

Financial Resources

Parkland's prudent use of its financial resources makes the advancement of the college's mission, purposes, and core values possible.

Resources and Expenditures

District 505 is in sound financial condition; its 2000 tax-year assessed valuation was \$3,099,928,505. The college has no bonded indebtedness, and appropriate controls are in place for accounting for money collected. The 2000 tax-rate levies, per \$100 assessed valuation, applied to this base were:

Education Fund	\$ 0.2617
Operations and Maintenance-Operational Fund	0.1007
Tort and Immunity	0.0219
Audit	0.0008
Worker's Compensation	0.0008
Unemployment Insurance	0.0008
Protection, Health and Safety	0.0469
Medicare Insurance	0.0086
Property Insurance	0.0047
Total	\$ 0.4469

Parkland's long-term debt breakdown as of June 30, 2001, follows:

Promissory Note Computer	\$ 78,838.00
Leased Equipment Obligations	4,524.00
Early Retirement Benefits	720,145.00
Total	\$803,507.00

Table 8.1 shows maturities on long-term obligations.

Table 8.1: MATURITIES ON LONG-TERM OBLIGATIONS

<u>Fiscal Year Ending</u>	<u>Promissory Note Computer</u>	<u>Leased Equipment Obligations</u>	<u>Early Retirement Benefits</u>	<u>Total</u>
2002	\$78,838.00	\$4,524.00	\$1,048,012.00	\$1,131,374.00
2003	0.00	0.00	1,033,565.00	1,033,565.00
2004	0.00	0.00	915,336.00	915,336.00

Source: June 30, 2001 audit

An audit of Parkland's finances is conducted yearly. Martin, Hood, Friese & Associates, LLC, located in Champaign, Illinois, conducted the June 30, 2001 audit. The auditors reported no material weaknesses in FY 2000 or 2001.

Business Systems

To prepare for possible Y2K issues as well as future college growth, financial software was updated on July 2, 1998. The SCT/FRS software includes the accounting, purchasing, and fixed asset modules. A new SCT/HRS payroll/human resources system was implemented on July 1, 1999; SCT/HRS is sister to both the student and financial records systems, so efficiency across the systems improved. The IBM 2003 mainframe CPU was upgraded in November 2000 to accelerate online production time for SIS/FRS/HRS by approximately 40 percent.

The college has implemented the fixed assets module of the financial records system. This system tracks purchases made from capital accounts and creates a computer record of purchase date, description, tag number, location, and dollar value.

Physical Plant

The total value of the campus and physical plant on June 30, 2001, was \$62,483,738. Buildings were valued at \$38,078,524, equipment at \$23,683,470, and land at \$721,744. Though the age of the main building is approaching 30 years, a continuous program of aggressive maintenance and necessary renovation has preserved its essential soundness. Please see Chapter 11, Physical Resources, for detailed information about the physical plant.

Auxiliary Enterprises

The college's auxiliary enterprises have expanded during the last decade. Parkland's auxiliary fund now includes reprographics, the bookstore, the business development center, the child development center, student government, athletics, and *Prospectus*, the weekly student newspaper. The combined retained earnings for these enterprises on June 30, 2001, was a deficit of \$42,846.

The college makes a concerted effort to meet most of its printing and reproduction needs through its own reprographics operation. Revenues in this department for FY 2001 were \$565,502 through internal budget transfers.

Part of the college's 501(c)(3) status, Parkland's bookstore is a not-for-profit enterprise located on campus. The bookstore generates gross revenues in excess of \$2.5 million annually from the sale of books, supplies, and miscellaneous items. Bookstore equity is used to subsidize losses of the business development center, the child development center, and reprographics.

The business development center leases a renovated state-of-the-art facility in Champaign. The BDC is funded in part by several workforce initiative grants from the state of Illinois and also by its revenue-generating activities: providing custom training to businesses, sponsoring workshops, receiving rent for use of its facilities, collecting miscellaneous revenue, and being awarded ICCB apportionment funds for credit courses. The BDC had a \$670,165 accumulated deficit at the end of FY 2001, to which costs related to renovating and moving into the facility contributed. To eliminate the budget deficit, the BDC is committed to monitoring financial/accounting issues, increasing sales revenue, and broadening its customer base.

The child development center offers full-service care for 72 children of students, employees, and community members. Revenue for FY 2001 was \$299,854; expenses were \$325,565. Figure 8.2 shows child development center tuition information.

Table 8.2: CHILD DEVELOPMENT CENTER TUITION

- Subsidy/agency tuition payments are accepted.
- Tuition is due on the first business day of the month for the entire month.
- Tuition is based on family income.

<u>2-year-olds Family Income</u>	<u>Half-day rate</u>	<u>Full-day rate</u>	<u>3- to 5-year-olds Family Income</u>	<u>Half-day rate</u>	<u>Full-day rate</u>
\$25,975	\$10.00	\$25.50	\$25,975	\$10.00	\$20.50
25,976-34,999	14.00	24.00	25,976-34,999	13.00	23.00
35,000-44,999	18.00	28.00	35,000-44,999	16.00	26.00
45,000-54,999	22.00	32.00	45,000-54,999	19.00	29.00
55,000+	26.00	36.00	55,000+	22.00	31.00

Source: Child Development Center

Primarily funded by student fees, student government provides and promotes a variety of activities on campus and helps support athletic programs and *Prospectus*. Table 8.3 shows the student fee breakdown for FY 2001.

Table 8.3: FY 01 STUDENT FEE BREAKDOWN

<u>Summer 2000</u>	<u>Fall 2000</u>	<u>Spring 2001</u>	<u>Total</u>
\$ 19,227	\$ 99,703	\$ 90,012	\$ 208,942

Source: Financial Records System

The college has men's and women's athletic programs. There are 86 full-semester tuition waivers each year for athletes, costing the college \$407,173 in FY 2001. Other athletics-related expenses, including coaches, travel, uniforms, equipment, and gym/field upkeep and renovation, are supported by student fees (\$66,800 in FY 2001), and by transfer from the education fund (\$335,000).

Prospectus is supported by student government and advertising revenue, which was \$19,153 for FY 2001.

Parkland College Foundation

The Parkland College Foundation was established in 1969 as a nonprofit, tax-exempt corporation to broaden educational opportunities, provide private funds for scholarships, and enhance the physical environment. The eight-member governing board of directors has broad representation throughout District 505. Total net assets on June 30, 2001, were \$1,532,394. Foundation support of the college in FY 2001 was \$86,526 in scholarships and \$927,586 in institutional support. Current projects include patrons for Parkland, the partners for Parkland annual campaign, the Tony Noel Agricultural Technology Applications Center, the capital campaign, and the major gifts campaign. Endowments were \$1,333,936. Illinois colleges are required to match 25% of the capital expense for a project funded by the ICCB and IBHE; as part of its current major gifts campaign, the foundation has included the 25% match for the proposed student services center.

The June 30, 2001, audit shows a deficit in the unrestricted fund of \$447,546, a result of major fund-raising startup costs and operating expenses. The college is currently exploring options to increase unrestricted donations and to assume foundation operating costs that are offset by restricted gifts with potential to reduce college operating expenditures.

Investment Management

The chief financial officer/treasurer makes investment decisions in accordance with provisions of PPM's Policy 1.07, adopted in December 1999, and the prudent investor rule, which is measuring investment action against the care that would be exercised by a prudent investor. Illinois state statute or Parkland policy, whichever is more restrictive, takes precedence. Major objectives are to preserve the principal in the overall portfolio, provide sufficient liquidity, attain a market-average rate of return, and maintain the public trust. The college may invest in any type of security allowed by the Public Funds Investment Act of the state of Illinois, which includes short- and long-term certificates of deposit at financial institutions within District 505 and state of Illinois funds.

Financial Position

Table 8.4 shows the college's June 30, 2001, financial position.

**Table 8.4: PARKLAND COLLEGE FINANCIAL POSITION ON JUNE 30, 2001
MODIFIED ACCRUAL BASIS FUND**

Fund	1999-2000 Balance	2000-2001 Balance
Education	\$ 6,389,720	\$ 4,195,082
Operations & Maintenance-Operational	1,373,323	1,155,163
Operations & Maintenance-Restricted	3,088,009	2,477,801
Auxiliary Enterprise	82,995	(42,846)
Restricted Purposes	407,083	354,180
Working Cash	7,600,000	7,600,000
Trust and Agency	0	0
Audit	45,498	42,268
Liability, Protection & Settlement	1,129,037	879,678
Total	\$20,115,665	\$16,661,326

Source: June 30, 2001 audit

Forecast of Financial Prospects

Although the actual FY 2001 operating funds deficit was a little over \$2.4 million, the college is expecting a balanced budget for FY 2002. The projected recovery is a result of planned reductions in expenditures and a significant increase in enrollment.

Several economic factors for FY 2002 have raised concerns about the financial future and will require close monitoring during FY 2003. The most significant of those is funding from the state, which has not kept pace with inflation for the past several years. The college will adopt a balanced budget for FY 2003, but it will be necessary to increase tuition rates and reduce certain expenditure categories to achieve this goal. Table 8.5 shows ICCB Parkland appropriations from FY 1994 to FY 2003. The FY 2003 column represents the governor's February 2002 budget recommendations to the legislature.

Table 8.5: ICCB PARKLAND APPROPRIATIONS FY 1994-FY 2003

	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>	<u>FY 1998</u>
Credit Hour Grant	\$4,765,768	\$4,652,208	\$4,990,585	\$4,749,466	\$4,724,349
Square Footage Grant	-	-	-	-	-
Performance Based	-	-	-	-	-
Equalization Grant	<u>836,749</u>	<u>1,095,619</u>	<u>1,220,483</u>	<u>1,190,432</u>	<u>1,080,625</u>
Total Operating Funds	\$5,602,517	\$5,747,827	\$6,211,068	\$5,939,898	\$5,804,974
Special Populations	104,496	107,771	128,329	136,018	153,923
Business and Industry Grant	100,284	112,913	120,551	125,685	137,110
Education to Careers Grant	-	-	-	110,539	111,479
Student Support Services Grant	-	-	-	48,781	44,303
Welfare to Work Grant	-	-	-	-	-
Instructional Equipment Grant	106,416	116,723	125,982	125,564	126,645
Staff Skills Enhancement Grant	-	-	-	-	-
Technology Support Grant	-	-	-	115,854	144,139
Deferred Maintenance Grant	-	-	-	-	43,150
Accelerated Enrollment Grant	-	-	-	-	-
Online Grants	-	-	-	-	-
Workforce Training Grants	-	-	-	-	-
Retirees Health Insurance Grant	<u>38,889</u>	<u>53,620</u>	<u>58,088</u>	<u>60,989</u>	<u>63,715</u>
Total Categorical Grants	\$ 350,085	\$ 391,027	\$ 432,950	\$ 723,440	\$ 824,464
TOTAL ICCB GRANTS	<u>\$5,952,602</u>	<u>\$6,138,854</u>	<u>\$6,644,018</u>	<u>\$6,663,338</u>	<u>\$6,629,438</u>
	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002 Rev</u>	<u>FY 2003 Gov</u>
Credit Hour Grant	\$4,744,235	\$4,855,090	\$4,814,974	\$5,322,086	\$5,206,286
Square Footage Grant	46,474	48,525	50,501	50,262	58,791
Performance Based	27,782	-	-	-	-
Equalization Grant	<u>966,959</u>	<u>947,267</u>	<u>1,076,839</u>	<u>1,290,137</u>	<u>1,477,055</u>
Total Operating Funds	\$5,785,450	\$5,850,882	\$5,942,314	\$6,662,485	\$6,742,132
Special Populations	161,102	164,901	168,609	169,361	150,547
Business and Industry Grant	141,331	149,585	150,129	151,430	129,200
Education to Careers Grant	112,942	98,959	97,381	98,863	89,904
Student Support Services Grant	-	-	-	-	-
Welfare to Work Grant	65,600	74,600	72,508	71,421	66,467
Instructional Equipment Grant	125,124	132,939	134,228	135,826	112,233
Staff Skills Enhancement Grant	53,009	52,800	49,857	55,324	48,191
Technology Support Grant	157,760	178,023	184,443	188,060	158,972
Deferred Maintenance Grant	45,200	60,837	75,651	74,914	74,910
Accelerated Enrollment Grant	-	-	20,322	32,938	27,516
Online Grants	-	-	14,103	13,808	12,025
Workforce Training Grants	-	-	109,973	110,550	94,972
Retirees Health Insurance Grant	<u>63,224</u>	-	-	-	-
Total Categorical Grants	\$ 925,292	\$ 912,664	\$1,077,204	\$1,102,495	\$ 964,937
TOTAL ICCB GRANTS	<u>\$6,710,742</u>	<u>\$6,763,526</u>	<u>\$7,019,518</u>	<u>\$7,764,908</u>	<u>\$7,707,069</u>

Source: Parkland College Business Office

Enrollment and Tuition History

The 1993 NCA team worried that the September 30, 1993, closing of Chanute Air Force Base, a major economic resource in District 505, and the 1991 opening of Heartland Community College, 50 miles to the northwest of Parkland in Bloomington, might affect Parkland's enrollment and thus the college's financial health. Table 8.6 shows Parkland's 1994-2001 enrollment history.

Table 8.6: PARKLAND'S ENROLLMENT HISTORY 1994-2001
Fall 10th Day Enrollments

<u>Year</u>	<u>Headcount</u>	<u>Increase/ Decrease</u>	<u>FTE</u>	<u>Increase/ Decrease</u>
1994	8,463	-4.6%	5,005	-5.3%
1995	8,403	-0.7%	5,001	-0.1%
1996	8,074	-3.9%	4,987	-0.3%
1997	7,848	-2.8%	5,002	0.3%
1998	7,937	1.1%	4,967	-0.7%
1999	8,143	2.8%	4,973	0.1%
2000	8,026	-1.4%	4,986	0.3%
2001	8,482	5.7%	5,245	5.2%

Source: OIRE

The decreasing enrollments forced the college to increase tuition for the first time in four years. The increase of \$6.00 per credit hour (18.2%) went into effect during FY 1994; the year-end result was an operating surplus of about \$150,000. Since FY 1994, enrollments have been stable, tuition increases have been between 4% and 5%, and fund balances have reached desired levels. Tuition credit hours for FY 2002 increased 5.2% with a record final credit headcount enrollment of 9,551 for fall semester 2001. Table 8.7 shows the college's tuition and fees from 1994 to 2003.

Table 8.7: PARKLAND'S TUITION AND FEES HISTORY 1994-2003

<u>School Year</u>	<u>Rate per credit hour</u>	<u>Fees</u>	<u>Total</u>	<u>Increase</u>	<u>Out-of-District</u>	<u>Out-of-State</u>
1994-1995	38.00	3.00	41.00	05.13%	118.53	175.86
1995-1996	40.00	3.00	43.00	04.88%	141.11	195.24
1996-1997	42.00	3.00	45.00	04.65%	153.61	205.64
1997-1998	44.00	3.00	47.00	04.44%	177.07	232.35
1998-1999	46.00	3.00	49.99	04.26%	173.29	243.02
1999-2000	48.00	3.00	51.00	04.08%	184.14	258.29
2000-2001	50.00	3.00	53.00	03.92%	185.00	225.00
2001-2002	52.00	3.00	55.00	03.77%	195.00	235.00
2002-2003	54.00	3.00	57.00	03.64%	202.00	245.00

Source: Parkland Business Office

Summary of Financial Resources Strengths

- District 505 has long-range financial stability, and its resources have allowed for Parkland salary increases and additional staff. Its current tax rate and tax base are adequate.
- Most needs are being met within the annual operating allocations.
- Up-to-date business systems are in place.
- The college has no bonded indebtedness.

Summary of Financial Resources Challenges

- Requested increases by the ICCB for FY 2003 are less than for previous years.
- The business development center must increase revenues and decrease expenses.
- The Parkland College Foundation needs to increase unrestricted donations.