

BOARD OF TRUSTEES
McHENRY COUNTY COLLEGE DISTRICT #528

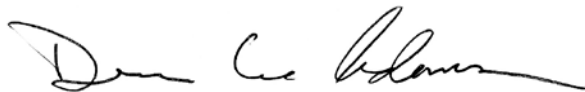
Tuesday, November 29, 2012
6:00 p.m.

Board Room
8900 U.S. Highway 14
Crystal Lake, IL 60012

COMMITTEE OF THE WHOLE MEETING

AGENDA

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acceptance of Minutes: Committee of the Whole Meeting, October 16, 2012
5. Open for Recognition of Visitors and Presentations
Three (3) minutes per person or less.
6. President's Report
7. Discussion of October Financial Reports
8. Discussion of Estimated 2012 Tax Levy Extension
9. Closed Session
10. Summary Comments by Board Members
11. Future Agenda Items
12. Acceptance of Closed Session Minutes: Committee of the Whole, October 16, 2012
13. Adjournment



Dennis Adams
Chair

All Funds Income Statement
October 31, 2012

	01	02	03	05	06	07	08	09	10	11	12	
	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Auxilliary Entrerprises Fund	Restricted Purposes Fund	Working Cash Fund	General Fixed Asset Fund	General Long-Debt Fund	Trust & Agency Fund	Audit Fund	Liability Protection & Settlement Fund	
All Funds												
Assets												
Cash	9,398,157	3,136,805	5,772,987	810,978	1,238,032	(56,764)	95,646	-	-	183,283	(39,428)	(1,743,383)
Investments	39,977,624	21,028,442	1,023,850	13,093,219	-	-	2,722,616	-	-	-	-	2,109,497
Receivables	5,251,092	4,789,862	595,834	-	(351,696)	217,014	-	-	-	-	22	58
Interfund Receivables	(90)	4,143,381	794,287	(3,316,497)	(889,496)	(91,841)	-	-	-	95,373	(71,350)	(663,948)
Inventory	495,499	-	-	-	495,499	-	-	-	-	-	-	-
Prepaid Expenditures & Deferred Charges	182,139	182,083	-	-	56	-	-	-	-	-	-	-
Fixed Assets	36,772,901	-	-	-	-	-	-	36,772,901	-	-	-	-
Other Assets	8,576,004	-	-	-	-	-	-	8,576,004	-	-	-	-
Total Assets	100,653,326	33,280,573	8,186,958	10,587,700	492,395	68,409	2,818,263	36,772,901	8,576,004	278,656	(110,756)	(297,776)
Liabilities												
Payroll Deductions Payable	(2,115,535)	(1,988,608)	(64,577)	-	(56,230)	-	-	-	-	13,204	-	(19,324)
Accounts Payable	(393,975)	(425,575)	-	-	51,257	4,129	-	-	-	-	-	(23,786)
Accrued Expense	373,392	434,439	-	-	-	-	-	(61,047)	-	-	-	-
Deferred Revenue	(5,239,422)	(4,435,965)	(747,783)	-	(9,549)	(45,039)	-	-	-	-	(362)	(724)
Fixed Liabilities	(5,526,986)	-	-	-	-	-	-	(5,526,986)	-	-	-	-
Other Liabilities	(5,335,669)	(8,144)	-	-	(33,360)	-	-	(5,002,305)	(291,860)	-	-	-
Total Liabilities	(18,238,195)	(6,423,854)	(812,361)	-	(47,881)	(40,909)	-	(10,590,337)	(278,656)	(362)	(43,834)	
Designated Fund Balance	82,415,132	26,856,719	7,374,597	10,587,700	444,513	27,499	2,818,263	36,772,901	(2,014,333)	-	(111,118)	(341,610)

**All Funds Income Statement
October 31, 2012**

	01	02	03	05	06	07	11	12	Total All Funds
	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Auxilliary Entrerprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability Protection & Settlement Fund	
Revenue									
Local Governmental Sources	11,585,762	1,287,567	-	-	-	-	-	-	12,873,328
State Governmental Sources	363,146	139,792	-	-	60,125	-	-	-	563,063
Federal Governmental Sources	-	-	-	-	1,729,382	-	-	-	1,729,382
Student Tuition & Fees	8,965,482	2,392,855	-	79,489	-	-	-	-	11,437,826
Sales & Service Fees	288,498	-	-	1,935,473	30,000	-	-	-	2,253,971
Facilities Revenue	4,359	7,186	-	-	-	-	-	-	11,545
Investment Revenue	10,849	125	2,248	-	-	829	-	-	14,051
Nongovernmental Gifts, Scholarships, Grants & Bequests	-	-	-	-	9,483	-	-	-	9,483
Other Revenue	1,716,928	8,407	-	-	-	-	-	-	1,725,335
Total Revenue	22,935,023	3,835,932	2,248	2,014,962	1,828,990	829	-	-	30,617,984
Expenditures									
Salaries	6,793,946	400,115	-	387,410	184,705	-	-	-	7,766,177
Employee Benefits	2,676,846	138,835	-	63,918	11,352	-	-	-	2,890,950
Contractual Services	855,165	165,261	89,044	104,943	49,825	-	-	-	1,264,238
General Materials & Supplies	795,453	70,790	-	1,293,408	29,585	-	-	-	2,189,236
Travel & Conference/Meeting	129,941	11,653	-	16,009	6,228	-	-	-	163,831
Fixed Charges	417,976	-	-	12,222	4,559	-	-	-	434,757
Utilities	33,967	292,412	-	271	-	-	-	-	326,650
Capital Outlay	259,335	3,103	153	3,883	-	-	320,878	-	587,352
Other Expenditures	92,260	-	-	41	1,606,139	-	-	-	1,698,439
Contingency	(124,565)	-	-	-	-	-	-	-	(124,565)
Total Expenditures	11,930,323	1,082,170	89,197	1,882,104	1,892,394	-	320,878	-	17,197,066
Excess/(deficit) of revenues over expenditures	11,004,699	2,753,763	(86,948)	132,857	(63,404)	829	(320,878)	-	13,420,918
Other financing sources/(uses)	0	0	0	0	0	0	0	0	0
Operating transfers out	0	0	0	0	0	0	0	0	0
Beginning Fund Balance	19,374,545	5,547,232	13,046,400	1,853,907	72,063	2,817,154	(40,101)	320,836	42,992,036
Ending Fund Balance	30,379,244	8,300,995	12,959,452	1,986,764	8,659	2,817,983	(360,979)	320,836	56,412,954

Operating (Funds 01 & 02) Income Statement
October 31, 2012

	FY13			FY12		
	Actual	Budget		Actual	Budget	
Revenue						
Local Governmental Sources	\$ 9,721,673	\$ 28,698,422	34%	\$ 12,873,328	\$ 26,365,898	49%
State Governmental Sources	\$ 821,097	\$ 2,603,865	32%	\$ 502,938	\$ 2,347,260	21%
Federal Governmental Sources	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Student Tuition & Fees	\$ 10,471,691	\$ 15,096,715	69%	\$ 11,358,337	\$ 14,166,129	80%
Sales & Service Fees	\$ 201,683	\$ 900,400	22%	\$ 288,498	\$ 872,649	33%
Facilities Revenue	\$ 3,085	\$ 33,000	9%	\$ 11,545	\$ 27,500	42%
Investment Revenue	\$ 10,051	\$ 30,000	34%	\$ 10,974	\$ 45,000	24%
Nongovernmental Gifts, Scholarships, Grants & Bequests	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
Other Revenue	\$ 1,821,161	\$ 5,413,047	34%	\$ 1,725,335	\$ 5,675,081	30%
Total Revenue	\$ 23,050,440	\$ 52,775,449	44%	\$ 26,770,955	\$ 49,499,517	54%
Expenditures						
Salaries	\$ 7,651,608	\$ 25,927,279	30%	\$ 7,194,062	\$ 26,096,415	28%
Employee Benefits	\$ 2,308,712	\$ 10,931,454	21%	\$ 2,815,681	\$ 10,501,216	27%
Contractual Services	\$ 1,083,252	\$ 6,130,760	18%	\$ 1,020,426	\$ 5,341,041	19%
General Materials & Supplies	\$ 637,644	\$ 3,014,785	21%	\$ 866,243	\$ 3,195,280	27%
Travel & Conference/Meeting	\$ 133,501	\$ 975,327	14%	\$ 141,594	\$ 977,206	14%
Fixed Charges	\$ 468,888	\$ 1,146,945	41%	\$ 417,976	\$ 1,225,695	34%
Utilities	\$ 209,823	\$ 1,073,360	20%	\$ 326,379	\$ 1,107,882	29%
Capital Outlay	\$ 1,025,557	\$ 3,765,754	27%	\$ 262,438	\$ 2,923,208	9%
Other Expenditures	\$ 236,707	\$ 628,060	38%	\$ 92,260	\$ 2,616,716	4%
Contingency	\$ (14,880)	\$ 1,593,225	-1%	\$ (124,565)	\$ 1,312,979	-9%
Total Expenditures	\$ 13,740,811	\$ 55,186,949	25%	\$ 13,012,493	\$ 55,297,639	24%
Excess/(deficit) of revenues over expenditures	\$ 9,309,629	\$ (2,411,500)		\$ 13,758,462	\$ (5,798,122)	
Net Transfers Out/(In)	\$ -	\$ 8,795,000		\$ -	\$ 6,415,000	

**McHenry County College
Treasurer's Report
For the Month of October 2012**

Bank Name Account	Beginning Balance	Deposits (+) Other Additions	Disbursements (-) Other Subtractions	Ending Balance
Crystal Lake Bank & Trust Operating	\$12,488,881.78	\$1,409,031.98	\$5,699,316.40	\$8,198,597.36
Crystal Lake Bank & Trust Credit Card	\$272,263.46	\$146,759.91	\$1,140.31	\$417,883.06
Crystal Lake Bank & Trust Online	\$18,506.63	\$172.82	\$0	\$18,679.45
Crystal Lake Bank & Trust Employee Benefits	\$0	\$61,882.57	\$61,882.57	\$0
Crystal Lake Bank & Trust Payroll	(\$29,236.24)	\$2,038,895.95	\$1,979,207.83	\$30,451.88
Crystal Lake Bank & Trust Federal Student Loan	(\$16,558.93)	\$146,041.00	\$146,041.00	(\$16,558.93)

McHenry County College
October 31, 2012

Investments

College Fund	Financial Institution	October 31, 2012	September 30, 2012	% of Total			
		Investments	Investments	Investments	Interest	No. of Days	Maturity
Education	Illinois Funds	\$11,870,383	\$11,870,287	30%	see below	N/A	On Demand
Education	JPMorgan Chase	9,158,058	9,157,795	23%	0.21%	N/A	On Demand
Operations & Maintenance	Illinois Funds	13,190,684	13,190,592	33%	see below	N/A	On Demand
Operations & Maintenance (Restricted)	JPMorgan Chase	926,385	926,359	2%	0.21%	N/A	On Demand
Working Cash	Illinois Funds	2,101,908	2,101,891	5%	see below	N/A	On Demand
Working Cash	JPMorgan Chase	620,708	620,690	2%	0.21%	N/A	On Demand
Liability, Protection and Settlement	Illinois Funds	1,755,557	1,755,542	4%	see below	N/A	On Demand
Liability, Protection and Settlement	JPMorgan Chase	353,940	353,930	1%	0.21%	N/A	On Demand
	Total	\$39,977,624	\$39,977,086	100%			

Interest Revenue

College Fund	Oct-12	Fiscal YTD	Illinois Fund Rates - October 31, 2012	
			Annualized rate - Money Market	
Education	\$3,016	\$11,282	Low	0.084%
Operations & Maintenance (Restricted)	1,606	5,357	High	0.156%
Working Cash	344	1,176	Average	0.128%
Liability, Protection and Settlement	256	865		
	Total	\$5,223		

* CDARS stands for Certificates of Deposit Account Registry Service. This program allows the College to purchase fully FDIC covered Certificates of Deposit from multiple institutions. All CD's are purchased in increments of less than the FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC insurance.

Adoption of Estimated 2012 Levy

Information

The College is required by statute (35 ILCS 200/18-60) to annually adopt an estimated levy. In estimating our financial needs by fund, we take into consideration maximum tax rates where applicable, current fund balances, the Equalized Assessed Valuation (EAV) of the District, and the Property Tax Extension Limitation Law (PTELL). The maximum increase the College can receive over the past year’s aggregate extension is the lesser of the annual Consumer Price Index-Urban (CPI-U) increase or 5%, exclusive of funds generated from EAV attributed to new development or any expiring Tax Increment Districts.

The College’ approach for the 2012 tax levy is to collect the 3% level as stipulated by PTELL limits and assess for new growth allowance. The 3% increase is equivalent to the December 2011 CPI-U as determined by the Bureau of Labor Statistics (<http://www.bls.gov/cpi/>). However, under PTELL, the College is allowed to increase its levy for any new properties, property annexations, voter approved referendums, and/or expiring Tax Increment District(s) that will be added to the EAV in the following year’s assessment, if any. It is for this reason only, that the proposed estimated 2012 levy is greater than that allowed under statute. If no new property is added, the College expects that the county clerk(s) to reduce the overall levy to the CPI-U limits under PTELL. Therefore, in anticipation of any new properties, property annexations, voter approved referendums, and/or expiring Tax Increment District(s) the 2012 estimated Property Tax Levy reflects an overall aggregate increase of 9.9% (rounded) over the aggregate property taxes extended for 2011.

If the College does not attempt to levy for those elements that can increase the EAV, the college loses the ability to levy on those added values forever. For example, if the final tax rate is determined to be .3348 and new property of \$50,000,000 is added to the assessment roles, the potential revenue generated is \$167,400 (.3348 x 50,000,000). If the College does not attempt to levy on that additional amount, the College loses \$167,400 this year and every year thereafter. That revenue can never be recaptured and then can only be made up for in either Tuition & Fees and/or State support. Most likely that levy lost would be made up for through tuition increases given the continuing decline in State support.

The current impact on a typical residence in McHenry County from the 2011 MCC tax levy extension is illustrated in Table 1. As Table 1 shows, MCC’s levy ranks third lowest of the taxing bodies, just slightly above the township in this case. In this example, the levy breaks down to only \$22.98 per month for College District 528 which is a decrease from the previous year of \$24.16 per month. The decrease in this example is attributable to the decrease in EAV or net taxable amount that the rate is applied against. In this example, the residents EAV decreased 15% from 2010 to 2011.

Sample (actual) Residential McHenry County Tax Bill*

Table 1: Effect of 2011 Levy

Rank	Taxing Body	Rate	Percent	Tax 2011	Tax 2010
1	School District 200	5.851173	69.992%	\$ 4,753.67	\$ 4,880.60
2	McHenry County	1.106939	13.241%	899.32	942.76
3	Woodstock Fire Rescue	0.649563	7.770%	527.72	555.63
4	College District 528	0.339460	4.061%	275.79	289.91
5	Door Township	0.323150	3.866%	262.54	270.79
6	Rural Woodstock Library	0.089440	1.070%	72.66	74.35
		8.359725	100.000%	\$ 6,791.70	\$ 7,014.04

*2011 Fair market value of \$257,175

*2011 EAV Net taxable amount= \$82,243

The proposed 2012 estimate of taxes to be levied is shown in Table 2. The College has statutory authority under 110 ILCS 805/2-12.1 to levy taxes for the purposes listed. In determining the levy amount, each fund/purpose is reviewed to determine the amount needed to support the activities of the College. The timing

of the two tax payments to be received from the tax levy cross over two fiscal years, requiring the College to recognized the payments accordingly. Therefore, the 2012 tax levy revenue is distributed 50% in fiscal year 2013 and 50% in fiscal 2014. The first of two tax payments will be received in March 2013 with the second to be received in November 2013.

ESTIMATED TAX LEVY EXTENSION FOR 2012


Table 2: Proposed Estimated 2012 Tax Levy

<u>Levy Purpose/Fund</u>	2011 Board Approved <u>Levy</u>	2011 Actual (after PTELL) <u>Levy</u>	2012 Proposed Levy	2011 Actual to 2012 Proposed <u>Difference</u>
Social Security	\$ 1,000	\$ 1,398	\$ 60,000	\$ 58,602
Auditing	1,000	1,398	110,000	108,602
Liability Insurance (includes Tort)	1,000	1,398	1,375,000	1,373,602
Education	25,408,644	24,310,808	25,300,000	989,192
Building	2,823,183	2,701,403	2,850,000	148,597
Life Safety	-	-	-	-
Total Non-Bond Funds	28,234,827	27,016,405	29,695,000	2,678,595
Total Levy	\$ 28,234,827	\$ 27,016,405	\$ 29,695,000	\$ 2,678,595
ESTIMATED 2012 Aggregate Levy % Increase over 2011 Actual Levy (rounded)				9.9%

Per Illinois Compiled Statute (35 ILCS 200/18-70), an increase above 105% over prior year's property tax levy extension requires the College to publish a Truth In Taxation notice in the newspaper and hold a hearing regarding the estimated levy prior to approval. This hearing is tentatively scheduled for December 20, 2012.

Recommendation

It is recommended that the Board of Trustees approves and adopts the estimated 2012 property tax levy for College District 528 in the amount of \$29,695,000.00.


Vicky Smith
President