



Westchester Library System
Financial Statement Review
May 2020

NOTES FOR MAY 2020 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.)* – During May, WLS's cash position increased by approximately \$709,000. \$1,093,000 in revenue was received, and approximately \$384,000 in expenses was paid out. WLS is still awaiting payment from Westchester County for the final \$48,250 of 2019. Notable revenues included \$257,500 from Westchester County for the 1st quarter payment for 2020, \$564,265 as a potentially forgivable loan from the federal Payroll Protection Program (PPP), and \$244,000 in payments from member libraries.

Unconditional Promises to Give *(This is a promise to give money to the organization without any restriction attached to it.)* – This figure increased by approximately \$52,000 during the month, which was the result of recording \$310,000 in County, State and eRate revenue, against receipt of the above-noted \$257,500 in Westchester County revenue.

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 figure decreased by more than \$246,000 driven primarily by the receipt of \$244,000 in IT fees.

Prepaid Expenses *(These are expenses that WLS has paid in advance for goods or services that have not yet been received or used.)* – This figure decreased by approximately \$68,000 during the month, driven by recognition of expenses for various licensing, database and maintenance fees.

LONG TERM ASSETS *(For WLS, this refers to long-term investments in furniture, fixtures and building improvements.)*

Liabilities:

SHORT TERM LIABILITIES *(Shows what near-term obligations WLS has.)*

Accounts Payable *(Recognizes expenses that have not yet been paid. For example, WLS accrues monthly for the annual payment to the pension plan.)* This figure increase by approximately \$653,800 which was primarily driven by the recognition of the Payroll Protection Program (PPP) liability. This figure will be adjusted when forgiveness for the loan is received and recognized.

Deferred Revenue *(Funds received in advance for expenses not yet incurred.)* – This figure decreased by approximately \$238,000, primarily the result of recognition of IT revenues for the period.

LONG TERM LIABILITIES *(Shows what obligations WLS will need to meet in the future beyond one year. An example of this is Other Post-Retirement Benefits.)*

Financial Statement Review
May 2020

	Current Period		Current Period	Current Year Actual	YTD Budget	YTD Budget Variance	Total Budget
	5/31/2020	Budget	Budget Variance				
Revenue							
State Revenues without	193,733	193,742	(9)	968,762	968,708	54	2,324,900
County Revenues without	85,800	84,583	1,217	429,000	422,917	6,083	1,015,000
Federal Revenues without	13,750	13,750	0	68,750	68,750	0	165,000
Member Technology Fees	237,150	235,392	1,758	1,185,879	1,176,958	8,920	2,824,700
Fund Raising & Contributions	6,176	8,667	(2,491)	13,113	43,333	(30,220)	104,000
Interest	251	1,667	(1,416)	9,277	8,333	944	20,000
WEBS & Other	2,580	2,333	247	10,110	11,667	(1,557)	28,000
Government Revenues with	17,849	17,850	(1)	89,257	89,250	7	236,000
Other Revenues with Restrictions	<u>5,342</u>	<u>3,917</u>	<u>1,425</u>	<u>13,258</u>	<u>19,583</u>	<u>(6,325)</u>	<u>47,000</u>
Total Revenue	<u>562,630</u>	<u>561,900</u>	<u>730</u>	<u>2,787,407</u>	<u>2,809,500</u>	<u>(22,094)</u>	<u>6,764,600</u>
Expenditures							
Salaries	181,720	191,983	10,263	951,437	959,917	8,480	2,303,800
Fringe Benefits	91,076	100,625	9,549	480,858	503,125	22,267	1,207,500
Professional Fees	40,054	9,158	(30,896)	58,819	45,792	(13,027)	109,900
Equipment	3,281	4,567	1,286	138,640	22,833	(115,807)	54,800
Library Materials	84,655	64,040	(20,615)	371,816	328,520	(43,296)	775,700
Rent and Utilities	27,552	28,833	1,281	139,361	144,167	4,806	346,000
Repairs and Maintenance	25,367	41,163	15,796	161,113	216,357	55,244	504,500
Supplies	403	3,150	2,747	9,680	15,750	6,070	37,800
Telephone and Internet	28,479	31,900	3,421	143,973	159,500	15,527	382,800
Printing and Postage	0	4,558	4,558	8,384	22,792	14,408	54,700
Bibliographic Fees	7,105	6,042	(1,064)	31,533	30,208	(1,325)	72,500
Professional Development	(3,244)	5,625	8,869	28,667	41,125	12,458	80,500
Travel	575	3,108	2,534	9,077	15,542	6,465	37,300
Memberships	1,653	1,775	123	2,918	11,275	8,358	23,700
Contractual Services	40,126	40,508	382	74,042	202,542	128,499	486,100
Delivery Service	0	34,833	34,833	87,428	174,167	86,739	418,000
Special Events	0	833	833	1,018	4,167	3,149	10,000
Insurance	965	2,083	1,118	9,973	10,417	444	25,000
Miscellaneous	<u>120</u>	<u>2,100</u>	<u>1,980</u>	<u>3,622</u>	<u>10,500</u>	<u>6,878</u>	<u>25,200</u>
Total Expenditures	<u>529,887</u>	<u>576,887</u>	<u>46,999</u>	<u>2,712,357</u>	<u>2,918,693</u>	<u>206,337</u>	<u>6,955,800</u>
Net Revenue Before Depreciation	<u>32,743</u>	<u>(14,987)</u>	<u>47,730</u>	<u>75,050</u>	<u>(109,193)</u>	<u>184,243</u>	<u>(191,200)</u>
Non-Cash Activity							
Depreciation	18,741	0	(18,741)	93,707	0	(93,707)	0
Unrealized Gain/Loss on	<u>63</u>	<u>0</u>	<u>(63)</u>	<u>(6,508)</u>	<u>0</u>	<u>6,508</u>	<u>0</u>
Total Non-Cash Activity	<u>18,804</u>	<u>0</u>	<u>(18,804)</u>	<u>87,199</u>	<u>0</u>	<u>(87,199)</u>	<u>0</u>
Net Revenue	<u>13,939</u>	<u>(14,987)</u>	<u>28,925</u>	<u>(12,149)</u>	<u>(109,193)</u>	<u>97,044</u>	<u>(191,200)</u>



NOTES FOR MAY 2020 INCOME STATEMENT

For the month of May, revenues exceeded the budget by approximately \$700; however, revenues are approximately \$22,000 short of the budget year-to-date. Spending in May was more than \$47,000 under the monthly budget, spending year-to-date for 2020 was approximately \$206,000 under the year-to-date budget. Lines with notable activity are discussed below.

Revenues:

Revenues for the month of May exceeded the monthly budget by \$700 however, revenues fall short of budget by approximately \$22,000 for the year-to-date. There are three lines with notable variances.

Fund Raising & Contributions was approximately \$2,500 under budget and can be attributed to the impacts of the COVID-19 pandemic on activities in this area.

Interest for the month of May was \$1,400 lower than budget, however, this is not unexpected in the current economic climate.

Other Revenues with Restrictions was \$1,425 more than the budget for the month and \$6,325 for the year-to-date. This is the line which includes the BTOP (Broadband Technology Opportunities Program) grant in which WLS serves as project manager for New Rochelle Public Library's program. The greater than budgeted revenue in May is attributed to the recognition of BTOP revenues. However, this line falls short of the budget year-to-date which is related to program revenues that are budgeted over the year but are actually recognized entirely in the second half of the year. When the programs begin in July and revenues are recorded, this deficit will be offset.

Expenses:

Expenses during May came in more than \$47,000 less than the monthly budget; while year-to-date expenses are more than \$206,000 under budget, before depreciation. Notable variances in individual lines are discussed below.

Salaries and Fringe Benefits – Expenses in the *Salaries* and *Fringe Benefits* lines were approximately \$20,000 under budget, in total, in May. This can be attributed to open positions that were budgeted but have not been filled due to the COVID-19 pandemic.

Professional Fees – The *Professional Fees* line is overspent by approximately \$31,000 for the month and \$13,000 for the year to date. This deficit can be directly attributed to two payments totaling \$39,400 to CBIZ for the IT Operations audit. This is largely a timing issue and not an indication that the line will be overspent throughout the year. However, WLS will monitor this line throughout the year to ensure it comes in within budget at year-end.



NOTES FOR MAY 2020 INCOME STATEMENT (continued)

Equipment – Spending in this line was approximately \$1,200 under the monthly budget. However, year-to-date spending in this line is over budget which was primarily driven by unplanned purchases in April 2020 that were in response to needs identified in the performance evaluations of the computer network.

Library Materials – This line shows a deficit of approximately \$20,600. Since the social isolation associated with the COVID-19 pandemic, WLS arranged to allow for increased usage of e-content by library users, which resulted in greater activity in this line and accompanying increased expenses.

Repairs and Maintenance – Expenses for Repairs and Maintenance were approximately \$15,000 under budget for the month of May and \$55,000 under budget for the year-to-date. A surplus in this line can be attributed to the closures and reduced activity from the COVID-19 pandemic.

Professional Development – This line shows a negative figure of more than \$3,200 in the current month, driving a budget surplus of more than \$8,800 in May. The negative balance is attributed to the receipt of more than \$3,800 in reimbursements from the Breath, Body, Mind program. The remainder of the surplus is due to overall reduced activity related to the COVID-19 pandemic.

The Income Statement also shows notable surpluses in lines with no expenses in *Delivery* (\$35,000), *Postage & Printing* (\$4,500) and *Special Events* (\$800) as well as surpluses in lines with reduced activity in *Supplies* (\$2,700) and *Travel* (\$2,500). This is primarily due to the office closure and services either being delayed or not used. The Supplies line in particular will see increased activity in the coming months as WLS orders personal protective supplies in preparation for the re-opening of the WLS office.



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Total Revenue	<u>562,630</u>	<u>561,900</u>	<u>730</u>	<u>2,787,407</u>	<u>2,809,500</u>	<u>(22,094)</u>	<u>6,764,600</u>
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Supplies	403	3,150	2,747	9,680	15,750	6,070	37,800
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Professional Development	(3,244)	5,625	8,869	28,667	41,125	12,458	80,500
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Contractual Services	40,126	40,508	382	74,042	202,542	128,499	486,100
Delivery Service	0	34,833	34,833	87,428	174,167	86,739	418,000
Special Events	0	833	833	1,018	4,167	3,149	10,000
Insurance	965	2,083	1,118	9,973	10,417	444	25,000
Miscellaneous	<u>120</u>	<u>2,100</u>	<u>1,980</u>	<u>3,622</u>	<u>10,500</u>	<u>6,878</u>	<u>25,200</u>
Total Expenditures	<u>529,887</u>	<u>576,887</u>	<u>46,999</u>	<u>2,712,357</u>	<u>2,918,693</u>	<u>206,337</u>	<u>6,955,800</u>
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Non-Cash Activity							
Depreciation	18,741	0	(18,741)	93,707	0	(93,707)	0
Unrealized Gain/Loss on	<u>63</u>	<u>0</u>	<u>(63)</u>	<u>(6,508)</u>	<u>0</u>	<u>6,508</u>	<u>0</u>
Total Non-Cash Activity	<u>18,804</u>	<u>0</u>	<u>(18,804)</u>	<u>87,199</u>	<u>0</u>	<u>(87,199)</u>	<u>0</u>
Net Revenue	<u>13,939</u>	<u>(14,987)</u>	<u>28,925</u>	<u>(12,149)</u>	<u>(109,193)</u>	<u>97,044</u>	<u>(191,200)</u>



NOTES FOR MAY 2020 REVENUE AND EXPENSES AS COMPARED TO MAY 2019 AND MAY 2018

Revenues:

“Housekeeping” reminders:

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

<u>2019 & 2020</u>	<u>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

2. In 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 and 2020 budgets.

3. *Unrealized Gain and Loss on Investments* is reported on a monthly basis in 2020. There is no line for comparison in 2018 and 2019.

For Fundraising and Contributions, revenues received as of May 31 of each year has been consistent; however, the budget in this line was reduced in 2019 and then increased in 2020, resulting in a smaller deficit in 2019 than in 2018 and 2020.

For the last two revenue lines, revenue received as of May 31, 2019 is about \$30,000 greater than revenues received at this time in 2018 and 2020. This can be largely attributed to the focus on raising monies for identified strategic initiatives. Although it was anticipated that fundraising in 2020 would be more consistent with monies raised in 2019, the COVID-19 virus has slowed activity in this line.

Expenses:

Salaries: The lower spending as of May 31, 2019 can be attributed to the retirements which occurred in December 2018. Of the three retirements, only one of the lines had been filled by May 2019. Spending in 2020 was greater than 2019 but still lower than in 2018, which can be attributed to open positions that have not been able to be filled as planned due to the COVID-19 pandemic.

Fringe Benefits: Although there are two fewer positions in 2020 than there were in 2018, year-to-date in these lines has been fairly consistent, largely the result of increases in costs for benefits in each year.



NOTES FOR MAY-2020 REVENUE AND EXPENSES AS COMPARED TO MAY-2019 AND MAY-2018 (continued)

Professional Fees – The 2020 budget for this line was increased significantly to include funds for the three IT audits that are currently in progress in the IT department. At this time, one of the three IT audits is complete. While this line shows a deficit in 2020 compared to surpluses in 2018 and 2019, this can largely be attributed to the timing of these invoices.

Equipment - Spending of significantly more than the year-to-date budget in this line for May 2020 as compared to significant underspending of this line for the same period in 2018 and 2019 illustrates purchases that occur as larger, discrete transactions while the budget is evenly distributed across the year. Also recorded were unplanned purchases in April 2020 that were in response to needs identified in the performance evaluations of the computer network.

Library Materials – The budget for Library materials was higher in 2019 at \$811,000 than in 2020 and 2018 which were \$776,000 and \$770,000, respectively. Spending over previous year-to-date in this line, however, has increased 19% in 2019 and 11% in 2020. While in 2019 spending year-to-date was within budget, in 2020 the line shows a deficit of \$43,000. This can be attributed to both a steady increase in popularity and use of this model of eContent but also to WLS increasing the number of items patrons have been allowed to consume from these services during the pandemic.

Telephone and Internet – The annual budget for this line was consistent from 2018 to 2019 but was increased \$23,000 in 2020 to accommodate increased bandwidth at libraries where required. Spending year-to-date in 2020, however, is lower than in previous years. This is due to a significant credit that was issued by the service provider due to the pandemic. This is significant specifically because it will impact the revenue received from eRate, which is a federal reimbursement program. Funds received from this program are based on monies paid out for Internet services.

There are a number of lines for which the COVID-19 pandemic has caused reduced or delayed activity, which decreases the effectiveness of identifying trends in a 3-year comparison of spending year-to-date. These lines include *Repairs and Maintenance, Supplies, Printing and Postage, Professional Development, Travel and Delivery.*



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Financial Statement Review May 2020 Revenue and Expenses compared with May 2019 & 2018

	Current YTD			YTD Budget			YTD Budget		
	5/31/2020	Current YTD Budget	Budget Variance	5/31/2019	YTD Budget	Variance	5/31/2018	YTD Budget	Variance
Revenue									
State Revenues without Restrictions	968,762	968,708	54	968,336	968,333	3	958,862	958,875	(13)
County Revenues without Restrictions	429,000	422,917	6,083	422,917	422,917	0	416,667	416,667	0
Federal Revenues without Restrictions	68,750	68,750	0	0	66,667	(66,667)			
Member Technology Fees	1,185,879	1,176,958	8,920	1,187,054	1,178,000	9,054	1,187,162	1,155,042	32,120
Fund Raising & Contributions	13,113	43,333	(30,220)	13,875	25,833	(11,958)	13,917	49,500	(35,583)
Interest	9,277	8,333	944	7,048	5,000	2,048	4,885	2,500	2,385
WEBS & Other	10,110	11,667	(1,557)	11,811	11,583	228	14,061	14,917	(856)
Restricted Grants	89,257	89,250	7	89,214	98,208	(8,994)	91,525	98,125	(6,600)
Restricted Other	13,258	19,583	(6,325)	62,888	21,375	41,513	33,426	8,333	25,092
Total Revenue	2,787,407	2,809,500	(22,094)	2,763,143	2,797,917	(34,774)	2,720,504	2,703,958	16,546
Expenditures									
Salaries	951,437	959,917	8,480	939,374	1,014,500	75,126	969,145	990,375	21,230
Fringe Benefits	480,858	503,125	22,267	474,061	505,625	31,565	477,255	495,419	18,163
Professional Fees	58,819	45,792	(13,027)	4,880	15,167	10,287	7,029	9,958	2,929
Equipment	138,640	22,833	(115,807)	32,178	91,500	59,322	71,900	88,350	16,450
Library Materials	371,816	328,520	(43,296)	335,240	338,667	3,427	281,816	321,508	39,692
Rent and Utilities	139,361	144,167	4,806	137,761	144,167	6,406	138,447	140,667	2,219
Repairs and Maintenance	161,113	216,357	55,244	174,338	231,975	57,637	196,552	205,516	8,964
Supplies	9,680	15,750	6,070	15,039	17,958	2,920	10,580	15,458	4,878
Telephone and Internet	143,973	159,500	15,527	153,855	150,000	(3,855)	131,636	149,583	17,947
Printing and Postage	8,384	22,792	14,408	17,493	28,725	11,232	20,067	22,167	2,100
Bibliographic Fees	31,533	30,208	(1,325)	26,157	30,208	4,052	28,139	29,167	1,028
Professional Development	28,667	41,125	12,458	22,692	31,500	8,808	37,437	20,308	(17,129)
Travel	9,077	15,542	6,465	5,730	15,708	9,978	7,466	15,083	7,618
Memberships	2,918	11,275	8,358	8,142	10,725	2,583	8,282	10,500	2,218
Contractual Services	74,042	202,542	128,499	66,611	61,125	(5,486)	46,525	53,833	7,308
Delivery Service	87,428	174,167	86,739	182,457	169,375	(13,082)	154,087	163,958	9,872
Special Events	1,018	4,167	3,149	3,835	4,167	332	9,338	12,000	2,662
Insurance	9,973	10,417	444	7,887	10,417	2,529	8,125	10,417	2,292
Interest	0	0	0	0	0	0	0	208	208
Miscellaneous	3,622	10,500	6,878	2,840	6,800	3,960	1,879	5,708	3,829
Total Expenditures	2,712,357	2,918,693	206,337	2,610,569	2,878,309	267,740	2,605,705	2,760,185	154,480
Net Revenue Before Depreciation	75,050	(109,193)	184,243	152,574	(80,392)	232,966	114,799	(56,226)	171,025
Non-Cash Activity									
Depreciation	93,707	0	(93,707)	101,432	0	(101,432)	99,883	0	(99,883)
Unrealized Gain/Loss on Investments	(6,508)	0	6,508						