

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

**CALL TO ORDER/ROLL CALL**

A meeting of the Audit & Finance Committee of the Board of Illinois Community College District No. 519 was called to order by Mr. Shawn Boldt, Committee Chair, at 3:02 p.m. on March 22, 2022, 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.

The following committee members were physically present: Mr. Doug Block, Mr. Jim Endress, Mr. Shawn Boldt, and Mr. Craig Knaack

Other Board members physically present: Ms. Pennie Groezinger

The following members attended virtually: None

The following members were absent: None

Others physically present: Ms. Chris Kuberski, President; Ms. Jill Janssen, Vice President/CFO, Administrative Services, Board Treasurer; Mr. Pete Fink, Director, ITS; and Ms. Terri Grimes, Board Secretary

Others virtually present: Ms. Sara McKenna, Wipfli, LLP; and Mr. Josh Faivre, Wipfli, LLP

**PUBLIC COMMENTS**

There were no public comments.

**REVIEW AND DISCUSSION OF FY21 AUDIT REPORT**

Ms. Sara McKenna and Mr. Josh Faivre of Wipfli reviewed the highlights of the FY21 annual audit, noting that the College received five clean “unmodified” opinions for the basic financial statements, State Adult Education and Family Literacy grants, enrollment data, internal controls over financial reporting or compliance, and direct and material compliance requirements. In addition, there were no findings on major federal programs. There was a new GASB accounting pronouncement this year, GASB 84, relating to fiduciary activities.

Total assets increased \$2.2 million as a result of receivables of \$900,000 and HEERF receivables of \$1.3 million. Capital asset purchases related to information technology and total capital assets increased by \$1.2 million. Liabilities decreased by about \$2.6 million due in large part to bond payments. The net non-operating position increased by \$4.1 million due to the need to report on-behalf payments for SURS and Other Post-Employment Benefits (OPEB), which are revenues and expenses, so they offset each other. Property tax revenue also increased. Federal grants are also considered non-operating and increased \$1.7 million, mostly related to HEERF grants. The College received

\$2.3 million in HEERF funds, but financial aid decreased by about \$600,000. Overall net income for the year was approximately \$2.8 million.

Mr. Faivre explained that the audit is typically completed in October, but there were issues at the State and federal levels with timing and a delay in getting the credit hour information from the Illinois Community College Board and federal guidance on HEERF. He noted that in FY21, the top five revenue sources included property taxes and replacement taxes at 32 percent, on-behalf payments for SURS and CIP (College Insurance Program) at 24 percent; federal grants at 19 percent, which is significant this year due to the HEERF grants; student tuition and fees at about 13 percent; and State at five percent. The top five expenses include instruction at 41 percent, instructional support at 20 percent; operations and maintenance at nine percent; student services at eight percent; and, scholarships and grants at seven percent, which has gone up this year due to the student portion of the HEERF grant. ICCB reimbursable credit hours have trended downward, from 37,000 credit hours in 2017 to 28,000 in 2021. The College was able to claim lost revenue of \$2.2 million, which was funded through HEERF. Assessed valuation (in millions) has increased from 1,687 in 2016 to 1,888 in 2020. As the assessed valuation goes up, the College has been able to keep the property tax rates relatively steady.

Ms. McKenna highlighted the notes to the financial statements, including a note on the College Foundation. The Foundation's financial statements are now reported in the front of the College's report, as well as some of the significant footnotes. As mentioned earlier, the implementation of GASB 84 requires any activities that are controlled by an employee of the College, which were previously considered fiduciary in the past, be considered College money, so those have been reclassified to the Restricted Purposes Fund. This increased the net position by about \$458,000.

Mr. Block expressed a concern about the difficulty it creates when comparing year to year.

Ms. McKenna explained that this is what was referred to as "club money." Student clubs are usually operated by a faculty member and, because faculty are College employees, GASB says that technically the College has "administrative involvement" and it should be added. In the past, Fund 10 housed the fiduciary activities for club funds, which were recorded as an asset and a liability, but now revenues and expenses will be reported in Fund 6 and have a fund balance, which they have not had in the past.

Ms. Janssen suggested placing an asterisk next to the year to denote the change, and Mr. Endress suggested perhaps also adding the size of the change. Ms. Janssen suggested she could also denote this in her monthly Board reports and budget presentations.

### **CLOSED SESSION**

Mr. Endress moved and Mr. Block seconded the motion to move into Closed Session for the purpose of a meeting between internal and external auditors and 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, and to return to Open Session for possible action. The roll call on the motion was as follows:

AYES: Endress, Boldt, Knaack, Block  
NAYS: None

Whereupon the Chairperson declared the motion carried.

Mr. Boldt explained that the public attendees through Zoom would remain in the meeting, with the video and audio muted, while the Board was in Closed Session. The video stream and meeting would resume after the Closed Session.

At 3:31 p.m., the Chairperson declared the meeting in Closed Session.

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

AYES: Boldt, Knaack, Block, Endress  
NAYS: None

At 3:37 p.m., the Chairperson declared the motion carried and the Closed Session ended.

#### **OLD BUSINESS**

There was no old business

#### **NEW BUSINESS**

There was no new business.

#### **ADJOURNMENT**

Mr. Endress thanked Mr. Faivre, Ms. McKenna, and Wipfli.

Mr. Block moved and Mr. Endress seconded the motion to adjourn the meeting of the Audit & Finance Committee. The roll call on the motion was as follows:

AYES: Knaack, Block, Endress, Boldt  
NAYS: None

At 3:39 p.m., there being no further business, the Committee Chair declared the motion carried and the meeting adjourned.

Respectfully submitted,

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