

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. Jim Endress, Board Chair, at 3:00 p.m. on November 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 members were physically present: Mr. Doug Block, Mr. Jim Endress, and Mr. Craig Knaack

The following members attended virtually: None

The following members were absent: Mr. Shawn Boldt

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; Mr. Josh Faivre, Wipfli, LLP, Dr. Andy Dvorak, Retired Faculty; and, Mr. Pete Norman, Director, Athletics and Physical Education

Mr. Endress explained that Mr. Shawn Boldt, Audit & Finance Committee Chair, was unable to be here, so Mr. Endress would chair the meeting.

Illinois continues to be under a disaster proclamation related to public health, and an in-person meeting is not practical or prudent due to the COVID-19 pandemic. This meeting was properly noticed and is accessible to the public over Zoom. Mr. Endress asked if trustees who were attending virtually were able to hear.

PUBLIC COMMENTS

There were no public comments.

REVIEW AND DISCUSSION OF FY22 AUDIT REPORT

Ms. Jill Janssen introduced Ms. Sara McKenna and Mr. Josh Faivre of Wipfli, who provided an overview of the FY22 annual audit. The College received five clean “unmodified” opinions, and there were no internal control findings. Since the Education Stabilization Fund (HEERF and GEER funds) is considered a major program, it was “tested” and there were no issues or internal control findings. Changes from FY21 to FY22 include an increase of \$1.6 million in assets, as a

result of investments, a \$1.2 million increase in noncurrent assets, and a decrease of \$1.8 million in noncurrent liabilities, as a result of paying down some debts. Instruction and institutional support decreased \$2.1 million due to less SURS/CIP (College Insurance Program) on-behalf expenses, and scholarships, student grants, and waivers increased \$1.7 million due to HEERF student aid disbursements. Property taxes increased \$367,000 and replacement taxes increased \$698,000. The increase in replacement taxes is based on State formulas and was not expected. Federal grants increased \$1.2 million, and HEERF increased \$1.4 million. Some HEERF revenues were deferred from FY21, with \$550,000 recognized in FY22. Other revenues increased \$766,000 due to Foundation contributions.

Mr. Faivre reviewed revenue by source, noting that the top revenue sources include local taxes, which account for 34.8 percent of revenue or \$12.2 million; federal grants at 21.6 percent or \$7.6 million; SURS and CIP on-behalf at 15.9 percent or \$5.6 million, although he noted that the money does not flow technically through the College; and, tuition and fees at 13.6 percent or \$4.8 million. On the expense side, instruction accounts for 36.5 percent of expenses or \$11.1 million; institutional support at 17.7 percent or \$5.4 million; scholarships, student grants, and waivers at 13.1 percent or \$4.4 million, and student services at 8.8 percent or \$2.7 million. ICCB reimbursable credit hours remained stable between FY21 and FY22. Assessed valuations continue to increase and were nearly \$2 billion in levy year 2021, with a 5.4 percent increase in assessed valuations from levy year 2020 to 2021. As assessed valuations go up, the College has been able to keep the property tax rates low. Mr. Block asked about the \$1.4 million increase in student aid this year, and Mr. Faivre explained that it was related to the increase in HEERF funds. Ms. McKenna also noted that there was an increase of \$1.7 million in scholarships and \$1.2 million in federal grants, both related to HEERF.

Ms. McKenna reviewed the notes to the financial statements, as well as the two upcoming Governmental Accounting Standards Board (GASB) pronouncements. GASB 96 will be effective for FY23 and relates to subscription-based information technology agreements, establishing a right-to-use subscription asset and liability, and GASB 101, which is effective in FY25 and relates to compensated absences. Mr. Faivre reviewed the recommendations in the governance/management letter, noting that one of the recommendations is that any user of a College computer sign off and accept the use guidelines so users are aware of the guidelines. Another recommendation is that all servers have virus protection, as currently some do not. Other considerations include having a Board-approved written lease policy, reporting capital assets in the aggregate effective in FY24, and, preparing for GASB 96 and how that impacts the College. It is recommended to have a central location to track those items so when it is time to be implemented next year, the information is readily available. Mr. Endress asked if the College's final audit included the Foundation's assets and liabilities, and Ms. McKenna explained that the Foundation's auditors provide Wipfli with the Foundation's report, and Wipfli takes that information and puts into the College's report.

CLOSED SESSION

The auditors indicated that a Closed Session was not needed.

OLD BUSINESS

There was no old business

NEW BUSINESS

Mr. Block referred to the suggestions at the end of the audit and expressed his appreciation to the auditors for keeping the College “ahead of the curve” and not having to react to issues, but forecasting issues that might arise in the future.

ADJOURNMENT

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

AYES: Endress, Knaack, Block
NAYS: None

At 3:33 p.m., there being no further business, the Board Chair declared the motion carried and the meeting adjourned.

Respectfully submitted,



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