

VARIANCE ANALYSIS – 2015 EXPENDITURES

Budget to Actual comparison using FY 2015 recurring expenditures

POTENTIAL BUDGET SAVINGS FROM RECOMMENDATIONS GENERATED FROM THIS ANALYSIS

Medical insurance	\$ 52,000
Retiree health insurance	32,000
PERS	17,600
Services and supplies	126,600
Total Budget Savings	\$ 228,200

Analyze expenditure object classes having significant variances to understand trends and budgeting behavior with a goal of identifying potential budget savings which will reduce our structural deficit.

TOTAL EXPENDITURES

Budget	\$ 6,714,685	100%
Actual	\$ 6,297,079	94%
Variance	\$ 417,606	6%

TOTAL EXPENDITURES BY MAJOR OBJECT CLASS

OBJECT CLASS	BUDGET	ACTUAL	VARIANCE	% UNSPENT
Salaries	\$ 1,916,833	\$ 1,897,704	\$ 9,129	0.5%
Benefits and EE costs	1,375,566	1,229,185	146,381	10.6%
Services and supplies	1,638,245	1,386,336	251,909	15.4%
Other	1,784,041	1,783,854	187	0.0%
Total Expenditures	\$ 6,714,685	\$ 6,297,079	\$ 417,606	6.2%

VARIANCE ANALYSIS OF BENEFITS AND EMPLOYEE COSTS ACCOUNTS

OBJECT CLASS	BUDGET	ACTUAL	VARIANCE	% UNSPENT
Medical insurance (1)	\$ 525,761	\$ 449,807	\$ 75,954	14.4%
Retiree health insur (2)	402,400	351,923	50,477	12.5%
PERS (3)	294,985	275,959	19,026	6.4%
Workers compensation	93,543	93,543	0	0.0%
Other	58,877	57,953	924	1.6%
Total Benefits & EE Costs	\$ 1,375,566	\$ 1,229,185	\$ 146,381	10.6%

- (1) MEDICAL INSURANCE: Past practices has been to budget current rates for six months and current rates plus 5% to 7% for the second six months and then blend the two rates. New employees are anticipated at family rates, the most expensive option.

Actual rate experience was as follows:

	BUDGET	ACTUAL	VARIANCE	% OVER BUDGETED
First Six Months, per month				
Per employee				
EE only	\$ 900.00	\$ 758.97	\$ 141.03	15.67%
EE + 1	\$ 1,500.00	\$ 1,362.30	\$ 137.70	9.18%
EE + 2	\$ 1,900.00	\$ 1,778.37	\$ 121.63	6.40%
Second Six Months, per month				
Per employee				
EE only	\$ 900.00	\$ 779.37	\$ 120.63	13.40%
EE + 1	\$ 1,500.00	\$ 1,404.02	\$ 95.98	6.40%
EE + 2	\$ 1,900.00	\$ 1,831.10	\$ 68.90	3.63%

RECOMMENDATIONS:

- Budget rate increase at mid-year.
- Estimate with greater accuracy, limiting variance to no more than 5% of budget.

- (2) RETIREE HEALTH INSURANCE: Budget for retiree health insurance was increased from FY 2014 to FY 2015 by \$22,785 but the increase was not needed.

Five years of historical budget to actual performance is as follows:

OBJECT CLASS	BUDGET	ACTUAL	VARIANCE
FY 2015	\$ 402,400	\$ 359,697	\$ 42,703
FY 2014	\$ 379,615	\$ 356,330	\$ 23,285
FY 2013	\$ 310,789	\$ 330,544	\$(19,755)
FY 2012	\$ 310,789	\$ 280,837	\$ 29,952
FY 2011	\$ 310,789	\$ 262,351	\$ 48,438

RECOMMENDATIONS:

- Budget based on list of known retirees and known rates of payment
- Adjust at mid-year for changes in estimates

- (3) PERS: PERS budget is computed using known PERS actuarial rates and projected salary amounts. It appears that lower rates associated with PEPRA members were not used and this comprises most of the variance. Since we are able to budget salaries within 0.5% accuracy, we should be able to do the same for PERS.

RECOMMENDATION:

- Incorporate PEPRA rates into the budget schedules.

SERVICES & SUPPLIES - FY 2015 BUDGET TO ACTUAL VARIANCES	BUDGET RECURRING	ACTUAL RECURRING	VARIANCE	% UNSPENT	COMMENT	RECOMMENDATIONS	POTENTIAL BUDGET SAVINGS
MISC PROFESSIONAL SERV	377,035	297,445	79,590	21%	\$33,000 public defender \$10,000 risk management \$ 7,527 CDA \$ 7,400 clerk \$ 6,163 personnel	Change budget approach. Budget based on existing (anticipated) contracts. Adjust at mid-year or consider adopting a contingency policy. Set aside portion of carryover fund balance to fund unanticipated expenditures. Reclassify non-recurring transactions as one time.	\$ 45,000
PROPANE GAS	76,200	48,501	27,699	36%	Difficult to anticipate because of weather. Ten year average is \$57,500.	Budget historical 10 year average for final budget and adjust at mid-year based on experience mid-winter.	\$ 18,700
ROAD ADMIN & 5% COST	20,000	1,044	18,956	95%	Weather related for plowing parking lots. Over past six years, high is \$35K and low is \$1K.	CDA agreed to reduce budget by \$5,000	\$ 5,000
PHONE & INTERNET	79,650	60,747	18,903	24%	Substantially for VOIP. Recent changes in phone/internet service are complete. Frontier invoices have stabilized. ATT accounts cancelled and refunds received.	Use recent transactions to more accurately project next year's budget	\$ 12,500
TRAVEL	40,379	29,624	10,755	27%	Travel is for lodging, per diem and mileage reimbursements to attend association conferences and various trainings. Departments having unspent travel funds of \$1,000 or more include: \$4,434 Finance \$3,749 Probation \$1,955 Admin Some travel activities are reimbursed by outside agencies.	Prepare a training agenda for the next year and cost out the travel so budget is more accurate.	\$ 3,500

SERVICES & SUPPLIES - FY 2015 BUDGET TO ACTUAL VARIANCES	BUDGET RECURRING	ACTUAL RECURRING	VARIANCE	% UNSPENT	COMMENT	RECOMMENDATIONS	POTENTIAL BUDGET SAVINGS
MAINT AGREEMENTS - ALL	73,842	63,409	10,433	14%	<p>The variance is mostly generated from the following:</p> <p>\$1,907 OMB A87 - estimate was rounded up to \$15,000. This is AS400 licensing, ADS and postage machine</p> <p>\$6,317 Central Services - this is annual licensing for CREST server. Fee has always been \$25,122 per year. The unspent budget represents contingency.</p> <p>\$2,000 B&G, CDA - \$1,500 is for inspection of the CH lift which didn't occur until after the fiscal year ended.</p>	<p>Budget OMB A87 costs closer to actual.</p> <p>For Central Services, budget the additional \$6,000 as software fees and classify as one-time.</p>	\$ 7,000
LEASES - ALL	28,200	19,827	8,373	30%	<p>This is lease cost for copiers. New agreements were initiated in all departments and the unspent budget represents the savings.</p>	<p>Budget based on new lease contracted amounts.</p>	\$ 7,400
STIPENDS	17,500	10,243	7,257	41%	<p>\$2,500 is budgeted for BV Fire but none have been paid.</p> <p>For EAF, there were 14 volunteers receiving an average of \$750 per year. 1 received maximum amount 2 received between 75% and 50% of max 6 received between 50% and 30% of max 5 received between 30% and 20% of max</p>	<p>Eliminate BV Fire stipend amount of \$2,500.</p> <p>For EAF, stipend amount per volunteer per month was increased for FY 2016, from \$150 to \$200. Reevaluate need for budget decrease after FY 2016.</p>	\$ 2,500
56 OTHER ACCOUNTS <\$5,000	925,439	855,496	69,943	8%		<p>Continue requesting Departments to justify next year's allotment by budgeting based on actual spending. In June, adjust variances to 5% of budget.</p>	\$ 25,000
	<u>1,638,245</u>	<u>1,386,336</u>	<u>251,909</u>				<u>\$ 126,600</u>