

## Audit Committee Meeting

MINUTES

SEPTEMBER 3, 2009

10:00 AM

DISTRICT OFFICE

<b>ATTENDEES</b>	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 James Menlove, (CPA – AZ) - Local Government Business Officer Tad Spader - Controller Terrie Shevat – Secretary
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<b>ABSENT</b>	All in attendance
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<b>HANDOUTS</b>	1. Agenda; 2. AR Summary 06-30-09 Final Proposal
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### DISCUSSION

FY08/09 Audit: Heinfeld, Meech & Co. will audit NPC financial statements for the year ended June 30, 2009.

**Field Work – September 29<sup>th</sup> – October 2<sup>nd</sup>**: Audit dates were modified by one day, to begin September 29, 2009.

Accounts Receivables: Tad discussed the AR Summary 06-30-09 Final Proposal (*handout 2*), detailing the cleanup process within the general ledger and current year goal to write off actual receivables from the reserves. He pointed out the receivables noted in FY0809 Summer 2 include conversion numbers from 1998 when the college converted from one software package to another (Poise to Jenzabar) and is a summation of prior years.

**Proposal for write-off**: Tad discussed four proposals for accounts receivable write-offs for 09/10. Proposals discussed include the following: 1) Write-off all AR balances from FY98/99 to FY02/03, 2) Write-off AR balances less than or equal to \$100 from FY03/04 to FY05/06, 3) Attempt to collect AR balances from FY06/07 to current, 4) Ensure allowance for doubtful account remains at \$800k.

**Proposal for allowance for doubtful accounts**: The Finance Team is proposing an addition to the allowance for FY09/10 of about \$500k, which will bring the AR allowance to approximately \$800k. The Finance Team anticipates collecting about one-half of the outstanding 3<sup>rd</sup> party receivables and would like to reserve an additional allowance for the remaining 3<sup>rd</sup> party receivables. James discussed the County Attorney's bad check program, currently in process with NPC, and will inquire with the County Attorney on extending their service to include collecting bad receivables at no cost to NPC.

Dropping students for non-payment: The Finance Team established a new three-tier method of dropping students for nonpayment beginning Fall 09.

**Status of new process**: Tad discussed the new three-tier system currently in place, reporting this new method requires a change in student mindset and continues to be a learning process for both students and staff. The goal is to reduce receivables and allow more space in classrooms for students who can pay during the registration process. The three-tier system involves three target drop dates: 1) one month before the start of the semester, for students who register early and don't pay, 2) one week before the start of the semester, allowing the more serious students to hold a seat, 3) one week after the start of the semester. During the current semester, students are given two days to arrange payment before being dropped. Beginning in January, 2010, the Finance Team hopes to have everyone on board and target drop dates in place.

Federal stimulus: Blaine reported on the federal stimulus money and status of allocation to the college.

**Overview of FY0809 funding - \$1.3M**: The Executive Team received notice that approximately 1.3 million dollars will be allocated to the college during this first round of stimulus funds issued by the state. The amount to be allocated during the second and most likely last round is unknown, but anticipated to be significantly less. The college is waiting to receive notice for training on the new reporting software purchased by the state. Committee members expressed concern with the reporting requirements for fund accounting when the stimulus money is received. The ETA for federal stimulus funding is unknown. Concerns with the Intergovernmental Agreement with the Governor's Office of Economic Recovery were also noted. Jeanne stated that along with addressing concerns, a recommendation to extend the IGA will be presented to the District Governing Board for approval on September 14.

HLC Accreditation: The HLC 10-year accreditation visit is scheduled for October 26 – 28, 2009. Leave will not be authorized during this time.

**Self Study available on NPC website**: The Self-Study is complete and currently available on the NPC website.

**Role for Audit Committee Members**: The HLC could potentially request a visit with the Audit Committee. Jeanne hopes to hear from the team chair at least two or three weeks in advance if such a request is made.

<b>NEXT MEETING</b>	THURSDAY, NOVEMBER 12, 2009 - 10:00 A.M. - NPC DISTRICT OFFICE CONFERENCE RM CONFERENCE CALL SET UP FOR NEIL ON 7479.
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<b>APPROVED</b>	September 21, 2009
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