

---

Financial statements of  
Regional Municipality of  
Wood Buffalo Library Board

December 31, 2017

---

---

Independent Auditor's Report .....	1
Statement of Financial Position .....	2
Statement of Operation and Accumulated Surplus.....	3
Statement of Changes in Net Financial Assets.....	4
Statement of Cash Flows.....	5
Notes to the financial statements .....	6-13

---

## Independent Auditor's Report

To the Board of Directors of the  
Regional Municipality of Wood Buffalo Library Board

We have audited the accompanying financial statements of the Regional Municipality of Wood Buffalo Library Board, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and accumulated surplus, changes in net financial assets and cash flow 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 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.

### 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 entity'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 entity'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 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 Regional Municipality of Wood Buffalo Library Board as at December 31, 2017 and the results of its operations, changes in its net assets and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants  
April 3, 2018

**Regional Municipality of Wood Buffalo Library Board**

**Statement of Financial Position**

As at December 31, 2017

	Notes	2017	2016
		\$	\$
<b>Assets</b>			
Cash and cash equivalents	3	2,468,853	2,877,082
Accounts receivable	4	38,740	76,671
		<b>2,507,593</b>	<b>2,953,753</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	11	55,594	138,428
Due to Regional Municipality of Wood Buffalo	5	322,110	916,704
Deferred revenue	6	49,571	115,368
		<b>427,275</b>	<b>1,170,500</b>
Net financial assets		<b>2,080,318</b>	<b>1,783,253</b>
Non financial assets			
Tangible capital assets	7	1,518,620	1,720,165
Prepaid expenses		83,986	84,535
		<b>1,602,606</b>	<b>1,804,700</b>
<b>Accumulated surplus</b>	8	<b>3,682,924</b>	<b>3,587,953</b>

The accompanying notes are an integral part of the financial statements.

Approved by the Board

\_\_\_\_\_, Director

\_\_\_\_\_, Director

**Regional Municipality of Wood Buffalo Library Board**  
**Statement of Operations and Accumulated Surplus**  
Year ended December 31, 2017

	Notes	Budget	2017	2016
		\$	\$	\$
		(Note 16)		
<b>Revenue</b>				
Government transfers	10	5,487,928	<b>5,500,232</b>	5,354,599
Donations and fundraising		149,500	<b>234,682</b>	253,909
Fines, memberships and fees		55,500	<b>35,301</b>	40,556
Interest income		17,000	<b>27,956</b>	20,420
Other income		24,000	<b>25,083</b>	21,788
		<u>5,733,928</u>	<u><b>5,823,254</b></u>	<u>5,691,272</u>
<b>Expenses</b>				
Wages and benefits		4,134,968	<b>3,804,584</b>	3,825,593
Amortization of tangible capital assets		895,000	<b>594,450</b>	644,774
Rent (janitorial, utilities and internet)	12	514,000	<b>529,992</b>	503,503
Programs		106,500	<b>201,075</b>	134,599
Electronic databases and periodicals		140,000	<b>141,238</b>	110,891
Marketing and promotions		115,000	<b>117,594</b>	126,236
Office and administration		73,460	<b>95,611</b>	103,067
Professional fees		65,000	<b>66,095</b>	54,946
Computer maintenance and supplies		75,000	<b>49,018</b>	58,570
Supplies for programs		43,000	<b>44,263</b>	56,935
Loss on sale of tangible capital assets		—	<b>39,923</b>	10,975
Interest and bank charges		11,000	<b>12,074</b>	9,595
Book processing		15,000	<b>11,395</b>	14,068
Travel, seminars and training		23,000	<b>6,571</b>	19,400
Alberta library dues		7,000	<b>5,458</b>	6,899
Access and auxiliary services		7,000	<b>4,540</b>	4,374
Board and committees		5,000	<b>2,106</b>	5,074
Recruiting costs		1,000	<b>2,009</b>	1,635
Freight, duties and foreign exchange		400	<b>287</b>	138
		<u>6,231,328</u>	<u><b>5,728,283</b></u>	<u>5,691,272</u>
Annual surplus		(497,400)	<b>94,971</b>	—
Accumulated surplus, beginning of year		3,587,953	<b>3,587,953</b>	3,587,953
<b>Accumulated surplus, end of year</b>		<u>3,090,553</u>	<u><b>3,682,924</b></u>	<u>3,587,953</u>

The accompanying notes are an integral part of the financial statements.

**Regional Municipality of Wood Buffalo Library Board**

**Statement of Changes in Net Financial Assets**

Year ended December 31, 2017

	Notes	Budget	2017	2016
		\$	\$	\$
		(Note 16)		
<b>Annual surplus</b>		(497,400)	<b>94,971</b>	—
Acquisition of tangible capital assets	7	(397,600)	<b>(432,828)</b>	(523,051)
Amortization of tangible capital assets	7	895,000	<b>594,450</b>	644,774
Proceeds from sale of tangible capital assets		—	—	31,670
Loss on sale of tangible capital assets	7	—	<b>39,923</b>	10,975
		—	<b>296,516</b>	164,368
Use of prepaid expenses		—	<b>549</b>	3,733
Change in net financial assets		—	<b>297,065</b>	168,101
Net financial assets, beginning of year		1,783,253	<b>1,783,253</b>	1,615,152
<b>Net financial assets, end of year</b>		1,783,253	<b>2,080,318</b>	1,783,253

The accompanying notes are an integral part of the financial statements.

## Regional Municipality of Wood Buffalo Library Board

### Statement of Cash Flows

Year ended December 31, 2017

	Notes	2017	2016
		\$	\$
<b>Operating activities</b>			
Annual surplus		94,971	—
Items not affecting cash			
Amortization of tangible capital assets	7	594,450	644,774
Loss on sale of tangible capital assets	7	39,923	10,975
Changes in non-cash operating working capital items			
Accounts receivable	4	37,931	(12,039)
Accounts payable and accrued liabilities		(82,834)	44,068
Due to Regional Municipality of Wood Buffalo	5	(594,594)	513,862
Deferred revenue	6	(65,797)	39,988
Prepaid expenses		549	3,733
Cash provided by operating transactions		24,599	1,245,361
<b>Capital activities</b>			
Proceeds from sale of tangible capital assets	7	—	31,670
Acquisition of tangible capital assets		(432,828)	(523,051)
Cash used in capital transactions		(432,828)	(491,381)
(Decrease) increase in cash and cash equivalents		(408,229)	753,980
Cash and cash equivalents, beginning of year		2,877,082	2,123,102
<b>Cash and cash equivalents, end of year</b>		<b>2,468,853</b>	<b>2,877,082</b>

The accompanying notes are an integral part of the financial statements.

# Regional Municipality of Wood Buffalo Library Board

## Notes to the financial statements

December 31, 2017

---

### 1. Nature of the organization

The Regional Municipality of Wood Buffalo Library Board (the "Library") operates a library under the Province of Alberta Libraries Act. The Library is a not-for-profit organization and a registered charitable organization under the Income Tax Act of Canada, and is not subject to any federal or provincial income taxes.

### 2. Significant accounting policies

The Library's financial statements are prepared by management in accordance with the Canadian public sector accounting standards ("Canadian PSAS").

Significant accounting policies are as follows:

#### *Basis of accounting*

The Library follows the accrual basis of accounting for revenues and expenses. Revenues are normally recognized in the year in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

#### *Government transfers*

Government transfers are the transfers of assets from senior level government that are not the result of an exchange transaction, not expected to be repaid in the future or the result of a direct financial return.

Government transfers are recognized as deferred revenue if the terms for use, or the terms along with the Library's actions and communications as to the use, create a liability. These government transfers are recognized as revenue when the terms are met.

Government transfers without terms for the use of the grant are recognized as revenue when the Library is eligible to receive the funds. Unrestricted government transfers are recognized as revenue in the year received or in the year the funds are committed to the Library if the amount can be reasonably estimated and collection is assured.

#### *Cash and cash equivalents*

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less and are recorded at cost.

#### *Deferred revenue*

Deferred revenue represents amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenues in the period the activities are performed.

#### *Interest income*

Interest income is recognized as revenue in the period earned. When required by the funding government or related act, interest income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.



## Regional Municipality of Wood Buffalo Library Board

### Notes to the financial statements

December 31, 2017

---

## 2. Significant accounting policies (continued)

### *Non-financial assets*

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations.

### *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs less residual value of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Asset	Rate
Vehicles	5 years
Books	7 years
CDs, DVDs and audio books	3 years
Radio frequency indicator	5 years
Furniture and equipment	5–10 years
Computer hardware	4–5 years
Computer software	5 years
Building improvements	5 years

Annual amortization is charged at 50% in the year of acquisition and the year of disposal. Tangible capital assets under work in progress are not amortized until the asset is available for productive use.

### *Contributions of tangible capital assets*

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and recorded as revenue.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Library's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

### *Works of art and cultural and historical capital assets*

Works of art and cultural and historical assets are not recorded as tangible capital assets in these financial statements.

### *Internally restricted reserves*

#### *Operating reserves*

The operating reserve provides for unusual one-time expenditures that are operating in nature and provide stabilization to the budget resulting from sudden economic downturns. The operating reserve has a ceiling limit of 10% of annual operating budget.

Carry-forward project reserves are restricted unspent project funds to ensure funds are available to complete future projects.

## Regional Municipality of Wood Buffalo Library Board

### Notes to the financial statements

December 31, 2017

---

## 2. Significant accounting policies (continued)

### *Internally restricted reserves (continued)*

#### *Capital reserves*

The capital reserve provides funding to ensure that a prudent level of resources are available to provide for capital asset repairs, replacement upgrading or new construction while balancing the need with long-term debt financing.

The IT capital reserve provides funding for replacement and upgrading of the Library's information and communication technology.

Transfers to the reserves are determined through the annual operating and capital budget process and at the Library Board's discretion.

Reserve amounts are expended as approved by the Library Board through the annual operating and capital budget process as required.

#### *Use of estimates*

The preparation of financial statements in conformity with Canadian 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 date of the financial statements and the amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, estimates of historical cost of certain tangible capital assets, non-monetary transaction, revenue recognized in the year, certain deferred revenues and useful life of tangible capital assets. Actual results could differ from those estimates.

## 3. Cash and cash equivalents

Included in cash and cash equivalents is an amount of \$1,356,540 (\$1,356,540 in 2016) which has been designated by the Library's Board for approved future capital expenditure projects and operating reserves (see Note 9).

## 4. Accounts receivable

	2017	2016
	\$	\$
Goods Services Tax receivable	36,750	74,034
Other	1,990	2,637
	<b>38,740</b>	<b>76,671</b>

## 5. Due to Regional Municipality of Wood Buffalo

The amounts due to the Regional Municipality of Wood Buffalo ("RMWB") relate to payroll services provided by RMWB to the Library, which are non-interest bearing, unsecured and have no fixed term of payment (see Note 12).

**Regional Municipality of Wood Buffalo Library Board**

**Notes to the financial statements**

December 31, 2017

---

**6. Deferred revenue**

Deferred revenue is comprised of sponsorship and program contributions that relate to future years as follows:

	<b>2017</b>	2016
	<b>\$</b>	\$
Sponsorship	<b>36,889</b>	51,711
Program	<b>12,682</b>	63,657
	<b>49,571</b>	115,368

**Regional Municipality of Wood Buffalo Library Board**

**Notes to the financial statements**

December 31, 2017

**7. Tangible capital assets**

	Vehicles	Books	CDs, DVDs and audio books	Radio frequency indicator	Furniture and equipment	Computer hardware	Computer software	Building improvements	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Cost</b>									
Balance, beginning of year	157,031	2,471,028	839,088	200,599	1,565,368	675,978	63,246	402,146	<b>6,374,484</b>
Acquisition of tangible capital assets	—	189,494	184,731	—	25,538	29,105	—	3,960	<b>432,828</b>
Disposal of tangible capital assets	—	(147,630)	(111,717)	(55,780)	(21,917)	(75,122)	(17,328)	—	<b>(429,494)</b>
Balance, end of year	157,031	2,512,892	912,102	144,819	1,568,989	629,961	45,918	406,106	<b>6,377,818</b>
<b>Accumulated amortization</b>									
Balance, beginning of year	15,703	1,818,518	637,411	200,599	1,038,331	578,971	33,773	331,013	<b>4,654,319</b>
Annual amortization - net	31,406	158,818	157,207	—	137,848	53,232	10,403	45,536	<b>594,450</b>
Disposal - Accumulated Amortization	—	(122,252)	(99,093)	(55,780)	(20,034)	(75,122)	(17,290)	—	<b>(389,571)</b>
Balance, end of year	47,109	1,855,084	695,525	144,819	1,156,145	557,081	26,886	376,549	<b>4,859,198</b>
Net book value	109,922	657,808	216,577	—	412,844	72,880	19,032	29,557	<b>1,518,620</b>
2016 Net book value	141,328	652,510	201,677	—	527,037	97,007	29,473	71,133	1,720,165

## Regional Municipality of Wood Buffalo Library Board

### Notes to the financial statements

December 31, 2017

#### 8. Accumulated surplus

Accumulated surplus consists of unrestricted amounts, internally restricted reserves and equity in tangible capital assets as follows:

	2016	Annual Surplus	Transfers	2017
	\$	\$	\$	\$
Operations	511,248	729,344	(432,828)	<b>807,764</b>
Internally restricted reserves (Note 9)	1,356,540	—	—	<b>1,356,540</b>
Invested in tangible capital assets	1,720,165	(634,373)	432,828	<b>1,518,620</b>
	<b>3,587,953</b>	<b>94,971</b>	<b>—</b>	<b>3,682,924</b>

#### 9. Internally restricted reserves

	2017	2016
	\$	\$
Operating reserves		
General operating reserve	<b>500,000</b>	500,000
Carry-forward project reserve	<b>569,102</b>	569,102
Total operating reserves	<b>1,069,102</b>	1,069,102
Capital reserves		
General capital reserve	<b>184,762</b>	184,762
IT capital reserve	<b>102,676</b>	102,676
Total capital reserves	<b>287,438</b>	287,438
Total reserves	<b>1,356,540</b>	1,356,540

#### 10. Government transfers

	2017	2016
	\$	\$
Regional Municipality of Wood Buffalo (Note 12)	<b>4,794,000</b>	4,660,671
Province of Alberta	<b>706,232</b>	693,928
	<b>5,500,232</b>	5,354,599

#### 11. Financial instruments

The fair values of the Library's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and due to RMWB approximate their carrying values due to the short-term nature of the instruments. It is management's opinion that the Library is not exposed to significant currency, interest or credit risk arising from its financial instruments.

## Regional Municipality of Wood Buffalo Library Board

### Notes to the financial statements

December 31, 2017

---

#### 12. Related party transactions

The Library and Regional Recreation Corporation of Wood Buffalo ("RRC") are related through common control by RMWB. During the year, the Library had the following transactions with RRC:

	2017	2016
	\$	\$
Rent (including janitorial, utilities and internet)	521,168	503,500
Other	731	4,659
Facility rental space for special events	16,942	23,779
	<b>538,841</b>	<b>531,938</b>

During the year RMWB provided the Library with postage and photocopying services in the amount of \$2,105 (\$1,970 in 2016), tuition of nil (\$3,220 in 2016) and an operating grant for \$4,794,000 (\$4,660,671 in 2016).

These transactions are measured at the exchange amount, which is the amount established and agreed to by the related parties.

Certain other administrative and managerial activities including the provision of payroll services are performed by the management and staff of RMWB on behalf of the Library at no charge as the amounts are not readily determinable.

Included in accounts payable and accrued liabilities is nil (\$45,183 in 2016) owing to RRC.

#### 13. Non-monetary transactions

The Library was provided with advertising, broadcasting and other services in exchange for sponsorship recognition. In 2017, non-monetary transactions in the statement of operations and accumulated surplus include \$52,520 of advertising expense, \$52,520 of sponsorship revenue (\$38,867 of advertising expense and \$38,867 of sponsorship revenue in 2016).

#### 14. Local authorities pension plan

Employees of the Library participate in the Local Authorities Pension Plan (LAPP) effective January 1, 2014, which is covered by the Alberta Public Sector Pension Plans Act.

The Library is required to make current service contributions to LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% for the excess. Employees of the Library are required to make current service contributions of 10.39% of pensionable salary up to the year's maximum pensionable salary and 14.84% on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Library to LAPP are \$264,266 (\$281,799 in 2016). Total current service contributions by the employees of the Library to LAPP are \$242,931 (\$259,146 in 2016).

LAPP reported a deficiency for the overall plan as at December 31, 2016, of \$637,357,000. Information as at December 31, 2017, is not available at the time of preparing these financial statements.

## **Regional Municipality of Wood Buffalo Library Board**

### **Notes to the financial statements**

December 31, 2017

---

#### **15. Economic dependence**

The Library's primary source of funding for operations is RMWB. The Library's ability to continue viable operations is dependent on this funding.

#### **16. Budget**

The 2017 budget was approved by the Board of Directors on January 18, 2017. Budget amounts for 2017 were approved on amortized cost basis. Fair value changes were not budgeted.