

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

Governing Board Agenda
 ITEM NUMBER

ITEM TITLE

Meeting Date: 1/26/10
 RESPONSIBLE AGENTS

Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Six Months Ending 12/31/2009

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$271.0M (year to date)

- Projected expenditure at year end: \$582.9M
- 42.7% of expenditures have been recognized year to date (versus 43.3% in 08/09, 41.8% in 07/08, and 42.0% in 06/07).
- 30.7% of the budget remains unexpended or unencumbered (versus 28.3% last year).

Revenue Summary: \$410.1M (year to date)

- Projected revenue at year end: \$583.3M
- 64.6% of the budget has been recognized year to date (versus 59.9% in 08/09, 60.6% in 07/08, and 59.4% in 06/07).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$.5M (from \$122.2M to \$122.7M) in FY 09-10.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$46.7M. The remaining fund balance of \$76.0M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, medical insurance reserve, stimulus funds received, and a projected undesignated balance of \$4.0M.

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
 December 2009

EXPENDITURE ANALYSIS

<u>By Function:</u>	Budget (a)	Amount Expended	Percent Expended 09-10	Percent Expended 08-09	Percent Expended 07-08	Percent Expended 06-07	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	269,224,274	127,768,916	47.5	46.7	44.8	45.0	73,387,053	68,068,305	25.3
PUBLIC SERVICE	2,268,190	1,053,302	46.4	55.5	68.4	74.3	698,575	516,313	22.8
ACADEMIC SUPPORT	63,642,171	27,433,401	43.1	43.2	41.1	40.8	21,175,393	15,033,377	23.6
STUDENT SERVICES	54,396,990	25,989,846	47.8	47.3	46.1	47.1	18,160,609	10,246,535	18.8
GENERAL INSTITUTIONAL	91,968,861	30,240,103	32.9	33.7	33.9	38.7	13,213,449	48,515,309	52.8
ADMINISTRATION	67,150,676	29,664,407	44.2	47.7	45.6	45.6	24,781,348	12,704,921	18.9
PHYSICAL PLANT	41,964,937	20,631,825	49.2	52.8	50.7	47.7	17,624,042	3,709,070	8.8
SCHOLARSHIPS	15,058,971	8,200,978	54.5	N/A	N/A	N/A	0	6,857,993	45.5
CONTINGENCIES	29,240,017	0					0	29,240,017	
TOTAL OPERATIONAL	634,915,087	270,982,778	42.7	43.3	41.8	42.0	169,040,469	194,891,840	30.7
<u>By Object:</u>									
PERSONNEL SERVICES	337,025,516	164,221,617	48.7	48.4	45.1	46.2	122,447,905	50,355,994	14.9
EMPLOYEE BENEFITS	92,185,516	41,109,797	44.6	45.7	42.9	43.4	21,706,514	29,369,205	31.9
CONTRACTUAL SERVICES	44,001,428	17,816,908	40.5	49.9	47.9	50.8	11,818,880	14,365,640	32.6
SUPPLIES, MATERIALS, PARTS	11,309,116	4,171,745	36.9	39.3	35.0	38.9	3,108,767	4,028,604	35.6
CURRENT FIXED CHARGES	9,163,514	5,799,314	63.3	59.8	75.3	55.9	1,224,438	2,139,762	23.4
COMMUNICATIONS AND UTILITIES	16,934,158	7,882,555	46.5	48.8	49.2	47.2	7,667,734	1,383,869	8.2
TRAVEL	3,281,415	1,037,184	31.6	44.1	40.9	49.1	142,008	2,102,223	64.1
STUDENT AID AND MISCELLANEOUS	16,157,503	7,115,344	44.0	39.2	22.3	32.0	90,437	8,951,722	55.4
TRANSFERS-INTRAFUND	44,525,096	0	0.0	0.0	0.0	0.0	833,786	43,691,310	98.1
TRANSFERS TO OTHER FUNDS	31,091,808	21,828,314	70.2	80.1	73.2	75.5	0	9,263,494	29.8
CONTINGENCIES	29,240,017	0					0	29,240,017	
TOTAL OPERATIONAL	634,915,087	270,982,778	42.7	43.3	41.8	42.0	169,040,469	194,891,840	30.7

(a) Represents budget as amended by approved transfers.

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FUND 1 - CURRENT UNRESTRICTED FUND
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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 09-10	Percent Recognized 08-09	Percent Recognized 07-08	Percent Recognized 05-06	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	359,942,153	193,028,183	53.6	53.4	53.9	53.6	352,606,476	-7,335,677	Projected, see (a)
STATE AID	51,128,000	22,663,700	44.3	48.2	50.0	50.0	45,327,400	-5,800,600	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	4,658,414	2,319,586	49.8	48.6	49.2	49.3	4,639,172	-19,242	Based on budget
GENERAL TUITION	158,516,175	135,449,466	85.4	72.0	71.5	68.2	158,516,175	0	Based on budget
OUT-OF-STATE TUITION	13,523,310	13,720,447	101.5	105.6	109.0	76.2	13,720,447	197,137	Based on budget
OUT-OF-COUNTY TUITION	470,852	101,660	21.6	27.3	14.9	14.7	470,852	0	Based on budget
OTHER FEES AND CHARGES	5,974,060	4,161,941	69.7	64.2	61.1	62.9	5,974,060	0	Based on budget
INVESTMENT INCOME	1,925,000	214,790	11.2	35.6	78.3	68.8	1,000,000	-925,000	Based on budget
MISCELLANEOUS AND OTHER	1,091,200	794,713	72.8	36.2	33.0	23.0	1,091,200	0	Based on budget
TRANSFERS IN	0	0	0.0	0.0	0.0	0.6	0	0	Based on budget
COLLEGE CARRYFORWARD	37,685,923	37,685,923	100.0	100.0	100.0	100.0	37,685,923	0	Based on budget
TOTAL	634,915,087	410,140,409	64.6	59.9	60.6	59.4	621,031,705	-13,883,382	

FINANCIAL CONDITION ANALYSIS

Less college carryforward	-37,685,923	
Total projected revenues	583,345,782	
Less total projected expenditures (c)	-582,852,050	
Projected increase / (decrease) in fund balance	493,732	
Beginning fund balance (audited)	122,163,899	
Projected ending fund balance 6/30/10	122,657,631	21%
Less projected designations for future operations		
3.5% college carryforward	14,839,854	
Enrollment Growth Funding	3,733,145	
Additional carryforward allocations	19,112,924	
Total budgeted designations:	37,685,923	
Operating costs (impact of capital development)	4,657,747	
Total other designations:	42,343,670	
Less minimum financial condition measure (d)	46,667,663	8%
Less minimum financial condition measure for future years	11,584,674	
Stimulus funds received for FY 08-09	15,093,592	
Less additional funding for medical insurance reserve	3,000,000	
Projected undesignated balance	3,968,032	

(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
December 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 budget increased by about \$1.6M from FY 09 to FY 10 due to the combination of funds 110 and 210. This resulted 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. Amount recognized is consistent with prior year.
Administration	Includes activities relating to management, business and human resources operations, and planning. Amount recognized is consistent with prior year.
Physical Plant	Amount recognized is consistent with prior year.
Scholarships	Scholarships is a new line item for FY 10 and includes all transfers from fund 1 to fund 2 for scholarships such as the President's scholarship, honors awards and employee waivers.
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. Percent recognized is consistent with prior year.
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 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. Percent recognized is consistent with prior year.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Percent recognized is consistent with prior year.
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. An increase in the budget combined with a decrease in expenditures results in a lower percentage recognized year to date. A decrease is expected for the fiscal year as professional growth was reduced.
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 10.
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. Decrease in percentage recognized is due to the combination of funds 110 and 210.
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 is made up of the usual uncollected tax levy of \$7,335,677.
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 \$5.8M is due to a reduction in state aid operating funds for fiscal year 09-10.
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 prior year.
General Tuition	Tuition and fees received from students whether directly or from a third party. The increase is due to an increase in student enrollment.
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. Percent recognized is consistent with prior year.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. A decrease in the number of out of county students registered results in a lower percentage recognized year to date.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. The increase is due to an increase in student enrollment.
Investment Income	Idle monies of the District are invested per Governing Board policy and the income is available for operating purposes. Unprecedented market conditions have caused us to rethink our investment strategies and move to less risky investment pools.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Increase is due to additional bad debt recovery and larger government lease tax payments received through December of FY 10 compared to FY 09.
Transfers In	Includes funds set aside for FTSE growth in the Auxiliary Fund. No transfers have been made in FY 10.
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.