

Budget & Audit Committee Minutes

Wednesday, August 23, 2023, 2:00 p.m.

Members: Alba Vogland, Melanie Lewis, Nate Rivera, *Josh Thomas, and *Kitty O'Keefe.

Guests: none

1. Announcements and Introductions

- a. Alba called the meeting to order at 2:05 p.m. and introductions were made.
- b. A motion was made by Melanie to approve the minutes as amended from 2.8.23, and 2nd by Nate. Kitty to post on website.
- c. Alba thanked members for attending.

2. New Business

- a. Initiate 2024 Budget Process – (See Attachment for reference to discussion)
 - i. 2023 - 2024 Financial Report – presented by Josh Thomas:
 - o TBC has financials through July 2023
 - o Revenue and expenses are on track
 - o Annual 3% contract adjustment with call center implemented
 - o \$20K over on budget expected, trending positively on year
 - o Incoming and outgoing tickets are down year over year, and decline of In/Out Ration continues
 - o Deferred liabilities posing a challenge
 - o Discussed 2023 Budgetary Solutions
 - o Discussed 2024 Budget Outlook
 - o The revenue model was made 20+ years ago and industry is changes
 - o Consider exemptions in 2025
 - o Motion was made by Nate: the committee recommends that Josh Thomas will finalize the numbers that the board can adopt and Josh will propose to the full board at September board meeting. 2nd by Melanie. Motion passed.
 - b. Discuss plans for Financial Review/Audit frequency (See Attachment for reference to discussion)
 - o OUNC last financial audit was in November 2022
 - o OUNC is required to have the next review/audit by 2027
 - o Propose: every 3-5 years for and audit. Review ongoing by treasurer, ed and accountant; add that review or audit can requested in the interim by the board chairperson
 - o Approved adding the words “or audit” to 3.8.1 to cover more than just a financial review every three to five years while allowing for flexibility and prioritization of resources. Discussion covered the likelihood of contracting for financial reviews every 2 years and audits every 4 years, with the ability to request either at any time if circumstances warrant it.
 - o Committee agreed to move this to Policy & Procedures Committee to discuss
 - c. Consideration of finance charges assessed by OCC
 - o Finance charges are assessed by OCC for past due billing
 - o Based on other states, the tool is not effective
 - o Estimate 3k in finance charges, received \$50 this year
 - o Propose: Elimination of finance charges by the committee
 - o Nate would like the discussion of Josh and Scott to follow up after this meeting
 - o 1st motion made with discussion following.
 - o 2nd Motion: amended 1st motion to support the elimination of finance charges that are on members bills. Motion by Melanie and 2nd by Nate. Motion passed.

- d. Discuss plans for OUNC property liquidation (sale, auction, donation, etc.)
 - o Josh proposed to move this to Policy & Procedures Committee for discussion
- 3. Old Business
 - a. Initiation of invitation to bid for accounting /payroll services
 - o Josh reported once approval of PERS in September, DAS is willing to work with us.
 - o Josh would like the new contract from the invitation to bid to start January 2024
 - b. Discuss exemptions and subsidies issue and plans for 2024/25
 - o Members discussed full transparency to let our members know so they can have the change in their budget.
 - o Engage in partnership prior to change. Get the word out through our Call Center
 - c. Staff payroll impacts – salary/classification, costs, benefits, PERS
 - o Josh reported he will keep the Executive Committee updates moving forward
- 4. For the Good of the Order
 - o Melanie commented she is happy with the efforts of this committee and the work Josh put forth for this meeting.
- 5. Next Meeting - tbd

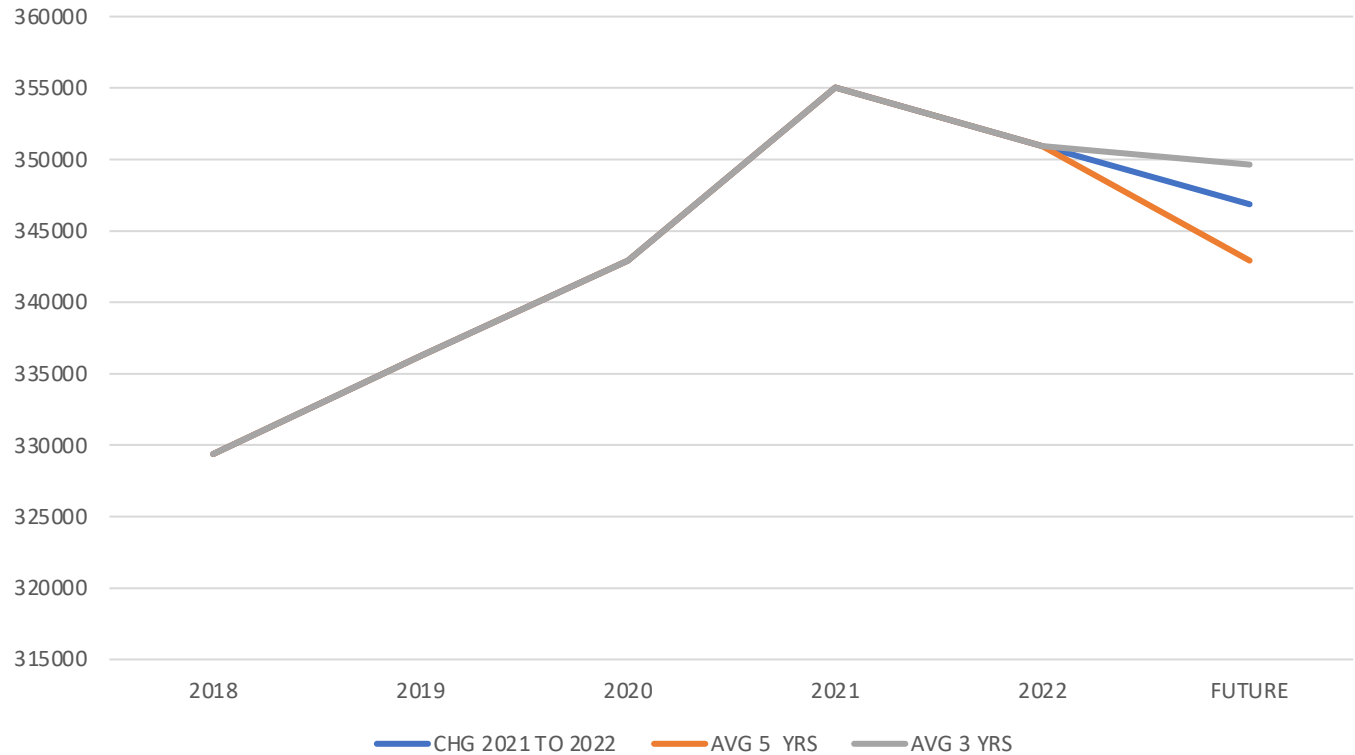
*Motion to adjourn by Nate and 2nd by Melanie. Meeting adjourned at 3:35 p.m.
Minutes submitted by Kitty O'Keefe 8.25.23*



2023 Financial Report

- TBC has provided financials through June 2023 – updated on our budget spreadsheet; expect July/August numbers in Redmond
- Revenue and expenses are on track through June – 50% and 48% respectively
- Annual 3% contract adjustment with call center implemented
- \$20K over on budget but expected, trending positively on year
- Incoming and outgoing tickets are down year over year, and decline of In/Out Ratio continues
- Deferred liabilities posing a challenge

INBOUND TICKETS



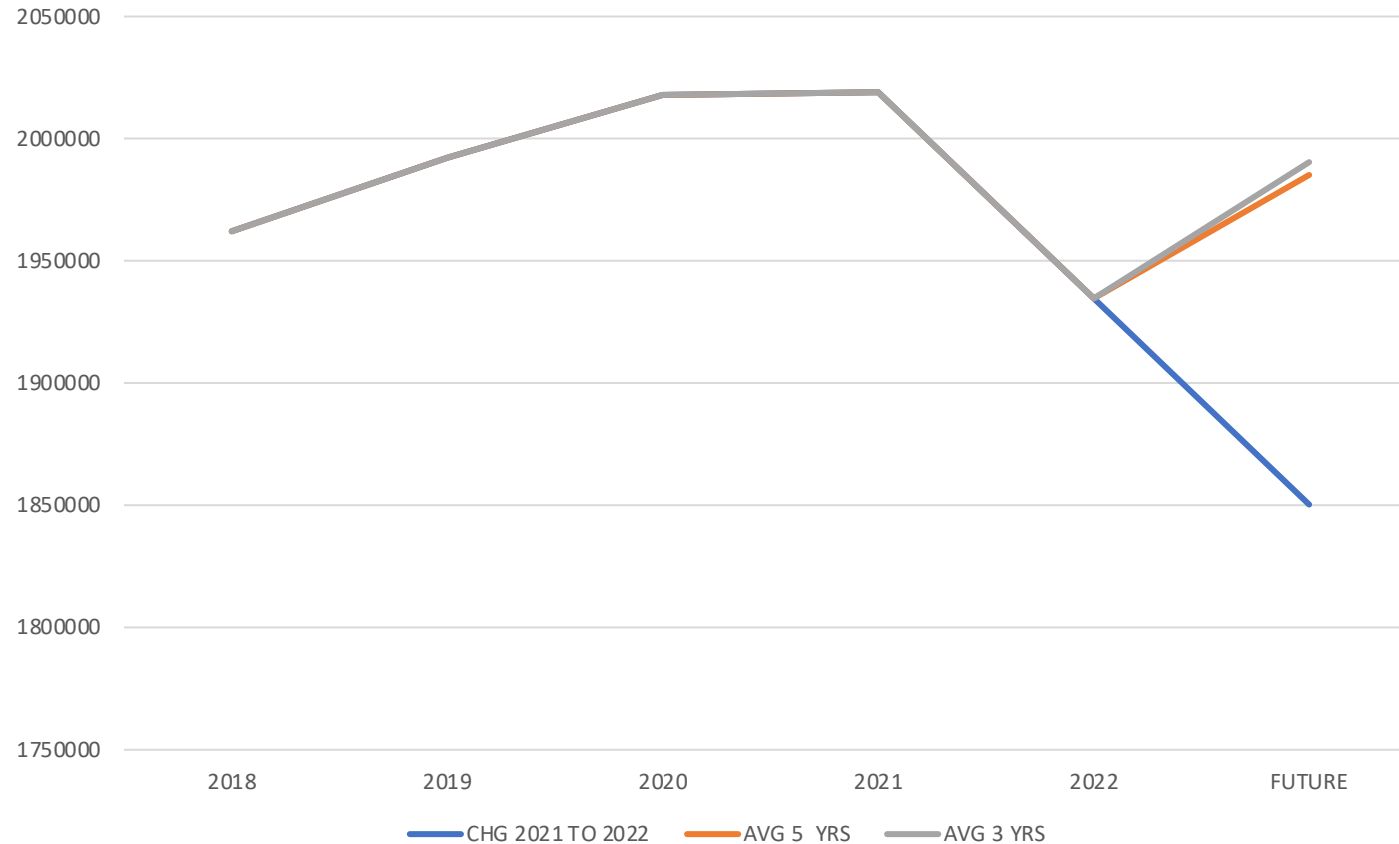
CHG 2021 TO 2022	346,863
AVG 5 YRS	342,908
AVG 3 YRS	349,634

OUNC **pays** OCC based on inbound tickets. Inbound tickets are down 4.1% YOY halfway through 2023 (below 5-year average).

- 207,600 compared to 216,484 in 2022

2018	2019	2020	2021	2022
329,377	336,260	342,918	355,035	350,949

OUTBOUND TICKETS



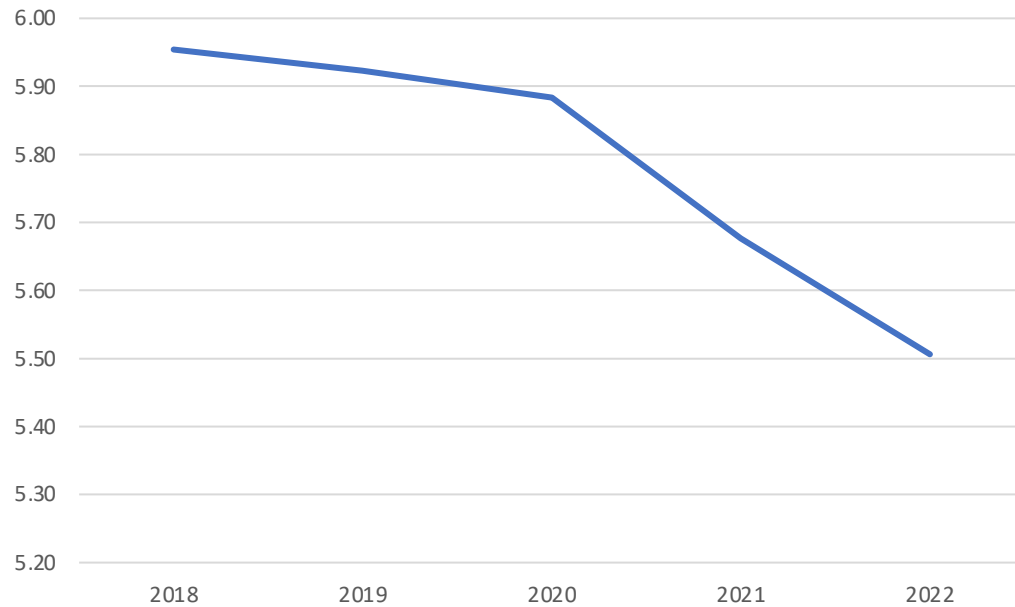
CHG 2021 TO 2022	1,850,325
AVG 5 YRS	1,985,188
AVG 3 YRS	1,990,510

OUNC is **paid** based on outbound tickets. Outbound tickets are down 7.1% YOY halfway through 2023 (below 5-year average).

- 1,117,975 compared to 1,203,509 in 2022

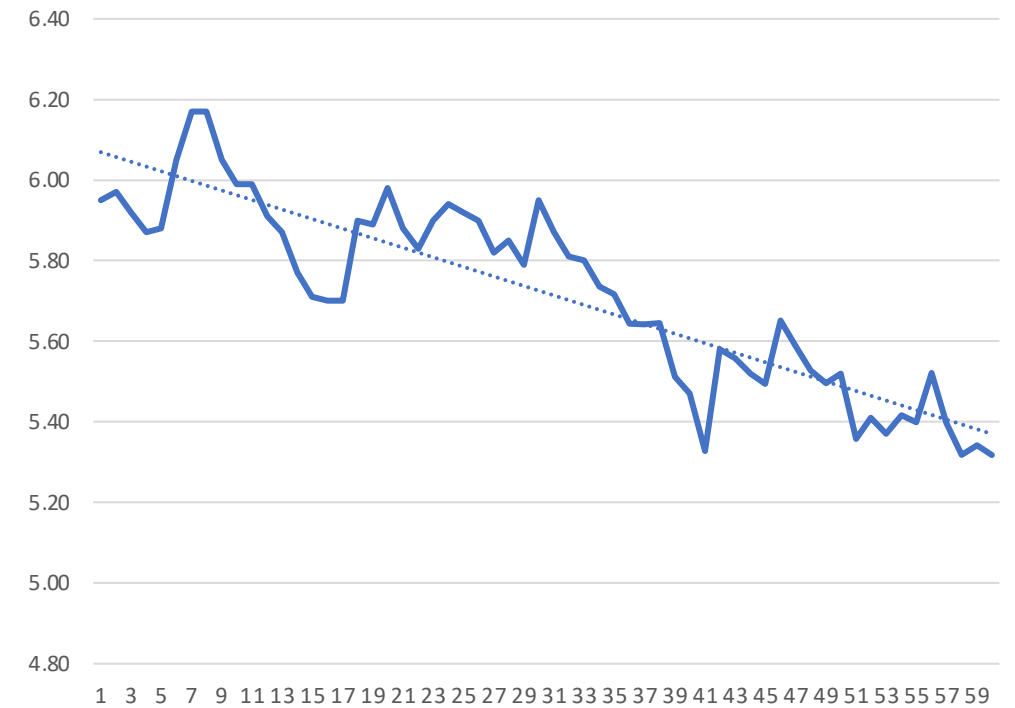
2018	2019	2020	2021	2022
1,962,198	1,992,211	2,017,828	2,019,027	1,934,676

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



2023 Budgetary Challenges

- PERS deferred liability estimated at ~\$60,000 (2021-23)
 - Staff will also share deferred payments
- Back pay for personnel COLA/raises (2022-23) - \$~6,850
- OUCC payment for Joint States not in 2023 budget - \$6,685
- Total liability of \$73,535
- Will seek board approval to address, propose solutions
 - Options may include cuts, reserves, temporary/partial furlough, forego/defer ED increase/COLA adjustment



2023 Budgetary Solutions

1. Calendar – 8,000
2. Other publicity – 10,000
3. T&E – 20,000
4. Board admin - 10,000
5. Audit - 5,000
6. Office - 5,000
7. Other - 2500
8. TOTAL – 60500
9. DIFFERENCE – $73535 - 60500 = -13035$ (reserve)

2024 Budget Outlook

Three-year average:

Revenue - \$2,377,895

Expenses - \$2,455,415

Five-year average:

Revenue - \$2,323,425

Expenses - \$2,385,010

Revenue	
2023	\$2,503,455
22	\$2,305,975
21	\$2,324,254
20	\$2,325,787
19	\$2,157,653

Expenses	
2023	\$2,502,428
22	\$2,468,369
21	\$2,395,448
20	\$2,455,415
19	\$2,103,392

2024 Budget Outlook

Areas of consideration:

- OCC contract escalation
- PERS, personnel costs
- Publicity increases
- Training and Education
- Travel
- Audit/legal
- Communications stipend increase to \$100
- Lobbyist/PUC?
- Grants?
- Reserves - \$600K – currently \$489K

Proposed approach:

- Use flat or downward projection
- Find solutions for deferred liabilities in 2023/24 budgets
- Meet one more time before board meeting to review draft 2024 OUNC budget – align with Strategic Plan
- Consider escalating service tariff to account for escalating OUNC costs

Financial Audit/Financial Review

3.8.1 Oregon Utility Notification Center will contract for an independent review to be performed by a Certified Public Accountant (CPA) at the conclusion of every three (3) years but should not exceed five (5) years.

- Our last financial audit was in November 2022 – clean bill of health
- We are required to have the next review/audit by 2027

Propose: Propose audit every 3-5 years – review ongoing by treasurer, ED and accountant; add that review or audit can be requested in the interim by the Board Chairperson or by a vote of the OUNC Board.

Finance Charges

- Finance charges are assessed by OCC for past due billing
- Intent is to incentivize on time payments by penalizing late payments
- Based on other OCC states, the tool is not effective
- Generates small dollar amount disputes and wasted time
- Estimated \$3,000 in finance charges, received \$50 this year
- OCC advises to remove finance charges
- For egregious nonpayment, can still pursue via collections

Propose: Elimination of finance charges