

CERTIFIED BUDGET

REPORT
FY 2014



COMMUNITY COLLEGES
BUREAU OF ADULT, CAREER, AND COMMUNITY COLLEGE EDUCATION

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Acknowledgements

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Introduction

Purpose of the Report

The Department of Education, Division of Community Colleges, annually prepares a Community College Certified Budget Report. This report provides information to assist the State Board of Education members in their role as outlined in Iowa Code, Chapter 260C.17, as follows:

“The board of directors of each merged area shall prepare an annual budget designating the proposed expenditures for operation of the community college. The board shall further designate the amounts, which are to be raised by local taxation and the amounts which are to be raised by other sources of revenue for the operation. The budget of each merged area shall be submitted to the state board no later than May 1 preceding the next fiscal year for approval. The state board shall review the proposed budget and shall, prior to June 1, either grant its approval or return the budget without approval with the comments of the state board attached to it. Any unapproved budget shall be resubmitted to the state board for final approval.”

To meet Iowa Code, this report on each community college’s projected budget must be reviewed and approved by the State Board on or prior to June 1 of each year. At the time the information for this report is requested from Iowa’s 15 community colleges, state general aid appropriations, tuition revenues, and employee salaries are not finalized for the next fiscal year. Only budget estimates can be provided. Community college staff demonstrated their best attempts at preparing the following budget estimates for next year.

Overview and Explanation of Budget Process

Each community college budget included in this report is the budget approved by the community college’s local board. This budget is used for determining tax levies. To prepare this budget, college staff must estimate revenues and expenditures for FY 2014.

According to Chapter 24 of the Iowa Code, the local approved community college budget must be filed with their controlling county auditor. The controlling county auditor is usually the auditor in the most populated county in the merged area (i.e., Polk County for Des Moines Area Community College), and is published in newspapers with a notice of a public hearing. The notice of the public hearing needs to be published at least 10 days prior to the hearing. The budgets must be sent to the controlling county auditor no later than March 15 of each year on the forms prescribed by the Department of Management.

The funds used for published and certified budgets are the Unrestricted General Fund (Fund 1), the Restricted General Fund (Fund 2), the Plant Fund (Fund 7), and the Bond and Interest Fund (Fund 7). Table 1 includes the estimated budget by college for FY 2014 of Fund 1, Fund 2, and Fund 7. State totals are listed in Table 2. For comparative purposes, the FY 2013 re-estimated budget and the FY 2012 actual revenue and expenditures for Fund 1, Fund 2, and Fund 7 are included.

Unrestricted General Fund (Fund 1)

The Unrestricted General Fund (Fund 1) is available for any legally authorized purpose and is, therefore, used to account for all revenues and expenditures for activities not provided for in other funds. Organizational units to be financed through this fund are those which are generally directly related with the operation and support of the educational program of the college with the only restrictions being those imposed by the budget. Community colleges have primarily six sources of revenue available for General Fund activities. These include:

1. State General Aid
2. Tuition and Fees
3. Local Support (Property Tax Levies)
4. Federal Aid
5. Sales and Service
6. Other Income (such as interest)

Restricted General Fund (Fund 2)

The Restricted General Fund (Fund 2) is used to account for resources that are available for the operation and support of the educational program, but which are restricted as to their use. Some examples are: Tort Liability, Unemployment Compensation, Direct Federal Grants, and Chapter 260E (Industrial New Jobs Training), Chapter 260F Jobs Training, and Chapter 260G Accelerated Career Education Program.

Plant Fund (Fund 7) and Bond and Interest Fund (Fund 7)

The Plant Funds (Fund 7) are used to account for resources that are available for the purchase and operation of physical facilities. Plant funds are generated from the local \$.2025 levies.

The Bond and Interest Fund (Fund 7) is used to account for resources that are available for the payment of interest on bonds and retirement of bonds issued.

Published Budgets

The “published budgets” (or “certified budgets”) contain the “best” estimate of revenues and expenditures, many of which are unknown at the time of the budget development. Specifically, State General Aid, Tuition and Fees, and Salary/Benefits remain undetermined.

If at the end of the fiscal year, revenues exceed expenditures, a fund balance surplus will occur for that year. Conversely, when expenditures are greater than revenues, a fund balance deficit will occur for that year. Over the years, it has been common practice for colleges to gradually accumulate the fund balance up to some targeted amount that is a cushion to unforeseen future drops in revenues or increases in one-time expenditures.

The individual community college budget depicts trends in revenues and expenditures for the General Funds (Fund 1 and Fund 2), Plant Fund (Fund 7), and Bond and Interest Fund (Fund 7) for each community college. The budgeted financial information of FY 2014, re-estimated FY 2013, and the actual revenue and expenditures for FY 2012 are provided for a more accurate view of each institution’s budget and a history of the revenues and expenditures. The statewide total budget summarizes the individual community college data into statewide totals.

The following section provides the FY 2014 budget for each community college as submitted in the public hearings and to the county auditors for the certification process and is as provided to the Department of Education by Iowa’s 15 community colleges. It is important to remember that this document includes more data than Fund 1 (Unrestricted General Fund), which is normally reported in other published documents. It also includes Fund 2 (Restricted General Fund) and Fund 7 (Plant Fund and Bond and Interest Fund).

Executive Summary

The Certified Budget Report is prepared annually by each community college. Each college has specific steps that it follows in order to prepare this report and to submit it to the controlling county auditor by March 15 of each year. In January, the valuation reports are available from the county auditors to use as a basis for tax revenue estimates. In preparing the Certified Budget Report, historical year numbers are verified, current year numbers are re-estimated, and the next fiscal year numbers are estimated. Once the Certified Budget Report is prepared, it is filed with the community college board. After filing with the community college board, a public hearing is set. The date for the public hearing must be published no sooner than 20 days before the hearing and no later than 10 days before the hearing. At that public hearing, any comments from the public are heard and the board votes to accept the budget. If adopted by the board, the budget is filed with the controlling county auditor.

To prepare the Certified Budget Report for the State Board of Education, each college sends in its certified budget to the financial consultant of the Bureau of Adult, Career, and Community College Education. Each college's certified budget is included separately in the report and data from all 15 community colleges are combined to form a statewide total table.

Recommendation

In accordance with the Iowa Code, Chapter 24.17, the 15 community colleges have published their local board approved FY 2014 budgets and have met the March 15 deadline to report budgets to the controlling county auditor of their merged area. In accordance with the Iowa Code, Chapter 260C.17, the community colleges request the State Board of Education's approval of their individual budgets. The Department of Education, Division of Community Colleges, recommends approval of the Certified Budget Report by the State Board.

BUDGET ESTIMATE BY COLLEGE - Kirkwood Community College (KCC)

	General	Plant	Bond&Interest	Total of		
	Funds	Funds	Funds	All Funds	FY 2013	FY 2012
	FY 2014	FY 2014	FY 2014	FY 2014	Re-estimated	Audited
Resources:	Budget	Budget	Budget	Budget	Budget	Actual
Taxes Levied on Property	13,006,157	3,976,427	4,262,557	21,245,141	20,741,470	18,518,356
Utility Replacement Tax	413,307	126,434	124,873	664,615	679,503	647,213
Student Fees	105,000			105,000	100,000	101,598
Tuition	54,900,000			54,900,000	54,913,307	53,769,780
State Aid	29,107,110			29,107,110	25,654,874	25,404,756
Other State Aid	4,000,000			4,000,000	2,402,933	3,841,629
Federal Aid	10,125,000			10,125,000	8,100,000	10,005,535
Sales-Service	2,350,000			2,350,000	1,572,000	2,327,657
Other	7,600,000			7,600,000	6,115,000	7,546,636
Proceeds from Certificates	6,000,000	26,500,000		32,500,000	40,500,000	38,748,029
Total Resources	127,606,574	30,602,861	4,387,430	162,596,866	160,779,087	160,911,189
Expenditures:						
Liberal Arts and Sciences	24,200,000			24,200,000	28,641,425	23,993,880
Vocational and Technical	21,150,000			21,150,000	28,010,720	20,912,396
Adult Education	10,900,000			10,900,000	12,613,278	10,581,322
Cooperative Programs/Services	3,800,000			3,800,000	6,259,547	3,728,804
Administration	19,530,000			19,530,000	13,814,643	14,218,864
Student Services	6,125,000			6,125,000	5,901,546	6,096,047
Learning Resources	2,550,000			2,550,000	3,065,081	2,335,916
Physical Plant	11,000,000	35,000,000	6,400,000	52,400,000	50,324,171	52,955,871
General Institution	14,100,000			14,100,000	13,675,394	14,028,552
Total Expenditures	113,355,000	35,000,000	6,400,000	154,755,000	162,305,805	148,851,652
Net Resources minus Expenditures	14,251,574	(4,397,139)	(2,012,570)	7,841,866	(1,526,718)	12,059,537
Beginning Fund Balance	26,242,630	(39,265,151)	5,042,506	(7,980,015)	(6,453,297)	(18,512,834)
Ending Fund Balance	40,494,204	(43,662,290)	3,029,936	(138,149)	(7,980,015)	(6,453,297)
				Estimated Total Tax Rate per \$1000 Valuation		1.06484

Comments:

The negative amounts are due to timing differences of when construction costs are incurred, when funding sources are available and fund providing resources for construction.

BUDGET ESTIMATE BY COLLEGE - Des Moines Area Community College (DMACC)

	General	Plant	Bond&Interest	Total of		
	Funds	Funds	Funds	All Funds	FY 2013	FY 2012
	FY 2014	FY 2014	FY 2014	FY 2014	Re-estimated	Audited
Resources:	Budget	Budget	Budget	Budget	Budget	Actual
Taxes Levied on Property	16,807,018	6,962,952	0	23,769,970	19,859,466	19,779,534
Utility Replacement Tax	474,640	196,657	0	671,297	0	0
Student Fees	1,378,130			1,378,130	1,676,130	1,988,411
Tuition	51,472,691			51,472,691	54,532,482	59,466,254
State Aid	28,219,584			28,219,584	28,219,584	25,338,428
Other State Aid	3,647,821			3,647,821	1,992,985	3,382,311
Federal Aid	7,381,069			7,381,069	5,989,942	7,333,979
Sales-Service	163,000			163,000	666,350	939,999
Other	41,531,634	2,394,366		43,926,000	41,680,565	37,804,034
Proceeds from Certificates	0			0	0	0
Total Resources	151,075,587	9,553,975	0	160,629,562	154,617,504	156,032,950
Expenditures:						
Liberal Arts and Sciences	26,655,910			26,655,910	26,737,899	28,049,131
Vocational and Technical	32,199,970			32,199,970	32,341,225	32,721,226
Adult Education	15,037,764			15,037,764	10,853,512	14,868,354
Cooperative Programs/Services	22,038,395			22,038,395	25,091,268	16,102,995
Administration	3,722,917			3,722,917	3,711,006	3,672,320
Student Services	9,470,002			9,470,002	9,595,160	9,045,444
Learning Resources	3,131,307			3,131,307	3,131,307	3,030,744
Physical Plant	16,211,418	16,157,648		32,369,066	29,681,793	34,310,256
General Institution	24,178,722			24,178,722	20,056,922	19,886,669
Total Expenditures	152,646,405	16,157,648	0	168,804,053	161,200,092	161,687,139
Net Resources minus Expenditures	(1,570,818)	(6,603,673)	0	(8,174,491)	(6,582,588)	(5,654,189)
Beginning Fund Balance	14,980,184	(254,658)		14,725,526	21,308,114	26,962,303
Ending Fund Balance	13,409,366	(6,858,331)	0	6,551,035	14,725,526	21,308,114
				Estimated Total Tax Rate per \$1000 Valuation		0.69129

Comments:

General Funds – The negative balance in the General Funds can be attributed to the Current Restricted Fund and the timing differences of incurring the expenditures and collecting the revenues in that fund.

Plant Funds – DMACC has three large construction projects that will be completed in FY2014. The negative balances can be attributed to the fact the expenditures will be incurred during FY2014, but the property tax revenues to cover the expenditures will be collected in future fiscal years.

BUDGET ESTIMATE BY COLLEGE - Southeastern Community College (SCC)

	General	Plant	Bond&Interest	Total of		
	Funds	Funds	Funds	All Funds	FY 2013	FY 2012
	FY 2014	FY 2014	FY 2014	FY 2014	Re-estimated	Audited
Resources:	Budget	Budget	Budget	Budget	Budget	Actual
Taxes Levied on Property	2,134,203	690,212	677,280	3,501,695	3,388,809	3,311,140
Utility Replacement Tax	97,136	31,407	28,935	157,478	162,950	118,096
Student Fees	150,000			150,000	139,000	151,691
Tuition	11,275,000			11,275,000	10,937,658	10,482,920
State Aid	8,005,415			8,005,415	7,662,694	7,165,410
Other State Aid	1,020,000	605,000		1,625,000	1,542,261	1,333,282
Federal Aid	1,610,000			1,610,000	1,895,765	1,991,953
Sales-Service	815,000	90,000		905,000	940,442	1,139,655
Other	7,445,000	1,600,000	178,476	9,223,476	8,960,120	7,709,098
Proceeds from Certificates	2,500,000			2,500,000	0	0
Total Resources	35,051,754	3,016,619	884,691	38,953,064	35,629,699	33,403,245
Expenditures:						
Liberal Arts and Sciences	6,720,000			6,720,000	6,626,948	6,257,437
Vocational and Technical	5,075,000			5,075,000	4,858,474	4,607,961
Adult Education	1,845,000			1,845,000	1,706,255	2,058,521
Cooperative Programs/Services	9,820,000			9,820,000	9,007,482	7,832,458
Administration	1,900,720			1,900,720	1,828,680	1,785,417
Student Services	3,110,000			3,110,000	3,046,566	2,768,043
Learning Resources	425,000			425,000	407,466	395,871
Physical Plant	2,521,000	3,100,000		5,621,000	3,776,074	2,313,301
General Institution	3,590,000		884,691	4,474,691	4,385,302	4,776,089
Total Expenditures	35,006,720	3,100,000	884,691	38,991,411	35,643,247	32,795,098
Net Resources minus Expenditures	45,034	(83,381)	0	(38,347)	(13,548)	608,147
Beginning Fund Balance	4,853,351	2,093,854	389,336	7,336,541	7,350,089	6,741,942
Ending Fund Balance	4,898,385	2,010,473	389,336	7,298,194	7,336,541	7,350,089
				Estimated Total Tax Rate per \$1000 Valuation		1.01520

Comments:

SCC has a three ongoing FY13 projects impacting the plant fund that will not be complete by June 30, 2013. This may cause FY14 plant fund activity, when combined with next years planned expenditures, to operate at a slight deficit. In regards to FY13 totals, SCC has unemployment costs that are anticipated to exceed the levied amount, and plant fund expenditures may slightly exceed revenue, depending on the progress and cost of projects for the remainder of the year. SCC maintains adequate reserves in the plant fund to cover these deficits should they occur.

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