

Report to / Rapport au:

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

March 8, 2016 / 8 mars 2016

Submitted by / Soumis par:

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File Number: OPLB-2016-0136

SUBJECT: Fourth Quarter 2015 Financial Statements

OBJET: Rapport financier du 4^e trimestre 2015

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2015 fourth quarter financial reports.

RECOMMANDATION DU RAPPORT

Que le conseil de la Bibliothèque publique d'Ottawa prenne connaissance des rapports financiers du 4^e trimestre de 2015.

BACKGROUND

As of year-end 2015, the Ottawa Public Library (OPL) is reporting a deficit of \$1,156M, or 2.8%, as a result of the Pay Equity Tribunal decision in March 2015, which had both a base budget and retroactive impact.

Revenues for the year were under budget by \$34.4K. Decreased fine revenues accounted for the majority of the revenue shortfall. However, fee and meeting room revenues out-performed expectations, with overall revenues increasing in these

categories to 7.9% over the planned amount. Provincial grants also contributed to offsetting the revenue deficit.

Notwithstanding pay equity charges, expenditures were under budget by \$509K with savings in operations resulting from the implementation of a hiring and spending freeze in the second half of 2015.

DISCUSSION

Financial Reports:

1. Operating Financial Report, Q4, ending December 31, 2015: Appendix A

- a. At year end, total revenues are under budget by 0.9% or \$34K. Meeting room revenues increased significantly in 2015 by 25.6% compared to 2014. However, remaining revenue lines including fines, lease revenue, and other miscellaneous revenues did not meet planned expectations resulting in the overall revenue deficit.
- b. Total expenditures, not including pay equity, were under budget by 1.12% or \$509K as a result of cumulative savings in the purchased services and materials and supplies categories. The spending and hiring freeze implemented over the second half of 2015 helped to significantly reduce the forecasted year end deficit.
- c. In 2015, the Provincial Operating and First Nations Supplemental Salary Grant was received in January 2016, and was in an amount commensurate with 2015. The OPL was the recipient of two capacity building grants related to technology amounting to an additional \$231K in revenues.
- d. At year end, the OPL had a deficit of 2.8% or \$1,156M. The 2015 deficit represents the impact of the decision rendered by the Ontario Pay Equity Hearings Tribunal, which resulted in an award that created an additional base budget pressure of \$0.25M for 2015 and a retroactive impact to 2004 of \$1.63M. Savings due to the hiring and spending freeze resulted in a final year end operating deficit of \$1.156M.

At the time of 2015 budget development, the OPL Board was advised of this decision and the 2015 draft budget was amended to incorporate the base pay equity pressure. The Board also approved adjustments and the closing of OPL capital projects which returned \$0.9 million to the Library Capital Reserve Fund to address the additional retroactive impact.

2. Report on External Funds, Q4, ending December 31, 2015: Appendix B

Total revenue raised and spent from external sources in 2015 was \$342K. Once again, outstanding contributions made by the Friends of the Ottawa Public Library Association (FOPLA) and grants from Citizenship and Immigration Canada through the Immigrant Settlement & Adaptation (ISAP) program were respectively the two largest external contributors to the OPL in 2015.

3. Report on Contract Expenditures, October 1 to December 31, 2015: Appendix C

In accordance with the Acquisitions of Goods and Services Procedure, Appendix C contains a list of contracts valued at more than \$25K and less than \$500K awarded for the period of July 1, 2015 to December 31, 2015, as well as contracts covered by the 2015 capital budget CEO delegated authority. The Board approved contracts in excess of \$500K, with the exception of those 2015 capital projects approved as part of the budget process.

4. Library Board Operating Report, Q4, ending December 31, 2015: Appendix D

At year-end, the Board's operating budget was 28.7% spent. This is primarily the result of under spending in the professional services and conferences and conventions categories.

5. Capital Financial Report, Q4, ending December 31, 2015: Appendix E

Attached in Appendix E is the report on capital account status as of year-end 2015. 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 \$3,061,394 across 16 open accounts.

**6. Report on Ottawa Public Library Trust Funds, Q4, ending December 31, 2015:
Appendix F**

The City of Ottawa, on behalf of the OPL, holds 14 trust funds. These are funds raised in the community to be held in trust for specific projects and/or library facilities and materials. As well, the OPL receives funds from the Community Foundation of Ottawa, which is an external agency managing a series of community trust funds, some with specific instructions to direct funds to the support of the OPL. The 2015 trust fund activity is outlined in Appendix F.

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 impacts 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, Q4, ending December 31, 2015
2. Appendix B – Report on External Funds, Q4, ending December 31, 2015
3. Appendix C - Report on Contract Expenditures, October 1 to December 31, 2015
4. Appendix D - Library Board Operating Report, Q4, ending December 31, 2015
5. Appendix E - Capital Financial Report, Q4, ending December 31, 2015
6. Appendix F – Report on Ottawa Public Library Trust Funds, Q4, ending December 31, 2015

DISPOSITION

There are no dispositions associated with this report.