

**OKANAGAN REGIONAL  
LIBRARY DISTRICT  
Financial Statements  
For the year ended December 31, 2023**

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## Management's Responsibility for Financial Reporting

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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.

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Chairperson

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Chief Financial Officer

May 15, 2024



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BDO Canada LLP  
1631 Dickson Avenue  
Suite 500, Kelowna BC  
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## Independent Auditor's Report

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### 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, 2023, 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, 2023, 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 20 through 25 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.

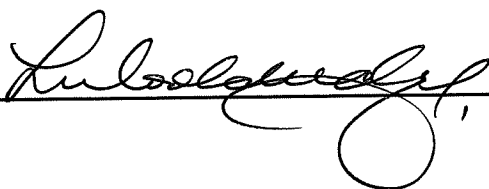
Chartered Professional Accountants

Kelowna, British Columbia  
May 15, 2024

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

<u>December 31</u>	<u>2023</u>	<u>2022</u>
<b>Financial assets</b>		
Cash (Note 1)	\$ 8,872,145	\$ 11,501,425
Accounts receivable	768,371	401,295
MFA debt reserve	235,000	215,000
	<u>9,875,516</u>	<u>12,117,720</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	2,578,844	3,239,778
Wages payable	261,502	245,007
Deferred revenue	25,049	35,339
Long-term debt (Note 2)	14,763,568	13,741,113
	<u>17,628,963</u>	<u>17,261,237</u>
<b>Net debt</b>	<u>(7,753,447)</u>	<u>(5,143,517)</u>
<b>Non-financial assets</b>		
Tangible capital assets (Note 3)	31,997,278	27,511,087
Prepaid expenses	379,003	199,193
	<u>32,376,281</u>	<u>27,710,280</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 24,622,834</u>	<u>\$ 22,566,763</u>

Approved on behalf of the Board:



Chairperson

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

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>			
Assessments (Schedule 2)	\$ 19,730,611	\$ 19,723,354	\$ 18,839,504
Province of British Columbia grant	2,548,783	1,008,000	1,009,411
Other grant revenue	32,317	192,780	221,630
Other revenue (Schedule 3)	1,224,665	611,174	737,531
	<u>23,536,376</u>	<u>21,535,308</u>	<u>20,808,076</u>
<b>Expenses (Note 6)</b>			
Amortization	2,291,717	-	2,279,287
Children's programs	29,916	31,542	35,310
Delivery/transportation operating	105,150	97,071	115,865
Direct local branch expenses (Schedule 4)	12,427,500	12,326,427	12,639,041
Electronic materials	1,672,143	1,685,608	1,651,733
Headquarters supportive services			
Salaries and benefits	3,006,840	2,836,706	2,683,207
Operating (Schedule 5)	1,947,039	1,517,483	1,690,469
	<u>21,480,305</u>	<u>18,494,837</u>	<u>21,094,912</u>
<b>Annual surplus (deficit) (Note 9)</b>	<b>2,056,071</b>	<b>3,040,471</b>	<b>(286,836)</b>
<b>Accumulated surplus, beginning of year</b>	<b>22,566,763</b>	<b>22,566,763</b>	<b>22,853,599</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 24,622,834</b>	<b>\$ 25,607,234</b>	<b>\$ 22,566,763</b>

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

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Annual surplus</b>	<b>\$ 2,056,071</b>	<b>\$ 3,040,471</b>	<b>\$ (286,836)</b>
Acquisition of tangible capital assets	(6,777,908)	-	(6,023,899)
Amortization of tangible capital assets	2,291,717	-	2,279,287
Gain (loss) on disposal of tangible capital assets	-	-	(62)
Increase (decrease) of prepaid expenses	(179,810)	-	(18,365)
<b>Change in net debt</b>	<b>(2,609,930)</b>	<b>3,040,471</b>	<b>(4,049,875)</b>
<b>Net debt, beginning of year</b>	<b>(5,143,517)</b>	<b>(5,143,517)</b>	<b>(1,093,642)</b>
<b>Net debt, end of year</b>	<b>\$ (7,753,447)</b>	<b>\$ (2,103,046)</b>	<b>\$ (5,143,517)</b>

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

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows provided by (used in) operating activities</b>		
Cash receipts from assessments, grants, and other revenue	\$ 22,681,958	\$ 18,246,668
Cash paid to employees and suppliers	(19,519,037)	(13,368,886)
Interest received	477,052	216,419
Interest paid	(493,800)	(393,000)
	<u>3,146,173</u>	<u>4,701,201</u>
<b>Cash flows provided by (used in) capital activities</b>		
Acquisition of tangible capital assets	<u>(6,777,908)</u>	<u>(6,023,899)</u>
<b>Cash flows provided by (used in) financing activities</b>		
Proceeds from issuance of long-term debt	2,000,000	
6,000,000		
Repayment of long-term debt	(977,545)	(811,228)
Increase in MFA debt reserve fund	<u>(20,000)</u>	<u>(60,000)</u>
	<u>1,002,455</u>	<u>5,128,772</u>
<b>Increase (decrease) in cash during the year</b>	<b>(2,629,280)</b>	<b>3,806,074</b>
<b>Cash, beginning of year</b>	<u><b>11,501,425</b></u>	<u><b>7,695,351</b></u>
<b>Cash, end of year</b>	<u><b>\$ 8,872,145</b></u>	<u><b>\$ 11,501,425</b></u>

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



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## Okanagan Regional Library District Summary of Significant Accounting Policies

December 31, 2023

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**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 15 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.

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## Okanagan Regional Library District Summary of Significant Accounting Policies

December 31, 2023

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**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** Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

## Okanagan Regional Library District Notes to Financial Statements

**December 31, 2023**

### 1. Cash

Cash is held in a financial institution earning interest at an average rate of 5.07% (2022 - 2.40%) 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.

The Regional District of the Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1236, 2021) to borrow \$6,000,000 from the Municipal Finance Authority on behalf of the Library District for the construction of a new library branch in the City of West Kelowna.

The Regional District of the Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1478, 2023) to borrow \$2,000,000 from the Municipal Finance Authority on behalf of the Library District.

	<u>2023</u>	<u>2022</u>
Debt payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$65,250 and annual principal payments of \$151,118, interest rate at 2.90%, due November 20, 2028.	\$ 1,474,078	\$ 1,735,765
Debt payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$80,850 and annual principal payments of \$404,379, interest rate at 4.20%, due April 4, 2031.	5,426,156	6,005,348
Debt payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$100,800 and annual principal payments of \$136,666, interest rate at 1.68%, due April 8, 2052.	5,863,334	6,000,000
Debt payable to the Municipal Finance Authority of British Columbia, with semi annual interest payments of \$49,700 and annual principal payments of \$37,485, interest rate at 4.97%, due October 12, 2053.	2,000,000	-
	<u>\$ 14,763,568</u>	<u>\$ 13,741,113</u>

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

**December 31, 2023**

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**2. Long-Term Debt (continued)**

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

2024	\$ 729,647
2025	729,647
2026	729,647
2027	729,647
2028	729,647
Thereafter	<u>5,430,234</u>
	\$ 9,078,469
Add: Actuarial additions until maturity	<u>5,685,099</u>
	<u>\$ 14,763,568</u>

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

**December 31, 2023**

**3. Tangible Capital Assets**

**2023**

	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 983,134	\$ 25,261,154	\$ 182,585	\$ 1,788,299	\$ 2,777,759	\$ 1,913,671	\$ 787,515	\$ 11,429,024	\$ 45,123,141
Additions	-	4,924,080	-	242,034	303,196	108,346	47,134	1,153,118	6,777,908
Disposals	-	-	-	(40,082)	(2,730)	(13,194)	(2,220)	(1,176,215)	(1,234,441)
Cost, end of year	\$ 983,134	\$ 30,185,234	\$ 182,585	\$ 1,990,251	\$ 3,078,225	\$ 2,008,823	\$ 832,429	\$ 11,405,927	\$ 50,666,608
Accumulated amortization, beginning of year	\$ -	\$ 5,095,850	\$ 100,247	\$ 1,013,054	\$ 1,458,736	\$ 903,151	\$ 569,580	\$ 8,471,436	\$ 17,612,054
Amortization	-	389,589	16,467	244,299	76,956	56,164	39,427	1,468,815	2,291,717
Disposals	-	-	-	(40,082)	(2,730)	(13,194)	(2,220)	(1,176,215)	(1,234,441)
Accumulated amortization, end of year	\$ -	\$ 5,485,439	\$ 116,714	\$ 1,217,271	\$ 1,532,962	\$ 946,121	\$ 606,787	\$ 8,764,036	\$ 18,669,330
Net carrying amount, end of year	\$ 983,134	\$24,699,795	\$ 65,871	\$ 772,980	\$ 1,545,263	\$ 1,062,702	\$ 225,642	\$ 2,641,891	\$ 31,997,278

The net book value of tangible capital assets not being amortized because they are under construction (included in buildings) is \$9,509,448 (2022 - \$4,440,665).

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

**December 31, 2023**

**3. Tangible Capital Assets (continued)**

**2022**

	Land	Buildings	Vehicles	Computer Equipment	Shelving	Carts, Tables & Chairs	Electronics & Miscellaneous	Book Inventory	Total
Cost, beginning of year	\$ 983,134	\$ 20,820,489	\$ 182,585	\$ 1,608,443	\$ 2,747,699	\$ 1,821,309	\$ 783,767	\$ 11,529,649	\$ 40,477,075
Additions	-	4,440,665	-	299,619	32,828	101,927	6,977	1,141,883	6,023,899
Disposals	-	-	-	(119,763)	(2,768)	(9,565)	(3,229)	(1,242,508)	(1,377,833)
Cost, end of year	\$ 983,134	\$ 25,261,154	\$ 182,585	\$ 1,788,299	\$ 2,777,759	\$ 1,913,671	\$ 787,515	\$ 11,429,024	\$ 45,123,141
Accumulated amortization, beginning of year	\$ -	\$ 4,692,654	\$ 79,663	\$ 914,324	\$ 1,392,060	\$ 859,194	\$ 534,920	\$ 8,237,847	\$ 16,710,662
Amortization	-	403,196	20,584	218,493	69,444	53,522	37,889	1,476,159	2,279,287
Disposals	-	-	-	(119,763)	(2,768)	(9,565)	(3,229)	(1,242,570)	(1,377,895)
Accumulated amortization, end of year	\$ -	\$ 5,095,850	\$ 100,247	\$ 1,013,054	\$ 1,458,736	\$ 903,151	\$ 569,580	\$ 8,471,436	\$ 17,612,054
Net carrying amount, end of year	\$ 983,134	\$ 20,165,304	\$ 82,338	\$ 775,245	\$ 1,319,023	\$ 1,010,520	\$ 217,935	\$ 2,957,588	\$ 27,511,087

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

**December 31, 2023**

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**4. Accumulated Surplus**

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

	<u>2023</u>	<u>2022</u>
Financial equity		
General fund (Schedule 1)	\$ -	\$ 1,601,126
Equity in tangible capital assets (Note 5)	17,468,837	13,985,101
Reserve funds (Schedule 6)	7,153,997	6,980,536
	<u>\$ 24,622,834</u>	<u>\$ 22,566,763</u>

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.

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**5. Equity in Tangible Capital Assets**

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 13,985,101	\$ 15,369,261
Add:		
Contribution for long-term debt reduction	977,545	811,228
Contribution for tangible capital assets	6,777,908	6,023,899
Contribution from reserve funds	20,000	60,000
Deduct:		
Amortization	(2,291,717)	(2,279,287)
Increase in debt	(2,000,000)	(6,000,000)
Balance, end of year	<u>\$ 17,468,837</u>	<u>\$ 13,985,101</u>

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

**December 31, 2023**

**6. Expenses by Object**

	2023	2023	2022
	Actual	Budget	Actual
Advertising and marketing	\$ 123,563	\$ 83,593	\$ 147,448
Amortization	2,291,717	-	2,279,287
Association dues and memberships	14,078	20,361	15,208
Board and committee expenses	13,390	20,141	4,364
Board strategic planning	63,910	-	20,000
Book binding and mending	2,768	21,887	10,776
Collection agency	354	9,566	(602)
Communications	91,577	80,752	82,158
Computer maintenance and telecommunications*	730,781	529,363	505,763
Electronic materials	1,672,143	1,685,608	1,651,733
Insurance	60,782	58,470	62,626
Interest, bank charges and foreign exchange	12,868	11,500	(4,580)
Long term debt interest	493,800	397,050	393,000
Maintenance and utilities	2,023,051	1,916,890	2,766,749
Penticton library contract	42,020	48,328	36,740
Postage and freight	48,274	65,411	47,995
Professional fees	117,866	87,714	84,251
Programs	113,853	148,491	73,897
Rent	1,845,012	1,840,015	1,965,740
Staff development	239,060	268,813	245,676
Sundry	-	-	2,266
Supplies**	278,625	139,400	272,141
Transportation	135,402	139,401	133,959
Wages and benefits	11,065,411	10,922,083	10,298,317
	<u>\$ 21,480,305</u>	<u>\$ 18,494,837</u>	<u>\$ 21,094,912</u>

\* Computer maintenance and telecommunications contains \$300,922 of IT costs that were completed using funds transferred from reserves for these projects. See Note 9 for further information on budgeted figures.

\*\* Supplies contains \$7,188 of expenses transferred from reserves. See Note 9 for further information on budgeted figures.

**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 0.3%. At December 31, 2023, the Library District had drawn \$Nil (2022 - \$Nil) on this agreement.



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## Okanagan Regional Library District Notes to Financial Statements

December 31, 2023

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### 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, 2021, the Plan has about 240,000 active members and approximately 124,000 retired members. Active members include approximately 42,000 contributors from local governments.

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, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Library District paid \$641,857 (2022 - \$608,715) for employer contributions to the Plan in fiscal 2023.

The next valuation will be as at December 31, 2024, with results available in late 2025.

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.

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

**December 31, 2023**

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**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>2023</u>
Budget surplus (deficit) for the year as per board budget	\$ -
Add:	
Transfers to reserve funds budgeted for in expenses	688,933
Transfers to tangible capital assets budgeted for in expenses - books and material	1,889,720
Long-term debt reduction - principal	<u>1,087,825</u>
	3,666,478
Less:	
Transfers from reserve funds budgeted for in expenses	<u>(626,007)</u>
Budget surplus per statement of operations and accumulated surplus	<u>\$ 3,040,471</u>

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**10. Financial Instrument Risk**

General objectives, policies, and processes

The Library District is exposed to credit risk, liquidity risk, and interest rate risk from its financial instruments. This note describes the Library District's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Library District is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the Library District's receivables are normally from government entities which minimizes the risk of non-collection. The Library District also makes sure it meets all eligibility criteria for the amounts to ensure they will collect the amounts outstanding. The Library District's maximum exposure to credit risk at the financial statement date is the carrying value of its accounts receivable as presented on the statement of financial position.

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

**December 31, 2023**

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**10. Financial Instrument Risk (continued)**

Liquidity Risk

Liquidity risk is the risk that the Library District will not be able to meet its financial obligations as they fall due. The Library District has a planning and budgeting process in place to help determine the funds required to support the Library District's normal operating requirements on an ongoing basis. The Library District ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. The Library District's maximum liquidity exposure at the financial statement date is the carrying value of accounts payable and accrued liabilities, and long-term debt as presented on the statement of financial position.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of the changes in market interest rates. The Library District is exposed to interest rate risk through its long-term debt.

The Library District manages interest rate risk on its long-term debt by holding debenture debt through Municipal Finance Authority with fixed rates. Therefore fluctuations in market interest rates would not impact future cash flows and operations related to long-term debt. See Note 2 for interest rates and maturity rates for all long-term debt.

There have been no significant changes from the previous year in the exposure to risk, policies or procedures used to manage financial instrument risks

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**11. Comparative Figures**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenue</b>			
Assessments (Schedule 2)	\$ 19,730,611	\$ 19,723,354	\$ 18,839,504
Province of British Columbia	2,548,783	1,008,000	1,009,411
Other grant revenue	32,317	192,780	221,630
Other revenue (Schedule 3)	1,224,665	611,174	737,531
Branch building and furnishing funding	1,980,000	-	5,940,000
	<u>25,516,376</u>	<u>21,535,308</u>	<u>26,748,076</u>
<b>Expenses</b>			
Children's programs	29,916	31,542	35,310
Delivery/transportation operating	105,150	97,071	115,865
Direct local branch expenses (Schedule 4)	12,427,500	12,326,427	12,639,041
Electronic materials	1,672,143	1,685,608	1,651,733
Headquarters supportive services			
Salaries and benefits	3,006,840	2,836,706	2,683,207
Operating (Schedule 5)	1,947,039	1,517,483	1,690,469
	<u>19,188,588</u>	<u>18,494,837</u>	<u>18,815,625</u>
<b>Excess of revenues over expenses</b>	<b>6,327,788</b>	<b>3,040,471</b>	<b>7,932,451</b>
<b>Net interfund transfers:</b>			
Net contributions to tangible capital fund			
For long-term debt reduction	(977,545)	(1,087,825)	(811,228)
For tangible capital assets	(6,777,908)	(1,889,720)	(6,023,899)
Contribution from reserve fund (Schedule 6)			
Branch furnishings	245,692	165,000	141,990
Building maintenance (owned)	9,787	30,000	-
Building maintenance (non-owned)	76,746	50,000	952,840
Capital Building Project	1,359,456	-	729,582
Donation	369,580	-	136,085
Provincial Enhancement Grant	90,482	-	-
Staff appreciation and development	1,588	-	339
Strategic planning	63,910	-	20,000
Technology & software	304,753	341,007	275,609
Vehicle replacement	-	40,000	-
Contributions to reserve funds (Schedule 6)			
Branch furnishings	(200,218)	(145,000)	(145,879)
Building maintenance (owned)	(69,787)	(60,000)	(60,000)
Building maintenance (non-owned)	(32,000)	(32,000)	(925,582)
Capital building project	(2,111)	(114,000)	-
Donation	(365,710)	-	(218,039)
Materials	(128,530)	-	-
Provincial Enhancement Grant	(1,505,872)	-	-
Staff appreciation and development	(1,625)	(1,500)	(1,500)
Strategic planning	-	-	(72,000)
Technology & software	(364,177)	(311,008)	(311,970)
Vehicle replacement	(25,425)	(25,425)	(25,426)
	<u>(7,928,914)</u>	<u>(3,040,471)</u>	<u>(6,339,078)</u>
<b>Change in fund balance</b>	<b>(1,601,126)</b>	<b>-</b>	<b>1,593,373</b>
<b>Surplus, beginning of year</b>	<b>1,601,126</b>	<b>-</b>	<b>7,753</b>
<b>Surplus (deficit), end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,601,126</b>

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
<b>Municipalities</b>			
Armstrong	\$ 208,248	\$ 208,248	\$ 199,614
Coldstream	504,202	504,202	483,524
Enderby	115,496	115,505	111,713
Golden and Area	335,383	335,383	335,517
Kelowna	7,325,187	7,325,187	7,044,023
Keremeos	65,071	64,137	58,756
Lake Country	770,753	770,753	723,274
Lumby	77,511	77,511	75,602
Oliver	221,465	221,465	216,332
Osoyoos	283,309	283,309	271,014
Peachland	288,393	288,393	265,993
Princeton	137,204	136,745	132,188
Revelstoke	404,029	404,029	395,328
Salmon Arm	802,766	802,766	766,363
Sicamous	164,885	164,419	158,162
Spallumcheen	227,819	227,819	222,990
Summerland	555,685	555,685	526,161
Vernon	1,983,344	1,982,807	1,908,964
West Kelowna	1,755,374	1,755,374	1,636,180
	<b>16,226,124</b>	<b>16,223,737</b>	<b>15,531,698</b>
<b>First Nation Members</b>			
Westbank First Nation	477,359	477,359	452,133
	<b>16,703,483</b>	<b>16,701,096</b>	<b>15,983,831</b>
<b>Regional Districts</b>			
Central Okanagan	336,033	336,033	316,605
Columbia - Shuswap	935,341	935,341	876,472
North Okanagan	838,265	833,395	790,423
Okanagan - Similkameen	917,489	917,489	872,173
	<b>3,027,128</b>	<b>3,022,258</b>	<b>2,855,673</b>
	<b>\$ 19,730,611</b>	<b>\$ 19,723,354</b>	<b>\$ 18,839,504</b>

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
Actuarial earnings	\$ 285,382	\$ 309,843	\$ 255,731
Bank interest	477,052	35,000	216,419
Book bag revenue	809	1,630	1,010
Copying and printing	41,045	39,525	23,809
Donation revenue	152,721	-	197,519
Fines, damaged and lost books	14,657	202,500	28,676
Interdepartment rent	647,376	761,946	647,376
Meeting room rental	10,152	19,207	3,483
Non resident charges	1,875	2,720	1,420
Sundry	240,972	749	9,464
<b>Total before adjustment</b>	<b>1,872,041</b>	<b>1,373,120</b>	<b>1,384,907</b>
<b>Interdepartment rent</b>	<b>(647,376)</b>	<b>(761,946)</b>	<b>(647,376)</b>
<b>Total</b>	<b>\$ 1,224,665</b>	<b>\$ 611,174</b>	<b>\$ 737,531</b>

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

For the year ended December 31

Branch	Salaries & Benefits	Building	Other	2023 Total	2023 Budget	2022 Total
Armstrong	\$ 184,862	\$ 69,159	\$ 634	\$ 254,655	\$ 226,888	\$ 242,903
Book Deposits	-	-	5,250	5,250	3,200	3,190
Cherryville	26,884	14,681	6,399	47,964	44,063	46,584
Enderby	146,711	77,402	4,136	228,249	205,599	210,335
Falkland	58,818	22,596	2,118	83,532	79,527	70,975
Golden	140,604	73,352	25,475	239,431	237,276	222,711
Hedley	17,316	1,686	-	19,002	21,028	21,187
Kaleden	77,761	14,083	3,542	95,386	76,314	87,549
Kelowna						
Downtown	1,267,122	1,008,881	27,258	2,303,261	2,359,172	2,183,455
Mission	513,878	256,355	5,174	775,407	755,901	1,030,170
Rutland	497,334	324,864	9,797	831,995	844,269	840,757
Keremeos	135,822	41,679	2,332	179,833	168,972	159,360
Lake Country						
Central	252,287	106,242	1,790	360,319	342,561	337,839
Oyama	3,203	515	-	3,718	48,985	519
Lumby	152,769	22,732	3,283	178,784	140,686	138,928
Naramata	57,267	27,969	386	85,622	75,658	68,292
North Shuswap	47,646	22,954	3,810	74,410	101,184	94,222
Okanagan Falls	79,871	50,634	5,252	135,757	132,498	131,071
Oliver	179,303	112,530	153	291,986	285,102	297,071
Osoyoos	172,355	52,865	2,595	227,815	224,520	211,406
Peachland	137,757	74,262	1,048	213,067	195,258	193,707
Princeton	66,213	32,627	2,406	101,246	110,912	94,255
Revelstoke	180,509	50,349	20,810	251,668	243,756	267,418
Salmon Arm	526,886	290,187	3,106	820,179	798,731	764,454
Sicamous	105,662	51,833	2,497	159,992	178,047	169,225
Silver Creek	26,560	14,218	2,069	42,847	40,761	45,794
South Shuswap	157,290	58,224	3,568	219,082	214,238	208,644
Summerland	215,471	194,523	1,384	411,378	463,167	414,728
Vernon	1,333,587	775,672	11,247	2,120,506	1,997,949	2,592,037
West Kelowna & Learning Lab	591,719	390,949	12,559	995,227	1,078,537	897,745
Branch shared expenses	793,086	-	160,778	953,864	631,668	1,078,273
Total before adjustment	8,146,553	4,234,023	330,856	12,711,432	12,326,427	13,124,804
Interdepartment rent net of interest costs	-	(283,932)	-	(283,932)	-	(485,763)
Total	\$ 8,146,553	\$3,950,091	\$ 330,856	\$12,427,500	\$12,326,427	\$12,639,041

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

<b>For the year ended December 31</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
Advertising and marketing	\$ 123,516	\$ 81,533	\$ 146,385
Association dues and membership	14,080	20,361	15,207
Binding and mending	2,768	21,887	10,776
Board and committee expenses	13,390	20,141	4,364
Board strategic plan	69,519	-	20,000
Communications	47,606	61,957	43,438
Computer maintenance and telecommunications	810,800	596,563	540,111
Insurance	60,782	58,470	62,626
Interest, bank charges and foreign exchange	12,868	11,500	(4,580)
Interest on long-term debt	130,500	65,250	231,300
Maintenance and utilities	263,471	185,679	285,018
Moving, storage and rent	-	20,561	-
Penticton library contract	42,020	48,328	36,740
Postage and freight	10,441	23,534	7,971
Professional fees	117,866	87,714	84,251
Sundry	354	9,566	1,664
Supplies	71,848	37,510	54,556
Staff development	145,468	134,391	142,621
Transportation	9,742	32,538	8,021
<b>Total</b>	<b>\$ 1,947,039</b>	<b>\$ 1,517,483</b>	<b>\$ 1,690,469</b>



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

**For the year ended December 31**

	2022	Contributions	Expenses	Transfers	2023
Branch furnishings	\$ 658,402	\$ 200,218	\$ (245,692)	\$ -	\$ 612,928
Building maintenance (owned)	596,697	69,787	(9,787)	-	656,697
Building maintenance (non-owned)	357,995	32,000	(76,746)	-	313,249
Capital building projects	2,843,033	2,111	(1,362,723)	-	1,482,421
Donation	881,352	369,197	(369,580)	-	880,969
Integrated Library Systems (ILS)	170,221	-	-	-	170,221
Materials	(36,846)	128,530	-	-	91,684
Provincial Enhancement Grant	-	1,505,872	(90,482)	-	1,415,390
Rent stabilization	82,729	-	-	-	82,729
Staff development	95,981	-	-	-	95,981
Staff appreciation	15,850	1,625	(1,588)	-	15,887
Strategic planning	627,330	-	(63,910)	-	563,420
Technology & software	663,468	364,177	(304,973)	-	722,672
Vehicle replacement	24,324	25,425	-	-	49,749
<b>Total</b>	<b>\$ 6,980,536</b>	<b>\$ 2,698,942</b>	<b>\$ (2,525,481)</b>	<b>\$ -</b>	<b>\$ 7,153,997</b>