

**Operating Budget Monitoring Report – December 31, 2013**

<b>Date:</b>	March 24, 2014
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

**SUMMARY**

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The purpose of this report is to provide the Toronto Public Library Board with a summary of the Library’s gross and net operating expenditures for the twelve months ending on December 31, 2013.

As of December 31, 2013, Toronto Public Library (TPL) had a favourable net expenditure variance of \$0.387 million, consisting of a favourable revenue variance of \$1.836 million partly offset by an unfavourable expenditure variance of \$1.449 million. The \$0.387 million operating surplus is mainly the result of \$1.331 million savings in salaries and the temporary closure for renovations of the Fairview District Library, partly offset by \$0.554 million of unanticipated expenditures and a \$0.390 million shortfall in fines and fees revenue.

**FINANCIAL IMPACT**

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As of December 31, 2013 TPL had a favourable net expenditure variance of \$0.387 million, consisting of a favourable revenue variance of \$1.836 million partly offset by an unfavourable expenditure variance of \$1.449 million. The \$0.387 million surplus represents 0.2% of the gross budget and will be returned to the City.

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

**ISSUE BACKGROUND**

TPL’s 2013-approved operating budget was \$182.030 million gross and \$165.360 million net, which includes in-year Council-approved adjustments.

**COMMENTS**

As of December 2013, TPL had a favourable net expenditure variance of \$0.387 million consisting of a favourable revenue variance of \$1.836 million partly offset by an unfavourable expenditure variance of \$1.449 million. The \$0.387 million operating surplus

is mainly the result of \$1.331 million savings in salaries from the 2012 restructuring and the temporary closure for renovations of the Fairview District Library, partly offset by \$0.554 million of unanticipated expenditures and a \$0.390 million shortfall in fines and fees revenue.

Expense/Revenue Category	12 months ending December 31, 2013			
	Actual \$	Budget \$	Variance Fav/ (unfav) \$ %	
Salary expenses	135,223.6	136,554.4	1,330.8	1.0
Non-salary expenses	48,256.1	45,475.9	(2,780.2)	(6.1)
<b>Gross Expenditures</b>	<b>183,479.7</b>	<b>182,030.3</b>	<b>(1,449.4)</b>	<b>(0.8)</b>
Grants	6,012.9	5,705.7	307.2	5.4
Donations and other revenue	7,945.8	6,027.3	1,918.5	31.8
Fines & fees	4,548.1	4,937.8	(389.7)	(7.9)
<b>Total Revenues</b>	<b>18,506.8</b>	<b>16,670.8</b>	<b>1,836.0</b>	<b>11.0</b>
<b>Net Expenditures</b>	<b>164,972.9</b>	<b>165,359.5</b>	<b>386.6</b>	<b>0.2</b>

The 2013 operating surplus of \$0.387 million and key variances include:

- salary savings of \$1.331 million due to the 2012 restructuring and the temporary closure for renovations of the Fairview District Library;
- over-expenditures of \$2.780 million associated with the cost of supplies, equipment and services associated with:
  - ◆ \$2.226 million to support specific programs offset by additional revenue of \$0.307 million from grants and \$1.919 million from donations;
  - ◆ \$0.554 million of unplanned expenditures, including:
    - \$0.300 million weather-related higher utility costs;
    - \$0.100 million service contract cost increases, including landscaping and snow removal;
    - \$0.104 million costs associated with the temporary relocation of the Library’s bibliographic and processing services from the Front Street location during construction; and
    - \$0.050 million additional cleaning costs associated with the weather;
- \$0.390 million revenue shortfall from fines and fees due mostly to the following factors:
  - ◆ increased borrowing of e-material, which incurs no fines;

- ◆ increased options available to customers to remind them to manage their borrowed material without incurring fines (e.g. e-mail due-date notification);
- ◆ higher cost of fines encourage customers to be more diligent returning material.

As part of the September 30, 2013 year-end forecast, the Library projected a surplus of \$0.551 million and the December 31, 2014 surplus is 0.387 million. The main contributors to the \$0.164 million surplus reduction are unexpected weather-related costs and the shortfall in fines and fees revenue.

These operating results should be considered draft until the external audit of the financial statements is completed.

## **CONTACT**

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## **SIGNATURE**

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Jane Pyper  
City Librarian