

**MINUTES OF THE BOARD OF REGENTS
FINANCE COMMITTEE MEETING
GALVESTON COMMUNITY COLLEGE DISTRICT
4015 Avenue Q
Galveston, Texas 77550
Room M-202 – Moody Hall
November 28, 2017
5:00 p.m.**

At the Board of Regents Finance Committee Meeting of the Galveston Community College District, duly held on Tuesday, November 28, 2017, in Room M-202 of Moody Hall, commencing at 5:00 p.m., the following Finance Committee members were present: Mr. Fred D. Raschke, Chairperson, Mr. Michael B. Hughes, and Mr. Carl E. Kelly. Other Regents attending all or part of the meeting were: Mr. Raymond Lewis, Jr., Board Chairperson; and Ms. Karen F. Flowers, Board Vice Chairperson.

Faculty and staff present included Dr. W. Myles Shelton, President, Mr. M. Jeffrey Engbrock, and Ms. Debbie Mann. Also present were Ms. Ana Gallardo and Mr. Arif Wakani with Carr, Riggs & Ingram (CRI), LLC.

- I. **CALL TO ORDER:** Chairperson Fred D. Raschke opened the meeting at 5:00 p.m. in Room M-202 of Moody Hall and determined a quorum was present.
- II. **CERTIFICATION OF POSTING NOTICE OF FINANCE COMMITTEE MEETING:** Dr. Shelton confirmed that the notice of the Finance Committee meeting had been properly posted on November 21, 2017.
- III. **CONSIDER APPROVAL OF MINUTES FROM NOVEMBER 9, 2016 MEETING:** A reading of the minutes for the November 9, 2016 meeting was waived. Mr. Hughes moved to approve the minutes as presented; Mr. Kelly seconded. The motion passed unanimously.
- IV. **REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016, AND MANAGEMENT LETTER:** Board members received copies of the preliminary draft Financial Statements and Single Audit Reports for the Years Ended August 31, 2017 and 2016, and the Required Communications for review with the auditors. Ms. Ana Gallardo, the College's lead auditor, began her presentation by reviewing the Required Communications document which did not disclose any issues with the audit or management while performing the audit. Mr. Arif Wakani explained audit adjustments involving: (1) net pension expense and revenue, (2) property tax receivable, (3) allowance for property tax receivable, and (4) retainage on capital projects. Two internal control findings with recommended improvements were noted in the areas of cash disbursements and general controls-access to programs and data. Staff concurs with the auditor's suggestions. Lastly, the Required Communications included recently issued Governmental Accounting Standards Board (GASB) pronouncements.

IV. REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016, AND MANAGEMENT LETTER: (Continued)

Mr. Wakani summarized the audit results. He reported the firm issued an unmodified audit opinion for both the financial statements and selected federal grant awards (student financial aid and Title V Modern Strategies for Student Success). The Statements of Net Position schedule and the Statements of Revenues, Expenses, and Changes in Net Position schedule were reviewed in detail with explanations of significant changes. There was a net position increase of \$2.8 million as of August 31, 2017 and no new footnotes. Mr. Wakani referred the Regents to the Auditors' Report with required findings for a single audit on internal control and compliance. The results were standard. He referred to the Schedule of Expenditures of Federal Awards with accompanying notes. Statistical schedules required by the Coordinating Board were included; none were added from the previous year.

In response to Mr. Hughes, Dr. Shelton and Mr. Wakani explained the amount of the College's total net position at the end of the year and how those funds would be applied. The restricted capital assets account for the Teacher Retirement System of Texas (TRS) unfunded pension liability. The balance is unrestricted to be used generally at the Board's discretion or for maintenance and construction projects. Dr. Shelton reminded the Regents of the practice established by the Board post-Hurricane Ike to maintain a fund balance of 50 percent of the total operating budget, which puts the College in a strong financial position.

V. ADJOURNMENT TO CLOSED/EXECUTIVE SESSION IN ROOM M-202:

Mr. Raschke noted that the Finance Committee, as authorized by Government Code, Section 551, reserves the right to enter into a closed/executive session under the following provision of the Act: Section 551.074, Personnel Matters, to evaluate staff relating to the audit. The Committee adjourned to the closed/executive session in Room M-202 at 5:24 p.m.

VI. RECONVENE FINANCE COMMITTEE MEETING (OPEN MEETING) IN ROOM M-202:

Chairperson Raschke reconvened the Finance Committee Meeting (Open Meeting) at 5:29 p.m. in Room M-202. He expressed appreciation for the work performed by Comptroller/CFO Jeff Engbrock and the Business Office staff. Mr. Raschke acknowledged this year's transition with the retirement of accountant Bill Vaughan. Mr. Engbrock commented on the additional time his staff contributed to the audit and his gratitude for them. Dr. Shelton noted the time loss at the end of the fiscal year and the beginning of fall registration due to Hurricane Harvey that necessitated this extra effort. He also expressed his appreciation for the late nights and weekend hours worked.

VII. DETERMINE COMMITTEE RECOMMENDATION TO BOARD OF REGENTS REGARDING FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016, AND MANAGEMENT LETTER:

After review and discussion of the financial audit, Mr. Kelly moved to recommend to the Board of Regents the acceptance of the Financial Statements and Single Audit Reports for the Years Ended August 31, 2017 and 2016, and the Required Communications Letter; Mr. Hughes seconded. The motion passed unanimously.

VIII. ADJOURNMENT: There being no further business to come before the Finance Committee, the meeting adjourned at 5:31 p.m.

Carla D. Biggers, Clerk

APPROVED AS CORRECT:

Fred D. Raschke, Chairperson