

BUDGET PROCESS PRESENTATION

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ASCC Annual Budget: Its shaping and final disposition.

The purpose of this presentation is to provide the administration, faculty and staff *insights* how an annual Budget is developed and how its final disposition affects the overall fiscal outlook of the institution environment.



**BRINGING THE NEWS –
GOOD AND BAD!**

THE STATE OF THE PRESENT AND
THE HOPE OF THE FUTURE!

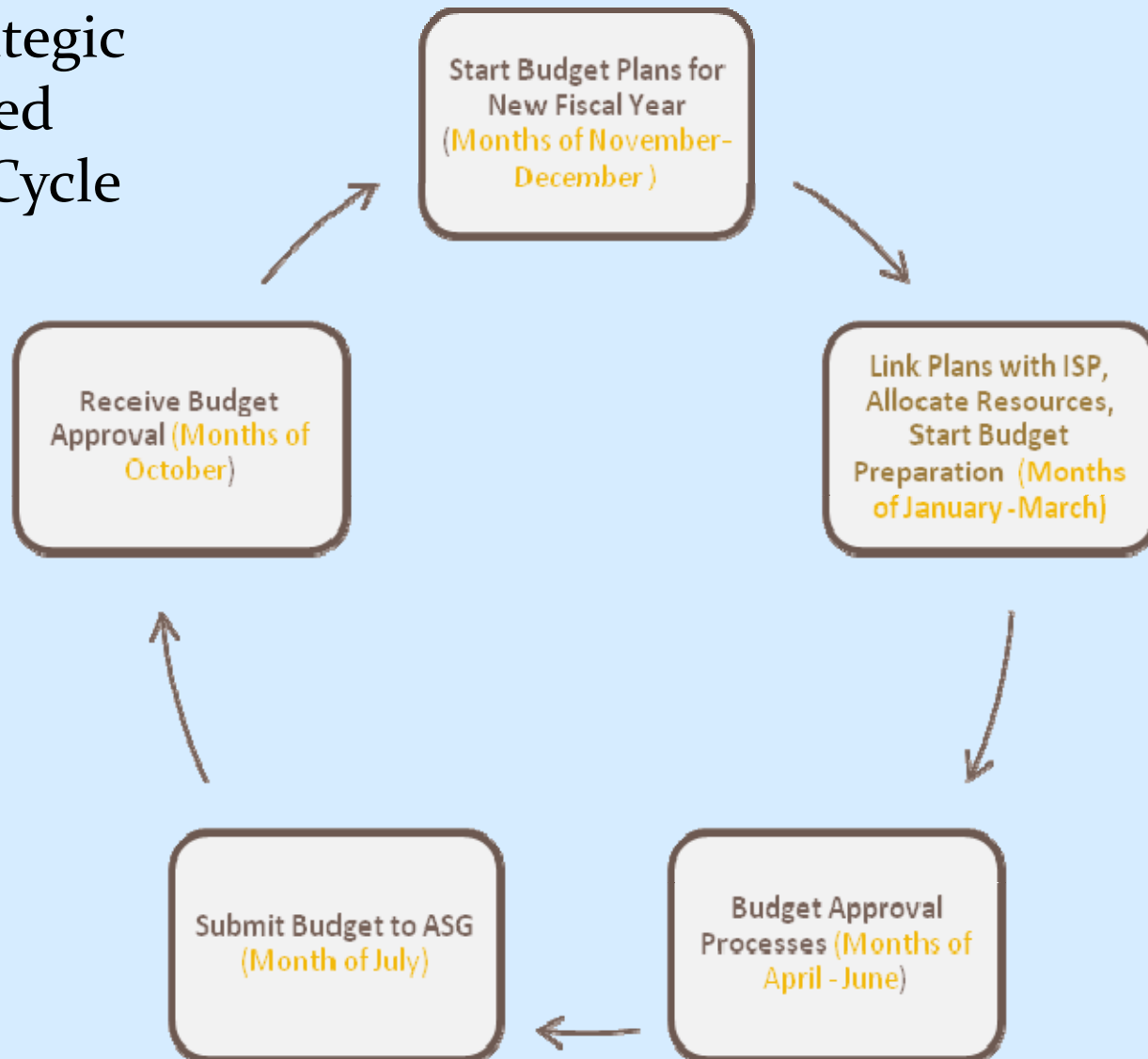
The bottom: “Are we there yet?”





The Messenger
Requests
That He Please
Not Be Shot

The Strategic Integrated Budget Cycle (SIBC)



The components which direct ASCC
budgetary process: Shaping, Execution and
Accountability/Evaluation (SEA)

- Shaping of the budget
- Execution of the budget
- Assessment /Evaluation

Budget Call

American Samoa Government

- CALL COMES IN
MONTH OF JUNE
- SUBSIDIZE CEILING IS
GIVEN

(Constant in past 6 years

\$2.2 M, until this year 2010

-4% reduction)

Am Samoa Community College

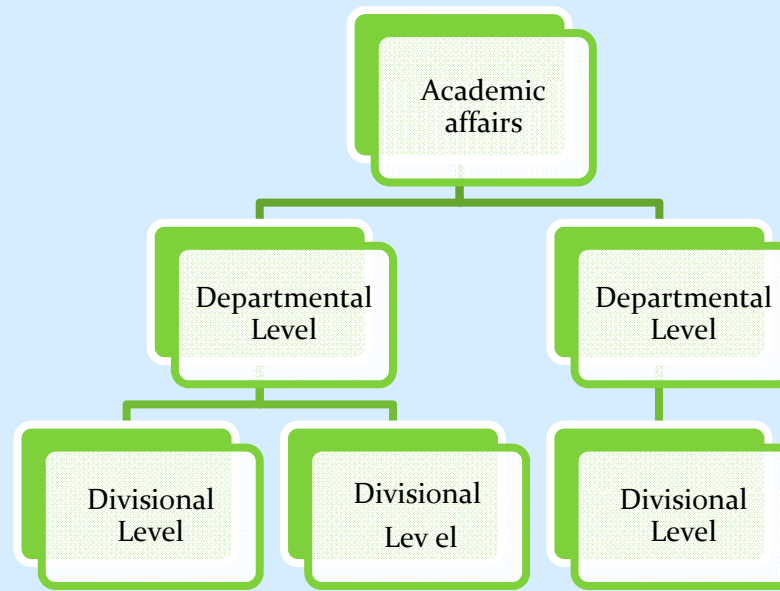
- FORECAST REVENUES
- DEVELOP BUDGETED
EXPENDITURES

Shaping the Budget at ASCC

- Revenues forecast for appropriations as mandated by law, (prepared under the ACCRUAL Basis of accounting, not cash basis.)-
 - Component sources in developing the revenues forecast:
 - ✓ Tuition fees
 - ✓ Indirect cost
 - ✓ Other internal generated fees, e.g. lab fees, tech fees
 - ✓ Interest income
 - ✓ ASG Subsidy
 - ✓ Enterprise funds activities – Bookstore & Others

Shaping of the Budget (cont'd)...

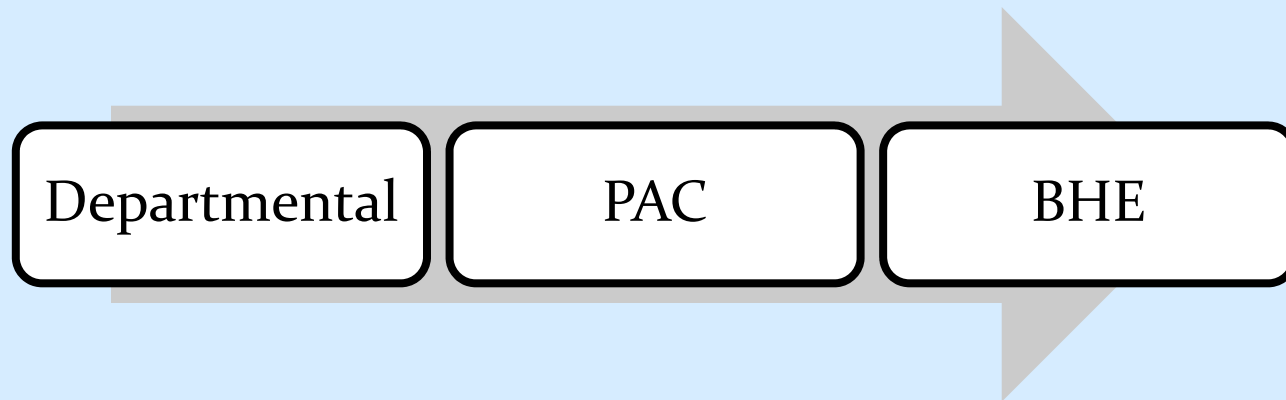
- Forecast expenditures to meet the projected revenues-
 - ✓ Budgets are developed in a *hierarchy* approach
 - ✓ Estimated budgeted expenditures are prioritized
 - ✓ Each Department is given allocation based on available resources



Shaping of the Budget (cont'd)...

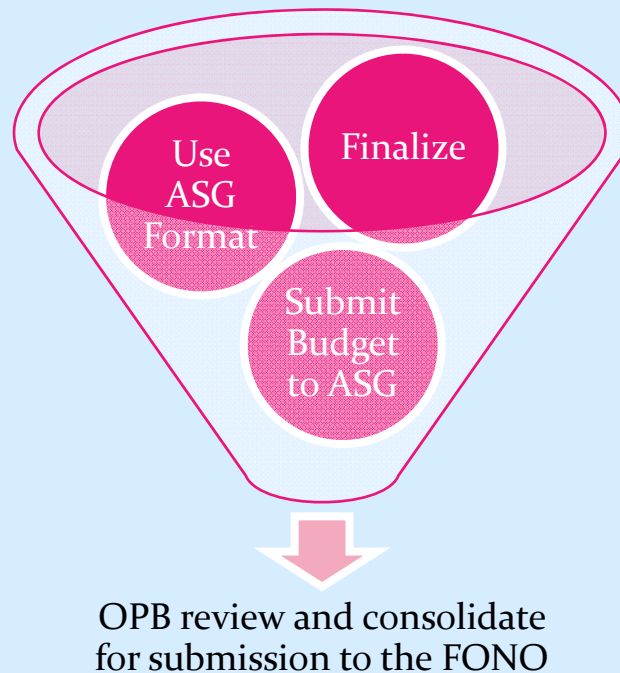
- Reviewing Process

- ✓ Departmental review
- ✓ President Advisory Council (PAC) review
- ✓ BHE review



Shaping of the Budget (cont'd)...

- Finalize and submit to the Office of Planning and Budget (ASG)



ASG Budget Process

- Office of Planning and Budget review
 - ✓ Review forecasted revenues for appropriations
 - ✓ Review projected expenditures equal to revenues forecasted
- Governor review and signs off ready for submission to both Houses at the FONO
- Fono review Governor's budget by Department, Semi-Autonomous entities, Agencies and Offices.
- Fono review process should be completed before year end, September 30th
- Governor reviews Fono changes using VETO power, signs budget into law before midnight of 9/30.
- Budget is in effect once the Governor signs it into law October 1st.

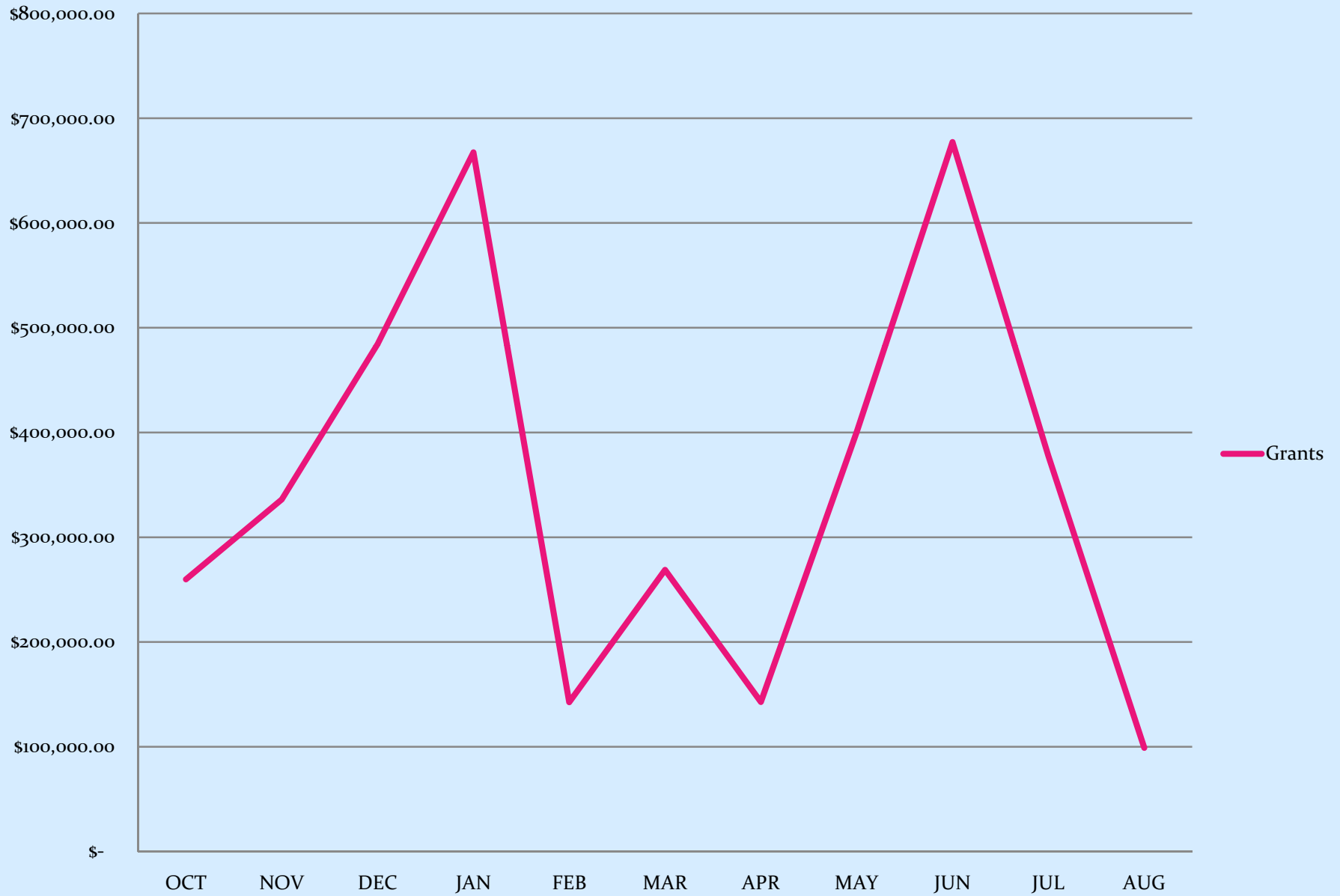
Execution of Approved Budget at ASCC....

1. The Approved Budget is uploaded into the Finance System
2. Dean & Directors are given their approved budget for the year
3. Operational expenditures are requested and put through ASCC's internal process:
 - a) Purchase Request (PR) is approved by Dean & Director
 - b) Approved PR is routed to Finance for budget approval
 - c) Upon approval, PR is routed to the Procurement Office.
 - d) Procurement reviews for compliance and if everything is in order, a Purchase Order is made to purchase the requested goods from the vendor
 - e) Upon receiving, the Purchase Order is paid with an invoice from the vendor.
 - f) Upon payment, the Department cost center is charged, therefore reducing their available budget.
4. At the end of the month, the finance staff accountants reconcile each department's expenditures, verifying the accuracy of budget availability.
5. A report of Budget vs. Expenditure is given out to Dean & Directors each month to keep track of their budget availability.

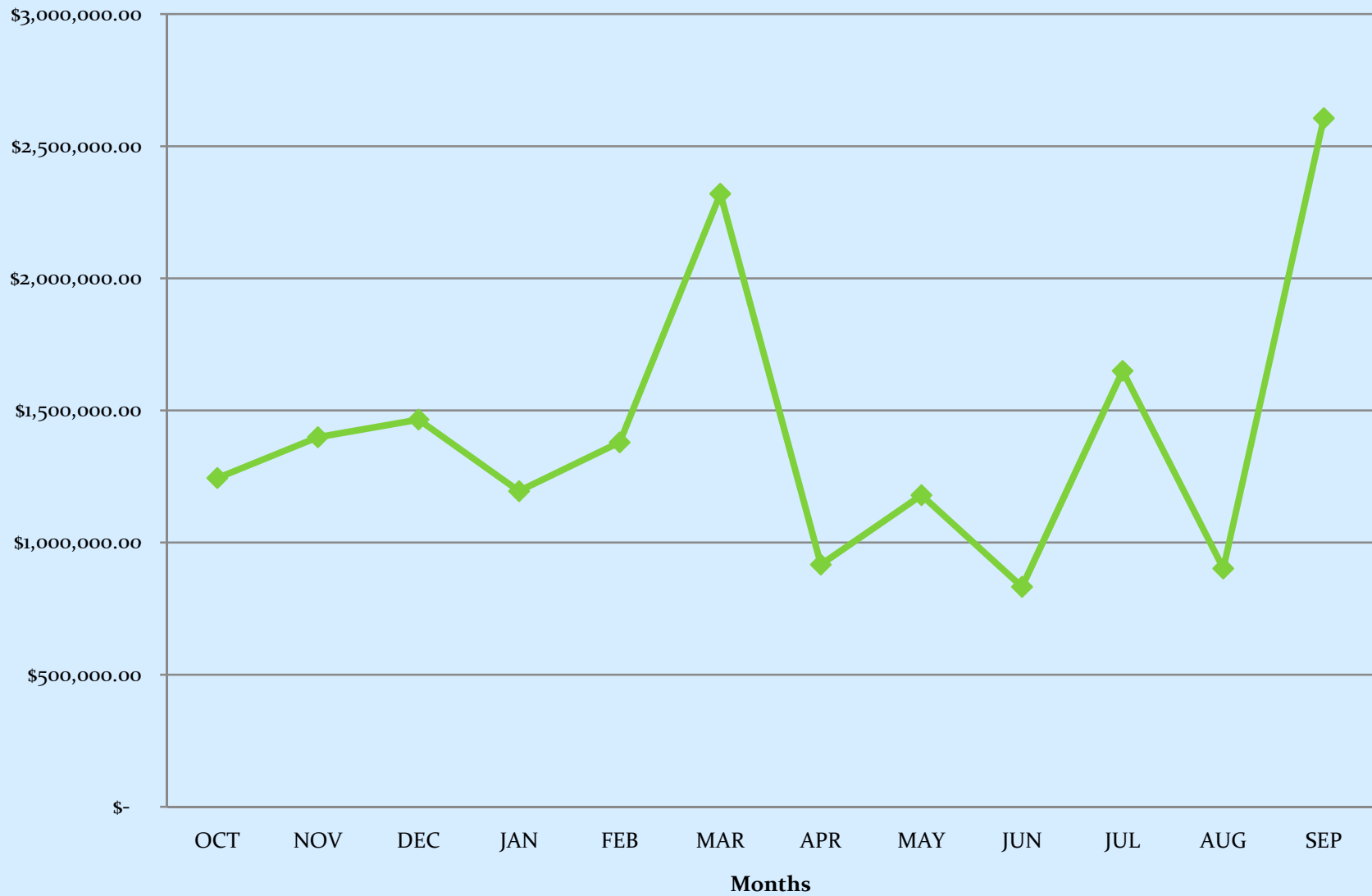
Execution of Approved Budget at ASCC (cont'd)....

- Define accrual basis accounting
 - ✓ Revenues are recorded when earned
 - ✓ Expenses are recorded when a liability is incurred
 - ✓ Regardless of the timing of related cash flows, steady expenditures such as the payroll must be sustained regularly.

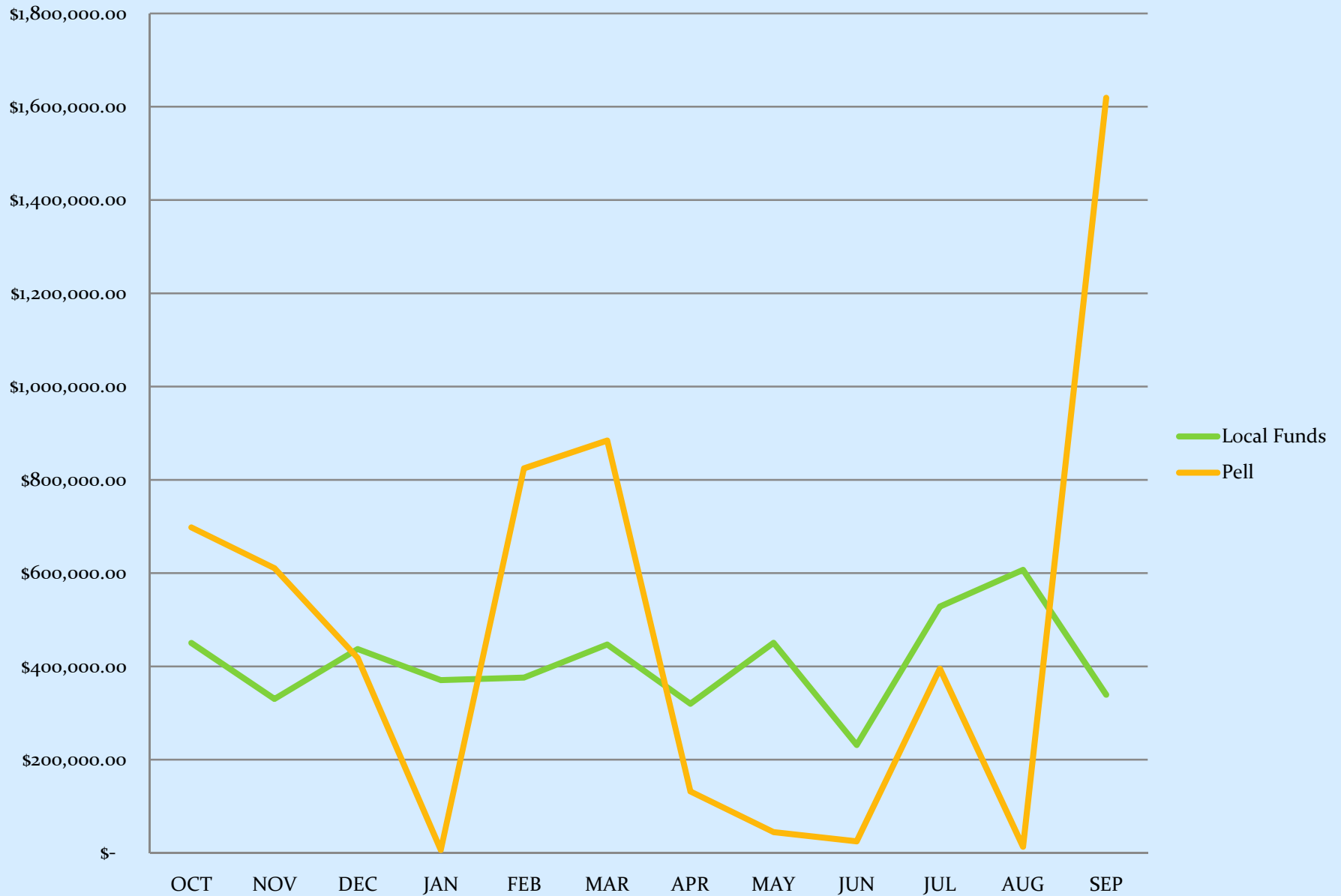
Cash Reimbursements from Grants- Fiscal Year 2009



Combined Cash from General Fund - 2008



Cash Flow from General & Pell Funds – Fiscal Year 2008



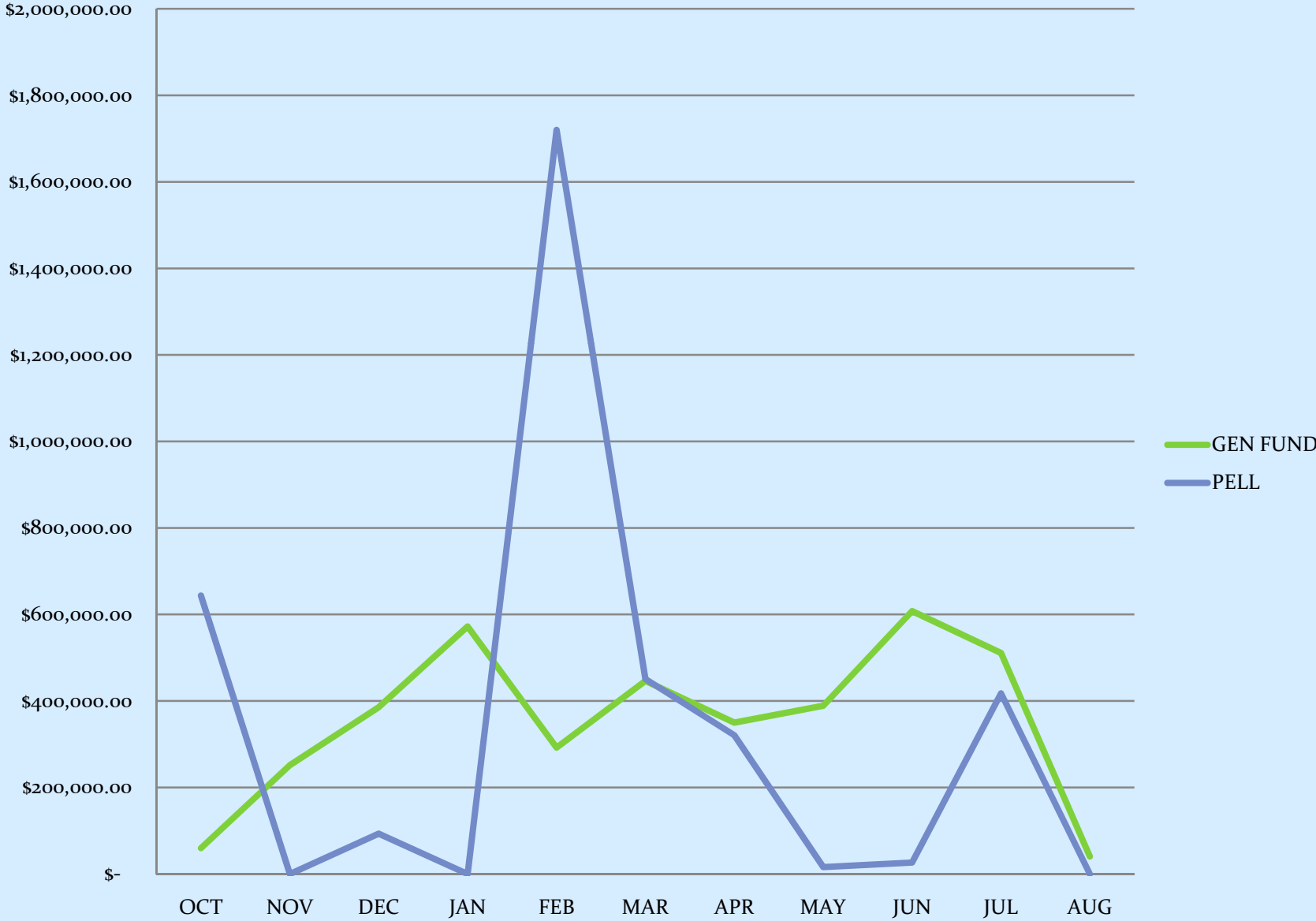
Revenue 2009

Description	Budget	Actual (Year To Date)	Cash Flow
GENERAL FUND - ASG SUBSIDY	\$3,609,000	\$3,609,000	Monthly of \$270,000 (See General Fund Cash Flow Chart)
GENERAL FUND - REVENUES	\$4,218,500	\$2,433,911 (Tuition)	(See General Fund Cash Flow Chart)
		\$422,914 (Fees)	
		\$2,856,825 (Tuition & Fees)	
GRANTS	\$5,762,500	\$4,752,659	(See the Grants Fund Cash Flow Chart)
TOTAL	\$13,590,000	\$11,218,484	

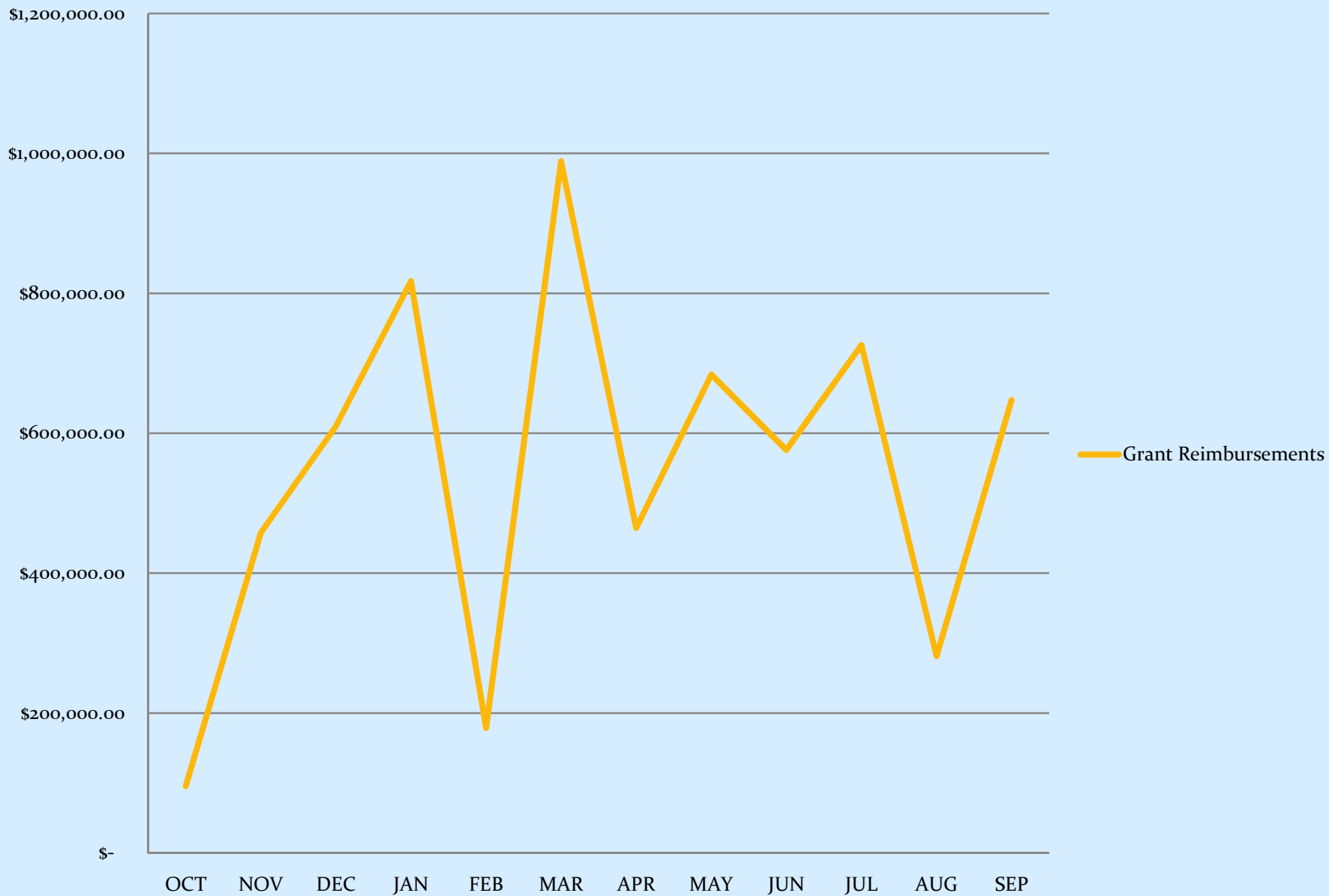
Functional Budgeted Expenditures as mandate by law...

- Fiscal Year 2009 – Total budget of \$13,590,000 (including grant programs) is required to effectively operate ASCC,
- In simple term, it takes monthly approved outlays of \$1,132,500 to operate ASCC
- The next few graphs illustrates the monthly cash flow requirement to properly execute the planned activities of each functional unit.

Cash Flow from General/Pell Fund - Fiscal Year 2009

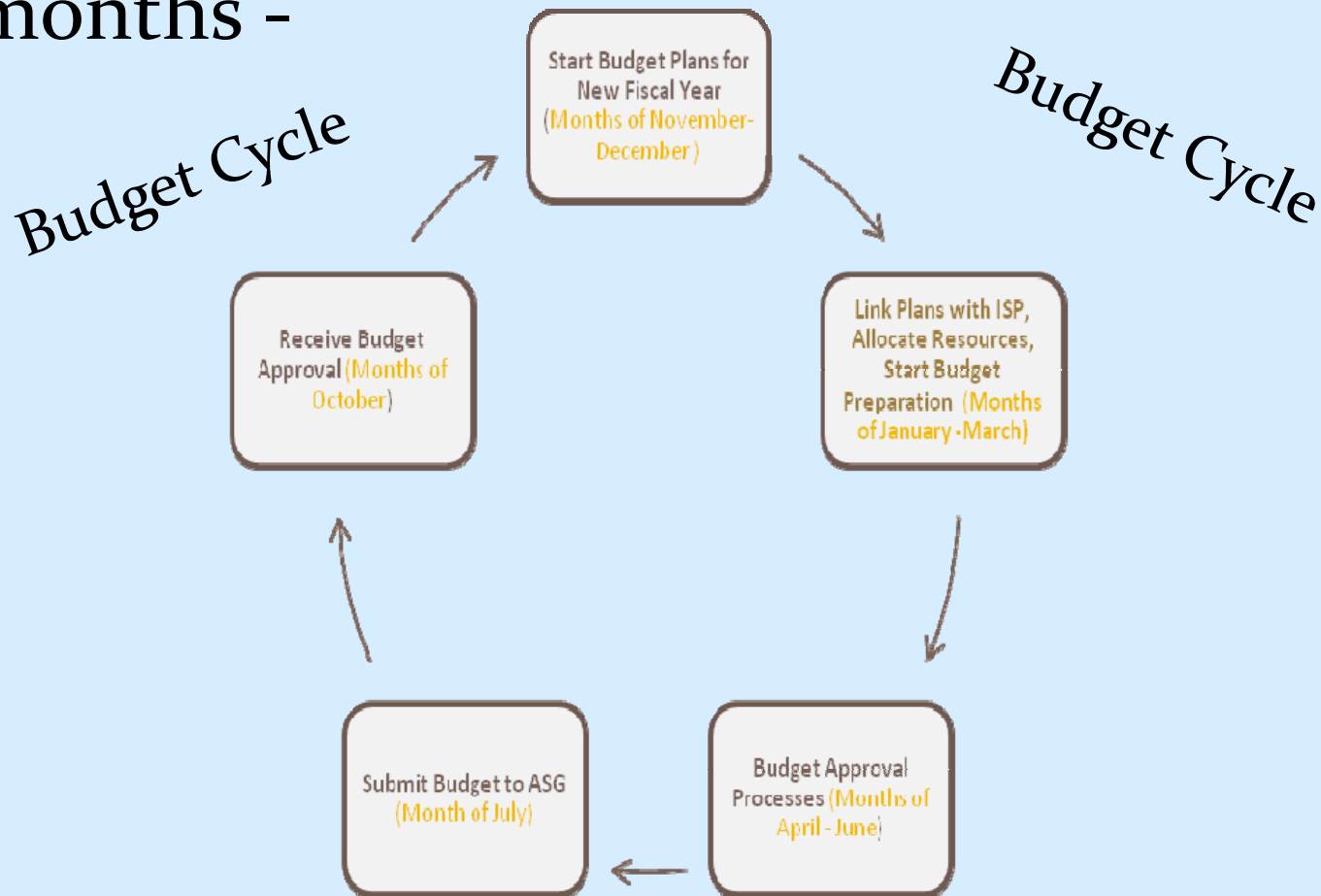


Cash from Grants Reimbursements- Fiscal Year 2008



Its nice to know...

- The budgetary process comes every 12 months -



Its nice to know...

- Revenues, though its recognized when earned, under generally accepted accounting principles (GAAP), but if it is not collected the ability to pay out expenditures obligated is stymied due to lack of Cash Liquidity – it is then becomes a Cash Flow problem.
- By the authority under the Appropriation mandates that the authorized expenditures are encumbered and expended consistent with planned activities.
- Expenses are then recognized, but not necessarily paid out due to lack of cash available at the time.
- The graphs and table illustration demonstrates a typical cyclical trend by Peaks and Valleys throughout the 12 months period.
- The remedies to these cyclical trends have been presented for approval.

The Accountability/Evaluation of Budgeted Activities...

- Office of Institute of Effectiveness assess and evaluate budgets and its applications to the strategic plans.
- Department of Finance provides the necessary financial reports.
- President and BHE are inform of the results of the evaluation.

Conclusion

- Be patient and understanding!
- Be well informed, never assume.
- Be concerned about fiscal issues of your school by contacting me through email or in person.
- Be loyal and safeguard ASCC's integrity and your professional standing.

DELIVERING THE GOOD NEWS: BETTER DAYS AHEAD!

