



STAFF REPORT INFORMATION ONLY

Operating Budget Monitoring Report – December 31, 2024

Date: February 24, 2025
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 year ending December 31, 2024.

For the year ending December 31, 2024, TPL is reporting a net budget overspending of \$3.544 million, or 1.5% of the budget, mainly resulting from the 2023 cybersecurity incident, which began in October 2023 and carried through to the Spring of 2024. This resulted in overspending in employee remuneration and benefits and shortfalls in print revenue and venue rentals due to the resources needed to manage this incident, the associated services impacted, and the activities related to service restoration that carried into and through 2024.

The City will cover the TPL operating deficit, similar to other City agencies and boards.

FINANCIAL IMPACT

For the year ending December 31, 2024, TPL is reporting a net unfavourable operating budget variance of \$3.544 million, or 1.5% of the budget, mainly due to the cybersecurity incident. This variance is comprised of an unfavourable expenditure variance of \$2.034 million and an unfavourable revenue variance of \$1.510 million.

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, similar to other agencies and boards of the City.

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

ALIGNMENT WITH STRATEGIC PLAN

The 2024 operating budget supported TPL's 2020-2024 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 2020-2024 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 considered and adopted the [2024 Operating Budget](#).

At its meeting on December 2, 2024, the Library Board considered the [Operating Budget Monitoring Report – September 30, 2024](#), which reported a net budget overspending of \$1.908 million as of September 30, 2024, with a projection of a net budget overspending of approximately \$3.0 million for the 2024 year-end, due to the higher expenditures and lower revenues mainly from the cybersecurity incident.

ISSUE BACKGROUND

Budget monitoring reports provide an overview of TPL's financial position at a point in time and are usually reported to the Board quarterly, and when the City requires a financial report outside of normal quarter-end cycles.

COMMENTS

2024 presented challenges as the year began with the continuing 2023 cybersecurity incident. Significant resources were expended to manage through these challenges to recover and restore services. Most services were restored by the second quarter of 2024. This significant event has resulted in unfunded budget pressures.

The 2024 budget allowed for several service enhancements that were implemented throughout the year. In 2024, TPL commenced implementation of phase 1 of the open hours plan, opened three new Youth Hubs, continued to provide community support through its Social Service team in partnership with Toronto Community Crisis Service and commenced financial empowerment services providing financial counselling and supports at two branches. In addition, TPL continued its focus on modernizing its digital capabilities and business operations and made significant progress in implementing strategies to ensure the safety and security of TPL staff in the Library's welcoming and accessible public spaces.

For the year ending December 31, 2024, TPL is reporting a net unfavourable budget variance of \$3.544 million, or 1.5% of the budget, mainly related to the cybersecurity incident, as shown in Table 1 below:

TABLE 1: Operating Budget Monitoring for the period ending December 31, 2024

	FULL YEAR			
	Actuals	Budget	Variance to Budget fav / (unfav)	
	\$ M	\$ M	\$ M	%
Expenditures				
1 Staffing Costs	184.419	182.521	(1.898)	(1.0%)
2 Materials and Supplies	2.943	2.497	(0.446)	(17.9%)
3 Library Materials	21.990	21.984	(0.007)	(0.0%)
4 Equipment, Services and Rent	41.551	41.376	(0.175)	(0.4%)
5 Contributions & Transfers to Reserves	0.648	1.239	0.591	47.7%
6 Other Expenses	0.099	-	(0.099)	0.0%
7 Subtotal Expenditures (excl. initiatives funded by TPL Foundation and others)	251.651	249.617	(2.034)	(0.8%)
Revenues				
8 Grants	5.714	5.714	-	0.0%
9 Fines, Fees (incl.Print) and Room Rentals	2.077	4.058	(1.981)	(48.8%)
10 Contributions & Transfers from Reserves	7.159	6.745	0.413	6.1%
11 Other Revenues	2.443	2.386	0.057	2.4%
12 Subtotal Revenues (excl. grants from TPL Foundation and Others)	17.393	18.903	(1.510)	(8.0%)
13 Net Expenditures (excl. initiatives funded by TPL Foundation and Others)	234.258	230.714	(3.544)	(1.5%)
14 Library initiatives funded by TPL Foundation and Others	4.578	2.677	(1.902)	(71.1%)
15 Grants from TPL Foundation and Others	(4.578)	(2.677)	1.902	(71.1%)
16 Net Expenditures - Initiatives funded by TPL Foundation and Others	-	-	-	-
17 Total Net Expenditures	234.258	230.714	(3.544)	(1.5%)

The unfavourable expenditure variance of \$2.034 million is mainly due to overspending in employee remuneration and benefits related to service restoration after the cybersecurity incident, as well as inflationary pressures experienced in 2024.

The unfavourable revenue variance of \$1.510 million primarily consists of shortfalls in print revenue and venue rentals, as these services were significantly impacted by the cybersecurity incident. These impacts were partially offset by an increase in interest income.

Library initiatives funded by the TPL Foundation and others were overspent by \$1.902 million, which is fully offset by grants from the TPL Foundation and others.

CONCLUSION

TPL staff have informed and discussed the operating pressures with City staff and reported to City Council throughout the year as soon as the anticipated over-expenditure was known. Consistent with 2023 experience, 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, 2024, which are expected to be presented to the Executive Committee on June 17, 2025.

CONTACT

Marco Cuoco; Director, Finance & CFO; Tel: 416-397-5946; Email: mcuoco@tpl.ca

Deepak Sharma; Senior Manager, Budget & Financial Reporting;
Tel: 416-393-7003; Email: dsharma@tpl.ca

SIGNATURE

Vickery Bowles
City Librarian