



Westchester Library System
Financial Statement Review
August 2017



NOTES FOR AUGUST 2017 BALANCE SHEET

Assets:

Cash & Cash Equivalents – Over the last three months, WLS’s cash position improved by \$2.1 Million. More than \$3.6 Million was received during the June – August period, including \$1.9 Million in State Aid; \$1.2 Million in IT fees; \$300,000 from Westchester County (final \$50,000 for 2016 and \$250,000 for the third quarter of 2017); and \$100,000 in other revenues and in contributions; in addition, \$251,000 in New York State Local Library Services Aid was received and passed through to the member libraries. Expenditures during the same period totaled approximately \$1.7 million. WLS’s cash position at the end of August 2017 compares favorably with the organization’s cash position as of August 2016, with revenues approximately \$185,000 greater at this point in 2017.

Unconditional Promises to Give – More than \$710,000 in unconditional promises were recorded against receipt of \$950,000 in revenues from State and County sources. The net effect of this activity was a reduction of approximately \$240,000 in this line since the end of May.

Accounts Receivable – This line increased by approximately \$170,000, driven primarily by IT receivables for the July – December period.

Prepaid Expenses – Approximately \$330,000 in prepaid expenses was recorded and \$410,000 released during this three-month period, most of it for prepaid insurance expenses, rent, database subscriptions and maintenance contracts. The net result is a decrease of approximately \$80,000 in this line between the end of May and the end of August.

Liabilities:

Accounts Payable – This line increased by approximately \$115,000, 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 \$2.45 Million in revenue including \$1.3 Million in NYS revenues, \$1.1 Million in IT (July-December) revenues and \$50,000 in other revenues, against recognition of approximately \$650,000 including \$176,000 in NYS revenues, \$458,000 in IT revenues and \$16,000 in other revenues.

Deferred Rent – This line increased by \$25,000 and reflects the recording of deferred rent for June, July and August.

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	<u>8/31/2017</u>	<u>12/31/2016</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	5,166,644	3,691,561	1,475,082	40.0%
Unconditional Promises to Give	395,042	280,522	114,519	40.8%
Accounts Receivable	329,426	72,116	257,310	356.8%
Prepaid Expenses	647,518	701,656	(54,138)	-7.7%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Current Assets	6,538,629	4,745,855	1,792,774	37.8%
Long-term Assets				
Property & Equipment	<u>782,947</u>	<u>912,638</u>	<u>(129,691)</u>	<u>-14.2%</u>
Total Property & Equipment	<u>782,947</u>	<u>912,638</u>	<u>(129,691)</u>	<u>-14.2%</u>
Total Long-term Assets	<u>782,947</u>	<u>912,638</u>	<u>(129,691)</u>	<u>-14.2%</u>
Total Assets	<u>7,321,577</u>	<u>5,658,494</u>	<u>1,663,083</u>	<u>29.4%</u>
Liabilities				
Short-term Liabilities				
Accounts Payable	679,038	470,537	208,501	44.3%
Deferred Revenue	<u>2,069,173</u>	<u>646,284</u>	<u>1,422,890</u>	<u>220.2%</u>
Total Short-term Liabilities	2,748,212	1,116,821	1,631,391	146.1%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	292,554	146,026	146,527	100.3%
Post-Retirement Benefits Payable	<u>4,023,673</u>	<u>4,023,673</u>	<u>0</u>	<u>0.0%</u>
Total Long-term Liabilities	<u>4,316,227</u>	<u>4,169,699</u>	<u>146,527</u>	<u>3.5%</u>
Total Liabilities	<u>7,064,438</u>	<u>5,286,520</u>	<u>1,777,918</u>	<u>33.6%</u>
Net Assets				
	<u>257,138</u>	<u>371,973</u>	<u>(114,835)</u>	<u>-30.9%</u>
Total Net Assets	<u>257,138</u>	<u>371,973</u>	<u>(114,835)</u>	<u>-30.9%</u>



NOTES FOR AUGUST 2017 INCOME STATEMENT

Revenues:

Revenues for August fell short of budget by \$1,000. Budget lines of note include:

Grants State – The 2017-2018 New York State allocations have been determined, and those allocations represent an increase of .05%, \$1,400 in total across all categories of State aid.

Fundraising & Contributions – Although this line shows a shortfall of approximately \$7,700, a large portion of the contributions recognized in August is listed under “*Restricted Other*” since these monies have been given for a specific program. The total monthly budget for the two lines is \$9,333 and total revenue for August is \$7,245 so the actual shortfall is just over \$2,000 for the month.

Restricted Grants – The shortfall in this line is due to the fact that the Family and Adult Literacy grants were budgeted over a 12-month period when they should have been budgeted over the period January-June. Monies for those two grants were fully recognized during the January-June period as evidenced by the surplus in the Current Year Actual revenues versus the YTD Budget.

Expenses:

Spending for the month of August came in \$30,000 under the monthly budget. 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 – The deficit in this line is driven by payment of utility costs for May and June which had not been invoiced in a timely manner.

Insurance – This line is overspent due recognition of pre-paid expenses that had not been recorded earlier.



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Financial Statement Review August 2017

	Current Period			Current Year			Total Budget
	8/31/2017	Budget	Budget Variance	Actual	YTD Budget	YTD Budget Variance	
Revenue							
Grants State	186,083	186,083	0	1,488,699	1,488,667	33	2,233,000
Grants County	83,333	83,333	0	666,667	666,667	0	1,000,000
Grants Federal	317	0	317	317	0	317	0
Member Technology Fees	228,286	225,892	2,395	1,822,366	1,807,133	15,233	2,710,700
Fund Raising & Contributions	1,246	8,917	(7,671)	27,031	83,333	(56,303)	119,000
Interest	729	400	329	4,007	3,200	807	4,800
WEBS & Other	3,300	3,442	(142)	26,059	27,533	(1,474)	41,300
Restricted Grants	21,567	23,375	(1,808)	204,173	187,000	17,173	280,500
Restricted Other	6,000	417	5,583	15,916	3,333	12,583	5,000
Total Revenue	530,861	531,858	(997)	4,255,236	4,266,866	(11,631)	6,394,300
Expenditures							
Salaries	206,464	199,025	(7,439)	1,572,801	1,592,200	19,399	2,388,300
Fringe Benefits	91,631	95,758	4,127	744,083	766,067	21,984	1,149,100
Professional Fees	823	2,175	1,352	10,624	17,400	6,776	26,100
Equipment	30,959	18,183	(12,775)	102,567	145,467	42,899	218,200
Library Materials	50,387	57,088	6,700	453,054	456,700	3,646	685,050
Rent and Utilities	34,393	27,925	(6,468)	224,168	223,400	(768)	335,100
Repairs and Maintenance	34,445	34,975	530	298,139	279,800	(18,339)	419,700
Supplies	1,784	2,500	716	23,807	20,900	(2,907)	30,900
Telephone and Internet	30,308	30,733	425	220,803	245,867	25,064	368,800
Printing and Postage	5,276	5,275	(1)	37,413	42,200	4,787	63,300
Bibliographic Fees	5,720	5,833	113	44,246	46,667	2,421	70,000
Professional Development	144	4,425	4,281	36,705	35,400	(1,305)	53,100
Travel	226	3,179	2,953	21,276	25,433	4,158	38,150
Memberships	750	1,408	658	11,565	11,267	(298)	16,900
Contractual Services	7,406	15,425	8,019	148,026	123,400	(24,626)	185,100
Delivery Service	31,100	32,792	1,692	261,482	262,333	851	393,500
Special Events	0	0	0	12,986	12,000	(986)	12,000
Insurance	3,832	1,917	(1,915)	14,868	15,333	466	23,000
Interest	0	0	0	0	500	500	500
Miscellaneous	500	1,158	658	4,766	9,267	4,500	13,900
Total Expenditures	536,149	539,775	3,626	4,243,380	4,331,601	88,221	6,490,700
Non-Cash Activity							
Depreciation	16,211	0	(16,211)	129,691	0	(129,691)	0
Total Non-Cash Activity	16,211	0	(16,211)	129,691	0	(129,691)	0
Net Revenue	(21,499)	(7,917)	(13,582)	(117,835)	(64,734)	(53,101)	(96,400)



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NOTES FOR AUGUST 2017 INCOME STATEMENT WITH PROJECTIONS

Revenues:

On the Revenue Side, total revenue is expected to come in about \$1,500 over budget, driven by the budget lines noted below:

State Revenues – WLS has received confirmation of the NYS 2017-18 allocations and, as noted in the notes for the Income Statement above, State revenues will exceed budget by \$1,400.

Member Library Fees – Based upon current projections, this line will exceed budget by \$18,000, primarily driven by greater-than anticipated revenues for professional services and enhanced wireless services provided by IT to member libraries.

Fundraising & Contributions/Restricted Contributions – These two lines together are projecting revenue of approximately \$80,000 against budgets of \$124,000, for a total deficit of \$44,000.

WEBS & Other – The approximately \$3,000 deficit projected in this line at year end is driven by the termination of one member library's commitment to host and pay for onsite WEBS programs.

Restricted Grants – The surplus revenue projected in this line is primarily driven by the fact that WLS sponsored two LIU/Palmer School classes while the budget assumed only one class. Associated spending for *Professional Development* is noted below.

Expenses:

On the Expense side, total expenses are projected to be approximately \$260,000 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 equally by less-than-anticipated expenses for health insurance and pension.

Professional Fees – The projected deficit is the result of greater-than-anticipated expenses associated with payroll fees. WLS is looking into possible ways to reduce these costs in 2018.

Repairs & Maintenance – Increases in maintenance fees from hardware vendors were not anticipated at the time the budget was developed, and as a result, this line is projected be overspent for the year.

Telephone & Internet – Underspending in this line is driven by a decision not to upgrade bandwidth at member libraries as planned in order to accommodate budgetary limitations.

Professional Development – Spending in this line is expected to exceed budget because WLS is sponsoring two courses given by the LIU Palmer School although only expenses for one class had been budgeted; at the same time, additional Restricted Grants revenue will offset some of these expenses.



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Financial Statement Review – Full-Year Projections August 2017

	<u>Total Budget</u>	<u>Current Year Actuals (through Aug-2017)</u>	<u>Current Year Projected (Sep -Dec 2017)</u>	<u>CURRENT YEAR TOTAL PROJECTIONS</u>	<u>Current Year Projected vs Budget</u>
Revenue					
Grants State	2,233,000	1,488,699	745,306	2,234,006	1,006
Grants County	1,000,000	666,667	333,333	1,000,000	(0)
Grants Federal	0	317	0	317	317
Member Technology Fees	2,710,700	1,822,366	906,600	2,728,966	18,266
Fund Raising & Contributions	119,000	27,031	13,675	40,706	(78,294)
Interest	4,800	4,007	2,200	6,207	1,407
WEBS & Other	41,300	26,059	12,375	38,434	(2,866)
Restricted Grants	<u>280,500</u>	<u>204,173</u>	<u>105,018</u>	<u>309,192</u>	<u>28,692</u>
Restricted Other	5,000	15,916	22,000	37,916	<u>32,916</u>
Total Revenue	<u>6,394,300</u>	<u>4,255,236</u>	<u>2,140,508</u>	<u>6,395,743</u>	<u>1,443</u>
Expenditures					
Salaries	2,388,300	1,572,801	796,000	2,368,801	19,499
Fringe Benefits	1,149,100	744,083	358,473	1,102,556	46,544
Professional Fees	26,100	10,624	18,706	29,330	(3,230)
Equipment	218,200	102,567	102,956	205,523	12,677
Library Materials	685,050	453,054	226,527	679,581	5,469
Rent and Utilities	335,100	224,168	110,759	334,927	173
Repairs and Maintenance	419,700	298,139	141,620	439,759	(20,059)
Supplies	30,900	23,807	7,000	30,807	93
Telephone and Internet	368,800	220,803	110,401	331,204	37,596
Printing and Postage	63,300	37,413	18,706	56,119	7,181
Bibliographic Fees	70,000	44,246	23,200	67,446	2,554
Professional Development	53,100	36,705	19,900	56,605	(3,505)
Travel	38,150	21,276	8,000	29,276	8,874
Memberships	16,900	11,565	3,500	15,065	1,835
Contractual Services	185,100	148,026	35,000	183,026	2,074
Delivery Service	393,500	261,482	130,741	392,223	1,277
Special Events	12,000	12,986	0	12,986	(986)
Insurance	23,000	14,868	8,034	22,901	99
Interest	500	0	0	0	500
Miscellaneous	13,900	4,766	2,752	7,519	6,381
Total Expenditures	<u>6,490,700</u>	<u>4,243,380</u>	<u>2,122,275</u>	<u>6,365,655</u>	<u>125,045</u>
Net Revenue Before Depreciation	(96,400)	11,856	18,233	30,089	
Non-Cash Activity					
Depreciation	<u>0</u>	<u>129,691</u>	<u>64,846</u>	<u>194,537</u>	<u>(194,537)</u>
Total Non-Cash Activity	<u>0</u>	<u>129,691</u>	<u>64,846</u>	<u>194,537</u>	<u>(194,537)</u>
Net Revenue	<u>(96,400)</u>	<u>(117,835)</u>	<u>(46,613)</u>	<u>(164,448)</u>	