



REPORT TO THE LIBRARY BOARD

MEETING DATE: June 18, 2008

Session:	Public Session
Subject:	Financial Update – 2009 Operating and Capital Budgets
Prepared By:	Barbara Jessop
Presented By:	Susanna Hubbard Krimmer
Purpose of Report:	For Receipt and Information Only <input checked="" type="checkbox"/>

Recommendation:

It is recommended that this report be received.

Issue:

The purpose of this report is to provide the London Public Library Board with an update on the status of the 2009 Operating and Capital Budgets.

Background:

OPERATING BUDGET:

On February 21, 2008, Municipal Council approved a 2008 Operating Budget increase of 6.7% for the London Public Library. This increase was based on recommendations as part of the Library's Sustainability Business Case presented to City Council in November 2007. The needs identified included virtual branch services, technology services, newcomer services, facility cleaning, and facility upkeep for small branches.

As part of the three year forecast which was developed during the 2008 budget process, the Library projected that a **3.2%** increase would be required in 2009. At its April 28, 2008 meeting, Board of Control approved this budget target in principle.

Each year, during the budget development process, the Library makes every effort to:

- Allocate resources consistent with the objectives of the Library's Vision and Mission and the priorities of the Board's Strategic Plan
- Flat-line or reduce costs wherever possible
- Redeploy resources where possible

- Recognize the impact of capital projects for new or replaced infrastructure on the operating budget
- Identify and quantify liabilities
- Seek revenue opportunities, giving consideration to affordability and competitiveness.

The development of a preliminary 2009 budget has identified that 91% of the 3.2% increase will be required for the Collective Agreement settlement, grid progression, an increase in the minimum wage, and ongoing increasing benefits costs. The current Collective Agreement expires on December 31, 2008. The remaining 9% is required for increases in utility costs (7%) and for minor adjustments to Purchased Services and Revenue lines (2%).

The projection does not include the impact of inflationary increases, so any decrease to the Library's budget target would put pressure on the services it currently provides.

New items for 2009:

- A 4 year forecast will be developed as part of the budget. The Library's forecast will include operating costs attributable to the new Northeast branch in 2010 and 2011.
- Tangible Capital Asset accounting. Although this will not directly impact the 2009 budget, it will affect both the Capital and Operating 2010 budgets. The Library has begun work on this project in conjunction with City staff and KPMG, and will bring an update and a draft Tangible Capital Asset policy to the Board in the fall. Capital asset accounting will, however, change the 2008 Financial Statement format.

CAPITAL BUDGET:

No additional capital funds are being requested for 2009. In order to align the capital budget with the Development Charges report, the \$3,000,000 budgeted for a Northwest Branch Library in 2012 will be allocated to the development of a Southeast Library. \$3,000,000 for the Northwest Library would be requested in 2017 in alignment with the "Library Development Charges (DC) Review 2008: Capital Project Submissions" report which was approved by the Board on February 20, 2008.

Key Dates:

June 27:	Capital Project Detail Record submission
August 25:	Operating Budget submission
Sept. 8 to 26:	Technical review with City staff
Nov. 11:	Final Corporate Management Team (City) review of Operating and Capital submissions
Dec. 10:	Budget Tabling
Jan. 14, 2008:	Board of Control Review
Jan. 29, 2008:	Committee of the Whole review
Feb. 19, 2008:	Council Approval

The 2009 Operating budget reflecting the 3.2% target increase, along with the Capital budget and forecast, will be prepared in more detail over the summer months and distributed in City format at the September 17, 2008 Board meeting.