



**Foothill-De Anza  
Community College District**

12345 El Monte Road, Los Altos Hills, CA 94022 650-949-6200

**AUDIT AND FINANCE COMMITTEE MEETING  
DRAFT MINUTES**

December 1, 2011

**PRESENT:** Betsy Bechtel (chairperson), Joan Barram, Marge Bruno, Dexter Dawes, Joel Spolin, Jim Sandstrom

**OTHERS:** Charles Allen, Letha Jeanpierre, Kevin McElroy, Margaret Michaelis, Judy Miner, Hector Quinonez, Bernata Slater, Linda Thor, Tonette Torres, Shirley Treanor

**CALL TO ORDER**

Betsy Bechtel called the meeting to order at 3pm.

**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**

Approve the minutes of the September 8, 2011 minutes. M/S/C (Bruno/Sandstrom).

**Consent Calendar**

**3. Measure E Projects Report**

**4. Measure C Projects Report**

**5. Update on Measure C Program/Project Management**

**6. CCFS-311 Report**

**Items 3-6 accepted as submitted; no motion necessary.**

## **Committee Business**

### **6. District Audit Report**

Kevin McElroy introduced Terri Montgomery of Vavrinek, Trine, Day & Co., LLP, who represents the auditing firm for the District. Terri Montgomery stated that the District earned a clean and unqualified. The information provided was verified as accurate, and Foothill De Anza Community College District meets regulation as of June 30, 2011.

Terri Montgomery further explained pages 4-10 of the audit report, which discusses management discussion and analysis, and page 11 begins the first financial statement of the report. An entity-wide balance sheet has been altered to look more like a corporate balance sheet, rather than a government agency.

Page 15 begins the summary of the Foundation activity, and pages 18-44 are the notes to the financial statements. Pages 29-30 discuss capital assets and debts of the District, with the General Obligation Bonds being the main debt.

The report starts on page 59 with the focus on contact hours with students, and Bernata Slater noted that this will have a bigger impact on re-certification of the state's funding in February 2012 and numbers may be adjusted accordingly. John Mullen was introduced to discuss the process of re-certification, and was asked if he perceived there would be adjustments, and said there would be adjustments.

Page 53 of the audit report stated "no audit adjustments are proposed."

Recommendations from the audit team to Foothill-De Anza for the future include focusing on making sure the correct contact hours went in the correct "bucket" because some classes were improperly labeled. Also, with new TBA hour standards, there was confusion on 3 out of 88 classes that hours had to be rearranged.

Terri Montgomery stated that no adjustments is a positive outcome, and commended Foothill-De Anza on the audit findings.

### **7. Measure C Performance Audit**

Terri Montgomery continued with the Measure C Performance Audit, which also had a clean and unqualified opinion. Page 3 of the report highlighted income and expenses, specifically the \$184 million from the bond sale. The performance audit's objective is to be sure that the money is being spent as was intended by the voters.

Dexter Dawes asked where the Measure E audit findings were, and Terri Montgomery stated that they were in the standard audit. Joel Spolin asked about the technique of this audit, if it was random or targeted, and Terri Montgomery stated that both techniques were used.

On behalf of the Board, Betsy Bechtel thanked Terri Montgomery and Vavrinek, Trine, Day & Co. for their work.

### **8. First Quarter Report**

Kevin McElroy apologized to the Audit and Finance members who had already heard the presentation at the previous Board of Trustees meeting, and introduced Bernata Slater to discuss the 1<sup>st</sup> Quarter Report. In a general overview, it was noted that there are early indications that an increase in international students was taking place. Also, it is very likely that the proposed tier cuts will take place.

One area of note brought to the attention of the Board was the increase in benefit costs. The JLMBC (Joint Labor Management Benefits Committee) has been meeting regularly to discuss upcoming changes to the health benefits plan. Details about changes to the plan would be made public in early 2012.

Discussion about the rate stabilization fund and the carry over from 2011-12 to 2012-13 took place, with a focus on the \$10 million projected deficit for 2012-13. Another unknown variable was how the approximately \$13.8 billion in cuts from the state will trickle down.

Joel Spolin asked about the plan for when the stabilization fund runs out, and Kevin McElroy responded that procedures will be refined, and a proposal will be presented to the Board in February 2012 ahead of the 2012-13 year.

**Meeting adjourned at 4:25pm**

**The next meeting to be held at 3pm on March 1, 2012.**