

Operating Budget Monitoring Report – September 30, 2024

Date: December 2, 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 of Toronto Public Library (TPL) for the nine months ended on September 30, 2024, and a forecast for year-end.

For the period ended on September 30, 2024, TPL is reporting a net budget overspending of \$1.908 million, mainly resulting from the 2023 cybersecurity incident, which resulted in overspending in employee remuneration and benefits for service restoration activities in 2024 and shortfalls in print revenue and venue rentals.

The updated year-end forecast is a net budget overspending of approximately \$3.0 million, mainly related to the cybersecurity incident. It is understood that the City will cover any TPL operating deficit, similar to 2023. Expenditures and revenues will continue to be closely monitored.

FINANCIAL IMPACT

For the nine months ended on September 30, 2024, TPL is reporting a net unfavourable operating budget variance of \$1.908 million, or 1.1% of the budget due to the cybersecurity incident. This variance comprised an unfavourable expenditure variance of \$1.419 million and an unfavourable revenue variance of \$0.489 million.

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 2024 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 will have 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, City information, training and employment opportunities, as well as opportunities for civic engagement and community participation.

DECISION HISTORY

At its meeting on February 26, 2024, the Library Board adopted the [2024 Operating Budget – Adoption](#).

At its meeting on May 27, 2024, the Library Board considered [Operating Budget Monitoring – April 30, 2024](#), which reported a net budget overspending of \$0.061 million as of April 30, 2024, with a projection to be on budget for the 2024 year-end.

At its meeting on September 23, 2024, the Library Board considered the [Operating Budget Monitoring Report – June 30, 2024](#), which reported a net budget overspending of \$0.608 million as of June 30, 2024, with a projection of a net budget overspending of approximately \$2.0 million for the 2024 year-end, mainly due to the cybersecurity incident.

ISSUE BACKGROUND

Budget monitoring reports are usually reported to the Board quarterly and when the City requires a financial report outside of quarter-ends.

COMMENTS

2024 is presenting challenges as the year began after the 2023 cybersecurity incident with most services restored in the second quarter of 2024. This significant event has resulted in additional unfunded budget pressures.

For the period ended on September 30, 2024, TPL is reporting a net unfavourable budget variance of \$1.908 million, or 1.1% of the budget, mainly related to the cybersecurity incident, as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending September 30, 2024

	YEAR TO DATE			
	Actuals	Budget	Variance to Budget	
			\$ M	%
Expenditures				
1 Staffing Costs	131.516	130.423	(1.093)	(0.8%)
2 Materials and Supplies	2.018	1.591	(0.427)	(26.8%)
3 Library Materials	16.488	16.488	-	0.0%
4 Equipment, Services and Rent	29.031	29.102	0.071	0.2%
5 Contributions & Transfers to Reserves	-	0.131	0.131	99.8%
6 Other Expenses	0.101	-	(0.101)	0.0%
7 Subtotal Expenditures (excl. initiatives funded by TPL Foundation and others)	179.154	177.735	(1.419)	(0.8%)
Revenues				
8 Grants	4.286	4.286	-	0.0%
9 Fines, Fees (incl. Print) and Room Rentals	1.479	2.743	(1.264)	(46.1%)
10 Contributions & Transfers from Reserves	0.413	-	0.413	0.0%
11 Other Revenues	1.961	1.599	0.362	22.6%
12 Subtotal Revenues (excl. grants from TPL Foundation and Others)	8.139	8.628	(0.489)	(5.7%)
13 Net Expenditures (excl. initiatives funded by TPL Foundation and Others)	171.015	169.107	(1.908)	(1.1%)
14 Library initiatives funded by TPL Foundation and Others	3.180	1.985	(1.195)	(60.2%)
15 Grants from TPL Foundation and Others	(3.180)	(1.985)	1.195	(60.2%)
16 Net Expenditures - Initiatives funded by TPL Foundation and Others	-	-	-	-
17 Net Expenditures	171.015	169.107	(1.908)	(1.1%)

The year-to-date unfavourable net expenditure variance of \$1.419 million is mainly due to inflationary pressures, as well as from overspending in employee remuneration and benefits and shortfalls in print revenue and venue rentals (related to service restoration activities in 2024 resulting from the 2023 cybersecurity incident).

The year-to-date unfavourable net revenue variance of \$0.489 million primarily consists of shortfalls in print revenue and venue rentals, partially offset by an increase in higher interest income.

Library initiatives funded by the TPL Foundation and others are overspent by \$1.195 million, which is fully offset by grants from TPL Foundation and others.

2024 Year-End Forecast

The current projection is a year-end net budget overspending of approximately \$3.0 million, primarily related to the cybersecurity incident, which resulted in higher than budgeted spending on staff salaries and benefits for service restoration activities and a shortfall in print revenue and venue rentals.

CONCLUSION

These financial results have been forwarded to the City of Toronto for inclusion in the consolidated financial results to September 30, 2024, to be presented to the Executive Committee on November 26, 2024. It is understood that the City will cover any TPL operating deficit, similar to 2023. Expenditures and revenues will continue to be closely monitored.

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SIGNATURE

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