

MINUTES  
FINANCE COMMITTEE OF  
McHENRY COUNTY COLLEGE

A meeting of the Finance Committee of the Board of Trustees of McHenry County College was held on Thursday, October 4, 2007, in the Board Room in Building A on the Campus. In the absence of Chair Kurtz, Trustee Miller called the meeting to order at 6:05 p.m.

The roll was called and the following were present: Mr. Lowe, Mr. Summers, Mrs. Larson, Ms. Miller, and Ms. Walters.

Ms. Kurtz arrived at 6:15 p.m.

Attorney Kerrick was in attendance.

Trustee Glosson and Student Trustee Claypool were absent.

Approval of Agenda

Trustee Miller stated that hearing no objections, the agenda stands approved as presented.

Open for Visitors and Presentations

Ms. Collins stated that as provided by law the Board should allow for employee and public participation. Trustee Summers invited her to send the wording and statutory citations to Dr. Packard.

Fiscal Year 2007 Audit and Management Letter – Fred Lantz, Sikich LLP, Board Report #07-200

Mr. Lantz explained that this is the second year of their engagement, and the College was presented a clean, unqualified opinion. He noted that MCC is one of sixteen community colleges in the state, and one of 60 in the nation to be winners of the GFOA award. The community and constituents were informed that the audit would be on the website. Mr. Lantz and Mr. Krause highlighted items from the audit, including the lack of segregation of duties in the purchasing process. Concern was expressed over the manual time sheet process. Mr. Lantz stated that he was pleased to report that majority of the comments provided have been implemented or are in the process of being implemented. Following discussion on the inadequacy of the College's ERP

system, Dr. Packard stated that we expect to have the replacement ERP up and running in 2010.

Dr. Ally noted that there is \$6 million planned for this item.

Ms. Miller commended Dr. Ally for the great job he is doing with investments in the Budget.

She asked about an accounting program for keeping track of our capital assets. Mr. Lantz suggested a custom program in ACCESS for the capital asset component. Ms. Miller asked about controls in the cash receipt area, and was informed that this was improved in the cafeteria. Ms. Kurtz commented on segregation of duties and processes. She asked that the AQIP team work on the further drill down of the purchasing process.

Mr. Summers talked about GASB Statement 45 regarding accounting for post-employment benefits. He asked what steps we will be taking to address this issue. Dr. Ally explained that the liabilities are reflected in the Financial Statements. He went on further to note that reserves are being accumulated for this and also for the ERP System.

Ms. Kurtz spoke about employee non-cash benefits and future accounting, stated that she wants to see us be proactive, and wants staff and faculty to be aware. She stated that she wants to be open and help people understand how this applies to them.

A. Out-of-State and Out-of-District Tuition and Fees, Board Report #07-201

B. Certification of Chargeback, Board Report #07-202

There was no discussion on these items.

#### HWAC (Health, Wellness, Athletic Complex) Update

##### A. Revenue and Expenditures

Dr. Packard turned to Mr. Houser to give an update on the Health, Wellness, Athletic Complex, including the revenue and expenditures. Mr. Houser noted that at the last meeting there was discussion on changes to the scope of the work the College has requested. This would include an increase in the cost of road work.

Attorney Kerrick stated that an annual audit is provided for in the license agreement. Mr. Summers stated that we need to do our very best to monitor this project. He asked for another 3<sup>rd</sup> party review with the current numbers. Mr. Summers talked about naming rights for the stadium. Ms. Kurtz recognized Mrs. Strelcheck, who expressed her concern for the noise from fireworks.

#### B. Contingency

There was discussion on raising the contingency from 5% to 10%. Mr. Houser stated that the project is being analyzed with the 10% contingency.

#### C. Gantt Chart on Critical Timelines

Mr. Houser stated that he and Carie Carney, FCL, will be the project managers. Mrs. Larson recommended setting up preliminary dates for the Finance Committee to inform the Board. Ms. Kurtz would like to see dollar figures with achieving each of the milestones, ascertaining any cost overruns. Ms. Kurtz asked that Mr. Houser and Ms. Carney provide project updates to the Board. Mr. Houser stated that they will have weekly meetings and monthly reports.

#### D. Overview of Internal Project Management and Controls

Ms. Malinowski, investment banker, spoke about debt service, what kind of debt would be issued, and how we would pay it off. She noted that the debt certificates would be paid off over a 20-year period.

Trustee Kurtz called for a 5-minute break at 8:20 p.m.

At 8:30 p.m. the meeting reconvened.

Dr. Ally reported that FCL will be the project manager and will provide reports to the Board.

#### Open for Board Members

Ms. Kurtz invited comments from Board members.

Ms. Miller pointed out that on Page 9 of the Audit it shows that the population of McHenry County increased from 303,000 to 312,000 people in one year.

Mr. Lowe commented on the high quality of the audit.

Ms. Walters stated that she is pleased with tonight's meeting and thanked everyone for their participation.

Mr. Summers stated that we are a fast growing county and are the last College to get a nursing program.

Mrs. Larson thanked the College staff who put the audit together.

President Packard reiterated that MCC is one of 16 in the state and 60 in the nation that had both a clean audit opinion, and was recognized by GFOA, out of roughly 1300 eligible institutions.

Chair Kurtz stated that she has nagging doubts about the revenue for the HWAC project, and that there are a lot of assumptions. She noted that she has concerns over the viability of this project.

Ms. Walters expressed her confidence that this project should move forward. She stated that any trustee who cannot hold their fiduciary responsibility needs to resign.

Ms. Kurtz asked that we refrain from asking for resignations as we are elected officials.

#### Closed Session

There was no Closed Session.

#### Adjournment

At 8:55 p.m., with no further business, the meeting adjourned.