

APPENDIX A - PRINCE GEORGE PUBLIC LIBRARY



The Prince George
Public Library

Financial statements of

Prince George Public Library

December 31, 2015



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Independent Auditor's Report

To the Board of Trustees of the
Prince George Public Library

We have audited the accompanying financial statements of Prince George Public Library which comprise the statement of financial position as at December 31, 2015, and the 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Prince George Public Library
April 27, 2016
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Other Matter

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information, including Schedules 1 and 2, has been presented for the purpose of additional analysis. The supplementary information has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion, this supplementary information is presented fairly, in all material respects, in relation to the financial statements taken as a whole.



Chartered Professional Accountants

Prince George, British Columbia
April 27, 2016

PRINCE GEORGE PUBLIC LIBRARY**STATEMENT OF OPERATIONS**

year ended December 31, 2015

	2 0 1 5	2 0 1 5	2 0 1 4
	Budget	Actual	Actual
	(Unaudited)		
	(Note 11)		
Revenue			
Grants			
Municipal funding sources	\$ 3,745,328	\$ 3,765,328	\$ 3,671,890
Provincial funding sources	221,000	218,355	220,959
Fundraising - Schedule 2	-	131,288	68,758
Internally generated sources (Note 7)	104,900	110,844	111,827
	<hr/>	<hr/>	<hr/>
Total revenue	4,071,228	4,225,815	4,073,434
	<hr/>	<hr/>	<hr/>
Wages and related expenses			
Benefits	466,350	416,054	418,910
Education and professional development	27,000	15,556	20,658
Wages	2,165,000	2,120,322	2,053,793
Staff relocation, recruitment and other	10,000	19,802	31,316
	<hr/>	<hr/>	<hr/>
	2,668,350	2,571,734	2,524,677
	<hr/>	<hr/>	<hr/>
Operational expenses			
Acquisitions, circulation and office supplies	19,500	22,864	18,123
Amortization - Schedule 1	-	403,288	405,477
Fundraising - Schedule 2	-	131,288	68,758
General and administrative	231,150	246,793	213,592
Materials	222,500	240,823	229,962
Rent	484,250	484,225	483,942
Repairs and maintenance	175,300	199,550	183,205
	<hr/>	<hr/>	<hr/>
	1,132,700	1,728,831	1,603,059
	<hr/>	<hr/>	<hr/>
Other expense			
Loss on disposal of tangible capital assets	-	17,227	3,622
	<hr/>	<hr/>	<hr/>
Total expenses	3,801,050	4,317,792	4,131,358
	<hr/>	<hr/>	<hr/>
ANNUAL SURPLUS (DEFICIT)	\$ 270,178	\$ (91,977)	\$ (57,924)
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PRINCE GEORGE PUBLIC LIBRARY
STATEMENT OF ACCUMULATED SURPLUS
year ended December 31, 2015

	Invested in Capital Assets	Unrestricted	2 0 1 5	2 0 1 4
Balance, beginning of year	\$ 1,599,424	\$ 70,669	\$ 1,670,093	\$ 1,678,646
Annual deficit	-	(91,977)	(91,977)	(57,924)
Capital asset additions				
Funded by deferred contributions	-	-	-	49,371
Funded by operations	357,437	(357,437)	-	-
Proceeds on disposal of tangible capital assets	(2,500)	2,500	-	-
Loss on disposal of tangible capital assets	(17,227)	17,227	-	-
Amortization of tangible capital assets	(403,288)	403,288	-	-
Balance, end of year	<u>\$ 1,533,846</u>	<u>\$ 44,270</u>	<u>\$ 1,578,116</u>	<u>\$ 1,670,093</u>


PRINCE GEORGE PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION
as at December 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 452,951	\$ 627,854
Accounts receivable	16,728	22,194
	<u>469,679</u>	<u>650,048</u>
LIABILITIES		
Due to the City of Prince George (Note 4)	189,912	341,868
Accounts payable and accrued liabilities (Note 5)	111,346	105,747
Vacation and sick time payable	89,162	98,914
Deferred contributions - Schedule 2	66,286	47,386
Short-term capital lease obligation (Note 6)	2,302	2,167
Long-term capital lease obligation (Note 6)	6,526	8,366
	<u>465,534</u>	<u>604,448</u>
NET FINANCIAL ASSETS	<u>4,145</u>	<u>45,600</u>
NON-FINANCIAL ASSETS		
Prepaid expense	40,125	25,069
Tangible capital assets - Schedule 1	1,533,846	1,599,424
	<u>1,573,971</u>	<u>1,624,493</u>
ACCUMULATED SURPLUS	<u>\$ 1,578,116</u>	<u>\$ 1,670,093</u>


COMMITMENTS (Note 9)

CONTINGENCIES (Note 10)

APPROVED BY THE BOARD



Chairperson



Janet Marren Secretary

PRINCE GEORGE PUBLIC LIBRARY
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
year ended December 31, 2015

	2 0 1 5	2 0 1 5	2 0 1 4
	Budget		
	(unaudited)		
ANNUAL SURPLUS (DEFICIT)	\$ 270,178	\$ (91,977)	\$ (57,924)
Acquisition of tangible capital assets	(270,178)	(357,437)	(300,578)
Proceeds on disposal of tangible capital assets	-	2,500	-
Loss on disposal of tangible capital assets	-	17,227	3,622
Amortization of tangible capital assets	-	403,288	405,477
Use of prepaid expenses	-	(15,056)	5,020
	-	(41,455)	55,617
NET FINANCIAL ASSETS (DEBT), BEGINNING OF YEAR	-	45,600	(10,017)
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 4,145	\$ 45,600

PRINCE GEORGE PUBLIC LIBRARY**STATEMENT OF CASH FLOWS**

year ended December 31, 2015

	2 0 1 5	2 0 1 4
OPERATING TRANSACTIONS		
Annual deficit	\$ (91,977)	\$ (57,924)
Items not affecting cash		
Amortization	403,288	405,477
Loss on disposal of tangible capital assets	17,227	3,622
	<u>328,538</u>	351,175
Changes in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	5,466	(11,659)
(Increase) decrease in prepaid expenses	(15,056)	5,020
(Decrease) increase in due to the City of Prince George	(151,956)	74,412
Increase in accounts payable and accrued liabilities	5,599	4,180
(Decrease) increase in vacation and sick time payable	(9,752)	4,135
Increase (decrease) in deferred contributions	18,900	(13,385)
	<u>181,739</u>	413,878
CAPITAL TRANSACTIONS		
Tangible capital asset additions funded by operations	(357,437)	(287,608)
Proceeds on disposal of tangible capital assets	2,500	-
	<u>(354,937)</u>	(287,608)
INVESTING TRANSACTIONS		
Purchase of temporary investments	(3,117)	(3,000)
FINANCING TRANSACTIONS		
Repayment of capital lease obligation	(1,705)	(2,437)
(DECREASE) INCREASE IN CASH	<u>(178,020)</u>	120,833
CASH, BEGINNING OF YEAR	<u>434,530</u>	313,697
CASH, END OF YEAR (Note 3)	<u>\$ 256,510</u>	<u>\$ 434,530</u>

PRINCE GEORGE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2015

1. DESCRIPTION OF BUSINESS

The Prince George Public Library (the "Library") is established as a municipal public library under the Provincial Libraries Act to provide a resource centre for the City of Prince George and surrounding areas.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library have been prepared in accordance with Canadian public sector accounting standards and include the following significant policies:

Temporary investments

Temporary investments are accounted for at the lower of cost and market value.

Capital expenditure and related debt

Land and buildings used by the Library are owned by, and recorded in the financial statements of the City of Prince George, together with any related long-term debt. The Library is committed to make annual payments to the City in respect of the financing costs of certain assets (see Note 9).

Tangible capital assets

The Library has established a threshold for each class of assets to determine what amount is to be capitalized. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Amortization is determined using the straight-line method at the following annual rates:

Building improvements	15 years
Furniture	10 – 20 years
Equipment	5 – 15 years
Computer infrastructure	3 – 10 years
Library collection	5 – 50 years
Other	20 years

Impairment of tangible capital assets

Tangible capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to the ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

PRINCE GEORGE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Unrestricted sources of income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated or collection is reasonably assured. Contributions restricted internally or by donors for specific purposes are deferred to the extent that they are unexpended at the year-end. When expenditures are made in subsequent years, related deferred contributions are amortized and recorded as revenue in the statement of operations.

Foreign currency

Expenses denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the time of transactions, and included in those expenses.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of useful lives of tangible capital assets and accrued sick benefits. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known.

3. CASH AND TEMPORARY INVESTMENTS

	2 0 1 5	2 0 1 4
Cash	\$ 256,510	\$ 434,530
Temporary investments	196,441	193,324
	\$ 452,951	\$ 627,854

Temporary investments are comprised of term deposits and investments with the Municipal Finance Authority.

Included in cash and temporary investments are the following restricted amounts that can only be expended in accordance with the terms established internally:

	2 0 1 5	2 0 1 4
Vacation and sick time payable	\$ 89,162	\$ 98,914
Deferred contributions	66,286	47,386
	\$ 155,448	\$ 146,300

PRINCE GEORGE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

4. DUE TO THE CITY OF PRINCE GEORGE

The Library was created by means of a by-law passed by the City of Prince George. The City of Prince George is therefore able to exercise significant influence over the Library by virtue of the Library's economic dependence on the City, and by representation on the Library's Board of Trustees.

The Library had the following transactions with the City of Prince George, recorded at exchange amounts:

	2 0 1 5	2 0 1 4
Municipal funding sources		
Operating grant received	\$ 3,745,328	\$ 3,671,890
: Amount received for purchase of servers	<u>20,000</u>	<u>-</u>
	3,765,328	3,671,890
Rent paid for facilities	484,225	483,942
2008 computer upgrade payment	38,350	38,350

Included in fundraising revenue on the statement of operations is \$9,800 received from the City of Prince George for My PG Social Development, Honorarium, the Prince George Downtown Walking Tour App, and the Heritage Speaker Series.

The City provides payroll processing and distribution services to the Library at no charge. Certain other expenditures made by the City to third parties on behalf of the Library are recovered from the Library at cost.

The amount due to the City of Prince George relates to payroll costs paid by the City on behalf of the Library, and rent and utilities for facilities paid to the City. The amounts are non-interest bearing and are repaid on normal trade terms.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2 0 1 5	2 0 1 4
Trade payables	\$ 111,346	\$ 91,997
Retirement incentive program liability	<u>-</u>	<u>13,750</u>
	\$ 111,346	\$ 105,747

PRINCE GEORGE PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
year ended December 31, 2015

6. CAPITAL LEASE OBLIGATION

Konica Minolta - equipment lease payable in monthly instalments of \$230 including interest at 6%, expires June 2019, secured by specific equipment	\$	9,662	\$	12,092
Less amount representing interest at 6%		(834)		(1,559)
		8,828		10,533
Current portion		2,302		2,167
	\$	6,526	\$	8,366

The principal payments required in each of the next four years are:

	2016		2017		2018		2019
\$	2,302	\$	2,443		2,594	\$	1,489

Included in general and administrative expenses is interest of \$595 (2014 - \$842) related to capital lease obligation.

7. INTERNALLY GENERATED SOURCES

	2 0 1 5		2 0 1 5		2 0 1 4
	Budget		Actual		Actual
Late charges	\$ 63,000	\$	60,297	\$	66,143
Interest income	1,200		5,158		3,360
Lost and damaged materials	24,000		21,728		23,813
Miscellaneous	11,200		17,124		12,135
Photocopier	5,500		6,537		6,376
	\$ 104,900	\$	110,844	\$	111,827

8. PRINCE GEORGE LIBRARY LEGACY FUND

The Library has previously entered into an agreement with the Prince George Community Foundation whereby funds will be transferred to the Foundation to be held and invested in a Prince George Library Legacy Fund, with the purpose of the Fund being to enhance the ability of the Library to deliver quality library services. The Library has a balance at December 31, 2015 of \$59,644 in the fund.

9. COMMITMENTS

The Library is committed to the City of Prince George in regard to financing costs incurred by the City to acquire certain major capital assets for the Library's use. These assets are recorded with related long-term debt by the City of Prince George in its capital fund. Annual payments to the City under the commitments are recorded as an operating expenditure in the year of payment. The Library committed in December 2006 to upgrade the Integrated Library System in 2008 with ten annual payments of \$38,350 commencing in 2009.

10. CONTINGENCIES

The Library and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for the management of the pension plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory defined benefit pension plan. Basic pension benefits provided are defined. The Plan has about 166,000 active members and approximately 65,000 retired members. Active members include approximately 31,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The most recent valuation as at December 31, 2012 indicates a deficit of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. The Library paid \$168,789 (2014 - \$164,596) for employer contributions to the Plan in fiscal 2015.

11. BUDGET

The financial statements include the unaudited annual budget as approved by the Library Board. As required by legislation, the Board approved a balanced budget. The budget allowed for an operating surplus of \$270,178 which was to be used to fund tangible capital asset additions for the year, thus resulting in a balanced budget for the year.

The legislation does not require the funding of non-cash items such as amortization or liability accruals, thus there is not a legislative requirement to include these items in the budget. However, these items are recognized as expenses in the Statement of Operations.

PRINCE GEORGE PUBLIC LIBRARY
TANGIBLE CAPITAL ASSETS
as at December 31, 2015

SCHEDULE 1

	Building Improvements	Furniture	Equipment	Computer Infrastructure	Library Collection	Other	Totals	
							2 0 1 5	2 0 1 4
Cost								
Balance, beginning of year	\$ 288,500	\$ 708,228	\$ 343,537	\$ 498,771	\$ 1,328,975	\$ 200,151	\$ 3,368,162	\$ 3,383,126
Add:								
Additions	25,267	75,922	8,230	33,490	214,528	-	357,437	349,949
Less:								
Disposals	-	44,947	46,574	36,843	286,379	5,985	420,728	364,913
Balance, end of year	<u>313,767</u>	<u>739,203</u>	<u>305,193</u>	<u>495,418</u>	<u>1,257,124</u>	<u>194,166</u>	3,304,871	<u>3,368,162</u>
Accumulated amortization								
Balance, beginning of year	45,431	395,273	248,812	371,930	680,335	26,957	1,768,738	1,724,552
Add:								
Amortization	12,524	30,822	28,062	54,629	239,602	37,649	403,288	405,477
Less:								
Accumulated amortization on disposals	-	39,089	41,498	32,090	286,378	1,946	401,001	361,291
Balance, end of year	<u>57,955</u>	<u>387,006</u>	<u>235,376</u>	<u>394,469</u>	<u>633,559</u>	<u>62,660</u>	1,771,025	<u>1,768,738</u>
Net carrying amount of capital assets	<u>\$ 255,812</u>	<u>\$ 352,197</u>	<u>\$ 69,817</u>	<u>\$ 100,949</u>	<u>\$ 623,565</u>	<u>\$ 131,506</u>	\$ 1,533,846	<u>\$ 1,599,424</u>
Net carrying amount of capital assets - 2014	<u>\$ 243,069</u>	<u>\$ 312,955</u>	<u>\$ 94,725</u>	<u>\$ 126,841</u>	<u>\$ 648,640</u>	<u>\$ 173,194</u>		

PRINCE GEORGE PUBLIC LIBRARY
CHANGES IN DEFERRED CONTRIBUTIONS
year ended December 31, 2015

SCHEDULE 2

	Deferred Contributions	Contributions Received During the year	Transfer to Operations	Expenditures During the Year	Deferred Contributions
	2 0 1 4				2 0 1 5
Administration	\$ 15,517	\$ 2,095	\$ 3,829	\$ 4,819	\$ 8,964
Beyond Hope Conference	482	32,397	-	23,316	9,563
Books for Babies	553	8,960	(3,305)	6,985	5,833
Building Fund	3,719	1,039	-	1,500	3,258
Digitization	84	38,500	(3,500)	41,543	541
Children's Program Grant	448	2,000	(1,550)	65	3,933
CLA Heritage Page	-	2,548	-	2,482	66
Friends of the Library	425	75	-	471	29
Knowledge Garden	1,534	4,160	(4,875)	3,819	6,750
Law Matters	1,500	1,125	-	2,624	1
Local History	1,719	7,918	-	8,618	1,019
Miscellaneous	873	23,581	-	21,867	2,587
Miscellaneous Other Donations	8,168	7,199	-	-	15,367
PLSB - Equity Grant	1,915	4,500	5,150	852	413
Public Art	-	4	-	-	4
Raise a Reader	39	414	-	438	15
Reading Without Rules	2,167	-	(624)	4,555	(1,764)
Special Events	6,536	5,802	4,875	3,200	4,263
Success by Six	9	-	-	-	9
Summer Reading	-	1,910	-	1,885	25
Teen Program Grant	1,698	5,961	-	2,249	5,410
	\$ 47,386	\$ 150,188	\$ -	\$ 131,288	\$ 66,286