

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 12/8/15
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Twelve Months Ending 6/30/2015
FINAL – Unaudited

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$655.4M (year to date)

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 84.7% of expenditures were recognized this year (versus 89.5% in 13/14, 91.6% in 12/13, and 90.2% in 11/12).
- 15.3% of the budget remained unexpended or unencumbered at year end (versus 10.5% in 13/14, 8.4% in 12/13, and 9.8% in 11/12).
- Overall percent of budget recognized or encumbered is lower than in prior years due to increases in budget allocated to activities or programs which are newer to MCCCCD that are taking additional time for hiring and other activities to take place.

Revenue Summary: \$658.5M (year to date)

- 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.
- 95.4% of the budgeted revenue was recognized this year (versus 96.2% in 13/14, 97.5% in 12/13, and 98.4% in 11/12).

Fund Balance and Financial Stability Requirements

- The General Fund balance increased by ~\$3.1M (from \$164.1M to \$167.2M) in FY 14-15.
- MCCCCD is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$52.7M. The remaining fund balance of \$114.5M 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 an undesignated balance of \$3.0M.
- 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.

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
 June 2015 FINAL

EXPENDITURE ANALYSIS

<u>By Function:</u>	<u>Budget (a)</u>	<u>Amount Expended</u>	<u>Percent Expended 14-15</u>	<u>Percent Expended 13-14</u>	<u>Percent Expended 12-13</u>	<u>Percent Expended 11-12</u>	<u>Amount Encumbered</u>	<u>Unencumbered Balance Available</u>	<u>Percent of Budget Available</u>
INSTRUCTION	306,267,301	289,676,349	94.6	94.7	93.9	91.7	0	16,590,952	5.4
PUBLIC SERVICE	2,513,616	2,467,443	98.2	99.6	99.9	98.4	0	46,173	1.8
ACADEMIC SUPPORT	82,242,508	75,281,020	91.5	90.9	90.5	83.2	0	6,961,488	8.5
STUDENT SERVICES	80,262,198	72,208,928	90.0	90.7	89.2	102.2	0	8,053,270	10.0
GENERAL INSTITUTIONAL	83,223,644	73,410,974	88.2	86.4	94.3	111.7	0	9,812,670	11.8
ADMINISTRATION	67,453,973	63,511,302	94.2	96.8	94.5	90.1	0	3,942,671	5.8
PHYSICAL PLANT	66,851,460	62,926,760	94.1	94.6	99.7	98.6	0	3,924,700	5.9
SCHOLARSHIPS	19,296,950	15,924,232	82.5	82.9	88.1	90.3	0	3,372,718	17.5
CONTINGENCIES	66,025,282	0	0.0	0.0	0.0	6.0	0	66,025,282	
TOTAL OPERATIONAL	774,136,932	655,407,008	84.7	89.5	91.6	90.2	0	118,729,924	15.3
<u>By Object:</u>									
PERSONNEL SERVICES	386,507,603	379,057,858	98.1	97.5	97.6	97.8	0	7,449,745	1.9
EMPLOYEE BENEFITS	114,153,965	113,429,418	99.4	97.4	94.8	94.5	0	724,546	0.6
CONTRACTUAL SERVICES	62,897,733	58,366,009	92.8	95.1	99.9	91.3	0	4,531,724	7.2
SUPPLIES, MATERIALS, PARTS	11,215,393	9,994,050	89.1	92.9	99.8	95.7	0	1,221,343	10.9
CURRENT FIXED CHARGES	8,935,420	8,115,518	90.8	94.2	85.8	99.3	0	819,903	9.2
COMMUNICATIONS AND UTILITIES	21,389,679	17,136,873	80.1	84.9	93.7	89.4	0	4,252,806	19.9
TRAVEL	5,486,010	5,281,086	96.3	95.7	93.5	99.2	0	204,924	3.7
STUDENT AID AND MISCELLANEOUS	35,751,592	22,925,787	64.1	82.3	74.9	80.2	0	12,825,804	35.9
TRANSFERS-INTRAFUND	34,066,365	0	0.0	2.2	0.0	0.0	0	34,066,365	100.0
TRANSFERS TO OTHER FUNDS	37,707,890	41,100,409	109.0	82.1	97.9	99.3	0	-3,392,518	(9.0)
CONTINGENCIES	56,025,282	0	0.0	0.0	0.0	9.1	0	56,025,282	
TOTAL OPERATIONAL	774,136,932	655,407,008	84.7	89.5	91.6	90.2	0	118,729,924	15.3

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 14-15	Percent Recognized 13-14	Percent Recognized 12-13	Percent Recognized 11-12	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	429,857,856	425,474,718	99.0	99.2	98.7	98.6	425,474,718	-4,383,138	Projected, see (a)
STATE AID	7,409,500	7,409,500	100.0	100.0	100.0	100.0	7,409,500	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	8,711,228	8,653,750	99.3	99.9	101.5	102.2	8,653,750	-57,478	Based on budget
GENERAL TUITION	220,669,827	193,352,384	87.6	90.1	92.6	94.3	193,352,384	-27,317,443	Based on budget
OUT-OF-STATE TUITION	15,160,431	14,901,491	98.3	93.8	89.2	141.1	14,901,491	-258,940	Based on budget
OUT-OF-COUNTY TUITION	291,528	310,933	106.7	104.0	98.6	95.7	310,933	19,405	Based on budget
OTHER FEES AND CHARGES	5,014,770	5,320,197	106.1	98.3	98.7	101.2	5,320,197	305,427	Based on budget
INVESTMENT INCOME	505,000	817,529	161.9	165.5	140.1	217.2	817,529	312,529	Based on budget
MISCELLANEOUS AND OTHER	2,895,577	2,276,905	78.6	82.5	103.2	106.9	2,276,905	-618,672	Based on budget
SUBTOTAL REVENUES	690,515,717	658,517,407	95.4	96.2	97.5	98.4	658,517,407	-31,998,310	
BUDGETED USE OF FUND BALANCE	83,621,215	0	0.0	100.0	100.0	100.0	83,621,215	0	Based on budget
TOTAL SOURCES	774,136,932	658,517,407	85.1	96.4	97.6	98.5	742,138,622	-31,998,310	

FINANCIAL CONDITION ANALYSIS

Total revenues	658,517,407	
Less total expenditures (c)	-655,407,008	
Increase in fund balance	3,110,399	% of Projected Revenues
Beginning fund balance (audited)	164,071,347	
Ending fund balance 6/30/15 (unaudited)	167,181,746	25%
Less designations for future operations		
3.5% college carry forward	14,610,790	
Additional allocations	26,045,012	
Total budgeted designations:	40,655,802	
Less minimum financial condition measure (d)	52,681,393	8%
Less minimum financial condition measure for future years	8,798,500	
Less allowance for student bad debt	3,000,000	
Less priority initiatives (SSE, SSI, Corporate College, ITS, etc.)	24,696,664	
Less capital master planning	5,000,000	
Less reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	10,462,300	
Undesignated balance	3,038,569	

(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.

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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. 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. 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.
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. Decrease in percent recognized is due to lower than budgeted expenses for judgements/third-party claims and student bad debt.
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. Increase in percent recognized is due to actual transfers to the plant funds and auxiliary fund for college specific and system-wide future priority needs (i.,e., student success initiatives, IT initiatives, etc.).
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 variance is due to anticipated actual collections. 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. The budget for General Tuition is essentially based on anticipated FTSE for the fiscal year and tuition & fee rates. Estimated actual FTSE is tracked throughout the year and General Fund Tuition revenue is adjusted in the Spring to reflect estimated actual FTSE for the year. For FY15 as of January 2015, this amounts to a reduction of projected revenues of \$23,000,000. Note, however, the difference in revenues between the budgeted FTSE level and estimated actual is budgeted as a reserve expenditure allocation line that is only allocated if the tuition revenue materializes. Therefore, since the anticipated growth did not occur and the tuition was not realized, there is no expected negative financial impact. 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. Percent recognized is consistent with prior year.
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. Increase in percent recognized is due to the primary revenue type (registration) being more closely aligned with the amount budgeted in the current year over the 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.
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.