

Michael Koszalka

From: Steve Heser
Sent: Tuesday, July 17, 2018 8:17 AM
To: LDAC
Subject: 2018 Reciprocal Borrowing Payment Calculation

Importance: High

To all LDAC members,

I wanted to make you aware of an issue that has come up regarding the 2018 reciprocal borrowing payment that was sent out from MCFLS in February. I discovered that last year an error was made in calculating the 2018 payment. Instead of using 39% of state aid from **2017**, the calculations used 39% of state aid from **2018**. Since state aid went up in 2018, MCFLS paid out \$34,771 higher than we should have. Here is a table derived from the ILS, Resource Sharing and Technology agreement that illustrates how the reciprocal borrowing calculations are made with the 2018 payment highlighted.

State Aid Percentage	State Aid Year	MCFLS State Aid	Distribution	Circulation Period
40%, estimated to be \$1,070,802	2016	\$2,677,006	Feb. 2017	10/1/14-9/30/15
39%, estimated to be \$1,044,032	2017	\$2,677,006	Feb. 2018	10/1/15-9/30/16
38%, estimated to be \$1,051,142 *	2018	\$2,766,162	Feb. 2019	10/1/16-9/30/17
38%, estimated to be \$1,085,020 *	2019	\$2,855,317	Feb. 2020	10/1/17-9/30/18

*State aid increased in 2018 and 2019

In the 2018 MCFLS budget, we allocated \$1,078,803 for reciprocal borrowing, which is 39% of the 2018 number of \$2,766,162. The correct number should be \$1,044,032 or 39% of the 2017 state aid total of \$2,677,006.

Here is how the corrected calculation impacts individual libraries:

	Net Positive 10/1/2015 - 09/30/16	Percent of Net	2018 Original Amount	2018 Corrected Amount	Difference
Brown Deer	81,845	8.49%	\$91,600	\$88,648	-\$2,952
Cudahy	127,314	13.21%	\$142,489	\$137,896	-\$4,593
Franklin	79,165	8.21%	\$88,601	\$85,745	-\$2,856
Greendale	20,927	2.17%	\$23,421	\$22,666	-\$755
Greenfield	24,514	2.54%	\$27,436	\$26,552	-\$884
Hales Corners	57,729	5.99%	\$64,610	\$62,527	-\$2,082
Shorewood	61,679	6.40%	\$69,031	\$66,806	-\$2,225
St. Francis	44,592	4.63%	\$49,907	\$48,298	-\$1,609
Wauwatosa	214,233	22.23%	\$239,768	\$232,040	-\$7,728
West Allis	203,112	21.07%	\$227,321	\$219,994	-\$7,327
Whitefish Bay	48,803	5.06%	\$54,620	\$52,859	-\$1,760
TOTAL	963,913	100.00%	\$1,078,803	\$1,044,032	-\$34,771

I sincerely apologize for missing the error in the calculations above and inconvenience this has caused. After speaking with the MCFLS Board yesterday, we'd like to offer the option for those libraries impacted to reimburse MCFLS with a payment this year or to have the amount deducted from the 2019 payment. If you can let me know your decision by August 30th, I would appreciate it. The calculations for the 2019 reciprocal* borrowing payment sent out earlier this month are correct. I apologize again for the error. If you have any questions, please let me know. Thank you.

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