

Budget & Audit Committee Minutes

Monday, November 13, 2023, 2:00 p.m.

Voting Members: Alba Vogland, Melanie Lewis, and Nate Rivera,

Non-Voting Members: KC Chumachenko, Robbie West, Lucas Schaffler, Josh Thomas, and Kitty O'Keefe.

Guests: none

1. Announcements and Introductions
 - a. Alba called the meeting to order at 1:00 p.m. and introductions were made.
 - b. A motion was made by Nate to approve the minutes from 2.8.23, and 2nd by Melanie. Kitty to post on website.
 - c. Alba thanked members for attending.
2. New Business
 - a. Finalize 2024 Budget Process, revising projections. (See Attachment for reference to discussion)
 - I. 2023 budget updated through October –
 - o Revenue 2% over budgeted
 - o Expenditures 2% under budgets
 - o Currently \$104,424 in the black; but:
 - Unpaid PERS arrears estimated at \$85K approved to be paid (back to May 2021) additional amount to be determined for Kitty contributions.
 - Staff salary increase.
 - Carryover, if any, will be minimal, and will go to reserves.
 - II. 2024 considerations
 - o I/O ration decline has not hit bottom, affecting revenue 99% of which is center)
 - o 86% of budget is spent before discussions begin
 - Nate suggested to Josh to – revenue projection with in and out ration on 5.
 - Nate suggested when looking at tariff adjustment, consider annual adjustment cpi of last 3 years. This can help us get ahead of the game instead of playing catch up each year.
 - Josh has not run those numbers but will look into this.
 - Josh pulled up the proposed 2024 budget and members reviewed.
 - We need to come up with 60K. Do we cut advertising and Dormers? Other suggestions?
 - Nate suggests line item for contingency and discuss rate action in 2024.
 - Rate increase schedule was discussed. Delay in seeing increase; take into consideration. Set amount or phased out? Nate asked if it was too fast to prep the board in December, saying in January we will start this process, with approval in April?
 - Josh feels it could be optimal timing. He shared we want to make sure there is a reason for increase. What is the right amount and justification?
 - Melanie and Nate volunteered to help Josh with rate increase proposal.
 - III. Propose flat revenue projection, expenditures increase – 3%
 - o Awaiting actuarial rates from PERS
 - o Awaiting DAS decision/invitation to bid for accounting/payroll services
 - b. Committee consideration of Financial Review/Audit frequency
(See Attachment for reference to discussion)
 - I. Audit/review frequency – Josh shared the following to members:
 - o Last audit was completed November 2022 and cost was appx 25K
 - o OUNC needs to review or audit every 3 years but should not exceed 5 years.

- He proposes financial review in 2025 and full audit in 2027.
 - Melanie suggested keeping dates out
 - Josh asked if he keeps cost of an audit in the 2024 budget.
 - Nate was good to keep it out.
3. Old Business
- a. Invitation to bid for accounting /payroll services (See Attachment for reference to discussion)
 - Josh reported we are awaiting actuarial rates from PERS
 - Josh reported awaiting DAS decision/invitation to bid for accounting/payroll services.
 - Nate asked if DAS will charge us and would it be more than Paychex. He would advocate for DAS
 - b. Consider exemptions and subsidies issue and plans for 2024/25
 - Josh shared we would look at 2025.
 - Communication in 2024 to lay the groundwork – outreach and testimony.
 - Concept was introduced long ago; maybe Frank can assist in history.
 - Is this an issue of revenue? What impact would this have on small entities?
 - Members felt we need to get this into a concept submission form.
 - Members would like to hear from Frank to explain why it was built this way.
 - c. Staff payroll impacts – salary/classification, costs, benefits, PTO, PERS
 - Josh replied, this has not been addressed for a payout, but it normally comes from the line item for staff wages and salaries as it is treated similarly to worked hours.
 - PTO proposal was discussed last week at P&P meeting – capping accrual at 300 and capping payout at 250.
 - PERS awaiting actuarial rates, costs will increase since previously have been unpaid.
 - Nate asked, when we take PTO, where does that revenue come from? Josh replied, this has not been addressed. So where would it come from? Is this a budget expense?
 - Nate recommends estimating the cost of a 500-hour payout. Then it comes out of our contingency funds. Protect this in our reserves.
 - d. Update on board-approved elimination of OCC finance charges
 - Josh shared the finance charges are still showing. December we will have updates from Scott. Books will be a lot cleaner once taken off.
4. For the Good of the Order
- Nate asked what we will bring to the board in December:
 - Adjusted budget for review & approval.
 - PERS (2021-2023)
 - I/O ratio of 5; look at last 3 years for better projection
 - Nate suggested last two-line items can wait till January
 - Issue Summary for exemptions and subsidies
 - Nate offered to provide a wire frame pertaining to tariff increase before Christmas to Josh
 - Alba thanked the members for their help and insight. Nate thanked Alba for her service.
5. Next Meeting - tbd

Meeting adjourned at 2.10 p.m.

Minutes submitted by Kitty O'Keefe 11.14.23



2. a. Budget and Projections

- 2023 budget updated through October
 - Revenue 2% over budgeted
 - Expenditures 2% under budgeted
 - Currently \$104,424 in the black, but:
 - Unpaid PERS arrears estimated at \$85K approved to be paid (back to May 2021) plus \$ for Kitty contributions
 - Staff salary increase
 - House computer, monitor, hot spot purchases pending
 - Carryover, if any, will be minimal, and will go to reserves



2. a. Budget and Projections

- 2024 considerations
 - I/O ratio decline has not hit bottom, affecting revenue (99% of which is center)
 - 86% of budget is spent before discussions begin
 - OCC contract - 3% annual increase (~75% of expenditures)
 - Staff - 3.2% COLA increase (~11% of expenditures)
 - Comms reimbursement +\$480 annually
 - DAS Risk Insurance +\$5,000



2. a. Budget and Projections

- Propose flat revenue projection, expenditures increase ~3%
 - Awaiting actuarial rates from PERS
 - Awaiting DAS decision/invitation to bid for accounting/payroll services
 - Sharing 2024 budget and will update as information becomes available, final review/approval at board meeting in Salem on December 14
- Suggest looking at ongoing service tariff adjustment to keep pace with increasing costs (contract and staff will escalate)

2. b. Audits and Financial Reviews

- Last audit was completed November 2022.
- The cost of the audit was approximately \$25,000.
- 3.8.1 *Oregon Utility Notification Center will contract for an independent review **or audit** to be performed by a Certified Public Accountant (CPA) at the conclusion of every three (3) years but should not exceed five (5) years.*
- Committee discussion covered the likelihood of contracting for financial reviews every 2 years and audits every 4 years, while retaining the ability to request either at any time if circumstances warrant it.
- Propose financial review in 2025 and full audit in 2027



3. a. Invitation to bid

- Awaiting actuarial rates from PERS
- Awaiting DAS decision/invitation to bid for accounting/payroll services



3. b. Exemptions/subsidies

- Not pursuing in short session, so would look to 2025
- Considerations for small entities, agreements at inception of OUNC (laterals discussion)
- Communications in 2024 would be needed to lay groundwork – outreach and testimony
- File concepts for 2025 in June timeframe
- Matter of equity/fairness? Revenue? Are there operational solutions/review of eligibility?



3. c. Wages and salaries

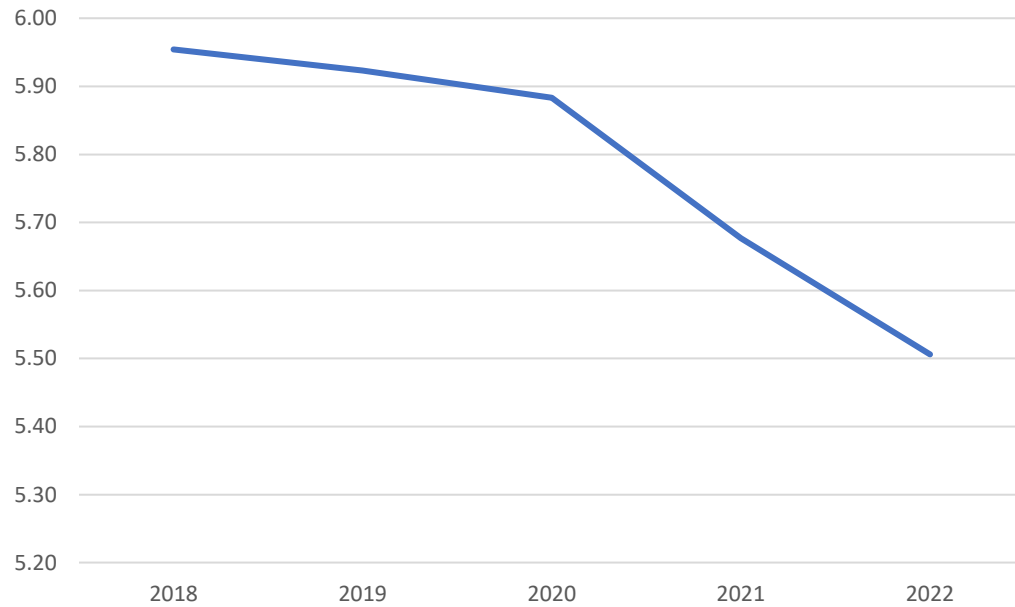
- Staff salary arrears paid, increases in place, better predictability for 2024 and beyond
 - Review frequency changed, aligned
- PTO proposal in P&P committee – capping accrual at 300 and capping payout at 250, will come to committee for review/discussion
- PERS awaiting actuarial rates, costs will increase since previously have been unpaid
- Comms reimbursement increased from \$60 to \$100/month, covering employee costs for devices, wifi and cellular service used for work



3. d. Finance Charges

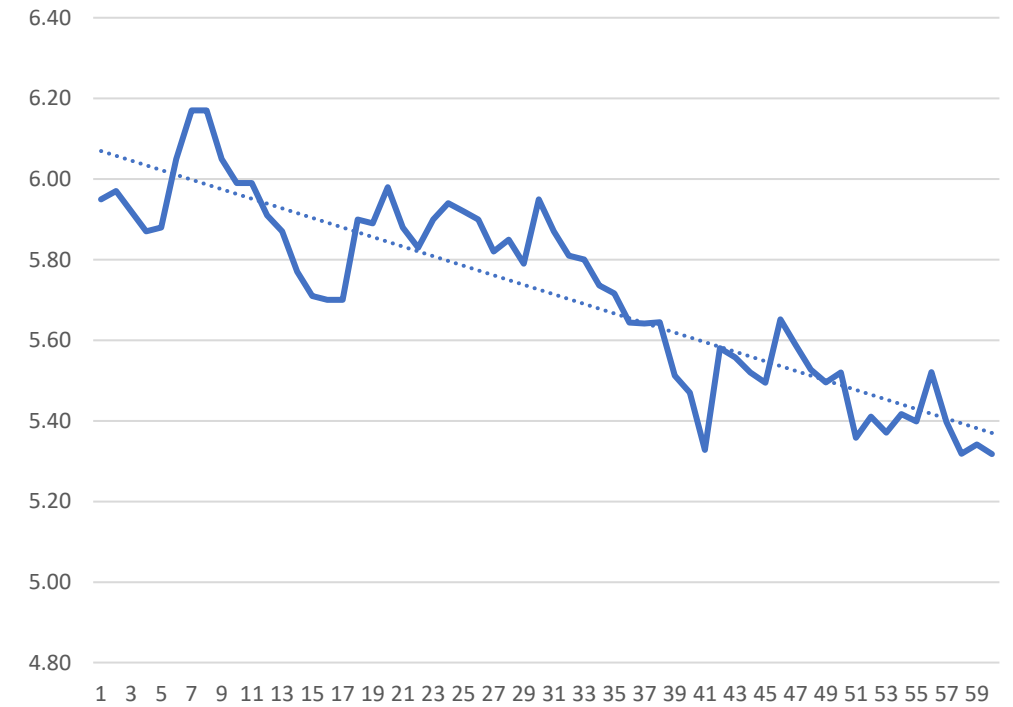
- Received September and October Aged Invoice Report today. Finance charges are still showing on the reports because they were taken off as of 11/2 and this report is through 10/31.
- I have asked Scott to provide an update at the December Board meeting in Salem. (estimated \$3,000 in finance charges)
- Total past due is ~\$15K (PGE 2,100 from 2022, CWS 2,585 from July, Zayo 6K).

IN OUT RATIO



2018	2019	2020	2021	2022
5.95	5.92	5.88	5.68	5.51

Five Years In/Out Ratio



2023 - 5.32