

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

Governing Board Agenda

Meeting Date: 10/22/19

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Three Months Ending 9/30/2019	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: \$156.9M year to date; projected expenditure at year end: \$745.3M

- 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.
- 21.1% of projected expenditures have been recognized year to date.
- Contingencies of \$4.0M included in the Expenditure Analysis line items in the attached report are not expected to be expended.

Revenue Summary: \$125.9M 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.
- 17.7% 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 9/30/19 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



Three months ending September 30, 2019

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	33,758,385	25,097,839	(8,660,546)	37,536,225	27,862,672	(9,673,553)	484,338,371	484,338,371
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	-	-	-	-	-	-	8,663,631	8,663,631
General tuition	7,605,453	8,452,492	847,039	83,230,979	85,302,727	2,071,748	173,559,000	173,559,000
Out of state tuition	233,367	(111,648)	(345,015)	7,290,998	8,534,627	1,243,629	13,500,000	13,500,000
Out of county tuition	4,434	(3,792)	(8,226)	138,543	7,596	(130,947)	256,527	256,527
Other fees and charges	214,740	295,195	80,455	2,097,102	1,988,440	(108,662)	4,593,128	4,593,128
Investment income	238,815	197,871	(40,944)	638,365	1,634,779	996,414	3,050,000	3,050,000
Miscellaneous and other	166,226	295,534	129,308	406,652	569,266	162,614	1,890,588	1,890,588
Transfers from other funds	-	-	-	2,639,990	-	(2,639,990)	20,152,601	20,152,601
Subtotal Revenues	42,221,420	34,223,491	(7,997,929)	133,978,854	125,900,107	(8,078,747)	710,003,846	710,003,846
Budgeted use of fund balance	1	-	(1)	3	-	(3)	181,522,750	181,522,750
Total Sources	42,221,421	34,223,491	(7,997,930)	133,978,857	125,900,107	(8,078,750)	891,526,596	891,526,596
EXPENDITURE ANALYSIS								
By Function								
Instruction	23,223,092	25,214,584	(1,991,492)	55,602,987	55,105,540	497,446	273,337,800	273,337,800
Public service	316,728	219,034	97,694	866,413	620,414	245,999	3,820,949	3,820,949
Academic support	6,992,007	5,661,777	1,330,231	16,469,793	16,181,388	288,405	78,818,692	78,818,692
Student services	7,330,564	5,721,279	1,609,285	19,556,345	17,469,272	2,087,072	86,791,042	86,791,042
Institutional support	19,902,458	12,021,109	7,881,349	47,598,805	45,937,579	1,661,226	214,972,434	214,972,434
Operation and maintenance of plant	5,509,247	5,578,523	(69,276)	13,656,432	14,558,989	(902,556)	67,896,251	67,896,251
Student financial assistance	5,131,680	1,814,409	3,317,271	7,415,013	7,044,674	370,339	19,665,704	19,665,704
Contingency	84,000	-	84,000	-	-	-	4,069,927	4,069,927
Total Operational by Function	68,489,775	56,230,714	12,259,062	161,165,787	156,917,856	4,247,931	749,372,799	749,372,799
By Account								
Personal services	38,244,582	35,113,040	3,131,542	83,220,823	79,266,337	3,954,486	418,844,454	418,844,454
Employee benefits	10,237,983	9,569,121	668,863	26,358,338	26,184,695	173,643	125,783,545	125,783,545
Contractual services	6,712,218	5,019,090	1,693,127	15,609,974	19,298,433	(3,688,459)	70,232,617	70,232,617
Supplies, materials, parts	1,317,835	1,272,339	45,496	2,660,086	2,733,006	(72,920)	11,370,208	11,370,208
Current fixed charges	1,441,838	469,163	972,675	2,970,996	3,278,186	(307,190)	11,530,833	11,530,833
Communications and utilities	1,797,892	1,756,293	41,599	4,370,415	3,691,467	678,948	19,139,257	19,139,257
Travel operating expenses	584,167	325,562	258,605	1,534,212	676,845	857,367	5,350,531	5,350,531
Student aid and miscellaneous	6,244,743	2,359,968	3,884,775	10,803,011	9,433,749	1,369,262	47,320,698	47,320,698
Intrafund transfers	(1,061,813)	195	(1,062,008)	956,190	195	955,994	19,739,018	19,739,018
Transfers to other funds	2,886,330	345,942	2,540,388	12,681,743	12,354,943	326,800	15,991,713	15,991,713
Contingencies	84,000	-	84,000	-	-	-	4,069,927	4,069,927
Total Operational by Account	68,489,775	56,230,714	12,259,062	161,165,787	156,917,856	4,247,931	749,372,799	749,372,799

Three months ending September 30, 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)								(745,302,872)
Projected increase / (decrease) in fund balance								(35,299,026)
Beginning fund balance (unaudited)								207,279,431
Projected ending fund balance 6/30/20								171,980,405
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								66,676,725

(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

Three months ending September 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



Three months ending September 30, 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								
Contingencies								
<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								
Contingencies								