

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

Governing Board Agenda

Meeting Date: 2/25/20

Item Number	Item Title	Responsible Agents
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Seven Months Ending 1/31/2020	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: \$495.9M year to date; projected revenue at year end: \$723.4M

- 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.
- 68.6% 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: \$401.1M year to date; projected expenditure at year end: \$717.1M

- 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.
- 55.9% 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 \$6.4M (from \$203.2M to \$196.8M) 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 \$127.1M 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 \$90.8M.
- While the projected undesignated fund balance is expected to be approximately \$90M, 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 1/31/20 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



Seven months ending January 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	14,119,774	12,262,855	(1,856,919)	293,776,750	291,810,442	(1,966,308)	484,338,371	482,372,063
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,331,815	4,348,576	16,761	8,663,631	8,680,392
General tuition	15,123,105	12,305,164	(2,817,941)	151,997,699	154,551,064	2,553,365	173,559,000	176,112,365
Out of state tuition	-	1,006,469	1,006,469	12,015,845	16,016,555	4,000,710	13,500,000	17,500,710
Out of county tuition	-	101,700	101,700	228,325	132,364	(95,961)	256,527	160,566
Other fees and charges	390,915	353,542	(37,374)	3,870,957	3,651,312	(219,645)	4,593,128	4,373,483
Investment income	193,065	793,781	600,716	1,487,485	3,773,008	2,285,523	3,050,000	5,335,523
Miscellaneous and other	137,867	104,985	(32,882)	1,024,130	1,505,081	480,951	1,890,588	2,371,539
Transfers from other funds	13,411,356	15,433,090	2,021,734	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	43,376,082	42,361,586	(1,014,496)	488,885,607	495,941,003	7,055,396	710,003,846	717,059,242
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	43,376,082	42,361,586	(1,014,496)	488,885,607	495,941,003	7,055,396	891,526,596	898,581,992
EXPENDITURE ANALYSIS								
By Function								
Instruction	23,093,684	18,687,900	4,405,784	162,211,646	160,871,853	1,339,793	269,804,235	268,464,442
Public service	297,145	188,520	108,625	2,171,377	1,528,345	643,032	3,819,091	3,176,059
Academic support	6,203,931	6,721,170	(517,239)	44,458,690	45,316,765	(858,074)	80,426,650	81,284,724
Student services	4,502,098	5,965,563	(1,463,465)	47,520,941	42,328,292	5,192,649	85,866,385	80,673,736
Institutional support	19,963,467	13,151,706	6,811,761	118,176,258	99,818,540	18,357,718	218,932,475	200,574,757
Operation and maintenance of plant	5,256,306	5,460,367	(204,061)	34,775,447	38,059,981	(3,284,534)	68,507,583	71,792,117
Student financial assistance	5,126,993	4,517,889	609,104	13,796,738	13,126,835	669,903	18,145,644	17,475,741
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Function	64,443,624	54,693,116	9,750,508	423,111,096	401,050,611	22,060,486	749,571,989	727,511,504
By Account								
Personal services	33,898,915	30,571,618	3,327,297	231,401,846	231,501,460	(99,614)	418,255,250	418,354,864
Employee benefits	8,503,826	9,362,697	(858,871)	67,555,205	69,260,333	(1,705,127)	125,839,466	127,544,594
Contractual services	4,626,609	5,732,470	(1,105,862)	39,663,918	43,274,705	(3,610,787)	72,771,588	76,382,375
Supplies, materials, parts	800,185	654,895	145,291	6,356,670	5,888,402	468,268	11,532,007	11,063,738
Current fixed charges	720,770	458,288	262,482	6,455,768	7,398,220	(942,452)	11,592,284	12,534,736
Communications and utilities	1,341,753	1,062,338	279,415	10,044,026	9,286,301	757,725	19,020,120	18,262,395
Travel operating expenses	504,963	317,529	187,434	3,923,523	2,214,803	1,708,720	6,369,449	4,660,729
Student aid and miscellaneous	7,619,352	5,793,779	1,825,573	30,648,087	18,745,038	11,903,049	42,007,458	30,104,409
Intrafund transfers	6,165,111	-	6,165,111	12,410,931	-	12,410,931	22,197,693	9,786,762
Transfers to other funds	262,140	739,502	(477,362)	14,651,123	13,481,350	1,169,773	15,916,748	14,746,975
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Account	64,443,624	54,693,116	9,750,508	423,111,096	401,050,611	22,060,486	749,571,989	727,511,504

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



Seven months ending January 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								717,059,242
Less total projected expenditures (b)								<u>(723,441,577)</u>
Projected increase / (decrease) in fund balance								(6,382,335)
Beginning fund balance (audited)								<u>203,216,882</u>
Projected ending fund balance 6/30/20								<u>196,834,547</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							69,690,664	
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>106,009,219</u>
Projected undesignated balance								<u>90,825,328</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



Seven months ending January 31, 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



Seven months ending January 31, 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								