

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 12/9/25

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report General Fund For the Twelve Months Ending 6/30/2025 - FINAL	Kimberly Brainard Granio, Vice Chancellor, Business Services

Revenue Summary: \$756.3M

- 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.
- 99.7% of budgeted revenue were recognized in FY2025.

Expenditure Summary: \$775.4M

- 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.
- 96.3% of budgeted expenditures were recognized in FY2025.

Fund Balance and Financial Stability Requirements

- The Fund 1 balance decreased by \$19.1M in FY2025.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$75.1M. An additional \$25.1M 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 less than two months of expenses for the MCCCCD system. After these reserves, a \$34.6M designation for system-wide strategic efforts, and a designation for college carryforward of \$22.7M, a projected undesignated balance of \$0 remains.
- 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 was \$900,000. The remaining balance as of 6/30/25 is \$900,000.

Items of Particular Interest: Abnormal Deviations from Budget or Expectations

- Beginning in August 2024, the Maricopa County Treasurer began withholding property tax revenues from the District for refunds processed in accordance with the Qasimyar judgement. In accordance with accounting standards, the District recorded an expense and corresponding liability in FY2024 in the amount of \$44,686,487 which was the estimated amount to be withheld during FY2025. Any additional amounts beyond the estimated amount will affect the *Institutional Support* (expense by function) and *Student Aid and Miscellaneous* (expense by account) lines of the report. Additional expenses recorded in FY2025 as of Jun-25 are \$1,267,091, for total expenses to date of \$45,953,578.
- The expenses exceeding revenues projected for FY2024-25 are primarily the result of expenses exceeding contributions (both employee and employer) in MCCCCD's self-insured benefit plan. As most of our benefit-eligible employees are funded in the General Fund, it will cover the shortfall. MCCCCD budgeted the use of fund balance for FY2024-25 at \$46.7 million; therefore, MCCCCD did not exceed the adopted budget for expenses.

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 quarterly.

Funding

**Source
Account Information**

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



Twelve months ending June 30, 2025

FINAL (Unaudited)

	Full Year Budget	Recognized	Percent Recognized 24-25	Percent Recognized 23-24	Percent Recognized 22-23	Percent Recognized 21-22	Revenue	Variance Over/(Under) Budget	Comments
REVENUE ANALYSIS									
Property taxes	553,091,260	542,183,138	98.03%	99.11%	100.02%	99.56%	542,183,138	(10,908,122)	Projected, see (a)
State aid	-	-					-	-	Per State Budget
In lieu taxes	8,060,389	7,830,035	97.14%	109.16%	98.87%	100.06%	7,830,035	(230,354)	Based on budget
General tuition	170,614,609	171,706,723	100.64%	103.41%	97.55%	90.36%	171,706,723	1,092,114	Based on budget
Out of state tuition	15,748,172	11,782,718	74.82%	81.00%	100.58%	115.86%	11,782,718	(3,965,454)	Based on budget
Out of county tuition	243,224	299,223	123.02%	80.82%	65.24%	126.38%	299,223	55,999	Based on budget
Other fees and charges	3,892,144	4,217,703	108.36%	111.20%	113.84%	88.79%	4,217,703	325,559	Based on budget
Investment income	300,000	11,639,020	3879.67%	4127.56%	1892.15%	-229.10%	11,639,020	11,339,020	Based on budget
Miscellaneous and other	1,640,811	1,423,794	86.77%	468.56%	101.94%	59.96%	1,423,794	(217,017)	Based on budget
Transfers from other funds	5,219,511	5,219,328	100.00%	100.00%	100.00%	100.00%	5,219,328	(183)	Based on budget
Subtotal Revenues	758,810,120	756,301,683	99.67%	102.33%	100.35%	99.83%	756,301,683	(2,508,437)	
Fund balance carryforward	221,230,488	-	0.00%	0.00%	0.00%	0.00%	221,230,488	-	Based on budget
Total Sources	980,040,608	756,301,683	77.17%	79.61%	75.69%	76.80%	977,532,171	(2,508,437)	

EXPENDITURE ANALYSIS

	Full Year Budget	Year-To-Date Expended	Percent Expended 24-25	Percent Expended 23-24	Percent Expended 22-23	Percent Expended 21-22	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
By Function									
Instruction	266,185,733	269,402,703	101.21%	101.26%	103.04%	95.79%	-	(3,216,969)	-1.21%
Public service	2,794,541	2,113,253	75.62%	99.27%	114.43%	124.62%	-	681,288	24.38%
Academic support	95,673,479	99,934,681	104.45%	104.55%	102.64%	102.46%	-	(4,261,202)	-4.45%
Student services	90,848,462	82,862,118	91.21%	93.91%	89.34%	87.43%	-	7,986,344	8.79%
Institutional support	238,673,417	221,701,934	92.89%	114.87%	83.40%	84.53%	-	16,971,483	7.11%
Operation and maintenance of plant	78,185,089	79,082,292	101.15%	101.40%	96.52%	103.62%	-	(897,203)	-1.15%
Student financial assistance	19,924,354	20,334,436	102.06%	95.68%	86.32%	86.30%	-	(410,082)	-2.06%
Unused carryforward and contingency	13,086,233	-	0.00%	0.00%	0.00%	0.00%	-	13,086,233	100.00%
Total Operational by Function	805,371,308	775,431,417	96.28%	103.70%	93.76%	92.45%	-	29,939,891	3.72%

By Account

Personal services	475,660,650	452,880,513	95.21%	96.33%	95.95%	95.66%	-	22,780,137	4.79%
Employee benefits	139,412,200	152,177,244	109.16%	97.12%	97.79%	97.17%	-	(12,765,044)	-9.16%
Contractual services	80,607,595	82,566,140	102.43%	113.82%	101.04%	87.81%	-	(1,958,545)	-2.43%
Supplies, materials, parts	9,637,635	7,870,000	81.66%	87.74%	81.38%	71.84%	-	1,767,634	18.34%
Current fixed charges	14,820,347	15,814,046	106.70%	103.43%	100.21%	97.43%	-	(993,698)	-6.70%
Communications and utilities	18,251,415	20,118,293	110.23%	107.70%	93.07%	84.09%	-	(1,866,877)	-10.23%
Travel operating expenses	7,017,920	4,931,439	70.27%	78.56%	70.91%	56.55%	-	2,086,481	29.73%
Student aid and miscellaneous	37,697,494	35,696,029	94.69%	175.09%	66.85%	73.64%	-	2,001,465	5.31%
Intrafund transfers	6,348,972	-	0.00%	0.00%	0.00%	0.00%	-	6,348,972	100.00%
Transfers to other funds	2,830,847	3,377,714	119.32%	482.78%	123.01%	190.89%	-	(546,867)	-19.32%
Unused carryforward and contingency	13,086,233	-	0.00%	0.00%	0.00%	0.00%	-	13,086,233	100.00%
Total Operational by Account	805,371,308	775,431,417	96.28%	103.70%	93.76%	92.45%	-	29,939,891	3.72%

FINANCIAL CONDITION ANALYSIS

Total revenues	756,301,683
Less total expenditures (b)	<u>(775,431,417)</u>
Decrease in fund balance	(19,129,734)
Beginning fund balance (audited)	<u>176,661,910</u>
Ending fund balance 6/30/25 (unaudited)	<u>157,532,176</u>
Less designations for future operations:	
3.5% college carry forward	22,660,788
Less minimum financial condition measure (c)	75,108,236
Less additional reserves (d)	25,151,158
Less designations for system-wide strategic efforts (e)	<u>34,611,994</u>
Total Designations	<u>157,532,176</u>
Undesignated balance	<u>-</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, excluding transfers-in from other funds. 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.). The goal is for the additional reserves to equal 6% of annual projected revenues; additional reserve is currently about 3.3%.

(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.

REVENUE DESCRIPTIONS

Property Tax	Primary property taxes levied and collected for use in current operations without restrictions. Beginning in August, the Maricopa County Treasurer will be withholding funds for the Qasimyar judgement. The District will continue to show current year property tax revenue on this line, and will book an expense for the amounts withheld, which will affect the Institutional Support expense By Function and Student Aid and Miscellaneous expense By Account, as noted below. Additionally, MCCCCD sets its property tax rate when the Governing Board adopts the budget and this tax rate is submitted to Maricopa County. The County then applies this tax rate against final valuations determined in August. For FY2025, the final valuations were lower than those in February and resulted in a decrease in MCCCCD's tax levy of \$8,177,084.
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. This line also includes Government Property Lease Excise Tax (GPLET) properties for Mesa Community College.
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.
Transfers from Other Funds	Includes transfers from auxiliary and plant funds.
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.

EXPENDITURE DESCRIPTIONS**By Function**

Instruction	Includes expenditures directly related to instruction including credit courses and vocational and technical courses. Beginning with February 2025, an estimate for adjunct salary and benefit expenses will be included with the encumbrances for Instruction, Personal Services, and Employee Benefits.
Public Service	Includes expenditures for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the District.
Academic Support	Includes activities to support the District's primary mission, such as student computing and library services.
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.
Institutional Support	Includes activities that provide safety, security, printing, travel, marketing, insurance, management, business and human resource operations, and planning. Beginning in August, the Maricopa County Treasurer will be withholding funds for the Qasimyar judgement. The District will continue to show current year property tax revenue on the Property Tax line above, and will book an expense for the amounts withheld. The expenses will affect this line and the Student Aid and Miscellaneous line below.
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.
Student Financial Assistance	Maricopa funded scholarships such as the President's scholarship, and honors awards.
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and 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. Beginning with February 2025, an estimate for adjunct salary and benefit expenses will be included with the encumbrances for Instruction, Personal Services, and Employee Benefits.
Employee Benefits	Includes all employer paid costs of employee health insurance, retirement contributions, social security and Medicare, life insurance, workers compensation, unemployment, etc. Beginning with February 2025, an estimate for adjunct salary and benefit expenses will be included with the encumbrances for Instruction, Personal Services, and Employee Benefits.
Contractual Services	Includes expenditures such as funding for professional services, advertising, marketing, etc. Encumbrances (Purchase Orders (PO)) in the financial system are established for the total contract amount even when the contract crosses fiscal years. POs in this category currently include contract obligations beyond June 30, 2025, which will not be paid/expensed until FY2025-26. When this line is adjusted for future year obligations, the anticipated amount exceeding the budget for FY2024-25 is approximately \$6 million.
Supplies, Materials, Parts	Includes the cost of classroom and office supplies and materials, software, audiovisual aids, etc.
Current Fixed Charges	Includes expenditures for facilities rentals, liability and property insurance, subscriptions, etc.
Communications and Utilities	Includes all costs relating to telephone, postage, electricity, water, sewer, etc. This includes an increase in postage of approximately \$175,000 for mailing the required Publicity Pamphlet for Proposition 486.
Travel	Includes mileage, in and out of state travel, international travel, registration, hotel, airfare, etc.
Student Aid and Miscellaneous	Includes statutory waivers, employee and dependent waivers, non-capital equipment, bad debt expense relating to student accounts, etc. Beginning in August, the Maricopa County Treasurer will be withholding funds for the Qasimyar judgement. The District will continue to show current year property tax revenue on the Property Tax line above, and will book an expense for the amounts withheld. The expenses will affect this line and the Institutional Support line above.
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 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.
Unused carryforward and contingency	Includes amounts carried from one fiscal year to the next by the colleges and district office units (up to 3.5% of adopted budget) and basic contingency for unexpected needs as prioritized by the Governing Board.