

## Northland Pioneer College Audit Committee Meeting

MINUTES                      FEBRUARY 5, 2019                      10:00 AM                      PDC – TIPONI CENTER

<b>ATTENDEES</b>	Mark Vest, Northland Pioneer College President (Chair) Maderia Ellison, Associate VP, Chief Business Officer Paige Peterson, Navajo County Finance Director; Local Government Business Officer Neal Ranstrom, (CPA – AZ); Local Community Member with CPA Amber Hill, Controller Debra Kester, Navajo County Treasurer Terrie Shevat, Assistant to CBO (Secretary)
<b>HANDOUTS</b>	1. Agenda; 2. 2017-2018 CAFR; 3. 2017-2018 Single Audit Report; 4. 2017-2018 Draft ELR
<b>ABSENT</b>	Cammy Darris, - Navajo County Assessor
<b>DISCUSSION</b>	Maderia called the meeting to order at 10:00 AM

### Fiscal Year 1718 Audits

#### **CAFR/Single Audit:**

Amber provided a copy of the 2017-2018 Single Audit Report and Comprehensive Financial Annual Report (CAFR) to committee members. Maderia stated the findings and work from the audit were presented by the auditors to the NPC District Governing Board in January. Maderia reported on two audit findings which are both related to IS and similar to the findings the college received last year. Maderia discussed the work NPC is doing to update and develop new and existing policy and procedures, noting a team of people have been working on this project for the last two years. Maderia stated the CAFR has been submitted to the Government Finance Officers Association (GFOA) for award. She discussed the financial status of the college and noted we are sitting on solid ground. She mentioned that the \$20M reserve approved by the Board for new construction at White Mountain Campus will reflect on next year's financials. Maderia invited the committee to review the CAFR and provide feedback.

### Expenditure Limit

#### **FY1718 EL Report and Carryforward:**

Amber provided a copy of the draft 2017-2018 Expenditure Limitation Report (ELR) to committee members. Maderia said the ELR was finalized this morning and hopes to have it posted to the NPC website by tomorrow. Amber walked the committee through the ELR document reporting one change to disallow the bad debt recovery because it is based on tuition which is already excluded. Amber reported the carryforward use this year was just under \$300K which she said will be pulled from tuition and fees. An adjusted budget based on year-end actuals and the final ELR document will be presented to the Board in February. Maderia mentioned the Chief Business Officers for the Community College System and President's group are starting to meet to look at the expenditure limit and to accumulate information and data about what options they have available for change in consideration to existing language in the constitution and statutes. As this data is compiled, the college may reach out to Navajo County for additional discussion.

### Revenue Outlook

#### **Navajo County – Paige Peterson:**

Paige reported the Navajo County Jail District Tax went to the voters in November and resulted in 156 more no votes than yes votes. She discussed the need to reduce the County budget by \$3.5M due to a direct revenue loss of \$2.5M from Cholla & Peabody Coal and \$1M loss in flexibility language. She stated the County is able to spread this reduction out over two years targeting a reduction of \$1.5M this year and \$2M next year. Debra shared how this would impact the County Treasurer's Office, noting there may be a delay in processing tax revenue due to the elimination of one position. Paige stated that because of these impacts there are ongoing discussions about reissuing the proposed Navajo County Jail District Tax to the voters.

**Property Valuations:** No discussion.

#### **Tax Litigation Impacts – Debra Kester:**

Debra provided a court decision valuation handout for tax year 2016 & 2017 to committee members. Debra reported on the Transwestern Pipeline litigation, noting the tax payments and valuation contested for 2016 & 2017 has not received a finding yet from tax court, and from what she understands, Transwestern is starting new litigation for 2018 & 2019. She mentioned an estimated loss of \$213,656 for 2016 & 2017 will hit the college's budget either this year or next year, depending on when the litigation is finalized. Debra stated she will be required to adjust the money out of NPC's tax account within 90 days from when she receives the order. Maderia asked how the college can receive current information and updates on this issue. Paige stated either she or Debra will contact the college with new information.

### Meeting Schedule

Members will meet three times a year on the first Tuesday of the following months: February, June, October.

<b>NEXT MEETING</b>	TUESDAY, JUNE 4, 2019 - 10:00 A.M. - NPC PDC TIPONI CENTER CONFERENCE RM
---------------------	--