

Operating Budget Monitoring Report – June 30, 2021

Date:	September 27, 2021
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 six-month period ended on June 30, 2021 and projected expenditures to December 31, 2021 and to provide information on City Council’s decision regarding the Board’s request to fund two service enhancements: Community Librarians and Digital Literacy for Seniors.

As of June 30, 2021, TPL is reporting a net favourable variance of \$6.169 million, mainly due to the impact of COVID-19 on library operations which resulted in staff savings and a delayed reinstatement of Sunday service.

A year-end net surplus of \$3.000 million was forecasted at the time of submission of the City’s Q2 operating variance report in July. There are expected budget pressures in the latter part of the year related to the impact of COVID-19 including security and janitorial services as TPL begins reinstating services, lower than budgeted revenues and the potential establishment of an IT reserve. A revised year-end forecast will be presented to the Board at its October meeting.

The information in this report was included in the City’s Operating Variance Report for the Six Months ended June 30, 2021 and will be presented to City Council at its meeting on October 1 and 4, 2021.

FINANCIAL IMPACT

As of June 30, 2021, TPL is reporting a net favourable variance of \$6.169 million comprised of a favourable expenditure variance of \$6.298 million partially offset by an

unfavourable revenue variance of \$0.129 million, mainly due to the impact of COVID-19 on library operations.

At the time of submission of the City's Q2 variance report in July, a year-end net operating budget surplus of \$3.000 million was forecasted.

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), which 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

June 30, 2021 – Operating Budget Spending

For the six-month period ended on June 30, 2021, TPL is reporting a net favourable variance of \$6.169 million comprised of a favourable expenditure variance of \$6.298 million partially offset by an unfavourable revenue variance of \$0.129 million, as shown in Table 1 below:

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

Expense/Revenue Category	Year-to-Date				Full Year Budget
	Actuals	Budget	Variance to Budget fav / (unfav)		
	\$ M	\$ M	\$ M	%	\$ M
1 Staffing Costs	67.945	70.844	2.899	4.1%	158.218
2 Materials and Supplies and Other	0.690	1.180	0.490	41.5%	2.595
3 Library Materials	10.725	10.724	(0.001)	(0.0%)	21.448
4 Equipment, Services and Rent	16.279	19.189	2.910	15.2%	37.613
5 Contributions & Transfers to Reserves	-	-	-	0.0%	0.635
6 Total Gross Expenditures	95.638	101.936	6.298	6.2%	220.508
7 Grants	3.039	2.867	0.171	6.0%	5.714
8 Fines, Fees and Room Rentals	0.180	0.110	0.069	63.0%	1.713
9 Grants from TPL Foundation and others	0.919	0.750	0.169	22.6%	1.500
10 Contributions & Transfers from Reserves	2.203	2.203	-	0.0%	6.092
11 Other Revenues	0.848	1.388	(0.539)	(38.9%)	2.440
12 Total Revenues	7.189	7.318	(0.129)	(1.8%)	17.460
13 Net Expenditures	88.449	94.618	6.169	6.5%	203.048

The year-to-date favourable gross expenditure variance of \$6.298 million is mainly due to: reduced spending in employee remuneration and benefits; reduced library programming costs; delays in reopening some library services (Sundays and smaller branches); timing differences related to some IT costs; lower utilities; and continuing staff vacancy churn amplified by the 2020 Voluntary Separation Program (VSP). Most of the savings are directly attributable to the Provincial state of emergency declaration and stay-at-home orders related to COVID-19 and their impact on library operations.

2021 Forecast

As part of the City's Operating Variance Report for the Six Months ended June 30, 2021 in July, TPL projected a 2021 year-end net surplus of \$3.000 million.

There continues to be significant uncertainty around the dynamic nature and impact of COVID-19 and associated variants and their future impact on expenditures and revenues. Known unbudgeted pressures for the remainder of the year will include increased spending for security, janitorial services and supplies, and PPE, as well as lower than budgeted revenues. A revised year-end forecast will be presented to the Board at its October meeting.

At its meeting on July 14, 2021, City Council adopted without amendments and without debate [EX25.8 Toronto Public Library's 2021 Operating Budget Variance update and the Feasibility of Reinvesting into Further New and Enhanced Initiatives](#), which did not approve the Board's request to fund the two service enhancements (Community Librarians and Digital Literacy for Seniors) with the projected 2021 net operating surplus.

The information in this report was included in the City's Operating Variance Report for the Six Months ended June 30, 2021 and will be presented to City Council at its meeting on October 1 and 4, 2021.

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SIGNATURE

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