

Minutes
Clark County School District
Special Meeting of the Board of School Trustees
Edward A. Greer Education Center, Board Room
2832 E. Flamingo Road, Las Vegas, NV 89121

Joint Meeting with the Audit Advisory Committee

Monday, November 15, 2021

5:33 p.m.

Roll Call: Members Present

Linda P. Cavazos, President
Irene A. Cepeda, Vice President
Evelyn Garcia Morales, Clerk
Lola Brooks, Member
Danielle Ford, Member

Members Absent

Lisa Guzman, Member
Katie Williams, Member

Jesus F. Jara, Ed.D., Superintendent of Schools

Also present were: Jason Goudie, Chief Financial Officer, Business and Finance Unit; Cindy Krohn, Director, Board Office; Luke Puschnig, General Counsel, Office of the General Counsel; Joshua Robinson, Chair, Audit Advisory Committee; Eric Bashaw, Member, Audit Advisory Committee; Anna Marie Binder, Member, Audit Advisory Committee; Elsie Lavonne Lewis, Member, Audit Advisory Committee; John Hansen, Audit Manager, Eide Bailly LLP

Teleconference Call Connected

Teleconference call with Trustee Ford was connected at 5:33 p.m.

Adoption of the Agenda

Adopt agenda.

Motion: Brooks Second: Garcia Morales Vote: Unanimous

Public Comment on Agenda and Non-Agenda Items

James Bayliss stated that he is asking for a new lawyer who is ethical to handle his due process because he has evidence that the current lawyer has broken ethic and government laws. In addition, said his child was sexually assaulted at Fremont and he found out when his child told his therapist.

Presentation of the Annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2021

Presentation and discussion of the Annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2021, by representatives from Eide Bailly LLP.

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Presentation of the Annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2021 (continued)

Mr. Robinson asked if anyone had any questions.

Ms. Binder asked whether or not non-major special revenue funds are subject to the same auditing criteria as the pass-through programs.

Mr. Hansen explained that special revenue funds are under general accepted accounting principles, and the federal funds are audited under uniform guidance.

Ms. Lewis asked if an A133 audit is required for the District.

Mr. Hansen said yes and explained that uniform guidance superseded the A133.

Mr. Bashaw added that they are both audited but under different standards, one under general government accounting standards and the other under uniform guidance standards.

Mr. Hansen said the primary objective of the uniform guidance audit is compliance with the federal requirements for the use of those funds.

Ms. Binder asked who completes the UG audit.

Mr. Hansen explained that Eide Bailly completes the UG and that there is a separate audit report.

Mr. Goudie thanked the Accounting team for their work this year and keeping controls over the financial system.

Mr. Goudie reviewed key items in the Comprehensive Annual Financial Report (CAFR), as shown in Reference 3.01(B), which included the Letter of Transmittal, Management's Discussion and Analysis, General Obligation Bonds Schedule, General Fund Balance Sheet, Property Tax Rates, Principal Property Tax Payers, Legal Debt Margin, Demographic and Economic Statistics, Principal Employers in Clark County, District Employees by Function/Program, and Cost per Student.

Mr. Hansen expressed gratitude to Mr. Goudie, Ms. Hughes, and their team in assisting them in their audit.

Mr. Hansen reviewed the Annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2021, as shown in Reference 3.01(A).

Trustee Cepeda said she may have missed the carry over piece.

Presentation of the Annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2021 (continued)

Mr. Goudie explained there are three components: school carry over service level agreements which is approximately \$3.7 million, school carry over supplies which is approximately \$93.4 million, and school carry over net vacancy which is around approximately \$84.5 million. He said there is an additional item school carry over supplies that are gate proceeds which is the schools' money.

Approve Independent Auditor's Narrative Report of Recommendations and District Responses to Recommendations for the Fiscal Year Ended June 30, 2021, and Independent Auditor's Statements on Nevada Revised Statutes Compliance

Approval to accept the Clark County School District's responses to the independent auditor's recommendations for the fiscal year ended June 30, 2021, 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 Nevada Revised Statutes (NRS) 354.624; and approval to accept the independent auditor's statements on NRS compliance for the fiscal year ended June 30, 2021, including the necessary corrective actions, if any, with the statements being transmitted and filed, as required in NRS 354.6245, as recommended in Reference 3.02 (A).

Mr. Hansen highlighted points in the Independent Auditor's Narrative Report of Recommendations and District Responses to Recommendations and Independent Auditor's Statements on Nevada Revised Statutes (NRS) Compliance, as shown in Reference 3.02 (A).

Mr. Goudie reviewed the Corrective Action Plan of the Independent Auditor's Narrative Report of Recommendations and District Responses to Recommendations and Independent Auditor's Statements on Nevada Revised Statutes (NRS) Compliance, as shown in Reference 3.02 (A).

Mr. Robinson asked if it can be clarified for the public that the misreported approvals were rectified.

Mr. Goudie explained that upon notification, appropriate adjustments were made to ensure the financial statements included these amounts.

Trustee Cavazos confirmed with Mr. Goudie that the District is in compliance and he said yes.

Mr. Hansen reviewed and highlighted some points in the additional reference 3.02 (A).

Trustee Cavazos asked about a misunderstanding with Clark County and asked Mr. Hansen to elaborate for the public.

Mr. Hansen explained there was a personal property tax issue where there was back and forth and lack of clarity on whether or not the District was provided a complete report. He said it took time to figure out what the right number was.

Approve Independent Auditor’s Narrative Report of Recommendations and District Responses to Recommendations for the Fiscal Year Ended June 30, 2021, and Independent Auditor’s Statements on Nevada Revised Statutes Compliance (continued)

Trustee Cavazos asked Mr. Goudie to elaborate.

Mr. Goudie spoke about the 600 page report and the manual process that they go through. He said they noticed two times through their review that the amount seemed low. Mr. Goudie said they contacted the County for explanation, and the County said that during Covid there was an increase in delinquencies that could be attributing to that factor.

Mr. Goudie spoke about three items in Note 11 that were disclosed. The first was related to the major special revenue fund reflects an overage of \$29 million. This exceeded the budget but did not exceed the amount that was granted as additional funding from ESSER. The second was a small amount that relates to class size reduction where there was additional funding of \$213,000 after the amended final budget was submitted. Mr. Goudie said a letter was sent to the State to let them know we will continue to work with them and provide an action plan.

The third item was an investment violation. The District is not allowed to invest more than 5% in one corporation and there was one transaction that brought it up to 6.1%. It was reversed quickly and corrective actions were added.

Trustee Garcia Morales thanked Mr. Goudie, Eide Bailey, and the Audit Advisory Committee for their time and attention on the comprehensive report. She disclosed that her employer contracts services from Eide Baily, and she doesn’t believe this has any impact on her ability to vote on this item.

Trustee Cepeda thanked everyone for their work and comprehensive report.

Trustee Cavazos acknowledged the hard work and said the work of the Audit Advisory Committee and Eide Baily is appreciated.

Motion to approve the Clark County School District’s responses to the independent auditor’s recommendations for the fiscal year ended June 30, 2021, 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 Nevada Revised Statutes (NRS) 354.624; and approval to accept the independent auditor’s statements on NRS compliance for the fiscal year ended June 30, 2020, including the necessary corrective actions, if any, with the statements being transmitted and filed, as required in NRS 354.6245.

Motion: Brooks Second: Garcia Morales Vote: Unanimous

Authorize 2020-2021 Recap of Budget Appropriation Transfers

Authorization to include the Recap of Budget Appropriation Transfers between governmental functions of all funds for the period beginning July 1, 2020, and ending June 30, 2021, in the official Board minutes, as recommended in Reference 4.01.

Mr. Goudie presented the Recap of Budget Appropriation Transfers that happened throughout the year, as outlined in Reference 4.01.

Trustee Garcia Morales asked if this item requires a separate motion of approval.

Trustee Cavazos answered Trustee Garcia Morales and said yes.

Ms. Binder asked if there is any reason the Medicaid fund is going down. She said there is money in reserve and every year the District is using that. She stated that this year the ending balance is \$1.6 million and in previous years it was higher. Ms. Binder asked if Medicaid is a reimbursement.

Mr. Goudie said Medicaid is a reimbursement program and said he can find out what's going on with the reductions and decline.

Trustee Ford requested that when that information is received that it be sent to the Board.

Ms. Binder asked how much was saved on utilities this school year.

Mr. Goudie said he didn't have that number, but said he can get that information.

Ms. Binder said the number was very precise last year and money was moved into the reserve fund but didn't see anything in these reports. In addition, said she didn't see a reference in the financial statements for the non-major funds reflecting money given back to the State for the budget shortfall due to the pandemic.

Mr. Goudie asked if Ms. Binder was referring to budget reductions that happened in the 2020 Special Session.

Ms. Binder asked if that was the previous one because she believes it happened before June 30.

Mr. Goudie said budget reductions would be disclosed in the budget process and disclosed that there were around \$90 million in cuts that were reflected when budgets were released.

Ms. Binder said it is noted that separate accounting is required for Special Education and just short of \$350 million was transferred from the general fund to cover Special Education. She asked if that is a straight transfer and if it has the same accountability.

Authorize 2020-2021 Recap of Budget Appropriation Transfers (continued)

Mr. Goudie explained it has the same accountability and Special Education costs approximately \$450-500 million per year. He said the State provides \$120-150 million, which is for all students. He stated that there are pieces that they fund which are part of the general fund and pieces specific to Special Education. The required amount is spent on IEP's and money is transferred to the general fund.

Motion to approve Item 4.01.

Motion: Brooks Second: Cepeda Vote: Unanimous

Upcoming Meeting of the Board of Trustees – Monday, November 18, 2021, 5:00 p.m.

Trustee Cavazos stated the November 18, 2021, Board meeting would be held in the Board Room at the Ed Greer Education Center at 5:00 p.m. and the December 1, 2021 meeting will be a Joint Meeting with the Bond Oversight Committee.

Public Comment on Agenda and Non-Agenda Items

None.

Adjourn: 6:36 p.m.

Motion: Brooks Second: Garcia Morales Vote: Unanimous

Minutes prepared by Denise Zagby.