

CONNECTING COMMUNITIES

Edmonton Public Library Financial Report 2021



The City of Edmonton Library Board

Edmonton, Alberta, Canada

For the year ended December 31, 2021





The City of Edmonton Library Board

Prepared by:

Financial Services and Marketing and
Communications Divisions

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Introduction



Message From The Board Chair And Chief Executive Officer

**over
836,000**
ITEMS BORROWED
through Library Takeout




20%
increase
in online
memberships



6%
INCREASE
in website visits



15%
INCREASE
of in-person
capacity



As we turn the page on 2021, the Edmonton Public Library (EPL) can't help but feel humbled by the challenges we've faced in the last 12 months. Continuing from 2020, we, like all of you, faced endless twists, turns and uncertainty. EPL rose to the challenge once again, moving forward with new and innovative ways to support our community.

In 2021, we continued to adapt and connect to our communities. We charged ahead with determination to evolve the Library experience under extraordinary circumstances to better serve our customers. We worked together to continue to bring you the comfort and knowledge found in the pages of a book, the creativity of a makerspace and the sense of connection that comes from your local library, both in person and online.

We knew our customers were relying on us to provide access to information and share new ideas. We continued to bring EPL to you with our Library Takeout service. Since 2021 customers have borrowed over 836,000 items through this service. True to our mission, "We Share", we continued to share our programs and services virtually, with online memberships increasing by 20%. Website visits rose 6%, and you passed the time exploring eContent, with usage increasing by 2% from 2020.

In February 2021, we joined forces with Calgary Public Library to advocate for libraries to be included in Step 2 of the Province's Path Forward plan, enabling us to reopen in person at 15% capacity. We took this on to ensure Albertans were getting the support and services they needed during a challenging time.

It was also another year of significant sadness. Amidst the tragic news of the unmarked children's graves found, our commitment to the Truth and Reconciliation Commission's Calls to Action continued to strengthen. We saw unwavering support from Edmontonians who attended our Indigenous classes—which included topics about cultural teachings, reclamation of identity, language, names and spaces, and celebration of diverse peoples, voices and experiences. The Exploring Reconciliation series was renamed Mâdawô ayâwin, meaning "all being together" in Plains Cree, reflecting our efforts to bring Indigenous and non-Indigenous people together to learn and seek understanding.

In another year where nothing seemed certain, EPL embraced the challenges we faced through being a cornerstone of connection to navigate towards a better future for the Library and our customers.



KENNA HOUNCAREN
Chair, EPL Board of Trustees



PILAR MARTINEZ
Chief Executive Officer, EPL

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 2021



Kenna Houncaren
Chair



Rosalie Russnak
Vice-Chair



Karen Principe
Councillor



Chad Schulz



Sandra Marin



Raman Deol



Janet Hancock



Tina Faiz



Aaida Peerani




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 2021




Pilar Martinez
Chief Executive Officer



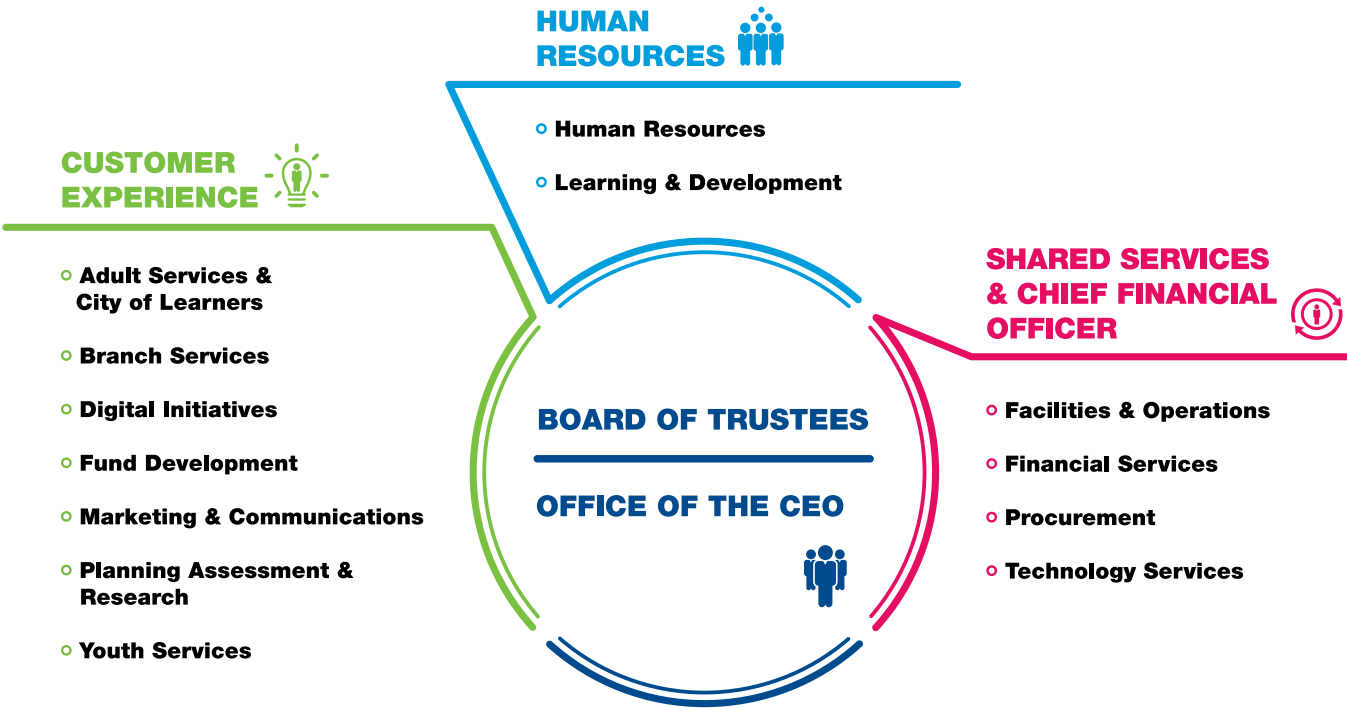
Deborah Rhodes
Executive Director
Shared Services and
Chief Financial Officer



Tina Thomas
Executive Director
Customer Experience



Corrina Chetley-Irwin
Director Human
Resource Services



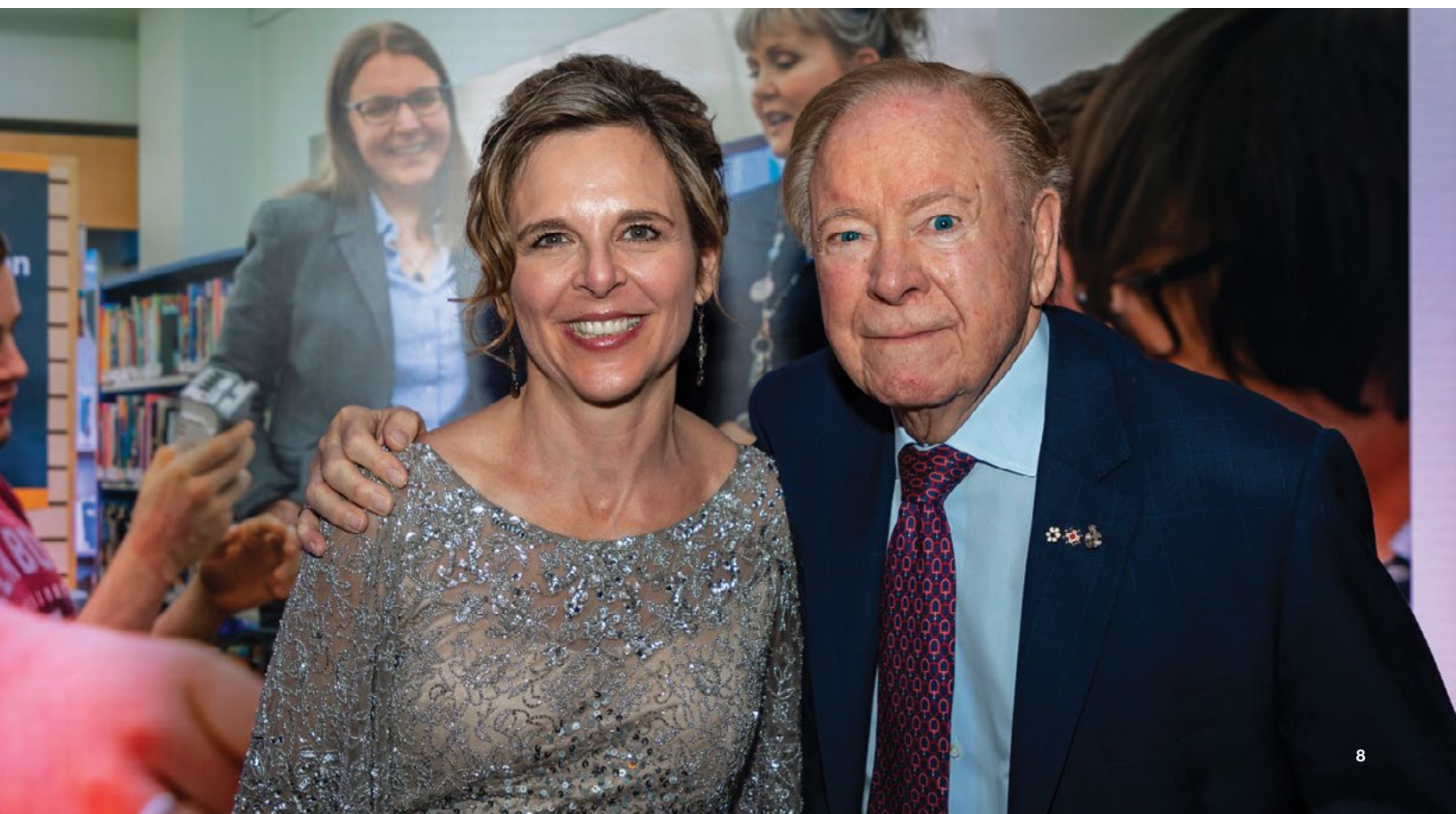
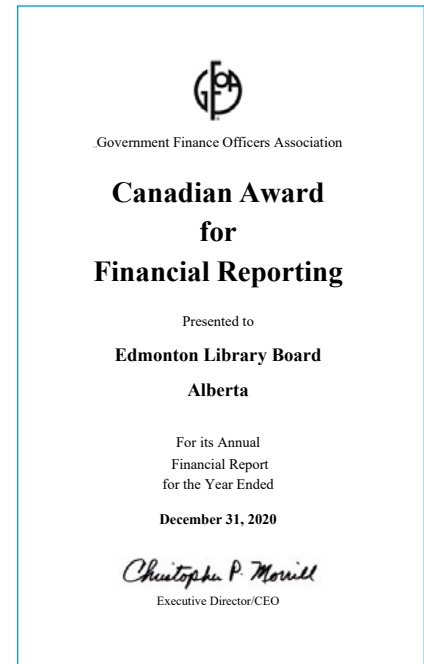
Financial Information

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 relating to the fiscal year ended December 31, 2020. 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 entity 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

Deborah Rhodes

Report from the Chief Financial Officer

The 2021 Annual Report and Financial Statements provides information to residents of Edmonton on how the financial resources entrusted to the EPL Board are being allocated and managed in providing public library services in Edmonton. The following provides an overview of the 2021 financial results, financial controls and accountability, risk management and future outlook. It is highly encouraged that the 2021 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 Division. A multi-year statistical and financial section is provided for additional information.

2021 Financial Highlights

The COVID-19 pandemic has had a global impact, which also affected the operations of the Edmonton Public Library due to the restrictions put in place by the federal and provincial governments. This resulted in the temporary closure of all EPL locations as well as the temporary layoff of staff, and cancellation and/or postponement of in-person classes, events, and outreach. In 2021, EPL ended the year with a \$3.4 million operating surplus primarily due to savings which resulted from the above.

EPL's overall financial position is healthy, with net financial assets of \$15.8 million, which positions EPL well in meeting current and future liabilities and commitments for library operations. EPL's tangible capital assets were valued at \$37.4 million in 2021, consisting of buildings, technology, furniture and equipment, vehicles, and library collections. The 2021 capital projects continued to primarily focus on the revitalization of the Stanley A. Milner Library, which opened to the public in September 2020. Other capital projects included the renewal of IT Infrastructure, collections and furniture and equipment.

The 2021 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 requirements as set out by the Alberta Libraries Act and the 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 2021.

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 and capital activities, and fund its liabilities and future commitments.

- EPL has a healthy financial position with a large portion of its \$24.9 million financial assets tied to investments. GIC investments that matured during 2021 were transferred to EPL's Premier Interest Account to earn higher interest. EPL's 2021 investments totaled \$23.3 million.
- EPL's liabilities were \$9.1 million at the end of 2021, seeing a year over year decrease of \$2.7 million, as a result of a reduction in the amounts owing to the City of Edmonton. EPL does not maintain any long-term debt.
- Non-financial assets total \$37.2 million at the end of 2021. These include tangible capital assets, inventories, and prepaid expenses. The 2021 balance decreased by \$2.3 million from 2020 and is mainly due to fewer acquisitions of machinery and equipment, and a decrease in prepaid expenses for library subscriptions and software licenses.
- Accumulated surplus increased by \$3.4 million to \$53.0 million attributed to transfers of capital project funding from the City of Edmonton. EPL's 2021 accumulated surplus balance consists of \$35.4 million of investment in tangible capital assets, \$12.5 million in restricted reserves held for future capital expenditures, and \$5.1 million in unrestricted surplus.

Statement of Operations

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

- Revenues increased by \$1.9 million to \$53.4 million from 2020. This is indicative of a slow return to normal business levels as we continue to recover from the COVID-19 pandemic.
- "Other" represents funding received for investment in tangible capital assets, which decreased by \$1.5 million to \$8.2 million (net). This decrease was mostly driven by the near completion of major capital projects, including the Stanley A. Milner Library

Revitalization project and the Mill Woods Branch relocation and expansion. As these projects wrap up, the investment in capital assets will continue to decrease.

- Expenses increased by \$2.8 million to \$58.2 million. The increase is mainly due to salaries, wages, and benefits, as compared to 2020, resulting from recalling temporarily laid off staff.
- The overall accumulated surplus increased by \$3.4 million due to the year-end annual surplus.

Statement of Change in Net Financial Assets

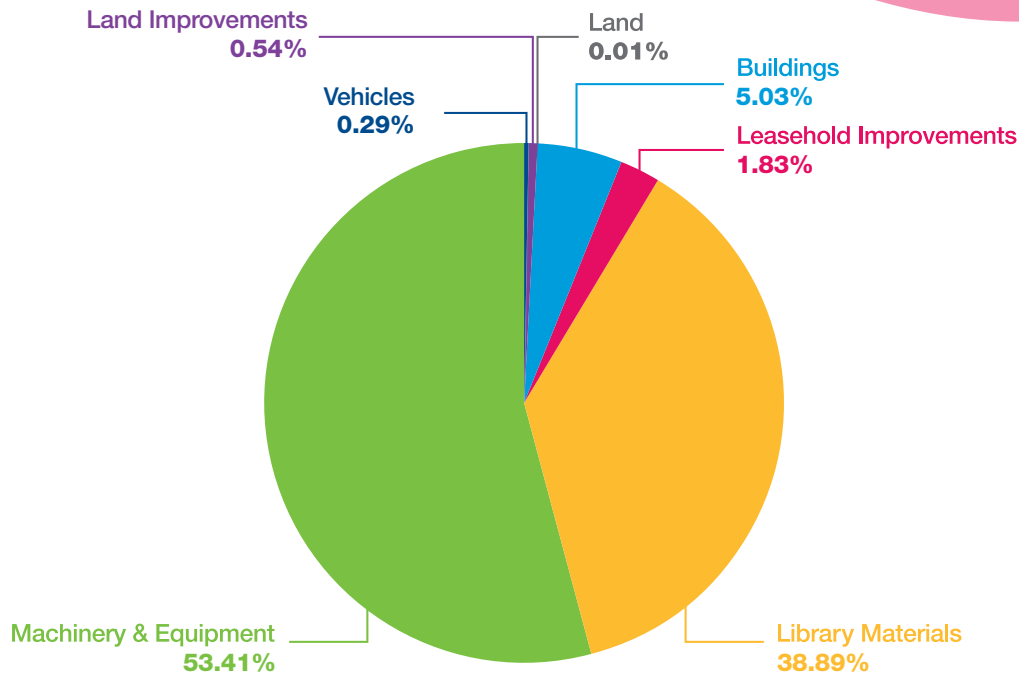
The Statement of Change in Net Financial Assets explains the impact that operational results have on EPL's net financial assets in the year as well as providing information on whether our current year revenues were sufficient to cover spending. This information helps in influencing future decisions or strategies on revenue generation. In 2021, our net financial assets increased by \$5.7 million to \$15.8 million, positioning EPL well in managing future commitments. The primary driver of this increase is due to the annual surplus of 3.4 million as well as amortization of tangible capital assets.

Statement of Cash Flows

The Statement of Cash Flows provides information on how cash was generated and used during the year through operating, capital, investing and financing activities. Overall, cash and temporary investments increased by \$0.2 million resulting in a closing balance of \$1.5 million.

Schedule of Tangible Capital Assets

This schedule summarizes our tangible capital assets which consist of land, buildings, leasehold improvements, machinery and equipment, vehicles, and library materials. EPL's net assets decreased by \$2.1 million to \$35.4 million, primarily due to amortization and write-off of fully amortized assets. Below is a breakdown of EPL's net book value of tangible capital assets for 2021.



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 continued to impact EPL during 2021, as shown through the budget variances.

- Actual revenue was under budget by \$4.8 million on a total budget of \$58.1 million. The main reasons for lower revenue were due to a reduced level of donations and fundraising efforts, as well as a temporary operating grant reduction from the City of Edmonton.
- Actual expenses came in under budget by \$8.8 million on a budget of \$67.0 million. The savings were primarily due to salary, wages, and benefits from vacant positions due to the temporary closure of service points at the beginning of the year.
- Other items represent revenues recognized in 2021 to fund tangible capital assets. Net revenues were \$0.9 million, lower than the \$9.2 million total budget, primarily due to delays in the acquisition of tangible capital assets in 2021 because of continued supply chain disruptions.

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 organize, promote, and maintain comprehensive and efficient library services in the municipality. In carrying out their responsibilities, the EPL 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 ensuring that enterprise risk items are properly reviewed, and strategies are in place to manage any risks. In managing these responsibilities, the EPL Board has established a Finance and Audit Committee that meets regularly to review financial matters and make recommendations to the EPL Board.

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 the EPL Board of Trustees serve as a foundation for the development of business plans as well as 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 request. 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 EPL Board of Trustees. Given the impacts of COVID-19, there have been deviations from the original City of Edmonton Council approved four-year budget.

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 EPL Board, and the City of Edmonton 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 of 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 EPL's Senior Leadership Team throughout the year and revisions are made as necessary. The EPL Board of Trustees is provided with annual updates on internal controls and risks.

Risk Management, Future Outlook

Audit Process

The City of Edmonton Bylaw 12540 requires EPL to obtain an audit of 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 EPL's 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 EPL Board of Trustees. For 2021, EPL obtained a clean audit opinion with no formal management letter recommendations.

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 are the key drivers for EPL's long term sustainability. We are dedicated to an Enterprise Risk Management approach working with the EPL Board's Finance and Audit Committee to ensure we are proactively managing and mitigating enterprise risks. In 2021, 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 previously identified risks drop off.

Key areas of current focus continue to be technology and data security, fundraising and long-term ongoing funding. EPL continues to monitor the effect COVID-19 pandemic had in customer behavior, how it relates to services provided and how they are delivered. Moving forward EPL must remain focused and flexible on meeting the needs of its customers.

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





Future Outlook

Throughout 2021, EPL has continued to maintain and grow 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 accomplished this because of its great reputation as a leader in the community and with the tremendous support of the EPL Board, the City of Edmonton City Council, Provincial Government, and other library stakeholders that understand the importance of public libraries, and the positive impacts our services have on the 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 EPL Board goals:

- EPL is Edmonton's early literacy and digital literacy centre.
- 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 increasing inflation and interest rates as well as uncertainty surrounding the economic recovery from the COVID-19 pandemic. In 2019, the Provincial Government held current funding levels at 0% and EPL will need to be prepared for various funding scenarios 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 finding alternative ways of delivering services will continue to be important.
- Ongoing review of enterprise risks by the EPL 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, as disclosed in the notes to the financial statements. 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 realistically 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 the scope of their examination and their opinion on the financial statements follows.

A handwritten signature in blue ink, reading 'Pilar Martinez'.

Pilar Martinez
Chief Executive Officer

A handwritten signature in blue ink, reading 'Deborah Rhodes'.

Deborah Rhodes
Executive Director, Shared Services & Chief
Financial Officer



KPMG LLP
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Edmonton, AB T5J 0H3
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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, 2021
- 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, 2021, 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 single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Edmonton, Canada

March 8, 2022

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Financial Position

For the Year ended December 31, 2021, with comparative information for 2020

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 1,459,797	\$ 1,274,239
Accounts receivable (Note 2)	165,944	259,310
Investments (Note 3)	23,313,165	20,374,232
	24,938,906	21,907,781
LIABILITIES		
Accounts payable and accrued liabilities	2,049,327	3,124,495
Due to the City of Edmonton (Note 4)	2,976,530	5,033,173
Deferred revenue (Note 5)	845,179	841,863
Employee benefit obligations (Note 6)	3,253,616	2,783,792
	9,124,652	11,783,323
NET FINANCIAL ASSETS	15,814,254	10,124,458
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	35,376,874	37,516,811
Inventory of materials and supplies	234,332	256,688
Prepaid expenses (Note 8)	1,611,264	1,758,847
	37,222,470	39,532,346
ACCUMULATED SURPLUS (Note 9)	\$ 53,036,724	\$ 49,656,804

COMMITMENTS (Note 10)

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, 2021, with comparative information for 2020

	<u>Budget</u> <u>(Note 11)</u>	<u>2021</u>	<u>2020</u>
REVENUE			
Government transfers for operating (Note 12)			
City of Edmonton	\$ 49,060,500	\$ 47,014,916	\$ 44,661,550
Provincial	5,330,791	5,181,513	5,195,514
Fines and charges	742,500	73,712	201,617
Donations	742,000	311,693	379,823
Gain on disposal of tangible capital assets	102,000	51,694	42,240
Investment earnings	190,000	167,917	349,762
Other	2,021,090	564,794	651,406
TOTAL REVENUE	58,188,881	53,366,239	51,481,912
EXPENSES			
Salaries, wages and benefits	41,206,462	33,902,645	31,757,999
Amortization of tangible capital assets	9,858,132	9,898,414	9,617,062
Books and library materials	4,273,259	4,165,817	3,904,991
Utilities and other	3,333,064	3,477,565	3,433,638
Building operations	3,396,615	3,326,993	2,804,097
Services	2,589,152	1,402,297	1,883,858
Material goods and supplies	2,355,086	2,046,021	2,041,181
TOTAL EXPENSES	67,011,770	58,219,752	55,442,826
ANNUAL DEFICIT BEFORE OTHER	(8,822,889)	(4,853,513)	(3,960,914)
OTHER			
Donations for capital (Note 7)	-	472,847	906,435
Government transfers for capital (Note 12)	9,154,000	8,433,472	9,985,945
Transfers to City of Edmonton for capital (Note 12)	-	(672,886)	(1,161,249)
TOTAL OTHER	9,154,000	8,233,433	9,731,131
ANNUAL SURPLUS	331,111	3,379,920	5,770,217
ACCUMULATED SURPLUS, OPENING	49,656,804	49,656,804	43,886,587
ACCUMULATED SURPLUS, CLOSING	\$ 49,987,915	\$ 53,036,724	\$ 49,656,804

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

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Change in Financial Assets

For the Year ended December 31, 2021, with comparative information for 2020

	<u>Budget</u> <u>(Note 11)</u>	<u>2021</u>	<u>2020</u>
ANNUAL SURPLUS	\$ 331,111	\$ 3,379,920	\$ 5,770,217
Acquisition of tangible capital assets	(9,154,000)	(7,758,477)	(12,563,949)
Proceeds from disposal of tangible capital assets	102,000	51,694	43,507
Amortization of tangible capital assets	9,858,132	9,898,414	9,617,062
Gain on disposal of tangible capital assets	(102,000)	(51,694)	(42,240)
	704,132	2,139,937	(2,945,620)
Net use of (acquisition) inventory of material and	-	22,356	(58,032)
Net use of (acquisition) prepaid expenses	-	147,583	(664,513)
	-	169,939	(722,545)
CHANGE IN NET FINANCIAL ASSETS	1,035,243	5,689,795	2,102,052
NET FINANCIAL ASSETS, OPENING	10,124,458	10,124,458	8,022,406
NET FINANCIAL ASSETS, CLOSING	\$ 11,159,701	\$ 15,814,254	\$ 10,124,458

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, 2021, with comparative information for 2020

	<u>2021</u>	<u>2020</u>
NET INFLOW (OUTFLOW) CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES		
Annual Surplus	\$ 3,379,920	\$ 5,770,217
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	9,898,414	9,617,062
Gain on disposal of tangible capital assets	(51,694)	(42,240)
Change in non-cash operating working capital items:		
Accounts receivable	93,366	362,571
Accounts payable and accrued liabilities	(1,075,168)	(269,686)
Deferred revenue	3,316	(581,405)
Employee benefit obligations	469,824	304,609
Inventory of material and supplies	22,356	(58,032)
Prepaid expenses	147,583	(664,513)
	12,887,917	14,438,583
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,758,477)	(12,563,949)
Proceeds from disposal of tangible capital assets	51,694	43,507
	(7,706,783)	(12,520,442)
INVESTING AND FINANCING ACTIVITIES		
Decrease in Due to the City of Edmonton	(2,056,643)	(14,210,307)
Purchase of investments, including reinvested interest, net of pro	(2,938,933)	(20,374,232)
	(4,995,576)	(34,584,538)
CHANGE IN CASH AND CASH EQUIVALENTS	185,558	(32,666,397)
CASH AND CASH EQUIVALENTS, OPENING	1,274,239	33,940,637
CASH AND CASH EQUIVALENTS, CLOSING	\$ 1,459,797	\$ 1,274,239

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

THE CITY OF EDMONTON LIBRARY BOARD

Schedule of Tangible Capital Assets

For the Year ended December 31, 2021, with comparative information for 2020

		Land	Buildings	Leasehold Improvements	Library Materials	Machinery and Equipment	Vehicles	Assets Under Construction	Capital Work In Progress	2021	2020
		Land Improvements									
Balance, beginning 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
Acquisition of tangible capital assets					5,532,146	2,226,331		499,003	(499,003)	7,758,477	12,563,949
Writeoff of fully amortized tangible capital assets					(5,954,132)	(341,632)				(6,295,764)	(9,804,135)
Balance, end of year	1	504,862	4,802,944	2,535,774	28,568,649	30,379,026	606,575	499,003	(499,003)	67,397,831	65,935,118
CUMULATED AMORTIZATION											
Balance, beginning of year	-	292,555	2,821,994	1,566,253	15,009,747	8,274,449	453,309	-	-	28,418,307	28,604,113
Annual amortization		20,194	198,871	322,252	5,755,928	3,549,906	51,262	-	-	9,898,414	9,617,062
Writeoff of fully amortized tangible capital assets					(5,954,132)	(341,632)		-	-	(6,295,764)	(9,802,868)
Balance, end of year	-	312,750	3,020,865	1,888,505	14,811,542	11,482,723	504,571	-	-	32,020,957	28,418,307
NET BOOK VALUE OF											
ANGIBLE CAPITAL ASSETS	\$ 1	\$ 192,112	\$1,782,079	\$ 647,269	\$13,757,107	\$18,896,303	\$102,004	\$ 499,003	\$(499,003)	\$ 35,376,874	\$37,516,811

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

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 which reports to Council of the City of Edmonton. The Library operates 21 public libraries and derives revenues for library operations through grants from the City of Edmonton and the Province of Alberta. The Library is a registered charity and is not subject to income tax.

1. 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.

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

Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalents includes 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 and are held for the purpose of meeting short-term cash commitments rather than for investment purposes.

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. Investment earnings are recorded as revenue in the period earned.

Government transfers

Government transfers are the transfer of assets from other orders 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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

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.

1 - 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.

2 - 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.

3 - Inventory of material and supplies

Inventory of material and supplies are recorded at the lower of cost and replacement cost.

4 - Cultural, historical tangible capital assets and works of art

Works of art for display are not recorded as tangible capital assets and are not amortized. Costs for public art are expensed in the period they are incurred.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

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 period 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.

Future Accounting Standard Pronouncements

The following summarizes future awaiting standard pronouncements in Canadian public sector accounting standards that are relevant to the Library.

In 2022, the Library will continue to assess the impact and prepare for the adoption of the following standards:

Financial Statement Presentation

PSAS 1201, Financial Statement Presentation, is required for fiscal periods beginning on or after April 1, 2022.

Financial Instruments

PSAS 3450, Financial Instruments, is required for fiscal periods beginning on or after April 1, 2022.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

Foreign Currency Translation

PSAS 2601, Foreign Currency Translation, is required for fiscal periods beginning on or after April 1, 2022.

Portfolio Investments

PSAS 3041, Portfolio Investments, is required for fiscal periods beginning on or after April 1, 2022.

Asset Retirement Obligations

PSAS 3280, Asset Retirement Obligations, is required for fiscal periods beginning on or after April 1, 2022.

Revenue

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

Purchased Intangibles

PSG8, Purchased Intangibles, allow for purchased intangible assets to be recognized as assets in a public sector entity's financial statements. Adoption required for fiscal periods beginning on or after April, 2023.

Public-Private Partnerships

PS3160, Public-Private Partnerships, provides guidance on how to account for and report public-private partnerships. Adoption 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, 2021

2. ACCOUNTS RECEIVABLE

	<u>2021</u>	<u>2020</u>
Trade and other	\$ 64,407	\$ 142,357
Government transfer and other	19,720	19,685
Good and services tax receivable	81,817	97,268
	<u>\$ 165,944</u>	<u>\$ 259,310</u>

3. INVESTMENTS

	<u>2021</u>	<u>2020</u>
Premier Investment Account (PIA)	23,313,165	-
Guaranteed Investment Certificates (GIC)	-	20,374,232
	<u>\$ 23,313,165</u>	<u>\$ 20,374,232</u>

The guaranteed investment certificates (GIC's) matured in 2021 and cost plus accrued interest were transferred to our Premier Investment Account (PIA). The premier investment account is highly liquid and cashable with no penalty. In 2021, this savings account was recorded at cost, which approximates market value, and had a weighted average interest rate of 0.64%.

4. 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 0.248% (2020 – 0.691%).

5. DEFERRED REVENUE

Deferred revenue is comprised of funds donated to the Library that are externally restricted as well as lease and other incentive revenue. These funds 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.

	<u>December 31, 2020</u>	<u>Amounts received</u>	<u>Revenue recognized</u>	<u>December 31, 2021</u>
Milner Library Renewal *	\$ 150,000	\$ 466,327	\$ (456,327)	\$ 160,000
Lease and Contract Incentives	283,242	10,026	(51,808)	241,460
O. Kukulis Estate	119,919	280	-	120,199
Other	278,703	303,797	(258,980)	323,520
Enrichment Campaign Collection	<u>9,999</u>	<u>6,520</u>	<u>(16,519)</u>	<u>-</u>
	<u>\$ 841,863</u>	<u>\$ 786,950</u>	<u>\$ (783,634)</u>	<u>\$ 845,179</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

Milner Library Renewal

The balance at December 31, 2021 for Milner Library Renewal consists of a \$160,000 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 2021 include, \$22,500 Friends of EPL donations, \$34,000 Tim and Sharon Grant, \$12,248 H.W. Wilson Foundation, \$22,540 Ruth Hyndman Foundation, and \$157,627 donations for Ready.Set.Read! program.

6. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$ 1,676,561	\$ 1,654,142
Post-employment benefits	1,508,637	1,028,653
Health care spending	48,566	74,656
Income replacement plan	13,800	16,600
Banked overtime	6,052	9,742
	<u>\$ 3,253,616</u>	<u>\$ 2,783,792</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, 2021 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% (2020 - 1.50%). The accrued benefit obligation as at December 31, 2021 is \$1,426,200 (2020 - \$958,200).

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 2021 were \$22,664 (2020 - \$24,590), eligible dental obligations for 2021 were \$15,482 (2020 - \$8,863), and eligible Workers' Compensation Board (WCB) obligations for 2021 were \$1,290 (2020 - \$0).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

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, 2021, completed by Aon Hewitt. Significant assumptions used in the valuation include a discount rate of 0.25% (2020 – 0.25%) and an annual inflation rate of 2.00% (2020 – 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.

7. TANGIBLE CAPITAL ASSETS

	<u>Net Book Value</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 1	\$ 1
Land improvements	192,112	212,307
Buildings	1,782,079	1,980,950
Leasehold improvements	647,269	969,521
Library materials	13,757,107	13,980,888
Machinery and equipment	18,896,303	20,219,878
Vehicles	102,003	153,266
	<u>\$ 35,376,874</u>	<u>\$ 37,516,811</u>

In 2021, the Library received \$472,847 (2020 – \$906,435) in donations for tangible capital assets, of which \$189,510 (2020 – \$114,815) was transferred to the City of Edmonton, \$283,337 (2020 – \$791,620) was recorded under machinery and equipment, vehicles and library materials.

The Library owns original artworks that are on permanent display or in storage at various library locations. The artworks were donated to the Library and have significant cultural and historical value in perpetuity.

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

8. PREPAID EXPENSES

	<u>2021</u>	<u>2020</u>
Library subscriptions and software licenses	\$ 1,321,387	\$ 1,505,752
Rent	159,044	130,742
Other	130,833	122,353
	<u>\$ 1,611,264</u>	<u>\$ 1,758,847</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

9. ACCUMULATED SURPLUS

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

	<u>2021</u>	<u>2020</u>
Unrestricted surplus	\$ 5,172,000	\$ 5,172,000
Reserves for future expenditures		
Operating carryforward	-	641,005
Library projects for facilities, technology, furniture and equipment	9,351,914	2,772,069
Milner Library Renewal project	3,135,936	3,554,919
	<u>12,487,850</u>	<u>6,967,993</u>
Equity in tangible capital assets	35,376,874	37,516,811
	<u>\$ 53,036,724</u>	<u>\$ 49,656,804</u>

The unrestricted surplus has been increased as per the Financial Reserve Policy, which aligns to one months operating expenditures.

Reserves for future expenditures are comprised of both committed and uncommitted funds. Committed funds of \$3,135,936 are designated for projects such as the Milner Library Renewal and library materials. The remaining \$9,351,914 of reserves is uncommitted.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

10. 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:

2022	\$ 1,009,984
2023	853,572
2024	853,572
2025	840,674
2026	816,046

Other Operating and Capital Commitments

The Library entered into a number of contracts and agreements for the delivery of goods and services during the year. The Library identified \$3.9 million in future commitments focused on the purchase and payment of library collections, furniture, equipment, building operations and maintenance, software, library programming and library supplies.

Reclamation Obligations

The Library continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. During 2021, 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 the 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 future commitment. The Library records gifts and pledge donations once there is reasonable assurance that the donor will fulfill their commitment. In 2021, future commitments of \$266,000 for the Milner Library Renewal Project were not recognized in the financial statements.

11. 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:

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

Statement of Operations

	<u>Government transfers for capital</u>
Capital project financing as approved in the Library Operating Budget	\$ 5,748,500
Incremental 2021 funding identified in the approved Library capital budget (funding included in the City of Edmonton budget)	3,405,500
As reported	<u>\$ 9,154,000</u>

Statement of Change in Net Financial Assets

	<u>Acquisition of tangible capital assets</u>
2021 acquisition of tangible capital assets as approved in the Library Budget	\$ (5,748,500)
Incremental 2021 acquisition of tangible capital assets included in the approved Library capital budget	(3,405,500)
As reported	<u>\$ (9,154,000)</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

12. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	2021	2020
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 53,441,000	\$ 44,661,550
Provincial		
Alberta Municipal Affairs - Per Capita Grant	4,991,931	4,991,931
Alberta Municipal Affairs - Metro Federation Grant	121,000	100,000
Alberta Municipal Affairs - Voices of the Land	50,000	85,000
Alberta Municipal Affairs - Indigenous Services	18,583	18,583
	5,181,514	5,195,514
	58,622,514	49,857,064
TRANSFERS FOR CAPITAL		
City of Edmonton	8,432,355	9,458,856
Provincial		
Alberta Municipal Affairs - Municipal Sustainability Initiative	1,117	33,700
Alberta Culture and Tourism - Community Facility Enhancement Program	-	493,389
	8,433,472	9,985,945
	-	
	8,433,472	9,985,945
TRANSFERS TO CITY OF EDMONTON	(672,886)	(1,161,249)
NET GOVERNMENT TRANSFERS	\$ 66,383,100	\$ 58,681,760

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.

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 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

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

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.

Transfers to City of Edmonton

In 2021, \$672,886 (2020 - \$1,161,249) 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.

13. 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 is defined by the Library to include the Executive and Senior Leadership Team.

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.

Interest expenses of \$6,359 (2020 – \$183,978) were paid to the City of Edmonton on funds loaned to the Library during the year.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

14. 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% (2020 – 9.39%) of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE") and 13.84% (2020 – 13.84%) thereafter. Employees of the Library are required to make current service contributions of 8.39% (2020 – 8.39%) of pensionable salary up to YMPE and 12.84% (2020 – 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 2021 were \$2,644,769.64 (2020 – \$2,238,271). Total current service contributions by the employees of the Library to the LAPP in 2021 were \$2,384,766.81 (2020 – \$2,022,600).

The LAPP reported a surplus for the overall plan as at December 31, 2020 of \$4,961 million. Information as at December 31, 2021 was not available at the time of preparing these financial statements.

15. 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>2021</u>	<u>2020</u>
Library donations received	\$ 742,062	\$ 464,678
CanadaHelps donations received on behalf of the Library	51,698	85,491
Donor Perfect donations received on behalf of the Library	155,489	-
Edmonton Community Foundation donations received and contributed to the Library	6,761	8,603
Library Fundraising Events and Sponsorship	161,946	81,432
Gross contributions	<u>1,117,956</u>	<u>640,204</u>
Remuneration paid to employees for fundraising	124,175	145,601
Expenses incurred for the purpose of fundraising	61,644	70,541
CanadaHelps service charges	5,329	3,050
Total Expenses	<u>191,148</u>	<u>219,192</u>
Net Contributions	<u>\$ 926,808</u>	<u>\$ 421,012</u>

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

	<u>2021</u>	<u>2020</u>
Library Centennial Projects and Milner Library Renewal Project	\$ 822,088	\$ 406,986
Books and Library Materials	19,883	183,824
Library children's programming	275,986	49,394
	<u>\$ 1,117,956</u>	<u>\$ 640,204</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2021

During the 2021 year the Library issued charitable receipts in the amount of \$880,119 (2020 - \$291,758).

16. COVID-19 DISCLOSURE

The COVID-19 pandemic has had a global impact and for the 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 Library staff.

Statistics



General Library Data

For the Years Ended December 31, 2017-2021

Unaudited

	2021 ¹	2020 ¹	2019	2018	2017
Total FTE's ²	460.2	374.3	530.6	521.7	518.4
Total Free Programs Presented ³	2,768	5,183	24,259	22,031	21,361
Classes and Events Attendance ³	320,683	70,238	480,677	507,112	506,246
Total In-Person visits ³	1,775,026	1,931,321	5,788,099	5,538,014	5,367,581
Total Public Internet Use Hours ³	181,204	224,616	839,593	827,530	856,277
Library Usage ³					
Physical Circulation	4,385,229	3,377,914	7,445,063	7,624,276	8,106,597
Electronic Usage	5,511,762	5,421,243	4,038,468	3,691,903	3,728,216
Memberships ³					
Active Memberships	205,343	280,787	292,528	275,272	260,747
New Memberships	34,371	28,648	57,052	61,879	56,075
Total Population ⁴	1,053,640	1,035,128	1,016,942	999,075	981,522

Notes

¹ COVID-19 affected 2020 and 2021 statistics due to temporary closure of service points and as a result temporary layoff of personnel

² Positions are stated in full time equivalents

³ Figures are per the Edmonton Public Library's 2016 - 2021 Annual Reports

⁴ Population data are EPL estimates based on Statistics Canada information

Revenue, Expense, Annual Surplus and Accumulated Surplus

For the Years Ended December 31, 2017-2021

Unaudited

Revenues by Source	2021	2020	2019	2018	2017
Government Transfers					
City of Edmonton	47,014,916	44,661,550	48,392,673	48,019,405	44,365,056
Provincial Government	5,181,513	5,195,514	5,258,275	5,231,296	5,136,520
Federal Government	-	-	-	60,044	-
Fines and Charges	73,712	201,617	748,353	778,362	815,078
Other	564,794	651,406	1,065,852	1,047,053	778,101
Donations	311,693	379,823	263,856	338,499	622,071
Gain on Disposal of Tangible Capital Assets	51,694	42,240	147,848	158,094	65,734
Interest	167,917	349,7622	370,702	216,519	240,742
Total Revenues By Source	53,366,239	51,481,912	56,247,559	55,849,272	52,023,302
Total Revenues By Source					
Board	20,249	22,289	24,229	21,612	25,376
Administration	3,804,029	4,092,959	4,470,772	4,190,358	4,201,021
Branch Services	54,395,474	51,327,578	57,441,266	57,967,818	55,933,418
Total Expenses By Function	58,219,752	55,442,826	61,936,267	62,179,788	60,159,815
(Shortfall) of Revenues over Expenses before Other	(4,853,513)	(3,960,914)	(5,688,708)	(6,330,516)	(8,136,513)
Other					
Contributed tangible capital assets	472,847	906,435	4,280,305	214,289	220,697
Government Transfers for Capital	8,433,472	9,985,945	14,542,430	10,442,154	10,352,338
Transfer to the City of Edmonton	(672,886)	(1,161,249)	(14,230,987)	(109,156)	(200,000)
	8,233,433	9,731,131	4,591,748	10,547,287	10,373,035
Excess (Shortfall) of Revenue over Expenses	3,379,920	5,770,217	(1,096,960)	4,216,771	2,236,522
Accumulated Surplus, Beginning of Year	49,656,804	43,886,587	44,983,547	40,766,776	38,530,254
Accumulated Surplus, End of Year	53,036,724	49,656,804	43,886,587	44,983,547	40,766,776
Expenses by Object					
Salaries, Wages and Benefits	33,902,645	31,757,999	38,202,909	38,471,769	36,926,457
Amortization of tangible Capital Assets	9,898,414	9,617,062	10,008,035	10,244,895	10,117,841
Building Operations	3,326,993	2,804,097	3,141,641	2,889,649	2,502,515
Utilities and Other	3,477,565	3,433,638	3,458,215	3,296,275	3,471,596
Books and Library Materials	4,165,817	3,904,991	3,212,712	3,243,114	3,325,353
Material Goods and Supplies	2,046,021	2,041,181	1,964,833	2,057,720	1,769,133
Services	1,402,297	1,883,858	1,947,922	1,976,366	2,046,920
Total Expenses by Object	58,219,752	55,442,826	61,936,267	62,179,788	60,159,815

Key Components of Financial Position

For the Years Ended December 31, 2017-2021

Unaudited

	2021	2020	2019	2018	2017
Total Financial Assets	24,938,906	21,907,781	34,562,519	26,724,051	18,520,638
Total Liabilities	9,124,652	11,783,323	26,540,113	15,553,564	10,240,486
Net Financial Assets	15,814,254	10,124,458	8,022,406	11,170,487	8,280,152
Total Non-Financial Assets	37,222,470	39,532,346	35,864,181	33,813,060	32,486,624
Total	53,036,724	49,656,804	43,886,587	44,983,547	40,766,776
Acquisitions of Tangible Capital Assets					
Buildings	-	-	-	58,666	435,385
Leasehold Improvements	-	-	-	1,266,704	43,613
Library Materials	5,532,146	4,695,321	6,120,835	6,044,991	6,175,356
Machinery and Equipment	2,226,331	11,576,629	2,044,705	4,411,902	1,091,171
Vehicles	-	49,799	-	-	43,267
Assets Under Construction	-	(3,757,800)	3,607,677	136,691	263,917
Total Tangible Capital Asset Acquisitions	7,758,477	12,563,949	11,773,217	11,918,954	8,052,709



Edmonton Public Library

The Edmonton Public Library recognizes that we are located on Treaty 6 Territory and Homeland of the Métis Nation.

7 Sir Winston Churchill Square
Edmonton, Alberta T5J2V4