



Financial Statements and Notes

December 2021

Westchester Library System
Statement of Financial Position - WLS Balance Sheet
As of 12/31/2021 - Unaudited

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>YTD Change</u>	<u>YTD % Change</u>
Assets				
Current Assets				
Cash & Cash Equivalents	5,432,852	4,533,682	899,170	19.83%
Unconditional Promises to Give	292,070	625,078	(333,008)	-53.27%
Accounts Receivable	205,688	306,783	(101,096)	-32.95%
Prepaid Expenses	436,111	499,685	(63,574)	-12.72%
Security Deposits	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>
Total Current Assets	6,366,721	5,965,228	401,493	6.73%
Long-term Assets				
Property & Equipment	<u>518,929</u>	<u>708,685</u>	<u>(189,756)</u>	<u>-26.78%</u>
Total Property & Equipment	<u>518,929</u>	<u>708,685</u>	<u>(189,756)</u>	<u>-26.78%</u>
Total Long-term Assets	<u>518,929</u>	<u>708,685</u>	<u>(189,756)</u>	<u>-26.78%</u>
Total Assets	<u><u>6,885,649</u></u>	<u><u>6,673,913</u></u>	<u><u>211,736</u></u>	<u><u>3.17%</u></u>
Liabilities				
Short-term Liabilities				
Accounts Payable	826,932	1,388,131	(561,199)	-40.43%
Deferred Revenue	<u>7,069</u>	<u>10,256</u>	<u>(3,186)</u>	<u>-31.07%</u>
Total Short-term Liabilities	834,001	1,398,387	(564,386)	-40.36%
Long-term Liabilities				
Capital Lease Obligations	0	0	0	0.00%
Deferred Rent	245,925	267,665	(21,740)	-8.12%
Post-Retirement Benefits Payable	<u>5,038,065</u>	<u>5,038,065</u>	<u>0</u>	<u>0.00%</u>
Total Long-term Liabilities	<u>5,283,990</u>	<u>5,305,730</u>	<u>(21,740)</u>	<u>-0.41%</u>
Total Liabilities	<u><u>6,117,991</u></u>	<u><u>6,704,117</u></u>	<u><u>(586,126)</u></u>	<u><u>-8.74%</u></u>
Net Assets				
	<u>767,658</u>	<u>(30,204)</u>	<u>797,862</u>	<u>-2641.58%</u>
Total Net Assets	<u>767,658</u>	<u>(30,204)</u>	<u>797,862</u>	<u>-2641.58%</u>
Total Liabilities and Net Assets	<u><u>6,885,649</u></u>	<u><u>6,673,913</u></u>	<u><u>211,736</u></u>	<u><u>3.17%</u></u>

NOTES FOR DECEMBER 2021 STATEMENT OF FINANCIAL POSITION - WLS BALANCE SHEET

The key changes to the Balance Sheet in the period of November and December are the decrease in WLS's cash position, which is lower by approximately \$223,100, a decrease in Accounts Receivable of approximately \$369,500 and a decrease in deferred revenue by approximately \$962,900.

For the year, WLS will end 2021 with an overall increase in Current Assets, the result of a higher cash position compared to end of 2020. WLS's Short-term Liabilities are lower compared to the end of 2020, primarily driven by the forgiveness of the Paycheck Protection Program (PPP) loan. These combined factors drove a significant improvement to WLS's financial position compared to the end of 2020.

It is important to note that the December 2021 financial statements are unaudited and do not yet reflect year-end and audit activities.

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. – In this period WLS's cash position decreased by approximately \$223,100. With \$1,081,500 in receipts, which included \$440,000 in grants-in-aid from NYS, \$335,000 from member libraries for IT fees and group purchases, \$262,600 from Westchester County, \$24,200 from NYS in CARES Act reimbursements and \$7,300 in tuition for the Palmer School program. Expenditures totaled \$1,304,600. Aside from rent, payroll and benefits, Internet, and delivery to libraries, the notable expenditures include \$335,000 to NYS for pension contributions, \$44,900 to Hoopla for digital content for patrons, and \$36,300 to Dell for computer equipment.

Accounts Receivable: These are monies owed to WLS by another party. – This figure decreased by \$369,500 in the period, driven primarily by payments from member libraries for IT services and group purchases, funds from NYS in CARES Act reimbursements and tuition for the Palmer School program.

Short Term Liabilities: *This section shows WLS's near-term obligations.*

Deferred Revenue: Funds received which have not yet been earned. – This figure decreased by \$962,900, the result of recognizing IT, eContent, NYS, eRate and movie licensing revenues in the two-month period.

Westchester Library System
Statement of Revenues and Expenditures - Comparison to Budget with 2019 and 2020 YTD
From 12/1/2021 Through 12/31/2021 - Unaudited

	12/31/2021	Current Period Budget	Current Period Budget Variance	12/31/2019 YTD	12/31/2020 YTD	12/31/2021 YTD	YTD Budget	YTD Budget Variance	Total Budget
Revenue									
State Revenues without Restrictions	290,596	151,011	139,586	2,354,898	2,265,169	2,359,445	1,812,130	547,315	1,812,130
County Revenues without Restrictions	88,135	86,458	1,677	999,990	1,030,000	1,050,600	1,037,500	13,100	1,037,500
Federal Revenues without Restrictions	17,110	12,500	4,610	156,174	159,066	732,714	150,000	582,714	150,000
Member Technology Fees	218,209	236,845	(18,636)	2,847,837	2,694,635	2,820,800	2,842,140	(21,340)	2,842,140
Fund Raising & Contributions	0	917	(917)	25,965	18,807	1,254	11,000	(9,746)	11,000
Interest	189	1,417	(1,228)	18,889	21,909	2,531	17,000	(14,469)	17,000
WEBS & Other	1,385	2,333	(948)	27,609	12,502	9,331	28,000	(18,669)	28,000
Government Revenues with Restrictions	23,401	58,365	(34,965)	236,069	230,425	436,580	700,380	(263,800)	700,380
Other Revenues with Restrictions	8,572	10,042	(1,469)	164,710	131,167	262,873	120,500	142,373	120,500
Total Revenue	<u>647,597</u>	<u>559,888</u>	<u>87,709</u>	<u>6,832,142</u>	<u>6,563,680</u>	<u>7,676,128</u>	<u>6,718,650</u>	<u>957,478</u>	<u>6,718,650</u>
Expenditures									
Salaries	234,391	214,292	(20,099)	2,249,139	2,256,541	2,341,889	2,571,500	229,611	2,571,500
Fringe Benefits	76,644	120,084	43,439	1,146,326	1,145,173	1,142,176	1,441,000	298,824	1,441,000
Professional Fees	26,242	3,242	(23,001)	30,978	149,890	43,238	38,900	(4,338)	38,900
Equipment	4,917	13,908	8,992	137,965	156,266	220,796	166,900	(53,896)	166,900
Library Materials	66,423	62,700	(3,723)	797,585	954,012	745,863	752,400	6,537	752,400
Rent and Utilities	27,552	31,258	3,706	347,251	354,517	332,274	375,100	42,826	375,100
Repairs and Maintenance	31,644	40,542	8,898	422,325	451,018	406,210	486,500	80,290	486,500
Supplies	967	4,183	3,216	32,152	25,222	20,184	50,200	30,016	50,200
Telephone and Internet	68,534	37,200	(31,334)	351,355	326,803	414,793	446,400	31,607	446,400
Printing and Postage	747	6,234	5,487	65,830	18,209	69,325	74,800	5,475	74,800
Bibliographic Fees	6,512	6,042	(470)	69,622	77,629	79,256	72,500	(6,756)	72,500
Professional Development	50	4,400	4,350	59,788	54,038	22,247	52,800	30,553	52,800
Travel	780	3,383	2,603	20,231	12,693	2,053	40,600	38,547	40,600
Memberships	2,575	1,858	(717)	14,647	6,950	18,334	22,300	3,966	22,300
Contractual Services	11,973	24,233	12,260	182,430	229,687	293,989	290,800	(3,189)	290,800
Delivery Service	30,595	34,833	4,238	425,068	337,946	423,702	418,000	(5,702)	418,000
Special Events	0	833	833	4,734	1,018	0	10,000	10,000	10,000
Insurance	1,708	2,083	375	19,961	21,089	25,658	25,000	(658)	25,000
Miscellaneous	804	2,350	1,546	4,385	7,296	6,641	28,200	21,559	28,200
Total Expenditures	<u>593,059</u>	<u>613,659</u>	<u>20,599</u>	<u>6,381,771</u>	<u>6,585,996</u>	<u>6,608,629</u>	<u>7,363,900</u>	<u>755,271</u>	<u>7,363,900</u>
Net Revenue Before Depreciation	<u>54,537</u>	<u>(53,771)</u>	<u>108,308</u>	450,371	<u>(22,316)</u>	<u>1,067,500</u>	<u>(645,250)</u>	<u>1,712,750</u>	<u>(645,250)</u>
Non-Cash Activity									
Depreciation	15,813	15,646	(167)	270,892	226,182	189,756	187,750	(2,006)	187,750
Unrealized Gain/Loss on Investments	(67)	0	67		3,279	173	0	(173)	0
Total Non-Cash Activity	<u>15,746</u>	<u>15,646</u>	<u>(100)</u>	270,892	229,460	<u>189,929</u>	<u>187,750</u>	<u>(2,179)</u>	<u>187,750</u>
Net Revenue	<u>38,792</u>	<u>(69,417)</u>	<u>108,208</u>	179,479	<u>(251,776)</u>	<u>877,571</u>	<u>(833,000)</u>	<u>1,710,571</u>	<u>(833,000)</u>

**NOTES FOR DECEMBER 2021 (INCOME STATEMENT) STATEMENT OF REVENUE AND EXPENDITURES –
COMPARISON TO BUDGET WITH 2019 AND 2020 YTD**

Net revenue before depreciation was above budget on both a monthly (\$108,300) and year-to-date (\$1,712,750) basis. The primary drivers of these positive variances are discussed below.

Note that this financial statement is unaudited and subject to change based on year-end and audit activities.

Revenues:

Total revenue was above the budget by approximately \$87,700 for December and \$957,500 on a year-to-date (YTD) basis. The 20% greater than expected revenues from NYS discussed below in *State Revenues without Restrictions* and *Government Revenues with Restrictions* accounts for a combined \$511,600 in unbudgeted revenue. The PPP forgiveness in *Federal Revenues* accounts for \$564,000 in unbudgeted revenue. These two factors were the primary drivers for the greater than budgeted revenue for 2021.

The greater than budgeted December revenue in the categories of *State Revenues without Restrictions* was driven primarily by two factors: (1) The receipt of grants-in-aid from NYS in the amount of \$440,000, of which \$365,000 was directed to Member Libraries. The resulting net revenue of \$75,000 are grants-in-aid for WLS and was allocated as (a) \$50,000 to support the purchase of electronic databases and (b) \$25,000 for services to Spanish-speaking populations. (2) The recognition of revenues from NYS which were 20% higher than budgeted. Revenue from NYS in 2021 was budgeted with an expectation of a 20% cut, however NYS maintained essentially flat funding compared to 2020.

Government Revenues with Restrictions includes revenues from Project HOPE and NY CARES. The two programs have concluded and will have no additional revenue this year driving the shortfall in this category for the month. NY CARES met the budget goal for the year while Project HOPE will fall short of its goal. Both programs are driving the significant negative variance for the month and the positive variance compared to 2019 and 2020 YTD figures for this category.

Expenses:

Total spending in December came in approximately \$20,600 less than the monthly budget, while spending on a YTD basis was approximately \$755,300 less than the budget.

Salaries – Spending in this line was approximately \$20,100 over budget for December and \$229,600 under budget for the YTD. The overspending in this line in December was driven by the payout of the sick leave incentive, which allows employees to get paid for up to four sick days based on how much sick time was used within the year.

Fringe Benefits – This line came in approximately \$43,400 under budget for December and \$298,800 for the YTD. The variance in December is primarily driven by having no pension expense for the month of December. The pension invoice for the year was paid in November to take advantage of the early payment discount which saved WLS approximately \$2,800.

The combined underspending of approximately \$528,400 in *Salaries* and *Fringe Benefits* for the YTD is driven by several factors including: (1) the unfilled Library Data Specialist position whose roles were instead filled by a contractor, (2) the IT Operations Manager position, which was filled in November but was open for most of the year and (3) less than expected personnel costs for Project HOPE, which did not run as long as budgeted.

Telephone and Internet – This line was overspent for the month by approximately \$31,300, which was driven by the purchase of hotspots in the amount of \$37,050 which was associated with the digital equity grant from the Westchester Community Foundation.

Professional Fees – This line was over budget by \$23,000 for December and approximately \$4,300 for the YTD. The overage in December was driven by the accrual for the 2021 financial audit which will take place over the course of the Winter and early Spring of 2022. The YTD overage was also driven by the cost of recruitment of open positions (\$5,075) and legal fees related to the development of the IT Service Level Agreements. The significant variance in this line for 2020 was related to the three IT audits that were conducted in that year.

NOTES FOR JANUARY – DECEMBER 2021 SUMMARY OF CAPITAL EXPENDITURES

On the expense side, total expenses for the period were approximately \$79,700 and related to VDI equipment. At the December 1, 2020 meeting, \$400,000 was approved for VDI equipment, installation, and support; most of this amount was spent in 2020. The expenses in the statement below occurred in 2021. The project is considered closed at this time and any additional unbudgeted costs will be brought back to the Board for additional approval.

The VDI project was approved separately from the 2021 capital budget and therefore is not included in the budget figures below. The capital budget is comprised of expenses for three projects: (1) \$175,000 for network equipment replacement, (2) \$35,000 for a replacement vehicle, and (3) \$300,000 for replacement of public PCs.

There were limited capital expenditures in 2021. The network equipment budgeted was accounted for within the operations budget and was limited based on the availability of hardware and the lower cost of the hardware chosen. The IT vehicle was not replaced due to the supply chain issues in 2021; this expense will be brought back for approval in 2022. The public PCs were not purchased as the demand for PCs in 2021 were able to be met with the new PCs already in inventory.

It is important to note that this report is for expenses approved as part of the capital budget. However, not all expenses illustrated here will be capitalized. When an expense is capitalized, the purchased item is moved from the income statement to the balance sheet as an asset and is then depreciated over the course of its usable life. This is done using a threshold of \$5,000 for individual purchases and \$15,000 for aggregate purchases with a minimum \$2,500 per item. Expenses not meeting those criteria will be moved to the operating income statement as an expenditure.

Summary of Capital Expenditures – Jan to Dec-2021

	<u>12/31/2021 YTD</u>	<u>YTD Budget</u>	<u>YTD Budget Variance</u>	<u>Total Budget</u>
Expenditures				
Equipment	71,663	510,000	438,337	510,000
Contractual Services	<u>8,046</u>	<u>0</u>	<u>(8,046)</u>	<u>0</u>
Total Expenditures	<u>79,708</u>	<u>510,000</u>	<u>430,292</u>	<u>510,000</u>
Net Revenue	<u>(79,708)</u>	<u>(510,000)</u>	<u>430,292</u>	<u>(510,000)</u>