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## STAFF REPORT INFORMATION ONLY

### Operating Budget Monitoring Report – June 30, 2024

**Date:** September 23, 2024

**To:** Toronto Public Library Board

**From:** 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 six months ended on June 30, 2024, and a forecast for year-end.

Despite TPL's proven financial stewardship, 2024 presented challenges as the impact from the 2023 cybersecurity incident continued in 2024, resulting in additional unfunded budget pressures.

For the period ended on June 30, 2024, TPL is reporting a net budget overspending of \$0.608 million resulting from 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 updated projection is a year-end net budget overspending of approximately \$2.0 million. These financial results have been forwarded to the City, and it is understood that the City will cover any TPL operating deficit,

similar to 2023. Expenditures and revenues will continue to be closely monitored on an ongoing basis.

## **FINANCIAL IMPACT**

For the six months ended on June 30, 2024, TPL is reporting a net unfavourable operating budget variance of \$0.608 million, or 0.5% of the budget. This variance is comprised of an unfavourable expenditure variance of \$1.205 million, partially offset by a favourable revenue variance of \$0.597 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 Board adopted the [2024 Operating Budget – Adoption.](#)

At its meeting on May 27, 2024, the 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.

## 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

Despite TPL's proven financial stewardship, 2024 presented challenges as the year began after the 2023 cybersecurity incident. This significant event has resulted in additional unfunded budget pressures.

For the period ended on June 30, 2024, TPL is reporting a net unfavourable budget variance of \$0.608 million, or 0.5% of the budget, as shown in Table 1 below:

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

	YEAR TO DATE			
	Actuals	Budget	Variance to Budget	
			\$ M	%
<b>Expenditures</b>				
1 Staffing Costs	89.139	88.374	(0.766)	(0.9%)
2 Materials and Supplies	1.247	0.931	(0.316)	(33.9%)
3 Library Materials	10.992	10.992	-	0.0%
4 Equipment, Services and Rent	20.025	19.888	(0.137)	(0.7%)
5 Contributions & Transfers to Reserves	-	0.087	0.087	99.4%
6 Other Expenses	0.074	-	(0.074)	0.0%
<b>7 Subtotal Expenditures (excl. initiatives funded by TPL Foundation and others)</b>	<b>121.477</b>	<b>120.272</b>	<b>(1.205)</b>	<b>(1.0%)</b>
<b>Revenues</b>				
8 Grants	2.857	2.857	-	0.0%
9 Fines, Fees (incl. Print) and Room Rentals	0.842	0.972	(0.130)	(13.4%)
10 Contributions & Transfers from Reserves	0.413	-	0.413	0.0%
11 Other Revenues	1.471	1.157	0.314	27.1%
<b>12 Subtotal Revenues (excl. grants from TPL Foundation and Others)</b>	<b>5.583</b>	<b>4.986</b>	<b>0.597</b>	<b>12.0%</b>
<b>13 Net Expenditures (excl. initiatives funded by TPL Foundation and Others)</b>	<b>115.894</b>	<b>115.286</b>	<b>(0.608)</b>	<b>(0.5%)</b>
14 Library initiatives funded by TPL Foundation and Others	2.303	1.333	(0.970)	(72.8%)
15 Grants from TPL Foundation and Others	(2.303)	(1.333)	0.970	(72.8%)
<b>16 Net Expenditures - Initiatives funded by TPL Foundation and Others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>17 Total Net Expenditures</b>	<b>115.894</b>	<b>115.286</b>	<b>(0.608)</b>	<b>(0.5%)</b>

The year-to-date unfavourable net expenditure variance of \$1.205 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 favourable net revenue variance of \$0.597 million is comprised of higher investment income, partially offset by the shortfall from print revenue and venue rentals.

Library initiatives funded by TPL Foundation and others are over-spent by \$0.970 million, fully offset by grants from TPL Foundation and others.

Several external economic factors, such as higher inflationary pressures, a competitive labour market, and higher gasoline prices, have significantly impacted the costs and availability of goods and services. These factors will continue to pose challenges for the rest of the year.

## **2024 Year-End Forecast**

The current projection is a year-end net budget overspending of approximately \$2.0 million, comprised of an unfavourable revenue variance from a shortfall in print revenue and venue rentals resulting from the impact of the cybersecurity incident.

## **CONCLUSION**

These financial results have been forwarded to the City of Toronto for inclusion in the consolidated financial results to June 30, 2024, to be presented to the Executive Committee on October 1, 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 on an ongoing basis.

## CONTACT

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## SIGNATURE

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City Librarian