

**Operating Budget Monitoring Report – June 30, 2013**

<b>Date:</b>	September 23, 2013
<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 gross and net expenditures of the Library for the six months ending on June 30, 2013.

As of June 30, 2013, Toronto Public Library (TPL) reports a favourable net expenditure variance of \$0.502 million. The cost of specific library programs funded from grants and donations reflect an over-expenditure of \$1.027 million, offset by a favourable revenue variance of \$1.019 and \$0.250 million savings in salaries from the temporary closure for renovations of the Fairview district library, staff hiring delays, and sick leave cost savings due to fewer staff departures this year.

The year-end projection of a \$0.504 million surplus reflects the salary savings experienced during the first half of the year. However, depending on the outcome of the measures taken to fill vacant positions, the year-end surplus may be higher.

**FINANCIAL IMPACT**

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Net expenditures for the six-month period ending June 30, 2013 were under-spent by \$0.502 million. The cost of specific library programs funded from grants and donations reflect an over-expenditure of \$1.027 million, offset by a favourable revenue variance of \$1.019 and salary savings associated with the temporary closure for renovations of the Fairview district library, staff hiring delays and sick leave cost savings due to fewer staff departures this year.

The year-end net expenditure projection of a \$0.504 million surplus reflects the salary savings experienced during the first half of the year. Any operating surplus at the end of the year is returned to the City.

The Director, Finance and Treasurer has reviewed this financial impact statement and is in agreement with it.

## DECISION HISTORY

At the meeting on May 27, 2013, the Library Board reviewed the *2013 Operating Budget Surplus* and approved the following motion:

*That the Toronto Public Library Board:*

1. *defers the options for spending the potential operating budget surplus; and*
2. *defers any request for City Council approval to later in the year when the second quarter variance results are available.*

## ISSUE BACKGROUND

TPL's 2013 operating budget is \$182.0 million gross and \$165.4 million net, which includes in-year Council approved adjustments.

Operating results are usually reported to the Toronto Public Library Board on a quarterly basis.

### Public Libraries Act

The Public Libraries Act requires the Board to submit its budget in a form as specified by Council. The Board is required to spend the budget as approved, which includes specified services and service levels, and can only vary with Council's permission.

### City Policy on Managing Operating Budget Surpluses

Subsection 228(5) of the City of Toronto Act allows the City to use the surplus from the previous year as part of estimated revenues for balancing the current year's budget. If a portion of the prior year's surplus is not required to balance the current year's budget, the *City Policy on Managing Operating Budget Surpluses* is applied.

At the meeting on September 28, 29, 30 and 31 and October 1, 2004, Council adopted a *City Policy on Managing Operating Budget Surpluses* report that included the following recommendation:

*Starting with fiscal 2005, for any surplus, the Chief Financial Officer and Treasurer be authorized....to apply any additional surplus, in priority order to:*

- a) *Capital Financing Reserve Fund (at least 75% of the additional surplus); and*
- b) *The remainder to fund any under-funded liabilities, and/or reserves/reserve funds as determined by the Chief Financial Officer and Treasurer.*

Any annual TPL operating surplus is returned to the City and applied as described above.

## COMMENTS

As of June 30, 2013, TPL has a favourable net expenditure variance of \$0.502 million, consisting of an unfavourable expenditure variance of \$0.517 million and a favourable revenue variance of \$1.019 million.

The cost of specific library programs funded from grants and donations reflect a year-to-date over-expenditure of \$1.027 million in materials, supplies, equipment and services, offset by a favourable revenue variance of \$1.019 and salary savings from the temporary closure of the Fairview district library, staff hiring delays and sick leave cost savings due to fewer staff departures this year. Movement of staff is higher than anticipated and measures have been taken to address filling the positions.

The year-end net expenditure projection of a \$0.504 million surplus reflects the salary savings experienced during the first half of the year. However, depending on the outcome of the measures taken to fill vacant positions, the year-end surplus may be higher.

## CONCLUSION

There is an expectation by the City and a long-standing practice at the Library to return operating budget surpluses to the City. The City uses the operating surplus to balance the next year's budget, and for any remaining budget surplus, the *City Policy on Managing Operating Budget Surpluses* is applied.

The Public Libraries Act requires the Board to submit its budget in a form as specified by Council. The Board is required to spend the budget as approved, which includes specified services and service levels.

## CONTACT

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## SIGNATURE

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Jane Pyper  
City Librarian

## ATTACHMENTS:

Attachment 1: Operating Budget Monitoring Report for the Period Ending June 30, 2013