

**Fraser Valley Regional Library District**  
**Financial Statements**  
For the year ended December 31, 2015

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**Financial Statements**  
For the year ended December 31, 2015

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## Independent Auditor's Report

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### To the Library Board Fraser Valley Regional Library District

We have audited the accompanying financial statements of the Fraser Valley Regional Library District, which comprise the Statement of Financial Position as at December 31, 2015 and the Statements of Operations, Change in Net Debt 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 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 the Fraser Valley Regional Library District for the year ended December 31, 2015 and results of its operations, change in net debt, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Emphasis of Matter

Without modifying our opinion, we draw attention to Note 11 to the financial statements, which explains that certain comparative information for the year ended December 31, 2014 has been restated.

Chartered Professional Accountants

Langley, British Columbia  
REPORT DATE

**Fraser Valley Regional Library District  
Statement of Financial Position**

December 31	2015	2014
		Restated (Note 11)
<b>Financial Assets</b>		
Cash	\$ 527,566	\$ 1,391,396
Portfolio investments (Note 3)	3,711,680	2,345,635
Accounts receivable	188,008	191,247
	<b>4,427,254</b>	<b>3,928,278</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 5)	1,481,438	1,414,486
Deferred revenues	411,352	418,061
Employee future benefits (Note 6)	2,635,953	2,644,200
Capital lease obligations (Note 7)	393,635	548,784
	<b>4,922,378</b>	<b>5,025,531</b>
<b>Net Debt</b>	<b>(495,124)</b>	<b>(1,097,253)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4)	9,630,609	9,890,544
Prepaid expenses and deposits	504,790	123,950
	<b>10,135,399</b>	<b>10,014,494</b>
<b>Accumulated Surplus (Note 8)</b>	<b>\$ 9,640,275</b>	<b>\$ 8,917,241</b>

Approved by the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**Fraser Valley Regional Library District**  
**Statement of Operations**

**For the year ended December 31**

	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
	(Note 12)		Restated (Note 11)
<b>Revenue</b>			
Member assessments	\$ 23,307,033	\$ 23,307,036	\$ 22,687,202
Government transfers	1,385,720	1,426,418	1,428,888
Donations	148,367	148,367	151,457
Fines	420,771	349,192	397,234
Other library-based revenue	217,728	238,395	216,988
Return on investments	1,625	14,939	16,532
	<b>25,481,244</b>	<b>25,484,347</b>	<b>24,898,301</b>
<b>Expenses</b>			
Salaries and benefits	18,021,503	17,197,104	17,569,190
Library materials	899,127	964,925	988,592
Operating (Schedule)	3,113,151	2,775,871	3,227,351
Library interlink	120,000	105,575	112,791
Amortization	3,571,528	3,571,528	3,502,660
Loss on disposal of tangible capital assets	146,310	146,310	-
	<b>25,871,619</b>	<b>24,761,313</b>	<b>25,400,584</b>
<b>Annual surplus (deficit)</b>	<b>(390,375)</b>	<b>723,034</b>	<b>(502,283)</b>
<b>Accumulated Surplus, beginning of year</b>	<b>8,917,241</b>	<b>8,917,241</b>	<b>9,419,524</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ 8,526,866</b>	<b>\$ 9,640,275</b>	<b>\$ 8,917,241</b>

**Fraser Valley Regional Library District**  
**Statement of Changes in Net Debt**

**For the year ended December 31**

	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
	(Note 12)		Restated (Note 11)
Annual deficit	\$ (390,375)	\$ 723,034	\$ (502,283)
Acquisition of tangible capital assets	(3,480,621)	(3,457,903)	(3,552,208)
Amortization of tangible capital assets	3,571,528	3,571,528	3,502,660
Loss on disposal of tangible capital assets	146,310	146,310	-
	<b>237,217</b>	<b>259,935</b>	<b>(49,548)</b>
Change in prepaid expenses and deposits	-	(380,840)	(25,723)
<b>Change in net debt for the year</b>	<b>(153,158)</b>	<b>602,129</b>	<b>(577,554)</b>
<b>Net debt, beginning of year</b>	<b>(1,097,253)</b>	<b>(1,097,253)</b>	<b>(519,699)</b>
<b>Net debt, end of year</b>	<b>\$ (1,250,411)</b>	<b>\$ (495,124)</b>	<b>\$ (1,097,253)</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Fraser Valley Regional Library District**  
**Statement of Cash Flows**

<b>December 31</b>	<b>2015</b>	<b>2014</b>
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ 723,034	\$ (502,283)
Item not involving cash:		
Loss on disposal of tangible capital assets	146,310	-
Amortization of tangible capital assets	3,571,528	3,502,660
Change in non-cash operating items		
Accounts receivable	3,239	811,116
Prepaid expenses and deposits	(380,840)	(25,723)
Accounts payable and accrued liabilities	66,952	(356,055)
Deferred revenue	(6,709)	13,095
Employee future benefits	(8,247)	(59,600)
	<u>4,115,267</u>	<u>3,383,210</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(3,457,903)</u>	<u>(3,552,208)</u>
<b>Investing transactions</b>		
Change in portfolio investments	<u>(1,366,045)</u>	<u>(144,195)</u>
<b>Financing transactions</b>		
Capital lease financing (repayment)	<u>(155,149)</u>	<u>73,784</u>
<b>Net decrease in cash for the year</b>	<b>(863,830)</b>	<b>(239,409)</b>
Cash, beginning of year	<u>1,391,396</u>	<u>1,630,805</u>
<b>Cash, end of year</b>	<b>\$ 527,566</b>	<b>\$ 1,391,396</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## Fraser Valley Regional Library District Notes to Financial Statements

December 31, 2015

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### 1. Nature of Business

The Fraser Valley Regional Library District (the "Library") was established by an Order in Council by the Lieutenant Governor of the Province of British Columbia. The Library's principal activity is to provide library services, including operation of 25 public libraries and centralized administrative services to member municipalities and unincorporated areas, in the Fraser Valley and Greater Vancouver Regional Districts. The Library is a registered charity under the Income Tax Act (Canada) and is not subject to income taxes.

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### 2. Significant Accounting Policies

#### (a) Basis of Accounting

The Library prepares its financial statements in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board.

#### (b) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

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

Buildings	- 20 years
Furniture and equipment	- 4 to 20 years
Library materials	- 3 to 5 years
Computer hardware	- 4 years
Computer software	- 2 to 7 years
Automated library system	- 7 years
Assets under capital lease	- 4 years

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may exceed its long-term services potential.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

#### (c) Portfolio Investments

Portfolio investments, consisting of short-term and medium-term funds held with the Municipal Finance Authority, are carried at market value which approximates amortized cost. If it is determined that there is a permanent impairment in the value of an investment, it is written down to net realizable value.

December 31, 2015

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**2. Significant Accounting Policies (Continued)**

**(d) Government Transfers**

Government transfers are recognized as revenue when authorized and eligibility criteria have been met unless the transfer contains stipulations that create a liability. If the transfer contains stipulations that create a liability, the related revenue is recognized over the period that the liability is extinguished.

**(e) Revenue Recognition**

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the period in which the conditions of the funding have been met.

**(f) Leases**

Leases are classified as capital or operating depending upon the terms and conditions of the contracts. Where the Library is the lessee, asset values recorded under capital leases are amortized in the same manner and same rates as other capital assets.

**(g) Financial Instruments**

The Library's financial instruments consist of cash, accounts receivable, portfolio investments and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**(h) Employee Future Benefits**

The Library and its employees make contributions to the Municipal Pension Plan and the employees accrue benefits under this plan based on number of years of service. The Library's contributions are expensed as incurred (Note 6a).

Under the terms of the collective agreement and compensation policies, retirement benefits and compensated absences benefits are also available to the Library's employees. Employees acquire certain employee benefits on retirement. These include retiring allowance, additional vacation pay in the year of retirement for employees with at least ten years of service, and six months of health benefits after retirement. Compensated absences include supplemental vacation pay and longer-term sick leave. The costs of these benefits are actuarially determined based on number of years of service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under this plan are accrued based on projected benefits prorated as the employees render services necessary to earn the future benefits (Note 6b).

December 31, 2015

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**2. Significant Accounting Policies (Continued)**

**(i) Use of Estimates**

The preparation of financial statements in accordance 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 amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of tangible capital assets and obligations related to employee future benefits. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the statement of operations in the year in which they become known.

**(j) Liability for Contaminated Sites - Adoption of New Accounting Standard**

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Library is directly responsible or accepts responsibility; and
- iv. is directly responsible; or
- v. accepts responsibility; and
- vi. a reasonable estimate of the amount can be made.

This new accounting standard was adopted effective January 1, 2015 on a prospective basis. As a result of the adoption of this standard, management reviewed inventory of land in which the Library has title to. There were no contaminated sites identified on sites that are no longer in use and there were no unexpected events identified for these sites during the year. The adoption of this accounting standard has no impact on the annual operating surplus for the year ended December 31, 2015.

**(k) Expenses by Object and Segmented Information**

The entity is a sole purpose organization and therefore does not report by function and does not provide segmented information.

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**3. Portfolio Investments**

The balance consists of short-term and medium-term funds held with the Municipal Finance Authority. The investments are carried at market value which approximates cost due to the high degree of transactions within the fund.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**4. Tangible Capital Assets**

	Land	Buildings	Furniture and Equipment	Computer Equipment	Computer Software	Automated Library System	Library Materials	2015 Total	2014 Total
Cost, beginning of year	\$ 115,000	\$ 1,533,315	\$ 919,745	\$ 1,918,576	\$ 973,418	\$ 2,200,938	\$15,253,699	<b>\$22,914,691</b>	\$ 21,574,248
Additions	-	-	166,239	205,133	-	-	3,086,531	<b>3,457,903</b>	3,552,208
Disposals	-	-	(167,211)	(523,771)	(122,211)	(198,218)	(2,993,852)	<b>(4,005,263)</b>	(2,211,765)
Cost, end of year	115,000	1,533,315	918,773	1,599,938	851,207	2,002,720	15,346,378	<b>22,367,331</b>	22,914,691
Accumulated amortization, beginning of year	-	1,151,941	426,681	1,830,910	511,086	1,541,241	7,562,288	<b>13,024,147</b>	11,733,252
Amortization expense	-	37,014	47,325	90,993	92,692	181,984	3,121,520	<b>3,571,528</b>	3,502,660
Disposals	-	-	(20,901)	(523,771)	(122,211)	(198,218)	(2,993,852)	<b>(3,858,953)</b>	(2,211,765)
Accumulated amortization, end of year	-	1,188,955	453,105	1,398,132	481,567	1,525,007	7,689,956	<b>12,736,722</b>	13,024,147
Net carrying amount, end of year	\$ 115,000	\$ 344,360	\$ 465,668	\$ 201,806	\$ 369,640	\$ 477,713	\$ 7,656,422	<b>\$ 9,630,609</b>	\$ 9,890,544

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**5. Accounts Payable and Accrued Liabilities**

	2015	2014
Amounts due to suppliers	\$ 478,937	\$ 391,693
Salaries and benefits accruals	1,002,501	1,022,793
	\$ 1,481,438	\$ 1,414,486

**6. Employee Future Benefits**

(a) Municipal Pension Plan

The Library and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2015, Plan membership is broken down into about 185,000 active members, 80,000 retired members, and 33,000 inactive members. The Plan holds assets in excess of \$40 billion.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2015 with results available later in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual entities participating in the Plan.

The Library paid \$1,262,694 (2014 - \$1,247,180) for employer contributions while employees contributed \$1,027,400 (2014 - \$1,015,270) to the Plan in fiscal 2015.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**6. Employee Future Benefits (Continued)**

(b) Retirement Benefits and Compensated Absences Benefits

The Library provides post-employment retirement and compensated absences benefits to all regular full-time and part-time employees. These benefits are not separately funded.

An actuarial valuation of these benefits was performed to determine the Library's accrued benefit liability as at December 31, 2015. The accrued benefit liability at December 31, 2015 was \$2,635,500 (2014 - \$2,644,200) comprised as follows:

	2015	2014
		Restated (Note 11)
Accrued benefit liability, beginning of the year	\$ 2,644,200	\$ 2,703,800
Add: Current service costs	227,800	237,400
Add: Interest on accrued benefit obligation	103,500	104,900
Less: Benefits paid during the year	(339,547)	(401,900)
Accrued benefit liability, end of the year	<b>\$ 2,635,953</b>	<b>\$ 2,644,200</b>

Actuarial assumptions used to determine the Library's accrued benefit liability are as follows:

	2015	2014
Discount rate (long-term borrowing rate)	4%	4%
Productivity and merit wage and salary increases averaging	3%	3%
Estimated average remaining service life of employees (years)	12	12

The following is a description of the post-employment retirement and compensated absences benefits:

Post-employment Retirement Benefits

- (i) **Retiring Allowance**  
Employees retiring from the service of the Library shall be paid at the rate of two days' pay for each year of service with the Library to a maximum of forty-eight working days.
- (ii) **Vacation Pay in Year of Retirement**  
Employees with at least ten years of service in the year of retirement are paid the same vacation pay which they would have earned if they had continued in employment to the end of the retirement calendar year.
- (iii) **Medical, Extended Health and Dental Benefits ("Health Benefits")**  
Health benefits for employees retiring from the service of the Library continue for the first six months of retirement, under the same cost-sharing arrangements as when employed.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**6. Employee Future Benefits (Continued)**

(b) Retirement Benefits and Compensated Absences Benefits (Continued)

Compensated Absences

(iii) Supplemental Vacation Pay

Employees receive an additional week (pro-rated for part-time employees) of vacation pay upon reaching specified years' of service with the Library.

(vi) Longer-term Sick Leave

Employees are credited monthly with 10.5 hours for each month of service to a maximum sick leave bank of 1,120 hours. Banked sick leave credits may be used to pay for hours not worked by the respective employee due to personal, or specified family sickness.

**7. Obligation Under Capital Lease**

The Library arranged capital lease funding in respect of a new computer ERP system at an interest rate of 3.97%, and locker charge stations at an interest rate of 6.58%. The leases mature May 27, 2019 and November 15, 2016 respectively.

The Library is obligated to make the following minimum lease payments under the lease agreements as follows:

	Year	ERP System	Charge Bar	Total
	2016	\$ 104,544	\$ 69,970	\$ 174,514
	2017	104,544	-	104,544
	2018	104,544	-	104,544
	2019	34,847	-	34,847
		<hr/>		
		\$ 348,479	\$ 69,970	\$ 418,449
Less: imputed interest		(22,577)	(2,237)	(24,814)
		<hr/>		
		\$ 325,902	\$ 67,733	\$ 393,635
		<hr/>		

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**8. Accumulated Surplus**

Accumulated Surplus is categorized as follows:

	2015	2014
Unappropriated Surplus (Deficit)	\$ 685,420	\$ (62,356)
Reserves - General		Restated (Note 11)
Information systems	171,793	287,482
Asset replacement	311,784	304,911
Collection expansion	38,894	74,254
Library branch copier	36,723	-
Specific programs	41,594	233,750
	1,286,208	838,041
Reserves - Municipal Surplus	628,937	630,125
	1,915,145	\$ 1,468,166
Subtotal (Unappropriated Surplus plus all Reserves)	1,915,145	\$ 1,468,166
Unfunded employee future benefits	(2,016,634)	(2,016,634)
Investment in non-financial assets	9,741,764	9,465,709
	\$ 9,640,275	\$ 8,917,241

The Unappropriated Surplus (Deficit) is the amount of Accumulated Surplus (Deficit) remaining after deducting the other appropriated surplus balances (see below). A surplus balance is available to temporarily finance operations until planned revenues (i.e. member assessments, fees, grants etc.) are received, or for other operating or capital purposes as determined by the Board, to the extent that it is available as cash. A deficit balance will be funded by either a transfer from one of the existing Reserves-General balances, or future revenues.

The Reserves are Accumulated Surplus that have been set aside by decision of the Board for a specified purpose. In the normal course of operations, these funds will be used to finance the future services or capital works for which they have been appropriated. Following is an explanation of the intended purpose of each Reserve:

(a) Information Systems Reserve

To fund capital expenditures for new or existing information systems assets (computer hardware and software).

(b) Asset Replacement Reserve

To fund capital expenditures for new or existing assets, excluding information systems and library materials assets. Provides funding for vehicles, office furniture, equipment, parking area, and building capital expenditures for the FVRL Administration Office.

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**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

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**8. Accumulated Surplus (Continued)**

(c) Collection Development Reserve

To fund library material expenditures for new and expanding libraries.

(d) Library Branch Copier Reserve

To fund purchases of copiers at the library branches.

(e) Specific Programs

To fund various specific operating and capital expenditures for specific programs.

(f) Municipal Surplus

This reserve is allocated to each member organization in accordance with Board policy. The reserve balance is to fund library expenditures, or reduce member organization levies, to the extent of the member organization reserve balance, as requested by the member organization and approved by the Board.

Unfunded employee future benefits is the portion of the Employee Future Benefits Liability of \$2,635,953 at December 31, 2015 that is not funded (Note 6b). The Library is assessing options to fund this liability.

Investment in Non-Financial Assets is equal to the book value of the tangible capital assets and prepaids less related capital lease debt. In the normal course of operations the tangible capital assets and prepaids will not be available to finance operations, but will be consumed/used to provide services, and the debt will be repaid by future period revenues.

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**9. Contingencies and Commitments**

(a) Leases

The Library rents vehicles under operating leases which expire at various dates and whose lease payments in the current year totaled \$85,320 (2014 - \$107,940). The total minimum lease payments over the next year is \$78,327.

(b) Employee Loans

The Library obtains financing through their main commercial lending institution for the purpose of providing personal computers for its employees. The employees repay the loans by deduction from their payroll. At December 31, 2015, the Library was indebted to the bank with respect to these loans in the amount of \$14,315 (2014 - \$13,363).

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**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

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**9. Contingencies and Commitments (Continued)**

(c) Municipal Surplus Reserve Grants

During the year, the Board approved a grant to The Corporation of Delta and the City of Langley for \$20,000 to purchase and install of book bins at the Tsawwassen Library, and \$150,000 to purchase and install a self check-in unit at the Langley Library, respectively. As of December 31, 2015, these expenditures have not been made.

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**10. Economic Dependence**

The Library is economically dependent on the member municipalities for its continued operations.

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**11. Prior Period Adjustment**

In 2015 an actuarial valuation of employee future benefits was undertaken by independent actuaries. This valuation identified that previous internally prepared calculations had been incorrect. In addition, it was noted that the prior year legal fees (included in professional fees) expense was understated. Both errors have been retroactively adjusted in these financial statements.

The impact of these adjustments have been to increase the liability for employee future benefits in the 2014 comparative figures by \$2,016,634 from the previously reported balance of \$627,566, and the accounts payable and accrued liabilities in the 2014 comparative figures by \$16,484 from the previously report balance of \$1,398,002. As a result, total liabilities for 2014 increased by \$2,033,118, accumulated surplus decreased by \$2,033,118 and a previously reported net financial asset amount of \$935,856 was adjusted to a net debt amount of \$1,097,253.

The retroactive adjustments also impacted amounts reported on the Statement of Operations. The 2014 reported expense for salaries and benefits decreased by \$128,664, the professional fees expense increased by \$16,484, and the annual deficit decreased by \$112,180. For the actuarial valuation of employee future benefit, despite overall increase in the liability amount the adjustment actually reduced the 2014 expenses. This is because in 2014 employees used benefits that had been previously earned.

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**12. Budget Amounts**

Budget amounts shown in the financial statements reflect the 2015 annual budget approved by the Board adjusted to include various revenues and expenses that did not impact the determination of the member assessment either because they fully offset or because they were non-cash items. These revenues and expenses included: donation revenue, book sale revenue, interest earned on reserves, amortization expense and any expense funded from donations, book sales, surplus or reserve. This adjustment was done to improve the comparability of the budget numbers with the actual numbers, given that the actuals include all these revenues and expenses.

**Fraser Valley Regional Library District**  
**Notes to Financial Statements**

December 31, 2015

**12. Budget Amounts (Continued)**

<b>Revenue per Board Budget</b>	25,235,003
<b>Adjustments</b>	
Plus: Revenues not budgeted for:	
Government transfers - restricted	2,800
Donation revenue - restricted	148,367
Other library-based revenues - book sales	84,559
Return on investment - reserves	10,515
<b>Total budgeted revenue reported</b>	25,481,244
<b>Expense per Board Budget</b>	25,235,003
<b>Adjustments</b>	
Plus: Expenses not budgeted for:	
Salaries and benefits	13,749
Library materials	1,077
Amortization expense	3,571,528
Loss on disposal of tangible capital asset	146,310
Operating expenses	152,588
Less: Budgeted cash flows that are not expenses:	
Capital expenditures	(3,058,347)
Transfers to capital reserves	(100,000)
Debt principle repayment - ERP	(90,289)
<b>Total budgeted expense reported</b>	25,871,619
<b>Annual surplus per Board Budget</b>	-
<b>Annual surplus budget reported</b>	(390,375)

**Fraser Valley Regional Library District  
Schedule of Operating Expenses**

<b>December 31</b>	<b>Budget 2015</b>	<b>2015</b>	<b>2014</b>
			Restated (Note 11)
Administrative and board expenses	\$ 133,626	\$ 146,455	\$ 143,185
Municipal surplus reserve grants	-	-	64,000
Interest on capital lease	18,185	21,811	20,796
Administration building	348,368	297,538	395,168
Information systems	961,696	780,757	1,013,314
Equipment repairs and maintenance	88,967	93,294	86,567
Human resources	220,775	171,447	234,576
Library programs	271,886	253,915	230,336
Marketing	156,269	122,537	154,640
Office supplies	261,496	194,046	234,423
Other library expenses	13,247	13,254	13,743
Postage and courier	39,135	41,494	53,550
Mileage and miscellaneous	114,102	90,770	101,724
Professional fees	219,264	300,014	208,423
Telephone and fax	69,400	92,613	99,578
Vehicle operations	196,735	155,926	173,328
	<b>\$3,113,151</b>	<b>\$2,775,871</b>	<b>\$ 3,227,351</b>