

**MINUTES OF FINANCE COMMITTEE  
DECEMBER 13, 2021**

**1. Call to Order and Roll Call**

Mr. Nowak called the meeting to order at 2:01 p.m. and asked the recorder to call the roll.

*Finance Committee members present (in person):* Mr. Meyer, Mr. Nowak, Dr. McCreary

*Other Trustees present:* Chair Rakow, Mr. Duffy, Dr. Redmer, Dr. Ollayos

*Others present (in person):* Dr. Sam, President; Ms. Loewe, Recorder; Ms. Kerruish, Senior Executive to President; Dr. Heinrich, VP Teaching, Learning & Student Development; Dr. Wagner, VP Business & Finance; Ms. Scholl, Asst VP, Business & Finance; Dr. Phil Garber, VP, PIE; Mr. DJ Ullman, Internal Auditor; Sikich audit team; various other ECC employees

*Others present (virtually):* Various other ECC employees

A complete recording of this meeting can be viewed here:

[December 13, 2021 Finance Committee](#)

**2. Preliminary Matters**

**Statement from Mr. Nowak regarding COVID-19 Disaster**

*On March 5, 2021, Governor J B Pritzker extended by 30 days through April 3, 2021, the disaster proclamation relating to COVID-19 (Executive Order 2021-05). **With the current mitigation status, this meeting will be conducted in person. Since attendance at this meeting location is not feasible due to mitigation restrictions and limited seating due to social distancing requirements because of the COVID-19 disaster, members of the public may virtually attend this meeting.***

*On June 12, 2020, the Governor signed Public Act 101-0640 into law. This new law amends the Open Meetings Act to authorize public bodies to meet remotely without the otherwise required quorum present at the meeting place.*

- 1. This authorization is only effective when the Governor has issued a disaster declaration that covers the jurisdiction of the public body.*
- 2. The head of the public body must determine that an in-person meeting is not practical or prudent due to a disaster. Our agenda states that there is a virtual component to this meeting as we adhere to the restrictions of the Phase 4 Recovery Plan.*

3. *Roll Call will determine whether a trustee is attending in-person or virtually and confirm that all can hear each other during the meeting.*
4. *Members of the public are welcome to attend in-person or virtually.*
5. *One member of the public body or the chief administrative officer or the chief legal officer must be present at the meeting place. Dr. Sam is present.*
6. *All votes must be by roll call.*
7. *Notification has been provided by the Open Meetings Act.*
8. *Both Open and Closed sessions of a virtual meeting of the public body must be recorded.*

### 3. Approval of Meeting Minutes of the Finance Committee of October 18, 2021

**Motion:** Trustee Nowak moved to approve the minutes of the October 18, 2021 meeting.

**Second:** Trustee McCreary seconded the motion.

**Roll Call Vote:** Aye, 3: Nowak, Meyer, McCreary  
Nay, 0

### 4. New Business

#### A. FY2021 Audit Board Communication (Kimberly Wagner and Heather Scholl) (2:31)

*Dr. Wagner shared excerpts from the “Community College District 509: Auditor’s Communications to the Board of Trustees (For the Year Ended June 30, 2021)”:*

Dr. Wagner provided an update in response to the auditor’s comments under the “Status of Recommendations from June 30, 2020,” as it relates to Information Technology and a proposed security assessment, and a formal change management policy. An RFP for the security assessment has been completed, and both Dr. Wagner and Dr. Garber are currently in the works of drafting a change management policy to present to the Cabinet.

Dr. Wagner also briefly discussed the Property Tax Recognition issue brought forth by the auditors, sharing that the final tax levy settlement report (as of June 30, 2021), has been appropriately adjusted. Additionally, an extra step has been added to the year-end process to ensure the final levy report is used for future reconciliatory purposes. She also shared the remaining concerns regarding the Purchasing Policy has been rectified with closer monitoring of invoices and purchase orders to ensure any exceptions to the policy are addressed immediately.

Trustee McCreary and Trustee Meyer questioned the current Purchasing Card Policy and whether it contained specific language related to the auditor’s comments. Trustee Meyer suggested that, if the Policy did not already contain such parameters to address these concerns, specific controls be added to the Policy for enumerated exceptions. Dr. Wagner added that both she and Ms. Scholl are currently working on adding such guidelines to current the Purchasing Card Policy, and will ensure the latest version of the Policy will be shared in March.

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A complete copy of the 2021 Comprehensive Annual Report can be viewed here:  
[FY2021 CAFR and Single Audit.](#)

The Board of Trustees presentation made by Sikich can be viewed here:  
[October 2021 Audit Presentation](#) (presentation begins at the 20:04 mark).

## **B. Internal Audit Update (DJ Ullman) (11:45)**

Mr. Ullman presented his findings related to two main areas: Accounts Payable and Accounts Receivable. Below are his findings for each respective area.

- **Accounts Payable:**

- It was noted that it appears that the primary Accounts Payable functions are operating well; however, the items noted during the internal audit were found in the other payables' areas of the college, which in this case, relates to the transparency of the Bookstore's distinct Accounts Payable balances and errors found in sales tax payable postings.
- For the condition relating to the Bookstore, the Vice President of Business & Finance has noted that Business & Finance and the Bookstore have begun the process of examining the workflow of accounting work and financial reporting between the two areas to establish more efficient and accurate accounting and business practices. These efforts will be enhanced when a new Managing Director of Accounting and Grant Compliance is appointed, as this position has oversight of the Bookstore's financial reporting.
- In preparation for the Fiscal Year-End and the external audit, the Assistant Vice President of Business and Finance will often perform 'spot check reviews' of different areas within General Ledger, and that includes many of the payables accounts. In normal circumstances, if questions or errors are noted, she can go to her staff and have them discuss her findings and make any necessary corrections.
  - Because of limited access to staff due to COVID restrictions, as well as a general lack of time and resources due to said restrictions, the Assistant Vice President was unable to complete the pre-audit review as she would have normally done, including, addressing any issues with staff on a timely basis.

- **Accounts Receivable**

- It was also noted that the Accounts Receivable function at ECC, which at the moment is chiefly overseen by the Student Accounts department, operates very well. In general, the Student Accounts and AR staff do a phenomenal job in overseeing this important function.
- In general, the findings noted can be seen as a result of long-term employees, and long-term processes, continuing established practices without considering a changing environment.
- It was also noted in other findings that there are areas where a better understanding of the purpose of tasks would be beneficial.
  - Occasional errors are the result of people not understanding the purpose behind what they are doing. With this comes a risk of

inefficiencies and a risk of nominal errors that might compound into large misstatements at a future date.

- With new staff soon to be coming on board, and a restructure of the workflow between Student Accounts and Business & Finance forthcoming, there are opportunities for all parties to gain a better understanding of the entire receivables cycle.

### **C. Review of FY22 Auxiliary Enterprises Budget to Actual (Kelly Strossner) (26:13)**

Ms. Strossner provided an update on goals previously shared for several areas under which she manages. Due to the unexpected longevity of the impact of the pandemic, and despite a goal to breakeven, the Bookstore fell short of this expectation. Although past projections aligned closely with those of FY21, ultimately, the shortfall was due in large part to inventory control. Staffing shortages related to inventory control have prompted Ms. Strossner to ensure, moving forward, this area remains a top priority. There remains a deficit in the FY22 budget; however, Ms. Strossner remains optimistic that the spring semester may reduce this shortfall.

Food Service continues to be impacted by the ongoing pandemic, resulting in fewer patrons overall, and less time spent on campus by individuals. Additionally, catering has been impacted by restricted seating and fewer events; therefore, Food Service continues to operate at a loss. Ms. Strossner is hopeful that as our community returns to campus, Food Service will return closer to its pre-pandemic operating budget. Like Food Service, Facilities rental has also faced a significant slowing of on-campus events, in addition to room capacity limits and ongoing A/V repairs in their event spaces. Once these limitations have improved, a large-scale marketing campaign is planned to help revitalize the Facilities Rental.

The Child Care Center continues to show steady improvement regarding revenue but is still predisposed to outbreaks, which forces the closure of the Center. As these events continue to remain unexpected, Ms. Strossner remains cautious in her FY22 projections of the Child Care Center budget.

### **D. Fund Balance Policy Discussion (Heather Scholl) (38:21)**

Ms. Scholl first explained the difference between restricted and unrestricted fund balances; additionally, she defined the terms “surplus,” and “balanced budget.” She also explained the Government Finance Officers Association (GFOA) recommend best practices for a fund balance policy, as well as recommendations by GFOA for various financial situations, including the identification of several factors when setting reserve levels. These factors include the volatility of expenditures and the impact of other funds, among other influences.

She went on to describe ECC’s current Fund Balance Policy, which includes parameters for financial operations, including the Board-established reserve fund balance requirement of

50% of the operating fund budgeted expenditures. Moving forward, Ms. Scholl plans to continue discussions on funding Capital Projects; evaluate current practices; establish required reserve levels for each fund; document and formalize current practices.

**E. Capital Projects Priority and Funding List (Kimberly Wagner and Heather Scholl) (49:38)**

Ms. Scholl shared updates regarding the current lists, noting that the scheduled A/V project has suffered equipment delays due to ongoing supply challenges related to the pandemic. Additionally, Ms. Scholl has added a lane to the Truck Driving Program line. She went on to explain the addition of the pending softball field and its accompanying facilities, located at the bottom of the priority list, noting that many factors are yet to be determined relating to this project; therefore, it remains in the lowest tier of priorities.

Ms. Scholl also shared additional information regarding the Truck Driving Program, explaining that the current site off of Spartan Drive would remain as the primary location for any future buildouts. She went on to describe several pressing issues related to the program, expressing concern for the declining state of the current trailer. Moreover, she shared plans ranging from a minimal solution of a temporary replacement trailer, estimated between \$500K-\$600K, up to a full replacement of the trailer with a permanent structure and observation shelters, estimated at \$2M. Having a larger, more permanent facility would offer several benefits to the program, including increased enrollment and space for faculty, students, and the simulator; additionally, it would provide much-needed space in O Building for Welding and other programs to expand.

The Board discussed several interim measures that could be taken into consideration before committing to a permanent structure, including the use of classrooms currently being underutilized; requesting financial compensation from businesses in need of trucking students, and exploring various sites on campus that could be retrofitted for the program. It was noted that Truck Driving is one of the most successful programs in the department, with a nearly perfect student completion rate.

**F. Service Fees – Fitness Center (Kimberly Wagner) (1:23:50)**

Dr. Wagner shared the findings related to the Fitness Center, noting that the 5-year intake of the Center resulted in just over \$5.5K in collected service fees from around 1000 users. Most transactions were single-use passes, however, the last two years have shown a sharp decline in visits, ultimately related to the pandemic.

**Motion:** Trustee Meyer moved to recommend the removal of the Service Fee related to the Fitness Center.

**Second:** Trustee Nowak seconded the motion.

**Roll Call Vote:** Aye, 3: Nowak, Meyer, McCreary  
Nay, 0

**G. Expanding the Nursing Program (Kimberly Wagner) (1:25:30)**

Dr. Wagner and Dr. Heinrich provided a high-level overview of some of the current challenges facing the Nursing Program, and the need to expand its offerings. Of most concern is:

- The reduced number of students in current cohorts, falling from 8 to 6, with a potential at some clinical sites to reduce further - down to just 4 students per cohort.
- Lower numbers of students admitted to the program in general, due to restricted capacity, from 60 students per semester down to just 40.
- A vacancy for the Nursing Program Director remains from December 2020, compounding such issues for the Dean and Simulation Director.

The Board and administration are aware of these issues and will continue to monitor the program closely. The hope remains that with lifted restrictions, numbers will increase.

**H. Property Tax Levy – Tax Year 2021 (Heather Scholl) (1:28:43)**

Ms. Scholl confirmed the Committee had no remaining questions related to the tax levy before its review at the larger Board meeting. No comments or concerns were presented by the Committee.

**I. Annual Review: ECC Investment Policy (Kimberly Wagner) (1:28:55)**

Dr. Wagner presented the ECC Investment Policy. No comments or concerns were presented by the Committee.

**J. Tax Objections (Heather Scholl) (1:29:24)**

Ms. Scholl reported, with support from Respicio Vasquez, that the objections from the 2019 tax levy have been reconciled.

**5. Audience Wishing to Address the Committee**

Ms. Loewe reported to Mr. Nowak that there were no requests.

**6. Old Business**

No items were presented for discussion.

**Adjournment**

**Motion:** Trustee Nowak moved to adjourn the meeting.

**Second:** Trustee Meyer seconded the motion.

**Roll Call Vote:** Aye, 2: Nowak, Meyer, McCreary  
Nay, 0

Meeting adjourned at 3:31 p.m.

The next Board of Trustee Finance Committee is on Monday, March 7, 2022.