

PARKLAND REGIONAL LIBRARY SYSTEM

FINANCIAL STATEMENTS

December 31, 2023

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
2024-03-26 11:49:12:12 MDT

Ron Sheppard

Executive Director

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, 2023, 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, 2023, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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

March 26, 2024

MNP LLP

Chartered Professional Accountants

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	2023	2022
FINANCIAL ASSETS		
Cash and cash equivalents <i>(note 3)</i>	\$ 907,293	\$ 1,089,037
Accounts receivable	27,494	28,033
Investments <i>(note 4)</i>	765,417	725,120
TOTAL FINANCIAL ASSETS	1,700,204	1,842,190
LIABILITIES		
Accounts payable and accruals <i>(note 5)</i>	\$ 244,514	\$ 137,307
Book allotment	22,170	11,477
Deferred revenue <i>(note 6)</i>	152,703	176,341
TOTAL LIABILITIES	419,387	325,125
NET FINANCIAL ASSETS	1,280,817	1,517,065
NON-FINANCIAL ASSETS		
Inventory for consumption	\$ 8,770	\$ 16,632
Prepaid expenses	171,906	124,454
Tangible capital assets <i>(schedule 1)</i>	4,395,010	4,484,760
TOTAL NON-FINANCIAL ASSETS	4,575,686	4,625,846
COMMITMENTS <i>(note 7)</i>		
ACCUMULATED SURPLUS	5,856,503	6,142,911
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated operating surplus <i>(note 8)</i>	5,891,450	6,194,382
Accumulated remeasurement gain on investments	(34,947)	(51,471)
	5,856,503	6,142,911

Approved by the Library Board:
e-Signed by Barb Gilliat
2024-03-21 20:27:46:46 MDT

Chairman
e-Signed by Deb Smith
2024-03-22 10:51:18:18 MDT

Director

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	2023	2022
REVENUE			
Investment income	\$ 28,500	\$ 93,925	\$ 52,923
Member fees	2,001,335	2,001,335	1,939,986
Miscellaneous and donations	-	8,955	1,041
Outside sales - Books and supplies	-	117,125	139,579
Provincial funding (note 9)	1,567,965	1,678,455	1,549,301
	<u>3,597,800</u>	<u>3,899,795</u>	<u>3,682,830</u>
EXPENSES			
Administration	\$ 14,500	\$ 14,314	\$ 16,111
Amortization	-	163,162	189,553
Audit	20,000	21,700	22,132
Communications, marketing and promotions	20,000	19,396	19,705
Continuing education	20,000	13,870	17,182
Dues, fees, and memberships	12,750	12,295	11,999
First Nations grant expense	78,839	108,394	60,398
Freight and postage reimbursement	3,200	2,916	2,956
Insurance	20,500	24,451	20,367
Investment fees	4,700	4,110	4,176
Library materials	419,962	448,635	475,391
Library service grant	429,742	452,928	429,742
Miscellaneous - distributions	-	7,500	-
Miscellaneous - outlet contributions	800	800	800
Outside purchases - books and supplies	-	116,770	138,732
Planned member technology purchases	68,617	325,327	70,436
Professional fees	-	15,420	13,068
Repairs and maintenance - building	56,500	52,325	54,133
Salaries and benefits	2,020,358	2,029,750	1,702,315
Supplies for library materials and inhouse stationary	48,000	44,633	41,567
Technology software, internet, maint. agreement, misc. supplies	216,332	224,567	207,197
Travel	8,000	4,792	2,923
Trustee	26,000	24,901	17,291
Utilities	36,000	27,774	28,732
Vehicle	59,000	56,499	49,636
Workshops, training for libraries	14,000	7,587	15,234
	<u>3,597,800</u>	<u>4,224,816</u>	<u>3,611,776</u>
Excess (deficiency) of revenue over expenses, before other expenses	-	(325,021)	71,054
OTHER EXPENSES			
Gain (loss) on disposal of investments	-	838	(872)
Gain (loss) on disposal of tangible capital assets	-	21,251	(440)
	<u>-</u>	<u>(302,932)</u>	<u>69,742</u>
Excess (deficiency) of revenue over expenses	-	(302,932)	69,742
Accumulated operating surplus, beginning of year	6,194,382	6,194,382	6,124,640
Accumulated operating surplus, end of year (Note 8)	<u>6,194,382</u>	<u>5,891,450</u>	<u>6,194,382</u>

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget	2023	2022
Excess (deficiency) of revenue over expenses	\$ -	(302,932)	\$ 69,742
Acquisition of tangible capital assets	-	(112,162)	(81,564)
Amortization of tangible capital assets	-	163,162	189,553
Proceeds on disposal of tangible capital assets	-	60,000	-
Loss (gain) on disposal of tangible capital assets	-	(21,251)	440
Change in prepaid expenses	-	(47,451)	(14,744)
Change in inventory for consumption	-	7,862	1,010
Change in accumulated remeasurement loss on long-term investments	-	16,524	(65,678)
Increase (decrease) in net financial assets	-	(236,248)	98,759
Net financial assets, beginning of year	1,517,065	1,517,065	1,418,306
Net financial assets, end of year	1,517,065	1,280,817	1,517,065

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from membership fees, contracts, and sales	\$ 2,129,019	\$ 2,074,405
Cash receipts from grants	1,654,817	1,567,964
Investment income received	93,925	52,923
Cash paid for materials and services	(1,607,526)	(1,293,360)
Cash paid for salaries and benefits	(1,918,985)	(1,691,029)
Cash paid for library service grant	(452,928)	(429,742)
Bank and investment fees paid	(4,970)	(5,551)
	(106,648)	275,610
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(112,162)	(81,564)
Proceeds on disposal of tangible capital assets	60,000	-
	(52,162)	(81,564)
INVESTING ACTIVITY		
Purchase of investments	(96,934)	(91,507)
Proceeds on sale of investments	74,000	75,000
	(22,934)	(16,507)
Net increase (decrease) in cash	(181,744)	177,539
Cash and cash equivalents, beginning of year	1,089,037	911,498
Cash and cash equivalents, end of year	907,293	1,089,037

PARKLAND REGIONAL LIBRARY SYSTEM
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
SCHEDULE 1

	Vehicles	Building	Land	Technology equipment and systems	Equipment	Furniture and fixtures	2023	2022
Original Cost:								
Balance, beginning of year	175,517	3,946,960	610,000	355,374	49,974	53,976	5,191,801	5,147,705
Acquisition of tangible capital assets	96,393	-	-	10,778	-	4,991	112,162	81,564
Disposals of tangible capital assets	(90,644)	-	-	(6,168)	(290)	-	(97,102)	(37,468)
Balance, end of year	181,266	3,946,960	610,000	359,984	49,684	58,967	5,206,861	5,191,801
Accumulated Amortization:								
Balance, beginning of year	117,149	236,817	-	294,650	29,802	28,623	707,041	554,516
Annual amortization	34,877	78,938	-	39,273	4,005	6,069	163,162	189,553
Disposals	(52,138)	-	-	(6,071)	(143)	-	(58,352)	(37,028)
Balance, end of year	99,888	315,755	-	327,852	33,664	34,692	811,851	707,041
Net Book Value	81,378	3,631,205	610,000	32,132	16,020	24,275	4,395,010	4,484,760

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CHANGES IN ACCUMULATED OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted (Note 8)	Reserves (Note 8)	Equity in Tangible Capital Assets (Note 8)	2023	2022
Balance, beginning of year	460,314	1,249,308	4,484,760	\$ 6,194,382	\$ 6,124,640
Excess of revenue over expenses	(302,932)	-	-	(302,932)	69,742
Reserves used for (transferred from) operations	(142,549)	142,549	-	-	-
Purchases of tangible capital assets	-	(112,162)	112,162	-	-
Disposal of tangible capital assets	38,750	-	(38,750)	-	-
Annual amortization expense	163,162	-	(163,162)	-	-
Balance, end of year	<u>216,745</u>	<u>1,279,695</u>	<u>4,395,010</u>	<u>5,891,450</u>	<u>6,194,382</u>

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	2022
Accumulated remeasurement gain (loss) on investments, beginning of the year	(51,471)	14,207
Increase (decrease) in market value	16,524	(65,678)
Accumulated remeasurement loss on investments, end of year	<u>(34,947)</u>	<u>(51,471)</u>

PARKLAND REGIONAL LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023

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.

PARKLAND REGIONAL LIBRARY SYSTEM
Notes to the Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2023

3. Cash and cash equivalents

Cash accounts bear interest at bank prime rate of 7.2% (2022 - 6.45%) less a percentage based on balance held during the year. At year-end, the unrestricted cash balances bear interest at prime less 1.90% (2022 - prime less 1.90%) on \$913,747 (2022 - \$1,070,873) and prime less 1.90% (2022 - prime less 1.90%) on \$0 (2022 - \$423).

4. Investments

	2023	2022
Bonds (original cost of \$796,484; 2022 - \$772,886)	765,417	725,120

Bonds bear interest at rates ranging from 1.10% to 3.75% and have maturity dates ranging from September 2024 to June 2033. Included in investments is \$3,861 (2022 - \$3,687) of accrued interest.

5. Accounts payable and accruals

	2023	2022
Trade accounts payable and accruals	\$ 148,727	52,040
Employee benefit obligations	81,946	71,180
Goods and Services Tax payable	13,841	14,087
	244,514	137,307

Included in trade accounts payable and accruals is a balance of \$4,817 (2022 - \$2,151) on ATB Financial Mastercards with a total credit limit of \$15,000 (2022 - \$15,000).

Employee benefit obligations consist of estimated sick leave benefits of \$60,500 (2022 - \$60,500) that accumulate but do not vest, as well as vacation and lieu time of \$21,446 (2022 - \$10,680) that employees have earned and deferred to future years.

PARKLAND REGIONAL LIBRARY SYSTEM
Notes to the Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2023

6. 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.

	2023	2022
Opening balance	\$ 176,341	\$ 157,678
Add: amounts deferred	156,647	145,601
Less: amounts recorded as revenue	(180,285)	(126,938)
Ending balance	152,703	176,341

7. Commitments

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 2023, the Library entered into a 5 year agreement for access to Polaris software commencing January 1, 2024 at a 2024 annual cost of \$93,311.55 which increases at 2% per year over the term.

8. Accumulated operating surplus

	2023	2022
Unrestricted reserve	216,745	460,314
Internally restricted		
Operating reserves		
Technology	474,773	542,260
Building	225,000	200,000
Contingent liability	38,851	52,530
	738,624	794,790
Capital reserves		
Amortization	323,911	295,974
Vehicle	179,454	115,847
Equipment/furnishings replacement	37,706	42,697
	541,071	454,518
Total reserves	1,279,695	1,249,308
Equity in tangible capital assets	4,395,010	4,484,760
	5,891,450	6,194,382

9. Provincial funding

	2023	2022
Government of Alberta - Municipal Affairs		
Operating grant	\$ 1,045,242	\$ 992,620
Library Service grant	452,928	429,742
Provincial First Nations grant	180,285	126,939
	1,678,455	1,549,301

PARKLAND REGIONAL LIBRARY SYSTEM
Notes to the Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2023

10. 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 291,259 people and 437 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 12.23% on pensionable earnings above that amount.

Total service contributions by the Library to the LAPP in 2023 were \$123,922 (2022 - \$118,260). Total current service contributions by employees of the Library to the LAPP in 2023 were \$110,539 (2022 - \$105,404).

As at December 31, 2022, the LAPP disclosed an actuarial surplus of \$12,671 billion (2021 - \$11,922 billion). LAPP has not yet disclosed the actuarial surplus or deficiency as at December 31, 2023.

11. Economic dependence

The Library is dependent on funding from government grants to maintain its operations. In 2023, the Province of Alberta contributed \$1,678,455 (2022 - \$1,549,301) of revenue to the Library, equalling approximately 43% (2022 - 42%) of total revenue. If funding is not received, its operations would be significantly reduced.

12. 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 one member library and one grantor (2022 - two member libraries) in connection with trade receivables represents 42% (2022 - 22%) of total accounts receivable at December 31, 2023. 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.

13. Comparative figures

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

14. Approval of financial statements

These financial statements were approved by the Library board on March 21, 2024.