

MADISON PUBLIC LIBRARY

Supplementary Notes to the 2017 Year to Date Budget as at October 24, 2017

Key Indicators

Budget Year Lapsed	81%
Total Operating Revenue	97%
Total Operating Expense	84%
Total Wages & Benefits Expense	81%
Total Supplies Expense	78%
Total Services Expense	82%
Total Debt/Inter-Dept Charges	100%

Executive Summary

The monthly year to date budget report represents the current net operating position of the library at the time of producing the report. This report provides analysis on MPL's year to date budget performance. The library's activities and financial performance year to date can be compared against a linear time benchmark with 81% of the budget year lapsed as at the date of the report. Variances between revised budget and year to date actual 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.

Net Fund Balance & Budget Amendments

A budget amendment was processed this month to recognize \$20,000 for both funding and associated expenditure for program performers and supplies for the Hawthorne Branch Art Mural project, funded by the Madison Art Commission via the Madison Public Library Foundation. This amendment has a nil effect on the predicted net fund balance. The revised net fund balance remains at \$12,655.04. This is a result of carried forward encumbrances for 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.

The actual net fund balance shows normal activity year to date where revenues are higher than actual expenditures due to timing variances. The year to date net fund balance shows a surplus effect of (\$2,535,532.29). This has decreased by \$1,106,534.78 since the last report as normal expenditure and operations have occurred. The net fund balance will continue to vary each month until the end of the fiscal year with the receipt of other sources of revenue, and as funds are spent down as programming and supply activities progress through the rest of the year.

2017 Third Quarter Budget Review & Projections

Key Library personnel and the Library's Budget Analyst Elizabeth York met October 17th to review the Library's budget performance and projections as at September 30th for the 2017 third quarter (Q3). The purpose of the Q3 review was to identify whether any amendments were required between expenditure classifications (majors) i.e. between services versus supplies, in order to include them for approval in the Council and Finance Committee meeting processes. In summary, the significant areas of budget variances/projections for the Library include:

- \$66.8K net additional revenue due to receipt of final IMLS Bubbler grant funds and anticipated fall 2017 disbursement of Madison Public Library Foundation Annual funding.

- \$344K net additional salary and benefits expense due to sick leave payouts on retirements and under-budgeting for hourly FICA and other benefits. This has been addressed in the 2018 proposed budget.
- \$4.7K net reduced supplies expenditure
- \$41.1K net reduced purchased services expenditure

Overall, it is predicted that the Library will be approximately \$231.8K over budget primarily due to the impact of under budgeting for hourly salaries and benefits. In the proposed 2018 executive operating budget, additional funding has been provided to rectify this. No significant budget amendments are required. The following provides further detail on the year to date performance on actuals versus budget.

A number of individual facility supplies line items are performing over budget as a result of reactive maintenance and repair issues. These will be monitored and other areas will be investigated for savings offset. Services expenditure is running higher at 82% of original budget due to timing of advanced rental prepayments and progression of 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. Salary and benefits expenditures are generally 1/26th behind as at the time of reporting due to timing of payroll batch updates. This means the Library is running over budget due to unpredictable retirement payouts for sick leave and other areas are under-budgeted for hourly staff benefits and WRS as previously mentioned.

Contribution and external donations revenue is close to budget target as funding from donors is now received up front rather than after expenditure has been incurred towards year end. 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. Budget performance will continue to be monitored through to the end of year and early 2018 as year-end processes commence.