

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-2019-0802

SUBJECT: Second Quarter 2019 Financial Statements

OBJET: Rapport financier du 2^e trimestre 2019

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2019 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 2019.

BACKGROUND

At the end of the second quarter, June 30, 2019, or 50 percent of the year, Ottawa Public Library (OPL) total expenditures are at 49.4 percent; 0.6 percent or \$294,487 less than the calendarized budget. Total revenues are at 21 percent, 29 percent under budget. Total revenue results are 14.6 percent less than those of the same period in 2018. Total expenditures are 1.6 percent lower than the same period in 2018. Overall, the net operating budget as at June 30, 2019 is at 51.1 percent or 1.1 percent over the second quarter calendarized target.

DISCUSSION

Financial Reports:

1. Appendix A – 2019 Q2 Operating Financial Report, ending June 30, 2019:

- a. At the end of the second quarter, the Library's total gross expenditures are under budget at 49.4 percent. For the same period in 2018, gross expenditures were at 51 percent.
- b. Total net expenditures are over budget at 51.1 percent, 1.1 percent less from Q2 2018. Purchased services for the library have been spent at a faster rate and are over the second quarter target at 63.5 percent as at the end of June 2019. Expenses in this category are concentrated in the beginning of each fiscal year to streamline the management of maintenance contracts for business systems, equipment, and virtual services platforms. This practice provides for better coordination of services, cleaner fiscal transactions, and normalizes the effective terms of contractual agreements. Salaries and benefits are over budget due to the one-time retroactive payments required to settle the reclassification of a multi-incumbent position.
- c. Total gross revenues are under budget at the end of the second quarter at 21 percent or \$593,291. When comparing with Q2 2018, only meeting room rentals exceeded planned revenues. These gains are offset by a decrease in fines collected and by the 2018 sale of the Main branch and subsequent loss of parking garage rental revenues. Additionally, the Public Libraries Operating and Pay Equity Grant (PLOG) program offered by the Ontario Ministry of Tourism Culture and Sport (MTCS) represents approximately 38 percent of all planned Library annual revenues and is received in the fourth quarter of each year.

2. Appendix B – 2019 Q2 External Funds Raised Financial Report, ending June 30, 2019:

Total external revenue received from external sources at the end of the second quarter is \$683,169. The breakdown is as follows: \$507,541 from the Friends of the Ottawa Public Library Association (FOPLA); \$28,893 from general donations; and \$146,735 from the Ottawa Community Foundation of Ottawa (OCF). Funds were used to further expand the library collection and fund programs for children, older adults, and newcomers to Canada.

3. Appendix C – 2019 Q2 Forecast Report, ending June 30, 2019:

- a. Based on results through the second quarter, total gross expenditures are forecasted to be in a surplus of 0.3 percent or \$150,271.
- b. After the second quarter, revenues are forecasted to be under budget by 10.9 percent. The OPL will face revenue shortfalls largely attributed to the 2018 sale of the Main branch and subsequent loss of parking garage rental revenues. Overall, a \$309,357 shortfall in revenues is projected for fiscal year-end 2019.
- c. Total Net Expenditures are forecasted at year-end to be over budget by 0.3 percent or \$159,086 after applying the anticipated revenue shortfall and the increase and disbursement in compensation due to the multi-incumbent job reclassification.

4. Appendix D – 2019 Q2 Contract Expenditures, ending June 30, 2019:

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 1, 2019 to June 30, 2019. Contracts awarded based on capital authority delegated to the Chief Executive Officer (CEO) are also included in Appendix D. The Board approves all contracts greater than \$500,000, as part of the annual budget process.

5. Appendix E – 2019 Q2 Library Board Operating Report, ending June 30, 2019:

At the end of Q2, the Board's operating budget is 21.4 percent spent. This is less than expected as a result of reduced trustees conference participation in Q2 2019.

6. Appendix F – 2019 Q2 Capital Report, ending June 30, 2019:

Attached in Appendix F is the report on capital account status as of the end of Q2, 2019. Remaining capital balances are at \$7,403,600.

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 Integrity and is a fundamental citizen expectation of good governance and management for a public organization.

SUPPORTING DOCUMENTATION

- Appendix A – 2019 Q2 Operating Financial Report
- Appendix B – 2019 Q2 External Funds Raised Financial Report
- Appendix C – 2019 Q2 Forecast Report
- Appendix D – 2019 Q2 Contract Expenditures
- Appendix E – 2019 Q2 Library Board Operating Report
- Appendix F – 2019 Q2 Capital Report

DISPOSITION

The next quarterly financial status report will be brought forward to the Board in Q1 of 2020 for information purposes. The report will encompass the financial results from July to December 2019.