

MADISON PUBLIC LIBRARY
Supplementary Notes to the Preliminary 2016 Year to Date Budget Report Jan-Dec
As at March 27, 2017

Key Indicators

Budget Year Lapsed	100%
Total Operating Revenue	98%
Total Operating Expense	98%
Total Wages & Benefits Expense	99%
Total Supplies Expense	48% (91% last report)
Total Services Expense	96%
Total Debt/Inter-Dept Charges	127% (101% last report)

Executive Summary

The 2016 year to date budget report is a preliminary report for the fiscal year and is subject to change while City Finance keeps the year open for postings and adjustments. This will remain the case until after the audit occurs in late April 2017. As illustrated by the above changes in the key indicator percentages for total supplies expense and debt/inter-department charges, there have been a number of key changes since the last report. This includes a reclassification of \$728,843.22 of Object code 53225 - Library Materials, from operating expense to a capital project expense to recognize collection additions purchased throughout the 2016 fiscal year as an asset. The corresponding reclassification entry in Object code 59140 - Transfer Out To Capital Project, offsets the reduction in operating expenses and has no impact on the net fund balance. This normal process occurs annually as part of the year end review. The second key change is outlined as follows, which impacts the net fund balance.

The net fund balance is the net effect between total operating revenue and expenditure. The revised budget net fund balance generally projects a nil impact by the end of the fiscal year. The current net fund balance deficit effect has increased since last month by approximately \$11,265.00 to \$107,947.31 due to minor normal 2016 expenditure and a voiding entry made against a reversal transaction processed by City Finance for an invoice coded under Object code 54650 – Advertising Services. The invoice which was paid by the City in duplicate as it had previously been paid by the Madison Public Library Foundation as part of the 2016 Wisconsin Book Festival. This occurred in late December 2016 resulting in a timing variance. The reversal of the invoice was processed in 2016 and the return of the check was entered in 2017. Therefore, while 2016 expenses have increased, 2017 expenses have decreased by the corresponding amount due to the receipt of the void check on the bank statement in 2017.

Total actual operating revenue has remained unchanged since the last report. The line item for Object code 48510 - Fund Balance Applied, with a revised budget of approximately \$126,000 contains no actual compared to the revised budget as this is the carried forward balance from unspent funds from 2015.

Total actual operating expense compared to the revised budget has a net surplus effect of just over \$279,000, reflecting the transaction mentioned above. These areas include expenses relating to employee, supplies and services which are lower than the anticipated revised budget. The significant areas of under-expenditure include building facility maintenance, printing services, advertising services, and program services. Individual line items can have an over/under variance but the net effect for 2016 is an overall favorable variance, when compared to the predicted Net Fund Balance Applied revised budgeted amount.