

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

**Governing Board Agenda**

**Meeting Date:** 12/8/20

| <u>Item Number</u> | <u>Item Title</u>  | <u>Responsible Agents</u>       |
|--------------------|--|---------------------------------|
|                    | Budget Analysis Report<br>Fund 1: General Unrestricted Fund<br>For the Twelve Months Ending 6/30/2020 -<br>FINAL | Dr. James Moore,<br>Interim COO |

**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 and financial reporting practices to reflect how actual expenses and revenue expect to be incurred.

**Revenue Summary: \$717.3M (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.
- 101.0% of budgeted revenue have been recognized year to date.
- Tuition revenue for the year exceeded the amount budgeted due to slightly higher than expected enrollment.

**Expenditure Summary: \$699.1M (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.
- 93.3% of budgeted expenditures have been recognized year to date.

**Fund Balance and Financial Stability Requirements**

- The General Fund balance to increased by \$18.2M (from \$203.2M to \$221.4M) 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 \$69.7M. The remaining fund balance of \$142.4M 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 \$115.4M.
- While the projected undesignated fund balance is expected to be just over \$115M, 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 6/30/20 is \$900,000.

**Items of Particular Interest: Abnormal Deviations from Budget or Expectations**

Approximately \$5.5M in eligible expenses have been reclassified from the General Fund to the Restricted Fund to be funded by colleges' CARES Act Institutional Allocations. These expenses are a direct result of the COVID-19 pandemic and would not have been incurred otherwise.

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



Twelve months ending June 30, 2020

|                                      | Current Month      |                   |                      | Year-To-Date       |                    |                      | Full Year          |                    |
|--------------------------------------|--------------------|-------------------|----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|
|                                      | Budget             | Actuals           | Variance             | Budget             | Actuals            | Variance             | Budget             | Actuals            |
| <b>REVENUE ANALYSIS</b>              |                    |                   |                      |                    |                    |                      |                    |                    |
| Property taxes                       | 3,988,684          | 6,586,652         | 2,597,968            | 484,338,371        | 480,895,019        | (3,443,352)          | 484,338,371        | 480,895,019        |
| State aid                            | -                  | -                 | -                    | -                  | -                  | -                    | -                  | -                  |
| In lieu taxes                        | -                  | -                 | -                    | 8,663,631          | 8,697,153          | 33,522               | 8,663,631          | 8,697,153          |
| General tuition                      | 1,757,471          | 1,751,325         | (6,146)              | 173,559,000        | 176,344,815        | 2,785,815            | 173,559,000        | 176,344,815        |
| Out of state tuition                 | 171,489            | 123,611           | (47,878)             | 13,500,000         | 16,856,306         | 3,356,306            | 13,500,000         | 16,856,306         |
| Out of county tuition                | 3,258              | (6,636)           | (9,894)              | 256,527            | 244,090            | (12,437)             | 256,527            | 244,090            |
| Other fees and charges               | 128,205            | 120,548           | (7,657)              | 4,593,128          | 4,563,832          | (29,296)             | 4,593,128          | 4,563,832          |
| Investment income                    | 668,865            | (617,158)         | (1,286,023)          | 3,050,000          | 6,614,875          | 3,564,875            | 3,050,000          | 6,614,875          |
| Miscellaneous and other              | 218,374            | (33,894)          | (252,268)            | 1,890,588          | 2,980,240          | 1,089,652            | 1,890,588          | 2,980,240          |
| Transfers from other funds           | -                  | -                 | -                    | 20,152,601         | 20,152,601         | -                    | 20,152,601         | 20,152,601         |
| <b>Subtotal Revenues</b>             | <b>6,936,346</b>   | <b>7,924,448</b>  | <b>988,102</b>       | <b>710,003,846</b> | <b>717,348,930</b> | <b>7,345,084</b>     | <b>710,003,846</b> | <b>717,348,930</b> |
| Fund balance carryforward            | 181,522,750        | -                 | (181,522,750)        | 181,522,750        | -                  | (181,522,750)        | 181,522,750        | -                  |
| <b>Total Sources</b>                 | <b>188,459,096</b> | <b>7,924,448</b>  | <b>(180,534,648)</b> | <b>891,526,596</b> | <b>717,348,930</b> | <b>(174,177,666)</b> | <b>891,526,596</b> | <b>717,348,930</b> |
| <b>EXPENDITURE ANALYSIS</b>          |                    |                   |                      |                    |                    |                      |                    |                    |
| <b>By Function</b>                   |                    |                   |                      |                    |                    |                      |                    |                    |
| Instruction                          | 14,427,017         | 15,805,255        | (1,378,238)          | 270,552,522        | 273,496,300        | (2,943,778)          | 270,552,522        | 273,496,300        |
| Public service                       | 486,546            | 503,196           | (16,650)             | 3,939,186          | 2,982,890          | 956,297              | 3,939,186          | 2,982,890          |
| Academic support                     | 8,477,358          | 9,870,599         | (1,393,241)          | 79,572,587         | 79,640,050         | (67,463)             | 79,572,587         | 79,640,050         |
| Student services                     | 9,684,864          | 9,926,145         | (241,280)            | 86,386,825         | 74,039,364         | 12,347,460           | 86,386,825         | 74,039,364         |
| Institutional support                | 37,890,819         | 24,747,056        | 13,143,762           | 217,197,891        | 175,056,525        | 42,141,367           | 217,197,891        | 175,056,525        |
| Operation and maintenance of plant   | 15,951,919         | 16,943,367        | (991,448)            | 70,306,609         | 75,978,501         | (5,671,892)          | 70,306,609         | 75,978,501         |
| Student financial assistance         | 1,507,242          | 1,993,154         | (485,913)            | 17,622,601         | 17,939,585         | (316,984)            | 17,622,601         | 17,939,585         |
| Unused carryforward and contingency  | 4,069,927          | -                 | 4,069,927            | 4,040,545          | -                  | 4,040,545            | 4,040,545          | -                  |
| <b>Total Operational by Function</b> | <b>92,495,692</b>  | <b>79,788,773</b> | <b>12,706,919</b>    | <b>749,618,767</b> | <b>699,133,215</b> | <b>50,485,552</b>    | <b>749,618,767</b> | <b>699,133,215</b> |
| <b>By Account</b>                    |                    |                   |                      |                    |                    |                      |                    |                    |
| Personal services                    | 43,685,251         | 37,312,581        | 6,372,670            | 416,732,942        | 407,129,314        | 9,603,628            | 416,732,942        | 407,129,314        |
| Employee benefits                    | 16,076,674         | 13,526,088        | 2,550,586            | 124,657,258        | 122,524,821        | 2,132,437            | 124,657,258        | 122,524,821        |
| Contractual services                 | 14,067,518         | 12,846,658        | 1,220,860            | 76,216,726         | 75,607,603         | 609,123              | 76,216,726         | 75,607,603         |
| Supplies, materials, parts           | 1,721,467          | 1,340,965         | 380,502              | 11,662,418         | 10,380,962         | 1,281,456            | 11,662,418         | 10,380,962         |
| Current fixed charges                | 1,728,184          | 317,765           | 1,410,420            | 11,274,245         | 8,691,250          | 2,582,996            | 11,274,245         | 8,691,250          |
| Communications and utilities         | 2,791,650          | 2,023,490         | 768,160              | 17,894,931         | 15,795,189         | 2,099,742            | 17,894,931         | 15,795,189         |
| Travel operating expenses            | (513,788)          | (59,696)          | (454,092)            | 5,419,656          | 3,228,854          | 2,190,801            | 5,419,656          | 3,228,854          |
| Student aid and miscellaneous        | 2,219,411          | 5,170,714         | (2,951,303)          | 38,388,365         | 32,774,458         | 5,613,907            | 38,388,365         | 32,774,458         |
| Intrafund transfers                  | 3,786,623          | -                 | 3,786,623            | 23,971,473         | -                  | 23,971,473           | 23,971,473         | -                  |
| Transfers to other funds             | 2,862,773          | 7,310,207         | (4,447,434)          | 19,360,208         | 23,000,763         | (3,640,555)          | 19,360,208         | 23,000,763         |
| Unused carryforward and contingency  | 4,069,927          | -                 | 4,069,927            | 4,040,545          | -                  | 4,040,545            | 4,040,545          | -                  |
| <b>Total Operational by Account</b>  | <b>92,495,692</b>  | <b>79,788,773</b> | <b>12,706,919</b>    | <b>749,618,767</b> | <b>699,133,215</b> | <b>50,485,552</b>    | <b>749,618,767</b> | <b>699,133,215</b> |

Twelve months ending June 30, 2020

|  | Current Month |         |          | Year-To-Date |         |          | Full Year  |                    |
|--|---------------|---------|----------|--------------|---------|----------|------------|--------------------|
|  | Budget        | Actuals | Variance | Budget       | Actuals | Variance | Budget     | Actuals            |
| <b>FINANCIAL CONDITION ANALYSIS</b>          |               |         |          |              |         |          |            |                    |
| Total revenues                               |               |         |          |              |         |          |            | 717,348,930        |
| Less total expenditures (b)                  |               |         |          |              |         |          |            | (699,133,215)      |
| Increase in fund balance                     |               |         |          |              |         |          |            | 18,215,715         |
| Beginning fund balance (audited)             |               |         |          |              |         |          |            | 203,216,882        |
| Ending fund balance 6/30/20 (unaudited)      |               |         |          |              |         |          |            | <u>221,432,597</u> |
| Less designations for future operations:     |               |         |          |              |         |          |            |                    |
| 3.5% college carry forward                   |               |         |          |              |         |          | 23,940,574 |                    |
| Less minimum financial condition measure (c) |               |         |          |              |         |          | 69,719,633 |                    |
| 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                           |               |         |          |              |         |          |            | 106,038,188        |
| Undesignated balance                         |               |         |          |              |         |          |            | <u>115,394,409</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*



**Twelve months ending June 30, 2020**

| 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               | 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.  |         |          |              |         |          |           |         |
| 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*



**Twelve months ending June 30, 2020**

| EXPENDITURE DESCRIPTIONS            | Current Month |         |          | Year-To-Date |         |          | Full Year |         |
|-------------------------------------|---------------|---------|----------|--------------|---------|----------|-----------|---------|
|                                     | Budget        | Actuals | Variance | Budget       | Actuals | Variance | Budget    | Actuals |
| <b><u>By Function</u></b>           |               |         |          |              |         |          |           |         |
| Instruction                         |               |         |          |              |         |          |           |         |
| Public Service                      |               |         |          |              |         |          |           |         |
| Academic Support                    |               |         |          |              |         |          |           |         |
| Student Services                    |               |         |          |              |         |          |           |         |
| Institutional Support               |               |         |          |              |         |          |           |         |
| Operation/Maintenance of Plant      |               |         |          |              |         |          |           |         |
| Student Financial Assistance        |               |         |          |              |         |          |           |         |
| Unused carryforward and contingency |               |         |          |              |         |          |           |         |
| <b><u>By Account</u></b>            |               |         |          |              |         |          |           |         |
| 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 |               |         |          |              |         |          |           |         |