

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 10/25/11
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Twelve Months Ending 6/30/2011
Final - Unaudited

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$624.0M

- 95.2% of expenditures were recognized this year (versus 89.8% in 09/10, 87.3% in 08/09, and 91.0% in 07/08).
- 4.8% of the budget remained unexpended or unencumbered at year end (versus 10.2% in 09/10, 12.7% in 08/09, and 9.0% in 07/08).
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Revenue Summary: \$626.4M

- 101.4% of the budget was recognized this year (versus 99.8% in 09/10, 95.6% in 08/09, and 98.8% in 07/08).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by \$2.4M (from \$147.9M to \$150.3M) in FY 10-11.
- MCCCCD is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$50.1M. The remaining fund balance of \$100.2M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, stimulus funds received, dual enrollment plan implementation, allowance for student bad debt, funding for medical insurance claims loss reserve, and a projected undesignated balance of \$10.1M.

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 2011
 FINAL

EXPENDITURE ANALYSIS

<u>By Function:</u>	<u>Budget (a)</u>	<u>Amount Expended</u>	<u>Percent Expended 10-11</u>	<u>Percent Expended 09-10</u>	<u>Percent Expended 08-09</u>	<u>Percent Expended 07-08</u>	<u>Amount Encumbered</u>	<u>Unencumbered Balance Available</u>	<u>Percent of Budget Available</u>
INSTRUCTION	290,209,542	281,160,216	96.9	95.5	88.0	95.0	0	9,049,325	3.1
PUBLIC SERVICE	2,536,813	2,429,502	95.8	96.4	81.5	94.8	0	107,311	4.2
ACADEMIC SUPPORT	72,634,103	66,420,877	91.4	84.8	85.2	85.6	0	6,213,226	8.6
STUDENT SERVICES	61,154,296	57,648,341	94.3	95.3	99.5	96.2	0	3,505,955	5.7
GENERAL INSTITUTIONAL ADMINISTRATION	92,498,931	90,238,576	97.6	79.4	74.0	89.2	0	2,260,354	2.4
PHYSICAL PLANT	62,087,260	56,166,898	90.5	95.4	90.9	97.8	0	5,920,362	9.5
SCHOLARSHIPS	56,004,691	53,948,647	96.3	94.7	97.1	98.6	0	2,056,044	3.7
CONTINGENCIES	16,171,759	14,972,552	92.6	97.5	N/A	N/A	0	1,199,207	7.4
	2,006,571	981,745	48.9	26.2	64.0	2.5	0	1,024,826	
TOTAL OPERATIONAL	655,303,966	623,967,354	95.2	89.8	87.3	91.0	0	31,336,612	4.8
<u>By Object:</u>									
PERSONNEL SERVICES	360,905,374	347,750,743	96.4	94.2	94.6	98.1	0	13,154,629	3.6
EMPLOYEE BENEFITS	89,866,461	89,549,125	99.6	99.6	91.9	96.9	0	317,335	0.4
CONTRACTUAL SERVICES	42,952,875	40,214,747	93.6	82.1	86.2	99.3	0	2,738,128	6.4
SUPPLIES, MATERIALS, PARTS	12,786,985	11,421,892	89.3	86.2	84.6	97.9	0	1,365,093	10.7
CURRENT FIXED CHARGES	7,973,415	7,613,341	95.5	83.4	96.3	98.3	0	360,074	4.5
COMMUNICATIONS AND UTILITIES	18,917,194	16,289,022	86.1	86.5	94.6	98.0	0	2,628,172	13.9
TRAVEL	4,728,819	4,340,106	91.8	82.5	96.2	80.5	0	388,713	8.2
STUDENT AID AND MISCELLANEOUS	31,267,961	26,813,337	85.8	71.7	67.2	50.6	0	4,454,624	14.2
TRANSFERS-INTRAFUND	4,953,594	75,800	1.5	0.0	0.0	0.0	0	4,877,794	98.5
TRANSFERS TO OTHER FUNDS	78,944,717	78,917,496	100.0	100.0	114.3	106.8	0	27,221	0.0
CONTINGENCIES	2,006,571	981,745	48.9	26.2	64.0	2.5	0	1,024,826	
TOTAL OPERATIONAL	655,303,966	623,967,354	95.2	89.8	87.3	91.0	0	31,336,612	4.8

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 10-11	Percent Recognized 09-10	Percent Recognized 08-09	Percent Recognized 07-08	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	371,276,183	366,087,094	98.6	99.0	98.6	99.5	366,087,094	-5,189,089	Projected, see (a)
STATE AID	45,327,400	45,327,400	100.0	88.7	88.9	100.0	45,327,400	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	5,182,777	5,277,182	101.8	99.6	97.3	98.4	5,277,182	94,405	Based on budget
GENERAL TUITION	170,035,842	180,947,459	106.4	105.5	95.0	94.9	180,947,459	10,911,617	Based on budget
OUT-OF-STATE TUITION	13,523,310	13,792,861	102.0	96.9	87.5	125.1	13,792,861	269,551	Based on budget
OUT-OF-COUNTY TUITION	466,852	347,014	74.3	111.0	114.5	86.3	347,014	-119,838	Based on budget
OTHER FEES AND CHARGES	5,974,060	6,381,838	106.8	101.7	94.8	92.8	6,381,838	407,778	Based on budget
INVESTMENT INCOME	500,000	772,850	154.6	24.7	36.0	165.8	772,850	272,850	Based on budget
MISCELLANEOUS AND OTHER	4,667,431	7,429,703	159.2	229.7	159.3	101.2	7,429,703	2,762,272	Based on budget
COLLEGE CARRYFORWARD	38,444,563	38,444,563	100.0	100.0	100.0	100.0	38,444,563	0	Based on budget
TOTAL	655,398,418	664,807,964	101.4	99.8	95.6	98.8	664,807,964	9,409,546	

FINANCIAL CONDITION ANALYSIS

Less college carryforward	-38,444,563	
Total revenues	626,363,401	
Less total expenditures (c)	-623,967,354	
Increase / (decrease) in fund balance	2,396,047	% of Revenues
Beginning fund balance (audited)	147,866,009	
Ending fund balance 6/30/11 (unaudited)	150,262,056	24%
Less designations for future operations		
3.5% college carryforward	18,806,000	
Enrollment Growth Funding	10,067,000	
Additional allocations	12,312,000	
Total budgeted designations:	41,185,000	
Operating costs (impact of capital development)	6,433,746	
Total other designations:	47,618,746	
Less minimum financial condition measure (d)	50,109,073	8%
Less minimum financial condition measure for future years	4,663,366	
Less Federal stimulus funds	20,729,686	
Less dual enrollment plan implementation	588,900	
Less allowance for student bad debt	3,000,000	
Less additional funding for medical insurance claims loss reserve	13,500,000	
Undesignated balance	10,052,285	

(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
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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. Percent 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. Percent recognized is consistent with prior year.
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services. Expenditures increased at a greater rate than budget resulting in an increase in the percentage recognized year to date.
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. Percent recognized is consistent with prior year.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Increase in percentage recognized is due to additional transfers to the auxiliary and plant funds.
Administration	Includes activities relating to management, business and human resources operations, and planning. Percent recognized is consistent with prior year.
Physical Plant	Includes expenditures allocated for the operation and maintenance of the physical plant, such as utility costs and staff responsible for the maintenance of buildings and grounds for all units. Percent recognized is consistent with prior year.
Scholarships	Maricopa funded scholarships such as the President's scholarship, honors awards and employee waivers. Percent 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

Personnel 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. A decrease in the budget amount coupled with an increase in contractual services for Rio results in a larger percentage 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. A decrease in the budgeted amount while expenditures have remained relatively consistent with the prior year results in a higher 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 in percentage recognized is due to the restoration of professional growth funds at the FY 09 level.

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Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Increase in percentage recognized is due to the move of scholarships from the Auxilliary Fund to the General Fund.
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. Percent recognized is consistent with prior year.
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. Percent 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.
REVENUE COMMENTS	
Property Tax	Primary property taxes levied and collected for use in current operations without restrictions. Percent recognized is consistent with prior year.
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. Increase in percentage recognized is due to the \$5.8M reduction in state aid operating funds for fiscal year 09-10 that occurred after the FY10 budget was adopted.
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. Percent recognized is consistent with prior 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. Increase in percentage recognized is due to an increase in student enrollment.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. The decrease in percentage recognized is due to the development of the Santa Cruz Provisional Community College District.
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 in percentage recognized 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. A decrease in the budgeted amount coupled with an increase in interest revenue results in a larger percent recognized year to date.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. The budgeted amount increased at a greater rate than the amount recognized resulting in a decrease in the percent recognized year to date.
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.