

SASKATOON PUBLIC LIBRARY

***CONSOLIDATED FINANCIAL
STATEMENTS***

December 31, 2019

Independent Auditor's Report

To the Board of Trustees of
Saskatoon Public Library

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, 2019, and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated 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, 2019, and the results of its operations, changes in net financial assets, 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.

Emphasis of Matter

We draw attention to Note 14 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Unaudited Supplementary Information

We draw attention to the fact that the supplementary information included in Schedules 1 to 4 does 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 Library'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 Library 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.

Deloitte LLP

Chartered Professional Accountants
February 17, 2021

Saskatoon Public Library
Consolidated Statement of Financial Position

As at December 31, 2019
(in thousands of dollars)

	2019	2018
FINANCIAL ASSETS		<small>Restated (Note 14)</small>
Cash and Cash Equivalents (Note 3)	\$ 207	\$ 2,338
Due from Related Parties (Note 12)	23,275	18,004
Accounts Receivable	53	-
Interest Receivable	81	97
Investments (Note 5)	17,761	17,250
Total Financial Assets	41,377	37,689
 FINANCIAL LIABILITIES		
Accounts Payable	\$ 247	\$ 87
Employee Wages and Benefits Payable	1,439	811
Deferred Revenue	10	16
SILS - Member Deposits	122	87
Total Financial Liabilities	1,818	1,001
 Total Net Financial Assets	39,559	36,688
 NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	19,691	18,096
Prepaid Expenses	104	98
Accumulated Surplus	\$ 59,354	\$ 54,882

See accompanying notes

Approved by the Board of Directors:



Brett Bradshaw, Chair, SPL Board of Trustees



John Thronberg, Vice-Chair, SPL Board of Trustees

Saskatoon Public Library
Consolidated Statement of Operations
For the year ended December 31, 2019
(in thousands of dollars)

	2019 Budget (Note 10)	2019 Actual	2018 Restated (Note 14)
REVENUES			
Taxation	\$ 24,939	\$ 24,905	\$ 23,073
Provincial Funding for Library Consortium	-	15	16
Provincial Grants	651	732	686
Fines	125	113	107
Interest	-	780	580
Other Revenue	129	90	127
TOTAL REVENUES	25,844	26,635	24,589
EXPENSES			
Administration	3,903	3,251	3,130
Direct Library Services	6,602	6,982	5,730
Local Branch Services	8,264	8,566	7,580
Services to Branches	1,092	1,011	1,006
TOTAL EXPENSES	19,861	19,810	17,446
Excess of Revenues over Expenses before Amortization Expense	5,983	6,825	7,143
Amortization Expense	-	2,353	2,191
Surplus of Revenue over Expenses	5,983	4,472	4,952
Accumulated Surplus, Beginning of Year (Note 14)		54,882	49,930
Accumulated Surplus, End of Year		59,354	54,882

See accompanying notes

Saskatoon Public Library
Consolidated Statement of Changes in Net Financial Assets
As at December 31, 2019
(in thousands of dollars)

	2019 Budget (Note 10)	2019 Actual	2018 Restated (Note 14)
Surplus of Revenues over Expenses	\$ 5,983	\$ 4,472	\$ 4,952
Acquisition of Tangible Capital Assets	-	(3,948)	(3,006)
Amortization of Tangible Capital Assets	1,914	2,353	2,191
Deficit of Capital Expenditures over Expenditures	1,915	(1,595)	(815)
Net Change in Prepaid Expenses	-	(6)	(91)
Deficit from other Non-Financial Expenditures	1,915	(1,601)	(906)
Increase in Net Financial Assets	7,898	2,871	4,046
Net Financial Assets, Beginning of Year (Note 14)	36,688	36,688	32,642
Net Financial Assets, End of Year	\$ 44,586	\$ 39,559	\$ 36,688

See accompanying notes

Saskatoon Public Library
Consolidated Statement of Cash Flow
As at December 31, 2019
(in thousands of dollars)

	2019	2018 Restated (Note 14)
Operating Activities:		
Surplus of revenues over expenses	\$ 4,472	\$ 4,952
Changes in Non-Cash Items		
Due from Related Parties	(5,271)	(3,336)
Accounts Receivable	(53)	43
Prepaid Expenses	(6)	(91)
Interest Receivable	16	(33)
Accounts Payable	160	(25)
Employee Benefits Payable	628	61
SILS - member deposits	35	137
Deferred Revenue	(6)	-
Amortization of Tangible Capital Assets	2,353	2,191
Net Cash From Operating Activities	<u>2,328</u>	<u>3,899</u>
Investing Activities:		
Purchase of Investments	(8,097)	(10,604)
Proceeds from Disposal of Investments	7,586	11,475
Net Cash From Investing Activities	<u>(511)</u>	<u>871</u>
Capital Activities:		
Purchase of Tangible Capital Assets	<u>(3,948)</u>	<u>(3,006)</u>
Increase (Decrease) in Cash and Cash Equivalents	(2,131)	1,764
Cash and Cash Equivalents, Beginning of Year	2,338	574
Cash and Cash Equivalents, End of Year	<u>\$ 207</u>	<u>\$ 2,338</u>

See accompanying notes

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019
(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 2019.

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.

iv) **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.

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.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

2. ACCOUNTING POLICIES (continued)

iv) Revenue and Expenses (continued)

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.

v) 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.

vi) 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.

vii) Accounting Standards Adopted in the Current Year

In 2019, the Library adopted Restructuring Transaction (PS 3430) to comply with PSAS. This standard applies to all public sector entities for years beginning on or after April 1, 2018. The Library adopted this standard on January 1, 2019. The Library has applied this standard prospectively on applicable restructuring transactions. PS 3430 establishes how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. For the year ended December 31, 2019, there were no restructuring transactions.

viii) 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, 2019, 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:

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
PS1201	Financial Statement Presentation	April 1, 2022
PS3400	Revenue	April 1, 2023

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

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

3. CASH AND CASH EQUIVALENTS

	2019	2018
Cash and cash equivalents	\$ 60	\$ 2,070
Cash and cash equivalents (SILS)	147	268
	\$ 207	\$ 2,338

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:

	2019	2018 Restated (Note 14)
Statement of Financial Position		
Financial Assets	\$ 2,736	\$ 2,590
Financial Liabilities	706	683
Net Financial Assets	2,030	1,907
Non-Financial Assets	325	327
Accumulated Surplus	\$ 2,355	\$ 2,234
Statement of Operations		
Revenue	1,260	1,256
Expenses	1,138	1,073
Annual Surplus	\$ 122	\$ 183

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

The financial statements shown above are proportionately consolidated with the Library financial statements at 25.01% (2018 – 24.84%) the Library's interest in SILS. After eliminating intercompany transactions, the following amounts have been included in the consolidated financial statements:

	2019	2018 Restated (Note 14)
Statement of Financial Position		
Financial Assets	\$ 634	\$ 483
Financial Liabilities	126	9
Net Financial Assets	508	474
Non-Financial Assets	81	81
Accumulated Surplus	\$ 589	\$ 555
Statement of Operations		
Revenue	16	22
Expenses	(14)	(24)
Annual Surplus (Deficit)	\$ 30	\$ 46

5. INVESTMENTS

	Cost		Market	
	2019	2018	2019	2018
SILS Current investments	\$ 483	\$ 447	\$ 483	\$ 447
Temporary investments	3,806	1,712	3,816	1,720
Portfolio investments	13,472	15,091	13,130	14,980
	\$ 17,761	\$ 17,250	\$ 17,429	\$ 17,147

There were money market securities worth \$3,806 held at December 31, 2019 (2018, \$1,712). Municipal government and corporate bonds had maturities between 2019 –2024 (2018, 2019-2022) with effective interest rates of 1.4% to 4.5% (2018, 1.4% to 4.5%). SILS Current investments consist of term deposits that mature June 2020 with effective interest rates of 1% to 1.95%.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

6. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Transfers	Additions	Disposals & Write-downs	Balance End of Year	Accumulated Amortization Beginning of Year	Disposals & write-downs	Amortization	Accumulated Amortization End of Year	2019	2018
Land	\$ 278	\$ -	\$ -	\$ -	\$ 278	\$ -	\$ -	\$ -	\$ -	\$ 278	\$ 278
Land Improvements	341	-	-	-	341	(239)	-	(11)	(250)	91	102
Buildings	8,374	-	-	(88)	8,286	(1,981)	88	(166)	(2,059)	6,227	7,855
Furniture & Fixtures	4,063	27	1,716	-	5,806	(1,077)	-	(290)	(1,367)	4,439	1,524
Computer Equipment	849	-	202	(73)	978	(373)	73	(244)	(544)	434	476
Computer Software	95	-	-	(95)	-	(95)	95	-	-	-	-
Books	10,413	-	1,138	(1,042)	10,509	(5,648)	1,042	(1,053)	(5,658)	4,851	4,765
Audio-Visual Materials	5,012	-	499	(339)	5,172	(2,529)	339	(517)	(2,707)	2,465	2,483
Periodicals	170	-	70	(95)	145	(132)	95	(73)	(110)	35	38
Work In Progress-buildings	575	(27)	323	-	871	-	-	-	-	871	575
Total	\$ 30,170	\$ -	3,948	\$ (1,732)	\$ 32,386	\$ (12,074)	\$ 1,732	\$ (2,353)	\$ (12,694)	\$ 19,691	\$ 18,096

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

7. LIBRARY RESERVES AND APPROPRIATED BALANCES (Schedule 1)

	2019 Beginning Balance	2019 Ending Balance
Capital Expansion Reserve	\$ 14,212	\$ 13,169
Equipment Replacement Reserve	2,544	2,444
New Central Library Reserve	13,040	16,475
Maintenance Reserves	4,010	4,407
Materials Stabilization Reserve	162	165
Levy Stabilization Reserve	407	414
IT Reserve	2,082	1,673
Other Funds	<u>388</u>	<u>327</u>
Total Library Reserves and Funds	\$ 36,845	\$ 39,074
Employee Benefits Payable	(489)	-
Library Tangible Capital Assets	18,096	19,691
SILS Accumulated Surplus	559	589
SILS Consolidated Adjustment entry	<u>(129)</u>	<u>-</u>
Consolidated Accumulated Surplus	\$ 54,882	\$ 59,354

A) Library Reserves

Of the total Reserve balance of \$ 39,074 (2018 - \$ 35,845), \$ 3,348 (2018 - \$ 2,778) has been committed for future expenditures based on 2019 and prior years' Capital Budgets and Board approvals.

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

B) SILS Reserves & Surplus

The Saskatoon Public Library's share of SILS net financial assets is \$589 for 2019 (2018 - \$555).

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

8. PURCHASE OF LIBRARY MATERIALS

For information purposes, the following is information on the Library's purchases of library materials for 2019 in comparison to 2018 actual and 2019 Budget.

	2019 Budget	2019 Actual	2018 Actual
Tangible Capital Assets (Note 6)			
Books	\$ 1,082	\$ 1,138	\$ 1,266
Audio-Visual Materials	500	499	608
Periodicals	74	70	76
Total Tangible Capital Assets	1,656	1,707	1,950
Library Materials	720	782	659
Total Purchases of Library Materials	\$ 2,376	\$ 2,490	\$ 2,609

9. 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, 2019 General Superannuation Plan had 184 active members and 116 retired members; the Seasonal and Non-Permanent Part Time Employees Plan had 17 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 \$778 (2018 - \$ 696) and is included in wages/benefits in Schedule 3.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

10. BUDGETED FIGURES

Budgeted figures represent consolidated budget of SILS and the Library and have been derived from the estimates approved by the Board of Trustees on June 20, 2018.

11. 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:

2020	552
2021	579
2022	588
2023	588
2024	589

The Library has an administrative agreement with the City of Saskatoon. Facility service charges are set annually and are disclosed in note 12.

The Library has a contract with D2 Construction for \$1,347,818. At December 31, 2019 the remaining commitment was \$166,074.

12. RELATED PARTY TRANSACTIONS

The Library leases several buildings from the City of Saskatoon at \$ nil (2018, \$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 (2018, \$nil). Facility service charge is \$1,851,170 (2018, \$1,851,170).

The City of Saskatoon holds investments and reserves on behalf of the Library. The Library's due from balance is due from the City of Saskatoon for their share of these investments net of other receivable and payable balances.

SASKATOON PUBLIC LIBRARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In thousands of dollars)

13. SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization characterized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. These public health and emergency measures resulting in an economic slowdown, restrictions on public gatherings and activities. The duration and impact of COVID-19 is unknown. Potential impacts include loss of revenue, loss of market value on investments, and challenges associated with a remote or unavailable workforce.

On March 31, 2020 the Library purchased land for the construction of a new central library. The purchase price was \$9 million. The purchase price includes \$750,000 allowance for land remediation.

On June 17, 2020 the board approved a contract with Colliers Project Leaders for Owners Representative at a maximum cost of \$2,125,000.

On November 6, 2020 the board approved a contract with Formline Architecture, Chevalier Morales Architects and Architecture 49 for prime design of a new central library at a maximum cost of \$4,800,000.

14. PRIOR PERIOD RESTATEMENT

During the year ended December 31, 2019, the Library determined that in 2018 and previous years, there were errors in the consolidation adjustments recorded by the Library for the elimination of its proportionate investment in SILS and certain transactions between the Library and SILS that should have been eliminated. The Library has reflected the adjustments as a correction of a prior period error and has restated 2018 consolidated financial statements as follows:

	December 31, 2018 As previously stated	Adjustment	December 31, 2018 restated
	\$	\$	\$
Statement of financial position			
Financial Assets	38,098	(409)	37,689
Financial Liabilities	681	320	1,001
Non-Financial Assets	18,195	(1)	18,194
Accumulated Surplus	55,612	(730)	54,882
Revenues	24,882	(293)	24,589
Expenses	17,753	(307)	17,446
Amortization Expense	2,191	-	2,191
Surplus of Revenue over Expenses	4,938	14	4,952
Accumulated Surplus, beginning of year	50,674	(744)	49,930

In addition to the above, the Library has restated the statements of changes in net financial assets and cash flows, and the notes to the consolidated financial statements accordingly.

Schedule 1
Saskatoon Public Library
Schedule of Reserves
As at December 31, 2019
(in thousands of dollars)
(unaudited)

	2019 Beginning Balance	Transfers between Reserves	Transfers to Reserves	Net Additions to Tangible Capital Assets	Transfers out (Expenses)	Donations	Interest Earnings	Amortization Expenses	2019 Ending Balance
Library Reserves									
Capital Expansion Reserve	\$ 14,212	\$ (15)	\$ 368	\$ (1,684)	\$ (20)	\$ -	\$ 308	\$ -	\$ 13,169
Equipment Replacement Reserve	2,544	(157)	43	(49)	(6)	-	69	-	2,444
New Central Library Reserve	13,040	(1)	3,350	(186)	-	-	272	-	16,475
Maintenance Reserves	4,010	(34)	471	(115)	-	-	75	-	4,407
Materials Stabilization Reserve	162	-	-	-	-	-	3	-	165
Levy Stabilization	407	-	-	-	-	-	7	-	414
IT Reserve	2,082	(282)	(11)	(147)	-	-	31	-	1,673
Other Funds	388	-	-	-	(71)	4	6	-	327
Total Library Reserves and Funds	36,845	(489)	4,221	(2,181)	(97)	4	771	-	39,074
Employee Benefits Payable	(489)	489	-	-	-	-	-	-	-
	36,356	-	4,221	(2,181)	(97)	4	771	-	39,074
Library Tangible Capital Assets	18,096	-	-	3,948	-	-	-	(2,353)	19,691
SILS Tangible Capital Assets	-	-	-	-	-	-	-	-	-
SILS Accumulated Surplus	559	-	-	-	14	8	8	-	589
SILS Consolidation Adjustment entry	(129)	-	129	-	-	-	-	-	-
Consolidated Accumulated Surplus	54,882	-	4,350	1,767	(83)	12	779	(2,353)	59,354

Schedule 2
Saskatoon Public Library
Schedule of Capital Operations
For the Year Ended December 31, 2019
(in thousands of dollars)
(unaudited)

	2019	2018
SOURCE OF FUNDS		
Capital Expansion Reserve	\$ 1,684	\$ -
Equipment Replacement Reserve	49	136
Information Technology Reserve	147	491
New Central Library Reserve	186	190
Maintenance Reserves	115	239
Friends of the Library Donation	37	-
	<u>2,218</u>	<u>1,056</u>
EXPENSES		
Equipment Replacement	86	112
Information Technology	202	491
WIP	323	218
Branch Renovations	1,629	235
	<u>2,240</u>	<u>1,056</u>
INVESTMENT IN TANGIBLE CAPITAL ASSETS	2,240	1,056
Total Expenses	-	-
Unexpended Capital Financing, Beginning of Year	-	-
Unexpended Capital Financing, End of Year	\$ -	\$ -

Schedule 3
Saskatoon Public Library
Schedule of General Fund Revenues and Expenditures
For the Year Ended December 31, 2019
(in thousands of dollars)
(unaudited)

	2019 Budget	2019 Actual	2018 Actual
REVENUES			
Taxation			
Property Levy	\$ 24,906	\$ 24,871	\$ 23,042
Municipal Service Agreement	33	34	31
	<u>24,939</u>	<u>24,905</u>	<u>23,073</u>
Provincial Grants			
Province of Saskatchewan	651	716	670
Fines			
Overdue books	125	113	107
Other Revenue			
Copier Revenues	15	12	12
Auditorium Rental	40	34	37
Lost and Damaged Items	17	14	13
Other	57	54	82
	<u>129</u>	<u>114</u>	<u>144</u>
TOTAL REVENUE	<u>25,844</u>	<u>25,848</u>	<u>23,994</u>
EXPENSES			
Administration			
Wages/Benefits, Honoraria/Grants	1,832	1,871	1,568
Purchase of Goods & Services	2,018	1,293	1,439
Tax Abatements	52	56	50
	<u>3,902</u>	<u>3,220</u>	<u>3,057</u>
Direct Library Services			
Wages/Benefits, Honoraria/Grants	5,545	5,876	4,759
Purchase of Goods & Services	337	324	312
Library Materials	720	782	659
	<u>6,602</u>	<u>6,982</u>	<u>5,730</u>
Local Branch Services			
Wages/Benefits, Honoraria/Grants	5,386	5,435	5,042
Purchase of Goods & Services	2,878	3,201	2,538
	<u>8,264</u>	<u>8,636</u>	<u>7,580</u>
Services to Branches			
Wages/Benefits, Honoraria/Grants	412	456	440
Purchase of Goods & Services	680	570	590
	<u>1,092</u>	<u>1,026</u>	<u>1,030</u>
TOTAL EXPENSES	<u>19,860</u>	<u>19,864</u>	<u>17,397</u>
Revenues less Expenses	\$ 5,984	\$ 5,984	\$ 6,597
Transfers to Reserves	(4,328)	(4,221)	(3,803)
Tangible Capital Asset Purchases	-	(3,948)	(3,006)
Net General Fund deficit	<u>\$ 1,656</u>	<u>\$ (2,185)</u>	<u>\$ (212)</u>

Schedule 4
Saskatoon Public Library
Schedule of Expenses by Object
For the Year Ended December 31, 2019
(in thousands of dollars)
(unaudited)

	2019 Budget	Administration	Direct Library Services	Local Branch Services	Services to Branches	2019 Actual	2018 Actual
Wages/Benefits, Honoraria/Grants	\$ 13,175	\$ 1,871	\$ 5,876	\$ 5,435	\$ 456	\$ 13,638	\$ 11,807
Purchased Goods and Services	5,913	1,293	324	3,201	570	\$ 5,388	4,880
Library Materials	720	-	782	-	-	\$ 782	659
Tax Abatements	52	56				\$ 56	50
	<u>\$ 19,860</u>	<u>\$ 3,220</u>	<u>\$ 6,982</u>	<u>\$ 8,636</u>	<u>\$ 1,026</u>	<u>\$ 19,864</u>	<u>\$ 17,396</u>