

# REPORT

## Oakville Public Library Board

**Meeting Date: December 8, 2022**

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**FROM:** Oakville Public Library

**DATE:** November 29, 2022

**SUBJECT: Comprehensive Financial Report at September 30, 2022**

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### **RECOMMENDATION:**

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

### **KEY FACTS:**

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

- At September 30, 2022, the Oakville Public Library (OPL) is projecting an operating surplus of \$263,793 (June 30, 2022, projection - \$315,050).
- The Development Reserve fund is projecting a year-end balance of \$205,559 (September 30, 2021, projection - \$279,425)
- The HIP Trust is projecting a year-end balance of \$130,389 (September 30, 2021, projection - \$141,919)
- 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 – September 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 the final year-end report at December 31, 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-Sep	Funds Remaining	2022 Projected Year-End Actuals	Projected Year-End Variance	% Budget Remaining
<b>EXPENSES</b>						
PERSONNEL SERVICES & BENEFITS	8,895,400	5,656,128	3,239,272	8,070,735	824,665	9.3%
MATERIALS & SUPPLIES	1,444,200	1,527,577	(83,377)	1,546,694	(102,494)	-7.1%
CAPITAL OUT OF OPERATIONS	15,000	33,244	(18,244)	44,244	(29,244)	-195.0%
PURCHASED SERVICES	1,213,900	927,145	286,755	1,439,943	(226,043)	-18.6%
PAYMENTS & GRANTS	10,300	6,712	3,588	11,791	(1,491)	-14.5%
INTERNAL EXPENSES & TRANSFERS	180,500	233,045	(52,545)	272,205	(91,705)	-50.8%
<b>Total EXPENSES</b>	<b>11,759,300</b>	<b>8,383,850</b>	<b>3,375,450</b>	<b>11,385,611</b>	<b>373,689</b>	<b>3.2%</b>
<b>REVENUES</b>						
EXTERNAL REVENUES	(471,100)	(83,484)	(387,616)	(404,700)	(66,400)	14.1%
INTERNAL RECOVERY & FUND TRSFs	(217,900)	-	(217,900)	(174,404)	(43,496)	20.0%
<b>Total REVENUES</b>	<b>(689,000)</b>	<b>(83,484)</b>	<b>(605,516)</b>	<b>(579,104)</b>	<b>(109,896)</b>	<b>16.0%</b>
<b>Total Oakville Public Library</b>	<b>11,070,300</b>	<b>8,300,366</b>	<b>2,769,934</b>	<b>10,806,507</b>	<b>263,793</b>	<b>2.4%</b>

The OPL is projecting a surplus of approximately \$263,800 based on actuals to September 30<sup>th</sup> and projected spending to year-end. Driving the surplus is anticipated savings in personnel costs and benefits. OPL is working diligently on filling vacant positions, but due to high levels of internal movement, new vacancies continue to occur.

Materials and supplies are 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 \$160,000 to this area to address some of the 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 implemented efficiencies.

Capital out of operations expenses include capital purchases for the Newcomer 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, specifically 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 library facility maintenance and OPL is budgeting an efficiency of 1.3 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 in part to the facility closure of the branches to customers in January and ongoing printer outages at all branches. 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 switched to virtual platforms. Fine/replacement of materials revenues are also anticipating a shortfall of approximately \$9,000 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-Sep-22	Funds Remaining	2022 Projected Year-end Actuals	Projected Year-end Variance	%
<b>Oakville Public Library</b>						
Administrative Services	660,200	562,731	97,469	675,150	(14,950)	-2.3%
Customer Experience	6,780,300	4,611,583	2,168,717	6,688,210	92,090	1.4%
Innovation and Integration	3,629,800	3,126,052	503,748	3,443,147	186,653	5.1%
<b>Total Oakville Public Library</b>	<b>11,070,300</b>	<b>8,300,366</b>	<b>2,769,934</b>	<b>10,806,507</b>	<b>263,793</b>	<b>2.4%</b>

### Administrative Services

Administrative Services is projecting a deficit of \$14,950, primarily due to higher spending in personnel services and benefits for rate adjustments.

### Customer Experience

Savings of \$92,090 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, as well as new savings in the Director, Customer Experience position. 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 \$186,653. Vacancies in the Collection Development area 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 was also budgeted to be transferred to operating to partially fund the Fund Development Coordinator position. The total budgeted transfer to operating from the development reserve was \$148,200, however it is estimated that the transfer to operating will be \$96,030 due primarily to lower spending on development initiatives.

The table below shows the year-to-date balance and projection to year-end of the Library's development reserve fund as of September 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.

	2022	2022
	Actuals to	Projection
	Sept 30	to Year-end
<b>OPENING BALANCE</b>	<b>314,127</b>	<b>314,127</b>
<b>EXPENDITURES:</b>		
Transfer to OCF	114,129	114,129
Transfer to Operating		96,030
<b>TOTAL EXPENDITURES from RESERVE</b>	<b>114,129</b>	<b>210,159</b>
<b>REVENUES:</b>		
Donations, Special Events	64,203	92,975
<b>TOTAL REVENUE to RESERVES</b>	<b>64,203</b>	<b>92,975</b>
<b>CLOSING BALANCE before interest</b>	<b>264,201</b>	<b>196,943</b>
Interest	6,462	8,616
<b>CLOSING BALANCE including interest</b>	<b>270,663</b>	<b>205,559</b>

Total donation revenue is forecast at \$92,975 for 2022 and includes individual and major giving, budgeted transfers from the OCF funds, corporate giving and third-

party events. To September 30, 2022, total donation revenue received is \$64,203. The primary sources of funds raised in 2022 has been via individual & monthly donors, via two multi-channel fundraising appeals, corporate donors and foundations and ongoing stewardship.

Volunteer Management and reinvigoration of the Friends of the Library (FOL) volunteer committee has resulted in 2 book sales (June & October). The FOL is holding their 3rd book sale of the year in December, a two-day book sale, and revenue target is \$3,000. Friendly Finds (donated and used books for sale) was relaunched in 2022 at all 7 OPL branches and QEPCC. An art sale held by Little Fish Art Studio also raised \$1,625 for multicultural collections.

### **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 on January 1, 2022 was \$115,127.

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 \$4,572 for the year. Service fee revenue is projected at approximately \$2,000. 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 project is anticipated in 2023.

It is projected that the total expenditures for HIP will be \$183,500. 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 in the HIP trust fund is \$130,389.

	Library Trust 69/690	Dec 31st Balance Projection
<b>BALANCE AS AT JAN 1, 2022</b>	<b>115,217</b>	<b>115,217</b>
<b>Revenues</b>		
Interest transfer	3,429	4,572
IRCC Grant	56,248	139,600
Service fees	959	2,000
Recovery from Halton Region		52,500
<b>Total Revenue</b>	<b>60,636</b>	<b>198,672</b>
<b>Expenditures</b>		
HIP Training, software, consulting, etc.	611	2,000
IRCC Grant expenses	40,788	43,000
Transfer to OPL Operations	-	138,500
<b>Total Expenditures</b>	<b>41,399</b>	<b>183,500</b>
<b>BALANCE AS AT SEPT 30, 2022</b>	<b>134,454</b>	<b>130,389</b>

### **Capital Variances**

The total capital budget for open projects at September 30, 2022 is \$12,318,900. Year-to-date in 2022, The life-to-date spent and committed on those projects is \$2,560,855.

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 Recreation, Parks and Library Facilities Master Plan. The vehicle for materials handling is also estimated to be delivered in early 2023.

The Sixteen Mile Library portable has been relocated to its new temporary location at the North Operations Depot facility and has reopened to the public.

<b>Capital Variance Report - September 30, 2022</b>					
	Life-to-Date Budget	2022 Year-to-Date Actuals	Outstanding Commitment	Life-to-Date Actuals and Commitments	Remaining Approved Budget
<b>Oakville Public Library</b>					
71101403 OPL Website Refresh to Town Standards	805,000	6,367	206	785,126	19,874
71102004 Library Strategic Plan Update	80,000	18,976	5,690	75,098	4,902
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	75,075	27,377	418,949	2,051
71102204 Libraries Capital Replacements	28,000	5,086	0	5,086	22,914
71102205 Sixteen Mile Library Portable Relocation	2,527,500	916,199	221,606	1,137,805	1,389,695
71102206 OPL Website Maintenance and Improvements	30,000	3,358	3,358	6,716	23,284
71102209 Library Furniture and Equipment	81,000	28,598	19,844	48,442	32,558
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
<b>Total Oakville Public Library</b>	<b>12,318,900</b>	<b>1,060,863</b>	<b>354,510</b>	<b>2,560,855</b>	<b>9,758,045</b>

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