

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of December 11, 2012

ITEM TITLE: 2011-2012 Annual Audit Report

SPECIFIC BOARD ACTION REQUESTED:

Receive and File Peralta Community College District's June 30, 2012 Annual Audit Report.

ITEM SUMMARY:

The June 30, 2012 annual audit report is being presented to the Board of Trustees for acceptance. This annual financial and compliance audit is a requirement under Education Code 84040 and provides for an examination of the District's annual financial statements to assess their fairness and reliability.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

Not applicable

BACKGROUND/ANALYSIS:

As is required by Education Code 84040, the District completed its annual financial statement audit prior to December 31, 2012. The unqualified audit opinion rendered by Vavrinek, Trine, Day & Co., LLP communicates that the District's financial statements as presented within the audit report present fairly the financial position of the District for the fiscal year ended June 30, 2012. The management discussion and analysis section of the audit report, beginning on page 4, contains an executive summary of the results of operations for the fiscal year ending June 30, 2012. A few selected highlights are provided below:

- The District served 18,712 full-time equivalent students during the fiscal year. This represents a decrease of 5.83% compared to the prior fiscal year. This decrease was a reflection of the District's continued effort to balance its operating budget as well as continued reduction in funding from the State. (page 5)
- Unrealized losses on investment from assets held within the OPEB revocable trust was approximately \$1.5 million. (page 7)
- Total operating expenses were reduced by 1.8% or \$3.3 million compared to the prior fiscal year. These reductions were targeted as part of the District's efforts to balance operating budgets. (page 10)
- Total non-operating revenues decreased by 19.2% or \$37.9 million, which was mainly attributed to decreases in revenues received from the State through apportionment and in investment income. (page 10)
- Total expenditures, including all funds, were approximately \$196 million during the fiscal year. Of these expenditures, approximately \$71.9 million or 37% was spent on instructional, academic support, or instructional support activities; \$61 million or 31% was spent on student services and student aid; \$42 million or 21% was spent on plant operations and maintenance (construction related to bond measures) and physical property and related acquisitions activities; and \$4.7 million or 2% was spent on auxiliary services and operations. (page 12)

- The District experienced a net reduction of cash of \$37.7 million during the fiscal year. This reduction is attributed to continue needs and activities within the Measure A construction program, as well as due to cash deferrals from the State within the unrestricted general fund. (page 13)

DELIVERABLES/SCOPE OF WORK:

The audit report to be presented and received by the Board of Trustees. Heidi White and Vice Chancellor Gerhard will be in attendance to discuss and answer questions.

ANTICIPATED COMPLETION DATE:

N/A

ALTERNATIVES/OPTIONS:

N/A

EVALUATION AND RECOMMENDED ACTION:

Receive and File

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ NO _____

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING? VICE CHANCELLOR GERHARD

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

DOCUMENT PREPARED BY:

Prepared by: Ronald Gerhard

Date: 11/28/2012

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: Ronald Gerhard

Date: 11/28/2012

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: Ronald Gerhard Date: 11/28/2012
Ronald Gerhard, Chief Financial Officer

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____ Date: _____
Thuy T. Nguyen, General Counsel

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: José M. Ortiz Date: 12-4-12
José M. Ortiz, Chancellor