

PALLISER REGIONAL LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2009

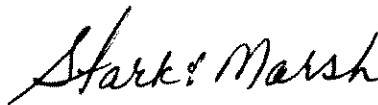
AUDITOR'S REPORT

To the Board of the Palliser Regional Library

We have audited the statement of financial position of the Palliser Regional Library as at December 31, 2009 and the statements of financial activities, changes in fund balances and changes in financial position for the year then ended. The Palliser Regional Library is responsible for preparing these financial statements. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion these financial statements present fairly, in all material respects, the financial position of the Palliser Regional Library as at December 31, 2009 and its financial activities, changes in fund balances and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, LLP

Swift Current, Saskatchewan
March 9, 2010

**PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2009**

Statement 1

	2009	2008
Financial assets		
Cash	\$ 130,644	\$ 112,215
Accounts receivable - Note 3	25,195	33,707
Prepaid expenses	4,780	9,316
Investments	243,082	225,055
	403,701	380,293
Liabilities		
Accounts payable and accrued liabilities	225,952	209,340
Unearned revenue - Note 4	22,248	10,640
	248,200	219,980
Net Financial Assets	155,501	160,313
Physical Assets - Note 5	140,510	176,584
Total Net Assets	\$296,011	\$336,897
 LIBRARY SYSTEM POSITION		
Fund balances		
Current fund	\$ (103,519)	\$ (102,065)
Reserve fund	259,020	262,378
Invested in capital assets	140,510	176,584
	\$ 296,011	\$ 336,897

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, 2009**

Statement 2

	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>2008 Actual</u>
Revenue			
Municipal levies/grants	\$1,111,339	\$1,110,976	\$1,076,883
Provincial public libraries grant	642,034	642,034	625,762
Special levies	31,367	31,367	30,695
Employee grants	3,671	7,342	6,115
CAP grant	-	30,560	30,793
SILS reimbursement	-	6,187	-
Story Sack Literacy grant	-	-	3,607
Community Learning grant	-	-	43,811
Canadian Council for the Arts	-	-	760
Aboriginal Storytelling grant	-	1,618	1,035
Coronach Library grant	-	7,128	10,766
Summer reading program	-	330	330
Teen Summer reading program	-	1,600	0
Physical assets - Note 5	-	-	-
Donations	1,700	24,586	11,624
Courier income	20,154	20,421	20,060
Interest and investment income	-	7,333	12,737
Lost/damaged items and cost recovery	3,500	8,601	3,729
Miscellaneous revenue	1,200	321	10,294
	<u>1,814,965</u>	<u>1,900,404</u>	<u>1,889,001</u>
Expenditures			
Governance	55,682	50,527	50,039
Administration	126,930	225,501	131,595
Services to branches	384,159	342,326	426,334
Regional resource centre	862,826	864,380	852,767
Area resource Centre	63,272	78,505	70,309
Local Branch services	330,760	366,694	362,614
	<u>1,823,629</u>	<u>1,927,933</u>	<u>1,893,658</u>
Excess (Shortfall) of revenue over expenditures	<u>\$ (8,664)</u>	<u>(27,529)</u>	<u>(4,657)</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
Statement of Changes in Fund Balances
for the year ended December 31, 2009

Statement 3

	Current	Library Materials	Capital	Reserve	Total 2009
Fund Balance - beginning of year	\$ (102,065)	-	670,547	262,378	830,860
Restatement of prior years due to Amortization			(493,963)		(493,963)
Fund Balance - beginning of year restated	\$ (102,065)	\$ -	\$ 176,584	\$ 262,378	\$ 336,897
Excess (Shortfall) of revenues over expenditures	4,609		(44,041)		(39,432)
Prior period adjustment	(1,454)				(1,454)
Interfund transfers - Note 6	(4,609)		7,967	(3,358)	0
Fund Balance - end of year	\$ (103,519)	\$ -	\$ 140,510	\$ 259,020	\$ 296,011

See accompanying notes to the financial statements.

PALLISER REGIONAL LIBRARY
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended December 31, 2009

Statement 4

	2009	2008
Cash provided by (used for) the following activities		
Operating		
Excess (Shortfall) of revenue over expenditures	\$ (27,529)	\$ (4,657)
Depreciation	32,138	-
	4,609	(4,657)
Change in non-cash working capital		
(Increase) decrease in accounts receivable	8,510	24,343
(Increase) decrease in prepaid expenses	4,536	(7,603)
Increase (decrease) in accounts payable	16,614	32,841
Increase (decrease) in unearned revenue	11,608	3,201
Adjustment re:prior year	(1,454)	(239)
	44,423	47,886
Net cash from (used for) operations		
Capital		
Acquisitions of capital assets	(7,967)	-
Net cash from (used for) capital	(7,967)	-
Net increase in cash and cash equivalents	36,456	47,886
Cash and cash equivalents, beginning of year	337,270	289,384
Cash and cash equivalents, end of year	\$ 373,726	\$ 337,270
 Cash and cash equivalents is comprised of:		
Cash	\$ 130,644	\$ 112,215
Temporary investments	243,082	225,055
	\$ 373,726	\$ 337,270

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2009

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.

Prior to 2009, the capital fund recorded the purchase of capital assets as an expense of the capital fund. For 2009, the organization has started to record depreciation expense and the purchase of assets will no longer be shown as an expense. The cost of capital is still reflected on the Statement of Financial Position.

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, 2009

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) Physical Assets

In years prior to 2009 capital assets were recorded at cost, with no amortization charged. In 2009 the Library began recording amortization of capital assets, including the retroactive calculation of accumulated amortization up to December 31, 2008. As a result the comparative 2008 total for physical assets has been restated from \$670,547 to \$176,584 to take into account the change of policy. Amortization of capital assets is now recorded on a straight line basis at the following rates:

Land – no amortization taken
Building – 25 years
Vehicle – 4 years
Computer equipment – 5 years
Office furniture and equipment – 8 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, 2009**

3. Accounts receivable

	<u>2009</u>	<u>2008</u>
GST rebate	\$ 22,310	\$ 24,832
Other	<u>2,885</u>	<u>8,875</u>
	<u>\$ 25,195</u>	<u>\$ 33,707</u>

4. Unearned revenue

	<u>2009</u>	<u>2008</u>
Coronach Library grant	\$ 93	\$ -
Moose Jaw Public Library carryforward	6,727	-
Revenue for 2009 levy	<u>15,428</u>	<u>10,640</u>
	<u>\$ 22,248</u>	<u>\$ 10,640</u>

5. Physical assets

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2009 Net Book value</u>	<u>2008 Net Book value</u>
Land	\$ 29,250	-	29,250	\$ 29,250
Building	256,439	191,084	65,355	84,231
Office furniture and equipment	318,925	287,782	31,143	39,833
Vehicle	<u>61,997</u>	<u>47,235</u>	<u>14,762</u>	<u>23,270</u>
	<u>\$ 666,611</u>	<u>527,288</u>	<u>140,510</u>	<u>\$176,584</u>

6. Interfund transfers

(1) The Library transferred, from the current fund to the capital fund, \$7,967 (2008-\$62,489) to fund the purchase of capital assets. A net amount of \$3,358 was transferred from the reserve fund to the current fund (2008 - \$4,657) for current year expenditures.

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

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2009

7. Commitments

The Palliser Regional Library Board has entered into an agreement with the Consortium for Evergreen to maintain a SILS server within the province of Saskatchewan. Under the terms of this agreement, Palliser Regional Library must contribute \$6,322 annually to cover the new server for SILS. The Board is also required to pay an annual service fee which will vary from year to year (2009 - \$16,745). The Board is also required to maintain a non-refundable deposit of \$50,000 with the Consortium.

PALLISER REGIONAL LIBRARY
SCHEDULE OF CURRENT FUND ACTIVITIES
For the Year Ended December 31, 2009

	2009 Budget	2009 Actual	<u>Schedule 1</u> 2008 Actual
Revenue			
Municipal levies/grants	\$1,111,339	\$1,110,976	\$1,076,883
Provincial public libraries grant	642,034	642,034	625,762
Special levies	31,367	31,367	30,695
Employment grants	3,671	7,342	6,115
CAP grant	-	30,560	30,793
SILS Reimbursement	-	6,187	-
Story Sack Literacy grant	-	-	3,607
Community Learning grant	-	-	43,811
Canadian Council for the Arts	-	-	760
Aboriginal Storytelling grant	-	1,618	1,035
Coronach Library grant	-	7,128	10,766
Summer reading program	-	330	330
Teen Summer reading program	-	1,600	-
Donations	1,700	24,586	11,624
Courier income	20,154	20,421	20,060
Interest and investment income	0	7,333	12,737
Lost/damaged items and cost recovery	3,500	8601	3,729
Miscellaneous revenue	-	321	10,294
	<u>1,813,765</u>	<u>1,900,404</u>	<u>1,889,001</u>
Expenditures			
Governance	55,682	50,527	50,039
Administration	126,930	193,363	130,873
Services to branches	384,159	342,326	364,567
Regional resource centre	862,826	864,380	852,767
Area Resource Centre	63,272	78,505	70,309
Local Branch services	330,760	366,694	362,614
	<u>1,823,629</u>	<u>1,895,795</u>	<u>1,831,169</u>
Excess of revenue over expenditures	(9,864)	4,609	57,832
Net inter-fund transfers - Note 6			
(To) From Capital	-	(7,967)	(62,489)
(To) From Reserves	-	3,358	4,657
	<u>-</u>	<u>(4,609)</u>	<u>(57,832)</u>
Change in fund balance	(9,864)	(0)	-
Fund balance, beginning of year	-	(102,065)	(101,826)
Prior period adjustments	-	(1,454)	(239)
	<u>-</u>	<u>(103,519)</u>	<u>(102,065)</u>
Fund balance, end of year	<u>(9,864)</u>	<u>(103,519)</u>	<u>(102,065)</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF CAPITAL FUND ACTIVITIES
For the Year Ended December 31, 2009

	<u>2009</u>	<u>Schedule 2</u>
	<u>Actual</u>	<u>2008</u>
		<u>Actual</u>
Revenue		
Moose Jaw Library - Dynix server funds	\$ -	\$ -
Sale of capital assets	-	-
	<u>-</u>	<u>0</u>
Expenditures		
Administration		
Depreciation	32,138	
Write off of obsolete assets	11,903	
Services to branches		
Computers - Note 2 a) ii) **		9,344
Laminator - Note 2 a) ii) **		3,145
Furniture		
SILS Project expenses - Note 2a) ii) **		50,000
	<u>44,041</u>	<u>62,489</u>
Physical Assets - Note 6	(44,041)	(62,489)
Net inter-fund transfers		
(To) From Current	7,967	62,489
Long-term financing received (repaid)	<u>-</u>	<u>-</u>
Change in fund balance	(36,074)	-
Fund balance, opening	176,584	630,251
Prior period adjustment - Note 2 b)	<u>-</u>	<u>(453,667)</u>
Fund balance, opening - restated	176,584	176,584
Fund balance, closing	<u>\$ 140,510</u>	<u>\$ 176,584</u>

**Prior to 2009, the capital fund recorded the purchase of capital assets as an expense of the capital fund. For 2009 the organization has started to record depreciation expense and the purchase of assets will no longer be shown as an expense. The cost of capital assets is still reflected on the Statement of Financial Position.

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF RESERVE FUND ACTIVITIES
For the Year Ended December 31, 2009

	2009 Actual	Schedule 4 2008 Actual
Net inter-fund transfers		
(To) From Current		
Funding for SILS project		\$ (50,000)
Local branches - service contract	2,850	2,850
Assiniboia branch - service contract	150	150
Moose Jaw - service contract		6,200
SILS expenses - HQ		-
Headquarters surplus (shortfall)	(5,485)	5,268
Wild card revenue	720	1,140
Interest revenue	6,400	12,737
Rental revenue	3,900	3,900
Total Automation reserve	8,535	(17,755)
Vehicle reserve	10,000	15,268
Sick leave reserve	2,579	(7,438)
Building reserve	(24,472)	5,268
(To) from Materials		
	(3,358)	(4,657)
Opening balance	262,378	267,035
Closing balance	\$ 259,020	\$ 262,378

	Opening Balance	To (from) Reserves	Ending Balance
Reserve details: Internally restricted			
Automation	\$ 97,917	\$ 8,535	\$ 106,452
General Automation	17,824	-	17,824
Equipment	16,084		16,084
Vehicle	76,089	10,000	86,089
Building reserve	44,455	(24,472)	19,983
Sick pay reserve	10,009	2,579	12,588
	\$ 262,378	\$ (3,358)	\$ 259,020

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF EXPENDITURES BY OBJECT
For the year ended December 31, 2009

Schedule 5

	Governance	Administration	Services to branches	Regional Resource Centre	Area Resource Centre	Local Branch Services	2009		2008 Actual
							Budget	Actual	
Wages, benefits & honoraria	\$ 39,923	\$ 89,553	\$ 257,816	\$ 629,138	\$ 54,268	\$ 251,167	\$ 1,341,419	\$ 1,321,866	\$ 1,270,895
Purchased goods and services	10,604	134,125	80,706	12,164	15,760	13,353	170,900	266,713	196,804
Capital assets	-	-	-	-	-	-	2,400	-	62,489
Library materials	-	1,822	3,805	215,797	4,108	83,262	308,910	308,794	313,230
Literacy Grant materials	-	-	-	-	-	-	-	-	-
Community learning grant	-	-	-	-	-	-	-	-	15,052
Story Sack library grant	-	-	-	-	-	-	-	-	4,395
CAP grant	-	-	-	7,280	4,369	18,911	-	30,560	30,793
	\$ 50,527	\$ 225,501	\$ 342,326	\$ 864,379	\$ 78,505	\$ 366,694	\$ 1,823,629	\$ 1,927,933	\$ 1,893,658

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF LIBRARY MATERIALS EXPENDITURES
For the Year Ended December 31, 2009

	2009	2009	<u>Schedule 6</u>
	<u>Budget</u>	<u>Actual</u>	<u>2008</u>
			<u>Actual</u>
Books	\$ 231,011	217,277	\$ 223,002
Serials/Periodicals	18,850	18,872	19,547
Electronic Information Databases	15,427	30,047	18,289
Audio-visual materials	<u>43,622</u>	<u>39,649</u>	<u>52,392</u>
	<u>\$ 308,910</u>	<u>305,845</u>	<u>\$ 313,230</u>

See accompanying notes to the financial statements