

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

Governing Board Agenda

Meeting Date: 10/28/14

ITEM NUMBER	ITEM TITLE	RESPONSIBLE AGENTS
	Budget Analysis Report	Ms. Debra Thompson
	Fund 1: General Unrestricted Fund	Ms. Kim Granio
	For the Twelve Months Ending 6/30/2014	
	FINAL – Unaudited	

Expenditure Summary: \$640.3M (year to date)

- Typically evenly spread across each month, as the majority are payroll and benefits which are recorded every two weeks.
- 89.5% of expenditures have been recognized year to date (versus 91.6% in 12/13, 90.2% in 11/12, and 95.2% in 10/11).
- 10.5% of the budget remains unexpended or unencumbered (versus 8.4% in 12/13, 9.8% in 11/12, and 4.8% in 10/11).

Revenue Summary: \$644.4M (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.
- 96.4% of the budget has been recognized year to date (versus 97.6% in 12/13, 98.5% in 11/12, and 101.4% in 10/11).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by ~\$4.1M (from \$160.0M to \$164.1M) in FY 13-14.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$51.5M. The remaining fund balance of \$112.5M 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 \$6.3M.
- 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
 June 2014

EXPENDITURE ANALYSIS

<u>By Function:</u>	<u>Budget (a)</u>	<u>Amount Expended</u>	<u>Percent Expended 13-14</u>	<u>Percent Expended 12-13</u>	<u>Percent Expended 11-12</u>	<u>Percent Expended 10-11</u>	<u>Amount Encumbered</u>	<u>Unencumbered Balance Available</u>	<u>Percent of Budget Available</u>
INSTRUCTION	298,360,467	282,522,641	94.7	93.9	91.7	96.9	0	15,837,825	5.3
PUBLIC SERVICE	2,415,999	2,407,327	99.6	99.9	98.4	95.8	0	8,673	0.4
ACADEMIC SUPPORT	81,346,993	73,964,589	90.9	90.5	83.2	91.4	0	7,382,404	9.1
STUDENT SERVICES	76,234,482	69,177,298	90.7	89.2	102.2	94.3	0	7,057,184	9.3
GENERAL INSTITUTIONAL	87,725,563	75,755,153	86.4	94.3	111.7	97.6	0	11,970,410	13.6
ADMINISTRATION	59,796,825	57,858,410	96.8	94.5	90.1	90.5	0	1,938,415	3.2
PHYSICAL PLANT	66,525,508	62,957,592	94.6	99.7	98.6	96.3	0	3,567,916	5.4
SCHOLARSHIPS	18,850,992	15,634,276	82.9	88.1	90.3	92.6	0	3,216,716	17.1
CONTINGENCIES	23,772,217	0	0.0	0.0	6.0	48.9	0	23,772,217	
TOTAL OPERATIONAL	715,029,047	640,277,286	89.5	91.6	90.2	95.2	0	74,751,761	10.5
By Object:									
PERSONNEL SERVICES	382,849,622	373,307,038	97.5	97.6	97.8	96.4	0	9,542,585	2.5
EMPLOYEE BENEFITS	111,497,029	108,596,903	97.4	94.8	94.5	99.6	0	2,900,127	2.6
CONTRACTUAL SERVICES	51,774,618	49,233,037	95.1	99.9	91.3	93.6	0	2,541,581	4.9
SUPPLIES, MATERIALS, PARTS	14,115,850	13,117,650	92.9	99.8	95.7	89.3	0	998,199	7.1
CURRENT FIXED CHARGES	8,642,187	8,140,774	94.2	85.8	99.3	95.5	0	501,412	5.8
COMMUNICATIONS AND UTILITIES	19,180,169	16,276,067	84.9	93.7	89.4	86.1	0	2,904,103	15.1
TRAVEL	5,170,086	4,946,833	95.7	93.5	99.2	91.8	0	223,254	4.3
STUDENT AID AND MISCELLANEOUS	43,689,551	35,945,995	82.3	74.9	80.2	85.8	0	7,743,556	17.7
TRANSFERS-INTRAFUND	27,692,356	609,089	2.2	0.0	0.0	1.5	0	27,083,267	97.8
TRANSFERS TO OTHER FUNDS	36,645,362	30,103,901	82.1	97.9	99.3	100.0	0	6,541,461	17.9
CONTINGENCIES	13,772,217	0	0.0	0.0	9.1	48.9	0	13,772,217	
TOTAL OPERATIONAL	715,029,047	640,277,286	89.5	91.6	90.2	95.2	0	74,751,761	10.5

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 June 2014

REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 13-14	Percent Recognized 12-13	Percent Recognized 11-12	Percent Recognized 10-11	Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	412,623,059	409,163,283	99.2	98.7	98.6	98.6	409,163,283	-3,459,776	Projected, see (a)
STATE AID	7,913,100	7,913,300	100.0	100.0	100.0	100.0	7,913,300	200	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	8,664,148	8,659,471	99.9	101.5	102.2	101.8	8,659,471	-4,677	Based on budget
GENERAL TUITION	212,877,930	191,796,269	90.1	92.6	94.3	106.4	191,796,269	-21,081,661	Based on budget
OUT-OF-STATE TUITION	17,107,990	16,050,160	93.8	89.2	141.1	102.0	16,050,160	-1,057,830	Based on budget
OUT-OF-COUNTY TUITION	214,207	222,813	104.0	98.6	95.7	74.3	222,813	8,606	Based on budget
OTHER FEES AND CHARGES	5,704,260	5,605,622	98.3	98.7	101.2	106.8	5,605,622	-98,638	Based on budget
INVESTMENT INCOME	505,000	835,860	165.5	140.1	217.2	154.6	835,860	330,860	Based on budget
MISCELLANEOUS AND OTHER	4,256,353	3,512,024	82.5	103.2	106.9	159.2	3,512,024	-744,329	Based on budget
TRANSFERS IN	0	609,089	N/A	N/A	0.0	0.0	609,089	609,089	Based on budget
COLLEGE CARRYFORWARD	45,163,000	45,163,000	100.0	100.0	100.0	100.0	45,163,000	0	Based on budget
TOTAL	715,029,047	689,530,890	96.4	97.6	98.5	101.4	689,530,890	-25,498,157	

FINANCIAL CONDITION ANALYSIS

Less college carry forward	-45,163,000	
Total revenues	644,367,890	
Less total expenditures	-640,277,286	
Increase in fund balance	4,090,605	% of Revenues
Beginning fund balance (audited)	159,980,742	
Ending fund balance 6/30/14 (unaudited)	164,071,347	25%
Less projected designations for future operations		
3.5% college carry forward	16,927,261	
Additional allocations	14,677,375	
Total budgeted designations:	31,604,636	
Less minimum financial condition measure (c)	51,549,431	8%
Less minimum financial condition measure for future years	5,577,615	
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	12,000,000	
Less reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	10,462,300	
Projected undesignated balance	6,332,183	

(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. Per the Governing Board policy 2.4 Financial Condition and Activities - Chancellor Limitation, "No occurrence in any fiscal year of District expenditures or indebtedness in an amount that reduces the ending General Fund balance to less than eight percent of General Fund revenues recognized during the fiscal year without Governing Board approval. "

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
June 2014

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.
General Institutional Administration	Includes activities that provide safety, security, printing, travel, marketing, and insurance. Decrease in percent recognized is due to a decrease in 3rd party claims in FY14.
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. Decrease in percent recognized is due to a refund received in FY14 for prior year overpayment of utilities resulting from incorrect billing.
Scholarships	Maricopa funded scholarships such as the President's scholarship, honors awards and employee waivers. Decrease in percent recognized is due to a decrease in the Presidential Scholarship and Maricopa Grant expenses in FY14.
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. 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 is due to the budget increasing while expenditures remained consistent.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Increase in percent recognized is due to increases in subscriptions and dues expenses. In addition, liability and accident insurance has increased due to our claims history.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Decrease in percent recognized is due to a refund received in FY14 for prior year overpayment of utilities resulting from incorrect billing.

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FUND 1 - CURRENT UNRESTRICTED FUND
June 2014

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. Decrease in percent recognized is due to a decrease in 3rd party claims in FY14.
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. Decrease in percentage recognized is due to increased budget in FY14 resulting from planning for Seamless Student Experience projects and planning for life without the bond. Expenditures remain fairly consistent year over 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 \$6,608,977. 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. 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. Increase in percent recognized is due to budget decreasing at a greater rate than revenue recognized.
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. Increase in percent recognized is due to an increase in the 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 percent recognized is due to a decrease in bookstore commission and a one-time insurance reimbursement received in FY13. The decrease in bookstore commissions is due to several factors, including decreased enrollment, students going without the text books, students sourcing the book from other outlets instead of the bookstore (such as on line), and faculty using open source materials. As a result, we have decreased the amount projected by \$750,000.
College Carry forward	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.