

**John A. Logan College  
District #530  
Carterville, IL**

**Budget Analysis  
Fiscal Year 2014**



**JOHN A. LOGAN COLLEGE**  
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**BUDGET ANALYSIS**  
**FY 2014**

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## **Budget / Strategic Planning Calendar – FY 2014**

### **OCTOBER to NOVEMBER**

- Strategic Plan - Project Initialization

### **NOVEMBER to JANUARY**

- Strategic Plan – Environmental Scan
- Strategic Plan – Review of Mission, Vision, Values

### **JANUARY to MARCH**

- Strategic Plan - Gap Analysis
- Strategic Plan – Strategies & Goals
- Strategic Plan - Projects
- Salary and Fringe Benefit Projections Developed
- Zero-based Budgeting Model Developed
- Multiple Trainings Held with Budget Officers and Staff to Explain New Model

### **APRIL**

- Budget Officers Work to Build Detailed Departmental Budgets and Justify Requests

### **MAY**

- Strategic Plan – Final Report Presented to Board of Trustees for Consideration
- President and Vice-Presidents Meet with Dean Financial Operations to Discuss Budget
- Budget Officers Submit Departmental Budgets to Division Heads

### **JUNE**

- Strategic Plan Adopted by Board of Trustees
- Division Heads Review Departmental Budgets and Perform Approval Process
- Departmental Budgets Submitted from Division Heads to Dean for Financial Operations
- Budget Preparation by Dean for Financial Operations & Vice-President Business Services

### **JULY**

- Tentative Budget Preparation Continues
- President and Vice-Presidents Meet with Dean Financial Operations to Discuss Budget
- Entry of Tentative Budget Amounts into ERP System and Reports Prepared

### **AUGUST**

- Budget Presented to Board Finance Committee
- Tentative Budget Submitted to Board of Trustees
- Tentative Budget Put on Public Display

### **SEPTEMBER**

- Final Budget Review by Vice-President of Business Services
- Budget Hearing is Held Prior to Board Meeting
- Explanation of Revisions from Tentative Budget to Proposed
- Proposed Budget Submitted to the Board of Trustees

## **BUDGET PROCESS FY 2014:**

- Budgeting for Salary & Benefits performed by Payroll staff
- A modified form of zero-based budgeting was implemented for non-salary related items
- A new Budget Development form was created
- Multiple trainings were held with departmental Budget Officers across the campus
- Held discussions with Administration on their role and the review/approval process
- Budget Officers were given a “Starting Point” for their FY 2014 budgets
- For the following line items, a starting point of \$0.00 was given and budget was detailed from the ground up with justifications:
  - Contractual Services
  - Publications & Dues
  - Computer Software
  - Conference & Meeting Expense (except for F/T Faculty contractual obligation)
  - Other Supplies and Materials
  - Capital Outlay
- For the following line items, the starting point was the lesser of FY 2013 original budget or the actual expenditures for FY 2012 and any increases had to be detailed and justification provided:
  - Office Supplies
  - Printing
  - Postage
  - Advertising
- Budget Officers were given the opportunity to reallocate funds equally between line items and also between departments within their budget control without justification. Any increases required justification.
- Detailed departmental budgets were submitted to the Head of the Division for review, approval, or reduction
- Submitted back to the Dean for Financial Operations for review of accuracy
- Meetings were held with the President and Vice-Presidents for discussion and revisions
- Budget data entry took place and reports were generated
- Tentative legal budget was prepared
- Tentative Budget was reviewed with Board Finance Committee
- Board of Trustees met on August 20, 2013 to approve display of tentative budget
- Tentative Budget was put on public display for 30-day period of inspection
- Additional review was performed by the Vice-President of Business Services and College Facilities
- Revisions to the tentative budget were performed
- Explanation of revisions to the tentative budget presented at the public budget hearing

#### **FACTORS AFFECTING FY 2014 BUDGET PROCESS:**

- Development & Implementation of new zero-based approach
- Trainings with Budget Officers across all divisions
- Selection of the new campus-wide ERP system
  - Information needed on the breakdown of the purchase (i.e. software, implementation services, training, maintenance)
  - Information needed on the % of completion to be expensed in FY 2014
- Budgeting for the implementation of the new Learning Management system
- Development and approval of the new Strategic Plan
- Divided certain areas into multiple departments to better track expenditures
- Decreasing State Revenue

# *Mission Statement*

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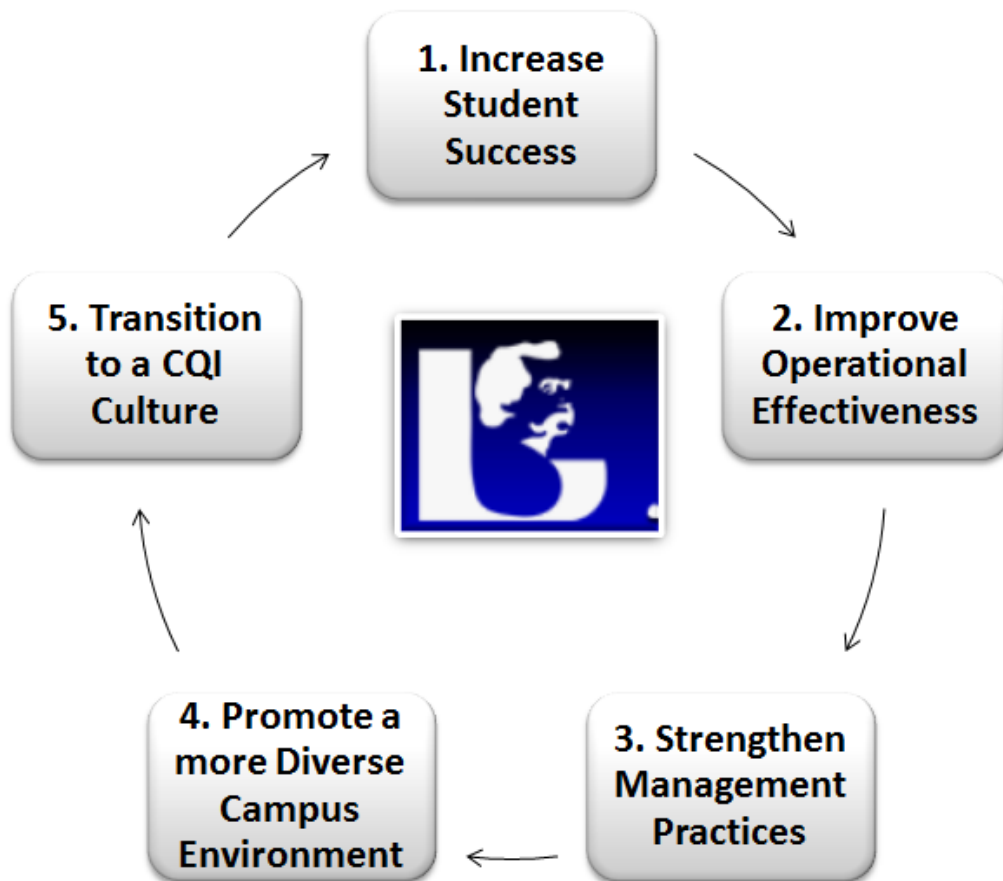
We are a diverse learning and teaching community committed to improving individual life and society through high-quality, accessible educational programs and engaged learning opportunities.

#### **BUDGET GOALS:**

- New process to coincide with the elimination of the Operational Plan; replaced by the new Strategic Plan
- Provide more justification of expenditures
- Budget Officers will become more informed about specific items approved in departmental budgets
- Division Heads more detailed review of total departmental expenditures, not just additional items
- Reduce outdated plan items that have continued to roll forward from prior years
- Expenditures better allocated to reflect appropriate department and expense category
- Create additional departments to better track cost centers
- Build a foundation for FY 2015 and future budgeting
- Maintain financial health of the institution

**STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2014 BUDGET:**

- Purchase of new Jenzabar Enterprise Resource Planning (ERP) System
  - Software, Implementation, Training, Maintenance, Hosting Services
  - Contract with CampusWorks for project management and business process review
- Additional Staffing of Information Technology Department
  - Includes training
- Implementation of new Desire2Learn Learning Management System (LMS)
  - Includes faculty and staff training
- Higher Learning Commission (HLC) training for Open Pathways model
- Development of budget for Assessment department
- Redesign of JALC website
- Diversity
- Student Success Items
  - Assistance with increasing GED test fees and transition of GED students
  - Participation in Model Government and travel study programs
  - Equipment and instructional supplies for newly renovated dental and cosmetology areas
  - Lab equipment and instructional supplies at new West Frankfort Extension Center



**OPERATING FUND DESCRIPTIONS:**

John A. Logan College has two Operating funds: the Education Fund and the Operations and Maintenance Fund. The Education fund works in combination with the Operations and Maintenance fund to make up the College’s General Fund.

**EDUCATION FUND:**

The Education Fund is used to account for the revenues and expenditures of the academic and service programs of the college. It includes the cost of instructional, administrative, and professional salaries; supplies and moveable equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs of the college.

**OPERATIONS AND MAINTENANCE FUND:**

This fund is used to account for expenditures for the improvement, maintenance, repair, or benefit of buildings and property, including the cost of interior decorating and the installation, improvement, repair, replacement, and maintenance of building fixtures; rental of buildings and property for community college purposes; payment of all premiums for insurance upon buildings and building fixtures. If approved by resolution of the local board, the payment of salaries of janitors, engineers, or other custodial employees; all costs of fuel, lights, gas, water, telephone service, custodial supplies, and equipment; and professional surveys of the condition of college buildings are allowed.



John A. Logan College President Dr. Mike Dreith and Board Chairman Jake Rendleman

## **OPERATING FUNDS RESOURCE INFORMATION**

For this 2014 budget, it will be necessary to utilize fund balance from prior fiscal years to subsidize the shortfall of current year operating revenues as compared to budgeted expenditures. While expenditures actually reflect a decrease of \$21,919 or a 0.06% decrease from the prior FY 2013 budget, declining state and local revenues along with a conservative approach to the budgeting of tuition and fees revenue have resulted in an expected current year deficit if Budget Officers spend 100% of requested budget. Historically, there has been an underspend of around 10%. If the underspend continues, a small surplus will result.

Without considering the fund balance accumulated from prior years, the current operating revenue of \$33,905,956 reflects a \$974,733 or 2.79% decrease as compared to \$34,880,689 from FY 2013.

Local tax revenues are currently projected to be \$6,125,000. This amount is a decrease of \$28,672 or a 0.47% projected decrease. This is based on discussion with the College's two largest counties. While one county is anticipating a potential 3.00% growth in EAV, the other is projecting a possible 3.50% decrease in EAV. In other local sources, Corporate Personal Property Replacement Tax is estimated at \$550,000 which is a 5.44% decrease from the prior budget.

State revenue sources reflect a decline in revenue. Based on information from the Illinois Community College Board final budget allocation, ICCB Base Operating grant funds are budgeted at a total of \$4,129,409 which is a decrease of \$135,777 or 3.18% from the FY 2013 estimate, but an actual reduction of \$21,461 from the final FY 2013 allocation of \$4,150,870. Equalization grants account for \$7,702,797 which is a decrease of \$300,133 or 3.75% from prior budget, but an actual decrease of \$224,011 from the final FY 2013 allocation of \$7,926,808. FY 2014 amounts for base operating and equalization grants were allocated 75% to the Education fund and 25% to the Operations and Maintenance Fund. ICCB Vocational grants are budgeted at \$413,000 which is a budget reduction of \$73,091 or 15.04%.

This year the College will receive a special designated ICCB Veterans grant of \$54,900. For Performance Based funding, \$20,000 is estimated. This is based on receipt of \$20,175 in FY 2013. The ICCB allocation for performance based funding for all Illinois colleges remains unchanged in FY 2014 at \$360,000.

For FY 2014, the in-district tuition rate is \$97 per credit hour. Student tuition and fees are anticipated at \$14,452,400 for FY 2014 as compared to \$14,748,548 for FY 2013. This is a projected decrease of \$296,148 or 2.01%. Reasons for this projection are concerns about statewide trends in decreasing enrollment and initial numbers for the Summer term regarding credit hour generation. In FY 2013, the College also experienced \$329,952 in lost tuition revenue due to unfunded mandates of financial aid programs. The potential write off of revenue in this amount contributed to the reduction of budgeted tuition. The adjustment of the number of credit hours awarded for certain courses was also taken into consideration. Hopefully, this projection will prove to be understated given there was a \$5 tuition increase. However, a conservative budgeting approach was taken due to the factors stated above and the fact that actual tuition revenues for FY 2013 came in slightly below budget.

Interest income and other sources which include facilities revenue, sales and service fees are expected to total \$450,450 during FY 2014. This accounts for less than 2% of operating resources. Due to audit direction, administrative fees from grants previously budgeted in operating revenue have not been included as a resource. Any grant fees received will be used to offset related expenditures.

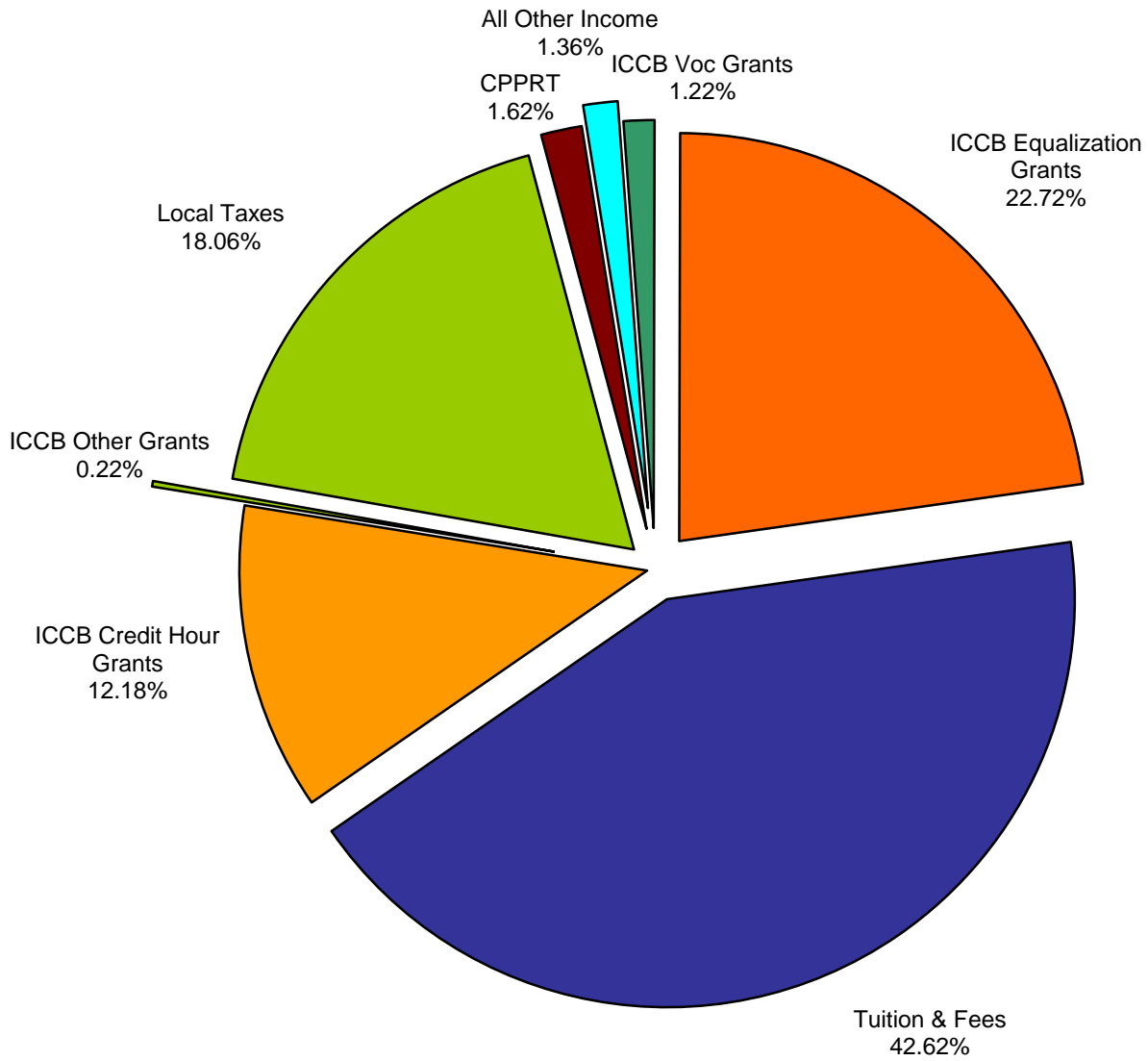


**RESOURCE COMPARISON  
OPERATING FUNDS**

<b>BY OBJECT</b>	<b>FY14 Tentative Budget</b>	<b>FY13 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Revenue</b>
CARRYOVER	\$ 14,226,090	\$ 12,921,886	\$ 1,304,204	10.09%	
LOCAL TAXES	6,125,000	6,153,672	(28,672)	(0.47%)	18.06%
CHARGEBACKS	8,000	9,639	(1,639)	(17.00%)	0.02%
ICCB CREDIT HOUR GRANTS	4,129,409	4,265,186	(135,777)	(3.18%)	12.18%
ICCB EQUALIZATION GRANTS	7,702,797	8,002,930	(300,133)	(3.75%)	22.72%
ICCB VOCATIONAL GRANTS-INSTRUCTIONAL	413,000	486,091	(73,091)	(15.04%)	1.22%
ICCB PERFORMANCE ALLOCATION GRANT	20,000	-	20,000		0.06%
ICCB VETERANS GRANT	54,900	-	54,900		0.16%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	550,000	581,617	(31,617)	(5.44%)	1.62%
TUITION/FEES	14,452,400	14,748,548	(296,148)	(2.01%)	42.62%
SALES & SERVICE FEES	279,000	270,008	8,992	3.33%	0.82%
INTEREST ON INVESTMENTS	36,450	22,483	13,967	62.12%	0.11%
FACILITY USE	30,000	28,485	1,515	5.32%	0.09%
OTHER INCOME	105,000	312,030	(207,030)	(66.35%)	0.32%
<b>TOTAL</b>	<b>\$ 48,132,046</b>	<b>\$ 47,802,575</b>	<b>\$ 329,471</b>	<b>0.69%</b>	<b>100.00%</b>

Note: Includes Education and Operations & Maintenance Funds.

# Revenues Operating Funds FY 2014



## **OPERATING FUNDS EXPENDITURE INFORMATION**

As stated earlier, Budget Officers across all departments of the campus were trained on the new zero-based budgeting model. Each one was given detailed line item information on actual expenditures for FY 2012 and original budget numbers for FY 2013. They were also given a FY 2014 starting point in each object code.

For the specific areas of contractual services, publications and dues, travel expenses (except in the case of a contractual requirement) software, other general supplies and materials, and capital outlay they were given a starting point of zero dollars. For all other line items, they were given the lesser of either FY 2012 actual expenditures or FY 2013 original budget. They then built the budget from these starting points with detailed descriptions of items, justifications of all increases over the starting point, frequency of occurrence, and ranking of importance.

They were also given the opportunity to reallocate funds equally between line items or between departments within their control if they felt that funds were not previously budgeted correctly.

Total budgeted expenditures for FY 2014 are \$38,028,476 as compared to \$38,050,395 for FY 2013. This is a decrease of 0.06% or \$21,919. In operating funds, budgeted expenditures include a provision for contingency funds of \$1,310,000. This represents 3.44% of total budgeted operating expenditures. While these funds are available for emergencies and unforeseen budget issues, under standard operations only a minimal portion of these funds are normally expended and close monitoring of these funds is performed by the College Administration.

### **INSTRUCTION:**

As compared to the prior year's budget, Instruction experienced a slight decrease of 1.73% or \$222,298. This overall decrease was a result of two factors. The first was a \$302,300 decrease in total salaries due to retirements, new hires, and position changes within the division. The second factor was a one-time \$82,299 reduction in fees for the Southern IL Collegiate Common Market (SICCM). The College will pay SICCM only \$28,000 this year for its five programs.

The division received increases in other areas of contractual services, general materials and supplies, and capital outlay. In the FY 2014 budget, Instruction represents the largest portion of total operating expenditures at \$12,661,087 or 33.29%.

### **ACADEMIC SUPPORT:**

The area of Academic Support represents 7.41% of this year's budget or \$2,816,434. This is a decrease of 11.24 % or \$356,824. The reason for this decrease is the reorganization of several staff members to departments that fall under the category of Institutional Support. This resulted in a large decrease of salaries, benefits, and other services related to these staff members previously budgeted under Academic Support. See the section below on Institutional Support for details on staff reassignments.

This program area did receive an increase in conference and meeting expense to support training related to accreditation and to the College's new Learning Management System, Desire2Learn.

**STUDENT SERVICES:**

The area of Student Services represents 7.96% of this year's budget or \$3,025,235. This is a slight decrease of 1.48% or \$45,310. This area experienced slight decreases in the areas of salaries and general materials and supplies. The relocation of the West Frankfort Extension Center also resulted in the elimination of a monthly rental expense. However, there was an increase in contractual services related to the Student Success Center and providing services to students.

**PUBLIC SERVICES:**

The area of Public Services represents 2.65% of this year's budget or \$1,008,041. This is an increase of 10.72% or \$97,591. A majority of this relates to additional salaries and benefits added to the Corporate Education department due to the elimination of the Workforce Development grant. This change was previously approved in FY 2013 after completion of the budget. Additional funds were also budgeted for contractual trainers in this area for the purpose of expanding Pharmacy Tech and OSHA trainings.

**INSTITUTIONAL SUPPORT:**

The area of Institutional Support represents 17.90% of this year's budget or \$6,809,584. This is a \$212,079 or 3.21% increase. A certain portion of this increase relates specifically to the hosting of the new Jenzabar ERP system and for travel related to Jenzabar training. A contract for the hosting of the system was more cost effective than the purchase of related hardware, staff support costs, and maintenance of that equipment.

However, the majority of this increase is a result of the reorganization of several staff members previously working for departments in the Academic Support area to departments under the category of Institutional support. These reassignments resulted in an increase in salaries and benefits.

- Two staff members relocated from Media Distribution to Information Technology
- Visual Media and the Webmaster positions relocated to College Relations
- A recruiting position reassigned from Admissions to College Relations
- New Grant Director position previously duties fell under Developmental and Education Programming

This budget does reflect a planned decrease in the College's provision for general institutional contingency funds.

**OPERATION AND MAINTENANCE OF PLANT:**

The area of Operation and Maintenance represents 11.84% of this year's budget or \$4,503,157. This is a decrease of 2.26% or \$104,093. Budgeting in this area included decreases in contractual services and general materials and supplies. In addition, the provision for contingency funds was reduced in this area.

There were increases in expected utility expenses based on prior year experience and the addition of some square footage in West Frankfort. An increase in capital outlay was reflected for custodial and grounds maintenance equipment.

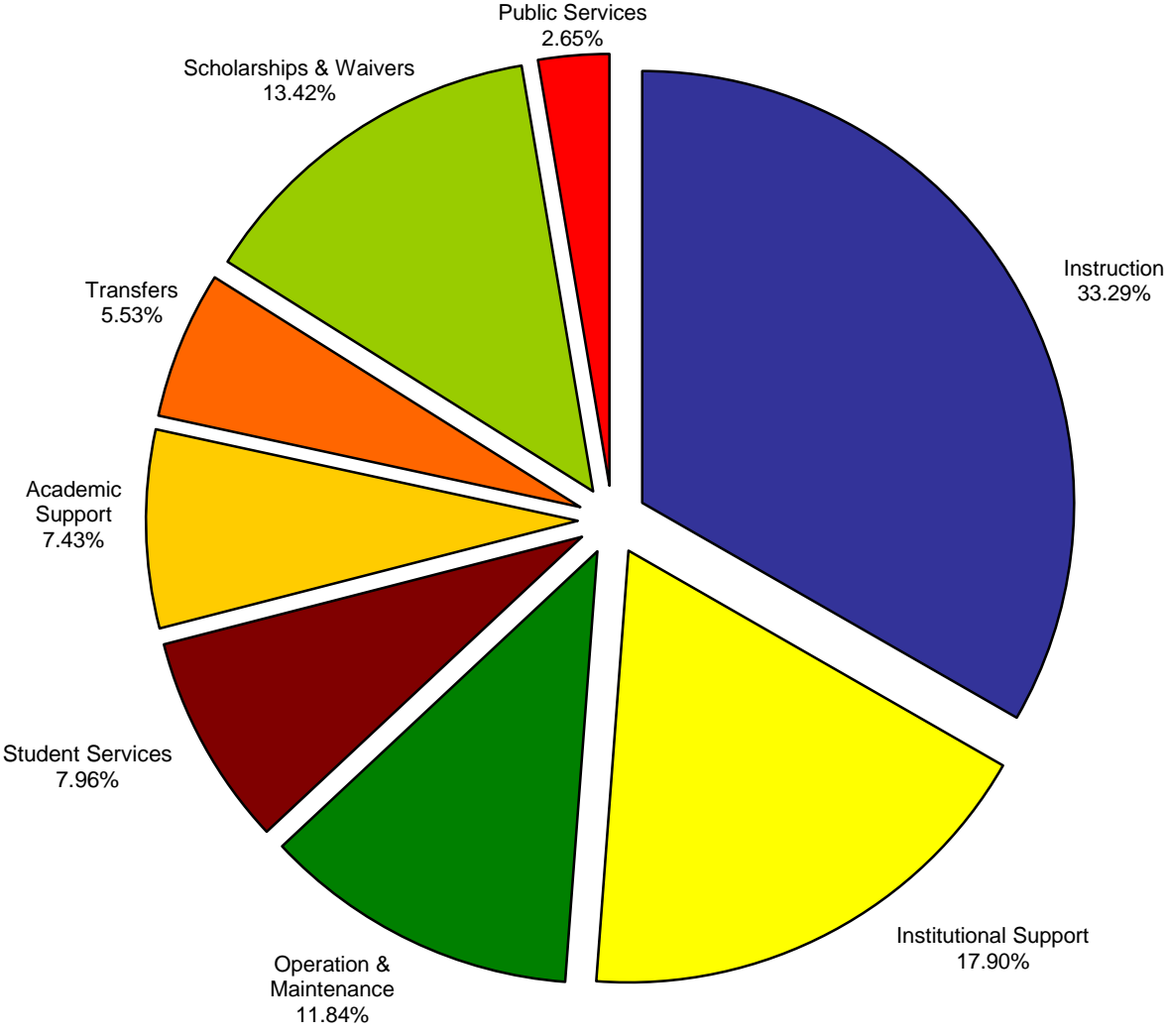
**EXPENDITURE COMPARISON  
OPERATING FUNDS**

<b>BY PROGRAM</b>	<b>FY 14 Tentative Budget</b>	<b>FY 13 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Budget</b>
INSTRUCTION	\$12,661,087	\$ 12,883,385	\$ (222,298)	(1.73%)	33.29%
ACADEMIC SUPPORT	2,816,434	3,173,258	(356,824)	(11.24%)	7.41%
STUDENT SERVICES	3,025,235	3,070,545	(45,310)	(1.48%)	7.96%
PUBLIC SERVICES	1,008,041	910,450	97,591	10.72%	2.65%
OPERATION & MAINTENANCE	4,503,157	4,607,250	(104,093)	(2.26%)	11.84%
INSTITUTIONAL SUPPORT	6,809,584	6,597,505	212,079	3.21%	17.90%
SCHOLARSHIPS & WAIVERS	5,102,000	5,052,743	49,257	0.97%	13.42%
TRANSFERS	2,102,938	1,755,259	347,679	19.81%	5.53%
	<b>\$ 38,028,476</b>	<b>\$ 38,050,395</b>	<b>\$ (21,919)</b>	<b>(0.06%)</b>	<b>100.00%</b>

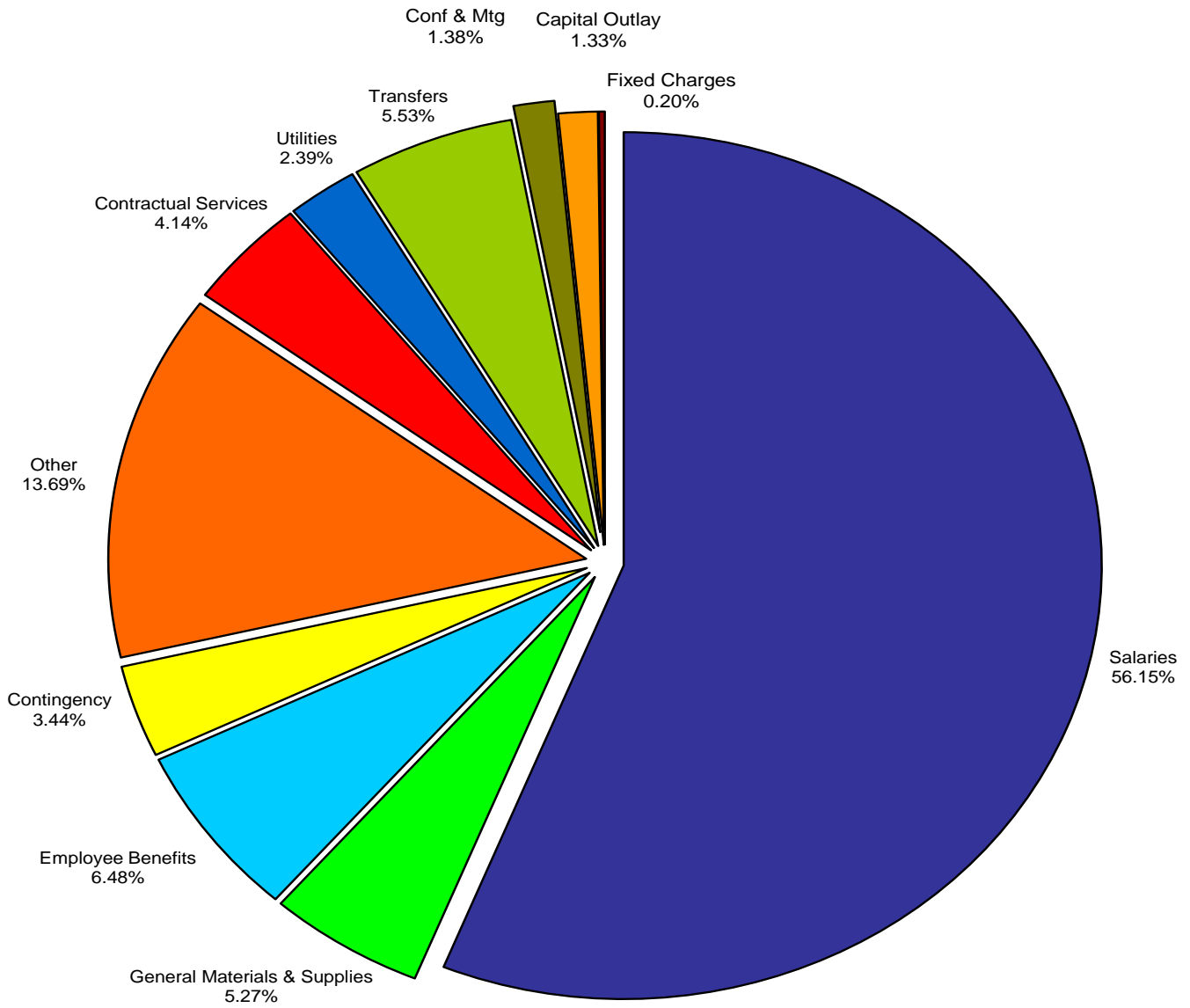
<b>BY OBJECT</b>	<b>FY 14 Tentative Budget</b>	<b>FY 13 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY14 Budget</b>
SALARIES	\$21,352,038	\$ 21,340,118	\$ 11,920	0.06%	56.15%
EMPLOYEE BENEFITS	2,463,331	2,355,741	107,590	4.57%	6.48%
CONTRACTUAL SERVICES	1,573,226	1,487,884	85,342	5.74%	4.14%
GENERAL MATERIALS & SUPPLIES	2,002,331	1,694,977	307,354	18.13%	5.27%
CONFERENCE & MEETING	524,550	426,564	97,986	22.97%	1.38%
FIXED CHARGES	77,687	94,738	(17,051)	(18.00%)	0.20%
UTILITIES	910,193	878,935	31,258	3.56%	2.39%
CAPITAL OUTLAY	506,147	832,140	(325,993)	(39.18%)	1.33%
OTHER	5,206,035	5,229,039	(23,004)	(0.44%)	13.69%
CONTINGENCY	1,310,000	1,955,000	(645,000)	(32.99%)	3.44%
TRANSFERS	2,102,938	1,755,259	347,679	19.81%	5.53%
	<b>\$ 38,028,476</b>	<b>\$ 38,050,395</b>	<b>\$ (21,919)</b>	<b>(0.06%)</b>	<b>100.00%</b>

Note: Includes Education and Operations & Maintenance Funds.

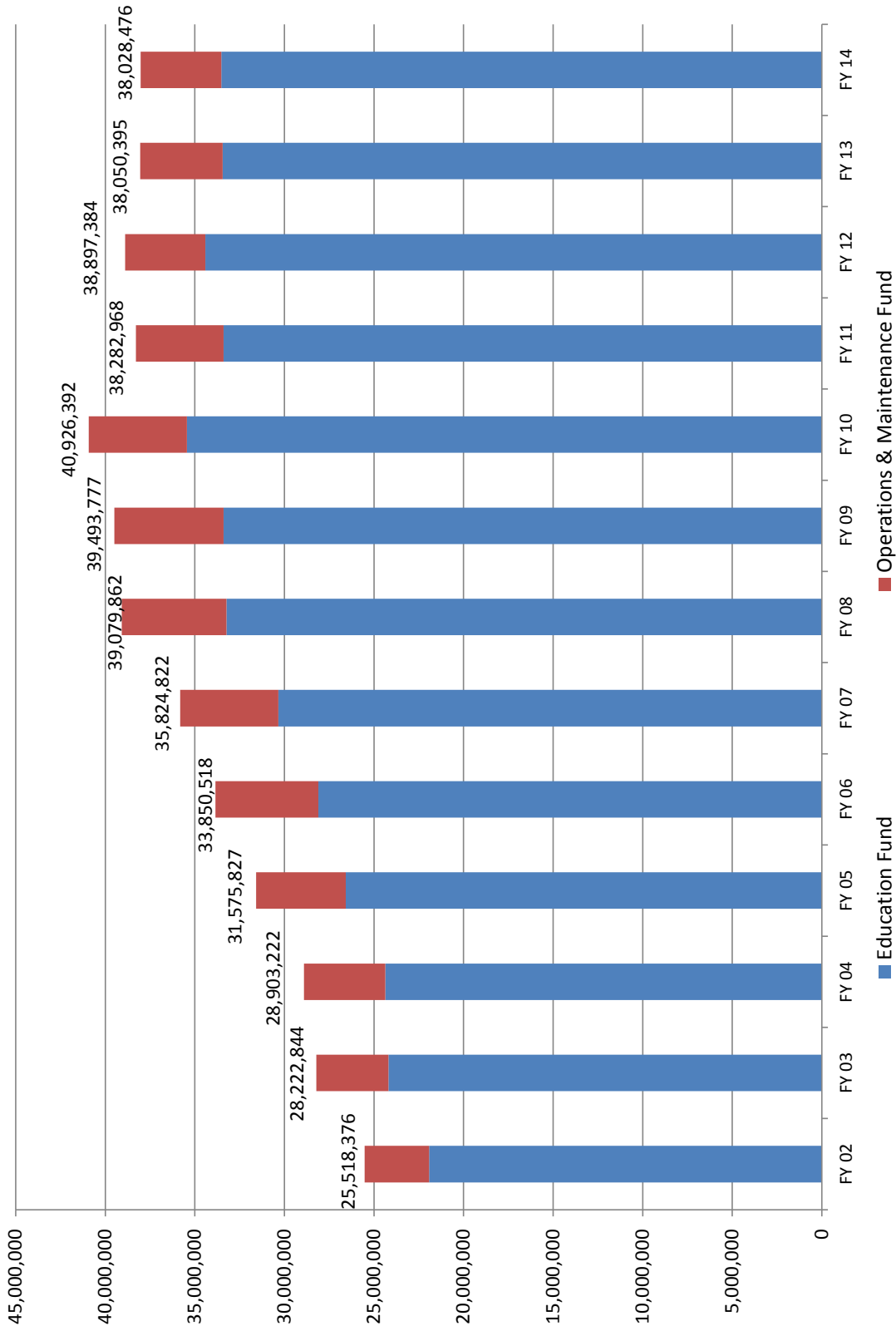
# Expenditures by Program Operating Funds FY 2014



# Expenditures by Object Operating Funds FY 2014



## Adopted Budget History Operating Fund Expenditures-FY02 to FY14 (tentative)





## **NON-OPERATING BUDGETARY FUNDS**

### **BOND AND INTEREST FUND:**

This fund is established for the payment of principal, interest and related charges of any outstanding bond issue. For FY 2014, \$1,731,138 in principal and interest payments are scheduled. Of this amount, \$386,088 is specifically related to the repayment of principal and interest for the newly issued debt certificates related specifically for the purpose of purchasing and implementing a new Enterprise Resource Planning (ERP) system. The remaining budgeted expenditures are related to bonds issued in 2007 for the purpose of construction.

### **AUXILIARY ENTERPRISES FUND:**

The Auxiliary Enterprises Fund accounts for college services where a fee is charged to students/staff and the activity is intended to be self-supporting. Examples of accounts in this fund include food services, bookstore, copy/supply center, and intercollegiate athletics. Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2014, expenditures in this fund are estimated at \$1,877,362 with \$1,200,000 being provided by the Education Fund transfers.

### **AUDIT FUND:**

The Audit Fund is established for recording the payment of auditing expenses. During FY 2014, \$52,495 will be budgeted to cover expenditures in this fund. This amount includes \$47,995 for the performance of an external audit by an independent CPA firm and \$4,500 for a consultant to provide actuarial services related to a GASB reporting requirement for post-employment benefits.

### **LIABILITY, PROTECTION AND SETTLEMENT FUND:**

This fund accepts special levies for tort liability, property insurance, Medicare insurance, FICA taxes and workers' compensation. The monies in this fund should be used only for the payment of tort liability, property, unemployment or workers compensation insurance or claims, and the cost of participation in the Federal Medicare program. During FY 2014, this budget amount is \$1,791,730. Expenditures in this fund include insurance costs for property and casualty, and the cost of maintaining and expanding the Campus Police operations. The College will include attorney fees pertaining to liability protection plus a portion of staff members' time that are active in the functions of this fund.

### **RESTRICTED PURPOSES FUND:**

This fund is for the purpose of the accounting for monies that have restrictions regarding their use. This fund accounts for state and federal grants plus other specific use contracts. Student financial aid funds are a primary source of expenditures in this fund. During FY 2014, we will budget \$21,710,362 in this fund. The College feels this will adequately meet the needs of the Restricted Fund.

### **ADDITIONAL BUDGET INFORMATION RESTRICTED PURPOSES FUND:**

After consultation with the external auditors, remaining revenue from the debt certificates and expenditures budgeted for both the purchase of the Jenzabar ERP system and payment of the contractual agreement with CampusWorks were placed in the Restricted Purposes fund. The amounts below do not include the hosting of the new ERP system which is budgeted in the Education fund.

FY 2014 Restricted Purposes Fund Breakdown of Budgeted ERP Expenditures:

- \$408,898 Jenzabar Software
- \$364,065 Jenzabar Implementation Services
- \$228,970 Jenzabar Training
- \$166,023 Jenzabar Maintenance Agreement-Year One
- \$13,000 Jenzabar Reimbursable Travel
- \$566,280 CampusWorks Annual Agreement
- \$1,747,236 Total ERP Expenditures budgeted in Restricted Fund for FY 14

CampusWorks contract is 30 months. Expensed four months in FY 13 and will extend through FY15 and two months into FY16.

Remainder of prepaid Jenzabar year two and three maintenance agreement will be expensed in FY15 and FY 16.

**OPERATIONS AND MAINTENANCE (RESTRICTED) FUND:**

This fund is utilized to account for monies restricted for building purposes and site acquisition. This fund primarily will be expending bond proceeds acquired for the new building project, protection, health and safety levies, plus transfers from operating funds and interest earnings. The amount of \$2,627,251 is being budgeted in this fund. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects.

**BUDGET BREAKDOWN OF OPERATIONS & MAINTENANCE (O & M)-RESTRICTED FUND:**

**CAPITAL PROJECTS-FY 2014**

CHEC Pool Roof	\$400,000
West Frankfort Extension	134,750
Dental Remodel (Bonds)	355,220
Cosmetology Remodel (Bonds)	787,281
Shipping & Receiving Relocation	75,000
Campus Police Relocation (PHS)	180,000
PHS Miscellaneous	620,000
Carpet Replacement	50,000
General Remodeling	25,000

**Total O&M Restricted** **\$2,627,251**

Notes:

CHEC stands for Community Health Education Complex

PHS stands for Protection Health Safety

## **FUND BALANCE GOALS**

Awareness of the appropriate level of balance in the College's various funds is the first step in developing financial forecasts and plays a part in strategic planning as well. The College's operating fund is appropriate, which means that in the short-term, the College is very stable. However, long-term stability cannot be assured without significant attention being placed on both the working cash and auxiliary funds. These are the funds that determine whether or not the College remains stable in volatile or lagging state cash flow, stagnant local property values and associate revenue, or during a prolonged enrollment decline. The cash flow from the State of Illinois since 2009 relative to ICCB revenues has reinforced the importance of healthy fund balances in the operating, working cash and auxiliary funds. The following plan will provide the framework from which the College can build future budgets and financial forecasts.

### **OPERATING FUNDS:**

The goal is to hold a combined balance in the education and operation and maintenance funds equal to 25% of annual operating expenditures. The College is currently above this target percentage at 37.41%.

### **WORKING CASH FUND:**

The goal is to hold a balance equal to 15% of annual operating expenditures in the working cash fund. The College currently has a fund balance representing 5.27% of annual operating expenditures.

### **AUXILIARY FUND:**

The goal is to hold a balance equal to 10% of annual operating expenditures in the auxiliary fund. The College currently has a fund balance representing 6.15% of annual operating expenditures in this fund.

### **SUMMARY:**

These goals establish a general direction and serve to inform the College on what to do during years in which extra resources are available. Though they are not high enough to place the College ahead of all peers, neighbors, and the statewide average, when established in 2008 the goals are high enough to ensure adequate stability as the College looks to the future. Because these goals were created prior to the significant state cash flow problem that began in 2009, these fund balance goals, especially the operating fund balance goal, should be re-examined in 2014.

A responsible approach to meet the auxiliary fund and working cash fund balance goals is to diligently plod along, transferring funds annually into these funds, attempting to reach the target by 2020, while maintaining the targeted operating fund balance.

Initial focus needs to be placed on the auxiliary fund. While the auxiliary fund balance goal is being attacked, attention will need to be placed on the working cash fund balance, possibly through a future debt issue applied to the tax levy. Throughout the process of building these fund balances, the College will continue historical annual transfers to the restricted building fund to enable its investment in facility renovations.

**JOHN A. LOGAN COLLEGE DISTRICT  
EQUALIZED ASSESSED VALUATION**

<b>COUNTY</b>	<b>2012 PAYABLE IN 2013</b>	<b>2011 PAYABLE IN 2012</b>	<b>\$ INCREASE (DECREASE)</b>	<b>% INCREASE (DECREASE)</b>
Williamson	\$919,939,174	\$906,001,510	\$13,937,664	1.54%
Jackson	672,273,769	672,534,952	(\$261,183)	(0.04%)
Perry	83,641,699	82,191,295	\$1,450,404	1.76%
Randolph	10,416,804	10,071,546	\$345,258	3.43%
Franklin	77,500,710	76,817,046	\$683,664	0.89%
<b>TOTAL</b>	<b>\$1,763,772,156</b>	<b>\$1,747,616,349</b>	<b>\$16,155,807</b>	
			<b>OVERALL INCREASE</b>	<b>0.92%</b>