

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 10/27/2020

<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 9/30/2020	Dr. James Moore, Interim Chief Operating Officer

Revenue Summary: \$123.7M 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.
- 17.3% of projected revenue have been recognized year to date, which is consistent with the prior year.

Expenditure Summary: \$143.9M year to date; projected expenditure at year end: \$744.8M

- 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.
- 19.3% of projected expenditures have been recognized year to date, which is consistent with the prior year.
- Contingencies of \$5.5M 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 \$31.0M (from \$218.1M to \$187.1M) in FY 20/21.
- MCCCCD 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 \$116.2M is comprised of college carryforward, allowance for student bad debt, potential uncollected tax levy, reserves for potential claims, and a projected undesignated balance of \$80.4M.
- While the projected undesignated fund balance is expected to be over \$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 9/30/20 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



Three months ending September 30, 2020

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	33,758,385	43,612,837	9,854,452	37,536,225	47,387,656	9,851,431	497,640,717	497,640,717
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	-	-	-	8,622,905	8,622,905
General tuition	7,605,453	6,653,491	(951,962)	83,230,978	68,670,554	(14,560,424)	177,237,000	177,237,000
Out of state tuition	233,367	435,150	201,783	7,290,998	5,151,322	(2,139,676)	15,838,000	15,838,000
Out of county tuition	4,434	8,900	4,466	79,296	15,112	(64,184)	197,280	197,280
Other fees and charges	215,170	255,576	40,406	2,126,832	1,698,829	(428,003)	4,593,128	4,593,128
Investment income	254,167	22,844	(231,323)	762,501	176,788	(585,713)	3,050,000	3,050,000
Miscellaneous and other	163,992	278,730	114,738	414,663	565,139	150,476	1,890,588	1,890,588
Transfers from other funds	4,719,511	-	(4,719,511)	4,719,511	-	(4,719,511)	4,719,511	4,719,511
Subtotal Revenues	46,954,479	51,267,528	4,313,049	136,161,004	123,665,400	(12,495,604)	713,789,129	713,789,129
Fund balance carryforward	-	-	-	-	-	-	197,338,841	197,338,841
Total Sources	46,954,479	51,267,528	4,313,049	136,161,004	123,665,400	(12,495,604)	911,127,970	911,127,970
EXPENDITURE ANALYSIS								
By Function								
Instruction	24,893,502	22,739,474	2,154,028	53,319,952	47,546,377	5,773,575	267,840,823	267,840,823
Public service	232,453	220,663	11,790	925,550	625,042	300,508	3,039,098	3,039,098
Academic support	5,975,108	5,429,744	545,364	22,595,023	15,387,226	7,207,798	79,001,366	79,001,366
Student services	6,346,716	5,823,110	523,606	27,133,795	16,130,686	11,003,109	82,742,591	82,742,591
Institutional support	26,272,240	14,099,250	12,172,990	84,479,488	41,758,206	42,721,282	225,078,142	225,078,142
Operation and maintenance of plant	5,362,858	5,871,532	(508,675)	22,847,660	14,905,812	7,941,848	68,698,811	68,698,811
Student financial assistance	4,113,674	7,238,579	(3,124,905)	9,372,249	7,536,533	1,835,716	18,383,241	18,383,241
Unused carryforward and contingency	-	-	-	-	-	-	5,503,600	5,503,600
Total Operational by Function	73,196,550	61,422,353	11,774,196	220,673,717	143,889,883	76,783,833	750,287,672	750,287,672
By Account								
Personal services	37,999,678	33,473,210	4,526,468	90,841,764	70,661,791	20,179,972	418,820,083	418,820,083
Employee benefits	11,282,779	9,583,457	1,699,322	29,785,124	25,307,886	4,477,238	126,671,338	126,671,338
Contractual services	12,266,895	5,643,067	6,623,828	38,849,608	14,790,874	24,058,734	73,331,430	73,331,430
Supplies, materials, parts	844,949	899,074	(54,125)	5,597,642	2,837,339	2,760,304	11,385,431	11,385,431
Current fixed charges	790,682	725,618	65,063	7,234,611	2,678,102	4,556,509	11,670,085	11,670,085
Communications and utilities	1,147,109	1,758,480	(611,371)	8,031,694	3,581,291	4,450,402	18,433,610	18,433,610
Travel operating expenses	177,245	56,653	120,593	2,577,128	89,024	2,488,104	4,856,084	4,856,084
Student aid and miscellaneous	8,796,777	9,049,795	(253,018)	15,598,873	11,512,228	4,086,646	48,779,601	48,779,601
Intrafund transfers	(144,453)	-	(144,453)	10,614,522	-	10,614,522	17,234,011	17,234,011
Transfers to other funds	34,889	233,000	(198,111)	11,542,751	12,431,349	(888,598)	13,602,398	13,602,398
Unused carryforward and contingency	-	-	-	-	-	-	5,503,600	5,503,600
Total Operational by Account	73,196,550	61,422,353	11,774,196	220,673,717	143,889,883	76,783,833	750,287,672	750,287,672

Three months ending September 30, 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)								(744,784,072)
Projected increase / (decrease) in fund balance								(30,994,943)
Beginning fund balance (unaudited)								218,084,737
Projected ending fund balance 6/30/21								<u>187,089,794</u>
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								<u>80,364,277</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



Three months ending September 30, 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



Three months ending September 30, 2020

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