

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

Governing Board Agenda

Meeting Date: 4/25/2023

Item Number	Item Title	Responsible Agents
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Nine Months Ending 3/31/2023	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$527.1M year to date; projected revenue at year end: \$722.0M

- 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.
- 73.0% of projected revenue have been recognized year to date.

Expenditure Summary: \$514.4M year to date; projected expenditure at year end: \$702.3M

- 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.
- 73.2% 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 \$19.7M (from \$233.8M to \$253.5M) 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 \$71.7M. An additional \$43.0M 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 \$77.4M remains.
- While the projected undesignated fund balance is expected to be just over \$77M, 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 3/31/2023 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



Nine months ending March 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	25,403,175	25,375,296	(27,879)	363,148,585	363,155,774	7,189	524,068,789	524,075,978
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,516,456	4,444,491	(71,965)	8,990,505	8,918,540
General tuition	2,768,622	6,527,542	3,758,920	133,513,370	131,915,346	(1,598,024)	146,755,873	145,157,849
Out of state tuition	1,127,543	740,858	(386,685)	10,147,887	14,303,409	4,155,522	13,530,515	17,686,037
Out of county tuition	22,841	(672)	(23,513)	205,577	88,756	(116,821)	274,100	157,279
Other fees and charges	305,281	272,514	(32,767)	2,747,535	3,408,822	661,287	3,663,378	4,324,665
Investment income	25,000	2,110,253	2,085,253	225,000	4,561,902	4,336,902	300,000	4,636,902
Miscellaneous and other	136,734	162,213	25,479	1,230,609	512,234	(718,375)	12,544,669	11,826,294
Transfers from other funds	-	-	-	4,719,511	4,719,833	322	5,219,511	5,219,833
Subtotal Revenues	29,789,196	35,188,003	5,398,807	520,454,530	527,110,568	6,656,038	715,347,340	722,003,378
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	29,789,196	35,188,003	5,398,807	520,454,530	527,110,568	6,656,038	948,368,392	955,024,430
EXPENDITURE ANALYSIS								
By Function								
Instruction	23,527,333	24,526,700	(999,367)	197,650,212	198,852,262	(1,202,050)	260,745,261	261,947,311
Public service	215,556	190,665	24,891	2,137,860	1,751,874	385,986	2,774,786	2,388,800
Academic support	7,085,952	6,800,511	285,441	66,443,240	62,450,034	3,993,207	86,212,156	82,218,949
Student services	6,234,211	5,929,214	304,997	63,540,598	51,827,205	11,713,393	84,786,282	73,072,890
Institutional support	17,695,151	12,579,005	5,116,145	170,930,104	136,098,401	34,831,702	229,705,284	194,873,581
Operation and maintenance of plant	5,806,022	5,775,400	30,621	56,527,363	50,326,844	6,200,519	73,698,324	67,497,805
Student financial assistance	353,661	618,027	(264,366)	12,150,525	13,138,068	(987,543)	19,339,549	20,327,092
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	60,917,885	56,419,523	4,498,362	575,730,787	514,444,688	61,286,099	763,635,012	702,348,914
By Account								
Personal services	37,680,234	35,840,335	1,839,898	332,006,160	306,366,256	25,639,903	444,531,768	418,891,865
Employee benefits	11,501,806	10,269,336	1,232,470	99,785,895	92,016,431	7,769,464	132,013,285	124,243,821
Contractual services	4,917,562	5,812,533	(894,970)	57,309,229	58,189,904	(880,675)	73,029,548	73,910,223
Supplies, materials, parts	831,139	562,832	268,307	9,405,771	6,243,313	3,162,458	11,937,984	8,775,526
Current fixed charges	855,497	247,291	608,206	12,570,905	12,955,340	(384,434)	13,758,058	14,142,492
Communications and utilities	1,441,231	1,672,182	(230,951)	13,899,470	11,884,019	2,015,451	18,265,241	16,249,790
Travel operating expenses	371,135	620,944	(249,808)	4,381,461	2,987,253	1,394,209	5,675,011	4,280,803
Student aid and miscellaneous	3,547,641	1,382,304	2,165,337	32,974,153	20,829,650	12,144,503	48,371,793	36,227,290
Intrafund transfers	(288,627)	73,537	(362,164)	2,058,719	382	2,058,337	4,210,013	2,151,676
Transfers to other funds	60,267	(61,772)	122,039	4,988,138	2,972,141	2,015,997	5,468,939	3,452,942
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	60,917,885	56,419,523	4,498,362	575,730,787	514,444,688	61,286,099	763,635,012	702,348,914

Nine months ending March 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								722,003,378
Less total projected expenditures (b)								(702,326,428)
Projected increase / (decrease) in fund balance								19,676,950
Beginning fund balance (audited)								233,800,338
Projected ending fund balance 6/30/23								<u>253,477,288</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,678,354	
Less additional reserves (d)							43,007,013	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								176,074,553
Projected undesignated balance								<u>77,402,735</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



Nine months ending March 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



Nine months ending March 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								