



The Calgary Public Library Board
Report to the Audit and Finance
Committee on the 2018 audit

March 19, 2019

March 15, 2019

To the Audit and Finance Committee of
The Calgary Public Library Board

Report on audited annual financial statements

Dear Audit and Finance Committee members:

We are pleased to submit this report on the status of our audit of The Calgary Public Library Board ("the Library") for the 2018 fiscal year. This report summarizes the scope of our audit, our findings to date and reviews certain other matters that we believe to be of interest to you.

As agreed in our master services agreement dated October 16, 2018, we have performed an audit of the financial statements of Calgary Public Library as of and for the year ended December 31, 2018, in accordance with Canadian generally accepted auditing standards ("Canadian GAAS") and expect to issue our audit report thereon dated March 27, 2019.

Our audit has been conducted in accordance with the audit plan that was presented to the Audit and Finance Committee at the meeting on October 16, 2018.

This report is intended solely for the information and use of the Audit and Finance Committee, management and others within the Library and is not intended to be, and should not be, used by anyone other than these specified parties.

We, at Deloitte, work as one team to provide you with relevant business insights to assist you improving your current practices.

We look forward to discussing this report summarizing the outcome of our audit with you and answering any questions you may have.

Yours truly,

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Table of contents

Our audit explained	1
Significant audit risks	4
Other reportable matters	6
Appendix 1 – Communication requirements	7
Appendix 2 – Draft version of our auditor’s report	9
Appendix 3 – Draft independence	11
Appendix 4 – Draft management representation letter	13

Our audit explained

This report summarizes the main findings arising from our audit to date. When possible, we have also provided business recommendations on challenging issues that the Library faces, based on our understanding of your organization and industry.

Audit scope and terms of engagement

We have been asked to perform an audit, which includes the Library's financial statements (the "financial statements") in accordance with Canadian public sector accounting standards ("PSAS") as at and for the year ended December 31, 2018. Our audit was conducted in accordance with Canadian generally accepted auditing standards ("Canadian GAAS").

The terms and conditions of our engagement are described in the master services agreement dated October 16, 2018, which was signed on behalf of the Audit and Finance Committee and management.

Significant audit risks

Through our risk assessment process, we have identified the significant audit risks. These risks of material misstatement and related audit responses are discussed in the significant audit risks section of this report.



Materiality

We are responsible for providing reasonable assurance that your financial statements as a whole are free from material misstatement.

Materiality levels are determined on the basis of total revenues. Our materiality for the year ended December 31, 2018 was \$2,000,000 (2017, \$1,700,000).

We have informed the Audit and Finance Committee of all uncorrected misstatements greater than a clearly trivial amount of 5% of materiality and any misstatements that are, in our judgment, qualitatively material. In accordance with Canadian GAAS, we asked that any misstatements be corrected.

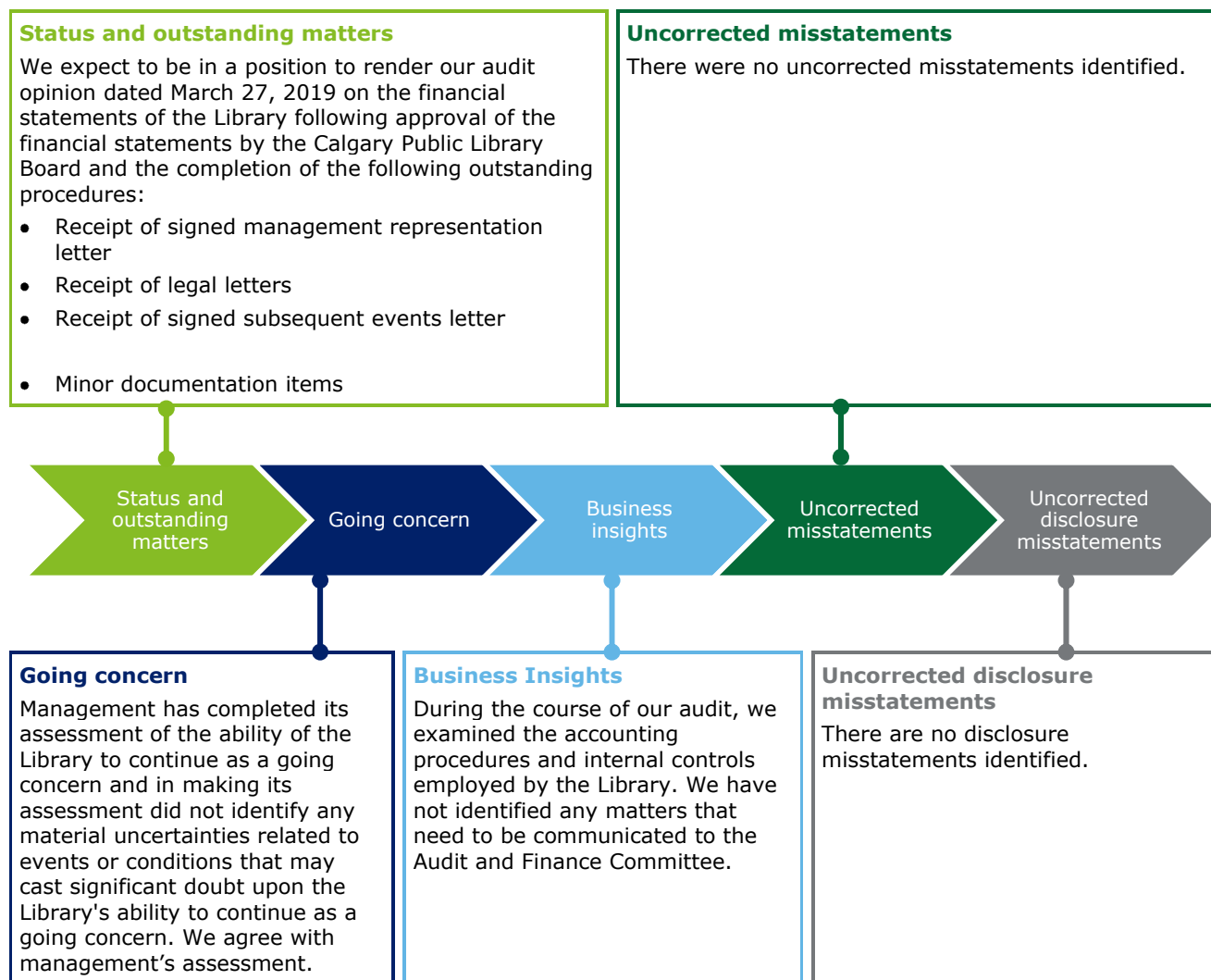
Audit fees

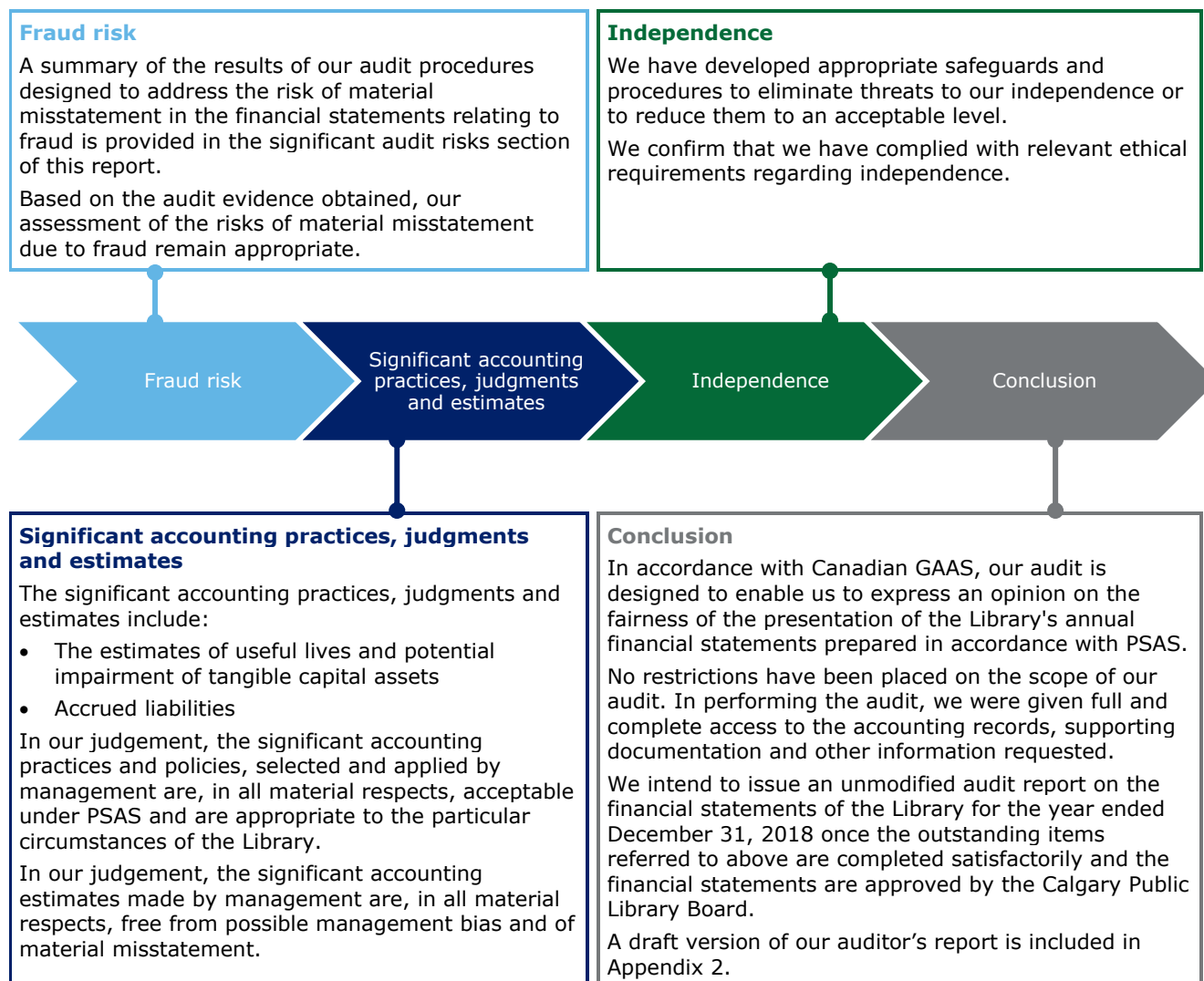
Our final audit fees are as follows:

Base audit fee: \$39,700 (2017, \$38,800).

Adoption of new accounting standards: \$8,000 (2017, \$ nil).

These fees are subject to a 7% administration fee and GST.





Significant audit risks

The significant audit risks identified as part of our risk assessment, together with our planned responses and conclusions, are described below.

Management override of controls

Audit risk

Under Canadian Auditing Standards, it is the responsibility of management, with the oversight of those charged with governance to place a strong emphasis on fraud prevention and detection.

Oversight by those charged with governance includes considering the potential for override of controls or other inappropriate influence over the financial reporting process.

Management override of controls is present in all entities. It is a risk of material misstatement resulting from fraud and therefore is considered as a significant risk.

This represents a fraud risk for the 2018 audit.

Our audit response

- We discussed fraud with management.
- We asked the Audit and Finance Committee for their views about the risk of fraud, whether they know of any actual or suspected fraud affecting the Library and their role in the oversight of management's antifraud programs.
- We tested a sample of journal entries made throughout the period, and adjustments made at the end of the reporting period.
- We evaluated the business rationale for any significant unusual transactions.
- We determined whether the judgements and decisions related to management estimates indicate a possible bias, which included performing retrospective analysis of significant accounting estimates.

Audit results

We obtained sufficient audit evidence to conclude that there were no material misstatements.

New Accounting Standards

Risk identified

The following accounting standards are required to be adopted for the year ending December 31, 2018:

- Section PS 2200, *Related Party Disclosures*
- Section PS 3210, *Assets*
- Section PS 3320, *Contingent Assets*
- Section PS 3380, *Contractual Rights*
- Section PS 3420, *Inter-entity Transactions*

There is a risk that the application of these standards is not consistent or compliant with the guidance provided within the standards.

Our audit response

- We reviewed the Library's methodology and process for application and adoption of each standard, which included a review of position papers prepared by management.
- We audited a sample of the accounting transactions recorded under these standards, including testing of internal controls, if applicable.
- We also reviewed the disclosure in the year-end financial statements to ensure compliance with the applicable accounting standards.

Audit results

During our testing of Related Party Disclosures, we noted one Board member, for whom there was no signed declaration as the member was not in attendance at the November 2018 meeting when declarations were signed. We recommend management implement a process for following up with Board members to obtain signed declarations for all Board members.

With the exception of the one matter, we obtained sufficient audit evidence to conclude that there were no material misstatements in relation to the adoption of the new accounting standards.

Other reportable matters

The following summarizes the status and findings of key aspects of our audit. In the appendices to this report, we have provided additional information related to certain matters we committed to report to the Audit and Finance Committee as part of the audit plan.

	Comment
Changes to the audit plan	The audit was conducted in accordance with our audit plan, which was communicated to the Audit and Finance Committee. We confirm that there have been no amendments to the audit scope and approach communicated in the audit plan.
Significant difficulties encountered in performing the audit	During the course of our audit, we did not encounter any significant difficulties in dealing with management related to the performance of the audit.
Concerns regarding management competence and integrity	We do not have any concerns regarding management's competency and integrity.
Related party transactions	We have not identified any related party transactions that were not in the normal course of operations and that involved significant judgments made by management concerning measurement or disclosure.
Disagreements with management	During the current audit, we did not have any disagreements with management.
Consultation with other accountants	Management has informed us that the Library has not consulted with other accountants about auditing or accounting matters.
Legal and regulatory compliance	<p>Management is responsible for ensuring that the Library's operations are conducted in accordance with the laws and regulations applicable to the Library in the jurisdictions in which it operates. The responsibility for preventing and detecting non-compliance rests with management.</p> <p>The auditor is not and cannot be held responsible for preventing non-compliance with laws and regulations.</p> <p>Our limited procedures did not identify any areas of material non-compliance with laws and regulations by the Library.</p>
Post-statement of financial position events	At the date of finalizing this report, we are not aware of any significant post-statement of financial position events.

Appendix 1 – Communication requirements

The table below summarizes our communication requirements under Canadian GAAS and other communications that we believe would help us achieve an effective audit.

Required communication	Refer to this report or document described below
Audit Service Plan	
1. Our responsibilities under Canadian GAAS, including forming and expressing an opinion on the financial statements	Master services agreement
2. An overview of the overall audit strategy, addressing: <ul style="list-style-type: none"> a. Timing of the audit b. Significant risks, including fraud risks c. Nature and extent of specialized skill or knowledge needed to perform the audit procedures related to significant risks 	Audit plan communicated on October 16, 2018.
3. Significant transactions outside of the normal course of business, including related party transactions	Nothing to report.
Year End Communication	
4. Fraud or possible fraud identified through the audit process	We are not aware of any fraudulent events.
5. Significant accounting policies, practices, unusual transactions, and our related conclusions	Significant accounting practices, judgements and estimates.
6. Alternative treatments for accounting policies and practices that have been discussed with management during the current audit period	Significant accounting practices, judgements and estimates.
7. Matters related to going concern	We concluded that there was no substantial doubt about the Library's ability to continue as a going concern.
8. Management judgments and accounting estimates	Significant Accounting practices, judgements and estimates.
9. Significant difficulties, if any, encountered during the audit	No significant difficulties to report.
10. Material written communications between management and us, including management representation letters	Management representation letter.
11. Other matters that are significant to the oversight of the financial reporting process	No other matters to report.
12. Modifications to our opinion(s)	We will issue an unmodified opinion.
13. Our views of significant accounting or auditing matters for which management consulted with other accountants and about which we have concerns	Nothing to report.

Required communication	Refer to this report or document described below
14. Significant matters discussed with management	Nothing to report.
15. Illegal or possibly illegal acts that come to our attention	We are not aware of any illegal acts.
16. Significant deficiencies in internal control, if any, identified by us in the conduct of the audit of the financial statements	No deficiencies to report.
17. Uncorrected misstatements and disclosure items	No uncorrected misstatements and uncorrected disclosures to report.

Appendix 2 – Draft version of our auditor’s report

Our report on the financial statements is expected to be in the following form. However, the final form may need to be adjusted to reflect the final results of our audit.

Independent Auditor’s Report

To the Members of
The Calgary Public Library Board

Opinion

We have audited the financial statements of Calgary Public Library Board (the “Library”), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated surplus, cash flows, and change in net financial liabilities 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, its cash flows and change in its net financial liabilities 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.

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.

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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
March 27, 2019

Appendix 3 – Draft independence

March 27, 2019

The Audit and Finance Committee
The Calgary Public Library Board

Dear Audit and Finance Committee members:

We have been engaged to audit the financial statements of The Calgary Public Library Board ("the Library") for the year ended December 31, 2018.

You have requested that we communicate in writing with you regarding our compliance with relevant ethical requirements regarding independence as well as all relationships and other matters between the Library, our Firm and network firms that, in our professional judgment, may reasonably be thought to bear on our independence. You have also requested us to communicate the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

In determining which relationships to report, we have considered relevant rules and related interpretations prescribed by the appropriate provincial regulator/ordre and applicable legislation, covering such matters as:

- a. Holding a financial interest, either directly or indirectly, in a client.
- b. Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client.
- c. Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client.
- d. Economic dependence on a client.
- e. Provision of services in addition to the audit engagement.

We confirm to you that the engagement team and others in the firm as appropriate, the firm and, when applicable, network firms have complied with relevant ethical requirements regarding independence.

We have prepared the following comments to facilitate our discussion with you regarding independence matters arising since March 28, 2018, the date of our last letter.

We are not aware of any relationships between the Deloitte Entities and the Library and its affiliates, or persons in financial reporting oversight roles at the Library and its affiliates, that, in our professional judgment, may reasonably be thought to bear on independence, that have occurred from March 29, 2018 to March 27, 2019.

The total fees charged to the Library for audit services were \$42,479 (2017, \$41,516) and \$8,560 (2017, \$nil) for the adoption of new accounting standards during the period covered by the financial statements.

We hereby confirm that we are independent with respect to the Library in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of March 27, 2019.

This letter is intended solely for the information and use of the Audit and Finance Committee, the Board of Directors, management and others within the Library and is not intended to be and should not be used for any other purposes.

Yours truly,

Chartered Professional Accountants

Appendix 4 – Draft management representation letter

[Calgary Public Library letterhead]

March 27, 2019

Deloitte LLP
700, 850 – 2 Street SW
Calgary, AB T2P 0R8

Dear Sirs:

Subject: Financial statements of The Calgary Public Library Board. (the “Library”) for the year ended December 31, 2018

This representation letter is provided in connection with the audit by Deloitte LLP (“Deloitte” or “you”) of the financial statements of The Calgary Public Library Board (the “Library” or “we” or “us”) for the year ended December 31, 2018, and a summary of significant accounting policies and other explanatory information (the “Financial Statements”) for the purpose of expressing an opinion as to whether the Financial Statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Library in accordance with Public Sector Accounting Standards (“PSAS”).

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial statements

1. We have fulfilled our responsibilities as set out in the terms of the engagement letter between the Library and Deloitte dated October 16, 2018 for the preparation of the Financial Statements in accordance with PSAS. In particular, the Financial Statements are fairly presented, in all material respects, and present the financial position of the Library as at December 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with PSAS. Significant assumptions used in making estimates, including those measured at fair value, are reasonable.
2. In preparing the Financial Statements in accordance with PSAS, management makes judgments and assumptions about the future and uses estimates. The completeness and appropriateness of the disclosures related to estimates are in accordance with PSAS. The Library has appropriately disclosed in the Financial Statements the nature of measurement uncertainties that are material, including all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the Financial Statements.

3. The measurement methods, including the related assumptions and models, used in determining the estimates, including fair value, were appropriate, reasonable and consistently applied in accordance with PSAS and appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the entity. No events have occurred subsequent to December 31, 2018 that require adjustment to the estimates and disclosures included in the Financial Statements.

There are no changes in management's method of determining significant estimates in the current year.

4. The Library has identified all related parties in accordance with Section PS 2200, *Related Party Disclosures* ("PS 2200"). Management has made the appropriate disclosures with respect to its related party transactions in accordance with PS 2200. This assessment is based on all relevant factors, including those listed in paragraph 16 of PS 2200.
5. We have determined that the Financial Statements are complete as of the date of this letter as this is the date when there are no changes to the Financial Statements (including disclosures) planned or expected. The Financial Statements have been approved in accordance with our process to finalize financial statements.
6. We have completed our review of events after December 31, 2018 and up to the date of this letter. All events subsequent to the date of the Financial Statements and for which PSAS requires adjustment or disclosure have been adjusted or disclosed. Accounting estimates and disclosures included in the Financial Statements that are impacted by subsequent events have been appropriately adjusted.
7. The Financial Statements are free of material errors and omissions.

Internal Controls

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.
9. We have disclosed to you all known deficiencies in the design or operation of internal control over financial reporting identified as part of our evaluation, including separately disclosing to you all such deficiencies that we believe to be significant deficiencies in internal control over financial reporting.

Information provided

10. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation of the Financial Statements, such as records, documentation and other matters.
 - b. All relevant information as well as additional information that you have requested from us for the purpose of the audit; and
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
11. All transactions have been properly recorded in the accounting records and are reflected in the Financial Statements.
12. We have disclosed to you the results of our assessment of the risk that the Financial Statements may be materially misstated as a result of fraud.
13. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - a. Management;
 - b. Employees who have significant roles in internal control; or

c. Others where the fraud could have a material effect on the Financial Statements.

14. We have disclosed to you all information in relation to allegations of actual, suspected or alleged fraud, or illegal or suspected illegal acts affecting the Library.
15. We have disclosed to you all communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices and all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the Financial Statements.
16. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware, including guarantees, non-monetary transactions and transactions for no consideration and participation in a defined benefit plan that shares risks between group entities.
17. We have disclosed to you all known, actual or possible litigation and claims, whether or not they have been discussed with our lawyers, whose effects should be considered when preparing the Financial Statements. As appropriate, these items have been disclosed and accounted for in the Financial Statements in accordance with PSAS.

Independence matters

For purposes of the following paragraphs, "Deloitte" shall mean Deloitte LLP and Deloitte Touche Tohmatsu Limited, including related member firms and affiliates.

18. Prior to the Library having any substantive employment conversations with a former or current Deloitte engagement team member, the Library has held discussions with Deloitte and obtained approval from the Audit and Finance Committee.
19. We have ensured that all non-audit services provided to the Library have been pre-approved by the Audit and Finance Committee. Further, we have adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte to the Library in accordance with applicable laws, regulations and rules that apply to the Library, including the Audit and Finance Committee approval requirements.
20. We have ensured that all services performed by Deloitte with respect to this engagement have been pre-approved by the Audit and Finance Committee in accordance with its established approval policies and procedures.

Other matters

21. The Library has satisfactory title to and control over all assets, and there are no liens or encumbrances on such assets. We have disclosed to you and in the Financial Statements all assets that have been pledged as collateral.
22. We have disclosed to you all liabilities, provisions, contingent liabilities and contingent assets, including those associated with guarantees, whether written or oral, and they are appropriately reflected in the Financial Statements.
23. We have disclosed to you, and the Library has complied with all aspects of contractual agreements that could have a material effect on the Financial Statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

24. We have disclosed to you all the documents that we expect to issue that may comprise other information, in the context of CAS 720, *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*.

Fair Value

25. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
- a. The completeness and adequacy of the disclosures related to fair values are in accordance with Public Sector Accounting Standards ("PSAS").
 - b. No events have occurred subsequent to December 31, 2018 that require adjustment to the fair value measurements and disclosures included in the Financial Statements.
 - c. They appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Library when relevant to the use of fair value measurements or disclosures.

Management's responsibilities

26. All transactions and events have been carried out in accordance with law, regulation or other authority.

Accounting policies

27. The accounting policies selected and application of those policies are appropriate.
28. The Library's accounting policies and their method of application have been applied on a basis consistent with that of the audited Financial Statements as of and for the year ended December 31, 2017, except as described in Note 1 of the financial statements.

Loans and receivables

29. The Library is responsible for determining the appropriate carrying amount of notes, loans, and accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.
30. We have identified to you all forgivable loans and loans with concessionary terms and have appropriately reflected these instruments in the financial statements.

Employee future benefits

31. Employee future benefit costs, assets, and obligations, as applicable, have been properly recorded and adequately disclosed in the Financial Statements including those arising under defined benefit and defined contribution plans as well as termination arrangements. We believe that the actuarial assumptions and methods used to measure defined benefit plan assets, obligations and costs for financial statement purposes are appropriate in the circumstances. Actuarial gains or losses have been amortized to the liability and the related expense in a systematic and rational manner over the expected average remaining service life of the related employee group.
32. We have disclosed to you any intentions of terminating any of our pension plans or withdrawing from the multi-employer plan that could result in an effective termination or reportable event for any of the plans. We have disclosed to you any occurrences that could result in the termination of any of our pension or multi-employer plans to which we contribute.
33. We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.

Government transfers

- 34. We have disclosed to you all correspondence relating to government transfers that the Library has had with the funding body.
- 35. We have assessed the eligibility criteria and determined that the Library is an eligible recipient for the government transfers received.
- 36. We have assessed the stipulations attached with the funding and have recognized the revenue in accordance with meeting the stipulations required.
- 37. All government transfers that have been recorded as deferred revenue give rise to an obligation that meets the definition of a liability. Those liabilities have been properly recorded and presented in the Financial Statements.

Receivables

- 38. The Library is responsible for determining the appropriate carrying amount of accounts receivable, as well as estimates used to determine such amounts. Management believes that the carrying amounts recorded and disclosed are appropriate.

City of Calgary Capital Asset Policy

- 39. The Library was aware of the City of Calgary's change in Capital Asset Policy for Vehicles for the year ended December 31, 2018. Management has reviewed and understands the policy and has determined that this policy change does not impact the Library's financial statements.

Tangible capital assets

- 40. Tangible capital assets have been recorded properly and consistently according to the standards in CPA Canada Public Sector Accounting Handbook Section PS 3150, *Tangible Capital Assets*.
- 41. Contributed tangible capital assets have been appropriately recorded at fair value, unless fair value is not reasonably determinable, and in such case, have been recorded at an appropriate nominal value. All contributed tangible capital assets have been appropriately disclosed.
- 42. We have assessed the useful lives of tangible capital assets and have determined all tangible capital assets contribute to the Library's ability to provide goods and services and therefore do not require a write down.

Adjusting journal entries

- 43. We have reviewed the year-end adjusting entries and acknowledge our responsibility for their accuracy.

Communicating a threshold amount

- 44. We understand that the threshold used for accumulating misstatements identified during the year was \$100,000 for purposes of Appendix A. Misstatements below this amount have been considered clearly trivial.

Section 3260, Liability for contaminated sites

- 45. The Library was required to adopt *Section 3260, Liability for contaminated sites* effective for fiscal 2015 for the purposes of the public sector accounting standards ("PSAS"). Management has determined the impact of this standard on the year-end financial statements, and based on management's assessment, there is no impact on the adjustments for the December 31, 2018 PSAS financial statements of this standard.

Adoption of new accounting standards

46. The Library has adopted CPA Canada Public Sector Accounting Handbook Section 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions, as of January 1, 2018 as discussed in Note 2 of the financial statements.

Contingent assets

47. The Library has identified all contingent assets in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3320, *Contingent Assets* and, when the occurrence of the confirming future event is considered likely, appropriately disclosed these items in the financial statements.

Contractual rights

48. The Library has identified and disclosed all contractual rights, as discussed in Note 9 of the financial statements, that will result in both an asset and revenue in the future, once the terms of the contract or agreement are met, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3380, *Contractual Rights*.

Inter-entity transactions

49. The Library has recognized all transactions involving the transfer of assets or liabilities between public sector entities in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3420, *Inter-entity transactions* ("PS 3420").
50. The Library has recorded all inter-entity transactions properly at exchange or carrying amount in accordance with the criteria in Section PS 3420.14-.22.
51. The Library has disclosed all inter-entity transactions in the notes to the Financial Statements whether or not such transactions are recognized in the financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*, as shown in Note 12 of the financial statements.

Assets

52. The Organization has recognized all assets, which do not fall within the scope of other standards, only when the requirements in CPA Canada Public Sector Accounting Handbook Section PS 3210, *Assets* ("Section PS 3210") have been met. For those assets which do not meet the recognition criteria in Section PS 3210, the Organization has appropriately disclosed details of such unrecognized assets in accordance with Section PS 3210. There was no impact on the Library's financial statements upon adoption of PS 3210 Assets.

Yours truly,

The Calgary Public Library Board

Ms. Elrose Klause, Controller and Director Financial Services

Mr. Bill Ptacek, CEO

Appendix A

The Calgary Public Library Board

Summary of uncorrected financial statement misstatements

Year ended December 31, 2018

No uncorrected misstatements identified.

Appendix B
The Calgary Public Library Board
Summary of disclosure items passed
Year ended December 31, 2018

No disclosure deficiencies identified.