

MONITORING REPORT
POLICY TYPE: CHANCELLOR LIMITATIONS
POLICY TITLE: FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda
ITEM NUMBER

Meeting Date: 3/28/17
RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Eight Months Ending 2/28/2017

Ms. Gaye Murphy
 Ms. Kim Granio

Expenditure Summary: \$394.8M (year to date); projected expenditure at year end: \$660.3M

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 53.8% of expenditures have been recognized year to date (versus 54.2% in 15/16, 50.9% in 14/15, and 55.4% in 13/14).
- 21.1% of the budget remains unexpended or unencumbered (versus 17.5% in 15/16, 26.2% in 14/15, and 20.1% in 13/14).

Revenue Summary: \$461.7M (year to date); projected revenue at year end: \$663.8M

- The two major revenues, property taxes and tuition, are collected in cycles. Tuition revenue is generally collected at the beginning of each semester while property tax revenue is mostly collected in the fall and spring when semi-annual payments are due from property owners.
- 67.0% of the budgeted revenue has been recognized year to date (versus 67.2% in 15/16, 67.1% in 14/15, and 68.1% in 13/14).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$3.6M (from \$173.6M to \$177.2M) in FY 16/17.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$53.1M. The remaining fund balance of \$124.1M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, allowance for student bad debt, priority initiatives, capital master planning, reserves for potential claims/contingency, enrollment growth/retention, and a projected undesignated balance of \$1.1M.
- Financial activities of the District comply with the Governing Board Policies, Chancellor Interpretations 2.4 and 2.6, though Restricted Fund revenue collection often lags behind expenditures given that the nature of grants and financial aid is one of reimbursement for expenditures and awards.
- The Governing Board contingency beginning balance is \$900,000. The remaining balance as of 2/28/17 is \$900,000.

Items of Particular Interest: Substantial Deviations from Budget or Expectations

None.

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
 February 2017

EXPENDITURE ANALYSIS

<u>By Function:</u>	Budget (a)	Amount Expended	Percent Expended 16-17	Percent Expended 15-16	Percent Expended 14-15	Percent Expended 13-14	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	292,733,621	173,440,203	59.2	57.4	58.9	61.6	76,076,096	43,217,323	14.8
PUBLIC SERVICE	4,048,139	2,543,736	62.8	56.5	61.9	64.1	1,296,086	208,317	5.1
ACADEMIC SUPPORT	82,134,326	45,482,998	55.4	59.8	59.4	59.6	21,082,150	15,569,178	19.0
STUDENT SERVICES	81,239,299	44,126,528	54.3	59.9	58.3	60.9	19,483,119	17,629,653	21.7
INSTITUTIONAL SUPPORT	151,148,238	76,808,220	50.8	52.8	43.1	45.4	38,669,631	35,670,387	23.6
OPERATION/MAINTENANCE OF PLANT	64,456,748	40,320,148	62.6	58.0	63.1	65.7	27,303,052	-3,166,453	(4.9)
STUDENT FINANCIAL ASSISTANCE	18,957,679	12,088,870	63.8	53.4	60.1	64.4	10,805	6,858,004	36.2
CONTINGENCIES	38,937,222	0	0.0	0.0	0.0	0.0	3,576	38,933,646	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>394,810,703</u>	53.8	54.2	50.9	55.4	<u>183,924,515</u>	<u>154,920,055</u>	21.1
<u>By Account:</u>									
PERSONNEL SERVICES	391,811,750	228,284,585	58.3	59.5	60.5	62.7	119,694,920	43,832,246	11.2
EMPLOYEE BENEFITS	118,178,151	71,577,738	60.6	62.4	61.7	62.5	25,297,603	21,302,811	18.0
CONTRACTUAL SERVICES	54,418,435	39,812,966	73.2	74.6	61.2	64.9	20,750,626	-6,145,158	(11.3)
SUPPLIES, MATERIALS, PARTS	10,072,044	4,784,691	47.5	69.1	53.9	61.1	2,028,141	3,259,211	32.4
CURRENT FIXED CHARGES	9,171,290	7,410,696	80.8	80.5	71.3	79.5	1,692,683	67,912	0.7
COMMUNICATIONS AND UTILITIES	21,306,646	9,427,847	44.2	40.1	51.0	58.0	11,685,254	193,545	0.9
TRAVEL	3,811,934	2,452,060	64.3	96.0	66.0	64.0	1,769,864	-409,990	(10.8)
STUDENT AID AND MISCELLANEOUS	29,873,572	16,246,233	54.4	42.7	42.8	42.2	1,001,848	12,625,491	42.3
TRANSFERS-INTRAFUND	36,196,656	0	0.0	0.0	0.0	0.0	0	36,196,656	100.0
TRANSFERS TO OTHER FUNDS	26,877,572	14,813,887	55.1	45.3	49.3	50.8	0	12,063,685	44.9
CONTINGENCIES	31,937,222	0	0.0	0.0	0.0	0.0	3,576	31,933,646	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>394,810,703</u>	53.8	54.2	50.9	55.4	<u>183,924,515</u>	<u>154,920,055</u>	21.1

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 16-17	Percent Recognized 15-16	Percent Recognized 14-15	Percent Recognized 13-14	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	447,212,880	275,792,860	61.7	61.8	60.5	61.4	443,296,378	-3,916,502	Projected, see (a)
STATE AID	0	0	0.0	0.0	75.0	75.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,092,464	4,521,196	49.7	49.4	49.7	50.0	9,092,464	0	Based on budget
GENERAL TUITION	210,067,384	165,426,092	78.7	76.5	78.0	80.2	188,353,640	-21,713,744	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	10,255,341	67.6	96.5	98.6	85.6	15,160,346	0	Based on budget
OUT-OF-COUNTY TUITION	281,790	146,824	52.1	6.3	57.6	5.4	281,790	0	Based on budget
OTHER FEES AND CHARGES	4,593,128	4,049,319	88.2	91.6	86.4	80.7	4,593,128	0	Based on budget
INVESTMENT INCOME	505,000	377,379	74.7	141.0	92.3	127.7	505,000	0	Based on budget
MISCELLANEOUS AND OTHER	2,540,588	1,083,030	42.6	43.8	50.4	43.7	2,540,588	0	Based on budget
SUBTOTAL REVENUES	689,453,580	461,652,041	67.0	67.2	67.1	68.1	663,823,334	-25,630,246	
BUDGETED USE OF FUND BALANCE	44,201,692	0	0.0	0.0	0.0	100.0	44,201,692	0	Based on budget
TOTAL SOURCES	733,655,272	461,652,041	62.9	63.3	59.9	67.8	708,025,026	-25,630,246	

FINANCIAL CONDITION ANALYSIS

Total projected revenues	663,823,334	
Less total projected expenditures (c)	-660,289,745	
Projected increase / (decrease) in fund balance	3,533,589	% of Projected Revenues
Beginning fund balance (audited)	173,637,520	
Projected ending fund balance 6/30/17	177,171,109	27%
Less projected designations for future operations		
3.5% college carry forward	20,998,200	
Additional allocations	24,274,175	
Total budgeted designations:	45,272,375	
Less minimum financial condition measure (d)	53,105,867	8%
Less minimum financial condition measure for future years	5,078,125	
Less allowance for student bad debt	3,000,000	
Less priority initiatives (SSE, SSI, ITS, etc.)	24,696,664	
Less capital master planning	5,000,000	
Less life without bond transfers	4,000,000	
Less reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	17,062,300	
Projected undesignated balance	1,107,260	

(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. Increase in percent recognized is due to coding issues with salary expenses for Community Affairs positions in the prior year. Such coding issues have been corrected in the current year. Percent recognized is consistent with years prior to FY16.
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. Decrease in percent recognized is due to the budget for salaries increasing while the actual expenditures decreased slightly.
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning. Percent recognized is consistent with prior year.
Operation/Maintenance of 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.
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards. Increase in percent recognized is due to the budget for academic scholarships decreasing, while the expenditures increased.
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 Account

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. Decrease in percent recognized from FY16 to FY17 is due to coding issues for expenditures in FY16.
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.

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Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Decrease in percent recognized is due to timing differences in recording transactions from FY16 to FY17 and a small increase in budget. Percent recognized is consistent with years prior to FY16.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Increase in percent recognized is due to the budget for academic scholarships decreasing, while the expenditures increased.
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 FY17.
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. Increase in percent recognized is due to FY17 Life Without Bond Funding allocation to the Plant Fund.
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 \$3,916,502. Percent recognized is consistent with prior year.
State Aid	Effective in FY 16, the State of Arizona no longer provides financial support to the Maricopa County Community College District.
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. Decrease in percent recognized is due to a timing difference in recording Educational Service Partnership adjustment for FY16.
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 variance in percent recognized is due to a timing difference of receiving payments.
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. Based on accounting standards, the District adjusts the value of its investments monthly to that of the market and these adjustments are reflected in the investment income line. Therefore, the actual amount for this revenue line can fluctuate up and down over the course of the year. The projected revenue is what the District expects the final income amount to be at the end of the fiscal year regardless of the increases and decreases that can occur monthly.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Percent recognized is consistent with prior year.
Budgeted Use of Fund Balance	Includes budget capacity to allow colleges and district office divisions to carry forward up to 3.5% of operating budgets from one fiscal year to the next, enrollment growth funding for the colleges, and contingencies for unanticipated expenses. In prior years, 100% of the budgeted amount was recognized for reporting purposes; however, beginning with the Dec-14 Report, fund balance will not be recognized as a source until used. Therefore, the percent recognized from prior years will not be relevant to the current year's calculation.