

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

Friday, November 15, 2013

8:06 a.m.

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Roll Call:    Members Present  
Carolyn Edwards, President  
Deanna L. Wright, Vice President  
Erin E. Cranor, Clerk  
Chris Garvey, Member  
Patrice Tew, Member  
Linda E. Young, Member  
Vacant, Member

Pat Skorkowsky, Superintendent of Schools

Also present were: Mary Ann Peterson, Board Counsel, District Attorney's Office; Jim McIntosh, Interim Chief Financial Officer, Business and Finance Division; Staci Vesneske, Chief Human Resources Officer; Human Resources Division; Cindy Krohn, Executive Assistant, Board Office; Elizabeth Carrero, Executive Manager, Office of the Superintendent; Lisa Chrapcynski, Administrative Secretary II, Board Office; Loreasa Nary, Administrative Secretary II, Board Office; Tammy Miramontes, Audit Manager, CPA, Kafoury, Armstrong, & Co.; Patrick Patin, Chairman, Audit Advisory Committee; Colleen Boyle, Member, Audit Advisory Committee; Anthony Mook, Member, Audit Advisory Committee; Patricia Morris, Member, Audit Advisory Committee; B. Keith Rogers, Member, Audit Advisory Committee; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

**FLAG SALUTE**

Trustee Garvey led the Pledge of Allegiance.

**ADOPT AGENDA**

*Adopt agenda, except taking Items 3.01 and 3.02 together.*

*Motion: Young    Second: Tew    Vote: Unanimous*

*Trustee Wright was not present for the vote.*

*The Audit Advisory Committee called their meeting to order at 9:08 a.m. and adopted their agenda as follows:*

*Motion: Rogers    Second: Mook    Vote: Unanimous*

*Ms. Morris was not present for the vote.*

**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, 2013**

Presentation and discussion of the annual Independent Auditor's Report for the Fiscal Year Ended June 30, 2013, 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, 2013, 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, 2013, 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, 2013, 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. Miramontes presented and explained the Independent Auditor's Report for the fiscal year ended June 30, 2013.

**AUDIT ADVISORY COMMITTEE MEMBER ARRIVES**

Ms. Morris arrived at the Board at 8:14 a.m.

**APPROVE ITEMS 3.01 AND 3.02 (continued)**

Ms. Miramontes continued presenting the 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; the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular Ad-133; the CCSD Summary Schedule of Prior Audit Findings for the Year Ended June 30, 2013; and CCSD Auditor's Comments June 30, 2013, and she explained the auditor's findings.

Mr. McIntosh explained that with reference to Note 11 on page 86 of 218, the District is required by state statute to report when there are expenditures over budgeted appropriates, which means that the District spent more than was budgeted, not that the District's accounts went into the negative.

### **APPROVE ITEMS 3.01 AND 3.02 (continued)**

Mr. McIntosh said the two incidents of that happening this year were in the class-size reduction fund and the states grants fund. He said the District does budget for overages in some cases.

### **BOARD MEMBER ARRIVES**

Trustee Wright arrived at the Board meeting at 8:33 a.m.

### **APPROVE ITEMS 3.01 AND 3.02 (continued)**

Mr. Patin commended Mr. McIntosh and his staff for receiving a clean audit and thanked Kafoury, Armstrong & Co. for their work.

The Board members recognized and thanked the Audit Advisory Committee; Kafoury, Armstrong & Co.; Trustee Cranor; Mr. McIntosh; Superintendent Skorkowsky; former Chief Financial Officer, Jeff Weiler; and Bill Sampson, Director, Budget Department, Business and Finance Division, for their work and commitment.

*Motion to accept the recommendations of the audit report as presented.*

*Motion: Young Second: Cranor Vote: Unanimous*

Mr. McIntosh asked that for purposes of the Department of Taxation, the language of Item 3.02 be read into the record as part of the motion and that the Board accept the corrective action with reference to Note 11.

*Motion that the Board reconsider the previous motion.*

*Motion: Cranor Second: Wright Vote: Unanimous*

*Trustee Edwards read Item 3.02 as the motion as follows: "Independent auditor's narrative report of recommendations and district responses to recommendations for the fiscal year ended June 30, 2013, and independent auditor's statements on Nevada Revised Statute compliance. Discussion and possible action on approval to accept the District's responses to the independent auditor's recommendations for the fiscal year ended June 30, 2013, 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, 2013, including the necessary corrective actions, with the statements being transmitted and filed as required in NRS 354.6245, is recommended."*

*Motion to accept the motion as stated and the necessary corrective actions.*

*Motion: Young Second: Cranor Vote: Unanimous*

### **AUDIT ADVISORY COMMITTEE PUBLIC COMMENT PERIOD**

None.

*The Audit advisory committee adjourned their meeting at 8:51 a.m. as follows:*

*Motion: Rogers Second: Morris Vote: Unanimous*

## **POLICY GOVERNANCE REVIEW**

Presentation and discussion of the annual independent auditor's report on assessment of compliance with Board governance policies EL-5: Financial Planning/Budgeting; EL-6: Financial Condition and Activities; EL-8: Asset Protection; and EL-9: Compensation and Benefits, by representatives from Kafoury, Armstrong & Co.

Ms. Miramontes presented the external auditor's review of Board policies and said the Board was found to be in compliance with their Governance Policies EL-5: Financial Planning/Budgeting, EL-6: Financial Condition and Activities, EL-8: Asset Protection, and EL-9: Compensation and Benefits.

Trustee Edwards questioned why these appear here on the agenda since the Board has voted on the superintendent's compliance of these items previously and since these were part of the auditor's report for compliance.

Ms. Miramontes said the auditors must present their findings independently of the superintendent's presentation of his interpretation to the Board.

Superintendent Skorkowsky said an internal compliance and an external evaluation are required. He explained that the internal reports were presented previously, and they are being presented here with any interpretation of the external review of the policies to ensure compliance for both pieces. He said the internal reports of Governance Policies EL-5: Financial Planning/Budgeting, EL-6: Financial Condition and Activities, and EL-8: Asset Protection were presented on September 27, 2012, and then the reports for Governance Policies EL-5: Financial Planning/Budgeting, EL-6: Financial Condition and Activities, and EL-8: Asset Protection and EL-9: Compensation and Benefits were issued on November 7, 2012.

Trustee Edwards said she does not believe the monitoring reports have come forward in this manner after an external audit, and she said there may need to be a conversation about how the Board monitors because there are some conflicts between the internal and the external reports.

## **APPROVE MONITORING REPORT – EL-5: FINANCIAL PLANNING/BUDGETING – 2012-2013**

Approval regarding the monitoring report for Governance Policy EL-5: Financial Planning/Budgeting – 2012-2013.

*Motion to accept in compliance insofar as it was tested by Kafoury, Armstrong & Co.*

*Motion: Cranor      Second: Young*

Trustee Edwards said these monitoring reports have no reporting data but simply refer to the auditor's report. She pointed out instances throughout the monitoring report where she does not feel the audit adequately evaluates the compliance of these policies and where the auditor simply reviewed the Board's meeting minutes. She questioned to what extent the Board wants the external auditor to evaluate the compliance of these policies.

**APPROVE MONITORING REPORT – EL-5: FINANCIAL PLANNING/BUDGETING – 2012-2013**  
(continued)

Superintendent Skorkowsky pointed out that according to BoardDocs® this is the manner in which these policies were presented last year. He said if the Board wishes to change the procedure for next year, he would comply with that.

Trustee Cranor suggested that the Board could accept each of the monitoring reports in compliance insofar as they were tested by Kafoury, Armstrong & Co., or the Board could take no action on these items and treat them as informational.

Trustee Edwards said that she wants to be sure that the Superintendent is protected by the monitoring reports and that the Board is protected if the Superintendent is not in compliance. She said she believes there are aspects of these policies that the independent auditor should weigh in on and aspects that she feels they should not. She suggested that the Board have a discussion on these issues.

Superintendent Skorkowsky said in the future if a vote is not going to be required, that needs to be reflected in the documents, so staff needs clear direction from the Board.

Trustee Edwards suggested that perhaps the external monitoring reports should come forward prior to the internal monitoring reports or the Board should have the ability to reconsider previous votes.

Superintendent Skorkowsky suggested that staff could submit their interpretation of these policies to Kafoury, Armstrong & Co. as part of the documentation for the external audit.

Trustee Young recommended that this process be reviewed at another time so the Board and the superintendent are clear.

*Trustee Cranor amended her motion as follow: Motion to accept the external auditor's assessment of EL-5: Financial Planning/Budgeting.*

*Trustee Young agreed to that amendment.*

*Vote on Trustee Cranor's motion was unanimous.*

**APPROVE MONITORING REPORT – EL-6: FINANCIAL CONDITION AND ACTIVITIES – 2012-2013**

Approval regarding the monitoring report for Governance Policy EL-6: Financial Condition and Activities – 2012-2013.

Trustee Edwards commented on Compliance Issue Number 4 on page 4 of 10 and suggested that the report should include the date on which the waiver was provided.

**APPROVE MONITORING REPORT – EL-6: FINANCIAL CONDITION AND ACTIVITIES – 2012-2013 (continued)**

*Motion to accept the external auditor's assessment of EL-6: Financial Condition and Activities, noting that it would have been preferred to have the date of the waiver included.*

*Motion: Cranor Second: Young*

Trustee Edwards said that Kafoury, Armstrong & Co. makes note of an issue concerning Regulation 3110, specifically that the regulation refers to 2 percent of projected annual revenues, but that the compliance issue is in regards to projected annual expenditures. She said this issue should be addressed and should come back to the Board for discussion.

*Vote on Trustee Cranor's motion was unanimous.*

**APPROVE MONITORING REPORT – EL-8: ASSET PROTECTION – 2012-2013**

Approval regarding the monitoring report for Governance Policy EL-8: Asset Protection – 2012-2013.

*Motion to accept the external auditor's assessment of EL-8: Asset Protection.*

*Motion: Cranor Second: Young Vote: Unanimous*

**APPROVE MONITORING REPORT – EL-9: COMPENSATION AND BENEFITS – 2012-2013**

Approval regarding the monitoring report for Governance Policy EL-9: Compensation and Benefits – 2012-2013.

*Motion to accept the external auditor's report on EL-9: Compensation and Benefits.*

*Motion: Cranor Second: Wright*

Trustee Cranor noted that with relation to the two issues specifically identified by Kafoury, Armstrong & Co. to be tested, neither issue is reflected in the minutes of the September 26, 2013, Board meeting of the Board's discussion on EL-9 for finding non-compliance on this policy.

Trustee Edwards asked if the statement made in Compliance Issue Number 1 on page 10 of 10, "...it appears that the Superintendent did not change his own compensation or benefits," could be stronger or include more information.

Mr. McIntosh said the independent auditor would be amenable to discussing the testing for each one of these compliance items. He explained that in this instance the testing that was conducted was a comparison of the contract and determination that it does not appear that the Superintendent changed his contract.

Superintendent Skorkowsky suggested that verifying the contract and reviewing the paystubs that can be provided should allow the auditor to make a stronger statement.

**APPROVE MONITORING REPORT – EL-9: COMPENSATION AND BENEFITS – 2012-2013**  
(continued)

*Vote on Trustee Cranor's motion was unanimous.*

Trustee Tew asked when the language modification would be made.

Trustee Edwards said the language modification would be a request for the next independent auditor.

**AUTHORIZE 2012-2013 RECAP OF BUDGET APPROPRIATION TRANSFERS**

Authorization to include the Recap of Budget Appropriation Transfers Between Governmental Functions for the period beginning July 1, 2012, and ending June 30, 2013, in the official Board minutes, as recommended in Reference 4.05.

Mr. McIntosh presented a recap of a year's worth of budget appropriation transfers that were made as they differ from the amended final budget, as shown in Reference 4.05.

Trustee Cranor noted that in the title of each recap on pages 2 through 6 of Reference 4.05, it should say "for the year ending June 30, 2013."

*Motion to accept the budget recap as presented with the minor correction noted.*

*Motion: Garvey Second: Tew Vote: Unanimous*

**APPROVE BUDGET REVIEW**

Discussion and possible action on approval of assumptions and conditions for the development of the 2013-2014 Revised Amended Final Budget, as recommended in Reference 4.06.

Mr. McIntosh said the amended final budget would be presented to the Board on December 12, 2013. He presented here changes that have been made since the final budget was presented, including an increase in enrollment, the actual per pupil amount the District would receive, which is \$12 per student more than anticipated, an increase in sales tax revenue, and new and expanded state grants.

Superintendent Skorkowsky clarified that the kindergarten class size ratio was 21:1, but state law allows up to 25:1. He said he is in the process of adding staff, and portables are being added to campuses to meet that state mandated ratio of below 25:1.

Mr. McIntosh clarified that when staff refers to staffing at 100 percent, that is based on ratios of 30:1 at the elementary level and 32:1 at the secondary level, and that the District is budgeting to class sizes at this time of 32:1 at the elementary level and 35:1 at the secondary level, or staffed at 95 percent. He said now staff budgets to a class size as opposed to referring to a percentage.

**APPROVE BUDGET REVIEW (continued)**

Superintendent Skorkowsky said the reason for that shift in referencing how schools are staffed was because of the confusion it caused.

Trustee Edwards said it would have been helpful for the Board to be informed of this change so they are using the same language when having discussions with parents and community members.

Trustee Cranor offered a statement that spoke to where she believes the District can go in terms of the information used in budget planning in working for student success in contrast to what has traditionally been done in the past.

Trustee Young said there needs to be communication to the public that states the District's needs and priorities in terms the public understands so they are willing to support the District in acquiring adequate funding.

Trustee Garvey expressed hope for the community and the District and Board working together moving forward in the shift to financial transparency and applying fiscal governance to the priorities.

Superintendent Skorkowsky said he would provide a document based on the Board's discussion here that will compare the 10 largest school districts in the nation and will show class sizes, per pupil funding, and administrative ratios. He said staff will also look at how this information can be placed in Open Book.

Trustee Edwards suggested the assumption statement could be stronger in terms of aligning with priorities and being clear to the public. She said there needs to be some clarification and cohesiveness of the funding calculations and how schools are reported on throughout the state.

*Motion to approve the assumptions and conditions for the development of the 2013-2014 Revised Amended Final Budget.*

*Motion: Cranor     Second: Tew*

Mr. McIntosh clarified that it is only the amended final budget.

*Trustee Cranor amended her motion to approve the assumptions and conditions for the development of the 2013-2014 Amended Final Budget.*

*Trustee Tew agreed to that amendment.*

*Vote on Trustee Cranor's motion was unanimous.*



**AGENDA PLANNING: ITEMS FOR FUTURE AGENDAS**

Trustee Edwards requested a report on the National Assessment of Educational Progress (NAEP) scores and implications of those scores and implications for possible changes.

Trustee Cranor requested a future retreat where the Board would be trained in the use of Open Book and have an opportunity to brainstorm better ways of utilizing Open Book.

Trustee Wright requested that a discussion on Policy 4380 be brought back for a possible language change to address the use of vapor cigarettes.

Trustee Edwards said a discussion on the capital program needs to take place.

**DISCUSSION AND REQUEST FOR SPECIAL MEETINGS**

None.

**PUBLIC COMMENT PERIOD**

None.

**ADJOURN:** 10:43 a.m.

*Motion: Cranor    Second: Young    Vote: Unanimous*