

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

Governing Board Agenda

Meeting Date: 10/25/16

ITEM NUMBER

ITEM TITLE

RESPONSIBLE AGENTS

Budget Analysis Report
Fund 1: General Unrestricted Fund
For the Three Months Ending 9/30/2016

Ms. Gaye Murphy

Ms. Kim Granio

Expenditure Summary: \$146.8M (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.
- 20.0% of expenditures have been recognized year to date (versus 17.5% in 15/16, 16.8% in 14/15, and 19.3% in 13/14).
- 35.2% of the budget remains unexpended or unencumbered (versus 35.8% in 15/16, 39.6% in 14/15, and 36.0% in 13/14).

Revenue Summary: \$127.8M (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.
- 18.5% of the budgeted revenue has been recognized year to date (versus 20.9% in 15/16, 20.3% in 14/15, and 21.4% 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 9/30/16 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
Source:	Chancellor _____
Account Identification:	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
September 2016

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	285,970,849	64,017,467	22.4	17.7	18.1	19.8	140,709,093	81,244,287	28.4
PUBLIC SERVICE	2,918,544	721,968	24.7	17.4	20.8	21.8	2,617,566	-420,990	(14.4)
ACADEMIC SUPPORT	86,217,427	17,086,788	19.8	19.6	21.3	21.8	41,106,453	28,024,186	32.5
STUDENT SERVICES	81,215,392	16,758,109	20.6	18.0	22.2	22.3	35,173,259	29,284,025	36.1
INSTITUTIONAL SUPPORT	150,376,702	30,135,430	20.0	18.5	14.5	16.9	64,294,655	55,946,617	37.2
OPERATION/MAINTENANCE OF PLANT	60,670,251	12,810,699	21.1	20.1	21.8	23.7	44,339,269	3,520,283	5.8
STUDENT FINANCIAL ASSISTANCE	19,891,411	5,289,993	26.6	21.8	27.6	30.3	7,300	14,594,118	73.4
CONTINGENCIES	46,394,696	0	0.0	0.0	0.0	0.0	0	46,394,696	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>146,820,454</u>	20.0	17.5	16.8	19.3	<u>328,247,595</u>	<u>258,587,222</u>	35.2
<u>By Account:</u>									
PERSONNEL SERVICES	394,589,687	81,376,575	20.6	17.3	17.3	18.6	230,214,301	82,998,810	21.0
EMPLOYEE BENEFITS	118,164,587	24,537,357	20.8	19.1	19.4	19.5	46,795,605	46,831,625	39.6
CONTRACTUAL SERVICES	53,048,419	13,481,541	25.4	27.9	22.2	35.1	26,189,193	13,377,685	25.2
SUPPLIES, MATERIALS, PARTS	9,968,097	1,851,029	18.6	23.2	20.7	24.4	2,972,654	5,144,414	51.6
CURRENT FIXED CHARGES	9,088,536	4,857,587	53.4	31.7	39.7	39.2	2,058,738	2,172,211	23.9
COMMUNICATIONS AND UTILITIES	21,304,493	2,614,411	12.3	15.4	17.7	20.8	18,428,898	261,184	1.2
TRAVEL	3,604,168	643,994	17.9	21.9	26.1	23.7	863,303	2,096,871	58.2
STUDENT AID AND MISCELLANEOUS	29,780,684	7,099,695	23.8	15.4	18.7	16.8	726,912	21,954,077	73.7
TRANSFERS-INTRAFUND	31,100,342	0	0.0	0.0	0.0	0.0	-2,009	31,102,351	100.0
TRANSFERS TO OTHER FUNDS	26,611,563	10,358,265	38.9	35.0	47.6	48.0	0	16,253,298	61.1
CONTINGENCIES	36,394,696	0	0.0	0.0	0.0	0.0	0	36,394,696	
TOTAL OPERATIONAL	<u>733,655,272</u>	<u>146,820,454</u>	20.0	17.5	16.8	19.3	<u>328,247,595</u>	<u>258,587,222</u>	35.2

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
September 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	29,239,844	6.5	9.9	8.9	8.7	443,296,378	-3,916,502	Projected, see (a)
STATE AID	0	0	0.0	0.0	25.0	25.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,092,464	0	0.0	0.0	0.0	0.0	9,092,464	0	Based on budget
GENERAL TUITION	210,067,384	88,936,576	42.3	41.0	41.3	43.6	210,067,384	0	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	7,338,021	48.4	54.6	46.2	54.1	15,160,346	0	Based on budget
OUT-OF-COUNTY TUITION	281,790	-846	-0.3	3.8	5.4	2.7	281,790	0	Based on budget
OTHER FEES AND CHARGES	4,593,128	2,126,251	46.3	47.6	45.6	43.2	4,593,128	0	Based on budget
INVESTMENT INCOME	505,000	120,425	23.8	59.3	14.2	49.0	505,000	0	Based on budget
MISCELLANEOUS AND OTHER	2,540,588	87,248	3.4	-1.1	1.2	8.2	2,540,588	0	Based on budget
SUBTOTAL REVENUES	689,453,580	127,847,519	18.5	20.9	20.3	21.4	685,537,078	-3,916,502	
BUDGETED USE OF FUND BALANCE	44,201,692	0	0.0	100.0	100.0	100.0	44,201,692	0	Based on budget
TOTAL SOURCES	733,655,272	127,847,519	17.4	19.7	28.9	26.3	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
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 September 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. Increase in percent recognized is due to salary expenditures that were coded to the incorrect function. These will be corrected in October 2016. With this correction, year-to-date activity is consistent with prior years.
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. Percent recognized is consistent with prior year.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Increase in percent recognized is primarily due to timing issues in when invoices for insurance premiums are received and paid as well as coding issues that occurred for these expenditures in FY15.
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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 September 2016

Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Percent recognized is consistent with prior year.
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. Decrease in percent recognized is due to a decrease in out of state tuition activity, while the budget remained consistent from year to 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 amount reflected in the recognized revenue is due to a timing difference.
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.