

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

Governing Board Agenda

Meeting Date: 10/25/11

ITEM NUMBER	ITEM TITLE	RESPONSIBLE AGENTS
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Three Months Ending 9/30/2011	Ms. Debra Thompson Ms. Kim Granio

Expenditure Summary: \$130.1M (year to date)

- Projected expenditure at year end: \$633.6M
- 19.0% of expenditures have been recognized year to date (versus 19.2% in 10/11, 19.0% in 09/10, and 19.7% in 08/09).
- 39.1% of the budget remains unexpended or unencumbered (versus 38.3% in 10/11, 37.8% in 09/10, and 35.1% in 08/09).

Revenue Summary: \$146.4M (year to date)

- Projected revenue at year end: \$624.2M
- 29.0% of the budget has been recognized year to date (versus 28.1% in 10/11, 25.0% in 09/10, and 23.2% in 08/09).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to decrease by ~\$9.4M (from \$149.8M to \$140.4M) in FY 11-12.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$49.9M. The remaining fund balance of \$90.5M 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 \$4.5M.

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 &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  
 September 2011

EXPENDITURE ANALYSIS

<u>By Function:</u>	Budget (a)	Amount Expended	Percent Expended 11-12	Percent Expended 10-11	Percent Expended 09-10	Percent Expended 08-09	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	289,569,957	58,027,609	20.0	19.8	20.2	17.9	137,270,782	94,271,566	32.6
PUBLIC SERVICE	2,477,542	759,683	30.7	33.9	11.7	54.1	1,194,176	523,683	21.1
ACADEMIC SUPPORT	74,049,904	14,517,720	19.6	19.5	19.9	19.7	34,979,210	24,552,974	33.2
STUDENT SERVICES	55,931,643	13,195,019	23.6	23.4	22.1	23.4	28,752,729	13,983,895	25.0
GENERAL INSTITUTIONAL ADMINISTRATION	103,278,261	14,090,917	13.6	13.4	12.5	17.2	19,847,824	69,339,520	67.1
PHYSICAL PLANT	64,981,680	12,316,621	19.0	20.4	20.4	27.4	34,815,781	17,849,278	27.5
SCHOLARSHIPS	43,976,695	11,228,332	25.5	24.2	25.1	25.8	29,254,215	3,494,148	7.9
CONTINGENCIES	18,584,340	5,990,339	32.2	33.2	39.9	N/A	6,716	12,587,285	67.7
	31,128,282	0	0.0	0.0	0.0	0.0	0	31,128,282	
<b>TOTAL OPERATIONAL</b>	<b>683,978,304</b>	<b>130,126,240</b>	<b>19.0</b>	<b>19.2</b>	<b>19.0</b>	<b>19.7</b>	<b>286,121,433</b>	<b>267,730,631</b>	<b>39.1</b>
<b><u>By Object:</u></b>									
PERSONNEL SERVICES	352,012,794	67,587,437	19.2	18.6	19.9	19.6	213,762,687	70,662,670	20.1
EMPLOYEE BENEFITS	101,291,650	19,457,975	19.2	18.1	18.5	18.4	38,576,935	43,256,740	42.7
CONTRACTUAL SERVICES	43,976,234	11,838,008	26.9	26.4	21.7	25.5	11,864,801	20,273,425	46.1
SUPPLIES, MATERIALS, PARTS	11,915,042	2,567,251	21.5	21.6	16.8	19.5	3,762,703	5,585,088	46.9
CURRENT FIXED CHARGES	8,661,348	3,146,370	36.3	29.9	27.0	21.7	1,539,864	3,975,114	45.9
COMMUNICATIONS AND UTILITIES	19,417,643	4,208,580	21.7	20.1	22.0	24.8	15,206,324	2,739	0.0
TRAVEL	3,218,070	533,620	16.6	15.5	8.7	28.8	186,185	2,498,265	77.6
STUDENT AID AND MISCELLANEOUS	50,173,358	7,398,357	14.7	18.1	5.8	7.1	1,221,934	41,553,067	82.8
TRANSFERS-INTRAFUND	44,579,735	0	0.0	0.0	0.0	0.0	0	44,579,735	100.0
TRANSFERS TO OTHER FUNDS	17,604,148	13,388,642	76.1	84.5	60.1	74.1	0	4,215,506	23.9
CONTINGENCIES	31,128,282	0	0.0	0.0	0.0	0.0	0	31,128,282	
<b>TOTAL OPERATIONAL</b>	<b>683,978,304</b>	<b>130,126,240</b>	<b>19.0</b>	<b>19.2</b>	<b>19.0</b>	<b>19.7</b>	<b>286,121,433</b>	<b>267,730,631</b>	<b>39.1</b>

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
 BUDGET ANALYSIS REPORT  
 FUND 1 - CURRENT UNRESTRICTED FUND  
 September 2011

REVENUE ANALYSIS ( a )	Budget ( b )	Recognized	Percent Recognized 11-12	Percent Recognized 10-11	Percent Recognized 09-10	Percent Recognized 08-09	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	389,655,514	33,318,611	8.6	9.0	5.4	7.6	381,733,514	-7,922,000	Projected, see (a)
STATE AID	6,891,400	1,722,800	25.0	25.0	22.2	24.1	6,891,400	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	6,591,303	0	0.0	0.0	0.0	0.0	6,591,303	0	Based on budget
GENERAL TUITION	203,556,874	94,444,010	46.4	51.6	50.6	44.4	203,556,874	0	Based on budget
OUT-OF-STATE TUITION	13,107,990	11,571,335	88.3	59.5	51.5	62.4	13,107,990	0	Based on budget
OUT-OF-COUNTY TUITION	331,865	25,241	7.6	6.8	0.9	5.4	331,865	0	Based on budget
OTHER FEES AND CHARGES	6,032,870	2,726,573	45.2	47.3	43.3	40.3	6,032,870	0	Based on budget
INVESTMENT INCOME	500,000	402,827	80.6	20.4	2.4	0.4	500,000	0	Based on budget
MISCELLANEOUS AND OTHER	5,444,380	2,172,382	39.9	50.0	25.2	18.9	5,444,380	0	Based on budget
COLLEGE CARRYFORWARD	51,866,108	51,866,108	100.0	100.0	100.0	100.0	51,866,108	0	Based on budget
<b>TOTAL</b>	<b>683,978,304</b>	<b>198,249,887</b>	<b>29.0</b>	<b>28.1</b>	<b>25.0</b>	<b>23.2</b>	<b>676,056,304</b>	<b>-7,922,000</b>	

**FINANCIAL CONDITION ANALYSIS**

Less college carryforward	-51,866,108	
Total projected revenues	624,190,196	
Less total projected expenditures ( c )	-633,637,501	
Projected increase / (decrease) in fund balance	-9,447,305	
Projected beginning fund balance (unaudited)	149,820,025	
Projected ending fund balance 6/30/12	140,372,720	22%
Less projected designations for future operations		
3.5% college carryforward	22,123,900	
Enrollment Growth Funding	12,341,500	
Additional allocations	15,315,000	
Total budgeted designations:	49,780,400	
Operating costs (impact of capital development)	4,328,200	
Total other designations:	54,108,600	
Less minimum financial condition measure ( d )	49,935,216	8%
Less minimum financial condition measure for future years	4,663,366	
Less Federal stimulus funds	10,048,578	
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	
Projected undesignated balance	4,528,060	

(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**  
September 2011

**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. Percent 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. Percent recognized is consistent with prior year.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Percent recognized is consistent with prior year.
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. Percent recognized is consistent with prior year.
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. Increase in percentage recognized is due to an increase in legal services/settlements as well as an increase in student accidental insurance premiums.
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. Percent recognized is consistent with prior year.

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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. Percent recognized is consistent with prior year.
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 11.
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 a timing difference. Transfers which were completed through September of FY 11 have not been completed through September, but will be completed later in FY 12.
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 estimated uncollected tax levy of \$7,922,000.
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. Percent recognized is consistent with prior year.
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. Decrease in percentage recognized is due to recognized revenue increasing at a lower rate than the increase in budgeted amount.
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. A number of changes were made to the tuition and fee process and were implemented for the fall semester. This early in the year, it is very difficult to ascertain the true nature of the variance and whether the variance will continue. Therefore, we will continue to analyze the various activity in this category as the semester stabilizes.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. Percent recognized is consistent with prior year.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. Percent 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. Increase in percent recognized is due to an increase in interest revenue from RBC investments as well as an increase in the fair market value of investments; however the market remains volatile.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Increase in percentage recognized is due to a timing difference of the recording of bookstore commission revenue. Bookstore revenue has been recorded through September of FY 12, however FY 11 bookstore revenue was not recorded in Fund 1 until October.
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.