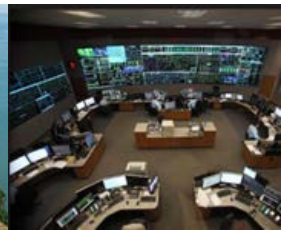




**RELIABILITY FIRST**

# 2018 Business Plan & Budget

**Jill Lewton, Controller**



# 2018 Budget Overview

## ➤ Total 2018 Budget: \$21,445,299

<b>Total 2018 Budget Change vs 2017</b>	<b>7.72%</b>	<b>\$1,536,360</b>
• Personnel Expense	9.61%	\$1,572,368
• Operating and Fixed Asset	(1.01%)	(\$36,008)

## ➤ Total 2018 Assessment: \$20,147,707

• Assessment	3.0%	\$586,826
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## ➤ Total 2018 FTEs: 76.2

• 2018 FTE Increase	3.9 FTEs
• 2 – CIP, 1 – EASA, 1 – Finance	



# 2017 – 2018 Budget Comparison

	<u>2017 Budget</u>	<u>2018 Budget</u>	<u>2017 vs. 2018 Budget Over (Under)</u>	
<b>Funding</b>				
Assessments	\$ 19,560,881	\$ 20,147,707	\$ 586,826	<b>3.0%</b>
Penalties	659,000	1,912,877	1,253,877	
Miscellaneous	-	25,000	25,000	
<b>Total Funding</b>	<u><b>\$ 20,219,881</b></u>	<u><b>\$ 22,085,585</b></u>	<u><b>\$ 1,865,704</b></u>	
<b>Expenses</b>				
Personnel Expenses	\$ 16,356,622	\$ 17,928,989	\$ 1,572,368	
Meetings	1,058,640	1,064,025	5,385	
Operating	2,580,679	2,618,109	37,430	
Non-Operating	-	-	-	
<b>Total Expenses (A)</b>	<u><b>\$ 19,995,941</b></u>	<u><b>\$ 21,611,124</b></u>	<u><b>\$ 1,615,183</b></u>	
<b>Fixed Assets</b>				
Depreciation	\$ (356,502)	\$ (373,325)	\$ (16,823)	
Computer, Software, Equipment	219,500	207,500	(12,000)	
Furniture & Fixtures	-	-	-	
Leasehold Improvements	50,000	-	(50,000)	
<b>Net Fixed Assets (B)</b>	<u><b>\$ (87,002)</b></u>	<u><b>\$ (165,825)</b></u>	<u><b>\$ (78,823)</b></u>	
<b>Total Budget (A = B)</b>	<u><u><b>\$ 19,908,939</b></u></u>	<u><u><b>\$ 21,445,299</b></u></u>	<u><u><b>\$ 1,536,360</b></u></u>	<b>7.7%</b>
<b>FTEs</b>	<b>72.3</b>	<b>76.2</b>	<b>3.9</b>	



# 2018 Budget vs 2017 Budget

## 2018 Total Budget Increase: 7.72%; \$1,536,360

- Personnel Expenses: 9.6%; \$1,572,368
  - Personnel Expense for new FTEs: 4.6%; \$753,179
- Operating Expenses: (1.01%); (\$36,008)

Personnel Expenses	Budget Without		Total Change From 2017 With FTEs		% of Budget Increase
	New FTEs	New FTEs	%	\$\$	
Direct Salaries	4.7%	4.6%	9.3%	\$1,098,985	71.53%
Merit Increases	3.0%		3.0%		
Promotions	1.3%		1.3%		
Intern Program	.4%		.4%		
Payroll Taxes	2.7%	5.7%	8.4%	\$59,488	3.87%
Medical Benefits	11.8%	6.2%	18.0%	\$244,632	15.92%
Retirement Costs	5.3%	4.4%	9.7%	\$189,097	12.31%
<b>Operating Expenses</b>					
Meeting			23.4%	\$56,885	3.70%
Travel			(6.9%)	(\$52,700)	(3.43%)
Contractors			(9.5%)	(\$41,180)	(2.68%)
Office Costs			16.3%	\$123,955	8.07%
Professional Services			(12.7%)	(\$59,860)	(3.90%)
Fixed Assets			(23%)	(\$62,000)	(4.04%)



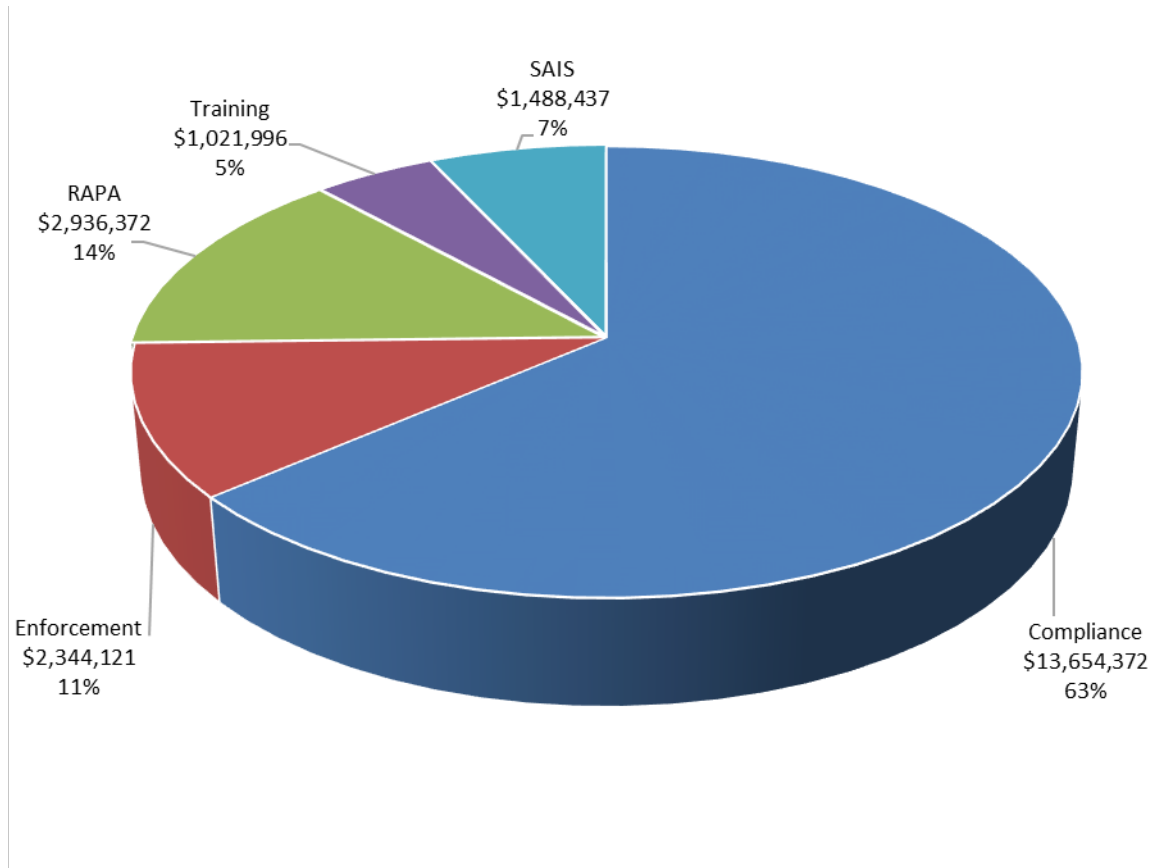
# Staffing Allocation

Total FTEs by Program Area	Budget 2017	Total FTEs 2018 Budget	Change from 2017 Budget
<b>STATUTORY</b>			
<b>Operational Programs</b>			
Reliability Standards	0.00	0.00	0.00
Reliability Assurance and Compliance Monitoring	36.50	37.00	0.50
Enforcement	8.25	8.25	0.00
Reliability Assessment and Performance Analysis	8.35	8.35	0.00
Training and Education	3.00	3.00	0.00
Situation Awareness and Infrastructure Security	1.50	4.00	2.50
<b>Total FTEs Operational Programs</b>	<b>57.60</b>	<b>60.60</b>	<b>3.00</b>
<b>Administrative Programs</b>			
General & Administrative	3.00	3.00	0.00
Legal and Regulatory Affairs	2.00	2.00	0.00
Information Technology	5.00	5.00	0.00
Human Resources	3.00	3.00	0.00
Finance and Accounting	1.70	2.60	0.90
<b>Total FTEs Administrative Programs</b>	<b>14.70</b>	<b>15.60</b>	<b>0.90</b>
<b>Total FTEs</b>	<b>72.30</b>	<b>76.20</b>	<b>3.90</b>

The change in the Reliability Assurance and Compliance Monitoring department of 0.5 represents the addition of 2 new CIP FTEs and the reallocation of 1.5 FTEs to the Situation Awareness department.



# 2018 Budget by Program Area



# 2019 Budget Projection

Budget Projections		
<b>Personnel Expense</b> <ul style="list-style-type: none"> <li>• Salary Increase: 3%</li> <li>• Medical/Dental/Vision Premiums: 15%/8%/8%</li> </ul>	4.9%	
<b>Meeting Expense</b>	1.0%	
<b>Travel Expense</b>	2.5%	
<b>Operating Expense</b>	1.0%	
<b>Projected 2019 Budget Low Range</b>		<b>5.1%</b>
Additional Budget Items		
<b>Personnel Expense</b> <ul style="list-style-type: none"> <li>• 2 Positions: CIP/Risk Management</li> </ul>	6.9%	
<b>Fixed Assets Additions</b> <ul style="list-style-type: none"> <li>• Data Management Application - \$100,000</li> <li>• Strategic Plan Initiatives - \$150,000</li> </ul>		
<b>Projected 2019 Budget High Range</b>		<b>7.9%</b>

**Projected Range of 2019 Budget: 5.1% to 7.9%**



# 2020 Budget Projection

Budget Projections		
<b>Personnel Expense</b> <ul style="list-style-type: none"> <li>• Salary Increase: 3%</li> <li>• Medical/Dental Premiums: 15%/8%</li> </ul>	5.0%	
<b>Meeting Expense</b>	1.0%	
<b>Travel Expense</b>	2.5%	
<b>Operating Expense</b>	1.0%	
<b>Projected 2020 Budget Low Range</b>		<b>3.6%</b>
Additional Budget Items		
<b>Personnel Expense</b> <ul style="list-style-type: none"> <li>• 2 Positions: CIP/Risk Management</li> </ul>	6.9%	
<b>Fixed Assets Additions</b> <ul style="list-style-type: none"> <li>• Data Management Application - \$100,000</li> <li>• Strategic Plan Initiatives - \$150,000</li> </ul>		
<b>Projected 2020 Budget High Range</b>		<b>6.4%</b>

**Projected Range of 2020 Budget: 3.6% to 6.4%**





# Working Capital

- **The 2018 Working Capital Reserve will be utilized to manage cash flow for daily operations and to stabilize and minimize large fluctuations in the annual assessments.**
  - Developed a multi-year plan that provides stakeholders with a pragmatic expectation of future assessments.
- **The targeted working capital reserve is being increased by \$861K to \$3,261K.**
- **The \$861K includes \$379K of actual 2016 budget variances, and \$482K of penalty funds.**



# Operating Reserve

- **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.**
- **This amount is determined and recommended for approval by our Finance and Audit Committee during the annual budget process.**
- **For 2018, ReliabilityFirst Board approved a \$1,000,000 operating reserve.**
- **The Operating Reserve Fund is set aside each year with the intention of providing for unbudgeted or unexpected expenditures.**



# Questions & Answers

**Forward Together**  **ReliabilityFirst**