

AUDIT & FINANCE 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 & Finance Committee of the Board of Illinois Community College District No. 519 was called to order by Mrs. Diane Gallagher, Committee Co-Chair, at 8:30 a.m. on August 2, 2018, 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 (arrived 8:33 a.m.)

Committee members absent: None

Guests present: Mr. Dan Rowe and Mr. Matt Schueler, Wipfli

Staff present: Ms. Chris Kuberski, Executive Vice President (departed 9:06 a.m.); Ms. Jill Janssen, Vice President of Administrative Services (departed 9:06 a.m.; returned 9:36 a.m.); and, Ms. Terri Grimes, Board Secretary

PUBLIC COMMENTS

There were no public comments.

GENERAL DISCUSSION OF FY18 AUDIT PROCESS

Mr. Rowe reviewed the objectives for the meeting. In addition to Mr. Rowe, the audit engagement team will include Matt Schueler, Audit Partner; Dick Wells, Audit Partner (reviewer); Diane Hielsberg, Manager; Taylor Dixon, Senior Associate, and Lindsey Parkinson, Intern. Financial aid testing was completed July 9 – 11 and bookstore inventory was completed on June 29. Ms. Janssen will send out a spreadsheet to committee members showing the bookstore inventory numbers. Mr. Rowe reported that currently the audit is about 80 percent complete and work on the financial statements is progressing. James Marks of the Wipfli Sterling office will complete the IT internal control updates and will schedule that prior to the end of August. Mr. Rowe anticipates a draft of the audit being presented to committee members by September 15 and submitted to ICCB by the October 15 deadline.

There are 10 new GASB Standards this year, however most will not affect the College. Beginning in FY20, the liability for leases must be shown on the balance sheet, but this does not affect this year's audit. GASB 75 is effective with this audit and addresses the OPEB liability. Mr. Schueler explained that this is not the pension fund liability but the College's insurance plan from the State. Because the State requires the College to pay in .5 percent to the State insurance plan, this is

considered a cost-sharing plan, so we currently need to record the proportionate share of the cost-sharing liability, which is \$9.2 million, while the total liability for all the Illinois community colleges combined is \$917 million. This determination was just recently made, so Mr. Schueler has asked for clarification from ICCB regarding recognizing the OPEB liability on the financial statements. He will report back to the committee once he gets a determination from ICCB. Ms. Janssen noted that the College may need to set aside money in case the State pushes back on the liability.

Mr. Endress inquired about the Foundation's audit, and Mr. Rowe responded that it is going on simultaneously with the College's audit.

CLOSED SESSION

Mr. Endress moved and Dr. Jennings seconded the motion to move into Closed Session for the purpose of a meeting between internal or external auditors and the governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America, pursuant to the Open Meetings Act. The roll call on the motion was as follows:

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

At 9:06 a.m., the Committee Co-Chairperson declared the motion carried and the meeting in Closed Session.

Mr. Endress moved and Mr. Musser seconded the motion to end the Closed Session. The roll call on the motion was as follows:

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

At 9:36 a.m., the Committee Co-Chairperson declared the motion carried and the Closed Session ended.

OLD BUSINESS

There was no old business.

NEW BUSINESS

Trustees discussed employee achievement awards and how the new IRS regulation, effective January 1, 2018, will impact these awards being taxed. Mr. Rowe and Mr. Schueler will look into the issue and report back to Ms. Janssen regarding what changes will need to be made.

Audit & Finance Committee Meeting

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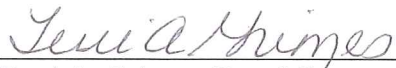
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The next meeting of the Audit & Finance Committee will be held on Tuesday, September 18, at 2:00 p.m. in the Board Room.

ADJOURNMENT

Mr. Musser moved and Mr. Endress seconded the motion to adjourn the meeting of the Audit & Finance Committee. At 9:49 a.m., there being no further business, the Co-Chairperson declared the motion carried and the meeting adjourned.

Respectfully submitted,



Terri A. Grimes, Board Secretary

Illinois Community College District No. 519