

2012 Audit

The audited financial statements for 2012 are the primary item of business for the March Board meeting. The overall result of the audit is very good. In keeping with the Board's motion at the end of 2012, the surplus of \$633,000 has been moved to the capital reserve.

Throughout the report, Board members will notice variances from budget and/or from the prior fiscal year. Since the audited statement does not follow or report on budget directly, the variances do not necessarily correspond to a variance from the overall budget. Some of the components of the statements include specific notes, while others do not. Below is a list of unnoted variances that are shown in the audited statements, along with brief explanations of how they came about.

- Page 1 – Deferred Revenue. This variance is primarily due to having received some of the 2012 Canada Council for the Arts grant in 2011. It was unusually high in 2011, rather than unusually low in 2012.
- Page 2 – Other grants/Other revenue. There are minor fluctuations in these lines from year to year under normal circumstances. Over the past year, these include the end of CAP grants, lower fines revenue (probably due to job action by CUPE), higher donations, changes in the literacy grant, etc. The main fluctuation in these lines between budget and actual is RPL's share of SILS which is not reflected in the budget line. Also, the primary source of fluctuation from year to year is SILS and its mix of funding sources. The grants are sometimes irregular in coming but spent over a period of time longer than one fiscal year. As these are incorporated in the Library's statements, it shows fluctuation while, in the Library's self-contained operation, there is only minor fluctuation.
- Page 2 – Administration. This line shows over-expenditure but the over-expenditure was from previously discussed issues. The main source is consulting fees for Deloitte on the preparation of the Business Case for the Central Library under P3 Canada. Some funds were allocated to this process, but the expected cost-sharing grant from P3 Canada was not available to RPL in Round 2. The secondary source was the increase in legal costs during the negotiations and labour relations issues in 2012, the sale of the old Prince of Wales Branch, and acquisition of the Sherwood Village Branch parking lot.
- Page 4 – Changes in non-cash working capital. This section shows fluctuation in both directions in 2012 in comparison to 2011. As a reflection of cash flows, the variances are indicators of *when* money was received (or paid) rather than indicating significant changes in activities from year to year.

- Page 13 – Branch Construction. This statement from the auditor reflects amounts from the last written agreement among the partners which was from the very early stages of the partnership. Since that time, and as reported through the 2012 budget process, the Library’s share is closer to what the Board originally anticipated at about \$2.1M, inclusive of FF&E. The auditor will update this section, probably for 2013, to reflect the new agreement among the partners once it is formalized in a contract.
- Page 17 – Library Materials Expenses. Library materials are over-expended for two main reasons. While the original budget for the Regent Place Branch included a global amount for all work at Regent Place, once the monies were spent, they were allocated, as appropriate, in the respective categories. This total includes the extra allocation to purchase materials for the new Regent Place Branch. Also, there was an insurance claim for materials theft in 2012 for which replacement materials were purchased.

Not as clearly outlined in the audited financial statements is the status of the new Regent Place Branch. The audited financial statements don’t relate directly to the Library’s budget in this area but the Regent Place Branch project came in under budget.