

Board Meeting 1.26/2023 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 12/31/2022. Expenditures should be at or under 100% (12/12) of budget YTD. Exceptions to that are explained below.

Income

4030 Interest on Vested Funds

Interest income includes interest now earned on the Money Market Account holding the BCPL loan funds. Therefore interest income is significantly higher than budgeted.

4150 Proceeds from Sale of Vehicle

Vehicles were sold at auction in January for a total of \$16,896.99, which exceeds the anticipated budget by nearly \$6,400.

4020/4060 Fixed Income Portfolio Realized and Unrealized Gains/Change in Market Appreciation

Realized and unrealized gains and changes in market appreciation are not budgeted, as they are not within our control. YTD the portfolio has had (un)realized losses of \$101,542.29 and realized losses of \$63,056.45. The unrealized losses are just the current valuation of the bonds. They will be held to maturity, sold at their full purchase price and reinvested. The realized losses are from bonds sold prior to maturity, at a lesser value, but then reinvested into bonds with a higher yield overall.

4243 Back Up Collab. System Contribution

This is Technology income from a LSTA grant and will be used to maintain the back-up collaboration equipment.

4050/4055/4245/4270 Carryover Accounts

Carryover account funds are recorded in the budget as funds available to the system to use for approved purposes, however, these funds are not actually "received" during the fiscal year. They have already been received in prior years and are being held in the bank accounts. Therefore, while the budgeted income includes these funds, the actual income for the year does not. The total of all carryover accounts budgeted for 2022 is \$7,458,041.40. If we remove these funds from the budget, the remaining revenue budgeted for 2022 was \$6,492,591.00. Actual revenue for the year received was \$6,491,423.25, which is within a fraction of 1% of budget.

Expenses

5230 Lost/Damaged Material

Waltco lost several bins (about \$5,800) of library materials and we've had to replace those items for the libraries. We have invoiced Waltco back for the cost of the replaced materials, however Waltco has only paid us \$500.00 of the total loss.

5535 ILS Contracted Development

Contracted development by PTFS for the year came in over budget by \$3,375.00. This is after factoring in an OCLC credit in the amount of \$1,500.00 that was put toward development costs.

5570 Tech Support Equip & Services

We purchased HelpDesk Ticketing and Inventory Software from SolarWinds, paid for the GoTo (LogMeIn) subscription, Google Telecom and Open Phone. Any expenses that exceed budget will be paid for out of technology carryover funds.

5710/6010 Consultant Services Salaries

Our new Consulting Services Coordinator's salary is charged primarily to account 6010, whereas her predecessor's salary was budgeted in account 5710 Public Information wages. Therefore 5710 is under budget and 6010 is over budget. The two accounts balance each other out. We will adjust these budgets in 2023.

7090 Meeting Supplies

We have returned to an in-person option for our All Directors meetings. The last 4 locations required the food to be catered by the meeting facility, causing expenditures to be higher. Lunches were invoiced back to the attendees, reducing the overall cost. However, meeting expenses still remain over budget for the year. With the return to in-person and hybrid meetings, we will need to adjust this budget for 2023.

7210 Fleet Expenses

This account is over budget due to the price of gas and regular maintenance costs being elevated this year.

7280 Fleet Replacement

A \$1,000 down payment was made on a 2022 Ram 2500 Promaster van in January and the balance of \$48,340.50 was paid in February. Fleet replacement is not budgeted and will be paid for out of contingency funds.

7295 Delivery Facility

Facility costs are at 139.9% of budget due to increasing prices of utilities, renewing the annual delivery building 2022 security and monitoring services in January and overhead garage door repairs in June.

7630s/8016 New Building Expenses and Building Project Carryover Accounts

We have created new accounts in which to record the various new building expenses. Any new building expenses that are not part of our regular budget will be funded with the BCPL Loan. At year-end, all new building expenses were moved to account 8016 and charged to the Building Project Carryover Account. This is the account that holds the balance of the BCPL loan funds disbursed to date.

7652 Utilities

The cost of gas and electricity has been higher than budgeted so far this year. We will monitor this account and adjust the rates on the 2023 budget if needed.

7654 Offsite Storage

We have paid for all of 2022 for offsite storage. Expenses are over budget due to adding boxes to storage in March and having a media box removed from storage and delivered to HQ. We also removed several older boxes of files that were ready for record destruction and were charged for that service. We will no longer be storing anything new with Access Information Management and will move toward removing all of our files from their facility due to the increasing prices of storage and retrieval.

7730 Workers Comp, General Insurance

This account is at 98.7% of budget, as we have paid the insurance premiums for the entire year of 2022 for cyber, executive liability, property, general liability, worker's comp and business services bond insurance.

7740 Audit

The audit is complete and we have been invoiced for all of the fees.

7752 Computer Hardware & Supplies

We paid for the regular annual subscriptions to Carbonite, Slack, FormAssembly, Adobe, SurveyMonkey and Salesforce as well as new subscriptions that were once free, such as Google. We've added new subscriptions as well, including Deepnet Security. Therefore this account is at 121.6% for the year.

8015 Legal Fees

We've incurred additional legal fees for consult on the new building, in addition to regular consulting. Services include reviewing Keller contracts, Purchase and Sale Agreement with the City of Madison, title work, easement work, offer and review of the ground leases, estoppel letters, parking agreements, emails and closing documents for 1650 Pankratz St.

8016 Building Project Carryover Expenses

This account holds the balance of the BCPL loan funds disbursed to SCLS but not yet spent on the new building project. To date, SCLS has drawn \$5.5 million from the loan. At year-end 2022, \$3,018,473.61 remains available to use of this amount. The additional \$1 million loan will be drawn in 2023.

9100-9200 Accounts - Other Expenses

These accounts represent our grant accounts for the fiscal year. The delivery grant, tech sparsity grant, ARPA Hybrid grant, ARPA IT grant and Professional Learning grants have been spent and have been submitted for reimbursement to the DPI. The ground lease entries are a GASB required auditing entry to reflect the total value of the life of the ground lease.

Year End 2022 Initial Performance Overview – Before Audit and Carryover Adjustments:

Tech/ILS – under budget \$170,046 (not including contingency accounts)

Consultants – under budget \$39,233

Delivery – **over budget \$16,697**

Admin – under budget \$42,848

New Building – **used \$2,405,226 (to be taken out of carryover account)**

Total Year End = -\$2,169,796

Portfolio Update:

Fixed Income Portfolio balance as of 12/31/2022: \$1,662,156.64

Fixed Income Portfolio balance as of 11/30/2022: \$1,661,098.61

The total portfolio value has increased this month by \$1,058.03

Starting portfolio balance 10/11/2012 = \$1,597,442.00. Therefore our portfolio balance has increased overall by \$64,714.64 since inception.

First Business Bank Ratings as of 11/30/22:

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 1.55% and is listed as 12th 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 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.