

PALLISER REGIONAL LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Palliser Regional Library:

We have audited the accompanying financial statements of Palliser Regional Library, which comprise the statement of financial position as at December 31, 2012, and the statements of operations, changes in fund balances and cash flow 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 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

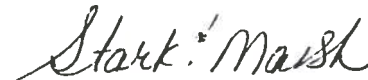
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality'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 Palliser Regional Library as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with public sector accounting standards.



Chartered Accountants, LLP

Swift Current, Saskatchewan
Date: March 26, 2013

**PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2012**

Statement 1

	2012	2011
Financial Assets		
Cash	\$ 655,326	\$ 675,587
Accounts receivable - Note 3	34,857	42,709
Investments	290,020	215,670
Total Financial Assets	980,203	933,966
Liabilities		
Accounts payable and accrued liabilities	194,371	176,465
Unearned revenue - Note 4	557,164	571,910
Total Liabilities	751,535	748,375
Net Financial Assets	228,668	185,591
Non-Financial Assets		
Prepaid expenses	1,356	1,478
Tangible capital assets - Note 5	1,481,734	1,449,411
Total Non-Financial Assets	1,483,090	1,450,889
Accumulated Surplus	\$ 1,711,758	\$ 1,636,480

See accompanying notes to the financial statements

On behalf of the board:

_____ Director

_____ Director

PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL ACTIVITIES
For the Year Ended December 31, 2012

Statement 2

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
Revenue			
Municipal levies/grants	\$1,246,865	1,260,558	\$1,163,953
Provincial public libraries grant	676,676	680,708	676,675
Special levies	65,541	45,472	43,709
Employee grants	4,404	7,601	8,499
CAP grant	-	30,521	31,129
Video equipment grant	-	-	10,000
Aboriginal storytelling grant	-	1,500	1,700
Coronach library grant	-	3,527	2,719
Summer reading program	-	375	283
Advanced education grant	-	3,105	1,795
New Horizons for seniors	-	15,982	-
Branch sub grant	-	-	-
Willow Bunch CAP grant	-	-	-
Teen summer reading program	-	-	-
Young Canada Works grant	-	-	2,120
Branch Sub Grant	-	1,064	560
Willow Bunch CAP Grant	-	420	357
Willow Bunch programming	-	1,255	-
Every Child Ready to Read	-	1,500	-
Community Connections	-	10,000	-
Evergreen	-	6,300	5,700
Donations	1,700	16,188	5,979
Courier income	22,180	22,180	21,925
Interest and investment income	-	6,715	2,341
Lost/damaged items and cost recovery	3,000	5,378	6,228
Carryforwards	-	32,134	48,504
Miscellaneous revenue	500	4,654	5,864
	<u>2,020,866</u>	<u>2,157,137</u>	<u>2,040,040</u>
	-		
Expenses			
Governance	16,816	17,656	15,390
Administration	184,796	499,593	488,448
Services to branches	401,120	425,886	353,820
Regional resource centre	975,143	759,213	709,372
Area resource centre	73,162	65,776	66,142
Local branch services	<u>369,828</u>	<u>313,926</u>	<u>309,077</u>
	<u>2,020,865</u>	<u>2,082,050</u>	<u>1,942,249</u>
Excess (shortfall) of revenue over expenses	<u>1</u>	<u>75,087</u>	<u>97,791</u>
Purchases of tangible capital assets		(337,192)	(326,558)
Amortization		304,870	293,992
Proceeds on disposal of assets		0	6,140
Loss on disposal of assets (non-cash)		-	1,000
Prior period adjustment		190	375
(Acquisition)/use of prepaid expense		<u>122</u>	<u>(1,426)</u>
Increase/(decrease) in net financial assets		43,077	71,314
Net financial assets, beginning of year		<u>185,591</u>	<u>114,277</u>
Net financial assets, end of year		<u>\$ 228,668</u>	<u>\$ 185,591</u>

PALLISER REGIONAL LIBRARY
Statement of Changes in Fund Balances
for the year ended December 31, 2011

Statement 3

	Current	Library Materials	Capital	Reserve	Total 2011
Fund balance - beginning of year	\$ (99,436)	-	1,449,412	286,505	\$ 1,636,481
Restatement of prior years due to amortization					-
Fund balance - beginning of year restated	(99,436)	-	1,449,412	286,505	1,636,481
Excess (shortfall) of revenues over expenditures	379,959		(304,870)		75,089
Prior period adjustment	190				190
Interfund transfers - Note 6	(42,766)			42,766	-
Interfund transfers - Note 6	(337,192)		337,192		-
Fund Balance - end of year	\$ (99,245)	-	1,481,734	329,271	\$ 1,711,760

See accompanying notes to the financial statements.

PALLISER REGIONAL LIBRARY
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended December 31, 2012

Statement 4

	<u>2012</u>	<u>2011</u>
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	\$ 75,087	\$ 97,791
Adjustment re: prior period	190	375
(Gain)/loss on disposal of assets		1,000
Depreciation	<u>304,870</u>	<u>293,992</u>
	<u>380,147</u>	<u>393,158</u>
Change in non-cash working capital		
Decrease (increase) in accounts receivable	7,852	(4,686)
Decrease (increase) in prepaid expenses	122	(1,426)
Increase (decrease) in accounts payable	17,906	(63,200)
(Decrease) increase in unearned revenue	<u>(14,746)</u>	<u>501,544</u>
Net cash from (used for) operations	<u>391,281</u>	<u>825,391</u>
Capital		
Acquisitions of capital assets	<u>(337,192)</u>	<u>(320,419)</u>
Net cash from (used for) capital	<u>(337,192)</u>	<u>(320,419)</u>
Net increase in cash and cash equivalents	54,089	504,972
Cash and cash equivalents, beginning of year	<u>891,257</u>	<u>386,285</u>
Cash and cash equivalents, end of year	<u>\$ 945,346</u>	<u>\$ 891,257</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 655,326	\$ 675,587
Temporary investments	<u>290,020</u>	<u>215,670</u>
	<u>\$ 945,346</u>	<u>\$ 891,257</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF CURRENT FUND ACTIVITIES
For the Year Ended December 31, 2012

	2012 Budget	2012 Actual	Schedule 1 2011 Actual
Revenue			
Municipal levies/grants	\$1,246,865	1,260,558	\$1,163,953
Provincial public libraries grant	676,676	680,708	676,675
Special levies	65,541	45,472	43,709
Employment grants	4,404	7,601	8,499
CAP grant	-	30,521	31,129
Video equipment grant	-	0	10,000
Aboriginal storytelling grant	-	1,500	1,700
Coronach library grant	-	3,527	2,719
Summer reading program	-	375	283
Advanced Education grant	-	3,105	1,795
New Horizons for seniors	-	15,982	-
Teen summer reading program	-	0	-
Young Canada Works grant	-	0	2,120
Branch sub grant	-	1,064	560
Willow Bunch CAP grant	-	420	357
Willow Bunch programming	-	1,255	-
Every Child Ready to Read	-	1,500	-
Community Connections	-	10,000	-
Evergreen	-	6,300	5,700
Donations	1,700	16,188	5,979
Courier income	22,180	22,180	21,925
Interest and investment income	-	6,715	2,341
Lost/damaged items and cost recovery	3,000	5378	6,228
Carryforwards	-	32134	48,504
Miscellaneous revenue	500	4,654	5,864
	<u>2,020,866</u>	<u>2,157,137</u>	<u>2,040,040</u>
Expenses			
Governance	16,816	17,656	15,390
Administration	184,796	194,724	194,456
Services to branches	401,120	420,886	353,820
Regional resource centre	975,143	764,212	709,372
Area Resource Centre	73,162	65,776	66,142
Local Branch services	369,828	313,925	309,077
	<u>2,020,865</u>	<u>1,777,179</u>	<u>1,648,257</u>
Excess of revenue over expenditures	1	379,958	391,783
Net inter-fund transfers - Note 6			
(To) from capital	-	(337,192)	(319,419)
(To) from reserves	-	(42,766)	(65,365)
	<u>-</u>	<u>(379,958)</u>	<u>(384,784)</u>
Change in fund balance	1	0	7,000
Fund balance, beginning of year		(99,437)	(106,812)
Prior period adjustments		190	375
	<u>-</u>	<u>(99,247)</u>	<u>(106,437)</u>
Fund balance, end of year	\$ 1	(99,247)	\$ (99,437)

See accompanying notes to the financial statements

**PALLISER REGIONAL LIBRARY
SCHEDULE OF CAPITAL FUND ACTIVITIES
For the Year Ended December 31, 2012**

	<u>2012</u>	<u>Schedule 2</u>
	Actual	2011 Actual
Expenditures		
Depreciation	\$ 304,870	\$ 293,992
	<u>304,870</u>	<u>293,992</u>
Net inter-fund transfers		
(To) from current	337,192	319,419
Change in fund balance	32,322	25,427
Fund balance, opening	1,449,412	1,423,985
Fund balance, closing	<u>\$ 1,481,734</u>	<u>\$ 1,449,412</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF MATERIALS FUND OPERATIONS
For the Year Ended December 31, 2012

Schedule 3

	<u>2012</u> <u>Budget</u>	<u>2012</u> <u>Actual</u>	<u>2011</u> <u>Actual</u>
Revenue			
Provincial Public Libraries grant			
Headquarters	\$ -	-	\$ -
Materials			
Opening hours	<u>-</u>	<u>-</u>	<u>-</u>
Federal/Provincial grants	-	-	-
Municipal grants	-	-	-
Interest	-	-	-
Recoveries and sundry	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Governance	-	-	-
Administration			
Services to branches	-	-	-
Regional resource centre			
Local branch services			
Direct library services	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Shortfall of revenue over expenditures	-	-	-
Net inter-fund transfers			
(To) from current			
(To) from capital	-	-	-
(To) from reserves	<u>-</u>	<u>-</u>	<u>-</u>
Change in fund	-	-	-
Fund balance, opening	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, closing	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>

See accompanying notes to the financial statements

**PALLISER REGIONAL LIBRARY
SCHEDULE OF RESERVE FUND ACTIVITIES
For the Year Ended December 31, 2012**

	2012 Actual	Schedule 4 2011 Actual
Net inter-fund transfers		
(To) from current		
Funding for SILS project	\$ -	\$ -
Local branches - service contract		
Assiniboia branch - service contract		
Teen Summer Reading		
SILS expenses - HQ		
Headquarters surplus (shortfall)		
Wild card revenue		
Interest revenue	207	
Rental revenue		
Total automation reserve	207	-
Equipment reserve		11,406
Vehicle reserve	23,889	21,406
Sick leave reserve - Local Branches	(3,039)	6,346
Sick leave reserve - Assiniboia	1,520	8,500
Building reserve	13,889	11,407
Evergreen reserve	6,300	6,300
(To) from materials		
To (from) reserves	42,766	65,365
Opening balance	286,505	221,140
Closing balance	\$ 329,271	\$ 286,505

	Opening Balance	To (from) Reserves	Ending Balance
Reserve details: Internally restricted			
Automation	\$ 108,720	207	\$ 108,927
General automation	17,824	-	17,824
Equipment	27,490	-	27,490
Vehicle	65,202	23,889	89,091
Building reserve	31,123	13,889	45,012
Sick pay reserve - LB	21,346	(3,039)	18,307
Sick pay reserve - AS	8,500	1,520	10,020
Evergreen reserve	6,300	6,300	12,600
	\$ 286,505	42,767	\$ 329,271

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF EXPENDITURES BY OBJECT
For the year ended December 31, 2012

Schedule 5

	Governance	Administration	Services to Branches	Regional		Area		Local		2012		2011	
				Resource Centre	Resource Centre	Resource Centre	Branch Services	Budget	Actual	Budget	Actual		
Wages, benefits and honoraria	\$ -	146,992	284,487	694,127	63,435	275,008	1,410,956	1,464,049	\$ 1,369,950				
Purchased goods and services	17,656	349,295	105,878	33,304	2,071	36,259	212,397	544,465	528,410				
Capital assets	-	-	-	-	-	-	-	-	-				
Library materials	-	3,307	-	36,781	270	2,659	321,098	43,016	43,891				
CAP grant	-	-	30,521	-	-	-	-	30,520	-				
	\$ 17,656	499,594	420,886	764,212	65,776	313,926	1,944,451	2,082,050	\$ 1,942,251				

PALLISER REGIONAL LIBRARY
SCHEDULE OF LIBRARY MATERIALS EXPENDITURES
For the Year Ended December 31, 2012

	<u>2012</u>	<u>2012</u>	<u>Schedule 6</u>
	Budget	Actual	2011 Actual
Books	\$ 249,789	267,986	\$ 239,869
Serials/periodicals	19,500	14,040	16,310
Electronic information databases	11,459	19,002	21,288
InfoTrac	8,993	7,391	1,983
Audio-visual materials	<u>49,592</u>	<u>59,183</u>	<u>48,005</u>
	<u>\$ 339,333</u>	<u>367,602</u>	<u>\$ 327,455</u>

See accompanying notes to the financial statements

Above were expensed prior to books being set up as an asset and depreciated

Below are without books

	<u>2012</u>	<u>2012</u>	<u>2011</u>
	Budget	Actual	Actual
Books	\$ -	-	\$ -
Serials/periodicals	19,500	14,040	16,310
Electronic information databases	11,459	19,002	21,288
InfoTrac	8,993	7,391	1,983
Audio-visual materials	<u></u>	<u></u>	<u></u>
	<u>\$ 39,952</u>	<u>40,433</u>	<u>\$ 39,581</u>

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2012

1. Nature of Business

The Palliser Regional Library administers 20 branch libraries. It operates under The Public Libraries Act and Regulations of Saskatchewan. Palliser Regional Library is a registered charity and is therefore exempt from the payment of income tax pursuant to Section 149 of the Income Tax Act.

2. Significant accounting policies

These financial statements have been prepared in accordance with the accounting principles for public sector organizations recommended by the Canadian Institute of Chartered Accountants.

Significant accounting policies are as follows:

(a) Fund Accounting

The accounts of the Library are maintained in accordance with the principles of fund accounting. For financial reporting purposes, accounts with similar characteristics have been combined into the following major funding groups:

i) Current Fund

The current fund reflects the primary operations of the Library including revenues received for provision of library services from the Government of Saskatchewan and other grant funding, municipal levies, interest and recoveries. Expenses are for the delivery of library services.

ii) Capital Fund

The capital fund reflects the equity of the Library in capital assets after taking into account any associated long-term debt. The capital fund includes any revenues received specifically for the purchase of capital assets, such as grants and donations. Expenses in the capital fund relate to amortization and the write-off of capital assets upon disposal or obsolescence.

iii) Materials Fund

The material fund reflects purchases of material by Palliser Regional Headquarters, Moose Jaw Public Library or thru special levy grants. Materials obtained by branches, in addition to those provided by Headquarters, are funded by local fundraising projects. These are locally driven activities, and vary from branch to branch, and as such are not reflected as purchases in the fund.

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2012

2. Significant accounting policies (continued)

iv) Reserve Fund

The reserve fund reflects the amount of accumulated surplus that has been designated for particular future purposes. Allocations to the reserve fund come primarily through surplus transfers from the current fund. Reserves may be used to offset expenditures in the current fund, the capital fund and the materials fund.

In all cases such uses of reserves are shown as inter-fund transfers and they are not considered to be revenues or expenses.

b) Tangible Capital Assets

Depreciation of capital assets is now recorded on a straight line basis at the following rates:

Land – no depreciation taken
Building – 25 years
Vehicle – 4 years
Computer equipment – 5 years
Office furniture and equipment – 8 years
Books – 10 years

c) Revenue Recognition

Restricted contributions related to general operations are recognized as revenue of the Current Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

d) Investments

Investments are recorded at the lower of cost and market value.

e) Financial Instruments

The carrying value of cash, investments, accounts receivable and accounts payable approximates fair value due to the short term maturity of these instruments. There are no significant terms or conditions related to these financial instruments that may affect the amount, timing or certainty of future cash flows.

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2012

2. Significant accounting policies (continued)

f) Measurement Uncertainty

The preparation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period then ended. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the useful lives of property plan and equipment with a definite life for amortization purposes and the amounts recorded as accrued liabilities.

3. Accounts receivable

	<u>2012</u>	<u>2011</u>
GST rebate	\$ 22,402	\$ 22,337
CAP receivables		14,212
Other	<u>12,455</u>	<u>6,160</u>
	<u>\$ 34,857</u>	<u>\$ 42,709</u>

4. Unearned revenue

	<u>2012</u>	<u>2011</u>
Community Connections grant	\$ -	\$ 5,000
Advanced education grant	-	701
Headquarters carry forward	1,864	-
Local branches carry forward	-	12,822
Assiniboia carry forward	-	983
Moose Jaw Public Library carry forward	45,064	53,366
Per Capita	6,536	6,678
Revenue for 2012 levy	503,700	491,481
Open hours	-	<u>879</u>
	<u>\$ 557,164</u>	<u>\$ 571,910</u>

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2012

5. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2012 Net Book value</u>	<u>2011 Net Book value</u>
Land	\$ 29,250	-	29,250	\$ 29,250
Book collection	2,824,007	1,491,683	1,332,324	1,271,262
Building	256,439	216,728	39,711	48,259
Office furniture and equipment	359,115	317,362	41,753	45,692
Vehicle	<u>71,201</u>	<u>32,505</u>	<u>38,696</u>	<u>54,948</u>
	<u>\$ 3,540,012</u>	<u>2,058,278</u>	<u>1,481,734</u>	<u>\$ 1,449,411</u>

6. Interfund transfers

The Library transferred from the current fund to the capital fund, \$337,192 (2011 -\$319,419) to fund the purchase of capital assets. Included in the current year capital asset purchases are 2012 book purchases in the amount of \$328,455 (2011 - \$287,873). The book purchases are recorded as capital asset purchases in the year rather than expenses.

An amount of \$42,766 was transferred to the reserve fund from the current fund. In 2011 \$65,365 was transferred from the reserve fund to the current fund.

Such transfers occur internally and accordingly are not considered to be revenue or expense in the respective funds.

7. Saskatchewan Information and Library Services Consortium (SILS)

The Palliser Regional Library is a participant in a not for profit consortium of 10 regional libraries established to represent its members as a working body to establish a single integrated library information system for the Province of Saskatchewan. Each member library has made a \$50,000 deposit with the SILS consortium to provide working capital. Palliser Regional Library also paid \$56,475 (2011 - \$49,998) to the consortium as a contribution in the year. Palliser's percentage interest in this entity is 6.3%, based on its contributions during the current and previous fiscal year. The agreement is ongoing with no definitive end date currently in place. The organization's \$50,000 deposit with SILS was expensed in 2009.