

Board Meeting 1/27/2022 Financial Review  
Budget vs. Actual Income and Expense Report  
Prepared by Kerrie Goeden, HR & Finance Coordinator

**Income**

These financial statements include year-to-date information through 12/31/2021. The mid-year budget has been updated effective 7/1/2021. Expenditures should be at or under 100% (12/12) of budget YTD. Exceptions to that are explained below.

**4150 Proceeds from Sale of a Vehicle**

Jesse was able to sell vehicles for much greater than anticipated in 2021. Proceeds came in at nearly 50% over budget for the year.

**4295 BCPL Building Loan Revenue**

This is a new account created to record the revenue available from the loan secured through the Board of Commissioners of Public Lands (BCPL) for the new building project. This loan is recorded as income in the year in which the funds were received (2021). Any funds not utilized in the current fiscal year will be transferred to a new reserve (carry over) account to be used for the building project in the next fiscal year.

**4020/4060 Portfolio Realized Gains/Change in Market Appreciation**

Realized gains/losses and changes in market appreciation are not budgeted, as they are not within our control. YTD the portfolio has had realized losses of \$114.11 and a loss of market value of \$55,914.09.

**4290 SCLS Foundation Admin Fees**

These are the fees SCLS receives from the Foundation to manage the receipts and record keeping, etc. for the fund. These fees are based on a % of portfolio balance. These fees are invoiced and recorded on a quarterly basis, at the end of each quarter. Participation in the fund was higher than budgeted this year, therefore this income exceeded budget by 25% in 2021.

**Expenses**

**5540 ILS Third Party Maintenance and Start Up**

In June we paid for Syndetics Unbound through 5/31/22. We also purchased a new mobile app through Solus out of the UK, which put this account over budget. Any overage will be paid for out of the ILS Carryover account.

**5545 ILS Telenotice Phone Charges**

The annual maintenance and server replacement for the Talking Tech service was paid in November (\$6,717.00) bringing this account slightly over budget for the year. Any overage will be paid for out of the ILS Carryover account.

**5575 Tech Broadband Lines and Services**

In June we paid for the TEACH lines for the first half of the year and in December we paid for the second half of the year. We also paid for the annual WiscNet and MUFN fiber fees, WiscNet annual fees for network access and membership fees. This account is at 143.5% of budget. Any overage will be paid for out of the Technology Carryover account.

#### 6050 Mileage Expenses – SCLS Staff

We reduced this budget at the time when libraries were mostly virtual and staff were not visiting them in person. Travel has increased and in-person meetings and conferences have started up again. Therefore our mileage has also increased beyond projections.

#### 7270 Delivery Supplies and Equipment

In addition to regular ordering of supplies, Delivery replaced a computer in March and purchased 50 wheels and brakes and 5 casters for the carts. In April Delivery purchased 20 new aluminum carts which cost \$5,680.00 and in May and June, purchased casters for the carts which cost \$784.38 and \$829.01 respectively. Delivery also purchased a new copier in December to replace their very old one. Therefore this account is at 165.3% of budget. Any amount over budget at year-end will be taken from the General/Delivery Carryover Account.

#### 7475 Experimental Services for Libraries

In addition to regular monthly charges for mobile hotspots, in June, 7 Latitude 3520 laptops were purchased for the mobile laptop lab. This is an annual replacement. Therefore this account is at 113.4%.

#### 7650 Facility Headquarters

Rent is paid a month in advance therefore we have paid through the year. We were, however, billed for the CAM (common area maintenance) and year-end taxes reconciliation in April for both 2019 and 2020, since they did not send the 2019 bill last year. This additional set of charges totals \$27,335. Therefore this account is now at 109.7% of budget.

#### 7652 Utilities

The cost of utilities is higher than anticipated for the year by 30%. We will have to re-evaluate this budget line in 2022.

#### 7655 Supplies

This account was reduced at the time when most staff were working remotely. Now that staff are in the building regularly again, the use of our building supplies has increased beyond projections.

#### 7670 Telephone

We transitioned to cell phones at HQ in 2021 to accommodate the remote/hybrid work environment. The cost of each cell phone is anticipated to be about \$10 per month more than the landlines. Therefore this account is slightly over budget for the year.

#### 7730 Workers Comp, General Insurance

This account is at 115.4% of budget, as we have paid the insurance premiums for the entire year of 2021 for cyber, executive liability, property, general liability, worker's comp, business services bond and crime insurance.

#### 7752 Computer Hardware & Supplies

This account is for the annual replacement of staff PCs and peripherals, Adobe, Slack and Zoom subscriptions. We have also renewed our Carbonite subscription and Jody H's Tableau subscription. YTD we have expended 116.6 % of this account.

#### 8011 Bank Service Charges

These fees are the monthly maintenance fees on our business checking account. Higher fees = more transactions.

### 8015 Legal Services

We worked additional hours with Axley Attorneys this year to review our building project contracts. These include the letter of intent, the purchase and sale agreement and the Keller build and design contracts.

### 9170 Members Digital Buying Pool

The income represented on the financial statements (\$321,873.97) includes member fees for the digital media buying pool and the Advantage Program, as well as the SCIDS portion of MPL contract for the Advantage Program through Overdrive for eBooks and digital content, a Madison Public Library Foundation and extra MPL donation to the Advantage Program through Overdrive for eBooks and digital content.

### 9113/9114 Delivery LSTA Grants

The budget accounts for the \$75,000 annual Delivery LSTA grant that supports the statewide delivery services. In addition to that grant, SCLS is receiving an additional \$123,930 for a PLSR LSTA grant that will pay for the delivery fees for the library systems in Wisconsin for the 2<sup>nd</sup> half of the year.

### 9140/9141 WPLC Digital Media Buying LSTA Grant

SCLS served as the fiscal agent for an additional statewide LSTA grant providing additional funds to the digital media buying pool.

### 9153/9196/9206/9211 CARES and LSTA Grant Accounts

The 2<sup>nd</sup> Tech Sparsity LSTA grant, the Infrastructure Backup Digitization LSTA grant and the ILS Migration LSTA grant were completed in September. Fiscal reports were submitted for reimbursement in October and November. The Professional Learning Funds LSTA grant has just begun and will provide \$32,276 in grant funds for CE opportunities. Of this amount, \$10,128 was used in 2021. The reimbursement for the ILS Migration LSTA grant is reflected in November.

### 9225/9226 Backup and Digitization Archives LSTA

SCLS served as the fiscal agent for this additional grant of \$133,475 to support the statewide back up project.

### Net Income Year-End 2021:

The net income at fiscal year-end is \$5,491,031.57. Of this amount, \$5,423,700 will be held in reserve for the building project. The remaining \$67,331.57 will be allocated to the General/Delivery, Technology and ILS carryover accounts once the year-end calculations have been completed.

### **Portfolio Update:**

Fixed Income Portfolio balance as of 12/31/2021: \$1,797,007.60

Fixed Income Portfolio balance as of 11/30/2021: \$1,800,007.04

The total portfolio value decreased last month by \$2,999.44

Starting portfolio balance 10/11/2012 = \$1,597,442.00. Therefore our portfolio balance has increased overall by \$199,565.60 since inception.

### **First Business Bank Ratings as of 11/30/21:**

Sited and quoted directly from the following sources:

<http://www.depositaccounts.com/banks/health.aspx?gclid=CMaGrfvuhr8CFQMNaQodwQwAgA#texas>

Texas Ratio: "Anything over 100% is considered at risk. Texas Ratio is an industry standard for calculating the health of a bank, but is not the only factor to consider. Data is based on the latest published financial data from FDIC and NCUA."

First Business Bank has a Texas Ratio of 2% and is listed as 12<sup>th</sup> healthiest bank in WI with assets of \$1 billion +.

<https://www.bauerfinancial.com/star-ratings?ref=#2-loadhere>

### **Ratings for selected banks operating in south-central Wisconsin**

**Star ratings are based on current financial data.**

*Source: Bauer Financial*

### **WHAT THE RATINGS MEAN**

#### **Bauer Financial:**

- 5 — Superior
- 4 — Excellent
- 3 1/2 — Good
- 3 — Adequate
- 2 — Problematic
- 1 — Troubled
- 0 — Lowest

First Business Bank has a rating of 4 for Bauer Financial rating scales.

<https://www.bauerfinancial.com/star-ratings/tell-me-more/?cert=15229&type=B>

<http://www.firstbusiness.com/investor-relations/>

This is the First Business Bank website that offers links to their Financial Statements, Stock Information, Dividends, Governance Documents and information of the Officers and Directors.