

## **Operating Budget Monitoring Report – December 31, 2021**

<b>Date:</b>	February 28, 2022
<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 for the year ending December 31, 2021.

For the year ending December 31, 2021, Toronto Public Library (TPL) is reporting a favourable net expenditure variance of \$5.020 million, which will be returned to the City, comprised of a favourable expenditure variance of \$6.626 million and an unfavourable revenue variance of \$1.606 million. The unusually large variance is due to the continued impact of COVID-19 on library operations throughout 2021.

### **FINANCIAL IMPACT**

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For the year ending December 31, 2021, TPL is reporting a favourable net expenditure variance of \$5.020 million comprised of a favourable expenditure variance of \$6.626 million and an unfavourable revenue variance of \$1.606 million. The unusually large variance of \$5.020 million is due to the continued impact of COVID-19 on library operations throughout 2021.

These operating results should be considered draft until the external audit of the financial statements is completed. Once finalized, the favourable variance will be returned to the City.

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).

## ISSUE BACKGROUND

TPL's revised 2021 operating budget is \$203.048 million net (\$220.508 million gross). It is comprised of the Council-approved 2021 operating budget of \$204.117 million net (\$221.576 million gross) and an in-year adjustment of \$1.068 million net and gross for the Funding and Allocation of the City's Insurance Program Costs that reduced TPL's operating budget by centralizing the insurance budget for most Divisions and Agencies with the City.

## COMMENTS

For the year ending December 31, 2021, TPL is reporting a favourable net expenditure variance of \$5.020 million, as shown in Table 1 below:

**TABLE 1: Operating Budget Monitoring for the period ending December 31, 2021**

Expense/Revenue Category	2020	2021			
	Actuals	Actuals	Budget	Budget fav / (unfav)	
	\$ M	\$ M	\$ M	\$ M	%
1 Staffing Costs	150.279	153.465	158.218	4.753	3.0%
2 Materials and Supplies	2.632	2.170	2.591	0.422	16.3%
3 Library Materials	20.969	21.456	21.448	(0.008)	(0.0%)
4 Equipment, Services and Rent	35.413	35.917	37.613	1.696	4.5%
5 Contributions & Transfers to Reserves	3.218	0.635	0.635	-	0.0%
6 Other Expenses	0.240	0.240	0.004	(0.236)	(5900.0%)
<b>7 Total Gross Expenditures</b>	<b>212.751</b>	<b>213.882</b>	<b>220.508</b>	<b>6.626</b>	<b>3.0%</b>
8 Grants	5.835	6.012	5.714	0.297	5.2%
9 Fines, Fees and Room Rentals	1.170	0.733	1.713	(0.980)	(57.2%)
10 Grants from TPL Foundation and others	2.363	2.035	1.500	0.535	35.7%
11 Contributions & Transfers from Reserves	5.662	4.990	6.092	(1.102)	(18.1%)
12 Other Revenues	2.063	2.083	2.440	(0.357)	(14.6%)
<b>13 Total Revenues</b>	<b>17.093</b>	<b>15.853</b>	<b>17.460</b>	<b>(1.606)</b>	<b>(9.2%)</b>
<b>14 Net Expenditures</b>	<b>195.658</b>	<b>198.028</b>	<b>203.048</b>	<b>5.020</b>	<b>2.5%</b>

The favourable net expenditure variance of \$6.626 million is primarily due to reduced spending in a number of areas including employee remuneration and benefits, utilities, and library programming, and is directly attributable to the financial impact of COVID-19 throughout 2021. This is partially offset by increased health and safety spending, including security, HVAC and building infrastructure costs to meet Toronto Public Health guidelines.

The reduced spending in employee remuneration is due to delays in the reinstatement of Sunday service and higher staff vacancies.

The favourable expenditure variance is partially offset by an unfavourable revenue variance of \$1.606 million mainly attributable COVID-19 impact on revenues including decreased fines and fees, venue and community room rental revenue resulting from Provincial restriction orders and lower transfers from reserves. The unfavourable revenue variance is partially offset by a favourable revenue variance of \$0.535 million resulting from supplementary grants by the TPL Foundation and others to fund the costs of specific library initiatives.

## **CONTACT**

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## **SIGNATURE**

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City Librarian