

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

Governing Board Agenda
 ITEM NUMBER

ITEM TITLE

Meeting Date: 4/28/09
 RESPONSIBLE AGENTS

Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Nine Months Ending 3/31/2009

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$375.4M (year to date)

- Projected expenditure at year end: \$553.7M
- 62.5% of expenditures have been recognized year to date (versus 64.3% in 07/08, 64.7% in 06/07 and 68.8% in 05/06).
- 20.0% of the budget remains unexpended or unencumbered (versus 18.2% last year).

Revenue Summary: \$427.4M (year to date)

- Projected revenue at year end: \$553.0M
- 71.2% of the budget has been recognized year to date (versus 73.1% in 07/08, 71.6% in 06/07 and 72.0% 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 \$44.2M. 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 \$0.7M.

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
 March 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	259,700,949	180,075,229	69.3	69.9	70.6	73.0	50,339,227	29,286,493	11.3
PUBLIC SERVICE	723,429	485,907	67.2	71.9	82.2	84.3	75,300	162,222	22.4
ACADEMIC SUPPORT	65,051,270	40,800,137	62.7	62.3	63.9	63.9	12,737,040	11,514,093	17.7
STUDENT SERVICES	48,421,755	33,808,847	69.8	70.6	73.1	72.6	8,276,025	6,336,883	13.1
GENERAL INSTITUTIONAL	80,580,687	35,222,502	43.7	51.3	55.0	54.5	8,747,744	36,610,441	45.4
ADMINISTRATION	85,001,284	55,236,862	65.0	68.8	67.6	79.0	15,306,787	14,457,635	17.0
PHYSICAL PLANT	39,502,405	29,819,827	75.5	73.9	72.5	70.4	9,664,006	18,572	0.0
CONTINGENCIES	21,408,517	0					0	21,408,517	
TOTAL OPERATIONAL	600,390,296	375,449,311	62.5	64.3	64.7	68.8	105,146,129	119,794,856	20.0
By Object:									
PERSONAL SERVICES	331,408,470	237,057,399	71.5	71.7	73.4	74.5	72,509,807	21,841,264	6.6
EMPLOYEE BENEFITS	90,297,729	60,993,877	67.5	69.1	69.9	73.5	13,465,753	15,838,099	17.5
CONTRACTUAL SERVICES	42,438,292	28,082,845	66.2	67.9	71.0	69.7	10,171,287	4,184,160	9.9
SUPPLIES, MATERIALS, PARTS	9,174,745	5,454,451	59.5	57.9	59.8	61.6	2,068,215	1,652,079	18.0
CURRENT FIXED CHARGES	8,034,459	6,238,952	77.7	83.2	68.9	68.8	1,160,090	635,417	7.9
COMMUNICATIONS AND UTILITIES	15,760,870	11,090,984	70.4	70.2	67.8	65.8	4,660,825	9,061	0.1
TRAVEL	2,796,152	1,551,219	55.5	48.1	64.9	62.0	130,596	1,114,337	39.9
STUDENT AID AND MISCELLANEOUS	9,953,852	3,937,560	39.6	38.8	41.3	35.2	183,609	5,832,683	58.6
TRANSFERS-INTRAFUND	45,687,981	0	0.0	0.0	0.0	11.8	795,947	44,892,034	98.3
TRANSFERS TO OTHER FUNDS	23,429,229	21,042,024	89.8	82.0	84.2	103.3	0	2,387,205	10.2
CONTINGENCIES	21,408,517	0					0	21,408,517	
TOTAL OPERATIONAL	600,390,296	375,449,311	62.5	64.3	64.7	68.8	105,146,129	119,794,856	20.0

(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	218,147,347	62.7	63.3	62.7	63.4	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	117,017,498	88.2	87.2	82.9	84.4	132,720,915	0	Based on budget
OUT-OF-STATE TUITION	12,184,050	11,189,229	91.8	123.6	93.5	92.3	11,339,229	-844,821	Based on budget
OUT-OF-COUNTY TUITION	426,707	282,349	66.2	44.5	58.2	106.4	426,707	0	Based on budget
OTHER FEES AND CHARGES	5,974,060	5,029,129	84.2	80.0	82.0	79.8	5,974,060	0	Based on budget
INVESTMENT INCOME	3,850,000	1,555,574	40.4	122.4	154.4	150.3	2,000,000	-1,850,000	Based on budget
MISCELLANEOUS AND OTHER	925,750	779,897	84.2	67.2	128.1	122.8	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
TOTAL	600,390,296	427,391,136	71.2	73.1	71.6	72.0	582,596,898	-17,793,398	

FINANCIAL CONDITION ANALYSIS

Less college carryforward	-29,679,008	
Total projected revenues	552,917,890	
Less total projected expenditures (c)	-552,839,385	
Projected increase / (decrease) in fund balance	78,505	
Beginning fund balance (audited)	101,925,510	
Projected ending fund balance 6/30/09	102,004,015	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)	44,233,431	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	726,914	

(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
March 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. The budgeted amount increased from FY 08 to FY 09 resulting 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. 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. 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. Percent recognized is consistent with prior year.

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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.
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 rebate 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 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.