

To: Clackamas County SWCD Budget Committee
From: Tom Salzer, Budget Officer
Date: April 18, 2014
Re: Responses to Committee questions



Background

At the first meeting of the Budget Committee on April 2, 2014, the Committee asked questions and made suggestions to the Budget Officer regarding the proposed budget. This memo documents the responses provided by the Budget Officer, and is intended to help Committee members prepare for the second meeting of the Committee on April 23, 2014.

Also provided in this memo are explanations of revisions made to the proposed budget. These revisions will be presented at the April 23, 2014 meeting of the Budget Committee.

Questions and Answers

1 – CHANGE COLA TO 2.3%

Changing the cost of living adjustment (COLA) also affects the amount of deferred compensation and taxes for personnel.

- For the District Operations Department, reducing the COLA rate from 2.5% to 2.3% reduces the COLA and merit raises line from \$20,773 (proposed budget) to \$20,135 (revised proposal). In the revised proposal, you'll find these numbers on page 4, line 6.
- For the Conservation Services Department, reducing the COLA to 2.3% reduces the COLA and merit raises line from \$42,222 (proposed budget) to \$40,318 (revised proposal). In the revised proposal, you'll find these numbers on page 5, line 6.

The net savings resulting from changing the COLA from 2.5% to 2.3% in both departments is \$2,542.

2 – HOW MUCH OF THE BUDGETED MERIT INCREASE WAS PAID OUT AS PERFORMANCE AWARDS?

In the District Operations Department, the District paid \$7,611 in merit raises and \$7,000 in performance awards.

In the Conservation Services Department, the District paid \$18,052 in merit raises and \$9,500 in performance awards.

Remember that while merit raises become part of the base pay for the employee, performance awards are optional one-time payments in recognition of superlative performance. Awards do not become part of the employee's base pay.

3 – FOR FY 2013-2014, HOW MUCH DID WE BUDGET FOR COLA AND MERIT INCREASES? AND WHAT DID WE ACTUALLY SPEND?

Effective July 1, 2013, all employees received a 2.5% cost of living adjustment (COLA). Effective September 5, 2013, employees received performance awards. Effective January 2, 2014, three employees received step increases.

	<u>Budgeted</u>	<u>COLA + Awards + Step</u>	<u>Difference</u>
District Operations:	\$14,095	\$15,130	\$1,035
Conservation Services:	\$33,430	\$37,277	\$3,847

The District budgeted \$47,525 for COLA and merit increases, and spent \$52,407. The \$4,882 difference is about 10% of the budgeted amount.

Please recall that the District is audited on a fund by fund basis, so variations in individual line items are allowed as long as we do not overspend the fund.

4 – WHAT DO EMPLOYEES OF OTHER DISTRICTS AND LOCAL GOVERNMENTS PAY FOR HEALTH INSURANCE?

The Clackamas County SWCD pays 90% of the health and dental premiums for the plans selected by employees, and employees pay the other 10%. This arrangement includes family plans if so selected by employees.

We called several soil and water conservation districts and local governments to determine how they structure employee participation in medical and dental insurance premium costs.

- **Clackamas County** – The County pays 95% and the employee pays 5% of the employee and family premiums.
- **City of Milwaukie** – The City pays 90% and the employee pays 10% of the employee and family premiums.
- **Vector Control** – VC pays 100% of the employee and family premiums.
- **Clackamas County Fair Board** – The Fair Board provides a \$510 monthly allowance toward premiums and the employee pays the rest.
- **East Multnomah SWCD** – EMSWCD pays 100% of the employee premiums. The employee pays any difference for family coverage.
- **Polk SWCD** – PSWCD pays 93.5% and the employee pays 6.5% of the employee premiums. The employee pays any difference for family coverage.

Revisions to Proposed Budget

The revised budget proposal shows the original proposed budget numbers, and in the column next to it you'll find revisions. Cells with revised numbers are shown with a yellow highlight. Many other parts of the spreadsheet change as a result of the revisions, and I have not marked all the changes that result from calculations. Since the numbers for the first proposal are shown next to the revised numbers, you should be able to quickly see where any changes have occurred.

1 – BEGINNING FUND BALANCE ADJUSTMENTS

As noted below, spending from the Conservation Fund in the remainder of the current fiscal year affects how much cash we will have available on July 1, 2014. The Beginning Fund Balance is adjusted slightly downward on page 1W, line 1, reflecting our projection that we'll spend slightly more from the Conservation Fund in the last three months of the current fiscal year than previously projected.

2 – TAXES NECESSARY TO BALANCE

On page 1, line 19, you'll see that the taxes necessary to balance go down slightly, compared to the proposed budget. This is because expenditures are slightly reduced in the revised version, primarily due to changes in Conservation Fund expenditures and savings achieved by reducing the cost of living adjustment rate. The total amount is still closer to the 5 cent tax rate, as shown in the table below:

Calculated values

Assessed value, 2014-2015 (projected)	\$40,693,460,221
CCSWCD tax revenue at 4¢/\$1000 (projected)	\$1,530,074
CCSWCD tax revenue at 4.5¢/\$1000 (projected)	\$1,721,333
CCSWCD tax revenue at 4.6¢/\$1000 (projected)	\$1,759,585
CCSWCD tax revenue at 4.7¢/\$1000 (projected)	\$1,797,837
CCSWCD tax revenue at 4.8¢/\$1000 (projected)	\$1,836,089
CCSWCD tax revenue at 4.9¢/\$1000 (projected)	\$1,874,341
CCSWCD tax revenue at 5¢/\$1000 (projected)	\$1,912,593

3 – CHANGE COLA TO 2.3% AFFECTS TWO DEPARTMENTS

Changing the cost of living adjustment (COLA) affects line 6 on pages 4 and 5 for the District Operations Department and Conservation Services Department, respectively. Changes are shown in yellow-highlighted cells in the revised proposal.

4 – CONSERVATION FUND ADJUSTMENTS

As we fine-tune the Conservation Fund projections for the remainder of the current fiscal year, it affects how much cash we have on hand when the new fiscal year begins. Put simply, if we spend more this year, we have less cash at the start of next year.

Based on additional information regarding projects funded from the Conservation Fund, we believe the District will expend more cash in April, May, and June 2014 than we anticipated when developing the proposed budget. Those changes are shown on the Conservation Fund worksheet, page 7W, in yellow-highlighted cells.

We also anticipate some small changes on the revenue side for the Conservation Fund, primarily because (a) a cooperator paid off his loan early and (b) grant reimbursements to the District changed slightly for fiscal year 2014-2015. Again, you'll find those changes in the yellow-highlighted cells on page 7W.

Finally, we adjusted the unappropriated ending fund balance on page 7W, line 38 to better reflect commitments made by the District that extend beyond the 2014-2015 fiscal year.

5 – BUILDING RESERVE FUND ADJUSTMENTS

At the March meeting of the Board of Directors, the Board approved transfers into and out of the Building Reserve Fund. These transfers represent a combination of (a) budgeted transfers from the General Fund to the Building Reserve Fund, and (b) reimbursements from the Building Reserve Fund to the General Fund for expenses incurred. The District has paid for property development and property improvement expenses directly from the General Fund, and the transfer from the Building Reserve Fund to the General Fund is an end-of-year correction.

We anticipate one additional correction of \$9,093.83 to reimburse the General Fund for April, May, and June loan payments for the Beaver Creek Demonstration Farm, representing principal and interest charges.

To balance the fund, we reduced the expenditures predicted for the fund.

You'll find changes in the yellow-highlighted cells on page 9W.