



# City of Richmond

## Report to Committee

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**To:** Finance Committee **Date:** April 12, 2022  
**From:** Jerry Chong **File:** 03-0905-01/2022-Vol  
Acting General Manager, Finance and Corporate 01  
Services  
**Re:** **2021 Financial Statements for the Richmond Public Library**

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### Staff Recommendation

That the 2021 Richmond Public Library audited financial statements for the year ended December 31, 2021, as presented in the attached report from the Chief Librarian, be received for information.

Jerry Chong  
Acting General Manager, Finance and Corporate Services  
(604-276-4064)

REPORT CONCURRENCE	
SENIOR STAFF REPORT REVIEW	INITIALS: 
APPROVED BY CAO 	

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**TO:** City of Richmond Finance Committee  
**FROM:** Susan Walters, Chief Librarian  
**DATE:** March 31, 2022  
**RE:** 2021 Financial Statements of the Richmond Public Library Board

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**Staff Recommendation**

That the 2021 Financial Statements of the Richmond Public Library Board be received for information.



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

Att. 1

**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 addresses the 2021 financial statements of the Richmond Public Library Board.

**Analysis**

The 2021 audit was conducted by KPMG and the preparation of financial statements completed by library management. The Financial Statements of the Richmond Public Library Board for the year ended December 31, 2021, are included as Attachment 1.

**Independent Auditors Report**

The Library received an unqualified audit opinion, which means that the auditor has concluded that the financial statements are presented fairly in accordance with Canadian public sector accounting standards. The auditors reviewed the Audit Findings report and financial statements with the library's Finance and Audit Committee on March 22, 2022. The 2021 financial statements were approved by the Library Board at their regular meeting on March 30, 2022.

The following two sections provide an overview of key figures included in the audited financial statements.

**Statement of Financial Position**

The library's total financial assets were \$4,598,278, with liabilities of \$1,479,189 and non-financial assets of \$3,881,447. The total financial assets primarily included amounts due from the City as transactions arising throughout the year and amounts held in the City's bank account on behalf of the library. The total liabilities primarily included accounts payable and accrued liabilities and post-employment benefits. The non-financial assets primarily included tangible capital assets.

**Statement of Operations**

The 2021 audited financial statements have a surplus of \$963,327. Total revenues for 2021 were \$10,796,708 which primarily included City's contribution of \$10,290,350 and Provincial grant of \$376,528. Total expenses were lower due to reduced service hours in the first half of the year because of the pandemic.

**Conclusion**

The Auditor's Report states that these financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2021, and its results of operations, changes in net financial assets and cash flows for the year ended in accordance with Canadian public sector accounting standards.

Susan Walters



Chief Librarian & Secretary to the Board  
Richmond Public Library

Att: 1: Financial Statements of Richmond Public Library Board Year Ended December 31, 2021

Financial Statements of

**RICHMOND PUBLIC  
LIBRARY BOARD**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP  
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Vancouver BC V7Y 1K3  
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, 2021
- 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, 2021, 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 30, 2022

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial Assets</b>		
Due from City of Richmond (note 3)	\$ 4,460,829	\$ 3,831,286
Accounts receivable	137,449	96,072
	<u>4,598,278</u>	<u>3,927,358</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	747,538	719,642
Post-employment benefits (note 7)	631,500	571,700
Deferred revenue (note 5)	100,151	124,450
	<u>1,479,189</u>	<u>1,415,792</u>
Net financial assets	3,119,089	2,511,566
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	3,057,224	2,862,421
Prepaid expenses	824,223	663,222
	<u>3,881,447</u>	<u>3,525,643</u>
Accumulated surplus (note 8)	<u>\$ 7,000,536</u>	<u>\$ 6,037,209</u>

Commitments (note 15)  
Economic dependence (note 18)

See accompanying notes to financial statements.

Approved on behalf of the Library Board:

DocuSigned by:  
  
650DD16935A7425... Trustee

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36366A2F30DD400... Trustee



# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Operations

Year ended December 31, 2021 with comparative information for 2020

	Budget 2021	2021	2020
	(notes 2(a) and 17)		
Revenue:			
Municipal contribution	\$ 10,290,400	\$ 10,290,350	\$ 10,066,310
Grants (note 9)	376,500	376,528	376,528
Fines and miscellaneous (note 10)	75,800	39,976	70,772
Donations (note 11)	-	58,765	24,577
Investment income (note 12)	18,400	13,534	20,531
Gain on sale of tangible capital assets	-	17,555	6,432
	10,761,100	10,796,708	10,565,150
Expenses:			
Salaries and employee benefits	8,148,800	7,102,396	6,334,633
Amortization	688,200	960,196	1,061,803
Library subscriptions and databases (note 13)	662,200	656,445	640,162
Supplies and equipment services	786,900	277,979	198,002
General and administration	479,700	303,754	364,696
Building, leases and maintenance	294,200	398,504	328,426
Utilities	137,900	134,107	117,741
	11,197,900	9,833,381	9,045,463
Annual surplus (deficit)	(436,800)	963,327	1,519,687
Accumulated surplus, beginning of year	6,037,209	6,037,209	4,517,522
Accumulated surplus, end of year	\$ 5,600,409	\$ 7,000,536	\$ 6,037,209

See accompanying notes to financial statements.

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
	(notes 2(a) and 17)		
Annual surplus (deficit)	\$ (436,800)	\$ 963,327	\$ 1,519,687
Acquisition of tangible capital assets	(742,400)	(1,154,999)	(748,168)
Amortization of tangible capital assets	688,200	960,196	1,061,803
Gain on sale of tangible capital assets	-	(17,555)	(6,432)
Proceeds on sale of tangible capital assets	-	17,555	6,433
Increase in prepaid expenses	-	(161,001)	(171,590)
Change in net financial assets	(491,000)	607,523	1,661,733
Net financial assets, beginning of year	2,511,566	2,511,566	849,833
Net financial assets, end of year	\$ 2,020,566	\$ 3,119,089	\$ 2,511,566

See accompanying notes to financial statements.

# RICHMOND PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 963,327	\$ 1,519,687
Items not involving cash:		
Amortization	960,196	1,061,803
Gain on sale of tangible capital assets	(17,556)	(6,432)
Changes in non-cash operating working capital:		
Due from City of Richmond	(629,543)	(1,829,956)
Accounts receivable	(41,377)	1,929
Prepaid expenses	(161,001)	(171,590)
Accounts payable and accrued liabilities	27,896	116,978
Post-employment benefits	59,800	(12,900)
Deferred revenue	(24,299)	62,216
Net change in cash from operating activities	1,137,443	741,735
Capital activities:		
Proceeds on sale of tangible capital assets	17,556	6,433
Acquisition of tangible capital assets	(1,154,999)	(748,168)
Net change in cash from capital activities	(1,137,443)	(741,735)
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, 2021

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## **1. Operations:**

The Richmond Public Library Board (the "Library"), which was established in 1976 pursuant to the Library Act of British Columbia (Part 2) as a Municipal Public 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.

In March of 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and continues to have an impact. This has resulted in Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The economic situation is dynamic and the ultimate duration and magnitude of the impact on the economy and to the Library is not fully known at this time. Management will continue to monitor the on-going financial impact on the Library, and adjust its operations as required to ensure its ability to fulfill its obligations and continue operations.

## **2. Significant accounting policies:**

The accounting policies of the Library conform to Canadian Public Sector Accounting Standards and include the following specific policies:

### **(a) Budget data:**

The budget data presented in these financial statements is based on the 2021 budget approved by the Board of Trustees (the "Board") on October 28, 2020. 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 valuation of employee future benefits obligations. Actual results could differ from those estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus 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.

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 2. Significant accounting policies (continued):

(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.

(e) Tangible capital assets:

Tangible capital assets are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less estimated 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) Works of art, and cultural and historical assets:

Works of art and cultural and historical assets are not recorded as assets in the financial statements.

(h) 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.

(i) 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).

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 2. Significant accounting policies (continued):

### (j) 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.

### (k) 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.

## 3. Due from City of Richmond:

Amounts due from the City are comprised of transactions arising throughout the year and amounts held in the City's bank account on behalf of the Library. The amounts are unsecured, non-interest bearing and have no specific terms of repayment. These transactions are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

## 3. Accounts payable and accrued liabilities:

	2021	2020
Accounts payable	\$ 286,360	\$ 200,778
Accrued liabilities	16,428	13,695
Accrued payroll liabilities	444,750	505,169
	\$ 747,538	\$ 719,642

## 4. Deferred revenue:

	2021	2020
Balance, beginning of year	\$ 124,450	\$ 62,234
Contributions	33,830	86,700
Revenue recognized as donations revenue	(58,129)	(24,484)
Balance, end of year	\$ 100,151	\$ 124,450

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 6. Tangible capital assets:

<b>Cost</b>	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Library collections	\$ 6,481,561	\$ 621,684	\$ (390,240)	\$ 6,713,005
Furniture and fixtures	1,394,013	43,967	-	1,437,980
Equipment	2,070,394	489,348	-	2,559,742
	<b>\$ 9,945,968</b>	<b>\$ 1,154,999</b>	<b>\$ (390,240)</b>	<b>\$ 10,710,727</b>

<b>Accumulated amortization</b>	Balance at December 31, 2020	Amortization	Disposals	Balance at December 31, 2021
Library collections	\$ 4,445,690	\$ 812,875	\$ (390,240)	\$ 4,868,325
Furniture and fixtures	876,652	26,022	-	902,674
Equipment	1,761,205	121,299	-	1,882,504
	<b>\$ 7,083,547</b>	<b>\$ 960,196</b>	<b>\$ (390,240)</b>	<b>\$7,653,503</b>

<b>Net book value</b>	Balance at December 31, 2021	Balance at December 31, 2020
Library collections	\$ 1,844,680	\$ 2,035,871
Furniture and fixtures	535,306	517,361
Equipment	677,238	309,189
	<b>\$ 3,057,224</b>	<b>\$ 2,862,421</b>

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 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:

	2021	2020
Balance, beginning of year	\$ 618,000	\$ 638,000
Current service cost	50,200	47,000
Interest cost	12,700	15,300
Past service cost	20,200	-
Benefits paid	(25,700)	(74,600)
Actuarial gain	(58,900)	(7,700)
<b>Balance, end of year</b>	<b>\$ 616,500</b>	<b>\$ 618,000</b>

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2019 and has been extrapolated by the actuary to December 31, 2021. The unamortized actuarial gain (loss) is being amortized over a period equal to the employees' average remaining service lifetime of 11 years.

	2021	2020
Actuarial benefit obligation:		
Accrued liability, end of year	\$ 616,500	\$ 618,000
Unamortized net actuarial gain (loss)	15,000	(46,300)
<b>Balance, end of year</b>	<b>\$ 631,500</b>	<b>\$ 571,700</b>

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

	2021	2020
Discount rate	2.40%	2.00%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary increases	2.50 % to 3.00%	2.50% to 3.00%



# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 8. Accumulated surplus:

	2021	2020
Operating:		
Appropriated surplus:		
Capital expenditures	\$ 612,046	\$ 480,723
Library Enhancement	1,292,581	-
IT Infrastructure	231,000	-
Budget stabilization	200,000	300,000
Future capital acquisitions	155,028	137,472
Library operations	33,401	33,401
Future salary and benefit obligations	83,003	83,003
Total appropriated surplus	2,607,059	1,034,599
Surplus	1,336,253	2,140,189
Invested in tangible capital assets	3,057,224	2,862,421
	<u>\$ 7,000,536</u>	<u>\$ 6,037,209</u>

During the year ended December 31, 2021, the Board approved the transfers from the surplus of \$1,292,581 to Library Enhancement (2020 - nil) and \$231,000 to IT infrastructure (2020 - nil).

## 9. Grants:

	2021	2020
Provincial Revenue Sharing Grant (a)	\$ 352,990	\$ 352,990
One Card Grant (b)	16,664	16,664
British Columbia Equity Grant (c)	4,500	4,500
Resource Sharing Grants (d)	2,374	2,374
	<u>\$ 376,528</u>	<u>\$ 376,528</u>

(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, 2021

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## 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:

	2021	2020
Book fines	\$ 4,496	\$ 31,059
Photocopy and printer revenue	16,568	12,779
Miscellaneous and InterLINK revenue	18,912	26,934
	\$ 39,976	\$ 70,772

## 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.

	2021	2020
Province of BC	\$ 38,538	-
Friends of the Library	1,822	17,664
Other	18,405	6,913
	\$ 58,765	\$ 24,577

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

## 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, 2021 (2020 - \$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).

As at December 31, 2021, the fair value of the capital in the fund amounted to \$427,219 (2020 - \$395,876).

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, 2021 was \$11,074 (2020 - \$14,765) 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 \$151,284 at December 31, 2021 (2020 - \$145,518). The balance is comprised of donations from Friends of the Library of \$54,000 (2020 - \$54,000) and other donors of \$91,518 (2020 - \$91,518).

As at December 31, 2021, the fair value of the capital in the fund amounted to \$189,439 (2020 - \$168,144).

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, 2021 was reinvested into the Endowment Fund's capital (2020 - \$5,766).

## 13. Library subscriptions and databases:

	2021	2020
Digital books and multimedia	\$ 508,447	\$ 483,557
Databases, newspapers and magazines	147,998	156,605
	\$ 656,445	\$ 640,162

# RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

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## 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, 2020, the plan has about 220,000 active members and approximately 112,000 retired members. Active members include approximately 42,000 contributors from local governments.

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.

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.

The Library paid \$538,561 (2020 - \$457,463) for employer contributions while employees contributed \$477,941 (2020 - \$408,866) to the plan in fiscal 2021.

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

## 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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2022	\$ 301,059
2023	288,013
2024	101,129
2025	15,544

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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, 2021

## 17. Budget data:

The budget data presented in these financial statements is based on the 2021 budget approved by the Board of Trustees on October 28, 2020. 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	\$ 10,761,100	\$ 10,761,100
Expenses:		
Operating budget	(10,509,700)	(10,509,700)
Less: Transfer from Surplus	(391,000)	-
Less: Transfer from Budget Stabilization	(100,000)	-
Less: Acquisition of tangible capital assets	(742,400)	
Less: Amortization of tangible capital assets		(688,200)
Annual deficit	\$ -	\$ (436,800)

## 18. Economic dependence:

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

# RICHMOND PUBLIC LIBRARY BOARD

Unaudited Statement of Operations by Fund

Year ended December 31, 2021

	2021		2020			
	Operating	Capital	Total	Operating	Capital	Total
<b>Revenue:</b>						
Municipal contribution	\$ 9,547,950	\$ 742,400	\$ 10,290,350	\$ 9,173,910	\$ 892,400	\$ 10,066,310
Grants	376,528	-	376,528	376,528	-	376,528
Fines and miscellaneous	39,976	-	39,976	70,772	-	70,772
Donations	58,765	-	58,765	24,577	-	24,577
Investment income	13,534	-	13,534	20,531	-	20,531
Gain on sale of tangible capital assets	-	17,555	17,555	-	6,432	6,432
	<b>10,036,753</b>	<b>759,955</b>	<b>10,796,708</b>	<b>9,666,268</b>	<b>898,832</b>	<b>10,565,150</b>
<b>Expenses:</b>						
Salaries and employee benefits	7,102,396	-	7,102,396	6,334,633	-	6,334,633
Amortization	-	960,196	960,196	-	1,061,803	1,061,803
Library subscriptions and databases	656,445	-	656,445	640,162	-	640,162
Supplies and equipment services	277,979	-	277,979	198,002	-	198,002
General and administration	303,754	-	303,754	364,696	-	364,696
Building, leases and maintenance	398,504	-	398,504	328,426	-	328,426
Utilities	134,107	-	134,107	117,741	-	117,741
	<b>8,873,185</b>	<b>960,196</b>	<b>9,833,381</b>	<b>7,983,660</b>	<b>1,061,803</b>	<b>9,045,463</b>
Annual surplus (deficit)	1,163,568	(200,241)	963,327	1,682,658	(162,971)	1,519,687
Accumulated surplus, beginning of year	2,420,187	3,617,022	6,037,209	737,529	3,779,993	4,517,522
Accumulated surplus, end of year	<b>\$ 3,583,755</b>	<b>\$ 3,416,781</b>	<b>\$ 7,000,536</b>	<b>\$ 2,420,187</b>	<b>\$ 3,617,022</b>	<b>\$ 6,037,209</b>