

Library Finance Summary

Interim October 2018

Note: the discussion below refers to both the library (021) and ALP (023) Funds unless otherwise stated.

Due to the property purchase of 120 S. Willow Street, to provide surface parking for the new building project, CCLS only issued a partial transaction statement for October due to their need to make certain it has properly accounted for this purchase. As you may know, CCLS has never recorded property values on the balance sheets of system libraries and our \$350,000 purchase became quite an exercise to determine the best way to account for this without adding the property to the balance sheet. In addition, it has been necessary to create a new fund #236 to capture the revenue and expenses to maintain the building on this property for the next couple of years. As a result, my comments for October will be brief with a more complete report expected for November shortly.

Revenue

October governmental donations were \$33.8 K from Chester County (the final payment) and Kennett Square. We do expect final or partial donations from Kennett Square, Pennsbury and West Marlborough, and if so, annual municipal donations should exceed budget by approximately 1%.

Since several monthly transactions were not posted in October, most all of the Fall fund raising event will be booked in November.

Library "charges" revenue was \$653 which is a typical month so far this year. It appears that revenue from library charges/fees will be short of budget at the end of the year by as much as \$3000.

October ALP revenue was minimal in October at \$1.2 K. ALP revenue is forecast to be approximately \$85K which is 14% shy of the aggressive budget.

Expenses

Total library expenses including capital outlay were \$48.2K in October, lower than August capital outlay by \$11K primarily due to an insurance refund for the failed ejector pump. ALP expenses were \$13.6K, primarily all from personal services.

Personnel Services expenses, representing 69% of total library expenses at \$555.5 K, are 9% greater than budget and 21% greater than 2017, due to several factors including higher benefit costs in 2018, a 3% cost-of-living adjustment, and additional hours for the ALP staff to full-time status.

Library Materials, 12% of expenses at \$98.8 K year to date, are equal to budget but 35% greater than 2017 where materials purchases got off to a slow start.

Facilities & maintenance expenses, 4% of expenses at \$25.4 K year to date, equals budget and is 7% greater than 2017..

Fundraising expenses, 4% of total expenses at \$30.6 K, are 6% below budget but 6% greater than 2017.

Programming costs, 3% of overall expenses at \$25.4 K, are 3% below budget but 9% above 2017. Programming costs do not include the expense of staff who are involved in planning and executing the over 1000 library events, but just the miscellaneous and outside costs involved.

All Other expenses continue under budget by 20% due to lower professional fees, marketing, and miscellaneous expenses offset by travel & entertainment.

Total (Library + ALP) library Net - October net was negative at \$(24.5)K with YTD net positive at \$44.6 K but shy of budget by 33%.

Cash Management

I will defer on the cash management discussion for October but at this point I have nearly final November fund balances as reported by CCLS. The library fund 020 shows total cash of \$210.6K. Unfortunately, the interim November balance sheet report does appear to be incomplete for the capital reserve account 021, primarily due to the efforts to account for the purchase of the Hall property. During November, a considerable amount of cash has been transferred from the library to ALP and at this point the November ALP interim balance sheet shows \$41.4K total cash, more than enough to cover the cash needs through the end of the year. A final adjustment of ALP cash will be made in December potentially transferring a portion of this amount back into the library cash account. Finally, fund 236 which, has been set up to capture revenue and expenses for the 120 S. Willow Street property, still requires additional work by CCLS accounting..

Library Investment Portfolio

The portfolio value as of the end of October was \$3,208K, losing \$50.1K as a result of weak pricing in 3 of the 4 major ETF funds. Since the November Vanguard statement is available, it is comforting to know that the weak pricing noticed in the prior 2 months has reversed with the portfolio gaining \$21.9K due to stronger pricing. However, we all know that the market will continue being volatile but it is still believed that the library funds are well-positioned with the new building project money in a federal money market (which earns a small but steady interest dividend) and the 4 major ETFs holding the funds set aside to support library operations.