

ILLINOIS VALLEY COMMUNITY COLLEGE
Board of Trustees

Audit/Finance Committee Meeting
September 29, 2015

The Audit/Finance Committee of the Board of Trustees of Illinois Valley Community College District No. 513 met at 5 p.m. on Tuesday, September 29, 2015 in the Board Room (C307) at Illinois Valley Community College.

Committee Members Larry D. Huffman, Chair
Physically Present: Jane Goetz
Everett J. Solon (entered the meeting at 5:20 p.m.)

Other Board members
Physically Present: Austin Burnette, Student Trustee

Others Physically Present: Jerry Corcoran, President
Cheryl Roelfsema, Vice President for Business Services and Finance
Deborah Anderson, Vice President for Academic Affairs
Kathy Ross, Controller
Sue Isermann, Associate Vice President for Academic Affairs
Mark Grzybowski, Associate Vice President for Student Services

The meeting was called to order at 5 p.m. by Dr. Huffman.

FY2014 AUDIT

A draft of the comprehensive annual financial report for fiscal year ending June 30, 2015, was distributed. Mr. Dick Wells of Wipfli, LLP of Sterling reviewed portions of the report with the Committee and the auditors' opinion is "unmodified" meaning the audit is clean with no reportable findings. It was noted that the College does not have much debt and this is something it should be proud of. The net assets of the College had a nice growth over the last ten years and illustrates the financial strength of the College. Mr. Dan Row reviewed two letters – Communication with Those Charged with Governance and the Business Advice letter. There were six adjusting entries noted during the audit and were corrected by management. From an auditing standpoint, six adjusting entries is very respectable. The Business Advice letter included constructive suggestions to be considered as part of the ongoing process of modifying and improving the College's practices and procedures. In addition to the Board receiving a final copy of the audit after it is submitted to the Illinois Community College Board (ICCB), there will be an administrative response to address the issues in the two letters.

Mr. Wells and Mr. Row left the meeting at 5:34 p.m.

2015 TAX LEVY

It is the College's custom and practice to adopt a tentative levy in November and finalize it in December. The proposed tax levy is presented to make sure the Board is comfortable in the

direction the administration is proceeding. In order to capture all of the revenue available in property taxes, the administration is recommending a \$10.3 million tax levy for 2015, up less than five percent over the 2014 tax levy of \$9.8 million. The College has not yet received the tax rate for the additional tax. The overall tax levy may drop by approximately 3.5 cents. There was consensus among the Committee to proceed as presented.

BASEBALL FIELD LEASE RENEWAL

IVCC's baseball field is not high quality, but the team is doing well. Head baseball coach, Jason Goode, has worked closely with Cory Tomasson and Mark Grzybowski on a plan for leasing the baseball field in Oglesby. They would like to enter into a three-year agreement in place of one year to allow IVCC to plan ahead provided language be included to allow the College or the City of Oglesby to break the lease if any changes should arise. A multi-year agreement would maintain a constant lease rate rather than running the risk of increased rates after one year. There was consensus to move forward with the three-year lease.

AMERICAN ASSOCIATION OF COMMUNITY COLLEGES (AACC) MEMBERSHIP

At a time when the College is very mindful of every expense and if Dr. Corcoran had to make a choice between membership in the Illinois Community College Trustees Association (ICCTA) or AACC, he would do away with the AACC membership. There is value to being a member of AACC and discussion on this topic took place at the President's Council meeting. Deb Anderson and Sue Isermann are not sure they can argue that the value of national conferences and resources obtained through the membership rises to the level of \$4,428 a year. Deb noted there are other ways to obtain the data and resources. There was consensus to accept the recommendation to discontinue the membership in AACC.

OTHER

State funding for the credit hour grant is estimated to be \$2.4 million. MAP funds are approximately \$600,000 - \$300,000 for each semester and the Adult Education grant is \$400,000. As time goes on with no state budget, ICCB is becoming very cautious in saying that it is likely the community colleges will receive money based on previous years. IVCC does have the cash reserves to cover operating costs without funding from the state but it will cut into its fund balances. The College is trying to follow the budget and not use any contingency that was built into the FY2016 budget. For the 2015 fall semester, the College agreed to cover the cost for MAP grants. The College will be liable for those monies if the state does not come through. What does IVCC do for the 2016 spring semester? ICCB has cautioned community colleges that there will be cuts in the Adult Education funding. Adult Education has made plans on how to reduce its expenses. For the MAP funds the College needs to advise its students in October as to what their financial aid package will be. A decision needs to be made soon on how this will be addressed with the students. Most community colleges in the state have decided not to cover MAP funds for its students for the spring semester. Dr. Huffman noted it is not the students fault and he would hate to penalize the students. The College already has a decline in enrollments and this could negatively affect the enrollment even more. Mr. Burnette questioned if the effect of students not enrolling due to the lack of MAP funds would be more costly than covering the MAP funds. Based on fall disbursements, 1,000 students received PELL of which 446 also received MAP. Without MAP 25 percent of the 446 students would now owe a balance to cover their tuition. Part-time

students would be the hardest hit group with 31 percent of the 446 students owing a balance. Dr. Corcoran suggested proceeding cautiously but somewhat optimistically that there will be a budget that will include MAP to offset the money in the spring semester. In discussion with student trustees across the state, Mr. Burnette noted the fact that the IVCC Board is having this conversation is quite impressive. Most of the community colleges have already decided not to cover MAP for spring. Ms. Goetz noted the investment that the College is making is a lot more than what it would lose if the students did not come back and continue their education. Dr. Huffman noted IVCC qualifies for equalization and can, therefore, levy for an additional tax of approximately \$3 million each year. If IVCC's enrollment were to decline to a point where it could no longer qualify for equalization, the administration would be preparing a budget for \$3 million less for FY2017. Dr. Huffman would like to bring this issue to the next board meeting for all board members to discuss.

Dr. Corcoran noted as it is getting close to the spring semester and this is typically the time when the College receives requests for sabbatical leaves. Sabbatical leave opportunities must be looked at through several lenses – the benefit to the students, institution, and most definitely the faculty member. Dr. Huffman believes sabbatical leaves are good, but can the College afford it. Sometimes when a faculty member is on sabbatical leave for a year and being replaced, it can actually save the College some money, but in another situation it may cost the College money and he would probably not look favorably at the request. Ms. Goetz would like to look at each case individually and review it. Mr. Solon noted if the sabbatical impacts the students, and especially with a tight budget, he would need to look at it carefully.

ADJOURNMENT

Dr. Huffman declared the meeting adjourned at 6:03 p.m.

Larry D. Huffman
Audit/Finance Committee Chair

Melissa M. Olivero, Board Chair

Larry D. Huffman, Board Secretary