



STAFF REPORT INFORMATION ONLY

Operating Budget Monitoring Report – December 31, 2023

Date: April 29, 2024
To: Toronto Public Library Board
From: City Librarian

SUMMARY

The purpose of this report is to provide the Toronto Public Library Board with a summary of the gross and net operating expenditures for the year ended December 31 2023.

Toronto Public Library (TPL) has a proven track record of financial stewardship through fiscally responsible budgeting and policies, procedures and controls around spending public funds. 2023 has proven to be an exceptionally challenging year. A Council-approved operating budget significantly below what was requested by the Library Board, combined with the lingering effect of the pandemic, has resulted in additional unfunded budget pressures.

For the year ended December 31 2023, TPL is reporting a net budget overspending of \$6.480 million, resulting from: overspending in staffing costs mainly due to the re-hiring of 50 staff in December 2022 who were previously terminated for non-compliance with the vaccine mandate; the budget being reduced by additional staff vacancy experience; revenue shortfalls in printing and venue rentals; and an unallocated 2023 budget reduction. The City will

cover this operating deficit; the first such deficit ever reported for TPL; similar to other agencies and boards of the City.

The 2023 overspending reflects a structural deficit in the operating budget which has been addressed as part of the approved 2024 Operating Budget.

FINANCIAL IMPACT

For the year ended December 31 2023, TPL is reporting a net unfavourable budget variance of \$6.480 million, comprised of a favourable revenue variance of \$0.257 million and an unfavourable expenditure variance of \$6.736 million.

These operating results should be considered draft until the external audit of the financial statements is completed. Once finalized, the unfavourable variance will be funded by the City, similar to other agencies and boards of the City. This is the first time that TPL has reported an operating budget deficit.

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

ALIGNMENT WITH STRATEGIC PLAN

The operating budget supports TPL's strategic plan by supporting digital literacy and inclusion, enhancing access to information, technology and e-learning and transforming library operations for 21st century service excellence.

The operating budget monitoring report is a public-facing reporting and tracking tool that demonstrates openness and accountability and is a key performance indicator to support the Financial Stewardship strategic objective within TPL's Strategic Plan.

EQUITY IMPACT STATEMENT

TPL's 2023 budget supports an inclusive economic recovery as part of the City's recovery initiatives; provides affordable, accessible and resilient digital supports as a public service; and advances equity in the city and workplace. The budget has a positive impact on many equity-deserving groups, including newcomers and low-income families and individuals. Access to library resources and programs can increase access to learning opportunities, training

and employment opportunities, as well as opportunities for civic engagement and community participation.

DECISION HISTORY

The [Mayor's Proposed Budget](#) including 2023 operating funding for TPL of \$213.559 million net (\$234.610 million gross) was deemed adopted by Council at its meeting on February 15, 2023.

TPL's [2023 Operating Budget](#) was subsequently adopted by the Library Board at its meeting on February 27, 2023.

COMMENTS

2023 has proven to be an exceptionally challenging year, which started out with a Council-approved operating budget significantly below what was requested by the Library Board, a cyberattack in October, and the lingering effect of the pandemic which has resulted in additional budget pressures.

For the year ended December 31 2023, TPL is reporting an unfavourable net expenditure variance of \$6.480 million, as detailed in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending December 31, 2023

	Expenditure/Revenue Category	FULL YEAR			
		Actuals	Budget	Variance to Budget fav / (unfav)	
		\$ M	\$ M	\$ M	%
1	Staffing Costs	174.932	168.663	(6.268)	(3.7%)
2	Materials and Supplies	3.144	3.575	0.431	12.1%
3	Library Materials	21.453	21.448	(0.006)	(0.0%)
4	Equipment, Services and Rent	39.612	39.258	(0.354)	(0.9%)
5	Contributions & Transfers to Reserves	(0.225)	0.183	0.408	223.0%
6	Other Expenses	0.041	(0.906)	(0.947)	104.5%
7	Subtotal Expenditures (excl. initiatives funded by TPL Foundation and others)	238.958	232.221	(6.736)	(2.9%)
8	Grants	5.714	5.714	-	0.0%
9	User Fees and Room Rentals	2.659	4.032	(1.372)	(34.0%)
10	Contributions & Transfers from Reserves	8.064	6.619	1.445	21.8%
11	Other Revenues	2.481	2.298	0.184	8.0%
12	Subtotal Revenues (excl. grants from TPL Foundation and others)	18.919	18.662	0.257	1.4%
13	Net Expenditures (excl. initiatives funded by TPL Foundation and others)	220.039	213.559	(6.480)	(3.0%)
14	Library initiatives funded by TPL Foundation	4.494	2.389	(2.105)	(88.1%)
15	Grants from TPL Foundation	4.494	2.389	2.105	88.1%
16	Net Expenditures - Initiatives funded by TPL Foundation and others	-	-	-	0.0%
17	Total Net Expenditures	220.039	213.559	(6.480)	(3.0%)

The unfavourable expenditure variance of \$6.736 million is primarily attributable to the reinstatement of terminated staff related to TPL's COVID-19 vaccination policy combined with increased budgeted vacancy experience and unallocated budget reductions that were necessary to meet the City's funding allocation and to avoid service reductions.

The favourable revenue variance of \$0.257 million is comprised of:

- an unfavourable revenue variance of \$1.372 million primarily related to decreased printing and venue rentals revenues as a result of pandemic

impacts, the delayed reopening of the York Woods branch and theatre and the new North York Central Library lower level venue, and as a result of a cybersecurity incident in the last quarter of 2023;

- offset by favorable revenue variance due to an increase in transfer from capital of \$1.445 million from a reallocation of investment income attributed to capital over the last number of years.

The net overspending reflects a structural deficit in the operating budget which has been addressed as part of the approved 2024 Operating Budget.

Operating budget monitoring reports are usually reported to the Board on a quarterly basis and also when a financial report is required by the City outside of quarter-ends.

CONTACT

Howard Balter; Director, Finance & Treasurer; Tel: 416-397-5946;
Email: hbalter@tpl.ca

Deepak Sharma; Manager, Budget & Financial Reporting; Tel: 416-393-7003;
Email: dsharma@tpl.ca

SIGNATURE

Vickery Bowles
City Librarian