surplus</b>	652,140	1,228,719	1,410,545
<b>Accumulated Surplus, beginning of year</b>	<u>13,523,331</u>	<u>13,523,331</u>	<u>12,112,786</u>
<b>Accumulated Surplus, end of year</b>	<u>\$ 14,175,471</u>	<u>\$ 14,752,050</u>	<u>\$ 13,523,331</u>

**Fraser Valley Regional Library District**  
**Statement of Changes in Net Financial Assets**

**For the year ended December 31**

	Budget 2019	2019	2018
Annual surplus	\$ 652,140	\$ 1,228,719	\$ 1,410,545
Acquisition of tangible capital assets	(4,234,092)	(4,119,469)	(3,920,538)
Amortization of tangible capital assets	3,635,372	3,715,449	3,606,924
Transfer asset to member organization	-	-	118,346
	(598,720)	(404,020)	(195,268)
Acquisition of prepaid expenses	-	(542,551)	(625,255)
Use of prepaid expenses	(34,562)	535,943	289,518
	\$ (34,562)	\$ (6,608)	\$ (335,737)
<b>Change in net financial assets for the year</b>	<b>617,578</b>	<b>818,091</b>	<b>879,540</b>
<b>Net financial assets, beginning of year</b>	<b>3,068,402</b>	<b>3,068,402</b>	<b>2,188,862</b>
<b>Net financial assets, end of year</b>	<b>\$ 3,685,980</b>	<b>\$ 3,886,493</b>	<b>\$ 3,068,402</b>

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

**Fraser Valley Regional Library District**  
**Statement of Cash Flows**

<b>December 31</b>	<b>2019</b>	<b>2018</b>
<b>Operating transactions</b>		
Annual surplus	\$ 1,228,719	\$ 1,410,545
Item not involving cash:		
Employee future benefits	331,000	252,014
Transfer asset to member organization	-	118,346
Amortization of tangible capital assets	3,715,449	3,606,924
Change in non-cash operating items		
Accounts receivable	(159,012)	(9,125)
Accounts payable and accrued liabilities	348,679	(452,486)
Deferred revenue	70,377	(7,440)
Deposits	44,024	37,134
Employee future benefits	(340,224)	(307,060)
Prepaid expenses and deposits	(6,608)	(335,737)
	<u>5,232,404</u>	<u>4,313,115</u>
<b>Capital transaction</b>		
Acquisition of tangible capital assets	<u>(4,119,469)</u>	<u>(3,920,538)</u>
<b>Investing transaction</b>		
Change in portfolio investments	<u>(932,428)</u>	<u>147,150</u>
<b>Financing transaction</b>		
Capital lease repayment	<u>(34,562)</u>	<u>(100,987)</u>
<b>Net increase in cash for the year</b>	<b>145,945</b>	<b>438,740</b>
<b>Cash, beginning of year</b>	<b>963,049</b>	<b>524,309</b>
<b>Cash, end of year</b>	<b>\$ 1,108,994</b>	<b>\$ 963,049</b>

---

## Fraser Valley Regional Library District

### Notes to Financial Statements

December 31, 2019

---

#### 1. Nature of Business

The Fraser Valley Regional Library District (the "Library") was established by an Order in Council by the Lieutenant Governor of the Province of British Columbia. The Library's principal activity is to provide library services, including operation of 25 public libraries and centralized administrative services to member municipalities and unincorporated areas, in the Fraser Valley and Greater Vancouver Regional Districts. The Library is a registered charity under the Income Tax Act (Canada) and is not subject to income taxes.

---

#### 2. Significant Accounting Policies

##### (a) Basis of Accounting

The Library prepares its financial statements in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board.

##### (b) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight line basis over their estimated useful lives commencing when the asset is put into service, as follows:

Buildings	- 7 to 20 years
Furniture and equipment	- 4 to 20 years
Computer equipment	- 2 to 7 years
Computer software	- 2 to 7 years
Automated library system	- 7 years
Library materials	- 3 to 5 years

The cost of electronic resources, including books, audio books and databases, are expensed when acquired as they are generally licensed on an annual basis and the Library does not own or control access to them.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may exceed its long-term services potential.

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

---

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

---

**2. Significant Accounting Policies (Continued)**

**(c) Non-TCA Prepaid Expenses**

A prepaid expense is a cash disbursement or other transfer of economic resources, other than an outlay for inventory or capital property, before the criteria for expense recognition have been met, that is expected to yield economic benefits over one or more future periods. It is recorded as an asset at the time of incurrence and amortized to expenses over the periods expected to benefit from it. Prepaid expenses generally expire either through the passage of time, or through use or consumption.

**(d) Portfolio Investments**

Portfolio investments, consisting of short-term funds held with the Municipal Finance Authority, are carried at market value which approximates cost.

**(e) Government Transfers**

Government transfers are recognized as revenue when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

**(f) Revenue Recognition**

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the conditions of the funding have been met.

**(g) Leases**

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Where the Library is the lessee, asset values recorded under capital leases are amortized in the same manner and same rates as other capital assets.

**(h) Financial Instruments**

The Library's financial instruments consist of cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and deposits. Unless otherwise noted, it is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**December 31, 2019**

---

**2. Significant Accounting Policies (Continued)**

**(i) Employee Future Benefits**

The Library and its employees make contributions to the Municipal Pension Plan (the "Plan") and the employees accrue benefits under this plan based on number of years of service. As the plan is a multi-employer plan, the Library's contributions are expensed as incurred (Note 6a).

Under the terms of the collective agreement and compensation policies, retirement benefits and compensated absences benefits are also available to the Library's employees. Employees are entitled to certain employee benefits on retirement. These include retiring allowance, additional vacation pay in the year of retirement for employees with at least ten years of service, and six months of health benefits after retirement. Compensated absences include supplemental vacation pay and longer-term sick leave. The costs of these benefits are actuarially determined based on number of years of service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under this plan are accrued based on projected benefits prorated as the employees render services necessary to earn the future benefits (Note 6b).

**(j) Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

**(k) Liability for Contaminated Sites**

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Library is directly responsible or accepts responsibility; and
- iv. is directly responsible; or
- v. accepts responsibility; and
- vi. a reasonable estimate of the amount can be made.

There were no contaminated sites identified on sites that are no longer in use and there were no unexpected events identified for these sites during the year.

---

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

---

**2. Significant Accounting Policies (Continued)**

**(l) Expenses by Object and Segmented Information**

The Library is a sole purpose organization and therefore does not report by function and does not provide segmented information.

---

**3. Portfolio Investments**

The balance consists of short-term funds held with the Municipal Finance Authority.



**Fraser Valley Regional Library District**  
Notes to Financial Statements

December 31, 2019

**4. Tangible Capital Assets**

	Land	Buildings	Furniture and Equipment	Computer Equipment	Computer Software	Automated Library System	Library Materials	2019 Total	2018 Total
Cost, beginning of year	\$ 115,000	\$ 1,854,118	\$ 841,665	\$ 1,541,758	\$ 826,264	\$ 943,348	\$15,507,605	\$21,629,758	\$ 21,648,593
Additions	-	25,240	140,457	161,948	-	333,793	3,458,031	4,119,469	3,920,538
Disposals	-	(7,704)	(29,798)	(48,851)	(38,665)	(418,688)	-	(543,706)	(3,939,373)
Cost, end of year	115,000	1,871,654	952,324	1,654,855	787,599	858,453	18,965,636	25,205,521	21,629,758
Accumulated amortization, beginning of year	-	1,317,771	444,679	805,785	731,374	905,492	7,675,858	11,880,959	12,095,062
Amortization expense	-	53,641	70,165	255,235	90,476	56,829	3,189,103	3,715,449	3,606,923
Disposals	-	(7,704)	(29,798)	(48,851)	(38,665)	(418,688)	-	(543,706)	(3,821,026)
Accumulated amortization, end of year	-	1,363,708	485,046	1,012,169	783,185	543,633	10,864,961	15,052,702	11,880,959
Net carrying amount, end of year	\$ 115,000	\$ 507,946	\$ 467,278	\$ 642,686	\$ 4,414	\$ 314,820	\$ 8,100,675	\$10,152,819	\$ 9,748,799

---

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

---

**5. Accounts Payable and Accrued Liabilities**

	<u>2019</u>	<u>2018</u>
Amounts due to suppliers	\$ 729,645	\$ 495,565
Salaries and benefits accruals	<u>1,201,165</u>	<u>1,086,566</u>
	<u>\$ 1,930,810</u>	<u>\$ 1,582,131</u>

---

**6. Employee Future Benefits**

**(a) Municipal Pension Plan**

The Library and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 196,000 active members and approximately 153,000 retired members. The Plan holds assets in excess of \$58 million.

Every three to four years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.866 million funding surplus for basic pension benefits of the Plan as a whole. The actuaries do not attribute portions of any surplus or deficit to individual employers. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with current and former employees of the entities, with the result that there is a no consistent and reliable basis for allocating the obligation Plan assets and costs to the individual entities participating in the Plan.

The next valuation will be as at December 31, 2022 with results available later in 2023.

The Library paid \$1,311,543 (2018 - \$1,227,502) for employer contributions while employees contributed \$1,159,610 (2018 - \$1,062,503) to the Plan during fiscal 2019.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

**6. Employee Future Benefits (Continued)**

**(b) Retirement Benefits and Compensated Absences**

The Library provides post-employment retirement and compensated absences benefits to all regular full-time and part-time employees. These benefits are not separately funded.

An actuarial valuation of these benefits was performed to determine the Library's accrued benefit liability as at December 31, 2018 which was extrapolated to December 31, 2019. The accrued benefit liability at December 31, 2019 was \$2,690,603 (2018 - \$2,699,827) comprised as follows:

	<u>2019</u>	<u>2018</u>
Opening accrued benefit obligation	\$ 2,787,727	\$ 2,754,873
Add: Current service costs	251,900	207,900
Add: Interest on accrued benefit obligation	71,800	106,700
Add: Actuarial loss	-	87,900
Add: Amortization of actuarial loss	7,300	-
Less: Benefits paid during the year	(347,524)	(307,060)
Less: Gain on plan amendment	-	(62,586)
	<u>2,771,203</u>	<u>2,787,727</u>
Closing accrued benefit obligation	2,771,203	2,787,727
Less: Unamortized actuarial loss	(80,600)	(87,900)
	<u>\$ 2,690,603</u>	<u>\$ 2,699,827</u>

Actuarial assumptions used to determine the Library's accrued benefit liability are as follows:

	<u>2019</u>	<u>2018</u>
Discount rate (long-term borrowing rate)	3%	4%
Productivity and merit wage and salary increases averaging	3%	3%
Estimated average remaining service life of employees (years)	12	11

The following is a description of the post-employment retirement and compensated absences benefits:

**Post-employment Retirement Benefits**

**(i) Retiring Allowance**

Employees retiring from the service of the Library shall be paid at the rate of two days' pay for each year of service with the Library to a maximum of forty-eight working days.

**(ii) Vacation Pay in Year of Retirement**

Employees with at least ten years of service in the year of retirement are paid the same vacation pay that they would have earned if they had continued in employment to the end of the retirement calendar year.

**December 31, 2019**

---

**6. Employee Future Benefits (Continued)**

**(b) Retirement Benefits and Compensated Absences (Continued)**

Post-employment Retirement Benefits (Continued)

- (iii) Extended Health and Dental Benefits ("Health Benefits")  
Health benefits for employees retiring from the service of the Library continue for the first six months of retirement, under the same cost-sharing arrangements as when employed.

Compensated Absences

- (i) Supplemental Vacation Pay  
Employees receive an additional week (pro-rated for part-time employees) of vacation pay upon reaching specified years' of service with the Library.
- (ii) Longer-term Sick Leave  
Employees are credited monthly with 10.5 hours for each month of service to a maximum sick leave bank of 1,120 hours. Banked sick leave credits may be used to pay for hours not worked by the respective employee due to personal, or specified family sickness.

---

**7. Obligation Under Capital Lease**

The Library arranged capital lease funding in respect of a computer ERP system at an interest rate of 3.97%. The lease matured on May 27, 2019.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

**8. Accumulated Surplus**

Accumulated Surplus is categorized as follows:

	2019	2018
Unappropriated General Surplus	\$ 2,559,054	\$ 2,299,642
Reserves - General		
Information systems investments	480,298	411,868
Building, equipment and vehicles	273,380	229,547
Library collections	194,991	135,761
i(dea)Centre & innovation	39,476	16,671
Specific programs	16,347	20,807
Subtotal (Unappropriated General Surplus plus Reserves - General)	3,563,546	3,114,296
Reserves - Member salary & benefit reserve	1,151,553	935,645
Subtotal (Unappropriated General Surplus plus all Reserves)	4,715,099	4,049,941
Unfunded employee future benefits	(828,606)	(946,977)
Investment in non-financial assets	10,865,557	10,420,367
	<b>\$ 14,752,050</b>	<b>\$ 13,523,331</b>

The Unappropriated General Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances (see below). A surplus balance is available to temporarily finance operations until planned revenues (i.e. member assessments, fees, grants etc.) are received, or for other operating or capital purposes as determined by the Board, to the extent that it is available as cash.

The Reserves are Accumulated Surplus that have been set aside by decision of the Board for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated. Following is an explanation of the intended purpose of each Reserve:

(a) Information Systems Investment Reserve

To fund capital expenditures for new or existing information systems assets (computer hardware and software).

(b) Building, equipment and vehicles Reserve

To fund capital expenditures for the Administration Centre (building & furnishings, parking lot, and equipment), Lili vehicle, and library branch copiers.

---

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

**December 31, 2019**

---

**8. Accumulated Surplus (Continued)**

(c) Library Collections Reserve

To fund library material expenditures for one-time or special collection additions, and for new and expanding libraries.

(d) i(dea)Centre & innovation

To fund support for i(dea)Centre initiatives and other initiatives that seek to improve customer service and organizational value.

(e) Specific Programs

To fund various specific operating and capital expenditures for specific programs.

(f) Member Salary & Benefits Reserve

This reserve is allocated to each member organization in accordance with Board policy. The reserve balance is to fund library expenditures, or reduce member organization levies, to the extent of the member organization reserve balance, as requested by the member organization and approved by the Board.

Unfunded employee future benefits is the portion of the Employee Future Benefits Liability of \$2,690,603 (2018 - \$2,699,827) (Note 6(b)) that is not funded. The unfunded liability was proportionately attributed to specific member organizations when initially accounted for, based on their share of direct staffing salary and benefits (in the 2016 Budget). As resolved by the FVRL Board, Member organizations are to fund their respective shares equally over a ten (10) year period beginning in fiscal 2017.

Investment in Non-Financial Assets is equal to the book value of the tangible capital assets and prepaids less related capital lease debt. In the normal course of operations the tangible capital assets and prepaids will not be available to finance operations, but will be consumed/used to provide services, and the debt will be repaid by future period revenues.

---

**9. Contingencies and Contractual Obligations**

The Library rents vehicles under operating leases that expire at various dates to 2024 and whose lease payments in the current year totaled \$94,714 (2018 - \$85,706). The total minimum lease payments over the next 5 years are as follows:

2020	\$106,015
2021	\$108,469
2022	\$108,469
2023	\$87,937
2024	\$68,929

---

## Fraser Valley Regional Library District Notes to Financial Statements

December 31, 2019

---

### 10. Economic Dependence

The Library is economically dependent on the member municipalities for its continued operations.

---

### 11. Subsequent Event

On January 30, 2020, The World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Library's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

**Fraser Valley Regional Library District**  
**Schedule of Operating Expenses**

<b>December 31</b>	<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
Administration building	\$ 367,755	\$ 334,117	\$ 365,236
Administrative and board expenses	104,332	66,935	76,699
Banking	48,000	50,477	46,208
Furniture and equipment	62,897	64,131	58,279
Human resources	342,810	344,817	329,556
Information systems	1,070,100	1,193,999	972,426
Interest on capital lease	286	286	3,557
Library programs	245,232	265,552	239,574
Marketing	169,376	142,268	163,217
Member salary and benefit reserve grants	-	21,946	79,540
Mileage and miscellaneous	99,734	66,577	89,809
Office supplies	217,882	203,623	193,453
Postage and courier	43,219	31,249	32,344
Professional fees	263,616	185,669	237,240
Telephone and fax	114,640	112,162	110,557
Vehicle operations	170,941	180,639	164,509
	<b>\$3,320,820</b>	<b>\$3,264,447</b>	<b>\$ 3,162,204</b>



Fraser Valley Regional Library District

Financial Statements

For the year ended December 31, 2019

# Fraser Valley Regional Library District

## Financial Statements

For the year ended December 31, 2019

### Contents

---

Management's Responsibility for the Financial Statements	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 19
Schedule of Operating Expenses	20

---

## Management's Responsibility for the Financial Statements


---

The accompanying financial statements of Fraser Valley Regional Library District (the "Library") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada. A summary of the significant accounting policies are described in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Board of Directors meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Library. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Library's financial statements.



Chief Executive Officer



Director of Finance

May 20, 2020

---

## Independent Auditor's Report

---

To the Library Board  
Fraser Valley Regional Library District

### Opinion

We have audited the financial statements of Fraser Valley Regional Library District (the "Library") which comprise the Statement of Financial Position as at December 31, 2019 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2019 and its results of operations, 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 this 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

Langley, British Columbia  
May 20, 2020

**Fraser Valley Regional Library District**  
**Statement of Financial Position**

**December 31**

**2019**

**2018**

**Financial Assets**

Cash and cash equivalents	\$ 1,108,994	\$ 963,049
Portfolio investments (Note 3)	7,593,036	6,660,608
Accounts receivable	346,932	187,920
	<u>9,048,962</u>	<u>7,811,577</u>

**Liabilities**

Accounts payable and accrued liabilities (Note 5)	1,930,810	1,582,131
Deferred revenue	260,861	190,484
Deposits	280,195	236,171
Employee future benefits (Note 6)	2,690,603	2,699,827
Capital lease obligation (Note 7)	-	34,562
	<u>5,162,469</u>	<u>4,743,175</u>

**Net Financial Assets**

	<u>3,886,493</u>	<u>3,068,402</u>
--	------------------	------------------

**Non-Financial Assets**

Tangible capital assets (Note 4)	10,152,819	9,748,799
Prepaid expenses and deposits	712,738	706,130
	<u>10,865,557</u>	<u>10,454,929</u>

**Accumulated Surplus (Note 8)**

	<u>\$ 14,752,050</u>	<u>\$ 13,523,331</u>
--	----------------------	----------------------

On behalf of the Board of Trustees:

Retina Amos Trustee

Gayle Martin Trustee

Fraser Valley Regional Library District  
Statement of Operations

For the year ended December 31

	Budget 2019	2019	2018
Revenue			
Member assessments	\$ 26,586,894	\$ 26,403,790	\$ 25,422,059
Government transfers	1,459,632	1,449,450	1,451,519
Fines	345,789	297,201	296,044
Fees	204,019	302,377	251,880
Donations	88,000	64,141	87,297
Interest	101,000	157,623	119,995
	<u>28,785,334</u>	<u>28,674,582</u>	<u>27,628,794</u>
Expenses			
Salaries and benefits	19,823,502	19,074,031	18,154,210
Library materials	1,238,500	1,283,140	1,069,087
Operating (Schedule)	3,320,820	3,264,447	3,162,204
Library interlink	115,000	108,796	107,478
Amortization	3,635,372	3,715,449	3,606,924
Transfer asset to member organization	-	-	118,346
	<u>28,133,194</u>	<u>27,445,863</u>	<u>26,218,249</u>
Annual Surplus	652,140	1,228,719	1,410,545
Accumulated Surplus, beginning of year	<u>13,523,331</u>	<u>13,523,331</u>	<u>12,112,786</u>
Accumulated Surplus, end of year	<u>\$ 14,175,471</u>	<u>\$ 14,752,050</u>	<u>\$ 13,523,331</u>

Fraser Valley Regional Library District  
Statement of Changes in Net Financial Assets

For the year ended December 31

	Budget 2019	2019	2018
Annual surplus	\$ 652,140	\$ 1,228,719	\$ 1,410,545
Acquisition of tangible capital assets	(4,234,092)	(4,119,469)	(3,920,538)
Amortization of tangible capital assets	3,635,372	3,715,449	3,606,924
Transfer asset to member organization	-	-	118,346
	(598,720)	(404,020)	(195,268)
Acquisition of prepaid expenses	-	(542,551)	(625,255)
Use of prepaid expenses	(34,562)	535,943	289,518
	\$ (34,562)	\$ (6,608)	\$ (335,737)
Change in net financial assets for the year	617,578	818,091	879,540
Net financial assets, beginning of year	3,068,402	3,068,402	2,188,862
Net financial assets, end of year	\$ 3,685,980	\$ 3,886,493	\$ 3,068,402



Fraser Valley Regional Library District  
Statement of Cash Flows

December 31	2019	2018
Operating transactions		
Annual surplus	\$ 1,228,719	\$ 1,410,545
Item not involving cash:		
Employee future benefits	331,000	252,014
Transfer asset to member organization	-	118,346
Amortization of tangible capital assets	3,715,449	3,606,924
Change in non-cash operating items		
Accounts receivable	(159,012)	(9,125)
Accounts payable and accrued liabilities	348,679	(452,486)
Deferred revenue	70,377	(7,440)
Deposits	44,024	37,134
Employee future benefits	(340,224)	(307,060)
Prepaid expenses and deposits	(6,608)	(335,737)
	<u>5,232,404</u>	<u>4,313,115</u>
Capital transaction		
Acquisition of tangible capital assets	<u>(4,119,469)</u>	<u>(3,920,538)</u>
Investing transaction		
Change in portfolio investments	<u>(932,428)</u>	<u>147,150</u>
Financing transaction		
Capital lease repayment	<u>(34,562)</u>	<u>(100,987)</u>
Net increase in cash for the year	145,945	438,740
Cash, beginning of year	<u>963,049</u>	<u>524,309</u>
Cash, end of year	<u>\$ 1,108,994</u>	<u>\$ 963,049</u>

---

## Fraser Valley Regional Library District Notes to Financial Statements

December 31, 2019

---

### 1. Nature of Business

The Fraser Valley Regional Library District (the "Library") was established by an Order in Council by the Lieutenant Governor of the Province of British Columbia. The Library's principal activity is to provide library services, including operation of 25 public libraries and centralized administrative services to member municipalities and unincorporated areas, in the Fraser Valley and Greater Vancouver Regional Districts. The Library is a registered charity under the Income Tax Act (Canada) and is not subject to income taxes.

---

### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The Library prepares its financial statements in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board.

#### (b) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight line basis over their estimated useful lives commencing when the asset is put into service, as follows:

Buildings	- 7 to 20 years
Furniture and equipment	- 4 to 20 years
Computer equipment	- 2 to 7 years
Computer software	- 2 to 7 years
Automated library system	- 7 years
Library materials	- 3 to 5 years

The cost of electronic resources, including books, audio books and databases, are expensed when acquired as they are generally licensed on an annual basis and the Library does not own or control access to them.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may exceed its long-term services potential.

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

December 31, 2019

---

2. Significant Accounting Policies (Continued)

(c) Non-TCA Prepaid Expenses

A prepaid expense is a cash disbursement or other transfer of economic resources, other than an outlay for inventory or capital property, before the criteria for expense recognition have been met, that is expected to yield economic benefits over one or more future periods. It is recorded as an asset at the time of incurrence and amortized to expenses over the periods expected to benefit from it. Prepaid expenses generally expire either through the passage of time, or through use or consumption.

(d) Portfolio Investments

Portfolio investments, consisting of short-term funds held with the Municipal Finance Authority, are carried at market value which approximates cost.

(e) Government Transfers

Government transfers are recognized as revenue when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

(f) Revenue Recognition

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the conditions of the funding have been met.

(g) Leases

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Where the Library is the lessee, asset values recorded under capital leases are amortized in the same manner and same rates as other capital assets.

(h) Financial Instruments

The Library's financial instruments consist of cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities, and deposits. Unless otherwise noted, it is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

December 31, 2019

---

2. Significant Accounting Policies (Continued)

(i) Employee Future Benefits

The Library and its employees make contributions to the Municipal Pension Plan (the "Plan") and the employees accrue benefits under this plan based on number of years of service. As the plan is a multi-employer plan, the Library's contributions are expensed as incurred (Note 6a).

Under the terms of the collective agreement and compensation policies, retirement benefits and compensated absences benefits are also available to the Library's employees. Employees are entitled to certain employee benefits on retirement. These include retiring allowance, additional vacation pay in the year of retirement for employees with at least ten years of service, and six months of health benefits after retirement. Compensated absences include supplemental vacation pay and longer-term sick leave. The costs of these benefits are actuarially determined based on number of years of service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under this plan are accrued based on projected benefits prorated as the employees render services necessary to earn the future benefits (Note 6b).

(j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

(k) Liability for Contaminated Sites

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Library is directly responsible or accepts responsibility; and
- iv. is directly responsible; or
- v. accepts responsibility; and
- vi. a reasonable estimate of the amount can be made.

There were no contaminated sites identified on sites that are no longer in use and there were no unexpected events identified for these sites during the year.

---

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

---

2. Significant Accounting Policies (Continued)

(l) Expenses by Object and Segmented Information

The Library is a sole purpose organization and therefore does not report by function and does not provide segmented information.

---

3. Portfolio Investments

The balance consists of short-term funds held with the Municipal Finance Authority.

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

4. Tangible Capital Assets

	Land	Buildings	Furniture and Equipment	Computer Equipment	Computer Software	Automated Library System	Library Materials	2019 Total	2018 Total
Cost, beginning of year	\$ 115,000	\$ 1,854,118	\$ 841,665	\$ 1,541,758	\$ 826,264	\$ 943,348	\$15,507,605	\$21,629,758	\$ 21,648,593
Additions	-	25,240	140,457	161,948	-	333,793	3,458,031	4,119,469	3,920,538
Disposals	-	(7,704)	(29,798)	(48,851)	(38,665)	(418,688)	-	(543,706)	(3,939,373)
Cost, end of year	115,000	1,871,654	952,324	1,654,855	787,599	858,453	18,965,636	25,205,521	21,629,758
Accumulated amortization, beginning of year	-	1,317,771	444,679	805,785	731,374	905,492	7,675,858	11,880,959	12,095,062
Amortization expense	-	53,641	70,165	255,235	90,476	56,829	3,189,103	3,715,449	3,606,923
Disposals	-	(7,704)	(29,798)	(48,851)	(38,665)	(418,688)	-	(543,706)	(3,821,026)
Accumulated amortization, end of year	-	1,363,708	485,046	1,012,169	783,185	543,633	10,864,961	15,052,702	11,880,959
Net carrying amount, end of year	\$ 115,000	\$ 507,946	\$ 467,278	\$ 642,686	\$ 4,414	\$ 314,820	\$ 8,100,675	\$10,152,819	\$ 9,748,799

---

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

---

5. Accounts Payable and Accrued Liabilities

	2019	2018
Amounts due to suppliers	\$ 729,645	\$ 495,565
Salaries and benefits accruals	1,201,165	1,086,566
	<u>\$ 1,930,810</u>	<u>\$ 1,582,131</u>

---

6. Employee Future Benefits

(a) Municipal Pension Plan

The Library and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 196,000 active members and approximately 153,000 retired members. The Plan holds assets in excess of \$58 million.

Every three to four years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018 indicated a \$2.866 million funding surplus for basic pension benefits of the Plan as a whole. The actuaries do not attribute portions of any surplus or deficit to individual employers. Defined contribution plan accounting is applied to the Plan as the Plan exposes the participating entities to actuarial risks associated with current and former employees of the entities, with the result that there is a no consistent and reliable basis for allocating the obligation Plan assets and costs to the individual entities participating in the Plan.

The next valuation will be as at December 31, 2022 with results available later in 2023.

The Library paid \$1,311,543 (2018 - \$1,227,502) for employer contributions while employees contributed \$1,159,610 (2018 - \$1,062,503) to the Plan during fiscal 2019.

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

6. Employee Future Benefits (Continued)

(b) Retirement Benefits and Compensated Absences

The Library provides post-employment retirement and compensated absences benefits to all regular full-time and part-time employees. These benefits are not separately funded.

An actuarial valuation of these benefits was performed to determine the Library's accrued benefit liability as at December 31, 2018 which was extrapolated to December 31, 2019. The accrued benefit liability at December 31, 2019 was \$2,690,603 (2018 - \$2,699,827) comprised as follows:

	2019	2018
Opening accrued benefit obligation	\$ 2,787,727	\$ 2,754,873
Add: Current service costs	251,900	207,900
Add: Interest on accrued benefit obligation	71,800	106,700
Add: Actuarial loss	-	87,900
Add: Amortization of actuarial loss	7,300	-
Less: Benefits paid during the year	(347,524)	(307,060)
Less: Gain on plan amendment	-	(62,586)
Closing accrued benefit obligation	2,771,203	2,787,727
Less: Unamortized actuarial loss	(80,600)	(87,900)
Benefit liability	<u>\$ 2,690,603</u>	<u>\$ 2,699,827</u>

Actuarial assumptions used to determine the Library's accrued benefit liability are as follows:

	2019	2018
Discount rate (long-term borrowing rate)	3%	4%
Productivity and merit wage and salary increases averaging	3%	3%
Estimated average remaining service life of employees (years)	12	11

The following is a description of the post-employment retirement and compensated absences benefits:

Post-employment Retirement Benefits

(i) Retiring Allowance

Employees retiring from the service of the Library shall be paid at the rate of two days' pay for each year of service with the Library to a maximum of forty-eight working days.

(ii) Vacation Pay in Year of Retirement

Employees with at least ten years of service in the year of retirement are paid the same vacation pay that they would have earned if they had continued in employment to the end of the retirement calendar year.



December 31, 2019

---

6. Employee Future Benefits (Continued)

(b) Retirement Benefits and Compensated Absences (Continued)

Post-employment Retirement Benefits (Continued)

(iii) Extended Health and Dental Benefits ("Health Benefits")

Health benefits for employees retiring from the service of the Library continue for the first six months of retirement, under the same cost-sharing arrangements as when employed.

Compensated Absences

(i) Supplemental Vacation Pay

Employees receive an additional week (pro-rated for part-time employees) of vacation pay upon reaching specified years' of service with the Library.

(ii) Longer-term Sick Leave

Employees are credited monthly with 10.5 hours for each month of service to a maximum sick leave bank of 1,120 hours. Banked sick leave credits may be used to pay for hours not worked by the respective employee due to personal, or specified family sickness.

---

7. Obligation Under Capital Lease

The Library arranged capital lease funding in respect of a computer ERP system at an interest rate of 3.97%. The lease matured on May 27, 2019.

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

8. Accumulated Surplus

Accumulated Surplus is categorized as follows:

	2019	2018
Unappropriated General Surplus	\$ 2,559,054	\$ 2,299,642
Reserves - General		
Information systems investments	480,298	411,868
Building, equipment and vehicles	273,380	229,547
Library collections	194,991	135,761
i(dea)Centre & innovation	39,476	16,671
Specific programs	16,347	20,807
Subtotal (Unappropriated General Surplus plus Reserves - General)	3,563,546	3,114,296
Reserves - Member salary & benefit reserve	1,151,553	935,645
Subtotal (Unappropriated General Surplus plus all Reserves)	4,715,099	4,049,941
Unfunded employee future benefits	(828,606)	(946,977)
Investment in non-financial assets	10,865,557	10,420,367
	<u>\$14,752,050</u>	<u>\$ 13,523,331</u>

The Unappropriated General Surplus is the amount of Accumulated Surplus remaining after deducting the other appropriated surplus balances (see below). A surplus balance is available to temporarily finance operations until planned revenues (i.e. member assessments, fees, grants etc.) are received, or for other operating or capital purposes as determined by the Board, to the extent that it is available as cash.

The Reserves are Accumulated Surplus that have been set aside by decision of the Board for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated. Following is an explanation of the intended purpose of each Reserve:

(a) Information Systems Investment Reserve

To fund capital expenditures for new or existing information systems assets (computer hardware and software).

(b) Building, equipment and vehicles Reserve

To fund capital expenditures for the Administration Centre (building & furnishings, parking lot, and equipment), Lili vehicle, and library branch copiers.

---

Fraser Valley Regional Library District  
Notes to Financial Statements

December 31, 2019

---

8. Accumulated Surplus (Continued)

(c) Library Collections Reserve

To fund library material expenditures for one-time or special collection additions, and for new and expanding libraries.

(d) i(dea)Centre & innovation

To fund support for i(dea)Centre initiatives and other initiatives that seek to improve customer service and organizational value.

(e) Specific Programs

To fund various specific operating and capital expenditures for specific programs.

(f) Member Salary & Benefits Reserve

This reserve is allocated to each member organization in accordance with Board policy. The reserve balance is to fund library expenditures, or reduce member organization levies, to the extent of the member organization reserve balance, as requested by the member organization and approved by the Board.

Unfunded employee future benefits is the portion of the Employee Future Benefits Liability of \$2,690,603 (2018 - \$2,699,827) (Note 6(b)) that is not funded. The unfunded liability was proportionately attributed to specific member organizations when initially accounted for, based on their share of direct staffing salary and benefits (in the 2016 Budget). As resolved by the FVRL Board, Member organizations are to fund their respective shares equally over a ten (10) year period beginning in fiscal 2017.

Investment in Non-Financial Assets is equal to the book value of the tangible capital assets and prepaids less related capital lease debt. In the normal course of operations the tangible capital assets and prepaids will not be available to finance operations, but will be consumed/used to provide services, and the debt will be repaid by future period revenues.

---

9. Contingencies and Contractual Obligations

The Library rents vehicles under operating leases that expire at various dates to 2024 and whose lease payments in the current year totaled \$94,714 (2018 - \$85,706). The total minimum lease payments over the next 5 years are as follows:

2020	\$106,015
2021	\$108,469
2022	\$108,469
2023	\$87,937
2024	\$68,929

December 31, 2019

---

10. Economic Dependence

The Library is economically dependent on the member municipalities for its continued operations.

---

11. Subsequent Event

On January 30, 2020, The World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Library's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Fraser Valley Regional Library District  
Schedule of Operating Expenses

December 31	Budget 2019	2019	2018
Administration building	\$ 367,755	\$ 334,117	\$ 365,236
Administrative and board expenses	104,332	66,935	76,699
Banking	48,000	50,477	46,208
Furniture and equipment	62,897	64,131	58,279
Human resources	342,810	344,817	329,556
Information systems	1,070,100	1,193,999	972,426
Interest on capital lease	286	286	3,557
Library programs	245,232	265,552	239,574
Marketing	169,376	142,268	163,217
Member salary and benefit reserve grants	-	21,946	79,540
Mileage and miscellaneous	99,734	66,577	89,809
Office supplies	217,882	203,623	193,453
Postage and courier	43,219	31,249	32,344
Professional fees	263,616	185,669	237,240
Telephone and fax	114,640	112,162	110,557
Vehicle operations	170,941	180,639	164,509
	<u>\$3,320,820</u>	<u>\$3,264,447</u>	<u>\$ 3,162,204</u>

**Schedule of Debt**

**Financial Information Act - Statement of Financial Information**

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

The Fraser Valley Regional Library District has no long term debt.

**Schedule of Guarantee and Indemnity**

**Financial Information Act - Statement of Financial Information**

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

Fraser Valley Regional Library District has not given any guarantee or indemnity under the Guarantees and Indemnities Regulation.

## Schedule of Remuneration and Expenses

### Financial Information Act - Statement of Financial Information

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

		Total Remuneration (Wages / Salaries)	Total Expenses (Reimbursement for Conferences / Mileage, etc.)
<b>Board Members</b>			
BRUCE BANMAN	BOARD MEMBER	-	-
DANNY PLECAS	SECOND VICE BOARD CHAIR	-	-
DAVID CHESNEY	BOARD MEMBER	-	-
DYLAN KRUGER	BOARD MEMBER	-	-
GAYLE MARTIN	BOARD CHAIR	-	45.24
GERRY PALMER	BOARD MEMBER	-	-
JAMES ADAMSON	BOARD MEMBER	-	-
JUSTIN LeBLANC	BOARD MEMBER	-	-
KERSTIN SCHWICHTENBERG	BOARD MEMBER	-	-
MICHAEL FEELEY	BOARD MEMBER	-	-
MIKE HAYES	BOARD MEMBER	-	-
NANCY McCURRACH	BOARD MEMBER	-	-
PETRINA ARNASON	VICE BOARD CHAIR	-	-
RYAN SVENDSEN	BOARD MEMBER	-	-
SUSAN ATTRILL	BOARD MEMBER	-	-
VICTOR SMITH	BOARD MEMBER	-	-
<b>Total Board Members</b>		\$ -	\$ 45.24



<b>Detailed Employees Exceeding \$75,000</b>			
AFTON SCHINDEL	LIBRARIAN 3	76,607.38	588.55
AMRIT GILL	LIBRARIAN 3	79,030.29	82.86
BALBIR SINGH GILL	LIBRARIAN 3	82,172.67	299.42
BRAD FENRICK	MANAGER, INFORMATION TECHNOLOGY	112,911.66	4,151.24
CAROL LOGAN	HUMAN RESOURCES GENERALIST	75,618.86	1,587.39
CATHY RENSHAW	DIRECTOR OF ORGANIZATIONAL DEVEL.	141,302.48	18,520.78
CATHY WATSON	PAYROLL & BENEFITS SUPERVISOR	83,477.38	532.32
CHESTER EASON	SENIOR NETWORK ADMINISTRATOR	77,756.31	95.53
CHRISTINE CONROY	LIBRARIAN 3	80,616.13	648.69
COURTNEY ROBINSON	LIBRARY MANAGER	105,592.05	700.40
CRISTINA CHAMPAGNE	LIBRARY SUPERVISOR 3	76,825.68	37.21
DARREN RAVEN	SYSTEMS ANALYST	80,857.73	87.61
DAVID THIESSEN	LIBRARY MANAGER	113,186.66	95.35
DEAN KELLY	MANAGER, SUPPORT SERVICES	113,636.66	6,793.92
DEBORAH KENDZE	LIBRARY MANAGER	94,460.58	667.30
DENNIS NEUMANN	LIBRARIAN 3	76,963.99	50.82
DEVAN MITCHELL	DEPUTY MANAGER, IT	91,849.24	8,802.98
EMILY DUQUETTE	EXECUTIVE OFFICE & INFO. MANAGER	83,602.38	95.35
HEATHER SCOLAR	DIRECTOR OF CUSTOMER EXPERIENCE	141,302.48	19,339.70
HILARY RUSSELL	LIBRARY MANAGER	113,636.66	841.69
JACQUELYNNE GARDEN	LIBRARIAN 3	76,483.05	157.23
JEANNIE COCKCROFT	LIBRARIAN 3	82,843.63	-
JEFF NARVER	DIRECTOR OF INFRASTRUCTURE AND RES	140,402.48	4,387.70
JILL KLAPONSKI	LIBRARIAN 3	80,362.75	1,631.07
JO-ANN SLEIMAN	LIBRARY MANAGER	96,584.15	660.11
KIMBERLEY CONSTABLE	LIBRARY MANAGER	103,705.72	824.68
LIZA MORRIS	LIBRARIAN 3	81,333.28	663.70
LUDA TURENKO	BUSINESS INTELLIGENCE/HR SPECIALIST	83,027.38	1,504.00
MINAKSHI SIDHU	LIBRARIAN 3	79,229.73	513.44
NANCY GOMERICH	DIRECTOR OF FINANCE	158,936.96	2,241.42
NATALIE FOUQUETTE	DIGITAL SERVICES SPECIALIST	77,621.56	2,018.52
NICOLE GLENTWORTH	LIBRARY MANAGER	113,636.66	1,156.30
PATRICK KINCAID	LIBRARIAN 3	84,305.64	39.77
SANDRA RICHARDSON	LIBRARIAN 3	82,075.10	-
SARWAN RANDHAWA	LIBRARIAN 3	82,365.47	160.00
SCOTT HARGROVE	CHIEF EXECUTIVE OFFICER	204,874.04	8,610.87
SHAWNA KRISTIN	LIBRARY MANAGER	102,807.38	1,628.25
SUNITA LAKHANPAL	LIBRARIAN 3	83,440.52	173.93
TAMARACK HOCKIN	COLLECTIONS SERVICES SPECIALIST	80,093.01	3,162.03
WENDY DELORME	SHIPPING & RECEIVING SUPERVISOR	75,730.34	295.00
<b>Total Detailed Employees Exceeding \$75,000</b>		<b>\$ 3,871,266.12</b>	<b>\$ 93,847.12</b>
<b>Total Detailed Employees Less than \$75,000</b>		<b>\$ 11,881,790.58</b>	<b>\$ 89,881.74</b>
<b>Consolidated Total</b>		<b>\$ 15,753,056.70</b>	<b>\$ 272,453.91</b>

<b>Total Employer Premium for Canada Pension Plan and Employment Insurance (Component of Receiver General for Canada Supplier</b>	<b>\$ 923,208.83</b>
---	----------------------

#### **Reconcillation of Remuneration and Expenses**

##### **Reconciling Items**

Total Remuneration		\$ 15,753,056.70
Reconciling Items		
2018 Payroll Accrual	\$ (1,086,566.00)	
2019 Payroll Accrual	1,201,165.00	
CPP	627,954.44	
EI	295,254.39	
Pension	1,320,892.76	
Extended Health	590,001.83	
Other Employee Expenses	<u>372,271.88</u>	
Total of Reconciling Items		<u>3,320,974.30</u>

<b>Total Remuneration and Expenses</b>	<b>19,074,031.00</b>
--	----------------------

<b>Total Salaries and benefits per Financial Statements</b>	<b>\$ 19,074,031.00</b>
Variance	-

**Statement of Severance Agreements**

**Financial Information Act - Statement of Financial Information**

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

There were no severance agreements made between Fraser Valley Regional Library and its non-unionized employees during fiscal year 2019.

**Schedule of Changes in Financial Position**

**Financial Information Act - Statement of Financial Information**

**Library Name:** Fraser Valley Regional Library

**Fiscal Year Ended:** December 31, 2019

A Statement of Changes in Financial Position has not been prepared because this information is provided in the Financial Statements.

**Schedule of Payments Made For the Provision of Goods and Services**

**Financial Information Act - Statement of Financial Information**

**Library Name:** Fraser Valley Regional Library District

**Fiscal Year Ended:** December 31, 2019

Name of Individual, Firm, or Corporation	Total
4imprint Inc	\$ 40,441.65
4th Utility Inc	102,075.79
ARC Business Solutions Inc	37,025.65
BADA Services	102,875.47
Baker & Taylor Inc.	85,172.74
BC Hydro	28,501.94
BCLibraries Cooperative	481,191.92
BDO Canada LLP	25,000.05
Bibliocommons Inc	86,629.96
Bibliotheca Canada Inc	410,062.39
Campus Discount	32,855.23
Celayix Software	31,461.47
Centre for Equitable Library Access	45,348.45
Citrix Systems Inc	27,023.84
City of Abbotsford	82,601.22
City of Delta	70,283.50
Combined Workplace Safety Consulting Inc	72,255.29
CUPE, Local 1698	220,503.95
District of Mission	84,244.77
Ebsco Canada Ltd.	90,336.64
Employer Health Tax	239,797.35
Francotyp-Postalia Canada	28,350.00
FSEAP Vancouver	26,917.00
Grand & Toy	100,999.74
GroupHEALTH Global Benefit Sys	1,342,874.39
HUB International Ins Brokers	56,213.00
Imperial Hobbies	46,208.64
Innovative Interfaces Global Ltd	227,355.29
iTBlueprint Solutions Inc.	132,211.91
Library Bound Inc.	1,404,380.59
Lyngsoe Systems Inc	33,074.00
Minister Of Finance	138,595.50
Municipal Pension Plan	2,492,628.03
Norton Rose Fulbright Canada LLP	118,177.95

Open Door Technology Inc	31,557.75
Opus Consulting Group Ltd	273,512.00
OverDrive Inc	327,127.38
Penny's Cleaning Service Ltd	93,502.94
Public Library Interlink	118,390.34
Receiver General for Canada	3,993,554.77
Recorded Books LLC	47,975.08
Ricoh Canada Inc	58,201.09
Royal Bank of Canada	39,029.64
Ryder Truck Rentals Canada Ltd	113,081.75
Skyway West	420,025.53
TELUS -9372	81,678.50
TELUS Communications Inc	25,872.00
TELUS Mobility	52,740.97
TNG Canada	38,698.87
United Library Services Inc.	1,704,150.57
Wild Birds Unlimited	36,046.27
WorkSafe BC	42,837.64

<b>Total Suppliers with Payments Exceeding \$25,000</b>	<b>\$</b>	<b>16,041,658.40</b>
---	-----------	----------------------

<b>Total Suppliers &amp; Staff with payments less than \$25,000</b>	<b>\$</b>	<b>1,481,558.02</b>
---	-----------	---------------------

<b>Consolidated Total</b>	<b>\$</b>	<b>17,523,216.42</b>
---------------------------	-----------	----------------------

#### Reconciliation to Financial Statements

Total Suppliers > \$25,000		\$	16,041,658.40
Total Suppliers < \$25,000			
Suppliers under \$25,000	1,330,972.12		
Employee Expenses Paid Via Accounts Payable	150,585.90		1,481,558.02
Less: Bus Passes netted against revenue*			(168,726.99)
Less: Total Payments Included in Salaries and Benefits			(8,597,887.61)

<b>Adjusted Total Payments to Vendors</b>	<b>\$</b>	<b>8,756,601.82</b>
---	-----------	---------------------

<b>Adjusted Total Payments to Vendors</b>	<b>\$</b>	<b>8,756,601.82</b>
---	-----------	---------------------

#### **Total Expenses Per Financial Statements**

Total Expenses per Statement of Operations	\$	27,445,863.00
Less: Salaries and Benefits		(19,074,031.00)
		<u>8,371,832.00</u>

#### **Capital transactions**

Add: Capital Expenditures	4,119,469.00	
Less: Ammortization	<u>(3,715,449.00)</u>	
		404,020.00

#### **Financing transactions**

Add: 2018 Capital Lease obligation	34,562.00	
Less: 2019 Capital Lease Obligation	<u>-</u>	
		34,562.00

#### **Other Reconciling Items**

Less: 2018 Prepaid Expenses	(706,130.00)	
Add: 2019 Prepaid Expenses	712,738.00	
Add: 2018 Accounts Payable Due to Suppliers	495,565.00	
Less: 2019 Accounts Payable paid	(729,645.00)	
Add: 2018 Employee Future Benefits	2,699,827.00	
Less: 2019 Employee Future Benefits	(2,690,603.00)	
Timing differences*	<u>164,435.82</u>	
		<u>(53,812.18)</u>

<b>Total Library Operating Expense</b>	<b>\$</b>	<b>8,756,601.82</b>
--	-----------	---------------------

**Variance** -

\*Bus pass revenues are an expense that is netted off against revenue within our financial statements. Bus passes are sold as a service to another entity.

\*Expenditures in the statements are on an accrual basis, whereas amounts paid are on a cash basis. It is important to note that not all payments are expenditures and that not all expenditures are payments. It is not practical to reconcile to those sets of data.