



# **Budget Analysis Fiscal Year 2017**

**John A. Logan College**

**Carterville, IL 62918**

June 28, 2016

**JOHN A. LOGAN COLLEGE  
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BUDGET ANALYSIS  
FY 2017**

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## **Budget Calendar – FY 2017**

### **JANUARY to FEBRUARY**

- New budget version created in budgeting software
- Historical data for FY 15 expenditures and FY 16 budget imported into budgeting software
  - Salary and fringe benefit projections developed

### **MARCH**

- Perform revenue projections
- Refresher trainings held with staff on budget development

### **APRIL**

- Budget Officers work to build detailed departmental budgets and justify requests
  - Budget Officers submit departmental budgets to respective Deans
    - Deans submit departmental budgets to division heads
- Dean for Financial Operations meets with each division head and their Deans to review requests

### **MAY**

- Legal budget preparation by the Dean for Financial Operations
- Budget meeting with Board Finance Committee May 16, 2016
- Tentative budget submitted to Board of Trustees May 24, 2016
  - Tentative budget put on public display

### **JUNE**

- Additional budget analysis
  - Public budget hearing
- Proposed final budget submitted to the Board of Trustees June 28, 2016

**BUDGET PROCESS FY 2017:**

- Budgeting for Salary & Benefits
- Group meeting held by Vice-President of Business Services with College staff
- Refresher budget software trainings were held with Budget Officers
- Discussions with Budget Officers regarding the need for a retrenchment budget and identifying basis operational needs.
- Held discussions with Administration on their role and the review/approval process
- Detailed departmental budgets were submitted first at the Dean's level and then to the Head of the Division for review, approval, or revisions
- Additional discussions with the President and Vice-Presidents
- Reports were generated
- A tentative legal budget was prepared
- Budget was reviewed with Board Finance Committee on May 16, 2016
- Board of Trustees met to approve display of tentative budget on May 24, 2016
- Notification published in local newspaper
- Budget was put on public display for 30-day period of inspection
- A public budget hearing has been scheduled immediately prior to regular June Board meeting
- Proposed final budget will be submitted to the Board of Trustees June 28, 2016

**FACTORS AFFECTING FY 2017 BUDGET PROCESS:**

- Failure of the Legislators to pass an IL State budget for the FY 2016 year
- Unpredictable State funding levels for FY 2017
- Staff Reduction in Force
- Retirements and Attrition Planning
- Statewide and National downward enrollment trends
- Technology needs

# *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:**

- Alignment with Strategic Plan
- Departmental Budget Officers fully engaged in budgeting process
- Continue to provide line item detail and justification of expenditures
- Deans and Division Heads perform a detailed review of total departmental expenditures
- Historical comparison to both the prior year's budget and also to actual expenditures
- Expenditures properly allocated to reflect appropriate department and expense category
- Utilize reporting capabilities during budget development and creation of tentative budget
- Adopt tuition rate designed to generate additional revenue
- Reduction of discretionary line items
- Overall expenditure retrenchment to match revenue reductions

## **BUDGET MESSAGE**

By Brad McCormick, Vice-President of Business Services & College Facilities:

For the second year in a row, John A. Logan College must present a budget built upon speculation regarding the level of state funding, as the State of Illinois moves into the 2<sup>nd</sup> year without a state budget for higher education. In absence of the assurance of state funding for fiscal year 2017 and with dramatically reduced beginning fund balances resulting from having only received 35% of the previous year's budgeted state revenues, the College is projecting state revenues to average 63% of those originally committed by the state in fiscal year 2015. In addition, the budget includes a plan to propose for Board consideration a \$10 tuition increase effective with the spring 2017 semester. Expenses in the operating funds have been reduced by double digits for the second year in a row. This year by 15.7% to achieve the ending result of a \$123,511 operating deficit. With such a dramatic reduction in state revenues, a very small operating deficit would not have been possible without utilizing previously accumulated Auxiliary funds held in reserve of just under \$1.4 million.

Salaries and benefits were reduced in this budget by \$4.1 million, even after contractual raises were applied due to a significant reduction in staff at the end of fiscal year 2016. Total salaries paid will be 16.1% less in fiscal year 2017. Double digit reductions were also made in the areas of materials & supplies, conference & meeting expenses, and capital outlay. All categories of spending in the operating funds combined yield a budget that has dropped by almost \$5.4 million for fiscal year 2017 to a total of \$28.9 million.

Though there is no additional debt issuance anticipated in this budget, debt issued last year to fund the payment of post-employment benefits paid to retirees has a significant positive impact on this new budget. The College will continue to monitor outstanding debt from a 2007 debt series to determine when refinancing that debt would yield the greatest amount of savings.

A significant challenge for this year is to curb the statewide trend of enrollment decline while at the same time deliver services with fewer full-time staff. It is critical to do so, because 75% to 80% of total revenue is tied directly to the College's performance in the area of generating credit hours.

During this year, the College must closely manage cash flow. This is critical given that \$5.7 million of operating fund balance is projected to be depleted by the end of the current year. The College has only received \$4 million of stop gap state funding in FY 2016 that was expected to be over \$11 million. We will regularly monitor our cash positions utilizing our "Stages of Action" plan.

In the coming year, it is the administration's goal to also work with the Board of Trustees to develop board policies on debt management, a balanced budget policy that includes directives regarding steps to be taken when a budget includes a deficit, and a policy that moves our fund balance targets from informal targets to goals expressed in policy. All three of these will be helpful in building the fiscal year 2018 budget.

For the FY 2017 budget year, the College was forced to make very difficult decisions to bring expenses more closely in line with the uncertain revenues that have become so much a part of publicly supported institutions in Illinois. We will continue our history of sound financial planning and excellent service to our district. The resources provided in this budget will allow the College to continue its commitment to our mission by improving individual life and society through high quality, accessible educational programs, and engaged learning opportunities.

### **INSTITUTIONAL ACCOMPLISHMENTS EXPECTED IN FY 2017:**

- Completion of Community Health Education Complex (CHEC) mechanical system replacement
- Continued capital investment in facilities by replacement of buildings A & C mechanical systems
- Reclassification of the Preschool operations as an auxiliary enterprise to become self-supporting
- Proposal for consideration of a \$10 per credit hour tuition increase for the spring of 2017 term
- Implementation of a new Information Technology Help Desk contract to assist students
- Develop board policies related to balanced budgets, debt management, and fund balance goals
- Partial refinancing of 2007 general obligation bonds for interest savings

### **STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2017 BUDGET:**

With such an extreme reduction in expected state revenue and a goal of expenditure retrenchment, it was not possible to find much in the way of new funds for the start of additional strategic projects. However, the College budget does provide support to explore a partnership with Southern IL University for potential development of an Agriculture program or to explore other new program opportunities. The SIU partnership has been previously presented to the Board for discussion. The budget also maintains support for many ongoing strategic initiatives that were supported in the prior budgets. There is ongoing support for technology in the following areas: ERP system, Learning Management (LMS) system, computer labs, Smart Classroom maintenance, scheduling software, and the College's website. The College budget includes support for a Diversity and Inclusion department. Student Success is supported through notetaking services, tutoring centers, interpreter services, testing services, and job placement services. The College also continues to support students through a student work program, institutional waivers and scholarship funds.



**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.



## **OPERATING FUNDS RESOURCE INFORMATION FY 2017**

Without considering the fund balance accumulated from prior years, the current operating revenue of \$28,804,820 reflects a (\$5,524,480) or a (16.09%) decrease as compared to \$34,329,300 from the prior year. This is mostly due to assumptions of only partial funding from the State of Illinois.

### **LOCAL GOVERNMENT SOURCES: \$6,969,000 or 24.20% of Budgeted Operating Revenues:**

Property tax revenues are currently projected to be \$6,417,000 or 22.28% of operating revenues. This amount is a projected budgeted decrease of (\$33,000) or a (0.51%). The last audited EAV numbers for each county were utilized along with an assumed 1.00% growth for the next two tax years that are each allocated 50% towards the fiscal year. The maximum allowed tax rates of .30 and .05 were assumed for the Education fund and the Operations and Maintenance fund, respectively.

In other local sources, Corporate Personal Property Replacement Tax is budgeted at \$532,000 which is a decrease of (\$18,000) or (3.27%) as compared to the prior budget. This is based on the fact that Local governments across Illinois were notified by the IL Department of Revenue that due to an administrative error prior allocations of CPPRT have been overstated since 2014 and that reductions as well as a payback plan would be necessary. John A. Logan's estimated over payment is \$78,370. A repayment scheduled has not been determined yet. Chargeback revenue received from other Community Colleges for their district's students taking classes not offered at their College is budgeted at a flat amount of \$20,000.

### **STATE GOVERNMENTAL SOURCES: \$7,116,320 or 24.71% of Budgeted Operating Revenues:**

State revenue sources reflect a major decline in budgeted revenue. Many different funding scenarios are being utilized by Community Colleges throughout the state, but the reality is with the lack of a FY 2016 IL budget, there is no solid information to go on. At this point, the only suggested method is to take FY 2015 numbers as originally allocated and make assumptions regarding a percentage of possible funding. For FY 2017, ICCB Base Operating grant funds were budgeted with an assumption of 50% funding. This is an estimate of \$1,961,470 which is a decrease of (\$1,778,530) or (47.55%) from the prior year's budget. Due to the makeup of the funding formula, Equalization grants were assumed at a higher level of 70% funding, and account for \$5,154,850 of expected revenue. This is an estimated decrease of (\$1,960,150) or (27.55%) from the prior year's budget. FY 2017 amounts for Base Operating and Equalization grants were allocated 70% to the Education fund and 30% to the Operations and Maintenance Fund.

ICCB Vocational grants were not budgeted for FY 2017. This funding represented \$400,000 in the prior FY 2016 budget, but to date no funds have been allocated for FY 2016 year. For the same reason, no funding assumptions were also used for Performance Based funding and any special designated grants such as the ICCB Veterans grant.

## **TUITION AND STUDENT FEES: \$14,500,000 or 50.34% of Budgeted Operating Revenues:**

For FY 2016, the in-district tuition rate is \$109 per credit hour along with a \$5 per hour technology fee. The summer and fall 2016 terms were held at the same tuition rate. However during budget preparations, plans were based on a future proposal being brought to the Board of Trustees for consideration of a \$10 per credit hour increase effective with spring of 2017. This increase would bring expected revenue of \$300,000.

Even with this proposal, student tuition and fees are anticipated at a total of \$14,500,000 as compared to \$15,355,500 budgeted for the prior year. This is a projected decrease of (\$855,500) or (5.57%) from the prior budget. Tuition calculations utilized actual revenue from FY 2015 as a starting basis and adjustments were made for current tuition rates, plus the proposed rate for spring of 2017. Calculations for various student fees were performed by looking at where FY 2016 numbers are expected to finish for the current year. The \$5 per hour technology fee revenue will again be dedicated to the network upgrade project. Discussion below talks about factors that led to using this more conservative approach.

Despite strong efforts in recruitment and student advisement, the Administration has to look at other factors that for now force more conservative tuition estimates. For multiple years, the College has experienced over \$300,000 in lost tuition revenue due to unfunded financial aid programs. With the uncertainty of any MAP funding related to the spring 2016 term, this could be doubled for FY 2016. The College fronted these funds to students to assist them with staying in the classroom. However, it would be difficult to continue this practice in FY 2017 if there is still no state budget to support the MAP grants. It is unknown how greatly this might impact retention in the coming year.

With the continued statewide and national trends of enrollment decline, the average credit hours per student continuing to be lower than in the past, and the College having to restructure several courses to a non-credit format, the stability of credit hour generation is much more uncertain than it has been in many years. With student tuition being the largest single source of revenue, it is important that estimates not be overstated.

These factors discussed above, combined with the projections of another significant revenue source, state funding, being so highly unpredictable led to using caution with tuition revenue projections.

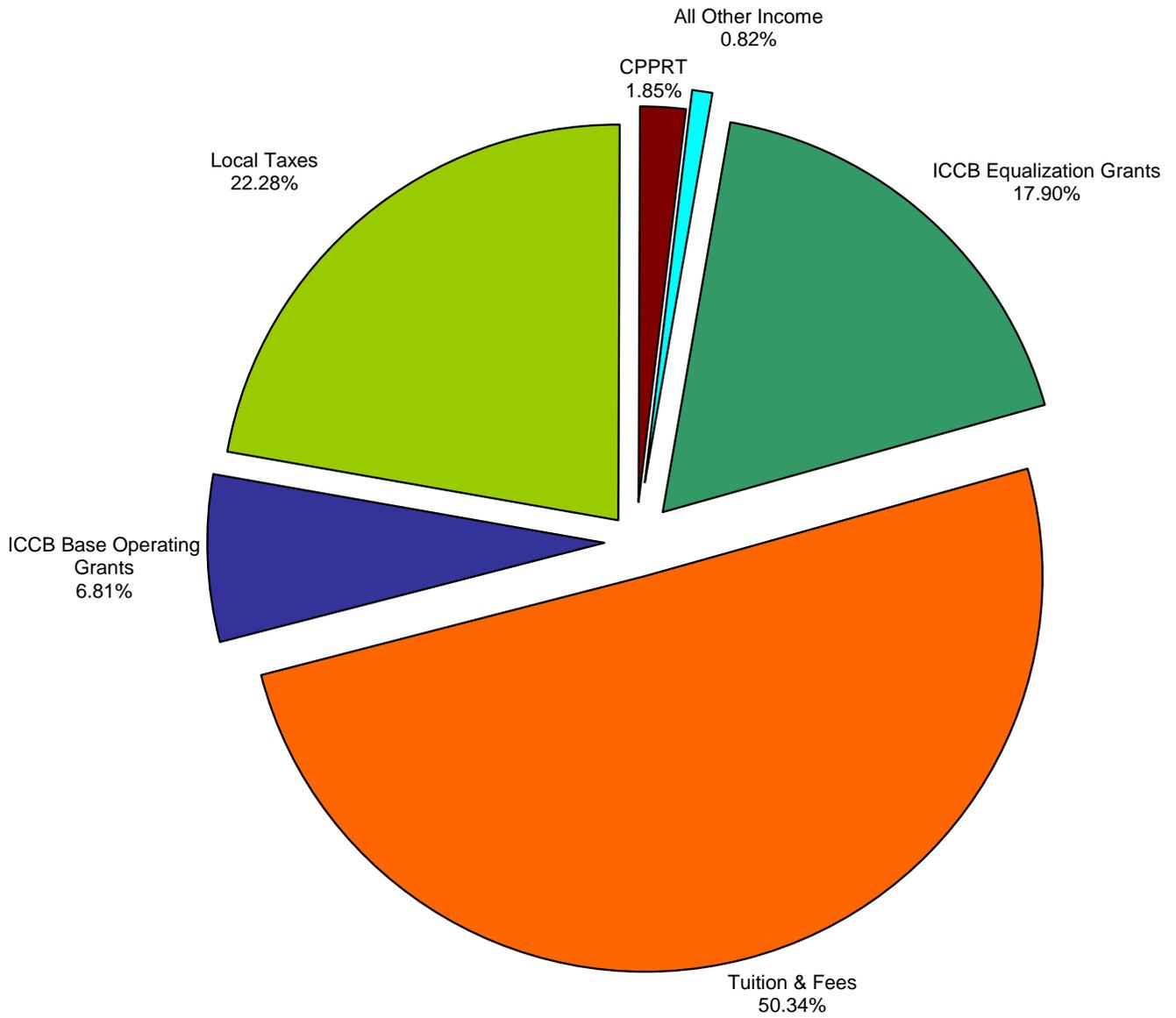
## **OTHER REVENUE SOURCES: \$219,500 or 0.76% of Budgeted Operating Revenues:**

Remaining sources of budgeted operating revenue include Sales and Service Fees of \$62,500, interest income of \$32,000, facilities revenue of \$7,000, SICCM Admin fees for payroll processing of \$50,000, aid from the FWROE of \$60,000, and other nominal sources. FY 2016, included a refund of past SICCM assessment fees that will not be applicable to FY 2017. Therefore, this category of Other Revenue is reduced from the prior year's budget.

RESOURCE COMPARISON BY SOURCE - FY 2017 to FY 2016					
OPERATING FUNDS					
BY REVENUE SOURCE:	FY 2017 Tentative Budget	FY 2016 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY17 Revenue
LOCAL PROPERTY TAXES	6,417,000	6,450,000	(33,000)	(0.51%)	22.28%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	532,000	550,000	(18,000)	(3.27%)	1.85%
CHARGEBACKS	20,000	20,000	-	0.00%	0.07%
ICCB BASE OPERATING GRANTS	1,961,470	3,740,000	(1,778,530)	(47.55%)	6.81%
ICCB EQUALIZATION GRANTS	5,154,850	7,115,000	(1,960,150)	(27.55%)	17.90%
ICCB VOCATIONAL GRANTS-INSTRUCTIONAL	-	400,000	(400,000)	(100.00%)	0.00%
ICCB PERFORMANCE ALLOCATION GRANT	-	10,000	(10,000)	(100.00%)	0.00%
ICCB VETERANS GRANT	-	53,400	(53,400)	(100.00%)	0.00%
STUDENT TUITION & FEES	14,500,000	15,355,500	(855,500)	(5.57%)	50.34%
SALES & SERVICE FEES	62,500	225,000	(162,500)	(72.22%)	0.22%
INTEREST ON INVESTMENTS	32,000	31,000	1,000	3.23%	0.11%
FACILITY USE	7,000	30,000	(23,000)	(76.67%)	0.01%
OTHER INCOME	118,000	349,400	(231,400)	(66.23%)	0.41%
<b>TOTAL</b>	<b>\$ 28,804,820</b>	<b>\$ 34,329,300</b>	<b>\$ (5,524,480)</b>	<b>(16.09%)</b>	<b>100.00%</b>

Note: Includes Education and Operations & Maintenance Funds.

# Revenues Operating Funds FY 2017



## **OPERATING FUNDS EXPENDITURE INFORMATION – BY PROGRAM FY 2017**

Budget officers across all departments of the campus were trained on the budget development tool utilized for detailed expenditure requests. For comparison purposes, each department was given detailed line item information on actual expenditures for FY 2015 and original budget for FY 2016.

Total budgeted operating expenditures for FY 2017 are \$28,928,331 as compared to \$34,319,521 for FY 2016. This is a decrease of (\$5,391,190) or (15.71%). You will need to go back to FY 2004 to find comparable budgeted operating expenditures at this reduced level.

Changes resulting from attrition, a reduction in force, and from the reallocation of the Preschool to the Auxiliary fund 05 accounted for a total of (\$3,319,136) in salary savings and (\$797,240) in benefit reductions. The College also received news that its health insurance premiums would see no increase next year.

As compared to FY 2016, contractual services were fairly flat at \$1,704,271 showing only an \$18,528 or 1.10% increase. However, there were significant reductions to supplies of (\$215,079). Conference and meeting expenses, capital outlay requests, and other expenses were also reduced. Smaller reductions were seen in other expenditures such as utilities.

Transfer from the Education Fund to support other funds were significantly reduced from \$1,706,600 in the prior budget to \$906,274 in FY 2017. These transfers included support for non-PHS construction, repayment of debt certificates, transfer of student technology fees to support the agreement with Dell for the network upgrade, reimbursement of staff wellness expenses at the CHEC facility, and a small required grant match. No other subsidies were budgeted to support the Auxiliary Fund operations of Athletics, the CHEC facility, or Preschool operations.

Operating expenditures include a small provision for contingency funds of \$260,000 which is 0.9% of budgeted expenditures. These funds are available for emergencies and unforeseen budget issues, and close monitoring of these funds will be performed by the College Administration. \$50,000 is specifically in the Operations and Maintenance fund to assist with unforeseen facility issues. The remainder resides in the Education fund, and is allocated for needs in each division and to a general contingency.

### **INSTRUCTION: \$9,371,274 or 32.4% of Budgeted Operating Expenditures**

Instruction consists of those activities dealing directly with the teaching of students. It includes the activities of faculty in the baccalaureate-oriented/transfer, occupational-technical career, general studies, and remedial and ABE/ASE programs.

As compared to the prior year's budget, Instruction experienced a decrease of (20.73%) or (\$2,450,421). This include salary reductions of (\$2,183,016) and benefits of (\$270,517). Reductions were also seen in contractual services, supplies, conference and meeting expenses, and capital outlay requests. There was an increase in the category of other instructional expenses related to SICCM seat assessment fees that were not applicable the prior year.

**ACADEMIC SUPPORT: \$2,046,446 or 7.1% of Budgeted Operating Expenditures**

This category includes activities designed to provide support services for the institution's primary missions of instruction and public service. Academic support includes the operation of the library, educational media services, and academic computing used in the learning process.

As compared to the prior year's budget, Academic Support experienced an overall decrease of (4.42%) or (\$94,554). Small decreases were seen across multiple areas of: salaries, contractual services, conference and meeting expenses, and capital outlay.

Budget requests in this area included \$20,000 to upgrade existing Smart classrooms. In addition, \$21,500 was budgeted to support computer labs. Funds were also budgeted to support the maintenance of the Desire2Learn LMS system and the EMS scheduling software that assists with classroom and facility scheduling.

**STUDENT SERVICES: \$2,973,298 or 10.3% of Budgeted Operating Expenditures**

The student services function provides assistance in the areas of financial aid, admissions, placement, testing, counseling, and student activities.

As compared to the prior year's budget, Student Services experienced an increase of 4.93% or \$139,634. Slight increases were seen in salaries, benefits, and supplies due to restructuring of staff assignments. However, contractual services and conference and meeting expenses were reduced.

In addition to services such as Admissions, Advisement, and Financial Aid some examples of normal budget requests in the Student Services area would be to provide student assistance in the areas of testing, interpreting and tutoring services, along with the job fair and other career services.

**PUBLIC SERVICES: \$854,091 or 3.0% of Budgeted Operating Expenditures**

Public service consists of Community Education (noncredit) classes and other activities of an educational nature, such as workshops, seminars, and the provision of college facilities and expertise to the community designed to be of service to the public.

As compared to the prior year's budget, Public Services experienced a decrease of (18.34%) or (\$191,863). Salaries and benefits were decreased in this area due to staff reductions. The item of contractual services was increased in this area.

**INSTITUTIONAL SUPPORT: \$5,335,087 or 18.4% of Budgeted Operating Expenditures**

Institutional support includes expenditures for central executive-level activities and support services that benefit the entire institution. Examples include expenses for the governing board, information technology, fiscal operations, human resources, institutional effectiveness, legal services, etc.

As compared to the prior year's budget, Institutional Support experienced a decrease of (21.50%) or (\$1,461,421). This area experienced a (\$906,330) decrease in salaries and a (\$487,000) decrease in benefits due to staff reductions, attrition, and reorganization. Supplies and conference and meeting expenses were also reduced.

**OPERATION & MAINT. OF PLANT: \$3,337,004 or 11.5% of Budgeted Operating Expenditures**

Operation and maintenance of plant consists of those activities necessary to keep the grounds, buildings, and equipment operating efficiently and ready for use. This function also provides for plant utilities, as well as equipment, materials, supplies, fire protection, and other costs necessary to support this function.

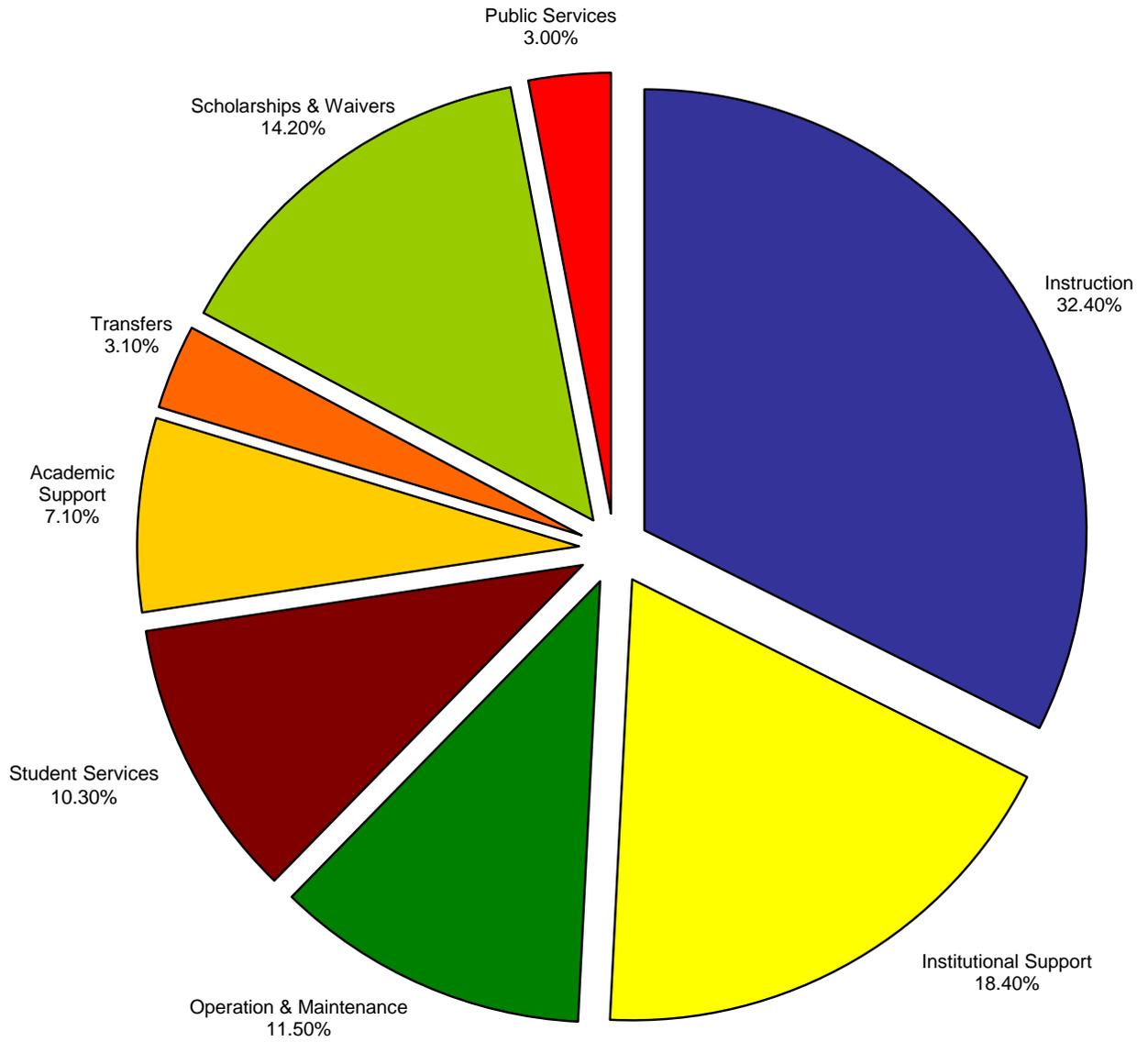
As compared to the prior year's budget, Operation and Maintenance of Plant experienced a decrease of (4.66%) or (\$162,996). This decrease was primarily related to a reduction in part-time Custodial positions and smaller decreases in supplies, conference and meeting expenses, capital outlay, and a nominal amount of utility savings.

**EXPENDITURE COMPARISON - FY 2017 to FY 2016**  
**OPERATING FUNDS (Education and Operations & Maintenance)**

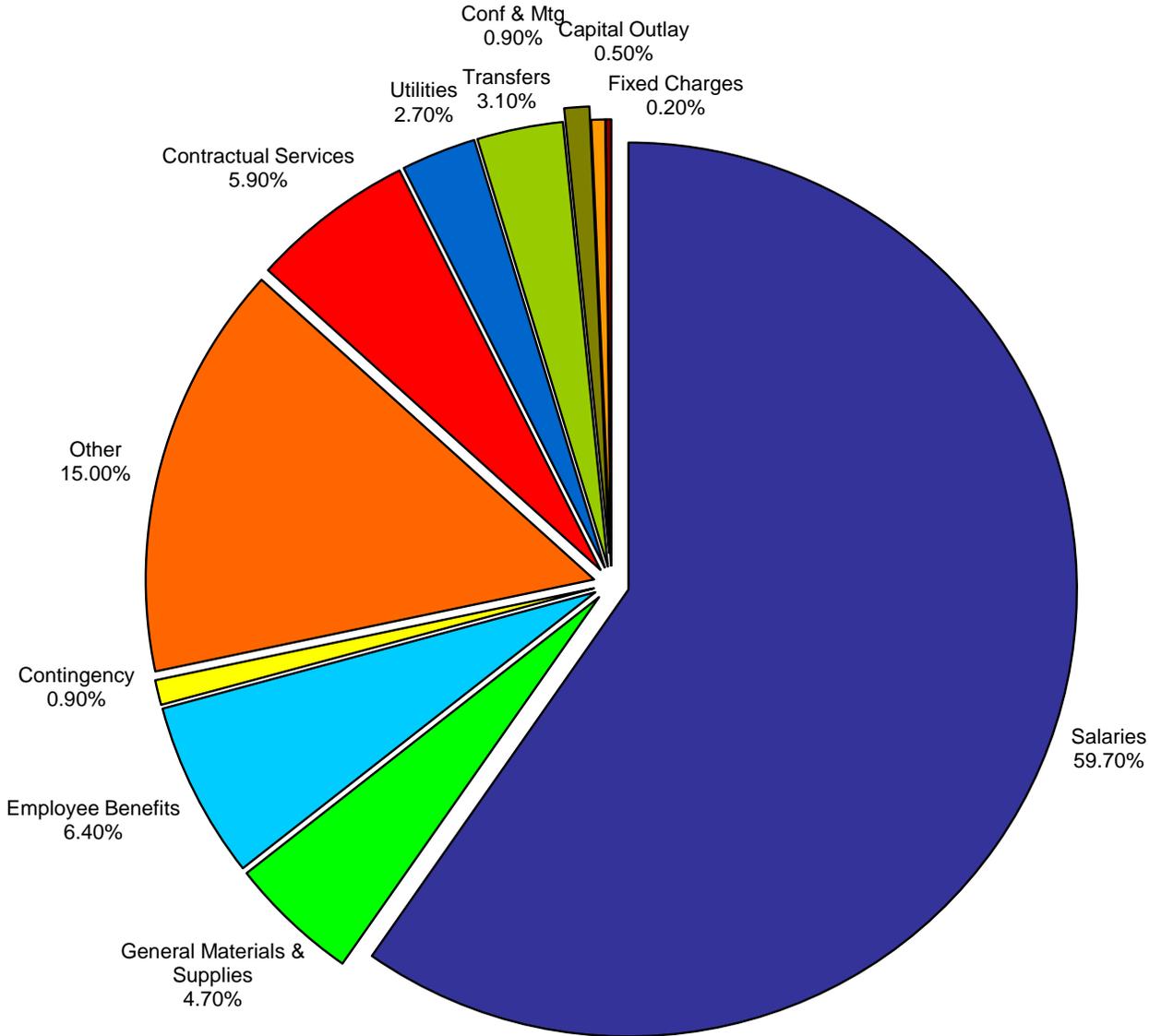
<b>EXPENDITURES BY PROGRAM:</b>	<b>FY 17 Tentative Budget</b>	<b>FY 16 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY17 Budget</b>
INSTRUCTION	\$9,371,274	\$11,821,695	(\$2,450,421)	(20.73%)	32.4%
ACADEMIC SUPPORT	2,046,446	2,141,000	(94,554)	(4.42%)	7.1%
STUDENT SERVICES	2,973,298	2,833,664	139,634	4.93%	10.3%
PUBLIC SERVICES	854,091	1,045,954	(191,863)	(18.34%)	3.0%
OPERATION & MAINTENANCE	3,337,004	3,500,000	(162,996)	(4.66%)	11.5%
INSTITUTIONAL SUPPORT	5,335,087	6,796,508	(1,461,421)	(21.50%)	18.4%
SCHOLARSHIPS & WAIVERS	4,104,857	4,474,100	(369,243)	(8.25%)	14.2%
TRANSFERS	906,274	1,706,600	(800,326)	(46.90%)	3.1%
<b>TOTALS</b>	<b>\$ 28,928,331</b>	<b>\$ 34,319,521</b>	<b>(\$5,391,190)</b>	<b>(15.71%)</b>	<b>100.0%</b>

<b>EXPENDITURES BY OBJECT:</b>	<b>FY 17 Tentative Budget</b>	<b>FY 16 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY17 Budget</b>
SALARIES	\$17,281,063	\$20,600,199	(\$3,319,136)	(16.11%)	59.7%
EMPLOYEE BENEFITS	1,842,344	2,639,584	(797,240)	(30.20%)	6.4%
CONTRACTUAL SERVICES	1,704,271	1,685,743	18,528	1.10%	5.9%
MATERIALS & SUPPLIES	1,373,037	1,588,116	(215,079)	(13.54%)	4.7%
CONFERENCE & MEETING	274,294	362,803	(88,509)	(24.40%)	0.9%
FIXED CHARGES	14,690	15,987	(1,297)	(8.11%)	0.2%
UTILITIES	789,468	803,554	(14,086)	(1.75%)	2.7%
CAPITAL OUTLAY	140,200	191,000	(50,800)	(26.60%)	0.5%
OTHER	4,342,690	4,535,935	(193,245)	(4.26%)	15.0%
CONTINGENCY	260,000	190,000	70,000	36.84%	0.9%
TRANSFERS	906,274	1,706,600	(800,326)	(46.90%)	3.1%
<b>TOTALS</b>	<b>\$ 28,928,331</b>	<b>\$ 34,319,521</b>	<b>(\$5,391,190)</b>	<b>(15.71%)</b>	<b>100.0%</b>

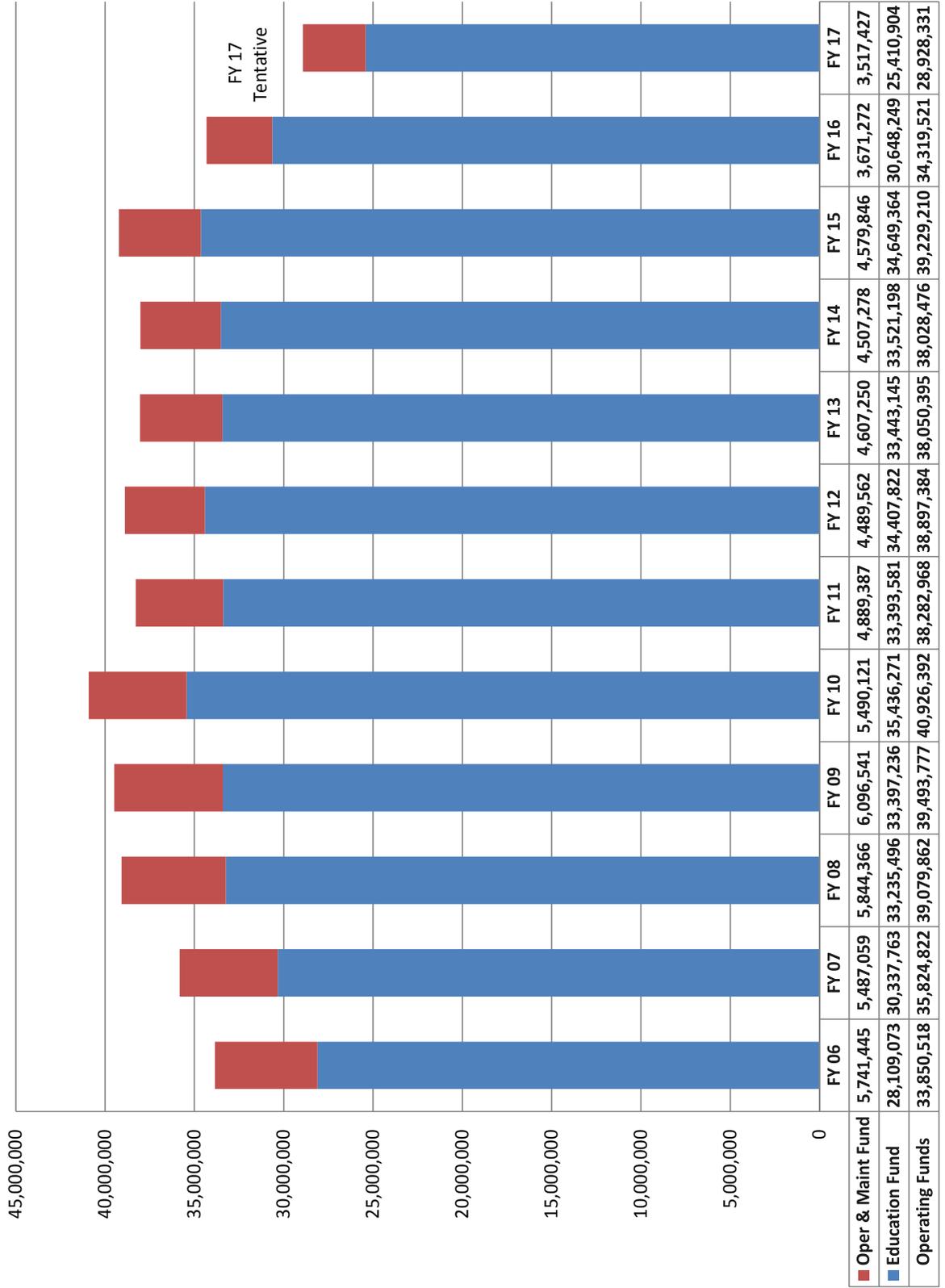
# Expenditures by Program Operating Funds FY 2017



# Expenditures by Object Operating Funds FY 2017



## Adopted Budget History-Operating Expenditures FY 06 to FY 17



## **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 or debt issuance. For FY 2017, \$2,766,220 in principal, interest, and fee payments are scheduled. The breakdown is shown below:

- \$327,911 debt certificates issued 2016 for \$1.5 million in technology improvements to be repaid over a five year period
- \$429,709 bonds issued 2016 for funding a post-employment benefit for retiree insurance
- \$419,550 bonds issued 2014 to refinance debt certificates for the purchase of an ERP system
- \$1,589,050 bonds issued 2007 for the purpose of \$20 million in construction projects

### **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. In the prior budget year, a major change to the Auxiliary Fund was the reallocation of revenue and expenses related to the Community Health Education Complex (CHEC). In the FY 2017 budget, an additional reallocation of revenues and expenses related to the College's Preschool operations was performed. Preschool operations had been accounted for in the Educational Fund for many years, but the Administration feels it will be more accurately represented and better tracked in the Auxiliary Fund.

Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2017, only \$42,650 is being provided by transfers budgeted from the Education Fund. This transfer is specifically related to reimbursing the CHEC facility for the cost of staff wellness waivers agreed to by the College in policy and various union contracts. For this year, there is no transfer amount budgeted to support Athletic programs or other services performed in the Auxiliary Fund. Previously accumulated Auxiliary Fund balance in the amount of \$1,397,025 will be utilized to subsidize these programs and services.

Total expenditures in the Auxiliary Fund are estimated at \$2,499,401. Including the transfer in, total revenue for this fund is projected at \$1,102,376. As with the prior budget year, this practice continues to work against the fund balance goals previously established by the Finance committee, and will erode the accumulated fund balance to an estimated \$402,975 by the end of FY 2017. This is compared to an ending fund balance of \$2.7 million at June 30, 2015. This is a drastic projected decline in a very short two-year period. The College Administration continues to review recommendations related to Athletic programs, and towards actions necessary to eliminate the need to subsidize other Auxiliary operations.

**AUDIT FUND:**

The Audit Fund is established for recording the payment of auditing expenses. During FY 2017, \$44,700 will be budgeted to cover expenditures in this fund. This amount includes \$54,000 for the performance of an external audit by an independent CPA firm less \$9,300 of the portion anticipated to be funded by grant sources. Total revenue of \$45,300 is anticipated from local property taxes and a small amount of interest.

**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, risk mitigation, and the cost of participation in the Federal Medicare program. During FY 2017, this budget amount is \$2,114,569. 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 2017, we will budget \$21,440,930 in this fund. The College feels this will adequately meet the needs of the Restricted Fund.

**ADDITIONAL BUDGET INFORMATION RESTRICTED PURPOSES FUND 06:**

In 2016 the College issued \$1.5 million debt certificates for additional contracts related to technology upgrades and services. The revenue was placed in the Restricted Purposes Fund. Therefore, corresponding expenditures for professional and remote services provided by Jenzabar in relation to both the ERP system and the Higher Reach system which houses the College's Continuing Education courses, and also for payments related to the contractual agreement with CampusWorks were budgeted in the Restricted Purposes Fund. These services include a small contract with Jenzabar for Help Desk support related to student needs. The total dollars for FY 2017 are \$405,930.

In 2016, the College issued bonds related to funding a liability for post-employment benefits. These payments are for obligations related to assisting retirees with the cost of health insurance. For FY 2017, the College has budgeted expected expenditures of \$380,000 in the Restricted Purposes Fund for retiree payments.

**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 protection, health and safety (PHS) levies, plus transfers from operating funds and interest earnings. The amount of \$1,316,898 is being budgeted in this fund. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects.

Breakdown of Operations and Maintenance (Restricted) Fund projects:

<b>CAPITAL PROJECTS BUDGETED</b>				
<b>FY 2017</b>				
<b>Project Description:</b>	<b>PHS Projects</b>	<b>Other O&amp;M (Restricted)</b>	<b>Grant Funds</b>	<b>Total Cost</b>
O'Neil Auditorium Lighting, Strucutural Replacements	150,000			150,000
HVAC & Water Heating Misc. (Buildings A, C, & G)	549,143			549,143
Grounds Storage Roof & Electrical Replacements	99,042			99,042
Dell Lease-Network Upgrade (year 3 of 5)		199,713		199,713
Exterior Maintenance - Old E Wing Exterior Wall, Courtyard Walls, & Road Repairs		60,000		60,000
Flooring Replacement		30,000		30,000
Student Services Renovations		100,000		100,000
Striping of Parking Lots/Roadways		75,000		75,000
Historical Village Outdoor Lighting		25,000	25,000	50,000
Architectural & Engineering Services		29,000	2,500	31,500
<b>Totals-FY 2017</b>	<b>\$798,185</b>	<b>\$518,713</b>	<b>\$27,500</b>	<b>\$1,344,398</b>
				Budget
Operations & Maintenance (Restricted) Fund 03				\$1,316,898
Restricted Purposes Grant Fund 06				\$27,500

EQUALIZED ASSESSED VALUATION					
County	Average 2-Yrs EAV Related to FY 2017	Estimated 2016 Payable in 2017 tax yr	Estimated 2015 Payable in 2016 tax yr	Actual 2014 Payable in 2015 tax yr	Actual 2013 Payable in 2014 tax yr
Williamson	\$964,868,787	\$969,669,130	\$960,068,445	\$950,562,817	\$946,400,403
Jackson	\$685,927,600	\$689,340,175	\$682,515,025	675,757,450	667,469,780
Perry	\$86,403,447	\$86,833,315	\$85,973,580	85,122,356	83,815,165
Randolph	\$11,221,417	\$11,277,245	\$11,165,589	11,055,039	10,198,758
Franklin	\$84,957,402	\$85,380,076	\$84,534,729	83,697,751	77,755,623
Total EAV	\$1,833,378,654	\$1,842,499,941	\$1,824,257,367	\$1,806,195,413	\$1,785,639,729
		1.00%	1.00%	1.15%	

	Average 2-yrs	Est. 16 Pay 17	Est. 15 Pay 16 Formula
Fund 01	\$5,500,136	\$5,527,500	\$5,472,772 EAV/100*\$.30 max rate-Education
Fund 02	\$916,689	\$921,250	\$912,129 EAV/100*\$.05 max rate-Oper Maint

	Tax Revenue Budgeted FY 17
Fund 01	5,500,000
Fund 02	917,000
Operating	6,417,000