

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 12/13/16
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Five Months Ending 11/30/2016

Ms. Gaye Murphy
 Ms. Kim Granio

Expenditure Summary: \$250.4M (year to date); projected expenditure at year end: \$682.3M

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 34.1% of expenditures have been recognized year to date (versus 34.5% in 15/16, 32.3% in 14/15, and 36.4% in 13/14).
- 30.0% of the budget remains unexpended or unencumbered (versus 28.4% in 15/16, 34.9% in 14/15, and 30.2% in 13/14).

Revenue Summary: \$390.7M (year to date); projected revenue at year end: \$685.5M

- 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.
- 56.7% of the budgeted revenue has been recognized year to date (versus 55.5% in 15/16, 55.4% in 14/15, and 56.8% in 13/14).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$3.2M (from \$171.5M to \$174.7M) 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 \$54.8M. The remaining fund balance of \$119.9M 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 \$0.9M.
- 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 11/30/16 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
 November 2016

EXPENDITURE ANALYSIS

By Function:	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	289,241,608	113,042,324	39.1	37.4	38.5	41.0	104,399,174	71,800,110	24.8
PUBLIC SERVICE	4,053,309	1,492,714	36.8	35.5	39.4	41.6	2,198,364	362,231	8.9
ACADEMIC SUPPORT	83,447,082	29,316,977	35.1	38.0	39.0	40.1	32,940,195	21,189,910	25.4
STUDENT SERVICES	81,491,185	27,735,395	34.0	34.9	40.0	40.5	30,295,789	23,460,001	28.8
INSTITUTIONAL SUPPORT	150,950,922	48,996,159	32.5	34.0	25.8	29.8	55,944,032	46,010,731	30.5
OPERATION/MAINTENANCE OF PLANT	61,052,655	23,137,679	37.9	37.5	40.0	42.8	37,045,873	869,103	1.4
STUDENT FINANCIAL ASSISTANCE	19,891,621	6,661,926	33.5	30.0	33.2	35.0	10,757	13,218,938	66.5
CONTINGENCIES	43,526,890	0	0.0	0.0	0.0	0.0	0	43,526,890	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>250,383,174</u>	34.1	34.5	32.3	36.4	<u>262,834,184</u>	<u>220,437,914</u>	30.0
By Account:									
PERSONNEL SERVICES	393,081,378	144,918,724	36.9	37.7	38.2	39.6	177,875,719	70,286,935	17.9
EMPLOYEE BENEFITS	118,170,278	43,712,067	37.0	38.4	37.3	38.7	36,901,047	37,557,164	31.8
CONTRACTUAL SERVICES	53,401,542	25,154,850	47.1	44.4	40.6	56.8	26,226,110	2,020,582	3.8
SUPPLIES, MATERIALS, PARTS	9,955,088	3,466,798	34.8	45.3	34.0	40.5	2,464,878	4,023,412	40.4
CURRENT FIXED CHARGES	9,109,967	5,485,601	60.2	77.1	68.5	68.0	2,251,672	1,372,693	15.1
COMMUNICATIONS AND UTILITIES	21,303,723	5,681,351	26.7	27.3	31.9	37.9	15,339,793	282,579	1.3
TRAVEL	3,665,154	1,518,461	41.4	56.5	49.2	44.6	856,757	1,289,936	35.2
STUDENT AID AND MISCELLANEOUS	30,230,249	9,074,559	30.0	22.1	21.7	22.5	920,217	20,235,473	66.9
TRANSFERS-INTRAFUND	34,316,231	0	0.0	0.0	0.0	0.0	-2,009	34,318,241	100.0
TRANSFERS TO OTHER FUNDS	26,894,772	11,370,763	42.3	39.0	47.0	50.3	0	15,524,009	57.7
CONTINGENCIES	33,526,890	0	0.0	0.0	0.0	0.0	0	33,526,890	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>250,383,174</u>	34.1	34.5	32.3	36.4	<u>262,834,184</u>	<u>220,437,914</u>	30.0

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 November 2016

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	234,884,498	52.5	52.2	51.3	51.9	443,296,378	-3,916,502	Projected, see (a)
STATE AID	0	0	0.0	0.0	50.0	50.0	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	135,121,022	64.3	60.8	61.7	65.1	210,067,384	0	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	12,013,430	79.2	80.7	84.0	80.7	15,160,346	0	Based on budget
OUT-OF-COUNTY TUITION	281,790	24,474	8.7	13.7	27.6	10.1	281,790	0	Based on budget
OTHER FEES AND CHARGES	4,593,128	3,156,576	68.7	69.7	65.9	61.8	4,593,128	0	Based on budget
INVESTMENT INCOME	505,000	-63,991	-12.7	23.3	60.2	86.6	505,000	0	Based on budget
MISCELLANEOUS AND OTHER	2,540,588	1,032,365	40.6	33.5	47.1	34.3	2,540,588	0	Based on budget
SUBTOTAL REVENUES	689,453,580	390,689,570	56.7	55.5	55.4	56.8	685,537,078	-3,916,502	
BUDGETED USE OF FUND BALANCE	44,201,692	0	0.0	0.0	100.0	100.0	44,201,692	0	Based on budget
TOTAL SOURCES	733,655,272	390,689,570	53.3	52.3	52.5	45.9	729,738,770	-3,916,502	

FINANCIAL CONDITION ANALYSIS

Total projected revenues	685,537,078	
Less total projected expenditures (c)	-682,299,403	
Projected increase / (decrease) in fund balance	3,237,675	% of Projected Revenues
Projected Beginning fund balance (unaudited)	171,486,824	
Projected ending fund balance 6/30/17	174,724,499	25%
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)	54,842,966	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 reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	17,062,300	
Projected undesignated balance	923,551	

(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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FUND 1 - CURRENT UNRESTRICTED FUND
November 2016

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.
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. 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 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; however, the current percent recognized is consistent with FY15.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Decrease in percent recognized is primarily due to timing issues when invoices for insurance premiums are received and paid as well as coding issues for these expenditures in FY 16.
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.
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 a decrease in budgeted amounts for Contingency, Carryforward, and Institutional Scholarships while actual expenditures for Institutional Scholarships increased year over year.
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 FY 17.
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. 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. 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. The variance in percent recognized is due to a timing difference of when waivers were posted to student accounts.
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. Increase in percent recognized is due to a timing difference in receiving the Procard rebate.
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.