

REPORT

Oakville Public Library Board

Meeting Date: February 15, 2024

FROM: Oakville Public Library

DATE: February 6, 2024

**SUBJECT: Comprehensive Financial Report at December 31, 2023 –
February 15, 2024.**

RECOMMENDATION:

That the Comprehensive Financial Report at December 31, 2023 be received for information.

KEY FACTS:

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

- The Library's unaudited surplus for 2023 is \$196,006 (2022 surplus was \$428,972).
- The Development Reserve Fund balance at December 31, 2023 is \$217,413 (December 31, 2022 - \$312,272).
- The Halton Information Providers (HIP) Trust has a year-end balance of \$54,197 (December 31, 2022 - \$134,197).

BACKGROUND:

This report is a comprehensive report of all 2023 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 2023 will be presented by the library's external auditors, KPMG LLP, at the April Board Meeting.

The Oakville Public Library (OPL) ended 2023 with a surplus of \$196,006 or 1.7% on a total budget of \$11.7 million. The final year-end results provided a surplus of approximately \$67,000 more than the projection of \$129,405 prepared at the end of the third quarter and is primarily for higher savings in personnel services and benefits.

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

The following table shows the library's variances at year-end by object code:

	2023 Net Approved Budget	2023 Net Expenditures December 31	Funds Remaining	% Remaining
EXPENSES				
Personnel Services & Benefits	9,178,600	8,560,448	618,152	6.7%
Materials & Supplies	1,574,700	1,721,326	(146,626)	-9.3%
Capital out of Operations	20,200	30,570	(10,370)	-51.3%
Purchased Services	1,347,100	1,437,678	(90,578)	-6.7%
Payments & Grants	10,900	10,287	613	5.6%
Internal Expenses & Transfers	294,100	334,566	(40,466)	-13.8%
Total EXPENSES	12,425,600	12,094,875	330,725	2.7%
REVENUES				
External Revenues	(440,300)	(381,506)	(58,794)	13.4%
Internal Recovery & Fund Transfers	(334,600)	(258,675)	(75,925)	22.7%
Total REVENUES	(774,900)	(640,181)	(134,719)	17.4%
Total Oakville Public Library	\$ 11,650,700	\$ 11,454,694	\$ 196,006	1.7%

*Unaudited financial results

Based on the final year-end results as shown in the table above, OPL finished the year in a surplus position of \$196,006. Savings in personnel services and benefits is the main driver of the surplus, with other expenses offsetting. Vacancies in full-time positions are primarily in the Collections and Technology sections, as well as in Customer Experience. Significant progress was made during the year to fill many of these vacancies.

Materials and supplies are over budget by approximately \$146,600 for additional collections purchases, primarily in electronic resources to help manage demand from customers. Purchased services are over budget by approximately \$90,600 for higher janitorial services costs as touchpoint cleaning services continued until June 2023. While the OPL waited for delivery of its new van, courier services continued until July 2023. A rental vehicle was then used for the in-house courier services. Higher contracted maintenance and building repair costs are also driving the overage, primarily at Central Branch due to the age of the building.

Internal expenses and transfers are over budget due to an unbudgeted transfer to the Library HIP Trust for a surplus of net expenditures, offset by a lower than budgeted transfer to the Development reserve for book sale revenue.

External revenues have improved significantly from 2022. The deficit is due to lower HIP Trust revenues but balances out, reducing the transfer of surplus funds to the HIP Trust.

Internal recoveries and transfers are also lower than budgeted with the budgeted transfer of \$116,700 from the Tax Stabilization reserve for increased air-handling not needed due to the OPL surplus position. The transfer from the Library development reserve for development initiatives was lower than budget by approximately \$35,600 due to lower than budgeted development spending. Finally, the HIP Trust transfer to the reserve was lower due to lower HIP revenues during the year.

The following table shows the library’s variances at year-end by program area:

	2023 Annual Budget	2023 December 31 YTD Actuals	2023 Budget Remaining (\$)	2023 Budget Remaining
Oakville Public Library				
Administrative Services	\$ 694,700	\$ 770,793	\$ (76,093)	-11.0%
Customer Experience	\$ 6,896,100	\$ 6,772,822	\$ 123,278	1.8%
Innovation and Integration	\$ 4,059,900	\$ 3,911,079	\$ 148,821	3.7%
Total Oakville Public Library	\$ 11,650,700	\$ 11,454,694	\$ 196,006	1.7%

*Unaudited financial results

The following section explains the program variances in more detail:

Administrative Services

Administrative Services is over budget by \$76,093 due primarily to the higher spending in group training and development for the staff development day that took place in August.

Customer Experience

The savings of \$123,278 in Customer Experience is primarily due to personnel savings for several staff vacancies during the year. Higher janitorial services costs for touchpoint cleaning services that ended in June, as well as courier services that also ended in the summer offset the savings. Higher contracted maintenance and building repairs and maintenance costs, most significantly at Central Branch, also reduce the overall savings.

Innovation and Integration

The savings in Innovation and Integration of \$148,821 are also due to several staff vacancies during the year, most notably in the Collections Management section, due to some staff vacancies during the year. The savings are offset by higher spending on collection materials replacement due to rising costs and to address some of the current collection deficiencies.

Library Development Reserve Fund

Included in the Innovation and Integration program is administration of the Library Development Fund. For 2023, the final transfer to operating from the reserve was \$112,635 for development funded initiatives. These initiatives included spending on children’s multicultural collections, the Seed Library, Story Walks, the Community Conversation series, artwork for the Glen Abbey outdoor space/patio and the Bronte Book Bike, in collaboration with the Bronte BIA. \$51,493 was transferred to operating for Fast Lane and fiction book purchases, funded from the Jack and Joan Woods endowment. \$30,000 was withdrawn in 2023 with staff also spending \$21,493 of funds carried forward from 2022.

The table below shows the unaudited balance of the library’s development reserve fund as of December 31, 2023. As shown in the table, the opening balance of the reserve fund was \$312,272. At its February 24, 2022 meeting, the Library board approved transferring \$114,129 to the Oakville Community Foundation (OCF) endowment fund. These funds were transferred in 2023.

	2023
	Actuals
	31-Dec
OPENING BALANCE	312,272
EXPENDITURES:	
Transfer to OCF	114,129
Transfer to Operating	112,635
Total Commitments to Operating Fund	112,635
TOTAL EXPENDITURES from RESERVE	226,764
REVENUES:	
Donations, Special Events, Grants	120,750
TOTAL REVENUE to RESERVES	120,750
CLOSING BALANCE before interest	206,258
Interest	11,155
CLOSING BALANCE including interest	217,413

*Unaudited financial results

Total donation revenue recognized for 2023 is \$120,750 and includes individual and monthly giving, corporate donors, grants, foundations, and third-party fundraising. Friendly Finds (donated and used books for sale) revenue was received from all 7 branches during the year and totaled \$14,366 in 2023. The collaboration with Bronte BIA for the Book bike during the summer months and inside the RBC during the winter months was also a success. Grant funds were received from Heritage Canada for the Bannock Bake Off, from Sheridan College from the Queer Studies Pride Committee for an OPL Pride Book Club and finally, a major grant from Federal Recovery Fund to have an Elder in Residence at the OPL which will be underway in 2024.

The library also has endowment funds with the Oakville Community Foundation (OCF). These funds will be consolidated within the 2023 financial statements and reported to the Board in April. \$30,000 was recognized as a disbursement from the Jack and Joan Woods fund for Fast Lane books. Thus, the December 31, 2023, ending balance in the funds is \$1,308,099.

Oakville Community Foundation	2023 \$
Beginning balance	
Oakville Public Library Endowment Fund	\$ 981,914
Birkett Family Fund	\$ 32,215
Jack and Joan Wood OPL Fund	\$ 228,087
Beginning balance	\$ 1,242,216
Capital Addition	\$ 625
Gross Investment Earnings (Loss)	\$ 117,832
Distributions:	
Foundation Management Costs	\$ 14,941
Investment Management Fees	\$ 7,634
Distributions - 2023 Jack and Joan Woods	\$ 30,000
Total distributions	\$ 52,574
Ending Balance	\$ 1,308,099
Ending balance consists of:	
Oakville Public Library Endowment Fund	\$ 1,058,696
Birkett Family Fund	\$ 34,715
Jack and Joan Wood OPL Fund	\$ 214,688
Total Balance in Endowment Funds	\$ 1,308,099

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 \$134,197 at January 1, 2023.

The significant staff focus for 2023 continued to be on the project to develop Halton Newcomer InfoPods through a multi-year grant with Immigration, Refugees and

Citizenship Canada (IRCC). Grant funding of \$19,351 was recognized as revenue in 2023 as the first phase of the project ended March 31, 2022. The second phase of the project is underway and will continue through to March 2025.

Halton Region contributed \$52,500 toward management of the HIP program, as it does annually. Service fee revenue was \$2,740 and interest earned on the Trust balance was \$3,055.

Expenses in 2023 were primarily related to the IRCC grant and totalled \$17,057. These expenses included specific direct costs for software as a service, membership dues, training expenses and overhead 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 2023. The ending balance at December 31, 2023 is \$54,197.

	2023 Actuals 31-Dec
BALANCE AS AT JAN 1, 2023	134,197
Revenues	
Interest transfer	3,055
IRCC Grant	19,351
Service fees	2,740
Recovery from Halton Region	52,500
Total Revenue	77,646
Expenditures	
HIP Training, software, consulting, etc.	2,089
IRCC Grant expenses	17,057
Transfer to OPL Operations	138,500
Total Expenditures	157,646
BALANCE AS AT DEC 31, 2023	54,197

*Unaudited financial results

Capital Budget

The cumulative total capital budget for open projects at December 31, 2023 is \$14,337,400 with \$1,579,421 spent or committed for these projects to year-end. The vehicle for Materials Handling has now been received in early 2024 and that project will close in 2024. The Incubator Libraries project should make progress in 2024 as new locations are to be determined through the current Recreation, Parks, and Library Facilities Master Plan. 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, with some outstanding deficiencies still to be addressed. The improvements and enhancements to the OPL website continue with the budgeted

funds available. The projects approved in 2023 for the Scheduling Software Needs Review, Libraries Capital Replacements and Library Furniture and Equipment are all expecting to progress in 2024. Finally, the Sixteen Mile Library Collections project work is underway as staff prepare the collection resources needed for the branch opening in 2025.

Five capital projects were closed in 2023 with \$65,091 of funds returned to reserves.

Capital Variance Report - December 31, 2023						
	Life-to-Date Budget	Prior Years Actuals	2023 Year-to-Date Actuals	Outstanding Commitments	Life-to-Date Actuals and Commitment	Remaining Approved Budget
Active Projects						
71102104 Vehicle for Materials Handling	80,000	-	-	86,897	86,897	(6,897)
71102106 Incubator Libraries (Location TBD)	66,300	7,204	-	-	7,204	59,096
71102205 Sixteen Mile Library Portable Relocation	2,527,500	1,218,311	67,547	-	1,285,858	1,241,642
71102206 OPL Website Maintenance and Improvements	60,200	6,716	36,681	21,522	64,919	(4,719)
71102210 New Branch Library - Palermo (Land Purchase)	8,125,100	-	-	-	-	8,125,100
71102211 Library Master Plan Update	75,000	-	-	73,047	73,047	1,953
71102302 Scheduling Software Needs Review	30,200	-	200	-	200	30,000
71102303 Libraries Capital Replacements	25,200	-	200	-	200	25,000
71102304 Library Furniture and Equipment	81,600	-	44,896	-	44,896	36,704
71102305 Sixteen Mile Library Collections	3,266,300	-	16,200	-	16,200	3,250,100
Total Active Projects	14,337,400	1,232,231	165,724	181,466	1,579,421	12,757,979
Closed Projects in 2023						
71101403 OPL Website Refresh to Town Standards	805,000	786,955	821	-	787,776	17,224
71102004 Library Strategic Plan Update	80,000	63,718	-	-	63,718	16,282
71102107 Glen Abbey Library - Outdoor Space	421,000	402,691	4,967	-	407,658	13,342
71102204 Libraries Capital Replacements	28,000	6,405	2,290	-	8,695	19,305
71102209 Library Furniture and Equipment	81,000	53,692	28,370	-	82,062	(1,062)
Total Closed	1,415,000	1,313,461	36,448	-	1,349,909	65,091

Prepared by:
Belinda Wiersma CPA CA, Senior Financial Analyst

Submitted by:
Tara Wong, CEO