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Report to / Rapport au:

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

May 13, 2025 / 13 mai 2025

Submitted by / Soumis par:

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SUBJECT: First Quarter 2025 Financial Status Report

OBJET: Rapport financier du 1^{re} trimestre 2025

REPORT RECOMMENDATIONS

That the Ottawa Public Library Board:

- 1. Receive this report for information;**
- 2. Approve the closing of \$167,936 of capital accounts as per Appendix F, Works in Progress (WIP) Capital Review; and,**
 - a. Direct staff to work with the City's Financial Services Unit to forward the information in Appendix F to the City's Finance and Corporate Services Committee, and further consideration by Council for approval utilizing remaining balances as per the following:**
 - i. Transfer \$167,936 in closures including a \$19,488 deficit in Capital Order 909653, to the Library Reserve;**

a. demande au personnel de mettre à jour en conséquence la politique n° 002, Politique sur la délégation de pouvoirs du C.A. de la BPO.

BACKGROUND

In keeping with the *Public Libraries Act, RSO 1990, c.P.44* (“the Act”), other relevant statutes, laws, and good governance practices, the Ottawa Public Library (“OPL”) Board (“OPLB” or “the Board”) holds accountability for the full range of decisions affecting the organization. The Board approaches its role using a policy or strategy model of governance that focuses on setting strategic directions and objectives, making decisions on major projects, and monitoring performance. The Board’s attention focuses primarily on the long-term needs and goals of the organization, rather than the administrative or operational details.

With respect to financial reporting, OPL’s operating and capital status reports are prepared quarterly. Operating reports present actual year-to-date revenues and expenditures against the amounts budgeted for in the corresponding period. Capital reports provide a listing of the capital projects and programs, the authorized expenditure budgets, actual expenditures and commitments incurred to date and the remaining amount to be spent.

In March 2025, the Board approved the Establishment of OPL Board Standing Committees Report (OPLB-2025-0311-10.1). The report established the OPL Board Facilities, Finance, and Risk Standing Committee (FFR), comprised of Trustees King, Kitts and Brown, and Chair Luloff (ex-officio), whose responsibilities include guiding staff regarding financial decisions and the financial affairs of the Board. Committee work will be shared with the Board primarily through staff reports on key initiatives. Committee members are expected to share with fellow trustees the important aspects of Committee-level discussions and deliberations, when the relevant report rises to the Board. The Q1 Financial Status Report was reviewed with the FFR and reflects their guidance within the recommendations and through the body of the report.

The purpose of this report is to present the first quarter operations and capital results for the 2025 fiscal year, to seek Board approval for the 2025 capital works-in-progress recommendations, and to adjust spending authorities for senior management positions to account for current economic conditions.

DISCUSSION

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

1. Appendix A – 2025 Q1 Operating Financial Report

- a. At the end of the first quarter, March 31, 2025, or 25 percent of the year, the Library's total gross revenues are 4.2 percent or \$159,230. This result is 0.3 percent more than the same period in 2024. Meeting room rentals achieved less than planned levels at 22.7 percent or \$14,607 at the end of the first quarter. For the same period in 2024, meeting room rentals were at 26.1 percent, ahead of the calendarized plan. Unplanned donation revenues contributed \$31,489 with miscellaneous revenues exceeding planned revenue at 84 percent or \$25,899 as at the end of March 2025.

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 will have a positive contribution to the Library's total gross operating budget and will significantly impact reporting on revenues as a whole.

- b. At the end of the first quarter, the Library's total gross expenditures are at 24.9 percent or \$14.921M of the planned budget. For the same period in 2024, gross expenditures were at 23.8 percent totaling \$14.241M in expenditures. This result is consistent when compared to previous first quarter performances.
- c. At the end of the first quarter, the net operating budget or Total Expenditures are at 23.7 percent or 1.1 percent more than the same period in 2024. In year-over-year comparison, the first quarter of each fiscal year is historically underspent due to reduced staffing costs from staff vacancies, newly created positions not yet staffed for the new Central branch, and the impact of resetting for new or revised corporate initiatives. System-wide expenditures for purchased services have been spent at a faster rate and are over the first quarter target at 40 percent as at the end of March 2025. The renewal of annual service agreements, corporate

memberships and maintenance contracts are historically concentrated at the beginning of each fiscal year. This practice provides better coordination of services and cleaner fiscal transactions. Overall, this is a consistent result when compared to Q1 2024.

2. **Appendix A1 – 2025 Q1 Operating Financial Reporting Including Capital Plan**

Appendix A contains an administrative error that occurred during the 2025 budgeting process that resulted in a \$2M planned revenue overstatement, see Revenue - Reserve Fund Transfers in Appendix A. To address this, staff will work with the City's Financial Services Unit to complete a Budget Adjustment (BA) to reverse the administrative error which results in the revised figures in Appendix A1, and states accurate revenue and expenditure expectations for the 2025 fiscal year. There is no net impact to the overall OPL budget as approved by the Board and Council. Staff will also work with the City's Financial Services Unit to forward the report to the Ottawa City Council, as part of the Capital Closures and Adjustments Report through the City's Finance and Corporate Services Committee.

3. **Appendix B – 2025 Q1 External Funds Report**

- a. At the end of the first quarter 2025, total revenue received from external sources, including 2024 year-end accruals (unspent funds) is \$164,365. The breakdown of external revenue source balances are as follows: \$62,656 from the Friends of the Ottawa Public Library Association (FOPLA); \$71,596 from general donations; \$23,456 from the Ottawa Community Foundation (OCF), and \$6,654 from the Sun Life Musical Instrument Lending Library (MILL). Total Q1 expenditures were \$20,448, leaving an available balance of \$143,917 at the end of the first quarter.

As per the Financial Framework, spending of these funds are planned according to the prioritized list of categorical spending that includes acquiring new materials to expand the library collections; furniture to improve spaces; and to fund author visits for all ages.

4. Appendix C – 2025 Q1 Trust Funds Report

- a. On behalf of OPL, the City holds and manages 18 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 \$56,938 in interest and revenue during the first quarter of 2025. OPL has a balance of \$1.463M available to spend.

- b. The Ottawa Community Foundation (OCF) manages several 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. The OPL Campaign Fund (established December 2022) is held in trust for a period of three years. At maturity (December 2025), the total amount of principal and earnings will be available for expenditure towards the new Central branch at Ādisōke. At the end of the first quarter there is a total balance of \$21,218 available to spend from OCF funds.

5. Appendix D – 2025 Q1 Library Board Operating Report

At the end of the first quarter the Board's operating budget is 12.7 percent spent. Expenses to-date are concentrated in the conference and convention category resulting from the OLA Super Conference and in preparation for additional upcoming sector conference opportunities. This is typical of expenditures in the first quarter. For the same period in 2024, Board expenditures were at 9.4 percent spent.

6. Appendix E – 2025 Q1 Capital Status Report

Attached in Appendix E is the report on the status of capital accounts as of the end of Q1 2025. Remaining capital balances are at \$36.403M including capital growth projects. One capital account has a deficit balance: the Metcalfe Facility project is overspent, resulting in a net deficit balance of (- \$19,488), or six (6)

percent over the authorized account funding. This deficit amount is within the delegated authority of the CEO as per Board Policy 002-OPLB Delegation of Authority, 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.

7. Appendix F – 2025 Q1 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 six (6) capital accounts and return to the Library Reserve a total of \$167,936 including a \$19,488 deficit in capital order 909653. Staff also recommend extending the closing year of nine (9) capital orders (totaling \$2.546M) due to project delays or unforeseen site-specific challenges. Appendix F details the requested actions.

In April 2025, the Beaverbrook branch was vandalized with extensive damage to several windows. Recently renovated in 2014, the windows are custom and significant replacement costs are anticipated. Staff are recommending that capital order 909652 slated for closure remain open and that funding originally earmarked for facility improvements be redirected to fund necessary repairs.

As OPL financials flow through the City of Ottawa, capital closures and other direction through the WIP review process must be presented to the City's Finance and Corporate Services Committee (FSCS), prior to Ottawa City Council consideration. The reports on capital closures are anticipated to proceed to FSCS and Council in June 2025.

8. Delegation of Authority (DOA) – Spending Limit Recommendation

To achieve a strategic governance focus, the OPL Board established Policy 002-OPLB Delegation of Authority (DOA) in 2013, last amended June 2024. The DOA

defines the decisions that are reserved by the Board and those that the CEO or the CEO's delegate may make.

Specifically, item four (4) of the policy delegates the approval of general competitive and non-competitive operational expenditures as per the City of Ottawa Purchasing By-Law No. 50 of 2000 (as amended from time to time) including, but not limited to: 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. Further, footnote four associated with this item stipulates that the CEO is required to secure Board approval for amounts exceeding the delegated authority as indicated in this item (see Table 3 below). This limit excludes GST / HST and other taxes, as appropriate.

The current spending authority for the CEO was first established in 2015. Interim reviews of the DOA have made other minor changes, but no adjustments have been made to financial spending delegation in the last 10 years. At the time of establishment, the CEO's authority represented 1.1 percent of the total annual budget and has dropped to 0.8 percent compared to the 2025 budget. In addition, the current delegated limits do not account for the shift in economic realities following the 2020 pandemic, a period that introduced unique economic stress, supply chain restructuring, and labour shortages. These conditions, as well as further economic pressures, have driven the cost of goods and services to increase beyond reasonable thresholds intended for financial delegation.

The recommended increased spending authority limit would represent 1.2 percent of the budget envelope and would allow for future financial growth through 2030. Table 1 shows in detail the recommended changes in spending authority by position.

Table 1 – Recommended Delegated Spending Authorities

	Current	Recommended
CEO	<\$500,000	<\$750,000
Deputy CEO	<\$250,000	<\$375,000
Division Manager	<\$100,000	<\$150,000
Program / Portfolio Manager	<\$35,000	<\$52,500

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, and with the OPL Board Standing Committee on Facilities, Finance, and Risk.

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 financial implications of this report are associated with the recommendations explained in Section 2 and noted in Appendix A1 to reverse an administrative error with

no net impact to the overall OPL budget as approved by Board and Council; and as explained in Section 7 and noted in Appendix F to return \$167,936 to the Library Reserve balance.

LEGAL IMPLICATIONS

There are no legal implications associated with this report.

RISK MANAGEMENT IMPLICATIONS

The risk management implications associated with this report are related to the Library Reserve balance and the overstatement of both the anticipated revenues and expected expenditures in 2025. If the administrative error remains unchanged, the Library Reserve balance will be reduced by \$2M in addition to the intended \$2M to fund Furniture, Fixtures and Equipment (FF&E) for the new Central Library as approved in the 2025 budget. Additionally, financial status reports will continue to show incorrect revenue expectations as in Appendix A.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

SUPPORTING DOCUMENTATION

Appendix A – 2025 Q1 Operating Financial Report

Appendix A1 – 2025 Q1 Operating Financial Report Including Capital Plan

Appendix B – 2025 Q1 External Funds Report

Appendix C – 2025 Q1 Trust Funds Report

Appendix D – 2025 Q1 Library Board Operating Report

Appendix E – 2025 Q1 Capital Status Report

Appendix F – 2025 Q1 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 2025. OPL staff will work with City's Procurement Services Unit to update the financial authorities.

The next quarterly financial status report will be brought forward to the Board in September 2025 for information purposes. The report will encompass the financial results from April through June 2025.