



Budget Analysis Fiscal Year 2018

John A. Logan College

Carterville, IL 62918

August 22, 2017

**JOHN A. LOGAN COLLEGE
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BUDGET ANALYSIS
FY 2018**

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Budget Calendar – FY 2018

JANUARY & FEBRUARY

- New budget version created in budgeting software
- Historical data for FY 2016 expenditures and FY 2017 budget imported into budgeting software
 - Board Finance Committee and Vice-President of Business develop budget assumptions
 - Salary and fringe benefit projections developed

MARCH & APRIL

- Perform initial revenue projections
- Refresher trainings held with staff on budget development
- 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 division heads and their Deans to review requests

MAY

- Projection of FY 2017 ending fund balances
- Legal budget preparation by the Dean for Financial Operations
- Tentative budget submitted to Board of Trustees May 23, 2017
 - Notification in local newspaper
- Tentative budget put on public display May 24, 2017 for a 30-day inspection period

JUNE

- Budget meeting with Board Finance Committee June 6, 2017
- Additional budget analysis and discussion by Administration
 - Public budget hearing June 27, 2017

JULY & AUGUST

- Revised FY 2017 ending fund balance projections for additional FY 2017 State revenue
 - Revised FY 2018 revenue estimates for State funding
 - Revised FY 2018 salary and benefit estimates for staff recalls
- Proposed final budget submitted to the Board of Trustees August 22, 2017

FACTORS AFFECTING FY 2018 BUDGET PROCESS:

At the time of the initial budget preparation, there was still no IL State budget in place for FY 2017 or FY 2018. This made year-end fund balance projections difficult as well as revenue projections for FY 2018 very uncertain. The tentative budget was prepared on an assumption of 40% of FY 2015 levels. Once additional State funds for FY 2017 were allocated and an FY 2018 allocation was finally known this information had to be factored into the final process.

For the last several years, retirements and attrition planning have been factors in the budget process. This was true again this year along with decisions related to staff recalls done during the time between the tentative and proposed final budget. These decisions were factored into the final process. Negotiations with four different union groups also served as an unknown factor in the budget process.

While there were several past years of steady growth in student tuition revenue, the recent few years have been much more volatile. Statewide downward enrollment trends and uncertainty related to credit hour generation continue to affect the budget process. Student revenue is now the single largest resource in the budget process.

As with any institution of this size, technology needs are always a factor that must be closely looked at. The budget process must support the College's ERP system, LMS system, Smart classrooms, computer labs, and software needs.

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
- Hold discretionary line items relatively flat to stay in line with reductions from prior two years
- Provide reasonable revenue estimates based on enrollment trends, tax districts, and ICCB data
- Utilize reporting capabilities both during budget development and creation of a legal budget

INSTITUTIONAL ACCOMPLISHMENTS EXPECTED IN FY 2018:

- Transition online student transcript requests to the National Student Clearinghouse.
- Upgrade the College's texting services to benefit students.
- Upgrade the student ID process to create a system that is more established across the campus.
- Transition testing services from the ACT to the SAT.
- Consider recreation management software to improve the efficiency of the CHEC operations.
- Completion of a year with no subsidy required to support the Community Health Education Complex. This will be accomplished as a result of a full year of student activity fee revenue.
- Continued capital investment in facilities by replacement the Building Automation System for the main campus buildings, which will increase comfort and reduce energy usage.
- Begin a new electricity contract through competitive bidding that reduces the per kwh by up to 25%. Contract goes into effect in September 2017.
- Move the College further down our plan for PCI/DSS Compliance through the selection of a new online student payment plan provider.

STRATEGIC PLAN PROJECTS / ITEMS EMPHASIZED IN FY 2018 BUDGET:

The budget 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. In addition, the College has placed new program seed money in a general instruction function that could be used to support a potential partnership with Southern IL University in Agriculture or other new program opportunities.

Mission Statement

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 MESSAGE

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

John A. Logan College delayed the presentation of the final budget in the hope that some of the speculation surrounding the 2018 fiscal year would be eliminated. This was the case and after two years with no state budget, funding was approved for higher education in Illinois. The state revenue component of the College's budget is constructed at 76% of the state revenue received three years ago and equates to 30% of the estimated operating revenues. After reducing actual expenditures last year by 13.5% over the prior year, budgeted expenditures this year are anticipated to remain virtually unchanged when compared to fiscal year 2017.

If every budgeted dollar were spent and the contingency of \$220,000 were allocated and spent, the \$29.5 million budget would result in an operating deficit of \$940,713. Ending reserves at the end of the year are estimated to be \$7.9 million, or three months of operating expenditures which meets the goals set forth in administrative procedure. Last year, it was reported in the budget message that the administration was going to pursue establishing written guidelines for budgeting and debt management and this was accomplished. This budget meets all guidelines established for ending fund balances or reserves. No additional debt issuance is anticipated for this year and cash flow needs are secured with a \$7.5 million working cash fund should payments from the state slow down dramatically.

Most of the public higher education is experiencing enrollment declines. The College must maintain its relative share of total Illinois community college enrollment. The most significant challenge this year is to curb the trend of declining enrollment which is causing the College's share of total state resources to slide lower. It is critical to do so because 73% of total revenue is tied directly to the College's performance in the area of generating credit hours.

Additional belt tightening will be required as we look to building the next budget. In doing so, 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.

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. This fund supports all instructional programs, provides numerous forms of student services, and has a public service component as well as providing institutional support. In addition, it includes funds for student scholarships and tuition waivers.

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. It also supports the expenditures related to the College's purchasing and receiving functions.



OPERATING FUNDS RESOURCE INFORMATION FY 2018

The current operating revenue projection of \$28,526,805 reflects a (\$278,015) or a (0.97%) decrease as compared to \$28,804,820 budgeted for FY 2017. These two most recent revenue projections are significantly reduced from the \$34,329,300 in revenue that was budgeted for FY 2016. These recent reductions are due to lost funding from the State of Illinois and also from reductions in student tuition and fee revenues.

Based on allocation data from the ICCB for FY 2018 funding levels, the Community College system will receive 90% of the FY 2015 allocation for Base Operating and Equalization funding from the State. However, the ICCB will apply a reduction in John A. Logan's funding due to a repayment owed as a result of prior credit hour claim issues. A repayment of \$366,605 will be applied against FY 2018.

LOCAL GOVERNMENT SOURCES: \$7,292,000 or 25.56% of Budgeted Operating Revenues:

Property tax revenues are currently projected to be \$6,660,000 or 23.35% of operating revenues. This amount is a projected budgeted increase of \$243,000 or a 3.79%. Tentative EAV numbers were received from each county for the 2016 tax year payable in 2017 which reflected an average growth in EAV's of 2.54%. These EAV's were utilized along with an assumed 2.00% growth for the subsequent tax year. The two years are each allocated 50% toward the FY 2018 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 \$632,000 which represents 2.21% of total operating revenues. This is a budgeted increase of \$100,000 or 18.80% as compared to the prior year. This increase in CPPRT brings the projection more in line with the average of the most recent funding levels. Chargeback revenue received from other Community Colleges for their district's students taking classes not offered at their College has been completely eliminated as a revenue source in this FY 2018 budget. A new Cooperative agreement amongst IL Community Colleges for their Career and Technical Educational programs was put into place during FY 2017 that made the use of Chargeback agreements essentially obsolete.

STATE GOVERNMENTAL SOURCES: \$8,639,305 or 30.29% of Budgeted Operating Revenues:

While now improved from initial projections, State revenue sources still reflect a historical decline in budgeted revenue as compared to many recent years. The Community College system funding method used in the IL State budget was to allocate 90% of FY 2015 funding levels for Base Operating and Equalization funds. FY 2018 amounts for Base Operating and Equalization grants were allocated 70% to support the Education fund and 30% to the Operations and Maintenance Fund.

For FY 2018, ICCB Base Operating grant funds are allocated for John A. Logan College at \$2,835,330 with a reduction of \$164,521 for repayment of prior credit hours. This is a net budget of \$2,670,809 or

9.36% of total operating funds which is an increase of \$709,339 or 36.16% from the FY 2017 budget. Equalization dollars were allocated at \$5,622,180 with a reduction of \$202,084 for repayment of prior credit hours. This accounts for a net \$5,420,096 or 19.0% of expected revenue. This is an increase of \$265,246 or 5.15% from the prior year's budget.

ICCB Vocational grants for CTE programs are budgeted at \$490,000 for FY 2018 which is flat with the prior budgeted amount. The College initially received \$491,406 during FY 2017 and after the year was over received supplemental funding of \$511,500. However, FY 2018 CTE total system funding is equivalent to the FY 2015 and the initial FY 2017 appropriation levels which was \$17,569,400. Therefore, no adjustment is being made to the tentative budgeted amount.

Funding allocations received from the ICCB reflect that the College will receive \$53,400 for a special designated Veterans grant. Based on a total Community College system allocation of \$351,900 for Performance Based funding, the College is estimating its share of Performance revenue at a nominal \$5,000. This funding is based on completion data and other metrics.

TUITION AND STUDENT FEES: \$12,320,500 or 43.19% of Budgeted Operating Revenues:

For FY 2018, the in-district tuition rate was held at \$115 per credit hour along with a \$5 per hour technology fee. Student tuition of \$11,192,000 and fees of \$1,128,500 total \$12,320,500 in student revenue. This is compared to total student revenue of \$14,500,000 budgeted for the prior year. This is a projected decrease of (\$2,179,500) or (15.03%) from the prior budget. Calculations of student revenue were performed by looking at where FY 2017 numbers are expected to finish for the year along with some minimal recovery in credit hour generation. The \$5 per hour technology fee revenue will support the network upgrade project which has an annual lease payment of \$199,713 for FY 2018.

The Administration has had to look at factors that have forced much more conservative tuition estimates. In recent years, the College has experienced over \$300,000 in lost tuition revenue due to unfunded financial aid programs that have to be written off as uncollectible. With the continued statewide trends of enrollment decline, and the College continuing to restructure several courses to a non-credit format, the stability of credit hour generation is more volatile than it has been in the past. With student tuition again being the largest single source of revenue, it is important that estimates not be significantly overstated. Just as the prior year, these factors have led to significant reductions in student revenue projections.

OTHER REVENUE SOURCES: \$275,000 or 0.96% of Budgeted Operating Revenues:

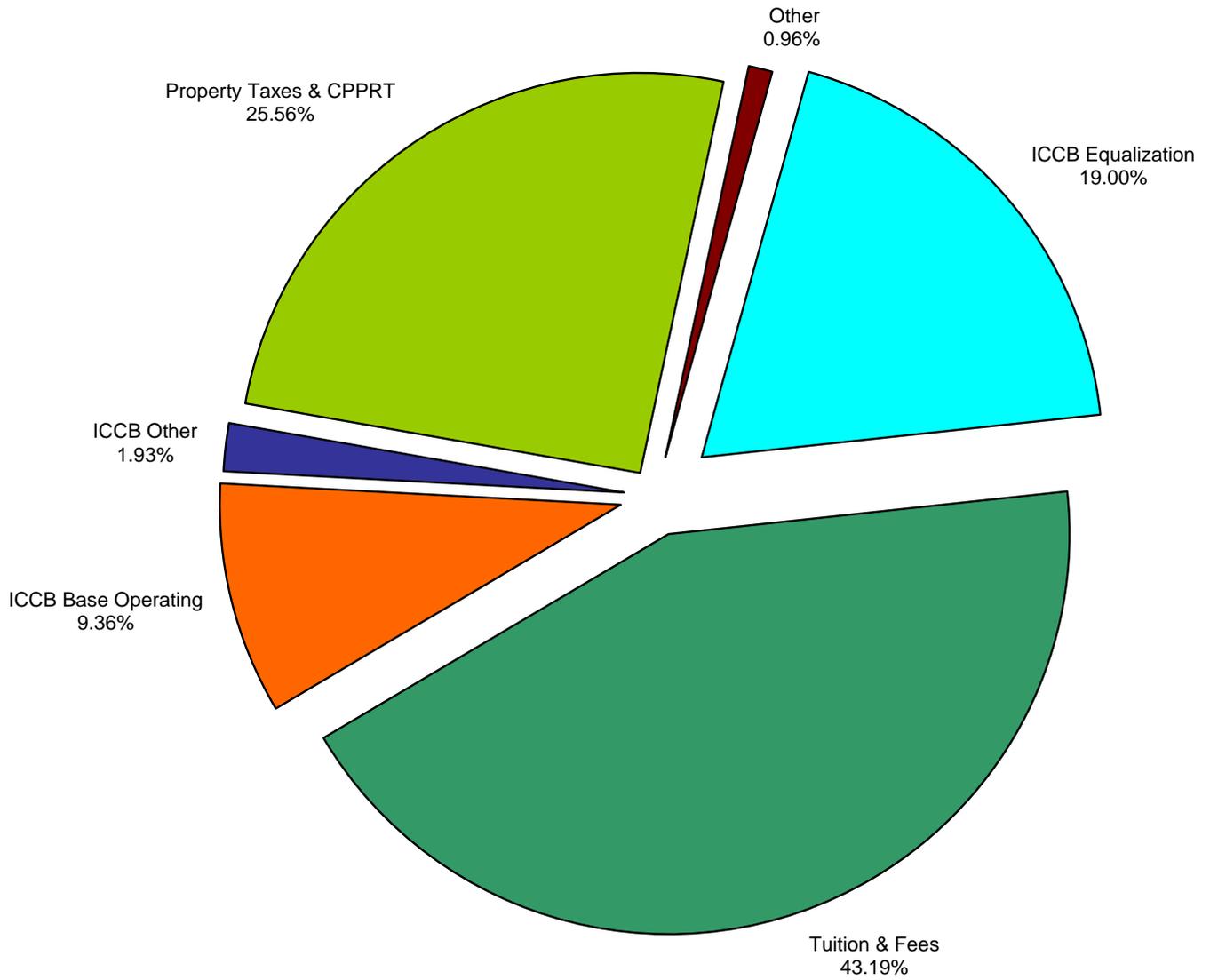
Remaining sources of budgeted operating revenue include sales and service fees of \$74,000, interest income of \$69,000, facilities revenue of \$7,000, SICCM Admin fees for payroll processing of \$35,000, aid from the Franklin Williamson Regional Office of Education (FWROE) of \$60,000, and other sources. The total of other revenue sources reflects a small improvement of \$55,500 from the prior year's budget of \$219,500.

RESOURCE COMPARISON BY SOURCE - FY 2018 to FY 2017
OPERATING FUNDS - Fund 01 & Fund 02

BY REVENUE SOURCE:	FY 2018 Proposed Budget	FY 2017 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY18 Revenue
LOCAL PROPERTY TAXES	6,660,000	6,417,000	243,000	3.79%	23.35%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	632,000	532,000	100,000	18.80%	2.21%
CHARGEBACKS	-	20,000	(20,000)	(100.00%)	0.00%
ICCB BASE OPERATING GRANTS	2,670,809	1,961,470	709,339	36.16%	9.36%
ICCB EQUALIZATION GRANTS	5,420,096	5,154,850	265,246	5.15%	19.00%
ICCB VOCATIONAL GRANTS	490,000	-	490,000		1.72%
ICCB PERFORMANCE ALLOCATION GRANT	5,000	-	5,000		0.02%
ICCB VETERANS GRANT	53,400	-	53,400		0.19%
STUDENT TUITION & FEES	12,320,500	14,500,000	(2,179,500)	(15.03%)	43.19%
SALES & SERVICE FEES	74,000	62,500	11,500	18.40%	0.26%
FACILITY USE	7,000	7,000	-	0.00%	0.02%
INTEREST ON INVESTMENTS	69,000	32,000	37,000	115.63%	0.24%
OTHER INCOME	125,000	118,000	7,000	5.93%	0.44%
TOTAL	\$ 28,526,805	\$ 28,804,820	\$ (278,015)	(0.97%)	100.00%

Note: Includes Education and Operations & Maintenance Funds.

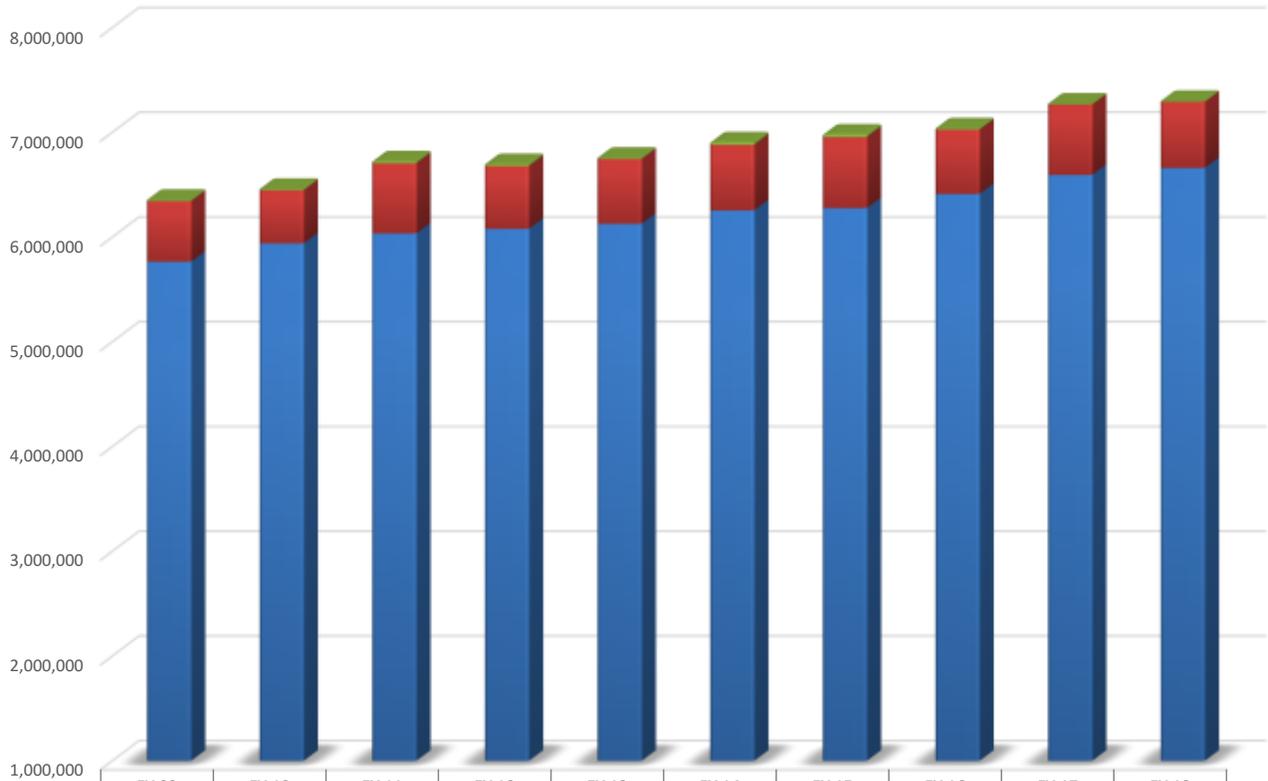
Revenues Operating Funds FY 2018



REVENUE BY SOURCE (OPERATING FUNDS)										
REVENUE SOURCE:	FY 09 Actuals	FY 10 Actuals	FY 11 Actuals	FY 12 Actuals	FY 13 Actuals	FY 14 Actuals	FY 15 Actuals	FY 16 Actuals	FY 17 Projected	FY 18 Budget
Property Taxes	5,765,192	5,939,862	6,034,895	6,079,114	6,127,415	6,255,237	6,277,241	6,411,409	6,593,259	6,660,000
CPPRT	578,248	507,424	668,441	598,509	617,785	624,701	676,482	614,166	672,559	632,000
Chargebacks	7,425	7,979	18,205	17,293	6,832	24,687	25,873	7,233	825	0
Local Revenue	6,350,865	6,455,265	6,721,541	6,694,916	6,752,032	6,904,625	6,979,596	7,032,808	7,266,643	7,292,000
% of Total	19.07%	18.14%	18.54%	19.09%	19.58%	20.42%	21.63%	28.49%	24.89%	25.56%
ICCB Base Operating	4,584,013	4,702,030	4,544,200	4,544,200	4,150,870	4,129,409	3,834,673	989,001	4,016,292	2,670,809
ICCB Equalization	8,544,955	9,129,564	8,995,423	7,826,930	7,926,808	7,702,797	7,198,380	3,015,467	4,808,996	5,420,096
ICCB Vocational Ed	287,755	486,091	471,462	428,343	413,863	410,285	429,763	0	1,002,906	490,000
ICCB Misc Grants	0	0	0	0	20,176	67,533	53,400	0	13,109	58,400
State Revenue	13,416,723	14,317,685	14,011,085	12,799,473	12,511,717	12,310,024	11,516,216	4,004,468	9,841,303	8,639,305
% of Total	40.29%	40.24%	38.65%	36.50%	36.29%	36.41%	35.70%	16.22%	33.72%	30.29%
Tuition	11,787,700	12,763,702	13,405,662	13,811,142	13,382,565	12,996,511	11,954,174	11,818,351	10,621,913	11,192,000
Fees	803,276	1,089,795	1,156,010	1,248,860	1,250,406	1,160,281	1,374,094	1,224,914	1,148,497	1,128,500
Tuition & Fees	12,590,976	13,853,497	14,561,672	15,060,002	14,632,971	14,156,792	13,328,268	13,043,265	11,770,410	12,320,500
% of Total	37.81%	38.94%	40.17%	42.94%	42.44%	41.88%	41.31%	52.83%	40.32%	43.19%
Sales & Service fees	228,343	228,645	250,647	229,544	293,713	174,476	238,626	235,351	87,497	74,000
Facilities Revenue	9,900	3,120	1,760	27,872	43,527	15,138	6,870	7,330	3,980	7,000
Investment Revenue	104,497	25,210	21,428	30,139	38,724	34,146	29,489	40,076	78,754	69,000
Other Sources	595,282	697,037	686,392	228,169	203,951	210,930	163,421	324,321	140,873	125,000
Other Revenue	938,022	954,012	960,227	515,724	579,915	434,690	438,406	607,078	311,104	275,000
% of Total	2.83%	2.68%	2.64%	1.47%	1.69%	1.29%	1.36%	2.47%	1.07%	0.96%
Total Operating Revenue	33,296,586	35,580,459	36,254,525	35,070,115	34,476,635	33,806,131	32,262,486	24,687,619	29,189,460	28,526,805
	100.00%									

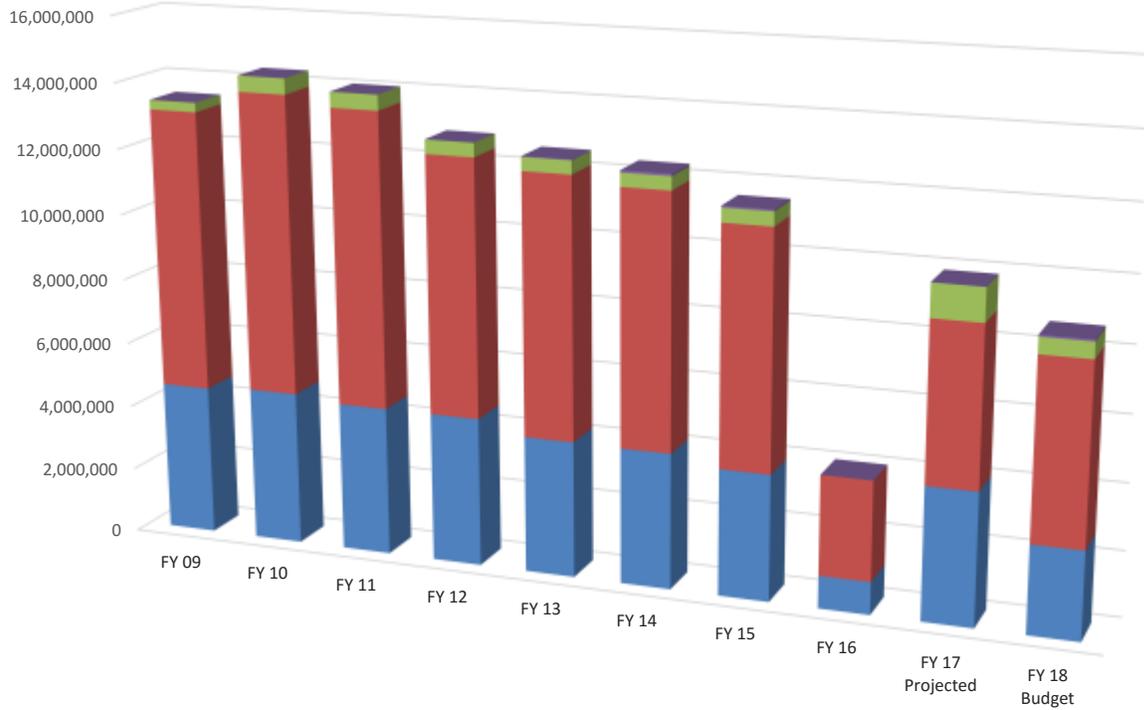
Note: Includes the Education Fund and the Operations and Maintenance Fund.

LOCAL SOURCES OF OPERATING REVENUE



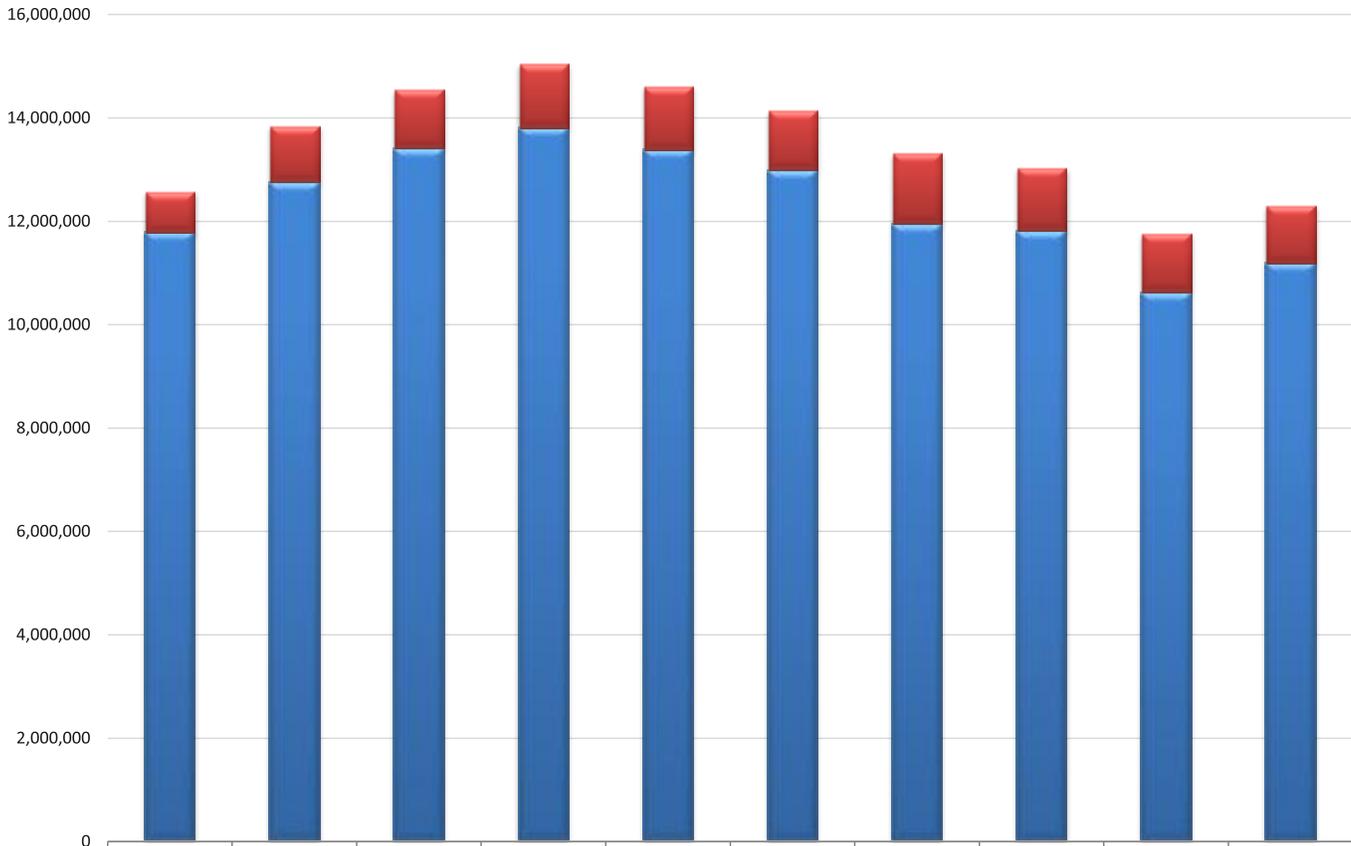
	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Projected	FY 18 Budget
■ Chargebacks	7,425	7,979	18,205	17,293	6,832	24,687	25,873	7,233	825	0
■ CPPRT	578,248	507,424	668,441	598,509	617,785	624,701	676,482	614,166	672,559	632,000
■ Property Taxes	5,765,192	5,939,862	6,034,895	6,079,114	6,127,415	6,255,237	6,277,241	6,411,409	6,593,259	6,660,000

STATE SOURCES OF OPERATING REVENUE



	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Projected	FY 18 Budget
ICCB Misc Grants	0	0	0	0	20,176	67,533	53,400	0	13,109	58,400
ICCB Vocational Ed	287,755	486,091	471,462	428,343	413,863	410,285	429,763	0	1,002,906	490,000
ICCB Equalization	8,544,955	9,129,564	8,995,423	7,826,930	7,926,808	7,702,797	7,198,380	3,015,467	4,808,996	5,420,096
ICCB Base Operating	4,584,013	4,702,030	4,544,200	4,544,200	4,150,870	4,129,409	3,834,673	989,001	4,016,292	2,670,809

STUDENT TUITION AND FEE REVENUE



	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17 Projected	FY 18 Budget
■ Fees	803,276	1,089,795	1,156,010	1,248,860	1,250,406	1,160,281	1,374,094	1,224,914	1,148,497	1,128,500
■ Tuition	11,787,700	12,763,702	13,405,662	13,811,142	13,382,565	12,996,511	11,954,174	11,818,351	10,621,913	11,192,000

EQUALIZED ASSESSED VALUATION							
County	Average 2-Year EAV Related to FY 18	Estimated 2017 Payable in 2018	*Estimated 2016 Payable in 2017		Actual 2015 Payable in 2016	Actual 2014 Payable in 2015	Actual 2013 Payable in 2014
Williamson	\$1,024,965,641	\$1,035,113,815	\$1,014,817,466	3.33%	\$982,107,912	\$950,562,817	\$946,400,403
Jackson	\$707,992,457	\$715,002,284	\$700,982,631	1.92%	\$687,768,397	675,757,450	667,469,780
Perry	\$92,144,776	\$93,057,100	\$91,232,451	2.53%	\$88,977,600	85,122,356	83,815,165
Randolph	\$11,663,414	\$11,778,894	\$11,547,935	5.76%	\$10,919,160	11,055,039	10,198,758
Franklin	\$87,348,294	\$88,213,128	\$86,483,459	-1.75%	\$88,025,530	83,697,751	77,755,623
Total EAV	\$1,924,114,581	\$1,943,165,221	\$1,905,063,942		\$1,857,798,599	\$1,806,195,413	\$1,785,639,729
		2.00%	2.54%		2.86%	1.15%	

*2016 payable in 2017 based on final or tentative EAV's received from counties.

	2-Year Avg	Est. 17 Pay 18	Est. 16 Pay 17	Formula
Fund 01	\$5,772,344	\$5,829,496	\$5,715,192	EAV / 100 * \$.30 max rate Education
Fund 02	\$962,057	\$971,583	\$952,532	EAV / 100 * \$.05 max rate Oper Maint.

	100% Related to FY 18	50% 2nd half of FY 18	50% 1st half of FY 18
Fund 01	\$5,772,344	\$2,914,748	\$2,857,596
Fund 02	\$962,057	\$485,791	\$476,266

	Tax Revenue
	Est. Rounded
	<u>FY 2018 Budget</u>
Fund 01	5,700,000
Fund 02	960,000
Operating	\$6,660,000

OPERATING FUNDS
(Education Fund & Operations and Maintenance Fund)
EXPENDITURE INFORMATION – BY PROGRAM FY 2018

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 information on actual expenditures for FY 2016 and the original budget for FY 2017.

Total budgeted operating expenditures for FY 2018 are \$29,467,518 as compared to \$28,928,331 for FY 2017. This is an increase of \$539,187 or 1.86%. This is following two years of double digit expenditure decreases of (15.71%) and (12.52%), respectively. As you will see from a historical comparison later in the document on page 22, this level of budgeted expenditures for these two most recent years are very comparable to levels seen all the way back in FY 2004 and FY 2005.

Salary expenses of \$17,630,322 and benefit expenses of \$1,892,979 reflect 2.02% and 2.75% increases, respectively. More detailed historical data on salary and benefit amounts are provided later in this document on page 21. As compared to FY 2017, contractual services were again fairly flat at \$1,726,291 showing only a \$22,020 or 1.29% increase. Conference and meeting expenses increased by just \$8,401 to \$282,695. However, there was a reduction to materials and supplies of (\$31,674) or (2.31%) making a budget of \$1,341,363. Capital outlay requests were also decreased from \$140,200 to \$84,000. Utilities are basically flat as compared to the prior year's budget at \$792,035. Based on projected FY 2017 actual expenditures, institutional waivers were reduced to \$3,808,157 as compared to \$4,104,857 from the prior budget. This is a (\$296,700) or (7.23%) adjustment.

Transfers from the Education Fund to support other funds were increased from \$906,274 in FY 2017 to \$1,236,363 for FY 2018. These transfers included \$329,000 for the repayment of 2016 debt certificates, a \$199,713 transfer of student technology fees to support the agreement with Dell for the network upgrade, a \$42,650 reimbursement of staff wellness expenses at the CHEC facility, and \$15,000 required for a grant match component. A subsidy of \$650,000 was also budgeted to support activities in the Auxiliary Fund operations such as Athletics and Preschool operations. There was no transfer budgeted this year to support non-PHS construction projects. The use of prior accumulated fund balance is being proposed instead.

Operating expenditures include a small provision for contingency funds of \$220,000 which is 0.7% 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. \$70,000 is specifically in the Operations and Maintenance fund to assist with unforeseen facility issues. The remainder resides in the Education fund. \$20,000 is allocated to Instruction, \$20,000 to Student Services, \$10,000 to Business Services as well as \$100,000 to a general institutional contingency.

INSTRUCTION: \$9,866,363 or 33.5% 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 an increase of \$495,089 or 5.28%. This included normal adjustments related to compensation, adjustments for retirements, as well as adjustments for recalled Faculty members. There was also a significant increase in the category of other instructional expenses related to SICCM seat assessment fees as compared to the prior year. There were only minimal changes in other discretionary instructional accounts.

ACADEMIC SUPPORT: \$2,185,697 or 7.4% 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 increase of \$139,521 or 6.80%. Small increases were seen across multiple areas of salaries, benefits, contractual services, and supplies.

Budget requests in this area included \$20,000 to upgrade existing Smart classrooms. In addition, \$42,500 was budgeted to support computer labs with new hardware for computers, monitors, and printers. Additional funds were budgeted for network switch replacements in classrooms. Funds were also budgeted to support adobe licensing, the maintenance of the Desire2Learn LMS system, and the EMS scheduling software that assists with classroom scheduling. In the Library area, there are funds to support various databases and reference sources.

STUDENT SERVICES: \$3,004,161 or 10.2% 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 \$30,863 or 1.04%. Slight increases were seen in employee benefits, conference and meeting expenses, capital outlay, and other expenses.

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. Also, included is a small one-time request for an equipment upgrade related to producing student ID's.

PUBLIC SERVICES: \$936,934 or 3.2% of Budgeted Operating Expenditures

Public service consists of Community Education (non-credit) 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 an increase of \$82,843 or 9.7%. Salaries and benefits were increased in this area due to staff recalls that took place after the prior budget process. The supply line item also showed an increase. The line item of contractual services was decreased in this area due to the reinstatement of staff positions.

INSTITUTIONAL SUPPORT: \$5,068,742 or 17.2% 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 changed by (\$266,345) or (4.99%). This area experienced a small decrease in salaries and benefits. Supply requests were also reduced along with (\$76,000) in Capital Outlay requests in comparison to the prior year. This reduction was related to the Information Technology network area. Contingency funds in the Institutional support area were also adjusted by (\$55,000).

OPERATION & MAINT. OF PLANT: \$3,361,101 or 11.4% 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.

SCHOLARSHIPS & WAIVERS: \$3,808,157 or 12.9% of Budgeted Operating Expenditures

As compared to last year's budget, this area was adjusted by (\$296,700) or (7.23%) to bring it more in line with FY 2017 projected expenditures. Along with a smaller amount for student scholarships, this category includes both mandated waivers such as those for ABE/GED/ASE students and Senior Citizens along with institutional waivers for Dual Credit, Business and Industry, FAVAS Academic Awards, Competition Winners, Student Ambassadors, Departmental Waivers, and designated Presidential waivers. Athletic waivers are budgeted separately in the Auxiliary fund.

EXPENDITURE SUMMARY:

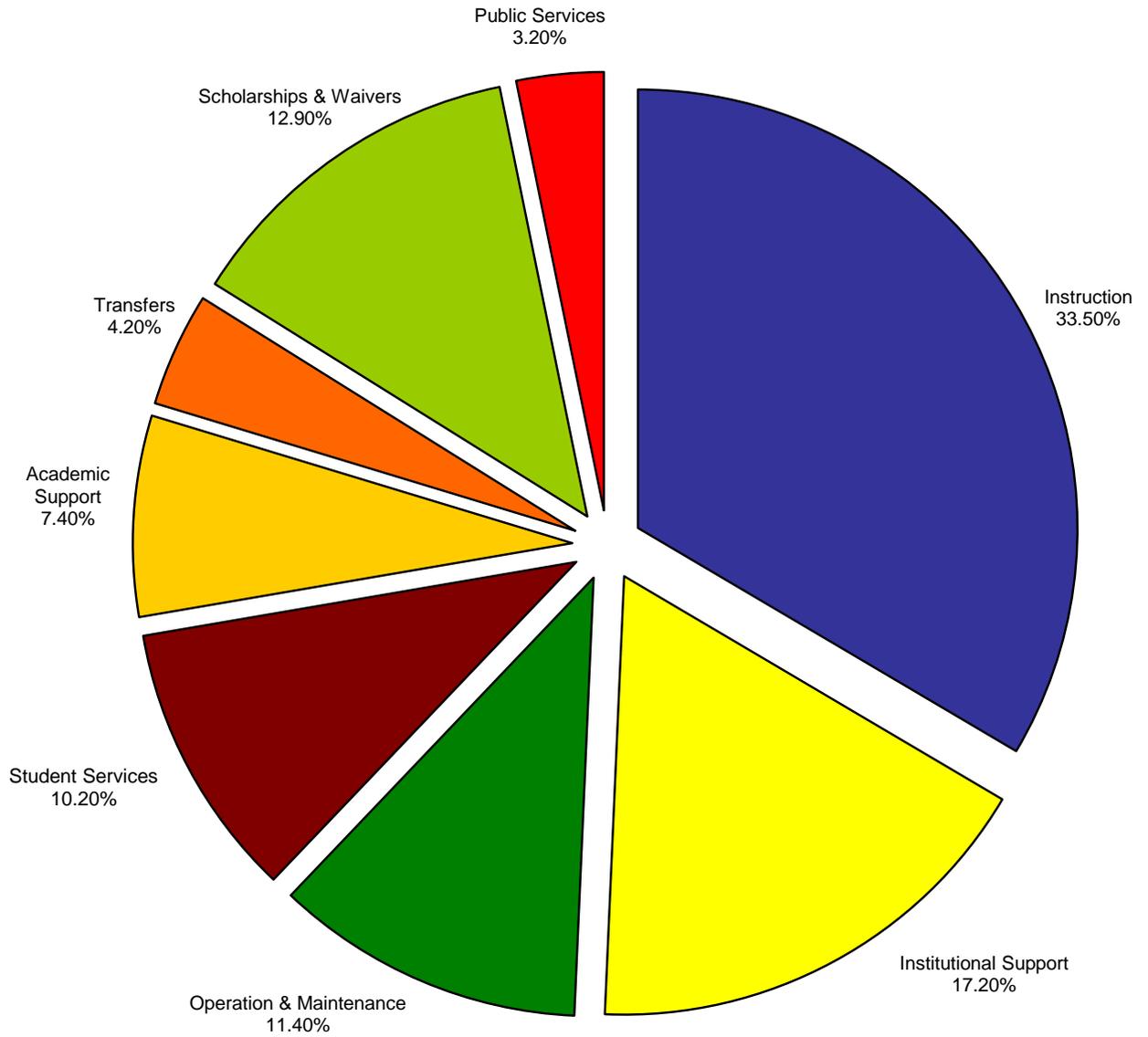
In the pages that follow, you will see a comparison of budgeted operating expenditures FY 2018 vs. FY 2017 along with graphs that break down the proposed expenditures both by program categories and by account objects. Then, you will see a more detailed historical view of amounts budgeted for salary and benefit expenses as compared to the total operating expenditures for each year. Finally, you will find a chart and a graph that shows several years of historical data on the adopted operating expenditures.

**EXPENDITURE COMPARISON - FY 2018 to FY 2017
OPERATING FUNDS (Education and Operations & Maintenance)**

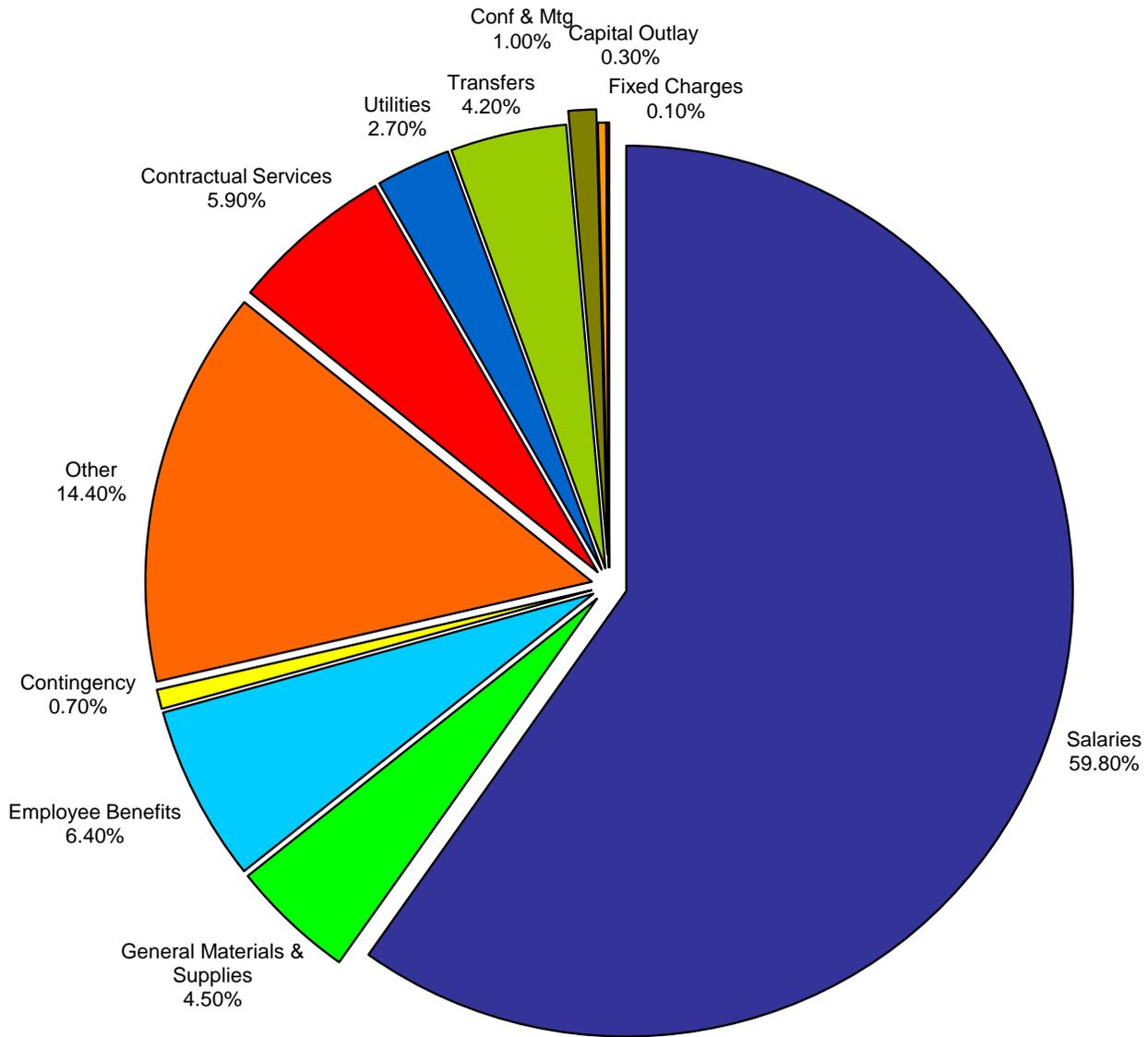
EXPENDITURES BY PROGRAM:	FY 18 Proposed Budget	FY 17 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY18 Budget
INSTRUCTION	\$9,866,363	\$9,371,274	\$495,089	5.28%	33.5%
ACADEMIC SUPPORT	2,185,697	2,046,446	139,251	6.80%	7.4%
STUDENT SERVICES	3,004,161	2,973,298	30,863	1.04%	10.2%
PUBLIC SERVICES	936,934	854,091	82,843	9.70%	3.2%
OPERATION & MAINTENANCE	3,361,101	3,337,004	24,097	0.72%	11.4%
INSTITUTIONAL SUPPORT	5,068,742	5,335,087	(266,345)	(4.99%)	17.2%
SCHOLARSHIPS & WAIVERS	3,808,157	4,104,857	(296,700)	(7.23%)	12.9%
TRANSFERS	1,236,363	906,274	330,089	36.42%	4.2%
TOTALS	\$ 29,467,518	\$ 28,928,331	\$539,187	1.86%	100.0%

EXPENDITURES BY OBJECT:	FY 18 Proposed Budget	FY 17 Adopted Budget	\$ Increase (Decrease)	% Increase (Decrease)	% of Total FY18 Budget
SALARIES	\$17,630,322	\$17,281,063	\$349,259	2.02%	59.8%
EMPLOYEE BENEFITS	1,892,979	1,842,344	50,635	2.75%	6.4%
CONTRACTUAL SERVICES	1,726,291	1,704,271	22,020	1.29%	5.9%
MATERIALS & SUPPLIES	1,341,363	1,373,037	(31,674)	(2.31%)	4.5%
CONFERENCE & MEETING	282,695	274,294	8,401	3.06%	1.0%
FIXED CHARGES	16,500	14,690	1,810	12.32%	0.1%
UTILITIES	792,035	789,468	2,567	0.33%	2.7%
CAPITAL OUTLAY	84,000	140,200	(56,200)	(40.09%)	0.3%
OTHER	4,244,970	4,342,690	(97,720)	(2.25%)	14.4%
CONTINGENCY	220,000	260,000	(40,000)	(15.38%)	0.7%
TRANSFERS	1,236,363	906,274	330,089	36.42%	4.2%
TOTALS	\$29,467,518	\$ 28,928,331	\$539,187	1.86%	100.0%

Expenditures by Program Operating Funds FY 2018



Expenditures by Object Operating Funds FY 2018

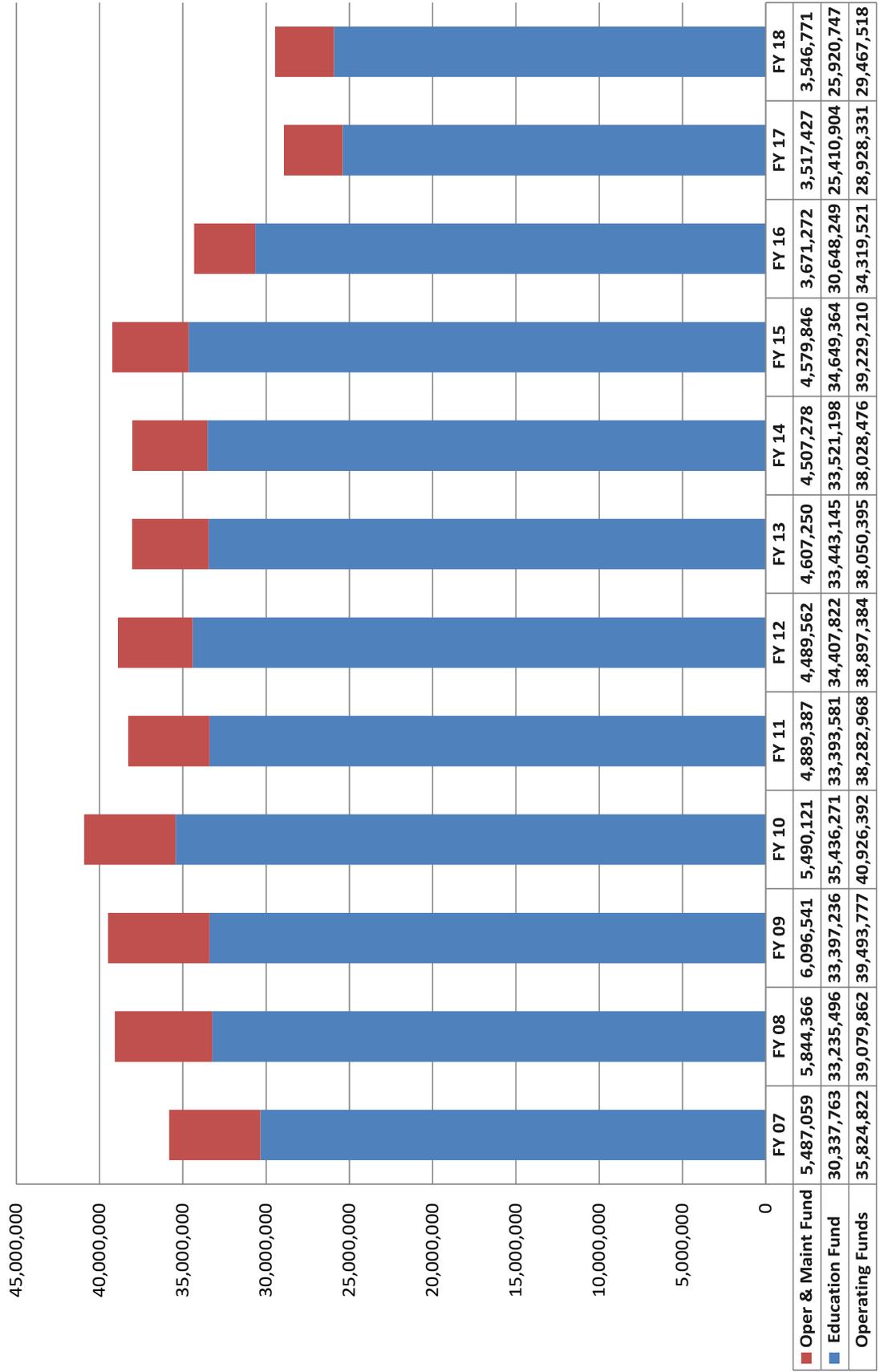


BUDGETS FOR SALARY AND BENEFITS - OPERATING FUNDS							
\$ Budgeted Operating Funds:	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Six-Year Average
Salaries	21,340,118	21,352,038	22,026,208	20,600,199	17,281,063	17,630,322	20,038,325
Benefits	2,355,741	2,463,331	3,273,265	2,639,584	1,842,344	1,892,979	2,411,207
Human Resources	\$23,695,859	\$23,815,369	\$25,299,473	\$23,239,783	\$19,123,407	\$19,523,301	\$22,449,532
Total Operating Expenditures	\$38,050,395	\$38,028,476	\$39,229,210	\$34,319,521	\$28,928,331	\$29,467,518	\$34,670,575
% of Budgeted Operating Funds:	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Six-Year Average
Salaries	56.1%	56.1%	56.1%	60.0%	59.7%	59.8%	57.8%
Benefits	6.2%	6.5%	8.3%	7.7%	6.4%	6.4%	7.0%
Human Resources	62.3%	62.6%	64.4%	67.7%	66.1%	66.2%	64.8%

**Adopted Budget History
Operating Fund Expenditures
FY 2000 - FY 2018 (Proposed)**

Fiscal Year	Education	Operations & Maintenance	Total Operating Funds	Increase (Decrease) From Prior Year
FY 00	19,046,734	2,737,552	21,784,286	
FY 01	20,297,130	3,672,809	23,969,939	10.03%
FY 02	21,918,087	3,600,289	25,518,376	6.46%
FY 03	24,195,342	4,027,502	28,222,844	10.60%
FY 04	24,365,041	4,538,181	28,903,222	2.41%
FY 05	26,571,301	5,004,526	31,575,827	9.25%
FY 06	28,109,073	5,741,445	33,850,518	7.20%
FY 07	30,337,763	5,487,059	35,824,822	5.83%
FY 08	33,235,496	5,844,366	39,079,862	9.09%
FY 09	33,397,236	6,096,541	39,493,777	1.06%
FY 10	35,436,271	5,490,121	40,926,392	3.63%
FY 11	33,393,581	4,889,387	38,282,968	(6.46%)
FY 12	34,407,822	4,489,562	38,897,384	1.60%
FY 13	33,443,145	4,607,250	38,050,395	(2.18%)
FY 14	33,521,198	4,507,278	38,028,476	(0.06%)
FY 15	34,649,364	4,579,846	39,229,210	3.16%
FY 16	30,648,249	3,671,272	34,319,521	(12.52%)
FY 17	25,410,904	3,517,427	28,928,331	(15.71%)
FY 18	25,920,747	3,546,771	29,467,518	1.86%

Adopted Budget History-Operating Expenditures FY 07 to FY 18 (Proposed)



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 2018, \$2,843,161 in principal, interest, and fee payments are scheduled. The breakdown is shown below:

- \$329,000 debt certificates issued 2016 for \$1.5 million in technology improvements to be repaid over a five year period
- \$430,810 bonds issued 2016 for funding a post-employment benefit for retiree insurance
- \$422,768 bonds issued 2014 to refinance debt certificates for the purchase of an ERP system
- \$795,250 remaining debt on retired bonds issued 2007 for the purpose of \$20 million in construction projects
- \$705,628 interest on refunding of 2007 bonds issued as 2017A
- \$159,705 interest on \$5.5 million in working cash bonds issued as 2017B

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 immediate prior two budget years, major changes to the Auxiliary Fund resulted first from the reallocation of revenue and expenses related to the Community Health Education Complex (CHEC) and secondly the reallocation of the College's Preschool operations which were previously in the Education Fund.

Subsidies for Auxiliary Services by the Education Fund should be shown as transfers to the appropriate account. For FY 2018, \$42,650 is being provided by transfers budgeted from the Education Fund 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 also a transfer of \$650,000 budgeted to support Athletic programs or other services such as Preschool operations.

Total expenditures in the Auxiliary Fund are estimated at \$2,653,647. Including the transfers in which total \$692,650, revenue for this fund is projected at \$2,008,905. However, an overall shortfall of \$644,742 will erode the remaining accumulated fund balance to an estimated \$5,258 by the end of FY 2018. This is compared to an ending fund balance of \$2.7 million at June 30, 2015. This is a drastic change in a three year period, but it has been necessary to reduce the transfers to the Auxiliary Fund to help the Education Fund stay healthier.

AUDIT FUND:

The Audit Fund is established for recording the payment of auditing expenses. During FY 2018, \$60,700 will be budgeted to cover expenditures in this fund. This amount includes \$56,500 for the performance of an external audit by an independent CPA firm less \$1,800 of the portion anticipated to be funded by grant sources. It also includes \$6,000 for a GASB requirement to conduct an actuarial study of post-employment benefits every other year. Total revenue of \$50,000 is anticipated from local property taxes along with a small amount of interest of \$600.

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 2018, this budget amount is \$2,051,601 with expected revenues of \$1,779,000 mostly from local taxes and a small amount of interest. 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 who are active in the functions of risk management. For FY 2017, final expenditures are projected to come in under budget. The FY 2018 projected ending fund balance is \$997,399.

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 2018, we will budget \$16,721,973 in this fund for expenditures with offsetting revenue of the same amount. The College feels this will adequately meet the needs of the Restricted Fund and establishing grant budgets.

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, the Higher Reach system, Cognos reporting, and also for payments related to the contractual agreement with CampusWorks were budgeted in the Restricted Purposes Fund. The budget also includes a small contract for Help Desk support related to student needs. The total dollars for FY 2018 are \$216,973 as compared to \$405,930 the prior year.

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 2018, 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. Funds are provided in the Operation and Maintenance (Restricted) for completion of approved protection, health, safety projects as well as some general construction improvements. This fund primarily will be expending protection, health and safety (PHS) levies, plus transfers from operating funds, and interest earnings. Total expenditures of \$1,377,647 are being budgeted in this fund with \$756,534 of those corresponding to the PHS levy for the 2016 tax year payable in 2017.

For FY 2018, a transfer of \$199,713 from the Education fund is being budgeted to support the Dell Lease related to the previous network upgrade. This lease will be in year four of five. These funds come from the technology fee of \$5.00 per credit hour assessed to students.

No other operating transfer to support non-PHS construction is being budgeted for FY 2018. Instead, previously accumulated fund balance from prior year transfers are being proposed to support these projects.

Breakdown of Operations and Maintenance (Restricted) Fund projects:

CAPITAL PROJECTS BUDGETED				
FY 2018				
Project Description:	*PHS Projects	Other O&M (Restricted)	Grant Funds	Total Cost
Automated Control System	350,500			350,500
EIFS/Window Replacement and Repairs	406,034			406,034
Dell Lease-Network Upgrade (year 4 of 5)		199,713		199,713
Courtyard Walls, & Road Repairs		60,000		60,000
Renovations for Massage Therapy (J220)		35,000		35,000
Term Faculty Office Suite Renovation		80,000		80,000
**Clinic Development (J - 1st Floor)			125,000	125,000
Flooring Replacement		30,000		30,000
Architectural & Engineering Services		16,400		16,400
Contingency		200,000		200,000
Totals FY 2018	\$756,534	\$621,113	\$125,000	\$1,502,647
* A&E Services included in cost estimate.				Budget
Operations & Maintenance (Restricted) Fund 03				\$1,377,647
** Restricted Purposes Grant Fund 06				\$125,000