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To: Toronto Public Library Board – October 20, 2003
From: City Librarian
Subject: **Operating Budget Monitoring Report – August 31, 2003**

Purpose:

To provide the Toronto Public Library Board with a summary of gross and net expenditures of the Library for the eight-month period ending August 31, 2003.

Funding Implications and Impact Statement:

Net expenditures for the eight-month period ending August 31, 2003 exceeded budget by \$238,000, which represents 0.2% of the annual budget. Revenues and expenditures are being closely monitored and appropriate actions will be taken to ensure that spending is within the annual budget as approved by Council.

Recommendation:

It is recommended that the Toronto Public Library Board receive for information the *Operating Budget Monitoring Report – August 31, 2003*.

Comments:

For the eight-month period ending August 31, 2003, the Library is experiencing an unfavourable net expenditure variance to budget of \$238,000, which represents 0.2% of the annual budget. The continued monitoring of expenditures and revenue will ensure that the budget is balanced at year-end.

The year-to-date unfavourable net variance to budget of \$238,000 is the result of an unfavourable gross expenditure variance of \$239,000, partially offset by a favourable revenue variance of \$1,000.

The unfavourable gross expenditure variance is caused mainly by over-expenditures in Staffing Costs, partially offset by under-expenditures in Materials & Supplies and Services & Rent.

The unfavourable Staffing Cost variance of \$599,000 results from over-expenditures on benefits and unbudgeted staffing costs for the Leading to Reading program, which are funded by the Toronto Public Library Foundation and recorded in Other Revenue. In compliance with direction issued by the City to all Agencies, Boards, Commissions and Departments, a hiring freeze is now in place at the Library.

The favourable variance of \$132,000 in Materials and Supplies is mainly due to the timing of expenditures against the amount budgeted. Services and Rent have a year-to-date under-spending amount of \$293,000 caused mainly by unexpended costs relating to information technology, partially offset by over-expenditures in snow removal costs resulting from the unseasonably severe winter weather.

The favourable Revenue variance of \$1,000 is mainly due to the unbudgeted funding from the Toronto Public Library Foundation for the Leading to Reading program, partially offset by shortfalls in Grant Revenues and Fines and Fees. The unfavourable variance in Fines & Fees has increased due to the hydro disruption that occurred in August 2003, which caused Library branches to shut down for approximately one week.

Conclusion:

In compliance with City directions, discretionary spending has been curtailed and there is now a hiring freeze. This will continue until the end of the year.

Contact:

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City Librarian

List of Attachments:

Attachment 1: Operating Budget Monitoring Report for the Period Ending August 31, 2003