



***Westchester Library System***  
***Financial Statement Review***  
***December 2019***

**NOTES FOR DECEMBER 2019 BALANCE SHEET** *(The 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.)* – WLS received approximately \$640,000 in cash during the months of November and December. Notable revenues included \$250,000 from Westchester County for the third quarter of the year, \$66,000 in member fees, \$271,000 in special legislative aid for various member libraries (including \$30,000 for WLS), and a gift of \$25,000 for 2020 census activities. More than \$1,610,000 was paid out during this 2-month period, resulting in a cash position that is approximately \$970,000 less than October's position. Notable expenses included payroll expenses for 4 payroll periods (\$360,000), benefits (\$460,000, including the annual payment to the NYS pension system), 2019 and 2020 e-resource expenses (\$195,000), hardware and software maintenance expenses (\$35,000), pass-through payments to the member libraries (\$241,000), and other recurring expenses such as delivery, rent, telephone and internet (\$180,000).

**Unconditional Promises to Give** *(These are promises to give money to the organization without any restrictions attached.)* – The recording of \$155,000 in Westchester County revenues and \$35,000 in State revenues increased this line by \$190,000; and the receipt of 3<sup>rd</sup> quarter revenue from Westchester County decreased the line by \$250,000, resulting in an overall decrease of approximately \$60,000 since October.

**Accounts Receivable** *(These are monies owed to the organization by another party. For WLS, it generally refers to monies owed by the member libraries.)* – This line decreased by approximately \$49,000 since October, driven by receipt of WEBS program revenues and payments from member libraries. As of the end of December, three libraries have not yet paid their July – December 2019 IT bills: Bedford Village (\$18,293), Chappaqua (\$36,690), Scarsdale (\$34,145), for a total of \$89,128.

**Prepaid Expenses** *(These are expenses that WLS has paid in advance for goods or services that have not yet been received or used.)* – The increase of approximately \$5,700 in this line is driven by the release of approximately \$190,000 of prepaid expenses versus the recording of nearly \$196,000 in new pre-paid expenses. The majority of this activity was related to database e-content subscriptions and maintenance contracts.

**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.)* – \$430,000 was released (including the \$345,000 pension payment for which monies were accrued throughout the year) and \$235,000 in expenses was recorded, resulting in a decrease of \$195,000 in this line during the November-December period.

**Deferred Revenue** *(Funds received in advance for expenses not yet incurred.)* – This line decreased by approximately \$923,000 during the period, primarily driven by the recognition of two months of IT and State revenues (\$898,000) and eRate revenues (\$26,000).

**Financial Statement Review**  
**December 2019**

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>YTD Change</u>	<u>YTD % Change</u>
<b>Assets</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	4,501,251	4,484,113	17,138	0.4%
Unconditional Promises to Give	285,428	252,175	33,253	13.2%
Accounts Receivable	133,280	30,329	102,950	`
Prepaid Expenses	435,071	597,110	(162,039)	-27.1%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.0%</u>
Total Current Assets	5,355,029	5,363,727	(8,698)	-0.2%
<b>Long-term Assets</b>				
Property & Equipment	<u>509,803</u>	<u>807,181</u>	<u>(297,378)</u>	<u>-36.8%</u>
Total Property & Equipment	<u>509,803</u>	<u>807,181</u>	<u>(297,378)</u>	<u>-36.8%</u>
Total Long-term Assets	<u>509,803</u>	<u>807,181</u>	<u>(297,378)</u>	<u>-36.8%</u>
Total Assets	<u>5,864,832</u>	<u>6,170,908</u>	<u>(306,076)</u>	<u>-5.0%</u>
<b>Liabilities</b>				
<b>Short-term Liabilities</b>				
Accounts Payable	399,380	398,716	665	0.2%
Deferred Revenue	<u>616,095</u>	<u>959,124</u>	<u>(343,029)</u>	<u>-35.8%</u>
Total Short-term Liabilities	1,015,476	1,357,840	(342,364)	-25.2%
<b>Long-term Liabilities</b>				
Capital Lease Obligations	0	0	0	0.0%
Deferred Rent	282,287	289,790	(7,503)	-2.6%
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>4,097,920</u>	<u>4,105,423</u>	<u>(7,503)</u>	<u>-0.2%</u>
Total Liabilities	<u>5,113,395</u>	<u>5,463,263</u>	<u>(349,868)</u>	<u>-6.4%</u>
<b>Net Assets</b>				
	<u>751,437</u>	<u>707,645</u>	<u>43,792</u>	<u>6.2%</u>
Total Net Assets	<u>751,437</u>	<u>707,645</u>	<u>43,792</u>	<u>6.2%</u>
Total Liabilities and Net Assets	<u>5,864,832</u>	<u>6,170,908</u>	<u>(306,076)</u>	<u>-5.0%</u>

**NOTES FOR DECEMBER 2019 INCOME STATEMENT**

**Revenues:**

Total revenues for December exceeded the monthly budget by \$57,000, largely driven by the unbudgeted receipt of \$30,000 in Grants in Aid from NYS and a \$25,000 grant to support 2020 Census activities.

Overall revenues for the year exceeded budget by \$117,000, driven by greater-than-budgeted revenues from *NYS, Technology Fees, Interest and Other Revenues with Restrictions*. Revenues from Westchester County came in \$15,000 less than had been budgeted, the result of a last-minute adjustment by the County after the WLS budget had been approved. The shortfall in *Federal Revenues* is the result of reduced eRate reimbursement of \$3,800.

**Expenses:**

Overall spending for December came in \$7,000 over budget before depreciation, but \$435,000 under budget for the entire year. The overspending in December can largely be attributed to the recording of required year-end entries; overall underspending is largely attributable to unspent salary and fringe benefits over the course of the year.

Salaries – This line was overspent by \$1,700 for the month of December, driven by payout of the sick leave incentive for 2019. The line was underspent by \$185,000 for the year, primarily the result of two unanticipated vacancies from retirements.

Fringe Benefits – This line was underspent by \$12,000 for December and \$67,000 for the year. Although pension costs were somewhat higher than what had been budgeted, the underspend is primarily the result of lower than budgeted costs for health insurance as well as vacancies caused by retirements.

Professional Fees – This line was overspent in December but underspent by \$5,000 for the year. The overspending in December is due to the recording of a year-end entry for 2019 audit fees when this expense was budgeted evenly across all twelve months of the year.

Equipment – This line was underspent for the month of December and for the year because of delays in hardware purchases due to reviews of technology strategy and the IT audits currently in progress.

Repairs and Maintenance – This line was underspent for the month of December and for the year because of delays in software purchases due to reviews of technology strategy and the IT audits currently in progress.

Supplies – This line was underspent by \$1,800 for December and underspent by \$11,000 for 2019. This was driven by lower than anticipated costs for logo apparel for WLS staff and greater than anticipated ordering of and reimbursement for supplies by member libraries.

Professional Development – This line was underspent by \$3,400 for December and by \$15,800 for 2019 in large part due to disruptions in IT operations.

Contractual Services – An unanticipated retirement at the beginning of 2019 required WLS to use contractual services to fulfill the commitments of the Youth Services department, which resulted in a \$35,000 deficit in this line at year-end.

Delivery Service – Overspending in this line is primarily the result of underbudgeting for this line as well as a 2018 invoice which was not paid until 2019.

**Financial Statement Review  
December 2019**

	Current Period	Current Period	Current Year		YTD Budget	Total Budget	
	12/31/2019	Budget	Budget Variance	Actual	YTD Budget		Variance
<b>Revenue</b>							
State Revenues without Restrictions	223,963	193,667	30,296	2,354,898	2,324,000	30,898	2,324,000
County Revenues without Restrictions	84,573	84,583	(10)	999,990	1,015,000	(15,010)	1,015,000
Federal Revenues without Restrictions	13,000	13,333	(333)	156,174	160,000	(3,826)	160,000
Member Technology Fees	237,029	235,600	1,429	2,847,837	2,827,200	20,637	2,827,200
Fund Raising & Contributions	1,932	5,167	(3,235)	25,965	62,000	(36,035)	62,000
Interest	2,580	1,000	1,580	18,889	12,000	6,889	12,000
WEBS & Other	1,936	2,317	(381)	27,609	27,800	(191)	27,800
Government Revenues with Restrictions	22,006	19,642	2,364	236,069	235,700	369	235,700
Other Revenues with Restrictions	<u>29,813</u>	<u>4,275</u>	<u>25,538</u>	<u>164,710</u>	<u>51,300</u>	<u>113,410</u>	<u>51,300</u>
<b>Total Revenue</b>	<b><u>616,833</u></b>	<b><u>559,583</u></b>	<b><u>57,250</u></b>	<b><u>6,832,142</u></b>	<b><u>6,715,000</u></b>	<b><u>117,142</u></b>	<b><u>6,715,000</u></b>
<b>Expenditures</b>							
Salaries	204,631	202,900	(1,731)	2,249,139	2,434,800	185,661	2,434,800
Fringe Benefits	89,361	101,125	11,764	1,146,326	1,213,500	67,174	1,213,500
Professional Fees	17,946	3,033	(14,913)	30,978	36,400	5,422	36,400
Equipment	31,031	18,300	(12,731)	137,965	219,600	81,635	219,600
Library Materials	46,666	67,533	20,868	797,585	811,400	13,815	811,400
Rent and Utilities	27,926	28,833	907	347,251	346,000	(1,251)	346,000
Repairs and Maintenance	33,314	32,175	(1,139)	422,325	477,600	55,275	477,600
Supplies	2,809	3,592	783	32,152	43,100	10,948	43,100
Telephone and Internet	27,266	30,000	2,734	351,355	360,000	8,645	360,000
Printing and Postage	8,750	5,725	(3,025)	65,830	68,800	2,970	68,800
Bibliographic Fees	6,260	6,042	(218)	69,622	72,500	2,878	72,500
Professional Development	2,893	6,300	3,407	59,788	75,600	15,812	75,600
Travel	3,281	3,142	(140)	20,231	37,700	17,469	37,700
Memberships	3,808	325	(3,483)	14,647	16,400	1,753	16,400
Contractual Services	17,443	12,225	(5,218)	182,430	146,700	(35,730)	146,700
Delivery Service	40,101	33,875	(6,226)	425,068	406,500	(18,568)	406,500
Special Events	899	833	(66)	4,734	10,000	5,266	10,000
Insurance	1,745	2,083	338	19,961	25,000	5,039	25,000
Miscellaneous	<u>359</u>	<u>1,400</u>	<u>1,041</u>	<u>4,385</u>	<u>15,700</u>	<u>11,315</u>	<u>15,700</u>
<b>Total Expenditures</b>	<b><u>566,489</u></b>	<b><u>559,441</u></b>	<b><u>(7,047)</u></b>	<b><u>6,381,771</u></b>	<b><u>6,817,300</u></b>	<b><u>435,529</u></b>	<b><u>6,817,300</u></b>
<b>Net Revenue Before Depreciation</b>	<b>50,344</b>	<b>142</b>	<b>50,202</b>	<b>450,371</b>	<b>(102,300)</b>	<b>552,671</b>	<b>(102,300)</b>
<b>Non-Cash Activity</b>							
Depreciation	<u>23,840</u>	<u>0</u>	<u>(23,840)</u>	<u>270,892</u>	<u>0</u>	<u>(270,892)</u>	<u>0</u>
<b>Total Non-Cash Activity</b>	<b><u>23,840</u></b>	<b><u>0</u></b>	<b><u>(23,840)</u></b>	<b><u>270,892</u></b>	<b><u>0</u></b>	<b><u>(270,892)</u></b>	<b><u>0</u></b>
<b>Net Revenue</b>	<b><u>26,504</u></b>	<b><u>142</u></b>	<b><u>26,362</u></b>	<b><u>179,479</u></b>	<b><u>(102,300)</u></b>	<b><u>281,779</u></b>	<b><u>(102,300)</u></b>



**Income Statement – December 3-Year Comparison**

“Housekeeping” reminders:

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

<u>2019</u>	<u>2017 &amp; 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.

**Revenues:**

At year-end in each of the three years, revenues were ahead of budget. In 2019, the surplus is the result of an additional \$30,000 in State revenues and \$60,000 in contributions toward 2020 census activities. In 2018, the surplus is driven by an unanticipated \$200,000 gift received in that year; in 2017, the surplus was \$28,000. Below are notes regarding a couple of the revenue lines.

State Revenues without Restrictions – This line is one of the primary sources of funding for WLS operations. For 2019, came in \$30,000 over budget as a result of \$30,000 in Bullet Aid received at the request of Senator Peter Harckham. In 2018, State revenues exceeded budget due to an unanticipated increase in NYS library allocations. In 2017, State revenues came in on budget.

County Revenues without Restrictions – As indicated in the notes for the December income statement, in 2019 revenues from Westchester County came in \$15,000 less than had been budgeted, the result of a last-minute adjustment by the County after the WLS budget had been approved. In 2018 and 2017, revenues came in on budget.

Fundraising & Contributions/Restricted Grants/Restricted Other – In the current year, the combination of these lines exceed the year-to-date budget by approximately \$75,000, the result of the focus on raising monies for identified strategic initiatives, specifically the 2020 census. In 2018, these lines collectively exceeded budget due to the \$200,000 gift noted above; in 2017, the combined figure for these lines closed with a deficit of \$1,200.

**Income Statement – December 3-Year Comparison** (continued)

**Expenses:**

In each of the three years, the WLS-approved budget assumed a year-end deficit. In each year, staff were very cautious in spending. Notable variations in spending in some of the lines are identified below:

**Salaries** – The Salaries line includes salaries, overtime and hourly wages. The large surplus in this line is the result of several unanticipated vacancies which occurred during the year as the result of staff retirements. In 2018 and 2017, the surpluses were driven by spending for hourly-paid employees, which fluctuates from week to week depending on WLS needs and staff schedules.

**Fringe Benefits** – The Fringe Benefits line includes health insurance (active staff and retirees), disability, workers compensation, dental/life/vision, Social Security/Medicare, and pension contributions. Underspensing in this line in 2019 is driven by health insurance expenses and the combination of the unanticipated retirements and staff members who declined insurance. In both 2018 and 2017, this line was underspent as well, the result of lower-than-budgeted costs for health insurance and pension.

**Equipment** – In the current year, this line was underspent because of delays in hardware purchases due to reviews of technology strategy and the IT audits currently in progress; in 2018, some equipment purchases were not made due to anticipated budget shortfalls; in 2017, this line was underspent because some expenses shifted from hardware to software (which is included in Repairs & Maintenance).

**Library Materials** – The budget for this line has been increased in each of the last three years to accommodate increased demand for e-resources. As a result, spending in 2019 was notably higher than spending in 2018 and 2017.

**Repairs and Maintenance** – This line was underspent for 2019 because of delays in software purchases due to reviews of technology strategy and the IT audits currently in progress. In 2017, this line was overspent by close to \$20,000, driven by shifts in expenses from the Equipment line.

**Printing and Postage** – Overspending in 2018 was driven by expenses for WLS signage and marketing expenses associated with a contribution for marketing activity, neither of which had been included in the budget.

**Professional Development** – This line was underspent by \$15,800 for 2019, in large part due to disruptions in IT operations. In 2018 overspending of \$43,800 in this line was driven by the following expenses: unbudgeted expenses for Palmer School classes, sexual harassment training workshops and a suite of IT workshops. In 2017, overspending of \$14,700 was driven by the fact that the budget assumed that the Palmer School would offer one class but two classes were offered.

**Contractual Services** – An unanticipated retirement at the beginning of 2019 required WLS to use contractual services to fulfill the commitments of the Youth Services department, which resulted in a \$35,000 deficit in this line at year-end. Total 2017 spending in this line exceeded budget by approximately \$25,000, primarily due to the fact that WLS received a grant in December 2016 and expenses associated with that grant were not included when the 2017 budget was developed.

**Financial Statement Review**  
**December 2019 Revenue and Expenses**  
**compared with December 2018 and December 2017**

	YTD Budget			YTD Budget			YTD Budget		
	12/31/2019	YTD Budget	Variance	12/31/2018	YTD Budget	Variance	12/31/2017	YTD Budget	Variance
<b>Revenue</b>									
State Revenues without Restrictions	2,354,898	2,324,000	30,898	2,318,334	2,301,300	17,034	2,234,011	2,233,000	1,011
County Revenues without Restrictions	999,990	1,015,000	(15,010)	1,000,000	1,000,000	0	1,000,000	1,000,000	0
Federal Revenues without Restrictions	156,174	160,000	(3,826)	0	0	0	317	0	317
Member Technology Fees	2,847,837	2,827,200	20,637	2,808,236	2,772,100	36,136	2,732,392	2,710,700	21,692
Fund Raising & Contributions	25,965	62,000	(36,035)	221,445	102,000	119,445	69,876	119,000	(49,124)
Interest	18,889	12,000	6,889	16,444	6,000	10,444	9,707	4,800	4,907
WEBS & Other	27,609	27,800	(191)	28,096	35,800	(7,704)	42,584	41,300	1,284
Restricted Grants	236,069	235,700	369	238,126	235,500	2,626	307,899	280,500	27,399
Restricted Other	<u>164,710</u>	<u>51,300</u>	<u>113,410</u>	<u>121,656</u>	<u>20,000</u>	<u>101,656</u>	<u>25,500</u>	<u>5,000</u>	<u>20,500</u>
<b>Total Revenue</b>	<b>6,832,142</b>	<b>6,715,000</b>	<b>117,142</b>	<b>6,752,337</b>	<b>6,472,700</b>	<b>279,637</b>	<b>6,422,287</b>	<b>6,394,300</b>	<b>27,987</b>
<b>Expenditures</b>									
Salaries	2,249,139	2,434,800	185,661	2,343,254	2,376,900	33,646	2,363,274	2,388,300	25,026
Fringe Benefits	1,146,326	1,213,500	67,174	1,130,553	1,187,000	56,447	1,109,150	1,149,100	39,950
Professional Fees	30,978	36,400	5,422	29,580	28,900	(680)	29,546	26,100	(3,446)
Equipment	137,965	219,600	81,635	107,923	212,400	104,477	116,240	218,200	101,960
Library Materials	797,585	811,400	13,815	730,182	769,800	39,618	698,889	685,050	(13,839)
Rent and Utilities	347,251	346,000	(1,251)	328,153	337,600	9,447	336,186	335,100	(1,086)
Repairs and Maintenance	422,325	477,600	55,275	479,137	477,700	(1,437)	438,185	419,700	(18,485)
Supplies	32,152	43,100	10,948	23,472	38,100	14,628	28,478	30,900	2,422
Telephone and Internet	351,355	360,000	8,645	338,007	359,000	20,993	323,000	368,800	45,800
Printing and Postage	65,830	68,800	2,970	70,866	52,600	(18,266)	50,950	63,300	12,350
Bibliographic Fees	69,622	72,500	2,878	69,326	70,000	674	66,379	70,000	3,621
Professional Development	59,788	75,600	15,812	95,989	52,200	(43,789)	67,824	53,100	(14,724)
Travel	20,231	37,700	17,469	22,160	36,200	14,040	25,375	38,150	12,775
Memberships	14,647	16,400	1,753	12,042	15,100	3,058	12,762	16,900	4,138
Contractual Services	182,430	146,700	(35,730)	119,137	129,200	10,063	210,074	185,100	(24,973)
Delivery Service	425,068	406,500	(18,568)	388,044	393,500	5,456	390,221	393,500	3,279
Special Events	4,734	10,000	5,266	10,418	12,000	1,582	12,986	12,000	(986)
Insurance	19,961	25,000	5,039	20,626	25,000	4,374	21,388	23,000	1,612
Interest	0	0	0	0	500	500	0	500	500
Miscellaneous	<u>4,385</u>	<u>15,700</u>	<u>11,315</u>	<u>6,488</u>	<u>13,700</u>	<u>7,213</u>	<u>6,176</u>	<u>13,900</u>	<u>7,724</u>
<b>Total Expenditures</b>	<b>6,381,771</b>	<b>6,817,300</b>	<b>435,529</b>	<b>6,325,356</b>	<b>6,587,400</b>	<b>262,044</b>	<b>6,307,084</b>	<b>6,490,700</b>	<b>183,616</b>
<b>Net Revenue Before Depreciation</b>	<b>450,371</b>	<b>(102,300)</b>	<b>552,671</b>	<b>426,981</b>	<b>(114,700)</b>	<b>541,681</b>	<b>115,202</b>	<b>(96,400)</b>	<b>211,603</b>
<b>Non-Cash Activity</b>									
Depreciation	<u>270,892</u>	<u>0</u>	<u>(270,892)</u>	<u>242,282</u>	<u>0</u>	<u>(242,282)</u>	<u>194,537</u>	<u>0</u>	<u>(194,537)</u>
<b>Total Non-Cash Activity</b>	<b>270,892</b>	<b>0</b>	<b>(270,892)</b>	<b>242,282</b>	<b>0</b>	<b>(242,282)</b>	<b>194,537</b>	<b>0</b>	<b>(194,537)</b>
<b>Net Revenue</b>	<b>179,479</b>	<b>(102,300)</b>	<b>281,779</b>	<b>184,698</b>	<b>(114,700)</b>	<b>299,398</b>	<b>(79,334)</b>	<b>(96,400)</b>	<b>17,066</b>