



# Reset. REVITALIZE.

Edmonton Public Library Financial Report 2020

**The City of Edmonton Library Board**

**Edmonton, Alberta, Canada**

For the year ended December 31, 2020







## The City of Edmonton Library Board

### Prepared by:

Financial Services and Marketing and  
Communications Divisions

7 Sir Winston Churchill Square  
Edmonton, Alberta T5J2V4

Phone: 780-496-7050  
Fax: 780-496-1885



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# Introduction





# Message From The Board Chair And Chief Executive Officer



in eContent usage

It goes without saying that 2020 was an extraordinary year. The impact of the COVID-19 pandemic was felt on a global scale as well as deeply within our own communities. In response to this crisis, the Edmonton Public Library (EPL), like so many of us, had to learn new ways to navigate through the uncertainty while keeping the health and safety of our staff and customers a top priority. While we all kept our distance from one another and were unable to meet in person, our need for connection encouraged us to find new ways to stay in touch. EPL responded to this unprecedented time by demonstrating agility; foregoing “business as usual” and resetting for the ever-changing occasion.

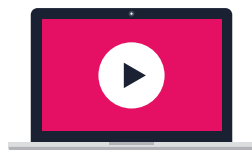


**164,278**

**MATERIALS BORROWED**  
through Library Takeout &  
Library Express Checkout

To support our community, EPL explored innovative ways to increase access to digital resources, maintain availability of physical materials, and provide services to our customers while ensuring all health and safety restrictions were met. As more Edmontonians depended on EPL for services and resources, we worked with our vendors and partners to extend borrowing limits and expand the amount of available titles leading to a 34% increase in eContent usage and over 5 million digital resources borrowed. Due to health restrictions, we launched Library Takeout, our contactless curbside pickup service, Library Express Checkout, our in-person holds pickup service with Hits-to-Go items, and Personal Picks Pack, where customers receive curated items based on their interests. All these initiatives enabled customers to borrow physical materials from our locations.


Over  
**1 million**



**video views of  
virtual classes  
and events**

Our dedicated staff found new ways to reach our customers by creating engaging and diverse video content for them to enjoy from the comfort of their own homes. Virtual classes and events included, a celebration of Pride month, Cree language classes, a “How to Festival”, eBook tutorials, storytimes and so much more, resulting in over 1 million video views.

It was critical that EPL continue to support our most vulnerable community members by providing our outreach social worker services. During the summer, we launched EPL on the Square in partnership with the City of Edmonton, offering internet access and use of laptops which were very popular. Our community librarians engaged with over 1,300 clients through a range of activities. EPL also donated over 16,000 magazines and books to Boyle Street Community Services and The Mustard Seed. epl2go Literacy Vans travelled to far-reaching neighbourhoods and engaged in over 400 library pop-ups, classes and events. The EPL Board of Trustees unanimously agreed to discontinue late fees on materials, removing a significant barrier to library access.

Over  
**18**   
**MILLION**  
**dollars raised**

After an almost four year construction journey, the Milner Library revitalization project came to a stunning conclusion with the grand opening of our Stanley A. Milner Library. Our largest capital project to date, the revitalized Milner Library surpassed our original fundraising goal of \$10 million and we raised over \$18 million dollars thanks to the generosity of our supporters. Serving as the central library for EPL and the cornerstone of our community for Edmonton’s downtown, the reimagined Milner Library proudly resumes its role in the heart of the city as a place to learn, create, play and simply be.



# Governance Structure

EPL is governed by a Board of Trustees consisting of 10 members—nine citizens and one member of City Council. Trustees are appointed annually by City Council and have the opportunity to serve on the Board for a maximum of six years. The Board is responsible for the overall governance of EPL and advocates for literacy and learning. The Board carries out their fiduciary responsibilities by ensuring the strategic plan is implemented, financial and administrative Board policies are in place to guide Library operations, and that risks are identified and managed to acceptable levels. In addition, the Board is responsible for reviewing and approving the EPL operating and capital budgets and assessing financial performance throughout the year through review of Administration financial reports.

## EPL's Board of Trustees for 2020



**Dr. Fern Snart**  
Chair



**Ms. Rosalie Russnak**  
Vice-Chair



**Mrs. Kenna Houncaren**



**Mr. Chad Schulz**



**Ms. Sandra Marin**



**Mr. Andrew Knack**  
Councillor



**Ms. Janet Hancock**



**Ms. Tina Faiz**



**Ms. Aaida Peerani**




**Mr. James Crossman**






EPL’s **Executive Team** is led by the Chief Executive Officer, Pilar Martinez, and is supported by three other members who are responsible for operational management of the organization and ensuring the strategic direction of the Board is met. The following provides an overview of the four members of the Executive Team and organizational structure:


EPL’s Executive Team for 2020




**Pilar Martinez**  
Chief Executive Officer



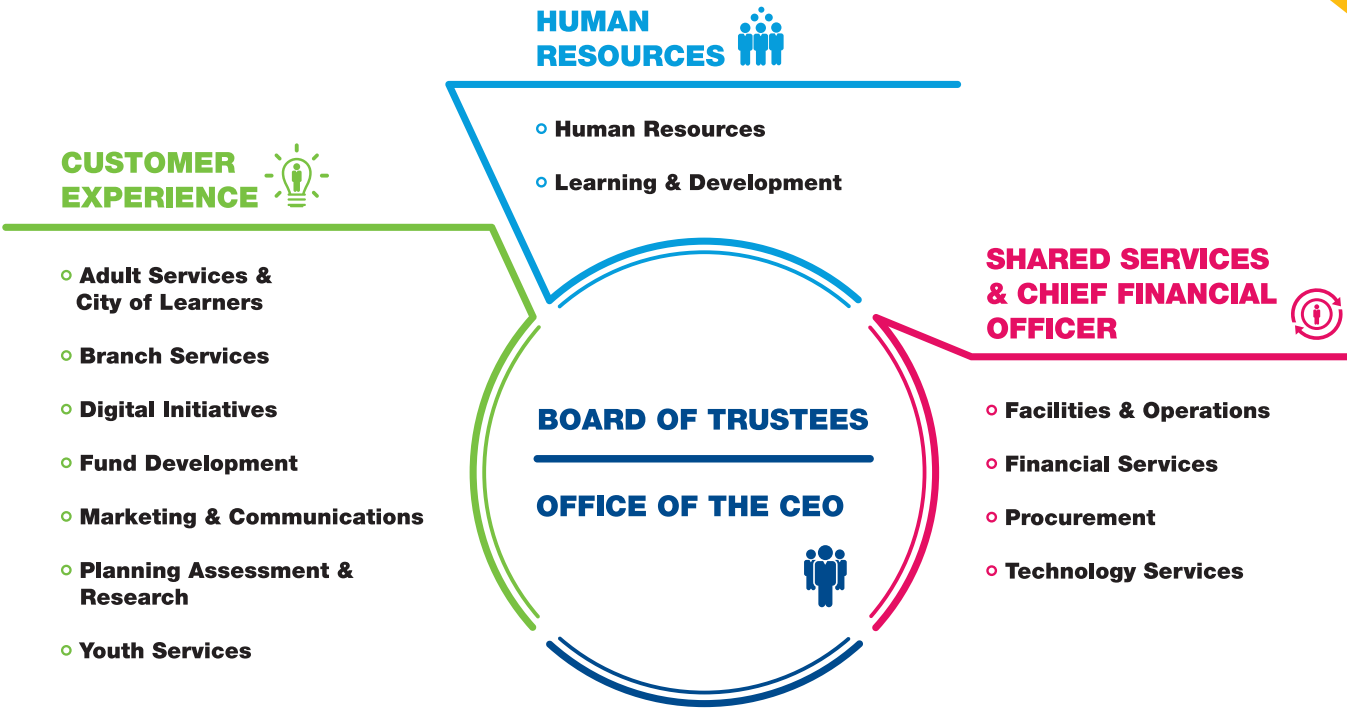
**Deborah Rhodes**  
Executive Director  
Shared Services and  
Chief Financial Officer



**Tina Thomas**  
Executive Director  
Customer Experience



**Mike Lewis**  
Director Human  
Resource Services





# Financial Information



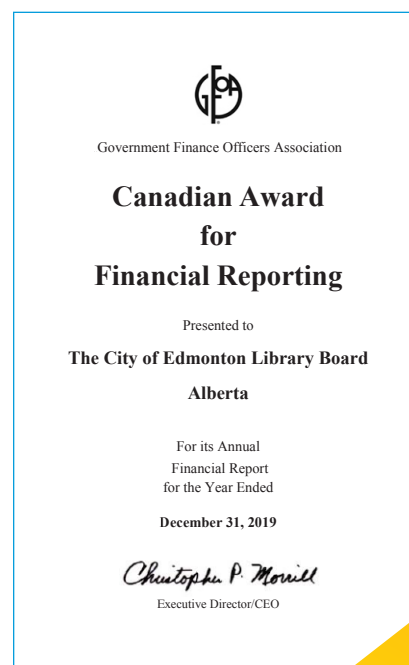


# Canadian Award For Financial Reporting

The Government Finance Officers Association of the United States and Canada awarded a Canadian Award for Financial Reporting to The City of Edmonton Library Board (EPL) for its annual financial report the fiscal year ended December 31, 2019. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high-quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

To be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. EPL believes its current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to The Government Finance Officers Association to determine its eligibility for another award.





# Financial Highlights



**Deborah Rhodes**

Executive Director Shared Services  
and Chief Financial Officer

A handwritten signature in black ink that reads "Deborah Rhodes".

March 9, 2021

## Report from the Chief Financial Officer

The 2020 Annual Report and Financial Statements provides information to Edmontonians on how the financial resources entrusted to the Board are being managed and used in providing public library services in Edmonton. The following provides an overview of the 2020 financial results, financial controls and accountability, risk management and future outlook.

It is highly encouraged that the 2020 Financial Highlights be read in conjunction with the audited financial statements and accompanying notes. The responsibility for the preparation of both the financial statements and the financial highlights rests with EPL's Finance Team.

A multi-year statistical and financial section is provided for additional information.

## 2020 Financial Highlights

The outbreak of COVID-19 has had a global impact and for the Edmonton Public Library impacted operations through the restrictions put in place by the Canadian and provincial governments regarding isolation/quarantine orders, closure of facilities, and cancellation/postponement of programs. Consequently, this has resulted in an unprecedented year with considerable financial implications. When reviewing the financial statements, it is important to recognize that 2020 is unique and comparison to the previous year may not necessarily be appropriate.

In 2020 EPL ended the year with a \$5.8 million operating surplus primarily due to savings that resulted from the temporary closures of Library service points as a result of the COVID-19 pandemic.

EPL's overall financial position is healthy, with net financial assets of \$10.1 million which positions EPL well in meeting current and future liabilities and commitments for library operations. EPL's tangible capital assets continue to grow and in 2020 they reach \$37.5 million consisting of buildings, technology, furniture and equipment, vehicles, and library collections. The 2020 capital projects were primarily focused on the renewal of the Stanley A. Milner Library building where fit-up of the space continued throughout the year and opened to the public in September 2020.

The 2020 Annual Report includes our financial statements which have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). KPMG LLP has audited our financial statements and provided an Independent Auditor's Report. The financial statements and auditor's report satisfy the legislative reporting requirement as set out by the Alberta Libraries Act and City of Edmonton Bylaw 12540. The financial statements include the Statement of Financial Position, Statement of Operations and Accumulated Surplus, Statement of Changes in Net Financial Assets, Statement of Cash Flows, Schedule of Tangible Capital Assets and Notes to the Financial Statements.

The following provides an overview of EPL's financial position for the period ended 2020.

## Statement of Financial Position

The Statement of Financial Position provides an overview of EPL's financial assets, liabilities, non-financial assets, and accumulated surplus (equity). Information in this statement provides a "snapshot" of EPL's ability to finance its operational activities, capital activities and fund its liabilities and future commitments.

- EPL has a healthy financial position with a large portion of its \$21.9 million in 2020 financial assets tied to investments. In May, the consolidated Premier Investment Account was strategically divested due to a decreased interest rate. EPL utilized this divestment to apply \$16.0M to the City of Edmonton payable balance and the remainder was moved to GIC investments. EPL's 2020 investments totaled \$20.4M, which are held in a consolidated GIC portfolio account.
- EPL's liabilities were \$11.8 million at the end of 2020, seeing a year over year decrease of \$14.8 million. This was primarily a result of payment towards the City of Edmonton balance. EPL does not maintain any long-term debt.
- Non-financial assets total \$39.5 million at the end of 2020. Non-financial assets include tangible capital assets, inventories, and prepaid expenses. The 2020 balance increased by \$3.7 million from 2019 primarily due to new acquisitions of machinery and equipment and an increase in prepaid expenses for library subscriptions and software licenses.
- Accumulated surplus increased by \$5.8 million to \$49.7 million primarily due to transfers of capital project funding from the City of Edmonton. EPL's 2020 accumulated surplus balance consists of \$37.5 million of investment in tangible capital assets, \$7.0 million in restricted reserves held for future capital expenditures, and \$5.2 million in unrestricted surplus.

## Statement of Operations

The Statement of Operations identifies EPL's revenues, expenses, and changes to EPL's accumulated surplus.

- Revenues decreased by \$4.8 million to \$51.5 million from 2019. Given the challenging economic climate in Edmonton and Alberta along with the impacts of COVID-19, EPL returned \$3.2M operating funding back to the City of Edmonton, thus reducing overall revenue. Additionally, there was a purposeful decision to stop charging for fines, resulting in the elimination of ongoing fine revenue.

- Other represents funding received for investment in tangible capital assets, which increased by \$5.1 million to \$9.7 million (net). EPL is unique in that capital projects for buildings and renovations are managed by EPL, then transferred back to the City of Edmonton. In 2019 there was a large amount of capital transferred back to the City of Edmonton. Whereas in 2020 EPL had a significant number of capital projects that stayed with EPL (including a large digital wall, and furniture and fixtures for the Stanley A. Milner Library revitalization project) thus driving this material increase.
- Expenses decreased by \$6.5 million to \$55.4 million. Areas of material favorability include salaries, wages and benefits, building operations, and services. These were directly impacted by the COVID-19 pandemic as closures impacted staffing and associated variable costs such as stationary, utilities, programming, etc.
- Overall accumulated surplus increased by \$5.8 million due to the year-end annual surplus.

## Statement of Change in Net Financial Assets

The Statement of Change in Net Financial Assets explains the impact that operational results have on EPL's net financial assets in the year as well as provides information on whether our current year revenues were sufficient in covering spending. This information helps in influencing future decisions or strategies on revenue generation. In 2020, our net financial assets increased by \$2.1 million to \$10.1 million, positioning EPL well in managing future commitments. The primary driver of this increase is due to the annual surplus of \$5.8M offset by acquisitions of tangible capital assets and net acquisition of prepaid expenses.

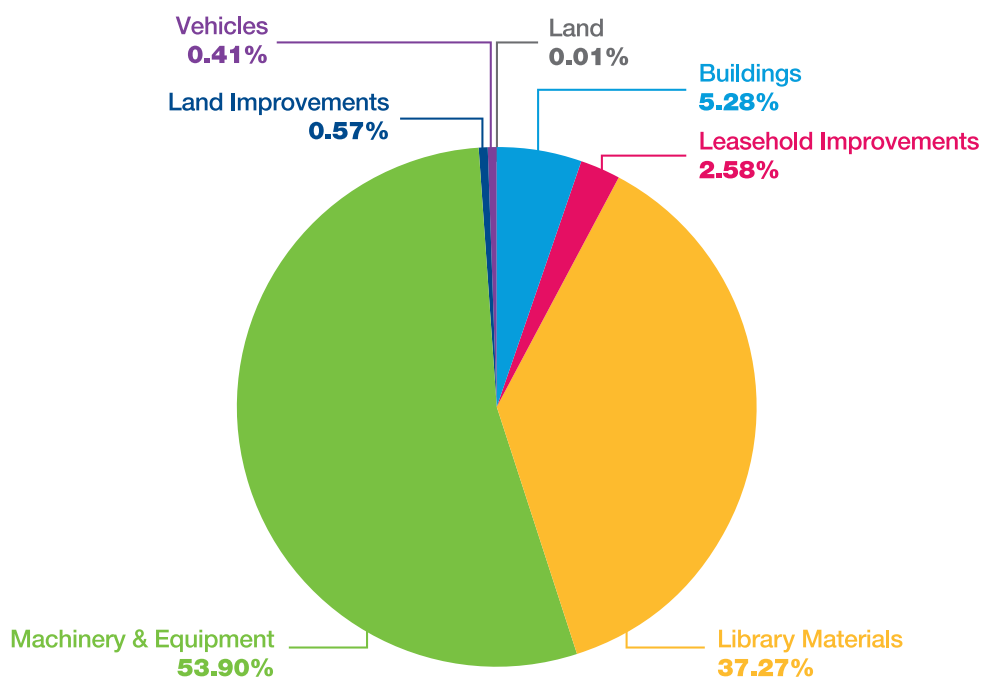
## Statement of Cash Flows

The Statement of Cash Flows provides information on how cash was generated and used during the year through operating, capital, and investing and financing activities. Overall, cash and temporary investments decreased by \$32.7 million settling on a closing balance of \$1.3 million. This was due to a reduction in the amount owing to the City of Edmonton and purchase of investments.



## Schedule of Tangible Capital Assets

This schedule summarizes our tangible capital assets which consist of land, buildings, leasehold improvements, machinery & equipment, vehicles, and library materials. EPL's net assets increased by \$2.9 million to \$37.5 million, primarily due to investment in machinery and equipment assets and library materials. Below is a breakdown of EPL's net book value of tangible capital assets for 2020.



## Notes to the Financial Statements

The notes to the financial statements provide information on our significant accounting policies and additional information to support the financial results included in the statements.

## Budget Variances

The following highlights noteworthy differences between the planned and actual financial performance during the year. As previously noted, the COVID-19 pandemic has impacted EPL and this can be seen most visibly through the budget variances.

- Actual revenue came in under budget by \$6.3 million on a total budget of \$57.8M. This was primarily due to lower donations and the repayment of operating funding back to the City of Edmonton. Additionally, there was a purposeful decision to stop charging for fines, resulting in the elimination of ongoing fine revenue.
- Actual expenses came in under budget by \$11.1 million on a budget of \$66.5 million. The savings were primarily due to salary, wages and benefits from vacant positions due to the temporary closure of service points due to the COVID-19 pandemic.
- Other items represent revenues recognized in 2020 to fund tangible capital assets. Net revenues were \$0.8 million lower than the \$10.6 million total budget primarily due to delays in the acquisition of tangible capital assets in 2020 for the Stanley A. Milner library revitalization project.

# Financial Control and Accountability

## Financial Control and Accountability

EPL maintains the following processes to ensure that appropriate financial control and accountability are maintained, and a proactive approach is taken to identify and address financial challenges.

## Financial Governance

As outlined in the Alberta Libraries Act and Libraries Regulations, the EPL Board of Trustees has full management and control of the municipal library. They shall organize, promote and maintain comprehensive and efficient library services in the municipality. In carrying out their responsibilities, the Board is responsible for reviewing and approving the Senior Leadership Team's recommended short and long term plans, the proposed operating and capital budgets, financial statements and quarterly financial performance reports, and ensure that enterprise risk items are properly reviewed and strategies are in place to manage any risks. In managing these responsibilities, the Board has established a Finance and Audit Committee that meets regularly to review financial matters and make recommendations to the Board. As part of their due diligence, in 2020, the Board approved a new financial reserve policy that supports EPL's long-term fiscal sustainability which aligns to the best practice of ensuring there is one months' operational expenses in reserve.

## Budget Process

EPL follows a strategic planning framework that enables a consistent and integrated approach to strategy development, planning and performance evaluation. The strategic goals of the City of Edmonton City Council and EPL Board of Trustees serve as a foundation for the development of business plans and operating and capital budgets. The EPL Board of Trustees are responsible for approving the operating budget including resource allocation, and the City of Edmonton Council is responsible for approving EPL's funding requisition. City Council reviewed and implemented a four-year budget beginning in 2019 and approved an overall 2.6% property tax increase for 2019 through to 2022. For EPL, a 0% City funding increase was approved for 2019 to 2022. However, EPL must still obtain annual approval for the operating budget resource allocation from the Board of Trustees.

EPL also prepares a four-year capital budget based on long-term projections of its 10-Year Capital Plan. The proposed capital budget is approved by the Board and City Council approves the funding requisition for each capital project. Funding may come from different sources—e.g. grants, donors, City Council, etc. The current approved capital budget is for the period 2019 to 2022.

## Accounting

EPL is organized into various service delivery areas, each responsible for managing resources in the delivery of library services to customers. EPL manages the accounting function through a centralized Financial Services Division, which provides the following services to all EPL service points including: accounting, reporting, treasury, planning and budgeting internal controls and risk management. EPL shares a common accounting, reporting and payroll system with the City of Edmonton, which is utilized by EPL leadership and staff.

## Internal Controls

EPL maintains accounting and administrative controls, including policies and procedures, designed to provide reasonable assurance that the financial information is relevant, reliable and accurate. These controls also ensure the assets of the organization are properly accounted for and adequately safeguarded. Internal accounting controls are monitored and reviewed by the Senior Leadership Team throughout the year and revisions are made as necessary. The Board of Trustees is provided with annual updates on internal controls and risks. In 2020 it was imperative to thoroughly review and update these internal controls to enable a virtual work environment.



# Risk Management, Future Outlook

## Audit Process

The City of Edmonton Bylaw 12540 requires EPL to audit its financial statements on an annual basis. The Auditors are appointed by the City of Edmonton, and currently the firm of KPMG LLP, Chartered Professional Accountants have been engaged to express an opinion on EPL's Financial Statements. Following a comprehensive audit process and working with the Senior Leadership Team, the Auditors present a report of their findings to the Finance and Audit Committee along with the financial statements. Based on the Finance and Audit Committees' review, the Financial Statements are then formally approved by the Board of Trustees.

## Risk Management

EPL is committed to an integrated approach to risk management and establishing effective relationships with our major funders, the City of Edmonton City Council, the Government of Alberta, as well as our sponsors, donors and customers, which is the key driver for EPL's long term sustainability. We are dedicated to an

enterprise risk management approach working with the Board's Finance and Audit Committee to ensure we are proactively managing and mitigating enterprise risks. In 2020, building on the foundation of previous years, EPL focused on providing quantitative and qualitative means to determine impact and probability to help provide consistency in evaluating. In addition, a review of risk ideologies created a discussion of what risk does EPL experience that is outside the normal spectrum of operating as a library. This saw some identified risks drop off that were present in the past.

Key areas of current focus continue to be technology and data security, fundraising and long-term ongoing funding. COVID-19 resulted in a change in customer behavior and this shift is something that EPL is monitoring. Moving forward EPL's must remain focused and flexible on meeting the needs of its customers in the future.

The Enterprise Risk Management process continues to evolve as EPL progresses in developing and maturing its risk framework within the organization.







## Future Outlook

Throughout 2020, EPL has remained successful in maintaining its financial health which has allowed EPL to continue to provide relevant and innovative services to its customers. This has enabled EPL to be the best place in Edmonton to learn, create, be and work. EPL has only been able to do this because of its great reputation as a leader in the community and with the great support of the Board, City Council, Provincial Government and other library stakeholders that understand the importance of public libraries and the positive impacts our services have on overall social, economic and cultural foundation of Edmonton.

EPL's 2019-2023 Strategic Plan provides a roadmap for the future which focuses on the following Board goals:

- EPL is Edmonton's early literacy and digital literacy center.
- Customers create, make, play and experiment at EPL to expand their imaginations and capacity.
- Customers recognize EPL for delivering exceptional customer experiences.
- EPL attracts and retains highly engaged staff who successfully develop and deliver exceptional customer experiences.

While these goals provide a foundation for moving forward, EPL also acknowledges that it needs to be flexible and nimble in adapting with the changing environment. Moving forward, EPL will need to monitor and assess:

- Risks of sustained long term Municipal and Provincial funding with the economic challenges of the declining oil prices. In 2019, the Provincial Government held current funding levels at 0% and EPL will need to be prepared for possible reductions in the future.
- The use of resources with a goal of maximizing value in the delivery of services in the future. As we move forward, it will become more difficult to realize savings and efficiencies since past work and efforts have resulted in limited opportunities to leverage more.
- Potential for other funding sources to support library operations.
- Opportunity for growth in the future will become more difficult and alternative ways of delivering services will be important.
- Ongoing review of enterprise risks by the Board will provide the opportunity to be more proactive in assessing and developing mitigating strategies to ensure EPL stays relevant and viable.

While the future holds its challenges, EPL has a strong foundation of financial resources, expertise and vision that will allow it to adapt and thrive in delivering relevant, accessible and well used services in the future.



# Financial Statements



## Management's Report

The financial statements of the City of Edmonton Library Board (the "Library") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards. The financial statements include amounts that are based on the best estimates and judgments of management. Management has determined these estimates on a reasonable basis to ensure that the financial statements are presented fairly, in all material respects.

Management maintains systems of accounting, budget and other internal controls to provide reasonable assurance that the transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded. The existence of these systems and controls help to ensure that the financial statements reliably report the Library's operating and financial results.

The financial statements have been audited by the independent audit firm KPMG LLP, Chartered Professional Accountants. Their report to the Trustees of the City of Edmonton Library Board, stating their opinion, basis for opinion, responsibilities of management and those charged with governance for the financial statements and auditors' responsibilities for the audit of the financial statements follows.

A handwritten signature in blue ink, appearing to read 'Pilar Martinez', is written over a horizontal line.

Pilar Martinez  
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Deborah Rhodes', is written over a horizontal line.

Deborah Rhodes  
Executive Director, Shared Services & Chief  
Financial Officer





KPMG LLP  
2200, 10175 – 101 Street  
Edmonton, AB T5J 0H3  
Telephone (780) 429-7300  
Fax (780) 429-7379  
www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

To the Trustees of the City of Edmonton Library Board

### ***Opinion***

We have audited the financial statements of the City of Edmonton Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of change 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 Entity as at December 31, 2020, and its results of operations, change in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

March 9, 2021

# THE CITY OF EDMONTON LIBRARY BOARD

## Statement of Financial Position

December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 1,274,239	\$ 33,940,637
Accounts receivable (Note 4)	162,042	386,142
Goods and services tax rebate receivable	97,268	235,740
Investments (Note 5)	20,374,232	-
	<b>21,907,781</b>	<b>34,562,518</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,124,495	3,394,182
Due to the City of Edmonton (Note 6)	5,033,173	19,243,480
Deferred revenue (Note 7)	841,863	1,423,268
Employee benefit obligations (Note 8)	2,783,792	2,479,183
	<b>11,783,323</b>	<b>26,540,112</b>
<b>NET FINANCIAL ASSETS</b>	<b>10,124,458</b>	<b>8,022,406</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 9)	37,516,811	34,571,191
Inventory for consumption	256,688	198,656
Prepaid expenses (Note 10)	1,758,847	1,094,334
	<b>39,532,346</b>	<b>35,864,181</b>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 49,656,804</b>	<b>\$ 43,886,587</b>

### COMMITMENTS (Note 12)

The accompanying notes are an integral part of these financial statements.

### APPROVED BY THE BOARD

 ..... Director

 ..... Director



**THE CITY OF EDMONTON LIBRARY BOARD**  
**Statement of Operations and Accumulated Surplus**  
For the Year ended December 31, 2020

	<u>Budget</u> <u>(Note 13)</u>	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>			
Government transfers for operating (Note 14)			
City of Edmonton	\$ 48,823,838	\$ 44,661,550	\$ 48,392,673
Provincial Government	5,329,079	5,195,514	5,258,275
Fines and charges	862,500	201,617	748,353
Donations	742,000	379,823	263,856
Gain on disposal of tangible capital assets	102,000	42,240	147,848
Interest	190,000	349,762	370,702
Other	1,721,982	651,406	1,065,852
<b>TOTAL REVENUE</b>	<b>57,771,399</b>	<b>51,481,912</b>	<b>56,247,559</b>
<b>EXPENSES</b>			
Salaries, wages and benefits	40,790,572	31,757,999	38,202,909
Amortization of tangible capital assets	9,758,103	9,617,062	10,008,035
Books and library materials	4,079,524	3,904,991	3,212,712
Utilities and other (Note 15)	3,503,099	3,433,638	3,458,215
Building operations	3,408,979	2,804,097	3,141,641
Services	2,610,105	1,883,858	1,947,922
Material goods and supplies	2,344,060	2,041,181	1,964,833
<b>TOTAL EXPENSES</b>	<b>66,494,442</b>	<b>55,442,826</b>	<b>61,936,267</b>
<b>ANNUAL DEFICIT BEFORE OTHER</b>	<b>(8,723,043)</b>	<b>(3,960,914)</b>	<b>(5,688,708)</b>
<b>OTHER</b>			
Donations for capital (Note 9)	-	906,435	4,280,305
Government transfers for capital (Note 14)	10,606,000	9,985,945	14,542,430
Transfers to City of Edmonton for capital (Note 14)	-	(1,161,249)	(14,230,987)
<b>TOTAL OTHER</b>	<b>10,606,000</b>	<b>9,731,131</b>	<b>4,591,748</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>1,882,957</b>	<b>5,770,217</b>	<b>(1,096,960)</b>
<b>ACCUMULATED SURPLUS, OPENING</b>	<b>43,886,587</b>	<b>43,886,587</b>	<b>44,983,547</b>
<b>ACCUMULATED SURPLUS, CLOSING</b>	<b>\$ 45,769,544</b>	<b>\$ 49,656,804</b>	<b>\$ 43,886,587</b>

The accompanying notes are an integral part of these financial statements.

# THE CITY OF EDMONTON LIBRARY BOARD

## Statement of Change in Net Financial Assets

For the Year ended December 31, 2020

	<u>Budget</u> <u>(Note 13)</u>	<u>2020</u>	<u>2019</u>
ANNUAL SURPLUS (DEFICIT)	\$ 1,882,957	\$ 5,770,217	\$ (1,096,961)
Acquisition of tangible capital assets	(10,606,000)	(12,563,949)	(11,773,217)
Proceeds from disposal of tangible capital assets	102,000	43,507	147,916
Amortization of tangible capital assets	9,758,103	9,617,062	10,008,035
Gain on disposal of tangible capital assets	(102,000)	(42,240)	(147,848)
	(847,897)	(2,945,620)	(1,765,114)
Net (acquisition) use of inventory for consumption	-	(58,032)	40,482
Net (acquisition) use of prepaid expenses	-	(664,513)	(326,489)
	-	(722,545)	(286,007)
CHANGE IN NET FINANCIAL ASSETS	1,035,060	2,102,052	(3,148,081)
NET FINANCIAL ASSETS, OPENING	8,022,406	8,022,406	11,170,487
NET FINANCIAL ASSETS, CLOSING	\$ 9,057,466	\$ 10,124,458	\$ 8,022,406

The accompanying notes are an integral part of these financial statements.



# THE CITY OF EDMONTON LIBRARY BOARD

## Statement of Cash Flows

For the Year ended December 31, 2020

	<u>2020</u>	<u>2019</u>
<b>NET INFLOW (OUTFLOW) CASH AND TEMPORARY INVESTMENTS</b>		
<b>OPERATING ACTIVITIES</b>		
Annual Surplus (Deficit)	\$ 5,770,217	\$ (1,096,960)
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	9,617,062	10,008,035
Gain on disposal of tangible capital assets	(42,240)	(147,848)
Change in non-cash operating working capital items:		
Accounts receivable	224,100	292,737
Goods and services tax rebate receivable	138,472	30,905
Accounts payable and accrued liabilities	(269,687)	1,235,830
Deferred revenue	(581,405)	(6,396,979)
Employee benefit obligations	304,609	177,775
Inventory for consumption	(58,032)	40,482
Prepaid expenses	(664,513)	(326,489)
	<b>14,438,583</b>	<b>3,817,488</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(12,563,949)	(11,773,217)
Proceeds from disposal of tangible capital assets	43,507	147,916
	<b>(12,520,442)</b>	<b>(11,625,301)</b>
<b>INVESTING AND FINANCING ACTIVITIES</b>		
(Decrease) Increase in Due to the City of Edmonton	(14,210,307)	15,969,923
Purchase of investments, including reinvested interest	(20,374,231)	(40,035)
Proceeds from disposal of investments	-	6,081,412
	<b>(34,584,538)</b>	<b>22,011,300</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(32,666,398)</b>	<b>14,203,487</b>
<b>CASH AND CASH EQUIVALENTS, OPENING</b>	<b>33,940,637</b>	<b>19,737,150</b>
<b>CASH AND CASH EQUIVALENTS, CLOSING</b>	<b>\$ 1,274,239</b>	<b>\$ 33,940,637</b>

The accompanying notes are an integral part of these financial statements.

**THE CITY OF EDMONTON LIBRARY BOARD**  
**Schedule of Tangible Capital Assets**  
**December 31, 2020**

	Land	Land Improvements	Buildings	Leasehold Improvements	Library Materials	Machinery and Equipment	Vehicles	Assets Under Construction	2020	2019
COST										
Balance, beginning of year	\$ 1	\$ 504,862	\$ 4,802,944	\$ 3,160,698	\$ 30,653,264	\$ 19,738,959	\$ 556,776	\$ 3,757,800	\$ 63,175,304	\$ 63,751,536
Acquisition of tangible capital assets					4,695,321	11,576,629	49,799	(3,757,800)	12,563,949	11,773,217
Writeoff of fully amortized tangible capital assets				(624,924)	(6,357,950)	(2,821,261)			(9,804,135)	(12,349,449)
Balance, end of year	1	504,862	4,802,944	2,535,774	28,990,635	28,494,327	606,575	-	65,935,118	63,175,304
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	272,361	2,601,758	1,778,696	15,403,307	8,162,156	385,835	-	28,604,113	30,945,458
Annual amortization		20,194	220,236	412,481	5,964,390	2,932,287	67,474	-	9,617,062	10,008,035
Writeoff of fully amortized tangible capital assets				(624,924)	(6,357,950)	(2,819,994)		-	(9,802,868)	(12,349,380)
Balance, end of year	-	292,555	2,821,994	1,566,253	15,009,747	8,274,449	453,309	-	28,418,307	28,604,113
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS										
	\$ 1	\$ 212,307	\$ 1,980,950	\$ 969,521	\$ 13,980,888	\$ 20,219,878	\$ 153,266	\$ -	\$ 37,516,811	\$ 34,571,191



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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### 1. NATURE OF THE ORGANIZATION

The City of Edmonton Library Board (the “Library”) operates under the authority of the Libraries Act of Alberta and is administered by an independent Board of Trustees which reports to City of Edmonton Council. The Library operates 21 service points and derives revenues for library operations through government transfers from the City of Edmonton and the Province of Alberta. The Library is a registered charity and is not subject to income tax.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library are prepared in accordance with Canadian public sector accounting standards. Significant aspects of accounting policies adopted by the Library are as follows:

#### *Basis of accounting*

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

#### *Budget*

Operating budget information is consistent with original budget amounts approved by the Board of Trustees and City of Edmonton Council through the passing of a supplementary property tax bylaw. The budget is reported on an accrual basis, consistent with principles applied in the financial statements.

Capital budgets reflect the budget originally approved by the Board of Trustees and City of Edmonton Council, plus any carryforward of unspent capital budget from previous years. Capital budget adjustments during the year are not reflected in the financial statements.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash on hand and short-term, highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### *Investments*

Investments are recorded at amortized cost less any amount for permanent impairment. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment.

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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### *Government transfers*

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and any eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Unallocated costs, comprising of materials and services contributed by related parties in support of the Library's operations are not recognized in these financial statements.

### *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 normal course of operations.

### *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the tangible capital asset. Where an estimate of fair value cannot be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The Library does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Land improvements	25 years
Buildings	10-60 years
Leasehold improvements	lease term
Library materials	5 years
Machinery and equipment	4-40 years
Vehicles	5 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets acquired as contributions are recorded at their fair value on the date received and corresponding revenues are recorded as contributed tangible capital assets on the Statement of Operations and Accumulated Surplus.



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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### *Leases*

Leases are classified as capital or operating leases. Leases which transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses on a straight line basis over the term of the lease. Contributions from landlords for lease and contract incentives are amortized on a straight line basis over the term of the lease.

### *Inventory for consumption*

Inventories held for consumption are recorded at the lower of cost and replacement cost.

### *Cultural, historical tangible capital assets and works of art*

Works of art for display are not recorded as tangible capital assets.

### *Reserves for future expenditures*

Certain amounts, as approved by the Board of Trustees, are designated within accumulated surplus as reserves for future operating and capital expenditures.

### *Employee Benefit Obligations*

The costs of post-employment benefits, compensated absences and termination benefits are recorded as an expense when the event that gives rise to the obligation occurs.

The Library employees participate in the Local Authorities Pension Plan that is a multi-employer defined benefit pension plan administered by a third party. Contributions to the plan for current and past service are recorded as expenses in the year in which they become due.

### *Use of estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management's estimates include the collectible amounts of accounts receivable, amortization periods for tangible capital assets and the amount of accrued liabilities. The income replacement plan and post-employment benefit liabilities are subject to actuarial assumptions and estimates.

### *Financial Instruments and Fair Values*

The Library's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and amounts due to the City of Edmonton. Unless otherwise noted, the carrying value of the Library's financial instruments approximate fair value. It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments.

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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### *Future Accounting Standard Pronouncements*

The following summarizes some of the current and future developments in Canadian public sector accounting standards that are relevant to the Library.

In 2021, the Library will continue to assess the impact and prepare for the adoption of the following standards:

#### Financial Statement Presentation

PS 1201, Financial Statement Presentation, has been amended to include a new statement that discloses unrealized gains and losses arising from the re-measurement of financial instruments and foreign currency items, as well as comprehensive income. Adoption is required for fiscal periods beginning on or after April 1, 2022.

#### Financial Instruments

PS 3450, Financial Instruments, transitional provisions do not allow retroactive application of financial instrument recognition, de-recognition and measurement policies when entities adopt the standard. Adoption is required for fiscal periods beginning on or after April 1, 2022.

#### Foreign Currency Translation

PS 2601, Foreign Currency Translation, establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. Adoption is required for fiscal periods beginning on or after April 1, 2022.

#### Portfolio Investments

PS 3041, Portfolio Investments, establishes standards on how to account for and report portfolio investments in government financial statements. Adoption is required for fiscal periods beginning on or after April 1, 2022.

#### Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, established standards on how to account for and report a liability for retirement of a tangible capital asset. Adoption is required for fiscal periods beginning on or after April 1, 2022.

#### Revenue

PS 3400, Revenue, establishes standards on how to account for and report on revenue. Adoption is required for fiscal periods beginning on or after April 1, 2023.

#### Purchased Intangibles

PSG-8, Purchased Intangibles, explains the scope of the intangibles now allowed to be recognized in financial statements given the removal of the recognition prohibition relating to purchased intangibles. Adoption is required for fiscal periods beginning on or after April 1, 2023.



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 3. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,274,239	\$ 89,937
Cash equivalents	-	33,850,700
	<u>\$ 1,274,239</u>	<u>\$ 33,940,637</u>

Cash equivalents consist of a premier investment account that is highly liquid and cashable with no penalty. In 2019, this savings account was recorded at cost, which approximates market value, and had a weighted average interest rate of 2.20%. Cash equivalents are capable of reasonably prompt liquidation and may be used to manage the Library's cash position throughout the year.

### 4. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Operating accounts receivable	\$ 142,357	\$ 132,710
Contributions and grants	19,685	253,432
	<u>\$ 162,042</u>	<u>\$ 386,142</u>

### 5. INVESTMENTS

	<u>2020</u>	<u>2019</u>
Investments	20,374,232	-
	<u>\$ 20,374,232</u>	<u>\$ -</u>

Investments consist of guaranteed investment certificates (GIC's) that are fixed term and non-redeemable with a weighted average interest rate of 1.21% and maturity dates ranging from March 17, 2021 to May 7, 2021. The amounts are recorded at cost plus any accrued interest earned to the end of December 31, 2020.

### 6. DUE TO THE CITY OF EDMONTON

The amount due to the City of Edmonton is unsecured, has no fixed term of payment and bears interest at the City's short-term weighted average interest rate of 0.691% (2019 – 1.940%).

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 7. DEFERRED REVENUE

Deferred revenue is comprised of funds donated to the Library that are externally restricted as well as lease and other incentives. These amounts are recognized as revenue in the period they are used for the purpose specified or earned. Interest earned on contributions are included in the amounts reported below.

	December 31, 2019	Externally restricted contributions received	Revenue recognized	December 31, 2020
Milner Library Renewal *	\$ 744,789	\$ 674,311	\$ (1,269,100)	\$ 150,000
Lease and Contract Incentives	312,244	24,261	(53,263)	283,242
O. Kukulis Estate	148,677	1,267	(30,025)	119,919
Other	147,816	426,492	(295,605)	278,703
Enrichment Campaign Collection	69,742	40,957	(100,700)	9,999
	<u>\$ 1,423,268</u>	<u>\$ 1,167,288</u>	<u>\$ (1,748,693)</u>	<u>\$ 841,863</u>

\* Funds deferred for the Milner Library Renewal will be used for library fit-up or as specified in the contribution agreement.

#### Milner Library Renewal

The balance at December 31, 2020 for Milner Library Renewal consists of \$150,000 pledge designated to be used for the Early Learning and Care centre within Milner Library.

#### Lease and Contract Incentive

These incentives include tenant improvement allowances for 3 EPL service points as well as Milner's 6th floor lease deferred revenues.

#### Other

Within other are various contributions to be used for designated expenses across Library programs. Contributions received in 2020 include \$153,942 from Garnet John William Ireland Estate, 135,000 Voices of Amiskwaciy grant/ Voices of the Land grant, and \$30,616 Friends of EPL donations.

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 8. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2020</u>	<u>2019</u>
Accrued vacation	\$ 1,654,141	\$ 1,575,835
Post-employment benefits	1,028,653	793,209
Health care spending	74,656	82,924
Income replacement plan	16,600	21,700
Banked overtime	9,742	5,515
	<u>\$ 2,783,792</u>	<u>\$ 2,479,183</u>

The Library participates in major medical, dental and other employee benefit plans sponsored by the City of Edmonton which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements and administrative costs are applied to each of the respective plans.

Post-employment benefits represent the Library's obligation for the continuation of benefits for employees on long-term disability and the Library's share of pensioners' eligible medical and dental costs in excess of contributions made to the plan. In order to measure the post-employment obligation, an actuarial valuation as at December 31, 2020 was completed by Aon Hewitt regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 1.50% (2019 – 2.50%). The accrued benefit obligation as at December 31, 2020 is \$958,200 (2019 - \$764,900).

Eligible post-employment medical and dental obligations are estimated based on five-year average pensioners' claim costs in excess of contributions until the pensioners' reach age 65. Eligible medical obligations for 2020 were \$24,590 (2019 - \$21,247), eligible dental obligations for 2020 were \$8,863 (2019 - \$5,812), and eligible Workers' Compensation Board (WCB) obligations for 2020 were \$0 (2019 - \$1,250).

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2020, completed by Aon Hewitt. Significant assumptions used in the valuation include a discount rate of 0.25% (2019 – 2.00%) and an annual inflation rate of 2.00% (2019 – 2.00%).

The Library participates in a Group Life Insurance Plan, funded equally by employer and employees. The Plan is administered by Great West Life.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the Supplementary Health Care and Dental Plans. An estimate has been included in 2020 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 9. TANGIBLE CAPITAL ASSETS

	<u>Net Book Value</u>	
	<u>2020</u>	<u>2019</u>
Land	\$ 1	\$ 1
Land improvements	212,307	232,501
Buildings	1,980,950	2,201,185
Leasehold improvements	969,521	1,382,002
Library materials	13,980,888	15,249,957
Machinery and equipment	20,219,878	11,576,803
Vehicles	153,266	170,942
	<b>37,516,811</b>	<b>30,813,391</b>
Assets under construction	-	3,757,800
	<b>\$ 37,516,811</b>	<b>\$ 34,571,191</b>

In 2020, the Library received \$906,435 (2019 – \$4,280,305) in cash donations used to acquire tangible capital assets, of which \$114,815 (2019 – \$4,280,305) was transferred to the City of Edmonton.

The Library owns original artworks that are on permanent display or in storage at various library locations. The artworks were either purchased or donated to the Library and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

The Schedule of Tangible Capital Assets provides costs and accumulated amortization information for each of the asset classifications.

### 10. PREPAID EXPENSES

	<u>2020</u>	<u>2019</u>
Library subscriptions and software licenses	\$ 1,505,752	\$ 841,446
Rent	130,742	164,788
Other	122,353	88,100
	<b>\$ 1,758,847</b>	<b>\$ 1,094,334</b>

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 11. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted amounts, reserves for future expenditures and equity in tangible capital assets as follows:

	2020	2019
Unrestricted surplus	\$ 5,172,000	\$ 635,000
Reserves for future expenditures		
Operating carryforward	641,005	33,341
Library projects for facilities, technology, furniture and equipment	2,772,069	-
Milner Library Renewal project	3,554,919	8,647,055
	6,967,993	8,680,396
Equity in tangible capital assets	37,516,811	34,571,191
	\$ 49,656,804	\$ 43,886,587

As per the Financial Reserve Policy approved by the Library Board on November 9, 2020, the unrestricted surplus has been increased, which represents approximately one month's operating expenditures.

Reserves for future expenditures are comprised of both committed and uncommitted funds. Committed funds of \$4,815,924 are designated for projects such as the Milner Library Renewal and library materials. The remaining \$2,152,069 of reserves is uncommitted.

### 12. COMMITMENTS

#### Operating Lease Agreements

The Library has entered into a number of operating lease agreements, mainly focused on facilities and equipment. Future minimum lease payments, excluding operating costs, over the next five years are as follows:

2021	\$ 1,105,105
2022	912,561
2023	683,431
2024	683,431
2025	670,534

#### Reclamation Obligations

The Library continues to review its activities and properties for any environmental obligations and any potential reclamation obligations. During 2020, no potential remediation obligations have been identified.

#### Pledges and Donor Commitments

The Library has gift/pledge agreements from individual and corporate donors who have committed to donating to the Library in future years to support library programs and projects. The Library consults with donors (at least annually) to either receive their pledged gifts or reaffirm their intent to fulfill their

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

future commitment. The Library records gifts and pledge donations once there is reasonable assurance that the donor will fulfill their commitment. Future commitments of \$640,000 for the Milner Library Renewal Project have not been recognized in the financial statements.

### 13. PRESENTATION OF BUDGET INFORMATION

For presentation and comparison purposes, the original budget is used in the financial statements as approved by the Board of Trustees in February 2019 and City of Edmonton Council in April with the passing of Bylaw 18743 – 2019 Property Tax and Supplementary Property Tax Bylaw. Some of the approved Library budget information has been adjusted to include budget authorizations included in the City of Edmonton budget but available to the Library in funding its acquisition of tangible capital assets. The following identifies those items that have been adjusted for financial statement presentation purposes:

#### Statement of Operations:

	<u>OTHER - Government transfers for Capital</u>
Capital project financing as approved in the Library	
Operating Budget	\$ 5,985,162
<i>Adjustments:</i>	
Incremental 2020 funding identified in the approved Library capital budget (funding included in the City of Edmonton budget)	4,620,838
As reported in the Library Financial Statements	<u>\$ 10,606,000</u>

#### Statement of Change in Net Financial Assets:

	<u>Acquisition of tangible capital assets</u>
2020 acquisition of tangible capital assets as approved in the Library Budget	\$ (5,985,162)
<i>Adjustments:</i>	
Incremental 2020 acquisition of tangible capital assets included in the approved Library capital budget	(4,620,838)
As reported in the Library Financial Statements	<u>\$ (10,606,000)</u>



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 14. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	<u>2020</u>	<u>2019</u>
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 44,661,550	\$ 48,392,673
Provincial Government		
Alberta Municipal Affairs - Per Capita Grant	4,991,931	4,991,931
Alberta Municipal Affairs - Metro Federation Grant	100,000	85,000
Alberta Municipal Affairs - Voices of Amiskwaciy/Voices of the Land	85,000	75,000
Alberta Municipal Affairs - Indigenous Services	18,583	-
Alberta Government - STEP Grant	-	68,383
Alberta Municipal Affairs - ME Card Project Grant	-	40,000
Alberta Ministry of Labour - Canada-Alberta Job Grant	-	(2,039)
	<u>5,195,514</u>	<u>5,258,275</u>
	<u>49,857,064</u>	<u>53,650,948</u>
TRANSFERS FOR CAPITAL		
City of Edmonton	9,458,856	9,001,459
Provincial Government		
Alberta Municipal Affairs	-	2,069,355
Alberta Culture and Community Spirit - Major Community Facilities Program	-	1,243,674
Alberta Municipal Affairs - Municipal Sustainability Initiative	33,700	164,229
Alberta Culture and Tourism - Community Initiatives Program Project-Based	-	57,103
Alberta Culture and Tourism - Community Facility Enhancement Program	493,389	6,610
	<u>9,985,945</u>	<u>12,542,430</u>
Federal Government - Infrastructure Canada		2,000,000
	<u>9,985,945</u>	<u>14,542,430</u>
TRANSFERS TO CITY OF EDMONTON	(1,161,249)	(14,230,987)
NET GOVERNMENT TRANSFERS	\$ 58,681,760	\$ 53,962,391

#### *Alberta Municipal Affairs – Per Capita Grant*

The Library received an unconditional per capita operating grant from Alberta Municipal Affairs in support of the operations of the Library.

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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### *Alberta Municipal Affairs – Metro Federation Grant*

Alberta Municipal Affairs provides a grant in support of costs incurred for delivery van costs for an interlibrary regional delivery service.

### *Alberta Municipal Affairs – Voices of Amiskwaciy/Voices of the Land*

The Alberta government is providing grant funding for the sharing of Indigenous Stories on an open technology platform. The grant is used by the Library to engage with local Indigenous communities to gather and record Indigenous culture through storytelling and sharing the stories on a digital public space.

### *Alberta Municipal Affairs – Indigenous Services*

The Alberta government is providing grant funding to expand service to on-reserve and on-settlement populations. The grant is used by the Library to continue to build and nurture relationships with Indigenous organizations, and complete the online reporting tool, which will provide statistics on number of on-reserve and on-settled library card holders.

### *Alberta Municipal Affairs – Municipal Sustainability Initiative*

In 2007, the Provincial government introduced the Municipality Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. On behalf of the Library, the City of Edmonton administers this grant program and provides funding to the Library for capital expenditures.

### *Alberta Culture and Tourism – Community Facility Enhancement Program*

The Library received a grant from Alberta Culture and Tourism for the Shelley Milner Children's Library Revitalization at the Stanley A. Milner library.

### *Transfers to City of Edmonton*

In 2020, \$1,161,249 (2019 - \$14,230,987) in funding held by the Library was transferred to the City of Edmonton for the construction of the Stanley A. Milner Library revitalization project and the Mill Woods Branch Relocation and Expansion project.

## 15. TRANSACTIONS WITH RELATED PARTIES

Related parties to the Library include the Library Board of Trustees, key management personnel and the City of Edmonton. Key management personnel are defined by the Library to include the Executive and Senior Leadership Teams.

Related party transactions with the Library Board of Trustees and key management personnel are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

Certain administrative services provided to the Library by the City of Edmonton at no cost and are not reflected in these financial statements. These include accounts payable, payroll payment, as well as risk management services.

In addition, the City of Edmonton owns eleven (11) libraries that are leased to the Library for a nominal amount of \$1 dollar. Four lease agreements exist with a minimum lease term of 5 years plus options to extend the lease up to a maximum of two additional 5-year terms. The Library is responsible for the operation, maintenance and rehabilitation and renewal of these facilities.

# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

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Interest expenses of \$183,978 (2019 – \$18,735) were paid to the City of Edmonton on funds loaned to the Library during the year.

### 16. PENSION AND LONG-TERM DISABILITY PLANS

#### Local Authorities Pension Plan

All employees of the Library are members of the Local Authorities Pension Plan (“LAPP”), which is one of the multi-employer plans subject to the Public Sector Pension Plans Act. The Library is required to make current service contributions to the LAPP of 9.39% (2019 – 9.39%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 13.84% (2019 – 13.84%) thereafter. Employees of the Library are required to make current service contributions of 8.39% (2018 – 8.39%) of pensionable salary up to YMPE and 12.84% (2019 – 12.84%) thereafter. Contributions for current service are recorded as expenditures in the year in which they become due. Total current service contributions by the Library to the LAPP in 2020 were \$2,238,271 (2019 – \$2,779,949). Total current service contributions by the employees of the Library to the LAPP in 2020 were \$2,022,600 (2019 – \$2,511,844).

The LAPP reported a surplus for the overall plan as at December 31, 2019 of \$7,913 million. Information as at December 31, 2020 was not available at the time of preparing these financial statements.

#### City-Sponsored Pension Plan - Annuity Plan

The Library is a partner in a multi-employer City-Sponsored Pension Annuity Fund Plan that provided lifetime benefits to retired members and beneficiaries only. As of December 4, 2014, there are no longer any beneficiaries of this plan and the fund is closed to new members. The plan is being wound up and surplus funds attributable to the Library are not yet known. The surplus fund position is being held in trust by the City of Edmonton until a final resolution of the distribution of assets is determined.



# THE CITY OF EDMONTON LIBRARY BOARD

## Notes to the Financial Statements

For the Year ended December 31, 2020

### 17. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENT OF THE CHARITABLE FUNDRAISING ACT AND REGULATION

The following provides a summary of charitable contributions and expenses related to fundraising:

	<u>2020</u>	<u>2019</u>
Library donations received	\$ 464,678	\$ 1,504,656
CanadaHelps donations received on behalf of the Library	85,491	121,626
Edmonton Community Foundation donations received and contributed to the Library	8,603	24,950
EPL Fundraising Events and Sponsorship	81,432	515,000
Gross contributions	<u>640,204</u>	<u>2,166,232</u>
Remuneration paid to employees for fundraising	145,601	276,391
Expenses incurred for the purpose of fundraising	70,541	117,430
CanadaHelps service charges	3,050	4,338
Total Expenses	<u>219,192</u>	<u>398,159</u>
Net Contributions	<u>\$ 421,012</u>	<u>\$ 1,768,073</u>

The following provides a summary of how gross contributions were used by the Library:

	<u>2020</u>	<u>2019</u>
EPL Centennial Projects and Milner Library Renewal Project	\$ 406,986	\$ 1,936,035
Books and Library Materials	183,824	183,773
Library children's programming	49,394	46,425
	<u>\$ 640,204</u>	<u>\$ 2,166,233</u>

During the 2020 year the Library issued charitable receipts in the amount of \$291,758 (2019 - \$707,080).

### 18. COVID-19 PANDEMIC DISCLOSURE

The outbreak of COVID-19 has had a global impact and for the Edmonton Public Library impacted operations through the restrictions put in place by the Canadian and provincial governments regarding travel, isolation/quarantine orders, closure of facilities, and cancellation/postponement of programs. It resulted in the temporary closure of all service points as well as temporary layoffs of EPL staff. At this time, the extent of the impact the COVID-19 pandemic may continue to have on EPL is unknown; this will depend on future developments that are uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the duration of the outbreak, including the duration of facility closures, program and service disruptions, and staffing implications.

### 19. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to the current year's presentation.

# Statistics



# General Library Data

For the Years Ended December 31, 2016-2020

Unaudited

	2020 <sup>1</sup>	2019	2018	2017	2016
Total FTE's <sup>2</sup>	374.3	530.6	521.7	518.4	516.7
Total Free Programs Presented <sup>3</sup>	5,183	24,259	22,031	21,361	21,375
Classes and Events Attendance <sup>3</sup>	70,238	480,677	507,112	506,246	484,340
Total In-Person visits <sup>3</sup>	1,931,321	5,788,099	2,823,900	2,640,050	2,636,567
Total Public Internet Use Hours <sup>3</sup>	224,616	839,593	9,895,943	10,066,329	10,186,608
Library Usage <sup>3</sup>					
Physical Circulation	3,377,914	7,445,063	7,624,276	8,106,597	8,775,412
Electronic Usage	5,421,243	4,038,468	3,691,903	3,728,216	3,264,340
Memberships <sup>3</sup>					
Active Memberships	280,787	292,528	275,272	260,747	265,605
New Memberships	28,648	57,052	61,879	56,075	64,821
Total Population <sup>4</sup>	972,223	972,223	899,447	899,447	899,447

## Notes

<sup>1</sup> COVID-19 affected 2020 statistics due to temporary closure of service points and as a result temporary layoff of personnel

<sup>2</sup> Positions are stated in full time equivalents

<sup>3</sup> Figures are per the Edmonton Public Library's 2016 - 2020 Annual Reports

<sup>4</sup> Population data are per the 2016 and 2019 City of Edmonton census



# Revenue, Expense, Annual Surplus and Accumulated Surplus

For the Years Ended December 31, 2016-2020

Unaudited

Revenues by Source	2020	2019	2018	2017	2016
Government Transfers					
City of Edmonton	44,661,550	48,392,673	48,019,405	44,365,056	42,359,514
Provincial Government	5,195,514	5,258,275	5,231,296	5,136,520	5,067,223
Federal Government	-	-	60,044	-	-
Fines and Charges	201,617	748,353	778,362	815,078	888,361
Other	651,406	1,065,852	1,047,053	778,101	1,049,356
Donations	379,823	263,856	338,499	622,071	505,698
Gain on Disposal of Tangible Capital Assets	42,240	147,848	158,094	65,734	152,796
Interest	349,7622	370,702	216,519	240,742	194,737
<b>Total Revenues By Source</b>	<b>51,481,912</b>	<b>56,247,559</b>	<b>55,849,272</b>	<b>52,023,302</b>	<b>50,217,685</b>
<b>Total Revenues By Source</b>					
Board	22,289	24,229	21,612	25,376	32,353
Administration	4,092,959	4,470,772	4,190,358	4,201,021	4,218,968
Branch Services	51,327,578	57,441,266	57,967,818	55,933,418	56,662,879
<b>Total Expenses By Function</b>	<b>55,442,826</b>	<b>61,936,267</b>	<b>62,179,788</b>	<b>60,159,815</b>	<b>60,914,200</b>
<b>(Shortfall) of Revenues over Expenses before Other</b>	<b>(3,960,914)</b>	<b>(5,688,708)</b>	<b>(6,330,516)</b>	<b>(8,136,513)</b>	<b>(10,696,515)</b>
<b>Other</b>					
Contributed tangible capital assets	906,435	4,280,305	214,289	220,697	563,540
Government Transfers for Capital	9,985,945	14,542,430	10,442,154	10,352,338	9,115,933
Transfer to the City of Edmonton	(1,161,249)	(14,230,987)	(109,156)	(200,000)	(193,244)
	9,731,131	4,591,748	10,547,287	10,373,035	9,486,229
<b>Excess (Shortfall) of Revenue over Expenses</b>	<b>5,770,217</b>	<b>(1,096,960)</b>	<b>4,216,771</b>	<b>2,236,522</b>	<b>(1,210,286)</b>
<b>Accumulated Surplus, Beginning of Year</b>	<b>43,886,587</b>	<b>44,983,547</b>	<b>40,766,776</b>	<b>38,530,254</b>	<b>39,740,540</b>
<b>Accumulated Surplus, End of Year</b>	<b>49,656,804</b>	<b>43,886,587</b>	<b>44,983,547</b>	<b>40,766,776</b>	<b>38,530,254</b>
<b>Expenses by Object</b>					
Salaries, Wages and Benefits	31,757,999	38,202,909	38,471,769	36,926,457	37,228,134
Amortization of tangible Capital Assets	9,617,062	10,008,035	10,244,895	10,117,841	10,060,148
Building Operations	2,804,097	3,141,641	2,889,649	2,502,515	2,960,023
Utilities and Other	3,433,638	3,458,215	3,296,275	3,471,596	3,168,085
Books and Library Materials	3,904,991	3,212,712	3,243,114	3,325,353	3,212,694
Material Goods and Supplies	2,041,181	1,964,833	2,057,720	1,769,133	2,082,876
Services	1,883,858	1,947,922	1,976,366	2,046,920	2,202,240
<b>Total Expenses by Object</b>	<b>55,442,826</b>	<b>61,936,267</b>	<b>62,179,788</b>	<b>60,159,815</b>	<b>60,914,200</b>

# Key Components of Financial Position

For the Years Ended December 31, 2016-2020

Unaudited

	2020	2019	2018	2017	2016
<b>Total Financial Assets</b>	21,907,781	34,562,519	26,724,051	18,520,638	21,138,244
<b>Total Liabilities</b>	11,783,323	26,540,113	15,553,564	10,240,486	17,556,458
<b>Net Financial Assets</b>	10,124,458	8,022,406	11,170,487	8,280,152	3,581,786
<b>Total Non-Financial Assets</b>	39,532,346	35,864,181	33,813,060	32,486,624	34,948,468
<b>Total</b>	<b>49,656,804</b>	<b>43,886,587</b>	<b>44,983,547</b>	<b>40,766,776</b>	<b>38,530,254</b>
<b>Acquisitions of Tangible Capital Assets</b>					
Buildings	-	-	58,666	435,385	-
Leasehold Improvements	-	-	1,266,704	43,613	834,052
Library Materials	4,695,321	6,120,835	6,044,991	6,175,356	5,954,132
Machinery and Equipment	11,576,629	2,044,705	4,411,902	1,091,171	1,589,162
Vehicles	49,799	-	-	43,267	159,169
Assets Under Construction	(3,757,800)	3,607,677	136,691	263,917	(137,676)
<b>Total Tangible Capital Asset Acquisitions</b>	<b>12,563,949</b>	<b>11,773,217</b>	<b>11,918,954</b>	<b>8,052,709</b>	<b>8,398,839</b>





**Edmonton Public Library**  
7 Sir Winston Churchill Square  
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