

Agenda Item No.:	6
Work Plan:	Administrative Work Plan
Topic:	Ongoing Financial Status Check
Presentation Title:	Department of Forestry Fiscal Report
Date of Presentation:	April 26, 2017
Contact Information:	Satish Upadhyay, Administrative Services Division Chief (503) 945-7203, <a href="mailto:satish.upadhyay@oregon.gov">satish.upadhyay@oregon.gov</a> Mark Hubbard, Finance Director (503) 945-7231, <a href="mailto:mark.w.hubbard@oregon.gov">mark.w.hubbard@oregon.gov</a>

**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 January 2017 meeting.

**BACKGROUND**

The Department of Forestry’s 2015-17 Legislatively Approved Budget consists of \$432.2 million total funds and 878.04 full-time equivalent positions. 69 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, 8 percent with federal revenues, and 2 percent with Lottery Funds.

Within the agency, the Fire Protection program has the largest budget with \$222.5 million total funds (50 percent of total budget) and 395.28 full-time equivalent positions. 61 percent of the budget is funded with revenues from a variety of landowner assessments, 32 percent is funded with state General Fund dollars, and 7 percent with federal revenues.

The State Forests program has the second largest budget with \$96.3 million total funds (23 percent of total budget) and 233.08 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 \$41.6 million total funds (10 percent of total budget) and 112.67 full-time equivalent positions. 31 percent of the budget is funded with federal revenues, 42 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 \$40.0 million total funds (10 percent of total budget) and 107.28 full-time equivalent positions. 80 percent of the budget is funded with

revenues mainly from intra-fund transfers from the operating programs, 5 percent with federal revenues, 13 percent with Lottery Fund dollars, and 2 percent with state General Fund dollars.

The remaining \$31.8 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 attachment provides a financial "dashboard" with "gauges" that will update the Board on the Department's current fiscal situation.

### **ANALYSIS**

Significant changes in the 2015-2017 Financial Dashboard since last presented to the Board in January 2017 include:

- The December Legislative Emergency Board increased our legislatively approved budget, allocating \$1,768,628 from the special purpose appropriation to supplement Fire Protection; and increasing the Other Funds expenditure limitation by \$10,178,762 for the processing of payments for fire season costs.
- Fire Protection's Treasury loan has decreased from \$45 million to \$35 million.
- State Forests continues to see higher expenditures than current receivables and revenues through this biennium, a figure that fluctuates monthly.
- Harvest tax revenues are trending downward at an overall 9% below the projections for the biennium.

### **RECOMMENDATION**

This agenda item is for information only.

### **ATTACHMENT**

1. 2015-17 Financial Dashboard