

**PALLISER REGIONAL LIBRARY**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2015**



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Palliser Regional Library:

We have audited the accompanying consolidated financial statements of Palliser Regional Library, which comprise the consolidated statement of financial position as at December 31, 2015, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flows 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Palliser Regional Library as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

  
CPA LLP  
Chartered Professional Accountants  
Licensed Professional Accountants

Swift Current, Saskatchewan  
March 19, 2016

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 and ensuring that all information in the annual report is consistent with the statements. 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 library board is composed of appointed officials who are not employees of the Library. The board is responsible for overseeing management in the performance of its financial reporting responsibilities. The board fulfils these responsibilities by reviewing the financial information prepared by the administration and discussing relevant matters with external auditors. The board is also responsible for recommending the appointment of the Library's external auditors.

Stark & Marsh CPA LLP, an independent firm of Chartered Professional Accountants, is appointed by the board to audit the consolidated 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 administration to discuss their audit findings.

---

Board Chairperson

---

Library Director

**Palliser Regional Library  
Consolidated Statement of Financial Position  
As at December 31, 2015**

**Statement 1**

	2015	2014
<b>ASSETS</b>		
<b>Financial Assets</b>		
Cash	\$ 280,904	\$ 841,751
Investments - Note 7	500,479	308,199
Accounts Receivable	25,584	38,453
Member Deposits	47,475	47,470
	<u>854,442</u>	<u>1,235,873</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Liabilities	77,182	126,974
Vacation Pay	115,115	105,232
Unearned Revenue	102,194	589,792
<b>Total Liabilities</b>	<u>294,491</u>	<u>821,998</u>
<b>NET FINANCIAL ASSETS</b>	559,951	413,875
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Schedule 1)	1,548,676	1,541,509
Prepaid Expenses	16,122	16,274
<b>Total Non-Financial Assets</b>	<u>1,564,798</u>	<u>1,557,783</u>
<b>Accumulated Surplus</b>	<u>\$ 2,124,749</u>	<u>\$ 1,971,658</u>

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**Palliser Regional Library  
Consolidated Statement of Operations and Accumulated Surplus (Deficit)  
As at December 31, 2015**

**Statement 2**

	2015 Budget (unaudited)	2015	2014
<b>Revenues</b>			
Provincial Operating Grant	\$ 687,086	686,959	687,086
Municipal Grants	1,385,887	1,424,383	1,376,832
Other Grants	5,000	107,917	17,676
Donations	1,700	123,783	28,398
Special contracts		-	15,050
Interest		11,298	6,198
SILS Revenues (Note 6)	60,970	66,864	59,008
Other	3,500	25,049	17,288
	<u>2,144,143</u>	<u>2,446,253</u>	<u>2,207,536</u>
<b>Expenses</b>			
Governance (Schedule 2-1)	19,445	16,383	15,779
Administration (Schedule 2-1)	197,520	501,611	518,061
Services to Branches (Schedule 2-1)	380,090	451,277	383,473
Regional Resource Centre (Schedule 2-1)	1,008,785	826,408	801,988
Area Branch Services (Schedule 2-2)	84,453	69,242	72,314
Local Branch Services (Schedule 2-2)	393,079	337,948	328,516
SILS Expenses (Note 6)	69,247	90,044	88,833
	<u>2,152,619</u>	<u>2,292,913</u>	<u>2,208,964</u>
<b>Surplus (Deficit) for the Year from Operations</b>	(8,476)	153,340	(1,428)
<b>Accumulated Surplus, Beginning of Year</b>		1,971,658	1,986,751
<b>Change in ownership of SILS (Note 2a)</b>		(193)	(12,864)
<b>Prior period adjustment</b>		(57)	(801)
		<u>(250)</u>	<u>(13,665)</u>
<b>Accumulated Surplus, End of Year</b>	<u>\$ (8,476)</u>	<u>2,124,749</u>	<u>\$ 1,971,658</u>

**Palliser Regional Library  
Consolidated Statement of Remeasurement Gains and Losses  
As at December 31, 2015**

**Statement 3**

There are no remeasurement gains or losses for the Library.

**Palliser Regional Library**  
**Consolidated Statement of Change in Net Financial Assets (Net Debt)**  
**As at December 31, 2015**

**Statement 4**

	2015 Budget (unaudited)	2015	2014
<b>Net Financial Assets (Net Debt), Beginning of Year</b>		413,875	386,063
Surplus (Deficit) for the Year from Operations	(8,476)	153,340	(1,428)
Change in ownership of SILS		(193)	(7,296)
Acquisition of Tangible Capital Assets	-	(331,208)	(294,907)
Capital Assets - other		6,429	20,467
Amortization of Tangible Capital Assets		317,613	327,341
(Acquisition)/Use of Prepaid Expenses		152	(15,564)
Prior period adjustment		(57)	(801)
<b>Change in Net Financial Assets</b>	(8,476)	146,076	27,812
<b>Net Financial Assets (Net Debt) - End of Year</b>	<b>\$ (8,476)</b>	<b>559,951</b>	<b>\$ 413,875</b>

**Palliser Regional Library  
Consolidated Statement of Cash Flows  
As at December 31, 2015**

**Statement 5**

	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating Activities</b>		
Surplus for the Year from Operations	\$ 153,340	\$ (1,428)
Prior period adjustment	(57)	(801)
Change in ownership of SILS	(193)	(7,296)
Non-Cash Items Included in Surplus / Deficit		
Amortization of Tangible Capital Assets	317,613	327,341
Capital Assets - other	6,429	20,467
	<u>477,132</u>	<u>338,283</u>
Changes in Non-Cash Working Capital:		
Decrease (Increase) in Accounts Receivable	12,869	(5,995)
Decrease (Increase) in Member Deposits	(5)	(260)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(39,909)	2,004
Increase (Decrease) in Deferred Revenue	(487,598)	45,627
Decrease (Increase) in Prepaid Expenses	152	(15,564)
<b>Cash Provided (Used) by Operating Activities</b>	<u>(37,359)</u>	<u>364,094</u>
<b>Capital Activities</b>		
Cash Used to Acquire Tangible Capital Assets	(331,208)	(294,907)
Proceeds on Disposal of Tangible Capital Assets	-	-
<b>Cash Provided (Used) by Capital Activities</b>	<u>(331,208)</u>	<u>(294,907)</u>
<b>Investing Activities</b>		
Cash Used to Acquire Investments, net	(192,280)	28,048
<b>Cash Provided (Used) by Investing Activities</b>	<u>(192,280)</u>	<u>28,048</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(560,847)	97,235
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>841,751</u>	<u>744,516</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 280,904</u>	<u>\$ 841,751</u>



**Palliser Regional Library**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2015**

**1. Purpose and Authority**

Palliser Regional Library (the "Library") offers services and programs under the authority of The Public Libraries Act, 1996. The Library's Board of Directors (The "Board") plays an integral part in the Library's strategic direction and management guidance. The purpose of the Library is to ensure the provision of library services as set out in the Act, within the boundaries of the Library's region as established by regulation.

The Library is a registered charity and is therefore exempt from the payment of income tax pursuant to Section 149 of The Income Tax Act.

**2. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Chartered Professional Accountants of Canada (CPA Canada)

Significant accounting policies are as follows:

- a) **Basis of Consolidation:** These consolidated financial statements include the Library's interest in the Saskatchewan Information & Library Services Consortium ("SILS") which has been proportionately consolidated. In the current year, the Library's share of SILS was 5.05% (2014 - 5.06%). All inter-entity transactions have been eliminated. Information on this Government Partnership can be found in Note 6 - Note regarding "Investment in Government Partnerships".
- b) **Revenue Recognition:** Levy revenue is recognized in the period for which the levy was assessed. Grant revenue is recognized when the funds are received, unless the grant is restricted for a specific purpose. Other revenue is recognized when it is earned.
- c) **Expenditure Recognition:** Expenditures are accounted for in the period in which the goods and services are acquired and a liability is incurred.
- d) **Capital Assets:** All capital asset acquisitions or betterments made throughout the year are recorded at their acquisition cost. Donated capital assets received are recorded at their fair market value at the date of contribution. Capital assets individually costing less than \$500 are expensed in the current year, except for library books and other resource materials that are capitalized as a group each year. Capital assets are amortized on a straight line basis over their estimated useful lives. The library's tangible capital asset useful lives are estimated as follows:

<u>Asset</u>	<u>Useful Life</u>
<b>Land</b>	Indefinite
<b>Buildings</b>	30 Yrs
<b>Vehicles &amp; Equipment</b>	
Vehicles	4-5 Yrs
Office furniture and equipmen	8 Yrs
Computer equipment	5 Yrs
<b>Library Collection</b>	10 Yrs
<b>SILS Assets</b>	3-8 years

**Palliser Regional Library**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2015**

**2. Significant accounting policies - continued**

- e) **Cash and cash equivalents:** Cash and cash equivalents are represented by cash on hand and temporary investments with original maturities of three months or less.
- f) **Investments:** Portfolio investments are valued at the lower of cost and market value.
- g) **Non-financial assets:** Tangible capital and other non-financial assets are accounted for as assets by the Library because
- h) **Appropriated Reserves:** Reserves are established at the discretion of the Board to designate surplus for future operating and capital transactions. Amounts so designated are described on Schedule 4.
- i) **Government contributions:** Government contributions for the acquisition of capital assets are reported as revenue and do not reduce the cost of the related asset.
- j) **Risk management:** Other than the risks noted below, it is management's opinion that the organization is not exposed to any significant risks arising from the financial instruments presented as of December 31, 2014.

**Liquidity risk:** Liquidity risk is the risk that the organization will not be able to meet financial obligations as they become due. The staff on behalf of the Library manages liquidity risk by continually monitoring cash flow requirements

**Interest rate risk:** Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Library is not exposed to significant interest rate risk.

- k) **Financial instruments:** The organization has financial instruments consisting of accounts receivable, temporary investments, accounts payable, accrued liabilities and unearned revenue. The carrying value of these financial instruments approximates fair value due to their short term to maturity.
- l) **Measurement uncertainty:** The preparation of the financial statements in accordance with Canadian generally accepted accounting principles 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 reported amounts of revenues and expenses during the period then ended. Actual amounts could differ from those estimates. Significant areas requiring the use of management estimates relate to the useful lives of buildings, furniture and equipment and the library collection (items with a definite life for amortization purposes), the cost of supplies inventories on hand and the amounts recorded as accrued liabilities.
- m) **Unearned revenue:** Unearned revenue consists of levy revenue received in advance, and certain restricted grants.

**3. Budget Amounts**

The budget amounts in these financial statements were prepared by library management and approved by the Board on November 13, 2014.

**4. Unearned Revenue**

	2015	2014
Levies		\$ 495,746
Per Capita		6,371
SILS	2,968	10,975
Carryforwards	99,226	76,700
<b>Total purchases of library materials</b>	<b>\$ 102,194</b>	<b>\$ 589,792</b>

**Palliser Regional Library**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2015**

**5. Library materials expenditures**

The following is information on the Library's purchases of library materials for 2015 in comparison to 2014 and 2015 budget.

	2015	2015	2014
	Budget	Actual	Actual
Books	237,565	232,228	219,378
Audio-visual Materials	59,720	59,586	68,999
Serials/Periodicals	14,500	14,965	14,674
Electronic reference materials and info databases	23,185	34,154	29,015
Infotrac	8,773	7,966	10,093
<b>Total purchases of library materials</b>	<b>343,743</b>	<b>348,899</b>	<b>342,159</b>

**Note:** The books and audio visual materials amounts shown above were capitalized as Tangible Capital Assets.  
The remaining amounts have been expensed.

**6. Investment in Government Partnerships**

The Saskatchewan Information & Library Service Consortium ("SILS") was incorporated in 2009 as a non-profit organization. The purpose of SILS is to develop and maintain a single integrated library information system for the Province, providing a common experience for library users throughout the Province. Each of the ten regional libraries made a \$50,000 deposit in 2009 to provide working capital otherwise SILS is funded by grants from the Ministry of Education and member libraries. The member libraries share in the annual operating expenses based on a service level formula.

The condensed supplementary financial information of SILS is as follows:

	2015	2014
	Actual	Actual
<b>STATEMENT OF FINANCIAL POSITION</b>		
Financial assets	\$ 1,880,500	\$ 2,043,837
Financial liabilities	(671,332)	(767,363)
<b>Net Financial Assets</b>	<b>1,209,168</b>	<b>1,276,474</b>
<b>Non-Financial assets</b>		
Tangible capital assets	2,822	339,121
Prepaid expenses	317,434	320,304
	320,256	659,425
<b>Accumulated Surplus</b>	<b>1,529,424</b>	<b>1,935,899</b>
<b>STATEMENT OF OPERATIONS</b>		
Revenue	1,376,578	1,217,831
Expenses	(1,783,053)	(1,755,596)
<b>Surplus (Deficit)</b>	<b>\$ (406,475)</b>	<b>\$ (537,765)</b>

**Palliser Regional Library**  
**Notes to the Consolidated Financial Statements**  
**As at December 31, 2015**

**6. Investment in Government Partnerships cont'd**

The SILS financial statements are proportionately consolidated with the Library financial statements at 5.05% (2014 - 5.06%) representing the Library's interest in SILS. After eliminating intercompany transactions, the following amounts have been included in the consolidated financial statements:

	2015 @ 5.05%	2014 @ 5.06%
<b>STATEMENT OF FINANCIAL POSITION</b>		
Financial assets	92,500	100,804
Financial liabilities	(31,444)	(36,299)
Net financial assets	61,056	64,506
<b>Non-financial assets</b>		
Tangible capital assets	145	17,160
Prepaid expenses	16,062	16,207
	16,207	33,367
<b>Accumulated surplus</b>	<b>77,263</b>	<b>97,872</b>
<b>STATEMENT OF OPERATIONS</b>		
Revenue	66,864	59,008
Expenses	(90,044)	(88,833)
Surplus (deficit)	\$ (23,180)	\$ (29,825)

**7. Investments**

	2015	2014
Guaranteed Investment Certificates (GICs)	\$ 500,479	\$ 308,199

**8. Comparative figures**

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

Palliser Regional Library  
 Consolidated Schedule of Tangible Capital Assets by Object  
 As at December 31, 2015

2015

2014

	Land	Buildings	Furniture & Equipment	Computer Equipment	Vehicle	SILS	Library Collection	Total	Total
<b>Asset cost</b>									
Opening Asset costs	\$ 29,250	319,141	241,846	55,434	71,201	158,978	2,860,559	3,736,409	\$ 3,790,417
Additions during the year				6,490	31,040	214	293,464	331,208	294,907
Disposals during the year				(1,994)	(39,269)		(277,035)	(318,298)	(348,601)
Transfers (from) assets under construction								-	
<b>Closing Asset Costs</b>	<b>29,250</b>	<b>319,141</b>	<b>241,846</b>	<b>59,930</b>	<b>62,972</b>	<b>159,192</b>	<b>2,876,988</b>	<b>3,749,319</b>	<b>3,736,723</b>
<b>Accumulated Amortization Cost</b>									
Opening Accumulated Amortization Costs		240,094	218,226	51,429	65,011	141,853	1,478,323	2,194,936	2,196,007
Add: Amortization taken		10,638	5,346	6,940	10,572	10,802	273,315	317,613	327,341
Less: Accumulated amortization on disposals				(1,994)	(39,269)		(277,035)	(318,298)	(348,601)
Less: Other						6,392		6,392	20,467
<b>Closing Accumulated Amortization Costs</b>	<b>-</b>	<b>250,732</b>	<b>223,572</b>	<b>56,375</b>	<b>36,314</b>	<b>159,047</b>	<b>1,474,603</b>	<b>2,200,643</b>	<b>2,195,214</b>
<b>Net Book Value</b>	<b>\$ 29,250</b>	<b>68,409</b>	<b>18,274</b>	<b>3,555</b>	<b>26,658</b>	<b>145</b>	<b>1,402,385</b>	<b>1,548,676</b>	<b>\$ 1,541,509</b>

Note: The difference between the 2014 closing figures, and the 2015 opening figures is due to the change in SILS ownership detailed in Note 2(a).

**Palliser Regional Library**  
**Supplementary Details of Expenses**  
**As at December 31, 2015**

**Schedule 2 - 1**

	2015	2014
<b>Governance Expense</b>		
Purchased services	\$ 16,383	\$ 15,779
<b>Total Governance Expense</b>	<b>16,383</b>	<b>15,779</b>
<b>Administration Expense</b>		
Salaries and wages	158,767	127,712
Employee benefits	-	24,468
Purchased services	35,305	53,300
Library materials	728	1,788
Amortization	306,811	310,793
<b>Total Administration Expense</b>	<b>501,611</b>	<b>518,061</b>
<b>Service to Branches</b>		
Salaries and wages	226,650	250,968
Employee benefits	30,897	31,822
Purchased services	43,020	51,632
ILLO	98,059	-
SILS Fee	49,882	49,051
Library materials	2,769	-
<b>Total Service to Branches Expense</b>	<b>451,277</b>	<b>383,473</b>
<b>Regional Resource Centre</b>		
Salaries and wages	665,483	647,964
Employee benefits	100,611	90,226
Purchased services	15,538	20,397
Library materials	44,776	43,401
<b>Total Regional Resource Centre Expense</b>	<b>\$ 826,408</b>	<b>\$ 801,988</b>

**Palliser Regional Library**  
**Supplementary Details of Expenses**  
**As at December 31, 2015**

**Schedule 2 - 2**

	2015	2014
<b>Area Branch Services</b>		
Salaries and wages	\$ 56,714	\$ 59,730
Employee benefits	8,480	7,760
Purchased services	3,219	4,026
Library materials	829	798
<b>Total Area Branch Services Expense</b>	<b>69,242</b>	<b>72,314</b>
<b>Local Branch Services</b>		
Salaries and wages	274,901	260,526
Employee benefits	29,736	28,423
Purchased services	24,388	31,473
Library materials	8,923	8,094
<b>Total Local Branch Services Expense</b>	<b>337,948</b>	<b>328,516</b>
<b>SILS Expenses (Note 6)</b>	<b>90,044</b>	<b>88,833</b>
<b>TOTAL EXPENSES FOR THE YEAR</b>	<b>\$ 2,292,913</b>	<b>\$ 2,208,964</b>

Paliser Regional Library  
 Consolidated Schedule of Expenses by Object  
 As at December 31, 2015

Schedule 3

	Governance	Administration	Services to Branches	Regional Resource Centre	Area Resource Services	Local Branch Services	SILS Expenses	2015 Budget	2015 Actual	2014 Actual
\$	16,383	158,767	257,547	766,094	65,194	304,637		1,551,295	1,552,239	\$ 1,529,599
		35,305	43,020	15,538	3,219	24,388		143,792	137,853	176,607
		306,811	98,059				10,802		317,613	310,793
									98,059	
		728	2,769	44,776	829	8,923		335,874	58,025	54,082
			49,882						49,882	49,051
									79,242	88,833
\$	16,383	501,611	451,277	826,408	69,242	337,948	90,044	2,083,372	2,292,913	\$ 2,208,965

Wages, Benefits, and Honoraria  
 Purchased Goods and Services  
 Amortization  
 ILLO  
 Library Materials  
 SILS Fee  
 SILS Expenses



**Palliser Regional Library  
Consolidated Schedule of Accumulated Surplus  
As at December 31, 2015**

**Schedule 4**

	2014	Changes	2015
<b>UNAPPROPRIATED SURPLUS</b>	\$ (31,091)	926	\$ (30,165)

**APPROPRIATED RESERVES**

Automation	114,986		114,986
General Automation	17,824	(17,824)	-
Equipment	27,490	36,901	64,391
Vehicle	129,237	(95)	129,142
Building	38,076	15,754	53,830
Sick Pay Reserve - Local Branches	18,307		18,307
Sick Pay Reserve - Assiniboia	10,020		10,020
Evergreen Reserve	23,955	6,216	30,171
Public Access Computers	8,072	3,602	11,674
Joan Heaton Estate Donation - MJ		52,500	52,500
Joan Heaton Estate Donation - BR		52,500	52,500
SILS Reserves	73,273	(4,307)	68,967
<b>Total Appropriated</b>	<b>461,240</b>	<b>145,247</b>	<b>606,488</b>

**NET INVESTMENT IN TANGIBLE CAPITAL ASSETS**

Tangible capital assets (Schedule 1)	1,541,509	7,167	1,548,676
Less: Related debt			-
<b>Net Investment in Tangible Capital Assets</b>	<b>1,541,509</b>	<b>7,167</b>	<b>1,548,676</b>

Prior period adjustment	(57)
Change in ownership of SILS	(193)

<b>Total Accumulated Surplus</b>	<b>\$ 1,971,658</b>	<b>153,340</b>	<b>\$ 2,124,749</b>
----------------------------------	---------------------	----------------	---------------------