

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
MINUTES – BUDGET & FINANCE COMMITTEE
LOS ANGELES CITY COLLEGE
NEW STUDENT UNION BUILDING, MULTI-PURPOSE ROOM A, 3RD FLOOR
855 N. VERMONT AVENUE
LOS ANGELES, CA 90029
WEDNESDAY, DECEMBER 3, 2014
2:15 P.M. – 3:15 P.M.**

Committee: Ernest H. Moreno, Chair; Mike Eng, Vice Chair. Absent: Steve Veres, Member (arrived at 2:22 p.m.)

Trustee Moreno called the meeting to order at 2:20 p.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS/ACTION

Trustee Moreno expressed his concern regarding the baccalaureate degree program discussion held earlier today at the Legislative & Public Affairs Committee meeting. He indicated that before the colleges offer a baccalaureate degree program there needs to be a critical discussion regarding the cost associated with a baccalaureate degree program that cannot sustain itself without funding from the colleges' already exhausted budget. He suggested that the topic be discussed at this Budget & Finance Committee.

Annual Financial Audit Report

Documents entitled "Los Angeles Community College District, Audit & Finance Committee, December 3, 2014, KPMG" and "LACCD Presentation to the Finance and Audit Committee, December 3, 2014" were distributed.

(Trustee Veres arrived at 2:22 p.m.)

Ms. Jeanette L. Gordon, Chief Financial Officer/Treasurer, indicated that the KPMG Team and Vasquez & Company LLP are present to discuss the Annual Financial Statement. She introduced Ms. Tracy Hensley, Partner, KPMG LLP, who in turn introduced Ms. Brianne Pierce, Engagement Senior Manager, KPMG LLP.

Ms. Hensley discussed the annual financial audit for Fiscal Year 2013-2014 with respect to the financial statements of the Los Angeles Community College District (LACCD), results of the audits, areas of the audit emphasized, the required communications, and the Governmental Accounting Standards Board (GASB) new accounting standards on pensions.

A question and answer session was conducted with respect to various components regarding the financial statements of the LACCD and GASB new accounting standards on pensions.

Ms. Peggy McBride, CPA, from Vasquez & Company LLP, discussed a document entitled "LACCD Presentation to the Finance and Audit Committee, December 3, 2014" as it relates to the following Single Audit and State Compliance Results: Focus on Compliance and Internal Controls, Perspective, Findings, Dollars Associated with Findings, Major Federal Programs Tested, Compliance Issues to be Addressed, Federal Internal Control and Compliance Findings by Program, and Concluding Comments.

Ms. Gordon indicated that Com. No. BF2. Receipt of Annual Audit is on today's Board agenda for action.

Motion by Trustee Eng, seconded by Trustee Veres, to recommend approval of the Annual Audit to the full Board.

APPROVED: 3 Ayes

Update on FTES by College

A document entitled "Enrollment Update, Budget & Finance Committee, December 3, 2014" was distributed.

Trustee Moreno inquired as to what were the assumptions utilized to calculate the FTES Projections as of November 24, 2014. He expressed his concern that the FTES percentage projections will not be met by the end of the fiscal year.

A question and answer session was conducted with respect to the various factors that were taken into consideration in order to calculate the FTES projections.

For the Record: Trustee Veres stated that the assumption is that each of the colleges is performing well so the resources are distributed evenly among the colleges. However, the reality is that they are not. He indicated that possibly there should be an evaluation of the funding distribution in order to consider a reform of the distribution of funds to factor in the high performance colleges and those colleges that cannot meet its targeted goals.

Trustee Moreno concurred with Trustee Veres observations and requested that this topic be discussed in 2015.

College Financial Update

A document entitled "College Financial Update – 2014-15 First Quarter Projection" was distributed.

Ms. Gordon discussed the document with respect to the 2014-15 First Quarter Projections regarding Scenario I (no salary increase) and Scenario II (w/4 percent increase). She continued to discuss the Budget and Expenditures Projection by college salary as of September 30, 2014.

Trustee Moreno expressed his concern that several of the colleges have a deficit balance and that the colleges that do not are close to having a deficit balance.

Ms. Gordon indicated that this is the 2014-15 First Quarter report. However, the Second Quarter Report will be more realistic and at that time the Committee members concerns will be addressed, if any.

FUTURE DISCUSSION/AGENDA ITEMS

- Update on Cost Savings from Master Agreements (Chancellor's Directive #142)
- Retirement Incentives

FUTURE BUDGET & FINANCE COMMITTEE MEETING DATES

- January 14, 2015

NEW BUSINESS

None.

SUMMARY -- NEXT MEETING

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 3:26 p.m.