

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 9/27/2022

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Two Months Ending 8/31/2022	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$48.5M year to date; projected revenue at year end: \$715.3M

- 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.
- 6.8% of projected revenue have been recognized year to date.

Expenditure Summary: \$77.8M year to date; projected expenditure at year end: \$737.9M

- 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.
- 10.5% of projected expenditures have been recognized year to date.
- Contingencies of \$25.7M 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 \$22.5M (from \$244.9M to \$222.4M) in FY 22/23.
- MCCCDC is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$71.0M. An additional \$42.6M in fund balance has been reserved to provide another layer of financial protection and provide financial flexibility in uncertain times, such as unforeseen drops in enrollment, uncollected tax levy, unexpected increases in uncollectible student debt, unplanned/unavoidable expenses, etc. The combination of these two reserves provides approximately two months of expenses for the MCCCDC system. After these reserves and designations for college carryforward and system-wide strategic efforts of \$61.4M, a projected undesignated balance of \$47.4M remains.
- While the projected undesignated fund balance is expected to be just over \$47M, there may be unforeseen changes in revenues and/or expenditures which may potentially impact these balances.
- 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 8/31/2022 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



Two months ending August 31, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	1,743,471	2,420,299	676,828	3,503,628	4,547,281	1,043,653	524,068,789	524,068,789
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	-	-	-	8,990,505	8,990,505
General tuition	16,895,742	19,994,090	3,098,348	63,292,486	61,220,063	(2,072,423)	146,755,873	146,755,873
Out of state tuition	1,127,543	427,013	(700,530)	2,255,086	8,575,150	6,320,064	13,530,515	13,530,515
Out of county tuition	22,842	(4,249)	(27,091)	45,684	18,508	(27,177)	274,100	274,100
Other fees and charges	305,283	525,451	220,168	610,566	1,392,761	782,195	3,663,378	3,663,378
Investment income	25,000	(475,998)	(500,998)	50,000	40,133	(9,867)	300,000	300,000
Miscellaneous and other	1,045,390	(27,388,012)	(28,433,402)	2,090,780	(27,330,265)	(29,421,045)	12,544,669	12,544,669
Transfers from other funds	-	-	-	-	-	-	5,219,511	5,219,511
Subtotal Revenues	21,165,271	(4,501,406)	(25,666,677)	71,848,230	48,463,631	(23,384,599)	715,347,340	715,347,340
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	21,165,271	(4,501,406)	(25,666,677)	71,848,230	48,463,631	(23,384,599)	948,368,392	948,368,392
EXPENDITURE ANALYSIS								
By Function								
Instruction	11,302,438	9,537,865	1,764,573	27,955,019	16,901,857	11,053,162	258,493,244	258,493,244
Public service	205,835	183,024	22,811	540,194	324,792	215,402	2,686,038	2,686,038
Academic support	6,176,261	6,751,656	(575,395)	17,340,653	11,408,638	5,932,015	85,772,437	85,772,437
Student services	6,721,498	5,788,221	933,276	17,585,983	9,945,161	7,640,821	84,126,755	84,126,755
Institutional support	14,938,509	18,409,971	(3,471,462)	47,328,194	30,477,603	16,850,591	214,502,396	214,502,396
Operation and maintenance of plant	5,487,468	6,888,254	(1,400,787)	17,127,584	8,583,962	8,543,622	72,964,792	72,964,792
Student financial assistance	639,084	80,054	559,030	4,075,577	163,124	3,912,453	19,343,583	19,343,583
Unused carryforward and contingency	-	-	-	-	-	-	25,690,989	25,690,989
Total Operational by Function	45,471,091	47,639,045	(2,167,954)	131,953,202	77,805,136	54,148,066	763,580,233	763,580,233
By Account								
Personal services	26,720,726	22,034,611	4,686,115	59,759,001	38,280,916	21,478,085	442,076,747	442,076,747
Employee benefits	8,455,283	8,567,113	(111,830)	18,412,137	15,499,314	2,912,823	131,790,459	131,790,459
Contractual services	4,721,285	9,961,359	(5,240,074)	26,343,224	13,596,784	12,746,440	72,243,851	72,243,851
Supplies, materials, parts	574,541	1,042,743	(468,202)	3,792,288	1,364,998	2,427,290	11,350,596	11,350,596
Current fixed charges	775,939	1,908,303	(1,132,364)	4,411,459	3,285,444	1,126,015	13,466,686	13,466,686
Communications and utilities	1,268,979	2,237,692	(968,713)	4,651,858	1,645,097	3,006,761	18,069,491	18,069,491
Travel operating expenses	20,016	171,221	(151,205)	2,198,964	239,860	1,959,103	4,192,064	4,192,064
Student aid and miscellaneous	1,054,511	1,399,138	(344,627)	6,486,928	2,230,211	4,256,717	33,123,251	33,123,251
Intrafund transfers	(180,459)	-	(180,459)	1,490,524	-	1,490,524	6,112,160	6,112,160
Transfers to other funds	2,060,271	316,865	1,743,406	4,406,819	1,662,512	2,744,307	5,463,939	5,463,939
Unused carryforward and contingency	-	-	-	-	-	-	25,690,989	25,690,989
Total Operational by Account	45,471,091	47,639,045	(2,167,954)	131,953,202	77,805,136	54,148,066	763,580,233	763,580,233

Two months ending August 31, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								715,347,340
Less total projected expenditures (b)								(737,889,244)
Projected increase / (decrease) in fund balance								(22,541,904)
Beginning fund balance (unaudited)								244,918,758
Projected ending fund balance 6/30/23								<u>222,376,854</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,012,783	
Less additional reserves (d)							42,607,670	
Less designations for system-wide strategic efforts (e)							<u>38,652,658</u>	
Total Designations								175,009,639
Projected undesignated balance								<u>47,367,215</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.

(d) - Additional reserves are intended to provide another layer of financial protection and provide financial flexibility in uncertain times. The intention is to have a combined reserve (minimum financial condition measure plus additional reserves) which provides two months of expenses should the district face financial uncertainties (i.e., unforeseen drops in enrollment, uncollected tax levy, unexpected increases in uncollectible student debt, unplanned/unavoidable expenses, etc.).

(e) - Funded from recoveries of lost revenue (FY21) with Higher Education Emergency Relief Funds; includes efforts such as strategic scheduling software, advising case management, scholarship software, changes to SIS and Admissions.

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



Two months ending August 31, 2022

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



Two months ending August 31, 2022

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.							