

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-2017-0902

SUBJECT: Second Quarter 2017 Financial Statements

OBJET: Rapport financier du 2^e trimestre 2017

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2017 second quarter financial reports.

RECOMMANDATION DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa prenne connaissance des rapports financiers du 2^e trimestre de 2017.

BACKGROUND

As of the end of the second quarter 2017, 50 percent of the year, Ottawa Public Library (OPL) expenditures are at 50.7 percent or 0.7 percent over the calendarized budget. In the same period, revenues are at 31.3 percent, 18.7 percent under budget. Revenue results are 0.2 percent more than those of the same period in 2016 and expenditures

are also 1.5 percent higher than the same period in 2016. A 0.5 percent or \$207,884 deficit is currently forecasted for fiscal year-end 2017.

DISCUSSION

Financial Reports:

1. Operating Financial Report for Q2 ending June 30, 2017: Appendix A

- a. At the second quarter, the Library's net expenditures are over budget at 50.7 percent. For the same period in 2016, net expenditures were at 49.2%.
- b. Total gross expenditures are over budget at 52.3% as a result of higher expenditures and limited revenue growth compared to the same period in 2016. This is partly due to revenue shortfalls in facility rentals, higher than anticipated maintenance costs for bookmobile unit number 2, as well as a small overage in compensation.
- c. Total gross revenues are under budget at the end of the second quarter at 31.3 percent, though slightly higher than the same period in 2016 when revenue was at 31.1 percent. The Provincial Libraries Operating and Pay Equity grant represents approximately 38 percent of all planned Library annual revenues and is received in the fourth quarter of each year.

2. Forecast Report for Q2 ending June 30, 2017: Appendix B

- a. Based on results through the second quarter, net expenditures are forecasted to be in deficit by 0.5% or \$207,884. The library continues to face revenue shortfalls, largely attributable to provisions made for the loss of lease revenue for Main Library garage repairs, and lower meeting room rentals when compared to 2016. Library fees are tracking closer to 2016 levels, but continue to be under budget. Bookmobile Unit 2 is nearing end of serviceable life and has required additional maintenance. It is normal to see slight overages in compensation at this time of the year. In order to mitigate the deficit, spending on fixed assets will be slowed down and compensation will be reviewed at the beginning of Q3.
- b. After the second quarter, revenues are forecasted to be under budget by 6.5 percent or \$235,824 by year end, after the receipt of annual Provincial funding mentioned earlier in this report. Revenues through the second quarter of 2017

were impacted by parking garage repairs, resulting in a loss of revenues of \$138,000.

- c. Total Gross Expenditures are forecasted at year end to be over budget by 0.1% or \$27,940.

3. Report on External Funds Raised for Q2 ending June 30, 2017: Appendix C

Total external revenue to-date is \$694,514. The breakdown is as follows: \$143,269 from Special Projects and Programs, \$384,650 from the Friends of the Ottawa Public Library Association (FOPLA), \$19,280 from general donations, \$138,176 from the Community Foundation of Ottawa, and \$9,139 from federally sponsored Immigrant Settlement and Adaptation Program (ISAP) grants.

4. Contract Expenditures Report for Q2 ending June 30, 2017: Appendix D

In accordance with the Acquisitions of Goods and Services Procedure, Appendix D contains a list of contracts valued at more than \$15,000 and less than \$500,000 awarded for the period of January through June, 2016. The report has changed to follow the same format presented to City Council in an effort to streamline reporting requirements. Abbreviations and acronyms used in this report format are defined on pages four and five of Appendix D.

5. Library Board Operating Report for Q2 ending June 30, 2017: Appendix E

At the end of Q2, the Board's operating budget is 14.3 percent spent. At the same point in 2016 the Board was at a 22.4 percent expenditure level. The board has committed funds to be expended as part of the strategic planning process, and the commemorative naming approvals.

6. Capital Report for Q2, ending Jun 30, 2017: Appendix F

Attached in Appendix F is the report on capital account status as of the end of Q2, 2017. A legacy capital account for land acquisition remains open from activities initiated in 2009. This account does not contain actual funding, and further approval by Ottawa City Council will be required in order to exercise the authority. In removing the value of that legacy account, the report results in an overall available capital total of \$6,151,522 across 14 open accounts.

7. Ottawa Public Library Reserve Account update as of June 30, 2016

At the end of the second quarter 2017, the Library reserve account balance stands at \$4,414,989.

CONSULTATION

There were no public 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 – 2017 Q2 Financial Report
2. Appendix B – 2017 Q2 Forecast Report
3. Appendix C – 2017 Q2 External Funds Report
4. Appendix D – 2017 Q2 Contract Expenditures Report
5. Appendix E – 2017 Q2 Board Operating Budget
6. Appendix F – 2017 Q2 Capital Report