

Agenda Item No.:	2
Work Plan:	Administrative
Topic:	Ongoing Financial Status Checks
Presentation Title:	Department of Forestry Fiscal Report
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### **SUMMARY**

The purpose of this agenda item is to provide an update on the Department of Forestry's current fiscal status.

### **CONTEXT**

The Board has requested regular updates on the Department's financial status. This report updates the information provided at the November 2014 meeting, including updated information regarding the 2013 and 2014 Fire Season costs.

### **BACKGROUND**

The Department of Forestry's 2013-15 Legislatively Approved Budget as of January 2015 consists of \$553.5 million total funds and 871.72 full-time equivalent positions. 72 percent of the budget is funded with Other Fund revenues, including the State's share of timber sale proceeds, a variety of landowner assessments, and forest products harvest tax. 21 percent of the budget is funded with state General Fund dollars, 6 percent with federal revenues, and 1 percent with lottery funds.

Within the agency, the Fire Protection program has the largest budget with \$357.9 million total funds (65 percent of total budget) and 394.73 full-time equivalent positions. 69 percent of the budget is funded with revenues from a variety of landowner assessments, 27 percent is funded with state General Fund dollars, and 4 percent with federal revenues.

The State Forests program has the second largest budget with \$94.3 million total funds (17 percent of total budget) and 241.99 full-time equivalent positions. 96 percent of the budget is funded with dollars from the State's share of the revenue that is produced from timber sales, and the remaining 4 percent with federal revenues.

The Private Forests program budget is the third-largest, with \$36.4 million total funds (7 percent of total budget) and 109.79 full-time equivalent positions. 34 percent of the budget is funded with federal revenues, 39 percent with state General Fund dollars, and 27 percent with other revenues mostly from forest products harvest tax.

The Agency Administration program has a budget of \$31.1 million total funds (6 percent of total budget) and 95.48 full-time equivalent positions. 83 percent of the budget is funded with revenues mainly from intra-fund transfers from the operating programs, 7 percent with federal revenues, 9 percent with lottery fund dollars, and 1 percent with state General Fund dollars.

The remaining \$33.8 million total funds budget and 29.73 full-time equivalent positions is for the equipment pool, facilities maintenance, capital improvements, and debt service.

Department staff continuously monitor the agency's revenues and expenditures for all programs. Staff also generate periodic projections for several major revenue sources. These projections include timber sale revenue (twice yearly), and forest products harvest tax revenue (quarterly). Agency expenditures are adjusted, if required, based on the revenue projections.

The attachments provide a financial "dashboard" with "gauges" that will update the Board on the Department's current fiscal situation.

Major updates since November 2014 are as follows:

- Out of the \$50 million State Treasury line of credit established for FY2015, we are currently borrowing \$30 million.
- The Oregon Legislative Emergency Board, at its December 2014 meeting, provided an additional \$16.4 million General Fund allocation and \$56.6 Other Funds expenditure authority for emergency fire protection expenses.
- An updated forecast of forest products harvest tax revenues projects a slight decrease based on housing starts and export trends.

## **RECOMMENDATION**

This agenda item is for information only.

## **ATTACHMENT**

- 1) 2013-15 Financial Dashboard