

**MONITORING REPORT**  
**CHANCELLOR LIMITATIONS**  
**FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING**

**Governing Board Agenda**

**Meeting Date:** 12/13/2022

<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 6/30/2022 FINAL - Unaudited	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$700.8M

- 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.
- 99.8% of budgeted revenue was recognized in FY 2022.

Expenditure Summary: \$695.4M

- Expenses for Personal Services and Employee Benefits are generally consistent throughout the academic year (August through May) as faculty expenses are primarily recognized during this period. Expenses in July and June of each fiscal year are typically lower.
- 92.5% of budgeted expenditures were recognized in FY 2022.

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by \$5.3M (from \$228.6M to \$233.9M) in FY 2022.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This equates to \$67.8M. An additional \$40.7M in fund balance has been reserved to provide another layer of financial protection and provide financial flexibility in uncertain times, such as unforeseen drops in enrollment, uncollected tax levy, unexpected increases in uncollectible student debt, unplanned/unavoidable expenses, etc. The combination of these two reserves provides approximately two months of expenses for the MCCCCD system. After these reserves and designations for college carryforward and system-wide strategic efforts of \$61.4M, an undesignated balance of \$64.1M remains.
- 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 6/30/2022 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

- Actual revenue for FY 2022 includes recovering about \$18.0M in lost revenues with Federal Higher Education Emergency Relief Funds (HEERF). This amount is not included in the required financial stability balance.

More information on the Budget Analysis Report access: <https://district.maricopa.edu/budget/financial-services-controller/financial-reports>

This report is also provided to the Audit & Finance Committee semi-annually.

**Funding**

**Source  
Account Information**

**Maricopa County Community College District**  
**Budget to Actual**  
**All Business Units**  
*FUND: 110 - General Fund*



**Twelve months ending June 30, 2022 - FINAL (unaudited)**

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	8,136,653	6,300,826	(1,835,827)	510,286,214	508,038,015	(2,248,199)	510,286,214	508,038,015
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	9,251,718	9,257,230	5,512	9,251,718	9,257,230
General tuition	1,546,671	922,373	(624,298)	155,978,253	140,938,569	(15,039,684)	155,978,253	140,938,569
Out of state tuition	152,460	(133,733)	(286,193)	14,080,576	16,313,617	2,233,041	14,080,576	16,313,617
Out of county tuition	4,214	5,696	1,482	255,200	322,516	67,316	255,200	322,516
Other fees and charges	70,684	101,177	30,493	4,308,614	3,825,728	(482,886)	4,308,614	3,825,728
Investment income	-	(2,376,963)	(2,376,963)	950,000	(2,176,470)	(3,126,470)	950,000	(2,176,470)
HEERF Recoveries	-	18,040,111	18,040,111	-	18,040,111	18,040,111	-	18,040,111
Miscellaneous and other	126,381	(94,289)	(220,670)	1,640,813	983,905	(656,908)	1,640,813	983,905
Transfers from other funds	-	-	-	5,219,511	5,219,511	-	5,219,511	5,219,511
<b>Subtotal Revenues</b>	<b>10,037,063</b>	<b>22,765,198</b>	<b>12,728,135</b>	<b>701,970,899</b>	<b>700,762,731</b>	<b>(1,208,168)</b>	<b>701,970,899</b>	<b>700,762,731</b>
Fund balance carryforward	210,427,444	-	(210,427,444)	210,427,444	-	(210,427,444)	210,427,444	-
<b>Total Sources</b>	<b>220,464,507</b>	<b>22,765,198</b>	<b>(197,699,309)</b>	<b>912,398,343</b>	<b>700,762,731</b>	<b>(211,635,612)</b>	<b>912,398,343</b>	<b>700,762,731</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	13,500,133	14,210,043	(709,910)	268,971,652	257,658,103	11,313,549	268,971,652	257,658,103
Public service	304,457	1,274,576	(970,119)	2,690,004	3,352,163	(662,159)	2,690,004	3,352,163
Academic support	8,850,366	9,542,937	(692,571)	82,168,824	84,192,263	(2,023,439)	82,168,824	84,192,263
Student services	7,895,008	10,200,554	(2,305,546)	83,027,012	72,589,433	10,437,580	83,027,012	72,589,433
Institutional support	21,697,825	21,233,956	463,868	218,423,591	184,636,802	33,786,789	218,423,591	184,636,802
Operation and maintenance of plant	8,404,191	17,812,506	(9,408,314)	73,750,564	76,417,417	(2,666,853)	73,750,564	76,417,417
Student financial assistance	1,959,833	2,256,824	(296,991)	19,226,920	16,591,997	2,634,923	19,226,920	16,591,997
Unused carryforward and contingency	-	-	-	3,975,047	-	3,975,047	3,975,047	-
<b>Total Operational by Function</b>	<b>62,611,813</b>	<b>76,531,396</b>	<b>(13,919,583)</b>	<b>752,233,613</b>	<b>695,438,177</b>	<b>56,795,436</b>	<b>752,233,613</b>	<b>695,438,177</b>
<b>By Account</b>								
Personal services	30,183,383	36,367,857	(6,184,474)	428,397,822	409,792,490	18,605,333	428,397,822	409,792,490
Employee benefits	9,057,223	10,903,704	(1,846,480)	129,354,339	125,688,668	3,665,672	129,354,339	125,688,668
Contractual services	7,802,757	8,622,546	(819,789)	79,917,412	70,174,871	9,742,541	79,917,412	70,174,871
Supplies, materials, parts	960,222	1,238,333	(278,110)	12,663,445	9,097,824	3,565,621	12,663,445	9,097,824
Current fixed charges	885,710	106,338	779,372	12,960,815	12,627,181	333,633	12,960,815	12,627,181
Communications and utilities	1,036,986	2,950,678	(1,913,693)	18,167,535	15,276,183	2,891,352	18,167,535	15,276,183
Travel operating expenses	1,418,307	719,096	699,210	6,097,726	3,448,107	2,649,619	6,097,726	3,448,107
Student aid and miscellaneous	8,032,834	5,430,857	2,601,977	43,373,563	31,940,440	11,433,124	43,373,563	31,940,440
Intrafund transfers	2,435,978	-	2,435,978	8,214,710	-	8,214,710	8,214,710	-
Transfers to other funds	798,413	10,191,987	(9,393,574)	9,111,199	17,392,415	(8,281,216)	9,111,199	17,392,415
Unused carryforward and contingency	-	-	-	3,975,047	-	3,975,047	3,975,047	-
<b>Total Operational by Account</b>	<b>62,611,813</b>	<b>76,531,396</b>	<b>(13,919,583)</b>	<b>752,233,613</b>	<b>695,438,177</b>	<b>56,795,436</b>	<b>752,233,613</b>	<b>695,438,177</b>

Twelve months ending June 30, 2022 - FINAL (unaudited)

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
<b>FINANCIAL CONDITION ANALYSIS</b>								
Total revenues								700,762,731
Less total expenditures								(695,438,177)
Increase in fund balance								5,324,554
Beginning fund balance (audited)								228,577,892
Ending fund balance 6/30/22 (unaudited)								<u>233,902,446</u>
Less designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							67,750,311	
Less additional reserves (d)							40,650,187	
Less designations for system-wide strategic efforts (e)							<u>38,652,658</u>	
Total Designations								169,789,684
Undesignated balance								<u>64,112,762</u>

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

(b) - Not used

(c) - The financial condition measure represents that portion of the undesignated general fund balance equal to 10% 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.

(d) - Additional reserves are intended to provide another layer of financial protection and provide financial flexibility in uncertain times. The intention is to have a combined reserve (minimum financial condition measure plus additional reserves) which provides two months of expenses should the district face financial uncertainties (i.e., unforeseen drops in enrollment, uncollected tax levy, unexpected increases in uncollectible student debt, unplanned/unavoidable expenses, etc.).

(e) - Funded from recoveries of lost revenue with Higher Education Emergency Relief Funds; includes efforts such as strategic scheduling software, advising case management, scholarship software, changes to SIS and Admissions.

**Twelve months ending June 30, 2022 - FINAL (unaudited)**

REVENUE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
Property Tax	Primary property taxes levied and collected for use in current operations without restrictions.							
State Aid	Effective in FY 16, the State of Arizona no longer provides operational support to the Maricopa County Community College District.							
In Lieu Tax	Monies paid to the District by SRP for use in current operations as a substitution for property taxes.							
General Tuition	Tuition and fees received from students whether directly or from a third party.							
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.							
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend.							
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc.							
Investment Income	Idle monies of the District are invested per Governing Board policy and the income is available for operating purposes. Based on accounting standards, the District adjusts the value of its investments monthly to that of the market and these adjustments are reflected in the investment income line. Therefore, the actual amount for this revenue line can fluctuate up and down over the course of the year. The final revenue amount at the end of fiscal year 2022 is negative due to the chance in fair market value of the investments.							
HEERF Recoveries	Higher Education Emergency Relief Funds - Federal funding granted to institutions of higher education designed to provide financial relief for financial challenges resulting from the COVID-19 Pandemic; MCCCDC utilized HEERF funding to offset losses in tuition revenue due to significantly lower enrollment during the pandemic.							
Miscellaneous and Other	Includes funds recovered from previously written off student debts as well as other small types of revenues.							
Fund balance carryforward	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							

Twelve months ending June 30, 2022 - FINAL (unaudited)

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
<b>By Function</b>								
Instruction								
Public Service								
Academic Support								
Student Services								
Institutional Support								
Operation/Maintenance of Plant								
Student Financial Assistance								
Unused carryforward and contingency								
<b>By Account</b>								
Personnel Services								
Employee Benefits								
Contractual Services								
Supplies, Materials, Parts								
Current Fixed Charges								
Communications and Utilities								
Travel								
Student Aid and Miscellaneous								
Transfers-Intrafund								
Transfers to Other Funds								
Unused carryforward and contingency								