

Financial Statements of

**THE CITY OF EDMONTON LIBRARY
BOARD**

December 31, 2014

Management's Report

The management of the City of Edmonton Library Board 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.

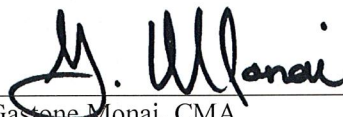
To assist in meeting its responsibility, management maintains accounting, budget and other internal controls, as well as an internal audit function. These controls provide reasonable assurance that transactions are appropriately authorized and accurately recorded, and that assets are properly accounted 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 Accountants. Their report to the City of Edmonton Library Board, stating the scope of their examination and opinion on the financial statements, follows.



Linda C. Cook
Chief Executive Officer

March 3, 2015



Gastone Monai, CMA
Chief Financial Officer

March 3, 2015



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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, 2014, 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, 2014, 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 Accountants

March 3, 2015
Edmonton, Canada

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THE CITY OF EDMONTON LIBRARY BOARD
Statement of Financial Position
December 31, 2014

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash and temporary investments (Note 3)	\$ 13,561,911	\$ 14,474,739
Accounts receivable	45,127	211,720
Goods and services tax rebate receivable	145,402	315,795
	<u>13,752,440</u>	<u>15,002,254</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,331,088	1,952,255
Due to the City of Edmonton (Note 4)	5,985,221	6,541,578
Deferred revenue (Note 5)	683,058	3,311,562
Accrued vacation	1,562,110	1,425,462
Income replacement plan (Note 6)	60,700	65,600
Post-employment benefits (Note 7)	516,826	432,865
	<u>12,139,003</u>	<u>13,729,322</u>
NET FINANCIAL ASSETS	<u>1,613,437</u>	<u>1,272,932</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	33,278,720	29,841,940
Inventory for consumption	298,122	199,556
Prepaid expenses	1,634,497	1,089,628
	<u>35,211,339</u>	<u>31,131,124</u>
ACCUMULATED SURPLUS (Note 9)	<u>\$ 36,824,776</u>	<u>\$ 32,404,056</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, 2014

	<u>Budget</u> <u>(Note 12)</u>	<u>2014</u>	<u>2013</u>
REVENUE			
Government transfers (Note 11)			
City of Edmonton	\$ 36,407,401	\$ 38,227,480	\$ 33,310,681
Provincial Government	4,354,838	4,581,379	4,646,603
Federal Government	4,000	-	-
Fines and charges	1,047,834	917,078	1,031,153
Donations	616,997	507,623	130,952
Gain on disposal of tangible capital assets	130,000	142,784	107,569
Interest (Note 13)	50,000	91,558	89,386
Other	838,973	930,559	672,882
Annual registration fees	-	765	149,415
	43,450,043	45,399,226	40,138,641
EXPENSES			
Salaries, wages and benefits	31,980,693	33,102,464	30,267,775
Amortization of tangible capital assets	9,823,515	9,368,889	9,337,022
Building operations	2,425,127	2,592,499	2,303,566
Utilities and other	3,161,450	2,971,168	2,897,382
Books and library materials	1,698,138	2,052,507	1,852,405
Material goods and supplies	1,926,297	1,989,404	1,638,784
Services	2,258,338	1,624,348	1,555,397
	53,273,558	53,701,279	49,852,331
(SHORTFALL) OF REVENUE OVER EXPENSES			
BEFORE OTHER	(9,823,515)	(8,302,053)	(9,713,690)
OTHER			
Contributed tangible capital assets (Note 8)	-	59,396	187,645
Government transfers for capital (Note 11)	19,399,464	14,482,153	12,083,039
Transfers to City of Edmonton for capital (Note 11)	(797,000)	(1,818,776)	(1,326,869)
	18,602,464	12,722,773	10,943,815
EXCESS OF REVENUE OVER EXPENSES	8,778,949	4,420,720	1,230,125
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	32,404,056	32,404,056	31,173,931
ACCUMULATED SURPLUS, END OF YEAR	\$ 41,183,005	\$ 36,824,776	\$ 32,404,056

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, 2014

	<u>Budget</u> <u>(Note 12)</u>	<u>2014</u>	<u>2013</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 8,778,949	\$ 4,420,720	\$ 1,230,125
Acquisition of tangible capital assets	(18,602,464)	(12,746,273)	(11,800,257)
Contributed tangible capital assets	-	(59,396)	(187,645)
Proceeds on disposal of tangible capital assets	130,000	142,784	107,569
Amortization of tangible capital assets	9,823,515	9,368,889	9,337,022
Gain on disposal of tangible capital assets	(130,000)	(142,784)	(107,569)
	(8,778,949)	(3,436,780)	(2,650,880)
Net (acquisition) use of inventory for consumption		(98,566)	16,909
Net (acquisition) use of prepaid assets	-	(544,869)	188,630
	-	(643,435)	205,539
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	-	340,505	(1,215,216)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	1,272,932	1,272,932	2,488,148
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,272,932	\$ 1,613,437	\$ 1,272,932

See accompanying notes to the financial statements.

THE CITY OF EDMONTON LIBRARY BOARD

Statement of Cash Flow

For the Year ended December 31, 2014

	<u>2014</u>	<u>2013</u>
NET INFLOW (OUTFLOW) OF CASH AND TEMPORARY INVESTMENTS		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 4,420,720	\$ 1,230,125
Items not affecting cash		
Contributed tangible capital assets	(59,396)	(187,645)
Amortization of tangible capital assets	9,368,889	9,337,022
Gain on disposal of tangible capital assets	(142,784)	(107,569)
Changes in non-cash operating working capital items:		
Accounts receivable	166,593	(176,341)
Goods and services tax rebate receivable	170,393	(44,282)
Accounts payable and accrued liabilities	1,378,833	108,077
Deferred revenue	(2,628,504)	(1,111,442)
Accrued vacation	136,648	29,460
Income replacement plan	(4,900)	(1,600)
Post-employment benefits	83,961	(13,822)
Inventory for consumption	(98,566)	16,909
Prepaid expenses	(544,869)	188,630
Cash provided by operating transactions	12,247,018	9,267,522
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(12,746,273)	(11,800,257)
Proceeds on disposal of tangible capital assets	142,784	107,569
Cash applied to capital transactions	(12,603,489)	(11,692,688)
FINANCING ACTIVITIES		
Changes in non-cash operating working capital items:		
Due to the City of Edmonton	(556,357)	2,635,538
Cash provided by financing transactions	(556,357)	2,635,538
CHANGES IN CASH DURING THE YEAR	(912,828)	210,372
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	14,474,739	14,264,367
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	\$ 13,561,911	\$ 14,474,739

See accompanying notes to financial statements.

THE CITY OF EDMONTON LIBRARY BOARD
Schedule of Tangible Capital Assets
December 31, 2014

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Leasehold Improvements</u>	<u>Library Materials</u>	<u>Machinery and Equipment</u>	<u>Vehicles</u>	<u>Assets Under Construction</u>	<u>2014</u>	<u>2013</u>
COST										
Balance, beginning of year	\$ 1	\$ 504,262	\$ 4,162,846	\$ 712,519	\$ 36,373,159	\$ 10,618,346	\$ 416,893	\$ 1,690,568	\$ 54,478,594	\$ 54,783,319
Acquisition and contribution of tangible capital assets	-	-	12,833	136,871	8,676,645	5,643,271	-	(1,663,951)	12,805,669	11,987,902
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,936,174)	(2,109,712)	(55,329)	-	(10,101,215)	(12,292,627)
Balance, end 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
ACCUMULATED AMORTIZATION										
Balance, beginning of year	-	151,279	1,389,000	226,954	18,449,767	4,264,266	155,388	-	24,636,654	27,592,259
Annual amortization	-	20,170	188,645	87,605	7,348,682	1,645,942	77,845	-	9,368,889	9,337,022
Writeoff of fully amortized tangible capital assets	-	-	-	-	(7,936,174)	(2,109,712)	(55,329)	-	(10,101,215)	(12,292,627)
Balance, end of year	-	171,449	1,577,645	314,559	17,862,275	3,800,496	177,904	-	23,904,328	24,636,654
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1	\$ 332,813	\$ 2,598,034	\$ 534,831	\$ 19,251,355	\$ 10,351,409	\$ 183,660	\$ 26,617	\$ 33,278,720	\$ 29,841,940

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

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 18 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 amounts approved by the Board of Trustees in January 2014 and City of Edmonton Council in April 2014, with the passing of Bylaw 16744 – 2014 Property Tax and Supplementary Property Tax Bylaw. The budget is reported on an accrual basis, consistent with principles applied in the financial statements.

Capital budgets reflect the 2014 budget originally approved by the Board of Trustees and City of Edmonton Council in December 2011 as a part of the overall 2012-2014 capital budget, plus any carryforward of unspent capital budget from 2013. Capital budget adjustments as part of the 2014 spring and fall supplementary capital budget adjustment process are not reflected.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and short-term investments

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

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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

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.

Future Accounting Standard Pronouncements

The following summarizes some of the upcoming changes to public sector accounting standards issued by the Public Sector Accounting Standards Board (PSAB) that may impact the Library. The following new standards are applicable for fiscal year beginning on or after April 1, 2016.

Liability for Contaminated Sites

PS 3260, Liability for Contaminated Sites, establishes standards on remediation, recognition and measurement for contaminated sites and provides requirements for financial statement presentation and disclosure. This standard is applicable for fiscal years beginning on or after April 1, 2014.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Future Accounting Standard Pronouncements (continued)

Financial Statement Presentation

PS1201, Financial Statement Presentation, requires a new statement of re-measurement gains and losses separate from the statement of operations. This new statement will report gains and losses arising from the re-measurement of financial instruments and foreign currency exchange on monetary assets and liabilities, as well as other income that arises when a government includes the results of government business enterprises and partnerships.

Foreign Currency Translation

PS2601, Foreign Currency Translation, requires that monetary assets and liabilities and certain non-monetary items denominated in a foreign currency be adjusted to reflect the exchange rates in effect at the financial statement date. Gains and losses are to be presented in the new statement of re-measurement gains and losses.

Portfolio Investments

PS3041, Portfolio Investments removes the distinction between temporary and portfolio investments and amended to conform to Financial Instruments PS3450. Upon adoption of PS3450 and PS3041, Temporary Investments PS3030 will no longer apply.

Financial Instruments

PS3450, Financial Instruments, establishes recognition, measurement and disclosure requirements for derivative and non-derivative financial instruments. Gains and losses are presented in a new statement of re-measurement gains and losses.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2014</u>	<u>2013</u>
Cash	\$ 146,728	\$ 110,169
Temporary investments	13,415,183	14,364,570
	<u>\$ 13,561,911</u>	<u>\$ 14,474,739</u>

Short term investments are highly liquid and cashable after 30 days. These investments have an effective interest rate of 1.35% (2013 – 1.35%).

4. 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 1.178% (2013 – 1.179%).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

5. DEFERRED REVENUE

Deferred revenue is comprised of funds which are externally restricted. These funds are primarily related to funds donated to the Library and government transfers which are further described in Note 11.

	<u>2014</u>	<u>2013</u>
EPL Centennial Projects	\$ 346,710	\$ 147,952
O. Kukulis Estate	228,117	277,850
Strang McCardell Estate / Library Collections	91,656	148,269
Other	16,575	88,296
Alberta Culture and Community Spirit Major Community Facility Program	-	2,454,787
Alberta Justice and Attorney General Safe Communities Innovation Fund	-	118,153
Alberta Municipal Affairs ME Card Grant	-	76,255
	<u>\$ 683,058</u>	<u>\$ 3,311,562</u>

6. INCOME REPLACEMENT PLAN

The income replacement plan was a disability plan partially funded by employees, which was discontinued in April 1991. The outstanding liability will be paid to employees in accordance with the agreed upon terms and conditions of the plan. The liability is based on an actuarial valuation completed by the actuaries of Aon Hewitt as at December 31, 2014. Significant assumptions used in the valuation include a discount rate of 1.5% (2013 – 2.5%) and an annual inflation rate of 2.25% (2013 – 2.25%).

7. POST-EMPLOYMENT BENEFITS

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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

7. POST-EMPLOYMENT BENEFITS (continued)

In order to measure the post-employment obligation, an actuarial valuation as at December 31, 2014 was completed by the actuaries of Aon Hewitt regarding continuation of benefit coverage while eligible employees are on long-term disability. The discount rate used in the valuation is 2.5% (2013 – 2.5%). 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.

8. TANGIBLE CAPITAL ASSETS

	<u>Net Book Value</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 1	\$ 1
Land improvements	332,813	352,983
Buildings	2,598,034	2,773,846
Leasehold improvements	534,831	485,565
Library materials	19,251,355	17,923,392
Machinery and equipment	10,351,409	6,354,080
Vehicles	183,660	261,505
	33,252,103	28,151,372
Assets under construction	26,617	1,690,568
	<u>\$ 33,278,720</u>	<u>\$ 29,841,940</u>

In 2014, the Library recorded \$59,396 (2013 – \$187,645) 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.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

9. ACCUMULATED SURPLUS

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

	<u>2014</u>	<u>2013</u>
Unrestricted surplus	\$ 1,834,040	\$ 1,314,984
Reserves for future expenditures		
Library projects for facilities, technology, furniture and equipment	767,891	768,620
Library centennial projects	944,125	478,512
	<u>1,712,016</u>	<u>1,247,132</u>
Equity in tangible capital assets	33,278,720	29,841,940
	<u>\$ 36,824,776</u>	<u>\$ 32,404,056</u>

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:

2015	\$ 1,147,363
2016	\$ 1,073,811
2017	\$ 834,576
2018	\$ 625,558
2019	\$625,558

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 \$1.7 million in future commitments all planned in 2015 focused on the purchase and payment of library collections, furniture and equipment, building operations and maintenance, software, signage, and library supplies.

THE CITY OF EDMONTON LIBRARY BOARD
Notes to the Financial Statements
For the Year ended December 31, 2014

11. GOVERNMENT TRANSFERS

The following government transfers have been included in revenues:

	<u>2014</u>	<u>2013</u>
TRANSFERS FOR OPERATING		
City of Edmonton	\$ 38,227,480	\$ 33,310,681
Provincial Government		
Alberta Municipal Affairs - Per Capita Grant	4,264,293	4,264,293
Alberta Justice and Attorney General - Safe Communities Innovation Fund	118,698	214,745
Alberta Municipal Affairs - Public Library Development Initiative	83,928	77,232
Alberta Municipal Affairs - ME Card Project Grant	114,460	48,745
Alberta Municipal Affairs - Resource/Network Grant	-	25,000
Alberta Community Spirit Program - Welcome Baby	-	16,588
	<u>4,581,379</u>	<u>4,646,603</u>
	<u>42,808,859</u>	<u>37,957,284</u>
TRANSFERS FOR CAPITAL		
City of Edmonton	11,285,612	10,527,952
Provincial Government		
Alberta Cultural and Community Spirit - Major Community Facilities Program	2,480,527	1,050,292
Alberta Municipal Affairs - Municipal Sustainability Initiative	716,014	447,294
Alberta Public Library Electronic Network (APLEN)	-	33,011
Alberta Culture and Community Spirit	-	24,490
	<u>14,482,153</u>	<u>12,083,039</u>
TRANSFERS TO CITY OF EDMONTON	<u>(1,818,776)</u>	<u>(1,326,869)</u>
TOTAL GOVERNMENT TRANSFERS	<u>\$ 55,472,236</u>	<u>\$ 48,713,454</u>

Alberta Municipal Affairs – Per Capita Grant

In 2014, the Library received an unconditional per capita operating grant from Alberta Municipal Affairs in support of the operations of the Library.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

11. GOVERNMENT TRANSFERS (continued)

Alberta Justice and Attorney General - Safe Communities Innovation Fund

In 2011, the Library received a 3 year Provincial Grant commitment from Alberta Justice and Attorney General in the amount of \$605,402 to fund outreach workers, programming and administrative support. This community-based pilot project located at the downtown library provides accessible support services to high-risk and at-risk individuals between the ages of 13 and 30. The pilot works to reduce social disorders such as assault, vandalism, theft and disruptive behaviours by empowering individuals through literacy, education and skill-building. In 2014, the Statement of Operations recognized \$118,698 (2013 – \$214,745) as revenue. As a requirement of the agreement, interest earnings accrue on any outstanding amounts not expended during the year. Interest earned from investment of the grant to the end of December 31, 2014, was \$545 (2013 – \$2,293). All funds were fully expended in 2014.

Alberta Municipal Affairs – Public Development Initiative

Funding was received for the operation of the Daily Delivery Initiative to support the delivery of library materials within the metro-federation library service area. Grant funding of \$83,928 was received and expended in 2014 (2013 – \$77,232).

Alberta Municipal Affairs – ME Card Project Grant

In 2013, the Library received a \$125,000 provincial grant to provide financial support and cost reimbursement for the development of the ME Card project, an Alberta-wide library material borrowing tool for public libraries. Patrons will use their local municipal library card to borrow materials at any other public library in Alberta. In 2014, \$76,255 (2013 – \$48,745) was recognized as revenue.

In 2014, new funding was received by the Library to support the technological infrastructure of the ME Card Project. Grant funding of \$38,205 was received and expended in 2014.

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 will be owned by the City of Edmonton. The library collection, information technology and furniture and equipment will be maintained and owned by the Library. All goods and services tax (GST) rebates/tax credits and any interest earnings from investment of the grant must be used for this project. Interest earned from investment of the grant to the end of December 31, 2014 is \$25,739 (2013 – \$41,483). In 2014, the Major Community Facilities Program Grant was fully utilized. Expenditures in the amount of \$2,480,526 (2013 – \$1,050,292) have been incurred for the construction of the new library and associated funding held by the Library has been transferred to the City of Edmonton in 2014.

All grant funding received by the Library, \$5,000,000, and all interest earned on the grant funds, \$376,393, have been used for the purpose set out in the Major Community Facilities Program Grant Funding Agreement.

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

11. GOVERNMENT TRANSFERS (continued)

Alberta Culture and Community Spirit - Major Community Facilities Program (continued)

The Clareview Branch library opened December 15, 2014. The total projections for the project reflect some delays in finalizing all expenditures. Commitments remaining in 2015 will be funded by other sources of revenue available to the Library.

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 2014, \$1,818,776 (2013 - \$1,326,869) in funding held by the Library was transferred to the City of Edmonton for the construction of the City owned Clareview Library in the amount of \$1,703,549 (2013 - \$1,050,292) and rehabilitation and renewal of City owned libraries in the amount \$115,227 (2013 - \$276,577).

12. PRESENTATION OF BUDGET INFORMATION

For presentation and comparison purposes the original approved budget is used in the financial statements. Some of the approved Library operating budget information has been adjusted to include budget authorization 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>	<u>OTHER - Transfers to City of Edmonton for capital</u>
Capital project financing as approved in the Library Operating Budget	\$ 8,556,599	\$ -
<i>Adjustments:</i>		
Incremental 2014 funding identified in the approved Library capital budget (funding included in the City of Edmonton budget)	10,842,865	(797,000)
As reported in the Library Financial Statements	\$ 19,399,464	\$ (797,000)

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

12. PRESENTATION OF BUDGET INFORMATION (continued)

Statement of Change in Net Financial Assets:

	<u>Acquisition of tangible capital assets</u>
2014 acquisition of tangible capital assets as approved in the Library Budget	\$ (8,556,599)
<i>Adjustments:</i>	
Incremental 2014 acquisition of tangible capital assets included in the approved Library capital budget	(10,045,865)
As reported in the Library Financial Statements	\$ (18,602,464)

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 ten (10) 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 \$103,051 (2013 – \$63,586) in interest expenses incurred by the City of Edmonton with respect to funds held on behalf of the Library.

14. 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 11.39% (2013 – 10.43%) of pensionable payroll up to the yearly maximum pensionable earnings (“YMPE”) and 15.84% (2013 – 14.47%) thereafter. Employees of the Library are required to make current service contributions of 10.39% (2013 – 9.43%) of pensionable salary up to YMPE and 14.84% (2013 – 13.47%) 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 2014 were \$2,703,974 (2013 – \$2,335,479). Total current service contributions by the employees of the Library to the LAPP in 2014 were \$2,484,618 (2013 – \$2,129,421).

THE CITY OF EDMONTON LIBRARY BOARD

Notes to the Financial Statements

For the Year ended December 31, 2014

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>2014</u>	<u>2013</u>
Library donations received	\$ 448,516	\$ 116,697
CanadaHelps donations received on behalf of the Library	57,826	44,535
Edmonton Community Foundation donations received and contributed to the Library	84,903	35,362
Gross contributions	\$ 591,245	\$ 196,594
Remuneration paid to employees for fundraising	\$ 126,612	\$ 42,292
Expenses incurred for the purpose of fundraising	142,839	19,546
CanadaHelps service charges	2,254	1,736
Total Expenses	\$ 271,705	\$ 63,574
Net Contributions	\$ 319,540	\$ 133,020

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

	<u>2014</u>	<u>2013</u>
EPL Centennial Projects	\$ 553,521	\$ 141,371
Books and Library Materials	1,083	4,455
Library children's programming	32,081	20,416
Other	4,560	30,352
	\$ 591,245	\$ 196,594