



NEWARK UNIFIED SCHOOL DISTRICT  
Audit Committee

NUSD District Office, Board Library  
5715 Musick Avenue, Newark, CA 94560

December 19, 2017  
5:00 p.m.

## MINUTES

I. **Call to Order**

II. **Roll Call**

In attendance by 5:00 pm were members Nancy Thomas, Francisco Preciado and Lynne Klein. Also present were NUSD staff members Bryan Richards, Kim Lola and Sarah Wilson. Sarah Fiehler from Christy White was present on the phone.

III. **Adoption of Agenda** (Discussion/Action)

Ms. Klein moved, Mr. Preciado seconded approval of the agenda for this meeting. The motion passed with 3 AYES (Lynne Klein, Francisco Preciado and Nancy Thomas).

IV. **Public Comments**

There were none.

V. **Approval of Minutes** (Discussion/Action)

Ms. Klein moved, Mr. Preciado seconded approval of the minutes from the November 3, 2017 meeting, provisional upon one correction being made. Strike "Dutra Cerro Graden" from the sentence: "Justification studies (such as from Davis Demographics and Dutra Cerro Graden) are fine Fund 25 expenditures, in her opinion." The motion passed with 3 AYES (Lynne Klein, Francisco Preciado and Nancy Thomas).

VI. **FCMAT Report** (Discussion)

Ms. Thomas said to move this item to after Audit Report. Consensus reached; no need for motion/voting.

Community member Mr. Cary Knoop said Audit Committee should vote as to what to do regarding FCMAT's findings. Ms. Thomas asked Mr. Preciado and Ms. Klein what they think. Mr. Preciado said Audit Committee should present priorities (from FCMAT's recommendations) to the Board. Mr. Richards noted that Board had already made decisions.

Mr. Preciado suggested making sure what the Board has already decided on gets implemented in the best ways. Ms. Thomas and Mr. Preciado are concerned about accountability for the Board. Mr. Richards said past twelve Board study sessions (six in 2016-17 and six in 2017-18 so far) held on the budget were meant to address that.

Mr. Preciado asked Mr. Richards if staff has prioritized FCMAT recommendations. Mr. Richards said yes, staff was tackling recommendations both before and after report came out.

Mr. Richards said Audit Committee is welcome to make suggestions and ask questions.

Ms. Klein asked what happened to lead NUSD to budget problems. Some factors are known – enrollment down, etc. She noted there are questions in the community re the recent budget cuts.

Ms. Thomas said one issue was getting complacent with one-time money.

Mr. Richards said many pieces: 15 years of declining enrollment; staffing has declined in step. Retirement pay-outs (STRS and PERS) have increased. Regular salary increase pressures. No cash to pay for COLA. Cost of goods going up. Revenue from state declining for some of the past few years.

Mr. Preciado suggested Audit Committee come up with a one-page explanation, outlining steps being taken to address need for budget cuts.

Mr. Preciado said Interim Reports show what happened after the fact. Mr. Richards noted that the reports also show projections. “Budget Assumptions Narrative” is also part of interim reports.

Ms. Klein asked if cuts have been approved. Mr. Richards said yes; they were approved December 5, 2017.

#### VII. **Audit Report** (Discussion)

Sarah Fiehler from Christy White Associates joined the meeting by telephone to review the 2016-17 audit with the committee.

Ms. Fiehler said District’s responsibility is to design and implement controls. Auditors’ responsibility is to issue opinion over financial statements. Opinion is un-modified. Summary on page 81 of Audit Report. Ms. Fiehler discussed page 85 and 86. She said it was a great audit year for NUSD; there has been improvement since previous audits.

Ms. Thomas had a question on page 9 (PDF page 13) – middle of page – she does not recall getting monthly update for Board to approve. Mr. Richards explains that it’s done quarterly. Mr. Preciado suggests a monthly budget with actuals. Ms. Thomas said good idea; an at-a-glance that could be looked at throughout the year, especially given budget cuts underway.

Thomas suggests that Audit Committee recommend that the Board accept the Audit Report on January 16. Michael Ash (from Christy White) will be the one to present at Board meeting on January 16, 2018.

#### VIII. **Future Meetings** (Discussion/Action)

Ms. Thomas said that after this meeting, she’ll no longer be a member of Audit Committee.

Ms. Klein could do as many as four 2-year terms. Ms. Klein’s 1<sup>st</sup> term expired January 2017. Ms. Klein’s 2<sup>nd</sup> term will expire until January 2019.

A future meeting will be determined by the future Audit Committee. The normal next meeting would be when auditors next visit, between March and April of 2018.

The two Board members who are to be the two Audit Committee members will be determined at the Board meeting on January 16, 2018.

IX. **NUSD Comments**

Mr. Richards thanked Ms. Lola for all the work that went in to getting a clean Audit Report.

X. **Audit Committee Member Comments**

There were none.

XI. **Adjournment**

The meeting adjourned at 6:26 pm.