

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 10/22/13
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Twelve Months Ending 6/30/2013
FINAL - Unaudited

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$626.2M (year to date)

- 91.6% of expenditures were recognized this year (versus 90.2% in 11/12, 95.2% in 10/11, and 89.8% in 09/10).
- 8.4% of the budget remained unexpended or unencumbered at year end (versus 9.8% in 11/12, 4.8% in 10/11, and 10.2% in 09/10).

Revenue Summary: \$631.4M (year to date)

- 97.6% of the budget was recognized this year (versus 98.5% in 11/12, 101.4% in 10/11, and 99.8% in 09/10).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by ~\$5.2M (from \$154.8M to \$160.0M) in FY 12-13.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$50.5M. The remaining fund balance of \$109.5M 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 \$4.7M.

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

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 June 2013
 Final

EXPENDITURE ANALYSIS

<u>By Function:</u>	Budget (a)	Amount Expended	Percent Expended 12-13	Percent Expended 11-12	Percent Expended 10-11	Percent Expended 09-10	Amount Encumbered	Balance Available	Percent of Budget Available
INSTRUCTION	298,417,638	280,284,776	93.9	91.7	96.9	95.5	0	18,132,862	6.1
PUBLIC SERVICE	2,658,756	2,656,376	99.9	98.4	95.8	96.4	0	2,380	0.1
ACADEMIC SUPPORT	79,100,526	71,622,556	90.5	83.2	91.4	84.8	0	7,477,970	9.5
STUDENT SERVICES	74,741,412	66,697,150	89.2	102.2	94.3	95.3	0	8,044,262	10.8
GENERAL INSTITUTIONAL ADMINISTRATION	68,185,837	64,281,635	94.3	111.7	97.6	79.4	0	3,904,202	5.7
ADMINISTRATION	65,864,035	62,263,316	94.5	90.1	90.5	95.4	0	3,600,719	5.5
PHYSICAL PLANT	62,280,971	62,087,768	99.7	98.6	96.3	94.7	0	193,203	0.3
SCHOLARSHIPS	18,530,037	16,322,741	88.1	90.3	92.6	97.5	0	2,207,296	11.9
CONTINGENCIES	13,718,361	0	0.0	6.0	48.9	26.2	0	13,718,361	
TOTAL OPERATIONAL	683,497,573	626,216,318	91.6	90.2	95.2	89.8	0	57,281,255	8.4
<u>By Object:</u>									
PERSONNEL SERVICES	380,642,224	371,613,079	97.6	97.8	96.4	94.2	0	9,029,145	2.4
EMPLOYEE BENEFITS	107,797,482	102,198,563	94.8	94.5	99.6	99.6	0	5,598,919	5.2
CONTRACTUAL SERVICES	49,256,270	49,212,262	99.9	91.3	93.6	82.1	0	44,008	0.1
SUPPLIES, MATERIALS, PARTS	12,979,039	12,953,898	99.8	95.7	89.3	86.2	0	25,141	0.2
CURRENT FIXED CHARGES	8,539,295	7,330,875	85.8	99.3	95.5	83.4	0	1,208,420	14.2
COMMUNICATIONS AND UTILITIES	18,778,767	17,598,470	93.7	89.4	86.1	86.5	0	1,180,297	6.3
TRAVEL	5,303,243	4,959,374	93.5	99.2	91.8	82.5	0	343,869	6.5
STUDENT AID AND MISCELLANEOUS	38,688,019	28,964,970	74.9	80.2	85.8	71.7	0	9,723,049	25.1
TRANSFERS-INTRAFUND	20,325,154	3,250	0.0	0.0	1.5	0.0	0	20,321,904	100.0
TRANSFERS TO OTHER FUNDS	32,068,505	31,381,577	97.9	99.3	100.0	100.0	0	686,928	2.1
CONTINGENCIES	9,119,575	0	0.0	9.1	48.9	26.2	0	9,119,575	
TOTAL OPERATIONAL	683,497,573	626,216,318	91.6	90.2	95.2	89.8	0	57,281,255	8.4

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 12-13	Percent Recognized 11-12	Percent Recognized 10-11	Percent Recognized 09-10	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	396,192,808	391,032,660	98.7	98.6	98.6	99.0	391,032,660	-5,160,148	Projected, see (a)
STATE AID	8,315,700	8,315,700	100.0	100.0	100.0	88.7	8,315,700	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	7,820,310	7,935,908	101.5	102.2	101.8	99.6	7,935,908	115,598	Based on budget
GENERAL TUITION	206,672,636	191,459,511	92.6	94.3	106.4	105.5	191,459,511	-15,213,125	Based on budget
OUT-OF-STATE TUITION	17,107,990	15,268,642	89.2	141.1	102.0	96.9	15,268,642	-1,839,348	Based on budget
OUT-OF-COUNTY TUITION	350,507	345,679	98.6	95.7	74.3	111.0	345,679	-4,828	Based on budget
OTHER FEES AND CHARGES	6,092,260	6,014,254	98.7	101.2	106.8	101.7	6,014,254	-78,006	Based on budget
INVESTMENT INCOME	505,000	707,664	140.1	217.2	154.6	24.7	707,664	202,664	Based on budget
MISCELLANEOUS AND OTHER	4,774,014	4,929,162	103.2	106.9	159.2	229.7	4,929,162	155,148	Based on budget
TRANSFERS IN	0	5,400,507	N/A	0.0	0.0	0.0	5,400,507	5,400,507	Based on budget
COLLEGE CARRYFORWARD	35,666,348	35,666,348	100.0	100.0	100.0	100.0	35,666,348	0	Based on budget
TOTAL	683,497,573	667,076,035	97.6	98.5	101.4	99.8	667,076,035	-16,421,538	

FINANCIAL CONDITION ANALYSIS

Less college carry forward	-35,666,348	
Total revenues	631,409,687	
Less total expenditures (c)	-626,216,318	% of Revenues
Increase / (decrease) in fund balance	5,193,369	
Beginning fund balance (audited)	154,787,374	
Ending fund balance 6/30/13 (unaudited)	159,980,743	25%
Less designations for future operations		
3.5% college carry forward	19,820,000	
Enrollment Growth Funding	0	
Additional allocations	20,343,000	
Total budgeted designations:	40,163,000	
Operating costs (impact of capital development)	6,445,000	
Total other designations:	46,608,000	
Less minimum financial condition measure (d)	50,512,775	8%
Less minimum financial condition measure for future years	5,909,264	
Less allowance for student bad debt	3,000,000	
Less priority initiatives (SSE, SSI, Corporate College, Safety, etc.)	6,000,000	
Less capital master planning	5,000,000	
Less reserves for potential claims/contingency	22,564,168	
Less FY11-12 Enrollment Growth Hold Harmless	5,231,150	
Less enrollment growth/retention	10,462,300	
Undesignated balance	4,693,086	

(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 an increase in part time wages in FY13 compared to FY12.
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services. Decrease in the budgeted amount coupled with an increase in the amount expended results in a higher 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. Decrease in percentage recognized is due to fewer transfers to other funds in FY 13 than in FY 12 for priority initiatives.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Decrease in percentage recognized is due to fewer transfers to other funds in FY 13 than in FY 12 for priority initiatives.
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. Increase in percent recognized is due to an increase in professional services related to the student helpdesk for SIS as well as IGA for dual enrollment at CGCC and RSC.
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. Decrease in percent recognized is due to a decrease in legal fees.
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. The budgeted amount increased at a greater rate than the amount expended resulting in a decrease in the percent recognized year to date.

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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. The budgeted amount increased at a greater rate than the amount expended resulting in a decrease in the percent recognized year to date.
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. 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. 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 percentage recognized is due to an increase in the budget amount coupled with a decrease in revenue received.
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. 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. The decrease in percent recognized is due to market values remaining stable in the current year compared to the increase in the fair market value in the prior year.
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.
Transfers In	Transfers from other funds to support operations. Transfers in FY13 are intended to support Seamless Student Experience.
College Carryforward	Includes funds to allow colleges and district office to carry forward 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.