

Report to / Rapport au:

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

September 4, 2018 / 4 septembre 2018

Submitted by / Soumis par:

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File Number: OPLB-2018-0903

SUBJECT: Second Quarter 2018 Financial Statements

OBJET: Rapport financier du 2^e trimestre 2018

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2018 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 2018.

BACKGROUND

As of the end of the second quarter 2018, 50 percent of the year, Ottawa Public Library (OPL) expenditures are at 51 percent or 1 percent over the calendarized budget. In the same period, revenues are at 35.6 percent, 14.4 percent under budget. Revenue results are 4.3 percent more than those of the same period in 2017, and expenditures

are also 0.3 percent higher than the same period in 2017. A 0.4 percent or \$196,846 surplus is currently forecasted for fiscal year-end 2018.

DISCUSSION

Financial Reports:

1. Operating Financial Report for Q2 ending June 30, 2018: Appendix A

- a. At the second quarter, the Library's net expenditures are over budget at 51 percent. For the same period in 2017, net expenditures were at 50.7 percent.
- b. Total net expenditures are over budget at 52.2 percent. This result is 0.1 percent less than the same period in 2017. Higher expenditures in the first six months of 2018 were offset by a 4.3 percent increase in revenues compared to 2017. Generally, library materials, supplies, and equipment service and maintenance budgets have been spent at a faster rate than a calendarized target allows and are the cause of the 2.2 percent overage as at the end of June, 2018.
- c. Total gross revenues are under budget at the end of the second quarter at 35.6 percent, though significantly higher than the same period in 2017 when revenue was at 31.3 percent. Since the introduction of the \$1 re-stocking fee on January 24, 2018, a total of \$5480 has been collected as the result of library material holds that were never picked up. In comparison to 2017, 2018 meeting room rentals have also increased by \$5,903. These gains are more than offset by a reduction in library fines collected through Q2 2018 of \$64,572 compared to the same period in 2017. 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. As of Q2, Provincial Grants received are at \$99,657. This amount was accrued from 2017 for an innovation grant from the Province and does not account for any revenues from the 2018 PLOG.

2. Forecast Report for Q2 ending June 30, 2018: Appendix B

- a. Based on results through the second quarter, gross expenditures are forecasted to be in a surplus of 1.0 percent or \$503,112.

- b. After the second quarter, revenues are forecasted to be under budget by 8.4 percent. The OPL will face revenue shortfalls largely attributable to the sale of the Main branch and subsequent loss of parking garage rental revenues of \$306,000 per year. This loss of revenue will be partly offset by the removal of rents paid for administrative spaces totaling \$220,000 per year. The net result of the transaction is an additional cost to the Library of \$86,000 per year, with one-half of that amount impacting the 2018 fiscal budget. Overall, a \$306,266 shortfall in revenues is projected for year-end 2018.
- c. Total Net Expenditures are forecasted at year-end to be under budget by 0.4 percent or \$196,846 after applying the anticipated revenue shortfall.

3. External Funds Raised Report for Q2 ending June 30, 2018: Appendix C

Total external revenue to-date is \$546,221. The breakdown is as follows: \$18,689 from Special Projects and Programs; \$443,485, including funds accrued from 2017, from the Friends of the Ottawa Public Library Association (FOPLA); \$16,152 from general donations; \$65,951 from the Community Foundation of Ottawa; and \$1,944 from federally sponsored Immigrant Settlement and Adaptation Program (ISAP) grants carried over from 2017.

4. Library Board Operating Report for Q2 ending June 30, 2018: Appendix D

At the end of Q2, the Board's operating budget is 27.9 percent spent.

5. Contract Expenditures Report for Q2 ending June 30, 2018: Appendix E

In accordance with the Acquisitions of Goods and Services Procedure, Appendix D contains a list of contracts valued at more than \$25,000 and less than \$500,000 awarded for the period of January through June 2018. The report has changed to follow the same format presented to City Council in an effort to streamline reporting requirements.

6. Capital Report for Q2, ending June 30, 2018: Appendix F

Attached in Appendix F is the report on capital account status as of the end of Q2, 2018. A legacy capital account for land acquisition remains open from activities initiated in 2009. The balance of account # 905708 New Central Library Land Acquisition (Legacy) is now stated as a full \$26M. Previously reported expenditures

of \$188,000 against this account were transferred to account # 905105 Central Library Development to maximize available funding for the design and construction phase of the New Central Library. Account 905708 represents authority to debenture funds as a result of City Council's approval in June, 2018. After the end of Q2, City of Ottawa Infrastructure Services will assume ownership of capital account 905708 in administering the design and construction phase of the OPL – Library and Archives Canada (LAC) Joint Facility Project.

7. Ottawa Public Library Reserve Account update as of June 30, 2018

At the end of the second quarter 2018, the Library reserve account balance stands at \$3,700,466.

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 – Operating Financial Report for Q2 ending June 30, 2018
2. Appendix B – Forecast Report for Q2 ending June 30, 2018
3. Appendix C – External Funds Raised Report for Q2 ending June 30, 2018
4. Appendix D – Library Board Operating Report for Q2 ending June 30, 2018
5. Appendix E – Contract Expenditures Report for Q2 ending June 30, 2018
6. Appendix F – Capital Report for Q2, ending Jun 30, 2018