

Operating Budget Monitoring Report – December 31, 2019

Date:	April 27, 2020
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library (TPL) Board with a summary of the gross and net operating expenditures of TPL for the year ending December 31, 2019. TPL’s Council-approved 2019 operating budget is \$188.093 million net (\$207.314 million gross).

For the year ending December 31, 2019, TPL is essentially on budget and reporting a favourable net expenditure variance of \$0.021 million, which will be returned to the City, comprised of a favourable revenue variance of \$2.654 million and an unfavourable expenditure variance of \$2.634 million.

FINANCIAL IMPACT

For the year ending December 31, 2019, TPL is essentially on budget and reporting a favourable net expenditure variance of \$0.021 million, comprised of a favourable revenue variance of \$2.654 million and an unfavourable expenditure variance of \$2.634 million. The surplus of \$0.021 million will be returned to the City.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

ISSUE BACKGROUND

TPL’s initial Council-approved [2019 operating budget](#) was \$187.659 million net (\$206.880 million gross). During 2019, the City made minor adjustments comprised of an increase of \$0.434 million net related to the insurance allocation algorithm and

insurance reserve fund, which resulted in a revised 2019 operating budget of \$188.093 million net (\$207.314 million gross).

COMMENTS

For the year ending December 31, 2019, TPL is reporting a favourable net expenditure variance of \$0.021 million, as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending December 31, 2019

Expense/Revenue Category	2018	2019			
	Actuals	Actuals	Budget	Variance to Budget fav / (unfav)	
	\$ M	\$ M	\$ M	\$ M	%
1 Staffing Costs	145.555	151.474	151.077	(0.397)	(0.3%)
2 Materials and Supplies	2.050	2.299	2.158	(0.141)	(6.5%)
3 Library Materials	19.974	20.242	20.415	0.173	0.8%
4 Equipment, Services and Rent	32.030	32.684	30.471	(2.213)	(7.3%)
5 Contributions & Transfers to Reserves	4.582	3.189	3.189	-	0.0%
6 Other Expenses	0.075	0.061	0.004	(0.057)	(1425.0%)
7 Total Gross Expenditures	204.267	209.948	207.314	(2.634)	(1.3%)
8 Grants	5.723	5.733	5.678	0.055	1.0%
9 Fines, Fees and Room Rentals	5.331	5.247	5.775	(0.528)	(9.1%)
10 Grants from TPL Foundation and others	2.704	2.880	-	2.880	0.0%
11 Contributions & Transfers from Reserves	5.936	5.483	5.482	-	0.0%
12 Other Revenues	2.239	2.533	2.286	0.247	10.8%
13 Total Revenues	21.933	21.875	19.221	2.654	13.8%
14 Net Expenditures	182.334	188.073	188.093	0.021	0.0%

Note: Totals may not add due to rounding

The favourable revenue variance of \$2.654 million is mainly attributable to increased grants from the TPL Foundation (\$2.880 million) to enhance specific library initiatives and greater than budgeted other revenues (\$0.247 million, including sale of used library materials) and is partially offset by lower than budgeted fines and fees revenues (\$0.528 million). The unfavourable variance in fines revenues is the result of the increased usage of e-materials, which are automatically returned and not subject to fines, and the introduction of additional on-line methods for patrons to manage their library records and avoid fines by renewing or returning outstanding library materials.

The unfavourable expenditure variance of \$2.634 million is mainly attributable to: expenditures related to specific library initiatives, which are fully funded by grants from the TPL Foundation (\$2.880 million); greater than budgeted spending for branch security in order to ensure the safety of customers and staff; and additional spending on infrastructure maintenance as a result of urgent repairs to building components and systems; partially offset by a favourable expenditure variance in utilities resulting from the relatively mild summer.

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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