

# AUDIT & FINANCE COMMITTEE MEETING MINUTES NOVEMBER 17, 2003

Present

*Robert Grimm, Sandy Hay, Andrea Leiderman, Pat Millar, Kent Peterson, Delia Ybarra*

Absent

*none*

Others

*Kathy Blackwood, Mike Brandy, Will Coursey, Bernadine Fong, Rich Hansen, Alan Harvey, Letha Jeanpierre, Rich Jensen, Martha Kanter, Jim Klingensmith, Jim Ladd, Judy Miner, Jon O'Bergh, Romeo Paule, Hector Quinonez, John Schulze, John Sheldon, Dwight Sur, Tonette Torres, Claudette Weber, Justin Williams*

## 1. PUBLIC HEARING

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

## 2. APPROVAL OF MINUTES OF SEPTEMBER 8, 2003

The minutes of the September 8, 2003 meeting were approved as drafted.

## 3. MEASURE E PROJECTS REPORT

John Schulze reported that a claim had been settled and discussed how claims are mitigated by processing change orders quickly. He also reported that the De Anza Students Services building was bid \$200,000 under budget, and the De Anza Parking Structure was bid \$2 million under budget, probably due to market conditions. A sheet showing actual and projected revenues from bond measures was distributed. Schulze noted the following area of concern: keeping renovation projects on schedule and on budget.

Jim Klingensmith reviewed the report for De Anza. Kent Peterson asked about a cost overrun on De Anza Project #262; it was explained that some costs actually belong to another project — the Kirsch Center — so a budget transfer will resolve the overrun. Landscaping for De Anza lots A and B and plans to put in trees were discussed. Rich Jensen then reviewed the report for Foothill. Peterson asked about a cost overrun on Project #159; it was explained that a budget transfer will cover the overrun, which was due to an element added to the project.

Bob Grimm distributed a progress report which he prepared. Claudette Weber reported on plans to bid the Foothill Lower Campus Project as one project to pre-qualified contractors as has been done for other large projects, but noted that the District is waiting until the results of the March bond election.

**4. REVIEW OF DRAFT FINANCIAL AUDIT 2002-03**

Justin Williams of Perry-Smith & Company distributed and reviewed the draft audit for the year ending June 30, 2003. Peterson asked about the dollar amounts for two immaterial audit adjustments; it was explained that the amounts in question were only a few thousand dollars. It was clarified that Foundation revenue and expenses are completely separate from the District's records; smaller donations are spent directly from Foundation accounts, but larger grant dollars are transferred to the District to cover salary, expenses, etc.

The audit findings and recommendations were reviewed. Andrea Leiderman asked about the finding concerning student employee access to student records and whether it should equally apply to staff who are enrolled in classes. Peterson asked to see management responses to the findings and recommendations at the next meeting, which will be scheduled for December 1. The status of prior year findings was reviewed and it was noted that most recommendations have been implemented.

**5. REVIEW OF MANDATED COST AUDIT FINDINGS**

Kathy Blackwood provided an update on the state's claim that some past mandated cost reimbursements submitted by the District were invalid. She reported that, according to the District's legal counsel, since the District has not been fully reimbursed for many years, any assessment would need to come out of future reimbursements, so effectively there would be no loss of revenue. The District is still planning to appeal.

**6. REVIEW OF REPORT ON UNFUNDED RETIREE MEDICAL LIABILITY**

Due to lack of time, this item was postponed to December 1.

**7. FIRST QUARTER FINANCIAL REPORT**

Mike Brandy provided a brief update. He reported that a statewide reduction for concurrent enrollment would result in a loss of \$700,000 for Foothill-De Anza. There is a concern about the Flint Center budget as a result of a downturn in the entertainment market. Martha Kanter reported that the District has a task force that is meeting to address spiraling benefits costs and ideas regarding cost containment..

**8. FINAL REPORT ON BOND ISSUANCE**

John Sheldon of Morgan Stanley presented the final report on the Series B issuance of Measure E bond funds. He noted that the District was given the highest rating among California community colleges by Moody's and is one of the highest rated by Standard & Poor's.

**9. NEXT MEETING**

The next meeting was scheduled for December 1 at 4:30 p.m. to review management responses to the audit and discuss the report on unfunded retiree medical liability. A regular meeting was scheduled for Tuesday, January 20 at 4:30.

***CALENDAR OF PENDING ITEMS***

Management Responses to 2002-03 Audit.....	December 1, 2003
Report on Unfunded Retiree Medical Liability .....	December 1, 2003
Measure E Projects Report (Weber) .....	January 20, 2004

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Approved 1/14/04