

**PARKLAND REGIONAL LIBRARY SYSTEM**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2022**

# PARKLAND REGIONAL LIBRARY SYSTEM

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## MANAGEMENT'S REPORT

### To the Members of Parkland Regional Library System:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The elected board is composed entirely of neither management nor employees of the Library. The board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The board is responsible for recommending the appointment of the Library's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the board to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the board and management to discuss their audit findings. The accompanying financial statements are the responsibility of the management of Parkland Regional Library System.

e-Signed by Ron Sheppard  
2023-05-25 13:18:12 MDT

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To the Members of The Parkland Library Board:

### Opinion

We have audited the financial statements of The Parkland Library Board (the "Library"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net financial assets, cash flows, changes in accumulated operating surplus, and remeasurement gains and losses for the year then ended, and schedules 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, 2022, and the results of its operations, changes 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 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.

Lacombe, Alberta

May 18, 2023

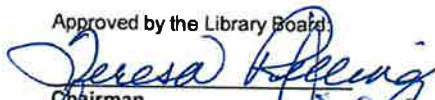
**MNP** LLP


Chartered Professional Accountants

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2022

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 4)	\$ 1,089,037	\$ 911,498
Accounts receivable	28,033	21,908
Investments (note 5)	725,120	775,163
<b>TOTAL FINANCIAL ASSETS</b>	<b>1,842,190</b>	<b>1,708,569</b>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 6)	\$ 137,307	\$ 120,407
Book allotment	11,477	12,178
Deferred revenue (note 7)	176,341	157,678
<b>TOTAL LIABILITIES</b>	<b>325,125</b>	<b>290,263</b>
<b>NET FINANCIAL ASSETS</b>	<b>1,517,065</b>	<b>1,418,306</b>
<b>NON-FINANCIAL ASSETS</b>		
Inventory for consumption	\$ 16,632	\$ 17,642
Prepaid expenses	124,454	109,711
Tangible capital assets (schedule 1)	4,484,760	4,593,189
<b>TOTAL NON-FINANCIAL ASSETS</b>	<b>4,625,846</b>	<b>4,720,541</b>
<b>COMMITMENTS (note 8)</b>		
<b>CONTINGENCY (note 14)</b>		
<b>ACCUMULATED SURPLUS</b>	<b>6,142,911</b>	<b>6,138,847</b>
<b>ACCUMULATED SURPLUS CONSISTS OF:</b>		
Accumulated operating surplus (note 9)	6,194,382	6,124,640
Accumulated remeasurement gain on investments	(51,471)	14,207
	<b>6,142,911</b>	<b>6,138,847</b>

Approved by the Library Board:

  
Chairman

  
Director

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF OPERATIONS**  
FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget	2022	2021
<b>REVENUE</b>			
Investment income	\$ 28,500	\$ 52,923	\$ 25,958
Member fees	1,939,986	1,939,986	1,881,436
Miscellaneous and donations	-	1,041	787
Outside sales - Books and supplies	-	139,579	143,788
Provincial funding (note 10)	1,567,965	1,549,301	1,489,125
	<u>3,536,451</u>	<u>3,682,830</u>	<u>3,541,094</u>
<b>EXPENSES</b>			
Administration	\$ 13,600	\$ 10,530	\$ 11,656
Amortization	-	189,553	152,818
Audit	16,500	22,132	19,440
Communications, marketing and promotions	20,000	19,705	8,143
Continuing education	20,000	17,182	14,514
Dues, fees, and memberships	12,200	11,999	12,008
First Nations grant expense	78,839	60,398	1,362
Freight and postage reimbursement	6,300	2,956	3,422
Insurance	19,000	20,367	16,985
Investment fees	4,700	4,176	4,410
Library materials	452,831	475,391	395,904
Library service grant	429,742	429,742	429,742
Miscellaneous - outlet contributions	800	800	800
Outside purchases - books and supplies	-	138,732	143,519
Planned member technology purchases	68,070	70,436	118,414
Professional fees	-	15,949	5,908
Repairs and maintenance - building	52,000	54,133	45,020
Salaries and benefits	1,938,164	1,702,315	1,732,954
Supplies for library materials and inhouse stationary	51,000	41,567	39,641
Technology software, internet, maint. agreement, misc. supplies	210,705	207,197	198,722
Travel	8,000	2,923	1,222
Trustee	35,000	19,991	17,931
Utilities	39,000	28,732	31,074
Vehicle	46,000	49,636	40,717
Workshops, training for libraries	14,000	15,234	12,077
	<u>3,536,451</u>	<u>3,611,776</u>	<u>3,458,403</u>
<b>Excess of revenue over expenses, before other expenses</b>	-	71,054	82,692
<b>OTHER EXPENSES</b>			
Loss on disposal of investments	-	(872)	(3,061)
Loss on disposal of tangible capital assets	-	(440)	(3,799)
	<u>-</u>	<u>(1,312)</u>	<u>(6,860)</u>
<b>Excess of revenue over expenses</b>	-	69,742	75,832
<b>Accumulated operating surplus, beginning of year</b>	6,124,640	6,124,640	6,048,808
<b>Accumulated operating surplus, end of year (Note 9)</b>	<u>6,124,640</u>	<u>6,194,382</u>	<u>6,124,640</u>

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

	Budget	2022	2021
<b>Excess of revenue over expenses</b>	\$ -	69,742	\$ 75,832
Acquisition of tangible capital assets	-	(81,564)	(59,523)
Amortization of tangible capital assets	-	189,554	152,818
Proceeds on disposal of tangible capital assets	-	-	-
Loss on disposal of tangible capital assets	-	440	3,799
Change in prepaid expenses	-	(14,745)	(18,405)
Change in inventory for consumption	-	1,010	1,945
Change in accumulated remeasurement loss on long-term investments	-	(65,678)	(31,846)
<b>Increase in net financial assets</b>	-	98,759	124,620
<b>Net financial assets, beginning of year</b>	1,418,306	1,418,306	1,293,686
<b>Net financial assets, end of year</b>	1,418,306	1,517,065	1,418,306



**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF CASH FLOWS**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Cash receipts from membership fees, contracts, and sales	\$ 2,074,405	\$ 2,072,862
Cash receipts from grants	1,567,964	1,567,964
Investment income received	52,923	25,958
Cash paid for materials and services	(1,293,360)	(1,162,926)
Cash paid for salaries and benefits	(1,691,029)	(1,725,941)
Cash paid for library service grant	(429,742)	(429,742)
Interest paid	(5,551)	(5,888)
	<b>275,610</b>	<b>342,287</b>
<b>CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets	(81,564)	(59,523)
Proceeds on disposal of tangible capital assets	-	-
	<b>(81,564)</b>	<b>(59,523)</b>
<b>INVESTING ACTIVITY</b>		
Purchase of investments	(91,507)	(91,509)
Proceeds on sale of investments	75,000	77,000
	<b>(16,507)</b>	<b>(14,509)</b>
<b>Net increase in cash</b>	<b>177,539</b>	<b>268,252</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>911,498</b>	<b>643,246</b>
<b>Cash and cash equivalents, end of year</b>	<b>1,089,037</b>	<b>911,498</b>

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF CHANGES IN ACCUMULATED OPERATING SURPLUS**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

	Unrestricted (Note 9)	Reserves (Note 9)	Equity in Tangible Capital Assets (Note 9)	2022	2021
<b>Balance, beginning of year</b>	409,299	1,122,152	4,593,189	<b>\$ 6,124,640</b>	<b>\$ 6,048,808</b>
Excess of revenue over expenses	69,742	-	-	<b>69,742</b>	75,832
Reserves used for (transferred from) operations	(208,720)	208,720	-	-	-
Purchases of tangible capital assets	-	(81,564)	81,564	-	-
Disposal of tangible capital assets	440	-	(440)	-	-
Annual amortization expense	189,553	-	(189,553)	-	-
<b>Balance, end of year</b>	<b>460,314</b>	<b>1,249,308</b>	<b>4,484,760</b>	<b>6,194,382</b>	<b>6,124,640</b>

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

	2022	2021
<b>Accumulated remeasurement gain on investments, beginning of the year</b>	<b>14,207</b>	46,053
Decrease in market value	<b>(65,678)</b>	(31,846)
<b>Accumulated remeasurement gain (loss) on investments, end of year</b>	<b><u>(51,471)</u></b>	<b><u>14,207</u></b>

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**SCHEDULE 1**

	Vehicles	Building	Land	Technology equipment and systems	Equipment	Furniture and fixtures	2022	2021
<b>Original Cost:</b>								
Balance, beginning of year	131,191	3,946,960	610,000	360,375	49,074	50,105	5,147,705	5,103,982
Acquisition of tangible capital assets	44,326	-	-	32,467	900	3,871	81,564	59,523
Disposals of tangible capital assets	-	-	-	(37,468)	-	-	(37,468)	(15,800)
<b>Balance, end of year</b>	<b>175,517</b>	<b>3,946,960</b>	<b>610,000</b>	<b>355,374</b>	<b>49,974</b>	<b>53,976</b>	<b>5,191,801</b>	<b>5,147,705</b>
<b>Accumulated Amortization:</b>								
Balance, beginning of year	92,134	157,879	-	257,459	24,759	22,285	554,516	413,699
Annual amortization	25,015	78,938	-	74,219	5,043	6,338	189,553	152,819
Disposals	-	-	-	(37,028)	-	-	(37,028)	(12,002)
<b>Balance, end of year</b>	<b>117,149</b>	<b>236,817</b>	<b>-</b>	<b>294,650</b>	<b>29,802</b>	<b>28,623</b>	<b>707,041</b>	<b>554,516</b>
<b>Net Book Value</b>	<b>58,368</b>	<b>3,710,143</b>	<b>610,000</b>	<b>60,724</b>	<b>20,172</b>	<b>25,353</b>	<b>4,484,760</b>	<b>4,593,189</b>

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

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**1. Nature of activities**

Parkland Regional Library System (the "Library") is an independent body established under the Alberta Libraries Act for the purpose of providing a variety of support services for the public libraries of rural Central Alberta.

The Library is exempt from tax pursuant to Section 149(1)(l) of the Income Tax Act of Canada.

**2. Significant accounting policies**

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") and include the following significant accounting policies:

**Cash and cash equivalents**

Balances with original maturities of less than 3 months are included in cash and cash equivalents. Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

**Revenue recognition**

Member fees are recognized as revenue when the services have been provided.

Book and supply outside sales are recognized as product is shipped to the member library that placed the order through the Library.

Provincial funding and grants that are externally restricted are recorded as deferred contributions if the terms of the funding create a liability.

These funds are recognized as revenue in the year in which the related expenses are incurred and the terms of the funding are met.

Unrestricted provincial funding, miscellaneous and donations, and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

All investment income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

**Expenses**

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

**Non-financial assets**

Non-financial assets are assets that are not available to discharge existing liabilities but held for use in Library operations. Such assets have useful lives extending beyond the current year and are not intended for sale in the normal course of Library operations. The change in non-financial assets during the year, together with the excess of revenue over expenses, provides the changes in net financial assets for the year. Non-financial assets consist of the following:

**i. Inventory for consumption**

Inventory of materials and supplies for consumption is recorded in the financial statements at lower of the cost of the specific item or replacement cost.

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**Notes to the Financial Statements**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

**2. Significant accounting policies** *(continued from previous page)*

**ii. 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 assets. Contributed tangible capital assets are recorded in the financial statements at fair market value at the time of contribution.

	<i>Method</i>	<i>Rate</i>
Vehicles	declining balance	30%
Building	straight-line	50 years
Technology equipment and systems	declining balance	55%
Furniture and fixtures	declining balance	20%
Equipment	declining balance	20%

A full year of amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposal.

Tangible capital assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be fully recoverable. An impairment loss is recognized when and to the extent that management assesses the future useful life of an asset to be less than originally estimated.

**iii. Prepaid expenses**

Expenses paid in advance where services have not been performed or materials have not been received.

**Use of estimates**

The preparation of financial statements in accordance with PSAS 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 statement of financial position date, and the reported amounts of revenue and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include the provision for doubtful accounts in respect of receivables, the cost and net realizable value of inventories, employee benefit obligations, the useful lives of long-lived assets and the potential impairment of assets. Actual results could differ from these estimates.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenue over expenses in the periods in which they become known.

**Long-term investment**

Investments are recorded at fair market value, based on quoted prices in an active market, including accrued interest. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

**Foreign currency translation**

These financial statements have been presented in Canadian dollars, the principal currency of the Library's operations.

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of excess of revenue over expenditures for the current period.

**Reserves for future expenditures**

Reserves are determined at the discretion of the board to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment within accumulated surplus.

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

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**2. Significant accounting policies** *(continued from previous page)*

**Financial instruments**

The Library recognizes financial instruments when the Library becomes party to the contractual provisions of the financial instrument.

*Arm's length financial instruments*

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Library may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Library has not made such an election during the year. All financial assets and liabilities issued/assumed in an arm's length transaction are subsequently measured at amortized cost, except for marketable securities that are measured at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

*Financial asset impairment*

The Library assesses impairment of all its financial assets measured at cost or amortized cost. The Library groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Library determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Library reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Library reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

**3. Change in accounting estimate**

Effective January 1, 2022, the Library revised the amortization rate for technology equipment and systems from 30% declining balance to 55% declining balance. This change was applied prospectively and prior year results have not been restated. For the year ended December 31, 2022, the change resulted in an increase of \$33,736 in accumulated amortization on technology equipment and systems and amortization expense.

**PARKLAND REGIONAL LIBRARY SYSTEM**  
**Notes to the Financial Statements**  
*FOR THE YEAR ENDED DECEMBER 31, 2022*

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**4. Cash and cash equivalents**

Cash accounts bear interest at bank prime rate of 6.45% (2021 - 2.45%) less a percentage based on balance held during the year. At year-end, the unrestricted cash balances bear interest at prime less 1.90% (2021 - prime less 1.90%) on \$1,070,873 (2021 - \$900,425) and prime less 1.90% (2021 - prime less 1.90%) on \$423 (2021 - \$3,883).

**5. Investments**

	2022	2021
Bonds (original cost of \$772,886; 2021 - \$758,016)	<b>725,120</b>	775,163

Bonds bear interest at rates ranging from 1.10% to 3.75% and have maturity dates ranging from June 2023 to September 2032. Included in investments is \$3,687 (2021 - \$2,922) of accrued interest.

**6. Accounts payable and accruals**

	2022	2021
Trade accounts payable and accruals	<b>\$ 52,040</b>	50,790
Employee benefit obligations	<b>71,180</b>	59,894
Goods and Services Tax payable	<b>14,087</b>	9,723
	<b>137,307</b>	120,407

Included in trade accounts payable and accruals is a balance of \$2,151 (2021 - \$1,939) on ATB Financial Mastercards with a total credit limit of \$15,000 (2021 - \$15,000).

Employee benefit obligation consist of estimated sick leave benefits of \$60,500 (2021 - \$47,000) that accumulate but do not vest, as well as vacation and lieu time of \$10,680 (2021 - \$12,894) that employees have earned and deferred to future years.



**PARKLAND REGIONAL LIBRARY SYSTEM**  
**Notes to the Financial Statements**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**7. Deferred revenue**

Deferred revenue represents unspent amounts from the Government of Alberta to offer library services to on-reserve and on-settlement First Nations populations.

	2022	2021
Opening balance	\$ 157,678	\$ 78,839
Add: amounts deferred	145,601	145,601
Less: amounts recorded as revenue	(126,938)	(66,762)
Ending Balance	176,341	157,678

**8. Commitments**

In 2018, the Library entered into a software license agreement from July 1, 2018 to December 31, 2023 in the amount of \$85,000 per year, subject to inflation increases. In the year, the Library paid \$100,461 (2021 - \$97,535) including GST.

In 2021, the Library signed a contract with TAL Core covering the period October 1, 2021 to September 30, 2024. This contract will require annual payment of \$15,610 in 2023 in October, which cover the cost of services from October to September of the following year.

In 2021, the Library entered into a 10 year agreement for maintenance on their elevator which commenced August 28, 2021 costing \$4,860 per year.

In 2021, the Library entered into a 2 year agreement from November 1, 2021 to October 31, 2023 with a platform for accessing eContent materials in the amount of \$7,000 per year, which will then be continued annually.

**9. Accumulated operating surplus**

	2022	2021
<b>Unrestricted operating fund</b>	<b>460,314</b>	<b>409,299</b>
<b>Internally restricted</b>		
Operating reserves		
Technology	542,260	377,095
Building	200,000	175,000
Contingent liability	52,530	52,992
	794,790	605,087
Capital reserves		
Amortization	295,974	325,023
Vehicle	115,847	149,346
Equipment/furnishings replacement	42,697	42,696
	454,518	517,065
<b>Total reserves</b>	<b>1,249,308</b>	<b>1,122,152</b>
<b>Equity in tangible capital assets</b>	<b>4,484,760</b>	<b>4,593,189</b>
	<b>6,194,382</b>	<b>6,124,640</b>

**10. Provincial funding**

	2022	2021
<b>Government of Alberta - Municipal Affairs</b>		
Operating grant	\$ 992,620	\$ 992,620
Library Service grant	429,742	429,742
Provincial First Nations grant	126,939	66,763
	1,549,301	1,489,125

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**11. Local Authorities Pension Plan**

Employees of the Library participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 281,764 people and 435 employers. The LAPP is financed by employee and employer contributions and by earning investment earnings in the LAPP fund.

Contributions for current service are recorded as expenses in the year in which they become due.

The Library is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan, and 12.80% on pensionable earnings above that amount.

Total service contributions by the Library to the LAPP in 2022 were \$118,260 (2021 - \$130,419). Total current service contributions by employees of the Library to the LAPP in 2022 were \$105,404 (2021 - \$114,811).

As at December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.922 billion (2020 - \$4.961 billion). LAPP has not yet disclosed the actuarial surplus or deficiency as at December 31, 2022.

**12. Economic dependence**

The Library is dependent on funding from government grants to maintain its operations. In 2022, the Province of Alberta contributed \$1,549,301 (2021 - \$1,489,125) of revenue to the Library, equalling approximately 42% (2021 - 42%) of total revenue. If funding is not received, its operations would be significantly reduced.

**13. Financial instruments**

The Library, as part of its operations, carries a number of financial instruments. The financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accruals, and book allotment. It is management's opinion that the Library is not exposed to a significant interest, currency, market, liquidity, or credit risks arising from these financial instruments except as otherwise disclosed.

**Credit risk**

The Library is exposed to credit risk as it grants credit to its members in the normal course of operations. The risk is mitigated by the fact that the receivables are from municipalities. The Library is exposed to credit risk as it has purchased bonds which are included in investments. The risk is mitigated by the fact that the Library has only purchased bonds issued by the Federal or Provincial governments.

Accounts receivable from two member libraries (2021 - three member libraries) in connection with trade receivables represents 22% (2021 - 47%) of total accounts receivable at December 31, 2022. The Library believes that there is minimal risk associated with the collection of these amounts. The balance of accounts receivable is widely distributed among the remainder of the library municipalities and customer base.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Library manages exposure through its normal operating and financing activities. The Library is exposed to interest rate price risk primarily through its fixed rate investments and variable rate cash.

**Market rate risk**

The Library is exposed to market rate risk on its investments due to changes in quoted market rates on investments.

**14. Contingency**

In 2020, the Library received a human rights complaint from an employee. This complaint remains at an early stage and is waiting on the Alberta Human Rights Commission. At this time, it is not possible to predict the ultimate outcome of this human rights complaint or to estimate any loss, if any, which may result. There has been no change from prior year.

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**15. Comparative figures**

Certain comparative figures have been reclassified to conform with current year presentation.

**16. Approval of financial statements**

These financial statements were approved by the Library board on May 18, 2023.

