

**NOTICE OF FINANCE COMMITTEE MEETING
GALVESTON COMMUNITY COLLEGE DISTRICT
BOARD OF REGENTS**

In compliance with the Open Meetings Act, Texas Government Code, Section 551.041, notice is hereby given that a Finance Committee Meeting of the Galveston Community College District Board of Regents will be held on **Wednesday, November 13, 2019**, at 4:30 PM in Room M-220 Galveston College, 4015 Avenue Q, Galveston, Texas 77550.

- AGENDA -

- I. **Call to Order**
- II. Certification of Posting Notice of Finance Committee Meeting
- III. Consider Approval of Minutes from November 13, 2018 Meeting (*Action Item*) 2
- IV. Citizens Desiring to Appear Before the Committee on Other Agenda and Non-agenda Items (*Please complete a request card prior to the start of the meeting. The Committee Chairperson may limit the time of appearance before the Committee to three minutes.*)
- V. Review and Discuss Financial Statements and Single Audit Reports for the Years Ended August 31, 2019 and 2018, and Required Communications Letter (*Carr, Riggs & Ingram, LLC*)
- VI. Adjournment to Closed/Executive Session in Room M-202: The Board of Regents, as authorized by the Open Meetings Act, Texas Government Code, Chapter 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
- VII. **Reconvene Finance Committee Meeting (Open Meeting) in Room M-202**
- VIII. Determine Committee Recommendation to Board of Regents Regarding Acceptance of Financial Statements and Single Audit Reports for the Years Ended August 31, 2019 and 2018, and Required Communications Letter (*Action Item*)
- IX. Adjournment

The notice for this meeting was posted on November 8, 2019, in compliance with the Texas Open Meetings Act.

W. Myles Shelton, Ed.D., President

**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 13, 2018
5:30 p.m.**

At the Galveston Community College District Board of Regents Finance Committee Meeting, duly held on Tuesday, November 13, 2018, in Room M-202 of Moody Hall, commencing at 5:30 p.m., the following Finance Committee members were present: Mr. Fred D. Raschke, Chairperson, Mr. Armin Cantini, Mr. Carl E. Kelly, and Mr. Carroll G. Sunseri. Other Regents attending all or part of the meeting were: Ms. Karen F. Flowers, Mr. Florentino “Tino” F. Gonzalez, Mr. Michael B. Hughes, Mr. Raymond Lewis, Jr., and Ms. Rebecca Trout Unbehagen.

Faculty and staff present included Dr. W. Myles Shelton, President, Ms. Carla Biggers, and Mr. M. Jeff Engbrock. 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 5:30 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 9, 2018.
- III. CONSIDER APPROVAL OF MINUTES FROM APRIL 10, 2018 MEETING:** A reading of the minutes for the April 10, 2018 meeting was waived. Mr. Kelly moved to approve the minutes as presented; Mr. Cantini seconded. The motion passed unanimously.
- IV. REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017, AND REQUIRED COMMUNICATIONS LETTER:** Board members received copies of the preliminary draft Financial Statements and Single Audit Reports for the Years Ended August 31, 2018 and 2017, and the Required Communications Letter for review with the auditors. Ms. Ana Gallardo, the College’s lead auditor, began her presentation by reviewing the Required Communications Letter which did not disclose any issues with the audit or management while performing the audit. Most of the adjustments made were proposed by CFO/Comptroller Jeff Engbrock. Others mainly dealt with the adoption of Governmental Accounting Standards Board Statement No. 75 (GASB 75) that deals with the accounting and financial reporting by state and local governments for postemployment benefits other than pensions.

Mr. Arif Wakani highlighted several financial statements and summarized the audit results. The Statements of Revenues, Expenses, and Changes in Net Position schedule and the Statements of Net Position schedule were reviewed in detail with explanations of

IV. REVIEW AND DISCUSS FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017, AND REQUIRED COMMUNICATIONS LETTER: (Continued)

significant changes. The end of year net position for 2018 was \$23,918,168, a decrease of \$10,272,944 as of August 31, 2018. This decrease was attributed to the GASB 75 implementation. Dr. Shelton explained that although the end of year net position decreased, the College still holds this cash and has access to expend it in the case of a catastrophic event at the Board's discretion. Mr. Wakani referred the Board to "Note 15 – Designated Unrestricted Net Position" of the audit report. It states the \$5,128,890 unrestricted net position approved by the Board in 2011, post-Hurricane Ike, is now \$2,828,694. This is another result of GASB 75. That total is expected to build up in fiscal year 2019. Other notes and supplementary schedules required by GASB 75 were also given attention.

In summary, Mr. Wakani reported the firm issued an unmodified audit opinion for both the financial statements and selected federal grant awards for student financial assistance. There were no material weaknesses or significant deficiencies identified in internal control over financial reporting nor was there noncompliance material to financial statements. He said the GASB 75 financial statements are based upon what the auditors know so far and what the Texas Higher Education Coordinating Board (THECB) has agreed on with GASB. Since the opinion of the Employees Retirement System of Texas (ERS) differs, standards could be modified requiring adjustments in next year's audit. Dr. Shelton further discussed the Board's decision to approve the post-Hurricane Ike unrestricted net assets and said with these GASB pronouncements, the Board may want to reconsider the amount of these assets. He and staff will research this matter and bring a recommendation to the Board.

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 5:49 p.m.

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

Chairperson Raschke reconvened the Finance Committee Meeting (Open Meeting) at 5:52 p.m. in Room M-202. Mr. Raschke thanked Mr. Engbrock and the staff on behalf of the College and the Board for being so punctual in providing the information to the auditors and accommodating by working extra hours during the process. He said the auditors were very complimentary and the Board appreciates staff's efforts. Mr. Engbrock replied that Ms. Regina King, Assistant Director of Business Services, did an excellent job. Ms. King replaced Mr. Bill Vaughn. Mr. Raschke also acknowledged her recognition by the auditors.

- VII. DETERMINE COMMITTEE RECOMMENDATION TO BOARD OF REGENTS REGARDING FINANCIAL STATEMENTS AND SINGLE AUDIT REPORTS FOR THE YEARS ENDED AUGUST 31, 2018 AND 2017, AND REQUIRED COMMUNICATIONS LETTER:** After review and discussion of the financial audit, Mr. Cantini moved to recommend the audit to the full Board as presented this evening; Mr. Kelly seconded. The motion passed unanimously.
- VIII. ADJOURNMENT:** There being no further business to come before the Finance Committee, the meeting adjourned at 5:53 p.m.

Carla D. Biggers, Clerk

APPROVED AS CORRECT:

Fred D. Raschke, Chairperson