

ALPENA COMMUNITY COLLEGE  
BOARD OF TRUSTEES  
REGULAR MEETING  
Thursday, March 27, 2008  
7:30 a.m.  
665 Johnson Street  
Alpena, MI 49707

NOTICE DATE: March 14, 2008

The Alpena Community College Board of Trustees will convene its regular March meeting on Thursday, March 27, 2008, at 7:30 a.m., 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

REGULAR MEETING  
ALPENA COMMUNITY COLLEGE BOARD OF TRUSTEES  
March 27, 2008  
7:30 a.m.  
Roger C. Bauer Board Room  
400 Charles R. Donnelly Natural Resources Center  
665 Johnson Street, Alpena, MI 49707-1495

Volume XXV

- 1) Call to Order
- 2) Pledge of Allegiance
- 3) Approval of Agenda
- 4) Approval of February 21, 2008, Board Proceedings
- 5) Introduction of Guests and Public Comment
- 6) Communication(s)
- 7) Board Member and Subcommittee Report(s)
- 8) Faculty Report
- 9) Student Report
- 10) President's Report
- 11) Action Items
  - 2.408 Second Reading: Board Policy on Fund Balances
  - 2.409 Resolution: Community College Month
- 12) Information Items
  - 3.593 Financial Report
  - 3.594 Personnel Report
  - 3.595 Gifts and Grants Report

13) New Business

14) Suggested Future Agenda items

15) Next Regular Meeting: April 17, 2008

16) Adjournment

#### 2.409 **Resolution: Community College Month**

The national community college movement celebrated its 100<sup>th</sup> birthday in 2001. Each year, the vital contributions that the 1,200+ community colleges across the nation make to enhancing the quality of life in each of their respective communities are celebrated during the month of April. Given the current economic challenges in the State of Michigan, such recognition and corresponding support is absolutely essential to the state's future, as well as for the general citizen who depends upon these institutions to provide job training and retraining at an affordable level.

Various two-year colleges plan a variety of special activities, and ACC will be participating in this special recognition period with its own programs. Therefore,

The following resolution is proposed:

That the Board of Trustees designates April as "Community College Month" and directs appropriate College officials to bring the unique contributions of Alpena Community College to the attention of public policymakers and the general public.

17)

### 3.592 Financial Report

February 2008

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

- Property taxes have recovered from last month's decline and now stand \$64,881 ahead of last year's figure at the end of February.
- The \$819,248 increase in tuition/fee revenue is due to the tuition rate increase, increased fall enrollment, onset of registration for next spring, faster enrollment processes, and the convenience of online tuition payments used by a growing number of students.
- The \$505,425 increase in state aid reflects the restoration of the skipped payment in August and the 2.7% increase in ACC's FY08 allocation.
- The federal revenue increase of \$40,968 is traceable to the Community Based Job Training Grant.
- Other than anticipated contractual obligations and additional overload pay for faculty to handle our enrollment increases, nearly all of the substantial increases on the expense side are due to having three paydays in February this year vs. two last year.

#### General Fund Revenue and Expense (Budget to Actual Comparison)

- Reflecting property tax receipts in February, actual property tax revenue is now even with last year percentage of budget.
- Tuition and fee revenue is ahead by 12% due to enrollment and tuition rate increases.
- State aid revenue is ahead by 10% due to the restoration of the skipped payment in August.
- Federal revenue is ahead 42% primarily due to the Community Based Job Training Grant and the end of the H-1B adjustment period made last year.
- The salary expenses are ahead of last year due to the three paydays in February.
- Advertising expenses are ahead 13% mainly due to requirements of the marketing plan.
- Supply expenses are close to last year's percentage of budget.
- Other items are within normal variations from year to year.

#### General Fund Month to Month Comparison

- This new report is a feature of the FRX financial reporting system that is presented for the Board's consideration.

### **3.594 Gifts and Grants Report**

This report reflects the following activity for pledges and gifts received between February 6, and March 11, 2008.

## 2.408 Second Reading: Board Policy on Fund Balances

In an environment of declines in state funding, both absolute and as a percentage of ACC's operating costs, and a recent history of midyear executive order cuts to community college funding enacted at the beginning of the state's fiscal year, it is both necessary and prudent for ACC to hold reserves of its own in order to secure the achievement of its mission through financially uncertain periods. Two years ago, the Michigan Education Association surveyed audited community college financial statements for the fiscal year ending June 30, 2005 that show fund balances ranging from 4.4% of general operating expenses at Gogebic Community College to 107.2% at Macomb Community College. That year the fund balance of Alpena Community College stood at 5.4%, second lowest in the state, and the situation has not changed materially since then. Only five colleges had balances of less than 15%, and three out of five had balances greater than 20%. The average balance for Group I colleges was 20%.

In addition to the security needed for general operating expenses, foresight is also required to reserve funds for maintenance and replacement of facilities and equipment essential for ACC's educational programming. By traditional practice, a minimum of \$100,000 is transferred annually from the general fund to the maintenance and replacement fund, in addition to deposits made directly to the fund from the \$6/contact hour facilities maintenance fee. Expenditures from the fund are substantially based on projects deemed critical in the annual update of the facilities assessment. The College's ongoing planning processes involve anticipating maintenance and replacement costs on a rolling basis over a three-year horizon. These revenue and expenditure mechanisms have barely sufficed over the past three years but have brought the maintenance and replacement fund balance to unacceptably low levels with little margin for covering major expenditures requiring immediate action.

The rationale for ensuring healthy but not excessive balances in both funds is essentially the same:

- Preparation for uncertainties of state funding
- Reduction of cost to borrow funds needed to maintain cash flow
- Assurance of meeting basic expenses (payroll, utilities) to complete a semester even under catastrophic conditions
- Movement toward balances typical for Group I colleges
- Moderation of tuition rates

Therefore, the following resolution is proposed:

That the Alpena Community College Board of Trustees approves the following new policy on second reading.

Policy xxxx    General and Maintenance/Replacement Fund Balances

Alpena Community College shall maintain a general fund balance equal to 15% of annual general fund expenditures, unless a temporary resolution otherwise is approved by a two-thirds majority of the Alpena Community College Board of Trustees. College staff shall annually present to the Board of Trustees a financial plan for advancing toward or maintaining the required balance.

Furthermore, Alpena Community College shall also budget for and maintain a maintenance/replacement fund balance equal to the cost of critical maintenance/replacement projects over the next three years as determined by the annual facilities assessment and other relevant documentation.

**3.593 Personnel Report**

**Additions/Replacements**

None

**Resignations**

None

**Retirements**

None

**Others**

None