

FINANCIAL **REPORT**

2016





BE beautiful cc.

THE FUTURE BELONGS TO THOSE WHO BELIEVE IN BEAUTY OF THEIR DREAMS Sarah Dault

shylar STRENGTH TO BE BETTER THAN YOU CURRENTLY ARE! JESSICA LADNER

SARAH

sophia

CALGARY

is best

THANK YOU CALGARY FOR RECEIVING US.

I CAN'T WAIT TO MEET YOU! Best of luck! Roger Liu

TUSHAR & PRADNYA

20 READ Ross

LOVE

Calli

Calgarians and Library members participating in the New Central Library Time Capsule of Steel event, March 21, 2017.



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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, 2016, and the statements of operations, and accumulated surplus, cash flows and changes in net financial liabilities 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, 2016, and the results of its operations, cash flows and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants
March 29, 2017

THE CALGARY PUBLIC LIBRARY BOARD

Statement of Financial Position

As at December 31, 2016

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	1,600,190	5,269,455
Accounts receivable (Note 3)	1,959,743	982,808
	<u>3,559,933</u>	<u>6,252,263</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	4,004,579	3,688,144
Deferred revenues (Note 5)	62,988	98,550
	<u>4,067,567</u>	<u>3,786,694</u>
NET FINANCIAL (LIABILITIES) ASSETS	<u>(507,634)</u>	<u>2,465,569</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6, Schedule 1)	53,372,931	52,262,151
Inventory	43,224	63,660
Prepaid expenses (Note 7)	2,372,451	2,664,536
Damage deposits (Note 11)	17,000	-
	<u>55,805,606</u>	<u>54,990,347</u>
ACCUMULATED SURPLUS (Note 8)	<u>55,297,972</u>	<u>57,455,916</u>

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, 2016

	Budget \$	2016 \$	2015 \$
REVENUES			
City of Calgary (Schedule 2)	44,388,883	44,460,602	43,285,027
Province of Alberta (Schedule 2)	6,840,405	6,891,263	6,760,417
Federal Government (Schedule 2)	240,372	246,093	212,702
Fines	1,237,799	1,162,207	1,269,045
Investment and other revenue	452,121	513,957	542,497
Grants and sponsorships (Note 13)	1,678,054	1,987,295	1,862,739
	54,837,634	55,261,417	53,932,427
EXPENSES			
Salaries and employee benefits	36,137,650	36,742,207	35,044,221
Collections	7,307,646	4,168,610	4,284,074
Building and equipment (Note 11)	3,522,332	7,475,309	6,372,441
General operating	6,913,499	6,884,872	6,867,985
Amortization	-	6,923,018	6,938,108
Occupancy costs	975,315	990,390	812,760
	54,856,442	63,184,406	60,319,589
DEFICIENCY OF REVENUES OVER EXPENSES - BEFORE OTHER	(18,808)	(7,922,989)	(6,387,162)
OTHER			
Write off of tangible capital assets		(16,722)	-
Government transfers for capital (Schedule 2)	-	5,781,767	5,792,696
DEFICIENCY OF REVENUES OVER EXPENSES	(18,808)	(2,157,944)	(594,466)
ACCUMULATED SURPLUS, beginning of year		57,455,916	58,050,382
ACCUMULATED SURPLUS, end of year		55,297,972	57,455,916

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, 2016

	2016 \$	2015 \$
OPERATING		
Deficiency of revenues over expenses	(2,157,944)	(594,466)
Non-cash charges to operations		
Amortization	6,923,018	6,938,108
Write off of tangible capital assets	16,722	-
Adjustments of tangible capital assets	(247)	10,580
Change in non-cash working capital (Note 10)	(400,541)	(1,203,345)
Cash provided by operating transactions	4,381,008	5,150,877
CAPITAL		
Acquisition of tangible capital assets (Schedule 1)	(8,050,273)	(8,873,081)
Cash used in capital transactions	(8,050,273)	(8,873,081)
CASH, beginning of year	5,269,455	8,991,659
CASH, end of year	1,600,190	5,269,455

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Change in Net Financial Liabilities
As at December 31, 2016

	2016 \$	2015 \$
DEFICIENCY OF REVENUES OVER EXPENSES	(2,157,944)	(594,466)
Amortization of tangible capital assets	6,923,018	6,938,108
Change in inventory, prepaid assets and deposits	295,521	(831,292)
Acquisition of tangible capital assets (Schedule 1)	(8,050,273)	(8,873,081)
Write off of tangible capital assets	16,722	-
Adjustments of tangible capital assets	(247)	10,580
DECREASE IN NET FINANCIAL ASSETS	(2,973,203)	(3,350,151)
NET FINANCIAL ASSETS, beginning of year	2,465,569	5,815,720
NET FINANCIAL (LIABILITIES) ASSETS, end of year	(507,634)	2,465,569

THE CALGARY PUBLIC LIBRARY BOARD
 Schedule of Tangible Capital Assets
 Schedule 1
 As at December 31, 2016

	Materials	Building	IT Equipment	Furniture & Equipment	Work In Progress	Vehicles	2016 \$	2015 \$
COST:								
BALANCE, BEGINNING OF YEAR	37,475,636	45,103,037	7,914,536	3,917,233	2,142,493	931,728	97,484,663	97,578,692
Acquisition of tangible capital assets	3,122,745	337,610	752,382	-	3,581,182	256,354	8,050,273	8,873,081
Asset transfers	-	3,756,492	-	-	(3,811,492)	55,000	-	-
Disposal of tangible capital assets	(4,451,289)	(176,124)	(1,842,076)	(61,639)	-	(50,743)	(6,581,871)	(8,956,530)
Adjustments of tangible capital assets	-	-	-	247	-	-	247	(10,580)
BALANCE, END OF YEAR	<u>36,147,092</u>	<u>49,021,015</u>	<u>6,824,842</u>	<u>3,855,841</u>	<u>1,912,183</u>	<u>1,192,339</u>	<u>98,953,313</u>	<u>97,484,663</u>
ACCUMULATED AMORTIZATION:								
BALANCE, BEGINNING OF YEAR	19,816,419	19,671,996	4,099,605	1,252,363	-	382,129	45,222,512	47,240,934
Annual amortization	3,681,136	1,843,626	1,094,578	180,913	-	122,765	6,923,018	6,938,108
Asset transfers	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	(4,451,289)	(160,226)	(1,842,077)	(61,639)	-	(49,918)	(6,565,149)*	(8,956,530)
BALANCE, END OF YEAR	<u>19,046,266</u>	<u>21,355,396</u>	<u>3,352,106</u>	<u>1,371,637</u>	<u>-</u>	<u>454,976</u>	<u>45,580,381</u>	<u>45,222,512</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>17,100,826</u>	<u>27,665,619</u>	<u>3,472,736</u>	<u>2,484,204</u>	<u>1,912,183</u>	<u>737,363</u>	<u>53,372,931</u>	<u>52,262,151</u>
2015 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>17,659,217</u>	<u>25,431,041</u>	<u>3,814,931</u>	<u>2,664,870</u>	<u>2,142,493</u>	<u>549,599</u>	<u>52,262,151</u>	

* 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, 2016

	Budget \$	2016 \$	2015 \$
TRANSFERS FOR OPERATING:			
City of Calgary	44,388,883	44,388,883	43,285,027
City of Calgary Insurance Proceeds	-	71,719	-
Province of Alberta	6,840,405	6,891,263	6,760,417
Federal Government (Note 1)	240,372	246,093	212,702
	51,469,660	51,597,958	50,258,146
TRANSFERS FOR CAPITAL:			
City of Calgary	-	5,760,017	5,211,726
City of Calgary Insurance Proceeds for Capital		21,750	580,970
	-	5,781,767	5,792,696
TOTAL GOVERNMENT TRANSFERS	51,469,660	57,379,725	56,050,842

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 1016

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"). 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 organization'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 (Schedule 2).
- 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 estimates of the amounts can be made (Schedule 2).
- 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 three-year period are less than the total expenditures for the same period, the operating budget for the year following the three-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 are 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 the Financial Plan net balance of "0", has been met.

THE CALGARY PUBLIC LIBRARY BOARD
 Financial Plan Balance Compliance Schedule
 For the Year ended December 31, 2016

	2016 Budget \$	2016 Actual \$	2015 Actual \$
STATEMENT OF OPERATIONS			
REVENUES			
City of Calgary	44,388,883	44,388,883	43,285,027
City of Calgary Insurance Proceeds (Schedule 2)	-	71,719	-
Province of Alberta	6,840,405	6,891,263	6,760,417
Federal Government	240,372	246,093	-
Fines and fees	1,237,799	1,162,207	1,269,045
Investment and other revenue	452,121	513,957	542,497
Grants and sponsorships	1,678,054	1,987,295	2,075,441
	54,837,634	55,261,417	53,932,427
EXPENSES			
Salaries and employee benefits	36,137,650	36,742,207	35,044,221
Collections	7,307,646	4,168,610	4,284,074
Building and equipment	3,522,332	7,475,309	6,372,441
General operating	6,913,499	6,884,872	6,867,985
Amortization	-	6,923,018	6,938,108
Occupancy costs	975,315	990,390	812,760
	54,856,442	63,184,406	60,319,589
REVENUES SHORTFALL - BEFORE OTHER	(18,808)	(7,922,789)	(6,387,162)
OTHER			
Write off of tangible capital assets	-	(16,722)	-
Government transfers for capital	-	5,781,767	5,792,696
DEFICIENCY OF REVENUES OVER EXPENSES	(18,808)	(2,157,944)	(594,466)
ADJUSTMENTS FOR NON-CASH ITEMS:			
Amortization expense	-	6,923,018	6,938,108
ADJUSTMENTS FOR CASH ITEMS:			
TCA additions expenditures (Schedule 1)	-	(8,050,273)	(8,873,081)
Changes in fund balances and capital reserves	-	3,268,724	2,364,225
Contribution from/to reserves	225,941	-	-
Adjustments of tangible capital assets	-	(247)	10,580
Write off of tangible capital assets	-	16,722	-
Tangible capital assets accrual	-	-	154,634
FINANCIAL PLAN BALANCE	207,133	-	-

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, 2016 and 2015, 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 deficiency 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.

The accumulated surplus 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:

Major Category	Years
Materials	10
Buildings	
Buildings	10 - 75
Leasehold Improvements	5 - 25
Furniture and Equipment	5 - 25
IT Equipment	8
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 of Calgary. The Library is the 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.

Tangible capital assets are written down when there is permanent and measurable impairment in its tangible capital asset value and the tangible capital asset still exists.

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 assets

Subscriptions, software annual maintenance contracts, occupancy, and insurance are recorded as prepaid assets 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.

Change in Accounting Policy

During the year ended December 31, 2016, there was a voluntary change in accounting policy related to building asset class.

Key changes are:

- The threshold for individual building asset increases from \$50,000 to \$250,000.
- If the new individual building value of an asset falls below \$2,000,000, it will be recorded as a single asset.
- Disposal cost calculator will be used when more direct valuation methods are not available.

The new accounting policy was effective January 1, 2016 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, Statement 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, 2015 will remain the same. Only items meeting the revised policy criteria have been added as acquisitions.

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 \$361,095 for the year ended December 31, 2016.

STATEMENT OF CASH FLOWS

Accounting changes in TCA have reduced the acquisition of tangible capital assets in the amount of \$361,095 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 \$2,000,000. 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, 2016, the balance of the facility was \$nil (2015-\$nil).

3. ACCOUNTS RECEIVABLE

Accounts receivable is comprised of the following:

	2016 \$	2015 \$
City of Calgary (Note 11)		
Life Cycle Recovery	1,615,260	540,174
Other	-	507
GST recovery	171,585	272,617
Other	172,898	169,510
TOTAL	1,959,743	982,808

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2016 \$	2015 \$
Accounts payable - items invoiced not paid/goods received not invoiced	501,549	891,439
Salary and non-salary accruals	1,715,796	1,238,305
Employee vacation pay accrual	1,122,640	1,060,435
Benefit & salary deduction payables	664,594	497,965
TOTAL	4,004,579	3,688,144

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, 2015 \$	Inflows \$	Revenue Earned \$	Decemeber 31, 2016 \$
Prepaid photocopier, tenant, and program deposits	98,550	19,711	(55,273)	62,988
Ending Balance	98,550	19,711	(55,273)	62,988

6. TANGIBLE CAPITAL ASSETS (Schedule 1)

Category (Net Book Value)	2016 \$	2015 \$
Materials	17,100,826	17,659,217
Building	27,665,619	25,431,041
IT Equipment	3,472,736	3,814,931
Furniture and Equipment	2,484,204	2,664,870
Work in Progress	1,912,183	2,142,493
Vehicles	737,363	549,599
TOTAL	53,372,931	52,262,151

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 ASSETS

Prepaid assets are comprised of the following:

	2016 \$	2015 \$
Occupancy	41,309	35,080
Software annual maintenance contracts	1,565,863	1,955,661
Subscriptions	743,059	656,441
General	22,220	17,354
TOTAL	2,372,451	2,664,536

8. ACCUMULATED SURPLUS

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

	2016 \$	2015 \$
Unrestricted surplus	193,964	171,910
Restricted surplus	1,731,077	5,021,855
Equity in tangible capital assets	53,372,931	52,262,151
TOTAL ACCUMULATED SURPLUS	55,297,972	57,455,916

Equity in tangible capital assets consists of the following items:

	2016 \$	2015 \$
Tangible capital assets (Schedule 1)	98,953,312	97,484,663
Accumulated amortization (Schedule 1)	(45,580,381)	(45,222,512)
TOTAL	53,372,931	52,262,151

9. COMMITMENTS

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

Year	\$
2017	685,000
2018	672,000
2019	558,000
2020	558,000
2021	581,000
Thereafter through to 2026	1,841,000

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 \$1,216,692 at December 31, 2016 (\$1,714,480 at December 31, 2015). Operating commitments amount to \$227,716 at December 31, 2016 (\$268,692 at December 31, 2015).

10. CHANGE IN NON-CASH WORKING CAPITAL

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

	2016 \$	2015 \$	Change \$
Accounts receivable	1,959,743	982,808	(976,935)
Accounts payable and accrued liabilities	4,004,579	3,688,144	316,435
Deferred revenues	62,988	98,550	(35,562)
Inventory	43,224	63,660	20,436
Prepaid assets	2,372,451	2,664,536	292,085
Damage deposits	17,000	-	(17,000)
Change in Non-Cash Working Capital			(400,541)

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, 2016 is \$1,615,260 (2015: \$540,681) due from The City of Calgary. Included in accounts payable and accrued liabilities is \$62,530 (2015: \$69,413) due to The City of Calgary.

Effective October 1, 2016, the Library signed a lease agreement with the Calgary Municipal Land Corporation (CMLC) for the use of the Hillier Block Building. CMLC donated the value of the lease as an in-kind donation to the Library. The fair market value of the in-kind donation is \$25,500 included in grants and sponsorships and the expense of the same amount is included in occupancy. CMLC incurred the Hillier Block Building fit-up cost of \$29,804 which is included in grants and sponsorships and the expense of the same amount is included in building and equipment. Included in deposits at December 31, 2016 is the damage deposit of \$17,000.

The City of Calgary provides space to the Library under many occupancy models. During 2016, a new arrangement for managing multi-use facilities constructed by the City of Calgary came into existence. The Library will be included in many of these new complexes. Prior to occupancy, The City of Calgary (The Landlord) enters into a leasing agreement with a third party (Leasee) to manage and operate the entire facility. The Leasee then enters into a separate sublease, as the Sublandlord, with each of the occupants. The sublease contains many of the obligations of the original lease. One of these conditions is the establishment of an asset management reserve fund to be held and used by the Sublandlord to meet common area systems life cycle maintenance needs as they arise. As the reserve is depleted each tenant will be required to replenish the fund, using the formula of the original contribution. The Library (Subleasee) expenses the amount (as a building and equipment expense) in the year of payment because the sublease stipulates that any remaining funds at the expiry date or the earlier termination of the sublease will be the property of The City of Calgary. However, the funds will remain intact for many years until life cycle needs start and the actual building expense is incurred.

The following table describes the amounts that were contributed by the Library (as Subleasee) to the asset management reserve fund and the balance being held in the fund at the end of the year.

Location	Sublandlord	Sublease Commencing Year	Sublease Term (Years)	Opening Balance January 1, 2016	Amount Contributed \$	Amount Withdrawn \$	Balance Remaining December 31, 2016 \$
Quarry Park Recreation Facility	YMCA	2016	25	-	96,200	-	96,200

These transactions are recorded at the exchange amount, which represents the amount agreed to by all 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 \$2,235,466 in 2016 (2015: \$2,139,736). 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 \$(923,416,000) in 2015—a decrease from \$(2,454,636,000) in 2014. The deficit applies to the entire plan and the Library's portion of the deficit cannot be determined. The 2015 information is provided as most recent information was not available at the time of preparing the financial statements.

LAPP consists of over 244,621 active members. The City of Calgary active plan membership represents approximately 8.5% of which the Library's portion is approximately 0.1% as at December 31, 2015.

13. 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,
- assist the Library in providing the highest possible level and quality of service to the users of the Library.

During fiscal 2016, the Foundation donated \$1,882,110 (2015: \$1,855,539) to the Library which has been included in grants and sponsorships revenue. It also includes an in kind donation of \$226,762 (2015: \$214,085), relating to gift cards and materials. The related expense is recorded in collections and general operating expenses. At December 31, 2016, the Library contributed \$500,000 (\$530,000 at December 31, 2015) 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 2017. The Library also contributed in kind donation of \$73,959 (2015: \$NIL) to the Foundation relating to occupancy and building supplies and services expense for the Hillier Block Building.

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Love ball

#loveforLewiston
Run towards the roar

AMY
HUDSON

Sam!M

Willie
Hudson
Mike
Uezor
pansas
Dad

TSLA
Lily
Whitney
Kierber

Farhana

Awesome!
Cheung

Sam

TAYLO
Smiley face
Purple flower



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