

Operating Budget Monitoring Report – September 30, 2014

Date:	November 17, 2014
To:	Toronto Public Library Board
From:	Acting City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with a status update of gross and net operating expenditures of Toronto Public Library (TPL) for the nine months ending on September 30, 2014.

As of September 30, 2014, TPL is reporting an unfavourable net expenditure variance of \$0.134 million due to a year-to-date shortfall in revenue of \$0.634 million mainly from library fines, partially offset by salary savings. Grants from the Toronto Library Foundation and others cover the cost of salaries, materials, supplies, equipment and services associated with specific library initiatives not included in the budget.

Ongoing cost control measures are being implemented by TPL to offset revenue losses in order to end the year on budget.

FINANCIAL IMPACT

As a result of nine months of operations in 2014, TPL is reporting an unfavourable net expenditure variance of \$0.134 million consisting of an unfavourable expenditure variance of \$0.754 million and favourable revenue variance of \$0.620 million.

The year-end projection is for spending to be on budget.

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

DECISION HISTORY

TPL’s 2014 operating budget is \$184.220 million gross and \$167.637 million net. At its meeting of February 10, 2014, the Board adopted the Council approved operating budget of \$184.170 million gross and \$167.587 million net, and was informed of an additional

\$50,000 (including 0.5 staff position) for Library programs associated with the Youth Equity Strategy included in the Council approval of the 2014 operating budget for Social Development, Finance and Administration (SDFA). A budget transfer of \$50,000 from SDFA to the Library was approved by Council as part of the City's May 30, 2014 operating variance report.

ISSUE BACKGROUND

Operating results are usually reported to the Toronto Public Library Board on a quarterly basis.

COMMENTS

As of September 30, 2014, TPL net spending is \$0.134 million over budget, as explained below.

Net over-expenditures of \$0.878 million include:

- \$1.254 million over-expenditures for staff, supplies, equipment and services for specific programs funded by grants and donations received in addition to the budget;
- \$0.215 million savings in staffing costs;
- \$0.200 million WSIB savings based on current experience;
- \$0.039 million net over-expenditures in the cost of services.

Net revenue over-achievement of \$0.620 million, mainly due to Library Foundation donations, includes:

- \$1.254 million grants and donations received in addition to the budget to fund expenditures associated with specific library programs;
- \$0.634 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.

Overall, the shortfall in fines revenue is partially offset by savings in staffing costs, resulting in an operating deficit of \$0.134 million as of September 30, 2014.

Ongoing cost control measures are being implemented by TPL to offset revenue losses in order to ensure that the Library balances its expenditures and revenues by the end of the year. The Library projects to end the year on budget.

CONTACT

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SIGNATURE

Anne Bailey
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ATTACHMENTS

Attachment 1: Operating Budget Monitoring Report for the Period Ending
September 30, 2014