

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 12/11/2018

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Twelve Months Ending 6/30/2018 – FINAL - Unaudited	Mr. Elliott Hibbs Ms. Kim Granio

Expenditure Summary: \$667.5M (year to date)

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 91.0% of expenditures have been recognized year to date (versus 89.3% in 16/17, 89.3% in 15/16, and 84.7% in 14/15).
- 9.0% of the budget remains unexpended or unencumbered (versus 10.7% in 16/17, 10.7% in 15/16, and 15.3% in 14/15).

Revenue Summary: \$669.9M (year to date)

- The two major revenues, property taxes and tuition, are collected in cycles. Tuition revenue is generally collected at the beginning of each semester while property tax revenue is mostly collected in the fall and spring when semi-annual payments are due from property owners.
- 97.7% of the budgeted revenue has been recognized year to date (versus 95.6% in 16/17, 95.7% in 15/16, and 95.4% in 14/15).

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by ~\$2.4M (from \$177.9M to \$180.3M) in FY 17/18.
- MCCCCD is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$53.6M. The remaining fund balance of \$126.7M is comprised of college and program carryforwards, allowance for student bad debt, priority initiatives, uncollected property tax levy, reserves for potential claims, and a projected undesignated balance of \$77.3M.
- Financial activities of the District comply with the Governing Board Policies, Chancellor Interpretations 2.4 and 2.6, though Restricted Fund revenue collection often lags behind expenditures given that the nature of grants and financial aid is one of reimbursement for expenditures and awards.
- The Governing Board contingency beginning balance is \$900,000. The remaining balance as of 6/30/2018 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

None.

More information on the Budget Analysis Report access: <https://district.maricopa.edu/data-reports/finances/reports>

This report is also provided to the Audit & Finance Committee quarterly.

Funding

**Source
Account Information**

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 June 2018 Final

EXPENDITURE ANALYSIS

By Function:	Budget (a)	Amount Expended	Percent Expended 17-18	Percent Expended 16-17	Percent Expended 15-16	Percent Expended 14-15	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	281,157,590	274,131,515	97.5	93.3	90.0	94.6	0	7,026,075	2.5
PUBLIC SERVICE	4,326,762	3,792,363	87.6	98.3	97.9	98.2	0	534,399	12.4
ACADEMIC SUPPORT	86,176,940	77,346,449	89.8	89.6	93.0	91.5	0	8,830,491	10.2
STUDENT SERVICES	85,839,667	77,813,295	90.6	86.7	95.6	90.0	0	8,026,372	9.4
INSTITUTIONAL SUPPORT	146,579,601	135,406,536	92.4	91.7	86.4	90.9	0	11,173,065	7.6
OPERATION/MAINTENANCE OF PLANT	82,451,815	82,451,815	100.0	99.4	96.2	94.1	0	0	0.0
STUDENT FINANCIAL ASSISTANCE	17,797,098	16,508,382	92.8	89.6	80.8	82.5	0	1,288,716	7.2
CONTINGENCIES	28,852,324	0	0.0	0.0	0.0	0.0	0	28,852,324	100.0
TOTAL OPERATIONAL	733,181,797	667,450,355	91.0	89.3	89.3	84.7	0	65,731,442	9.0
By Account:									
PERSONNEL SERVICES	393,626,193	383,586,900	97.4	97.1	97.1	98.1	0	10,039,290	2.6
EMPLOYEE BENEFITS	118,196,397	114,603,587	97.0	96.4	99.4	99.4	0	3,592,810	3.0
CONTRACTUAL SERVICES	66,930,097	66,930,097	100.0	99.1	100.0	92.8	0	1	0.0
SUPPLIES, MATERIALS, PARTS	10,782,674	10,617,702	98.5	86.4	94.2	89.1	0	164,973	1.5
CURRENT FIXED CHARGES	9,881,045	9,668,216	97.8	96.0	100.0	90.8	0	212,829	2.2
COMMUNICATIONS AND UTILITIES	18,959,154	16,227,789	85.6	80.8	78.9	80.1	0	2,731,365	14.4
TRAVEL	5,681,963	5,077,422	89.4	95.1	99.9	96.3	0	604,541	10.6
STUDENT AID AND MISCELLANEOUS	32,434,005	30,815,610	95.0	98.6	62.6	64.1	0	1,618,395	5.0
TRANSFERS-INTRAFUND	17,756,960	0	0.0	0.0	0.0	0.0	0	17,756,960	100.0
TRANSFERS TO OTHER FUNDS	30,525,141	29,923,032	98.0	96.2	100.0	109.0	0	602,110	2.0
CONTINGENCIES	28,408,168	0	0.0	0.0	0.0	0.0	0	28,408,168	100.0
TOTAL OPERATIONAL	733,181,797	667,450,355	91.0	89.3	89.3	84.7	0	65,731,442	9.0

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
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REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 17-18	Percent Recognized 16-17	Percent Recognized 15-16	Percent Recognized 14-15	Revenue	Variance Over/(Under) Budget	Comments
PROPERTY TAX	457,339,611	453,769,902	99.2	99.3	99.8	99.0	453,769,902	(3,569,709)	Projected, see (a)
STATE AID	0	0	0.0	0.0	0.0	100.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,065,516	8,967,699	98.9	99.4	98.8	99.3	8,967,699	(97,817)	Based on budget
GENERAL TUITION	196,258,020	183,638,131	93.6	88.7	85.9	87.6	183,638,131	(12,619,889)	Based on budget
OUT-OF-STATE TUITION	15,160,346	13,251,724	87.4	76.7	108.8	98.3	13,251,724	(1,908,622)	Based on budget
OUT-OF-COUNTY TUITION	302,202	291,050	96.3	100.5	96.6	106.7	291,050	(11,152)	Based on budget
OTHER FEES AND CHARGES	4,593,128	4,957,822	107.9	109.3	112.5	106.1	4,957,822	364,694	Based on budget
INVESTMENT INCOME	505,000	2,871,887	568.7	204.2	287.1	161.9	2,871,887	2,366,887	Based on budget
MISCELLANEOUS AND OTHER	2,623,974	2,109,697	80.4	70.8	70.2	78.6	2,109,697	(514,277)	Based on budget
SUBTOTAL REVENUES	685,847,797	669,857,912	97.7	95.6	95.7	95.4	669,857,912	(15,989,885)	
BUDGETED USE OF FUND BALANCE	47,334,000	0	0.0	0.0	0.0	100.0	47,334,000	0	Based on budget
TOTAL SOURCES	733,181,797	669,857,912	91.4	89.9	90.1	85.1	717,191,912	(15,989,885)	

FINANCIAL CONDITION ANALYSIS

Total revenues	669,857,912	
Less total expenditures (c)	(667,450,355)	
Increase / (decrease) in fund balance	2,407,556	
Beginning fund balance (audited)	177,941,660	
Ending fund balance 6/30/18 (unaudited)	180,349,216	27%
Less designations for future operations		
3.5% Colleges/DO Divisions carry forward	18,401,118	
Additional carryforwards (Professional Growth and Compliance Project-technology)	1,749,052	
Total budgeted designations:	20,150,170	
Less minimum financial condition measure (d)	53,588,633	8%
Less allowance for student bad debt	3,000,000	
Less priority initiatives (Transformation)	13,991,341	
Less uncollected tax levy	3,806,692	
Less reserves for potential claims	5,000,000	
Less Campus Works	3,500,000	
Undesignated balance	77,312,380	

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

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

(c) Projections based on college actuals, district office averages, and assumptions regarding transfers and reserve lines.

(d) The financial condition measure represents that portion of the undesignated general fund balance equal to 8% of the annual projected revenues. This measure represents the minimum level of the undesignated general fund balance that must be continuously maintained to ensure continued operations in the event of unforeseen circumstances and contingencies.

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EXPENDITURE COMMENTS

Expenditures have been selected for comment (1) if the percent of budget expended varies from the prior year by at least five percentage points or (2) if transactions or activities during the month are unusual. Some of these variations result from fluctuations in budget amounts allocated from year to year. Others are the result of timing differences for annually recurring expenditures.

By Function

Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses. Percent recognized is consistent with prior year.
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District. Decrease in percent recognized is due to the budget decreasing slightly while the actual expenditures decreased at a greater rate.
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services. Percent recognized is consistent with prior year.
Student Services	Includes activities that contribute to the students' emotional and physical well being; to promote intellectual, cultural, and social development outside the context of the formal classroom; and to facilitate student enrollment in courses. Examples are Admissions and Records, student activities, financial aid, counseling, etc. Percent recognized is consistent with prior year.
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning. Percent recognized is consistent with prior year.
Operation/Maintenance of Plant	Includes expenditures allocated for the operation and maintenance of the physical plant, such as utility costs and staff responsible for the maintenance of buildings and grounds for all units. Percent recognized is consistent with prior year.
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards. Percent recognized is consistent with prior year.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.

By Account

Personnel Services	Includes salaries and wages for all employees in all types of positions such as full-time, part-time, temporary, permanent, all employee groups, etc. Percent recognized is consistent with prior year.
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc. Percent recognized is consistent with prior year.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Percent recognized is consistent with prior year.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. Increase in percent recognized is due to actual expenditures for General Supplies and Expendable Software increasing at a faster rate than the budget increased.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Percent recognized is consistent with prior year.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Percent recognized is consistent with prior year.

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Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Decrease in percent recognized is due to the budget for Registration and Out of State Travel increasing at a faster rate than the actual expenditures increased.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Percent recognized is consistent with prior year.
Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increased student enrollment), funds for incremental costs from capital development facilities, etc.
Transfers to Other Funds	Includes transfers for programs accounted for in other funds of the district, such as the Maricopa and Southwest Skill Centers, mandatory match associated with federal programs (financial aid and Small Business Development Center), etc. Percent recognized is consistent with prior year.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.
 REVENUE COMMENTS	
Property Tax	Primary property taxes levied and collected for use in current operations without restrictions. The projected variance under budget is made up of the estimated uncollected tax levy of \$3,916,502. Percent recognized is consistent with prior year.
State Aid	Effective in FY2016, the State of Arizona no longer provides operational support to the Maricopa County Community College District.
In Lieu Tax, Salt River Project	Monies paid to the District by SRP for use in current operations as a substitution for property taxes. Percent recognized is consistent with prior year.
General Tuition	Tuition and fees received from students whether directly or from a third party. Percent recognized is consistent with prior year.
Out-of-State Tuition	Tuition and fees received from students who do not reside within the state or are not otherwise eligible for in-state tuition, whether directly or from a third party. Increase in percent recognized is due to a decrease in enrollment, while the budget has remained constant over the past several years.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. Percent recognized is consistent with prior year.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. Percent recognized is consistent with prior year.
Investment Income	Idle monies of the District are invested per Governing Board policy and the income is available for operating purposes. Based on accounting standards, the District adjusts the value of its investments monthly to that of the market and these adjustments are reflected in the investment income line. Therefore, the actual amount for this revenue line can fluctuate up and down over the course of the year.
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues. Increase in percent recognized is due to an increase in bookstore revenue received.
Budgeted Use of Fund Balance	Includes budget capacity to allow colleges and district office divisions to carry forward up to 3.5% of operating budgets from one fiscal year to the next, enrollment growth funding for the colleges, and contingencies for unanticipated expenses.