Document 1

Ottawa Public Library / Bibliothèque publique d'Ottawa

Financial Framework

(2026)

A Guide to Financial Management

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Contents

Introduction 4

The Financial Framework 5

Guiding Financial Principles and Challenges 7

Asset Management 11

Growth and Development 16

Service Enhancements 19

Revenue – Recurring and Non-recurring 21

Annual Planning and Budgeting 24

Long-Range Financial Planning 28

Debt 31

Library Reserve 33

External Funds 36

Monitoring and Evaluation 40

Definitions 42

Appendix 1 – Ottawa Library Reserve Fund By-Law 2019-205 45

Appendix 2 – Strategic Linkages (Crosswalk) 47

Introduction

Library services in Ottawa are prescribed by provincial legislation, established through municipal by-law, and governed by the Ottawa Public Library ("OPL" or "the Library") Board. The OPL Board holds accountability for the full range of decisions affecting the organization. The Board approaches its role using a strategic governance model that focuses on setting directions and objectives, making decisions on major projects, and monitoring library performance. OPL's Vision, Mission, and Values, Strategic Plan, Board position statements, policies, and strategic frameworks, including other relevant documents, listed in Appendix 2, ensure that OPL's services remain accessible, inclusive, and responsive to community needs.

Strategic Context

The *Public Libraries Act, RSO 1990, c.P.44* ("the *PLA*") requires all public libraries in Ontario to provide residents the ability to "reserve and borrow circulating materials" and "use reference and information services" for free. The *PLA* further stipulates the annual fiscal reporting requirements for public libraries as they relate to the estimate of funds and the audited financial statements to municipal council (Section 24 (1), (2) and (7)).

The OPL Strategic Plan affirms the organizational vision to build community and transform lives, with the mission to inspire learning, spark curiosity, and connect people. These commitments are grounded in the values of community, inclusion, integrity, intellectual freedom, and literacy.

OPL offers clients a variety of services in alignment with the Service Delivery Framework (SDF), approved by the OPL Board in 2022. OPL services are organized into five service categories: collections, expertise, programs, tools, and spaces, with each supported by a Service Strategy. Collections and expertise are designated essential services, as they are legislatively required under the *PLA*. Programs, tools, and spaces are core OPL services that reflect contemporary community expectations of a public library. The SDF further identifies three channels through which services are delivered: facilities, mobile, and virtual. In both regular operations as well as periods of fiscal constraint, collections and expertise, regardless of the channel, are prioritized. This prioritization is reflected throughout the OPL Financial Framework ("the Framework"), and informs financial planning, budget development, and resource allocation decisions across operating and capital investments.

Key Considerations

To ensure that the Board receives sufficient, consistent, and fulsome information to inform decision making, the Board approved the first Financial Framework in 2021.

While most of the principles and priorities identified in the Framework have long existed and have been applied consistently, the development of the Framework formalized practices by explicitly articulating guiding principles and accountabilities, reinforcing their role in financial planning and decision-making. The 2026 Framework has been revised to support continued prudent fiscal planning and management, and to ensure alignment with new strategic frameworks.

The Financial Framework

The Financial Framework acts as a bridge between strategic directions such as the Strategic Plan (long-term planning) and annual budget decision-making processes (short-term planning). The Framework outlines the high-level principles for responsible financial management, intended to guide the allocation of resources to ensure alignment of opportunities with the Strategic Plan, parameters for prudent fiscal planning, and business continuity. This Framework also ensures a sound and sustainable financial base so that services, infrastructure, and financial objectives can be met. The intention is to mitigate financial risk while supporting the delivery of responsive, high-quality, and sustainable library services to residents of Ottawa while ensuring the prudent stewardship of public funds.

The following core parameters form the foundation of the Framework and guide the provision of quality collections, expertise, programs, spaces, and tools to support literacy and learning.

- ***Ethical and fiscally responsible***: OPL practices sound stewardship of public funds;
- ***Systematic***: OPL uses annual budgets, fund balances, and grant processes to address priorities over the course of each year as well as any unanticipated opportunities or challenges that may present themselves;
- ***Strategic***: OPL uses Board-approved strategic directions to guide the allocation of resources and align spending with priorities and core library functions; and,
- ***Intentional***: OPL makes informed decisions that consider environmental impacts, collaborative partnerships, and a commitment to client services.

Annual Funding Overview

Municipal tax revenue is the primary source of funding for library services in Ontario. Municipal funding (City of Ottawa) provides 97 percent of OPL’s annual revenue for operational and capital expenditures.

Provincial government funding and OPL generated revenue (e.g., fees and room rentals) accounts for the remaining three (3) percent of the annual budget. As part of the City-wide budget process, OPL must balance community needs, growth pressures, and service expectations within the broader fiscal context established by Ottawa City Council.

On an annual basis, the budget is recommended by the Board and approved by Ottawa City Council ("Council"). OPL's budget is included in the City's overall ("city-wide") tax allocation; OPL does not receive its own allocation. For the purposes of budget planning, OPL's budget encompasses total funding requirements. The total budget does not differentiate funding sources, such as municipal funding, provincial grants, user fees, and other client-generated revenues.

Accordingly, the *Ontario Municipal Act* requires that the City of Ottawa, and by extension OPL, not budget a net operating deficit. Further, the year-end operating balance must arrive at net zero. To achieve this, monies are deposited to (surplus) or withdrawn from (deficit) the Reserve. This practice, although not required by the *PLA,* is supported by the City's financial accounting practices.

OPL holds one budget that is used for both operating and capital purposes. Operational allocations are made for salaries, wages, and benefits; books and other materials for client use and borrowing; materials and supplies required to sustain operations; services purchased from external suppliers such as consultants; and services provided by City partners. The funding enables the delivery of collections, expertise, programs, spaces, and tools that fulfil the community's needs and expectations.

Capital allocations are made within OPL's annual budget, with additional funding available through growth-related sources (such as Development Charges). The selection and prioritization of capital expenditures and investments are made with consideration for facilities planning, technological advancements, growth studies, the availability of development charges, contextual considerations (such as economic, political, and social conditions), legislation, and unforeseen opportunities.

Guiding Financial Principles and Challenges

Financial principles guide decision-making. The objective is to strike a balance among them to support operations and strategic objectives, to mitigate challenges, and to foster the future health of the organization.

OPL also adheres to the principles set out in the City's Fiscal Framework (2007) both as a corporate partner and in consideration of the financial authority of Council.

All organizations face financial challenges that occur in the normal course of service provision. Publicly funded institutions, as stewards of public monies, face unique challenges such as:

- Sustaining service when budgets are expected to be limited to, or less than, annual tax increases;
- Capital requirements that exceed available funding;
- Accounting for operating costs when making capital spending plans and decisions;
- Planning for capital needs in a non-standard environment or poor economic conditions;
- Difficulty prioritizing new projects to achieve growth plans and estimating funding requirements,
- Inability to access, or difficulty accessing alternative funding sources;
- Low tolerance for financial risk;
- Ensuring human resources exist, or are accounted for, for all operating and capital services or initiatives; and,
- Lack of will to remove/eliminate services that no longer meet efficient delivery thresholds or are not financially viable.

To address these financial challenges, OPL utilizes a four-year comprehensive financial planning cycle, based on the core financial principles (below), and in keeping with City financial practices. The planning cycle includes the review of key frameworks and strategies at specified time intervals to ensure alignment or adjustment of financial plans. These reviews allow for the recognition of any new or elevated risks that may impact the financial status of the organization beyond what can be managed within the annual budget.

The following table provides an integrated view of guiding financial principles, their relevance to OPL operations, and considerations to support responsible stewardship of resources to reduce potential financial challenges.

Table 1: Guiding Financial Principles

Principle	Consideration

Sustainability
 	
Services are assessed in consideration of the SDF and approved service strategies.
 	
A library that can operate effectively with current funding.
 	
Physical assets are maintained / replaced using models of best economy.
 	
Continuous service improvement with due regard to the economy.
 	
User fee schedule follows the Ontario *Public Libraries Act, R.S.O. 1990, c. P.44.*
	• What is the immediate financial impact?
	  ○ Upfront cost
	  ○ Impact on reserve
	  ○ Impact on operating cost
	• What is the future financial impact?
	  ○ Operating costs
	  ○ Maintenance costs
	  ○ Replacement costs
	• What is the immediate and future user fee/rate impact?
	  ○ Who is impacted?
	  ○ Is this fair to the taxpayer?
	• What is the impact on other organizational services provided?
	  ○ Are there sufficient resources provided?
	  ○ Will other service levels have to decrease or increase?
	• Is this feasible/practical to maintain in the future?
	• Do user fees fluctuate greatly from year to year?

Flexibility
 	
Financial decisions based on a multi-year forecast.
 	
Prudence and flexibility built into the budget.
 	
Addresses financial issues with permanent solutions.
	• What is the impact on reserve balance?
	• What is the impact on the immediate and future user fee/rate?
	  ○ Upfront cost and future operating costs?
	  ○ What impact does this have on the remaining ability to increase other rates?

Minimize Vulnerability	• What type of funding is available? ○ Grants, reserves, third party, taxes, user rates/fees, fundraising

Equity (Reserves) provides flexibility to respond to economic cycles and manage financial risk.	• What type of expenditure is required?
	  ○ One time or ongoing
	• Is the funding source guaranteed?
	  ○ Any risk that funding will not be received?
	  ○ Will the funding be available in time for the intended purpose?
	  ○ What are the other relevant risks for OPL?
	  ○ What is the risk, impact, or trade-off of taking this action or for not acting?
	• Is the funding a one-time opportunity for a predefined period or is the funding ongoing for the entire purpose?

Strategic direction alignment Budget directions and the long-range financial plan respect the fiscal framework.	• Does the decision support the strategic plan? • Is the decision an organizational priority? • What impact does the decision have on other organizational priorities? • What is the trade-off of this decision to other decisions?

Efficiency
Continuous service improvement through optimizing resource allocations to deliver library services at a sustainable cost.
	• How many resources are required (finance, time, human capital)?
	• What resources are readily available? Are there other means to achieve the goal?
	• Can OPL benefit from a centralized approach?
	• What is the opportunity cost – or impact of not doing something?
	• What other services are impacted?
	  ○ Financially (resources available to other services, cost of new decision)
	  ○ Quality of service provided

Transparency Report on financial condition and performance relative to the framework on an annual basis.	• Was there appropriate communication with decision-makers and/or key stakeholders (residents, employees, leaders, board, council, or other relevant groups as applicable)?

Financial Elements

Financial planning and management must consider multiple elements that interconnect and influence decision-making at all levels of financial authority. With the adoption of a Total Cost of Ownership (TCO) approach wherever and whenever practicable, OPL will ensure sufficient due diligence through long-term financial planning and a periodic reporting mechanism to ensure all costs associated with projects and initiatives are identified and considered whether they are primary, secondary, or tertiary costs, on-going operating costs, or other costs such as maintenance.

The following ten financial elements enable the delivery of Library Services to the residents of Ottawa: Asset Management, Growth and Development, Service Enhancements, Revenue – Recurring and non-recurring, Annual Planning and Budgeting Process, Long-Range Financial Planning, Debt, Library Reserves, External Funds, and Monitoring and Evaluation. Each element has its own unique purpose, and all elements must be considered together to effectively meet strategic plans approved by the Board.

Each of the following sections is structured to outline financial principles, accountabilities, and risk mitigation considerations. Financial principles identify the overarching considerations related to each element. Accountabilities are highlighted to ensure that there is clarity of responsibility and oversight. In addition, each element includes a set of suggested questions to support risk identification. Finally, Appendix 2 includes a crosswalk of all the strategic linkages related to each financial element.

Asset Management

The sustainability of the library system is dependent on balancing the assets that support services, staff, and facilities. The guiding principles of the Financial Framework must be consulted to ensure consistency in the treatment of asset funding options.

Asset management refers to the maintenance, protection, and replacement of OPL's assets. OPL assets exist to deliver services to clients across all five service categories defined in the SDF: collections (i.e. items in the catalogue), expertise (i.e. staff who support literacy and information needs), programs (i.e. designed activities or events), spaces (i.e. areas for client use), and tools (i.e. equipment or technology not in the catalogue). Assets that are managed through maintenance and lifecycle activities generally meet Tangible Capital Asset (TCA) value thresholds and are funded by capital accounts recommended by the Board and approved by Council.

OPL's asset management is supported by various strategic planning documents: the 2022 Facilities Framework (FF), the 2025 Library Service Asset Management Plan (LS AMP), the 2025 Facilities Master Plan (FMP), and the 2026 Mobile Framework (MF).

The Financial Framework and its guiding principles must operate in conjunction with the FF, FMP, LS AMP, and the MF to understand financial implications related to asset management. This alignment is essential to ensuring financial capacity to support the maintenance, upgrade, and lifecycle activities of OPL's assets and the sustainability of library services.

Asset Classes and Types

The LS AMP classifies library assets into three categories: collections, fleet, and facilities (including building components) which deliver services to clients across all five service categories. Critical to the success and sustainability of library services, the Framework's financial guiding principles related to asset management across the various asset classes and types are outlined below.

Collections

Mandated by the *PLA,* and identified as an asset in the LS AMP, library collections consist of items in the catalogue that are audio visual, print resources and other miscellaneous library materials, that support one (1) of OPL's five (5) services categories.

As the population grows, OPL will need to ensure that its collection continues to grow to keep pace and continue to meet the increased community need. To achieve the targets set forth in the LS AMP aligned with the renewed focus on collections as part of the

SDF, and to achieve the Board-approved outcomes associated with the Collections Service Strategy and associated performance targets, an annual increase of three (3) percent will be applied to the operating budget for Library Materials for a 10-year period (2026 to 2036). Additional adjustments to support the collection budgets over the 10-year period, as funds allow, could include the redirection of operating surplus, withdrawal against the Library Reserves, the use of development charges, and donated funds.

Facilities

Funding responsibilities and lifecycle obligations for library facilities are allocated between the Board and the City, and can vary based on the facility ownership model, lease arrangements, and other applicable agreements. As such, library facility assets are governed by the LS AMP, FF, the City's Asset Management Policy, and related frameworks, procedures, and asset tracking software for major facility systems (i.e. HVAC, structural systems, foundations, and electrical systems). The funding and project lists are provided by the City during the annual budget process.

OPL undertakes the following work to ensure prudent fiscal management as it relates to maintaining, renewing, or building new facilities to ensure continuous service delivery

- For small facility maintenance projects of less than $25,000, OPL maintains an annual list of upkeep requirements.
- Full replacement, significant renovation, or expansion of library facilities is the financial responsibility of OPL. Facility-related decisions must consider the long-term operations and maintenance (O&M) financial impacts on capital assets and total cost of ownership.
- The FMP, FF, LS AMP, and Development Charges Project listings must be consulted when managing facilities assets.
- Consultation with City's Infrastructure and Water Services (IWSD), Finance and Corporate Services (FCS), and Recreation, Culture and Facility Services (RCFS) departments is required to maximize potential funding and efficiencies for any collaborative opportunities that meet OPL requirements.

Fleet Vehicles

The Fleet Services Department of the City administers motor vehicle assets for OPL. Maintenance regimes, lifecycle replacement, and growth requirements are the financial responsibility of OPL and are reported to OPL through Fleet Services. Operational costs are reported monthly. Identification of general fleet issues and reviews of all aspects of

fleet management are conducted on a quarterly basis, and lifecycle replacement issues on an annual basis. OPL reviews the information provided from Fleet Services to determine the best course of action. Vehicle lifecycle replacement and growth must be included in long-term planning and in alignment with the Board-approved Mobile Framework (2026).

Technology and Equipment

OPL leverages technology infrastructure, managed networks, and corporate computing assets provided by the City's Information Technology Services (ITS) department. In some cases, OPL funds a share of the City's enterprise systems, where applicable to OPL. Library-specific systems and equipment are managed by OPL, with targeted support from ITS, and are fully funded by OPL.

Lifecycle and maintenance strategies are established to ensure technology investments align with service delivery priorities and the Framework. Key OPL assets include the Automated Materials Handling (AMH) system, checkout stations, catalogue access terminals, induction bins, and holds lockers. Long-term planning and scalability are delivered in alignment with the Technology Roadmap (in development) and the Virtual Framework, relevant technology strategies, and annual planning processes.

Financial Principles

- The asset management approach considers asset age, condition, and potential risk to make informed renewal decisions and maintain long-term infrastructure performance.
- City staff are consulted with respect to financial decisions regarding the asset status or potential replacement for assets that are part of existing City asset management regimes.
- The proceeds from any sale of surplus assets are to be directed to OPL general revenue.
- Where asset management gaps exist, priority in spending must consider the guiding principles of the FF, FMP, LS AMP, and the MF to assess the following:
    - Assets that impact health and safety
    - Assets that impact core functions
    - Assets that have the highest long-term financial return

Accountability

- OPL Board-approved Library Services Asset Management Plan, Facilities Framework and Facilities Master Plan.
- LSMT oversees asset management activities, and reports to the Board annually on the state of corporate assets.
- In cases where assets are the sole responsibility of OPL, managers are responsible for the maintenance of the asset and to report any requirement for replacement as part of capital forecasting through the budget process.
- Funding for the replacement of capital assets must be recommended by the Board and approved by Council.

Risk Mitigation Considerations

The following questions should be considered when managing risks related to asset management:

- What are the operational status and lifecycle expectations of all assets meeting a tangible threshold?
- What is the process by which the state of repair of non-tangible assets is monitored through operational activities in all departments?
- Is asset maintenance performed as per the recommended schedule to avoid unnecessary costs of over or under maintenance?
- Are policies, procedures, guidelines, and systems followed to ensure safety?
- Are lifecycle replacement thresholds consistent with the asset depreciation schedule?
- Are Library staff engaged in financial decision-making processes concerning the status or potential replacement of City-owned assets operated by OPL?
- Is the LS AMP accurately capturing the current replacement value (CRV) of Library assets?
- How could a backlog in capital renewal projects impact needed updates or cause increased costs due to asset deterioration?
- Does the asset replacement and/or investment schedule reflect the following order of priority?
    1. Health & Safety

2. Legal/Legislative requirements
3. Core functions
4. Strategic Priorities

Growth and Development

Growth-related expenditures are focused on capital projects and operating costs related to an increase in the city's population. Growth-related spending is approved annually as part of OPL's budgeting process, with only those capital projects identified through growth planning and reported through the latest Development Charge (DC) Provisional Background Study eligible for funding. Development charges (DCs) are collected from developers and residents when the city grows. DCs are a tool that allows for "growth to pay for growth".

Development Charges

Development Charges (DCs) are one-time fees authorized under Ontario's *Development Charges Act, 1997, S.O. 1997, c. 27* ("the *DCA*") and levied by municipalities on new residential and non-residential properties to help fund a portion of growth-related capital infrastructure needed to accommodate growth.

Growth-related spending authority is approved annually as part of the budgeting process with only those capital projects included in the current Development Charges Background Study and by-law being eligible for funding. The schedule of capital projects and rates are outlined within the City's DC by-law.

OPL relies on the City for the overall process, stewardship, and governance of the DC by-law including delivery of the background study, calculations of maximum eligible costs, and coordination of public notices and meetings. OPL is responsible for ensuring that growth or population studies, capital plans, facility plans, and other relevant frameworks are updated to support current project listings for periodic DC by-law reviews. The OPL Board approves project lists derived from these updated documents prior to City Council deliberation.

Growth

Growth refers to the use of DC funding to expand publicly available library space and collections across various geographic sectors of the city of Ottawa. In accordance with the *DCA*, the Board approved the 2024 DC project list which incorporates established project funding in alignment with OPL's Facilities Framework, updated population growth projections, and an analysis of Ottawa neighbourhoods. Through periodic reviews, funding sources may be leveraged to support existing projects experiencing cost increases or projects that remain unimplemented where underlying growth-related demand can still be demonstrated.

Working in collaboration with the City, project lists must be supported by periodic growth studies, and a background study performed by City consultants. To leverage DC

funding, OPL must pay a percentage of the overall project cost, which varies based on Benefit to Existing (BTE) infrastructure calculations. BTE is required as DCs can only fund the portion of a project that is needed to serve growth. If a capital project benefits existing residents or businesses, that portion cannot be funded through DCs and must be funded from other sources (e.g., taxes, reserves, grants). Percentages are determined at the time of the background study.

DCs are the primary funding source for growth at OPL. As DC funding is based on historical service levels, continued investment in library infrastructure directly contributes to OPL's capacity to support future growth-related funding.

There is no guarantee that DC funding will accrue precisely as estimated. If growth does not occur or if growth is established but occurs through exempted categories of development, the required funding for the listed projects will not materialize. As such, it is imperative that OPL utilize this funding judiciously and based on the findings of the supporting documentation. Special circumstances may arise where unplanned opportunities present themselves, and in these cases, the impact on funding and timing for planned growth must be evaluated. OPL will continue to take advantage of DC funding while also seeking alternate funding on a project-by-project basis to close the per capita gap.

Financial Principles

- Asset acquisitions related to growth are subject to a cost and benefit analysis that considers the Total Cost of Ownership (TCO), i.e., initial, operating, and lifecycle expenses;
- DC funding is to be used in accordance with DC by-law requirements and the respective project listings, frameworks, plans, and initiatives authorized by the Board and Council;
- Follow, align, and collaborate with the City's DC by-law financial practices to recover the costs of growth as permitted by legislation;
- Costs and benefits of growth are clearly documented in the capital budget for consideration of funding; and,
- DC project listings are reviewed when completing the annual Work In Process (WIP) reviews, managing funds, and in consideration of debt-financing costs.

Accountability

- All projects related to growth are subject to approval by the Board and Council and in accordance with the delegation of authority.

- Library managers with capital assets that are subject to growth expenditure are responsible to prepare cost and benefits of growth, justifying the needs for funding.

Risk Mitigation Considerations

These questions should be considered when managing risk for growth and development:

- Is the scope of the project for growth and development clearly defined?
- Does the budget estimate include future inflationary costs (listed in Net Present Value (NPV))?
- Are established project management methodologies applied sufficiently to reduce the risk of cost overruns, schedule delays, scope changes, and other risks associated with capital projects?
- Could further unforeseen changes to the DCA impact timing and or access to DC funding?
- What is the likelihood, and related impact of, legislative changes to impact growth and funding?
- How will economic pressures impact growth and overall financial sustainability to introduce new spaces in which library services can be delivered?
- Are operational pressures arising from growth projects appropriately incorporated into budget estimates?
- Are growth and population studies, capital plans, facility plans, and other frameworks being updated consistently to accurately reflect growth needs?
- Are OPL growth needs considered during periodic DC by-law reviews?

Service Enhancements

Service enhancements include projects that improve service delivery to clients, adapt to trends or service demands, support organizational efficiency, align with Board directions, or are mandated by legislation. These items are not related to growth nor are they required to maintain existing assets or services. These initiatives are approved annually and are aligned with the strategic plan.

Financial Principles

- Service enhancements will be advanced based on their priority as established by the Board over a single or multi-year timeframe.
- Service enhancements must have confirmed dedicated sources of funding, which may include donation revenue.
- Service enhancements are subject to a cost and benefit analysis that considers the Total Cost of Ownership (TCO), such as initial, operating, and lifecycle expenses.
- Financial status and sustainability of finances will be considered when recommending service enhancements.
- Where permitted by the *PLA*, fees are considered for service enhancements.

Accountability

- Initiatives are approved by the Board annually through the budget process.
- LSMT oversees the process by which initiatives are identified and evaluated for priority, risk, and current and future impact.

Risk Mitigation Considerations

These questions should be considered when managing risk for service enhancements:

- Is the budget based on forward-looking estimates?
- Is OPL able to acquire all the resources and expertise to complete the project?
- Are established project management methodologies applied sufficiently to reduce the risk of cost overruns, schedule delays, scope changes, and other risks associated with capital projects?
- Does the service enhancement align with OPL's mission and values?
- To what extent could shifts to Board membership or strategic direction result in service enhancement projects being delayed or cancelled before completion?

- Does the implementation of this project result in changes of core business processes? If so, what are the operational risks?
- How does the new project integrate into OPL’s existing systems and infrastructure (technologies, information, processes)?
- What is the priority of this project in comparison with other projects?

Revenue – Recurring and Non-recurring

OPL benefits from both recurring and non-recurring revenues to supplement base funding provided by the municipality.

Recurring Revenue

The *PLA* allows for fees charged in a limited scope for services where the public has the choice to purchase the service. Fees must be as fair and as equitable as possible. Creating or adjusting user fees and rates requires careful consideration, and any fees for service to non-residents should be aligned with the average paid by the resident taxpayer. User fees are reviewed on an annual basis, with a comprehensive review completed every four years.

User fees and service charges as allowed by the *PLA,* are an effective way to augment municipal, tax-based funding of operations. OPL collects user fees on various items including lost materials, abandoned holds (items requested but not picked up), meeting room rentals, the sale of goods and consumable materials (e.g., USB thumb drives, materials in the Imagine Space), and membership fees for library clients residing outside of the city of Ottawa municipal boundaries. Revenue is recognized when the activity is performed or when the services are rendered.

Deferred Revenue

User fees as they relate to meeting room rentals are collected in advance for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the year during which the related expenses are incurred provided eligibility criteria and stipulations have been met.

Non-Recurring Revenue

On occasion, the organization may be eligible to receive funding from other levels of government that must be used for a specific purpose or within a specified timeframe. Non-recurring revenues are funds resulting from one-time opportunities such as grants for infrastructure, special programs, capacity building, or programs that are provincially and federally sponsored. The use of non-recurring revenue must align with the intention of the source to foster financial credibility and transparency. The spending of non-recurring and time sensitive funding is to be prioritized according to the organization’s strategic directions and/or approved initiatives.

Grants received for infrastructure purposes are accounted through the capital allocation, and grants received for service delivery, such as newcomer programs, are accounted for through the operating allocation.

Sales of OPL Assets (land and buildings) are considered non-recurring revenues and are subject to the City's Real Property administrative policies and procedures and related agreements. Art holdings are governed by the City's Public Art policy and program.

Debt Recovery

OPL uses a recovery agency to assist in the timely retrieval of materials to ensure fair access to all clients. If items cannot be recovered, OPL will collect a replacement fee. Replacement charges and other fees are recorded as recurring revenue.

Financial principles

- Planned revenues should be reviewed and adjusted on an annual basis based on the previous fiscal year-end performance except in exceptional circumstances.
- OPL will not budget based on non-recurring revenues.
- Revenue is recognized when the activity is performed or when the services are rendered.
- Fees are classified into groupings (e.g., people, spaces, goods, etc.).
- User fees are reviewed and adjusted on an annual basis as part of the budget process in a manner that is equitable and fair to library clients and in accordance with:
    - Cost recovery principles;
    - Provincial legislation;
    - Municipal frameworks and plans;
    - Client experience (only those who benefit from the service are paying for the service);
    - Environmental scans;
    - External factors (economic market conditions); and,
    - Council direction as it applies to commercially available services such as meeting rooms rentals.

Accountability

- The collection and use of fees are monitored annually with comparison against the previous three years to ensure that user fees remain cost recoverable and are comparable to other municipalities and market rates.

- The identification or adjustment of new fees/rates requires Board approval.
- Applications for, and receipt of funding, related to non-recurring revenues are reported to the Board as per OPL Board Policy 002, Delegation of Authority.

Risk Mitigation Considerations

The following questions should be asked when considering risks related to revenues:

- Are the fees comparable with other public libraries and municipalities in Canada and Ontario?
- Are there any significant changes in fees and why?
- Do significant changes to fees present the risk of less usage or revenue?
- Have the principles of equity, diversity, inclusion and belonging (EDIB) been considered when determining how user fees are set and debts are recovered?
- Does the plan and timeline for the usage of non-recurring revenue resources make sense?
- Are the fees consistent with, and fair to, the taxpayer?
- Are controls in place to monitor client debt and mitigate the risk of accounts accumulating unmanageable balances?
- Is the Library subject to appreciable negative public perception or opposition with respect to the level of fees, their collection, and the use of non-recurring revenues?
- To what extent is the Library subject to audit oversight regarding the use of non-recurring revenues, such as grants and provincially or federally sponsored programs?

Annual Planning and Budgeting

OPL follows an annual planning process that supports the development of budgets year-over-year. Strategic, corporate, and departmental planning are used to develop the budget, and are the tools by which the corporation achieves the goals outlines in the Strategic Plan. Planning is used to determine budgetary requirements, differentiate absolute operating and capital requirements from service enhancements, and identify potentially disruptive expenditures and unintended impacts. Due diligence in considering what to do, what not to do, and the rationale should be done prior to budget documentation.

OPL receives one overall budget envelope from Ottawa City Council annually. The amount allocated toward operating and capital initiatives is at the Board's discretion. As such, thorough financial planning is critical to maximize the use of funds. The operating allocation is intended to fund daily business activity for the current year, and the capital allocation is used for assets and long-term investments that are subject to the tangible capital assets policy (see Asset Management section).

In each budget year, the first accounting requirement is to make financial adjustments to bring operating and capital balances back to their base amounts, as per the Board approved OPL capital "Pay-As-You-Go" amount of $2.3M. These transactions appear in the budget book (as reversals and an increase/decrease as may be the case from year to year) to balance OPL's overall funding envelope. Once the base is established, the priority is to ensure sufficient funds are available to address all legislated and mandatory contractual agreements, and then to best address strategic and growth-related needs and services. Priorities are outlined below and categorized under operating and capital allocations:

Operating:

- **Priority 1 – Mandatory, contractual, and legislated increases**
    - Revenue adjustments (as per accounting principles);
    - Compensation: cost of living allowances (COLA), benefits, and premiums;
    - Service charges from City partners (facilities, operations, fleet, insurance, etc.);
    - Legislated requirements;
    - Legal outcomes;
    - Contractual obligations; and,

    - Board-mandated adjustments.
- **Priority 2 – Non-discretionary costs associated with the maintenance of existing services**
    - Pressures related to maintaining services (e.g., licensing and maintenance).
- **Priority 3 – Asset maintenance (facility and technology improvements)**
    - Facility repairs that do not meet Tangible Capital Asset (TCA) thresholds.
    - Replacement of unserviceable small equipment or technology.
- **Priority 4 – Advancement of key strategic priorities requiring designated funding**
    - Projects and initiatives that are linked to the Strategic Plan.
    - Projects and initiatives that result from program and service reviews.

Capital:

- **Priority 1 – Renewal of Assets**
    - The renewal of assets is funded through the OPL capital allocation to repair, replace, or upgrade existing capital assets to equivalent capacity or performance capability.
- **Priority 2 – Service Enhancements**
    - Capital projects undertaken to enhance, expand, or introduce new clients services; to achieve advancement in technology; to create efficiencies that benefit the organization; or, to further the progress toward achieving a strategic goal and funded.
- **Priority 3 – Growth**
    - Capital projects or initiatives approved by the Board and funded with DC revenues to expand publicly available library space across various geographic sectors of the city of Ottawa to meet the needs of the growing community.
- **Priority 4 – Lifecycle, Accessibility, and Energy Programs (City funded)**
    - Capital programs funded through City budgets allocated to OPL are included to provide transparency into overall investment in Library services, and to detail initiatives scheduled for completion in the coming

year. Small capital projects that have an impact directly related to energy efficiency initiatives are identified as “Energy” projects.

The order of importance listed above for both operating and capital allocations is intended for budget development purposes. The actual priority often depends on circumstances at the time of budget approval.

Financial Principles

- Capital allocation should represent 4.5 percent of the total budget, with consideration to required resources and capacity to expend.
- Discrepancies or significant variances will be compared to the previous years’ actual expenses to identify irregularities.
- Four-year average expenditures may also be referenced as required to further pinpoint the cause of the variance(s).
- Mechanisms are in place to monitor and control the budget (quarterly Operating status and Capital plan financial reports.
- Ensure corrective actions are being made in a timely manner and a collaborative approach is utilized to identify all necessary data.

Accountability

- LSMT will monitor the budgets on a quarterly basis with comparison of budgeted to actual year expenditures in all categories.
- Managers in the organization assume the responsibility of stewardship in their own operating budget and for capital accounts for which they take responsibility.
- Any significant discrepancy in expenditures will be reported to the Board with accompanying detailed explanation.
- LSMT oversees the annual work plan and budget process and reports to the Board annually.
- The Board reviews and approves the budget annually, and recommends to Council, which has final authority.

Risk Mitigation Considerations

The following questions need to be considered when assessing risk for annual planning and budgeting processes:

- Does the current timeline for annual planning and budget process allow input from all relevant stakeholders?

- What are the assumptions, and are they clearly articulated and documented?
- Is the current budget in range when compared with the four-year average?
- Are there any significant shift/change in expenditures and revenues and why?
- To what extent are anomalies in operating expenditures substantiated and accounted for within the annual budget process?
- Is the Library subject to appreciable negative public perception or opposition with respect to budget priorities?
- Are any annual operating surplus/deficits structural in nature and how best can they be addressed?

Long-Range Financial Planning

Long-range financial planning combines consideration of financial forecasts with objectives expressed in strategic plans and frameworks. This integrated approach is critical to help OPL navigate challenges and achieve long-term goals. The process considers future scenarios, and projects revenues and expenditures over a four- and 10-year horizon using assumptions about economic conditions, spending plans, political impacts, Board decisions, and other variables.

The long-range financial forecasting process considers corporate planning, the strategic plan adopted by the Board, the state of corporate assets, and departmental plans for future service delivery. The planning process should take place in a collaborative environment to identify all human resourcing, technology, and operating requirements.

The following tools support OPL's long-range financial planning:

- Four-year Operating Plan
- Four- and 10-year Capital Plan
- External fundraising reports
- Annual Works in Progress (WIPs) report

In addition, the use of a modeling tool (specifically, Continuity Modeling) for planning is essential in understanding the financial feasibility of the resulting long-term plan. Continuity Modeling tools document connections between operating and capital allocations over multiple years and the impact those allocations have on the Library Reserve and Development Charges Reserve. These tools are continually updated, based on decisions, approvals, directions, and the results of unforeseen circumstances. Continuity tools can also be used to evaluate the potential impacts of various financial scenarios. The following elements and steps are considered during the long-range planning process:

1) Establish the baseline using the most recent financial results while considering.
2) Identify and document key assumptions which may include:
    a. Interest rates
    b. Debt financing rates
    c. Inflation rates
    d. USD exchange rate

e. Cost of living adjustments

f. Provincial and federal budget adjustments to grants and funding

3) Estimate ongoing funding envelopes over a four- and 10-year period that include:

a. City of Ottawa

b. Provincial grants

c. Recurring revenues

d. Library Reserve

e. Development Charges Reserve

f. External Funds

4) Collect cost estimates for ongoing initiatives, programs, or projects that are not funded through existing departmental base budgets, including those related to:

a. Strategic Plan initiatives;

b. Corporate Planning priorities;

c. Departmental Frameworks, Plans, and Strategies

d. Asset Management requirements;

e. Legislation changes;

f. Economic conditions;

g. Human Resourcing Requirements;

h. Inflation pressures; and,

i. Legal Agreements.

5) Obtain review and validation from key stakeholders; and,

6) Amend as necessary the annual baseline, assumptions, and environmental scan corrections, based on steps 1 to 5.

Financial Principles

- Identification and quantification of the impact of influencing factors such as macro-economic environment, and demographics;
- Identification of potential funding gaps;

- Consideration of all appropriate funds to reduce or eliminate potential or actual funding gaps;
- Analysis of the financial environment, revenue, and expenditure forecasts;
- Analysis of human resourcing, technology, facilities, capital assets, and operating requirement projections for all areas of the organization;
- Development of strategies for achieving and maintaining financial balance long-term; and,
- Monitor and report on financial goals and achievements.

Accountability

- A published long-term financial plan will be provided and annually updated, with approval by Management. It is available to the Board upon request.

Risk Mitigation Considerations

These questions should be considered when managing risk for long-range financial planning:

- Are the assumptions used for long-range financial forecasting realistic and meaningful?
- Have potential increases or decreases in grant opportunities, changes to costs that are beyond inflation levels, etc. been considered to determine the magnitude of change and how these will affect financial projections?
- Are contingencies realistic?
- What are the key challenges and plans to address these challenges?
- To what extent has the Library accounted for unforeseen changes that may impact long-term financial planning, including legislative changes or significant inflation?

Debt

The use of debt as a financing mechanism may be beneficial as it spreads the cost of major growth projects over several years. Consequently, such projects are paid for by a broader tax base, making the forecast in the 10-year capital work plan achievable. At the same time, debt financing influences the timing, affordability, and delivery of major capital projects that support library services.

OPL and City Debt Financing

Debt may be used to fund eligible components of capital asset requirements and in accordance with the City's Long-Range Financial Plans, Fiscal Framework 2007, and Administration of Capital Financing and Debt Policy. Borrowing related to OPL capital projects forms part of the City's tax supported debt, with debt issuance managed centrally by the City in accordance with Council approved financial policies and city tax-supported debt affordability framework.

On the approval and subsequent Board application legislated by Section 25, paragraph (1) of the *PLA*, the City is authorized to evaluate, issue, and manage debt on behalf of OPL to fund growth-related capital projects for the purposes of acquiring land, erecting or altering a building, and required items for a new library, including books.

The City is authorized, under Section 401 of the Municipal Act, 2001, to issue long-term debt for capital projects, and does so on behalf of OPL. The City's Administration of Capital Financing and Debt Policy establishes objectives, authorized financing instruments, reporting requirements and responsibilities, and governs the administration and management of capital financing and debt issuance activities. The policy is reviewed on a regular basis and was most recently updated in 2021.

City debt includes formal loans that are managed and repaid from various revenue sources. This approach:

- Enables timely delivery of infrastructure required to support growth.
- Aligns costs with the benefiting growth over time.
- Avoids delaying projects until funding has been collected.
- Supports responsible capital investment while protecting long-term affordability for taxpayers.

Financial Principles

Through the City's Long-Range Financial Plan, Council has adopted several guiding principles related to debt financing for capital projects, which apply to debt issued on behalf of OPL:

- Debt must not result in significant tax increases.
- The term of the debt should not exceed 40 years.
- Debt levels are continuously monitored to endure the ongoing financial stability and sustainability of the City.
- Prioritize debt financing for growth and capacity expansion projects, while minimizing its use for lifecycle renewal projects. Debt is to be used only for the purchase, construction, or replacement of assets.

Accountability

- Funding for capital projects that may require debt financing are subject to approval by the Board and Council and in accordance with the Board's DOA, and the *PLA*.
- Council authorizes new debt financing with the annual budget in accordance with City's Administration of Capital Financing and Debt Policy and Section 401 of *The Municipal Act, 2001* for Board-approved capital projects.

Risk Mitigation Considerations

The following questions should be asked when considering risks related to debt:

- Are debt levels being appropriately monitored in accordance with the City's fiscal framework principles to ensure the ongoing financial stability and sustainability of the City?
- Have alternative funding sources been adequately considered before debt funding is recommended?
- How would changes to various assumptions including project scope, construction costs, interest rates or municipal borrowing priorities affect the affordability of debt-funded projects?
- What are the long-term operating and financial impacts of debt financing compared to alternative funding approaches?
- Would debt financing appropriately spread project costs over the useful life of the asset and across the users who will benefit from it?

Library Reserve

Underpinning operating and capital funding is the Library Reserve Account ("the Reserve"). The Reserve is a financial account through which all library funding is transacted into operating and capital budgets. The *PLA* is silent about Reserve funds, and while it is common practice for municipalities to establish and hold reserve funds for the library, library boards have authority to establish reserve funds under the *Municipal Act*. Given the financial relationship and shared services with the City, By-law No. 2019-205 (reflecting revisions) was passed to establish the Ottawa Library Reserve Fund for OPL. According to the by-law, the fund is established to *"…provide funding support for the Ottawa Public Library and to assist the Board's long-term planning and resource requirements.*" The complete by-Law can be found in Appendix 1.

The Reserve also serves as a savings account for the Library. Maintained properly, the Reserve is a valuable way to fund opportunities or to pay for unforeseen financial pressures such as legislative decree, legal decision or settlements, labour relations, changes in social factors, political environment, and economic factors. The investment in, and maintenance of, a healthy Reserve also enables the Library to fund capital infrastructure projects not related to growth, including the fulfillment of legacy gaps identified in the Facilities Master Plan. In addition, the Reserve may be used to fund one-time initiatives (in one-year increments) that are required to support short term initiatives or pilot programs that do not meet TCA thresholds.

The Reserve should be maintained at a balance that is able to service unplanned costs as well as future anticipated costs but should not be exceedingly large to appear to be a hoarding of tax revenues. Further to the By-Law, the Library Reserve will be used for the following financial requirements, in order of priority:

a) Resolution of annual operating deficits;

b) Unforeseen legislative and legal pressures;

c) Partial funding of growth related, non-tax-supported funding envelopes, such as DCs;

d) Growth projects not funded through Development Charges;

e) One-time initiatives approved by the Board that support services (client or employee), facilities, technology, fleet, or security; and,

f) Holding of funds to support operating requirements where an immediate funding solution is required until a sustainable budget source can be established into future operating budgets in future years.

The practice of transferring an annual surplus to the Reserve must be approved by the Board, and subsequently at the Board's request, by Council. Council approval is not required to withdraw money from the Reserve to balance a deficit. There are three methods by which the Board may withdraw or redirect funds from the Reserve for non-deficit purposes:

- The annual budget process;
- Year-end (Q4) financial reporting; or,
- A report to Council.

In addition to the Library Reserve, OPL has a reserve fund for the collection of DCs (refer to Growth and Development section).

Financial Principles

- The Reserve should be maintained at a minimum of 7.5 percent and a target of 10 percent of OPL's net operating budget (i.e., City tax-funded portion of the budget).
- Approximately 60 percent of the Reserve balance should be held for capital purposes.

Accountability

- Decision-making which may impact the Reserves are included in the financial implications section of the related report to the Board.
- Withdrawals from the Reserve for non-deficit related expenditures requires approval of Ottawa City Council.
- The balance of the Library Reserve and Development Charges Reserves will be reported to the Board as per OPL Board Policy 010– CEO Reporting and Board Monitoring. The Reserve balance may also be requested by the Board at any time.[1]

Risk Mitigation Considerations

The following questions should be asked when considering risk related to the Reserve:

- Does the Reserve adequately protect OPL from unexpected circumstances?
- What is the trend on contribution to, and withdrawal from, the Reserve?

[1] *Reference: City Reserve Management Policy – Approved by City Council March 28, 2018.*

- In what area(s) have Reserves been consumed and are there any patterns or trends that can be avoided?
- Are adequate safeguards in place to prevent undue reliance on reserve funding to offset budget deficits?
- Are alternative, non-financial measures being explored to mitigate the risk of budget deficits?

External Funds

External funds are contributions received from sources outside of OPL, excluding funding received from the City. External funds may include federal and provincial grants as well as unsolicited monetary donations, targeted fundraising campaign proceeds, major gifts, gifts-in-kind, and legal settlements (e.g., estates). Sources of external funds vary greatly and may include private citizens, companies, charitable organizations, non-governmental organizations, and other benevolent entities within Canada.

These funds may be used to enhance and supplement but not replace core operating expenditures for items such as furniture and general maintenance, funding a portion of service delivery operations, or providing funding to test new initiatives or programs that would otherwise encumber the operating budget. External funds may also be used to offset capital projects by providing for furniture, equipment, or other aspects of the project that may otherwise be charged to the project costs in a capital account. Products and services that are purchased using external funds alleviate the pressure of purchasing those same products and services through the OPL's annual budget.

Fund management encompasses the establishment of priorities for utilizing external funds received and related administration of the funds, including record keeping related to the expenditure of funds or dividends received. In the context of OPL, fund management is subject to numerous conditions, legalities, and intents under which monies may be donated, granted, raised, or bequeathed to the Board. Similarly, the accounting, receipting, and spending of external funds must be clearly defined.

Government Grants

Government grants are external funds received from senior levels of government (e.g., federal and provincial governments) that help cover operating expenses for library services. Specifically, the Public Libraries Operating, Pay Equity, and First Nation Salary Supplement Grants (PLOG), is issued annually by The Ministry of Tourism, Culture and Gaming with the explicit mandate of supporting operating budgets of public libraries in Ontario.

Trust Funds

As an external Board, OPL benefits from services provided by the City for the investment aspect of fund management. Depending on the contribution, OPL may consider the creation of a trust fund as a means to generate meaningful and sustainable interest dividends. That is, as significant donations or other gifts are made to OPL, trust funds may be established for investment purposes. As a general guideline, the interest

earned on monies invested can range between 0.5 to 2 percent subject to economic conditions.

Legacy Funds

OPL is the recipient of interest earnings from legacy funds administered by a not-for-profit external fund management foundation. These legacy funds are interest-bearing and contain directed and undirected funds. Interest revenues from these funds are received annually.

Donations

Donations are received at branches, through the OPL website (via a third-party donation service), or by direct mail, and may be the result of targeted fundraising efforts or unsolicited giving.

OPL provides donors meeting the minimum donation value of $10 the opportunity to request or direct the donation towards a branch, program, or service. It should be noted that this is not legally required of OPL. Failing any description of the use of a donation, the donation is understood to be “undirected,” meaning it can be used as OPL deems most appropriate. OPL provides further clarifications and procedures regarding monetary donations in an applicable administrative procedure reviewed each three-year period. Donations and gifts-in-kind, and their differentiation, are governed by OPL’s donation and gift-giving policies and guidelines in accordance with Canada Revenue Agency tax receipting regulations.

Where the donation is considered a major gift or partnership, these funds may be subject to legal documents, contracts, and gift agreements, to which both the funding party and OPL are legally bound, including confidentiality agreements.

Spending Priorities

The development of spending priorities for external funds is important and should be a wholistic process undertaken in alignment with the annual budget process. This process ensures that external funds will be directed to the intended uses and will also provide an opportunity to redeploy remaining undirected funds to address additional needs.

External funds can have an impact on the organizational budget, as prioritization of spending from this revenue source can help to: maximize the Library Reserve account balance, minimize peripheral pressures on annual budget envelopes, provide for one-time goods and services purchase that enhance the client experience, and garner support from the community at large. The following priorities outline the order in which external funds will be applied:

- Priority 1 – Directed Funds
    - Directed external fund revenues are expended in a way consistent with the donor's intent (where possible).
- Priority 2 – Undirected Funds
    - Undirected external fund revenues (without conditions) may be designated for capital projects, specific collections, equipment, furniture, or library programs according to organizational priorities during the fiscal year.

Financial Principles

- Where practicable, external funds will be utilized in a manner consistent with the donors wishes.
- External funds that are collected and maintained by OPL, are receipted once annually by the City.
- External funds collected and/or maintained by a third-party service are receipted by the service provider accordingly including the applicable deductions or fee for the provision of their service.
- Managers receiving external funds will be provided with balances on a quarterly basis including directions for expenditure.
- Where appropriate, directed funds will be placed into trusts for accountable allocation.
- Undirected funds will be deposited to the General Fundraising Trust Fund.
- Funds that are derived from "Invested Principal" will only be available for expenditures not more than the interest earned.
- Funds that are derived from "Fundraising Bearing Interest" may be available for expenditures in their entirety.
- An administration procedure is established to manage the processing of donations.
- Donations should not cause increased or unplanned operating or capital costs to the Library.

Accountability

- The expenditure of external funds will be reported to the Board on a quarterly basis by category and fund name as part of the quarterly financial operating and capital plan status reports.

- LSMT will monitor external funds (receipt and expenditures) on a monthly basis, with comparison to the prior fiscal year.
- Major donation and fund developments are reported to the board on a semi-annual basis.

Risk Mitigation Considerations

- Does the organization have a fundraising plan which has reliably demonstrated the ability to produce the levels of funding required?
- Are anticipated contributions based on a written plan and a grants and fundraising calendar with projections for each type of fundraising?
- Are there any regulatory constraints and compliance issues?
- Is the organization in the position to comply with the donor's request?
- How can we demonstrate to the donor that the conditions of the gift were met?
- Can we track the use of a gift or donation practicably?
- Does the fundraising event and/or potential donor(s) have the potential to cause any negative image on OPL reputation?
- Is the donation being utilized in the most advantageous way?

Monitoring and Evaluation

This Framework provides parameters and guidelines for prudent fiscal planning, management, and business continuity. The guiding principles and priorities outlined in this framework should be implemented with good judgement, and with appropriate levels of approval based on delegated financial authorities.

Varying in scope and frequency, depending on the business requirement, ongoing monitoring and evaluations of the Framework provide timely information and opportunities for review. To achieve the highest level of transparency and accountability OPL will monitor and evaluate services as follows:

On an annual basis:

Staff will monitor fiscal practices and alignment to the Framework, as they relate to factors pertaining to or changes in:

- Sector standards;
- Compliance/non-compliance with core financial principles;
- Current financial status, long-term financial forecasts, and budgetary controls;
- Budget and resource allocations to meet the organization's short-term needs while addressing long-term goals;
- Management of corporate financial risk and the mitigating measures;
- Audited financial statements of the Library prepared by the City; and,
- Quarterly financial operating and capital reports of the Library.

When new information is available:

Staff will review and evaluate OPL's fiscal practices to ensure alignment with the Financial Framework when new information is available.

Factors that may drive change include:

- Changes to corporate planning documents and strategic plan (such as the Service Delivery Framework);
- Changes in municipal direction and subsequent plans (such as the City's Fiscal Framework); and,
- Changes to the legislative environment, including governance changes.

Every four years (term of Board):

The OPL Board has authority to approve the Framework, in keeping with Board Policy 002 - Delegation of Authority and Board Policy 010 – CEO Reporting and Board Monitoring.

In addition, it is the responsibility of the Program Manager, Finance and Business Services, under the guidance of the Deputy CEO, to lead reviews, ensuring that Management, the Board, and the Facilities, Finance, and Risk Standing Committee (FFR) (on behalf of the Board) are consulted.

Definitions

Accessibility Program

A program funded by the City of Ottawa to remove barriers to existing facilities based on ongoing condition assessments in accordance with the Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11

Capital Budget

Funding used to acquire, maintain, and replace Tangible Capital Assets (TCA). OPL capital requirements fall into one of four categories: 1) Renewal of City Assets, 2) Service Enhancements, 3) Growth, and 4) Lifecycle and accessibility programs.

Capital Expenditure

A capital expenditure is any significant expenditure meeting financial value thresholds, incurred to acquire or improve land, buildings, engineered structures, machinery and equipment. It normally provides a benefit lasting beyond one year and results in the acquisition or extension of the life of a fixed asset. Examples in the context of library services include facilities, vehicles, technology, and equipment.

Debt Recovery

A third-party recovery agency that collects replacement charges and fees for all unreturned library items.

Debt Financing

Borrowed funding to finance long-term capital projects or assets.

DC Growth

Refers to capital projects which are eligible for funding through the Development Charges Act (DCA), and City of Ottawa Development Charges By-law # 2019-156. Revenues collected for Library services under the current Development Charges By-Law remain in the Library DC Reserve and are available for expenditure under the rules in which they were collected.

Expenses

Short-term costs incurred to deliver services or earn revenues. Expenses are related to the cost of operations.

Expenditures

Long-term costs incurred to purchase or increase the value of the fixed assets of the organization. Expenditures are related to cost that are tangible or capital in nature.

External Funds

Funds that are received from sources that are external to the City of Ottawa and OPL.

Financial Framework

An overarching set of principles and guidelines for responsible financial management used to guide OPL through the allocation of resources to ensure alignment of opportunities with aspirations articulated in OPL Strategic directions.

Fundraising

The process of soliciting, promoting and collecting voluntary contributions from individuals, businesses, organizations, and charitable foundations and/or government agencies to support OPL growth and services.

Fund Management

A process to ensure efficient and effective expenditure of funds raised or bequeathed to the Board. These sources of revenue are financially separated from OPL annual operating budget but may help to offset operating pressures.

Growth

Refers to the net expansion of or adding to assets retained and maintained by an organization.

Interest

Money earned through investments.

Library Materials – Collection

Includes all items or materials in all formats in the catalogue that are made available to the community that support one (1) of OPL's five (5) services categories. They include, physical books, musical instruments, DVDs, Chromebook, reference materials, streaming service, eBooks, eAudiobooks, etc.

Lifecycle Program - OPL

A program funded by the City and supported by asset management systems for the replacement and repair of key components and systems of the OPL facility infrastructure.

Operating Budget

Annual funding that represents the expenses required to deliver day-to-day library services.

Pay as You Go (PAYG)

Capital funding not derived from borrowed money (debt issuance) or new revenues, but by saving or freeing money from existing sources.

Renewal of City Assets

A category of capital expenditure utilized to describe repair, replacement, or upgrade of an existing capital asset.

Reserve

A financial account through which all library funding is transacted into operating and capital budgets.

Service Enhancements

Programs or projects that support the achievement of service objectives which are linked to Strategic Priorities and long-term goals as established and approved by the Board, and that increase the volume or quality or choice of library services.

Strategic Priority

An area of focus for the Term of the Board that is linked to long-term goals and the vision of OPL.

Tangible Capital Assets (TCA)

Assets which represent long-term investment in infrastructure and are subject to the accounting treatments stipulated in the City of Ottawa Tangible Capital Assets Policy for any asset meeting minimum financial thresholds, with: legal title held by the City or OPL, controlled by the City or OPL, or are capital leases entered into by OPL.

Total Cost of Ownership (TCO)

The total cost of ownership, or TCO, includes the purchase price of a particular asset, plus operating costs over the asset's lifespan. Looking at the total cost of ownership is a way of assessing the long-term value of a purchase to a company or individual.

User Fees

Fees charged, in accordance with the *Ontario Public Libraries Act, R.S.O. 1990, c. P.44*, to clients of many Library services to offset all or in-part the costs of providing these services.

Appendix 1 – Ottawa Library Reserve Fund By-Law 2019-205

A by-law of the City of Ottawa to establish the Ottawa Library Reserve Fund for The Ottawa Public Library.

WHEREAS subsection 417(1) of the *Municipal Act, 2001* allows for every municipality to provide in its budget for the establishment or maintenance of a reserve fund for any purposes of which it has authority to spend money;

AND WHEREAS subsection 417(4) of the *Municipal Act, 2001* provides that a municipality may by by-law provide the money raised for a reserve, be spent, pledged or applied to a purpose other than that for which the fund was established;

AND WHEREAS section 418 of the *Municipal Act, 2001* provides that a municipality may invest in prescribed securities in accordance with the prescribed rules;

AND WHEREAS it is desired to establish and maintain a Library Reserve on behalf of all present and future libraries in the City of Ottawa;

THEREFORE, the Council of the City of Ottawa enacts as follows:

LIBRARY RESERVE FUND ESTABLISHED

1. A reserve fund to be known as the Library Reserve Fund is hereby established.

PURPOSE

2. The Ottawa Library Reserve Fund to provide funding support for The Ottawa Public Library which is governed by the Board of Trustees appointed by Council for the City of Ottawa pursuant to the Public Libraries Act (hereinafter called the “Board”) and to assist the Board’s long-term planning and resource requirements.

INVESTMENT

3. The funds in the Ottawa Library Reserve Fund shall be held in a special account and may be invested in accordance with the prescribed securities in accordance with the prescribed rules pursuant to provisions of the *Municipal Act, 2001*, and its regulations, as may be amended from time to time.

OPERATION OF THE RESERVE

4. The Ottawa Library Reserve shall be operated, managed and maintained by the City Treasurer from:

(a) contributions from the library operating budget;

(b) the operating surpluses related to the library operating budget of the City of Ottawa;

(c) funds returned from the capital close process for capital projects previously funded from this reserve;

(d) the earnings derived from the investment of moneys held in the Library Reserve; and

(e) any allocation from such other sources or revenue as may be determined by the Board and Council for the City of Ottawa.

EXPENDITURES

5. The Ottawa Library Reserve shall be used for the following purposes:

(a) to reduce or eliminate any library services operating deficits or financing one-time operating expenditures, as recommended by the Board and approved by the Council of the City of Ottawa;

(b) for financing capital projects supporting the operational needs related to library services as may be recommended by the Board and approved by Council for the City of Ottawa; and

(c) for any other purpose recommended by the Board and approved by the Council of the City of Ottawa.

ACCOUNTING REPORTS

6. The City Treasurer shall report annually on the position of the Ottawa Library Reserve to the Finance and Economic Development Committee and Council.

REPEALS

7. The following by-law is hereby repealed:

(a) By-law No. 2003-142 “A by-law of the City of Ottawa to establish the Ottawa Library Reserve Fund.”

ENACTED AND PASSED this 12th day of June, 2019.

CITY CLERK MAYOR

BY-LAW NO. 2019 - 205

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A by-law of the City of Ottawa to establish the Ottawa Library Reserve Fund for the Ottawa Public Library.

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Enacted by City Council at its meeting of June 12, 2019.

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CORPORATE SERVICES: JMP/mi

COUNCIL AUTHORITY: City Council March 28, 2018; Agenda Item 4; (FEDCO Report No. 32)

Appendix 2 – Strategic Linkages (Crosswalk)

Document / Financial Element	Asset Management	Growth and Development	Service Enhancements	Revenue	Annual Planning / Budget	Long Range Financial Planning	Debt	Reserves	External Funds
City of Ottawa Development Charges By-Law no.2019-156		X	X		X	X			
City of Ottawa OPL Reserves By-Law no.2019-205		X	X		X	X		X	
Content Services Framework	X	X	X		X	X	X	X	X
Corporate Planning Process			X		X	X	X		X
Facilities Framework	X	X			X	X	X	X	X
Facilities Master Plan	X	X	X		X	X	X		
Financial Long-Range Continuity Tools	X	X			X	X	X	X	
Library Services Asset Management Plan	X	X	X		X		X		
Mobile Framework	X	X	X		X	X	X	X	X
Ontario Public Libraries Act, R.S.O. 1990, c. P.44	X	X	X	X		X	X	X	
OPL Development Charges Project List – Area Specific		X	X		X	X	X	X	
OPL Development Charges Project List – City Wide		X	X		X	X	X	X	
OPL Related Growth Studies	X	X	X		X	X	X	X	
Service Delivery Framework	X		X		X				
Strategic Plan		X	X		X	X		X	
Virtual Framework	X	X	X		X	X	X	X	X