

REPORT

Oakville Public Library Board

Meeting Date: February 24, 2022

FROM: Oakville Public Library

DATE: February 15, 2022

SUBJECT: Comprehensive Financial Report at December 31, 2021

RECOMMENDATION:

1. That the Comprehensive Financial Report at December 31, 2021 be received.
2. That \$114,129 from the Library Development Reserve fund be moved to OPL's Oakville Community Foundation endowment fund.

KEY FACTS:

The following are key points for consideration with respect to this report:

- The Library's unaudited surplus for 2021 is \$281,108 (2020 surplus was \$1,304,022).
- The Development Reserve Fund balance at December 31, 2021 is \$314,129 (December 31, 2020 - \$263,916).
- The Halton Information Providers (HIP) Trust has a year-end balance of \$115,218 (December 31, 2020 - \$95,053).

BACKGROUND:

This report is a comprehensive report of all 2021 financial results: operating, capital, reserve, endowment and trust funds. The results are pending completion of the Library audit findings. Both the Library's Audit Findings report and the consolidated financial statements for 2021 will be presented by the Library's external auditors, KPMG, at the April Board Meeting.

The Oakville Public Library (OPL) ended 2021 with a surplus of \$281,108 or 2.8% on a total budget of \$10.2 million. The final year-end results provided a bigger surplus than the \$149,821 projections prepared at the end of the third quarter. The higher savings were primarily in personnel services and benefits due to adjustments to the final accruals at year-end.

COMMENT/OPTIONS:**Operating Variance Analysis:**

The following table illustrates the Library's variances to date and projection to year-end by object code:

	2021 Net Approved Budget	2021 Net Expenditures December 31	Funds Remaining	% Remaining
EXPENSES				
PERSONNEL SERVICES & BENEFITS	8,213,500	7,927,320	286,180	3.5%
MATERIALS & SUPPLIES	1,409,600	1,363,926	45,674	3.2%
CAPITAL OUT OF OPERATIONS	15,000	17,602	(2,602)	-17.3%
PURCHASED SERVICES	1,095,100	960,843	134,257	12.3%
PAYMENTS & GRANTS	14,300	7,100	7,200	50.3%
Total EXPENSES	10,747,500	10,276,791	470,709	4.4%
REVENUES				
EXTERNAL REVENUES	(470,700)	(346,381)	(124,319)	26.4%
NET INTERNAL EXP/RECOV & FUND TRSFS	(62,400)	2,882	(65,282)	104.6%
Total REVENUES	(533,100)	(343,499)	(189,601)	35.6%
Total Oakville Public Library	\$ 10,214,400	\$ 9,933,292	\$ 281,108	2.8%

* Unaudited financial results

Based on the final results as shown in the table above, OPL finished the year in a surplus position of \$281,108. Savings in personnel services and purchased services are offset by lower than budgeted revenues. The OPL continued to deal with the impacts of the pandemic over the year, including being shut down for in-person service during a part of the year.

Savings in personnel services and benefits are due to some vacancies in full-time positions during the year, most of which were filled by year-end. Part-time savings were incurred due primarily to waiting on filling positions because of the shutdown and resulting changes in service levels that occurred over the year. Staff have been actively recruiting to fill vacant part-time positions as pre-pandemic service levels are budgeted for 2022. The estimated retroactive payments for the Joint Job Evaluation Committee (JJEC) results are also included.

Purchased services savings include lower spending on budgeted development related purchases. These expenses are funded through a transfer from the development reserve, so that is reflected in a lower transfer than budgeted in the internal recoveries and fund transfers line. Staff also had lower spending in professional fees, as efforts were redirected to service delivery during the pandemic.

External revenues were substantially under-budget, due in part to the branches not being open the public for a portion of the year. As well, fine revenues/replacement of materials revenue dropped substantially with the permanent removal of overdue fines as of March 2020. 2021 saw the first full year impact and overdue fines revenue was lower than budgeted. The budget for fine revenue was further reduced in 2022 to reflect 2021 actuals. Finally HIP service revenue was lower than budgeted with HIP staff redirected to working on the IRCC InfoPods project.

Internal recoveries and fund transfers are lower than budgeted due to a lower transfer to operating from the development reserve as noted above.

The following table illustrates the OPL variances by program area:

	2021 Annual Budget	2021 December 31 YTD Actuals	2021 Budget Remaining (\$)	2021 Budget Remaining
Oakville Public Library				
Administrative Services	\$ 639,400	\$ 612,129	\$ 27,271	4.3%
Customer Experience	\$ 6,183,800	\$ 5,995,811	\$ 187,989	3.0%
Innovation and Integration	\$ 3,391,200	\$ 3,325,352	\$ 65,848	1.9%
Total Oakville Public Library	\$ 10,214,400	\$ 9,933,292	\$ 281,108	2.8%

* Unaudited financial results

The following section explains the program variances in more detail:

Administrative Services

The savings of \$27,271 in Administrative Services are primarily due to the professional fees being under spent in 2021. Due to the pandemic, staff were not able to focus on other initiatives as much as intended, as efforts were shifted to managing the ever changing service delivery needs.

Customer Experience

The most significant amount of savings is in Customer Experience at \$187,989. Savings in both full-time and part-time personnel costs at the branches are the significant driver due to the pandemic shut down earlier in the year and adjusted service levels in 2021. As well, costs were accrued for the estimated JJEC retroactive payments which will be paid out in 2022. There were also significant savings in utilities due in part to the shutdown and reduced service levels in the library throughout the year. These savings are offset by lower than budgeted revenues, also due to the shutdown.

Innovation and Integration

Savings in Innovation and Integration of \$65,848 are also due to staffing vacancies during the year but are offset by higher spending on collections to ensure the electronic resources collection is able to meet the demand of customers.

Library Development Reserve Fund

Included in the Innovation and Integration program is the Library Development Fund. A budget of \$100,000 was designated for development funded programs and initiatives, as well as \$30,000 from the Jack and Joan Woods Estate for the purchase of Fast Lane books. However, due to the ongoing pandemic and staff resources being shifted elsewhere, there were fewer development funded initiatives during the year. The final transfer from the reserve to operating was \$40,266, of which \$28,618 was for development funded purchases, primarily an expansion to diversity related collections at the OPL and other funded programs. The transfer from the Jack and Joan Woods Estate fund was lower than budgeted at \$11,648 as staff were under budget in areas unexpected for adult fiction in 2021. Collections staff are working on a plan for 2022 that will see them spending the full budget allotment.

The transfer to operating of \$18,200 that was budgeted to partially fund the Fund Development Coordinator position was not recommended for 2021 due to the surplus position of the OPL.

Donation revenue totaled \$83,530 and included individual donations received through two fundraising appeals (spring and fall), regular individual and monthly giving, major giving, transfers from the Oakville Community Foundation, corporate partnerships and third party fundraising events. Friendly Finds book sales at library branches were started up again by OPL Development in the second half of the year after a long hiatus. These sales yielded a contribution to the development reserve of \$1,456. The Friends of the OPL volunteer committee was also re-established in late 2021 and is developing plans for additional fundraising activities in 2022. Total revenue received during the year, including interest of \$5,493 was \$88,024.

The table below shows the unaudited balance of the Library Development Reserve Fund as of December 31, 2021.

	2021
Library Development Reserve Fund	Actuals
	December 31
OPENING BALANCE	263,916
EXPENDITURES:	
Transfer to Operating	40,266
Total Commitments to Operating Fund	40,266
TOTAL EXPENDITURES from RESERVE	40,266
REVENUES:	
Transfer from Friends of the OPL	1,456
Donations	83,530
TOTAL REVENUE to RESERVES	84,986
CLOSING BALANCE before interest	308,636
Interest	5,493
CLOSING BALANCE including interest	314,129

*Unaudited financial results

The Library also has endowment funds with the Oakville Community Foundation (OCF). These funds will be consolidated within the 2021 financial statements and reported to the Board in April. Net investment earnings totalled \$153,915. \$30,064 was withdrawn from the Jack and Joan Woods fund for Fast Lane books and other high demand collection items, as was approved by the family in 2020. As well, \$705 was withdrawn from the Birkett fund for seed supplies in 2020. For 2021, the OPL withdrew \$11,648 from the Jack and Joan Woods fund for purchases of Fast Lane books and \$2,455 was withdrawn from the Birkett fund for supplies for the OPL's Seed Library. Thus, the December 31, 2021 ending balance in the funds is \$1,213,521.

As a result of the higher investment earning provided via the OCF, it is recommended that \$114,129 from the Library Development Reserve fund be moved to OPL's OCF endowment fund. The \$200,000 remaining in the Library Development Reserve Fund will be used as required for initiatives in 2022.

Oakville Community Foundation	2021 \$
Beginning balance	
Oakville Public Library Endowment Fund	\$ 816,916
Birkett Family Fund	\$ 35,571
Jack and Joan Wood OPL Fund	\$ 272,452
Beginning balance	\$ 1,124,939
Capital Addition	\$ -
Gross Investment Earnings	\$ 153,915
Distributions:	
Foundation Management Costs	\$ (14,402)
Investment Management Fees	\$ (6,059)
Distributions - 2021 Jack and Joan Woods	\$ (11,648)
Distributions - 2021 Birkett Family	\$ (2,455)
Distributions - 2020 Jack & Joan Woods	\$ (30,064)
Distributions - 2020 Birkett Family	\$ (705)
Total distributions	\$ (65,333)
Ending Balance	\$ 1,213,521
Ending balance consists of:	
Oakville Public Library Endowment Fund	\$ 916,797
Birkett Family Fund	\$ 36,667
Jack and Joan Wood OPL Fund	\$ 260,057
Total Balance in Endowment Funds	\$ 1,213,521

Halton Information Providers (HIP) Trust

OPL is part of the HIP coalition as well as the managing partner of the HIP Trust Fund. As is detailed in the chart below, the opening balance of the fund was \$95,053 at January 1, 2021.

The significant staff focus for 2021 continued to be on the project to develop Halton Newcomer InfoPods through a multi-year grant with Immigration, Refugees and Citizenship Canada (IRCC). The total grant is approximately \$201,300 per year over two years in line with the IRCC budget year, with \$72,116 recognized as revenue in 2020 and an additional \$123,630 in 2021. The project work will continue into 2022 with an estimated completion in the latter part of 2022, and has the potential to be funded an additional three years. Halton Region contributed \$52,500 toward management of the HIP program, as it does annually. Service fee revenue was \$8,937 and interest earned on the Trust balance was \$3,442.

Expenses in 2022 were all related to the IRCC grant and totalled \$29,844. These expenses included specific direct costs for software as a service, membership dues, training expenses and head administration costs to the town. Finally, \$138,500 was transferred to the Library from the HIP Trust for Information Oakville staff time on the IRCC project and other HIP work in 2021. The ending balance at December 31, 2021 was \$115,218.

	HIP Library Trust
BALANCE AS AT JAN 1, 2021	95,053
<u>Revenues</u>	
IRCC Grant	123,630
Recovery from Halton Region	52,500
Service fees	8,937
Interest transfer	3,442
Total Revenue	188,509
<u>Expenditures</u>	
Misc expenses (training, marketing, etc.)	-
IRCC grant expenses	29,844
Transfer to OPL Operations	138,500
Total Expenditures	168,344
BALANCE DECEMBER 31, 2021	115,218

*Unaudited financial results

Capital Budget

The cumulative total capital budget for open projects at December 31, 2021 is \$1,533,300, with \$1,089,326 spent or committed for these projects to year-end. The majority of the OPL Website Refresh project is complete, with remaining budget being used for updates to resolve outstanding issues which arose post-launch. The Library Strategic Plan update is almost complete and the remaining funds are being used as needed for materials related to the strategic launch (e.g. video, booklet, posters, graphics, etc.). Procurement for the vehicle to be used for materials handling will get underway in 2022. An OPL Express location will launch at River Oaks Community Center in Q2 and staff are working to determine where next OPL Express location will be installed. Finally, the Glen Abbey Outdoor space project will be complete this spring, expanding the space for programming and use by customers as the weather warms.

During 2021, four projects were closed, as listed below. The Glen Abbey Creation Hub and Renovation came in significantly under budget due to actual costs coming in significantly lower than original costing done by the consultant. The QEPCC and Palermo (St. Luke's Community Centre) OPL Express locations were fully in service for 2021.

Capital Variance Report - December 31, 2021						
	Life-to-Date Budget	Prior Years Actuals	2021 Year-to-Date Actuals	Outstanding Commitment	Life-to-Date Actuals and Commitments	Remaining Approved Budget
Active Projects						
71101403 OPL Website Refresh to Town Standards	805,000	611,483	167,069	206	778,758	26,242
71102004 Library Strategic Plan Update	80,000	5,088	45,344	-	50,432	29,568
71102103 Library Furniture and Equipment	81,000	-	60,399	-	60,399	20,601
71102104 Vehicle for Materials Handling	80,000	-	-	-	-	80,000
71102106 Incubator Libraries (Location TBD)	66,300	-	-	-	-	66,300
71102107 Glen Abbey Library - Outdoor Space	421,000	-	199,737	-	199,737	221,263
Total Active Projects	1,533,300	616,571	472,549	206	1,089,326	443,974
Closed Projects in 2021						
71101804 Glen Abbey Creation Hub and Renovation	3,459,000	2,711,270	61,498	-	2,772,768	686,232
71101809 QEPCCC Incubator Library Expansion	60,000	55,037	4,067	-	59,104	896
71101902 Palermo Incubator Library	101,000	97,549	3,139	-	100,688	312
71102108 Libraries Capital Replacement	22,000	-	14,454	-	14,454	7,546
Total Closed	3,642,000	2,863,856	83,158	-	2,947,014	694,986

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