

MADISON PUBLIC LIBRARY
Supplementary Notes to the 2017 Year to Date Budget Report Jan-Jun
As at June 27, 2017

Key Indicators

Budget Year Lapsed	49%
Total Operating Revenue	65%
Total Operating Expense	43%
Total Wages & Benefits Expense	45%
Total Supplies Expense	49%
Total Services Expense	65%
Total Debt/Inter-Dept Charges	13%

Executive Summary

There were no changes in the 2016 Preliminary Year to Date Budget Report since last month and no further report will be forthcoming until City Finance has officially closed off the year. The 2016 comparative year is now included in the monthly report as a modification to the format of the monthly year to date budget report. The report represents the current net operating position of the library at the time of producing the report. This report provides analysis on MPL's mid-year budget performance.

Budget Amendments

Budget amendments were processed this month by City Finance to recognize carried forward encumbrances from 2016 that were expensed in 2017. These total \$12,656.03 including furniture and signage projects for Sequoya and Meadowridge from last year. While these add an additional budgeted expense to 2017, this represents the carried forward surplus from 2016.

A significant budget amendment/transfer for recognition of the 2017 City revenue appropriations (object number 41110 Real Estate Taxes) was also processed this month. This represents an addition of \$16,915,565 in budgeted revenue and actual tax revenue received year to date of \$11,073,935. The actual net fund balance shows normal activity year to date where expenditures run higher than actual revenue received due to timing variances. The year to date net fund balance shows a deficit effect of \$3,734,614 until the rest of the tax revenue for the year is recognized and other revenue is received.

2017 Mid-Year Budget Review

With the inclusion of the 2016 actuals comparative column in the report and in preparation for the City's mid-year/second quarter budget review, comments in the report have been included for analysis on MPL's year to date budget to actual performance. The second quarter results are critical as the projections from these will be reported to the City's Finance Committee and Council.

The library's activities and financial performance year to date can be compared against a linear time benchmark with 49% of the budget year lapsed as at the date of the report. Services expenditure is running higher at 65% of original budget due to timing of advanced rental prepayments and commencement of the building facility maintenance and annual servicing. Other services and supplies areas are running higher than benchmark or over budget and these will be monitored internally with relevant managers and staff. Contribution and external donations revenue is expected to catch up as funding from donors is received throughout the year.

A number of areas of revenue are forecasted to be lower than anticipated including income from fines, collection rentals (AV & books), printing/reproduction, catering concession and facility rental for event

hire. The respective revenue drivers (patron usage and demand for resources and facilities) are unpredictable and have eventuated in lower performance than budgeted/anticipated. Management will be working with City Finance to balance out the shortfalls during the mid-year review process through a review of expenditure areas. Salary and fringe expenses are tracking lower than budget overall with actual expenditure for individual line items either running higher or lower than budget. This is due to normal activities where key positions advertised in the first half of the year have been vacant and only recently been filled. Hourly wages typically run higher than budget. The City's mid-year budget review results will be reported back once the review has passed through City processes.