

MADISON PUBLIC LIBRARY
Supplementary Notes to the 3RD Quarter 2019 Budget Projection
As of October 24, 2019

Key Indicators

Budget Year Lapsed	75%
Total Operating Revenue	95%
Total Operating Expense	64%
Total Wages & Benefits Expense	69%
Total Supplies Expense	64%
Total Services Expense	81%
Total Debt/Inter-Dept Charges	27%

Financial Snapshot

	Adopted Budget	2019 YTD Actuals	Encumbrances	% Budget Used	Under/(Over) Budget	2018 YTD Actuals	CYTD - LYTD Variance \$	CYTD - LYTD Variance %
Revenue Totals	19,787,529.43	18,876,259.23	-	95%	911,270.20	18,910,360.65	(34,101.42)	0%
Expenses Totals:	(19,795,445.43)	(12,669,850.54)	(231,217.68)	64%	6,894,377.21	(12,178,013.11)	(491,837.43)	4%
Wages & Benefits Totals	(13,145,244.26)	(9,081,620.39)	-	69%	4,063,623.87	(8,841,043.40)	240,576.99	3%
Supplies Totals	(1,031,417.64)	(658,372.53)	(32,608.20)	64%	340,436.91	(1,057,374.93)	(399,002.40)	-38%
Purchased Services Totals	(2,656,249.53)	(2,143,991.85)	(198,609.48)	81%	313,648.20	(1,904,959.41)	239,032.44	13%
Debt and Inter-Dept Totals	(2,962,534.00)	(785,865.77)	-	27%	2,176,668.23	(374,635.37)	411,230.40	110%
Net Gain/(Loss)	(7,916.00)	6,206,408.69	(231,217.68)		7,805,647.41	6,732,347.54		

Executive Summary

City of Madison Central Budget prepares quarterly budget projection reviews with the agencies. Central Budget pulls data for budgeted and actual revenue and expense and sends the data to the agency contact. Agencies review the data and analyze actual and historical data to create a year-end projection. This quarterly budget projection report represents the projected actual revenue and expense based upon September 30, 2019, year to date data. The projection notes reference the type of projection used:

- “Straight-line projection” assumes revenue or expense totals will continue evenly through the end of the year.
- “Based on budget” is used when revenue or expense totals are sporadic and unpredictable.
- Payroll expense projections are based on either number of pay periods Q3 YTD or straight-line, depending on the nature of the posting of expenses.

Special note: the amount of the fund balance on 1/1/2019 changed from \$305,303.78 to \$725,177.23. The 2018 year end entry prepared to carry forward unspent funding received prior to 2018 reduced the fund balance to \$305,303.78; the entry was reviewed and approved by City Finance staff at year end. Baker Tilly, our auditors, did not agree with the entry and it was reversed. Baker Tilly’s stance was that the entry should have been made in 2017, not 2018. Without the entry the Library Fund Balance is reported as \$725,177.23, and any adjustments for funding prior to 2018 will occur when closing the books for 2019.

The expected outcome will be a reduction in the Library Fund Balance by the amount of the 2017 carry forward funding spent in 2018. Further, the 2017 carry forward funding will not be fully spent in 2019, as this is funding for Library positions into 2020. Per the 3rd quarter 2019 projection, we are tracking to end 2019 with Fund Balance approximately \$662,000. The directive from City Finance is a target Fund Balance of 5% of total expenses, approximately \$1,000,000. The mechanism to increase Fund Balance is to receive 100% of budgeted revenues and spend less than 100% of budgeted expenditures. The main vehicle to increase Fund Balance is salary savings.

Revenue

Revenue budget used: 95%

- The 2019 budget was prepared based upon historical amounts and budget, continuing to incorporate the two large one-time donations from 2017. These two donations have been removed from the 2020 budget preparation, and will not skew our budget going forward. The revenue is projecting to be approximately \$300,000 under budget.
- Library Fines are trending even less than expected from earlier 2019 budget projections, projecting to be \$50,000 under budget.
- Contributions and Donations was expected to be under budget, currently projecting to be \$230,000 under budget. This projection accounts for donations held at the Foundation that will be requested in 2019.

Salaries and Benefits

Salaries and Benefits budget used: 69%

- Salaries and Benefits has 18.9 pay periods paid out of 26.1 pay periods. With 75% of the budget year lapsed, we have used 69% of our budget. Sunday hours resumed in September.
- The projection has Salaries and Benefits under budget by \$43,000.
- The projection assumes there will be no further retirements in 2019.

Supplies

Supplies budget used: 64%

- If spending continues as projected, Supplies will be \$112,000 under budget.
- The projection for Collections (Library Materials) is lower than the actual spending to date. At year end there will be a reconciliation of materials that should be capitalized, at that time there will be a transfer to the Capital Fund from the Operating Expenses. Many donations for Collections are for items that will be capitalized, these are housed in the Library Fund until the year end reconciliation.

Purchased Services

Purchased Services budget used: 81%

- If spending continues as projected, Purchased Services will be \$58,800 under budget.