

Report to / Rapport au:

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

Date submitted_ENG / Date submitted_FRE

Submitted by / Soumis par:

Danielle McDonald, Chief Executive Officer / Directrice générale

Contact Person / Personne ressource:

*Anna Basile, Division Manager, Corporate Services / Directrice, Services
organisationnels*

(613) 580-2424 x32335, Anna.Basile@BiblioOttawaLibrary.ca

File Number: OPLB-2022-0301

SUBJECT: 2021 Fourth Quarter Financial Status Report

OBJET: Rapport financier du 4^e trimestre 2021

REPORT RECOMMENDATIONS

That the Ottawa Public Library (OPL) Board:

- 1. Receive this report for information;**
- 2. Receive previously approved \$4,000,000 (October 2021) from Library Services operating surplus to be transferred to the OPL portion of the OPL-LAC Joint Facility project;**
- 3. Approve \$1,244.060 in Library Services operating surplus be transferred to the Library Reserve; and,**
- 4. Upon the Ottawa Public Library Board's approval of the transfer of the Library operating surplus, direct staff to work with the City of Ottawa's (City) Finance Services to include the recommendations as part of the Disposition of 2021 Tax and Rate Supported Operating Surplus / Deficit**

**report through the City's Finance and Economic Development Committee
for approval by Ottawa City Council.**

RECOMMANDATIONS DU RAPPORT

Que le Conseil d'administration de la Bibliothèque publique d'Ottawa (BPO):

- 1. Prenne connaissance du présent rapport à titre d'information;**
- 2. Reçoive la somme de 4 000 000 \$ (approuvée en octobre 2021) de l'excédent de fonctionnement de la Bibliothèque, somme devant être affectée à la portion du projet d'installation partagée de la BPO et de BAC qui relève de la BPO;**
- 3. Approuve le transfert de 1 244 060 \$ de l'excédent de fonctionnement de la Bibliothèque au fonds de réserve pour la Bibliothèque;**
- 4. Demande au personnel, une fois le transfert de l'excédent de fonctionnement de la Bibliothèque approuvé par le C.A. de la Bibliothèque publique d'Ottawa, de collaborer avec la Direction générale des services financiers de la Ville d'Ottawa pour ajouter les recommandations au rapport sur le règlement de l'excédent / du déficit de 2021 des opérations financées par les recettes fiscales et les redevances, rapport à soumettre au Comité des finances et du développement économique de la Ville pour approbation par le Conseil municipal d'Ottawa.**

BACKGROUND

In keeping with Ottawa Public Library (OPL) Board Policy 010 OPLB CEO Reporting and Board Monitoring, and the Board's utilization of a policy or strategy model of governance, the Board requires the CEO to report on a variety of subjects so that the Board may effectively perform its monitoring role. With respect to financial reporting, annual, semi-annual, or quarterly status reports are provided to the Board, with varying content depending on the time of year.

In February 2021, the Board received and approved the Ottawa Public Library (OPL) Financial Framework. In the Framework, a new guiding principle was introduced to advise the Board on the balance of various reserve accounts. Table 1 identifies all financial status reports produced for the Board, along with which quarter each report will

be presented in election and non-election years. The Financial Framework introduced a new guiding principle to advise the Board on the balance of various reserve accounts.

Table 1 – Financial Status Report Content

Financial Appendix Name	Non-Election Year Quarterly Report	Election Year Quarterly Report
Operating Financial Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Year-End Forecast Report	Q2	Q2, Q3
External Funds Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Trust Funds Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Library Board Operating Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Contract Expenditures Report	Q2, Q4	Q2, Q4
Capital Financial Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Capital Works in Progress Report	Q1	Q1
Library Reserve and Development Charges Reserve Balances	Q4	Q4

The purpose of this report is to present fourth quarter financial results for the 2021 fiscal year, and to seek board approval for the allocation of the 2021 operating surplus.

DISCUSSION

The following are explanatory notes for each of the appended financial reports.

1. Appendix A – 2021 Q4 Operating Financial Report

- a. At year end, total revenues achieved 93.3 percent of the planned budget. This represents a shortfall in revenues of \$117,640 for the fiscal year. Meeting room rentals achieved less than planned revenues by \$63,696, however unplanned donation revenues contributed \$2,354, and other miscellaneous revenues generated \$10,197 more than the anticipated

amount. Combined library fees and fines are less than planned at \$207,977. When compared to Q4 2020, total self-generated revenues are down due to the elimination of late fees in 2021 and continued service-related impacts of the pandemic.

- b. The Provincial operating grant of \$1,380,328 was received in November 2021. The amount received was in-line with the planned amount of \$1,380,000.
- c. Total expenditures were under budget by 9.8 percent or \$5,361,700. As noted in Appendix A, there were multiple underspent categories that contributed to the total under-expenditure. Specifically, salaries and benefits were underspent as services have not yet returned to pre-pandemic levels.
- d. At year end, OPL had a surplus of 9.9 percent or \$5,244,060. The 2021 surplus result is a combination of less spending throughout the year due to operational impacts related to the COVID-19 pandemic.

2. Appendix B – 2021 Q4 External Funds Report

Total revenue received from external sources in 2021 was \$75,539. The breakdown of external revenue sources is as follows: \$41,784 from the Friends of the Ottawa Public Library Association (FOPLA); \$13,054 from general donations; \$14,198 from Sunlife Musical Instrument Lending Library; and \$6,503 from the Ottawa Community Foundation of Ottawa (OCF). Funds were used to directly support facility improvements, further expand the library collection, and fund programs for children, older adults, and newcomers to Canada.

3. Appendix C – 2021 Q4 Library Board Operating Report

At year end, the board's operating budget was 28.2 percent spent. The under-expenditure is largely the result of virtual Conferences and Conventions and the resulting elimination of costs related to hotel and travel accommodations and transportation. Virtual board meetings conducted in an on-line environment by Section 238 of the *Municipal Act, 2001* as amended by Bill 197, the *COVID-19*

Economic Recovery Act, 2020, further reduced parking and local transportation expenses.

4. Appendix D – 2021 Q4 Capital Status Report

Attached in Appendix D is the report on capital account status as of December 31, 2021. Remaining capital balances are at \$13,318,604 with more than 78 percent of that amount residing in capital growth accounts for facilities and library materials. Two capital accounts are in a deficit. The Metcalfe Facility project is 9.8 percent overspent and the Rosemount branch revitalization project is 0.02 percent or \$6,915 overspent. The current Rosemount project commitments will likely be revised and the account is projected to close in Q2 2022.

5. Appendix E – 2021 Q4 Trust Funds Report

- a. On behalf of OPL, the City holds and manages 15 trust funds of varying value. Eight of the trust funds are invested principle amounts from which OPL can spend interest revenue. The remaining funds also earn interest and are the result of fundraising, with the account balances entirely available to spend. In total, OPL trust funds managed by the City generated \$6,816 in interest during the fiscal year. Revenue generated in 2021 through major gifts and additional undirected donations totaled \$1,114,524. OPL has a balance of \$800,230 available to spend from trust funds in 2022.
- b. The Ottawa Community Foundation (OCF) manages eight trust funds for OPL. Each year, OCF provides interest revenue to OPL to support library needs including library materials, furniture, age-specific programming, and programming for newcomers to Canada residing in Ottawa. In total, OPL OCF funds generated \$74,443 revenue in 2021. As of December 31, 2021 there is a balance of \$216,320 available to spend.

6. Reserve Accounts

OPL has two reserve accounts: Library Reserve (“Reserve”), and the Library Development Charges Reserve (“DC Reserve”).

- a. The balance of the Reserve as of December 31, 2021 is \$4,962,943.

At the closing of the 2021 fiscal year, OPL has a surplus of \$5,244,060, representing an expenditure of 90.1 percent of the planned operating budget. As per board direction received in report OPLB-2021-1101, *Ādisōke – Project Update and Funding Strategy*, \$4M is to be allocated to the OPL-LAC Joint Facility, and staff recommend that the remaining balance of the 2021 surplus be allocated to the Library Reserve.

This will result in a Library Reserve balance of \$6,206,943 or 11 percent of the Library's 2022 budget. One percent more than the high-end of the Board's reserve target as stated in the Financial Framework.

- b. The DC Reserve consists of monies collected by the City pursuant to the *Development Charges Act, 1997*, SO 1997, c. 27 – Ontario (The Act), and City of Ottawa BY-LAW NO. 2019 – 156. These monies are used to invest in Board-approved growth-related projects according to studies, listings, and estimates as prescribed by The Act. As of December 31, 2021, the DC Reserve balance was \$30,816,487.

CONSULTATION

The development of this report required consultation with the City's Financial Services Unit to ascertain relevant reserve balances and to receive all financial appendixes required for financial reporting.

ACCESSIBILITY IMPACTS

Ottawa Public Library supports and considers the *Accessibility for Ontarians with Disabilities Act, (2005)* in its operations. There are no accessibility impacts associated with this report.

BOARD PRIORITIES

This report aligns with OPL Board Policy OPLB-0010 CEO Reporting and Board Monitoring, falls within the Board core value of Integrity, and is a fundamental citizen expectation of good governance and stewardship of public funds.

BUSINESS ANALYSIS IMPLICATIONS

There are no business analysis implications associated with this report.

FINANCIAL IMPLICATIONS

The financial implications of this report are associated with the intended use of the 2021 Library Services operating surplus and the Library Reserve balance as it relates to the Financial Framework. As per Board approval in October 2021, staff will apportion \$4M of the surplus toward to the Ottawa Public Library – Library and Archives Canada (OPL-LAC) Joint Facility to off-set debt. Adopting the recommendations of this report will exceed the Library Reserve balance goal of between 7.5% to 10% of the budget. Upon approval by Board and Council, the Library Reserve will be equivalent to 11 percent of the Library's 2022 budget, recognizing that the Board has outstanding commitments held against a portion of this Reserve.

LEGAL IMPLICATIONS

There are no legal implications associated with this report.

INDIGENOUS AND GENDER EQUITY IMPLICATIONS

There are no specific Indigenous, gender or race equity implications associated with the report.

RISK MANAGEMENT IMPLICATIONS

There are no risks management implications associated with this report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

SUPPORTING DOCUMENTATION

Appendix A – 2021 Q4 Operating Financial Report

Appendix B – 2021 Q4 External Funds Report

Appendix C – 2021 Q4 Library Board Operating Report

Appendix D – 2021 Q4 Capital Status Report

Appendix E – 2021 Q4 Trust Funds Report

DISPOSITION

Upon the Board's approval of the transfer of the Library operating surplus, staff will work with the City's Finance Services to include the recommendations as part of the Disposition of 2021 Tax and Rate Supported Operating Surplus / Deficit report through the City's Finance and Economic Development Committee.

The next quarterly financial status report will be brought forward to the Board in May 2022 for information purposes. The report will encompass the financial results from January through March 2022.