

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

**Governing Board Agenda**

**Meeting Date:** 9/24/19

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Two Months Ending 8/31/2019	Mr. Elliott Hibbs

**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 practices to reflect how actual expenses and revenue expect to be incurred.

Expenditure Summary: \$100.7M year to date; projected expenditure at year end: \$726.0M

- 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.
- 13.9% of projected expenditures have been recognized year to date.
- Contingencies of \$23.9M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Revenue Summary: \$91.7M year to date; projected revenue at year end: \$710.0M

- 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.
- 12.9% 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 \$16.0M (from \$207.3M to \$191.3M) 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 \$69.0M. The remaining fund balance of \$122.3M 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 \$86.0M.
- While the projected undesignated fund balance is expected to be nearly \$86M, 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 8/31/19 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 semi-annually.

**Funding**

**Source**  
**Account Information**

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Two months ending August 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	1,501,449	1,186,853	(314,596)	3,777,840	2,764,833	(1,013,007)	484,338,371	484,338,371
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	-	-	-	-	-	-	8,663,631	8,663,631
General tuition	19,074,584	21,039,953	1,965,369	75,625,526	76,850,235	1,224,709	173,559,000	173,559,000
Out of state tuition	1,657,336	1,860,848	203,512	7,057,631	8,646,275	1,588,644	13,500,000	13,500,000
Out of county tuition	31,493	(10,732)	(42,225)	134,109	11,388	(122,721)	256,527	256,527
Other fees and charges	489,993	533,520	43,527	1,882,362	1,693,245	(189,117)	4,593,128	4,593,128
Investment income	219,600	1,022,300	802,700	399,550	1,436,908	1,037,358	3,050,000	3,050,000
Miscellaneous and other	145,308	123,869	(21,440)	240,426	273,731	33,305	1,890,588	1,890,588
Transfers from other funds	1,450,987	-	(1,450,987)	2,639,990	-	(2,639,990)	20,152,601	20,152,601
<b>Subtotal Revenues</b>	<b>24,570,750</b>	<b>25,756,609</b>	<b>1,185,859</b>	<b>91,757,434</b>	<b>91,676,616</b>	<b>(80,818)</b>	<b>710,003,846</b>	<b>710,003,846</b>
Budgeted use of fund balance	1	-	(1)	2	-	(2)	181,522,750	181,522,750
<b>Total Sources</b>	<b>24,570,751</b>	<b>25,756,609</b>	<b>1,185,858</b>	<b>91,757,436</b>	<b>91,676,616</b>	<b>(80,820)</b>	<b>891,526,596</b>	<b>891,526,596</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	15,273,003	13,907,805	1,365,198	32,379,894	29,890,956	2,488,938	275,068,238	275,068,238
Public service	295,027	202,765	92,262	549,685	401,380	148,305	3,817,360	3,817,360
Academic support	6,189,661	5,407,756	781,904	9,477,785	10,519,611	(1,041,826)	78,788,714	78,788,714
Student services	6,587,187	6,359,671	227,517	12,225,781	11,747,993	477,788	86,958,773	86,958,773
Institutional support	13,408,414	16,630,884	(3,222,470)	27,696,348	33,916,471	(6,220,123)	192,756,130	192,756,130
Operation and maintenance of plant	5,444,322	5,711,874	(267,553)	8,147,185	8,980,466	(833,281)	67,982,046	67,982,046
Student financial assistance	2,179,097	5,125,829	(2,946,732)	2,283,333	5,230,265	(2,946,932)	20,616,997	20,616,997
Contingency	-	-	-	(84,000)	-	(84,000)	23,393,433	23,393,433
<b>Total Operational by Function</b>	<b>49,376,710</b>	<b>53,346,584</b>	<b>(3,969,874)</b>	<b>92,676,012</b>	<b>100,687,143</b>	<b>(8,011,131)</b>	<b>749,381,691</b>	<b>749,381,691</b>
<b>By Account</b>								
Personal services	27,792,462	24,824,333	2,968,129	44,976,241	44,153,297	822,944	419,351,223	419,351,223
Employee benefits	8,844,814	8,336,090	508,724	16,120,355	16,615,574	(495,219)	126,321,991	126,321,991
Contractual services	3,741,242	4,774,529	(1,033,287)	8,897,756	14,279,343	(5,381,586)	68,481,870	68,481,870
Supplies, materials, parts	726,209	904,349	(178,141)	1,342,251	1,460,667	(118,416)	10,903,260	10,903,260
Current fixed charges	782,125	1,796,720	(1,014,595)	1,529,158	2,809,023	(1,279,865)	10,947,196	10,947,196
Communications and utilities	1,640,189	1,654,575	(14,386)	2,572,523	1,935,174	637,349	20,813,057	20,813,057
Travel operating expenses	568,543	262,621	305,922	950,045	351,283	598,762	5,128,011	5,128,011
Student aid and miscellaneous	2,517,856	6,249,581	(3,731,725)	4,558,268	7,073,781	(2,515,513)	30,467,920	30,467,920
Intrafund transfers	1,438,758	-	1,438,758	2,018,002	-	2,018,002	19,620,279	19,620,279
Transfers to other funds	1,324,513	4,543,786	(3,219,273)	9,795,413	12,009,001	(2,213,588)	13,459,685	13,459,685
Contingencies	-	-	-	(84,000)	-	(84,000)	23,887,199	23,887,199
<b>Total Operational by Account</b>	<b>49,376,710</b>	<b>53,346,584</b>	<b>(3,969,874)</b>	<b>92,676,012</b>	<b>100,687,143</b>	<b>(8,011,131)</b>	<b>749,381,691</b>	<b>749,381,691</b>

Two months ending August 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>FINANCIAL CONDITION ANALYSIS</b>								
Total projected revenues								710,003,846
Less total projected expenditures (b)								(725,988,258)
Projected increase / (decrease) in fund balance								(15,984,412)
Beginning fund balance (unaudited)								207,279,431
Projected ending fund balance 6/30/20								<u>191,295,019</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							68,985,125	
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								105,303,680
Projected undesignated balance								<u>85,991,339</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

**Two months ending August 31, 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.							

Two months ending August 31, 2019

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