

**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 12, 2014  
4:30 p.m.**

At the Board of Regents Finance Committee Meeting of the Galveston Community College District, duly held on Wednesday, November 12, 2014, in Room M-202 of Moody Hall, commencing at 4:30 p.m., the following Finance Committee members were present: Mr. Fred D. Raschke, Chairperson, Mr. Carl E. Kelly, Mr. Raymond Lewis, Jr., and Mr. Carroll Sunseri. Other Regents attending all or part of the meeting were Mr. George F. Black, and Ms. Karen F. Flowers.

Faculty and staff present included Dr. W. Myles Shelton, President, Ms. Carla Biggers, Mr. M. Jeff Engbrock, and Dr. Gaynelle Hayes. Also present was the College's auditor, Ms. Leslie Berardo, with Carr, Riggs & Ingram (CRI), LLC.

- I. **CALL TO ORDER:** Chairperson Fred D. Raschke opened the meeting at 4:30 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 7, 2014.
- III. **CONSIDER APPROVAL OF MINUTES FROM NOVEMBER 13, 2013 MEETING:** A reading of the minutes for the November 13, 2013 meeting was waived. Mr. Sunseri moved to approve the minutes as presented; Mr. Kelly seconded. The motion passed unanimously.

Dr. Shelton asked the Committee to allow the auditor to present Agenda Item V at this time. There was no objection.

- IV. **DISCUSS CHANGES TO MONTHLY FINANCIAL REPORTS:** Mr. M. Jeff Engbrock, Director of Business Services, informed the Committee that with a new software program the College acquired, he is able to enhance the financial reports with year-to-year comparisons and graphs. He provided a sample copy and offered to create reports based on information the Regents may request.
- V. **REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013:** Ms. Leslie Berardo, the College's auditor, provided copies of and reviewed the required communications and findings of the audit. She noted that the only audit adjustment was to increase the student receivable allowance by \$50,000 based on past trends. Ms. Berardo explained the effects that Governmental Accounting Standards Board (GASB) Statement No. 68, an amendment of GASB Statement No. 27, will have in 2015 when recording a net pension liability on the balance sheet. It will reduce the unrestricted

**V. REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013: (Continued)**

net assets. As part of the audit, the firm worked with Mr. Kelly Klimpt, Director of Information Technology (IT), to evaluate general controls as they relate to the College's financial systems by verifying protections are in place. It was recommended that a penetration test be performed at least once per year for security purposes. A preliminary draft of the Financial Statements and Single Audit Reports for the Years Ended August 31, 2014 and 2013 was presented to the Finance Committee. Ms. Berardo noted differences from the previous year. The College's net position (net assets) as of August 31, 2014, was \$30,217,810, an increase of \$1,753,461. Ms. Berardo reported that the firm has issued an unmodified (unqualified) audit opinion for both the financial statements and the student financial aid grant. The College is compliant and that there were no findings related to internal controls over financial reporting; therefore, no Management Letter was issued. Ms. Berardo took this opportunity to compliment staff who assisted with the audit, in particular, Mr. Ron Crumedy, Acting Vice President of Student Services and Director of Financial Aid, and Mr. Engbrock.

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

Ms. Berardo said there was no need for the Committee to meet in Executive Session to discuss personnel issues related to the audit.

**VII. RECONVENE FINANCE COMMITTEE MEETING (OPEN MEETING) IN ROOM M-202:** The Financial Committee did not meet in Executive Session.

**VIII. DETERMINE RECOMMENDATION TO BOARD OF REGENTS REGARDING FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2014 AND 2013:** After review and discussion of the financial audit, Mr. Sunseri moved to recommend acceptance of the Financial Statements and Single Audit Reports for the Years Ended August 31, 2014 and 2013; Mr. Lewis seconded. The motion passed unanimously.

**IX. ADJOURNMENT:** There being no further business to come before the Finance Committee, the meeting adjourned at 4:53 p.m.

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Carla D. Biggers, Clerk

APPROVED AS CORRECT:

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Fred D. Raschke, Chairperson