

MONITORING REPORT
POLICY TYPE: CHANCELLOR LIMITATIONS
POLICY TITLE: FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 2/27/18

ITEM NUMBER

ITEM TITLE

RESPONSIBLE AGENTS

Budget Analysis Report Fund 1: General Unrestricted Fund For the Seven Months Ending 1/31/2018	Mr. Elliott Hibbs Ms. Kim Granio
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Expenditure Summary: \$344.5M (year to date); projected expenditure at year end: \$679.7M

- Typically evenly spread across each month, as the majority is payroll and benefits which are recorded every two weeks.
- 47.0% of expenditures have been recognized year to date (versus 47.3% in 16/17, 47.3% in 15/16, and 44.4% in 14/15).
- 24.9% of the budget remains unexpended or unencumbered (versus 26.4% in 16/17, 23.2% in 15/16, and 31.3% in 14/15).

Revenue Summary: \$456.7M (year to date); projected revenue at year end: \$682.4M

- 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.
- 66.6% of the budgeted revenue has been recognized year to date (versus 64.6% in 16/17, 63.6% in 15/16, and 64.7% in 14/15).

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by ~\$2.8M (from \$177.9M to \$180.7M) 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 \$54.6M. The remaining fund balance of \$126.1M 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 \$1.3M.
- 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 1/31/18 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

None.

More information on the Budget Analysis Report access: <http://www.maricopa.edu/business/reporting/reports.html>

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

Funding	Approvals/Certifications
<p><u>Source:</u></p> <p><u>Account Identification:</u></p>	Chancellor _____ Academic & Student Affairs _____ Business Services _____ Human Resources _____ ITS _____ Res Dev & Com Relations _____ College President _____

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 January 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	278,205,874	143,398,882	51.5	51.8	48.9	51.9	84,187,149	50,619,843	18.2
PUBLIC SERVICE	4,118,011	2,445,844	59.4	54.0	48.9	54.2	1,482,803	189,364	4.6
ACADEMIC SUPPORT	85,268,285	42,737,172	50.1	48.6	52.7	52.4	25,599,559	16,931,555	19.9
STUDENT SERVICES	83,607,557	40,315,804	48.2	47.2	51.9	51.7	24,953,687	18,338,066	21.9
INSTITUTIONAL SUPPORT	151,382,815	70,977,053	46.9	45.0	49.6	37.0	45,068,569	35,337,193	23.3
OPERATION/MAINTENANCE OF PLANT	66,089,109	33,203,301	50.2	56.2	49.3	56.3	24,954,959	7,930,849	12.0
STUDENT FINANCIAL ASSISTANCE	19,062,744	11,411,158	59.9	57.9	41.5	42.0	0	7,651,585	40.1
CONTINGENCIES	45,447,402	0	0.0	0.0	0.0	0.0	0	45,447,402	100.0
TOTAL OPERATIONAL	<u>733,181,797</u>	<u>344,489,214</u>	47.0	47.3	47.3	44.4	<u>206,246,726</u>	<u>182,445,857</u>	24.9
By Account:									
PERSONNEL SERVICES	393,194,280	199,990,845	50.9	50.7	51.9	52.7	142,620,766	50,582,671	12.9
EMPLOYEE BENEFITS	116,808,697	60,916,990	52.2	52.5	54.3	53.5	27,312,594	28,579,113	24.5
CONTRACTUAL SERVICES	58,917,108	34,667,933	58.8	67.1	66.2	53.6	20,990,565	3,258,610	5.5
SUPPLIES, MATERIALS, PARTS	10,495,567	4,858,136	46.3	41.3	57.3	47.2	2,495,558	3,141,873	29.9
CURRENT FIXED CHARGES	9,744,134	7,563,234	77.6	73.9	72.0	71.4	1,213,008	967,891	9.9
COMMUNICATIONS AND UTILITIES	21,048,931	9,177,898	43.6	40.2	32.0	45.7	8,841,510	3,029,523	14.4
TRAVEL	4,723,700	2,280,982	48.3	53.4	78.3	57.2	1,718,194	724,524	15.3
STUDENT AID AND MISCELLANEOUS	32,946,528	15,866,763	48.2	48.5	34.8	33.2	1,054,531	16,025,233	48.6
TRANSFERS-INTRAFUND	26,358,960	0	0.0	0.0	0.0	0.0	0	26,358,960	100.0
TRANSFERS TO OTHER FUNDS	23,496,490	9,166,433	39.0	53.7	45.2	48.8	0	14,330,057	61.0
CONTINGENCIES	35,447,402	0	0.0	0.0	0.0	0.0	0	35,447,402	100.0
TOTAL OPERATIONAL	<u>733,181,797</u>	<u>344,489,214</u>	47.0	47.3	47.3	44.4	<u>206,246,726</u>	<u>182,445,857</u>	24.9

(a) Represents budget as amended by approved transfers.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
 BUDGET ANALYSIS REPORT
 FUND 1 - CURRENT UNRESTRICTED FUND
 January 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	274,410,279	60.0	58.7	56.7	57.8	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	159,763,024	81.4	77.6	75.6	76.0	196,258,020	0	Projected, see (c)
OUT-OF-STATE TUITION	15,160,346	11,914,877	78.6	66.8	95.8	91.2	15,160,346	0	Based on budget
OUT-OF-COUNTY TUITION	302,202	170,805	56.5	54.7	8.3	65.8	302,202	0	Based on budget
OTHER FEES AND CHARGES	4,593,128	3,873,784	84.3	85.4	89.1	83.7	4,593,128	0	Based on budget
INVESTMENT INCOME	505,000	1,108,621	219.5	38.4	112.7	108.2	1,000,000	495,000	Based on budget
MISCELLANEOUS AND OTHER	2,623,974	1,032,697	39.4	41.1	43.8	50.7	2,623,974	0	Based on budget
SUBTOTAL REVENUES	685,847,797	456,748,452	66.6	64.6	63.6	64.7	682,426,295	-3,421,502	
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	733,181,797	456,748,452	62.3	60.8	60.0	57.7	729,760,295	-3,421,502	

FINANCIAL CONDITION ANALYSIS

Total projected revenues	682,426,295	
Less total projected expenditures (c)	-679,659,526	% of Projected Revenues
Projected increase / (decrease) in fund balance	2,766,769	
Beginning fund balance (audited)	177,941,660	
Projected ending fund balance 6/30/18	180,708,429	26%
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)	54,594,104	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	1,301,174	

(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
 January 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. Percent recognized is consistent with prior year.
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. Percent recognized is consistent with prior year.
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. Decrease in percent recognized is due to the budget for Professional Services increasing while the expenditures increased at a much lower rate.
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. Increase in percent recognized is due to an increase in General Supplies and Expendable Software expenditures.
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. Percent recognized is consistent with prior year.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT
BUDGET ANALYSIS REPORT
FUND 1 - CURRENT UNRESTRICTED FUND
January 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.