



The **HEART** of our **CITY**

Edmonton Public Library
Financial Report 2022

The City of Edmonton Library Board

Edmonton, Alberta, Canada

For the year ended December 31, 2022





The City of Edmonton Library Board

Prepared by:
Financial Services and Marketing and
Communications Divisions

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Table of Contents

Introduction	4
Message From The Board Chair And Chief Executive Officer	5
Governance Structure	6
Financial Information	8
<i>Canadian Award for Financial Reporting</i>	8
<i>Report from the Chief Financial Officer</i>	9
<i>Financial Position</i>	10
<i>Financial Control and Accountability</i>	13
<i>Risk Management, Future Outlook</i>	14
 Audited Financial Statements	 15
Statement of Financial Position	20
Statement of Operations	21
Statement of Change in Financial Assets	22
Statement of Cash Flows	23
Statement of Tangible Capital Assets	24
Notes to the Financial Statements	25
 Statistics	 39
General Library Data	40
Revenue, Expense, Annual Surplus and Accumulated Surplus	41
Key Components of Financial Position	42





Introduction

Message From The Board Chair And Chief Executive Officer

Last year was a remarkable year for all those who work, visit, support, and rely on the Edmonton Public Library (EPL). As we experienced the lifting of restrictions and a return to face-to-face activities, we were thrilled to open our doors once again and welcome our customers back to our branches. The joy of in-person access to our diverse range of services and programs was unmistakable.

When looking at the numbers, there is no doubt that the Edmonton community missed us. With our Summer Starts program seeing a 44% increase in reading registrations from 2021, our membership numbers growing by nearly 60,000, and our Forward Thinking Speaking Series events attracting thousands of attendees, it was clear that Edmontonians continue to embrace EPL as the heart of our city.

EPL works diligently to ensure our customers' needs are met. Our most recent feedback survey revealed that almost 90% of our customers felt the services offered by our staff were exceptional and 89% expressed satisfaction with the services EPL provides. These results confirm that we have been on the right track to making EPL the best place to learn, be, work and create.

As part of the City of Edmonton's Community Safety and Well-being Initiative, Edmonton City Council awarded EPL with a one-time grant of \$200,000 to expand Sing, Sign, Laugh and Learn, helping to reaffirm EPL's reputation as Edmonton's hub for early literacy. EPL's early literacy programming is a critical prevention available to all children. Research shows that a child's experiences within their first five years forms the foundation for their development and learning, impacting their academic, economic and social success.

In 2022, we saw our early literacy programs impacting the lives of the city's families, including new parents and infants isolated

during the pandemic, refugees displaced by war, and Edmonton's vulnerable citizens, a population that ballooned during the pandemic. Thanks to the City of Edmonton's support, the Sing, Sign, Laugh and Learn program expansion added a total of 809 classes at 29 locations to 9,860 participants — a remarkable 54.6% increase in classes offered.

Our need to be agile and re-imagine services during the pandemic provided delightful insights into future opportunities that exist for EPL. By offering classes and events online, we further reduced barriers to accessibility and even with the reopening of our physical spaces, we continued to witness high demand for online and digital access. Participation in our recorded classes and events increased by 14%, while our live classes saw a 10% boost. These results show the opportunity for EPL to engage with more Edmontonians regardless of their location or physical, educational or economic barriers.

Observation, collaboration and planning were central themes for us in 2022. As we worked to develop our 2024-2026 Strategic Goals and Business Plan, we reached out to both customers and non-customers to understand and define what our communities need and where we could provide the most value. Our collaborative efforts also included the EPL Board of Trustees, Executive Team and staff who dedicated countless hours to generate over 1,200 ideas. Their passion was instrumental in developing a Strategic Plan that ensures every Edmontonian has opportunities to access the programs and services needed to learn, explore and grow.

EPL closed out 2022 in a healthy financial position, with much achieved and great opportunities ahead. This is largely due to the incredible support of our various stakeholders including Edmonton City Council and the Government of Alberta as well as our unwavering reputation as a leader in the communities we serve.

We are working with Edmontonians at every stage of their life. Whether we are helping foster a strong start in school, guiding a budding entrepreneur with the launch of their small business, or assisting citizens navigating the digital divide, the Library is the heart of our community; where people are connected, skills are built, minds are expanded, and lives changed for the better.



Kenna Houncaren
Chair, EPL Board of Trustees



Pilar Martinez
Chief Executive Officer, EPL



Governance STRUCTURE

2022 Board of Trustees

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.



Kenna Houncaren
Chair



Rosalie Russnak
Vice-Chair



Karen Principe
Councillor



Chad Schulz



Sandra Marin



Raman Deol



Janet Hancock



Tina Faiz



Aaida Peerani



James Crossman



Governance

STRUCTURE

Executive Team

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



Pilar Martinez
Chief Executive Officer



Cody Tomanek
Chief Financial Officer



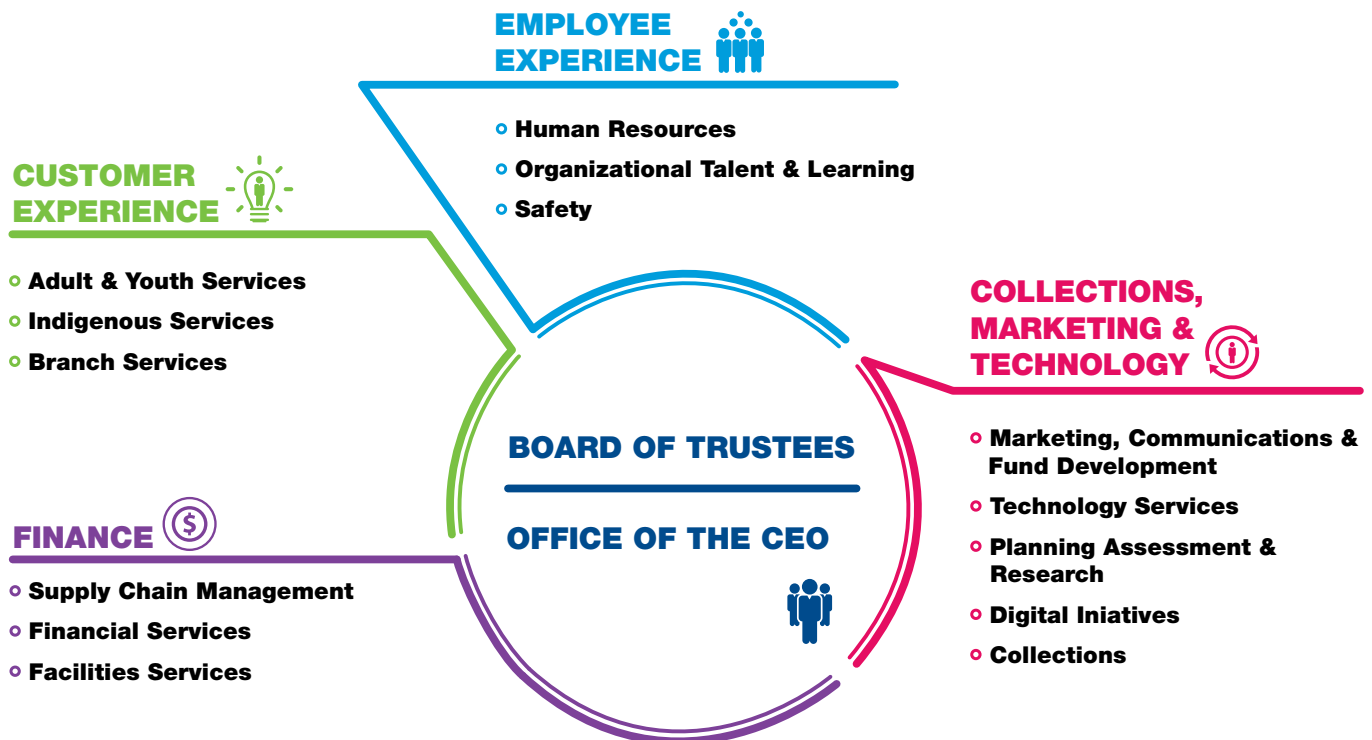
Sharon Day
Executive Director,
Customer Experience



Vicky Varga
Executive Director,
Collections, Marketing
& Technology



Corrina Chetley-Irwin
Executive Director,
Employee Experience



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, 2021.

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.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to
The City of Edmonton Library Board
Alberta

For its Annual
Financial Report
for the Year Ended

December 31, 2021

Christopher P. Morrell

Executive Director/CEO



2022 Financial Statement DISCUSSION AND ANALYSIS

REPORT FROM THE CHIEF FINANCIAL OFFICER

The 2022 Annual Report and Financial Statements provides information to residents of Edmonton on how the financial resources entrusted to the Board are being allocated and managed in providing public library services in the city. The following provides an overview of the 2022 financial results, financial controls and accountability, risk management and future outlook.

The 2022 Annual Report includes EPL's 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 City of Edmonton Bylaw 12540. The financial statements include the following:

- 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
- Notes to the Financial Statements

It is highly encouraged that the 2022 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.

2022 FINANCIAL HIGHLIGHTS

After two years of library closures and health orders restricting EPL's ability to deliver a full range of services, EPL was able to fully reopen our branches and resume in-person services in 2022.

EPL participates in the City of Edmonton's multi-year budgeting process in which operating and capital budgets are developed and approved for a four-year period.

The EPL Board of Trustees is responsible for approving the operating budget, and Edmonton City Council is responsible for approving EPL's funding request. The multi-year budget process provides for adjustments to the four-year budget on a semi-annual basis, in the spring and in the fall. The final year of the 2019-2022 operating and capital budget was 2022 and budget information presented is consistent with the amounts approved by the Board and Edmonton City Council.

In 2022, EPL ended the year with a \$0.2 million operating surplus (0.3 per cent of budget expenses). This surplus was primarily due to lower than budgeted capital project funding transfers from operations, lower than planned donation and fundraising revenues offset by lower transfers to reserves and higher expenses for salaries, wages and benefits and building operations and maintenance.

EPL closed 2022 in a healthy financial position holding \$16.3 million in net financial assets and an accumulated surplus of \$53.3 million. This positions EPL well in meeting current and future liabilities and commitments for library operations. EPL's tangible capital assets, valued at \$35.1 million at the end of 2022 consisted of the following:

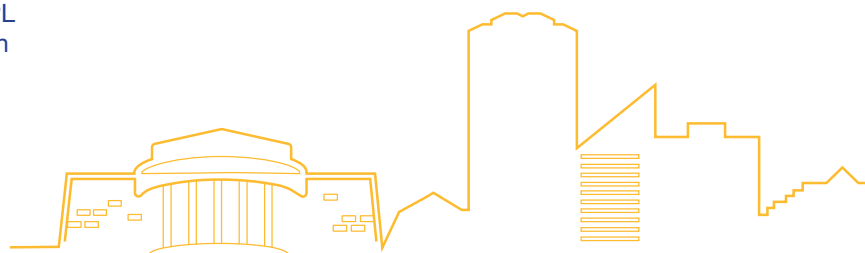
- buildings
- technology
- furniture and equipment
- vehicles
- library collections

The 2022 capital projects focused primarily on the renewal of IT Infrastructure, Library Collections and Library Furniture and Equipment.



Cody Tomanek
Chief Financial Officer

A stylized, handwritten signature in black ink, appearing to read 'Cody Tomanek'.



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.



	2022	2021	2020	2019	2018
Financial Assets	\$ 28.6	\$ 24.9	\$ 21.9	\$ 34.5	\$ 26.7
Liabilities	\$ 12.3	\$ 9.1	\$ 11.8	\$ 26.5	\$ 15.5
Net Financial Assets	\$ 16.3	\$ 15.8	\$ 10.1	\$ 8.0	\$ 11.2
Non-Financial Assets	\$ 37.0	\$ 37.2	\$ 39.5	\$ 35.9	\$ 33.8
Accumulated Surplus	\$ 53.3	\$ 53.0	\$ 49.6	\$ 43.9	\$ 45.0

EPL has a healthy financial position at the end of 2022 with a significant portion of its \$28.6 million in financial assets being held as cash, cash equivalents and investments. The Statement of Cash Flows provides information on how cash was generated and used during the year through operating, capital, investing, financing activities and uses of cash.

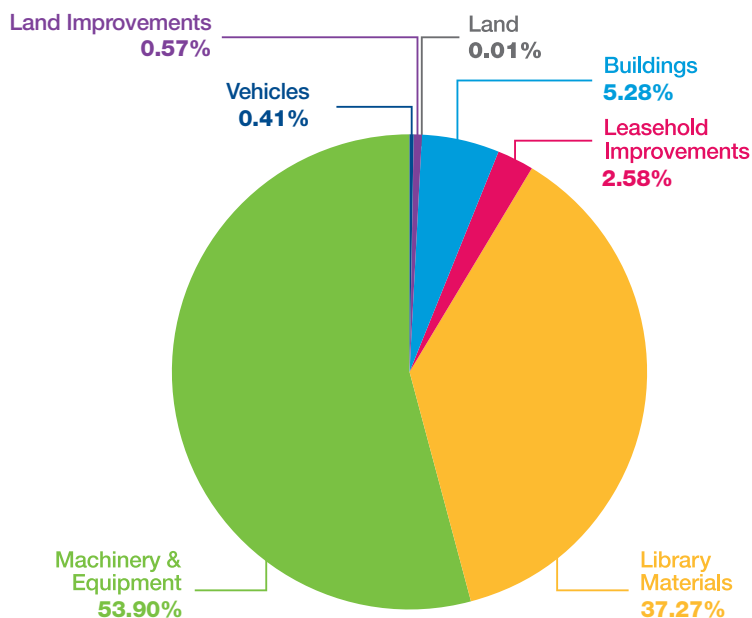
EPL's liabilities were \$12.3 million at the end of 2022, showing a year over year increase of \$3.2 million. This was primarily related to increases in accounts payable and accrued liabilities, deferred revenue and amounts due to the City of Edmonton.

Non-financial assets total \$37.0 million at the end of 2022. Non-financial assets include tangible capital assets, inventories, and prepaid expenses. EPL's net book value of tangible capital assets decreased by \$0.2 million to \$35.1 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 2022.

Largely due to the 2022 annual surplus, EPL's accumulated surplus increased by \$0.2 million to \$53.3 million.

ACCUMULATED SURPLUS BREAKDOWN

- \$35.1 million of equity in tangible capital assets
- \$12.7 million in restricted reserves held for future capital expenditures
- \$5.5 million in unrestricted surplus available for unplanned, short-term use to manage financial risk



Financial OPERATIONS

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

Financial Operations

(millions of \$)

	2022	2021	2020	2019	2018
Operating Revenues	\$ 55.3	\$ 53.4	\$ 51.5	\$ 56.2	\$ 55.9
Capital Revenues	\$ 10.6	\$ 8.2	\$ 9.7	\$ 4.6	\$ 10.5
Operating Expenses	\$ 65.7	\$ 58.2	\$ 55.4	\$ 61.9	\$ 62.2
Surplus	\$ 0.2	\$ 3.4	\$ 5.8	\$ (1.1)	\$ 4.2

Revenues exceed expenses for the year by \$0.2 million, after accounting for capital revenues.

Operating revenues increased by 3.6 per cent (\$1.9 million) from the prior year primarily due to the following:

- increased interest earnings on investments
- increased printing and meeting room rentals with the return to full operations in 2022
- increases in funding from the City of Edmonton and Provincial grants

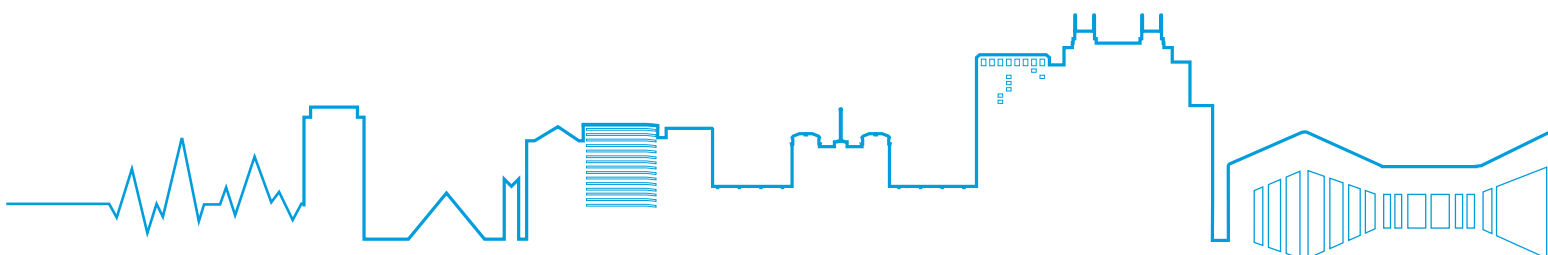
Capital revenues include revenue received for the investment in tangible capital assets and typically fluctuate from year to year. EPL's capital revenues increased by 29.3 per cent (\$2.4 million) from the prior year thanks to the City of Edmonton's investment into the purchase of IT infrastructure, furniture, equipment and physical library collections.

EPL returning to full operations in 2022 led to a 12.9 per cent (\$7.5 million) increase in expenses. This increase covered the cost of staff salaries, wages and benefits, as well as the increased demand on building operations.

Comparison to Budget Operating Revenues

(millions of \$)

	2022 Budget	2022 Actual	Variance
Government transfers for operating	\$ 52.9	\$ 53.3	\$ 0.4
Other	\$ 2.2	\$ 0.9	\$ (1.3)
Interest	\$ 0.1	\$ 0.6	\$ 0.5
Donations	\$ 1.2	\$ 0.4	\$ (0.8)
Gain on disposal of tangible capital assets	\$ 0.1	\$ 0.1	-
Operating Revenues	\$ 56.5	\$ 55.3	\$ (1.2)



Operating revenues were lower than budget by \$1.2 million (2.1 per cent of the revenue) budget primarily due to fewer donations and fundraising activities in the year, offset by higher than planned grant funding and higher interest earnings from rising interest rates.

Capital Revenues

(millions of \$)

	2022 Budget	2022 Actual	Variance
Donations for Capital	\$ -	\$ 0.1	\$ 0.1
Government transfers for capital	\$ 12.2	\$ 10.6	\$ (1.6)
Transfers to the City of Edmonton for capital	-	\$ (0.1)	\$ (0.1)
Capital Revenues	\$ 12.2	\$ 0.6	\$ (1.6)

Capital revenues used to fund the acquisition of tangible capital assets were 13.1 per cent (\$1.6 million) lower than budget primarily due to continued supply chain disruptions in 2022 for physical library materials and library equipment.

Operating Expenses

(millions of \$)

	2022 Budget	2022 Actual	Variance
Salaries, wages and benefits	\$ 39.6	\$39.9	\$ (0.3)
Amortization of tangible capital assets	\$ 9.8	\$ 9.7	\$ 0.1
Building operations	\$ 4.0	\$ 4.4	\$ (0.4)
Books and library materials	\$ 3.5	\$ 4.0	\$ (0.5)
Utilities and other	\$ 3.6	\$ 3.9	\$ (0.3)
Material goods and supplies	\$ 2.3	\$ 2.0	\$ 0.3
Services	\$ 2.1	\$ 1.8	\$ 0.3
Operating Expenses	\$ 64.9	\$ 65.7	(0.8)

Operating expenses were 1.2 per cent (\$0.8 million) over budget primarily due to increased building operations costs for unplanned maintenance, higher than planned utility costs for power and natural gas and higher than planned subscription costs for electronic library resources. These unfavourable variances were offset by savings in material goods and supplies for stationery and computer hardware and software purchases.



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 Regulation, 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 the following:

- reviewing and approving the Executive Team's recommended short and long-term plans
- proposed operating and capital budgets
- financial statements
- quarterly financial performance reports
- ensuring that enterprise risk items are properly reviewed,
- risk management

In managing these responsibilities, the Board's Finance and Audit Committee meets regularly to review financial matters and make recommendations to the 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 Edmonton City Council and 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 is responsible for approving the operating budget, and the Edmonton City Council is responsible for approving EPL's funding request.

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

The current approved capital budget is for the period 2023 to 2026.

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:

- accounting
- reporting
- treasury
- planning and budgeting internal controls
- 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.

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 has been engaged to express an opinion on EPL's Financial Statements. Following a comprehensive audit process and working with the Executive 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 Committee's review, the Financial Statements are then formally approved by the Board of Trustees. For 2022, 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, 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. EPL continues to build on the risk management foundations established in previous years and is focused on providing quantitative and qualitative means to determine impact and probability to help provide consistency in evaluating.

Key risk areas of focus include technology and data security, long-term ongoing funding and intellectual freedom. EPL continues to monitor the effect COVID-19 had in customer behavior and 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 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

In 2022, EPL has consistently improved its financial well-being, enabling the organization to offer valuable and innovative services to its customers. As a result, EPL has established itself as the best place in Edmonton to learn, create, be and work. This achievement is attributed to EPL's esteemed reputation as a community leader, as well as the exceptional support from the Board, Edmonton City Council, the Provincial Government, and other library stakeholders who recognize the significance of public libraries. EPL supporters understand and advocate for the positive impact EPL 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 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. EPL has completed the strategic planning process to develop the next three-year plan. Moving forward, EPL will need to monitor and assess the following:

- Risks of sustained long-term municipal and provincial funding with the economic challenges of increasing inflation and interest rates.
- 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.
- 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 brings 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.





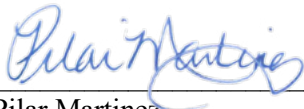
Financial Statements

Management's Report

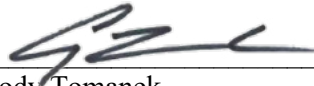
The financial statements of the City of Edmonton Library Board (the "Library") are the responsibility of management and have been prepared in accordance with Canadian Public Sector Accounting Standards, as disclosed in the notes to the financial statements. The financial statements include amounts that 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, 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 'Cody Tomanek', is written over a horizontal line.

Cody Tomanek
Chief Financial Officer



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INDEPENDENT AUDITOR'S 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, 2022
- 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 end of December 31, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Edmonton, Canada

March 21, 2023

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Financial Position

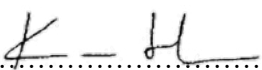
As at December 31, 2022


	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 18,071,033	\$ 1,459,797
Accounts receivable (Note 3)	279,421	165,944
Investments (Note 4)	10,275,144	23,313,165
	28,625,598	24,938,906
LIABILITIES		
Accounts payable and accrued liabilities	2,900,460	2,049,327
Due to the City of Edmonton (Note 5)	4,748,308	2,976,530
Deferred revenue (Note 6)	1,310,806	845,179
Employee benefit obligations (Note 7)	3,369,949	3,253,616
	12,329,523	9,124,652
NET FINANCIAL ASSETS	16,296,075	15,814,254
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	35,114,292	35,376,874
Inventory for consumption	228,499	234,332
Prepaid expenses (Note 9)	1,629,794	1,611,264
	36,972,585	37,222,470
ACCUMULATED SURPLUS (Note 10)	\$ 53,268,660	\$ 53,036,724

COMMITMENTS (Note 11)

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, 2022, with comparative information for 2021

	Budget (Note 12)	2022	2021
REVENUE			
Government transfers for operating (Note 13)			
City of Edmonton	\$ 47,822,318	\$ 48,048,118	\$ 47,014,916
Provincial Government	5,120,931	5,251,222	5,181,513
Other	2,209,083	936,296	564,794
Interest	100,000	604,982	167,917
Donations	1,146,000	340,037	311,693
Gain on disposal of tangible capital assets	110,000	140,951	51,694
Fines and charges	-	-	73,712
TOTAL REVENUE	56,508,332	55,321,606	53,366,239
EXPENSES			
Salaries, wages and benefits	39,648,712	39,896,440	33,902,645
Amortization of tangible capital assets	9,832,845	9,733,862	9,898,414
Building operations	3,963,081	4,367,086	3,326,993
Books and library materials	3,525,439	3,971,549	4,165,817
Utilities and other	3,648,332	3,920,163	3,477,565
Material goods and supplies	2,259,527	2,027,573	2,046,021
Services	2,069,711	1,792,229	1,402,297
TOTAL EXPENSES	64,947,647	65,708,902	58,219,752
ANNUAL DEFICIT BEFORE OTHER	(8,439,315)	(10,387,096)	(4,853,513)
OTHER			
Donations for capital (Note 8)	-	58,999	472,847
Government transfers for capital (Note 13)	12,167,025	10,664,555	8,433,472
Transfers to City of Edmonton for capital (Note 13)	-	(104,322)	(672,886)
TOTAL OTHER	12,167,025	10,619,232	8,233,433
ANNUAL SURPLUS	3,727,710	231,936	3,379,920
ACCUMULATED SURPLUS, OPENING	53,036,724	53,036,724	49,656,804
ACCUMULATED SURPLUS, CLOSING	\$ 56,764,434	\$ 53,268,660	\$ 53,036,724

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, 2022, with comparative information for 2021

	Budget (Note 12)	2022	2021
ANNUAL SURPLUS	\$ 3,727,710	\$ 231,936	\$ 3,379,920
Acquisition of tangible capital assets	(12,167,025)	(9,471,280)	(7,758,477)
Proceeds from disposal of tangible capital assets	110,000	140,951	51,694
Amortization of tangible capital assets	9,832,845	9,733,862	9,898,414
Gain on disposal of tangible capital assets	(110,000)	(140,951)	(51,694)
	(2,334,180)	262,582	2,139,937
Net use of inventory for consumption	-	5,833	22,356
Net (acquisition) use of prepaid expenses	-	(18,530)	147,583
	-	(12,697)	169,939
CHANGE IN NET FINANCIAL ASSETS	1,393,530	481,821	5,689,796
NET FINANCIAL ASSETS, OPENING	15,814,254	15,814,254	10,124,458
NET FINANCIAL ASSETS, CLOSING	\$ 17,207,784	\$ 16,296,075	\$ 15,814,254

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, 2022, with comparative information for 2021

	<u>2022</u>	<u>2021</u>
NET INFLOW (OUTFLOW) OF CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES		
Annual Surplus	\$ 231,936	\$ 3,379,920
Items not affecting cash and cash equivalents:		
Amortization of tangible capital assets	9,733,862	9,898,414
Gain on disposal of tangible capital assets	(140,951)	(51,694)
Change in non-cash operating working capital items:		
Accounts receivable	(113,477)	93,366
Accounts payable and accrued liabilities	851,133	(1,075,168)
Deferred revenue	465,627	3,316
Employee benefit obligations	116,333	469,824
Inventory for consumption	5,833	22,356
Prepaid expenses	(18,530)	147,583
	11,131,766	12,887,917
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(9,471,280)	(7,758,477)
Proceeds from disposal of tangible capital assets	140,951	51,694
	(9,330,329)	(7,706,783)
INVESTING AND FINANCING ACTIVITIES		
Increase (decrease) in Due to the City of Edmonton	1,771,778	(2,056,643)
Purchase of investments including reinvested interest, net of proceeds	13,038,021	(2,938,933)
	14,809,799	(4,995,576)
CHANGE IN CASH AND CASH EQUIVALENTS	16,611,236	185,558
CASH AND CASH EQUIVALENTS, OPENING	1,459,797	1,274,239
CASH AND CASH EQUIVALENTS, CLOSING	\$ 18,071,033	\$ 1,459,797

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, 2022, with comparative information for 2021

	<u>Land</u>	<u>Improvements</u>	<u>Buildings</u>	<u>Leasehold Improvements</u>	<u>Library Materials</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>Capital Work In Progress</u>	<u>2022</u>	<u>2021</u>
COST											
Balance, beginning 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
Acquisition of tangible capital assets	-	-	-	56,886	5,030,137	2,830,651	-	1,165,526	388,080	9,471,280	7,758,477
Write-off of fully amortized tangible capital assets	-	-	-	-	(6,175,356)	(3,346,577)	-	-	-	(9,521,933)	(6,295,764)
Balance, end of year	1	504,862	4,802,944	2,592,660	27,423,430	29,863,100	606,575	1,664,529	(110,923)	67,347,178	67,397,831
ACCUMULATED AMORTIZATION											
Balance, beginning of year	-	312,750	3,020,865	1,888,505	14,811,543	11,482,723	504,571	-	-	32,020,957	28,418,307
Annual amortization	-	20,194	177,480	273,497	5,607,207	3,622,762	32,722	-	-	9,733,862	9,898,414
Write-off of fully amortized tangible capital assets	-	-	-	-	(6,175,356)	(3,346,577)	-	-	-	(9,521,933)	(6,295,764)
Balance, end of year	-	332,944	3,198,345	2,162,002	14,243,394	11,758,908	537,293	-	-	32,232,886	32,020,957
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1	\$ 171,918	\$ 1,604,599	\$ 430,658	\$ 13,180,036	\$ 18,104,192	\$ 69,282	\$ 1,664,529	\$ (110,923)	\$ 35,114,292	\$ 35,376,874

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2022, with comparative information for 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, 2022, with comparative information for 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, 2022, with comparative information for 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 cost 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 2023, 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, 2022, with comparative information for 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 1, 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, 2022, with comparative information for 2021

2. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 1,350,657	\$ 1,459,797
Cash equivalents	16,720,376	-
	\$ 18,071,033	\$ 1,459,797

Cash equivalents consists of a flexible guaranteed investment certificate (GIC) that is highly liquid and redeemable with no penalty and has an interest rate of 4.55%. The GIC is recorded at cost plus any accrued interest to the end of December 31, 2022. Cash equivalents are capable of reasonably prompt liquidation and may be used to manage the Library's cash position throughout the year.

3. ACCOUNTS RECEIVABLE

	2022	2021
Trade and other	\$ 88,361	\$ 64,407
Government transfer and other	19,412	19,720
Good and services tax receivable	171,648	81,817
	\$ 279,421	\$ 165,944

4. INVESTMENTS

Investments consist of a guaranteed investment certificate (GIC) that is fixed term and non-redeemable with an interest rate of 4.40% and a maturity date of August 4, 2023. The GIC is recorded at cost plus any accrued interest earned to the end of December 31, 2022. Previously, all investment were held in a Premier Investment Account.

5. 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 2.223% (2021 – 0.248%).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

6. 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.

	2021	Amounts Received	Revenue Recognized	2022
Milner Library Renewal	\$ 160,000	\$ 20,675	\$ (20,675)	\$ 160,000
Lease and Contract Incentives	241,460	16,380	(57,881)	199,959
O. Kukulis Estate	120,199	2,483	-	122,682
Other	323,520	742,978	(238,333)	828,165
Enrichment Campaign Collection	-	31,004	(31,004)	-
	\$ 845,179	\$ 813,520	\$ (347,893)	\$ 1,310,806

Milner Library Renewal

The balance for the Milner Library Renewal consists of \$160,000 in donations designated for the completion of the Early Learning and Care Centre within the Stanley A. Milner Library.

Lease and Contract Incentive

These incentives include tenant improvement allowances for 3 EPL service points as well deferred revenues for 6th floor leases in the Stanley A. Milner Library.

Other

Other deferred revenues include various contributions to be used for designated expenses across Library programs. Contributions received in 2022 include \$364,221 in donations for the Ready. Set. READ! program, a \$100,000 estate donation for the purchase of library materials and \$42,000 from the Calgary Public Library for the Holocaust Education and Human Rights Initiative.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

7. EMPLOYEE BENEFIT OBLIGATIONS

	2022	2021
Accrued vacation	\$ 1,931,258	\$ 1,676,561
Post-employment benefits	1,380,459	1,508,637
Health care spending	55,965	48,566
Banked overtime	2,267	6,052
Income replacement plan	-	13,800
	\$ 3,369,949	\$ 3,253,616

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, the Library's share of pensioners' eligible medical and dental costs in excess of contributions made to the plan and a Supplementary Management Retirement Plan for designated management employees of the Library.

In order to measure the post-employment obligation, an actuarial valuation as at December 31, 2022, was completed by Eckler Ltd. regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 3.00% (2021 - 1.50%). The accrued benefit obligation as at December 31, 2022 is \$1,225,900 (2021 - \$1,426,200).

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 2022 were \$23,145 (2021 - \$22,664), eligible dental obligations for 2022 were \$15,754 (2021 - \$15,482) and eligible Workers' Compensation Board (WCB) obligations for 2022 were \$4,660 (2021 - \$1,290).

The Supplementary Management Retirement Plan has an unamortized net gain of \$11,000 (2021 - \$5,000) which will be amortized over the five (2021 - five) year average remaining service period of active plan participants.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. In 2022, the Library's remaining obligations were paid out to employees in accordance with the terms and conditions of the plan.

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

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

8. TANGIBLE CAPITAL ASSETS

	Net Book Value	
	2022	2021
Land	\$ 1	\$ 1
Land Improvements	171,918	192,112
Buildings	1,604,599	1,782,079
Leasehold improvements	430,658	647,269
Library Materials	13,180,036	13,757,106
Machinery and equipment	18,104,192	18,896,303
Vehicles	69,282	102,004
	33,560,686	35,376,874
Assets under construction	1,553,606	-
	35,114,292	35,376,874

In 2022, the Library received \$58,999 (2021 – \$472,847) in donations used to acquire tangible capital assets, of which \$0 (2021 – \$189,510) was transferred to the City of Edmonton. Tangible capital assets acquired were 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.

9. PREPAID EXPENSES

	2022	2021
Library subscriptions and software licenses	\$ 1,343,672	\$ 1,321,387
Rent	169,172	159,044
Other	116,950	130,833
	\$ 1,629,794	\$ 1,611,264

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

10. ACCUMULATED SURPLUS

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

	2022	2021
Unrestricted surplus	\$ 5,482,000	\$ 5,172,000
Reserves for future expenditures		
Unallocated	2,805,710	9,351,914
IT Infrastructure Renewal	4,000,000	-
Milner Library Renewal Fit-up	2,950,861	3,135,936
Heritage Valley Expansion	1,050,000	-
Sprucewood Branch Renovations	750,000	-
Security Infrastructure Renewal	650,000	-
Ready. Set. READ! Program	465,797	-
	12,672,368	12,487,850
Equity in tangible capital assets	35,114,292	35,376,874
	\$ 53,268,660	\$ 53,036,724

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 \$9,866,658 (2021 - \$3,135,936) are designated for programs and projects as approved by the Board and the remaining \$2,805,710 (2021 - \$9,351,914) of reserves is uncommitted for future allocation to Library capital projects for facilities, technology, furniture and equipment.

11. 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:

2023	\$ 1,141,072
2024	1,147,099
2025	1,140,674
2026	1,054,130
2027	799,742

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 \$954,000 in future commitments focused on the purchase and payment of library collections, furniture, equipment, building operations and maintenance, software, library programming and library supplies.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

Reclamation Obligations

The Library continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. During 2022, 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 2022, future commitments of \$170,400 for the Milner Library Renewal Project were not recognized in the financial statements.

12. PRESENTATION OF BUDGET INFORMATION

The Library prepared a multi-year budget for 2019 to 2022, which was presented and approved by City Council in December 2018 and the Board of Trustees in February 2019. In September 2021, the Board of Trustees approved certain adjustments to the 2022 operating budget to reflect emergent needs. For presentation and comparison purposes, the original operating budget reflected in these financial statements is consistent with amounts approved by Council with the passing of Bylaw 20013 - 2022 Property Tax and Supplementary Property Tax on April 28, 2022, which incorporates the operating budget and related adjustments made by the Board of Trustees in September 2021 and ratifies the 2022 operating budget. The capital budget reflected in these financial statements is based on the capital budget originally approved by Council in December 2018 and the Board of Trustees in February 2019, as part of the overall 2019-2022 capital budget, plus carry forward of unspent capital budget from previous years.

The budget is reported on an accrual basis, consistent with principles applied in the consolidated financial statements. Included in the table below are presentation and elimination adjustments required to comply with Canadian public sector accounting standards for inclusion in the Consolidated Statement of Operations and Accumulated Surplus.

Some of the approved Library budget information has been adjusted to include budget authorizations included in the City of Edmonton operating 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, 2022, with comparative information for 2021

	Operating Revenue	Operating Expense	Capital Revenue
Budget approved by Board, September 14, 2021	62,127,014	62,127,014	6,548,343
Amortization		9,832,845	
Transfers to reserves		(1,393,530)	
Transfers to capital		(5,618,682)	
Capital project financing approved in 2022			
operating budget	(5,618,682)		5,618,682
	\$ 56,508,332	\$ 64,947,647	\$ 12,167,025

13. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	2022	2021
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 48,048,118	\$ 47,014,916
Provincial		
Alberta Municipal Affairs - Per Capita Grant	4,991,931	4,991,931
Alberta Municipal Affairs - Metro Federation Grant	125,000	121,000
Alberta Municipal Affairs - Voices of the Land	125,000	50,000
Alberta Municipal Affairs - Indigenous Services	9,291	18,582
	5,251,222	5,181,513
	53,299,340	52,196,429
TRANSFERS FOR CAPITAL		
City of Edmonton	10,664,555	8,432,355
Provincial		
Alberta Municipal Affairs - Municipal Sustainability Initiative	-	1,117
	10,664,555	8,433,472
TRANSFERS TO CITY OF EDMONTON	(104,322)	(672,886)
NET GOVERNMENT TRANSFERS	\$ 63,859,573	\$ 59,957,015

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, 2022, with comparative information for 2021

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 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-settlement 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 2022, \$104,322 (2021 - \$672,886) in funding held by the Library was transferred to the City of Edmonton for building improvement for the Sprucewood library.

14. 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 \$112,253 (2021 – \$6,359) 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, 2022, with comparative information for 2021

15. 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 8.45% (2021 – 9.39%) of pensionable payroll up to the yearly maximum pensionable earnings ("YMPE") and 12.80% (2021 – 13.84%) thereafter. Employees of the Library are required to make current service contributions of 7.45% (2021 – 8.39%) of pensionable salary up to YMPE and 11.80% (2021 – 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 2022 were \$2,602,553 (2021 – \$2,644,770). Total current service contributions by the employees of the Library to the LAPP in 2022 were \$2,319,098 (2021 – \$2,384,767).

The LAPP reported a surplus for the overall plan as at December 31, 2021 of \$11,922 million. (2020 - \$4,961 million)

16. 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:

	2022	2021
Library donations received	\$ 671,731	\$ 742,062
CanadaHelps donations received on behalf of the Library	50,140	51,698
Donor Perfect donations received on behalf of the Library	185,721	155,489
Edmonton Community Foundation donations received and contributed to the Library	7,174	6,761
Library fundraising events and sponsorship	154,569	161,946
Gross Contributions	1,069,335	1,117,956
Remuneration paid to employees for fundraising	178,696	124,175
Expenses incurred for the purpose of fundraising	85,241	61,644
CanadaHelps service charges	7,073	5,329
Total Expenses	271,010	191,148
Net Contributions	\$ 798,325	\$ 926,808

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

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

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

	2022	2021
Library Centennial Projects and Milner Library Renewal Project	\$ 327,002	\$ 822,088
Books and library materials	267,976	19,883
Library children's programming	474,357	275,985
Gross Contributions	\$ 1,069,335	\$ 1,117,956

During the 2022 year the Library issued charitable receipts in the amount of \$441,454 (2021 - \$880,119).



Statistics

General Library DATA

For the Years Ended December 31, 2018-2022
(Unaudited)

	2022 ¹	2021 ¹	2020 ¹	2019	2018
Total FTE's ²	526.2	460.2	374.3	530.6	521.7
Total Free Programs Presented ³	9,530	2,768	5,183	24,259	22,031
Classes and Events Attendance ³	426,279	320,683	70,238	480,677	507,112
Total In-Person visits ³	3,479,257	1,775,026	1,931,321	5,788,099	5,538,014
Total Public Internet Use Hours ³	429,337	181,204	224,616	839,593	827,530
Library Usage ³					
Physical Circulation	5,380,308	4,385,229	3,377,914	7,445,063	7,624,276
Electronic Usage	5,503,108	5,511,762	5,421,243	4,038,468	3,691,903
Memberships ³					
Active Memberships	262,351	205,343	280,787	292,528	275,272
New Memberships	58,545	34,371	28,648	57,052	61,879
Total Population ⁴	1,070,545	1,053,640	1,035,128	1,016,942	999,075

Notes

¹ COVID-19 affected 2020, 2021 and 2022 statistics due to temporary closure of service points and as a result of temporary layoff of personnel

² Positions are stated in full time equivalents

³ Figures are per the Edmonton Public Library's 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, 2018-2022 (Unaudited)

Revenues by Source	2022	2021	2020	2019	2018
Government Transfers					
City of Edmonton	48,048,118	47,014,916	44,661,550	48,392,673	48,019,405
Provincial Government	5,251,222	5,181,513	5,195,514	5,258,275	5,231,296
Federal Government	-	-	-	-	60,044
Fines and Charges	-	73,712	201,617	748,353	778,362
Other	936,296	564,794	651,406	1,065,852	1,047,053
Donations	340,037	311,693	379,823	263,856	338,499
Gain on Disposal of Tangible Capital Assets	140,951	51,694	42,240	147,848	158,094
Interest	604,982	167,917	349,762	370,702	216,519
Total Revenues By Source	\$55,321,606	53,366,239	51,481,912	56,247,559	55,849,272
Total Revenues By Source					
Board	13,057	20,249	22,289	24,229	21,612
Administration	3,848,138	3,804,029	4,092,959	4,470,772	4,190,358
Branch Services	61,847,707	54,395,474	51,327,578	57,441,266	57,967,818
Total Expenses By Function	\$65,708,902	58,219,752	55,442,826	61,936,267	62,179,788
(Shortfall) of Revenues over Expenses before Other	(10,387,296)	(4,853,513)	(3,960,914)	(5,688,708)	(6,330,516)
Other					
Contributed tangible capital assets	58,999	472,847	906,435	4,280,305	214,289
Government Transfers for Capital	10,664,555	8,433,472	9,985,945	14,542,430	10,442,154
Transfer to the City of Edmonton	(104,322)	(672,886)	(1,161,249)	(14,230,987)	(109,156)
	10,619,232	8,233,433	9,731,131	4,591,748	10,547,287
Excess (Shortfall) of Revenue over Expenses	231,936	3,379,920	5,770,217	(1,096,960)	4,216,771
Accumulated Surplus, Beginning of Year	53,036,724	49,656,804	43,886,587	44,983,547	40,766,776
Accumulated Surplus, End of Year	53,268,660	53,036,724	49,656,804	43,886,587	44,983,547
Expenses by Object					
Salaries, Wages and Benefits	39,896,440	33,902,645	31,757,999	38,202,909	38,471,769
Amortization of tangible Capital Assets	9,733,862	9,898,414	9,617,062	10,008,035	10,244,895
Building Operations	4,367,086	3,326,993	2,804,097	3,141,641	2,889,649
Utilities and Other	3,920,163	3,477,565	3,433,638	3,458,215	3,296,275
Books and Library Materials	3,971,549	4,165,817	3,904,991	3,212,712	3,243,114
Material Goods and Supplies	2,027,573	2,046,021	2,041,181	1,964,833	2,057,720
Services	1,792,229	1,402,297	1,883,858	1,947,922	1,976,366
Total Expenses by Object	\$65,708,902	58,219,752	55,442,826	61,936,267	62,179,788

Key Components OF FINANCIAL POSITION

For the Years Ended December 31, 2018-2022 (Unaudited)

	2022	2021	2020	2019	2018
Financial Assets	28,625,598	24,938,906	21,907,781	34,562,519	26,724,051
Liabilities	12,329,523	9,124,652	11,783,323	26,540,113	15,553,564
Net Financial Assets	16,296,075	15,814,254	10,124,458	8,022,406	11,170,487
Non-Financial Assets	36,972,585	37,222,470	39,532,346	35,864,181	33,813,060
Accumulated Surplus	53,268,660	53,036,724	49,656,804	43,886,587	44,983,547
Acquisitions of Tangible Capital Assets					
Buildings	-	-	-	-	58,666
Leasehold Improvements	56,886	-	-	-	1,266,704
Library Materials	5,030,137	5,532,146	4,695,321	6,120,835	6,044,991
Machinery and Equipment	2,830,651	2,226,331	11,576,629	2,044,705	4,411,902
Vehicles	-	-	49,799	-	-
Assets Under Construction	1,553,606	-	(3,757,800)	3,607,677	136,691
Total Tangible Capital Asset Acquisitions	\$9,471,280	7,758,477	12,563,949	11,773,217	11,918,954





Smile!

be safe!
have FUN
grow the FLOW

Vicky looks down at Dog.
She counts his colorful spots.

1 2 3 4 5 6 7 8 9 10!



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 T5J 2V

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