

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

Governing Board Agenda

Meeting Date: 9/25/18

| Item Number | Item Title | Responsible Agents |
|--------------------|--|---------------------------|
| | Budget Analysis Report Fund 1: General Unrestricted Fund For the Two Months Ending 8/31/2018 | 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: \$85.9M year to date; projected expenditure at year end: \$719.0M

- 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.
- 11.9% of projected expenditures have been recognized year to date

Revenue Summary: \$126.2M year to date; projected revenue at year end: \$715.5M

- 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.
- 17.6% of projected revenue has been recognized year to date

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to decrease by \$3.5M (from \$176.9M to \$173.4M) 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 \$68.2M. The remaining fund balance of \$105.2M 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 \$68.3M.
- While the projected undesignated fund balance is expected to be more than \$68M, 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 8/31/18 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.

Funding

Source
Account Information

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



Two months ending August 31, 2018

| | Current Month | | | Year-To-Date | | | Full Year | |
|--------------------------------------|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| | Budget | Actuals | Variance | Budget | Actuals | Variance | Budget | Estimated Actuals |
| REVENUE ANALYSIS | | | | | | | | |
| Property taxes | 1,634,810 | 1,100,407 | (534,403) | 3,386,032 | 6,726,350 | 3,340,318 | 467,211,721 | 467,211,721 |
| State aid | - | - | - | - | - | - | - | - |
| In lieu taxes - Salt River | - | - | - | - | - | - | 8,624,792 | 8,624,792 |
| General tuition | 20,079,204 | 14,938,079 | (5,141,125) | 79,608,568 | 75,990,702 | (3,617,866) | 182,700,000 | 182,700,000 |
| Out of state tuition | 222,890 | (725,192) | (948,082) | 8,207,786 | 7,443,224 | (764,562) | 15,160,346 | 15,160,346 |
| Out of county tuition | - | (14,208) | (14,208) | 27,000 | 14,852 | (12,148) | 256,525 | 256,525 |
| Other fees and charges | 551,294 | 424,163 | (127,131) | 1,712,008 | 1,708,503 | (3,505) | 4,593,130 | 4,593,130 |
| Investment income | 53,832 | 472,684 | 418,852 | 140,967 | 865,646 | 724,679 | 1,000,000 | 1,000,000 |
| Miscellaneous and other | 29,952 | 43,496 | 13,544 | 74,529 | 245,761 | 171,232 | 2,664,893 | 2,664,893 |
| Transfers from other funds | 33,245,964 | 33,251,887 | 5,923 | 33,245,964 | 33,251,887 | 5,923 | 33,245,964 | 33,245,964 |
| Subtotal Revenues | 55,817,946 | 49,491,316 | (6,326,630) | 126,402,854 | 126,246,926 | (155,928) | 715,457,371 | 715,457,371 |
| Budgeted use of fund balance | - | - | - | - | - | - | 179,715,023 | 179,715,023 |
| Total Sources | 55,817,946 | 49,491,316 | (6,326,630) | 126,402,854 | 126,246,926 | (155,928) | 895,172,394 | 895,172,394 |
| EXPENDITURE ANALYSIS | | | | | | | | |
| By Function | | | | | | | | |
| Instruction | 14,374,719 | 13,316,164 | 1,058,555 | 30,521,395 | 21,399,171 | 9,122,224 | 279,287,060 | 279,287,060 |
| Public service | 169,065 | 146,488 | 22,577 | 276,081 | 297,764 | (21,684) | 2,339,709 | 2,339,709 |
| Academic support | 6,246,746 | 5,491,473 | 755,273 | 10,418,934 | 10,760,455 | (341,521) | 82,481,158 | 82,481,158 |
| Student services | 5,942,041 | 7,177,382 | (1,235,341) | 10,476,507 | 12,091,308 | (1,614,801) | 83,228,002 | 83,228,002 |
| Institutional support | 8,565,596 | 16,419,702 | (7,854,106) | 19,745,193 | 28,580,601 | (8,835,408) | 173,688,931 | 173,688,931 |
| Operation and maintenance of plant | 17,770,830 | 4,764,833 | 13,005,996 | 21,056,844 | 8,084,035 | 12,972,809 | 77,472,072 | 77,472,072 |
| Student financial assistance | 2,396,879 | 4,614,346 | (2,217,467) | 2,675,639 | 4,675,347 | (1,999,707) | 20,480,676 | 20,480,676 |
| Contingency | (3,167,089) | - | (3,167,089) | (3,175,527) | - | (3,175,527) | 14,760,875 | 14,760,875 |
| Total Operational by Function | 52,298,786 | 51,930,389 | 368,397 | 91,995,065 | 85,888,681 | 6,106,384 | 733,738,482 | 733,738,482 |
| By Account | | | | | | | | |
| Personal services | 25,678,468 | 23,559,389 | 2,119,078 | 49,075,387 | 40,683,448 | 8,391,938 | 402,361,889 | 402,361,889 |
| Employee benefits | 8,371,436 | 7,874,595 | 496,841 | 15,461,406 | 15,369,647 | 91,759 | 121,439,733 | 121,439,733 |
| Contractual services | 4,037,909 | 6,973,533 | (2,935,624) | 9,075,299 | 12,143,137 | (3,067,838) | 66,168,772 | 66,168,772 |
| Supplies, materials, parts | 957,185 | 814,896 | 142,288 | 1,910,931 | 1,180,590 | 730,341 | 11,347,424 | 11,347,424 |
| Current fixed charges | 735,653 | 1,597,944 | (862,291) | 1,490,494 | 3,400,114 | (1,909,620) | 9,964,706 | 9,964,706 |
| Communications and utilities | 1,376,419 | 1,278,935 | 97,484 | 2,255,094 | 1,949,288 | 305,806 | 20,694,537 | 20,694,537 |
| Travel operating expenses | 563,250 | 225,596 | 337,654 | 1,084,519 | 643,308 | 441,211 | 5,291,476 | 5,291,476 |
| Student aid and miscellaneous | 2,997,756 | 5,700,609 | (2,702,852) | 3,833,393 | 6,614,256 | (2,780,862) | 31,537,870 | 31,537,870 |
| Intrafund transfers | (2,007,961) | - | (2,007,961) | (2,613,084) | - | (2,613,084) | 24,527,399 | 24,527,399 |
| Transfers to other funds | 12,755,760 | 3,904,892 | 8,850,868 | 13,597,153 | 3,904,892 | 9,692,261 | 25,643,801 | 25,643,801 |
| Contingencies | (3,167,089) | - | (3,167,089) | (3,175,527) | - | (3,175,527) | 14,760,875 | 14,760,875 |
| Total Operational by Account | 52,298,786 | 51,930,389 | 368,397 | 91,995,065 | 85,888,681 | 6,106,384 | 733,738,482 | 733,738,482 |

Two months ending August 31, 2018

FINANCIAL CONDITION ANALYSIS

| | |
|--|---------------------------|
| Total projected revenues | 715,457,371 |
| Less total projected expenditures (b) | <u>(718,977,607)</u> |
| Projected increase / (decrease) in fund balance | (3,520,236) |
| Beginning fund balance (unaudited) | <u>176,897,885</u> |
| Projected ending fund balance 6/30/19 | <u><u>173,377,649</u></u> |
| | |
| Less projected designations for future operations: | |
| 3.5% college carry forward | 23,940,574 |
| Less minimum financial condition measure (c) | 68,221,141 |
| 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 | 105,039,696 |
| Projected undesignated balance | <u><u>68,337,953</u></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



Two months ending August 31, 2018

REVENUE DESCRIPTIONS

| | |
|---------------------------------|--|
| Property Tax | Primary property taxes levied and collected for use in current operations without restrictions. The projected variance under budget is made up of the estimated uncollected tax levy of \$3,916,502. |
| State Aid | Effective in FY 16, the State of Arizona no longer provides financial 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



Two months ending August 31, 2018

EXPENDITURE DESCRIPTIONS

By Function

| | |
|--------------------------------|--|
| 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. |

By Account

| | |
|-------------------------------|---|
| 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), funds for Meet and Confer, 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. |