

**MINUTES OF FINANCE COMMITTEE
MAY 9, 2022**

1. Call to Order and Roll Call

Mr. Nowak called the meeting to order at 2:00 p.m. and asked the recorder to call the roll.

Finance Committee members present: Mr. Nowak, Mr. Rodriguez

Finance Committee members absent: Dr. McCreary

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

Others present: Dr. Sam, President; Ms. Loewe, Recorder; Dr. Heinrich, VP Teaching, Learning & Student Development; Dr. Wagner, VP Business & Finance; Ms. Scholl, Asst VP, Business & Finance; Dr. Phil Garber, VP, PIE; Mary Perkins, Dean, LVPA; Respicio Vasquez, General Counsel

Others present (virtually): Various other ECC employees

A complete recording of this meeting can be viewed here:

[**BOT Finance Committee Meeting May 9, 2022**](#)

2. Approval of Meeting Minutes of the Finance Committee of March 7, 2022

Motion: Trustee Nowak moved to approve the March 7, 2022 meeting minutes.

Second: Trustee Rodriguez seconded the motion.

Roll Call Vote: Aye, 2: Nowak, Rodriguez

Nay, 0

Absent, 1: McCreary

3. Audience Wishing to Address the Committee

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

4. New Business

A. Internal Audit Report (Kimberly Wagner) (1:06)

Dr. Wagner informed the Board that DJ Ullman, the current Internal Auditor, submitted his request for resignation, effective immediately. The search for Mr. Ullman's replacement is underway.

Dr. Wagner provided several updates on outstanding internal audit reports related to Accounts Receivable (AR), Accounts Payable (AP), TRiO / Upward Bound, and Talent Search, as well as issues related to Student Residency and the return of Title IV Funds.

Corrective actions have been taken for AR, AP, and matters associated with the return of Title IV Funds in Financial Aid. All accounts within these areas have been reconciled and rectified in preparation for the close of the fiscal year, and continued improvement remains of top priority. Similarly, the TRiO / Upward Bound and Talent Search programs have received personal attention from both Dr. Wagner and Ms. Scholl to ensure budgetary accountability is maintained. Multiple training sessions and regularly scheduled check-ins with the departments have proven successful.

The Student Residency audit was requested by Dr. Wagner in preparation for the pending on-site ICCB recognition visit. The current Student Residency policy falls within the compliance standards of ICCB; however, the random sampling of 118 students showed 48 *without* qualifying residency documents in their files, despite it being a requirement of enrollment. Corrective actions include working with the Registrar to ensure the verification of residency for incoming students, as required by the statutes of the ICCB, state, and district.

B. FY23 Draft Budget (Heather Scholl) (14:20)

Budgetary Assumptions:

Ms. Scholl presented a balanced budget, with continued flat-rate tuition and no tax increase for tax levy 2021, recognizing the allowable captured taxes previously distributed within a TIF. The 2022 tax levy is also projected at no increase, with accommodations made for a gain related to the dissolution of the Sears EDA and the potential shifting of the levees. Zero-based budgeting continues to remain agile to shift priorities as revenue streams change. Salaries are based upon contractual obligations; however, there is a potential 5% increase for employee dental and health benefits. Auxiliary parameters are based on a “return to normal” model, with hopes for many areas to break even in 2023. Ms. Scholl will keep a close eye on the revenues and expenses in these auxiliary areas, and changes to the final budget in June may occur.

Operating Revenues:

The current operating budget is 88.3M; however, the Governor’s budget includes a 5% increase in state allocations. Ms. Scholl reported no significant change in revenues, noting that interest on investments can be challenging to predict. Tuition continues to have a substantial impact on the budget, with all hope that as we return to normal, classes will reach capacity once again.

Salaries and benefits remain at 70% of expenditures, with allowance for professional development within a balanced budget model. Projects continue to be hindered by shifting

timelines and staff vacancies, potentially impacting the completion of future projects. Still, the budget remains flexible to accommodate expenditures within these plans to ensure financial support for current and potential projects.

Ms. Scholl did note an error in the budget related to Continuing Ed, citing that the 84K loss mentioned would be covered by a transfer from the Education Fund. This transfer does appear in the lines of the Education Fund and has been appropriately reconciled.

C. Capital Project Funding and Timeline (Kimberly Wagner) (27:49)

Dr. Wagner provided an update on the capital project of the Regional Manufacturing Center, noting that monies were recently reallocated from the Capital Funding Board to the Department of Commerce and Economic Opportunity (DCEO). ECC was provided with a new grant officer to assist in applying budgets for each of the six authorizations within the project. \$11,970,000 has been released to DCEO for grant management (out of a total of \$30,006,000 that was re-appropriated). Of that, 29.5M is specifically for the construction of the Manufacturing Center. A committee is currently vetting architectural services, beginning with collecting the Statements of Qualifications.

She also provided a brief update on the proposed truck driving facility, noting that the new building could be ready for student use beginning in Spring 2023.

D. College Insurance Funding Plan (Kimberly Wagner) (33:29)

Dr. Wagner shared an update related to the health insurance security fund, noting state legislation requiring the liability of the College insurance plan is placed within our financial statements. The College has systematically funded the plan upon a 10-year recommendation from our auditors; furthermore, there is a recommendation to fund the remaining 3M in the line for next year. These lines do not appear in the annual budget because, as Ms. Scholl explained, surpluses generally absorb the anticipated remaining balance.

E. Fund Balance Policy Draft (Heather Scholl) (39:20)

The policy remains a work in progress. Ms. Scholl recognizes that the Board might be better served if the policy is presented after the audit is complete; however, she did share several items for discussion as the policy is formed. Goals for the policy include defining where reserve levels are for all funds and considering unexpected costs and available funding. The policy will also address excess balances above reserves, and provide appropriate guidance related to those overages. The policy also includes information on the debt service, property taxes, and associated levies. Careful consideration of overages in the liability and settlement fund remains crucial to avoid tax objections, as does any surplus in grant funding. As the policy continues to develop, close attention is to be paid to targeted thresholds, in an attempt to create realistic reserve goals in synchronization with the annual budget.

F. Report on Tax-Exempt Bond Record-Keeping Policy (Kimberly Wagner) (48:09)

Dr. Wanger provided her attestation of good record-keeping for the Build America Bonds. Although a refund was conducted last year, the bond agency requires upkeep of the records for three years post refund.

G. Follow-up on Athletics and Student Life Auxiliary Plans (Kimberly Wagner) (49:10)

Additional information was provided to the Board related to quantitative student data for each area. More specifically, updated information was given related to declining participation in Student Life clubs due to the challenges of the pandemic; however, Ms. Maurer believes these lower numbers are temporary, and an increase is likely. Budgets and financial projections for each area were included in the update, as was the addition of Athletics scholarships.

H. Fiscal Year 2023 Finance Committee Agenda Items (Kimberly Wagner) (54:23)

The Board was provided a table of quarterly agenda items to serve as a planning guide for upcoming Finance Committee meetings. Dr. Wagner noted that a Fund Balance Policy Review had been added to the list of items for the May 2023 meeting, with the intention of becoming an annual mainstay.

5. Old Business

Dr. Redmer shared her excitement regarding the recent demolition of the former Colonial Café, paving the way for the construction of the new Regional Manufacturing Center.

Adjournment

Motion: Trustee Nowak moved to adjourn the meeting.

Second: Trustee Rodriguez seconded the motion.

Roll Call Vote: Aye, 2: Nowak, Rodriguez

Nay, 0

Absent, 1: McCreary

Meeting adjourned at 2:57 p.m.

The next Board of Trustee Finance Committee is on Monday, October 10, 2022.