

SASKATOON PUBLIC LIBRARY

***CONSOLIDATED FINANCIAL
STATEMENTS***

December 31, 2018

Draft

Independent Auditor's Report

To the Board Of Directors Of Saskatoon Public Library

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Saskatoon Public Library (the "Library"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2018, and the results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 to 5 do not form part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an opinion, a review conclusion or any other form of assurance on this supplementary information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
June 20, 2019
Saskatoon, Saskatchewan

Saskatoon Public Library
Consolidated Statement of Financial Position

As at December 31, 2018
(in thousands of dollars)

	2018	2017
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 3)	\$ 2,201	\$ 574
Due from Related Parties (Note 11)	18,590	15,254
Accounts Receivable	44	36
Interest Receivable	97	64
Deposit	50	50
Investments (Note 5)	17,116	18,053
Total Financial Assets	<u>38,098</u>	<u>34,031</u>
FINANCIAL LIABILITIES		
Accounts Payable	158	183
Employee Wages and Benefits Payable	507	446
Deferred Revenue	16	16
Total Liabilities	<u>681</u>	<u>645</u>
Total Net Financial Assets	<u>37,417</u>	<u>33,386</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Schedule 5)	18,096	17,281
Prepaid Expenses	99	7
ACCUMULATED SURPLUS	<u>\$ 55,612</u>	<u>\$ 50,674</u>

See accompanying notes

Approved by the Board of Directors:

Saskatoon Public Library
Consolidated Statement of Operations
For the year ended December 31, 2018
(in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
REVENUES			
Taxation	\$ 23,152	\$ 23,073	\$ 22,800
Provincial Funding for Library Consortium	54	54	45
Provincial Grants	667	686	714
Fines	180	107	126
Interest	-	580	408
Other Revenue	284	382	369
TOTAL REVENUES	<u>24,337</u>	<u>24,882</u>	<u>24,462</u>
EXPENSES			
Administration	3,430	3,130	3,290
Direct Library Services	5,843	5,730	6,092
Local Branch Services	8,117	7,595	6,992
Services to Branches	1,230	1,298	1,117
TOTAL EXPENSES	<u>18,620</u>	<u>17,753</u>	<u>17,491</u>
Excess of Revenues over Expenses before Amortization Expense	5,717	7,129	6,971
Amortization Expense	1,914	2,191	2,105
Surplus of Revenue over Expenses	<u>3,803</u>	<u>4,938</u>	<u>4,866</u>
Accumulated Surplus, Beginning of Year		50,674	45,808
Accumulated Surplus, End of Year		<u>\$ 55,612</u>	<u>\$ 50,674</u>

See accompanying notes

Saskatoon Public Library
Consolidated Statement of Changes in Net Financial Assets
As at December 31, 2018
(in thousands of dollars)

	2018 Budget	2018	2017
Surplus of Revenues over Expenses	\$ 3,803	\$ 4,938	\$ 4,866
Acquisition of Tangible Capital Assets	(3,200)	(3,006)	(2,759)
Amortization of Tangible Capital Assets	1,914	2,191	2,105
Deficit of Capital Expenditures over Expenditures	(1,285)	(815)	(654)
Net Change in Prepaid Expenses	(80)	(92)	88
Deficit from other Non-Financial Expenditures	(1,365)	(907)	(566)
Increase in Net Financial Assets	2,438	4,031	4,300
Net Financial Assets, Beginning of Year	29,086	33,386	29,086
Net Financial Assets, End of Year	\$ 31,524	\$ 37,417	\$ 33,386

See accompanying notes

Draft

Saskatoon Public Library
Consolidated Statement of Cash Flow

As at December 31, 2018
(in thousands of dollars)

	2018	2017
Operating Activities:		
Surplus of revenues over expenses	\$ 4,938	\$ 4,866
Changes in Non-Cash Items		
Due from Related Parties	(3,336)	(3,300)
Accounts Receivable	(8)	18
Prepaid Expenses	(92)	88
Interest Receivable	(33)	(11)
Accounts Payable	(25)	(108)
Employee Benefits Payable	61	16
Deferred Revenue	-	1
Amortization of Tangible Capital Assets	2,191	2,105
Net Cash From Operating Activities	3,696	3,675
Investing Activities:		
Purchase of Investments	(10,538)	(8,722)
Proceeds from Disposal of Investments	11,475	8,052
Net Cash From Investing Activities	937	(670)
Capital Activities:		
Purchase of Tangible Capital Assets	(3,006)	(2,759)
Increase in Cash and Cash Equivalents	1,627	246
Cash and Cash Equivalents, Beginning of Year	574	328
Cash and Cash Equivalents, End of Year	\$ 2,201	\$ 574

See accompanying notes

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

1. PURPOSE AND AUTHORITY

Saskatoon Public Library (the "Library") offers services and programs under the authority of The Public Libraries Act, 1996. 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 municipal area as established by regulation. The Library is exempt from income taxes under the Income Tax Act.

2. ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Chartered Professional Accountants of Canada ("CPA Canada").

A) BASIS OF CONSOLIDATION

- i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the general fund (Schedule 3) and reserve funds (Schedule 1). In addition, the consolidated reporting entity includes the Library's interest in the Saskatchewan Information & Library Services Consortium ("SILS") which has been proportionately consolidated. Any balances or transactions between the Library and SILS have been eliminated through the consolidation process.
- ii) Schedule 3 includes only those revenues and expenses reflected in the Library's Annual Operating Budget, which is prepared to identify the Library's property tax requirement.

B) ACCOUNTING POLICIES

- i) **Cash and Cash Equivalents**
Cash is comprised of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, with maturities of three months or less from the date of acquisition.
- ii) **Investments**
All investments are recorded at amortized cost using the effective interest rate method.

Temporary investments consist of Canada treasury bills, commercial acceptances, and commercial paper.

Portfolio investments consist of municipal government and corporate bonds. Premiums and discounts are amortized over the life of the investment. Investment transactions are accounted for at the settlement date. Investment income is recorded on the accrual basis.

When there has been a loss in a value of an investment that is other than temporary decline, the investment is written down to recognize the loss and the loss is recognized in the consolidated statement of operations.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

iii) **Tangible Capital Assets**

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

Library Assets

Buildings	50 years
Land Improvements	30 years
Furniture and Fixtures	20 years
Books and Audio Visual information	10 years
Periodicals	2 years
Computer Software	8 years
Computer Equipment	4 years

A full year's amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use. Interest costs for the construction and development of tangible capital assets are capitalized. SILS amortization rates are not reported as there were no assets in 2018.

a) **Buildings and Leasehold Improvements**

The Library operates several facilities on municipal reserve and other City of Saskatoon (the "City") land where residual ownership reverts to the City. These buildings have not been capitalized. Leasehold Improvements paid for by the Library in City owned buildings have been capitalized and amortized.

b) **Cultural, historical and works of art**

The Library owns various works of art and historical artifacts. These assets are not recorded as tangible capital assets and are expensed as acquired.

iii) **Revenues and Expenses**

Taxation revenue is recognized when authorized, the taxable event occurred, and collectability is expected.

Government transfers are recognized as revenue when authorized, all eligibility criteria are met, the amount can be estimated and collection is reasonably assured except when, and to the extent, stipulations by the transferor give rise to an obligation that meets the definition of a liability. For transfers with stipulations, revenue is recognized in the statement of operations as the stipulation liabilities are settled.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

Revenue and Expenses (continued)

Contributions from other sources are accounted for following the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year which related expenses are incurred.

Fine revenues are accounted for in the period when the payments have been received. Revenue from other fees and services are recognized in the year they are earned.

Expenses are reported on an accrual basis of accounting and expenses are accounted for in the period in which the goods and services are acquired and a liability is incurred.

iv) Employee Benefits

Employees of the Library participate in a multi-employer defined benefit pension plan. The Library follows defined contribution accounting for its participation in the plan. Accordingly the Library expenses all contributions it is required to make in the year.

v) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Significant estimates include the amortization of tangible capital assets.

vi) Recent Accounting Pronouncements

PS 2200 Related Party Disclosures

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board (PSAB) issued a new standard, PS 2200 Related Party Disclosures. This new Section defines related party and established disclosures required for related party transactions and was adopted on January 1, 2018. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. The Library has established procedures to do an annual review of all related parties in order to determine if any transactions took place that require disclosure, which are disclosed in Note 12.

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts and was adopted on January 1, 2018. The main features of this standard are as follows:

Assets are defined as economic resources controlled by an entity as a result of past transactions or events and from which future economic benefits are expected to be obtained. Economic

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

vi) Recent Accounting Pronouncements (continued)

PS 3210 Assets (continued)

resources can arise from such events as agreements, contracts, other government's legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services. A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries. An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The new Standard did not have a material effect on the consolidated financial statements.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets and was adopted on January 1, 2018. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date. Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date. Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made. When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The new Standard does not have a material effect on the consolidated financial statements.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

vi) Recent Accounting Pronouncements (continued)

PS 3380 Contractual Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise and was adopted on January 1, 2018. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right. Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right. Disclosures should include descriptions about nature, extent, and timing.

The new Standard does not have a material effect on the consolidated financial statements.

PS 3420 Inter-Entity Transactions

In March 2015, new PS 3420 Inter-Entity Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective and was adopted on January 1, 2018. The main features of this Standard are as follows:

Under a policy of cost allocation, revenues and expenses are recognized on a gross basis. Transactions are measured at the carrying amount, except in specific circumstances. A recipient may choose to recognize unallocated costs for the provision of goods and circumstances and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure of budget practice. The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value. Inter-entity transactions are considered in conjunction with PS 2200 Related Party Disclosures.

The new Standard does not have a material effect on the consolidated financial statements.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

vii) Future Accounting Policies Changes

A number of new standards and amendments to standards which may impact the Library are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements. In particular, the following new standards and amendments to standards are effective for financial statements beginning on or after:

PS1201	Financial Statement Presentation	April 1, 2019
PS2601	Foreign Currency Translation	April 1, 2021
PS3041	Portfolio Investments	April 1, 2021
PS3280	Asset Retirement Obligations	April 1, 2021
PS3450	Financial Instruments	April 1, 2021
PS3400	Revenue	April 1, 2022

The extent of the impact on adoption of these standards is not known at this time.

3. CASH AND CASH EQUIVALENTS

	2018	2017
Cash and cash equivalents	\$ 2,070	60
Cash and cash equivalents (SILS)	131	514
	<u>\$ 2,201</u>	<u>\$ 574</u>

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

4. INVESTMENT IN GOVERNMENT PARTNERSHIPS

In 2008, the Saskatoon Public Library entered into a partnership with the Regina Public Library, the Saskatchewan Regional Libraries and the Province of Saskatchewan to establish a single integrated library information system for the Province, providing a common experience for library users throughout the Province. Subsequently, SILS was incorporated on November 6, 2009 as a non-profit organization. SILS is funded by grants from the Ministry of Education, Government of Saskatchewan and the 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:

	2018	2017
Statement of Financial Position		
Financial Assets	\$ 2,917	\$ 2,681
Financial Liabilities	683	631
Net Financial Assets	2,234	2,050
Non-Financial Assets	-	-
Accumulated Surplus	\$ 2,234	\$ 2,050
Statement of Operations		
Revenue	1,256	1,404
Expenses	1,073	1,051
Annual Surplus	\$ 183	\$ 353

The financial statements shown above are proportionately consolidated with the Library financial statements at 25.03% (2017 - 25.02%) the Library's interest in SILS. After eliminating intercompany transactions, the following amounts have been included in the consolidated financial statements:

	2018	2017
Statement of Financial Position		
Financial Assets	\$ 109	\$ 154
Financial Liabilities	33	33
Net Financial Assets	76	121
Non-Financial Assets	-	-
Accumulated Surplus	76	\$ 121
Statement of Operations		
Revenue	245	281
Expenses	269	263
Annual Surplus (Deficit)	\$ (24)	\$ 18

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

5. INVESTMENTS

	Cost		Market	
	2018	2017	2018	2017
SILS Current investments	\$ 313	\$ -	\$ 313	\$ -
Temporary investments	1,712	1,254	1,720	1,254
Portfolio investments	15,091	16,799	14,980	16,675
	<u>\$ 17,116</u>	<u>\$ 18,053</u>	<u>\$ 17,013</u>	<u>\$ 17,929</u>

There were money market securities worth \$1,712 held at December 31, 2018. Municipal government and corporate bonds had maturities between 2019 –2022 (2017, 2018-2022) with effective interest rates of 1.40% to 4.50% (2017, 1.25% to 4.50%). SILS Current investments consist of term deposits that mature June 2019 with effective interest rates of 1% to 1.95%.

6. LIBRARY RESERVES AND APPROPRIATED BALANCES (Schedule 1)

A) Library Reserves

Of the total Reserve balance of \$ 36,850 (2017 - \$ 32,887), \$ 2,778 (2017 - \$ 791) has been committed for future expenditures based on 2018 and prior years' Capital Budgets and Board approvals.

The withdrawal of funding from these reserves is directed by the Library's Board of Directors.

B) SILS Reserves & Surplus

The Saskatoon Public Library's share of SILS net financial assets is \$ 75 for 2018 (2017 - \$ 121).

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

7. PURCHASE OF LIBRARY MATERIALS

For information purposes, the following is information on the Library's purchases of library materials for 2018 in comparison to 2017 actual and 2018 Budget.

	2018 Budget	2018 Actual	2017 Actual
Tangible Capital Assets (Schedule 5)			
Books	\$ 1,082	\$1,266	\$ 1,025
Audio-Visual Materials	625	608	563
Periodicals	73	76	95
Total Tangible Capital Assets	1,780	1,950	1,683
Library Materials (Schedule 3)	578	659	612
Total Purchases of Library Materials	\$ 2,358	\$ 2,609	\$ 2,295

8. PENSION EXPENSE

Employees of the Library participate in retirement plans with the City of Saskatoon (a related party) who is responsible for the plans. The General Superannuation Plan is treated as a multi-employer defined benefit plan for the purpose of the Library's financial statements. It provides for a benefit that is integrated with the Canada Pension Plan, and is based on years of contributory service times a percentage of average earnings. The Part Time and Seasonal Employee Superannuation Plan is a defined contribution plan, and provides a benefit based on the annuity that can be purchased with the funds in the employee's account (i.e. a money purchase plan). Pension fund assets are invested entirely in marketable investments of organizations external to the City and its subsidiaries.

The boards of trustees, representing plan members and employers, are responsible for administering the plans, including investment of assets and administration of benefits. As at December 31, 2018 General Superannuation Plan had 182 active members and 116 retired members; the Seasonal and Non-Permanent Part Time Employees Plan had 25 active members. The Library's obligation to the plans is limited to making required payments to match amounts contributed by employees for current services. The library records its pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). Because the plans record accrued liabilities and accrued assets in aggregate, this results in no consistent and reliable basis for allocating the obligation, assets and costs separately to the various employers participating in the plans (City of Saskatoon, Saskatoon Public Library, SaskTel Centre, Remai Modern, and TCU Place.)

Pension expense for the year amounted to \$696 (2017 - \$ 670) and is included in wages/benefits in Schedule 3.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In thousands of dollars)

9. BUDGETED FIGURES

Budgeted figures represent consolidated budget of SILS and the Library and have been derived from the estimates approved by the Board of Directors.

10. COMMITMENTS

The Library is obligated under long-term agreements for premises leased from the City of Saskatoon, Saskatoon Housing Authority, and Luthercare Holdings. Minimum future payments not related to maintenance and utility costs required under these agreements over the next five years are as follows:

2019	388
2020	389
2021	390
2022	408
2023	409

The Library has an administrative agreement with the City of Saskatoon. Facility service charges are set annually and are disclosed in note 11.

11. RELATED PARTY TRANSACTIONS

The Library leases several buildings from the City of Saskatoon at nil value; ownership of the buildings remains with the City, and reverts to them should the Library vacate the premises. Total lease expense recorded with the City is \$nil (2017, \$nil). Facility service charge is \$1,850,000.

The City of Saskatoon holds investments and reserves on behalf of the Library. The Library has a proportional investment in SILS which is held by the City of Saskatoon. The net amount of the due to / from these entities is as follows:

	<u>2018</u>	<u>2017</u>
City of Saskatoon	\$ 19,977	\$ 16,428
SILS	<u>(1,387)</u>	<u>(1,174)</u>
Total	\$ 18,590	\$ 15,254

Schedule 1
Saskatoon Public Library
Schedule of Reserves
As at December 31, 2018
(in thousands of dollars)
(unaudited)

	2018 Beginning Balance	Transfers to Reserves	Net Additions to Tangible Capital Assets	Transfers out (Expenses)	Donations	Interest Earnings	Amortization Expenses	2018 Ending Balance
Library Reserves								
Capital Expansion Reserve	\$ 13,825	\$ 350	\$ (221)	\$ (25)	-	\$ 283	-	\$ 14,212
Equipment Replacement Reserve	2,465	146	(106)	(6)	-	46	-	2,545
New Central Library Reserve	10,240	2,825	(190)	-	-	166	-	13,041
Maintenance Reserves	3,314	882	(231)	-	-	46	-	4,011
Materials Stabilization Reserve	161	-	-	-	-	2	-	163
Levy Stabilization	402	1	-	-	-	5	-	408
IT Reserve	2,150	400	(491)	-	-	22	-	2,081
Other Funds	330	-	-	(15)	69	5	-	389
Total Library Reserves and Funds	32,887	4,604	(1,239)	(46)	69	575	-	36,850
Employee Benefits Payable	(445)	-	-	(44)	-	-	-	(489)
	32,442	4,604	(1,239)	(90)	69	575	-	36,361
Library Tangible Capital Assets	17,281	-	3,006	-	-	-	(2,191)	\$ 18,096
SILS Tangible Capital Assets	-	-	-	-	-	-	-	-
SILS Accumulated Surplus	305	-	-	208	-	6	-	519
Deposit	50	-	-	-	-	-	-	50
SILS Consolidation Adjustment entry	596	-	-	(10)	-	-	-	586
Consolidated Accumulated Surplus	\$ 50,674	\$ 4,604	\$ 1,767	\$ 108	\$ 69	\$ 581	\$ (2,191)	\$ 55,612

Schedule 2
Saskatoon Public Library
Schedule of Capital Operations
For the Year Ended December 31, 2018
(in thousands of dollars)
(unaudited)

	<u>2018</u>	<u>2017</u>
SOURCE OF FUNDS		
Capital Expansion Reserve	\$ -	\$ 166
Equipment Replacement Reserve	136	142
Information Technology Reserve	491	-
Maintenance Reserves	429	-
	<u>1,056</u>	<u>308</u>
EXPENSES		
Equipment Replacement	112	142
Information Technology	491	36
WIP	218	-
Branch Renovations	235	130
	<u>1,056</u>	<u>308</u>
INVESTMENT IN TANGIBLE CAPITAL ASSETS	1,056	308
Total Expenses	-	-
Unexpended Capital Financing, Beginning of Year	-	-
Unexpended Capital Financing, End of Year	<u>\$ -</u>	<u>\$ -</u>

Schedule 3
Saskatoon Public Library
Schedule of General Fund Revenues and Expenditures
For the Year Ended December 31, 2018
(in thousands of dollars)
(unaudited)

	2018 Budget	2018 Actual	2017 Actual
REVENUES			
Taxation			
Property Levy	\$ 23,129	\$ 23,042	\$ 22,769
Municipal Service Agreement	23	31	31
	<u>23,152</u>	<u>23,073</u>	<u>22,800</u>
Provincial Grants			
Province of Saskatchewan	651	670	697
Fines			
Overdue books	180	107	126
Other Revenue			
Copier Revenues	19	12	14
Auditorium Rental	40	37	38
Lost and Damaged Items	17	13	14
Other	10	82	53
	<u>86</u>	<u>144</u>	<u>119</u>
TOTAL REVENUE	<u>24,069</u>	<u>23,994</u>	<u>23,742</u>
EXPENSES			
Administration			
Wages/Benefits, Honoraria/Grants	1,526	1,568	1,614
Purchase of Goods & Services	1,850	1,439	1,585
Tax Abatements	54	50	52
	<u>3,430</u>	<u>3,057</u>	<u>3,251</u>
Direct Library Services			
Wages/Benefits, Honoraria/Grants	4,930	4,759	5,210
Purchase of Goods & Services	335	312	270
Library Materials	578	659	612
	<u>5,843</u>	<u>5,730</u>	<u>6,092</u>
Local Branch Services			
Wages/Benefits, Honoraria/Grants	5,563	5,042	4,504
Purchase of Goods & Services	2,554	2,538	2,463
	<u>8,117</u>	<u>7,580</u>	<u>6,967</u>
Services to Branches			
Wages/Benefits, Honoraria/Grants	417	440	481
Purchase of Goods & Services	545	590	383
	<u>962</u>	<u>1,030</u>	<u>864</u>
TOTAL EXPENSES	<u>18,352</u>	<u>17,397</u>	<u>17,174</u>
Revenues less Expenses	\$ 5,717	\$ 6,597	\$ 6,568
Transfers to Reserves	(3,803)	(3,803)	(3,278)
Tangible Capital Asset Purchases	(1,914)	(3,006)	(2,759)
	<u>-</u>	<u>(212)</u>	<u>531</u>
Net General Fund surplus	<u>\$ -</u>	<u>\$ (212)</u>	<u>\$ 531</u>

Schedule 4
Saskatoon Public Library
Schedule of Expenses by Object
For the Year Ended December 31, 2018
(in thousands of dollars)
(unaudited)

	2018 Budget	Administration	Direct Library Services	Local Branch Services	Services to Branches	2018 Actual	2017 Actual
Wages/Benefits, Honoraria/Grants	\$ 12,436	\$ 1,568	\$ 4,759	\$ 5,042	\$ 439	\$ 11,807	\$ 11,809
Purchased Goods and Services	5,418	1,439	313	2,539	590	4,880	4,701
Library Materials (Note 8)	578	-	659	-	-	659	612
Tax Abatements	<u>54</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>52</u>
	\$ 18,487	\$ 3,057	\$ 5,730	\$ 7,580	\$ 1,030	\$ 17,397	\$ 17,174

Schedule 5
Saskatoon Public Library
Schedule of Tangible Capital Assets
For the Year Ended December 31, 2018
(in thousands of dollars)
(Unaudited)

	Cost				Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals & Write-downs	Balance End of Year	Accumulated Amortization Beginning of Year	Disposals & write-downs	Amortization	Accumulated Amortization End of Year	Tangible Capital Assets	
									2018	2017
Land	\$ 278	\$ -	\$ -	\$ 278	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278
Land Improvements	341	-	-	341	(227)	-	(12)	(239)	102	114
Buildings	12,505	-	(2,669)	9,836	(4,454)	2,669	(196)	(1,981)	7,855	8,051
Furniture & Fixtures	2,254	347	-	2,601	(948)	-	(129)	(1,077)	1,524	1,306
Computer Equipment	501	491	(143)	849	(303)	143	(213)	(373)	476	198
Computer Software	95	-	-	95	(83)	-	(12)	(95)	-	12
Books	10,170	1,266	(1,023)	10,413	(5,630)	1,023	(1,041)	(5,648)	4,765	4,540
Audio-Visual Materials	4,731	608	(327)	5,012	(2,354)	327	(502)	(2,529)	2,483	2,377
Periodicals	199	76	(105)	170	(151)	105	(86)	(132)	38	48
Work In Progress- buildings	357	218	-	575	-	-	-	-	575	357
Total	\$ 31,431	\$ 3,006	\$ (4,267)	\$ 30,170	\$ (14,150)	\$ 4,267	\$ (2,191)	\$ (12,074)	\$ 18,096	\$ 17,281