



City of Richmond

Report to Committee

To: Finance Committee

Date: April 25, 2017

From: Andrew Nazareth
General Manager, Finance and Corporate Services

File: 03-0905-01/2017-Vol 01

Re: 2016 Financial Statements for the Richmond Public Library

Staff Recommendation

That the 2016 Richmond Public Library audited financial statements for the year ended December 31, 2016, as presented in the attached report from the Chief Librarian, be received for information.

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

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER 	
REVIEWED BY STAFF REPORT / AGENDA REVIEW SUBCOMMITTEE	INITIALS: CS
APPROVED BY CAO 	



REPORT TO COMMITTEE

To: Finance Committee Date: April 27, 2017
From: Susan Walters, Chief Librarian
Re: 2016 Financial Statements of the Richmond Public Library Board

Recommendation

That the 2016 Financial Statements of the Richmond Public Library Board be received for information.

A handwritten signature in cursive script that reads "SWalters".

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

Attachment:
Financial Statements of Richmond Public Library Board Year Ended December 31, 2016

Origin

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

This report deals with the 2016 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, 2016. The library's financial statements are prepared in accordance with Canadian public sector accounting standards.

In conducting the audit, KPMG noted that there were no corrected or uncorrected audit misstatements and no omissions. There was an immaterial error in the presentation of certain electronic media ("e-books") and the impact has been recorded retrospectively and prior periods have been recast. KPMG did not identify any control deficiencies that they consider to be significant deficiencies in internal control for financial reporting; nor did they find or observe any other internal control deficiencies.

Prior Period Recast – Electronic Media ("e-books")

During the year it was determined that certain subscriptions for electronic media ("e-books") were recorded as tangible capital assets. They should be classified as an expense due to the wording in the subscription agreement.

Many e-books have subscription durations greater than one year and as a result, they will be treated as prepaid expense. Subscription expenses will be recognized over the duration of their availability to a maximum of four years. Note 3 in the financial statements lists the changes recorded retrospectively with prior periods having been recast.

The Library Board reviewed the statements and approved them at their regular meeting on Wednesday, April 26, 2017.

Statement of Financial Position

Financial Assets

The amount due from the City of Richmond (\$1,819k) and accounts receivable (\$110k) arose in the normal course of business.

Liabilities

Accounts payable and accrued liabilities as of December 31, 2016 were \$1,176k and primarily included accrued payroll liabilities and post-employment benefits. Deferred revenue of \$94k is the amount of restricted donations received. Donation revenue is recognized in the year in which the related expenses are incurred.

Non-Financial Assets

As of December 31, 2016 the Library had \$3,495k in tangible capital assets, which includes the library's collections, computer hardware and software, equipment and furniture. Note 5 in the financial statements contain a breakdown of cost, accumulated depreciation and net book value.

The 2016 net book value of tangible capital assets declined by \$363k due to the recast of e-books as prepaid expense, a decline in the collection's net book value as a result of amortization and collection discards exceeding additions.

Prepaid expense of \$415k consists of e-book subscriptions with durations longer than one year.

Accumulated Surplus

The accumulated surplus at December 31, 2016 was \$4,569k and consists of tangible capital assets of \$3,495k, appropriated surplus of \$388k and surplus of \$685k. Appropriated surplus included \$260k approved for capital expenditures.

Statement of Operations

Revenue

The Library received \$8,744k in contributions from the City, \$402k from grants and \$334k from fines and miscellaneous charges. Book fine revenue increased because the fine collection threshold was changed from \$10 to \$5 in early 2016. This change resulted in an increase in account fines collected as fines were paid in full sooner. This increase is expected to be temporary as customers become accustomed to the new threshold. Online services increased and other libraries improved their collections, causing InterLINK revenues to fall by \$26k.

Donation revenue matches the donations expenses incurred during 2016. The 2016 figure of \$31k is a decrease of \$52k over the previous year.

Expenses

Salaries and benefits increased by \$50k in 2016. This increase was limited by a number of time gaps between positions becoming vacant and being filled.

Amortization of tangible capital assets is on a straight-line basis with library collections over 4 to 20 years, furniture and fixtures over 10 to 20 years and equipment over 5 to 10 years. In 2016 this amounted to \$1,319k.

Supplies and equipment services expense is a consolidation of many expense items including cataloguing, supplies, subscriptions, printing and equipment purchases and maintenance. This expense category increased by \$289k and is significantly over budget due to the recast of "e-books" as a subscription instead of a tangible capital asset.

Building, leases and maintenance expenses were lower than budget and last year by \$36k and \$15k respectively. We received a refund of the Ironwood branch operating costs of \$12k during the year.

General and administration expenses were \$46k higher than last year and \$24k lower than budget. Contract maintenance expenses accounted for the increase.

Overall, 2016 expenses were \$162k higher than 2015 due to the loss on disposal of tangible capital assets of \$153k. Disposal of books from the collection greater than the additions in 2016 increased the loss. A similar loss is not expected for 2017.

Library Board Approval

The Library Board reviewed the statements and approved them at their regular meeting on Wednesday, April 26, 2017.

A handwritten signature in black ink, appearing to read "S. Walters", followed by a period.

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

Financial Statements of

RICHMOND PUBLIC LIBRARY BOARD

Year ended December 31, 2016

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees

We have audited the accompanying financial statements of Richmond Public Library, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net financial assets, cash flows, and schedule for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Richmond Public Library as at December 31, 2016 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

DATE
Burnaby, Canada

RICHMOND PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
		(Recast - note 3)
Financial Assets		
Due from City of Richmond (note 4)	\$ 1,818,634	\$ 1,456,100
Accounts receivable	109,732	120,751
	<u>1,928,366</u>	<u>1,576,851</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	1,175,937	1,029,987
Deferred revenue	93,833	63,653
	<u>1,269,770</u>	<u>1,093,640</u>
Net financial assets	658,596	483,211
Non-Financial Assets		
Tangible capital assets (note 6)	3,495,283	3,858,676
Prepaid expenses	414,632	392,672
	<u>3,909,915</u>	<u>4,251,348</u>
Commitments (note 13)		
Accumulated surplus	<u>\$ 4,568,511</u>	<u>\$ 4,734,559</u>

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, 2016, with comparative information for 2015

	Budget 2016	2016	2015
	(Notes 2(a) and 14)		(Recast - note 3)
Revenue:			
Municipal contribution	\$ 8,744,000	\$ 8,744,000	\$ 8,767,700
Grants (note 9)	406,600	402,173	411,089
Fines and miscellaneous (note 10)	390,700	333,946	295,530
Donations (note 11)	-	30,838	83,029
	<u>9,541,300</u>	<u>9,510,957</u>	<u>9,557,348</u>
Expenses:			
Salaries and employee benefits	6,872,000	6,620,749	6,570,413
Amortization	1,538,700	1,319,116	1,511,856
Supplies and equipment services	462,600	752,269	634,087
General and administration	405,200	381,645	335,172
Building, leases and maintenance	349,600	313,305	328,522
Utilities	125,800	137,191	120,130
Loss on disposal of tangible capital assets	-	152,730	15,152
	<u>9,753,900</u>	<u>9,677,005</u>	<u>9,515,332</u>
Annual surplus (deficit)	(212,600)	(166,048)	42,016
Accumulated surplus, beginning of year	4,734,559	4,734,559	4,692,543
Accumulated surplus, end of year	<u>\$ 4,521,959</u>	<u>\$ 4,568,511</u>	<u>\$ 4,734,559</u>

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	Budget 2016	2016	2015
	(Notes 2(a) and 14)		(Recast - note 3)
Annual surplus (deficit)	\$ (212,600)	\$ (166,048)	\$ 42,016
Acquisition of tangible capital assets	(1,311,500)	(1,146,863)	(1,257,031)
Amortization of tangible capital assets	1,538,700	1,319,116	1,511,856
Loss on disposal of tangible capital assets	-	152,730	15,152
Proceeds on disposal of tangible capital assets	-	38,410	32,916
Increase in prepaid expenses and other assets	-	(21,960)	(177,097)
Change in net financial assets	14,600	175,385	167,812
Net financial assets, beginning of year	483,211	483,211	315,399
Net financial assets, end of year	\$ 497,811	\$ 658,596	\$ 483,211

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
		(Recast - note 3)
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	\$ (166,048)	\$ 42,016
Items not involving cash:		
Amortization	1,319,116	1,511,856
Loss on disposal of tangible capital assets	152,730	15,152
Changes in non-cash operating working capital:		
Due from City of Richmond	(362,534)	(132,817)
Accounts receivable	11,019	2,191
Prepaid expenses and other assets	(21,960)	(177,097)
Accounts payable and accrued liabilities	145,950	(12,267)
Deferred revenue	30,180	(24,919)
Net change in cash from operating activities	1,108,453	1,224,115
Capital activities:		
Proceeds on disposal of tangible capital assets	38,410	32,916
Cash used to acquire tangible capital assets	(1,146,863)	(1,257,031)
Net change in cash from capital activities	(1,108,453)	(1,224,115)
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, 2016

1. Operations:

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

2. Significant accounting policies:

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

(a) Budget data:

The budget data presented in these financial statements is based on the 2016 budget approved by the Board on January 27, 2016. Note 14 reconciles the approved budget to the budget figures reported in these financial statements.

(b) Use of estimates:

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

(c) Deferred revenue:

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

(d) Non-financial assets:

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

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

2. Significant accounting policies (continued):

(e) Tangible capital assets:

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

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

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

(f) Donations of tangible capital assets:

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

(g) Functional and object reporting:

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

(h) Employee future benefits:

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

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

(i) Government transfers:

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

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Recast of prior year comparative information:

(a) Non-financial assets:

During the year, the Library determined that certain subscriptions for electronic media ("e-books") that were recorded in tangible capital assets should be classified as an expense due to the nature of the subscription agreement.

Many e-books have subscription durations greater than one year and will be treated as other assets. Subscription expense will be recognized over the periods the e-books are available to a maximum of 4-years, the same as print books included in tangible capital assets.

The impact of these immaterial errors has been recorded retrospectively and prior periods have been recast as follows:

Accumulated surplus at December 31, 2015:

Accumulated surplus, as previously reported	\$ 4,845,258
Net book value of tangible capital assets previously recorded	(110,699)

Accumulated surplus, as recast	\$ 4,734,559
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Annual surplus for 2015:

Annual surplus, as previously reported	\$ 92,152
Subscription expense, not previously recorded	(205,279)
Amortization expense, previously recorded	155,143

Annual surplus, as recast	\$ 42,016
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Tangible capital assets at December 31, 2015:

Tangible capital assets, as previously reported	\$ 4,340,837
Net book value of tangible capital assets, previously recorded	(482,161)

Tangible capital assets, as recast	\$ 3,858,676
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Prepaid expenses and other assets at December 31, 2015:

Prepaid expenses and other assets, as previously reported	\$ 21,210
Net book value of prepaid expenses and other assets, not previously recorded	371,462

Prepaid expenses and other assets, as recast	\$ 392,672
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RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Due from City of Richmond:

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

5. Accounts payable and accrued liabilities:

	2016	2015
Accounts payable	\$ 139,798	\$ 288,292
Accrued liabilities	13,035	7,786
Accrued payroll liabilities	509,404	208,209
Post-employment benefits (note 7)	513,700	525,700
	\$ 1,175,937	\$ 1,029,987

6. Tangible capital assets:

Cost	Balance, December 31, 2015	Additions	Disposals	Balance, December 31, 2016
	(Recast - note 3)			
Library collections	\$ 6,339,806	\$ 1,024,139	\$ (1,616,440)	\$ 5,747,505
Furniture and fixture	1,105,508	14,367	-	1,119,875
Equipment	1,453,442	107,325	-	1,560,767
Work-in-progress	-	1,032	-	1,032
	\$ 8,898,756	\$ 1,146,863	\$ (1,616,440)	\$ 8,429,179

Accumulated Amortization	Balance, December 31, 2015	Additions	Disposals	Balance, December 31, 2016
	(Recast - note 3)			
Library collections	\$ 3,107,696	\$ 1,174,326	\$ (1,425,300)	\$ 2,856,722
Furniture and fixture	757,891	42,259	-	800,150
Equipment	1,174,493	102,531	-	1,277,024
	\$ 5,040,080	\$ 1,319,116	\$ (1,425,300)	\$ 4,933,896

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

6. Tangible capital assets (continued):

Net book value	Balance, December 31, 2015 (Recast - note 3)	Balance, December 31, 2016
Library collections	\$ 3,232,110	\$ 2,890,783
Furniture and fixture	347,617	319,725
Equipment	278,949	283,743
Work-in-progress	-	1,032
	\$ 3,858,676	\$ 3,495,283

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:

	2016	2015
Balance, beginning of year	\$ 525,700	\$ 548,800
Current service cost	33,500	32,600
Interest cost	14,900	15,300
Amortization of actuarial gain	(11,300)	(33,500)
Benefits paid	(49,100)	(37,500)
Balance, end of year	\$ 513,700	\$ 525,700

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2016. The difference between the actuarially determined accrued benefit obligation of \$515,200 and the liability of \$513,700 as at December 31, 2016 is an unamortized net actuarial loss of \$1,500. This actuarial loss is being amortized over a period equal to the employees' average remaining service lifetime of 10 years.

	2016	2015
Actuarial benefit obligation:		
Accrued liability, end of year	\$ 513,700	\$ 525,700
Unamortized net actuarial loss (gain)	1,500	(42,300)
Balance, end of year	\$ 515,200	\$ 483,400

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Post-employment benefits (continued):

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

	2016	2015
Discount rate	3.30%	3.10%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary increases	2.50%	2.50%

8. Accumulated surplus:

	2016	2015
Operating:		(Recast - note 3)
Appropriated surplus	\$ 387,909	\$ 303,275
Surplus	685,319	572,608
	1,073,228	875,883
Invested in tangible capital assets	3,495,283	3,858,676
	\$ 4,568,511	\$ 4,734,559

Appropriated surplus includes \$259,730 approved for capital expenditures, \$45,176 for future capital acquisitions and \$83,003 for future salary and benefit obligations.

9. Grants:

	2016	2015
Provincial Revenue Sharing Grant (a)	\$ 358,319	\$ 358,319
One Card Grant (b)	35,153	40,873
British Columbia Equity Grant (c)	4,500	4,500
Writers in Library Grant (d)	1,073	4,566
Resource Sharing Grants (e)	3,128	2,831
	\$ 402,173	\$ 411,089

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

(b) The One Card Grant is provided by the Libraries Branch Ministry of Education 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, 2016

9. Grants (continued):

- (c) British Columbia Equity Grant is awarded by the Libraries Branch of the Ministry of Education 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 ("ESL").
- (d) The Writers in Library Grant is funded by the Canada Council for the Arts for the secondment of writers to attend libraries and perform readings.
- (e) Resource Sharing Grants - Annual grants are provided to BC public libraries to encourage their participation in the province-wide inter library loan system.

10. Fines and miscellaneous:

	2016	2015
Book fines	\$ 213,694	\$ 144,871
InterLINK revenue	65,275	91,711
Photocopy and printer revenue	48,383	48,278
Miscellaneous	6,594	10,670
	\$ 333,946	\$ 295,530

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.

	2016	2015
Friends of the Library	\$ 24,488	\$ 33,505
Ozone Showcase Donations	-	556
Collection Donations	1,392	170
Law Matters	-	1,552
McDonald Estate	235	13,162
Vancouver Foundation Interest	-	13,467
Ben Dayson in Memory Fund	2,249	-
Other	2,474	20,617
	\$ 30,838	\$ 83,029

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

12. 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, 2015, the plan has about 189,000 active members and approximately 85,000 retired members. Active members include approximately 37,000 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 is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Library paid \$493,510 (2015 - \$492,018) for employer contributions while employees contributed \$426,382 (2015 - \$427,316) to the plan in fiscal 2016.

The next valuation will be as at December 31, 2018, with results available in 2019.

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.

13. Commitments:

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

2017	\$ 271,566
2018	256,349
2019	248,740
2020	236,450
2021 and thereafter	556,208

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2016

14. Budget data:

The budget data presented in these financial statements is based on the 2016 budget approved by the Board on January 27, 2016. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Board approved budget	Financial statement budget
Revenues:		
Operating budget	\$ 9,541,300	\$ 9,541,300
Expenses:		
Operating budget	8,215,200	8,215,200
Less: Transfer to surplus	(14,600)	-
Less: Acquisition of tangible capital assets	(1,311,500)	-
Less: Amortization of tangible capital assets	-	(1,538,700)
Annual deficit	\$ -	\$ (212,600)

15. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted for the current year.

SUPPLEMENTRY FINANCIAL INFORMATION

Unaudited Statement of Operations – By Fund

Schedule 1

Year ended December 31, 2016, with comparative information for 2015

	2016			2015		
	Operating	Capital	Total	Operating	Capital	Total
Revenue:						
Municipal contribution	\$ 7,432,500	\$ 1,311,500	\$ 8,744,000	\$ 7,379,200	\$ 1,388,500	\$ 8,767,700
Grants	402,173	-	402,173	411,089	-	411,089
Fines and miscellaneous	333,946	-	333,946	295,530	-	295,530
Donations	30,838	-	30,838	83,029	-	83,029
	8,199,457	1,311,500	9,510,957	8,168,848	1,388,500	9,557,348
Expenses:						
Salaries and employee benefits	6,620,749	-	6,620,749	6,570,413	-	6,570,413
Amortization	-	1,319,116	1,319,116	-	1,511,856	1,511,856
Supplies and equipment services	752,269	-	752,269	634,087	-	634,087
General and administration	381,645	-	381,645	335,172	-	335,172
Building, leases and maintenance	313,305	-	313,305	328,522	-	328,522
Utilities	137,191	-	137,191	120,130	-	120,130
Loss on disposal of tangible capital assets	-	152,730	152,730	-	15,152	15,152
	8,205,159	1,471,846	9,677,005	7,988,324	1,527,008	9,515,332
Annual surplus (deficit)	(5,702)	(160,346)	(166,048)	180,524	(138,508)	42,016
Accumulated surplus, beginning of year	487,210	4,247,349	4,734,559	306,686	4,385,857	4,692,543
Accumulated surplus, end of year	\$ 481,508	\$ 4,087,003	\$ 4,568,511	\$ 487,210	\$ 4,247,349	\$ 4,734,559

DRAFT - April 19, 2017