

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

Governing Board Agenda

Meeting Date: 3/24/09

ITEM NUMBER

ITEM TITLE

RESPONSIBLE AGENTS

Budget Analysis Report  
Fund 1: General Unrestricted Fund  
For the Eight Months Ending 2/28/2009

Ms. Debra Thompson  
Ms. Kim Granio

Expenditure Summary: \$336.0M (year to date)

- Projected expenditure at year end: \$554.3M
- 56.0% of expenditures have been recognized year to date (versus 57.2% in 07/08, 57.9% in 06/07 and 58.5% in 05/06).
- 21.9% of the budget remains unexpended or unencumbered (versus 20.1% last year).

Revenue Summary: \$408.2M (year to date)

- Projected revenue at year end: \$554.4M
- 68.0% of the budget has been recognized year to date (versus 69.9% in 07/08, 68.0% in 06/07 and 68.4% 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 \$44.4M. The remaining fund balance of \$57.0M 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 \$0.6M.

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.

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

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

EXPENDITURE ANALYSIS

<u>By Function:</u>	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	257,325,054	158,293,127	61.5	61.9	62.8	60.9	65,644,268	33,387,659	13.0
PUBLIC SERVICE	717,704	440,800	61.4	73.7	79.7	78.1	108,501	168,403	23.5
ACADEMIC SUPPORT	64,694,159	36,495,284	56.4	56.4	56.9	54.4	15,891,909	12,306,966	19.0
STUDENT SERVICES	48,046,692	30,437,415	63.3	63.5	65.8	62.4	10,504,632	7,104,645	14.8
GENERAL INSTITUTIONAL	84,018,547	32,856,625	39.1	45.0	48.8	46.2	9,839,262	41,322,660	49.2
ADMINISTRATION	85,120,541	50,510,272	59.3	61.6	61.9	70.2	19,119,346	15,490,923	18.2
PHYSICAL PLANT	39,059,082	26,936,618	70.1	66.6	65.6	62.7	11,940,655	181,809	(1.1)
CONTINGENCIES	21,408,517	0					0	21,408,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>335,970,141</b>	<b>56.0</b>	<b>57.2</b>	<b>57.9</b>	<b>58.5</b>	<b>133,048,573</b>	<b>131,371,582</b>	<b>21.9</b>
<b><u>By Object:</u></b>									
PERSONAL SERVICES	330,616,726	209,775,253	63.4	63.6	65.3	61.9	95,457,641	25,383,832	7.7
EMPLOYEE BENEFITS	90,305,957	53,847,175	59.6	61.1	62.9	62.1	17,135,721	19,323,061	21.4
CONTRACTUAL SERVICES	42,175,911	25,791,072	61.2	59.1	64.4	62.4	10,141,169	6,243,670	14.8
SUPPLIES, MATERIALS, PARTS	9,559,696	4,948,891	51.8	47.3	49.0	53.3	2,371,030	2,239,775	23.4
CURRENT FIXED CHARGES	7,911,105	5,948,575	75.2	80.6	63.4	70.6	1,231,881	730,649	9.2
COMMUNICATIONS AND UTILITIES	15,722,004	9,897,224	63.0	64.3	60.8	60.4	5,772,595	52,185	0.3
TRAVEL	2,658,820	1,343,641	50.5	47.9	59.2	57.1	109,668	1,205,511	45.3
STUDENT AID AND MISCELLANEOUS	10,490,977	3,990,152	38.0	33.5	31.8	27.9	32,921	6,467,904	61.7
TRANSFERS-INTRAFUND	46,177,316	0	0.0	0.0	0.0	10.9	795,947	45,381,369	98.3
TRANSFERS TO OTHER FUNDS	23,363,267	20,428,158	89.8	79.2	83.6	102.6	0	2,935,109	10.2
CONTINGENCIES	21,408,517	0					0	21,408,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>335,970,141</b>	<b>56.0</b>	<b>57.2</b>	<b>57.9</b>	<b>58.5</b>	<b>133,048,573</b>	<b>131,371,582</b>	<b>21.9</b>

(a) Represents budget as amended by approved transfers.

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

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	203,484,937	58.5	59.1	58.0	58.5	341,266,870	-6,638,300	Projected, see (a)
STATE AID	57,528,300	41,562,075	72.2	75.0	75.0	75.0	51,188,000	-6,340,300	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	112,927,218	85.1	84.7	80.4	81.2	132,720,915	0	Based on budget
OUT-OF-STATE TUITION	12,184,050	11,206,314	92.0	121.3	86.5	89.7	12,184,050	0	Based on budget
OUT-OF-COUNTY TUITION	426,707	309,386	72.5	45.9	60.0	95.7	426,707	0	Based on budget
OTHER FEES AND CHARGES	5,974,060	4,741,095	79.4	75.8	77.9	73.8	5,974,060	0	Based on budget
INVESTMENT INCOME	3,850,000	1,477,282	38.4	108.0	135.0	134.5	2,600,000	-1,250,000	Based on budget
MISCELLANEOUS AND OTHER	925,750	701,049	75.7	62.6	52.4	101.9	925,750	0	Based on budget
TRANSFERS IN	4,778,300	0	0.0	55.8	0.6	62.4	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
<b>TOTAL</b>	<b>600,390,296</b>	<b>408,237,394</b>	<b>68.0</b>	<b>69.9</b>	<b>68.0</b>	<b>68.4</b>	<b>584,041,719</b>	<b>-16,348,577</b>	
<b>FINANCIAL CONDITION ANALYSIS</b>									
							-29,679,008		
Less college carryforward							554,362,711		
Total projected revenues							-554,280,321		
Less total projected expenditures ( c )							82,390		
Projected increase / (decrease) in fund balance							101,925,510	<b>% of Projected Revenues</b>	
Beginning fund balance (audited)							102,007,900		18%
Projected ending fund balance 6/30/09									
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 )							44,349,017		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							615,213		

(a) See specific revenue analysis by type on page 3

(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**  
February 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 expended 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. Dollar amount recognized is consistent with prior year. The overall decrease in the percent expended is due to an increase in the FY09 budget.
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. Decrease in percent expended is due to an increase in the FY09 budget.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Increase is due to hardware/software support maintenance.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. A decrease in the budget amount along with an increase in general supplies results in a larger percentage recognized in FY 09 compared to FY08.
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. Increase due to an increase in international travel.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Increase due to a timing difference of the bad debt write-off, which is normally done in March. In previous years the write off was only through December, however, with the new SIS system, the bad debt write off for FY 08 also included most of the Spring 2008 semester.
Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increase 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.

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT**  
**BUDGET ANALYSIS REPORT**  
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February 2009

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.
<b>REVENUE COMMENTS</b>	
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 of \$1.1M 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.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Increase due to an increase in express scripts PSG rebate of \$58K in FY 09 compared to FY 08, along with a procard rebated of \$57K and a Nelnet rebate of \$50K recognized in FY 09 that were not recognized in FY 08.
Transfers In	Includes funds set aside for FTSE growth in the Auxiliary Fund. No transfers have been made yet. 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 units to carryforward up to 3% of its operating budget 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.