

REPORT

Oakville Public Library Board

Meeting Date: September 22, 2022

FROM: Oakville Public Library

DATE: September 13, 2022

SUBJECT: Comprehensive Financial Report at June 30, 2022

RECOMMENDATION:

That the Comprehensive Financial Progress Report as of June 30, 2022, be received.

KEY FACTS:

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

- At June 30, 2022, the Oakville Public Library (OPL) is projecting an operating surplus of \$315,050 (March 31, 2022, projection - \$292,045).
- The Development Reserve fund is projecting a year-end balance of \$163,460 (June 30, 2021, projection - \$283,380)
- The HIP Trust is projecting a year-end balance of \$178,596 (June 30, 2021, projection - \$157,148)
- The Board is provided with detailed quarterly financial reports on operating, capital and reserve funds.

BACKGROUND:

This report provides an update on the OPL financial activities from January 1 – June 30, 2022 and covers all financial matters including: operating and capital expenditures and reserve and trust fund balances. Staff monitor the operating activities monthly to ensure revenue targets are met and potential expenditure overruns are identified early and, where applicable, corrective action is taken. The next financial progress report to the Board will be for the period ending September 30, 2022.

COMMENT/OPTIONS:**Operating Variance Analysis and Projection to Year-end**

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

	2022 Net Approved Budget	2022 Net Expenditures 30-Jun	Funds Remaining	2022 Projected Year-End Actuals	Projected Year-End Variance	% Budget Remaining
EXPENSES						
PERSONNEL SERVICES & BENEFITS	8,895,400	3,771,494	5,123,906	8,138,253	757,147	8.5%
MATERIALS & SUPPLIES	1,444,200	1,159,388	284,812	1,557,120	(112,920)	-7.8%
CAPITAL OUT OF OPERATIONS	15,000	33,243	(18,243)	43,414	(28,414)	-189.4%
PURCHASED SERVICES	1,213,900	664,730	549,170	1,394,229	(180,329)	-14.9%
PAYMENTS & GRANTS	10,300	4,501	5,799	11,252	(952)	-9.2%
INTERNAL EXPENSES & TRANSFERS	180,500	197,432	(16,932)	262,500	(82,000)	-45.4%
Total EXPENSES	11,759,300	5,830,789	5,928,511	11,406,769	352,531	3.0%
REVENUES						
EXTERNAL REVENUES	(471,100)	(62,767)	(408,333)	(401,718)	(69,382)	14.7%
INTERNAL RECOVERY & FUND TRSFs	(217,900)	-	(217,900)	(249,802)	31,902	-14.6%
Total REVENUES	(689,000)	(62,767)	(626,233)	(651,520)	(37,480)	5.4%
Total Oakville Public Library	11,070,300	5,768,023	5,302,277	10,755,250	315,050	2.8%

The OPL is projecting a surplus of approximately \$315,000 based on actuals to June 30th and projected spending to year-end. Driving the surplus is anticipated savings in personnel costs and benefits. Staff turnover in full-time positions continues primarily due to retirements and internal movement. OPL is working diligently on filling these vacant positions, but due to high levels of internal movement, new vacancies continue to occur.

Materials and supplies are now projecting to be over budget primarily due to higher expenditures in collections. With rising costs and insufficient budget funds for collections management, staff are redirecting anticipated surplus funds of \$165,000 to this area to address some of the significant deficiencies. Savings in utilities are offsetting this over-expenditure, as hydro costs have been lower than budget due to the closure earlier in the year and likely efficiencies.

Capital out of operations expenses include capital purchases for the InfoPods project being implemented by Halton Information Providers (HIP) and funded through a federal grant from Immigration, Refugees and Citizenship Canada (IRCC).

Purchased services costs are also estimated to go over budget in janitorial services for continued touch point cleaning costs. Though one-time COVID costs were added to the budget for 2022 for touch point cleaning, it is anticipated that OPL will still go

over budget to ensure that the branches are clean and safe for customers. Contracted maintenance services and building repairs and maintenance costs are also anticipated to be higher due to rising costs and age of library facilities.

Internal expenses and transfers include an unbudgeted transfer of \$104,800 to Facilities Services for maintenance of library facilities. Facility Services is now managing all facility maintenance and OPL staff are budgeting an efficiency of 1.2 FTE in the 2023 budget for this service. For 2022, the transfer to Facility Services offsets the surplus in personnel services and benefits for these positions. The remaining difference is due to a lower than budgeted transfer to the Development Reserve anticipated for Friends of the Library book sales.

Finally, an overall shortfall in external revenue is anticipated due primarily to the facility closure of the branches to customers in January. Thus, photocopier, 3D printer and vending machine revenue are all projecting shortfalls. Room rental revenue is also not back to pre-COVID levels as hesitance remains for in-person meetings and many local community groups have been using virtual platforms instead. Fine/replacement of materials revenues are also anticipating a shortfall of approximately \$10,000 at year-end with fines no longer being charged on most borrowed materials.

The following table illustrates the OPL variances to date and projection to year end by program area:

	2022 Net Approved Budget	2022 Actuals as of 30-Jun-22	Funds Remaining	2022 Projected Year-end Actuals	Projected Year-end Variance	%
Oakville Public Library						
Administrative Services	660,200	370,220	289,980	666,255	(6,055)	-0.9%
Customer Experience	6,780,300	3,079,543	3,700,757	6,710,431	69,869	1.0%
Innovation and Integration	3,629,800	2,318,260	1,311,540	3,378,564	251,236	6.9%
Total Oakville Public Library	11,070,300	5,768,023	5,302,277	10,755,250	315,050	2.8%

Administrative Services

Administrative Services is projecting a small deficit of \$6,055, primarily due to higher spending in personnel services and benefits for rate adjustments.

Customer Experience

Savings of \$69,869 are projected for the Customer Experience section. Personnel savings due to vacancies in Branch Supervisor positions as well as the Customer Information Specialist position have been realized, and positions are since filled or will be in the coming months. Additional janitorial services costs for touchpoint cleaning, higher contracted maintenance and building repairs and maintenance costs add to revenue shortfalls that reduce the anticipated surplus.

Innovation and Integration

The bulk of the OPL projected surplus is in Innovation and Integration at \$251,236. Vacancies in the Collections Services section are due to staff turnover in multiple positions, including the Manager and Supervisor positions, both of which have now been filled. There are still positions to be filled due to succession and staff are spending time re-evaluating the positions before they are filled to ensure optimal service delivery going forward. Additional spending on Collections materials replacement offsets the personnel savings.

Library Development Reserve

Included in the Innovation and Integration program is administration of the Library Development Fund. For 2022, a budget of \$100,000 is designated for development funded programs and initiatives, and \$30,000 for adult fiction collections for the Jack and Joan Wood Estate fund. \$18,200 is also budgeted to be transferred to operating to partially fund the Fund Development Coordinator position. Thus, the total budgeted transfer to operating from the development reserve is \$148,200.

The table below shows the year-to-date balance and projection to year-end of the Library's development reserve fund as of June 30, 2022. As shown in the table, the opening balance of the reserve fund was \$314,127. At its February 24, 2022 meeting, the Library board approved transferring \$114,129 to the Oakville Community Foundation (OCF) endowment fund.

Total donation revenue is forecast at \$104,500 for 2022 and includes individual and major giving, budgeted transfers from the OCF funds, corporate giving, special events and third-party events. To June 30, 2022, total donation revenue received is \$52,291. Monthly, corporate and individual giving is on track. The planned spring appeal was delayed, but summer and year-end appeals are still planned. Digitization Fundraising campaign is planned to launch in Fall 2022, targeted to major and community donors. Finally, a Student Art Auction is planned for October 2022. Friends of the Library held its first book sale since February 2022 which was a resounding success, generating \$6,154 for OPL programs and bringing over 50 adult and teen volunteers back to OPL. Two more book sales are planned for 2022. Friendly Finds revenue continues to increase at branches across OPL with TipTap and cash payment options.

	2022	2022
	Actuals to	Projection
	June 30	to Year-end
OPENING BALANCE	314,127	314,127
EXPENDITURES:		
Transfer to OCF	114,129	114,129
Transfer to Operating		148,200
TOTAL EXPENDITURES from RESERVE	114,129	262,329
REVENUES:		
Donations, Special Events	52,291	104,500
TOTAL REVENUE to RESERVES	52,291	104,500
CLOSING BALANCE before interest	252,289	156,298
Interest	3,581	7,162
CLOSING BALANCE including interest	255,870	163,460

Halton Information Providers (HIP) Trust Fund

OPL is part of the Halton Information Providers (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 \$115,127 at January 1, 2022.

Halton Region contributes \$52,500 toward management of the program, as it does annually. Interest is also earned on the Trust balance and estimated at \$3,879 for the year. Service fee revenue is projected at approximately \$9,000 as in previous years. The Information Oakville staff focus continues to be the creation of Halton Newcomer InfoPods through a multi-year grant with Immigration, Refugees, and Citizenship Canada (IRCC). Completion of the projection is anticipated in 2023.

It is projected that the total expenditures for HIP will be \$180,500. These expenditures include a transfer of \$138,500 to the OPL for management of HIP. Expenditures are also budgeted for training, software as a service costs and consulting fees to assist in revenue growth. Thus, the projected ending balance is \$178,596.

	Library Trust 69/690	Dec 31st Balance Projection
BALANCE AS AT JAN 1, 2022	115,217	115,217
<u>Revenues</u>		
Interest transfer	1,939	3,879
IRCC Grant	29,848	178,500
Service fees	959	9,000
Recovery from Halton Region		52,500
Total Revenue	32,746	243,879
<u>Expenditures</u>		
HIP Training, software, consulting, etc.	1,856	2,000
IRCC Grant expenses	34,998	40,000
Transfer to OPL Operations	-	138,500
Total Expenditures	36,854	180,500
BALANCE AS AT JUNE 30, 2022	111,109	178,596

Capital Variances

The total capital budget for open projects at June 30, 2022 is \$12,318,900. Year-to-date in 2022, \$2,183,552 has been spent or committed on those projects, bringing the total life-to-date expenditure of these projects to \$3,329,034.

All the capital projects approved before 2022 are close to completion and will be closed within the current year, except the Incubator Libraries project as new locations will be determined through the upcoming Library Master Plan. The vehicle for materials handling is also estimated to be delivered in early 2023.

The Sixteen Mile Library portable relocation project is well underway, with the branch currently closed, but scheduled to be re-open in late-September at its new temporary location at the North Operations Depot facility. The Library Master Plan will be underway before the year-end, in conjunction with the Parks, Recreation and Culture Master Plans.

Capital Variance Report - June 30, 2022					
	Life-to-Date Budget	2022 Year-to-Date Actuals	Outstanding Commitment	Life-to-Date Actuals and Commitments	Remaining Approved Budget
Oakville Public Library					
71101403 OPL Website Refresh to Town Standards	805,000	4,749	12,139	795,441	9,559
71102004 Library Strategic Plan Update	80,000	17,736	0	68,168	11,832
71102104 Vehicle for Materials Handling	80,000	0	76,429	76,429	3,571
71102106 Incubator Libraries (Location TBD)	66,300	7,204	0	7,204	59,096
71102107 Glen Abbey Library - Outdoor Space	421,000	72,376	37,296	426,169	(5,169)
71102204 Libraries Capital Replacements	28,000	5,086	0	5,086	22,914
71102205 Sixteen Mile Library Portable Relocation	2,527,500	510,148	1,400,061	1,910,209	617,291
71102206 OPL Website Maintenance and Improvements	30,000	3,358	3,358	6,716	23,284
71102209 Library Furniture and Equipment	81,000	25,410	8,202	33,612	47,388
71102210 New Branch Library - Palermo (Land Purchase)	8,125,100	0	0	0	8,125,100
71102211 Library Master Plan Update	75,000	0	0	0	75,000
Total Oakville Public Library	12,318,900	646,067	1,537,485	3,329,034	8,989,866

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