

Operating Budget Monitoring Report – June 30, 2014

Date:	September 8, 2014
To:	Toronto Public Library Board
From:	Acting City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with a status update of gross and net operating expenditures of Toronto Public Library (TPL) for the six months ending on June 30, 2014.

As of June 30, 2014, TPL is reporting an unfavourable net expenditure variance of \$0.117 million consisting of an unfavourable expenditure variance of \$0.878 million partially offset by a favourable revenue variance of \$0.761 million. The cost of specific non-budgeted library programs funded from grants and the TPL Foundation is reflected in the costs for staff, supplies, materials, equipment and services with a corresponding recovery in grants and other revenue, which are in addition to the budget.

Ongoing cost control measures are being implemented by TPL to offset revenue losses in order to end the year on budget.

FINANCIAL IMPACT

As a result of the first six months of operations in 2014, TPL is reporting an unfavourable net expenditure variance of \$0.117 million consisting of an unfavourable expenditure variance of \$0.878 million partially offset by a favourable revenue variance of \$0.761 million.

The year-end projection is for spending to be on budget.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

DECISION HISTORY

TPL’s 2014 operating budget is \$184.220 million gross and \$167.637 million net. At its meeting of February 10, 2014, the Board adopted the Council-approved operating budget of \$184.170 million gross and \$167.587 million net and was informed of an additional

\$50,000 (including 0.5 staff position) for Library programs associated with the Youth Equity Strategy included in the Council approval of the 2014 operating budget for Social Development, Finance and Administration (SDFA). A budget transfer of \$50,000 from SDFA to the Library was approved by Council as part of the City's May 30, 2014 operating variance report.

ISSUE BACKGROUND

Operating results are usually reported to the Toronto Public Library Board on a quarterly basis.

COMMENTS

As of June 30, 2014, TPL net spending is \$0.117 million over budget, as explained below.

Net over-expenditures of \$0.878 million include:

- \$1.188 million over-expenditures for staff, supplies, equipment and services for specific programs funded by grants and donations received in addition to the budget;
- \$0.233 million savings in employee benefits;
- \$0.051 million savings in sick leave costs;
- \$0.116 million over-expenditures in the cost of utilities is mostly offset by other under-expenditures and expected to reverse by the end of the year due to the mild summer season.

Net revenue over-achievement of \$0.761 million includes:

- \$1.188 million grants and donations received in addition to the budget to fund expenditures associated with specific library programs;
- \$0.401 fines revenue shortfall, which continues a downward trend, due to several factors including:
 - o Increased borrowing of e-material which incurs no fines;
 - o Higher cost of fines, which encourage customers to be more diligent in returning material more promptly; and
 - o More options available to customers to manage their accounts when borrowing materials, including pre date-due e-mail notification.

The shortfall in fines revenue is partially offset by savings in staff benefit costs and sick leave costs, resulting in an operating deficit of \$0.117 as of June 30, 2014.

Ongoing cost control measures are being implemented by TPL to offset revenue losses in order to ensure that the Library balances its expenditures and revenues by the end of the year. The Library projects to end the year on budget.

CONTACT

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SIGNATURE

Anne Bailey
Acting City Librarian

ATTACHMENT:

Attachment 1: Operating Budget Monitoring Report for the Period Ending June 30,
2014