

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

Governing Board Agenda

Meeting Date: 1/24/2023

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Five Months Ending 11/30/2022	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$404.1M year to date; projected revenue at year end: \$715.3M

- 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.
- 56.5% of projected revenue have been recognized year to date.

Expenditure Summary: \$294.8M year to date; projected expenditure at year end: \$719.8M

- 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.
- 41.0% 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 decrease by \$4.5M (from \$244.9M to \$240.4M) in FY 22/23.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$71.1M. An additional \$42.6M 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 \$61.4M, a projected undesignated balance of \$65.3M remains.
- While the projected undesignated fund balance is expected to be just over \$65M, 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 11/30/2022 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



Five months ending November 30, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
REVENUE ANALYSIS								
Property taxes	59,134,981	58,935,967	(199,014)	279,216,858	279,692,728	475,870	524,068,789	524,544,659
State aid	-	-	-	-	-	-	-	-
In lieu taxes	4,516,456	4,444,491	(71,965)	4,516,456	4,444,491	(71,965)	8,990,505	8,918,540
General tuition	10,353,582	11,422,464	1,068,882	102,497,509	99,842,121	(2,655,388)	146,755,873	144,100,485
Out of state tuition	1,127,543	1,484,072	356,529	5,637,715	12,012,439	6,374,724	13,530,515	19,905,239
Out of county tuition	22,842	(4,241)	(27,083)	114,210	14,631	(99,579)	274,100	174,521
Other fees and charges	305,281	255,758	(49,523)	1,526,411	2,359,826	833,415	3,663,378	4,496,793
Investment income	25,000	1,074,401	1,049,401	125,000	419,350	294,350	300,000	594,350
Miscellaneous and other	1,045,389	53,535	(991,854)	5,226,948	562,360	(4,664,588)	12,544,669	7,880,081
Transfers from other funds	-	382	382	5,219,511	4,719,833	(499,678)	5,219,511	4,719,833
Subtotal Revenues	76,531,074	77,666,829	1,135,755	404,080,618	404,067,780	(12,838)	715,347,340	715,334,502
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
Total Sources	76,531,074	77,666,829	1,135,755	404,080,618	404,067,780	(12,838)	948,368,392	948,355,554
EXPENDITURE ANALYSIS								
By Function								
Instruction	24,295,448	39,632,929	(15,337,481)	101,233,709	106,949,621	(5,715,911)	261,068,592	266,784,504
Public service	298,616	280,484	18,132	1,270,549	975,934	294,615	2,769,709	2,475,094
Academic support	7,112,708	10,085,591	(2,972,883)	38,485,610	36,170,405	2,315,206	85,486,201	83,170,995
Student services	6,358,079	8,390,836	(2,032,757)	38,030,203	29,590,677	8,439,526	84,475,271	76,035,745
Institutional support	17,748,733	20,880,693	(3,131,960)	109,443,107	84,938,424	24,504,683	230,552,363	206,047,680
Operation and maintenance of plant	5,419,205	7,428,750	(2,009,545)	33,810,642	28,497,981	5,312,661	73,440,463	68,127,802
Student financial assistance	343,626	504,924	(161,298)	9,767,710	7,629,058	2,138,652	19,340,212	17,201,560
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Function	61,576,414	87,204,206	(25,627,792)	338,392,415	294,752,098	43,640,317	763,506,182	719,865,864
By Account								
Personal services	39,420,467	56,784,671	(17,364,204)	177,122,274	168,237,031	8,885,243	444,299,199	435,413,956
Employee benefits	11,425,569	15,690,710	(4,265,141)	53,573,091	51,682,777	1,890,314	132,001,404	130,111,090
Contractual services	6,045,201	8,846,572	(2,801,371)	41,176,588	36,651,328	4,525,260	72,690,600	68,165,341
Supplies, materials, parts	695,103	869,821	(174,717)	5,849,282	3,861,981	1,987,301	11,624,545	9,637,244
Current fixed charges	1,784,925	993,392	791,533	9,834,445	11,720,688	(1,886,242)	13,660,803	15,547,046
Communications and utilities	1,350,900	1,719,997	(369,097)	8,544,999	6,875,876	1,669,123	18,070,991	16,401,868
Travel operating expenses	365,348	495,078	(129,730)	3,171,743	1,333,523	1,838,220	4,870,626	3,032,406
Student aid and miscellaneous	520,683	1,044,711	(524,029)	25,103,837	11,697,398	13,406,439	47,964,425	34,557,986
Intrafund transfers	(92,050)	382	(92,432)	3,072,644	382	3,072,262	6,481,278	3,409,016
Transfers to other funds	60,268	758,871	(698,603)	4,592,627	2,691,115	1,901,512	5,468,939	3,567,427
Unused carryforward and contingency	-	-	-	6,350,885	-	6,350,885	6,373,371	22,486
Total Operational by Account	61,576,414	87,204,206	(25,627,792)	338,392,415	294,752,098	43,640,317	763,506,182	719,865,864

Five months ending November 30, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
FINANCIAL CONDITION ANALYSIS								
Total projected revenues								715,334,502
Less total projected expenditures (b)								(719,843,378)
Projected increase / (decrease) in fund balance								(4,508,877)
Beginning fund balance (unaudited)								244,918,758
Projected ending fund balance 6/30/23								<u>240,409,881</u>
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,061,467	
Less additional reserves (d)							42,636,880	
Less designations for system-wide strategic efforts (e)							<u>38,652,658</u>	
Total Designations								175,087,533
Projected undesignated balance								<u>65,322,348</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.

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



Five months ending November 30, 2022

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



Five months ending November 30, 2022

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								