

Oakland Unified School District

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Meeting Minutes Long - Final

Monday, March 7, 2016

6:00 PM

**KDOL TV Studio, B-237, Met West High School Entrance, 314 East 10th Street,
Oakland, CA 94606-2291**

Audit Committee

Dan Lindheim, Chair
Gregory Redmond, Vice Chair
Beverly Hansen, Secretary
Members: Edward Berne, Frank Tsai

A. Call to Order

Chairperson Dan Lindheim called the meeting to order at 6:08 P.M.

B. Roll Call

Present 5 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

C. Chairperson's Statement Disclosing Item(s) to be Discussed in Closed Session Today

Chairperson Lindheim stated the meeting will recess to Closed Session to discuss the Legal Matter as printed on the agenda.

D. Closed Session Item(s):

16-0549 Conference With Legal Counsel - Anticipated Litigation

Initiation of Litigation Pursuant to Subdivision (c) of Section 54956.9: 1 case.

Recess to Closed Session

Chairperson Lindheim recessed the meeting to Closed Session at 6:09 P.M.

F. Reconvene to Public Session

Chairperson Lindheim reconvened the meeting to Public Session at 7:09 P.M.

G. Second Roll Call

Present 5 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

H. Chairperson's Statement of Reportable Action Taken in Closed Session and the Vote or Abstention of Members Present, if any.

Chairperson Lindheim stated there was no reportable action taken in Closed Session today.

I. Election of Officers - 2016 Term

16-0265 Nomination(s), Chair, Audit Committee

Acceptance of Nomination(s) from the membership for the position of Chair, Audit Committee - 2016 Term.

Chairperson Lindheim opened the nominations for the Office of Committee Chairperson.

Committee Member Edward Berne nominated Dan Lindheim for Committee Chairperson.

There were no other nominations.

Chairperson Lindheim closed the nominations.

16-0266 Election of Chair, Audit Committee - 2016 Term

Shall Dan Lindheim be elected Chair, Audit Committee - 2016 Term?

Dan Lindheim was elected Committee Chairperson, by the following vote.

Aye: 4 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Vice Chairperson Gregory Redmond

Abstained: 1 - Chairperson Dan Lindheim

Non-voting: 0

Enactment No: 16-0342

16-0267 Nomination(s), Vice Chair, Audit Committee

Acceptance of Nomination(s) from the membership for the position of Vice Chair, Audit Committee - 2016 Term.

Chairperson Lindheim opened the nominations for the Office of Committee Vice Chairperson.

Committee Member Frank Tsai nominated Gregory Redmond for Committee Vice Chairperson.

There were no other nominations.

Chairperson Lindheim closed the nominations.

16-0268 Election of Vice Chair, Audit Committee - 2016 Term

Shall Gregory Redmond be elected Vice Chair, Audit Committee - 2016 Term?

Gregory was elected Committee Vice Chairperson, by the following vote.

Aye: 4 - Member Frank Tsai
Member Edward Berne
Secretary Beverly Hansen
Chairperson Dan Lindheim

Abstained: 1 - Vice Chairperson Gregory Redmond

Non-voting: 0

Enactment No: 16-0343

16-0269 Nomination(s), Secretary, Audit Committee

Acceptance of Nomination(s) from the membership for the position of Secretary, Audit Committee - 2016 Term.

Chairperson Lindheim opened the nominations for the Office of Committee Secretary.

Committee Member Edward Berne nominated Beverly Hansen for Committee Secretary.

There were no other nominations.

Chairperson Lindheim closed the nominations.

16-0270 Election of Secretary, Audit Committee - 2016 Term

Shall Beverly Hansen be elected Secretary, Audit Committee - 2016 Term?

Beverly Hansen was elected Committee Secretary, by the following vote.

Aye: 4 - Member Frank Tsai
Member Edward Berne
Vice Chairperson Gregory Redmond
Chairperson Dan Lindheim

Abstained: 1 - Secretary Beverly Hansen

Non-voting: 0

Enactment No: 16-0344

J. Speaker Request Cards/Modification(s) To Agenda

None.

K. Unfinished Business

None.

L. New Business

16-0529**District Audit - In Progress - Fiscal Year 2014-2015**

Presentation to the Audit Committee of a Report on District Audit - In Progress - Fiscal Year 2014-2015.

Daniel Menyon, Controller, updated the Committee on the 2014/2015 Audit in progress.

Compliance

Menyon said Vavrinek, Trine, Day & Co., LLP ("VTD") began the work on the 2014/2015 Audit in January 2016. Auditors performed this portion of the Audit at school sites reviewing student attendance records.

Financial Statement

Next week VTD Auditors will come to the District's Central Office where they will be testing sample documents and talking with staff to finalize the compliance field work and complete the Financial Statement. The District is still on target for issuing the 2014/2015 Audit Report by June 2016.

Chairperson Lindheim pointed out that the findings from the 2013/2014 were reported after the close of the 2014/2015 fiscal year. He said we shouldn't anticipate seeing the corrections implemented in the 2014/2015 Audit.

Menyon said the 2013/2014 financial findings are posted in the District's 2nd or 3rd Third Interim Report for the current fiscal year.

Chairperson Lindheim asked about Fund 76.

Menyon explained there were excess contributions made over several years that actually belonged in the General Fund. The funds were placed in Fund 76 to pay outstanding taxes, payroll deductions, etc. The recommendation from VTD Auditors was to return the funds to the General Fund. Menyon said this is the only adjustment entry that has not been completed from the 2013/2014 Audit. The Financial Services Department wanted to make sure what should be in Fund 76 was actually there before closing this fiscal year. Menyon said Fund 76 is now being reconciled on a monthly basis so this finding does not appear in the 2015/2016 Audit. The District's goal is to issue the 2015/2016 Audit Report in December 2016. Staff will be able to catch and fix the finding for the next fiscal year.

Val Hal stated that the District will be in a position to have the Associated Student Body Funds auditable by the 2016/2017 fiscal year.

Discussed

**16-0496****Second Interim Financial Report - Fiscal Year 2015-2016**

Adoption by the Board of Education of Resolution No. 1516-0173 - District's Second Interim Financial Report for Fiscal Year 2015-2016 and Certification of said Report to the Alameda County Superintendent of Schools as "Positive."

Attachments: [16-0496 Presentation - Second Interim Financial Report - Fiscal Year 2015-2016](#)
[16-0496 Board Memorandum - 2015-16 Second Interim Report - Briefing for Board](#)
[16-0496 Second Interim Standardized Account Code Structure \(SACS\) Financial Report - Fiscal Year 2015-2016](#)

Ruth Alahydoian, Chief Financial Officer, made the staff presentation referencing a PowerPoint Presentation during her presentation.

Alahydoian said after adoption of the budget in June of each year, a 1st Interim Report is submitted to the Alameda County Office of Education which provides a snapshot as of October 30th which is reported in December. The 2nd Interim Report is as of January 31st. She said if your Interim Reports are submitted as "Qualified" you are required to submit a 3rd Interim Report, a snapshot as of April 30th.

1st Interim Report Reviewed in December – Incorporated all salary increases, changes in grant funding.

- *The 2nd Interim Report provides an update to the 2015-2016 budget since the 1st Interim presented in December, incorporating revenue and expenditure adjustments through January 31, 2016.*
- *Net changes are an increase of \$572,121.*
- *Continue to see a structural surplus with on-going revenues exceeding on-going expenses after adjusting for one-time expenses.*
- *Unrestricted General Fund Ending Balance is \$15.8 Million.*
- *Since the 1st Interim Report, the District's 2013-2014 audit was completed and the 2014/2015 audit is in progress. This has reduced the financial exposure of having audits outstanding. Based on this, staff recommends the 2nd Interim Report be certified as "Positive".*
- *Positive monthly cash flow with a cash balance of \$10.7 Million projected at year end*

Unrestricted Revenues are estimated to increase by \$1.5M from First Interim Budget

- *\$1.2M net increase in LCFF revenues – due to increase of 151 in Average Daily Attendance (ADA) from 1st Interim Report.*
- *\$136K increase in local revenues from PG&E solar reimbursement.*
- *\$182K increase in transfers from previously recorded PG&E reimbursements from Fund 40 (Special Reserve Capital Projects).*

Indirect Costs, which is an offset to expenditures, decreased by \$168K due to the decrease in the indirect cost rate.

Expenses – Almost one million in additional expenses

Expenses and uses increased approximately \$966K based on the following:

- *Salaries, Supplies, Services & Equipment increased \$798K primarily due to the following:*
- *\$430K increase for one-time audit findings.*
- *\$207K increase for Street Academy based on higher enrollment and ADA.*
- *\$122K increase related to dissolution of ROP program*

Discussed

16-0531 Review - Audit Committee - Perceptions/Findings - Fiscal Year 2014-15

A review by the Audit Committee, with the District's financial and accounting managers, of its perceptions and/or findings, significant matters of concern arising from the audit, if any, and the extent to which recommendations made by the independent auditors have been implemented for Fiscal Year 2014-15.

Daniel Menyon made the staff presentation.

Menyon described VTD Auditors as "Very professional, cordial, and respectful to District staff", but said "They can be firm and tough". He said they were helpful in making sure the District's Financial Statement and Report reflect District operations. Deficiencies were noted in the areas of Fund 76, attendance, and some State and Federal Compliance. When staff explained an issue in a way that made sense to VTD Auditors, it did not become an audit finding. Menyon noted that when preparing the Year End Closing, he could call and ask questions ahead of time and VTD staff would provide assistance.

Discussed

M. Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee

16-0534 Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - March 7, 2016

Public Comments on All Non-Agenda Items Within the Subject Matter Jurisdiction of the Committee - March 7, 2016.

None.

N. Introduction of New Legislative Matter

None.

O. Adjournment

Chairperson Lindheim adjourned the meeting at 8:09 P.M.

Prepared By: _____

Approved By: _____