

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

BUDGET AND AUDIT WORK SESSION

Monday, November 19, 2007

9:02 a.m.

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Roll Call: Members Present

Ruth L. Johnson, President  
Terri Janison, Vice President  
Mary Beth Scow, Clerk  
Sheila Moulton, Member  
Carolyn Edwards, Member

Members Absent

Larry P. Mason, Member  
Shirley Barber, Member

Dr. Walt Rulffes, Superintendent of Schools

Also present were: Dr. Lauren Kohut-Rost, Deputy Superintendent, Instruction Unit; Jeffrey Weiler, Chief Financial Officer, Finance and Operations Division; Jim McIntosh, Deputy Chief Financial Officer, Accounting Department, Finance and Operations Division; Bill Sampson, Director II, Budget Department, Finance and Operations Division; Tami Miramontes, Shareholder, MGT of America; Anna Danchik, Senior Manager, MGT of America; Cindy Krohn, Executive Assistant, Board Office; Lisa Chrapcynski, Administrative Secretary II, Board Office; and Stephanie Gatlin, Transcriber/Recording Secretary, Board Office.

**TELECONFERENCE CALL CONNECTED**

Teleconference call with Trustee Edwards was connected at 9:02 a.m.

**ANNOUNCEMENTS**

Mrs. Johnson noted that Mr. Mason and Dr. Rulffes are representing the Board and the district at the Milken Family Foundation awards ceremony in Mr. Mason's district this morning.

**ADOPT AGENDA**

*Adopt agenda.*

*Motion: Moulton    Second: Scow    Vote: Unanimous*

**PUBLIC HEARINGS/RESPONSE TO PUBLIC COMMENT**

None.

**PRESENTATION OF THE ANNUAL INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Presentation and discussion of the annual Independent Auditors' Report for the Fiscal Year Ended June 30, 2007, by representatives from Kafoury, Armstrong & Co., as recommended in Reference 3.01.

**PRESENTATION OF THE ANNUAL INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007 (continued)**

Ms. Miramontes described the reports contained in the Comprehensive Annual Financial Report (CAFR) and briefly went over the auditors' findings.

Mrs. Johnson asked if there were any sanctions associated with the reporting process because of budget violations noted due to unanticipated expenditures.

Mr. McIntosh explained that there must be a compliance letter submitted to the Department of Taxation along with an explanation and a recommendation to avoid the same from happening in the future.

Mrs. Janison asked that the Board receive a copy of the letter.

Ms. Miramontes commended the district for an excellent job.

Mrs. Johnson asked what the guidelines are for determining what is included in the CAFR.

Ms. Miramontes explained that the findings and recommendations are governed by the Government Auditing Standards termed the Yellow Book, and it lists what items are to be included in the CAFR. She stated the items included in the management letter are on a much lower level, and those are not significant deficiencies or material weakness but just items that were noticed by the auditors which could make the district even stronger.

Mrs. Johnson stated she believed the fact that the governing board has specific policies tied to the financial issues is significant. She suggested there could be a letter attached to the auditors' report to reflect that the governing board has specific policies that cover these issues, and they were reviewed at the recommendation of the Board and were found to be compliant.

Ms. Miramontes suggested that such a letter could be supplemental. She continued with an explanation of the auditors' management letter comments and the Governance Policy report.

Mrs. Moulton asked if the state is earning interest on the money that is owed the district when the district receives money late.

Mr. McIntosh answered, yes, that does occur.

Mr. Sampson explained the process of receiving the Public Employees Retirement System (PERS) monies.

Mrs. Moulton requested that if staff is seeing the district receiving its money late as a trend, they make the Board aware.

Ms. Miramontes continued with her presentation of the auditors' reports. She mentioned that 13 schools have issues that continually lead to them not receiving a clean audit report, and the auditors' recommendation is that the district should provide adequate training so that the employees are able to perform their duties efficiently and to receive clean reports from the internal auditors.

Mrs. Janison asked for specifics concerning the types of issues occurring in those schools.

**PRESENTATION OF THE ANNUAL INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007 (continued)**

Ms. Danchik cited examples, such as the principal may be giving their payroll password to the office administrator to approve payroll, school bank deposits not being made in a timely matter, and the purchase cards not being logged out.

Mr. Weiler stated it is very difficult to receive a clean or perfect audit considering the volume of transactions being performed throughout the school district.

Mrs. Moulton asked for a definition of "at risk" as used in the audit.

Ms. Danchik stated that is the school district's internal audit terminology.

Dr. Kohut-Rost stated it was her understanding that "at risk" signifies that there have been repeat minor inconsistencies.

Trustee Edwards asked if the incidents that are causing schools to receive less than perfect audits are being investigated to see if these issues are happening repeatedly.

Mr. Weiler answered, yes, and there is feedback through the regions, which is then followed up with the schools.

Dr. Kohut-Rost explained the procedure for handling the repeat issues at the schools.

Ms. Miramontes continued, stating that the auditors found the Superintendent and his staff to be in compliance with all of the Board policies.

With relation to Compliance Issue Number 10, page 6 of 10, Mrs. Janison asked what type of input does the district receive from administrators and teachers on what their needs are at the school level before those line items are approved, such as technology or supplies.

Mr. Weiler stated there is input throughout the formal budget process and various advisory meetings.

Mrs. Janison pointed out that the district spends millions of dollars on technology but does not provide the basic supplies that are needed in the classroom.

Dr. Kohut-Rost stated there are competing interests with a limited fiscal budget, but there is ongoing communication to address the needs of the schools.

Mrs. Johnson asked if Mr. Weiler would elaborate on Compliance Issue Number 10 at the November 29, 2007, Board meeting. She asked if the Board would allow her to put an article together for the trustees' newsletters including the audit findings, and that would talk about the level of oversight the Board has with regard to the district's finances.

With regard to Compliance Issue Number 5, page 4 of 10, Trustee Edwards commented that after speaking with Mr. Weiler, this information concerning the bond rating needed to be looked into and possibly corrected.

**PRESENTATION OF THE ANNUAL INDEPENDENT AUDITORS' REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2007 (continued)**

Mr. Weiler explained that the underlying rating is AA, and that the AAA rating is reflective of the bond insurance paid for by the district. He suggested that in the future a note should be attached to this compliance issue to that effect. He offered to provide Trustee Edwards with additional information.

Mr. Sampson added that it is virtually impossible for any district or municipality to qualify on their own as an AAA rating due to the heavy reliance on the gambling industry in this state, and he believed the AA rating is a commendable accomplishment.

**APPROVE INDEPENDENT AUDITORS' NARRATIVE REPORT OF RECOMMENDATIONS AND DISTRICT RESPONSES TO RECOMMENDATIONS - FISCAL YEAR ENDED JUNE 30, 2007 - AND INDEPENDENT AUDITORS' STATEMENTS ON NEVADA REVISED STATUTE COMPLIANCE**

Approval to accept the district's responses to the independent auditors' recommendations for the fiscal year ended June 30, 2007, 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 auditors' statements on NRS compliance for the fiscal year ended June 30, 2007, and requiring no corrective action, with the statements being transmitted and filed as required in NRS 354.6245, as recommended in Reference 3.02.

*Motion to accept the auditors' recommendations.*

*Motion: Janison Second: Scow Vote: Unanimous*

**APPROVE BUDGET REVIEW**

Approval of assumptions and conditions for the development of the 2007-08 Amended Final Budget, development assumptions for the 2008-09 Tentative Budget, and future budget development process, as recommended in Reference 3.03.

Mr. Weiler gave a PowerPoint® presentation of the amended final budget.

Mrs. Moulton pointed out that with regard to the increase in per-pupil funds, taking into consideration the increase in student enrollment and the increase in the cost of living, it actually amounts to not having a tangible increase in funds.

Mr. Weiler continued with the presentation, going into the Major Assumptions 2008-2009 Tentative Budget Development.

Mrs. Johnson noted that this would come back before the Board for approval at the December 13, 2007, Board meeting.

*Motion to accept the assumptions for the 2008-2009 proposed tentative budget development.*

*Motion: Scow Second: Moulton*

Trustee Edwards asked if the teachers' retirement health care issue has been taken into account for the 2008-2009 budget.

Mr. Weiler stated the district would not be capable of carrying that expense, but there was ongoing communication concerning this issue, and some options would be forthcoming.

**APPROVE BUDGET REVIEW** (continued)

Trustee Edwards asked for an update on this issue as it becomes available.

Mrs. Johnson suggested that staff could bring a report forward to the Board at the November 29, 2007, Board meeting.

Mrs. Janison questioned the subsidies for retirees' and public employees' benefits that are now coming out of the Distributive School Account (DSA).

Mr. Sampson explained that those funds were previously out of a separate account and are now part of the DSA.

Mrs. Janison questioned whether or not this change would cause money to be taken away from students.

Mr. Sampson said according to the state, the DSA had been increased to reflect that transfer.

Mr. Weiler agreed that this is a concern, and he stated it was being monitored very closely.

*Vote on Mrs. Scow's motion was unanimous.*

**ADJOURN:** 10:36 a.m.

*Motion: Scow    Second: Moulton    Vote: Unanimous*