



CALGARY  
PUBLIC  
**LIBRARY**

The Calgary Public Library Board  
Financial Statements  
For the Year Ended December 31, 2015



From its humble beginnings in 1912, today's Calgary Public Library has grown to include 18 community libraries and is Canada's second busiest library system. More than 500,000 Calgarians now hold free Calgary Public Library cards and downloaded more than a million e-books in 2015. Creating the best public library in the world is about ensuring that all Calgarians have access to the knowledge they need to do incredible, caring, world-class things here in Calgary and around the world.

A cornerstone for the future of the Calgary Public Library is the New Central Library. Construction of the approximately 240,000 sq. ft. multi-faceted family destination began in 2015 with the encapsulation of the LRT. Calgary's most ambitious cultural project since the 1988 Winter Olympic Games is slated for opening in late 2018.

The New Central Library, like every single one of our community libraries, will be a place where everyone belongs and everyone is welcome.



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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Calgary Public Library Board

We have audited the accompanying financial statements of The Calgary Public Library Board, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the 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 Calgary Public Library Board as at December 31, 2015, and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

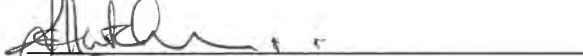
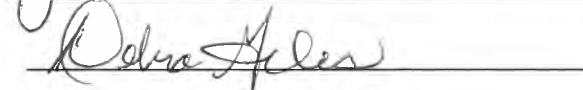
Chartered Professional Accountants, Chartered Accountants  
March 30, 2016  
Calgary, Canada

THE CALGARY PUBLIC LIBRARY BOARD  
Statement of Financial Position  
As at December 31

	2015 \$	2014 \$
<b>FINANCIAL ASSETS</b>		
Cash	5,269,455	8,991,659
Accounts receivable (Note 3)	982,808	1,671,161
	6,252,263	10,662,820
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	3,688,144	4,808,001
Deferred revenues (Note 5)	98,550	39,099
	3,786,694	4,847,100
<b>NET FINANCIAL ASSETS</b>	2,465,569	5,815,720
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 6, Schedule 1)	52,262,251	50,337,758
Inventory	63,660	36,703
Prepaid expenses (Note 7)	2,664,536	1,860,201
	54,990,347	52,234,662
<b>ACCUMULATED SURPLUS (Note 8)</b>	57,455,916	58,050,382

The notes to the Financial Statements are an integral part of the Financial Statements.

On behalf of the Board

 \_\_\_\_\_ Member  
 \_\_\_\_\_ Member

THE CALGARY PUBLIC LIBRARY BOARD  
Statement of Operations and Accumulated Surplus  
As at December 31

	Budget \$	2015 \$	2014 \$
<b>REVENUES</b>			
City of Calgary (Schedule 2)	43,285,027	43,285,027	43,828,125
Province of Alberta (Schedule 2)	6,633,327	6,760,417	5,839,752
Fines and fees	1,828,063	1,269,045	2,766,871
Investment and other revenue	425,824	542,497	753,604
Grants and sponsorships (Note 14)	1,200,000	2,075,441	1,536,759
	53,372,241	53,932,427	54,725,111
<b>EXPENSES</b>			
Salaries and employee benefits	34,657,002	35,044,221	34,618,794
Collections	7,307,646	4,284,074	4,768,752
Building and equipment	2,857,229	6,372,441	3,671,528
General operating	6,183,738	6,867,985	5,482,737
Amortization	-	6,938,108	6,953,328
Occupancy costs	948,056	812,760	771,600
Interest charges on City of Calgary financing	-	-	1,032
	51,953,671	60,319,589	56,267,771
<b>DEFICIENCY OF REVENUES OVER EXPENSES - BEFORE OTHER</b>	1,418,570	(6,387,162)	(1,542,660)
<b>OTHER</b>			
Loss on disposal of tangible capital assets	-	-	(158,214)
Government transfers for capital (Schedule 2)	-	5,792,696	2,660,164
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	1,418,570	(594,466)	959,290
<b>ACCUMULATED SURPLUS</b> , beginning of year		58,050,382	57,091,092
<b>ACCUMULATED SURPLUS</b> , end of year		57,455,916	58,050,382

The notes to the Financial Statements are an integral part of the Financial Statements.

THE CALGARY PUBLIC LIBRARY BOARD  
Statement of Cash Flows  
As at December 31

	2015 \$	2014 \$
<b>OPERATING</b>		
(Deficiency) Excess of revenues over expenses	(594,466)	959,290
Non-cash charges to operations		
Amortization	6,938,108	6,953,328
Loss on disposal of tangible capital assets	-	158,214
Adjustments of tangible capital assets	10,580	10,246
Change in non-cash working capital (Note 10)	(1,203,345)	(1,476,755)
Cash provided by operating transactions	5,150,877	6,604,323
<b>CAPITAL</b>		
Acquisition of tangible capital assets (Schedule 1)	(8,873,081)	(7,822,139)
Cash used in capital transactions	(8,873,081)	(7,822,139)
<b>FINANCING</b>		
Loans repaid	-	(293,720)
<b>CASH, beginning of year</b>	8,991,659	10,503,195
<b>CASH, end of year</b>	5,269,455	8,991,659

THE CALGARY PUBLIC LIBRARY BOARD  
Statement of Change in Net Financial Assets  
As at December 31

	<b>2015</b> \$	<b>2014</b> \$
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	(594,466)	959,290
Amortization of tangible capital assets	6,938,108	6,953,328
Change in inventory and prepaid expenses	(831,292)	(301,982)
Acquisition of tangible capital assets (Schedule 1)	(8,873,081)	(7,822,139)
Loss on disposal of tangible capital assets	-	158,214
Adjustments of tangible capital assets	10,580	10,246
<b>DECREASE IN NET FINANCIAL ASSETS</b>	(3,350,151)	(43,043)
<b>NET FINANCIAL ASSETS</b> , beginning of year	5,815,720	5,858,763
<b>NET FINANCIAL ASSETS</b> , end of year	2,465,569	5,815,720

THE CALGARY PUBLIC LIBRARY BOARD  
Schedule of Tangible Capital Assets  
Schedule 1  
As at December 31

	Materials	Building	IT Equipment	Furniture & Equipment	Work in Progress	Vehicles	2015 \$	2014 \$
<b>COST:</b>								
BALANCE, BEGINNING OF YEAR	38,446,546	42,635,815	9,756,603	5,564,574	580,343	594,811	<b>97,578,692</b>	95,805,327
Acquisition of tangible capital assets	3,197,985	1,472,106	788,859	-	3,077,214	336,917	<b>8,873,081</b>	7,822,139
Asset transfers	-	995,116	519,948	-	(1,515,064)	-	-	-
Disposal of tangible capital assets	(4,168,895)	-	(3,142,999)	(1,644,636)	-	-	<b>(8,956,530)</b>	(6,038,528)
Adjustments of tangible capital assets	-	-	(7,875)	(2,705)	-	-	<b>(10,580)</b>	(10,246)
BALANCE, END OF YEAR	37,475,636	45,103,037	7,914,536	3,917,233	2,142,493	931,728	<b>97,484,663</b>	97,578,692
<b>ACCUMULATED AMORTIZATION:</b>								
BALANCE, BEGINNING OF YEAR	20,194,739	17,995,440	6,048,356	2,710,599	-	291,800	<b>47,240,934</b>	46,167,864
Annual amortization	3,790,575	1,676,556	1,194,248	186,400	-	90,329	<b>6,938,108</b>	6,953,328
Asset transfers	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	(4,168,895)	-	(3,142,999)	(1,644,636)	-	-	<b>(8,956,530)*</b>	(5,880,258)
BALANCE, END OF YEAR	19,816,419	19,671,996	4,099,605	1,252,363	-	382,129	<b>45,222,512</b>	47,240,934
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	17,659,217	25,431,041	3,814,931	2,664,870	2,142,493	549,599	<b>52,262,151</b>	50,337,758
2014 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	18,251,807	24,640,375	3,708,247	2,853,975	580,343	303,011	<b>50,337,758</b>	

\* At the end of the life assumed all assets were disposed.



THE CALGARY PUBLIC LIBRARY BOARD  
 Schedule of Government Transfers  
 Schedule 2  
 As at December 31

	2015 Budget	2015 \$	2014 \$
<b>Transfers for operating:</b>			
City of Calgary	43,285,027	43,285,027	42,420,988
City of Calgary Flood Insurance Proceeds (Note 13)	-	-	1,407,137
Provincial Government	6,760,417	6,760,417	5,839,752
Federal Government (Note 1)		212,702	212,083
	50,045,444	50,258,146	49,879,960
<b>Transfers for capital:</b>			
City of Calgary	-	5,211,726	1,331,538
City of Calgary Flood Insurance Proceeds for capital (Note 13)	-	580,970	1,199,930
Provincial Government	-	-	128,696
	-	5,792,696	2,660,164
<b>Total Government Transfers</b>	50,045,444	56,050,842	52,540,124

## **Notes to Financial Statements**

### **For the Year Ended December 31, 2015**

The Calgary Public Library Board (the "Library") is constituted under the Libraries Act of the Province of Alberta. It operates a system of seventeen community libraries and the Central Library in The City of Calgary.

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada ("CPA Canada"). The Library's significant accounting policies are:

##### **Basis of Accounting**

- i. The financial statements are prepared using the accrual basis of accounting.
- ii. Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues are reliably measured and reasonably estimated.
- iii. Donated materials and services are recognized at fair value when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Library's operations and would otherwise have been purchased.
- iv. A substantial number of volunteers have made significant contributions of their time to the Library's program and supporting services. The value of this contributed time is not reflected in these financial statements.
- v. Insurance proceeds are recognized when received (Note 13).
- vi. 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. These funds are accounted for as deferred revenue until used for the purpose specified. Revenue is recognized in the period when the related expenses are incurred and any eligibility criteria have been met and reasonable estimate of the amounts can be made (Schedule 2). Federal Government transfers were included in grants and sponsorships and also added to the Schedule 2 for the 2015 and 2014 period.
- vii. Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

##### **Reconciliation of Financial Plan (Budget) to Financial Statements**

The legislative requirements under the Municipal Government Act for the Financial Plan (Budget) specify that if the total revenues and transfers over a 3-year period are less than the total expenditures for the same period, the operating budget for the year following the 3-year period must include funding to make up for a shortfall in accumulated surplus (excluding surplus in tangible capital assets). Cash inflows and outflows include such items as: debt proceeds, transfers to and from reserves and surplus, debt principal repayment, and sale proceeds. These items are not recognized as revenues and expenses in the Statement of Operations as they do not meet the PSAS requirements. The legislation does not require (but does not preclude) the funding of non-cash items such as amortization or liability accruals to provide for future cash requirements, thus, there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Statement of Operations. Thus, the financial items included in the legislative Financial Plan and the Public Sector Accounting Statement of Operations is different. The purpose of this note is to explain the difference between these two requirements and demonstrate how the legislative requirements for a balanced budget, or Financial Plan net balance of "0", has been met.

Calgary Public Library Board  
 Financial Plan Balance Compliance Schedule  
 For the year ended December 31

**STATEMENT OF OPERATIONS**

	<b>2015 Budget</b> \$	<b>2015 Actual</b> \$	<b>2014 Actual</b> \$
<b>REVENUES</b>			
City of Calgary	43,285,027	43,285,027	42,420,988
City of Calgary Flood Insurance Proceeds (Note 13)	-	-	1,407,137
Province of Alberta	6,633,327	6,760,417	5,839,752
Fines and fees	1,828,063	1,269,045	2,766,871
Investment and other revenue	425,824	542,497	753,604
Grants and sponsorships	1,200,000	2,075,441	1,536,759
	53,372,241	53,932,427	54,725,111
<b>EXPENSES</b>			
Salaries and employee benefits	34,657,002	35,044,221	34,618,794
Collections	7,307,646	4,284,074	4,768,752
Building and equipment	2,857,229	6,372,441	3,671,528
General operating	6,183,738	6,867,985	5,482,737
Amortization	-	6,938,108	6,953,328
Occupancy costs	948,056	812,760	771,600
Interest charges on City of Calgary financing	-	-	1,032
	51,953,671	60,319,589	56,267,771
<b>REVENUES SHORTFALL – BEFORE OTHER</b>	1,418,570	(6,387,162)	(1,542,660)
<b>OTHER</b>			
Loss from disposal of tangible capital assets	-	-	(158,214)
Government transfers for capital	-	5,792,696	2,660,164
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	1,418,570	(594,466)	959,290
<b>ADJUSTMENTS FOR NON-CASH ITEMS:</b>			
Amortization expense	-	6,938,108	6,953,328
<b>ADJUSTMENTS FOR CASH ITEMS:</b>			
TCA additions expenditures (Schedule 1)	-	(8,873,081)	(7,822,139)
Loans repaid	-	-	(293,720)
Changes in fund balances and capital reserves	-	2,364,225	444,953
Contribution to reserves	(1,000,000)	-	-
Adjustments of tangible capital assets	-	10,580	10,246
Loss from disposal of tangible capital assets	-	-	158,214
Insurance proceeds not received from the City of Calgary	-	-	(410,172)
Tangible capital assets accrual	-	154,634	-
<b>FINANCIAL PLAN BALANCE</b>	418,570	-	-

## **Financial Instruments**

The Library's financial instruments which include cash, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to their short term nature. At December 31, 2015 and 2014 the Library had no outstanding loans.

## **Use of Estimates**

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. Significant estimates include the estimates of useful lives and potential impairment of tangible capital assets, and accrued liabilities.

## **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 of revenues over expenses, provides the Change in Net Financial Assets for the year.

## **Accumulated Surplus/Deficit**

Accumulated surplus/deficit represents the Library's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Library has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets (Note 8).

The accumulated surplus/deficit includes restricted funds which have been designated for the replacement and upgrade of the Library's automated systems, facility refurbishment and major renovations, and the construction of new facilities, as well as obligations under sponsorships. Note 8 provides a listing of all restricted and unrestricted amounts that form the accumulated surplus.

### **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 cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

<b>Major Category</b>	<b>Years</b>
Materials	10
Buildings	10 – 75
Furniture and Equipment	5 – 25
IT Equipment	3.5 – 10
Vehicles	7 – 10

The Library does not hold title to any of the buildings that are included in the schedule of capital assets. Legal title of these buildings is held with The City. The Library is a steward of the assets and has control over these assets. As such the value of these assets is recorded in these financial statements in the Library's role as steward, but not as title owner.

Work in progress represents assets which are not available for use and therefore are not subject to amortization.

### **Cultural and Historical Tangible Capital Assets**

The local history collection is not recorded as a tangible capital asset but is disclosed (Note 6).

### **Inventories**

Supplies held for consumption are recorded at the lower of cost and net replacement value.

### **Prepaid Expenses**

Subscriptions, software annual maintenance contracts, occupancy, and insurance are recorded as prepaid expenses and are recognized as an expense over the corresponding period of the service provided (Note 7).

### **Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the 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 Library did not have capital leases during the reporting period.

### **Adoption of New Public Sector Accounting Standards**

Effective January 1, 2015, the Library was required to adopt the new Public Sector Accounting Board accounting standard, Liability for Contaminated Sites (PS3260). PS3260 specifies that a liability for a contaminated site must be recognized when, as at the financial reporting date, when certain as discussed in PS3260 are met. Management has determined that there was no impact on the financial statements at the financial reporting date as a result of adopting this standard.

## **Change in Accounting Policy**

During the year ended December 31, 2015, there was a voluntary change in accounting policy related to information technology equipment and furniture asset classes.

### **Key changes are:**

- The threshold for individual Information Technology and Furniture & Equipment assets increases from \$10,000 to \$25,000.
- The Information Technology and Furniture & Equipment assets will no longer be grouped, and if the individual value of an asset falls below the threshold, it will not be considered as a tangible capital asset.
- Assets with a net book value of zero will be deemed disposed.

The new accounting policy was effective January 1, 2015 and applied prospectively. The change in policy will result in the financial report providing more relevant and no less reliable information and is consistent with the treatment of assets controlled by the City of Calgary.

The impact of the change in accounting policy on the Statement of Financial Position, Statement of Operations and Accumulated Surplus, Statements of Cash Flows and Statement of Change in Net Financial Assets is set out below:

#### **STATEMENT OF FINANCIAL POSITION**

The carried forward TCA value at December 31, 2014 will remain the same. Only items meeting the revised policy criteria have been added as acquisitions. Assets with a net book value of zero have been deemed to be disposed.

#### **STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

Items not meeting the revised policy criteria have been recognized as operating expenses and represent an unbudgeted increase in these expenses of \$2,942,637 for the year ended December 31, 2015.

#### **STATEMENT OF CASH FLOWS**

Accounting changes in TCA have reduced the acquisition of tangible capital assets in the amount of \$2,942,637 on the Statement of Cash Flows.

#### **STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

Only items meeting the revised policy criteria have been included in acquisition of tangible capital assets.

## 2. CREDIT FACILITY

The Library has an unsecured revolving credit facility to a maximum of \$1,000,000. The interest rate on the facility fluctuates with the Royal Bank's prime rate per annum. The purpose of the credit facility is to ensure cash flow timing does not affect normal Library operations. It is not intended to be used as debt to fund additional Library operations. At December 31, 2015, the balance of the facility was \$nil (2014 – \$nil).

## 3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2015 \$	2014 \$
City of Calgary (Note 11)		
Life Cycle Recovery	540,174	463,168
Cost of living adjustment	-	760,000
Other	507	2,378
Calgary Public Library Foundation	-	119,046
GST recovery	272,617	171,108
Other	169,510	155,461
Total	<b>982,808</b>	1,671,161

## 4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2015 \$	2014 \$
Accounts payable - Items invoiced not paid/goods received not invoiced	891,439	1,195,754
Salary and non-salary accrual	1,238,305	2,010,199
Employee vacation pay accrual	1,060,435	928,827
Benefit and salary deduction payables net	497,965	673,221
Total	<b>3,688,144</b>	4,808,001

**5. DEFERRED REVENUES**

Deferred revenue is comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

	December 31, 2014 \$	Inflows \$	Revenue Earned \$	<b>December 31, 2015 \$</b>
Prepaid photocopier & programs deposits	39,099	187,768	(128,317)	98,550
Ending balance	39,099	187,768	(128,317)	98,550

**6. TANGIBLE CAPITAL ASSETS (Schedule 1)**

<b>Category (Net Book Value)</b>	<b>2015 \$</b>	<b>2014 \$</b>
Materials	17,659,217	18,251,807
Building	25,431,041	24,640,375
IT Equipment	3,814,931	3,708,247
Furniture and Equipment	2,664,870	2,853,975
Work in Progress	2,142,493	580,343
Vehicles	549,599	303,011
<b>Total</b>	<b>52,262,151</b>	50,337,758

The Calgary Public Library maintains a local history collection that is on permanent display on the fourth floor of the Central Library. It is available for public viewing by request. The collection is not recorded as a tangible capital asset in the financial statements and is not amortized.



## 7. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	2015 \$	2014 \$
Occupancy	35,080	34,727
Software annual maintenance contracts	1,955,661	1,251,662
Subscriptions	656,441	563,428
General	17,354	10,384
<b>Total</b>	<b>2,664,536</b>	1,860,201

## 8. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2015 \$	2014 \$
Unrestricted surplus	171,910	79,797
Restricted surplus		
Special Purpose Fund	450,941	902,967
Replacement Reserve	2,619,512	4,367,769
Pay as You Go Reserve	1,068,835	1,579,938
Automation Reserve	882,567	782,153
Equity in tangible capital assets	52,262,151	50,337,758
<b>Total Accumulated Surplus</b>	<b>57,455,916</b>	58,050,382

Equity in tangible capital assets consists of the following items:

	2015 \$	2014 \$
Tangible capital assets (Schedule 1)	97,484,663	97,578,692
Accumulated amortization (Schedule 1)	(45,222,512)	(47,240,934)
	<b>52,262,151</b>	50,337,758

## 9. COMMITMENTS

Minimum lease payments for Library locations and equipment under operating leases in future years are as follows:

<b>Year</b>	<b>\$</b>
2016	625,000
2017	540,000
2018	368,000
2019	255,000
2020	255,000
Thereafter through to 2025	135,000

The Library is committed to an electricity fixed price contract to June 30, 2018 and a natural gas fix price contract to December 31, 2018. Capital commitments for major capital projects amount to \$1,714,480 at December 31, 2015 (\$1,189,678 at December 31, 2014). Operating commitments amount to \$268,692 at December 31, 2015 (\$113,470 at December 31, 2014).

## 10. CHANGE IN NON-CASH WORKING CAPITAL

The change in non-cash working capital consists of the following items:

	<b>2015</b>	2014	<b>Change</b>
	<b>\$</b>	\$	<b>\$</b>
Accounts receivable	982,808	1,671,161	688,353
Accounts payable and accrued liabilities	3,688,144	4,808,001	(1,119,857)
Deferred revenues	98,550	39,099	59,451
Inventory	63,660	36,703	(26,957)
Prepaid expenses	2,664,536	1,860,201	(804,335)
<b>Change in Non-Cash Working Capital</b>			<b>(1,203,345)</b>

## 11. RELATED PARTY TRANSACTIONS

The Library conducts transactions with The City of Calgary in the normal course of business. Included in accounts receivable at December 31, 2015 is \$540,681 (2014 - \$1,225,546) due from and included in accounts payable and accrued liabilities is \$69,413 (2014 - \$78,119) due to The City of Calgary. These transactions are recorded at the exchange amount, which represents the amount agreed to by both parties.

## 12. LOCAL AUTHORITIES PENSION PLAN

The Library participates in the Local Authorities Pension Plan. This pension plan is a multi-employer defined benefit pension plan that provides pensions for the Library's participating employees, based on years of service and earnings.

The pension expense recorded in these financial statements as Salaries and Employee Benefits expense represents the Library's annual contributions of \$2,139,736 in 2015 (2014 - \$2,054,305). All full-time staff employed by the Library are members of the Local Authorities Pension Plan ("LAPP") after a qualification period.

The Local Authority Pension Plan is currently in a deficit position of \$(2,454,636,000) in 2014 a decrease from \$(4,861,516,000) in 2013. The deficit applies to the entire plan and the Library's portion of the deficit cannot be determined. The 2014 information is provided as most recent information was not available at the time of preparing the financial statements.

## 13. SIGNIFICANT EVENT

Since the 2013 flood, the Library has repaired and replaced the assets lost or damaged in the flood. Costs have been capitalized to TCA or expensed as repairs and maintenance in accordance with the Library's capitalization policy. Eligible costs were funded by the insurance proceeds from The City of Calgary.

During fiscal 2015, the Library incurred flood related expenses of \$1,158,210 (2014 - \$1,450,240), which include both capital additions and repairs and maintenance costs. The City of Calgary revenue includes an amount of \$580,970 (2014 - \$2,607,067) relating to insurance proceeds received during the year to cover the repair and replacement cost of damages caused by the flood. The Library used reserve funding to bridge the difference between expenditures incurred and insurance funding received.

## 14. CALGARY PUBLIC LIBRARY FOUNDATION

The Calgary Public Library Foundation (the "Foundation") financial statements are not consolidated with the Library as the Foundation is an unrelated independent organization. The Foundation was established in 1999, and operationalized in 2000. It is a stand-alone charity registered with the federal and provincial governments. The purpose of the Foundation is:

- To raise funds for the Library, a registered charity; and
- To assist the Library in providing the highest possible level and quality of service to the customers of the Library.

During fiscal 2015, the Foundation donated \$1,855,539 (2014 - \$1,317,717) to the Library which has been included in grants and sponsorships revenue.

It also includes an in kind donation of \$214,085, relating to gift cards and materials. The related expense is recorded in collections and general operating expenses.

At December 31, 2015, the Library contributed \$530,000 (\$546,196 at December 31, 2014) to the Foundation. This is included in the Library's financial statements in general operating expenses. The Library will commit \$500,000 to the Foundation in 2016.



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