



City of Richmond

Report to Committee

To: Finance Committee

Date: April 6, 2023

From: Jerry Chong
General Manager, Finance and Corporate Services

File: 03-0905-01/2023-Vol 01

Re: 2022 Financial Statements for the Richmond Public Library

Staff Recommendation

That the 2022 Richmond Public Library audited financial statements for the year ended December 31, 2022, 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: <i>JB</i>
APPROVED BY CAO <i>[Signature]</i>	

TO: City of Richmond Finance Committee
FROM: Susan Walters, Chief Librarian
DATE: March 31, 2023

Recommendation

That the 2022 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, 2022

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 2022 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, 2022. 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, 2023, and the Library Board approved them at their regular meeting on Wednesday, March 29, 2023.

Statement of Financial Position

	2022 Actual	2021 Actual	Change
Financial Assets	\$4,723,657	\$4,598,278	\$125,379
Liabilities	1,382,519	1,479,189	-96,670
Net Financial Assets	3,341,138	3,119,089	222,049
Non-Financial Assets	3,995,892	3,881,447	114,445
Accumulated Surplus	\$7,337,030	\$7,000,536	\$336,494

The library's overall financial position improved by \$336,494, with accumulated surplus totaling \$7.3 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 decrease in liabilities is primarily due to a decrease in payroll liabilities, offset by an increase in deferred revenue due to a Provincial COVID-19 Relief and Recovery One-Time Grant. 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.

The accumulated surplus balance of \$7.3 million consists of tangible capital assets of \$3.2 million, appropriated surplus of \$3.4 million and surplus of \$830,454. Note that in 2022, \$1.1 million was transferred from surplus to appropriated surplus to support various initiatives that are expected to materialize in 2023. Appropriated surplus includes provisions for future library enhancement, capital expenditures, IT infrastructure, training, budget stabilization, library operations and future salary and benefits obligations.

Statement of Operations

	2022 Budget	2022 Actual	2021 Actual
Revenue	\$10,879,200	\$10,928,437	\$10,796,708
Expenses	11,129,900	10,591,943	9,833,381
Annual Surplus	-\$250,700	\$336,494	\$963,327

Budget Variance

Revenue of \$10.9 million was slightly greater than budgeted revenue by \$49,237 mainly due to:

- \$30,854 of recognized restricted donations relating to expenses incurred in the year that are not budgeted.
- \$20,602 of gain on sale of tangible capital assets that are not budgeted.

Expenses of \$10.6 million was lower than budgeted expenses by \$537,957 mainly due to:

- \$580,369 lower than budgeted salaries and employee benefits due to vacancies.
- \$47,401 higher than budgeted library subscriptions and databases as the library strengthens its digital resources.
- \$302,837 lower than budgeted supplies and equipment services mainly because the Special Collection on Chinese Culture project extended into 2023, and the strategic planning project is now underway.
- \$77,151 lower than budgeted general and administration expenses due to lower than expected contract costs and lower IT equipment failure rates.
- \$73,043 higher than budgeted building, leases and maintenance expenses primarily due to a temporary increase in janitorial hours required and higher City's trade costs.

Year Over Year Change

Revenue of \$10.9 million increased by \$131,727 over 2021 mainly due to:

- \$105,700 increase in municipal contribution.
- \$26,948 increase in photocopy and printer revenue as library services return to pre-pandemic levels.
- \$14,365 increase in InterLINK revenue as more non-residents are borrowing physical collections from Richmond.

Expenses of \$10.6 million increased by \$758,561 over 2021 mainly due to:

- \$659,635 increase in salaries and employee benefits resulting from a number of filled vacancies and contractual obligations.
- \$46,156 increase in library subscriptions and databases as the library strengthens its digital resources.
- \$91,539 increase in building, leases and maintenance expenses mainly due to an increase in janitorial services required as all library branches returned to full operational hours in 2022.

Library Board Approval

The Library Board reviewed the statements and approved them at their meeting on Wednesday, March 29, 2023.

Susan Walters

A handwritten signature in black ink that reads "S. Walters." The signature is written in a cursive style 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, 2022



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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, 2022
- 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, 2022, 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 29, 2023

RICHMOND PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Due from City of Richmond (note 3)	\$ 4,658,349	\$ 4,460,829
Accounts receivable	65,308	137,449
	<u>4,723,657</u>	<u>4,598,278</u>
Liabilities		
Accounts payable and accrued liabilities (note 4)	627,590	747,538
Post-employment benefits (note 5)	533,200	631,500
Deferred revenue (note 6)	221,729	100,151
	<u>1,382,519</u>	<u>1,479,189</u>
Net financial assets	3,341,138	3,119,089
Non-Financial Assets		
Tangible capital assets (note 7)	3,155,373	3,057,224
Prepaid expenses	840,519	824,223
	<u>3,995,892</u>	<u>3,881,447</u>
Accumulated surplus (note 8)	<u>\$ 7,337,030</u>	<u>\$ 7,000,536</u>

Commitments (note 15)

Economic dependence (note 18)

See accompanying notes to financial statements.

Approved on behalf of the Library Board:

Cathy Liu Trustee

Jordan Oye Trustee

RICHMOND PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2022 with comparative information for 2021

	Budget 2022 (notes 2(a) and 17)	2022	2021
Revenue:			
Municipal contribution	\$ 10,396,100	\$ 10,396,050	\$ 10,290,350
Grants (note 9)	376,500	378,203	376,528
Fines and miscellaneous (note 10)	88,200	76,757	39,976
Donations (note 11)	-	30,854	58,765
Investment income (note 12)	18,400	25,971	13,534
Gain on sale of tangible capital assets	-	20,602	17,555
	10,879,200	10,928,437	10,796,708
Expenses:			
Salaries and employee benefits	8,342,400	7,762,031	7,102,396
Amortization	593,100	930,948	960,196
Library subscriptions and databases (note 13)	655,200	702,601	656,445
Supplies and equipment services	603,600	300,763	277,979
General and administration	375,200	298,049	303,754
Building, leases and maintenance	417,000	490,043	398,504
Utilities	143,400	107,508	134,107
	11,129,900	10,591,943	9,833,381
Annual surplus (deficit)	(250,700)	336,494	963,327
Accumulated surplus, beginning of year	7,000,536	7,000,536	6,037,209
Accumulated surplus, end of year	\$ 6,749,836	\$ 7,337,030	\$ 7,000,536

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (notes 2(a) and 17)	2022	2021
Annual surplus (deficit)	\$ (250,700)	\$ 336,494	\$ 963,327
Acquisition of tangible capital assets	(1,217,400)	(1,029,097)	(1,154,999)
Amortization of tangible capital assets	593,100	930,948	960,196
Gain on sale of tangible capital assets	-	(20,602)	(17,555)
Proceeds on sale of tangible capital assets	-	20,602	17,555
Increase in prepaid expenses	-	(16,296)	(161,001)
Change in net financial assets	(875,000)	222,049	607,523
Net financial assets, beginning of year	3,119,089	3,119,089	2,511,566
Net financial assets, end of year	\$ 2,244,089	\$ 3,341,138	\$ 3,119,089

See accompanying notes to financial statements.

RICHMOND PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 336,494	\$ 963,327
Items not involving cash:		
Amortization	930,948	960,196
Gain on sale of tangible capital assets	(20,602)	(17,555)
Changes in non-cash operating working capital:		
Due from City of Richmond	(197,520)	(629,543)
Accounts receivable	72,141	(41,377)
Prepaid expenses	(16,296)	(161,001)
Accounts payable and accrued liabilities	(119,948)	27,896
Post-employment benefits	(98,300)	59,800
Deferred revenue	121,578	(24,299)
Net change in cash from operating activities	1,008,495	1,137,444
Capital activities:		
Proceeds on sale of tangible capital assets	20,602	17,555
Acquisition of tangible capital assets	(1,029,097)	(1,154,999)
Net change in cash from capital activities	(1,008,495)	(1,137,444)
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 (continued)

Year ended December 31, 2022

1. Operations:

The Richmond Public Library Board (the "Library"), which was established in 1976 pursuant to the Library Act of British Columbia (Part 2) as a Municipal Public Library, is responsible for the administration of public libraries in the City of Richmond (the "City"). Funding for the provisions of these services is primarily through an annual contribution from the City. In addition, revenue is received from provincial government grants, library fees, donations and other miscellaneous sources. The Library is a registered charity under provisions of the *Income Tax Act* (Canada) and is not a taxable entity. The Library receives accounting services from, and operates primarily in facilities provided free of charge by, the City. 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 2022 budget approved by the Board of Trustees (the "Board") on November 29, 2021. Note 17 reconciles the approved budget to the budget figures reported in these financial statements.

(b) Use of estimates:

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

(c) 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 donations 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 (continued)

Year ended December 31, 2022

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.

(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 7).

(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.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(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.

3. Due from City of Richmond:

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

4. Accounts payable and accrued liabilities:

	2022	2021
Accounts payable	\$ 172,296	\$ 286,360
Accrued liabilities	25,449	16,428
Accrued payroll liabilities	429,845	444,750
	\$ 627,590	\$ 747,538

5. 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:

	2022	2021
Balance, beginning of year	\$ 616,500	\$ 618,000
Current service cost	51,800	50,200
Interest cost	15,200	12,700
Past service cost (credit)	(101,700)	20,200
Benefits paid	(63,600)	(25,700)
Actuarial (gain) loss	48,700	(58,900)
Balance, end of year	\$ 566,900	\$ 616,500

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the Library's accrued benefit obligation as at December 31, 2022. This actuarial gain is being amortized over a period equal to the employees' average remaining service lifetime of 11-years.

	2022	2021
Actuarial benefit obligation:		
Accrued liability, end of year	\$ 566,900	\$ 616,500
Unamortized net actuarial gain (loss)	(33,700)	15,000
Balance, end of year	\$ 533,200	\$ 631,500

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

	2022	2021
Discount rate	4.40%	2.40%
Expected future inflation rate	2.50%	2.00%
Expected wage and salary increases	2.50% to 3.00%	2.50% to 3.00%

6. Deferred revenue:

	2022	2021
Balance, beginning of year	\$ 100,151	\$ 124,450
Contributions	153,894	33,830
Revenue recognized as donations revenue	(30,641)	(58,129)
Revenue recognized from other grants	(1,675)	-
Balance, end of year	\$ 221,729	\$ 100,151

7. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Library collections	\$ 6,713,005	\$ 684,729	\$ (613,372)	\$ 6,784,362
Furniture and fixtures	1,437,980	179,607	-	1,617,587
Equipment	2,559,742	164,761	-	2,724,503
	\$ 10,710,727	\$ 1,029,097	\$ (613,372)	\$ 11,126,452

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Library collections	\$ 4,868,325	\$ 748,365	\$ (613,372)	\$ 5,003,318
Furniture and fixtures	902,674	33,746	-	936,420
Equipment	1,882,504	148,837	-	2,031,341
	\$ 7,653,503	\$ 930,948	\$ (613,372)	\$ 7,971,079

Net book value	Balance at December 31, 2022	Balance at December 31, 2021
Library collections	\$ 1,781,044	\$ 1,844,680
Furniture and fixtures	681,167	535,306
Equipment	693,162	677,238
	\$ 3,155,373	\$ 3,057,224

8. Accumulated surplus:

	2022	2021
Operating:		
Appropriated surplus:		
Capital expenditures	\$ 669,718	\$ 612,046
Library Enhancement	1,544,452	1,292,581
IT Infrastructure	375,000	231,000
Training	100,000	-
Budget stabilization	370,000	200,000
Future capital acquisitions	175,630	155,028
Library operations	33,401	33,401
Future salary and benefit obligations	83,002	83,003
Total appropriated surplus	3,351,203	2,607,059
Surplus	830,454	1,336,253
Invested in tangible capital assets	3,155,373	3,057,224
	\$ 7,337,030	\$ 7,000,536

During the year ended December 31, 2022, the Board approved transfers from surplus of \$510,000 to Library Enhancement (2021 - \$1,292,581), \$175,000 to IT infrastructure (2021 - \$231,000) and \$100,000 to Training Provision (2021 - nil).

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Grants:

		2022	2021
Provincial Revenue Sharing Grant	(a)	\$ 352,990	\$ 352,990
One Card Grant	(b)	16,664	16,664
British Columbia Equity Grant	(c)	4,500	4,500
Resource Sharing Grants	(d)	2,374	2,374
COVID-19 Relief and Recovery One-Time Grant	(e)	1,675	-
		\$ 378,203	\$ 376,528

(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.

(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 One-Time 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.

10. Fines and miscellaneous:

	2022	2021
Book fines	\$ 9,697	\$ 4,496
InterLINK revenue	13,468	(897)
Photocopy and printer revenue	43,516	16,568
Miscellaneous	10,076	19,809
	\$ 76,757	\$ 39,976

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

	2022	2021
Province of BC	\$ -	\$ 38,538
Friends of the Library	5,000	1,822
Other	25,854	18,405
	\$ 30,854	\$ 58,765

12. Investment income:

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

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

The fund was established in 1994 and the contributed capital in the fund amounts to \$282,900 at December 31, 2022 (2021 - \$282,900). The balance is comprised of donations from Friends of the Library (\$156,000), Vancouver Foundation's matching program (\$75,000), and other donors (\$51,900).

As at December 31, 2022, the fair value of the capital in the fund amounted to \$377,227 (2021 - \$427,219).

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income for the year ended December 31, 2022 was \$13,583 (2021 - \$11,074) and is presented as investment income on the Statement of Operations.

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

The Fund was established in 2010 and the contributed capital in the Fund amounts to \$150,518 at December 31, 2022 (2021 - \$145,518). The balance is comprised of donations from Friends of the Library of \$59,000 (2021 - \$54,000) and other donors of \$91,518 (2021 - \$91,518).

As at December 31, 2022, the fair value of the capital in the fund amounted to \$176,506 (2021 - \$189,439).

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Investment income (continued):

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

Under the terms of the agreement, the Library is entitled to withdraw only the investment income generated from the fund. Investment income of \$6,630 for the year ended December 31, 2022 was reinvested into the Endowment Fund's capital (2021 - \$7,956). This amount is presented as investment income and recorded in general and administration expense on the statement of operations when reinvested.

13. Library subscriptions and databases:

	2022	2021
Digital books and multimedia	\$ 579,786	\$ 508,447
Databases, newspapers and magazines	122,815	147,998
	\$ 702,601	\$ 656,445

14. Pension plan:

The Library and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local governments.

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

The most recent valuation for the Municipal Pension Plan as at December 31, 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.

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

14. Pension plan (continued):

The Library paid \$536,430 (2021 - \$538,561) for employer contributions while employees contributed \$496,109 (2021 - \$477,941) to the plan in fiscal 2022.

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

15. Commitments:

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

2023	\$ 311,367
2024	104,902
2025	15,544
2026	15,544

16. Contractual rights:

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

17. Budget data:

The budget data presented in these financial statements is based on the 2022 budget approved by the Board of Trustees on November 29, 2021. The table below reconciles the approved budget to the budget figures reported in these financial statements.

	Board Approved Budget	Financial Statement Budget
Revenue:		
Operating budget	\$ 10,879,200	\$ 10,879,200
Expenses:		
Operating budget	(10,536,800)	(10,536,800)
Less: Transfer from Surplus	290,000	-
Less: Transfer from Budget Stabilization	110,000	-
Less: Acquisition of tangible capital assets	(742,400)	-
Less: Amortization of tangible capital assets	-	(593,100)
Annual deficit	\$ -	\$ (250,700)

RICHMOND PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

18. Economic dependence:

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

19. Comparative information:

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

RICHMOND PUBLIC LIBRARY BOARD

Unaudited Statement of Operations by Fund

Year ended December 31, 2022

	2022			2021		
	Operating	Capital	Total	Operating	Capital	Total
Revenue:						
Municipal contribution	\$ 9,653,650	\$ 742,400	\$ 10,396,050	\$ 9,547,950	\$ 742,400	\$ 10,290,350
Grants	378,203	-	378,203	376,528	-	376,528
Fines and miscellaneous	76,757	-	76,757	39,976	-	39,976
Donations	30,854	-	30,854	58,765	-	58,765
Investment income	25,971	-	25,971	13,534	-	13,534
Gain on sale of tangible capital assets	-	20,602	20,602	-	17,555	17,555
	10,165,435	763,002	10,928,437	10,036,753	759,955	10,796,708
Expenses:						
Salaries and employee benefits	7,762,031	-	7,762,031	7,102,396	-	7,102,396
Amortization	-	930,948	930,948	-	960,196	960,196
Library subscriptions and databases	702,601	-	702,601	656,445	-	656,445
Supplies and equipment services	300,763	-	300,763	277,979	-	277,979
General and administration	298,049	-	298,049	303,754	-	303,754
Building, leases and maintenance	490,043	-	490,043	398,504	-	398,504
Utilities	107,508	-	107,508	134,107	-	134,107
	9,660,995	930,948	10,591,943	8,873,185	960,196	9,833,381
Annual surplus (deficit)	504,440	(167,946)	336,494	1,163,568	(200,241)	963,327
Accumulated surplus, beginning of year	3,583,755	3,416,781	7,000,536	2,420,187	3,617,022	6,037,209
Accumulated surplus, end of year	\$ 4,088,195	\$ 3,248,835	\$ 7,337,030	\$ 3,583,755	\$ 3,416,781	\$ 7,000,536