



STAFF REPORT ACTION REQUIRED

Operating Budget Monitoring Report – December 31, 2014

Date:	March 23, 2015
To:	Toronto Public Library Board
From:	City Librarian

SUMMARY

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 year ending on December 31, 2014.

As of December 31, 2014, Toronto Public Library (TPL) is reporting a favourable net expenditure variance of \$0.026 million, resulting from a favourable revenue variance of \$1.150 million offset by an unfavourable expenditure variance of \$1.124 million. Grants from the Toronto Public Library Foundation and others cover the cost of salaries, materials, supplies, equipment and services associated with specific library initiatives not included in the budget.

Excluding the impact of grant funding and associated spending on library initiatives, a \$0.746 million shortfall in fines and fees was primarily offset by additional revenues in other areas as well as savings in staffing costs and equipment, services and rent.

FINANCIAL IMPACT

As of December 31, 2014, TPL had a favourable net expenditure variance of \$0.026 million, resulting from a favourable revenue variance of \$1.150 million offset by an unfavourable expenditure variance of \$1.124 million. The budget is fully spent and the \$0.026 million surplus 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 2014 approved operating budget was \$184.220 million gross and \$167.637 million net, which includes in-year Council approved adjustments.

COMMENTS

As of December 31, 2014, TPL had a favourable net expenditure variance of \$0.026 million resulting from a favourable revenue variance of \$1.150 million, partly offset by an unfavourable expenditure variance of \$1.124 million, as detailed below:

Net unfavourable expenditure variance of \$1.124:

Unfavourable variances

- \$1.727 million unfavourable variance for staff, supplies, equipment and services for specific programs funded by grants received primarily from the Foundation;
- \$0.070 million in foreign exchange loss;
- \$0.025 million in miscellaneous over-expenditures;

Favourable variances

- \$0.558 million favourable variance in staffing and benefit costs;
- \$0.140 million favourable variance in materials and supplies mainly attributed to barcode/security labels and RFID tags and included as reductions in 2016.

Net favourable revenue variance of \$1.150 million:

Favourable variances:

- \$1.727 million grants received primarily from the Foundation in addition to the budget to fund expenditures associated with specific library initiatives;
- \$0.124 million favourable variance in revenues from public printing and photocopying services;
- \$0.045 million favourable variance in other revenues;

Unfavourable variance:

- \$0.746 million mostly fines revenue shortfall, which continues a downward trend, due to several factors, including:
 - Increased borrowing of e-material, which incurs no fines;
 - Higher cost of fines, which encourage customers to be more diligent in returning material more promptly; and
 - More options available to customers to manage their accounts when borrowing materials, including pre date-due e-mail notification.

Excluding the impact of grant funding and associated spending on library initiatives, a \$0.746 million shortfall in fines and fees was primarily offset by savings of \$0.558 million in staffing and benefit costs, \$0.140 million in materials and supplies and a favourable variance in other revenues.

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

CONTACT

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;
E-mail: lhughsam@torontopubliclibrary.ca

SIGNATURE

Vickery Bowles
City Librarian

Attachment 1: Operating Budget Monitoring Report – December 31, 2014