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To: Toronto Public Library Board – December 15, 2003

From: City Librarian

Subject: **Operating Budget Monitoring Report – October 31, 2003**

Purpose:

To provide to the Toronto Public Library Board a summary of gross and net expenditures of the Library for the ten-month period ending October 31, 2003.

Funding Implications and Impact Statement:

Net expenditures for the ten-month period ending October 31, 2003 exceeded budget by \$43,000, which represents less than 0.1% of the annual budget. Revenues and expenditures are being closely monitored and appropriate actions are being 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 – October 31, 2003*.

Comments:

For the ten-month period ending October 31, 2003, the Library is experiencing an unfavourable net expenditure variance to budget of \$43,000, which represents less than 0.1% 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 \$43,000 is the result of a favourable gross expenditure variance of \$68,000, partially offset by an unfavourable revenue variance of \$111,000.

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

The favourable variance in Materials and Supplies of \$145,000 is mainly due to the curtailing of discretionary spending as directed by the City. The underspending in Library Materials is necessary in order to manage pressures resulting from the impact of SARS, the hydro disruption and unbudgeted hydro costs. Services and Rent have a year-to-date underspending amount of

\$80,000 caused mainly by curtailed spending relating to information technology, partially offset by unbudgeted hydro costs and over-expenditures in snow removal costs resulting from the unseasonably severe winter weather.

The unfavourable Staffing Costs variance of \$350,000 results from over-expenditures on benefits and unbudgeted staffing costs for the Leading to Reading program which are not included in the budget and are partly funded by the Toronto Public Library Foundation and recorded in Other Revenue. In compliance with directions issued by the City to all Agencies, Boards and Commissions and Departments, a hiring freeze is in place at the Library. Current projections indicate a reduction in the staffing cost variance by year-end.

The unfavourable Revenue variance of \$111,000 is mainly due to shortfalls in Grant Revenues and Fines and Fees, partially offset by unbudgeted funding from the Toronto Public Library Foundation for the Leading to Reading program. The unfavourable variance in Fines & Fees is mainly due to the impact of SARS and the August hydro disruption.

Conclusion:

In compliance with City directions and to manage the Library's own budget pressures, discretionary spending has been curtailed and there is a hiring freeze in place. This will continue into 2004.

Contact:

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Josephine Bryant  
City Librarian

List of Attachments:

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