

**BOARD OF TRUSTEES**  
**McHENRY COUNTY COLLEGE DISTRICT #528**

Tuesday, June 19, 2018  
6:00 p.m.



Board Room  
8900 U.S. Highway 14  
Crystal Lake, IL 60012

**COMMITTEE OF THE WHOLE MEETING**

**AGENDA**

1. Call to Order
2. Roll Call
3. Acceptance of Agenda
4. Acceptance of Minutes: Committee of the Whole, May 15, 2018
5. Open for Recognition of Visitors and Presentations  
***Three (3) minutes per person or less.***
6. President's Report
  - A. Changes to the 6%/3% Rule and Financial Impact on College Operations
7. Discussion of Affected Annuitants, Dr. Clint Gabbard and Ms. Michelle Skinder
8. Presentation  
MCC Website Enhancements and Next Steps to Attract and Inform Students, Ms. Christina Haggerty
9. Preliminary May Financial Statements: Mr. Bob Tenuta
10. Prevailing Wage Discussion, Mr. Bob Tenuta
11. Discussion of Administrative Compensation, Dr. Clint Gabbard and Mr. Bob Tenuta
12. Future Agenda Items
13. Summary Comments by Board Members
14. Closed Session
  - A. 120/2(c), Exception #2, Negotiations
  - B. 120/2(c), Exception #21, Review of Closed Session Minutes
  - C. Other matters as pertain to the exceptions of the Open Meetings Act
15. Acceptance of Closed Session Minutes, Committee of the Whole Meeting, May 15, 2018
16. Adjournment

A handwritten signature in black ink, which appears to read "Diane Evertsen". The signature is fluid and cursive.

Diane Evertsen  
Chair

**Employment of SURS Annuitants/Affected Annuitants**

In August, 2012, PA97-0968 became law and applied new return to work restrictions for SURS-covered employers and SURS annuitants. Under this regulation, the College is responsible for making payment equal to the employed affected annuitant's annual retirement annuity if they employ a SURS annuitant who works more than 18 paid weeks and receives compensation during an academic year that is in excess of 40% of highest annual rate of earnings.

In response to this new regulation, in May 2014 the College applied the practice of separating from all affected annuitants, collected additional information during recruitment to identify possible affected annuitants, and refrained from hiring those retirees who could fall under this regulation.

The College administration would like to now revisit and adjust this practice, while at the same time take steps to control possible College liability under this regulation by allowing SURS annuitants to be hired in specific situations where doing so would positively impact the College. For example, (but not limited to), hiring a retiree to co-facilitate a class with a newly hired faculty member, providing mentoring and guidance; providing bridging for classes where a new faculty member has not yet been identified or a search is still in progress; or providing expertise to new or existing programming. In these examples, having the opportunity to hire a SURS annuitant would be beneficial to the college, our programming and our students.

In these unique situations, the College will utilize a certification form to collect information regarding the annuitant's retirement annuity and work they may be doing for other SURS employers. In addition, the College will limit the assignment to the annuitant of one class for each semester and if they approach 35% of their highest earnings rate, then only one class per academic year. Taking these steps should assist in identifying and tracking the work of the SURS annuitant and ensure that they do not exceed the work restrictions that result in a College-paid penalty.

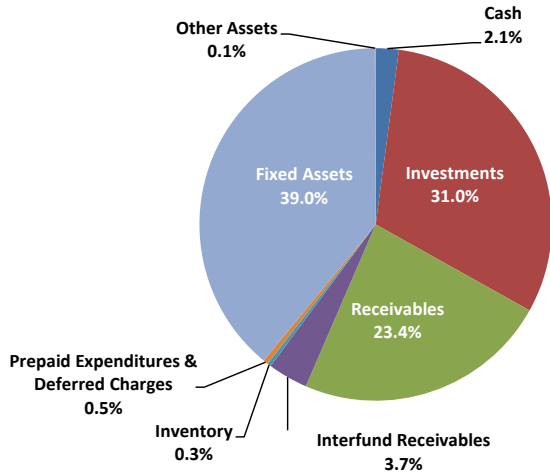
All Funds Statement of Net Position (Balance Sheet)  
May 31, 2017

	01	02	03	04	05	06	07	08	09	10	11	12	
All Funds	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Bond & Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	General Fixed Asset Fund	General Long-Debt Fund	Trust & Agency Fund	Audit Fund	Liability Protection & Settlement Fund	
<b>Assets</b>													
Cash	2,660,678	-	1,748,723	-	167,717	-	268,341	95,646	-	-	311,174	69,075	-
Investments	39,113,071	12,276,364	944,694	21,178,746	-	-	-	2,767,078	-	-	-	-	1,946,189
Receivables	29,489,834	25,605,146	2,502,760	-	-	24,458	-	-	-	-	-	69,938	1,287,531
Accrued Revenue	176,388	83,680	5,372	67,097	-	-	-	11,028	-	-	-	-	9,211
Interfund Receivables	4,637,453	676,603	4,637,453	-	-	-	(676,603)	-	-	-	-	-	-
Inventory	423,521	-	-	-	-	423,521	-	-	-	-	-	-	-
Prepaid Expenditures & Deferred Charges	577,513	486,633	20,975	-	-	2,170	10,000	-	-	34,875	-	-	22,859
Fixed Assets	49,152,717	-	-	-	-	-	-	49,152,717	-	-	-	-	-
Other Assets	99,509	-	-	-	-	-	-	-	99,509	-	-	-	-
<b>Total Assets</b>	<b>126,330,684</b>	<b>39,128,426</b>	<b>9,859,977</b>	<b>21,245,843</b>	<b>167,717</b>	<b>450,150</b>	<b>(398,262)</b>	<b>2,873,753</b>	<b>49,152,717</b>	<b>134,384</b>	<b>311,174</b>	<b>139,014</b>	<b>3,265,790</b>
<b>Liabilities</b>													
Payroll Deductions Payable	1,023,660	893,269	42,396	-	-	100,296	1,038	-	-	(36,138)	-	-	22,799
Accounts Payable	877,532	866,615	10,000	-	-	7,961	(7,044)	-	-	-	-	-	-
Interfund Payable	4,637,453	709,150	-	2,312,394	-	41,951	-	-	-	-	-	-	1,573,958
Accrued Expense	377,588	377,588	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	20,796,175	18,043,127	1,565,635	77,968	167,717	88,594	3,951	-	-	-	-	43,750	805,433
Fixed Liabilities	14,246,506	-	-	-	-	-	-	-	14,246,506	-	-	-	-
Other Liabilities	1,616,615	71,346	-	-	-	10,945	-	-	1,187,011	347,312	-	-	-
<b>Total Liabilities</b>	<b>43,575,529</b>	<b>20,961,095</b>	<b>1,618,031</b>	<b>2,390,362</b>	<b>167,717</b>	<b>249,748</b>	<b>(2,056)</b>	<b>-</b>	<b>-</b>	<b>15,433,517</b>	<b>311,174</b>	<b>43,750</b>	<b>2,402,190</b>
<b>Designated Fund Balance</b>	<b>82,755,155</b>	<b>18,167,331</b>	<b>8,241,946</b>	<b>18,855,481</b>	<b>-</b>	<b>200,402</b>	<b>(396,206)</b>	<b>2,873,753</b>	<b>49,152,717</b>	<b>(15,299,133)</b>	<b>-</b>	<b>95,264</b>	<b>863,600</b>
<b>Assigned Fund Balance</b>													
33% Unassigned for annual budgeted expenditures	17,260,902	14,922,205	2,338,697	-	-	-	-	-	-	-	-	-	-
Other Designated Reserves	0	-	-	-	-	-	-	-	-	-	-	-	-
Capital Improvement/Investment in Capital Assets	68,008,198	-	-	18,855,481	0	-	-	49,152,717	-	0	-	-	-
Liabilities, Protection, and Settlement	-13,382,906	-	-	-	-	-	-	-	-14,246,506	-	-	-	863,600
Working Cash/Other Restricted	1,449,057	-	-	-	-	-396,206	1,750,000	-	-	-	95,264	-	-
<b>Remaining Unassigned Balance</b>	<b>9,419,903</b>	<b>3,245,126</b>	<b>5,903,249</b>	<b>0</b>	<b>0</b>	<b>200,402</b>	<b>0</b>	<b>1,123,753</b>	<b>0</b>	<b>-1,052,627</b>	<b>0</b>	<b>0</b>	<b>0</b>

All Funds Statement of Net Position (Balance Sheet)  
May 31, 2017

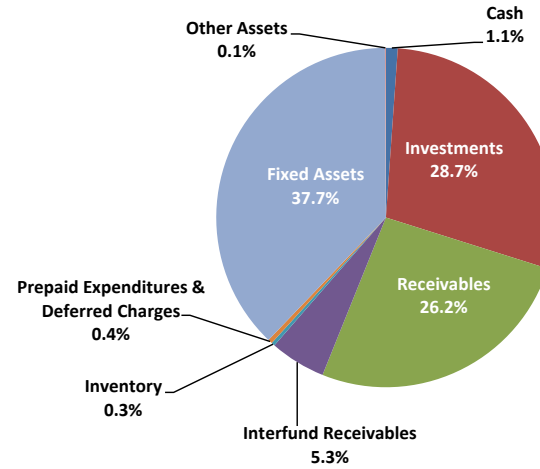
Total Assets = \$ 126,330,684

**FY17 Assets - All Funds**

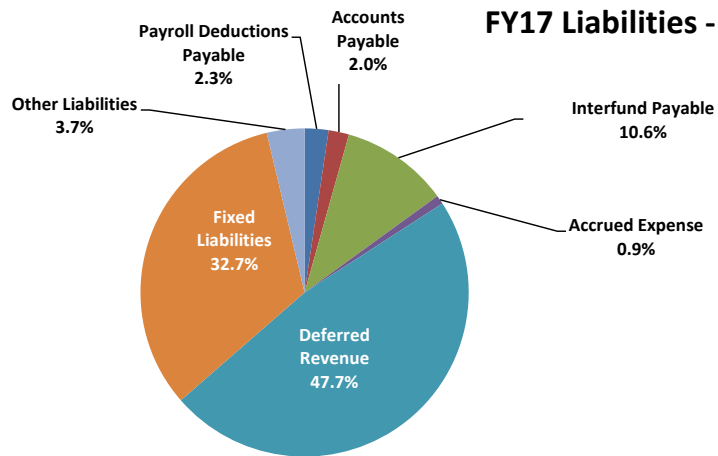


Total Assets = \$ 121,375,828

**FY16 Assets - All Funds**

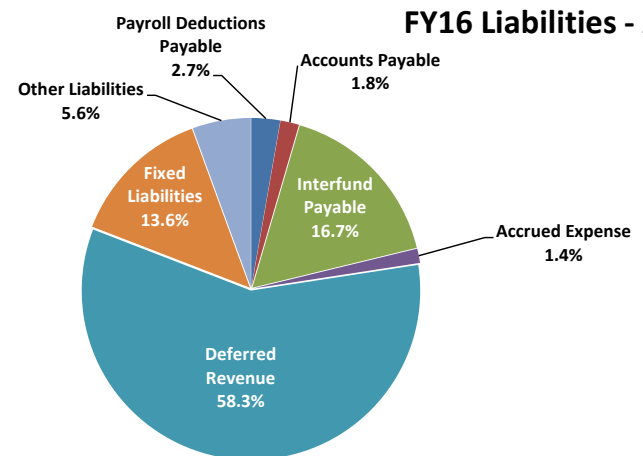


**FY17 Liabilities - All Funds**



Total Liabilities = \$ 43,575,529

**FY16 Liabilities - All Funds**



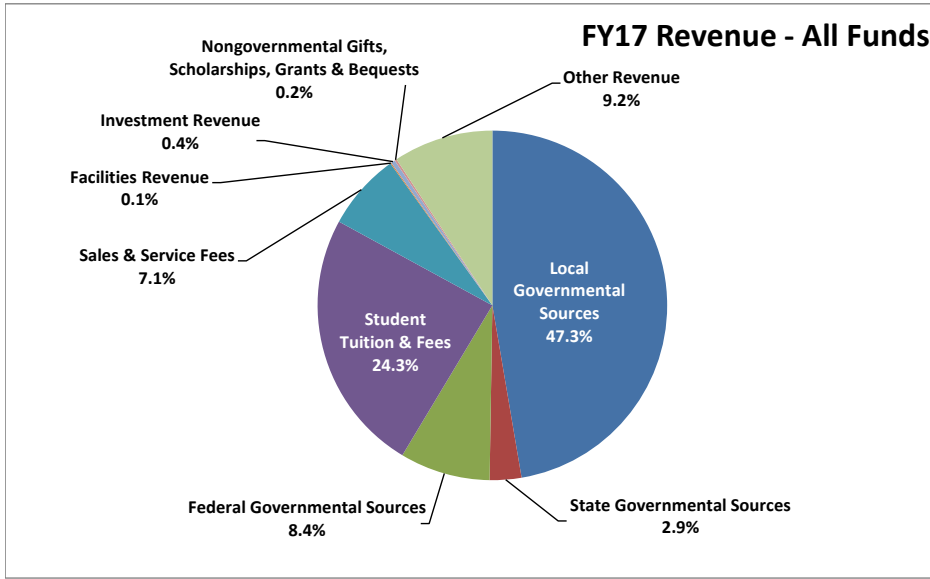
Total Liabilities = \$ 38,684,439

All Funds Statement of Activities (Income Statement)  
May 31, 2017

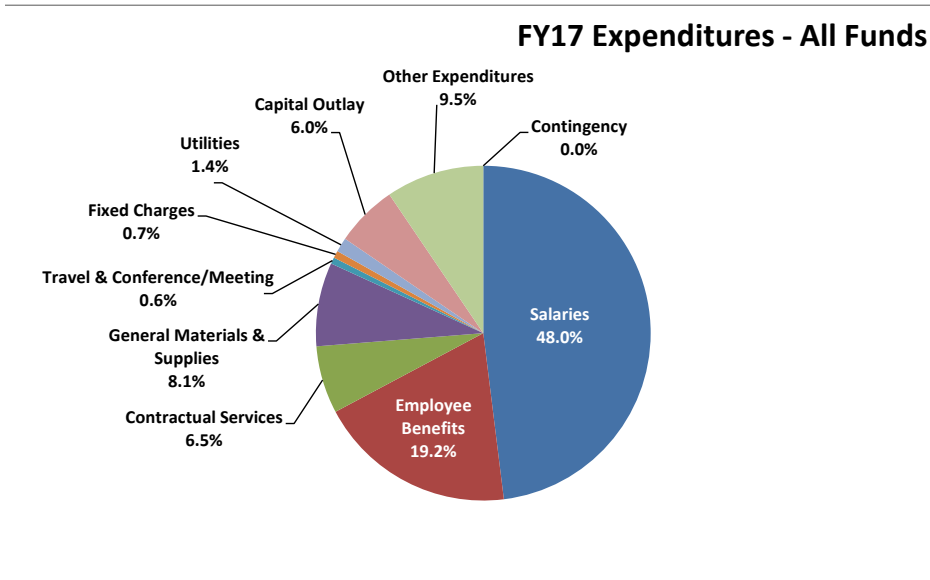
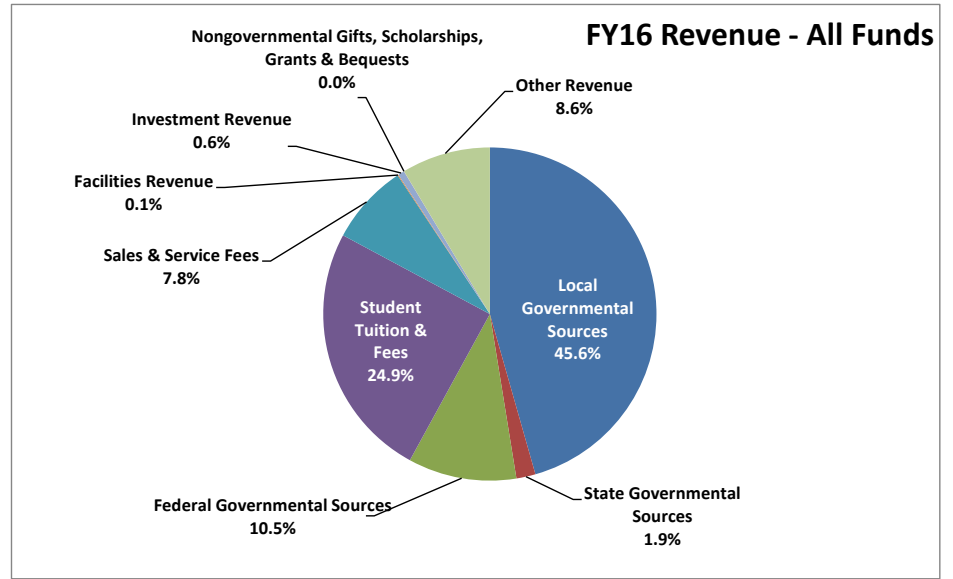
	01	02	03	05	06	07	08	09	11	12
	Education Fund	Operations & Maintenance Fund	Operations & Maintenance (Restricted) Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	General Fixed Asset Fund	General Long-Debt Fund	Audit Fund	Liability Protection & Settlement Fund
All Funds										
<b>Revenue</b>										
Local Governmental Sources	25,928,350	22,001,229	2,595,880	-	-	-	-	-	68,591	1,262,650
State Governmental Sources	1,604,478	1,074,830	321,830	-	-	207,819	-	-	-	-
Federal Governmental Sources	4,578,880	852	-	-	-	4,578,028	-	-	-	-
Student Tuition & Fees	13,336,589	10,716,832	2,336,526	-	283,231	-	-	-	-	-
Sales & Service Fees	3,907,930	173,949	-	-	3,733,981	-	-	-	-	-
Facilities Revenue	54,253	11,000	-	-	43,253	-	-	-	-	-
Investment Revenue	205,289	103,785	5,786	73,925	-	-	11,875	-	-	9,918
Nongovernmental Gifts, Scholarships, Grants & Bequests	107,161	85,128	-	-	-	22,033	-	-	-	-
Other Revenue	5,064,322	4,988,997	70,581	9,938,380	4,745	-	-	(9,938,380)	-	-
<b>Total Revenue</b>	<b>54,787,253</b>	<b>39,156,602</b>	<b>5,330,603</b>	<b>10,012,305</b>	<b>4,065,210</b>	<b>4,807,880</b>	<b>11,875</b>	<b>(9,938,380)</b>	<b>68,591</b>	<b>1,272,568</b>
<b>Expenditures</b>										
Salaries	25,653,213	22,400,259	518,402	-	1,639,331	700,011	-	-	-	395,209
Employee Benefits	10,243,326	9,054,813	105,633	-	248,354	57,467	-	-	-	777,058
Contractual Services	3,484,929	1,887,419	930,750	-	508,384	70,372	-	-	60,325	27,679
General Materials & Supplies	4,319,258	1,654,535	236,805	-	2,329,362	82,526	-	-	-	16,031
Travel & Conference/Meeting	330,183	249,186	21,709	-	42,665	15,149	-	-	-	1,475
Fixed Charges	375,592	1,575,287	18,023	-	32,639	274	-	(1,302,050)	-	51,419
Utilities	739,676	154,236	579,588	-	3,330	-	-	-	-	2,522
Capital Outlay	3,196,044	232,951	2,267,240	1,780,887	-	40,561	(1,125,595)	-	-	-
Other Expenditures	5,061,718	649,810	-	123,885	8,033	4,279,990	-	-	-	-
Contingency	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>53,403,937</b>	<b>37,858,497</b>	<b>4,678,150</b>	<b>1,904,771</b>	<b>4,812,097</b>	<b>5,246,349</b>	<b>(1,125,595)</b>	<b>(1,302,050)</b>	<b>60,325</b>	<b>1,271,392</b>
<b>Excess/(deficit) of revenues over expenditures</b>	<b>1,383,315</b>	<b>1,298,106</b>	<b>652,452</b>	<b>8,107,534</b>	<b>(746,888)</b>	<b>(438,469)</b>	<b>11,875</b>	<b>1,125,595</b>	<b>(8,636,330)</b>	<b>8,266</b>
Operating transfers in	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	-	-	-	-	-	-	-
Beginning Fund Balance	81,371,841	16,869,224	7,589,495	10,747,947	947,291	42,263	2,861,877	48,027,123	(6,662,802)	86,998
Ending Fund Balance	<b>82,755,156</b>	<b>18,167,330</b>	<b>8,241,947</b>	<b>18,855,481</b>	<b>200,403</b>	<b>(396,206)</b>	<b>2,873,752</b>	<b>49,152,718</b>	<b>(15,299,132)</b>	<b>95,264</b>

All Funds Statement of Activities (Income Statement)  
May 31, 2017

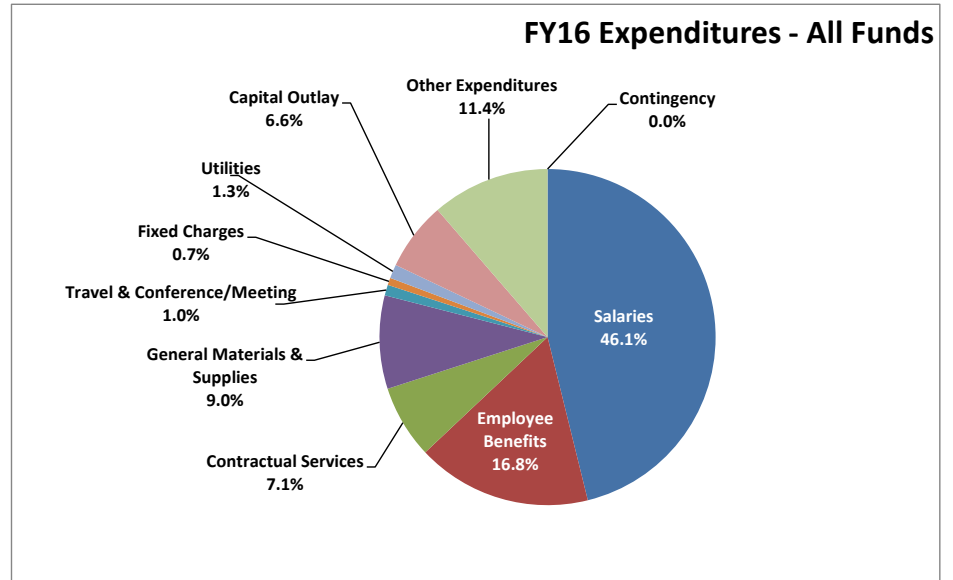
Total Revenue = \$ 54,787,253



Total Revenue = \$ 51,566,439



Total Expense = \$ 53,403,937



Total Expense = \$ 50,666,390

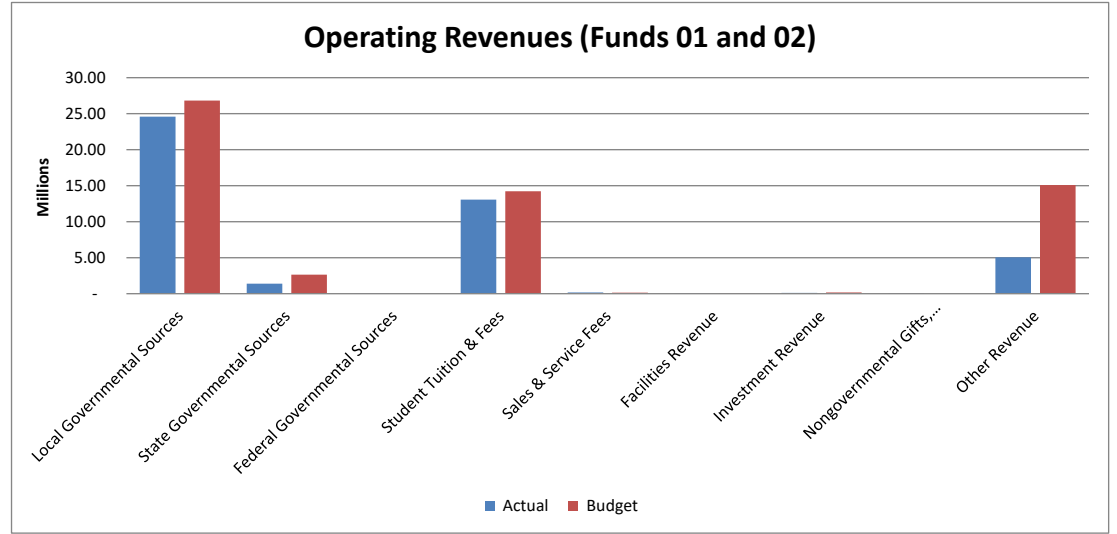
**Operating (Funds 01 & 02) Statement of Activities**  
**May 31, 2017**

	FY17			FY16			Change Over FY16	% Change
	Actual	Budget		Actual	Budget			
<b>Revenue</b>								
Local Governmental Sources	\$ 24,597,109	\$ 26,818,195	91.7%	\$ 24,562,101	\$ 26,879,739	91.4%	\$ 35,009	0.1%
State Governmental Sources	1,396,660	2,654,715	52.6%	739,909	2,705,892	27.3%	\$ 656,750	88.8%
Federal Governmental Sources	852	-	0.0%	1,548	-	0.0%	\$ (696)	-45.0%
Student Tuition & Fees	13,053,358	14,229,788	91.7%	13,523,883	14,589,696	92.7%	\$ (470,525)	-3.5%
Sales & Service Fees	173,949	150,400	115.7%	157,562	170,000	92.7%	\$ 16,387	10.4%
Facilities Revenue	11,000	11,000	100.0%	11,000	18,000	61.1%	\$ -	0.0%
Investment Revenue	109,571	185,712	59.0%	170,912	243,487	70.2%	\$ (61,341)	-35.9%
Nongovernmental Gifts, Scholarships, Grants & Bequests	85,128	-	0.0%	-	-	0.0%	\$ 85,128	0.0%
Other Revenue	5,059,577	15,102,534	33.5%	7,419,880	14,380,465	51.6%	\$ (2,360,302)	-31.8%
<b>Total Revenue</b>	<b>\$ 44,487,205</b>	<b>\$ 59,152,344</b>	<b>75.2%</b>	<b>\$ 46,586,795</b>	<b>\$ 58,987,279</b>	<b>79.0%</b>	<b>\$ (2,099,590)</b>	<b>-4.5%</b>
<b>Expenditures</b>								
Salaries	\$ 22,918,662	\$ 26,514,982	86.4%	\$ 22,994,148	\$ 27,545,553	83.5%	\$ (75,486)	-0.3%
Employee Benefits	9,160,446	19,113,381	47.9%	8,331,217	17,723,016	47.0%	\$ 829,229	10.0%
Contractual Services	2,818,169	4,648,347	60.6%	3,271,981	4,746,679	68.9%	\$ (453,812)	-13.9%
General Materials & Supplies	1,891,339	3,008,376	62.9%	1,902,581	2,938,589	64.7%	\$ (11,242)	-0.6%
Travel & Conference/Meeting	270,895	651,930	41.6%	497,493	876,044	56.8%	\$ (226,598)	-45.5%
Fixed Charges	1,593,310	1,849,780	86.1%	1,488,101	1,840,947	80.8%	\$ 105,210	7.1%
Utilities	733,824	1,027,945	71.4%	766,099	1,032,670	74.2%	\$ (32,275)	-4.2%
Capital Outlay	2,500,192	3,835,764	65.2%	630,033	5,695,022	11.1%	\$ 1,870,158	296.8%
Other Expenditures	649,810	882,200	73.7%	3,211,826	854,700	375.8%	\$ (2,562,015)	-79.8%
Contingency	-	500,000	0.0%	-	1,450,000	0.0%	\$ -	0.0%
<b>Total Expenditures</b>	<b>\$ 42,536,647</b>	<b>\$ 62,032,705</b>	<b>68.6%</b>	<b>\$ 43,093,478</b>	<b>\$ 64,703,220</b>	<b>66.6%</b>	<b>\$ (556,831)</b>	<b>-1.3%</b>
<b>Excess/(deficit) of revenues over expenditures</b>	<b>\$ 1,950,558</b>	<b>\$ (2,880,361)</b>		<b>\$ 3,493,318</b>	<b>\$ (5,715,941)</b>		<b>\$ (1,542,760)</b>	<b>-44.2%</b>
Net Transfers Out/(In)	\$ -	\$ -		\$ -	\$ 1,429,000		\$ -	0.0%
<b>Net Operating Funds Surplus/(Deficit)</b>	<b>\$ 1,950,558</b>	<b>\$ (2,880,361)</b>		<b>\$ 3,493,318</b>	<b>\$ (7,144,941)</b>		<b>\$ (1,542,760)</b>	<b>-44.2%</b>
<b>Operating Fund Balance Unassigned @33% based on Total Budgeted Expenditures*</b>		<b>20,677,568</b>		<b>21,567,740</b>				
Less : Adj. for budgeted SURS Pass Thru (\$9.75m & \$9.00m, respectively) *.3334		3,250,000		3,000,000				
Adj. for Contingency (\$0.5m & \$1.45m, respectively) x .3334		166,667		483,333				
<b>Unassigned Fund Balance needed @ 33% of adjusted budgeted expenditures (a)</b>		<b>17,260,902</b>		<b>18,084,407</b>				
<b>Unaudited Beginning Fund Balance</b>		<b>24,458,719</b>		<b>25,479,514</b>		<b>25,479,514</b>		
Net Operating Funds Surplus/(Deficit)		1,950,558		3,493,318		(7,144,941)		
Add back Contingency (assumption is it is not used)		500,000		1,450,000				
<b>Calculated YTD Ending Fund Balance (budget estimate) (b)</b>		<b>\$ 26,409,277</b>		<b>\$ 22,078,358</b>		<b>\$ 28,972,832</b>		<b>\$ 19,784,573</b>
<b>Amount Over/(Under) Fund balance reserve (b)-(a)</b>		<b>4,817,456.33</b>		<b>1,700,166</b>				

\*Net of Transfers Out/(In) and contingency

**Operating Funds - Statement of Activities**  
**May 31, 2017**

	Actual	Budget
<b>Revenue</b>		
Local Governmental Sources	24,597,109.41	26,818,195.00
State Governmental Sources	1,396,659.57	2,654,715.00
Federal Governmental Sources	852.00	-
Student Tuition & Fees	13,053,358.16	14,229,788.00
Sales & Service Fees	173,949.00	150,400.00
Facilities Revenue	11,000.00	11,000.00
Investment Revenue	109,571.05	185,712.00
Nongovernmental Gifts, Scholarships, Grants & Bequests	85,128.17	-
Other Revenue	5,059,577.47	15,102,534.00
<b>Total Revenue</b>	<b>44,487,204.83</b>	<b>59,152,344.00</b>



<b>Expenditures</b>		
Salaries	22,918,661.53	26,514,982.00
Employee Benefits	9,160,446.16	19,113,381.00
Contractual Services	2,818,169.12	4,648,347.00
General Materials & Supplies	1,891,339.34	3,008,375.73
Travel & Conference/Meeting	270,894.72	651,930.27
Fixed Charges	1,593,310.22	1,849,780.00
Utilities	733,823.94	1,027,945.00
Capital Outlay	2,500,191.58	3,835,764.00
Other Expenditures	649,810.29	882,200.00
Contingency	-	500,000.00
<b>Total Expenditures</b>	<b>42,536,646.90</b>	<b>62,032,705.00</b>
<b>Excess/(deficit) of revenues over expenditures</b>	<b>1,950,557.93</b>	<b>(2,880,361.00)</b>

