

Fiscal Officer Report: Highlights for December

Revenues: PLF receipts for December were up 8% as compared to 2023 receipts with an increase of \$23,231.92. Year to date, PLF receipts are \$3,020,397.37 which is \$167,269.48 less than what was received for 2023. Total PLF receipts for the year were \$51,747.24 less than what was budgeted per data from the Certificate of Estimated Resources. Overall revenues were \$268,381.39 greater than budget. For 2024, general funds revenues totaled \$9,844,238.35 which was an increase of \$235,641.65 from 2023. Most of this increase came from investment income with assistance from several grants and the bequest that was received in January.

Investments: Investments continue to be monitored and action taken as items mature or are called. The Gooding Endowment has been established with 5/3 and the funds have been invested. Investment income for December through the 5/3 holdings was extremely low due to an investment purchased several years ago maturing. It paid interest payments through the years of holding, but had a fee that was collected upon maturity. This fee ate up almost all of the other earnings for the month. When I questioned 5/3 about this, I learned that there is one additional holding just like this one. With the Board's blessing, I'd like to have them sell the remaining investment. The loss on the sale of the holding should be small and easily recouped when the proceeds are reinvested at a higher rate of return. Investment vehicles of this nature will not be utilized going forward.

Expenditures: At the end of December, 88.38% of the General Fund appropriation budget was spent. Even with transferring \$350,000 for capital funds, only \$18,077.26 were used from reserve funds. Capital funds will be used to finish paying for any items related to Liberty in pursuit of permanent occupancy. Minor capital funds will be used for repair and maintenance related items needed at each branch. In 2024, Minor Capital funds were used for the repairs and upgrades at Powell, media blasting/staining/sealing at Orange, painting and repairs at Ostrander, crack fill and sealing of all parking lots, the addition of a staff entrance to the east side of the Orange building, roof repairs at Delaware and Orange, and retention pond work at Liberty. Major Capital fund expenditures in 2024 were all related to the Liberty branch. Expenditures in this fund will likely continue to be related to Liberty in 2025. If items occur that are appropriate to be charged here, there are funds available. Going forward, a Facilities Master Plan should/will be completed to create a clearer picture of the facility needs and costs of the system.

Audit Update: The 2023 Audit is complete. You each should have received an email from the Auditor of State (AOS) on January 1 with the final audit letters and the approved statements and notes. Essentially, the document states that the independent public auditor (IPA) Charles Harris and Associates completed a review of our cash basis statements. The AOS has reviewed their report and our statements. The statements and notes are fairly stated and accurately represent our cash basis financial position. Based on the tests that were performed, we have adequate internal controls and there are no material misstatements. Basically, our finances are properly stated and we are doing things the way we should be doing them. We are scheduled to work with Charles Harris and Associates again in 2026 for the audit of our 2024 and

2025 reports. Going forward and as we grow; annual audits should probably be considered. There is a financial and time commitment to this, but it also allows for adjustments and corrected processes in a timelier fashion.

Budget:

In the month of December, there were no transfers of budget outside of object classification.

Other Updates:

Preparation for year-end in the UAN system continued. Reviews were performed in anticipation of closing the 2024 books. 2025 revenue and expense budgets were established and necessary purchase orders were created. Work was done to allow for 2025 transactions to begin on January 2 instead of needing to wait until mid-month.

A meeting was held with our energy contract rep. We learned about what the energy markets are doing and made a plan for when our contracts need to be renewed. Due to a number of factors, we anticipate that the cost of electric for the system will go up approximately \$1,400 a month starting in July. This increase is due to the grid operator making reforms to the capacity market and the factors that affect it. This is what I received in explanation from our energy contractor:

On July 31st, PJM (the grid operator for most of the Midwest and into Maryland and DC) announced the 2025-2026 capacity auction results. Capacity is one of the significant non-avoidable components in electric pricing, accounting for around 25% of your overall costs. This auction typically takes place on a yearly basis and sets capacity costs three years in advance. Since 2021, the auction has been delayed due to some reforms PJM has been trying to implement, which significantly impacted pricing for the next delivery year. Capacity for the '25-'26 delivery year increased by 600% from their previous clearing pricing. In context, capacity costs for '24-'25 came in around \$30/MW, while capacity costs for '25-'26 came in around \$270/MW. This increase was primarily due to heavy retirements of electric generators and changes to PJM reliability standards, which resulted in higher costs for generators. This price increase was a bit of a shock to the market; most were anticipating pricing would clear around the \$100/MW mark. The silver lining of this increase is that these increased prices should signal to the market the need for more generation, which will hopefully come online in the coming years, driving costs back down to a more normal level.

For additional information please visit:

<https://insidelines.pjm.com/pjm-capacity-auction-procures-sufficient-resources-to-meet-rto-reliability-requirement/>

January has been a busy month so far as we close 2024 and create the Hinkle Report (financial reports and notes) for submission. Balances forward will be provided to the County Auditor to obtain an updated Certificate of Estimated Resources. This will lead to the finalization of a permanent appropriations budget. In the midst of all the daily as well as annual commitments during this period, Bryan and I have spent time meeting with commissioners to provide background on the current position of the library and future needs while answering their questions and concerns.

In an act of transparency, accuracy, and honesty, I am including several UAN system generated reports pertinent to December. I would prefer to use UAN system generated reports instead of all the manually created reports. This will help to minimize the potential for errors. The data is the same or similar in a slightly different format. Please take a look and let me know what you think.

Going forward, if there is something you want to see or would like to know, please reach out and talk to me. I will make myself available. The goal is to serve the people of Delaware County by providing a library system that meets the needs of a growing community. In order for this system to thrive, and allow the community to thrive as well, plans need to be made, the past needs to be let go, next steps need to be taken, and we all need to work together toward the same purpose.