

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

Governing Board Agenda
 ITEM NUMBER

Meeting Date: 10/27/15
 RESPONSIBLE AGENTS

ITEM TITLE
 Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Three Months Ending 9/30/2015

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$128.2M (year to date); projected expenditure at year end: \$680.6M

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 17.5% of expenditures have been recognized year to date (versus 16.8% in 14/15, 19.3% in 13/14, and 19.3% in 12/13).
- 35.8% of the budget remains unexpended or unencumbered (versus 39.6% in 14/15, 36.0% in 13/14, and 36.5% in 12/13).

Revenue Summary: \$143.7M (year to date); projected revenue at year end: \$685.0M

- 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.
- 20.9% of the budgeted revenue has been recognized year to date (versus 20.3% in 14/15, 21.4% in 13/14, and 22.7% in 12/13).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$4.4M (from \$168.9M to \$173.3M) in FY 15/16.
- 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 \$118.5M 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.
- 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
 September 2015

EXPENDITURE ANALYSIS

<u>By Function:</u>	Budget (a)	Amount Expended	Percent Expended 15-16	Percent Expended 14-15	Percent Expended 13-14	Percent Expended 12-13	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	307,001,858	54,197,521	17.7	18.1	19.8	19.5	152,866,051	99,938,286	32.6
PUBLIC SERVICE	3,013,132	524,756	17.4	20.8	21.8	20.6	1,629,254	859,123	28.5
ACADEMIC SUPPORT	76,517,459	14,966,498	19.6	21.3	21.8	21.1	40,639,073	20,911,888	27.3
STUDENT SERVICES	75,102,661	13,493,163	18.0	22.2	22.3	20.0	38,895,691	22,713,807	30.2
INSTITUTIONAL SUPPORT	148,640,224	27,547,720	18.5	14.5	16.9	16.3	67,738,311	53,354,192	35.9
OPERATION/MAINTENANCE OF PLANT	63,497,336	12,766,309	20.1	21.8	23.7	24.5	39,548,396	11,182,631	17.6
STUDENT FINANCIAL ASSISTANCE	21,570,720	4,706,652	21.8	27.6	30.3	31.2	14,651	16,849,417	78.1
CONTINGENCIES	35,716,500	5,558	0.0	0.0	0.0	0.0	0	35,710,942	
TOTAL OPERATIONAL	<u>731,059,890</u>	<u>128,208,177</u>	17.5	16.8	19.3	19.3	<u>341,331,427</u>	<u>261,520,286</u>	35.8
<u>By Account:</u>									
PERSONNEL SERVICES	381,491,974	66,064,075	17.3	17.3	18.6	19.1	240,037,809	75,390,090	19.8
EMPLOYEE BENEFITS	115,061,662	22,012,701	19.1	19.4	19.5	19.0	45,892,884	47,156,077	41.0
CONTRACTUAL SERVICES	53,854,607	15,021,652	27.9	22.2	35.1	26.2	28,271,284	10,561,671	19.6
SUPPLIES, MATERIALS, PARTS	10,906,284	2,531,325	23.2	20.7	24.4	21.8	8,685,902	-310,943	(2.9)
CURRENT FIXED CHARGES	8,992,646	2,847,479	31.7	39.7	39.2	27.9	2,844,398	3,300,769	36.7
COMMUNICATIONS AND UTILITIES	22,676,063	3,487,356	15.4	17.7	20.8	21.6	12,868,291	6,320,416	27.9
TRAVEL	3,347,507	732,183	21.9	26.1	23.7	26.9	1,665,795	949,529	28.4
STUDENT AID AND MISCELLANEOUS	40,962,325	6,328,647	15.4	18.7	16.8	16.7	1,056,822	33,576,856	82.0
TRANSFERS-INTRAFUND	41,849,427	1,558	0.0	0.0	0.0	0.0	8,242	41,839,627	100.0
TRANSFERS TO OTHER FUNDS	26,200,895	9,175,643	35.0	47.6	48.0	77.5	0	17,025,252	65.0
CONTINGENCIES	25,716,500	5,558	0.0	0.0	0.0	0.0	0	25,710,942	
TOTAL OPERATIONAL	<u>731,059,890</u>	<u>128,208,177</u>	17.5	16.8	19.3	19.3	<u>341,331,427</u>	<u>261,520,286</u>	35.8

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 15-16	Percent Recognized 14-15	Percent Recognized 13-14	Percent Recognized 12-13	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	437,227,709	43,278,505	9.9	8.9	8.7	8.5	433,311,207	-3,916,502	Projected, see (a)
STATE AID	0	-1,654	0.0	25.0	25.0	25.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,575,128	0	0.0	0.0	0.0	0.0	9,575,128	0	Based on budget
GENERAL TUITION	218,855,940	89,678,407	41.0	41.3	43.6	45.2	218,855,940	0	Based on budget
OUT-OF-STATE TUITION	15,160,431	8,277,126	54.6	46.2	54.1	53.7	15,160,431	0	Based on budget
OUT-OF-COUNTY TUITION	246,215	9,313	3.8	5.4	2.7	2.5	246,215	0	Based on budget
OTHER FEES AND CHARGES	4,593,131	2,186,358	47.6	45.6	43.2	43.7	4,593,131	0	Based on budget
INVESTMENT INCOME	505,000	299,444	59.3	14.2	49.0	54.4	505,000	0	Based on budget
MISCELLANEOUS AND OTHER	2,750,654	-31,429	-1.1	1.2	8.2	9.3	2,750,654	0	Based on budget
SUBTOTAL REVENUES	688,914,208	143,696,070	20.9	20.3	21.4	22.7	684,997,706	-3,916,502	
BUDGETED USE OF FUND BALANCE	42,145,682	0	0.0				42,145,682	0	Based on budget
TOTAL SOURCES	731,059,890	143,696,070	19.7	28.9	26.3	26.7	727,143,388	-3,916,502	

FINANCIAL CONDITION ANALYSIS

Total projected revenues	684,997,706	
Less total projected expenditures (c)	-680,616,758	
Projected increase / (decrease) in fund balance	4,380,948	% of Projected Revenues
Beginning fund balance (audited)	168,939,447	
Projected ending fund balance 6/30/15	173,320,396	25%
Less projected designations for future operations		
3.5% college carry forward	20,689,757	
Additional allocations	22,367,935	
Total budgeted designations:	43,057,692	
Less minimum financial condition measure (d)	54,799,816	8%
Less minimum financial condition measure for future years	8,778,094	
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	
Projected undesignated balance	4,677,312	

(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
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
September 2015

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. In prior years, this had been split into two functions: General Institutional and Administration. 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, honors awards and employee waivers. Decrease in percent recognized is due to the budget increasing while the expenditures decreased slightly.
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. Minor coding issues have been noted in the new Financial Management System and are being investigated and corrected.

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. Increase in percent recognized is due to a timing difference of payments for copy services in FY 15.
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 timing difference of payments for Accident Insurance.
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.

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
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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. Percent recognized is consistent with prior 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 16. Minor coding issues have been noted in the new Financial Management System and are being investigated and corrected.
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. Decrease in percent recognized is due to a timing difference in recording scheduled transfers.
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. Minor coding issues have been noted in the new Financial Management System and are being investigated and corrected.
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. Minor coding issues have been noted in the new Financial Management System and are being investigated and corrected.
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. Increase in percent recognized is due to a timing difference in posting Rio's employer based contract activity.
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.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Minor coding issues have been noted in the new Financial Management System and are being investigated and corrected.
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.