

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

**Governing Board Agenda**

**Meeting Date:** 11/20/18

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report	Mr. Elliott Hibbs
	Fund 1: General Unrestricted Fund	
	For the Four Months Ending 10/31/2018	

**REPORT FORMAT CHANGE:** Beginning with FY2019, the Budget Analysis Report for Fund 1 presents the District's financial information in a monthly budget format and includes budget to actual variances, year-to-date actuals, and annual estimated actuals. The analysis and reporting of variances will continue to be refined over the next several months as more data become available.

**Expenditure Summary:** \$207.0M year to date; projected expenditure at year end: \$723.6M

- 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.
- 28.6% of projected expenditures have been recognized year to date

**Revenue Summary:** \$351.6M year to date; projected revenue at year end: \$715.5M

- 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.
- 49.1% 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 \$8.2M (from \$176.9M to \$168.7M) in FY 18/19.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$68.2M. The remaining fund balance of \$100.5M 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 \$63.7M.
- While the projected undesignated fund balance is expected to be more than \$63M, 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 10/31/18 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/data-reports/finances/reports>

This report is also provided to the Audit & Finance Committee quarterly.

**Funding**

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**Source**  
**Account Information**

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Four months ending October 31, 2018

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	134,413,854	171,599,275	37,185,421	174,433,930	200,586,070	26,152,140	467,211,721	467,211,721
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	1,702,338	32,504	(1,669,834)	1,702,338	32,504	(1,669,834)	8,624,792	8,624,792
General tuition	26,162,266	20,508,456	(5,653,810)	113,776,851	104,039,210	(9,737,641)	182,700,000	182,700,000
Out of state tuition	3,078,531	1,498,629	(1,579,902)	11,512,976	9,144,054	(2,368,922)	15,160,346	15,160,346
Out of county tuition	463	(11,060)	(11,523)	27,463	10,112	(17,351)	256,525	256,525
Other fees and charges	532,187	514,355	(17,832)	2,516,210	2,520,873	4,663	4,593,130	4,593,130
Investment income	56,094	351,496	295,402	275,190	1,448,940	1,173,750	1,000,000	1,000,000
Miscellaneous and other	1,004,564	267,627	(736,937)	1,131,058	520,739	(610,319)	2,664,893	2,664,893
Transfers from other funds	-	-	-	33,245,964	33,251,887	5,923	33,245,964	33,245,964
<b>Subtotal Revenues</b>	<b>166,950,297</b>	<b>194,761,282</b>	<b>27,810,985</b>	<b>338,621,980</b>	<b>351,554,389</b>	<b>12,932,409</b>	<b>715,457,371</b>	<b>715,457,371</b>
Budgeted use of fund balance	-	-	-	-	-	-	179,715,023	179,715,023
<b>Total Sources</b>	<b>166,950,297</b>	<b>194,761,282</b>	<b>27,810,985</b>	<b>338,621,980</b>	<b>351,554,389</b>	<b>12,932,409</b>	<b>895,172,394</b>	<b>895,172,394</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	28,690,864	27,287,012	1,403,852	84,110,053	73,504,909	10,605,144	279,361,211	279,361,211
Public service	286,323	147,265	139,058	747,203	580,901	166,301	2,347,884	2,347,884
Academic support	8,370,397	6,097,544	2,272,853	25,210,538	22,681,224	2,529,314	82,955,274	82,955,274
Student services	8,105,766	6,176,616	1,929,149	26,285,805	24,201,601	2,084,204	83,836,128	83,836,128
Institutional support	13,458,298	19,498,996	(6,040,699)	50,301,311	58,688,032	(8,386,721)	176,825,957	176,825,957
Operation and maintenance of plant	5,188,556	5,902,647	(714,091)	31,603,434	19,264,264	12,339,170	77,814,149	77,814,149
Student financial assistance	1,266,133	1,116,359	149,774	8,576,152	8,071,062	505,091	20,480,676	20,480,676
Contingency	393,545	-	393,545	(5,190,537)	-	(5,190,537)	10,619,927	10,619,927
<b>Total Operational by Function</b>	<b>65,759,881</b>	<b>66,226,440</b>	<b>(466,558)</b>	<b>221,643,960</b>	<b>206,991,994</b>	<b>14,651,966</b>	<b>734,241,206</b>	<b>734,241,206</b>
<b>By Account</b>								
Personal services	38,123,471	34,887,719	3,235,752	121,222,025	109,552,691	11,669,333	402,702,160	402,702,160
Employee benefits	11,059,207	9,389,096	1,670,111	36,636,005	33,888,878	2,747,127	121,318,355	121,318,355
Contractual services	6,152,270	7,840,685	(1,688,415)	21,940,678	24,345,419	(2,404,741)	68,108,494	68,108,494
Supplies, materials, parts	873,664	790,235	83,430	4,141,441	2,728,306	1,413,136	11,373,386	11,373,386
Current fixed charges	1,057,917	2,640,096	(1,582,179)	3,480,735	6,340,836	(2,860,101)	10,298,511	10,298,511
Communications and utilities	1,599,911	2,167,801	(567,890)	5,427,871	5,791,281	(363,410)	20,611,337	20,611,337
Travel operating expenses	938,880	619,990	318,891	2,701,034	1,576,009	1,125,024	6,106,621	6,106,621
Student aid and miscellaneous	2,194,054	6,554,299	(4,360,245)	13,151,298	17,206,373	(4,055,075)	33,079,616	33,079,616
Intrafund transfers	2,115,482	-	2,115,482	2,113,072	-	2,113,072	24,386,294	24,386,294
Transfers to other funds	1,251,479	1,336,518	(85,039)	16,020,339	5,562,201	10,458,139	25,636,505	25,636,505
Contingencies	393,545	-	393,545	(5,190,537)	-	(5,190,537)	10,619,927	10,619,927
<b>Total Operational by Account</b>	<b>65,759,881</b>	<b>66,226,440</b>	<b>(466,558)</b>	<b>221,643,960</b>	<b>206,991,994</b>	<b>14,651,966</b>	<b>734,241,206</b>	<b>734,241,206</b>

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



**Four months ending October 31, 2018**

**FINANCIAL CONDITION ANALYSIS**

Total projected revenues	715,457,371
Less total projected expenditures (b)	(723,621,279)
Projected increase / (decrease) in fund balance	(8,163,908)
Beginning fund balance (unaudited)	176,897,885
Projected ending fund balance 6/30/19	168,733,977
Less projected designations for future operations:	
3.5% college carry forward	23,940,574
Less minimum financial condition measure (c)	68,221,141
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	1,000,000
Total Designations	105,039,696
Projected undesignated balance	63,694,281

(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

**Maricopa County Community College District**  
**Budget to Actual**  
**All Business Units**  
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**Four months ending October 31, 2018**

**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 financial 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*



**Four months ending October 31, 2018**

**EXPENDITURE DESCRIPTIONS**

**By Function**

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.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units and basic contingency for unexpected needs as prioritized by the Governing Board.

**By Account**

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.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units and basic contingency for unexpected needs as prioritized by the Governing Board.