

**Upper Mississippi River Basin Association
Board Conference Call
Minutes**

June 20, 2012

UMRBA Representatives and Alternates:

Diane Ford	Iowa Department of Natural Resources
Rebecca Flood	Minnesota Pollution Control Agency
Robert Stout	Missouri Department of Natural Resources
Jim Fischer	Wisconsin Department of Natural Resources

Other Participants:

Greta Gauthier	Minnesota Department of Agriculture
Barb Naramore	UMRBA Staff

UMRBA Chair Diane Ford called the meeting to order at 8:35 a.m. Barb Naramore took a roll call and confirmed the presence of a quorum.

Ford explained that the purpose of the call was to adopt an FY 13 budget for UMRBA. She noted that the Board deferred action on the FY 13 budget at its May 23, 2012 meeting in order to allow Barb Naramore to revise her proposed budget to reflect the Board's decisions regarding staff compensation. Ford further explained that the Board had conducted staff evaluations as usual in February, but did not finalize its compensation decisions until its May meeting. Ford reviewed the Board's compensation decisions, which she communicated to Naramore in a letter dated June 8, 2012.

Naramore's revised proposed FY 13 budget, dated June 8, 2012, reflects the Board's final decisions regarding staff compensation. Relative to the May 21, 2012 draft budget that the Board previously reviewed, the projected deficit would increase by approximately \$2,700, reaching almost \$9,200. However, Ford noted that, if projected revenues are on target, this projected deficit will likely not be realized because some expense categories are routinely below budget. She cited state travel reimbursement as the leading example of such a category, explaining that the budget reflects the maximum potential state travel reimbursement, while the states have not historically requested this level of reimbursement.

In response to questions from Robert Stout and Rebecca Flood, Naramore said the UMRBA has approved deficit budgets in the past. Specifically, over the last 13 years, the FY 03, 07, and 09 budgets included projected deficits. None of these years, however, ended with an actual deficit. Over that same time period, FY 01, 02, and 05 produced actual year-end deficits. Naramore attributed these deficits in part to fiscal year offsets between revenues and expenses. She said UMRBA's assets currently total over \$900,000, the vast majority of which is in cash and short term investments.

Stout asked how UMRBA dues levels are established. Naramore explained that the Board sets the dues level in August of even-numbered years for the coming two fiscal years. Thus, in August 2012, the Board will be asked to establish the dues amounts for FY 14 and 15. Naramore noted that UMRBA dues have been at \$48,000 annually per state since FY 00. Stout suggested that the Board consider whether this is the right level at its upcoming August meeting. Jim Fischer observed that dues payments are already challenging for some states and that states might well not pay increased dues in full.

Ford asked whether UMRBA's assets have been increasing. Naramore said the trend lines have varied over the Association's history. When UMRBA was formed in 1981, it inherited approximately \$1 million in assets from the joint federal-state Upper Mississippi River Basin Commission (UMRBC). In the first few years, UMRBA drew heavily on those assets as the states worked to incorporate dues into their budgets. Cash investments and receivables reached a low point of \$415,000 at the end of FY 97. Since then, as UMRBA has diversified and increased its revenues, investments and receivables have increased to approximately \$900,000. Naramore noted that, in inflation-adjusted terms, this is still well short of the assets UMRBA inherited from the UMRBC.

Naramore said that past Boards have been careful stewards of UMRBA's resources. They have occasionally enacted modest deficit budgets in the past, but have been wary of long term structural imbalances between revenues and expenses, particularly if they are of a magnitude that would represent a significant draw on assets. She offered the opinion that uncertainty around revenue from state dues and federal agreements presents a significantly greater fiscal risk to UMRBA than does the \$9,200 deficit reflected in the proposed budget. If revenues drop precipitously, she said the Board will likely need to revisit the budget, particularly if the decline is anticipated to span more than one year.

Stout said he favors the Board's past approach as outlined by Naramore. He emphasized that state and federal budget constraints pose a bigger threat to UMRBA's fiscal well-being than any proposed or anticipated growth in the organization's operational expenses.

In response to a question from Stout, Naramore said UMRBA has had a budget surplus in nine of the past 12 years, with the size of the surplus ranging from \$25,000 to \$87,000. She noted that two of the largest surpluses were preceded by a deficit year. In these instances, part of the surplus was attributable to a fiscal year offset between expenses and revenues on a particular project. She noted that modified accounting practices, which emphasize recognizing revenue in the year it is earned rather than received, have reduced the offset issue in recent years.

Stout asked whether UMRBA's auditor will be concerned if the Board adopts a deficit budget. Naramore said that is unlikely in this instance, given size of UMRBA's assets and the level of the projected deficit as a percentage of the total budget.

Fischer applauded the lower rental rate negotiated as part of UMRBA's new lease on its existing office space.

Stout moved and Flood seconded a motion to approve the budget as proposed in the draft dated June 8, 2012. The motion carried unanimously. The approved FY 13 budget is attached to these minutes.

With no further business, Ford adjourned the call at 8:58 a.m.

**Upper Mississippi River Basin Association
 FY 2013 Budget
 Approved 6/20/12**

Ordinary Income/Expense

Income

Contracts and Grants

COE (EMP)	82,640
EPA (OPA)	177,600
IL (106 Monitoring)	<u>75,400</u>

Total Contracts and Grants 335,640

State Dues

Illinois Dues	48,000
Iowa Dues	30,000
Minnesota Dues	48,000
Missouri Dues	48,000
Wisconsin Dues	48,000
WQ Assessment	<u>85,000</u>

Total State Dues 307,000

Interest Income

Short Term Interest

Short Term (Savings)	400
Short Term (Sweep)	10
Short Term (CD)	<u>3500</u>

Total Short Term Interest 3,910

Total Interest Income 3,910

Total Income 646,550

Expense

Gross Payroll

Salary	236,651
OPA Wages	110,980
Benefits	<u>59,163</u>

Total Gross Payroll 406,794

Payroll Expenses

SocSec Company	25,221
Medicare Company	5,899
SUTA (Minnesota UC)	1,200
Workforce Enhancement Fee	<u>250</u>

Total Payroll Expenses 32,570

Travel 18,000

Space Rental

Office Rental	32,930
Parking	<u>6,350</u>

Total Space Rental 39,280

Reproduction	
Copy Service	1,260
Printing	3,700
Total Reproduction	<u>4,960</u>
Meeting Expenses	16,000
Supplies	3,900
Equipment	
Equipment (Purchase)	2,900
Equipment (Maint./Rental)	960
Total Equipment	<u>3,860</u>
Legal and Financial	
Insurance	5,500
Legal and Tax Services	9,200
Bank Charges	220
Total Legal and Financial	<u>14,920</u>
Telephone/Communications	10,200
Postage	2,000
Other Services	4,200
Publications	2,870
State Travel Reimbursement	
Illinois	5,000
Iowa	3,125
Minnesota	5,000
Missouri	5,000
Wisconsin	5,000
State WQ Travel	3,000
Total State Travel Reimbursement	<u>26,125</u>
OPA Expenses	
Equipment OPA	2,800
Equipment (Maint./Rental) OPA	5,900
Travel OPA	8,400
Other OPA	5,500
Total OPA Expenses	<u>22,600</u>
106 Expenses	
Contractor 106	44,300
Meetings 106	1,000
Travel 106	2,000
Other 106	100
Total 106 Expenses	<u>47,400</u>
Total Expense	655,679
Net Ordinary Income	<u>-9,129</u>