



City of Richmond

Report to Committee

To: Finance Committee **Date:** April 12, 2024
From: Jerry Chong **File:** 03-0905-01/2024-Vol
General Manager, Finance and Corporate 01
Services
Re: **2023 Financial Statements for the Richmond Public Library**

Staff Recommendation

That the 2023 Richmond Public Library audited financial statements for the year ended December 31, 2023, as presented in the attached report from the Chief Librarian, be received for information.

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

REPORT CONCURRENCE	
SENIOR STAFF REPORT REVIEW	INITIALS:
APPROVED BY CAO 	

TO: City of Richmond Finance Committee
FROM: Susan Walters, Chief Librarian
DATE: March 20, 2024

Recommendation

That the 2023 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, 2023

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 presents the 2023 financial statements of the Richmond Public Library Board.

Analysis

Please see the attached Financial Statements of the Richmond Public Library Board for the year ended December 31, 2023. The library’s financial statements are prepared in accordance with Canadian public sector accounting standards.

KPMG conducted the audit both virtually and in person and did not identify any control deficiencies that they consider to be significant deficiencies in internal control for financial reporting.

The library’s Finance Committee reviewed the statements on March 21, 2024, and the Library Board approved them at their regular meeting on Wednesday, March 27, 2024.

Statement of Financial Position

	2023 Actual	2022 Actual	Change
Financial Assets	\$4,997,525	\$4,723,657	\$273,868
Liabilities	1,731,880	1,382,519	349,361
Net Financial Assets	3,265,645	3,341,138	-75,493
Non-Financial Assets	4,718,508	3,995,892	722,616
Accumulated Surplus	\$7,984,153	\$7,337,030	\$647,123

The library’s overall financial position improved by \$647,123, with accumulated surplus totaling \$8.0 million. The increase in financial assets is mainly due to an increase in the amount due from the City of Richmond as a result of lower expenditures in library operations. The increase in liabilities is primarily due to an increase in accounts payable. Donation and grant revenue are recognized in the year in which the related expenses are incurred. The increase in non-financial assets is mainly due to an increase in tangible capital assets which included new additions to library collections, furniture and IT equipment, as well as an increase in prepaid expenses, which consists of e-book subscriptions with durations longer than one year, and other expenses paid in advance.

The accumulated surplus balance of \$8.0 million consists of tangible capital assets of \$3.7 million, appropriated surplus of \$3.7 million and surplus of \$570,570. Note that in 2023, the library received \$628,813 of Enhancement Grants from the Province of BC, and this was recognized as revenue in 2023 and transferred to appropriated surplus to support library enhancements that will take place in 2024 and 2025. Appropriated surplus also includes provisions for future library enhancement, capital expenditures, IT infrastructure, training, budget stabilization, library operations and future salary and benefits obligations. This includes provisions for the future Steveston library’s collections.

Statement of Operations

	2023 Budget	2023 Actual	2022 Actual
Revenue	\$11,296,700	\$12,196,250	\$10,928,437
Expenses	12,061,800	11,549,127	10,591,943
Annual Surplus	<u>-\$765,100</u>	<u>\$647,123</u>	<u>\$336,494</u>

Budget Variance

Revenue of \$12.2 million was greater than budgeted revenue by \$899,550 mainly due to:

- \$628,813 of recognized one-time Enhancement Grants that are not budgeted.
- \$111,353 of recognized one-time COVID-19 Relief and Recovery Grant that is not budgeted.
- \$65,367 of recognized restricted donations relating to expenses incurred in the year that are not budgeted.
- \$50,636 of increased revenue related to library's continual return to full services in 2023.
- \$17,425 of gain on sale of tangible capital assets that are not budgeted.

Expenses of \$11.5 million was lower than budgeted expenses by \$512,673 mainly due to:

- \$616,963 lower than budgeted salaries and employee benefits due to vacancies.
- \$21,223 higher than budgeted library subscriptions and databases as the library strengthens its digital resources.
- \$367,187 lower than budgeted supplies and equipment services mainly because various surplus initiatives, including those to optimize spaces in our libraries and the strategic planning project, will be completed in 2024.
- \$74,733 higher than budgeted general and administration expenses mainly due to renovation at Brighthouse library front entrance.
- \$78,746 higher than budgeted building, leases and maintenance expenses primarily due to higher City's trade costs and a temporary increase in janitorial hours required.

Year Over Year Change

Revenue of \$12.2 million increased by \$1.3 million over 2022 mainly due to:

- \$449,500 increase in municipal contribution.
- \$628,813 of recognized one-time Enhancement Grants.
- \$109,678 increase in recognized one-time COVID-19 Relief and Recovery Grant.

Expenses of \$11.5 million increased by \$957,184 over 2022 mainly due to:

- \$400,506 increase in salaries and employee benefits resulting from a number of filled vacancies and contractual obligations.
- \$106,222 increase in library subscriptions and databases as the library strengthens its digital resources.
- \$164,349 increase in supplies and equipment services is mainly due to an increase in professional fees for strategic planning and completion of violence risk assessments, as well as an increased investment in staff professional development.
- \$265,784 increase in general and administration expenses mainly due to renovation at Brighthouse library front entrance, increased insurance expense, various IT systems upgrades, equipment evergreening and new initiatives, and general contractual increases.

Library Board Approval

The Library Board reviewed the statements and approved them at their meeting on Wednesday, March 27, 2024.

Susan Walters

A handwritten signature in black ink that reads "S. Walters." The signature is written in a cursive style.

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, 2023



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether 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 27, 2024

RICHMOND PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2023, with comparative information for 2022

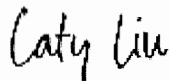
	2023	2022
Financial Assets		
Due from City of Richmond (note 4)	\$ 4,901,991	\$ 4,658,349
Accounts receivable	95,534	65,308
	<u>4,997,525</u>	<u>4,723,657</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	1,058,595	627,590
Post-employment benefits (note 6)	571,100	533,200
Deferred revenue (note 7)	102,185	221,729
	<u>1,731,880</u>	<u>1,382,519</u>
Net financial assets	3,265,645	3,341,138
Non-Financial Assets		
Tangible capital assets (note 8)	3,719,322	3,155,373
Prepaid expenses	999,185	840,519
	<u>4,718,507</u>	<u>3,995,892</u>
Accumulated surplus (note 9)	<u>\$ 7,984,152</u>	<u>\$ 7,337,030</u>

Commitments (note 16)

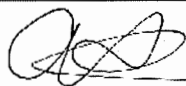
Economic dependence (note 19)

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, 2023 with comparative information for 2022

	Budget 2023 (notes 2(a) and 18)	2023	2022
Revenue:			
Municipal contribution	\$ 10,845,600	\$ 10,845,550	\$ 10,396,050
Grants (note 10)	376,500	1,137,917	378,203
Fines and miscellaneous (note 11)	56,200	106,836	76,757
Donations (note 12)	-	65,367	30,854
Investment income (note 13)	18,400	23,155	25,971
Gain on sale of tangible capital assets	-	17,425	20,602
	<u>11,296,700</u>	<u>12,196,250</u>	<u>10,928,437</u>
Expenses:			
Salaries and employee benefits	8,779,500	8,162,537	7,762,031
Amortization	593,100	901,182	930,948
Library subscriptions and databases (note 14)	787,600	808,823	702,601
Supplies and equipment services	832,300	465,112	300,763
General and administration	489,100	563,833	298,049
Building, leases and maintenance	424,200	502,945	490,043
Utilities	156,000	144,696	107,508
	<u>12,061,800</u>	<u>11,549,128</u>	<u>10,591,943</u>
Annual surplus (deficit)	(765,100)	647,122	336,494
Accumulated surplus, beginning of year	7,337,030	7,337,030	7,000,536
Accumulated surplus, end of year	<u>\$ 6,571,930</u>	<u>\$ 7,984,152</u>	<u>\$ 7,337,030</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023 (notes 2(a) and 18)	2023	2022
Annual surplus (deficit)	\$ (765,100)	\$ 647,122	\$ 336,494
Acquisition of tangible capital assets	(1,050,000)	(1,465,131)	(1,029,097)
Amortization of tangible capital assets	593,100	901,182	930,948
Gain on sale of tangible capital assets	-	(17,425)	(20,602)
Proceeds on sale of tangible capital assets	-	17,425	20,602
Increase in prepaid expenses	-	(158,666)	(16,296)
Change in net financial assets	(1,222,000)	(75,493)	222,049
Net financial assets, beginning of year	3,341,138	3,341,138	3,119,089
Net financial assets, end of year	\$ 2,119,138	\$ 3,265,645	\$ 3,341,138

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 647,122	\$ 336,494
Items not involving cash:		
Amortization	901,182	930,948
Gain on sale of tangible capital assets	(17,425)	(20,602)
Changes in non-cash operating working capital:		
Due from City of Richmond	(243,642)	(197,520)
Accounts receivable	(30,226)	72,141
Prepaid expenses	(158,666)	(16,296)
Accounts payable and accrued liabilities	431,005	(119,948)
Post-employment benefits	37,900	(98,300)
Deferred revenue	(119,544)	121,578
Net change in cash from operating activities	1,447,706	1,008,495
Capital activities:		
Proceeds on sale of tangible capital assets	17,425	20,602
Acquisition of tangible capital assets	(1,465,131)	(1,029,097)
Net change in cash from capital activities	(1,447,706)	(1,008,495)
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, 2023

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. Funding for the provisions of these services is primarily through an annual contribution from the City of Richmond (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. The Library is controlled by the City.

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 2023 budget approved by the Board of Trustees (the "Board") on November 30, 2022. Note 18 reconciles the approved budget to the budget figures reported in these financial statements.

(b) Measurement uncertainty:

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) Revenue recognition:

Revenue is recorded on the accrual basis and is recognized when it is earned.

(d) Deferred revenue:

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

(e) 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

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) 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.

Tangible capital assets are written down to residual value when conditions indicate they no longer contribute to the ability of the City to provide services or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

Work-in-progress is not amortized until the asset is available for productive use.

(g) 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.

(h) 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.

(i) 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.

(j) 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 6).

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

2. Significant accounting policies (continued):

(k) 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.

(l) 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.

(m) Financial instruments:

Financial instruments include cash, investments, accounts receivable, accrued salaries and benefits, and accounts payable and accrued liabilities.

Financial instruments are recorded at fair value on initial recognition. Equity instruments and derivatives that are quoted in an active market are subsequently recorded at fair value as at the reporting date. All other financial instruments are subsequently recorded at cost or amortized cost unless management elects to carry the instruments at fair value. The Library has not elected to carry any other financial instruments at fair value.

Unrealized changes in fair value are recognized on the statement of remeasurement gains and losses. They are recorded in the statement of operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the Library does not have a statement of remeasurement gains and losses.

Transaction costs incurred on the acquisition of financial instruments subsequently measured at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

3. Adoption of new accounting standards:

(a) PS 3280 *Asset Retirement Obligations*:

On January 1, 2023, the Library adopted Canadian public sector accounting standard PS 3280 *Asset Retirement Obligations*. An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and,
- (iv) A reasonable estimate of the amount can be made.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

4. Adoption of new accounting standards (continued):

(b) PS 3280 *Asset Retirement Obligations* (continued) :

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability. As at December 31, 2023, the Library determined that there are no asset retirement obligations associated with its tangible capital assets and hence, the adoption of this standard did not have any impact on the amounts presented in these financial statements.

(c) PS 3450 *Financial Instruments* and related standards:

On January 1, 2023, the Library adopted Canadian public sector accounting standard PS 3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation*, PS 1201 *Financial Statement Presentation* and PS 3041 *Portfolio Investments*. Under PS 3450 *Financial Instruments*, all financial instruments are included on the statement of financial position and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Library's accounting policy choices (see note 2(m)).

The adoption of these standards did not have any impact on the amounts presented in these financial statements.

4. 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.

5. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable	\$ 508,171	\$ 172,296
Accrued liabilities	25,186	25,449
Accrued payroll liabilities	525,238	429,845
	<u>\$ 1,058,595</u>	<u>\$ 627,590</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

6. 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.

	2023	2022
Balance, beginning of year	\$ 566,900	\$ 616,500
Current service cost	38,300	51,800
Interest cost	25,500	15,200
Past service credit	-	(101,700)
Benefits paid	(32,400)	(63,600)
Amortization of net actuarial (gain) loss	(17,700)	48,700
Balance, end of year	\$ 580,600	\$ 566,900

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2023. This actuarial gain is being amortized over a period equal to the employees' average remaining service lifetime of 11 years.

	2023	2022
Accrued benefit obligation, end of year	\$ 580,600	\$ 566,900
Unamortized net actuarial gain	(9,500)	(33,700)
Accrued benefit liability, end of year	\$ 571,100	\$ 533,200

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

	2023	2022
Discount rate	4.10%	4.40%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary increases	2.50% to 3.00%	2.50% to 3.00%

7. Deferred revenue:

	2023	2022
Balance, beginning of year	\$ 221,729	\$ 100,151
Contributions	57,176	153,894
Revenue recognized as donations revenue	(65,367)	(30,641)
Revenue recognized as grants revenue (note 10(e))	(111,353)	(1,675)
Balance, end of year	\$ 102,185	\$ 221,729

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

8. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Library collections	\$ 6,784,362	\$ 754,680	\$ (478,474)	\$ 7,060,568
Furniture and fixtures	1,617,587	307,277	-	1,924,864
Equipment	2,724,503	259,326	-	2,983,829
Work-in-progress	-	143,848	-	143,848
	<u>\$ 11,126,452</u>	<u>\$ 1,465,131</u>	<u>\$ (478,474)</u>	<u>\$ 12,113,109</u>

Accumulated amortization	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Library collections	\$ 5,003,318	\$ 694,826	\$ (478,474)	\$ 5,219,670
Furniture and fixtures	936,421	47,437	-	983,858
Equipment	2,031,340	158,919	-	2,190,259
	<u>\$ 7,971,079</u>	<u>\$ 901,182</u>	<u>\$ (478,474)</u>	<u>\$ 8,393,787</u>

Net book value	Balance at December 31, 2023	Balance at December 31, 2022
Library collections	\$ 1,840,898	\$ 1,781,044
Furniture and fixtures	941,006	681,166
Equipment	793,570	693,163
Work-in-progress	143,848	-
	<u>\$ 3,719,322</u>	<u>\$ 3,155,373</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

9. Accumulated surplus:

	2023	2022
Operating:		
Appropriated surplus:		
Capital expenditures	\$ 368,171	\$ 669,718
Library enhancement	914,548	1,544,452
IT infrastructure	575,000	375,000
Training	100,000	100,000
Budget stabilization	282,000	370,000
Future capital acquisitions	710,809	175,630
Library operations	33,401	33,401
Future salary and benefit obligations	83,002	83,002
Library grants provision	627,329	-
Total appropriated surplus	3,694,260	3,351,203
Surplus	570,570	830,454
Invested in tangible capital assets	3,719,322	3,155,373
	<u>\$ 7,984,152</u>	<u>\$ 7,337,030</u>

During the year ended December 31, 2023, the Board approved the transfers from surplus of \$400,000 to Library Enhancement (2022 - \$1,544,452), and \$200,000 to IT infrastructure (2022 - \$375,000).

10. Grants:

	2023	2022
Provincial Revenue Sharing Grant	(a) \$ 373,688	\$ 352,990
One Card Grant	(b) 16,664	16,664
British Columbia Equity Grant	(c) 4,500	4,500
Resource Sharing Grants	(d) 2,899	2,374
COVID-19 Relief and Recovery Grant	(e) 111,353	1,675
Enhancement Grant (One-Time)	(f) 628,813	-
	<u>\$ 1,137,917</u>	<u>\$ 378,203</u>

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

(b) The One Card Grant is provided by the Libraries Branch of the Ministry of Education and Child Care 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

Year ended December 31, 2023

10. Grants (continued):

- (c) British Columbia Equity Grant is awarded by the Libraries Branch of the Ministry of Education and Child Care 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.
- (e) COVID-19 Relief and Recovery Grant (One-Time) is awarded by the Ministry of Municipal Affairs of the Province of British Columbia to support COVID-19 relief and recovery, including emergency planning.
- (f) Enhancement Grant (One-Time) is awarded by the Ministry of Municipal Affairs Public Libraries Branch to support local library service enhancement, including helping address shifting demands on services, collections, programs, and spaces. This one-time, targeted Enhancement Grant is intended to supplement local government funding and is not intended to replace it. Enhancement Grant funding may be used over three years to enrich people's library experiences through augmented local services, programs, and collections and support libraries in working together to extend services.

11. Fines and miscellaneous:

	2023	2022
Book fines	\$ 12,534	\$ 9,697
InterLINK revenue	16,995	13,468
Photocopy and printer revenue	59,456	43,516
Miscellaneous	17,851	10,076
	<u>\$ 106,836</u>	<u>\$ 76,757</u>

12. 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.

	2023	2022
Friends of the Library	\$ 5,000	\$ 5,000
Other	60,367	25,854
	<u>\$ 65,367</u>	<u>\$ 30,854</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

13. 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 \$296,758 at December 31, 2023 (2022 - \$282,900). The balance is comprised of donations from Friends of the Library (\$156,000), Vancouver Foundation's matching program (\$75,000), other donors (\$51,900) and recontribution of income generated (\$13,858).

As at December 31, 2023, the fair value of the capital in the fund amounted to \$411,209 (2022 - \$377,227).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income of \$13,858 for the year ended December 31, 2023 was reinvested into the Endowment Fund's capital (2022 - \$13,583). This income is presented as investment income and the reinvestment is recorded in general and administration expense 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 \$155,518 at December 31, 2023 (2022 - \$150,518). The balance is comprised of donations from Friends of the Library of \$64,000 (2022 - \$59,000) and other donors of \$91,518 (2022 - \$91,518).

As at December 31, 2023, the fair value of the capital in the fund amounted to \$205,314 (2022 - \$176,506).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income of \$4,677 for the year ended December 31, 2023 was reinvested into the Endowment Fund's capital (2022 - \$6,630). This income is presented as investment income and the reinvestment is recorded in general and administration expense on the statement of operations.

14. Library subscriptions and databases:

	2023	2022
Digital books and multimedia	\$ 684,983	\$ 579,786
Databases, newspapers and magazines	123,840	122,815
	\$ 808,823	\$ 702,601

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

15. 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, 2022, the plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 43,000 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, 2021, indicated a \$3,761 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 \$535,512 (2022 - \$536,430) for employer contributions while employees contributed \$495,613 (2022 - \$496,109) to the plan in fiscal 2023.

The next valuation will be as at December 31, 2024, with results available in 2025.

16. Commitments:

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

2024	\$ 315,817
2025	218,240
2026	215,500
2027	215,500

17. 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

Year ended December 31, 2023

18. Budget data:

The budget data presented in these financial statements is based on the 2023 budget approved by the Board of Trustees on November 30, 2022. 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	\$ 11,296,700	\$ 11,296,700
Expenses:		
Operating budget	(11,468,700)	(11,468,700)
Less: Transfer from Surplus	1,134,000	-
Less: Transfer from Budget Stabilization	88,000	-
Less: Acquisition of tangible capital assets	(1,050,000)	-
Less: Amortization of tangible capital assets	-	(593,100)
Annual deficit	\$ -	\$ (765,100)

19. 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, 2023

	2023			2022		
	Operating	Capital	Total	Operating	Capital	Total
Revenue:						
Municipal contribution	\$ 10,235,550	\$ 610,000	\$ 10,845,550	\$ 9,653,650	\$ 742,400	\$ 10,396,050
Grants	1,137,917	-	1,137,917	378,203	-	378,203
Fines and miscellaneous	106,836	-	106,836	76,757	-	76,757
Donations	65,367	-	65,367	30,854	-	30,854
Investment income	23,155	-	23,155	25,971	-	25,971
Gain on sale of tangible capital assets	-	17,425	17,425	-	20,602	20,602
	11,568,825	627,425	12,196,250	10,165,435	763,002	10,928,437
Expenses:						
Salaries and employee benefits	8,162,537	-	8,162,537	7,762,031	-	7,762,031
Amortization	-	901,182	901,182	-	930,948	930,948
Library subscriptions and databases	808,823	-	808,823	702,601	-	702,601
Supplies and equipment services	465,112	-	465,112	300,763	-	300,763
General and administration	563,833	-	563,833	298,049	-	298,049
Building, leases and maintenance	502,945	-	502,945	490,043	-	490,043
Utilities	144,696	-	144,696	107,508	-	107,508
	10,647,946	901,182	11,549,128	9,660,995	930,948	10,591,943
Annual surplus (deficit)	920,879	(273,757)	647,122	504,440	(167,946)	336,494
Accumulated surplus, beginning of year	4,088,195	3,248,835	7,337,030	3,583,755	3,416,781	7,000,536
Accumulated surplus, end of year	\$ 5,009,074	\$ 2,975,078	\$ 7,984,152	\$ 4,088,195	\$ 3,248,835	\$ 7,337,030