

COLLEGE OF ILLINOIS

UNIVERSITY OF ILLINOIS



# Budget Analysis Fiscal Year 2018

John A. Logan College

Carterville, IL 62918

August 22, 2017

JOHN A. LOGAN COLLEGE  
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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-





## 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

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:





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.

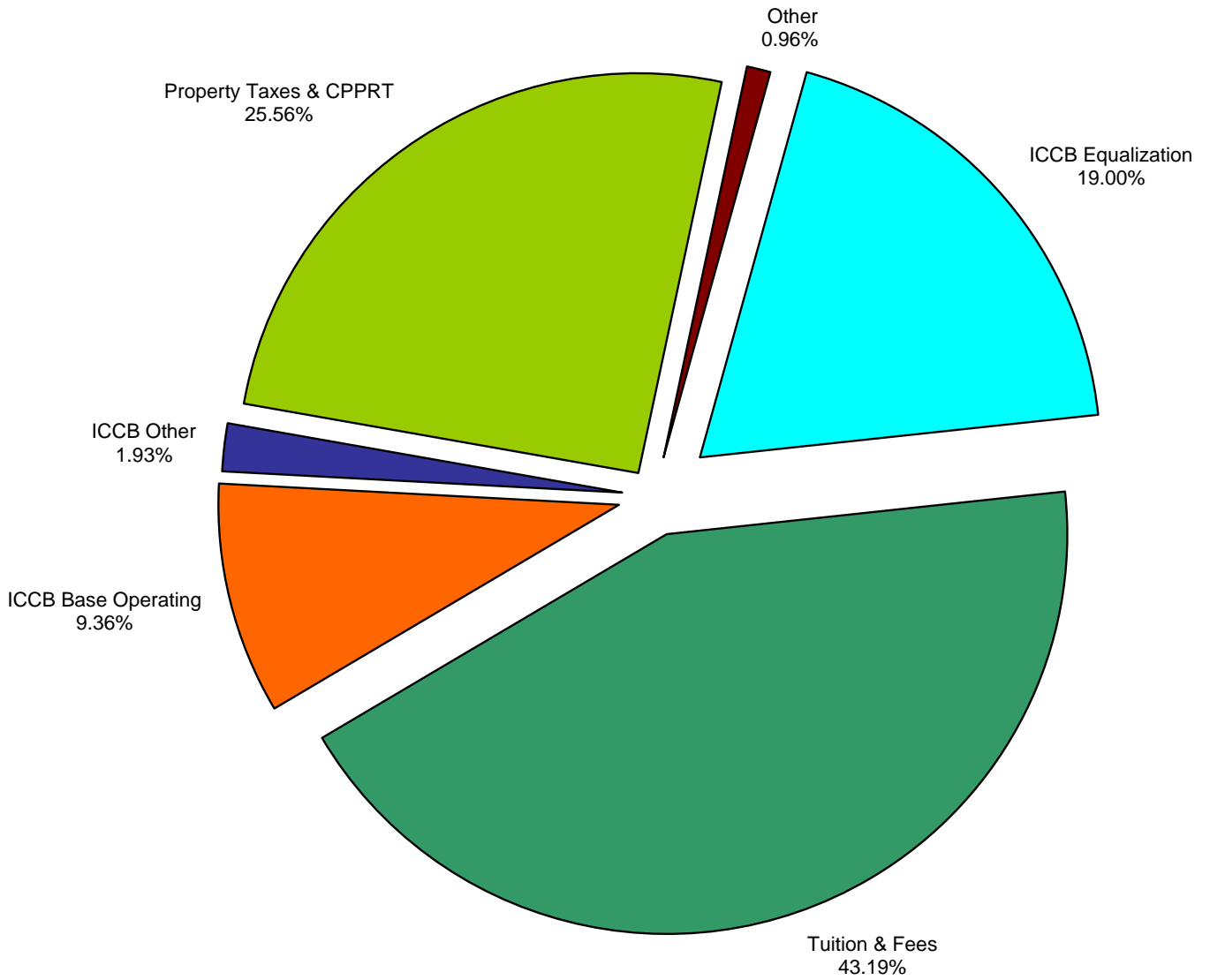
Funding allocations received from the ICCB reflect that the College will receive \$53,400 for a special designated Veterans grant. Based on a total Community College system allocation of \$351,900 for Performance Based funding, the College is estimating its share of Performance revenue at a nominal \$5,000.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

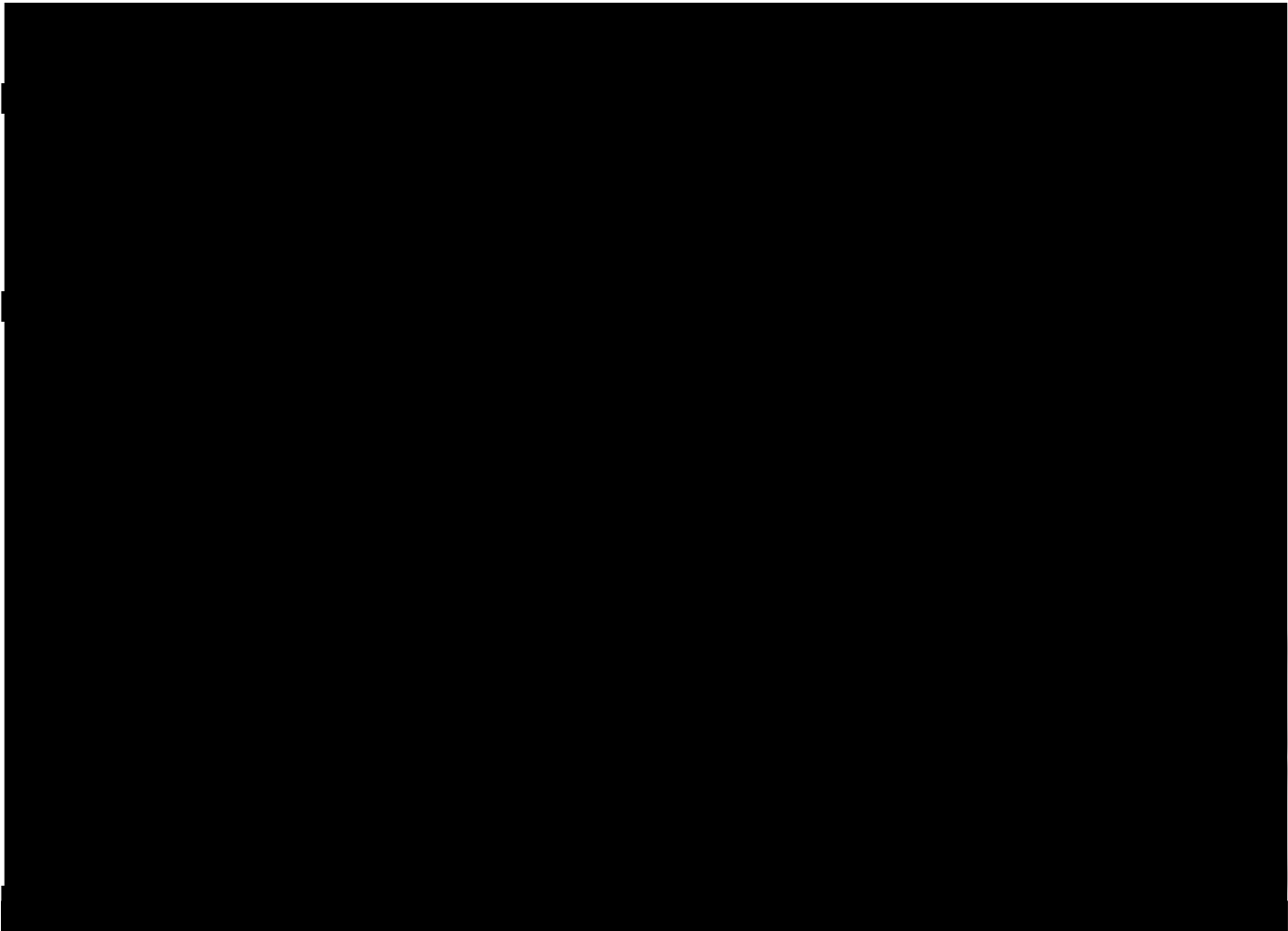
The Administration has had to look at factors that have forced much more conservative tuition estimates. In recent years, the College has experienced over \$300,000 in lost tuition revenue due to unfunded financial aid programs that have to be written off as uncollectible. With the continued statewide 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

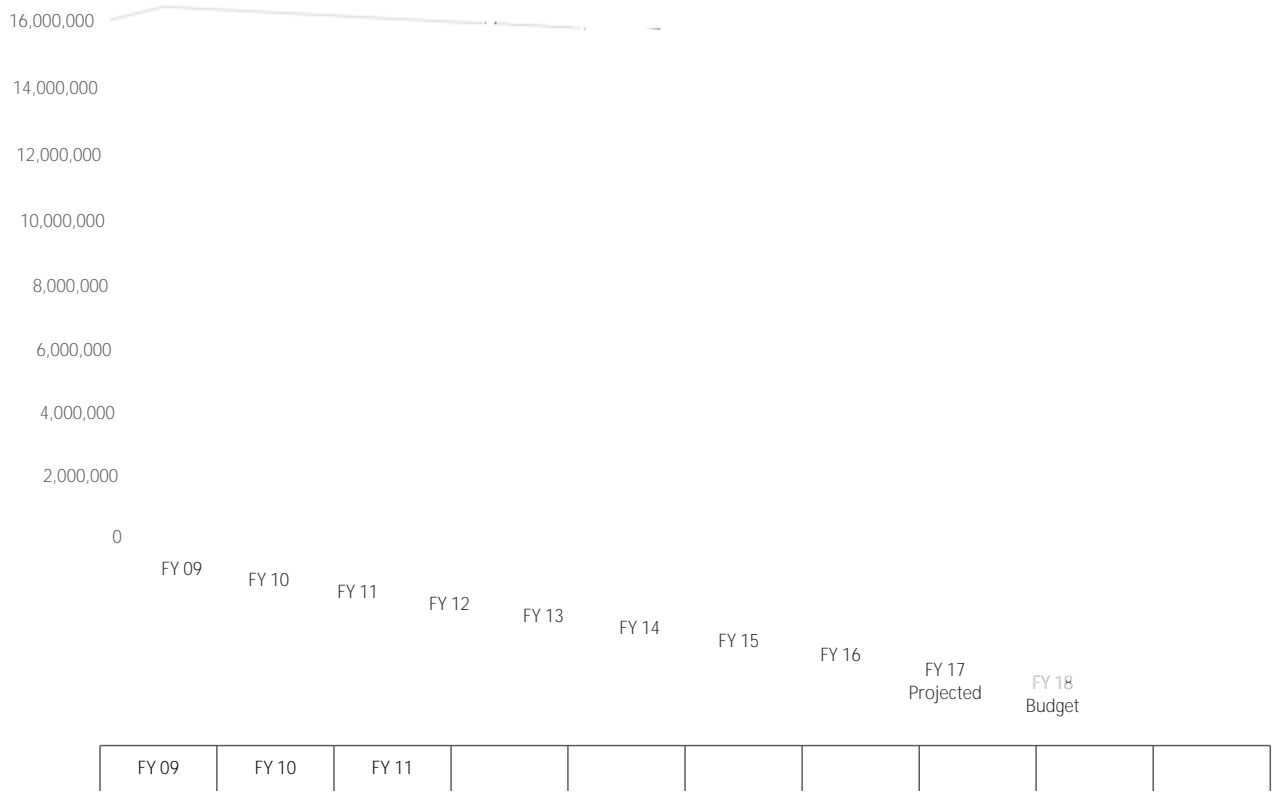
<b>BY REVENUE SOURCE:</b>	<b>FY 2018 Proposed Budget</b>	<b>FY 2017 Adopted Budget</b>	<b>\$ Increase (Decrease)</b>	<b>% Increase (Decrease)</b>	<b>% of Total FY18 Revenue</b>
LOCAL PROPERTY TAXES	6,660,000	6,417,000	243,000	3.79%	23.35%
CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	632,000	532,000	100,000	18.80%	2.21%
CHARGEBACKS	-	20,000	(20,000)	(100.00%)	0.00%

# Revenues Operating Funds FY 2018











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
<b>Total EAV</b>	<b>\$1,924,114,581</b>	<b>\$1,943,165,221</b>	<b>\$1,905,063,942</b>		<b>\$1,857,798,599</b>	<b>\$1,806,195,413</b>	<b>\$1,785,639,729</b>
		<b>2.00%</b>	<b>2.54%</b>		<b>2.86%</b>	<b>1.15%</b>	

\*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	<b>\$6,660,000</b>



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(0)-13(4)7(,8)7(5)

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 discretionn





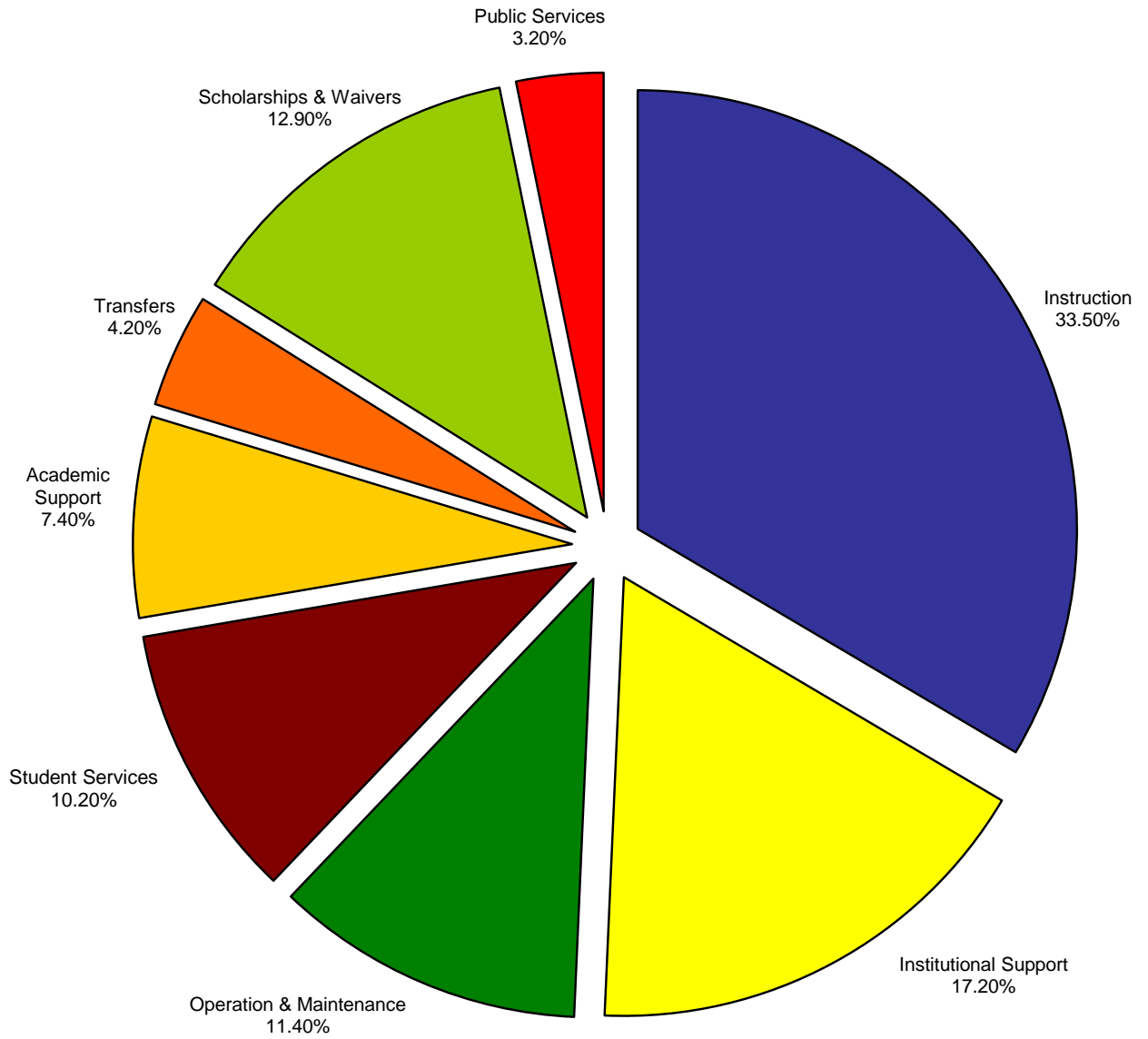
**FY 18**

**FY 17**

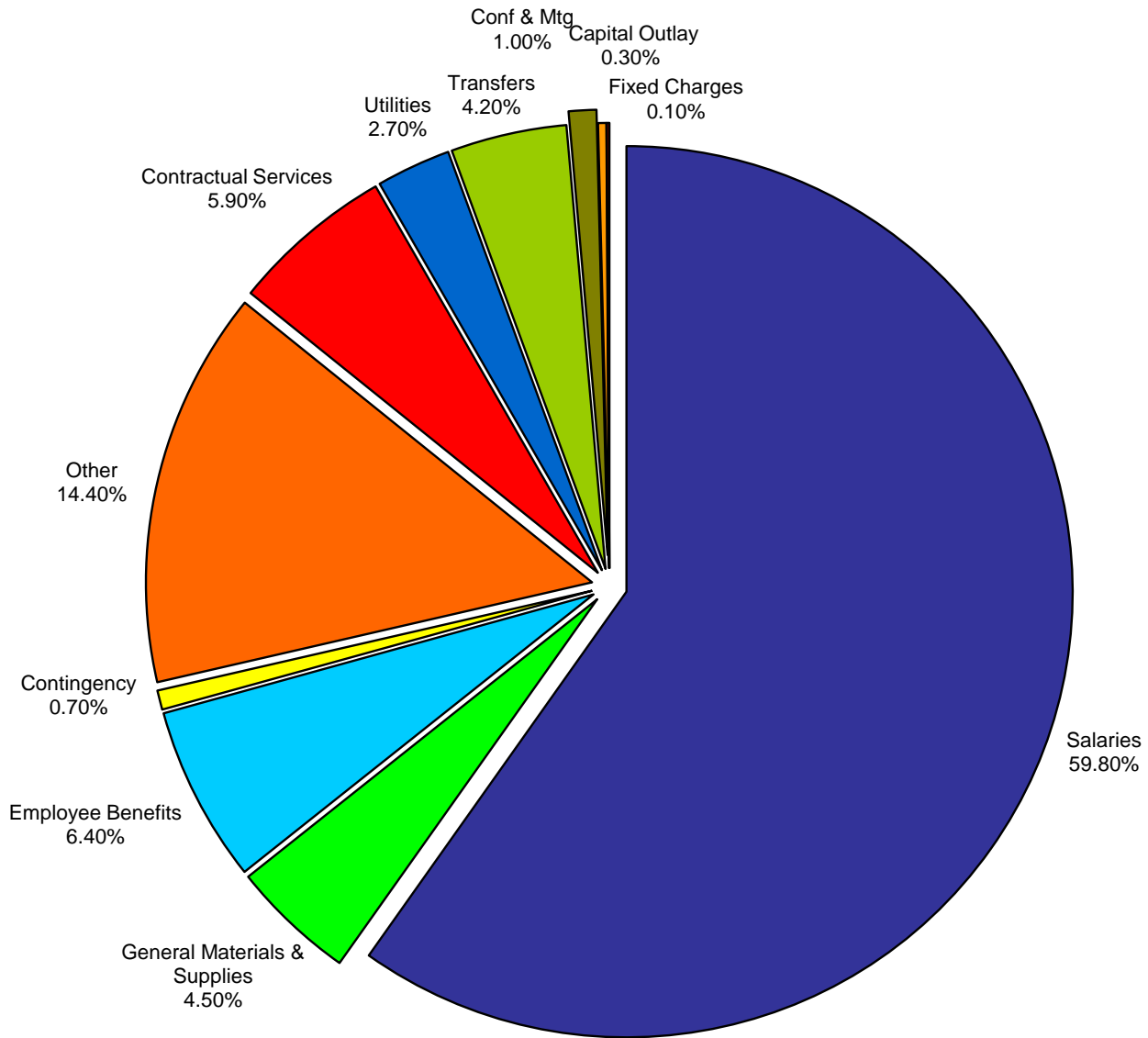
**\$**

**%**

# Expenditures by Program Operating Funds FY 2018



# Expenditures by Object Operating Funds FY 2018

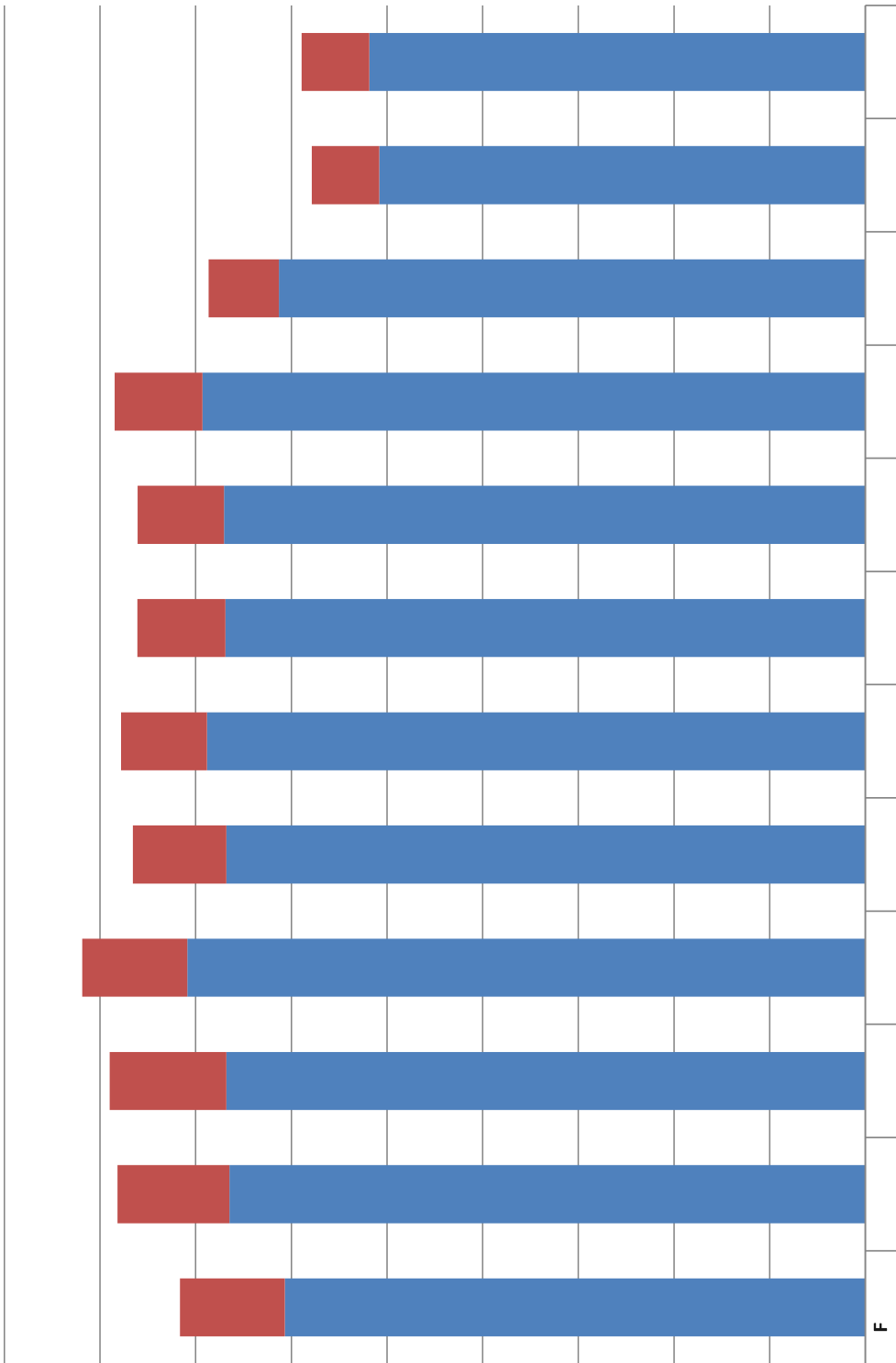




**Adopted Budget History  
Operating Fund Expenditures  
FY 2000 - FY 2018 (Proposed)**

<b>Fiscal Year</b>	<b>Education</b>	<b>Operations &amp; Maintenance</b>	<b>Total Operating Funds</b>	<b>Increase (Decrease) From Prior Year</b>
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%





## 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:

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

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:

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	\$2,000,000	\$21,121,200	\$2,977,734