

MADISON PUBLIC LIBRARY
Supplementary Notes to the July 2020 Year to Date Budget Report
As of September 1, 2020

Key Indicators

Budget Year Lapsed	58%
Total Operating Revenue	78%
Total Operating Expense	45%
Total Wages & Benefits Expense	51%
Total Supplies Expense	50%
Total Services Expense	49%
Total Debt/Inter-Dept Charges	14%

Financial Snapshot

								7/31/2020
								Year remaining 42%
								Year lapsed 58%
MADISON PUBLIC LIBRARY JULY 31, 2020 YEAR TO DATE BUDGET REPORT AS OF SEPTEMBER 1, 2020								
	2020 Adopted Budget	2020 YTD Actuals	Encumbrances	% Budget Used	2020 Under/(Over) Budget	2019 YTD Actuals	CYTD - LYTD Variance \$	CYTD - LYTD Variance %
Revenue Totals	21,111,745.51	16,455,758.49	-	78%	4,655,987.02	15,712,798.84	742,959.65	5%
Expenses Totals:	(21,130,769.32)	(9,503,128.17)	(371,160.66)	45%	11,256,480.49	(10,126,882.68)	623,754.51	-6%
Wages & Benefits Totals	(14,071,623.00)	(7,151,251.65)	-	51%	6,920,371.35	(7,092,280.94)	58,970.71	1%
Supplies Totals	(1,100,074.32)	(553,025.69)	(42,968.60)	50%	504,080.03	(477,694.80)	75,330.89	16%
Purchased Services Totals	(2,781,835.00)	(1,349,791.19)	(328,192.06)	49%	1,103,851.75	(1,881,804.74)	(532,013.55)	-28%
Debt and Inter-Dept Totals	(3,177,237.00)	(449,059.64)	-	14%	2,728,177.36	(675,102.20)	(226,042.56)	-33%
Net Gain/(Loss)	(19,023.81)	6,952,630.32	(371,160.66)		15,912,467.51	5,585,916.16		
Fund Balance 1/1/2020		788,973.98						
Fund Balance 8/31/20		449,930.98						

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 current and last year to date expense and budget performance by comparison. Variances between current and last year to date actuals 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.

At the time of this report the 2019 carry forward funds entry was adjusted based on guidance from Central Budget and awaiting review and approval of the Library Board. Unspent private funds at the end of a fiscal year revert to Fund Balance for year end reporting, then must be brought back into the next year operating budget, reducing Fund Balance. The entry for 2019 carry forward funding will increase overall expense budget by \$339,043, pulling these funds out of Fund Balance. This is indicated in the Fund Balance section in the Financial Snapshot above. There was much discussion, with Central Budget staff and Library staff, regarding the entry to be created. First and foremost, the entry could not be created until after all 2019 entries and audit had been completed, to ensure no further changes to expenses. Second, Library was instructed to only bring forward funds staff realistically have the capacity to spend in 2020, given the changes in programming due to COVID-19. Third, the internal discussions were needed to determine the capacity to spend the donations in correlation with the designated use of the funds. The final determination of 2019 funds to bring forward into 2020 leaves \$54,547 residing in Fund Balance until Library staff have the capacity to spend the donations. These funds represent in-person programming, and it is currently undetermined as to when Library will be able to create in-person programming, due to COVID-19.

At the time of this report the planned 2020 Operating Budget has not been adjusted for realigned projections due to COVID-19. The 2020 2nd Quarter budget projection process will result in budget adjustments to align to expected revenue and expense budget amounts. This realignment process has begun, but has not been completed at the time this report was created.

Revenue

Revenue budget used: 78%

- Real Estate Taxes has been credited with the first three installments in 2020, with one remaining installment of \$3,512,322 to be credited.
- Federal Revenues Operating is over budget due to the eRate rebate received. This was unknown at the time the 2020 operating budget was created.
- With Library branches closing due to COVID-19 we do not anticipate the following revenues increasing from the current actuals:
 - Reproduction Services:
 - While the branches are now open for public computing, we are not currently charging for copy/print fees.
 - In house printing may increase slightly more than current actuals in third and fourth quarter. As things begin to open during COVID-19 we can anticipate print job requests from the Foundation and SCLS Libraries.
 - Appliance Collection: sales will not resume until Library is open for full services.
 - Catering Concessions: remaining 2020 events have been canceled.
 - Facility Rental: remaining 2020 events have been canceled.
 - Library AV and Book Rentals: This has been renamed from Library Collection Fees to better describe the revenue origination. This may increase slightly more than current actuals in the third and fourth quarter, although we did not build that assumption into our 2nd Quarter 2020 projection.
 - Reimbursement of Expense: this revenue is generally related to reimbursements for conferences.
 - Library Fines: comprised of two revenue streams:
 - Library Fines: no longer being generated.
 - Lost and Damage fees: we may see revenue resume as curbside service started in May.
 - Miscellaneous Revenue: this revenue is from book bag sales and payments from patrons that do not fit in another revenue category. We are not expecting to resume cash payments in 2020.

Wages and Benefits

Wages and Benefits budget used: 51%

- Wages and Benefits has 13.8 pay periods paid out of 26.2 pay periods. Last Year to Date had 13.1 pay periods paid out of 26.1.
- With a city-wide hiring freeze we are anticipating wages and benefits being below budget for the remainder of 2020.
- Budget will increase by \$127,650 when the 2019 carry forward entry is posted. This represents the funding from Schmidt Sciences and Venture fund received in 2017 and intended to be spent over many years.

Supplies

Supplies budget used: 50%

- Furniture budget will increase \$26,200 when the 2019 carry forward entry is posted. Actual expenses will increase accordingly, as the Lakeview and Ashman remodel projects are completed.

- Hardware Supplies budget will increase \$25,000 when the 2019 carry forward entry is posted.
- Program Supplies are well below budget because of cancelation of in-person programs due to COVID-19.
- Janitorial Supplies will be over budget due to unanticipated purchases related to COVID-19.
- Library Collections purchases deemed as fixed assets are now housed in the Capital Fund.
 - Capital budget is \$700,000 with purchases YTD of \$308,673; 44% of budget is used.
 - Library Collections purchases also continue in the operating budget, funded by Levy and Private Funds.
 - Library Collections purchases in operating budget YTD totals \$211,814; 71% of Library Collections Operating budget.
 - Library Material budget will increase \$24,600 when the 2019 carry forward entry is posted.
- Safety Supplies expenses are well over budget, and will continue to be for the remainder of 2020. This is directly due to COVID-19 procedures and precautions. This will be offset by many other supplies expenses being well under budget, also due to COVID-19.
- Building Supplies budget will increase \$53,300 when the 2019 carry forward entry is posted. Actual expenses will increase accordingly, as the Lakeview and Ashman remodel projects are completed.
- Electrical Supplies budget historically has been too low.
 - With 58% of 2020 lapsed, we are currently at 65% of the 2019 total expenses.
 - A large ballast order was placed for Central in January 2020, where the 2019 purchases were spread more throughout the year.
- HVAC Supplies are over budget due to a large purchase of specialized filters for Central in January.
- Machinery and Equipment is over budget due to the remodel at Lakeview, funded by the Rosen-Weston donation. Budget for the remodel expenses is solely housed in Building Supplies; when the 2020 budget was created the individual accounts for the remodel expenses were unknown.

Purchased Services

Purchased Services budget used: 49%

- Telephone is over budget due to the Zendesk purchase of \$16,750, to enable remotely operating the reference desk line. This is currently funded by MPLF annual donation for technology.
- Systems Communication Internet expense is below budget due to realignment of Communication Device Repair and Maintenance expenses after 2020 budget was planned. This is an annual expense.
- Communication Device Repair and Maintenance is over budget due to:
 - Installation of wireless access points, unknown at the time 2020 budget was prepared. This was funded by the eRate Rebate received in January.
 - RFID support from Bibliotheca via SCLS.
- System and Software Maintenance is over budget due to a payment for the new reservation and calendar software, unknown at the time the 2020 budget was planned. This is a one-time payment.
- Recruitment expenses were all incurred January through April, prior to the hiring freeze. All expenses in Audit Services has no budget, 2020 is the first year City Finance charged Library for a share of the annual audit service expenses. It was unknown during the preparation of the 2020 budget that Library would be charged a share of these expenses.
- Consulting Services is over budget, these services are funded in full by private funds.
- Security Services is close to full budget. The majority of expenses are annual agreements paid in January.
- Many Purchased Services expenses will be much less than anticipated when building the 2020 budget, due to COVID-19.

Debt/Inter-Dept Charges

Debt/Inter-Dept Charges budget used: 14%

- ID Charge from Traffic Engineering is slightly over budget. This is an annual charge, with very minor adjustments at year end.
- Transfer Out to Debt Service is comprised of the Library's capital borrowing payments. Library's 2020 payments of \$3,045,046 are \$218,670 more than 2019 payments of \$2,826,376. On average, Library payments increase \$11,700 per \$100,000 of capital borrowing.