

College of Eastern Idaho
Board of Trustees Finance Committee
Meeting Minutes
December 3rd, 2020 – 3:30PM

Present:

Carrie Scheid, Board of Trustees Treasurer, Chair
Mary Lynn Hartwell
Becky Holzemer
Aaron Johnson
Ken Taylor
Lyndsay Goody
Byron Miles, ex-officio

Guests:

Cal Ozaki, Board of Trustee member
Don Bourne, Controller
Malcolm Guess, Assistant Controller
Dustin Nielson, Budget Director
Ann Marie Peters, Director of Strategic Partnerships
Judy Brower, CPA, Wipfli, LLP

Chairman Scheid called the meeting to order at 3:32PM.

PUBLIC COMMENT

There was no public comment

APPROVAL OF AGENDA

M/S Taylor/Johnson to approve the December meeting agenda as amended. *Motion passes unanimously.*

APPROVAL OF MINUTES

M/S Taylor/Holzemer, to approve the December minutes as amended. *Motion passes unanimously.*

FY2020 AUDIT

Judy Brower, CPA at Wipfli, LLP, started the conversation regarding the FY2020 CEI Annual Financial Report, i.e. the audit, by thanking the finance office in the College for all their help regarding handling the audit during the COVID-19 pandemic. She also commented that the College has really invested time this year to make the report more professional and made overall improvements. The Management Discussion and Analysis (MD&A) portion of the Financial Report was updated and additional help was brought in from Janis Gellings, the Grant and Staff Accountant at CEI, to help draft the report. Lots of overall changes were done by the College this year that improved the complete report and the auditors in general are very pleased with the outcomes.

The documents provided for the meeting were still in draft form, but Brower indicated to the Committee that she had received the Management Representation Letter the day of the meeting which meant they could move forward to finalizing the Financial Report if the Committee approves.

Brower moved through the different sections of the Financial Report summarizing what they meant and the purpose in the report. She pointed out the report is now comparative so you can compare how this year related to the previous year – the financial position of the College has improved overall.

Multiple questions posed by the Committee about different portions of the report. This led to a lengthy discussion regarding how the College decides what goods, services, and supplies go into what accounts and how everything is tracked; the CEI team has gotten together on multiple occasions to build a conscientious system on what items get charged to what accounts to make sure everything is tracked and accounted for. Wipfli, LLP helped go over the numbers and gave recommendations during that process, but it was the College that ultimately decided on what to do.

More questions were asked regarding a number of items in the audit such as specific numbers, why certain items were presented in different areas, donations and how they are depreciated, and overall presentation of the numbers. Clarification to answer the questions followed and the Committee members were satisfied with the explanations. Reasoning was provided to why the College moved to presenting numbers as 'Functional Operating Expenses' in the report; other community colleges present their numbers in a similar format so it is easier to have comparable data for reporting purposes.

Diving into the bulk of the Financial Report and the statements presented Brower continued her explanations. She pointed out that the Component Unit for 2019 is marked as 'restated' due to realizing an error from the previous year where the bank took out money twice at the year-end but didn't return it until the next fiscal year; it wasn't caught until this year when the Component Unit was understated and there was more money due to that bank error.

Explanation of the Noncurrent Assets and how it works regarding how the College offsets the liability, the PERSI sick leave account, etc. since the College is on the States benefits. Further explanation of the different PERSI, pension, sick leave, and employer contributions and how those numbers are provided to the College.

Continued line by line explanation of the numbers in the actual Financial Statements and where the companion notes are located throughout the Financial Report e.g. "Deferred Outflows of Resources" that is talked about on page 15 pairs with the notes on page 32. Discussion continued regarding the spreadsheets, what is normal to see for community colleges, the different statements presented, and questions and comments from the Committee.

After the Financial Statements, the notes to the Financial Statements were reviewed. Brower pointed out that in Note 3 "Cash and Cash Equivalents" that there was a noticeable increase on how much has been invested. Byron Miles, VP of Finance and Administration, did mention that would change for this current fiscal year (FY21) due to interest rates and the amount of cash in those accounts both having gone down.

Along the lines of investment, there was a lengthy discussion regarding Custodial Credit Risk and the fact the College doesn't currently have a policy in regards to managing such risk. Brower pointed out this wasn't necessarily a bad thing due to different Federal and State policies, it could be best to have a recommendation/procedure on how to handle the money; this would prevent the College from actually breaking its own policy depending on the situations that could arise. The discussion continued on an investment policy and investment options.

Brower reviewed the reports at the end of the actual CEI Annual Financial Report that are written by the Auditors regarding the internal controls over financial compliance and compliance for the major federal programs. The College is still not considered as 'low-risk' purely because the College needed to have two

completed audits where there have not been any findings, since there were no findings this year, next year we will be in that category counting on that nothing is found in the next year's audit.

The Committee then reviewed of the Management Representation Letter. This letter basically outlines that the management of CEI recognizes and understands that they have fulfilled their responsibilities that were set out at the start of the audit process, the statements are in accordance with GAAP, and management acknowledges responsibility for the design, implementation, and maintenance of internal control to prevent fraud and to put together the Financial Report.

Overview of the letters written from the Auditors to the Board of Trustees which discuss whether or not there were any disagreements on anything presented in the CEI Annual Financial Report. The last pages of the letter include journal entries from CEI regarding tuition because there was an issue with the software last year about how it calculated, so the journal entry is there to help prevent any questions in the future. Followed by the review of the Management Letter from the Auditors to CEI with recommendations for improving financial reporting and overall financial processes for the College.

M/S Taylor/Hartwell, to recommend the Board approve the FY 2020 CEI Annual Financial Report.

Motion passes unanimously.

PRESENTATION AND REQUEST FOR FUTURE TECH BUILDING

Ann Marie Peters, the Director of Strategic Partnerships at CEI, presented to the Committee about the plans for a Future Tech Building for CEI. Peters went through the presentation of the plans for the building, the location, the different programs (energy, environment, technology careers, etc.) that would be housed in it, and the number of jobs that are becoming available and are in demand for those programs in our community. The goal is to be flexible and provide people a strong base and skill set in these different fields so graduates can not only help this area but all over the country. Currently CEI is the only college in Idaho that does not have this type of facility on its campus. The majority of the buildings on our campus are close to or are over 50 years old and cannot accommodate this type of technological training.

Two years ago, Peters, Chairman Price, Vice President of Academic and Student Affairs Lori Barber, and President Rick Aman, went to the Idaho Governor's office to present a white paper regarding this project and it was well received. Last year they went to the Department of Public Works (DPW) and the Economic Development Administration (EDA) asking for planning and designing money for the building. Through DPW we received 1.2 million dollars at the end of the last legislative year and we got matching funds of 1.2 million from the EDA last month; currently we have 2.4 million dollars ready to be able to hire an architect to help plan and design the building. We have just finished drafting the 'Request for Quote' (RFQ) and hope at the end of January decide a firm and have an architect starting in February.

The main purpose of this presentation to the Finance Committee is to ask for a portion of construction funds to be provided by CEI. Once we have the plans and designs made, we will need funds put in by the college towards this project. The estimates for the building are about 94,000 square feet which will equate to slightly over 33 million dollars to build with a contingency fund which will bring it up to 36 million dollars. Discussion was had regarding the funds and CEI earmarking 2 million dollars of unallocated funds towards the construction funding. Further discussion of questions, comments, clarification of where the funds would be drawn from. There was consensus of the Committee members

that could comment (Johnson could not officially comment since he is part of the bidding process) that CEI needs to put forth funds towards the construction of the Future Tech building.

Peters continued briefly to discuss the Regional Skills Labor Center they are also looking at constructing on campus, if possible. This building would be able accommodate the construction jobs that are coming to the market (the jobs are currently predicted to peak in 2024). This center would focus on students ages 16 and older who have likely dropped out of high school where we can get them on a career path and possibly steer towards other programs CEI has to offer (GED, etc.).

Peters has been working hard with the Workforce Training and Continuing Education (WTCE) team on this project since it could be utilized for non-credit courses too. The building would be simpler and even possibly repurpose a building around in town, basically a warehouse or larger building that could be flexible with its use depending on the program/project that is being taught.

M/S Mary Lynn/Becky to recommend to the board of Trustees that they approve earmarking of funds towards construction of CEI Future Tech Building. *Motion passes, Johnson sitting out of the vote.*

REVIEW OF MONTHLY FINANCIALS

Due to time constraints the financials were briefly reviewed and there weren't any major questions or concerns regarding them.

M/S Taylor/Hartwell, to approve the October financial report. *Motion passes unanimously.*

NEW BUSINESS

Chairwoman Scheid said her farewells to the Committee since this would be her last meeting being the Chair of the Finance Committee. Trustee Ozaki will taking over the Committee in January and Scheid will be moving over to the Foundation. Scheid gave her thanks to the College and the Committee members for all their hard work and expressed what a pleasure it's been to see the growth of the Committee and the College.

Miles on the behalf of CEI expressed our thanks to Scheid for being an excellent leader to the Committee and we have appreciated working with her and all her encouragement.

ADJOURNMENT

The meeting concluded at 5:39 PM – The next Committee meeting will be held on February 4th, 2021 at 3:30 PM via Zoom Conference Call / in Building 3 room 310A.