



# City of Richmond

## Report to Committee

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**To:** Finance Committee **Date:** April 15, 2020  
**From:** Andrew Nazareth **File:** 03-0905-01/2020-Vol  
General Manager, Finance and Corporate 01  
Services  
**Re:** **2019 Financial Statements for the Richmond Public Library**

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### Staff Recommendation

That the 2019 Richmond Public Library audited financial statements for the year ended December 31, 2019, as presented in the attached report from the Chief Librarian, be received for information.

Andrew Nazareth  
General Manager, Finance and Corporate Services  
(604-276-4095)

REPORT CONCURRENCE	
SENIOR STAFF REPORT REVIEW	INITIALS: CN
APPROVED BY CAO 	

To: Finance Committee

From: Susan Walters, Chief Librarian

Re: 2019 Financial Statements of the Richmond Public Library Board

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**Recommendation**

That the 2019 Financial Statements of the Richmond Public Library Board be received for information.



Susan Walters  
Chief Librarian & Secretary to the Board  
Richmond Public Library

Attachment:  
Financial Statements of Richmond Public Library Board Year Ended December 31, 2019

**Origin**

The Library Act, Part 2, Section 11(2) states: "The library board must provide to the municipality annual financial statements that have been audited in the same manner and at the same time as the financial statements of the municipality."

This report deals with the 2019 financial statements of the Richmond Public Library Board.

**Analysis**

Please see the attached Draft Financial Statements of the Richmond Public Library Board for the year ended December 31, 2019. The library's financial statements are prepared in accordance with Canadian public sector accounting standards.

KPMG did not identify any control deficiencies that they consider to be significant deficiencies in internal control for financial reporting.

The Library's Finance and Audit committee reviewed the statements on March 6, 2020 and the Library Board approved them at their regular meeting on Wednesday, March 25, 2020.

**Statement of Financial Position**Financial Assets

The amount due from the City of Richmond (\$2,078,846) increased by \$3,361 and accounts receivable decreased to (\$20,485) in the normal course of business.

Liabilities

Accounts payable and accrued liabilities as of December 31, 2019 were \$1,187,264 and primarily included accrued payroll liabilities and post-employment benefits. Deferred revenue of \$62,234 is the amount of restricted donations received. Donation revenue is recognized in the year in which the related expenses are incurred.

Non-Financial Assets

As of December 31, 2019 the library had \$3,176,057 in tangible capital assets, which includes the library's collections, computer hardware and software, equipment and furniture. Note 6 in the financial statements contains a breakdown of cost, accumulated depreciation and net book value.

The 2019 net book value of tangible capital assets declined by \$59,348 due to a decline in the collection's net book value as a result of amortization exceeding additions as more resources were allocated to digital books and multimedia.

Prepaid expense of \$491,632 consists of e-book subscriptions with durations longer than one year.

Accumulated Surplus

The accumulated surplus at December 31, 2019 was \$4,517,522 and consists of tangible capital assets of \$3,176,057, appropriated surplus of \$390,120 and surplus of \$954,944. Appropriated surplus included \$142,676 approved for capital expenditures and \$33,401 for library operations.

**Statement of Operations**Revenue

The library received \$9,710,500 in contributions from the City, \$376,528 from grants, \$287,339 from fines and miscellaneous charges and \$20,532 from investment income. Book fine revenue decreased from year to year but was higher than budget. Online services increased and other libraries improved their

collections, causing InterLINK revenues to fall slightly by \$2,138. Miscellaneous income was slightly higher than 2018 by \$5,345 due to higher WorkSafe recovery and change in accounting practice for donated materials. Donation revenue matches the donations expenses incurred during 2019. The 2019 figure of \$66,063 was an increase of \$18,539 over the previous year.

#### Expenses

Salaries and benefits had a budget unfavourable variance of \$96,274 due to vacation and sick coverage and were \$594,155 higher than 2018 mainly due to 2% collective agreement increase and number of vacant positions in 2018.

Amortization of tangible capital assets is on a straight-line basis with library collections over 4 to 20 years, furniture and fixtures over 10 to 20 years and equipment over 5 to 10 years. In 2019 this amounted to \$1,127,629.

Library collections and databases include "eBooks", multimedia, databases, newspapers and magazines. There is a year over year decrease of \$27,336 due to the savings from library databases.

Supplies and equipment services expense is a consolidation of various items including cataloguing, supplies, printing, training and equipment purchases and maintenance. The cost was \$63,535 higher than 2018 mainly due to special collection assessment in late 2019 and additional resources allocated for staff training such as a customer service workshop. The actual cost was lower than budget mainly due to savings from supplies and lower expenditures in marketing and postage.

Building, leases and maintenance expenses were \$1,488 higher than budget and \$11,637 higher than 2018 due to moderate increases from the leases and cleaning contract.

General and administration expenses were \$36,124 higher than last year but \$26,090 lower than budget. There was a favourable budget variance due to lower IT equipment failure rate.

Overall, 2019 expenses were \$522,189 higher than 2018 due to contractual increases such as collective agreement, training, leases and other service agreements .

#### **Library Board Approval**

The Library Board reviewed the statements and approved them at their regular meeting on Wednesday, March 25, 2020.

Susan Walters



Chief Librarian & Secretary to the Board  
Richmond Public Library

Financial Statements of

**RICHMOND PUBLIC  
LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2019



KPMG LLP  
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Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of Richmond Public Library Board

### ***Opinion***

We have audited the financial statements of Richmond Public Library Board (the "Library"), which comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

### ***Auditors' 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 auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
March 25, 2020



# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Financial Position

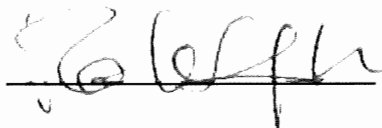
December 31, 2019, with comparative information for 2018


	2019	2018
<b>Financial Assets</b>		
Due from City of Richmond (note 3)	\$ 2,078,846	\$ 2,075,485
Accounts receivable	20,485	63,918
	<u>2,099,331</u>	<u>2,139,403</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	1,187,264	1,175,615
Deferred revenue (note 5)	62,234	110,865
	<u>1,249,498</u>	<u>1,286,480</u>
Net financial assets	849,833	852,923
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	3,176,057	3,235,405
Prepaid expenses	491,632	569,795
	<u>3,667,689</u>	<u>3,805,200</u>
Accumulated surplus (note 8)	<u>\$ 4,517,522</u>	<u>\$ 4,658,123</u>

Commitments (note 15)  
Economic dependence (note 18)  
Subsequent event (note 19)

See accompanying notes to financial statements.

Approved on behalf of the Library Board:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Operations

Year ended December 31, 2019 with comparative information for 2018

	Budget 2019 (notes 2(a) and 17)	2019	2018
<b>Revenue:</b>			
Municipal contribution	\$ 9,752,000	\$ 9,710,500	\$ 9,422,954
Grants (note 9)	390,000	376,528	380,074
Fines and miscellaneous (note 10)	281,000	287,339	280,118
Donations (note 11)	-	66,063	47,524
Investment income (note 12)	18,400	20,532	19,087
Gain on sale of tangible capital assets	-	36,711	35,803
	<u>10,441,400</u>	<u>10,497,673</u>	<u>10,185,560</u>
<b>Expenses:</b>			
Salaries and employee benefits	7,658,500	7,754,774	7,160,619
Amortization	1,538,700	1,127,629	1,189,876
Library subscriptions and databases (note 13)	562,200	563,014	590,350
Supplies and equipment services	404,200	302,923	239,388
General and administration	382,200	356,111	319,986
Building, leases and maintenance	394,900	396,388	384,750
Utilities	137,900	137,435	131,717
Contribution for capital improvements	-	-	99,399
	<u>11,078,600</u>	<u>10,638,274</u>	<u>10,116,085</u>
Annual surplus (deficit)	(637,200)	(140,601)	69,475
Accumulated surplus, beginning of year	4,658,123	4,658,123	4,588,648
Accumulated surplus, end of year	<u>\$ 4,020,923</u>	<u>\$ 4,517,522</u>	<u>\$ 4,658,123</u>

See accompanying notes to financial statements.

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019  (notes 2(a) and 17)	2019	2018
Annual surplus (deficit)	\$ (637,200)	\$ (140,601)	\$ 69,475
Acquisition of tangible capital assets	(892,400)	(1,068,303)	(1,066,941)
Amortization of tangible capital assets	1,538,700	1,127,629	1,189,876
Gain on sale of tangible capital assets	-	(36,711)	(35,803)
Proceeds on sale of tangible capital assets	-	36,733	39,616
Decrease (increase) in prepaid expenses	-	78,163	(122,406)
Change in net financial assets	9,100	(3,090)	73,817
Net financial assets, beginning of year	852,923	852,923	779,106
Net financial assets, end of year	\$ 862,023	\$ 849,833	\$ 852,923

See accompanying notes to financial statements.

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (140,601)	\$ 69,475
Items not involving cash:		
Amortization	1,127,629	1,189,876
Gain on sale of tangible capital assets	(36,711)	(35,803)
Changes in non-cash operating working capital:		
Due from City of Richmond	(3,361)	(153,496)
Accounts receivable	43,433	41,321
Prepaid expenses	78,163	(122,406)
Accounts payable and accrued liabilities	11,649	(5,696)
Deferred revenue	(48,631)	44,054
Net change in cash from operating activities	1,031,570	1,027,325
Capital activities:		
Proceeds on sale of tangible capital assets	36,733	39,616
Acquisition of tangible capital assets	(1,068,303)	(1,066,941)
Net change in cash from capital activities	(1,031,570)	(1,027,325)
Net change in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

See accompanying notes to financial statements.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

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## 1. Operations:

The Richmond Public Library Board (the "Library") is responsible for the administration of public libraries in the City of Richmond (the "City"). Funding for the provisions of these services is primarily through an annual contribution from the City. In addition, revenue is received from provincial government grants, library fees, donations and other miscellaneous sources. The Library is a registered charity under provisions of the Income Tax Act (Canada) and is not a taxable entity. The Library receives accounting services from, and operates primarily in facilities provided free of charge by, the City.

## 2. Significant accounting policies:

The accounting policies of the Library conform to Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada and include the following specific policies:

### (a) Budget data:

The budget data presented in these financial statements is based on the 2019 budget approved by the Board of Trustees on September 26, 2018. Note 17 reconciles the approved budget to the budget figures reported in these financial statements.

### (b) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to the determination of accrued sick benefits and useful lives of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

### (c) Deferred revenue:

The Library records the receipt of restricted donations as deferred revenue and recognizes the revenue in the year in which related expenses are incurred.

### (d) Non-financial assets:

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

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Significant accounting policies (continued):

### (e) Tangible capital assets:

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

Asset	Rate
Library collections	4 - 20 years
Furniture and fixtures	10 - 20 years
Equipment	5 - 10 years

Amortization is charged over the asset's useful life commencing when the asset is available for use.

### (f) Donations of tangible capital assets:

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

### (g) Functional and object reporting:

The operations of the Library are comprised of a single function, Library operations. As a result, the expenses of the Library are presented by object in the statement of operations.

### (h) Employee future benefits:

The Library and its employees make contributions to the Municipal Pension Plan (the "Plan"). These contributions are expensed as incurred.

Sick leave and post-employment benefits are available to the Library's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits (note 7).

### (i) Government transfers:

Restricted transfers from government are deferred and are recognized as revenue in the year in which the related expenditures are incurred or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably assured.

### (j) Library subscriptions and databases:

Library subscriptions and databases not owned by the Library or that have useful lives that are less than one operating cycle are recorded as an expense when incurred.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 3. Due from City of Richmond:

Due from City of Richmond is comprised of funds held by the City on behalf of the Library. This balance is non-interest bearing and is due on demand.

### 4. Accounts payable and accrued liabilities:

	2019	2018
Accounts payable	\$ 160,039	\$ 252,035
Accrued liabilities	48,657	10,223
Accrued payroll liabilities	393,968	371,657
Post-employment benefits (note 7)	584,600	541,700
	<b>\$ 1,187,264</b>	<b>\$ 1,175,615</b>

### 5. Deferred revenue:

	2019	2018
Balance, beginning of year	\$ 110,865	\$ 66,811
Contributions	17,009	91,578
Revenue recognized	(65,640)	(47,524)
Balance, end of year	<b>\$ 62,234</b>	<b>\$ 110,865</b>

### 6. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Library collections	\$ 6,420,114	\$ 800,411	\$ (567,943)	\$ 6,652,582
Furniture and fixtures	1,313,308	30,959	(3,874)	1,340,393
Equipment	1,712,028	236,933	(3,124)	1,945,837
	<b>\$ 9,445,450</b>	<b>\$ 1,068,303</b>	<b>\$ (574,941)</b>	<b>\$ 9,938,812</b>

Accumulated amortization	Balance at December 31, 2018	Amortization	Disposals	Balance at December 31, 2019
Library collections	\$ 3,855,855	\$ 992,984	\$ (567,921)	\$ 4,280,918
Furniture and fixtures	834,094	22,156	(3,874)	852,376
Equipment	1,520,096	112,489	(3,124)	1,629,461
	<b>\$ 6,210,045</b>	<b>\$ 1,127,629</b>	<b>\$ (574,919)</b>	<b>\$ 6,762,755</b>

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 6. Tangible capital assets (continued):

<b>Net book value</b>	<b>Balance at December 31, 2019</b>	<b>Balance at December 31, 2018</b>
Library collections	\$ 2,371,664	\$ 2,564,259
Furniture and fixtures	488,017	479,214
Equipment	316,376	191,932
	<b>\$ 3,176,057</b>	<b>\$ 3,235,405</b>

## 7. Post-employment benefits:

The Library provides certain post-employment benefits, compensated absences and termination benefits to its employees. These benefits include accumulated non-vested sick leave and post-employment benefits.

Details of the accrued employee future benefit liability are as follows:

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 452,000	\$ 480,200
Current service cost	32,900	33,200
Interest cost	15,100	13,900
Past service cost	24,200	-
Benefits paid	(15,900)	(23,900)
Actuarial (gain)/loss	129,700	(51,400)
Balance, end of year	<b>\$ 638,000</b>	<b>\$ 452,000</b>

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2019. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	<b>2019</b>	<b>2018</b>
Actuarial benefit obligation:		
Accrued liability, end of year	\$ 638,000	\$ 452,000
Unamortized net actuarial gain/(loss)	(53,400)	89,700
Balance, end of year	<b>\$ 584,600</b>	<b>\$ 541,700</b>



# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 7. Post-employment benefits (continued):

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

	2019	2018
Discount rate	2.40%	3.30%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary increases	2.50% to 3.00%	2.50% to 3.00%

## 8. Accumulated surplus:

	2019	2018
Operating:		
Appropriated surplus	\$ 390,120	\$ 230,313
Surplus	951,345	1,192,405
Invested in tangible capital assets	3,176,057	3,235,405
	\$ 4,517,522	\$ 4,658,123

Appropriated surplus is comprised of \$142,676 (2018 - \$64,879) approved for capital expenditures, \$131,040 (2018 - \$49,030) for future capital acquisitions, \$33,401 (2018 - \$33,401) for library operations, and \$83,003 (2018 - \$83,003) for future salary and benefit obligations.

## 9. Grants:

	2019	2018
Provincial Revenue Sharing Grant (a)	\$ 352,990	\$ 352,990
One Card Grant (b)	16,664	20,593
British Columbia Equity Grant (c)	4,500	4,500
Resource Sharing Grants (d)	2,374	1,991
	\$ 376,528	\$ 380,074

(a) Provincial Revenue Sharing Grant is funded by the Libraries Branch of the Ministry of Education of the Province of British Columbia.

(b) The One Card Grant is provided by the Libraries Branch of the Ministry of Education of the Province of British Columbia to ensure that every British Columbian with a valid library card has complete access to all public libraries within the province, and that every school-age child in Richmond is given their own library card so that they may take full advantage of the library's resources.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Grants (continued):

- (c) British Columbia Equity Grant is awarded by the Libraries Branch of the Ministry of Education of the Province of British Columbia to support the Library in its role in fostering literacy and life-long learning in our community through the purchase of additional library materials in the area of literacy and English as a Second Language.
- (d) Resource Sharing Grants are annual grants are provided to BC public libraries to encourage their participation in the province-wide inter library loan system.

## 10. Fines and miscellaneous:

	2019	2018
Book fines	\$ 154,650	\$ 160,382
InterLINK revenue	27,930	30,068
Photocopy and printer revenue	60,326	50,580
Miscellaneous	44,433	39,088
	\$ 287,339	\$ 280,118

## 11. Donations:

Donations revenue is a combination of unrestricted donations received in the year and the recognition of restricted donations relating to expenses incurred in the year.

	2019	2018
Friends of the Library	\$ 31,402	\$ 35,847
Other	34,661	11,677
	\$ 66,063	\$ 47,524

## 12. Investment income:

The Library has endowment funds administered by the Vancouver Foundation and Richmond Community Foundation. Under the terms of the related agreements, the Vancouver Foundation and Richmond Community Foundation will retain, invest, and disburse income on the endowment funds. The Library receives the net income generated from each fund after deduction of administrative costs. The endowment funds are not reflected in these financial statements.

- (a) Richmond Public Library Endowment Fund administered by Vancouver Foundation:

The fund was established in 1994 and the contributed capital in the fund amounts to \$282,900 at December 31, 2019 (2018 - \$282,900). The balance is comprised of donations from Friends of the Library (\$156,000), Vancouver Foundation's matching program (\$75,000), and other donors (\$51,900).

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 12. Investment income (continued):

- (a) Richmond Public Library Endowment Fund administered by Vancouver Foundation (continued):

As at December 31, 2019, the fair value of the capital in the fund amounted to \$379,349 (2018 - \$353,839).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income for the year ended December 31, 2019 was \$14,398 (2018 - \$13,872) and is presented as investment income on the statement of operations.

- (b) Richmond Public Library Permanent Agency Endowment Fund administered by the Richmond Community Foundation:

The fund was established in 2010 and the contributed capital in the fund amounts to \$140,518 at December 31, 2019 (2018 - \$135,518). The balance is comprised of donations from Friends of the Library (\$49,000) and other donors (\$91,518).

As at December 31, 2019, the fair value of the capital in the fund amounted to \$168,388 (2018 - \$145,376).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income for the year ended December 31, 2019 was \$6,134 (2018 - \$5,215) and is presented as investment income on the statement of operations.

## 13. Library subscriptions and databases:

	2019	2018
Digital books and multimedia	\$ 395,137	\$ 404,472
Databases, newspapers and magazines	167,877	185,878
	<u>\$ 563,014</u>	<u>\$ 590,350</u>

## 14. Pension plan:

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 14. Pension plan (continued):

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The Library paid \$560,054 (2018 - \$560,852) for employer contributions while employees contributed \$497,289 (2018 - \$485,427) to the plan in fiscal 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

## 15. Commitments:

The Library has committed to operating lease payments for the Ironwood and Cambie Branch premises, with minimum annual lease payments as follows:

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2020	\$ 288,532
2021	282,652
2022	285,200
2023	271,452
2024	98,688

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## 16. Contractual rights:

The Library has a longstanding agreement with InterLINK, entitling them to compensation subject to net circulation services to non-residents. The compensation varies from year to year.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 17. Budget data:

The budget data presented in these financial statements is based on the 2019 budget approved by the Board of Trustees on September 26, 2018. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Board Approved Budget	Financial Statement Budget
Revenue:		
Operating budget	\$ 10,441,400	\$ 10,441,400
Expenses:		
Operating budget	(9,539,900)	(9,539,900)
Less: Transfer to surplus	(9,100)	-
Less: Acquisition of tangible capital assets	(892,400)	-
Less: Amortization of tangible capital assets	-	(1,538,700)
Annual deficit	\$ -	\$ (637,200)

## 18. Economic dependence:

The Library is economically dependent on receiving funding from the City.

## 19. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. At this time, this situation presents uncertainty over the Library's future cash flows, and may have a significant impact on the Library's future operations. Potential impacts on the Library's business could include future decreases in revenue. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the Library is not practicable at this time.

# RICHMOND PUBLIC LIBRARY BOARD

Unaudited Statement of Operations by Fund

Year ended December 31, 2019

	2019		2018	
	Operating	Capital	Total	Total
<b>Revenue:</b>				
Municipal contribution	\$ 8,818,100	\$ 892,400	\$ 9,710,500	\$ 8,453,604
Grants	376,528	-	376,528	380,074
Fines and miscellaneous	277,313	10,026	287,339	280,118
Donations	66,063	-	66,063	47,524
Investment income	20,532	-	20,532	19,087
Gain on sale of tangible capital assets	-	36,711	36,711	-
	<b>9,558,536</b>	<b>939,137</b>	<b>10,497,673</b>	<b>9,180,407</b>
				<b>1,005,153</b>
				<b>10,185,560</b>
<b>Expenses:</b>				
Salaries and employee benefits	7,754,774	-	7,754,774	7,160,619
Amortization	-	1,127,629	1,127,629	-
Library subscriptions and databases	563,014	-	563,014	590,350
Supplies and equipment services	302,923	-	302,923	239,388
General and administration	356,111	-	356,111	319,986
Building, leases and maintenance	396,388	-	396,388	384,750
Utilities	137,435	-	137,435	131,717
Contribution for capital improvements	-	-	-	99,399
	<b>9,510,645</b>	<b>1,127,629</b>	<b>10,638,274</b>	<b>8,926,209</b>
				<b>1,189,876</b>
				<b>10,116,085</b>
Annual surplus (deficit)	47,891	(188,492)	(140,601)	254,198
Accumulated surplus, beginning of year	689,638	3,968,485	4,658,123	435,440
				<b>4,153,208</b>
Accumulated surplus, end of year	\$ 737,529	\$ 3,779,993	\$ 4,517,522	\$ 689,638
				<b>\$ 3,968,485</b>
				<b>\$ 4,658,123</b>