

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

Governing Board Agenda  
 ITEM NUMBER

Meeting Date: 11/28/17  
 RESPONSIBLE AGENTS

ITEM TITLE  
 Budget Analysis Report  
 Fund 1: General Unrestricted Fund  
 For the Twelve Months Ending 6/30/2017  
**FINAL - Unaudited**

Expenditure Summary: \$655.0M (year to date)

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 89.3% of expenditures have been recognized year to date (versus 89.3% in 15/16, 84.7% in 14/15, and 89.5% in 13/14).
- 10.7% of the budget remains unexpended or unencumbered (versus 10.7% in 15/16, 15.3% in 14/15, and 10.5% in 13/14).

Revenue Summary: \$659.3M (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.
- 95.6% of the budgeted revenue has been recognized year to date (versus 95.7% in 15/16, 95.4% in 14/15, and 96.2% in 13/14).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by ~\$4.3M (from \$173.6M to \$177.9M) 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 \$52.7M. The remaining fund balance of \$125.2M 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 \$2.2M.
- 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 6/30/17 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 &amp; Student Affairs _____</p> <p>Business Services _____</p> <p>Human Resources _____ ITS _____</p> <p>Res Dev &amp; Com Relations _____</p> <p>College President _____</p>

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
 BUDGET ANALYSIS REPORT  
 FUND 1 - CURRENT UNRESTRICTED FUND  
 June 2017  
 FINAL

**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	294,320,865	274,493,287	93.3	90.0	94.6	94.7	0	19,827,578	6.7
PUBLIC SERVICE	4,338,863	4,264,439	98.3	97.9	98.2	99.6	0	74,423	1.7
ACADEMIC SUPPORT	82,372,760	73,781,417	89.6	93.0	91.5	90.9	0	8,591,343	10.4
STUDENT SERVICES	81,185,532	70,426,814	86.7	95.6	90.0	90.7	0	10,758,718	13.3
INSTITUTIONAL SUPPORT	152,032,022	139,434,628	91.7	86.4	90.9	90.6	0	12,597,394	8.3
OPERATION/MAINTENANCE OF PLANT	77,332,034	76,902,938	99.4	96.2	94.1	94.6	0	429,096	0.6
STUDENT FINANCIAL ASSISTANCE	17,537,821	15,721,678	89.6	80.8	82.5	82.9	0	1,816,144	10.4
CONTINGENCIES	24,535,375	0	0.0	0.0	0.0	0.0	0	24,535,375	
<b>TOTAL OPERATIONAL</b>	<b><u>733,655,272</u></b>	<b><u>655,025,201</u></b>	<b>89.3</b>	<b>89.3</b>	<b>84.7</b>	<b>89.5</b>	<b><u>0</u></b>	<b><u>78,630,071</u></b>	<b>10.7</b>
<b><u>By Account:</u></b>									
PERSONNEL SERVICES	385,323,765	374,071,882	97.1	97.1	98.1	97.5	0	11,251,883	2.9
EMPLOYEE BENEFITS	117,053,907	112,864,116	96.4	99.4	99.4	97.4	0	4,189,792	3.6
CONTRACTUAL SERVICES	64,520,286	63,958,473	99.1	100.0	92.8	95.1	0	561,812	0.9
SUPPLIES, MATERIALS, PARTS	10,168,602	8,787,900	86.4	94.2	89.1	92.9	0	1,380,702	13.6
CURRENT FIXED CHARGES	9,182,653	8,819,494	96.0	100.0	90.8	94.2	0	363,159	4.0
COMMUNICATIONS AND UTILITIES	21,017,579	16,975,446	80.8	78.9	80.1	84.9	0	4,042,133	19.2
TRAVEL	5,131,373	4,879,026	95.1	99.9	96.3	95.7	0	252,346	4.9
STUDENT AID AND MISCELLANEOUS	30,402,705	29,991,137	98.6	62.6	64.1	82.3	0	411,569	1.4
TRANSFERS-INTRAFUND	30,280,639	0	0.0	0.0	0.0	2.2	0	30,280,639	100.0
TRANSFERS TO OTHER FUNDS	36,038,388	34,677,727	96.2	100.0	109.0	82.1	0	1,360,661	3.8
CONTINGENCIES	24,535,375	0	0.0	0.0	0.0	0.0	0	24,535,375	
<b>TOTAL OPERATIONAL</b>	<b><u>733,655,272</u></b>	<b><u>655,025,201</u></b>	<b>89.3</b>	<b>89.3</b>	<b>84.7</b>	<b>89.5</b>	<b><u>0</u></b>	<b><u>78,630,071</u></b>	<b>10.7</b>

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT  
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REVENUE ANALYSIS ( a )	Budget ( b )	Recognized	Percent Recognized 16-17	Percent Recognized 15-16	Percent Recognized 14-15	Percent Recognized 13-14	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	447,212,880	444,234,119	99.3	99.8	99.0	99.2	444,234,119	-2,978,761	Projected, see (a)
STATE AID	0	0	0.0	0.0	100.0	100.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,092,464	9,042,392	99.4	98.8	99.3	99.9	9,042,392	-50,072	Based on budget
GENERAL TUITION	210,067,384	186,297,056	88.7	85.9	87.6	90.1	186,297,056	-23,770,328	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	11,625,036	76.7	108.8	98.3	93.8	11,625,036	-3,535,310	Based on budget
OUT-OF-COUNTY TUITION	281,790	283,193	100.5	96.6	106.7	104.0	283,193	1,403	Based on budget
OTHER FEES AND CHARGES	4,593,128	5,018,056	109.3	112.5	106.1	98.3	5,018,056	424,928	Based on budget
INVESTMENT INCOME	505,000	1,031,417	204.2	287.1	161.9	165.5	1,031,417	526,417	Based on budget
MISCELLANEOUS AND OTHER	2,540,588	1,798,136	70.8	70.2	78.6	82.5	1,798,136	-742,452	Based on budget
<b>SUBTOTAL REVENUES</b>	<b>689,453,580</b>	<b>659,329,405</b>	<b>95.6</b>	<b>95.7</b>	<b>95.4</b>	<b>96.2</b>	<b>659,329,405</b>	<b>-30,124,175</b>	
BUDGETED USE OF FUND BALANCE	44,201,692	0	0.0	0.0	100.0	100.0	0	0	Based on budget
<b>TOTAL SOURCES</b>	<b>733,655,272</b>	<b>659,329,405</b>	<b>89.9</b>	<b>90.1</b>	<b>85.1</b>	<b>96.4</b>	<b>659,329,405</b>	<b>-30,124,175</b>	

**FINANCIAL CONDITION ANALYSIS**

Total revenues	659,329,405	
Less total expenditures	-655,025,201	
Increase in fund balance	4,304,204	<b>% of Revenues</b>
Beginning fund balance (audited)	173,637,520	
Ending fund balance 6/30/17 (unaudited)	177,941,724	27%
Less designations for future operations		
3.5% college carry forward	18,684,821	
Additional allocations	18,349,386	
Total budgeted designations:	37,034,207	
Less minimum financial condition measure ( c )	52,746,352	8%
Less minimum financial condition measure for future years	5,078,125	
Less allowance for student bad debt	3,000,000	
Less priority initiatives (Transformation)	31,000,000	
Less capital master planning	5,000,000	
Less life without bond transfers	6,000,000	
Less reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	17,062,300	
Undesignated balance	2,172,222	

(a) See specific revenue analysis by type on page 4

(b) Represents adopted budget, as amended by approved budget transfers.

(c) 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. 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. Decrease in percent recognized is due to coding issues in FY16 related to benefits.
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning. Increase in percent recognized is due to an increase in expenditures for bad debt and judgements.
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. Increase in percent recognized is due to the budgets for academic scholarships and waivers decreasing, while actual expenditures remained consistent with the 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.
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.

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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 the budget decreasing for scholarships, waivers, contingency, and carryforward, while the expenditures increased for construction, bad debt, and judgements.
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 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 timing difference in recording Educational Service Partnership adjustment for FY16.
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.
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.