

LAKELAND LIBRARY REGION

North Battleford, Saskatchewan

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2016

Lakeland Library Region

December 31, 2016

CONTENTS

	Page
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	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

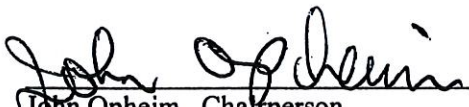
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.


John Opheim, Chairperson

Irene Nones, Business Manager


Eleanor Crumblehulme, Executive Director

North Battleford, Saskatchewan
June 21, 2017

Gary L. Lund

Office: 306-445-1677
Fax: 306-445-4144
Residence: 306-445-9906
E-mail: Gary@lundcpa.ca

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, 2016 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 auditors 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, 2016 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
June 21, 2017


CHARTERED PROFESSIONAL ACCOUNTANT

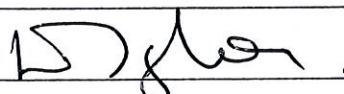
Lakeland Library Region
 Consolidated Statement of Financial Position
December 31, 2016

	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 597,502	\$ 586,345
Accounts receivable (Note 4)	<u>65,941</u>	<u>41,411</u>
Total Financial Assets	<u>663,443</u>	<u>627,756</u>
Financial Liabilities		
Accounts payable & accrued liabilities (Note 8)	54,771	90,900
Holiday pay payable	48,828	51,598
Deferred revenues (SILS) (Note 2g)	3,643	3,637
Employee Deductions payable	<u>35,880</u>	<u> </u>
Total Financial Liabilities	<u>143,122</u>	<u>146,135</u>
Net Financial Assets	<u>520,321</u>	<u>481,621</u>
Non-financial assets		
Tangible capital assets (Note 7)	684,832	612,865
Patronage equity (Note 5)	3,635	3,192
Prepaid expenses (Note 6)	<u>20,943</u>	<u>20,909</u>
Total Non-financial Assets	<u>709,410</u>	<u>636,966</u>
Accumulated surplus	<u>\$ 1,229,731</u>	<u>\$ 1,118,587</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, 2016

REVENUES	2016 Budget Total	<u>2016</u> Total	<u>2015</u> Total
Provincial grant			
Headquarters - Resource Sharing	\$ 681,038	\$ 680,590	\$ 681,038
Materials - Resource Sharing	116,100	116,013	116,100
Staff - Resource Sharing	<u>17,568</u>	<u>17,517</u>	<u>17,568</u>
	814,706	814,120	814,706
Municipal grants	1,236,632	1,228,338	1,205,123
Materials - Headquarters		5,950	3,743
Materials - North Battleford		17,966	16,800
Materials - Branches		8,160	1,244
Employment grants		30,604	20,738
Interest and investment income	6,000	6,136	7,641
Gain/(Loss) on sale of assets		(2,484)	8,500
Miscellaneous income - general	6,000	13,576	16,997
SILS revenue (Note 2g)		<u>70,876</u>	<u>81,227</u>
Total revenues	<u>2,063,338</u>	<u>2,193,242</u>	<u>2,176,719</u>
 EXPENDITURES			
Governance	22,340	18,461	15,961
Administration - general	230,514	227,491	210,987
Administration - building	26,650	21,605	20,759
Services to Branches	447,877	448,560	423,349
Regional Resource Centres	556,185	507,164	526,050
Local Branch Services	396,956	381,866	366,393
Area Resource Centre	118,774	144,528	107,128
Materials	282,626	18,211	75,969
Capital		251,203	232,524
SILS expenses (Note 2g)		<u>63,009</u>	<u>110,371</u>
Total expenditures	<u>2,081,922</u>	<u>2,082,098</u>	<u>2,089,491</u>
 SURPLUS (DEFICIT) FOR THE			
YEAR FROM OPERATIONS	<u>(18,584)</u>	111,144	87,228
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,118,587</u>	<u>1,031,359</u>
ACCUMULATED SURPLUS, END OF YEAR		\$ <u>1,229,731</u>	\$ <u>1,118,587</u>

See accompanying notes to financial statements

Lakeland Library Region
 Consolidated Statement of Changes in Net(Debt) Financial Assets
for the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
Surplus(deficit)	\$ <u>111,144</u>	\$ <u>87,228</u>
Acquisition of tangible capital assets	(334,040)	(303,220)
Change in ownership of SILS	86	102
Amortization of tangible assets	251,203	245,764
Proceeds on sale of capital assets	8,300	
Loss on disposal/write down of assets	2,484	7,839
Acquisition of prepaid expenses	(34)	5,884
Allocation of patronage equity	(443)	(582)
Change in net(debt) financial assets	38,700	43,015
Net(debt) financial assets, beginning of year	<u>481,621</u>	<u>438,606</u>
Net(debt) financial assets, end of year	\$ <u>520,321</u>	\$ <u>481,621</u>

See accompanying notes to financial statements

Lakeland Library Region
Consolidated Statement of Cash Flow
for the year ended December 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Surplus(deficit)	\$ <u>111,144</u>	\$ <u>87,228</u>
Non-cash items		
Amortization of tangible assets	251,203	245,764
Loss on disposal of assets	2,484	7,839
Change in ownership of SILS	<u>86</u>	<u>102</u>
	<u>364,917</u>	<u>340,933</u>
Changes in non-cash working capital:		
Accounts receivable (increase) decrease	(24,530)	22,894
Prepaid expenses (increase) decrease	(34)	5,884
Patronage equity (increase) decrease	(443)	(582)
Accounts payable increase(decrease)	(249)	11,528
Holiday pay payable increase(decrease)	(2,770)	(910)
Deferred revenue increase(decrease)	<u>6</u>	<u>(9,854)</u>
	<u>(28,020)</u>	<u>28,960</u>
CASH FLOWS FROM(USED IN) OPERATING ACTIVITIES	<u>336,897</u>	<u>369,893</u>
INVESTMENT ACTIVITIES		
Purchase of tangible capital assets	(334,040)	(303,220)
Proceeds on sale of capital assets	<u>8,300</u>	<u> </u>
CASH FLOWS FROM(USED IN) INVESTING ACTIVITIES	<u>(325,740)</u>	<u>(303,220)</u>
INCREASE (DECREASE) IN CASH AND EQUIVALENTS	11,157	66,673
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>586,345</u>	<u>519,672</u>
CASH AND EQUIVALENTS AT END OF YEAR	\$ <u>597,502</u>	\$ <u>586,345</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Current Fund Activities
for the year ended December 31, 2016

	2016 Budget	<u>2016</u>	Schedule 1
REVENUES	<u>Total</u>	<u>Total</u>	<u>2015</u> <u>Total</u>
Provincial Libraries Grant			
Headquarters - Resource Sharing	\$ 681,038	\$ 680,590	\$ 681,038
Staff - Resource Sharing	<u>17,568</u>	<u>17,517</u>	<u>17,568</u>
	698,606	698,107	698,606
Municipal grants	1,070,105	1,061,811	1,040,057
Employment grants		30,604	20,738
Interest	6,000	6,136	7,641
Miscellaneous income - general	<u>6,000</u>	<u>13,576</u>	<u>8,247</u>
	<u>1,780,711</u>	<u>1,810,234</u>	<u>1,775,289</u>
 EXPENDITURES			
Governance	22,340	18,461	15,961
Administration - general	230,514	227,491	210,987
Administration - building	26,650	21,605	20,759
Services to Branches	447,877	448,560	420,021
Regional Resource Centres	556,185	507,164	526,050
Local Branch Services	396,956	381,866	366,393
Area Resource Centre	<u>118,774</u>	<u>144,528</u>	<u>107,128</u>
	<u>1,799,296</u>	<u>1,749,675</u>	<u>1,667,299</u>
 EXCESS OF REVENUE OVER EXPENDITURES	(18,585)	60,559	107,990
 NET INTERFUND TRANSFERS			
FROM (TO) CAPITAL		(32,143)	(26,945)
FROM (TO) RESERVES	18,540	(42,547)	(83,132)
FROM (TO) MATERIALS FUND	<u> </u>	<u>14,131</u>	<u>2,087</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, 2016

Schedule 2

	2016 Budget	<u>2016</u>	<u>2015</u>
	<u>Total</u>	<u>Total</u>	<u>Total</u>
REVENUES			
Materials - Resource Sharing	\$ 116,100	\$ 116,013	\$ 116,100
Municipal grants	166,527	166,527	165,066
Materials - Headquarters		5,950	3,743
Materials - North Battleford		17,966	16,800
Materials - Branches		<u>8,160</u>	<u>1,244</u>
	<u>282,627</u>	<u>314,616</u>	<u>302,953</u>
EXPENDITURES			
Materials expensed	<u>282,626</u>	<u>18,211</u>	<u>75,969</u>
EXCESS OF REVENUES OVER EXPENDITURES	1	296,405	226,984
NET INTERFUND TRANSFERS			
FROM (TO) RESERVES		(1,500)	(1,500)
FROM (TO) CAPITAL FUND		(276,994)	(228,567)
FROM (TO) CURRENT FUND		<u>(14,131)</u>	<u>(2,087)</u>
CHANGE IN MATERIALS FUND	NIL	3,780	(5,170)
FUND BALANCE - BEGINNING OF YEAR	<u>NIL</u>	<u>5,685</u>	<u>10,855</u>
FUND BALANCE - END OF YEAR	\$ <u>NIL</u>	\$ <u>9,465</u>	\$ <u>5,685</u>

See accompanying notes to financial statements

Lakeland Library Region
 Schedule of Capital Fund Activities
 for the year ended December 31, 2016

Schedule 3

	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
REVENUES		
Gain on disposal	\$ (2,484)	\$ 8,500
Other income - capital	<u> </u>	<u>8,750</u>
	<u>(2,484)</u>	<u>17,250</u>
EXPENDITURES		
Amortization	<u>251,203</u>	<u>232,524</u>
	<u>251,203</u>	<u>232,524</u>
SHORTFALL OF REVENUE OVER EXPENDITURES	(253,687)	(215,274)
NET INTERFUND TRANSFERS		
FROM (TO) CURRENT FUND	32,143	26,945
FROM (TO) MATERIALS FUND	276,994	228,567
FROM (TO) RESERVES FUND	<u>16,430</u>	<u>9,102</u>
CHANGE IN CAPITAL FUND	71,880	49,340
CAPITAL FUND AT BEGINNING OF YEAR	<u>612,865</u>	<u>563,350</u>
SILS assets	<u>87</u>	<u>175</u>
CAPITAL FUND AT END OF YEAR	<u>\$ 684,832</u>	<u>\$ 612,865</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedule of Reserve Fund Activities
for the year ended December 31, 2016

Schedule 4

	<u>2016</u>		<u>2015</u>
	<u>Total</u>		<u>Total</u>
NET INTERFUND TRANSFERS			
FROM (TO) CURRENT FUND	\$ 41,046		\$ 83,132
FROM (TO) MATERIALS FUND	1,500		1,500
FROM (TO) CAPITAL FUND	<u>(16,430)</u>		<u>(9,102)</u>
Total Interfund Transfers	26,116		75,530
FUND BALANCE AT BEGINNING OF YEAR	<u>434,390</u>		<u>358,860</u>
FUND BALANCE AT END OF YEAR	<u>\$ 460,506</u>		<u>\$434,390</u>
RESERVE DETAILS	<u>Opening</u>	<u>Transfers</u>	<u>Transfers</u>
	<u>Balance</u>	<u>Out</u>	<u>In</u>
Specified			<u>Ending</u>
Automation	\$100,000		Balance
Automobile	40,382	\$ 34,931	\$100,000
InterLibrary Loans	5,468		15,451
Equipment	10,181		5,468
Evergreen	12,055		10,181
Materials-replacement	<u>31,855</u>	_____	8,500
			<u>20,555</u>
	199,941	34,931	20,000
Unspecified Contingencies			185,010
- Building	54,175		54,175
- Library	<u>180,275</u>	_____	<u>70,757</u>
	<u>\$434,391</u>	<u>\$ 34,931</u>	<u>\$ 90,757</u>
			<u>\$460,506</u>

See accompanying notes to financial statements

Lakeland Library Region

Schedule of Expenditures by Object
December 31, 2016

Schedule 5

	Governance Administration	Services to Branches	Regional Resource Centres	Area Resource Centres	Local Branch Services	2016 Budget	2016	2015
Wages, Benefits and Honoraria	\$ 2,010	\$ 143,706	\$ 339,972	\$ 498,782	\$ 144,528	\$ 1,541,431	\$ 1,507,234	\$ 1,446,781
Purchased Goods and Service								
General	16,451	83,785	108,588	8,382	3,630	231,215	220,836	203,087
Building		21,605				26,650	21,605	20,759
Total Goods and Services	16,451	105,390	108,588	8,382	3,630	257,865	242,441	223,846
Capital assets		22,562	20,076	102,197	16,685		251,203	232,524
Library Materials								
SILS (Note 2g)						282,626	18,211	75,969
							63,009	110,371
	\$ 18,461	\$ 271,658	\$ 468,636	\$ 618,284	\$ 162,670	\$ 2,081,922	\$ 2,082,098	\$ 2,089,491

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Expenditures
for the year ended December 31, 2016

	2016 Budget <u>Total</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<u>GOVERNANCE</u>			
<u>Salaries and Benefits</u>			
Executive indemnity	\$ 4,000	\$ 2,010	\$ 2,760
<u>Purchased Goods and Services</u>			
Board meeting expenses	1,300	1,363	669
Board travel	2,700	2,110	1,410
Executive insurance	3,150	3,626	3,054
Executive travel	6,500	4,985	3,838
Executive SLTA/CLA conference	2,000	1,259	1,543
SLTA association fees	2,690	3,108	2,687
	<u>18,340</u>	<u>16,451</u>	<u>13,201</u>
	\$ <u>22,340</u>	\$ <u>18,461</u>	\$ <u>15,961</u>
<u>ADMINISTRATION</u>			
<u>Salaries and benefits</u>			
Salaries	\$ 146,216	\$ 123,721	\$ 135,300
Canada Pension Plan	6,119	5,455	5,368
Employment Insurance	3,476	3,014	2,844
Group insurance	1,362	1,340	1,429
Superannuation	11,917	10,262	10,924
Workers' compensation	1,424	(86)	264
	<u>170,514</u>	<u>143,706</u>	<u>156,129</u>
<u>Purchased Goods and Services</u>			
Audit	8,000	9,928	10,185
Accounting & Payroll support	3,000	1,046	2,291
Consulting fees	6,000	25,480	6,505
Equipment	10,000	15,926	6,520
Fax	500		442
Insurance	1,750		1,720
Maintenance - office equipment	2,000	2,623	1,697
Office supplies	2,000	6,953	1,575
Photocopier rent	2,050	2,996	1,970
Photocopier service	3,000	2,535	2,012
Postage	2,800	3,223	2,417
Postage equipment	900	254	652
Promotion LLR	6,000	1,959	5,126
Travel - Admin staff	7,000	6,353	7,585
Sundry	1,500	713	1,044
Telephone	3,500	3,796	3,117
	<u>60,000</u>	<u>83,785</u>	<u>54,858</u>
	\$ <u>230,514</u>	\$ <u>227,491</u>	\$ <u>210,987</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2016

	2016 Budget <u>Total</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<u>HEADQUARTERS SERVICES TO ALL BRANCHES</u>			
<u>Salaries and Benefits</u>			
Staff salaries	\$ 260,515	\$ 293,836	\$ 258,000
Canada Pension Plan	11,683	13,021	11,419
Employment Insurance	6,913	7,581	6,725
Group insurance	2,546	3,511	1,716
Superannuation	21,232	22,260	21,102
Workers Compensation	<u>495</u>	<u>(237)</u>	<u>488</u>
	<u>303,384</u>	<u>339,972</u>	<u>299,450</u>
<u>Purchased Goods and Services</u>			
Automobile -fuel	18,500	13,477	10,381
-insurance	3,400		3,204
-maintenance	6,500		11,676
-Van replacement	10,000		
-driver expense	2,800		
SILS -service fee	47,958	37,141	45,324
-membership	16,602	28,592	16,095
-miscellaneous	2,933		2,933
Public Access Computers	15,800	9,102	12,833
InterLibrary Loans			326
Library supplies	4,000	1,983	2,904
Processing	4,500	4,188	2,708
Summer Reading, Winter Reading and Saskatchewan Library programs	3,000	7,298	3,097
Staff travel	4,500		6,902
Workshops & Conferences -librarians'	<u>4,000</u>	<u>6,807</u>	<u>2,188</u>
	<u>144,493</u>	<u>108,588</u>	<u>120,571</u>
	\$ <u>447,877</u>	\$ <u>448,560</u>	\$ <u>420,021</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2016

	2016 Budget <u>Total</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<u>REGIONAL RESOURCE CENTRES (NORTH BATTLEFORD & LLOYDMINSTER LIBRARIES)</u>			
<u>Salaries and Benefits</u>			
Lloydminster	\$ 196,182	\$ 196,182	\$ 191,397
North Battleford	302,007	260,913	284,650
Canada Pension Plan	13,265	10,329	11,446
Employment Insurance	7,846	6,613	7,323
Group insurance	5,408	5,359	1,681
Superannuation	22,499	19,647	20,818
Workers Compensation	<u>596</u>	<u>(261)</u>	<u>557</u>
	<u>547,803</u>	<u>498,782</u>	<u>517,872</u>
<u>Purchased Goods and Services</u>			
Administration costs-Lloydminster	<u>8,382</u>	<u>8,382</u>	<u>8,178</u>
	<u>8,382</u>	<u>8,382</u>	<u>8,178</u>
	<u>\$ 556,185</u>	<u>\$ 507,164</u>	<u>\$ 526,050</u>

LOCAL BRANCH SERVICES

<u>Salaries and Benefits</u>			
Salaries	\$ 343,605	\$ 331,925	\$ 323,172
Canada Pension Plan	11,984	9,222	8,872
Employment Insurance	9,277	8,701	8,525
Group insurance	3,399	3,866	456
Superannuation	28,004	24,840	21,770
Workers Compensation	<u>687</u>	<u>(318)</u>	<u>647</u>
	<u>396,956</u>	<u>378,236</u>	<u>363,442</u>
<u>Purchased Goods and Services</u>			
Local donations disbursed	<u> </u>	<u>3,630</u>	<u>2,951</u>
	<u>\$ 396,956</u>	<u>\$ 381,866</u>	<u>\$ 366,393</u>

See accompanying notes to financial statements

Lakeland Library Region
Schedules of Revenue and Expenditures
for the year ended December 31, 2016

	2016 Budget <u>Total</u>	<u>2016</u> <u>Total</u>	<u>2015</u> <u>Total</u>
<u>AREA RESOURCE CENTRE (Meadow Lake Library)</u>			
<u>Salaries and Benefits</u>			
Salaries	\$ 102,790	\$ 126,370	\$ 93,251
Canada Pension Plan	4,069	4,832	3,608
Employment Insurance	2,775	3,183	2,462
Group Insurance	1,334	2,021	849
Superannuation	7,555	8,214	6,767
Workers Compensation	<u>251</u>	<u>(92)</u>	<u>191</u>
	<u>\$ 118,774</u>	<u>\$ 144,528</u>	<u>\$ 107,128</u>
<u>MATERIALS</u>			
<u>Library Materials</u>			
Materials-Lloydminster	\$ 59,867	\$ 60,000	\$ 58,407
-North Battleford	72,103	85,966	95,508
-Local branches	128,163	127,721	129,228
-Meadow Lake	<u>22,493</u>	<u>21,518</u>	<u>21,393</u>
	\$ 282,626	295,205	304,536
Less capitalized portion	<u> </u>	<u>(276,994)</u>	<u>(228,567)</u>
Materials expensed	<u> </u>	<u>\$ 18,211</u>	<u>\$ 75,969</u>
<u>BUILDING</u>			
<u>Purchased Goods and Services</u>			
Building improvements	\$ 3,600	\$ 75	
Garbage removal	700	744	\$ 708
Gas	3,200	1,776	2,124
Insurance	1,500	2,577	1,218
Maintenance & repair	3,500	3,093	3,322
Power	6,900	6,477	6,050
Janitorial services	4,800	4,770	4,950
Maintenance supplies	1,000	494	1,008
Security system	350	380	353
Sundry	100	15	188
Water	<u>1,000</u>	<u>1,204</u>	<u>838</u>
	<u>\$ 26,650</u>	<u>\$ 21,605</u>	<u>\$ 20,759</u>

See accompanying notes to financial statements

Lakeland Library Region
Notes to Financial Statements
December 31, 2016

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, 2016

(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, 2016

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, 2016

(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>2016</u>	<u>2015</u>
Cash on hand	\$ 378,144	\$ 374,230
GIC investments	<u>144,076</u>	<u>143,619</u>
	522,220	517,849
Cash & equivalents (SILS)	<u>75,283</u>	<u>68,496</u>
	<u>\$ 597,503</u>	<u>\$ 586,345</u>

4. ACCOUNTS RECEIVABLE

	<u>2016</u>	<u>2015</u>
Municipal grants	\$ (1,471)	
Accrued interest	2,482	\$ 128
Other	28,932	15,448
Government of Canada - GST rebate	<u>20,730</u>	<u>9,865</u>
	<u>50,673</u>	<u>25,441</u>
Accounts receivable (SILS)	<u>15,268</u>	<u>15,970</u>
	<u>\$ 65,941</u>	<u>\$ 41,411</u>

5. Patronage Equity

Discovery Co-op	1,280	970
Innovation Credit Union	2,251	2,118
Patronage investments (SILS)	<u>104</u>	<u>104</u>
	<u>\$ 3,635</u>	<u>\$ 3,192</u>

Lakeland Library Region
Notes to Financial Statements
December 31, 2016

6. PREPAID EXPENSES

	<u>2016</u>	<u>2015</u>
Memberships		\$ 1,260
Prepaid (SILS)	\$ <u>20,943</u>	<u>19,649</u>
	\$ <u>20,943</u>	\$ <u>20,909</u>

7. TANGIBLE CAPITAL ASSETS

			<u>2016</u>	<u>2015</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	
Land	\$ 29,613		\$ 29,613	\$ 29,613
Buildings	175,985	\$ 79,503	96,482	102,348
Automotive	64,549	18,833	45,716	34,479
Equipment & Furniture	282,916	241,343	41,573	43,318
Books & resources	2,043,331	1,571,970	471,361	402,932
SILS assets	<u>262</u>	<u>175</u>	<u>87</u>	<u>175</u>
	<u>\$2,596,656</u>	<u>\$1,911,824</u>	<u>\$ 684,832</u>	<u>\$ 612,865</u>

8. ACCOUNTS PAYABLE

Accounts payable & accrued liabilities	\$ 51,141	\$ 83,932
Accounts payable (SILS)	<u>3,630</u>	<u>6,968</u>
	\$ <u>54,771</u>	\$ <u>90,900</u>

9. BUDGET AMOUNTS

The budget amounts were prepared by Library management and approved by the Board on September 16, 2015.

10. CONTINGENT LIABILITIES

Sick leave accumulation for current employees is calculated to be \$104,525 (2015-\$276,747). 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, 2016

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 of 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, 2016

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 \$85,222 (2014-\$82,648).