

NOTICE OF MEETING

Okanagan Regional Library Board

Wednesday, May 18, 2016

**Library Headquarters
1430 KLO Road, Kelowna
Okanagan Board Room**

**In-Camera Meeting
9:30 AM – 10:00 AM**

**Regular Meeting
10:00 AM – 11:30 PM**

****since this meeting is expected to be done by
11:30, lunch will NOT be served****

REGULAR AGENDA

**LIBRARY BOARD MEETING
HELD AT LIBRARY HEADQUARTERS
1430 K.L.O. ROAD, KELOWNA, BC
WEDNESDAY, May 18, 2016
10:00 AM – 11:30 AM**

"The purposes of this (Library Act) are...to encourage the extension and use of public library service throughout British Columbia...to enable the delivery of public service in British Columbia...to support improvements in Public Library service."

CALL TO ORDER

1. AGENDA REVIEW

10:00 – 10:03

2. ADOPTION OF PREVIOUS MINUTES – February 17, 2016 (pgs. 3 – 10)

10:03 – 10:05

3. FINANCE COMMITTEE REPORT – Chair Lori Mindnich

3.1. Audited Financial Statements for 2015 – Presented by BDO Canada

10:05 – 10:20

- a) Auditor's Final Report to the Board
- b) Audited Financial Statements for 2015
- c) Memo from D. Nettleton re 2015 Financial Results – Internal Format (Memo pgs. 11 – 16)

Committee Recommendation:

THAT the Auditor's Report on the 2015 financial statements be received for information and that the 2015 Audited Financial Statements be approved as presented.

3.2. Appoint Auditor for 2016 Audit – D. Nettleton

10:20 – 10:25

3.3. Appoint Signing Officer – D. Nettleton

10:25 – 10:27

BACKGROUND:

The ORL has historically appointed the Director of HR as a signing officer. This was not included at the February 17, 2016 Board meeting because the position was vacant at the time. The position is now filled by Carla Phillips.

Recommendation:

THAT the board appoint Director of Human Resources Carla Phillips as a signing officer.

4. POLICY AND PLANNING COMMITTEE REPORT – Chair Karla Kozakevich

10:27 – 10:35

4.1. Strategic Planning

10:35 – 10:45

a) **Vision Statement**

Committee Recommendation:

THAT the board approve the following vision statement:

“The ORL provides for learning, innovation, creativity and a connected community”

b) **FYI – Formatted Strategic Plan** (to be circulated at the meeting)

c) **Approve Strategic Plan with Vision Statement**

d) **Final Operational Plan – S. Hall** (pgs. 17 – 26)

5. STAFF REPORTS

5.1. CEO Report – S. Hall

10:45 – 10:55

a) Kelowna Branch: Memo from M. O'Brien (pgs. 27 - 28)

b) Permissive Tax Exemption, Discussion

5.2. Public Relations Report – S. Hall

10:55 – 11:15

- Approve 2015 Annual Report (draft - final report will be distributed at the meeting)
- ORL Brand Identity, Presentation by Consultant Fred Martin

5.3. Public Services Report – G. McKay & M. Gaucher

11:15 – 11:20

Verbal Report on local strategic planning sessions in all ORL branches

5.4. Information Technology Report – J. Campbell

11:20 – 11:25

Report on Website and Bibliocommons

6. CHAIR AND TRUSTEE REPORTS

11:25

Board members will sometimes report on branch visits or library related events in their community

7. NEW BUSINESS

8. ADJOURNMENT

11:30

****Lunch will NOT be served****

**These Minutes Have Not Yet
Been Adopted by the Library Board**

DRAFT REGULAR MINUTES

**LIBRARY BOARD MEETING
HELD AT LIBRARY HEADQUARTERS
1430 K.L.O. ROAD, KELOWNA, BC
WEDNESDAY, FEBRUARY 17, 2016**

"The purposes of this (Library Act) are...to encourage the extension and use of public library service throughout British Columbia...to enable the delivery of public service in British Columbia...to support improvements in Public Library service."

MEMBERS PRESENT:

Linda Werner, Armstrong	Janna Simons, Sicamous
Gyula Kiss, Coldstream	Andrew Casson, Spallumcheen
Tundra Baird, Enderby	Erin Carlson, Summerland
Sherry Philpott-Adhikary, Keremeos	Catherine Lord, Vernon
Owen Dickie, Lake Country	Rick de Jong, West Kelowna (Alt)
Lori Mindnich, Lumby	Larry Morgan, CSRD
Maureen Doerr, Oliver	Mike Macnabb, NORD
Carol Youngberg, Osoyoos	Karla Kozakevich, OSRD
Rosemary Doughty, Princeton	Wayne Carson, CORD
Linda Nixon, Revelstoke	Joseph Pierre, Penticton Indian Band
Tim Lavery, Salmon Arm	Christopher Derickson, WFN

MEMBERS ABSENT:

Caleb Moss, Golden	Mario Vucinovic, Peachland
Tracy Gray, Kelowna	

STAFF PRESENT:

Stephanie Hall, CEO/Secretary to the Board
Don Nettleton, Chief Financial Officer
Georgia McKay, Public Services Manager – Customer Experience
Monica Gaucher, Public Services Manager – Programs & Partnerships
Jeff Campbell, Information Technology Manager
Leah Samson, Administrative Services Manager/Recording Secretary
Marla O'Brien, Public Relations/Fundraising Manager

AND:

Rose Jurkic, CUPE Representative	James Laitinen, PEA Representative
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The meeting was called to order at 10:00 AM.

1. ADOPTION OF AGENDA

MOTION 1 17/02/16

Moved by Owen Dickie, seconded by Carol Youngberg,
THAT the agenda be adopted.
CARRIED

2. ADOPTION OF MINUTES

2.1. Minutes of the regular meeting held October 21, 2015.

The minutes will be amended to reflect that Sherry Philpott-Adhikary and Wayne Carson (had arrived late but) were in attendance at the meeting.

MOTION 2 17/02/16

It was moved and seconded,
THAT the minutes of the regular meeting held October 21, 2015 be adopted as amended.
CARRIED

3. BC LIBRARY TRUSTEES ASSOCIATION REPORT – BCLTA Director Carol Zanon

The board was provided with a report from Carol Zanon. Catherine Lord shared an e-mail from Councillor Zanon dated Feb. 17, 2016, in which she conveyed how important the role of regional library trustees is within the BCLTA framework, and that a strong regional representation on that board can be of great value to the province's regional library systems.

Councillor Zanon's term as the ORL's BCLTA Liaison ends with today's elections and her term as BCLTA Director ends in May 2016.

MOTION 3 17/02/16

Moved by Lori Mindnich, seconded by Rick de Jong,
THAT the report be received for information.
CARRIED

4. OUTGOING CHAIR REPORT – C. Lord

Catherine Lord reported on the successes of 2015 with the highlights of the year being:

- The opening of the new Summerland Branch;
- The Year of the Wise Initiative and workshops which helped seniors with their tech devices;
- The participation in children's programs which increased 12% over the previous year;
- The attendance in adult programs which more than doubled;
- The circulation of print material declined by 2.6% but usage of electronic materials increased by 20.6% over the previous year;
- The creation of a new strategic plan with an operational plan for 2016.

Councillor Lord thanked the board and Vice-Chair Lori Mindnich for chairing in her absence. She commended CEO Stephanie Hall for her hard work over the past year, especially on the FAMA project.

5. ELECTIONS

5.1. Nominations Committee Report

5.2. Election of Board Officers

CEO Stephanie Hall conducted the elections and called for nominations from the floor. The following nominations were made:

For Chair: Catherine Lord (by the Nominations Committee)
There being no other nominations, Catherine Lord was elected by acclamation.
Catherine Lord then removed her name for all other positions.

For Vice-Chair: Lori Mindnich (by the Nominations Committee)
There being no other nominations, Lori Mindnich was elected by acclamation.

For Finance Chair: Lori Mindnich (by the Nominations Committee)
There being no other nominations, Lori Mindnich was elected by acclamation.

For Personnel Chair: Tundra Baird (by the Nominations Committee)
There being no other nominations, Tundra Baird was elected by acclamation.

For Policy & Planning Chair: Karla Kozakevich (by the Nominations Committee)
There being no other nominations, Karla Kozakevich was elected by acclamation.

Stephanie Hall turned the meeting over to newly elected Chair Catherine Lord, who called for volunteers to sit on the committees.

As per board policy, each committee chair, in consultation with the board chair, shall appoint members to their committee from a list of those members who volunteer to sit on a committee.

6. APPOINTMENT OF BCLTA LIAISON

Catherine Lord called for nominations from the floor. Chris Derickson nominated Erin Carlson. There being no other nominations, Erin Carlson was appointed by acclamation.

7. APPOINTMENT OF SIGNING OFFICERS

MOTION 4 17/02/16

Moved by Mike Macnabb, seconded by Larry Morgan,
THAT the following be appointed as signing officers:

- | | |
|---------------------------|----------------|
| - Board Chair | Catherine Lord |
| - Finance Committee Chair | Lori Mindnich |
| - Secretary to the Board | Stephanie Hall |
| - Chief Financial Officer | Don Nettleton |
| - Public Services Manager | Georgia McKay |
| - Public Services Manager | Monica Gaucher |

CARRIED

8. POLICY AND PLANNING REPORT – Chair Karla Kozakevich

Karla Kozakevich reported on the work of the committee and thanked all the committee members and staff for their hard work over the previous year.

8.1. Permissive Tax Exemption

CEO Stephanie Hall provided the board with an overview of the ORL's eligibility to apply for a permissive tax exemption for its leased spaces. She noted that individual municipal policies on the matter are quite varied. She also noted that staff are also pursuing provincial legislative change. Councillor Kozakevich concluded that we are currently in the research phase.

MOTION 5 17/02/16

Moved by Rick de Jong, seconded by Karla Kozakevich
THAT the board direct staff to send letters to the municipalities and regional districts that currently assess property tax on properties the ORL leases privately, to notify them that the ORL will be applying for a permissive tax exemption; and to direct staff to continue to work with the province on determining what avenues there are for a shift in provincial legislation to include libraries in privately leased space.
CARRIED

8.2. New Library Cards

The board was presented with the winning library card submissions.

MOTION 6 17/02/16

Moved by Lori Mindnich, seconded by Maureen Doerr,
THAT the board approve waiving the library card replacement fee during a six month initiative around distribution of special look and promotional cards, to be rolled out in early 2016.
CARRIED

8.3. Endowment Funds/Community Foundations

MOTION 7 17/02/16

Moved by Larry Morgan, seconded by Mike Macnabb
THAT the ORL invest \$5,000 in the Shuswap Community Foundation.
CARRIED

8.4. Access (Low Barrier) Card

The board viewed a presentation by staff.

MOTION 8 17/02/16

Moved by Chris Derickson, seconded by Erin Carlson
THAT the board authorize staff to initiate the Access Card one year pilot as outlined by staff, and that staff report back at six months, with a full evaluation after one year.
CARRIED

9. STAFF REPORTS

9.1. FACILITIES UPDATE – D. Nettleton, CFO

Summerland Branch

- a) Memo from D. Nettleton dated February 11, 2016
- b) Spreadsheet: Summerland Building Cost Summary and ORL Building Reserve Costs to February 11, 2016

CFO Don Nettleton provided the board with information on the Summerland Library Building project and responded to questions. Staff will prepare a project analysis and the strategic operational plan contains a facilities master plan to establish guidelines going forward.

MOTION 9 17/02/16

Moved by Maureen Doerr, seconded by Carol Youngberg,
THAT the report be received for information.
CARRIED

9.2. COMMUNICATIONS REPORT – M. O'Brien

Marla O'Brien provided the board with a report on ORL's marketing and communications prepared by Tina Thomas of the Edmonton Public Library. Marla will work with Tina and ORL staff on the preparation of an annual communications plan for 2016 based on these recommendations.

MOTION 10 17/02/16

Moved by Larry Morgan, seconded by Owen Dickie,
THAT the report be received for information.
CARRIED

MOTION 11 17/02/16

Moved by Lori Mindnich, seconded by Karla Kozakevich
THAT the meeting be extended to 12:30 PM.
CARRIED

9.3. CEO REPORT – S. Hall

Penticton Indian Band

The Band will withdraw from the ORL service agreement effective October 2016. Councillor Joseph Pierre reported that Band Council decided to have a service agreement with Penticton Public Library due to its proximity. He thanked the board for the resources provided by the ORL and left the door open to re-join at a later date should circumstances change.

Attendance at BCLTA Conference

Any board members interested in attending the conference on May 13 – 14 are asked to contact staff.

Strategic Plan

Board members received a final draft of the Strategic Plan. There being no further discussion, four key themes were established:

1. Our library advances learning, creativity, and imagination
2. Our library is an integral part of life in our diverse communities
3. Our library branches are innovative, inviting and reflect their communities
4. Our library is focused on customer service, staffed by learners confident in their abilities.

ORL's Strategic Planning consultant Ken Roberts joined the meeting via teleconference to participate in the finalization of the plan. He noted that the ORL has an excellent and ambitious forward looking plan that includes future trends in library services, and proposed that the plan should be shared with other library systems. He noted that staff capacity may be a concern. Catherine Lord thanked Mr. Roberts and his team for their work.

Board members then received two options for the vision statement; there was general consensus that the matter needs further discussion.

MOTION 12 17/02/16

Moved by Linda Nixon, seconded by Linda Werner,
THAT the draft strategic plan be approved without the vision statement.
CARRIED

MOTION 13 17/02/16

Moved by Larry Morgan, seconded by Linda Nixon,
THAT the vision statement be referred to the Policy and Planning Committee to bring back recommendations.
CARRIED

Staff will solicit board feedback on the vision statement for the Committee and a decision will be made in short order.

Strategic Plan Draft Operational Plan

CEO Stephanie Hall reviewed the draft operational plan and board members were asked to provide staff with any feedback or concerns.

MOTION 14 17/02/16

Moved by Mike Macnabb, seconded by Linda Nixon,
THAT the draft operational plan be received for information.
CARRIED

10. TRUSTEE REPORTS

Board members reported on various library related events in their community.

11. NEXT MEETING – Wednesday, May 18, 2016

12. ADJOURNMENT

MOTION 15 17/02/16

It was moved that the meeting be adjourned.
CARRIED

The meeting adjourned at 12:30 PM.

Okanagan Regional Library District

Final Report to the Board of Trustees

May 18, 2016



Prepared by: **BDO**



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May 18, 2016

Members of the Board of Trustees
Okanagan Regional Library District

Dear Board of Trustees Members (the "Board"):

We are pleased to present the results of our audit of the financial statements of Okanagan Regional Library District (the "Library District"), which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The purpose of our report is to summarize certain aspects of the audit that we believe to be of interest to the Board.

Our audit and therefore this report will not necessarily identify all matters that may be of interest to the Board in fulfilling its responsibilities.

This report has been prepared solely for the use of the Board and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We wish to express our appreciation for the co-operation we received during the audit from the Library District's management and staff who have assisted us in carrying out our work. We look forward to meeting with you to discuss the contents of this report and any other matters that you consider appropriate.

Yours truly,

A handwritten signature in blue ink, appearing to read 'K.J. Carmichael', written in a cursive style.

K.J. Carmichael, CPA, CA

Partner through a corporation
BDO Canada LLP
Chartered Professional Accountants



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Section 1

Important Canadian Auditing Standards Topics





STATUS OF THE AUDIT

As of the date of this final report, we have substantially completed our audit of the 2015 financial statements pending the completion of the items highlighted below. These items will need to be completed prior to issuance of our audit report on the financial statements.

COMPLETION OF AUDIT

- Receipt of signed management representation letter
- Subsequent events review through to financial statement approval date

FINANCIAL STATEMENTS

- Approval of financial statements by the Board of Trustees

We conducted our audit in accordance with Canadian generally accepted auditing standards. The objective of our audit was to obtain reasonable, not absolute, assurance about whether the financial statements are free from material misstatement. The scope of the work performed was substantially the same as that described in our Planning Report to the Board dated December 15, 2015.

INDEPENDENCE

At the core of the provision of external audit services is the concept of independence. Canadian generally accepted auditing standards require us to communicate to the Board at least annually, all relationships between BDO Canada LLP and its related entities and the Library District and its related entities, that, in our professional judgment, may reasonably be thought to bear on our independence with respect to the audit of the Library District.

Our annual letter confirming our independence was previously provided to you in our audit planning letter. We confirm that as of the date of this letter that we remain independent with respect to the Library District.

MATERIALITY

Misstatements, including omitted financial statement disclosures, are considered to be material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As communicated to you in our Planning Report to the Board, preliminary materiality was \$269,000. Final materiality remained at \$269,000 as the final numbers did not differ greatly from the preliminary figures.

RESPONSIBILITIES OF THE AUDITOR

It is important for the Board of Trustees to understand the responsibilities that rest with the Library District and its management and those that belong to the auditor. The audit of financial statements does not relieve management or those charged with governance of their responsibilities as outlined in our Planning Report to the Board dated December 15, 2015. A summary of the auditor's responsibilities is as follows:

- The auditor's responsibility is to express an opinion on each financial statement based on an audit thereof;
- An audit is performed to obtain reasonable, but not absolute, assurance as to whether the financial statements are free of material misstatement and, owing to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion), even though the audit is properly planned and performed;
- The audit includes:
 - (i) Assessing the risks of material misstatement of the financial statements, whether due to fraud or error;
 - (ii) Obtaining an understanding of the entity and its environment including internal control in order to plan the audit and to assess the risk that the financial statements may contain misstatements that, individually or in the aggregate, are material to the financial statements taken as a whole;
 - (iii) Examining, on a test basis, evidence supporting the amounts and disclosures in each financial statement;
 - (iv) Assessing the accounting principles used and their application; and
 - (v) Assessing the significant estimates made by management;
- When the auditor's risk assessment includes an expectation of the operating effectiveness of controls, sufficient appropriate audit evidence is obtained through tests of controls to support the assessment, but the scope of the auditor's review of internal control is insufficient to express an opinion as to the effectiveness or efficiency of the entity's controls; and
- The auditor will express an opinion as to whether the each financial statement presents fairly in all material respects, in accordance with Canadian generally accepted accounting principles, the financial position, results of operations and cash flows of the entity.

Further details regarding our responsibilities are outlined in our engagement letter which was included in our Planning Report to the Board dated December 15, 2015.

AUDIT FINDINGS

As part of our ongoing communications with you, we are required to have a discussion on our views about significant qualitative aspects of the Library District's accounting practices, including accounting policies, accounting estimates and financial statement disclosures. In order to have a frank and open discussion, these matters will be discussed verbally with you. A summary of the key discussion points are as follows:

ACCOUNTING AND AUDIT MATTERS

Budget Allocation

Given that there is a risk that management may manage purchases to match the budget by deferring costs to a later period; accruing and expensing costs to utilize unused budgeted funds; or allocating costs to different expense categories, we performed the following procedures to mitigate this risk:

- Reviewed expense accounts for capital items;
- Performed a search for unrecorded liabilities; and
- Performed variance analysis of current year in comparison to prior year and to budget.

During the course of these audit procedures, it was assessed that the budget allocations are reasonable.

Estimates - Useful Life of Capital Assets

Given the size and type of the Library District's tangible assets, a risk was raised with regard to the useful life of capital assets, such that an error in this estimate could have a material impact on the financial statement. In order to mitigate this risk, we performed the following procedures:

- Reviewed estimated useful life of tangible capital assets for the purpose of depreciation to determine that they are reasonable and consistently applied.

It was determined estimated useful life of tangible capital assets are reasonable and consistently applied.

AUDIT FINDINGS (Continued)

ACCOUNTING AND AUDIT MATTERS (Continued)

Reserves

The reserve accounts are reconciled once per year at year end. As such, allocation errors could have a material impact on capital assets and purchases. In addition, transactions are sometimes posted directly to reserve accounts, instead of being transferred through the operating fund making reconciliation difficult. In order to mitigate these risks, we performed the following procedures:

- Obtained general ledger print outs and:
 - a. Agreed changes to appropriate source documentation;
 - b. Manually reconciled accounts with significant transactions; and
 - c. Checked arithmetic accuracy.

It was determined that the balances in reserve funds are reasonable.

MANAGEMENT REPRESENTATIONS

During the course of our audit, management made certain representations to us. These representations were verbal or written and therefore explicit, or they were implied through the financial statements. Management provided representations in response to specific queries from us, as well as unsolicited representations. Such representations were part of the evidence gathered by us to be able to draw reasonable conclusions on which to base our audit opinion. These representations were documented by including in the audit working papers memoranda of discussions with management and written representations received from management.

A summary of the representation we have requested from management can be requested from management or us.

ACCOUNTING ADJUSTMENTS

We discuss all significant adjusting journal entries that we proposed during the course of our audit with management. Management receives a copy of these adjustments and they are reviewed and approved by management. Copies of adjustments if so required can be requested of management or us.

FINANCIAL STATEMENT DISCLOSURE OMISSIONS

During the course of our audit we noted no circumstances where required financial statement disclosure were either avoided requested to be left out by management.

UNADJUSTED AUDIT DIFFERENCES

During the course of our audit we noted no significant unadjusted audit differences.



FRAUD DISCUSSION

Canadian generally accepted auditing standards require us to discuss fraud risk with the Board on an annual basis. As an update to the discussion held with the Board during the planning of our audit, we have prepared the following comments:

Required Discussion	BDO Response	Question to Board
Details of existing oversight processes with regards to fraud.	Based on our discussions during the planning of our audit, the Board's oversight processes include: <ul style="list-style-type: none">• Board charters;• Discussions at Board meetings;• Review of related party transactions; and• Consideration of tone at the top.• Review of controls and control environment with management.	Are there any new processes or changes in existing processes relating to fraud since the date of our previous discussions, that we should be aware of?
Knowledge of actual, suspected or alleged fraud.	Currently, we are not aware of any actual, suspected or alleged fraud.	Are you aware of any instances of actual, suspected or alleged fraud affecting the Library District?

AUDITORS' RESPONSIBILITIES FOR DETECTING FRAUD

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error, because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

FRAUD DISCUSSION (Continued)

OVERVIEW OF PROCEDURES DESIGNED TO DETECT FRAUD

Management Override of Controls Risk

Canadian Audit Standard 240.32 requires auditors to consider the potential risk of management override of controls and management biases with estimates. In order to mitigate this risk, we performed the following procedures:

- Tested the appropriateness of routine and non-routine journal entries recorded to the general ledger; and
- Reviewed accounting estimates and considered their appropriateness.

From the extent of our testing we determined that no management override of controls occurred and that estimates were free of clear management bias.

Fraud Risk Related to Revenue Recognition

Canadian Audit Standard 240.26 requires that auditors presume there are risks of fraud related to revenue recognition and the types of revenue, revenue transactions and assertions that give rise to such risks must be evaluated. In order to mitigate this risk, we performed the following additional procedures:

- Reviewed the adequacy of controls over revenue;
- Performed analytical procedures to determine the reasonableness of the revenue; and
- Performed additional audit procedures designed specifically to detect potential fraudulent transactions in the revenue streams. This was primarily performed by testing additional samples and items related to revenue to increase the overall testing.

From the extent of our testing we determined that no clear fraud related to revenue recognition occurred.



INTERNAL CONTROL MATTERS

During the course of our audit, we performed the following procedures with respect to the Library District's internal control environment:

- Documented operating systems to assess the design and implementation of control activities that were relevant to the audit.
- Discussed and considered potential audit risks with management.

The results of these procedures were considered in determining, the extent and nature of substantive audit testing required.

We are required to report to you in writing, significant deficiencies in internal control that we have identified during the audit. A significant deficiency is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

During the course of our audit, there were no significant deficiencies in internal control noted.

OTHER REQUIRED COMMUNICATIONS

Professional standards require independent auditors to communicate with those charged with governance certain matters in relation to an audit. In addition to the points communicated within this letter, the table below summarizes these additional required communications.

Communication Required	Auditors' Response
Potential effect on the financial statements of any material contingencies or commitments, such as pending litigation, that are required to be disclosed in the financial statements.	There are no material contingencies or commitments that need to be disclosed in the financial statements other than normal course items.
Matters involving non-compliance with laws and regulations.	We noted no instances of non-compliance with laws or regulations during the course of our audit.
Material uncertainties related to events and conditions that may cast significant doubt on the Library District's ability to continue as a going concern.	There is no going concern issue noted.
Disagreements with management about matters that, individually or in aggregate, could be significant to the Library District's financial statements or our audit report.	No disagreements were noted with management.
Significant related party transactions that are not in the normal course of operations and which involve significant judgments made by management concerning measurement or disclosure.	None noted.
Discussion of whether subsequent events are appropriately disclosed or resulted in adjustments.	No subsequent events noted.
Discussion of whether scope limitations were present, preventing us from carrying out our audit completely.	No scope limitations were noted.
Discussion of whether the audit report required modifications or a qualified audit report was issued.	No report modifications were needed and the opinion was unqualified.

Section 2

Audit Process Summary



AUDIT STRATEGY

The overall audit strategy for the yearend audit of the Library District remained consistent with the strategy that we discussed in our planning letter. To briefly recap that information, BDO performed a risk based audit which allows us to focus our effort on higher risk areas and other areas of concern for management or those charged with governance.

Two basic audit approaches generally exist for auditors to utilize and the use of a particular approach depends largely on the auditors overall assessment of the entity including the control environment and risk. For the audit of the Library District we took a combined approach. This means that we relied on the control functions of the Library District for at least some of our testing. The following is meant for discussion purposes only and is intended to facilitate conversation surrounding how key financial statement areas of the Library District were audited. The summaries below are not meant to be an exhaustive description of the procedures we performed.

STATEMENT OF FINANCIAL POSITION APPROACH

Financial Assets	
Accounts Receivable	As a primary procedure we review larger accounts receivable balances by obtaining supporting documentation and then vouching receivables to subsequent collection. This testing provides support for the existence and valuation of the receivables. As supplementary tests, we perform cut off tests to ensure that amounts have been recorded in the proper period and we also conduct certain reasonability testing on amounts, especially if they are significantly aged.
Tangible Capital Assets	We obtained the asset registers and recalculate the register(s) to check for accuracy and consistency. We focus our testing on larger capital asset additions (with a sample of smaller items) and vouch those additions to supporting documentation. For book purchases we rely on controls in place and verify that the controls for the purchasing and accurate recording of books is consistently followed.
Financial Liabilities	
Accounts Payable and Accrued Liabilities	Our primary risk is that liabilities are not recorded or are under recorded. As a result, perform cut-off testing to ensure that expenses / purchases have been recorded in the proper period. We also do a review of all significant accruals.
Long Term Debt	We obtain the loan statements directly from MFA and confirm the loan balance. 3 rd party documentation provides the greatest audit support for balances.



AUDIT STRATEGY (Continued)

STATEMENT OF FINANCIAL POSITION APPROACH (Continued)

Surplus	
Reserves	We obtain and review continuity schedules for each reserve. We agree opening balances and investigate unusual items.
Equity in Tangible Capital Assets	We obtain and review continuity schedules for equity in TCA. We generally perform a recalculation of the fund to ensure it matches with the capital assets recorded.

STATEMENT OF OPERATIONS APPROACH

Revenue	
Assessments	We agree assessment revenue to amounts approved by the Board in the annual budget. We also perform test calculations to ensure each municipality's portion is reasonable and accurate.
Grants	We obtain copies of the funding agreements and agree them to the revenue recorded. We assess if the grants should be recorded as revenue or deferred for future years. We also review the minutes for any new grants that were discussed to ensure the grants have been recorded or deferred.
Fines, damaged and lost books	We obtain a sample of fines, damaged and lost book revenue and agree the amount from the system to what was recorded in the general ledger.
Expenses	
Purchases / Expenses	We perform test of controls on a cyclical basis. This tests the various input and output controls for the purchase system. We also perform a detailed comparison of budget to actual by significant account grouping and follow-up on significant variances.
Payroll	We perform test of controls on a cyclical basis. This tests various input and output controls for salaries and wages. With regards to benefits we perform a reasonability analysis based on yearly percentages of CPP, EI, and benefits as a percentage of salaries. These are compared to the stated rates and differences are followed up on.
Interest on Long Term Debt	We obtain the long term debt schedules from MFA and agree the amount of interest and actuarial gains per the schedules to the amount recorded in the general ledger. We also perform a recalculation of the interest expense to make sure the amount recorded is reasonable.



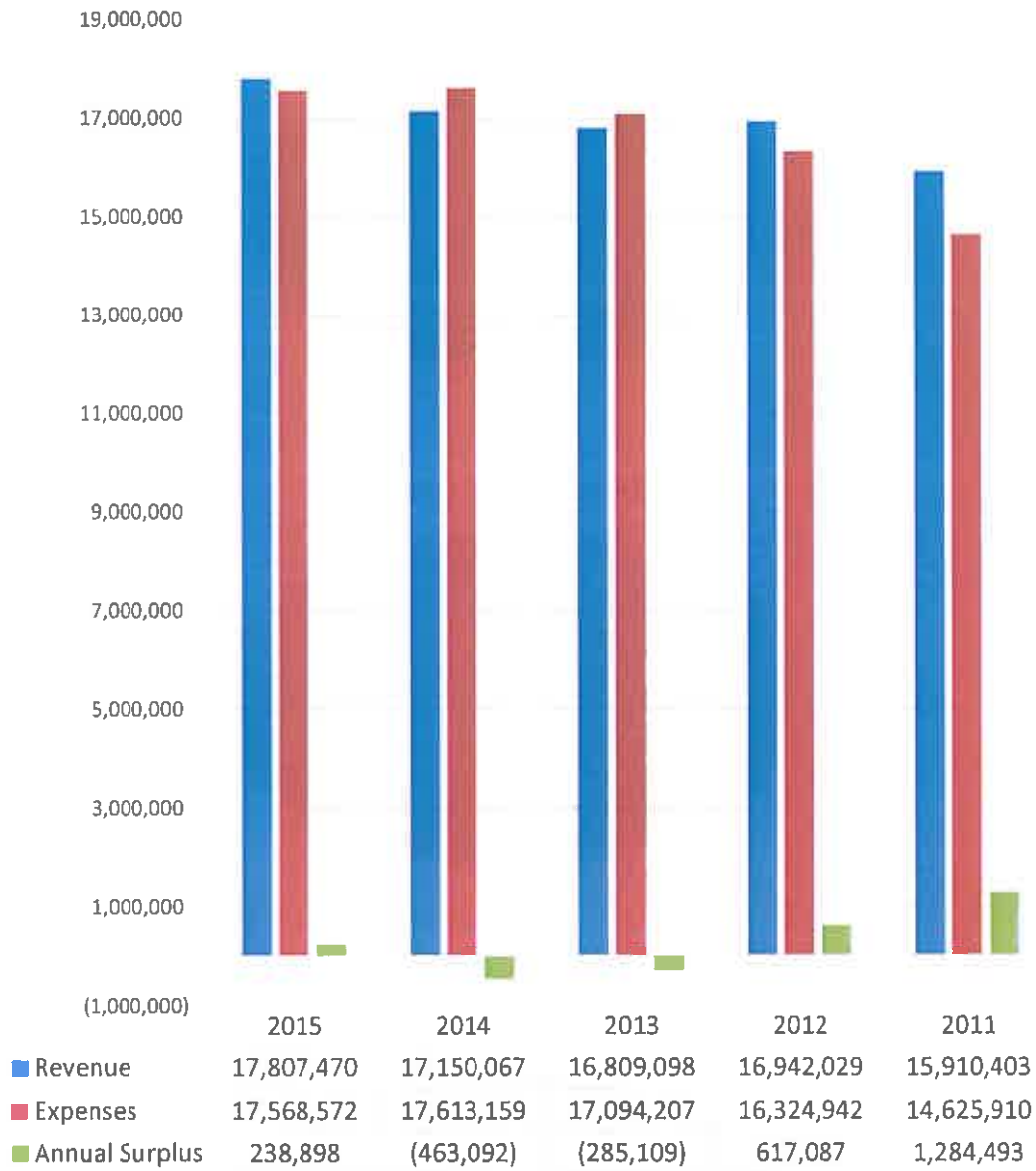
Section 3

Financial Highlights



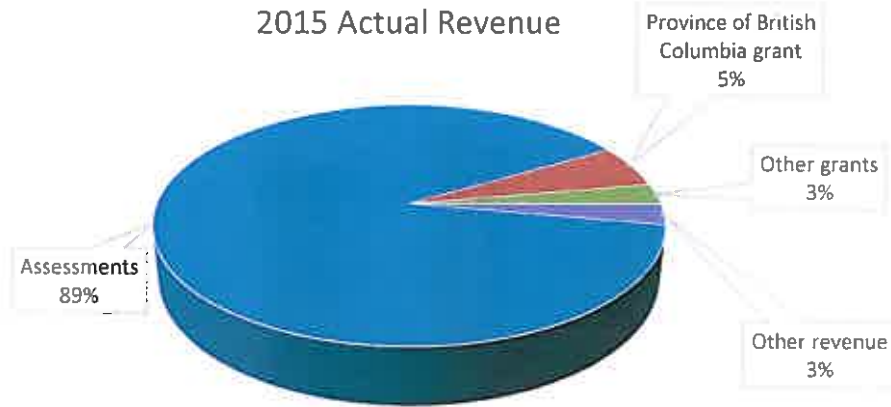


TOTAL REVENUE, EXPENSES, AND ANNUAL SURPLUS

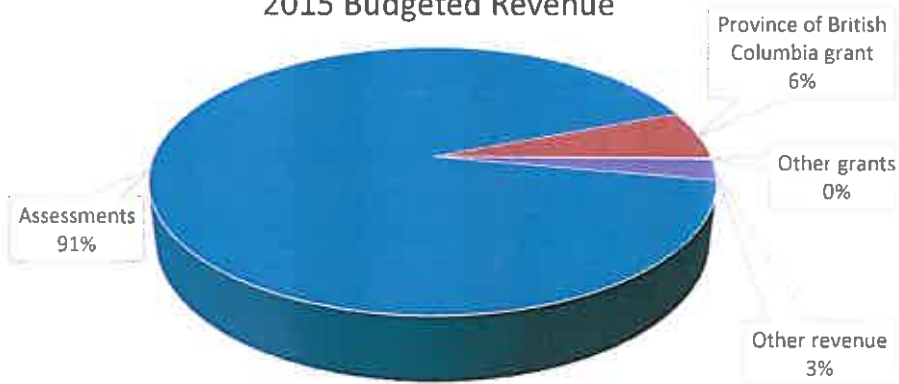


REVENUE ANALYSIS

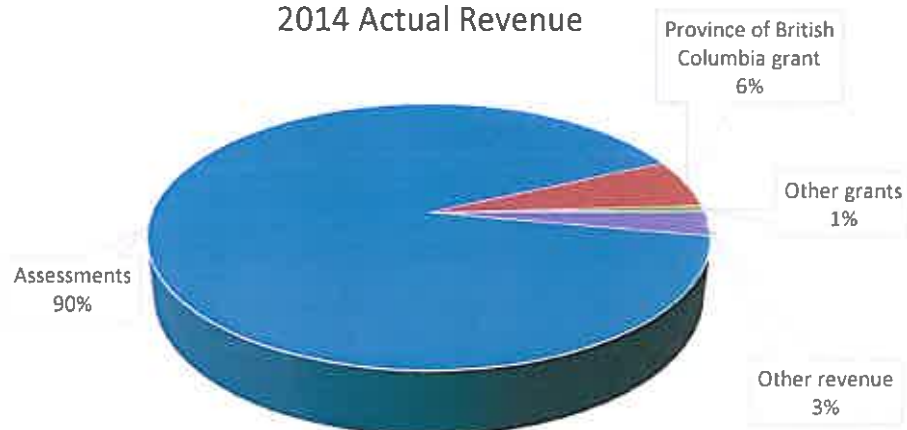
2015 Actual Revenue



2015 Budgeted Revenue

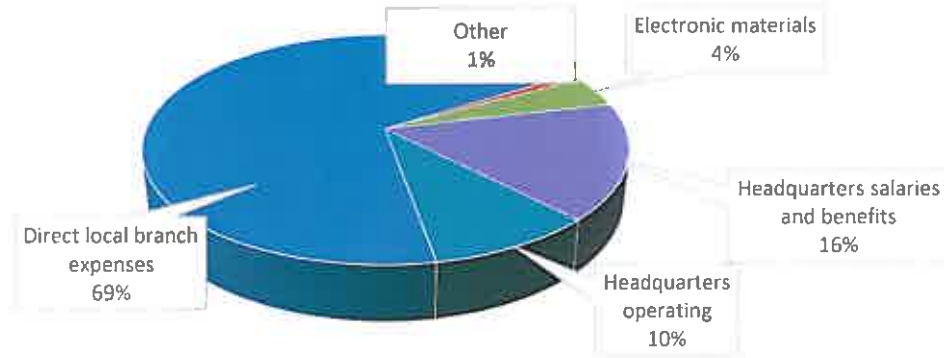


2014 Actual Revenue

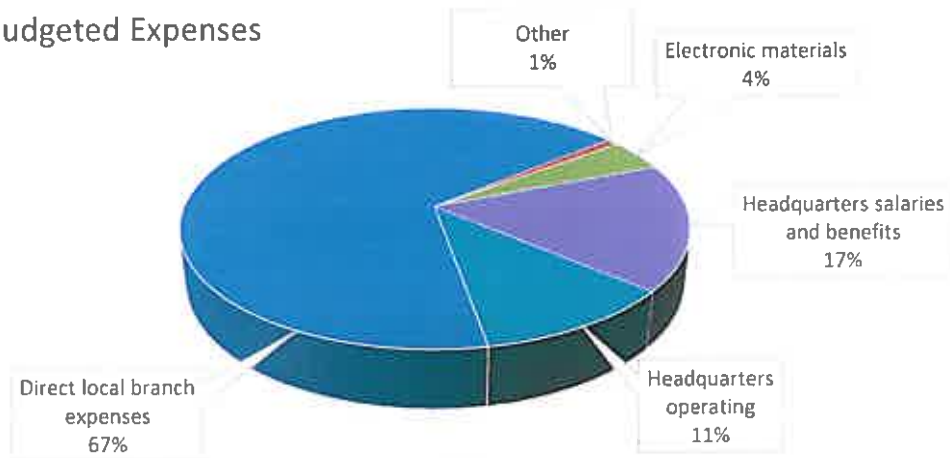


OPERATING EXPENSES BY FUNCTION

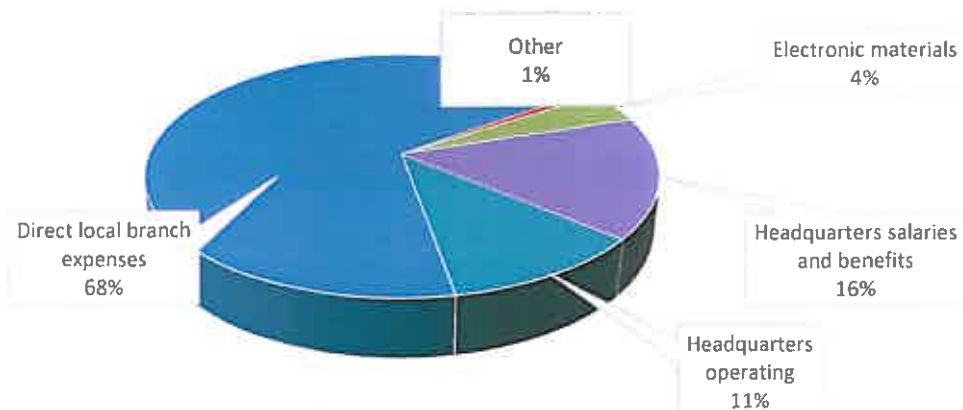
2015 Actual Expenses



2015 Budgeted Expenses



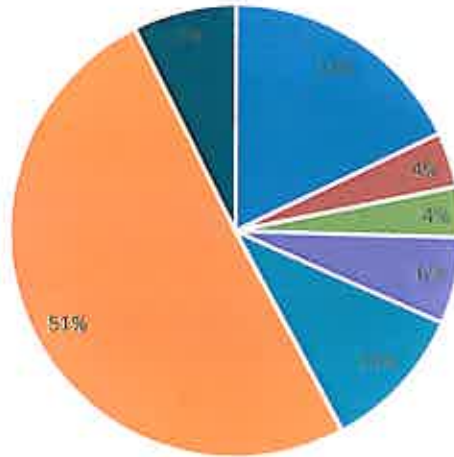
2014 Actual Expenses



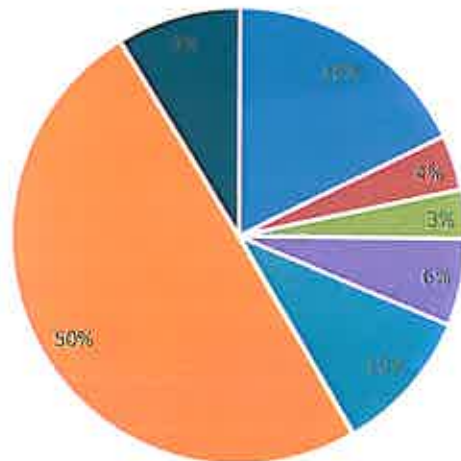
* Any expense less than 1% of total expenses is included in other. Amortization is also excluded.

OPERATING EXPENSES BY OBJECT

2015 Actual Expenses



2014 Actual Expenses

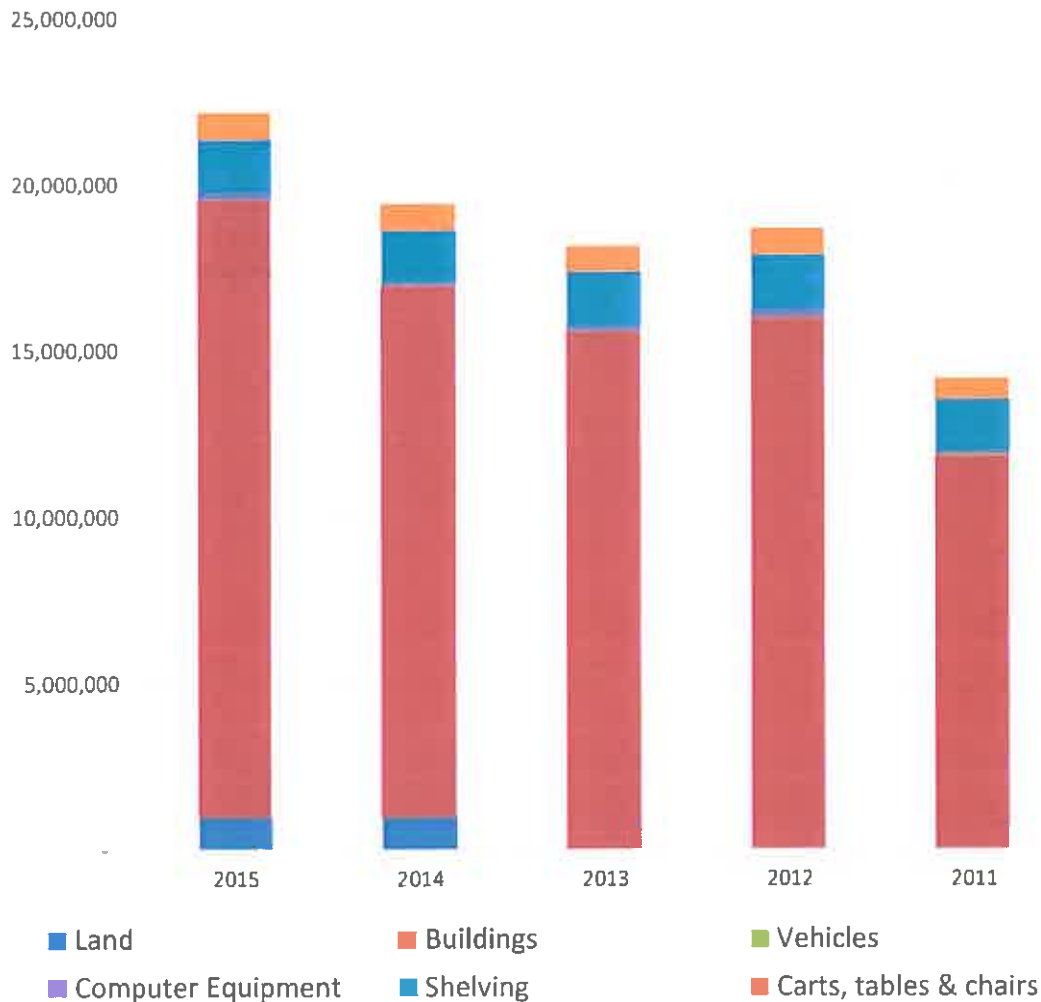


- Amortization
- Long term debt interest
- Electronic materials
- Maintenance and Utilities
- Rent
- Wages and benefits
- Other operating expenses

* Any expense less than 3% of total expenses is included in other operating expenses

CAPITAL ASSET ANALYSIS - CATEGORY BREAKDOWN

	2015	2014	2013	2012	2011
Tangible capital assets					
Beginning of year	27,168,126	26,604,468	27,688,732	23,511,577	17,483,270
Purchases	5,099,166	3,689,348	2,151,494	7,180,978	8,570,618
Disposals	(3,829)	(3,798)	(13,250)	(53,514)	(32,747)
Amortization	(3,133,314)	(3,121,892)	(3,222,508)	(2,950,309)	(2,509,564)
End of year	<u>29,130,149</u>	<u>27,168,126</u>	<u>26,604,468</u>	<u>27,688,732</u>	<u>23,511,577</u>



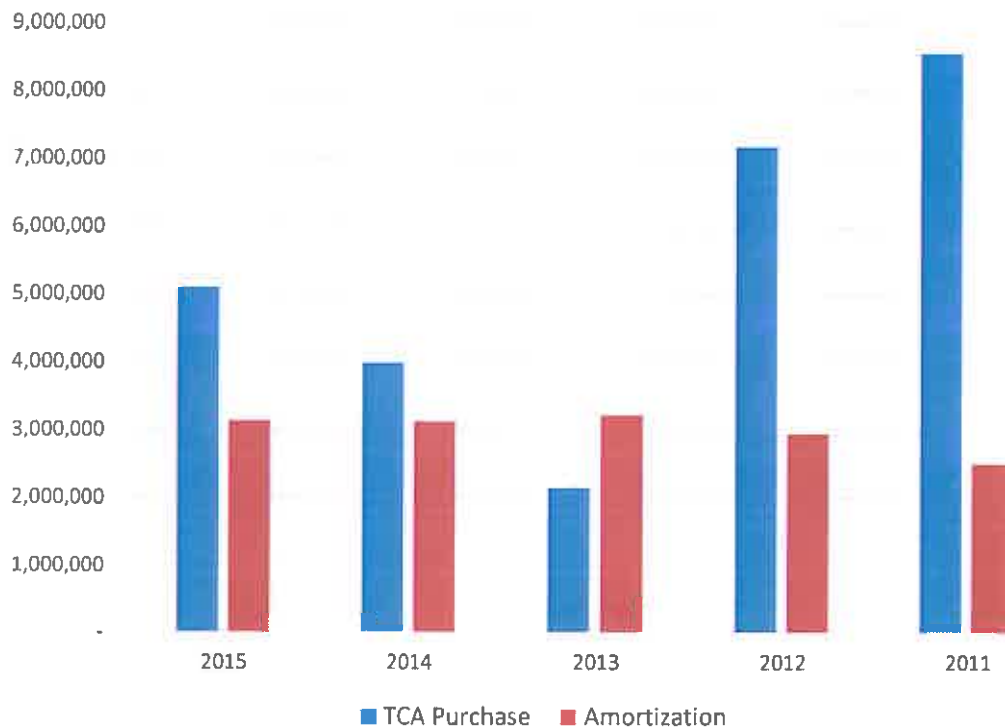
CAPITAL ASSET ANALYSIS - TCA FINANCIAL INDICATOR

As assets age, the TCA Financial Indicator percentage will decrease. The newer the assets, the longer the remaining life of the asset and the higher the percentage.

The formula is as follows:

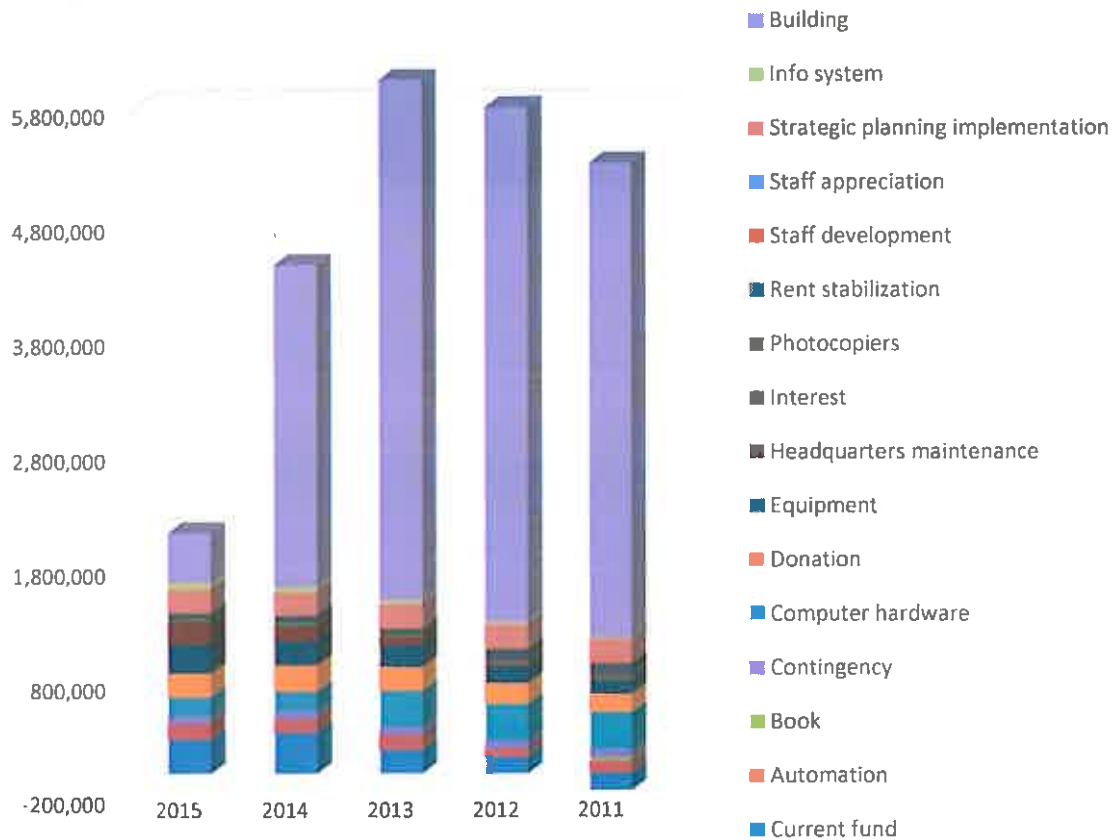
$$\text{Age of TCA Financial Indicator} = \frac{\text{Net Book Value of TCA}}{\text{Historical Cost of TCA}}$$

	2015	2014	2013	2012	2011
Building	90%	91%	93%	95%	96%
Books	34%	41%	42%	48%	53%
Computer	17%	5%	11%	20%	12%
Miscellaneous	55%	56%	58%	61%	59%
Total	62%	64%	63%	68%	68%



RESERVE ANALYSIS

	2015	2014	2013	2012	2011
Reserves and discretionary reserve funds					
Current fund	301,307	363,284	208,293	142,048	(153,889)
Automation	131,117	114,628	127,241	76,907	109,837
Book	0	0	0	0	31,005
Contingency	75,007	75,077	75,077	75,077	75,007
Computer hardware	170,221	170,221	320,221	320,221	320,221
Donation	209,804	235,849	212,855	184,798	164,691
Equipment	255,704	209,188	183,980	146,953	120,664
Headquarters maintenance	200,000	140,000	80,000	20,000	10,000
Interest	25,000	25,000	25,000	25,000	25,000
Photocopiers	1,967	16,768	1,918	67,355	75,629
Rent Stabilization	32,652	32,652	32,652	32,652	32,652
Staff development	16,020	15,620	15,620	15,620	15,620
Staff appreciation	4,882	3,382	1,882	3,000	1,500
Strategic planning implementation	195,934	193,934	206,934	204,934	204,876
Info system	60,000	48,000	36,000	24,000	12,000
Building	432,169	2,798,112	4,524,193	4,475,108	4,128,743
	2,111,784	4,441,715	6,051,866	5,813,673	5,173,626



* This does not include the equity in tangible capital assets.

Section 4

BDO Resources





BDO PROFILE

BDO is one of Canada's largest accounting services firms providing assurance and accounting, taxation, financial advisory, risk advisory, financial recovery and consulting services to a variety of publicly traded and privately held companies.

BDO serves its clients through 105 offices across Canada. As a member firm of BDO International Limited, BDO serves its multinational clients through a global network of over 1,300 offices in 151 countries. Commitment to knowledge and best practice sharing ensures that expertise is easily shared across our global network and common methodologies and information technology ensures efficient and effective service delivery to our clients.

Outlined below is a summary of certain BDO resources which may be of interest to the Board.

PSAB PUBLICATIONS

BDO's national and international accounting and assurance department issues publications on the transition and application of Public Sector Accounting Standards (PSAB) as well as common differences between PSAB and Canadian generally accepted accounting principles.

For additional information on PSAB including links to archived publications and model financial statements, refer to:

<http://www.bdo.ca/library/publications/psab/index.cfm>

PSAB UPDATES

For a complete reference to PSAB updates, refer to:

<http://www.bdo.ca/en/Library/Services/assurance-and-accounting/Documents/Publications/PSAS-Update-2015.pdf>



**OKANAGAN REGIONAL
LIBRARY DISTRICT
Financial Statements
For the year ended December 31, 2015**

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Management's Responsibility for Financial Reporting

The accompanying financial statements of the Okanagan Regional Library District have been approved by the Board. The preparation of these financial statements is the responsibility of management.

The financial statements were prepared by our external auditor in accordance with Canadian public sector accounting standards. Certain amounts used in the preparation of the financial statements are based on management's best estimates and judgments. Actual results could differ as additional information becomes available in the future. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects. Management has reviewed these financial statements and has taken responsibility for them.

The Okanagan Regional Library District maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Okanagan Regional Library District's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The financial statements have been audited by BDO Canada LLP Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Board. The independent auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records and to the Board of the Okanagan Regional Library District.

_____ Chairperson

_____ Chief Executive Officer

_____ Chief Financial Officer

Independent Auditor's Report

To the Members of the Board of Trustees of the Okanagan Regional Library District

We have audited the accompanying financial statements of the Okanagan Regional Library District which comprise the statement of financial position as at December 31, 2015, and the statements of operations, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Library District's management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library District'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 Library District's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 Okanagan Regional Library District as at December 31, 2015 and its financial performance and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 17 through 22 of the Okanagan Regional Library District's Financial Statements.

Chartered Professional Accountants

Kelowna, British Columbia
May 18, 2016

**Okanagan Regional Library District
Statement of Financial Position**

December 31	2015	2014
Financial Assets		
Cash (Note 1)	\$ 2,189,420	\$ 5,077,193
Accounts receivable	562,954	229,828
MFA debt reserve	155,000	155,000
	<u>2,907,374</u>	<u>5,462,021</u>
Financial Liabilities		
Accounts payable and accrued liabilities	724,766	715,520
Wages payable	136,324	226,135
Long term debt (Note 2)	12,737,785	13,344,521
	<u>13,598,875</u>	<u>14,286,176</u>
Net Debt	<u>(10,691,501)</u>	<u>(8,824,155)</u>
Non-Financial Assets		
Prepaid expenses	220,570	76,349
Tangible capital assets (Note 3)	29,130,149	27,168,126
	<u>29,350,719</u>	<u>27,244,475</u>
Accumulated Surplus (Note 4)	<u>\$ 18,659,218</u>	<u>\$ 18,420,320</u>

Approved on behalf of the Board:

_____ Chairperson

**Okanagan Regional Library District
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2015	2015	2014
	Actual	Budget	Actual
Revenue			
Assessments	\$ 15,816,441	\$ 15,795,443	\$ 15,503,328
Province of British Columbia grant	1,008,871	1,010,808	1,009,809
Other grants	491,919	33,500	130,975
Other revenue	490,239	434,271	505,955
	17,807,470	17,274,022	17,150,067
Expenses (Note 6)			
Direct local branch expenses	9,954,031	9,838,910	9,822,722
Delivery/transportation			
Operating expenses	85,976	103,700	94,795
Children's programs	40,355	25,866	33,797
Electronic materials	633,026	630,000	606,478
Headquarters supportive services			
Salaries and benefits	2,352,416	2,505,492	2,328,299
Operating	1,365,625	1,614,125	1,601,378
Amortization	3,133,314	-	3,121,892
Loss on disposal of tangible capital assets	3,829	-	3,798
	17,568,572	14,718,093	17,613,159
Annual surplus (deficit)	238,898	2,555,929	(463,092)
Accumulated surplus, beginning of year	18,420,320	18,420,320	18,883,412
Accumulated surplus, end of year	\$ 18,659,218	\$ 20,976,249	\$ 18,420,320

**Okanagan Regional Library District
Statement of Change in Net Debt**

For the year ended December 31	2015	2015	2014
	Actual	Budget	Actual
Annual surplus (deficit)	\$ 238,898	2,555,929	\$ (463,092)
Acquisition of tangible capital assets	(5,099,166)	(2,342,551)	(3,689,348)
Amortization of tangible capital assets	3,133,314	-	3,121,892
Loss on disposal of tangible capital assets	3,829	-	3,798
Acquisition of prepaid expenses	(144,221)	-	(64,208)
Change in net debt	(1,867,346)	213,378	(1,090,958)
Net debt, beginning of year	(8,824,155)	(8,824,155)	(7,733,197)
Net debt, end of year	\$ (10,691,501)	\$ (8,610,777)	\$ (8,824,155)

**Okanagan Regional Library District
Statement of Cash Flows**

For the year ended December 31	2015	2014
Cash flows provided by (used in) operating activities		
Cash receipts from taxes, grants, user fees and donations (a)	\$ 17,438,118	\$ 17,036,933
Cash paid to employees and suppliers	(13,962,467)	(13,619,989)
Interest received	36,228	68,944
Interest paid	(693,750)	(693,750)
	2,818,129	2,792,138
Cash flows provided by (used in) capital activities		
Purchase of tangible capital assets	(5,099,166)	(3,689,348)
Cash flows provided by (used in) financing activities		
Repayment of MFA debt	(606,736)	(583,401)
Decrease in cash during the year	(2,887,773)	(1,480,611)
Cash, beginning of year	5,077,193	6,557,804
Cash, end of year	\$ 2,189,420	\$ 5,077,193

Supplemental Information:

- (a) Included in the 2015 balance for cash receipts from taxes, grants, user fees and donations is an increase in accounts receivable of \$333,126 (2014 - a reduction of \$(44,189)).

**Okanagan Regional Library District
Summary of Significant Accounting Policies**

December 31, 2015

MFA Debt Reserve	As a condition of borrowing through Regional Districts (Note 2), a portion of the loan proceeds are withheld by the Regional Districts to be used as a debt reserve for the Municipal Finance Authority.
Financial Instruments	The Library District's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, wages payable and long-term debt. Unless otherwise noted, it is management's opinion that the Library District is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
Use of Estimates	The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Government Transfers	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

1. Cash

Cash is held in a financial institution earning interest at an average rate of 0.89% (2014 -1.10%) per annum.

2. Long Term Debt

The Regional District of the Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1236, 2008) to borrow \$4,500,000 from the Municipal Finance Authority on behalf of the Library District.

The Regional District of North Okanagan was authorized (Regional District of North Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 2436, 2010) to borrow \$11,000,000 from the Municipal Finance Authority on behalf of the Library District.

	2015	2014
Debenture payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$115,875 and annual principal payments of \$151,118, interest rate at 5.15%, due November 20, 2028.	\$ 3,306,426	\$ 3,497,688
Debenture payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$231,000 and annual principal payments of \$369,399, interest rate at 4.2%, due April 4, 2031.	9,431,359	9,846,833
	\$ 12,737,785	\$ 13,344,521

Principal payments estimated to be required in each of the next five years and thereafter is as follows:

2016	\$ 520,517
2017	520,517
2018	520,517
2019	520,517
2020	520,517
Thereafter	5,272,334
	\$ 7,874,919
Add: Actuarial additions until maturity	4,862,866
	\$ 12,737,785

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

3. Tangible Capital Assets

2015

	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 983,134	\$ 17,589,250	\$ 65,583	\$ 1,051,395	\$ 2,618,570	\$ 1,354,221	\$ 555,236	\$ 18,394,109	\$ 42,611,498
Additions	-	3,057,920	-	187,814	93,931	74,512	59,434	1,625,555	5,099,166
Disposals	-	-	-	(191,854)	(9,878)	(1,880)	(875)	(419,386)	(623,873)
Cost, end of year	\$ 983,134	\$ 20,647,170	\$ 65,583	\$ 1,047,355	\$ 2,702,623	\$ 1,426,853	\$ 613,795	\$ 19,600,278	\$ 47,086,791
Accumulated amortization, beginning of year	\$ -	\$ 1,594,271	\$ 40,522	\$ 1,002,066	\$ 1,037,078	\$ 555,022	\$ 382,837	\$ 10,831,576	\$ 15,443,372
Amortization	-	476,322	5,012	59,285	66,772	41,793	30,314	2,453,816	3,133,314
Disposals	-	-	-	(191,854)	(6,669)	(1,282)	(853)	(419,386)	(620,044)
Accumulated amortization, end of year	\$ -	\$ 2,070,593	\$ 45,534	\$ 869,497	\$ 1,097,181	\$ 595,533	\$ 412,298	\$ 12,866,006	\$ 17,956,642
Net carrying amount, end of year	\$ 983,134	\$18,576,577	\$ 20,049	\$ 177,858	\$ 1,605,442	\$ 831,320	\$ 201,497	\$ 6,734,272	\$ 29,130,149

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

3. Tangible Capital Assets (continued)

2014

	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 25,664	\$ 16,772,663	\$ 65,583	\$ 1,069,857	\$ 2,597,294	\$ 1,311,168	\$ 538,582	\$ 19,684,570	\$ 42,065,381
Additions	957,470	816,587	-	189,971	23,088	49,203	17,854	1,635,175	3,689,348
Disposals		-	-	(208,433)	(1,812)	(6,150)	(1,200)	(2,925,636)	(3,143,231)
Cost, end of year	\$ 983,134	\$ 17,589,250	\$ 65,583	\$ 1,051,395	\$ 2,618,570	\$ 1,354,221	\$ 555,236	\$ 18,394,109	\$ 42,611,498
Accumulated amortization, beginning of year	\$ -	\$ 1,205,082	\$ 34,257	\$ 947,650	\$ 972,400	\$ 517,188	\$ 354,550	\$ 11,429,786	\$ 15,460,913
Amortization		389,189	6,265	263,068	65,532	41,140	29,272	2,327,426	3,121,892
Disposals		-	-	(208,652)	(854)	(3,306)	(985)	(2,925,636)	(3,139,433)
Accumulated amortization, end of year	\$ -	\$ 1,594,271	\$ 40,522	\$ 1,002,066	\$ 1,037,078	\$ 555,022	\$ 382,837	\$ 10,831,576	\$ 15,443,372
Net carrying amount, end of year	\$ 983,134	\$ 15,994,979	\$ 25,061	\$ 49,329	\$ 1,581,492	\$ 799,199	\$ 172,399	\$ 7,562,533	\$ 27,168,126

Okanagan Regional Library District Summary of Significant Accounting Policies

December 31, 2015

Nature of Business The Okanagan Regional Library District (the "Library District") provides equitable access to relevant educational, recreational, and cultural library resources to residents of the Okanagan.

Basis of Presentation It is the Library District's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia. The financial statements include the account of all funds for the Library District. All interfund transfers have been eliminated. They have been prepared using guidelines issued by the Public Sector Accounting Board (PSAB) of CPA Canada.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Books	2 to 50 years, straight line
Building	2.5% declining balance
Carts	5% declining balance
Chairs	5% declining balance
Computer equipment*	25% declining balance
Electronics	15% declining balance
Leasehold improvement	100% declining balance
Miscellaneous	15% declining balance
Shelving	40 years, straight line
Tables	5% declining balance
Vehicles	20% declining balance

* In the current year this policy was changed on a prospective basis to better reflect the assets' use.

Revenue Recognition Assessment revenue is invoiced quarterly and is recorded when it becomes due on the first day of the last month of each quarter. The schedule of due dates is set by the Library Act. Revenue from grants is recorded when received and when conditions specified in the grant are met. Other revenue is recorded when the service has been provided or when performance has been achieved and the revenue is reasonably collectible.

Reserve Funds The Library District has established several reserves relating to future capital expenses and operating expenses. Amounts transferred to and from these reserves are per approval of the Board of Trustees for the Library District.

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

4. Accumulated Surplus

The Library District segregates its accumulated surplus in the following categories:

	2015	2014
Financial equity		
Current fund	\$ 301,307	\$ 363,284
Equity in capital assets (Note 5)	16,547,364	13,978,605
Reserve funds	1,810,547	4,078,431
	\$ 18,659,218	\$ 18,420,320

Equity in capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by the Board of Trustees for specific purposes.

5. Equity in Capital Assets

	2015	2014
Balance, beginning of year	\$ 13,978,605	\$ 12,831,546
Add:		
Contribution for debt reduction	606,736	583,401
Contribution for capital assets	2,465,498	1,810,107
Contribution from reserve funds	2,633,668	1,879,241
Deduct:		
Amortization	(3,133,314)	(3,121,892)
Disposal of assets	(3,829)	(3,798)
Balance, end of year	\$ 16,547,364	\$ 13,978,605

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

6. Expenses by Object

	2015	2015	2014
	Actual	Budget	Actual
Advertising	\$ 56,112	\$ 51,875	\$ 45,215
Amortization	3,133,314	-	3,121,892
Association dues, staff development and travel	113,074	100,800	61,872
Board and committee expenses	14,041	24,000	22,318
Book binding and mending	15,621	40,000	35,502
Collection agencies and sundry	17,805	218,303	12,111
Computer maintenance and telecommunication lines	376,611	489,611	780,132
Contract for library services	64,900	65,000	66,990
Electronic materials	633,026	630,000	606,478
Insurance	51,489	51,000	45,048
Interest, bank charges and US exchange	8,011	6,500	7,110
Long term debt interest	693,750	693,750	693,750
Loss on disposal of capital assets	3,829	-	3,798
Maintenance and utilities	1,087,350	1,103,879	1,089,294
Moving and storage	3,338	3,000	451
Postage and freight	51,782	58,400	56,069
Professional fees	163,497	53,500	127,527
Programs	40,355	25,866	33,797
Rent	1,842,864	1,947,524	1,801,715
Supplies	185,141	126,624	105,100
Telephone	22,549	49,825	26,005
Transportation	114,276	129,900	124,975
Wages and benefits	8,875,837	8,848,736	8,746,010
	\$ 17,568,572	\$ 14,718,093	\$ 17,613,159

7. Credit Facility

The Library District has a credit facility agreement with a financial institution which provides a revolving line of credit of \$750,000 with an interest rate of prime plus 3%. At December 31, 2015, the Library District had drawn \$nil (2014 - \$nil) on this agreement.

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

8. Pension Liability

The Library District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2015, the Plan has about 185,000 active members and approximately 80,000 retired members. Active members include approximately 136 contributors from the Library District.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation as of December 31, 2012, indicated a \$1,370 million funding deficit for basic pension benefits.

The Library District paid \$633,307 (2014 - \$632,847) for employer contributions to the Plan in fiscal 2015, which represents 0.03% of the total plan contributions. The Library District expects to pay \$635,000 for employer contributions in the next fiscal year.

The next valuation will be as at December 31, 2015, with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of the employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

**Okanagan Regional Library District
Notes to Financial Statements**

December 31, 2015

9. Budget Information

The budget adopted by the Board of Trustees was not prepared on a basis consistent with that used to report actual results based on current Public Sector Accounting Standards ("PSAB"). The budget was prepared on a modified accrual basis while PSAB now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net debt represent the budget adopted by the Board of Directors with adjustments as follows:

	<u>2015</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Transfers to reserve funds budgeted for in expenses	322,861
Transfers to tangible capital assets budgeted for in expenses - books and material	1,712,551
Debt reduction - principal	<u>520,517</u>
Budget surplus per Statement of Operations	<u>\$ 2,555,929</u>

10. Commitments

The Library District has entered into various lease agreements for their branch locations with estimated minimum annual lease payments of \$1,608,991.

**Okanagan Regional Library District
Schedule 1 - Current Fund Operations
(Unaudited)**

For the year ended December 31	2015	2015	2014
	Actual	Budget	Actual
Revenue			
Assessments (Schedule 2)	\$ 15,816,441	\$ 15,795,443	\$ 15,503,328
Province of British Columbia	1,008,871	1,010,808	1,009,809
Other grant revenue	49,890	33,500	87,754
Other revenue (Schedule 3)	490,239	434,271	505,955
Branch building and furnishing funding	442,029	-	43,222
	17,807,470	17,274,022	17,150,068
Expenses			
Direct local branch expenses (Schedule 4)	9,954,031	9,838,910	9,822,722
Delivery/transportation			
Operating expenses	85,976	103,700	94,935
Children's programs	40,354	25,866	33,797
Electronic materials	633,026	630,000	606,478
Headquarters supportive services			
Salaries and benefits	2,352,416	2,505,492	2,328,299
Operating (Schedule 5)	1,365,625	1,614,125	1,601,378
	14,431,428	14,718,093	14,487,609
Excess of revenues over expenses	3,376,042	2,555,929	2,662,459
Net interfund transfers:			
Net contributions to capital fund			
For debt reduction	(606,736)	(520,517)	(583,401)
For capital assets	(2,465,498)	(1,712,551)	(1,810,107)
Contribution from reserve fund			
Automation	29,348	-	30,878
Computer	-	-	150,000
Donation	45,542	-	40,397
Equipment	8,844	-	33,518
Strategic planning	-	-	15,000
Contributions to reserve funds			
Equipment	(82,500)	(82,500)	(80,000)
Automation and CPU	(105,716)	(100,000)	(100,000)
Building maintenance	-	-	(60,000)
Strategic planning	(2,000)	(2,000)	(2,000)
Staff appreciation	(400)	-	(1,500)
Info system	(12,000)	-	(12,000)
Other	(136,903)	(88,361)	(78,253)
Building	(110,000)	(50,000)	(50,000)
Change in fund balance	(61,977)	-	154,991
Surplus, beginning of year	363,284	363,284	208,293
Surplus, end of year	\$ 301,307	\$ 363,284	\$ 363,284

**Okanagan Regional Library District
Schedule 2 - Assessments
(Unaudited)**

For the year ended December 31	2015	2015	2014
	Actual	Budget	Actual
Municipalities			
Armstrong	\$ 177,090	\$ 177,090	\$ 170,564
Coldstream	412,462	412,462	408,363
Enderby	100,720	100,720	99,958
Golden and Area	308,213	308,213	303,571
Kelowna	5,591,643	5,591,643	5,421,944
Keremeos	49,128	49,128	49,636
Lake Country	531,418	531,418	516,874
Lumby	64,273	64,273	64,330
Oliver	178,208	178,208	184,789
Osoyoos	249,926	249,926	250,479
Peachland	228,850	228,850	230,818
Princeton	101,262	101,262	100,844
Revelstoke	301,761	301,761	305,513
Salmon Arm	672,606	672,606	667,189
Sicamous	129,032	129,032	129,365
Spallumcheen	200,604	200,604	198,356
Summerland	458,528	458,528	454,746
Vernon	1,655,714	1,634,714	1,623,798
West Kelowna	1,343,116	1,343,116	1,328,334
	12,754,554	12,733,554	12,509,471
First Nation Members			
Penticton Indian Band	56,311	56,311	58,119
Westbank First Nation	342,358	342,358	332,137
	398,669	398,669	390,256
Regional Districts			
Central Okanagan	327,748	327,748	291,262
Columbia - Shuswap	823,796	823,798	819,104
North Okanagan	708,555	708,555	700,902
Okanagan - Similkameen	803,119	803,119	792,333
	2,663,218	2,663,220	2,603,601
	\$ 15,816,441	\$ 15,795,443	\$ 15,503,328

**Okanagan Regional Library District
Schedule 3 - Other Revenue
(Unaudited)**

For the year ended December 31	2015		2015	2014
	Actual		Budget	Actual
Fines, damaged and lost books	\$ 235,051	\$	276,059	\$ 255,458
Sundry	5,719		-	11,410
Bank interest	36,228		57,600	68,944
Copying	39,264		23,730	34,783
Meeting room rental	10,635		14,000	5,837
Non resident charges	2,975		-	1,654
Actuarial earnings	86,219		62,882	62,883
Book bag revenue	1,357		-	1,495
Donation revenue	72,791		-	63,491
Interdepartment rent	<u>526,863</u>		-	<u>497,378</u>
Total before adjustment	1,017,102		434,271	1,003,333
Interdepartment rent	<u>(526,863)</u>		-	<u>(497,378)</u>
Total	\$ 490,239	\$	434,271	\$ 505,955

**Okanagan Regional Library District
Schedule 4 - Direct Local Branch Expenses
(Unaudited)**

For the year ended December 31

Branch	Salaries & Benefits	Building	Other	2015 Total	2015 Budget	2014 Total
Armstrong	\$ 126,859	\$ 59,535	\$ 3,706	\$ 190,100	\$ 192,296	197,071
Cherryville	33,097	9,286	3,668	46,051	41,599	68,824
Enderby	116,605	56,967	3,229	176,801	175,181	172,096
Falkland	45,522	17,083	2,813	65,418	64,225	86,383
Golden	109,528	65,156	21,337	196,021	203,064	202,156
Hedley	15,069	2,200	59	17,328	18,634	17,835
Kaleden	60,137	10,581	3,040	73,758	68,978	71,454
Kelowna						
<i>Downtown</i>	989,782	829,569	9,966	1,829,317	1,849,336	1,907,884
<i>Mission</i>	390,084	161,089	4,388	555,561	507,175	524,580
<i>Rutland</i>	336,878	258,803	4,777	600,458	664,234	485,183
Keremeos	101,820	35,811	3,669	141,300	146,559	154,318
Lake Country						
<i>Central</i>	197,222	97,660	4,975	299,857	248,783	249,633
<i>Oyama</i>	27,867	6,074	1,680	35,621	36,853	28,229
Lumby	90,993	17,222	3,291	111,506	114,743	119,972
Naramata	38,146	18,818	2,833	59,797	57,406	67,444
North Shuswap	64,273	30,589	3,976	98,838	103,368	99,602
North Westside	-	-	4,380	4,380	3,000	2,000
Okanagan Falls	89,789	31,962	2,621	124,372	118,699	127,110
Oliver	192,672	103,083	3,543	299,298	292,631	312,084
Osoyoos	130,294	41,171	3,388	174,853	176,290	169,740
Peachland	105,140	67,224	3,360	175,724	180,170	183,940
Princeton	57,888	30,675	3,228	91,791	87,337	99,527
Revelstoke	114,595	55,578	17,929	188,102	193,992	201,435
Salmon Arm	493,033	237,634	5,272	735,939	740,912	779,869
Sicamous	97,121	50,822	2,703	150,646	157,437	156,613
Silver Creek	34,677	10,476	2,224	47,377	53,893	63,550
South Shuswap	96,811	48,068	3,834	148,713	147,196	143,453
Summerland	222,023	91,201	7,100	320,324	327,776	270,837
Vernon	1,109,569	599,215	18,021	1,726,805	1,650,946	1,670,696
West Kelowna	373,536	220,634	4,567	598,737	591,691	556,382
Unallocated	656,466	-	70,920	727,386	624,506	668,200
Total before adjustment	6,517,496	3,264,186	230,497	10,012,179	9,838,910	9,858,100
Interdepartment rent net of interest costs	-	(58,148)	-	(58,148)	-	(35,378)
Total	\$6,517,496	\$3,206,038	\$ 230,497	\$ 9,954,031	\$ 9,838,910	\$ 9,822,722

**Okanagan Regional Library District
Schedule 5 - Headquarters Operating Expenses
(Unaudited)**

For the year ended December 31	2015		2015	2014
	Actual		Budget	Actual
Advertising and marketing	\$ 43,928	\$	43,000	\$ 38,313
Association dues, staff development and travel	103,225		100,800	61,872
Binding and mending	15,621		40,000	35,502
Board and committee expenses	14,395		24,000	22,318
Computer maintenance and data lines	313,730		489,611	653,293
Collection agencies and sundry	17,805		218,303	12,111
Insurance	51,489		51,000	45,048
Interest, bank charges and US exchange	8,011		6,500	7,110
Interest on MFA debt	231,750		231,750	231,750
Maintenance and utilities	184,226		167,236	193,242
Moving, storage and rent	-		-	451
Penticton library contract	64,900		65,000	66,990
Postage and freight	17,949		23,500	20,237
Professional fees	110,290		53,500	127,527
Supplies	98,984		77,100	54,798
Strategic planning	68,990		-	-
Telephone	5,284		8,225	7,560
Transportation (van and car)	15,048		14,600	23,256
Total	\$ 1,365,625	\$	1,614,125	\$ 1,601,378

**Okanagan Regional Library District
Schedule 6 - Reserve Fund Continuity
(Unaudited)**

For the year ended December 31

2015

	Balance December 31, 2014	Contributions	Expenses	Balance December 31, 2015
Automation	\$ 114,628	\$ 105,716	\$ (89,227)	\$ 131,117
Contingency	75,077	-	-	75,077
Computer hardware (CPU)	170,221	-	-	170,221
Donation	235,849	60,552	(86,597)	209,804
Equipment	209,188	82,500	(35,984)	255,704
Building maintenance	140,000	60,000	-	200,000
Interest	25,000	-	-	25,000
Photocopiers	16,768	14,850	(29,651)	1,967
Rent stabilization	32,652	-	-	32,652
Staff development	15,620	400	-	16,020
Staff appreciation	3,382	1,500	-	4,882
Strategic planning implementation	193,934	2,000	-	195,934
Info system	48,000	12,000	-	60,000
Building	2,798,112	110,000	(2,475,943)	432,169
Total	\$ 4,078,431	\$ 449,518	\$ (2,717,402)	\$ 1,810,547

Memorandum

To: ORL Board Members
CC: Stephanie Hall, CEO
From: Don Nettleton CFO
Date: 5/11/2016
Re: **2015 Financial Results – Internal format**

Attached are the internal format financial statements to today's date, with all of the adjusting entries that the audited statements had for reclassification, etc. These statements will differ from the regular audited financial statements in that we are using them to compare the results of operations for the 2015 year to the budget that was set. The difference between the total expenditures of \$18,544,831 in this format and the expenses on the audited statements page 5 statement of operations expense total of \$17,568,572 is the reserve expenditures and the internal charged rent for our own buildings which was eliminated. To get to the audited format, we also capitalize some items in their various expense accounts such as principal payments on buildings loans, some computer equipment, etc. so these amounts appear significantly under budget on these statements but from the cash flow expenditure consideration we spent to or very close to budget in many cases.

Summary of results:

As you will notice, results are generally very close to budget in most areas. Revenue variations in this format are due to revenue from reserves and branch furnishing funding that we did not include in the budget. Expenditures appear to be over budget by \$762,809 in this statement format. However, to properly compare you would need to adjust for the amortization of \$3,133,314 and add back in the book capital costs of \$1,625,555 and the debt principal cost of \$520,517 and some computer capital costs of about \$100,000 which would actually result in about \$125,000 under what was budgeted. I am pleased with the overall results for the year and that we operated very closely to Board approved budget plans.

Detailed Commentary

Receipts:

The variances for receipts relate primarily to a few minor areas.

- Vernon contributed an additional \$21,000 to maintain the Sunday opening hours of Vernon branch that were otherwise going to be discontinued under FAMA.
- Branch furnishing funding is funding received from constituent units and from groups like friends of the library for furnishings and building. The most significant portion of that relates to the new Summerland Library.
- Circulation revenue from fines and damaged books continued to lag and ended the year approximately \$41,000 below budget. For 2016 we have reduced this budget in recognition of this ongoing trend that relates to many things including more e-book usage (which does not incur lost book charges or late fines) and also the decision the Board made to reduce fine rates for children. We also are sending out e-mail reminders prior to loan periods expiring as reminders. And book circulation is slightly lower than the prior year.
- Internet printing continues to be strong and slightly increasing which corresponds to more computers and printers in branches and increased wifi
- Interest and exchange is lower than budget which is a result of drawing down our cash reserves to construct Summerland. We have reduced this budget for 2016.
- About half of Sundry income is mostly small donations to branches from friends of library and private individuals
- MFA actuarial debt reduction relates to the estimates made by MFA in regards to their investment earnings

Disbursements

In regards to the expenditure side, a few areas to note include:

- The largest expenditure category wages and benefits which included some severance costs, ended the year just slightly above budget.
- The positive variance in rent largely relates to Rutland where the branch did open in the expanded space until May but we had reallocated the annual rent amounts. Property expenses minor positive variance relates to timing of the weather and unexpected maintenance items – and the LTD principle and interest category had the principle costs reclassified to the balance sheet by the difference so we were right on budget.
- Books and periodicals appear under budget as at year end a charge is made transferring the cost of all but the electronic resources and annual periodical costs to capital (about \$1,625,555 for 2015)
- Professional fees negative variances largely relate to labor management advice that was needed throughout the year and some costs related to architect costs for the Kelowna branch renovation project
- Strategic Planning costs for the year include the consultant costs, costs of various public consultation meetings and costs of travel and time of involved staff
- Telephone positive variance continue to be generated by the significant negotiations, review, and restructure of the data and phone lines and systems by our IT manager
- Binding and mending is considerably below budget and relates to the fact that we are not rebinding as many books which is tied somewhat to the types of books being purchased and the fact that our reference collection has been downsized as we move to more electronic sources
- Costs of transportation being under budget is surprising We have had minimal breakdowns on vehicles and near the end of the year benefited somewhat from the decreasing cost of fuel for a short time.
- Sundry expenses large positive variance is due to the fact that we moved unallocated FAMA savings budget to this cost line until it gets reallocated to other uses.

- Computer expenses were below budget at year end. Continued savings in data line and management costs has been achieved in the past two year, and approximately \$100,000 was spent on capital items which was removed to the balance sheet by year end entries.
- Childrens and special programs variances offset each other and should be considered together as we have expanded our programming into many ages and areas rather than primarily just children programming
- Amortization expenses are just a year end entry relating to a charge to income to recognize some use of physical assets.

Summary

This final internal format printout is a bit more difficult to follow as auditor entries have pulled some budgeted items, as noted above, from the expense categories to balance sheet items. Hopefully the above commentary allows members to see the final picture of what they budgeted for and how actual results compared. As noted above, I am generally very encouraged that final results came in close to budget and as expected.

ITEM
3.1c

OKANAGAN REGIONAL LIBRARY
RECEIPTS & DISBURSEMENTS

	31/12/2015 ACTUAL YR.TO D	BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR-	VARIANCE -From Annual-	% RECEIVED -Annual-
RECEIPTS						
TAX LEVY ON MUNICIPALITIES AND REG. DISTRICTS						
ARMSTRONG-CITY-ASSESSMENT	\$177,090	\$177,090	\$0	\$177,090	\$0	100.00
CENTRAL/OKAN. RD - ASSESSMENT	\$327,748	\$327,748	(\$0)	\$327,748	(\$0)	100.00
COLDSTREAM-CORP-ASSESSMENT	\$412,462	\$412,462	(\$0)	\$412,462	(\$0)	100.00
COLSHUSWAP RD - ASSESSMENT	\$823,796	\$823,798	\$2	\$823,798	\$2	100.00
ENDERBY-CITY-ASSESSMENT	\$100,720	\$100,720	(\$0)	\$100,720	(\$0)	100.00
GOLDEN-CITY-ASSESSMENT	\$308,213	\$308,213	\$0	\$308,213	\$0	100.00
KELOWNA-CITY-ASSESSMENT	\$5,591,643	\$5,591,643	(\$0)	\$5,591,643	(\$0)	100.00
KEREMEOS-TOWN-ASSESSMENT	\$49,128	\$49,128	(\$0)	\$49,128	(\$0)	100.00
LAKE COUNTRY - ASSESSMENT	\$531,418	\$531,418	\$0	\$531,418	\$0	100.00
LUMBY-VILLAGE-ASSESSMENT	\$64,273	\$64,273	(\$0)	\$64,273	(\$0)	100.00
NORTH OKAN. RD - ASSESSMENT	\$708,555	\$708,555	\$0	\$708,555	\$0	100.00
OLIVER-TOWN-ASSESSMENT	\$178,208	\$178,208	(\$0)	\$178,208	(\$0)	100.00
OKAN/SIMILK. R.D. - ASSESSMENT	\$803,119	\$803,119	(\$0)	\$803,119	(\$0)	100.00
OSOYOOS-TOWN-ASSESSMENT	\$249,926	\$249,926	\$0	\$249,926	\$0	100.00
PENTICTON INDIAN BAND -ASSESSMENT	\$56,311	\$56,311	\$0	\$56,311	\$0	100.00
PEACHLAND-DISTRICT-ASSESSMENT	\$228,850	\$228,850	\$0	\$228,850	\$0	100.00
PRINCETON-TOWN-ASSESSMENT	\$101,262	\$101,262	(\$0)	\$101,262	(\$0)	100.00
REVELSTOKE-CITY-ASSESSMENT	\$301,761	\$301,761	\$0	\$301,761	\$0	100.00
SALMON ARM-DISTRICT-ASSESSMENT	\$672,606	\$672,606	\$0	\$672,606	\$0	100.00
SICAMOUS ASSESSMENT	\$129,032	\$129,032	\$0	\$129,032	\$0	100.00
SPALLUMCHEEN-TOWNSHIP-ASSESSMT	\$200,604	\$200,604	\$0	\$200,604	\$0	100.00
SUMMERLAND-DISTRICT-ASSESSMENT	\$458,528	\$458,528	\$0	\$458,528	\$0	100.00
VERNON-CITY-ASSESSMENT	\$1,655,714	\$1,634,714	(\$21,000)	\$1,634,714	(\$21,000)	101.28
WESTBANK FIRST NATIONS -ASSESSMENT	\$342,358	\$342,358	(\$0)	\$342,358	(\$0)	100.00
WEST KELOWNA-ASSESSMENT	\$1,343,116	\$1,343,116	(\$0)	\$1,343,116	(\$0)	100.00
	(\$15,816,443)	(\$15,795,443)	\$21,000	(\$15,795,443)	\$21,000	100.13
FROM GOVERNMENT & OWN RESOURCES						
PROV OF B.C.- PER CAPITA GRANT	\$1,008,871	\$1,010,808	\$1,937	\$1,010,808	\$1,937	99.81
GRANTS - FEDERAL	\$36,045	\$27,000	(\$9,045)	\$27,000	(\$9,045)	133.50
GRANTS - OTHER	\$13,845	\$6,500	(\$7,345)	\$6,500	(\$7,345)	213.00
BRANCH FURNISHING FUNDING	\$442,029	\$0	(\$442,029)	\$0	(\$442,029)	0.00
CIRC. REV. - FINES & DAMAGED BKS	\$235,051	\$276,059	\$41,008	\$276,059	\$41,008	85.15
MEETING ROOM RENTAL	\$10,635	\$14,000	\$3,365	\$14,000	\$3,365	75.96
INTERNET PRINTING REVENUE	\$29,298	\$11,755	(\$17,543)	\$11,755	(\$17,543)	249.24
KEYCARD REVENUE	\$468	\$0	(\$468)	\$0	(\$468)	0.00
INTEREST AND EXCHANGE GAIN REV	\$36,471	\$57,600	\$21,129	\$57,600	\$21,129	63.32
COPIER REVENUE	\$9,966	\$11,975	\$2,009	\$11,975	\$2,009	83.23
SUNDRY INCOME	\$82,704	\$0	(\$82,704)	\$0	(\$82,704)	0.00
MFA Actuarial earning debt reduction	\$86,219	\$62,882	(\$23,337)	\$62,882	(\$23,337)	137.11
INTER LIBRARY LOANS-NET	(\$330)	\$0	\$330	\$0	\$330	0.00
Subtotal Gov'l and Own Resources	(\$1,991,271)	(\$1,478,579)	\$512,692	(\$1,478,579)	\$512,692	134.67
FROM RESERVES	\$2,717,402	\$0	(\$2,717,402)	\$0	(\$2,717,402)	0.00
ORL owned buildings rent chargeback Income	\$526,863	\$508,000	(\$18,863)	\$508,000	(\$18,863)	103.71
	(\$21,051,979)	(\$17,782,022)	\$3,269,957	(\$17,782,022)	\$3,269,957	118.39
TOTAL RECEIPTS OVER(UNDER)	(\$21,051,979)	(\$17,782,022)	\$3,269,957	(\$17,782,022)	\$3,269,957	118.39

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Enlarged copies available at meeting

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ITEM
3.1c

OKANAGAN REGIONAL LIBRARY
RECEIPTS & DISBURSEMENTS

	ACTUAL YR.TO D	31/12/2015 BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR--	VARIANCE -From Annual--	% SPENT -Annual--
DISBURSEMENTS						
REMUNERATION AND FRINGE BENEFITS						
REMUNERATION	\$7,320,474	\$7,286,598	(\$33,876)	\$7,286,598	(\$33,876)	100.46
FRINGE BENEFITS	\$1,526,787	\$1,538,703	\$11,916	\$1,538,703	\$11,916	99.23
Subtotal	\$8,847,261	\$8,825,301	(\$21,960)	\$8,825,301	(\$21,960)	100.25
RENT AND PROPERTY EXPENSES						
RENT	\$2,369,727	\$2,455,524	\$85,797	\$2,455,524	\$85,797	96.51
LTD PRINCIPAL AND INTEREST	\$693,750	\$1,214,267	\$520,517	\$1,214,267	\$520,517	57.13
PROPERTY EXPENSES	\$1,072,661	\$1,090,879	\$18,218	\$1,090,879	\$18,218	98.33
Subtotal	\$4,136,138	\$4,760,670	\$624,532	\$4,760,670	\$624,532	86.88
BOOKS,PERIODICALS,VIDEO,CASSETTES	\$633,026	\$2,340,051	\$1,707,025	\$2,340,051	\$1,707,025	27.05
OTHER EXPENSES						
PROFESSIONAL FEES	\$110,290	\$53,500	(\$56,790)	\$53,500	(\$56,790)	206.15
PENTICTON LIB FEE	\$64,900	\$65,000	\$100	\$65,000	\$100	99.85
BOOK DEPOSIT GRANTS	\$4,380	\$3,000	(\$1,380)	\$3,000	(\$1,380)	146.00
MEMBERSHIPS	\$19,280	\$7,500	(\$11,780)	\$7,500	(\$11,780)	257.07
BOARD EXPENSES,	\$14,041	\$24,000	\$9,959	\$24,000	\$9,959	58.50
STAFF DEVELOPMENT, & MEETINGS	\$70,745	\$81,100	\$10,355	\$81,100	\$10,355	87.23
RECRUITMENT, TRAVEL & SUNDRY	\$15,002	\$14,050	(\$952)	\$14,050	(\$952)	106.78
STRATEGIC PLANNING	\$69,344	\$0	(\$69,344)	\$0	(\$69,344)	0.00
WORKERS BOARD	\$22,654	\$23,435	\$781	\$23,435	\$781	96.67
INSUR FIRE P/L NONAUTO SELFINS	\$51,489	\$51,000	(\$489)	\$51,000	(\$489)	100.96
POSTAGE & FREIGHT	\$55,120	\$61,400	\$6,280	\$61,400	\$6,280	89.77
TELEPHONE & TEL.MAINT	\$22,549	\$49,825	\$27,276	\$49,825	\$27,276	45.26
EQUIPMENT REPS. & RENEWALS	\$14,689	\$13,000	(\$1,689)	\$13,000	(\$1,689)	112.99
SUPPLIES-GENERAL	\$106,691	\$44,364	(\$62,327)	\$44,364	(\$62,327)	240.49
SUPPLIES-COPIERS	\$12,340	\$12,300	(\$40)	\$12,300	(\$40)	100.33
SUPPLIES - CAT/PROC	\$36,020	\$29,500	(\$6,520)	\$29,500	(\$6,520)	122.10
SUPPLIES-CIRC	\$18,066	\$31,335	\$13,269	\$31,335	\$13,269	57.65
BINDING & MENDING	\$15,621	\$40,000	\$24,379	\$40,000	\$24,379	39.05
COLLECTION AGENCIES	\$17,821	\$19,000	\$1,179	\$19,000	\$1,179	93.80
TRANSPORT-FUEL,REPS,INS ETC	\$102,162	\$115,050	\$12,888	\$115,050	\$12,888	88.80
TRANSPORT-MILGE,SUNDS,GST ETC	\$12,114	\$14,850	\$2,736	\$14,850	\$2,736	81.57
LOAN INTEREST & BANK CHARGES	\$8,254	\$6,500	(\$1,754)	\$6,500	(\$1,754)	126.98
VIRTUAL BRANCH DEPT EXP.	\$13,798	\$15,000	\$1,202	\$15,000	\$1,202	91.99
COMMUNICATIONS DEPT EXP.	\$43,928	\$43,000	(\$928)	\$43,000	(\$928)	102.16
SUNDRY EXP.	(\$17)	\$199,303	\$199,320	\$199,303	\$199,320	-0.01
COMPUTER EXPENSES	\$363,336	\$489,611	\$126,275	\$489,611	\$126,275	74.21
CHILDRENS PROGRAMMES	\$38,553	\$24,016	(\$14,537)	\$24,016	(\$14,537)	160.53
SPECIAL PROGRAMMES	\$13,275	\$0	(\$13,275)	\$0	(\$13,275)	0.00
CAPITAL EXPENSES	\$5,300	\$2,500	(\$2,800)	\$2,500	(\$2,800)	212.01
AMORTIZATION EXPENSE	\$3,133,314	\$0	(\$3,133,314)	\$0	(\$3,133,314)	0.00
Loss on Disposal fixed Asset	\$3,829	\$0	(\$3,829)	\$0	(\$3,829)	0.00
RESERVES-ALLOCATION-EQUIPMENT	\$82,500	\$82,500	\$0	\$82,500	\$0	100.00
RESERVES APPROPN-AUTOMATION	\$105,716	\$100,000	(\$5,716)	\$100,000	(\$5,716)	105.72
RESERVES - STRATEGIC PLANNING	\$2,000	\$2,000	\$0	\$2,000	\$0	100.00
BUILDING RESERVE FUNDS	\$110,000	\$50,000	(\$60,000)	\$50,000	(\$60,000)	220.00
OTHER RESERVE FUNDS	\$149,303	\$88,361	(\$60,942)	\$88,361	(\$60,942)	168.97
TOTAL DISBURSEMENTS (OVER)UNDER	\$18,544,831	\$17,782,022	(\$762,809)	\$17,782,022	(\$762,809)	104.29
NET DISBURSEMENTS OVER RECEIPTS	(\$2,507,147)	\$0	\$2,507,147	\$0	\$2,507,147	

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2016 ORL Operational Plan- final

April 26, 2016

In 2015, the Board and staff of the Okanagan Regional Library embarked on a year of planning and consultation to create a new strategic plan that was truly based on community needs and input. The plan is ambitious and leads the ORL into new territory. Over the coming three to five years, this plan will determine priorities for the ORL. Each year, an operational plan update will be provided to the board to ensure the operational priorities continue to match the strategic plan’s goals, and progress will be reviewed bi-annually.

The four main strategic directions identified were:

1 Our library advances learning, creativity and imagination

2 Our library is an integral part of life in our diverse communities

3 Our library branches are innovative, inviting and reflect their communities

4 Our library is focused on customer service, staffed by learners confident in their abilities

Considering the scope of each of those four themes, the number of potential activities and initiatives is enormous. In prioritizing deliverables for year one, consideration was given to the input of the board and staff planning teams, and also to the logical progression of development in these areas (for example, creating a facilities master plan would normally come before rolling out a massive program of facilities changes).

Priority 1: workforce

4. 1 Develop our workforce to reflect changing service roles

Deliverables in 2016:

- Create a roadmap for changes to staffing structure over the next 3-5 years
 - o we will see an increasing emphasis on technological and community building skills

Lead person / Sponsor	Others involved	Timing	Success measure
Carla Phillips	Senior Management (planning and trends analysis assistance)	2016	<ul style="list-style-type: none"> - Staff, union, and management consultations completed - Research on patron needs and trends completed - Plan created and approved, including transitional steps and timeline - Plan communicated & implementation begun

- Update job descriptions and required competencies to reflect changing needs

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Carla Phillips	Senior Management	2016/17	<ul style="list-style-type: none"> - Competencies articulated (goes hand in hand with the work of the staffing structure plan) - Affected staff members and their unions are kept informed and can provide feedback - Job descriptions are updated and signed off - Recruitment and career path information updated

- Pilot new service models in branches

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay and Jeff Campbell	Monica Gaucher, Mark Reinelt	2016	<ul style="list-style-type: none"> - LEAP mobile circ pilot completed and evaluated (including patron evaluation) - Self-checkout use increased in pilot branches

- Develop and implement a training plan for ORL staff

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Carla Phillips	Senior Management	2016	<ul style="list-style-type: none"> - Staff and management consultation complete - Training priorities for 2016 identified and tied to available budget - Plan completed and communicated - Begin to deliver training in at least one priority area in 2016

- Pilot youth services hub training model

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Monica Gaucher	Youth Services team	2016	<ul style="list-style-type: none"> - Planning and logistics completed - Training delivered - Evaluation completed

- Institute formal supervisory training

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Carla Phillips	Karen Barrett	2016	<ul style="list-style-type: none"> - A key component of the training plan is the need for supervisory training (see plan deliverables above) - Provide current state, gap analysis and staged delivery plan for 2016 - One session of supervisory training to be delivered in May, 2016

4.2 Foster a culture of innovation in service to library users

Deliverables in 2016:

- Conduct sessions with branch staff to do local area planning in alignment with the strategic plan (what does the plan mean for my branch? what will we be making a priority over the next 3-5 years)

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay and Monica Gaucher	Steph Hall, branch staff	Spring, 2016	<ul style="list-style-type: none"> - Majority of permanent branch staff have personally engaged in strategic planning - Local area plans are completed and used in the branches to help determine priorities - Evaluation is completed (local plan deliverables, patron response, etc.) in late 2016/early 2017

- Articulate and promote the service ethic we wish to see. Communicate this through multiple channels throughout the year, including during training, during the branch by branch strategic planning roll-out sessions, and through in house communication channels

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Steph Hall	Georgia McKay, Marla O'Brien, Mark Reinelt, Christine McPhee	2016	<ul style="list-style-type: none"> - Service ethic statement complete and is communicated in numerous ways - Service ethic is embedded in training and in public services manual, reference training materials, etc. - Year end evaluation is completed

- Assess policy areas that are causing staff-patron friction

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay	Mark Reinelt, frontline service committee, Steph Hall	2016 / 2017	<ul style="list-style-type: none"> - 'Today I bent a rule' initiative is completed (first half of 2016) and analysis complete - Analysis of patron complaints - Frontline Services Committee (to be formed) provides policy recommendations to the Board's policy and planning committee <p>2017</p> <ul style="list-style-type: none"> - Changes to policy and procedure are reflected in the public services manual and staff training

- Review workflows to free up staff time for higher priority activities and improve patron service

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay, Steph Hall	Mark Reinelt, Deb Dolman, Librarian lead (TBD)	2016	<ul style="list-style-type: none"> - Centralized review complete by September 1 <p>2017</p> <ul style="list-style-type: none"> - Circulation and Materials Handling Reviews - Information Services Review

- Celebrate staff successes that occur through the year

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Carla Phillips	Senior Management, Supervisors, Marla O'Brien	2016	<ul style="list-style-type: none">- Multiple acknowledgements occur through various channels- Re-examine service and retirement acknowledgements- Communities independently recognize the work / community impact of ORL staff

Priority 2: facilities, partnerships, communication, and services

1.1 Advance learning and literacy

1.2 Spark imagination and creative connections

Deliverables in 2016:

- Pilot new technology and technology based programs in branches, evaluate and report to the board

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Steph Hall	Georgia McKay, Monica Gaucher, Jeff Campbell, Innovation team	2016	<ul style="list-style-type: none"> - Innovation team formed - Multiple programs and pilots conducted - Evaluation completed - Recommendations for public technology roll-out in 2017 completed

2.1 Engage with our communities

2.2 1.2 Spark imagination and creative connections (Identify and showcase local culture and expertise / Celebrate local Aboriginal culture and the diverse cultures of the Southern Interior)

Deliverables in 2016:

- As noted above, conduct local area planning sessions with branch staff to roll out the priorities of the plan and how they relate to local communities

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay and Monica Gaucher	Steph Hall	Spring 2016	- As above

- Branch staff prepare a summary of community diversity and community needs prior to local planning activities

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
CLs and Branch Heads	PSMs	Spring, 2016	<ul style="list-style-type: none"> - Branches have conducted a mini-scan of the diversity of their communities and prepared a brief report for review by PSMs prior to branch planning - Branches use findings to inform local planning

- Launch the Community Engagement Coordinator for the central region

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Monica Gaucher	RDCO area branch heads and CLs, Christine McPhee, Tara Thompson	Spring 2016	<ul style="list-style-type: none"> - Tara Thompson commences work - Workplan for 2016 finalized - Meetings with all RDCO area branch heads and CLs

- Create and implement a strategy for connecting to intersectoral planning tables and local government cultural and related planning processes

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Steph Hall	Georgia McKay and Monica Gaucher, CLs and Branch Heads, Tara Thompson, Leah Samson	2016	<ul style="list-style-type: none"> - CEO visits all local governments - Catalogue of key tables is completed - Plan completed - Requests to join key tables generated - Staff assigned and provided with deliverables

- Pursue partnerships with major institutional partners in the key areas of learning and technology

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Steph Hall	Monica Gaucher, external partners (for example, KIG, UBC, OC)	2016	<ul style="list-style-type: none"> - Kelowna downtown branch partnerships formalized - Other key potential partnerships identified & a plan for investigation / making contact completed

2.2 Communicate

Deliverables in 2016:

- Finalize the first annual communications plan for the ORL in early 2016
- Fulfill the goals of the plan

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Marla O'brien		2016	<ul style="list-style-type: none"> - Plan complete, with Steph Hall approval - Plan will be barebones in 2016, due to staffing shortages

3.1 Reconfigure our facilities to focus on the services communities want

Deliverables in 2016:

- Create a functional facilities master plan for the ORL

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Steph Hall and Don Nettleton	Georgia McKay and Monica Gaucher, Jeff Campbell, possible external consultant	2016	<ul style="list-style-type: none"> - Facilities survey completed - Functional plan for ORL facilities completed (includes major project prioritization, articulation of new space requirements, etc), and presented by staff to Board Policy and Planning committee or subcommittee.

- Renovate the downtown Kelowna branch

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Don Nettleton and Steph Hall	Georgia McKay, branch staff, project manager	2016 (phase 1)	<ul style="list-style-type: none"> - Phase one deliverables finalized, after consultation with city and institutional partners, and taking into account public and staff feedback. - Project Manager hired and project schedule developed - Phase one complete in 2016

- Prepare a recommendation on the feasibility of an additional express branch on the Westside and create an implementation plan for service improvements

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Tara Thompson	Steph Hall, Don Nettleton, Monica Gaucher, Elena Doebele	2016	<ul style="list-style-type: none"> - Consultation with Westbank First Nation, Westside residents, City of West Kelowna, and other appropriate groups complete - Recommendation is brought forward to the board along with implementation plan, if appropriate, by September meeting

3.2 Provide an excellent online and in person experience

Deliverables in 2016:

- Audit the patron experience and develop recommendations based on findings

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Georgia McKay	Mark Reinelt, Chantelle McGee, Greg Hutton, Frontline Services Committee	2016	<ul style="list-style-type: none"> - Measures and instruments developed by June 30 – should be able to be replicated in a future year - Assessment implemented by November 30 - Results and recommendations communicated to the board and staff - Recommendations incorporated where appropriate into 2017 workplans - Audit to be conducted again after a suitable interval (2018?)

- Improve virtual services

o Launch new website after conducting patron testing

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Jeff Campbell (newly assigned)	Chantelle McGee, Website committee, Graphically speaking	First half of 2016	<ul style="list-style-type: none"> - Website is finalized, tested (patron testing) and rolled out in concert with bibliocommons in the first half of 2016 - Evaluation conducted and bugs resolved

o Launch the return of Bibliocommons

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Jeff Campbell (newly assigned)	Chantelle McGee, Greg Hutton, ILS group, vendor (bibliocommons)	First half of 2016	<ul style="list-style-type: none"> - Website is finalized, tested (patron testing) and rolled out in concert with bibliocommons in the first half of 2016 - Evaluation conducted and bugs resolved

o Implement e-commerce

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Jeff Campbell	Don Nettleton	2016	<ul style="list-style-type: none"> - Staff and patron requirements compiled - Options presented to Steph Hall by June 15 - Project implementation complete by end of 2016

o Expand online offerings

<i>Lead person / Sponsor</i>	<i>Others involved</i>	<i>Timing</i>	<i>Success measure</i>
Chantelle McGee	Georgia McKay, Jeff Campbell, collection team	2016	<ul style="list-style-type: none"> - Launch PressReader and Lynda.com - Evaluate patron demand and new offerings - Provide a trend report tied to a budget ask for any new offerings planned for 2017 to Don Nettleton by April 30.



A haven for curious minds.

MEMO

Okanagan Regional Library 1430 K.L.O. Road, Kelowna, BC V1W 3P6 (250) 860-4033 Fax: (250) 861-8696

To:	ORL Board
From:	Marla O'Brien, Public Relations/Fundraising Manager
Re:	Kelowna Branch Revitalization Fundraising Campaign
Date:	May 6, 2016

The downtown Kelowna Branch opened in 1996 and, with 20 years of busy use, is now starting to show its age. At the same time, the vision for library services is evolving beyond “check-out and consumption” to learning centres with gathering space and access to technology. The Idea Lab held at the Kelowna Branch in November 2015 indicated tremendous community support for such renovations including a Maker Space, Great Rooms and Business Centre.

The Kelowna Branch is also in the midst of the City of Kelowna’s Cultural Precinct updating and the linkage to the Okanagan Centre for Innovation (OCI) is scheduled to open later this year. It is time for revitalization of the ORL’s largest library.

Initial cost estimates to complete Urban Arts Draft Master Plan for the Kelowna Branch are over \$3.5M, not including furnishings, equipment and soft costs. We do have commitments from the City and the OCI totaling approximately \$572,000 and funds in reserve of \$300,000, leaving \$2.5-3M additionally required to realize the vision for the Kelowna Branch.

The ORL has never undertaken fundraising at this level; however, there are several factors indicating that a campaign could successfully raise a significant level of support:

- Increased public understanding that taxation only covers a base level of operations and that private donations are needed to ensure facilities are above average, as demonstrated by campaigns for KGH, UBCO and OC.
- Increasing public support and awareness of the importance of library services, as evidenced at our Idea Labs and national outcry over suggested closures of Nfld libraries
- Wealth demographics of the Central Okanagan with several local family foundations and successful companies that support education
- A long-established local Friends of the Library group
- Successful fundraising campaigns at many libraries across Canada

A “Case for Support” is being developed to communicate the importance of revitalizing the Kelowna Branch and ways that individuals and companies can get involved. As part of this case, we are proposing creating opportunities for named spaces within the Branch. These proposed dollar figures are based on capital costs to build/renovate the spaces, the size and usage of the space, and perceived “value” to a donor to have one’s name attached to the space, as follows:

1. Atrium	\$250K
2. MakerSpace	\$250K
3. Great Room	\$500K
4. Business Centre	\$100K
5. Recording Studio	\$125K
6. Children’s Area*	\$250K
7. Teen Zone*	\$150K
8. Quiet Study Area	\$50K
9. Small Meeting Rooms	\$25K each

*Due to the sensitive nature of naming Children and Teen Areas, we may wish to not accept commercial sponsorships for naming these areas (ie. No “Telus Teen Zone”).

Current Board policy allows for naming, and any potential donors seeking name recognition for donations above \$25K would require Board approval. And as per policy, naming rights would last for 15 years or the usable lifetime of the space/equipment, whichever comes first.

The case for support will also outline the opportunities to donate and recognition at amounts less than \$25K.

We don’t need formal approval for these dollar figures at this point; this memo is meant to inform and create discussion. It is also part of a larger fund development project that builds on our recently-established endowments and updated donor policy, and opportunities for online donations processing and maximizing the support of our Friends groups.

Please feel free to bring forward questions and concerns to the meeting that I can follow up with in June.

DRAFT

OKANAGAN REGIONAL LIBRARY
CONNECTING CURIOUS MINDS
ANNUAL REPORT 2015



OKANAGAN
REGIONAL
LIBRARY



Board Chair and CEO Message:

2015 has been a year of setting the stage for revitalization. Around the globe, we are seeing the roles and usage of public libraries shifting as people seek safe, accessible spaces to gather and learn, and as collections of physical materials are condensed and electronic collections flourish. Libraries are moving from places of consumption, where members get materials to consume, to places where people can create and innovate using materials and technology made accessible for all.

This shift was demonstrated in the building of the new Summerland Branch library which opened in October 2015. In discussions with the community about what was wanted in their new library, members spoke about the need for lounge and study space, small group meeting areas, and technology to enable sharing and collaborating.

Likewise, we heard many of our constituents talk about these themes at public "Idea Labs" held in five locations throughout the ORL region as part of our strategic planning process.

The trend is further demonstrated in our circulation and visitation figures from 2015. While borrowing of physical materials remains our primary business, figures for circulation in print have leveled over the past several years, whereas usage of digital resources continues to increase exponentially - 25% over 2014's record figures. Attendance at programs for adult audiences more than doubled as the ORL made an effort to reach out to our seniors with the "Year of the Wise" campaign.

Throughout the year, Board members, staff and community members worked diligently and thoughtfully to chart a new course for the ORL, culminating in the approval of the 2016-19 Strategic Plan. We look forward to continuing to deliver exceptional library services to our communities while building innovative programs and approaches for the future.

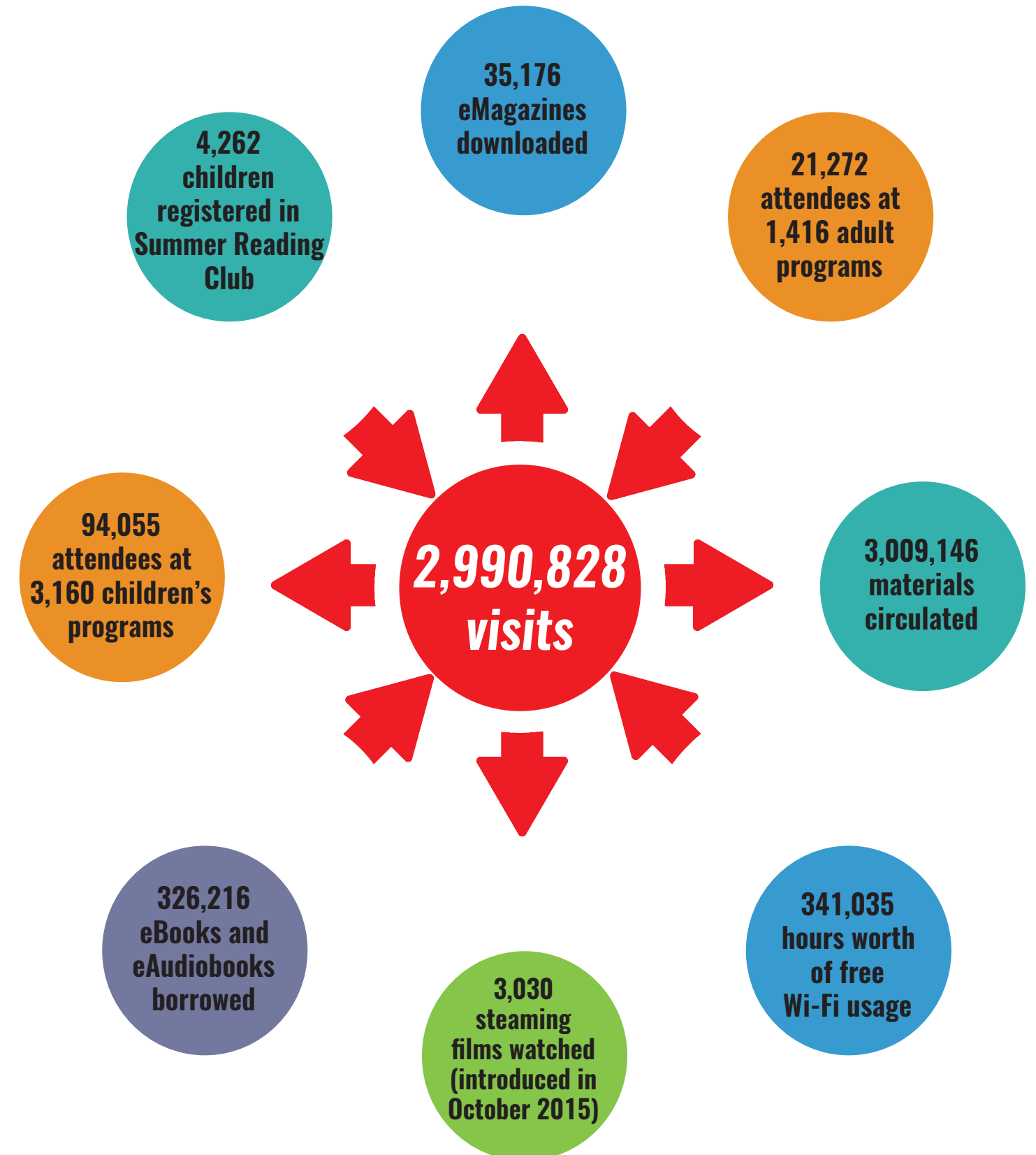


Stephanie Hall
CEO



Catherine Lord
Chair

Highlights:



2015 was “Year of the Wise”

The ORL has an 80+ year history of supporting early literacy and providing educational story times for children. Last year we sought to increase engagement with an older segment of our communities, so 2015 was declared “Year of the Wise”!

This was a two-way initiative between local branches and members of the community, with 1) special programs created and delivered for adult audiences, and 2) inviting the expertise and talents of our senior residents to provide programs at the library.

We were overwhelmed with volunteers willing to share their skills. In fact, the number of adult-g geared programs more than doubled in a year – from 704 programs with 10,353 attendees in 2014 to 1415 programs with 21,272 attendees in 2015! There were hundreds of unique programs and events highlighting seniors’ talents in the community, such as:

- ▶ In Cherryville, local seniors adults organized “A History of Cherryville” story time in the park where families gathered to share tales about the local community
- ▶ A First Nations Elder in Lumby presented several beading workshops for children, demonstrating how to create jewelry showcasing local First Nations heritage
- ▶ Two Oliver seniors who live on a sailboat presented a series of workshops on their experiences sailing around the world
- ▶ Local enthusiasts set up regular salsa dance and yoga sessions at the South Shuswap library

Seniors Tech Training:

ORL staff visited every library to conduct personalized tech sessions helping residents learn how to maximize use of their smartphones, tablets and computers. 448 seniors participated the trainings and 69% said they want more of it!

Quotes from participants in the Senior Tech Training demonstrate the value digital literacy and its impact on changing lives:

“It has already benefitted my husband as he now has access to Audiobooks. That is a huge plus as his Parkinson’s has affected his eyes. I am so happy to see my husband listening to and enjoying books.”

“I signed up on Facebook and can now connect with my family and friends.”

“We can now read books online while we travel.”

“Now I can find job sites to help me in my job search.”

“I learned how to downsize photos so I can send them to my friends in other countries.”



Award-Winning Service!

The ORL boasts exceptional staff, and in 2015, several of our employees and branches were recognized for above-and-beyond contributions to their communities:

- ▶ Judy Bartosh from the Vernon Branch - Recipient of the Champion of Child Award from the North Okanagan Early Years Council
- ▶ Lumby Branch – Runner-up for the Community Spirit Award from the Lumby Chamber of Commerce Business Excellence Awards
- ▶ Kendra Runnalls from Revelstoke - Nominated for a Champion for Literacy Award by Columbia Basin Alliance for Literacy
- ▶ Westbank Branch - Recipient of the Community and Public Service Award from the Greater Westside Board of Trade
- ▶ Kristy Hennings and Vernon Branch - Recipient of the Community Sustainability Award from the City of Vernon

Beyond Books – Libraries Changing Lives!

Our staff hear hundreds of inspiring stories every day.

- ▶ At the Falkland Branch, a newly-separated mother and her son found a support network of new friends to help through her life transition.
- ▶ Rhymetime at the Summerland Library is crediting for turning a quiet 2-year-old girl into a singing and rhyming talker.
- ▶ While his wife was struggling with late-stage ovarian cancer, a man visited the Peachland Library weekly to pick up books and CDs to lift his wife’s spirits.
- ▶ In Golden, a library member asked for books on “reasons not to commit suicide”. This sparked a larger conversation with staff, and the following week, the member returned to share that they were feeling better and seeing a mental health professional.
- ▶ During the Oliver wildfires, the library became a haven for people displaced from their homes, where they could use Wi-Fi to keep up-to-date on the situation and share experiences.

A New Library for Summerland

On October 3, 2015, over 200 people gathered to be the first customers at the new Summerland Library. After an official ribbon-cutting, the doors opened to the new 8,000 square-foot facility designed by Urban Arts Architecture and constructed by Tango Management. The structure features several environmentally friendly building techniques and local materials, and includes a large community meeting room, dedicated teen and children's areas and an outdoor terrace. A custom designed feature wall was also constructed by local woodworker John Topham using local woods and fossilized rocks, honouring the FOSLS (Friends of the Summerland Library Society).

Over 80 volunteers from the community of Summerland pitched in to help move 200 boxes of paperbacks using a human chain – the books moved across from the old location to the new one in 23 minutes!



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Expansion in Rutland

The Rutland Branch almost doubled in size with a renovation that added 4,000 square feet to the library, including a community meeting room, teen area and expanded children's area.



Strategic Planning

At planning sessions and workshops throughout the ORL region in 2015, members of the public told us how vital library services are in their communities and how they can be improved. Their input has culminated in a new Strategic Plan for the ORL with these themes:

MISSION: Connecting Curious Minds



THEMES:



Our library advances learning, creativity, and imagination



Our library is an integral part of life in our diverse communities



Our library branches are innovative, inviting and reflect their communities



Our library is focused on customer service, staffed by learners confident in their abilities

Digital Resources and Information Technology Upgrades

Usage of the ORL's digital and online resources continued to rocket during 2015, with a 101% increase in the One-Click Digital eBook and eAudiobook collection, a 43% rise in use of the ORL eBooks collection, and a 15% increase in downloads of eMagazines through the Zinio for Libraries collection.



These collections also continue to grow in the number of materials in each collection. Also added in 2015 were:

- ▶ InstantFlix – a free streaming video collection giving ORL members unlimited access to over 6,000 film-festival hits, shorts and documentaries from around the world.
- ▶ Rosetta Stone Language Learning – ORL members can access 50 hours of foundation instruction for each of the thirty languages offered, including Spanish, German, Korean, Arabic, Dutch, Polish, Portuguese and more.
- ▶ Kids Reading Room – a partitioned area of the ORL eBooks collection that provides an age-appropriate searching and browsing experience for children looking for digital titles to borrow.

In 2015, the ORL replaced over 120 older computers with new models that are significantly faster and consume 30% less power than standard computers. Several new wireless access points were added throughout the system to improve Wi-Fi coverage and quality.



The ORL is fortunate to have worked with many supporters during 2015 who have contributed volunteer time, expertise and energy, and financial resources. Their gifts elevate the library's ability to deliver outstanding programs, resources and spaces for all.

The ORL would especially like to thank supporters giving at a \$250 level and above:

Richard Barkwill
Stephanie Hall
Robert L. Morris
Garry and Jeane Owens
John Pattison
Pat Ross
Robert Vit
Lumby Lions
Central Okanagan Foundation
Revelstoke Community Childcare Society
Revelstoke Elks Lodge

United Way of Calgary
South Shuswap Friends of the Library
Enderby Library Friends
Friends of the Summerland Library Society (FOSLS)
Kelowna Friends of the Library
Oliver Friends of the Library
Osoyoos Friends of the Library
Salmon Arm Friends of the Library
Vernon Friends of the Library

Thanks to the FOSLS who collected and coordinated contributions for the new Summerland Library over several years. These supporters helped make the Summerland Branch the beautiful and welcoming library that it is today:

George Ryga Society
Wendy Nickel and Charlotte Carmichael
(in memory of Cam and Dee Carmichael)
S. Russell Isaac
Bob Chalmers
Helen Chalmers
Frances Wentzell
Scott and Daryl Carter
(in memory of Patricia Carter)
Rodger LaPlant
Amy Yamabe
Carole McKenzie

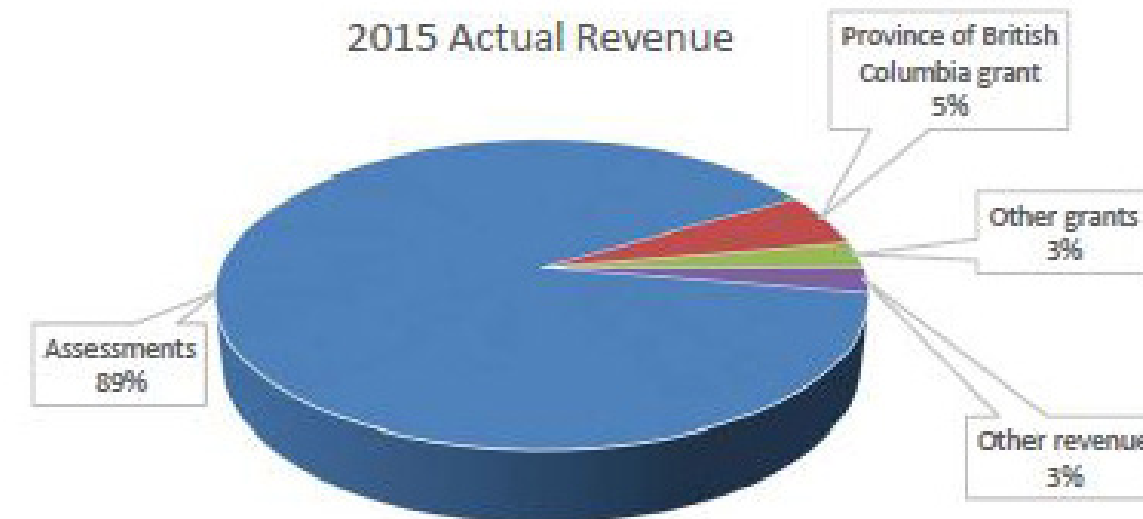
Wilma Fudge
Al West
(in memory of Noreen E. West)
Pansy Ross
George Wardle
Chris Lewis
Peter Hay
Dorthea Atwater
Carol Gyorgy
(in memory of her mother)
Margaret Holler and Murray Syrnyk

In 2015, the ORL established endowments with local community foundations in the South Okanagan, Central Okanagan and North Okanagan. An endowment with the Shuswap Community Foundation is also being created. Any of these funds can be added to in any amount to support local library services in perpetuity.

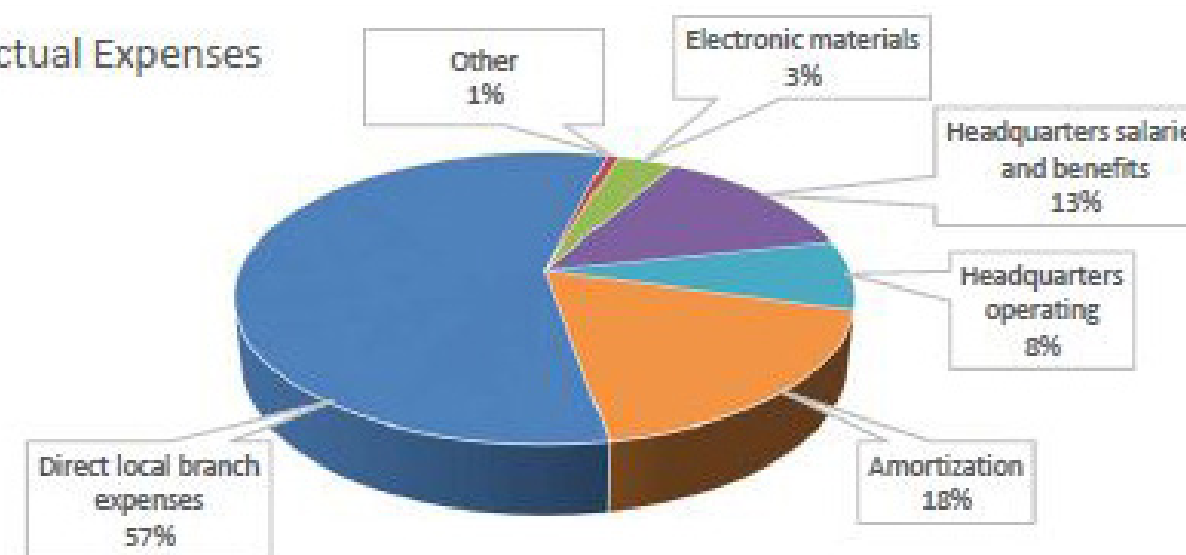
For more information about ways to support the vital work of the ORL, please contact us at 250-860-4033, Ext. 2451 or email admin@orl.bc.ca

**Okanagan Regional Library District
Statement of Operations and Accumulated Surplus**

For the year ended December 31	2015	2015	2014
	Actual	Budget	Actual
Revenue			
Assessments	\$15,816,411	\$ 15,795,443	\$15,503,328
Province of British Columbia grant	1,008,871	1,010,808	1,009,809
Other grants	491,919	33,500	130,975
Other revenue	490,239	434,271	505,955
	17,807,470	17,274,022	17,150,067
Expenses (Note 6)			
Direct local branch expenses	9,954,031	9,838,910	9,822,722
Delivery/transportation			
Operating expenses	85,976	103,700	94,795
Children's programs	40,355	25,866	33,797
Electronic materials	633,026	630,000	606,478
Headquarters supportive services			
Salaries and benefits	2,352,416	2,505,492	2,328,299
Operating	1,365,625	1,614,125	1,601,378
Amortization	3,133,314	-	3,121,892
Loss on disposal of tangible capital assets	3,829	-	3,798
	17,568,572	14,718,093	17,613,159
Annual surplus (deficit)	238,898	2,555,929	(463,092)
Accumulated surplus, beginning of year	18,420,320	18,420,320	18,883,412
Accumulated surplus, end of year	\$18,659,218	\$20,976,249	\$18,420,320



2015 Actual Expenses



TEMP LOW REZ GRAPHICS

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Serving you online and at 29 community locations:

- Armstrong
- Kaleden
- Naramata
- Peachland
- Silver Creek
- Cherryville
- Kelowna
- North Shuswap
- Princeton
- South Shuswap
- Enderby
- Keremeos
- Okanagan Falls
- Revelstoke
- Summerland
- Falkland
- Lake Country
- Oliver
- Rutland
- Vernon
- Golden
- Lumby
- Osoyoos
- Salmon Arm
- Westbank
- Hedley
- Mission
- Oyama
- Sicamous

