

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 9/23/25

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report General Fund For the Two Months Ending 8/31/2025	Kimberly Brainard Granio, Vice Chancellor, Business Services

Revenue Summary: \$103.2M 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.
- 12.9% of projected revenue have been recognized year to date.

Expenditure Summary: \$76.6M 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.
- 9.6% 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 \$17.7M 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 8/31/25 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



Two months ending August 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	2,259,545	0.39%	0.78%	0.77%	0.87%	580,919,181	-	Projected, see (a)
State aid	1,600,000	-					1,600,000	-	Per State Budget
In lieu taxes	8,753,480	29,854	0.34%	0.05%	0.00%	0.00%	8,753,480	-	Based on budget
General tuition	180,674,722	82,727,032	45.79%	45.51%	43.45%	41.72%	180,674,722	-	Based on budget
Out of state tuition	12,780,765	9,292,535	72.71%	50.04%	56.13%	63.38%	12,780,765	-	Based on budget
Out of county tuition	243,224	31,655	13.01%	12.39%	24.38%	6.75%	243,224	-	Based on budget
Other fees and charges	3,969,987	1,722,115	43.38%	41.27%	40.86%	38.02%	3,969,987	-	Based on budget
Investment income	3,000,000	1,880,422	62.68%	944.54%	612.24%	13.38%	3,000,000	-	Based on budget
Miscellaneous and other	1,640,811	58,809	3.58%	3.14%	16.70%	-217.86%	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	103,221,477	12.92%	12.44%	12.01%	6.77%	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	103,221,477	10.58%	9.63%	9.35%	5.11%	975,671,080	-	

	Full Year Budget	Year-To-Date Expended	Percent Expended 25-26	Percent Expended 24-25	Percent Expended 23-24	Percent Expended 22-23	Amount Encumbered	Unencumbered Balance Available	Percent of Budget Available
EXPENDITURE ANALYSIS									
By Function									
Instruction	269,558,164	14,210,407	5.27%	6.42%	6.62%	6.54%	186,438,247	68,909,510	25.56%
Public service	1,897,225	198,990	10.49%	12.57%	11.29%	12.09%	1,487,603	210,632	11.10%
Academic support	98,794,347	11,868,139	12.01%	13.05%	13.03%	13.30%	69,509,066	17,417,142	17.63%
Student services	91,355,910	10,266,686	11.24%	11.25%	11.09%	11.82%	66,285,174	14,804,051	16.20%
Institutional support	248,609,114	30,624,461	12.32%	17.41%	14.64%	14.21%	135,386,348	82,598,305	33.22%
Operation and maintenance of plant	78,189,058	9,187,182	11.75%	11.96%	11.47%	11.76%	57,579,250	11,422,626	14.61%
Student financial assistance	20,398,865	210,825	1.03%	21.59%	2.50%	0.84%	25,064	20,162,976	98.84%
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	76,566,690	9.16%	11.70%	5.38%	3.95%	516,710,752	242,786,925	29.04%

By Account									
Personal services	496,969,708	39,286,204	7.91%	9.00%	8.87%	8.66%	360,892,298	96,791,207	19.48%
Employee benefits	140,833,367	15,429,472	10.96%	11.56%	11.66%	11.76%	91,850,084	33,553,811	23.83%
Contractual services	72,284,069	12,390,682	17.14%	18.39%	19.98%	18.82%	41,560,418	18,332,969	25.36%
Supplies, materials, parts	10,345,175	1,600,556	15.47%	11.91%	12.86%	12.03%	2,470,386	6,274,233	60.65%
Current fixed charges	16,100,250	4,474,417	27.79%	24.82%	25.95%	24.40%	2,375,396	9,250,437	57.46%
Communications and utilities	18,538,461	1,889,379	10.19%	6.40%	5.71%	9.10%	16,058,959	590,123	3.18%
Travel operating expenses	4,086,645	379,088	9.28%	7.60%	11.03%	5.72%	939,352	2,768,205	67.74%
Student aid and miscellaneous	34,134,016	1,118,141	3.28%	39.20%	6.33%	6.73%	563,859	32,452,015	95.07%
Intrafund transfers	13,790,191	-	0.00%	0.00%	0.00%	0.00%	-	13,790,191	100.00%
Transfers to other funds	1,720,801	(1,250)	-0.07%	0.00%	31.08%	30.43%	-	1,722,051	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	76,566,690	9.16%	11.70%	5.38%	3.95%	516,710,752	242,786,925	29.04%

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.