



2014 Business Plan & Budget

July 19, 2013

Jill Lewton

Controller

2014 Budget Overview

- **Approved by Board of Directors on June 21, 2013**
- **Total Budget \$18,063,201**
- **Total Budget increase of 3.65% (\$636,363)**
- **Personnel Expenses increase of 2.26% (\$318,294)**
- **Operating and Fixed Asset increase of 9.47% (\$318,070)**
- **Total 2014 Assessment \$15,189,784**
- **Assessment increase of 7.23% (\$1,023,936)**
- **FTE decrease of 1 (72 FTEs)**

Total Expense by Program Area

Programs	Budget 2013	Budget 2014	Variance 2013 Budget vs 2014 Budget	
			Variance	%
Reliability Standards	\$ 131,192	\$ 148,671	\$ 17,479	13.32%
Compliance Enforcement and Organization Registration	\$ 9,275,591	\$ 9,680,337	\$ 404,746	4.36%
Reliability Assessments and Performance Analysis	\$ 2,198,926	\$ 2,213,283	\$ 14,357	0.65%
Training, Education and Operator Certification	\$ 649,614	\$ 634,858	\$ (14,756)	-2.27%
Situation Awareness and Infrastructure Security	\$ 187,883	\$ 192,015	\$ 4,132	2.20%
Administrative Services*	\$ 4,983,632	\$ 5,194,037	\$ 210,405	4.22%
Total	\$ 17,426,838	\$ 18,063,201	\$ 636,363	3.65%

* Includes General & Administrative, Legal & Regulatory Affairs, Information Technology, Human Resources, Finance & Accounting

2014 Sources of Funding

- **\$15,189,784 in Assessments**
- **\$1,328,133 in Penalties**
- **Operating Reserve of \$1,000,000, which was approved by the Reliability*First* Audit Committee in February 2013.**
- **\$1,000,000 Line of Credit, which was approved for renewal by the Reliability*First* Audit Committee in May 2013.**

Working Capital

- **Policy was approved by Board in May 2013.**
- **The company's working capital requirement shall be the amount necessary to satisfy projected cash flow for daily operations.**
- **Funds from unused budgeted expenditures may be reallocated to offset other expenditures throughout the year in accordance with internal controls.**
 - The President & CEO and Senior VP & Treasurer shall have the authority to reallocate funds as they deem necessary.
 - Managers shall have the authority to reallocate up to \$20,000 within their department.
 - Any reallocation in excess of \$100,000 shall be reported to the Audit Committee.

Operating Reserve

- **Policy was approved by Board in May 2013.**
- **It is the policy of ReliabilityFirst to maintain 10% of the budgeted year's expenses, or a minimum of \$1,000,000, as the Operating Reserve.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**
 - For expenditures less than \$499,999 prior approval of the Audit Committee is required.
 - For expenditures of \$500,000 or more, approval by the Board of Directors is required, after notice to and recommendation by the Audit Committee.

Questions?