

**LOS ANGELES COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
Educational Services Center
770 Wilshire Boulevard
Los Angeles, California 90017
Wednesday, April 27, 2011
11:30 a.m. – 12:15 p.m.**

Committee: Kelly Candaele, Chair; Tina Park; and Miguel Santiago

Trustee Candaele called the meeting to order at 11:30 a.m.

PUBLIC SPEAKERS

None.

REPORTS/RECOMMENDATIONS

Review 2009-2010 Annual Financial Audit Report

A document entitled “Los Angeles Community College District Presentation to the Board of Trustees April 27, 2011” was distributed.

Ms. Jeanette Gordon indicated that KPMG executed the audit in partnership with Vasquez & Company LLP. She stated that KPMG was responsible for the financial audit portion, while Vasquez & Company LLP completed the “single audit and State compliance.” She deferred to Mr. Christopher Ray.

Presentation and discussion of audit report and findings from the audit teams

Receive Annual Financial Audit and Presentation from KPMG LLP

Mr. Ray discussed the document with respect to the Independent Auditors’ Report on the District’s Basic Financial Statements; Independent Auditors’ Report on an Audit of Financial Statements Performed; material weakness as it relates to capital assets and general obligation bond program, and significant deficiencies as it relates to Employee Benefits, Risk Management, Information Technology, and Management Letter Comments from the current year comments and prior year comments; and Required Communications.

Receive Single Audit and Presentation from Vasquez & Company LLP

Ms. Peggy McBride, Vasquez & Company LLP, discussed the document with 2009-2010 Annual Financial Audit with respect to the Federal Internal Control and Compliance Findings. She discussed the Single Audit Findings, the Student Financial Aid Cluster Findings, TRIO Cluster Findings, Higher Education Institutional Aid Findings, Career and Technical Education (CTE) Findings, and the State Compliance Findings.

Budget Development Update and 2010-2011 Third Quarterly Financial Status Report

A document entitled “Finance and Audit Committee, Budget Development Update, 2010-11 Third Quarter Financial Status Report” was distributed.

Update: State and District budget development for fiscal year 2010-2012 and report on the District’s 2010-2011 Financial Status as of the end of the Third Quarter

Ms. Jeanette Gordon summarized the document with respect to the state budget update, the impact of State Budget cuts on the LACCD; Fiscal year 2011-12 budget forecast scenarios and proposed actions, the LACCD strategies to responding to the State budget cuts, financial forecast for fiscal year 2011-12 to 2012-14 Unrestricted General Fund expenditures, and ending balances.

Trustee Park expressed her concern in regards to the Balance Sheet, June 30, 2010 and 2009 with respect to the increase of workers' compensation expenses; employee benefits increasing, while salaries decreased; the increase of supplies, material, and other operating expenses from 2009; and the decrease of investment income—capital from 2009. She indicated that in 2010 workers' compensation increased by 40 percent. She requested that staff research how long we have been with our current Broker and possibly renegotiate our insurance premium or change our workers' compensation coverage. She recommended that staff look into "centralizing with purchasing power".

Dr. Adriana Barrera responded that staff will provide a written report to the Committee regarding their findings.

Miscellaneous

None.

ADJOURNMENT

There being no objection, the meeting was adjourned at 12:33 p.m.