

COMMUNICATION & COUNSEL

Subject: Q3 Financial Report

Prepared by: Brenda Gorton, Financial Services Account Manager, Ottawa Public Library
City Operations Financial Services Unit

Prepared for: Ottawa Public Library Board

Meeting of: October 15, 2012

Date: October 10, 2012

As of the third quarter 2012, the Ottawa Public Library (OPL) is forecasting a zero surplus/deficit, estimating a breakeven budget at year end. Revenues are forecasted to be slightly under budget by year end as OPL continues to experience a drop in fine revenues. Fine revenues are estimated to be under budget by \$122,000 at year end as a result of renovations and closures. On the expenditure side, compensation is forecasted to be on budget by year end as management has focused on reviewing their staffing needs for training and gapping of vacancies. Mitigating strategies implemented by Management in Q2 have proven to be successful in bringing the operating budget in line.

Financial Reports:**1. Operating Financial Report for third quarter, ending September 30, 2012,****Appendix A**

- a. At the third quarter, the Library's net expenditures are over budget at 0.6%.
- b. Total gross expenditures are under budget by 2.1%.
- c. Total gross revenues are under budget at the end of the third quarter by 30.6%. If we exclude the budget for the provincial grant which is typically received in the fourth quarter, revenues are under budget by 5.2% compared to 7% in the second quarter. This is resulting from lower fine revenues experienced from service disruptions due to renovations and closures.

2. Third Quarter Forecast Report: Appendix B

- a. Based on the third quarter results, net expenditures are forecasted to be at break even, net zero. Management continues to actively monitor the budget and continues to work on mitigating strategies to address the forecasted revenue shortfall in fines. Anticipated reduced spending in purchased services and the fleet budget are an example of areas that are being monitored to address this shortfall.
- b. In the third quarter, revenues are forecasted to be under budget by 1.8% or \$66,000. However, this includes unbudgeted revenues for the CAP grant and CANON provincial funding. Excluding these additional funds, revenues are forecasted to be under budget at year end by \$131,000 or 3.7%, the majority as a result of a continuation of the decline in fine revenue and impacts of the closure of the Hazeldean Branch.
- c. Expenditures are forecasted to be under budget at year end by approximately 0.2% or \$66,000. Savings are anticipated in the purchased services and fleet budgets as managers carefully monitor their spending in the final quarter of the year.

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

Total revenue raised to date through fundraising initiatives in the third quarter is \$341,164. The breakdown is as follows: \$81,795 from the Friends of OPL, \$125,320 from the Ottawa Public Library Foundation, \$8,467 to support the Early Literacy program, \$83,511 for the Southern Ontario Library Services (SOLS) grant, \$38,228 from the Immigrant Settlement & Adaptation program (ISAP) and \$3,843 from general donations.

4. Report on Contract Expenditures (July 1 to September 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 July 1, 2012 to September 30, 2012. The Board approves contracts in excess of \$100,000.

5. Library Board Operating Report for the Third Quarter: Appendix E

At the third quarter, if we remove the one-time expenditure for CEO recruiting, the Board's operating budget is 78.6% spent. Including the one-time cost for CEO Recruitment, the budget is 148.6% spent. The overall Library forecast for year end is break even, including the one-time cost for the CEO recruitment recorded in 2012.

6. Capital Financial Report for Third Quarter, ending September 30, 2012: Appendix F

Attached in Appendix F is the report on capital spending as of the third quarter. All Infrastructure Stimulus Projects have since been completed. In the third 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 September 30, 2012 (75 % 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	47,563	(22,437)	67.9%
Meeting Room Rentals	64,360	52,902	(11,458)	82.2%
Library Fines	1,302,451	893,428	(409,023)	68.6%
Library Fees	258,245	192,615	(65,630)	74.6%
Lease - Main Parking Garage & Tower	470,640	341,280	(129,360)	72.5%
Donations	-	6,288	6,288	0.0%
Miscellaneous Revenue	50,391	13,318	(37,073)	26.4%
One Time Reserve Funding				

2011 Year to Date Actuals	% of Budget Spent
60,000	4.3%
57,587	82.3%
51,327	79.7%
959,231	68.4%
192,909	74.7%
351,780	74.7%
2,598	0.0%
31,572	62.7%
120,000	100.0%

Total Revenue	3,596,087	1,597,394	(1,998,693)	44.4%
----------------------	------------------	------------------	--------------------	--------------

1,827,004	47.9%
------------------	--------------

<u>Expenditures</u>	2012 Budget	Year to Date Actuals	Overspent (Underspent)	% of Budget Spent
Salaries & Benefits	30,808,371	22,772,385	8,035,986	73.9%
Purchased Services			-	
Staff Training & Travel	163,094	108,635	54,459	66.6%
Administrative Services	390,106	258,736	131,370	66.3%
Equipment Service & Maintenance	682,188	344,880	337,308	50.6%
Materials & Supplies				
Library Materials	4,882,000	3,405,763	1,476,237	69.8%
Library Supplies	285,865	209,621	76,244	73.3%
Administration & Other Supplies	202,182	86,530	115,652	42.8%
Fixed Assets	45,560	14,441	31,119	31.7%
Operating Recovery	(100,000)	(78,661)	(21,339)	78.7%
Fleet Costs	155,416	97,181	58,235	62.5%
Program Facility Costs	3,880,603	2,857,956	1,022,647	73.6%
Corporate Allocations – Merchant Fees, Insurance Claims, Software Mtce	316,256	237,563	78,693	75.1%
Other Internal Costs	(23,961)	86,809	(110,770)	-362.3%

2011 Year to Date Actuals	% of Budget Spent
22,354,655	74.1%
87,236	53.5%
252,810	61.5%
184,530	66.8%
3,313,973	67.9%
82,087	39.1%
178,615	88.3%
10,861	23.8%
(72,313)	72.3%
108,315	72.0%
2,695,710	70.6%
163,901	86.0%
78,444	53.4%

Total Expenditures	41,687,680	30,401,839	11,285,841	72.9%
---------------------------	-------------------	-------------------	-------------------	--------------

29,438,824	72.6%
-------------------	--------------

City of Ottawa Contribution	38,091,593	28,804,445	9,287,148	75.6%
------------------------------------	-------------------	-------------------	------------------	--------------

27,611,820	75.2%
-------------------	--------------

OTTAWA PUBLIC LIBRARY
Status Report to September 30, 2012 (75% of the year)

Revenues	Budget 2012	Actual 30-Sep-12	Forecast Oct - 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 4 th quarter. \$50,000 received from province for CANON grant.
Federal Revenue	70,000	47,563	37,437	85,000	15,000	21.4%	Funding for FTE for Immigrant Settlement Assistance Program (ISAP) & CAP grant.
Facilities Rental	535,000	394,182	140,818	535,000	-	0.0%	
Library Fines	1,302,451	893,428	286,782	1,180,210	(122,241)	-9.4%	Fines revenue continues to decline and is impacted by closure of Hazeldean Branch.
Library Fees	258,245	192,615	67,302	259,917	1,672	0.6%	
Miscellaneous Revenue	50,391	19,606	19,584	39,190	(11,201)	-22.2%	
Total Revenues	3,596,087	1,597,394	1,932,251	3,529,645	(66,442)	-1.8%	

Expenditures	Budget 2012	Actual 30-Sep-12	Forecast Oct - Dec	Forecast 31-Dec-12	Variance	% of Budget	Comments
Salary & Benefits	30,808,371	22,772,385	8,027,986	30,800,371	8,000	0.0%	
Purchased Services	1,308,388	711,509	436,868	1,148,377	160,011	12.2%	Reduced spending to offset higher spending on internal city services (postage, printing) and to mitigate revenue shortfall
Library Materials	4,882,000	3,405,763	1,476,237	4,882,000	-	0.0%	
Materials & Supplies	412,047	296,151	191,896	488,047	(76,000)	-18.4%	
Financial	3,000	742	58	800	2,200	73.3%	Tracking of cash over/under on library deposits
Fixed Assets	45,560	14,441	31,119	45,560	-	0.0%	
Operating Recovery	(100,000)	(78,661)	-	(78,661)	(21,339)	21.3%	
Facility Program Costs	3,880,603	2,857,956	1,022,647	3,880,603	-	0.0%	
Fleet Costs	155,416	97,181	24,167	121,348	34,068	21.9%	Forecast based on comparison to 3rd quarter 2012.
Corporate Allocations – Merchant Fees, Insurance Claims, Software Mtce	316,256	237,563	78,693	316,256	-	0.0%	
Secondary Costs (COE)	101,819	86,809	55,508	142,317	(40,498)	-39.8%	Internal city services for postage, printing, photocopy
Total Expenditures	41,813,460	30,401,839	11,345,179	41,747,018	66,442	0.2%	

City of Ottawa Contribution	38,217,373	28,804,445	9,412,928	38,217,373	-	0.0%	Projected Surplus/Deficit
-----------------------------	------------	------------	-----------	------------	---	------	---------------------------

OTTAWA PUBLIC LIBRARY
External Funds Raised Financial Report
As at September 30, 2012

Revenues	Year to Date Actuals
Friends of the Ottawa Public Library	81,795
Ottawa Public Library Foundation	125,320
Early Literacy	8,467
Library Programs/Resources – general donations	3,843
SOLS Grant	83,511
ISAP Program	38,228
Total Revenues	341,164

Expenditures	Year to Date Actuals
Compensation	58,766
Purchased Services	13,442
Library Materials	114,825
Materials & Supplies	25,263
Fixed Assets	79,777
Secondary Activities	9,657
Total Expenditures	301,730
Surplus Expenditures	-39,434

OTTAWA PUBLIC LIBRARY
Report on Contract Expenditures
As at September 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 July 1 to September 30, 2012. The Board approves contracts in excess of \$100,000.

Attached is the Q3 2012 Purchasing figures for the Ottawa Public Library. This includes:

- All POs created in Q3 2012 with a value >= \$10K
- All POs amended in Q3 2012 with a total increase to the PO >=\$10K
- Includes a Professional Services designation or Follow-on/Amendment/Extension designation as per the definitions
- 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
Provision of library catalogue software for the period August 31, 2012 to July 30, 2013 for the Ottawa Public Library.	BIBLIOCOMMONS INC	\$58,301.95	2012.08.23
Cloud Hosting Services (virtual servers) to support the Ottawa Public Library's web site infrastructure for an initial period of one (1) year.	NOVA NETWORKS	\$30,490.15	2012.08.24
Provide an Agenda Builder and Management Solution (hardware, software and implementation services) for the Ottawa Public Library.	SIRE TECHNOLOGIES	\$33,575.71	2012.08.02
Supply and delivery of twelve (12) Smart Bins for use with the Library's Automated Material Handling System.	TECHLOGIC	\$45,842.88	2012.07.16
Supply and delivery of various sized encoded RFID tags, with custom Ottawa Public Library logo, to be inserted into new library materials on an as required basis.	BIBLIOTHECA ITG INC	\$70,123.92	2012.07.13
Professional services to support the process re-design for circulation and information services as well as materials flow at the Hazeldean Public Library as a result of recent renovation of the branch and implementation of Radio Frequency Identification Technology.	PGF CONSULTANTS INC	\$22,972.32	2012.07.25
Supply and delivery 2,200 bags (Every Child Ready to Read Bags)	THE CHICOBAG COMPANY	\$13,208.45	2012.07.06
Smartstock inventory and shelf reading equipment for testing with RFID Technology at the Ottawa Public Library branches.	SIRSIDYNIX	\$13,994.11	2012.07.20
To provide front line technical support for OverDrive Media Console, a software that provides the public with downloading capabilities regarding audio and e-books for the Ottawa Public Library	OVERDRIVE INC	\$14,246.40	2012.07.24
Supply and install library shelving at the Richmond Branch.	PATHFINDER SYSTEMS DESIGN LTD	\$15,138.63	2012.07.17
Supply and install library specific furniture (info desk) on the 2 nd floor of the Nepean Centrepointe Branch.	PATHFINDER SYSTEMS DESIGN LTD	\$15,849.12	2012.07.18
Supply and installation of library shelving at the Ruth E. Dickinson Branch.	PATHFINDER SYSTEMS DESIGN LTD	\$18,007.45	2012.09.17
Supply and delivery (upon request) of thirty-thousand (30,000) custom printed and encoded Library cards.	ITC SYSTEMS	\$20,759.04	2012.08.21
Supply and delivery of one (1) modified Bug Eye and Texture Pod, one (1) modified Seed Pod Kiosk and one (1) ABC Tracing table for various OPL locations.	BURGEON GROUP	\$26,101.44	2012.08.16
Supply and install Palmieri ranges, mobile units, carrels and seating for the Osgoode Branch.	PATHFINDER SYSTEMS DESIGN LTD	\$33,305.64	2012.07.16
Purchase of twenty five (25) Radio Frequency Identification tagging stations with associated software licenses for the various library branches.	SIRSIDYNIX	\$38,262.35	2012.09.21
Courier Services for the Ottawa Public Library.	DYNAMEX	\$39,898.06	2012.08.01
Professional services to develop, purchase, manage, and inspect a specialized "bookmobile" for the Ottawa Public Library.	SPECIALTY VEHICLE SERVICES	\$11,905.92	2012.07.05

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 September 30, 2012 (75% of the year)

Expenditures	2012 Budget	2012 Actuals	Unspent	% Spent	2011 Actuals	% Spent
Conferences & Conventions	17,000	20,501	(3,501)	120.6%	2,972	17.5%
Business Expense	2,000	3,725	(1,725)	186.3%	2,770	138.5%
Car Mileage	2,000	-	2,000	0.0%	54	2.7%
Freight/Courier	3,500	1,248	2,252	35.7%	722	20.6%
Receptions/luncheons	7,000	1,578	5,422	22.5%	1,120	16.0%
Memberships	2,000	940	1,060	47.0%	9,876	493.8%
Parking	1,500	1,269	231	84.6%	825	55.0%
Recruitment	-	26,033	(26,033)	0.0%	-	0.0%
Sundry	3,135	701	2,434	22.4%	972	31.0%
Total Expenditures	38,135	55,995	-17,860	146.8%	19,311	50.6%

Note:

Excess over budget as a result of:
 CEO Recruitment \$26,033

Balance Unspent without CEO Recruitment: \$8,173

**OTTAWA PUBLIC LIBRARY
Capital Report
As at September 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%
903626	Bookmobile Replacement 2011	250,000	1,513	5,985	7,498	5,953	236,549	5.4%
905766	General Repairs & maint 2011	250,000	8,105	49,592	57,697	0	192,303	23.1%
905767	Furniture and Equipment 2011	175,000	59,340	71,323	130,663	8,856	35,481	79.7%
905408	General Repairs & Maint 2010	225,000	183,929	41,071	225,000		0	100.0%
905409	Furniture and Equipment 2010	275,000	260,950	12,480	273,431	6,556	(4,987)	101.8%
906359	General Repairs & Maint 2012	250,000	0	19,218	19,218	4,452	226,330	9.5%
906390	Furniture & Equipment 2012	175,000	0	0	0	53,878	121,122	30.8%
906394	Vehicle Replacement 2012	75,000	0	0	0	73,176	1,824	97.6%
* General Maintenance		1,750,000	581,627	203,034	784,661	152,871	812,468	53.6%
904352	IT ILS Desktop Maintenance 2007	517,000	502,590	6,939	509,529	2,220	5,251	99.0%
905620	IT Library Comp & IT Equip 2010	250,000	160,178	89,822	250,000		0	100.0%
905621	IT ILS/Desktop Maintenance 2010	250,000	192,853	57,060	249,914	86	0	100.0%
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	34,078	90,524	5,002	4,474	95.5%
905626	IT Vend Card Technology 2010	100,000	76,617	3,816	80,433	19,827	(260)	100.3%
905768	IT Library Comp & IT Equip 2011	200,000	4,864	8,699	13,564	996	185,440	7.3%
905769	IT ILS/Desktop Maintenance 2011	200,000	81,173	21,986	103,159	0	96,841	51.6%
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	12,593	65,885	34.1%
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	33,576	166,424	16.8%
* IT Maintenance		3,277,000	1,431,462	236,648	1,668,110	74,300	1,534,590	53.2%
** Maintenance of City Assets		5,027,000	2,013,089	439,681	2,452,771	227,171	2,347,058	53.3%

	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	86,008	777,303	31,383	(8,686)	101.1%
903908	IT Adaptive Technology 2006	19,000	13,544	0	13,544	7,118	(1,662)	108.7%
904355	Signage 2009	50,000	27,171	6,989	34,159	8,602	7,239	85.5%
904359	Library Retrofits 2009	375,000	87,499	98,264	185,764	9,893	179,343	52.2%
904626	Library Retrofits - 2008	500,000	494,253	1,613	495,867	0	4,133	99.2%
904631	Signage - 2008	50,000	46,215	1,457	47,672	0	2,328	95.3%
904856	IT E-payment 2009	100,000	14,383	2,199	16,582	14,085	69,333	30.7%
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	458	378,598	0	357,402	51.4%
905055	Innovation & Strategic Initiative 2011	25,000	1,666	17,990	19,656	2,730	2,614	89.5%
905771	Library Retrofits 2011	560,000	30,989	527,152	558,141	8,913	(7,054)	101.3%
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%
906398	Library Retrofits 2012	300,000	0	6,070	6,070	39,241	254,689	15.1%
906399	Smart Bins 2012	50,000	0	39,299	39,299	0	10,701	78.6%
906400	IT RFID 2012	1,735,000	0	928,599	928,599	605,183	201,218	88.4%
906401	Innovation & Strategic Initiative 2012	200,000	0	14,902	14,902	38,694	146,404	26.8%
**Strategic Initiatives		31,800,000	2,104,794	1,731,464	3,836,259	765,842	27,197,899	14.5%
904628	West District Library 2009	10,000,000	193,018	179,512	372,530	484,601	9,142,869	8.6%
904630	Collections 2009	1,500,000	867,582	292,864	1,160,446	0	339,554	77.4%
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%
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		14,102,000	1,097,548	435,981	1,533,529	484,601	12,083,870	14.3%
***Order Group Total		50,929,000	5,215,431	2,607,127	7,822,558	1,477,614	41,628,828	18.3%

	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. Dickenson	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%