

**Sauk Valley Community College  
January 23, 2023**

**Action Item 4.5**

**Topic:** Fiscal Year 2022 Audit

**College Health Metric:** Financial Stability – The College uses its revenue prudently while pursuing and utilizing alternative revenue streams. Investment in programs, personnel, processes, and infrastructure are carefully considered and supported by College Planning.

**Presented By:** Dr. David Hellmich and Kent Sorenson

**Presentation:**

The College’s fiscal year 2022 independent audit was conducted by Wipfli LLP. The audit engagement was supervised by Matt Schueler, Audit Partner; Josh Faivre, Audit Senior Manager; and Sara McKenna, Audit Senior Manager. There were no material weakness or significant deficiencies reported. A management letter was issued by Wipfli LLP in conjunction with the fiscal year 2022 audit, which provided recommendations for the College to implement new procedures and policies to address upcoming accounting rules promulgated by the Governmental Accounting Standards Board.

The College’s fiscal year 2022 Single Audit, also known as the Uniform Guidance Audit or previously commonly referred to as an *A-133 audit*, is still underway and will be presented to the Board at a later meeting.

**Recommendation:**

The administration recommends the Board accept the College’s fiscal year 2022 audit, which excludes the fiscal year 2022 Single Audit.

December 29, 2022

Board of Trustees  
Sauk Valley Community College District 506  
Normal, Illinois 61761

Dear Board of Trustees:

In planning and performing our audit of the financial statements of the business-type activities and discretely presented component unit of Sauk Valley Community College District 506 (the College) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the College's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

This letter summarizes our comments and suggestions regarding opportunities for strengthening internal controls, improving operating efficiency and reducing expenses. Our audit report dated December 29, 2022, would contain our communication of significant deficiencies or material weaknesses in the College's internal control, if applicable. This letter does not affect our report dated December 29, 2022, on the financial statements of the College.

We will be pleased to discuss them in detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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The following are comments and suggestions with respect to matters that came to our attention in connection with our audit of Sauk Valley Community College District 506, as of and for the year ended June 30, 2022. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the College's practices and procedures.

### **Written Lease Policy**

GASB Statement No. 87, *Leases*, became effective for the College on July 1, 2021. The College properly implemented the new standard during the fiscal year. We recommend the College create a Board approved written lease policy to ensure this standard is appropriately applied to future leases.

**Capital Assets in the Aggregate**

GASB Implementation Guide No. 2021-1 (issued in May 2021) included updated guidance on capitalizing assets in the aggregate. Under the new guidance, a government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset of those assets in the aggregate are significant. Computers, classroom furniture, and library books are examples of asset types that may not meet a capitalization policy on an individual basis, yet could be significant collectively. This guidance is effective for reporting periods beginning after June 15, 2023 but should be applied retroactively by restating financial statements. We recommend the College update their capital asset policy and begin to capitalize assets in the aggregate to prevent a restatement in fiscal year 2024.

**Planning and Preparing for GASB Statement No. 96**

GASB Statement No. 96 requires governments to record both subscription assets and liabilities for subscription-based IT arrangements (SBITA). SBITAs are contracts that give the College the right-to-use an underlying IT asset. We recommend the College enroll in a webinar about GASB 96 to better understand the requirements and re-review their vendor contracts for software-related items and work with their software vendors to identify any questions or potential issues. The College should designate a central location where all of the SBITAs can maintained and create a summary spreadsheet that documents the length of the subscription term and subscription payment amount and frequency. This guidance is effective for reporting periods beginning after June 15, 2022 but should be applied retroactively by restating financial statements.

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This communication is intended solely for the information and use of management, Board of Trustees, others within the College, and the State of Illinois, and is not intended to be, and should not be, used by anyone other than those specified parties.

*Wipfli LLP*

Sterling, Illinois  
December 29, 2022