

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

Governing Board Agenda

Meeting Date: 5/28/19

<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 4/30/2019	Mr. Elliott Hibbs

REPORT FORMAT CHANGE: Beginning with FY2019, the Budget Analysis Report for Fund 1 presents the District's financial information in a monthly budget format and includes budget to actual variances, year-to-date actuals, and annual estimated actuals. The analysis and reporting of variances will continue to be refined over the next several months as more data become available.

Expenditure Summary: \$554.1M year to date; projected expenditure at year-end: \$712.8M

- 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.
- 77.7% of projected expenditures have been recognized year to date.
- Contingencies of \$4.0M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Revenue Summary: \$672.0M year to date; projected revenue at year-end: \$714.3M

- 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.
- 94.1% of projected revenue has been recognized year to date.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by \$1.5M (from \$180.3M to \$181.8M) in FY 18/19.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$68.1M. The remaining fund balance of \$113.7M is comprised of college/DO division carryforward, allowance for student bad debt, potential uncollected tax levy, reserves for potential claims, Campus Works investment, and a projected undesignated balance of \$76.9M.
- While the projected undesignated fund balance is expected to be more than \$76M, there are ongoing expenses that may potentially impact these balances (i.e., capital needs, transformation, etc.).
- 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 4/30/19 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/data-reports/finances/reports>

This report is also provided to the Audit & Finance Committee quarterly.

<u>Funding</u>
Source
Account Information

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Ten months ending April 30, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	116,095,157	117,998,206	1,903,049	437,201,227	437,124,866	(76,361)	467,211,721	467,135,360
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	-	-	-	4,312,396	4,281,806	(30,590)	8,624,792	8,594,202
General tuition	5,587,183	6,644,935	1,057,752	175,828,250	169,017,598	(6,810,652)	182,700,000	175,889,348
Out of state tuition	140,068	855,706	715,638	15,160,346	15,891,244	730,898	15,160,346	15,891,244
Out of county tuition	99,203	101,732	2,529	240,770	252,519	11,749	256,525	268,274
Other fees and charges	218,404	245,352	26,948	4,237,060	4,613,273	376,213	4,593,130	4,969,343
Investment income	38,758	224,279	185,521	797,018	5,279,080	4,482,062	1,000,000	5,482,062
Miscellaneous and other	162,104	659,168	497,064	2,182,619	2,227,289	44,670	2,664,893	2,709,563
Transfers from other funds	-	80,500	80,500	33,245,964	33,328,987	83,023	33,245,964	33,328,987
Subtotal Revenues	122,340,877	126,809,878	4,469,001	673,205,650	672,016,662	(1,188,988)	715,457,371	714,268,383
Budgeted use of fund balance	-	-	-	-	-	-	179,715,023	179,715,023
Total Sources	122,340,877	126,809,878	4,469,001	673,205,650	672,016,662	(1,188,988)	895,172,394	893,983,406
EXPENDITURE ANALYSIS								
By Function								
Instruction	23,788,269	24,615,660	(827,391)	235,967,642	236,373,873	(406,231)	283,456,738	283,862,969
Public service	176,540	194,484	(17,944)	1,960,889	2,230,094	(269,205)	2,444,069	2,713,274
Academic support	3,330,543	4,681,603	(1,351,060)	63,632,034	58,173,515	5,458,518	81,581,938	76,123,419
Student services	6,559,454	6,154,998	404,456	66,520,442	64,923,573	1,596,870	82,956,506	81,359,636
Institutional support	13,727,869	10,760,497	2,967,372	129,645,573	125,588,444	4,057,130	184,035,476	179,978,347
Operation and maintenance of plant	4,236,502	4,944,083	(707,581)	47,452,864	51,697,146	(4,244,282)	66,210,269	70,454,551
Student financial assistance	730,463	485,611	244,852	15,285,646	15,066,081	219,565	18,501,713	18,282,148
Contingency	1,963,348	-	1,963,348	10,571,689	-	10,571,689	14,550,185	3,978,496
Total Operational by Function	54,512,988	51,836,936	2,676,052	571,036,778	554,052,725	16,984,053	733,736,893	716,752,840
By Account								
Personal services	31,790,003	34,831,465	(3,041,462)	321,926,662	328,082,471	(6,155,810)	407,650,162	413,805,972
Employee benefits	9,386,432	9,473,775	(87,343)	94,893,448	94,340,824	552,624	121,382,851	120,830,227
Contractual services	5,099,474	4,735,435	364,039	51,223,122	57,984,352	(6,761,230)	68,490,556	75,251,786
Supplies, materials, parts	797,395	867,727	(70,333)	8,902,748	7,135,132	1,767,616	11,445,009	9,677,393
Current fixed charges	690,627	426,694	263,933	7,973,864	8,816,943	(843,078)	10,472,069	11,315,148
Communications and utilities	1,293,271	1,076,620	216,651	14,612,482	12,525,867	2,086,615	20,836,892	18,750,277
Travel operating expenses	760,959	671,285	89,674	6,307,108	4,379,542	1,927,566	7,526,509	5,598,943
Student aid and miscellaneous	1,057,700	(414,670)	1,472,371	28,384,749	26,942,831	1,441,918	34,887,250	33,445,332
Intrafund transfers	1,265,449	-	1,265,449	10,913,631	(3,721)	10,917,352	19,607,286	8,689,934
Transfers to other funds	408,330	168,605	239,725	15,327,276	13,848,483	1,478,793	16,888,125	15,409,332
Contingencies	1,963,348	-	1,963,348	10,571,689	-	10,571,689	14,550,185	3,978,496
Total Operational by Account	54,512,988	51,836,936	2,676,052	571,036,778	554,052,725	16,984,053	733,736,893	716,752,840

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



Ten months ending April 30, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								714,268,383
Less total projected expenditures (b)								(712,774,344)
Projected increase / (decrease) in fund balance								1,494,039
Beginning fund balance (audited)								180,349,216
Projected ending fund balance 6/30/19								181,843,255
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							68,093,940	
Less allowance for student bad debt							3,000,000	
Less uncollected tax levy							3,877,981	
Less reserves for potential claims							5,000,000	
Less Campus Works investment							1,000,000	
Total Designations								104,912,495
Projected undesignated balance								76,930,760

(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.

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Ten months ending April 30, 2019

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, Salt River Project	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.							
Budgeted Use of Fund Balance	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, 2019

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.							
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units 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.							
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units and basic contingency for unexpected needs as prioritized by the Governing Board.							