

**THE CITY OF AIRDRIE LIBRARY BOARD**

**Financial Statements**

**For the Year Ended December 31, 2018**

**The City of Airdrie Library Board**  
**Index to the Financial Statements**  
**For the Year Ended December 31, 2018**

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## *Independent auditor's report*

To the Trustees of The City of Airdrie Library Board

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### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The City of Airdrie Library Board (the Company) as at December 31, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **What we have audited**

The Company's financial statements comprise:

- the statement of financial position as at December 31, 2018;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

#### **Independence**

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### *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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

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### *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 Company'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 Company'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 Company 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.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta  
April 30, 2019

**The City of Airdrie Library Board**  
**Statement of Financial Position**  
**As at December 31, 2018**

	Operating Fund	Capital Fund	2018	2017
<b>ASSETS</b>				
<b>Current</b>				
Cash	\$ 333,511	\$ 128,068	\$ 461,579	\$ 446,135
Accounts receivable	9,159	-	9,159	60,413
Prepaid expenses	-	-	-	335
	<u>342,670</u>	<u>128,068</u>	<u>470,738</u>	<u>506,883</u>
Portfolio Investments (Note 5)	321,478	484,000	805,478	792,071
Capital Assets (Note 6)	-	586,092	586,092	603,589
	<u>\$ 664,148</u>	<u>\$ 1,198,160</u>	<u>\$ 1,862,308</u>	<u>\$ 1,902,543</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	\$ 135,938	\$ -	\$ 135,938	\$ 133,662
Due to the City of Airdrie (Note 7)	16,258	-	16,258	129,463
Due to Airdrie Mainstreet Square (Note 7)	2,017	-	2,017	5,957
Deferred revenue	3,000	-	3,000	39,235
	<u>157,213</u>	<u>-</u>	<u>157,213</u>	<u>308,317</u>
<b>Fund balances</b>				
Internally restricted (Note 8)	492,304	362,068	854,372	720,906
Externally restricted (Note 8)	-	250,000	250,000	250,000
Invested in capital assets (Note 8)	-	586,092	586,092	603,589
Unrestricted (Note 8)	14,631	-	14,631	19,731
	<u>506,935</u>	<u>1,198,160</u>	<u>1,705,095</u>	<u>1,594,226</u>
	<u>\$ 664,148</u>	<u>\$ 1,198,160</u>	<u>\$ 1,862,308</u>	<u>\$ 1,902,543</u>

**Commitments (Note 7)**

Approved on behalf of the Board:

Trustee: \_\_\_\_\_

Trustee: \_\_\_\_\_

**The City of Airdrie Library Board**  
**Statement of Operations and Changes in Fund Balances**  
**For the Year Ended December 31, 2018**

	Operating Budget	Operating Fund	Capital Fund	2018	2017
<b>Revenue</b>					
Grants					
City of Airdrie (Note 7)	\$ 1,881,964	\$ 1,881,964	\$ -	\$ 1,881,964	\$ 1,883,334
Alberta Library	360,311	343,223	-	343,223	343,223
Marigold Service	163,302	162,305	-	162,305	154,605
City of Airdrie: in-kind (Note 7)	50,000	50,000	-	50,000	35,000
Other	19,364	23,068	-	23,068	34,887
County	16,912	16,912	-	16,912	16,912
Community Facility Enhancement	-	-	-	-	56,036
	<b>2,491,853</b>	<b>2,477,472</b>	<b>-</b>	<b>2,477,472</b>	<b>2,523,997</b>
Fund development	83,839	80,387	-	80,387	71,529
Interest and miscellaneous	41,283	56,175	-	56,175	34,249
Fines	38,000	44,388	-	44,388	35,865
Memberships	39,800	31,715	-	31,715	77,897
Donations	13,800	21,740	-	21,740	32,787
Photocopy	15,500	18,645	-	18,645	13,512
Book sales	10,000	7,533	-	7,533	9,191
Other revenue	6,532	6,806	-	6,806	18,642
Contributed assets	-	974	2,691	3,665	1,000
	<b>2,740,607</b>	<b>2,745,835</b>	<b>2,691</b>	<b>2,748,526</b>	<b>2,818,669</b>
<b>Expenses</b>					
Salaries and employee benefits	1,800,861	1,665,202	-	1,665,202	1,651,095
Building maintenance and rent (Note 7)	317,132	322,368	-	322,368	291,987
Marigold service fees	292,144	292,149	-	292,149	278,289
Amortization	-	-	108,861	108,861	95,918
Management fees	50,000	50,000	-	50,000	35,000
Advertising and promotion	36,975	34,437	-	34,437	33,246
Materials	24,943	32,697	-	32,697	44,484
Office	30,448	24,055	-	24,055	34,910
Professional fees	16,000	23,672	-	23,672	26,895
Program	26,990	23,024	-	23,024	28,543
Training and travel	16,200	18,036	-	18,036	22,756
Utilities	18,500	17,996	-	17,996	15,386
IT and system support	11,125	9,478	-	9,478	12,008
Loss on sale of assets	-	-	4,683	4,683	6,361
Bank charges	2,200	4,289	-	4,289	3,825
Fund development	3,765	3,796	-	3,796	5,562
Vehicle	2,219	1,531	-	1,531	2,810
Insurance	1,505	1,383	-	1,383	1,504
Facility expansion	1,450	-	-	-	1,065
	<b>2,652,457</b>	<b>2,524,113</b>	<b>113,544</b>	<b>2,637,657</b>	<b>2,591,644</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>88,150</b>	<b>221,722</b>	<b>(110,853)</b>	<b>110,869</b>	<b>227,025</b>
<b>Fund balances - beginning of year</b>	<b>1,594,226</b>	<b>420,486</b>	<b>1,173,740</b>	<b>1,594,226</b>	<b>1,367,201</b>
<b>Interfund transfer (Note 8)</b>	<b>-</b>	<b>(135,273)</b>	<b>135,273</b>	<b>-</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ 1,682,376</b>	<b>\$ 506,935</b>	<b>\$ 1,198,160</b>	<b>\$ 1,705,095</b>	<b>\$ 1,594,226</b>

**The City of Airdrie Library Board**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 110,869	\$ 227,025
Non-cash transactions		
Contributed Assets	(2,691)	-
Amortization	108,861	95,918
Loss on sale of assets	4,683	6,361
Changes in non-cash working capital		
Accounts receivable	51,254	(2,729)
Prepaid expenses	335	(335)
Accounts payable and accrued liabilities	2,276	16,273
Due to the City of Airdrie	(113,205)	(41,504)
Due to Airdrie Mainstreet Square	(3,940)	(4,669)
Deferred revenue	(36,235)	(4,952)
	<u>122,207</u>	<u>291,388</u>
<b>CAPITAL ACTIVITIES</b>		
Accounts receivable relating to capital assets	-	(56,036)
Purchase of capital assets	(93,456)	(168,779)
Proceeds from sale of capital assets	100	-
	<u>(93,356)</u>	<u>(224,815)</u>
<b>INVESTING ACTIVITIES</b>		
Net change in portfolio investments	<u>(13,407)</u>	<u>(792,071)</u>
<b>Increase (decrease) in cash</b>	<b>15,444</b>	<b>(725,498)</b>
<b>Cash, beginning of the year</b>	<u><b>446,135</b></u>	<u><b>1,171,633</b></u>
<b>Cash, end of the year</b>	<u><b>\$ 461,579</b></u>	<u><b>\$ 446,135</b></u>



**The City of Airdrie Library Board**  
**Schedule 1 - Changes in Fund Balances**  
**For the Year Ended December 31, 2018**

	<b>Operating Internally Restricted</b>	<b>Capital Internally Restricted</b>	<b>Capital Externally Restricted</b>	<b>Invested in Capital Assets</b>	<b>Operating Unrestricted</b>	<b>2018</b>	<b>2017</b>
<b>Fund balances - beginning of year</b>	\$ 400,755	\$ 320,151	\$ 250,000	\$ 603,589	\$ 19,731	\$ 1,594,226	\$ 1,367,201
Excess of revenue over expenses	-	-	-	(110,853)	221,722	110,869	227,025
Interfund transfers <i>(Note 8)</i>	16,632	(33,000)	-	93,356	(76,988)	-	-
Board motion to split remaining 50/50 <i>(Note 8)</i>	74,917	74,917	-	-	(149,834)	-	-
<b>Fund balances - end of year</b>	<b>\$ 492,304</b>	<b>\$ 362,068</b>	<b>\$ 250,000</b>	<b>\$ 586,092</b>	<b>\$ 14,631</b>	<b>\$ 1,705,095</b>	<b>\$ 1,594,226</b>

**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**1. NATURE OF THE ORGANIZATION**

The City of Airdrie Library Board (the "Library") was established through a bylaw of the City of Airdrie and is constituted under The Libraries Act (2000) of The Province of Alberta (the "Province"). The Library, as a registered charity, is exempt from income tax and may issue receipts to donors for tax-deductible donations.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS"), including accounting standards that apply to government not-for-profit organizations, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

**Financial statement presentation**

The Library follows the PSA Handbook Section PS 1201 "Financial Statement Presentation", which includes a statement of re-measurement gains and losses. This statement reports amounts reclassified to the statement of operations upon de-recognition or settlement and other comprehensive income reported when an entity includes the result of its government business enterprises and government business partnerships in the summary of financial statements. There were no amounts to report on the statement of re-measurement gains and losses, and as a result this statement has not been included.

**Fund balances**

The Operating Fund reports the Library's operating and membership activities. The Capital Fund reports the assets, liabilities, revenue and expenses related to the funding of capital acquisitions and the development of the new library building.

**Revenue recognition**

The Library follows the restricted fund method of accounting for contributions.

Restricted contributions related to capital are reported as revenue of the Capital Fund when received. Other restricted contributions related to general operations are reported as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund when the amount received or receivable can be reasonably estimated and collection is reasonably assured.

Membership revenue is recorded over the period of the membership. As of 2018, membership fees are no longer charged. Interest is recognized as revenue when earned. Fines, other revenue, donations, fund development, photocopy and book sales revenue is recognized as revenue when received.

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)**

**Donated materials and services**

Donated materials and services are not given accounting recognition in these financial statements when fair market value is not easily determined and the goods would not have been otherwise purchased. The Library has numerous volunteers who contribute many hours each year. Contributed volunteer services are not recognized in the financial statements because of the difficulty in determining their value.

**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 reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Estimates are used primarily in the determination of the collectability of accounts receivable. The provisions against those balances are primarily assessed on historical collectability of the accounts with specific provisions for large outstanding balances deemed potentially uncollectible.

**Cash**

Cash consists of cash in bank and cash on hand.

**Portfolio investments**

Portfolio investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**Capital assets**

Capital assets are stated at cost less accumulated amortization, which includes all amounts that are directly attributable to the acquisition, construction, development and betterment of the asset. Amortization is provided for on a straight-line basis at the following rates:

Leasehold improvements	20 years
Furniture and fixtures	10 years
Vehicles	10 years
Computer equipment	3 years

Amortization is charged daily from the date of purchase to the date of disposal.

Capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue of the Capital Fund.

The Library reviews long-lived assets for impairment whenever events or changes in circumstance indicate that the asset no longer has long-term service potential to the Library. When the carrying amount exceeds the fair value of the capital asset, an impairment loss is recognized in an amount equal to the excess. Such impairments are not reversed.

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)**

**Financial instruments**

Financial assets and liabilities are recognized when the Library becomes a party to a financial instrument contract. Unrealized gains and losses from changes in the fair value of the financial assets and liabilities are recognized in the statement of re-measurement gains and losses. The Library's financial instruments are not recorded at fair value, and as a result, the statement of re-measurement gains and losses has not been included.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Library's financial assets and liabilities are all measured at cost or amortized cost and consist of cash, accounts receivable, portfolio investments, accounts payable and accrued liabilities, due to the City of Airdrie and due to Airdrie Mainstreet Square.

The Library is not exposed to significant credit, liquidity, or currency risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Library's interest rate exposure relates to the possibility that changes in interest rates will affect the value of fixed income investments held by the Library.

The Library minimizes these risks by investing in a portfolio comprised of high quality fixed income products that have typically demonstrated a low degree of risk or loss of principal value.

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**3. ADOPTION OF NEW ACCOUNTING STANDARDS**

**PSAB Section 3210, Assets**

Effective January 1, 2018, the Library adopted the new PSAB 3210 Assets. PS 3210 contains standards for defining and disclosing assets. There was no impact to the financial statements.

**PSAB Section 3320, Contingent Assets**

Effective January 1, 2018, the Library adopted PSAB 3320 Contingent Assets. PS 3320 contains standards for defining and disclosing assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. There was no impact to the financial statements.

**PSAB Section 3380, Contractual Rights**

Effective January 1, 2018, the Library adopted PSAB 3380 Contractual Rights. PS 3380 contains standards for contractual rights. Disclosure of information about contractual rights is required, including a description of their nature and extent and the timing. There was no impact to the financial statements.

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**3. ADOPTION OF NEW ACCOUNTING STANDARDS (.../Continued)**

**PSAB Section 2200, Related party disclosures**

Effective, January 1, 2018, the Library adopted the new PSAB 2200 Related Party Disclosures. PS 2200 contains standards for related party disclosures for related parties and related party transactions. There was no impact to the financial statements.

**PSAB Section 3420, Inter-entity transactions**

Effective January 1, 2018, the Library adopted PSAB 3420 Inter-entity Transactions. PS 3420 contains standards for both accounting and reporting transaction between public sector entities that comprise a government's reporting entity from the provider's and the recipient's perspective. There was no impact to the financial statements.

**PSAB Section 4250, Reporting controlled and related entities**

Effective January 1, 2018, the Library adopted PSAB 4250 Reporting Controlled and Related Entities. PS 4250 establishes standards for the presentation and disclosure of controlled, significantly influenced and other related entities in the financial statements of not-for-profit organizations. There was no impact to the financial statements.

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**4. FUTURE ACCOUNTING POLICIES**

PSAB recently announced the following accounting pronouncements:

**PSAB Section 3280, Asset Retirement Obligations**

This section is effective for fiscal years beginning on or after April 1, 2021 and provides guidance on accounting for asset retirement obligations.

**PSAB Section 3400, Revenue**

This section is effective for fiscal years beginning on or after April 1, 2022 and provides greater clarity on the difference between exchange and non-exchange transactions.

**PSAB Section 3430, Restructuring Transactions**

This section is effective for fiscal years beginning on or after April 1, 2018 and applies to restructuring transactions.

Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

**5. PORTFOLIO INVESTMENTS**

The composition of portfolio investments is as follows:

	2018		2017	
	Cost	Market Value	Cost	Market Value
Portfolio investments:				
Bonds				
Canadian government and corporate	\$ 798,188	\$ 790,892	\$ 526,909	\$ 522,171
Other				
Cash and money market funds	7,290	7,290	265,162	265,162
	<b>\$ 805,478</b>	<b>\$ 798,182</b>	<b>\$ 792,071</b>	<b>\$ 787,333</b>

The Canadian government and corporate bonds have effective interest rates of 1.75% to 7.13% with maturity dates from June 2019 to June 2108. Cash and money market funds have an effective interest rate of 0.90% and no corresponding maturity dates. Included in portfolio investments is a restricted amount of \$250,000 (2017: \$250,000) received and held exclusively for capital infrastructure projects.

**6. CAPITAL ASSETS**

Capital assets consist of the following:

	2018		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 962,489	\$ 547,878	\$ 414,611
Furniture and fixtures	239,442	135,169	104,273
Vehicles	24,050	6,681	17,369
Computer equipment	348,441	298,602	49,839
	<b>\$ 1,574,422</b>	<b>\$ 988,330</b>	<b>\$ 586,092</b>
	2017		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 906,687	\$ 500,866	\$ 405,821
Furniture and fixtures	242,405	121,989	120,416
Vehicles	24,050	4,276	19,774
Computer equipment	315,792	258,214	57,578
	<b>\$ 1,488,934</b>	<b>\$ 885,345</b>	<b>\$ 603,589</b>

**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**7. RELATED PARTY TRANSACTIONS AND BALANCES**

**Grants**

During 2018, the City of Airdrie provided \$1,881,964 (2017: \$1,883,334) in funding to partially cover operating and capital costs of the Library. In addition, grants in-kind of \$50,000 (2017: \$35,000) were also provided. Seventy percent of the Library's operating revenue is received from the City of Airdrie (2017: sixty-eight percent).

**Due to the City of Airdrie**

The balance due to the City of Airdrie of \$16,258 (2017: \$129,463) is non-interest bearing, repayable on demand and unsecured.

**Airdrie Mainstreet Square Real Estate Inc.**

Both the Library and Airdrie Mainstreet Square Real Estate Inc. ("Mainstreet Square") are controlled by the City of Airdrie and are therefore related parties.

Transactions between the Library and Mainstreet Square are measured and recorded at agreed upon values.

The following summarizes the Library's related party transactions with Mainstreet Square:

	<b>2018</b>	<b>2017</b>
Payment to Mainstreet Square for the Library's share of common costs	<b>\$ 89,240</b>	\$ 79,037
Rent paid to Mainstreet Square	<b>158,904</b>	145,784
Balance due to Mainstreet Square	<b>2,017</b>	5,957

**Commitments**

The Library signed a 3 year lease in 2018 with Mainstreet Square. Rent is payable on a rate per square foot plus a proportionate share of common costs of the complex. Known rent commitments for the remainder of the lease are as follows:

2019	\$ 158,904
2020	158,904
2021	79,452

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**8. INTERNALLY RESTRICTED FUND BALANCES**

**Interfund transfers**

During the year, the Board of Directors transferred \$76,988 of the \$221,722 operating fund excess of revenue over expenses to various funds. Of this amount, \$16,632 was internally restricted to cover future expenses related to materials and program enhancements. \$33,000 was transferred out of internally restricted capital funds together with \$60,356 from unrestricted operations into the invested in capital asset fund to cover a total of \$93,356 in capital expenditures.

**Operating fund**

After interfund transfers of \$76,988 of the \$221,722 operating fund excess of revenue over expenses, \$149,834 remains as unrestricted earnings. A minimum reserve of 50% of these earnings is internally restricted in the operating fund by the Board of Directors as a future operational reserve. In 2018, this amounted to \$74,917 (2017: \$52,629).

**Capital fund**

After interfund transfers of \$76,988 of the \$221,722 operating fund excess of revenue over expenses, \$149,834 remains as unrestricted earnings. A minimum reserve of 50% of these earnings is internally restricted in the capital fund by the Board of Directors as a future capital reserve. In 2018, this amounted to \$74,917 (2017: \$52,629).

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**9. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Library are eligible for the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pensions Plan Act. LAPP serves about 259,714 people and 420 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The Library is required to make current service contributions to LAPP of 10.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 14.84% on pensionable salary above this amount.

Total current and past service contributions by the Library to LAPP in 2018 were \$95,454 (2017: \$105,718). Total current and past service contributions by the employees of the Library to LAPP in 2018 were \$86,820 (2017: \$96,868).

At December 31, 2017, LAPP disclosed an actuarial surplus of \$4.84 billion (2016: Deficit of \$637 million).

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**The City of Airdrie Library Board**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2018**

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**10. APEX SUPPLEMENTARY PENSION PLAN**

The APEX supplementary pension plan, an Alberta Urban Municipality Association ("AUMA") sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the LAPP.

Contributions are made by the prescribed class of employees and the Company. Employees and the Company are required to make current service contributions to APEX of 2.84% and 3.78% respectively of individual pensionable earnings up to \$147,222 (2017: \$145,722).

Total current service contributions by the Company to APEX were \$19,336 (2017: \$18,469). Total current service contributions by the employees of the Company were \$14,528 (2017: \$13,876).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement age of employees. The costs of post-retirement benefits are fully funded.

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**11. COMPARATIVE FIGURES**

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

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