

COMMUNICATION & COUNSEL

Subject: Q2 2012 Financial Report

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City Operations Financial Services Unit

Prepared for: Ottawa Public Library Board

Meeting of: September 10, 2012

Date: August 19, 2012

As of the second quarter 2012, the Ottawa Public Library (OPL) is forecasting a small deficit of \$146,000 (.04%) at year end. Revenues are forecasted to be slightly under budget by year end, OPL continues to experience a drop in fine revenues. These are estimated to be under budget by \$80,000 at year end.

On the expenditure side, compensation is forecasted to be over budget by year end by \$245,000 (0.8%). This is a result of the back filling costs required to replace employees while on mandatory/legislated training and one-time costs related to the retirements of key management positions (i.e. the City Librarian and a Public Service Manager). Management is actively monitoring the budget and implementing strategies to reduce the forecasted deficit.

Financial Reports:**1. Operating Financial Report for Second Quarter, ending June 30, 2012 (50%):
Appendix A**

At the end of the second quarter (50% of the year):

- a. The Library's net expenditures are over budget at 52.5%.
- b. Total gross expenditures are over budget by 0.3%.

- c. Total gross revenues are under budget by 22%. The provincial grant is typically received in the fourth quarter of each year. Keeping this in mind, revenues are only under budget by 7%. This is a result of lower fine revenues due to the closure of the Hazeldean Branch and an increase in eBook circulation. No fines are accumulated on eBooks as these automatically disappear from electronic devices upon the expiration of the loan.

2. Second Quarter Forecast Report: Appendix B

- a. Based on the second quarter results, net expenditures are forecasted to be in a deficit of \$143,000. Management continues to actively monitor the budget and continues to work on mitigating strategies to address the forecasted revenue shortfall in fines and compensation overage. Anticipated reduced spending in purchased services and the fleet budget are an example of areas that are being monitored to address this shortfall. Management is also working to ensure that compensation budgets are regularly monitored, overtime is minimized and scheduling procedures are maximized.
- b. In the first half of the year, revenues are forecasted to be under budget by only 0.1% or \$4,000, thanks to unbudgeted revenues for the federal CAP grant and CANON federal provincial grant. Excluding these additional revenues, revenues are forecasted to be under budget at year end by \$72,000 as a result of a continuation of the decline in fine revenue and impacts of the closure of the Hazeldean Branch and the increased circulation of eBooks.

OPL expect to mitigate this decline with the introduction of ePayment. This service, consisting of online payment of fines, is on track to be introduced in Q4/2012. The system will extend the credit card payment services to branches that do not have sufficient volumes to allow them currently and also provide the convenience of the choice of secure online payments from home.

- c. Expenditures are forecasted to be over budget at year end by approximately 0.3% or \$143,000. Savings are anticipated in the purchased services and fleet budgets as managers carefully monitor their spending and implement mitigating strategies in the second half of the year such as limiting any unnecessary expenditures and reducing overall expenditures where possible.

3. Report on External Funds Raised for Second Quarter: Appendix C

Total revenue raised to date through fundraising initiatives in the second quarter is \$278,608. The breakdown is as follows:

- \$42,548 from the Friends of OPL;
- \$124,899 from the Ottawa Public Library Foundation;
- \$6,822 to support the Early Literacy program;
- \$83,511 for the Southern Ontario Library Services (SOLS) grant; and,
- \$16,985 from the Immigrant Settlement & Adaptation program (ISAP).

4. Report on Contract Expenditures (April to June 30, 2012): Appendix D

In accordance with the Acquisitions of Goods and Services Procedure, Appendix D contains a list of contracts valued at more than \$10,000 and less than \$100,000, awarded for the period of April 1, 2012 to June 30, 2012. The Board approves all contracts in excess of \$100,000.

5. Library Board operation report for the Second Quarter: Appendix E

At the second quarter, the Board's operating budget is 143.9% spent. Excluding the one-time cost for CEO Recruitment, the budget is 75.6% spent.

6. Capital Financial Report for Second Quarter, ending June 30, 2012, Appendix F.

Appendix F reports on capital spending as of the second quarter. All Infrastructure Stimulus Projects have been completed. In the second quarter, spending on capital projects is progressing in line with planned project milestones.

OTTAWA PUBLIC LIBRARY
Operating Financial Report (without External Funds Raised)
As at June 30, 2012 (50 % of year)

<u>Revenues</u>	2012 Budget	Year to Date Actuals	Overbudget (Underbudget)	% of Budget
Provincial Grant	1,380,000	50,000	(1,330,000)	3.6%
Federal Funding	70,000	16,985	(53,015)	24.3%
Meeting Room Rentals	64,360	40,668	(23,692)	63.2%
Library Fines	1,302,451	543,114	(759,337)	41.7%
Library Fees	258,245	115,427	(142,818)	44.7%
Lease - Main Parking Garage & Tower	470,640	227,520	(243,120)	48.3%
Donations	-	5,988	5,988	0.0%
Miscellaneous Revenue	50,391	6,304	(44,087)	12.5%
One Time Reserve Funding				

2011 Year to Date Actuals	% of Budget Spent
60,000	4.3%
17,012	
16,495	25.6%
267,366	19.1%
51,157	19.8%
117,660	25.0%
1,215	0.0%
1,980	4.0%
-	0.0%

Total Revenue	3,596,087	1,006,006	(2,590,081)	28.0%
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1,109,417	32.5 %
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<u>Expenditures</u>	2012 Budget	Year to Date Actuals	Overspent (Underspent)	% of Budget Spent
Salaries & Benefits	30,808,371	15,696,874	15,111,497	51.0%
Purchased Services			-	
Staff Training & Travel	163,094	87,037	76,057	53.4%
Administrative Services	390,106	194,986	195,120	50.0%
Equipment Service & Maintenance	682,188	103,085	579,103	15.1%
Materials & Supplies				
Library Materials	4,882,000	2,609,365	2,272,635	53.4%
Library Supplies	285,865	109,808	176,057	38.4%
Administration & Other Supplies	202,182	86,143	116,039	42.6%
Fixed Assets	45,560	1,753	43,807	3.8%
Operating Recovery	(100,000)	(38,894)	(61,106)	38.9%
Fleet Costs	155,416	68,533	86,883	44.1%
Program Facility Costs	3,880,603	1,941,647	1,938,956	50.0%
Corporate Allocations – Merchant Fees, Insurance Claims, Software Mtce	190,476	94,845	95,631	49.8%
Other Internal Costs	101,819	62,310	39,509	61.2%

2011 Year to Date Actuals	% of Budget Spent
7,438,685	24.7%
19,519	12.0%
93,804	22.1%
24,685	8.9%
1,222,950	25.1%
17,722	8.4%
35,574	17.6%
5,582	12.3%
(15,265)	15.3%
37,925	25.2%
820,084	21.2%
44,620	25.0%
25,421	23.5%

Total Expenditures	41,687,680	21,017,492	20,670,188	50.4%
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9,771,306	24.1%
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City of Ottawa Contribution	38,091,593	20,011,486	18,080,107	52.5%
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9,238,421	25.1%
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OTTAWA PUBLIC LIBRARY
Status Report to June 30, 2012 (50% of the year)

Revenues	Budget 2012	Actual 30-Jun-12	Forecast Jul- Dec	Forecast 31-Dec-12	Variance	% of Budget	Comments
Provincial Grant	1,380,000	50,000	1,380,328	1,430,328	50,328	3.6%	Grant normally received in 4th quarter. \$50,000 received from province for CANON grant.
Federal Revenue	70,000	16,985	70,615	87,600	17,600	25.1%	Funding for FTE for Immigrant Settlement Assistance Program (ISAP) & CAP grant.
Facilities Rental	535,000	268,188	264,607	532,795	(2,205)	-0.4%	
Library Fines	1,302,451	543,114	678,883	1,221,997	(80,454)	-6.2%	Fines revenue continues to decline and is impacted by closure of Hazeldean Branch and increased circulation of eBooks.
Library Fees	258,245	115,427	153,792	269,219	10,974	4.2%	Forecast based on comparison to 2nd quarter 2011.
Miscellaneous Revenue	50,391	12,292	38,099	50,391	-	0.0%	
Total Revenues	3,596,087	1,006,006	2,586,324	3,592,330	(3,757)	-0.1%	

Expenditures	Budget 2012	Actual 30-Jun-12	Forecast Jul - Dec	Forecast 31-Dec-12	Variance	% of Budget	Comments
Salary & Benefits	30,840,592	15,696,874	15,388,792	31,085,666	(245,074)	-0.8%	Extra cost for management retirements and replacement of employees on mandatory/legislative training.
Purchased Services	1,308,388	384,519	773,727	1,158,246	150,142	11.5%	
Library Materials	4,882,000	2,609,365	2,272,635	4,882,000	-	0.0%	
Materials & Supplies	412,047	195,951	264,595	460,546	(48,499)	-11.8%	
Financial	3,000	589	211	800	2,200	73.3%	Tracking of cash over/under on library deposits.
Fixed Assets	45,560	1,753	43,807	45,560	-	0.0%	
Operating Recovery	(100,000)	(38,894)	(34,141)	(73,035)	(26,965)	27.0%	
Facility Program Costs	3,880,603	1,941,647	1,938,956	3,880,603	-	0.0%	
Fleet Costs	155,416	68,533	51,108	119,641	35,775	23.0%	Forecast based on comparison to 2nd quarter 2011.
Corporate Allocations – Merchant Fees, Insurance Claims, Software Mtce	190,476	94,845	95,631	190,476	-	0.0%	
Secondary Costs (COE)	101,819	62,310	49,895	112,205	(10,386)	-10.2%	Forecast based on comparison to 2nd quarter 2011.
Total Expenditures	41,719,901	21,017,492	20,845,216	41,862,708	(142,807)	-0.3%	

City of Ottawa Contribution	38,123,814	20,011,486	18,258,892	38,270,378	(146,564)	-0.4%	Projected Deficit
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OTTAWA PUBLIC LIBRARY
External Funds Raised Financial Report
As at June 30, 2012

Revenues	Year to Date Actuals
Friends of the Ottawa Public Library	42,548
Ottawa Public Library Foundation	124,899
Early Literacy	6,822
Library Programs/Resources – general donations	3,843
SOLS Grant	83,511
ISAP Program	16,985
Total Revenues	278,608

Expenditures	Year to Date Actuals
Compensation	40,188
Purchased Services	9,476
Library Materials	110,666
Materials & Supplies	8,268
Fixed Assets	56,748
Secondary Activities	6,021
Total Expenditures	195,525
Surplus Expenditures	35,188

OTTAWA PUBLIC LIBRARY
Report on Contract Expenditures
As at June 30, 2012

In accordance with the Acquisitions of Goods and Services Procedure, the following is a list of contracts valued at more than \$10,000 and less than \$100,000, awarded for the period from April 1 to June 30, 2012. The Board approves all contracts in excess of \$100,000.

Attached is the Q2 2012 Purchasing figures for the Ottawa Public Library. This includes:

- All POs created in Q2 2012 with a value >= \$10K
- All POs amended in Q2 2012 with a total increase to the PO >=\$10K
- Includes a Professional Services designation or Follow-on/Amendment/Extension designation as per the definitions in the purchasing by-law (if applicable)
- Includes a non-competitive rationale as per the sections stipulated in the by-law (Section 22(1) if applicable)

Requirement	Successful Contractor	Contract Amount	Date Awarded
To provide courier services to various Ottawa Public Library locations.	DYNAMEX	\$ 10,843.83	2012.04.26
Supply and delivery of various Audio/Video Media Containers for the Ottawa Public Library.	KINWOOD AUDIO VISUAL INC	\$ 13,049.49	2012.04.04
Supply and install lounge furniture at the Hazeldean OPL Branch.	INTERSPEC FURNITURE SOLUTIONS	\$ 16,560.93	2012.04.05
Supply, delivery, installation of five (5) Employee Stations, three (3) Customer Self Service Stations and one (1) set of Security Gates including one (1) year warranties for the new Hazeldean Branch.	SIRSIDYNIX	\$ 44,955.32	2012.04.18
Supply, delivery, and installation of an Automated Material Handling System at the new Hazeldean Library Branch approved by the board April 16, 2012.	RFID LIBRARY SOLUTIONS	\$ 93,924.48	2012.04.18
Purchase and installation of ten (10) staff RFID stations for collection management at various library branches.	SIRSIDYNIX	\$ 15,323.33	2012.05.18
Professional services to provide change management strategy and execution for the Radio Frequency Identification (RFID) Pilot Project.	PGF CONSULTANTS INC	\$ 44,876.16	2012.05.18
Annual renewal of licensing and support for QAS software licensed to the Ottawa Public Library for the period August 1, 2012 to July 31, 2013.	QAS LTD	\$ 14,797.25	2012.05.29
Professional project management services to implement the Radio Frequency Identification Project (RFID) technology for the Ottawa Public Library.	DORIS RANKIN	\$ 42,993.60	2012.05.31
Supply and delivery of seventy-five (75) boxes with 'ultra removable eight-up' labels for the Ottawa Public Library through Request for Standing Offer (RFSO). RFSO approved by the Board on March 5, 2012.	PROSERV BUSINESS PRODUCTS LLC	\$ 15,504.74	2012.06.04
Professional services to undertake a Board of Trustees evaluation and Governance review for the Ottawa Public Library.	TRANSFORM MANAGEMENT CONSULTING INC	\$ 30,528.00	2012.06.06
Supply and installation of twenty (20) Smartstation 200 Shielded Staff Stations for various library branches which will upgrade the stations to handle the RFID technology.	SIRSIDYNIX	\$ 24,819.26	2012.06.18

All purchase orders issued by the Library greater than \$10,000 are issued by the City's Supply Management Division, ensuring all purchasing policies and procedures have been met.

OTTAWA PUBLIC LIBRARY
Library Board Operating Budget
As at June 30, 2012 (50% of the year)

Expenditures	2012 Budget	2012 Actuals	Unspent	% Spent	2011 Actuals	% Spent
Conferences & Conventions	17,000	21,189	(4,189)	124.6%	2,972	17.5%
Business Expense	2,000	2,174	(174)	108.7%	2,770	138.5%
Car Mileage	2,000	-	2,000	0.0%	54	2.7%
Freight/Courier	3,500	1,087	2,413	31.1%	722	20.6%
Receptions/luncheons	7,000	1,391	5,609	19.9%	1,120	16.0%
Memberships	2,000	940	1,060	47.0%	9,876	493.8%
Parking	1,500	1,240	260	82.7%	825	55.0%
Recruitment	-	26,033	(26,033)	0.0%	-	0.0%
Sundry	3,135	815	2,320	26.0%	972	31.0%
Total Expenditures	38,135	54,869	-16,734	143.9%	19,311	50.6%

Note:

Excess over budget as a result of:

CEO Recruitment \$26,033 (represents 65.2% of the Board budget)

OTTAWA PUBLIC LIBRARY
Capital Report
As at June 30, 2012

Capital Project Account		Approved Budget	Prior Year Expenditures	2012 Actuals	Total Spent	Commitments	Funds Available	% Spent
904354	Vehicles Replacement 2009	75,000	67,790	3,365	71,155	0	3,845	94.9%
904620	General Repairs & Maintenance 2008	554,000	551,051	2,950	554,000	2,991	(2,991)	100.5%
904625	Vehicles Replacement - 2008	45,000	45,011	0	45,011	0	(11)	100.0%
904860	General Repairs & Maint. 2009	350,000	345,033	(8,923)	336,110	0	13,890	96.0%
903626	Bookmobile Replacement 2011	250,000	1,513	0	1,513	11,906	236,581	5.4%
905766	General Repairs & Maint 2011	250,000	8,105	20,026	28,131	0	221,869	11.3%
905767	Furniture and Equipment 2011	175,000	59,340	41,151	100,491	28,607	45,902	73.8%
905778	Vehicles Replacement 2011	75,000	78,112	(3,112)	75,000	0	0	100.0%
905408	General Repairs & Maint 2010	225,000	183,929	53,603	237,533	9,529	(22,062)	109.8%
905409	Furniture and Equipment 2010	275,000	260,950	12,032	272,982	0	2,018	99.3%
906359	General Repairs & Maint 2012	250,000	0	2,946	2,946	0	247,054	1.2%
906390	Furniture & Equipment 2012	175,000	0	0	0	0	175,000	0.0%
906394	Vehicle Replacement 2012	75,000	0	0	0	71,385	3,615	95.2%
* General Maintenance		2,774,000	1,600,833	124,038	1,724,872	124,418	924,710	66.7%
904352	IT ILS Desktop Maintenance 2007	517,000	502,590	6,939	509,529	0	7,471	98.6%
904863	IT ILS/Desktop Maintenance 2009	250,000	247,570	1,263	248,832	0	1,168	99.5%
905620	IT Library Comp & IT Equip 2010	250,000	160,178	83,165	243,342	2,220	4,438	98.2%
905621	IT ILS/Desktop Maintenance 2010	250,000	192,853	55,605	248,458	3,980	(2,438)	101.0%
905622	IT Self Checkout Systems 2010	270,000	270,000	0	270,000	0	0	100.0%
905625	IT Web Based Lib. Serv.Maint 2010	100,000	56,446	26,599	83,045	3,109	13,846	86.2%
905626	IT Vend Card Technology 2010	100,000	76,617	3,816	80,433	0	19,567	80.4%
905768	IT Library Comp & IT Equip 2011	200,000	4,864	0	4,864	0	195,136	2.4%
905769	IT ILS/Desktop Maintenance 2011	200,000	81,173	16,287	97,460	3,358	99,182	50.4%
905770	IT Self Checkout Systems 2011	40,000	4,065	0	4,065	0	35,935	10.2%
905772	IT Web Based Lib. Serv. Maint. 2011	100,000	7,276	14,246	21,522	0	78,478	21.5%
905627	IT E-Payment 2010	200,000	75,400	0	75,400	0	124,600	37.7%
905628	IT Library Kiosk Project 2010	150,000	0	0	0	0	150,000	0.0%
906391	IT Library Comp/Equip 2012	450,000	0	0	0	0	450,000	0.0%
906392	IT/ILS Desktop Maint 2012	250,000	0	0	0	0	250,000	0.0%
906393	IT Web Based Lib Serv Maint 2012	200,000	0	0	0	0	200,000	0.0%
*IT Maintenance		3,527,000	1,679,032	207,919	1,886,951	12,667	1,627,382	53.9%
**Maintenance of City Assets		6,301,000	3,279,865	331,958	3,611,823	137,085	2,552,092	59.5%

	Capital Project Account	Approved Budget	Prior Year Expenditures	2012 Actuals	Total Spent	Commitments	Funds Available	% Spent
903577	Replacement of Main Library 2008	800,000	691,295	39,313	730,609	78,077	(8,686)	101.1%
903908	IT Adaptive Technology 2006	19,000	13,544	0	13,544	0	5,456	71.3%
904355	Signage 2009	50,000	27,171	6,989	34,159	0	15,841	68.3%
904359	Library Retrofits 2009	375,000	87,499	91,037	178,537	9,158	187,305	50.1%
904626	Library Retrofits – 2008	500,000	494,253	1,613	495,867	0	4,133	99.2%
904631	Signage – 2008	50,000	46,215	618	46,833	0	3,167	93.7%
904856	IT E-payment 2009	100,000	14,383	1,546	15,929	14,085	69,986	30.0%
904859	IT Library Kiosk Project 2009	100,000	96,419	0	96,419	0	3,581	96.4%
905105	Replacement of Main Library 2009	200,000	80,517	601	81,119	0	118,881	40.6%
905623	Library Retrofits 2010	736,000	378,140	0	378,140	0	357,860	51.4%
905055	Innovation & Strategic Initiative 2011	25,000	1,666	10,564	12,230	0	12,770	48.9%
905771	Library Retrofits 2011	560,000	30,989	415,548	446,537	113,464	(1)	100.0%
905779	Signage 2011	50,000	138	(138)	0	0	50,000	0.0%
903950	OPL Foundation Capital Campaign	50,000	50,000	0	50,000	0	0	100.0%
905708	New Central Library - Land Acquisition	26,000,000	188,984	0	188,984	0	25,811,016	0.7%
905776	OPL Capital Campaign 2012	50,000	0	50,000	50,000	0	0	100.0%
906398	Library Retrofits 2012	300,000	0	0	0	39,241	260,759	13.1%
906399	Smart Bins 2012	50,000	0	39,299	39,299	0	10,701	78.6%
906400	IT RFID 2012	1,735,000	0	514,858	514,858	843,718	376,424	78.3%
906401	Innovation & Strategic Initiative 2012	200,000	0	96	96	30,528	169,376	15.3%
**Strategic Initiatives		31,950,000	2,201,213	1,171,944	3,373,158	1,128,271	27,448,572	14.1%
904628	West District Library 2009	10,000,000	193,018	66,870	259,888	535,841	9,204,271	8.0%
904630	Collections 2009	1,500,000	867,582	(3,501)	864,081	0	635,919	57.6%
904360	Smart Bins 2011	100,000	99,133	867	100,000	0	0	100.0%
904366	Collections 2011	1,102,000	0	0	0	0	1,102,000	0.0%
904858	IT RFID 2011	0	36,394	(36,394)	0	0	0	0.0%
905624	Growth Planning Studies	50,000	47,535	0	47,535	0	2,465	95.1%
905631	Collections 2010	500,000	553	0	553	0	499,447	0.1%
906395	Collections 2012	1,000,000	0	0	0	0	1,000,000	0.0%
**Growth		14,252,000	1,244,215	27,842	1,272,057	535,841	12,444,102	12.7%
***Order Group Total		52,503,000	6,725,294	1,531,744	8,257,038	1,801,197	42,444,765	19.2%

	Capital Project Account	Approved Budget	Prior Year Expenditures	2012 Actuals	Total Spent	Commitments	Funds Available	% Spent
905340	ISF-Sunnyside Branch Renovation	1,275,000	1,274,179	0	1,274,179	0	821	99.9%
905341	ISF-Vanier Branch Retrofit	407,000	405,940	0	405,940	0	1,060	99.7%
905342	ISF-Alta Vista Branch Retrofit	764,000	709,884	0	709,884	0	54,116	92.9%
905343	ISF-Cumberland Branch Retrofit	750,000	751,997	0	751,997	0	(1,997)	100.3%
905344	ISF-Greely Library	1,200,000	1,200,000	0	1,200,000	0	0	100.0%
906144	ISF-Vernon Library Main Entrance	150,000	151,786	0	151,786	0	(1,786)	101.2%
906146	ISF-Ruth E. Dickinson	550,000	496,900	0	496,900	0	53,100	90.3%
	**Infrastructure Stimulus Funding	5,096,000	4,990,686	0	4,990,686	0	105,314	97.9%