

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

Governing Board Agenda

Meeting Date: 11/26/19

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Twelve Months Ending 6/30/2019 – FINAL - Unaudited	Mr. Elliott Hibbs

REPORT FORMAT CHANGE: Beginning with FY2019, the Budget Analysis Report for Fund 1 presents the District’s financial information in a monthly budget format and includes budget to actual variances, year-to-date actuals, and annual estimated actuals. The analysis and reporting of variances will continue to be refined over the next several months as more data become available.

Expenditure Summary: \$691.4M (year to date)

- 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.
- 94.2% of budgeted expenditures have been recognized to date.

Revenue Summary: \$714.3M (year to date)

- 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.
- 99.8% of budgeted revenue has been recognized to date.

Fund Balance and Financial Stability Requirements

- The General Fund balance increased by \$22.9M (from \$180.3M to \$203.2M) in FY 18/19 primarily due to the \$33M balance transfer from the Quasi Endowment Fund to the General Fund.
- MCCCDC is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$68.1M. The remaining fund balance of \$135.1M is comprised of college carryforward, allowance for student bad debt, potential uncollected tax levy, reserves for potential claims, Campus Works investment, and an undesignated balance of \$104.7M.
- While the undesignated fund balance is more than \$104M, 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 6/30/19 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/data-reports/finances/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
Twelve months ending June 30, 2019 - FINAL



	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
REVENUE ANALYSIS								
Property taxes	2,960,027	1,570,523	(1,389,504)	467,211,721	466,160,155	(1,051,566)	467,211,721	466,160,155
State aid	-	-	-	-	-	-	-	-
In lieu taxes - Salt River	-	-	-	8,624,792	8,531,108	(93,684)	8,624,792	8,531,108
General tuition	1,850,032	1,508,183	(341,849)	182,700,000	175,448,493	(7,251,507)	182,700,000	175,448,493
Out of state tuition	-	(48,633)	(48,633)	15,160,346	15,837,305	676,959	15,160,346	15,837,305
Out of county tuition	-	1,580	1,580	256,525	255,679	(846)	256,525	255,679
Other fees and charges	121,495	107,730	(13,765)	4,593,130	4,975,724	382,594	4,593,130	4,975,724
Investment income	133,762	945,597	811,835	1,000,000	7,504,452	6,504,452	1,000,000	7,504,452
Miscellaneous and other	63,313	(32,748)	(96,061)	2,664,893	2,292,391	(372,502)	2,664,893	2,292,391
Transfers from other funds	-	(76,500)	(76,500)	33,245,964	33,252,487	6,523	33,245,964	33,252,487
Subtotal Revenues	5,128,629	3,975,733	(1,152,896)	715,457,371	714,257,795	(1,199,576)	715,457,371	714,257,795
Fund balance carryforward	179,715,023	-	(179,715,023)	179,715,023	-	(179,715,023)	179,715,023	-
Total Sources	184,843,652	3,975,733	(180,867,919)	895,172,394	714,257,795	(180,914,599)	895,172,394	714,257,795
EXPENDITURE ANALYSIS								
By Function								
Instruction	22,753,439	13,006,902	9,746,537	284,124,095	274,288,178	9,835,917	284,124,095	274,288,178
Public service	402,213	766,521	(364,308)	2,580,547	3,313,381	(732,834)	2,580,547	3,313,381
Academic support	12,228,491	7,693,377	4,535,114	82,199,917	73,569,398	8,630,519	82,199,917	73,569,398
Student services	10,638,303	9,241,444	1,396,859	84,962,504	81,879,861	3,082,643	84,962,504	81,879,861
Institutional support	29,875,986	22,039,392	7,836,594	176,605,255	164,145,317	12,459,938	176,605,255	164,145,317
Operation and maintenance of plant	25,097,182	18,790,959	6,306,223	77,846,081	76,582,183	1,263,898	77,846,081	76,582,183
Student financial assistance	2,530,472	2,119,181	411,291	17,981,054	17,611,811	369,243	17,981,054	17,611,811
Unused carryforward and contingency	(3,965,392)	-	(3,965,392)	7,870,321	-	7,870,321	7,870,321	-
Total Operational by Function	99,560,694	73,657,776	25,902,918	734,169,773	691,390,129	42,779,644	734,169,773	691,390,129
By Account								
Personal services	49,558,364	29,067,090	20,491,274	408,403,317	396,068,618	12,334,699	408,403,317	396,068,618
Employee benefits	15,234,626	7,989,781	7,244,845	121,221,796	115,116,953	6,104,844	121,221,796	115,116,953
Contractual services	15,537,215	13,528,963	2,008,252	72,894,122	78,462,418	(5,568,296)	72,894,122	78,462,418
Supplies, materials, parts	1,699,837	2,174,987	(475,150)	11,395,385	10,413,951	981,434	11,395,385	10,413,951
Current fixed charges	1,799,943	129,323	1,670,620	10,618,291	9,287,430	1,330,861	10,618,291	9,287,430
Communications and utilities	3,613,309	2,392,608	1,220,701	19,865,143	16,089,853	3,775,290	19,865,143	16,089,853
Travel operating expenses	1,490,744	1,194,019	296,725	8,417,637	6,235,737	2,181,901	8,417,637	6,235,737
Student aid and miscellaneous	7,272,315	6,846,059	426,256	37,016,861	35,479,908	1,536,952	37,016,861	35,479,908
Intrafund transfers	(1,509,178)	3,721	(1,512,899)	11,861,546	-	11,861,546	11,861,546	-
Transfers to other funds	8,828,911	10,331,226	(1,502,315)	24,605,352	24,235,262	370,090	24,605,352	24,235,262
Unused carryforward and contingency	(3,965,392)	-	(3,965,392)	7,870,321	-	7,870,321	7,870,321	-
Total Operational by Account	99,560,694	73,657,776	25,902,918	734,169,773	691,390,129	42,779,644	734,169,773	691,390,129

Maricopa County Community College District
Budget to Actual
All Business Units
FUND: 110 - General Fund
Twelve months ending June 30, 2019 - FINAL



	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
FINANCIAL CONDITION ANALYSIS								
Total revenues								714,257,795
Less total expenditures (b)								(691,390,129)
Increase in fund balance								22,867,666
Beginning fund balance (audited)								180,349,216
Ending fund balance 6/30/19 (unaudited)								<u>203,216,882</u>
Less designations for future operations:								
3.5% college carry forward							17,561,255	
Less minimum financial condition measure (c)							68,100,531	
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							1,000,000	
Total Designations								98,539,767
Undesignated balance								<u>104,677,115</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.

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Budget to Actual
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REVENUE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	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.							
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
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Twelve months ending June 30, 2019 - FINAL



EXPENDITURE DESCRIPTIONS	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	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.							
Contingencies								
	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.							
Contingencies								
	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.							