

**2025-2026 MCC Governing Board
Finance Committee
March 11, 2026 – 6:30 p.m.**

MINUTES

Committee Members Present: *in-person:* Peter Pin, Treasurer; Ron Keesing; Michael Monroe;
Kathleen Cooney Porter

Committee Members Absent: Katie Gorka

MCC Staff Present: Betsy May-Salazar, Executive Director; Jonathan Melendez, Deputy Director;
Matt Hockensmith, Comptroller; Jennifer Garrett, Technical Director;
Holly Novak, Executive Assistant

Guests: None.

CONVENE MEETING

Treasurer Peter Pin convened a meeting of the Finance Committee of the Governing Board of McLean Community Center on March 11, 2026 at 6:32 p.m. With no changes requested, the Agenda was adopted by acclamation. A courtesy announcement was made about the meeting being audio-recorded for purposes of Minutes. Treasurer Pin said we look forward to digging into the numbers tonight. Comptroller Hockensmith noted that three members of our current Governing Board will conclude their terms in June; they have lengthy experience and knowledge about MCC operations. We will need to think through how to best comprise the Finance Committee in the upcoming 2026-2027 Governing Board term.

FY2026 MID-YEAR FINANCIAL REPORT **remarks by Comptroller Matt Hockensmith, Executive Director Betsy May-Salazar and Deputy Director Jonathan Melendez*

For the first half of the year, we're looking good: we have exceeded our budget, putting us in a very healthy standing. Context: Every Fairfax Co. agency goes through a mid-year review in Q3. The Finance Committee meeting in January 2026 was a more specialized look at program pricing. Tonight's meeting is our Q3 mid-year review. This March meeting timing works well as we have completed the County mid-year review and are able to provide an accurate FY2026 mid-year review. Tonight we will look at:

1. Mid-year revenue and expense updates from July 2025 through January 2026;
2. Adjustments made to the budget based on those mid-year reviews.
3. Proposed timeline for the preparation of FY28 budget.

* Real Estate Tax Revenue exceeds budget at mid-year. Real Estate Taxes budget is based on actuals in year budget is being developed (two years prior). Therefore, the actual real estate tax revenue exceeds budget putting us in a healthy standing.
* MCC receives about \$15K to \$17K per month in interest. With six more months in FY2026, we will anticipate exceeding this budget, as well.

FY26 Midyear Revenue Report

- Mid-year revenue totals **\$8.25M**, exceeding the **FY26 projected revenue budget of \$7.89M** by **\$353,712**.
- The primary drivers of this are **Real Estate** and **Instructional** revenue..
- All program areas are projected to **meet or exceed their revenue targets**, with the exception of **Rentals**, which experienced a loss of income due to the closure of the OFC during ADA renovations.
- **Special Events** generates the majority of its annual revenue from **McLean Day**.
- **Note:** On average, approximately **95% of total annual revenue is collected within the first six months of the fiscal year**.

| Revenue Source | FY26 YTD Actuals | FY26 Carryover Budget | Budget vs Actual Variance | FY25 YE Actuals |
|----------------------|--------------------|-----------------------|---------------------------|--------------------|
| Real Estate Taxes | 6,925,879 | 6,554,319 | 371,560 | 6,536,327 |
| Interest | 115,335 | 130,000 | (14,665) | 216,912 |
| Rentals | 76,705 | 124,001 | (47,296) | 100,799 |
| Instructional | 701,760 | 566,282 | 135,478 | 596,719 |
| Special Events | 11,425 | 108,000 | (96,575) | 105,050 |
| Performing Arts | 103,364 | 109,905 | (6,541) | 129,138 |
| Youth Programs | 129,915 | 125,000 | 4,915 | 118,193 |
| Teen Center | 189,765 | 185,000 | 4,765 | 185,363 |
| Miscellaneous | (1,931) | (4,000) | 2,070 | 701 |
| Total Revenue | \$8,252,219 | \$7,898,507 | \$353,712 | \$7,989,202 |



DISCUSSION about REVENUE:

Question: How do you adjust the real estate taxes? When do you adjust the forecast based on projected tax revenue? In the last 3 years there was a low, then a huge jump, then down. Are you trying to get ahead of it to see what that might do to the budget? Sometimes those taxes increases are dramatically different. If something big were to hit, do you have the ability to make adjustments?

Yes and no. Each fiscal year is based on the tax assessment from two years prior (FY26 is based on FY24 tax assessments). It does increase. We have not in the past had a need, from the county perspective or ours, to forecast higher based on where we were. If, for whatever reason, we decided as a board that we needed to see significant increase in our expenditures, then we could make that justification based on increased revenue coming from real estate and then make the adjustments. Even though we have exceeded our revenue, that doesn't mean we can spend it up to that without requesting budget adjustments. It goes towards surplus at the end of the year. We still are held to what our budget was for expenditures. On average, approx. 90% of our total annual tax revenue is collected within the first six months of the year. December is when real estate taxes are due – so this number will go up a little for our actuals, but not much. Last year between January – June we collected an additional \$40K in that last six months.

We just received the current tax revenue assessment that will be used for the FY2028 budget. This is a good basis - we assume over two years there will be some increase. From the county perspective, we could make a mid-year adjustment to what we forecast if needed to cover expenses.

Question: So, ballparking it, it sounds like you think the final variance would be a number somewhere between \$500K to \$600K, is that about right for the whole budget for the whole year, once we're done? When we're done – there is a variance now; that total variance number will probably come down.

Our assumption is that the total variance number will probably come in less (around \$400K to \$450K), because we're anticipating another \$96K to be added to this, bringing us potentially to \$440K. But we will also receive a little bit more from Performing Arts, as well. Instructional -we've collected most of what we will collect in this fiscal year. For Real Estate – we've collected most. Interest- we will receive a little more.

Question: What is the interest rate? And what are the balances?

The county pools all funds to earn interest and distributes a percentage to MCC based on our fund balances because we have our own tax district funding. Current monthly interest revenue is roughly \$15K with fluctuation. We don't know the exact percentage of it per month.

FY26 Midyear Expense Report

- FY26 total expenses are projected to **remain consistent with the approved budget**, with only minor adjustments.
- Mid-year expenditures currently stand at **54% of the approved annual budget**.
- The **Administration budget** includes most expenses associated with the **50th Anniversary** spent throughout FY26.
- Overall, **FY26 is expected to conclude with a minimal surplus**.

| Expenses | FY26 YTD Actuals | FY26 Carryover Budget | Budget vs Actual Variance | FY25 YE Actuals |
|-------------------------------|--------------------|-----------------------|---------------------------|--------------------|
| Salaries | 1,828,875 | 3,292,344 | (1,463,469) | 3,055,882 |
| Benefits | 817,406 | 1,356,904 | (539,498) | 1,303,420 |
| Salaries & Benefit | \$2,646,281 | \$4,649,248 | (2,002,967) | \$4,359,303 |
| Administration | 229,988 | 319,331 | (89,343) | 200,338 |
| Public Information | 124,396 | 254,416 | (130,020) | 258,197 |
| Facilities | 213,866 | 381,436 | (167,570) | 285,247 |
| Instructional Programs | 383,958 | 567,014 | (183,055) | 601,581 |
| Special Events | 140,247 | 622,018 | (481,771) | 628,221 |
| Performing Arts | 414,156 | 987,051 | (572,895) | 677,165 |
| Youth Programs | 97,712 | 121,045 | (23,333) | 111,432 |
| Teen Programs | 344,260 | 446,453 | (102,193) | 352,788 |
| Visual Arts (MPA) | 1,983 | 35,000 | (33,017) | 50,000 |
| Operating Expenses | \$1,950,567 | \$3,733,765 | (1,783,198) | \$3,164,967 |
| Total Expenses | \$4,596,848 | \$8,383,013 | (3,786,165) | \$7,524,270 |

The Administration budget appears tight, but it's skewed this year because that's where all MCC 50th Anniversary expenses are recorded (now concluded). Looking at our historical data compared to what we spent in the last six months, we anticipate being right on budget. Performing Arts and Special Events often have balances at the end of the year. We anticipate that will be the case in FY2026, but we didn't make any budget adjustments because we will look to spend up to the overall budget.

DISCUSSION about EXPENSES:

Question: Actual vs. variance – has a lot of red in it. Is that just timing?

It's actually surplus that we do have; we're not going to be in the 'red' on many of these. Administration – we've spent \$229K of \$319K; we have \$89K left to spend through the next six months. PIO – we've spent \$124K for six months in; we still have \$130K (about 50%). Facilities – we've made an adjustment: spent \$213K with \$167K left. Instructional – we've made an adjustment; expect to exceed the original budget, but we also made more revenue to offset expenses. Special Events – currently under on spending but that's because our major event [McLean Day] hasn't happened yet. Later we will be right at-budget, if not under-budget. Performing Arts – same; we have gotten through some our more expensive programs for Performing Arts. Still \$572K left and will likely have some surplus left at end of the year. Youth programs/Teen programming – they have gone through a lot of their expenditures at this point in the year except for a lot of forthcoming expenditures for camps (which will hit in the next fiscal year). So, we should be right on budget. Visual Arts will be right on budget as well.

Question: I was looking at that because there is a big budget increase for Performing Arts in FY2025 to FY2026. It seems they are spending more.

[Note the comparison above is FY2025 actuals to FY2026 budget – the FY2025 budget was higher than actuals]

Our FY2027 is actually budgeted lower. Creating the budget for Performing Arts: in booking artists, we have our 'wish list.' Some of those are going to be more expensive because we want to bring in higher quality acts. Performing Arts Director Sarah Schallern Treff has explained this in several past meetings. Until you get to booking and depending on where their tour schedule is, it's not always going to match-up. A lot of times, we will budget for what we hope to bring in; but oftentimes, costs are lower. We are always going to budget ahead, hoping we can bring in everything on our 'wish list' depending on touring schedules; when The Alden Theatre is going to be dark for technical work. But we may not be able to get every act on our 'wish list.' Traditionally, that's actually helped us because it allows for the possibility of covering some increased expenditures in other areas.

Overall, our Revenue is coming in stronger. We expect to be at budget on expenses with a minimal surplus. There are a few adjustments still to be made, which is one of the reasons why we go through the mid-year adjustment.

FY2026 MID-YEAR ADJUSTMENTS

**remarks by Comptroller Matt Hockensmith*

Mid-Year Adjustments



An **adjustment of \$110,000** to the **Instructional budget** was submitted to support additional class offerings. This increase in expenditures is offset by a **projected \$145,000 increase in revenue**.



An **additional \$25,000 adjustment** to the **Facilities budget** was submitted to address **unanticipated HVAC repairs** and **necessary flooring repairs in the rehearsal hall**.



An **increase of \$18,608 in non-merit staff salaries** was made to support **summer camp staffing that was originally underbudgeted**.

These are three areas MCC submitted to the county that we need adjustments for at mid-year:

1. An adjustment of \$110,000 to the Instructional budget was submitted to support additional class offerings. This increase in expenditures is offset by a projected \$145K in increased revenue. We spent \$110K more in adding those classes, exceeding budget but we're also bringing in \$145K in increased revenue.
2. An additional \$25K adjustment to the Facilities budget was submitted to address unanticipated HVAC repairs (above Shelf Room; this was just normal maintenance repairs. Also, necessary flooring repairs in Rehearsal Hall.
3. An increase of \$18,608 in non-merit staff salaries (Youth programming). What was assigned by the county for salaries for our youth programming did not incorporate all our temporary hires for summer camps. They only incorporated our permanent year-round staff. The county realized their oversight and agreed the increase was needed to cover camp hires.

DISCUSSION about Mid-year Adjustments:

Question: The summer camps happen every year – so how did that oversight [about temporary summer hires] happen?

Likely because a different budget person came in from the county at that time that we didn't previously work with. It was probably because when he started, we were coming out of COVID-19 and MCC had no camps for a couple of years. When they looked at those past years and made adjustments they looked only at our year-round staff. I think a similar oversight may have happened with the FY27 budget. But if the county makes that adjustment, they will do so at the beginning of the year, at carry-over. And as we are starting our process for FY28, they are aware of that mistake and will make those adjustments needed.

Clarification by Executive Director May-Salazar: One of the reasons we are making more changes in the mid-year review this year is because we are held by the county to not exceed our expense budget. So, even if there is additional revenue resulting in a net positive, that is not automatically taken into consideration. We got really tight last year because Instructional did so well, so we had more revenue from Instructional and from Real Estate taxes - but we didn't increase the Expense line. This year we will make the adjustments so that we have the room to do what we need to in all our other lines and keep operating.

LESSONS LEARNED:

1. We assumed (as both Betsy and Matt being newer in this process) that because we were making more in Revenue that we

would have access to that. We have to request that that adjustment be made to the expenditures.

2. Our 50th Anniversary expenses: we were under the understanding from the county that those expenses wouldn't be absorbed into our budget (although we were able to absorb them into our budget). So, we got real tight last year but we want to make sure that we're not going to be tight this year. Still, there were minimal adjustments.

There are only two times to ask the county to adjust the budget (unless it's an emergency ask): 1. At carry-over (June into July) 2. At mid-year adjustments (February). The interesting part is that we won't have access to any of this money until the county votes on the overall mid-year adjustments – which occurs in May. So, it really only gives us about six weeks of breathing room at that point because end of June is the end of the fiscal year. MCC is in a good place in what we are spending and as to what we have received in this particular year.

Implications for FY2027: We are about to enter FY27. We don't think we will have too many adjustments going into carryover for FY27.

FY2028 BUDGET TIMELINE

**remarks by Comptroller Matt Hockensmith*

This is mostly relevant to those who are remaining on the MCC Governing Board for the 2026-2027 term:

| | |
|--|--|
| Mid-July 2026 | Director, Deputy Director and Comptroller meet with individual departments to discuss year-end FY26, guidelines for FY27 program and budget revisions and FY28 programs and budgets. |
| Late July 2026 | All Departments/Committees prepare proposed budgets with notes for proposed programs and changes. |
| Early August | Departments meet with Director, Deputy Director and Finance Director with proposed Budgets for discussion. |
| Mid-August | Director, Deputy Director and Comptroller finalize budget for revised FY27 and proposed FY28. |
| (late August) CFC & Finance mtgs. | Capital Facilities and Finance Committees review proposed FY28 Budget. |
| 09/02/2026 | Finance Committee: "Meeting-of-the-Whole" Work session on draft Proposed FY28 Budget. Vote on draft Proposed Budget to be submitted to the Board at Board Meeting and Public Hearing on September 23, 2026 (subject to any directives on adjustments to draft proposal). |
| 09/14/2026 | Advertise on MCC website the draft budget proposal was adopted at September 2 Meeting-of-the-Whole. |
| 09/23/2026 | Board Meeting and Public Hearing on FY28 Proposed Budget Public Comment open through October 12, 2026. |
| 10/28/2026 | Board Meeting – Vote to adopt FY28 Budget |

DISCUSSION:

Question: I have a somewhat bigger question - having been through this now for a few years, it seems to me to be useful to have some point ahead of when the department heads are proposing their budgets forward, to look at the strategic plan, identify if there are areas where we might want to do something a bit more bold in a budget area in order to help us drive toward strategic outcomes we are looking to. In my observation, it seems like the natural process ends up rather homeostatic – how do we do small deltas off the budget? But if we were to

determine there's an area where significant expenditures might make a significant difference – like in communication, for example. Are there bolder things we might want to do there? I don't know how we would, as the Governing Board, provide that guidance and look at that. It seems like when it gets to us through the Finance process, all this has already been thought through and there is no chance for input. Do we want to create opportunity or space to have that conversation, as a board?

IMPORTANCE OF CONNECTING TO MCC STRATEGIC PLAN: *Recommendations from Executive Director May-Salazar and Comptroller Hockensmith

Currently, the July board meeting is when the strategic plan results from the prior year are discussed, as well as the tactics we're setting for the upcoming year (budget already adopted). Potentially at that meeting (which is during the time when budget conversations at a staff level for the following year's budget), we could add to that agenda a conversation around FY2028: Are there pieces from the strategic plan we feel like we're not hitting or we should have more focus on? And that could influence what the departments are planning. It fits most neatly there because the year is done and we've already created our tactics, which show what has been accomplished toward the strategic plan and what we plan to do this year. And then we can have a conversation about the following year.

It's also good timing because it's a month before the budget is completed; the departments are working on their budgets but there is still room to consider it. That coincides with when we are meeting with each department. So, if something came out of that particular meeting about the strategic plan and a discussion occurs on what we've seen in our tactics (such as your example about communication): a suggestion can be made to put more emphasis on something as we are working through. It's not going to change our Revenue necessarily but in working through those budgets, that's where we can look at specifics. We want to present a balanced budget – and spend X amount of more money in this particular program area. Then we're having those discussions with the managers to figure out what can be accommodated and holistically determining with staff where we can make those adjustments.

Because we're always two years out, we would not be able to make a quick adjustment. Even so, we are able to make programmatic decisions throughout the whole fiscal year and able to make adjustments at mid-year if needed. The MCC staff talks about the connection to the strategic plan all the time, and in our planning of the programming. We are attuned to it and we can talk to that more.

A good example of that is to see how the 50th Anniversary spending worked: we weren't sure how that was all going to be implemented years ago, but we were able to make those adjustments. A particular set of ideas of how we would spend that money got adjusted; we were able to make those adjustments throughout the year.

Summary: Treasurer Pin agreed that this gives a good timeline for all the board members to inject their input. This budget development time is shared to the new 2026-2027 Governing Board at their orientation meeting on June 10.

OLD /NEW BUSINESS

Treasurer Pin asked if there were any other topics of old or new business to be addressed. Nothing was mentioned as a further topic for discussion this evening.

ADJOURNMENT

With all business matters concluded, Treasurer Pin thanked everyone for attending and adjourned the meeting at 7:05 p.m.

Respectfully submitted,
Holly Novak – Executive Assistant