

# CONSENT AGENDA ACTION ITEM

**Governing Board Agenda**

**Meeting Date:** February 24, 2009

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
V.E.2	Budgeted Expenditure Amendment for FY 07-08	Ms. Debra Thompson Ms. Kim Granio

**Recommendation**

Approve the amendment to budgeted expenditures (shown below) to match what was actually expended in each fund, as per the audited financial statements.

**Justification**

Background: The State Constitution establishes expenditure limitations for the State and its political subdivisions and Arizona Revised Statutes §41-1279.07 require community college districts to prepare an Annual Expenditure Limitation Report. The District is subject to an expenditure limitation as calculated by the Economic Estimates Commission. The limitation is designed to control spending of budgeted local revenues (mainly property taxes and state aid) and is adjusted annually for changes in Full Time Student Equivalents (FTSE) and inflation.

Annually, District staff request that the Board approve an amendment to reduce the prior year budget to approximate actual spending. The reason for this traces to the Constitutional provision for community colleges, which measures compliance with limitations based on budget amounts. This is an important point since spending is nearly always less than budget. In 1987 and 1988, community college leadership in the State worked with the State's Auditor and Attorney Generals' offices to review this provision of law including the types of exclusions (i.e., using actual revenues/spending and resetting the budget as well as revenues that are not subject to the limitation or are excludable). Also reviewed was the ability to carry forward budget capacity that is not used (i.e., since the fact that the adopted budget is greater than actual spending/revenues, there was a review of whether this unused budget capacity may be carried forward to the extent of fund balance for possible use as an excludable revenue in the future). The college districts obtained an Attorney General's opinion to this effect and the Districts further defined the procedures for reporting on the Expenditure Limitation with the State Auditor General's Office (see varied letters, opinions, and Board action from 1987 and 1988). By reducing the budget to match actual expenditures, the District resets the base upon which the Expenditure Limitation is measured and maximizes its allowable carryforward. Maximizing the allowable carryforward provides the District with more control and spending capacity in future years. As of 6/30/08 the carry forward balance is \$240,975,118 for all budgeted funds.

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<b>Funding</b>	<b>Approvals/Certifications</b>
<u>Source:</u>	Chancellor _____
<u>Account Identification:</u>	Academic & Student Affairs _____
	Business Services _____
	Human Resources _____ ITS _____
	Res Dev & Com Relations _____
	College President _____

The Annual Expenditure Limitation Report is audited by the Office of the Auditor General.

	PROPOSED ORIGINAL BUDGET	PROPOSED REVISED BUDGET	ADJUSTMENT
Current Unrestricted Funds:			
General	\$555,286,039	\$471,931,663	\$<83,354,376>
Auxiliary Enterprises	150,884,375	63,931,682	<86,952,693>
Current Restricted Fund	163,874,413	97,033,281	<66,841,132>
Plant Funds:			
Unexpended Plant	457,333,906	125,238,577	<332,095,329>
Retirement of Indebtedness	<u>80,079,591</u>	<u>76,957,208</u>	<u>&lt;3,122,383&gt;</u>
TOTAL	<u>\$1,407,458,324</u>	<u>\$835,092,411</u>	<u>\$&lt;572,365,913&gt;</u>