

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)

Financial Statements

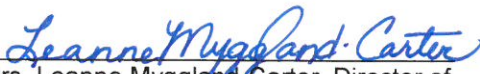
For The Year Ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The City of Spruce Grove Library Board management is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily includes some amounts which are based on the best estimates and judgments of management.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of financial records are maintained.

The financial statements have been audited by the independent firm of Metrix Group LLP, Chartered Professional Accountants. Their report to the City of Spruce Grove Library Board, stating the scope of their examination and opinion on the financial statements follows.



Mrs. Leanne Myggland-Carter, Director of
Library Services

Spruce Grove, Alberta
February 22, 2023

INDEPENDENT AUDITORS' REPORT

To the Members of City of Spruce Grove Library Board (Operating as Spruce Grove Public Library)

Opinion

We have audited the financial statements of City of Spruce Grove Library Board (the Library), which comprise the statement of financial position as at December 31, 2022, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, 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, 2022, and the results of its operations 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 *Auditors' 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 those 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 relating 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.

(continues)



Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

METRIX GROUP LLP


Chartered Professional Accountants

Edmonton, Alberta
February 22, 2023

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Statement of Financial Position
As at December 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 511,166	\$ 515,264
Receivables (Note 3)	26,430	5,050
	<u>537,596</u>	<u>520,314</u>
LIABILITIES		
Accounts payable and accrued liabilities	8,619	55,639
Deferred revenue (Note 4)	13,283	26,425
Due to City of Spruce Grove (Note 5)	218,992	162,627
Long-term debt (Note 7)	40,000	40,000
	<u>280,894</u>	<u>284,691</u>
NET FINANCIAL ASSETS	<u>256,702</u>	<u>235,623</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	6,528	5,705
Tangible capital assets (Note 6)	393,412	418,764
	<u>399,940</u>	<u>424,469</u>
ACCUMULATED SURPLUS (Note 8)	<u>\$ 656,642</u>	<u>\$ 660,092</u>

ON BEHALF OF THE BOARD


 _____ Director
 _____ Director

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

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2022

	2022 (Budget)	2022 (Actual)	2021 (Actual)
REVENUE			
Government transfers (Note 9)	\$ 1,341,859	\$ 1,357,359	\$ 1,321,637
Fines, memberships and fees	42,500	38,832	22,070
Donations	15,000	28,013	27,039
Interest	1,000	895	1,420
Other	3,000	450	1,772
	<u>1,403,359</u>	<u>1,425,549</u>	<u>1,373,938</u>
EXPENSES			
Salaries and wages	1,290,000	1,205,456	1,225,855
Amortization of tangible capital assets	-	156,578	181,450
Contracted services	25,000	28,075	2,570
Programs and events	11,000	27,609	16,565
Computer software, telephone, and internet	28,000	27,164	19,609
E-Book	20,000	20,000	35,000
Office	15,000	16,728	10,761
Professional fees	8,500	8,950	11,060
Supplies	7,000	6,791	1,016
Board and staff training and development	10,000	5,465	26,276
Marketing	7,500	4,323	15,793
Interest and bank charges	3,000	3,155	2,855
Insurance	3,000	2,209	2,015
Debt collection	2,500	1,663	1,665
	<u>1,430,500</u>	<u>1,514,166</u>	<u>1,552,490</u>
ANNUAL DEFICIT BEFORE OTHER INCOME	<u>(27,141)</u>	<u>(88,617)</u>	<u>(178,552)</u>
OTHER INCOME			
Yellowhead Regional Library grant for capital	-	37,355	35,753
Contributions of tangible capital assets	-	27,598	15,710
Donations for capital	-	20,214	-
	<u>-</u>	<u>85,167</u>	<u>51,463</u>
ANNUAL DEFICIT	<u>(27,141)</u>	<u>(3,450)</u>	<u>(127,089)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>660,092</u>	<u>660,092</u>	<u>787,181</u>
ACCUMULATED SURPLUS, END OF YEAR	<u>\$ 632,951</u>	<u>\$ 656,642</u>	<u>\$ 660,092</u>

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

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2022

	2022 (Budget)	2022 (Actual)	2021 (Actual)
ANNUAL DEFICIT	\$ (27,141)	\$ (3,450)	\$ (127,089)
Acquisition of tangible capital assets	(82,228)	(131,225)	(148,666)
Amortization of tangible capital assets	-	156,578	181,450
Acquisition of prepaid assets	-	(6,528)	(5,705)
Use of prepaid assets	-	5,704	4,842
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(109,369)	21,079	(95,168)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	235,623	235,623	330,791
NET FINANCIAL ASSETS, END OF YEAR	\$ 126,254	\$ 256,702	\$ 235,623

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

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Statement of Cash Flows
For The Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Annual deficit	\$ (3,450)	\$ (127,089)
Items not affecting cash:		
Amortization	156,578	181,450
Contributions of tangible capital assets	(27,598)	(15,710)
Government assistance (Note 9)	-	(20,000)
	<u>125,530</u>	<u>18,651</u>
Changes in non-cash working capital:		
Receivables	(21,380)	1,867
Accounts payable and accrued liabilities	(47,019)	41,758
Deferred revenue	(13,142)	21,502
Due to the City of Spruce Grove	56,365	87,056
Prepaid expenses	(825)	(864)
	<u>(26,001)</u>	<u>151,319</u>
	<u>99,529</u>	<u>169,970</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(103,627)</u>	<u>(132,954)</u>
FINANCING ACTIVITY		
Long-term debt proceeds	<u>-</u>	<u>60,000</u>
INCREASE (DECREASE) IN CASH FLOW	(4,098)	97,016
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>515,264</u>	<u>418,248</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 511,166	\$ 515,264

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

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Notes to Financial Statements
For the Year Ended December 31, 2022

NATURE OF THE ORGANIZATION

The City of Spruce Grove Library Board (the "Library") operates under the authority of the *Libraries Act of Alberta* and is administered by an independent board which reports to Council of the City of Spruce Grove. The Library derives revenue for library operations through grants from various organizations. The Library is a registered charity and is not subject to income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Library are prepared in accordance with Canadian public sector accounting standards.

Reporting entity

The financial statements reflect the assets, liabilities, revenues, expenses, and cash flows of the reporting entity (the "Library"). The Library does not control any external organizations and accordingly, no entities have been consolidated with the financial statements.

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and / or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions, and other amounts received from third parties pursuant to legislation, regulation or agreement may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed, or the tangible capital assets are acquired.

Revenue recognition

Fines are recorded when received as a result of the difficulty in determining collectability.

Receipts that are restricted by legislation or by agreement with external parties are deferred and reported as deferred revenue. When qualifying expenses are incurred, deferred revenue are brought into revenue in equal amounts.

Government transfers

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

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(continues)

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Notes to Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

Cash and cash equivalents are comprised of items that are readily convertible to known amounts of cash, are subject to an insignificant risk of change in value, and have a maturity of one year or less.

Tangible capital assets

Tangible capital assets are stated at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Office furniture	10 years	straight-line method
Library collection	1 & 7 years	straight-line method

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

Contributed tangible capital assets are recorded at fair value at the date of contribution.

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.

Reserves for future expenditures

Certain amounts, as approved by the City of Spruce Grove Library Board, are designated within accumulated surplus as reserves for future operating and capital costs.

Pension plan

The Library is a member of the Local Authorities Pension Plan (LAPP) and the APEX Supplementary Pension Plan. Both LAPP and APEX are multi-employer defined benefit pension plans. Contributions to the plans for current and past service members are recorded as expenses in the year in which they become due.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Estimates have been used to determine contributed tangible capital assets and tangible capital asset amortization rates.

(continues)

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Notes to Financial Statements
For the Year Ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

New Accounting Standards not yet Adopted

Effective for fiscal years beginning on or after April 1, 2022, PS 3280 Asset Retirement Obligations provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

Effective for fiscal years beginning on or after April 1, 2023, PS 3400 Revenue provides guidance on how to account for and report revenue, and specifically, it addresses revenue arising from exchange transactions and unilateral transactions.

2. CASH AND CASH EQUIVALENTS

	2022	2021
Operating account	\$ 457,571	\$ 386,429
Guaranteed Investment Certificate	50,750	51,698
Savings account	2,360	76,652
Petty cash	485	485
	\$ 511,166	\$ 515,264

The Guaranteed Investment Certificate bears interest at 2.00% maturing June 9, 2023.

3. RECEIVABLES

	2022	2021
Other	\$ 21,194	\$ 362
Goods and services tax recoverable	3,999	4,620
Accrued interest	1,237	68
	\$ 26,430	\$ 5,050

4. DEFERRED REVENUE

Deferred revenue is comprised of funds donated to the Library that are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

	2021	Funds Received	Funds Used	2022
On Reserve On Settlement grant	\$ 26,425	\$ 26,425	\$ (39,567)	\$ 13,283

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Notes to Financial Statements
For the Year Ended December 31, 2022

5. DUE TO CITY OF SPRUCE GROVE

The amount due to the City of Spruce Grove is non-interest bearing, unsecured and has no set repayment terms.

In addition to the funding provided to the Library as indicated in Note 9, the City of Spruce Grove provided certain services to the Library at no cost under the terms of the Letter of Understanding between the City of Spruce Grove and the Spruce Grove Library Board. These items are not reflected in these financial statements.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Library collection	\$ 1,351,118	\$ 1,034,068	\$ 317,050	\$ 351,694
Office furniture	482,615	418,208	64,407	46,472
Computer equipment	214,445	206,170	8,275	16,550
Equipment	321,169	317,489	3,680	4,048
	<u>\$ 2,369,347</u>	<u>\$ 1,975,935</u>	<u>\$ 393,412</u>	<u>\$ 418,764</u>

7. LONG-TERM DEBT

Western Economic Diversification Canada Regional Relief and Recovery Fund (RRRF) loan requiring no interest or principal payments until December 31, 2023. A portion of the loan, up to \$20,000, will be forgiven if the loan is repaid by December 31, 2023. Interest only payments are required monthly commencing January 1, 2024 at a rate of 5% if the loan is not repaid by December 31, 2023.

Amounts payable within one year

	2022	2021
	\$ 40,000	\$ 40,000
	-	-
	<u>\$ 40,000</u>	<u>\$ 40,000</u>

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)
Notes to Financial Statements
For the Year Ended December 31, 2022

8. ACCUMULATED SURPLUS

	2022	2021
ACCUMULATED SURPLUS		
Unrestricted surplus	\$ 212,480	\$ 115,698
Restricted surplus	50,750	125,630
Invested in tangible capital assets	393,412	418,764
	<u>\$ 656,642</u>	<u>\$ 660,092</u>
 RESTRICTED SURPLUS		
General reserve	\$ 50,750	\$ 50,750
Collections reserve	-	50,000
Information Technology reserve	-	10,000
Equipment reserve	-	14,950
Operating reserve	-	(70)
	<u>\$ 50,750</u>	<u>\$ 125,630</u>

Accumulated surplus invested in tangible capital assets includes the net book value of internally funded capital assets.

Restricted surplus are internally restricted funds purposed by the discretion of the Board. These funds are maintained to mitigate risk by serving as a resource to absorb the financial impact of unanticipated events or fund either operating or capital strategic investments that are critical to the library's ongoing sustainability.

9. GOVERNMENT TRANSFERS

	2022	2021
City of Spruce Grove	\$ 981,565	\$ 984,469
Province of Alberta	186,702	186,702
Parkland County Library Board	105,421	119,310
Yellowhead Regional Library	39,567	-
Alberta Jobs Now	23,400	-
Canada Healthy Communities	10,000	-
Canada Post Community Foundation	5,000	-
Other	4,000	4,771
Summer Village of Spring Lake	1,704	1,704
Western Economic Diversification Canada	-	20,000
Canada Summer Jobs	-	4,681
	<u>\$ 1,357,359</u>	<u>\$ 1,321,637</u>

During 2021, the Library accessed the Western Economic Diversification Canada Regional Relief and Recovery Fund (RRRF) and recognized the \$20,000 forgivable portion of the loan (Note 7) as revenue.

CITY OF SPRUCE GROVE LIBRARY BOARD
(Operating as Spruce Grove Public Library)

Notes to Financial Statements

For the Year Ended December 31, 2022

10. LOCAL AUTHORITIES PENSION PLAN

Employees of the Library participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and by investment earnings of 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 LAPP of 8.45% (2021 - 9.39%) of eligible pensionable earnings up to the year's maximum pensionable earnings and 12.23% (2021 - 13.84%) on pensionable earnings above this amount. Employees are required to make current service contributions of 7.45% (2021 - 8.39%) of pensionable earnings up to the year's maximum pensionable earnings and 11.23% (2021 - 12.84%) on pensionable salary above this amount.

Total service contributions by the Library to the LAPP in 2022 were \$41,764 (2021 - \$47,567). Total service contributions by employees of the Library to the LAPP in 2022 were \$37,032 (2021 - \$42,729).

At December 31, 2021 LAPP disclosed an actuarial surplus of \$11,922,000,000 (2020 - \$4,961,337,000).

11. APEX SUPPLEMENTARY PENSION PLAN

Certain employees of the Library are eligible to participate in the Alberta Urban Municipalities Association APEX Supplementary Pension Plan. The plan supplements the Local Authorities Pension Plan and provides defined benefits to employees based on their length of service and pensionable earnings.

The prescribed class of employees and the Library make contributions. Employees and the Library are required to make current service contributions to APEX of 2.61% and 3.85% respectively of pensionable earnings.

Total current service contributions by the Library to APEX during 2022 were \$10,708 (2021 - \$10,555). Total current service contributions by the employees of the Library during 2022 were \$7,259 (2021 - \$7,155).

At December 31, 2021 APEX disclosed an actuarial surplus of \$2,063,935 (2020 - \$2,624,114 deficit).

12. FINANCIAL INSTRUMENTS

The Library's financial instruments consist of cash and cash equivalents, receivables, and accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Library is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

13. APPROVAL OF FINANCIAL STATEMENTS

The Board and Management have approved these financial statements.
