



A Regular Meeting of  
the Richmond Hill Public Library Board  
will be held virtually at

<https://zoom.us/j/6743941674?pwd=cElEd3pVR0hqTnNGdFIRcWp2SmNYZz09>

Tuesday, June 22, 2021  
at 5:00 pm

## **AGENDA**

**1.0 Call to Order**

**2.0 Regrets**

**3.0 Adoption of Agenda**

**4.0 Disclosure of Pecuniary Interest and the General Nature Thereof**

**5.0 Minutes**

**5.1 Library Board Minutes – May 25, 2021**

**6.0 Presentations**

**6.1 Robin Fribance, Executive Manager, Experience & Strategy, RHPL**

Re: Strategic Plan Update

**6.2 Yunmi Hwang, Director, Branch Services**

Re: Reopening Update

## 7.0 Reports

Accessible documents can be accessed through the [RHPL website > Your Library > About Us > Library Board](#)

7.1 **2020 Year-End Audited Financial Statements Report SRLIB21.16**

7.2 **Circulation Policy Update Report SRLIB21.17**

7.3 **Fine-Free Recommendation Report SRLIB21.18**

## 8.0 New Business

## 9.0 Member Announcements

## 10.0 Date of Next Meetings

Special 2022 Budget Meetings of the Library Board will be held on:

**Friday, August 13, 2021 @ 4 p.m.**

**Thursday, September 2, 2021 @ 4 p.m.**

virtually using video-teleconferencing technology.

The next Regular Meeting of the Library Board will be held on:

**Tuesday, September 28, 2021** virtually using video-teleconferencing technology.

*Please advise Darren Solomon and Susan Quinn of regrets for attendance, by noon of the day of the meeting at e-mail: [dsolomon@rhpl.ca](mailto:dsolomon@rhpl.ca) and [squinn@rhpl.ca](mailto:squinn@rhpl.ca)*

The Richmond Hill Public Library Board  
Tuesday, May 25, 2021

## **MINUTES**

The Richmond Hill Public Library Board held its scheduled meeting on Tuesday, May 25, 2021 virtually using video-teleconferencing technology.

**Present:** Councillor Greg Beros, Chair  
Stephen Chait  
Frank DiPede  
Regional and Local Councillor Joe DiPaola  
Councillor Tom Muench  
Regional and Local Councillor Carmine Perrelli  
Mahnaz Shahbazi  
Rona Wang

**Staff:** Darren Solomon, Chief Executive Officer  
Catherine Charles, Director, Collections and Program Development  
Yunmi Hwang, Director, Branch Services  
Robin Fribance, Executive Manager, Experience & Strategy  
Greg Patterson, Manager, Central Library  
Annesha Hutchinson, Manager, Communications  
Len Wong, Manager, Richmond Green Library  
Susan Quinn, Executive Administration Coordinator

### **1.0 Call to Order**

The Chair called the meeting to order at 5:00 p.m.

**2.0 Regrets**

Bram Kivenko

**3.0 Adoption of Agenda**

**Motion:**

21:31

**Moved By:**

Regional and Local Councillor C. Perrelli

**Seconded by:**

Regional and Local Councillor J. DiPaola

**THAT** the Agenda of May 25, 2021 be adopted.

**CARRIED UNANIMOUSLY**

**4.0 Disclosure of Pecuniary Interest and the General Nature Thereof**

There were no disclosures of pecuniary interest.

**5.0 Minutes**

**5.1 Library Board Minutes – February 23, 2021**

**Motion:**

21:32

**Moved By:**

Regional and Local Councillor C. Perrelli

**Seconded by:**

R. Wang

**THAT** the Minutes of April 27, 2021 be adopted

**CARRIED UNANIMOUSLY**

**6.0 Presentations**

**6.1 Greg Patterson, Manager, Central Library**

**Annesha Hutchinson, Manager, Communications**

Re: Digital Customer Service

5:08 p.m. – S. Chait arrived to the meeting.

**Motion:**

21:33

**Moved by:**

M. Shahbazi

**Seconded by:**

Regional and Local Councillor C. Perrelli

**THAT** the presentation on Digital Customer Service be received for information.

**CARRIED UNANIMOUSLY**

**6.2 Robin Fribance, Executive Manager, Experience & Strategy RHPL**

**Stephen Davies, Principal Consultant and Managing Director,  
Transformation By Design**

**Christopher Carter, Team Member, Transformation By Design**

Re: Strategic Plan Update

5:20 p.m. – Councillor T. Muench arrived to the meeting.

**Motion:**

21:34

**Moved by:**

F. DiPede

**Seconded by:**

Councillor T. Muench

**THAT** the presentation on the Strategic Plan Update be received for information.

**CARRIED UNANIMOUSLY**

**7.0 Reports**

Accessible documents can be accessed through the [RHPL website > Your Library > About Us > Library Board](#)

On a motion moved by R. Wang, seconded by Regional and Local Councillor C. Perrelli the Board consented to adopt all of the staff recommendations in items 7.1 and 7.2 without further discussion or motions.

**7.1 Media Relations Policy Report SRLIB21.14**

**Motion:**

21:35

**Moved by:**

R. Wang

**Seconded by:**

Regional and Local Councillor C. Perrelli

**THAT** the Library Board approve the *Media Relations Policy*.

**CARRIED UNANIMOUSLY**

## **7.2 Richmond Green Library Annual Report 2020 SRLIB21.15**

**Motion:**

21:36

**Moved by:**

R. Wang

**Seconded by:**

Regional and Local Councillor C. Perrelli

**THAT** the Library Board receive the *Richmond Green Library Annual Report 2020*.

**CARRIED UNANIMOUSLY**

## **8.0 New Business**

None.

## **9.0 Resolution to Move Into Closed Session to consider matters relating to:**

### **9.1 Personal matters about an identifiable individual**

**Motion:**

21:37

**Moved By:**

Regional and Local Councillor C. Perrelli

**Seconded by:**

Regional and Local Councillor J. DiPaola

**THAT** the Board move into Closed Session to consider personal matters about an identifiable individual.

**CARRIED UNANIMOUSLY**

At 5:28 p.m. the Board moved into Closed Session.

**10.0 Resolution to Reconvene in Open Session**

**Motion:**

20:38

**Moved By:**

Councillor T. Muench

**Seconded by:**

F. DiPede

That the Board reconvene into Open Session.

**CARRIED UNANIMOUSLY**

At 6:05 p.m. the Board returned to Open Session

**11.0 Member Announcements**

None.

**12.0 Date of Next Meetings**

The next Regular Meeting of the Library Board will be held on:

**Tuesday, June 22, 2021** virtually using video-teleconferencing technology.

Special 2022 Budget Meetings of the Library Board will be held on:

**Friday, August 13, 2021 @ 4 p.m.**

**Thursday, September 2, 2021 @ 4 p.m.**

virtually using video-teleconferencing technology.

**13.0 Adjournment**



**Motion:**

21:39

**Moved By:**

Regional and Local Councillor J. DiPaola

**Seconded by:**

Regional and Local Councillor C. Perrelli

**THAT** the meeting be adjourned at 6:07 p.m.

**CARRIED UNANIMOUSLY**

Respectfully submitted,

“Signed version on file in the Administration Offices”

Councillor Greg Beros  
Chair

Darren Solomon  
Chief Executive Officer



**Report Subject:** 2020 Year-End Audited Financial Statements

**Report For:** Approval, Receipt

**Meeting Date:** June 22, 2021

**Staff Report #:** SRLIB21.17

**To:** Richmond Hill Public Library Board

**From:** Darren Solomon, Chief Executive Officer

### **SUMMARY**

The purpose of this report is to provide the audited financial results of the Library Board for the year ended December 31, 2020. The auditor has found that the RHPL Financial Statements present fairly.

### **RECOMMENDATION**

That the Richmond Hill Public Library Board:

1. Approve the 2020 Audited Financial Statements (Attachment 1) and authorize the Board Chair and Chief Executive Officer to sign the Financial Statements; and
2. Receive the Grant Thornton Report to the Board of Directors: Audit Strategy and Results, for the year ended December 31, 2020 (Attachment 2).

### **RATIONALE**

As required under the Public Libraries Act, an annual audit of the public library board accounts and transactions must be carried out by an auditor appointed under the

Municipal Act. The Library Board jointly engaged the services of Grant Thornton, LLP, Chartered Accountants, external auditor for the City of Richmond Hill.

Grant Thornton's responsibility is to express an opinion on these financial statements, based on their audit. In their opinion, these financial statements present fairly, in all material respects, the financial position of the Library Board as of December 31, 2020 and in accordance with Canadian generally accepted accounting principles.

The auditor will be in attendance to answer any question on the report and findings.

### **ATTACHMENTS**

1. 2020 Audited Financial Statements
2. Report to the Board of Directors: Audit Strategy and Results for the year ended December 31, 2020

Financial statements of

**Richmond Hill Public  
Library Board**

December 31, 2020

# **Richmond Hill Public Library Board**

December 31, 2020

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## Independent auditor's report

### To the members of the Board of Directors of the Richmond Hill Public Library Board

#### Opinion

We have audited the financial statements of the Richmond Hill Public Library Board (the "Library Board"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Richmond Hill Public Library Board as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library Board 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 Board's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board'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 Board'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 Board'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 Board 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.

Markham, Canada  
June 22, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**RICHMOND HILL PUBLIC LIBRARY BOARD**  
**Statement of Financial Position**  
**December 31, 2020**

	<u>2020</u>	<u>2019</u>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	322,145	8,093
Accounts receivable		
City of Richmond Hill	3,402,811	1,769,183
Other	58,730	85,104
	<u>3,783,686</u>	<u>1,862,380</u>
<b>LIABILITIES</b>		
Accounts payable and accrued charges	2,005,797	713,293
Accrued vacation pay	109,600	73,004
Employee future benefits (Note 3)	143,328	149,728
	<u>2,258,725</u>	<u>936,025</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,524,961</u>	<u>926,355</u>
<b>NON - FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	5,923,345	6,022,721
Prepaid expenses	65,587	115,433
	<u>5,988,932</u>	<u>6,138,154</u>
<b>Accumulated Surplus (Note 6)</b>	<u>7,513,893</u>	<u>7,064,509</u>

Approved by the Board of Directors

\_\_\_\_\_ Board Chair

\_\_\_\_\_ Chief Executive Officer



**RICHMOND HILL PUBLIC LIBRARY BOARD**  
**Statement of Operations**  
**Year ended December 31, 2020**

	<u>2020</u> <u>Budget</u> \$	<u>2020</u> <u>Actual</u>	2019 <u>Actual</u> \$
<b>REVENUE</b>			
Municipal contribution			
Operating	7,735,500	7,735,500	9,264,600
Contribution from Town for maintenance, utility and supply charges	895,900	682,696	1,380,014
Repairs and replacement	600,000	600,000	1,165,800
Contributed tangible capital assets	1,108,627	1,086,054	520,534
Grants			
Province of Ontario	118,500	118,499	118,499
Other	3,700	3,700	3,700
York Region District School Board	301,500	303,900	284,500
Fines	146,600	31,192	113,190
Fees	138,100	29,282	109,279
Sales	51,000	8,617	41,004
Other Income	-	80	116
Interest income	18,248	18,248	19,569
Donations and bequests	-	2,286	1,694
	<u>11,117,675</u>	<u>10,620,054</u>	<u>13,022,499</u>
<b>EXPENSES</b>			
Salaries and benefits	7,209,700	6,155,926	7,836,452
Amortization of tangible capital assets	1,670,743	1,670,743	1,655,932
Maintenance, utility and supply charges	896,295	683,090	1,435,974
Contracts & Services	1,192,000	856,676	1,100,811
Transfer to reserve of the Town of Richmond Hill	77,400	527,400	538,688
Collection Development	5,498	145,319	137,544
Materials & Supplies	127,596	131,516	58,963
Special projects	-	-	7,007
	<u>11,179,232</u>	<u>10,170,670</u>	<u>12,771,371</u>
Annual (deficit)/surplus	<u>(61,556)</u>	<u>449,384</u>	<u>251,128</u>
Accumulated surplus, beginning of year	7,064,509	7,064,509	6,813,381
<b>Accumulated surplus, end of year</b>	<u><b>7,002,953</b></u>	<u><b>7,513,893</b></u>	<u><b>7,064,509</b></u>

**RICHMOND HILL PUBLIC LIBRARY BOARD**  
**Statement of Change in Net Financial Assets**  
**Year ended December 31, 2020**

	2020 Budget	2020 Actual	2019 Actual
	\$	\$	\$
Annual Surplus / (Deficit)	(61,556)	449,384	251,128
	(61,556)	449,384	251,128
Acquisition of tangible capital assets	(1,571,761)	(1,571,761)	(1,537,255)
Amortization of capital assets	1,670,743	1,670,743	1,655,932
Loss (gain) on disposal of tangible capital assets	-	394	55,960
	98,982	99,376	174,637
Change in prepaid expenses	-	49,846	6,978
	98,982	149,222	181,615
Change in net financial assets	37,428	598,606	432,743
Net Financial assets, beginning of year	926,355	926,355	493,612
<b>Net Financial assets, end of year</b>	<b>963,783</b>	<b>1,524,961</b>	<b>926,355</b>

**RICHMOND HILL PUBLIC LIBRARY BOARD**

**Statement of cash flows**

**Year ended December 31, 2020**

	<b>2020</b>	<b>2019</b>
	<u><b>Actual</b></u>	<u><b>Actual</b></u>
<b>Operating activities</b>		
Annual Surplus	449,384	251,128
Change in non-cash items		
Amortization of tangible capital assets	1,670,743	1,655,932
Revenue recognized on contributed capital assets	(1,086,054)	(520,534)
Loss on disposal of tangible capital assets	394	55,960
	<u>585,083</u>	<u>1,191,358</u>
Change in non-cash assets and liabilities		
Accounts receivable - Town of Richmond Hill	(1,633,628)	(194,781)
Accounts receivable - Other	26,374	96,687
Accounts payable and accrued liabilities	1,292,504	(323,924)
Accrued vacation pay	36,596	(6,342)
Employee future benefits liability	(6,400)	(5,654)
Prepaid expenses	49,846	6,977
	<u>(234,708)</u>	<u>(427,037)</u>
	<u>(234,708)</u>	<u>(427,037)</u>
	<u>799,759</u>	<u>1,015,449</u>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(485,707)	(1,016,721)
	<u>(485,707)</u>	<u>(1,016,721)</u>
Net change in cash	314,052	(1,272)
Cash, beginning of year	8,093	9,365
<b>Cash, end of year</b>	<u><b>322,145</b></u>	<u><b>8,093</b></u>

See accompanying notes to the financial statements.

# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

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### 1. Nature of operations

The Richmond Hill Public Library Board (the "Library Board") is a local board of The City of Richmond Hill (the "City") and operates under the provision of the Public Libraries Act. The Library Board is a registered charity and is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

### 2. Significant accounting policies

The financial statements of the Richmond Hill Public Library Board (the "Library Board") are the representations of management prepared in accordance with accounting standards, as recommended by the Public Sector Accounting Board ("PSAB") of Chartered Professional Accountants (CPA) Canada.

Significant accounting policies adopted by the Library Board are as follows:

#### *i) Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

#### *ii) Revenues and expenses*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired, and a legal liability is incurred or transfers are due.

#### *iii) 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 lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Tangible capital assets and other non-financial assets are accounted for as assets by the Library Board because they can be used in the provision of services in future periods.

#### Tangible capital assets

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

Library collection	7 years
Machinery and equipment	4 - 15 years
Furniture and fixtures	3 - 10 years
Other	15 years

#### Amortization

One half of the 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.

#### Contribution of tangible capital assets

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

# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

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### 2. Significant accounting policies (continued)

#### Interest capitalization

The Library Board's tangible capital asset policy does not allow for the capitalization of interest costs associated with the acquisition of tangible capital assets.

#### iv) *Employee future benefits*

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

Any actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

#### v) *Reserve and Reserve Funds*

The Richmond Hill Public Library Board Donation and Bequest Reserve Fund is to be used for such special purposes as may be approved by The Richmond Hill Public Library Board.

The reserve fund comprises:

- a) Donations and bequests to The Richmond Hill Public Library Board; and
- b) Earnings derived from investments held in this reserve fund.

Unrestricted donations and bequests are recorded as income in the statement of operations in the year of receipt and are transferred to the Donation and Bequest Reserve Fund. The Reserve Fund earns interest based on the rates earned through the investment portfolio managed by the Corporation of the City of Richmond Hill. Expenses incurred will be recorded in the year the cost is incurred, with an annual offsetting transfer from the Reserve Fund.

The Special Purpose Reserve relates to grants and other monies which have been allocated by the Board for special purposes.

#### vi) *Investment income*

Investment income earned (other than on restricted funds) is reported as revenue in the period earned.

#### vii) *Government transfers*

Government transfers are recognized in the financial statements as revenue in the financial period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

#### viii) *Use of estimates*

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these amounts.

### 3. Employee future benefits liability

The accrued benefit liability as at December 31, 2020 of \$143,328 (2019 - \$149,728) was based on an actuarial update used for the December 31, 2019 valuation.

The significant actuarial assumptions employed in the actuarial valuations are as follows:

#### i) *General inflation*

Future general inflation levels were assumed to be 1.75% in 2020 and thereafter.

# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

### 3. Employee future benefits liability (continued)

#### ii) Interest (discount) rate

The present value of the future benefits as at December 31, 2020 was determined using a discount rate of 3.75%.

#### iii) Health costs

Utilization weighted average health costs were assumed to increase at a 4.08% rate for 2020 and gradually reduce to a 2.75% in 2025, and remain at that level thereafter.

#### iv) Dental costs

Dental costs were assumed to increase at 2.75 % for 2020 and thereafter.

### 4. Pension agreements

The Library Board makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total actuarial liabilities of \$113,055 million with respect to benefits accrued for service with actuarial assets at that date of \$109,844 million indicating an actuarial deficit of \$3,211 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the Plan surplus or deficit. The Library Board recognizes the expense related to this plan as contributions are made. The contribution rate was 9% for wages up to \$58,700 (2019 - 9%) and 14.6% for wages in excess of CPP earning limit \$58,700 (2019 – 14.6%). The amount contributed to OMERS for 2020 was \$455,935 (2019 - \$606,476) for current services and is included as an expense on the statement of operations.

### 5. Tangible capital assets

	Library Collections	Machinery and Equipment	Furniture and Fixtures	W.I.P.	Total 2020	Total 2019
<b>Cost</b>						
Balance, beginning of year	8,743,835	2,951,386	2,468,922	132,284	14,296,427	15,403,928
Add: Additions during the year	1,199,860	344,887	-	27,014	1,571,761	1,537,255
Less: Disposals during the year	1,169,735	407	5,795	-	1,175,937	2,644,756
<b>Balance, end of year</b>	<b>8,773,960</b>	<b>3,295,866</b>	<b>2,463,127</b>	<b>159,298</b>	<b>14,692,251</b>	<b>14,296,427</b>
<b>Accumulated amortization</b>						
Balance, beginning of year	4,384,187	1,944,764	1,944,755	-	8,273,706	9,206,569
Add: Amortization	1,251,270	325,930	93,543	-	1,670,743	1,655,932
Less: Accum amortization on disposals	1,169,735	374	5,434	-	1,175,543	2,588,795
<b>Balance, end of year</b>	<b>4,465,722</b>	<b>2,270,320</b>	<b>2,032,864</b>	<b>-</b>	<b>8,768,906</b>	<b>8,273,706</b>
<b>Net Book Value</b>	<b>4,308,238</b>	<b>1,025,546</b>	<b>430,263</b>	<b>159,298</b>	<b>5,923,345</b>	<b>6,022,721</b>

# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

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### 6. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
	\$	\$
Invested in tangible capital assets	5,923,345	6,022,721
Unfunded employees future benefits	(143,328)	(149,728)
Unfunded vacation pay	(109,600)	(73,004)
Special Purpose Reserve Fund	1,235,496	665,981
Donation and Bequest Reserve Fund	607,980	598,539
	<u>7,513,893</u>	<u>7,064,509</u>

#### *Reserves and Reserve Fund*

The Richmond Hill Public Library Board Donation and Bequest Reserve Fund is comprised of the following funds designated for projects as approved by the Library Board:

	2020	2019
	\$	\$
Special Purpose Reserve	1,235,496	665,981
Oak Ridges Library	-	1,000
Art Purchase	-	650
Books for Babies	-	353
Local History Digitization	123,000	123,000
Sculpture New OR Library	-	4,000
Undesignated	484,980	469,536
	<u>1,843,476</u>	<u>1,264,520</u>

#### *DC Reserve Fund*

The City of Richmond Hill levies, collects and holds development charges, a component of which is specifically to fund expansion of library services to accommodate growth. Allocations from these funds are approved by the Library Board as part of the annual budget process. Currently, the City is reflecting a deficit of \$816,470 (2019 - \$1,000,988) of the Library Board's related Development Charges in their segregated Development Charges accounts. This reserve fund is not reflected in these statements.

# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

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### 7. Related party transactions

The City of Richmond Hill provides contributions to the operations and capital projects of the Library Board through Municipal Contributions as noted on the statement of operations.

The Statement of Operations reflects the fair value of the contribution from the City for maintenance, utility and supply charges which are provided for nil consideration.

The Library Board operates from buildings owned by the City of Richmond Hill. The cost of these buildings are not included in these financial statements.

Additionally, the City provides accounting services to the Library Board and no fees are charged for these services.

### 8. Budget figures

The budgets originally approved by the Richmond Hill Public Library Board for 2020, adjusted as noted below, are reflected on the statement of operations and of change in net financial assets.

- a) An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Library Board approved budget.
- b) Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original Library Board approved budget.
- c) Amounts included in the original Library Board approved capital budget which are not recognized as tangible capital assets are included in statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are include in the consolidated statement of change in net financial assets.

<b>Adopted budget</b>	<b>2020</b>
	<b>\$</b>
Budgeted annual surplus	-
Adjustments to the adopted budget	-
Increase in the Reserves and Reserve Funds	15,248
Amortization of tangible capital assets	(1,670,744)
Acquisition of contributed tangible assets	1,593,939
<b>Budgeted deficit per statement of operations:</b>	<b>(61,557)</b>



# Richmond Hill Public Library Board

## Notes to the financial statements

December 31, 2020

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### 9. Subsequent event

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Library Board has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Library Board for future periods



# Richmond Hill Public Library Board

For the year ended December 31, 2020

Report to the Board of Directors  
Audit strategy and results

**June 9, 2021**

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		Appendix E – Auditing developments

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# Executive summary

## Purpose of report and scope

The purpose of this report is to engage in an open dialogue with you regarding our audit of the financial statements of Richmond Hill Public Library Board (the "Library") for the year ended December 31, 2020. This communication will assist the Board of Directors in understanding our overall audit strategy and results of audit procedures and includes comments on misstatements, significant accounting policies, sensitive estimates and other matters.

The information in this document is intended solely for the information and use of Board of Directors and management. It is not intended to be distributed or used by anyone other than these specified parties.

We were engaged to provide the following deliverables:

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### Deliverable

Report on the December 31, 2020 financial statements

Communication of audit strategy and results

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## Status of our audit

We have substantially completed our audit of the financial statements of the Library and the results of that audit are included in this report.

We will finalize our report upon resolution of the following items that were outstanding as at June 9, 2021:

- Receipt of bank confirmation;
- Receipt of signed management representation letter (a draft has been attached in the appendices);
- Approval of the financial statements by the Board of Directors; and
- Procedures regarding subsequent events.

## Approach

Our audit approach requires that we establish an overall strategy that focuses on risk areas. We identify and assess risks of material misstatement of the financial statements, whether due to fraud or error. The greater the risk of material misstatement associated with an area of the financial statements, including disclosures, the greater the audit emphasis placed on it in terms of audit verification and analysis. Where the nature of a risk of material misstatement is such that it requires special audit consideration, it is classified as a significant risk.

Our approach is discussed further in the Appendix A.

# Audit risks and results

We have executed our audit in accordance with our approach summarized in Appendices A and B. We highlight our significant findings in respect of COVID-19 impacts on audit risks and responses, significant transactions, risks and accounting practices

## COVID-19 impact on audit risks and responses

Area of focus	Matter	Our response and findings
<p><b>Impact of COVID-19</b></p>	<p>The COVID-19 virus became widespread in January 2020 and the magnitude of its impact increased thereafter. Management determined the impact resulting from COVID-19 and has included the appropriate disclosures in the financial statements.</p> <p>Management believes the Library will continue as a going concern and there are no indicators of impairment that would require assets to be tested for impairment.</p>	<ul style="list-style-type: none"> <li>• Reviewed management's assessment of the impact of COVID-19 on year end balances and the Library's accounting policies</li> <li>• Discussed with management regarding the impact on the next 12 months of operations for purposes of evaluating the going concern assumption.</li> <li>• Reviewed the appropriateness of financial statement disclosures.</li> </ul> <p>No issues noted. Disclosure has been added to the financial statements with respect to the ongoing uncertainty of the COVID-19 pandemic.</p>

## Significant transactions

Area of focus	Matter	Our response and findings
<b>Canadian Emergency Wage Subsidy</b>	During the year, the Library applied for and received the Canadian Emergency Wage Subsidy (CEWS). Due to uncertainty regarding eligibility for the subsidy, the Library kept the funding received from CEWS aside throughout the year. The Canada Revenue Agency completed their review subsequent to year end and concluded that the Library was ineligible to receive the subsidy, resulting in a request that the subsidy be repaid to the government. As a result, the Library has recorded the full amount received of \$1,416,456 as a current liability at year end. Subsequent to year end, in February 2021, the Library was able to repay the full amount owing to the government.	<ul style="list-style-type: none"> <li>We reviewed the funding received and traced to bank statements</li> <li>We reviewed communication with CRA regarding library's eligibility</li> <li>We traced to subsequent bank statement for the repayment</li> </ul> <p>We noted no issues with testing conducted.</p>

## Significant risks

Area of focus	Why there is a risk	Our response and findings
<b>Fraud risk from management override</b>	<ul style="list-style-type: none"> <li>Due to the small accounting department there is a risk of management override of controls.</li> </ul>	<ul style="list-style-type: none"> <li>We obtain a report of journal entries recorded during the year and perform data analytics.</li> <li>We do a test of manual journal entries where override may be plausible.</li> </ul> <p>We noted no issues with our testing of journal entries.</p>

## Other areas of focus

Area of focus	Matter	Our response and findings
<b>Completeness and existence of operating expenses and accrued liabilities</b>	The accrued liabilities may be understated due to inaccurate estimates.	<ul style="list-style-type: none"> <li>Review of accrued liabilities compared to prior year, detailed analytical review of expenses compared to prior year/budget. Testing of a sample of expenses.</li> </ul> <p>No issues noted.</p>

Area of focus	Matter	Our response and findings
<b>Tangible capital assets</b>	Valuation of additions, including contributed assets, as well as appropriateness of amortization.	<ul style="list-style-type: none"> <li>• Testing of additions, recalculation of amortization expense and testing of disposals including review of pooled asset categories.</li> </ul> No issues noted.
<b>Completeness of employee compensation expenses</b>	Accrued liabilities may be understated for payroll-related costs, as well as actuarial-determined liabilities.	<ul style="list-style-type: none"> <li>• Review of supporting documentation and management estimates with respect to completeness and accuracy of significant payroll-related accruals, analysis of payroll expenses by department compared to expectations, and review of actuarial reports and key inputs that would impact the post-employment benefit liability.</li> </ul> No issues noted.

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# Adjustments and uncorrected misstatements

## Adjustments

No adjustments were made as part of the audit.

## Uncorrected misstatements

We have no non-trivial unadjusted misstatements to report.

## Summary of disclosure matters

Our audit did not identify any unadjusted non-trivial misstatements of disclosure matters.



# Other reportable matters

## Internal control

The audit is designed to express an opinion on the financial statements. We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. Accordingly, we do not express an opinion on the effectiveness of internal control.

If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Board of Directors those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

We did not identify any significant deficiencies in internal control to bring to your attention.

## Independence

We have a rigorous process where we continually monitor and maintain our independence. The process of maintaining our independence includes, but is not limited to:

- Identification of threats to our independence and putting into place safeguards to mitigate those threats. For example, we evaluate the independence threat of any non-audit services provided to the Library
- Confirming the independence of our engagement team members

We have identified no information regarding our independence that in our judgment should be brought to your attention.

## Accounting and assurance updates

We have included details of the changes to accounting and assurance standards in the Appendices. No items have required adjustment in the current year financial statements.

# Appendix A – Overview and approach

Our audit is planned with the objective of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, so that we are able to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards. The following outlines key concepts that are applicable to the audit, including the responsibilities of parties involved, our general audit approach and other considerations.

## Roles and responsibilities

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### Role of the board of directors

- Help set the tone for the organization by emphasizing honesty, ethical behaviour and fraud prevention
- Oversee management, including ensuring that management establishes and maintains internal controls to provide reasonable assurance regarding reliability of financial reporting
- Oversee the work of the external auditors

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### Role of management

- Prepare financial statements in accordance with Canadian public sector accounting standards
- Design, implement and maintain effective internal controls over financial reporting processes, including controls to prevent and detect fraud
- Exercise sound judgment in selecting and applying accounting policies
- Prevent, detect and correct errors, including those caused by fraud
- Provide representations to external auditors [move this sentence to the owner / manager box if there is no other “management” in the entity]
- Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements

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### Role of Grant Thornton LLP

- Provide an audit opinion that the financial statements are in accordance with Canadian public sector accounting standards
  - Conduct our audit in accordance with Canadian Generally Accepted Auditing Standards (GAAS)
  - Maintain independence and objectivity
  - Be a resource to management and to those charged with governance
  - Communicate matters of interest to those charged with governance
  - Establish an effective two-way communication with those charged with governance, to report matters of interest to them and obtain their comments on audit risk matters
- 

## Audit approach

Our understanding of the Library and its operations drives our audit approach, which is risk based and specifically tailored to Richmond Hill Public Library Board.

## The five key phases of our audit approach



Phase	Our approach
<b>1. Planning</b>	<ul style="list-style-type: none"> <li>We obtain our understanding of your operations, internal controls and information systems</li> <li>We plan the audit timetable together</li> </ul>
<b>2. Assessing risk</b>	<ul style="list-style-type: none"> <li>We use our knowledge gained from the planning phase to assess financial reporting risks</li> <li>We customize our audit approach to focus our efforts on key areas</li> </ul>
<b>3. Evaluating internal controls</b>	<ul style="list-style-type: none"> <li>We evaluate the design of controls you have implemented over financial reporting risks</li> <li>We identify areas where our audit could be more effective or efficient by taking an approach that includes testing the controls</li> <li>We provide you with information about the areas where you could potentially improve your controls</li> </ul>
<b>4. Testing accounts and transactions</b>	<ul style="list-style-type: none"> <li>We perform tests of balances and transactions</li> <li>We use technology and tools, including data interrogation tools, to perform this process in a way that enhances effectiveness and efficiency</li> </ul>
<b>5. Concluding and reporting</b>	<ul style="list-style-type: none"> <li>We conclude on the sufficiency and appropriateness of our testing</li> <li>We finalize our report and provide you with our observations and recommendations</li> </ul>

Our tailored audit approach results in procedures designed to respond to an identified risk. The greater the risk of material misstatement associated with the account, class of transactions or balance, the greater the audit emphasis placed on it in terms of audit verification and analysis.

Throughout the execution of our audit approach, we maintained our professional skepticism, recognizing the possibility that a material misstatement due to fraud could exist notwithstanding our past experiences with the entity and our beliefs about management's honesty and integrity.

## Materiality

The purpose of our audit is to provide an opinion as to whether the financial statements are prepared, in all material respects, in accordance with Canadian public sector accounting standards as at December 31, 2020. Therefore, materiality is a critical auditing concept and as such we apply it in all stages of our engagement.

The concept of materiality recognizes that an auditor cannot verify every balance, transaction or judgment made in the financial reporting process. During audit planning, we made a preliminary assessment of materiality for the purpose of developing our audit strategy, including the determination of the extent of our audit procedures. During the completion stage, we consider not only the quantitative assessment of materiality, but also qualitative factors, in assessing the impact on the financial statements, our audit opinion and whether the matters should be brought to your attention.

## Fraud risk factor considerations

We are responsible for planning and performing the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement caused by error or by fraud. Our responsibility includes:

- The identification and assessment of the risks of material misstatement of the financial statements due to fraud through procedures including discussions amongst the audit team and specific inquiries of management
- Obtaining sufficient appropriate audit evidence to respond to the fraud risks noted
- Responding appropriately to any fraud or suspected fraud identified during the audit

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with those charged with governance **[include where management is separate – and management]**.

We are required to communicate with you on fraud-related matters, including:

- Obtaining an understanding of how you exercise oversight of management's processes for identifying and responding to the risks of fraud in the entity and the internal control that management has established to mitigate these risks
- Inquiring as to whether you have knowledge of any actual, suspected or alleged fraud affecting the entity

The following provides a summary of some of the fraud related procedures that are performed during the audit:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- Reviewing accounting estimates for biases
- Evaluating the business rationale (or the lack thereof) for significant transactions that are or appear to be outside the normal course of operations

## Quality control

We have a robust quality control program that forms a core part of our client service. We combine internationally developed audit methodology, advanced audit technology, rigorous review procedures, mandatory professional development requirements, and the use of specialists to deliver high quality audit services to our clients. In addition to our

internal processes, we are subject to inspection and oversight by standard setting and regulatory bodies. We are proud of our firm's approach to quality control and would be pleased to discuss any aspect with you at your convenience.

## IDEA Data Analysis Software

We apply our audit methodology using advanced software tools. IDEA Data Analysis Software is a powerful analysis tool that allows audit teams to read, display, analyze, manipulate, sample and extract data from almost any electronic source. The tool has the advantages of enabling the audit team to perform data analytics on very large data sets in a very short space of time, while providing the checks, balances and audit trail necessary to ensure that the data is not corrupted and that the work can be easily reviewed. SmartAnalyzer, an add-on to IDEA, further improves the efficiency and effectiveness of the audit by providing automated routines for certain common analytical tasks, such as identifying unusual and potentially fraudulent journal entries. Grant Thornton continues to invest in developing industry-leading audit data analytical tools.

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# Appendix B – Draft auditor’s report

## Independent auditor’s report

### To the members of the Board of Directors of the Richmond Hill Public Library Board

#### Opinion

We have audited the financial statements of the Richmond Hill Public Library Board (the “Library Board”), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Richmond Hill Public Library Board as at December 31, 2020, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library Board 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 Board’s ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Library Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board’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 Board'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 Board'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 Board 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.

Markham, Canada  
June 22, 2020

Chartered Professional Accountants  
Licensed Public Accountants

# Appendix D – Draft management representation letter

June 22, 2021

**Grant Thornton LLP**

Suite 200  
15 Allstate Parkway  
Markham, ON  
L3R 5B4

Dear Sir/Madam:

We are providing this letter in connection with your audit of the financial statements of Richmond Hill Public Library Board (the "Library Board") as of December 31, 2020, and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Richmond Hill Public Library Board in accordance with Canadian public sector accounting standards.

We acknowledge that we have fulfilled our responsibilities for the preparation of the financial statements in accordance with Canadian public sector accounting standards and for the design and implementation of internal controls to prevent and detect fraud and error. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low. Further, we acknowledge that your examination was planned and conducted in accordance with Canadian generally accepted auditing standards (GAAS) so as to enable you to express an opinion on the financial statements. We understand that while your work includes an examination of the accounting system, internal controls and related data to the extent you considered necessary in the circumstances, it is not designed to identify, nor can it necessarily be expected to disclose, fraud, shortages, errors and other irregularities, should any exist.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

We confirm, to the best of our knowledge and belief, as of June 22, 2021, the following representations made to you during your audit.

**Financial statements**

1. The financial statements referred to above present fairly, in all material respects, the financial position of the Library Board as at December 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, as agreed to in the terms of the audit engagement.

**Completeness of information**

2. We have made available to you all financial records and related data and all minutes of the meetings of directors, and committees of directors, as agreed in the terms of the audit engagement. Summaries of actions of recent meetings for which



minutes have not yet been prepared have been provided to you. All significant board and committee actions are included in the summaries.

3. We have provided you with unrestricted access to persons within the Library Board from whom you determined it necessary to obtain audit evidence.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. There were no restatements made to correct a material misstatement in the prior period financial statements that affect the comparative information.
6. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements.
7. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss.
8. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting of which we are aware.
9. We have identified to you all known related parties and related party transactions, including revenues, purchases, loans, transfers of assets, liabilities and services, leasing arrangements guarantees, non-monetary transactions and transactions for no consideration.

#### **Fraud and error**

10. We have no knowledge of fraud or suspected fraud affecting the Library Board involving management; employees who have significant roles in internal control; or others, where the fraud could have a non-trivial effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Library Board's financial statements communicated by employees, former employees, analysts, regulators or others.
12. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

#### **Recognition, measurement and disclosure**

13. We believe that the significant assumptions used by us in making accounting estimates, including those used in arriving at the fair values of financial instruments as measured and disclosed in the financial statements, are reasonable and appropriate in the circumstances.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities, both financial and non-financial, reflected in the financial statements.
15. All related party transactions have been appropriately measured and disclosed in the financial statements.
16. The nature of all material measurement uncertainties has been appropriately disclosed in the financial statements, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.

17. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
18. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
19. With respect to environmental matters:
  - a) at year end, there were no liabilities or contingencies that have not already been disclosed to you;
  - b) liabilities or contingencies have been recognized, measured and disclosed, as appropriate, in the financial statements; and
  - c) commitments have been measured and disclosed, as appropriate, in the financial statements.
20. The Library Board has satisfactory title to (or lease interest in) all assets, and there are no liens or encumbrances on the Library Board's assets nor has any been pledged as collateral.
21. We have disclosed to you, and the Library Board has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
22. The Harmonized Sales Tax (HST) transactions recorded by the Library Board are in accordance with the federal and provincial regulations. The HST liability/receivable amounts recorded by the Library are considered complete.
23. Employee future benefit costs, assets, and obligations have been determined, accounted for and disclosed in accordance with the requirements of Section PS 3255 *Post-employment benefits, compensated absences and termination benefits* of the Chartered Professional Accountants of Canada (CPA Canada) Public Sector Accounting Handbook.
24. There have been no events subsequent to the date of the statement of financial position up to the date hereof that would require recognition or disclosure in the financial statements. Further, there have been no events subsequent to the date of the comparative financial statements that would require adjustment of those financial statements and related notes, including those related to COVID-19 and its impact on the Library Board.

**Other**

25. We have considered whether or not events have occurred or conditions exist which may cast significant doubt on the Library Board's ability to continue as a going concern, including those related to COVID-19 and its impact on the Library Board, and have concluded that no such events or conditions are evident.

Yours very truly,

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**Darren Solomon, Chief Executive Officer**

# Appendix D – PSAS Accounting developments

Public Sector Accounting Standards	Effective date
<p><b>Section PS 3160 <i>Public Private Partnerships</i></b></p> <p>New Section PS 3160 <i>Public Private Partnerships</i> establishes standards on how to account for public private partnerships between public and private sector entities where infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use and operate and/or maintain the infrastructure. Infrastructure typically includes items such as tangible capital assets (i.e., complex network systems), but may also include items that are intangible in nature. The main features of the new Section are:</p> <ul style="list-style-type: none"> <li>• The infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is also recognized when the public sector entity recognizes an asset.</li> <li>• The infrastructure asset and corresponding liability are initially measured at the cost of the infrastructure asset.</li> <li>• Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset.</li> <li>• Subsequent measurement of the financial liability is at amortized cost using the effective interest method. When all or a portion of the liability represents a performance obligation, revenue is recognized, and the liability reduced in accordance with the substance of the public private partnership agreement (as performance is achieved).</li> <li>• Retrospective or prospective application is permitted.</li> </ul>	<p>Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.</p>
<p><b>Section PS 1000 <i>Financial statement concepts</i>, Section 1201 <i>Financial Statement Presentation</i>, and PSG-8 <i>Purchased intangibles</i></b></p> <p>Section PS 1000 has been amended to remove the prohibition of recognition of purchased intangibles in public sector financial statements. Consequentially, Section PS 1201 has also been amended to remove disclosure requirements for unrecognized purchased intangibles since entities can now recognize purchased intangibles in their financial statements. Entities still reporting in accordance with Section PS 1200 <i>Financial Statement Presentation</i> can also adopt the amendments and recognize purchased intangible assets. New Public Sector Guideline, PSG-8 <i>Purchased intangibles</i>, has been issued to explain the scope of the intangibles that are allowed to be recognized in the financial statements given this amendment to Section PS 1000. However, it is important to note that no further recognition, measurement, disclosure and presentation guidance has been provided.</p> <p>The main features of PSG-8 include:</p> <ul style="list-style-type: none"> <li>• A definition of purchased intangibles</li> <li>• Examples of items that are not purchased intangibles</li> <li>• References to other guidance in the PSA Handbook on intangibles</li> <li>• Reference to the asset definition, general recognition criteria and the GAAP hierarchy for accounting for purchased intangibles</li> <li>• Retrospective or prospective application is permitted.</li> </ul>	<p>Fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.</p>

**Public Sector Accounting Standards**

**Effective date**

**Section PS 3400 Revenues**

New Section PS 3400 *Revenue* establishes standards on how to account for and report on revenue. It does not apply to revenues for which specific standards already exist, such as government transfers, tax revenue or restricted revenues. The Section distinguishes between revenue that arises from transactions that include performance obligations (i.e., exchange transactions) and transactions that do not have performance obligations (i.e., non-exchange transactions). The main features of the new Section are:

- Performance obligations are defined as enforceable promises to provide specific goods or services to a specific payer
- Revenue from transactions with performance obligations will be recognized when (or as) the performance obligation is satisfied by providing the promised goods or services to the payer
- Revenue from transactions with no performance obligations will be recognized when a public sector entity has the authority to claim or retain the revenue and identifies a past transaction or event that gives rise to an asset

\*\*\*NEW\*\*\*

Fiscal years beginning on or after April 1, 2023.

Earlier adoption is permitted.

(NOTE: The effective date was previously April 1, 2022, but as a result of the COVID-19 pandemic, the Public Sector Accounting Board (PSAB) has deferred the effective date by one year.)

**Section PS 3280 Asset retirement obligations**

New Section PS 3280 *Asset Retirement Obligations* establishes standards on how to account for and report a liability for asset retirement obligations. An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset.

Asset retirement costs associated with a tangible capital asset increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner, while asset retirement costs associated with an asset no longer in productive use are expensed. Measurement of the liability for an asset retirement obligation should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date. A present value technique is often the best method to estimate the liability. Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset, or an expense, depending on the nature of the remeasurement or whether the asset remains in productive use.

As a result of the issuance of Section PS 3280, the Public Sector Accounting Board (PSAB) approved the withdrawal of Section PS 3270 *Solid waste landfill closure and post-closure liability* as asset retirement obligations associated with landfills will be within the scope of PS 3280. PS 3280 does not address costs related to remediation of contaminated sites, which will continue to be addressed in Section PS 3260 *Liability for contaminated sites*. Some consequential amendments have been made to PS 3260 to conform with PS 3280 and further clarify the scope of each standard.

\*\*\*NEW\*\*\*

Fiscal years beginning on or after April 1, 2022.

Earlier adoption is permitted.

(NOTE: The effective date was previously April 1, 2021, but as a result of the COVID-19 pandemic, the PSAB has deferred the effective date by one year.)

**Section PS 3450 Financial instruments, Section PS 2601 Foreign currency translation, Section PS 1201 Financial statement presentation, and PS 3041 Portfolio investments**

PS 3450 *Financial instruments* is a new Section that establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. Some highlights of the requirements include:

- a public sector entity should recognize a financial asset or a financial liability on its statement of financial position when it becomes a party to the contractual provisions of the instrument
- financial instruments within the scope of the Section are assigned to one of two measurement categories: fair value, or cost / amortized cost
- almost all derivatives are measured at fair value
- fair value measurement is required for portfolio investments in equity instruments that are quoted in an active market
- other financial assets and financial liabilities are generally measured at cost or amortized cost
- until an item is derecognized, gains and losses arising due to fair value remeasurement are reported in the statement of remeasurement gains and losses when the public sector entity defines and implements a risk management or investment strategy to manage and evaluate the performance of a group of financial assets, financial liabilities or both on a fair value basis, the entity may elect to include these items in the fair value category
- additional disclosures with respect to financial instruments will be required, including the nature and extent of risks arising from a public sector entity's financial instruments

\*\*\*NEW\*\*\*

The new requirements are all required to be applied at the same time.

For governments - Fiscal years beginning on or after April 1, 2022.

For government organizations that applied the CPA Canada Handbook – Accounting prior to their adoption of the CPA Canada Public Sector Accounting Handbook - Fiscal years beginning on or after April 1, 2012.

For all other government organizations - Fiscal years beginning on or after April 1, 2022.

PS 2601 *Foreign currency translation* revises and replaces Section PS 2600 *Foreign currency translation*. Some highlights of the requirements include:

- the deferral and amortization of foreign exchange gains and losses relating to long-term foreign currency denominated monetary items is discontinued

**Public Sector Accounting Standards**

**Effective date**

- until the period of settlement, foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses rather than the statement of operations, unless an irrevocable election is made at initial measurement to recognize exchange gains and losses on a financial asset or financial liability directly in the statement of operations.

PS 1201 *Financial statement presentation* revises and replaces Section PS 1200 *Financial statement presentation*. The main amendment to this Section is the addition of the statement of remeasurement gains and losses.

PS 3041 *Portfolio investments* revises and replaces Section PS 3040 *Portfolio investments*.

The issuance of these new sections also includes consequential amendments to:

- *Introduction to accounting standards that apply only to government not-for-profit organizations*
- PS 1000 *Financial statement concepts*
- PS 1100 *Financial statement objectives*
- PS 2125 *First-time adoption by government organizations*
- PS 2500 *Basic principles of consolidation*
- PS 2510 *Additional areas of consolidation*
- PS 3050 *Loans receivable*
- PS 3060 *Government partnerships*
- PS 3070 *Investments in government business enterprises*
- PS 3230 *Long-term debt*
- PS 3310 *Loan guarantees*
- PS 4200 *Financial statement presentation by not-for-profit organizations*

PSG-6 *Including results of organizations and partnerships applying fair value measurement* was withdrawn as a result of the issuance of these sections.

In April 2020, the PSAB issued amendments to clarify aspects of Section PS 3450's application and add new guidance to its transitional provisions.

The amendments introduce changes to the accounting treatment for bond repurchase transactions. Specifically, the amendments no longer require bond repurchase transactions to be treated as extinguishments, unless they are discharged or legally released from the obligation or the transactions meet certain criteria to be considered an exchange of debt.

The amendments also provide clarification on the application of certain areas of Section PS 3450, these include:

- Section PS 3450 does not apply unless a contractual right or a contractual obligation underlies a receivable or payable
- how a transfer of collateral pursuant to a credit risk management mechanism in a derivative contract is accounted for, and
- derecognition of a financial asset does not occur if the transferor retains substantially all the risks and benefits of ownership

Finally, the amendments have added new guidance to the transitional provisions as follows:

- controlling governments should use the carrying values of the financial assets and liabilities in the records of its government organizations when consolidating a government organization
- any unamortized discounts, premiums, or transaction costs associated with a financial asset or financial liability in the cost/amortized cost category should be included in the item's opening carrying value, and
- in cases where derivatives were not recognized or were not measured at fair value prior to adopting PS 3450, any difference between the previous carrying value and fair value should be recognized in the opening balance of accumulated remeasurement gains and losses

Earlier adoption is permitted.

(NOTE: For public sector entities other than government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook, the effective date was previously April 1, 2021, but as a result of the COVID-19 pandemic, the PSAB has deferred the effective date by one year.)

## Strategic plan for not-for-profit organizations in the public sector

Since 2012, government not-for-profit organizations (GNPOs) have been required to adopt PSAS but were given the option of applying the specific GNPO accounting standards in PSAS. Some GNPOs have utilized those standards, while others have not. The PSAB recognized that a “one-size-fits-all” approach may not be appropriate for all stakeholders. As a result, in PSAB’s 2017-2022 Strategic Plan, the Board signaled intent to understand the needs and concerns of GNPOs and consider if some standards should be applied differently by them. In 2018, PSAB consulted with over 100 GNPO stakeholders to understand their fiscal and regulatory environment, their financial reporting needs, and their financial reporting perspectives in its first Consultation Paper. Diversity in the financial reporting framework, presentation of net debt and fund accounting, the impact of balanced budget requirements and endowments were some of the items stakeholders raised. In January 2021, PSAB released a second Consultation Paper. The purpose of the paper is to:

- summarize the feedback to Consultation Paper I;
- describe the options considered for a GNPO Strategy;
- describe the decision-making criteria used to evaluate the options; and
- propose a GNPO Strategy.

The deadline to respond to the Consultation paper is May 12, 2021.

## International strategy

The PSAB has reviewed its current approach towards International Public Sector Accounting Standards (IPSAS) with the intent of developing options for its International Strategy. At its May 2020 meeting, PSAB decided that it will adapt IPSAS principles when developing future Canadian Public Sector Accounting Standards for the Public Sector Accounting Handbook. PSAB has issued a brief document summarizing its decision and what it means, entitled [In Brief – A plain and simple overview of PSAB’s 2020 decision to adapt IPSAS principles when developing future standards](#), as well as the [Basis for Conclusions](#) on how it reached its decision. This decision will apply to all projects beginning on or after April 1, 2021.

## Concepts underlying financial performance

In response to feedback from stakeholders, the PSAB is proposing changes to its conceptual framework and its reporting model with a focus on measuring the financial performance of public sector entities. A conceptual framework is a clear set of related concepts that act as the foundation for the development of standards and the application of professional judgment. In January 2021, PSAB issued four important exposure drafts:

- *The Conceptual Framework for Financial Reporting in the Public Sector* - PSAB has proposed to issue a revised Conceptual Framework that would include 10 chapters:
  - Chapter 1: Introduction to the Conceptual Framework
  - Chapter 2: Characteristics of public sector entities
  - Chapter 3: Financial reporting objective
  - Chapter 4: Role of financial statements
  - Chapter 5: Financial statement foundations
  - Chapter 6: Financial statement objectives
  - Chapter 7: Financial statement information
  - Chapter 8: Elements of financial statements

- Chapter 9: Recognition and measurement in financial statements
- Chapter 10: Presentation concepts for financial statements

The proposed Conceptual Framework would replace the existing conceptual framework in Section PS 1000 *Financial Statement Concepts* and Section PS 1100 *Financial Statement Objectives*

- *Financial Statement Presentation, Proposed Section PS 1202* – PSAB has proposed replacing the existing reporting model standard in Section PS 1201 *Financial Statement Presentation*. The proposed changes would make some significant changes to financial presentation for public sector entities
- *Consequential Amendments Arising from the Proposed Conceptual Framework* – This Exposure Draft will summarize the implications for the rest of the CPA Canada Public Sector Accounting (PSA) Handbook; and
- *Consequential Amendments Arising from the Financial Statement Presentation Standard, Proposed Section PS 1202* – This Exposure Draft will summarize the implications for the rest of the PSA Handbook as a result of new proposed Section PS 1202.

The deadline for responses to the exposure drafts is May 12, 2021.

DRAFT

# Appendix E – Auditing developments

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## Canadian Auditing Standards (CASs) and other Canadian Standards issued by the AASB

## Effective date

### Revisions to CAS 540 *Auditing Accounting Estimates, including Fair Value Accounting Estimates, and Related Disclosures*

In June 2018, the IAASB approved a revised version of ISA 540 *Auditing Accounting Estimates and Related Disclosures*. In revising the standard, the IAASB focused on improving the scalability of the ISA to very simple accounting estimates, as well as the most complex accounting estimates. The AASB concluded that the changes to the ISA would be adopted as CASs, with no special amendments being necessary with respect to the Canadian auditing environment. The key changes to the revised standard include:

- Explicit recognition of the spectrum of inherent risk and introduction of concept of inherent risk factors
- Requirement for enhanced risk assessment procedures relating to understanding the entity, including internal control
- Inclusion of objectives-based work effort requirements directed to methods, data and assumptions when responding to the risks of material misstatement
- Enhanced “stand back” requirement for audit evidence obtained, including an increased emphasis on professional scepticism
- Clarification of the relationship between CAS 540 (revised) and the other CASs and the requirements when using the work of management’s expert as audit evidence in testing how management made the accounting estimate

The revised standard is effective for audits of financial statements with periods beginning on or after December 15, 2019.

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### Revisions to CAS 315 *Identifying and Assessing Risks of Material Misstatement*

In July 2018, the IAASB issued an Exposure Draft proposing changes to ISA 315 that could drive more consistent and effective identification and assessment of the risks of material misstatement by auditors. The AASB published an Exposure Draft of the equivalent Canadian standard, which included the same proposed revisions as the ISA with no Canada-specific amendments. The revised CAS 315 has been issued and key amendments to the standard include the following:

- Focusing on the applicable financial reporting framework in identifying and assessing risks of material misstatement
- Updating the understanding of the system of internal control, including clarifying the work effort for understanding each of the components of internal control and “controls relevant to the audit”, as well as the relationship between this understanding and the assessment of control risk
- Updating aspects relating to IT, in particular to the IT environment, the applications relevant to the audit and general IT controls relevant to the audit
- Introducing the new concepts of inherent risk factors, relevant assertions, significant classes of transactions, account balances and disclosures, and the spectrum of inherent risk

Separating the inherent risk and control risk assessments for assertion level risks, enhancing the requirements relating to financial statement level risks, and updating the definition of “significant risks”

Periods beginning on or after December 15, 2021.

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**Report Subject:** Circulation Policy Update Report

**Report For:** Approval

**Meeting Date:** June 22, 2021

**Staff Report #:** SRLIB21.17

**To:** Richmond Hill Public Library Board

**From:** Karen Wales, Manager, Customer Services

### **SUMMARY**

In keeping with other Richmond Hill Public Library policies and after a review of comparator libraries and best practices, several changes were made to the Circulation Policy this year during our annual review of the policy.

These updates create greater equity and inclusiveness for the community, simplify and improve the customer experience to engage with us, remove procedural elements that should be separated from Policy, and improve general clarity through language tweaks.

### **RECOMMENDATION**

That the Richmond Hill Public Library Board:

1. Approve the Circulation Policy, as amended (Attachment 2), effective immediately and to be implemented once internal processes are in place.

## **RATIONALE**

### **Background**

Richmond Hill Public Library's Circulation Policy guides us to serve all of our customers in an accurate, consistent, equitable, and accountable manner, and ensures access to library materials for everyone.

The Circulation Policy is reviewed annually. Best practices from other public libraries are also reviewed and compared so the policy can remain relevant.

### **Proposed revisions**

This year major changes are proposed in order to be more equitable and inclusive to all residents of Richmond Hill, and to provide them a more frictionless customer experience to engage with us.

Key updates include:

- Language clarifications;
- General procedures were removed to be separate from Policy; any relevant procedures impacting customers will be shifted to public spaces, such as the website;
- Fines were removed to reflect the proposed *Fine-Free Report* at the June, 2021 Board Meeting;
- Add service fee for any Interlibrary Loans that are not picked up, to reflect the work involved;
- Additional card categories were added, including Ease of Access and Visitor cards, to enable greater equity and inclusion;
- Card renewals have been shifted to every two years instead of annually, which will reduce effort for both customers and staff.

Detailed proposed revisions to the Policy are as follows:

- **1.0 Purpose and Scope**
  - Clarify language
- **2.1 General**
  - Remove, relocate and clarify language
- **2.2 Special Needs Status**
  - Delete this section as well as the corresponding attached form, if proposed Fine-Free Report is approved
  - Replace with **2.2 Eligibility**
- **2.3 Non-Resident**
  - Move to **4.2 Additional Card Types**
- **3.1 Requirements**
  - Delete lists of possible identification examples and move information to Richmond Hill Public Library's website instead
  - Clarify language
- **3.2 Online Registration**
  - Delete and move information to website
- **4.1 Annual Renewal**
  - Move to **4.3 Biennial Renewal**
  - Replace with **4.1 Card Types**
  - Clarify language for basic card types
- **4.2 Number of Cards**
  - Move to **4.4 Number of Cards**
  - Replace with **4.2 Additional Card Types**
  - Add Visitor card so those visiting Richmond Hill have the opportunity to use the Richmond Hill Public Library's material and services for an appropriate fee
  - Add Non-Resident card information here

- Add new Ease of Access card to allow customers who are disadvantaged the dignity of a Library Card and use of the Library's materials and services
- **4.3 Lost Library Cards**
  - Move to **4.5 Number of Cards**
  - Replace with **4.3 Bi-Annual Renewal**
    - Clarify language
- **5.1 General**
  - Simplify and move information to website
- **5.2 - 5.8**
  - Delete and move information to website
- **5.9 Suspension of Borrowing Privileges**
  - Move to **5.2**
  - Clarify language
- **5.10 Lost and Damaged Material**
  - Move to **5.3**
  - Clarify language
- **5.11 Refunds**
  - Move to **5.4**
  - Clarify language
- **5.12 Interlibrary Loan Materials**
  - Move to **5.5**
  - Add a charge to customers who do not pick up requested interlibrary loan material. Interlibrary loans are labour-intensive for both the borrowing and loaning library and requires the Library to pay for postage since SOLS (now OLS) courier service was cut.
- **5.13 Electronic resources**
  - Delete and move information to website
- **5.14 Collection agency**
  - Delete mention of overdue fines
  - Clarify language

## **Related Policies**

Changes will be made to any related policies upon approval.

**Fees and Service Charges Policy** September 2020

**Code of Conduct – Customer** December 2014

**Visiting Library Service Policy** May 2018

## **ATTACHMENTS**

1. **Circulation Policy** September 2020
2. **Circulation Policy** June 2021



## Richmond Hill Public Library Board

# CIRCULATION POLICY

### 1.0 Purpose and Scope

The Richmond Hill Public Library Circulation Policy is intended to consolidate all aspects of RHPL policies regarding circulation of materials. The Policy allows Richmond Hill Public Library to serve all customers in an accurate, consistent, equitable and accountable manner.

### 2.0 Library Membership

#### 2.1 **General**

Richmond Hill Public Library cards are free to all persons who live, work or attend school in Richmond Hill, Aurora, East Gwillimbury, Georgina, King Township, Markham, Newmarket, Vaughan and Whitchurch Stouffville (York Region Public Libraries Partnership (YRPLP)). YRPLP came into effect May 1, 2017.

Children 13 years of age and younger require signed permission of a parent or guardian to obtain a library card. Parents and guardians are responsible for the selection, usage and safe return of library materials borrowed by their children.

Customers are responsible for all materials issue on their card. Signing the library card implies acceptance of and adherence to all the rules and

regulations of Richmond Hill Public Library. The signatory (or the parents/guardians if the cardholder is under 18 years of age) is responsible for all fines and damage or loss of materials.

Changes in personal information such as address, telephone number or email address, as well as loss or theft of library cards, should be reported immediately.

Membership cards are not transferable for use by another person.

## **2.2 Special Needs Status**

People with disabilities as defined by the Accessibility for Ontarians with Disabilities Act may apply for Special Needs Status to be exempt from paying fines on overdue materials (Section 5.7). Applicants must complete a form (Attached: Attachment 6.1).

Special Needs cardholders will still be responsible for lost or damaged materials signed out on their card.

## **2.3 Non-Resident**

There is an annual fee of \$60.00 per person to all non-residents of Richmond Hill (exclusive of YRPLP member libraries).

## **3.0 Registration**

### **3.1 Requirements**

When registering to become a member of Richmond Hill Public Library a phone number is required and personal identity and address must be verified by the Library. Provision of a valid email address is recommended. Current identification (ID) providing name and address must be presented in paper or electronic copy. If non-photo ID two (2) pieces are required.

#### **Adults (18 year of age and over):**

- Valid Driver's License
- Ontario Motor Vehicle Permit
- Staff identification or pay stub or direct deposit stub
- Utility bill
- Personal cheque
- Bank statement
- Mortgage, rental or lease agreement
- Any other source of identification that gives the customer's name and current address (preferably photo ID)

**Youth (14 – 17 years of age):**

- Valid Driver's License
- Report card with address
- Bank statement
- Bill (E.g. cell phone)
- Pay stub or direct deposit stub
- Magazine subscription
- Any other source of identification that gives the customer's name and current address (preferably photo ID)

A youth, who meets the criteria above, may apply for their own library card upon reaching the age of 14, subject to verification of address. Parental responsibility for a youth's fines and penalties continues until the age of 18.

**Children (birth – 13 years of age):**

- Parents/guardian's identification and proof of address
- Signature of parent/guardian on library card



### **3.2 Online registration**

A Richmond Hill Public Library card can be obtained by all eligible customers by filling in our online form. Upon successful completion your new library card number will be sent to your email address. Use this number along with your chosen PIN to immediately access Richmond Hill Public Library's e-resources. The online registration is valid for sixty (60) days. To ensure continued use please bring your current ID, as noted above, and pick up your library card at your chosen branch location between seven (7) to sixty (60) days from time of registration.

## **4.0 Library Cards**

### **4.1 Annual Renewal**

A customer's library card expires annually. At the time of expiration, the customer's name, mailing address, email address and telephone number are verified.

Annually, all outstanding monies owing to the Library must be paid in full before the customer's library card can be renewed.

### **4.2 Number of Cards**

A registered customer of the Richmond Hill Public Library should have in their possession only one (1) Richmond Hill Public Library Card.

### **4.3 Lost Library Cards**

There is a \$2.00 replacement fee for lost library cards.

## **5.0 Borrowing Privileges**

### **5.1 General**

With your library card you can borrow books, movies, CDs and much more. It gives you access to online databases that support your academic

studies, facilitate your curiosity, and inform your life choices. Your library card also gives you access to downloadable material such as e-books and e-audiobooks, e-magazines, movies and music.

A valid Richmond Hill Public Library card must be presented each time materials are borrowed.

Borrowing of the following materials has age restrictions:

- To borrow DVDs rated “AA” or “PG14”, a customer must be 14 years of age or older;
- To borrow DVDs rated “R” (classified by the Ontario Film Review Board as “admittance restricted to persons 18 years of age and older”), a customer must be 18 years of age or over and must show proof of age upon request.

## **5.2 Loan periods**

The regular loan period for materials is three (3) weeks, unless otherwise specified, as follows:

- |                               |         |
|-------------------------------|---------|
| • DVDs                        | 7 days  |
| • Book Express books          | 7 days  |
| • High demand materials       | 2 weeks |
| • Children’s holiday material | 2 weeks |
| • iPads                       | 3 hours |

## **5.3 Loan limits**

The Library reserves the right to limit the number of items borrowed.

## **5.4 Renewals**

Most items may be renewed ten (10) times.

The following items can only be renewed two (2) times:

- Children's DVDs
- Music CDs
- Magazines

The following items cannot be renewed:

- DVDs – theatrical/feature films
- Book Express books
- High demand materials
- Materials with holds
- iPads

Renewals may be requested in person, by telephone, or on the Library website.

## **5.5 Holds**

Holds may be placed on eligible circulating materials in person, by telephone, or on the Library website.

When picking up holds, the customer must bring the card on which the hold was placed.

## **5.6 Return time**

All material may be returned to any branch of Richmond Hill Public Library during operating hours. When the Branches are closed, material may be returned via the outside drop box.

Items are due on the date indicated on the receipts provided.

## **5.7 Fines**

Overdue charges are not applicable through December 31, 2021.

## **5.8 Overdue notification**

Customers will be notified when material is four (4) days overdue and at one (1) week, two (2) weeks, and three (3) weeks overdue. When material is four (4) weeks overdue, customers will be billed for material not returned. All bills will be removed if the material is returned in good condition.

## **5.9 Suspension of Borrowing Privileges**

Customers will be notified when their library account reaches \$25 or more in overdue fines and/or bills. All Library privileges will be suspended once this threshold is reached.

## **5.10 Lost and Damaged Material**

Customers are required to report lost or damaged material at the earliest possible opportunity. Customers will be charged when materials claimed to have been returned have not been located within three (3) months.

Charges for lost and damaged materials are based on the full replacement cost including costs to acquire, catalogue and process the item. A non-refundable processing fee of \$5.50 plus HST will be assessed at this time.

Items returned in incomplete or partially damaged condition may result in an appropriate service charge.

Replacement copies or donations in lieu of payment are not accepted.

## **5.11 Refunds**

The time limit for refunds for payment of lost materials is three (3) months from the date of payment. Customers must produce their receipt to receive the refund.

### **5.12 Interlibrary Loan Materials**

The borrower is responsible for the full replacement cost of lost or damaged items, as assessed by the lending library. Outstanding balances for these charges will be reflected on the customer's record and RHPL policies regarding delinquent accounts will apply.

### **5.13 Electronic resources**

Loan periods and borrowing limits as specified on the vendor's site (e.g. Overdrive, cloudLibrary, Hoopla).

### **5.14 Collection Agency**

It is the responsibility of the customer to ensure that all materials are returned on time. RHPL employs a third-party collection agency to help encourage customers with overdue materials and/or bills to return Library materials or pay bills in arrears. The prompt return of Library materials enables their availability for other customers.

A non-refundable administrative fee of \$20.00 is added to all customer accounts sent to the collection agency. All fines and fees must be paid in full in order to reinstate borrowing privileges.

## **6.0 Attachments**

### **6.1 Application for Special Needs Status**

## **7.0 Related Policies**

1. Fines and Service Charges (April 2018)
2. Code of Conduct – Customer (December 2014)
3. Visiting Library Service Policy (May 2018)

*Enriching Your Connections, Choices and Community*

<b>Dates</b>	<b>Motion #</b>
<b>Approval Date:</b> September 22, 2020	# 20:52
<b>Date of Last Revision:</b> April 3, 2020	# 20:31

NOTE: Copies of Application for Special Needs Status (Attachment #1) available at any branch of Richmond Hill Public Library.



## Richmond Hill Public Library Board

# CIRCULATION POLICY

### 1.0 Purpose and Scope

The Richmond Hill Public Library *Circulation Policy* applies to all customers of the Richmond Hill Public Library. It allows Richmond Hill Public Library to serve all customers in an accurate, consistent, equitable, and accountable manner.

### 2.0 Library Membership

#### 2.1 General

Customers are responsible for all materials issued on their card. Signing the library card, or accepting our terms online, implies acceptance of and adherence to all the rules and regulations of Richmond Hill Public Library. The signatory (or the parent/guardian if the cardholder is under 18 years of age) is responsible for all fees, damage charges or loss of materials.

Changes in personal information such as address, telephone number or email address, as well as loss or theft of library cards, must be reported immediately.

Membership cards are not transferable for use by another person.

Amounts for any charges or fees can be found in the *Fees and Service Charges Policy*

## **2.2 Eligibility**

Richmond Hill Public Library cards are free to all persons who live, work or attend school in Richmond Hill, Aurora, East Gwillimbury, Georgina, King Township, Markham, Newmarket, Vaughan and Whitchurch Stouffville (York Region Public Libraries Partnership (YRPLP)).

## **3.0 Registration**

### **3.1 Requirements**

When registering to become a member of Richmond Hill Public Library confirmation of eligibility must be provided and verified either in person or online. To receive a free card, proof of current personal identification (ID) that provides name and address is required, as well as proof of working or going to school in York Region if living outside the region. Provision of a valid email address is recommended.

If non-photo ID is used then two (2) pieces of ID are required. For those who work or go to school in York Region but do not live within it, staff identification, pay stub, student card or report card are examples of proof of eligibility.

To obtain a library card for a child (age 0 – 13 years) a parent/guardian's identification and proof of address as well as the signature of the parent/guardian on the child's library card are required.

## **4.0 Library Cards**

### **4.1 Card Types**

#### **Child (0 – 13 years of age)**

Children 13 years of age and younger require signed permission of a parent or guardian to obtain a library card. Parents and guardians are responsible for the selection, usage and safe return of library materials borrowed by their children.



**Student (14 – 17 years of age)**

A student/youth (14 -17) may apply for their own library card without signed consent of a parent or guardian, subject to verification of address. Parental responsibility for a youth's penalties continues until the age of 18.

**Adult (18 years or older)****4.2 Additional card types****Visitor Card**

Customers who are residing in Richmond Hill temporarily without a proof of a permanent address in Richmond Hill can obtain a Library card for a monthly fee up to a total of six (6) months, after which the non-resident annual fee would apply. Proof of identity and permanent address are required as well as your temporary local address.

**Non-Resident Card**

There is an annual per person fee per for all non-residents of Richmond Hill (exclusive of YRPLP member libraries) who wish a Library card for longer than six (6) months. Non-resident cards expire annually.

**Ease of Access Card**

Customers who are not able to provide proof of address may obtain a Library card that allows full access to RHPL's e-resources and computers but limited physical materials. Up to 5 holds and 5 physical materials (with the exception of iPads and Chromebooks) may be borrowed at a time on this card. Further materials may be borrowed upon return of previously borrowed material. Use of the physical collection will be suspended if material is lost or damaged.

Ease of access cards expire biennially and need to be applied for in person with proof of identity. If address requirements are later supplied the card can be converted to a regular card.

#### **4.3 Biennial Renewal**

With the exception of the additional cards previously noted, a customer's library card expires biennially. At the time of renewal, the customer's name, mailing address, email address (if any) and telephone number (if any) need to be verified online or in person. Students, children, and customers living outside York Region will need to renew in person.

Biennially, all outstanding monies owing to the Library must be paid in full before the customer's library card can be renewed.

#### **4.4 Number of Cards**

A registered customer of the Richmond Hill Public Library may only have one (1) Richmond Hill Public Library Card assigned in their name and must report any card loss to the Library as soon as they are aware. Customers are responsible for all outstanding monies or materials on any card found in their name.

#### **4.5 Lost Library Cards**

There is a replacement fee for lost library cards.

### **5.0 Borrowing Privileges**

#### **5.1 General**

A valid Richmond Hill Public Library barcode must be presented each time materials are borrowed.

Loan periods, limits, renewals, holds, age restrictions, notifications and their frequency, and return times are all noted in detail on our website [www.rhpl.ca](http://www.rhpl.ca)

## **5.2 Suspension of Borrowing Privileges**

Customers will be notified when their library account reaches \$25 or more in bills. All Library privileges will be suspended once this threshold is reached. Library privileges are restored once material is returned or monies paid put the account below \$25. If the account is up for renewal the account needs to be paid in full in order to renew and restore full privileges.

## **5.3 Lost and Damaged Material**

Customers are required to report lost or damaged material at the earliest possible opportunity.

A customer will be charged full replacement cost for any lost or damaged material. Full replacement cost for a claimed returned material, a material that a customer believes they have already returned, will be charged if the material has not been found by the Library 3 months after it was claimed to have been returned.

Charges for lost, damaged, or claims returned materials are based on the full replacement cost including costs to acquire, catalogue and process the item. A non-refundable processing fee plus HST will also be charged at this time.

Material will be considered lost and billed when it is four (4) weeks overdue. All bills will be removed if the material is returned in good condition.

Items returned in incomplete or partially damaged condition will result in the assessment of costs needed to return the title to a condition suitable

for loan. In some cases, the full replacement fee and the non-refundable processing fee plus HST will be charged.

Replacement copies or donations in lieu of payment are not accepted.

#### **5.4 Refunds**

If a customer finds, and returns in good condition, lost material that they have already paid for they are eligible for a refund. The time limit for refunds for payment of lost materials is three (3) months from the date of payment. Customers must produce their receipt to receive the refund.

#### **5.5 Interlibrary Loan Materials**

The borrower is responsible for the full replacement cost of lost or damaged items, as assessed by the lending library, as well as a non-refundable processing fee plus HST. Outstanding balances for these charges will be reflected on the customer's record and RHPL policies regarding delinquent accounts will apply.

Customers who do not pick up their requested interlibrary loan in the time-frame given will be charged a service fee.

#### **5.6 Collection Agency**

RHPL employs a third-party collection agency to help facilitate the return of lost material and/or payment of bills in arrears.

A non-refundable administrative fee is added to all customer accounts sent to the collection agency. All monies owed must be paid in full in order to reinstate borrowing privileges.

### **6.0 Related Policies**

1. Fees and Service Charges (September 2020)
2. Code of Conduct – Customer ( December 2014)

3. Visiting Library Service Policy (May 2018)

*Enriching Your Connections, Choices and Community*

<b>Motion #:</b>	<b>XX:XX</b>
<b>Approval Date:</b>	June 22, 2021
<b>Date of Last Revision:</b>	September 22, 2020



**Report Subject:** Fine-Free Recommendation Report

**Report For:** Approval

**Meeting Date:** June 22, 2021

**Staff Report #:** SRLIB21.18

**To:** Richmond Hill Public Library Board

**From:** Karen Wales, Manager, Customer Services

## **SUMMARY**

RHPL staff recommend implementing Fine-Free status at Richmond Hill Public Library permanently. This report outlines context and rationale to support the recommendation along with the benefits and drawbacks of the fine-free status.

Fine-free at RHPL is being proposed for these key reasons:

1. **Access** - As data shows, fines are a barrier to access library services and removal of fines breaks down those barriers for all members of the community, no matter their background and economic status, and enhances the public's engagement with the library.

2. **Reputation** - The elimination of late fines for overdue materials has quickly become a standard in a modern and progressive 21<sup>st</sup> century library systems. Adopting a fine-free position will also significantly improve the experience for both customers and staff, especially in a post COVID-19 world. As well, this direction aligns with early conversations about the strategic vision of the library as a true community hub.

3. **Opportunity Cost** - Revenues collected through fines are not a substantial source of funding for the Library (only \$62,700 in 2019, which was only 0.68% of net Library Budget), and they have been consistently declining over the past five years. This downward trend is expected to continue with the growth in digital collections use, and workflow efficiencies by eliminating the collection of fines will allow us to optimize our efforts against more strategic and value-driven activities that come out of our new strategic plan.

### **RECOMMENDATION**

That the Richmond Hill Public Library Board:

1. Approve the removal of late fines permanently for all materials, effective immediately.

### **RATIONALE**

#### **Background**

Until the Library's closure due to the pandemic in March 2020, RHPL charged customers late fines when their material was returned past the due date. Fines were levied based on the number of days the title was returned late. Traditionally it has been thought that using late fines would encourage customers to bring their material back on time. Instead, what has been discovered is that late fines do not change customer behaviour; it just penalizes them for it and discourages further library usage. Further, customers whose access to service is most impacted due to unpaid fines tend to be those with young children, teens, newcomers, and seniors – all of whom have important needs for libraries and who are core library users.

The Library also charges fees for lost or damaged material. If a customer does not return a title or returns it damaged or incomplete, they are charged the replacement cost plus a processing fee. These fees, and revenues, would still apply and are not negated when a library is fine-free.

Accordingly, staff recommend that the Library employs a fine-free policy permanently.

## Benefits of Going Fine-Free

1. **Access** - Fine-free status will break down barriers to library services for all members of the community no matter their background and economic status and enhance the public's engagement with the library. Anticipated positive results of the fine-free status are:

- Increased customer access to materials and services
  - Late fines act as a barrier to access. They lead to suspended accounts and can dissuade customers from borrowing materials or from getting a library card.
- Increased usage/circulation of library resources and materials
  - Research demonstrates that fine-free models implemented across public libraries in North America have resulted in increased circulation and memberships and did not have a negative impact on return of materials. For example, the Stark County District Library (Ohio) waived late fees in 2014 and saw an 11% increase in circulation within one year, an increase in items checked out, and no significant increase in lost items<sup>1</sup>. Salt Lake City saw an 11% increase in checkouts and borrowers in the year after going fine free<sup>2</sup>.
  - Despite the common perception that fees result in higher accountability to return library materials on time, data shows otherwise. A 2019 interview survey of nine library systems that had eliminated fines found that none had experienced an increase in late returns, longer hold waits or collection gaps.<sup>3</sup>
- Reduction of the inequitable impact of late fines
  - Late fines disproportionately impact people with important needs, including families with young children, teens, newcomers, and seniors.

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<sup>1</sup> Marx, Anthony W. The case against library fines—according to the head of The New York Public Library, December 18, 2017.

<sup>2</sup> Bromberg, Peter. Impact of Going Fine Free. April 17, 2018. p.1

<sup>3</sup> Office of the Treasurer & Tax Collector, City and County of San Francisco. Long Overdue: Eliminating Fines on Overdue Materials to Improve Access to San Francisco Public Library, January 2019. p. 6.



2. **Reputation** - A fine-free policy change aligns with modern library practices, will improve the Library's customer experience, especially, in a post COVID-19 world, and build the library's value within the community.

- Across North America over the last three years, a consistently increasing numbers of public libraries have been eliminating late fines for library materials in the interest of reducing barriers to accessing library service. In Ontario, over 27 public libraries are completely fine-free, including Vaughan, Newmarket, Bradford West Gwillimbury, Innisfil, Oakville, Barrie, London, Ottawa, among others<sup>4</sup>. Elsewhere in Canada, Edmonton, Calgary, Halifax and Saskatoon are among the fine-free libraries. In addition to those libraries that have already gone fully fine-free, there is momentum across North America from other library systems who have adopted partial eliminations and who are bringing this full policy change proposal to their boards, Toronto Public Library being one of them.
- As opposed to building a relationship of trust, discovery and equity with our customers, conversations around fines create an environment of anxiety, fear and shame among many of our users. As a community hub, we need to strive towards building positive emotional and memorable customer experiences rather than transactional ones.
- Based on our existing policy, in early 2020 when fines were last charged, the list of total blocked accounts due to fines had hit 1,322 people who were not able to access library materials anymore. As evidenced by data shown earlier, with the elimination of late penalties we expect to not only re-engage lapsed users to return to the library, but we also expect to see new non-users who had previously avoided using the library begin to leverage our services.
- The impacts of the COVID-19 pandemic have created new social and economic realities for many of our customers, and eliminating fines would open up opportunities for them to access RHPL's programs and services when they need it most.

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<sup>4</sup> <https://librarianship.ca/features/fine-free-libraries-in-canada/>

**3. Opportunity Cost** - Fine revenue is not a significant source of revenue for RHPL and has been on a downward trend for the last five years with the growth in digital collections use. As well, there will be efficiencies in staff's workflows by eliminating the collection of fines.

- In 2019, the revenue from fines was only \$62,700 which makes up only 0.68% of the library's annual net budget.
- We have seen steady and continued declines in late fine revenues as we have seen continued increases in the use of our digital collections (see chart: *5 year trend in Fines collected*)<sup>5</sup>. Looking ahead, with digital adoption reaching critical mass through COVID-19 and digital being an area of growth for RHPL, these fines are expected to continue declining.
- Collecting late fines can be time-consuming, lead to conflicts with customers, and reduce staff time engaging in other forms of public engagement. Eliminating procedures related to fine collection optimizes staff time towards the value-oriented activities where time should be spent.
- The cost of collecting late fines can be high considering the staff time applying, collecting, and managing fines. In 2019, it is estimated that the library spent a minimum of \$34,000 in processing payments for late fines<sup>6</sup>. This does not include administration time ranging from cash handling to managers' assistance in customer conversations to financial reporting related to fines. In all, the cost of managing late fines would likely be close to the revenue collected, reducing or offsetting the net impact. Some libraries, such as the Colorado State Library, have argued that when you factor in the staff time it takes to collect fines, the cost of collecting the fines exceeds the revenue generated<sup>7</sup>.

<sup>5</sup> **5 year trend in Fines collected**

Year	2015	2016	2017	2018	2019
Fines collected*	\$80,655	\$73,111	68,986	\$66,894	\$62,674

<sup>6</sup> 15,055 overdue fine payment transactions x 5 min/transaction x cost in staff time

<sup>7</sup> Depriest, M. (2019) Colorado State Library. Removing Barriers to Access: Eliminating Library Fines and Fees on Children's Materials. Retrieved from <https://www.cde.state.co.us/cdelib/removingbarrierstoaccess>

- As part of strategic planning, the Library will be looking at new diversified revenue generating strategies to offset the reduced revenue in the long term.
- Research has found that there is no discernible difference in return rates<sup>8</sup> when the fine-free initiative is implemented; rather returns are prompted by notices and reminders. This means the Library does not expect to incur new incremental costs in material replacement.

## **Proposed Revisions**

The Fine-Free Recommendation Report has two related policies. Once approved, changes from the Fine-Free Recommendation Report will be incorporated into the Circulation Policy and the Fees and Service Charges Policy.

The proposed revisions to the two related policies are noted below by individual policy.

### **Circulation Policy**

- Deletion of **2.2 Special Needs Status** and accompanying attached form
- Deletion of section **5.7 Fines**

### **Fees and Service Charges Policy**

- Deletion of section **3.0 Fines**

## **Related Policies**

**Circulation Policy** September 2020

**Fees and Service Charges Policy** September 2020

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<sup>8</sup> Chicago Public Library saw a 240% increase in overdue material returns in the month after going fine free in September 2019.