

**Operating Budget Monitoring Report – September 30, 2021**

<b>Date:</b>	October 25, 2021
<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 Board with a summary of the gross and net operating expenditures of Toronto Public Library for the nine-month period ended on September 30, 2021 and projected expenditures to December 31, 2021.

As of September 30, 2021, TPL is reporting a net favourable variance of \$8.456 million, mainly due to the impact of COVID-19 on library operations, including the delayed reinstatement of Sunday service that resulted in staff budget savings.

A year-end net surplus of \$5 million is being forecasted as there are ongoing budget pressures related to the impact of COVID-19. Almost all 100 of TPL's branches are currently open including the resumption of Sunday service, with increasing budget pressures related to security and janitorial services. Additional factors that will impact the year-end net surplus include: lower than budgeted revenues; increased staff liabilities (sick leave, vacation, etc.) and the potential establishment of an IT asset replacement reserve.

**FINANCIAL IMPACT**

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As of September 30, 2021, TPL is reporting a net favourable variance of \$8.456 million comprised of a favourable expenditure variance of \$8.554 million partially offset by an unfavourable revenue variance of \$0.098 million, mainly due to the impact of COVID-19 on library operations.

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

## **DECISION HISTORY**

At its meeting on February 22, 2021, the Board considered [2021 Operating Budget – Adoption](#) and adopted the Council-approved TPL budget of \$204.117 million net (\$221.576 million gross).

## **ISSUE BACKGROUND**

TPL's revised 2021 operating budget is \$203.048 million net (\$220.508 million gross). It is comprised of the Council-approved 2021 operating budget of \$204.117 million net (\$221.576 million gross) and an in-year adjustment of \$1.068 million net and gross for the Funding and Allocation of the City's Insurance Program Costs that reduced TPL's operating budget by centralizing the insurance budget for most Divisions and Agencies with the City.

## **COMMENTS**

### **September 30, 2021 – Operating Budget Spending**

For the nine-month period ended on September 30, 2021, TPL is reporting a net favourable variance of \$8.456 million comprised of a favourable expenditure variance of \$8.554 million partially offset by an unfavourable revenue variance of \$0.098 million, as shown in Table 1 below:

**TABLE 1: Operating Budget Monitoring for the period ending September 30, 2021**

Expense/Revenue Category	Year-to-Date			
	Actuals	Budget	Variance to Budget fav / (unfav)	
	\$ M	\$ M	\$ M	%
1 Staffing Costs	109.332	113.304	3.973	3.5%
2 Materials and Supplies and Other	1.393	1.979	0.586	29.6%
3 Library Materials	16.087	16.086	(0.001)	(0.0%)
4 Equipment, Services and Rent	23.538	27.535	3.997	14.5%
5 Contributions & Transfers to Reserves	-	-	-	0.0%
<b>6 Total Gross Expenditures</b>	<b>150.350</b>	<b>158.904</b>	<b>8.554</b>	<b>5.4%</b>
7 Grants	4.526	4.294	0.231	5.4%
8 Fines, Fees and Room Rentals	0.408	0.522	(0.115)	(21.9%)
9 Grants from TPL Foundation and others	1.457	1.125	0.332	29.5%
10 Contributions & Transfers from Reserves	3.305	3.305	-	0.0%
11 Other Revenues	1.365	1.913	(0.547)	(28.6%)
<b>12 Total Revenues</b>	<b>11.060</b>	<b>11.159</b>	<b>(0.098)</b>	<b>(0.9%)</b>
<b>13 Net Expenditures</b>	<b>139.290</b>	<b>147.745</b>	<b>8.456</b>	<b>5.7%</b>

The year-to-date favourable gross expenditure variance of \$8.554 million is mainly due to: reduced spending in employee remuneration and benefits; delays in reopening some library services (Sundays and smaller branches); reduced library programming costs; lower utilities; and continuing staff vacancy churn amplified by the 2020 Voluntary Separation Program (VSP).

### 2021 Year-End Forecast

The dynamic nature and uncertainty of COVID-19 and associated variants have had a significant impact on TPL's expenditures and revenues. With almost all of TPL's 100 branches now open and the resumption of Sunday service, known unbudgeted pressures for the remainder of the year include: increased spending for security, janitorial services and supplies, air filters and PPE; lower than budgeted revenues; and increased staff liabilities (sick leave, vacation, etc.).

The potential establishment of an IT asset replacement reserve, as detailed in the 2022 *Operating Budget Submission* report presented at this meeting, may also impact TPL's 2021 year-end forecast.

As of September 30, 2021, TPL is forecasting a 2021 year-end net favourable variance (surplus) of \$5 million, and this would be returned to the City.

## **CONTACT**

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## **SIGNATURE**

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Vickery Bowles  
City Librarian