

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 3/27/2018

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report	Mr. Elliott Hibbs
	Fund 1: General Unrestricted Fund	Ms. Kim Granio
	For the Eight Months Ending 2/28/2018	

Expenditure Summary: \$414.4M (year to date); projected expenditure at year end: \$669.4M

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 56.5% of expenditures have been recognized year to date (versus 53.8% in 16/17, 54.2% in 15/16, and 50.9% in 14/15).
- 17.3% of the budget remains unexpended or unencumbered (versus 21.1% in 16/17, 17.5% in 15/16, and 20.1% in 14/15).

Revenue Summary: \$473.5M (year to date); projected revenue at year end: \$671.2M

- 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.
- 69.0% of the budgeted revenue has been recognized year to date (versus 67.0% in 16/17, 67.2% in 15/16, and 67.1% in 14/15).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$1.8M (from \$177.9M to \$179.7M) in FY 17/18.
- MCCCDC is required to maintain a financial stability balance equal to 8% of the annual projected revenue. This currently equates to \$53.7M. The remaining fund balance of \$126.0M is comprised of college carryforward, designations for future operations, minimum financial condition measure for future years, allowance for student bad debt, priority initiatives, capital master planning, reserves for potential claims/contingency, enrollment growth/retention, and a projected undesignated balance of \$1.2M.
- 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 2/28/18 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

None.

More information on the Budget Analysis Report access: <https://business.maricopa.edu/financial-reporting/financial-reports/>

This report is also provided to the Audit & Finance Committee quarterly.

Funding

**Source
Account Information**

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 February 2018

EXPENDITURE ANALYSIS

By Function:	Budget (a)	Amount Expended	Percent Expended 17-18	Percent Expended 16-17	Percent Expended 15-16	Percent Expended 14-15	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
INSTRUCTION	277,798,955	174,622,665	62.9	59.2	57.4	58.9	78,388,770	24,787,520	8.9
PUBLIC SERVICE	4,107,326	2,798,106	68.1	62.8	56.5	61.9	1,382,590	-73,371	(1.8)
ACADEMIC SUPPORT	85,230,273	51,725,266	60.7	55.4	59.8	59.4	23,729,377	9,775,630	11.5
STUDENT SERVICES	83,353,132	49,492,721	59.4	54.3	59.9	58.3	23,303,887	10,556,524	12.7
INSTITUTIONAL SUPPORT	151,763,493	84,141,672	55.4	50.8	52.8	43.1	42,229,245	25,392,577	16.7
OPERATION/MAINTENANCE OF PLANT	66,455,520	39,150,610	58.9	62.6	58.0	63.1	23,147,878	4,157,032	6.3
STUDENT FINANCIAL ASSISTANCE	19,140,121	12,432,267	65.0	63.8	53.4	60.1	690	6,707,164	35.0
CONTINGENCIES	45,332,902	0	0.0	0.0	0.0	0.0	0	45,332,902	100.0
TOTAL OPERATIONAL	<u>733,181,722</u>	<u>414,363,307</u>	56.5	53.8	54.2	50.9	<u>192,182,437</u>	<u>126,635,978</u>	17.3
By Account:									
PERSONNEL SERVICES	393,514,385	246,016,799	62.5	58.3	59.5	60.5	130,290,395	17,207,191	4.4
EMPLOYEE BENEFITS	116,748,351	74,760,058	64.0	60.6	62.4	61.7	27,312,588	14,675,705	12.6
CONTRACTUAL SERVICES	59,428,262	39,981,658	67.3	73.2	74.6	61.2	20,176,389	-729,785	(1.2)
SUPPLIES, MATERIALS, PARTS	10,627,181	5,507,561	51.8	47.5	69.1	53.9	2,277,315	2,842,306	26.7
CURRENT FIXED CHARGES	9,708,255	7,938,586	81.8	80.8	80.5	71.3	1,089,794	679,874	7.0
COMMUNICATIONS AND UTILITIES	20,809,072	10,304,133	49.5	44.2	40.1	51.0	7,754,156	2,750,783	13.2
TRAVEL	4,895,826	2,603,603	53.2	64.3	96.0	66.0	2,142,295	149,928	3.1
STUDENT AID AND MISCELLANEOUS	33,231,738	18,078,349	54.4	54.4	42.7	42.8	1,139,505	14,013,884	42.2
TRANSFERS-INTRAFUND	25,428,620	0	0.0	0.0	0.0	0.0	0	25,428,620	100.0
TRANSFERS TO OTHER FUNDS	23,457,130	9,172,560	39.1	55.1	45.3	49.3	0	14,284,570	60.9
CONTINGENCIES	35,332,902	0	0.0	0.0	0.0	0.0	0	35,332,902	100.0
TOTAL OPERATIONAL	<u>733,181,722</u>	<u>414,363,307</u>	56.5	53.8	54.2	50.9	<u>192,182,437</u>	<u>126,635,978</u>	17.3

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 February 2018

REVENUE ANALYSIS (a)	Budget (b)	Recognized	Percent Recognized 17-18	Percent Recognized 16-17	Percent Recognized 15-16	Percent Recognized 14-15	Projected Revenue	Projected Variance Over/(Under) Budget	Comments
PROPERTY TAX	457,339,611	287,998,260	63.0	61.7	61.8	60.5	453,423,109	-3,916,502	Projected, see (a)
STATE AID	0	0	0.0	0.0	0.0	75.0	0	0	Per State Budget
IN LIEU TAX, SALT RIVER PROJECT	9,065,516	4,474,365	49.4	49.7	49.4	49.7	9,065,516	0	Based on budget
GENERAL TUITION	196,258,020	162,496,751	82.8	78.7	76.5	78.0	185,000,000	-11,258,020	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	11,956,123	78.9	67.6	96.5	98.6	15,160,346	0	Based on budget
OUT-OF-COUNTY TUITION	302,202	155,468	51.4	52.1	6.3	57.6	302,202	0	Based on budget
OTHER FEES AND CHARGES	4,593,128	4,007,203	87.2	88.2	91.6	86.4	4,593,128	0	Based on budget
INVESTMENT INCOME	505,000	1,188,715	235.4	74.7	141.0	92.3	1,000,000	495,000	Based on budget
MISCELLANEOUS AND OTHER	2,623,899	1,224,280	46.7	42.6	43.8	50.4	2,623,899	0	Based on budget
SUBTOTAL REVENUES	685,847,722	473,501,165	69.0	67.0	67.2	67.1	671,168,200	-14,679,522	
BUDGETED USE OF FUND BALANCE	47,334,000	0	0.0	0.0	0.0	0.0	47,334,000	0	Based on budget
TOTAL SOURCES	733,181,722	473,501,165	64.6	62.9	63.3	59.9	718,502,200	-14,679,522	

FINANCIAL CONDITION ANALYSIS

Total projected revenues	671,168,200	
Less total projected expenditures (c)	-669,394,912	% of Projected Revenues
Projected increase / (decrease) in fund balance	1,773,288	
Beginning fund balance (audited)	177,941,660	
Projected ending fund balance 6/30/18	179,714,948	27%
Less projected designations for future operations		
3.5% college carry forward	22,068,000	
Additional allocations	15,241,609	
Total budgeted designations:	37,309,609	
Less minimum financial condition measure (d)	53,693,456	8%
Less minimum financial condition measure for future years	6,592,724	
Less allowance for student bad debt	3,000,000	
Less priority initiatives (Transformation)	31,000,000	
Less capital master planning	5,000,000	
Less life without bond transfers	6,000,000	
Less reserves for potential claims/contingency	18,848,518	
Less enrollment growth/retention	17,062,300	
Projected undesignated balance	1,208,341	

(a) See specific revenue analysis by type on page 4

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

(c) Projections based on college actuals, district office averages, and assumptions regarding transfers and reserve lines.

(d) The financial condition measure represents that portion of the undesignated general fund balance equal to 8% 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 ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
February 2018

EXPENDITURE COMMENTS

Expenditures have been selected for comment (1) if the percent of budget expended varies from the prior year by at least five percentage points or (2) if transactions or activities during the month are unusual. Some of these variations result from fluctuations in budget amounts allocated from year to year. Others are the result of timing differences for annually recurring expenditures.

By Function

Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses. Percent recognized is consistent with prior year.
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District. Increase in percent recognized is due to an increase in salaries and benefits for Community Affairs and Radio Station Operations.
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services. Increase in percent recognized is due to Educational Services Partnership being coded to Academic Support in FY18, while it had previously been coded to Instruction.
Student Services	Includes activities that contribute to the students' emotional and physical well being; to promote intellectual, cultural, and social development outside the context of the formal classroom; and to facilitate student enrollment in courses. Examples are Admissions and Records, student activities, financial aid, counseling, etc. Increase in percent recognized is due to a timing difference of posting Salaries and Benefits in FY18.
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning. Percent recognized is consistent with prior year.
Operation/Maintenance of Plant	Includes expenditures allocated for the operation and maintenance of the physical plant, such as utility costs and staff responsible for the maintenance of buildings and grounds for all units. Percent recognized is consistent with prior year.
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards. Percent recognized is consistent with prior year.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.

By Account

Personnel Services	Includes salaries and wages for all employees in all types of positions such as full-time, part-time, temporary, permanent, all employee groups, etc. Percent recognized is consistent with prior year.
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc. Percent recognized is consistent with prior year.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Decrease in percent recognized is due to the budget increasing while the expenditures decreased slightly.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc. Percent recognized is consistent with prior year.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc. Percent recognized is consistent with prior year.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. Increase in percent recognized s due to the budget for Electricity decreasing slightly, while the expenditures increased.

**MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
February 2018**

Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc. Decrease in percent recognized is due to an increase in the budget for Out of State Travel, while the expenditures increased slightly. The budget increased due to the consolidation of multiple classifications of professional growth, which resulted in an increase in the amount earmarked for travel.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Percent recognized is consistent with prior year.
Transfers-Intrafund	Includes allocations for enrollment growth funding (reserved to help fund additional courses for increased student enrollment), funds for incremental costs from capital development facilities, etc. Transfers will be made near the end of FY2018.
Transfers to Other Funds	Includes transfers for programs accounted for in other funds of the district, such as the Maricopa and Southwest Skill Centers, mandatory match associated with federal programs (financial aid and Small Business Development Center), etc. Effective in FY2018, the District no longer transfers funds for Meet and Confer to the colleges, thus causing a decrease in percent recognized. In addition, the Life Without Bond funding allocation was done in FY2017.
Contingencies	Includes amounts carried from one fiscal year to the next by the colleges and district office units, amount of property tax levied but not collected, basic contingency for unexpected needs as prioritized by the Governing Board.

REVENUE COMMENTS

Property Tax	Primary property taxes levied and collected for use in current operations without restrictions. The projected variance under budget is made up of the estimated uncollected tax levy of \$3,916,502. Percent recognized is consistent with prior year.
State Aid	Effective in FY2016, the State of Arizona no longer provides financial support to the Maricopa County Community College District.
In Lieu Tax, Salt River Project	Monies paid to the District by SRP for use in current operations as a substitution for property taxes. Percent recognized is consistent with prior year.
General Tuition	Tuition and fees received from students whether directly or from a third party. Percent recognized is consistent with prior year.
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. Increase in percent recognized is due to a timing difference in recording Educational Service Partnership adjustment for FY16.
Out-of-County Tuition	Counties that do not have a community college district provide monies for operations to the districts where their students attend. Percent recognized is consistent with prior year.
Other Fees and Charges	Includes funds received from students for various fees such as registration, transcripts, evaluation by examination registration fees, music lessons, etc. Percent recognized is consistent with prior year.
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. Percent recognized is consistent with prior year.
Budgeted Use of Fund Balance	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.