

# MONITORING REPORT

## CHANCELLOR LIMITATIONS

### FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 10/25/2022

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report Fund 1: General Unrestricted Fund For the Three Months Ending 9/30/2022	Kim Granio, Vice Chancellor, Business Services

Revenue Summary: \$140.0M 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.
- 19.6% of projected revenue have been recognized year to date.

Expenditure Summary: \$140.2M year to date; projected expenditure at year end: \$757.2M

- 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.
- 18.5% 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 \$41.8M (from \$244.9M to \$203.1M) 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 \$71.0M. 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 \$28.1M remains.
- While the projected undesignated fund balance is expected to be just over \$28M, 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 9/30/2022 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.

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### Funding

**Source  
Account Information**

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Three months ending September 30, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>REVENUE ANALYSIS</b>								
Property taxes	36,749,283	55,415,027	18,665,744	40,252,911	59,962,308	19,709,397	524,068,789	524,068,789
State aid	-	-	-	-	-	-	-	-
In lieu taxes	-	-	-	-	-	-	8,990,505	8,990,505
General tuition	6,876,719	9,380,433	2,503,714	70,169,205	70,600,496	431,291	146,755,873	146,755,873
Out of state tuition	1,127,543	(311,812)	(1,439,355)	3,382,629	8,263,338	4,880,709	13,530,515	13,530,515
Out of county tuition	22,842	8,112	(14,730)	68,526	26,620	(41,907)	274,100	274,100
Other fees and charges	305,282	331,682	26,400	915,848	1,724,443	808,595	3,663,378	3,663,378
Investment income	25,000	(767,865)	(792,865)	75,000	(727,732)	(802,732)	300,000	300,000
Miscellaneous and other	1,045,390	27,486,095	26,440,705	3,136,170	155,830	(2,980,340)	12,544,669	12,544,669
Transfers from other funds	5,219,511	-	(5,219,511)	5,219,511	-	(5,219,511)	5,219,511	5,219,511
<b>Subtotal Revenues</b>	<b>51,371,570</b>	<b>91,541,673</b>	<b>40,170,103</b>	<b>123,219,800</b>	<b>140,005,303</b>	<b>16,785,503</b>	<b>715,347,340</b>	<b>715,347,340</b>
Fund balance carryforward	-	-	-	-	-	-	233,021,052	233,021,052
<b>Total Sources</b>	<b>51,371,570</b>	<b>91,541,673</b>	<b>40,170,103</b>	<b>123,219,800</b>	<b>140,005,303</b>	<b>16,785,503</b>	<b>948,368,392</b>	<b>948,368,392</b>
<b>EXPENDITURE ANALYSIS</b>								
<b>By Function</b>								
Instruction	23,826,056	24,555,566	(729,510)	51,744,198	41,457,423	10,286,775	260,228,608	260,228,608
Public service	215,562	182,288	33,274	755,756	507,080	248,676	2,686,038	2,686,038
Academic support	7,136,511	6,295,761	840,749	24,514,041	17,704,399	6,809,642	86,109,747	86,109,747
Student services	7,651,132	5,583,160	2,067,972	25,237,115	15,528,321	9,708,793	84,342,887	84,342,887
Institutional support	23,945,070	13,780,506	10,164,564	71,245,166	44,258,109	26,987,057	231,505,439	231,505,439
Operation and maintenance of plant	5,446,065	6,200,340	(754,275)	22,573,649	14,784,301	7,789,347	72,963,212	72,963,212
Student financial assistance	1,246,194	5,770,338	(4,524,144)	5,321,771	5,933,462	(611,691)	19,343,583	19,343,583
Unused carryforward and contingency	6,350,885	-	6,350,885	6,350,885	-	6,350,885	6,373,371	6,373,371
<b>Total Operational by Function</b>	<b>75,817,475</b>	<b>62,367,958</b>	<b>13,449,517</b>	<b>207,742,579</b>	<b>140,173,094</b>	<b>67,569,485</b>	<b>763,552,885</b>	<b>763,552,885</b>
<b>By Account</b>								
Personal services	38,165,518	36,028,621	2,136,897	97,924,520	74,309,537	23,614,982	443,657,715	443,657,715
Employee benefits	11,984,707	10,139,610	1,845,097	30,396,844	25,638,924	4,757,920	132,100,912	132,100,912
Contractual services	3,704,609	6,376,163	(2,671,554)	30,081,259	19,972,947	10,108,312	72,437,392	72,437,392
Supplies, materials, parts	648,922	702,445	(53,523)	4,441,860	2,067,443	2,374,417	11,386,174	11,386,174
Current fixed charges	1,427,061	555,440	871,621	5,838,520	3,840,884	1,997,636	13,473,112	13,473,112
Communications and utilities	1,275,294	1,843,502	(568,208)	5,927,152	3,488,599	2,438,553	18,070,991	18,070,991
Travel operating expenses	265,220	222,485	42,736	2,559,200	462,345	2,096,855	4,433,968	4,433,968
Student aid and miscellaneous	10,421,724	6,499,691	3,922,033	16,908,652	8,729,903	8,178,749	48,912,124	48,912,124
Intrafund transfers	1,513,264	-	1,513,264	2,846,598	-	2,846,598	7,243,186	7,243,186
Transfers to other funds	60,270	-	60,270	4,467,089	1,662,512	2,804,577	5,463,939	5,463,939
Unused carryforward and contingency	6,350,885	-	6,350,885	6,350,885	-	6,350,885	6,373,371	6,373,371
<b>Total Operational by Account</b>	<b>75,817,475</b>	<b>62,367,958</b>	<b>13,449,517</b>	<b>207,742,579</b>	<b>140,173,094</b>	<b>67,569,485</b>	<b>763,552,885</b>	<b>763,552,885</b>

Three months ending September 30, 2022

	Current Month			Year-To-Date			Full Year	
	Budget	Actuals	Variance	Budget	Actuals	Variance	Budget	Estimated Actuals
<b>FINANCIAL CONDITION ANALYSIS</b>								
Total projected revenues								715,347,340
Less total projected expenditures (b)								(757,179,514)
Projected increase / (decrease) in fund balance								(41,832,174)
Beginning fund balance (unaudited)								244,918,758
Projected ending fund balance 6/30/23								203,086,584
Less projected designations for future operations:								
3.5% college carry forward							22,736,528	
Less minimum financial condition measure (c)							71,012,783	
Less additional reserves (d)							42,607,670	
Less designations for system-wide strategic efforts (e)							38,652,658	
Total Designations								175,009,639
Projected undesignated balance								28,076,945

(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*



**Three months ending September 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*



**Three months ending September 30, 2022**

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