

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

Governing Board Agenda

Meeting Date: 5/23/2023

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Ten Months Ending 4/30/2023	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$652.7M year to date; projected revenue at year end: \$720.2M

- 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.
- 90.6% of projected revenue have been recognized year to date.

Expenditure Summary: \$572.9M year to date; projected expenditure at year end: \$697.3M

- 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.
- 82.2% of projected expenditures have been recognized year to date.
- Contingencies of \$6.4M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by \$22.9M (from \$233.8M to \$256.7M) in FY 22/23.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$71.5M. An additional \$42.9M 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, a projected undesignated balance of \$80.9M remains.
- While the projected undesignated fund balance is expected to be just over \$80M, there may be unforeseen changes in revenues and/or expenditures which may potentially impact these balances.
- 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 4/30/2023 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/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



Ten months ending April 30, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	118,990,611	118,979,115	(11,496)	482,139,196	482,134,889	(4,307)	524,068,789	524,064,482
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	9,485	9,485	4,516,456	4,453,976	(62,480)	8,990,505	8,928,025
General tuition	6,770,099	5,128,538	(1,641,561)	140,283,469	137,043,884	(3,239,585)	146,755,873	143,516,288
Out of state tuition	1,127,543	394,833	(732,710)	11,275,430	14,698,241	3,422,811	13,530,515	16,953,326
Out of county tuition	22,841	92,254	69,413	228,418	181,010	(47,408)	274,100	226,692
Other fees and charges	305,281	179,423	(125,859)	3,052,816	3,588,245	535,429	3,663,378	4,198,807
Investment income	25,000	765,359	740,359	250,000	5,327,262	5,077,262	300,000	5,377,262
Miscellaneous and other	136,734	8,699	(128,035)	1,367,343	520,933	(846,410)	12,544,669	11,698,259
Transfers from other funds	-	(322)	(322)	4,719,511	4,719,511	-	5,219,511	5,219,511
Subtotal Revenues	127,378,109	125,557,383	(1,820,726)	647,832,639	652,667,951	4,835,312	715,347,340	720,182,652
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	127,378,109	125,557,383	(1,820,726)	647,832,639	652,667,951	4,835,312	948,368,392	953,203,704
EXPENDITURE ANALYSIS								
By Function								
Instruction	25,727,226	26,207,184	(479,958)	223,377,439	225,059,447	(1,682,008)	260,595,579	262,277,587
Public service	215,925	202,187	13,738	2,353,785	1,954,061	399,724	2,775,156	2,375,432
Academic support	6,910,151	8,051,554	(1,141,402)	73,353,392	70,501,587	2,851,804	86,244,723	83,392,919
Student services	6,360,524	5,752,650	607,874	69,901,122	57,579,856	12,321,266	84,782,299	72,461,033
Institutional support	15,198,722	12,418,204	2,780,518	186,128,825	148,516,606	37,612,220	229,797,513	192,185,293
Operation and maintenance of plant	5,459,072	5,111,995	347,076	61,986,435	55,438,840	6,547,595	73,726,822	67,179,226
Student financial assistance	3,690,231	757,136	2,933,095	15,840,756	13,895,204	1,945,552	19,339,549	17,393,997
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	63,561,851	58,500,910	5,060,941	639,292,638	572,945,599	66,347,040	763,635,012	697,287,973
By Account								
Personal services	40,487,748	38,083,762	2,403,986	372,493,908	344,450,019	28,043,889	444,664,622	416,620,733
Employee benefits	11,688,438	10,677,671	1,010,766	111,474,333	102,694,102	8,780,230	132,044,844	123,264,613
Contractual services	4,210,454	5,788,388	(1,577,934)	61,519,683	63,978,292	(2,458,609)	73,536,075	75,994,684
Supplies, materials, parts	923,318	668,384	254,933	10,329,088	6,911,697	3,417,391	11,876,978	8,459,587
Current fixed charges	221,386	225,607	(4,221)	12,792,291	13,180,947	(388,656)	13,626,422	14,015,078
Communications and utilities	1,247,098	854,656	392,442	15,146,568	12,738,675	2,407,893	18,272,021	15,864,128
Travel operating expenses	397,879	646,440	(248,562)	4,779,340	3,633,693	1,145,647	5,975,929	4,830,282
Student aid and miscellaneous	4,839,138	1,488,413	3,350,724	37,813,291	22,318,063	15,495,228	48,652,312	33,157,085
Intrafund transfers	(513,873)	1,868	(515,741)	1,544,846	2,250	1,542,596	3,143,500	1,600,903
Transfers to other funds	60,267	65,720	(5,453)	5,048,405	3,037,861	2,010,544	5,468,939	3,458,395
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	63,561,851	58,500,910	5,060,941	639,292,638	572,945,599	66,347,040	763,635,012	697,287,973

Ten months ending April 30, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								720,182,652
Less total projected expenditures (b)								(697,265,487)
Projected increase / (decrease) in fund balance								22,917,165
Beginning fund balance (audited)								233,800,338
Projected ending fund balance 6/30/23								256,717,503
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,496,314	
Less additional reserves (d)							42,897,788	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								175,783,288
Projected undesignated balance								80,934,215

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

(b) - Represents budgeted expenses less contingencies.

(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 (FY21) with Higher Education Emergency Relief Funds; includes efforts such as strategic scheduling software, advising case management, scholarship software, changes to SIS and Admissions.

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



Ten months ending April 30, 2023

REVENUE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated 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 projected revenue is what the District expects the final income amount to be at the end of the fiscal year regardless of the increases and decreases that can occur monthly.							
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 funding for the colleges, and contingencies for unanticipated expenses. Fund balance will not be recognized as a source until used.							

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



Ten months ending April 30, 2023

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<u>By Function</u>								
Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses.							
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District.							
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services.							
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.							
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning.							
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.							
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards.							
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and basic contingency for unexpected needs as prioritized by the Governing Board.							
<u>By Account</u>								
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.							
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc.							
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc.							
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc.							
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc.							
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc.							
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc.							
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc.							
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.							
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and basic contingency for unexpected needs as prioritized by the Governing Board.							