

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

**Governing Board Agenda**

**Meeting Date:** 12/10/19

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Five Months Ending 11/30/2019	Mr. Elliott Hibbs

**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 practices to reflect how actual expenses and revenue expect to be incurred.

Expenditure Summary: \$274.6M year to date; projected expenditure at year end: \$717.5M

- 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.
- 38.3% of projected expenditures have been recognized year to date.
- Contingencies of \$3.9M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Revenue Summary: \$406.2M year to date; projected revenue at year end: \$705.7M

- 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.
- 57.6% of projected revenue has been recognized year to date.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to decrease by \$11.9M (from \$207.3M to \$195.4M) 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 \$68.8M. The remaining fund balance of \$126.7M 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 \$90.4M.
- While the projected undesignated fund balance is expected to be in excess of \$90M, there are ongoing expenses that may potentially impact these balances (i.e., capital needs, 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 11/30/19 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

None.

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.

**Funding**

**Source**  
**Account Information**

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



**Five months ending November 30, 2019**

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	64,998,209	39,936,473	(25,061,736)	258,007,051	252,021,677	(5,985,374)	484,338,371	478,352,997
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	4,331,815	4,339,092	7,277	4,331,815	4,348,576	16,761	8,663,631	8,680,392
General tuition	16,169,225	14,072,946	(2,096,279)	124,253,496	125,854,032	1,600,536	173,559,000	175,159,536
Out of state tuition	1,814,601	2,086,068	271,467	11,936,447	13,287,476	1,351,029	13,500,000	14,851,029
Out of county tuition	34,481	1,896	(32,585)	226,816	24,028	(202,788)	256,527	53,739
Other fees and charges	420,970	347,405	(73,565)	3,148,617	2,888,529	(260,088)	4,593,128	4,333,040
Investment income	229,970	258,579	28,609	1,092,815	2,413,290	1,320,475	3,050,000	4,370,475
Miscellaneous and other	162,332	15,750	(146,582)	741,867	611,308	(130,559)	1,890,588	1,760,029
Transfers from other funds	-	-	-	6,741,245	4,719,511	(2,021,734)	20,152,601	18,130,867
<b>Subtotal Revenues</b>	<b>88,161,603</b>	<b>61,058,209</b>	<b>(27,103,394)</b>	<b>410,480,169</b>	<b>406,168,427</b>	<b>(4,311,742)</b>	<b>710,003,846</b>	<b>705,692,104</b>
Fund balance carryforward	(4)	-	4	-	-	-	181,522,750	181,522,750
<b>Total Sources</b>	<b>88,161,599</b>	<b>61,058,209</b>	<b>(27,103,390)</b>	<b>410,480,169</b>	<b>406,168,427</b>	<b>(4,311,742)</b>	<b>891,526,596</b>	<b>887,214,854</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	29,709,813	27,354,528	2,355,285	113,341,740	108,546,393	4,795,346	272,942,279	268,146,932
Public service	325,408	200,576	124,832	1,569,008	1,039,277	529,731	3,822,845	3,293,114
Academic support	7,096,194	7,290,637	(194,443)	31,402,754	30,120,863	1,281,891	78,994,390	77,712,499
Student services	8,635,098	5,549,292	3,085,806	36,170,563	28,554,997	7,615,566	87,896,630	80,281,064
Institutional support	14,238,605	10,989,573	3,249,032	87,197,024	71,978,836	15,218,188	214,078,956	198,860,768
Operation and maintenance of plant	5,625,846	5,567,882	57,964	24,319,205	26,146,505	(1,827,301)	67,895,189	69,722,489
Student financial assistance	262,387	297,135	(34,748)	8,379,284	8,238,445	140,839	19,669,529	19,528,690
Unused carryforward and contingency	125,000	-	125,000	125,000	-	125,000	4,069,927	3,944,927
<b>Total Operational by Function</b>	<b>66,018,351</b>	<b>57,249,624</b>	<b>8,768,727</b>	<b>302,504,577</b>	<b>274,625,317</b>	<b>27,879,260</b>	<b>749,369,744</b>	<b>721,490,484</b>
<b>By Account</b>								
Personal services	40,853,269	36,393,049	4,460,221	161,159,278	151,527,313	9,631,965	417,937,426	408,305,462
Employee benefits	11,813,596	9,944,645	1,868,951	49,298,303	46,033,201	3,265,102	125,724,953	122,459,851
Contractual services	7,270,054	6,753,341	516,713	29,817,130	32,714,164	(2,897,034)	72,003,525	74,900,559
Supplies, materials, parts	974,331	781,251	193,080	4,756,645	4,561,214	195,431	11,608,548	11,413,117
Current fixed charges	893,377	253,575	639,802	4,739,316	6,700,833	(1,961,517)	11,547,423	13,508,940
Communications and utilities	1,507,923	1,587,580	(79,657)	7,365,673	7,042,161	323,512	19,023,120	18,699,608
Travel operating expenses	629,579	431,545	198,034	2,737,319	1,540,845	1,196,475	5,744,519	4,548,045
Student aid and miscellaneous	1,521,534	854,353	667,181	23,986,486	11,828,738	12,157,749	42,971,884	30,814,135
Intrafund transfers	215,704	-	215,704	4,347,984	-	4,347,984	22,742,882	18,394,898
Transfers to other funds	213,983	250,286	(36,303)	14,171,443	12,676,848	1,494,595	15,995,538	14,500,943
Unused carryforward and contingency	125,000	-	125,000	125,000	-	125,000	4,069,927	3,944,927
<b>Total Operational by Account</b>	<b>66,018,351</b>	<b>57,249,624</b>	<b>8,768,727</b>	<b>302,504,577</b>	<b>274,625,317</b>	<b>27,879,260</b>	<b>749,369,744</b>	<b>721,490,484</b>

Five months ending November 30, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>FINANCIAL CONDITION ANALYSIS</b>								
Total projected revenues								705,692,104
Less total projected expenditures (b)								(717,545,557)
Projected increase / (decrease) in fund balance								(11,853,454)
Beginning fund balance (unaudited)								207,279,431
Projected ending fund balance 6/30/20								<u>195,425,977</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							68,756,124	
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								105,074,679
Projected undesignated balance								<u>90,351,298</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*



**Five months ending November 30, 2019**

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*



**Five months ending November 30, 2019**

EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b><u>By Function</u></b>								
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.							
<b><u>By Account</u></b>								
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.							