

**MINUTES OF FINANCE COMMITTEE
DECEMBER 12, 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, Dr. McCreary (2:13 PM)

Finance Committee members absent: none

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; Respicio Vasquez, General Counsel; Ray Krouse, Sikich; Anthony Cervini, Sikich; various other ECC employees

Others present (virtually): Various other ECC employees

A complete recording of this meeting can be viewed here:

[**BOT Finance Committee Meeting December 10, 2022**](#)

2. Approval of Meeting Minutes of the Finance Committee of October 10, 2022

Motion: Trustee Nowak moved to approve the October 10, 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. FY2022 Comprehensive Annual Financial Report (Anthony Cervini, Ray Krause) (42:09)

A complete copy of the report can be viewed here:

[**FY22 Comprehensive Annual Financial Report**](#)

The final results of the FY22 audit were presented. Mr. Cervini congratulated the Finance team on receiving a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA). He also recommended that the Board review the Transmittal Letter in conjunction with the Management's Discussion and Analysis, as it represents a unique opportunity for a holistic review of the fiscal year.

He also directed the Board's attention to the Governmental Accounting Standards Order within the report, noting that while no significant impact was found this year, "subscription-based information technology arrangements" will likely influence next year's financial reporting. Mr. Cervini then shared highlights from the Net Position and Basic Financial Statements, noting an increase of \$7M in the unrestricted net position statement and a \$6.2M increase in the overall net position statement. Furthermore, he explained that the \$12.1M decrease in the operating expenses category was most likely due to a difference in state reporting related to SURS and the CIP payments.

Later, Mr. Cervini expressed slight concern over the reporting of these payments. He suggested the College continue to monitor controls over these areas to increase the effectiveness of these accounts to avoid a significant impact on the overall net position should the State ever shift its funding. Moreover, the need for further transparency in financial statements was highly suggested, as was continued dialogue and discussion with contributing parties.

Single Audit Report

Mr. Krause noted that the report was one of an unmodified opinion, with no significant deficiencies or material weakness discovered in internal controls or financial reporting. He applauded the Finance team for no findings this year, whether Federal or other and further commended the College for an overall good report, despite increased testing totaling \$25M.

An item of note did appear during testing related to the College's purchasing policy, with a recommendation from the auditors to ensure regular review of the policy. Additionally, the College should continue to ensure compliance through consistent communication with those employees who purchase items.

B. Internal Audit Update (Kimberly Wagner) (1:02:53)

Nine applications were received for the position; however, no viable candidates were identified. Dr. Wagner continues to reach out to her colleagues and personal connections and is hopeful the position will be filled in 2023. Due to the critical nature of the audit, internal staff has been identified to assist with various accounting requirements. Additionally, a new Manager of Fiscal Compliance has been hired, maintaining grants and their unique needs.

Trustee Nowak questioned whether or not the proposed salary for the position could be affecting the lack of applications, to which Dr. Wagner assured him that the salary was within the means of the market.

C. Fiscal Year 2023 Financial Update (Heather Scholl, Kimberly Wagner) (1:05:52)
Revenue

Ms. Scholl presented various projections related to FY23, including a revenue chart illustrating the use of the 2021 tax levy to fund half of the budget and the projected approval of the 2022 tax levy to fund the second half of said budget. Ms. Scholl reported that the College was in good standing related to property taxes.

While Ms. Scholl remains optimistic that funding from tuition and fees will improve as enrollment trends upward, the College can utilize grant funds from the American Rescue Plan to fill financial gaps as needed. She also noted that the local sources fund dropped slightly from years prior due to the increase in the state-required personal property replacement tax, estimated at \$1.1M over what was budgeted. Additionally, investment income remains down, but the state remains hopeful that the markets will turn upward in the next fiscal year.

Expenditures

Ms. Scholl continued her presentation on expenditures, explaining that the two primary sources of expenses are salaries (44%) and benefits (6%). The College has spent 41% percent of the budget five months into the fiscal year and has remained on target with expenses. While the contractual services and supply lines appear high, items with higher values (subscription-based software, for example) are paid yearly at the beginning of the year.

She also clarified that income in the “other” category comprises funding from rentals and other auxiliary income streams. Additionally, Dr. Wagner shared that a significant amount of Covid funding is still available, including \$400K for student use to be distributed entirely before June; too, the College has received \$1.7M in funding as a Hispanic Serving Institution. Both funding sources allow for the most flexibility and will be used for direct student payments, student balances, and other Covid-related needs.

D. Fiscal Year 2024 Budget Discussion (Kimberly Wagner, Heather Scholl) (1:16:55)

State funds remain steady and flat. Ms. Scholl is confident that additional sources of revenue will improve local funding lines; however, investments, as noted earlier, continue a 3-year trend of loss due to a downturned market. Conversely, other income streams have continued to trend upward over the same period. Property taxes show a slower increase due to the Board-approved “no-tax” levies. The budget remains stable, but tuition and fees continue to impact funding, with considerable drops in FY21 and 22.

Ms. Scholl further explained that tuition has remained flat for the last five years; moreover, credit hours and enrollment have declined, leading to considerable losses in revenue. Tuition and fees remain a significant component of the budget. Ms. Scholl believes a strategic approach to enrollment will provide a targeted focus on the revenue stream and, as such, will improve over time.

ECC remains in sixth place in the “*ICCB Annual Student Tuition and Fees at Illinois Public Community Colleges*” report, meaning only five other institutions are less expensive.

Dr. Wagner suggested that while we strive to remain reasonably priced for students (with no tuition increase in the last five years), the College must continue to monitor the balance between affordability and the ability to provide quality instruction through the funding of expenditures. Enrollment continues to trend upward, and many new initiatives focus on further increases; therefore, Dr. Wagner remains cautiously optimistic about the budget halfway through its realization.

Turning to expenditures, there remains a desire to audit continually and remove items that are less purposeful or intentional and replace them with more innovative, strategic ones. Tactical prioritization remains vital for budget officers, and there is hope that the new budget software will allow for further detailed reporting and even more conscientious budgeting decisions. As planned, the FY24 Budget will be presented to the Board in May, with adoption in June.

E. Capital Projects Priority and Funding List (Kimberly Wagner, Heather Scholl) (1:30:00)

The Burlington Draining project has been delayed due to further investigation and evaluation of the project’s effects on the wetlands area. While there are plans to continue, ECC remains diligent in ensuring no lasting damage to this area while work is complete. The long-term digital signage project has been added to the list for the summer, with hopes of updating the technology that delivers critical ECC messaging. Additionally, the external signage project is much larger and more complex, requiring additional construction due to its installation.

The Building B Admin wing roof has also been added to the list, which is currently on hold and awaiting the release of 75% of funds from ICCB in January. ECC has already received an inquiry from CBD regarding the project. Additionally, plans for the rifle range have been dropped from the project list due to a prioritization of other projects and a lack of funding.

F. Property Tax Levy – Tax Year 2022 (Heather Scholl) (1:33:41)

Ms. Scholl mentioned to the Board the inclusion of property tax documents and their related schedules in their packets, encouraging a final review. As the tax levy has been discussed thoroughly in other meetings, no questions or concerns were raised.

G. Investment Policy Review (Kimberly Wagner) (1:34:08)

Dr. Wagner presented the annual Investment Policy, noting that a request for a review of the policy was made to the auditors. Two changes were made, including the addition of an “s” to the word “classification” and an adjustment to the collateralization limits for deposits (including investments, timed deposits, and CDs) from 102% to 100%.

Dr. Wagner reminded the Board that ECC works closely with PMA Network as our guide, assisting the College with forecasting the upcoming fiscal year and recommending the most secure money markets for deposits. Trustee Rodriguez questioned the review of CDs by PMA, given the current market changes, and whether a timely review of all investment opportunities has been performed. Ms. Scholl assured Trustee Rodriguez that PMA continues to monitor our investments and rates and notifies the College via email as changes arise. He then requested that a representative from PMA Network be available to present their findings at the March Finance Committee meeting.

Approval of Changes to the Annual Investment Policy

Motion: Trustee Nowak moved to approve the changes to the current investment policy.

Second: Trustee McCreary seconded the motion.

Roll Call Vote: Aye, 3: Nowak, Rodriguez, McCreary
Nay, 0

5. Old Business (1:03:22)

No old business was brought forward for discussion.

Adjournment

Motion: Trustee Nowak moved to adjourn the meeting.

Second: Trustee Rodriguez seconded the motion.

Roll Call Vote: Aye, 3: McCreary, Nowak, Rodriguez
Nay, 0

Meeting adjourned at 3:16 p.m.

The next Board of Trustee Finance Committee is on Monday, May 8, 2023.