

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

Governing Board Agenda

Meeting Date: 12/14/21

<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 6/30/2021 FINAL - Unaudited	Kim Granio, Interim Chief Financial Officer

Revenue Summary: \$707.9M (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.
- 99.2% of budgeted revenue have been recognized year to date.

Expenditure Summary: \$700.8M (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.
- 93.5% of budgeted expenditures have been recognized year to date.

Fund Balance and Financial Stability Requirements

- The Fund 1 balance increased by \$7.1M (from \$221.4M to \$228.5M) in FY 20/21.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This equates to \$66.4M. An additional \$39.8M 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 MCCCCD system. After these reserves and designations for college carryforward and system-wide strategic efforts of \$60.0M, a projected undesignated balance of \$62.3M remains.
- While the projected undesignated fund balance is expected to be just over \$62M, 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 6/30/21 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

- Actual revenue for fiscal year 2020-21 include recovering about \$39.3M in lost revenues with Federal Higher Education Emergency Relief Funds (HEERF). This amount is not included in the required financial stability balance.

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



Twelve months ending June 30, 2021 - FINAL (unaudited)

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
REVENUE ANALYSIS								
Property taxes	4,846,067	4,611,279	(234,788)	497,640,717	495,284,246	(2,356,471)	497,640,717	495,284,246
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	27	27	8,622,905	8,627,407	4,502	8,622,905	8,627,407
General tuition	1,757,471	911,803	(845,668)	177,237,000	145,320,884	(31,916,116)	177,237,000	145,320,884
Out of state tuition	171,489	(1,076,414)	(1,247,903)	15,838,000	8,554,026	(7,283,974)	15,838,000	8,554,026
Out of county tuition	3,258	(1,068)	(4,326)	197,280	273,102	75,822	197,280	273,102
Other fees and charges	73,563	73,440	(123)	4,593,128	3,944,147	(648,981)	4,593,128	3,944,147
Investment income	254,166	(119,715)	(373,881)	3,050,000	249,012	(2,800,988)	3,050,000	249,012
HEERF Recoveries	-	39,298,915	39,298,915	-	39,299,019	39,299,019	-	39,299,019
Miscellaneous and other	163,991	59,903	(104,088)	1,890,588	1,677,878	(212,710)	1,890,588	1,677,878
Transfers from other funds	-	-	-	4,719,511	4,719,511	-	4,719,511	4,719,511
Subtotal Revenues	7,270,005	43,758,169	36,488,164	713,789,129	707,949,233	(5,839,896)	713,789,129	707,949,233
Fund balance carryforward	197,338,841	-	(197,338,841)	197,338,841	-	(197,338,841)	197,338,841	-
Total Sources	204,608,846	43,758,169	(160,850,677)	911,127,970	707,949,233	(203,178,737)	911,127,970	707,949,233
EXPENDITURE ANALYSIS								
By Function								
Instruction	21,066,171	25,489,124	(4,422,953)	270,131,853	270,195,182	(63,329)	270,131,853	270,195,182
Public service	420,701	1,189,369	(768,668)	3,236,017	3,571,117	(335,100)	3,236,017	3,571,117
Academic support	7,907,212	11,638,042	(3,730,830)	79,016,224	78,794,624	221,600	79,016,224	78,794,624
Student services	7,656,087	11,653,578	(3,997,491)	83,076,348	71,457,704	11,618,644	83,076,348	71,457,704
Institutional support	34,634,429	31,244,442	3,389,987	206,506,377	182,041,600	24,464,777	206,506,377	182,041,600
Operation and maintenance of plant	9,133,009	20,332,618	(11,199,610)	72,803,071	76,851,441	(4,048,370)	72,803,071	76,851,441
Student financial assistance	2,392,367	(6,155,885)	8,548,252	26,671,073	17,892,321	8,778,752	26,671,073	17,892,321
Unused carryforward and contingency	7,488,584	-	7,488,584	7,881,407	-	7,881,407	7,881,407	-
Total Operational by Function	90,698,559	95,391,288	(4,692,729)	749,322,370	700,803,988	48,518,382	749,322,370	700,803,988
By Account								
Personal services	34,636,311	55,100,961	(20,464,649)	410,865,678	411,862,932	(997,254)	410,865,678	411,862,932
Employee benefits	7,946,408	15,909,959	(7,963,551)	124,987,739	125,408,827	(421,088)	124,987,739	125,408,827
Contractual services	14,181,737	11,421,446	2,760,291	74,729,824	67,897,442	6,832,382	74,729,824	67,897,442
Supplies, materials, parts	1,370,485	1,018,405	352,080	12,136,455	8,670,251	3,466,204	12,136,455	8,670,251
Current fixed charges	538,348	178,437	359,911	11,836,925	10,536,525	1,300,400	11,836,925	10,536,525
Communications and utilities	1,127,316	2,442,857	(1,315,541)	17,495,792	14,901,295	2,594,497	17,495,792	14,901,295
Travel operating expenses	1,602,587	345,301	1,257,286	3,304,252	1,597,795	1,706,457	3,304,252	1,597,795
Student aid and miscellaneous	11,101,084	214,351	10,886,733	53,377,094	34,877,477	18,499,618	53,377,094	34,877,477
Intrafund transfers	(1,040,179)	226,206	(1,266,385)	5,008,407	226,206	4,782,201	5,008,407	226,206
Transfers to other funds	11,745,878	8,533,366	3,212,512	27,698,797	24,825,239	2,873,557	27,698,797	24,825,239
Unused carryforward and contingency	7,488,584	-	7,488,584	7,881,407	-	7,881,407	7,881,407	-
Total Operational by Account	90,698,559	95,391,288	(4,692,729)	749,322,370	700,803,988	48,518,382	749,322,370	700,803,988

Twelve months ending June 30, 2021 - FINAL (unaudited)

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
FINANCIAL CONDITION ANALYSIS								
Total revenues								707,949,233
Less total expenditures								(700,803,988)
Increase in fund balance								7,145,245
Beginning fund balance (audited)								221,412,420
Ending fund balance 6/30/21 (unaudited)								228,557,665
Less designations for future operations:								
3.5% college carry forward							21,299,687	
Less minimum financial condition measure (c)							66,393,070	
Less additional reserves (d)							39,835,842	
Less designations for system-wide strategic efforts (e)							38,708,626	
Total Designations								166,237,225
Undesignated balance								62,320,440

(a) - Represents adopted budget, as amended by approved budget transfers.

(b) - Not used

(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 with Higher Education Emergency Relief Funds; includes efforts such as strategic scheduling software, advising case management, scholarship software, changes to SIS and Admissions.

Twelve months ending June 30, 2021 - FINAL (unaudited)

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Actuals
REVENUE DESCRIPTIONS								
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.							
HEERF Recoveries	Higher Education Emergency Relief Funds - Federal funding granted to institutions of higher education designed to provide financial relief for financial challenges resulting from the COVID-19 Pandemic; MCCCDC utilized HEERF funding to offset losses in tuition revenue due to significantly lower enrollment during the pandemic.							
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, 2021 - FINAL (unaudited)

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