

Board Meeting 1/25/2024 Financial Review  
Budget vs. Actual Income and Expense Report  
Prepared by Kerrie Goeden, HR & Finance Coordinator

These financial statements include year-to-date information through 12/31/2023. Income and expenditures should be at or near 100% (12/12) 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.

### Income

#### 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 5.38%. Therefore interest income is significantly higher than budgeted. At year-end, we are ahead of budget for the year in interest income by \$29,141.42.

#### 4130/4180 Delivery Services

Other Member Delivery-Library (Link Express services) and Special Request Delivery income are both on-demand delivery services provided by SCLS Delivery. The demand for these services in 2023 was less than budgeted this year. Therefore both income accounts ended the year under budget.

#### 4150 Proceeds from Sale of Vehicle

Delivery was not able to order a new van in 2023. Therefore, they didn't sell any vehicles in 2023.

#### 4295 BCPL Building Loan Revenue

We drew the 2<sup>nd</sup> 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 fixed income portfolio has had a realized loss of \$5,075.44 which is offset by an unrealized gain (increase in market value) of \$23,690.94. The portfolio also has interest/dividend earnings of \$64,663.93 YTD, which is \$20,663.93 ahead of budget.

### Expenses

#### 5555 Tech Hardware Maintenance

With the construction of the new data center, there were no hardware maintenance expenses in 2023.

#### 5557 Library Owned Equipment and 5560 Tech Central Server Hardware

Account 5557 captures technology equipment purchased by SCLS but is owned by the member libraries. Account 5560 captures technology equipment owned by SCLS. With the construction of the new building and the new data center, expenses in these accounts were minimal in 2023.

#### 5710 and 6010 Consulting Staff Wages

These accounts capture salary expenses for our consultants. One staff member was budgeted in account 5710 but was then moved to account 6010 in 2023. Therefore account 5710 is under budget by about \$51,000 and account 6010 is over budget by the same amount.

#### 6040 and 6050 Staff Travel/Continuing Ed and Mileage Expenses

These 2 accounts work hand-in-hand as they capture our staff attendance at trainings, conferences and continuing education opportunities. With that comes travel expenditures. With more of these sessions being offered again in-person, our mileage expenses have continued to grow, resulting in account 6050 being over budget for the year by \$2,401.38. However, account 6040 offsets this, ending the year \$6,101.56 under budget.

#### 7210 Fleet Expenses

This account ended the year over budget by \$5,557 (about 5% over budget). This is due to increased gas prices in 2023 and increasing costs for van repairs. The Delivery LSTA grant, which was applied to fleet expenses, did reduce expenditures in this account by \$75,000 for the year.

#### 7290 Contracted Service

With the implementation of the PLSR hub system and contracting some routes to other systems and Waltco, the overall cost of contracted services has increased in 2023. This account will be adjusted to reflect the new route structure in 2024 and beyond.

#### 7295 Delivery Facility

Facility costs at the Gilson Street location ended the year at 166% of budget. This is due to renewing the annual delivery building 2023 security and monitoring services in January, in addition to escalating monthly utility and maintenance costs. We also purchased new shelving for the sort floor in the Pankratz building to facilitate Delivery's move to the new location. The additional expenses in this account were offset by salaries, insurance and supplies coming in under budget.

#### 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 were paid 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 \$500,000. Of this amount, \$12,154.30 was recorded in account 7633 New Building Construction Work, to spend out the amount budgeted in this account (\$360,534.24) plus the additional \$1,000,000 loan funds that have been received this year. The remaining \$487,845.70 will come out of the general contingency account (up to \$500,000 was approved by the BOT).

#### 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. Any final amounts over budget will be covered by contingency or the additional interest income earned in 2023.

#### 7650 Facility Headquarters

These accounts finished the year about 3% over 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 paid for 3 quarters 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.

#### 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 under budget for the year by \$36,966.20.

#### 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. Additional equipment and peripherals were needed this year with the move to the new building. Therefore this account ended the year at 107.2% of budget.

#### 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.

#### 8016 Building Project Carryover Expenses

The Building Project Carryover Fund (\$3,048,774.84) has been spent. This month we made a progress billing payment to Keller for the construction contract in the amount of \$500,000. Of this amount, \$12,154.30 was recorded in account 7633 New Building Construction Work, to spend out the amount budgeted in this account (\$360,534.24) plus the additional \$1,000,000 loan funds that have been received this year. The remaining \$487,845.70 will come out of the general contingency account (up to \$500,000 was approved by the BOT).

#### 9001 Other Expenses

These accounts reflect grant expenditures that have been submitted to and reimbursed by the DPI.

#### Portfolio Update:

Fixed Income Portfolio balance as of 12/31/2023: \$1,737,185.78

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

The total portfolio value has increased this month by \$18,155.58.

Starting portfolio balance 10/11/2012 = \$1,597,442.00. Therefore our portfolio balance has increased overall by \$139,743.78 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.