

2015 ANNUAL REPORT

THE CITY OF EDMONTON LIBRARY BOARD

EDMONTON, ALBERTA, CANADA

For the year ended December 31, 2015

EDMONTON PUBLIC LIBRARY



epl.ca



BEYOND OUR WALLS

The City of Edmonton Library Board (EPL) has grown from a place for books to a place for people. EPL welcomes everyone and we share every day. In 2015, we welcomed more than 5.7 million in-person visits to 19 branches, hosted 16,175 free programs, introduced a brand new epl.ca and opened the doors to two new branches. With a legacy of innovation and a trademark of excellence, EPL is inspired to further propel our city's public library system forward and continue to provide the absolute best for all our customers.

The City of Edmonton Library Board
Prepared by: Marketing, Communications and
Fund Development Division, and Financial Services

7 Sir Winston Churchill Square
Edmonton, Alberta T5J 2V4
T: 780-496-7050 F: 780-496-1885

TABLE OF CONTENTS

Introduction	4
Message from the Board Chair and Chief Executive Officer	5
EPL Profile	6
Governance Structure	6
Mission, Vision and Strategic Goals	8
Progress in Implementing EPL's Plans	9
Financial Information	17
Financial Highlights	18
Management's Report	23
Independent Auditor's Report	24
Audited Financial Statements:	
Statement of Financial Position	25
Statement of Operations	26
Statement of Change in Net Financial Assets	27
Statement of Cash Flows	28
Schedule of Tangible Capital Assets	29
Notes to the Financial Statements	30
Statistics	42
General Library Data	43
Revenue, Expense, Annual Surplus and Accumulated Surplus	44
Addition of Tangible Capital Assets	45



INTRODUCTION

Message from the Board Chair and Chief Executive Officer

The year 2015 was one of change and growth for EPL.

In July, we said goodbye to a dear friend as Linda Cook stepped into well-deserved retirement after 18 years at the helm of EPL. Following an exhaustive search, the Board of Trustees was thrilled to appoint one of our own, former Deputy CEO Pilar Martinez, EPL's new Chief Executive Officer.

New leadership wasn't the only addition to EPL in 2015, as we celebrated a new library facility in Mill Woods, opened an eplGO branch in West Henday and launched a brand new website to better serve our customers.

While EPL proudly offers traditional library services, we find innovative, creative and cutting-edge ways to provide relevant resources, the latest technology and a diverse offering of programs for all ages.

We eliminated the need for membership renewals with EPL for Life, created a digital public space for local music with Capital City Records and installed two new sound booths in the EPL Makerspace. We also rolled out a second epl2go Literacy Van, asked our customers what they wanted in a renewed downtown library and launched an online city-wide book club in One Book One Edmonton.

Our Forward Thinking Speaker Series continued in front of sellout crowds for Lieutenant-General Roméo Dallaire, Dr. Gordon Neufeld, Lorne Rubis and Dr. Dawn Lavell-Harvard, and EPL buildings and services were recognized as some of the best in North America. We also witnessed a continued spike in electronic resource usage, experienced growth in program attendance and signed up over 76,000 more Edmontonians for a free library card.

Thanks to the efforts of EPL staff, combined with support from our Board of Trustees, City Council and the provincial government, Edmontonians have access to an outstanding public library system that continues to be a model for libraries around the world.

Thank you for your endless loyalty and enthusiasm.

Spread the words.



Ellen Calabrese-Amrhein
Chair, Board of Trustees



Pilar Martinez
Chief Executive Officer

EPL Profile

From humble beginnings above a meat and liquor store in 1913 to 19 branches throughout one of North America's fastest-growing and most northern urban centres, EPL has grown from a place for books to a place for people. EPL operates under the authority of the Libraries Act of Alberta and is administered by an independent Board which reports to Council of the City of Edmonton. Today, the Library operates 19 public library branches and derives revenues for library operations primarily through grants from the City of Edmonton and the Province of Alberta. The Library is a registered charity and is not subject to income tax. Key resources used in the operations of the Library include 510.5 full time equivalent positions, over 14.2 million in physical and digital items, and a fleet of 10 vehicles. EPL's tradition of excellence and innovation is well recognized and continues to be the focus in all aspects of activities undertaken within the organization.

Governance Structure

Our Board of Trustees consists of 10 Trustees, one of whom is a member of City Council. Trustees are appointed annually by City Council and have the opportunity to serve on the Board for a maximum of six years. The Board is responsible for the overall governance of EPL, and advocates for literacy and learning. The Board carries out their fiduciary responsibilities by ensuring their strategic plan is implemented, ensuring compliance with financial and administrative Board policies, and that risks are identified, assessed and mitigated to the extent possible. In addition, the Board has the responsibility of reviewing and approving the operating and capital budgets of EPL, and assessing financial performance throughout the year through review of Administration financial reports.

EPL's Board of Trustees for 2015

Ellen Calabrese-Amrhein, Chair



Brian Heidecker



Jeff Reynolds, Vice Chair



Miranda Jimmy



Jill Scheyk



Jay Ball



Dr. Sherrill Johnson



Dr. Fern Snart



Councillor Ben Henderson



Nazir Mulji



Our Executive Team is led by Chief Executive Officer Pilar Martinez, and is supported by other members who provide expertise in implementing the approved strategic direction of the Board and ensuring the fiduciary responsibilities of the Board are met. A new organizational structure was implemented in late 2015; the following provides an overview of the five member Executive Team and organizational structure.



Pilar Martinez,
Chief Executive Officer



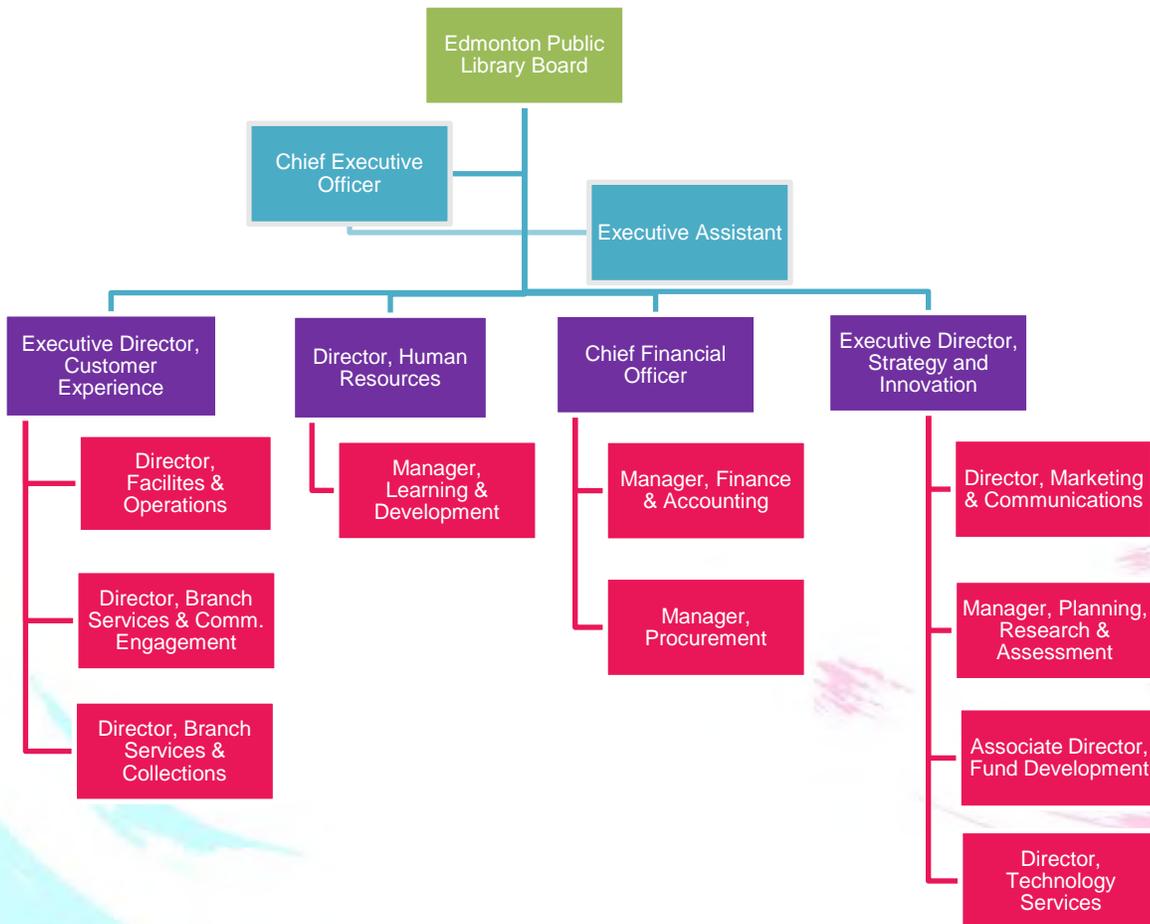
Gastone Monai,
Chief Financial Officer



Mike Lewis,
Director HR Services

Vacant, Executive Director,
Strategy & Innovation

Vacant, Executive Director,
Customer Experience



Mission, Vision and Strategic Goals

MISSION

We share. EPL shares expertise, information, technologies and spaces with Edmontonians for learning, connecting, creating, discovering, enjoying and enriching our communities.

VISION

EPL is the gathering place for people and ideas, enabling a lifetime of learning, engagement and possibility for every Edmontonian.

STRATEGIC GOALS

- Transform communities – EPL aims to grow literacies and life skills for an active, engaged community to enhance their health and success.
- Evolve our digital environment – EPL aims to create a digital environment that fuels Edmontonians' experimentation, discovery and wonder.
- Act as a catalyst for learning, discovering and creating – EPL aims to be an integral part of the daily lives of Edmontonians, enabling personal discovery through informal and formal learning, and inspiring life-long learning through connections, resources and expertise
- Transition the way we do business – EPL aims to change the way business is done, enabling the Library to lead in a changing environment.

The mission, vision and strategic goals form the foundation on which EPL will evolve and change while delivering relevant services for our customers. In ensuring these goals are met, we'll develop business plans outlining actions, measures of success and budgets that identify the resources.

Progress in Implementing EPL's Plans

Transforming Communities

Leading the Way

After 15 years with EPL, including two years as Deputy Chief Executive Officer, Pilar Martinez was named the Library's new Chief Executive Officer as of July 4, 2015, due to her extensive knowledge, experience and connection to Edmonton. She stepped into her new role following the retirement of Linda Cook, who left after leading EPL for nearly two decades.



Continued Growth

EPL's Mill Woods Branch moved out on its own in the spring of 2015 after serving southeast Edmonton from within Mill Woods Town Centre. The new 25,000-square-foot branch is nearly double the size of the previous location. It is one of our busiest branches, serving over 500,000 visitors per year.





In an effort to bring library services to new neighbourhoods currently without easy access to EPL, a new 2,000-square-foot satellite branch opened in the summer of 2015 to provide greater convenience to residents in west Edmonton. The West Henday Branch features a sampling of our core services and is the first storefront library model in the city.

Another eplGO location will open in the McConachie neighbourhood in 2016. Work continues on designs for new buildings in both the Calder and Capilano areas, as well as a renewed and revitalized Stanley A. Milner Library downtown.

Imagine What's Possible

City Council approved \$62.5 million for the revitalization and renewal of the Stanley A. Milner Library in 2014, with \$52.5 million committed from the City of Edmonton and the expectation that EPL contribute \$10 million through community partners and fundraising.

With more than one million visitors each year, the Stanley A. Milner Library is EPL's most visited location and an anchor in a changing and growing downtown core. To gather feedback on the vision and priorities for a revitalized downtown library, a



series of conversations were held between May and August 2015 to gather staff, customer and community feedback.

Nearly 2,000 participants from around the city shared their ideas with us:

- A think-tank brought 20 community and business leaders together
- Visioning sessions were held with Library Board Trustees, 130 staff and community members
- An online survey garnered 210 responses
- More than 1,000 customers submitted a total of 9,982 votes on what they would like to see in a renewed downtown library

Customer Service

EPL saw more than 5.7 million in-person visits to 19 branches in 2015, a nine per cent increase over 2014.

More than 266,000 Edmontonians have a library card — an 11 per cent increase in total memberships over 2014 — with 76,985 more Edmontonians signing up for a free library card in 2015.

All cardholders now have EPL for Life, removing the need for our customers to renew their memberships annually since May 2015.

FREE
The cost of your
LIBRARY CARD

Over
266,000
Edmontonians
used their
library card

↑11%

Reducing Barriers

We continue to reach beyond library walls with the launch of a second epl2go Literacy Van in June 2015, bringing programs and services to developing neighbourhoods in the city.

Three social workers continued to provide outreach services to at-risk visitors to the Stanley A. Milner Library as well as our Abbottsfield, Highlands, Sprucewood and Woodcroft branches. Community librarians also expanded their reach in 2015, holding 960 meetings with community organizations and stakeholders — a 10 per cent increase over 2014.

EPL hosted the first Downtown Community Services Resource Fair in partnership with the Bissell Centre, Boyle Street Community Services, REACH, the Edmonton Police Service and the City of Edmonton in October 2015. It was an opportunity for organizations to connect with community outreach workers, other social agencies, potential volunteers and the general public to understand mandates and services provided. The one-day event hosted a total of 47 exhibitors, with 200 individuals from 66 organizations participating.



Programming

EPL successfully hosted 16,175 programs throughout 2015, with a total attendance of 421,663.

Family Day and Spring Break continued to bring Edmontonians to our locations, and for the first time, National Aboriginal History Month programming was held at each of EPL's 19 branches. The summer months saw 95,351 hours logged by 9,691 young readers during the annual Summer Reading Club.

EPL was the first library in Canada to host the International Board on Books for Young People Silent Books Exhibit in September 2015, which featured over 100 renowned wordless picture books from 23 countries around the world.

We encouraged Edmonton to read together during One Book One Edmonton in the fall of 2015. By releasing unlimited e-copies of Emma Hooper's *Etta and Otto and Russell and James*, we brought 3,059 citizens together to participate in Edmonton's largest book club.



Evolving our Digital Environment

New Look, More Awesome

With more than 9 million visits to our website in 2015 — a daily average of 25,075 — we launched a brand new epl.ca in December 2015. The new site combines a clean design with intuitive navigation, making it easier for customers to find what they need.

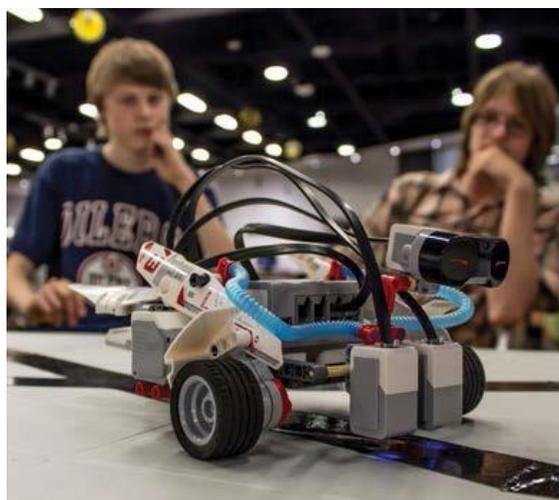
Capital City Records

Albums by 46 local Edmonton musicians became available for free streaming and downloading when EPL's first digital public space, Capital City Records, officially launched in August 2015. By the end of the year, songs had been streamed 16,110 times by nearly 9,000 unique users. Submissions are sought and selected by a local community member jury twice a year, with the aim of adding approximately 100 albums every 12 months.



What Will You Make?

The EPL Makerspace grew to include two sound recording booths in early 2015, enabling musicians of all levels the opportunity to practise, compose and record for free. The sound booths saw 5,617 hours booked throughout the year. The 3-D printers remained popular, printing 2,149 objects, while over 300 customers printed 2,000 copies of books on the Espresso Book Machine. Meanwhile, 36 gaming nights and 38 Lego Robotics programs had a combined attendance of approximately 1,400.



At Your Fingertips

Our digital collection grew 35 per cent in 2015, with over 12.5 million items available to customers. Electronic resource usage also grew substantially, with a 33 per cent increase in downloaded digital books, newspapers, magazines and audiobooks, as well as movies, TV shows and songs.

Following a 15 per cent increase in accessing digital magazines in 2015, a number of magazine titles are no longer available in a physical format in branches. Hundreds of titles remain at the fingertips of EPL customers, with more than 350 of today's top magazines available digitally through Zinio and Flipster.

**DIGITAL
BORROWING**
↑ **33%**

EDMONTONIANS
— registered for —
371,260
🎓 **FREE**
online courses
THROUGH EPL

FREE WiFi
— at all —
19 📶
EPL LOCATIONS

Online learning grew in popularity in 2015 with the introduction of Lynda.com among other databases. In total, eLearning program usage increased 329 per cent over 2014 with cardholders logging on and taking advantage of our free online learning resources 371,260 times.

EPL celebrated International Open Data Day for the second time, hosting 45 people interested in computer programming and app development for a hackathon. More than 400 city datasets are available through the open data catalogue.

Acting as a Catalyst for Learning, Discovery and Creating

Forward Thinking

The Forward Thinking Speaker Series reflects EPL's rich history of taking risks, trying new things and redefining the modern library. We invite thought leaders from a variety of industries and around diverse topics to share insights, ideas, experiences and viewpoints, with the goal of helping us purposefully build better organizations, neighbourhoods and communities.

Introduced in 2014, our Forward Thinking Speaker Series continued to bring the best and brightest to Edmonton with four speakers in 2015.



Dr. Dawn Lavell Harvard enlightened audiences on the challenges, including violence and abuse, that Canada's Aboriginal women face on the road to finding vibrant, fulfilling lives. Her presentation left attendees moved and full of ideas about how to support Canada's Indigenous women.



Lorne Rubis, Chief People Officer at ATB Financial, shared his insights on the modern workplace and where we are headed.



Dr. Gordon Neufeld, a developmental psychologist with over 40 years of experience with children, youth and caregivers, spoke about raising children in a digital era.



Lieutenant-General Roméo Dallaire held a powerful presentation on leadership, risk-taking, difficult ethical situations, and the role of intellectual freedom and freedom of expression in society.

Learning Within

With a focus on building leadership and empowering action from within, EPL staff were provided with ample learning and training opportunities in 2015. All staff were invited to attend sessions with Leaders in Residence Ken Bautista, an entrepreneur in the tech space; Lorne Rubis, Chief People Officer for ATB Financial; and Tess Prendergast, a librarian focused on diversity and inclusion in early literacy.

Transitioning the Way We do Business

Lending a Hand

A total of 452 volunteers contributed 9,245 hours in 2015. EPL volunteers help to make many great things happen, such as ensuring 267 young children had mentors for the Reading Buddies program in 2015 and making 400 deliveries of library materials to homebound customers throughout the year.

9,245
VOLUNTEER
HOURS 
donated

1st LIBRARY
— to win —
2 citations for
innovative
LIBRARY PROJECTS

Award Winning

As one of four recipients of the 2015 American Library Association Presidential Citations for Innovative International Library Projects, EPL was recognized for both our Outreach Services and our Digital Literacy as a Core Service. This marks the first time a library has won twice in one year.

Our beautiful, efficient and functional buildings were also recognized in 2015. EPL's Jasper Place Branch was named one of 11 winners of *Library Journal's* New Landmark Libraries in August. The awards honour public libraries completed between 2010 and 2014. EPL's Clareview Branch was featured in *American Libraries'* 2015 Library Design Showcase in September. The list consists of shining examples of innovative architecture that addresses user needs in unique, interesting and effective ways.



Canadian Geographic included EPL's Jasper Place Branch in a piece on evolving Canadian libraries, and *enRoute* magazine featured our Highlands Branch as one of five new libraries to visit across the country.



Support EPL

Thanks to the generosity of our donors, sponsors and volunteers, EPL raised over \$1.3 million in 2015 to invest in literacy and enhance our community.

Our signature Books2Eat Gala saw hundreds of EPL heroes raise more than \$215,000 to support Welcome Baby and epl2go Literacy Vans. Our popular Books2Buy book sales, meanwhile, held both at Stanley A. Milner Library and at other branches in 2015, raised \$169,500.

Over \$100,000 was raised through sponsorships for programs such as the Summer Reading Club and Daddy Boot Camp, while our annual campaign netted \$220,450 — up from \$133,000 in 2014.

Over the past three years, EPL has raised \$2.5 million to fund four epl2go Literacy Vans and our Welcome Baby program. Thanks to community and corporate support, we reached this ambitious goal for initiatives that would have otherwise gone unfunded.

Over
\$1 million
raised to invest in
LITERACY

10,300
newborns
RECEIVED
EPL's 
**WELCOME
BABY KIT**



FINANCIAL INFORMATON

Financial Highlights

Report from the Chief Financial Officer



Gastone Monai, CPA, CMA
Chief Financial Officer

EPL is pleased to present The City of Edmonton Library Board 2015 Annual Financial Statements, which provide an opportunity to communicate and share information with the public, stakeholders and customers on EPL's financial performance over the last year.

Each year it is management's responsibility to prepare financial statements in accordance with Canadian public sector accounting standards (PSAS), and in conformance with the Alberta Libraries Act and City of Edmonton Bylaw 12540. Management has made every effort to ensure the financial statements present a fair accounting of the operating and capital activities for the year. The financial statements within this document not only ensures EPL complies with legislative and accounting requirements, but also provides readers with clear insight, transparency and accountability into the financial results of EPL.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report, which follows, provides an overview of the scope of their examination and unqualified opinion of the financial statements for 2015. On March 8, 2016, the audited 2015 Financial Statements were presented and approved by EPL's Board of Trustees.

The 2015 financial highlights provides explanations on the significant differences in the financial statements between the reported and previous year financial results, as well as the differences between the 2015 budgeted and actual results. The financial highlights should be read in conjunction with the audited financial statements.

2015 Financial Highlights

Overall, EPL continues to improve its financial position to sustain and increase resources needed to deliver the increasing demand for public library services. EPL's major funder, the City of Edmonton City Council, and the Government of Alberta, sponsors and donors, acknowledge the importance of public libraries in the community which has allowed EPL to be successful. The following provides an overview of EPL's financial position for the period ended 2015.

Statement of Financial Position

The Statement of Financial Position provides an overview of EPL's assets, liabilities and accumulated surplus (equity). This statement is used to assess EPL's ability to finance its operational and capital activities, and to fund its liabilities and future commitments.

EPL continues to maintain a healthy financial position with financial assets increasing by \$1.7 million to \$15.5 million while liabilities increased by only \$0.6 million to \$12.8 million for 2015, resulting in a net financial asset increase of \$1.1 million over 2014. Non-financial assets increased by \$1.8 million to \$37.1 million primarily due to an increased investment in tangible capital assets. EPL's accumulated surplus increased by \$2.9 million to \$39.7 million. EPL's accumulated surplus consists of \$34.9 million investment in tangible capital assets, \$4.2 million in reserves held for future expenditures and \$0.6 million in unrestricted accumulated surplus. EPL does not maintain any long-term debt.

Statement of Operations

The Statement of Operations identifies EPL's revenues, expenses and changes to EPL's accumulated surplus. Revenues increased by \$2.6 million over 2014 to \$48.0 million primarily as a result of increases in City and Provincial grant revenues. Expenses increased by \$4.1 million to \$57.8 million primarily as a result of increases in contractual obligations for salaries, wages and benefits, library subscription purchases, amortization expense, as well as inflationary increases in all other expenses categories. Other revenues include funding received for investment in tangible capital assets, which remained at a similar level as 2014 at \$12.7 million. In 2015, \$2.9 million in excess of revenues over expenses was transferred to EPL's accumulated surplus.

Statement of Change in Net Financial Assets

This statement provides information on how the operational results impact EPL's net financial assets in the year. It is an indicator of whether the current year's revenues were sufficient in covering spending and the resulting impact on net financial assets, which may influence future decisions or strategies on revenue generation. In 2015, EPL's net financial assets increased by \$1.6 million to \$2.7 million, which positions EPL well in managing future commitments.

Statement of Cash Flows

The Statement of Cash Flows provides information on how EPL generates and uses cash during the year. Information is separated into the following key activities: operating, capital, and investing and financing activities. EPL generated \$0.3 million in additional cash from 2014 for a total of \$13.9 million in cash and temporary investments at the end of 2015.

Schedule of Tangible Capital Assets

This schedule highlights EPL's tangible capital assets which consist of land, buildings, leasehold improvements, machinery and equipment, vehicles and library collections. EPL's net assets as of December 31, 2015 amount to \$34.9 million, an increase of \$1.6 million primarily due to library material purchases.

Notes to the Financial Statements

The notes to the financial statements provide information on EPL's significant accounting policies and additional information to support the financial results included in the statements.

Budget Variances

In addition to the previous financial statement highlights, the following provides information on significant differences between the planned and actual financial performance during the year:

- Overall revenues were higher than budgeted by \$1.1 million (\$46.9 million total budget) primarily due to higher than planned government transfers from the City of Edmonton and the Province of Alberta.
- Expenses were higher than planned by \$1.6 million (\$56.2 million budget) primarily due to higher than planned salary, wages and benefit costs due to contract settlements and increase in library electronic collections and subscriptions expenses.
- Other revenues were \$1.4 million lower than budget (\$14.1 million total budget) primarily due to delays in tangible capital assets purchases in 2015.

Financial Control and Accountability

EPL maintains the following processes and financial controls to ensure accountability is maintained and proactive measures are taken to identify and address financial challenges that may arise.

Financial Governance

The Board has full management and control of the municipal library and shall, in accordance with the Alberta Libraries Act and regulations, organize, promote and maintain comprehensive and efficient library services in the municipality. In carrying out their fiduciary obligations, the Board is responsible for reviewing and approving Administration's recommended plans, operating and capital budgets, financial statements and financial performance reports, and risks and mitigating strategies throughout the year during regular Board meetings. In 2015, the Board established a Finance and Audit Committee that will review financial matters and make recommendations to the Board.

Budget Process

The strategic goals of the City of Edmonton Council and EPL Board of Trustees serve as a foundation to the development of business plans and budgets for EPL. The EPL Board of Trustees is ultimately responsible for the approval of the budget including resource allocation, and The City of Edmonton Council is responsible for the funding allocation requisition. The 2015 budget was the last year of a one-year budget approval process. Moving forward the City of Edmonton has implemented a three-year (multi-year) budget process. Although funding has been secured for fiscal years 2016 to 2018, EPL must still obtain approval from the Board of Trustees on an annual basis. EPL also prepares a four-year capital budget and, currently, the approved capital budget is for the fiscal years 2015 to 2018.

Accounting

EPL is organized into various service delivery areas, each responsible for managing resources in the delivery of service to its customers. EPL manages the accounting function through a centralized Financial Services Division, which provides the following financial services to all EPL service delivery areas including: accounting, reporting, treasury, planning and budgeting internal controls and risk management. EPL shares a common accounting, reporting and payroll system with the City of Edmonton which is used by EPL managers and staff.

Internal Controls

EPL maintains accounting and administrative controls, including policies and procedures, designed to provide reasonable assurance that the financial information is relevant, reliable and accurate. These controls also ensure the assets of the organization are properly accounted for and adequately safeguarded. Internal accounting controls are monitored and reviewed by Administration throughout the year and revisions are made as necessary.

Audit Process

The City of Edmonton Bylaw 12540 requires EPL to audit its financial statements on an annual basis. The Auditors are appointed by the City of Edmonton, and currently the firm of KPMG LLP, Chartered Professional Accountants have been appointed to express an opinion on EPL's Financial Statements. Following a comprehensive audit process and working with management, the Auditors present a report of their findings to the Board of Trustees along with the financial statements. Based on the Board's review as a whole, the Financial Statements are then formally approved.

Future Outlook

With a sound financial position to work from in 2015, EPL is well positioned for the future in delivering public library services to its customers. After being named the 2014 Library of the Year, EPL has its sights set high. The prestigious recognition by *Library Journal* and Gale Cengage Learning in June 2014 only inspired EPL to continue to provide the absolute best for all of its customers. EPL's mission, vision and strategic goals guide the Library in developing and providing needed and relevant resources, acquiring the latest technology and offering a diverse range of programs for all ages. This is very important to continue in the future to ensure library services and programs are relevant and well used by our customers. Through serving thousands of customers and working with hundreds of organizations, EPL continues to have an impact on the economic, social and cultural foundation of Edmonton. Additionally, EPL's focus on the betterment of people, our communities and our future is in line with strategic goals outlined in the City's vision, "The Way Ahead".

With this passion in delivering the best, EPL acknowledges the need to look at efficiencies and effectiveness in the delivery of services in the future. Over 2016 to 2018 EPL has already identified \$1.9 million in cost savings and operational efficiencies that will allow reinvestment in new initiatives such as City of Learners, implementation of a fourth Literacy Van, fully funding EPL's Welcome Baby program, and establishing a southside storefront branch. With approved funding from the City of Edmonton for the three year period of 2016 to 2018, EPL is well positioned to achieve its business plan goals and strategically plan for the long term.



Gastone Monai, CPA, CMA
Chief Financial Officer
March 8, 2016

Management's Report

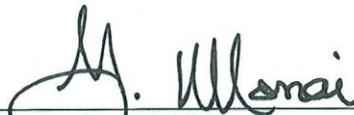
The City of Edmonton Library Board management is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily includes some amounts which are based on the best estimates and judgments of management.

To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted for and safeguarded, in order that the integrity of financial records is maintained.

The financial statements have been audited by the independent firm of KPMG LLP, Chartered Professional Accountants. Their report to The City of Edmonton Library Board, stating the scope of their examination and opinion on the financial statements, follows.



Pilar Martinez
Chief Executive Officer
March 8, 2016



Gastone Monai, CMA
Chief Financial Officer
March 8, 2016



KPMG LLP
Chartered Professional Accountants
10125 – 102 Street
Edmonton AB T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Trustees of the City of Edmonton Library Board

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Edmonton Library Board ("the Library"), which comprise the statement of financial position as at December 31, 2015, the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider internal control relevant to the entity'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 entity'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 the Library as at December 31, 2015, and the results of operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants

March 8, 2016
Edmonton, Canada

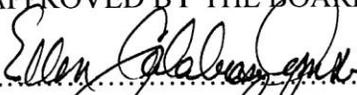
THE CITY OF EDMONTON LIBRARY BOARD
Statement of Financial Position
December 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 13,890,709	\$ 13,561,911
Accounts receivable	67,544	45,127
Goods and services tax rebate receivable	135,664	145,402
Investments (Note 4)	1,403,384	-
	<u>15,497,301</u>	<u>13,752,440</u>
LIABILITIES		
Accounts payable and accrued liabilities	4,237,514	3,186,611
Due to the City of Edmonton (Note 5)	5,760,898	5,985,221
Deferred revenue (Note 6)	655,622	683,058
Employee benefit obligations (Note 7)	2,151,861	2,284,113
	<u>12,805,895</u>	<u>12,139,003</u>
NET FINANCIAL ASSETS	<u>2,691,406</u>	<u>1,613,437</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	34,858,459	33,278,720
Inventory for consumption	262,511	298,122
Prepaid expenses	1,928,164	1,634,497
	<u>37,049,134</u>	<u>35,211,339</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 39,740,540</u>	<u>\$ 36,824,776</u>

COMMITMENTS (Note 10)

See accompanying notes to the financial statements.

APPROVED BY THE BOARD

 Director
 Director

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Operations

For the Year ended December 31, 2015

	<u>Budget</u> <u>(Note 11)</u>	<u>2015</u>	<u>2014</u>
REVENUE			
Government transfers (Note 12)			
City of Edmonton	\$ 39,037,685	\$ 40,240,685	\$ 38,227,480
Provincial Government	4,594,800	5,045,369	4,581,379
Fines and charges	1,047,834	955,586	917,078
Donations	996,506	404,465	507,623
Gain on disposal of tangible capital assets	134,000	202,489	142,784
Interest (Note 13)	50,000	86,010	91,558
Other	1,062,298	1,073,506	931,324
	46,923,123	48,008,110	45,399,226
EXPENSES			
Salaries, wages and benefits	34,559,653	35,381,965	33,102,464
Amortization of tangible capital assets	9,884,251	9,833,796	9,368,889
Building operations	2,701,673	2,758,461	2,592,499
Utilities and other	3,196,398	3,105,240	2,971,168
Books and library materials	1,710,350	2,824,738	2,052,507
Material goods and supplies	1,940,249	2,076,539	1,989,404
Services	2,234,979	1,822,621	1,624,348
	56,227,553	57,803,360	53,701,279
(SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER	(9,304,430)	(9,795,250)	(8,302,053)
OTHER			
Contributed tangible capital assets (Note 8)	-	275,527	59,396
Government transfers for capital (Note 12)	14,120,428	12,457,312	14,482,153
Transfers to City of Edmonton for capital (Note	-	(21,825)	(1,818,776)
	14,120,428	12,711,014	12,722,773
EXCESS OF REVENUE OVER EXPENSES	4,815,998	2,915,764	4,420,720
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	36,824,776	36,824,776	32,404,056
ACCUMULATED SURPLUS, END OF YEAR	\$ 41,640,774	\$ 39,740,540	\$ 36,824,776

See accompanying notes to the financial statements.

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Change in Net Financial Assets

For the Year ended December 31, 2015

	<u>Budget</u> <u>(Note 11)</u>	<u>2015</u>	<u>2014</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 4,815,998	\$ 2,915,764	\$ 4,420,720
Acquisition of tangible capital assets	(14,120,428)	(11,138,008)	(12,746,273)
Contributed tangible capital assets	-	(275,527)	(59,396)
Proceeds on disposal of tangible capital assets	134,000	202,489	142,784
Amortization of tangible capital assets	9,884,251	9,833,796	9,368,889
Gain on disposal of tangible capital assets	(134,000)	(202,489)	(142,784)
	(4,236,177)	(1,579,739)	(3,436,780)
Net use (acquisition) of inventory for consumption	-	35,611	(98,566)
Net acquisition of prepaid assets	-	(293,667)	(544,869)
	-	(258,056)	(643,435)
INCREASE IN NET FINANCIAL ASSETS	579,821	1,077,969	340,505
NET FINANCIAL ASSETS, BEGINNING OF YEA	1,613,437	1,613,437	1,272,932
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,193,258	\$ 2,691,406	\$ 1,613,437

See accompanying notes to the financial statements.

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Cash Flow

For the Year ended December 31, 2015

	<u>2015</u>	<u>2014</u>
NET INFLOW (OUTFLOW) OF CASH AND TEMPORARY INVESTMENTS		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 2,915,764	\$ 4,420,720
Items not affecting cash		
Contributed tangible capital assets	(275,527)	(59,396)
Amortization of tangible capital assets	9,833,796	9,368,889
Gain on disposal of tangible capital assets	(202,489)	(142,784)
Changes in non-cash operating working capital items:		
Accounts receivable	(22,417)	166,593
Goods and services tax rebate receivable	9,738	170,393
Accounts payable and accrued liabilities	1,050,903	1,378,833
Deferred revenue	(27,436)	(2,628,504)
Employee benefit obligations	(132,252)	215,709
Inventory for consumption	35,611	(98,566)
Prepaid expenses	(293,667)	(544,869)
Cash provided by operating transactions	<u>12,892,024</u>	<u>12,247,018</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(11,138,008)	(12,746,273)
Proceeds on disposal of tangible capital assets	202,489	142,784
Cash applied to capital transactions	<u>(10,935,519)</u>	<u>(12,603,489)</u>
INVESTING AND FINANCING ACTIVITIES		
Changes in non-cash operating working capital items:		
Due to the City of Edmonton	(224,323)	(556,357)
Change in investments	(1,403,384)	-
Cash provided by financing transactions	<u>(1,627,707)</u>	<u>(556,357)</u>
CHANGES IN CASH DURING THE YEAR	328,798	(912,828)
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	13,561,911	14,474,739
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 13,890,709	\$ 13,561,911

See accompanying notes to financial statements.

THE CITY OF EDMONTON LIBRARY BOARD
Schedule of Tangible Capital Assets
December 31, 2015

	Land	Land Improvements	Buildings	Leasehold Improvements	Library Materials	Machinery and Equipment	Vehicles	Assets Under Construction	2015	2014
COST										
Balance, beginning of year	\$ 1	\$ 504,262	\$ 4,175,679	\$ 849,390	\$ 37,113,630	\$ 14,151,905	\$ 361,564	\$ 26,617	\$ 57,183,048	\$ 54,478,594
Acquisition and contribution of tangible capital assets	-	-	137,383	215,379	6,357,951	4,513,566	68,491	120,765	11,413,535	12,805,669
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,276,846)	(975,463)	(61,394)	-	(8,313,703)	(10,101,215)
Balance, end of year	1	504,262	4,313,062	1,064,769	36,194,735	17,690,008	368,661	147,382	60,282,880	57,183,048
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	171,449	1,577,645	314,559	17,862,275	3,800,496	177,904	-	23,904,328	24,636,654
Annual amortization	-	20,170	190,112	107,026	7,330,831	2,112,634	73,023	-	9,833,796	9,368,889
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,276,846)	(975,463)	(61,394)	-	(8,313,703)	(10,101,215)
Balance, end of year	-	191,619	1,767,757	421,585	17,916,260	4,937,667	189,533	-	25,424,421	23,904,328
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1	\$ 312,643	\$ 2,545,305	\$ 643,184	\$ 18,278,475	\$ 12,752,341	\$ 179,128	\$ 147,382	\$ 34,858,459	\$ 33,278,720

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

1. NATURE OF THE ORGANIZATION

The City of Edmonton Library Board (the “Library”) operates under the authority of the Libraries Act of Alberta and is administered by an independent board which reports to Council of the City of Edmonton. The Library operates 19 public libraries and derives revenues for library operations through grants from the City of Edmonton and the Province of Alberta. The Library is a registered charity and is not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library are prepared in accordance with Canadian public sector accounting standards. Significant aspects of accounting policies adopted by the Library are as follows:

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Budget

Operating budget information is consistent with original budget amounts approved by the Board of Trustees and City of Edmonton Council through the passing of a supplementary property tax bylaw. The budget is reported on an accrual basis, consistent with principles applied in the financial statements.

Capital budgets reflect the budget originally approved by the Board of Trustees and City of Edmonton Council, plus any carryforward of unspent capital budget from previous years. Capital budgeted adjustments during the year are not reflected in the financial statements.

Cash and short-term investments

Cash and short-term investments are recorded at cost less any amount for permanent impairment.

Investments

Investments are recorded at cost less any amount for permanent impairment.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, and any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess revenues over expenses, provides the Change in Net Financial Assets for the year.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life of the tangible capital assets as follows:

Land improvements	25 years
Buildings	10-60 years
Leasehold improvements	lease term
Library materials	5 years
Machinery and equipment	4-40 years
Vehicles	5 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially the entire benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Inventories for consumption

Inventories held for consumption are recorded at the lower of cost and replacement cost.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cultural and historical tangible capital assets

Works of art for display are not recorded as tangible capital assets but are disclosed in Note 8.

Reserves for future expenditures

Certain amounts, as approved by the City of Edmonton Library Board, are designated within accumulated surplus as reserves for future operating and capital expenditures.

Employee Benefit Obligations

The costs of post-employment benefits, compensated absences and termination benefits are recorded as an expense when the event that gives rise to the obligation occurs.

The Library employees participate in the Local Authorities Pension Plan that is a multi-employer defined benefit pension plan administered by a third party. Contributions to the plan for current and past service are recorded as expenses in the year in which they become due.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management's estimates include the collectible amounts of accounts receivable, valuation of inventory, amortization periods for tangible capital assets and the amount of accrued liabilities. The income replacement plan and post-employment benefit liabilities are subject to actuarial assumptions and estimates.

Financial Instruments and Fair Values

The Library financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities and deposit liabilities. The Library records financial instruments at their fair value.

Future Accounting Standard Pronouncements

The following summarizes some of the upcoming changes to public sector accounting standards that may impact the Library.

Foreign Currency Translation

PS2601, Foreign Currency Translation, establishes standards on how to account for and report transactions that are denominated in a foreign currency in government financial statements. Adoption required on or after April 1, 2019, except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS1201 and PS3450.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standard Pronouncements (continued)

Portfolio Investments

PS3041, Portfolio Investments establishes standards on how to account for and report portfolio investments in government financial statements. Effective when Sections PS1201, PS2601 and PS3450 are adopted.

Financial Instruments

PS3450, Financial Instruments, transitional provisions do not allow retroactive application of financial instrument recognition, derecognition and measurement policies when entities adopt the standard. Adoption required on or after April 1, 2019, except for government organizations that applied the CPA Canada Handbook – Accounting prior to adopting the CPA Canada Public Sector Accounting Handbook. Earlier adoption is permitted when adopting Sections PS1201 and PS3450.

Introduction to Public Sector Accounting Standards

Amended to introduce the term public sector entity, define a government component, amend the definition of a government organization, include specific definitions of all types of government organizations and partnerships, and provide guidance as to the basis of accounting to be used by government components, organizations and partnerships, where the partnerships have two or more public sector entity partners. Editorial changes have been made in other standards as a consequence of the amendments to the Introduction. Adoption required on or after January 1, 2017.

Related Party Disclosures

PS2200, Related Party Disclosures defines a related party and establishes disclosures required for related party transactions. Adoption required on or after April 1, 2017. Early adoption is permitted.

Assets

PS3210, Assets, has been amended to provide additional guidance on various components of the assets definition and establish general disclosure standards for assets. Adoption required on or after April 1, 2017. Early adoption is permitted.

Contingent Assets

PS3320, Contingent Assets, has been amended to provide a definition of contingent assets and supporting guidance and establish general disclosure standards for contingent assets. Adoption required on or after April 1, 2017. Early adoption is permitted.

Contractual Rights

PS3380, Contractual Rights, has been amended to provide a definition of contractual rights and supporting guidance and establish general disclosure standards for contractual rights. Adoption required on or after April 1, 2017. Early adoption is permitted.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standard Pronouncements (continued)

Inter-entity Transactions

PS3420, Inter-entity Transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Adoption required on or after April 1, 2017. Early adoption is permitted.

Restructuring Transactions

PS3430, Restructuring Transactions, has been amended to define a restructuring transaction; distinguish restricting transactions from similar transactions; distinguish restructuring-related transactions from restructuring transactions; establish how assets and liabilities transferred in a restructuring transaction should be recognized and measured; and sets out presentation and disclosure requirements. Adoption required on or after April 1, 2018. Early adoption is permitted.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2015</u>	<u>2014</u>
Cash	\$ 315,953	\$ 146,728
Temporary investments	13,574,756	13,415,183
	<u>\$ 13,890,709</u>	<u>\$ 13,561,911</u>

Temporary investments consist of guarantee investment certificates that are highly liquid, cashable after 30 days and have a maximum term that matures within one year. These investments are recorded at cost, which approximates market value, and have an effective interest rate of 1.10% (2014 – 1.35%). Temporary investments are capable of promptly liquidated and may be used to manage EPL's cash position throughout the year.

4. INVESTMENTS

	<u>2015</u>	<u>2014</u>
Term Deposit	\$ 1,403,384	-

Investments consist of a 3 year guarantee investment certificate with an effective interest rate of 1.41% and a maturity date of November 27, 2018. The amount is recorded at cost plus any accrued interest earned to the end of December 31, 2015.

5. DUE TO THE CITY OF EDMONTON

The amount due to the City of Edmonton is unsecured, has no fixed term of payment and bears interest at the City's short-term weighted average interest rate of 0.880% (2014 – 1.178%).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

6. DEFERRED REVENUE

Deferred revenue is comprised of funds donated to the Library that are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified. Interest earned on contributions is included in the contribution amounts reported below.

	<u>2015</u>	<u>2014</u>
EPL Centennial Projects	\$ 333,990	\$ 346,710
O. Kukulis Estate	210,841	228,117
Strang McCardell Estate / Library Collections	73,590	91,656
Milner Library Renewal Project	14,724	-
Other	22,477	16,575
	<u>\$ 655,622</u>	<u>\$ 683,058</u>

7. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2015</u>	<u>2014</u>
Accrued vacation	\$ 1,508,874	\$ 1,562,110
Post-employment benefits	454,188	516,826
Health care spending	141,103	139,252
Income replacement plan	41,800	60,700
Banked overtime	5,896	5,225
	<u>\$ 2,151,861</u>	<u>\$ 2,284,113</u>

The Library participates in certain employee benefit plans sponsored by the City of Edmonton which are funded through employee and/or employer contributions. Premium contributions, interest earnings, payments for benefit entitlements and administrative costs are applied to each of the respective plans.

Post-employment benefits represent the Library's obligation for the continuation of benefits for employees on long-term disability and the Library's share of pensioners' eligible medical and dental costs in excess of contributions made to the plan. In order to measure the post-employment obligation, an actuarial valuation as at December 31, 2015 was completed by Aon Hewitt regarding the continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 2.25% (2014 – 2.50%). Eligible post-employment medical and dental obligations are estimated based on a five year average pensioners' claim costs in excess of contributions until the pensioners' reach age 65.

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding obligation will be paid to employees in accordance with the terms and conditions of the plan. The obligation is based on an actuarial valuation as at December 31, 2015, completed by Aon Hewitt. Significant assumptions used in the valuation include a discount rate of 1.25% (2014 – 1.50%) and an annual inflation rate of 2.25% (2014 – 2.25%).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

8. TANGIBLE CAPITAL ASSETS

	<u>Net Book Value</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 1	\$ 1
Land improvements	312,643	332,813
Buildings	2,545,305	2,598,034
Leasehold improvements	643,184	534,831
Library materials	18,278,475	19,251,355
Machinery and equipment	12,752,341	10,351,409
Vehicles	179,128	183,660
	<u>34,711,077</u>	<u>33,252,103</u>
Assets under construction	147,382	26,617
	<u>\$ 34,858,459</u>	<u>\$ 33,278,720</u>

In 2015, the Library recorded \$275,527 (2014 – \$59,396) in machinery and equipment contributed assets which is currently recorded under Library materials.

The Library owns original artworks that are on permanent display or in storage at various library locations. The artworks were donated to the Library and have significant cultural and historical value in perpetuity. The artworks are not recorded as tangible capital assets in the financial statements and are not amortized.

The Schedule of Tangible Capital Assets provides costs and accumulated amortization information for each of the asset classifications.

9. ACCUMULATED SURPLUS

Accumulated surplus consists of unrestricted amounts, reserves for future expenditures and equity in tangible capital assets as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted surplus	\$ 637,123	\$ 1,834,040
Reserves for future expenditures		
Library projects for facilities, technology, furniture and equipment	841,834	767,891
Library centennial and Milner Library Renewal projects	3,403,124	944,125
	<u>4,244,958</u>	<u>1,712,016</u>
Equity in tangible capital assets	<u>34,858,459</u>	<u>33,278,720</u>
	<u>\$ 39,740,540</u>	<u>\$ 36,824,776</u>

Of the amounts restricted in reserves, the Board of Trustees have designated \$1,403,384 be set aside in a separate investment portfolio – see Note 4.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

10. COMMITMENTS

Operating Lease Agreements

The Library has entered into a number of operating lease agreements, mainly focused on facilities and equipment. Future minimum lease payments, excluding operating costs, over the next five years are as follows:

2016	\$1,152,098
2017	\$ 911,048
2018	\$ 701,123
2019	\$ 701,123
2020	\$ 639,572

Other Operating and Capital Commitments

The Library entered into a number of contracts and agreements for the delivery of goods and services during the year. The Library identified \$2.4 million in future commitments focused on the purchase and payment of library collections, furniture, equipment, vehicles, building operations and maintenance, lease fit up costs, software, signage, and library supplies.

The Library has adopted PS3260 Liability for Contaminated Sites and continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. During 2015, no potential remediation obligations have been identified.

11. PRESENTATION OF BUDGET INFORMATION

For presentation and comparison purposes, the original budget is used in the financial statements as approved by the Board of Trustees in January 2015 and City of Edmonton Council in April with the passing of Bylaw 17103 – 2015 Property Tax and Supplementary Property Tax Bylaw. Some of the approved Library operating budget information has been adjusted to include budget authorizations included in the City of Edmonton budget but available to the Library in funding its acquisition of tangible capital assets. The following identifies those items that have been adjusted for financial statement presentation purposes:

Statement of Operations:

	<u>OTHER - Government transfers for Capital</u>
Capital project financing as approved in the Library Operating Budget	\$ 8,546,315
<i>Adjustments:</i>	
Incremental 2015 funding identified in the approved Library capital budget (funding included in the City of Edmonton budget)	5,574,113
As reported in the Library Financial Statements	\$ 14,120,428

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

11. PRESENTATION OF BUDGET INFORMATION (continued)

Statement of Change in Net Financial Assets:

	<u>Acquisition of tangible capital assets</u>
2015 acquisition of tangible capital assets as approved in the Library Budget	\$ (8,546,315)
<i>Adjustments:</i>	
Incremental 2015 acquisition of tangible capital assets included in the approved Library capital budget	(5,574,113)
<u>As reported in the Library Financial Statements</u>	<u>\$ (14,120,428)</u>

12. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	<u>2015</u>	<u>2014</u>
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 40,240,685	\$ 38,227,480
Provincial Government		
Alberta Municipal Affairs - Per Capita Grant	4,872,489	4,264,293
Alberta Municipal Affairs - Metro Federation Grant	83,379	-
Alberta Municipal Affairs - Zinio Grant	47,880	-
Alberta Municipal Affairs - ME Card Project Grant	41,621	114,460
Alberta Justice and Attorney General - Safe Communities Innovation Fund	-	118,698
Alberta Municipal Affairs - Public Library Development Initiative	-	83,928
	<u>5,045,369</u>	<u>4,581,379</u>
	<u>45,286,054</u>	<u>42,808,859</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

12. GOVERNMENT TRANSFERS (continued)

	2015	2014
TRANSFERS FOR CAPITAL		
City of Edmonton	10,754,858	11,285,612
Provincial Government		
Alberta Cultural and Community Spirit - Major Community Facilities Program	-	2,480,527
Alberta Municipal Affairs - Municipal Sustainability Initiative	1,702,454	716,014
	12,457,312	14,482,153
TRANSFERS TO CITY OF EDMONTON		
	(21,825)	(1,818,776)
TOTAL GOVERNMENT TRANSFERS	\$ 57,721,541	\$ 55,472,236

Alberta Municipal Affairs – Per Capita Grant

The Library received an unconditional per capita operating grant from Alberta Municipal Affairs in support of the operations of the Library.

Alberta Municipal Affairs – Metro Federation Grant

Alberta Municipal Affairs provided a grant in support of costs incurred for delivery van costs for an interlibrary regional delivery service.

Alberta Municipal Affairs – Zinio Grant

The Library received a one-time grant in support of Zinio electronic subscription costs for public libraries.

Alberta Municipal Affairs – ME Card Project Grant

A provincial grant was provided for Provincial Network Libraries participating in ME Libraries/Alberta-wide borrowing system. The grant is used by the Library for costs associated with customer support, VMware infrastructure and storage, infrastructure staff support and development of marketing and promotional materials.

Alberta Municipal Affairs – Municipal Sustainability Initiative

In 2007, the Provincial government introduced the Municipality Sustainability Initiative (MSI) program to provide municipalities with sustainable funding. On behalf of the Library, the City of Edmonton administers this grant program and provides funding to the Library for capital expenditures.

Transfers to City of Edmonton

In 2015, \$21,825 (2014 - \$1,818,776) in funding held by the Library was transferred to the City of Edmonton for construction of a makerspace program room located at the City owned Stanley A. Milner Library.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

13. TRANSACTIONS WITH THE CITY OF EDMONTON

Certain administrative services provided to the Library by the City of Edmonton at no cost are not reflected in these financial statements.

In addition, the City of Edmonton owns eleven (11) libraries that are leased to the Library for a nominal amount of \$1 dollar. Two lease agreements exist with a minimum lease term of 5 years plus options to extend the lease up to a maximum of two additional 5 year terms. The Library is responsible for the operation, maintenance and rehabilitation and renewal of these facilities.

Interest revenue is net of \$74,570 (2014 – \$103,051) in interest expenses incurred by the City of Edmonton with respect to funds held on behalf of the Library.

14. PENSION AND LONG-TERM DISABILITY PLANS

Local Authorities Pension Plan

All employees of the Library are members of the Local Authorities Pension Plan (“LAPP”), which is one of the multi-employer plans subject to the Public Sector Pension Plans Act. The Library is required to make current service contributions to the LAPP of 14.84% (2014 – 11.39%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 15.84% (2014 – 15.84%) thereafter. Employees of the Library are required to make current service contributions of 10.39% (2014 – 10.39%) of pensionable salary up to YMPE and 11.39% (2014 – 14.84%) thereafter. Contributions for current service are recorded as expenditures in the year in which they become due. Total current service contributions by the Library to the LAPP in 2015 were \$2,892,589 (2014 – \$2,703,974). Total current service contributions by the employees of the Library to the LAPP in 2015 were \$2,656,858 (2014 – \$2,484,618).

City-Sponsored Pension Plan - Annuity Plan

The Library is a partner in a multi-employer City-Sponsored Pension Annuity Fund Plan that provided lifetime benefits to retired members and beneficiaries only. As of December 31, 2015 there are no longer any beneficiaries of this plan and the fund is closed to new members. The plan is being wound up and surplus funds attributable to the Library are not yet known. The surplus fund position is being held in trust by the City of Edmonton until the assets are distributed.

Long-term Disability Plan

The City of Edmonton administers a Long-Term Disability Plan on behalf of the Library. The Plan is available to permanent Library employees to provide protection against loss of income. The employee pays 100 per cent of the premium for the Plan.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2015

15. ADDITIONAL INFORMATION TO COMPLY WITH THE DISCLOSURE REQUIREMENT OF THE CHARITABLE FUNDRAISING ACT AND REGULATION

The following provides a summary of charitable contributions and expenses related to fundraising:

	<u>2015</u>	<u>2014</u>
Library donations received	\$ 493,593	\$ 448,516
CanadaHelps donations received on behalf of the Library	80,731	57,826
Edmonton Community Foundation donations received and contributed to the Library	64,571	84,903
EPL Fundraising Events and Sponsorship	398,575	130,734
Gross contributions	<u>1,037,470</u>	<u>721,979</u>
Remuneration paid to employees for fundraising	225,049	126,612
Expenses incurred for the purpose of fundraising	258,975	142,839
CanadaHelps service charges	2,882	2,254
Total Expenses	<u>486,906</u>	<u>271,705</u>
Net Contributions	<u>\$ 550,564</u>	<u>\$ 450,274</u>

The following provides a summary of how gross contributions were used by the Library:

	<u>2015</u>	<u>2014</u>
EPL Centennial Projects	\$ 977,784	\$ 684,255
Books and Library Materials	13,268	1,083
Library children's programming	43,393	32,081
Other	3,025	4,560
	<u>\$ 1,037,470</u>	<u>\$ 721,979</u>

16. COMPARATIVE FIGURES

Certain of the comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.

Bring my children to play or learn

Do homework or study (quiet area)



Use a computer or other technology

technology how to link, s

STATISTICS



THE CITY OF EDMONTON LIBRARY BOARD

General Library Data

For the Years Ended December 31, 2011-2015

(Unaudited)

	2015	2014	2013	2012	2011
Total FTE's (Note 1)	510.5	480.2	455.1	433.9	439.3
Total Free Programs Presented (Note 2)	16,175	13,532	15,799	12,172	10,935
Total Customer Questions Answered (Note 2)	2,314,525	2,536,000	2,478,267	2,266,394	1,450,316
Total Website Visits (Note 2)	8,980,915	8,838,449	9,001,450	8,786,348	9,033,029
Total In-Person visits (Note 2)	5,792,615	5,332,337	5,218,136	4,905,881	5,303,482
Total Public Internet Use (Note 2)	1,396,700	1,225,478	1,113,000	1,108,119	1,088,291
Program Attendance (Note 2)	421,663	353,476	327,118	282,702	251,324
Library Usage (Note 2)					
Physical Circulation	9,018,918	8,933,874	9,633,691	10,076,505	10,654,961
Electronic Usage	2,131,509	1,607,235	998,608	684,790	487,634
Memberships (Note 2)					
Active Memberships (Note 3)	266,679	240,597	228,000	No data	No data
New Memberships (Note 3)	76,985	70,059	61,845	No data	No data
Total Population (Note 4)	877,926	877,926	817,498	812,201	782,439

Notes:

1. Positions are stated in full time equivalents
2. Figures are per the Edmonton Public Library's 2011-2015 Annual Reports
3. No data was available on new or active memberships in 2011 and 2012
4. Population data are per the 2009, 2012 and 2014 City of Edmonton census. 2015 data is based on 2014 municipal census.

THE CITY OF EDMONTON LIBRARY BOARD

Revenue, Expense, Annual Surplus and Accumulated Surplus

For the Years Ended December 31, 2011 - 2015

(Unaudited)

	2015	2014	2013	2012	2011
Revenues by Source					
Government Transfers					
City of Edmonton	40,240,685	38,227,480	33,310,681	30,945,897	29,738,457
Provincial Government	5,045,369	4,581,379	4,646,603	4,576,979	4,391,491
Federal Government	-	-	-	5,511	5,881
Fines and Charges	955,586	917,078	1,031,153	992,959	968,522
Other	1,073,506	931,324	672,882	585,283	633,348
Annual Registration Fees	-	-	149,415	636,066	659,512
Donations	404,465	507,623	130,952	63,965	138,195
Gain on Disposal of Tangible Capital Assets	202,489	142,784	107,569	121,817	86,821
Interest	86,010	91,558	89,386	51,871	53,804
Total Revenues By Source	48,008,110	45,399,226	40,138,641	37,980,348	36,676,031
Expenses by Function					
Board	40,608	46,880	53,995	54,541	51,677
Administration	3,721,587	3,606,180	3,483,812	2,901,188	2,975,513
Branch Services	54,041,165	50,048,219	46,314,524	44,175,914	42,985,866
Total Expenses By Function	57,803,360	53,701,279	49,852,331	47,131,643	46,013,056
Excess of Revenues over Expenses before Other	(9,795,250)	(8,302,053)	(9,713,690)	(9,151,295)	(9,337,025)
Other					
Contributed tangible capital assets	275,527	59,396	187,645	70,848	-
Government Transfers for Capital	12,457,312	14,482,153	12,083,039	10,332,323	8,771,263
Transfer to the City of Edmonton	(21,825)	(1,818,776)	(1,326,869)	(1,492,654)	(261,193)
	12,711,014	12,722,773	10,943,815	8,910,517	8,510,070
Annual Surplus / Deficit	2,915,764	4,420,720	1,230,125	(240,778)	(826,955)
Accumulated Surplus, Beginning of Year	36,824,776	32,404,056	31,173,931	31,414,709	32,241,664
Accumulated Surplus, End of Year	39,740,540	36,824,776	32,404,056	31,173,931	31,414,709
Expenses by Object					
Salaries, Wages and Benefits	35,381,965	33,102,464	30,267,775	28,411,453	27,011,346
Amortization of tangible Capital Assets	9,833,796	9,368,889	9,337,022	9,766,741	9,910,412
Building Operations	2,758,461	2,592,499	2,303,566	2,450,943	2,615,087
Utilities and Other	3,105,240	2,971,168	2,897,382	2,854,883	2,778,849
Books and Library Materials	2,824,738	2,052,507	1,852,405	1,215,647	1,428,316
Material Goods and Supplies	2,076,539	1,989,404	1,638,784	1,467,369	930,944
Services	1,822,621	1,624,348	1,555,397	964,607	1,338,102
Total Expenses by Object	57,803,360	53,701,279	49,852,331	47,131,643	46,013,056

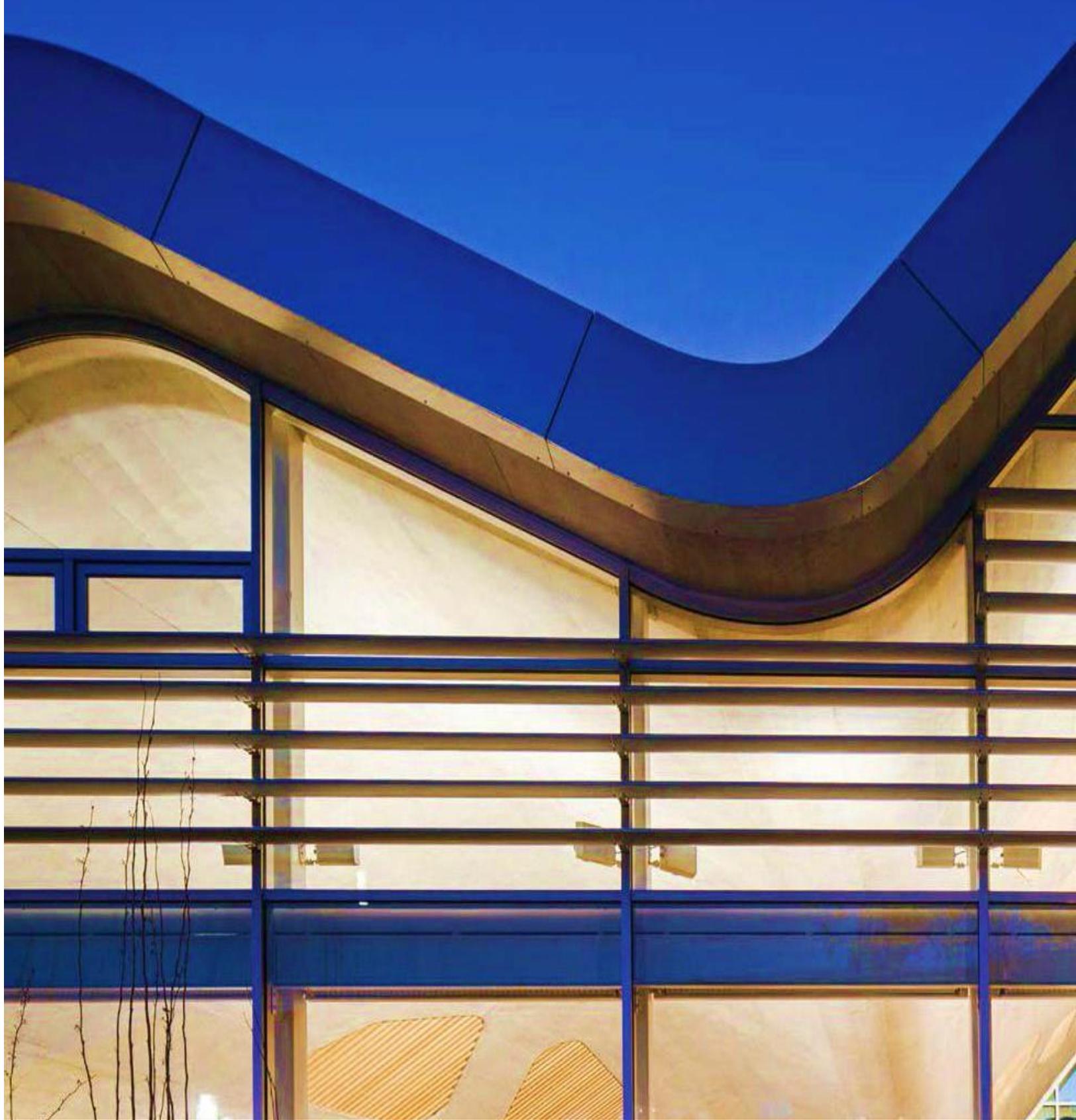
THE CITY OF EDMONTON LIBRARY BOARD

Addition of Tangible Capital Assets

For the Years Ended December 31, 2011 - 2015

(Unaudited)

Addition of Tangible Capital Assets	2015	2014	2013	2012	2011
Land	-	-	-	-	-
Land Improvements	-	-	-	-	-
Buildings	137,383	12,833	71,622	11,286	-
Leasehold Improvements	215,379	136,871	87,595	-	-
Library Materials	6,357,951	8,676,645	7,740,716	6,351,838	7,067,585
Machinery and Equipment	4,513,566	5,643,271	2,519,598	1,082,285	1,186,342
Vehicles	68,491	-	189,312	58,724	52,134
Assets Under Construction	120,765	(1,663,951)	1,379,059	35,896	228,576
Total Tangible Capital Asset Additions	11,413,535	12,805,669	11,987,902	7,540,029	8,534,637



EDMONTON PUBLIC LIBRARY



epl.ca

