

MINUTES  
FINANCE COMMITTEE MEETING  
OF McHENRY COUNTY COLLEGE

A Meeting of the Finance Committee of the Board of Trustees of McHenry County College was held on Monday, October 25, 2010 in the Board Room, Room A217, in Building A on the Campus. Chair Walters called the meeting to order at 5:33 p.m. When Dr. DeWitt called the roll, the following were present:

Mr. Lowe  
Dr. DeWitt  
Ms. Walters

Ms. Kurtz was absent. Ms. Miller arrived at 5:37 p.m.

ACCEPTANCE OF AGENDA

The agenda was accepted as presented.

OPEN FOR RECOGNITION OF VISITORS AND PRESENTATIONS

No one signed in to address the Committee.

STATUS REPORT, INTERNAL CONTROLS REVIEW, Mr. Don Wilske

Mr. Wilske spoke about the review; he indicated that of the 73 recommendations contained in the report, 23 recommendations have been implemented, 35 items are in the process of being implemented, and 15 items are dependent on the implementation of a new ERP system. He then answered questions and received comments from the Trustees. During discussion, it was agreed that some higher risk recommendations may take longer to implement. College staff has been working diligently to ensure that all recommendations are addressed.

ANNUAL AUDIT PRESENTATION, Mr. Fred Lantz, Sikich LLC

Mr. Lantz reported on the annual audit, speaking about the Comprehensive Annual Financial Report (CAFR), the Management Letter, and communication with those charged with governance (housekeeping letter). He reported that the audit was completed within the initial timeframe. Two new accounting policies (GASB 52 and GASB 53) were adopted, but neither had a significant impact on the College. Mr. Lantz indicated that two estimates did have significant impact: 1) management's estimate of group self-insurance liability, and 2) early retirement and health care liability which has nine years to go on a ten

year payout. He added that there were no significant disagreements with management. Mr. Lantz then turned the presentation over to Mr. Ray Krouse, who spoke about the Comprehensive Annual Financial Report and the single audit.

Mr. Krouse reported there were no instances of significant deficiencies or material weaknesses, and stated that the College's internal controls must be strong enough to detect errors and correct them. Mr. Lantz interjected that it was important to note the audit includes only the College, and not the Friends of McHenry County College Foundation which has a separate audit. Mr. Lantz and Mr. Krouse then received questions and comments from the Trustees. Mr. Lantz noted that the student financial aid cluster was \$5.8 million this year, up from \$3.1 million last year, and that most of the increase is in Pell funding, which went from \$1.8 million to \$4.1 million. He noted that to have the volume of transactions double and have only one minor finding is a very good accomplishment by the Financial Aid department and the institution. Dr. Smith asked Dr. Miksa to pass along this comment to the Financial Aid department. Mr. Lantz noted that he was pleased to present a clean, unqualified opinion and can provide an electronic copy to post on the College's website.

Mr. Lantz stated that with an increase in revenue and credit hours, he would have expected to see a much higher increase in expenses. He stated that the College did a good job of cost containment, with credit hours up 30% and expenses up only 3%.

He spoke about the College's first ever decline in Equalized Assessed Value (EAV).

Ms. Walters expressed her appreciation with the report, and thanked Mr. Lantz for his hard work. Mr. Wilske thanked Mr. Lantz and Mr. Krouse for their work this year. Ms. Miller spoke about the revenue that the Promise Program generated. Ms. Walters asked that Trustees bring any questions about the management letter to Mr. Lantz prior to the October 28, 2010 Regular Board meeting. Messrs. Lantz and Krouse left the meeting at 6:49 p.m. Mr. Perkoski arrived at 6:50 p.m.

#### CHIEF FINANCIAL OFFICER SEARCH UPDATE, Dr. Tony Miksa

Dr. Miksa spoke about chairing the search committee; there have been two meetings to establish the ground rules and timeline. The goal is to bring a candidate to the December Board meeting. Dr. DeWitt inquired where the position had been advertised; Dr. Miksa will provide a follow-up answer.

### SUMMARY COMMENTS BY BOARD MEMBERS

Ms. Miller asked that Ms. Haggerty follow up with Mr. Lantz to send out a press release about the audit. She asked that the Policy Committee address changing the way unrestricted funds are designated. Dr. Smith indicated that the Finance Committee could come up with verbiage and pass it to the Policy Committee for review.

### CLOSED SESSION

There was no Closed Session.

### ADJOURNMENT

Hearing no further business, Chair Walters adjourned the meeting at 6:58 p.m.

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Patricia Kriegermeier, Recording Secretary