

AUDIT COMMITTEE MEETING
BOARD OF ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 519
Counties of Stephenson, Ogle, Jo Daviess and Carroll

CALL TO ORDER

A meeting of the Audit Committee of the Board of Illinois Community College District No. 519 was called to order by Mrs. Diane Gallagher, Committee Chair, at 2:00 p.m. on September 29, 2015, in the Robert J. Rimington Board Room in the Highland Community College Student/Conference Center, 2998 West Pearl City Road, Freeport, Illinois in said district.

ROLL CALL

Committee members present: Mrs. Diane Gallagher, Mr. Jim Endress, Dr. Steve Jennings, and Mr. Blake Musser

Committee members absent: None

Guests present: Mr. Dan Rowe, Wipfli

Staff present: Mr. Tim Hood, President; Ms. Chris Kuberski, Executive Vice President; Ms. Jill Janssen, Vice President of Administrative Services; and, Ms. Terri Grimes, Board Secretary

PUBLIC COMMENTS

There were no public comments.

REVIEW AND DISCUSSION OF FY15 AUDIT REPORT

Mr. Rowe reported that the preliminary draft of the audit is about 99 percent complete. Once again the College received an "unmodified" or "clean" opinion. He reported that the Office of the Comptroller has indicated that community colleges do not have to show any SURS liability on the financial reports, since the State is covering all liability at this point. Dr. Jennings questioned the line for "Cash surrender value of life insurance" on page 12, and Mr. Rowe indicated that this is an asset that is being held by the Foundation and not life insurance on their employees.

The audit shows the total net position of the College to be \$26,054,086 and the Foundation to be \$21,415,675. Mr. Rowe reminded committee members that since the Foundation is a component unit of the College, the Governmental Accounting Standards Board (GASB) requires that information be included in the College audit. The Foundation's annual audit is much more detailed.

Mr. Rowe pointed out note 5 on page 26 related to GASB-68, noting that, according to SURS, the net pension liability as of June 30, 2014, was \$21,790,983,139, and Highland's portion of that liability would be \$51,944,951 if the pension liability were put back to the local level. The Certificate of Chargeback Reimbursement (page 87, line 17) is currently blank because ICCB does not have that amount yet due to the lack of a State budget.

Mr. Rowe reported that clean opinions were also given on the ICCB grants, which included CareerTEC and the State Adult Ed and Family Literacy Grant. The audit of credit hours reported to ICCB, and the federal TRIO student support services and financial aid grants were clean opinions, as well.

There were two significant audit adjustments proposed that were made for the year ending June 30, 2015: 1) an entry was made to amortize prepaid interest on the refunded bonds in the amount of \$20,083 and to amortize bond premium in the amount of \$36,317; and, 2) an entry was made to record an accounts payable relating to construction in process for \$76,228 and an accounts payable relating to a fixed asset of \$108,325. These adjusting entries were within acceptable limits.

A cyber security evaluation was recommended in the audit, which coincidentally was completed last week. Mr. Rowe also noted that Wipfli has experts in the firm who handle questions on the Affordable Care Act.

ACTION

- A. Acceptance of FY15 Audit for Submission to the Illinois Community College Board
Mr. Endress moved and Dr. Jennings seconded the motion to accept the FY15 audit for submission to the Illinois Community College Board. The roll call on the motion was as follows:

AYES: Endress, Jennings, Musser, Gallagher
NAYS: None

Whereupon the Chairperson declared the motion carried.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Investment Policy

Ms. Janssen handed out the College's current investment policy, which was discussed at the regular Board meeting on September 15, 2015, noting that the investment policy is more restrictive than the State policy. Mrs. Gallagher expressed her concern with item F. – Diversification, which states that

100 percent of investments may be placed in any one of the three listed investments outlined in item E – Allowable Investment Instruments. She noted that if the College had 100 percent of its investments in one type of investment at one bank, she believes this would be a problem, but if the money was in the same type of investment at different banks, she would see no problem. Mr. Endress reported that, in his opinion, the three investment instruments listed under item E. are all safe investments and he would not have a problem if 100 percent of the funds were invested in any one of those. Mr. Rowe also reported that he saw no issue with those types of investments due to being insured by FDIC and collateralization. Mrs. Gallagher recommended changing the title of item F. to “Allocation” rather than “Diversification,” and Ms. Janssen will take the recommendation to the next Policy Committee meeting before being presented to the Board for approval at a later date.

The next meeting of the Audit Committee will be held in the Spring.

ADJOURNMENT

Mr. Endress moved and Mr. Musser seconded the motion to adjourn the meeting of the Audit Committee. At 3:00 p.m., the Chairperson declared the motion carried and the meeting adjourned.

Respectfully submitted,



Terri A. Grimes, Board Secretary
Illinois Community College District No. 519