

# MONITORING REPORT

## CHANCELLOR LIMITATIONS

### FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 1/24/2023

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Six Months Ending 12/31/2022	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$447.2M year to date; projected revenue at year end: \$713.5M

- 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.
- 62.7% of projected revenue have been recognized year to date.

Expenditure Summary: \$353.0M year to date; projected expenditure at year end: \$721.0M

- 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.
- 49.0% 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 decrease by \$7.5M (from \$244.9M to \$237.4M) 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 \$70.9M. An additional \$42.5M 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 \$62.6M remains.
- While the projected undesignated fund balance is expected to be just over \$62M, 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 12/31/2022 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.

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### Funding

**Source**  
**Account Information**

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



**Six months ending December 31, 2022**

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	28,164,081	27,701,061	(463,020)	307,380,939	307,393,789	12,850	524,068,789	524,081,639
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,516,456	4,444,491	(71,965)	8,990,505	8,918,540
General tuition	14,289,659	12,598,067	(1,691,592)	116,787,168	112,440,188	(4,346,980)	146,755,873	142,408,893
Out of state tuition	1,127,543	2,088,056	960,513	6,765,258	14,100,495	7,335,237	13,530,515	20,865,752
Out of county tuition	22,842	(1,548)	(24,390)	137,052	13,083	(123,969)	274,100	150,131
Other fees and charges	305,281	285,106	(20,175)	1,831,692	2,644,932	813,240	3,663,378	4,476,618
Investment income	25,000	793,774	768,774	150,000	1,213,124	1,063,124	300,000	1,363,124
Miscellaneous and other	1,045,389	(294,654)	(1,340,043)	6,272,337	267,706	(6,004,631)	12,544,669	6,540,038
Transfers from other funds	-	-	-	5,219,511	4,719,833	(499,678)	5,219,511	4,719,833
<b>Subtotal Revenues</b>	<b>44,979,795</b>	<b>43,169,862</b>	<b>(1,809,933)</b>	<b>449,060,413</b>	<b>447,237,642</b>	<b>(1,822,771)</b>	<b>715,347,340</b>	<b>713,524,569</b>
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
<b>Total Sources</b>	<b>44,979,795</b>	<b>43,169,862</b>	<b>(1,809,933)</b>	<b>449,060,413</b>	<b>447,237,642</b>	<b>(1,822,771)</b>	<b>948,368,392</b>	<b>946,545,621</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	23,678,358	23,802,952	(124,594)	124,912,067	130,752,573	(5,840,505)	260,893,459	266,733,965
Public service	215,560	193,801	21,759	1,486,109	1,169,735	316,374	2,769,709	2,453,335
Academic support	6,764,126	7,154,191	(390,065)	45,249,736	43,324,596	1,925,140	85,631,880	83,706,740
Student services	6,334,877	5,274,492	1,060,385	44,365,080	34,865,169	9,499,912	84,557,269	75,057,358
Institutional support	14,045,936	17,009,049	(2,963,113)	123,489,043	101,947,473	21,541,570	230,534,891	208,993,321
Operation and maintenance of plant	5,523,090	4,647,333	875,757	39,333,732	33,145,314	6,188,418	73,389,087	67,200,669
Student financial assistance	496,250	166,824	329,426	10,263,960	7,795,882	2,468,078	19,340,212	16,872,134
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
<b>Total Operational by Function</b>	<b>57,058,197</b>	<b>58,248,643</b>	<b>(1,190,446)</b>	<b>395,450,612</b>	<b>353,000,741</b>	<b>42,449,871</b>	<b>763,489,879</b>	<b>721,040,007</b>
<b>By Account</b>								
Personal services	38,489,219	35,325,001	3,164,218	215,611,493	203,562,031	12,049,461	444,961,627	432,912,166
Employee benefits	11,486,177	10,118,548	1,367,629	65,059,268	61,801,325	3,257,943	131,974,114	128,716,172
Contractual services	2,190,914	4,356,572	(2,165,657)	43,367,502	41,007,900	2,359,602	72,056,113	69,696,511
Supplies, materials, parts	1,001,750	568,021	433,728	6,851,032	4,430,002	2,421,030	11,855,861	9,434,831
Current fixed charges	563,928	546,899	17,029	10,398,373	12,267,586	(1,869,213)	13,663,682	15,532,895
Communications and utilities	1,227,676	643,596	584,080	9,772,675	7,519,472	2,253,203	18,070,991	15,817,788
Travel operating expenses	294,685	414,368	(119,682)	3,466,428	1,747,890	1,718,538	5,058,305	3,339,767
Student aid and miscellaneous	1,779,427	6,275,639	(4,496,212)	26,883,264	17,973,037	8,910,228	48,468,760	39,558,532
Intrafund transfers	(35,847)	-	(35,847)	3,036,798	382	3,036,416	5,538,116	2,501,700
Transfers to other funds	60,268	-	60,268	4,652,895	2,691,115	1,961,780	5,468,939	3,507,159
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
<b>Total Operational by Account</b>	<b>57,058,197</b>	<b>58,248,643</b>	<b>(1,190,446)</b>	<b>395,450,612</b>	<b>353,000,741</b>	<b>42,449,871</b>	<b>763,489,879</b>	<b>721,040,007</b>

Six months ending December 31, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>FINANCIAL CONDITION ANALYSIS</b>								
Total projected revenues								713,524,569
Less total projected expenditures (b)								(721,017,521)
Projected increase / (decrease) in fund balance								(7,492,953)
Beginning fund balance (unaudited)								244,918,758
Projected ending fund balance 6/30/23								<u>237,425,805</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							70,880,474	
Less additional reserves (d)							42,528,284	
Less designations for system-wide strategic efforts (e)							<u>38,652,658</u>	
Total Designations								174,797,944
Projected undesignated balance								<u>62,627,861</u>

(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*



**Six months ending December 31, 2022**

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*



**Six months ending December 31, 2022**

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b><u>By Function</u></b>								
Instruction								
Public Service								
Academic Support								
Student Services								
Institutional Support								
Operation/Maintenance of Plant								
Student Financial Assistance								
Unused carryforward and contingency								
<b><u>By Account</u></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								