



## STAFF REPORT INFORMATION ONLY

### Operating Budget Monitoring Report – December 31, 2025

**Date:** February 23, 2026  
**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 year ending December 31, 2025.

For the year ending December 31, 2025, TPL is reporting a net operating budget deficit of \$1.468 million, or 0.6%, primarily driven by higher than budgeted salaries and benefit costs. This was due to benefit costs increasing at a higher rate than expected, and the variability in staffing costs that resulted from the rollout of expanded Sunday hours, the need to match staffing levels with increasing service demand, and the changes driven through the new collective agreement.

TPL staff have informed and discussed the expected operating deficit with City staff throughout the year, and this has been reported to City Council through the variance reporting throughout 2025.

Consistent with other City agencies and boards, the TPL operating deficit will be covered by the City and will be accounted for in the City's overall year-end financial position.

## **FINANCIAL IMPACT**

For the year ending December 31, 2025, TPL is reporting a net unfavourable operating budget variance of \$1.468 million, or 0.6%, of the budget, primarily due to higher than planned salaries and benefit costs. This variance is comprised of an unfavourable expenditure variance of \$2.583 million partially offset by a favourable revenue variance of \$1.116 million. These figures exclude gross expenditures and grants from initiatives funded by the TPL Foundation.

While TPL did not experience direct financial impacts from tariffs, trade and economic conditions continue to create uncertain financial conditions. TPL will continue to monitor this and report back on any impacts through future budget monitoring reports.

These operating results should be considered draft until the external audit of the financial statements is completed. Once finalized, the unfavourable variance will be covered by the City, as has been the case in prior years and similar to other agencies and boards of the City.

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

## **ALIGNMENT WITH STRATEGIC PLAN**

The 2025 operating budget supported numerous TPL 2025-2029 Strategic Plan objectives across all priorities including social connection civic engagement and democracy; shared community spaces; learning and growth; and awareness and availability.

Targeted budget enhancements approved within TPL's 2025 operating budget drove progress on key initiatives identified within TPL's 2025-2029 Strategic Plan, notably Open Hours, to enable the outcomes identified in each strategic objective.

## EQUITY IMPACT STATEMENT

TPL's 2025 operating budget provided affordable, accessible and resilient digital supports as a public service and advanced equity across the city. The budget had a positive impact on many equity-deserving groups, including newcomers, low-income families and individuals. It increased access to library resources and programs, access to learning opportunities, City information, training and employment opportunities, as well as creating opportunities for civic engagement and community participation.

## DECISION HISTORY

At its meeting on December 1, 2025, the Board received the report titled [Operating Budget Monitoring Report – September 30, 2025](#), which reported a year-to-date net operating budget deficit of \$1.374 million, and a year-end forecast of a net operating budget deficit of \$1.663 million.

At its meeting on September 25, 2025, the Board received the report titled [Operating Budget Monitoring Report – June 30, 2025](#), which reported a year-to-date net operating budget deficit of \$0.769 million, and a year-end forecast of a net operating budget deficit of \$1.694 million.

At its meeting on May 26, 2025, the Board received the report titled [Operating Budget Monitoring Report – April 30, 2025](#), which reported a year-to-date net operating budget deficit of \$0.499 million, and a year-end forecast of a net operating budget deficit of \$0.936 million.

At a special meeting on April 8, 2025, the Board adopted the report titled [Ratification of the Memorandum of Settlement between Toronto Public Library Board and the Toronto Public Library Workers Union, CUPE Local 4948](#), which outlined, amongst other items, the financial implications of the Memorandum of Settlement and the estimated funds necessary to implement the new collective agreement between the TPL Board and the TPL Workers Union Local 4948 CUPE.

At its meeting on February 24, 2025, the Board adopted the report titled [2025 Operating Budget – Adoption](#), which included the 2025 operating budget that was adopted by City Council at its meeting on February 11, 2025.

## ISSUE BACKGROUND

TPL's 2025 operating budget is \$254.544 million net (\$273.301 million gross), and is comprised of:

- Council-adopted 2025 operating budget of \$247.135 million net (\$268.903 million gross);
- an in-year adjustment of \$7.409 million net to account for the estimated 2025 financial impacts from the new collective agreement; and
- an in-year adjustment to realign recoveries from capital from a revenue to a contra expense. This adjustment reduced gross expenditures and revenues by \$3.011 million, resulting in a net \$0 impact on TPL's 2025 operating budget.

Budget monitoring reports are presented to the Board quarterly and are aligned to the City of Toronto's variance reporting cycles to Council.

## COMMENTS

For the year ending December 31, 2025, TPL is reporting a net unfavourable operating budget variance of \$1.468 million, or 0.6%, of the budget. Year-end financial results by expenditure and revenue category are summarized in Table 1 below:

**TABLE 1: Operating Budget Monitoring for the period ending December 31, 2025**

Expenditure/Revenue Category	FULL YEAR			
	Actuals	Budget	Variance to Budget	
	\$ M	\$ M	\$ M	%
1 Staffing Costs	200.040	196.862	(3.178)	(1.6%)
2 Materials and Supplies	2.897	2.579	(0.318)	(12.3%)
3 Library Materials	23.090	23.083	(0.008)	(0.0%)
4 Equipment, Services and Rent	46.175	46.386	0.211	0.5%
5 Contributions & Transfers to Reserves	1.211	2.030	0.819	40.3%
6 Other Expenses	0.110	-	(0.110)	0.0%
<b>Subtotal Expenditures (excl. initiatives funded by TPL Foundation and others)</b>	<b>273.522</b>	<b>270.939</b>	<b>(2.583)</b>	<b>(1.0%)</b>
8 Grants	5.714	5.714	-	0.0%
9 Fines, Fees and Room Rentals	4.086	4.058	0.029	0.7%
10 Contributions & Transfers from Reserves	4.406	4.406	-	0.0%
11 Other Revenues	3.304	2.217	1.087	49.0%
<b>Subtotal Revenues (excl. grants from TPL Foundation and others)</b>	<b>17.511</b>	<b>16.395</b>	<b>1.116</b>	<b>6.8%</b>
<b>Net Expenditures (excl. initiatives funded by TPL Foundation and others)</b>	<b>256.012</b>	<b>254.544</b>	<b>(1.468)</b>	<b>(0.6%)</b>
14 Library initiatives funded by TPL Foundation	5.578	2.362	(3.216)	(136.2%)
15 Grants from TPL Foundation	5.578	2.362	3.216	136.2%
<b>Net Expenditures - initiatives funded by TPL Foundation and others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>Total Net Expenditures</b>	<b>256.012</b>	<b>254.544</b>	<b>(1.468)</b>	<b>(0.6%)</b>

The unfavourable expenditure variance of \$2.583 million is mainly due to higher than planned salaries and benefit costs. This was driven by the rollout of expanded Sunday hours, the need to match staffing levels with increasing service demands, and the financial impacts resulting from the new collective agreement, such as cost-of-living adjustments. These factors created variability and uncertainty contributing to the year-end variance. In addition to this, benefit costs continued to increase at a rate greater than expected, also contributing to the year-end variance. These pressures were partially offset by underspending and cost management practices in other categories, mitigating the deficit to the extent possible without having an impact on service levels.

The gross expenditures overspending was also partially offset by a favourable revenue variance of \$1.116 million, primarily consisting of greater than expected revenues from printing services and short-term cash management practices leading to greater than expected short-term investment income.

Library initiatives funded by the TPL Foundation and other grants, incurred costs that exceed planned amounts by \$3.216 million, which was fully offset by matching grant revenues received in excess of planned amounts.

It is important to note that lessons learned from the 2025 budget development and actual experience from the factors outlined above that led to these variances have been considered and incorporated into the development of the 2026 budget. This should mitigate against the risk of experiencing similar variances in 2026.

## CONCLUSION

TPL staff have reviewed and discussed the operating deficit with City staff and reported to City Council throughout the year once the anticipated operating deficit was known and expected. Consistent with prior year experiences, the City will cover the TPL operating deficit, similar to other City agencies and boards.

These financial results will be forwarded to the City of Toronto for inclusion in the consolidated financial results to December 31, 2025, which are expected to be presented to the Executive Committee on July 21, 2026.

## CONTACT

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## SIGNATURE

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