

Board Meeting 12/28/2023 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 11/30/2023. Expenditures should be at or under 91.7% (11/12) of budget YTD. Exceptions to that are explained below. The mid-year budget adjustments are reflected on the financial statements as of 7/1/2023.

4010 State Aid Income

We received 75% of our 2023 state aid from the DPI in December 2022 and the remaining 25% in April 2023. Therefore this account is at 100% YTD.

4030 Interest on Vested Funds

Interest income includes interest earned on funds held in our money market account, and now in our new Sweep account which is holding the BCPL loan funds. Our LGIP interest rate is 5.39%. Therefore interest income is significantly higher than budgeted. Through November, we are ahead of budget for the year in interest income by \$18,076.61.

4120/4130/4170/4180 Delivery Services

Delivery services fees for 2023 for our members (4120) were invoiced in January and therefore are reporting at 100% of budget. The other delivery fees, to include Other Member Delivery-Library (Link Express services) and Multi/Intersystem Delivery (Statewide, UW, Multi-type libraries), were invoiced in February and September. Special Request Delivery income is recorded as it occurs on a monthly basis.

4150 Proceeds from Sale of Vehicle

Delivery has not been able to order a new van yet. Therefore, they haven't sold any yet this year.

4242 Tech and/or ILS Member Payments

Technology and ILS fees to members were invoiced to all participants in January; therefore nearly 100% of this revenue is reported this month.

4295 BCPL Building Loan Revenue

We drew the 2nd BCPL loan funds in February in the amount of \$1 million.

4020/4060 Portfolio (Un)Realized Gains/Change in Market Appreciation

(Un)Realized gains and changes in market appreciation are not budgeted, as they are not within our control. YTD the portfolio has had a realized loss of \$5,075.44 which is offset by an unrealized gain (increase in market value) of \$9,777.84. The portfolio also has interest/dividend earnings of \$59,734.40 YTD, which is \$15,734.40 ahead of budget.

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. Revenue shown is through the end of 3rd quarter.

Expenses

5130 Madison Public Library

2023 Cataloging, Back up reference and ILL, Materials in Demand contracts have been paid in full.

5320 Online Content and Memberships

We renewed our annual subscription for FirstSearch therefore this account is fully expended.

5545 ILS Telenotice Phone Charges

The new IP Flex telephone system is in place now at HQ. The cost for this telephone system is greater than the prior landline system. Talking Tech has 8 of the 10 phone lines currently in place.

5551 ILS Cataloging Software/Contract

2023 Cataloging, Back up reference and ILL, Materials in Demand contracts have been paid in full.

5570 Tech Support Equipment & Services

In February we renewed our annual subscription with SolarWinds, the HelpDesk ticketing and inventory software. In September, the LogMeIn subscription was renewed. Therefore this account is fully expended.

5591 3rd Party Annual Support and Maintenance

In June we paid the MyPC and Papercut annual fees 7/22/23 - 7/21/24. Therefore this account is fully expended.

5740 Contracted Printing Services

We have paid for printing services to Madison Public Library for the first 3 quarters of the year. Most of this has been transferred to SLP Printing expenses or will be invoiced back to libraries, to bring this account back within budget.

7210 Fleet Expenses

This account is back down to 88.6% of budget, as we have received the Delivery LSTA grant, which was applied to fleet expenses, keeping this account within budget.

7260 Bonding/Cargo/Fleet Insurance

We've paid the annual premium for the auto and liability insurance already for the year and we received a dividend (rebate) in February. Therefore this account is at 95.4% YTD.

7294/7659 Facility Loan Interest Expense

We paid our annual loan payment to BCPL in February. This year (2023) is an interest only payment.

7295 Delivery Facility

Facility costs are at 140.1% of budget due to renewing the annual delivery building 2023 security and monitoring services in January, in addition to escalating monthly utility and maintenance costs.

7630 New Building Expenses

We have budgeted for ongoing landscaping expenses, which includes common area maintenance and snow removal. We've also budgeted for furniture, equipment and ground lease expenses. Moving expenses will come out of the furniture expense budget. The ground lease expense will be incurred

once per year and is paid for 2023. Construction costs (7633) up to \$3,048,774.84, will be paid for out of the Building Project Carryover fund. This month we made a progress billing payment to Keller for the construction contract in the amount of \$714,002.91. This expense, as well as any remaining expenses, will be recorded in account 7633 New Building Construction Work, until we have spent the amount budgeted in this account (\$360,534.24) plus the additional \$1,000,000 loan funds that have been received this year. Once that is spent, any remaining construction costs up to the approved \$500,000 will come out of the general contingency account.

7634 New Building Furniture

Most of this budget has been allocated to purchasing cubicles, and moving costs for the data center and the HQ move. Both of those moves are complete and therefore this account is fully expended.

7635 New Building Equipment

This account will be used to fund ongoing maintenance and replacement of equipment for the new building. This year, with just moving into the building and setting up the data center and the delivery addition, it required additional switches, access points and a transformer cabinet. We also had to replace a heat exchanger unexpectedly and completed some roof repairs. Therefore this account is over budget this year. We will continue to monitor expenses and will adjust this account as needed to accommodate the costs of ongoing maintenance and repair.

7650 Facility Headquarters

These accounts are at 99.5% of budget, as there was an overlap in utilities between the Biltmore and Pankratz buildings. Rent was originally budgeted through May 2023, but was extended through June 2023 on the mid-year budget, bringing rent back within budget for the year. Offsite storage is paid quarterly in advance, so we've paid for 3 quarters so far and then paid an additional fee to remove the remainder of our boxes out of Access Information Storage and to close down this account. We will now store these records in our new storage location next door.

7655 Supplies

Setting up the new facility has required additional one-time purchases of supplies, such as hardware, hoses, sprinklers, checks, envelopes and stampers with our new address, etc. Therefore this account is over budget this year. We expect supplies to return to normal in 2024.

7680 Postage

August postage expenses were mostly for the Foundation Cornerstone Event mailing and will get charged back to the Foundation.

7690 Board Travel/Exp and Memberships

This account includes the presenter fee for the board training held in July for the SCLS trustees.

7700 Employee Insurances

All insurances are paid a month in advance, therefore YTD we have paid for the entire year and are at 96.2% of budget.

7750 Bookkeeping

There have been additional bookkeeping/payroll processing expenses this year pertaining to hiring 2 remote out of state employees.

7752 Computer Hardware & Supplies

Staff replacement laptops were purchased for 6 staff members, and the Slack instant messaging annual subscription was renewed. Therefore this account has been fully expended for the year.

7760 Equipment/Repairs

Expenses are higher than budgeted due to hiring a handyman to install shelves, cabinets, a counter, racks, etc. at the new Pankratz office.

8000 Fund Accounts

These are in-and-out accounts used to purchase equipment and/or services for the SCLS Foundation and member libraries. These expenses will all be invoiced back to those entities and these accounts will be zeroed out by year-end.

8016 Building Project Carryover Expenses

The remainder of the Building Project Carryover Fund was used up last month. This month we made a progress billing payment to Keller for the construction contract in the amount of \$714,002.91. This expense, as well as any remaining expenses, will be recorded in account 7633 New Building Construction Work, until we have spent the amount budgeted in this account (\$360,534.24) plus the additional \$1,000,000 loan funds that have been received this year. Once that is spent, any remaining construction costs up to the approved \$500,000 will come out of the general contingency account.

9170 Members Digital Buying Pool

The income represented on the financial statements (\$343,079.71) includes member fees for the digital media buying pool, the Advantage Program and OverDrive Magazines.

9001 Other Expenses

These accounts reflect grant expenditures that will be submitted to the DPI for reimbursement.

Portfolio Update:

Fixed Income Portfolio balance as of 11/30/2023: \$1,719,030.20

Fixed Income Portfolio balance as of 10/31/2023: \$1,695,276.40

The total portfolio value has increased this month by \$23,753.80

Starting portfolio balance 10/11/2012 = \$1,597,442.00. Therefore our portfolio balance has increased overall by \$121,588.20 since inception.

First Business Bank Ratings as of 11/30/23:

Sited and quoted directly from the following sources:

<https://www.depositaccounts.com/banks/first-business-bank.html#health>

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 4.45% and has a health rating of "A".

<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 5 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.