

WHEATLAND REGIONAL LIBRARY

Consolidated Financial Statements

Year Ended December 31, 2013

WHEATLAND REGIONAL LIBRARY
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Year Ended December 31, 2013

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of Wheatland Regional Library 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 Wheatland Regional Library'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 Audit Committee. The Audit 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 Audit 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 C.S. Skrupski Certified General Accountant Professional Corporation, in accordance with Canadian auditing standards.



Arlene Pederson, Chairperson



Gayle Brown, Audit Committee

Saskatoon, Saskatchewan
March 15, 2014

C.S. Skrupski
Certified General Accountant
Professional Corporation

INDEPENDENT AUDITOR'S REPORT

To the Members of Wheatland Regional Library:

I have audited the accompanying consolidated financial statements of Wheatland Regional Library, which are comprised of the consolidated statement of financial position as at December 31, 2013, the consolidated statements of operations, changes in net (debt) 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 Consolidated 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 misstatement, 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 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 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 Wheatland Regional Library as at December 31, 2013, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Rosthern, Saskatchewan
March 15, 2014


Certified General Accountant
Professional Corporation

WHEATLAND REGIONAL LIBRARY
Consolidated Statement of Financial Position
as at December 31, 2013

	2013	2012
FINANCIAL ASSETS		
Cash	\$ 943,059	\$ 751,604
Accounts receivable	31,973	30,821
	<u>975,032</u>	<u>782,425</u>
LIABILITIES		
Accounts payable	5,025	2,344
Deferred income	18,893	30,585
Long term debt (Note 4)	783,351	811,860
	<u>807,269</u>	<u>844,789</u>
NET (DEBT) FINANCIAL ASSETS	<u>167,763</u>	<u>(62,364)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 5, 6)	2,453,832	2,539,804
Prepaid expenses	20,424	19,181
	<u>2,474,256</u>	<u>2,558,985</u>
ACCUMULATED SURPLUS	<u>\$ 2,642,019</u>	<u>\$ 2,496,621</u>

ON BEHALF OF THE BOARD

 Director
 Director

WHEATLAND REGIONAL LIBRARY
Consolidated Statement of Operations
Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
REVENUES			
Provincial grant - library materials	\$ 292,565	\$ 276,861	\$ 294,056
Provincial grant	621,702	641,954	620,211
Municipal levies	744,618	744,618	673,210
Computer access program	-	-	50,513
Interest income	1,000	2,209	1,630
Lost or damaged materials	4,000	7,261	6,299
Sundry revenue	1,200	22,763	40,630
Donations	-	265	855
SILS revenue <i>(Schedule 5)</i>	107,635	96,759	140,472
	<u>1,772,720</u>	<u>1,792,690</u>	<u>1,827,876</u>
EXPENSES			
Administration <i>(Schedule 1)</i>	448,190	424,743	438,479
Governance <i>(Schedule 2)</i>	31,420	21,309	23,198
Services to branches <i>(Schedule 3)</i>	872,359	775,437	772,269
Library materials <i>(Schedule 4)</i>	313,000	318,389	328,837
SILS expenses <i>(Schedule 5)</i>	103,669	100,102	146,162
	<u>1,768,638</u>	<u>1,639,980</u>	<u>1,708,945</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>4,082</u>	152,710	118,931
OTHER INCOME			
Gain (loss) on disposal of assets		<u>(7,312)</u>	<u>(4,100)</u>
Annual surplus (deficit)		145,398	114,831
Accumulated surplus, beginning of year		<u>2,496,621</u>	<u>2,381,790</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>\$ 2,642,019</u>	<u>\$ 2,496,621</u>

WHEATLAND REGIONAL LIBRARY
Consolidated Statement of Changes in Net (Debt) Financial Assets
Year Ended December 31, 2013

	2013	2012
Annual surplus (deficit)	\$ 145,398	\$ 114,831
Acquisition of tangible capital assets	(301,853)	(366,033)
Amortization of tangible capital assets	378,012	417,845
Disposal/write-down of tangible capital assets	9,813	4,901
Acquisition of prepaids	(20,424)	(19,181)
Use of prepaids	19,181	37,465
Change in net (debt) financial assets	230,127	189,828
Net (debt) financial assets, beginning of year	(62,364)	(252,192)
NET (DEBT) FINANCIAL ASSETS - END OF YEAR	167,763	(62,364)

WHEATLAND REGIONAL LIBRARY
Consolidated Statement of Cash Flows
Year Ended December 31, 2013

	2013	2012
OPERATING TRANSACTIONS		
Excess of revenues over expenses	\$ 145,398	\$ 114,831
Items not affecting cash:		
Amortization of tangible capital assets	378,012	417,845
Gain (loss) on disposal of tangible capital assets	7,312	4,100
	<u>530,722</u>	<u>536,776</u>
Changes in non-cash working capital:		
Accounts receivable	(1,153)	(7,984)
Accounts payable	2,681	(2,439)
Prepaid expenses	(1,243)	18,284
Deferred revenue	(11,692)	(46,623)
	<u>(11,407)</u>	<u>(38,762)</u>
Cash flow from (used for) operating transactions	<u>519,315</u>	<u>498,014</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	(301,853)	(366,033)
Proceeds on disposal of tangible capital assets	2,500	801
Cash flow from (used for) capital transactions	<u>(299,353)</u>	<u>(365,232)</u>
FINANCING TRANSACTIONS		
Repayment of long term debt	(28,507)	(26,707)
Cash flow from (used for) financing transactions	<u>(28,507)</u>	<u>(26,707)</u>
INCREASE IN CASH FLOW	191,455	106,075
Cash (deficiency) - beginning of year	<u>751,604</u>	<u>645,529</u>
CASH - END OF YEAR	\$ 943,059	\$ 751,604
CASH CONSISTS OF:		
Cash	<u>\$ 943,059</u>	<u>\$ 751,604</u>

WHEATLAND REGIONAL LIBRARY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

1. DESCRIPTION OF BUSINESS

Wheatland Regional Library (the "Library") offers services and programs under the authority of The Public Libraries Act, 1996 (the "Act"). The Library's Board of Directors 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.

2. BASIS OF PRESENTATION

These consolidated financial statements include all the disclosures required under Canadian public sector accounting standards. Pursuant to Public Sector Accounting Board (PSAB) section 3060 - government partnerships, Wheatland Regional Library has used proportionate consolidation to recognize the investment in Saskatchewan Information & Library Services Consortium (SILS). Wheatland Regional Library has a 7.17% interest in this organization.

3. SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenues are recognized when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured

Government grants

Government grants are recorded when there is a reasonable assurance that the Library had complied with, and will continue to comply with, all the necessary conditions to obtain the grants.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	40 years	straight-line method
Motor vehicles	4 years	straight-line method
Computer equipment	4 years	straight-line method
Computer software	4 years	straight-line method
Furniture and fixtures	10 years	straight-line method
SILS assets	3, 4, and 8 years	straight-line method
Book library	7 years	straight-line method

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

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

Measurement uncertainty

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

WHEATLAND REGIONAL LIBRARY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

4. LONG TERM DEBT

	2013	2012
Royal Bank of Canada loan bearing interest at 6.55% per annum, repayable in monthly blended payments of \$6,737. The loan matures on May 31, 2029 and is secured by mortgage on land and building. Loan is callable on demand.	\$ 783,351	\$ 811,860

Principal repayment terms are approximately:

2014	\$ 30,434
2015	32,488
2016	34,681
2017	37,022
2018	39,521
Thereafter	609,205
	\$ 783,351

5. TANGIBLE CAPITAL ASSETS - BY OBJECT

	Opening	Additions	Disposals & Writedowns	2013	2012
<u>Asset Cost</u>					
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ 45,000
Buildings	1,406,175	-	-	1,406,175	1,406,175
Motor vehicles	92,078	42,917	(39,250)	95,745	92,078
Computer equipment	207,924	-	-	207,924	207,924
Computer software	47,060	-	-	47,060	47,060
Furniture and fixtures	34,347	-	-	34,347	34,347
Book library	2,471,781	250,077	-	2,721,858	2,471,781
SILS assets	245,718	8,859	(28,859)	225,718	245,718
	4,550,083	301,853	(68,109)	4,783,827	4,550,083
<u>Accumulated Amortization</u>					
Buildings	(237,694)	(35,154)	-	(272,848)	(237,694)
Motor vehicles	(41,119)	(13,207)	29,437	(24,889)	(41,119)
Computer equipment	(189,456)	(6,073)	-	(195,529)	(189,456)
Computer software	(47,060)	-	-	(47,060)	(47,060)
Furniture and fixtures	(15,272)	(3,435)	-	(18,707)	(15,272)
Book library	(1,328,701)	(293,309)	-	(1,622,010)	(1,328,701)
SILS assets	(150,977)	(26,834)	28,859	(148,952)	(150,977)
	(2,010,279)	(378,012)	58,296	(2,329,995)	(2,010,279)
Net Book Value	2,539,804	(76,159)	(9,813)	2,453,832	2,539,804

WHEATLAND REGIONAL LIBRARY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

6. TANGIBLE CAPITAL ASSETS - BY FUNCTION

	Opening	Additions	Disposals & Writedowns	2013	2012
<u>Asset Cost</u>					
Land	\$ 45,000	\$ -	\$ -	\$ 45,000	\$ 45,000
Building	1,406,175	-	-	1,406,175	1,406,175
Branch service computers	207,924	-	-	207,924	207,924
Branch delivery vehicles	92,078	42,917	(39,250)	95,745	92,078
Branch service software	47,060	-	-	47,060	47,060
Central office furniture	34,347	-	-	34,347	34,347
Book library	2,471,781	250,077	-	2,721,858	2,471,781
SILS assets	245,718	8,859	(28,859)	225,718	245,718
	<u>4,550,083</u>	<u>301,853</u>	<u>(68,109)</u>	<u>4,783,827</u>	<u>4,550,083</u>
<u>Accumulated Amortization</u>					
Building	(237,694)	(35,154)	-	(272,848)	(237,694)
Branch service computers	(189,456)	(6,073)	-	(195,529)	(189,456)
Branch delivery vehicles	(41,119)	(13,207)	29,437	(24,889)	(41,119)
Branch service software	(47,060)	-	-	(47,060)	(47,060)
Central office furniture	(15,272)	(3,435)	-	(18,707)	(15,272)
Book library	(1,328,701)	(293,309)	-	(1,622,010)	(1,328,701)
SILS assets	(150,977)	(26,834)	28,859	(148,952)	(150,977)
	<u>(2,010,279)</u>	<u>(378,012)</u>	<u>58,296</u>	<u>(2,329,995)</u>	<u>(2,010,279)</u>
Net Book Value	<u>2,539,804</u>	<u>(76,159)</u>	<u>(9,813)</u>	<u>2,453,832</u>	<u>2,539,804</u>

7. LIBRARY MATERIALS EXPENSE

This note is prepared to comply with reporting requirements for revenue from the Provincial Services Agreement:

	<i>Budget 2013</i>	2013	2012
Books	\$ 237,000	\$ 235,077	\$ 241,726
E-Books	30,000	15,000	30,000
Audio-visual	26,000	25,793	28,110
Electronic data bases	20,000	25,080	18,559
	<u>\$ 313,000</u>	<u>\$ 300,950</u>	<u>\$ 318,395</u>

WHEATLAND REGIONAL LIBRARY
Notes to Consolidated Financial Statements
Year Ended December 31, 2013

8. BUDGET FIGURES

The budget figures presented in these financial statements were prepared by Library management and approved by the Board on October 20, 2012. These amounts are unaudited and have been provided for information purposes only.

9. 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.

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 \$75,049.

Consolidated Schedule of Administration Expenses

Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
Advertising	\$ 1,000	\$ 347	\$ 113
Amortization	-	57,869	59,377
Building operating costs	21,000	17,479	16,081
Contract work	5,000	1,404	1,222
Equipment purchases	25,000	2,222	753
Insurance	20,000	16,900	19,562
Interest and bank charges	250	254	31
Interest on mortgage	80,840	52,331	54,134
Janitorial	15,000	12,575	14,819
Library and office supplies	5,000	1,786	2,557
Miscellaneous	2,000	1,420	2,097
Office and computer equipment maintenance	3,000	8,089	3,378
Postage and courier	2,500	2,427	2,531
Professional fees	5,000	184	3,939
Telephone	7,000	5,397	6,690
Travel - staff development	3,000	8,010	5,055
Vehicle operating costs	-	680	1,645
Wages and employee benefits	252,600	235,369	244,495
	<u>\$ 448,190</u>	<u>\$ 424,743</u>	<u>\$ 438,479</u>

Consolidated Schedule of Governance Expenses

Year Ended December 31, 2013

	Budget 2013	2013	2012
Board memberships	\$ 4,120	\$ 4,069	\$ 3,798
Board liability	3,800	1,410	3,668
Chairman's budget	2,000	856	255
Conferences	-	321	-
Meetings - board	1,500	1,053	1,224
Meetings - committees	1,500	708	958
Meetings - executive	12,000	7,432	7,940
Professional fees	5,500	5,460	5,355
Board development	1,000	-	-
	<u>\$ 31,420</u>	<u>\$ 21,309</u>	<u>\$ 23,198</u>

Consolidated Schedule of Services to Branches Expenses

Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
Community librarian training	\$ 9,000	\$ 7,908	\$ 7,512
Equipment purchases	51,000	2,107	2,093
Global books in print	5,000	3,993	3,977
Library and office supplies; equipment maintenance	15,000	18,839	58,414
Operating grants to branches	220,299	220,299	193,522
Postage and courier	5,000	7,503	5,295
Programs	20,000	42,453	49,046
Promotions and advertising	5,500	4,824	3,778
SILS	75,000	73,834	63,065
Technical services	360	4,359	359
Telephone	4,000	3,167	3,308
Travel - mileage	7,000	611	1,818
Travel - office	3,500	839	546
Vehicle operating costs	75,600	46,566	51,370
Wages and employee benefits	376,100	338,135	328,166
	\$ 872,359	\$ 775,437	\$ 772,269

Consolidated Schedule of Library Materials Expenses

Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
Electronic information databases	\$ 20,000	\$ 25,080	\$ 18,559
Amortization expense - book library	293,000	293,309	310,278
	<u>\$ 313,000</u>	<u>\$ 318,389</u>	<u>\$ 328,837</u>

**Consolidated Schedule of Saskatchewan Information
& Library Services (SILS) Consortium Revenue and Expenses**

Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
REVENUE			
Saskatchewan Ministry of Education	\$ 6,453	\$ 14,655	\$ 27,709
Membership fees	14,139	16,535	13,527
Provincial library fee	717	717	686
Interest income	1,434	962	1,269
Other revenue	32,981	10,039	47,615
System service fees	44,741	46,681	42,806
Evergreen fees	7,170	7,170	6,860
	<u>107,635</u>	<u>96,759</u>	140,472
EXPENSES			
Amortization	26,834	26,834	48,190
Human resource costs	34,568	31,014	29,892
Office	4,661	4,412	4,017
Peripherals/other expenses	36,459	37,155	62,584
Professional fees	1,147	687	1,479
	<u>103,669</u>	<u>100,102</u>	146,162
INCOME FROM OPERATIONS	<u>\$ 3,966</u>	<u>\$ (3,343)</u>	<u>\$ (5,690)</u>

Consolidated Summary of Expenditures by Object

Year Ended December 31, 2013

	<i>Budget 2013</i>	2013	2012
Electronic databases	\$ 20,000	\$ 25,080	\$ 18,559
Purchased goods and services	765,536	632,370	669,988
Wages, benefits, honoraria, and non-operating grants	663,268	604,518	602,553
Amortization	319,834	378,012	417,845
	<u>\$ 1,768,638</u>	<u>\$ 1,639,980</u>	<u>\$ 1,708,945</u>