

**Report to / Rapport au:**

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

**May 8, 2018 / 8 mai 2018**

**Submitted by / Soumis par:**

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**File Number: OPLB-2018-0504**

**SUBJECT: First Quarter 2018 Financial Statements**

**OBJET: Rapport financier du 1<sup>re</sup> trimestre 2018**

#### **REPORT RECOMMENDATIONS**

**That the Ottawa Public Library Board:**

- 1. Receive the 2018 first quarter financial reports; and,**
- 2. Receive the closing of capital Works In Progress accounts as outlined in this report.**

#### **RECOMMANDATIONS DU RAPPORT**

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

- 1. Prendre connaissance des rapports financiers du 1<sup>er</sup> trimestre de 2018.**
- 2. Prendre connaissance de la fermeture des comptes pour travaux d'immobilisations en cours, comme il est mentionné dans le présent rapport.**

**BACKGROUND**

Quarterly operating and capital status reports are presented to the OPL Board in keeping with Board policy 010 OPLB CEO Reporting and Board Monitoring. The purpose of this report is to present first quarter results for the 2018 fiscal year.

The reports presented in financial status updates to the Board vary depending on the quarter. Table 1 identifies all reports produced for financial status reporting to the Board. The table also clarifies which quarter of the year each report will be presented in election and non-election years.

**Table 1 – Financial Status Report Content**

<b>Financial Report Name</b>	<b>Non-Election Year</b>	<b>Election Year</b>
Operating Financial Report	Q1, Q2, Q4	Q1, Q2, Q3, Q4
Year-End Forecast Report	Q2	Q2, Q3
External Funds Raised Financial 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

**DISCUSSION**

As at the end of the first quarter, or 25 percent of 2018, the Ottawa Public Library (OPL) is performing similarly to the same period in 2017. Gross expenditures are at 25.7 percent (\$12.570M), an increase of 0.6% when compared to the same period in 2017. Revenues are at 15.0 percent (\$544,000), an increase of 4.2 percent. Overall, the net operating budget as at March 31, 2018 is at 26.6 percent or 1.6 percent over the first quarter target.

As in previous years, expenditures in the Equipment Service and Maintenance category are well over the first quarter target at 58.2 percent. Expenses in this category are concentrated in the beginning of each fiscal year in order to streamline the management of maintenance contracts for business systems, equipment, and virtual services platforms. This practice causes an over expenditure in Q1, but also provides for better coordination of services, cleaner fiscal transactions, and normalizes the effective terms of a number of contractual agreements.

From a revenue perspective, the first quarter shows an increase of 4.2 percent compared to 2017. Meeting room rental, parking garage lease revenues, and a deferral from 2017 of Provincial grant funding are the primary contributors to this result. The remainder of the shortfall compared to the 25 percent target comes from the Provincial Libraries Operating Grant (PLOG) which is historically received from the Ontario Ministry of Tourism, Culture and Sport late in the year in one lump sum payment.

#### **1. Operating Financial Report, Q1 2018: Appendix A**

- a. At the end of the first quarter, the Library's net expenditures are over budget by 0.7 percent. This result is common. Many contractual expenditures for the maintenance of software and other operational systems and equipment are paid at the beginning of each fiscal year.
- b. Total gross expenditures are over budget at 26.6 percent, a 0.3 percent increase from Q1 2017.
- c. Total revenues are under budget at the end of the first quarter at 15 percent. While under budget, this result is 4.8 percent greater than the same period in 2017 (10.8 percent) and also exceeds 2016 by 3.4 percent. It should be noted that the OPL fee schedule was harmonized on January 24, 2018 which may account for this variance. Staff will continue to monitor the impact of fee harmonization through 2018 and part of 2019 to determine financial outcomes.

#### **2. External Funds Raised Financial Report, Q1 2018: Appendix B**

Total revenues available at the end of Q1 through fundraising initiatives and 2017 accruals is \$424,106. The breakdown is as follows: \$18,689 from Provincial grants for special projects; \$325,769 from the Friends of the Ottawa Public Library Association; \$13,403 from general donations; \$64,301 in earned interest from the

Community Foundation of Ottawa; and, \$1,944 in grant funding from Citizenship and Immigration Canada's Immigrant Settlement and Adaptation Program (ISAP). After expenditures, \$361,255 of available funding remains with spending plans either in place or under development.

### **3. Library Board Operating Report, Q1 2018: Appendix C**

At the end of Q1 the Board's operating budget is 16.7 percent spent. This amount is more than double compared to the same period in 2017. Early conference schedules in 2018 and resulting Trustee attendance as per Board policy 003 OPLB Trustee Orientation and Continual Education has caused this increase. In 2017, Board expenditures were at 7.1 percent for the same period.

### **4. Capital Financial Report, Q1 2018, Appendix D**

Attached in Appendix D is the report on capital account status as of the end of Q1 2018. Please note that a legacy capital account for land acquisition remains open from activities initiated in 2009. This account does not contain actual funding, and further approval by Ottawa City Council will be required in order to exercise this authority. Exclusion of the legacy account results in an overall available capital total of \$7.985M across 18 open accounts as of the time of this report. This includes newly-initiated capital accounts approved through the 2018 budget process as well as capital growth accounts funded by development charges.

### **5. Capital Works in Progress (WIPS), 2018 Closures, Appendix E**

The City's Financial Services Unit (FSU) undertakes an annual review of all capital accounts to determine which will remain open, require completion date extensions, or should be closed due to completion of respective projects. As any capital account closures impact the Library Reserve Fund, the Board is made aware of such and the resulting impacts on the reserve fund via Appendix E. In total, two capital accounts will be closed with \$24,482 transferred back to the Library Reserve Fund. Reports on capital closures are scheduled for committee and Council review in June 2018.

## **CONSULTATION**

There were no 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, Q1, ending March 31, 2018
2. Appendix B – External Funds Raised Financial Report, Q1, ending March 31, 2018
3. Appendix C – Library Board Operating Report, Q1, ending March 31, 2018
4. Appendix D – Capital Financial Report, Q1, ending March 31, 2018
5. Appendix E – Capital Works In Progress – 2018 Closures

## **DISPOSITION**

Staff will update policy OPLB-010 CEO Reporting and Board Monitoring to include the Financial Status Report Content chart described in the background as supplementary information.