

# **FY 2009 Budget Review: Arizona Community College Districts**

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## **Introduction**

In an effort to promote transparent use of taxpayer dollars, as well as compliance with budget and tax laws, ATRA staff annually review the budgets of every Arizona county and community college district as well as selected cities and school districts. The following report includes the information compiled by ATRA staff while reviewing the state's 11 community college district budgets.

The included summary, which first appeared in the July 2008 *ATRA Newsletter*, provides a statewide comparison of the changes in community college budgets.

The budget review memos that follow present a more detailed description of each community college district's enrollment, revenues, and expenditures.

While conducting the community college budget review, certain issues were of particular interest to ATRA staff. Some of these issues included property tax levies and their compliance with levy limits, secondary levies and how they compared to required debt service payments, new bond proposals, status on existing bond authorizations, plans to incur new non-voter-approved debt, outstanding debt balances, plans for budget adjustments to account for the lower-than-anticipated state aid appropriations, enrollment estimates that determine a district's constitutional expenditure limit, and, lastly, the exempted revenue that districts excluded on the expenditure limit report. The individual budget review memos attempt to address, when applicable, each of these issues in addition to providing a detailed description of each district's revenues and expenditures.

Prior to this publication, the budget review memos were provided to the corresponding staff of each community college district. The staff of each district was very helpful and professional in providing responses to budget questions and in reviewing the final budget review memos. The memos in this publication include revisions reflecting the feedback provided by many of the community college districts.

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## **Summary: Community College Budgets Grow 7.2%, Enrollment Declines Statewide**

### **Enrollment** (see table IV on page 7)

For the second consecutive year, the enrollment in community colleges has declined across the state. While the fiscal year (FY) 2007 decrease of approximately 200 full-time student equivalents (FTSE) represents a small percentage (-0.2%) of statewide enrollment, flat-lining growth is a significant change from the 5% average annual enrollment increases these districts saw in the eight years leading up to the decreases. The largest enrollment decreases occurred in the community college districts (CCDs) of Maricopa (-464) and Pima (-186).

The enrollment decreases at five of the districts were offset by enrollment increases at the remaining six. The Yavapai and Cochise CCDs saw the greatest increases with, respectively, 266 and 215 new FTSE. The largest percentage increase (18.6%) occurred at the Gila County Provisional CCD, where the audited FY 2007 FTSE represented only the fourth year since the creation of the growing provisional district.

### **Expenditures** (see table I on page 7)

Notwithstanding the statewide decline in community college enrollment, the districts' budgets continue to climb. Throughout the month of June, the 11 college districts adopted budgets for the 2009 fiscal year. The aggregate amount of general fund expenditures budgeted by the different colleges increased 7.2% (\$67.9 million) to just over \$1 billion. This percentage increase nearly keeps up with the 7.4% average increase budgeted in each of the last nine years.

With a \$45.1 million increase (8.1%), the Maricopa CCD was responsible for the bulk of the budgeted spending growth. The Pima CCD budgeted the next largest increase with \$7.9 million (5.6%) in new expenditures. The largest percentage increases were budgeted by the Mohave (12.7%), Gila (10.6%), and Graham (8.3%) CCDs. With 1.7% and 2.1%, respectively, the Yavapai and Pinal CCDs restricted growth in their budgets the most.

### **Revenue: State Aid** (see table VI on page 8)

These districts support their general fund expenditures with revenue from primarily three sources: state aid, local property taxes, and tuition. Due to the state's budget crisis, community colleges saw actual decreases in the amount appropriated for FY 2009 state aid.

This year the 11 districts will receive \$19.9 million (-12.1%) less state aid than they received in FY 2008. This decrease comes in the form of a suspension of capital outlay state aid (decrease of \$20.6 million or 97.6%) and a reduction in the rate of growth of two funding formulas.

The recently passed state budget funds both equalization aid and operating state aid at 96.3% of the amount called for by the statutory formulas. As the formula amount for operating state aid (M&O) includes increases for growing districts and constant funding for districts with declining enrollment, the five declining districts received a decrease of 3.7% in this appropriation. The districts with small FTSE growth were appropriated slightly smaller decreases.

Only the two districts with the greatest increases in enrollment received more

operating state aid than they received in the previous year. The Gila CCD received a 14.9% (\$92,500) increase. The increase at the Yavapai CCD was 1.7% (\$83,000).

The sum of the operating state aid appropriations amounted to a \$3.7 million decrease below last year's level with the Maricopa CCD absorbing \$2.1 million of the decrease.

The funding level for equalization aid, on the other hand, increased by \$4.4 million. As the equalization aid formula only recognizes rural county assessed values, this appropriation increased significantly despite the declining enrollment in three of the four recipient districts. The Graham CCD received the largest increase (\$1.6 million) followed by the Cochise CCD (\$1.2 million). The percentage increases, however, were larger for the Yuma/La Paz CCD (40.7%) and the Navajo CCD (25.1%).

Combining the total appropriations of these two funding formulas results in a total non-capital state aid appropriation that is \$689,000 (0.5%) greater than the corresponding FY 2008 funding level.

**Revenue: Primary Levies** (see table II on page 7)

With student enrollment declining and state aid dropping, the cost of the colleges' budget increases will be nearly entirely funded through higher property taxes and greater revenue from tuition and fees.

Each of the community college districts approved increases in primary property tax levies. All of the districts except the Pinal CCD exceeded the truth-in-taxation rate and levied the maximum amount allowed under the Prop-101-adjusted levy limits.

With the recent years' increases in assessed value due to new construction, the Pinal CCD has built up a cash balance that allowed the district to budget reserve funds equivalent to 70% of the districts general fund budget. This amount far exceeds the next highest amount, 24.4%, which was budgeted by the Pima CCD. As the Pinal CCD's budgeted FY 2009 expenditures nearly equal the district's constitutional spending limit, any increase above the budgeted primary levy could only augment the district's already high reserve funds. In these circumstances, the district opted to levy less than the Prop-101 maximum levy for the second of the two years since the ballot measure took effect. Instead, the district levied a \$491,688 (1.4%) increase which is \$2.5 million below the truth-in-taxation levy.

The percentage increases were much larger for each of the remaining 10 districts which raised property taxes by the 2%-plus-new-construction increase allowed under Prop 101. By far the largest percentage increase, 21.9% (592,687), was levied by the Graham CCD where the assessed value increased by 29.7% with 21% coming from new construction. The Coconino CCD levied the next largest percentage increase, 9.4% (\$531,637).

In the Maricopa and Pima CCDs, the levies increased by \$26.9 million (8.4%) and \$6.1 million (8.1%), respectively. These districts levied the largest dollar increases as well as the third and fourth largest percentage increases.

The total increase in community college primary property tax levies, \$40.9 million (7.7%), accounts for more than half of the revenue required to fund the district's expenditure increases.

**Revenue: Tuition and Fees** (see table VII on page 8)

The colleges plan to fund an additional \$25.8 million of the budget increases with greater revenue from tuition and fees. To raise this amount, tuition revenues must increase 12.2% over last year's levels. The largest portions of the \$25.8 million will be raised at the two largest districts, Maricopa (\$17.5 million) and Pima (\$2.6 million). The Yuma/La Paz and Mohave CCDs, however, expect to collect the largest percentage increases with 30.0% (\$1.4 million) and 25.9% (\$1.8 million), respectively.

The average in-state, per-credit rate for tuition and fees increased \$5 (9.4%) to \$59 per credit hour. This average includes all fees that are charged per credit hour as well as 1/15 of all fees that are charged per semester. Only the Cochise, Mohave, and Pima CCDs charge fees per semester. These semester fees, respectively, account for \$2.33, \$3.33, and \$0.66 of these district's per-credit rates.

The Coconino and Yuma/La Paz CCDs each raised tuition rates by \$10 per credit hour. These increases are not only the highest dollar amounts but also the largest percentage increases—21.7% at the Yuma/La Paz CCD and 15.4% at the Coconino CCD.

With the new tuition schedules, Arizona residents pay the most per credit hour at the Coconino (\$75) and Maricopa (\$71) CCDs. The students' cost per credit hour is lowest at the Navajo (\$48), Cochise (\$51), and Yavapai (\$52) CCDs.

**Cash Balances** (see table VIII on page 8)

The small increase in non-capital state aid, coupled with the significant raises in property taxes and tuition, account for nearly all of the \$69.7 million increase in the community college budgets. The remaining portion of the budget increase is easily covered by tapping cash balances.

While the Pinal and Pima CCDs have budgeted a higher than average amount of reserve funds, every college district has a significant cash balance. Districts have the option to designate portions of the cash balance as reserve funds that are not included in the revenue available for expenditures or they may carry forward any amount of the balance and use it to fund expenses of the coming year.

Districts vary in their practice of designating reserve funds. Some districts designate large portions of their cash balance as reserves; others designate none at all. The districts that designate none of the cash balance for reserves carry the entire cash balance forward and presumably intend to save portions of the contingency budget in order to maintain a cash balance.

Whether a district chose to carry balances forward or to designate the balance for reserves, the cash balance in each district, on average, was equivalent to 25.5% of the district's expenditures. Only two districts, Navajo (11.7%) and Maricopa (14.8%), had beginning cash balances that were less than 20% of expenditures. Similarly, only two districts had cash balances greater than 30% of expenditures. The Pinal CCD cash balance equaled 58.3% of expenditures (in addition to the portion of the cash balance designated as reserves, the Pinal CCD budgeted a transfer of FY 2009 revenue to reserves making the 70% reserve amount mentioned above). The Pima CCD cash balance was 31.9% of expenditures.

These cash balances enable districts to maintain budget growth amid enrollment declines and lean revenue years. In total, the college districts will rely on \$64.7 million of these cash balances, an increase of \$7.4 million (12.6%), to fund expenditures of their FY 2009 budgets.

## Comparison of Arizona's Community College Districts

CCD	Limit		Budgeted GF Expenditures		Expenditures Subject to Limit		Most Recently Audited % of Limit	
	Limit	% Change	Expenditures	% Change	Limit	% of Limit	Audited % of Limit	Year
Cochise	\$50,550,255	7.2%	\$34,970,743	5.1%	\$22,643,856	44.8%	82.3%	2007
Coconino	\$12,957,557	-2.5%	\$16,592,723	5.4%	\$9,973,979	77.0%	100.0%	2007
Gila	\$5,631,233	3.1%	\$5,307,855	10.6%	\$5,341,090	94.8%	53.7%	2004
Graham	\$19,468,602	3.1%	\$30,846,000	8.3%	\$20,419,148	104.9%	100.0%	2007
Maricopa	\$379,719,634	3.1%	\$600,390,296	8.1%	\$379,146,878	99.8%	89.3%	2007
Mohave	\$24,835,230	10.2%	\$33,511,873	12.7%	\$24,645,147	99.2%	87.5%	2007
Navajo	\$16,605,138	3.1%	\$24,896,370	7.9%	\$17,079,197	102.9%	97.8%	2006
Pima	\$98,068,940	5.6%	\$149,822,200	5.6%	\$98,059,900	100.0%	100.0%	2007
Pinal	\$34,558,845	0.8%	\$35,382,000	2.1%	\$33,776,512	97.7%	100.0%	2006
Yavapai	\$37,614,068	5.5%	\$37,425,989	1.7%	\$37,300,706	99.2%	100.0%	2007
Yuma/La Paz	\$38,185,146	3.2%	\$36,316,396	7.6%	\$34,200,566	89.6%	75.3%	2007
<b>Total</b>	<b>\$718,194,648</b>	<b>3.9%</b>	<b>\$1,005,462,445</b>	<b>7.2%</b>	<b>\$682,586,979</b>	<b>95.0%</b>	<b>N/A</b>	<b>N/A</b>

CCD	Limit		Primary Levy		% of Limit Levied		07 Levy		Secondary Levy		
	Limit	% Change	Primary Levy	% Change	Levied	07 FTSE	% Change	07 FTSE	% Change	Secondary Levy	% Change
Cochise	\$15,001,330	5.9%	\$15,002,075	5.9%	100.0%	\$1,918	7.0%	-	-	-	-
Coconino	\$5,954,085	5.8%	\$6,159,864	9.4%	103.5%	\$2,613	3.5%	\$2,020,293	0.8%	-	-
Gila	\$2,872,536	5.9%	\$2,872,358	5.9%	100.0%	\$3,395	-11.6%	-	-	-	-
Graham	\$3,295,898	21.8%	\$3,299,498	21.9%	100.1%	\$997	9.8%	-	-	-	-
Maricopa	\$346,029,438	7.8%	\$347,905,170	8.4%	100.5%	\$4,284	8.3%	\$95,293,956	27.1%	-	-
Mohave	\$16,354,793	5.2%	\$16,355,145	5.2%	100.0%	\$5,028	9.7%	-	-	-	-
Navajo	\$10,644,746	6.9%	\$10,644,746	6.9%	100.0%	\$4,031	10.4%	\$1,661,175	0.1%	-	-
Pima	\$80,638,779	7.6%	\$81,023,355	8.1%	100.5%	\$3,451	7.9%	\$14,502,170	6.6%	-	-
Pinal	\$40,072,693	10.8%	\$34,850,119	1.4%	87.0%	\$7,905	17.9%	-	-	-	-
Yavapai	\$35,225,387	6.4%	\$35,424,260	7.0%	100.6%	\$8,406	0.7%	\$5,264,245	1.0%	-	-
Yuma/La Paz	\$20,577,635	7.0%	\$20,687,588	7.6%	100.5%	\$4,270	17.0%	\$5,858,654	1.4%	-	-
<b>Total</b>	<b>\$576,667,320</b>	<b>7.8%</b>	<b>\$574,224,178</b>	<b>7.7%</b>	<b>99.6%</b>	<b>\$4,162</b>	<b>8.7%</b>	<b>\$124,600,493</b>	<b>20.7%</b>	<b>-</b>	<b>-</b>

CCD	Primary	% Change	Secondary	% Change
Cochise	1.6604	-4.7%	-	-
Coconino	0.3652	-1.7%	0.0991	-13.7%
Gila	0.5595	-6.5%	-	-
Graham	1.8828	-6.0%	-	-
Maricopa	0.7752	-6.0%	0.1634	7.9%
Mohave	0.7152	-13.0%	-	-
Navajo	1.1719	-4.4%	0.1663	-14.7%
Pima	0.9844	-3.4%	0.1511	-14.9%
Pinal	1.4100	-21.7%	-	-
Yavapai	1.1989	-10.5%	0.1405	-23.1%
Yuma/La Paz	1.6274	-6.2%	0.3652	-17.4%

CCD	EEC		Budgeted		Actual (07)		Amount EEC (07)		Amount Budgeted (07)	
	EEC	% Change	Budgeted	% Change	Actual (07)	% Change	Exceeds Actual (07)	% Change	Exceeds Actual (07)	% Change
Cochise	6,900	3.9%	7,100	6.8%	6,844	3.2%	-244	-3.6%	6	0.1%
Coconino	2,014	-5.4%	2,060	-1.4%	2,052	1.7%	143	7.0%	38	1.9%
Gila	1,000	0.0%	1,109	18.7%	753	18.6%	-3	-0.4%	-3	-0.4%
Graham	2,765	0.0%	4,000	6.2%	2,401	-1.2%	184	7.7%	934	38.9%
Maricopa	75,000	0.0%	75,000	0.0%	69,561	-0.7%	17,439	25.1%	3,453	5.0%
Mohave	3,100	6.9%	3,100	6.9%	2,866	1.8%	214	7.5%	83	2.9%
Navajo	2,675	0.0%	2,800	0.0%	2,304	-4.3%	496	21.5%	496	21.5%
Pima	21,700	2.4%	21,700	2.4%	19,807	-0.9%	693	3.5%	691	3.5%
Pinal	4,300	-2.3%	4,300	-2.3%	3,823	0.7%	577	15.1%	477	12.5%
Yavapai	3,915	2.3%	3,915	2.3%	3,618	7.9%	-78	-2.2%	-78	-2.2%
Yuma/La Paz	4,585	0.1%	4,585	0.1%	4,279	-2.8%	421	9.8%	421	9.8%
<b>Total</b>	<b>127,954</b>	<b>0.7%</b>	<b>129,669</b>	<b>1.2%</b>	<b>118,308</b>	<b>-0.2%</b>	<b>19,842</b>	<b>5.6%</b>	<b>6,518</b>	<b>-41.8%</b>

Note: all figures are fiscal year 2009 values except as otherwise noted.  
Sources: See page 9

**Table V: Net Assessed Values**

CCD	Primary	% Change	CVEP	Appreciation	Construction	Secondary	% Change
Cochise	\$903,521,761	11.2%	\$870,235,173	7.1%	4.1%	\$1,018,740,280	16.7%
Coconino	\$1,686,709,736	11.4%	\$1,626,237,420	7.4%	4.0%	\$2,057,478,154	17.9%
Gila	\$513,379,379	13.3%	\$494,512,937	9.1%	4.2%	\$574,203,136	20.2%
Graham	\$175,244,227	29.7%	\$146,822,063	8.7%	21.0%	\$189,364,668	35.2%
Maricopa	\$44,881,602,698	15.3%	\$42,473,135,731	9.1%	6.2%	\$58,303,635,287	17.7%
Mohave	\$2,286,744,927	20.9%	\$2,216,706,449	17.2%	3.7%	\$3,231,835,989	28.5%
Navajo	\$908,357,696	11.8%	\$866,617,218	6.7%	5.1%	\$998,760,072	17.3%
Pima	\$8,230,966,534	11.9%	\$7,801,704,414	6.1%	5.8%	\$9,594,861,519	16.7%
Pinal	\$2,473,499,660	29.6%	\$2,277,255,046	19.3%	10.3%	\$3,449,599,026	47.7%
Yavapai	\$2,954,598,732	19.6%	\$2,831,365,863	14.6%	5.0%	\$3,746,625,208	31.3%
Yuma/La Paz	\$1,271,165,996	14.7%	\$1,211,394,065	9.3%	5.4%	\$1,604,274,076	22.7%
Total	\$66,285,791,346	15.5%	\$62,815,986,379	9.5%	6.0%	\$84,769,377,415	19.6%

**Table VI: State Aid**

CCD	Total	% Change	M&O	% Change	Capital	% Change	Equalization Aid	% Change
Cochise	\$14,136,500	0.0%	\$8,303,100	-1.2%	\$0	-100.0%	\$5,833,400	24.9%
Coconino	\$3,245,400	-13.6%	\$3,245,400	-2.7%	\$0	-100.0%	-	-
Gila	\$713,000	-5.4%	\$713,000	14.9%	\$0	-100.0%	-	-
Graham	\$19,948,900	4.8%	\$5,173,200	-3.7%	\$0	-100.0%	\$14,775,700	12.4%
Maricopa	\$55,416,100	-19.4%	\$55,416,100	-3.7%	\$0	-100.0%	-	-
Mohave	\$4,063,300	-15.1%	\$4,063,300	-3.2%	\$0	-100.0%	-	-
Navajo	\$10,136,800	-0.8%	\$4,250,300	-3.7%	\$500,000	-66.8%	\$5,386,500	25.1%
Pima	\$18,874,100	-17.2%	\$18,874,100	-3.7%	\$0	-100.0%	-	-
Pinal	\$5,854,300	-14.5%	\$5,854,300	-3.3%	\$0	-100.0%	-	-
Yavapai	\$4,903,400	-11.2%	\$4,903,400	1.7%	\$0	-100.0%	-	-
Yuma/La Paz	\$7,444,000	-7.2%	\$5,512,600	-3.7%	\$0	-100.0%	\$1,931,400	40.7%
Total	\$144,735,800	-12.1%	\$116,308,800	-3.1%	\$500,000	-97.6%	\$27,927,000	18.9%

**Table VII: Tuition and Fees**

CCD	Budgeted	% Change	Per-Credit Rate		Half-Time,		Full-Time,	
			Residents	% Change	Nonresident	% Change	Nonresident	% Change
Cochise	\$6,369,583	7.6%	\$51	4.8%	\$73	4.8%	\$244	4.4%
Coconino	\$5,496,573	11.9%	\$75	15.4%	\$320	-1.5%	\$320	-1.5%
Gila*	N/A	N/A	\$60	9.1%	\$120	14.3%	\$310	14.0%
Graham	\$5,340,690	10.1%	\$60	9.1%	\$120	14.3%	\$310	14.0%
Maricopa	\$151,305,732	13.1%	\$71	9.2%	\$96	6.7%	\$286	2.1%
Mohave	\$8,897,810	25.9%	\$62	10.0%	\$180	9.5%	\$180	9.5%
Navajo	\$3,800,000	7.0%	\$48	9.1%	\$80	5.3%	\$235	2.2%
Pima	\$39,171,000	7.1%	\$54	3.8%	\$90	4.1%	\$255	5.2%
Pinal	\$4,622,000	3.8%	\$60	5.3%	\$120	5.3%	\$267	5.1%
Yavapai	\$6,927,300	7.7%	\$52	6.1%	\$65	4.8%	\$307	1.0%
Yuma/La Paz	\$6,166,950	30.0%	\$56	21.7%	\$62	19.2%	\$246	4.2%
Total/Average	\$238,097,638	12.2%	\$59	9.4%	\$121	5.8%	\$269	5.1%

**Table VIII: Cash Balance**

CCD	Total	% of GF Expenses	Change in Cash Balance		Portion not Carried Forward		Portion Carried Forward	
			Change	% Change	Carried Forward	% Change	Forward	% Change
Cochise	\$8,324,940	23.8%	-\$3,540,960	-29.8%	\$7,074,940	-10.1%	\$1,250,000	-68.8%
Coconino	\$4,442,015	26.8%	\$665,652	17.6%	\$3,442,015	12.1%	\$1,000,000	41.9%
Gila	\$1,352,000	25.5%	-\$618,555	-31.4%	\$0	0.0%	\$1,352,000	-31.4%
Graham	\$7,144,185	23.2%	\$2,167,096	43.5%	\$0	0.0%	\$7,144,185	43.5%
Maricopa	\$89,073,823	14.8%	\$8,829,827	11.0%	\$59,394,815	18.6%	\$29,679,008	-1.6%
Mohave	\$7,080,049	21.1%	\$2,399,443	51.3%	\$0	0.0%	\$7,080,049	51.3%
Navajo	\$2,915,330	11.7%	-\$84,670	-2.8%	\$1,915,330	-4.2%	\$1,000,000	0.0%
Pima	\$47,765,583	31.9%	\$891,348	1.9%	\$36,489,583	-5.8%	\$11,276,000	38.2%
Pinal	\$20,624,600	58.3%	\$5,000,000	32.0%	\$24,663,622	27.4%	\$476,895	72.2%
Yavapai	\$7,762,044	20.7%	\$1,538,944	24.7%	\$5,081,000	7.5%	\$2,681,044	79.3%
Yuma/La Paz	\$8,300,000	22.9%	\$0	0.0%	\$6,536,323	0.0%	\$1,763,677	0.0%
Total	\$204,784,569	20.4%	\$17,248,125	9.2%	\$144,597,628	9.2%	\$64,702,858	9.3%

# Data Sources

## Table I: Expenditures

1. Limit—Economic Estimates Commission
2. Budgeted General Fund Expenditures—Schedule A of each district’s adopted budget
3. Expenditures Subject to Limit—Schedule I of each district’s adopted budget
4. Most Recently Audited Percent of Limit—Office of the Auditor General’s *Report on Audit of the Annual Budgeted Expenditure Limit Report*

## Table II: Levies

1. Limit—Levy limit worksheets
2. Levies—Tax rates and levies sheets

## Table III: Tax Rates

1. Rates—Tax rates and levies sheets

## Table IV: FTSE

1. EEC—Economic Estimates Commission (Note: These figures are estimated by the respective districts and establish the districts’ expenditure limits.)
2. Budgeted—Schedule A of each district’s adopted budget (Note: These figures are estimated by the respective districts and are used to calculate the expenditures per FTSE reported on Schedule A.)
3. Actual—Office of the Auditor General’s *Full-Time Equivalent Student Enrollment Report* (Note: These figures are used to determine each district’s operating state aid and capital outlay state aid.)

## Table V: Net Assessed Values

1. Primary and Secondary Assessed Values—Tax rates and levies sheets
2. CVEP—Levy limit worksheets (Note: CVEP refers to the current value of existing property which is the current assessed value of property that was subject to taxation in the previous year.)

## Table VI: State Aid

1. All State Aid Figures—Joint Legislative Budget Committee’s *FY 2009 Appropriations Report*

## Table VII: Tuition and Fees

1. Budgeted—Schedule B of each district’s adopted budget (Note: The tuition charged to students of the Gila CCD is collected by the Graham CCD.)
2. Per Credit Rates—Districts’ websites (Note: The per-credit rates include all fees and tuition that are charged per credit. These rates do not include various fees that apply only to specific courses. Three of the community college districts—Cochise, Mohave, and Pima—each charge various fees to each student per semester regardless of the number of credits taken. Such fees may include processing fees, activities fees, technology fees, and so on. For comparison purposes, the sums of each district’s per-semester fees were divided by 15 credits to arrive at a comparable per-credit cost for these fees. This comparable per-credit cost was then added to the districts’ per-credit rates of tuition and fees to arrive at the total that is reported in the table.)

## Table VIII: Cash Balance

1. All Beginning Cash Balance Figures—Schedule B of each district’s adopted budget

## MEMO

RE: Cochise Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE increased 6.8% to 7,100. The FTSE estimated for the EEC increased 3.9% to 6,900. The most recently audited FTSE (FY 2006-07) increased 3.2% over the previous year to 6,844.
- The FY 2007 audited enrollment included 99.0 FTSE resulting from high school students enrolled through dual enrollment. Dual enrollment represented 1.4% of the district's total FTSE.
- The online campus generated 307.7 FTSE, 4.5% of the total audited enrollment.
- Among the district's physical campuses and centers, the FY 2007 FTSE was distributed as follows:
  - Fort Huachuca Army Education Center      3,640.9    (53.2% of total)
  - Sierra Vista Campus                              1,044.7    (15.3% of total)
  - Douglas Campus                                      756.7    (11.1% of total)
  - Department of Corrections                      496.0    (7.2% of total)
  - Willcox Center                                        44.4    (0.6% of total)
  - Benson Center                                        36.8    (0.5% of total)
  - Miscellaneous                                        418.2    (6.2% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$8,401,400	\$1,060,600	\$4,669,700	\$14,131,700
2008-09	\$8,303,100	\$0	\$5,833,400	\$14,136,500

- Total state aid will increase a small fraction of one percent (less than 0.1%).
- Due to the state's fiscal shortfalls, the state suspended entirely the funding of capital outlay and funded operating state aid and equalization aid at 96.3% of the respective formula amounts.
- As a result, operating state aid decreased \$98,300 (-1.2%) below the amount funded in the previous year.
- The suspension of capital outlay resulted in a \$1.1M (-100%) decrease in this category of state aid.
- The funding for equalization aid increased \$1.2M (24.9%) above the previous year's appropriation.

**Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$14,165,750	\$14,165,750	\$1.7430
2008-09	\$15,001,330	\$15,002,075	\$1.6604

- Primary tax rate decreased \$0.0826 (-4.7%).
- There is no secondary tax rate.
- Total primary assessed value increased by 11.2% to \$903.5M with 4.1% coming from new construction and 7.1% from increased value of existing property.
- Primary levy increased 5.9% (\$0.8M).
- The levy listed above represents the figure adopted by Cochise County and reported on the tax rate and levy sheets. The county's calculation of the levy did not account for the lower assessed value resulting from the Qwest settlement. In reality, the rate will apply to the lower assessed value and result in a levy of \$14,983,282 which is \$18,048 below the revised levy limit.

**Tuition and Fees**

- The tuition rate increased by \$2 (4.3%) to \$49 per credit hour for in-state-students; the required registration and technology fees charged to all students will increase by \$5 (16.6%) to \$35 per semester enrolled, including summer.
- Out-of-state tuition increased \$3 (4.4%) to \$71 per credit hour for students with 1-6 credits and \$10 (4.3%) to \$242 per credit hour for students with more than 6 credits.
- Out-of-state tuition rate is determined at the rate necessary to recapture the district's cost per out-of-state FTSE.
- Senior citizen tuition rate increased \$1 (4.3%) to \$24 per credit hour with a one-time application fee of \$5 that remains the same as the previous year.
- Total tuition and fees expected to increase 7.6% to a total of \$6.4M.

**General Fund Balance**

- Carrying forward \$1.3M (decrease of 68.8%) of the \$8.3M (decrease of 29.8%) general fund (GF) balance.
- The remaining \$7.1M (decrease of 10.1%) is not budgeted but held in governing board designated reserves for financial stability.
- The \$8.3M GF balance is equivalent to 23.8% of the GF budget.
- The carry forward amount as described above was not the same amount that was included in the budgeted sum of revenues available for expenditures. The district plans to decrease the amount of the cash balance held in reserves in order to raise the carry forward amount to the \$2.1M included in the budget.

## Transfers

- Transferring \$1.3M (decrease of 73.5%) of GF revenues to the plant fund.
- Transferring \$2.1M (new transfer this year) of GF revenue to retirement of plant fund indebtedness.
- \$268,155 (decrease of 14.8%) of GF revenues will be dedicated to other non-mandatory transfers.

## Bond Sales (The 2008 Bond/Lease Program)

- The district budgeted \$25.0M in revenue from bond sales.
- The \$25.0M will include approximately \$10.3M in revenue bonds and \$14.7M in pledged revenue obligations.
- Due to statutory limitations, the district is limited in the amount of revenue bonds they can spend on classroom construction. The district will use PROs, essentially lease purchase agreements, to fund construction projects as PROs are not subject to the same limitation.
- In 2006, the district asked voters to authorize the issuance of \$87.7M in general obligation (GO) bonds (the projects would have been supplemented with \$5.6M in revenue bonds). The proposal included construction that would have resulted in a net increase of 137,000 square feet district wide. The bond proposal failed by a vote of 42% in support and 58% opposed.
- The 2008 Bond/Lease Program will fund seven projects, each of which were among the 16 projects that would have been funded by the bonds defeated in 2006. The following are the seven projects that the 2008 Bond/Lease Program will fund—these will result in a net increase of approximately 73,000 square feet:
  - *Student Housing Project*—will be constructed on the Douglas Campus, will accommodate 130-140 students, will replace existing housing, will cost \$8.0M, and will be entirely funded by revenue bonds.
  - *Science Building Project*—will be constructed on the Douglas campus, and will include 8,500 new square feet of labs, classrooms, offices, and other common purpose space. Of the \$2.4M cost, \$2.3M will be funded by revenue bonds.
  - *Technical Education Building Project*—will be constructed on the Douglas Campus, will include 10,500 new square feet of classrooms, offices, and vocational shop space, and the entire \$2.2M cost of the project will be funded by PROs.
  - *Douglas Campus Renovation Project*—will include renovations of four buildings and upgrades to electrical and HVAC systems. PROs will fund \$420,000 of the \$3.7M cost of the project.
  - *Academic Building Project*—will be constructed on the Sierra Vista Campus, and will include 23,000 new square feet of classrooms, computer labs, learning commons, and offices. The \$5.7M cost will be entirely funded by PROs.
  - *Student Union Project*—will be constructed on the Sierra Vista Campus, and will include 31,000 new square feet of space for student services. Of the \$8.2M total project cost, \$6.0M will be funded by PROs.

- *Sierra Vista Campus Renovation Project*—will include renovations of five buildings. PROs will fund \$400,000 of the \$3.7M cost of the project.

### Grants and Contracts

- The district budgeted for an increase of more than 30 fold (\$592,222) in local grants and contracts as well as a 270.3% (\$593,951) increase in state grants and contracts.
- The district has placed a greater emphasis on grant acquisition to compensate for declining state funding.
- The district applied for more grant money in the waning months of FY 2008 than they did in the previous two years combined.
- One such application, if successful, will provide \$5.0M over 3 years for science and math programs.

### Department of Corrections Contract

- The district budgeted a large percentage increase (1508.7%) in restricted fund revenue from sources identified as other sales and services. This increase of \$470,560 resulted from reclassifying the department of corrections revenue to the restricted fund.
- The contract with the department of corrections includes cost-sharing provisions that specify that the DOC reimburses the college for the direct costs of instruction which are \$515,597. The district is not reimbursed for the operation costs of the program which are \$308,762.
- The 496 FTSE generated by this program result from 715 different individuals.

### Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$33,258,223	\$34,970,743	5.1%
Plant Fund	\$11,528,661	\$29,356,300	154.6%

### General Fund

- GF expenditures are expected to increase \$1.7M (5.1%) to \$35.0M.
- The largest amount of the increase was budgeted for institutional support (administration) which received a \$634,074 (9.0%) increase for a total of \$7.7M.
- The budgeted amount for instruction increased by \$315,106 (2.1%) to \$15.3M.
- An increase of \$195,765 (9.6%) was budgeted for a contingency for a total of \$2.2M.
- The student services budget increased \$187,239 (4.7%) to \$4.2M.
- The largest percent increases were budgeted for public service (increased by 20.8% to \$192,142) and scholarships (increased by 9.9% to \$437,101).
- The budget for academic support will increase \$52,186 (4.3%) to \$1.3M.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
8%	4%	4%	5.6%	\$1,350,000

- The \$1.4M in annualized cost includes the cost that would be incurred if all vacant positions are filled.
- Budget includes funding for 1.25 new full time equivalent (FTE) positions at a cost of \$63,000.
- The new FTEs are support staff positions.
- The district's benefits package includes medical, dental, vision, group term life/AD&D, short-term disability, long-term disability, and a flex spending plan.
- The college pays 100% of the insurance premiums for employees but does not subsidize premiums for the employees' dependents.
- The only change to the benefits provided to employees was a reduction in the out-of-network health care benefits. This change had no fiscal impact on the college.
- The total cost of providing employee benefits is expected to decrease slightly in FY 2009 due to the lowering of the Arizona State Retirement System's rate.

**Plant Fund**

- Expenditures from the unexpended plant fund are expected to increase \$17.8M (154.6%) to \$29.4M as a result of the bond sale mentioned above.
- All of the increase in plant fund expenditures is budgeted for construction in progress. The budget for construction in progress increased by \$22.1M (441.3%) to \$27.1M.
- The plant fund's contingency budget will decrease by \$4.2M (-69.2%) to \$1.9M.
- The \$30,000 budgeted last year for buildings was not budgeted this year.
- Expenditures on equipment will decrease \$31,000 (-18.2%) to \$139,300.

**Debt Retirement**

- Budgeted \$657,050 for principal (105,000) and interest (\$552,050) payments on revenue bonds. The entire amount is an increase over the previous budget.
- Budgeted \$1.4M (increase of 365.1%) for principal (\$735,000) and interest (\$683,075) payments on other long-term debt.

Miscellaneous**Expenditure Limitation**

- The district excluded all of the district's \$6.4M of tuition revenue when calculating the district's compliance with the constitutional expenditure limit. The district also excluded the entire \$2.1M of tuition-backed debt service. The district provided an updated expenditure limit worksheet that did not exclude this debt service and demonstrated that the district is still well within their expenditure limit whether or not the debt service is excluded.

## MEMO

RE: Coconino Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE declined 1.4% to 2,060. The FTSE estimated for the EEC decreased 5.4% to 2,014. The most recently audited FTSE (FY 2006-07) increased 1.7% over the previous year to 2,052.
- Of the audited FY 2007 FTSE, 217 resulted from high school students getting college credit through dual enrollment.
- Approximately 20 FTSE resulted from students taking on-line courses.
- The FY 2007 FTSE was distributed among the different campuses and centers as follows:

• Flagstaff, Loan Tree Campus	1,058.7	(51.6% of total)
• Flagstaff, 4 <sup>th</sup> Street Campus	466.0	(22.7% of total)
• Page/Lake Powell Campus	124.0	(6.0% of total)
• NAU Center	62.9	(3.1% of total)
• Tuba City Center	49.3	(2.4% of total)
• Williams Campus	8.2	(0.4% of total)
• Fredonia Center	3.6	(0.2% of total)
• Grand Canyon Center	1.6	(0.1% of total)
• Misc: Summer, Shorts, & ABE	278.0	(13.5% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$3,334,600	\$423,800	-	\$3,758,400
2008-09	\$3,245,400	\$0	-	\$3,245,400

- Total state aid will decrease 13.6% resulting from an operating state aid decrease of \$89,200 (-2.7%) and a complete suspension of capital outlay state aid (decrease of \$423,800).
- The state funded operating state aid and equalization aid at 96.3% of the respective formula amounts.
- The district's budget includes full-funding of state aid as the budget was approved prior to passage of the state budget. The district is still working out the specifics on how to adapt its budget to account for the cuts in state aid. Plans include deferring planned maintenance projects and reducing staff costs by leaving some positions vacant and cancelling some classes.

**Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$5,628,497	\$5,628,497	0.3717
2008-09	\$5,954,085	\$6,159,864	0.3652

**Secondary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$2,003,830	0.1148
2008-09	-	\$2,020,293	0.0991

- Primary tax rate decreased \$0.0065 (-1.7%).
- The primary rate includes \$0.0122 to fund the Xanterra, Qwest, and Delaware North judgments.
- The secondary rate decreased \$0.0157 (-13.7%).
- The total primary assessed value increased 11.4% to \$1.7B—4.0% of the increase came from new construction and 7.4% resulted from the increased value of existing property.
- The total secondary assessed value increased 17.9% to \$2.1B.
- The primary levy increased 9.4% although the amount of the levy that will fund the college represents only a 5.8% increase. The remaining portion of the levy will fund the judgments mentioned above.
- Of the \$6.2M actual levy, only an amount equivalent to the levy limit will fund the college. The remaining \$205,779 will pay the three judgments.
- The secondary levy increased by \$16,463 (0.8%).
- The district's secondary levy is exactly the amount of the district's scheduled debt service payment on the district's outstanding general obligation (GO) bonds.

**Tuition and Fees**

- The per-credit rate for tuition and fees increased by \$10 (15.4%) to \$75 for in-state students.
- Out-of-state tuition and fees decreased \$5 (-1.5%) to \$320 per credit hour.
- Western undergraduate exchange (WUE) students pay \$110 per credit hour an increase of \$12 (12.2%).
- The total revenue collected from tuition and fees is expected to increase 11.9% to a total of \$5.5M.
- The revenue collected from counties for the out-of-county reimbursement will grow by 130.1% (\$128,387). Most of the increase resulted from the doubling of the Apache County FTSE enrolled at the district. The district attributes this increase to an increased verification of student residencies.

**General Fund Balance**

- Carrying forward \$1.0M (increase of 41.9%) of the \$4.4M (increase of 17.6%) general fund (GF) balance.
- The remaining \$3.4M (increase of 12.1%) is not budgeted but held in governing board designated reserves.
- The reserves are equivalent to 20.7% of budgeted expenditures. The total cash balance, including the reserves and the carry forward, is equivalent to 26.8% of the budgeted expenditures.

**Transfers**

- Transferring \$64,706 (0.8% increase) of GF revenues to the restricted fund and \$36,582 back from the restricted fund back to the GF for a net transfer of \$28,124 from the GF to the restricted fund.
- Transferring \$12,000 (same amount as previous year) of GF revenues to the auxiliary fund.
- Transferring \$26,100 (299.1% increase) of GF revenues to the plant fund and \$86,180 (1.7% increase) from the plant fund to the GF for a net transfer of \$60,080 from the plant fund to the GF.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$15,745,218	\$16,592,723	5.4%
Plant Fund	\$263,284	\$550,820	109.2%

**General Fund**

- Budgeted GF expenditures increased \$847,505 (5.4%).
- More than half of the increase was included in the contingency budget which increased \$496,810 (61.7%) to \$1.3M. The district explained that the uncertainty of funding cuts in the state budget led to the increased funding for the contingency.
- The next largest increase \$327,633 (8.9%) was budgeted for institutional support (administration) bringing its total budget to \$4.0M.
- The amount budgeted for scholarships increased by the largest percent, 94.7% (\$50,589), to \$104,000.
- The academic support budget increased by \$37,098 (1.9%) to \$1.9M.
- The budget for operation and maintenance of the plant increased by \$16,403 (1.1%) to 1.5M.
- The largest portion of the GF budget, \$6.3M, is budgeted for instruction. This amount is actually a small decrease, \$48,152 (-0.8%) from the FY 2008 amount.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
3.2%	3.2%	3.2%	3.2%	\$288,000

- The district's GF budget included funding for no new full-time equivalent (FTE) positions.
- There will be no changes to the benefits package provided to employees. Benefits include paid holiday/vacation/sick leave, ASRS or optional retirement, medical, dental, vision, life, and tuition waivers.
- The district expects the cost of providing the benefits to increase 1.8% for medical and 7.4% for dental. The cost for ASRS went down by 0.15%.
- The district pays 100% of the medical benefit premiums for each employee. Employees contribute 68% toward medical premiums for dependants and 100% of the dental premiums for dependants.

**Plant Fund**

- Budgeted plant fund expenses increased \$287,536 (109.2%).
- \$170,138 of the increase was included in the budget for buildings which grew by 193.2% to \$258,221.
- The budget for improvements other than buildings grew by \$46,189 (326.6%) to \$60,332.
- The budget for equipment increased by \$71,209 (44.2%) to \$232,267.

**Debt Retirement/Outstanding Debt**

- \$1.2M (increase of 7.3%) budgeted for the retirement of GO bonds, and \$835,293 (decrease of 7.2%) budgeted for interest on the bonds.
- District has a total of \$18.3M in outstanding debt (before the FY 2009 debt service payment).
- The district has made no changes to the debt service schedule over the last year.

## MEMO

RE: Gila Provisional Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE increased 18.7% to 1,109. The FTSE estimated for the EEC remained constant at 1,000. The most recently audited FTSE (FY 2006-07) increased 18.6% over the previous year to 753.
- Of the FY 2007 audited FTSE, 65 resulted from high school students enrolled through dual enrollment. Dual enrollment made up 8.6% of the total FTSE.
- The FY 2007 audited FTSE was distributed as follows:
  - Gila Pueblo Campus in Globe 398.4 (52.9% of total)
  - Payson Campus 241.4 (32.1% of total)
  - San Carlos Campus 99.7 (13.2% of total)
  - Winkelman 13.3 (1.8% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$620,500	\$133,400	\$0	\$753,900
2008-09	\$713,000	\$0	\$0	\$713,000

- Total state aid will decrease \$40,900 (-5.4%) as a result of the suspension in capital outlay.
- Operating state aid increased by \$92,500 (14.9%).
- Operating state aid was funded at 96.7% of its formula amount. The Gila CCD was one of only two districts with sufficient FTSE growth to receive an increase in operating state aid despite the reduction below the anticipated formula amount.

#### **Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$2,712,579	\$2,712,579	\$0.5987
2008-09	\$2,872,536	\$2,872,358	\$0.5595

- Primary tax rate decreased \$0.0392 (-6.5%).
- There is no secondary tax rate.
- The primary net assessed value increased by 13.3% to \$513.4M with 4.2% of the increase resulting from new construction and 9.1% from the increased value of existing property.
- Primary levy increased \$159,779 (5.9%).

### Tuition and Fees

- According to the contract the provisional community college district has with the Graham CCD, tuition rates are collected by the Graham CCD. Therefore, the tuition rates for students enrolling in Gila are the same as the rates in Graham as follows:
- The per-credit tuition rate increased \$5 (9.1%) to \$60 for in-state students. The tuition schedule includes a plateau at \$120 for 2 to 6 credits. For each additional credit after 6 the tuition increases by \$95 until the maximum of \$690 is reached for students taking 12 or more credit hours.
- The FY 2009 tuition rate for out-of-state tuition follows a similar pattern as the in-state. The rate for the first and second credits increased by \$15 (14.3%) to \$120 per credit. The tuition schedule then plateaus at \$240 for any number of credits from 2 to 6. For each additional credit after 6 the tuition increases by \$580 until the maximum of \$3,720 (equivalent to \$310 per credit) is reached for students taking 12 or more credit hours.
- Tuition for students from the WUE states increased \$60 (6.1%) to \$1,035 for 12 or more credits (equivalent to \$86 per credit hour).
- All senior citizens (age 55 and older) receive a tuition waiver scholarship to enroll in any number of credits at the college.
- As part of the intergovernmental contract, Graham collects all the tuition revenue raised from Gila students and then decreases the contractual payment by the amount of the tuition. In FY 2008 the tuition paid by students in Gila County was \$1.1M.

### General Fund Balance

- Carrying forward the entire \$1.4M (decrease of 31.3%) of the general fund (GF) balance.
- This GF balance is equivalent to 25.5% of GF expenditures.

### Transfers

- Transferring \$65,135 (decrease of 68.6%) of GF revenues to the plant fund.

### Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$4,800,615	\$5,307,855	10.6%
Plant Fund	\$340,601	\$223,235	-34.5%

### General Fund

- The only expenditure from the GF is the \$5.3M for institutional support (administration) which funds the contract with the Graham CCD.
- The \$5.3M in GF expenditures for this one line item represents a \$507,204 (10.6%) increase over the previous year.
- The budgeted GF expenditures are \$66,568 less than the budgeted GF revenues.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
8.31%	6.87%	6.08%	7.32%	N/A

- The employees that provide the services for the district are employed by the Graham CCD so they received the same pay raises as Graham employees.
- In Gila County, Graham employs the following: 10 full-time faculty, 21 full-time professional support staff, 3 full-time administrators, 102 part-time faculty, and 88 part-time support staff.
- The Graham CCD will add 15 Gila FTEs in FY 2009 at a cost of \$363,000.

**Plant Fund**

- The district budgeted \$172,235 for equipment, a decrease of \$100,366 (-36.8%).
- Budgeted \$41,000 for buildings, a decrease of \$7,000 (-14.6%).
- Budgeted \$10,000 for library books, a decrease of \$10,000 (-50.0%).

**Debt Retirement**

- The district has no outstanding debt.

## MEMO

RE: Graham Community College District (Eastern Arizona College)  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE increased 6.2% to 4,000; the FTSE estimate provided to the EEC remained constant at 2,765; the most recently audited FTSE (FY 2006-07) decreased 1.2% over the previous year to 2,401.
- The district explained that the Gila FTSE accounts for the discrepancy between the FTSE estimate provided to the EEC and the estimate used in the budget. As the expenditures made with the Gila contract revenue are not subject to the expenditure limit, the FTSE served with this revenue are excluded in the adjustment of the expenditure limit. But as the contract revenue is included in the total budgeted expenditures, the college includes this FTSE when describing the total budgeted expenditures per FTSE served.
- The FY 2007 audited enrollment included 48 FTSE resulting from high school students enrolled through dual enrollment. Dual enrollment represented 2.0% of the district's total FTSE and 6.1% of the unduplicated student enrollment or headcount.
- Senior citizens made up 28.8% of the headcount.
- Students taking online courses and other distance education courses accounted for 4.6% of the headcount.
- The FY 2007 FTSE was distributed as follows:
  - Thatcher Campus 2,079.0 (65.9% of total)
  - Gila Provisional CCD Locations 752.8 (11.1% of total)
  - Department of Corrections 209.5 (6.6% of total)
  - Federal Prison 84.2 (2.7% of total)
  - Greenlee County Locations 28.8 (0.9% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$5,370,400	\$510,100	\$13,146,500	\$19,027,000
2008-09	\$5,173,200	\$0	\$14,775,700	\$19,948,900

- Total state aid will increase 4.8%.
- The state aid increase is due to a 12.4% (\$1.6M) increase in equalization aid that offset a suspension of capital outlay (decrease of \$510,100) and a 3.7% (\$197,200) decrease in operating state aid (operating state aid and equalization aid were funded at 96.3% of their respective formula amounts).

- While the adopted budget included the full formula amounts of state aid, the district does not anticipate any need to adjust the budget as the \$1.4M contingency is sufficient to absorb the \$1.3M cut in anticipated state aid.

### Primary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$2,706,811	\$2,706,811	\$2.0033
2008-09	\$3,295,898	\$3,299,498	\$1.8828

- Primary tax rate decreased \$0.1205 (-6.0%).
- There is no secondary tax rate.
- Primary net assessed value increased \$40.1M (29.7%) to \$175.2M—8.7% resulted from appreciation of existing property and 21.0% from new construction.
- Primary levy increased \$592,687 (21.9%).
- The district's maximum allowable levy was reevaluated after the NAV was revised downward. The levy calculated by the county and reported above was calculated using the non-revised (higher) NAV resulting in an artificially high calculated levy. As the tax rate levied was the maximum allowable, when it is applied against the revised NAV the actual levy will equal the levy limit.

### Tuition and Fees

- The per-credit tuition rate increased \$5 (9.1%) to \$60 for in-state students. The tuition schedule includes a plateau at \$120 for 2 to 6 credits. For each additional credit after 6 the tuition increases by \$95 until the maximum of \$690 is reached for students taking 12 or more credit hours.
- The FY 2009 tuition rate for out-of-state tuition follows a similar pattern as the in-state. The rate for the first and second credits increased by \$15 (14.3%) to \$120 per credit. The tuition schedule then plateaus at \$240 for any number of credits from 2 to 6. For each additional credit after 6 the tuition increases by \$580 until the maximum of \$3,720 (equivalent to \$310 per credit) is reached for students taking 12 or more credit hours.
- Tuition for students from the WUE states increased \$60 (6.1%) to \$1,035 for 12 or more credits (equivalent to \$86 per credit hour).
- All senior citizens (age 55 and older) receive a tuition waiver scholarship to enroll in any number of credits at the college.
- Total tuition and fees is expected to increase 10.1% to a total of \$5.3M including the tuition of the students of the Gila County Provisional CCD. The tuition of the Gila students decreases the contractual payment owed to Graham by the provisional college district. In FY 2008, Graham collected \$1.1M of tuition from students in Gila County.

### General Fund Balance

- Carrying forward all of the \$7.1M (increase of 43.5%) general fund (GF) balance.
- This GF balance is equivalent to 23.2% of GF expenditures.

**Transfers**

- Transferring \$5.3M (decrease of 6.2%) of GF revenues to the unexpended plant fund.
- Transferring \$2.6M (increase of 7.9%) of GF revenues to the auxiliary enterprises fund.
- Transferring \$54,072 (the same amount as the previous year) of GF revenues to the restricted fund.

**Government Grants and Contracts**

- The budget shows an anticipated decrease of \$3.2M (59.6%) in GF revenue received from government grants and contracts. According to the district staff this was an error and the correct revenue estimate, \$6.2M, reflects an increase of \$771,942 or 14.3%.
- The district anticipates receiving \$5.5M from its contract with the Gila County Provisional CCD.
- In FY 2008 the district received \$406,494 for its contract services with the Arizona Department of Corrections. This contract revenue covers a little less than half of the expenses associated with providing the services. The FTSE revenue produced by the DOC covers the remaining costs.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$28,483,604	\$30,846,000	8.3%
Plant Fund	\$7,721,811	\$8,259,636	7.0%

**General Fund**

- Budgeted GF expenditures increased \$2.4M (8.3%) to \$30.8M.
- The majority of the increase will be spent on instruction, the budget for which will increase \$1.0M (8.1%) to \$14.0M.
- The next largest increase (\$572,147) was budgeted for student services bringing its total to \$4.5M (an increase of 14.6%).
- The budget for academic support received the largest budgeted percent increase, 24.6% (\$148,387), for a total budget of \$752,143. This increase resulted from the addition of the Center for Teaching and Learning.
- The remaining two expenditure categories, institutional support and plant M&O, were budgeted increases of just over 6% (\$373,616 and 224,820, respectively) for total budgeted amounts of \$6.4M and \$3.8M respectively.
- There was no change in the amount budgeted for the contingency which remained constant at \$1.4M.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
7.68%	6.34%	6.50%	6.95%	\$661,000

- Budget includes funding for 349 total FTE positions, 17 of which are new this budget year. 15 of the new FTEs will serve the students of the Gila County Provisional CCD.
- The new FTEs will cost \$423,000 in FY 2009, \$363,000 of which will support the Gila FTEs.
- The 17 new FTEs included 1 new full-time teaching faculty FTE positions, 9 new part-time teaching faculty FTE positions, no new administrative FTE positions, and 7 new FTE support staff positions.
- There was no change from last year in the benefits offered to employees, but the cost of offering employee benefits will increase by \$455,000.
- The college covers 100% of the health insurance premiums of each full-time employee's base level coverage. Employees have the option of accepting a certain amount of health care coverage for dependents or obtaining other supplemental insurance benefits equal to the value of the dependent coverage offered.

#### **Plant Fund**

- Budgeted plant fund expenditures increased by \$537,825 (7.0%) to \$8.2M.
- Most of the increase (\$404,825) was budgeted for equipment increasing this line item 17.34% to \$2.7M.
- The majority of the plant fund budget will be spent on buildings, the budget for which increased \$132,500 (2.5%) to \$5.4M. The primary expenditure of the buildings budget is the Nursing Education facility. The district is in the middle of its building cycle which it expects to complete near the end of FY 2010.
- The budget for improvements other than buildings increased \$12,000 (21.8%) to \$67,000.
- The budget for library books decreased \$10,000 (15.5%) to \$54,500.

#### **Debt Retirement/Outstanding Debt**

- The college has no outstanding debt.

## MEMO

RE: Maricopa Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE and the EEC estimate remained constant at 75,000.
- The most recently audited FTSE (FY 2006-07) decreased 0.7% to 69,561.
- The audited FY 2007 FTSE was distributed among the district's different colleges as follows: 14,432 at Mesa (3.9% decrease); 12,127 at Rio Salado (4.4% increase); 10,248 at Glendale (3.0% decrease); 6,253 at Phoenix (4.5% decrease); 5,926 at Scottsdale (1.4% decrease); 4,803 at Chandler-Gilbert (6.7% increase); 4,451 at Paradise Valley (1.7% increase); 3,805 at Gateway (1.1% decrease); 3,045 at Estrella Mountain (5.5% increase); and 2,052 at South Mountain (0.7% decrease).
- The total FY 2007 FTSE from the two skill centers (Maricopa and Southwest) combined with the FTSE from ABE/GED/ESL decreased 7.2% to 2,420.
- The district projects an actual FY 2008 total FTSE of 69,242. This will be the third year of declines in actual FTSE. This projection is 5,758 FTSE below the FY 2008 EEC estimate of 75,000 FTSE (the estimate used to determine the district's expenditure limit). This overestimate allowed the district to spend an additional \$28.3M.
- Notwithstanding the three years of declining actual FTSE the district used the same 75,000 FTSE estimate to calculate the FY 2009 expenditure limit. To reach this projected FY 2009 FTSE the district will need an 8.3% increase in enrollment above the estimated actual FY 2008 FTSE. This would be a sharp reversal of recent trends.

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$57,528,300	\$11,204,000	-	\$68,732,300
2008-09	\$55,416,100	\$0	-	\$55,416,100

- Total state aid will decrease \$13.3M (-19.4%).
- The state appropriated operating state aid at 96.3% of the formula amount resulting in a decrease of \$2.1M (-3.7%).
- Capital outlay was suspended entirely for FY 2009.

**Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$321,018,986	\$321,018,986	\$0.8246
2008-09	\$346,029,438	\$347,905,170	\$0.7752

**Secondary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$74,981,944	\$0.1514
2008-09	-	\$95,293,956	\$0.1634

- Primary tax rate decreased \$0.0494 (-6.0%).
- The secondary rate increased \$0.0120 (7.9%).
- The total primary assessed value increased \$6.0B (15.3%) to \$44.9B—9.1% resulted from the increased value of existing property and 6.2% from new construction.
- The total secondary assessed value increased \$8.8B (17.7%) to \$58.3B.
- The primary levy increased \$26.9M (8.4%)—\$1.9M of this levy will fund the Qwest settlement. The remaining levy is less than the district's levy limit.
- The secondary levy increased \$20.3M (27.1%)—\$523,957 of this levy will fund the Qwest settlement. The remaining levy, when combined with the SRP secondary in-lieu payments, is equivalent to the district's FY 2009 debt service requirement.
- The SRP payments in lieu of the primary tax levy decreased \$398,562 (-8.3%) to \$4.4M including \$24,292 for the Qwest refund.
- The SRP payments in lieu of the secondary tax levy increased \$47,362 (5.4%) to 931,551 including \$5,122 for the Qwest refund.

**Tuition and Fees**

- Tuition rates increased \$6 (9.2%) to \$71 per credit for in-state residents.
- For out-of-state residents that take up to six credit hours rates increased \$6 (6.7%) to \$96 per credit. (The rates for out-of-state students include the in-state rate plus an out-of-state surcharge. The surcharge did not change so the increase in the total amount paid per credit results from the increase in the in-state rate.)
- For out-of-state residents taking more than six credit hours the tuition rate increased \$6 (2.1%) to \$286.
- The total revenue from tuition and fees is expected to increase 13.1% to a total of \$151.3M. The amount budgeted for tuition revenues from in-state students alone increased 14.2%. While the in-state rate increased only 9.2% this revenue assumes an increase in enrollment.

**General Fund Balance**

- Carrying forward \$29.7M (1.6% decrease) of the \$89.1M (11.0% increase) general fund (GF) balance.

- The following governing board designations will account for \$75.0M (20.2% increase) of the GF balance: \$25.7M (24.2% increase) for bond operating costs, \$42.0M (6.3% increase) for financial stability policy at 8% as of 6/30/08, \$3.3M (49.6% increase) for financial stability FY 2009, and \$4.0M for financial stability in FY 2010 (a line item not included in the previous budget).
- While the board designates that the \$75.0M of the cash balance remain unbudgeted in the reserves identified above, the budget adds \$15.7M (26.9% increase) back into the balance available to be carried forward as the \$15.7M is not expected to be expended in the budget year.
- The total GF balance is equivalent to 14.8% of budgeted GF expenditures. The sum of the unbudgeted portion of the cash balance, \$57.5M, is equivalent to 9.6% of budgeted GF expenditures.

**Transfers**

- \$2.0M (no change from the previous year’s transfer) will be transferred from the unexpended plant fund to the GF.
- \$2.8M (75.2% increase) will be transferred from the auxiliary fund to the GF for FTSE growth reserves.
- \$2.7M (231.9% increase) will be transferred from the GF and the auxiliary fund to the unexpended plant fund for potential capital needs.
- An additional \$7.0M (no change from the previous year’s budget) will be transferred from the GF to the unexpended plant fund.
- An additional \$5.0M (26.9% decrease) will be transferred from the auxiliary fund to the unexpended plant fund.
- \$4.2M (no change from the previous budget) will be transferred from the auxiliary fund to the plant fund for retirement of revenue bonds.
- \$20.2M (16.2% increase) will be transferred from the GF to the auxiliary fund. \$13.7M (15% increase) of the \$20.2M is for auxiliary programs while \$6.5M (20.1% increase) is for scholarships.
- \$16.4M (1.1% increase) will be transferred from miscellaneous inter and intra funds to the auxiliary fund.

**Gifts, Grants, and Contracts**

- The college expects a decrease of \$8.8M (-11.2%) in student aid grants due mainly to a projected decrease in Pell Grant aid. This decrease follows an 18.9% decrease in the amount budgeted for this line item in the FY 2008 budget.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$555,286,039	\$600,390,296	8.1%
Plant Fund	\$457,333,906	\$425,177,147	-7.0%

**General Fund**

- Three of the expenditure categories will receive significant percentage increases. The largest percent increase, 56.8%, is budgeted for public service expenses. This increase brought the total budgeted amount to \$477,671. The district said that the increase was for a new early-outreach program at the Chandler Gilbert Community College. The next largest percentage increases were budgeted for student services (26.2%) and institutional support (11.0%).
- The largest dollar-amount increases were budgeted for institutional services (\$14.8M), instruction (\$12.8M), and student services (\$9.9M).
- \$2.1M (3.3% increase), \$2.3M (6.4% increase), \$2.9M (8.7%) are budgeted for academic support, operation and maintenance of the plant, and the contingency, respectively.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
4.5%-6.5%	4.5%-6.5%	3.0%-5.0%	3%	\$17.8M

- Budgeted 10 new faculty positions and relocated 2 others. Total cost for these positions will be \$1.0M.
- Health insurance and wellness expenditures will increase 11.3% (\$4.8M), includes governing board approved flex benefit increases.

**Plant Fund**

- Funding for all but four of the plant fund expenditure categories is expected to decline.
- Expenditures will increase for construction in progress, the contingency, library books, and retirement of debt on capital leases & installment purchases. The amount of the increases will be \$15.5M (8.2%), \$3.5M (23.3%), \$100,000 (2.7%), and \$3,892 (4.5%), respectively.
- The budgeted amount for buildings will decrease \$29.6M (-20.7%).
- Expenditures for improvements other than buildings will decrease \$10.3M (-26.6%).
- Expenditures spent on equipment will decrease \$9.6M (-16.8%).
- Miscellaneous expenses and transfers will decrease \$950,000 (-32.2%).
- The budgeted amount for land decreased \$800,000 (-10.3%).
- The amount spent on interest of long term leases and installment purchases will decrease \$3,891 (-21.4%).

**Bond Program**

- The pace of construction inflation slowed some in 2007 from 2006 but was still historically high. The inflation rate for 2007 and each of the preceding years were, respectively, 7%, 12%, 8%, and 9%. These inflation rates have cost the district in purchasing power.
- Since passing the November 2004 bond election, the district has completed eight projects totaling 64,500 new square feet and 161,100 remodeled square feet.

- Projects were completed at the district office, Estrella Mountain, Chandler-Gilbert, Glendale, and three different Rio Salado locations.
- The district has nine projects currently under construction for a total of 257,900 new square feet and 1,300 remodeled square feet.
- Projects are under construction at Glendale, Mesa, South Mountain, Phoenix, Rio Salado, and Chandler.
- The district has 10 projects in the design or consultant-selection phase including 255,400 new square feet and 53,100 remodeled square feet. These projects will benefit the following colleges: Chandler-Gilbert, Paradise Valley, Scottsdale, South Mountain, Mesa, Estrella Mountain, and Glendale.
- The district has purchased five buildings for a total of 223,500 square feet. These buildings support the Paradise Valley, Phoenix, and Rio Salado colleges as well as district-wide operations.
- The district has purchased land at 5 different sites for a total of 220.38 new acres. These sites are located in Buckeye, Surprise, Laveen, Avondale, and Ahwatukee.

#### **Debt Retirement/Future Bond Sales**

- The budgeted debt service payment was exactly the amount scheduled for FY 2009 according to the district's debt service schedule received last year.
- There was no change to the aggregate debt service schedule since last year.
- \$74.4M (48.7% increase) budgeted for retirement of principal owed on GO bonds; \$21.3M (17.5% decrease) budgeted for the interest on this debt.
- \$1.9M (20.5% decrease) budgeted for retirement of principal owed on revenue bonds; \$688,610 (10.4% decrease) budgeted for the interest on this debt.
- \$1.6M (54.3% increase) budgeted for interest on other long-term debt including long-term leases. The college has no certificates of participation.
- 2004 voter approved bonds were sold in 2005 and 2007. The district has issued \$430.2M or 45% of the \$951.4M bond authorization. The district anticipates three additional bond issuances, selling a new series of bonds every 2 years. The district will reevaluate the progress on the bond program and the cash flow needs and will likely issue \$260M between February and July of 2009.
- The district is one of a very few institutions of higher education in the country that have the highest credit rating with each of the three bond rating agencies.
- Interest rate on Series A bonds is 3.38%; rate for Series B is 3.93%.
- Revenue Bonds have been used to support construction of performing arts centers at Chandler-Gilbert (1998), South Mountain (2002), and Paradise Valley (2003). Revenue bonds have also been used to support the new student information system implemented in February of this year.
- The district plans a July 2009 revenue bond issue of \$26.4M to possibly support a conference center, additional performing arts centers, and upgrades to existing performing arts centers.

#### **Expenditure Limit**

- In the calculation of the expenditures subject to the constitutional expenditure limit the district excluded nearly all of the budgeted tuition revenue and all of the debt service payments on revenue bonds.

- The district's most recently audited expenditure limit report (FY 2007) shows the district's actual expenditures significantly lower than the amount budgeted for that year. The district explained that it has revenue exclusions that can be carried forward from previous years. The district budgets expenditures that will require the use of this carry-forward exclusion in case the expenditure capacity is needed during the year. The actual expenditures often are much less than the amount budgeted and the district continues to carry-forward the unused exclusions. The FY 2009 budgeted expenditure limit report includes a prior-years-carry-forward exclusion of \$193.7M.
- The district's most recently audited expenditure limit report also shows that the district's FY 2007 expenditures that were subject to the limit were \$44.3M under the limit.

### Other Presentations

#### **Chancellor's Comments**

- The focus of the college is on increasing education in Science, Technology, Energy, and Math (STEM).
- K-12 education system is not adequately preparing students.
- Analysis conducted by the district found that students that transfer to ASU with an AA degree or 35 credit hours from the district's colleges perform as well or better than students that began their college education at the university.
- The district's analysis also found that 64% to 65% of all juniors at ASU came from MCCCDCD.
- The district now has partnerships with ASU to allow increasing amounts of MCCCDCD credit to transfer. Students can now transfer 75 credit hours to a nursing degree and 90 credits in a communications degree.
- The district has a partnership with Indiana universities to transfer 90 credit hours and complete the remaining undergraduate credits online without having to move to Indiana.
- The district is working toward partnerships with ASU to guarantee enrollment in certain ASU programs for all MCCCDCD students that meet the necessary requirements.
- Of the 47 states that have universities, Arizona ranks 46<sup>th</sup> in production of baccalaureate degrees.
- MCCCDCD is not pushing for the community colleges to begin granting four year degrees. But if the universities do not step up then the community colleges will.
- During the Chancellor's five year tenure at the district's helm, the district has replaced six of the ten college presidents.

#### **EMCC President's Comments**

- 4% of the students at the college are older than 50 years old.
- 75% of the students are taking courses part time. 25% of the students take courses full time.
- The district has seen a 50% drop in ESL classes since the passage of Proposition 300.

## MEMO

RE: Mohave Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE and the EEC estimate increased 6.9% to 3,100; the most recently audited FTSE (FY 2006-07) increased 1.8% over the previous year to 2,866.
- The FY 2007 audited enrollment included 116 FTSE resulting from 502 high school students taking courses through dual enrollment. Dual enrollment represented 4.0% of the district's total FTSE.
- In FY 2007 the college enrolled 2,977 students in one or more online courses.
- During the same year the district enrolled 536 senior citizens in for-credit courses and 812 in non-credit courses.
- The college tracks enrollment by program but does not categorize the FTSE according to the campus at which the courses are taken. The college offers courses at its Lake Havasu City Campus, the Neal Campus in Kingman, the Henry Campus in Bullhead City, the North Mohave Campus in Colorado City, and at state prisons through its contract with the Arizona Department of Corrections.
- According to a report from the Mohave Daily News, dual enrollment as of the beginning of FY 2009 has increased 50% over FY 2008, and distance learning programs have increased from 3% of the total credit hours earned to 26%.

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$4,196,900	\$591,200	-	\$4,788,100
2008-09	\$4,063,300	\$0	-	\$4,063,300

- Will receive a 15.1% overall decrease in state aid.
- The operating state aid decreased by 3.2% (the amount funded was 96.3% of the budgeted formula amount) and capital outlay was suspended entirely.
- To account for the lower-than-anticipated amount of state aid the district implemented a hiring freeze and will review each position on a case-by-case basis before hiring replacements. The district also plans to review all travel on a case-by-case basis in an effort to reduce the amount of travel expenses. The district will also monitor the expenditures of all departments.

**Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$15,543,352	\$15,543,352	\$0.8221
2008-09	\$16,354,793	\$16,355,145	\$0.7152

- Primary tax rate decreased \$0.1069 (-13.0%).
- No secondary tax rate.
- Primary net assessed value increased \$396.1M (20.9%) to \$2.3B—17.2% resulted from the increased value of existing property and 3.7% from new construction.
- Total primary levy increased \$811,793 (5.2%).
- Due to the Qwest settlement and the resulting changes in the district's assessed value, the levy limit adjusted down \$352. Such a small change did not affect the maximum allowable tax rate. The college's levy adopted by the county was calculated using the maximum allowable rate and the higher assessed value. Since the rate is the maximum allowable, the actual levy it will produce will equal the levy limit notwithstanding the slightly higher levy that was adopted.

**Tuition and Fees**

- The tuition rate increased by \$5 (9.3%) to \$59 per credit hour for in-state students; tuition for out-of-state students continues to be three times the in-state rates, or \$177 per credit hour.
- All students, regardless of the number of credits taken, pay a \$50 (increase of \$10 or 25%) registration fee for activities and technology.
- Additional fees apply to various courses and programs. The total revenue the district expects to receive from student fees increased 21.4% including an increase of \$514,544 in fees budgeted as auxiliary revenue and a decrease of \$56,575 in the fees budgeted as general fund (GF) revenue.
- For regular for-credit courses, senior citizens (55 years and over) pay 50% of the tuition rates and 100% of all fees. The senior citizen rate for continuing education (now corporate outreach) and leisure studies (now community outreach) is 75% of the full tuition rate. The corporate/community outreach programs offer only non-credit coursework.
- Historically, Mohave students paid a relatively low percentage of the cost of their education (5.9% at Mohave six years ago while the nationwide average student contribution was 24%). The district just completed a five year tuition plan designed to increase student contribution. The board adopted a new tuition plan last fall to be implemented beginning with the fall 2008 semester. The plan includes a 9.3% increase in the fall of 2008, an 8.7% increase in the fall of 2009, and a 7.8% increase in the fall of 2010. The per-credit tuition rates after each of these increases will be \$59, \$64, and \$69, respectively. This plan continues the trend of moving student tuition to 30% of the overall cost of the education.
- Total GF tuition and fees is expected to increase 25.9% to a total of \$8.9M.
- The tuition and fees revenue collected for the non-credit corporate/community outreach programs is budgeted as revenue for the auxiliary fund. This student fee revenue is expected to increase 91.6% to \$1.1M. Corresponding expenditures for

these programs (identified in the auxiliary fund budget as auxiliary programs) are expected to increase 171.6% to \$601,854.

**General Fund Balance**

- The governing board did not designate any portion of the cash balance to be set aside as revenue not available to be included in the FY 2009 budget. Instead the district will carry forward all \$7.1M (an increase of 51.3%) of the GF balance.
- The cash balance makes up 21.1% of the GF budget.
- The district has a goal to maintain a cash balance that will operate the district for a six-month period and is still working toward reaching this goal.

**Transfers**

- Transferring \$1.0M (increase of 3.3%) of GF to retirement of plant fund indebtedness.
- Transferring \$2.7M (increase of 162.2%) of GF to the unexpended plant fund.
- Transferring \$36,121 (decrease of 91.3%) of GF to restricted fund.
- Transferring \$555,570 (increase of 35.5%) of the auxiliary fund to the GF.

**Gifts, Grants, and Contracts**

- The college expects a decrease of \$117,000 (-56.5%) in the amount of private gifts, grants, and contracts that will contribute to the GF.
- The decrease in private gifts, grants, and contracts budgeted in the GF will be partially offset by an increase of \$70,286 (56.3%) for a total of \$195,223 in private gifts, grants, and contracts budgeted in the restricted fund.
- The college anticipates receiving \$7.1M (increase of 8.6%) in federal grants and contracts. Most of this revenue will be from Pell Grants. As the college raised tuition again, more federal funds are awarded through Pell Grants.
- The college anticipates a decrease of \$32,029 (-11.6%) in state grants and contracts for a total budgeted revenue of \$244,690.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$29,723,724	\$33,511,873	12.7%
Plant Fund	\$405,088	\$864,349	113.4%

**General Fund**

- Budgeted a \$3.8M (12.7%) increase in GF expenditures.
- Nearly half of the increase (\$1.5M) was budgeted for increases in instruction expenditures. The instruction budget increased 16.5% to \$10.9M. This increase resulted from the addition of new instructional programs as well as the expansion of existing programs.
- The next largest increase, \$699,054 or 25.3%, was for the student services budget bringing its total to \$3.6M. This increase resulted from the reclassification of some work-study programs from the restricted fund budget to the GF budget and

from the reclassification of some employee positions from institutional support to student services.

- The budgeted amount for the contingency line item increased \$571,044 (18.4%) to \$3.7M.
- The scholarship fund received the largest percent increase at 57.1% (\$370,000) bringing its total to \$1.0M. The district explained that it has consistently awarded more scholarships than the annual budget estimates reflected. This year’s large increase resulted from a budget amount that more accurately reflects the actual expenditures. As the estimated actual scholarship expenditures for FY 2008 were 38.3% greater than even the increased FY 2009 budget amount, it may be likely that this budget estimate is still too low.
- The smallest increases were budgeted for operation and maintenance of the plant (\$338,164 or 12.8%), academic support (\$139,200 or 4.1%), and administration (\$132,857 or 1.7%).

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
6.5%	3.0 %	4.0%	4.0%	\$654,383

- The \$654,383 cost of the salary increases was offset by savings generated by changes in administration. The net change in salary expenses from FY 2008 to FY 2009 was \$239,657.
- The board approved a 3% salary increase for the district’s chancellor bringing the salary to \$190,550.
- The GF budget included funding for 23 new FTE positions—10 new faculty/assistant FTEs, and 13 new FTEs on the support staff. All of the positions may not be filled as the district implemented the hiring freeze and will only approve filling a position on a case-by-case basis.
- The FY 2009 cost of the new FTE positions was budgeted at \$1.2M.
- No changes in the benefits package provided to employees.
- The district’s cost of providing health care coverage increased 6.0%. The college pays 100% of the employee’s health insurance premiums. Coverage includes health, life, dental, and vision. College makes no contribution for dependant coverage.

**Plant Fund**

- The district budgeted an increase of \$459,261 (113.4%) for the plant fund.
- The largest portion of this increase, \$306,149 (all of which was new funding for this budget year), went to the budget for equipment. The equipment budget will fund permanent materials for the library, a vehicle for the district, and networking equipment for technology support.
- Nearly the entire remaining portion of the increase in plant fund expenditures went to the budget for buildings. The buildings budget increased \$173,112 (117.9%) to \$320,000. This budget amount will be used for undesignated building remodels as approved on a case-by-case basis.

- The district budgeted \$70,000 for library books (the same amount as the previous year).
- The district also budgeted \$168,200 (no change from the previous year) in debt service on capital leases/installment purchases. The debt service includes \$148,904 in principal and \$19,296 in interest.

### **Debt Retirement**

- The district has no outstanding general obligation (GO) bonds.
- The district budgeted \$187,325 (decrease of 1.0%) in debt service payments on revenue bonds including \$45,000 in principal and \$142,325 in interest.
- The district budgeted \$846,822 (decrease of 0.7%) in debt service payments on long term debt other than bonds. This debt service payment includes \$420,000 in principal and \$426,822 in interest.

### Miscellaneous

### **Bond Election**

- A \$111.5M bond request was approved by the Board of Governors and will be on the general election ballot in November 2008.
- The estimated debt service schedule provided by the district for the election's publicity pamphlet shows the average tax rate over the 32 year life of the bond program will be \$0.1133 with a tax rate that begins at \$0.0863 in 2009 and peaks at \$0.1627 in 2016.
- At each of three campuses—Lake Havasu City Campus, Neal Campus in Kingman, and Henry Campus in Bullhead City—the bond program will fund construction of a comprehensive student services center, a child care facility, a multi-use educational structure, and a business and community conference center.
- Additionally the bond will fund a maintenance facility at the Lake Havasu City Campus, a library at the Neal Campus Kingman, and a multi-use educational structure at the North Mohave Campus in Colorado City.
- The bonds may also be used for the following purposes: remodeling existing facilities including television and computer facilities; improving technology; removing modular buildings; furnishing buildings; completing off-site improvements; constructing or improving roads, sidewalks, and parking lots; installing and upgrading utilities; acquiring use rights in land adjacent to the Lake Havasu Campus; and paying legal, financial and other fees.
- The bonds will not be sold for a rate that exceeds 12% and will run for a period not to exceed 25 years.
- The district's current debt limit is \$484.7M.
- The estimated total cost of the proposed bond authorization, including principal and interest is \$214.7M.

**Expenditure Limit**

- In the district's calculation of compliance with the constitutional expenditure limit, the district excluded all tuition revenue as well as all debt service obligations on revenue bonds.

## MEMO

RE: Navajo Community College District (Northland Pioneer College)  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FY 2009 FTSE remained constant at 2,800. The estimated FY 2009 FTSE provided to the EEC for the calculation of the district's expenditure limit also remained unchanged from the previous year at 2,675. The most recently audited FTSE (FY 2006-07) decreased 4.3% to 2,304. The college reported that the FY 2008 FTSE ended up at 2,420—an increase of 4.8% over the audited FY 2007 FTSE.
- The FY 2007 audited enrollment included 288 FTSE resulting from high school students enrolled through dual enrollment. Dual enrollment represented 12.5% of the district's total FTSE.
- The online campus generated 195.8 FTSE, 8.5% of the total audited enrollment.
- Among the district's physical campuses and centers, the FY 2007 FTSE was distributed as follows:
  - White Mountain Campus—Show Low 764.9 (33.2% of total)
  - Silver Creek Campus—Snowflake/Taylor 255.7 (11.1% of total)
  - Painted Desert Campus—Holbrook 202.8 (8.8% of total)
  - Little Colorado Campus—Winslow 193.5 (8.4% of total)
  - Whiteriver Center 135.9 (5.9% of total)
  - Springerville/Eager Center 99.1 (4.3% of total)
  - St. Johns Center 80.6 (3.5% of total)
  - Heber Center 78.3 (3.4% of total)
  - Kayenta Center 59.9 (2.6% of total)
  - Department of Corrections 57.6 (2.5% of total)
  - Child Development Agency 57.6 (2.5% of total)
  - Hopi Center 30.0 (1.3% of total)
  - Sanders Unit 13.8 (0.6% of total)
  - Apache County Miscellaneous 62.2 (2.7% of total)
  - Navajo County Miscellaneous 16.1 (0.7% of total)

### Revenues

#### State Aid

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$4,412,300	\$1,505,700	\$4,305,200	\$10,223,200
2008-09	\$4,250,300	\$500,000	\$5,386,500	\$10,136,800

- Total state aid will decrease 0.8%.

- Operating state aid and equalization aid were each funded at 96.7% of the statutory formula amounts. Operating state aid, therefore, declined 3.7% (\$162,000).
- Equalization aid increased 25.1% (\$1.1M), 3.7% below the full formula amount.
- The formula amount of capital outlay was entirely suspended. The \$500,000 appropriated for the district is for a public safety and emergency services training facility. Of the district's FY 2008 capital outlay appropriation \$1.0M was for the same project. The district was the only college to receive any capital outlay appropriation.
- In response to the cuts in the revenue the district anticipated receiving in state aid the district is developing a document titled "Continuous Improvement in Uncertain Times." The document compiles many cost saving actions that will be implemented and studied. Additionally, all personnel requests require executive review and some position replacements will be postponed.

### Primary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$9,956,536	\$9,956,536	\$1.2257
2008-09	\$10,644,746	\$10,644,746	\$1.1719

### Secondary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$1,659,075	\$0.1949
2008-09	-	\$1,661,175	\$0.1663

- The primary tax rate decreased \$0.0538 (-4.4%).
- The secondary tax rate decreased \$0.0286 (-14.7%).
- The total primary assessed value increased \$96.0M (11.8%) to \$908.4M—6.7% of the increase resulted from appreciation of existing property and 5.1% from new construction.
- The total secondary assessed value increased \$147.4M (17.3%) to \$998.8M.
- The total primary levy increased \$688,210 (6.9%).
- The total secondary levy increased \$2,100 (0.1%).
- The secondary levy is exactly the amount the district will owe in debt service on general obligation (GO) bonds during FY 2009.

### Tuition and Fees

- The tuition rate increased \$4 (9.1%) to \$48 per credit hour for in-state residents.
- The per-credit rate applies to each credit if an in-state student takes 1-3 credit hours. If the student takes 4-7 credit hours the per-credit rate only applies to the first three credits and there is no charge for the additional credits. The per-credit rate applies to all credits if a student enrolls in 8-15 credit hours. There is no additional charge for credits taken in excess of 15.

- The tuition rate for out-of-state residents increased \$5 (2.2%) to \$235 per credit hour for full-time students.
- For nonresident half-time students (1-6 credit hours) the tuition rate increased \$4 (5.3%) to \$80 per credit hour applied only to the first three credits (credits 4-6 are taken at no extra charge). The \$235 per-credit hour rate is applied to all credits if the nonresident student enrolls in 7-15 credit hours. There is no additional charge for credits taken in excess of 15.
- The total tuition and fees collected by the college is expected to increase \$250,000 (7.0%) to a total of \$3.8M.

### General Fund Balance

- The district's beginning general fund (GF) balance of \$2.9M is a decrease of \$84,670 (2.8%) below the FY 2008 beginning cash balance.
- The district will carry forward \$1.0M of the balance. This is the same amount that was carried forward to the previous year's budget.
- The governing board designated \$1.9M (decrease of 4.2%) of the balance to be held in reserves. This portion of the balance was not included in the budgeted revenues.
- These designated reserves are equivalent to 7.7% of the district's GF budget. Together with the funds carried forward, the beginning balance is equivalent to 11.7% of the GF budget.

### Transfers

- Will transfer \$1.5M (increase of 20.0%) of GF revenues to the plant fund.
- Will transfer \$242,696 (decrease of 2.8%) of the GF to the fund for retirement of indebtedness.
- Will transfer \$190,000 (increase of 90.0%) to the auxiliary fund.

### Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$23,074,454	\$24,896,370	7.9%
Plant Fund	\$3,905,000	\$3,855,000	-1.3%

### General Fund

- Expenditures from the GF will increase by \$1.8M (7.9%).
- The largest increase, \$717,300 (10.2%), was budgeted for institutional support (administration) bringing the total budget to \$7.7M.
- The budget for instruction received the next largest increase, \$456,750 (4.8%), for a total budget of \$10.0M.
- The expenditure categories that received the largest percentage increase were academic support—increase of 14.3% (\$122,950) for a total budget of \$981,950—and student services—increase of 11.3% (\$179,750) for a total budget of \$1.8M.

- Expenses for operation and maintenance of the plant will increase by \$211,850 (9.5%) to \$2.4M.
- The contingency budget increased \$115,316 (7.4%) to \$1.7M.
- The budget for scholarships increased \$18,000 (6.4%) to \$300,000.

### Salary Adjustments

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
4.5%	4.5%	4.8%	4.5%	\$600,000

- The budget includes funding for 5.5 new FTEs at a total cost of \$325,000 including the employer's costs of benefits. The new FTEs will be distributed as follows: 0.5 in administration, 2 in faculty, and 3 in the support staff.
- The employee benefits package includes employee basic health and dental (with options to buy increased coverage), as well as standard benefits such as those provided by ASRS. The college covers 100% of the employees' premiums but does not cover dependents. The district switched health insurance providers to the Arizona School Board Association Insurance Trust while retaining organization of the Navajo County School Employees Benefit Trust. With the change the employee plans improved slightly and the contribution amounts for the district and the employees remained the same.
- Other than the slight decrease in the retirement matching contributions, the total cost of providing employee benefits will remain the same.

### Plant Fund

- The total budget for plant fund expenditures decreased by \$50,000 (-1.3%) to \$3.9M.
- The largest decrease was in the budget for buildings which decreased by \$1.3M (-6.2%) to \$750,000. This line item includes \$300,000 for the NATC (Emergency Training Facility), \$185,000 for the annual building renewal plan and \$180,000 for the FY 2008 Master Facilities Plan.
- The budget for construction in progress also decreased though by a relatively smaller amount. The decrease of \$200,000 (-28.6%) brought this line item to \$500,000.
- The budget for equipment increased by \$700,000 (127.3%) to \$1.3M. In response to the cut in capital outlay this line item will decrease from the budgeted amount to \$548,100 including \$246,500 for video monitors and classroom equipment, \$74,000 for disaster recovery, and \$227,600 for various other types of equipment ranging in cost from \$3,600 to \$35,000.
- The budget for improvements other than buildings also more than doubled with an increase of \$400,000 (133.3%) for a total of \$700,000. In response to the cut in capital outlay this line item will decrease from the budgeted amount to \$528,300 including \$200,000 for the NATC (Emergency Training Facility), \$175,000 for parking renovations at the Silver Creek Campus, \$90,000 for Slurry Seal parking lots and \$63,300 for engineering and de-installation of the district's wide-area network.

- The library books budget remained the same at \$55,000.
- The district will spend twice as much this year on retiring debt on capital leases and installment purchases the budget line for which increased by \$300,000 (100.0%) to \$600,000. The district's total outstanding debt for capital leases and installment purchases is \$1.4M. The district plans to enter into additional lease-to-own agreements in FY 2009 bringing the total outstanding balance to \$1.75M. This debt has been used to purchase desktop and laptop computers, wide area network facilities, computer network infrastructure and vehicles.

**Debt Retirement**

- The college has \$1.6M in outstanding GO bonds and \$235,000 in outstanding certificates of participation.
- Budgeted \$1.6M (increase of 2.9%) for retirement of the GO bonds, and \$56,175 (decrease of 43.3%) for interest on this debt.
- Budgeted \$235,000 (increase of 6.8%) for retirement of certificates of participation, and \$7,696 (decrease of 74.0%) for interest on this debt.
- These debt service payments will completely payoff the district's outstanding debt other than the outstanding capital leases and installment purchases mentioned above.
- The district has no current plans to ask voters to approve a new GO bond.

## MEMO

RE: Pima Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE and the EEC estimate increased 2.4% to 21,700; the most recently audited FTSE (FY 2006-07) decreased 0.9% to 19,807.
- Of the audited 2007 FTSE, 184.8 resulted from high school students taking courses through dual enrollment.
- The contract with the Arizona Department of Corrections generated 167.7 of the audited FTSE.
- Among the district's physical campuses and centers, the FY 2007 FTSE was distributed as follows:
  - West Campus 5,358.0 (27.1% of total)
  - Downtown Campus 3,704.0 (18.7% of total)
  - East Campus 2,566.0 (13.0% of total)
  - Northwest Campus 1,862.1 (9.4% of total)
  - Community Campus 1,755.2 (8.9% of total)
  - Desert Vista Campus 1,526.7 (7.7% of total)
  - Public Safety Institute 1,332.0 (6.7% of total)
  - Adult Basic Education 1,091.5 (5.5% of total)
  - Northeast Education Center 309.6 (1.6% of total)
  - Center for Training & Development 230.9 (1.2% of total)
  - Southeast Education Center 69.9 (0.4% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$19,593,500	\$3,198,900	-	\$22,792,400
2008-09	\$18,874,100	\$0	-	\$18,874,100

- Total state aid will decrease 17.2% as a result of the state suspending capital outlay and funding operating state aid at 96.3% of the formula amount.
- Cash reserves and contingency funds were budgeted to account for the possibility that the state aid may not be appropriated in the amount budgeted by the district.

#### **Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$74,937,797	\$74,937,000	\$1.0191
2008-09	\$80,638,779	\$81,023,355	\$0.9844

**Secondary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$13,600,000	\$0.1776
2008-09	-	\$14,502,170	\$0.1511

- The primary tax rate decreased \$0.0347 (-3.4%)—\$0.0057 of the primary rate was levied to fund the Qwest settlement.
- The secondary tax rate decreased \$0.0265 (-14.9%)—the secondary tax rate included \$0.0009 to fund the Qwest settlement.
- The total primary assessed value increased \$877.6M (11.9%) to \$8.2B—6.1% resulted from the increased assessed values of existing property while 5.8% resulted from new construction.
- The secondary assessed value increased \$1.4B (16.7%) to \$9.6B.
- The primary levy increased \$6.1M (8.1%)—\$466,886 of this levy will fund the Qwest settlement. The remaining levy is less than the district's levy limit.
- The secondary levy increased \$902,170 (6.6%)—of this levy amount \$88,072 will fund the Qwest settlement. The remaining levy is equivalent to the district's debt service requirement on its outstanding general obligation (GO) bonds.

**Tuition and Fees**

- The tuition rate for in-state residents increased \$2.50 (5.3%) to \$49.50 per credit hour regardless of the number of hours taken.
- The tuition rates for out-of-state residents taking 1 to 6 credit hours increased \$4 (5.0%) to \$84 per credit hour.
- The tuition rates for out-of-state residents taking 6 or more credit hours increased \$13 (5.5%) to \$249 per credit hour.
- Additional fees of \$4.00 per credit hour (student services and technology fee) and \$10 per semester (processing fee) apply to all students regardless of the number of hours taken or the student's residency.
- The total revenue from tuition and fees is expected to increase \$2.6M (7.1%) to a total of \$39.2M.

**General Fund Balance**

- The district's beginning cash balance of \$47.8M, an increase \$891,348 (1.9%), is equivalent to 31.9% of the general fund (GF) budget.
- The district is carrying forward \$11.3M (increase of 38.2%) of the GF balance.
- The following governing board designations will account for \$43.0 M of the GF balance: \$34.0M for reserves, \$2.5M for inventories and property taxes receivable, and \$6.5M for compensated absences.
- Of the governing board designations the \$6.5M is not expected to be expended during the budget year and, therefore, will be included in the \$11.3M carry forward.
- The total amount of the cash balance that will not be part of the budget, \$36.5M (decrease of 5.8%), is equivalent to 24.4% of the budgeted GF expenditures. According to the district, this saved revenue will be used if the state aid budgeted

by the college is not ultimately appropriated by the state (operating aid was cut by 3.7% below the budgeted level and capital outlay was suspended as shown above). The revenue may also be used for salary increase that had not been established by the time the budget was determined. And finally, this revenue may also be used for future capital projects.

### Transfers

- \$6.2M (increase of 53.2%) will be transferred from the GF to the unexpended plant fund.
- \$114,000 (decrease of 5.8%) will be transferred from the GF to debt service & financial aid match.
- \$1.1M (decrease of 67.1%) will be transferred from the restricted fund to the plant fund.
- \$438,600 (decrease of 1.4%) will be transferred from the auxiliary fund to debt service for other long-term debt.

### Gifts, Grants, and Contracts

- The college expects a decrease of \$1.2M (-28.9%) in GF revenue resulting from grants and contracts, most of which is contract revenue.
- The budgeted amount of restricted fund revenue resulting from local grants and contracts decreased \$1.7M (-76.5%) below the amount budgeted for FY 2008. But the FY 2008 budget included a significant increase (1.8M) that, according to the estimated actual FY 2008 figures included with the FY 2009 budget, did not actually materialize. This increase was supposed to result from a new administrative position focused on grant acquisition. The college anticipated receiving grants from the Brown Foundation and the United Way.
- This decrease in local grants will be offset by an increase in federal and private grants and combined with a \$60,900 decrease (-4.3%) in state grants. These changes will result in essentially constant (decrease of \$5,700 or 0.0%) restricted fund revenue from grants and contracts.

### Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$141,918,000	\$149,822,200	5.6%
Plant Fund	\$17,769,000	\$21,532,300	21.2%

### General Fund

- The budgeted GF expenditures will increase \$7.9M (5.6%) to \$149.8M.
- The largest amounts of the increase are budgeted for the contingency (\$7.4M or 245.3%), institutional support (\$1.4M or 5.3%) and instruction (\$1.1M or 2.3%).
- The district also budgeted increases for scholarships (\$349,700 or 19.8%) and student services (\$55,800 or 0.3%).
- The large increase in the contingency budget was to account for the likely decrease in the amount of state aid below the amount the district included in the

budget. When the state aid appropriation was finally made, the \$7.4M in the contingency was more than sufficient to cover the decrease below the budgeted amount. The appropriated operating state aid was only \$719,400 below the budgeted amount. The remaining portion of the increase in the contingency budget also covers the \$3.2M the college budgeted in capital outlay state aid that ultimately was not appropriated by the Legislature.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
3.7%	3.7%	3.7%	3.7%	\$3.6M

- The salary increases above represent the average received by each employee group. The board directed the 3.7% increase in each group be directed first to step increases for those within each group that had earned a step. The step increases were as follows: Administration—2.4%, Exempt Staff—2.5%, Non-exempt staff—2.5%, Regular Faculty—Varies, Adjunct Faculty—N/A.
- The portion of the 3.7% salary increase for each group that remained after providing the step increases funded a general lift to each group’s salary schedule. The schedule lift received by each group was as follows: Administration—1.9%, Exempt Staff—2.0%, Non-exempt staff—2.5%, Regular Faculty—1.1%, Adjunct Faculty—3.7%.
- The following are the costs associated with providing the increases to each employee group: Administration—\$253,600; Exempt Staff—\$775,800; Non-exempt staff—\$801,300; Regular Faculty—\$826,300; Adjunct Faculty—\$436,500.
- The cost of the fringe benefits associated with the raises equaled \$517,500 bringing the total annualized cost to \$3.6M.
- The GF budget includes funding for 6.17 new FTEs—all of which will be part of the exempt staff.
- No change from last year in the benefits offered to employees. Benefits include ASRS retirement program, health insurance, prescription drug coverage, dental insurance, life insurance, unemployment insurance, long-term disability coverage, short-term disability coverage, workers compensation, and paid holidays.
- The college covers the premiums for employees. Dependents and any additional coverage are paid for by the employees.

**Plant Fund**

- Plant fund expenses will increase \$3.8M (21.2%) to \$21.5M.
- The college did not budget anything for improvements other than buildings, a decrease of \$2.9M (-100.0%).
- Spending on equipment will more than double to \$15.5M an increase of \$7.9M (102.4%).
- Expenditures for construction in progress will remain constant at \$6.0M.
- Nothing was budgeted for the plant fund contingency, a decrease of \$1.2M (-100.0%).

**Debt Retirement**

- Debt service expenses will increase \$771,600 (5.4%) to \$15.0M.
- \$12.5M (increase of 11.7%) budgeted for retirement of principal owed on GO bonds; \$1.9M (decrease of 22.3%) budgeted for the interest on this debt.
- \$100,000 (same amount FY 2008) budgeted for retirement of principal owed on revenue bonds; \$14,000 (decrease of 33.3%) budgeted for the interest on this debt.
- \$439,000 (decrease of 1.3%) budgeted for retirement of principal owed on other long-term debt; nothing budgeted for interest on other long-term debt. The district's other long term debt refers to the lease purchase contract the district entered into to purchase the Northwest Campus Building A.
- The district currently has \$39.9M in outstanding GO bonds, \$300,000 in outstanding revenue bonds, and \$4.3M in outstanding lease purchase debt.
- The district accrued no new debt in FY 2008 and has no plans for new debt issues in FY 2009.

## MEMO

RE: Pinal Community College District (Central Arizona College)  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE and the EEC estimate decreased 2.3% to 4,300. The most recently audited FTSE (FY 2006-07) increased 0.7% to 3,823.
- Approximate FTSE distribution: 1700 FTSE enrolled at the Signal Peak Campus, 500 at the Florence center (including non-inmate members of the community), 500 at the Superstition Campus in Apache Junction, 300 at the Aravaipa Campus, remainder at satellite centers in Maricopa, Casa Grande, Coolidge, and Johnson Ranch.
- There are approximately 12,000 total students enrolled at the college and 1,100 of those are full-time students (12 or more credit hours).
- Of the audited FY 2007 FTSE, 23 result from high school students taking classes through dual enrollment.

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$6,052,000	\$797,600	-	\$6,849,600
2008-09	\$5,854,300	\$0	-	\$5,854,300

- Budgeted a 0.4% overall increase in state aid over the FY 2007-08 level before the state had passed its budget that established the state aid amounts.
- Before the passage of the state budget the district confirmed that it would not increase the property tax to make up the difference if state aid were cut. The district would change other aspects of the budget (presumably decrease the cash reserves) to adjust for the difference.
- With passage of the state budget the operating state aid was cut 3.7% below the budgeted amount and capital outlay was completely suspended.
- These cuts resulted in an overall decrease of \$995,300 (-14.5%) in state aid, resulting from a 3.3% decline in operating state aid and a 100% decline in capital outlay.

#### **Primary Tax**

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$36,169,883	\$34,358,431	\$1.8000
2008-09	\$40,072,693	\$34,850,119	\$1.4100

- Primary tax rate decreased \$0.39 (-21.7%).
- There is no secondary tax rate.
- Primary net assessed values increased \$564.7M (29.6%) to \$2.5B—19.3% of the increase resulted from existing property and 10.3% from new construction.
- Total primary levy increased \$491,688 (1.4%)—this levy is only 87.0% of the district’s maximum allowable levy.

### **Tuition and Fees**

- Tuition increased \$3.00 (5.3%) per credit hour to \$60 per credit hour for in-state tuition.
- Out-of-state tuition rates also increased 5.3% to \$120 per credit hour for out-of-state half time students and \$267 (5.1% increase) per credit hour for out-of-state students taking more than six credit hours.
- Total tuition and fees is expected to increase 3.8% to \$4.6M.

### **Transfers**

- Transferring \$4.51M (increase of 12.5%) from GF revenues to reserves.
- Transferring \$3.19M (increase of 3.2%) from the GF to the Plant Fund.
- Transferring \$2.35M (decrease of 14.5%) of tuition & fees to debt service.

### **General Fund Balance**

- Carrying forward \$476,895 (increase of 72.2%) of the \$20.6M (increase of 32.0%) general fund (GF) balance.
- The remaining balance is not budgeted but held in governing-board-designated reserves (\$13.4M, increase of 54.2%) and in other reserves (\$6.79M, increase of 1.6%).
- With the above reserve amounts and the GF transfer to reserves the district will have a total of \$24.7M (increase of 27.4%) in cash reserves. These reserves are equivalent to 69.7% of budgeted GF expenditures. The cash balance alone is equivalent to 58.3% of the GF budget.
- The level of reserve funds was determined by the budget amount remaining after budgeted expenditures reached the constitutional limit. The college could have refunded the excess revenue to the taxpayers by decreasing the tax levy. Instead, the district decided to hold the reserves in order to support operational spending if the district’s taxing authority were to be reduced by passage of ballot measures such as the Proper 13 Arizona or Arizona Tax Revolt.
- Should the reserves not be needed to respond to such ballot measures, the college may also use the funds to build new campuses and expand existing ones. The district plans to ask the voters to approve a general obligation (GO) bond this November. The district would use the reserve funds together with the bond revenue to expand the Signal Peak and Superstition campuses and to construct new campuses in the Town of Maricopa and in the Johnson Ranch area. The district would also use these reserves to fund the start up costs at these new facilities assuming that the new facilities will generate greater enrollment and, in turn, more expenditure capacity.

### Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$34,662,000	\$35,382,000	2.1%
Plant Fund	\$6,015,000	\$6,184,000	2.8%

#### **General Fund**

- Budgeted \$1.8M for the contingency expenditures which is the same amount as previous year. The contingency is for potential new staff if warranted by new growth.
- Budgeted \$13.9M (increase of 2.2% or \$300,000) from the GF for instruction.
- Public-service expenditures increased by 7.8% to \$275,000.
- Expenditures for student services increased by 4.2% to \$2.48M.
- All other line items of GF expenditures increased by not more than 3.0%.

#### **Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
4.0%	4.0%	4.0%	4.0%	\$934,000

- When asked what increases in budgeted line items represent the cost of the pay raises, the district explained that due to shifts in different programs it is not possible to identify exactly which line item increases combine together to cover the pay raises.
- No new FTEs budgeted.
- One change to benefits resulted from a new life insurance provider. The prior benefit was \$50,000. The new benefit is the greater of \$50,000 or twice the deceased's annual salary. Despite the increased benefit, the life insurance rate did not change, but employees are responsible for increased income tax liability resulting from the increased benefit.
- Employee benefits include the following:
  - 100% of health insurance premiums (dependents are 70%-75% covered)
  - Life insurance benefit of \$50,000 or twice annual salary, whichever is greater.
  - \$1,500 in annual dental benefit.

#### **Plant Fund**

- Maintaining the same budget amount for buildings: \$3.0M for the law officer and firefighter training facilities. Expended a little over \$1.0M in the current year toward the construction of the facility.
- Budgeted \$1.62M (decrease of 5.8%) for capital improvements other than buildings for renovations at the Casa Grande Center.
- Increased 35.7% the amount budgeted for equipment to \$989,000.
- Budgeted \$490,000 for contingency (increase of 2.0%).

**Debt Retirement**

- \$0 budgeted for general obligation bonds as there is no outstanding balance. The college will seek a new GO bond authorization this November as described below.
- A total \$880,600 was budgeted for debt service payments on revenue bonds (no change in amounts from FY 2008). This total includes \$405,000 in principal payments and \$475,600 in interest.
- The last revenue bond issue took place a little prior to 1999. The bond revenue was used to build a three-story, 370-bed residence hall on the Signal Peak Campus. The hall was completed in 1999 and now maintains an occupancy rate around 90%.
- The district budgeted \$1.169M for debt service payments on other long-term debt (no change in amounts from FY 2008). This total included \$789,400 in principal payments and \$380,000 in interest.
- The other long term debt refers to the district's certificates of participation (COPs) that were issued around the same time as the revenue bonds described above. The COPs were used to construct the following three buildings on the Signal Peak Campus: the Students Services Building, the Interactive Learning Center, and a shipping and receiving warehouse.
- \$292,000 (no change in amounts from FY 2008) budgeted for reserves dedicated to debt retirement.

Miscellaneous**Bond Election**

- The college will ask the district's voters to approve \$98.9M in new GO bonds this November.
- If the bond authorization passes the revenue will be used to expand the Signal Peak and Superstition campuses and to construct new campuses in the Town of Maricopa and in the Johnson Ranch area. The bonds will also allow renovation of facilities at the Aravaipa and Casa Grande Centers.
- The district estimates the debt service payments will result in a FY 2009 tax rate of \$0.1693 and an average tax rate of \$0.1095 over the 25-year life of the bonds.
- The annual debt service amount on the proposed bonds is estimated at \$7.0M for each of the 25 years of the bond program.
- The last time a bond measure passed was in 1972 for \$180,000.

**Expenditure Limit**

- In the calculation of the expenditures subject to the constitutional expenditure limit the district excluded all of the budgeted tuition revenue and all of the debt service payments on revenue bonds.

## MEMO

RE: Yavapai Community College District  
FY 2008-09 Budget Review

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### Enrollment

- Budgeted FTSE and the EEC estimate increased 2.3% to 3,915; the most recently audited FTSE (FY 2006-07) increased 7.9% over the previous year to 3,618.
- The 266 increase in audited FTSE at the Yavapai CCD surpassed the audited FTSE increases of any other community college district. In terms of percentage growth, only the Gila provisional district's 18.6% was larger. Five of the districts saw actual declines in the audited enrollment.
- Of the audited FY 2007 FTSE, 117 resulted from high school students taking classes through dual enrollment. This is 3.2% of the district's total FTSE.
- Students taking on-line classes or another type of distance learning accounted for 414 of the districts audited FTSE or 11.4%.
- The audited FTSE was distributed among the district's physical campuses and centers as follows:
  - Prescott Campus 1,803 (49.8% of total)
  - Verde Valley Campus 455 (12.6% of total)
  - Prescott Valley Campus 323 (8.9% of total)
  - Sedona Campus 122 (3.4% of total)
  - Chino Valley Campus 111 (3.1% of total)
  - Camp Verde School Complex 40 (1.1% of total)
  - Other miscellaneous FTSE 233 (6.4% of total)
- While the Career and Technical Education Center (CTEC) in Prescott was not open in FY 2007 to contribute to the audited FTSE, nearly 100 FTSE enrolled at the center in FY 2008.
- The district estimates the actual FY 2008 district-wide FTSE at 3,723.
- Programs with the largest FTSE growth include automotive, biology, communications, fire science, mathematics, nursing, psychology, recreation, and wildfire academy

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$4,820,400	\$703,900	\$0	\$5,524,300
2008-09	\$4,903,400	\$0	\$0	\$4,903,400

- Total state aid decreased \$620,900 (-11.2%).
- Operating state aid increased by \$83,000 (1.7%).
- The funding for capital outlay state aid was suspended.

- The state budget funded operating state aid at 96.3% of the formula amount. The Yavapai CCD's operating state aid increased even with this reduction in the formula amount because of the district's increase in audited enrollment. The Gila CCD was the only other district to receive an increase in the amount of operating state aid received this year.
- The district's budget allowed for an \$880,100 reduction in state aid below the formula amount as the amount that was actually appropriated was not determined until after the adoption of the district's budget.

### Primary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$33,094,152	\$33,094,152	1.3397
2008-09	\$35,225,387	\$35,424,260	1.1989

### Secondary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$5,214,651	0.1828
2008-09	-	\$5,264,245	0.1405

- Primary tax rate decreased \$0.1408 (-10.5%)—\$0.0074 of the rate will fund the Qwest settlement.
- Secondary tax rate decreased \$0.0423 (-23.1%)—\$0.0010 of the secondary rate will fund the Qwest settlement.
- Total primary assessed value increased \$484.3M (19.6%) to \$2.9B—14.6% of the increase resulted from higher assessed values of existing properties while the remaining 5.0% resulted from new construction.
- Total secondary assessed value increased \$893.6M (31.3%) to \$3.7B.
- Primary levy increased \$2.3M (7.0%)—\$219,555 of the levy was for the Qwest settlement. The remaining amount of the primary levy is within the district's levy limit.
- Secondary levy increased \$49,594 (1.0%)—\$36,361 of this levy was for the Qwest settlement. The remaining amount of the levy is \$60,026 (1.2%) more than the general obligation (GO) debt service payments due to be paid with this levy according to the district's debt service schedule.

### Tuition and Fees

- The tuition rate increased by \$3 (6.1%) to \$52 per credit hour for in-state-students. In addition to the increase in this budget year the district projects \$3 increases for each of the next 5 years as well.
- Out-of-state students pay the in-state tuition rate plus an out-of-state fee that varies depending on the number of credits taken. The additional fee charged to out-of-state students did not increase this year meaning the tuition of these students will increase by only the \$3 lift in the in-state tuition rate. With this \$3

increase in tuition and fees, the per-credit rate charged to out-of-state students is as follows:

- Out-of-state students taking less than 7 credit hours pay \$65 per credit hour (increase of 4.8%).
  - Out-of-state students taking 7 to 11 credit hours pay \$307 per credit hour (increase of 1.0%).
  - Out-of-state students taking 12 or more credit hours pay \$327 per credit hour for the first 12 credits (increase of 0.6%) and then \$52 per hour for each credit in addition to the twelfth (increase of 6.1%).
- There was no significant change in the fees charged to students.
  - The college expects to bring in a total of \$6.9M (increase of 7.7%) in student tuition and fees.

### **General Fund Balance**

- The general fund (GF) will begin FY 2009 with an estimated balance of \$7.8M, an increase of \$1.5M (24.7%) over the estimated beginning balance for FY 2008.
- The district is carrying forward \$2.7M (increase of \$1.2M or 79.3%) of the GF balance—\$777,000 of the carry forward was transferred to the plant fund and \$200,000 was transferred to the auxiliary fund.
- The remaining \$5.1M (increase of 7.5%) of the cash balance was not carried forward but will be held in governing board designated reserves for the financial stability policy.
- The cash balance is equivalent to 20.7% of the budgeted GF expenditures. The designated reserves are equivalent to 13.6% of the GF budget.

### **Transfers**

- The following transfers are in addition to the transfers of the beginning balance as described above.
- Transferring a total of \$5.9M (increase of 29.0%) of GF revenues to the Plant Fund. This total includes \$4.6M (increase of 45.8%) shown in the budget as a primary property tax for the plant fund in addition to three items listed as transfers from the GF in the following amounts: \$627,000 (for capital projects accumulation), \$530,000 (for the facility/technology surcharge to plant fund), and \$150,000 (for the master plan library).
- Transferring \$5.1M (increase of 18.3%) from the GF to the auxiliary fund. This transfer includes \$45,000 specified as specifically for the facilities/technology surcharge to the auxiliary fund.
- Transferring \$227,700 (decrease of 0.1%) from the auxiliary enterprises fund to the plant fund for retirement of indebtedness.

### **New Debt Issues**

- The FY 2009 plant fund budget includes \$4.9M in revenue described as master plan proceeds. This revenue includes the \$900,000 in proceeds from the last issuance of the GO bonds authorized by voters in 2000. The remaining revenue includes \$1.8M in interest earned on the bond proceeds and \$2.2M in local resources reserved to complete the master plan.

- In addition to the final issuance of the voter-approved bonds, the budget also includes \$350,000 of revenue from a new lease purchase agreement to fund technology equipment, furniture, and fixtures for the new Prescott Valley facility.
- In FY 2009, the district will also enter into a \$2.0M lease purchase agreement to fund the purchase and implementation of a new Enterprise Resource Planning (ERP) student and administrative software system.
- The district is also considering some future issues of revenue bonds for residence hall renovations and certificates of participation (or other lease-purchase instrument) for a new chiller on the Prescott Campus. The chiller will cost an estimated \$6.0M to \$8.0M.
- The district presently has no plans for a future GO bond authorization request to be placed before the voters.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$36,808,687	\$37,425,989	1.7%
Plant Fund	\$17,333,896	\$16,927,772	-2.3%

**General Fund**

- The district budgeted an increase of \$617,302 (1.7%) in GF expenditures.
- With an increase of \$513,308 (7.3%) the budget for administration increased more than any other expenditure category. This increase brought the total budget for administration to \$7.5M.
- The budget for operation and maintenance of the plant increased by \$292,662 (6.6%) for a total budget of \$4.7M.
- Academic support also received a similar increase, \$276,434 (7.5%), for a total budget of \$4.0M.
- The budget for public service increased by the largest percentage, 9.5% (\$7,455), bringing its budget to \$85,900.
- The district held the budget for the contingency constant at \$1.0M and only slightly increased the budget for instruction to \$16.9M (increased by 0.3%).
- The budget for student services decreased \$514,935 (-13.7%) to \$3.3M.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
6.625%	2.5%	2.5%	3.7%	\$720,000

- The 2.5% salary adjustment for administration and support, as well as 2.5% of the 6.625% salary adjustment for faculty, is merit based and only applied to the employees that earned the raise based on their performance.

- In addition to the Arizona State Retirement System, the district offers employee benefits that include health insurance, life insurance, vacation days, sick days, and paid leave for holidays.
- The district covers 100% of insurance premiums for employees and 25% of the premiums for dependant.
- For FY 2009 the cost of the district-paid, health-insurance premiums will increase 14% at an approximate cost of \$365,000 to the district.
- The district's GF budget included funding for only one new full-time position which will result from the consolidation of part-time positions. The net cost resulting from this change is \$8,000. The new position will be part of the support staff.

### **Plant Fund**

- The district budgeted a \$406,124 (-2.3%) decrease in plant fund expenditures. The slight decrease was the result of the near completion of the Master Plan Project of 2000.
- The budget for land increased by \$1.6M (572.0%) to \$1.8M.
  - The district budgeted for land purchases in Prescott Valley (\$403,000) and Chino Valley (\$1.4M).
- The budget for equipment saw the next largest increase, \$1.7M (70.8%), for a total of \$4.1M.
  - The bulk of the increase in the equipment budget is for the implementation of the Enterprise Resource Planning software that will cost the district \$2.0M this year (increase of \$1.5M). The software includes student, finance/HR/payroll, alumni-development, and housing modules.
  - The equipment budget also included \$350,000 for equipment for the new building to be built at the Prescott Valley Campus.
- The debt service on capital leases and installment purchases will increase by \$603,198 (38.2%) to \$2.2M.
  - Of the debt service \$1.8M (increase of 23.0%) will retire debt while \$411,934 (increase of 196.3%) will pay interest on the debt.
- The amount budgeted for library books remained constant at just under \$226,000.
- The district will decrease the amount spent on buildings by \$2.5M (-25.6 %) for a total buildings budget of \$7.2M.
  - The decrease in the buildings budget was driven by the decrease of \$2.5M in the amount the district will spend this year on improvements to the residence halls.
  - The buildings budget includes funding for each of the following:
    - \$4.9M for the Master Plan Projects
    - \$750,000 for a new building at the Prescott Valley Campus
    - \$355,000 for renovations at the Prescott Campus
    - \$265,000 for renovations at CTEC in Prescott.
    - \$250,000 for water storage at the Chino Valley Campus
    - \$50,000 for master planning at the Verde Valley Campus
    - \$45,000 for the residence halls at the Prescott Campus
    - and \$550,000 for the general building budget.

- The remaining amount of the decreased plant fund budget resulted from a \$1.8M (-57.2%) decrease in the contingency budget bringing its total to \$1.4M.
  - The decrease in the contingency budget resulted from the elimination of the \$1.7M reserve fund for the Master Plan Projects.

#### **GO Bond Program (Master Plan of 2000)**

- Three projects that were included in the Master Plan of 2000 remain to be completed: the Prescott Valley Joint Facility Project, the Sedona Center Expansion, and the Cordes Junction.
- Upon completion of the Prescott Valley project (\$1.7M) all GO bond proceeds will have been expended.
- The remaining two projects will be funded through investment income and reimbursement to the Master Plan projects from GF reserves and plant fund reserves.
- The following capital projects were completed in FY 2008:
  - The Family Enrichment Center on the Prescott Campus
  - Renovations of CTEC
  - Planning for the Prescott Valley facility (will include a new town public library as a joint venture with the Town of Prescott Valley)
  - Renovations of Building L on the Verde Valley Campus—includes two new science labs

#### **Capital Improvement Plan**

- The district has prepared a five-year capital improvement plan (CIP) to prepare for spending on new building projects and renovations not included in the Master Plan of 2000.
- The plan includes an average of \$9.0M of projects in each of the next 4 fiscal years.
- The district expressed the necessity to fund many of these projects through bonds, lease purchases, pledged revenue obligations (PROs), local resources, grants, and donations.

#### **Debt Retirement**

- The amount budgeted for debt service of GO bonds increased \$13,233 (0.3%) to \$5.2M including \$3.0M in principal and \$2.4M in interest.
- The secondary levy is \$60,026 (1.2%) more than the district's debt service payments scheduled for GO bonds. The amount budgeted for retirement of principal matches the debt service schedule. The increase was budgeted for interest on the debt.
- The amount budgeted for debt service of revenue bonds decreased \$200 (-0.1%) to \$227,700 including \$180,000 in principal and \$47,700 in interest.
- The amount budgeted for debt service on revenue bonds was \$5,400 (2.4%) more than the amount indicated on the district's debt service schedule. The budgeted amount for retirement of principal matched the debt service schedule. The increase was budgeted for interest on the revenue bond debt.

**Total Outstanding Debt**

- After making the scheduled FY 2009 debt service payments, the district will have \$53.5M of outstanding GO bonds and \$1.0M in outstanding revenue bonds. After entering into the new lease purchase agreements described in the budget, the district will owe \$9.7M in outstanding lease-purchase debt.
- The sum of the just described outstanding debt is \$64.2M.
- The outstanding GO bonds are equivalent to 142.9% of the district's FY 2009 GF budget. The total outstanding debt is equivalent to 171.5% of the GF budget.

Miscellaneous**Auxiliary Fund**

- The budgeted auxiliary fund expenditures decreased by \$1.2M (-14.6%) driven by the district's elimination of the Elderhostel program for which \$2.0M were budgeted in FY 2008.
- The Elderhostel program is a nonprofit organization that provides learning opportunities for adults. The district participated in the International Eldershostel program for approximately 25 years. The district eliminated participation in the program due to a change of focus for the institution.
- The elimination of the Elderhostel program was offset by \$241,941 in expenditures budgeted for the new Edventures program which offers educational related learning opportunities. The program focuses on in-county and in-state residents.
- The \$7.2M in budgeted auxiliary fund expenditures are 70.2% funded by the \$5.1M transfer from the GF.
  - The GF transfer is intended to fund various scholarships, staff-tuition waiver programs, athletic programs, community education, student activities, auxiliary operations and maintenance, residence hall utilities and maintenance, auxiliary support services, and other similar expenditures.
  - The remaining \$2.1M of the auxiliary fund budget is funded with revenue from programs that are intended to be self-sufficient, such as the new Edventures program and each of the following programs: housing, food services, vending, bookstore, rentals, conferences, music lessons, public swimming, community events, family enrichment center, and custom training solutions.

**Expenditure Limit**

- When calculating the expenditures that are subject to the constitutional expenditure limit, the district only excluded a portion of the tuition and fees collected in the auxiliary fund. The district did not exclude the \$227,700 of housing revenue that funded the revenue bond debt service.

## MEMO

RE: Yuma/La Paz Community College District (Arizona Western College)  
FY2008-09 Budget Review

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### Enrollment

- Budgeted FTSE, as well as the estimate provided to the EEC, increased 0.1% from the FY 2008 budget estimate to 4,585.
- The most recently audited FTSE (FY 2006-07) decreased 2.8% below the previous year to 4,279.
- The audited FY 2007 enrollment included 7 FTSE resulting from high school students enrolled through dual enrollment. The dual enrollment was equivalent to 0.2% of the total FTSE.
- The FY 2007 enrollment also included 451.9 FTSE (13.1% of the total) generated through the online campus.
- Senior citizens accounted for 30.3 FTSE (0.9% of the total) of the FY 2007 enrollment.
- Among the district's physical campuses and centers, the FY 2007 FTSE was distributed as follows:
  - Yuma—Main Campus 2,663.9 (77.2% of total)
  - San Luis 457.6 (13.3% of total)
  - Yuma—Off Main Campus 279.8 (8.1% of total)
  - Somerton 192.9 (5.6% of total)
  - Parker 69.3 (2.0% of total)
  - Department of Corrections 25.0 (0.7% of total)
  - Marine Corps Air Station 19.5 (0.6% of total)
  - Wellton 14.9 (0.4% of total)
  - Salome 2.3 (0.1% of total)
  - Yuma Proving Ground 2.2 (0.1% of total)
  - Wenden 1.3 (0.04% of total)
  - Quartzsite 1.0 (0.03% of total)
  - Bouse 0.3 (0.01% of total)

### Revenues

#### **State Aid**

<i>FY</i>	<i>Operating</i>	<i>Capital Outlay</i>	<i>Equalization</i>	<i>Total</i>
2007-08	\$5,722,700	\$924,800	\$1,372,400	\$8,019,900
2008-09	\$5,512,600	\$0	\$1,931,400	\$7,444,000

- Total state aid will decrease 7.2%.

- Both operating state aid and equalization aid were funded at 96.3% of the amount called for by the statutory formulas. This led to a decrease of 3.7% in operating state aid that without the across-the-board reduction would have been funded at the previous year's level due to the hold harmless provisions of the funding formula.
- Equalization aid increased 40.7% due to the increasing assessed values of the four rural districts that receive no equalization aid.
- Funding for capital outlay was suspended, a 100% decrease.
- As the district adopted its budget prior to the state passing the community college appropriation, the district's budget anticipated the full formula amounts of state aid. To adjust for the lower-than-expected state aid, the district froze the majority of capital expenditures and placed a hold on filling several vacant positions for the first six months of the year.

### Primary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Primary Tax Rate</i>
2007-08	\$19,225,108	\$19,225,034	1.7345
2008-09	\$20,577,635	\$20,687,588	1.6274

### Secondary Tax

<i>FY</i>	<i>Levy Limit</i>	<i>Actual Levy</i>	<i>Secondary Tax Rate</i>
2007-08	-	\$5,777,019	0.4421
2008-09	-	\$5,858,654	0.3652

- Primary tax rate decreased \$0.1071 (-6.2%).
- Secondary tax rate decreased \$0.0769 (-17.4%).
- Primary net assessed value increased \$162.8M (14.7%) to \$1.3B—9.3% of the increase resulted from higher values for existing properties and 5.4% resulted from new construction.
- Secondary net assessed value increased \$297.0M (22.7%) to \$1.6B.
- Total primary levy increased \$1.5M (7.6%)—\$133,330 of this levy will fund the Qwest settlement. The remaining levy is less than the district's levy limit.
- Total secondary levy increased \$81,635 (1.4%)—\$27,585 of this levy will fund the Qwest settlement. The remaining levy is equivalent to the district's FY 2009 debt service requirement.

### Tuition and Fees

- All tuition rates increased by \$10 per credit hour. The district said that the anticipated loss of state appropriations was the reason for the tuition increase. The new per credit rates and percent increases over FY 2008 are as follows:
  - \$56 per credit hour (21.7% increase) for in-state, non-senior citizen students
  - \$47 per credit hour (27.0% increase) for in-state, senior citizen students

- \$62 per credit hour (19.2% increase) for out-of-state, non-senior citizen, part-time students (1-6 credit hours)
  - \$53 per credit hour (23.3% increase) for out-of-state, senior citizen, part-time students
  - \$246 per credit hour (4.2% increase) for out-of-state, non-senior citizen, full-time students (7-12 credit hours), plus
    - \$56 per credit hour in excess of 12 credit hours (21.7% increase)
  - \$237 per credit hour (4.4% increase) for out-of-state, senior citizen, full time students
    - \$47 per credit hour in excess of 12 credit hours (27.0% increase)
- Total tuition and fees is expected to increase 30.0% to a total of \$6.2M. The change includes increases of 36.7% in general tuition revenue and 11.1% in out-of-state tuition revenue. The tuition increases are offset slightly with a 9.3% decrease in revenues from student fees.

**General Fund Balance**

- Carrying forward \$1.8M (same amount carried forward on the previous budget) of the \$8.3M general fund (GF) balance (same balance as the previous year).
- The governing board designated \$4.7M of the GF balance to be held in board designated reserves (same values as the previous year).
- \$900,000 of the GF balance is the tax receivable account and, therefore, is not available for expenditures (same values as the previous year).
- The remaining \$890,000 of the GF balance is not available for expenditures as it is reserved for uncompensated absences (same amount as last year).

**Transfers**

- Will transfer a net total of \$120,000 (same value as the previous year) of GF revenues although the destination of the transferred funds is not indicated on the budget.
- Will transfer \$79,800 (increase of 0.6%) from the auxiliary fund to the plant fund.
- Will transfer \$186,450 (the same amount as the previous year) from the auxiliary fund to the restricted fund.
- Will transfer \$21,850 (decrease of 6.6%) from “other funds” (not specified) to the auxiliary fund.

**DOC Contract Revenue**

- The revenue from the contract with the Department of Corrections covers supplies and the salaries of the program’s employees. The district absorbs the cost of travel, some supplies, and scholarships to cover tuition.

Expenditures

<i>Fund</i>	<i>FY 07-08</i>	<i>FY 08-09</i>	<i>% Change</i>
General Fund	\$33,755,073	\$36,316,396	7.6%
Plant Fund	\$44,924,800	\$10,898,600	-75.7%

**General Fund**

- The general fund budget increased by \$2.6M (7.6%) to \$36.3M.
- The largest portion of the increase, \$1.0M, was added to the administration’s budget. This 14.5% increase brought the total to \$8.2M. The increase was the result of the college’s plan to centralize many of the supply purchases.
- The budget for instruction received the next largest increase, \$800,617 (5.6%).
- The largest percent increases were budgeted for the contingency (52.2%) and for public service (19.5%). The respective increases of \$572,000 and \$56,816 brought the contingency budget to \$1.7M and the public services budget to \$531,589. The increase in the contingency was to account for the potential decreases in state aid. The increase in the public service budget was the result of personnel realignment.
- The budgets for student services and scholarships each received small increases of \$64,185 (1.8%) and \$24,407 (0.5%), respectively. These increases resulted in a budget of \$3.7M for student services and \$4.5M for scholarships.
- The amount budgeted for academic support actually declined by 16,506 (-0.6%).
- These budgeted expenditures were based on the budgeted revenue that included \$282,511 in GF revenue from state aid that was not ultimately appropriated. To account for this difference some vacant positions will remain unfilled for the first half of the fiscal year.

**Salary Adjustments**

<i>Faculty</i>	<i>Administration</i>	<i>Support</i>	<i>Institutional Average</i>	<i>Estimated Annualized Cost</i>
3%	3%	3%	3%	\$560,000

- Budget includes funding for 30 new FTEs but 16 of those FTEs are reclassifications of FTEs that were considered grant funded in previous budgets notwithstanding the fact that the majority of their salaries were already carried in the general fund budget.
- In addition to these reclassifications, the budget funds 10 new classified positions (mostly due to the new facilities that recently opened), 1 faculty position, and 3 administrative positions.
- Employee benefits package includes educational growth credit, tuition free classes, retirement, vacation and sick leave, personal leave, holidays, employee assistance program, deferred compensation, medical, dental, vision, short and long term disability, term life, and flexible benefits plan.
- The district covers the entire cost of premiums for employees and 12% of the cost for the employees’ dependants.
- The total cost of providing employee benefits will decrease as a result of the 0.15% reduction in the ASRS contribution. The cost of providing health care benefits will remain unchanged.
- This year employees will be offered the opportunity to contribute through payroll deductions to a 403(b) plan in order to invest more than the ASRS contributions into a fund for the employee’s retirement. The employees can contribute to plans offered by five different companies that were selected by the consortium of

schools that the district participates in. This new option for the employees will cost the district nothing.

### **Plant Fund**

- The budget for the unexpended plant fund will decline \$34.0M (-75.7%) to \$10.9M as a result of the district nearing completion of the bond program.
- All of the decrease results from the budget for buildings dropping from \$44.0M in FY 2008 to \$10.0M in FY 2009.
- The budget for improvements other than buildings will also decrease by a significant percent (-66.5%) but this \$65,000 decline is small relative to the buildings budget.
- The budget for equipment will increase by \$38,800 (6.4%) to \$641,750.
- The budgets for library books and for the contingency will remain unchanged at \$99,140 and \$125,000, respectively.
- These budgeted plant fund expenditures were based on the budgeted \$898,600 in plant fund revenue from state aid that was not ultimately appropriated. To account for this difference the district will eliminate the budget for the plant fund contingency and reduce the budget for equipment and the budget for library books.

### **Debt Retirement**

- Budgeted \$5.8M (increase of 0.9%) for debt service on general obligation (GO) bonds; this debt service payment will include \$2.5M (increase of 6.5%) in retirement of principal and \$3.4M (decrease of 2.8%) in interest.
- Budgeted \$79,800 (increase of 0.6%) for debt service on revenue bonds; this debt service payment will include \$70,000 (increase of 7.7%) in retirement of principal and \$9,800 (decrease of 31.7%) in interest.
- After making the FY 2009 debt service payments on the outstanding GO bonds, the district will have an outstanding balance of \$71.0M.
- The district issued no new debt in FY 2008.
- The district recently approved the 2020 Facilities Master Plan. The district has not yet developed or approved a plan to finance these projects but anticipates that bonding will be necessary.

### **Bond Program**

- The district has completed many of the bond projects that were outlined in the bond proposal authorized by voters in 2004. The completed projects include the San Luis Center, the Greenhouse, the Science and Agricultural Research Building, the Science Center, the Child Development Learning Lab, and the College Community Center.
- Of the projects included in the 2004 bond authorization only the Quartzite, Parker, and Wellton projects still remain to be completed. Work on these projects is either in progress or will begin soon.
- All of the authorized bonds have been issued.

**Expenditure Limit**

- In the calculation of the expenditures subject to the constitutional expenditure limit the district excluded all of the budgeted tuition revenue and all of the debt service payments on revenue bonds.