



Westchester Library System
Financial Statement Review
August 2019



Empowering libraries. Empowering communities.

NOTES FOR AUGUST 2019 BALANCE SHEET (Provides a snapshot of WLS's financial position, showing the organization's assets and liabilities.)

Assets:

CURRENT ASSETS (This section indicates the organization's liquidity by showing what assets WLS holds in cash and what assets will be available in cash in the near future.)

Cash & Cash Equivalents (This line shows the total cash in WLS's bank accounts, investment accounts and petty cash.) – Over the last three months, WLS's cash position improved by \$2.5 million. Approximately \$4.1 million was received during the June – August period, including \$2.5 million in State Aid (including \$254,000 in Local Library Services Aid, which is disbursed to the member libraries), \$920,000 in fees from the member libraries, \$550,000 from Westchester County (\$50,000 for the final 5% of 2018 monies and \$500,000 for the first 2 quarters of 2019), \$156,100 from eRate and \$70,000 in other revenues and in contributions. Still to be received are monies from New York State for Central Library Development (approximately \$350,000). Expenditures during the same period totaled approximately \$1.6 million, and consisted primarily of recurring expenditures for payroll and benefits, Internet, and materials delivery to member libraries, as well as the aforementioned disbursement of \$254,000 in LLSA monies to member libraries. The only notable expenditures were annual payments for WLS's filtering subscription which is required for eRate eligibility (\$63,000), and network hardware maintenance and support (\$25,000).

Unconditional Promises to Give (These are promises to give money to the organization without any restrictions attached.) – Approximately \$725,000 in unconditional promises were recorded against receipt of \$1,295,000 in revenues from County, State and Federal sources. The net effect of this activity was a reduction of approximately \$570,000 in this line since the end of May.

Accounts Receivable (These are monies owed to the organization by another party. For WLS, it usually refers to monies owed by the member libraries.) – This line increased by approximately \$535,000 during the last three months, driven primarily by IT receivables for the July – December period.

Prepaid Expenses (These are expenses that WLS has paid in advance for goods or services that have not yet been received or used.) – Approximately \$105,000 in prepaid expenses was recorded and \$250,000 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 \$145,000 in this line between the end of May and the end of August.

Liabilities:

SHORT TERM LIABILITIES (Shows WLS's near-term obligations.)

Accounts Payable (Recognizes expenses that have not yet been paid. For example, WLS accrues monthly for the annual payment to the pension plan.) – This line increased by approximately \$115,000, primarily driven by the monthly accrual for pension expenses over the three-month period (\$94,000).

Deferred Revenue (Funds received in advance for expenses not yet incurred.) – This line increased by approximately \$2,010,000 during the period, the result of recording approximately \$2.65 million in deferred revenue (\$1.4 million in NYS revenues, \$50,000 in eRate revenues, and \$1.2 million in IT (July-December) revenues against recognition of approximately \$640,000 (\$165,000 in NYS revenues and \$475,000 in IT revenues).

Financial Statement Review August 2019

	<u>8/31/2019</u>	<u>12/31/2018</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	5,550,439	4,484,113	1,066,326	23.8%
Unconditional Promises to Give	326,519	252,175	74,344	29.5%
Accounts Receivable	590,921	30,329	560,592	1848.4%
Prepaid Expenses	583,139	597,110	(13,971)	-2.3%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Current Assets	7,051,018	5,363,727	1,687,292	31.5%
Long-term Assets				
Property & Equipment	<u>644,889</u>	<u>807,181</u>	<u>(162,292)</u>	<u>-20.1%</u>
Total Property & Equipment	<u>644,889</u>	<u>807,181</u>	<u>(162,292)</u>	<u>-20.1%</u>
Total Long-term Assets	<u>644,889</u>	<u>807,181</u>	<u>(162,292)</u>	<u>-20.1%</u>
Total Assets	<u>7,695,907</u>	<u>6,170,908</u>	<u>1,525,000</u>	<u>24.7%</u>
Liabilities				
Short-term Liabilities				
Accounts Payable	585,849	398,716	187,133	46.9%
Deferred Revenue	<u>2,263,798</u>	<u>959,124</u>	<u>1,304,674</u>	<u>136.0%</u>
Total Short-term Liabilities	2,849,646	1,357,840	1,491,806	109.9%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	285,974	289,790	(3,816)	-1.3%
Post-Retirement Benefits Payable	<u>3,815,633</u>	<u>3,815,633</u>	<u>0</u>	<u>0.0%</u>
Total Long-term Liabilities	<u>4,101,607</u>	<u>4,105,423</u>	<u>(3,816)</u>	<u>-0.1%</u>
Total Liabilities	<u>6,951,254</u>	<u>5,463,263</u>	<u>1,487,991</u>	<u>27.2%</u>
Net Assets				
Total Net Assets	<u>744,654</u>	<u>707,645</u>	<u>37,009</u>	<u>5.2%</u>
Total Liabilities and Net Assets	<u>7,695,907</u>	<u>6,170,908</u>	<u>1,525,000</u>	<u>24.7%</u>



NOTES FOR AUGUST 2019 INCOME STATEMENT

Revenues:

Revenues for August exceeded budget by approximately \$135,000. Most lines came in very close to the monthly budget. The only notable shortfall is \$4,100 in the Fund Raising & Contributions line; however, \$40,000 of the revenues included in the Temporarily Restricted Other Revenues line represents funds that were raised by Development, and so the two lines should be looked at together.

Expenses:

Spending for the month of August was approximately \$95,000 less than the budget for the period before depreciation. Notable overspending occurred only in Delivery Service. This line was overspent for the month by slightly more than \$6,000, which is the result of timing since there were five payments made to the delivery vendor during the month. (See the *Income Statement with Projections* for analysis of the spending in this line for the entire year.)

Financial Statement Review August 2019

	Current Period			Current Year			Total Budget
	8/31/2019	Budget	Budget Variance	Actual	YTD Budget	YTD Budget Variance	
Revenue							
State Revenues without Restrictions	193,637	193,667	(30)	1,549,114	1,549,333	(219)	2,324,000
County Revenues without	84,583	84,583	0	676,667	676,667	0	1,015,000
Federal Revenues without	104,174	13,333	90,841	104,174	106,667	(2,493)	160,000
Member Technology Fees	237,785	235,600	2,185	1,899,538	1,884,800	14,737	2,827,200
Fund Raising & Contributions	1,036	5,167	(4,131)	15,490	41,333	(25,844)	62,000
Interest	1,495	1,000	495	9,022	8,000	1,022	12,000
WEBS & Other	2,075	2,317	(242)	16,851	18,533	(1,682)	27,800
Government Revenues with	22,825	19,642	3,183	148,038	157,133	(9,095)	235,700
Other Revenues with Restrictions	<u>45,665</u>	<u>4,275</u>	<u>41,390</u>	<u>122,399</u>	<u>34,200</u>	<u>88,199</u>	<u>51,300</u>
Total Revenue	693,275	559,583	133,692	4,541,293	4,476,667	64,626	6,715,000
Expenditures							
Salaries	179,411	202,900	23,489	1,497,596	1,623,200	125,604	2,434,800
Fringe Benefits	90,099	101,125	11,026	770,692	809,000	38,308	1,213,500
Professional Fees	906	3,033	2,127	8,564	24,267	15,703	36,400
Equipment	2,902	18,300	15,398	91,134	146,400	55,266	219,600
Library Materials	61,829	67,533	5,704	535,010	541,267	6,257	811,400
Rent and Utilities	27,552	28,833	1,281	236,668	230,667	(6,002)	346,000
Repairs and Maintenance	26,759	34,575	7,816	273,615	342,900	69,285	477,600
Supplies	(5,062)	3,592	8,654	16,199	28,733	12,534	43,100
Telephone and Internet	30,677	30,000	(677)	241,694	240,000	(1,694)	360,000
Printing and Postage	(489)	5,725	6,214	39,412	45,900	6,488	68,800
Bibliographic Fees	6,496	6,042	(455)	45,490	48,333	2,843	72,500
Professional Development	(1,728)	6,300	8,028	25,855	50,400	24,545	75,600
Travel	290	3,142	2,851	12,940	25,133	12,193	37,700
Memberships	1,653	2,075	423	10,188	13,550	3,362	16,400
Contractual Services	6,061	12,225	6,165	97,507	97,800	293	146,700
Delivery Service	40,041	33,875	(6,166)	283,652	271,000	(12,652)	406,500
Special Events	0	833	833	3,835	6,667	2,832	10,000
Insurance	1,715	2,083	368	13,032	16,667	3,634	25,000
Miscellaneous	(250)	1,200	1,450	3,220	10,400	7,180	15,700
Total Expenditures	468,862	563,392	94,529	4,206,305	4,572,284	365,979	6,817,300
Net Revenue Before Depreciation	224,413	(3,808)	228,221	334,988	(95,617)	430,605	(102,300)
Non-Cash Activity							
Depreciation	<u>20,287</u>	<u>0</u>	<u>(20,287)</u>	<u>162,292</u>	<u>0</u>	<u>(162,292)</u>	<u>0</u>
Total Non-Cash Activity	20,287	0	(20,287)	162,292	0	(162,292)	0
Net Revenue	204,126	(3,808)	207,935	172,696	(95,617)	268,313	(102,300)



Income Statement with Projections (for September through December 2019)

Revenues:

On the Revenue side, total revenue is expected to come in about \$120,000 over budget, driven by the budget lines noted below:

Member Technology Fees – Based upon current projections, this line will exceed budget by \$20,000, the result of greater-than-anticipated revenues for professional services provided by IT to member libraries.

Fundraising & Contributions – Although this line is projected to close with a deficit of approximately \$41,000, the projected revenue in *Temporarily Restricted Other Revenues* includes \$97,000 which is attributable to fundraising activities.

Temporarily Restricted Government Revenues – The projected \$1,900 deficit in this line is driven by the recording of only 90% of the revenue from NYS Adult Literacy and Family Literacy. These two grants are on a July – June fiscal year, and the final 10% of each will be received in the second half of 2020.

Temporarily Restricted Other Revenues – The revenue projections in this line are based upon anticipated receipt of an additional \$15,000 from the Broadband Technology program at New Rochelle Public Library and from a second Palmer School class this year. In addition, there are a total of \$62,000 in pending grant requests which are expected to be funded.

Expenses:

On the Expense side, total expenses are projected to come in approximately \$245,000 under budget before depreciation. Notable variances are discussed below:

Salaries – This line includes salaries, overtime and hourly wages. The projected surplus is driven by vacant salaried positions, somewhat offset by overtime costs and overspending for hourly wages. The overspending for overtime and hourly pay was primarily the result of the malware attack which WLS experienced in July.

Fringe Benefits – The projected surplus in this line is driven by a lower-than-anticipated increase in health insurance costs for 2019.

Equipment – Although at this point, equipment expenses are projected to be \$100,000 under budget, this projection does not include any recommended purchases that are likely to result from the IT audit.

Rent & Utilities – As was discussed at the June meeting, the projected deficit in this line is the result of payment of additional 2018 taxes owed.

Contractual Services – Projected overspending in this line includes the cost of the IT audit, for which funds were not included in the budget.

Delivery Service – This line is projected to be overspent because a 2018 invoice was not paid in 2018 and was charged to this line in 2019.

Financial Statement Review – Full-Year Projections August 2019

	Total Budget	Current Year Actuals (through Aug-2019)	Current Year Projected (Sep -Dec 2019)	CURRENT YEAR TOTAL PROJECTIONS	Current Year Projected vs Budget
Revenue					
State Revenues without Restrictions	2,324,000	1,549,114	775,784	2,324,898	898
County Revenues without Restrictions	1,015,000	676,667	338,333	1,015,000	0
Federal Revenues without Restrictions	160,000	104,174	52,000	156,174	(3,826)
Member Technology Fees	2,827,200	1,899,538	948,000	2,847,538	20,338
Fund Raising & Contributions	62,000	15,490	5,000	20,490	(41,510)
Interest	12,000	9,022	3,200	12,222	222
WEBS & Other	27,800	16,851	11,350	28,201	401
Government Revenues with Restrictions	235,700	148,038	85,805	233,843	(1,857)
Other Revenues with Restrictions	<u>51,300</u>	<u>122,399</u>	<u>76,800</u>	<u>199,199</u>	<u>147,899</u>
Total Revenue	<u>6,715,000</u>	<u>4,541,293</u>	<u>2,296,272</u>	<u>6,837,565</u>	<u>122,565</u>
Expenditures					
Salaries	2,434,800	1,497,596	879,200	2,376,796	58,004
Fringe Benefits	1,213,500	770,692	419,100	1,189,792	23,708
Professional Fees	36,400	8,564	22,900	31,464	4,936
Equipment	219,600	91,134	24,900	116,034	103,566
Library Materials	811,400	535,010	271,300	806,332	5,068
Rent and Utilities	346,000	236,668	113,900	350,568	(4,568)
Repairs and Maintenance	477,600	273,615	193,000	466,616	10,984
Supplies	43,100	16,199	20,500	36,699	6,401
Telephone and Internet	360,000	241,694	116,900	358,594	1,406
Printing and Postage	68,800	39,412	22,100	61,512	7,288
Bibliographic Fees	72,500	45,490	26,000	71,490	1,010
Professional Development	75,600	25,855	31,500	57,355	18,245
Travel	37,700	12,940	10,000	22,940	14,760
Memberships	16,400	10,188	4,000	14,188	2,212
Contractual Services	146,700	97,507	75,000	172,507	(25,807)
Delivery Service	406,500	283,652	130,500	414,152	(7,652)
Special Events	10,000	3,835	0	3,835	6,166
Insurance	25,000	13,032	8,000	21,032	3,968
Miscellaneous	<u>15,700</u>	<u>3,220</u>	<u>3,600</u>	6,820	<u>8,880</u>
Total Expenditures	<u>6,817,300</u>	<u>4,206,305</u>	<u>2,372,400</u>	<u>6,578,728</u>	<u>238,572</u>
Net Revenue Before Depreciation	(102,300)	334,988	(76,128)	258,837	
Non-Cash Activity					
Depreciation	0	<u>162,292</u>	<u>102,511</u>	264,803	(264,803)
Total Non-Cash Activity	<u>0</u>	<u>162,292</u>	<u>102,511</u>	<u>264,803</u>	<u>(264,803)</u>
Net Revenue	<u>(102,300)</u>	<u>172,696</u>	<u>(178,639)</u>	<u>(5,966)</u>	

NOTES FOR AUGUST 2019 REVENUE AND EXPENSES AS COMPARED TO AUGUST 2018 AND AUGUST 2017

Revenues:

Some “housekeeping” issues to note:

1. In 2019, some revenue lines were re-labeled as follows:

<u>2019</u>	<u>2017 & 2018</u>
State Revenues Without Restrictions	Grants State
County revenues without Restrictions	Grants County
Federal Revenues without Restrictions	Grants Federal
Government Revenues with Restrictions	Restricted Grants
Other Revenues with Restrictions	Restricted Other

As a result of re-labeling the last two line items, some revenues have moved between these lines in 2019.

2. In 2017 and 2018, no monies were budgeted in the Grants Federal line. Now that WLS has again applied for and is receiving eRate monies, these revenues were included in the 2019 budget.

For Fundraising and Contributions, in 2017, a few small one-time unrestricted contributions increased the revenue here.

For the last two revenue lines, revenue received as of August 31, 2019, is greater than revenues received at this time in 2017 and 2018. This can be largely attributed to the focus on raising monies for identified strategic initiatives.

Expenses:

Salaries: The lower spending as of August 31, 2019 can be attributed to the retirements which occurred in December 2018 and June 2019. Of the four retirements, only one of the positions has been filled, although some of the available funds have been redirected to pay hourly staff.

Fringe Benefits: To date in 2019, we are paying benefits for two fewer staff than in previous years. In addition, projection for the annual pension payment is lower than it has been in the last two years.

Library Materials: 2019 budget for this line increased by \$140,000 over 2018 to include funds for tutor.com and additional funds for Hoopla and OverDrive.

Financial Statement Review
August 2019 Revenue and Expenses
compared with August 2018 and August 2017

	YTD Budget			YTD Budget			YTD Budget		
	8/31/2019	YTD Budget	Variance	8/31/2018	YTD Budget	Variance	8/31/2017	YTD Budget	Variance
Revenue									
State Revenues without Restrictions	1,549,114	1,549,333	(219)	1,540,084	1,534,200	5,884	1,488,699	1,488,667	33
County Revenues without Restrictions	676,667	676,667	0	666,667	666,667	0	666,667	666,667	0
Federal Revenues without Restrictions	104,174	106,667	(2,493)	0	0	0	317	0	317
Member Technology Fees	1,899,538	1,884,800	14,737	1,878,937	1,848,067	30,870	1,822,366	1,807,133	15,233
Fund Raising & Contributions	15,490	41,333	(25,844)	16,279	72,000	(55,721)	27,031	83,333	(56,303)
Interest	9,022	8,000	1,022	8,278	4,000	4,278	4,007	3,200	807
WEBS & Other	16,851	18,533	(1,682)	16,225	23,867	(7,642)	26,059	27,533	(1,474)
Restricted Grants	148,038	157,133	(9,095)	148,116	157,000	(8,884)	204,173	187,000	17,173
Restricted Other	122,399	34,200	88,199	57,996	13,333	44,663	15,916	3,333	12,583
Total Revenue	4,541,293	4,476,667	64,626	4,332,581	4,319,133	13,448	4,255,236	4,266,866	(11,631)
Expenditures									
Salaries	1,497,596	1,623,200	125,604	1,556,238	1,584,600	28,362	1,572,801	1,592,200	19,399
Fringe Benefits	770,692	809,000	38,308	764,607	792,310	27,702	744,083	766,067	21,984
Professional Fees	8,564	24,267	15,703	7,415	15,933	8,518	10,624	17,400	6,776
Equipment	91,134	146,400	55,266	80,867	141,600	60,732	102,567	145,467	42,899
Library Materials	535,010	541,267	6,257	469,643	513,633	43,990	453,054	456,700	3,646
Rent and Utilities	236,668	230,667	(6,002)	217,945	225,067	7,122	224,168	223,400	(768)
Repairs and Maintenance	273,615	342,900	69,285	295,975	322,166	26,191	298,139	279,800	(18,339)
Supplies	16,199	28,733	12,534	16,632	24,733	8,101	23,807	20,900	(2,907)
Telephone and Internet	241,694	240,000	(1,694)	214,495	239,333	24,838	220,803	245,867	25,064
Printing and Postage	39,412	45,900	6,488	34,168	35,467	1,298	37,413	42,200	4,787
Bibliographic Fees	45,490	48,333	2,843	45,494	46,667	1,173	44,246	46,667	2,421
Professional Development	25,855	50,400	24,545	43,511	32,533	(10,978)	36,705	35,400	(1,305)
Travel	12,940	25,133	12,193	18,104	24,133	6,029	21,276	25,433	4,158
Memberships	10,188	13,550	3,362	10,394	13,100	2,706	11,565	11,267	(298)
Contractual Services	97,507	97,800	293	77,133	86,133	9,001	148,026	123,400	(24,626)
Delivery Service	283,652	271,000	(12,652)	260,110	262,333	2,224	261,482	262,333	851
Special Events	3,835	6,667	2,832	10,418	12,000	1,582	12,986	12,000	(986)
Insurance	13,032	16,667	3,634	13,555	16,667	3,112	14,868	15,333	466
Interest	0	0	0	0	333	333	0	500	500
Miscellaneous	3,220	10,400	7,180	3,151	9,133	5,982	4,766	9,267	4,500
Total Expenditures	4,206,305	4,572,284	365,979	4,139,855	4,397,875	258,020	4,243,380	4,331,601	88,221
Net Revenue Before Depreciation	334,988	(95,617)	430,605	192,726	(78,742)	271,468	11,856	(64,734)	76,591
Non-Cash Activity									
Depreciation	162,292	0	(162,292)	160,911	0	(160,911)	129,691	0	(129,691)
Total Non-Cash Activity	162,292	0	(162,292)	160,911	0	(160,911)	129,691	0	(129,691)
Net Revenue	172,696	(95,617)	268,313	31,814	(78,742)	110,556	(117,835)	(64,734)	(53,101)