

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

Governing Board Agenda

Meeting Date: 4/28/20

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Nine Months Ending 3/31/2020	Dr. James Moore

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: \$547.1M 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.
- 76.2% 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: \$511.4M year to date; projected expenditure at year end: \$710.4M

- 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.
- 72.0% 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 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 increase by \$7.2M (from \$203.2M to \$210.4M) 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 \$140.7M 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 \$106.1M.
- While the projected undesignated fund balance is expected to be over \$106M, 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 3/31/20 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



Nine months ending March 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	22,587,279	22,267,784	(319,495)	332,703,343	329,161,849	(3,541,494)	484,338,371	480,796,877
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,331,815	4,348,576	16,761	8,663,631	8,680,392
General tuition	7,146,123	5,816,975	(1,329,148)	161,723,422	163,626,963	1,903,541	173,559,000	175,462,541
Out of state tuition	812,765	319,194	(493,572)	12,951,847	16,005,536	3,053,689	13,500,000	16,553,689
Out of county tuition	15,444	(9,164)	(24,608)	246,111	136,156	(109,955)	256,527	146,572
Other fees and charges	206,625	242,715	36,090	4,164,259	4,039,071	(125,188)	4,593,128	4,467,940
Investment income	262,300	1,167,694	905,394	1,938,885	6,658,043	4,719,158	3,050,000	7,769,158
Miscellaneous and other	166,653	1,403,616	1,236,963	1,342,265	2,991,378	1,649,113	1,890,588	3,539,701
Transfers from other funds	-	-	-	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	31,197,189	31,208,814	11,625	539,554,548	547,120,175	7,565,627	710,003,846	717,569,473
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	31,197,189	31,208,814	11,625	539,554,548	547,120,175	7,565,627	891,526,596	899,092,223
EXPENDITURE ANALYSIS								
By Function								
Instruction	28,374,632	24,102,929	4,271,703	211,985,504	210,323,710	1,661,794	268,764,674	267,102,880
Public service	348,849	231,199	117,650	2,819,315	1,983,681	835,634	3,827,427	2,991,793
Academic support	6,067,552	5,880,259	187,293	56,588,587	57,061,347	(472,761)	78,257,720	78,730,481
Student services	10,175,646	5,515,388	4,660,258	64,532,675	53,346,789	11,185,886	88,487,659	77,301,774
Institutional support	19,865,426	12,728,695	7,136,732	154,300,378	125,117,560	29,182,818	223,838,636	194,655,818
Operation and maintenance of plant	5,108,094	5,718,299	(610,204)	44,614,089	48,755,524	(4,141,434)	67,958,751	72,100,186
Student financial assistance	(3,266,279)	440,811	(3,707,090)	11,708,468	14,766,647	(3,058,179)	14,431,372	17,489,551
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Function	66,673,920	54,617,578	12,056,341	546,549,016	511,355,260	35,193,756	749,636,167	714,442,411
By Account								
Personal services	38,650,236	34,911,355	3,738,881	305,222,098	301,380,427	3,841,671	414,676,623	410,834,952
Employee benefits	11,166,078	9,927,501	1,238,578	88,192,886	89,151,495	(958,609)	124,214,905	125,173,515
Contractual services	6,688,170	5,661,111	1,027,059	51,217,960	53,690,405	(2,472,444)	72,997,297	75,469,742
Supplies, materials, parts	939,365	729,891	209,474	8,019,561	7,474,588	544,972	11,537,086	10,992,113
Current fixed charges	688,684	172,797	515,887	7,875,938	7,744,123	131,815	11,312,632	11,180,817
Communications and utilities	1,360,551	1,424,849	(64,298)	12,509,246	11,815,684	693,562	18,887,694	18,194,132
Travel operating expenses	735,730	601,728	134,002	5,267,028	3,360,067	1,906,961	6,832,691	4,925,730
Student aid and miscellaneous	3,762,038	1,142,782	2,619,256	34,201,464	21,162,481	13,038,983	40,689,545	27,650,562
Intrafund transfers	2,611,835	-	2,611,835	17,677,447	-	17,677,447	25,531,981	7,854,534
Transfers to other funds	71,231	45,564	25,667	16,365,388	15,575,989	789,399	18,885,785	18,096,386
Unused carryforward and contingency	-	-	-	-	-	-	4,069,927	4,069,927
Total Operational by Account	66,673,920	54,617,578	12,056,341	546,549,016	511,355,260	35,193,756	749,636,167	714,442,411

Nine months ending March 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								717,569,473
Less total projected expenditures (b)								(710,372,484)
Projected increase / (decrease) in fund balance								7,196,989
Beginning fund balance (audited)								203,216,882
Projected ending fund balance 6/30/20								<u>210,413,871</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							69,741,687	
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								106,060,242
Projected undesignated balance								<u>104,353,629</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



Nine months ending March 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	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



Nine months ending March 31, 2020

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<u>By Function</u>								
Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses.							
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District.							
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services.							
Student Services	Includes activities that contribute to the students' emotional and physical well being; to promote intellectual, cultural, and social development outside the context of the formal classroom; and to facilitate student enrollment in courses. Examples are Admissions and Records, student activities, financial aid, counseling, etc.							
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning.							
Operation/Maintenance of Plant	Includes expenditures allocated for the operation and maintenance of the physical plant, such as utility costs and staff responsible for the maintenance of buildings and grounds for all units.							
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards.							
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and basic contingency for unexpected needs as prioritized by the Governing Board.							
<u>By Account</u>								
Personnel Services	Includes salaries and wages for all employees in all types of positions such as full-time, part-time, temporary, permanent, all employee groups, etc.							
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc.							
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc.							
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc.							
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc.							
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc.							
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc.							
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc.							
Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increased student enrollment), funds for incremental costs from capital development facilities, etc.							
Transfers to Other Funds	Includes transfers for programs accounted for in other funds of the district, such as the Maricopa and Southwest Skill Centers, mandatory match associated with federal programs (financial aid and Small Business Development Center), etc.							
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and basic contingency for unexpected needs as prioritized by the Governing Board.							