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## STAFF REPORT INFORMATION ONLY

### Accounts Written Off in 2024

**Date:** May 26, 2025

**To:** Toronto Public Library Board

**From:** City Librarian

#### **SUMMARY**

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The purpose of this report is to inform the Toronto Public Library Board of the purge of outstanding customer accounts and balances resulting in the write-off of outstanding fines and fees in 2024 under the delegated authority provided to the City Librarian. The amounts written off are primarily comprised of the balances of purged customer accounts from the Integrated Library System (ILS) on an annual basis in accordance with criteria set out in the [Membership, Circulation & Collection Use Policy](#).

A total of \$291,828 in outstanding customer fines and fees were written off in 2024 as part of the annual ILS system purge of customer accounts for lost and overdue fines. With the elimination of overdue fines, the remaining fines on purged accounts in 2024 and future years are primarily for lost materials and some referral collection agency fees.

The annual system purge, i.e., the purging of certain long-outstanding and inactive accounts which are deemed uncollectible, and write off of the purged account balances, is standard business practice for libraries and serves very practical and pragmatic business and financial purposes. Revenues from fines and fees are recorded as received and the approved operating budget reflects

this, therefore amounts written off from purged accounts do not impact the financial results reported through the operating budget monitoring reports.

Section 12 of the approved Financial Control Policy authorizes the City Librarian to write off outstanding accounts of \$25,000 or less owed to the Library as uncollectable if reasonable efforts have been made to collect the outstanding amount. Any single account balance greater than \$25,000 would need Board approval to be written off, and there were none in 2024.

## **FINANCIAL IMPACT**

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The total amount written off in 2024 as a result of the annual purge of outstanding customer accounts and balances was \$291,828. Aside from the write off of the purged uncollectible account balances, there were no other write offs in 2024.

The approved operating budget for TPL includes minimal expected revenue for lost/damaged materials and no budget for overdue fines. The approved operating budget reflects only fines and fee amounts that are recorded in revenue, and these amounts are only recorded when received as is standard practice for public libraries. Therefore, the annual purge of customer accounts and subsequent write off of outstanding balances do not impact the TPL operating results reported through the budget monitoring reports in any material way. This budgeting and accounting practice for fines and fees has been reviewed with the external auditors and the Auditor General.

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

## **ALIGNMENT WITH STRATEGIC PLAN**

This report supports TPL's 2025-2029 Strategic Plan priorities of Shared Community Spaces and Awareness and Availability by ensuring TPL spaces remain accessible and inclusive. The elimination of overdue fines in 2022 and the ongoing purging of accounts will ensure customers can return to the Library and open new accounts and access services in safe and accessible community spaces. The Public Libraries Act is based on the principle of free library services. TPL's mandate is to preserve and promote equitable, universal

access to information and high-quality services and programs in a welcoming and supportive environment.

## EQUITY IMPACT STATEMENT

TPL's account purge and write off approach 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 September 23, 2024 the Library Board approved the [Membership, Circulation, and Collection Use Policy Update](#). This policy has a provision to annually purge customer accounts based on the balance owing and the period since last activity.

At its meeting on May 27, 2024, the Library Board received report [Accounts Written Off in 2023](#) which informed the Board of the accounts purged and amounts written off in 2023 under the City Librarian's delegated authority.

At its meeting on March 28, 2022, the Board approved the report [Membership, Circulation and Collection Use Policy – Revision, Implementation & Communication Plan](#), which permanently eliminated overdue fines for teens and adults as well as the write off of outstanding overdue fines for teens and adults at that time.

At its meeting on April 26, 2021, the Board approved the report [Membership, Circulation and Collection Use Policy \(Including Fines and Fees\) – Update](#), which permanently eliminated overdue fines on materials borrowed on children's library cards as well as the write off of outstanding fines on children's cards at that time.

At its meeting on June 19, 2006, the Board reviewed the report from the Auditor General entitled [Fees and Income Review - Toronto Public Library](#) and approved the recommendations contained within the report. As part of its 2005 annual work plan, the City's Auditor General performed a review of TPL's fines and fees

and income. One of the recommendations made by the Auditor General was to ensure that all account write-offs during the year, including customer fines related to overdue and lost materials and other fees, be formally approved by management and reported to the Board on a periodic basis.

## ISSUE BACKGROUND

Overdue fines were originally introduced to encourage customers to return materials on time, but increasingly the fines became a barrier to the use of library services, especially for vulnerable communities. Overdue fines have had a disproportionate impact on racialized and low-income communities in Toronto. Over the course of 2021 and 2022 TPL eliminated overdue fines on children's, teen and adult cards. This has resulted in a reduction in subsequent fine write offs and purges.

The annual system purge, i.e., the purging of certain long-outstanding and inactive accounts which are deemed uncollectible, is standard business practice for libraries and serves very practical and pragmatic business and financial purposes. The Membership, Circulation & Collection Use Policy sets out the criteria for the annual purge of outstanding account balances from the ILS. The Library purges account balances only after taking the following actions to collect them:

- Notifying customer by email or telephone at five, 10, and 20 days overdue;
- Temporarily suspending borrowing privileges when more than \$100 in payable charges is owed or more than 10 items are overdue;
- Mailing two notices with account billing and collection agency warning at 30 and 50 days overdue;
- Referring adult accounts to a collection agency after 70 days overdue and two billing notices for amounts over \$50, requesting that they contact the Library to resolve their account. An administrative fee of \$15 is added to accounts referred for collection;
- When the last use of the library card is more than two years and the total balance owing is less than or equal to \$100; and
- When the last use of the library card is more than five years and the total balance is equal to or greater than \$100.

Only when these measures have failed are the accounts purged and account balances written off. The collection agency does not collect payments directly,

and only receives a percentage of the amount collected if the customer makes a payment on their account.

## COMMENTS

### 2024 Write Offs

The 2024 amount written off of \$291,828 are the direct result of the annual system purge of customer accounts and balances for lost items, referral fees and overdue fines. Included in 2024 total write-offs of \$291,828 is \$117,114 that should have been written off as part of the system purge in 2023. The 2023 cybersecurity incident hindered TPL's ability to update last activity dates and card usage, resulting in \$117,144 of lost items that should have been included in the 2023 purge, now being included in the 2024 purge figure of \$291,828. Write-offs are summarized below in Table 1, showing trends from 2021:

Table 1: 2021 to 2024 Total Write-Offs

Type of Fine/Fee	2021	2022	Additional 2023 amounts written off	2023 (A) in 2024 * (B)	Total 2023 (A+B)	2024 amounts written off in 2024 (C)	2024 Total Amounts Written off in 2024 (B+C)
Fines for past due Lost Materials	212,800	156,313	1,093	1,093	1,093	1,275	1,275
Referral fees	316,481	250,704	274,099	117,144	391,243	151,582	268,726
	50,780	23,005	10,679		10,679	21,827	21,827
<b>Total Write off from Purged accounts</b>	<b>580,061</b>	<b>430,022</b>		<b>285,871</b>	<b>117,144</b>	<b>403,015</b>	<b>174,684</b>
2021 Children fines elimination	132,397						
2022 Teen and adult fines elimination		292,435		-	-	-	-
<b>Total Fines Eliminated</b>	<b>132,397</b>	<b>292,435</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Write off of Purged Accounts and Fines Eliminated</b>	<b>712,458</b>	<b>722,457</b>		<b>285,871</b>	<b>117,144</b>	<b>403,015</b>	<b>174,684</b>
Tenant lease write-offs		44,970					-
Other write-offs		1,200					-
<b>Total Tenant Lease and Other Write-offs</b>	<b>-</b>	<b>46,170</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Write-offs</b>	<b>712,458</b>	<b>768,627</b>		<b>285,871</b>	<b>117,144</b>	<b>403,015</b>	<b>174,684</b>
							<b>291,828</b>

\* Additional 2023 amounts written off in 2024 – Account balances of \$117,114 were not included as part of the annual purge of customer accounts in 2023 as a result of the cybersecurity incident, rather are included as part of the 2024 purge balance of \$291,828.

## Annual Purged Amounts

The date criteria used for the 2024 account purge were:

- January 1, 2023, when the last use of the library card is more than two years (for accounts less than or equal to \$100); and
- January 1, 2020, when the last use of the library card is more than five years (for accounts over \$100).

The 2023 cybersecurity incident hindered TPL's ability to update last activity dates and card usage, resulting in \$117,144 in accounts balances that should have been purged in 2023 now being included in the 2024 purge figures. When adjusting for this, the total amount written off from purged accounts for 2023 is \$403,015, and for 2024 is \$174,684. This is a 57% year over year reduction in the total amounts written off. Annual reductions in the amounts written off has been the trend and is expected to continue primarily due to the elimination of overdue fines.

As shown in Table 2 below, while the purged amount in 2024 is lower than 2023, the average balance per account is higher at \$49.36 in 2024 vs. \$41.53 in 2023, as the balances are primarily due to lost item fees rather than overdue fines.

**Table 2: Fines and Fees Purged 2021 to 2024**

	2021	2022	Total 2023*	2024
Fines for past due	212,800	156,313	1,093	1,275
Lost Materials	316,481	250,704	391,243	151,582
Referral fees	50,780	23,005	10,679	21,827
<b>Total Purged</b>	<b>580,061</b>	<b>430,022</b>	<b>403,015</b>	<b>174,684</b>
Number of accounts Affected **	34,782	18,144	9,705	3,539
<b>Average account balance</b>	<b>\$ 16.68</b>	<b>\$ 23.70</b>	<b>\$ 41.53</b>	<b>\$ 49.36</b>

\* - Total Purged in 2023 is \$403,015 which is comprised of total purged in 2023 of \$285,871 plus 2023 amounts written off in 2024 of \$117,144.

\*\* - Number of accounts affected in 2023 is 9,705 which is comprised of 5,234 accounts purged in 2023 plus 4,471 additional 2023 accounts purged in 2024.

## **Tenant Lease and Other Write-Offs**

There were no write-offs for tenant leases or for other reasons in 2024.

## **CONTACT**

Marco Cuoco; Director, Finance & Chief Financial Officer; Tel: 416-397-5946;  
Email: [mcuoco@tpl.ca](mailto:mcuoco@tpl.ca)

## **SIGNATURE**

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Vickery Bowles  
City Librarian