

MADISON PUBLIC LIBRARY
Supplementary Notes to the 2018 Year to Date Budget Report
As at June 28, 2018

Key Indicators

Budget Year Lapsed	49%
Total Operating Revenue	80%
Total Operating Expense	43%
Total Wages & Benefits Expense	46%
Total Supplies Expense	48%
Total Services Expense	58%
Total Debt/Inter-Dept Charges	12%

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. Budget amendments/transfers were processed this year to recognize 2018 private donations anticipated to be received in 2018 and were allocated within the project ledger to enable budget authority to spend. These amendments had a nil effect on the predicted year end net fund balance result. This report provides analysis on MPL's 2018 mid-year budget performance.

Budget Variances/Amendments

As reported previously, a significant budget amendment/transfer for recognition of the 2018 City revenue appropriations (object number 41110 Real Estate Taxes) will not be processed until later in the year. This is impacting the net fund balance where the original budget should target a nil effect for the end of the year. The expected revenue figure of \$17,779,030 has been confirmed and inputted into the report to present a more reasonable view of budget to actual performance.

Further amendments were processed this month to recognize firstly, an IMLS grant awarded through ALA of \$3,500 for the PLA Inclusive Internship Initiative. Secondly, the approved amendment from last month's Board meeting regarding the adjustment for Bubbler/Schmidt funds of \$36,600. Amendments of an increase of \$7,524.31 expense for hardware supplies and youth services supplies previously actioned, represent the carried forward encumbrances from 2017. This will have a deficit effect on the 2018 net fund balance, where funds were unspent in 2017.

The amount of \$22,683.30 in line item 48510 – Fund Balance Applied relates to the carry forward of revenue received in 2017 to be expended in 2018 including: \$10,000 from the American Family Children's Hospital for youth services programming; \$11,750 for unspent funds from Google Making Spaces project; and \$933.30 unspent funds from the American Transmission Corporation MEA Eats funding. Further amendments will occur to recognize any other unspent 2017 project funds.

2018 Mid-Year Budget Review

The library's activities and financial performance year to date is within close proximity to the mid-year benchmark. 49% of the budget year has lapsed as at the date of the report. A number of assumptions underpin the report:

- Year to date actual values for salary and benefits are always behind by one pay cycle i.e. 1/26th. Salary projections have either been kept consistent with those reported to Council from the Q1 review or adjusted with best estimates. Employee costs are being monitored closely and will be seeking a review through the Q2 budget meeting with City Finance.
- This report has been produced before the City's June end of month close cut-off date of 25 days after the end of the reporting month; therefore, the figures are only a reflection as of the date of the report and are subject to changes while the reporting period is still open.
- The Library is scheduled to have an initial Q2/Mid-Year budget review with its budget analyst on July 10. Any changes to the projections will be reported in the July report to the Board.

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. The significant causes include:

- \$15,000 reduction in library fine revenue
- \$3,000 reduction in library collection rental fees
- \$295K overall savings in permanent salaries (however, salary savings targets need to be met first of \$211K)
- \$31K additional premium pay
- \$20K saving in compensated absence
- \$112K additional hourly expenses
- \$43K additional permanent overtime expenses
- \$28K additional anticipated retirement pay outs
- \$34K additional health insurance benefit expenses
- \$18K saving in WRS expenses
- \$14.5K saving in FICA Medicare benefit expenses
- \$45K increase in supplies primarily from under budgeted 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.

The Library will be reviewing these projections with City Finance with greater depth and seek avenues to alleviate the fund balance impact.