



**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**

September 13, 2012

PRESENT: Betsy Bechtel (chairperson), Laura Casas Frier, Marge Bruno, Dexter Dawes, Jim Sandstrom, Joel Spolin

STAFF: Charles Allen, Tom Armstrong, Letha Jeanpierre, Kevin McElroy, Judy Miner, Hector Quinonez, Bernata Slater, Linda Thor, Tonette Torres,

OTHERS: Terri Montgomery, Geoff Kischuk, Casey Michaelis

CALL TO ORDER

Chair Betsy Bechtel called the meeting to order at 3pm. Kevin McElroy moved presentation of item number 8 to after approval of minutes.

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

Approved the minutes of the May 31 2012 and August 9 2012 meetings.

M/S/C (Sandstrom/Bruno)

8. OPEB Actuarial Study

Kevin McElroy introduced Geoff Kischuk to discuss the Actuarial Study. Geoff Kischuk gave an explanation of his experience. Lengthy explanation of health benefit liabilities followed, focusing on the switch to CalPERS benefits. Geoff Kischuk explained the retiree health plan is akin to a pension plan, saying that the best analogy is a pension plan, meaning the expense is accrued.

More discussion took place about the requirements from GASB and questions about open and closed amortization. Geoff Kischuk explained that closed amortization is similar to a 30-year mortgage, whereas an open amortization works like refinancing every two years. In this case, a closed amortization is recommended.

Other topics discussed included the post and pre 1997 hire date employees, along with the unfunded balance owed and how the smoothing technique works.

Committee voted unanimously to accept the report. M/S/C (Dawes/Bruno)

Consent Calendar

3. Measure E Projects Report

4. Measure C Projects Report

5. Measure C Progress Report

Items 3 was removed for discussion

Measure E Projects Report

Marge Bruno had a question pertaining to page 11, #284 of the report about the cost of the repairs for the Stelling Parking Structure project. Charles Allen explained that the budget and scope of the project is aligned with the goals of the project.

Accepted Items 3-5, M/S/C (Bruno/Spolin)

Committee Business

6. Audit Update

Kevin McElroy introduced Terri Montgomery of Vavrinek, Trine, Day & Co. (VTD) who explained the techniques for gathering information, stating that approximately 80% of their report is collected through visits to sites. Visits in the Spring of 2012 showed significantly cleaner findings. The four items to report on were not written, only verbal discussion.

1. Clean up of classes/classification: 90-95% compliant, only issues remain in TBA hour reporting

2. TBA classes: 87 FTES were reported incorrectly, it was revised and is now correct

3. Disabled student funding: some documents required to be in a file for students were missing. Isolated issue, not a problem

4. Cashier's Office: documentation of audit process was not done, has now been updated

7. Update on 2012-13 Budget

Kevin McElroy stated the planning involved for the budget used the "worst-case scenario," which is Proposition 30 not passing with voters in November. The ongoing structural deficit is \$5.7 million, and would grow to \$11.9 million in the worst-case scenario. A combination of one time money, cuts and the remaining stability fund would be used for the shortfall. More will be known by the next Audit and Finance meeting, after the election.

Meeting was adjourned at 4:31pm.

Next meeting to be held at 3pm on November 29, 2012.