

Mission Statement

Freedom to Discover

Strategic Priorities

*A Community Beacon Relevant and Responsive
A Creative and Changing Organization*

HAMILTON PUBLIC LIBRARY BOARD

**Regular Board Meeting
Wednesday, June 18, 2014
Central Library, Board Room**

5:00 p.m. Meeting
7:00 p.m. Annual Chairmen's Dinner

AGENDA

- 1. Discussion Period**
 - 1.1 Staff Development Day
 - 1.2 Executive Committee

- 2. Acceptance of the Agenda**

- 3. Minutes of the Hamilton Public Library Board Meeting of Wednesday, May 21, 2014** Attachment #3

- 4. Presentations**
 - 4.1 Politician Participation Overview – PT

- 5. Consent Items**
 - 5.1 Security RFP - PT Attachment #5.1
Suggested Action: Recommendation

- 6. Business Arising**
 - 6.1 Logo/Branding Report – MS Attachment #6.1
Suggested Action: Recommendation
 - 6.2 Day Services Report – MS Attachment #6.2
Suggested Action: Recommendation

- 7. Correspondence**

8. Reports

- 8.1 Chief Librarian's Report Attachment #8.1
Suggested Action: Receive
- 8.2 Report from the Audit Committee – RH Attachment #8.2
Suggested Action: Recommendation

9. New Business

- 9.1 Capital Variance Report Attachment #9.1
Suggested Action: Recommendation
- 9.2 Budget Variance Report – RH Attachment #9.2
Suggested Action: Recommendation
- 9.2 Anti-spam Policy – LB Attachment #9.3
Suggested Action: Receive

10. Private and Confidential

11. Date of Next Meeting

Wednesday, September 17, 2014
Central Library, Board Room, 5th Floor
5:30 p.m. Dinner
6:00 p.m. Meeting

12. Adjournment

**Mission Statement
Freedom to Discover**

**Strategic Priorities
A Community Beacon Relevant and Responsive
A Creative and Changing Organization**

**HAMILTON PUBLIC LIBRARY BOARD
Regular Board Meeting
Wednesday, May 21, 2014
Central Library, Board Room
5:30 p.m. Dinner
6:00 p.m. Meeting**

MINUTES

- PRESENT:** **Mary Ann Leach, David Simpson, Nicolas van Velzen,
Suzan Fawcett, Wenda Tulloch, George Geczy,
Clare Wagner, Councillor Pearson, Jennifer Gautrey,
Richard Bagdonas**
- STAFF:** **Paul Takala, Lisa DuPelle, Robin Hewitt, Lita Barrie,
Michael Ciccone, Karen Anderson, Melanie Southern,
Karen Hartog**
- REGRETS:** **Councillor Jackson**

Ms Fawcett called the meeting to order at 6:02 p.m.

1. Discussion Period

1.1. Bus Tour

Board Members agreed to schedule another bus tour for September.

1.2. Volunteer Recognition Evening

Board Members were reminded of the Volunteer Recognition meeting scheduled for Friday, June 13th at 7:30.

1.3. SOLS Meeting

Ms Tulloch reported on the recently held SOLS meeting held April 26th at the Hamilton Public Library.

1.4. Roberts Rules of Order

Ms Fawcett reported that the Library Board meetings will be following Robert's Rules of Order as per the bylaws.

1.5. Presentation from Mr. Betzner and Mr. Hutton

Mr. Betzner and Mr. Hutton addressed the Library Board with their request to receive old newspapers that were made available to the public.

1.6. Provincial Election and Library Board

Board Members discussed the upcoming provincial election and inquired if there is a political action group through OLA that support and speak for libraries or individual boards. Management reported that a policy will be created.

2. Acceptance of the Agenda

MOVED by Mr. vanVelzen, seconded by Mr. Bagdonas,

THAT THE AGENDA BE ACCEPTED AS PRESENTED.

MOTION CARRIED.

3. Minutes of the Hamilton Public Library Board Meeting of Wednesday, April 16, 2014

Item #9.3 - vote carried with abstention by Mr. Simpson

MOVED by Ms Gautrey, seconded by Ms Leach,

THAT THE MINUTES OF THE HAMILTON PUBLIC LIBRARY BOARD MEETING OF WEDNESDAY, APRIL 16, 2014 BE ACCEPTED AS AMENDED.

MOTION CARRIED.

4. Presentations

4.1 Counting Opinions Customer Satisfaction Survey

Ms Barrie provided an overview of the counting opinions customer satisfaction survey.

4.2 Community Service Worker

Ms Southern reported on the community service worker pilot and the assistance being provided to individuals.

5. Consent Items

MOVED by Ms Gautrey, seconded by Ms Tulloch,

THAT CONSENT ITEM 5.1 BE APPROVED AS PRESENTED.

MOTION CARRIED.

5.1 Casual Staff Compensation

That the Library Board approves the following wage rates for all casual (Library Page) non-union employees and that these rates will be implemented effective June 1, 2014.

Old Grid effective January 1, 2014	Step 1	Step 2
Library Page (Casuals/Shelf readers)	\$10.84	\$11.38

New Grid effective June 1, 2014	Step 1	Step 2
Library Page (Casuals/Shelf readers)	\$11.00	\$ 11.55

6. Business Arising

6.1 Access Card

MOVED by Councillor Pearson, seconded by Ms Wagner,

THAT THE HAMILTON PUBLIC LIBRARY BOARD APPROVE AMENDING THE BORROWING PARAMETERS FOR THE ACCESS CARD TO INCLUDE FINES OF \$0.50 PER DAY, WITH A \$5.00 LIMIT PER ITEM, FOR EXPRESS ITEMS AND VIDEO GAMES.

MOTION CARRIED.

6.2 Technology and Use Policy

MOVED by Mr. van Velzen, seconded by Ms Gautrey,

THAT THE HAMILTON PUBLIC LIBRARY BOARD APPROVED THE ATTACHED TECHNOLOGY AND INTERNET USE POLICY.

MOTION CARRIED.

7. Correspondence

No correspondence.

8. Reports

8.1 Chief Librarian's Report

MOVED by Ms Leach, seconded by Mr. Bagdonas,

THAT THE CHIEF LIBRARIAN'S REPORT BE RECEIVED FOR INFORMATION.

MOTION CARRIED.

9. New Business

9.1 Retiree Policy

MOVED by Ms Wagner, seconded by Ms Gautrey,

THAT THE ATTACHED REHIRING RETIREES POLICY BE APPROVED.

MOTION CARRIED.

9.2 Disposal of Surplus Goods

MOVED by Mr. van Velzen, seconded by Ms Gautrey,

THAT THE HAMILTON PUBLIC BOARD APPROVES THE ATTACHED POLICY FOR DISPOSAL OF SURPLUS GOODS. THAT THE POLICY REPLACE THE DISPOSAL OF LIBRARY BOARD EQUIPMENT AND FURNITURE POLICY AND SUPERSEDE SECTION 4.16 OF THE PROCUREMENT POLICY.

MOTION CARRIED.

10. Private and Confidential

No private and confidential items.

11. Date of Next Meeting

Wednesday, June 18, 2014
Central Library, Board Room, 5th Floor
5:00 p.m. Meeting
7:00 p.m. Chairmen's Dinner – Hamilton Club

12. Adjournment

MOVED by Councillor Pearson, seconded by Ms Leach,

**THAT THE HAMILTON PUBLIC LIBRARY BOARD MEETING OF
WEDNESDAY, MAY 21, 2014 BE ADJOURNED.**

MOTION CARRIED.

The meeting was adjourned at 8:35 p.m.

Minutes recorded by Karen Hartog.

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 13, 2014
Report To: Chair and Members of the Board
From: Paul Takala, Chief Library
Julianna McCormick, Manager Finance and Facilities
Subject: Security RFP, Contract C8-01-14

Recommendations:

That, pending final approval from the Procurement Department, the Hamilton Public Library Board identifies FEDSE Corporation with the registered business name of Federal Force Protection Agency as an authorized vendor to provide Security Services to the Hamilton Public Library.

That the Chief Librarian is authorized to enter into an agreement with Federal Force Protection Agency for the provision of Security Services. The initial contract will run to December 31, 2016 and then is renewable annually for 2 additional years.

Financial/Staffing/Legal Implications:

Staff issued an RFP for Security Services (Contract C8-01-14) with the City of Hamilton Procurement Department. After technical and cost evaluations of the bids the Successful Proponent is Federal Force Protection Agency.

The contract has come in within the approved operating budget. Our annual operating budget for security services is currently \$293,940. The initial Contract term will run until the end of 2016 and then HPL will have the option to renew annually for the years 2017 and 2018.

Background:

As a public library we are committed to creating spaces that welcome everyone and we know from experience that most customers from all backgrounds use the Library in ways consistent with our Code of Conduct. Last year, for example, we received 3.72 million visitors. With the large number of visitors it is not surprising that at times our commitment to having no barriers for using our spaces creates situations where some customers do not comply with our rules. These behaviours can undermine people's sense of safety. To address this we have adopted a number of complementary strategies, which have included:

- New Security Supervisor Position

- Updated Security Camera Policy
- Enhanced staff training
- Community Resource Worker (Social Worker) at Central
- New security RFP

In December 2013 we reported to the Library Board that we would be working with the City of Hamilton Procurement Department on issuing an RFP for Security Services. Earlier this year an RFP for Security Guard Service for the Hamilton Public Library (Contract Number: C8-01-14) was issued by the City of Hamilton Procurement Department. After technical and cost evaluation of the Bids the Successful Proponent was Federal Force Protection Agency.

At the time of writing this report the standard period of challenge on the award of the contract has not passed.

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 13, 2014
To: Chair and Members of the Board
c.c. Paul Takala, Chief Librarian
From: Melanie Southern, Director of Public Service, Partnerships and Communications
Subject: **Logo/Brand Implementation**

Recommendation:

That the Hamilton Public Library Board approves the allocation of \$120,000 from the Library General Development Reserve (106007) to cover the costs associated with the replacement of exterior signs and for the design and replacement of basic brand assets.

That the Hamilton Public Library Board approves the allocation of \$15,000 from the Permanent Endowment Fund (Legacy Fund) for the design and replacement of the bookmobile skins, and support materials.

Financial/Staffing/Legal Implications:

The Library General Development Reserve (106007) has a balance of \$1,812,184. The Permanent Endowment Fund (Legacy Fund) established by the Dowler Estate currently has \$712,535.

In November 2013 the Library Board approved the contract for Website Renewal and Logo Refresh project (#C8-02-13) to be awarded to Factor[e]. That project is proceeding well with the launch of the website later this year. A number of brand assets, such as replacing exterior signage, were not included in the scope of that project. Staff will follow standard procurement processes when sourcing the items identified in this report.

Background:

In March, the Board endorsed HPL's new logo that will be launched in conjunction with the website redesign. The Website and Logo Refresh Project included a letterhead, business card design, and logo style guide as part of its scope. It was recognized that other brand assets would have to be replaced and updated.

The logo replacement plan has a number of phases:

1. **Staff Launch: Build enthusiasm and ownership.** A staff sub-committee presented the logo at Staff Development Day on June 4. The brand was articulated, the logo was revealed and staff members were given a number of support items and activities to help them embrace the brand and build staff ownership. A number of elements were designed and purchased as part of the staff launch.
2. **Public Launch: Build Public Ownership.** In conjunction with the website launch in September, it is proposed that the public have the opportunity to view the logo at each location with a number of brand assets be in place including banners, key support documents, and information about the logo. Digital assets, such as email signatures, TV monitors, social media elements and digital internal communication pieces need to be updated. New library cards are anticipated for the public launch. Ideally, we would like the bookmobiles rebranded so they can promote the new logo at the Telling Tales festival.
3. **Official launch in October.** The goal is to have external signs replaced in time for the official launch during Ontario Public Library Week which is October 19-25 this year. Communications will continue to roll-out updated materials. A modest promotional campaign is currently being investigated that will celebrate HPL.

The Logo and Brand project will include:

Exterior signage: HPL's different locations have a variety of external signs. In some cases, the signs merely need to have the acrylic graphics replaced within the existing sign box. Other locations will have to have alternative options explored. Following the procurement process, HPL will investigate different options to optimize these funds. The Library will follow the procurement process but anticipate exterior signs will cost approximately \$70,000.

Brand assets: There are numerous items that need to be replaced, and while some items can be phased in using in-house resources, it is recognized that a number of key elements need to be branded and made available system wide with the public launch. This is seen as an opportunity to develop a strong branded approach to HPL's print materials, such as brochures, and digital assets. Approximately \$50,000 will be needed to support this.

Library cards: The replacement of library cards was anticipated and operational funds have already been allocated for this purpose. Providing a library card with two detachable elements or “fobs” improves customer experience. For example, a fob may be added to a key chain or it can be shared with family members. The card will be well branded and released in conjunctions with the public launch.

Bookmobile rebranding: The design and application of a new wrap for the bookmobiles is a wonderful opportunity to promote HPL’s logo and recognize the Dowler family. We also plan to produce a promotional pamphlet designed to better support the bookmobiles’ services, and recognize the generous support by the Dowler family. \$15,000 is being allocated to cover these costs.

In closing, the launch of a new website and logo is an opportunity for HPL to better articulate and enhance its brand. Staff are excited about the new logo and the opportunity to develop a variety of brand assets that will continue to support us for a number of years.

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 11, 2014
To: Chair and Members of the Board
c.c. Paul Takala, Chief Librarian
From: Melanie Southern, Director, Public Service, Partnerships & Communications
Subject: **Day Services Pilot Report**

Recommendations:

That the Hamilton Public Library Board continue to support the Community Resource Worker (CRW) program beyond the pilot phase.

That the Chief Librarian is authorized to enter into an agreement with Wesley Urban Ministries to continue the CRW program.

Financial/Staffing/Legal Implications:

The cost of the program for 2014 can be accommodated by the existing operating budget along with funds remaining from the pilot project. HPL's approach to date on this project has been to partner with Wesley Urban Ministries to provide the full-time Community Resource Worker at Central. The anticipated cost of the program for 2015 will be \$65,000.

By working with a partner agency, the Library is contracting the service, not hiring a permanent employee to provide the service. We recognize that our expertise in this area is limited and this leaves us more flexibility to evolve the program as needs change.

Background:

In 2013, the Board approved the HPL Day Services Pilot Project. The project was created to take an alternative and complementary approach to improving security at the Central Library. This approach is consistent with HPL's core values of respect and inclusion and with our strategic priorities, in particular, Community Beacon. It embraces a community approach to library service and has committed to finding and eliminating barriers to accessing library services.

During this short pilot, we collected numerous impact statements, and staff feedback. It confirmed what staff long suspected that a small number of our

clientele are dealing with complex issues and often multiple complex issues. Our Community Resource Worker (CRW) quickly became an integral support at Central Library and a resource to the entire system. This approach improved the library experience for everyone while ensuring that those who are most vulnerable get access to the resources and services that can help them think beyond mere survival. Further, we were better able to take a proactive approach to behaviours, and also implemented procedural changes to better support our customers with complex personal circumstances.

Since the CRW program has started we have seen some progress in the overall sense of security and safety at Central. It is hard to attribute specific improvements to anyone element of our overall strategy, however, as a public library it is critical that our spaces are welcoming to all and that people can enjoy our spaces. This month we are reporting to the Board on the outcome of the RFP for Security Services. In that contract we required well trained guards and specified a higher level of compensation to attract high quality individuals. As we implement that new security contract we want to ensure that we have the CRW in place.

One of the goals of the pilot project was to determine if the partnership with Wesley Urban Ministries would prove to be an effective approach. They were selected for the pilot because of their long established record of service and their vision and approach aligned with HPL's. The pilot has demonstrated that they are an effective partner. In particular, they have assisted us with making better connections with other agencies in the City.

During the pilot's short time frame, we were not able to fully realize the staff training opportunities of the CRW, but we will continue to work on this. Staff believe there is a strong case for continuing this program. We want to expand on the early stages of the work to get a better understanding of the impacts looking forward. At this point, the intention is to continue the program in its present form for one year then re-evaluate.

Chief Librarian's Report – June 2014

Turner Park 5th Birthday Celebration

On June 3rd a week- long 5th birthday celebration kicked off at the Turner Park branch. Representatives from City Council, the Library Board, and the YMCA brought greetings and celebrated the successful and unique community partnership between the Library, the City and the YMCA. The day was fun filled with special performances by the Ray Lewis school band and TURKEY Rhubarb. Customers also had a sneak peek at the library's new mobile Digital Media Lab "green screen" and had their photos taken.

Service Recognition Awards

On Friday June 13th we will be holding our 2nd annual Employee Service Awards and Volunteer Recognition. Approximately 40 employees and over 60 volunteers will be attending this year. Ms. Fawcett will be making a speech on behalf of the Board and several administration & management staff will be speaking as well. Based on the feedback we have received, the event is very appreciated by staff and volunteers. We will also be recognizing the Friends of the Library. The tie in with art crawl makes it a very special event.

Staff Development Day

The strategic plan challenges us to be *A Creative and Changing Organization* and we know how important it is to keep staff current. The theme of the day was 'Connect. Create. Community' and the workshops and plenary session focused on opportunities we have to reach toward our Strategic Priorities, to connect with our customers, to create services and spaces to better serve our customers and to understand and meet the needs of our diverse communities. Board Chair, Suzan Fawcett, brought greetings on behalf of the Board that were well received. Staff Day is an efficient means of sharing information, of allowing staff to participate in a range of professional development opportunities and of encouraging staff to meet and share ideas with their colleagues from across the system. Staff Day is always popular and was a great success again this year, thanks to the efforts of the staff organizing committee. Every year we evaluate the day and all the sessions to ensure we make the day as relevant as possible. The evaluation responses have been very positive, here are a couple comments that are indicative of staff's appreciation and enthusiasm for this learning event: *"All the workshops*

felt so applicable to daily work at HPL this year. Well done." "I look forward to the day and this year did not disappoint. Thank you to all involved. I wouldn't change a thing." On behalf of all staff, I want to thank the Board for enabling us to get together again this year on June 4th for this day of learning.

LHA on Flickr Commons (copied from HPLNET, Michael to update)

The Local History & Archives Department is now a member of Flickr Commons, joining the likes of Cornell University, NASA, the British Library and other prestigious institutions. The Commons was launched in 2008 when they released their pilot project in partnership with The Library of Congress. The program has two main objectives: To increase access to publicly-held photography collections and to provide a way for the general public to contribute information and knowledge. LH&A posts only images with no known copyright restrictions (i.e., public domain, HPL copyright, etc.). To date, we have posted close to 450 photographs. [Have a look!](#)

VTLS

At the beginning of June, the Library received notification from our current ILS vendor VTLS that Innovative Interfaces, another ILS vendor, had purchased VTLS. While we don't currently know the long term implications, both Innovative and VTLS have stated that all VTLS products will continue to be supported, including Virtua and Chamo. VTLS has assured us that they will continue to support us from their Blacksburg, Virginia office through this transition. We will provide additional information as it becomes available.

Update from Canadian Urban Library Council (CULC)

CULC membership is open to the CEOs of Canadian Libraries serving populations that are 100,000 or greater. CULC's mission is to "work collaboratively to build vibrant urban communities by strengthening the capacity of Canada's urban libraries". Its main areas of focus are capacity building, research, knowledge exchange and organizational resiliency. I am pleased to report that I was elected Vice-President at our spring meeting last month.

Paul Takala
Chief Librarian

Hamilton Public Library

F R E E D O M T O D I S C O V E R

Date: June 18, 2014
To: Chair and Members of the Board
From: Hamilton Public Library Board Audit Committee
c.c. Paul Takala, Chief Librarian
Subject: 2013 Financial Report

Recommendations:

That the 2013 Financial Statements for the Hamilton Public Library Board, included in the attached Audit Committee Agenda, be approved.

That the 2013 Annual Financial Report be received for information.

Background:

Every year, the Library must prepare and present the audited financial statements to the Council of the City of Hamilton as required by the Public Libraries Act. The financial statements present the 2013 financial position of the Library as at December 31, 2013 and the financial activities for the year ended December 31, 2013.

KPMG, LLP, Chartered Accountants, who are external auditors for both the City of Hamilton and the Hamilton Public Library have performed the statutory audit function and will be presenting their Audit Concluding Memorandum to the Board.

The Library derives revenue from donations and cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, the auditors' verification of these revenues was limited to the amounts recorded in the Library's records.

Subject to any required adjustments, if any, which they may have determined to be necessary had they been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, KPMG, LLP, Chartered Accountants have expressed an opinion on the financial statements that they present fairly, in all material respects, the financial position of the Hamilton Public Library Board as at December 31, 2013 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles free of any qualifications.

The financial statements have been prepared by staff in accordance with generally accounting principles for local governments (including local boards) as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants (CICA). PSAB requirements for local boards include fund accounting, accrual accounting and post employment and retirement benefit obligations.

Effective January 1, 2007, the Library adopted Accounting Guideline 7 (PSG-7) of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants ("CICA") with respect to the disclosure of tangible capital assets for local governments. PSG-7 provides transitional guidance on presenting information related to tangible capital assets until Section 3150 - Tangible Capital Assets of the Public Sector Accounting Handbook came into effect on January 1, 2009.

Also included is the 2013 Financial Report for Hamilton Public Library Board Trust Funds.

KPMG, LLP, Chartered Accountants, performed the statutory audit function and expressed an opinion, present fairly, in all material respects, the financial position of the Hamilton Public Library Board and Trust Funds of the Hamilton Public Library Board as at December 31, 2013 and its results of operations for the year then ended in accordance with Canadian public sector accounting standards

**HAMILTON PUBLIC LIBRARY BOARD
Audit Committee Meeting**

**Tuesday, June 3, 2014
Central Library, Board Room
5:00 p.m. Meeting**

MINUTES

PRESENT: David Simpson, George Geczy, Mary Ann Leach, Suzan Fawcett

OTHER: John Pryke, KPMG

STAFF: Robin Hewitt, Paul Takala

1. Acceptance of the Agenda

Move item #3 to end of agenda.

MOVED by Ms Fawcett, seconded by Mr. Geczy,

THAT THE AGENDA BE ACCEPTED AS AMENDED.

MOTION CARRIED.

**2. Minutes of the Hamilton Public Library Board Audit Committee
of Monday February 3rd, 2014**

MOVED by Ms Fawcett, seconded by Mr. Geczy,

**THAT THE MINUTES OF THE HAMILTON PUBLIC LIBRARY AUDIT
COMMITTEE MEETING OF MONDAY, FEBRUARY 3, 2014 BE
ADOPTED AS PRESENTED.**

MOTION CARRIED.

3. Auditor and Audit Committee meet without Staff

The Audit Committee met privately with the Auditor.

4. Draft Audit Findings Report

Mr. Pryke reviewed the audit findings with committee members.

A full actuarial valuation is performed every three years and the Hamilton Public Library next actuarial valuation will be performed for January 1, 2014 and will be included in next year's audit.

Management representation letter will be required once approved by Mr. Takala and Ms Hewitt.

MOVED by Ms Fawcett, seconded by Ms Leach,

THAT THE AUDIT COMMITTEE APPROVE THE DRAFT AUDIT FINDINGS REPORT.

MOTION CARRIED.

**5. Draft Financial Statements Hamilton Public Library Board
December 31, 2013**

There were no new note disclosures required in the 2013 statements.

The draft financial statements for trust funds were not included in the 2013 financial statements as KPMG audit the City trust funds as a whole.

MOVED by Ms Fawcett, seconded by Ms Leach,

THAT THE DRAFT FINANCIAL STATEMENTS FOR THE YEAR ENDING DECEMBER 31, 2013 BE APPROVED AS PRESENTED.

MOTION CARRIED.

6. Annual Financial Report - 2013

MOVED by Ms Fawcett, seconded by Ms Leach,

THAT THE 2013 ANNUAL FINANCIAL REPORT BE RECEIVED FOR INFORMATION.

MOTION CARRIED.

7. Adjournment

MOVED by Ms Fawcett, seconded by Ms Leach,

THAT THE AUDIT COMMITTEE MEETING OF TUESDAY, JUNE 3, 2014 BE ADJOURNED.

MOTION CARRIED.

The meeting was adjourned at 6:15 p.m.

Minutes recorded by Karen Hartog.

**HAMILTON PUBLIC LIBRARY BOARD
Audit Committee Meeting**

**Monday February 3, 2014
Central Library, Board Room
4:00 p.m. Meeting**

MINUTES

PRESENT: David Simpson, George Geczy, Mary Ann Leach, Suzan Fawcett

OTHER: John Pryke, KPMG

STAFF: Robin Hewitt, Paul Takala

1. Election of Chair of Audit Committee

MOVED by Mr. Geczy, seconded by Ms Fawcett

THAT DAVID SIMPSON BE ELECTED CHAIR OF THE AUDIT COMMITTEE

MOTION CARRIED.

2. Discussion Items:

1.1 The committee members indicated that they would like an item to be added to the agenda as a standing agenda item so that the auditors can meet with board members without staff present.

1.2 Mr. Simpson expressed that he would be interested in having a reference document on how to read financial statements.

3. Hamilton Public Library Board Audit Planning Memo

MOVED by Ms Leach, seconded by Ms Fawcett

THAT THE AUDIT PLANNING MEMO BE APPROVED

MOTION CARRIED

4. Adjournment

The meeting was adjourned at 5:10 p.m.

AUDIT

Hamilton Public Library Board

Audit Findings Report

For the year ended December 31, 2013

KPMG LLP, Licensed Public Accountants

kpmg.ca

Contents

Executive summary	2
Significant audit, accounting and reporting matters	3
Significant qualitative aspects of accounting policies and practices	4
Misstatements	5
Appendices	6

DRAFT

Executive summary

Overview

The purpose¹ of this Audit Findings Report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the financial statements of the Hamilton Public Library Board ("Library") as at and for the year ended December 31, 2013.

We appreciate the assistance of management and staff in conducting our audit. We hope this audit findings report is of assistance to you for the purpose above, and we look forward to discussing our findings and answering your questions.

Status

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures which include:

- completing our discussions with the Audit Committee
- obtaining evidence of the Board's approval of the financial statements
- Receipt of signed management representation letter

Please refer to the Appendices for our draft auditors' report.

We will update you on significant matters, if any, arising from the completion of the audit, including completion of the above procedures. Our auditors' report will be dated upon completion of any remaining procedures.

DRAFT

¹ This Audit Findings Report should not be used for any other purpose or by anyone other than the Audit Committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Significant audit, accounting and reporting matters

Included in this report are significant matters we have highlighted for discussion at the upcoming Audit Committee meeting. We look forward to discussing these matters and our findings with you.

Changes from the Audit Plan

There have been no changes from the Audit Planning Report previously presented to you on February 3, 2014.

Matters related to management's judgment and estimates.

We have highlighted below significant matters related to management's judgment and estimates that we would like to bring to your attention:

<p>Liability for future benefits</p> <ul style="list-style-type: none"> • The Library is required to report obligations for retirement benefits earned over the employment period of its employees. • The Library recognizes the post employment benefit costs as they are earned during the year. The Library's obligation under the post employment provisions of employment agreements will be funded out of current operations. • Management relies on the actuarial services of Eckler Ltd. As required by the accounting standards, a full actuarial valuation is performed every 3 years. The last full actuarial valuation was performed for the year ending December 31, 2010. A new valuation will be performed for January 1, 2014.
<p>KPMG comments regarding effect on the audit</p> <ul style="list-style-type: none"> • KPMG obtained external confirmation from management's expert • KPMG evaluated management's expert for competence and independence • KPMG reviewed the actuarial valuations performed on post employment and retirement benefits to assess the estimates set up for the accrued benefit obligation
<p>Other matters</p>
<p>Prepaid expenses</p> <ul style="list-style-type: none"> • In prior year, Library purchased multiple subscription based expenses during the year for different services. Some of these subscriptions covered time periods that differed from the fiscal year of the Library and thus were not entirely used by the Library's fiscal year-end of December 31, 2012.
<p>KPMG comments regarding effect on the audit</p> <ul style="list-style-type: none"> • KPMG obtained and reviewed the agreements related to the subscriptions for fiscal 2013 • No misstatements were identified

Significant qualitative aspects of accounting policies and practices

Our professional standards require that we communicate our views regarding the matters below, which represent judgments about significant qualitative aspects of accounting policies and practices. Judgments about quality cannot be measured solely against standards or objective criteria. These judgments are inherently those of the individual making the assessment: the engagement partner. However, although judgments about quality are those of the engagement partner, the views discussed below are not contrary to positions KPMG has taken.

The following are the matters we plan to discuss with you:

Significant accounting policies	<p>Significant accounting policies or practices are disclosed in Note 1 to the financial statements.</p> <p>The following new significant accounting policies or practices were selected and applied during the year:</p> <ul style="list-style-type: none"> • Government transfers <p>There was no impact on the Library's financial statements as a result of adopting this standard.</p> <p>There were no other changes to any significant accounting policies or practices.</p>
Critical accounting estimates	<p>Management's process for identifying and making accounting estimates are consistent with the prior year. The liability for employee future benefits is the only critical accounting estimate.</p>
Critical disclosures and financial statement presentation	<p>The Library's significant financial statement disclosures are acceptable and appropriate under Public Sector Accounting Standards.</p>

Misstatements

Corrected misstatements

There were no corrected misstatements identified.

Uncorrected misstatements

There were no uncorrected misstatements identified.

DRAFT

Control deficiencies

Background and professional standards

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

Identification

We did not identify any control deficiencies that we determined to be significant deficiencies in ICFR.

DRAFT

Appendices

Draft auditors' report

Management representation letter

DRAFT

Draft auditors' report

DRAFT

Management representation letter

DRAFT

KPMG LLP
Chartered Accountants
Commerce Place
21 King Street West, Suite 700
Hamilton, Ontario L8P 4W7
Canada

June 3, 2014

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as "financial statements") of Hamilton Public Library ("the Entity") as at and for the period ended December 31, 2013.

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

GENERAL:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter for:
 - a) the preparation and fair presentation of the financial statements.
 - b) providing you with all relevant information and access.
 - c) such internal control as management determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
 - d) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which management is aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risks that the financial statements may be materially misstated as a result of fraud.

- b) all information in relation to fraud or suspected fraud that we are aware of and that affects the Entity and involves: management, employees who have significant roles in internal control, or others, where the fraud could have a material effect on the financial statements.
- c) all information in relation to allegations of fraud, or suspected fraud, affecting the Entity's financial statements, communicated by employees, former employees, regulators, or others.
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

COMMITMENTS & CONTINGENCIES:

- 4) There are no:
 - a) other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation.
 - b) other environmental matters that may have an impact on the financial statements.

SUBSEQUENT EVENTS:

- 5) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 6) We have disclosed to you the identity of the Entity's related parties and all the related party relationships and transactions of which we are aware and all related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

ESTIMATES:

- 7) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 8) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission (“SEC”) Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

HAMILTON PUBLIC LIBRARY

By: Mr. Paul Takala, Chief Librarian/Chief Executive Officer

By: Ms. Robin Hewitt, Director, Finance and Facilities

DRAFT

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

RELATED PARTIES

In accordance with Canadian accounting standards for the public sector (PSAB) *related party* is defined as:

- Related parties exist when one party has the ability to exercise, directly or indirectly, control, joint control or significant influence over the other. Two or more parties are related when they are subject to common control, joint control or common significant influence. Two not-for-profit organizations are related parties if one has an economic interest in the other. Related parties also include management and immediate family members.

In accordance with Canadian accounting standards for the public sector (PSAB) a *related party transaction* is defined as:

- A related party transaction is a transfer of economic resources or obligations between related parties, or the provision of services by one party to a related party, regardless of whether any consideration is exchanged. The parties to the transaction are related prior to the transaction. When the relationship arises as a result of the transaction, the transaction is not one between related parties

DRAFT

www.kpmg.ca

KPMG LLP, an Audit, Tax and Advisory firm (kpmg.ca) and a Canadian limited liability partnership established under the laws of Ontario, is the Canadian member firm of KPMG International Cooperative (“KPMG International”). KPMG member firms around the world have 152,000 professionals, in 156 countries.

The independent member firms of the KPMG network are affiliated with KPMG International, a Swiss entity. Each KPMG firm is a legally distinct and separate entity, and describes itself as such.

© 2013 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.

The KPMG name, logo and “cutting through complexity” are registered trademarks or trademarks of KPMG International.

Financial Statements of

**THE HAMILTON PUBLIC LIBRARY
BOARD**

Year ended December 31, 2013

DRAFT

THE HAMILTON PUBLIC LIBRARY BOARD

Financial Statements

December 31, 2013, with comparative figures for 2012

	Page
Hamilton Public Library Board	
Independent Auditors' Report.....	1
Statement of Financial Position.....	3
Statement of Operations	4
Statement of Changes in Net Financial Assets.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14
Schedule of Tangible Capital Assets	15

DRAFT

INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Hamilton

We have audited the accompanying financial statements of The Hamilton Public Library Board, which comprise the statement of financial position as at December 31, 2013, and 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 Hamilton Public Library Board as at December 31, 2013, and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada
June 3, 2014

DRAFT

THE HAMILTON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2013, with comparative figures for 2012

	2013	2012
Financial assets		
Cash	\$ 30,631	\$ 24,927
Accounts receivable	74,355	49,727
Due from City of Hamilton (note 3)	8,653,462	9,345,611
	\$ 8,758,448	\$ 9,420,265
Financial liabilities		
Accounts payable and accrued liabilities	\$ 635,667	\$ 825,137
Due to trust funds	367,461	366,669
Liability for future benefits (note 4)	2,168,505	2,166,433
	3,171,633	3,358,239
Net financial assets	5,586,815	6,062,026
Non-financial assets		
Prepaid expenses	98,966	113,531
Tangible capital assets (net) (Schedule)	12,741,239	12,789,410
	12,840,205	12,902,941
Commitments (note 7)		
Accumulated surplus (note 9)	\$18,427,020	\$18,964,967

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

THE HAMILTON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2013, with comparative figures for 2012

	Budget 2013	Actual 2013	Actual 2012
	(note 10)		
Revenues:			
Municipal contribution	\$ 28,103,080	\$ 28,103,080	\$ 28,108,160
Province of Ontario Grants	949,450	949,451	949,451
Other grant revenue	216,860	344,832	468,570
Fines	476,070	512,806	522,615
Photocopier revenue	43,370	81,869	67,650
Other – rentals, sales and recoveries	81,110	88,288	77,194
Interest	-	199,534	173,137
Contributions from Municipal reserves	281,490	293,444	294,851
Contributions from Capital	-	-	123,540
Donations	-	18,710	11,885
	30,156,430	30,592,014	30,797,053
Expenditures:			
Employee related expenses	\$20,084,480	\$ 19,134,401	\$ 18,615,435
Capital financing (note 5)	345,970	345,295	287,892
Financial	87,770	532,760	86,915
Materials and supplies	4,010,600	624,452	970,429
Vehicle expenses	64,890	43,697	34,856
Building and grounds	1,563,400	1,431,178	1,428,884
Consulting	-	33,401	-
Contractual	2,086,890	1,343,286	1,736,969
Reserves/recoveries	1,906,370	1,696,397	1,546,520
Cost allocations	-	2,131	3,634
Amortization	-	3,563,649	3,477,735
Change in employee benefits	-	2,072	34,197
Contribution to Municipal vehicle replacement reserve	6,060	6,058	68,880
Contribution to Municipal capital	-	-	162,357
	30,156,430	28,758,777	28,454,703
Net revenue	-	1,833,237	2,342,350
Contributions to reserves of Municipality (note 11)	-	2,371,184	945,487
Annual surplus (deficit)	-	(537,947)	1,396,863
Accumulated surplus, beginning of year	18,964,967	18,964,967	17,568,104
Accumulated surplus, end of year	\$ 18,964,967	\$ 18,427,020	\$ 18,964,967

See accompanying notes to financial statements.

THE HAMILTON PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Annual surplus (deficit)	\$ (537,947)	\$ 1,396,863
Acquisition of tangible capital assets	(3,515,478)	(3,537,551)
Amortization of tangible capital assets	3,563,649	3,477,735
	48,171	(59,816)
Acquisition of prepaid expenses	(98,966)	(113,531)
Use of prepaid expenses	113,531	35,113
	14,565	(78,418)
Change in net financial assets	(475,211)	1,258,629
Net financial assets, beginning of year	6,062,026	4,803,397
Net financial assets, end of year	\$ 5,586,815	\$ 6,062,026

See accompanying notes to financial statements.

DRAFT

THE HAMILTON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (537,947)	\$ 1,396,863
Items not involving cash:		
Amortization	3,563,649	3,477,735
Decrease in future benefits	2,072	34,197
Changes in non-cash assets and other liabilities:		
Accounts receivable	(24,628)	18,055
Due from City of Hamilton	692,149	(1,446,677)
Prepaid expenses	14,565	(78,418)
Accounts payable and accrued liabilities	(189,470)	127,465
Due to trust funds	792	1,026
	3,521,182	3,530,246
Capital activities:		
Purchase of tangible capital assets	(3,515,478)	(3,537,551)
Net change in cash	5,704	(7,305)
Cash, beginning of year	24,927	32,232
Cash, end of year	\$ 30,631	\$ 24,927

See accompanying notes to financial statements.

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2013, with comparative figures for 2012

The financial statements of the Hamilton Public Library Board (the Board) are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be incurred over a number of years and therefore may not be comparable with the current year's actual expenditures. The Board does not budget actively within reserves or reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures do not include amounts for tangible capital asset amortization.

1. Significant account policies:

(a) Basis of accounting:

Revenues are recorded on the accrual basis of accounting which recognizes revenues as they become available and measurable, with the exception of fines and other desk receipts which are reported on the cash basis of accounting. Expenditures are reported on the accrual basis of accounting which recognizes expenditures as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets:

(i) Determination of costs:

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed or donated tangible capital assets are recorded at their fair value at the date of receipt.

(ii) Amortization:

Amortization is recorded to reflect the cost, net of anticipated salvage value, associated with the use of the asset in providing Library services over the estimated useful life of the asset. Amortization expense is calculated on a straight-line basis over the assets' estimated useful lives as follows:

Asset	Number of years
Collections (asset pool)	7 years
Furniture, equipment and shelving	10 years
Computer hardware	3 years
Software	5 years

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

1. Significant account policies (continued):

(b) Tangible capital assets (continued):

(ii) Amortization (continued):

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.

Library land and buildings are owned and controlled by the City of Hamilton and are therefore not reflected in these financial statements.

(c) Trust Funds:

Trust Funds and their related operations administered by the Library are not included in these financial statements, but are reported separately.

(d) Municipal contributions:

Municipal contributions received relate to library operations. Municipal contributions paid relate to surplus repayment and future reserves. Contributions are recognized in the financial statements as revenues in the period in which events giving rise to the contribution occur, providing the contributions are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(e) Employee future benefits:

The Library provides certain employee benefits which will require funding in future periods. The cost of self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as retirement health and dental benefits for retirees, is actuarially determined using the project benefit method prorated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gains and losses related to the past service of employees are amortized over the expected average remaining service life of the employee group.

The costs of multi-employer defined contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period.

(f) 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 ordinary course of operations.

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

1. Significant account policies (continued):

(g) Government transfers:

Government transfers received are from federal and provincial governments. Transfers are recognized in the period in which the events giving rise to the transfers occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made.

(h) Use of estimates:

The preparation of financial statements in accordance with public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. Change in accounting policy:

Government transfers

On January 1, 2013 the Board adopted Public Sector Accounting Standards PS 3410, *Government Transfers*. This standard was adopted on a prospective basis from the date of adoption. Under PS3410, government transfers received or receivable are recognized in revenue once the eligibility criteria, if any, are met unless they meet the definition of a liability. Government transfers paid are recognized as a liability and an expense when the transfer is authorized and all eligibility criteria have been met by the recipient. There were no adjustments as a result of the adoption of this standard.

3. Due from City of Hamilton:

The balance due from the City of Hamilton is non-interest bearing and has no set terms of repayment.

4. Liability for future benefits:

In accordance with PSAB guidelines the Board is required to report obligations for retirement benefits earned over the employment period of its employees.

Employees who have retired either under the OMERS early retirement provisions or otherwise are eligible to receive drug, extended health services and dental benefits for the lifetime of the retiree. Effective January 1, 2002 new retirees only receive benefits until age sixty-five.

The Board recognizes the post employment benefits costs as they are earned during the year. The Board's obligation under the post employment provisions of employment agreements will be funded out of current revenue.

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

4. Liability for future benefits (continued):

Accrued benefit obligation:

	2013	2012
Vested sick leave liability	\$ 90,784	\$ 101,306
Retirement benefits	2,521,051	2,573,195
	2,611,835	2,674,501
Net unamortized actuarial loss	(443,330)	(508,068)
Accrued liability	2,168,505	\$ 2,166,433

The continuity of employee benefits and other obligations are summarized as follows:

	2013	2012
Liability for employee benefits and other obligations balance at beginning of the year	\$ 2,166,433	\$ 2,132,236
Benefit expenditure	66,076	63,231
Interest expenditure	116,326	118,377
Amortization of actuarial loss	64,737	64,737
Benefit payments	(245,067)	(212,148)
Liability for employee benefits and other obligations balance at end of the year	\$ 2,168,505	\$ 2,166,433

Actuarial valuations are performed on post employment and retirement benefits to provide estimates of the accrued benefit obligations. These estimates are based on a number of assumptions about future events including interest rates, inflation rates, salary and wage increases, medical and dental cost increases and mortality. The assumptions are determined at the time of the actuarial valuations and are reviewed annually. Consequently, different assumptions are used as follows:

	Discount rate	Return on assets	Inflation rate	Salary increases	Dental increases	Life expectancy (years)
Vested sick leave	4.5%	NA	2%	4%	NA	12
Retirement benefits - health and dental	4.5%	NA	2%	4%	3.5% (1)	12

Note (1) – Medical costs are assumed to increase at a rate of 5.5% in 2013 and reduce 0.5% annually until 2017.

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

4. Liability for future benefits (continued):

(a) Liability for vested sick leave:

Effective May 1, 1982 the Income Protection Plan was adopted and sick leave credits earned under the Sick Leave Benefit Plan were frozen. Under the Sick Leave Benefit Plan unused sick leave would accumulate and employees were entitled to cash payment upon termination of services after ten continuous years. Entitlement to cash payment continues to apply to those employees who accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination. The estimated accrued benefit obligation at December 31, 2013 is \$90,784 (2012 - \$101,306).

(b) Liability for retirement benefits:

The Board provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. The estimated accrued benefit obligation at December 31, 2013 is \$2,521,051 (2012 - \$2,573,195).

5. Long term debt:

The City charges the Library principal and interest for long term debt, as well as sinking fund charges, related to Library facilities and other capital. These charges are funded by the City through its annual contributions. The debt is not disclosed on the statement of financial position as the City of Hamilton is legally responsible for the repayment of the debt.

(a) The net long term debt to which these charges are related is as follows:

Debenture number	Purpose	Interest rates	Maturity date	2013	2012
12-094	Westdale Branch	2.13%	2017	\$ 68,314	\$ 85,392
12-094	Barton Branch	2.13%	2017	156,095	195,119
01-162	Central Library	4.65% to 6.75%	2016	8,415	10,885
06-120	South Mtn Complex	4.728%	2023	2,134,367	2,308,739
				\$ 2,367,191	\$ 2,600,135

(b) Principal charges in each of the next five years are as follows:

2014	\$ 241,447
2015	250,359
2016	259,700
2017	266,314
2018	220,268
2019 and thereafter	1,129,103
\$ 2,367,191	

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

5. Long term debt (continued):

(c) The Board was charged \$345,295 (2012 - \$287,892) for long term debt charges during the year as follows:

	2013	2012
Principal	\$ 232,944	\$ 168,731
Interest	112,351	119,161
	\$ 345,295	\$ 287,892

6. Pension agreements:

The Hamilton Public Library makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 273 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The latest actuarial valuation as at December 31, 2013 reported a funding deficit of \$8.6 billion in 2013. In response, OMERS increased contributions for both employees and employers by .9% in 2013, made benefit reductions to plan members who leave their employment prior to retirement, and implemented a revised investment strategy. OMERS expects these contributions and policy changes to return the plan to a fully funded position by 2025. Contributions were made in the 2013 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. As a result, \$1,259,227 was contributed to OMERS (2012 - \$1,140,311) for current service.

7. Commitments:

Minimum future lease payments for various premises and equipments are as follows:

2014	\$ 509,400
2015	484,400
2016	504,800
2017	504,800
2018	504,800
2019 and thereafter	825,267
	\$ 3,333,467

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

8. Trust funds:

Trust funds administered by the Board amounting to \$3,283,754 (2012 – \$2,863,263) have not been included in the statement of financial position nor have these operations been included in the statement of operations.

9. Accumulated surplus:

Consists of:

	2013	2012
Reserves and reserve funds	\$ 7,854,286	\$ 8,341,990
Amounts to be recovered in the future	(2,168,505)	(2,166,433)
Tangible capital assets	12,741,239	12,789,410
Balance, end of year	\$ 18,427,020	\$ 18,964,967

Reserves and reserve funds:

	2013	2012
Mobile equipment	\$ 226,936	\$ 175,445
Library collections	800,255	1,110,710
Library general development	1,812,184	1,952,411
Library major capital projects	2,646,563	2,993,361
Summer reading	394,617	349,856
Redevelopment, training & restructuring	494,239	482,624
Youth programming	116,390	113,655
Accessibility health & safety	638,806	428,495
Computer reserve	724,296	735,433
	\$ 7,854,286	\$ 8,341,990

THE HAMILTON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2013, with comparative figures for 2012

10. Budget figures:

The budgets originally approved by the Library for 2013 are reflected on the statement of operations and the statement of changes in net financial assets and do not include amounts related to PSAB reporting requirements.

- The budget reflects anticipated expenditures for collection purchases, whereas actual results have been adjusted to move capital-related collection items to tangible capital assets. An amount for amortization expense has not been included in the budget, but is reflected in actual results.
- Amounts included in the original council approved capital budget which are not recognized as tangible capital assets are included in the statement of operations under the appropriate functional expense category, while those recognized as tangible capital assets are included in the statement of change in net financial assets.

11. Contribution from Reserves to the Municipality:

The contribution from reserves to the Municipality does not include any transfers to the operating budget.

Net transfer to Municipality	\$2,371,184
------------------------------	-------------

Historically, there has been no budgeted amount for transfers to the Municipality. This is due to the fact that impending projects are not necessarily known or approved at the time of the budget preparation.

THE HAMILTON PUBLIC LIBRARY BOARD

Schedule of Tangible Capital Assets

Year ended December 31, 2013 with comparative figures for 2012

December 31, 2013

Cost	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 306,251	\$ 144,897	\$ 22,201,840	\$ 2,066,399	\$ 24,719,387
Add: additions during the year	135,056	112,254	2,898,311	369,857	3,515,478
Less: disposals during the year	-	-	(2,737,703)	(188,907)	(2,926,610)
End of year	\$ 441,307	\$ 257,151	\$ 22,362,448	\$ 2,247,349	\$ 25,308,255
Accumulated amortization	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 127,033	\$ 34,280	\$ 10,890,440	\$ 878,224	\$ 11,929,977
Add: amortization during the year	124,593	40,205	3,183,163	215,688	3,563,649
Less: amortization on disposals	-	-	(2,737,703)	(188,907)	(2,926,610)
End of year	\$ 251,626	\$ 74,485	\$ 11,335,900	\$ 905,005	\$ 12,567,016
Net book value	\$ 189,681	\$ 182,666	\$ 11,026,548	\$ 1,342,344	\$ 12,741,239

December 31, 2012

Cost	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 227,974	\$ 98,985	\$ 22,181,291	\$ 1,815,331	\$ 24,323,581
Add: additions during the year	78,277	45,912	2,975,569	437,793	3,537,551
Less: disposals during the year	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 306,251	\$ 144,897	\$ 22,201,840	\$ 2,066,399	\$ 24,719,387
Accumulated amortization	Computer hardware	Computer software	Collections	Furniture and equipment	Total
Beginning of year	\$ 37,996	\$ 9,892	\$ 10,675,236	\$ 870,863	\$ 11,593,987
Add: amortization during the year	89,037	24,388	3,170,224	194,086	3,477,735
Less: amortization on disposals	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 127,033	\$ 34,280	\$ 10,890,440	\$ 878,224	\$ 11,929,977
Net book value	\$ 179,218	\$ 110,617	\$ 11,311,400	\$ 1,188,175	\$ 12,789,410

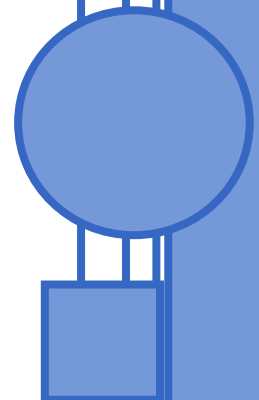
HAMILTON PUBLIC LIBRARY

Annual Financial Report - 2013

The unaudited 2013 Financial Statements for the Hamilton Public Library are enclosed. Further information is provided on Reserves, Trusts, Capital Expenditures and Development Charges.

Hamilton
Public
Library

FREEDOM TO DISCOVER



2013 FINANCIAL STATEMENTS

(Unaudited)

Consolidated Statement of Financial Position

	2013	2012
Financial Assets		
Cash	\$ 30,631	\$ 24,927
Accounts receivable	74,355	49,727
Due from City of Hamilton (note 2)	8,653,461	9,343,558
	\$8,758,448	\$9,418,212
Liabilities		
Accounts payable and accrued liabilities	\$ 635,668	\$ 825,137
Due to trust funds	367,461	364,616
Liability for future benefits (note 3)	2,168,505	2,166,433
	3,171,633	\$3,356,186
Net financial assets	5,586,815	6,062,026
Non-financial assets:		
Prepaid expenses	98,966	113,531
Tangible capital assets (net)	12,741,239	12,789,410
	12,840,205	12,902,941
Accumulated surplus	\$18,427,020	\$18,964,967

** Audited Financial Statements to be presented and approved in June 2014*

Consolidated Statement of Operations and Changes in Net Assets

	Budget 2013	Actual 2013	Actual 2012
	(unaudited)		
Revenue:			
Municipal contribution	\$28,103,080	\$28,103,080	\$28,108,160
Province of Ontario Grants	949,450	949,451	949,451
Other grant revenue	216,860	344,832	468,570
Fines	476,070	512,806	522,615
Photocopier revenue	43,370	81,869	67,650
Other – rentals, sales and recoveries	81,110	88,290	77,194
Interest	-	199,534	173,137
Contributions from Municipal reserves	281,490	293,444	294,851
Contributions from Capital	-	-	123,540
Donations	-	18,710	11,885
	30,156,430	30,592,015	30,797,053
Expenditures:			
Employee related expenses	\$20,084,480	\$19,134,401	\$18,615,435
Capital Financing (note 4)	345,970	345,295	287,892
Financial	87,770	532,760	86,915
Materials and supplies	4,010,600	624,452	970,429
Vehicle expenses	64,600	43,697	34,856
Building and grounds	1,563,400	1,431,178	1,428,884
Consulting	-	33,401	-
Contractual	2,086,890	1,343,286	1,736,969
Reserves/recoveries	1,906,370	1,696,397	1,546,520
Cost Allocations	-	2,131	3,634
Amortization	-	3,563,649	3,477,735
Change in employee benefits	-	2,072	34,197
Contribution to Municipal reserves	6,060	6,058	68,880
Contribution to Municipal capital	-	-	162,357
	30,156,430	28,758,779	28,454,703
Net revenue	-	1,833,236	2,342,350
Contributions to reserves from Municipality	-	2,371,184	945,487
Annual surplus		(537,949)	1,396,863
Accumulated surplus, beginning of year	18,964,967	18,964,967	17,568,104
Accumulated surplus, end of year	\$18,964,967	18,427,019	\$18,964,967

Consolidated Statement of Changes in Net Financial Assets

	2013	2012
Annual surplus	\$(537,949)	\$1,396,863
Acquisition of tangible capital assets	(3,515,479)	(3,537,551)
Amortization of tangible capital assets	3,563,649	3,477,735
	48,170	(59,816)
Acquisition of prepaid expenses	(98,966)	(113,531)
Use of prepaid expenses	113,531	35,113
	14,565	(78,418)
Change in net financial assets	(475,213)	1,258,629
Net financial assets, beginning of year	6,062,026	4,803,397
Net financial assets, end of year	\$5,586,812	\$6,062,026

Consolidated Statement of Cash Flows

	2013	2012
Cash provided by (used in):		
Operating Activities:		
Annual surplus	\$(537,949)	\$1,396,863
Items not involving cash:		
Amortization	3,563,649	3,477,735
Accounts receivable	(24,628)	18,054
Due from City of Hamilton	(692,128)	(1,444,624)
Prepaid expenses	(14,566)	(78,418)
Increase (decrease) in accounts payable and accrued liabilities	(189,469)	127,466
Due to trust funds	813	(1,027)
	2,643,672	3,496,049
Capital activities:		
Purchase of tangible capital assets	(3,515,479)	(3,537,551)
Financing activities:		
Decrease in future benefits	2,072	34,197
Net change in cash	5,704	(7,305)
Cash, beginning of year	24,927	32,232
Cash, end of year	\$ 30,631	\$ 24,927

Schedule of Tangible Capital Assets

December 31, 2013

Cost	Computer hardware	Computer software	Collections	Furniture and Equipment	Total
Beginning of year	\$ 306,251	\$ 144,987	\$22,201,840	\$ 2,066,399	\$24,719,387
Add: Additions during the year	135,056	112,254	2,898,311	369,858	3,515,479
Less: disposals during the year	-	-	(2,737,703)	(188,907)	(2,926,610)
End of year	\$ 441,307	\$ 257,150	\$22,362,448	\$ 2,247,349	\$25,308,256
Accumulated Amortization	Computer hardware	Computer software	Collections	Furniture and Equipment	Total
Beginning of year	\$ 127,033	\$ 34,280	\$10,890,440	\$ 878,224	\$11,929,977
Add: amortization during the year	124,593	40,205	3,183,163	215,687	3,563,649
Less: amortization on disposals	-	-	(2,737,703)	(188,907)	(2,926,610)
End of year	\$ 251,626	\$ 74,484	\$11,335,900	\$ 905,005	\$12,567,015
Net book value	\$ 189,681	\$ 182,666	\$11,026,548	\$ 1,342,344	\$12,741,239

December 31, 2012

Cost	Computer hardware	Computer software	Collections	Furniture and Equipment	Total
Beginning of year	\$ 227,974	\$ 98,985	\$22,181,291	\$ 1,815,331	\$24,232,581
Add: additions during the year	78,277	45,912	2,975,569	437,793	3,537,551
Less: disposals during the year	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 306,251	\$ 144,987	\$22,201,840	\$ 2,066,399	\$24,719,387
Accumulated Amortization	Computer hardware	Computer software	Collections	Furniture and Equipment	Total
Beginning of year	\$ 37,996	\$ 9,892	\$10,675,236	\$ 870,363	\$11,593,987
Add: amortization during the year	89,037	24,388	3,170,224	194,086	3,477,735
Less: amortization on disposals	-	-	(2,955,020)	(186,725)	(3,141,745)
End of year	\$ 127,033	\$ 34,280	\$10,890,440	\$ 878,224	\$11,929,977
Net book value	\$ 179,218	\$ 110,617	\$11,311,400	\$ 1,188,175	\$12,789,410

Library Reserves

Highlights

- Net Change: \$487,705 decrease in 2013
- Corporate surplus contribution: \$353,668
- Interest earned: \$199,534 or 2.4%
- Bequest for Westdale: \$10,000
- Sale of Saltfleet 2nd floor lease: \$530,000

Capital Funding Transfers

- \$600,000 - Central Reno Phase II (approved March 2011)
- \$841,184 - RFID Project (approved October 2007)
- \$350,000 - Servers (approved May 2013)
- \$325,000 - Security Cameras (approved February 2013)
- \$15,000 - Dundas Feasibility Study (\$15,000)

Board Approved Future Capital Funding

- Library Furniture: \$250,000 (approved December 2011)
- Terryberry Parking Lot: \$75,000 (approved April 2012) - to be de-allocated
- Binbrook Re-build: \$908,000 (June 2013)
- Counting Opinions 3 year subscription: \$50,000 (approved May 2013)
- Website Renewal & Logo Refresh: \$110,642 (approved November 2013)
- Digitization & Online Access: \$113,000 (approved October 2013)
- Sorter Increase - RFID: \$500,000 (approved December 2013)
- Central Renovations Phase III: \$1,100,000 (approved December 2013)
- Locke (sale of CIBC Building): \$287,071 (no definite plan at this time)
- Sherwood (tenant allowance received): \$186,000 (no definite plan at this time)
- Printer Revenue: \$76,690 (no definite plan at this time)

Potential Future Capital Funding Requirements

(This list is incomplete and not prioritized)

- Stoney Creek area Library: \$530,000 (funds from Saltfleet sale)
- Digitization Project Equipment: \$100,000
- Logo Refresh: \$100,000
- Staff Computers: \$300,000
- Greensville: \$ 1,600,000
- Dundas Renovation: \$1,600,000

Library Reserves

	106005	106006	106007	106008	106009	106011	106012	
	Mobile Equipment	Library Collections	Library General Development	Library Major Capital Projects	Youth Literacy	Redeployment Training Restructuring	Youth Programmin	
Total								
Opening Balances Jan 1, 2013	(8,341,989)	(288,976)	(997,178)	(1,952,411)	(2,993,361)	(349,856)	(482,625)	(113,625)
Adjustment to Reserve	-							
Opening Balances Jan 1, 2013	(8,341,989)	(288,976)	(997,178)	(1,952,411)	(2,993,361)	(349,856)	(482,625)	(113,625)
47535 Interest Own Funds	(199,534)	(6,954)	(23,997)	(47,205)	(70,600)	(8,419)	(11,614)	(2,700)
48500 Contribution from Current								
Corporate Expenses (surplus)	(353,668)				(353,668)			
Mobile Equipment	(30,000)	(30,000)						
Grounds provision	(9,000)				(9,000)			
Accessibility etc provision	(200,000)							
Bequest for Westdale	(10,000)		(10,000)					
Donations	(8,660)	(8,660)						
Printer Revenue	(76,690)		(76,690)					
Computers & Servers	(321,164)							
Saltfleet Lease Sale	(530,000)				(530,000)			
	(1,539,183)	(30,000)	(8,660)	(86,690)	(892,668)	-	-	-
49400 Borrowing From Reserves								
Hydro Savings Repayment	(144,763)	(14,537)	(43,006)	(50,878)		(36,342)	-	-
	(144,763)	(14,537)	(43,006)	(50,878)	-	(36,342)	-	-
58600 Transfer to Capital								
Central Reno Phase II	600,000				600,000			
RFID Project	841,184	386,118			455,066			
Servers & Cameras	675,000		325,000					
Dundas Study	15,000				15,000			
Waterdown Library	240,000				240,000			
	2,371,184	-	386,118	325,000	1,310,066	-	-	-
Net Change	487,705	(51,491)	310,455	140,227	346,798	(44,761)	(11,614)	(2,700)
Balance at December 31, 2013	(7,854,285)	(340,467)	(686,723)	(1,812,184)	(2,646,563)	(394,617)	(494,239)	(116,325)

Current City/Library Capital Projects

Binbrook

- New build (Library)

Central

- Window condition assessment (City)
- Fire System Replacement (City)
- Elevator #4 (City)
- Renovation - Phase III (Library)

Concession

- HVAC and roof

Dundas

- Transformers, switchgears - to be done with renovation (City)
- Renovations - feasibility study (Library)
- Sorter (Library)

Kenilworth

- Foundation work (City)

Locke

- Foundation, stairs and cladding (City)
- Vestibule (City)

Lynden

- Reading Patio (Library)

Red Hill

- Sorter (Library)

Terryberry

- Mechanical, roof report (City)

Turner Park

- Building condition assessment (City)

Waterdown

- New build (Library)

Westdale

- Refresh - carpet, paint, sorter (Library)
- HVAC (City)

Other

- AODA upgrades (new City Barrier Free Guidelines in development)
- Library facilities audit

Capital Variance - Hamilton Public Library
As at December 31, 2013

PROJECT ID	DESCRIPTION	APPROVED BUDGET	ACTUAL REVENUES	ACTUAL EXPENDITURES		BUDGET VARIANCE INCLUDING		% COMPLETE	
				LTD	COMMITMENTS	COMMITMENTS			
2013									
7501341301	Dundas Library Expansion	100,000	44,444	0	0	100,000	0.00%		Project to finish on budget with feasibility study planned for early 2014
7501351302	Digital Equipment Upgrade (includes Servers & Security Cameras)	675,000	675,000	308,449	0	366,551	45.70%		Project to finish on budget
		775,000	719,444	308,449	0	466,551	77.78%		
2012									
7501241200	Binbrook Library Branch Renos	1,700,000	100,000	18,935	22,781	1,658,284	2.45%		Project to finish on budget
7501241203	Central Library Renos Flrs 2-4	600,000	600,000	531,270	0	68,730	88.54%		Project to finish on budget
7501257201	Integrated Library System	400,000	400,000	263,366	0	136,634	65.84%		Project to finish on budget
		2,700,000	1,100,000	813,571	22,781	1,863,648	30.98%		
2010									
7501041101	Lighting Retrofits-Library	995,850	995,847	935,609	0	60,241	93.95%		Projected to finish on budget
7501041102	Library Branch Renovations	285,000	317,453	279,575	0	37,878	98.10%		Projected to finish close to budget when commitments are finalized
7501057100	Public Computing and Printing	172,300	218,281	232,558	0	(-14,278)	134.97%		Additional funding will need to be reviewed.
	Sub-Total	1,453,150	1,531,580	1,447,742	0	83,841	99.63%		
2009									
7500941900	Lynden Branch Library	1,820,000	1,823,572	1,658,934	0	161,066	91.15%		It is anticipated the project will finish on budget.
	Sub-Total	1,820,000	1,823,572	1,658,934	0	161,066	91.15%		
2008									
7500841800	RFID Project	3,400,000	2,558,816	3,031,153	0	368,847	89.15%		It is anticipated the project will finish on budget.
	Sub-Total	3,400,000	2,558,816	3,031,153	0	368,847	89.15%		
2007									
7500741701	Library Renovations	1,503,000	1,502,082	1,556,957		(-53,957)	103.59%		Project finished 3.5% over budget. Additional funding needs will be
	Sub-Total	1,503,000	1,502,082	1,556,957	0	(-53,957)	103.59%		

Trust Funds

City Held Trusts

1. F. Walden Bequest - \$63,910

This fund was established to hold funds from the Estate of Freda Farrell Waldon. The will stipulates that the funds are not to be used for normal operating expenses, but to be expended on the local history section of the Canadiana collection, for a mural or other work of art, special furniture or equipment, rare books or documents, microfilming of research material, assistance with the publication of books about Hamilton and district, or for any purpose which will promote the study of local history, sociology or ecology, or the dissemination of the result of such research.

2. M. Walden Bequest - \$20,558

This fund was established by the Hamilton Public Library Board to hold funds from the Estate of M. Waldon Thompson Bequest in memory of her sister Freda Farell Waldon. The will stipulated that the funds were not to be used for normal operating expenses, but to be expended on the local history section of the Canadianna collection, for special furniture or equipment, rare books or documents, microfilming of research materials, or for any purpose which will promote the study of local history, sociology or ecology.

3. Wentworth Waterdown Library - \$43,479

This trust fund was established to hold funds raised by Wentworth Library for the expansion/relocation of the Waterdown Branch Library.

The City Held Trusts Return on Investment for 2013 was: 2.4%

Hamilton Community Foundation Held Trusts

1. Ketha McLaren Memorial Fund - \$36,803

This fund was established in 1985 to honour the memory of Ketha McLaren and her contribution to librarianship and the Hamilton Public Library. The purpose was to provide funds to be used for travel, conference attendance or education to individuals so they may further develop their library skills and in so doing, the development of the Hamilton Public Library. The amount of any reward shall not exceed the interest available on the capital funds. To date, one withdrawal has taken place which was in 1998 in the amount of \$2,137.

2. **Special Gifts Fund - \$2,406,469**

The Special Gifts Fund is a combined fund from the Special Gifts trust fund and a Capital Endowment Fund.

The Special Gifts trust fund was established through a major campaign effort conducted by the Hamilton Public Library Board during the construction of the Central Library in 1979 to 1981 to assist in supplying furniture and equipment. Funds were received by way of donations from the general public along with matching provincial funding.

The Capital Endowment Fund was established by the Hamilton Public Library Board to hold funds received from the Estate of Olive Mills. As a condition of the will, The Hamilton Public Library was to erect a plaque in memory of her father, Edward Mills, which plaque was to be placed in a conspicuous place in the main library building to be observed by the public.

The Hamilton Public Library Board established guidelines for spending the income portion of the fund. It allows for expenditures up to 80% of the income earned, with provisions that it be spent on a) special building improvements; b) furniture and equipment; c) collections; and d) service enhancement. \$72,641 was withdrawn in 1998. In December 2013, the Hamilton Public Library Board approved \$650,000 be used from this fund for renovation of the Hamilton Wentworth Room at the Central Library

3. **Permanent Endowment Fund (Legacy Fund) - \$712,535**

This trust fund was established in 1997 with monies received from the Estate of Edward A. Dowler. In Mr. Dowler's will, the monies were left to "The Bookmobile Service of the Hamilton Public Library". The Board accepted the Dowler bequest and a motion was passed on April 17, 1996 directing the funds to be placed in the appropriate trust fund to be managed by the Hamilton Community Foundation, and that the annual expenditures of the income earned be made honouring the intent of Mr. and Mrs. Dowler.

The HCF Return on Investment for 2013 was 12.8%

HAMILTON PUBLIC LIBRARY
Trust Funds
AT DECEMBER 31, 2013

	125005	125010	125025	125030	125035	125052
Total	M Waldon Thompson	Special Gifts	Permanent Endowment	K McLaren Memorial	F Walden	Wentworth Waterdown Library
Assets						
11020 Bank	309,282	34,356	211,788		62,116	1,022
12300 Interest Receivable	-					-
13120 Investments Trust Funds	1,312,470		835,623	459,294	17,553	
13305 accrued interest	1,294,541	-	957,860	317,849	18,832	-
	2,916,292	34,356	2,005,271	777,143	36,385	1,022
Due from (to) Operating Fund	367,461	(13,798)	401,197	(64,608)	418	1,794
	3,283,753	20,558	2,406,469	712,535	36,803	63,910
Fund Balance						
27600 Opening	(2,863,263)	(20,114)	(2,085,199)	(621,505)	(30,890)	(63,098)
Net Revenue (Expend)	(420,490)	(443)	(321,270)	(91,030)	(5,913)	(812)
Closing Balance	(3,283,753)	(20,558)	(2,406,469)	(712,535)	(36,803)	(63,910)
Revenue						
43550 Other Subsidies/Grants	-	-	-	-	-	-
45498 Donations	-	-	-	-	-	-
47500 Interest Earned	(5,011)	(443)	(2,734)		(812)	(1,022)
47505 Investment Income	-					
47535 Interest - Own Funds	-					
47567 Unrealized Investment Gain	(180,485)		(118,521)	(59,425)	(2,539)	
48737 Revenue - Hamilton Foundation	(268,959)		(222,465)	(42,626)	(3,868)	
	(454,455)	(443)	(343,720)	(102,051)	(6,407)	(812)
Expenditures						
52901 Interest	-	-	-	-	-	-
54350 Miscellaneous Expense	33,965	-	22,450	11,021	494	-
57710 Trust - Trf to Current Fund	-	-	-	-	-	-
	33,965	-	22,450	11,021	494	-
Net Expenditure (Revenue)	(420,490)	(443)	(321,270)	(91,030)	(5,913)	(812)

Development Charges

Frequently Asked Questions*:

What are development charges and why are they collected?

Development charges are charges imposed by municipalities on developers to pay for increased capital costs related to growth. Development charges provide municipalities with a tool to help fund the infrastructure needed to serve new growth. They help finance the growth-related capital costs of providing important services like roads, water and wastewater services, police, fire and transit.

Do development charges pay for operating costs or costs associated with the rehabilitation of infrastructure?

No, development charges can only be used to finance growth-related capital costs.

When is a development charge payable?

Typically a development charge is payable when a building permit is issued. However, a municipality can enter into an agreement with a person who is required to pay a development charge that provides for all or part of a charge to be paid before or after it would otherwise be payable.

What does the municipality do with the development charge funds collected?

A municipality that levies a development charge must establish a reserve fund for each service to which the development charge relates. The municipality may only spend the money in a reserve fund on growth-related capital costs for which it was intended. There are two development charge reserves set up for Hamilton Public Library (residential and non-residential).

2013 Background Study

The City of Hamilton began the 2013 Development charge study in 2013. The attached tables indicate the development charges the Hamilton Public Library has submitted.

Reserve Balances: Residential: (\$359,350) Non Residential: \$103,335

* Ministry of Municipal Affairs and Housing

Development Charges Submitted - Infrastructure

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

City of Hamilton
Service: Library Facilities & Vehicles

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate 2014\$	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Subtotal	Less:	Potential DC Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development		Other (e.g. 10% Statutory Deduction)	Total	Residential Share	Non-Residential Share
	2014-2023										95%	5%	
1	South Mountain Complex - Turner Park - Debt Principal (Discounted)	2014-2023	1,950,921	0		1,950,921	0		1,950,921		1,853,375	97,546	
2	South Mountain Complex - Turner Park - Debt Interest (Discounted)	2014-2023	510,414	0		510,414	0		510,414		484,893	25,521	
3	Lynden Branch - New - (Balance of Construction Costs)	2014	1,820,000	0		1,820,000	610,800		1,209,200	120,920	1,088,280	1,033,866	54,414
4	Binbrook - Expansion - Construction	2016	2,470,000	0		2,470,000	1,217,800		1,252,200	125,220	1,126,980	1,070,631	56,349
5	Binbrook - Furnishings for Expansion	2016	215,000	0		215,000	0		215,000	21,500	193,500	183,825	9,675
7	Valley Park - Expansion - Construction	2015	2,704,000	0		2,704,000	1,006,000		1,698,000	169,800	1,528,200	1,451,790	76,410
8	Valley Park - Furnishings for Expansion	2015	215,000	0		215,000	0		215,000	21,500	193,500	183,825	9,675
9	Waterdown - New - Furnishings	2014	300,000	0		300,000	0		300,000	30,000	270,000	256,500	13,500
10	Waterdown - New - Construction - Added pressure	2014	1,500,000	0		1,500,000	0		1,500,000	150,000	1,350,000	1,282,500	67,500
12	Winona/Stoney Creek - New - Furnishings for New Facility	2016	215,000	32,300		182,700	0		182,700	18,270	164,430	156,209	8,222
13	Winona/Stoney Creek - New - Construction	2016	2,704,000	405,600		2,298,400	2,163,200		135,200	13,520	121,680	115,596	6,084
15	Mount Hope - Replacement & Expansion - Construction	2017	1,352,000	270,400		1,081,600	822,900		258,700	25,870	232,830	221,189	11,642
16	Mount Hope - New - Furnishings for Expansion	2017	175,000	35,000		140,000	0		140,000	14,000	126,000	119,700	6,300
18	Ancaster - Expansion - Construction	2018	4,498,400	2,165,100		2,333,300	3,696,700		(1,363,400)	(136,340)	(1,227,060)	(1,165,707)	(61,353)
19	Ancaster Furnishings for Expansion	2018	215,000	103,500		111,500	0		111,500	11,150	100,350	95,333	5,018
20	Bookmobile - Electronic	2018	323,000	0		323,000	0		323,000	32,300	290,700	276,165	14,535
	Reserve Fund Adjustment		3,584,933	0		3,584,933	0		3,584,933		3,584,933	3,405,687	179,247
Total			24,752,668	3,011,900	0	21,740,768	9,517,400	0	12,223,368	617,710	11,605,658	11,025,375	580,283

Note: The reserve fund adjustment is the balance at December 31, 2013 plus/minus and adjustments for unfunded, but approved, DC amounts. There is approximately \$2.14 million of DC's that have been approved for the Waterdown Branch Library that have not yet been applied against the reserve.

Development Charges Submitted - Collection Materials

INFRASTRUCTURE COSTS COVERED IN THE DC CALCULATION

City of Hamilton
Service: Library Collection Materials

Prj.No	Increased Service Needs Attributable to Anticipated Development	Timing (year)	Gross Capital Cost Estimate 2014\$	Post Period Benefit	Other Deductions	Net Capital Cost	Less:		Subtotal	Less:		Potential DC Recoverable Cost		
							Benefit to Existing Development	Grants, Subsidies and Other Contributions Attributable to New Development		Other (e.g. 10% Statutory Deduction)	Total	Residential Share	Non-Residential Share	
	2014-2023											95%	5%	
1	New Waterdown Library	2014	419,300	0		419,300	0		419,300	41,930	377,370	358,502	18,869	
2	Expansion of the Binbrook	2015	675,800	0		675,800	0		675,800	67,580	608,220	577,809	30,411	
3	Valley Park - Expansion - Materials	2016	1,131,700	0		1,131,700	0		1,131,700	113,170	1,018,530	967,604	50,927	
4	Winona/Stoney Creek - New - Materials	2016	360,400	0		360,400	0		360,400	36,040	324,360	308,142	16,218	
5	Mount Hope Materials	2017	352,600	0		352,600	0		352,600	35,260	317,340	301,473	15,867	
6	Ancaster Materials	2018	528,000	0		528,000	0		528,000	52,800	475,200	451,440	23,760	
	Total		3,467,800	0	0	3,467,800	0	0	3,467,800	346,780	3,121,020	2,964,969	156,051	

These DC projects were presented at the DC Stakeholder Committee meeting on April 23rd, 2014. The report is going to the General Issues Committee on June 4, 2014.

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 18th, 2014
To: Chair and Members of the Board
c.c. Paul Takala, Chief Librarian
From: Robin Hewitt, Director, Finance and Facilities
Subject: **Capital Variance Report - December 31st, 2013**

Recommendation:

That the Capital Variance Report as at December 31st, 2013 be approved.

Financial/Staffing/Legal Implications:

Prior to June 30, 2013, all Capital Status reports for the Library were submitted to the City Finance Department, and included in a report to Council.

On December 31, 2011, Council approved Report FCS11073(a), which directed staff to review the Capital Projects Status and Closing process, and that a process where Departments report to their respective Standing Committees on the status of the Capital Work-in-progress projects be implemented. The Hamilton Public Library Board would be the equivalent reporting structure for the Library as standing committees are for City departments. The City Finance department finalized procedures to be implemented for the June 30, 2013 reporting period. Reports are to be brought to the standing committees (Library Board) three times per reporting year, as of June 30th, September 30th and December 31st.

Background:

The attached Capital Variance Reports provides information on the approved budget (which must be board approved), actual expenditures, outstanding commitments and the variance at a specific point in time. Capital budgets are monitored regularly by the project manager responsible for each individual project. In most cases, it is a City project manager in consultation with Library staff that manage the project, however in areas related to Digital Technology the projects are managed by Library staff. Areas generally funded in part by the City, either through development charges or City capital, are managed by a City project manager.

Capital Variance - Hamilton Public Library
As at December 31, 2013

PROJECT ID	DESCRIPTION	APPROVED BUDGET	ACTUAL REVENUES	ACTUAL	COMMITMENTS	BUDGET VARIANCE		% COMPLETE	
				EXPENDITURES LTD		INCLUDING COMMITMENTS			
2013									
7501341301	Dundas Library Expansion	100,000	44,444	-	-	100,000	0.00%		Project to finish on budget with feasibility study planned for early 2014
7501351302	Digital Equipment Upgrade	675,000	675,000	308,449	-	366,551	45.70%		Project to finish on budget
		775,000	719,444	308,449	-	466,551	77.78%		
2012									
7501241200	Binbrook Library Branch Renos	1,700,000	100,000	18,935	22,781	1,658,284	2.45%		Project to finish on budget
7501241203	Central Library Renos Flrs 2-4	600,000	600,000	531,270	-	68,730	88.54%		Project to finish on budget
7501257201	Integrated Library System	400,000	400,000	263,366	-	136,634	65.84%		Project to finish on budget
		2,700,000	1,100,000	813,571	22,781	1,863,648	30.98%		
2010									
7501041101	Lighting Retrofits-Library	995,850	995,847	935,609	-	60,241	93.95%		Projected to finish on budget
7501041102	Library Branch Renovations	285,000	317,453	279,575	-	37,878	98.10%		Projected to finish close to budget when commitments are finalized
7501057100	Public Computing and Printing	172,300	218,281	232,558	-	14,278	134.97%		Additional funding will need to be reviewed.
	Sub-Total	1,453,150	1,531,580	1,447,742	-	83,841	99.63%		
2009									
7500941900	Lynden Branch Library	1,820,000	1,823,572	1,658,934	-	161,066	91.15%		It is anticipated the budget will finish on budget.
	Sub-Total	1,820,000	1,823,572	1,658,934	-	161,066	91.15%		
2008									
7500841800	RFID Project	3,400,000	2,558,816	3,031,153	-	368,847	89.15%		It is anticipated the budget will finish on budget.
	Sub-Total	3,400,000	2,558,816	3,031,153	-	368,847	89.15%		
2007									
7500741701	Library Renovations	1,503,000	1,502,082	1,556,957	-	53,957	103.59%		Project finished 3.5% over budget. Additional funding needs will be reviewed at year end.
	Sub-Total	1,503,000	1,502,082	1,556,957	-	53,957	103.59%		

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 18, 2014
To: Chair and Members of the Audit Committee
c.c. Paul Takala, Chief Librarian
From: Robin Hewitt, Director - Finance and Facilities
Subject: **Budget Variance Report – April 30th, 2014**

RECOMMENDATION:

That Budget Variance Report as at April 30, 2014 and Estimate to December 31, 2014 be received for information.

Summary

Estimated variance at December 31, 2014 - \$210,000 Favourable

- The total 2014 annual operating budget for the Hamilton Public Library has a net expenditure of \$28,145,940 (gross expenditures of \$30,254,410 less gross revenues of \$2,108,470).
- The current estimated variance as at December 31, 2014 is favourable by \$210,000 which is 99.3% of the budgeted net expenditure.
- An explanation of the type of revenues and expenditures contained with each line of the Budget Variance Report is provided below along with an explanation of the significant variances.

Grants and Subsidies

Estimated variance at December 31, 2014 - \$9,700 Unfavourable

- This line includes the annual operating grant from the Province of Ontario which is budgeted at \$949,450 and funding by Provincial and Federal governments for specific grant programs such as Literacy Instruction for New Canadians (LINC) .
- The annual operating grant is paid in one lump sum and is normally received in the last quarter of the year. The claims for the funding for the grant programs are submitted monthly to the funding governments.
- Subsidies are subject to what is offered on a year by year basis.

Fees and General

Estimated variance at December 31, 2014 - \$1,800 Favourable

- The major items contained in this line are revenues from library fines, book sales, photocopiers, printers and donations.
- The estimated revenue for this line for the end of December 2014 shows a positive variance of \$1,800

Reserves/Capital Recoveries***Estimated variance at December 31, 2014 - No Variance***

- This line currently contains transfers from City of Hamilton reserve funds to cover specific costs charged to the Hamilton Public Library.
- Transfers from the City's Development Charge reserve fund are intended to cover the repayment of debentures that were issued by the City for a Library capital project instead of being funded directly from the Development Charge reserve.

Employee Related Costs***Estimated variance at December 31, 2014 - \$341,300 Favourable***

- This line includes all the employee related costs such as salaries, wages and government and employer benefits including medical, dental, OMERS, WSIB and Vested Sick Leave payouts.
- The variance is a result of gapping.

Capital Financing***Estimated variance at December 31, 2014 - No Variance***

- This line reflects the repayment of debentures issued by the City of Hamilton to fund Library capital projects.

Financial***Estimated variance at December 31, 2014 - \$8,600 Favourable***

- The favourable variance is attributable to the fact that cash over/under has been budgeted at a loss, however with the new Smart Money Manager, there is only a minor overage (\$8.64 year to date).

Materials and Supplies***Estimated variance at December 31, 2014 - \$10,300******Unfavourable***

- The major items in this line are library materials and subscriptions, operating supplies and furnishings.
- Library Materials represents \$2,632,570 of the amount budgeted under this line. There is no variance in library materials, when processing fees are taken into account.
- The estimated unfavourable variance results from increased costs related to the purchase of furniture, printing and processing fees, and credit card processing fees.

Vehicle Expenses***Estimated variance at December 31, 2014 - \$1,100******Unfavourable***

- This line includes those vehicle expenses that are paid directly by the Library and not through a cost allocation from the City.
- These include costs for fuel and vehicle washing. The overage is directly related to the cost of fuel.

Buildings and Grounds***Estimated variance at December 31, 2014 \$91,100******Unfavourable***

- This line includes building associated costs that are paid directly by the Library and not through a cost allocation from the City.
- They also include relocation costs, data and external telephone lines and security guards.
- The hydro charges to date are under budget, and should continue to be with the implementation of the lighting upgrade, however they will be transferred to reserves at the end of the year.
- The variance is attributable to security costs and renovation/relocation expense.

Contractual***Estimated variance at December 31, 2014 - \$29,500******Unfavourable***

- This line includes the expenditures for items such as rental of photocopiers, advertising, service contracts, aquarium maintenance, collection agency fees, Access Copyright fees and inter-branch courier service.
- The variance is driven mainly by rent-Offices and Buildings (which includes charges that are funded by the Linc grant), advertising and programming costs.

Reserves/Recoveries***Estimated variance at December 31, 2014 No Variance***

- This line includes budgeted transfers from operating to Library reserve funds and recoveries related to security service provided to the Hamilton Farmer's Market, transfers for future computer and server purchases.
- This section now also includes both direct and indirect charges from the city that were formerly known as cost allocations.

BUDGET VARIANCE REPORT

Year End Projections based on Actual Spending to April 30, 2014

DECEMBER 31, 2014 PROJECTIONS			
ANNUAL BUDGET	ESTIMATED ACTUAL	ANNUAL VARIANCE	% SPENT
REVENUE			
Grants and Subsidies	\$ (1,166,320)	\$ (1,156,620)	\$ 9,700 99.2%
Fees and General	(660,660)	(662,460)	(1,800) 100.3%
Reserves/Capital Recoveries	(281,490)	(281,490)	- 100.0%
\$ (2,108,470)	\$ (2,100,570)	\$ 7,900	99.6%
EXPENDITURES			
Employee Related Cost	\$ 20,288,590	\$ 19,947,290	\$ 341,300 98.3%
Capital Financing	345,970	345,970	\$ - 100.0%
Financial	397,770	389,170	\$ 8,600 97.8%
Materials and Supplies	3,699,240	3,709,540	\$ (10,300) 100.3%
Vehicle Expense	67,490	68,590	\$ (1,100) 101.6%
Building and Grounds	1,575,200	1,666,300	\$ (91,100) 105.8%
Contractual	2,000,250	2,029,750	\$ (29,500) 101.5%
Reserves and Recoveries	1,880,880	1,880,880	\$ 0 100.0%
\$ 30,255,390	\$ 30,037,490	\$ 217,900	99.3%
NET EXPENDITURES			
\$ 32,363,860	\$ 32,138,060	\$ 210,000	99.3%

Hamilton Public Library

FREEDOM TO DISCOVER

Date: June 13, 2014
To: Chair and Members of the Board
c.c. Paul Takala, Chief Librarian
From: Lita Barrie, Director, Digital Technology & Youth Services
Subject: **Anti Spam Legislation**

Recommendation:

That this report be received for information and that Library staff will prepare a draft policy for Board review for the September meeting.

Financial/Staffing/Legal Implications:

Canadian Anti-Spam Legislation (CASL) is a new federal law aimed at eliminating unsolicited and malicious electronic communications.

CASL regulates commercial electronic messages and is enforced by the Competition Bureau of Canada, Office of the Privacy Commissioner of Canada, & Canadian Radio-Television and Telecommunications Commission (CRTC).

Originally introduced in December 2010, the majority of CASL's provisions will come into force on July 1, 2014. The legislation provides organizations until July 1, 2017 to obtain express consents from their customers. Once in effect, organizations will have to comply with specific consent, disclosure and unsubscribe requirements when sending out electronic communications.

CASL addresses three core activities:

- Spam: any electronic commercial message sent without the express consent of the recipient;
- Phishing: altering transmission data in an electronic message so that it is delivered to an alternative address without express consent;
- Spyware/malware: installing a computer program on another's computer or causing electronic messages to be sent from such a computer without express consent

To meet the CASL standards, the following is required:

- Permission or consent is required for emails and automated telephone messages that encourage the recipient to participate in commercial

activity (Fundraising emails from a registered charity are exempted for consent)

- Proof of consent
- Consent forms must not be pre-checked
- A functioning Unsubscribe mechanism
- Unsubscribing cannot be reconfirmed (i.e. there is no sending of "Are you sure you want to unsubscribe?" e-mails)
- Accurate sender information and subject lines
- Inclusion of the senders business postal address and contact information
- Identification of the organization for whom the message is sent on behalf of

CASL also defines "Express vs. Implied Consent" requirements:

- Implied consent: there is an existing business relationship. Implied consent has a span of two years and is reset every time there is a renewed business transaction.
- Express consent: Is generally established when people fill out a form, clearly stating they want to be sent email. Express consent lasts forever, until they unsubscribe.

CASL regulations will trump any conflicting provision from the Personal Information Protection and Electronic Documents Act (PIPEDA).

Background

Staff are currently reviewing how this legislation applies in a public library context and the impact on current and future automated transactions with our customers.

During the summer, Library staff will be performing an audit of current practices and develop the necessary policies, procedures, training and tracking systems.