

NOTICE OF MEETING

Okanagan Regional Library Board
will meet

Wednesday, May 22, 2019
at Library Headquarters
1430 K.L.O. Road, Kelowna, BC

IN-CAMERA MEETING

9:30 AM – 10:00 AM

REGULAR MEETING

10:00 AM – 12:00 PM

~ Lunch will be served ~

AGENDA

**LIBRARY BOARD MEETING
HELD AT LIBRARY HEADQUARTERS, BOARDROOM
1430 KLO ROAD, KELOWNA, BC
WEDNESDAY, MAY 22, 2019
10:00 AM – 12:00 PM**

"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
INTRODUCTION OF GUESTS**

1. AGENDA REVIEW

10:00 – 10:01 AM

MOTION:

THAT the Agenda be adopted.

2. APPROVAL OF PREVIOUS MINUTES – February 20, 2019 (pgs. 4 - 7)

10:01 – 10:02 AM

MOTION:

THAT the Minutes of the Regular Library Board Meeting held February 20, 2019 be approved.

3. FINANCE COMMITTEE REPORT – Chair David Mattes

10:02 – 10:20 AM

3.1. 2018 AUDITED FINANCIAL STATEMENTS – Presented by BDO Canada LLP

a) Auditor's Final Report to the Board, dated May 22, 2019 (pgs. 8 - 33)

MOTION:

THAT the Auditor's Report be received for information.

b) 2018 Audited Financial Statements (pgs. 34 - 56)

FINANCE COMMITTEE RECOMMENDED MOTIONS:

1) *THAT the Board approve the additional reserve transfers in 2018 of \$675,000 to the Capital Building Project Reserve and \$252,982 to the Non-Owned Building Reserve.*

2) *THAT the Board approve the draft Audited Financial Statements Year 2018.*

c) 2018 Statement of Financial Information (SOFI) Report (pgs. 57 - 69)

MOTION:

THAT the Statement of Financial Information Report Year 2018 be received for information.

As per Board Policy, the Finance Committee approved the SOFI Report Year 2018 at their meeting on May 7, 2019. The Board approved audited Financial Statements Year 2018 form part of this SOFI Report, which will be submitted to the Province.

3.2. APPOINT AUDITOR FOR 2019 AUDIT

FINANCE COMMITTEE RECOMMENDED MOTIONS:

- 1) *THAT BDO Canada LLP be appointed as auditor for the Okanagan Regional Library audit year 2019.*
- 2) *THAT Board Policy regarding appointment of auditor be reviewed.*

Policy Section XI: Finance:

“Tender for Financial Services: The Board shall go out to tender for all financial services on a five-year cycle. Such services to include auditing, banking and insurance.”

3.3. INTERNAL FINANCIAL STATEMENTS TO MARCH 31, 2019 – CFO Jeremy Sundin
To be distributed at the meeting.

MOTION:

THAT the Internal Financial Statement Report to March 31, 2019 be received for information.

4. STAFF REPORTS

10:20 AM – 11:45 AM

- a) **Programming Update** – Director of Public Services Christine McPhee
- b) **Homelessness Challenges: Overview of Library Approach and Training** – System Circulation Coordinator Mark Reinelt
- c) **2018 Annual Report** – Director of Marketing and Communications Michal Utko (pgs. 70 – 76)

MOTION:

THAT the 2018 Annual Report be approved.

d) CEO Report (Verbal) – Don Nettleton

- Columbia Basin Trust Grants (Golden and Revelstoke)
- Canadian Urban Libraries Council (CULC) Meetings
- Provincial Funding
- Kelowna Branch Maker Space
- Diversabilities Workshop
- Salmon Arm Renovations
- Staff Leadership Retirements
- One eRead Program
- General Items

5. CHAIR REPORT – Karla Kozakevich

11:45 – 11:50 AM

- Meeting with Honourable Rob Fleming, Minister of Education

6. BCLTA SUMMIT REPORT – Erin Carlson

11:50 – 11:55 AM

7. TRUSTEE REPORTS

11:55 AM – 12:00 PM

Board members are encouraged to update the Board about branch visits or other library related events in their community

8. NEXT MEETING – Wednesday, September 18, 2019

9. MOTION TO ADJOURN

10. BOARD LUNCHEON (networking & visiting opportunities)

DRAFT

**MINUTES OF THE REGULAR MEETING OF THE LIBRARY BOARD
LIBRARY HEADQUARTERS, BOARDROOM
1430 KLO ROAD, KELOWNA, BC
WEDNESDAY, FEBRUARY 20, 2019
2:00 PM**

“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.”

IN ATTENDANCE

Linda Fisher, Armstrong	Tim Lavery, Salmon Arm
Pat Cochrane, Coldstream	Bob Evans, Sicamous
Tundra Baird, Enderby	Andrew Casson, Spallumcheen
Charlie Hodge, Kelowna (Alt)	Erin Carlson, Summerland ^{Via Teleconference}
Sherry Philpott-Adhikary, Keremeos	Dalvir Nahal, Vernon
Todd McKenzie, Lake Country	Jason Friesen, West Kelowna
Lori Mindnich, Lumby	Wayne Carson, CORD
Aimee Grice, Oliver (Alt)	Jay Simpson, CSRD
Brian Harvey, Osoyoos	Karla Kozakevich, OSRD
Patrick Van Minsel, Peachland	Thomas Konek, WFN
Randy McLean, Princeton	

ABSENT

Caleb Moss, Golden	Steven Cross, Revelstoke
Amanda Shatzko, NORD	

STAFF IN ATTENDANCE

Don Nettleton, Chief Executive Officer
Christine McPhee, Director of Public Services – South
Jeremy Sundin, Chief Financial Officer
Carla Phillips, Director of Human Resources (Recording Secretary)
Michal Utko, Director of Marketing and Communications

GUESTS IN ATTENDANCE

Rose Jurkic, CUPE President	James Laitinen, PEA President
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CALL TO ORDER

The meeting was called to order at 2:00 PM.

Vice-Chair Karla Kozakevich presided over the meeting until the election of officers was complete.

1. AGENDA REVIEW*MOTION #1*

*Moved by Tundra Baird, seconded by Aimee Grice,
THAT the Agenda be adopted.*

CARRIED

2. ADOPTION OF PREVIOUS MINUTES – October 20, 2018

MOTION #2

Moved by Pat Cochrane, seconded by Tim Lavery,

THAT the minutes of the Regular Library Board Teleconference Meeting held October 10, 2018 be adopted.

CARRIED

3. ELECTION OF BOARD OFFICERS

3.1. Nominations Committee Report

3.2. Elections

Elections were held and the following Board Members were elected as officers by acclamation:

- Chair: Karla Kozakevich
- Vice-Chair: Dalvir Nahal
- Finance Chair: David Mattes
- Personnel Chair: Sherry Philpott-Adhikary
- Policy & Planning Chair: Tim Lavery

3.3. Discussion: Member Involvement in Committees

The Board Chair, in consultation with the Committee Chairs, will confirm membership in each of the Standing Committees.

4. BOARD APPOINTMENT OF BC LIBRARY TRUSTEES' ASSOCIATION (BCLTA) LIAISON

Board Policy states that the Board shall appoint, annually, a British Columbia Library Trustees' Association liaison from amongst its members. BCLTA relies on liaisons to distribute BCLTA information to Board members. The liaison also informs and educates Board members about BCLTA, its services and programs, and encourages discussion between the ORL Board and BCLTA on issues of mutual concern.

The Board reappointed Erin Carlson as BCLTA Liaison for a fourth term.

MOTION #3

Moved by Wayne Carson, seconded by Charlie Hodge,

THAT the election of Officers and the BCLTA Liaison be approved.

CARRIED

5. APPOINT SIGNING OFFICERS

MOTION #4

Moved by Lori Mindnich, seconded by Sherry Philpott-Adhikary,
THAT the following positions be appointed as ORL signing officers for 2019:

- Board Chair
- Finance Committee Chair
- CEO/Secretary to the Board
- Chief Financial Officer
- Director of Public Services, North
- Director of Public Services, South
- Director of Human Resources

CARRIED

6. STAFF REPORTS

6.1. CFO REPORT – Jeremy Sundin

Financial Update: Statements and Report to November 30, 2018

Board members received an update on the financial status of the Library to November 20, 2018. Jeremy Sundin concluded that results are generally consistent with expectation and in-line with the budget, and there does not appear to be anything requiring Board attention at this time.

It was suggested by a board member that the Finance Committee report to the Board in the fall, regarding the status of the Financial Allocation Model Analysis, which began in 2013.

MOTION #5

Moved by Andrew Casson, seconded by Aimee Grice,
THAT the Financial Report be received for information.
CARRIED

6.2. CEO REPORT – Don Nettleton

Board members heard that:

- a) New Westside Location grand opening will be February 23, 2019. The new learning lab is located at #216 – 525 Highway 97, West Kelowna. There will be demos of exciting new technology such as 3D printing, green screen, audio recording, as well as a magic show. Everyone is welcome to come and celebrate the opening of this new unique library location.
- b) Salmon Arm Branch Renovations are expected to complete within the next couple of weeks, which include:
 - new Quiet Study Room at the back of the library
 - new washrooms

- relocation of the service desk to a more central space
- the Young Adult room will become a meeting room
- the Young Adult materials will relocate to a new space
- fresh coat of paint throughout the library.

Patrons visiting the branch should expect an increased level of noise and construction related activity.

- c) ORL has applied for two Columbia Basin Trust Technology Grants for each of the Revelstoke and Golden branches. This would allow for a maker space in each location and possibly more space for the Revelstoke branch. If the grants are approved, Don Nettleton requested that the board support in principle, the use of ORL reserve funds to cover the library's portion of equipment and furnishings costs, which are estimated to be between \$30,000 - \$40,000.

MOTION #6

*Moved by Todd McKenzie, seconded by Tundra Baird,
 THAT the Board support the Okanagan Regional Library applications to the Columbia Basin Trust for community technology program grants for Golden and Revelstoke, using funding from the ORL reserve accounts to cover the ORL's 30% contribution to project costs.*

By Weighted Vote

Opposed: 0

CARRIED BY WEIGHTED VOTE

7. CHAIR AND TRUSTEE REPORTS

Board members provided the following reports about branch visits or other Library related events in their community:

- Tom Konek thanked those involved in the opening of the new Westside Learning Lab which is located on First Nations land.
- Erin Carlson reported that the annual conference of the BC Library Trustees' Association will be held in May. Don Nettleton advised that the ORL will fund up to three board members to attend the conference.

8. NEXT MEETING

Wednesday, May 22, 2019

9. ADJOURNMENT

MOTION #7

*Moved by Tom Konek, seconded by Todd McKenzie,
 THAT the meeting be adjourned.*

CARRIED

The meeting adjourned at 2:45 PM.

Okanagan Regional Library District

Final Report to the Board of Trustees

May 22, 2019



Prepared by: 



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BDO Canada LLP
Landmark Technology Centre
400 - 1631 Dickson Ave
Kelowna, BC V1Y 0B5

May 22, 2019

Members of the Board of Trustees
Okanagan Regional Library District

Dear Members of the Board of Trustees (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, 2018, 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,

Markus Schrott, BBA, 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 2018 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 Finance Committee

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 January 31, 2019.

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 \$365,000. Final materiality remained at \$365,000 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 January 31, 2019. 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 January 31, 2019.

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.

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.



AUDIT FINDINGS (Continued)

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 discussed 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 was either avoided or requested to be left out by management.

UNADJUSTED AUDIT DIFFERENCES

During the course of our audit, we did not identify any unadjusted audit differences more than trivial to bring to your attention.

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
<p>Details of existing oversight processes with regards to fraud.</p>	<p>Based on our discussions during the planning of our audit, the Board’s oversight processes include:</p> <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. 	<p>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?</p>
<p>Knowledge of actual, suspected or alleged fraud.</p>	<p>Currently, we are not aware of any actual, suspected or alleged fraud.</p>	<p>Are you aware of any instances of actual, suspected or alleged fraud affecting the Library District?</p>

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 schedules 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 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 (TCA)	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

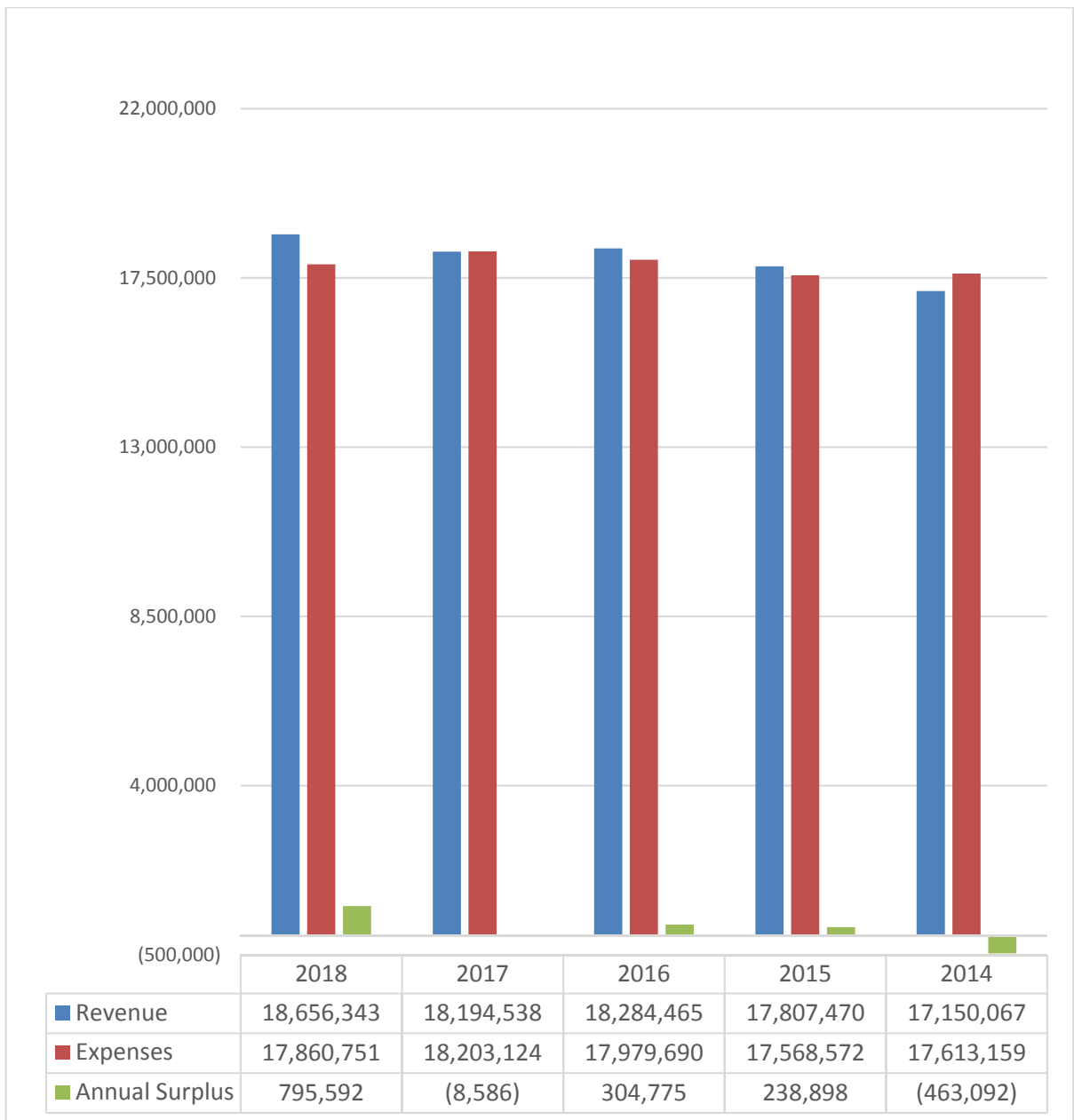
Revenue	
Assessments	We agree assessment revenue to amounts approved by the Board in the annual budget. We also perform test calculations to ensure each municipality's portion is reasonable and accurate.
Grants	We obtain copies of the funding agreements and agree them to the revenue recorded. We assess 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.
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

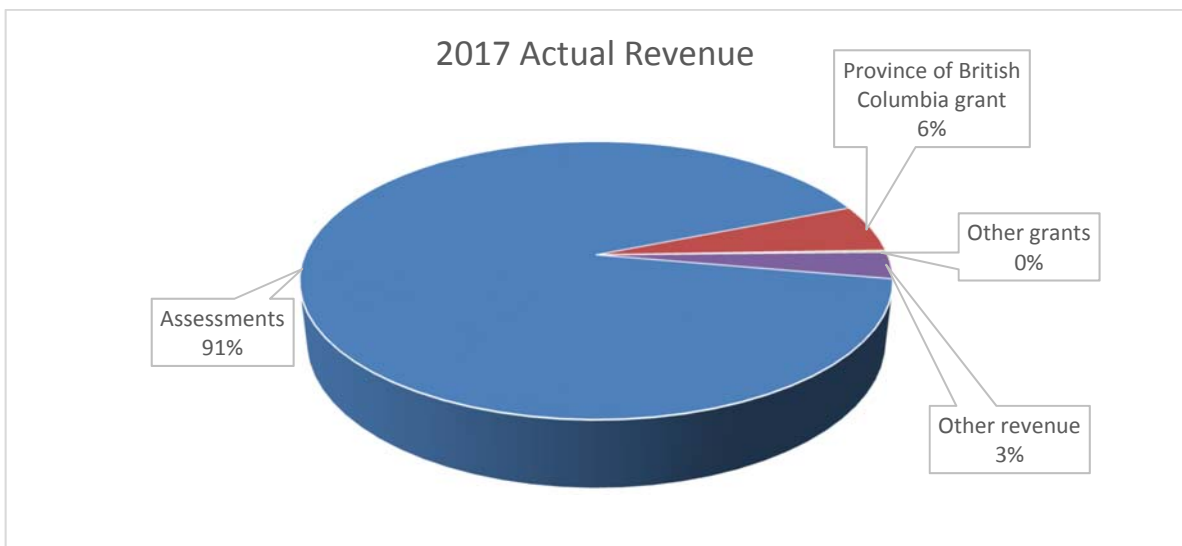
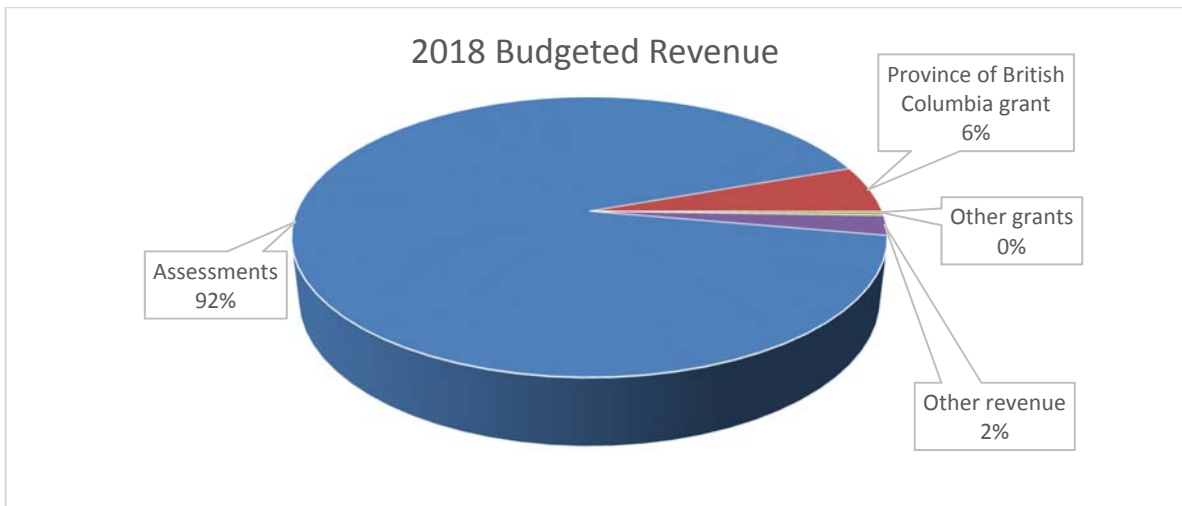
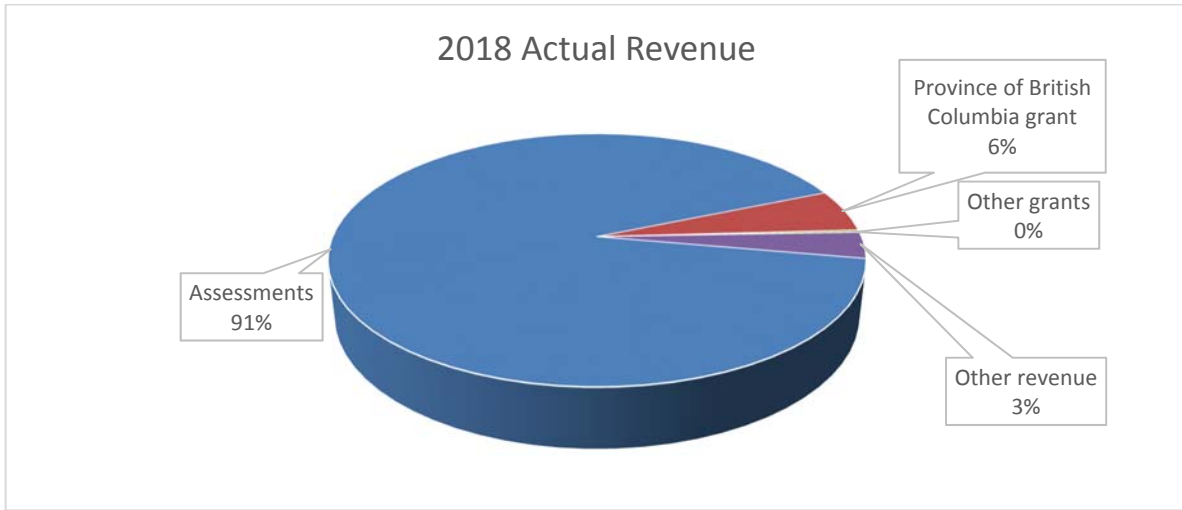
Financial Highlights



TOTAL REVENUE, EXPENSES, AND ANNUAL SURPLUS

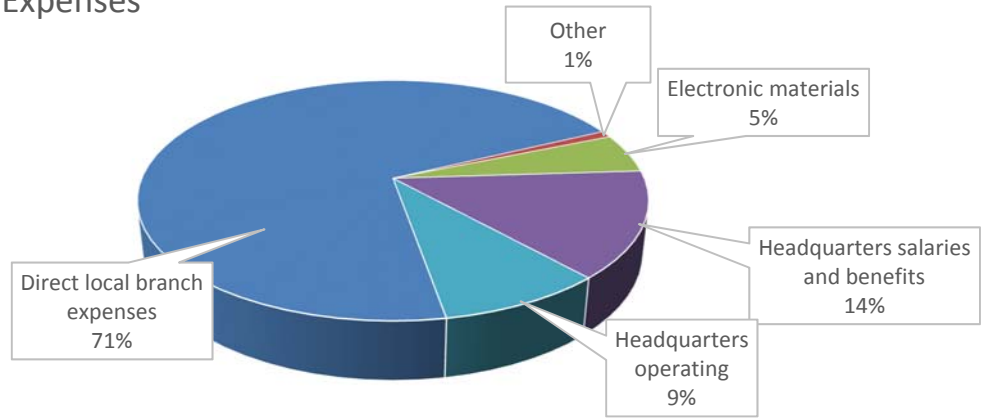


REVENUE ANALYSIS

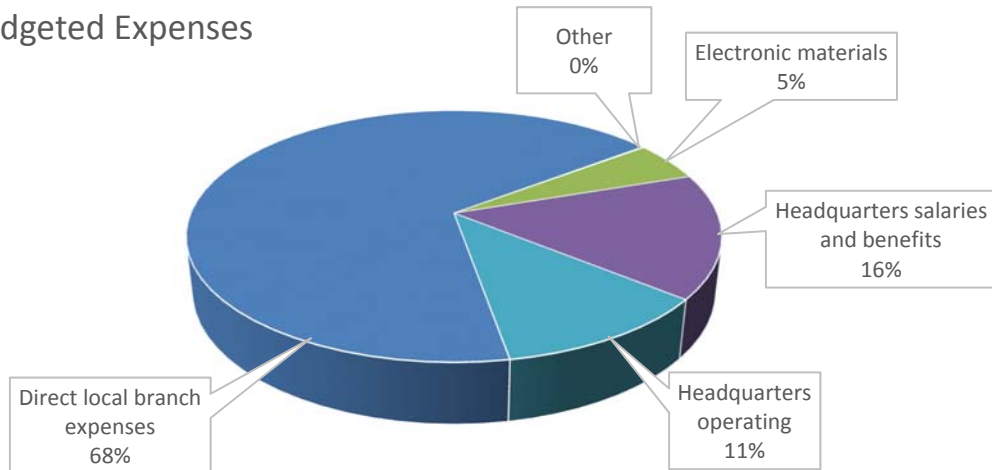


OPERATING EXPENSES BY FUNCTION

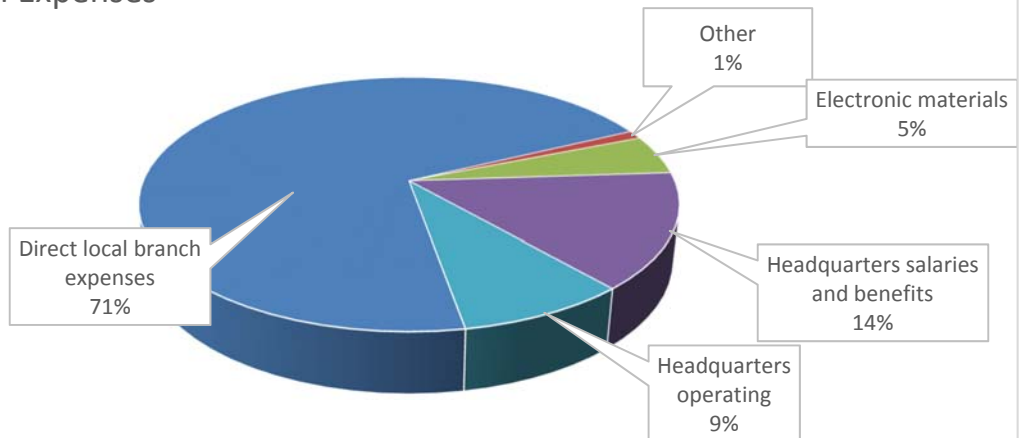
2018 Actual Expenses



2018 Budgeted Expenses

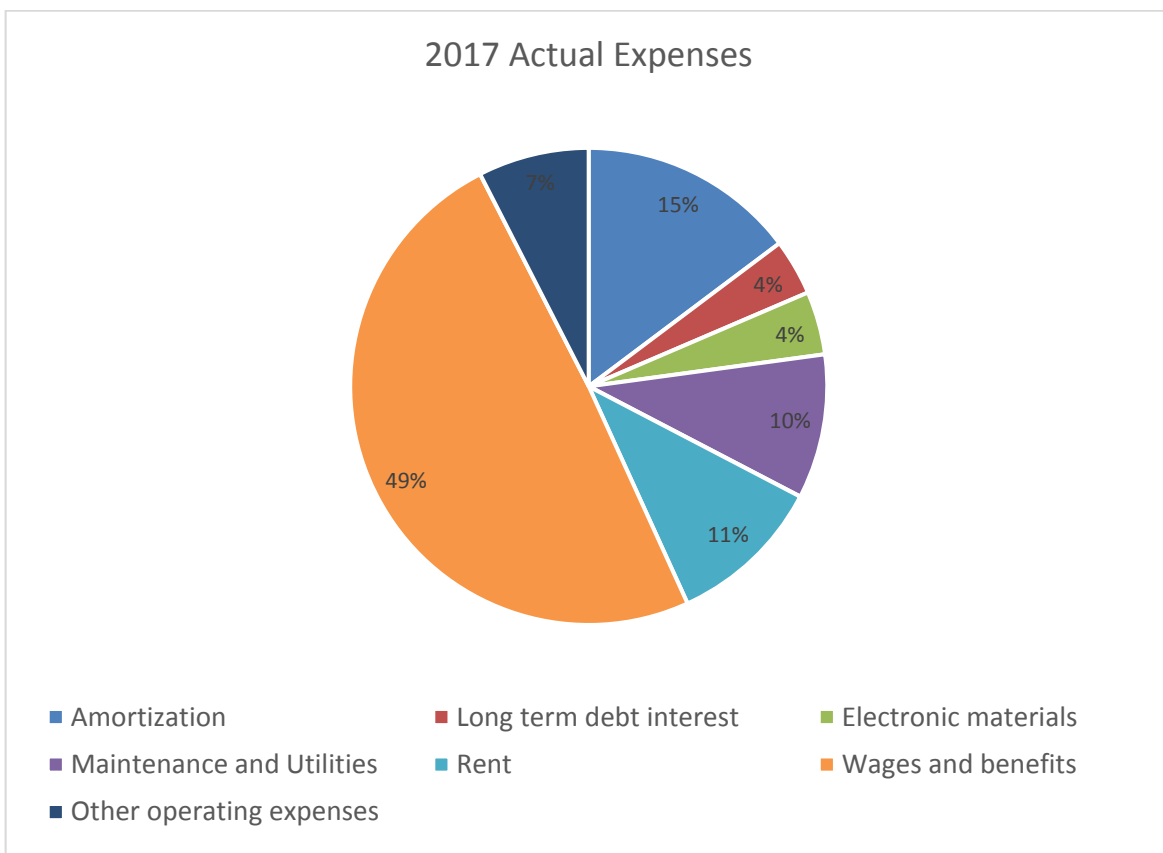
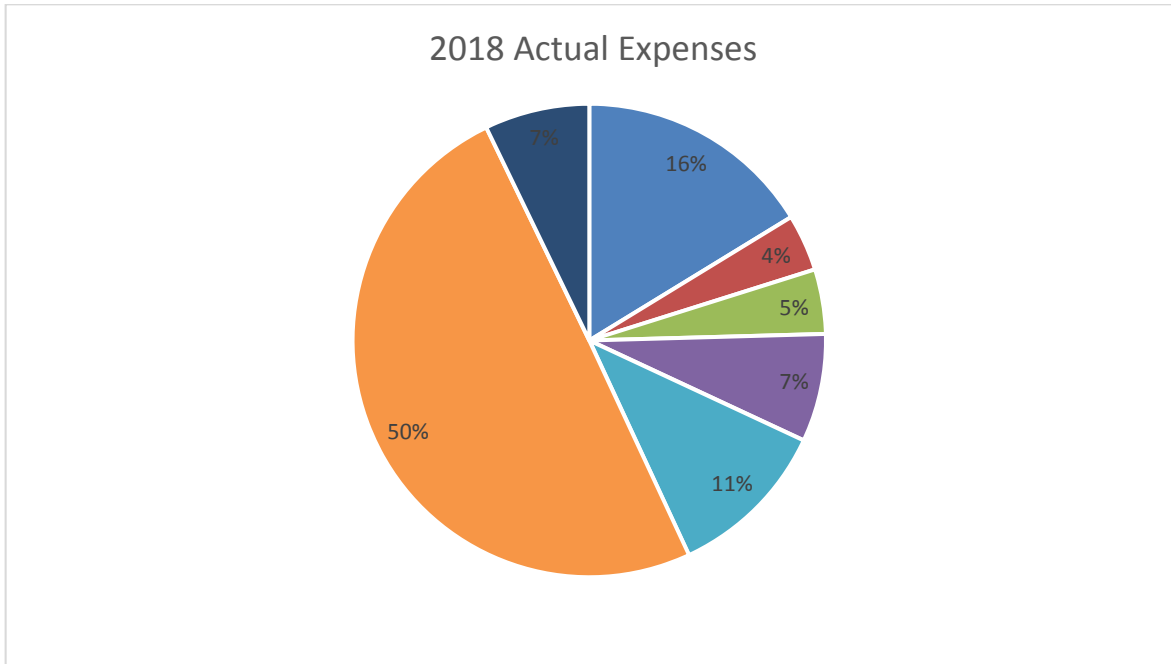


2017 Actual Expenses



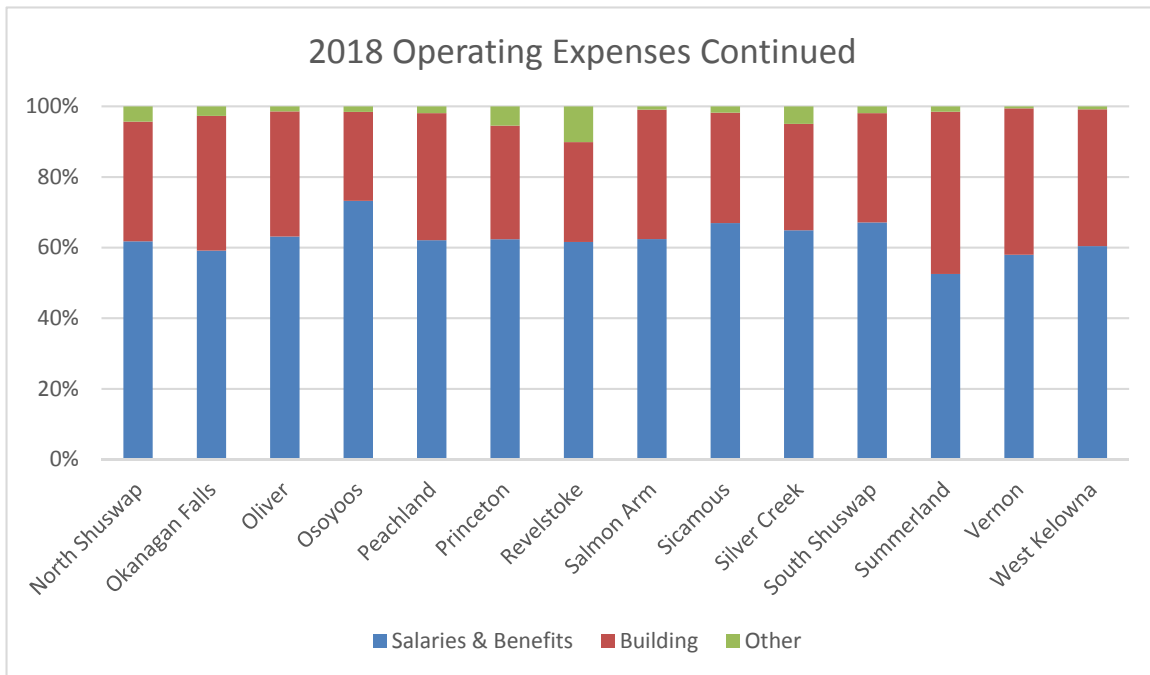
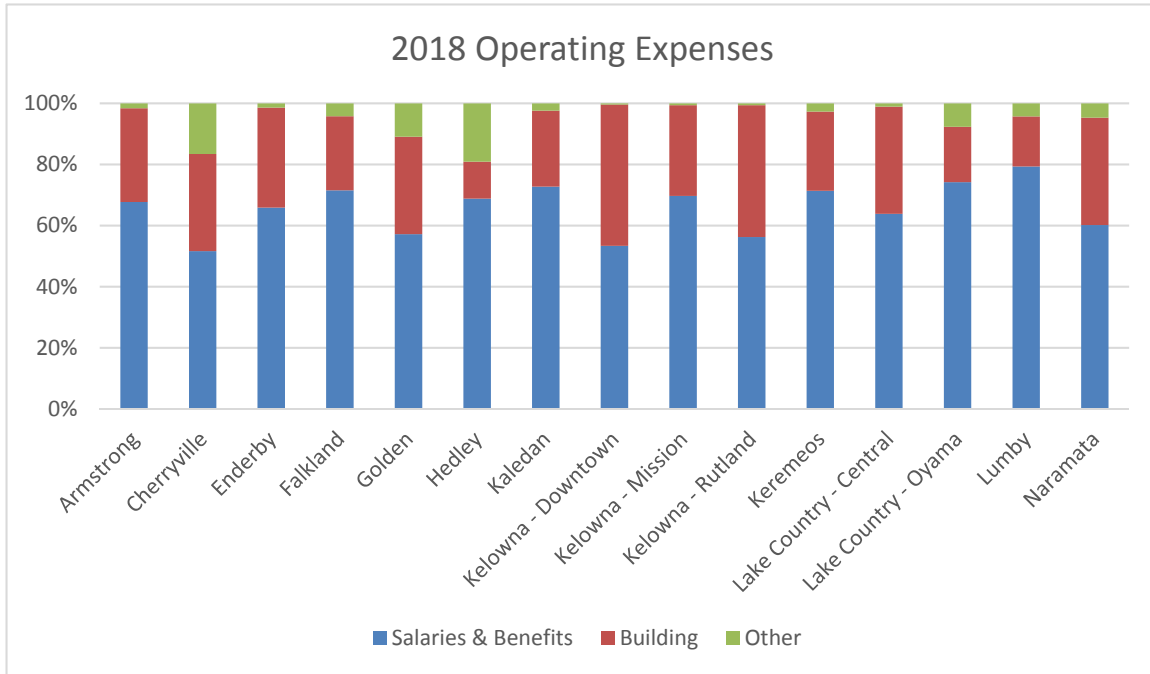
* Any expense less than 5% of total expenses is included in other. Amortization expense is not included above.

OPERATING EXPENSES BY OBJECT



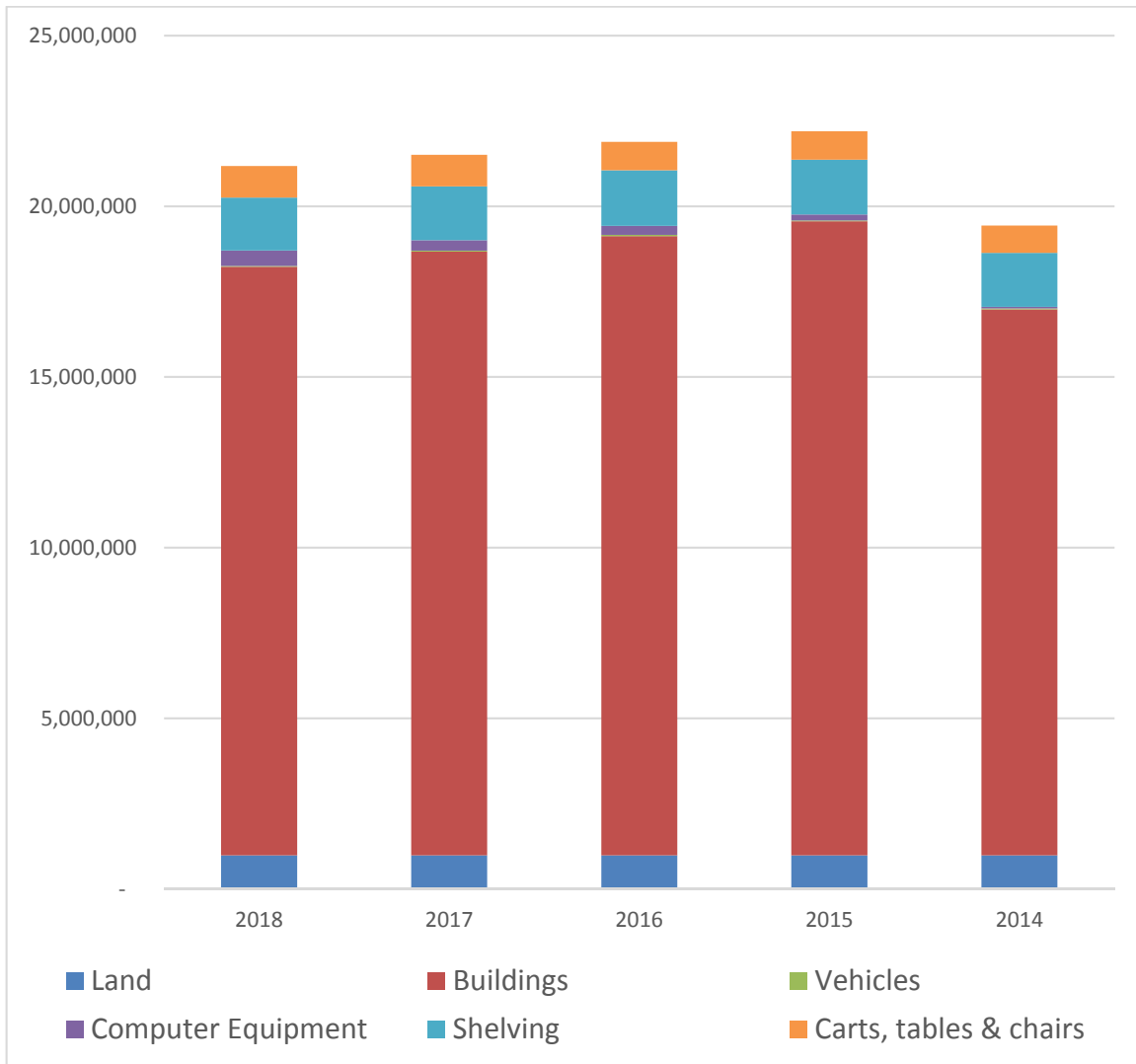
* Any expense less than 3% of total expenses is included in other operating expenses

ALLOCATION OF OPERATING EXPENSES BY BRANCH



CAPITAL ASSET ANALYSIS - CATEGORY BREAKDOWN

	2018	2017	2016	2015	2014
Tangible capital assets					
Beginning of year	27,566,327	28,390,034	29,130,149	27,168,126	26,604,468
Purchases	2,002,431	1,902,060	2,041,724	5,099,166	3,689,348
Disposals	-	(40,790)	(25,902)	(3,829)	(3,798)
Amortization	(2,903,885)	(2,684,977)	(2,755,937)	(3,133,314)	(3,121,892)
End of year	26,664,873	27,566,327	28,390,034	29,130,149	27,168,126



* Amounts above do not include the capitalized book inventory.

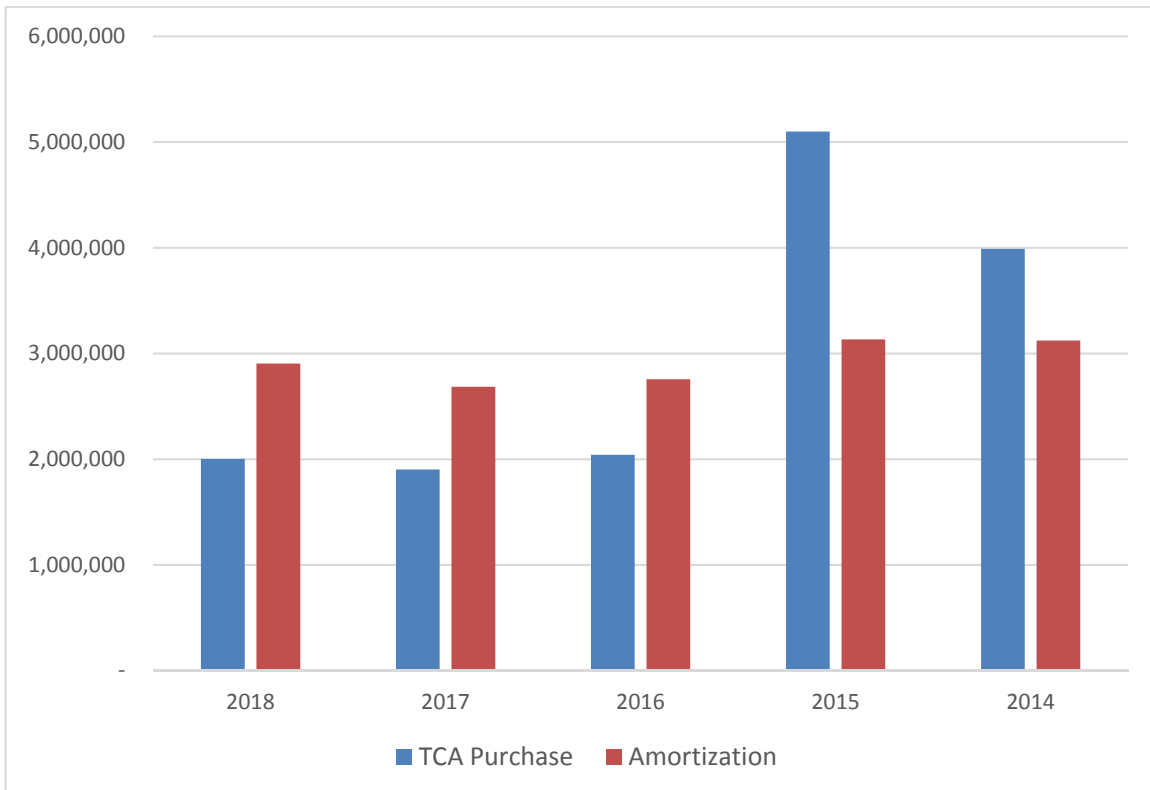
CAPITAL ASSET ANALYSIS - TCA FINANCIAL INDICATOR

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:

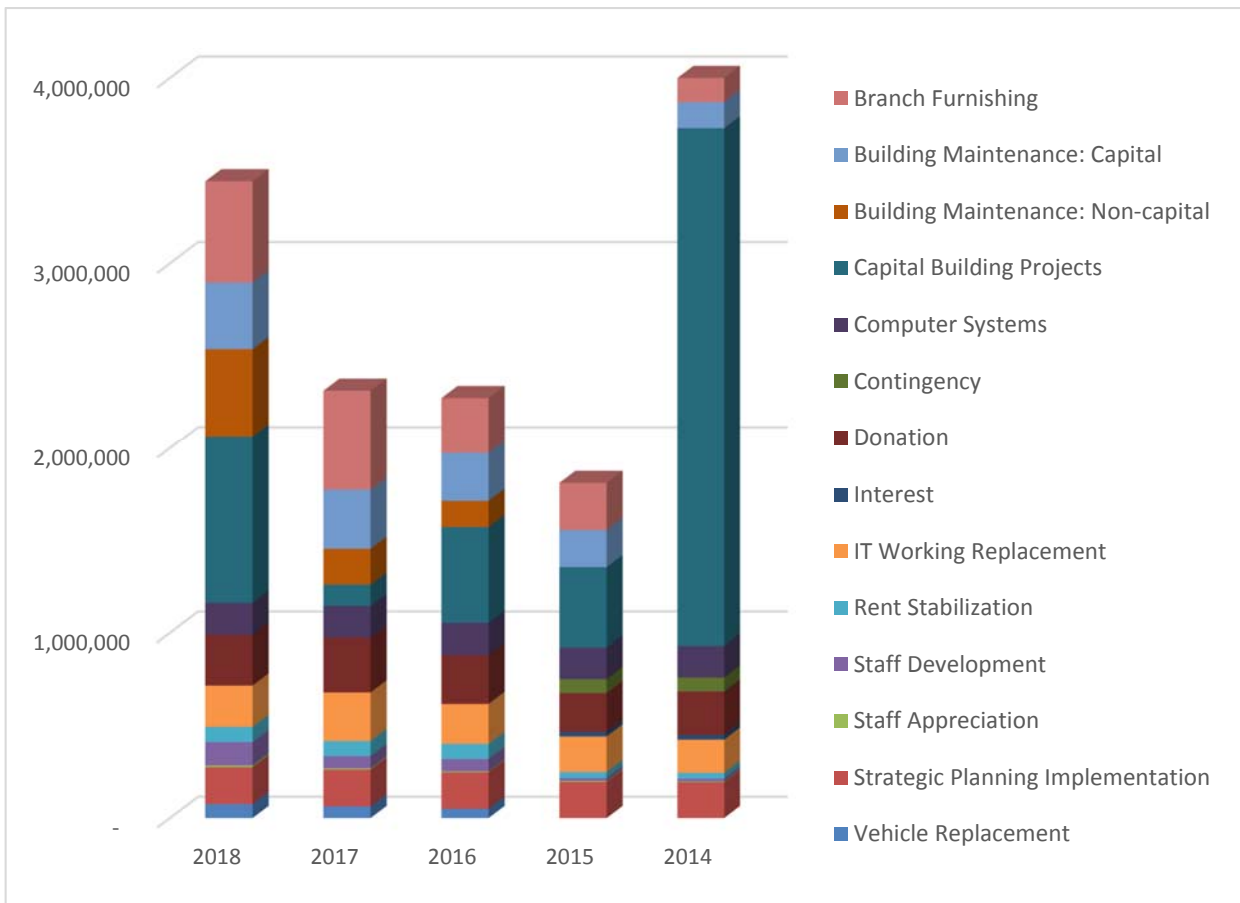
$$\text{Age of TCA Financial Indicator} = \frac{\text{Net Book Value of TCA}}{\text{Historical Cost of TCA}}$$

	2018	2017	2016	2015	2014
Building	83%	86%	88%	90%	91%
Books	34%	41%	41%	34%	41%
Carts, Tables & Chairs	56%	58%	57%	58%	59%
Computer	38%	30%	26%	17%	5%
Electronics & Miscellaneous	31%	57%	55%	55%	56%
Shelving	56%	58%	59%	59%	60%
Vehicles	27%	33%	42%	31%	38%
Total	61%	65%	65%	62%	64%



RESERVE ANALYSIS

	2018	2017	2016	2015	2014
Reserve Funds					
Branch Furnishing	546,626	538,650	299,186	255,703	209,188
Building Maintenance					
Capital	359,197	320,000	260,000	200,000	140,000
Non-capital	472,231	194,250	141,960	-	-
Capital Building Projects	903,464	114,464	517,553	432,169	2,798,112
Computer Systems	170,221	170,221	170,221	170,221	170,221
Contingency	-	-	-	75,007	75,077
Donation	273,454	294,439	265,426	209,805	235,849
Interest	-	-	-	25,000	25,000
IT Working Replacement	223,253	262,285	216,288	131,117	114,628
Rent Stabilization	82,729	82,729	82,729	32,652	32,652
Staff Development	126,320	66,320	66,320	16,020	15,620
Staff Appreciation	9,882	6,382	4,882	4,882	3,382
Strategic Planning Implementation	199,934	199,934	197,934	195,934	193,934
Vehicle Replacement	75,510	63,010	50,510	-	-
	<u>3,442,821</u>	<u>2,312,684</u>	<u>2,273,009</u>	<u>1,810,477</u>	<u>4,078,431</u>



* 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:

<https://www.bdo.ca/en-ca/insights/advanced-search/?filter=1&ind=251&cat=873>

**OKANAGAN REGIONAL
LIBRARY DISTRICT
Financial Statements
For the year ended December 31, 2018**

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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 Financial Officer

May 22, 2019

Independent Auditor's Report

To the Board of Trustees of the Okanagan Regional Library District

Opinion

We have audited the financial statements of Okanagan Regional Library District (the "Library District"), which comprise the statement of financial position as at December 31, 2018, and the statements of operation and accumulated surplus, changes in net debt, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library District as at December 31, 2018, and the statements of operations and accumulated surplus, change in net debt, and cash flows for the year then ended in accordance with Canadian accounting standards for public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library District in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 18 through 23 of the Library District's financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for public sector accounting, 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.

In preparing the financial statements, management is responsible for assessing the Library District's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library District or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library District's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library District's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library District to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vernon, British Columbia
May 22, 2019

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

December 31	2018	2017
Financial assets		
Cash (Note 1)	\$ 4,218,084	\$ 3,105,887
Accounts receivable	283,331	318,612
MFA debt reserve	155,000	155,000
	4,656,415	3,579,499
Financial liabilities		
Accounts payable and accrued liabilities	962,145	862,939
Wages payable	97,603	75,697
Deferred revenue	59,141	32,667
Long-term debt (Note 2)	10,768,038	11,450,533
	11,886,927	12,421,836
Net debt	(7,230,512)	(8,842,337)
Non-financial assets		
Tangible capital assets (Note 3)	26,664,873	27,566,327
Prepaid expenses	316,638	231,417
	26,981,511	27,797,744
Accumulated surplus (Note 4)	\$ 19,750,999	\$ 18,955,407

Approved on behalf of the Board:

_____ Chairperson

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

For the year ended December 31	2018	2018	2017
	Actual	Budget	Actual
Revenue			
Assessments (Schedule 2)	\$ 16,965,470	\$ 16,965,465	\$ 16,580,526
Province of British Columbia grant	1,008,062	1,008,808	1,008,026
Other grant revenue	56,162	83,500	40,479
Other revenue (Schedule 3)	626,649	428,327	565,507
	18,656,343	18,486,100	18,194,538
Expenses (Note 6)			
Amortization	2,903,885	-	2,684,976
Children's programs	44,032	19,333	41,925
Delivery/transportation			
Operating expenses	87,656	96,084	81,537
Direct local branch expenses (Schedule 4)	10,563,233	10,426,534	10,961,118
Electronic materials	787,801	790,000	779,691
Headquarters supportive services			
Salaries and benefits	2,138,929	2,632,526	2,270,771
Operating (Schedule 5)	1,335,215	1,818,656	1,342,317
Loss on disposal of tangible capital assets	-	-	40,789
	17,860,751	15,783,133	18,203,124
Annual surplus (deficit) (Note 9)	795,592	2,702,967	(8,586)
Accumulated surplus, beginning of year	18,955,407	18,955,407	18,963,993
Accumulated surplus, end of year	\$ 19,750,999	\$ 21,658,374	\$ 18,955,407

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

For the year ended December 31	2018	2018	2017
	Actual	Budget	Actual
Annual surplus (deficit)	\$ 795,592	\$ 2,702,967	\$ (8,586)
Acquisition of tangible capital assets	(2,002,431)	(1,596,852)	(1,902,060)
Amortization of tangible capital assets	2,903,885	-	2,684,976
Loss on disposal of tangible capital assets	-	-	40,789
(Acquisition) use of prepaid expenses	(85,221)	-	23,591
Change in net debt	1,611,825	1,106,115	838,710
Net debt, beginning of year	(8,842,337)	(8,842,337)	(9,681,047)
Net debt, end of year	\$ (7,230,512)	\$ (7,736,222)	\$ (8,842,337)

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

For the year ended December 31	2018	2017
Cash flows provided by (used in) operating activities		
Cash receipts from assessments, grants, and other revenue	\$ 18,760,748	\$ 18,542,061
Cash paid to employees and suppliers	(14,320,962)	(14,692,963)
Interest received	51,087	21,199
Interest paid	(693,750)	(693,750)
	<u>3,797,123</u>	<u>3,176,547</u>
Cash flows provided by (used in) capital activities		
Acquisition of tangible capital assets	<u>(2,002,431)</u>	<u>(1,902,060)</u>
Cash flows provided by (used in) financing activities		
Repayment of long-term debt	<u>(682,495)</u>	<u>(656,246)</u>
Increase in cash during the year	1,112,197	618,241
Cash, beginning of year	<u>3,105,887</u>	<u>2,487,646</u>
Cash, end of year	<u>\$ 4,218,084</u>	<u>\$ 3,105,887</u>

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Okanagan Regional Library District Summary of Significant Accounting Policies

December 31, 2018

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

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 Chartered Professional Accountants of Canada.

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.

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:

Buildings	2.5% declining balance
Vehicles	20% declining balance
Computer equipment	25% declining balance
Shelving	40 years, straight line
Carts, tables, & chairs	5% declining balance
Electronics & miscellaneous	15% declining balance
Book inventory	2 to 50 years, straight line

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.

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
Summary of Significant Accounting Policies**

December 31, 2018

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.

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.

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.

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

December 31, 2018

1. Cash

Cash is held in a financial institution earning interest at an average rate of 1.74% (2017 - 1.01%) 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.

	<u>2018</u>	<u>2017</u>
<p>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. The loan was refinanced at the end of 2018, as a result the semi annual interest payments are now \$65,250 and the interest rate is 2.90% subsequent to 2018.</p>	\$ 2,685,662	\$ 2,900,749
<p>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 4.20%, due April 4, 2031.</p>	8,082,376	8,549,784
	<u>\$10,768,038</u>	<u>\$ 11,450,533</u>

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

2019		\$ 520,517
2020		520,517
2021		520,517
2022		520,517
2023		520,517
Thereafter		<u>3,710,784</u>
		\$ 6,313,369
Add: Actuarial additions until maturity		<u>4,454,669</u>
		<u>\$ 10,768,038</u>

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

December 31, 2018

3. Tangible Capital Assets

2018

	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 983,134	\$ 20,675,786	\$ 89,189	\$ 1,026,537	\$ 2,729,633	\$ 1,592,386	\$ 574,900	\$ 14,578,443	\$ 42,250,008
Additions	-	-	-	263,055	44,715	48,350	100,574	1,545,737	2,002,431
Disposals	-	-	-	(96,887)	-	-	-	(556,685)	(653,572)
Cost, end of year	\$ 983,134	\$ 20,675,786	\$ 89,189	\$ 1,192,705	\$ 2,774,348	\$ 1,640,736	\$ 675,474	\$ 15,567,495	\$ 43,598,867
Accumulated amortization, beginning of year	\$ -	\$ 2,989,225	\$ 59,361	\$ 720,353	\$ 1,155,520	\$ 666,535	\$ 425,380	\$ 8,667,307	\$ 14,683,681
Amortization	-	442,163	5,965	118,087	69,225	48,709	37,514	2,182,222	2,903,885
Disposals	-	-	-	(96,887)	-	-	-	(556,685)	(653,572)
Accumulated amortization, end of year	\$ -	\$ 3,431,388	\$ 65,326	\$ 741,553	\$ 1,224,745	\$ 715,244	\$ 462,894	\$ 10,292,844	\$ 16,933,994
Net carrying amount, end of year	\$ 983,134	\$17,244,398	\$ 23,863	\$ 451,152	\$ 1,549,603	\$ 925,492	\$ 212,580	\$ 5,274,651	\$ 26,664,873

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

December 31, 2018

3. Tangible Capital Assets (continued)

	2017								
	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 983,134	\$ 20,675,786	\$ 89,189	\$ 1,024,122	\$ 2,760,457	\$ 1,466,328	\$ 588,509	\$ 15,473,632	\$ 43,061,157
Additions	-	-	-	143,805	42,286	142,558	8,055	1,565,356	1,902,060
Disposals	-	-	-	(141,390)	(73,110)	(16,500)	(21,664)	(2,460,545)	(2,713,209)
Cost, end of year	<u>\$ 983,134</u>	<u>\$ 20,675,786</u>	<u>\$ 89,189</u>	<u>\$ 1,026,537</u>	<u>\$ 2,729,633</u>	<u>\$ 1,592,386</u>	<u>\$ 574,900</u>	<u>\$ 14,578,443</u>	<u>\$ 42,250,008</u>
Accumulated amortization, beginning of year	\$ -	\$ 2,535,723	\$ 51,904	\$ 759,682	\$ 1,131,712	\$ 632,262	\$ 415,186	\$ 9,144,654	\$ 14,671,123
Amortization	-	453,502	7,457	102,061	68,106	44,978	25,675	1,983,198	2,684,977
Disposals	-	-	-	(141,390)	(44,298)	(10,705)	(15,481)	(2,460,545)	(2,672,419)
Accumulated amortization, end of year	<u>\$ -</u>	<u>\$ 2,989,225</u>	<u>\$ 59,361</u>	<u>\$ 720,353</u>	<u>\$ 1,155,520</u>	<u>\$ 666,535</u>	<u>\$ 425,380</u>	<u>\$ 8,667,307</u>	<u>\$ 14,683,681</u>
Net carrying amount, end of year	<u>\$ 983,134</u>	<u>\$ 17,686,561</u>	<u>\$ 29,828</u>	<u>\$ 306,184</u>	<u>\$ 1,574,113</u>	<u>\$ 925,851</u>	<u>\$ 149,520</u>	<u>\$ 5,911,136</u>	<u>\$ 27,566,327</u>

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

December 31, 2018

4. Accumulated Surplus

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

	2018	2017
Financial equity		
General fund (Schedule 1)	\$ 256,153	\$ 371,729
Equity in tangible capital assets (Note 5)	16,052,025	16,270,994
Reserve funds (Schedule 6)	3,442,821	2,312,684
	\$19,750,999	\$ 18,955,407

Equity in tangible 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 Tangible Capital Assets

	2018	2017
Balance , beginning of year	\$ 16,270,994	\$ 16,438,454
Add:		
Contribution for long-term debt reduction	682,495	656,246
Contribution for tangible capital assets	1,822,643	1,597,640
Contribution from reserve funds	179,788	304,419
Deduct:		
Amortization	(2,903,895)	(2,684,976)
Loss on disposal of tangible capital assets	-	(40,789)
	\$16,052,025	\$ 16,270,994

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

December 31, 2018

6. Expenses by Object

	<u>2018</u>	<u>2018</u>	<u>2017</u>
	Actual	Budget	Actual
Advertising	\$ 40,458	\$ 57,140	\$ 41,369
Amortization	2,903,890	-	2,684,976
Association dues, staff development including internal wages and travel	235,827	166,932	185,379
Board and committee expenses	7,083	20,141	8,685
Book binding and mending	11,570	30,000	13,195
Computer maintenance and telecommunications	489,898	594,702	481,147
Contract for library services	36,190	40,000	38,280
Electronic materials	787,801	790,000	779,691
Insurance	55,363	51,000	52,414
Interest, bank charges and US exchange	10,082	8,000	10,211
Long term debt interest	693,750	693,750	693,750
Loss on disposal of capital assets	-	-	40,789
Maintenance and utilities	1,318,988	1,242,974	1,784,358
Moving and storage	-	3,060	807
Postage and freight	49,700	59,200	52,778
Professional fees	91,437	75,970	114,268
Programs	44,032	19,333	41,925
Rent	1,989,029	2,016,147	1,921,532
Sundry	-	320,911	33,685
Supplies	127,984	128,147	146,163
Telephone	20,946	32,050	23,718
Transportation	124,536	131,173	114,057
Wages and benefits	8,822,187	9,302,503	8,939,947
	<u>\$17,860,751</u>	<u>\$ 15,783,133</u>	<u>\$ 18,203,124</u>

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, 2018, the Library District had drawn \$nil (2017 - \$nil) on this agreement.

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

December 31, 2018

8. Pension Liability

The Library District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted 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, 2017, the Plan has about 197,000 active members and approximately 95,000 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 may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation as of December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contributions rates remained unchanged.

The Library District paid \$578,801 (2017 - \$591,660) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in late 2019.

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, 2018

9. Budget Information

The budget adopted by the Board of Trustees was prepared on a modified accrual basis while PSAB requires 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 Trustees with adjustments as follows:

	<u>2018</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Transfers to reserve funds budgeted for in expenses	486,861
Transfers to tangible capital assets budgeted for in expenses - books and material	1,695,589
Long-term debt reduction - principal	<u>520,517</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 2,702,967</u>

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

For the year ended December 31	2018	2018	2017
	Actual	Budget	Actual
Revenue			
Assessments (Schedule 2)	\$ 16,965,470	\$ 16,965,465	\$ 16,580,526
Province of British Columbia	1,008,062	1,008,808	1,008,026
Other grant revenue	56,162	83,500	40,479
Other revenue (Schedule 3)	626,649	428,327	565,507
	18,656,343	18,486,100	18,194,538
Expenses			
Children's programs	44,032	19,333	41,925
Direct local branch expenses (Schedule 4)	10,563,233	10,426,534	10,961,118
Delivery/transportation			
Operating expenses	87,647	96,084	81,537
Electronic materials	787,801	790,000	779,691
Headquarters supportive services			
Salaries and benefits	2,138,929	2,632,526	2,270,771
Operating (Schedule 5)	1,335,215	1,818,656	1,342,317
	14,956,857	15,783,133	15,477,359
Excess of revenues over expenses	3,699,486	2,702,967	2,717,179
Net interfund transfers:			
Net contributions to tangible capital fund			
For long-term debt reduction	(682,495)	(520,517)	(656,246)
For tangible capital assets	(2,002,430)	(1,695,589)	(1,597,640)
Contribution from reserve fund (Schedule 6)			
Building maintenance	20,803	-	511,765
Donation	104,120	-	35,925
Equipment	-	-	27,382
Furnishing	137,024	-	5,976
Technology & software	165,883	-	2,177
Contributions to reserve funds (Schedule 6)			
Building maintenance	(337,982)	(85,000)	(60,000)
Capital building project	(789,000)	(114,000)	(118,083)
Donation	(83,135)	-	-
Equipment	(145,000)	(145,000)	(543,128)
Staff appreciation and development	(61,500)	(1,511)	(1,500)
Strategic planning	(2,000)	(2,000)	(2,000)
Technology & software	(126,850)	(126,850)	(126,850)
Vehicle replacement	(12,500)	(12,500)	(75,758)
	(3,815,062)	(2,816,967)	(2,597,980)
Change in fund balance	(115,576)	(114,000)	119,199
Surplus, beginning of year	371,729	371,729	252,530
Surplus, end of year	\$ 256,153	\$ 257,729	\$ 371,729

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

For the year ended December 31	2018	2018	2017
	Actual	Budget	Actual
Municipalities			
Armstrong	\$ 184,237	\$ 184,237	\$ 179,461
Coldstream	442,409	442,409	441,363
Enderby	102,651	102,651	98,614
Golden and Area	304,814	304,814	313,740
Kelowna	6,208,386	6,208,386	5,950,303
Keremeos	53,531	53,531	58,700
Lake Country	607,575	607,575	602,897
Lumby	66,967	66,967	64,977
Oliver	190,682	190,682	181,867
Osoyoos	256,572	256,572	249,578
Peachland	251,213	251,213	235,264
Princeton	129,032	129,032	128,535
Revelstoke	321,092	321,092	312,683
Salmon Arm	712,793	712,793	692,625
Sicamous	145,421	145,420	146,096
Spallumcheen	203,005	203,005	204,560
Summerland	491,685	491,685	468,888
Vernon	1,757,829	1,757,825	1,746,023
West Kelowna	1,470,990	1,470,990	1,473,864
	13,900,884	13,900,879	13,550,038
First Nation Members			
Westbank First Nation	394,811	394,811	360,701
	14,295,695	14,295,690	13,910,739
Regional Districts			
Central Okanagan	304,452	304,452	304,637
Columbia - Shuswap	818,812	818,812	829,452
North Okanagan	727,892	727,892	717,319
Okanagan - Similkameen	818,619	818,619	818,379
	2,669,775	2,669,775	2,669,787
	\$16,965,470	\$ 16,965,465	\$ 16,580,526

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

For the year ended December 31	2018		2018	2017
	Actual		Budget	Actual
Actuarial earnings	\$ 161,979	\$	135,488	\$ 135,729
Bank interest	51,087		22,600	21,199
Book bag revenue	1,921		-	2,133
Copying	48,921		23,730	43,840
Donation revenue	85,071		-	70,353
Fines, damaged and lost books	229,700		232,509	240,371
Interdepartment rent	634,682		634,682	588,005
Meeting room rental	35,648		14,000	14,289
Non resident charges	3,575		-	2,875
Sundry	8,747		-	34,718
Total before adjustment	1,261,331		1,063,009	1,153,512
Interdepartment rent	(634,682)		(634,682)	(588,005)
Total	\$ 626,649	\$	428,327	\$ 565,507

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

For the year ended December 31

Branch	Salaries & Benefits	Building	Other	2018 Total	2018 Budget	2017 Total
Armstrong	\$ 136,195	\$ 61,761	\$ 3,271	\$ 201,227	\$ 203,459	347,227
Book Deposits	-	-	3,190	3,190	3,000	3,190
Cherryville	17,348	10,692	5,569	33,609	43,916	46,267
Enderby	124,827	62,039	2,629	189,495	189,492	178,665
Falkland	46,909	15,869	2,788	65,566	67,744	78,570
Golden	113,819	63,580	21,735	199,134	217,688	198,495
Hedley	14,032	2,466	3,892	20,390	22,252	18,289
Kaleden	48,174	16,493	1,586	66,253	70,965	60,812
Kelowna						
<i>Downtown</i>	1,089,416	944,800	8,790	2,043,006	1,989,751	2,364,368
<i>Mission</i>	403,309	172,163	3,459	578,931	566,493	574,774
<i>Rutland</i>	418,317	320,561	4,748	743,626	765,241	694,438
Keremeos	107,479	39,057	4,078	150,614	142,887	160,646
Lake Country						
<i>Central</i>	197,752	108,573	3,429	309,754	286,944	280,343
<i>Oyama</i>	26,773	6,522	2,779	36,074	45,384	34,421
Lumby	96,908	20,014	5,236	122,158	123,604	116,659
Naramata	38,251	22,317	3,000	63,568	63,030	61,620
North Shuswap	55,092	30,269	3,858	89,219	95,968	83,477
Okanagan Falls	67,962	43,808	3,134	114,904	114,007	107,558
Oliver	170,013	95,523	3,848	269,384	315,836	282,249
Osoyoos	152,973	52,619	3,299	208,891	191,567	214,471
Peachland	108,779	63,071	3,401	175,251	178,117	195,278
Princeton	62,746	32,405	5,510	100,661	91,606	90,086
Revelstoke	122,148	56,055	20,075	198,278	208,998	196,720
Salmon Arm	435,106	255,492	6,523	697,121	691,095	673,008
Sicamous	100,240	46,829	2,705	149,774	154,246	148,567
Silver Creek	24,268	11,278	1,855	37,401	50,019	44,311
South Shuswap	114,015	52,591	3,319	169,925	163,200	175,194
Summerland	212,733	185,895	6,235	404,863	414,253	401,288
Vernon	1,035,121	740,488	10,089	1,785,698	1,803,956	1,788,839
West Kelowna	386,202	247,925	5,420	639,547	681,054	606,685
Branch shared expenses	820,888	-	45,771	866,659	641,374	859,325
Total before adjustment	6,747,795	3,781,155	205,221	10,734,171	10,597,146	11,085,840
Interdepartment rent net of interest costs	-	(170,938)	-	(170,938)	(170,612)	(124,722)
Total	\$ 6,747,795	\$3,610,217	\$ 205,221	\$10,563,233	\$10,426,534	\$10,961,118

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

For the year ended December 31	2018	2018	2017
	Actual	Budget	Actual
Advertising and marketing	\$ 38,700	\$ 45,632	\$ 39,371
Association dues, staff development and travel	171,290	182,488	157,024
Binding and mending	11,570	30,000	13,195
Board and committee expenses	7,083	20,141	8,685
Computer maintenance and telecommunications	417,468	528,020	421,809
Insurance	55,363	51,000	52,414
Interest, bank charges and US exchange	10,082	8,000	10,211
Interest on long-term debt	231,750	231,750	231,750
Maintenance and utilities	159,798	157,845	134,036
Moving, storage and rent	-	-	578
Penticton library contract	36,190	40,000	38,280
Postage and freight	12,981	21,300	13,934
Professional fees	91,437	75,970	114,268
Sundry	-	320,911	33,685
Supplies	61,967	79,199	50,339
Strategic planning	-	-	578
Telephone	7,089	6,000	5,628
Transportation	22,447	20,400	16,532
Total	\$ 1,335,215	\$ 1,818,656	\$ 1,342,317

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

For the year ended December 31

	2017	Contributions	Expenses	Transfers	2018
Branch furnishing	\$ 538,650	\$ 145,000	\$ (137,024)	\$ -	\$ 546,626
Building maintenance					
Capital	320,000	60,000	(20,803)	-	359,197
Non-capital	194,250	277,982	-	-	472,232
Capital building projects	114,464	789,000	-	-	903,464
Computer systems	170,221	-	-	-	170,221
Donation	294,439	83,135	(104,120)	-	273,454
IT working replacement	262,285	126,850	(165,883)	-	223,252
Rent stabilization	82,729	-	-	-	82,729
Staff development	66,320	60,000	-	-	126,320
Staff appreciation	6,382	3,500	-	-	9,882
Strategic planning implementation	199,934	-	-	-	199,934
Vehicle replacement	63,010	12,500	-	-	75,510
Total	\$ 2,312,684	\$ 1,557,967	\$ (427,830)	\$ -	\$ 3,442,821

A one-time \$60,000 additional contribution has been included in Staff development reserve that will be withdrawn in 2019 related to the additional expense the Library District will incur from having to pay both Medical Service Plan premiums and the Employer Health Tax in 2019.

REPORT

File No. 100.9

To: Okanagan Regional Library Finance Committee

From: Chief Financial Officer

Date: May 1, 2019

Subject: Okanagan Regional Library, 2018 Statement of Financial Information (SOFI)

RECOMMENDATION

THAT the Committee approve the 2018 Statement of Financial Information.

BACKGROUND

The *Financial Information Act* (FIA) is provincial legislation that requires local governments, including Library District's, to prepare the following statements and schedules of financial information annually:

1. Table of contents
2. Financial Information Act submission checklist
3. Board approval form
4. Management report
5. Financial statements
 - a. Statement of Revenue and Expenditures (Operational Statement)
 - b. Statement of Assets and Liabilities
6. Schedule of debts;
7. Schedule of guarantee and indemnity agreements;
8. Statement of remuneration and expenses
 - a. Schedule showing the total amount of remuneration and the total amount of expenses paid to or on behalf of each member of the Board;
 - b. Schedule showing remuneration and expenses paid to or on behalf of each employee that exceeds \$75,000;
9. Statement of severance agreements;
10. Statement of Changes in Financial Position
11. Schedule of Payments for the Provision of Goods and Services

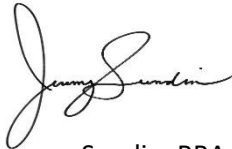
DISCUSSION

The above statements and schedules have been included as Appendices to this report. Those statements and/or schedule that require signature will be signed following approval of the Statement of Financial Information by the Finance Committee.

CONCLUSION

The Statement of Financial Information is a legislative requirement of the Okanagan Regional Library. Staff have assembled the required information in acceptable format and have presented it to the Finance Committee for the Committee’s consideration and approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeremy Sundin". The signature is fluid and cursive, with the first letter of each word being significantly larger and more prominent.

Jeremy Sundin, BBA, CPA, CA
Chief Financial Officer

Report Appendices

Report appendices include:

- Financial Information Act submission checklist
- Board approval form
- Management report
- Schedule of guarantee and indemnity agreements;
- Statement of remuneration and expenses
 - Schedule showing the total amount of remuneration and the total amount of expenses paid to or on behalf of each member of the Board;
 - Schedule showing remuneration and expenses paid to or on behalf of each employee that exceeds \$75,000;
- Statement of severance agreements;
- Schedule of Payments for the Provision of Goods and Services

The following are not included with this report but are instead included with the Library's audited financial statements:

- Financial statements
 - Statement of Revenue and Expenditures (Operational Statement)
 - Statement of Assets and Liabilities
- Schedule of debts;
- Statement of Changes in Financial Position

Submission Checklist

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library

Fiscal Year Ended: December 31, 2018

Due Date: May 15th, 2019

a)	<input checked="" type="checkbox"/>	Approval of Statement of Financial Information
b)	<input checked="" type="checkbox"/>	A Management Report signed and dated by the Library Board and Library Director
An operational statement including:		
c)	<input checked="" type="checkbox"/>	i) Statement of Income
	<input checked="" type="checkbox"/>	ii) Statement of Changes in Financial Position, or, if omitted, an explanation in the Notes to the Financial Statements (audited ¹ financial statements)
d)	<input checked="" type="checkbox"/>	Statement of assets and liabilities (audited ¹ financial statements)
e)	<input checked="" type="checkbox"/>	Schedule of debts (audited ¹ financial statements) If there is no debt, or if the information is found elsewhere in the SOFI, an explanation must be provided in the Schedule.
		Schedule of guarantee and indemnity agreements including the names of the entities involved and the amount of money involved. If no agreements, or if the information is found elsewhere in the SOFI, an explanation must be provided in the Schedule.
g)	<input checked="" type="checkbox"/>	Schedule of Remuneration and Expenses, including:
		i) An alphabetical list of employees (first and last names) earning over \$75,000
		ii) Total amount of expenses paid to or on behalf of each employee under 75,000
		iii) If the total wages and expenses differs from the audited financial statements, an explanation is required
		iv) A list, by name and position, of Library Board Members with the amount of any remuneration paid to or on behalf of the member.
		v) The number of severance agreements started during the fiscal year and the range of months` pay covered by the agreement, in respect of excluded employees. If there are no agreements to report, an explanation is required.
h)	<input checked="" type="checkbox"/>	Schedule of Payments for the Provision of Goods and Services including:
		i) An alphabetical list of suppliers receiving over \$25,000 and a consolidated total for those suppliers receiving less than \$25,000. If the total differs from the Audited Financial Statements, an explanation is required.

¹ Municipal Libraries and Regional Library Districts must provide audited financial statements as per the *Libraries Act* section 11(2) and 26(2) (a). Audited statements are not required for the SOFI but if available, please include them.

As per the *Libraries Act* section 40(3)(a) Public Library Associations must prepare annual financial statements in accordance with generally accepted accounting principles. This also applies to Library Federations.

Board Approval Form

Financial Information Act - Statement of Financial Information

NAME OF LIBRARY Okanagan Regional Library	FISCAL YEAR END (YYYY) December 31, 2018	
LIBRARY ADDRESS 1430 K.L.O. Road	TELEPHONE NUMBER 250-860-4033	
CITY Kelowna	PROVINCE B.C.	POSTAL CODE V1W 3P6
NAME OF THE CHAIRPERSON OF THE LIBRARY BOARD Karla Kozakevich	TELEPHONE NUMBER 250-492-0237	
NAME OF THE LIBRARY DIRECTOR Don Nettleton, CEO	TELEPHONE NUMBER 250-860-4033	

DECLARATION AND SIGNATURES

We, the undersigned, certify that the attached is a correct and true copy of the Statement of Financial Information of the year ended December 31, 2018 for Okanagan Regional Library as required under Section 2 of the Financial Information Act.

SIGNATURE OF THE CHAIRPERSON OF THE LIBRARY BOARD*	DATE SIGNED (DD-MM-YYYY)
	<i>DD-MM-YYYY</i>

SIGNATURE OF THE LIBRARY DIRECTOR	DATE SIGNED (DD-MM-YYYY)
	<i>DD-MM-YYYY</i>

Management Report

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library
Fiscal Year Ended: December 31, 2018

MANAGEMENT REPORT

The Financial Statements contained in this Statement of Financial Information under the *Financial Information Act* have been prepared by management in accordance with Canadian generally accepted accounting principles and the integrity and objectivity of these statements are management's responsibility.

Management is also responsible for all other schedules of financial information and for ensuring this information is consistent, where appropriate, with the information contained in the financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Board of the Library is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and for approving the financial information included in the Statement of Financial Information.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination does not relate to the other schedules of financial information required by the *Financial Information Act*. Their examination includes a review and evaluation of the board's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

On behalf of Okanagan Regional Library

Name. Chairperson of the Library Board [Print] Karla Kozakevich
Signature, Chairperson of the Library Board _____
Date (MM-DD-YYYY) _____

Name, Library Director [Print] Don Nettleton, CEO
Signature, Library Director _____
Date (MM-DD-YYYY) _____

Schedule of Guarantee and Indemnity

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library
Fiscal Year Ended: December 31, 2018

Okanagan Regional Library has not given any guarantee or indemnity under the Guarantees and Indemnities Regulation.

Schedule of Remuneration and Expenses

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library

Fiscal Year Ended: December 31, 2018

NAME	MEMBER AREA	POSITION	REMUNERATION	EXPENSES
BAIRD	TUNDRA	ENDERBY	DIRECTOR	\$ - \$ 334
CAMERON	HANK	REG. DISTRICT OF NORTH OKANAGAN	DIRECTOR	\$ - \$ 408
CARLSON	ERIN	SUMMERLAND	DIRECTOR	\$ - \$ 208
CARSON	WAYNE	REG. DISTRICT OF CENTRAL OKANAGAN	DIRECTOR	\$ - \$ 202
CASSON	ANDREW	SPALLUMCHEEN	DIRECTOR	\$ - \$ 287
CATHCART	KAREN	GOLDEN	DIRECTOR	\$ - \$ -
COCHRANE	PAT	COLDSTREAM	DIRECTOR	\$ - \$ 218
CROSS	STEVEN	REVELSTOKE	DIRECTOR	\$ - \$ -
DOUGHTY	ROSEMARY	PRINCETON	DIRECTOR	\$ - \$ 420
EVANS	BOB	SICAMOUS	DIRECTOR	\$ - \$ -
FISHER	LINDA	ARMSTRONG	DIRECTOR	\$ - \$ 284
FRIESSEN	JASON	WEST KELOWNA	DIRECTOR	\$ - \$ -
GRAY	TRACY	KELOWNA	DIRECTOR	\$ - \$ 24
HARVEY	BRIAN	OSOYOOS	DIRECTOR	\$ - \$ -
HODGE	NICK	LUMBY	DIRECTOR	\$ - \$ 178
KONEK	TOM	WESTBANK FIRST NATION	DIRECTOR	\$ - \$ -
KOZAKEVICH	KARLA	REG. DISTRICT OF OKANAGAN-	VICE CHAIR	\$ - \$ 301
LAVERY	TIM	SALMON ARM	DIRECTOR	\$ - \$ 386
LINDLEY	ROXANNE	WESTBANK FIRST NATION	DIRECTOR	\$ - \$ -
LORD	CATHERINE	VERNON	CHAIR	\$ - \$ 380
MATTES	DAVID	OLIVER	DIRECTOR	\$ - \$ 388
MCKENZIE	TODD	LAKE COUNTRY	DIRECTOR	\$ - \$ 24
MCLEAN	RANDY	PRINCETON	DIRECTOR	\$ - \$ -
MINDNICH	LORI	LUMBY	DIRECTOR	\$ - \$ -
MORGAN	LARRY	REG. DISTRICT OF COLUMBIA SHUSWAP	DIRECTOR	\$ - \$ 372
MOSS	CALEB	GOLDEN	DIRECTOR	\$ - \$ -
NAHAL	DAVIL	VERNON	DIRECTOR	\$ - \$ -
NIXON	LINDA	REVELSTOKE	DIRECTOR	\$ - \$ 223
PHILPOTT-ADHIKARY	SHERRY	KEREMEOS	DIRECTOR	\$ - \$ 1,297
SHATZKO	AMANDA	REG. DISTRICT OF NORTH OKANAGAN	DIRECTOR	\$ - \$ -
SIMONS	JANNA	SICAMOUS	DIRECTOR	\$ - \$ 314
SIMPSON	JAY	REG. DISTRICT OF COLUMBIA SHUSWAP	DIRECTOR	\$ - \$ -
VAN MINSEL	PATRICK	PEACHLAND	DIRECTOR	\$ - \$ -
VUCINOVIC	MARIO	PEACHLAND	DIRECTOR	\$ - \$ 53
WINSBY	BRYDEN	WEST KELOWNA	DIRECTOR	\$ - \$ 24
WOOLDRIDGE	LOYAL	KELOWNA	DIRECTOR	\$ - \$ -
YOUNGBERG	CAROL	OYOYOOS	DIRECTOR	\$ - \$ 447
ZANON	CAROL	WEST KELOWNA	ALT. DIRECTOR	\$ - \$ 34
TOTAL BOARD MEMBERS				\$ - \$ 6,807

Schedule of Remuneration and Expenses (Continued)

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library

Fiscal Year Ended: December 31, 2018

NAME	POSITION	REMUNERATION	EXPENSES
CAMPBELL, JEFF	CHIEF TECHNOLOGY OFFICER	\$ 106,081	\$ 2,985
CAVENAILE, CHRIS	NETWORK ADMINISTRATOR	\$ 75,220	\$ 444
GAUCHER, MONICA	DIRECTOR OF PUBLIC SERVICE	\$ 118,157	\$ 4,215
MCPHEE, CHRISTINE	DIRECTOR OF PUBLIC SERVICE	\$ 97,780	\$ 5,165
NETTLETON, DON	CHIEF EXECUTIVE OFFICER	\$ 143,040	\$ 5,113
PHILLIPS, CARLA	DIRECTOR OF HUMAN RESOURCES	\$ 90,670	\$ 3,077
THOMPSON, TARA	COMMUNITY ENGAGEMENT COORDINATOR	\$ 85,649	\$ 1,805
UTKO, MICHAL	DIRECTOR OF MARETING & COMM.	\$ 77,976	\$ 3,212
EMPLOYEES OVER \$75,000		\$ 794,573	26,016
EMPLOYEES UNDER \$75,000		\$ 6,749,773	
TOTAL		\$ 7,544,346	

Explanatory note: the differences between this Schedule and the financial statements are attributed to taxable benefits and timing. The remuneration above is reported based on the year it's paid pursuant to Canada Revenue Agency requirements, where it's accounted for in the financial statements when it has been earned.

Statement of Severance Agreements

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library

Fiscal Year Ended: December 31, 2018

There were no severance agreements made between the Okanagan Regional Library and its non-unionized employees during fiscal year 2018.

Schedule of Payments Made For the Provision of Goods and Services

Financial Information Act - Statement of Financial Information

Library Name: Okanagan Regional Library

Fiscal Year Ended: December 31, 2018

<u>NAME OF INDIVIDUAL, FIRM OR CORPORATION</u>	<u>AMOUNT PAID</u>
6-4 BUILDING MAINTENANCE	\$ 92,132
654412 BC LTD	\$ 54,056
ACE COURIER SERVICES	\$ 34,852
AL STOBER CONSTRUCTION LTD	\$ 25,669
ALTEA HOLDING LTD	\$ 81,390
B.C. HYDRO	\$ 64,117
BAKER AND TAYLOR BOOKS	\$ 309,820
BIBLIOCOMMONS INC	\$ 65,959
BRITISH COLUMBIA LIBRARIES COOPERATIVE	\$ 198,673
CALLAHAN CONSTRUCTION COMPANY	\$ 211,284
CANADIAN UNION OF PUBLIC EMPLOYEES	\$ 98,779
CAPITAL NEWS CENTRE	\$ 165,550
CARE SYSTEMS SERVICES LTD.	\$ 29,353
CARMI JANITORIAL SERVICES	\$ 30,280
CORPORATE EXPRESS	\$ 39,697
COUNTRY COURT HOLDINGS	\$ 50,012
CVS MIDWEST TAPE	\$ 131,971
DIRECTDIAL.COM	\$ 211,458
DISTRICT OF LAKE COUNTRY	\$ 97,475
DISTRICT OF SICAMOUS	\$ 48,794
ENVISIOIN WARE INC	\$ 28,952
EQUITABLE LIFE OF CANADA	\$ 170,664
FFD DEVITO INVESTMENTS	\$ 44,888
FORTIS BC	\$ 102,779
INDEL INDUSTRIES	\$ 28,940
INNOVATIVE INTERFACES GLOBAL	\$ 90,309
IRL IDEALEASE LTD	\$ 50,117
KELOWNA, CITY OF	\$ 815,072
LIBRARY BOUND INC	\$ 170,434
MANULIFE C/O COLLIERS INTERNATIONAL	\$ 246,988
MINISTER OF FINANCE	\$ 96,397
MONAHAN AGENCY LTD.	\$ 290,887
MUNICIPAL PENSION PLAN	\$ 893,051

OCLC INC	\$	37,639
OSOYOOS, TOWN OF	\$	52,052
OVERDRIVE INC	\$	501,014
PACIFIC BLUE CROSS	\$	277,533
PALADIN SECURITY GROUP LTD	\$	121,940
PEACHLAND VILLAGE MALL LTD	\$	49,827
PENTICTON PUBLIC LIBRARY	\$	36,190
PRINCETON, TOWN OF	\$	31,710
PRO JANITORIAL	\$	47,073
RAINCOAST BOOKS	\$	144,899
RECEIVER-GENERAL OF CANADA	\$	1,609,822
REGIONAL DISTRICT OF CENTRAL OKANAGAN	\$	382,973
REGIONAL DISTRICT OF COLUMBIA SHUSWAP	\$	63,146
REGIONAL DISTRICT OF NORTH OKANAGAN	\$	831,399
REGIONAL DISTRICT OF OKANAGAN SIMILKAMEEN	\$	33,598
REVELSTOKE, CITY OF	\$	55,359
ROYAL BANK VISA	\$	153,569
SANA KLEEN JANITORIAL	\$	49,461
SCOTT WELLS	\$	31,500
SECURE LINKS	\$	124,324
SHAW CABLE AND COMMUNICATIONS	\$	66,066
SOURCE OFFICE FURNISHING	\$	75,503
STARGARDEN SOFTWARE LTD.	\$	26,044
SUNCOR ENERGY PRODUCTS	\$	33,223
TECHNIQUE OFFICE FURNITURE	\$	36,276
TELUS COMMUNICATIONS	\$	30,846
THE CLEANING COMPANY	\$	66,493
THE CO-OPERATORS GENERAL INSURANCE	\$	55,363
TRANE CANADA INC	\$	28,768
UNITED LIBRARY SERVICES LTD.	\$	498,868
WESTERN GATEWAY INVESTMENT LTD	\$	255,678

TOTAL SUPPLIERS WITH PAYMENTS EXCEEDING \$25,000	\$	10,878,955
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TOTAL SUPPLIERS WHERE PAYMENTS ARE \$25,000 OR LESS	\$	1,343,435
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CONSOLIDATED TOTAL	\$	12,222,390
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*Also see the Explanatory note on the following page

Explanatory note:

The total in this Schedule will differ from the Statement of Operations in the audited financial statements for the following reasons:

- The financial statements are prepared on an accrual basis while this Schedule is prepared on a cash basis;
- The Schedule includes amounts paid for GST while the expenses in the financial statements do not;
- The Schedule includes employee and employer amounts paid, while the financial statements would only include the employer amounts;
- The financial statements include a provision for amortization while the Schedule does not because amortization is a non-cash expense;
- The Schedule includes amounts paid that were capitalized (not expensed) by the organization.



OKANAGAN REGIONAL LIBRARY

2018
**ANNUAL
REPORT**

We hope that you will find this annual report of 2018 interesting and encouraging. As we look back on 2018 for the ORL, it can be summarized by the words change, challenge, and chances.

Change

CHANGE OF PEOPLE

Change began at the top. The fall 2018 election saw about half of our Board members changed, including our Chair Catherine Lord and several other long serving members. We really want to thank Catherine and the other outgoing members of the Board for their service to the ORL.

We also had significant changes in our senior leadership team including the positions of CEO, CFO, and Director of Public Services. Again, thank you to former CEO Stephanie Hall and Director of Public Services Georgia McKay for your years of leadership.

As has been happening in many organizations we also had many long service employees retire including Rutland Head Sheila Coe (40 years) and Oliver head Vicky White (30 years).

Change always has some disruption and challenge, but the ORL was helped by being able to promote experienced people from within.

For the Board, Karla Kozakevitch, Library Board Vice Chair stepped into the position of Board Chair.

For the Senior Management team, Don Nettleton, long time CFO moved to CEO, while Christine McPhee, Kelowna Branch Head was promoted to Director of Public Services.

At the staff level, we had several move from other positions.

- New branch leaders included Alison Hayman Rutland Branch Head, Richard Kicksee Mission Branch Head, Kristy Woodcock Salmon Arm Branch Head, Kristy Hennings Vernon Branch Head, and Marigje Toepfer Oliver Head, Lucie Bergeron Revelstoke Branch Head, and Dianne Steinley Cherryville Branch Head.
- James Laitinen moved from Salmon Arm to become head of collections for the system.

The ORL was also strengthened by adding new talented faces. This included Jeremy Sundin as CFO at the management team level. And at the branch or headquarters level it included Chris Stephenson Kelowna Branch Head and Jessica Whu Westbank Branch Head as well as many other new librarians and support staff throughout the system.



CHANGE OF SERVICES

Change also included new programming. Highlights included the Makercrew 3D system wide summer tour.

Salmon Arm Branch Renovations

In 2018 we embarked on a renovation of the Salmon Arm branch. ORL received a lot of feedback from the community as to what would serve best the people of Salmon Arm and surrounding areas. The updated branch will feature a flexible large meeting room, a study room, reconfiguring of the layout and new paint and washrooms. We are excited to see how our efforts will impact the community.

Westside Learning Lab a new branch Tech Hub

Planning and construction were well on their way in 2018 for a new Westside Learning Lab branch. This new location will focus on technology, innovation and learning while accommodating the meeting and gathering space needs of the community.

New Branch at UBCO

Late fall we also opened a small location within UBCO Library for holds pickup and returns and a small browsing collection. This new branch was a fruit of years of efforts and collaboration between UBCO and ORL





Patrons attended ORL programs and used Library meeting spaces

8% increase since 2016

519,567

ORL eBooks & eAudio Checkouts



47%

INCREASE SINCE 2016

740

Hours spent learning new languages through Rosetta Stone

13%

INCREASE SINCE 2016



1,301,103

Number of times patrons logged on to use wifi

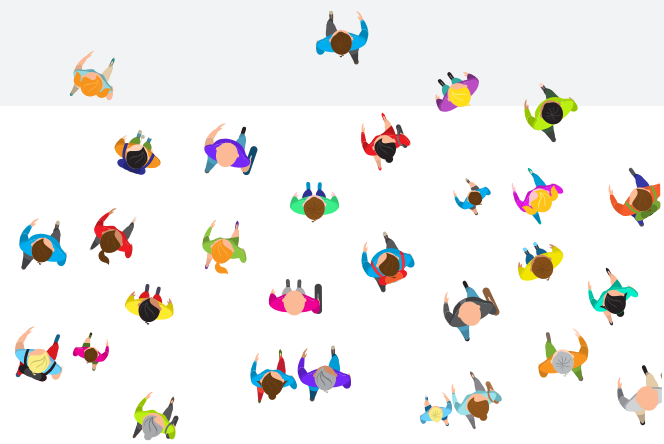
19%

INCREASE SINCE 2016



1,622,850

Patrons walked through our doors



620,143

PressReader Articles Read

50%

INCREASE SINCE 2016

Active cardholders in 2018



106,003

40

Public use computers added, totaling 290 ORL system wide



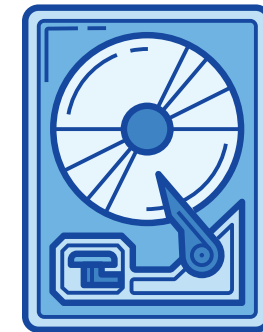
2,303,332

Patrons visited our website



57 TB

Terabytes of wireless data traffic



1,622,850

Patrons walked through our doors



620,143

PressReader Articles Read

50%

INCREASE SINCE 2016

Active cardholders in 2018



106,003

2,799

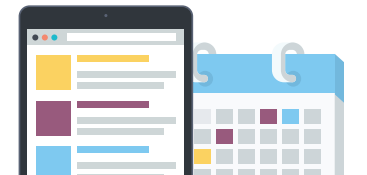
Hours spent learning new skills though Lynda.com

55% INCREASE SINCE 2016



6,644

ORL programs ran in 2018, 28% INCREASE SINCE 2016



3,274

Adults attended programs

68% INCREASE SINCE 2016



2,796,898

Books, magazines and other materials borrowed



Challenge

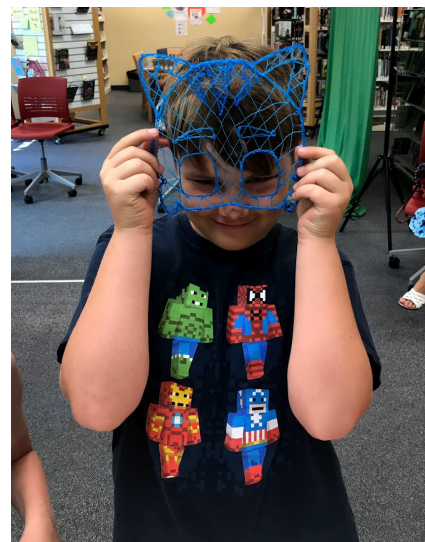
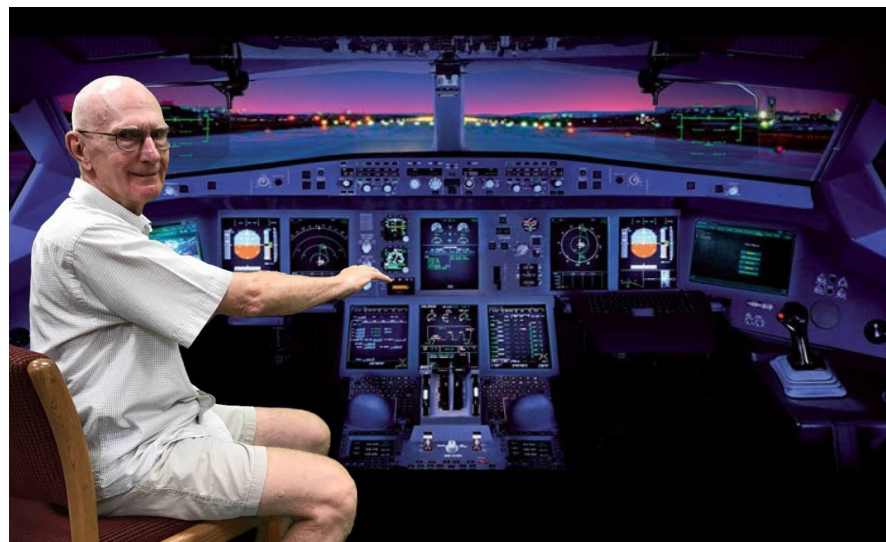
STAFF SHORTAGE OR VACANCY

Related to all of the staff moves above was the challenge of operating for much of the year with new staff, or with significant numbers of other staff away due to maternity leave, unfilled or slow to fill vacancies, or illness. This stretched the existing staff significantly and added additional pressures to try to continue to meet the needs of the public and move the ORL forward on our strategic directions.

CHANGING NEEDS OF OUR COMMUNITIES

The ORL is continuing to try to evolve to meet the diverse communities that we serve. Significant challenges we are adapting to included

- More visible Homeless and other diverse need population. A significant amount of training and attention was invested in educating staff as to how to deal with people of diverse needs and backgrounds.
- Security of our larger branches. We added full time security for our two largest branches to ensure the public and staff are and feel safe, and we did additional security training for staff in these and other branches
- Expansion of programming continued as can be seen from our statistics. This is continuing to grow for all ages and backgrounds, whereas until recently it was more narrowly focused to primarily children.



Chances / Opportunities

Finally, the Library continues to focus on chances.

Chances to follow our mission, which is connecting curious minds.

And our Vision of providing learning, innovation, creativity, and a connected community.

We know that we have not arrived, but we feel that during 2018 we continued, in spite of the change and challenges, to take great strides in the right direction. This happened through the focus and handwork of everybody connected to the ORL, and through the continuing strong support of our communities. We appreciate the past, and look forward to the future.

Thank you to everyone who donated or contributed time and/or resources in support of Okanagan Regional Library and your local branches of the ORL. Your contributions make a big difference.



Karla Kozakevich
Library Board Chair

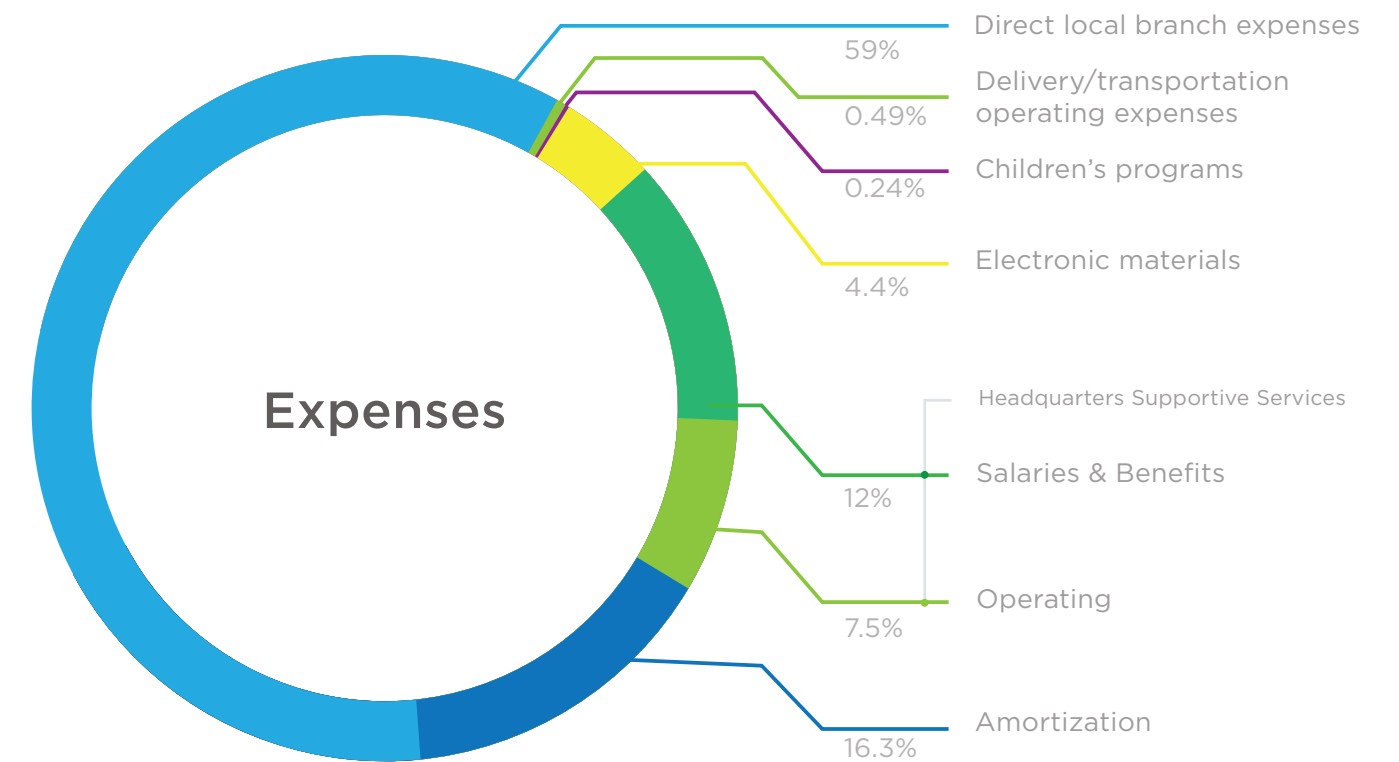
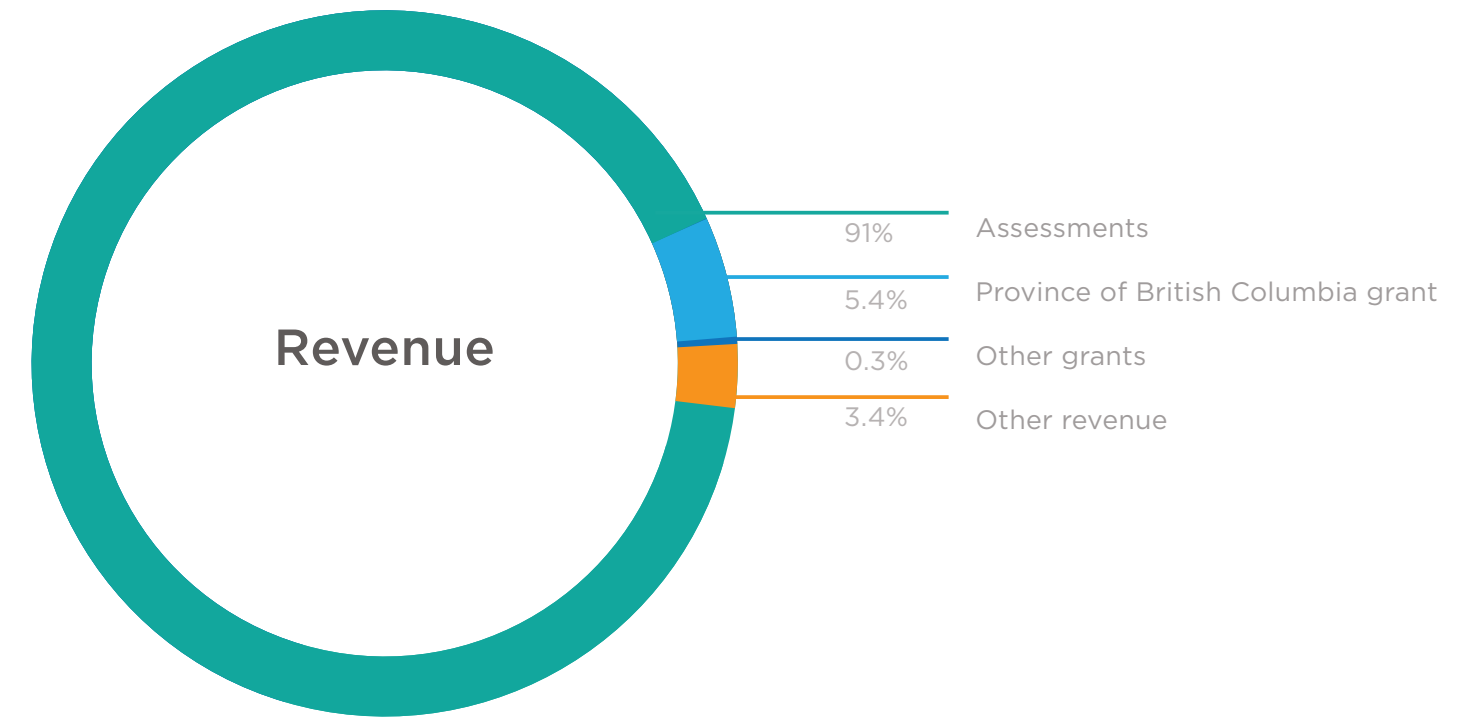


Don Nettleton
Chief Executive Officer

Statement of Operations

Okanagan Regional Library District Statement of Operations and Accumulated Surplus

For the year ended December 31	2018		2017
	Actual	Budget	Actual
Revenue			
Assessments (Schedule 2)	\$ 16,965,470	\$ 16,965,465	\$ 16,580,526
Province of British Columbia grant	1,008,062	1,008,808	1,008,026
Other grant revenue	56,162	83,500	40,479
Other revenue (Schedule 3)	626,649	428,327	565,507
	18,656,343	18,486,100	18,194,538
Expenses (Note 6)			
Amortization	2,903,885	-	2,684,976
Children's programs	44,032	19,333	41,925
Delivery/transportation Operating expenses	87,656	96,084	81,537
Direct local branch expenses (Schedule 4)	10,563,233	10,426,534	10,961,118
Electronic materials	787,801	790,000	779,691
Headquarters supportive services Salaries and benefits	2,138,929	2,632,526	2,270,771
Operating (Schedule 5)	1,335,215	1,818,656	1,342,317
Loss on disposal of tangible capital assets	-	-	40,789
	17,860,751	15,783,133	18,203,124
Annual surplus (deficit) (Note 9)	795,592	2,702,967	(8,586)
Accumulated surplus, beginning of year	18,955,407	18,955,407	18,963,993
Accumulated surplus, end of year	\$ 19,750,999	\$ 21,658,374	\$ 18,955,407



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



Serving 30 communities:

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



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