



City of Richmond

Report to Committee

To:	Finance Committee	Date:	April 15, 2025
From:	Jerry Chong General Manager, Finance and Corporate Services	File:	03-0905-01/2025-Vol 01
Re:	2024 Financial Statements for the Richmond Public Library		

Staff Recommendation

That the 2024 Richmond Public Library audited financial statements for the year ended December 31, 2024, 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
APPROVED BY CAO <hr/>

TO: City of Richmond Finance Committee
FROM: Susan Walters, Chief Librarian
DATE: March 6, 2025

Recommendation

That the 2024 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, 2024

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 2024 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, 2024. The library's financial statements are prepared in accordance with Canadian public sector accounting standards.

KPMG conducted the audit 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 14, 2025, and the Library Board approved them at their regular meeting on Wednesday, March 26, 2025.

Statement of Financial Position

	2024 Actual	2023 Actual	Change
Financial Assets	\$4,619,581	\$4,997,525	\$(337,944)
Liabilities	1,924,723	1,731,880	192,843
Net Financial Assets	2,694,858	3,265,645	(570,787)
Non-Financial Assets	4,751,408	4,718,507	32,900
Accumulated Surplus	\$7,446,266	\$7,984,152	\$(537,886)

The library's overall financial position decreased by \$537,886, with accumulated surplus totaling \$7.4 million. The decrease in financial assets is mainly due to a decrease in the amount due from the City of Richmond as a result of higher expenditures in library operations. The increase in liabilities is primarily due to an increase in accrued liabilities. Donations 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 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 \$7.4 million consists of tangible capital assets of \$3.7 million, appropriated surplus of \$3.2 million and surplus of \$535,862. Note that in 2024, the library received an additional \$36,969 of Enhancement Grants from the Province of BC, and this was recognized as revenue in 2024 and transferred to appropriated surplus to support library enhancements that will continue to take place in 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

	2024 Budget	2024 Actual	2023 Actual
Revenue	\$11,758,900	\$11,941,830	\$12,196,250
Expenses	12,495,800	12,479,716	11,549,128
Annual Surplus (Deficit)	\$(736,900)	\$(537,886)	\$647,122

Budget Variance

Revenue of \$11.9 million was greater than budgeted revenue by \$182,930 mainly due to:

- \$36,969 of recognized one-time Enhancement Grants that are not budgeted.
- \$23,199 of increased InterLINK revenue due to an increase in the library's net lending over borrowing activity.
- \$28,519 of increased revenue related to library's print and photocopier services.
- \$52,891 of recognized restricted donations relating to expenses incurred in the year that are not budgeted.
- \$15,946 of gain on sale of tangible capital assets that are not budgeted.

Expenses of \$12.5 million was lower than budgeted expenses by \$16,084 mainly due to:

- \$418,079 lower than budgeted salaries and employee benefits due to vacancies.
- \$18,324 higher than budgeted library subscriptions and databases as the library strengthens its digital resources.
- \$296,234 higher than budgeted general and administration expenses mainly due to renovation at Brighthouse library front entrance, and library's enhanced cybersecurity framework.
- \$27,614 higher than budgeted building, leases and maintenance expenses primarily due to higher City's trade costs.

Year Over Year Change

Revenue of \$11.9 million decreased by \$254,420 million over 2023 mainly due to:

- \$439,850 increase in municipal contribution.
- \$591,844 decrease in recognition of one-time Enhancement Grants.
- \$109,678 decrease in recognition of one-time COVID-19 Relief and Recovery Grant.

Expenses of \$12.5 million increased by \$930,588 over 2023 mainly due to:

- \$593,484 increase in salaries and employee benefits resulting from the negotiated 2024-2027 Collective Agreement.
- \$40,007 increase in supplies and equipment services is mainly due to an increase in professional fees for strategic planning and other professional fees.
- \$195,601 increase in general and administration expenses mainly due to renovation at Brighthouse library front entrance, and general contractual increases.

Library Board Approval

The Library Board reviewed the statements and approved them at their meeting on Wednesday, March 26, 2025.

Susan Walters

A handwritten signature in black ink, appearing to read "SWalters.", with a period at the end.

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, 2024



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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, 2024
- 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, 2024, 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.



Richmond Public Library Board
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- 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 26, 2025

RICHMOND PUBLIC LIBRARY BOARD

Statement of Financial Position

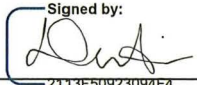

December 31, 2024, with comparative information for 2023

	2024	2023
Financial Assets		
Due from City of Richmond (note 4)	\$ 4,533,770	\$ 4,901,991
Accounts receivable	85,811	95,534
	4,619,581	4,997,525
Liabilities		
Accounts payable and accrued liabilities (note 5)	1,252,791	1,058,595
Post-employment benefits (note 6)	583,700	571,100
Deferred revenue (note 7)	88,232	102,185
	1,924,723	1,731,880
Net financial assets	2,694,858	3,265,645
Non-Financial Assets		
Tangible capital assets (note 8)	3,711,264	3,719,322
Prepaid expenses	1,040,144	999,185
	4,751,408	4,718,507
Accumulated surplus (note 9)	\$ 7,446,266	\$ 7,984,152

Commitments (note 16)
Economic dependence (note 19)

See accompanying notes to financial statements.

Approved on behalf of the Library Board:

Signed by:  Trustee
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Signed by:  Trustee
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RICHMOND PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (Notes 2(a) and 18)	2024	2023
Revenue:			
Municipal contribution	\$ 11,285,400	\$ 11,285,400	\$ 10,845,550
Grants (note 10)	397,700	434,722	1,137,917
Fines and miscellaneous (note 11)	57,000	123,350	106,836
Donations (note 12)	-	52,891	65,367
Investment income (note 13)	18,800	29,521	23,155
Gain on sale of tangible capital assets	-	15,946	17,425
	11,758,900	11,941,830	12,196,250
Expenses:			
Salaries and employee benefits	9,174,100	8,756,021	8,162,537
Amortization	906,000	1,000,787	901,182
Library subscriptions and databases (note 14)	787,500	805,824	808,823
Supplies and equipment services	511,400	505,119	465,112
General and administration	463,200	759,434	563,833
Building, leases and maintenance	495,600	523,214	502,945
Utilities	158,000	129,317	144,696
	12,495,800	12,479,716	11,549,128
Annual (deficit) surplus	(736,900)	(537,886)	647,122
Accumulated surplus, beginning of year	7,984,152	7,984,152	7,337,030
Accumulated surplus, end of year	\$ 7,247,252	\$ 7,446,266	\$ 7,984,152

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024 (Notes 2(a) and 18)	2024	2023
Annual (deficit) surplus	\$ (736,900)	\$ (537,886)	\$ 647,122
Acquisition of tangible capital assets	(1,209,100)	(992,729)	(1,465,131)
Amortization of tangible capital assets	906,100	1,000,787	901,182
Gain on sale of tangible capital assets	-	(15,946)	(17,425)
Proceeds on sale of tangible capital assets	-	15,946	17,425
Increase in prepaid expenses	-	(40,959)	(158,666)
Change in net financial assets	(1,039,900)	(570,787)	(75,493)
Net financial assets, beginning of year	3,265,645	3,265,645	3,341,138
Net financial assets, end of year	\$ 2,225,745	\$ 2,694,858	\$ 3,265,645

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Annual (deficit) surplus	\$ (537,886)	\$ 647,122
Items not involving cash:		
Amortization	1,000,787	901,182
Gain on sale of tangible capital assets	(15,946)	(17,425)
Changes in non-cash operating working capital:		
Due from City of Richmond	368,221	(243,642)
Accounts receivable	9,723	(30,226)
Prepaid expenses	(40,959)	(158,666)
Accounts payable and accrued liabilities	194,196	431,005
Post-employment benefits	12,600	37,900
Deferred revenue	(13,953)	(119,544)
Net change in cash from operating activities	976,783	1,447,706
Capital activities:		
Proceeds on sale of tangible capital assets	15,946	17,425
Acquisition of tangible capital assets	(992,729)	(1,465,131)
Net change in cash from capital activities	(976,783)	(1,447,706)
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, 2024

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 2024 budget approved by the Board of Trustees (the "Board") on November 29, 2023. 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:

Revenues from transactions with performance obligations are recognized when (at a point in time) or as (over a period of time), the Library satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor.

Revenues from transactions without performance obligations are recognized at realizable value when the Library has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(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.

(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.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(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).

(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, 2024, and December 31, 2023. 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.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

3. Adoption of new accounting standards:

(a) PS 3160 *Public Private Partnerships Standard*:

On January 1, 2024, the Library adopted Canadian Public Sector Accounting Standard PS 3160, *Public Private Partnerships* ("PS 3160"). The new standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. Management has assessed that there is no impact of adopting PS 3160 on the financial statements of the Library.

(b) PS 3400 *Revenue Standard* :

On January 1, 2024, the Library adopted Canadian public sector accounting standard PS 3400, *Revenue* ("PS 3400"). The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Management has assessed that there is no impact of adopting PS 3400 on the financial statements of the Library.

(c) PSG-8 *Purchased Intangibles*:

On January 1, 2024, the Library adopted Public Sector Guideline PSG-8, *Purchased Intangibles, applied on a prospective basis* ("PSG-8"). PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. Management has assessed the impact of adopting PSG-8 and found that at present no such items meet the criteria to be recognized as a purchased intangible.

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:

	2024	2023
Accounts payable	\$ 280,945	\$ 508,171
Accrued liabilities	35,793	25,186
Accrued payroll liabilities	936,053	525,238
	<u>\$ 1,252,791</u>	<u>\$ 1,058,595</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

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.

	2024	2023
Balance, beginning of year	\$ 580,600	\$ 566,900
Current service cost	39,500	38,300
Interest cost	23,800	25,500
Past service credit	(1,600)	-
Benefits paid	(43,700)	(32,400)
Amortization of net actuarial gains and losses	(39,300)	(17,700)
Balance, end of year	\$ 559,300	\$ 580,600

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2024. These actuarial gains and losses are being amortized over a period equal to the employees' average remaining service lifetime of 11 years (2023 - 11 years).

	2024	2023
Accrued benefit obligation, end of year	\$ 559,300	\$ 580,600
Unamortized net actuarial gain (loss)	24,400	(9,500)
Accrued benefit liability, end of year	\$ 583,700	\$ 571,100

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

	2024	2023
Discount rate	4.30%	4.10%
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:

	2024	2023
Balance, beginning of year	\$ 102,185	\$ 221,729
Contributions	38,938	57,176
Revenue recognized as donations revenue	(52,891)	(65,367)
Revenue recognized as grants revenue (note 10(e))	-	(111,353)
Balance, end of year	\$ 88,232	\$ 102,185

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

8. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions, net	Disposals	Balance at December 31, 2024
Library collections	\$ 7,060,568	\$ 769,186	\$ (308,908)	\$ 7,520,846
Furniture and fixtures	1,924,864	250,037	-	2,174,901
Equipment	2,983,829	117,354	(13,431)	3,087,752
Work-in-progress	143,848	(143,848)	-	-
	<u>\$ 12,113,109</u>	<u>\$ 992,729</u>	<u>\$ (322,339)</u>	<u>\$ 12,783,499</u>

Accumulated amortization	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Library collections	\$ 5,219,670	\$ 743,171	\$ (308,908)	\$ 5,653,933
Furniture and fixtures	983,858	71,385	-	1,055,243
Equipment	2,190,259	186,231	(13,431)	2,363,059
	<u>\$ 8,393,787</u>	<u>\$ 1,000,787</u>	<u>\$ (322,339)</u>	<u>\$ 9,072,235</u>

Net book value	Balance at December 31, 2023	Balance at December 31, 2024
Library collections	\$ 1,840,898	\$ 1,866,913
Furniture and fixtures	941,006	1,119,658
Equipment	793,570	724,693
Work-in-progress	143,848	-
	<u>\$ 3,719,322</u>	<u>\$ 3,711,264</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

9. Accumulated surplus:

	2024	2023
Operating:		
Appropriated surplus:		
Capital expenditures	\$ 898,451	\$ 368,171
Library enhancement	451,884	914,548
IT infrastructure	175,000	575,000
Training	100,000	100,000
Budget stabilization	216,000	282,000
Future capital acquisitions	726,237	710,809
Library operations	33,401	33,401
Future salary and benefit obligations	83,002	83,002
Library grants provision	515,165	627,329
Total appropriated surplus	3,199,140	3,694,260
Surplus	535,862	570,570
Invested in tangible capital assets	3,711,264	3,719,322
	\$ 7,446,266	\$ 7,984,152

During the year ended December 31, 2024, the Board approved the transfer from surplus of \$142,000 to Capital expenditures (2023 - \$368,171).

10. Grants:

	2024	2023
Provincial Revenue Sharing Grant (a)	\$ 373,688	\$ 373,688
One Card Grant (b)	16,664	16,664
British Columbia Equity Grant (c)	4,500	4,500
Resource Sharing Grants (d)	2,901	2,899
COVID-19 Relief and Recovery Grant (e)	-	111,353
Enhancement Grant (f)	36,969	628,813
	\$ 434,722	\$ 1,137,917

(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, 2024

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 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 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 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:

	2024	2023
Book fines	\$ 12,936	\$ 12,534
InterLINK revenue	33,199	16,995
Photocopy and printer revenue	69,519	59,456
Miscellaneous	7,696	17,851
	\$ 123,350	\$ 106,836

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.

	2024	2023
Friends of the Library	\$ 23,613	\$ 5,000
Other	29,278	60,367
	\$ 52,891	\$ 65,367

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

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 \$317,553 at December 31, 2024 (2023 - \$296,758). 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 retribution of cumulative income generated as at December 31, 2024 (\$34,653).

As at December 31, 2024, the fair value of the capital in the fund amounted to \$463,483 (2023 - \$411,209).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income of \$20,795 for the year ended December 31, 2024, was reinvested into the Endowment Fund's capital (2023 - \$13,858). 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 \$156,548 at December 31, 2024 (2023 - \$155,518). The balance is comprised of donations from Friends of the Library of \$64,000 (2023 - \$64,000) and other donors of \$92,548 (2023 - \$91,518).

As at December 31, 2024, the fair value of the capital in the fund amounted to \$243,327 (2023 - \$205,314).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income of \$8,726 for the year ended December 31, 2024, was reinvested into the Endowment Fund's capital (2023 - \$4,677). 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:

	2024	2023
Digital books and multimedia	\$ 670,289	\$ 684,983
Databases, newspapers and magazines	135,535	123,840
	<u>\$ 805,824</u>	<u>\$ 808,823</u>

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2024

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, 2023, the plan has about 256,000 active members and approximately 129,000 retired members. Active members include approximately 45,000 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 actuarial 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.

The Library paid \$539,601 (2023 - \$541,069) for employer contributions while employees contributed \$499,029 (2023 - \$495,613) to the plan in fiscal 2024.

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

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.

16. Commitments:

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

2025	\$ 333,689
2026	215,500
2027	215,500
2028	197,542

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, 2024

18. Budget data:

The budget data presented in these financial statements is based on the 2024 budget approved by the Board of Trustees on November 29, 2023. 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	\$ 11,758,900	\$ 11,758,900
Expenses:		
Operating budget	(11,589,800)	(11,589,800)
Less: Transfer from Surplus	375,000	-
Less: Transfer from Budget Stabilization	66,000	-
Less: Acquisition of tangible capital assets	(610,100)	-
Less: Amortization of tangible capital assets	-	(906,000)
Annual deficit	\$ -	\$ (736,900)

19. Economic dependence:

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

20. Financial risk management:

The Board ensures that the Library has identified its major risks and ensures that management monitors and mitigates them.

(a) Credit risk:

Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Library is exposed to credit risk with respect to its due from the City of Richmond and accounts receivable. The Library's credit risk related to due from the City of Richmond and accounts receivable is minimal as receivables are with parties that have a low risk of collectability.

(b) Liquidity risk:

Liquidity risk is the risk that the Library will not be able to meet its obligations as they fall due. The Library is exposed to liquidity risk with respect to its accrued salaries and benefits, accounts payable and accrued liabilities. The Library maintains adequate levels of working capital to ensure all obligations can be met when they fall due.

There has been no change to the financial risks from 2023.

RICHMOND PUBLIC LIBRARY BOARD

Unaudited Statement of Operations by Fund

Year ended December 31, 2024

	2024			2023		
	Operating	Capital	Total	Operating	Capital	Total
Revenue:						
Municipal contribution	\$ 10,675,400	\$ 610,000	\$ 11,285,400	\$ 10,235,550	\$ 610,000	\$ 10,845,550
Grants	434,722	-	434,722	1,137,917	-	1,137,917
Fines and miscellaneous	123,350	-	123,350	106,836	-	106,836
Donations	52,891	-	52,891	65,367	-	65,367
Investment income	29,521	-	29,521	23,155	-	23,155
Gain on sale of tangible capital assets	-	15,946	15,946	-	17,425	17,425
	11,315,884	625,946	11,941,830	11,568,825	627,425	12,196,250
Expenses:						
Salaries and employee benefits	8,756,021	-	8,756,021	8,162,537	-	8,162,537
Amortization	-	1,000,787	1,000,787	-	901,182	901,182
Library subscriptions and databases	805,824	-	805,824	808,823	-	808,823
Supplies and equipment services	505,119	-	505,119	465,112	-	465,112
General and administration	759,434	-	759,434	563,833	-	563,833
Building, leases and maintenance	523,214	-	523,214	502,945	-	502,945
Utilities	129,317	-	129,317	144,696	-	144,696
	11,478,929	1,000,787	12,479,716	10,647,946	901,182	11,549,128
Annual surplus (deficit)	(163,045)	(374,841)	(537,886)	920,879	(273,757)	647,122
Accumulated surplus, beginning of year	5,009,074	2,975,078	7,984,152	4,088,195	3,248,835	7,337,030
Accumulated surplus, end of year	\$ 4,846,029	\$ 2,600,237	\$ 7,446,266	\$ 5,009,074	\$ 2,975,078	\$ 7,984,152