

MONITORING REPORT
POLICY TYPE: EXECUTIVE BOUNDARIES
POLICY TITLE: FINANCIAL CONDITION

Governing Board Agenda
 ITEM NUMBER

ITEM TITLE

Meeting Date: 10/23/12
 RESPONSIBLE AGENTS

Budget Analysis Report
 Fund 1: General Unrestricted Fund
 For the Twelve Months Ending 6/30/2012
Final - Unaudited

Ms. Debra Thompson
 Ms. Kim Granio

Expenditure Summary: \$617.2M

- 90.2% of expenditures were recognized this year (versus 95.2% in 10/11, 89.8% in 09/10, and 87.3% in 08/09).
- 9.8% of the budget remained unexpended or unencumbered at year end (versus 4.8% in 10/11, 10.2% in 09/10, and 12.7% in 08/09).

Revenue Summary: \$621.7M

- 98.5% of the budget was recognized this year (versus 101.4% in 10/11, 99.8% in 09/10, and 95.6% in 08/09).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by ~\$4.5M (from \$150.3M to \$154.8M) in FY 11-12.
- MCCCDCD is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$49.7M. The remaining fund balance of \$105.1M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, stimulus funds received, allowance for student bad debt, priority initiatives, funding for medical insurance claims loss reserve, master planning, and a projected undesignated balance of \$9.7M.

Items of Particular Interest: Substantial Deviations from Budget or Expectations

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 2012
 Final

EXPENDITURE ANALYSIS

<u>By Function:</u>	<u>Budget (a)</u>	<u>Amount Expended</u>	<u>Percent Expended 11-12</u>	<u>Percent Expended 10-11</u>	<u>Percent Expended 09-10</u>	<u>Percent Expended 08-09</u>	<u>Amount Encumbered</u>	<u>Balance Available</u>	<u>Percent of Budget Available</u>
INSTRUCTION	299,952,340	275,174,687	91.7	96.9	95.5	88.0	0	24,777,653	8.3
PUBLIC SERVICE	2,587,496	2,545,472	98.4	95.8	96.4	81.5	0	42,024	1.6
ACADEMIC SUPPORT	81,829,886	68,118,080	83.2	91.4	84.8	85.2	0	13,711,806	16.8
STUDENT SERVICES	66,792,905	68,240,309	102.2	94.3	95.3	99.5	0	-1,447,404	(2.2)
GENERAL INSTITUTIONAL ADMINISTRATION	58,880,189	65,743,572	111.7	97.6	79.4	74.0	0	-6,863,383	(11.7)
ADMINISTRATION	65,711,191	59,211,302	90.1	90.5	95.4	90.9	0	6,499,889	9.9
PHYSICAL PLANT	61,446,346	60,587,378	98.6	96.3	94.7	97.1	0	858,968	1.4
SCHOLARSHIPS	17,518,775	15,821,337	90.3	92.6	97.5	N/A	0	1,697,438	9.7
CONTINGENCIES	29,259,176	1,745,800	6.0	48.9	26.2	64.0	0	27,513,376	
TOTAL OPERATIONAL	683,978,304	617,187,937	90.2	95.2	89.8	87.3	0	66,790,367	9.8
<u>By Object:</u>									
PERSONNEL SERVICES	362,829,385	354,681,927	97.8	96.4	94.2	94.6	0	8,147,458	2.2
EMPLOYEE BENEFITS	100,623,045	95,064,232	94.5	99.6	99.6	91.9	0	5,558,813	5.5
CONTRACTUAL SERVICES	48,967,023	44,696,702	91.3	93.6	82.1	86.2	0	4,270,321	8.7
SUPPLIES, MATERIALS, PARTS	13,779,520	13,187,753	95.7	89.3	86.2	84.6	0	591,767	4.3
CURRENT FIXED CHARGES	8,661,459	8,598,999	99.3	95.5	83.4	96.3	0	62,460	0.7
COMMUNICATIONS AND UTILITIES	19,897,085	17,794,362	89.4	86.1	86.5	94.6	0	2,102,723	10.6
TRAVEL	4,853,886	4,813,410	99.2	91.8	82.5	96.2	0	40,476	0.8
STUDENT AID AND MISCELLANEOUS	35,723,299	28,658,252	80.2	85.8	71.7	67.2	0	7,065,047	19.8
TRANSFERS-INTRAFUND	21,111,939	0	0.0	1.5	0.0	0.0	0	21,111,939	100.0
TRANSFERS TO OTHER FUNDS	48,272,487	47,946,500	99.3	100.0	100.0	114.3	0	325,987	0.7
CONTINGENCIES	19,259,176	1,745,800	9.1	48.9	26.2	64.0	0	17,513,376	
TOTAL OPERATIONAL	683,978,304	617,187,937	90.2	95.2	89.8	87.3	0	66,790,367	9.8

(a) Represents budget as amended by approved transfers.

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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 11-12	Percent Recognized 10-11	Percent Recognized 09-10	Percent Recognized 08-09	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	389,655,514	384,328,135	98.6	98.6	99.0	98.6	384,328,135	-5,327,379	Projected, see (a)
STATE AID	6,891,400	6,891,200	100.0	100.0	88.7	88.9	6,891,200	-200	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	6,591,303	6,736,182	102.2	101.8	99.6	97.3	6,736,182	144,879	Based on budget
GENERAL TUITION	203,556,874	191,942,922	94.3	106.4	105.5	95.0	191,942,922	-11,613,952	Based on budget
OUT-OF-STATE TUITION	13,107,990	18,489,987	141.1	102.0	96.9	87.5	18,489,987	5,381,997	Based on budget
OUT-OF-COUNTY TUITION	331,865	317,635	95.7	74.3	111.0	114.5	317,635	-14,230	Based on budget
OTHER FEES AND CHARGES	6,032,870	6,103,213	101.2	106.8	101.7	94.8	6,103,213	70,343	Based on budget
INVESTMENT INCOME	500,000	1,086,064	217.2	154.6	24.7	36.0	1,086,064	586,064	Based on budget
MISCELLANEOUS AND OTHER	5,444,380	5,817,918	106.9	159.2	229.7	159.3	5,817,918	373,538	Based on budget
COLLEGE CARRYFORWARD	51,866,108	51,866,108	100.0	100.0	100.0	100.0	51,866,108	0	Based on budget
TOTAL	683,978,304	673,579,364	98.5	101.4	99.8	95.6	673,579,364	-10,398,940	

FINANCIAL CONDITION ANALYSIS

Less college carry forward	-51,866,108	
Total revenues	621,713,256	
Less total expenditures (c)	-617,187,937	
Increase / (decrease) in fund balance	4,525,319	
Beginning fund balance (audited)	150,262,055	
Ending fund balance 6/30/12 (unaudited)	154,787,374	25%
Less designations for future operations		
3.5% college carry forward	22,123,900	
Enrollment Growth Funding	12,341,500	
Additional allocations	15,315,000	
Total budgeted designations:	49,780,400	
Operating costs (impact of capital development)	4,328,200	
Total other designations:	54,108,600	
Less minimum financial condition measure (d)	49,737,060	8%
Less minimum financial condition measure for future years	4,663,366	
Less Federal stimulus funds	10,048,578	
Less allowance for student bad debt	3,000,000	
Less priority initiatives	10,000,000	
Less additional funding for medical insurance claims loss reserve	8,500,000	
Less master planning	5,000,000	
Undesignated balance	9,729,770	

(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. Decrease in percentage recognized is due to an increase in budget.
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. Decrease in percentage recognized is due to an increase in budget.
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. Increase in percentage recognized is due to transfers to other funds for priority initiatives.
General Institutional	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Increase in percentage recognized is due to transfers to other funds for priority initiatives.
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. Decrease in percentage recognized is due to an increase in budget.
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. Increase in percentage recognized is due to an overall increase in supplies.
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. Increase in percentage recognized is due to an increase in registration fees and out of state travel.

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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. The budgeted amount increased at a greater rate than the amount expended resulting in a decrease in the percent recognized year to date.
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. 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. 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. Decrease in percentage recognized is due to recognized revenue increasing at a lower rate than the increase in budgeted amount.
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. The tiered approach for non-resident tuition rates was eliminated for FY 12 resulting in higher than expected revenues.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. Increase in percentage recognized is due to a decrease in the budgeted amount.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. Decrease in percentage recognized is due to a decrease in registration fee revenue.
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. Increase in percentage recognized is due to an increase in interest revenue from RBC investments as well as an increase in the fair market value of investments.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Decrease in percentage recognized is due to lower bookstore revenues resulting from implementation of the book advance process as well as less successful bad debt recovery efforts.
College Carryforward	Includes funds to allow colleges and district office to carry forward up to 3.5% of operating budgets from one fiscal year to the next per Governing Board policy and enrollment growth funding for the colleges. 100% of the budgeted amount has been recognized as in previous years.