

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

Governing Board Agenda

Meeting Date: 6/23/20

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Eleven Months Ending 5/31/2020	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: \$709.4M year to date; projected revenue at year end: \$716.4M

- 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.
- 99.0% 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: \$619.3M year to date; projected expenditure at year end: \$707.8M

- 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.
- 87.5% 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 \$8.6M (from \$203.2M to \$211.8M) 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 \$69.6M. The remaining fund balance of \$142.1M 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 \$105.8M.
- While the projected undesignated fund balance is expected to be over \$105M, 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 5/31/20 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

Eleven months ending May 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	38,442,254	36,299,762	(2,142,492)	480,349,687	474,308,367	(6,041,320)	484,338,371	478,297,051
State aid	-	-	-	-	-	-	-	-
In lieu taxes	4,331,816	4,339,092	7,276	8,663,631	8,697,153	33,522	8,663,631	8,697,153
General tuition	4,770,467	6,280,427	1,509,960	171,801,529	174,593,490	2,791,961	173,559,000	176,350,961
Out of state tuition	75,458	387,807	312,349	13,328,511	16,732,694	3,404,183	13,500,000	16,904,183
Out of county tuition	1,434	4,970	3,536	253,269	250,726	(2,543)	256,527	253,984
Other fees and charges	147,773	229,585	81,812	4,464,923	4,443,284	(21,639)	4,593,128	4,571,489
Investment income	251,930	201,835	(50,095)	2,381,135	7,232,033	4,850,898	3,050,000	7,900,898
Miscellaneous and other	182,657	17,687	(164,970)	1,672,214	3,014,134	1,341,920	1,890,588	3,232,508
Transfers from other funds	-	-	-	20,152,601	20,152,601	-	20,152,601	20,152,601
Subtotal Revenues	48,203,789	47,761,165	(442,624)	703,067,500	709,424,481	6,356,981	710,003,846	716,360,827
Fund balance carryforward	-	-	-	-	-	-	181,522,750	181,522,750
Total Sources	48,203,789	47,761,165	(442,624)	703,067,500	709,424,481	6,356,981	891,526,596	897,883,577
EXPENDITURE ANALYSIS								
By Function								
Instruction	19,508,775	21,662,580	(2,153,805)	256,125,505	257,691,045	(1,565,540)	268,679,044	270,244,584
Public service	327,633	249,564	78,069	3,452,640	2,479,694	972,946	3,817,134	2,844,187
Academic support	8,168,818	6,505,842	1,662,976	71,095,229	69,769,451	1,325,777	78,975,709	77,649,932
Student services	4,957,215	5,329,531	(372,316)	76,701,961	64,113,220	12,588,741	85,821,312	73,232,571
Institutional support	13,803,889	13,836,616	(32,727)	179,306,406	150,309,468	28,996,937	221,090,457	192,093,519
Operation and maintenance of plant	5,414,385	4,976,642	437,743	54,354,690	59,035,134	(4,680,444)	69,578,374	74,258,818
Student financial assistance	4,036,870	538,639	3,498,231	16,115,360	15,946,431	168,929	17,675,816	17,506,887
Unused carryforward and contingency	(29,382)	-	(29,382)	(29,382)	-	(29,382)	4,040,545	4,069,927
Total Operational by Function	56,188,203	53,099,415	3,088,788	657,122,408	619,344,442	37,777,966	749,678,391	711,900,425
By Account								
Personal services	32,924,295	32,483,078	441,217	373,047,023	369,816,733	3,230,291	414,503,449	411,273,158
Employee benefits	10,900,746	9,755,088	1,145,657	108,580,584	108,998,733	(418,149)	124,083,020	124,501,170
Contractual services	6,221,116	5,210,244	1,010,872	62,149,208	62,760,945	(611,737)	76,629,278	77,241,015
Supplies, materials, parts	1,068,385	893,209	175,176	9,940,951	9,039,997	900,954	11,689,875	10,788,921
Current fixed charges	940,821	(38,500)	979,321	9,546,061	8,373,485	1,172,576	11,383,003	10,210,427
Communications and utilities	1,437,197	994,556	442,641	15,103,281	13,771,699	1,331,582	17,894,931	16,563,349
Travel operating expenses	388,458	27,473	360,984	5,933,443	3,288,550	2,644,893	6,750,817	4,105,924
Student aid and miscellaneous	573,955	3,679,008	(3,105,053)	36,168,954	27,603,744	8,565,209	40,252,947	31,687,738
Intrafund transfers	1,689,366	-	1,689,366	20,184,850	-	20,184,850	23,116,220	2,931,370
Transfers to other funds	73,246	95,258	(22,012)	16,497,435	15,690,556	806,879	19,334,305	18,527,426
Unused carryforward and contingency	(29,382)	-	(29,382)	(29,382)	-	(29,382)	4,040,545	4,069,927
Total Operational by Account	56,188,203	53,099,415	3,088,788	657,122,408	619,344,442	37,777,966	749,678,391	711,900,425

Eleven months ending May 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues							716,360,827	
Less total projected expenditures (b)							(707,830,498)	
Projected increase / (decrease) in fund balance							8,530,329	
Beginning fund balance (audited)							203,216,882	
Projected ending fund balance 6/30/20							<u>211,747,211</u>	
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							69,620,823	
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>105,939,378</u>	
Projected undesignated balance							<u>105,807,833</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



Eleven months ending May 31, 2020

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



Eleven months ending May 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								