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Report to / Rapport au:

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

May 2, 2024 / 2 mai 2024

Submitted by / Soumis par :

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SUBJECT: First Quarter 2024 Financial Status Report

OBJET: Rapport financier du 1^{er} trimestre 2024

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board:

- 1. Receive this report for information;**
- 2. Approve the closing of accounts as per the Works in Progress (WIP) Capital Review, including the transfer of \$13,272 back to 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 – 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. **Prenne connaissance du présent rapport à titre d'information;**
2. **Approuve la clôture des comptes conformément à l'examen du capital des travaux en cours (WIP), y compris le transfert de 13 272 \$ vers les réserves de la bibliothèque, tel que décrit 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) 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 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, OPL's 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.

This report includes the first quarter operating and capital results for the 2024 fiscal year, as well as summary actions resulting from the annual Works In Progress (WIP) capital account review. The WIP process is 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.

The purpose of this report is to present the first quarter operating and capital results for the 2024 fiscal year, and to seek Board approval of both closures and dates changes for various capital projects.

DISCUSSION

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

1. Appendix A – 2024 Q1 Operating Financial Report

- a. At the end of the first quarter, the Library's total gross revenues are under budget at 8.8 percent or \$154,204. While under budget, this result is 0.3 percent more than the same period in 2023. Revenue from facility rentals (meeting rooms) experienced a notable increase over the previous year, ending Q1 2024 at 26.1 percent or \$16,788 of the planned budget as compared to 15.9 percent in Q1 2023. Unplanned donation revenue contributed \$10,887. Library fees generated 37.9 percent of the planned budget at \$104,052 or 2.9 percent more when compared to Q1 2023. Miscellaneous revenue also exceeded planned revenues during the first quarter of 2024 at \$22,476 or 72.9 percent.

The Provincial Library Operating Grant (PLOG) is historically received from the Ontario Ministry of Tourism, Culture, and Sport in the fourth quarter of each year. Once received, the PLOG in Q4 2024 will have a positive contribution to the Library's total gross operating budget.

- b. At the end of the first quarter, the Library's total gross expenditures are at 23.8 percent of the planned budget. For the same period in 2023, gross expenditures were at 24.9 percent. This is a consistent result when compared to previous first quarter results.
- c. At the end of the first quarter, the net operating budget or total net expenditures were at 24.3 percent or 1.1 percent or \$668,694 less than the same period in 2023. Salaries and Benefits expenditures are less than the previous year first-quarter by more than \$1M, a result of newly created positions that are not yet staffed and other systemic vacancies in varying stages of the recruitment process. System-wide expenditures in the Purchased Services category are at 33.6 percent and are historically ahead of the first quarter calendarized target of 25 percent each fiscal year. Annual agreements and maintenance contracts for business

systems, equipment and virtual service platforms are renewed in Q1 to provide for better coordination of services and cleaner fiscal transactions.

2. Appendix B – 2024 Q1 External Funds Report

At the end of the first quarter, March 31, 2024, total revenue received from external sources, including 2023 year-end accruals (unspent funds) is \$756,279. The breakdown of external revenue sources is as follows: \$448,275 from the Friends of the Ottawa Public Library Association (FOPLA); \$29,675 from general donations; \$32,489 from the Sun Life Musical Instrument Lending Library (MILL); and \$245,840 from the Ottawa Community Foundation (OCF). Total expenditures were \$97,147, leaving an available balance of \$659,132 at the end of the first quarter. Funds were used to enhance Library services across several OPL locations by acquiring new materials to expand the library collections; furniture to improve spaces; and to fund author visits for children's programming.

3. Appendix C – 2024 Q1 Trust Funds Report

- a. On behalf of OPL, the City holds and manages 17 trust funds of varying value. Eight of the trust funds are invested principle amounts from which OPL has access to interest revenue only. 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 \$31,536 in interest and revenue earned during the first quarter of 2024. OPL has a balance of \$1.389M 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 general purpose, library materials, furniture, age-specific programming, and programming for newcomers to Canada residing in Ottawa. The OPL Campaign Fund was established in December 2022 as an interest-bearing fund. Contributions are held in trust for a period of three years and at maturity, the total amount of principle and capital will be available for expenditures

towards the new central library. In total, at the end of the first quarter there is a balance of \$244,561 available to spend from trust funds.

4. Appendix D – 2024 Q1 Library Board Operating Report

At the end of the first quarter the Board's operating budget is 9.4 percent spent. This is typical of expenditures in the first quarter, and reflective of lower activity (e.g., two versus three board meetings). Expenditures are expected to increase in Q2, especially in the conference and convention category.

Options for virtual attendance at board or ad-hoc committee meetings continue to reduce costs associated with office supplies, local transportation, and parking. For the same period in 2023, Board expenditures were at 6.7 percent spent.

5. Appendix E – 2024 Q1 Capital Status Report

Attached in Appendix E is the report on the status of capital accounts as of the end of Q1 2024. The remaining capital balances are at \$27.541M including capital growth projects. One capital account, the Metcalfe Facility is overspent, resulting in a net deficit balance (-\$24,610), or six (6) percent over the authorized account funding. This deficit amount is within the delegated authority of the Chief Librarian and CEO as per Board Policy 002-OPLB Delegation of Authority, Item 8, which grants additional authority of up to 10 (ten) percent of the board approved amount. Further information follows in this report regarding the annual Works-In-Process review of capital accounts (see Appendix F) for closure.

6. Appendix F – Capital Works in Progress Report

On an annual basis, the City of Ottawa (City) Financial Services Unit (FSU) undertakes a review of all capital accounts to determine which accounts will remain open, which require extensions to the completion date, and which will be closed due to completion of respective projects. This process is referred to as Works In Process (WIP) review.

As a result of the WIP review, the recommended actions are to close one capital account (totaling \$13,272), returning the remaining balance back to the original funding source (Library Reserve Fund), and to extend the closing year of three

capital orders (totaling \$281,258) due to project delays and unforeseen site-specific challenges. Appendix F details the requested actions.

As OPL's financials flow through the City of Ottawa, capital closures must be presented to the City's Finance and Corporate Services Committee (FSCS), prior to Ottawa City Council review. The reports on capital closures are anticipated to proceed to FSCS and Council in June 2024.

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 and OPLB-002 Delegation of Authority. The report 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 library reserve balance will increase by \$13,272 as of result of the recommendations explained in Section 6 and noted in Appendix F of 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 – 2024 Q1 Operating Financial Report

Appendix B – 2024 Q1 External Funds Report

Appendix C – 2024 Q1 Trust Funds Report

Appendix D – 2024 Q1 Library Board Operating Report

Appendix E – 2024 Q1 Capital Status Report

Appendix F – Capital Works in Progress Report

DISPOSITION

As a tax-supported service, the recommendations of the Library Board are forwarded to the Finance and Corporate Services Committee (the committee) as part of the annual capital works in progress review. City Council will receive the Library WIP capital recommendations through the committee as part of the consolidated list of capital closures and the consolidated list of capital account date changes in June 2024.

The next quarterly financial status report will be brought forward to the Board in September 2024 for information purposes. The report will encompass the financial results from April through June 2024.