

Operating Budget Monitoring Report – September 30, 2020

Date:	November 16, 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 nine-month period ended on September 30, 2020, as well as projected net expenditures to December 31, 2020.

As of September 30, 2020, TPL is reporting a net favourable variance of \$3.914 million comprised of a favourable expenditure variance of \$6.072 million partially offset by an unfavourable revenue variance of \$2.158 million.

TPL’s Council-approved 2020 operating budget is \$196.695 million net (\$217.334 million gross) and net expenditure is projected to be a favourable variance of \$0.938 million by year-end as net savings related to COVID-19 service interruptions are partially offset by one-time expenditures associated with the Voluntary Separation Program (VSP).

FINANCIAL IMPACT

As of September 30, 2020, TPL is reporting a net favourable variance of \$3.914 million comprised of a favourable expenditure variance of \$6.072 million partially offset by an unfavourable revenue variance of \$2.158 million. The net favourable variance is related to the impact of COVID-19 and temporary branch closures after March 13, 2020.

The projected net expenditure for year end is a favourable variance of \$0.938 million, which will be returned to the City.

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

ISSUE BACKGROUND

TPL's revised 2020 operating budget is \$196.695 million net (\$217.334 million gross), which is comprised of the Council-approved [2020 operating budget](#) of \$195.180 million net (\$215.819 million gross) and the cost of living adjustment of the collective agreement between the TPL Board and the TPL Workers Union, Local 4948 CUPE, as approved by City Council on July 28 and 29, 2020 as part of the [Operating Variance Report for the Five Months ended May 31, 2020](#) report.

DECISION HISTORY

At its meeting on August 21, 2020, Toronto Public Library Board approved a [Voluntary Separation Program](#), which has the same terms and conditions as the Voluntary Separation Program (VSP) at the City. Staff who are accepted for the VSP will need to depart from TPL by December 31, 2020 and the cost of the VSP will be charged against the 2020 operating budget.

COMMENTS

For the nine-month period ended on September 30, 2020, TPL is reporting a net favourable variance of \$3.914 million comprised of a favourable expenditure variance of \$6.072 million partially offset by an unfavourable revenue variance of \$2.158 million as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending September 30, 2020

Expense/Revenue Category	Year-to-Date				12 Months ending December 31			
	Actuals	Budget	Variance to Budget fav / (unfav)		Projected Actuals	Full Budget	Variance to Budget fav / (unfav)	
	\$ M	\$ M	\$ M	%	\$ M	\$ M	\$ M	%
1 Staffing Costs	111.077	114.397	3.320	2.9%	152.163	156.893	4.730	3.0%
2 Materials and Supplies and Other	1.744	1.633	(0.111)	(6.8%)	2.714	2.122	(0.593)	(28.0%)
3 Library Materials	15.704	15.693	(0.011)	(0.1%)	20.941	20.924	(0.017)	(0.1%)
4 Equipment, Services and Rent	22.629	25.503	2.874	11.3%	33.324	34.177	0.853	2.5%
5 Contributions & Transfers to Reserves	-	-	-	0.0%	3.218	3.218	-	0.0%
6 Total Gross Expenditures	151.154	157.226	6.072	3.9%	212.360	217.334	4.974	2.3%
7 Grants	4.311	4.265	0.045	1.1%	5.739	5.678	0.061	1.1%
8 Fines, Fees and Room Rentals	1.207	4.073	(2.866)	(70.4%)	0.972	5.939	(4.967)	(83.6%)
9 Grants from TPL Foundation and others	1.622	0.750	0.872	0.0%	2.163	1.000	1.163	0.0%
10 Contributions & Transfers from Reserves	3.226	3.226	-	0.0%	5.708	5.708	-	0.0%
11 Other Revenues	1.535	1.744	(0.209)	(12.0%)	2.022	2.314	(0.292)	(12.6%)
12 Total Revenues	11.900	14.058	(2.158)	(15.4%)	16.604	20.640	(4.036)	(19.6%)
13 Net Expenditures	139.254	143.168	3.914	2.7%	195.757	196.695	0.938	0.5%

The year-to-date favourable net expenditure variance of \$3.914 million is primarily due to reduced spending in employee remuneration and benefits, utilities, and library programming, partially offset by increased spending in specific library initiatives funded by grants, and is directly attributable to the Ontario state of emergency declaration and temporary closure of all library branches due to COVID-19. The reduced spending in employee remuneration is mostly due to reductions in extra hours, superior duties, and some staff electing to take emergency leave. Significant employee benefits savings are due to unavailability of specialized professional services such as dentists, chiropractors and other paramedical services.

The favourable expenditures variance is partially offset by an unfavourable revenue variance of \$2.158 million mainly attributable to decreased fines and fees, and venue and community room rental revenue, related to branch closures, which are partially offset by a favourable revenue variance of \$0.872 million resulting from supplementary grant revenues funded by the TPL Foundation to fund the costs of specific library initiatives.

TPL's net expenditure is projected to be a favourable variance of \$0.938 million by year end as net savings related to COVID-19 are partially offset by one-time expenditures associated with the Voluntary Separation Program (VSP).

CONTACT

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SIGNATURE

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