

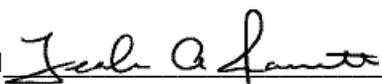
## Monitoring Report

### EL-5 FINANCIAL CONDITIONS AND ACTIVITIES

December 9, 2021

**Board policy is indicated in bold typeface throughout.**

I hereby present my monitoring report on your Executive Limitations policy "Financial Conditions and Activities" according to the established schedule. I certify that the information contained in this report is true and **represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.**

Signed  \_\_\_\_\_  
Leah A. Barrett, President

Date 09 December 2021 \_\_\_\_\_

**With respect to the actual, ongoing financial conditions and activities, the President shall not cause or allow the development of fiscal jeopardy or actual expenditures that are not aligned with achievement of the Board's Ends.**

#### INTERPRETATION:

The Board has partially interpreted fiscal jeopardy in policy items #1 to #9 below. Compliance will be demonstrated by: a) compliance with policy items #1 to #9; b) an audit report that finds no material irregularities, because irregularities in an audit report signal potential fiscal jeopardy, and c) financial ratios within acceptable range as provided by the Higher Learning Commission, because ratios outside the acceptable range are a signal of fiscal jeopardy.

**Further, without limiting the scope of the above statement by the following list, the President shall not:**

- 1. Expend more funds than have been received in the fiscal year to date unless anticipated revenue exceeds anticipated expenditures for the remainder of the current fiscal year in an amount sufficient to cover any deficit.**

#### INTERPRETATION

I interpret "revenue" to mean current, general fund and capital improvement fund revenue in the form of property tax, state aid, tuition and fees and other income such as facility rentals and interest income. I interpret "expenditure" to mean any current, general fund or capital fund expenditure.

Compliance will be demonstrated when:

- Quarterly financial statements show revenues exceed expenditures; or
- In a quarter where revenues do not exceed expenditures, anticipated revenues through year end show sufficient revenue to cover any current quarter deficit.

This is reasonable because any shortfall in budgeted tax revenue in any quarter is due only to the timing of receipt of funds. Any shortfall in budgeted tuition and fee revenue will result in reduced expenditures.

#### EVIDENCE:

<b>2021-22 General Fund</b>	July-Sept	Oct – Dec	Jan -Mar	Apr-June	Estimated Total to Year-End
Revenues	\$ 12,224,988				
Expenditures	\$ 10,127,467				
Balance	\$ 2,097,521				
Cumulative Bal	\$ 2,097,521				

<b>2021-22 Capital Fund</b>	July-Sept	Oct – Dec	Jan -Mar	Apr-June	Estimated Total to Year-End
Revenues	\$ 1,891,134				
Expenditures	\$ (861,000)				
Balance	\$ 2,752,134				
Cumulative Bal	\$ 2,752,134				

**2. Use any portion of a restricted fund balance for purposes other than those for which the fund was established.**

INTERPRETATION

I interpret “restricted fund balance” to mean the balance of any current restricted fund such as a) grants, contracts, scholarships, and financial aid; b) any agency fund such as student clubs; or c) any plant fund such as capital improvement, restricted plant or debt retirement fund.

Compliance will be demonstrated when the annual audit report provides reasonable assurance that expenditures were made from the correct funds. This is reasonable because of the College’s fund-based accounting rules.

EVIDENCE

The audit report for 2021 fiscal year showed no irregularities in the payment of expenditures from the appropriate fund.

<b>2021-22 Restricted Fund</b>	July-Sept	Oct – Dec	Jan -Mar	Apr-June	Estimated Total to Year-End
Revenues	\$ 6,030,857				
Expenditures	\$ (8,954,327)				
Balance	\$ (2,923,470)				
Cumulative Bal	\$ (2,923,470)				

**3. Allow the untimely payment of payroll and debts.**

INTERPRETATION

Compliance will be demonstrated when:

- a) Payroll records verify payment of all employees is consistent with current collective bargaining agreements and all written Human Resources procedures. This is reasonable because it meets

commitments made to staff and Human Resource procedures incorporate all relevant elements of collective bargaining agreements.

- b) Accounts payable show no material amount outstanding beyond 30 days unless there is documentation of vendor’s terms longer than 30 days, or unless a payment is under dispute. This interpretation is reasonable because it meets contractual agreements with vendors and minimizes payment of interest.

**EVIDENCE**

- a) Review of the sample group of payroll records conducted as part of the annual audit provided reasonable assurance that payroll has been processed consistent within all applicable Human Resources procedures.
- b) Review of accounts payable on September 30, 2021 confirmed the following amounts due beyond 30 days.

<b>A/P Aging October 1</b>	<b>Over 30 Days</b>	<b>Over 60 Days</b>	<b>Over 90 Days</b>	<b>Total</b>
2021	\$145	\$1,312	\$(422)	\$(11,596)

**4. Write off receivables without having first aggressively pursued payment after a reasonable grace period.**

**INTERPRETATION**

I interpret “aggressively pursued” to mean that the following steps are consistently applied to overdue accounts:

- First reminder email when an account is 30 days past due;
- Second reminder email when an account is 45 days past due;
- First phone call when an account is 60 days past due;
- Third email and paper invoice mailed via regular mail when an account is 75 days past due;
- Final phone call when an account is 90 days past due.

This process is reasonable because students make up the majority of overdue accounts and the process is one of the standards used in higher education.

**EVIDENCE**

Review of accounts receivable aging report on October 1, 2021 confirms process has been consistently applied.

<b>A/R Aging October 1</b>	<b>0-30 Days</b>	<b>31 to 60 Days</b>	<b>91 + Days</b>	<b>Total</b>	<b># Accts</b>
2021	\$178,859	\$637,110	\$804,655	\$1,719,670	2085
2020	\$124,952	\$520,256	\$835,063	\$1,657,962	1656

**5. Allow tax payments or other government ordered payments or reports to be overdue or inaccurately filed.**

INTERPRETATION:

Compliance will be demonstrated when:

- a) Statements of account from the appropriate government agencies verify on-time receipts of deductions for employee income taxes and FICA.
- b) Statements of account from the appropriate government agencies verify on-time receipts of payment of the employer's portion of FICA, along with payment of all sales tax, occupation tax and unemployment insurance.

On advice from our auditor, this is an exhaustive list of all payments due to government agencies. Government statements of accounts are official documents verifying date of receipt. Receipt by the due date is consistent with government regulations.

- c) The insurance company audit confirms that all workers' compensation insurance premiums have been paid for all employees.
- d) No deliberately falsified information or information containing errors other than minor miscalculations is uncovered in a random sampling of filings by the auditor. This is reasonable as auditing standards should uncover any material inaccuracies, and not needing to submit revised filings based on auditing standards is a reasonable way to assess accuracy.

EVIDENCE

Review of all statements of account from all appropriate government agencies verify on-time receipts of all payments due. Review of statements of account from workers' compensation insurance carrier verifies receipts of all payments due.

**6. Acquire, encumber, sell or convey land or buildings.**

INTERPRETATION:

Compliance will be demonstrated when a comparison of the current audited statement with the previous year's statement confirms that no building or land has been acquired or sold in the fiscal year unless there is a record of decision in Board meeting minutes authorizing the transaction.

EVIDENCE:

Comparison of the 2020 and 2021 audited financial statements verifies that no building or land was purchased or sold in fiscal year 2021.

**7. Engage in auxiliary activities inconsistent with contribution to the overall Ends of the college in order to generate revenue.**

INTERPRETATION

I am interpreting auxiliary activities to mean auxiliary enterprise funds and auxiliary educational program funds operated by the College.

Compliance will be demonstrated when:

- a) A business plan is prepared, prior to the undertaking of any new auxiliary enterprise activity;

b) All auxiliary enterprises show a positive net revenue at the end of the fiscal year;

This interpretation is reasonable because the College is incorporating the full burden cost into auxiliary enterprises, which is consistent with the standard principles of cost accounting.

EVIDENCE:

<b>2021-22 Auxiliary Enterprise Funds</b>	July-Sept	Oct – Dec	Jan -Mar	Apr-June	Estimated Total to Year-End
Revenues	\$ 3,862,962				
Expenditures	\$ 1,629,759				
Balance	\$ 2,233,203				
Cumulative Bal	\$ 2,233,203				

<b>2021-22 Auxiliary Education &amp; General Funds</b>	July-Sept	Oct – Dec	Jan -Mar	Apr-June	Estimated Total to Year-End
Revenues	\$ 725,095				
Expenditures	\$ 435,979				
Balance	\$ 289,116				
Cumulative Bal	\$ 289,116				

**8. Enter into any grant arrangement that does not emphasize the production of Ends.**

INTERPRETATION:

Compliance will be demonstrated when grant activities demonstrate a direct contribution to the achievement of Board Established ENDS.

EVIDENCE:

Review of grant reports on [date] confirmed the College was the recipient of N# or X\$ of grants [all] which directly contribute to...

Grant	Specific ENDS contribution
Name of Grant NOTE: it might be that there are several grants that support the same End or aspect of the Mission	Grant provides funding [annually, in the period x-y]. it supports [briefly describe activities] which addresses Ends policy # [specific aspect of Mission or mandate]  Example: <i>“The grant supports first-time, at-risk, and minority student populations which addresses ENDS #3 “Diverse populations of students experience learning and academic success responsive to their unique whole student needs”.</i>

**9. Use any financial resources of the College, whether directly or indirectly, to contribute to, or pay for fundraising events for, any political party or candidate for public office.**

INTERPRETATION

Compliance will be demonstrated when:

- a) All rental agreements comply with administrative procedures that specify that College facilities and resources are not to be used for political fundraising events.
- b) List of paid bills verifies that no contributions were made to either a political party or to any candidate for public office.

This interpretation is reasonable as use of College facilities is not possible without a rental agreement even if a facility is being provided free of charge and rental agreements are legally binding. Further the monthly list of paid bills is comprehensive and any payment to a political party or candidate would be detectable.

EVIDENCE

- a) Review of rental agreements for the period mm/yy to mm/yy on [date] confirms no rental agreements inconsistent with rental procedures.
- b) A review of the monthly paid bills for the current fiscal year shows that no payments were made contradictory to this policy.

**10. Use public funds for awards or recognition events for employees, volunteers and/or elected or appointed officials which exceed the Board approved limits in GP-17 items 1, 1.1 and 1.2.**

INTERPRETATION

I interpret "public funds" to mean all money, including nontax money, used in the operation and function of the Board, which is under the direct control of the Board, as defined in Neb. Rev. Stat. §13-2203.

Compliance will be demonstrated when . . .

EVIDENCE

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Date

Have available monitoring report worksheet