

## **REPORT OF THE DIRECTOR**

### Winnefox Library System

Wednesday, January 31, 2007

#### **2006 YEAR END FINANCIAL REPORTS**

The financial reports, included for your information, constitute the end-of-year close-out figures for 2006. The Winnefox accounts and those of the WCTS and WALs subprograms are complicated by the delay of a year-end task that was lost in the transition time leading up to the Business Manager's retirement. Twice yearly, Winnefox bills WCTS, WALs, and Oshkosh Public Library for payment for contracted staff services. These bills – totaling \$229,211.48 for the second half of 2006 – did not get sent or paid before the end of the year. Thus, you will notice that the Contractual Revenue line in the Operating Revenue section for Winnefox show that only 55.53% of budgeted revenues in this line were received. These invoices will be issued soon and paid during 2007. One effect of this in 2007 will be that approximately 150% of budgeted Contractual Revenues will be received during this year. Another effect of the delay in this billing is that it leaves the system looking like it operated at a deficit of \$160,065 during 2006. If these contractual payments had been billed and paid before December 31, 2006, Winnefox would have ended the year with an operating surplus of \$69,146.

Notable variances between 2006 budgeted and actual amounts occurred in the following lines:

- Interest Revenue exceeded expectations due to higher than anticipated interest rates during 2005.
- The continuing vacancy of the Marketing position caused both Contractual Revenue and Personnel Expenditures to be lower than budgeted. Contractual Revenue was lower because Oshkosh Public Library did not pay for its 1/4 share of a marketing professional's services.
- Delivery costs were higher than budgeted due to a planned purchase of two vans, paid for from accumulated capital reserves.
- A budgeted increase in the ILL/Reference in anticipation of higher costs in switching to sole use of the OCLC Interlibrary Loan system proved not to be necessary. Expenditures in this line stayed at levels similar to 2005 budget and expenditures.

The Winnefox Cooperative Technical Services subprogram ended 2006 with an operating deficit of \$6,183.22. This was actually anticipated, as we intended to draw down reserves to offer Collection Enhancement Grants and Library Improvement Grants to member libraries. The same billing delay that was mentioned above is the cause for WCTS Personnel expenses being only about half of what was budgeted for the year. The same apparent overage will also occur in 2007 for WCTS.

As far as the WALs subprogram budget is concerned, we also ended the year in good financial condition there as well. Again, the billing delay that has been mentioned here affects the WALs Personnel budget line in the same way that WCTS is affected. When you look at the balance sheet, some libraries will usually show an over expenditure and it is frequently for needed computer equipment for the libraries. That is why all of the member libraries retain a prior year fund equity account to handle unexpected contingencies and/or for direct equipment expenditures. Most of the libraries had sufficient prior year equity funds to cover any over expenditures.

The WALs equity accounts are for shared expenses for the system and we ended the year in a positive cash position (\$144,473.14). This is a case where, when we do the WALs budget, we can't always anticipate all the actual expenses, federal grant fund amounts, etc. Discussion.

**Action Requested:** none.

### **TRUSTEE APPOINTMENTS**

On behalf of the Board, I would like to welcome back those trustees that have been reappointed, and welcome our newly appointed trustees:

- Barbara Asmus, Fond du Lac (NEW TRUSTEE)
- Debra Clark, Winnebago (REAPPOINTED)
- John E. Muentner Sr., Fond du Lac (REAPPOINTED)

### **RESOLUTION OF APPRECIATION -- DEPARTING TRUSTEES:**

Exhibit A. is a series of three resolutions of appreciation for trustees who have recently chosen to leave the Board. They are Peter Gratton, of Fond du Lac County, Merry Whipple, of Winnebago County, and Tom Willadsen, of Winnebago County. Discussion. **Action Requested:** Approve Resolutions of Appreciation.

### **BOARD OFFICERS ELECTION**

A nominating committee was appointed at the November 29, 2006 Board meeting. The committee puts forward the following slate of officers for 2007:

President – Lewis Rosser  
Vice-President – Vern Hess  
Secretary / Treasurer – Lurton Blassingame

Discussion. **Action Requested:** Approve slate of officers.

### **BOARD APPOINTMENTS TO STRATEGIC PLANNING COMMITTEE**

Trustees Paul Wade and Mary Olson have agreed to serve on the Winnefox Strategic Planning Committee. These appointments by the President require approval by the Board. Discussion.

**Action Requested:** Approve appointments to the Strategic Planning Committee.

## **WLS BYLAWS CHANGE PROPOSAL -- REPEATED BOARD MEMBER ABSENCES**

The following text, discussed at the November 29, 2006 Board meeting, is a proposed addition to the WLS Bylaws (it would become Article II, Section 4):

When any trustee is absent without notice from three regular meetings of the board within a calendar year the president shall notify the appointing authority of such absences, suggesting that consideration be given to a replacement on the Board of Trustees.

Discussion. **Action Requested:** Approve proposed change to the WLS Bylaws.

## **DEPOSITORY RESOLUTION**

Exhibit B. contains a Depository Resolution. Discussion. **Action Requested:** Approve Depository Resolution as contained in Exhibit B.

## **PRODUCTION PRINTING SOLUTION**

The Winnefox Graphics and Printing operation has been relying on two pieces of equipment – a color photocopier and a one-color digital duplicator -- that are no longer performing adequately and have been subject to frequent maintenance and repair needs recently. This has negatively affected the quality of the department's work as well as its ability to deliver printed materials promptly. We recently accepted bids on specifications for a new solution to our production printing needs. Exhibit C. contains a summary of vendors' proposed solutions to our needs and the an overview of the advantages of our recommended solution – a RISO Model 5500 digital duplicator. This purchase was not included in the 2007 budget. We propose using shared capital reserve funds to make this purchase. Ongoing maintenance costs for the new equipment are comparable to those for the equipment currently owned. Discussion. **Action Requested:** Approve purchase of RISO Model 5500 digital duplicator from shared capital reserve funds.

## **ACT 420 & CROSS-COUNTY REIMBURSEMENTS FOR RURAL USE**

Signed into law on May 19, 2006, Wisconsin Act 420 extends to adjacent counties the requirement to reimburse public libraries for use by persons living in areas that do not themselves fund a local public library. This reimbursement requirement goes into effect in 2008 using 2006 use data. By way of example, the 5,928 checkouts during 2005 from the Ripon Public Library (in Fond du Lac County) by residents of the Town of Green Lake (in Green Lake County) were subsidized by Ripon taxpayers. Green Lake County will be required to reimburse Ripon Public Library for such use during 2006. This new law is likely to have an impact on county budgets and county library funding in 2008. Assistant Director Mark Arend covered this topic for member library directors at the January 16, 2007 system annual meeting, and he will reprise his presentation for the Board. Discussion. **Action Requested:** None.

## MISCELLANEOUS REPORTS -

- **REPORT OF THE ASSISTANT DIRECTOR** - please take the time to review Mark's report on System activities. It's contained as Exhibit D.
- **PLANNING PROCESS UPDATE** -- Assistant Director Mark will bring the Board up to date on the system strategic planning process. Exhibit E. is a summary of ideas generated by brainstorming sessions held with member library directors at the January 16, 2007 system annual meeting. The ideas are organized by service areas, with mandated service areas first followed by non-mandated service areas.

Respectfully submitted,

Jeff Gilderson-Duwe  
Director