

STRATHCONA COUNTY LIBRARY BOARD
FINANCIAL STATEMENTS
Year ended December 31, 2023

STRATHCONA COUNTY LIBRARY BOARD
Financial Statements
Year ended December 31, 2023

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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 that are based on the best estimates and judgments 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 properly accounted for and 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 "S. Siga", written over a horizontal line.

Sharon Siga
Chief Executive Officer
March 18, 2024

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

Candace Tomlinson
Accountant
March 18, 2024

Independent auditor's 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, 2023, 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, 2023, 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.

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 18, 2024

Ernst & Young LLP

Chartered Professional Accountants



STRATHCONA COUNTY LIBRARY BOARD

Statement of Financial Position

As at December 31, 2023, with comparative information for 2022

	<u>2023</u>	<u>2022</u>
FINANCIAL ASSETS		
Cash floats	\$ 749	\$ 849
Due from Strathcona County (Note 4, Note 13)	7,585,742	6,750,644
Trade and other receivables	<u>42,753</u>	<u>34,116</u>
	<u>7,629,244</u>	<u>6,785,609</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,035,657	902,777
Asset retirement obligation (Note 6)	34,392	-
Long-term debt (Note 5, Note 13)	<u>14,792,652</u>	<u>15,770,170</u>
	<u>15,862,701</u>	<u>16,672,947</u>
NET DEBT	<u>(8,233,457)</u>	<u>(9,887,338)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 7)	21,755,312	22,284,730
Prepaid expenses	<u>131,993</u>	<u>136,169</u>
	<u>21,887,305</u>	<u>22,420,899</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 13,653,848</u>	<u>\$ 12,533,561</u>

Commitments (Note 12)

See accompanying notes to the financial statements.

Strathcona County Library Board
March 18, 2024

Strathcona County Library Board
March 18, 2024

STRATHCONA COUNTY LIBRARY BOARD
Statement of Operations and Accumulated Surplus
Year ended December 31, 2023, with comparative information for 2022

	2023 Actuals	2023 Budget	2022 Actuals
REVENUE			
Government transfers (Note 9, Note 13)	\$ 11,612,086	\$ 11,221,905	\$ 10,625,730
Investment revenue (Note 4, Note 13)	391,967	148,736	264,930
Other revenues (Note 14)	193,197	173,391	192,749
Penalties and fines	15,405	13,000	14,849
Service fees and charges	9,233	2,000	4,921
Contributed tangible capital assets	-	-	3,252
TOTAL REVENUE	12,221,888	11,559,032	11,106,431
EXPENSES			
Salaries, wages, benefits and employee expenses	7,038,123	7,188,909	6,623,701
Amortization of tangible capital assets	1,212,451	1,214,634	1,200,662
Administrative charges (Note 10, Note 12, Note 13)	1,162,603	821,316	797,571
Interest on debentures (Note 13)	688,739	688,739	731,545
Supplies, materials and equipment purchases	616,983	626,520	617,871
Business expenses	193,789	243,827	178,236
Purchased services	150,557	177,903	101,681
Other expenses (Note 14)	38,356	2,400	62,902
TOTAL EXPENSES	11,101,601	10,964,248	10,314,169
ANNUAL SURPLUS	1,120,287	594,784	792,262
ACCUMULATED SURPLUS, BEGINNING OF YEAR	12,533,561	12,533,561	11,741,299
ACCUMULATED SURPLUS, END OF YEAR	\$ 13,653,848	\$ 13,128,345	\$ 12,533,561

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD

Statement of Change in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	<u>2023</u> <u>Actuals</u>	<u>2023</u> <u>Budget</u>	<u>2022</u> <u>Actuals</u>
ANNUAL SURPLUS	\$ 1,120,287	\$ 594,784	\$ 792,262
Acquisition of tangible capital assets	(650,051)	(681,368)	(951,732)
Amortization of tangible capital assets	1,212,451	1,214,634	1,200,662
Contributed tangible capital assets	-	-	(3,252)
Recognition of asset retirement obligation	(34,392)	-	-
Accretion of asset retirement obligation	1,410	-	-
	<u>529,418</u>	<u>533,266</u>	<u>245,678</u>
Acquisition of prepaid expenses	(128,656)	-	(132,532)
Use of prepaid expenses	132,832	-	106,049
	<u>4,176</u>	<u>-</u>	<u>(26,483)</u>
DECREASE IN NET DEBT	1,653,881	1,128,050	1,011,457
NET DEBT, BEGINNING OF YEAR	<u>(9,887,338)</u>	<u>(9,887,338)</u>	<u>(10,898,795)</u>
NET DEBT, END OF YEAR	<u>\$ (8,233,457)</u>	<u>\$ (8,759,288)</u>	<u>\$ (9,887,338)</u>

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	<u>2023</u>	<u>2022</u>
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	\$ 1,120,287	\$ 792,262
Items not involving cash:		
Amortization of tangible capital assets	1,212,451	1,200,662
Accretion expense	1,410	-
Contributed tangible capital assets	-	(3,252)
Changes to non-cash assets and liabilities:		
Trade and other receivables	(8,637)	10,719
Accounts payable and accrued liabilities	132,880	(68,190)
Prepaid expenses	4,176	(26,483)
Cash provided by operating activities	<u>2,462,567</u>	<u>1,905,718</u>
CAPITAL		
Acquisition of tangible capital assets	<u>(650,051)</u>	<u>(951,732)</u>
Cash applied to capital activities	<u>(650,051)</u>	<u>(951,732)</u>
INVESTING		
Change in due from Strathcona County (Note 4, Note 13)	(835,098)	(19,235)
Change in cash floats	100	305
Cash applied to investing activities	<u>(834,998)</u>	<u>(18,930)</u>
FINANCING		
Long-term debt repaid	<u>(977,518)</u>	<u>(935,056)</u>
Cash applied to financing activities	<u>(977,518)</u>	<u>(935,056)</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	\$ 696,654	\$ 739,116
Cash received from interest	391,967	264,930

See accompanying notes to the financial statements.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

Strathcona County Library Board (the Library) operates a library under the authority of the *Libraries Act* of Alberta. 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.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library 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 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 (APEX). 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, 2023

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. Non-financial assets 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 tangible asset cost is amortized on a straight-line basis over the estimated useful life as follows:

<u>Asset</u>	<u>Useful Life – Years</u>
Buildings	50
Hardware & Software	4 – 10
Machinery & Equipment	5 – 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 that transfer substantially all the 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 amounts of revenue and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality.

Estimates have been used to determine accrued liabilities, asset retirement obligation 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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Asset Retirement Obligation (ARO)

An ARO is a legal obligation associated with the retirement of a tangible capital asset. An ARO is initially measured at the later of the date of the acquisition or legislative obligation. When a liability for an ARO is recognized, asset retirement costs related to the recognized tangible capital asset in productive use are capitalized by increasing the carrying amount of the related asset and are amortized over the estimated useful life of the underlying tangible capital asset.

This liability reflects the Library's best estimate, as of December 31, 2023, of the amount required to retire tangible capital assets. Estimates are made by management using professional judgment, similar contractor costs, and third-party quotes, and are subsequently remeasured considering any new information and the appropriateness of assumptions used.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2023, the Library adopted PSAS 3280, *Asset Retirement Obligations*. The standard applies to AROs associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets. The Library has applied the change prospectively on the transition date. For AROs associated with tangible capital assets in productive use, the Library increased the carrying amount of the related tangible capital asset by the same amount as the liability.

Effective January 1, 2023, the Library adopted PSAS 3450, *Financial Instruments*. The standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. The Library must also disclose both qualitative and quantitative information on its exposure to financial instrument risk. The Library has financial instruments consisting of cash floats, due from Strathcona County, trade and other receivables, accounts payable and accrued liabilities and long-term debt. The Library has applied the new standard prospectively on the transition date. The adoption of the new requirements had no impact on the Library's financial statements, other than the additional disclosures described in Note 3.

3. FINANCIAL RISK MANAGEMENT

The Library is exposed to the following risks:

Credit Risk

Credit risk is the risk that one party to the financial instrument may cause a financial loss for the other party by failing to discharge an obligation. The Library is exposed to credit risk in connection with amounts due from Strathcona County and trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Library will encounter difficulty in meeting obligations associated with financial liabilities. The Library is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Library is subject to fair value risk to the extent its long-term debt is based on fixed rates of interest.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

4. 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 investments, cash and cash equivalents. Strathcona County holds term deposits and notes, savings accounts, government guaranteed bonds, principal protected notes, and corporate bonds that have effective interest rates of 1.41% to 6.60% (2022 – 1.41% to 5.00%) with maturity dates from January 2024 to December 2033 (2022 – January 2023 to August 2031).

5. LONG-TERM DEBT

Strathcona County holds debentures repayable to Government of Alberta, Treasury Board and Finance for the acquisition of tangible capital assets related to the Library. These debentures bear interest at rates ranging from 4.04% to 4.74% (2022 – 4.04% to 4.74%), and mature in periods 2034 through 2036 (2022 – 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 Government of Alberta, Treasury Board and Finance.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,021,913	\$ 652,258	\$ 1,674,171
2025	1,068,328	605,843	1,674,171
2026	1,116,857	557,314	1,674,171
2027	1,167,594	506,577	1,674,171
2028	1,220,641	453,530	1,674,171
Thereafter	9,197,319	1,480,918	10,678,237
Total Long-Term Debt	<u>\$ 14,792,652</u>	<u>\$ 4,256,440</u>	<u>\$ 19,049,092</u>

6. ASSET RETIREMENT OBLIGATION

The Library has accepted the risks of ownership for the portion of the building where the central library is located. Proven or potential environmental liabilities were identified in the building. For a portion of the building, the Library is legally obligated to perform abatement activities upon renovations or demolition. The total liability estimated at the end of the remaining useful life of the facility is discounted to December 31, 2023, using a discount rate of 4.19%, and amounts to \$34,392 (2022 – nil)

	<u>2023</u>	<u>2022</u>
Asset Retirement Obligation, beginning of year	\$ -	\$ -
Liabilities recorded	32,982	-
Accretion expense	1,410	-
Asset Retirement Obligation, end of year	<u>\$ 34,392</u>	<u>\$ -</u>

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

7. TANGIBLE CAPITAL ASSETS

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Buildings	\$ 25,000,000	\$ -	\$ -	\$ 25,000,000
Hardware & Software	315,317	181,193	(20,739)	475,771
Library Materials	5,808,274	547,077	(619,972)	5,735,379
Machinery & Equipment	2,385,025	41,377	(27,734)	2,398,668
Vehicles	499,697	-	-	499,697
ARO - Building	-	32,982	-	32,982
Assets Under Construction	119,596	(119,596)	-	-
	\$ 34,127,909	\$ 683,033	\$ (668,445)	\$ 34,142,497

Accumulated Amortization	Balance at December 31, 2022	Disposals	Amortization Expense	Balance at December 31, 2023
Buildings	\$ 6,250,000	\$ -	\$ 500,000	\$ 6,750,000
Hardware & Software	143,824	(20,739)	68,402	191,487
Library Materials	3,034,668	(619,972)	577,334	2,992,030
Machinery & Equipment	2,102,376	(27,734)	40,862	2,115,504
Vehicles	312,311	-	24,985	337,296
ARO - Building	-	-	868	868
	\$ 11,843,179	\$ (668,445)	\$ 1,212,451	\$ 12,387,185

Net Book Value	Net Book Value December 31, 2022	Net Book Value December 31, 2023
Buildings	\$ 18,750,000	\$ 18,250,000
Hardware & Software	171,493	284,284
Library Materials	2,773,606	2,743,349
Machinery & Equipment	282,649	283,164
Vehicles	187,386	162,401
ARO - Building	-	32,114
Assets Under Construction	119,596	-
	\$ 22,284,730	\$ 21,755,312

a) Assets under Construction

Assets under construction are amortized when the assets are put into service. At December 31, 2023, there are no assets under construction (2022 - \$119,596).

b) Contributed Tangible Capital Assets

Contributed tangible capital assets are recognized at fair market value at the date of contribution. At December 31, 2023, no contributed assets were received (2022 - \$3,252).

c) Write-down of Tangible Capital Assets

The Library did not write down any tangible capital assets in 2023 or 2022.

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

8. ACCUMULATED SURPLUS

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

	2023	2022
Equity in Tangible Capital Assets:		
Tangible Capital Assets (Note 7)	\$ 21,755,312	\$ 22,284,730
Asset Retirement Obligation (Note 6)	(34,392)	-
Long-Term Debt (Note 5)	(14,792,652)	(15,770,170)
	<u>6,928,268</u>	<u>6,514,560</u>
Reserves:		
Deficit Contingency Reserve	168,848	164,464
Carry Forward Reserve	18,050	27,593
New Library Service Point Reserve	1,830,574	1,175,920
Infrastructure, Lifecycle, Maintenance and Replacement Reserve	4,708,108	4,651,024
	<u>6,725,580</u>	<u>6,019,001</u>
	<u>\$ 13,653,848</u>	<u>\$ 12,533,561</u>

9. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	2023 Actuals	2023 Budget	2022 Actuals
Municipal Government Strathcona County*	\$ 11,049,527	\$ 10,671,342	\$ 10,052,503
Provincial Government Alberta Municipal Affairs - Unconditional Per Capita Grant	559,934	530,563	530,563
Federal Government Canada Summer Jobs	2,625	20,000	42,664
Total Government Transfers	<u>\$ 11,612,086</u>	<u>\$ 11,221,905</u>	<u>\$ 10,625,730</u>

* In 2023, Strathcona County transferred \$378,185 more than budget to offset a one-time contribution towards the implementation cost of a new system (Note 10).

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

10. ADMINISTRATIVE CHARGES

Operating expenditures include administrative charges from Strathcona County as follows:

	<u>2023 Actuals</u>	<u>2023 Budget</u>	<u>2022 Actuals</u>
Building Maintenance	\$ 472,136	\$ 510,343	\$ 511,297
Shared Software Contribution*	378,185	-	-
Personnel Services	200,268	200,268	180,059
Financial Services	36,936	36,936	36,936
Information Technology Services	32,005	32,005	28,255
Insurance	26,867	30,064	27,470
Fleet Services	16,206	11,700	13,554
	<u>\$ 1,162,603</u>	<u>\$ 821,316</u>	<u>\$ 797,571</u>

*As a matter of convenience and cost savings, the Library shares Strathcona County's accounting and human resources software. Strathcona County implemented a new system in late 2022. In 2023, the Library made a one-time contribution of \$378,185 towards the implementation cost of the system.

11. PENSION PLANS

Local Authorities Pension Plan

Library employees participate in the LAPP, a defined benefit pension plan established in 1962 for the employees of local authorities in Alberta. LAPP is administered under the *Public Sector Pension Plans Act* of Alberta.

The Library was required to make current service contributions to LAPP of 8.45% (2022 – 8.45%) of pensionable payroll up to the yearly maximum pensionable earnings (YMPE) and 12.23% (2022 – 12.80%) thereafter. Employees of the Library are required to make current service contributions of 7.45% (2022 – 7.45%) of pensionable salary up to the YMPE, and 11.23% (2022 – 11.80%) thereafter.

Total current service contributions by the Library to LAPP in 2023 were \$455,927 (2022 - \$428,048). Total current service contributions by the employees of the Library to LAPP in 2023 were \$403,735 (2022 - \$381,174).

As stated in their 2022 Annual Report, LAPP serves 291,259 members and 437 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund. At December 31, 2022 (the last date for which information is available), LAPP reported an actuarial surplus of \$12,671,000,000.

APEX

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

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 2.42% (2022 – 2.61%) and 2.96% (2022 – 3.85%), respectively, of pensionable earnings up to \$175,333 (2022 - \$171,000).

Total current service contributions by the Library to APEX in 2023 were \$25,133 (2022 - \$31,118). Total current service contributions by the employees of the Library to APEX in 2023 were \$20,547 (2022 - \$21,096).

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

STRATHCONA COUNTY LIBRARY BOARD
Notes to Financial Statements
Year ended December 31, 2023

12. COMMITMENTS

Leases

The Library has ongoing operating leases for office equipment. The future minimum lease payments are as follows:

2024		\$	6,185
2025			6,185
2026			6,185
2027			6,185
2028			2,062
		\$	26,802

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 2024 is \$28,646. 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 2024 is \$23,599. 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), Information Technology Services (ITS), Fleet Services (FLT) and the Financial & Strategic Services (FSS) in 2021. These agreements formalize arrangements for the provision of specified services. These agreements expired on December 31, 2022; however, the Library has agreed to future payments as follows:

	<u>BEX*</u>	<u>FLT</u>	<u>FSS</u>	<u>HR</u>	<u>ITS</u>	<u>Total</u>
2024	56,751	18,215	47,382	231,589	25,278	379,215

**The Library shares Strathcona County's accounting and human resources software. Starting in 2024, the Library has agreed to pay a portion of the annual cost of licensing and support for this software, through Strathcona County's Business Excellence (BEX) department.*

STRATHCONA COUNTY LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023

12. 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 ongoing operating costs (i.e., building site maintenance, janitorial services, utilities, security, 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:

2024	\$	592,085
2025		592,085
2026		592,085
2027		592,085
2028		592,085
Thereafter		18,848,039
		<u>\$ 21,808,464</u>

13. 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 4, 5, 9, 10 and 12. 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.

14. EDMONTON COMMUNITY FOUNDATION

In 2023, the Library established the Doris Yvonne Martin Memorial Fund, a permanent endowment fund at the Edmonton Community Foundation. As the funds are endowed, the Library does not have rights to the capital and, as such, receives yearly contributions starting in 2024. The 2023 amount invested was \$29,878, which is the amount the Library received in a bequest in 2023.