

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

Governing Board Agenda

Meeting Date: 11/26/19

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Four Months Ending 10/31/2019	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: \$217.4M year to date; projected expenditure at year end: \$745.2M

- 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.
- 29.2% of projected expenditures have been recognized year to date.
- Contingencies of \$4.2M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Revenue Summary: \$345.1M year to date; projected revenue at year end: \$710.0M

- 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.
- 48.6% 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 \$35.3M (from \$207.3M to \$172.0M) 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 \$69.0M. The remaining fund balance of \$103.0M 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 \$66.7M.
- While the projected undesignated fund balance is expected to be in excess of \$66M, 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 10/31/19 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



Four months ending October 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	155,472,617	184,222,531	28,749,914	193,008,842	212,085,203	19,076,361	484,338,371	484,338,371
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	-	9,485	9,485	-	9,485	9,485	8,663,631	8,663,631
General tuition	24,853,292	26,478,359	1,625,067	108,084,271	111,781,086	3,696,815	173,559,000	173,559,000
Out of state tuition	2,830,848	2,666,781	(164,068)	10,121,846	11,201,408	1,079,562	13,500,000	13,500,000
Out of county tuition	53,792	14,536	(39,256)	192,335	22,132	(170,203)	256,527	256,527
Other fees and charges	630,545	552,685	(77,860)	2,727,647	2,541,125	(186,522)	4,593,128	4,593,128
Investment income	224,480	519,931	295,451	862,845	2,154,710	1,291,865	3,050,000	3,050,000
Miscellaneous and other	172,883	26,293	(146,590)	579,535	595,558	16,023	1,890,588	1,890,588
Transfers from other funds	4,101,255	4,719,511	618,256	6,741,245	4,719,511	(2,021,734)	20,152,601	20,152,601
Subtotal Revenues	188,339,712	219,210,111	30,870,399	322,318,566	345,110,218	22,791,652	710,003,846	710,003,846
Fund balance carryforward	1	-	(1)	4	-	(4)	181,522,750	181,522,750
Total Sources	188,339,713	219,210,111	30,870,398	322,318,570	345,110,218	22,791,648	891,526,596	891,526,596
EXPENDITURE ANALYSIS								
By Function								
Instruction	28,096,013	26,086,325	2,009,689	83,699,000	81,191,865	2,507,135	272,657,135	272,657,135
Public service	377,187	218,286	158,901	1,243,600	838,700	404,900	3,822,845	3,822,845
Academic support	7,843,524	6,648,838	1,194,686	24,313,317	22,830,226	1,483,091	78,892,727	78,892,727
Student services	7,979,120	5,536,433	2,442,688	27,535,465	23,005,705	4,529,760	87,881,848	87,881,848
Institutional support	25,359,615	15,051,685	10,307,930	72,958,420	60,989,264	11,969,156	214,454,607	214,454,607
Operation and maintenance of plant	5,036,926	6,019,635	(982,709)	18,693,359	20,578,624	(1,885,265)	67,870,207	67,870,207
Student financial assistance	701,884	896,637	(194,753)	8,116,897	7,941,310	175,587	19,669,529	19,669,529
Unused carryforward and contingency	-	-	-	-	-	-	4,194,927	4,194,927
Total Operational by Function	75,394,269	60,457,838	14,936,432	236,560,057	217,375,694	19,184,363	749,443,825	749,443,825
By Account								
Personal services	37,085,186	35,867,928	1,217,258	120,306,009	115,134,265	5,171,744	417,566,954	417,566,954
Employee benefits	11,126,369	9,903,862	1,222,507	37,484,707	36,088,556	1,396,151	125,650,665	125,650,665
Contractual services	6,936,101	6,662,390	273,712	22,546,075	25,960,823	(3,414,748)	71,895,861	71,895,861
Supplies, materials, parts	1,122,228	1,046,957	75,271	3,782,314	3,779,963	2,351	11,566,821	11,566,821
Current fixed charges	874,943	3,169,073	(2,294,130)	3,845,939	6,447,259	(2,601,320)	11,528,935	11,528,935
Communications and utilities	1,487,335	1,763,114	(275,779)	5,857,750	5,454,581	403,169	19,023,120	19,023,120
Travel operating expenses	657,646	432,455	225,192	2,191,859	1,109,300	1,082,559	5,588,461	5,588,461
Student aid and miscellaneous	11,661,942	1,540,636	10,121,306	22,464,953	10,974,385	11,490,568	43,029,152	43,029,152
Intrafund transfers	3,166,802	(195)	3,166,997	4,122,992	-	4,122,992	23,403,391	23,403,391
Transfers to other funds	1,275,717	71,620	1,204,098	13,957,460	12,426,563	1,530,897	15,995,538	15,995,538
Unused carryforward and contingency	-	-	-	-	-	-	4,194,927	4,194,927
Total Operational by Account	75,394,269	60,457,838	14,936,432	236,560,057	217,375,694	19,184,363	749,443,825	749,443,825

Four months ending October 31, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								710,003,846
Less total projected expenditures (b)								(745,248,898)
Projected increase / (decrease) in fund balance								(35,245,052)
Beginning fund balance (unaudited)								207,279,431
Projected ending fund balance 6/30/20								<u>172,034,379</u>
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							68,985,125	
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								105,303,680
Projected undesignated balance								<u>66,730,699</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



Four months ending October 31, 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



Four months ending October 31, 2019

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