

MINUTES OF FINANCE COMMITTEE
December 9, 2024

1. Call to Order and Roll Call

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

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

Finance Committee members absent: None

Other Trustees present: Dr. Redmer, Ms. Rakow, Dr. Ollayos

Others present: Dr. Peggy Heinrich, President; Ms. Loewe, Recorder; Ms. Scholl, Assistant VP, Business & Finance; Dr. Phil Garber, VP, PIE; Respicio Vasquez, General Counsel; Ed Martin, Internal Auditor; various other ECC employees.

2. Approval of Meeting Minutes of the Finance Committee on October 7, 2024

Motion: Trustee Rodriguez moved to approve the October 7, 2024 meeting minutes.

Second: Trustee Nowak seconded the motion.

Roll Call Vote: Aye, 3: Rodriguez, Arroyo, Nowak

Nay, 0

Absent, 0

3. Audience Wishing to Address the Committee

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

4. New Business

A. Internal Audit Report (Ed Martin)

Return to Title IV

The US Department of Education specifies that Title IV recipients who withdraw completely before completing 60% of the term, and if the student has been charged, must return a portion of the Title IV funds they received. The return amount is calculated using the number of days the student attended in the given term divided by the total number of days in a given term. All funds must be returned to the lender within 45 days when the school determines that a student has withdrawn.

Based on auditor judgment, a review of all Financial Aid Office (FAO) R2T4 work papers for Fall 2024 was completed. Three exceptions were observed during testing, and the FAO noted and disclosed all exceptions. All reports have been submitted to the parties affected. The courtesies extended by the individuals involved have been greatly appreciated.

HR Audit

Mr. Martin shared his findings on the current HR audit, including the payroll checklist and review process, time and attendance concerns, and input and staffing concerns. While a checklist was created (by a former employee) to ensure the duties and responsibilities are met and all are aware of outstanding issues, the checklist is currently outdated. The time and attendance software were outdated but has since been updated. He also noted that there were far too many manual input procedures in payroll, and the department should focus more on batch-running processes. The open payroll position has been filled, and a search committee has been formed to find a replacement for the newly vacant Manager of Fiscal Compliance.

Gift Card Compliance

After suggesting the development of a threshold, Mr. Martin received input from both Workforce Development and Finance to provide a draft report of such calculations to Cabinet for their approval. Developing these thresholds ensures internal control and safeguards, resulting in zero variances from the general ledger and the physical count of the gift cards.

B. Fiscal Year 2025 Financial Update (Heather Scholl)

Revenues

The budget is currently half-realized, with the other half awaiting the full approval of the tax levy. Once approved, the remainder of the budget will be estimated at nearly 100% after the first of January. Tuition and fees are 85% of the budget, and there is continued anticipation that the percentage will continue to rise. Revenues are 59%, slightly over the budgeted mark of 50%, thanks partly to sound income investments.

Expenditures

Expenditures align with previous expectations and budget parameters at a 23% realization. Salaries remain a large portion of the pie, at 65%. However, expenses are in line with what was budgeted. Ms. Scholl also reminded the Board that, if necessary, budget transfers could accommodate changes in priorities, ensuring the budget reflects the campus's current needs.

C. Fiscal Year 2026 Budget Discussion (Kimberly Wagner and Heather Scholl)

After returning from Winter Break, the Finance and Accounting departments intend to meet with budget officers to conduct midyear reviews to ensure funds are directed to the areas needed most. During planning, several considerations are made for new programs and positions, such as cost of living increases, contractual obligations, changes in service levels, and concerns about equipment maintenance and repairs into 2026.

The forthcoming Manufacturing and Technology Center (MTC) will impact the FY26 budget. A new building allows for scaling classes, adding additional offerings, and adding machinery; however, costs also increase, affecting not just the current budget but also FY27 and FY28. Additionally, Ms. Scholl warned the Board not to lose sight of the alternate revenue source bonds and to ensure the appropriate funding is set aside to cover related payments. The Board will approve the earmark of an additional dollar (\$1) per credit hour for instructional equipment.

During the presentation of the budget timeline, Trustee Rodriguez requested additional information and updates related to the MTC, including supplementary budget data and its continued impact on cost centers. The seismic growth of ESL and dual-credit classes remains a priority, as such evolution does not always equate to increased revenue. However, the Finance team remains committed to a balanced credit hour mix, assuring quality programming to the community and ensuring expenditures are aligned with revenues. Trustee Ollayos also requested additional updates related to the MTC, specifically regarding special assistance for students with disabilities, as she hopes ECC will be positioned on the leading edge of this kind of support.

D. Capital Projects Priority and Funding List (Heather Scholl)

The renovation of Building F will be funded by \$6.5M through CBD monies to cover the deferred maintenance of the ceiling and lighting, heating and air, and a new generator and elevator. The Fitness Center remodel has been moved to a lower priority in the “additional requests” category, with the hope that the earmarked \$7.5M can be released and redirected to other projects.

Questions arose regarding where the allocation might be directed and whether a “wait and see” approach might be warranted. Dr. Wagner noted financial needs around the truck driving project and the renovation of the disability services area, in addition to other deferred maintenance projects around campus. Furthermore, pausing the project (but keeping it on the list) seems sensible to remain fiscally responsible and helps ensure additional funding for unknown needs that might arise. Maintaining a healthy fund balance in the Capital Projects line remains critical as building continues at the MTC and the truck driving program is overhauled.

All agreed to wait for the upcoming review of the Master Plan before deciding on the fate of the Fitness Center remodel and its place on the Priority List.

E. Property Tax Levy (Heather Scholl)

Ms. Scholl reviewed three actions related to the forthcoming approval of the levy, including the initial property tax levy, the Cook County reduction allocation, and the last to evade debt service payments associated with the alternate revenue sources.

Dr. Wagner provided a sample value of the increase, noting the cost to a taxpayer with a home valued at \$300K would be \$12.38.

F. Investment Policy Review (Kimberly Wagner)

The investment policy was reviewed yearly, with one comment by Trustee Rodriguez concerning the use of “FDIC” and its specificity in the policy context. Dr. Wagner and Ms. Scholl explained that the FDIC offered a higher percentage (110%) rate over the invested balance and that, over time, natural flex and changing percentages have allowed for additional private insurance.

No official changes were made to the policy at this time.

5. Old Business

No old business was brought forward.

Adjournment

Motion: Trustee Rodriguez moved to adjourn the meeting.

Second: Trustee Nowak seconded the motion.

Roll Call Vote: Aye, 3: Rodriguez, Arroyo, Nowak

Nay, 0

Absent, 0

Meeting adjourned at 2:52 p.m.