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Report to / Rapport au:

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

September 12, 2023 / 12 septembre 2023

Submitted by / Soumis par:

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File Number: OPLB-2023-0912-10.4

SUBJECT: Second Quarter 2023 Financial Status Report

OBJET: Rapport financier du 2e trimestre 2023

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2023 second quarter financial reports.

RECOMMANDATION DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa prenne connaissance des rapports financiers du 2e trimestre de 2023.

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 Executive Officer (CEO) 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 second quarter operating and capital results for the 2023 fiscal year.

DISCUSSION

At the end of the second quarter, June 30, 2023, or 50 percent of the year, OPL total expenditures are at 49.2 percent; 0.8 percent less than the calendarized budget. Total revenues are at 13.2 percent; 36.8 percent less than budget. Overall, the net operating budget as at June 30, 2023 is 50.3 percent or 0.3 percent over the second quarter calendarized target.

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

1. Appendix A – 2023 Q2 Operating Financial Report

- a. At the end of the second quarter, Library total gross revenue is under budget at 13.2 percent or \$230,963. While under budget, this result is 2.3 percent more than the same period in 2022 (10.9 percent). Facility rentals (meeting rooms) achieved less than calendarized planned revenues for the second quarter sitting at 32.2 percent or \$43,628 under budget. Unplanned donation revenues have contributed \$19,538 with miscellaneous revenue exceeding plan at 88.7 percent, or \$27,356. Library fees achieved more than planned revenues at \$163,337 as at the end of June 2023. Receipt of the Provincial Library Operating Grant (PLOG) anticipated in Q4 2023, will have a profound impact on the percentage of revenues collected when compared to the 2023 budget plan.
- b. At the end of the second quarter, the Library's total gross expenditures are at 49.2 percent of the planned budget. For the same period in 2022, gross expenditures were at 46.1 percent.

- c. The net operating budget or total net expenditures are at 50.3 percent of the planned budget. For the same period in 2022, net expenditures were at 47.2 percent. Purchased services and equipment services and maintenance budgets have been spent at a faster rate than a calendarized target allows and are the cause of the 0.3 percent overage as at the end of June 2023. This is a consistent result when compared to the same quarter in previous operating environments prior to the 2020 pandemic.

2. Appendix B – 2023 Q2 Year-End Forecast Report

The forecast report as of the end of the second quarter 2023 projects a surplus of \$576,502.

- a. Based on results through the second quarter, total gross expenditures are forecasted to be underspent by less than one percent at \$521,435. The majority of the surplus is anticipated from underspending of salaries and benefits with smaller surplus contributions from other categories. As in 2022, expenditures for circulating library materials are expected to be fully expended by the end of 2023.
- b. After the second quarter, revenues are forecasted to exceed expectations by 3.1 percent at year-end after the receipt of the annual Provincial Operating Grant.
- c. Total Net Budget is forecasted at year-end to be in a surplus of 1 percent or \$576,435 after applying the impacts of anticipated revenue surplus and expenditures underspending.

3. Appendix C – 2023 Q2 External Funds Reports

Total revenue received from external sources as at the end of the second quarter and including all unspent funds is \$984,483. Total expenditures were \$92,900, leaving an available balance of \$891,583. The breakdown of external revenue sources is as follows: \$520,136 from the Friends of the Ottawa Public Library Association (FOPLA); \$144,947 from general donations (Note: this

amount is overstated due to incorrect assignment of United Way donations in the amount of \$87K intended for City departments. The error will be corrected prior to the end of Q4 2023); \$47,459 from the Sun Life Musical Instrument Lending Library (MILL); and \$271,941 from the Ottawa Community Foundation (OCF). Funds contribute to the support of facility improvements, expanding the library collection, and to fund programs for children, older adults, and newcomers to Canada.

4. Appendix D – 2023 Q2 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 \$150,850 in interest and revenue through Q2 2023. OPL has a balance of \$1.25M available to spend from trust funds.
- 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. OPL has a balance of \$271,941 at the end of the second quarter.

5. Appendix E – 2023 Q2 Library Board Operating Report

At the end of the second quarter, the Board's operating budget is 24.5 percent spent. Catering and Miscellaneous supplies are overspent as a result of trustee conference participation and onetime expenditures for onboarding trustees for the 2023-2026 term of Board, as per Board Policy 003 OPLB Trustee Orientation. Hybrid (in-person and virtual) board meetings have significantly

reduced office supply costs, local transportation, and subsequent parking expenses. For the same period in 2022, Board expenditures were at 17.3 percent.

6. Appendix F – 2023 Q2 Contract Expenditures Report

In accordance with the Acquisitions of Goods and Services Procedure, Appendix F contains a list of contracts valued at more than \$25,000 and less than \$500,000 awarded for the reporting period. Contracts awarded based on capital authority delegated to the Chief Executive Officer are also included in Appendix F. The Board approves all contracts greater than \$500,000, as part of the annual budget process. The contract expenditures time frame covered for this report is January 1, 2023 to June 30, 2023.

7. Appendix G – 2023 Q2 Capital Status Report

Attached in Appendix G is the report on the status of capital accounts as of the end of Q2 2023. The remaining capital balances are at \$25.582M including capital growth projects. Note: A commitment of \$56K was incorrectly assigned to capital order #908253 instead of #910477. This has since been corrected and results in positive balances for both capital accounts.

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 appendices 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

There are no financial implications associated with this report.

LEGAL IMPLICATIONS

There are no legal implications associated with 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 Q2 Operating Financial Report

Appendix B – 2023 Q2 Year-End Forecast Report

Appendix C – 2023 Q2 External Funds Report

Appendix D – 2023 Q2 Trust Funds Report

Appendix E – 2023 Q2 Library Board Operating Report

Appendix F – 2023 Q2 Contract Expenditures Report

Appendix G – 2023 Q2 Capital Status Report

DISPOSITION

The next quarterly financial status report will be brought forward to the Board in Q1 of 2024 for information purposes. The report will encompass the financial results from July through December 2023.