

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 8/26/25

| <u>Item Number</u> | <u>Item Title</u> | <u>Responsible Agents</u> |
|--------------------|--|--|
| | Budget Analysis Report General Fund For the One Month Ending 7/31/2025 | Kimberly Brainard Granio, Vice Chancellor, Business Services |

Revenue Summary: \$78.6M year to date; projected revenue at year end: \$798.8M

- 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.
- 9.8% of projected revenue have been recognized year to date.

Expenditure Summary: \$31.2M year to date; projected expenditure at year end: \$794.3M

- 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.
- 3.9% of projected expenditures have been recognized year to date.

Fund Balance and Financial Stability Requirements

- Projections are for the Fund 1 balance to increase by \$4.5M (from \$149.8M to \$154.3M) in FY2026.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$79.4M. An additional \$34.6M 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 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 7/31/25 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 quarterly.

Funding

Source
Account Information

Maricopa County Community College District

Budget to Actual

All Business Units

FUND: 110 - General Fund



One month ending July 31, 2025

| | Full Year Budget | Recognized | Percent Recognized 25-26 | Percent Recognized 24-25 | Percent Recognized 23-24 | Percent Recognized 22-23 | Projected Revenue | Projected Variance Over/(Under) Budget | Comments |
|----------------------------|------------------------|-------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------|--|--------------------|
| REVENUE ANALYSIS | | | | | | | | | |
| Property taxes | 580,919,181 | 1,689,052 | 0.29% | 0.43% | 0.41% | 0.41% | 580,919,181 | - | Projected, see (a) |
| State aid | 1,600,000 | - | | | | | 1,600,000 | - | Per State Budget |
| In lieu taxes | 8,753,480 | - | 0.00% | 0.00% | 0.00% | 0.00% | 8,753,480 | - | Based on budget |
| General tuition | 180,674,722 | 60,677,720 | 33.58% | 33.35% | 30.80% | 28.09% | 180,674,722 | - | Based on budget |
| Out of state tuition | 12,780,765 | 9,189,393 | 71.90% | 57.23% | 64.39% | 60.22% | 12,780,765 | - | Based on budget |
| Out of county tuition | 243,224 | 84,188 | 34.61% | 16.94% | 19.30% | 8.30% | 243,224 | - | Based on budget |
| Other fees and charges | 3,969,987 | 1,145,089 | 28.84% | 27.83% | 26.69% | 23.68% | 3,969,987 | - | Based on budget |
| Investment income | 3,000,000 | 596,234 | 19.87% | 512.59% | 309.21% | 172.04% | 3,000,000 | - | Based on budget |
| Miscellaneous and other | 1,640,811 | 8,594 | 0.52% | 1.13% | 0.37% | 0.46% | 1,640,811 | - | Based on budget |
| Transfers from other funds | 5,219,511 | 5,219,511 | 100.00% | 0.00% | 0.00% | 0.00% | 5,219,511 | - | Based on budget |
| Subtotal Revenues | 798,801,681 | 78,609,781 | 9.84% | 9.36% | 8.85% | 7.40% | 798,801,681 | - | |
| Fund balance carryforward | 176,869,399 | - | 0.00% | 0.00% | 0.00% | 0.00% | 176,869,399 | - | Based on budget |
| Total Sources | 975,671,080 | 78,609,781 | 8.06% | 7.24% | 6.88% | 5.58% | 975,671,080 | - | |

| | 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 |
|--------------------------------------|------------------------|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------|--------------------------------------|-----------------------------------|
| EXPENDITURE ANALYSIS | | | | | | | | | |
| By Function | | | | | | | | | |
| Instruction | 268,315,878 | 6,294,901 | 2.35% | 2.73% | 2.78% | 2.84% | 168,955,739 | 93,065,238 | 34.68% |
| Public service | 1,874,797 | 71,661 | 3.82% | 5.07% | 4.99% | 5.28% | 1,628,789 | 174,347 | 9.30% |
| Academic support | 97,098,943 | 5,282,992 | 5.44% | 5.77% | 5.74% | 5.48% | 75,769,189 | 16,046,763 | 16.53% |
| Student services | 91,352,263 | 4,191,278 | 4.59% | 4.42% | 4.51% | 4.94% | 68,847,163 | 18,313,822 | 20.05% |
| Institutional support | 251,994,032 | 12,903,239 | 5.12% | 5.59% | 10.19% | 5.62% | 146,127,994 | 92,962,799 | 36.89% |
| Operation and maintenance of plant | 77,754,905 | 2,339,074 | 3.01% | 3.98% | 3.80% | 2.33% | 63,696,951 | 11,718,880 | 15.07% |
| Student financial assistance | 20,411,865 | 99,960 | 0.49% | 0.28% | 0.32% | 0.43% | - | 20,311,905 | 99.51% |
| Unused carryforward and contingency | 27,261,683 | - | 0.00% | 0.00% | 0.00% | 0.00% | - | 27,261,683 | 100.00% |
| Total Operational by Function | 836,064,366 | 31,183,105 | 3.73% | 4.04% | 5.38% | 3.95% | 525,025,824 | 279,855,437 | 33.47% |

| | | | | | | | | | |
|-------------------------------------|--------------------|-------------------|--------------|--------------|--------------|--------------|--------------------|--------------------|---------------|
| By Account | | | | | | | | | |
| Personal services | 493,030,304 | 15,919,959 | 3.23% | 3.73% | 3.75% | 3.67% | 365,186,132 | 111,924,213 | 22.70% |
| Employee benefits | 140,736,662 | 6,211,110 | 4.41% | 4.96% | 5.12% | 5.26% | 96,113,618 | 38,411,934 | 27.29% |
| Contractual services | 73,044,872 | 5,920,110 | 8.10% | 6.79% | 4.75% | 5.07% | 39,752,419 | 27,372,343 | 37.47% |
| Supplies, materials, parts | 10,405,957 | 716,264 | 6.88% | 4.47% | 4.32% | 2.82% | 2,516,055 | 7,173,637 | 68.94% |
| Current fixed charges | 16,092,648 | 2,510,898 | 15.60% | 17.34% | 19.50% | 10.29% | 2,896,592 | 10,685,158 | 66.40% |
| Communications and utilities | 18,536,761 | (480,637) | -2.59% | 0.45% | 1.82% | -3.28% | 17,369,424 | 1,647,974 | 8.89% |
| Travel operating expenses | 4,073,327 | 104,660 | 2.57% | 0.95% | 4.76% | 1.61% | 701,302 | 3,267,365 | 80.21% |
| Student aid and miscellaneous | 34,428,884 | 281,991 | 0.82% | 0.38% | 29.61% | 2.48% | 490,280 | 33,656,613 | 97.76% |
| Intrafund transfers | 16,632,467 | - | 0.00% | 0.00% | 0.00% | 0.00% | - | 16,632,467 | 100.00% |
| Transfers to other funds | 1,820,801 | (1,250) | -0.07% | 0.00% | 31.08% | 24.63% | - | 1,822,051 | 100.07% |
| Unused carryforward and contingency | 27,261,683 | - | 0.00% | 0.00% | 0.00% | 0.00% | - | 27,261,683 | 100.00% |
| Total Operational by Account | 836,064,366 | 31,183,105 | 3.73% | 4.04% | 5.38% | 3.95% | 525,025,824 | 279,855,437 | 33.47% |

FINANCIAL CONDITION ANALYSIS

| | |
|---|---------------|
| Total projected revenues | 798,801,681 |
| Less total projected expenditures (b) | (794,261,148) |
| Projected increase / (decrease) in fund balance | 4,540,533 |
| Beginning fund balance (unaudited) | 149,801,816 |
| Projected ending fund balance 6/30/26 | 154,342,349 |
| Less projected designations for future operations: | |
| 3.5% college carry forward | 22,660,788 |
| Less minimum financial condition measure (c) | 79,358,217 |
| Less additional reserves (d) | 17,711,350 |
| Less designations for system-wide strategic efforts (e) | 34,611,994 |
| Total Designations | 154,342,349 |
| Projected undesignated balance | - |

(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 2.2%.

(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. |
| 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. |
| 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. |
| 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. 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. 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. |
| 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. |
| 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. |
| 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. |