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**Report to / Rapport au:**

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

**September 10, 2024 / 10 septembre 2024**

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**File Number/Numéro du dossier: OPLB-2024-0910-11.2**

**SUBJECT: Second Quarter 2024 Financial Status Report**

**OBJET: Rapport financier du 2e trimestre 2024**

## **REPORT RECOMMENDATION**

**That the Ottawa Public Library Board receive the 2024 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 2024.**

## **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 in the corresponding quarter.

The purpose of this report is to present the second quarter (as of June 30, 2024) year-to-date operating and capital results for the 2024 fiscal year. OPL's year-end forecast is also presented in the second quarter financial status report.

## DISCUSSION

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

### 1. Appendix A – 2024 Q2 Operating Financial Report

- a. At the end of the second quarter or 50 percent of the year, the Library's total gross revenues are under budget at 16.6 percent or \$290,272. While under budget, this result is 3.4 percent more than the same period in 2023 (13.2 percent), a potential indicator of continued return to pre-pandemic revenue performance. Revenue from facility rentals (meeting rooms) ended the second quarter at 44.3 percent or \$28,524 of the planned budget, or 12 percent more when compared to Q2 2023. Library fees from photocopying, holds not picked up, and replacement fees generated 71.2 percent of the planned budget at \$195,608, 18.9 percent more when compared to the same period in 2023. Unplanned donation revenue contributed \$11,885 and miscellaneous revenue including processing fees and interlibrary loans revenue exceeded the plan at 175.9 percent, or \$54,255.

Receipt of the Provincial Library Operating Grant (PLOG) from the Ontario Ministry of Tourism, Culture, and Sport in Q4 2024, is expected to add \$1.38M in revenues. This will positively impact the library's total gross operating budget at the end of the fiscal year.

- b. At the end of the second quarter, the library's total gross expenditures represented 47.4 percent of the planned budget. A stable expenditure result when compared to the same period in 2023, which was 47.3 percent.

- c. At the end of the second quarter, the net operating budget or total net expenditures were at 48.4 percent. For the same period in 2023, net expenditures were also at 48.4 percent. Multiple underspent categories including salaries and benefits, library materials, materials and supplies, fixed assets, recoveries, and program facility costs all contributed to the total under-expenditure. Expenditures to-date are aligned with typical spending patterns which see greater expenditures in Q3 and Q4, based on the budget cycle.

## **2. Appendix B – 2024 Q2 External Funds Report**

At the end of the second quarter, total revenue received from external sources, including 2023 year-end accruals (unspent funds) is \$850,340. The breakdown of external revenue source balances are as follows: \$491,242 from the Friends of the Ottawa Public Library Association (FOPLA); \$80,268 from general donations; \$32,489 from the Sun Life Musical Instrument Lending Library (MILL); and \$246,340 from the Ottawa Community Foundation (OCF). Total expenditures were \$119,982 leaving an available balance of \$730,358 at the end of the second quarter. Funds expended were used to enhance Library services across several OPL locations by acquiring new materials to expand or update library collections, musical instrument maintenance to preserve the sound and longevity of the collection, supplies to support a variety of programs, and, to fund author visits for all ages.

## **3. Appendix C – 2024 Q2 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 \$43,360 in interest and revenue earned through the second quarter of 2024. OPL has a balance of \$1.40M available to spend from trust funds. \$22,963 is specified for library materials, \$639,717 is

directed towards general, unspecified use, \$144,955 is directed towards specific library branches or library services in geographical areas, and \$568,030 is dedicated to the New Central Library.

- b. The Ottawa Community Foundation (OCF) manages several fundraising trust fund accounts of varying value for OPL. The annual investment earnings from these accounts are disbursed to OPL in accordance with the fund's agreements. These funds help support OPL services and initiatives, including the acquisition of library materials, furniture, equipment, and technology, as well as programs for adults, children, and newcomers to Canada residing in Ottawa. For one specific interest-bearing trust fund, the OPL Campaign Fund (established December 2022), contributions are held in trust for a period of three years. At maturity, the total amount of principle and capital will be available for expenditures towards the new central library.

As at the end of the second quarter (June 30, 2024) OCF oversaw 11 fundraising trust fund accounts, resulting in a total balance of \$245,060 available to spend.

#### **4. Appendix D – 2024 Q2 Library Board Operating Report**

At the end of the second quarter the Board's operating budget is 21.4 percent spent. The majority of the Board's budget rests within the Professional Services category, for which expenditures are expected in the second half of the year, for the mid-term governance review.

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 29 percent spent.

#### **5. Appendix E – 2024 Q2 Capital Status Report**

Attached in Appendix E is the report on the status of capital accounts as of the end of Q2 2024. The remaining capital balances are at \$27.281M including capital growth projects. The Metcalfe Facility is overspent, resulting in a net deficit balance (-\$19,488), or six (4) 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. Of the remaining \$27M in capital authority as of June 30, 2024, \$21M, or nearly 80 percent of the balance is in the category of growth. Projects such as Riverside South Library and Barrhaven New Branch Construction were funded through Development Charges (DC) in previous years to ensure financial readiness when these projects proceed. Both projects are in development.

#### 6. **Appendix F – 2024 Year-end Forecast Report**

The forecast report as of the end of the second quarter 2024 projects a net surplus of \$1.486M.

- a. Total gross expenditures are projected to be at 97.7 percent of budget or \$1.377M under budget. This result is primarily due to underspending in salaries and benefits due to temporary staffing vacancies and budgeted future requirements for the new central library for which staffing is in process. Smaller contributions from other areas also contribute to the surplus. As in 2023, expenditures for library materials are expected to be fully expended by year end.
- b. After the second quarter, revenues are forecasted to exceed expectations by 6.2 percent after the receipt of the annual Provincial Operating Library Grant in Q4. Library fees for holds not picked up and other miscellaneous revenues including material replacement fees are the cause for the anticipated revenue surplus.
- c. The net operating budget or total net expenditures forecasts a total surplus of 2.5 percent or \$1.486M at year-end, after applying the impacts of anticipated revenue surplus and expenditure underspending.

#### 7. **Appendix G – 2024 Contract Expenditures Report**

In accordance with the Acquisitions of Goods and Services Procedure, Appendix G contains a list of contracts valued at more than \$25,000 and less than \$500,000 awarded in the reporting period. As per the Delegation of Authority

Policy 002- OPLB, (the Policy) the Board approves all operational expenses, leases (single or multi-year with total expenditure within financial authority); single or multi-year tenders or contracts (including any contingencies) per vendor; settlement and lawsuit payments; or software license agreements greater than \$500,000. Contracts awarded based on capital authority delegated to the Chief Executive Officer or other staff based on the financial authority set out in the Policy are also included in Appendix G. The contract expenditures timeframe covered for this report is January 1 to June 30, 2024. The total value of all contracts awarded during this period is \$1,208,502. Item seven (7) in Appendix G states a total value of \$510,136 for RFID Tags used to manage physical library materials. This amount exceeds the CEO's delegated authority, noted above. As per the description, the total value is for the initial year (2024) plus two additional, optional, one-year periods. The current commitment for the first year (2024) is \$165,450. In 2025, staff intend to reevaluate the value generated by this contract. Should the optional third year become necessary, staff will return to the Board for authorization.

## **CONSULTATION**

The development of this report required consultation with the City's Financial Services Unit to ascertain relevant 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 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**

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 – 2024 Q2 Operating Financial Report

Appendix B – 2024 Q2 External Funds Report

Appendix C – 2024 Q2 Trust Funds Report

Appendix D – 2024 Q2 Library Board Operating Report

Appendix E – 2024 Q2 Capital Status Report

Appendix F – 2024 Q2 Year-End Forecast Report

Appendix G – 2024 Q2 Contract Expenditures Report

### **DISPOSITION**

The next quarterly financial status report will be brought forward to the Board in March 2025 for information purposes. The report will encompass the financial results for the 2024 fiscal year.