

STRATHCONA COUNTY LIBRARY BOARD
FINANCIAL STATEMENTS
Year ended December 31, 2019

STRATHCONA COUNTY LIBRARY BOARD
Financial Statements
Year ended December 31, 2019

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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 Ernst & Young, 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 black ink, appearing to read "Siga", written over a horizontal line.

Sharon Siga
Chief Executive Officer
March 16, 2020

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

Candace Tomlinson
Accountant
March 16, 2020

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 "Library"] which comprise the statement of financial position as at December 31, 2019, and the statement of operations and accumulated surplus, statement of change in net debt and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2019, and its results of operations 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 report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Strathcona County Library Board for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 18, 2019.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

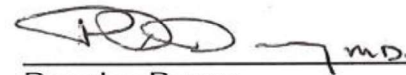
Edmonton, Canada
March 16, 2020

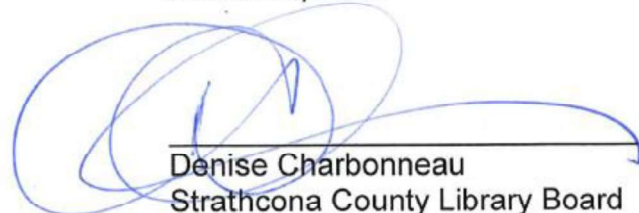
Ernst + Young LLP
Chartered Professional Accountants

STRATHCONA COUNTY LIBRARY BOARD**Statement of Financial Position**

As at December 31, 2019, with comparative information for 2018

	<u>2019</u>	<u>2018</u>
FINANCIAL ASSETS		
Cash floats	\$ 1,581	\$ 1,579
Due from Strathcona County (Note 2, Note 10)	5,469,478	5,286,860
Trade and other receivables	89,772	36,267
	<u>5,560,831</u>	<u>5,324,706</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	709,562	643,726
Deferred revenue	-	5,661
Long-term debt (Note 3, Note 10)	18,455,258	19,273,695
	<u>19,164,820</u>	<u>19,923,082</u>
NET DEBT	<u>(13,603,989)</u>	<u>(14,598,376)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	23,947,114	24,710,296
Prepaid expenses	63,386	56,675
	<u>24,010,500</u>	<u>24,766,971</u>
ACCUMULATED SURPLUS (Note 5)	<u>\$ 10,406,511</u>	<u>\$ 10,168,595</u>
Commitments (Note 9)		


Douglas Davey
Strathcona County Library Board
March 16, 2020


Denise Charbonneau
Strathcona County Library Board
March 16, 2020

STRATHCONA COUNTY LIBRARY BOARD
Statement of Operations and Accumulated Surplus
Year ended December 31, 2019, with comparative information for 2018

	2019 Actuals	2019 Budget	2018 Actuals
REVENUE			
Government transfers (Note 6, Note 10)	\$ 10,289,966	\$ 10,272,932	\$ 10,023,394
Other	227,808	148,274	208,702
Penalties and fines	106,306	163,320	139,228
Interest income (Note 2, Note 10)	157,063	152,451	173,596
User fees and charges	41,952	56,062	49,194
	<u>10,823,095</u>	<u>10,793,039</u>	<u>10,594,114</u>
TOTAL REVENUE			
EXPENSES			
Salaries, wages and benefits	6,500,977	6,637,504	6,542,940
Amortization of tangible capital assets	1,453,315	1,452,211	1,435,966
Interest on long-term debt (Note 10)	849,108	849,110	884,935
Administrative charges (Note 7, Note 10)	703,386	729,720	651,837
Supplies and materials	670,123	608,947	631,134
Contracted and general services	374,236	350,242	398,170
Loss on disposal of tangible capital assets	25,663	-	-
Other expenses	8,371	5,824	5,422
	<u>10,585,179</u>	<u>10,633,558</u>	<u>10,550,404</u>
TOTAL EXPENSES			
ANNUAL SURPLUS	237,916	159,481	43,710
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>10,168,595</u>	<u>10,168,595</u>	<u>10,124,885</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 10,406,511</u>	<u>\$ 10,328,076</u>	<u>\$ 10,168,595</u>

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD**Statement of Change in Net Debt**

Year ended December 31, 2019, with comparative information for 2018

	2019 Actuals	2019 Budget	2018 Actuals
ANNUAL SURPLUS	\$ 237,916	\$ 159,481	\$ 43,710
Acquisition of tangible capital assets	(715,796)	(776,020)	(690,352)
Amortization of tangible capital assets	1,453,315	1,452,211	1,435,966
Loss on disposal of tangible capital assets	25,663	-	-
	<u>763,182</u>	<u>676,191</u>	<u>745,614</u>
Acquisition of prepaid expenses	(78,009)	-	(54,269)
Use of prepaid expenses	71,298	-	70,315
	<u>(6,711)</u>	<u>-</u>	<u>16,046</u>
DECREASE IN NET DEBT	994,387	835,672	805,370
NET DEBT, BEGINNING OF YEAR	(14,598,376)	(14,598,376)	(15,403,746)
NET DEBT, END OF YEAR	<u>\$ (13,603,989)</u>	<u>\$ (13,762,704)</u>	<u>\$ (14,598,376)</u>

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	<u>2019</u>	<u>2018</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	\$ 237,916	\$ 43,710
Items not involving cash:		
Amortization of tangible capital assets	1,453,315	1,435,966
Loss on disposal of tangible capital assets	25,663	-
Changes to non-cash assets and liabilities:		
Trade and other receivables	(53,505)	36,093
Accounts payable and accrued liabilities	65,836	38,108
Deferred revenue	(5,661)	1,000
Prepaid expenses	(6,711)	16,046
Cash provided by operating activities	<u>1,716,853</u>	<u>1,570,923</u>
CAPITAL		
Acquisition of tangible capital assets	(715,796)	(690,352)
Cash applied to capital activities	<u>(715,796)</u>	<u>(690,352)</u>
INVESTING		
Change in due from Strathcona County (Note 2, Note 10)	(182,618)	(97,674)
Change in cash floats	(2)	-
Cash applied to investing activities	<u>(182,620)</u>	<u>(97,674)</u>
FINANCING		
Long-term debt repaid	(818,437)	(782,897)
Cash applied to financing activities	<u>(818,437)</u>	<u>(782,897)</u>
CHANGE IN CASH DURING THE YEAR	-	-
CASH, BEGINNING OF YEAR	-	-
CASH, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
Cash paid for interest on long term debt	\$ 855,735	\$ 891,274
Cash received from interest	\$ 157,063	\$ 173,596

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

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 Strathcona County Community Centre where the Library is located. About two hours later, there was a second explosion. The Community Centre remained closed for the RCMP investigation, repairs and cleaning for 69 days. The Community Centre, with the exception of the Library, re-opened to the public as of January 15, 2019. The temporary library location opened on December 10, 2018 and closed on April 30, 2019, and the Central Library re-opened to the public on May 8, 2019.

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.

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.

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.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2019

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 2.05% to 3.66% (2018 – 2.00% to 3.66%) with maturity dates from January 2020 to August 2031 (2018 – January 2019 to August 2031).

3. 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% (2018 – 4.04% to 4.74%), and mature in periods 2034 through 2036 (2018 – 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>
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
2024	1,021,913	652,259	1,674,172
Thereafter	13,770,740	3,604,181	17,374,921
Total Long-Term Debt	<u>\$ 18,455,258</u>	<u>\$ 7,290,519</u>	<u>\$ 25,745,777</u>

STRATHCONA COUNTY LIBRARY BOARD
Notes to Financial Statements
Year ended December 31, 2019

4. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Buildings	\$ 25,000,000	\$ -	\$ -	\$ 25,000,000
Machinery & Equipment	2,765,248	134,371	(172,755)	2,726,864
Library Materials	6,388,470	581,425	(540,223)	6,429,672
Vehicles	499,697	-	-	499,697
	\$ 34,653,415	\$ 715,796	\$ (712,978)	\$ 34,656,233

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization Expense	Balance at December 31, 2019
Buildings	\$ 4,250,000	\$ -	\$ 500,000	\$ 4,750,000
Machinery & Equipment	2,218,638	(147,092)	287,423	2,358,969
Library Materials	3,262,108	(540,223)	640,907	3,362,792
Vehicles	212,373	-	24,985	237,358
	\$ 9,943,119	\$ (687,315)	\$ 1,453,315	\$ 10,709,119

Net Book Value	Net Book Value December 31, 2018	Net Book Value December 31, 2019
Buildings	\$ 20,750,000	\$ 20,250,000
Machinery & Equipment	546,610	367,895
Library Materials	3,126,362	3,066,880
Vehicles	287,324	262,339
	\$ 24,710,296	\$ 23,947,114

a) Assets under Construction

Assets under construction are amortized when the assets are put into service. At December 31, 2019, there are no assets under construction (2018 - nil).

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 2019 (2018 – nil).

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 2019 or 2018.

STRATHCONA COUNTY LIBRARY BOARD
Notes to Financial Statements
Year ended December 31, 2019

5. ACCUMULATED SURPLUS

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

	2019	2018
Equity in Tangible Capital Assets:		
Tangible Capital Assets (Note 4)	\$ 23,947,114	\$ 24,710,296
Long-Term Debt (Note 3)	(18,455,258)	(19,273,695)
	5,491,856	5,436,601
Reserves:		
Stabilization & Contingency Reserves	160,289	130,348
Project Reserves	146,313	165,325
Special Purpose Reserves	48,345	-
Infrastructure Lifecycle, Maintenance and Replacement Reserves	4,559,708	4,436,321
	4,914,655	4,731,994
	\$ 10,406,511	\$ 10,168,595

6. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	2019 Actuals	2019 Budget	2018 Actuals
Municipal Government			
Strathcona County	\$ 9,717,369	\$ 9,717,369	\$ 9,461,866
Provincial Government			
Alberta Municipal Affairs - Unconditional Per Capita Grant	530,563	530,563	530,563
Alberta Municipal Affairs - Public Library Development Initiative	4,661	-	-
Alberta Labour - Summer Temporary Employment Grant	3,773	-	3,920
	538,997	530,563	534,483
Federal Government			
Canada Summer Jobs	33,600	25,000	27,045
	33,600	25,000	27,045
Total Government Transfers	\$ 10,289,966	\$ 10,272,932	\$ 10,023,394

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

7. ADMINISTRATIVE CHARGES

Operating expenditures include administrative charges from Strathcona County as follows:

	2019 Actuals	2019 Budget	2018 Actuals
Building Maintenance	\$ 469,967	\$ 490,615	\$ 401,783
Personnel Services	149,244	149,244	132,560
Financial Services	37,682	37,680	60,234
General Services	28,493	30,465	35,451
Insurance	18,000	21,716	21,809
	<u>\$ 703,386</u>	<u>\$ 729,720</u>	<u>\$ 651,837</u>

8. PENSION PLANS

Local Authorities Pension Plan (LAPP)

Library employees participate in the 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 9.39% (2018 – 10.39%) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 13.84% (2018 – 14.84%) thereafter. Employees of the Library are required to make current service contributions of 8.39% (2018 – 9.39%) of pensionable salary up to the YMPE, and 12.84% (2018 – 13.84%) thereafter.

Total current service contributions by the Library to LAPP in 2019 were \$469,240 (2018 - \$520,055). Total current service contributions by the employees of the Library to LAPP in 2019 were \$423,417 (2018 - \$467,062).

As stated in their 2018 Annual Report, LAPP serves 265,813 members and 421 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2018 (the last date for which information is available), LAPP reported an actuarial surplus of \$3,469,347,000.

APEX

The APEX supplementary pension plan is an Alberta Urban Municipality Association 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% (2018 – 2.84%) and 3.78% (2018 – 3.78%), respectively, of pensionable earnings up to \$151,278 (2018 - \$147,222).

Total current service contributions by the Library to APEX in 2019 were \$25,794 (2018 - \$24,787). Total current service contributions by the employees of the Library to APEX in 2019 were \$19,379 (2018 - \$18,623).

The cost of post-retirement benefits for APEX is fully funded.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

9. COMMITMENTS

Maintenance Contract

The Library has a maintenance contract for various Radio Frequency Identification equipment. The minimum contract payment for 2020 is \$30,082.

Metro-Area Group Library Network (MAGNET)

The Library is committed to an annual payment for central site computer and support services under the MAGNET co-owners agreement. The Library's share of central costs in 2020 is \$25,522. The Library may terminate its participation by delivering written notice to the MAGNET committee on or before December 31st of any year to become effective on December 31st of the year immediately following.

Metro Edmonton Federation of Libraries (MEFL)

The Library is committed to an annual payment for the Writer in Residence program under the MEFL Libraries agreement. The Library's share of central costs in 2020 is \$16,646. The Library may terminate its participation by delivering written notice to the MEFL committee before December 1st of any year to become effective on December 31st 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 on 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:

	FSM	FLT	ITS	HR	Total
2020	\$ 38,220	\$ 12,629	\$ 18,324	\$ 168,474	\$ 237,647
2021	38,220	12,629	18,324	168,474	237,647
	<u>\$ 76,440</u>	<u>\$ 25,258</u>	<u>\$ 36,648</u>	<u>\$ 336,948</u>	<u>\$ 475,294</u>

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:

2020	\$ 461,436
2021	461,436
2022	461,436
2023	461,436
2024	461,436
Thereafter	16,534,790
	<u>\$ 18,841,970</u>

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2019

10. RELATED PARTIES

Related parties to the Library include the Library Board, key management personnel and Strathcona County. Key management personnel is defined by the Library as the Chief Executive Officer.

Related party transactions with the Library Board and 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.

Transactions with Strathcona County are included within these financial statements. See Notes 2, 3, 6, 7 and 9. These transactions are in the normal course of operations and are recorded at the exchange amounts as established and agreed to by the related parties.

11. 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, Other expenses, and Supplies and materials categories.

The explosion did not cause major structural damage to the Community Centre complex and the building was restored to its original state.

Through Strathcona County, the Library is insured under various insurance policies which will 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 cash from the insurance provider, however, insurance proceeds approved by the adjuster but not yet paid is included in the 2019 Statement of Operations and Accumulated Surplus in the amount of \$52,768 (2018 - nil).

The 2019 Statement of Operations and Accumulated Surplus included expenses in the amount of \$136,576 (2018 - \$86,581). These expenses are currently under review by the insurance provider.

12. COMPARATIVE INFORMATION

Comparative figures have been reclassified to conform to the current year's presentation.

13. SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 pandemic effected Canada including Edmonton, Alberta. The Library has followed the recommendations of the local and national health authorities, as applicable. The final effects of the pandemic on the future financial performance and financial position of the Library, if any, cannot be determined at this time.