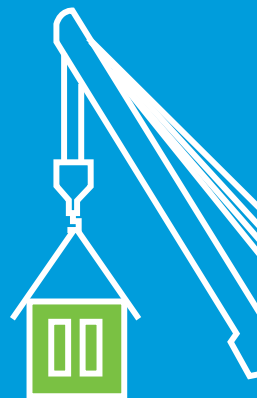


Building EPL

2016 Annual Report

THE CITY OF EDMONTON LIBRARY BOARD

Edmonton, Alberta, Canada | For the year ended December 31, 2016





ALL
THE
WORLD
IS A ~~STAGE~~
LIBRARY!

The City of Edmonton Library Board

Prepared by:

Financial Services and Marketing and
Communications Divisions

Suite 700, 10235 101 Street NW
Edmonton, Alberta T5J 3G1

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Introduction

Message from the Board Chair and Chief Executive Officer

Delivering amazing programs, providing exceptional customer service and embracing a community-led framework all resulted in another wildly successful year for the Edmonton Public Library in 2016.

We kicked the year off celebrating the importance of diverse learning opportunities for all through the City of Learners, and also provided numerous options for Edmontonians to develop a deeper understanding of reconciliation and its impacts through our Exploring Reconciliation Series. We began loaning out Wi-Fi Hotspots to break down the digital divide for Edmontonians without home Internet access and became more accessible to customers in the city's northeast, thanks to a brand new storefront space in McConachie.

Our library system was acknowledged with awards for design and technology innovation, while longtime supporter Mayor Don Iveson was the first person outside of the U.S. to win the Urban Libraries Council Urban Leader Award. Our Forward Thinking Speaker Series continued, and we officially started the revitalization of the downtown Stanley A. Milner Library, initiating its temporary move to Enterprise Square.

With more branches, memberships and programs than ever before, EPL is expanding both reach and impact, truly building the best library of today into the best of tomorrow. We are able to lead in our ever-changing environment thanks to our staff, Board of Trustees, City Council, provincial government, donors and customers.

Thank you for your continuous passion and unwavering support.
Spread the words.



Brian Heidecker
Chair, EPL Board of Trustees



Pilar Martinez
Chief Executive Officer, EPL

EPL Profile

The Edmonton Public Library (EPL) has come a long way from its humble beginnings in 1913 above a meat and liquor store, when books were all that could be found on the shelves. Today EPL is the second most visited place in Edmonton and the largest lender of all manner of information and entertainment at its 20 library branches and online website. EPL has grown from a place for books to a place where professionally trained staff take customers beyond Google with the knowledge, discernment and desire to help navigate a universe of information.

EPL operates under the authority of the Libraries Act of Alberta and is governed by an independent Board which reports to Council of the City of Edmonton. It 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 516.6 full time equivalent positions, over 13.9 million 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. EPL delivers incredible content to Edmontonians everywhere – in the library, at home or on handheld devices. Unmatched access and unrivalled value – that is today's EPL.

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, financial and administrative Board policies are in place to guide the operations of the Library, and that risks are identified and managed to acceptable levels. 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 2016



Dr. Brian Heidecker,
Chair



Mr. Nazir Mulji,
Vice-Chair



Mr. Jay Ball



Councillor
Ben Henderson



Ms. Jennifer Huntley



Ms. Miranda Jimmy



Dr. Sherrill Johnson



Mrs. Zainul Mawji



Ms. Jill Scheyk



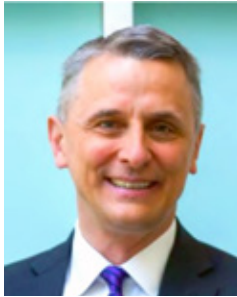
Dr. Fern Snart

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 supporting the Board in meeting their fiduciary responsibilities. The following provides an overview of the five member Executive Team and organizational structure.

EPL's Executive Team for 2016



Pilar Martinez
Chief Executive Officer



Gastone Monai
Chief Financial Officer



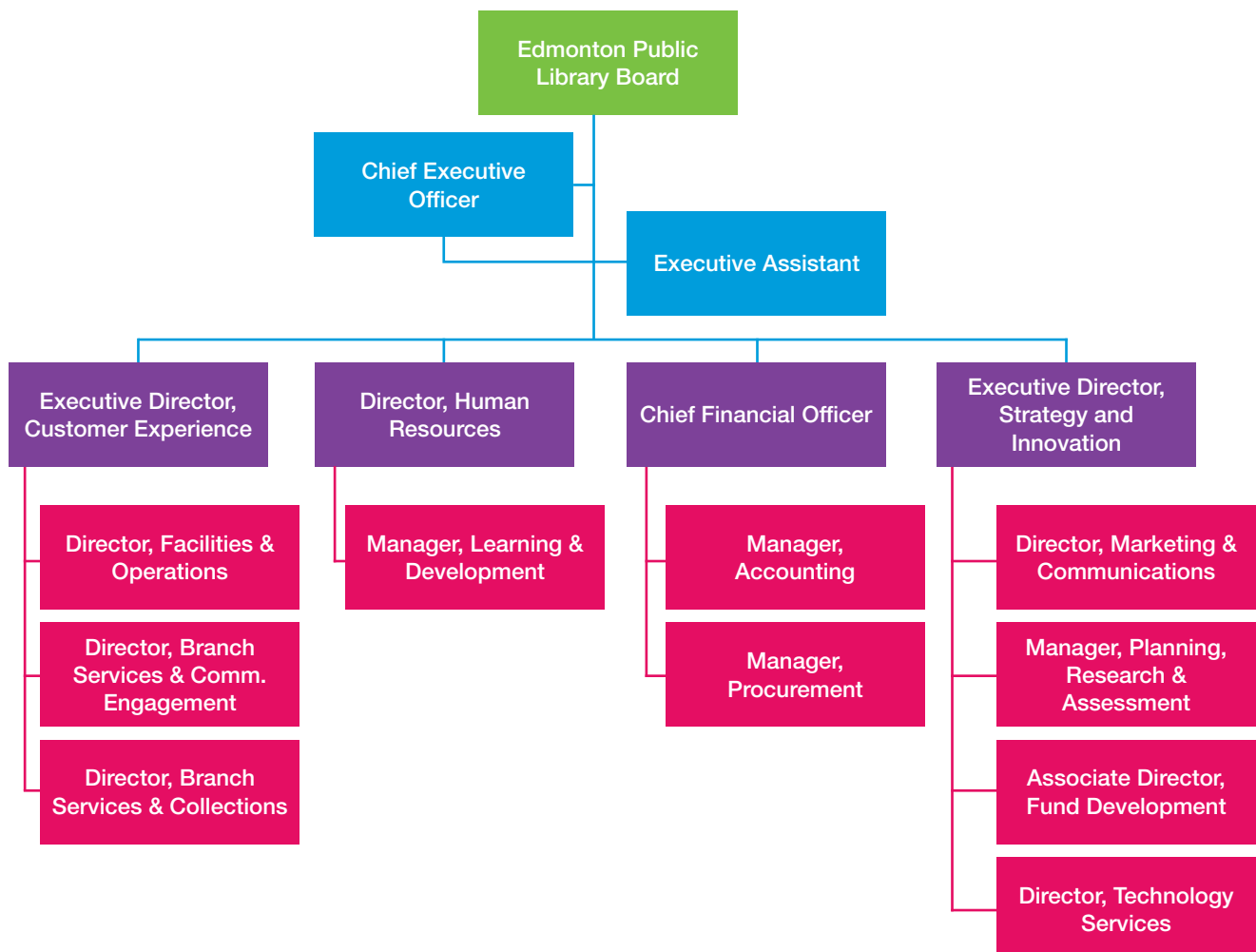
Mike Lewis
Director HR Services



Tina Thomas
Executive Director,
Strategy & Innovation



Linda Garvin
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.

Year in Review

Transform Communities

EPL continued to expand impact and reach in 2016 by opening a 20th branch in the northeast neighbourhood of McConachie. We also broke ground for our new Calder Branch, moved our downtown location to Enterprise Square and began the three-year revitalization of the Stanley A. Milner Library.

Our Exploring Reconciliation series offered over 1,000 people the opportunity to participate in book clubs, hear Indigenous community leaders like Dr. Patti Laboucane-Benson speak, watch film screenings of *FrontRunners* and *Unforgotten*, and more. We also acknowledged both National Metis Week and the anniversary of the Truth and Reconciliation Report and Calls to Action.

Food4Fines brought 2,709 customers into our branches, including 155 who had not used the library in over a year. Meanwhile, three outreach workers continued to provide social support services to at-risk visitors, Community Librarians held 959 meetings with community organizations and stakeholders, and settlement service practitioners helped 1,338 newcomers establish new roots. At our second-ever Downtown Community Services Resource Fair with partners at City Hall, 59 exhibitors and more than 300 attendees connected and shared knowledge around available services for vulnerable people in the inner city.

A total of 9,240 Edmonton newborns received our Welcome Baby kits brimming with early literacy tools, and 22,660 attendees enjoyed 790 programs delivered across the city by all four epl2go Literacy Vans.

265,605
EDMONTONIANS
— used their —



16.9 million
IN-PERSON
— & —
VIRTUAL
visits



12 million



items borrowed



 **SOMEONE
BORROWED
from EPL**



Evolve Our Digital Environment



In 2016, Edmontonians checked out 19 per cent more eBooks, digital newspapers and magazines, and eAudiobooks, as well as digital movies, TV shows and songs – totaling over 3.2 million electronic resources. As well, customers continued to embrace new ways of learning as we saw a 90% uptake in free online courses and tutorials, translating into 704,881 sessions through Lynda.com, Mango Language Learning, Gale Courses and more.

Over 200 people signed up for the 10-part *Understanding Video Games* class to learn more about video games and their impact, while another 300 attended workshops and a hackathon at the inaugural Alberta Open Data Summit. Cardholders also began to borrow 40 Wi-Fi Hotspots, which we targeted at the 116,000 Edmontonians without home Internet access.

On top of adding videos and launching a podcast with CKUA, the artists, albums and songs on Capital City Records were streamed and downloaded 14,330 times. In the makerspace, there were 6,018 sound booth sessions, 1,315 prints on the Espresso Book Machine and 6,500 creations on the 3D printers.

11
million
visits to
epl.ca



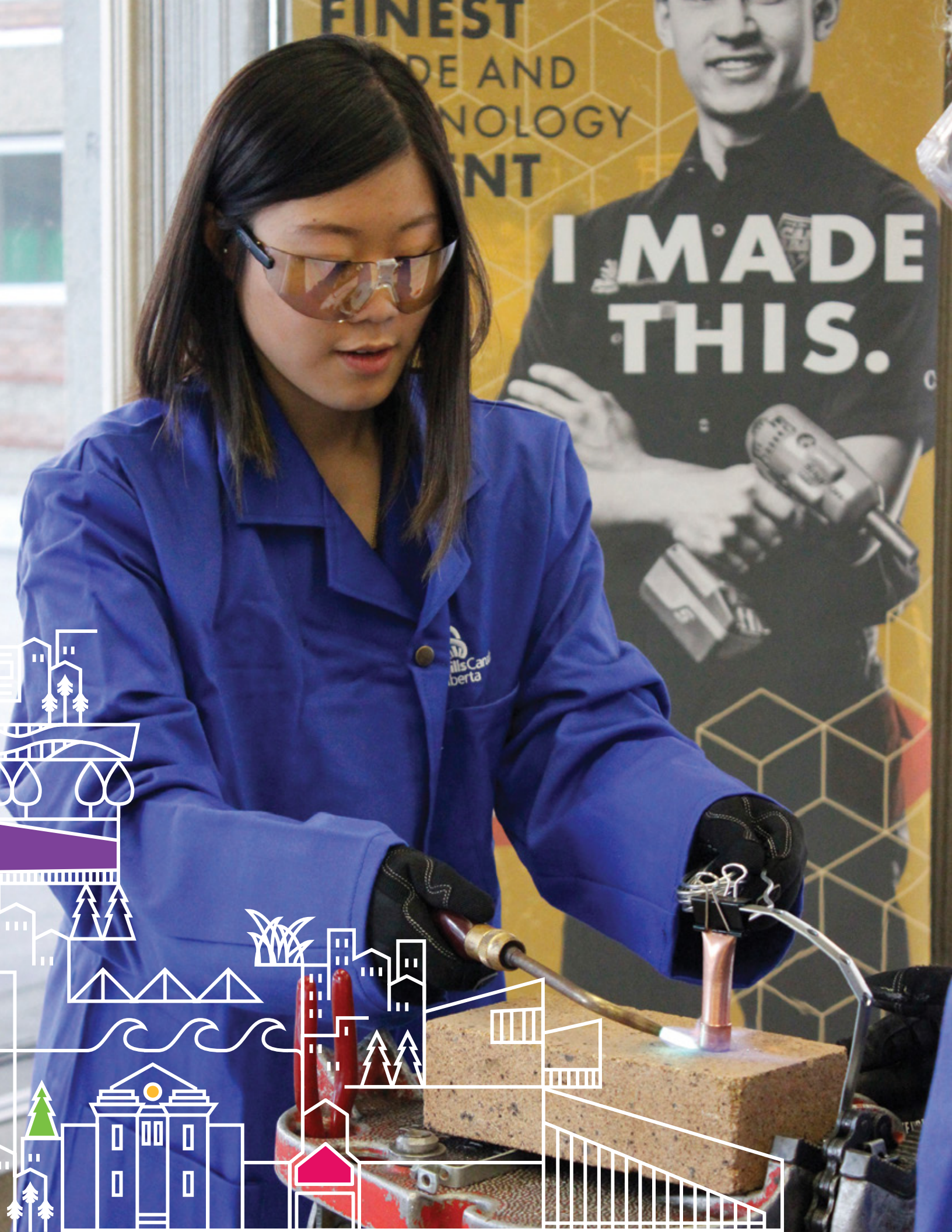
EPL 
SHARED
over **12.8**
million
DIGITAL
ITEMS 
with Edmontonians

Free
WiFi
at all **20**
EPL
LOCATIONS



3,341
DAILY
WiFi
SESSIONS





Act as a Catalyst for Learning, Discovery and Creating

Over 2,600 people attended EPL's 2016 Forward Thinking Speaker Series events:

- Dr. Reza Aslan – Fear Inc: Confronting Islamophobia in North America
- Dr. Tim Beatley – Becoming a Biophilic City
- Karina LeBlanc – Making Every Moment Count
- Brian Burke and Anastasia Bucsis – LGBTQ (ac)counts in Sports
- Paula Simons – Digital Disruption and the Discourse of Democracy
- Sir Salmon Rushdie – Freedom of Expression
- Mayors Don Iveson and Naheed Nenshi – Mayors' Forum: Building Strong Communities

We also focused on the importance of diverse learning opportunities, kickstarting our City of Learners initiative with an awesome #3SkillsYEG challenge that invited Edmontonians to learn three new skills. We hosted 17 workshops during the challenge, with 11 learning champions inspiring and guiding others along the way. Maker Day was also a huge success, with over 3,100 participants gathering for a day of demonstrations and workshops on everything from molecular gastronomy, jewelry making to metalworking.

4,659

STAFF
TRAINING
HOURS

EPL
— IS THE —

PLACE
in Edmonton
— FOR FREE —


computer
use and training

 20,183
FREE
programs
ATTENDED
491,572 times



Transition the Way We Do Business

We became a benefactor of a group of vibrant, engaged and creative Edmontonians, with membership-based Anthology supporting us by raising more than \$85,000 for EPL in 2016. Other fundraising included over \$148,000 at our ever-popular Books2Buy sales, over \$108,000 from our Forward Thinking Speaker Series and more than \$190,000 at our 10th annual Books2Eat Gala.

We are over halfway to our \$10 million fundraising goal for the revitalization of the Stanley A. Milner Library thanks to these generous donors, as well as \$1 million gifts from Stanley A. Milner and The Muttart Foundation.

Awards

- Urban Libraries Council Urban Leader Award – Mayor Don Iveson
- SABMag/eco House Canada/Canada Green Building Council Green Building Award – Jasper Place Library
- Customers of SirsiDynix Users Group Inc. (COSUGI) Library Marketing Award – ME Libraries
- Library Association of Alberta President's Award – CEO Pilar Martinez
- Canadian Library Association OCLC Award for Innovative Technology – Capital City Records
- American Library Association/International Interior Design Association Library Interior Design Award – Mill Woods Branch
- Canadian Award for Financial Reporting

464 
VOLUNTEERS

DONATED
8,635
→ hours

OVER
\$3.8
MILLION
RAISED



to

SUPPORT

EPL



Imagine Milner

The revitalization of EPL's downtown branch got underway in 2016, as the Stanley A. Milner Library began its move to a temporary home at Enterprise Square, which opened in January 2017.

Prior to the move we spent time finalizing the detailed design, which includes a children's library more than three times the previous space, a much larger makerspace, new spaces for creative activities, a high-tech theatre, a ventilated space for Indigenous ceremonies, a multi-storey interactive digital display wall and much more.

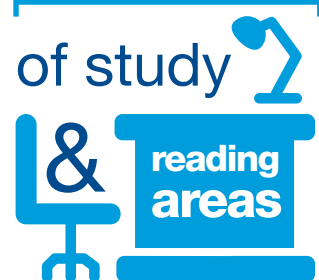
Edmontonians left their mark on the Milner Library before we closed its doors. Over 4,000 guests bid a colourful and fun farewell at our Graffiti Open House, leaving behind artwork that amazed, quotes that inspired, and memories that showed the impact and importance of the 50-year-old library.



**1.2 million
VISITS
each year**

to the **MILNER
LIBRARY**

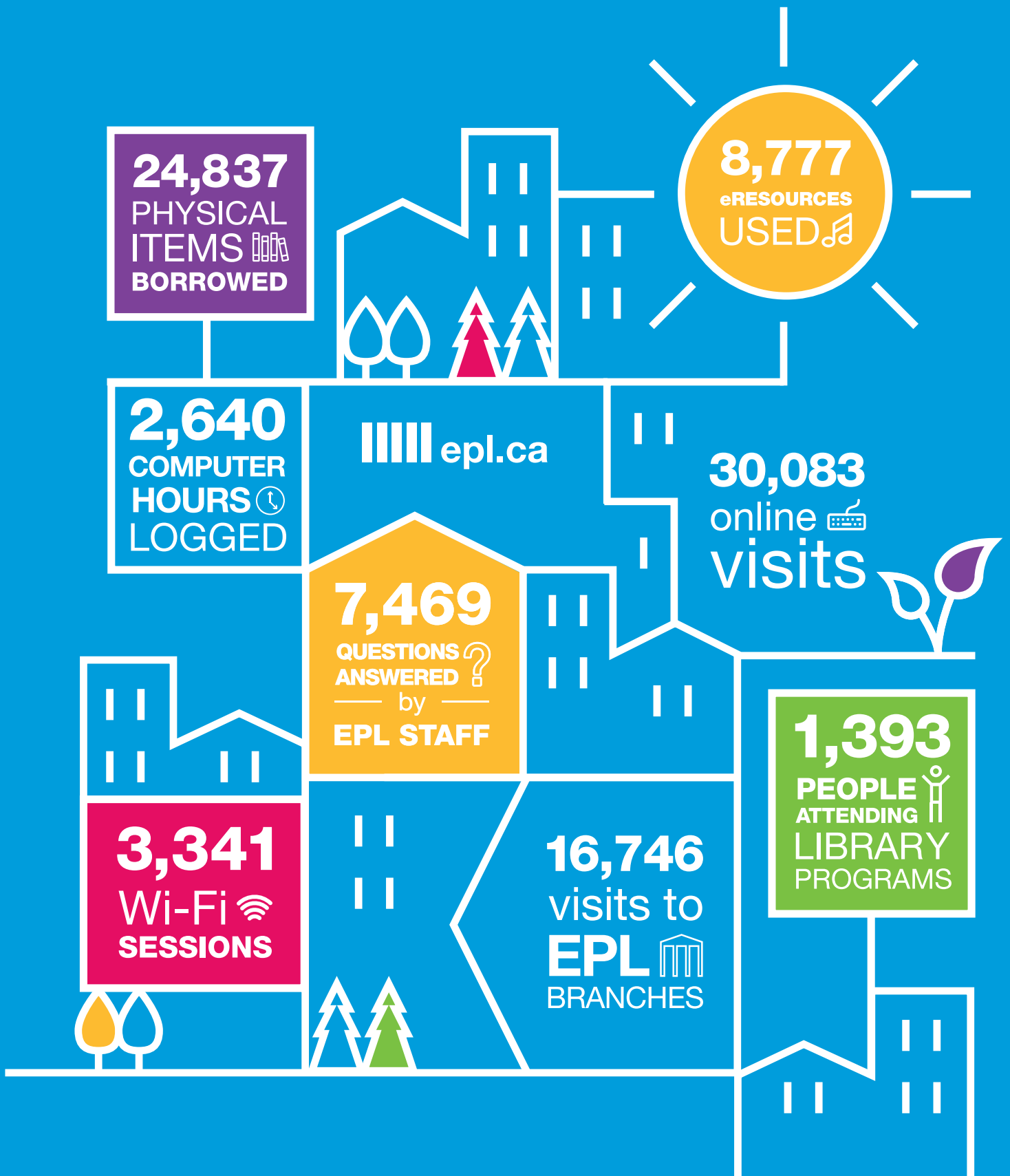
**ADDITIONAL
4,000 ft²**



**OVER 2,500
SQUARE FEET
of added**



On an average day in 2016,
there were...





Financial Information

Canadian Award for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Canadian Award for Financial Reporting to the City of Edmonton Library Board for its annual financial report the fiscal year ended December 31, 2015. The Canadian Award for Financial Reporting program was established to encourage municipal governments throughout Canada to publish high quality financial reports and to provide peer recognition and technical guidance for officials preparing these reports.

In order to be awarded a Canadian Award for Financial Reporting, a government unit must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. Such reports should go beyond the minimum requirements of generally accepted accounting principles and demonstrate an effort to clearly communicate the municipal government's financial picture, enhance an understanding of financial reporting by municipal governments and address user needs.

A Canadian Award for Financial Reporting is valid for a period of one year only. EPL believes its current report continues to conform to the Canadian Award for Financial Reporting program requirements, and we are submitting it to GFOA.



Government Finance Officers Association

Canadian Award for Financial Reporting

Presented to

**The City of Edmonton
Library Board, Alberta**

For its Annual
Financial Report
for the Year Ended

December 31, 2015

Executive Director/CEO

Financial Highlights

Report from the Chief Financial Officer



Gastone Monai, CPA, CMA
Chief Financial Officer

The City of Edmonton Library Board 2016 Annual Financial Statements provides EPL the opportunity to communicate and share information on EPL's financial performance over this last year.

As a public sector organization, 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. The financial statements have been prepared by Management and 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.

2016 Financial Highlights

In 2016, EPL continued to maintain a strong financial position to sustain the resources needed to deliver existing and new public library services included in the approved EPL business plan. EPL's major funder, the City of Edmonton City Council, the Government of Alberta, sponsors and donors, continue to support and acknowledge the importance of public libraries in the community which contributes to EPL's success.

The following provides an overview of EPL's financial position for the period ended 2016.

Statement of Financial Position

The Statement of Financial Position provides an overview of EPL's financial assets, liabilities, non-financial assets 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 strong financial position. At the end of 2016 financial assets were \$21.1 million, an increase of \$5.6 million from 2015 due to short-term investments.
- EPL's liabilities increased by \$4.8 million in 2016 to \$17.6 million primarily due to amounts owed to the City of Edmonton. EPL does not maintain any long-term debt.
- Non-financial assets include tangible capital assets, inventories and prepaid expenses. The 2016 balance was \$34.9 million, a decrease of \$2.1 million from 2015. The decrease was due to a reduction of tangible capital assets acquisitions related to library materials and information technology infrastructure.
- Accumulated surplus decreased by \$1.2 million to \$38.5 million primarily due to lower net tangible capital assets. EPL's accumulated surplus consists of \$33.2 million investment in tangible capital assets, \$4.7 million in reserves held for future expenditures and \$0.6 million in unrestricted accumulated surplus.

Statement of Operations

The Statement of Operations identifies EPL's revenues, expenses and changes to EPL's accumulated surplus. Revenues increased by \$2.2 million over 2015 to \$50.2 million primarily as a result of an increase in City grant revenues. Expenses increased by \$3.0 million to \$60.9 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 declined by \$3.2 million to \$9.4 million as a result of a decrease in asset acquisitions in 2016.

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 2016, EPL's net financial assets increased by \$0.9 million to \$3.6 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 \$5 million in additional cash from 2015 for a total of \$18.9 million in cash and temporary investments.

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, 2016 amount to \$33.2 million, a decrease of \$1.7 million primarily due to amortization expense exceeding new tangible assets additions in 2016.

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 lower than budgeted by \$2.8 million on a \$52.9 million total budget. This was primarily due to lower than planned fundraising and donation revenues recognized in the year. This excludes pledges of \$2.2 million which will be received and recognized in future years.
- Expenses were higher than planned by \$0.9 million (\$60.0 million budget) primarily due to higher than planned amortization expense and books and library materials expenses.
- Other items were \$1.2 million lower than budget (\$10.7 million total budget) primarily due to delays in tangible capital assets purchases in 2016.

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 EPL Board of Trustees 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 during regular board meetings throughout the year, the Board is responsible for reviewing and approving Management's recommended plans, operating and capital budgets, financial statements and financial performance reports, and risk matters with mitigating strategies.

The Board has established a Finance and Audit Committee to 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 for 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. In December 2015, City Council implemented a three-year (multi-year) budget process. The approved funding to EPL resulted in a 3.6% increase in City funding 2016, 4.5% increase in City funding in 2017, and a 4.2% increase in City funding 2018. Although City funding has been secured for fiscal years 2016 to 2018, EPL must still obtain approval for resource allocation 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. The capital budget is funded through a variety of sources such as City transfers, government grants and funding from EPL operations.

Accounting

EPL is organized into various service delivery areas, each responsible for managing resources in the delivery of service to customers. EPL manages the accounting function through a centralized Financial Services Division, which provides the following 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 Management throughout the year and revisions are made as necessary. The Board of Trustees is provided with annual updates on internal controls.

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 engaged 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 Finance and Audit Committee along with the financial statements. Based on the Finance and Audit Committees' review, the Financial Statements are then formally approved by the Board of Trustees.

Risk Management

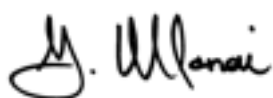
Working with the Board's Finance and Audit Committee, EPL proactively manages corporate risk on an ongoing basis, developing strategies to minimize impact on the organization. Key areas of current focus are technology and data security, EPL's Stanley A. Milner capital project and fundraising.

Future Outlook

EPL is in a sound financial position to maintain and grow public library services to customers. EPL is seen as a leader in public library services and continues to be recognized as innovative and forwarding thinking, as supported through awards provided to the organization. One of EPL's most prestigious awards, the 2014 Library of the Year, continues to inspire EPL to be the absolute best for all of its customers. EPL's mission, vision and strategic goals guide the Library in developing relevant and diverse programs for all ages. In 2017, EPL will be reviewing its strategic plan, vision, mission and values to position EPL in ensuring future library services and programs are relevant and well used by customers. EPL continues to have an impact on the economic, social and cultural foundation of Edmonton and contributes to the betterment of people, our communities and our future as in outlined in the City's vision, "The Way Ahead".

A major project that EPL will be undertaking over the next four years is the revitalization of the downtown branch. When complete the Stanley A. Milner Library will be a state-of-the-art facility that will boast an expanded children's library, additional quiet study and community meeting spaces, a large making and creating space, and a multi-study interactive digital display and simulation wall. EPL has committed to raising \$10 million from the community to fund the project, which is a large undertaking, especially in a recessionary environment. However, through careful planning and ongoing work in community fundraising, EPL is confident that the funds will be raised.

With this passion for delivering the best, EPL acknowledges the need to look at efficiencies and effectiveness in the delivery of services in the future. In 2017 and 2018, EPL is targeting \$0.8 million in cost savings and operational efficiencies that will allow reinvestment in new initiatives such as 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 allow the organization to strategically position itself for the long term.



Gastone Monai, CPA, CMA
Chief Financial Officer
March 16, 2017

Management's Report

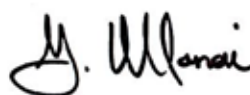
The City of Edmonton Library Board management is responsible for the integrity of the accompanying financial statements. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily includes 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



Gastone Monai, CMA
Chief Financial Officer

Spread the words.



KPMG LLP
2200, 10175 - 101 Street
Edmonton AB T5J 0H3
Canada
Telephone (780) 429-7300
Fax (780) 429-7379

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, 2016, 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, 2016, 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 14, 2017
Edmonton, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Financial Position

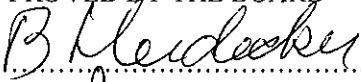
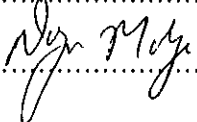
December 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 18,884,508	\$ 13,890,709
Accounts receivable	63,028	67,544
Goods and services tax rebate receivable	246,179	135,664
Investments (Note 4)	1,944,529	1,403,384
	<u>21,138,244</u>	<u>15,497,301</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,845,988	4,237,514
Due to the City of Edmonton (Note 5)	10,546,437	5,760,898
Deferred revenue (Note 6)	964,071	655,622
Employee benefit obligations (Note 7)	2,199,962	2,151,861
	<u>17,556,458</u>	<u>12,805,895</u>
NET FINANCIAL ASSETS	<u>3,581,786</u>	<u>2,691,406</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	33,197,150	34,858,459
Inventory for consumption	266,358	262,511
Prepaid expenses	1,484,960	1,928,164
	<u>34,948,468</u>	<u>37,049,134</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 38,530,254</u>	<u>\$ 39,740,540</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, 2016

	<u>Budget</u> <u>(Note 11)</u>	<u>2016</u>	<u>2015</u>
REVENUE			
Government transfers (Note 12)			
City of Edmonton	\$ 42,359,514	\$ 42,359,514	\$ 40,240,685
Provincial Government	4,956,418	5,067,223	5,045,369
Fines and charges	962,834	888,361	955,586
Donations	2,989,806	505,698	404,465
Gain on disposal of tangible capital assets	150,000	152,796	202,489
Interest (Note 13)	50,000	131,473	86,010
Other	1,451,320	1,049,356	1,073,506
	52,919,892	50,154,421	48,008,110
EXPENSES			
Salaries, wages and benefits	37,232,369	37,228,134	35,381,965
Amortization of tangible capital assets	9,901,736	10,060,148	9,833,796
Books and library materials	2,049,661	3,212,694	2,824,738
Utilities and other	3,343,689	3,104,821	3,105,240
Building operations	2,887,155	2,960,023	2,758,461
Services	2,509,565	2,202,240	1,822,621
Material goods and supplies	2,075,156	2,082,876	2,076,539
	59,999,331	60,850,936	57,803,360
(SHORTFALL) OF REVENUE OVER EXPENSES			
BEFORE OTHER	(7,079,439)	(10,696,515)	(9,795,250)
OTHER			
Contributed tangible capital assets (Note 8)	-	563,540	275,527
Government transfers for capital (Note 12)	10,669,738	9,115,933	12,457,312
Transfers to City of Edmonton for capital (Note 12)	-	(193,244)	(21,825)
	10,669,738	9,486,229	12,711,014
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	3,590,299	(1,210,286)	2,915,764
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	39,740,540	39,740,540	36,824,776
ACCUMULATED SURPLUS, END OF YEAR	\$ 43,330,839	\$ 38,530,254	\$ 39,740,540

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, 2016

	<u>Budget</u> <u>(Note 11)</u>	<u>2016</u>	<u>2015</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 3,590,299	\$ (1,210,286)	\$ 2,915,764
Acquisition of tangible capital assets	(10,669,738)	(7,835,299)	(11,138,008)
Contributed tangible capital assets	-	(563,540)	(275,527)
Proceeds on disposal of tangible capital assets	150,000	152,796	202,489
Amortization of tangible capital assets	9,901,736	10,060,148	9,833,796
Gain on disposal of tangible capital assets	(150,000)	(152,796)	(202,489)
	(768,002)	1,661,309	(1,579,739)
Net (acquisition) use of inventory for consumption	-	(3,847)	35,611
Net use (acquisition) of prepaid assets	-	443,204	(293,667)
	-	439,357	(258,056)
INCREASE IN NET FINANCIAL ASSETS	2,822,297	890,380	1,077,969
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,691,406	2,691,406	1,613,437
NET FINANCIAL ASSETS, END OF YEAR	\$ 5,513,703	\$ 3,581,786	\$ 2,691,406

See accompanying notes to the financial statements.

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Cash Flow

For the Year ended December 31, 2016

	2016	2015
NET INFLOW (OUTFLOW) OF CASH AND TEMPORARY INVESTMENTS		
OPERATING ACTIVITIES		
Excess (Shortfall) of revenue over expenses	\$ (1,210,286)	\$ 2,915,764
Items not affecting cash		
Contributed tangible capital assets	(563,540)	(275,527)
Amortization of tangible capital assets	10,060,148	9,833,796
Gain on disposal of tangible capital assets	(152,796)	(202,489)
Changes in non-cash operating working capital items:		
Accounts receivable	4,516	(22,417)
Goods and services tax rebate receivable	(110,515)	9,738
Accounts payable and accrued liabilities	(391,526)	1,050,903
Deferred revenue	308,449	(27,436)
Employee benefit obligations	48,101	(132,252)
Inventory for consumption	(3,847)	35,611
Prepaid expenses	443,204	(293,667)
Cash provided by operating transactions	8,431,908	12,892,024
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,835,299)	(11,138,008)
Proceeds on disposal of tangible capital assets	152,796	202,489
Cash applied to capital transactions	(7,682,503)	(10,935,519)
INVESTING AND FINANCING ACTIVITIES		
Changes in non-cash operating working capital items:		
Due to the City of Edmonton	4,785,539	(224,323)
Change in investments	(541,145)	(1,403,384)
Cash provided by (applied to) investing and financing activities	4,244,394	(1,627,707)
CHANGES IN CASH AND TEMPORARY INVESTMENTS DURING THE YEAR	4,993,799	328,798
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	13,890,709	13,561,911
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 18,884,508	\$ 13,890,709

See accompanying notes to financial statements.

THE CITY OF EDMONTON LIBRARY BOARD
Schedule of Tangible Capital Assets
December 31, 2016

	Land	Land Improvements	Buildings	Leasehold Improvements	Library Materials	Machinery and Equipment	Vehicles	Assets Under Construction	2016	2015
COST										
Balance, beginning 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
Acquisition and contribution of tangible capital assets	-	-	-	834,052	5,954,132	1,589,162	159,169	(137,676)	8,398,839	11,413,535
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,067,585)	(918,083)	(52,134)	-	(8,037,802)	(8,313,703)
Balance, end of year	1	504,262	4,313,062	1,898,821	35,081,282	18,361,087	475,696	9,706	60,643,917	60,282,880
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	191,619	1,767,757	421,585	17,916,260	4,937,667	189,533	-	25,424,421	23,904,328
Annual amortization	-	20,171	191,257	207,478	7,127,598	2,429,209	84,435	-	10,060,148	9,833,796
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,067,585)	(918,083)	(52,134)	-	(8,037,802)	(8,313,703)
Balance, end of year	-	211,790	1,959,014	629,063	17,976,273	6,448,793	221,834	-	27,446,767	25,424,421
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1	\$ 292,472	\$ 2,354,048	\$ 1,269,758	\$ 17,105,009	\$ 11,912,294	\$ 253,862	\$ 9,706	\$ 33,197,150	\$ 34,858,459

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

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 20 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. Contributions from landlords for lease and contract incentives are amortized over the term of the respective agreement.

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 temporary investments

Cash and temporary investments are recorded at cost less any amount for permanent impairment.

Investments

Investments are recorded at amortized cost less any amount for permanent impairment. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investment.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

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. Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned. The library does not capitalize interest costs associated with the acquisition or construction of a capital 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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory for consumption

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

Cultural, historical tangible capital assets and works of art

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 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 for consumption, 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. Unless otherwise noted, the carrying value of the Library's financial instruments approximate fair value. It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Future Accounting Standard Pronouncements

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

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standard Pronouncements (continued)

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.

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.

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.

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.

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.

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.

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.

Financial Statement Presentation

PS1201, Financial Statement Presentation, has been amended to include a new statement that discloses unrealized gains and losses arising from the remeasurement of financial instruments and foreign currency items, as well as government's share of comprehensive income. Adoption required on or after April 1, 2019.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standard Pronouncements (continued)

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.

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.

Portfolio Investments

PS3041, Portfolio Investments establishes standards on how to account for and report portfolio investments in government financial statements. Adoption required on or after April 1, 2019, or effective when Sections PS1201, PS2601 and PS3450 are adopted.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2016</u>	<u>2015</u>
Cash	\$ 128,192	\$ 315,953
Temporary investments	18,756,316	13,574,756
	<u>\$ 18,884,508</u>	<u>\$ 13,890,709</u>

Temporary investments consist of guarantee investment certificates that are highly liquid, cashable after 30 days and fixed term GIC's that have a maximum term that matures within one year. These investments are recorded at cost, which approximates market value, and have a weighted average interest rate of 1.12% (2015 – 1.10%). Temporary investments are capable of being liquidated and are intended to be used to manage the Library's cash position throughout the year.

4. INVESTMENTS

Term Deposits	\$ 1,944,529	\$ 1,403,384
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Investments consist of guaranteed investment certificates with a weighted average interest rate of 1.41% (2015 – 1.41%) and maturity dates of May 2, 2018 and November 27, 2018. The amounts are recorded at cost plus any accrued interest earned to the end of December 31, 2016.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

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 0.811% (2015 – 0.880%).

6. DEFERRED REVENUE

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

	December 31, 2015	Externally restricted contributions received	Revenue earned	December 31, 2016
Milner Library Renewal Project	\$ 14,724	\$ 792,917	\$ (200,000)	\$607,641
O. Kukulis Estate	210,841	2,197	-	213,038
Lease and Contract Incentives	-	92,090	(12,014)	80,076
EPL Centennial Projects	333,990	187,271	(479,039)	42,222
Other	22,477	28,570	(29,953)	21,094
Strang McCardell Estate/Library	73,590	7,417	(81,007)	-
	<u>\$655,622</u>	<u>\$ 1,110,462</u>	<u>\$ (802,013)</u>	<u>\$964,071</u>

7. EMPLOYEE BENEFIT OBLIGATIONS

	2016	2015
Accrued vacation	\$ 1,493,757	\$ 1,508,874
Post-employment benefits	495,998	454,188
Health care spending	164,084	141,103
Income replacement plan	37,300	41,800
Banked overtime	8,823	5,896
	<u>\$ 2,199,962</u>	<u>\$ 2,151,861</u>

The Library participates in major medical, dental and other 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, 2016 was completed by Aon Hewitt regarding the continuation of benefit coverage while eligible employees are on long-term disability.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

The discount rate used in the valuation is 2.00% (2015 – 2.25%). The accrued benefit obligation as at December 31, 2016 is \$467,475 (2015 - \$426,900).

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. Eligible medical obligations for 2016 were \$22,407 (2015 - \$22,921) and eligible dental obligations for 2016 were \$6,116 (2015 - \$4,367).

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, 2016, completed by Aon Hewitt. Significant assumptions used in the valuation include a discount rate of 1.25% (2015 – 1.25%) and an annual inflation rate of 2.00% (2015 – 2.25%).

The Library participates in a Group Life Insurance Plan, funded equally by employer and employees. The Plan is administered by Great West Life.

All permanent employees are entitled to a health care spending account providing reimbursement up to established limits for eligible expenses not covered under the Supplementary Health Care and Dental Plans. An estimate has been included in 2016 expenses of amounts not used in the current year that are eligible to be carried forward under the terms of the plan.

8. TANGIBLE CAPITAL ASSETS

	<u>Net Book Value</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 1	\$ 1
Land improvements	292,472	312,643
Buildings	2,354,048	2,545,305
Leasehold improvements	1,269,758	643,184
Library materials	17,105,009	18,278,475
Machinery and equipment	11,912,294	12,752,341
Vehicles	253,862	179,128
	33,187,444	34,711,077
Assets under construction	9,706	147,382
	\$ 33,197,150	\$ 34,858,459

In 2016, the Library recorded \$563,460 (2015 – \$275,527) in contributed assets, of which \$193,244 (2015 - \$21,825) was transferred to the City of Edmonton for capital work and \$370,296 (2015 - \$0) which is currently recorded under machinery and equipment, vehicles and 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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

9. ACCUMULATED SURPLUS

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

	<u>2016</u>	<u>2015</u>
Unrestricted surplus	\$ 637,123	\$ 637,123
Reserves for future expenditures		
Library projects for facilities, technology, furniture and equipment	193,286	841,834
Library centennial and Milner Library Renewal projects	4,502,695	3,403,124
	<u>4,695,981</u>	<u>4,244,958</u>
Equity in tangible capital assets	33,197,150	34,858,459
	<u>\$ 38,530,254</u>	<u>\$ 39,740,540</u>

Of the amounts restricted in reserves, the Board of Trustees have designated \$1,944,529 be set aside in separate investment portfolios – see Note 4.

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:

2017	\$ 1,493,813
2018	\$ 1,216,942
2019	\$ 1,137,782
2020	\$ 769,518
2021	\$ 580,838

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 \$0.5 million in future commitments focused on the purchase and payment of library collections, furniture, equipment, building operations and maintenance, software, library programming and library supplies.

The Library continues to review environmental objectives and liabilities for its activities and properties as well as any potential reclamation obligations. During 2016, no potential remediation obligations have been identified.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

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 2016 and City of Edmonton Council in April with the passing of Bylaw 17532 – 2016 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	\$ 8,093,486
<i>Adjustments:</i>	
Incremental 2016 funding identified in the approved Library capital budget (funding included in the City of Edmonton budget)	2,576,252
<u>As reported in the Library Financial Statements</u>	<u>\$ 10,669,738</u>

Statement of Change in Net Financial Assets:

	<u>Acquisition of tangible capital assets</u>
2016 acquisition of tangible capital assets as approved in the Library Budget	\$ (8,093,486)
<i>Adjustments:</i>	
Incremental 2016 acquisition of tangible capital assets included in the approved Library capital budget	(2,576,252)
<u>As reported in the Library Financial Statements</u>	<u>\$ (10,669,738)</u>

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

12. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	<u>2016</u>	<u>2015</u>
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 42,359,514	\$ 40,240,685
Provincial Government		
Alberta Municipal Affairs - Per Capita Grant	4,872,489	4,872,489
Alberta Municipal Affairs - Metro Federation Grant	85,455	83,379
Alberta Government - STEP Grant	60,208	
Alberta Municipal Affairs - ME Card Project Grant	40,041	41,621
Alberta Municipal Affairs - Expansion of Library System to On-reserve and On-settlement Population Grant	9,030	-
Alberta Municipal Affairs - Zinio Grant	-	47,880
	<u>5,067,223</u>	<u>5,045,369</u>
	<u>47,426,737</u>	<u>45,286,054</u>
TRANSFERS FOR CAPITAL		
City of Edmonton	8,950,567	10,754,858
Provincial Government		
Alberta Historical Foundation	29,000	-
Alberta Cultural and Community Spirit - Major Community Facilities Program	22,521	-
Alberta Municipal Affairs - Municipal Sustainability Initiative	113,845	1,702,454
	<u>9,115,933</u>	<u>12,457,312</u>
TRANSFERS TO CITY OF EDMONTON	<u>(193,244)</u>	<u>(21,825)</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 56,349,426</u>	<u>\$ 57,721,541</u>

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 provides a grant in support of costs incurred for delivery van costs for an interlibrary regional delivery service.

Alberta Government – STEP Grant

The library received a one-time Summer Temporary Employment Program (STEP) grant to hire high school or post-secondary students for summer programming.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

Alberta Municipal Affairs – ME Card Project Grant

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

Alberta Municipal Affairs – Expansion of Library System to On-reserve and On-settlement Population Grant

The Alberta government is providing grant funding to six regional library systems to cover non-resident fees for individuals living in Indigenous communities. This will allow individuals to take advantage of the programs and services offered by the Library.

Alberta Historic Foundation

The Alberta Historic Foundation provided the Library with a \$29,000 grant under the Heritage Preservation Partnership Program for the conservation of the Strathcona Public Library.

Alberta Culture and Community Spirit - Major Community Facilities Program

In 2008, provincial funding of \$5,000,000 was received from Alberta Culture and Community Spirit-Major Community Facilities Program for use in the purchase of land, construction and associated fit-up costs for a new Clareview Branch library. The land and construction costs for the library branch are owned by the City of Edmonton. The library collection, information technology and furniture and equipment are maintained and owned by the Library. All goods and services tax (GST) rebates/tax credits and any interest earnings from investment of the grant was used for this project (\$5,000,000 plus \$409,373). Interest earned from investment of the grant in 2016 was \$15,588 (2015 – \$17,392). The Clareview Branch Library was opened in December 2014, however, outstanding deficiencies and fit-up work prevented completion of the project until the end of 2016. Total project expenditures were \$12,680,446 of which \$4,226,815 is funded through the grant (one-third of total project cost) leaving \$1,182,558 in unused grant funding as at December 31, 2016.

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 2016, \$193,244 (2015 - \$21,285) in funding held by the Library was transferred to the City of Edmonton for the construction of the Stanley A. Milner Library revitalization project.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2016

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 \$63,264 (2015 – \$74,570) 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% (2015 – 14.84%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 15.84% (2015 – 15.84%) thereafter. Employees of the Library are required to make current service contributions of 10.39% (2015 – 10.39%) of pensionable salary up to YMPE and 11.39% (2015 – 11.39%) 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 2016 were \$3,146,299 (2015 – \$2,892,589). Total current service contributions by the employees of the Library to the LAPP in 2016 were \$2,889,171 (2015 – \$2,656,858).

The LAPP reported a deficiency for the overall plan as at December 31, 2015 of \$923 million (2014 - \$2.5 billion). Information as at December 31, 2016 was not available at the time of preparing these financial statements.

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, 2016 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, 2016

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>2016</u>	<u>2015</u>
Library donations received	\$ 1,167,858	\$ 493,593
CanadaHelps donations received on behalf of the Library	54,113	80,731
Edmonton Community Foundation donations received and contributed to the Library	71,175	64,571
EPL Fundraising Events and Sponsorship	380,876	398,575
Gross contributions	1,674,022	1,037,470
Remuneration paid to employees for fundraising	237,937	225,049
Expenses incurred for the purpose of fundraising	91,815	258,975
CanadaHelps service charges	3,094	2,882
Total Expenses	332,846	486,906
Net Contributions	\$ 1,341,176	\$ 550,564

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

	<u>2016</u>	<u>2015</u>
EPL Centennial Projects and Milner Library		
Renewal Project	\$ 1,621,935	\$ 977,784
Books and Library Materials	6,342	13,268
Library children's programming	45,745	43,393
Other	-	3,025
	\$ 1,674,022	\$ 1,037,470

During the 2016 year the Library issued charitable receipts in the amount of \$735,320 (2015 - \$432,248).



Statistics

THE CITY OF EDMONTON LIBRARY BOARD

General Library Data

For the Years Ended December 31, 2012-2016

(Unaudited)

	2016	2015	2014	2013	2012
Total FTE's (Note1)	516.7	510.5	480.2	455.1	433.9
Total Free Programs Presented (Note 2)	20,183	16,175	13,532	15,799	12,172
Total Customer Questions Answered (Note 2)	2,636,567	2,314,525	2,536,000	2,478,267	2,266,394
Total Website Visits (Note 2)	11,010,510	8,980,915	8,838,449	9,001,450	8,786,348
Total In-Person visits (Note 2)	5,911,285	5,792,615	5,332,337	5,218,136	4,905,881
Total Public Internet Use (Note 2)	1,513,317	1,396,700	1,225,478	1,113,000	1,108,119
Program Attendance (Note 2)	491,572	421,663	353,476	327,118	282,702
Library Usage (Note 2)					
Physical Circulation	8,767,434	9,018,918	8,933,874	9,633,691	10,076,505
Electronic Usage	3,204,796	2,131,509	1,607,235	998,608	684,790
Memberships (Note 2)					
Active Memberships (Note 3)	265,605	266,679	240,597	228,000	No data
New Memberships (Note 3)	64,821	76,985	70,059	61,845	No data
Total Population (Note 4)	899,447	877,926	877,926	817,498	812,201

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 2012
4. Population data are per the 2012, 2014 and 2016 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, 2012-2016

(Unaudited)

Revenues by Source	2016	2015	2014	2013	2012
Government Transfers					
City of Edmonton	42,359,514	40,240,685	38,227,480	33,310,681	30,945,897
Provincial Government	5,067,223	5,045,369	4,581,379	4,646,603	4,576,979
Federal Government	-	-	-	-	5,511
Fines and Charges	888,361	955,586	917,078	1,031,153	992,959
Other	1,049,356	1,073,506	931,324	672,882	585,283
Annual Registration Fees		-	-	149,415	636,066
Donations	505,698	404,465	507,623	130,952	63,965
Gain on Disposal of Tangible Capital Assets	152,796	202,489	142,784	107,569	121,817
Interest	131,473	86,010	91,558	89,386	51,871
Total Revenues By Source	50,154,421	48,008,110	45,399,226	40,138,641	37,980,348
Expenses by Function					
Board	32,353	40,608	46,880	53,995	54,541
Administration	4,155,704	3,721,587	3,606,180	3,483,812	2,901,188
Branch Services	56,662,879	54,041,165	50,048,219	46,314,524	44,175,914
Total Expenses By Function	60,850,936	57,803,360	53,701,279	49,852,331	47,131,643
(Shortfall) of Revenue over Expenses before Other	(10,696,515)	(9,795,250)	(8,302,053)	(9,713,690)	(9,151,295)
Other					
Contributed tangible capital assets	563,540	275,527	59,396	187,645	70,848
Government Transfers for Capital	9,115,933	12,457,312	14,482,153	12,083,039	10,332,323
Transfer to the City of Edmonton	(193,244)	(21,825)	(1,818,776)	(1,326,869)	(1,492,654)
	9,486,229	12,711,014	12,722,773	10,943,815	8,910,517
(Shortfall) Excess of Revenue over Expenses	(1,210,286)	2,915,764	4,420,720	1,230,125	(240,778)
Accumulated Surplus, Beginning of Year	39,740,540	36,824,776	32,404,056	31,173,931	31,414,709
Accumulated Surplus, End of Year	38,530,254	39,740,540	36,824,776	32,404,056	31,173,931
Expenses by Object					
Salaries, Wages and Benefits	37,228,134	35,381,965	33,102,464	30,267,775	28,411,453
Amortization of tangible Capital Assets	10,060,148	9,833,796	9,368,889	9,337,022	9,766,741
Building Operations	3,212,694	2,758,461	2,592,499	2,303,566	2,450,943
Utilities and Other	3,104,821	3,105,240	2,971,168	2,897,382	2,854,883
Books and Library Materials	2,960,023	2,824,738	2,052,507	1,852,405	1,215,647
Material Goods and Supplies	2,202,240	2,076,539	1,989,404	1,638,784	1,467,369
Services	2,082,876	1,822,621	1,624,348	1,555,397	964,607
Total Expenses by Object	60,850,936	57,803,360	53,701,279	49,852,331	47,131,643

THE CITY OF EDMONTON LIBRARY BOARD

Key Components of Financial Position

For the Years Ended December 31, 2012-2016
(Unaudited)

	2016	2015	2014	2013	2012
Financial Assets	21,138,244	15,497,301	13,752,440	15,002,254	14,571,259
Liabilities	17,556,458	12,805,895	12,139,003	13,729,322	12,083,111
Net Financial Assets	3,581,786	2,691,406	1,613,437	1,272,932	2,488,148
Non-Financial Assets	34,948,468	37,049,134	35,211,339	31,131,124	28,685,783
Accumulated Surplus	38,530,254	39,740,540	36,824,776	32,404,056	31,173,931
Acquisitions of Tangible Capital Assets					
Buildings	-	137,383	12,833	71,622	11,286
Leasehold Improvements	834,052	215,379	136,871	87,595	-
Library Materials	5,954,132	6,357,951	8,676,645	7,740,716	6,351,838
Machinery and Equipment	1,589,162	4,513,566	5,643,271	2,519,598	1,082,285
Vehicles	159,169	68,491	-	189,312	58,724
Assets Under Construction	(137,676)	120,765	(1,663,951)	1,379,059	35,896
Total Tangible Capital					
Asset Acquisitions	8,398,839	11,413,535	12,805,669	11,987,902	7,540,029



