



REPORT TO THE LIBRARY BOARD

MEETING DATE: MAY 27, 2010

Session:	Public Session
Subject:	Financial Update – Final Audited 2009 Financial Statements
Prepared By:	Barbara Jessop
Presented By:	Barbara Jessop
Purpose of Report:	For Receipt and Information Only <input checked="" type="checkbox"/>

Recommendation

It is recommended that this report be received.

Issue

The purpose of this report is to provide the final 2009 London Public Library audited financial statements.

Review

The draft 2009 operating and trust fund financial statements were presented by Silvia Racik and Ian Jeffreys of KPMG to the Board at its April 22, 2010 meeting. The Board approved the statements subject to a meeting on April 26 with KPMG to clarify the accounting for capital leases. A discussion was held with KPMG regarding the capital leases and no changes were made to the financial statements. However, a financial statement note will be added in future years to identify the interest cost for capital leases. The letter of representation was signed at a later date.

The audited statements are attached. (See Appendix A for the Financial Statements and Appendix B for the Trust Fund statements.) As explained in Note 2, the Library implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires the recording and amortizing of tangible capital assets in the financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition.

A *Consolidated Statement of Operations*, in the format used in prior years, (see Appendix C) illustrates some of the required changes to the financial statements. When comparing this statement to the new *Statement of Operations* (see page 3 of Appendix A) there is

now a \$33,339,982 accumulated surplus at the end of 2009. This surplus reflects the net book value (cost minus amortization) of the capital assets, as outlined in Note 9, Accumulated Surplus.

There are differences in some of the expense lines between the two reports. For example, the new format in the *Statement of Operations* shows the 2009 Collections and Lending Services expense as \$403,900, compared to \$1,963,043 in the old format in the *Consolidated Statement of Operations*. The difference of \$1,559,143 represents collections that were capitalized. (See Note 7, Collection additions.) The remaining \$403,900 was expensed as it related to collections costs, electronic databases and periodicals which do not fit the definition of a tangible capital asset. Amortization of tangible capital assets is a new expense line and was \$3,728,155 in 2009.

Although the 2011 budget will be presented in the new Service Based Budget format, it will not incorporate the changes as a result of tangible capital assets.

Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD**

Year ended December 31, 2009



KPMG LLP
Chartered Accountants
140 Fullarton Street Suite 1400
PO Box 2305
London, ON N6A 5P2

Telephone (519) 672-4880
Fax (519) 672-5684
Internet www.kpmg.ca

AUDITORS' REPORT TO THE LONDON PUBLIC LIBRARY BOARD

We have audited the statement of financial position of The London Public Library Board (the "Board") as at December 31, 2009, and its statements of operations, changes in net debt, and cash flows 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, 2009 and the results of its operations and changes in net debt, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants, Licensed Public Accountants

London, Canada

February 26, 2010

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(restated - note 2)
Financial assets:		
Cash	\$ 1,446,905	\$ 1,148,303
Accounts receivable		
The City of London	377,193	292,348
Other	221,957	211,964
	<u>2,046,055</u>	<u>1,652,615</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,666,591	1,337,578
Deferred revenue	244,240	224,057
Payable to The City of London	40,807	111,744
Capital lease obligations (note 8)	93,654	160,823
Employee future benefits and other liabilities (note 3)	2,918,650	2,657,529
	<u>4,963,942</u>	<u>4,491,731</u>
Net debt	(2,917,887)	(2,839,116)
Non-financial assets:		
Tangible capital assets (note 7)	36,117,861	37,701,227
Prepaid expenses	140,008	201,127
	<u>36,257,869</u>	<u>37,902,354</u>
Commitments (note 5)		
Accumulated surplus (note 9)	<u>\$ 33,339,982</u>	<u>\$ 35,063,238</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	Budget	2009	2008
	(unaudited)		(restated - note 2)
Revenue:			
User charges:			
Fines	\$ 505,000	\$ 525,194	\$ 504,807
Fee, rental, sundry	396,498	388,033	362,303
Grants:			
Federal	-	715,809	535,605
Ontario	599,000	612,469	639,433
The City of London:			
Current	16,785,842	16,785,842	16,265,352
Capital	129,054	129,054	76,663
Other	-	4,870	1,221
Investment income	16,570	10,103	54,644
Total revenues	18,431,964	19,171,374	18,440,028
Expenses:			
Personnel costs	12,522,654	13,220,337	12,741,997
Personel services	111,002	85,802	110,714
Purchased services	580,489	597,998	542,725
Technology	710,000	301,236	355,802
Utilities	802,400	769,086	716,062
Facility services	1,518,839	1,432,973	1,412,143
Collections and lending services	1,976,925	403,900	503,817
Program services	72,025	83,260	81,510
General	10,000	212,216	92,919
Amortization of tangible capital assets	-	3,728,155	3,756,442
Equipment	58,155	20,192	1,625
Contribution to vehicle reserve	-	2,500	2,500
Contribution to self-insurance reserve	-	36,975	36,188
Total expenses	18,362,489	20,894,630	20,354,444
Annual deficit	\$ 69,475	\$ (1,723,256)	\$ (1,914,416)
Accumulated surplus, beginning of year		35,063,238	36,977,654
Accumulated surplus, end of year		\$ 33,339,982	\$ 35,063,238

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Change in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
	(unaudited)	
Annual deficit	\$ (1,723,256)	\$ (1,914,416)
Acquisition of tangible capital assets	(2,144,789)	(2,023,055)
Amortization of tangible capital assets	3,728,155	3,756,442
	(139,890)	(181,029)
Change in prepaid expenses	61,119	(105,055)
Change in net debt	(78,771)	(286,084)
Net debt, beginning of year	(2,839,116)	(2,553,032)
Net debt, end of year	\$ (2,917,887)	\$ (2,839,116)

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		(restated - note 2)
Operating activities:		
Annual deficit	\$ (1,723,256)	\$ (1,914,416)
Items not involving cash:		
Amortization of tangible capital assets	3,728,155	3,756,442
Change in employee future benefits and other liabilities	261,121	142,953
Change in non-cash assets and liabilities:		
Receivable from The City of London	(84,845)	376,624
Accounts receivable	(40,855)	136,474
Accounts payable and accrued liabilities	359,875	(192,111)
Payable to The City of London	(70,937)	(595,438)
Deferred revenue	20,183	76,110
Prepaid expenses	61,119	(105,055)
	<u>2,510,560</u>	<u>1,681,583</u>
Capital activities:		
Cash used to acquire tangible capital assets	(2,074,521)	(1,925,054)
Financing activities:		
Repayment of capital lease obligations	(137,437)	(161,097)
Increase (decrease) in cash	298,602	(404,568)
Cash, beginning of year	1,148,303	1,552,871
Cash, end of year	<u>\$ 1,446,905</u>	<u>\$ 1,148,303</u>
Supplemental disclosure:		
Cash paid in respect of:		
Interest	\$ 14,185	\$ 20,450
Non-cash transactions:		
Value of computer equipment financed through capital leases	\$ 98,001	\$ 70,268

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of The London Public Library Board (the "Board"), a registered charity and a local board of the Corporation of the City of London (the "City"), are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Municipal funding:

The City provides funding to the Board for both operating and capital expenditures such as refurbishment, replacement and major repairs and maintenance to the Library buildings. Operating and capital funding from the City is recorded as revenue in the statement of operations in the year in which it is received. However, capital expenditures are considered to be acquisitions of tangible capital assets and are therefore included in the statement of financial position as a non-financial asset. These amounts are amortized over the useful life of the respective asset and shown on the statement of operations as amortization of tangible capital assets.

(c) Deferred revenues:

Deferred revenues represent grants and other designated funding which has been received but for which the service has yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

(d) Investment income:

Investment income is reported as revenue in the period earned.

(e) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for early retirees.

The costs of life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

(f) Pension contributions:

The Board has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Board's costs are the contributions due to the plan in the period.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(g) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful life - years
Buildings	60
Computers	3
Collections	7
Library shelving	40
Motor vehicles	5
Furniture and equipment	7

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iii) Leased tangible capital assets:

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

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies:

The Board has implemented PSAB sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires the recording and amortizing of tangible capital assets in the financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets:

The financial information recorded includes the actual or estimated cost of tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Board applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records. After defining replacement or reproduction cost, the Statscan CPI Index was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

Accumulated surplus at January 1, 2008:

Sick leave reserve	\$	186,542
Reserves		172,029
Amount to be recovered, sick leave		(186,542)
Amount to be recovered from reserves		(172,029)
Amount to be recovered, operations		(2,156,003)
Accumulated surplus, as previously reported		(2,156,003)
Net book value of tangible capital assets recorded, excluding computers under capital lease		39,144,008
Net adjustments related to capital leases		(10,351)
Accumulated surplus, as restated	\$	36,977,654

Annual surplus for 2008:

Net revenues, as previously reported	\$	(232,282)
Assets capitalized but previously expensed, excluding computers under capital lease		1,925,054
Amortization expense not previously recorded		(3,756,442)
Capital lease payments previously expensed		149,254
Annual surplus, as restated	\$	(1,914,416)

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

3. Employee future benefits and other liabilities:

Employee future benefits and other liabilities are comprised of the following:

	2009	2008
Liability for vested sick leave benefits	\$ 524,805	\$ 526,190
Vacation pay liability	852,845	749,339
Employee future benefits obligation	1,541,000	1,382,000
	<u>\$ 2,918,650</u>	<u>\$ 2,657,529</u>

(a) Liability for vested sick leave benefits:

Under the sick leave benefit plan, employees hired prior to May 1, 1985 can accumulate unused sick leave and may become entitled to a cash payment when they leave the employment of the Board

The liability of these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating (as at December 31, 2009), amounts to \$524,805 (2008 -\$526,190). This amount is partially funded by a reserve held by The City of London in the amount of \$233,139 (2008 - \$200,685).

(b) Retiree benefits:

The Board provides certain post-employment and post-retirement employee benefits which will require funding in future periods.

The Board pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Board recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2009.

Detailed information about retiree benefits is as follows:

	2009	2008
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,454,000	\$ 1,330,000
Current period benefit cost	73,000	63,000
Interest	101,000	69,000
Benefits paid	(110,000)	(8,000)
Actuarial loss	594,000	-
Balance, end of year	<u>2,112,000</u>	<u>1,454,000</u>
Unamortized actuarial loss	<u>(571,000)</u>	<u>(72,000)</u>
Employee future benefits obligation	<u>\$ 1,541,000</u>	<u>\$ 1,382,000</u>

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

3. Employee future benefits and other liabilities (continued):

(b) Retiree benefits (continued):

Post-employment and post-retirement benefit expenses included in total expenditures consist of the following:

	2009	2008
Current year benefit cost	\$ 73,000	\$ 63,000
Interest on accrued benefit obligation	101,000	69,000
Amortization of net actuarial loss	95,000	6,000
Total payments made during the year	\$ 269,000	\$ 138,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	5.00%
Rate of compensation increase	3.00%
Healthcare cost increases	4.5% to 7.0%

The actuarial loss is amortized over the expected average remaining service life of the related employee group of fourteen years.

4. Trust funds:

Trust funds administered by the Board amounting to \$2,088,318 (2008 - \$1,872,665) have not been included in the statement of financial position nor have their operations been included in the statement of operations. They are reported separately on the trust fund statement of continuity.

5. Commitments:

The Board is committed under operating leases for the rental of premises and equipment. The minimum annual payments under these leases are as follows:

2010	\$ 698,285
2011	565,026
2012	390,525
2013	373,082
2014	361,725
	\$ 2,388,643

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

6. Pension agreement:

The Board has a pension agreement with OMERS, which is a multi-employer plan, on behalf of its full and part-time staff. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2009 is \$619,935 (2008 - \$619,437) for current service and is included as an expenditure in the statement of operations.

7. Tangible capital assets:

Cost	Balance at December 31, 2008	Additions	Disposals	Balance at December 31, 2009
Land	\$ 4,611,030	\$ -	\$ -	\$ 4,611,030
Buildings	38,781,046	171,165	-	38,952,211
Leasehold improvements	349,083	-	-	349,083
Collections	9,412,718	1,559,143	1,504,041	9,467,820
Shelving	1,287,178	-	-	1,287,178
Computers	948,224	252,887	191,241	1,009,870
Computers under capital lease	544,976	70,268	-	615,244
Furniture and equipment	2,613,567	91,326	1,516,785	1,188,108
Total	\$ 58,547,822	\$ 2,144,789	\$ 3,212,067	\$ 57,480,544

Accumulated amortization	Balance at December 31, 2008	Amortization expense	Disposals	Balance at December 31, 2009
Land	\$ -	\$ -	\$ -	\$ -
Buildings	12,866,743	1,576,384	-	14,443,127
Leasehold improvements	121,655	28,272	-	149,927
Collections	4,666,447	1,348,610	1,504,041	4,511,016
Shelving	455,693	32,179	-	487,872
Computers	470,540	326,349	191,241	605,648
Computers under capital lease	311,274	146,552	-	457,826
Furniture and equipment	1,954,243	269,809	1,516,785	707,267
Total	\$ 20,846,595	\$ 3,728,155	\$ 3,212,067	\$ 21,362,683

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets (continued):

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 4,611,030	\$ 4,611,030
Buildings	25,914,303	24,509,084
Leasehold improvements	227,428	199,156
Collections	4,746,271	4,956,804
Shelving	831,485	799,306
Computers	477,684	404,222
Computers under capital lease	233,702	157,418
Furniture and equipment	659,324	480,841
Total	\$ 37,701,227	\$ 36,117,861

Cost	Balance at December 31, 2007	Additions	Disposals	Balance at 2008
Land	\$ 4,611,030	\$ -	\$ -	\$ 4,611,030
Buildings	38,747,793	33,253	-	38,781,046
Leasehold improvements	349,083	-	-	349,083
Collections	9,046,987	1,585,524	1,219,793	9,412,718
Shelving	1,293,810	1,363	7,995	1,287,178
Computers	782,131	201,957	35,864	948,224
Computers under capital lease	446,975	98,001	-	544,976
Furniture and equipment	2,541,442	102,957	30,832	2,613,567
Total	\$ 57,819,251	\$ 2,023,055	\$ 1,294,484	\$ 58,547,822

Accumulated amortization	Balance at December 31, 2007	Amortization expense	Disposals	Balance at December 31, 2008
Land	\$ -	\$ -	\$ -	\$ -
Buildings	11,299,159	1,567,585	-	12,866,744
Leasehold improvements	93,383	28,272	-	121,655
Collections	4,567,690	1,318,550	1,219,793	4,666,447
Shelving	431,426	32,262	7,995	455,693
Computers	218,010	288,393	35,864	470,539
Computers under capital lease	156,369	154,905	-	311,274
Furniture and equipment	1,618,600	366,475	30,832	1,954,243
Total	\$ 18,384,637	\$ 3,756,442	\$ 1,294,484	\$ 20,846,595

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

7. Tangible capital assets (continued):

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 4,611,030	\$ 4,611,030
Buildings	27,448,634	25,914,302
Leasehold improvements	255,700	227,428
Collections	4,479,297	4,746,271
Shelving	862,384	831,485
Computers	564,121	477,685
Computers under capital lease	290,606	233,702
Furniture and equipment	922,842	659,324
Total	\$ 39,434,614	\$ 37,701,227

8. Capital lease obligations:

	2009	2008
2010 and prior	\$ 52,911	\$ 126,328
2011	39,338	27,620
2012	14,047	27,620
Minimum lease payments	106,296	181,568
Less amount representing interest at rates ranging from 7.89% to 9.42% (2008 - 7.89% to 9.42%)	12,642	20,745
Present value of net minimum capital lease payments	\$ 93,654	\$ 160,823

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

9. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2009	2008
Surplus:		
Invested in tangible capital assets	\$ 36,024,207	\$ 37,540,404
Unfunded		
Employee benefits - accrued sick leave and vacation pay	(1,377,650)	(1,275,529)
Employee benefits - future benefit obligations	(1,541,000)	(1,382,000)
Other	(81,154)	(88,880)
Total surplus	33,024,403	34,793,995
Reserves set aside by the Board:		
Stabilization fund	55,964	55,964
Collections encumbrance fund	26,476	12,594
Total reserves	82,440	68,558
Reserve held by the City on behalf of the Board:		
Sick leave reserve	233,139	200,685
	\$ 33,339,982	\$ 35,063,238

Consolidated Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD TRUST FUNDS**

Year ended December 31, 2009



KPMG LLP
Chartered Accountants
1400-140 Fullarton Street
London Ontario N6A 5P2
Canada

Telephone (519) 672-4880
Fax (519) 672-5684
Internet www.kpmg.ca

AUDITORS' REPORT

To the Chair and Members of The London Public Library Board Trust Funds

We have audited the consolidated statement of financial position of The London Public Library Board Trust Funds as at December 31, 2009 and the consolidated statement of earnings and retained earnings for the year then ended. These consolidated financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 common with similar organizations, the Funds derive revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Funds and we were not able to determine whether any adjustments might be necessary to donation revenue, assets and balances at the end of the year.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects the financial position of the Funds of The London Public Library Board as at December 31, 2009 and the continuity of Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

London, Canada

February 26, 2010

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	Income fund	Capital fund	R.E.A.D. Program	2009 Total	2008 Total
Assets					
Cash	\$ 1,853,122	\$ 68,765	\$ 16,255	\$ 1,938,142	\$ 1,739,214
Investment (note 2)	62,472	-	-	62,472	62,472
Accounts receivable	93,183	-	-	93,183	91,887
Prepaid expenses	-	-	-	-	581
	\$ 2,008,777	\$ 68,765	\$ 16,255	\$ 2,093,797	\$ 1,894,154
Accounts Payable, Accrued Liabilities and Equity					
Accounts payable and accrued liabilities	\$ 5,314	\$ -	\$ 165	\$ 5,479	\$ 21,489
Fund equity	2,003,463	68,765	16,090	2,088,318	1,872,665
	\$ 2,008,777	\$ 68,765	\$ 16,255	\$ 2,093,797	\$ 1,894,154

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director _____ Director

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statement of Earnings and Retained Earnings

Year ended December 31, 2009, with comparative figures for 2008

	Income fund	Capital fund	R.E.A.D. Program	2009 Total	2008 Total
Balance, beginning of year	\$ 1,785,216	\$ 68,477	\$ 18,972	\$ 1,872,665	\$ 1,493,147
Interest earned	7,693	288	82	8,063	46,284
Donations	417,612	-	1,200	418,812	456,773
Other revenue	1,062	-	-	1,062	1,625
	2,211,583	68,765	20,254	2,300,602	1,997,829
Expenditures	208,120	-	4,164	212,284	125,164
Retained earnings, end of year	\$ 2,003,463	\$ 68,765	\$ 16,090	\$ 2,088,318	\$ 1,872,665

See accompanying notes to consolidated financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Consolidated Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of The London Public Library Board Trust Funds (the "Funds") are prepared in accordance with accounting principles as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook.

(a) Accrual accounting:

The accrual basis of accounting is used in the preparation of these financial statements, with the exception of donations, which are recorded as revenue when received.

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

(b) Investment:

Investment is carried at cost. A write-down of the carrying value is charged to expenditures when evidence indicates a permanent decline in the underlying value and earning power of an individual investment.

(c) Contributions:

Contributions received with direction by the donor that the capital of the gift is to be held for a period of not less than ten years are included in the capital portion of each Fund.

Contributions received for library use and investment income are included in the income portion of each Fund.

2. Investment:

The investment is comprised of shares held at year end by the Income Fund. The market value of the investment is \$65,808 at December 31, 2009.

LONDON PUBLIC LIBRARY BOARD

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ending December 31, 2009

	Budget 2009	Actual 2009	Actual 2008		Budget 2009	Actual 2009	Actual 2008
REVENUE:				APPLIED TO:			
User charges				Current Operations			
Fines	\$ 505,000	\$ 525,193.94	\$ 504,806.70	Personnel Costs	12,522,653	13,220,337.12	12,741,996.62
				Personnel Services	111,002	85,802.13	110,713.85
				Purchased Services	580,489	673,126.94	592,886.36
				Technology	710,000	637,841.16	680,858.47
				Utilities	802,400	769,086.31	716,061.68
Fees, rentals and sundry	396,498	388,033.43	362,303.34	Facilities Services	1,389,785	1,513,738.33	1,400,860.22
Grants				Collections & Lending Services	1,976,925	1,963,043.30	2,091,896.24
Federal		715,809.25	535,605.48	Program Services	72,025	83,260.40	81,510.00
Province of Ontario				General	10,000	212,215.61	92,919.69
Current	599,000	612,469.05	639,433.04				
City of London							
Current	16,785,842	16,785,842.00	16,265,352.00		<u>\$ 18,175,279</u>	<u>\$ 19,158,451.30</u>	<u>\$ 18,509,703.13</u>
Capital	129,054	129,054.22	76,662.78				
Other		-	-	Capital			
Other		4,869.74	1,220.91	New major facilities	\$ 34,786	\$ 34,786.08	\$ 17,411.10
Other				Major repairs and maintenance	94,268	94,268.14	59,251.68
Investment income	16,570	10,103.46	54,644.09	Equipment	58,155	59,179.95	47,255.66
Transfer from trust fund	-	-	-		<u>\$ 187,209</u>	<u>\$ 188,234.17</u>	<u>\$ 123,918.44</u>
				Operating results		(175,310.38)	(193,593.23)
				Less transfer to City of London reserves		(39,475.00)	(38,688.00)
Total financing available	<u>\$ 18,431,964</u>	<u>\$ 19,171,375.09</u>	<u>\$ 18,440,028.34</u>	Total applications during year		<u>\$ (214,785.38)</u>	<u>\$ (232,281.23)</u>