

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

Governing Board Agenda  
 ITEM NUMBER

ITEM TITLE

Meeting Date: 2/24/09  
 RESPONSIBLE AGENTS

Budget Analysis Report  
 Fund 1: General Unrestricted Fund  
 For the Seven Months Ending 1/31/2009

Ms. Debra Thompson  
 Ms. Kim Granio

Expenditure Summary: \$295.5M (year to date)

- Projected expenditure at year end: \$554.6M
- 49.2% of expenditures have been recognized year to date (versus 50.7% in 07/08 and 50.9% in 06/07).
- 24.0% of the budget remains unexpended or unencumbered (versus 21.9% last year).

Revenue Summary: \$394.7M (year to date)

- Projected revenue at year end: \$554.7M
- 65.7% of the budget has been recognized year to date (versus 67.3% in 07/08 and 66.1% in 06/07).

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  
 January 2009

**EXPENDITURE ANALYSIS**

<b>By Function:</b>	<b>Budget (a)</b>	<b>Amount Expended</b>	<b>Percent Expended 08-09</b>	<b>Percent Expended 07-08</b>	<b>Percent Expended 06-07</b>	<b>Amount Encumbered</b>	<b>Unencumbered Balance Available</b>	<b>Percent of Budget Available</b>
INSTRUCTION	259,198,465	136,919,531	52.8	54.2	54.6	80,550,315	41,728,620	16.1
PUBLIC SERVICE	717,167	418,026	58.3	71.4	77.6	126,499	172,642	24.1
ACADEMIC SUPPORT	64,702,706	31,999,156	49.5	50.0	50.3	19,161,491	13,542,058	20.9
STUDENT SERVICES	47,733,071	26,585,046	55.7	56.4	58.3	12,676,184	8,471,841	17.7
GENERAL INSTITUTIONAL	83,590,319	30,326,924	36.3	41.2	43.4	11,191,177	42,072,218	50.3
ADMINISTRATION	84,473,143	45,579,079	54.0	55.6	55.6	23,189,266	15,704,799	18.6
PHYSICAL PLANT	37,944,908	23,662,919	62.4	59.5	59.1	13,905,385	376,603	1.0
CONTINGENCIES:	22,030,517	0				0	22,030,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>295,490,681</b>	<b>49.2</b>	<b>50.7</b>	<b>50.9</b>	<b>160,800,317</b>	<b>144,099,298</b>	<b>24.0</b>
<b>By Object:</b>								
PERSONAL SERVICES	330,578,286	182,485,339	55.2	55.5	56.9	117,516,306	30,576,642	9.2
EMPLOYEE BENEFITS	90,291,960	46,651,635	51.7	54.2	54.8	20,610,768	23,029,557	25.5
CONTRACTUAL SERVICES	41,831,216	23,404,522	55.9	55.0	57.0	11,108,639	7,318,056	22.0
SUPPLIES, MATERIALS, PARTS	9,702,920	4,414,883	45.5	40.5	44.6	2,561,174	2,726,861	28.1
CURRENT FIXED CHARGES	8,894,243	5,559,647	62.5	79.2	60.6	1,445,445	1,889,151	0.2
COMMUNICATIONS AND UTILITIES	15,703,368	8,913,448	56.8	57.2	55.3	6,643,343	146,577	0.9
TRAVEL	2,622,455	1,211,882	46.2	43.2	53.6	80,923	1,329,650	50.7
STUDENT AID AND MISCELLANEOUS	8,196,978	3,859,242	47.1	34.5	39.1	37,772	4,299,964	52.5
TRANSFERS-INTRAFUND	48,313,584	0	0.0	0.0	0.0	795,947	47,517,637	98.4
TRANSFERS TO OTHER FUNDS	22,224,769	18,990,083	85.4	77.7	80.5	0	3,234,686	14.6
CONTINGENCIES:	22,030,517	0				0	22,030,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>295,490,681</b>	<b>49.2</b>	<b>50.7</b>	<b>50.9</b>	<b>160,800,317</b>	<b>144,099,298</b>	<b>24.0</b>

(a) Represents budget as amended by approved transfers.

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

REVENUE ANALYSIS ( a )	Budget ( b )	Recognized	Percent Recognized 08-09	Percent Recognized 07-08	Percent Recognized 06-07	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	347,905,170	191,905,833	55.2	55.8	55.6	341,266,870	-6,638,300	Projected, see (a)
STATE AID	57,528,300	41,562,075	72.2	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	4,298,059	-119,977	Based on budget
GENERAL TUITION	132,720,915	109,773,734	82.7	82.6	78.5	132,720,915	0	Based on budget
OUT-OF-STATE TUITION	12,184,050	12,518,148	102.7	113.0	88.2	12,518,148	334,098	Based on budget
OUT-OF-COUNTY TUITION	426,707	347,027	81.3	46.8	57.1	426,707	0	Based on budget
OTHER FEES AND CHARGES	5,974,060	4,506,251	75.4	72.8	74.7	5,974,060	0	Based on budget
INVESTMENT INCOME	3,850,000	1,537,511	39.9	94.8	111.5	2,600,000	-1,250,000	Based on budget
MISCELLANEOUS AND OTHER	925,750	682,124	73.7	60.7	44.6	925,750	0	Based on budget
TRANSFERS IN	4,778,300	0	0.0	55.8	0.6	2,778,300	-2,000,000	Based on budget
COLLEGE CARRYFORWARD	29,679,008	29,679,008	100.0	100.0	100.0	29,679,008	0	Based on budget
<b>TOTAL</b>	<b>600,390,296</b>	<b>394,660,741</b>	<b>65.7</b>	<b>67.3</b>	<b>66.1</b>	<b>584,375,817</b>	<b>-16,014,479</b>	

**FINANCIAL CONDITION ANALYSIS**

Less college carryforward	-29,679,008	
Total projected revenues	554,696,809	
Less total projected expenditures ( c )	-554,580,516	
Projected increase / (decrease) in fund balance	116,293	
<b>Beginning fund balance (audited)</b>	<b>101,925,510</b>	
Projected ending fund balance 6/30/09	102,041,803	18%
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 )	44,375,745	8%
<b>Less minimum financial condition measure for future years</b>	<b>8,400,000</b>	
<b>Less reserve for retirement incentive</b>	<b>3,800,000</b>	
<b>Less additional funding for medical insurance reserve</b>	<b>2,500,000</b>	
Projected undesignated balance	622,388	

(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**  
January 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. Decrease due to a decrease in expense recognized for part-time evening faculty.
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. No amount has been recognized in FY 08 or FY 09.

**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. Percent recognized is consistent with prior year.
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. This coupled with a decrease in the budgeted amount of \$1.8M results in a larger percentage recognized compared to the previous year.

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

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.
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. No amount has been recognized in FY 08 or FY 09.
<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 made in June 2008 and 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.