



## STAFF REPORT INFORMATION ONLY

### Operating Budget Monitoring Report – December 31, 2017

<b>Date:</b>	April 30, 2018
<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 (TPL) Board with a summary of the gross and net operating expenditures for the year ending on December 31, 2017. TPL's Council-approved 2017 operating budget is \$179.108 million net (\$199.103 million gross).

For the year ending December 31, 2017, TPL is reporting a favourable net expenditure variance of \$0.069 million, which will be returned to the City, comprised of a favourable revenue variance of \$2.098 million and an unfavourable expenditure variance of \$2.028 million.

#### FINANCIAL IMPACT

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For the year ending December 31, 2017, TPL is reporting a favourable net expenditure of \$0.069 million comprised of a favourable revenue variance of \$2.098 million and an unfavourable expenditure variance of \$2.028 million. The surplus of \$0.069 million will be returned to the City.

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

#### DECISION HISTORY

At its meeting on April 18, 2017, the Board considered the [Extended North York Central Library Closure and 2017 Budget and 2017-2026 Capital Plan Adjustments](#) report that included a recommendation to seek Council approval for an acceleration of \$4.000 million cash flows to 2017 from 2018 (\$1.272 million gross) and 2019 (\$2.728 million gross) for the NYCL Phase 1 project, fully funded by a contribution from the operating budget that resulted from cost savings generated by the extended branch closure for all of 2017.

At its meeting on July 4, 2017, City Council adopted this recommendation and TPL's 2017 operating and capital budgets have been adjusted accordingly.

## ISSUE BACKGROUND

TPL's initial Council-approved [2017 operating budget](#) is \$179.052 million net (\$199.047 million gross). Throughout 2017, the City made minor adjustments that resulted in a revised 2017 operating budget of \$179.108 million net (\$199.103 million gross).

## COMMENTS

For the year ending December 31, 2017, TPL is reporting a favourable net expenditure variance of \$0.069 million comprised of a favourable revenue variance of \$2.098 million and an unfavourable expenditure variance of \$2.028 million as shown in Table 1 below.

**Table 1**  
**TORONTO PUBLIC LIBRARY**  
**Operating Budget Monitoring Report**  
**For the Year Ending December 31, 2017**  
**(\$ Millions)**

Expense/Revenue Category	2016	2017	2017	Variance	
	Actual	Actual	Budget	fav/(unfav)	
	\$	\$	\$	\$	%
Staffing Costs	144.377	142.542	143.626	1.085	0.8
Materials and Supplies	2.263	2.147	2.169	0.022	1.0
Library Materials	19.339	19.761	19.752	(0.008)	(0.0)
Equipment, Services and Rent	28.987	30.089	27.115	(2.974)	(11.0)
Contributions & Transfers	2.271	6.327	6.327	0.000	0.0
Other	0.012	0.156	0.004	(0.152)	(3,780.0)
<b>Gross Expenditures</b>	<b>197.249</b>	<b>201.022</b>	<b>198.993</b>	<b>(2.028)</b>	<b>(1.0)</b>
Grants	5.813	5.788	5.678	0.109	1.9
Fines, Fees and Room Rentals	5.246	5.323	4.952	0.371	7.5
Contributions & Transfers	4.429	7.085	7.085	-	-
Other	4.833	3.787	2.170	1.617	74.5
<b>Total Revenues</b>	<b>20.321</b>	<b>21.983</b>	<b>19.885</b>	<b>2.098</b>	<b>10.5</b>
<b>Net Expenditures</b>	<b>176.928</b>	<b>179.038</b>	<b>179.108</b>	<b>0.069</b>	<b>0.0</b>

Note: Totals may not add due to rounding

The unfavourable expenditure variance of \$2.028 million is partially attributable to an unfavourable variance in equipment, services and rent of \$2.974 million offset by a favourable variance in staffing costs of \$1.085 million.

The unfavourable variance of \$2.974 million in equipment, services and rent is primarily due to enhanced spending (\$1.668 million) on specific library initiatives funded by the TPL Foundation and greater than budgeted expenditures in various areas, including facilities maintenance (\$0.729 million), security (\$0.360 million) and telephone costs (\$0.211 million). The maintenance expenditures included urgent repairs to building components and systems, including heating, ventilation and air conditioning, alarm systems, furniture and general repairs.

Security guard costs were higher than budget due to the requirement for an increase in security personnel in certain branches during regular branch hours, including paid-duty Toronto Police Services officers at Malvern, in order to ensure the safety of patrons and staff, and in response to specific incidents.

Telephone expenses were higher than budget as full savings related to the roll-out of voice-over Internet protocol (VOIP) were budgeted for in 2017 while actual savings were only realized towards the end of the year due to the timing of the VOIP conversion.

The favorable variance in staffing costs (\$1.085 million) is attributed to a high level of retirements and the associated staff movement; greater than estimated savings realized from the closure of NYCL for renovations; lower than budgeted expenditures in benefits related to the staffing savings; as well as reduced claims experience.

The favourable revenue variance of \$2.098 million is mainly attributable to supplementary revenue from the TPL Foundation (\$1.668 million) to enhance specific library initiatives as discussed above and greater than budgeted revenues from public printing and copy card sales (\$0.224 million).

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

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian