

**STRATHCONA COUNTY LIBRARY BOARD**  
**FINANCIAL STATEMENTS**  
*Year ended December 31, 2018*

**STRATHCONA COUNTY LIBRARY BOARD**  
**Financial Statements**  
Year ended December 31, 2018

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## Management Report

The accompanying financial statements of Strathcona County Library Board are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily includes some amounts which are based on the best estimates and judgements of management.

The Library maintains systems of internal accounting and administrative controls that are designed to provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that the Library's assets are adequately safeguarded.

The financial statements have been audited by KPMG, LLP, the external auditors, in accordance with Canadian Generally Accepted Auditing Standards on behalf of Strathcona County Library Board. Their report to the Board, stating the scope of their examination and opinion on the financial statements, follows.

A handwritten signature in blue ink, appearing to read "Sharon Siga", written over a horizontal line.

Sharon Siga  
Chief Executive Officer  
March 18, 2019

A handwritten signature in blue ink, appearing to read "Candace Tomlinson", written over a horizontal line.

Candace Tomlinson  
Accountant  
March 18, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Members of the Strathcona County Library Board

### ***Opinion***

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

- the statement of financial position as at December 31, 2018
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net debt 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, 2018, and its results of operations, change in its net debt 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.

*KPMG LLP*

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Chartered Professional Accountants

Edmonton, Canada

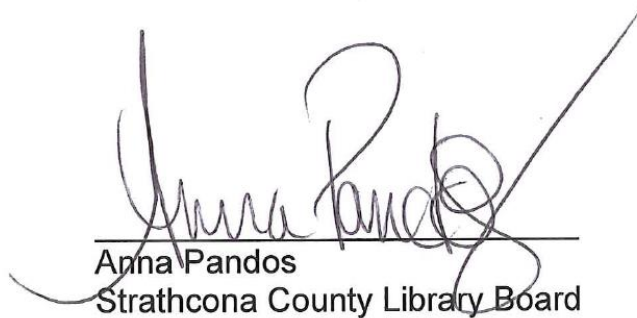
March 18, 2019

**STRATHCONA COUNTY LIBRARY BOARD**

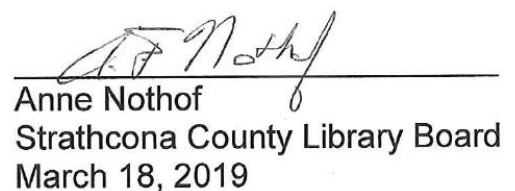
**Statement of Financial Position**

As at December 31, 2018, with comparative information for 2017

	<u>2018</u>	<u>2017</u>
<b>FINANCIAL ASSETS</b>		
Cash floats	\$ 1,579	\$ 1,579
Due from Strathcona County (Note 2)	5,286,860	5,189,186
Trade and other receivables	36,267	72,360
	<u>5,324,706</u>	<u>5,263,125</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	643,726	605,618
Deferred revenue (Note 3)	5,661	4,661
Long-term debt (Note 4)	19,273,695	20,056,592
	<u>19,923,082</u>	<u>20,666,871</u>
<b>NET DEBT</b>	<u>(14,598,376)</u>	<u>(15,403,746)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	24,710,296	25,455,910
Prepaid expenses	56,675	72,721
	<u>24,766,971</u>	<u>25,528,631</u>
<b>ACCUMULATED SURPLUS (Note 6)</b>	<u>\$ 10,168,595</u>	<u>\$ 10,124,885</u>
Commitments (Note 11)		



Anna Pandos  
Strathcona County Library Board  
March 18, 2019



Anne Nothof  
Strathcona County Library Board  
March 18, 2019

**STRATHCONA COUNTY LIBRARY BOARD**  
**Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2018, with comparative information for 2017

	<u>2018 Actuals</u>	<u>2018 Budget</u>	<u>2017 Actuals</u>
<b>REVENUE</b>			
Government transfers (Note 8)	\$ 10,023,394	\$ 10,017,429	\$ 10,042,427
Penalties and fines	139,228	165,697	162,568
Other	208,702	148,583	153,867
Interest income (Note 2)	173,596	127,934	144,574
User fees and charges	49,194	58,316	68,681
Contributed tangible capital assets	-	-	19,098
<b>TOTAL REVENUE</b>	<u><b>10,594,114</b></u>	<u><b>10,517,959</b></u>	<u><b>10,591,215</b></u>
<b>EXPENSES</b>			
Salaries, wages and benefits	6,542,940	6,547,344	6,248,341
Amortization of tangible capital assets	1,435,966	1,427,064	1,402,517
Interest on long-term debt	884,935	884,972	919,205
Administrative charges (Note 9)	651,837	677,486	650,707
Supplies and materials	631,134	625,600	666,250
Contracted and general services	398,170	353,786	331,765
Other expenses	5,422	6,160	5,565
<b>TOTAL EXPENSES</b>	<u><b>10,550,404</b></u>	<u><b>10,522,412</b></u>	<u><b>10,224,350</b></u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>43,710</b>	<b>(4,453)</b>	<b>366,865</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u><b>10,124,885</b></u>	<u><b>10,124,885</b></u>	<u><b>9,758,020</b></u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u><u><b>\$ 10,168,595</b></u></u>	<u><u><b>\$ 10,120,432</b></u></u>	<u><u><b>\$ 10,124,885</b></u></u>

See accompanying notes to the financial statements.



**STRATHCONA COUNTY LIBRARY BOARD**

**Statement of Change in Net Debt**

Year ended December 31, 2018, with comparative information for 2017

	<u>2018</u> <u>Actuals</u>	<u>2018</u> <u>Budget</u>	<u>2017</u> <u>Actuals</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 43,710	\$ (4,453)	\$ 366,865
Acquisition of tangible capital assets	(690,352)	(646,546)	(674,174)
Amortization of tangible capital assets	1,435,966	1,427,064	1,402,517
Contributed tangible capital assets	-	-	(19,098)
	<u>745,614</u>	<u>780,518</u>	<u>709,245</u>
Acquisition of prepaid expenses	(54,269)	-	(68,315)
Use of prepaid expenses	70,315	-	47,495
	<u>16,046</u>	<u>-</u>	<u>(20,820)</u>
<b>DECREASE IN NET DEBT</b>	<b>805,370</b>	776,065	1,055,290
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(15,403,746)</u>	<u>(15,403,746)</u>	<u>(16,459,036)</u>
<b>NET DEBT, END OF YEAR</b>	<u><b>\$ (14,598,376)</b></u>	<u><b>\$ (14,627,681)</b></u>	<u><b>\$ (15,403,746)</b></u>

See accompanying notes to the financial statements.

**STRATHCONA COUNTY LIBRARY BOARD**

**Statement of Cash Flows**

Year ended December 31, 2018, with comparative information for 2017

	<u>2018</u>	<u>2017</u>
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Annual surplus	\$ 43,710	\$ 366,865
Items not involving cash:		
Amortization of tangible capital assets	1,435,966	1,402,517
Contributed tangible capital assets	-	(19,098)
Changes to non-cash assets and liabilities:		
Trade and other receivables	36,093	(22,917)
Accounts payable and accrued liabilities	38,108	11,630
Deferred revenue	1,000	(4,517)
Prepaid expenses	16,046	(20,820)
	<u>1,570,923</u>	<u>1,713,660</u>
Cash provided by operating activities		
<b>CAPITAL</b>		
Acquisition of tangible capital assets	<u>(690,352)</u>	<u>(674,174)</u>
Cash applied to capital activities	<u>(690,352)</u>	<u>(674,174)</u>
<b>FINANCING &amp; INVESTING</b>		
Change in due from Strathcona County (Note 2)	(97,674)	(290,783)
Change in cash floats	-	200
Long-term debt repaid	<u>(782,897)</u>	<u>(748,903)</u>
Cash applied to financing & investing activities	<u>(880,571)</u>	<u>(1,039,486)</u>
<b>CHANGE IN CASH DURING THE YEAR</b>	-	-
<b>CASH, BEGINNING OF YEAR</b>	-	-
<b>CASH, END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest on long term debt	\$ 891,274	\$ 925,268
Cash received from interest	\$ 173,596	\$ 144,574

See accompanying notes to the financial statements.

## STRATHCONA COUNTY LIBRARY BOARD

### Notes to Financial Statements

Year ended December 31, 2018

Strathcona County Library Board (the "Library") operates a library under the authority of the Alberta Libraries Act. The Library is a not-for-profit organization and a registered charity under the Income Tax Act of Canada, and is not subject to any federal or provincial income taxes.

On November 6, 2018, at approximately 6:20pm, there was an explosion in the parkade directly under the Community Centre where the Library is located. About two hours later, there was a second explosion. Due to the uncertainty of the situation, the concentration and unknown properties of smoke and soot throughout the entire complex, the area was closed and turned over to the RCMP Major Crimes unit. As of the date of these financial statements, the RCMP investigation continues.

The Community Centre re-opened to the public as of January 15, 2019, however the Library remains closed with restoration work expected to continue into spring 2019. A temporary library location opened on December 10, 2018 and will remain open until the central library re-opens.

#### 1. SIGNIFICANT ACCOUNTING POLICIES

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

##### a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of the legal obligation to pay.

##### b) Government Transfers

Government transfers are recognized in the financial statements as revenues in the period the events giving rise to the transfer have occurred; provided that the transfer is authorized, eligibility criteria have been met, and reasonable estimates of the amount can be made. Stipulations are terms imposed by a transferring government regarding the use of transferred resources or the actions that must be performed in order to keep a transfer. Any unfulfilled stipulations related to a government transfer would preclude recognition of revenue until such time that all stipulations have been met.

Unallocated costs, comprising materials and services contributed by related parties in support of Library operations, are not recognized in these financial statements.

##### c) Revenue Recognition

Funds that are restricted by a third party are recorded as deferred revenue until the fiscal year the service is performed or the related expenditure is incurred.

Unrestricted contributions are recognized as revenue in the year they are received or receivable. The Library Board may then choose to restrict these funds internally by putting these funds into a reserve. Reserves are part of the Accumulated Surplus.

##### d) Gifts in Kind

Contributed materials and supplies are recorded at fair value when they would have otherwise been purchased and when a fair value can be reasonably estimated. Contributed services of volunteers are not recognized in these financial statements as their fair value cannot be reasonably determined.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Pension Plans

The Library is a member of the Local Authorities Pension Plan (LAPP) and the APEX Supplementary Pension Plan. Both LAPP and APEX are multi-employer defined benefit pension plans. Contributions to the plans for current and past service are recorded as expenses in the year in which they become due.

f) 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.

i. 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 asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Asset	Useful Life – Years
Buildings	50
Machinery & Equipment	4 – 10
Library Materials	10
Vehicles	20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under Construction are not amortized until the asset is available for productive use.

ii. Contributions of Tangible Capital Assets

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

iii. 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 as incurred.

iv. Cultural and Historical Assets

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

g) 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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

Estimates have been used to determine accrued liabilities and tangible capital asset amortization periods.

Actual results could differ from those estimates.

**STRATHCONA COUNTY LIBRARY BOARD**  
**Notes to Financial Statements**  
Year ended December 31, 2018

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**h) Adoption of New Accounting Standards**

The following public sector accounting standards came into effect for fiscal years beginning on or after April 1, 2017. The adoption of these standards resulted in certain changes to the disclosures in the financial statements.

<b>Public Sector Accounting Standard</b>	<b>Name</b>
PS2200	Related Party Disclosures
PS3420	Inter-Entity Transactions
PS3210	Assets
PS3320	Contingent Assets
PS3380	Contractual Rights

**i) Future Accounting Policies**

The following summarizes upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board. The Library will continue to assess the impact and prepare for the adoption of these standards.

<b>Public Sector Accounting Standard</b>	<b>Name</b>	<b>Effective date (fiscal years beginning on or after...)</b>
PS3430	Restructuring Transactions	April 1, 2018
PS1201	Financial Statement Presentation	April 1, 2021
PS3450	Financial Instruments	April 1, 2021
PS2601	Foreign Currency Translation	April 1, 2021
PS3041	Portfolio Investments	April 1, 2021
PS3280	Asset Retirement Obligations	April 1, 2021
PS3400	Revenue	April 1, 2022

**2. DUE FROM STRATHCONA COUNTY**

The Library does not maintain its own operating bank account and has funds on deposit with Strathcona County which are available for operations when needed. The funds earn interest at a rate equivalent to that which Strathcona County earns on its short-term investments. Strathcona County holds term deposits and notes, government guaranteed bonds and corporate bonds that have effective interest rates of 2.00 to 3.66% (2017 – 1.70 to 3.66%) with maturity dates from January 2019 to August 2031 (2017 – February 2018 to August 2031).

**STRATHCONA COUNTY LIBRARY BOARD**

**Notes to Financial Statements**

Year ended December 31, 2018

**3. DEFERRED REVENUE**

Deferred revenue comprises the amounts noted below, the use of which, together with any earnings thereon is externally restricted. These amounts are recognized as revenue in the period they are used for the purpose specified.

	Balance at December 31, 2017	Contributions	Contributions Recognized	Balance at December 31, 2018
Province of Alberta	\$ 4,661	\$ -	\$ -	\$ 4,661
Other	-	1,000	-	1,000
	<u>\$ 4,661</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 5,661</u>

**4. LONG-TERM DEBT**

Strathcona County holds debentures repayable to Alberta Capital Finance Authority for the acquisition of tangible capital assets related to the Library. These debentures bear interest at rates ranging from 4.04% to 4.74% (2017 – 4.04% to 4.74%), and mature in periods 2034 through 2036 (2017 – 2034 through 2036). Debenture debt is issued on the credit and security of Strathcona County at large. The Library has an agreement with Strathcona County to repay principal and interest equivalent to what is paid by Strathcona County to Alberta Capital Finance Authority.

Long-term debt principal and interest payments are due as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 818,437	\$ 855,734	\$ 1,674,171
2020	855,593	818,578	1,674,171
2021	894,440	779,731	1,674,171
2022	935,055	739,116	1,674,171
2023	977,517	696,654	1,674,171
Thereafter	14,792,653	4,256,441	19,049,094
Total Long-Term Debt	<u>\$ 19,273,695</u>	<u>\$ 8,146,254</u>	<u>\$ 27,419,949</u>

**STRATHCONA COUNTY LIBRARY BOARD**  
**Notes to Financial Statements**  
Year ended December 31, 2018

**5. TANGIBLE CAPITAL ASSETS**

Cost	Balance at December 31, 2017	Additions	Contributed Tangible Capital Assets	Disposals	Balance at December 31, 2018
Buildings	\$ 25,000,000	\$ -	\$ -	\$ -	\$ 25,000,000
Machinery & Equipment	2,700,335	108,579	-	(43,666)	2,765,248
Library Materials	6,132,458	585,103	-	(329,091)	6,388,470
Vehicles	499,697	-	-	-	499,697
Assets Under Construction	3,330	(3,330)	-	-	-
	\$ 34,335,820	\$ 690,352	\$ -	\$ (372,757)	\$ 34,653,415

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization Expense	Balance at December 31, 2018
Buildings	\$ 3,750,000	\$ -	\$ 500,000	\$ 4,250,000
Machinery & Equipment	1,977,369	(43,666)	284,935	2,218,638
Library Materials	2,965,153	(329,091)	626,046	3,262,108
Vehicles	187,388	-	24,985	212,373
	\$ 8,879,910	\$ (372,757)	\$ 1,435,966	\$ 9,943,119

Net Book Value	Net Book Value December 31, 2017	Net Book Value December 31, 2018
Buildings	\$ 21,250,000	\$ 20,750,000
Machinery & Equipment	722,966	546,610
Library Materials	3,167,305	3,126,362
Vehicles	312,309	287,324
Assets Under Construction	3,330	-
	\$ 25,455,910	\$ 24,710,296

**a) Assets under Construction**

Assets under construction are amortized when the assets are put into service. At December 31, 2018 there are no assets under construction (2017 - \$3,330).

**b) Contributed Tangible Capital Assets**

Contributed tangible capital assets are recognized at fair market value at the date of contribution. No contributed tangible capital assets were received in 2018 (2017 – \$19,098).

**c) Tangible Capital Assets Disclosed at Nominal Values**

Where an estimate of fair value cannot be made, tangible capital assets are recognized at a nominal value. The Library has not assigned nominal values to any tangible capital assets.

**d) Write-down of Tangible Capital Assets**

The Library did not write down any tangible capital assets in 2018 or 2017.

**STRATHCONA COUNTY LIBRARY BOARD**  
**Notes to Financial Statements**  
Year ended December 31, 2018

**6. ACCUMULATED SURPLUS**

Accumulated surplus consists of equity in tangible capital assets and reserves as follows:

	<b>2018</b>	<b>2017</b>
Equity in Tangible Capital Assets	<b>\$ 5,436,601</b>	<b>\$ 5,399,318</b>
Reserves:		
Stabilization & Contingency Reserves	<b>130,348</b>	157,836
Project Reserves	<b>165,325</b>	158,592
Special Purpose Reserves	-	4,417
Infrastructure Lifecycle, Maintenance and Replacement Reserves	<b>4,436,321</b>	4,404,722
	<b>4,731,994</b>	4,725,567
	<b>\$ 10,168,595</b>	<b>\$ 10,124,885</b>

**7. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<b>2018</b>	<b>2017</b>
Tangible Capital Assets (Note 5)	<b>\$ 24,710,296</b>	\$ 25,455,910
Long-Term Debt (Note 4)	<b>(19,273,695)</b>	(20,056,592)
	<b>\$ 5,436,601</b>	<b>\$ 5,399,318</b>

**8. GOVERNMENT TRANSFERS**

The following government transfers have been included in revenues:

	<b>2018 Actuals</b>	<b>2018 Budget</b>	<b>2017 Actuals</b>
Municipal Government Strathcona County	<b>\$ 9,461,866</b>	\$ 9,461,866	\$ 9,472,061
Provincial Government			
Alberta Municipal Affairs - Unconditional Per Capita Grant	<b>530,563</b>	530,563	530,563
Alberta Labour - Summer Temporary Employment Grant	<b>3,920</b>	-	3,773
	<b>534,483</b>	530,563	534,336
Federal Government			
Young Canada Works	-	12,500	11,469
Canada Summer Jobs	<b>27,045</b>	12,500	24,561
	<b>27,045</b>	25,000	36,030
Total Government Transfers	<b>\$ 10,023,394</b>	\$ 10,017,429	\$ 10,042,427



## STRATHCONA COUNTY LIBRARY BOARD

### Notes to Financial Statements

Year ended December 31, 2018

#### 9. ADMINISTRATIVE CHARGES

Operating expenditures include administrative charges from Strathcona County as follows:

	<b>2018 Actuals</b>	<b>2018 Budget</b>	<b>2017 Actuals</b>
Building Maintenance	\$ 401,783	\$ 429,520	\$ 422,395
Personnel Services	132,560	132,560	115,027
Financial Services	60,234	60,234	59,085
General Services	35,451	31,613	31,649
Insurance	21,809	23,559	22,551
	<b>\$ 651,837</b>	<b>\$ 677,486</b>	<b>\$ 650,707</b>

#### 10. PENSION PLANS

##### Local Authorities Pension Plan (LAPP)

Library employees participate in the Local Authorities Pension Plan (LAPP), a defined benefit pension plan established in 1962 for the employees of local authorities in Alberta. LAPP is governed by the Local Authorities Pension Board of Trustees and administered by Alberta Pensions Services Corporation.

The Library was required to make current service contributions to LAPP of 10.39% (2017 – 11.39%) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 14.84% (2017 – 15.84%) thereafter. Employees of the Library are required to make current service contributions of 9.39% (2017 – 10.39%) of pensionable salary up to YMPE, and 13.84% (2017– 14.84%) thereafter.

Total current service contributions by the Library to LAPP in 2018 were \$520,055 (2017 - \$536,518). Total current service contributions by the employees of the Library to LAPP in 2018 were \$467,062 (2017 - \$490,815).

As stated in their 2017 Annual Report, LAPP serves 259,714 members and 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2017, (the last date for which information is available), LAPP reported an actuarial surplus of \$4,835,515,000.

##### APEX

The APEX supplementary pension plan is an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act. It commenced on July 23, 2009, and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the Local Authorities Pension Plan.

Contributions are made by the prescribed class of employees and the Library. The employees and the Library are required to make current service contributions to APEX of 2.84% (2017 – 2.84%) and 3.78% (2017 – 3.78%), respectively, of pensionable earnings up to \$147,222 (2017 - \$145,722).

Total current service contributions by the Library to APEX in 2018 were \$24,787 (2017 - \$19,352). Total current service contributions by the employees of the Library to APEX in 2018 were \$18,623 (2017 - \$14,539).

The cost of post-retirement benefits earned by employees under APEX program is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement ages of employees. The cost of post-retirement benefits for APEX is fully funded.

**STRATHCONA COUNTY LIBRARY BOARD**

**Notes to Financial Statements**

Year ended December 31, 2018

**11. COMMITMENTS**

**Maintenance Contract**

The Library has maintenance contracts for various RFID (Radio Frequency Identification) equipment. The future minimum contract payments are as follows:

2019	\$ 22,260
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**Leases**

The Library has an operating lease for building space for a temporary library location. The future minimum lease payments are as follows:

2019	\$ 36,000
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**Metro-Area Group Library Network (MAGNET)**

The Library is committed to an annual payment for central site computer and support services under the Metro-Area Group Library Network (MAGNET) co-owners agreement. In 2018, the Library's share of central costs was \$22,692 (2017 - \$21,479). The Library may terminate its participation by delivering written notice to the MAGNET committee on or before December 31<sup>st</sup> of any year to become effective on December 31<sup>st</sup> of the year immediately following.

**Agreements with Strathcona County**

The Library has chosen to contract some services supplied by Strathcona County departments. Service Level Agreements were signed with Human Resources (HR) in 2016, Information Technology Services (ITS) in 2017, and Fleet Services (FLT) and the Finance & Strategic Management Division (FSM) in 2018. These agreements formalize arrangements for the provision of specified services. These agreements expire December 31, 2021. An annual review for all agreements will take place by June 30 of each year. The future contracts at this time are as follows:

	<u>FSM</u>	<u>FLT</u>	<u>ITS</u>	<u>HR</u>	<u>Total</u>
2019	\$ 37,680	\$ 10,537	\$ 19,928	\$ 149,244	\$ 217,389
2020	37,680	10,537	19,928	149,244	217,389
2021	37,680	10,537	19,928	149,244	217,389
	<u>\$ 113,040</u>	<u>\$ 31,611</u>	<u>\$ 59,784</u>	<u>\$ 447,732</u>	<u>\$ 652,167</u>

**STRATHCONA COUNTY LIBRARY BOARD**

**Notes to Financial Statements**

Year ended December 31, 2018

**11. COMMITMENTS (CONTINUED)**

**Facility Collaboration Agreement with Strathcona County**

The Library is located in the Strathcona County Community Centre. The Library is committed to pay a portion of the on-going operating costs (i.e. building site maintenance, janitorial services, utilities, security, telephone, mail and snow removal), to Strathcona County under the Facility Collaboration Agreement. The term of the agreement is November 1, 2010 to October 31, 2060.

This amount will change on a yearly basis depending on the cost of the services required. The future contracts at this time are as follows:

2019	\$	490,615
2020		490,615
2021		490,615
2022		490,615
2023		490,615
Thereafter		18,070,986
	\$	<u>20,524,061</u>

**12. Related Parties**

Transactions with Strathcona County are included within these financial statements, unless otherwise stated. See Notes 9 and 11.

Related parties also include key management personnel of the Library. Related party transactions with key management personnel primarily consist of compensation related payments and are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

**13. November 6, 2018 event**

Costs incurred as a result of response or recovery efforts are capitalized or expensed in accordance with the accounting policies in Note 1. All operating expenditures are recognized in the current year Statement of Operations and Accumulated Surplus in the Salaries, Wages and Benefits, Contracted and General Services, and Supplies and Materials categories.

The explosion did not cause major structural damage to the Community Centre complex and the building will be restored to its original state. While a portion of the work to restore the facility to pre-explosion conditions has been completed, recovery efforts will continue into 2019.

Through the County, the Library is insured under various insurance policies which may be used to fund a portion of the damaged equipment and materials, lost revenues, and extra expenses incurred to continue library operations in a temporary location. The Library has not received a cash advance from the insurance provider relating to equipment destroyed or damaged by the soot and smoke from the explosions.

The 2018 Statement of Operations and Accumulated Surplus included expenses in the amount of \$86,581, which will be submitted to the insurance provider for review and potential reimbursement.