

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

Governing Board Agenda

Meeting Date: 8/25/20

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Twelve Months Ending 6/30/2020 - PRELIMINARY	Dr. James Moore, Interim COO

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: Projected \$717.4M (year to date)

- 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.
- 101.0% of budgeted revenue have been recognized year to date.
- Tuition revenue for the year is projected to exceed the amount budgeted due to slightly higher than expected enrollment.

Expenditure Summary: Projected \$700.5M (year to date)

- 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.
- 92.8% of budgeted expenditures have been recognized year to date.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by \$16.9M (from \$203.2M to \$220.1M) 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 \$69.7M. The remaining fund balance of \$131.0M 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 \$114.1M.
- While the projected undesignated fund balance is expected to be just over \$114M, 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 6/30/20 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

Approximately \$5.5M in eligible expenses have been reclassified from the General Fund to the Restricted Fund to be funded by colleges' CARES Act Institutional Allocations. These expenses are a direct result of the COVID-19 pandemic and would not have been incurred otherwise.

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



Twelve months ending June 30, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
REVENUE ANALYSIS								
Property taxes	3,988,684	6,586,652	2,597,968	484,338,371	480,895,019	(3,443,352)	484,338,371	480,895,019
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	8,663,631	8,697,153	33,522	8,663,631	8,697,153
General tuition	1,757,471	1,751,325	(6,146)	173,559,000	176,344,815	2,785,815	173,559,000	176,344,815
Out of state tuition	171,489	123,611	(47,878)	13,500,000	16,856,306	3,356,306	13,500,000	16,856,306
Out of county tuition	3,258	(6,636)	(9,894)	256,527	244,090	(12,437)	256,527	244,090
45105 - Registration Fees	42,554	67,545	24,991	4,202,564	4,273,658	71,094	4,202,564	4,273,658
45170 - Non-Regular (Audit)	4,044	100	(3,944)	18,440	7,025	(11,415)	18,440	7,025
45220 - Course Fee	-	805	805	-	-	-	-	-
45260 - Transcript	65,006	51,843	(13,163)	296,424	249,661	(46,763)	296,424	249,661
45280 - Evaluation By Examination	16,601	255	(16,346)	75,700	33,489	(42,212)	75,700	33,489
Other fees and charges	128,205	120,548	(7,657)	4,593,128	4,563,832	(29,296)	4,593,128	4,563,832
Investment income	668,865	(617,158)	(1,286,023)	3,050,000	6,614,875	3,564,875	3,050,000	6,614,875
Miscellaneous and other	218,374	9,617	(208,757)	1,890,588	3,023,751	1,133,163	1,890,588	3,023,751
Transfers from other funds	-	-	-	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	6,936,346	7,967,959	1,031,613	710,003,846	717,392,441	7,388,595	710,003,846	717,392,441
Fund balance carryforward	181,522,750	-	(181,522,750)	181,522,750	-	(181,522,750)	181,522,750	-
Total Sources	188,459,096	7,967,959	(180,491,137)	891,526,596	717,392,441	(174,134,155)	891,526,596	717,392,441
EXPENDITURE ANALYSIS								
By Function								
Instruction	14,427,017	16,008,817	(1,581,800)	270,552,522	273,699,861	(3,147,339)	270,552,522	273,699,861
Public service	486,546	503,906	(17,359)	3,939,186	2,983,599	955,587	3,939,186	2,983,599
Academic support	8,477,358	10,109,796	(1,632,438)	79,572,587	79,879,247	(306,660)	79,572,587	79,879,247
Student services	9,684,864	10,027,155	(342,291)	86,386,825	74,140,375	12,246,450	86,386,825	74,140,375
Institutional support	37,890,819	25,741,613	12,149,205	217,197,224	176,051,082	41,146,143	217,197,224	176,051,082
Operation and maintenance of plant	15,951,919	12,215,932	3,735,988	70,306,609	71,251,066	(944,456)	70,306,609	71,251,066
Student financial assistance	1,507,242	1,993,183	(485,941)	17,622,601	17,939,614	(317,012)	17,622,601	17,939,614
Unused carryforward and contingency	4,069,927	-	4,069,927	4,040,545	-	4,040,545	4,040,545	-
Total Operational by Function	92,495,692	76,600,401	15,895,291	749,618,100	695,944,843	53,673,257	749,618,100	695,944,843
By Account								
Personal services	43,629,011	37,510,356	6,118,655	416,676,035	407,327,089	9,348,946	416,676,035	407,327,089
Employee benefits	16,058,853	14,033,176	2,025,678	124,639,437	123,031,909	1,607,528	124,639,437	123,031,909
Contractual services	14,098,089	13,556,064	542,025	76,247,297	76,317,009	(69,713)	76,247,297	76,317,009
Supplies, materials, parts	1,727,467	1,683,934	43,533	11,668,418	10,723,931	944,487	11,668,418	10,723,931
Current fixed charges	1,728,184	310,167	1,418,018	11,274,245	8,683,652	2,590,594	11,274,245	8,683,652
Communications and utilities	2,791,650	2,022,523	769,127	17,894,931	15,794,222	2,100,709	17,894,931	15,794,222
Travel operating expenses	(493,788)	(58,921)	(434,866)	5,439,656	3,229,629	2,210,026	5,439,656	3,229,629
Student aid and miscellaneous	2,236,901	6,092,030	(3,855,129)	38,405,855	33,695,774	4,710,081	38,405,855	33,695,774
Intrafund transfers	3,786,623	-	3,786,623	23,971,473	-	23,971,473	23,971,473	-
Transfers to other funds	2,862,773	1,451,072	1,411,701	19,360,208	17,141,628	2,218,580	19,360,208	17,141,628
Unused carryforward and contingency	4,069,927	-	4,069,927	4,040,545	-	4,040,545	4,040,545	-
Total Operational by Account	92,495,692	76,600,401	15,895,291	749,618,100	695,944,843	53,673,257	749,618,100	695,944,843

Twelve months ending June 30, 2020

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

FINANCIAL CONDITION ANALYSIS

Total projected revenues							717,392,441
Less total projected expenditures (b)							(700,485,974)
Projected increase / (decrease) in fund balance							16,906,467
Beginning fund balance (audited)							203,216,882
Projected ending fund balance 6/30/20							<u>220,123,349</u>
Less projected designations for future operations:							
3.5% college carry forward						23,940,574	
Less minimum financial condition measure (c)						69,723,984	
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							106,042,539
Projected undesignated balance							<u>114,080,810</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



Twelve months ending June 30, 2020

REVENUE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	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	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.							
Fund balance carryforward	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



Twelve months ending June 30, 2020

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	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								