

Financial Statements of

**THE CITY OF MEDICINE HAT
LIBRARY BOARD**

Year ended December 31, 2018

Management's Responsibility for Financial Reporting

The City of Medicine Hat Library Board's management is responsible for the preparation, accuracy, objectivity, and integrity of the accompanying financial statements and the notes thereto. Management believes that the financial statements present fairly the Library's financial position as at December 31, 2018 and the results of its operations for the year then ended.

The financial statements have been prepared in accordance with Canadian public sector accounting standards. The financial statements include certain amounts based on estimates and judgments. Such amounts have been determined on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has designed and maintains a system of internal controls to produce reliable information to meet reporting requirements. The system is designed to provide management with reasonable assurance that transactions are properly authorized, reliable financial records are maintained, and assets are properly accounted for and safeguarded.

The Board of Trustees is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Trustees fulfill these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Trustees are also responsible for recommending the appointment of the Library's external auditors.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Accountants. Their report to the Board of The City of Medicine Hat Library Board outlines the scope of their examination and provides their opinion on the financial statements.

Chief Librarian

April 3, 2019



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INDEPENDENT AUDITORS' REPORT

To Board of Trustees of The City of Medicine Hat Library Board

Opinion

We have audited the financial statements of The City of Medicine Hat Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of 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 auditors' report.

We are independent of the Entity 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 Accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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 the 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 Entity'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 Entity'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 Entity 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 represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

The image shows the handwritten signature of KPMG LLP in black ink. The letters are bold and slanted, with a horizontal line underneath the signature.

Chartered Professional Accountants

Lethbridge, Canada

April 3, 2019

THE CITY OF MEDICINE HAT LIBRARY BOARD

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial Assets:		
Cash	\$ 661,898	\$ 986,431
Short-term investments (note 4)	160,908	161,766
Accounts receivable	3,337	980
Due from City of Medicine Hat (note 7)	30,604	--
	<u>856,747</u>	<u>1,149,177</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	73,478	63,238
Deferred revenue (note 5)	36,665	24,470
Due to City of Medicine Hat (note 7)	--	390,761
Long-term debt – capital (note 6)	--	4,847
	<u>110,143</u>	<u>483,316</u>
Net financial assets	746,604	665,861
Non-Financial Assets:		
Tangible capital assets (note 11)	967,790	1,023,638
Prepaid collection levy	35,796	41,058
Prepaid expense	300	380
	<u>1,003,886</u>	<u>1,065,076</u>
Commitments (note 15)		
Accumulated surplus (note 12)	<u>\$ 1,750,490</u>	<u>\$ 1,730,937</u>

See accompanying notes to financial statements.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Statement of Operations and Changes in Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
Grant revenue:			
City of Medicine Hat	\$ 2,349,872	\$ 2,348,434	\$ 2,303,608
Province of Alberta	349,750	349,750	349,750
Services to Shortgrass Regional Library System	15,241	15,214	15,214
Employment grants	5,000	21,379	25,309
Other grants	--	12,437	177,967
	<u>2,719,863</u>	<u>2,747,214</u>	<u>2,871,848</u>
Sales, service and other revenue:			
Memberships	30,000	32,914	32,522
Fees and fines	30,400	35,506	35,205
Discarded materials	2,800	3,035	4,126
Room and equipment rental	8,150	12,016	7,077
Other services	6,000	51,863	48,975
Interest	250	4,962	6,689
Other donations and miscellaneous	--	25,523	109,401
	<u>77,600</u>	<u>165,819</u>	<u>243,995</u>
	<u>2,797,463</u>	<u>2,913,038</u>	<u>3,115,843</u>
Expenses (schedule)	2,474,387	2,893,480	2,801,889
Excess of revenue over expenses	323,076	19,553	313,954
Accumulated surplus, beginning of year	1,730,937	1,730,937	1,416,983
Accumulated surplus, end of year	<u>\$ 2,054,013</u>	<u>\$ 1,750,490</u>	<u>\$ 1,730,937</u>

See accompanying notes to financial statements.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
Excess of revenue over expenses	\$ 323,076	\$ 19,553	\$ 313,954
Acquisition of tangible capital assets	--	(338,560)	(780,443)
Amortization of tangible capital assets	--	394,408	388,900
	323,076	75,401	(77,589)
Net acquisition (reduction) of prepaid expenses	--	80	10,828
Net acquisition (reduction) of prepaid collection levy	--	5,262	(17,085)
	323,076	80,743	(83,846)
Net financial assets, beginning of year	665,861	665,861	749,707
Net financial assets, end of year	\$ 988,937	\$ 746,604	\$ 665,861

See accompanying notes to financial statements.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 19,553	\$ 313,954
Amortization which does not involve cash	394,408	388,900
Net changes in non-cash financial assets and liabilities:		
Accounts receivable	(2,357)	3,116
Deferred revenue	12,195	(132,354)
Accounts payable and accrued liabilities	10,240	(14,122)
Prepaid collection levy	5,262	(17,085)
Prepaid expenses	80	10,828
	439,381	553,237
Investing:		
Short-term investments	858	(442)
Capital Activities:		
Acquisition of tangible capital assets	(338,560)	(780,443)
Financing:		
Due to City of Medicine Hat	(421,365)	339,159
Repayment of long-term debt- capital	(4,847)	(14,161)
	(426,212)	324,998
Increase (decrease) in cash	(324,533)	97,350
Cash, beginning of year	986,431	889,081
Cash, end of year	\$ 661,898	\$ 986,431

See accompanying notes to financial statements.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The financial statements of the The City of Medicine Hat Library Board (the "Library") are the representations of management prepared in accordance with Canadian Public Sector accounting standards. Significant aspects of the accounting policies adopted by the Library are as follows:

(a) Basis of accounting:

The Library follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Revenue recognition:

The operating grant and unrestricted contributions are recognized as received. Restricted contributions and capital grants are recognized when the related expenses are incurred and stipulations are met. Investment income is recognized on an accrual basis. Room and equipment rental revenue is recognized when services are provided. Fines, fees and all other revenue are recognized as earned.

(c) Contributed materials and services:

Contributed materials and services are recognized in the financial statements when fair value can be reasonably determined and they are consumed in the normal course of the Library's operations and would otherwise have been purchased.

(d) Pension expense:

The Library participates in the Local Authorities Pension Plan, a multi-employer defined benefit pension plan, through the City of Medicine Hat. This plan is accounted for as a defined contribution plan.

(e) Cash and cash equivalents:

Cash and cash equivalents include cash on hand and short term deposits which are highly liquid with original maturities of less than three months at the date of acquisition. These financial assets are convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Building improvements	10
Furniture and fixtures	7
Computer equipment	3
Books and library collection	3

Annual amortization is charged in the year of acquisition and in the year of disposal.

Contributions of tangible capital assets:

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

(g) Use of estimates:

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards, 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 financial statement date, and reported amounts of revenues and expenses during the reporting period.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

2. Future accounting pronouncements:

The following summarizes the upcoming changes to the Public Sector Accounting Standards by the Public Sector Accounting Standards Board (PSAB). In 2019, the Library will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption can vary, certain standards must be adopted concurrently.

a) PS 1201 - Financial Statement Presentation:

The implementation of this standard requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will include the unrealized gains and losses arising from the re-measurement of financial instruments and items denominated in foreign currency. This standard is effective for fiscal years beginning on or after April 1, 2021.

b) PS 3450 - Financial Instruments:

This section establishes recognition, measurement, and disclosure requirements for derivative and non-derivative instruments. The standard requires fair value measurements of derivative instruments and equity instruments; all other financial instruments can be measured at either cost or fair value depending upon elections made by the Entity. Unrealized gains and losses will be presented on the new statement of re-measurement gains and losses arising from the adoption of PS 1201. There will also be a requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities. It is anticipated that the adoption of this standard will have a minimal impact on the Library. This standard is effective for fiscal years beginning on or after April 1, 2021.

c) PS 2601 - Foreign Currency Translation:

This section establishes guidance on the recognition, measurement, presentation and disclosure of assets and liabilities denominated in foreign currencies. The Section requires monetary assets and liabilities, denominated in a foreign currency, and non-monetary items valued at fair value, denominated in a foreign currency, to be adjusted to reflect the exchange rates in effect at the financial statement date. The resulting unrealized gains and losses are to be presented in the new statement of re-measurement gains and losses. This standard is effective for fiscal years beginning on or after April 1, 2021.

d) PS 3041 - Portfolio Investments:

This section removes the distinction between temporary and portfolio investments and provides additional guidance on recognition, measurement, presentation and disclosure of portfolio investments. Upon adoption of this section and PS 3450, PS 3040 - Portfolio Investments will no longer be applicable. This standard is effective for fiscal years beginning on or after April 1, 2021.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

2. Future accounting pronouncements (continued):

e) PS 3430 – Restructure Transactions:

This section provides guidance on the recognition, measurement and presentation on restructuring transactions by both the transferor and recipients of assets and/or liabilities, together with related program or operating responsibilities. This section is effective for fiscal years beginning on or after April 1, 2021.

f) PS 3280 – Asset Retirement Obligations:

This section provides guidance on how to account for and report a liability for retirement of a tangible capital asset. This section is effective for fiscal years beginning on or after April 1, 2021.

The requirements in PS 1201, PS 3450, PS 2601 and PS 3041 are required to be implemented at the same time.

3. Adoption of new accounting standards:

The Entity has prospectively adopted standards from January 1, 2018:

- PS 2200 – Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members.
- PS 3420 – Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.
- PS 3210 – Assets, provides guidance for applying the definition of assets set out in PS 1000 - Financial statement concepts and establishes general disclosure standards for assets.
- PS 3320 - Contingent assets defines and establishes disclosure standards for contingent assets.
- PS 3380 – Contractual rights defines and establishes disclosure standards on contractual rights.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

4. Short-term investments:

	2018	2017
Guaranteed investment certificates	\$ 160,908	\$ 146,773
Investors Group mortgage and short-term income fund	--	14,993
	<u>\$ 160,908</u>	<u>\$ 161,766</u>

The guaranteed investment certificates bear interest ranging from 1.55% to 2.75% and mature at varying dates to April, 2020.

5. Deferred revenue:

Deferred revenue represents unspent externally restricted contributions.

Change in the deferred revenue balance is as follows:

	2018	2017
Balance, beginning of year	\$ 24,470	\$ 156,824
Add amounts received in year	35,255	31,450
Less amounts recognized into revenue	(23,060)	(163,804)
Balance, end of year	<u>\$ 36,665</u>	<u>\$ 24,470</u>

6. Long-term debt:

	2018	2017
Capital:		
City of Medicine Hat capital loan bearing interest at 4.00%, unsecured, repayable in blended annual installments of \$5,041, due 2018	--	4,847
	<u>\$ --</u>	<u>\$ 4,847</u>

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

7. Due from (to) City of Medicine Hat:

The Library is accountable for the administration of their financial affairs under the terms of their funding agreement to the City of Medicine Hat. At December 31, 2018 the City of Medicine Hat owed the Library \$30,604 (2017 - Library owed the City of Medicine Hat \$390,761). This is the result of current year operations and repayment of expenditures under a capital project in full.

8. Salary and benefits disclosure:

Disclosure of salaries and benefits for municipal officials as required by Alberta Regulation 379/94 is as follows:

			2018	2017
	Salary	Benefits and Allowances	Total	Total
Chief librarian (1)	\$ 81,857	\$ 15,288	\$ 97,145	\$ 146,652
Department heads (4)	305,712	51,519	357,231	340,899
	\$ 387,569	\$ 66,807	\$ 454,376	\$ 487,551

9. Economic dependence and related party transactions:

The Library is dependent upon the City of Medicine Hat to provide funding for operations.

The Library also uses a building owned by the City of Medicine Hat at no cost.

As indicated in note 5 and note 6, the City of Medicine Hat provides financing to the Library in the nature of long-term and short term financing. During the year, the Library paid the City \$194 of interest (2017- \$881).

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

10. Local Authorities Pension Plan:

Employees of The City of Medicine Hat Library Board participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves about 259,714 (2017 - 253,862) people and about 420 (2017 – 417) 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 the Plan 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% pensionable salary up to the year's maximum pensionable salary and 14.84% pensionable salary above this amount.

Total current service contributions by the Library to the Local Authorities Pension Plan in 2018 were \$99,359 (2017 - \$109,354). Total current service contributions by the employees of the Library to the Local Authorities Pension Plan in 2018 were \$90,322 (2017 - \$100,037).

At December 31, 2017, the Plan disclosed an actuarial deficit of \$4.835 billion (2016 - \$637 million).

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

11. Tangible capital assets:

	Building improvements	Furniture and fixtures	Computer equipment	Books and library collection	Total 2018
Cost:					
Balance, beginning of year	1,258,386	288,731	195,044	878,717	2,620,878
Additions	1,200	10,589	59,015	267,758	338,562
Disposals	--	--	--	(358,276)	(358,276)
Balance, end of year	1,259,586	299,320	254,059	788,199	2,601,164
Accumulated amortization:					
Balance, beginning of year	563,195	228,982	177,345	627,718	1,597,240
Disposals	--	--	--	(358,275)	(358,275)
Amortization expense	92,853	15,048	23,775	262,733	394,409
Balance, end of year	656,048	244,030	201,120	532,176	1,633,374
Net book value, end of year	\$ 603,538	\$ 55,290	\$ 52,939	\$ 256,023	\$ 967,790
	Building improvements	Furniture and fixtures	Computer equipment	Books and library collection	Total 2017
Cost:					
Balance, beginning of year	\$ 720,523	\$ 279,931	\$ 193,819	\$ 919,943	\$ 2,114,216
Additions	537,863	8,800	1,225	232,555	780,443
Disposals	--	--	--	(273,781)	(273,781)
Balance, end of year	1,258,386	288,731	195,044	878,717	2,620,878
Accumulated amortization:					
Balance, beginning of year	507,426	213,408	152,694	608,593	1,482,121
Disposals	--	--	--	(273,781)	(273,781)
Amortization expense	55,769	15,574	24,651	292,906	388,900
Balance, end of year	563,195	228,982	177,345	627,718	1,597,240
Net book value, end of year	\$ 695,191	\$ 59,749	\$ 17,699	\$ 250,999	\$ 1,023,638

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

12. Accumulated surplus:

	Unrestricted surplus (deficit)	Reserves	Invested in tangible capital assets	Total 2018	Total 2017
Balance, beginning of year	\$ --	\$ 1,098,496	\$ 632,441	\$1,730,937	\$ 1,416,983
Excess of revenue over expenses	19,553	--	--	19,553	313,954
Tangible capital assets acquired with internal funds	(338,562)	--	338,562	--	--
Amortization of internally funded tangible capital assets	394,408	--	(394,408)	--	--
Repayment of long-term debt used to fund tangible capital assets	(4,847)	--	4,847	--	--
Related party borrowing for capital project	(386,348)	--	386,348	--	--
Transfers	315,796	(315,796)	--	--	--
	\$ --	\$ 782,700	\$ 967,790	\$1,750,490	\$ 1,730,937

Reserves are comprised of the following:

	2018	2017
Reserves:		
Capital assets (i)	\$ 723,700	\$ 1,039,496
Insurance deductible (ii)	50,000	50,000
Vacation payable (iii)	9,000	9,000
	\$ 782,700	\$ 1,098,496

i) Capital asset reserve:

This reserve has been established to fund capital projects as approved by the Board. As well, the Board has the discretion to use this reserve to fund any operating deficit or allocate any operating surplus.

ii) Insurance deductible reserve:

This reserve has been established to cover the insurance deductible and shall be maintained at no less than the insurance deductible.

iii) Vacation payable reserve:

The vacation entitlement reserve is intended to assist in funding vacation benefits as they become due.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

13. Financial instruments:

- (i) It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from its financial instruments except as otherwise disclosed.

The carrying amount of short-term investments, accounts receivable, due to City of Medicine Hat, accounts payable and accrued liabilities approximates their fair value due to the short-term maturities of these items.

- (ii) At December 31, 2018 the Library had a line of credit totaling \$20,000, none of which was drawn. The line of credit bears interest at prime plus 2% (prime plus 2% at December 31, 2017). This line of credit is unsecured. At December 31, 2018 the prime rate was 3.95% (2017 – 3.20%).

14. Budgeted information:

The budget information presented in these financial statements is based upon the 2018 budget approved by the Board of Directors. Amortization was not contemplated in the development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget information reported in the financial statements.

Revenue:	
Total budget	\$ 2,797,463
Expenses:	
Total budget	2,797,463
Less:	
Shortgrass levy	(318,652)
Repayment of debt	(4,424)
Capital purchases	--
Total expenses	<u>2,474,387</u>
Excess of revenue over expenses	<u>\$ 323,076</u>

The budget was approved by the Board of Directors on February 7, 2018.

THE CITY OF MEDICINE HAT LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2018

15. Commitments:

The Library is a member of the Shortgrass Regional Library System. As such, they are committed to a yearly per capita levy based on the most recent published census population. The 2018 levy was approximately \$4.98 per capita; \$315,035 in aggregate (2017 - \$4.88 per capita; \$307,528 in aggregate).

In addition, the Library is required to pay a 35% share of the data communication and computer maintenance charges incurred by Shortgrass Regional Library System. Approximately \$nil was paid during the year for annual charges (2017 - \$2,086). This amount is included as computer maintenance services.

16. Contractual Rights:

Contractual rights are rights of the Library to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

Estimated amounts that will be received or receivable for the next year are as follows:

	2018
City of Medicine Hat	\$ 2,277,400
Shortgrass Library System	253,658
Cypress County	11,500
	<hr/>
	\$ 2,542,558

THE CITY OF MEDICINE HAT LIBRARY BOARD

Schedule of Expenses

Year ended December 31, 2018, with comparative information for 2017

	Budget	2018	2017
Staff:			
Salaries and benefits	\$ 2,029,707	\$ 1,958,106	\$ 1,962,618
Materials:			
Binding, repair and processing	--	14,782	1,900
Ebooks	--	52,540	57,887
	--	67,322	59,787
Administration:			
Advertising and publicity	20,000	22,803	22,892
Board expenses	23,080	14,343	7,918
Dues and subscriptions	10,000	7,502	8,974
Interest and bank charges	3,000	2,583	2,606
Interest on long-term debt	--	194	881
Grant expenses	--	14,343	--
Professional fees	11,000	10,240	9,945
Office, supplies and consumables	6,000	25,572	21,443
Program expenses	35,000	36,122	42,710
Special projects	5,000	43,831	5,114
Staff travel	16,482	11,632	3,271
Membership costs	5,000	--	5,306
Telephone and communication	3,500	3,545	3,568
	138,062	192,710	134,628
Building, maintenance and insurance:			
Insurance	34,646	27,136	25,927
Computer maintenance and services	35,298	18,441	11,502
Repairs, maintenance and supplies	120,544	129,748	128,180
Utilities	116,130	105,609	90,347
	306,618	280,934	255,956
Amortization of tangible capital assets	--	394,408	388,900
Total expenses	\$ 2,474,387	\$ 2,893,480	\$ 2,801,889