

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-2020-0904

SUBJECT: Second Quarter 2020 Financial Statements

OBJET: Rapport financier du 2^e trimestre 2020

REPORT RECOMMENDATION

That the Ottawa Public Library Board receive the 2020 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 2020.

BACKGROUND

At the end of the second quarter, June 30, 2020, or 50 percent of the year, Ottawa Public Library (OPL) total expenditures are at 40.7 percent; that is, 9.3 percent or \$5,032,233 less than the calendarized budget. Total revenues are at 10 percent, 40 percent less than budget. Total revenue results are 11 percent less than those of the same period in 2019. Total expenditures are 8.7 percent lower than the same period in 2019. Overall, the net operating budget as at June 30, 2020 is at 42.5 percent or 7.5 percent under the second quarter calendarized target.

DISCUSSION

Financial Reports:

1. Appendix A – 2020 Q2 Operating Financial Report

- a. At the end of the second quarter, the Library's total gross expenditures are under budget at 40.7 percent. For the same period in 2019, gross expenditures were at 49.4 percent. The primary reason for lower expenditures is that salaries and benefits are under budget due to the placement of some employees on Declared Emergency Leave (DEL) during the COVID-19 pandemic from April 6 through the reporting period.
- b. Total net expenditures are under budget at 42.5 percent, 8.6 percent less from Q2 2019. Materials and Supplies for the library have been spent at a slower rate due to the impact of COVID-19. Temporary branch closures resulted in less demand for materials and supplies and it was impractical or impossible to receive ordered goods. Materials and supplies are at 21.3 percent, or nearly 29 percent underspent, as of the end of June 2020. It should be noted that Q2 expenditures related to enhanced facility cleaning costs due to COVID-19 are not reflected in this report as the internal accounting transfers have not been completed. As such, net expenditures are slightly understated.
- c. Total gross revenues are under budget at the end of the second quarter at 10 percent or \$278,814. When comparing with Q2 2019, meeting room rentals and library fees are down significantly due to the pandemic-related closure of all OPL branches through the end of Q2. Library fees are down due to Board-approved decisions to not charge late fees during this time period. Please note that 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 normally received in the fourth quarter of each year. In 2020, in response to the pandemic, MTCS has accelerated the application process such that OPL may receive the grant money in Q3.

2. Appendix B – 2020 Q2 External Funds Raised Financial Report

Total external revenue received from external sources at the end of the second quarter and including 2019 unspent funds is \$584,447. Similar to Materials and Supplies, the expenditure of external funds has slowed significantly as a result of COVID-19. The breakdown is as follows: \$382,851 from the Friends of the Ottawa Public Library Association (FOPLA); \$25,991 from general donations; and \$175,605 from the Ottawa Community Foundation of Ottawa (OCF).

3. Appendix C – 2020 Q2 Forecast Report

The forecast report as of the end of the second quarter remains uncertain. Financial performance through the remainder of 2020 is highly impacted by the COVID-19 pandemic, and any potential resulting Provincial or Municipal orders as they may occur. The forecast as presented is based on continued service recovery from the COVID-19 pandemic.

- a. Based on results through the second quarter, total gross expenditures are forecasted to be underspent by 8.3 percent or \$4,365,594.
- b. After the second quarter, revenues are forecasted to be under budget by 29.4 percent. OPL will face revenue shortfalls largely attributed the impact of COVID 19 pandemic. Overall, an \$819,647 shortfall in total revenues is projected for fiscal year-end 2020.
- c. Total Net Expenditures are forecasted at year-end to be in a surplus by 7.1 percent or \$3,545,947 after applying the anticipated revenue shortfall and expense savings as the result of branch closures since March 16, 2020 and the placement of part-time employees on Declared Emergency Leave due to the impact of the COVID-19 pandemic.

4. Appendix D – 2020 Q2 Contract Expenditures Report

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 1, 2020 to June 30, 2020. 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 – 2020 Q2 Library Board Operating Report

At the end of Q2, the Board's operating budget is 19.6 percent spent. This is less than expected as a result of reduced conference participation and related travel expenses in 2020 due to the COVID-19 pandemic.

6. Appendix F – 2020 Q2 Capital Report

Attached in Appendix F is the report on the status of capital accounts as of the end of Q2 2020. Remaining capital balances are at \$12,468,341.

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 aligns with OPL's value of Integrity, ensuring that public stewardship of funds is managed effectively with transparency and accountability.

SUPPORTING DOCUMENTATION

Appendix A – 2020 Q2 Operating Financial Report

Appendix B – 2020 Q2 External Funds Raised Financial Report

Appendix C – 2020 Q2 Forecast Report

Appendix D – 2020 Q2 Contract Expenditures Report

Appendix E – 2020 Q2 Library Board Operating Report

Appendix F – 2020 Q2 Capital Report

DISPOSITION

The next quarterly financial status report (Q4 2020) will be brought forward to the Board in Q1 of 2021 for information purposes. The report will encompass the financial results from January to December 2020.