

Audit Committee Meeting

MINUTES JANUARY 14, 2010 10:00 AM DISTRICT OFFICE

ATTENDEES	Jeanne Swarthout, PhD, - College President (Chair) Maderia Ellison (CPA – CO) - Director of Financial Services V. Blaine Hatch - VP for Administrative Services Neal Ranstrom, (CPA – AZ) - Local Community Member with CPA Tad Spader - Controller Terrie Shevat – Secretary
ABSENT	James Menlove, (CPA – AZ) - Local Government Business Officer
HANDOUTS	1. Agenda; 2. June 30, 2009 Single Audit Report; 3. General Fund Revenue Sources; 4. Proposed Phase 1 Budget Reduction Plan – Jan 2010

DISCUSSION

FY0809 Financial Audit: Maderia reviewed the 08/09 financials during the November 12, 2009 Audit Committee meeting.

Available to distribute: Hardcopies of the June 30, 2009 Single Audit Report were distributed to Audit Committee members (handout 2) and internally through Northland Pioneer College. Maderia will distribute to external purveyors after January 18.

No audit findings: The FY08/09 financial audit was successfully completed three months early with no findings and no recommendations from Heindfeld Meech. Maderia indicated the last time NPC received a clean audit was in 1999. Plans to start a CAFR (Consolidated Annual Financial Report) for next year may be postponed or re-examined for alternative ways to produce the same result without the expense. Through a CAFR or alternate plan, the Finance Team hopes to produce an easy to understand financial report directed towards external and internal audiences, answering questions and promoting good will within the community and the College. Neal suggested the College consider creating a financial hot sheet, which can be created internally at a minimal expense.

Budget Update: Blaine discussed the budget as it relates to three revenue sources (State Aid, property tax, tuition & fees) which make up the bulk of College revenue (handout 3).

State deficit: Blaine explained the state deficit as a structural problem which continues to grow and is likely to affect appropriated State Aid distribution in the current and future fiscal years. He anticipates the College will receive a third quarter payment; however, the likelihood of receiving State Aid payments in the future remains uncertain.

NPC impacts: Because State Aid makes up roughly 42% of the general fund revenue, a reduction in State Aid would significantly impact College spending. Three different scenarios were discussed regarding NPC's role on moving forward. The first scenario assumes a reduction of State Aid by 40%, the second scenario assumes a greater than 40% reduction, and the third scenario assumes no state aid will be received. The Administrative Team is looking at the second and third scenarios as they move through the budget process.

Phase I Proposal – Budget Reductions: Blaine reviewed the Proposed Phase I Budget Reduction Plan (handout 4) to be presented to the District Governing Board on January 16. In addition to reductions already in place, the Administrative Team will present the following adjustments as an initial attempt to reduce expenditures for 2010 and 2011. Further reductions are anticipated.

Phase I

1. Effective immediately implement a more comprehensive hiring freeze
2. Effective at the end of Spring semester 2010 close the Heber Center
3. Provide services at six centers from August to May (10 months)
4. Close the Therapeutic Massage Program (TMP) as of Summer 2010
5. Provide student textbooks through an electronic bookstore provider beginning with Summer 2010 classes
6. Effective Summer 2010 vacate the building at 103 N First Avenue in Holbrook, relocating the majority of staff to the Painted Desert Campus
7. Closure of fitness center at Painted Desert Campus to accommodate relocated offices from downtown Holbrook
8. Require the Community Education program to become self-sustaining, including all salaries, during fiscal year 2011
9. Require the Business and Industry Training program to become self-sustaining, including all salaries during fiscal year 2011 and require revenue generation in future years

Other: Neal Ranstrom agreed to serve on the Northland Pioneer College Audit Committee through FY 10/11.

NEXT MEETING THURSDAY, MAY 6, 2010 - 10:00 A.M. - NPC DISTRICT OFFICE CONFERENCE RM

APPROVED February 1, 2010
