

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

Governing Board Agenda

Meeting Date: 5/26/20

Item Number	Item Title	Responsible Agents
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Ten Months Ending 4/30/2020	Dr. James Moore

GENERAL NOTE: In FY2019, the Budget Analysis Report for Fund 1 was changed to present the District's financial information in a monthly budget format. Using monthly data from FY2019 and FY2020, we continue to refine budget and financial reporting practices to reflect how actual expenses and revenue expect to be incurred.

Revenue Summary: \$661.7M year to date; projected revenue at year end: \$716.8M

- 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.
- 92.3% of projected revenue have been recognized year to date, which is consistent with the prior year.
- Tuition revenue for the year is projected to exceed the amount budgeted due to slightly higher than expected enrollment.

Expenditure Summary: \$566.2M year to date; projected expenditure at year end: \$710.9M

- 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.
- 79.6% of projected expenditures have been recognized year to date, which is consistent with the prior year.
- Contingencies of \$4.1M included in the Expenditure Analysis line items in the attached report are not expected to be expended.
- Estimated annual expenses for employee benefits are projecting slightly higher than budget; however, we believe this is a function of how the monthly budget amounts were calculated and we continue to refine this process. We do not expect actual expenses to exceed the amount budgeted by the close of the fiscal year.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by \$5.9M (from \$203.2M to \$209.1M) in FY 19/20.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$69.7M. The remaining fund balance of \$139.5M is comprised of college carryforward, allowance for student bad debt, potential uncollected tax levy, reserves for potential claims, Campus Works investment, and a projected undesignated balance of \$103.1M.
- While the projected undesignated fund balance is expected to be over \$103M, there are ongoing expenses that may potentially impact these balances (i.e., technology, 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 4/30/20 is \$900,000.

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.

Maricopa County Community College District



Budget to Actual

All Business Units

FUND: 110 - General Fund

Ten months ending April 30, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	109,204,090	108,846,756	(357,334)	441,907,433	438,008,605	(3,898,828)	484,338,371	480,439,543
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	9,485	9,485	4,331,815	4,358,061	26,246	8,663,631	8,689,877
General tuition	5,307,640	4,686,100	(621,540)	167,031,062	168,313,063	1,282,001	173,559,000	174,841,001
Out of state tuition	301,206	339,351	38,145	13,253,053	16,344,887	3,091,834	13,500,000	16,591,834
Out of county tuition	5,724	109,600	103,876	251,835	245,756	(6,079)	256,527	250,448
Other fees and charges	152,891	174,628	21,737	4,317,150	4,213,699	(103,451)	4,593,128	4,489,677
Investment income	190,320	372,154	181,834	2,129,205	7,030,197	4,900,992	3,050,000	7,950,992
Miscellaneous and other	147,292	5,068	(142,224)	1,489,557	2,996,447	1,506,890	1,890,588	3,397,478
Transfers from other funds	-	-	-	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	115,309,163	114,543,142	(766,021)	654,863,711	661,663,317	6,799,606	710,003,846	716,803,452
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	115,309,163	114,543,142	(766,021)	654,863,711	661,663,317	6,799,606	891,526,596	898,326,202
EXPENDITURE ANALYSIS								
By Function								
Instruction	24,546,822	25,704,755	(1,157,934)	236,532,325	236,028,465	503,860	267,949,945	267,446,085
Public service	305,692	246,448	59,244	3,125,007	2,230,130	894,877	3,827,427	2,932,550
Academic support	6,421,721	6,202,262	219,459	63,010,308	63,263,609	(253,301)	78,742,157	78,995,458
Student services	7,212,070	5,436,899	1,775,171	71,744,745	58,783,688	12,961,057	88,784,586	75,823,529
Institutional support	11,202,647	11,355,292	(152,645)	165,503,025	136,472,852	29,030,173	223,714,313	194,684,141
Operation and maintenance of plant	4,326,216	5,302,968	(976,752)	48,940,305	54,058,492	(5,118,187)	68,137,439	73,255,626
Student financial assistance	370,022	641,144	(271,123)	12,078,490	15,407,792	(3,329,302)	14,431,373	17,760,675
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Function	54,385,189	54,889,768	(504,579)	600,934,205	566,245,028	34,689,177	749,657,167	714,967,990
By Account								
Personal services	34,883,022	35,953,227	(1,070,205)	340,105,120	337,333,655	2,771,465	414,117,538	411,346,073
Employee benefits	9,503,951	10,092,150	(588,198)	97,696,837	99,243,645	(1,546,808)	124,192,909	125,739,717
Contractual services	4,710,132	3,860,296	849,835	55,928,092	57,550,701	(1,622,609)	73,205,967	74,828,576
Supplies, materials, parts	853,006	672,199	180,806	8,872,566	8,146,788	725,778	11,702,715	10,976,936
Current fixed charges	729,302	667,862	61,440	8,605,240	8,411,985	193,255	11,314,779	11,121,524
Communications and utilities	1,156,838	961,459	195,379	13,666,084	12,777,143	888,941	18,887,796	17,998,855
Travel operating expenses	277,957	(98,990)	376,947	5,544,986	3,261,077	2,283,908	6,770,947	4,487,038
Student aid and miscellaneous	1,393,535	2,762,255	(1,368,721)	35,594,998	23,924,736	11,670,262	40,878,550	29,208,287
Intrafund transfers	818,645	-	818,645	18,496,093	-	18,496,093	25,630,256	7,134,163
Transfers to other funds	58,801	19,309	39,492	16,424,189	15,595,298	828,891	18,885,785	18,056,894
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Account	54,385,189	54,889,768	(504,579)	600,934,205	566,245,028	34,689,177	749,657,167	714,967,990

Ten months ending April 30, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues							716,803,452	
Less total projected expenditures (b)							(710,898,063)	
Projected increase / (decrease) in fund balance							5,905,389	
Beginning fund balance (audited)							203,216,882	
Projected ending fund balance 6/30/20							<u>209,122,271</u>	
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							69,665,085	
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							500,000	
Total Designations							<u>105,983,640</u>	
Projected undesignated balance							<u>103,138,631</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.

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



Ten months ending April 30, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE DESCRIPTIONS								
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, 2020

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