

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

Governing Board Agenda

Meeting Date: 3/28/2023

Item Number	Item Title	Responsible Agents
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Eight Months Ending 2/28/2023	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$491.9M year to date; projected revenue at year end: \$716.6M

- 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.
- 68.6% of projected revenue have been recognized year to date.

Expenditure Summary: \$458.1M year to date; projected expenditure at year end: \$706.9M

- 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.
- 64.8% of projected expenditures have been recognized year to date.
- Contingencies of \$6.4M 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 increase by \$9.7M (from \$233.8M to \$243.5M) 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 \$71.1M. An additional \$42.7M 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 \$68.3M remains.
- While the projected undesignated fund balance is expected to be just over \$68M, 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 2/28/2023 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



Eight months ending February 28, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	17,624,686	17,260,093	(364,593)	337,745,410	337,780,479	35,069	524,068,789	524,103,858
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	4,516,456	4,444,491	(71,965)	8,990,505	8,918,540
General tuition	2,854,295	2,376,541	(477,754)	130,744,748	125,387,804	(5,356,944)	146,755,873	141,398,929
Out of state tuition	1,127,543	(494,699)	(1,622,242)	9,020,344	13,562,551	4,542,207	13,530,515	18,072,722
Out of county tuition	22,842	(11,997)	(34,839)	182,736	89,428	(93,308)	274,100	180,792
Other fees and charges	305,281	102,656	(202,626)	2,442,254	3,136,308	694,054	3,663,378	4,357,432
Investment income	25,000	(233,309)	(258,309)	200,000	2,451,649	2,251,649	300,000	2,551,649
Miscellaneous and other	136,734	38,220	(98,514)	1,093,875	350,021	(743,854)	12,544,669	11,800,815
Transfers from other funds	-	-	-	4,719,511	4,719,833	322	5,219,511	5,219,833
Subtotal Revenues	22,096,381	19,037,505	(3,058,876)	490,665,334	491,922,565	1,257,231	715,347,340	716,604,571
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	22,096,381	19,037,505	(3,058,876)	490,665,334	491,922,565	1,257,231	948,368,392	949,625,623
EXPENDITURE ANALYSIS								
By Function								
Instruction	23,579,447	24,564,276	(984,829)	174,122,879	174,325,562	(202,683)	260,850,338	261,053,020
Public service	216,636	201,740	14,896	1,922,304	1,561,209	361,095	2,774,786	2,413,691
Academic support	6,880,151	6,136,176	743,974	59,239,559	55,649,523	3,590,036	85,666,304	82,076,268
Student services	6,479,651	5,778,670	700,981	57,306,386	45,897,991	11,408,396	84,788,143	73,379,748
Institutional support	15,166,552	13,680,226	1,486,325	153,234,953	123,592,933	29,642,019	230,148,366	200,506,346
Operation and maintenance of plant	5,732,239	5,443,751	288,488	50,721,342	44,551,444	6,169,898	73,560,587	67,390,689
Student financial assistance	1,106,096	1,563,213	(457,117)	11,796,864	12,520,042	(723,178)	19,340,212	20,063,390
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	59,160,772	57,368,053	1,792,719	514,695,172	458,098,703	56,596,469	763,502,106	706,905,637
By Account								
Personal services	38,060,346	36,109,456	1,950,890	294,325,926	270,525,921	23,800,005	444,941,795	421,141,790
Employee benefits	11,585,638	10,297,267	1,288,371	88,284,089	81,747,095	6,536,995	131,982,279	125,445,285
Contractual services	4,930,526	5,737,325	(806,799)	52,391,667	52,377,371	14,296	72,653,543	72,639,247
Supplies, materials, parts	684,720	696,715	(11,995)	8,574,632	5,680,481	2,894,151	11,807,897	8,913,746
Current fixed charges	531,041	251,257	279,784	11,715,408	12,708,048	(992,640)	13,698,746	14,691,386
Communications and utilities	1,408,405	1,242,458	165,947	12,458,239	10,211,837	2,246,402	18,076,241	15,829,839
Travel operating expenses	344,650	480,513	(135,864)	4,010,326	2,366,309	1,644,017	5,396,711	3,752,694
Student aid and miscellaneous	1,644,470	2,210,264	(565,794)	29,308,782	19,447,346	9,861,436	48,215,909	38,354,473
Intrafund transfers	(89,291)	-	(89,291)	2,347,346	382	2,346,964	4,886,674	2,539,710
Transfers to other funds	60,267	342,798	(282,531)	4,927,871	3,033,913	1,893,958	5,468,939	3,574,981
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	59,160,772	57,368,053	1,792,719	514,695,172	458,098,703	56,596,469	763,502,106	706,905,637

Eight months ending February 28, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								716,604,571
Less total projected expenditures (b)								(706,883,151)
Projected increase / (decrease) in fund balance								9,721,419
Beginning fund balance (audited)								233,800,338
Projected ending fund balance 6/30/23								<u>243,521,757</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,138,474	
Less additional reserves (d)							42,683,084	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								175,210,744
Projected undesignated balance								<u>68,311,013</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.

Eight months ending February 28, 2023

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.							

Eight months ending February 28, 2023

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								