

PARKLAND REGIONAL LIBRARY SYSTEM

FINANCIAL STATEMENTS

December 31, 2024

PARKLAND REGIONAL LIBRARY SYSTEM

Table of Contents *December 31, 2024*

Contents	Page
Management's Report	2
Independent Auditor's Report	3-4
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Statement of Changes in Accumulated Operating Surplus	9
Statement of Remeasurement Gains and Losses	10
Schedule of Tangible Capital Assets	11
Notes to the Financial Statements	12-18

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
2025-03-28 09:08:46 MDT

Ron Sheppard - Executive Director

Independent Auditor's Report

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, 2024, and the statements of operations, remeasurement gains and losses, changes in net financial assets and cash flows, and changes in accumulated operating surplus 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, 2024, 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 28, 2025

MNP LLP


Chartered Professional Accountants

MNP


PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	2023
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	\$ 674,459	\$ 907,293
Accounts receivable	\$ 23,333	27,494
Investments (note 5)	\$ 798,013	765,417
TOTAL FINANCIAL ASSETS	\$ 1,495,805	1,700,204
LIABILITIES		
Accounts payable and accruals (note 6)	\$ 141,759	\$ 244,514
Book allotment	\$ 17,182	22,170
Deferred revenue (note 7)	\$ 130,940	152,703
TOTAL LIABILITIES	\$ 289,881	419,387
NET FINANCIAL ASSETS	\$ 1,205,924	1,280,817
NON-FINANCIAL ASSETS		
Inventory for consumption	\$ 24,930	\$ 8,770
Prepaid expenses	175,192	171,906
Tangible capital assets (schedule 1)	4,295,198	4,395,010
TOTAL NON-FINANCIAL ASSETS	4,495,320	4,575,686
COMMITMENTS (note 8)		
ACCUMULATED SURPLUS	5,701,244	5,856,503
ACCUMULATED SURPLUS CONSISTS OF:		
Accumulated operating surplus (note 9)	5,720,276	5,891,450
Accumulated remeasurement loss on investments	(19,032)	(34,947)
	5,701,244	5,856,503

Approved by the Library Board:

 e-Signed by Barb Gillat
2025-03-27 16:55:24 MDT

Chairman

 e-Signed by Twyla Hale
2025-03-31 08:50:50 MDT

Director

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	2024	2023
REVENUE			
Investment income	\$ 50,000	\$ 76,101	\$ 93,925
Member fees	2,123,362	2,123,362	2,001,335
Miscellaneous and donations	-	10,135	8,957
Outside sales - Books and supplies	-	155,043	117,125
Provincial funding (note 10)	1,654,817	1,676,580	1,678,455
	<u>3,828,179</u>	<u>4,041,221</u>	<u>3,899,797</u>
EXPENSES			
Administration	\$ 14,200	\$ 14,885	\$ 14,314
Amortization	-	165,019	163,163
Audit	21,000	24,701	21,700
Communications, marketing and promotions	20,000	24,770	19,396
Continuing education	20,000	17,128	13,870
Dues, fees, and memberships	13,000	12,011	12,295
OROS grant expense	84,756	106,518	108,394
Freight and postage reimbursement	3,500	2,557	2,916
Insurance	25,000	24,998	24,451
Investment fees	4,700	4,308	4,110
Library materials	457,957	449,070	448,637
Library service grant	452,928	452,928	452,928
Miscellaneous - distributions	-	7,500	7,500
Miscellaneous - outlet contributions	800	800	800
Outside purchases - books and supplies	-	154,339	116,770
Planned member technology purchases	69,391	185,146	325,326
Professional fees	-	14,463	15,420
Repairs and maintenance - building	60,000	65,566	52,325
Salaries and benefits	2,154,819	2,082,135	2,029,750
Supplies for library materials and inhouse stationary	48,000	44,195	44,633
Technology software, internet, maint. agreement, misc. supplies	240,128	243,187	224,567
Travel	8,000	1,242	4,792
Trustee	26,000	23,530	24,901
Utilities	34,000	27,757	27,774
Vehicle	56,000	45,460	56,499
Workshops, training for libraries	14,000	15,019	7,587
	<u>3,828,179</u>	<u>4,209,232</u>	<u>4,224,818</u>
Deficiency of revenue over expenses, before other expenses	-	(168,011)	(325,021)
OTHER EXPENSES			
Gain (loss) on disposal of investments	-	(2,367)	838
Gain (loss) on disposal of tangible capital assets	-	(796)	21,251
		<u>(3,163)</u>	<u>22,089</u>
Deficiency of revenue over expenses	-	(171,174)	(302,932)
Accumulated operating surplus, beginning of year	5,891,450	5,891,450	6,194,382
Accumulated operating surplus, end of year (Note 9)	5,891,450	5,720,276	5,891,450

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget	2024	2023
Deficiency of revenue over expenses	\$ -	(171,174)	(302,932)
Acquisition of tangible capital assets	-	(66,003)	(112,162)
Amortization of tangible capital assets	-	165,019	163,163
Proceeds on disposal of tangible capital assets	-	-	60,000
Loss (gain) on disposal of tangible capital assets	-	796	(21,251)
Change in prepaid expenses	-	(3,286)	(47,452)
Change in inventory for consumption	-	(16,160)	7,862
Change in accumulated remeasurement loss on long-term investments	-	15,915	16,524
Decrease in net financial assets	-	(74,893)	(236,248)
Net financial assets, beginning of year	1,280,817	1,280,817	1,517,065
Net financial assets, end of year	1,280,817	1,205,924	1,280,817

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from membership fees, contracts, and sales	\$ 2,292,700	\$ 2,129,019
Cash receipts from grants	1,654,817	1,654,817
Investment income received	76,101	93,925
Cash paid for materials and services	(1,726,373)	(1,607,526)
Cash paid for salaries and benefits	(1,987,091)	(1,918,985)
Cash paid for library service grant	(452,928)	(452,928)
Bank and investment fees paid	(5,008)	(4,970)
	<u>(147,782)</u>	<u>(106,648)</u>
CAPITAL ACTIVITY		
Purchase of tangible capital assets	(66,003)	(112,162)
Proceeds on disposal of tangible capital assets	-	60,000
	<u>(66,003)</u>	<u>(52,162)</u>
INVESTING ACTIVITY		
Purchase of investments	(92,049)	(96,934)
Proceeds on sale of investments	73,000	74,000
	<u>(19,049)</u>	<u>(22,934)</u>
Net increase (decrease) in cash	(232,834)	(181,744)
Cash and cash equivalents, beginning of year	907,293	1,089,037
Cash and cash equivalents, end of year	<u>674,459</u>	<u>907,293</u>

PARKLAND REGIONAL LIBRARY SYSTEM
SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
SCHEDULE 1

	Vehicles	Building	Land	Technology equipment and systems	Equipment	Furniture and fixtures	2024	2023
Original Cost:								
Balance, beginning of year	181,266	3,946,960	610,000	359,984	49,684	58,967	5,206,861	5,191,801
Acquisition of tangible capital assets	-	-	-	66,003	-	-	66,003	112,162
Disposals of tangible capital assets	-	-	-	(78,950)	(490)	-	(79,440)	(97,102)
Balance, end of year	181,266	3,946,960	610,000	347,037	49,194	58,967	5,193,424	5,206,861
Accumulated Amortization:								
Balance, beginning of year	99,887	315,757	-	327,850	33,665	34,692	811,851	707,041
Annual amortization	24,414	78,939	-	53,647	3,164	4,855	165,019	163,162
Disposals	-	-	-	(78,355)	(289)	-	(78,644)	(58,352)
Balance, end of year	124,301	394,696	-	303,142	36,540	39,547	898,226	811,851
Net Book Value	56,965	3,552,264	610,000	43,895	12,654	19,420	4,295,198	4,395,010

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF CHANGES IN ACCUMULATED OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Unrestricted (Note 9)	Reserves (Note 9)	Equity in Tangible Capital Assets (Note 9)	2024	2023
Balance, beginning of year	216,746	1,279,694	4,395,010	\$ 5,891,450	\$ 6,194,382
Excess of revenue over expenses	(171,174)	-	-	(171,174)	(302,932)
Reserves used for (transferred from) operations	100,866	(100,866)	-	-	-
Purchases of tangible capital assets	-	(66,003)	66,003	-	-
Disposal of tangible capital assets	796	-	(796)	-	-
Annual amortization expense	165,019	-	(165,019)	-	-
Balance, end of year	312,253	1,112,825	4,295,198	5,720,276	5,891,450

PARKLAND REGIONAL LIBRARY SYSTEM
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
Accumulated remeasurement loss on investments, beginning of the year	(34,947)	(51,471)
Increase in market value	15,915	16,524
Accumulated remeasurement loss on investments, end of year	<u>(19,032)</u>	<u>(34,947)</u>

PARKLAND REGIONAL LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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. Change in account policy

Revenue

Effective January 1, 2024, the Library adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of revenue under PS 3400 Revenue. The new standard establishes when to recognize and how to measure revenue, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated. Under the new standard, revenue is differentiated between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions", as described in Note 3. There was no material impact on the financial statements from the retroactive application of the new accounting recommendations.

3. 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, 2024

3. 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.

	Method	Rate
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, 2024

3. 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, 2024

4. Cash and cash equivalents

Cash accounts bear interest at bank prime rate of 5.45% (2023 - 7.20%) less a percentage based on balance held during the year. At year-end, the unrestricted cash balances bear interest at prime less 1.90% (2023 - prime less 1.90%) on \$ 719,261 (2023 - \$913,747).

5. Investments

	2024	2023
Bonds (original cost of \$813,825; 2023 - \$796,502)	<u>798,013</u>	<u>765,417</u>

Bonds bear interest at rates ranging from 1.10% to 3.80% and have maturity dates ranging from June 2025 to December 2034. Included in investments is \$3,220 (2023 - \$3,861) of accrued interest.

6. Accounts payable and accruals

	2024	2023
Trade accounts payable and accruals	\$ 48,742	148,727
Employee benefit obligations	76,990	81,946
Goods and Services Tax payable	16,027	13,841
	<u>141,759</u>	<u>244,514</u>

Included in trade accounts payable and accruals is a balance of \$3,719 (2023 - \$4,817) on ATB Financial Mastercards with a total credit limit of \$15,000 (2023 - \$15,000).

Employee benefit obligations consist of estimated sick leave benefits of \$65,500 (2023 - \$60,500) that accumulate but do not vest, as well as vacation and lieu time of \$11,490 (2023 - \$21,446) that employees have earned and deferred to future years.

PARKLAND REGIONAL LIBRARY SYSTEM
Notes to the Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2024

7. Deferred revenue

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

	2024	2023
Opening balance	\$ 152,703	\$ 176,341
Add: amounts deferred	156,647	156,647
Less: amounts recorded as revenue	(178,410)	(180,285)
Ending balance	130,940	152,703

8. 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 2025 annual cost of \$95,177.78 which increases at 2% per year over the term.

9. Accumulated operating surplus

	2024	2023
Unrestricted reserve	312,253	216,746
Internally restricted		
Operating reserves		
Technology	312,117	474,773
Building	235,500	225,000
Contingent liability	69,518	38,851
	617,135	738,624
Capital reserves		
Amortization	278,531	323,911
Vehicle	179,454	179,454
Equipment/furnishings replacement	37,705	37,705
	495,690	541,070
Total reserves	1,112,825	1,279,694
Equity in tangible capital assets	4,295,198	4,395,010
	5,720,276	5,891,450

10. Provincial funding

	2024	2023
Government of Alberta - Municipal Affairs		
Operating grant	\$ 1,045,242	\$ 1,045,242
Library Service grant	452,928	452,928
OROS grant	178,410	180,285
	1,676,580	1,678,455

PARKLAND REGIONAL LIBRARY SYSTEM
Notes to the Financial Statements
FOR THE YEAR ENDED DECEMBER 31, 2024

11. Local Authorities Pension Plan

Employees of the Library participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves about 304,451 people and 444 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 11.65% on pensionable earnings above that amount.

Total service contributions by the Library to the LAPP in 2024 were \$146,356 (2023 - \$123,922). Total current service contributions by employees of the Library to the LAPP in 2024 were \$124,666 (2023 - \$110,539).

As at December 31, 2023, the LAPP disclosed an actuarial surplus of \$15,057 billion (2022 - \$12,671 billion). LAPP has not yet disclosed the actuarial surplus or deficiency as at December 31, 2024.

12. Economic dependence

The Library is dependent on funding from government grants to maintain its operations. In 2024, the Province of Alberta contributed \$1,681,580 (2023 - \$1,678,455) of revenue to the Library, equalling approximately 42% (2023 - 43%) of total revenue. If funding is not received, its operations would be significantly reduced.

13. Financial instruments

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

Credit risk

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

Accounts receivable from one member library (2023 - one member library and one grantor) in connection with trade receivables represents 10% (2023 - 42%) of total accounts receivable at December 31, 2024. The Library believes that there is minimal risk associated with the collection of these amounts. The balance of accounts receivable is widely distributed among the remainder of the library municipalities and customer base.

Interest rate risk

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

Market rate risk

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

14. Comparative figures

Comparative figures have not been reclassified to conform with current year presentation.

15. Approval of financial statements

These financial statements were approved by the Library board on March 27, 2025.