

PALLISER REGIONAL LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2013



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, 2013, and the statements of financial activities, changes in fund balances 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 organization'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 organization'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, 2013, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Accountants, LLP

Swift Current, Saskatchewan
Date: March 18, 2014

**PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2013**

Statement 1

	<u>2013</u>	<u>2012 (restated - Note 8)</u>
Financial Assets		
Cash	\$ 626,179	\$ 655,326
Accounts receivable - Note 3	26,727	34,857
Investments	336,152	290,020
Member deposits - Note 7	50,000	50,000
Total Financial Assets	<u>1,039,058</u>	<u>1,030,203</u>
 Liabilities		
Accounts payable and accrued liabilities	201,181	194,371
Unearned revenue - Note 4	529,461	557,164
Total Liabilities	<u>730,642</u>	<u>751,535</u>
 Net Financial Assets	 <u>\$ 308,416</u>	 <u>\$ 278,668</u>
 Non-Financial Assets		
Prepaid expenses	70	1,356
Tangible capital assets - Note 5	1,540,235	1,481,734
Total Non-Financial Assets	<u>1,540,305</u>	<u>1,483,090</u>
 Accumulated Surplus	 <u>\$ 1,848,721</u>	 <u>\$ 1,761,757</u>

See accompanying notes to the financial statements

On behalf of the board:

_____ Director

_____ Director

PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL ACTIVITIES AND CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2013

Statement 2

	2013 Budget (unaudited)	2013 Actual	2012 Actual (restated - Note 8)
Revenue			
Municipal levies/grants	\$ 1,311,010	1,310,719	\$ 1,260,558
Provincial public libraries grant	680,708	680,117	680,708
Special levies	44,184	44,184	45,472
Employee grants	4,500	5,519	7,601
ILLO grant	-	10,000	-
CAP grant	-	-	30,521
MJPL - 100th Year Anniversary	-	5,000	-
Aboriginal storytelling grant	-	2,035	1,500
Coronach library grant	-	3,450	3,527
Summer reading program	-	5,300	375
Advanced education grant	-	-	3,105
New Horizons for seniors	-	3,740	15,982
Raise A Reader	-	470	-
MJ Archives	-	8,000	-
SCCA grant	-	2,000	-
Branch Sub grant	-	176	1,064
Willow Bunch CAP grant	-	-	420
Willow Bunch programming	-	1,076	1,255
Every Child Ready to Read	-	-	1,500
Community Connections	-	-	10,000
SLA performer	-	300	-
Evergreen	-	6,000	6,300
CIF Grant	-	26,167	-
Donations	1,700	15,541	16,188
Courier income	22,845	22,575	22,180
Interest and investment income	-	10,168	6,715
Lost/damaged items and cost recovery	3,000	4,404	5,378
Carryforwards	-	9,554	32,134
Miscellaneous revenue	500	6,694	4,654
	<u>2,068,447</u>	<u>2,183,189</u>	<u>2,157,137</u>
Expenses			
Governance	16,498	14,969	17,656
Administration	188,909	504,637	499,594
Services to branches	403,595	388,306	425,886
Regional resource centre	1,000,222	803,020	759,213
Area resource centre	79,142	69,814	65,776
Local branch services	<u>380,081</u>	<u>315,345</u>	<u>313,926</u>
	<u>2,068,447</u>	<u>2,096,091</u>	<u>2,082,050</u>
Excess of revenue over expenses	<u>\$ -</u>	<u>87,098</u>	<u>\$ 75,087</u>
Purchases of tangible capital assets		(369,503)	(337,192)
Amortization		311,002	304,870
Other prior period adjustment		(135)	190
(Acquisition)/use of prepaid expense		1,286	122
Increase/(decrease) in net financial assets		<u>29,748</u>	<u>43,077</u>
Net financial assets, beginning of year		278,668	185,591
Prior period adjustment - Note 8			50,000
Net financial assets, beginning of year (restated)		<u>278,668</u>	<u>235,591</u>
Net financial assets, end of year		<u>\$ 308,416</u>	<u>\$ 278,668</u>

PALLISER REGIONAL LIBRARY
STATEMENT OF CHANGES IN FUND BALANCES
For the Year Ended December 31, 2013

Statement 3

	Current	Library Materials	Capital	Reserve	Total 2013
Fund balance - beginning of year	\$ (99,247)	-	1,481,734	329,271	\$ 1,711,758
Prior period adjustment - Note 8	50,000	-	-	-	50,000
Fund balance - beginning of year (restated)	(49,247)	-	1,481,734	329,271	1,761,758
Excess (deficiency) of revenues over expenditures	398,100	-	-	-	87,098
Other prior period adjustment	(135)	-	(311,002)	-	(135)
Interfund transfers - Note 6	(10,522)	-	-	10,522	-
Interfund transfers - Note 6	(369,503)	-	369,503	-	-
Fund Balance - end of year	\$ (31,307)	-	1,540,235	339,793	\$ 1,848,721

See accompanying notes to the financial statements.

PALLISER REGIONAL LIBRARY
STATEMENT OF CHANGES IN CASH FLOWS
For the Year Ended December 31, 2012

Statement 4

	<u>2013</u>	<u>2012 Actual</u>
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenditures	\$ 87,098	\$ 75,087
Adjustment re: prior period	(135)	190
Depreciation	<u>311,002</u>	<u>304,870</u>
	<u>397,965</u>	<u>380,147</u>
Change in non-cash working capital		
Decrease in accounts receivable	8,130	7,852
Decrease in prepaid expenses	1,286	122
Increase in accounts payable	6,810	17,906
(Decrease) in unearned revenue	<u>(27,703)</u>	<u>(14,746)</u>
Net cash from (used for) operations	<u>386,488</u>	<u>391,281</u>
Capital		
Acquisitions of capital assets	<u>(369,503)</u>	<u>(337,192)</u>
Net cash from (used for) capital	<u>(369,503)</u>	<u>(337,192)</u>
Net increase in cash and cash equivalents	16,985	54,089
Cash and cash equivalents, beginning of year	<u>945,346</u>	<u>891,257</u>
Cash and cash equivalents, end of year	<u>\$ 962,331</u>	<u>\$ 945,346</u>
Cash and cash equivalents is comprised of:		
Cash	\$ 626,179	\$ 655,326
Temporary investments	<u>336,152</u>	<u>290,020</u>
	<u>\$ 962,331</u>	<u>\$ 945,346</u>

See accompanying notes to the financial statements

**PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2013**

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 Canadian public sector accounting standards.

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) 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.

**PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2013**

2. Significant Accounting Policies (continued)

b) Tangible Capital Assets

Depreciation of capital assets is 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.

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 plant and equipment with a definite life for amortization purposes and the amounts recorded as accrued liabilities.

**PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2013**

3. Accounts Receivable

	<u>2013</u>	<u>2012</u>
GST rebate	\$ 22,891	\$ 22,402
Other	<u>3,836</u>	<u>12,455</u>
	<u>\$ 26,727</u>	<u>\$ 34,857</u>

4. Unearned Revenue

	<u>2013</u>	<u>2012</u>
Levies	\$ 499,096	\$ 503,700
Per Capita	6,541	6,536
Open Hours	767	-
Moose Jaw Public Library carry forward	17,974	45,064
Assiniboia carry forward	2,986	-
Local branches carry forward	2,097	-
Headquarters carry forward	<u>-</u>	<u>1,864</u>
	<u>\$ 529,461</u>	<u>\$ 557,164</u>

5. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2013 Net Book value</u>	<u>2012 Net Book value</u>
Land	\$ 29,250	-	29,250	\$ 29,250
Book collection	2,852,298	1,486,650	1,365,648	1,332,324
Building	319,141	229,456	89,685	39,711
Office furniture and equipment	359,234	326,025	33,209	41,753
Vehicle	<u>71,201</u>	<u>48,758</u>	<u>22,443</u>	<u>38,696</u>
	<u>\$ 3,631,124</u>	<u>2,090,889</u>	<u>1,540,235</u>	<u>\$ 1,481,734</u>

**PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2013**

6. Interfund Transfers

The Library transferred from the current fund to the capital fund, \$369,503 (2012 -\$337,192) to fund the purchase of capital assets. Included in the current year capital asset purchases are 2013 book purchases in the amount of \$306,288 (2012 - \$328,455). The book purchases are recorded as capital asset purchases in the year rather than expenses.

An amount of \$10,522 (2012 - \$42,766) was transferred to the reserve fund from 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 ten 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 \$49,772 (2012 - \$56,475) to the consortium as a contribution in the year. Palliser's percentage interest in this entity is 5.58% (2012 - 6.14%), based on its contributions during the current and previous fiscal year. The agreement is ongoing with no definitive end date currently in place.

8. Prior Period Adjustment

The Palliser Regional Library has restated comparative figures to show the previously expensed SILS deposit referred to in Note 7 as an asset.

This has resulted in a \$50,000 increase to Net Financial Assets, and a \$50,000 increase to Accumulated Surplus.

PALLISER REGIONAL LIBRARY
SCHEDULE OF CURRENT FUND ACTIVITIES
For the Year Ended December 31, 2013

	2013 Budget (unaudited)	2013 Actual	Schedule 1 2012 Actual (restated - Note 8)
Revenue			
Municipal levies/grants	\$ 1,311,010	1,310,719	\$ 1,260,558
Provincial public libraries grant	680,708	680,117	680,708
Special levies	44,184	44,184	45,472
Employment grants	4,500	5,519	7,601
ILLO grant	-	10,000	-
CAP grant	-	-	30,521
MJPL 100th Year Celebration	-	5,000	-
Aboriginal storytelling grant	-	2,035	1,500
Coronach library grant	-	3,450	3,527
Summer reading program	-	5,300	375
Advanced Education grant	-	-	3,105
New Horizons for seniors	-	3,740	15,982
Raise A Reader	-	470	-
MJ Archives	-	8,000	-
SCCA grant	-	2,000	-
Branch sub grant	-	176	1,064
Willow Bunch CAP grant	-	-	420
Willow Bunch programming	-	1,076	1,255
Every Child Ready to Read	-	-	1,500
Community Connections	-	-	10,000
SLA performer	-	300	-
Evergreen	-	6,000	6,300
CIF Grant	-	26,167	-
Donations	1,700	15,541	16,188
Courier income	22,845	22,575	22,180
Interest and investment income	-	10,168	6,715
Lost/damaged items and cost recovery	3,000	4,404	5,378
Carryforwards	-	9,554	32,134
Miscellaneous revenue	500	6,694	4,654
	<u>2,068,447</u>	<u>2,183,189</u>	<u>2,157,137</u>
Expenses			
Governance	16,498	14,969	17,656
Administration	188,909	193,635	194,724
Services to branches	403,595	388,306	420,886
Regional resource centre	1,000,222	803,020	764,212
Area Resource Centre	79,142	69,814	65,776
Local Branch services	380,081	315,345	313,925
	<u>2,068,447</u>	<u>1,785,089</u>	<u>1,777,179</u>
Excess of revenue over expenditures	-	398,100	379,958
Net inter-fund transfers - Note 6			
(To) from capital	-	(369,503)	(337,192)
(To) from reserves	-	(10,522)	(42,766)
	<u>-</u>	<u>(380,025)</u>	<u>(380,025)</u>
Change in fund balance	-	18,075	-
Fund balance, beginning of year	-	(49,247)	(99,437)
Prior period adjustment - Note 8	-	-	50,000
Fund balance, beginning of year (restated)	<u>-</u>	<u>(49,247)</u>	<u>(49,437)</u>
Other prior period adjustment	-	(135)	190
Fund balance, end of year	<u>\$ -</u>	<u>(31,307)</u>	<u>\$ (49,247)</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF CAPITAL FUND ACTIVITIES
For the Year Ended December 31, 2013

	2013	<u>Schedule 2</u>
	Actual	2012
	<u>Actual</u>	<u>Actual</u>
Expenditures		
Depreciation	\$ 311,002	\$ 304,870
	<u>311,002</u>	<u>304,870</u>
Net inter-fund transfers		
(To) from current	369,503	337,192
Change in fund balance	58,501	32,322
Fund balance, opening	<u>1,481,734</u>	<u>1,449,412</u>
Fund balance, closing	<u><u>\$ 1,540,235</u></u>	<u><u>\$ 1,481,734</u></u>

See accompanying notes to the financial statements

**PALLISER REGIONAL LIBRARY
SCHEDULE OF RESERVE FUND ACTIVITIES
For the Year Ended December 31, 2013**

	2013 Actual	Schedule 4 2012 Actual
Net inter-fund transfers		
(To) from current		
Headquarters surplus (shortfall)	\$ 6,059	\$ -
Interest revenue	-	207
Rental revenue	-	-
Total Automation reserve	6,059	207
Vehicle reserve	16,059	23,889
Sick leave reserve - Local Branches	-	(3,039)
Sick leave reserve - Assiniboia	-	1,520
Building reserve	(21,385)	13,889
Evergreen reserve	6,300	6,300
Public Access Computers	3,489	-
To (from) Reserves	10,522	42,766
Reserve Fund balances beginning of the year	329,271	286,505
Reserve Fund balances, end of year	\$ 339,793	\$ 329,271

	Opening Balance	To (from) Reserves	Ending Balance
Reserve details: Internally restricted			
Automation	\$ 108,927	6,059	\$ 114,986
General automation	17,824	-	17,824
Equipment	27,490	-	27,490
Vehicle	89,091	16,059	105,150
Building reserve	45,012	(21,385)	23,627
Sick Pay reserve - LB	18,307	-	18,307
Sick Pay reserve - AS	10,020	-	10,020
Evergreen reserve	12,600	6,300	18,900
Public Access Computers	-	3,489	3,489
	\$ 329,271	10,522	\$ 339,793

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF EXPENDITURES BY OBJECT
PALLISER REGIONAL LIBRARY
SCHEDULE OF EXPENDITURE BY OBJECT
For the Year Ended December 31, 2013

Schedule 5

	Governance	Administration	Services to Branches	Regional Resource Centre	Area Resource Centre	Local Branch Services	2013		2012 Actual
							Budget	Actual	
	\$ -	146,769	294,666	741,355	67,016	286,901	1,531,188	1,536,707	\$ 1,464,049
Wages, benefits and honoraria	14,969	354,850	92,411	26,108	2,524	22,747	183,446	513,609	544,465
Purchased goods and services	-	3,018	1,229	35,557	274	5,697	353,813	45,775	43,016
Library materials	-	-	-	-	-	-	-	-	30,520
CAP grant	\$ 14,969	504,637	388,306	803,020	69,814	315,345	2,068,447	2,096,091	\$ 2,082,050

**PALLISER REGIONAL LIBRARY
SCHEDULE OF LIBRARY MATERIALS EXPENDITURES
For the Year Ended December 31, 2013**

	2013 Budget (unaudited)	2013 Actual	<u>Schedule 6</u> 2012 Actual
Books	\$ 225,625	246,170	\$ 267,986
Serials/periodicals	14,500	14,136	14,040
Electronic information databases	34,458	24,197	19,002
InfoTrac	9,044	7,442	7,391
Audio-visual materials	57,842	60,119	59,183
	<u>\$ 341,469</u>	<u>352,063</u>	<u>\$ 367,602</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

	2013 Budget	2013 Actual	2012 Actual
Books	\$ -	-	\$ -
Serials/periodicals	14,500	14,136	14,040
Electronic information databases	34,458	24,197	19,002
InfoTrac	9,044	7,442	7,391
Audio-visual materials	-	-	-
	<u>\$ 58,002</u>	<u>45,775</u>	<u>\$ 40,433</u>