

BERKELEY UNIFIED SCHOOL DISTRICT

ADOPTED MINUTES

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MINUTES, SPECIAL MEETING

Monday, September 13, 2004

District Administrative Offices

2134 Martin Luther King Jr. Way

Berkeley, CA 94704-1180

CALL TO ORDER

President John T. Selawsky called the meeting to order at 6:05 p.m.

ROLL CALL

MEMBERS PRESENT: President John T. Selawsky
Vice President Nancy Riddle
Director Terry S. Doran
Director Shirley Issel
Director Joaquin J. Rivera
Student Director Lily Dorman-Colby*

Administration: Superintendent Michele Lawrence, Secretary

Public Testimony

There was no testimony at this time.

ACTION ITEMS

Business Services

4.1-A Approve Yearly Unaudited Financial Actuals

Motion: Directors Rivera/Doran and approved unanimously on voice vote.

The Board received and approved the filing of the 2003-2004 Un-Audited Actuals which provide the District with the most accurate and up to date financial information on revenues, spending and fund balances.

The Director of Fiscal Services, Song Chin-Bendib and Deputy Superintendent, Glenston Thompson, highlighted areas in the report for Board clarification and noted that the report will be sent to the Alameda County Office of Education on Wednesday (September 15). Items that were discussed included:

*The Student Director does not attend Closed Session.

- Substitute teacher costs and teacher hourly salaries are over budget projections.
- There were areas in Classified salaries that exceeded the budget: However, some of the costs were charged to the General Fund incorrectly and will be correctly charged to categorical programs at first interim. Staff explained that if costs are not coded correctly, the computer charges them to the General Fund as a default system.
- Retiree benefits were reclassified from the incorrect budget code in the last fiscal year to the right category. It was a general ledger entry in 2002/2003. With the conversion to the new SACS code system, the item was not picked up before now. The entry in this report corrected the budget code.
- Overtime for Classified employees was significantly higher than anticipated. Charges were primarily for custodial and security costs. Discussion ensued about the reason for the high costs for overtime. Director Rivera said that after two years of discussing cutting overtime, it keeps creeping up. Cutting overtime was part of the Recovery Plan for keeping a balanced budget. The Superintendent thanked the Board for raising the issue publicly. Managers have been mandated not to allow overtime unless it is preapproved. Overtime can only be approved by the Superintendent, the Deputy Superintendent, and the BHS Principal. In addition, the Payroll Department makes sure overtime listed on time sheets has preapproval before processing time sheets for payment. Staff explained that overtime charges may be higher than anticipated because the time was charged to the wrong programs and defaulted to the General Fund and/or the estimates for overtime costs may have been too low. Director Issel asked if the Superintendent has had the opportunity to see if the no overtime policy is being implemented. The Superintendent said the policy is not being implemented correctly. Director Issel requested that the administration first makes sure the overtime policy is being implemented before it takes other steps (i.e., raising the overtime estimate or moving the charges from the General Fund to other budget programs).
- Under Services and Supplies the report showed some savings in the utility area (for garbage and electricity costs) because these costs were moved to the correct categorical funds: adult education and child development.
- The indirect cost charges for Measure BB will be adjusted to reflect the proper amount. Discussion and explanations were made. In FY01-02 and FY02-03 the Board approved a budget that did not charge indirect costs to Measure BB, but did charge BB directly for district support services such as accounting. There was a change in practice during the FY03-04 budget

year about charging indirect costs to the measure. The new budget assumption was that the General Fund would start charging indirect support costs to BB rather than direct costs for services as in previous years. The line item in the Unaudited Actuals report that back charged Measure BB for indirect charges in 01-02 and 02-03 may be charging BB doubly for the same services as the measure was already charged for direct costs during those years. Staff will research the item and make any necessary corrections.

Director Riddle inquired whether that would be an audit adjustment. The Deputy Superintendent reported that it would, in fact, be an audit adjustment. He also reported that staff is working with the Facility Safety and Maintenance Committee to make sure the right figure is being used.

The current percentage for indirect costs being used by the district is 5.6%. The Superintendent explained that every year staff calculates the current square footage of buildings being maintained. At the time staff developed the budget, it had a set square footage. As staff continues to analyze actual building space being maintained through Measure BB, those numbers are likely to go down, reflecting the reduced use of classroom space.

- There was savings in the Special Education budget. Director Riddle asked why the savings were not realized until after closing. The Director of Fiscal Services explained that non-public school placements and other services are estimated based on the student's IEP (Individual Education Plan). Money is set aside in the budget based on these estimates. The actual costs are not known until purchased orders are processed. Staff suggested setting up a separate budget code in the books in order to capture the difference between the initial estimate and an updated estimate at each interim.

The Superintendent commented that this is an area staff will need to invest more time, suggesting that IEPs for non-public school students are estimated based on projected costs for the whole year. Those estimates have been high. We spend almost \$1.5 million each year on non-public school placement. Staff will also look at alternatives for educating non-public school students that are more cost effective.

- There was a \$649,000 encroachment to the general fund from the Cafeteria fund.

The Superintendent asked staff to advise the Board about any areas of concern:

- Staff is investigating the indirect cost rate calculation used in past years. The rate for the current period is 5.6%. This rate may decrease to under

5%. This means a loss to the district from services charged to BB, BSEP, and to other funds and grants.

- Staff will work to implement the proper controls to better manage future overtime expenditures.
- Measure BB indirect costs shown in the current balance may need to be adjusted.
- Overall, staff recognizes that the district is still not out of the woods and that staff will have to continue to monitor every item more closely during interim budget development and as the district moves forward.
- Food Services revenues may be over estimated.
- Enrollment and attendance will need greater monitoring.
- Medical benefits costs will need monitoring.
- The 2004-2005 budget and MYP currently assume no increase for teachers and staff.

CLOSED SESSION

The Board recessed to closed session at 6:45 p.m.

Report Closed Session Action

After reconvening from Closed Session, President Selawsky reported that the Board did not take any action.

ADJOURNMENT

President Selawsky declared the Special Meeting of September 13, 2004, adjourned at 10:30 p.m.

APPROVED:

ATTEST:

President, Board of Education
Berkeley Unified School District

Secretary, Board of Education
Berkeley Unified School District