

REQUEST TO APPROVE 2014-15 PRELIMINARY BUDGET

Recommendation:

Staff recommends approval of the 2014-2015 Preliminary Budget as presented.

Summary:

Staff will review the budget with the Board and will also answer questions. The budget can be reduced, but cannot be increased at the Board meeting on May 15, 2014. The preliminary budget as approved by the District Governing Board will be published prior to the budget hearing according to statutory requirements. Notices about the budget hearing will be published on the NPC website, in the Holbrook Tribune and in the White Mountain Independent. A notice of the hearing scheduled for May 21 will also be published and sent as a news release to all area media outlets.

The preliminary budget includes operational and staffing adjustments based on the NPC Strategic Plan approved by the District Governing Board along with Board discussions throughout the budget development process. Extensive involvement at the department and executive level produced the attached budget proposal through the approved budget development calendar, assumptions and guidelines.

Revenue estimates discussed in the regular March 2013 Board meeting have been finalized and several technical changes have been included on the attached official budget forms. The changes will be discussed during the Board meeting. The preliminary budget reflects the maximum primary property tax levy.

The State of Arizona FY 2014-15 budget has not been approved by the Governor as of this writing; however, the community college system's recommendation to follow statutory formula is expected to be funded. The formulas for both operating state aid and equalization aid combine for a total reduction in revenues of nearly \$260,000 or almost four percent. Staff continues to have concerns about the future funding of equalization state aid. Capital equipment funding for STEM activities has received additional funding in the proposed executive and legislative budgets for a total additional appropriation of \$252,800.

Expenditure targets have also been modified as a result of additional discussions following the budget hearings. Instructional expenditures have increased nearly 3%, primarily related to wages for contract and adjunct faculty. The approved two percent (2%) increase for all employee classes is also included in the preliminary budget. Employee benefits have not increased significantly for the upcoming fiscal year; however benefits are expected to increase at a higher rate in future years.

Staff anticipates the expenditure limit will be breached in FYE 2015, but carry-forward balances will cover the excess.



OFFICIAL BUDGET FORMS
NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
FISCAL YEAR 2015

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2015
SUMMARY OF BUDGET DATA**

	Budget 2015	Budget 2014	Increase/Decrease From Budget 2014 To Budget 2015	
			Amount	%
I. CURRENT GENERAL AND PLANT FUNDS				
A. Expenditures:				
Current General Fund	\$ 25,827,253	\$ 25,432,135	\$ 395,118	1.6%
Unexpended Plant Fund	<u>7,775,400</u>	<u>12,199,300</u>	<u>(4,423,900)</u>	<u>-36.3%</u>
Retirement of Indebtedness Plant Fund				
TOTAL	<u>\$ 33,602,653</u>	<u>\$ 37,631,435</u>	<u>\$ (4,028,782)</u>	<u>-10.7%</u>
B. Expenditures Per Full-Time Student Equivalent (FTSE):				
Current General Fund	\$ 12,914 /FTSE	\$ 11,560 /FTSE	\$ 1,354 /FTSE	11.7%
Unexpended Plant Fund	\$ 3,888 /FTSE	\$ 5,545 /FTSE	\$ (1,657) /FTSE	-29.9%
Projected FTSE Count	<u>2,000</u>	<u>2,200</u>		
II. TOTAL ALL FUNDS ESTIMATED PERSONNEL COMPENSATION				
Employee Salaries and Hourly Costs	\$ 14,555,000	\$ 14,006,000	\$ 549,000	3.9%
Retirement Costs	<u>1,579,000</u>	<u>1,623,000</u>	<u>(44,000)</u>	<u>-2.7%</u>
Healthcare Costs	<u>1,528,000</u>	<u>1,443,000</u>	<u>85,000</u>	<u>5.9%</u>
Other Benefit Costs	<u>1,337,000</u>	<u>1,310,000</u>	<u>27,000</u>	<u>2.1%</u>
TOTAL	<u>\$ 18,999,000</u>	<u>\$ 18,382,000</u>	<u>\$ 617,000</u>	<u>3.4%</u>
III. SUMMARY OF PRIMARY AND SECONDARY PROPERTY TAX LEVIES AND RATES				
A. Amount Levied:				
Primary Tax Levy	\$ 14,035,753	\$ 13,341,335	\$ 694,418	5.2%
Secondary Tax Levy				
TOTAL LEVY	<u>\$ 14,035,753</u>	<u>\$ 13,341,335</u>	<u>\$ 694,418</u>	<u>5.2%</u>
B. Rates Per \$100 Net Assessed Valuation:				
Primary Tax Rate	<u>1.6610</u>	<u>1.4769</u>	<u>0.1841</u>	<u>12.5%</u>
Secondary Tax Rate				
TOTAL RATE	<u>1.6610</u>	<u>1.4769</u>	<u>0.1841</u>	<u>12.5%</u>
IV. MAXIMUM ALLOWABLE PRIMARY PROPERTY TAX LEVY FOR FISCAL YEAR 2015 PURSUANT TO A.R.S. §42-17051			\$ 14,035,753	
V. AMOUNT RECEIVED FROM PRIMARY PROPERTY TAXES IN FISCAL YEAR 2014 IN EXCESS OF THE MAXIMUM ALLOWABLE AMOUNT AS CALCULATED PURSUANT TO A.R.S. §42-17051			\$ _____	

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2015
RESOURCES**

	CURRENT FUNDS			PLANT FUNDS		Other Funds 2015	Total All Funds 2015	Total All Funds 2014	% Increase/ Decrease
	General Fund 2015	Restricted Fund 2015	Auxiliary Fund 2015	Unexpended Plant Fund 2015	Retirement of Indebtedness 2015				
BEGINNING BALANCES-July 1*									
Restricted	\$	\$ 700,000	\$	\$	\$	\$	\$ 700,000	\$ 700,000	
Unrestricted	32,000,000	900,000		13,400,000			46,300,000	42,654,000	8.5%
Total Beginning Balances	\$ 32,000,000	\$ 1,600,000	\$	\$ 13,400,000	\$	\$	\$ 47,000,000	\$ 43,354,000	8.4%
REVENUES AND OTHER INFLOWS									
Student Tuition and Fees									
General Tuition	\$ 2,700,000	\$	\$	\$	\$	\$	\$ 2,700,000	\$ 2,955,000	-8.6%
Out-of-District Tuition									
Out-of-State Tuition	100,000						100,000	100,000	
Student Fees	700,000						700,000	700,000	
Tuition and Fee Remissions or Waivers	1,000,000						1,000,000	1,000,000	
State Appropriations									
Maintenance Support	1,618,200						1,618,200	1,646,600	-1.7%
Equalization Aid	5,283,300						5,283,300	5,514,200	-4.2%
Capital Support				375,400			375,400	199,300	88.4%
Property Taxes									
Primary Tax Levy	14,035,753						14,035,753	13,341,335	5.2%
Secondary Tax Levy									
Gifts, Grants, and Contracts	1,800,000	6,000,000					7,800,000	7,600,000	2.6%
Sales and Services									
Investment Income	140,000						140,000	125,000	12.0%
State Shared Sales Tax		400,000					400,000	400,000	
Other Revenues	200,000		500,000				700,000	606,000	15.5%
Proceeds from Sale of Bonds									
Total Revenues and Other Inflows	\$ 27,577,253	\$ 6,400,000	\$ 500,000	\$ 375,400	\$	\$	\$ 34,852,653	\$ 34,187,435	1.9%
TRANSFERS									
Transfers In		600,000	150,000	2,000,000			2,750,000	2,750,000	
(Transfers Out)	(2,750,000)						(2,750,000)	(2,750,000)	
Total Transfers	(2,750,000)	600,000	150,000	2,000,000					
Less:									
Governing Board Designations	(18,086,373)	(1,600,000)					(19,686,373)	(27,955,700)	-29.6%
Policy 1924 - Cash Reserve	(12,913,627)						(12,913,627)		--
Policy 1926 - Future Capital Reserve				(8,000,000)			(8,000,000)		--
Total Resources Available for the Budget Year	\$ 25,827,253	\$ 7,000,000	\$ 650,000	\$ 7,775,400	\$	\$	\$ 41,252,653	\$ 49,585,735	-16.8%

*These amounts exclude amounts not in spendable form (i.e., prepaids, inventories, and capital assets) or amounts legally or contractually required to be maintained intact.

**NAVAJO COUNTY COMMUNITY COLLEGE DISTRICT
NORTHLAND PIONEER COLLEGE
BUDGET FOR FISCAL YEAR 2015
EXPENDITURES AND OTHER OUTFLOWS**

TOTAL RESOURCES AVAILABLE FOR THE BUDGET YEAR (from Schedule B)

EXPENDITURES AND OTHER OUTFLOWS

Instruction
Public Service
Academic Support
Student Services
Institutional Support (Administration)
Operation and Maintenance of Plant
Scholarships
Auxiliary Enterprises
Capital Assets
Debt Service-General Obligation Bonds
Debt Service-Other Long Term Debt
Other Expenditures
Contingency

Total Expenditures and Other Outflows

	CURRENT FUNDS			PLANT FUNDS		Other Funds 2015	Total All Funds 2015	Total All Funds 2014	% Increase/Decrease
	General Fund 2015	Restricted Fund 2015	Auxiliary Fund 2015	Unexpended Plant Fund 2015	Retirement of Indebtedness 2015				
\$ 25,827,253	\$ 7,000,000	\$ 650,000	\$ 7,775,400	\$	\$	\$ 41,252,653	\$ 49,585,735	-16.8%	
\$ 10,042,781	\$ 1,700,000	\$ 445,000	\$	\$	\$	\$ 12,187,781	\$ 11,876,028	2.6%	
	20,000					20,000	10,000	100.0%	
1,124,279						1,124,279	1,120,690	0.3%	
1,775,677	650,000					2,425,677	2,290,285	5.9%	
9,167,951	30,000					9,197,951	9,302,670	-1.1%	
1,650,068						1,650,068	1,747,689	-5.6%	
614,625	4,600,000					5,214,625	4,882,625	6.8%	
		205,000				205,000	234,000	-12.4%	
			7,775,400			7,775,400	12,199,300	-36.3%	
1,451,872						1,451,872	1,524,148	-4.7%	
\$ 25,827,253	\$ 7,000,000	\$ 650,000	\$ 7,775,400	\$	\$	\$ 41,252,653	\$ 45,187,435	-8.7%	

ECONOMIC ESTIMATES COMMISSION

Department of Revenue Building



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Member

Alan E. Maguire
Member

March 28, 2014

Community College Business Officials
State of Arizona

RE: Final FY 2014/15 Expenditure Limits

The final fiscal year 2014/15 expenditure limits for all community colleges are being supplied in accordance with Article IX, Section 21, Constitution of Arizona and A.R.S. § 41-563.

The fiscal year 1979/80 base limits have been adjusted for changes in the population and the cost of living between 1978 and 2013. The formula is shown below.

$$\frac{\text{2014/15 Population (estimate)}}{\text{1979/80 Population}} \times \frac{\text{GDP Implicit Price Deflator 2013}}{\text{GDP Implicit Price Deflator 1978}} \times \text{FY 1979/80 Base Limit} = \text{Final FY 2014/15 Expenditure Limit}$$

Please contact Karshannon Gene in Economic Research and Analysis at (602) 716-6942 if you have any questions.

Sincerely,

ECONOMIC ESTIMATES COMMISSION

David Raber, Chairman

FINAL FY 2014/15 EXPENDITURE LIMITS: COMMUNITY COLLEGES

COMMUNITY COLLEGE DISTRICT	POPULATION**		POPULATION FACTOR	INFLATION FACTOR*	FY 1979/80 BASE LIMIT	FINAL FY 2014/15 EXPENDITURE LIMITATION
	2014/15 (estimate)	1979/80				
COCHISE	7,900	2,156	3.6642	2.8257	\$6,038,815	\$62,525,638
COCONINO	2,100	1,000	2.1000	2.8257	\$2,459,758	\$14,596,198
GILA	950	905	1.0497	2.8257	\$1,948,412	\$5,779,415
GRAHAM	3,350	1,329	2.5207	2.8257	\$4,508,230	\$32,111,010
MARICOPA	88,500	27,299	3.2419	2.8257	\$52,841,755	\$484,062,944
MOHAVE	3,200	1,033	3.0978	2.8257	\$3,163,993	\$27,695,757
NAVAJO	2,000	1,566	1.2771	2.8257	\$3,716,543	\$13,412,368
PIMA	23,000	11,038	2.0837	2.8257	\$19,071,763	\$112,293,950
PINAL	5,500	2,452	2.2431	2.8257	\$7,534,121	\$47,753,245
SANTA CRUZ	325	700	0.4643	2.8257	\$1,507,059	\$1,977,168
YAVAPAI	4,050	1,568	2.5829	2.8257	\$5,759,613	\$42,036,867
YUMA/LA PAZ	5,767	1,952	2.9544	2.8257	\$6,215,322	\$51,887,392
TOTAL	146,642	52,998	2.7669		\$114,765,384	\$896,131,953

* SOURCE: (2013 GDP Implicit Price Deflator - Global Insight, March 2013)/(1978 GDP Implicit Price Deflator) = 106.487/37.685

** FTSE counts are provided by Community College Business Officials.