

Audit Committee Meeting

MINUTES	SEPTEMBER 8, 2011	10:00 AM	PDC – TIPONI CENTER
ATTENDEES	Maderia Ellison (CPA – CO) - Director of Financial Services V. Blaine Hatch - VP for Administrative Services John Bremer - Controller Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA James Menlove, (CPA – AZ) - Local Government Business Officer Terrie Shevat – Secretary		
ELECTRONIC HANDOUTS	1. Agenda; 2. Preliminary Statement of Net Assets FY 10/11; 3. Preliminary Statement of Revenues, Expenses, and Changes in Net Assets FY 10/11; 4. Preliminary Schedule of Expenditures of Federal Awards FY 10/11.		
ABSENT	Jeanne Swarthout, PhD, - College President (Chair)		
DISCUSSION			

FY1011 Preliminary Financials: Maderia reviewed the preliminary financials for FY 1011 (handouts 2 through 4) comparing fiscal year 2011 to prior year 2010. Variances greater than 20% were explained; however, during the ongoing 1011 audit, State auditors will be reviewing variances that are lower. The 1011 audit is currently three weeks ahead of schedule and State auditors plan to be on site in approximately two weeks to finish up their interrogatory work and testing.

Statement of Net Assets: Maderia discussed the preliminary statement of net assets *balance sheet* (handout 2). Current assets are up 34%, State LGIP is 43% higher, and receivables have grown by 53% from the prior year. Finance is reviewing student loans which are up 43% from prior year. Inventory is down by 93% due to the NPC online bookstore which has been in operation as of Summer 2010. Accounts payable is down 59% and accrued payroll and employee benefits are down 12% from the prior year.

Accounts Receivables: Maderia addressed with Neal Ranstrom and James Menlove the issue of outstanding student account receivables from 0304 and 0405. Maderia proposed writing off \$280,000 for the 0405 and prior year receivables, maintaining a \$1.2M allowance. Neal and James suggested the college use an outside collection service for all student receivables more than three years old. Blaine agreed that this process was standard practice with other institutions. Maderia suggested the college pursue a similar arrangement or move into the RFP process before the next Audit Committee meeting.

Statement of Revenues, Expenses, and Change in Net Assets: Maderia discussed the preliminary statement of revenues, expenses, and change in net assets for FY 1011 (handout 3). Operating revenues are down 2% largely due to expired grants and a decrease in bookstore income. Operating expense is down 4% due to cost containment and decrease in bookstore inventory purchases.

Deferred Revenues: Maderia discussed the issue of the Jenzabar system recognizing revenue in the current fiscal year that is earned in the subsequent fiscal year. This becomes an issue when students register early for Fall and the revenue is recognized in the year the student is registered as opposed to the following year in which the student earns his/her education. Discussions with Jenzabar led to a software solution which may be available two years down the road. Current solutions discussed involve developing a procedure and adding a footnote to current year financial statements to denote early registration revenue as Fall tuition deferred revenue.

Schedule of Expenditures of Federal Awards: Maderia discussed the preliminary schedule of expenditures of federal awards – SEFA (handout 4). The total expenditures of federal awards in 1011 are lower than prior year. A Carl Perkins grant passed through the Arizona Department of Education titled Career and Technical Education – Basic Grants to States has exceeded the threshold for a major award and will require more detailed testing. Three grants expired in 2010: 1. The Department of Commerce WIA Pilots, Demonstrations, and Research Projects, 2. Gov Office ARRA State Fiscal Stabilization Fund (SFSF), and 3. Coconino CC Higher Education for Institutional Aid.

NEXT MEETING	THURSDAY, NOVEMBER 10, 2011 - 10:00 A.M. - NPC PDC TIPONI CENTER CONFERENCE RM
APPROVED	October 5, 2011