

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

Governing Board Agenda

Meeting Date: 3/24/20

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Eight Months Ending 2/29/2020	Mr. Gary Yaquinto

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: \$515.9M year to date; projected revenue at year end: \$717.6M

- 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.
- 71.9% 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: \$456.7M year to date; projected expenditure at year end: \$722.5M

- 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.
- 63.2% 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, 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 decrease by \$4.9M (from \$203.2M to \$198.3M) 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 \$69.7M. The remaining fund balance of \$128.6M 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 \$92.3M.
- While the projected undesignated fund balance is expected to be over \$92M, 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 2/29/20 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



Eight months ending February 29, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	16,339,314	15,083,623	(1,255,691)	310,116,064	306,894,065	(3,221,999)	484,338,371	481,116,372
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,331,815	4,348,576	16,761	8,663,631	8,680,392
General tuition	2,579,600	3,258,924	679,324	154,577,299	157,809,988	3,232,689	173,559,000	176,791,689
Out of state tuition	123,237	(330,212)	(453,449)	12,139,082	15,686,343	3,547,261	13,500,000	17,047,261
Out of county tuition	2,342	12,956	10,614	230,667	145,320	(85,347)	256,527	171,180
Other fees and charges	86,677	145,044	58,367	3,957,634	3,796,356	(161,278)	4,593,128	4,431,850
Investment income	189,100	1,717,341	1,528,241	1,676,585	5,490,349	3,813,764	3,050,000	6,863,764
Miscellaneous and other	151,482	82,681	(68,801)	1,175,612	1,587,762	412,150	1,890,588	2,302,738
Transfers from other funds	-	-	-	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	19,471,752	19,970,357	498,605	508,357,359	515,911,361	7,554,001	710,003,846	717,557,848
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	19,471,752	19,970,357	498,605	508,357,359	515,911,361	7,554,001	891,526,596	899,080,598
EXPENDITURE ANALYSIS								
By Function								
Instruction	21,417,094	25,348,928	(3,931,834)	183,739,529	186,220,781	(2,481,252)	268,220,695	270,701,947
Public service	299,089	224,138	74,952	2,402,594	1,752,483	650,111	3,744,238	3,094,127
Academic support	6,077,515	5,864,324	213,190	50,985,177	51,181,089	(195,912)	79,500,797	79,696,709
Student services	6,842,665	5,503,110	1,339,556	54,268,174	47,831,402	6,436,772	85,546,968	79,110,196
Institutional support	16,150,476	12,570,325	3,580,151	133,001,923	112,388,866	20,613,058	221,844,383	201,231,325
Operation and maintenance of plant	4,827,981	4,977,244	(149,264)	39,533,848	43,037,225	(3,503,378)	68,036,985	71,540,363
Student financial assistance	1,178,009	1,199,001	(20,992)	14,974,747	14,325,836	648,911	17,734,565	17,085,654
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Function	56,792,830	55,687,071	1,105,759	478,905,992	456,737,681	22,168,311	748,698,559	726,530,248
By Account								
Personal services	35,162,083	34,967,612	194,471	265,506,733	266,469,072	(962,339)	413,420,275	414,382,614
Employee benefits	9,508,615	9,963,662	(455,047)	77,063,820	79,223,995	(2,160,174)	124,233,561	126,393,735
Contractual services	4,864,672	4,754,589	110,083	44,506,274	48,029,294	(3,523,020)	72,755,383	76,278,403
Supplies, materials, parts	730,476	856,296	(125,820)	7,087,904	6,744,698	343,207	11,554,006	11,210,799
Current fixed charges	731,486	173,106	558,381	7,191,018	7,571,326	(380,308)	11,522,862	11,903,170
Communications and utilities	1,235,806	1,104,535	131,271	11,279,832	10,390,836	888,996	19,018,831	18,129,835
Travel operating expenses	651,425	543,536	107,888	4,579,788	2,758,339	1,821,449	6,582,822	4,761,373
Student aid and miscellaneous	(208,662)	1,274,661	(1,483,323)	30,461,992	20,019,699	10,442,293	40,337,806	29,895,513
Intrafund transfers	2,473,895	-	2,473,895	14,934,475	-	14,934,475	26,317,503	11,383,028
Transfers to other funds	1,643,034	2,049,075	(406,041)	16,294,157	15,530,425	763,732	18,885,585	18,121,853
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Account	56,792,830	55,687,071	1,105,759	478,905,992	456,737,681	22,168,311	748,698,559	726,530,248

Eight months ending February 29, 2020

Current Month			Year-To-Date			Full Year	
Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals

FINANCIAL CONDITION ANALYSIS

Total projected revenues						717,557,848	
Less total projected expenditures (b)						(722,460,321)	
Projected increase / (decrease) in fund balance						(4,902,474)	
Beginning fund balance (audited)						203,216,882	
Projected ending fund balance 6/30/20						198,314,408	
Less projected designations for future operations:							
3.5% college carry forward						23,940,574	
Less minimum financial condition measure (c)						69,740,525	
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						106,059,080	
Projected undesignated balance						92,255,328	

(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



Eight months ending February 29, 2020

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



Eight months ending February 29, 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								