

PALLISER REGIONAL LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2011



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, 2011, 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, 2011, 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
March 1, 2012

**PALLISER REGIONAL LIBRARY
STATEMENT OF FINANCIAL POSITION
As at December 31, 2011**

Statement 1

	<u>2011</u>	<u>2010</u>
Financial assets		
Cash	\$ 675,587	\$ 154,324
Accounts receivable - Note 3	42,709	38,025
Investments	<u>215,670</u>	<u>231,961</u>
Total Financial Assets	<u>933,966</u>	<u>424,310</u>
Liabilities		
Accounts payable and accrued liabilities	176,465	239,667
Unearned revenue - Note 4	<u>571,910</u>	<u>70,366</u>
Total Liabilities	<u>748,375</u>	<u>310,033</u>
Net Financial Assets	<u>185,591</u>	<u>114,277</u>
Non-Financial Assets		
Prepaid Expenses	1,478	52
Tangible Capital Assets - Note 5	<u>1,449,411</u>	<u>1,423,985</u>
Total Non-Financial Assets	<u>1,450,889</u>	<u>1,424,037</u>
Accumulated Surplus	<u>\$ 1,636,480</u>	<u>\$ 1,538,314</u>

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, 2011

Statement 2

	2011 <u>Budget</u>	2011 <u>Actual</u>	2010 <u>Actual</u>
Revenue			
Municipal levies/grants	\$1,221,964	\$1,163,953	\$1,205,369
Provincial public libraries grant	642,531	676,675	642,531
Special levies	32,018	43,709	40,517
Employee grants	3,671	8,499	8,389
CAP grant	-	31,129	0
SILS reimbursement	-	10,000	-
Aboriginal Storytelling grant	-	1,700	320
Coronach Library grant	-	2,719	2,800
Summer reading program	-	283	1,929
Advanced Education grant	-	1,795	1,110
Branch Sub grant		560	
Willow Bunch CAP grant		357	
Teen Summer reading program	-	-	608
Young Canada Works grant	-	2,120	8,000
Donations	1,700	5,979	8,676
Courier income	20,611	21,925	20,800
Interest and investment income	-	2,341	2,977
Lost/damaged items and cost recovery	4,500	4,265	4,089
Carryforwards	-	-	-41,545
Miscellaneous revenue	200	62,031	6,845
	<u>1,927,195</u>	<u>2,040,040</u>	<u>1,913,415</u>
	-		
Expenses			
Governance	63,115	15,390	54,566
Administration	133,426	488,448	474,116
Services to branches	388,171	353,820	324,009
Regional resource centre	930,819	709,372	714,027
Area resource centre	73,814	66,142	63,080
Local branch services	<u>355,108</u>	<u>309,077</u>	<u>280,455</u>
	<u>1,944,453</u>	<u>1,942,249</u>	<u>1,910,253</u>
Excess (shortfall) of revenue over expenses	<u>\$ (17,258)</u>	<u>97,791</u>	<u>3,162</u>
Purchases of tangible capital assets		(326,558)	(339,266)
Amortization		293,992	296,871
Proceeds on disposal of assets		6,140	0
Loss on disposal of assets (non-cash)		1,000	0
Prior period adjustment		375	-1,940
(Acquisition)/Use of prepaid expense		<u>(1,426)</u>	<u>4,728</u>
Increase/(decrease) in net financial assets		71,314	\$ (36,445)
Net financial assets, beginning of year		114,277	150,722
Net financial assets, end of year		<u>\$ 185,591</u>	<u>\$ 114,277</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	\$ (106,812)	-	1,423,985	221,140	\$ 1,538,313
Restatement of prior years due to amortization					-
Fund Balance - beginning of year restated	\$ (106,812)	\$ -	\$ 1,423,985	\$ 221,140	\$ 1,538,313
Excess (shortfall) of revenues over expenditures	391,784		(293,992)		97,791
Prior period adjustment	375				375
Interfund transfers - Note 6	(65,365)			65,365	-
Interfund transfers - Note 6	(319,419)		319,419		-
Fund Balance - end of year	\$ (99,437)	\$ -	\$ 1,449,412	\$ 286,505	\$ 1,636,480

See accompanying notes to the financial statements.

PALLISER REGIONAL LIBRARY
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Year Ended December 31, 2011

Statement 4

	<u>2011</u>	<u>2010</u>
Cash provided by (used for) the following activities		
Operating		
Excess (shortfall) of revenue over expenditures	\$ 97,791	\$ 3,162
Adjustment re: prior period	375	(1,940)
(Gain)/loss on disposal of assets	1,000	
Depreciation	<u>293,992</u>	<u>296,871</u>
	<u>393,159</u>	<u>298,093</u>
Change in non-cash working capital		
Increase in accounts receivable	(4,686)	(12,832)
(Increase) decrease in prepaid expenses	(1,426)	4,728
Increase (decrease) in accounts payable	(63,200)	13,717
(Decrease) in unearned revenue	<u>501,544</u>	<u>48,118</u>
Net cash from (used for) operations	<u>825,391</u>	<u>351,825</u>
Capital		
Acquisitions of capital assets	(326,558)	(339,266)
Proceeds on disposals	<u>6,140</u>	<u>-</u>
Net cash from (used for) capital	<u>(320,419)</u>	<u>(339,266)</u>
Net increase in cash and cash equivalents	504,972	12,559
Cash and cash equivalents, beginning of year	<u>386,285</u>	<u>373,726</u>
Cash and cash equivalents, end of year	<u><u>\$ 891,257</u></u>	<u><u>\$ 386,285</u></u>
Cash and cash equivalents is comprised of:		
Cash	\$ 675,587	\$ 154,324
Temporary investments	<u>215,670</u>	<u>231,961</u>
	<u><u>\$ 891,257</u></u>	<u><u>\$ 386,285</u></u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2011

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, 2011

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, 2011**

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

3. Accounts receivable

	<u>2011</u>	<u>2010</u>
GST rebate	\$ 22,337	\$ 22,564
CAP receivable	14,212	
Other	<u>6,160</u>	<u>15,461</u>
	<u>\$ 42,709</u>	<u>\$ 38,025</u>

4. Unearned revenue

	<u>2011</u>	<u>2010</u>
Community Connections grant	\$ 5,000	\$ -
Advanced Education grant	701	
Headquarters carry forward		232
Local Branches carry forward	12,822	18,853
Assiniboia carry forward	983	5,667
Moose Jaw Public Library carry forward	53,366	23,752
Per Capita	6678	223
Revenue for 2012 levy	491,481	11,639
Open hours	879	
Video Equipment grant	<u>-</u>	<u>10,000</u>
	<u>\$ 571,910</u>	<u>\$ 70,366</u>

**PALLISER REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
As at December 31, 2011**

5. Tangible Capital Assets

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2011 Net Book value</u>	<u>2010 Net Book value</u>
Land	\$ 29,250	-	29,250	\$ 29,250
Book collection	2,777,747	1,506,485	1,271,262	1,246,770
Building	256,439	208,180	48,259	56,807
Office furniture and equipment	358,654	312,962	45,692	21,083
Vehicle	<u>71,201</u>	<u>16,253</u>	<u>54,948</u>	<u>70,075</u>
	<u>\$ 3,493,291</u>	<u>2,043,880</u>	<u>1,449,411</u>	<u>\$ 1,423,985</u>

6. Interfund transfers

The Library transferred from the current fund to the capital fund, \$319,419 (2010 -\$339,266) to fund the purchase of capital assets. Included in the current year capital asset purchases are 2011 book purchases in the amount of \$287,873 (2010 - \$266,811). The book purchases are recorded as capital asset purchases in the year rather than expenses.

An amount of \$65,365 was transferred to the reserve fund from the current fund. In 2010 \$37,880 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 \$49,998 (2010 - \$41,435) 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.

PALLISER REGIONAL LIBRARY
SCHEDULE OF CURRENT FUND ACTIVITIES
For the Year Ended December 31, 2011

	2011	2011	Schedule I
	Budget	Actual	2010 Actual
Revenue			
Municipal levies/grants	\$1,221,964	\$1,163,953	\$1,205,369
Provincial public libraries grant	642,531	676,675	642,531
Special levies	32,018	43,709	40,517
Employment grants	3,671	8,499	8,389
CAP grant	-	31,129	-
Video Equipment grant	-	10,000	-
Aboriginal Storytelling grant	-	1,700	320
Coronach Library grant	-	2,719	2,800
Summer reading program	-	283	1,929
Advanced Education Grant	-	1,795	1,110
Teen Summer reading program	-	0	608
Young Canada Works Grant	-	2,120	8,000
Branch Sub Grant	-	560	-
Willow Bunch CAP Grant	-	357	-
Evergreen	-	5,700	-
Donations	1,700	5,979	8,676
Courier income	20,611	21,925	20,800
Interest and investment income	-	2,341	2,977
Lost/damaged items and cost recovery	4,500	4265	4,089
Carryforwards	-	48504	-41,545
Miscellaneous revenue	200	7,827	6,845
	<u>1,927,195</u>	<u>2,040,040</u>	<u>1,913,415</u>
Expenses			
Governance	63,115	15,390	54,566
Administration	133,426	194,456	177,245
Services to branches	388,171	353,820	324,009
Regional resource centre	930,819	709,372	714,027
Area Resource Centre	73,814	66,142	63,080
Local Branch services	355,108	309,077	280,455
	<u>1,944,453</u>	<u>1,648,257</u>	<u>1,613,382</u>
Excess of revenue over expenditures	(17,258)	391,784	300,033
Net inter-fund transfers - Note 6			
(To) From Capital	-	(319,419)	(339,266)
(To) From Reserves	-	(65,365)	37,880
Change in fund balance	(17,258)	7,000	(1,353)
Fund balance, beginning of year		(106,812)	(103,519)
Prior period adjustments		375	(1,940)
Fund balance, end of year	<u>\$ (17,258)</u>	<u>(99,437)</u>	<u>\$ (106,812)</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF CAPITAL FUND ACTIVITIES
For the Year Ended December 31, 2011

	2011 Actual	Schedule 2 2010 Actual
Expenditures		
Administration	\$ -	\$ -
Depreciation	293,992	296,871
	293,992	296,871
Net inter-fund transfers		
(To) From Current	319,419	339,266
Long-term financing received (repaid)	-	-
Change in fund balance	25,427 -	42,395
Fund balance, opening	1,423,985	140,510
Prior period adjustment - Note 2 b)	-	1,241,080
Fund balance, opening - restated	1,423,985	1,381,590
Fund balance, closing	\$ 1,449,412	\$ 1,423,985

**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 MATERIALS FUND OPERATIONS
For the Year Ended December 31, 2011

	<u>2011</u> <u>Budget</u>	<u>2011</u> <u>Actual</u>	<u>Schedule 2</u> <u>2010</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>
Expenditures			
Governance	-	-	-
Administration			
Services to branches	-	-	-
Regional resource centre			
Local branch services			
Direct library services	<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, 2011**

	<u>2011</u>	<u>Schedule 4</u>
	<u>Actual</u>	<u>2010</u>
		<u>Actual</u>
Net inter-fund transfers		
(To) From Current		
Funding for SILS project	\$ -	\$ -
Local branches - service contract		2,385
Assiniboia branch - service contract		150
Teen Summer Reading		(267)
SILS expenses - HQ		
Headquarters surplus (shortfall)		
Wild card revenue		
Interest revenue		
Rental revenue		
Total Automation reserve	-	2,268
Equipment reserve	11,406	
Vehicle reserve	21,406	-42,293
Sick leave reserve - Local Branches	6,346	2,412
Sick leave reserve - Assiniboia	8,500	
Building reserve	11,407	
Evergreen reserve	6,300	(267)
(To) from Materials		
To (from) Reserves	65,365	(37,880)
Opening balance	<u>221,140</u>	<u>259,020</u>
Closing balance	<u>\$ 286,505</u>	<u>\$ 221,140</u>

	<u>Opening</u>	<u>To (from)</u>	<u>Ending</u>
	<u>Balance</u>	<u>Reserves</u>	<u>Balance</u>
Reserve details: Internally restricted			
Automation	\$ 108,720	\$ -	\$ 108,720
General Automation	17,824	-	17,824
Equipment	16,084	11,406	27,490
Vehicle	43,796	21,406	65,202
Building reserve	19,716	11,407	31,123
Sick Pay reserve - LB	15,000	6,346	21,346
Sick Pay reserve - AS	-	8,500	8,500
Evergreen reserve	-	6,300	6,300
	<u>\$ 221,140</u>	<u>\$ 65,366</u>	<u>\$ 286,505</u>

See accompanying notes to the financial statements

PALLISER REGIONAL LIBRARY
SCHEDULE OF EXPENDITURES BY OBJECT
For the year ended December 31, 2011

Schedule 5

	Governance	Administration	Services to branches	Regional		Area		Local		2011 Budget	2011 Actual	2010 Actual
				Resource Centre	Resource Centre	Resource Centre	Branch Services					
Wages, benefits and honoraria	\$ -	\$ 141,378	\$ 254,108	\$ 647,458	\$ 61,590	\$ 265,416	\$ 1,410,956	\$ 1,369,950	\$ 1,394,102			
Purchased goods and services	15,390	344,340	98,139	25,936	4,191	40,412	212,397	528,410	471,793			
Capital assets	-	-	-	-	-	-	-	-	-			
Library materials	-	2,730	1,573	35,978	361	3,249	321,098	43,891	44,358			
CAP grant	-	-	-	-	-	-	-	-	-			
	\$ 15,390	\$ 488,448	\$ 353,820	\$ 709,372	\$ 66,142	\$ 309,077	\$ 1,944,451	\$ 1,942,251	\$ 1,910,253			

**PALLISER REGIONAL LIBRARY
SCHEDULE OF LIBRARY MATERIALS EXPENDITURES
For the Year Ended December 31, 2011**

	<u>2011 Budget</u>	<u>2011 Actual</u>	<u>Schedule 6 2010 Actual</u>
Books	\$ 224,945	239,869	\$ 207,009
Serials/Periodicals	19,500	16,310	19,617
Electronic information databases	24,900	21,288	12,015
InfoTrac	9,201	1,983	9,755
Audio-visual materials	<u>41,592</u>	<u>48,005</u>	<u>59,872</u>
	<u>\$ 320,139</u>	<u>327,455</u>	<u>\$ 308,268</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>2011 Budget</u>	<u>2011 Actual</u>	<u>2010 Actual</u>
Books	\$ -	-	\$ -
Serials/Periodicals	19,500	16,310	19,617
Electronic information databases	17,500	21,288	12,015
InfoTrac	17,500	1,983	9,755
Audio-visual materials	<u>17,500</u>	<u>48,005</u>	<u>-</u>
	<u>\$ 72,000</u>	<u>87,586</u>	<u>\$ 41,387</u>