



Westchester Library System
Financial Statement Review
August 2016



NOTES FOR AUGUST 2016 BALANCE SHEET

Assets:

Cash & Cash Equivalents – Over the last three months, WLS’s cash position improved by \$1.9 Million. Approximately \$3.8 Million was received during the June-August period, including \$1.9 Million in State Aid, \$1 Million in IT membership fees, \$500,000 from Westchester County (for the first 2 quarters of 2016), and \$50,000 in other revenues and in contributions; expenditures during the same period totaled approximately \$1.9 Million. In addition, \$251,000 in New York State Local Library Services Aid was received and passed through to the member libraries.

Unconditional Promises to Give – Approximately \$725,000 in unconditional promises were recorded against receipt of \$1,125,000 in revenues from County State and Federal sources. The net effect of this activity was a reduction of \$400,000 in this line since the end of May.

Accounts Receivable – This line increased by approximately \$300,000, driven primarily by IT receivables for the July-December period.

Prepaid Expenses – Approximately \$48,000 in prepaid expenses was recorded and \$268,000 released during this period, most of it for prepaid insurance expenses, rent, database subscriptions and maintenance contracts. The net result is a decrease of approximately \$220,000 in this line between the end of May and the end of August.

Liabilities:

Accounts Payable – This line increased by approximately \$112,000, primarily driven by the monthly accrual for pension expenses over the three-month period.

Deferred Revenue – This line increased by approximately \$1,800,000 during the period, the result of recording approximately \$1.3 Million in NYS revenues, \$1.1 Million in IT (July-December) revenues and \$35,000 in other revenues, against recognition of approximately \$638,000 (including \$172,000 in NYS revenues, \$434,000 in IT revenues and \$12,000 in other revenues).

Deferred Rent – This new category has been created to record the cost of rent over the full 11 years of the lease, even though WLS is not actually paying rent for the first 12 months.

Financial Statement Review August 2016

	<u>8/31/2016</u>	<u>12/31/2015</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	4,982,933	3,959,925	1,023,008	25.8%
Unconditional Promises to Give	500,663	337,244	163,419	48.5%
Accounts Receivable	398,835	70,252	328,583	467.7%
Prepaid Expenses	423,204	451,404	(28,200)	-6.3%
Security Deposits	<u>35,737</u>	<u>35,737</u>	<u>0</u>	<u>0.0%</u>
Total Current Assets	6,341,372	4,854,561	1,486,811	30.6%
Long-term Assets				
Property & Equipment	<u>256,774</u>	<u>325,884</u>	<u>(69,110)</u>	<u>-21.2%</u>
Total Property & Equipment	256,774	325,884	(69,110)	-21.2%
Total Long-term Assets	256,774	325,884	(69,110)	-21.2%
Total Assets	<u>6,598,146</u>	<u>5,180,445</u>	<u>1,417,701</u>	<u>27.4%</u>
Liabilities				
Short-term Liabilities				
Accounts Payable	647,161	421,624	225,537	53.5%
Deferred Revenue	<u>2,067,404</u>	<u>651,749</u>	<u>1,415,655</u>	<u>217.2%</u>
Total Short-term Liabilities	2,714,565	1,073,373	1,641,191	152.9%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	48,675	0	48,675	100.0%
Post-Retirement Benefits Payable	<u>4,116,348</u>	<u>4,116,348</u>	<u>0</u>	<u>0.0%</u>
Total Long-term Liabilities	4,165,023	4,116,348	48,675	1.2%
Total Liabilities	<u>6,879,588</u>	<u>5,189,721</u>	<u>1,689,867</u>	<u>32.6%</u>
Net Assets				
Total Net Assets	<u>(281,442)</u>	<u>(9,276)</u>	<u>(272,166)</u>	<u>2934.1%</u>
Total Liabilities and Net Assets	<u>6,598,146</u>	<u>5,180,445</u>	<u>1,417,701</u>	<u>27.4%</u>



NOTES FOR AUGUST 2016 INCOME STATEMENT

Revenues:

Revenues for August exceeded budget by \$4,167. Notable variances included:

Grants State – Now that the 2016-2017 New York State allocations have been determined, the August income statement reflects the actual State revenues WLS is receiving, which is greater than what had been budgeted for 2016.

Member Technology Fees – As has been noted in earlier reports, the shortfall in this line is the result of the way member fees are being recognized (i.e., a larger portion was recognized in the first half than is being recognized in the second half of the year).

Expenses:

Spending for the month of August was approximately \$41,000 less than the budget for the period. Lines that had notable overspending during the month included:

Salaries – Overspending in this line was driven by a timing issue: there were 23 workdays in August, and the budget assumes approximately 21.5 work days each month.

Rent – Overspending in this line during August is driven by recording the first two months (July & August) of deferred rent.

Bibliographic Fees – As with the rent line above, overspending in this line is driven by payment of two months (July & August) of OCLC fees.

Travel – The deficit in this line is the result of a journal entry to correct a duplicate expense input in a previous month.



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Financial Statement Review August 2016

	Current Period			Current Year			Total Budget
	8/31/2016	Budget	Budget Variance	Actual	YTD Budget	YTD Budget Variance	
Revenue							
Grants State	190,500	178,408	12,092	1,446,077	1,427,067	19,010	2,140,700
Grants County	83,325	83,325	0	666,600	666,600	0	1,000,000
Grants Federal	287	0	287	2,168	0	2,168	0
Member Technology Fees	219,000	225,308	(6,308)	1,850,896	1,803,467	47,430	2,704,700
Fund Raising & Contributions	3,014	8,917	(5,902)	54,841	81,333	(26,492)	117,000
Interest	226	250	(24)	3,200	2,000	1,200	3,000
WEBS & Other	3,535	3,325	210	29,436	26,600	2,836	39,500
Restricted Grants	<u>43,371</u>	<u>39,558</u>	<u>3,812</u>	<u>295,738</u>	<u>323,967</u>	<u>(28,229)</u>	<u>482,100</u>
Total Revenue	543,259	539,092	4,167	4,348,956	4,331,033	17,923	6,487,000
Expenditures							
Salaries	202,372	192,356	(10,016)	1,540,070	1,553,737	13,667	2,341,700
Fringe Benefits	89,459	94,582	5,122	732,320	757,908	25,589	1,141,200
Professional Fees	906	1,342	435	14,796	12,333	(2,462)	25,400
Equipment	3,388	14,717	11,329	51,197	119,733	68,537	178,600
Library Materials	50,368	58,175	7,807	453,066	461,500	8,434	687,300
Rent and Utilities	49,264	25,233	(24,031)	185,581	200,067	14,486	301,000
Repairs and Maintenance	22,887	31,733	8,846	243,444	252,967	9,523	378,300
Supplies	2,908	3,908	1,000	20,338	23,367	3,029	37,400
Telephone and Internet	26,661	26,833	173	204,977	214,667	9,689	322,000
Printing and Postage	6	5,175	5,169	42,376	41,475	(901)	60,200
Bibliographic Fees	10,080	5,250	(4,830)	46,239	44,000	(2,239)	65,000
Professional Development	825	3,750	2,925	32,682	62,100	29,418	79,500
Travel	4,890	2,983	(1,907)	24,914	24,466	(448)	39,000
Memberships	210	1,717	1,507	10,344	16,633	6,290	17,500
Contractual Services	29,270	33,700	4,430	209,889	266,200	56,312	392,200
Delivery Service	29,983	31,875	1,892	260,365	255,000	(5,365)	382,500
Special Events	0	0	0	15,733	10,000	(5,733)	10,000
Insurance	1,790	1,800	10	14,179	14,400	221	22,000
Interest	0	0	0	0	0	0	500
Miscellaneous	917	1,995	1,078	9,313	17,160	7,847	25,700
Total Expenditures	526,185	537,124	10,939	4,111,820	4,347,713	235,892	6,507,000
Net Revenue Before Depreciation	17,074	1,968	15,107	237,136	(16,679)	253,815	(20,000)
Non-Cash Activity							
Depreciation	<u>8,639</u>	<u>0</u>	<u>(8,639)</u>	<u>69,110</u>	<u>0</u>	<u>(69,110)</u>	<u>0</u>
Total Non-Cash Activity	8,639	0	(8,639)	69,110	0	(69,110)	0
Net Revenue	8,435	1,968	6,468	168,025	(16,679)	184,705	(20,000)



NOTES FOR AUGUST 2016 INCOME STATEMENT WITH PROJECTIONS

Revenues:

On the Revenue Side, total revenue is expected to come in about \$18,000 over budget, driven by the budget lines noted below:

State Revenues – WLS has received confirmation of the NYS 2016-17 allocations and, based on that information, State revenues will exceed budget by \$76,000.

Member Library Fees – Based upon current projections, this line will exceed budget by \$14,000, primarily driven by greater-than anticipated revenues for professional services provided by IT to member libraries.

Restricted Grants – The projected deficit in this line is driven by the fact that some revenue budgeted for the IMLS grant in 2016 was in fact recognized in 2015.

Expenses:

On the Expense side, total expenses are projected to come in approximately \$270,000 under budget before depreciation. Notable variances are discussed below:

Salaries – This line also includes hourly wages, and although the bi-weekly payment for hourly wages fluctuates with each payroll period, current projections indicate that not all of the budgeted hourly wages will be spent.

Fringe Benefits – The projected surplus in this line is driven both by underspending for health insurance and the lower-than-anticipated projection for pension expenses.

Professional Fees – The projected deficit is the result of expenses associated with legal fees related to the lease of the Taxter Road office.

Telephone & Internet – WLS received discounts greater than anticipated as a result of exceeding benchmarks in the County's contract with Lightpath. WLS had also expected that there would be additional costs related to services changes at some libraries; those costs were not realized.

Bibliographic Fees – Unanticipated increases in costs are the driver of the overspending in this line.

Contracts Processing – Spending in this line is projected to fall short of budget by approximately \$70,000. Approximately 2/3 of this underspending is related to the shortfall in Restricted Grants revenue noted above. Some IMLS expenses which were budgeted for 2016 were actually recorded at the end of 2015.

Special Events – This line will close the year with a deficit of approximately \$5,700; however, revenues from special events (included under Fundraising & Contributions) exceeded budget by \$4,000 so the net will be a deficit of \$1,700 for the event.

Financial Statement Review – Full-Year Projections August 2016

	<u>Total Budget</u>	<u>Current Year Actuals (through Aug-2016)</u>	<u>Current Year Projected (Sep -Dec 2016)</u>	<u>CURRENT YEAR TOTAL PROJECTIONS</u>	<u>Current Year Projected vs Budget</u>
Revenue					
Grants State	2,140,700	1,446,077	770,624	2,216,701	76,001
Grants County	1,000,000	666,600	333,400	1,000,000	0
Grants Federal	0	2,168	0	2,168	2,168
Member Technology Fees	2,704,700	1,850,896	874,000	2,724,896	20,196
Fund Raising & Contributions	117,000	54,841	20,000	74,841	(42,159)
Interest	3,000	3,200	1,200	4,400	1,400
WEBS & Other	39,500	29,436	13,890	43,326	3,826
Restricted Grants	<u>482,100</u>	<u>295,738</u>	<u>140,837</u>	<u>436,575</u>	<u>(45,525)</u>
Total Revenue	6,487,000	4,348,956	2,153,951	6,502,907	15,907
Expenditures					
Salaries	2,341,700	1,540,070	784,275	2,324,345	17,355
Fringe Benefits	1,141,200	732,320	332,949	1,065,269	75,931
Professional Fees	25,400	14,796	14,429	29,225	(3,825)
Equipment	178,600	51,197	124,711	175,908	2,692
Library Materials	687,300	453,066	201,950	655,016	32,284
Rent and Utilities	301,000	185,581	103,100	288,681	12,319
Repairs and Maintenance	378,300	243,444	134,000	377,444	856
Supplies	37,400	20,338	14,000	34,338	3,062
Telephone and Internet	322,000	204,977	107,270	312,247	9,753
Printing and Postage	60,200	42,376	16,835	59,211	989
Bibliographic Fees	65,000	46,239	23,119	69,358	(4,358)
Professional Development	79,500	32,682	20,500	53,182	26,318
Travel	39,000	24,914	12,457	37,370	1,630
Memberships	17,500	10,344	6,000	16,344	1,157
Contractual Services	392,200	209,889	112,000	321,889	70,311
Delivery Service	382,500	260,365	122,315	382,680	(180)
Special Events	10,000	15,733	0	15,733	(5,733)
Insurance	22,000	14,179	7,600	21,779	221
Interest	500	0	500	500	0
Miscellaneous	<u>25,700</u>	<u>9,313</u>	<u>6,193</u>	<u>15,507</u>	<u>10,193</u>
Total Expenditures	6,507,000	4,111,820	2,144,205	6,256,025	250,975
Net Revenue Before Depreciation	(20,000)	237,136	9,747	246,882	
Non-Cash Activity					
Depreciation	0	69,110	34,555	103,665	(103,665)
Total Non-Cash Activity	0	69,110	34,555	103,665	(103,665)
Net Revenue	(20,000)	168,025	(24,808)	143,217	

**Financial Statement Review
Capital Budget SUMMARY* – August 2016**

	<u>Total Budget</u>	<u>Current Year Actuals (through Aug-2016)</u>	<u>Current Year Projected (Sep -Dec 2016)</u>	<u>CURRENT YEAR TOTAL PROJECTIONS</u>	<u>Current Year Projected vs Budget</u>
Expenditures					
Equipment	625,000	421,923	125,000	546,923	78,077
Repairs and Maintenance	120,000	0	80,000	80,000	40,000
Contractual Services	30,000	7,941	0	7,941	22,059
Moving Expense	<u>30,000</u>	<u>19,500</u>	<u>0</u>	<u>19,500</u>	<u>10,500</u>
Total Expenditures	<u>805,000</u>	<u>449,363</u>	<u>205,000</u>	<u>654,363</u>	<u>150,637</u>

* See page 9 for detail on the Capital budget by project.

Financial Statement Review Capital Budget DETAIL – August 2016

CAPITAL BUDGET Information Technology

	<u>Total Budget</u>	<u>Current Year Actuals (through Aug-2016)</u>	<u>Current Year Projected (Sep -Dec 2016)</u>	<u>CURRENT YEAR TOTAL PROJECTIONS</u>	<u>Current Year Projected vs Budget</u>
Expenditures					
Equipment	415,000	222,173	125,000	347,173	67,827
Repairs and Maintenance	120,000	0	80,000	80,000	40,000
Contractual Services	20,000	0	0	0	20,000
Moving Expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>555,000</u>	<u>222,173</u>	<u>205,000</u>	<u>427,173</u>	<u>127,827</u>

Notes:

Virtual Desktops - Negotiating with vendors regarding purchase of equipment and software

Network Equipment - Equipment purchased and expected to be installed by late Fall

Phone System - Equipment purchased and new phone system in operation

Innovation Lab - Purchase of 3-D printer and laser cutter currently under consideration

CAPITAL BUDGET Taxter Move

	<u>Total Budget</u>	<u>Current Year Actuals (through Aug-2016)</u>	<u>Current Year Projected (Sep -Dec 2016)</u>	<u>CURRENT YEAR TOTAL PROJECTIONS</u>	<u>Current Year Projected vs Budget</u>
Expenditures					
Equipment	195,000	199,749	15,000	214,749	(19,749)
Contractual Services	10,000	7,941	0	7,941	2,059
Moving Expense	<u>45,000</u>	<u>19,500</u>	<u>0</u>	<u>19,500</u>	<u>25,500</u>
Total Expenditures	<u>250,000</u>	<u>227,190</u>	<u>15,000</u>	<u>242,190</u>	<u>7,810</u>

Notes:

To date, \$227,190 has been spent for the move, the majority of the expenses being for furniture & equipment. Although the Equipment line is overspent, the other budget lines are significantly underspent, so that the overall cost of the move is still within budget.

WLS is exploring the possibility of some additional furniture purchases before the end of 2016.