

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

Governing Board Agenda

Meeting Date: 6/27/2023

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Eleven Months Ending 5/31/2023	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$701.8M year to date; projected revenue at year end: \$719.5M

- 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.
- 97.6% of projected revenue have been recognized year to date.

Expenditure Summary: \$652.5M year to date; projected expenditure at year end: \$717.2M

- 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.
- 91.0% 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 \$2.3M (from \$233.8M to \$236.1M) 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 \$71.4M. An additional \$42.9M 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 \$60.4M remains.
- While the projected undesignated fund balance is expected to be just over \$60M, 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 5/31/2023 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



Eleven months ending May 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	38,400,962	38,441,205	40,243	520,540,158	520,576,094	35,936	524,068,789	524,104,725
State aid	-	-	-	-	-	-	-	-
In lieu taxes	4,474,049	4,435,231	(38,819)	8,990,505	8,889,207	(101,298)	8,990,505	8,889,207
General tuition	5,283,265	5,434,402	151,137	145,566,734	142,478,286	(3,088,448)	146,755,873	143,667,425
Out of state tuition	1,127,543	354,481	(773,062)	12,402,973	15,052,722	2,649,749	13,530,515	16,180,264
Out of county tuition	22,841	9,424	(13,417)	251,259	190,434	(60,825)	274,100	213,275
Other fees and charges	305,281	207,336	(97,945)	3,358,097	3,795,580	437,483	3,663,378	4,100,861
Investment income	25,000	192,696	167,696	275,000	5,519,958	5,244,958	300,000	5,544,958
Miscellaneous and other	136,733	11,729	(125,004)	1,504,077	532,662	(971,415)	12,544,669	11,573,254
Transfers from other funds	-	-	-	4,719,511	4,719,511	-	5,219,511	5,219,511
Subtotal Revenues	49,775,674	49,086,503	(689,171)	697,608,314	701,754,453	4,146,139	715,347,340	719,493,479
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	49,775,674	49,086,503	(689,171)	697,608,314	701,754,453	4,146,139	948,368,392	952,514,531
EXPENDITURE ANALYSIS								
By Function								
Instruction	24,325,348	28,508,612	(4,183,264)	247,702,787	253,568,059	(5,865,272)	260,641,232	266,506,504
Public service	215,555	1,006,011	(790,456)	2,569,340	2,960,072	(390,732)	2,775,156	3,165,888
Academic support	6,670,334	10,221,623	(3,551,289)	80,023,726	80,723,211	(699,485)	87,022,369	87,721,854
Student services	6,318,315	10,195,245	(3,876,930)	76,230,767	67,775,100	8,455,666	84,384,187	75,928,521
Institutional support	16,375,191	21,989,880	(5,614,689)	202,504,016	170,506,486	31,997,531	229,480,985	197,483,454
Operation and maintenance of plant	5,113,854	7,397,081	(2,283,227)	67,106,107	62,835,920	4,270,186	73,593,062	69,322,875
Student financial assistance	625,377	283,195	342,182	16,466,133	14,178,398	2,287,735	19,364,651	17,076,916
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	59,643,973	79,601,647	(19,957,673)	698,953,760	652,547,245	46,406,514	763,635,012	717,228,498
By Account								
Personal services	38,447,391	48,852,269	(10,404,878)	410,956,460	393,302,288	17,654,172	444,068,635	426,414,463
Employee benefits	11,497,850	15,047,268	(3,549,418)	122,972,183	117,741,371	5,230,812	132,041,936	126,811,124
Contractual services	6,081,387	4,786,754	1,294,632	67,601,069	68,765,046	(1,163,977)	74,801,368	75,965,345
Supplies, materials, parts	676,460	932,564	(256,104)	11,007,535	7,844,261	3,163,274	11,749,726	8,586,452
Current fixed charges	488,243	597,953	(109,710)	13,280,534	13,778,900	(498,366)	13,662,209	14,160,575
Communications and utilities	1,403,075	1,705,713	(302,638)	16,549,643	14,444,388	2,105,255	18,272,081	16,166,826
Travel operating expenses	335,899	514,929	(179,030)	5,115,240	4,148,622	966,618	6,211,918	5,245,300
Student aid and miscellaneous	1,039,356	6,014,243	(4,974,887)	38,852,647	28,332,306	10,520,341	48,633,748	38,113,407
Intrafund transfers	(40,955)	(2,250)	(38,705)	1,503,892	-	1,503,892	2,474,271	970,379
Transfers to other funds	(284,733)	1,152,203	(1,436,936)	4,763,672	4,190,064	573,608	5,345,750	4,772,142
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	59,643,973	79,601,647	(19,957,673)	698,953,760	652,547,245	46,406,514	763,635,012	717,228,498

Eleven months ending May 31, 2023

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								719,493,479
Less total projected expenditures (b)								(717,206,012)
Projected increase / (decrease) in fund balance								2,287,467
Beginning fund balance (audited)								233,800,338
Projected ending fund balance 6/30/23								<u>236,087,805</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,427,397	
Less additional reserves (d)							42,856,438	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								175,673,021
Projected undesignated balance								<u>60,414,784</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.

Eleven months ending May 31, 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.							

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



Eleven months ending May 31, 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								