

ALPENA COMMUNITY COLLEGE BOARD OF TRUSTEES

REGULAR MEETING

Thursday February 19, 2009
7:00 p.m., Regular Meeting
665 Johnson Street
Alpena, Michigan 49707
989-358-7247

DATE OF NOTICE: February 6, 2009

The Alpena Community College Board of Trustees will convene its regular February meeting on February 19, 2009, in the Roger C. Bauer Board Room, 400 Charles R. Donnelly Natural Resources Center, 665 Johnson Street, on the College campus.

Elizabeth L. Spragg
Secretary of the Board of Trustees

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Roger C. Bauer Board Room
400 Charles R. Donnelly Natural Resources Center
665 Johnson Street, Alpena, MI 49707-1495

Volume XXVI

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Approval of Agenda
- 4) Approval of January 15, 2009, Board Proceedings and January 23, 2009, Board Retreat Notes
- 5) Introduction of Guests and Public Comment
- 6) Communication(s)
- 7) Board Member and Subcommittee Reports
- 8) Faculty Report
- 9) Student Report
- 10) President's Report
- 11) Action Items
 - 2.445 First Reading: Revision of Appointment of Auditors Policy
 - 2.446 Audit Services
- 12) Information Items
 - 3.623 Financial Report
 - 3.624 Personnel Report
 - 3.625 Gifts and Grants Report
- 13) New Business
- 14) Suggested Future Agenda Items
- 15) Next Regular Meeting: March 19, 2009
- 16) Adjournment

2.446 **Audit Services**

In response to direction by the Board of Trustees, Alpena Community College solicited proposals in January from Certified Public Accounting firms for audit services for the three fiscal years ending June 30, 2009; June 30, 2010; and June 30, 2011 to include the following for each fiscal year end:

- Financial Statements and Supplemental Schedules of Alpena Community College
- Schedule of Federal Financial Assistance
- Program audit as required on a periodic basis of Michigan Economic Development Corporation Economic Development Job Training Grant Program.

ACC requires that audits be conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and Office of Management and Budget (“OMB”) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, as well as audit standards established for the Economic Development Job Training Program grants by the Michigan Economic Development Corporation.

The following criteria were used to determine which auditing firm would be selected:

- Firm experience in higher education and community colleges in particular
- Higher education and community college experience, knowledge and professionalism of staff assigned to the engagement
- Highest quality assurance in auditing and assessment standards
- Appropriate understanding and assessment of internal controls and compliance
- Depth of client base for responsible office of firm
- Adequate commitment of partner time to audit
- Firm’s commitment to staff and management continuity on this audit
- Firm’s leadership and involvement in higher education and specifically, the community college environment at regional, state and national levels
- Availability of quick, helpful, reliable advice on community college specific issues including probable cost of advice and consultation
- Firm’s ability to provide technical and management consulting services on community college related financial and accounting matters including the availability of services on short notice and the probable cost of services
- Firm’s ability to provide occasional non-chargeable client services
- Adequacy of firm’s approach to assessing control risk
- Adequacy of firm’s approach to Information Systems and Technology auditing
- Timing of engagement services
- Fees

- Ability to provide useful expertise and value added benefits to the institution in all areas of operations and management including community college funding, state reporting and the provision of services to students

The following is a summary of firms, locations, colleges audited and costs:

Audit Firms	Location	Colleges Audited	ACC Cost	Circular 133 Cost
Straley, Ilsley & Lamp	Alpena	ACC	\$14,995	\$6,995
Andrews Hooper & Pavlik	Saginaw	CMU, SVSU, Alma, Oakland University, Bay de Noc, Albion, Grand Rapids CC, Rochester College	\$30,000	\$8,000
Plante Moran	Traverse City	Ferris, GVSU, MSU, Wayne, Glen Oaks, Kalamazoo Valley CC, Kellogg CC, Kirtland CC, Mid Michigan CC, Northwestern MI College, Etc	\$28,500	\$9,000
Rehmann	Traverse City	Lansing CC, Oakland CC, St. Clair County CC, Jackson CC, Montcalm CC, Lake Michigan CC, Bay Mills CC, Mott CC, Northern MI U, MI Tech, LSSU, Etc.	\$26,000	\$9,800

After thorough review, appropriate College staff determined that in some respects the three out-of-town firms offer excellent services and greater resources than Straley in Alpena. However, these resources are not used frequently enough to warrant paying \$14-16,000 per year than Straley, which has provided outstanding and timely service to Alpena Community College in excess of 25 years. The College's easy access to Straley and the avoidance of travel costs are significant pluses. The bid for services is in line with the past costs and represents a continued regard for the Board's desire for the College to be fiscally responsible. Therefore,

The following resolution is proposed:

That the Board Trustees selects Straley, Ilsley, and Lamp P.C.to provide services and fees as described in its response to our Request for Qualifications and Proposal for Audit Services to Alpena Community College's for the next three fiscal years, 2009, 2010, and 2011.

	Criteria	Plante Moran	Rehmann	Straley	Andrews
1	Firm experience in higher education and community colleges in particular	Excellent	Excellent	Limited but excellent	Excellent
2	Higher education and community college experience, knowledge and professionalism of staff assigned to the engagement	Excellent	Excellent	Excellent	Excellent
3	Highest quality assurance in auditing and assessment standards	Excellent	Excellent	Excellent	Excellent
4	Appropriate understanding and assessment of internal controls and compliance	Excellent	Excellent	Excellent	Excellent
5	Depth of client base for responsible office of firm	Excellent	Excellent	Limited	Excellent
6	Adequate commitment of partner time to audit	Good	Good	Excellent	Excellent
7	Firm's commitment to staff and management continuity on this audit	Good	Good	Excellent	Good
8	Firm's leadership and involvement in higher education and specifically, the community college environment at regional, state and national levels	Excellent	Excellent	Limited	Excellent
9	Availability of quick, helpful, reliable advice on community college specific issues including probable cost of advice and consultation	Good	Excellent	Good	Excellent
10	Firm's ability to provide technical and management consulting services on community college related financial and accounting matters including the availability of services on short notice and the probable cost of services	Excellent – high cost	Excellent – high cost	Good – reasonable cost	Excellent – high cost
11	Firm's ability to provide occasional nonchargeable client services	Good	Good	Excellent	Good

12	Adequacy of firm's approach to assessing control risk	Excellent	Excellent	Excellent	Excellent
13	Adequacy of firm's approach to Information Systems and Technology auditing	Excellent	Excellent	Good	Excellent
14	Timing of engagement services	Excellent	Excellent	Excellent	Excellent
15	Fees for Financial and Financial Aid audit	\$37,500	\$35,800	\$21,990	\$38,000
16	Ability to provide useful expertise and value added benefits to the institution in all areas of operations and management including community college funding, state reporting and the provision of services to students	Excellent	Excellent	Limited	Excellent

3.623 Financial Report (through January 2009)

Monthly Financial Statements

General Fund Revenue and Expense (Year to Year Actual Comparison)

- Property tax revenues continue to show variance of \$241,958 to the good compared to last year.
- The \$240,885 increase in tuition/fee revenue, in the light of maintaining last year's enrollment gains, is caused by the modest tuition increase and, to a lesser extent, the surge of online enrollment, which carries an additional fee of \$10 per contact hour.
- The state aid revenue numbers are down by \$408,824 because of the extra make-up payment received in October 2007.
- The \$15,312 federal revenue increase comes from the Community Based Job Training Grant.
- The \$12,295 reduction of interest income results from no longer holding funds from the \$2 million bond, which was retired last year.
- Contractual obligations, additional faculty positions filled, and three paydays in January account for the \$413,068 increase in instructional expense, as expected.
- The \$73,445 increase in MIS expense is due, in part, to earlier acquisition of replacement equipment, and three paydays in January.
- Instructional support expense is ahead by \$91,614 due to contractual obligations, timing of library acquisitions and services, and three paydays in January.
- The physical plant expense increase of \$129,828 is due to contractual obligations, earlier performance of building and equipment maintenance, and three paydays in January.
- Net income is down \$801,241 principally because of the combined effect of last year's state aid make-up payment and this year's increased contractual costs.

General Fund Revenue and Expense (Budget to Actual Comparison)

- Completion of tuition and fee revenue is behind 7% because of last year's large gains.
- The 10% difference in state aid revenue comes from the October 2007 make-up payment, as described above.
- Outside services expense is ahead by 10% due in part to legal costs of the East Campus transfer, the study of election scheduling options, and protection of staff from a stalker.
- The telephone expense variation of 38% comes from receiving and paying the bill on time this year. Last year's invoicing process was delayed by recovery efforts from the lightning strike.
- Insurance expenses are less by 9% because of savings from the new worker's compensation carrier approved by Board action last year.
- Tuition waiver and library expense variations are due to timing of processes that determine schedule of payments.
- Other items are within normal variations from year to year.

General Fund Month to Month Comparison

The Month to Month comparisons are tracking as expected.

2.445 **First Reading: Revision of Appointment of Auditors Policy**

Alpena Community College has changed its outlook on appropriate processes for appointing an independent external auditor to conduct annual review and analysis of financial documents, submit a report for the approval of the Board, and publish the report to the community to demonstrate accountability and transparency. Accordingly, a revision of Policy 1010, Appointment of Auditors, is appropriate to reflect current thinking and practice. Adopted on May 16, 1996, Policy 1010 now reads:

The Board of Trustees shall appoint an auditor for Alpena Community College at its regular June meeting in an even-numbered year. The auditor shall be appointed for a period of two years beginning with the fiscal year immediately following the June meeting.

Board officers have worked with college staff to draft the following revised text for consideration on first reading:

The Board of Trustees shall periodically review auditing services and solicit proposals from auditors to ascertain options for procurement of best services for Alpena Community College. Such review and solicitation shall comply with all applicable Federal and State requirements. Upon concluding such review the Board of Trustees shall appoint an auditor for Alpena Community College for a suitable interval until the next review and solicitation of proposals.

Therefore,

The following resolution is proposed:

That the Alpena Community College Board of Trustees approves on first reading the revision of Policy 1010 as presented above.

3.623 Personnel Report

Additions/Replacements

None

Resignations

None

Retirements

Joyce Worniak

ESP I Instructional Office Secretary
(Effective 1/1/09)

Others

Cindy Besaw

From ESP I Assistant to the Human Resources
Director to ESP II Human Resources/Payroll
Specialist
(Effective 1/5/09)

Nancy Seguin

From Financial Aid Secretary to Instructional
Office Secretary
(Effective 1/5/09)

Marlene Vanderwyst

From Word Processor – Campus Services to
Financial Aid Office Manager
(Effective 1/19/09)

Alpena Power Company
Anonymous
Mr. & Mrs. James Apsey
Ms. Sandy Baker
Mrs. Donna Beck
James Berles
Besser Foundation
Bob's Gun Shop
Jim & Penny Boldrey
Bill & Angie Bruski
Carl & Barb Chrzan
Community Foundation for NE MI
Mr. & Mrs. Richard Dargis
Lori Dziesinski
The Florence Isaacs Scholarship Fund
Nan Hall
Mr. & Mrs. Robert Hand
Deborah Hautau
Priscilla Homola
Integrated Architecture
G. Lee Kirkpatrick
Kelly Jackson
Olin & Patricia Joynton
Mr. & Mrs. Alvin Kelly
Mr. & Mrs. Norman Kramer
Jewel Lancaster

Max Lindsay
Evelyn Lounsberry
Tom Ludwig
Don MacMaster
Bill Matzke
Vicki McCoy
Joan Misiak
Panel Processing, Inc.
Jo Pearsall Estate
Barbara Pratt
Robert and Lorraine Reuther
Sarah Jane Ritter
Thomas Ritter
Michael Roy
Nathaniel & Kimberly Salziger
John & Nancy Seguin
Shawn Sexton
Roy Smith
Lisa Snyder
Mr. & Mrs. Thomas Springstead
St. Paul's Episcopal Church
Philip Sweet
Kevin Sylvester
Mr. & Mrs. Charles Tetzlaff
Carolyn Thomas
Tolfree Foundation

Dan Tuuri

Mr. & Mrs. Joseph VanDusen

Mr. & Mrs. Gale VanWagner

Denis J. Walterreit

Suzanne Weathers

Coreen Williams

F. Thomas Winter

Ms. Kathy Wisniewski

Heather Wodkowski

Total Donors: 62

Total Gifts: \$51,523.00

