

LAKELAND LIBRARY REGION

North Battleford, Saskatchewan

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2015

Lakeland Library Region

December 31, 2015

CONTENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	Page 3
INDEPENDENT AUDITOR'S REPORT	4
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	5
Consolidated Statement of Operations & Accumulated Surplus (Deficit)	6
Consolidated Statement of Changes in Net Financial Assets (Net Debt)	7
Consolidated Statement of Statement of Cash Flow	8
Schedules of Fund Activities	9-12
Schedules of Expenditures	13-17
Notes to Consolidated Financial Statements	18-24

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Lakeland Library Region have been prepared in accordance with public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Lakeland Library Region's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees, and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

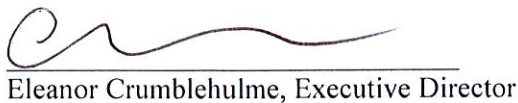
The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Executive Committee. The Executive Committee is appointed by the Board and meets periodically with management and the external auditor to review significant accounting, reporting, and internal control matters. Following its review of the financial statements and discussions with the auditors, the Executive Committee reports to the Board of Directors prior to its approval of the financial statements. The Committee also considers, for review and approval by the Board, the engagement, or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Gary Lund, CPA, CA, in accordance with Canadian auditing standards.



Allie Raycraft, Chair

Jacky Bauer, Business Manager



Eleanor Crumblehulme, Executive Director

North Battleford, Saskatchewan
March 17, 2015

Gary L. Lund

Office: 306-445-1677
Fax: 306-445-4144
Residence: 306-445-9906
E-mail: g.lund@sasktel.net

CHARTERED PROFESSIONAL ACCOUNTANT

761A - 106th Street
North Battleford
Saskatchewan
S9A 1V9

INDEPENDENT AUDITOR'S REPORT

To the Members of
Lakeland Library Region
North Battleford, Saskatchewan:

I have audited the accompanying financial statements of Lakeland Library Region which are comprised of the consolidated statement of financial position as at December 31, 2015 the consolidated statements of operations, accumulated surplus, 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 consolidated 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lakeland Library Region as at December 31, 2015 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

North Battleford, Saskatchewan
March 16, 2016


CHARTERED PROFESSIONAL ACCOUNTANT



Lakeland Library Region
Consolidated Statement of Financial Position
December 31, 2015

	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 586,345	\$ 519,672
Accounts receivable (Note 4)	<u>41,411</u>	<u>64,305</u>
Total Financial Assets	<u>627,756</u>	<u>583,977</u>
Financial Liabilities		
Accounts payable & accrued liabilities (Note 8)	90,900	79,372
Holiday pay payable	51,598	52,508
Deferred revenues (SILS) (Note 2g)	<u>3,637</u>	<u>13,491</u>
Total Financial Liabilities	<u>146,135</u>	<u>145,371</u>
Net Financial Assets	<u>481,621</u>	<u>438,606</u>
Non-financial assets		
Tangible capital assets (Note 7)	612,865	563,350
Patronage equity (Note 5)	3,192	2,610
Prepaid expenses (Note 6)	<u>20,909</u>	<u>26,793</u>
Total Non-financial Assets	<u>636,966</u>	<u>592,753</u>
Accumulated surplus	<u>\$ 1,118,587</u>	<u>\$ 1,031,359</u>

CONTINGENT LIABILITY (Note 10)

See accompanying notes to financial statements

On behalf of the board:

 Director
 Board

Lakeland Library Region
Consolidated Statement of Operations & Accumulated Surplus
for the year ended December 31, 2015

REVENUES	2015 Budget <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
Provincial grant			
Headquarters - Resource Sharing	\$ 680,157	\$ 681,038	\$ 680,157
Materials - Resource Sharing	116,100	116,100	116,100
Staff - Resource Sharing	<u>17,568</u>	<u>17,568</u>	<u>17,568</u>
	813,825	814,706	813,825
Municipal grants	1,206,482	1,205,123	1,136,176
Materials - Headquarters		3,743	6,885
Materials - North Battleford		16,800	13,891
Materials - Branches		1,244	1,623
Employment grants		20,738	20,147
Fuel rebate			219
Evergreen Funding		8,500	
Interest and investment income	6,000	7,641	7,820
Miscellaneous income - general	6,000	16,997	20,874
SILS revenue (Note 2g)	<u></u>	<u>81,227</u>	<u>71,192</u>
Total revenues	<u>2,032,307</u>	<u>2,176,719</u>	<u>2,092,652</u>
EXPENDITURES			
Governance	22,335	15,961	15,962
Administration - general	221,171	210,987	249,689
Administration - building	26,000	20,759	22,813
Services to Branches	441,652	423,349	399,194
Regional Resource Centres	534,931	526,050	501,745
Local Branch Services	389,590	366,393	364,641
Area Resource Centre	115,463	107,128	106,830
Materials	281,166	75,969	77,528
Capital		232,524	216,242
SILS expenses (Note 2g)	<u></u>	<u>110,371</u>	<u>109,468</u>
Total expenditures	<u>2,032,308</u>	<u>2,089,491</u>	<u>2,064,112</u>
SURPLUS(DEFICIT) FOR THE YEAR FROM OPERATIONS	<u>(1)</u>	87,228	28,540
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,031,359</u>	<u>1,002,819</u>
ACCUMULATED SURPLUS, END OF YEAR		\$ <u>1,118,587</u>	\$ <u>1,031,359</u>
<i>See accompanying notes to financial statements</i>			

Lakeland Library Region
Consolidated Statement of Changes in Net(Debt) Financial Assets
for the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
Surplus(deficit)	\$ <u>87,228</u>	\$ <u>28,540</u>
Acquisition of tangible capital assets	(303,220)	(197,897)
Change in ownership of SILS	102	321
Amortization of tangible assets	245,764	236,584
Loss on disposal/write down of assets	7,839	25,160
Acquisition of prepaid expenses	5,884	(26,079)
Allocation of patronage equity	(582)	(110)
Change in net(debt) financial assets	43,015	66,519
Net(debt) financial assets, beginning of year	<u>438,606</u>	<u>372,087</u>
Net(debt) financial assets, end of year	\$ <u><u>481,621</u></u>	\$ <u><u>438,606</u></u>

See accompanying notes to financial statements

Lakeland Library Region
Consolidated Statement of Cash Flow
for the year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Surplus (deficit)	\$ <u>87,228</u>	\$ <u>28,540</u>
Non-cash items		
Amortization of tangible assets	245,764	236,584
Loss on disposal of assets	7,839	25,160
Change in ownership of SILS	<u>102</u>	<u>321</u>
	<u>340,933</u>	<u>290,605</u>
Changes in non-cash working capital:		
Accounts receivable (increase) decrease	22,894	(19,359)
Prepaid expenses (increase) decrease	5,884	(26,076)
Patronage equity (increase) decrease	(582)	(113)
Accounts payable increase (decrease)	11,528	5,976
Holiday pay payable increase (decrease)	(910)	1,166
Deferred revenue increase (decrease)	<u>(9,854)</u>	<u>(2,978)</u>
	<u>28,960</u>	<u>(41,384)</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	<u>369,893</u>	<u>249,221</u>
INVESTMENT ACTIVITIES		
Purchase of tangible capital assets	<u>(303,220)</u>	<u>(197,897)</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	<u>(303,220)</u>	<u>(197,897)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	66,673	51,324
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>519,672</u>	<u>468,348</u>
CASH AND EQUIVALENTS AT END OF YEAR	\$ <u>586,345</u>	\$ <u>519,672</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Current Fund Activities
for the year ended December 31, 2015

			Schedule 1
	2015 Budget <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
REVENUES			
Provincial Libraries Grant			
Headquarters - Resource Sharing	\$ 680,157	\$ 681,038	\$ 680,157
Staff - Resource Sharing	<u>17,568</u>	<u>17,568</u>	<u>17,568</u>
	697,725	698,606	697,725
Municipal grants	1,041,416	1,040,057	987,276
Employment grants		20,738	20,147
Fuel rebate			219
Interest	6,000	7,641	7,820
Miscellaneous income - general	<u>6,000</u>	<u>8,247</u>	<u>12,624</u>
	<u>1,751,141</u>	<u>1,775,289</u>	<u>1,725,811</u>
EXPENDITURES			
Governance	22,335	15,961	15,962
Administration - general	221,171	210,987	249,689
Administration - building	26,000	20,759	22,813
Services to Branches	441,652	420,021	403,129
Regional Resource Centres	534,931	526,050	501,745
Local Branch Services	389,590	366,393	364,641
Area Resource Centre	<u>115,463</u>	<u>107,128</u>	<u>106,830</u>
	<u>1,751,142</u>	<u>1,667,299</u>	<u>1,664,809</u>
EXCESS OF REVENUE OVER EXPENDITURES	(1)	107,990	61,002
NET INTERFUND TRANSFERS			
FROM (TO) CAPITAL		(26,945)	(7,418)
FROM (TO) RESERVES	27,229	(83,132)	(66,476)
FROM (TO) MATERIALS FUND	<u> </u>	<u>2,087</u>	<u>12,892</u>
CHANGE IN CURRENT FUND		NIL	NIL
FUND BALANCE - BEGINNING OF YEAR	<u>NIL</u>	<u>NIL</u>	<u>NIL</u>
FUND BALANCE - END OF YEAR	\$ <u>NIL</u>	\$ <u>NIL</u>	\$ <u>NIL</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Library Materials Fund Activities
for the year ended December 31, 2015

Schedule 2

	2015 Budget	<u>2015</u>	<u>2014</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>
REVENUES			
Materials - Resource Sharing	\$ 116,100	\$ 116,100	\$ 116,100
Municipal grants	165,066	165,066	148,900
Materials - Headquarters		3,743	6,885
Materials - North Battleford		16,800	13,891
Materials - Branches		<u>1,244</u>	<u>1,623</u>
	<u>281,166</u>	<u>302,953</u>	<u>287,399</u>
EXPENDITURES			
Materials expensed	<u>281,166</u>	<u>75,969</u>	<u>77,528</u>
EXCESS OF REVENUES			
OVER EXPENDITURES	NIL	226,984	209,871
NET INTERFUND TRANSFERS			
FROM (TO) RESERVES		(1,500)	(1,500)
FROM (TO) CAPITAL FUND		(228,567)	(190,479)
FROM (TO) CURRENT FUND		<u>(2,087)</u>	<u>(12,892)</u>
CHANGE IN MATERIALS FUND	NIL	(5,170)	5,000
FUND BALANCE - BEGINNING OF YEAR	<u>NIL</u>	<u>10,855</u>	<u>5,855</u>
FUND BALANCE - END OF YEAR	\$ <u>NIL</u>	\$ <u>5,685</u>	\$ <u>10,855</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Capital Fund Activities
for the year ended December 31, 2015

Schedule 3

	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
REVENUES		
Gain on disposal	\$ 8,500	\$ NIL
Other income - capital	<u>8,750</u>	<u>8,250</u>
	<u>17,250</u>	<u>8,250</u>
EXPENDITURES		
Amortization	232,524	216,242
	<u>232,524</u>	<u>216,242</u>
SHORTFALL OF REVENUE OVER EXPENDITURES	(215,274)	(207,992)
NET INTERFUND TRANSFERS		
FROM (TO) CURRENT FUND	26,945	7,418
FROM (TO) MATERIALS FUND	228,567	190,479
FROM (TO) RESERVES FUND	<u>9,102</u>	<u>(8,250)</u>
CHANGE IN CAPITAL FUND	49,340	(18,345)
CAPITAL FUND AT BEGINNING OF YEAR	<u>563,350</u>	<u>560,602</u>
SILS assets	<u>175</u>	<u>21,093</u>
CAPITAL FUND AT END OF YEAR	\$ <u>612,865</u>	\$ <u>563,350</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Reserve Fund Activities
for the year ended December 31, 2015

Schedule 4

			<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
NET INTERFUND TRANSFERS				
FROM (TO) CURRENT FUND			\$ 83,132	\$ 66,476
FROM (TO) MATERIALS FUND			1,500	1,500
FROM (TO) CAPITAL FUND			<u>(9,102)</u>	<u>8,250</u>
Total Interfund Transfers			75,530	76,226
FUND BALANCE AT BEGINNING OF YEAR			<u>358,860</u>	<u>282,634</u>
FUND BALANCE AT END OF YEAR			<u>\$ 434,390</u>	<u>\$358,860</u>
RESERVE DETAILS	Opening <u>Balance</u>	Transfers <u>Out</u>	Transfers <u>In</u>	Ending <u>Balance</u>
Specified				
Automation	\$100,000			\$100,000
Automobile	60,000	29,618	\$ 10,000	40,382
InterLibrary Loans	7,468	\$ 2,000		5,468
Equipment	10,181			10,181
Evergreen	42,250	38,945	8,750	12,055
Materials-replacement	<u>30,355</u>	<u> </u>	<u>1,500</u>	<u>31,855</u>
	250,254	70,563	20,250	199,941
Unspecified Contingencies				
- Building	29,175			29,175
- Library	<u>79,431</u>	<u> </u>	<u>104,750</u>	<u>180,274</u>
	<u>\$358,860</u>	<u>\$ 70,563</u>	<u>\$ 125,000</u>	<u>\$409,390</u>

See accompanying notes to financial statements

Schedule of Expenditures by Object
December 31, 2015

	Schedule 5									
	<u>Governance</u>		<u>Administration</u>	<u>Services to</u> <u>Branches</u>	<u>Regional</u> <u>Resource</u> <u>Centres</u>	<u>Area</u> <u>Resource</u> <u>Centres</u>	<u>Local</u> <u>Branch</u> <u>Services</u>	<u>2014 Budget</u>	<u>2015</u>	<u>2014</u>
Wages, Benefits and Honoraria	\$ 2,760	\$ 156,129	\$ 299,450	\$ 517,872	\$ 107,128	\$ 363,442	\$ 1,490,925	\$ 1,446,781	\$ 1,463,904	
Purchased Goods and Service										
General	13,201	54,858	116,636	8,178		2,951	234,217	195,824	174,157	
Building		20,759					26,000	20,759	22,813	
Total Goods and Services	13,201	75,617	116,636	8,178		2,951	260,217	216,583	196,970	
Capital assets		23,385	28,836	85,958	14,034	75,433		227,646	216,242	
Library Materials				59,835	6,469	47,753	281,166	114,057	77,528	
SILS (Note 2g)	\$ 15,961	\$ 255,131	\$ 444,922	\$ 671,843	\$ 127,631	\$ 489,579	\$ 2,032,308	\$ 2,115,438	\$ 2,064,112	

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Expenditures
for the year ended December 31, 2015

	<u>2015 Budget</u> <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<u>GOVERNANCE</u>			
<u>Salaries and Benefits</u>			
Executive indemnity	\$ 4,000	\$ 2,760	\$ 2,520
<u>Purchased Goods and Services</u>			
Board meeting expenses	1,300	669	250
Board travel	2,700	1,410	728
Executive insurance	3,150	3,054	3,054
Executive travel	6,500	3,838	4,788
Executive SLTA/CLA conference	2,000	1,543	1,937
SLTA association fees	<u>2,685</u>	<u>2,687</u>	<u>2,685</u>
	<u>18,335</u>	<u>13,201</u>	<u>13,442</u>
	<u>\$ 22,335</u>	<u>\$ 15,961</u>	<u>\$ 15,962</u>
<u>ADMINISTRATION</u>			
<u>Salaries and benefits</u>			
Salaries	\$ 138,608	\$ 135,300	\$ 172,525
Canada Pension Plan	5,296	5,368	7,277
Employment Insurance	2,602	2,844	3,837
Group insurance	852	1,429	1,728
Superannuation	10,346	10,924	13,945
Workers' compensation	<u>317</u>	<u>264</u>	<u>369</u>
	<u>158,021</u>	<u>156,129</u>	<u>199,681</u>
<u>Purchased Goods and Services</u>			
Audit	8,000	10,185	7,275
Accounting & Payroll support	4,000	2,291	5,160
Consulting fees	8,000	6,505	1,200
Equipment	10,000	6,520	8,197
Fax	500	442	487
Insurance	1,700	1,720	1,593
Maintenance - office equipment	2,000	1,697	242
Office supplies	2,000	1,575	1,159
Photocopier rent	2,050	1,970	2,040
Photocopier service	3,000	2,012	2,625
Postage	3,000	2,417	2,324
Postage equipment	900	652	1,099
Promotion LLR	6,000	5,126	5,525
Travel - Admin staff	7,000	7,585	6,147
Sundry	1,500	1,044	1,558
Telephone	<u>3,500</u>	<u>3,117</u>	<u>3,377</u>
	<u>63,150</u>	<u>54,858</u>	<u>50,008</u>
	<u>\$ 221,171</u>	<u>\$ 210,987</u>	<u>\$ 249,689</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2015

	<u>2015 Budget</u> <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<u>HEADQUARTERS SERVICES TO ALL BRANCHES</u>			
<u>Salaries and Benefits</u>			
Staff salaries	\$ 255,985	\$ 258,000	\$ 261,205
Canada Pension Plan	11,285	11,419	11,329
Employment Insurance	6,791	6,725	6,745
Group insurance	1,534	1,716	1,169
Superannuation	20,863	21,102	20,952
Workers Compensation	<u>640</u>	<u>488</u>	<u>527</u>
	<u>297,098</u>	<u>299,450</u>	<u>301,927</u>
<u>Purchased Goods and Services</u>			
Automobile -fuel	18,500	10,381	14,145
-insurance	3,400	3,204	2,778
-maintenance	8,000	11,676	7,259
-Van replacement	10,000		
-driver expense	2,800		
SILS -service fee	45,326	45,324	42,492
-membership	16,095	16,095	14,909
-miscellaneous	2,933	2,933	5,967
Public Access Computers	19,000	12,833	68
InterLibrary Loans		326	860
Library supplies	3,500	2,904	1,910
Processing	4,000	2,708	2,659
Summer Reading, Winter Reading and Saskatchewan Library programs	3,000	3,097	2,057
Staff travel	4,000	6,902	3,051
Workshops & Conferences			
-librarians'	<u>4,000</u>	<u>2,188</u>	<u>3,047</u>
	<u>144,554</u>	<u>120,571</u>	<u>101,202</u>
	\$ <u>441,652</u>	\$ <u>420,021</u>	\$ <u>403,129</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2015

	<u>2015 Budget</u> <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<u>REGIONAL RESOURCE CENTRES (NORTH BATTLEFORD & LLOYDMINSTER LIBRARIES)</u>			
<u>Salaries and Benefits</u>			
Lloydminster	\$ 191,397	\$ 191,397	\$ 180,554
North Battleford	292,281	284,650	274,762
Canada Pension Plan	11,717	11,446	10,467
Employment Insurance	7,596	7,323	6,938
Group insurance	1,283	1,681	1,214
Superannuation	21,749	20,818	19,489
Workers Compensation	<u>730</u>	<u>557</u>	<u>606</u>
	<u>526,753</u>	<u>517,872</u>	<u>494,030</u>
<u>Purchased Goods and Services</u>			
Administration costs-Lloydminster	<u>8,178</u>	<u>8,178</u>	<u>7,715</u>
	<u>8,178</u>	<u>8,178</u>	<u>7,715</u>
	<u>\$ 534,931</u>	<u>\$ 526,050</u>	<u>\$ 501,745</u>

LOCAL BRANCH SERVICES

<u>Salaries and Benefits</u>			
Salaries	\$ 339,620	\$ 323,172	\$ 319,967
Canada Pension Plan	11,787	8,872	8,196
Employment Insurance	9,170	8,525	8,413
Group insurance	485	456	195
Superannuation	27,679	21,770	21,444
Workers Compensation	<u>849</u>	<u>647</u>	<u>701</u>
	<u>389,590</u>	<u>363,442</u>	<u>358,916</u>
<u>Purchased Goods and Services</u>			
Local donations disbursed	<u></u>	<u>2,951</u>	<u>5,725</u>
	<u>\$ 389,590</u>	<u>\$ 366,393</u>	<u>\$ 364,641</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2015

	<u>2015 Budget</u> <u>Total</u>	<u>2015</u> <u>Total</u>	<u>2014</u> <u>Total</u>
<u>AREA RESOURCE CENTRE (Meadow Lake Library)</u>			
<u>Salaries and Benefits</u>			
Salaries	\$ 100,538	\$ 93,251	\$ 93,352
Canada Pension Plan	3,968	3,608	3,572
Employment Insurance	2,715	2,462	2,480
Group Insurance	603	849	392
Superannuation	7,388	6,767	6,818
Workers Compensation	<u>251</u>	<u>191</u>	<u>216</u>
	<u>\$ 115,463</u>	<u>\$ 107,128</u>	<u>\$ 106,830</u>
<u>MATERIALS</u>			
<u>Library Materials</u>			
Materials-Lloydminster	\$ 58,407	\$ 58,407	\$ 55,098
-North Battleford	73,103	95,508	77,274
-Local branches	127,163	129,228	114,636
-Meadow Lake	<u>22,493</u>	<u>21,393</u>	<u>20,999</u>
	\$ 281,166	304,536	268,007
Less capitalized portion	<u></u>	<u>(228,567)</u>	<u>(190,479)</u>
Materials expensed	<u></u>	<u>\$ 75,969</u>	<u>\$ 77,528</u>
<u>BUILDING</u>			
<u>Purchased Goods and Services</u>			
Building improvements	\$ 3,400	\$	\$ 1,315
Garbage removal	650	708	628
Gas	3,200	2,124	1,963
Insurance	1,850	1,218	1,815
Maintenance & repair	2,600	3,322	3,400
Power	6,900	6,050	6,412
Janitorial services	4,950	4,950	4,800
Maintenance supplies	900	1,008	920
Security system	350	353	349
Sundry	100	188	
Water	<u>1,100</u>	<u>838</u>	<u>1,211</u>
	<u>\$ 26,000</u>	<u>\$ 20,759</u>	<u>\$ 22,813</u>

See accompanying notes to financial statements

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

1. PURPOSE AND AUTHORITY

Lakeland Library Region (the "Library") offers services and programs under the authority of *The Public Libraries Act, 1996*. The Library's Board plays an integral part in 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 consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards, as recommended by the Chartered Professional Accountants of Canada (CPA Canada).

The preparation of the consolidated financial statements require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements, as well as the reported amount of revenues and expenses during the period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are reviewed periodically, and as adjustments become necessary, they are reported in surplus in the period in which they become known.

The significant accounting policies used in the preparation of these consolidated financial statements are summarized below:

(a) Fund Accounting

The accounts of the Library are maintained in accordance with the principles of fund accounting. For accounting and reporting purposes, resources are classified into funds in accordance with specified activities or objectives:

(i) Current Fund

The current fund accounts for the Library's program delivery, service and administrative activities.

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

(a) **Fund Accounting (continued)**

(ii) Library Materials Fund

The library materials fund expenses the net original purchase cost of the materials not limited to but including: audio-visual; serials/periodicals; and electronic information databases. Books and resource collection materials are capitalized as noted in item 2 d below. A transfer is made to the capital fund equal to the amount capitalized.

(iii) Capital Fund

The capital fund reflects the net original purchase cost less accumulated amortization to date of all capital assets of the Library after taking into consideration any associated long-term debt. The capital fund also includes contributions, interest and donations designated for capital purposes by the contributor. Also included in the capital fund are the appropriations for future capital expenditures.

(iv) Reserve Fund

The reserve fund reflects the amount of accumulated surplus that has been designated for particular future purposes. Allocations to the reserve fund come primarily through surplus transfers from the current fund. Reserves may be used to offset expenditures in the current fund, the capital fund and the materials fund.

In all cases such uses of reserve funds are shown as inter-fund transfers and they are not considered to be revenues or expenses.

(b) **Revenue Recognition**

Taxation revenue is recognized in the fiscal period the tax assessment was levied against property owners. The local municipalities administer the assessment and collection of the Library mill rate and remits tax revenues to the Library.

Unless the grant is restricted, grant revenue is recognized when the funds are received. If the grant is restricted by the contributor, the revenue is deferred and recognized when the conditions of the funding have been met.

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Donation revenue is recognized in the period in which the funds are received unless the donation is restricted. If the donation is restricted by the contributor, the revenue is deferred and recognized when the conditions of the donation have been met.

Other revenue, such as fines and interest, is recognized when received or when goods or services have been provided.

(c) Expenditure Recognition

The public library region follows the expenditure approach. Expenditures are accounted for in the period in which the goods and services are acquired and a liability is incurred, or transfers are due.

(d) Tangible Capital Assets

Purchased tangible capital assets, are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Net book value is determined by using the straight-line amortization method. Tangible capital assets are amortized as follows:

Buildings	30 years
Automotive	3 - 5 years
Furniture	6 years
Equipment	4 years
Library books & resource material	5 years

The Library regularly reviews its tangible capital assets to eliminate obsolete items.

(e) Cash and Cash Equivalents

Cash is represented by cash on hand and balances with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

(f) Appropriated reserves

The reserves of the Library are maintained in accordance with internal and external restrictions and for reporting purposes, resources are classified by specified activities or objectives. Each reserve reflects the amount of accumulated surplus that has been designated for particular future purposes. Allocations to the reserves come primarily through transfers from unappropriated surplus.

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

(g) Basis of Consolidation

These consolidated financial statements include the accounts of the Library and the Library's proportionate share of the Saskatchewan Information & Library Services Consortium Inc. ("SILS"). In the current year, the Library's share of SILS was 6.19% (2014 - 6.22%). Intercompany transactions have been eliminated.

In the event that SILS is dissolved, the Library is responsible for its share of any costs in excess of the net assets in SILS. As at December 31, 2014, SILS plans to continue operations for the foreseeable future.

3. CASH & CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 374,230	\$ 324,788
GIC investments	<u>143,619</u>	<u>123,273</u>
	517,849	448,061
 Cash & equivalents (SILS)	 <u>68,496</u>	 <u>72,637</u>
	<u>\$ 586,345</u>	<u>\$ 520,698</u>

4. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Municipal grants	\$	6,808
Accrued interest	128	\$ 16,344
Other	15,448	10,677
Government of Canada - GST rebate	<u>9,865</u>	<u>8,217</u>
	<u>25,441</u>	<u>42,046</u>
 Accounts receivable (SILS)	 <u>15,970</u>	 <u>22,259</u>
	<u>\$ 41,411</u>	<u>\$ 64,305</u>

5. Patronage Equity

Battlefords Co-op	970	510
Innovation Credit Union	2,118	1,995
Patronage investments (SILS)	<u>104</u>	<u>105</u>
	<u>\$ 3,192</u>	<u>\$ 2,610</u>

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

6. PREPAID EXPENSES

	<u>2015</u>	<u>2014</u>
Memberships	\$ 1,260	6,870
Prepaid (SILS)	<u>19,649</u>	<u>\$ 19,923</u>
	<u>\$ 20,909</u>	<u>\$ 26,793</u>

7. TANGIBLE CAPITAL ASSETS

			<u>2015</u>	<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	
Land	\$ 29,613		\$ 29,613	\$ 29,613
Buildings	175,985	\$ 73,637	102,348	108,214
Automotive	56,579	22,100	34,479	16,176
Equipment & Furniture	260,799	217,481	43,318	25,086
Books & resources	1,766,337	1,363,405	402,932	363,168
SILS assets	<u>195,129</u>	<u>194,954</u>	<u>175</u>	<u>21,093</u>
	<u>\$2,484,442</u>	<u>\$1,871,577</u>	<u>\$ 612,865</u>	<u>\$ 563,350</u>

8. ACCOUNTS PAYABLE

Accounts payable & accrued liabilities	83,932	76,233
Accounts payable (SILS)	<u>6,968</u>	<u>3,139</u>
	<u>\$ 90,900</u>	<u>\$ 79,372</u>

9. BUDGET AMOUNTS

The budget amounts were prepared by Library management and approved by the Board on September 17, 2014.

10. CONTINGENT LIABILITIES

Sick leave accumulation for current employees is calculated to be \$276,747 (2014-\$265,824). Although this amount can be calculated based on current rates, the likelihood of amounts being payable is uncertain and no accrual for this amount has been recorded.

11. FINANCIAL INSTRUMENTS

The Library's significant financial instruments consist of accounts receivable, accounts payable and accrued benefits, investments in temporary investments and loans.

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

11. FINANCIAL INSTRUMENTS (continued)

(a) The carrying amount of cash and temporary investments, accounts receivable, accounts payable and accrued benefits approximates fair value due to the short-term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

(b) The significant risks to which the Library is exposed are:

Liquidity risk - the risk that an entity will encounter difficulty in meeting obligations as they come due. The staff on behalf of the Library manages liquidity risk by continually monitoring cash flow requirements to ensure that it has sufficient funds to meet obligations before they become due.

Credit risk - the risk of financial loss to the Library if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Library has minimal credit risk since it has minimal accounts receivable and most of its funds are from the Province.

Interest rate risk - the risk that the fair value of 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.

12. COMPARATIVE FIGURES

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

13. PENSION

Employees of the Library participate in the Municipal employees Pension Plan ("MEPP"). MEPP is a multi-employer defined benefit pension plan established by the Municipal Employee's Pension Act on July 1, 1973. MEPP was created to provide retirement benefits to the members of school divisions, urban and rural municipalities, regional colleges, regional public libraries, and other local authorities based on length of service and pensionable earnings. Benefits under MEPP are funded by employer and employee contributions at rates set by the Municipal Employees' Pension Commission.

Lakeland Library Region
Notes to Financial Statements
December 31, 2015

13. PENSION (continued)

Contributions to MEPP by participating employers are not segregated in separate accounts or restricted to provide benefits to the employees of a particular employer. As a result, individual employers are not able to identify their share of the underlying assets and liabilities, and the net pension assets or liabilities are not recognized with these statements. In accordance with PSAB, the plan is accounted for as a defined contribution plan whereby the Library's contributions are expensed when due. During the year, the Library contributed \$81,382 (2014-\$82,648).