

Financial Statements

Yellowhead Library Board

December 31, 2017

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# Management's Responsibility for Financial Reporting

The management of the Yellowhead Library Board prepared these financial statements and are responsible for their reliability, completeness and integrity. They conform in all material respects to Canadian accounting standards for not-for-profit organizations.

Management maintains the necessary accounting and internal control systems designed to ensure the timely production of reliable and accurate financial information; the protection of assets (to a reasonable extent) against loss or unauthorized use; and the promotion of operational efficiency. The Board of Directors oversees management's responsibilities for the financial reporting and internal control systems.

The external auditor, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian auditing standards. The Director reviewed these financial statements with the external auditor in detail before recommending their approval to the Board of Directors.

Spruce Grove, Alberta

March 05, 2018

Kevin Dodds, Director

Yellowhead Library Board

# Independent Auditor's Report

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To the Members of the  
Yellowhead Library Board

We have audited the accompanying financial statements of the Yellowhead Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Yellowhead Library Board as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Edmonton, Canada

March 05, 2018



Chartered Professional Accountants

# Yellowhead Library Board

## Statement of Operations

Year Ended December 31

2017

2016

	Budget (unaudited) (Note 11)	General	Capital Asset	Operational Contingency	Special Projects	Total	Total
<b>Revenues</b>							
Additional allotment	\$ 100,000	\$ 99,613	\$ -	\$ -	\$ -	\$ 99,613	\$ 113,101
Amortization of deferred government contributions	40,427	-	40,427	-	-	40,427	40,464
Contract services (Note 16)	78,000	78,000	-	-	-	78,000	78,000
Loss on sale of assets	-	-	(14,225)	-	-	(14,225)	(10,102)
Interest	25,000	38,374	-	-	-	38,374	23,944
Local appropriations (Schedule 1)	1,222,008	1,238,133	-	-	-	1,238,133	1,222,008
Non-allotment sales	125,000	194,503	-	-	-	194,503	172,441
Operating grant	1,315,734	1,409,325	-	-	-	1,409,325	1,354,020
Grant funding	-	-	-	-	194,793	194,793	86,599
Other revenue (Note 13)	2,000	1,631	-	-	8,799	10,430	8,433
School system levies (Schedule 2)	151,839	151,392	-	-	-	151,392	151,839
	<u>\$ 3,060,008</u>	<u>\$ 3,210,971</u>	<u>\$ 26,202</u>	<u>\$ -</u>	<u>\$ 203,592</u>	<u>\$ 3,440,765</u>	<u>\$ 3,240,747</u>
<b>Expenses</b>							
Amortization of tangible capital assets	\$ -	\$ -	\$ 138,806	\$ -	\$ -	\$ 138,806	\$ 127,499
Building maintenance and repairs	42,500	36,939	-	-	-	36,939	34,572
Conditional capital grant expense	-	-	-	-	132,391	132,391	-
Delivery and client support	40,000	44,792	-	-	-	44,792	44,422
Emerging technology expense	-	-	-	-	109,972	109,972	38,600
Employee salaries and benefits	1,672,276	1,580,531	-	-	-	1,580,531	1,632,970
First Nations project expense	-	-	-	-	62,965	62,965	58,607
Library services disbursements	16,100	56,016	-	-	-	56,016	16,051
Insurance	10,300	8,090	-	-	-	8,090	9,869
Leases and licenses	90,000	97,669	-	-	-	97,669	96,570
Library supplies and shipping	23,100	16,072	-	-	-	16,072	30,168
Memberships	15,500	16,927	-	-	-	16,927	12,485
Office supplies and equipment, printing and promotion	49,750	26,725	-	-	-	26,725	31,109
Professional services	82,500	52,239	-	-	-	52,239	83,363
Purchases - allotment	252,979	250,627	-	-	-	250,627	267,379
Purchases - headquarter's collection	170,000	198,402	-	-	-	198,402	181,844
Purchases - non-allotment	125,000	194,198	-	-	-	194,198	172,749
Staff expenses, recruitment and professional development	32,000	18,142	-	-	-	18,142	31,509
Summer reading program	-	-	-	-	9,345	9,345	6,297
Telephone and utilities	98,500	95,635	-	-	-	95,635	90,035
The Regional Libraries Computer Automation Systems Consortium Society (TRAC) (Note 16)	165,000	157,237	-	-	-	157,237	154,755
Trustee expenses	41,000	33,783	-	-	-	33,783	35,449
Workshops and programming	11,000	7,101	-	-	-	7,101	12,955
	<u>\$ 2,937,505</u>	<u>\$ 2,891,125</u>	<u>\$ 138,806</u>	<u>\$ -</u>	<u>\$ 314,673</u>	<u>\$ 3,344,604</u>	<u>\$ 3,169,297</u>
Excess (deficiency) of revenues over expenses	<u>\$ 122,503</u>	<u>\$ 319,846</u>	<u>\$ (112,604)</u>	<u>\$ -</u>	<u>\$ (111,081)</u>	<u>\$ 96,161</u>	<u>\$ 71,450</u>

# Yellowhead Library Board

## Statement of Changes in Net Assets

Year Ended December 31

2017

2016

	<u>General</u>	<u>Equity in Capital Assets</u>	<u>Capital Reserves</u>	<u>Operational Contingency</u>	<u>Special Projects</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 153,937	\$ 383,645	\$ 1,398,282	\$ 1,108,656	\$ 300,236	\$ 3,344,756	\$ 3,273,306
Excess (deficiency) of revenues of expenses	<u>319,846</u>	<u>(112,604)</u>	<u>-</u>	<u>-</u>	<u>(111,081)</u>	<u>96,161</u>	<u>71,450</u>
Balance, end of year	<u>\$ 473,783</u>	<u>\$ 271,041</u>	<u>\$ 1,398,282</u>	<u>\$ 1,108,656</u>	<u>\$ 189,155</u>	<u>\$ 3,440,917</u>	<u>\$ 3,344,756</u>

# Yellowhead Library Board

## Statement of Financial Position

Year Ended December 31

	<u>General</u>	<u>Capital Asset</u>	<u>Operational Contingency</u>	<u>Special Projects</u>	<u>2017 Total</u>	<u>2016 Total</u>
<b>Assets</b>						
<b>Current</b>						
Cash (Note 3)	\$ 4,387,814	\$ -	\$ -	\$ -	\$ 4,387,814	\$ 3,033,874
Accounts receivable	13,676	-	-	-	13,676	20,773
Prepays	109,258	-	-	-	109,258	111,042
Interfund receivables (payables) (Note 4)	<u>(3,883,073)</u>	<u>1,398,282</u>	<u>1,108,656</u>	<u>1,376,135</u>	<u>-</u>	<u>-</u>
	627,675	1,398,282	1,108,656	1,376,135	4,510,748	3,165,689
Tangible capital assets (Note 5)	<u>-</u>	<u>782,033</u>	<u>-</u>	<u>-</u>	<u>782,033</u>	<u>935,064</u>
	<u>\$ 627,675</u>	<u>\$ 2,180,315</u>	<u>\$ 1,108,656</u>	<u>\$ 1,376,135</u>	<u>\$ 5,292,781</u>	<u>\$ 4,100,753</u>
<b>Liabilities</b>						
<b>Current</b>						
Accounts payables and accrued liabilities (Note 6)	\$ 87,933	\$ -	\$ -	\$ -	\$ 87,933	\$ 122,832
Deferred revenue (Note 7)	-	-	-	1,186,980	1,186,980	19,371
Unexpended book allotments (Note 8)	<u>65,959</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,959</u>	<u>62,375</u>
	153,892	-	-	1,186,980	1,340,872	204,578
Deferred capital contributions (Note 9)	<u>-</u>	<u>510,992</u>	<u>-</u>	<u>-</u>	<u>510,992</u>	<u>551,419</u>
	<u>153,892</u>	<u>510,992</u>	<u>-</u>	<u>1,186,980</u>	<u>1,851,864</u>	<u>755,997</u>
<b>Net assets (Note 10)</b>						
Internally restricted for capital reserves	-	1,398,282	-	-	1,398,282	1,398,282
Internally restricted for operational contingences	-	-	1,108,656	-	1,108,656	1,108,656
Internally restricted for special projects	-	-	-	189,155	189,155	300,236
Equity in capital assets	-	271,041	-	-	271,041	383,645
Unrestricted	<u>473,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>473,783</u>	<u>153,937</u>
	<u>473,783</u>	<u>1,669,323</u>	<u>1,108,656</u>	<u>189,155</u>	<u>3,440,917</u>	<u>3,344,756</u>
	<u>\$ 627,675</u>	<u>\$ 2,180,315</u>	<u>\$ 1,108,656</u>	<u>\$ 1,376,135</u>	<u>\$ 5,292,781</u>	<u>\$ 4,100,753</u>

On behalf of the Board

\_\_\_\_\_ Director



# Yellowhead Library Board

## Statement of Cash Flows

Year Ended December 31

2017

2016

### Operating

Excess of revenue over expenses	\$ 96,161	\$ 71,450
Non-cash items:		
Amortization of tangible capital assets	138,806	127,499
Amortization of deferred government contributions	(40,427)	(40,464)
Loss on disposal of assets	14,225	10,102
	<u>208,765</u>	<u>168,587</u>
Changes in non-cash working capital balances:		
Accounts receivable	7,097	(2,956)
Prepays	1,784	(27,266)
Accounts payable and accrued liabilities	(34,899)	(40,502)
Deferred revenue	1,167,609	(5,167)
Unexpended book allotments	3,584	(1,319)
	<u>1,353,940</u>	<u>91,377</u>
<b>Investing</b>		
Proceeds on disposal of tangible capital assets	-	9,456
Purchase of tangible capital assets	-	(182,445)
	<u>-</u>	<u>(172,989)</u>
Change in cash and cash equivalents during the year	1,353,940	(81,612)
Cash and cash equivalents, beginning of year	<u>3,033,874</u>	<u>3,115,486</u>
Cash and cash equivalents, end of year	<u>\$ 4,387,814</u>	<u>\$ 3,033,874</u>

See accompanying notes to the financial statements.

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 1. Purpose of the Library

The Yellowhead Library Board (“The Library”) provides materials and services to public and school libraries and other organizations to assist them in meeting their patrons’ informational, educational, cultural and recreational needs. The Library services fifty-five municipalities and three school divisions within the Yellowhead region of Alberta. The Library is incorporated under the Libraries Act of Alberta as a not-for-profit organization without share capital. The Library is not subject to income taxes under Section 149 of the Canadian Income Tax Act and accordingly, no provision for income taxes has been provided for in these financial statements.

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### 2. Summary of significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

#### Use of estimates

In preparing the Library’s financial statements in conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The most significant estimates included in these financial statements is the useful lives of tangible capital assets. Actual results could differ from these estimates.

#### Cash and cash equivalents

Cash and cash equivalents consists of balances with banks net of outstanding cheques.

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is charged against the capital fund and is provided for on a straight line basis at the following rates:

Building	2.5%
Building improvements	10%
Furniture and equipment	15%
Automotive equipment	20%
Computer hardware	33%
Computer software	33%

#### Impairment of long-lived assets

Impairment of non-monetary long-lived assets, including tangible capital assets, is recognized when events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset to the undiscounted future cash flows expected from use and eventual disposition of the asset. If the carrying value exceeds sum of undiscounted cash flows the asset is measured at fair value and an impairment loss recognized in the statement of operation. This policy did not have any impact on the financial statements as at December 31, 2017.

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# **Yellowhead Library Board**

## **Notes to the Financial Statements**

December 31, 2017

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### **2. Summary of significant accounting policies (cont'd)**

#### **Revenue recognition**

The Library follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unearned revenue represents revenue from grants that pertain to periods subsequent to the year-end and where the related expenditures have not been incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

A percentage of local appropriations revenue and school levies is allocated for book purchases for each of the member libraries. The previous years' unexpended balances, plus the current year's allotment, less the amount of books and materials purchased during the year represents the unexpended book allotments at year end.

Deferred capital contributions represent funding received by the Library from the Alberta Government to finance the construction of its building. This funding has been deferred and is being amortized into the statement of operations on a straight-line basis over the estimated useful life of the building.

#### **Contributed goods and services**

Contributed goods and services are recorded only if the goods and services would normally otherwise be purchased and if an estimate of fair value is reasonably determinable.

#### **Program funds**

The Library discloses in its statements the following program funds to provide additional information of the users of the financial statements:

The General fund accounts for the Library's program delivery and administrative activities.

The Capital fund reports the assets, liabilities, revenues and expenses related to the Yellowhead Library Board's capital assets. It includes the amounts already expended on tangible capital assets, net of related debt or deferred capital contributions, and additional amounts internally restricted by the Board to allow for future purchases of capital assets.

The Operational Contingency fund represents net assets that the Board of Directors has restricted for future operational contingencies to allow the Library to operate in the event of unforeseen circumstances, or to meet shortfalls in the General fund.

The Special Projects fund reports the results of one-time projects approved by the Board.

#### **Library books and periodicals**

All books and periodicals purchased as library stock are expensed in the year of acquisition.

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 2. Summary of significant accounting policies (cont'd)

#### Foreign currency translation

Asset and liabilities that are denominated in a foreign currency are translated into Canadian funds using the rate as of the balance sheet date. Transactions included in revenue and expenses are translated using the average daily rate.

#### Pension expense

The Library participates in the Local Authorities Pension Plan, a multi-employer defined benefit pension plan. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

#### Financial instruments

Initial measurement:

The Library's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Library measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash, accounts receivable, accounts payable and accrued liabilities and unexpected book allotments. The carrying value of financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Library regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Library determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

### 3. Cash

	<u>2017</u>	<u>2016</u>
Cash (Canadian dollars)	\$ 4,383,068	\$ 3,024,885
Cash (United States dollars)	<u>4,746</u>	<u>8,989</u>
	<u>\$ 4,387,814</u>	<u>\$ 3,033,874</u>

Cash includes amounts denominated in United States dollars. United States dollar denominated amounts have been translated into Canadian dollars at the exchange rate in effect on the balance sheet date. The value in USD at December 31, 2017 is \$3,784 (2016 - \$6,695).

### 4. Interfund receivables (payables)

Interfund receivables (payables) represents funds owing between the various programs disclosed in the statement of financial position.

	<u>General</u>	<u>Capital</u>	<u>Operational Contingency</u>	<u>Special Projects</u>
Amounts owed by the general fund to the capital fund	\$(1,398,282)	\$ 1,398,282	\$ -	-
Amounts owed by the general fund to the operational contingency fund	(1,108,656)	-	1,108,656	-
Amounts owed by the general fund to the special projects fund	<u>(1,376,135)</u>	<u>-</u>	<u>-</u>	<u>1,376,135</u>
	<u>\$(3,883,073)</u>	<u>\$ 1,398,282</u>	<u>\$ 1,108,656</u>	<u>\$ 1,376,135</u>

### 5. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
Automotive equipment	\$ 189,514	\$ 176,399	\$ 13,115	\$ 31,130
Building	1,587,133	1,085,593	501,540	555,704
Building improvements	353,860	171,651	182,209	217,595
Computer hardware	254,340	199,945	54,395	91,267
Computer software	17,814	17,814	-	-
Furniture and equipment	<u>110,289</u>	<u>79,515</u>	<u>30,774</u>	<u>39,368</u>
	<u>\$ 2,512,950</u>	<u>\$ 1,730,917</u>	<u>\$ 782,033</u>	<u>\$ 935,064</u>

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 6. Accounts payable and accrued liabilities

	<u>2017</u>	<u>2016</u>
Trade payables and accrued liabilities	\$ 95,028	\$ 126,410
Government (receivables) remittances	<u>(7,095)</u>	<u>(3,578)</u>
	<u>\$ 87,933</u>	<u>\$ 122,832</u>

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### 7. Deferred revenue

Unearned revenue pertains to government grants and funds which were unearned at the end of the year.

	<u>2017</u>	<u>2016</u>
<b>Special Projects Fund</b>		
Balance, beginning of year	\$ 19,371	\$ 24,538
Grants received		
First Nations Grant	62,402	59,399
Conditional Capital Funds Grant	1,300,000	-
Grants expended		
First Nations Grant	(62,402)	(59,399)
APLEN Capacity Grant	-	(5,167)
Conditional Capital Funds Grant	<u>(132,391)</u>	<u>-</u>
Balance, end of year	<u>\$ 1,186,980</u>	<u>\$ 19,371</u>

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### 8. Unexpended book allotments

Unexpended book allotments pertain to the portion of local appropriations and school levies that have been allocated as allotments to member libraries and remain unspent at year end.

Changes in the unexpended balance are as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 62,375	\$ 63,594
Add: Local appropriation and school levies allocated to members	154,598	153,059
Add: Additional allotment purchased in the year by members	99,613	113,101
Less: amounts expended during the year	<u>(250,627)</u>	<u>(267,379)</u>
Balance, end of year	<u>\$ 65,959</u>	<u>\$ 62,375</u>

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 9. Deferred capital contributions

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 551,419	\$ 591,883
Amortized into revenue	<u>(40,427)</u>	<u>(40,464)</u>
Balance, end of year	<u>\$ 510,992</u>	<u>\$ 551,419</u>

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### 10. Internally restricted net assets

The Library has the following internally restricted funds:

#### Operational Contingency

The Board of Directors has internally restricted certain net assets for future operational contingencies. The purpose of the Operational Contingency Fund is to allow the Library to operate in the event of unforeseen circumstances, or to meet shortfalls in the General Fund. The objective is to maintain sufficient equity to finance three months of operating expenses. Management believes that the balance in this fund is adequate to meet its objective.

#### Capital Reserve

The Board of Directors has internally restricted certain net assets for the future purchase and replacement of capital assets. The objective of the Capital Reserve is to provide for the purchase of property, plant and equipment.

#### Equity in Capital Assets

This amount represents net assets that have been invested in capital assets, net of related debt.

#### Special Projects

The Special Projects fund includes government funded projects for specific purposes and internally restricted funds by the Board of Directors for specific projects.

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### 11. Budget figures

The budget figures presented on the statement of operations were prepared by management and represent the revenues and expenses for the General program fund only. The budget figures have not been audited or been subjected to review.

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 12. Economic dependence

The operating grant is funding that is received by the Library from Alberta Municipal Affairs to assist the Library in providing public library services in the year. The Library's continued operations are dependent upon this revenue in combination with allotments received from members. In the current year, \$1,409,325 or 40.9% (2016 -\$1,354,020 or 41.8%) of revenues was recognized from the annual grant from Alberta Municipal Affairs.

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13. Other revenue	<u>2017</u>	<u>2016</u>
<b>General</b>		
Additional services	\$ 1,631	\$ 1,781
GST rebate	<u>-</u>	<u>360</u>
	<u>1,631</u>	2,141
<b>Special Projects</b>		
Summer reading program	<u>8,799</u>	<u>6,292</u>
	<u>\$ 10,430</u>	<u>\$ 8,433</u>

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### 14. Financial instruments

The Library's financial instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and unexpended book allotments. Unless otherwise noted, it is management's opinion that the Library is not exposed to significant liquidity, currency or credit risk arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market rates. The Library is exposed to interest rate risk primarily on its cash deposits. A change in interest rates would impact cash flows of the Library.

Cash is held on deposit at Alberta Treasury Branch (ATB). Through an arrangement with the ATB, the Library receives interest on its deposits at a rate comparable to that earned on a guaranteed investment certificate. It is the Library's policy that investments will only be made in securities guaranteed by the Crown (or an agent of the Crown in the right of Canada); securities guaranteed by the Crown (or an agent of the Crown in the right of a province in Canada); or securities that are issued or guaranteed by a bank, treasury branch, credit union or trust corporation. The Library has no investments as of December 31, 2017. The Library is in compliance with its stated policy.



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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 15. Commitments

#### a) Leases

In 1989, the Library signed a lease for 1.26 acres of land for consideration of \$1. The land is the site of the present building. The term of the lease is for an initial fifty year term and runs from April 1, 1989 to March 31, 2039.

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### 16. Related party transactions

The Yellowhead Library Board along with the Marigold Library System and the Northern Lights Library System are founding members of the Regional Libraries Computer Automation Systems Consortium Society ("TRAC" or "Society"). In December 2003, the Peace Library System became a member of TRAC.

TRAC commenced operations as a consortium in 1999 and was incorporated in the Province of Alberta as a Society on April 10, 2001. TRAC is not subject to income taxes under Section 149 of the Canadian Income tax Act.

The objectives of the Society include providing a central computer system for library automation and connecting all member public libraries from the four aforementioned library systems to the common system.

The start-up costs associated with the Society (largely equipment and software expenditures) were financed by government grants. Ongoing operations are financed by an allocation formula with each member responsible for an allocated amount of financing based upon the proportionate per capita statistics of each member, as based upon the current Alberta Municipal Affairs population list.

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# Yellowhead Library Board

## Notes to the Financial Statements

December 31, 2017

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### 16. Related party transactions (cont'd)

During the year, the Yellowhead Library Board entered into transactions with TRAC in the normal course of operations. These services were provided at a rate calculated to recover costs. Details are as follows:

	<u>2017</u>	<u>2016</u>
Revenue		
Contract services	<u>\$ 78,000</u>	<u>\$ 78,000</u>
Expenses		
The Regional Automatic Consortium		
Operating fund – shared costs	<u>\$ 157,237</u>	<u>\$ 154,755</u>

These transactions that were entered into in the normal course of operations and were measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

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### 17. Employee future benefits

Certain employees of the Library participate in the Local Authorities Pension Plan (LAPP), which is covered by the Public Sector Pension Plans Act. The LAPP services about 180,000 people and 407 employers. Employer and employee contributions and investment earnings of the LAPP Fund finance it.

The Library is required to make current service contributions to the LAPP of 11.39% (2016 - 11.39%) on pensionable earnings up to the Canada Pension Plan limit and 15.84% (2016 - 15.84%) on the excess of pensionable earnings above the Canada Pension Plan limit. Total current service contributions by the Library to the LAPP plan in the current year were \$70,515 (2016 - \$95,831). Total current service contributions by the employees of the Library to the LAPP in the current year were \$65,050 (2016 - \$88,413).

In addition, the Library offers a group registered retirement defined contribution plan to certain other employees. The expense related to this plan in the current year was \$32,813 (2016 - \$23,438). This represents a contribution of 5% of regular salary/wages per eligible employee (2016 - 5% of regular salary/wages per eligible employee).

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### 18. Comparative figures

Certain of the comparative figures for 2016 have been reclassified to conform to the financial statement presentation adopted for 2017.

# Yellowhead Library Board

## Schedule 1 - Local Appropriations

December 31, 2017

	<u>2017</u>	<u>2016</u>
Alberta Beach (Village of)	\$ 3,720	\$ 3,720
Barrhead (County of)	26,213	26,213
Barrhead (Town of)	19,058	19,056
Beaumont (Town of)	76,196	72,102
Birch Cove (Summer Village of)	194	194
Brazeau County	30,964	30,964
Breton (Village of)	2,498	2,498
Calmar (Town of)	9,034	9,034
Castle Island (Summer Village)	82	82
Clyde (Village of)	2,163	2,163
Crystal Springs (Summer Village of)	387	387
Devon (Town of)	28,595	28,595
Drayton Valley (Town of)	30,311	30,311
Edson (Town of)	37,178	37,178
Grande Cache (Town of)	18,572	18,572
Grandview (Summer Village of)	464	464
Hinton (Town of)	41,452	41,452
Jasper (Municipality of)	19,711	19,711
Kapasiwin (Summer Village of)	60	60
Lac Ste. Anne County	44,118	44,118
Lakeview (Summer Village of)	112	112
Leduc (City of)	131,141	126,007
Leduc County	58,153	58,153
Ma-Me-O Beach (Summer Village of)	486	486
Mayerthorpe (Town of)	6,011	6,011
Millet (Town of)	8,996	8,996
Nakumun Park (Summer Village of)	155	155
Norris Beach (Summer Village of)	198	198
Onoway (Town of)	4,468	4,468
Parkland County	131,442	131,442
Popular Bay (Summer Village of)	344	344
Ross Haven (Summer Village of)	589	589
Seba Beach (Summer Village of)	615	615
Silver Beach (Summer Village of)	224	224
Silver Sands (Summer Village of)	662	662
South View (Summer Village of)	327	327
Spring Lake (Village of)	2,640	2,640
Spruce Grove (City of)	144,652	137,755
Stony Plain (Town of)	69,346	69,346
Sunrise Beach (Summer Village of)	641	641
Sunset Point (Summer Village of)	950	950
Swan Hills (Town of)	6,300	6,300
Thorsby (Town of)	4,408	4,408
Val Quentin (Summer Village of)	675	675
Wabamun (Village of)	2,842	2,842
Warburg (Village of)	3,393	3,393
West Cove (Summer Village of)	520	520
Westlock (Town of)	22,132	22,132
Westlock County	32,869	32,869
Wetaskiwin (City of)	54,270	54,270
Wetaskiwin (County of)	46,724	46,724
Whitecourt (Town of)	45,468	45,468
Woodlands County	19,832	19,832
Yellowhead County	45,017	45,017
Yellowstone (Summer Village of)	563	563
	<u>\$ 1,238,133</u>	<u>\$ 1,222,008</u>

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**Yellowhead Library Board**  
**Schedule 2 – School System Levies**  
December 31, 2016

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	<u>2017</u>	<u>2016</u>
Northern Gateway Regional Division	\$ <b>48,762</b>	\$ 49,076
Pembina Hills Regional Division	<b>50,764</b>	51,294
Wetaskiwin Regional Division	<u><b>51,866</b></u>	<u>51,469</u>
	<u><b>\$ 151,392</b></u>	<u>\$ 151,839</u>