

MADISON PUBLIC LIBRARY
Supplementary Notes to the 2018 Year to Date Budget Report
As at July 24, 2018

Key Indicators

Budget Year Lapsed	56%
Total Operating Revenue	80%
Total Operating Expense	47%
Total Wages & Benefits Expense	50%
Total Supplies Expense	53%
Total Services Expense	63%
Total Debt/Inter-Dept Charges	12%

Executive Summary

The 2018 year to date budget report represents the current net operating position of the library at the time of producing the report. Budget amendments/transfers were processed this year to recognize 2018 private donations anticipated to be received in 2018 and were allocated within the project ledger to enable budget authority to spend. These amendments had a nil effect on the predicted year end net fund balance result.

Budget Activity

As reported previously, a significant budget amendment/transfer for recognition of the 2018 City revenue appropriations (object number 41110 Real Estate Taxes) will not be processed until later in the year. This is impacting the net fund balance where the original budget should target a nil effect for the end of the year. The expected revenue figure of \$17,779,030 has been confirmed and inputted into the report to present a more reasonable view of budget to actual performance.

Further amendments were processed this month and last month to true up the budget to anticipated levels of contributions expected to be received in 2018. This included an increase in both revenue and expenditure of \$20,846 representing MPL Foundation donor designated pledged funds. Amendments of an increase of \$7,524.31 expense for hardware supplies and youth services supplies, being carried forward encumbrances from 2017. This will have a deficit effect on the 2018 net fund balance, where funds were unspent in 2017.

The library's activities and financial performance year to date activity has just passed the mid-year benchmark. Staff met with the Library's budget analyst to review the mid-year projections this month. 56% of the budget year has lapsed as at the date of the report. A number of assumptions underpin the report:

- Year to date actual values for salary and benefits are always behind by one pay cycle i.e. 1/26th. 13 pay periods out of 26 are represented in the wages and benefits figures of the report. Salary projections are in line with those reported to the MPL Board from the Q2/Mid-year review. Employee costs are being monitored closely and a review is currently in progress by Library management. While the overall performance of salary and

benefits are tracking lower at 50%, there are still areas of concern and are repeatedly over-budget year after year including:

- \$295K overall savings in permanent salaries (however, salary savings targets need to be met first of \$211K)
- \$31K additional premium pay
- \$20K saving in compensated absence
- \$112K additional hourly expenses
- \$43K additional permanent overtime expenses
- \$28K additional anticipated retirement pay outs
- \$34K additional health insurance benefit expenses
- \$18K saving in WRS expenses
- \$14.5K saving in FICA Medicare benefit expenses

Total supplies expenditure year to date is tracking at 53%, while total purchased services expenditure is tracking ahead of time benchmarks at 63%. These include full annual payments of contracts and advance payment of facility leases. Other areas that continue to be of concern from the Q2 review include:

- \$15,000 reduction in library fine revenue
- \$3,000 reduction in library collection rental fees
- \$45K increase in supplies primarily from under budgeted original targets for facilities supplies
- \$31K increase in purchased services across a number of areas. A majority of the projected over expenditure for conferences and grants will be covered by external funds and the budget adjusted accordingly.

Based on these assumptions, it is projected that the Library may end 2018 with a net deficit impact on the fund balance of \$203,030. Some of these, particularly the issue with hourly wages and reduction in revenue items will also impact the 2019 budget. Library staff are reviewing these projections in greater depth and will seek avenues to alleviate the fund balance impact.