

MADISON PUBLIC LIBRARY
Supplementary Notes to the 2018 Year to Date Budget Report
As of November 21, 2018

Key Indicators

Budget Year Lapsed	89%
Total Operating Revenue	98%
Total Operating Expense	87%
Total Wages & Benefits Expense	84%
Total Supplies Expense	80%
Total Services Expense	94%
Total Debt/Inter-Dept Charges	99%

Executive Summary

The 2018 year to date budget report represents the current net operating position of the library at the time of producing the report. In August 2018 a budget amendment was processed this year to recognize additional 2018 private donations anticipated to be received in 2018 and were allocated within the project ledger to enable budget authority to spend. This amendment had a nil effect on the predicted year end net fund balance result.

Budget Activity

The library's activities and financial performance year to date activity is near 90%. A number of assumptions underpin the report:

- Salary projections are in line with those reported to the MPL Board from the Q2/Mid-year review. Employee costs are being monitored closely and a review is currently in progress by Library management. While the overall performance of salary and benefits are tracking at 84%, there are still areas of concern and are repeatedly over-budget year after year including:
 - \$295K overall savings in permanent salaries (however, salary savings targets need to be met first of \$211K)
 - \$43K additional premium pay
 - \$20K saving in compensated absence
 - \$148K additional hourly expenses
 - \$43K additional permanent overtime expenses
 - \$28K additional anticipated retirement pay outs
 - \$34K additional health insurance benefit expenses
 - \$14.5K saving in FICA Medicare benefit expenses

- Total supplies expenditure year to date is tracking at 80%, while total purchased services expenditure is tracking at 92%. These include full annual payments of contracts and advance payment of facility leases. Other areas that continue to be of concern from the Q2 review include:

- \$15,000 reduction in library fine revenue
- \$3,000 reduction in library collection rental fees
- \$45K increase in supplies primarily from under budgeted original targets for facilities supplies
- \$31K increase in purchased services across a number of areas. A majority of the projected over expenditure for conferences and grants will be covered by external funds and the budget adjusted accordingly.

Based on these assumptions, it is projected that the Library may end 2018 with a net deficit impact on the fund balance of \$203,030. Some of these, particularly the issue with hourly wages and reduction in revenue items will also impact the 2019 budget. Library staff are reviewing these projections in greater depth and will seek avenues to alleviate the fund balance impact.