

MINUTES
CLARK COUNTY SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF SCHOOL TRUSTEES
ADMINISTRATIVE CENTER, ROOM 466
5100 WEST SAHARA AVENUE, LAS VEGAS, NV 89146

JOINT AUDIT ADVISORY COMMITTEE

Friday, November 14, 2014

1:06 p.m.

Roll Call:	<u>Members Present</u> Linda E. Young, Vice President Patrice Tew, Clerk Carolyn Edwards, Member Chris Garvey, Member Deanna L. Wright, Member	<u>Members Absent</u> Erin Cranor, President Stavan Corbett, Member
Roll Call:	<u>Members Present</u> Patrick Patin, Chairman Colleen Boyle, Member B. Keith Rogers, Member	<u>Members Absent</u> Anthony Mook, Member Patricia Morris, Member

Erin Cranor, Audit Advisory Committee Board Liaison
Pat Skorkowsky, Superintendent of Schools

Also present were: Mary Ann Peterson, Board Counsel, District Attorney's Office; Jim McIntosh, Chief Financial Officer, Business and Finance Division; Cindy Krohn, Executive Assistant, Board Office; Elizabeth Carrero, Executive Manager, Office of the Superintendent; Norma Herrera, Administrative Secretary II, Board Office; Anna Danchik, CPA, Project Manager, Kafoury, Armstrong & Co.; and Tammy Miramontes, Audit Manager, CPA, Kafoury, Armstrong, & Co.

FLAG SALUTE

Trustee Tew led the Pledge of Allegiance.

ADOPT AGENDA

Adopt agenda, except noting additional reference material for Item 3.01 and reference material provided for Item 4.06.

Motion: Edwards Second: Wright Vote: Unanimous

ADOPT AGENDA (continued)

The Audit Advisory Committee called their meeting to order at 1:08 p.m. and adopted their agenda, noting additional reference material for Item 3.01, as 3.01 1C.

Motion: Rogers Second: Boyle Vote: Unanimous

PUBLIC COMMENT PERIOD

None.

APPROVE ITEMS 3.01 AND 3.02

Approval of Items 3.01 and 3.02, respectively, as follows:

PRESENTATION OF THE ANNUAL INDEPENDENT AUDITOR'S REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Presentation and discussion of the annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2014, by representatives from Kafoury, Armstrong & Co.

APPROVE INDEPENDENT AUDITOR'S NARRATIVE REPORT OF RECOMMENDATIONS AND DISTRICT RESPONSES TO RECOMMENDATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 2014, AND INDEPENDENT AUDITOR'S STATEMENTS ON NEVADA REVISED STATUTE COMPLIANCE

Approval to accept the District's responses to the independent auditor's recommendations for the fiscal year ended June 30, 2014, with the written narrative and responses being incorporated by reference into the minutes of this meeting, and with the entire report being transmitted and filed as required in NRS 354.624; and approval to accept the independent auditor's statements on NRS compliance for the fiscal year ended June 30, 2014, including the necessary corrective actions, with the statements being transmitted and filed as required in NRS 354.6245, as recommended in Reference 3.02.

Ms. Danchik presented and offered a summary of the following reports as shown in Item 3.01 1A: Independent Auditor's Report for the fiscal year ended June 30, 2014; Schedule of Expenditures of Federal Awards (SEFA); Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards; OMB Circular A-133; and Auditor's Comments.

Mr. McIntosh explained that with reference to Note 11 in the Comprehensive Annual Financial Report (CAFR), the District is required by state statute to report when there are expenditures over budgeted appropriations, which means that the District spent more than was budgeted, not that the District did not have the appropriate funds available. He said the two incidents of that happening this year were in the class-size reduction fund and the special education fund.

Mr. McIntosh presented the CAFR to the Board as Item 3.01 1B and briefly went over some items of general interest in the document; specifically, the Letter of Transmittal; Management's Discussion and Analysis (MD&A); General Fund Comparative Balance Sheets for June 30, 2014, and 2013; General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance; the financial statements of the Special Education Fund, Debt Service Fund, Bond Fund, Federal Projects Fund; and the Statistical Section.

APPROVE ITEMS 3.01 AND 3.02 (continued)

Mr. McIntosh addressed Additional Reference Item 3.01 1C, which he explained was a question asked by the Audit Advisory Committee upon reviewing the CAFR and staff's response to that question.

Trustee Edwards referred to Page 8 of the CAFR, paragraph 4, and asked what the impact would be if the increase in the Local School Support Tax (LSST) was not extended again.

Mr. McIntosh said the impact would be significant to the District, and there would be a large amount of cuts. He said staff is currently working on a document related to the potential impact to take into the legislative session.

Trustee Edwards asked if the Board would receive that report before the legislative session.

Mr. McIntosh said the report would be provided to the Board.

Trustee Edwards suggested that it would be helpful to note somewhere that the guarantee for the Nevada Plan does not work in practice when the state does not have money.

Mr. McIntosh agreed that is a concern and said that can be noted in the District's MD&A document. He offered to also note that in the past the District has been required to take approximately \$85 million over several years out of the capital fund to subsidize the Distributive School Account (DSA).

Trustee Garvey referred to the information in the Taxable Assessed Value and Estimated Actual Value of Property Last 10 Fiscal Years on page 158 of the CAFR and said the District should be discussing this information with the public and amongst themselves as the legislative session approaches.

Trustee Edwards suggested that the date of the ending fund balance waiver approved by the Board should be included in the 8th paragraph on page 14 of the CAFR.

Mr. McIntosh agreed with Trustee Edwards' suggestion.

Trustee Edwards inquired about the "Management Letter" that was presented with the CAFR in the past.

Ms. Miramontes explained that the Government Auditing Standards has changed its requirements, and issues that rise to the level of reporting to the Board are the significant deficiencies and material weaknesses now have to be reported in the CAFR. She said items that appeared in the Management Letter are issues that did not rise to that level of reporting and are relayed to management either verbally or in a letter.

APPROVE ITEMS 3.01 AND 3.02 (continued)

Trustee Edwards asked if the District is still receiving the Management Letters and if the Board is allowed to view the letters.

Mr. McIntosh said staff has received one letter from Kafoury, Armstrong & Co. regarding an accounting issue related to federal programs, and management is in the process of correcting that issue for next year.

Trustee Young referred to Fund Balance for Instructional Supplies as outlined on page 74 of Reference 3.01 1B and asked about schools being allowed to carry their fund balance over instead of the funds reverting back to the general fund.

Mr. McIntosh directed Trustee Young to the "School carryover" line item on page 74.

Motion to recommend that the Board of Trustees accept the District's responses to the independent auditor's recommendations for the fiscal year ended June 30, 2014, with the written narrative and responses being incorporated by reference into the minutes of this meeting, and with the entire report being transmitted and filed as required in NRS 354.624; and recommend approval to accept the independent auditor's statements on NRS compliance for the fiscal year ended June 30, 2014, including the necessary corrective actions, with the statements being transmitted and filed as required in NRS 354.6245.

Motion: Rogers Second: Boyle

Mr. Patin thanked Mr. McIntosh and his staff, Kafoury, Armstrong & Co., and members of the Audit Advisory Committee for their work. He thanked the Board for the level of attention they gave to the items in the report.

Vote on Mr. Rogers' motion was unanimous.

The Board recognized and thanked the Audit Advisory Committee for their work.

PUBLIC COMMENT PERIOD

None.

ADJOURN: 2:22 p.m.

Motion: Rogers Second: Boyle Vote: Unanimous