

MONITORING REPORT
POLICY TYPE: EXECUTIVE BOUNDARIES
POLICY TITLE: FINANCIAL CONDITION

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 5/26/09
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Ten Months Ending 4/30/2009

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$416.4M (year to date)

- Projected expenditure at year end: \$546.3M
- 69.4% of expenditures have been recognized year to date (versus 71.2% in 07/08, 71.8% in 06/07 and 76.4% in 05/06).
- 18.1% of the budget remains unexpended or unencumbered (versus 16.7% last year).

Revenue Summary: \$523.0M (year to date)

- Projected revenue at year end: \$546.3M
- 87.1% of the budget has been recognized year to date (versus 89.5% in 07/08, 88.6% in 06/07 and 89.4% in 05/06).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$0.1M (from \$101.9M to \$102.0M) in FY 08-09.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$43.7M. The remaining fund balance of \$57.1M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, medical insurance reserve, and a projected undesignated balance of \$1.2M.

Items of Particular Interest: Substantial Deviations from Budget or Expectations

More information on the Budget Analysis Report access:

<http://www.maricopa.edu/business/reporting/reports.html>

This report is also provided to the Audit & Finance Committee quarterly.

Funding	Approvals/Certifications
<p><u>Source:</u></p> <p><u>Account Identification:</u></p>	<p>Chancellor _____</p> <p>Academic & Student Affairs _____</p> <p>Business Services _____</p> <p>Human Resources _____ ITS _____</p> <p>Res Dev & Com Relations _____</p> <p>College President _____</p>

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 April 2009

EXPENDITURE ANALYSIS

By Function:	Budget (a)	Amount Expended	Percent Expended 08-09	Percent Expended 07-08	Percent Expended 06-07	Percent Expended 05-06	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	260,958,282	202,585,352	77.6	78.5	79.0	81.2	33,081,073	25,291,857	9.7
PUBLIC SERVICE	728,653	508,433	69.8	76.3	87.0	88.6	57,355	162,865	22.4
ACADEMIC SUPPORT	65,630,413	45,431,433	69.2	68.6	70.7	70.8	9,391,519	10,807,461	16.5
STUDENT SERVICES	48,747,766	37,014,771	75.9	77.6	80.3	80.6	6,029,940	5,703,055	11.7
GENERAL INSTITUTIONAL	77,022,765	38,274,554	49.7	56.6	61.2	62.3	6,991,626	31,756,585	41.2
ADMINISTRATION	85,010,349	59,954,654	70.5	73.9	73.7	85.6	11,674,874	13,380,821	15.7
PHYSICAL PLANT	40,883,551	32,648,868	79.9	80.3	78.6	77.3	8,233,256	1,427	0.0
CONTINGENCIES	21,408,517	0					0	21,408,517	
TOTAL OPERATIONAL	600,390,296	416,418,065	69.4	71.2	71.8	76.4	75,459,643	108,512,588	18.1
By Object:									
PERSONAL SERVICES	332,140,999	264,728,722	79.7	80.0	82.0	83.3	48,528,461	18,883,816	5.7
EMPLOYEE BENEFITS	90,307,593	68,184,519	75.5	77.2	78.1	82.1	9,599,269	12,523,805	13.9
CONTRACTUAL SERVICES	42,560,014	31,184,726	73.3	74.4	77.4	77.3	8,583,701	2,791,587	6.6
SUPPLIES, MATERIALS, PARTS	9,278,589	6,117,046	65.9	67.9	66.4	68.2	2,202,466	959,077	10.3
CURRENT FIXED CHARGES	8,042,598	6,364,729	79.1	86.5	71.9	77.9	1,044,610	633,259	7.9
COMMUNICATIONS AND UTILITIES	16,377,546	12,102,893	73.9	76.8	74.5	73.5	4,271,139	3,514	0.0
TRAVEL	2,850,087	1,789,765	62.8	57.3	72.9	72.4	123,417	936,905	32.9
STUDENT AID AND MISCELLANEOUS	10,069,124	4,194,130	41.7	33.5	45.4	39.4	310,633	5,564,361	55.3
TRANSFERS-INTRAFUND	43,927,692	0	0.0	0.0	0.0	11.9	795,947	43,131,745	98.2
TRANSFERS TO OTHER FUNDS	23,427,537	21,751,535	92.8	82.2	85.2	103.2	0	1,676,002	7.2
CONTINGENCIES	21,408,517	0					0	21,408,517	
TOTAL OPERATIONAL	600,390,296	416,418,065	69.4	71.2	71.8	76.4	75,459,643	108,512,588	18.1

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 08-09	Percent Recognized 07-08	Percent Recognized 06-07	Percent Recognized 05-06	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	347,905,170	299,068,633	86.0	85.4	86.8	87.7	341,266,870	-6,638,300	Projected, see (a)
STATE AID	57,528,300	51,127,990	88.9	100.0	100.0	100.0	51,127,990	-6,400,310	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	4,418,036	2,149,030	48.6	49.2	49.3	48.5	4,298,059	-119,977	Based on budget
GENERAL TUITION	132,720,915	121,588,383	91.6	90.6	86.4	88.3	126,588,383	-6,132,532	Based on budget
OUT-OF-STATE TUITION	12,184,050	11,561,560	94.9	132.3	96.4	88.3	11,561,560	-622,490	Based on budget
OUT-OF-COUNTY TUITION	426,707	524,005	122.8	88.0	103.8	193.7	524,005	97,298	Based on budget
OTHER FEES AND CHARGES	5,974,060	5,340,189	89.4	85.2	87.6	86.3	5,974,060	0	Based on budget
INVESTMENT INCOME	3,850,000	1,134,393	29.5	127.1	173.5	171.6	1,300,000	-2,550,000	Based on budget
MISCELLANEOUS AND OTHER	925,750	862,059	93.1	82.8	176.4	136.2	925,750	0	Based on budget
TRANSFERS IN	4,778,300	0	0.0	55.8	0.6	62.8	2,778,300	-2,000,000	Based on budget
COLLEGE CARRYFORWARD	29,679,008	29,679,008	100.0	100.0	100.0	100.0	29,679,008	0	Based on budget
TOTAL	600,390,296	523,035,250	87.1	89.5	88.6	89.4	576,023,985	-24,366,311	

FINANCIAL CONDITION ANALYSIS

Less college carryforward		-29,679,008	
Total projected revenues		546,344,977	
Less total projected expenditures (c)		-546,295,130	
Projected increase / (decrease) in fund balance		49,847	
Beginning fund balance (audited)		101,925,510	
Projected ending fund balance 6/30/09		101,975,357	19%
Less projected designations for future operations			
3% college carryforward	12,507,520		
Enrollment Growth Funding	5,171,488		
Additional carryforward allocations	12,000,000		
Total budgeted designations:	29,679,008		
Operating costs (impact of capital development)	12,664,662		
Total other designations:		42,343,670	
Less minimum financial condition measure (d)		43,707,598	8%
Less minimum financial condition measure for future years		8,400,000	
Less reserve for retirement incentive		3,800,000	
Less additional funding for medical insurance reserve		2,500,000	
Projected undesignated balance		1,224,089	

(a) See specific revenue analysis by type on page 4

(b) Represents adopted budget, as amended by approved budget transfers.

(c) Projections based on college actuals, district office averages, and assumptions regarding transfers and reserve lines.

(d) The financial condition measure represents that portion of the undesignated general fund balance equal to 8% of the annual projected revenues. This measure represents the minimum level of the undesignated general fund balance that must be continuously maintained to ensure continued operations in the event of unforeseen circumstances and contingencies.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
April 2009

EXPENDITURE COMMENTS

Expenditures have been selected for comment (1) if the percent of budget expended varies from the prior year by at least five percentage points or (2) if transactions or activities during the month are unusual. Some of these variations result from fluctuations in budget amounts allocated from year to year. Others are the result of timing differences for annually recurring expenditures.

By Function

Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses. Amount recognized is consistent with prior year.
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District. The budgeted amount increased from FY 08 to FY 09 resulting in a smaller percentage recognized year to date.
Academic Support	Includes activities to support the District's primary mission. Amount recognized is consistent with prior year.
Student Services	Includes activities that contribute to the students' emotional and physical well being; to promote intellectual, cultural, and social development outside the context of the formal classroom; and to facilitate student enrollment in courses. Examples are Admissions and Records, student activities, financial aid, counseling, etc. Amount recognized is consistent with prior year.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. The budget amount increased from FY 08 to FY 09 resulting in a smaller percentage recognized year to date.
Administration	Includes activities relating to management, business and human resources operations, and planning. An increase in the budgeted amount coupled with slightly lower expenses results in a smaller percentage recognized year to date.
Physical Plant	Increase due to an overall increase in utility costs, supplies, and services.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.

By Object

Personal Services	Includes salaries and wages for all employees in all types of positions such as full-time, part-time, temporary, permanent, all employee groups, etc. Percent recognized is consistent with prior year.
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc. The budgeted amount increased from FY 08 to FY 09 resulting in a smaller percentage recognized year to date.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Percent recognized is consistent with prior year.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. Percent recognized is consistent with prior year.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. An increase in the budgeted amount coupled with slightly lower expenses results in a smaller percentage recognized year to date.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Percent recognized is consistent with prior year.
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. The budget amount decreased from FY 08 to FY 09 resulting in a larger percentage recognized year to date.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. An increase in the amount recognized combined with a decrease in the FY 09 budget results in a higher percentage recognized year to date.

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Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increased student enrollment), funds for incremental costs from capital development facilities, etc. Transfers will be made near the end of FY 09.
Transfers to Other Funds	Includes transfers for programs accounted for in other funds of the district, such as the Maricopa and Southwest Skill Centers, mandatory match associated with federal programs (financial aid and Small Business Development Center), funds for Meet and Confer, etc. The FY 09 transfer for Meet and Confer is greater than the FY 08 transfer, along with a decrease in the overall budgeted amount, resulting in a larger percent recognized year to date.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.
REVENUE COMMENTS	
Property Tax	Primary property taxes levied and collected for use in current operations without restrictions. The projected variance under budget of \$6,638,300 is made up of the usual uncollected tax levy of \$4,701,113 and the Qwest judgment of \$1,937,187. The Qwest judgment increased the budgeted property tax revenue by the \$1,937,187. Likewise, the budgeted expenses were increased by the same amount, creating a net effect of \$0.
State Aid	The State of Arizona provides financial support to community college districts based on formulas that are set in statute and this support is largely based on enrollment levels. State aid is provided for enrollment growth that occurred two years before the fiscal year being developed. The decrease of \$6.3M is due to the state aid operating cut of \$2.0M made in June 2008 and \$4.3M made in January 2009 for FY08-09.
In Lieu Tax, Salt River Project	Monies paid to the District by SRP for use in current operations as a substitution for property taxes. Percent recognized is consistent with previous year.
General Tuition	Tuition and fees received from students whether directly or from a third party. Percent recognized is consistent with previous year.
Out-of-State Tuition	Tuition and fees received from students who do not reside within the state or are not otherwise eligible for in-state tuition, whether directly or from a third party. An increase in the FY 09 budget amount combined with a smaller amount recognized year to date results in a lower percentage recognized year to date.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. An increase in the amount recognized combined with a decrease in the FY 09 budget results in a higher percentage recognized for FY 09 than in FY 08.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. Increase due to an increase in amount recognized for Registration Fees, Music Lesson Fees, and Transcript Fees while the budgeted amount remained consistent with prior year.
Investment Income	Idle monies of the District are invested per Governing Board policy and the income is available for operating purposes. Unprecedented market conditions resulted in less than expected investment income. LGIP notified the District of a potential loss of approximately \$2.04M due to Lehman Brothers corporate bonds that were held by the pool. Some recovery is likely as bankruptcy hearings conclude, but this could take a couple or more years. The Fund 1 portion of the loss (\$439,634) was written off against investment income in April 2009.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Increase due to larger rebates received in FY 09 compared to FY 08.
Transfers In	Includes funds set aside for FTSE growth in the Auxiliary Fund. No transfers have been made in FY 09. In FY 08 a transfer was made in January then reversed out in June. Due to the timing, and the fact that no transfers in have been recorded in FY 09, the amount recognized in FY 09 is less than the amount recognized in FY 08.
College Carryforward	Includes funds to allow colleges and district office to carryforward up to 3% of operating budgets from one fiscal year to the next per Governing Board policy and enrollment growth funding for the colleges. 100% of the budgeted amount has been recognized as in previous years.