

CRITERION TWO –

The institution has effectively organized the human, financial, and physical resources necessary to accomplish its purposes.

CHAPTER 6 –

Financial Resources

CHAPTER 6 – *Financial Resources*

INTRODUCTION

This chapter presents a summary and analysis of the fiscal resources of St. Charles Community College. First, the current financial status is reviewed as well as the policies in place for control and accountability. The sections that follow examine revenues and expenditures from an historical perspective. The conclusion then details strengths and challenges.

FUND ACCOUNTING

To assure that any established limits or restrictions on the use of resources are observed, the College accounts are maintained in accordance with the principles of fund accounting. Resources from various sources are classified for accounting and reporting purposes into funds in accordance with specific activities or objectives. Separate accounts are maintained for each fund group. All financial transactions are recorded and reported by fund group.

Within each fund group, balances restricted by outside sources are distinguished from unrestricted funds allocated to specific purposes by the Board of Trustees. Restricted funds may only be used for established purposes. Unrestricted fund balances may be used in achieving any institutional purpose. Non-mandatory transfers are made at the discretion of the College.

The fund groups include the Current Unrestricted Fund (General Fund, Corporate and Community Development Fund, and Auxiliary Services Fund), Restricted Funds (Grants and Contracts), Financial Assistance Fund, the Foundation, and the Plant Fund. Current funds include resources expendable for any purpose in meeting the objectives of the College. Instruction, public service, and supporting services are primary objectives. Plant funds include unexpended funds that are to be used for the acquisition of property, debt retirement, or investment in institutional priorities.

CONSERVATIVE APPROACH

The annual operating budget is prepared using a conservative approach for estimating revenue. Enrollment is projected from a computer model developed by the Administrative Services office based on the history of credit hours generated and an average of per credit hour tuition charges. From that information, a projection is made of the total for tuition and fees by semester. On the census date of each semester, the actual revenue is compared to the budgeted revenue. For the last three fiscal years, the model has been 97% predictable.

Revenue from state appropriations is known by the time the fiscal year begins, and that amount is included in the estimated revenues. Estimates of local tax revenues are developed from preliminary information received from the County Assessor's Office. In August, the total assessed value for the College is certified by the County Clerk and the tax rolls are prepared. Tax receipts are received from December through June of the following year. Approximately three-fourths of the tax revenue is received in the months of January through April.

FISCAL YEAR

The fiscal year begins July 1 and ends June 30 of the following calendar year. The Board of Trustees annually engages an independent certified public accounting firm for the purpose of performing an audit of the books of account, financial records, and transactions of the College. The College has consistently received an unqualified audit opinion on the financial statements taken as a whole. Audits are performed in accordance with government auditing standards. Past audit reports are available in the Resource Room.

CURRENT FINANCIAL STATUS

From its founding, the College has operated on sound financial footing. In spite of challenges presented by weaknesses in the Missouri State budget, the College continues to be fiscally sound. The chart and graph below show the total revenue budget for 2001-02, by source. The largest amount comes from local taxes. Each of the three main revenue sources provides close to one fourth of the total revenues. The creation of the current year's budget is more fully discussed in the "Planning and the Budget" section of this chapter.

Education & General Fund Budget for Fiscal Year 2001-02

REVENUES AND TRANSFERS	BUDGET	% TO TOTAL
Local taxes	\$7,050,000	25.9%
State appropriations	\$6,530,000	24.0%
Tuition and fees	\$6,236,532	22.9%
Government grant and contracts	\$2,067,020	7.6%
Earnings from investments	\$330,000	1.2%
Private gifts and grants	\$40,992	0.1%
Other sources	\$129,215	0.6%
Prior year's accumulated fund balance	\$1,020,000	3.7%
TOTAL E & G REVENUES	\$23,403,759	85.9%
Unrestricted Nonmandatory transfers	\$365,050	1.3%
Auxiliary enterprises revenues	\$3,491,606	12.8%
BUDGETED REVENUES & TRANSFERS	\$27,260,415	100.0%

The information below shows the current year's budget for total expenditures and transfers. The largest percentage of expenditures and transfers supports academic affairs.

EXPENDITURES AND TRANSFERS	BUDGET
Academic affairs	\$12,278,177
Institutional support	\$3,832,756
Operation & maintenance of plant	\$3,288,151
Student services	\$1,773,649
Academic support	\$653,191
Library	\$652,513
Scholarships	\$150,992
Capital outlay	\$450,000
Contingency	\$324,330
TOTAL BUDGETED EXPENDITURES	\$23,403,759
Nonmandatory transfers to:	
Plant funds-unexpended	\$156,450
Plant funds-renewals & replacements	\$104,300
Restricted fund	\$104,300
TOTAL E & G EXPENDITURES	\$23,768,809
Auxiliary enterprises expenditures	\$3,491,606
BUDGETED EXPENDITURES & TRANSFERS	\$27,260,415

PHYSICAL ASSETS

The physical assets of the College are represented by the totals in the following chart:

Land & Improvements	\$10,120,347
Buildings	\$47,256,472
Equipment & Furniture	\$8,401,254
Leased equipment	\$260,035
Library Books	\$197,535
Vehicles	\$161,533
TOTAL *	\$66,397,176

*as reflected on the Balance Sheet, June 30, 2001

All physical assets of the College are located on a single 222-acre campus. Of that number, 135 acres are currently developed. The remaining 87 acres are adjacent to the campus and were purchased in 1998. This purchase was made to accommodate future growth. Currently, a county road separates the existing campus from the new property. The *Master Plan* calls for this road to be closed as the College expands into the new property.

The campus includes nine buildings totaling 423,593 square feet. Buildings were added incrementally; the Academic /Administration, Student Center, Learning Resource Center and Campus Services buildings were occupied in 1992. In 1995 the Continuing Education/Academic and Fine Arts Buildings were added. The Child Development Center opened in 1996 and was expanded in 2000. In the beginning of 2001, the Technology Building and College Center were completed. Athletic fields and additional parking areas have been added as well.

The master plan for the campus allows for preserving green space and for additional buildings and parking areas. The County of St. Charles plans to construct a new four-lane roadway, College Boulevard, adjacent to the campus on the south and west end. When this new major route is opened, the College will close the south entrance from Mid Rivers Mall Drive and build a new entrance from College Boulevard. (See *Campus Master Plan* in Resource Room.)

NEW BUILDINGS

Phase III development was completed early in 2001 and included the Technology Building, the College Center, and an addition to the existing Child Development Center. Two athletic fields, a multipurpose field, and additional parking were added. The College was able to upgrade the entire technology infrastructure of the campus with funds for this phase of construction. Proceeds from a bond sale, together with interest earned or accrued on the bonds sold, provided the revenue for the expansion. Capital improvement funds from the state supplied \$991,000 to furnish the Technology Building with state-of-the-art computers and other high-technology equipment.

The operational costs of the two new buildings, which include approximately 100,000 square feet of space for multipurpose activities and technology classrooms, will require some monitoring as energy and maintenance costs are cycled into the budget. These costs were budgeted in the planning process for FY 2001-02.

For a more thorough discussion of physical assets, see Chapter 7.

CONTROL AND ACCOUNTABILITY

PURCHASING PROCESS

The College has a centralized purchasing process, and a guide to this process is available in print as well as web format (See Exhibit A.) This information is included in *Board Policies and Administrative Procedures*. The College has a Purchasing Department, the main responsibility of which is to secure services, materials, supplies, and equipment from responsible and responsive vendors for the lowest possible cost. The Purchasing Department requests competitive quotations on items costing more than \$1,000. The College administration approves purchases and bids up to \$5,000, and the Board of Trustees approves all bids in excess of \$5,000.

Reports, bids, specifications, and contracts—as well as all records of purchases and sales of any kind—are maintained by the Purchasing Department.

INVENTORY

Items valued in excess of \$1,000 purchased by the College are processed by the Receiving Office and referenced by purchase order. These items are property inventoried and designated as fixed assets by the Receiving Office. Acquired and retired fixed assets are tracked by means of an inventory system on the Colleague data system. All fixed assets are inventoried annually. Departments are responsible for the care of fixed asset items. Capital assets that are disposed of or transferred require the completion of the *Capital Asset Disposal/Transfer* form to insure that the inventory records are accurate. (See Exhibit B.) Items that are inventoried but no longer have a useful life are disposed of annually from a list approved by the Board of Trustees.

APPROVAL OF NEW EMPLOYEES

As part of the planning process for departments and divisions, staff meet with supervisors and plan for the next fiscal year. These plans include proposals for any new personnel. New positions are authorized after discussion of need and appropriate justification. When the proposed position has been approved, the supervisor completes a Job Analysis Questionnaire and Personnel Requisition Form. (See Exhibits C and D.) Final approval is made by the College President. Flexibility is necessary in funding part-time faculty positions. The schedule for full-time faculty is identified each semester. Funding for part-time faculty is estimated based on enrollment trends and historical information. This flexibility in funding for part-time faculty positions allows the institution to respond to changes in enrollment.

COMPENSATION

A complete discussion of faculty and staff compensation is contained in Chapter 5, and copies of the faculty and staff agreements are available in the Resource Room.

REVENUE SOURCES

Three primary revenue sources make up the majority of the operating budget. Those are (1) appropriations received from the State of Missouri, (2) tuition and fees paid by students attending classes, and (3) local tax receipts produced from the voter approved levy for operations and debt service. Other sources of income include grants and contracts received from federal, state, and local entities, interest earnings, auxiliary services, Foundation fundraising, and other miscellaneous income from a variety of sources. This three-part foundation of major support creates a strong basis for maintaining the financial stability of the institution.

Revenues and Transfers Five-Year Summary

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
REVENUES & TRANSFERS					
EDUCATION & GENERAL:					
Local taxes	\$3,484,500	\$3,930,081	\$5,373,001	\$5,934,443	\$6,480,887
State appropriations	\$5,147,307	\$5,323,788	\$6,280,551	\$6,618,357	\$6,702,126
Tuition & fees	\$4,444,155	\$5,016,796	\$5,419,488	\$5,595,793	\$5,955,823
Government grants & contracts	\$1,417,671	\$3,105,580	\$3,203,291	\$3,321,217	\$3,845,183
Earnings from investments	\$330,196	\$386,858	\$349,308	\$398,337	\$485,016
Private gifts & grants	\$18,522	\$8,453	\$10,862	\$12,888	\$153,972
Other sources	\$187,863	\$406,778	\$252,972	\$256,587	\$303,973
<i>Total E & G Revenues</i>	<i>\$15,030,214</i>	<i>\$18,178,334</i>	<i>\$20,889,473</i>	<i>\$22,137,622</i>	<i>\$23,926,980</i>
Nonmandatory transfers:					
Unrestricted fund	\$40,486	\$45,518	\$48,524	\$50,136	\$51,397
Auxiliary Enterprise Revenues	\$1,665,449	\$2,142,226	\$2,443,698	\$2,840,264	\$3,238,917
TOTAL REVENUES & TRANSFERS	\$16,736,149	\$20,366,078	\$23,381,695	\$25,028,022	\$27,217,294

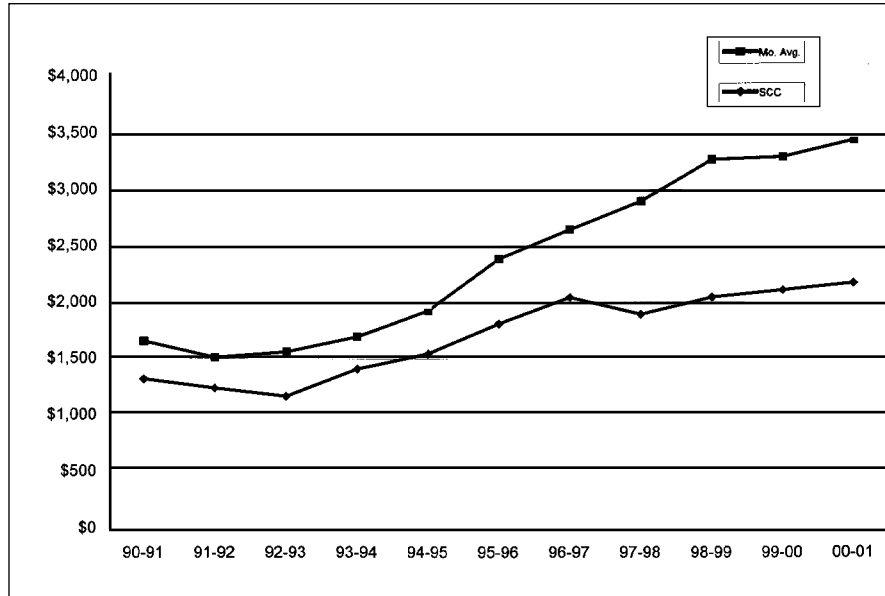
STATE APPROPRIATIONS

The Coordinating Board prepares an annual budget request that is forwarded to the Governor's Office. The Governor's staff prepares the state budget that is submitted to the Legislature for review and action. The Legislature formally approves and appropriates funds to the Coordinating Board, which then allocates funds, based on various factors, to colleges and universities in the state. The appropriation is reduced by 3 percent for a "rainy day" fund that is held by the Department of Revenue. A core appropriation is provided with additional appropriations for targeted initiatives.

Targeted initiatives include instructional technology, the Funding for Results program, workforce preparation, and maintenance and repair items. Funds for maintenance and repair are required to be matched on a 50:50 basis from local sources. An inflationary adjustment to the core appropriation has been provided in past years. This adjustment is important since it is included in the base allocation from one year to the next. State funding is not based on FTE student enrollment.

While this method reduces the threat of dwindling funds when enrollment declines, it restricts colleges in years that they experience exceptional or long-term growth. This method of funding was started in 1992, based on allocations for that year, and replaced an earlier approach that allocated funds based on student population. The College has experienced tremendous growth since that time, particularly during the period of 1996 to the present. As a result, the College receives less money per full-time-equivalent student than any other community college in the state. The state aid amount has increased every year but not as much as other sources, resulting in a decrease in the

A Comparison of State Appropriation Expenditures Per FTE Between SCC and All Missouri Community College Districts From FY91 to FY01



percentage of the revenue coming from state appropriations. The graph above clearly shows the widening gap between the FTE funding for SCC and other community colleges in the state.

The leadership of the College has worked diligently to direct the Coordinating Board's attention to this inequity. The President began to talk with other community college presidents in the state about this inequity in 1996. During the 2000-01 fiscal year, the Presidents and Chancellors Council of the Missouri Community College Association agreed on a proposal that would call for an adjustment in the allocation to any community college that experiences exceptional growth over a period of time. Under the terms of this proposal, any community college whose allocation is less than 85% of the mean for all community colleges receives additional funds to bring it up to that 85% mark. This proposal calls for these adjustments to be considered every 5 years. As implemented, this meant an additional \$238,000 for the College during FY 2002. The same adjustment would be added to the College's allocation for the next two years. These amounts are not one-time allocations, but would create a permanent increase in the base allocation to the College. The Coordinating Board agreed to include it in their proposed budget for FY 2002.

When the Governor announced his budget for FY 2002, this allocation for an adjustment was not included, reflecting the very tight state budget for the current fiscal year. There was no inflationary increase for the first time in the past five years. In spite of the state financial situation, local legislators were able to place the base adjustment back into the budget. A budget was adopted based on this figure. Then, in July, 2001, CBHE announced a withholding of revenue from the State appropriation of 5% for all public institutions of higher education. This withholding was in addition to 3% normally withheld by the State.

Moreover, the state changed the method of distributing the appropriation to a monthly allotment. In previous years, the appropriation was distributed as follows: July = 50%, December = 20%, April = 20%, and June = 10%. The change to a monthly allotment results in a loss of the oppor-

tunity to invest idle funds. This will cause investment income to be \$50,000 less than expected. The combined withholding and investment income reduction lowered the budgeted revenue by \$399,000 for FY 2002.

Expenditures were reduced from the adopted budget to offset revenue losses. A renovation project for the Student Development area was postponed saving \$175,000. The filling of a position in the Teaching & Learning Center was delayed for 6 months saving \$25,000. A survey of the district's service area was eliminated at a savings of \$14,000. Upgrades in computer software were cancelled, and hardware for the microcomputer repair program was eliminated for a combined savings of \$26,000. Equipment for two smart classrooms was cancelled at a savings of \$20,000. Two areas approved in the *College Plan* for contracted outside services were eliminated at \$19,000. The balance of \$120,000 was met by using a portion of the unrestricted reserve to cover this one-time reduction.

LOCAL PROPERTY TAXES

Taxes are levied on all real and personal property owned on January 1 in each year. Properties used and owned by charitable, religious, and educational institutions are exempted from the payment of property taxes. The Assessor's Office is responsible for preparing the tax rolls each year and submitting the tax rolls to the Board of Equalization. The Board of Equalization may question and adjust the value of the property, thus equalizing like properties on the tax rolls. In 1986, the State Legislature passed a law requiring reassessment of all real properties every two years, beginning in 1987. The following chart and graph shows the increases in the district's assessed valuation since 1995. From 1995 through 2001, the increase in assessed valuation was 84%.

History of District's Assessed Valuation

YEAR	ASSESSED VALUATION	% CHANGE
1995	\$2,300,825,760	2.90%
1996	\$2,538,262,072	10.32%
1997	\$2,875,416,602	13.28%
1998	\$3,024,972,528	4.90%
1999	\$3,439,602,513	12.06%
2000	\$3,611,586,905	4.76%
2001	\$4,233,947,579	17.20%

Source: St. Charles County Assessor

This growth has provided a considerable increase in the dollar amount of local taxes collected, while maintaining the overall levy at \$0.25 per \$100 of assessed valuation. In 1998, a ballot meas-

ure was approved by district voters allowing restructuring of the bonded debt and a transfer of \$0.04 from the debt service levy to the operating levy.

The U.S. Census Bureau reports that the population of St. Charles County in 2000 was 283,883. This is an increase of 33.3% since 1990. Growth in the county is expected to continue. Last year brought three major employers into the College District. WorldCom and Coca Cola have relocated to St. Charles County, and MasterCard International recently became part of a new planned community in O'Fallon, just 10 minutes from the College, called Winghaven. The Winghaven project will cost more than \$600 million, and is expected to generate more than 15,000 jobs. The Missouri Research and Analysis Department estimated that in September 2000, there were 96,815 jobs in St. Charles County, an increase of 50% since 1990. This growth in employment opportunities and the corresponding population increase suggest an increase in the tax base, accounting for a considerable increase in the assessed valuation of the district. For the fiscal years 1996-97 through 2000-01, local tax revenues have provided an average of 24% of the current fund revenues.

TUITION & FEES

The third major source of revenue for the College is provided by tuition and fees that students pay each time they enroll. In academic year 1999-00, this source was 25% of the total revenue. The College has made an effort to keep charges to students at a minimum. The following chart shows the one change in tuition and fees that has occurred since 1996.

Tuition & Fee Schedule Fall 1996 - Spring 2001

Terms	In District	ID Max.	Out of District	OD Max.	Out of State	OS Max.	Service Fee
Fall 96- Spring 00	\$43	\$645	\$63	\$945	\$97	No Max	\$5 per hour
Summer 00- Spring 01	\$45	No Max	\$65	No Max	\$100	No Max	\$5 per hour

During the summer of 2000 the College eliminated several fees attached to certain courses. At the same time the tuition was raised \$2 per credit hour. This was expected to bring in only slightly more than the revenue lost by the fees that were removed. The only fees that remain are for courses with extraordinary costs such as private music lessons and scuba diving. A \$38 per course fee is charged for telecourses. A \$5 per credit hour service fee was established in 1996 to cover all miscellaneous costs associated with parking, student identification cards, student activity fee, and college-wide assessment. Students who reside out of the taxing district for this college are charged additional per credit hour tuition to offset the local tax support contributed by in-district residents. Over the past five years, tuition and fees have averaged 26% of the total budget.

The chart and graph below shows how the tuition at St. Charles Community College compares to the other community colleges in the State of Missouri. The annual tuition rate of \$1,500 is at the average for Missouri community colleges.

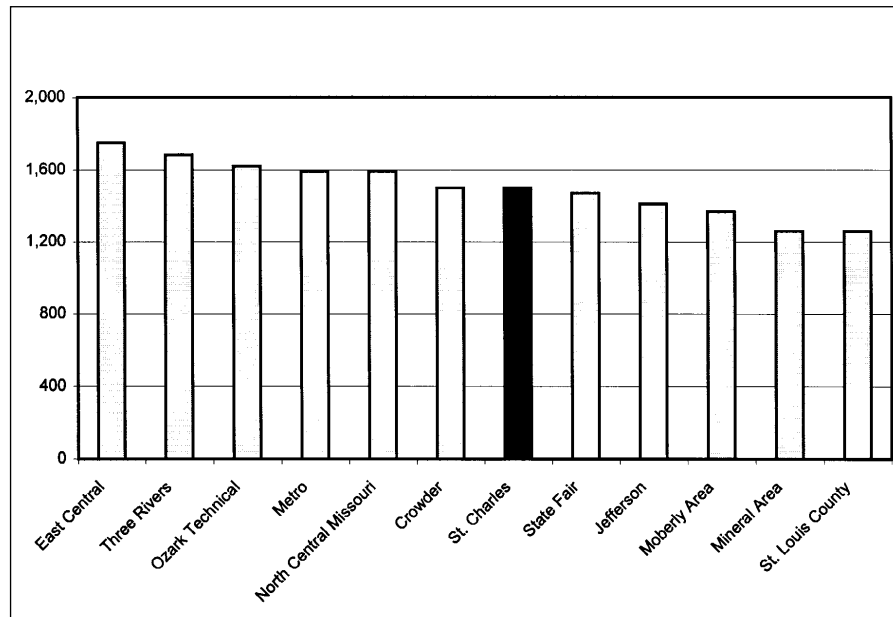
*Yearly Tuition & Fees of
Missouri Community Colleges 2000-01*

RANK	COLLEGE	TUITION & FEES
1	East Central CC	\$1,751
2	Three Rivers CC	\$1,683
3	Ozark Technical CC	\$1,620
4	KC Metro. CC System	\$1,590
4	North Central Missouri College	\$1,590
5	Crowder College	\$1,500
5	St. Charles CC	\$1,500
6	State Fair CC	\$1,470
7	Jefferson CC	\$1,410
8	Moberly Area CC	\$1,368
9	Mineral Area CC	\$1,260
9	St. Louis CC	\$1,260

Since tuition and fees are dependent on enrollment, the College considers enrollment trends and projections in financial planning. For the five-year period beginning with the 1995-96 academic year and ending with 1999-00, the student headcount increased 26%. The FTE growth rate was higher than the headcount growth rate at 35%. (See *Cougar Count*.) This indicates that a higher percentage of students have been attending full time. The rapid growth in population and employment opportunities in St. Charles County will likely result in continued enrollment growth.

FINANCIAL AID

The College participates in the federal financial aid programs depicted in the chart below. As the student body has grown, Pell Grant awards have increased. This is primarily attributable to the increase in student headcount and includes a small yearly increase due to policy set by the Department of Education. The Supplemental Educational Opportunity Grant (SEOG) amount increased each year until academic year 2001. There was no explanation for this decrease in the allotment. The College consistently asks for more than it receives, and this amount is determined solely by the Department of Education. Usage of the Work-Study program has dropped over the last 5 years due to the excellent local economy. The number of students utilizing this aid dropped from a high of 53 in 1997-98 to 21 in 2000-01, and rebounded last year. As usage dropped, the allotment for the following years was reduced.

Tuition & Fees of Missouri Community Colleges 2000-01

*Federal Financial Assistance
Type of Funds*

	AY 1997	AY 1998	AY 1999	AY 2000	AY 2001
Pell Grant Program	\$937,079	\$997,329	\$1,077,755	\$1,191,763	\$1,276,321
SEOG	\$68,100	\$71,350	\$72,393	\$76,075	\$64,932
Work Study	\$67,879	\$59,800	\$39,375	\$32,317	\$38,799
Totals	\$1,073,058	\$1,128,479	\$1,189,523	\$1,300,155	\$1,380,052

In 1997, the College received the first students taking part in the new A+ program. This program was instituted by the state of Missouri to provide tuition, fees, and books for the first two years of a community college education. It is open to students who attend high schools that have met criteria set by the state. These students are expected to meet attendance, citizenship, and grade requirements, and to have performed community service. The high schools have to meet complex standards that require them to track and assist at-risk students, assist graduates in making transitions to work or higher education, and show methods for improving scores on standardized tests.

During the first semester of this program, only two high schools, Wentzville and Warrenton, sent eligible students to the SCC campus for this program and the total amount awarded was \$27,507. During fall 2001 semester, 342 students from 31 high schools were awarded an estimated total of \$432,720 through this program. One of the major districts in St. Charles County chose not to apply for this program when it was first started, but has since applied for its three high schools and expects to be included within the next two years. This should increase usage of this program at the College. The program has been very popular statewide, and there is some question as to whether or not the state has sufficient funds to continue to provide this support. During spring

2001, new restrictions were announced by the state limiting courses to only those that lead to a degree. No repeats are allowed and students must follow strict regulations while in college.

OTHER REVENUE SOURCES

Investment Income

Funds not needed to meet day-to-day expenses are invested in short-term instruments as allowed by the State Treasurer’s Office. All investments are secured by appropriate collateral. Tuition and fees are collected three times during the year. Local taxes are collected at the beginning of the calendar year. The “State Appropriations” section of this chapter explains a change in the method of payment of these funds. Some funds can be invested with varying maturity dates throughout the year. The amount of interest earned varies with the yield rates on the investment.

Miscellaneous Income

The College rents space to several institutional partners such as the University of Missouri-St. Louis, the Community Council, the Eastern Missouri Law Enforcement Academy, and the Greenway Network. Rental agreements are available in the Resource Room.

Auxiliary Enterprises

The College operates its own bookstore, Child Development Center, and food service program. The following table shows the revenue and expenses for these auxiliary enterprises for the past five years:

Auxiliary Funds Revenues & Resources

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Bookstore	\$1,436,646	\$1,628,995	\$1,831,278	\$2,041,986	\$2,199,170
Mid Rivers Kitchens	\$32,424 *	\$237,564	\$294,632	\$315,333	\$330,404
Child Dev. Center	\$275,711	\$285,379	\$387,805	\$340,158	\$709,343
Total Aux. Funds	\$1,744,781	\$2,151,938	\$2,513,715	\$2,697,477	\$3,238,917

* MRK operated as a College Activity for only a partial year

Auxiliary Funds Expenditures & Transfers

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Bookstore	\$1,415,411	\$1,537,038	\$2,079,843	\$1,971,020	\$1,956,174
Mid Rivers Kitchens	\$30,541	\$232,719	\$290,236	\$313,541	\$343,865
Child Dev. Center	\$273,665	\$275,388	\$384,232	\$339,160	\$818,652
<i>Total Aux. Funds</i>	<i>\$1,719,617</i>	<i>\$2,045,145</i>	<i>\$2,754,311</i>	<i>\$2,623,721</i>	<i>\$3,118,691</i>

The chart shows that during the fiscal year 1996-97, Mid Rivers Kitchens had significantly lower expenses and revenue when compared to later years. This was because it operated under the control of the College for only part of that year. The chart below reveals that a large percentage of the cost of this operation was covered by the bookstore subsidy that year, in order to facilitate the transition from a vendor-run facility to a college-operated one.

The bookstore continues to provide subsidies to the Child Development Center and food service operations to help keep those services affordable. The following chart and graph shows these amounts for the past five years. The bookstore has financially supported intercollegiate athletics during this period, although that subsidy has now been phased out.

Transfers Out from Bookstore

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Mid Rivers Kitchens	\$24,761	\$18,458	\$11,604	\$5,569	\$13,461
Child Dev. Center	\$58,842	\$17,271	\$60,295	\$83,129	\$83,510
Athletics	\$73,642	\$83,198	\$83,391	\$65,000	\$35,000
<i>Totals</i>	<i>\$157,245</i>	<i>\$118,927</i>	<i>\$155,290</i>	<i>\$153,698</i>	<i>\$131,971</i>

The low figure representing the subsidy to the Child Development Center during FY 1997-98 is attributable to a grant from the Missouri Preschool Project. The increase in that same subsidy during FY 1999-00 was due to the fact that the building size and staff doubled. The athletics program has received less funding from bookstore subsidies and more from the general fund each year. After fiscal year 2000-01, the athletics program is fully funded by the general fund.

Foundation

The St. Charles Community College Foundation is a nonprofit organization formed in 1996 to support the mission of the College and activities in the field of education. The Foundation receives revenue primarily through fundraising efforts and contributions.

As the sole official fund-raising and private gift-receiving agency for the College, the Foundation looks for innovative and alternative ways to fund scholarships, internal grants, and special instruction projects. The Foundation solicits and receives tax deductible gifts and manages these gifts and bequests for the benefit of the College and the students.

In the past two years, the Foundation was named in a Charitable Remainder Unitrust, currently valued at approximately \$800,000. The Foundation also received a gift in the form of a 98.9% limited partnership interest in a charitable limited partnership, currently valued at more than \$6 million.

The Foundation has two major fund raising projects per year. Since 1997, the annual golf tournament has raised more than \$36,600 for scholarships. Since 1995, the annual November benefit event has raised more than \$104,000, which is used for scholarships and various other college projects.

Since FY 1996-97, the Foundation has awarded 25 internal grants totaling \$42,896 to assist the College in its mission. The Foundation continues to increase the amount awarded each year. Past awards include funds for computers, software, videos, video equipment, science equipment, and special project development. The following graph and chart shows that the amount has steadily increased each year:

Internal Grants Given By the College Foundation

YEAR	GRANTS AWARDED	AMOUNT AWARDED
1996-97	4	\$ 2,500
1997-98	4	\$ 5,627
1998-99	5	\$ 9,847
1999-00	4	\$12,346
2000-01	8	\$12,575
<i>TOTAL AWARDED</i>	<i>25</i>	<i>\$42,895</i>

The Foundation assists the community with the establishment and administration of scholarships for students. In the past five years, 20 scholarships have been established. Some are funded annually, and others are funded with restricted donations, awarding only the interest. In 2000-01, 56 students received awards totaling more than \$28,000, more than twice the number of students receiving awards in 1996.

Eligibility varies with each scholarship. Scholarships are offered to students whose records demonstrate academic excellence and to returning learners. Some scholarships are available for specific areas of interest or student major; others reward community involvement. The selection process varies with each scholarship. Many community based scholarship recipients are selected by the individual organization. A subcommittee of the Foundation Board selects the recipients of the scholarships offered through the Board. A *Scholarship Guide* with detailed information is available through the Financial Assistance

Office. The graph and chart below shows that the number and amount of scholarships has increased each year.

Student Scholarships Awarded Through the College Foundation

YEAR	NUMBER OF STUDENTS	AMOUNT AWARDED
1996-97	11	\$ 1,950
1997-98	23	\$11,150
1998-99	29	\$20,950
1999-00	58	\$26,200
2000-01	56	\$28,325
TOTAL AWARDED	177	\$88,575

The Foundation assists with the disbursement of funds raised through employee contributions for scholarships, expressions of sympathy, and College projects (currently a walking trail). In 1996, employees donated \$6,023 to these causes, and that amount increased to \$8,289 in 2000.

Corporate & Community Development

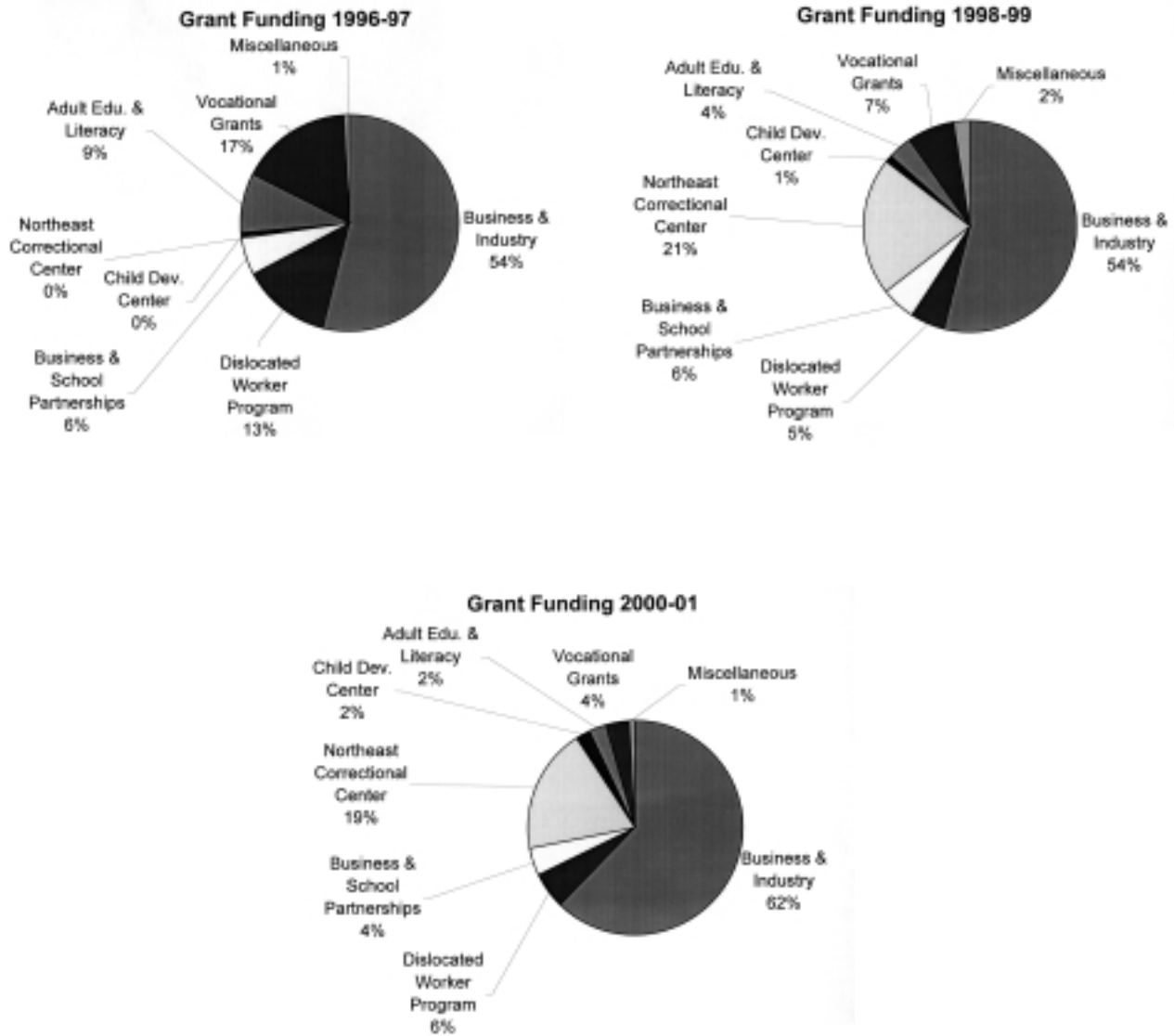
The Corporate & Community Development Division (formerly Continuing Education) was created in 1987 to offer Non-Credit classes and to provide services that did not fit under other Divisions. Those programs include: Community Services, Extended Learning, Dislocated Worker Program, Business & Industry Institute, Academic & Career Enhancement Center (which was moved to Academic Affairs in fall 2000), and School & Business Partnerships. The Division is responsible for many externally funded projects that include Developmental Disabilities Resource Board, School to Careers, Northeast Correctional Center, Adult Education and Literacy, and the UAW-GM Skill Center. For a complete description of activities, see Chapter 12. The Division revenues have exceeded expenses each year since 1996. Revenues exceed expenses for the time period of 1996-2000 by \$226,210.

Grants and Contracts

Grant funding allows the College to provide community and industry services and programs not covered by other revenue streams. The College seeks additional grant funding on an ongoing basis.

The following charts present three one-year periods and reflect the changes that have occurred in the last five years, particularly, the decrease in vocational grants and adult literacy, the addition of the Child Development Center and the Northeast Correctional Center, and the recent increase in Business and Industry activity:

Grant Funding 1996-97, 1998-99, and 2000-01



Grant Funding 1996-97 to 2000-01

	1996-97	1997-98	1998-99	1999-00	2000-01
Business & Industry	\$662,795	\$1,774,035	\$1,684,134	\$263,676	\$3,038,288
Dislocated Worker Program	\$161,085	\$219,705	\$157,555	\$166,559	\$289,515
Business & School Partnerships	\$71,140	\$146,277	\$175,544	\$211,344	\$212,285
Northeast Correctional Center	0	\$297,421	\$663,339	\$887,086	\$923,326
Child Development Center	\$6,000	\$23,000	\$26,134	\$153,442	\$113,513
Adult Education & Literacy	\$113,652	\$148,188	\$123,049	\$215,637	\$117,844
Vocational Grants	\$207,927	\$256,861	\$224,924	\$168,651	\$175,366
Miscellaneous	\$8,250	\$39,902	\$69,806	\$64,912	\$42,392
TOTALS	\$1,230,849	\$2,905,389	\$3,124,485	\$2,131,307	\$4,912,529

Many of these grants are for projects or programs that exist to fulfill a need in the community and would not continue if the funding ended. The miscellaneous category includes an ongoing inclusion program that serves community members with disabilities through Corporate and Community Development. The remainder, in the miscellaneous category, are grants targeted for purchasing specific equipment or instructional items such as the VIDEO grants from the Missouri Department of Elementary and Secondary Education to supplement the Learning Resource Center's budget for videos, and a one-time grant from the Missouri Higher Education Loan Authority (MOHELA) for computers and internet usage.

New Jobs Training

The Missouri Department of Economic Development, Division of Job Development and Training, offers a program through Missouri community colleges to train employees in new and expanding businesses. The training is financed through the issuance of certificates that are redeemed from the withholding of state taxes paid by employees receiving the training. WorldCom received approval for a training project and issued certificates for approximately \$2.5 million. The College administers the program and monitors the training of new and relocated employees at WorldCom. As of February 2001, the first year's training has been substantially completed and funds requested to redeem the certificates. The College receives an administrative allowance for monitoring the program.

St. Charles Community College entered into an agreement with St. Louis Community College in 1995 to provide training services to the General Motors Wentzville Plant under the Missouri Customized Training Program. At that time, the institutions agreed that SCC did not possess adequate resources to manage the project. The College assumed the role of fiscal agent for the project. SCC has worked with the GM plant on various other projects during the past 12 years. The College has dedicated resources to expanding the Business & Industry Institute's programs and services and became the Project Administrator and Fiscal Agent for the GM Customized Training Project effective July, 2001. SCC will fully manage and operate the project beginning in July 2002.

EXPENDITURES

The chart on the following page shows expenses and transfers for five years, beginning with fiscal year 1996-97 and ending with the budget for 2000-01. Fiscal Year 1998-99 included the purchase of an additional 87 acres.

Expenditures and Transfers Five Year Summary

EDUCATION & GENERAL	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01	
Academic Affairs	\$7,575,961	\$10,541,333	\$11,301,177	\$11,837,937	\$13,124,748	58.0%
Institutional support	\$1,883,099	\$2,223,747	\$2,547,138	\$2,916,901	\$3,208,954	14.2%
Operation & maintenance of plant	\$2,146,188	\$2,052,285	\$2,466,271	\$2,520,978	\$3,178,654	14.1%
Student services	\$1,399,747	\$1,219,691	\$1,375,423	\$1,567,317	\$1,628,604	7.2%
Academic support	\$432,603	\$450,421	\$498,942	\$608,093	\$670,362	3.0%
Library	\$494,741	\$533,437	\$573,877	\$634,512	\$627,408	2.8%
Scholarships	\$60,389	\$69,842	\$80,392	\$151,900	\$186,909	0.8%
TOTAL EXPENDITURES	\$13,992,728	\$17,090,756	\$18,843,220	\$20,237,638	\$22,625,639	
Nonmandatory transfers to:						
Plant fund- unexpended	\$449,825	\$111,556	\$145,570	\$150,408	\$979,192	
Plant fund-renewals & replacements	\$80,971	\$91,037	\$97,047	\$100,272	\$102,795	
Plant fund- Investment in plant		\$25,000	\$3,159,073			
Restricted fund	\$40,486	\$45,518	\$48,524	\$50,136	\$51,397	
TOTAL EDUCATION & GENERAL	\$14,564,010	\$17,363,867	\$22,293,434	\$20,538,454	\$23,759,023	
Auxiliary enterprises expenditures	\$1,569,494	\$1,984,612	\$2,363,371	\$2,735,116	\$3,118,591	
TOTAL EXPENDITURES & TRANSFERS	\$16,133,504	\$19,348,479	\$24,656,805	\$23,273,570	\$26,877,614	
Excess of revenues and transfers over expenditures and transfers	(\$56,046)	\$67,465	\$7,044	\$661	(\$63,553)	
NET INCREASE (DECREASE)	\$546,599	\$1,085,064	(\$1,268,066)	\$1,755,113	\$276,145	

Another anomaly in this chart appears in the Student Services expenses for FY 1997-98. During this time, three administrative positions in this division were vacated. Two of these positions were filled but not until the following fiscal year. The other position, Dean of Students, was eliminated. This resulted in lower

expenses than the previous year. The area of physical plant operations reported lower expenses in the 1997-98 fiscal year, when compared to the previous year. This was due to the decrease in expenditures as a major building phase was being completed. The percentage increased during FY 2000-01 due to Phase III construction.

PLANT FUNDS

In 1988, with voter approval of a \$0.15 debt retirement levy, the College was able to issue \$24 million in General Obligation Bonds to provide funds for building a permanent campus. The debt was structured so that substantial payments were made toward principal in the early years. This strategy allowed the College to take advantage of the growth of the county and its tax base. In April of 1993, voters approved a plan to restructure the debt. Interest rates on long-term bonds were coming down, which made it financially advantageous to restructure the existing debt at a lower interest rate. This restructuring included a permanent transfer of \$0.03 of the total tax levy from debt service to general operations. This transfer provided funding needed in operations to support growth in services.

With the original debt refunded at lower interest rates, the College was able to issue new bonded debt by extending the maturity of the bonds. In March 1994, an additional \$10 million in bonds was sold to finance the second phase of construction.

In the spring of 1998, a second successful ballot issue allowed the College to transfer an additional \$0.04 from the debt service levy to operations. The current levy for debt service has remained adequate to cover repayment of the debt, and continued growth in the county's assessed value allowed for the issuance of additional bonds to pay for Phase III construction projects completed in 2001.

At June 30, 2001, the total outstanding bonded debt was \$33.295 million. The following is a schedule of funds required for bond redemption and payment of future years' interest applicable to the College's long-term debt service obligation.

Scheduled Bond Redemption

YEAR ENDED			
JUNE 30	PRINCIPAL	INTEREST	TOTAL
2002	\$ 1,250,000	\$ 1,762,006	\$ 3,012,006
2003	\$ 1,315,000	\$ 1,696,648	\$ 3,011,648
2004	\$ 1,390,000	\$ 1,626,636	\$ 3,016,636
2005	\$ 1,465,000	\$ 1,550,590	\$ 3,015,590
Thereafter	\$27,875,000	\$10,930,410	\$38,805,410
TOTAL	\$33,295,000	\$17,566,290	\$50,861,290

The College is permitted, by the Missouri State Auditor's Office, to accumulate a reserve sufficient to retire bonded indebtedness equal to one year's payment of principal and interest. This would be approximately \$3.1 million per year.

MAINTENANCE & REPAIR

Several years ago, the Missouri Legislature recognized the need to identify funds specifically to maintain aging college campuses in the state. An allocation and appropriation was made with the target to be equal to five percent of the education and general expenditures for colleges. This appropriation requires an equal allocation from college resources to match the state's share. While the appropriation level has not reached the target amount of ten percent, these funds have solved a number of maintenance issues for the College. There is some misunderstanding on campus regarding the expenditure of funds such as these, restricted for specific purposes.

Interior renovations to improve student traffic flow, additional outdoor lighting along pedestrian walkways, repairs to roadways, installation of water drains in newly landscaped areas, repair of curbs and sidewalks that have broken, and other specific projects have been completed to keep the appearance of the campus facilities in excellent condition.

A list of potential projects to be considered for Maintenance and Repair funding is prepared annually. That list is reviewed and a recommendation is made by the Facilities Branch Committee to the Core Committee. The Cabinet reviews the project list and recommends to the President those projects to be submitted to the Board of Trustees for final approval. Each project is then scheduled and bid for completion within the funding period.

The annual Maintenance and Repair revenues and expenditures are shown in the chart below.

Yearly M&R Budget & Expenditures

	FY 1996-97	FY 1997-98	FY 1998-99	FY 1999-00	FY 2000-01
Budgeted	\$271,000	\$291,000	\$473,682	\$475,870	\$473,500
Expenditures	\$272,502	\$271,656	\$476,898	\$476,275	\$529,500

PLANNING AND THE BUDGET

In the 1996-97 fiscal year, a new planning process was instituted by the President. This process requires units to develop plans based on college-wide strategic priorities. These plans also include requests for new equipment and personnel. Most accounts are given an inflationary increase. Requests for new positions and equipment are prioritized by the Cabinet and added to the budget as resources allow. The budget is developed by the Cabinet and approved by the Board of Trustees. See Chapter 14 for more detail about the planning process.

CONCLUSION

A PATTERN OF FINANCIAL STABILITY

Three sources of funding (state appropriations, local property taxes, and tuition and fees) make up most of the current fund revenues. Appropriations from the State of Missouri have continued to increase over the last five (5) years, until the current year when there was a 5% withholding. The local tax base has expanded significantly, and revenues produced by tuition and fees continue to increase with growth in enrollment. This diverse funding base allows the College to effectively plan for a stable future in the budget development process. Overall, the financial future of St. Charles Community College appears strong.

STRENGTHS:

- Two-thirds of the budget comes from sources with continued growth potential: local tax levy and tuition and fees.
- The College has been well-served by a conservative approach to estimating revenue.
- Policies and procedures for control and accountability function effectively.
- The state legislature added an adjustment to the budget, for FY 2001-02, that added \$238,000 to the base allocation to the College.
- The College has consistently received an unqualified audit opinion on its financial statements.
- Acreage adjacent to the campus has been purchased to insure room for future growth.
- The College has a growing Foundation, with strong community support, that continues to provide the College with alternate ways to support programs.
- The College campus is still young, requiring relatively minor maintenance.
- The College is benefiting from the state program for new job training with a contract for service to WorldCom for \$2.5 million.
- The College is assuming the role of Project Administrator and Fiscal Agent of the General Motors Customized Training Program and will receive the revenue associated with its administration.
- Three phases of construction have been completed, supported by strong economic conditions, low interest rates, refinancing, and restructuring of debt.

CHALLENGES:

- The state allocation for FY 2002 included a withholding of 5% of the College's base allocation.
- While the taxpayers have not been asked for a tax levy increase in the last five years, prior to this period they were reluctant to approve an increase in the operating tax levy.

RECOMMENDATIONS FOR THE FUTURE:

- The staff and faculty need to become better informed about the revenue and expenses of the College including the expenditure of restricted funds.
- Two new buildings opened in 2001 should be closely monitored for operational costs.