

**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-2022-0505**

**SUBJECT: First Quarter 2022 Financial Status Report**

**OBJET: Rapport financier du 1<sup>re</sup> trimestre 2022**

**REPORT RECOMMENDATIONS**

**That the Ottawa Public Library Board:**

- 1. Receive this report for information;**
- 2. Approve the closing of the accounts as per the Works in Progress (WIP) Capital Review, including the closure of \$25,919 to be deposited to the reserves, as further described in this report; and,**
- 3. Direct staff to work with the City's Financial Services Unit to forward Appendix F – 2022 Works in Progress (WIP) Capital Review to Ottawa City Council, for consideration as part of a report through the City's Finance and Economic Development Committee.**

## RECOMMANDATIONS DU RAPPORT

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

1. Prenne connaissance des rapports financier du premier trimestre de 2022;
2. Approuve la fermeture des comptes conformément à l'examen du capital des travaux en cours (TEC), y compris le transfert de 25, 919 \$ à déposer aux fonds des réserves de la Bibliothèque, tel que décrit plus en détail dans le présent rapport;
3. Demande au personnel de collaborer avec l'Unité des services financiers de la Ville pour transmettre l'annexe F - Examen des immobilisations liées aux travaux en cours (TEC) de 2022 au Conseil municipal d'Ottawa, pour examen dans le cadre d'un rapport du Comité des finances et du développement économique de la Ville.

## BACKGROUND

Quarterly operating and capital status reports are presented to the Ottawa Public Library (OPL) Board in keeping with Board policy #010 OPLB CEO Reporting and Board Monitoring. Each successive quarter represents a 25 percent increment to anticipated spending levels. The first quarter target in all categories is 25 percent and so on culminating with the fourth quarter target of 100 percent.

The reports presented in financial status updates to the Board vary depending on the quarter. Table 1 identifies all financial status reports produced for the Board, along with which financial quarter each report will be presented in election and non-election years.

**Table 1 – Financial Status Report Content**

Financial Report Name	Non-Election Year	Election Year
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	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 first quarter results for the 2022 fiscal year. In addition, this report includes the summary actions resulting from the Works In Progress (WIP) capital account review for 2022. The WIP process is an annual review ensuring capital projects are accurately maintained, and appropriate actions are taken to close or extend projects based on their status

## DISCUSSION

At the end of the first quarter, March 31, 2022, or 25 percent of the year, OPL total expenditures are at 21.4 percent; 3.4 percent less than the calendarized budget. Total revenues are at 5.1 percent; 20.7 percent less than budget. Overall, the net operating budget as at March 31, 2022 is 21.9 percent or 2.8 percent under the first quarter calendarized target.

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

### 1. Appendix A – 2022 Q1 Operating Financial Report

- a. At the end of the first quarter, the Library's total gross expenditures are under budget at 21.4 percent. For the same period in 2021, gross expenditures were at 21.6 percent. This is a consistent result when compared to Q1 2021 operations environment and the continued service-related impacts of the pandemic.
- b. Total net expenditures were under budget at 21.9 percent or 0.3 percent less from Q1 2021. All categories of expenditures are below the

calendarized target spending levels except of materials and supplies. Expenditures in materials and supplies have been spent at a faster rate and are over the first quarter target at 26.5 percent as at the end of March 2022. In year-over-year comparison, the first quarter of each fiscal year is historically underspent with less extra hours required for staff, year-end activities closing in February, and the impact of resetting for new or revised corporate initiatives. Overall, this is a consistent result when compared to Q1 2021 and pre-pandemic operating environments.

- c. Total gross revenues are under budget at the end of the first quarter at 5.1 percent or \$88,671. While under budget, this result is 0.8 percent greater than the same period in 2021 (4.3 percent) as the Library gradually increased in-person services, including the resumption of meeting room rentals at select locations in late March 2022. Miscellaneous revenues exceeded planned revenues at 64.2 percent or \$19,801 as at the end of March 2022. Receipt of the Provincial Operating Grant is anticipated in Q3 2022 and will have a positive impact on the percent of revenues collected compared to the 2022 budget plan.

## **2. Appendix B – 2022 Q1 External Funds Report**

Total revenue received from external sources at the end of the first quarter and including 2021 unspent funds is \$701,542. The breakdown is as follows: \$356,630 from the Friends of the Ottawa Public Library Association (FOPLA); \$72,954 from general donations; \$216,155 from the Ottawa Community Foundation of Ottawa (OCF); and \$55,802 from Sunlife Musical instrument Lending Library. As per the Financial Framework, spending plans for these funds are in development according to the prioritized list of categorical spending.

## **3. Appendix C – 2022 Q1 Library Board Operating Report**

At the end of Q1, the Board's operating budget is 3.8 percent spent. The under-expenditure is partially the result of the continuation of virtual conferences in most cases and the resulting elimination of costs related to hotel and travel accommodations and transportation. Additionally, remote work and virtual board meetings further reduced office supply costs, as well as catering, parking and

local transportation expenses. Current business and related environmental conditions continue to curtail the opportunity to expend these budget items.

#### **4. Appendix D – 2022 Q1 Capital Status Report**

Attached in Appendix D is the report on capital account status as at the end of Q1 2022. Remaining capital balances are at \$17,201,436. Further information follows in this report regarding the annual Works in Process review of capital accounts (see Appendix F) for closure.

#### **5. Appendix E – 2022 Q1 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 \$1,394 in interest revenue in Q1 2022. OPL has a current balance of \$803,707 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. The interest revenue from OCF available for library expenditure as at the end of Q1 2022 is at \$216,321.

#### **6. Appendix F – 2022 Works in Progress (WIP) Capital Review**

Each year, all capital accounts are reviewed based on their financial status and their anticipated year of closure. This process is referred to as the WIP process and is undertaken as a best practice in the stewardship of capital accounts. There are three potential actions that can be taken through the WIP process: close the account, change (extend) the closing year of an account or close the account with comments (special instructions).

For the 2022 WIP review, the recommended actions are to close five capital orders (totaling \$25,919), and to extend the closing year of seven capital orders. The remaining balance or deficit of a closed capital order is balanced through the original funding source of the capital order. In the case of the 2022 WIP closures, \$25,919 will be returned and deposited to the Library Reserve Account. Appendix F details the requested actions.

## **CONSULTATION**

The development of this report required consultation with OPL staff and 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 library reserve balance will increase by \$ 25,919 as of result of the recommendations in the report and as explained in section 6, and noted in Appendix F.

## **LEGAL IMPLICATIONS**

There are no legal implications associated with this report.

## **INDIGENOUS AND GENDER EQUITY IMPLICATIONS**

There are Indigenous and Gender Equity Implications associated with this report.

## **RISK MANAGEMENT IMPLICATIONS**

There are no risk management implications associated with this report.

## **TECHNOLOGY IMPLICATIONS**

There are no technology implications associated with this report.

## **SUPPORTING DOCUMENTATION**

Appendix A – 2022 Q1 Operating Financial Report

Appendix B – 2022 Q1 External Funds Report

Appendix C – 2022 Q1 Library Board Operating Report

Appendix D – 2022 Q1 Capital Status Report

Appendix E – 2022 Q1 Trust Funds Report

Appendix F – 2022 Works in Progress (WIP) Capital Review

## **DISPOSITION**

City Council will receive the Library WIP capital recommendations as part of the consolidated list of capital closures and the consolidated list of capital account date changes in June 2022. The recommendations of the Board are subject to further review at Finance and Economic Development Committee prior to the Council meeting date. Any changes will be reported to the Board via memo.

The next quarterly financial status report will be brought forward to the Board in September 2022 for information purposes. The report will encompass the financial results from April through June 2022.