

AUDIT & FINANCE COMMITTEE MEETING MINUTES DECEMBER 1, 2003

Present

Robert Grimm, Sandy Hay, Andrea Leiderman, Kent Peterson, Delia Ybarra

Absent

Pat Millar

Others

Kathy Blackwood, Mike Brandy, Will Coursey, Jane Enright, Alan Harvey, Letha Jeanpierre, Martha Kanter, Jim Ladd, Judy Miner, Jon O'Bergh, Tom Perry-Smith, Hal Plotkin, Hector Quinonez, Dwight Sur

1. PUBLIC HEARING

There were no members of the public who wished to address the Committee on items not on the agenda.

2. AUDIT OF YEAR ENDING JUNE 30, 2003 AND MANAGEMENT RESPONSE

Tom Perry-Smith of Perry-Smith and Company praised staff for their cooperation, which enabled the auditors to be efficient and explore some areas in greater depth. Kent Peterson asked if there were any problems other than reportable conditions, and Perry-Smith responded that there were not. Addressing a question from Sandy Hay, Perry-Smith elaborated on the new audit reporting format, now in its second year. Bob Grimm raised a question about faculty load, advocating that it should be equivalent throughout the District. Staff explained that, in the few instances where the same course has a different load at each campus, it reflects legitimate differences in the elements that are considered in establishing load factors. It was also pointed out that load is a negotiable matter, and past practice is an important consideration. Andrea Leiderman asked about the finding concerning a fixed asset inventory for the associated student bodies. Mike Brandy responded that staff is responsible for the accounting on their behalf, and since the inventory amount is rather small, it should not be difficult to implement.

3. REVIEW OF REPORT ON UNFUNDED RETIREE MEDICAL LIABILITY

Mike Brandy and Tom Perry-Smith reviewed the issue. While accounting for the liability must be implemented by 2007-08, it will not likely mean that the District is required to set aside funds to cover the liability; rather, the liability will be recorded on the balance sheet, which will impact how favorably investors view the District. Brandy advocates addressing the issue before 2007-08, one option being to set aside some funds each year to cover the liability.

In addition to the issue of recording the unfunded liability for the District, Brandy emphasized the need to begin incremental funding of the liability in the short term as the number of retirees

joining the pool is projected to expand to the year 2017. This will cause an ever increasing drain on the general fund as resources are reallocated to this expense item.

CALENDAR OF PENDING ITEMS

Measure E Projects Report (Weber)..... January 20, 2004

jo
Approved 1/14/04