

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

<b>Date:</b>	June 22, 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 (TPL) for the four-month period ended on April 30, 2021, projected expenditures to December 31, 2021 and a draft timetable for the 2022 operating budget.

As of April 30, 2021, TPL is reporting a net favourable variance of \$5.241 million, mainly due to the impact of COVID-19 on library operations.

The City will be presenting the consolidated financial results to April 30, 2021 to Budget Committee on June 17, 2021.

There are expected budget pressures in the latter part of the year related to the impact of COVID-19 partially offset by savings resulting from delays in reinstating Sunday service and the reopening of some of the smaller branches. In consideration of these matters and the ongoing discussions with the City's Finance staff regarding the implementation of two service enhancements and the potential establishment of an IT Reserve with possible funding from the 2021 operating budget underspending, a year-end net surplus of \$3.000 million is being forecasted.

**FINANCIAL IMPACT**

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As of April 30, 2021, TPL is reporting a net favourable variance of \$5.241 million comprised of a favourable expenditure variance of \$4.927 million and a favourable revenue variance of \$0.314 million, mainly due to the impact of COVID-19 on Library operations.

Due to a significant number of unknowns as described in this report, a year-end net operating budget surplus of \$3.000 million is being forecasted at this time.

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).

At its meeting on May 25, 2021, the Board considered the [Operating Budget Monitoring Report – March 31, 2021](#) which reported a net favourable variance of \$2.575 million, mainly due to the impact of COVID-19 on library operations. The full year budget was not updated for a year-end forecast due to a number of uncertainties related to COVID-19 and the Province's reopening plans and timelines.

## **COMMENTS**

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

The City has introduced a four-month variance report instead of a Q1 report and consolidated financial results to April 30, 2021 is being presented to the City's Budget Committee meeting on June 17, 2021.

For the four-month period ended on April 30, 2021, TPL is reporting a net favourable variance of \$5.241 million comprised of a favourable expenditure variance of \$4.927 million and a favourable revenue variance of \$0.314 million, as shown in Table 1 below:

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

Expense/Revenue Category	Year-to-Date				Full Year Budget	
	Actuals	Budget	Variance to Budget fav / (unfav)			
	\$ M	\$ M	\$ M	%		
1 Staffing Costs	44.602	46.691	2.089	4.5%	158.218	
2 Materials and Supplies and Other	0.459	0.708	0.249	35.2%	2.595	
3 Library Materials	7.150	7.149	(0.001)	(0.0%)	21.448	
4 Equipment, Services and Rent	10.735	13.325	2.590	19.4%	37.613	
5 Contributions & Transfers to Reserves	-	-	-	0.0%	1.703	
<b>6 Total Gross Expenditures</b>	<b>62.947</b>	<b>67.874</b>	<b>4.927</b>	<b>7.3%</b>	<b>221.576</b>	
7 Grants	2.031	1.916	0.115	6.0%	5.714	
8 Fines, Fees and Room Rentals	0.178	0.054	0.124	228.2%	1.713	
9 Grants from TPL Foundation and others	0.555	0.375	0.180	47.9%	1.500	
10 Contributions & Transfers from Reserves	1.469	1.469	-	0.0%	6.092	
11 Other Revenues	0.570	0.675	(0.104)	(15.5%)	2.440	
<b>12 Total Revenues</b>	<b>4.803</b>	<b>4.489</b>	<b>0.314</b>	<b>7.0%</b>	<b>17.460</b>	
<b>13 Net Expenditures</b>	<b>58.144</b>	<b>63.385</b>	<b>5.241</b>	<b>8.3%</b>	<b>204.117</b>	

The year-to-date favourable gross expenditure variance of \$4.927 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**

For the year-end 2021, TPL is projecting a net surplus of \$3.000 million, comprised of a favourable expenditure variance of \$5.000 million partially offset by an unfavourable revenue variance of \$2.000 million, as shown in Table 2 below:

**TABLE 2: 2021 OPERATING BUDGET PROJECTION TO YEAR END**

	FULL YEAR PROJECTION			
	Actuals	Budget	Variance to Budget fav / (unfav)	
	\$ M	\$ M	\$ M	%
Gross Expenditures	216.576	221.576	5.000	2.3%
Revenues	15.460	17.460	(2.000)	-11.5%
<b>Net Expenditures</b>	<b>201.117</b>	<b>204.117</b>	<b>3.000</b>	<b>1.5%</b>

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, and costs of hosting pop-up vaccination clinics in library branches, as well as lower than budgeted revenues. Also, there are known areas where spending will be lower than budget mainly due to: delays in TPL's reopening plans, particularly Sunday service; staff benefit savings due to Provincial measures limiting access to certain benefit providers; and the continuing impact of staff vacancy churn.

Based on the recommendations adopted by the Board at its May 25, 2021 meeting, TPL staff are in ongoing discussions with the City's Finance staff regarding the implementation of two service enhancements - Digital Literacy for Seniors and Community Librarians Outreach - and the establishment of an IT Reserve with possible funding from the 2021 operating budget underspending. TPL staff will advise the Board regarding any new developments.

### **Draft 2022 Budget Timetable Overview**

The draft timetable for the 2022 operating budget is shown below.

Activity	Schedule
Budget discussion with City staff	Aug/Sep, 2021
<b>Board Meeting</b>	<b>September 27, 2021</b> <b>Preliminary 2022 Operating Budget Outlook</b>
<b>Board Meeting</b>	<b>October 15, 2021</b> <b>2022 Operating Budget Submission</b>
Administrative Review – City Finance, CFO, City Manager	Early/Mid October 2021
Budget Committee Informal Reviews	Early November 2021
Staff Recommended Budget	Late November - Early December 2021
<b>Board Meeting</b>	<b>December 6, 2021</b>
<b>Political Review</b>	
Budget Launch - Budget Committee	Dates TBD
Budget Committee Review	
Public Presentations - Budget Committee	
Budget Committee Wrap-Up	
Budget Committee Final Wrap-Up	
Executive Committee	
City Council	

Due to COVID-19, it is possible that adjustments to the fall/winter political schedule may occur.

## CONTACT

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## SIGNATURE

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City Librarian