

**Report to / Rapport au:**

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

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**Submitted by / Soumis par:**

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**File Number: OPLB-2016-0155**

**SUBJECT: First Quarter 2016 Financial Statements**

**OBJET: Rapport financier du 1<sup>e</sup> trimestre 2016**

**REPORT RECOMMENDATIONS**

**That the Ottawa Public Library Board:**

- 1. Receive the 2016 first quarter financial reports; and,**
- 2. Receive the closing of capital Works In Progress accounts as outlined in this report.**

## **RECOMMANDATIONS DU RAPPORT**

**Que le Conseil d'administration de la Bibliothèque publique d'Ottawa :**

- 1. Prenne connaissance des rapports financiers du 1<sup>re</sup> trimestre de 2016.**
- 2. Prenne connaissance de la fermeture des comptes pour travaux d'immobilisations en cours, comme il est mentionné dans le présent rapport.**

## **BACKGROUND**

Quarterly operating and capital status reports are prepared as part of the reporting framework approved by the Board. Operating reports present actual year-to-date revenues and expenditures against the amounts budgeted for the corresponding period. Year-end forecasts are presented in the second and third quarter reports. Capital reports provide a listing of the capital projects / programs, the authorized expenditure budgets, along with the actual expenditures and commitments incurred to-date.

The purpose of this report is to present the first quarter operating and capital results for Ottawa Public Library programs along with an overview of any issues or risks that will be monitored during the year and reported in subsequent quarterly reports. Please note, as per the Board report OPLB-2015-0094 issued in November 2015, the report on Contract Expenditures is issued semi-annually in Q2 and Q4

In addition to the standard Q1 information contained in this report, staff have included for information a section on capital account closures commonly referred to as Works In Progress (WIP) closures.

## **DISCUSSION**

### **Financial Reports:**

As of the end of the first quarter or 25% of 2016, the Ottawa Public Library (OPL) is performing at slightly less than break-even with net expenditures under spent by 0.2% and total revenues falling short of the first quarter target by 13.4% Results are slightly more favourable compared to those of the same period in 2015.

Over the past three years the OPL has worked with many of its vendors to align licensing and maintenance contracts for operational software and equipment with the

fiscal calendar year. This revised timing provides for better coordination of services, cleaner fiscal transactions, and clarifies the effective terms of a number of contractual agreements. As a result, expenditures in the Equipment service and Maintenance category for Q1 of each year are well over the 25% target for Q1 (as they are front-loaded accounts not dispersed throughout the year).

From a revenue perspective, the Provincial Grants and Reserve Fund Transfers categories are at 0% to budget. In particular, the Provincial Libraries Operating Grant (PLOG) accounts for over one-third of all library revenues but is historically received from the Ontario Ministry of Tourism, Culture, and Sport late in the fourth quarter of each year. In 2015, for example, the application process for the PLOG started in early November with actual funds being received in January 2016.

## **1. Operating Financial Report for Q1 ending March 31, 2016: Appendix A**

- a. At the first quarter, the Library's net expenditures are under budget at 24.8%. For the same period in 2015, net expenditures were at 23.4% or \$290,000 less than the current year.
- b. Total gross expenditures are over budget at 25.9% or \$393,100.
- c. Total gross revenues are under budget at the end of the first quarter at 11.6%. As previously mentioned, the PLOG will be received in late Q4 2016. To understand the impact, adding in 25% of the Provincial Grants and Reserve Fund Transfers categories would result in a net revenue shortfall of only 2.2% or a difference of \$337,750.

## **2. Report on External Funds Raised for Q1, 2016: Appendix B**

Total revenues available at the end of Q1 through fundraising initiatives and 2015 accruals is \$466,249. The breakdown is as follows: \$198,445 from Provincial grants for special projects; \$160,168 from the Friends of the Ottawa Public Library Association; \$74,258 from general donations; and, \$52,411 in earned interest from the Community Foundation of Ottawa. Spending plans are either in place or under development to expend available funding prior to 2016 year-end.

### **3. Library Board Operating Report for the First Quarter, 2016: Appendix C**

At the end of Q1 the Board's operating budget is 3.9% spent, 1.6% or \$2,127 less than the same period in 2015.

### **4. Capital Financial Report for First Quarter, ending March 31, 2016, Appendix D**

Attached in Appendix D is the report on capital account status as of the end of Q1, 2016. Please note that a legacy capital account for land acquisition remains open from activities initiated in 2009. In removing the value of that legacy account, the report results in an overall available capital total of \$8,420,930 across 20 open accounts. This includes newly-initiated capital accounts approved through the 2016 budget process, as well as capital growth accounts funded by development charges.

### **5. Capital Works in Progress – 2016 Closures, Appendix E**

In recent years the Board has approved the repurposing of capital accounts through the annual budget process to fund various initiatives and projects thereby reducing the number of active OPL capital accounts listed in Appendix D. In addition to the annual budget process, the City's Financial Services Unit (FSU), in coordination with each of the City departments, must undertake an annual review of all Capital accounts to determine which will remain open, require completion date extensions, or should be closed due to completion of respective projects. Capital account closures impact the Library Reserve Fund. For that reason the Board is made aware of capital closures and the resulting impacts on the reserve fund in Appendix G. In total, three (3) capital accounts will be closed and \$44,602.72 will be transferred back to the Library reserve fund. Reports on capital closures for all City departments are scheduled for committee and Council review in June 2016.

## **CONSULTATION**

There were no consultations performed for the purpose 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.

## **FINANCIAL IMPLICATIONS**

There are no financial implications associated with this report.

## **ACCESSIBILITY IMPACTS**

There are no accessibility impacts associated with this report.

## **TECHNOLOGY IMPLICATIONS**

There are no technology implications associated with this report.

## **BOARD PRIORITIES**

This report falls within the Board core value of Accountability and is a fundamental citizen expectation of good governance and management for a public organization.

## **SUPPORTING DOCUMENTATION**

1. Appendix A – Operating Financial Report, Q1, ending March 31, 2016
2. Appendix B – External Funds Raised Financial Report, Q1, ending March 31, 2016
3. Appendix C – Library Board Operating Budget, Q1, ending March 31, 2016
4. Appendix D – Capital Report, Q1, ending March 31, 2016
5. Appendix E – Capital Works In Progress – 2016 Closures

## **DISPOSITION**

There are no future actions associated with this report.