

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 1/28/20

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Six Months Ending 12/31/2019	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 and financial reporting practices to reflect how actual expenses and revenue expect to be incurred.

Revenue Summary: \$453.6M year to date; projected revenue at year end: \$718.1M

- 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.
- 63.2% 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: \$346.4M year to date; projected expenditure at year end: \$733.0M

- 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.
- 47.3% 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 personal services and employee benefits are projecting slightly higher than budget; however, this appears to be a timing issue related to the third paycheck in Dec-19. 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 decrease by \$14.9M (from \$203.2M to \$188.3M) in FY 19/20.
- MCCCDC is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$70.0M. The remaining fund balance of \$118.3M 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 \$82.0M.
- While the projected undesignated fund balance is expected to be nearly of \$82M, 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 12/31/19 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



Six months ending December 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	21,649,925	27,525,910	5,875,985	279,656,976	279,547,587	(109,389)	484,338,371	484,228,982
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,331,815	4,348,576	16,761	8,663,631	8,680,392
General tuition	12,621,098	16,391,867	3,770,769	136,874,594	142,245,900	5,371,306	173,559,000	178,930,306
Out of state tuition	79,398	1,722,610	1,643,212	12,015,845	15,010,086	2,994,241	13,500,000	16,494,241
Out of county tuition	1,509	6,636	5,127	228,325	30,664	(197,661)	256,527	58,866
Other fees and charges	331,425	409,242	77,817	3,480,042	3,297,771	(182,271)	4,593,128	4,410,857
Investment income	201,605	565,937	364,332	1,294,420	2,979,227	1,684,807	3,050,000	4,734,807
Miscellaneous and other	144,396	788,787	644,391	886,263	1,400,095	513,832	1,890,588	2,404,420
Transfers from other funds	-	-	-	6,741,245	4,719,511	(2,021,734)	20,152,601	18,130,867
Subtotal Revenues	35,029,356	47,410,990	12,381,634	445,509,525	453,579,417	8,069,892	710,003,846	718,073,738
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	35,029,356	47,410,990	12,381,634	445,509,525	453,579,417	8,069,892	891,526,596	899,596,488
EXPENDITURE ANALYSIS								
By Function								
Instruction	25,776,223	33,637,559	(7,861,337)	139,117,963	142,183,953	(3,065,990)	273,004,142	276,070,132
Public service	305,224	300,548	4,676	1,874,232	1,339,825	534,407	3,822,845	3,288,438
Academic support	6,852,005	8,474,731	(1,622,727)	38,254,759	38,595,594	(340,836)	79,247,213	79,588,049
Student services	6,848,280	7,807,731	(959,451)	43,018,843	36,362,728	6,656,115	87,616,399	80,960,285
Institutional support	11,015,767	14,687,998	(3,672,231)	98,212,791	86,666,834	11,545,956	213,577,362	202,031,405
Operation and maintenance of plant	5,199,936	6,453,109	(1,253,173)	29,519,141	32,599,614	(3,080,474)	68,301,703	71,382,176
Student financial assistance	290,461	370,500	(80,039)	8,669,745	8,608,946	60,799	19,730,154	19,669,355
Unused carryforward and contingency	(125,000)	-	(125,000)	-	-	-	4,069,927	4,069,927
Total Operational by Function	56,162,895	71,732,177	(15,569,282)	358,667,472	346,357,495	12,309,978	749,369,744	737,059,767
By Account								
Personal services	36,343,653	49,402,528	(13,058,876)	197,502,931	200,929,842	(3,426,911)	417,266,785	420,693,696
Employee benefits	9,753,076	13,864,434	(4,111,358)	59,051,379	59,897,635	(846,256)	125,802,069	126,648,325
Contractual services	5,220,180	4,828,070	392,109	35,037,309	37,542,234	(2,504,925)	72,502,546	75,007,471
Supplies, materials, parts	799,840	672,293	127,547	5,556,485	5,233,507	322,978	11,568,356	11,245,378
Current fixed charges	995,682	239,099	756,583	5,734,998	6,939,932	(1,204,935)	11,592,651	12,797,585
Communications and utilities	1,336,600	1,181,802	154,798	8,702,273	8,223,963	478,310	19,020,120	18,541,810
Travel operating expenses	681,241	356,429	324,812	3,418,560	1,897,273	1,521,286	6,086,231	4,564,944
Student aid and miscellaneous	(957,751)	1,122,521	(2,080,273)	23,028,735	12,951,259	10,077,476	42,450,030	32,372,553
Intrafund transfers	1,897,835	-	1,897,835	6,245,819	-	6,245,819	23,022,368	16,776,548
Transfers to other funds	217,540	65,000	152,540	14,388,983	12,741,848	1,647,135	15,988,663	14,341,528
Unused carryforward and contingency	(125,000)	-	(125,000)	-	-	-	4,069,927	4,069,927
Total Operational by Account	56,162,895	71,732,177	(15,569,282)	358,667,472	346,357,495	12,309,978	749,369,744	737,059,767

Six months ending December 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								718,073,738
Less total projected expenditures (b)								(732,989,840)
Projected increase / (decrease) in fund balance								(14,916,102)
Beginning fund balance (audited)								203,216,882
Projected ending fund balance 6/30/20								<u>188,300,780</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							69,994,287	
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								106,312,842
Projected undesignated balance								<u>81,987,938</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.

Six months ending December 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.							

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



Six months ending December 31, 2019

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								