

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 2/28/2023

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Seven Months Ending 1/31/2023	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$472.9M year to date; projected revenue at year end: \$719.7M

- 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.
- 65.7% of projected revenue have been recognized year to date.

Expenditure Summary: \$400.7M year to date; projected expenditure at year end: \$708.7M

- 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.
- 56.5% 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 \$11.0M (from \$233.8M to \$244.8M) in FY 22/23.
- MCCCDC is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$71.4M. 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 MCCCDC system. After these reserves and designations for college carryforward and system-wide strategic efforts of \$61.4M, a projected undesignated balance of \$69.1M remains.
- While the projected undesignated fund balance is expected to be just over \$69M, 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 1/31/2023 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



Seven months ending January 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	12,739,785	13,126,597	386,812	320,120,724	320,520,386	399,662	524,068,789	524,468,451
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,516,456	4,444,491	(71,965)	8,990,505	8,918,540
General tuition	11,103,285	10,571,075	(532,210)	127,890,453	123,011,263	(4,879,190)	146,755,873	141,876,683
Out of state tuition	1,127,543	(43,246)	(1,170,789)	7,892,801	14,057,250	6,164,449	13,530,515	19,694,964
Out of county tuition	22,842	88,342	65,500	159,894	101,425	(58,469)	274,100	215,631
Other fees and charges	305,281	388,721	83,440	2,136,973	3,033,653	896,680	3,663,378	4,560,058
Investment income	25,000	1,471,834	1,446,834	175,000	2,684,958	2,509,958	300,000	2,809,958
Miscellaneous and other	136,734	44,095	(92,639)	957,141	311,801	(645,340)	12,544,669	11,899,329
Transfers from other funds	-	-	-	4,719,511	4,719,833	322	5,219,511	5,219,833
Subtotal Revenues	25,460,470	25,647,418	186,948	468,568,953	472,885,060	4,316,107	715,347,340	719,663,447
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	25,460,470	25,647,418	186,948	468,568,953	472,885,060	4,316,107	948,368,392	952,684,499
EXPENDITURE ANALYSIS								
By Function								
Instruction	25,631,365	19,008,713	6,622,651	150,543,432	149,761,286	782,146	260,884,039	260,101,894
Public service	219,559	189,734	29,825	1,705,668	1,359,469	346,199	2,774,786	2,428,587
Academic support	7,109,672	6,188,750	920,922	52,359,408	49,513,346	2,846,062	85,659,986	82,813,924
Student services	6,461,655	5,254,152	1,207,503	50,826,735	40,119,321	10,707,414	84,780,779	74,073,365
Institutional support	14,579,358	7,891,697	6,687,662	138,068,401	109,839,170	28,229,231	230,296,505	202,067,273
Operation and maintenance of plant	5,655,371	5,962,379	(307,008)	44,989,103	39,107,693	5,881,410	73,466,493	67,585,083
Student financial assistance	426,808	3,160,946	(2,734,138)	10,690,768	10,956,828	(266,060)	19,340,212	19,606,272
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	60,083,788	47,656,372	12,427,416	455,534,401	400,657,113	54,877,288	763,576,171	708,698,884
By Account								
Personal services	40,654,087	30,854,434	9,799,654	256,265,580	234,416,465	21,849,115	445,216,270	423,367,155
Employee benefits	11,639,183	9,648,503	1,990,681	76,698,451	71,449,828	5,248,623	131,966,122	126,717,499
Contractual services	4,093,639	5,632,147	(1,538,508)	47,461,141	46,640,047	821,095	72,449,444	71,628,350
Supplies, materials, parts	1,038,880	553,764	485,116	7,889,912	4,983,766	2,906,146	11,826,736	8,920,590
Current fixed charges	785,994	189,205	596,789	11,184,367	12,456,792	(1,272,424)	13,709,682	14,982,107
Communications and utilities	1,277,159	1,449,906	(172,747)	11,049,834	8,969,378	2,080,456	18,076,241	15,995,785
Travel operating expenses	199,249	137,906	61,343	3,665,677	1,885,796	1,779,881	5,150,351	3,370,470
Student aid and miscellaneous	781,048	(735,955)	1,517,003	27,664,313	17,237,082	10,427,230	48,174,362	37,747,132
Intrafund transfers	(600,161)	(73,537)	(526,624)	2,436,637	(73,155)	2,509,792	5,164,653	2,654,861
Transfers to other funds	214,709	-	214,709	4,867,604	2,691,115	2,176,489	5,468,939	3,292,450
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	60,083,788	47,656,372	12,427,416	455,534,401	400,657,113	54,877,287	763,576,171	708,698,884

Seven months ending January 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								719,663,447
Less total projected expenditures (b)								(708,676,398)
Projected increase / (decrease) in fund balance								10,987,049
Beginning fund balance (audited)								233,800,338
Projected ending fund balance 6/30/23								<u>244,787,387</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,444,361	
Less additional reserves (d)							42,866,617	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								175,700,164
Projected undesignated balance								<u>69,087,223</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



Seven months ending January 31, 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



Seven months ending January 31, 2023

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