

Executive Summary

The financial reports represent the revenues, expenses and budget at the time of producing the report. This supplementary report provides analysis of MPL's financial statements. Variances between current and last year to date actuals are reported as either a timing variance where actual transactions occur on a non-linear timing basis, or a permanent variance where actual performance will not meet or exceed the estimated year-end budget target. The City of Madison processes year-end accrual entries, but does not process month-end accrual entries. This can skew the financial data reported in January, February and December. The wages and benefits are the most notably affected by this process. Percentage of budget used reflects actual expense and encumbrances; Madison Public Library encumbers many annual expenses at the beginning of the year.

Accounting for donations and grants utilizes the Project Ledger in Munis, the City's financial software. Munis places limitations on budget processing in Project Ledger, only allowing use of a singular General Ledger account for budget entries. Madison Public Library staff spend the donations and grants using many different General Ledger accounts. This process can overspend budget on one account and underspend budget on another account. While the City processes budget and spending at the account level, overall the City requires spending to be within budget at the major account group level. The major account groups are listed as the sections on this report: Revenue; Wages and Benefits; Supplies; Purchased Services; and Debt/Inter-Departmental Charges.

Finance has completed all 2022 entries, but the year-end closing process is not be performed until the City's annual audit is completed. There is the potential for additional auditor entries. Auditor entries are unusual and any processed would be for material corrections to financial statements. Final balances for 2022 carry forward funds are complete once the year-end process is complete. At that time, final entries for the 2023 budget representing the 2022 carry forward funds are created and posted.

Changes to Previously Reported Amounts

MPL creates the MTD Financial Report when the City of Madison Finance Office is still posting to prior periods. Changes to prior period amounts are listed in bold font in the notes.

Revenue

Revenue budget used: 54%

- Real Estate Taxes Finance has posted the first and second installments. Real Estate Taxes is the main revenue for Library and installments post in January, February, April, June and August the amount of revenue budget used grows quickly as the installments post.
- Other Unit of Government Revenues Operating **January amount decreased by \$2,781 and February amount decreased by \$33,963 due to the 2022 revenue accrual entry. This accrual entry posts 2022 revenues received in 2023 back to 2022 financial statements.**
- Catering Concessions is well over budget; MPL received the 2022 Q4 payment well after the deadline for accruing 2022 revenue back.
- Reimbursement of Expense **January amount decreased by \$36 due to the 2022 revenue accrual entry. This accrual entry posts 2022 revenues received in 2023 back to 2022 financial statements.**
- Lost and Damaged Fees **January amount decreased by \$1,471 and February amount decreased by \$5,148, due to the 2022 revenue accrual entry. This accrual entry posts 2022 revenues received in 2023 back to 2022 financial statements.**
- Contributions and Donations: MPL estimates conservatively for budget. As revenues meet and exceed the adopted budget, MPL adds revenue and expense budget. **January amount decreased by \$138,623 due to the 2022 revenue accrual entry. This accrual entry posts 2022 revenues received in 2023 back to 2022 financial statements.**

- Miscellaneous Revenue **January amount decreased by \$3 due to the 2022 revenue accrual entry. This accrual entry posts 2022 revenues received in 2023 back to 2022 financial statements.**

Wages and Benefits

Wages and Benefits budget used: 22%

- Wages and Benefits has 5.5 pay periods out of 26.0 pay periods. Last YTD had 5.6 pay periods out of 26.1.
 - January is low due to the City's accrual process posting a portion of the first 2023 payroll back to 2022.
 - February returns to normal number of payrolls processed in a month.
 - March had three payrolls processed.
- Compensated Absence Escrow represents retiree sick leave payouts. These expenses are incurred throughout the year; budget is established by the City.
- Post Employment Health Plans expenses are processed in January only.

Supplies

Supplies budget used: 39%

- Office Supplies **February amount increased \$224 due to posting of transactions after creating the report.**
- Copy Printing Supplies **February amount increased \$797 due to posting of transactions after creating the report.**
- Furniture is over budget because Finance has not processed the prior year encumbrance carry forward entry at the time of this report. There is \$12,612 of 2022 encumbrances that will increase budget in 2023. MPL has not yet requested the Lakeview Rosen-Weston funds for 2023, some of which will increase furniture budget.
- Hardware Supplies **February amount increased \$508 due to posting of transactions after creating the report.**
- Software Licenses & Supplies **February amount increased \$95 due to posting of transactions after creating the report.** January expenses include Adobe Creative Cloud subscription, Gimlet annual subscription and various media software. February expenses include Zoom annual renewal.
- Postage **February amount increased \$3 due to posting of transactions after creating the report.**
- Program Supplies **January amount increased \$1,045 and February amount increased \$5,733 due to posting of transactions after creating the report.** March expenses include Parents as First Teachers supplies, seed library supplies, and many smaller programs supplies.
- Work Supplies **January amount increased \$524 and February amount increased \$3,452 due to posting of transactions after creating the report.** March expenses include booktrucks for Ashman.
- Library Collections Materials **January amount increased \$924 and February amount increased \$1,441 due to posting of transactions after creating the report.** Additional details:
 - Combined Capital and Operating budget is \$1,295,903 with purchases to date of \$543,869, 42% of budget is used. There are additional encumbrances not reflected in Munis of \$14,548, bringing us to 43% of budget used.
 - Capital budget:
 - General Collections budget is \$794,560 with purchases to date of \$240,237, 30% of budget is used.
 - Pinney Collections budget is \$31,346 with purchases to date of \$19,072, 61% of budget is used.
 - Lakeview Too Good To Miss budget is \$41,527 with purchases to date of \$7,089, 17% of budget is used.
 - Operating budget is \$428,471; with purchases to date of \$277,471, 65% of budget used.
- Safety Supplies **January amount increased \$90 due to posting of transactions after creating the report.**
- Building Supplies **January amount increased \$307 due to posting of transactions after creating the report.**
- Equipment Supplies **January amount increased \$90 and February amount increased \$9 due to posting of transactions after creating the report.**

Purchased Services

Purchased Services budget used: 40%

- Telephone **February amount increased \$479 due to posting of transactions after creating the report.**
- Cellular Telephone **February amount increased \$467 due to posting of transactions after creating the report.** January amount is negative due to payroll reimbursements and the year-end accrual process run by Finance.
- Systems Communication Internet expense is at 96% budget. This is expected, as the main expense is an annual purchase made in January.
- Building Improvement/Repair/Maint **January amount increased \$46 due to posting of transactions after creating the report. February amount increased due to accruing the 2022 Pinney common area maintenance credit back to 2022.**
 - Monthly common area maintenance charges of \$22,018 for Hawthorne, Ashman, Lakeview, Meadowridge, Pinney, Sequoya and Goodman South.
 - Ashman property has a new management company and the 2023 common area maintenance charges increased dramatically.
 - The City's Office of Real Estate person assigned to this property is currently working with the management company to verify all charges are applicable to common area maintenance.
 - We based the 2023 budget request on prior year's charges, totaling \$35,000; currently the new management company's monthly amount is \$6,904; or \$82,847 annually.
 - Library and Budget staff will review the expected budget shortfall during the mid-year appropriation process and adjust accordingly at that time. The options available are:
 - The City will make Library whole on the expense budget needed.
 - Library will pull the needed additional budget from Fund Balance. (Reminder: Library's Fund Balance is currently more than double the amount recommended by the City's Finance Director.)
- Waste Disposal **February amount increased \$641 due to posting of transactions after creating the report.**
- Fire Protection is at 95% budget because MPL has encumbered the annual maintenance contracts.
- Pest Control **February amount increased \$220 due to posting of transactions after creating the report.**
- Process Fees Recyclables **January amount increased \$213 due to posting of transactions after creating the report.** February charges include periodic electronics recycling charges of \$396.
- Equipment Improvement Repair Maint **February amount increased \$437 due to posting of transactions after creating the report.** This account is currently over budget by \$93,641, there is a budget entry of \$94,634 needed for the ARPA funds to upgrade AV equipment at Sequoya and Goodman South Madison for the Amplifying Community Voices project. MPL has encumbered the annual maintenance contracts for HVAC and public printers.
- System and Software Maint **January amount increased \$360 due to posting of transactions after creating the report.**
- Lease Rental of Equipment **January amount increased \$42 due to posting of transactions after creating the report.**
- Recruitment Expense **January amount increased \$42 and February amount increased \$56 due to posting of transactions after creating the report.** These expenses include open position ads and background checks for potential employees and volunteers.
- Conferences and Training **February amount increased \$938 due to posting of transactions after creating the report.**
 - January expenses include UW Reference Desk Ready courses, JCLC conference registrations and travel expense deposits.
 - February expenses include JCLC travel expenses for final flight and hotel charges and Drupalcon registration fees.
 - March expenses include US Book show, Digipalooza travel, Drupalcon travel and registration.
- Memberships **January amount increased \$9,000 due to posting of transactions after creating the report.** This amount represents MPL's annual ULC membership. March expenses renew: Costco (for programming supplies); Schools, Health & Libraries Broadband Coalition and ALA membership.
- Uniform Laundry **February amount increased \$850 due to posting of transactions after creating the report.** The January expense is negative -\$255 due to a credit for erroneous charges.

- Credit Card Services **January amount decreased \$473 due to posting of transactions after creating the report. An accrual entry by Finance was posted twice.**
- Consulting Services is over budget because that 2022 carry forward funds budget entry was not posted at the time of the data pull for this report. This encumbrance represents the contract for Developing Librarian's Observation Toolkit, funded by a grant. March expense is for reflective support work.
- Advertising Services **February amount increased \$13 due to posting of transactions after creating the report.** March expenses include 6AM City summer advertising campaign, program ads, staff years of service (funded by MPLF) and volunteer appreciation gifts (funded by MPLF).
- Security Services **January amount increased \$1,558 due to posting of transactions after creating the report** January expenses include annual monitoring services for all locations except Pinney and Sequoya. March expenses include Sequoya monitoring service and Central panic button replacement.
- Transportation Services represents the expenses of our partnership with Madison Reading Project for the Home Delivery program.
- Program Services **January amount increased \$84 and February amount increased \$289 due to posting of transactions after creating the report.** Some of the larger March expenses include Cultivating Wealth, Doodle Days, Jazz at Sequoya, Move Nourish Connect, Artist in Residence programs at various branches, Making Justice programs, and various other programming throughout the branches.
- Other Services and Expenses **January amount increased \$38 due to posting of transactions after creating the report.** This expense is for a notary stamp for Public Services staff member at Central.

Debt/Inter-Dept Charges

Debt/Inter-Dept Charges budget used: 0%

- Inter-Dept Charge from Engineering is for Hawthorne building maintenance.
- Finance staff have not posted any Fleet charges for 2023. When Finance creates the entries, they will post back to the appropriate month.
- Inter-Dept Charge from Traffic Engineering is for radio system maintenance. This is an annual charge, and there may be some smaller charges for repairs not covered by the maintenance plan.