**Sauk Valley Community College**

**June 20, 2016**

**Action Item 4.6**

**Topic: Tentative 2016-2017 Budget – First Reading**

**Strategic Direction: Goal 3 – The College will maintain an appropriate operating fund surplus.**

**Presented By: Dr. David Hellmich and Melissa Dye**

**Presentation:**

Attached is the Tentative FY2017 Budget for Board consideration and first reading. This budget will be on public display in the Business Office, the President’s Office, and the Learning Commons for thirty days. The public hearing and final action will take place at the July Board meeting.

**Recommendation:**

The administration recommends the Board of Trustees approve the first reading of the Tentative FY2017 Budget.

SAUK VALLEY COMMUNITY COLLEGE

FY2017 BUDGET NARRATIVE

SVCC has nine different funds.

* **Education (Fund 1)** - academic programs, student services, technology, and administration.
* **Operations & Maintenance (Fund 2)** - building maintenance, custodial, grounds, and utilities.
* **Restricted Purposes (Fund 6)** - student financial aid and restricted grants.
* **Audit (Fund 11)** - audit costs.
* **Liability, Protection & Settlement (Fund 12)** - liability insurance, workers compensation insurance, unemployment insurance, FICA, Medicare, and risk management.
* **Working Cash (Fund 7)** - investment income and temporary cash flow.
* **Bond & Interest (Fund 4)** - bond repayment and bond interest payment.
* **Operations & Maintenance Restricted (Fund 3)** - building renovations and funding bonds.
* **Auxiliary (Fund 5)** - student activities, athletics, bookstore and the medical self-insured fund.

The revenue sources and uses of the nine funds are listed on the following pages. Also included are the assumptions used to determine the FY2017 budget amounts if significantly different than the prior year.

**Education Fund** (Fund 1)

Revenue sources:



Local revenues

* Property taxes are increasing due to increase EAV for 2015 tax year. The assumption within the budget is there will be a tax freeze on the 2016 levy.

State revenues

* These revenues consist of the Credit Hour grant, the Equalization grant, and the Career and Technical Education grant.
* The assumption within the budget is FY2017 state funding will be reduced by 20% of state funding received in FY2015.
* The projected FY2016 fund balance includes $349,362 of unpaid state funding.

Tuition and Fees

* The assumption within the budget is FY2017 enrollment will be flat.
* FY2017 tuition reflects a $7 rate increase with $1 per credit hour being transferred to pay off working cash borrowing for road and parking repairs.

Sales and services

* These revenues consist of the non-credit revenue from the Business and Community Education department.

Other Revenue

* These revenue consist of fines, stop pay fees, and administrative costs for grants.

Expenditures:



Instruction

* These expenditures consist of salaries, benefits, and direct costs of the academic programs.

Academic support

* + These expenditures consist of salaries, benefits, and direct costs of the library, instructional technology, and the academic deans.
  + The FY2017 budget increase is due to the implementation cost for new Canvas program, Director of CTE stipend, additional costs associated with changes in placement testing, and moving a portion of Health Professions and Natural Science Assistants salary to academic support rather than all instruction.

Student services

* These expenditures consist of salaries, benefits, and direct costs of the student service dean, admissions, financial aid, and counseling offices.
* The FY2017 budget increase is due to the College paying $40,000 of Talent Search grants salaries and benefits, additional instructional supplies and contractual expense for DSO office, full staffing of enrollment specialist, and moving orientation expense from FYE to Admissions.

Continuing education

* These expenditures consist of salaries, benefits, and direct costs for Business and Community Education.
* The FY2017 budget increase is due to advertising for Community Education being moved from Marketing Department and the addition of the Center for Small Business Development expenses as we have not received the grant funding notification.

Institutional support

* These expenditures consist of salaries, benefits, and direct costs of the executive administration, fiscal operations, marketing, and administrative data processing.
* The FY2017 budget increase is due to the addition of the Vice President of Institutional Development position.

Scholarships, grants, waivers

* These expenditures consist of tuition waivers for employees, Sauk Scholars, dual enrollees, and athletes.
* The FY2017 budget increase is due to increase in Dual Credit offerings and increases in academic and athletic waivers.

The following table reclassifies the program costs into expense categories.



Transfers:



Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 6,468,512 |
| Projected FY17 Net income | (831,781) |
| Projected FY16 Fund balance | 5,636,731 |

**Operation and Maintenance Fund** (Fund 2)

Revenue sources:



* State Funding is budgeted at 20% of funding that was received in FY2015.
* Tuition reflects a $7 per credit hour increase.
* FY2017 enrollment is budgeted as flat.

Expenditures



* Fixed charges include property insurance

Transfers:

 Transfers are permitted in and out of this fund.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 0 |
| Projected FY17 Net income | 777 |
| Projected FY17 Fund balance | 777 |

**Restricted Purposes Fund** (Fund 6)

Revenue sources:



* State revenue decreased due to no state funding for MAP Grants and a decrease in Adult Ed.
* Federal revenue will increase due to the anticipation of the Talent Search Grant and SBDC Grant.
* Other revenue will decrease due receiving funding for the PASS program and AHEC in FY16.

Expenditures:



* The balance of the grants must be used by their fiscal year end.
* The decrease in Instruction is due to a reduction in Adult Ed Funding.
* The increase in Student Services is due to the anticipation of the Talent Search Grant.
* The increase in Public Services is due to the anticipation of the SBDC grant.**Audit Fund** (Fund 11)

Revenue sources:



* Property taxes are levied based on the annual audit costs.

Expenditures:



* Salary and benefits from the Director of Business Services and the Staff Accountant are expensed in this fund to cover audit preparation.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | - |
| Projected FY17 Net income | 1,564 |
| Projected FY17 Fund balance | 1,564 |

**Liability, Protection and Settlement Fund** (Fund 12, Tort Fund)

Revenues sources:



* Property taxes are levied based on the annual needs of this fund.

Expenditures:



* Salaries reflect security staff and allocations of salaries for those who have risk management duties.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 4,240,000 |
|  |  |
| Projected FY17 Net income | (45) |
| Projected FY17 Fund balance | 4,239,955 |

**Working Cash Fund** (Fund 7)

Revenues sources:



* Investment income is earned on the principal from working cash bonds sold in prior years.

Transfers:



* Transfers to other funds were approved by the Board to be used for parking lot and road repairs.
* Transfers from other funds are the $1 tuition increase that has been earmarked to pay funds back.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 2,218,000 |
| Projected FY17 Net income | (186,100) |
| Projected FY17 Fund balance | 2,031,900 |

**Bond & Interest Fund** (Fund 4)

Revenues sources:



* Property taxes are levied based on the annual bond repayment schedule.

Expenditures:



* Fixed charges are the scheduled principal and interest payments for the outstanding bonds.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 775,400 |
| Projected FY17 Net income | 10,325 |
| Projected FY17 Fund balance | 785,725 |

**Operations & Maintenance Fund- Restricted** (Fund 3)

Revenues sources:



* Property taxes are levied based on the annual needs of this fund.

Expenditures:



* The FY2017 Protection, Health, and Safety projects include abatement of first floor.
* In FY2017, funding bonds will pay for equipment needs and building remodeling.

|  |
| --- |
|  |

Fund balance:

|  |  |
| --- | --- |
|  |  |
| Projected FY16 Fund balance | 3,867,300 |
|  |  |
| Projected FY17 Net income | (979,800) |
|  |  |
| Projected FY17 Fund balance | 2,887,500 |

**Auxiliary Enterprises Fund** (Fund 5)

Revenues sources:



* The student fee is $8 per credit hour. The budget accounts for $2 increase in Fall 2016.
* Other revenue is the medical insurance premiums charged to the College funds and employees.

Expenditures:



Transfers:



* Bookstore funds will support student services area and facility cost.

Fund balance:

|  |  |
| --- | --- |
| Projected FY16 Fund balance | 1,433,433 |
| Projected FY17 Net income | (18,923) |
| Projected FY17 Fund balance | 1,414,510 |