

Mr. Jim Harp

REPORT OF THE BUDGET COMMITTEE

The Budget Committee received an Executive Director Report by Dr. Donald McIsaac that included the financial audit report for calendar year (CY) 2001; status of CY 2002 budget; and funding for 2003 grant submission.

- **Audit for CY 2001.** John Coon presented the Budget Committee copies of the Financial Audit Report for CY 2001. The audit indicates the Council financial operations for the year ended in conformity with generally accepted accounting principles and compliance with OMB Circular A-133. There were no questioned costs for CY 2001.
- **CY 2002 Budget.** Don McIsaac presented his Executive Director's Report regarding the status of the CY 2002 budget through August 31st. The budget situation was discussed by the committee and staff. The current projections indicate that expenditures, with some close monitoring, will likely be near projections of the original budget. The Budget Committee will receive another update at the November Council meeting. If there is a shortage or surplus of funds projected, the Budget Committee and staff will review the situation and make recommendations to guide remaining expenditures.
- **Funding for 2003.** The Congressional appropriation process has not yet determined the final base amount for regional councils for CY 2003 and a proposed budget and grant application has not been submitted. The Senate appropriations sub-committee recommendation for 2003 has been reduced from \$16 million to \$15 million and the House appropriations committee has not completed any funding amounts yet. The Senate and House conference committee will need to agree upon final amounts for 2003 later this fall, probably not until after the November election and too late for us to know the exact amount prior to submitting our grant application in late November. It is likely we will have to submit our initial budget based on a continuing resolution. While an appropriation of \$15 million for all regional councils would provide an increase of about \$125,000 over the CY 2002 base grant for the Pacific Council, it would not provide enough to maintain our current status quo operations which have also been supported by additional funding beyond the base grant in CY 2002.

PFMC
09/12/02