

**STUDENT UNION BOARD OF DIRECTORS
AUDIT COMMITTEE MEETING MINUTES
September 8, 2016 at 3:30pm in Meeting Room 5**

Present: Jared Garcia, Rose Lee, Sonja Daniels, Ninh Pham-Hi
Absent: Charlie Faas
Guests: Cathy Busalacchi, Kim Hagens, Amy Guerra-Smith, Lisa Wilson, Matt Giorgio

Call to Order

Jared Garcia chaired the September 8, 2016 Student Union Board of Directors Audit Committee Meeting. Jared Garcia called the September 8, 2016 Student Union Board of Directors Audit Committee Meeting to order at 3:37pm in Meeting Room 5 in the Student Union.

Roll Call

Jared Garcia asked Amy Guerra-Smith to do a visual roll call. Amy Guerra-Smith noted that she completed a visual roll call.

Approval of September 8, 2016 Audit Committee Meeting Agenda

Jared Garcia asked for any changes to the September 8, 2016 Student Union Board of Directors Audit Committee Meeting agenda. Seeing no changes needed, Jared Garcia asked for any objections to approving the agenda as presented.

Seeing no objections, Jared Garcia noted that the **September 8, 2016 Student Union Board of Directors Audit Committee Meeting agenda was approved as presented by unanimous consensus.**

Approval of Audit Committee Meeting Minutes from April 5, 2016

Jared Garcia asked for any changes needed to the April 5, 2016 Audit Committee Meeting Minutes. Seeing no changes needed, Jared Garcia asked for any objections to approve the April 5, 2016 Meeting Minutes as presented. Seeing no objections, Jared Garcia noted that the **April 5, 2016 Audit Committee Meeting Minutes were approved as presented by unanimous consensus.**

Information Items:

1. Introduction of RSM Audit Partner

Lisa Wilson, the Audit Partner, introduced herself and Matt Giorgio, the Audit Manager, to the Audit committee members. Ms. Wilson noted that the report presented was a draft version. Ms. Wilson thanked Kristin Kelly and Kim Hagens for their help and work during this audit process.

2. Presentation by Audit Partner of June 30, 2016 Financial Audit Draft

- a. Audit Committee-Questions & Answer Session**
- b. Discussion of Findings**
- c. Review of Management Letter, if any**

Ms. Wilson gave a brief overview of the draft report. Ms. Wilson noted that RSM is prepared to issue the Student Union an unqualified opinion, explaining that means the

financial statements are materially correct and accurately stated. Ms. Wilson explained that the Manager's Discussion Analysis (MDA) is a summary of the financial statement information. Ms. Wilson explained the balance sheet in detail. Ms. Wilson identified that the two significant points from the balance sheet are that the Student Union's largest assets are investments and capital assets. Ms. Wilson noted that there were no significant changes to the liabilities. Ms. Wilson noted that the biggest revenue was the return of the student fees from the University to the Student Union to operate the organization, noting that this had a significant impact on the revenue reporting for FY 2016. Ms. Wilson went on to explain that the rest of activity in the income statement is consistent year to year. Ms. Wilson explained that the operating expenses increased due to increased wages and benefits and utilities from the Student Union building and from depreciation and project expenditures related to the Aquatic Center. Ms. Wilson explained that due to a change of accounting estimate at the end of the year and because of the intent to rebuild the Aquatic Center, the depreciation was accelerated at the end of FY 2016 to show full depreciation by the demolish of the Aquatic Center.

Lisa Wilson explained that the compensated balances increased due to a state law effective July 1st mandating sick leave to non-benefited employees.

Ms. Wilson noted that the supplemental schedules are in a new format this year but are in the CSU appointed format.

Mr. Giorgio gave an outline of the required communications which includes the responsibilities of RSM and the responsibilities of the Student Union. Mr. Giorgio explained the significant accounting policies, estimates, and disclosure noting that the revenue recognition accounting policy under GASB that revenue is recognized when something is measurable, verifiable and any certain requirements have been met.

Lisa Wilson noted that there was an audit adjustment that pertained to the project fees.

Ms. Wilson explained that the project revenue was initially recorded as deferred revenue but should have been recorded as revenue.

Mr. Giorgio noted that the estimated useful lives of capital is an estimate. Mr. Giorgio noted the risks associated with the investments.

Mr. Giorgio noted in June 2015, GASB issued new Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Mr. Giorgio explained that this statement requires the recognition of OPEB expenses on the balance sheet and that this will impact the financial statements for next year.

Mr. Giorgio commented about the one identified audit adjustment that Lisa Wilson spoke about earlier and explained that the adjustments did have an impact on the retained earnings from last year which impacted the start of the year.

Mr. Giorgio noted that the Management representation letter will be included with the final draft. Mr. Giorgio noted that that there were no consultations with other accountants.

Audit Committee member, Ninh Pham-Hi, inquired about the internal controls paragraph in reference to the misclassification of revenues. Ms. Wilson responded that was correct.

Closed Session Items:

1. Overview of Audit Concerns

Committee elected to not move into closed session as there were no audit concerns.

Action Items:

1. Approval of YE June 30, 2016 Audited Financials Draft

Jared Garcia asked for a motion to approve the YE June 30, 2016 Audited Financials Draft as presented.

Ninh Pham-Hi moved to approve the YE June 30, 2016 Audited Financials Draft as presented.

Rose Lee seconded the motion.

VOTE ON THE MOTION: UNANIMOUS MOTION PASSED.

Meeting Adjournment

Jared Garcia asked for any other business. Seeing no other business to discuss, Jared Garcia asked for any objections to adjourn the meeting. Seeing no objections, Jared Garcia noted that the **September 8, 2016 Audit Committee meeting adjourned at 4:13pm by unanimous consensus.**