

3.2.2.2 The fiscal stability of the institution

Off-site Committee's Response

Texas College presented the Amended & Restated Certificate of Formation that was prepared for the state agency and serves as the College's Charter. The Bylaws clearly outline the fiscal responsibilities of the Board of Trustees to ensure its financial stability. The College submitted its financial statements performed by a third party accounting firm which issues opinions regarding the financial condition of the College. The statements also disclose the financial relationship between the affiliated church and its Board members. The Compliance Certification Report contained evidence that the Board approved the operating budget; however, no evidence was presented to show that the Finance and Audit Committee reviewed the audits or discussed the budget annually.

Institution's Response

The Off-site Committee expressed no concerns about the fiscal stability of the institution. Further, the Off-site Committee noted that the institution provided evidence that the Board approved the operating budget. The Off-site Committee did focus on the Committees of the Board whereby the institution's interpretation was that the standard addressed the entire Governing Board's control.

Pursuant to the Bylaws of the Board, the Finance and Audit Committee reviews the annual operating budget and all audit reports. This committee is responsible for making financially related recommendations to the Board; this is done during the Board Meeting. Attachment 3.2.2.2-A are minutes of the Finance and Audit [Standing Committee] that demonstrates that such reviews have taken place.

Documentation:

- Bylaws: Excerpt – Finance and Audit Committee Responsibility
- Attachment 3.2.2.2-A: Finance and Audit Committee Minutes

Bylaws: Excerpt – Finance and Audit
Committee Responsibility

BYLAWS



TEXAS COLLEGE
2404 NORTH GRAND AVENUE
TYLER, TEXAS 75702

Board, and may establish rules of procedures consistent with its statement of purpose. Such statements shall be reviewed annually by each committee and changes thereto shall be recommended to the Board.

Section 2: The chair of the Board of Trustees shall have the responsibility of appointing the chairs, vice chairs, and members of all Board committees, except the Executive Committee. All committee chairs, vice chairs, and a majority of the committee members shall be trustees.

Section 3: Each trustee shall serve on at least one (1), but not more than three (3) standing committees.

Section 4: Each committee shall meet at least two (2) times annually and report on its work and where appropriate, make recommendations to the Board of Trustees. Each committee shall maintain minutes of its meetings and shall send such minutes to the secretary of the Board. Copies of all minutes shall be maintained in the Office of the President.

Section 5: Each committee shall have a designated administrative officer of the College or member of the administrative staff (as determined by the President) to assist it in its work.

Section 6: The standing committees of the Board of Trustees are as follows:

- (a) Academic Affairs Committee – This committee, in cooperation with the President and Vice President for Academic Affairs, will study and appraise the quality of the educational programs; formulate desired short and long-range academic objectives; review academic standards; consider proposals for faculty personnel matters; and review proposals for new degree programs.
- (b) Finance and Audit Committee – This committee, in cooperation with the President and Vice President for Fiscal Affairs, will review the annual operating budgets and periodically appraise the financial control and accounting systems of the College. This committee shall also review all audit reports and all major financial transactions of the College and make recommendations (in consultation with the President) to the Board of Trustees regarding the employment of its auditor.
- (c) Investment Committee – This committee will recommend changes in investments and employ investment counsel, if necessary, and recommend an investment policy for the College to be adopted by the Board.

Attachment 3.2.2.2-A: Finance and Audit
Committee Minutes

Finance and Audit Committee Report to the Board of Trustees

March 26, 2015

The Finance and Audit committee board members present were

Trustee Tyrone, Davis, Chair
Trustee Jerry L. Christian, Sr.
Trustee Jerry Woolverton
Trustee Bobby Best
Mr. James Harris (ex-officio)
Dr. Dwight J. Fennell, Sr. (ex-officio)

Absent Committee Members:

Opening comments were made by Trustee Davis.

The committee moved for the acceptance by the Board of the IRS for 990 for the fiscal year 2014.

The Financial Audit presented by The Wesley Peachtree group was approved and accepted by the Finance Audit Committee.

The committee moved for the engagement of Murphy and Company to perform the 2015 fiscal year audit.

Action Item #1 is a recommendation that the Finance Committee recommended approval to the Board of the increase in the amount of dormitory and board fees. Trustee Woolverton made a motion for a recommendation to the Board for approval of the increase in the dormitory and board fees for the 2015-2016 academic year.

Trustee Best seconded the motion.

The motion carried.

Action Item #2 is a recommendation to the Board of Trustees that the 2015-2016 budget be accepted.

Trustee Christian moved that the Board accept the operating expenses and revenues of the budget for 2015-2016 with any needed adjustments being made in the Fall of 2015.

Trustee Best seconded the motion.

The motion carried.

Trustee Davis recommended the Board approve the use of the Line of Credit as needed to fund the third utility option.

Trustee Woolverton made a motion for the Board to treat the utility option for construction as an emergency item and to allocate funds from the Line of Credit for the college to take advantage of the utility option #3.

Trustee Christian seconded the motion.

The motion carried.

Trustee Christian moved for the Board to receive all documents and to add the actions to the Consent Agenda.

Trustee Woolverton 2nd the motion.

The motion carried.

The meeting was adjourned.

TEXAS COLLEGE



Tyler, Texas

BOARD ACTION ITEM

TO:	Board of Trustees	DATE:	March 26, 2015
FROM:	Dr. Dwight Fennell	CATEGORY:	Business and Finance

SUBJECT: Recommended 2015-2016 Operating Budget

REASON FOR BOARD CONSIDERATION: Action Item BF 2

ENCLOSURES: YES

Background:

The Operating Budget for fiscal year 2015-2016 for Unrestricted Activities projects a net increase in Unrestricted Net Assets of \$632,181. This is based on an FTE of 800 student enrollment for two semesters and 125 FTE for summer school. Room and Board revenues are based on an enrollment of 380 students for two semesters. SEE ATTACHMENT 5-D for budget summary.

A conservative approach was warranted due to the debt obligations which are being paid from funds generated during the 2015-2016 budget year.

Recommendation:

Adopt the 2015-2016 budget with the revisions made after the 12th class day enrollment for Fall semester.

INITIATOR: Mr. James Harris, Vice President of Business and Finance

BOARD ACTION DATE: March 26, 2015

EFFECTIVE DATE: March 26, 2015

Texas College
ANNUAL OPERATING BUDGET 2015 - 2016
for Fiscal Year 2015 - 2016
Unrestricted Activities

Revenues, gains and other support:	Proposed Operating Budget 2015 - 2016
Tuition and Fees (A)	\$ 9,659,250
Auxiliary Enterprises (Room and Board) (B)	2,540,555
UNCF, Income on investments	73,000
Private Gifts, Grants, Other Sales	360,822
Total Revenues, gains and other support	\$ 12,633,627
500 Instruction	\$ 1,620,627
510/520 Academic Support	273,902
530 Student Services	659,023
540/550 Institutional Support	5,051,966
560 Institutional Scholarships	728,000
570/575 Auxiliary Enterprises	2,212,350
580 Bad Debt Expense & Depreciation	1,455,579
Total Expenses	12,001,446
Net increase in Unrestricted Net Assets	\$ 632,181
Capital Purchases - Vehicles \$130,000	
(A) Based on enrollment of 800 FTE students for two semesters; 125 FTE summer school	
(B) Based on enrollment of 380 Board students for two semesters	
Note: Projected net increase in Unrestricted Net Assets is \$632,181	