

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 10/27/09
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Twelve Months Ending 6/30/2009
FINAL

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$524.1M

- 87.3% of expenditures were recognized this year (versus 91.0% in 07/08, 88.8% in 06/07 and 91.7% in 05/06).
- 12.7% of the budget remains unexpended or unencumbered at year end (versus 9.0% last year).

Revenue Summary: \$574.0M

- 95.6% of the budget was recognized this year (versus 98.8% in 07/08, 96.6% in 06/07 and 96.7% in 05/06).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by \$20.2M (from \$102.0M to \$122.2M) 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 \$43.5M. The remaining fund balance of \$78.7M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, Federal stimulus funds received of \$15.1M, and a projected undesignated balance of \$6.2M.

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
 June 2009
 FINAL

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	263,773,152	232,180,449	88.0	95.0	93.1	94.9	0	31,592,703	12.0
PUBLIC SERVICE	816,279	665,630	81.5	94.8	96.5	96.8	0	150,649	18.5
ACADEMIC SUPPORT	67,307,458	57,332,284	85.2	85.6	87.4	87.7	0	9,975,174	14.8
STUDENT SERVICES	50,804,677	50,527,744	99.5	96.2	96.9	97.1	0	276,933	0.5
GENERAL INSTITUTIONAL	71,825,547	53,155,025	74.0	89.2	89.2	80.6	0	18,670,522	26.0
ADMINISTRATION	85,148,802	77,358,948	90.9	97.8	95.9	98.1	0	7,789,854	9.1
PHYSICAL PLANT	42,399,275	41,158,351	97.1	98.6	98.0	95.3	0	1,240,924	2.9
CONTINGENCIES	18,315,106	11,714,780	64.0	2.5	-22.7	103.7	0	6,600,326	
TOTAL OPERATIONAL	600,390,296	524,093,211	87.3	91.0	88.8	91.7	0	76,297,085	12.7
By Object:									
PERSONAL SERVICES	335,317,447	317,371,292	94.6	98.1	98.1	99.4	0	17,946,155	5.4
EMPLOYEE BENEFITS	90,377,719	83,091,685	91.9	96.9	98.2	99.1	0	7,286,034	8.1
CONTRACTUAL SERVICES	43,583,226	37,580,115	86.2	99.3	97.3	95.4	0	6,003,111	13.8
SUPPLIES, MATERIALS, PARTS	10,017,017	8,470,082	84.6	97.9	90.9	96.6	0	1,546,935	15.4
CURRENT FIXED CHARGES	8,083,125	7,787,547	96.3	98.3	89.7	84.0	0	295,578	3.7
COMMUNICATIONS AND UTILITIES	16,104,610	15,241,902	94.6	98.0	95.6	92.4	0	862,708	5.4
TRAVEL	3,176,798	3,056,830	96.2	80.5	88.0	91.5	0	119,968	3.8
STUDENT AID AND MISCELLANEOUS	12,653,069	8,508,081	67.2	50.6	71.9	57.1	0	4,144,988	32.8
TRANSFERS-INTRAFUND	35,401,950	0	0.0	0.0	0.7	10.6	0	35,401,950	100.0
TRANSFERS TO OTHER FUNDS	27,360,228	31,270,897	114.3	106.8	96.7	112.1	0	-3,910,669	(14.3)
CONTINGENCIES	18,315,107	11,714,780	64.0	2.5	-22.7	103.7	0	6,600,327	
TOTAL OPERATIONAL	600,390,296	524,093,211	87.3	91.0	88.8	91.7	0	76,297,085	12.7

(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	343,206,788	98.6	99.5	98.5	98.4	343,206,788	-4,698,382	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	4,298,059	97.3	98.4	98.6	96.9	4,298,059	-119,977	Based on budget
GENERAL TUITION	132,720,915	126,023,076	95.0	94.9	89.8	90.8	126,023,076	-6,697,839	Based on budget
OUT-OF-STATE TUITION	12,184,050	10,663,993	87.5	125.1	92.3	87.7	10,663,993	-1,520,057	Based on budget
OUT-OF-COUNTY TUITION	426,707	488,663	114.5	86.3	100.2	198.9	488,663	61,956	Based on budget
OTHER FEES AND CHARGES	5,974,060	5,663,903	94.8	92.8	93.9	94.3	5,663,903	-310,157	Based on budget
INVESTMENT INCOME	3,850,000	1,384,776	36.0	165.8	256.6	219.6	1,384,776	-2,465,224	Based on budget
MISCELLANEOUS AND OTHER	925,750	1,474,352	159.3	101.2	195.2	169.6	1,474,352	548,602	Based on budget
TRANSFERS IN	4,778,300	0	0.0	0.0	1.0	62.8	0	-4,778,300	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	574,010,608	95.6	98.8	96.6	96.7	574,010,608	-26,379,688	

FINANCIAL CONDITION ANALYSIS

Less college carryforward	-29,679,008	
Total projected revenues	544,331,600	
Less total projected expenditures (c)	-524,093,211	
Projected increase / (decrease) in fund balance	20,238,389	
Beginning fund balance (audited)	101,925,510	
Projected ending fund balance 6/30/09	122,163,899	22%
Less projected designations for future operations		
3.5% college carryforward	17,213,426	
Enrollment Growth Funding	2,055,450	
Additional carryforward allocations	10,410,132	
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)	43,546,528	8%
Less minimum financial condition measure for future years	12,019,798	
Stimulus funds received for FY 08-09	15,093,592	
Less additional funding for medical insurance reserve	3,000,000	
Projected undesignated balance	6,160,311	

(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 continuous

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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. The budget amount increased from FY 08 to FY 09, combined with a lower amount expended in FY 09, resulting in a smaller percentage recognized.
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
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. A decrease in the amount transferred to other funds from FY 08 to FY 09 results in a smaller percentage recognized year to date.
Physical Plant	Amount recognized is consistent with prior year.
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 budget amount increased from FY 08 to FY 09 resulting in a smaller percentage recognized.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. An increase in the budget amount coupled with a decrease in contractual services for Rio results in a smaller percent recognized year to date.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. Decrease in general supplies results in a smaller percent recognized year to date.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Amount recognized is consistent with prior year.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Amount recognized is consistent with prior year.
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Increase due to the reclass of expenses from fund 210 to fund 110.
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 an increase in the amount of bad debt recognized due to a change in bad debt calculation to comply with GAAP.

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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. Necessary 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. Increase due to an increase in transfers from Fund 110 to Fund 710 to mitigate the reduction in capital state aid and to plan for continued capital purchases.

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 \$6.4M is due to the state aid operating cut of \$2.1M 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. Amount recognized is 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 Express Scripts rebates received in FY 09 compared to FY 08.

Transfers In Includes funds set aside for FTSE growth in the Auxiliary Fund. No transfers were made in FY 08 or FY 09.

College Carryforward Includes funds to allow colleges and district office to carryforward up to 3.5% 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.