

**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 9, 2016
4:30 p.m.**

At the Board of Regents Finance Committee Meeting of the Galveston Community College District, duly held on Wednesday, November 9, 2016, 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. Armin Cantini, Mr. Michael B. Hughes, and Mr. Carl E. Kelly. Other Regents attending all or part of the meeting were: Ms. Karen F. Flowers and Mr. Carroll Sunseri.

Faculty and staff present included Dr. W. Myles Shelton, President, Ms. Carla Biggers, Mr. M. Jeffrey Engbrock, and Dr. Gaynelle Hayes. Also present were Ms. Leslie Berardo, 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 4:31 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 4, 2016.
- III. **CONSIDER APPROVAL OF MINUTES FROM MAY 11, 2016 MEETING:** A reading of the minutes for the May 11, 2016 meeting was waived. Mr. Kelly moved to approve the minutes as presented; Mr. Cantini seconded. The motion passed unanimously.

Mr. Hughes arrived at 4:32 p.m.

- IV. **REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015:** Board members received copies of the preliminary draft Financial Statements and Single Audit Reports for the Years Ended August 31, 2016 and 2015, and the Required Communications for review with the auditors. Ms. Leslie Berardo, the College's auditor noted that the financial statements are the College's responsibility and are prepared by College accountant Bill Vaughan. CRI audits the financial statements and assists with the preparation of the footnotes. There were no new pronouncements that affect these financial statements. She reported that the firm has issued an unmodified audit opinion for both the financial statements and the federal grant awards of student financial aid. The supplemental schedules required by the Coordinating Board are included. Two audit adjustments were made: (1) net pension expense and related deferrals for contributions made after August 31st as a result of the Governmental Accounting Standards Board (GASB) Statement 68 and (2) a minor adjustment for student receivables. Ms. Berardo referred the Regents to the last page of the Required Communications document that

IV. REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015: (Continued)

outlined recently issued GASB accounting pronouncements that will eventually affect the College. She gave an explanation of GASB Statement 75 that deals with health insurance paid by the College for retirees. This Statement is effective for the College's fiscal year ended August 31, 2018. Mr. Arif Wakani explained in detail the changes in the second year of reporting GASB Statement 68, the College's proportionate share of the Teacher Retirement System of Texas (TRS) actuarial liability, and the difference in Statements of Net Position for 2016 and 2015. Ms. Berardo reported the institution's net assets increased by more than \$2.0 million. There were no significant changes in the balance sheet or the statement of activities. As required by single audit rules, the federal student financial aid programs were audited, and there were no findings, no changes in the footnotes, and no changes in the disclosures. She complimented Mr. Ron Crumedy who supervises that area. Dr. Shelton reminded the Regents that the unfunded pension liability recorded is actually cash invested by the College.

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 4:48 p.m.

VI. RECONVENE FINANCE COMMITTEE MEETING (OPEN MEETING) IN ROOM M-202: Chairperson Raschke reconvened the Finance Committee Meeting (Open Meeting) at 4:50 p.m. in Room M-202.

VII. DETERMINE RECOMMENDATION TO BOARD OF REGENTS REGARDING FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2016 AND 2015: 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, 2016 and 2015; Mr. Hughes seconded. The motion passed unanimously.

VIII. ADJOURNMENT: There being no further business to come before the Finance Committee, the meeting adjourned at 4:52 p.m.

Carla D. Biggers, Clerk

APPROVED AS CORRECT:

Fred D. Raschke, Chairperson