



RELIABILITY FIRST

2015 Business Plan & Budget

July 17, 2014

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Controller



2015 Budget - Draft 1 vs. Draft 2

- **There were no changes in expenses.**
- **The assessments changed due to:**
 - Additional penalties received.
 - 2014 Projection
 - In Draft 1, the projection was equal to the 2014 Budget.
 - In Draft 2, the projection used current information to estimate expected expenses through 2014.
 - The funding and expenses related to the office relocation significantly impacted the 2014 projections.



Explanation of 2016 Projections

2016 Lower Range Baseline: 3.5%

- Personnel Expense: 3.7%
 - Salaries: 3%
 - Medical/Dental: 10%/8%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%

2016 Higher Range For At- Risk Initiatives: 6.8%

- Personnel Expense: 6.1%
 - Salaries: 3%
 - Hire 2 FTEs:
 - RAI/Appraisal/Entity Development
 - Medical/Dental: 10%/8%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%
- Fixed Asset Additions:
 - Document/Data Management Application: \$200,000
 - Risk Management Software: \$50,000



Explanation of 2017 Projections

2017 Lower Range Baseline: 3.5%

- Personnel Expense: 3.7%
 - Salaries: 3%
 - Medical/Dental/Vision: 10%/8%/8%
 - Life Insurance: 5%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%

2017 Higher Range For At-Risk Initiatives: 7.2%

- Personnel Expense: 7.2%
 - Salaries: 3%
 - Hire 3 FTEs:
 - RAI/Appraisal/Entity Development
 - Medical/Dental/Vision: 10%/8%/8%
 - Life Insurance: 5%
- Meeting Expense: 1%
- Travel Expense: 3.5%
- Operating Expense: 2.3%
- Fixed Asset Additions:
 - Document/Data Management Application: \$100,000
 - Risk Management Software: \$50,000



Operating Reserves

- **Determined and recommended for approval by the Audit Committee during the annual budget process.**
- **With the significant increase in the 2015 Assessment the Board approved an operating reserve of \$750,000, with the intent to elevate it back to historical level of \$1,000,000 in 2016.**
- **Controls for the operating reserve fund are included in the “Statement of Policy and Procedure on the Working Capital and Operating Reserve” approved by the Board on May 23, 2013.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**
- **Evaluating options to stabilize assessments.**





Questions & Answers

Forward Together  **ReliabilityFirst**