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**Report to / Rapport au:**

**Ottawa Public Library Board  
Conseil d'administration de la Bibliothèque publique d'Ottawa**

**May 9, 2023 / 9 mai 2023**

**Submitted by / Soumis par:**

**Sonia Bebbington, Chief Librarian and Chief Executive Officer / Bibliothécaire en  
chef et Directrice générale**

*Contact Person / Personne ressource:*

*Anna Basile, Division Manager, Corporate Services / Directrice, Services  
organisationnels*

*(613) 580-2424 x32335, Anna.Basile@BiblioOttawaLibrary.ca*

**File Number: OPLB-2023-0509-10.2**

**SUBJECT: First Quarter 2023 Financial Status Report**

**OBJET: Rapport financier du 1<sup>re</sup> trimestre 2023**

## **REPORT RECOMMENDATIONS**

**That the Ottawa Public Library Board:**

- 1. Receive this report for information;**
- 2. Approve the closing of the accounts as per the Works in Progress (WIP) Capital Review, including the adjustments of \$13,849 to be deducted from the Library Reserves, as further described in this report; and,**
- 3. Direct staff to work with the City's Financial Services Unit to forward Appendix F – 2023 Works in Progress (WIP) Capital Review to Ottawa City Council, for consideration as part of a report through the City's Finance and Corporate Services Committee.**

## RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique (BPO) d'Ottawa :

1. **Prene connaissance du présent rapport à titre d'information;**
2. **Approuve la clôture des comptes conformément à l'examen du capital des travaux en cours, y compris l'ajustement de 13 849 \$ à retirer des réserves, tel que décrit plus en détail dans le rapport; et**
3. **Demande au personnel de collaborer avec l'Unité des services financiers de la Ville pour transmettre l'annexe F - Examen des immobilisations liées aux travaux en cours (TEC) de 2023 au Conseil municipal d'Ottawa, pour examen dans le cadre d'un rapport du Comité des finances et des services organisationnels de la Ville.**

## BACKGROUND

In keeping with the *Public Libraries Act, RSO 1990, c.P.44* ("the Act"), the Ottawa Public Library ("OPL" or "the Library") Board ("the Board" or "OPLB") Policy 010 OPLB CEO Reporting and Board Monitoring ("the CEO Reporting and Board Monitoring Policy"), requires the Chief Librarian / Chief Executive Officer to report on a variety of subjects so that the Board may effectively perform its monitoring role. Trustees' attention primarily focuses on the long-term needs and goals for the library.

With respect to financial reporting, operating and capital status reports are prepared each quarter representing actual year-to-date cumulative revenues and expenditures against the amounts budgeted for the corresponding quarter.

The purpose of this report is to present the first quarter operating and capital results for the 2023 fiscal year. This report also includes summary actions resulting from the Works In Progress (WIP) capital account review for 2023. The WIP process is an annual review undertaken in the first quarter of the fiscal year to ensure capital projects are accurately maintained, and appropriate actions are taken to close or extend projects based on their status.

## DISCUSSION

At the end of the first quarter, March 31, 2023, or 25 percent of the year, OPL gross expenditures are at 25.9 percent; 0.9 percent more than the calendarized budget. Total revenues are at 8.5 percent; 16.5 percent less than budget. Overall, the net operating budget as at March 31, 2023 is 26.4 percent or 1.4 percent over the first quarter calendarized target.

The following sections provide explanatory notes for each of the appended financial reports.

### 1. Appendix A – 2023 Q1 Operating Financial Report

- a. At the end of the first quarter, the Library's total gross revenues are under budget at 8.5 percent or \$178,135. While under budget, this result is 3.4 percent more than the same period in 2022 (5.1 percent). Meeting room rentals achieved less than planned for the first quarter at 15.9 percent or \$54,105. Unplanned donation revenues however contributed \$18,997 with miscellaneous revenue exceeding planned revenues at 73.4 percent or \$22,645. Combined library fines and fees also achieved more than planned revenues at \$96,239 as at the end of March 2023. Receipt of the Provincial Operating Grant is anticipated in Q4 2023 and will have a positive impact on the percentage of revenues collected when compared to the 2023 budget plan.
- b. At the end of the first quarter, the Library's total gross expenditures are at 25.9 percent of the planned budget. For the same period in 2022, gross expenditures were at 21.4 percent.
- c. At the end of the first quarter, the net operating budget or total net expenditures are at 26.4 percent or 2.5 percent more than the same period in 2022. In year-to-year comparisons, expenses in this category are concentrated at the beginning of each fiscal year in order to streamline the management of maintenance contracts for business systems, equipment, and virtual services platforms. This practice provides for better coordination of services, cleaner fiscal transactions, and normalizes the

effective terms of contractual agreements. This is a consistent result when compared to the same quarter in previous operating environments.

## **2. Appendix B – 2023 Q1 External Funds Report**

Total revenue received from external sources at the end of the first quarter and including 2022 unspent funds is \$749,101. Expenditures were \$23,717, leaving an available balance of \$725,385. The breakdown of external revenue sources is as follows: \$497,232 from the Friends of the Ottawa Public Library Association (FOPLA); \$20,391 from general donations; \$47,459 from the Sun Life Musical Instrument Lending Library (MILL); and \$184,019 from the Ottawa Community Foundation (OCF). Funds were used to directly support facility improvements, expand the library collection, and fund programs for children, older adults, and newcomers to Canada.

## **3. Appendix C – 2023 Q1 Trust Funds Report**

- a. On behalf of OPL, the City holds and manages 16 trust funds of varying value. Eight of the trust funds are invested principle amounts from which OPL can spend interest revenue. The remaining funds also earn interest and are the result of fund development activities, with the account balances entirely available to spend. In total, OPL trust funds managed by the City generated \$144,272 in interest and revenue during the first quarter of 2023. At the end of the first quarter, March 31, 2023, OPL has a balance of \$1,044,746 available to spend.
- b. The Ottawa Community Foundation (OCF) manages ten trust funds for OPL. For eight of these trust funds, OCF provides interest revenue to OPL on an annual basis to support library needs including library materials, furniture, age-specific programming, and programming for newcomers to Canada residing in Ottawa. For one specific trust fund to Ottawa Central Library (OCL) OPL Campaign Fund, established in December 2022, contributions are held in trust for three years. At maturity, the total amount of principle capital is available for expenditure. In total, at the end of the first quarter there is a balance of \$184,019 available to spend in 2023.

#### **4. Appendix D – 2023 Q1 Library Board Operating Report**

At the end of the first quarter, the Board's operating budget is 5.5 percent spent. Catering and miscellaneous supplies are overspent as a result of the process for onboarding 2023 trustees, as per Board Policy 003 OPLB Trustee Orientation. Additionally, remote work and hybrid (in-person and virtual) board meetings have significantly reduced office supply costs, local transportation, and subsequent parking expenses. In 2022, Board expenditures were at 4.6 percent.

#### **5. Appendix E – 2023 Q1 Capital Status Report**

Attached in Appendix E is the report on capital status as at the end of Q1 2023. Remaining capital balances are at \$25.737M including capital growth projects for facilities and library materials. One capital account, the Rosemount branch revitalization project is overspent, resulting in a net deficit balance (-\$19,850) at project closure. Further information regarding the closure and net deficit balance follows in the Works In Progress (WIP) review of Capital accounts (Appendix F).

#### **6. Appendix F – 2023 Q1 Capital Works in Progress Report**

Each year, all capital accounts are reviewed based on their financial status and their anticipated year of closure. This process is referred to as the Works In Progress (WIP) review and is undertaken as a best practice in the stewardship of capital accounts. There are three potential actions that can be taken through the WIP process: close the account, change (extend) the closing year of an account, or close the account with comments (special instructions).

Appendix F – Capital Works In Progress Report does not take into consideration the revenue a capital account can generate. Revenue is reported in the Capital Status Report (see Appendix E) and is applied to the remaining capital status balance. As a result, the Rosemount branch revitalization total net deficit at project close combines the remaining account balance (-\$87,549, as per Appendix F) and revenues (\$67,700 as per Appendix E) resulting in a net deficit balance of -\$19,850.

The recommended actions to Council as a result of the 2023 WIP review are to close three capital accounts totaling -\$13,850 and to extend the closing year of five capital orders as these original dates were not met due to supply-chain and procurement delays. The remaining balance or deficit of a closed capital order is balanced through the original funding source of the capital order. In total, the net effect on the Library Reserve account after considering revenues for the Rosemount Capital order, will be a deduction of \$13,850. Appendix F details the requested actions.

## **CONSULTATION**

The development of this report required consultation with the City's Financial Services Unit to ascertain relevant reserve balances and to receive all financial appendixes required for financial reporting.

## **ACCESSIBILITY IMPACTS**

Ottawa Public Library complies with the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations. There are no accessibility impacts associated with this report.

## **BOARD PRIORITIES**

This report aligns with OPL Board Policy OPLB-0010 CEO Reporting and Board Monitoring, falls within the Board core value of integrity, and is a fundamental citizen expectation of good governance and stewardship of public funds.

## **BUSINESS ANALYSIS IMPLICATIONS**

There are no business analysis considerations associated with this report.

## **FINANCIAL IMPLICATIONS**

The financial implications of this report are associated with the recommendations explained in Section 6 and noted in Appendix F of this report, which state that the Library Reserve balance will be reduced by \$13,849.

## **LEGAL IMPLICATIONS**

There are no legal impediments to implementing the recommendations in this report.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **TECHNOLOGY IMPLICATIONS**

There are no technology implications associated with this report.

## **SUPPORTING DOCUMENTATION**

Appendix A – 2023 Q1 Operating Financial Report

Appendix B – 2023 Q1 External Funds Report

Appendix C – 2023 Q1 Trust Funds Report

Appendix D – 2023 Q1 Library Board Operating Report

Appendix E – 2023 Q1 Capital Status Report

Appendix F – 2023 Q1 Capital Works in Progress Report

## **DISPOSITION**

City Council will receive the Library WIP capital recommendations as part of the consolidated list of capital closures and the consolidated list of capital account date changes in June 2023. The recommendations of the Board are subject to further review at the Finance and Corporate Services Committee prior to the Council meeting date. Any changes will be reported to the Board via memo.

The next quarterly financial status report will be brought forward to the Board in September 2023 for information purposes. The report will encompass the financial results from April through June 2023.