

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

Governing Board Agenda  
 ITEM NUMBER

ITEM TITLE

Meeting Date: 1/27/09  
 RESPONSIBLE AGENTS

Budget Analysis Report  
 Fund 1: General Unrestricted Fund  
 For the Six Months Ending 12/31/2008

Ms. Debra Thompson  
 Ms. Kim Granio

Expenditure Summary: \$260.2M (year to date)

- Projected expenditure at year end: \$559.1M
- 43.3.8% of expenditures have been recognized year to date (versus 41.8% in 07/08 and 42.0% in 06/07).
- 28.3% of the budget remains unexpended or unencumbered (versus 27.5% last year).

Revenue Summary: \$359.6M (year to date)

- Projected revenue at year end: \$559.3M
- 59.9% of the budget has been recognized year to date (versus 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 ~\$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 \$44.8M. The remaining fund balance of \$57.3M 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 \$0.3M.

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.

<b>Funding</b>	<b>Approvals/Certifications</b>
<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 _____</p> <p>Res Dev &amp; Com Relations _____ ITS _____</p> <p>College President _____</p>

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
 BUDGET ANALYSIS REPORT  
 FUND 1 - CURRENT UNRESTRICTED FUND  
 December 2008

EXPENDITURE ANALYSIS			Percent	Percent	Percent		Unencumbered	Percent of
	Budget (a)	Amount Expended	Expended 08-09	Expended 07-08	Expended 06-07	Amount Encumbered	Balance Available	Budget Available
<b>By Function:</b>								
INSTRUCTION	258,772,500	120,885,667	46.7	44.8	45.0	76,872,821	61,014,012	23.6
PUBLIC SERVICE	708,905	393,189	55.5	68.4	74.3	178,409	137,307	19.4
ACADEMIC SUPPORT	64,142,514	27,705,684	43.2	41.1	40.8	21,907,109	14,529,721	22.7
STUDENT SERVICES	47,361,091	22,391,152	47.3	46.1	47.1	14,905,207	10,064,733	21.3
GENERAL INSTITUTIONAL	84,302,106	28,373,125	33.7	33.9	38.7	13,211,537	42,717,445	50.7
ADMINISTRATION	85,110,414	40,612,420	47.7	45.6	45.6	27,098,693	17,399,301	20.4
PHYSICAL PLANT	37,642,249	19,870,314	52.8	50.7	47.7	16,272,034	1,499,900	4.0
CONTINGENCIES:	22,350,517	0				0	22,350,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>260,231,551</b>	<b>43.3</b>	<b>41.8</b>	<b>42.0</b>	<b>170,445,810</b>	<b>169,712,936</b>	<b>28.3</b>
<b>By Object:</b>								
PERSONAL SERVICES	330,790,202	160,096,263	48.4	45.1	46.2	122,733,126	47,960,814	14.5
EMPLOYEE BENEFITS	90,270,800	41,213,317	45.7	42.9	43.4	21,590,585	27,466,899	30.4
CONTRACTUAL SERVICES	41,620,073	20,778,278	49.9	47.9	50.8	12,404,647	8,437,147	20.3
SUPPLIES, MATERIALS, PARTS	9,757,485	3,838,476	39.3	35.0	38.9	2,890,338	3,028,671	31.0
CURRENT FIXED CHARGES	7,798,250	4,661,172	59.8	75.3	55.9	1,937,156	1,199,922	15.4
COMMUNICATIONS AND UTILITIES	15,685,356	7,660,506	48.8	49.2	47.2	7,936,269	88,581	0.6
TRAVEL	2,577,874	1,135,889	44.1	40.9	49.1	83,420	1,358,565	52.7
STUDENT AID AND MISCELLANEOUS	8,205,496	3,216,002	39.2	22.3	32.0	74,322	4,915,172	59.9
TRANSFERS-INTRAFUND	49,316,849	0	0.0	0.0	0.0	795,947	48,520,902	98.4
TRANSFERS TO OTHER FUNDS	22,017,394	17,631,648	80.1	73.2	75.5	0	4,385,746	19.9
CONTINGENCIES:	22,350,517	0				0	22,350,517	
<b>TOTAL OPERATIONAL</b>	<b>600,390,296</b>	<b>260,231,551</b>	<b>43.3</b>	<b>41.8</b>	<b>42.0</b>	<b>170,445,810</b>	<b>169,712,936</b>	<b>28.3</b>

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
BUDGET ANALYSIS REPORT  
FUND 1 - CURRENT UNRESTRICTED FUND  
December 2008

REVENUE ANALYSIS ( a )	Budget ( b )	Recognized	Percent Recognized 08-09	Percent Recognized 07-08	Percent Recognized 06-07	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	347,905,170	185,954,933	53.4	53.9	53.6	341,266,870	-6,638,300	Projected, see (a)
STATE AID	57,528,300	27,708,050	48.2	50.0	50.0	55,416,100	-2,112,200	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	4,418,036	2,149,030	48.6	49.2	49.3	4,298,059	-119,977	Based on budget
GENERAL TUITION	132,720,915	95,559,698	72.0	71.5	68.2	132,720,915	0	Based on budget
OUT-OF-STATE TUITION	12,184,050	12,862,074	105.6	109.0	76.2	12,862,074	678,024	Based on budget
OUT-OF-COUNTY TUITION	426,707	116,435	27.3	14.9	14.7	426,707	0	Based on budget
OTHER FEES AND CHARGES	5,974,060	3,837,541	64.2	61.1	62.9	5,974,060	0	Based on budget
INVESTMENT INCOME	3,850,000	1,370,351	35.6	78.3	68.8	2,600,000	-1,250,000	Based on budget
MISCELLANEOUS AND OTHER	925,750	335,148	36.2	33.0	23.0	925,750	0	Based on budget
TRANSFERS IN	4,778,300	0	0.0	0.0	0.6	2,778,300	-2,000,000	Based on budget
COLLEGE CARRYFORWARD	29,679,008	29,679,008	100.0	100.0	100.0	29,679,008	0	Based on budget
<b>TOTAL</b>	<b>600,390,296</b>	<b>359,572,268</b>	<b>59.9</b>	<b>60.6</b>	<b>59.4</b>	<b>588,947,843</b>	<b>-11,442,453</b>	

**FINANCIAL CONDITION ANALYSIS**

Less college carryforward		-29,679,008	
Total projected revenues		559,268,835	
Less total projected expenditures ( c )		-559,143,483	
Projected increase / (decrease) in fund balance		125,352	
Beginning fund balance (audited)		101,925,510	
Projected ending fund balance 6/30/09		102,050,862	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 )		44,741,507	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		265,685	

(a) See specific revenue analysis by type on page 3

(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 2008

**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. Increase due to one additional payroll through December in FY 09 as compared to FY 08.
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 \$403,645 from FY 08 to FY 09 resulting in a smaller percentage expended year to date.
Academic Support	Includes activities to support the District's primary mission. Increase due to additional payroll through December in FY 09 as compared to FY 08.
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. Increase due to additional payroll through December in FY 09 as compared to FY 08.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Percent recognized is consistent with previous year, dollar increase due to additional payroll through December in FY 09 as compared to FY 08.
Administration	Includes activities relating to management, business and human resources operations, and planning. Percent recognized is consistent with previous year. Dollar amount increase is due to additional payroll through December in FY 09 as compared to FY 08.
Physical Plant	Percent recognized is consistent with previous year. Dollar increase over prior year due to an overall increase in utility costs.
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. No amount has been recognized in FY 08 or FY 09.

**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. Increase due to one additional payroll through December in FY 09 as compared to FY 08. Increase also due to the annual increase in salary & benefits from meet & confer.
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc. Increase due to one additional payroll through December in FY 09 as compared to FY 08. Increase also due to the annual increase in salary & benefits from meet & confer.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Percent recognized is consistent with previous year but dollar increase over prior year due to an overall increase in licenses, advertising, and professional service fees.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. Percentage recognized is consistent with previous year but dollar increase over prior year due to an overall increase in supply costs.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Decrease due to timing of invoices paid for facilities/rentals. Some rental fees were paid in FY 08 but have not yet been paid in FY09 pending renewals. Also, there was a one-time \$250,000 lawsuit settlement claim payment made in FY08 which will not recur in FY09.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Percent recognized is consistent with previous year but dollar increase over prior year due to an overall increase in utility costs.
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Increase due to an increase in international travel.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Increase due to a timing difference of the bad debt write-off, which is normally done in March. In previous years the write off was only through December, however, with the new SIS system, the bad debt write off for FY 08 also included most of the Spring 2008 semester. This coupled with a decrease in the budgeted amount of over \$2M results in a larger percentage recognized compared to the previous year.
Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increase 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. No amount has been recognized in FY 08 or FY 09.

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT**  
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**FUND 1 - CURRENT UNRESTRICTED FUND**  
December 2008

**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 \$2M is due to the state aid operating cut made in June 2008 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. Amount recognized is consistent with prior year, however, the budgeted amount increased by \$1.1M which 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 Registration Fees, Music Lesson Fees, and Transcript Fees.
Investment Income	District cash balances 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 Government Lease Tax received.
Transfers In	Includes funds set aside for FTSE growth in the Auxiliary Fund. No transfers have been made yet.
College Carryforward	Includes funds to allow colleges and district office units to carryforward up to 3% of its operating budget 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.