



Financial Statement for FY2017

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PURPOSE

1. To provide the Commission with a draft end of year financial statement for the Commission (financial period: 1 October 2016 to 30 September 2017).

STATUS OF CONTRIBUTIONS TO THE AUTONOMOUS BUDGET IN FY2017: INCOME

2. For FY2017, the IPHC saw a decrease in the General/Supplemental carryover to \$3,918K (**Table 1**). This carryover is higher than the anticipated carryover of \$3,137K. The variation to the expected carryover is primarily due to lower administrative and fishery-independent setline survey costs. The coast-wide price of \$6.47 was slightly higher than projections (\$6.38) and lower than 2016 prices (\$6.81). With certificate of deposit rates remaining under 2%, the IPHC was unable to maintain the investment income near expected levels. This is likely to remain an issue until there is a change in monetary policy by the US Federal Reserve.
3. Items of interest regarding income are:
 - a) **Pacific halibut Prices** – In FY2017 the IPHC saw Pacific halibut prices weaken throughout the summer. The prices in fresh-market ports (Prince Rupert, Homer, Seward, SE Alaska) were substantially higher than the frozen-market ports. Prince Rupert landings averaged \$8.47/lb. with Canadian prices topping \$10 per pound CAD nearly all summer. South-East Alaska ports averaged \$6.79/lb. Lower prices persisted in western Gulf of Alaska and Bering Sea ports with the fish primarily going to the frozen market. The lowest prices were received in Adak (\$4.92/lb) and St. Paul (\$5.22). Dutch Harbor prices were slightly worse than 2016 at \$5.57/lb (-5%).
 - b) **U.S.A. Contribution** – In FY2017, the U.S. Government appropriated **\$4.16M** to the IPHC (**Table 1**). The US contributions included funding for pension deficits and headquarters lease costs.
 - c) **Canadian Contribution** – In FY2017, the Canadian government contributed **\$1.507M** to the IPHC (**Table 1**). The Canadian contributions included **\$848,720** for general contributions (which has been unchanged since 2003), as well as a separate amount of **\$95,508** to cover pension deficit payments as well as a one-time payment of the Canadian share of pension deficits of **\$563,476**.

EXPENDITURES FOR FY2017

4. For FY2017 expenses were 96% of the projected budget (**Table 7**). Staff salaries and benefits were near expectations along with the related office expenses. Items of interest include:
 - a) The additional Canadian pension contribution was an additional expense and can be found on **Table 7-1 row 72312** as Pension Amortization (under Benefits). The amount

- show includes the normal contribution of \$191,016 in addition to the one-time payment of \$563,476.
- b) Office staff payroll was slightly higher (2%) than budget projections (**Table 7-1**) due to unanticipated job re-descriptions. IPHC Secretariat staff received a 2.64% COLA increase, in line with the U.S. civil service guidelines, and step raises occurred where appropriate. Setline survey payroll was slightly lower than projected due to fewer weather/non-fishing days than expected.
 - c) Higher totals for B.C. Worker's Compensation program (BC WorkSafe) are a result of hiring more Canadian employees (port and survey) than anticipated (**Table 7-1 row 72441**). These mandatory costs (1.4% of salary) are much less than US salaried employees (7.65% of salary for FICA) and represent program savings.
 - d) Overall meeting and travel costs were less than budgeted (**Table 7-2 Travel**). Management Strategy Advisory Board and Science Review Board costs were higher due to more meetings and longer meetings than initially projected (**Table 7-2 rows 8322x**). Interim meeting costs have increased due to the Seattle meeting market (high demand) and the larger meeting spaces needed for public sessions (**Table 7-2 row 83211**).
 - e) Office and storage lease costs were as projected. U.S. appropriations language for FY2016 limited the contribution to \$250,000 (**Table 7-3 rows 82111, 82123**). The issue of payment from the University of Washington for lease costs (\$76,382) is unresolved at this time.
 - f) Building Maintenance costs were higher than projected due to 1) an adjustment in common area maintenance (CAM) at year-end and 2) unanticipated building maintenance items (new hot water heater, backflow valve replacement).
 - g) Legal fees decreased with no major activity. Legal fees are split into general legal fees (**Table 7-3 row 85941**) and personnel legal fees (**Table 7-1 row 75311**).
 - h) Bank charges remain higher than expected due to low interest rate offsets and more foreign payments (**Table 7-3 row 85921**).

EXTRA-BUDGETARY FUNDS

- 5. The IPHC continued to receive a grant for costs associated to the implementation of the extended sampling in Alaska. For FY2017 and beyond, the contract for the collection of Sablefish logbooks from National Marine Fisheries Service was terminated and funds for the logbook collection are now part of the above grant. Due to U.S. Federal funding mechanisms the reimbursement will commence in FY2019 (based on FY2017 expenses). The Commission also received funds from the Department of Fisheries and Oceans, Canada and Washington Department of Fish and Wildlife for additional work completed on the fisheries independent surveys in 2017 (**Table 6**).

RECOMMENDATION/S

- 6. That the Commission **NOTE** paper IPHC–2017–IM093–15 which includes the Financial Statement and supporting documentation for the financial period 01 October 2016 to 30 September 2017.

APPENDICES

Appendix I: Financial Statements – Interim Meeting (ver. 1.0)