

NAVARRO COLLEGE BOARD OF TRUSTEES
DECEMBER 18, 2014
MINUTES

The governing body of Navarro College gathered in the Lone Star Room on Thursday, December 18, 2014 at 12 noon to conduct their regular monthly meeting. All Trustees were in attendance including: Lloyd Huffman, Chair; Dr. James Price, Vice Chairman; Phil Judson, Secretary-Treasurer; Todd McGraw, Member; Richard Aldama, Member; A. L. Atkeisson, Member; and Faith Holt, Member.

Others in attendance included:

Dr. Barbara Kavalier	District President
Dr. Kenneth Martin	President, Ellis County Campuses
Dr. Harold Housley	Vice President, Academic Affairs
Dr. Bruce Tabor	Interim Vice President, Operations, Technology and Instl. Advancement
Ms. Gettie Moreno	Vice President, Finance and Administration
Ms. Maryann Hailey	Vice President, Student Services
Mr. Dewayne Gragg	Vice President, Access and Accountability
Ms. Marcy Ballew	Associate Vice President, Human Resources
Dr. Alex Kajstura	Vice President, Ellis County Campuses
Ms. Leslie Smith	Executive Assistant to the District President
Ms. Celina Miller	CPA, Whitley Penn LLC
Mr. Lupe Garcia	CPA, Whitley Penn LLC

Other staff members were also present.

Call to Order

Mr. Huffman called the meeting order in Lone Star Room at approximately 12 noon and asked Mr. Judson to begin the meeting with a prayer.

Board Announcements

There were no announcements from the Board.

Open Forum Time

There were no requests to address the Board.

Consent Calendar

a. Minutes – November 20, 2014 Meeting

Dr. Kavalier requested approval of the Consent Calendar containing the minutes from the November 20, 2014 Board of Trustees meeting.

Mr. Judson moved to approve the Consent Calendar and Ms. Holt seconded the motion. The Consent Calendar was approved by a unanimous vote.

Take Action on the Annual Financial Audit for Fiscal Year Ended August 31, 2014

Dr. Kavalier asked Ms. Moreno to introduce Ms. Celina Miller and Mr. Lupe Garcia, CPAs from the auditing firm Whitley Penn LLP.

Ms. Moreno stated an RFQ (Request for Qualifications) for auditing services was conducted earlier this year and the firm, Whitley Penn LLP, was selected. She then introduced Ms. Miller and Mr. Garcia from Whitley Penn and asked them to present the results of their financial and compliance audits for the fiscal year ended August 31, 2014.

Ms. Miller began by stating it was their duty to obtain reasonable assurance the financial statements are free from material misstatement. Their audit fieldwork included a focus on internal controls and state and federal compliance. During the audit, they selected the TRiO Program as one of the major funds for review.

Ms. Miller congratulated the College and stated Whitley Penn LLC is issuing an “unmodified opinion” the highest level of assurance for all three areas:

- Unmodified opinion on the financial statements
- Unmodified opinion on federal compliance, and
- Unmodified opinion on state compliance.

In addition, their report states there were no significant deficiencies or material weaknesses found in internal control over financial reporting. Significant deficiencies found in federal and state compliance were minor issues that do not require return of funds. Suggestions have been made to improve internal control deficiencies.

Mr. Garcia continued the presentation with a review of high level financial highlights. He stated operating revenues decreased by \$442,013. Operating expenses increased by \$2,823,572. The increase in expenditures was attributed to increases of instructional salaries, new positions, increases in scholarships and fellowships, auxiliary enterprises, and institutional support (Campus Works contract). The College’s ending net position as of August 31, 2014 was \$47,837,791.

Due to new governmental accounting standards (GASB 65) implemented in 2014, items previously reported as assets and liabilities are now classified under a new category: deferred outflow of resources and deferred inflow of resources.

Mr. Garcia and Ms. Miller concluded their presentation and responded to several questions from the Board. Mr. Atkeisson questioned the term “net worth” on the slide presentation. Mr. Lupe responded the amount shown, \$47,837,791, does represent the College’s “net worth” which consists of net investment in capital assets, restricted and unrestricted.

Dr. Price asked if the auditors had any recommendations regarding security and internal controls. Ms. Miller responded their report includes several comments suggesting segregation of duties under payroll to provide “checks and balances.”

Mr. Aldama inquired if it appears the college pays bills on a timely basis. The auditors responded there was nothing alarming or any cause for concern when they reviewed the collectability of receivables and liability balances.

Mr. Judson inquired how long it took to complete the audit from start to finish. The auditors responded that the contract was signed on August 29, 2014 and their team was on-site five (5) weeks, starting on September 29 through the month of October. They commended College management for making themselves available and for providing the tremendous amount of information they requested.

Mr. Atkeisson inquired about the decrease in cash on Page 19 of the audit report in relation to the purchase of the Fairfield property. The auditors responded that the Fairfield property is listed under capital assets and the value of the Fairfield property is included in the net worth.

Dr. Price made a motion to approve the annual financial audit for fiscal year ended August 31, 2014, and Mr. Aldama seconded the motion. The motion carried by a unanimous vote.

President's Report

Dr. Kavalier stated her President's Report only consisted of a special message. She wished the Trustees a "Very Merry Christmas" and thanked them for their governance and leadership.

Announcement and Adjournment

Mr. Huffman announced the next Board meeting will be held on January 22, 2015 in the Cook Education Center at 7 p.m.

Mr. Judson made a motion to adjourn the meeting at 12:24 p.m. Mr. McGraw seconded the motion and the decision was unanimous.

Respectfully submitted,



Phil Judson, Secretary-Treasurer
NAVARRO COLLEGE BOARD OF TRUSTEES