REPORT OF THE BUDGET COMMITTEE

The Budget Committee (BC) met on Tuesday, September 13, 2011 and received the Executive Director’s Budget Report. The report covered: (1) a review of the calendar year (CY) 2010 audit report; (2) status of the CY 2011 operational budget and expenditures through July 31, 2011; (3) additional funding received by the Council since the June meeting; (4) a proposed revision to the operational budget for CY 2011; and (5) expectations for future funding. The BC attendance was as follows:

Members Present: Mr. Dave Ortmann, Chairman; Dr. Dave Hanson, Mr. Mark Helvey, Mr. Frank Lockhart, Ms. Dorothy Lowman, Mr. Dale Myer, Ms. Michele Culver, and Mr. Dan Wolford

Absent: none

Nonmembers Present: Dr. John Coon, Ms. Patricia Crouse, Mr. Donald Hansen, Dr. Donald McIsaac, Ms. Carolyn Porter, and Mr. Steve Williams

CY 2010 Audit Report

Dr. John Coon provided a brief overview of the audit report for CY 2010. The auditor’s findings for the Council’s financial statements were an unqualified approval with no reportable conditions or material weaknesses. With regard to Federal award conditions, the auditors noted one deficiency in internal control with regard to documentation of a sole source contract. Council staff responded to the auditor’s finding to correct the documentation and prevent future occurrences.

CY 2011 Budget and Status of Expenditures

Overall expenditure of the CY 2011 operational budget is proceeding within normal expectations for the first seven months of the year. Staff will closely monitor expenditures to anticipate any future need for spending adjustments.

Additional CY 2011 Funding

Dr. McIsaac updated the BC on new funding received by the Council since the June BC meeting. He reported an additional $600,000 had been received from the Northwest Region to help fund trawl rationalization trailing actions for CYs 2011-2013. He also noted $410,000 has been received to carry out the facilitation of a national fishery management conference in October of 2012 in the Washington DC area; the Pacific Council was assigned the lead role for this effort by the Council Coordination Committee. No funds have been received to date in response to a request for supplemental funding for highly migratory species (HMS) management activities.
Proposed Revisions to the CY 2011 Budget

With the receipt of additional funding for trawl rationalization trailing actions and a national fishery conference in 2012, Dr. McIsaac proposed the CY 2011 operational budget be increased by $50,000; bringing the total CY 2011 operational budget to $4,798,877. Of the new funding, $40,000 would be budgeted for contractual, meeting, and travel expenses for trawl rationalization trailing actions; and $10,000 for contracting and initial planning activities to begin facilitation for the national fishery conference.

Preliminary Expectations for Future Funding

Dr. McIsaac reported that with the current state of the federal budget process, there is obviously significant uncertainty about the regional council funding levels for 2012 and 2013. It seems very likely Federal funding in general will decrease, but it is too early for any meaningful speculation about the amount of decrease for regional councils. Council staff will provide budget alternatives for 2012 at the November BC meeting with various scenarios to take into account a likely decrease in funding.

Budget Committee Recommendation

The BC recommends the Council increase the CY 2011 operational budget by $40,000 for trawl rationalization trailing actions and $10,000 for planning activities for the 2012 national fishery conference, resulting in a CY 2011 budget of $4,798,877.

PFMC
09/16/11