

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 11/24/2020

<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 10/31/2020	Dr. James Moore, Interim Chief Operating Officer

Revenue Summary: \$299.1M year to date; projected revenue at year end: \$713.8M

- 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.
- 41.9% of projected revenue have been recognized year to date, which is consistent with the prior year.

Expenditure Summary: \$204.8M year to date; projected expenditure at year end: \$745.4M

- 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.
- 27.5% of projected expenditures have been recognized year to date, which is consistent with the prior year.
- Contingencies of \$4.2M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to decrease by \$31.6M (from \$218.1M to \$186.5M) in FY 20/21.
- MCCCDC is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$70.9M. The remaining fund balance of \$115.6M is comprised of college carryforward, allowance for student bad debt, potential uncollected tax levy, reserves for potential claims, and a projected undesignated balance of \$79.8M.
- While the projected undesignated fund balance is expected to be nearly \$80M, 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 10/31/20 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

- Enrollment for the fall semester continues to be monitored and projections for FY2021 estimated actual tuition and fee revenue continues to be refined. The amount for Full Year Estimated Actual revenues and expenditures currently reflects the annual budget as in prior years; however, these amounts will be revised as we move through the fall semester

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

Four months ending October 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	155,472,617	150,168,882	(5,303,735)	193,008,842	197,556,538	4,547,696	497,640,717	497,640,717
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	-	-	-	8,622,905	8,622,905
General tuition	24,853,293	21,699,620	(3,153,673)	108,084,271	90,370,173	(17,714,098)	177,237,000	177,237,000
Out of state tuition	2,830,848	2,851,021	20,173	10,121,846	8,002,343	(2,119,503)	15,838,000	15,838,000
Out of county tuition	53,792	(4,330)	(58,122)	133,088	10,782	(122,306)	197,280	197,280
Other fees and charges	632,810	480,020	(152,790)	2,759,642	2,178,849	(580,793)	4,593,128	4,593,128
Investment income	254,167	(11,545)	(265,712)	1,016,668	165,243	(851,425)	3,050,000	3,050,000
Miscellaneous and other	163,992	261,602	97,610	578,655	826,742	248,087	1,890,588	1,890,588
Transfers from other funds	-	-	-	4,719,511	-	(4,719,511)	4,719,511	4,719,511
Subtotal Revenues	184,261,519	175,445,271	(8,816,248)	320,422,523	299,110,671	(21,311,852)	713,789,129	713,789,129
Fund balance carryforward	-	-	-	-	-	-	197,338,841	197,338,841
Total Sources	184,261,519	175,445,271	(8,816,248)	320,422,523	299,110,671	(21,311,852)	911,127,970	911,127,970
EXPENDITURE ANALYSIS								
By Function								
Instruction	25,294,881	23,912,922	1,381,958	78,614,832	71,459,300	7,155,533	267,518,950	267,518,950
Public service	236,227	363,139	(126,912)	1,161,777	988,181	173,596	3,039,098	3,039,098
Academic support	6,642,152	5,386,700	1,255,452	29,237,175	20,773,926	8,463,249	79,256,780	79,256,780
Student services	5,549,917	4,212,277	1,337,640	32,683,712	20,342,963	12,340,749	82,861,538	82,861,538
Institutional support	14,465,351	17,531,975	(3,066,624)	98,944,839	59,290,181	39,654,658	222,521,874	222,521,874
Operation and maintenance of plant	5,751,500	5,993,275	(241,775)	28,599,160	20,899,088	7,700,073	68,525,731	68,525,731
Student financial assistance	3,436,171	3,526,685	(90,514)	12,808,420	11,063,218	1,745,202	21,640,823	21,640,823
Unused carryforward and contingency	-	-	-	-	-	-	4,198,209	4,198,209
Total Operational by Function	61,376,199	60,926,973	449,226	282,049,915	204,816,856	77,233,059	749,563,003	749,563,003
By Account								
Personal services	36,799,493	34,193,931	2,605,562	127,641,257	104,855,722	22,785,535	418,957,982	418,957,982
Employee benefits	11,257,736	9,747,466	1,510,270	41,042,860	35,055,352	5,987,508	125,410,649	125,410,649
Contractual services	5,136,284	5,642,249	(505,965)	43,985,893	20,433,123	23,552,769	73,909,672	73,909,672
Supplies, materials, parts	591,447	766,082	(174,635)	6,189,089	3,603,421	2,585,668	11,219,666	11,219,666
Current fixed charges	434,779	5,078,200	(4,643,421)	7,669,391	7,756,302	(86,912)	11,591,701	11,591,701
Communications and utilities	1,569,867	1,808,848	(238,981)	9,601,561	5,390,139	4,211,422	18,433,610	18,433,610
Travel operating expenses	269,992	182,799	87,194	2,847,120	271,822	2,575,298	4,984,668	4,984,668
Student aid and miscellaneous	5,210,626	3,064,128	2,146,498	20,809,499	14,576,356	6,233,143	50,615,955	50,615,955
Intrafund transfers	(1,923,476)	-	(1,923,476)	8,691,046	-	8,691,046	14,646,582	14,646,582
Transfers to other funds	2,029,450	443,270	1,586,180	13,572,201	12,874,619	697,582	15,594,310	15,594,310
Unused carryforward and contingency	-	-	-	-	-	-	4,198,209	4,198,209
Total Operational by Account	61,376,199	60,926,973	449,226	282,049,915	204,816,856	77,233,059	749,563,003	749,563,003

Four months ending October 31, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								713,789,129
Less total projected expenditures (b)								(745,364,794)
Projected increase / (decrease) in fund balance								(31,575,665)
Beginning fund balance (unaudited)								218,084,737
Projected ending fund balance 6/30/21								186,509,072
Less projected designations for future operations:								
3.5% college carry forward							23,940,574	
Less minimum financial condition measure (c)							70,906,962	
Less allowance for student bad debt							3,000,000	
Less uncollected tax levy							3,877,981	
Less reserves for potential claims							5,000,000	
Total Designations								106,725,517
Projected undesignated balance								79,783,555

(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, 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



Four months ending October 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								