

MONITORING REPORT

CHANCELLOR LIMITATIONS

FINANCIAL CONDITION AND ACTIVITIES; FINANCIAL PLANNING AND BUDGETING

Governing Board Agenda

Meeting Date: 11/25/25

<u>Item Number</u>	<u>Item Title</u>	<u>Responsible Agents</u>
	Budget Analysis Report General Fund For the Four Months Ending 10/31/2025	Kimberly Brainard Granio, Vice Chancellor, Business Services

Revenue Summary: \$398.9M year to date; projected revenue at year end: \$796.2M

- 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.
- Projected property tax revenue includes the Maricopa County Assessor’s August updated net assessed valuation.
- 50.1% of projected revenue have been recognized year to date.

Expenditure Summary: \$240.4M 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.
- 30.3% 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 \$1.9M (from \$157.5M to \$159.4M) in FY2026.
- MCCCCD is required to maintain a financial stability balance equal to 10% of the annual projected revenue. This currently equates to \$79.1M. An additional \$26.0M 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 \$31.7M 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 10/31/25 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



Four months ending October 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	256,713,463	44.19%	30.53%	44.18%	42.12%	578,272,436	(2,646,745)	Projected, see (a)
State aid	1,600,000	-					1,600,000	-	Per State Budget
In lieu taxes	8,753,480	66,211	0.76%	0.05%	0.00%	0.00%	8,753,480	-	Based on budget
General tuition	180,674,722	119,640,400	66.22%	67.86%	64.94%	60.25%	180,674,722	-	Based on budget
Out of state tuition	12,780,765	11,022,590	86.24%	64.56%	61.75%	77.81%	12,780,765	-	Based on budget
Out of county tuition	243,224	43,758	17.99%	35.41%	14.15%	6.89%	243,224	-	Based on budget
Other fees and charges	3,969,987	2,550,663	64.25%	63.46%	63.94%	57.44%	3,969,987	-	Based on budget
Investment income	3,000,000	3,253,752	108.46%	1297.68%	868.25%	-218.35%	3,000,000	-	Based on budget
Miscellaneous and other	1,640,811	379,959	23.16%	18.26%	-97.76%	4.06%	1,640,811	-	Based on budget
Transfers from other funds	5,219,511	5,219,511	100.00%	0.00%	9.58%	90.42%	5,219,511	-	Based on budget
Subtotal Revenues	798,801,681	398,890,306	49.94%	39.74%	48.56%	45.63%	796,154,936	(2,646,745)	
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	398,890,306	40.88%	30.77%	37.78%	34.42%	973,024,335	(2,646,745)	

	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	269,878,643	78,002,691	28.90%	29.98%	25.91%	25.85%	147,389,797	44,486,155	16.48%
Public service	1,897,225	515,449	27.17%	26.90%	44.20%	25.11%	1,197,425	184,351	9.72%
Academic support	99,053,970	31,066,861	31.36%	32.80%	30.06%	30.34%	58,875,563	9,111,547	9.20%
Student services	90,693,534	29,320,496	32.33%	29.63%	24.54%	25.12%	55,807,082	5,565,957	6.14%
Institutional support	265,527,884	68,455,047	25.78%	22.13%	29.12%	27.73%	108,127,266	88,945,572	33.50%
Operation and maintenance of plant	78,701,839	23,844,460	30.30%	32.55%	31.71%	28.76%	48,356,199	6,501,180	8.26%
Student financial assistance	20,463,446	9,228,406	45.10%	46.75%	37.22%	36.84%	42,234	11,192,807	54.70%
Unused carryforward and contingency	9,847,825	-	0.00%	0.00%	0.00%	0.00%	-	9,847,825	100.00%
Total Operational by Function	836,064,366	240,433,408	28.76%	28.13%	27.80%	27.19%	419,795,565	175,835,393	21.03%

	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
By Account									
Personal services	497,378,179	139,341,915	28.02%	29.88%	25.39%	25.11%	289,042,702	68,993,562	13.87%
Employee benefits	140,853,012	42,288,156	30.02%	31.15%	27.21%	27.25%	74,302,992	24,261,865	17.22%
Contractual services	73,589,774	30,949,637	42.06%	37.02%	41.01%	38.16%	38,725,762	3,914,375	5.32%
Supplies, materials, parts	10,550,502	3,262,178	30.92%	26.30%	28.10%	26.47%	2,000,161	5,288,163	50.12%
Current fixed charges	16,735,386	6,542,594	39.09%	38.88%	85.00%	78.97%	1,211,005	8,981,787	53.67%
Communications and utilities	18,554,761	5,118,787	27.59%	37.24%	36.94%	28.53%	12,594,969	841,004	4.53%
Travel operating expenses	4,866,238	1,089,380	22.39%	20.04%	23.29%	18.27%	1,283,789	2,493,069	51.23%
Student aid and miscellaneous	49,158,077	11,311,812	23.01%	-5.85%	22.66%	22.04%	634,186	37,212,079	75.70%
Intrafund transfers	12,809,812	-	0.00%	0.00%	0.01%	0.00%	-	12,809,812	100.00%
Transfers to other funds	1,720,801	528,949	30.74%	0.74%	50.39%	35.33%	-	1,191,852	69.26%
Unused carryforward and contingency	9,847,825	-	0.00%	0.00%	0.00%	0.00%	-	9,847,825	100.00%
Total Operational by Account	836,064,366	240,433,408	28.76%	28.13%	27.80%	27.19%	419,795,565	175,835,393	21.03%

FINANCIAL CONDITION ANALYSIS

Total projected revenues	796,154,936
Less total projected expenditures (b)	(794,261,148)
Projected increase / (decrease) in fund balance	1,893,788
Beginning fund balance (unaudited)	157,532,176
Projected ending fund balance 6/30/26	159,425,964
Less projected designations for future operations:	
3.5% college carry forward	22,660,788
Less minimum financial condition measure (c)	79,093,543
Less additional reserves (d)	25,968,828
Less designations for system-wide strategic efforts (e)	31,702,805
Total Designations	159,425,964
Projected undesignated balance	-

(a) - Represents adopted budget, as amended by Maricopa County Assessor August updated net assessed valuation.

(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.
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.