



Berkeley Unified School District

Audit Committee MINUTES

Monday, September 17, 2019

5:15 pm – 6:45 pm (Regular Meeting)

Business Services Conference Room

(Second Floor)

2020 Bonar Street,

Berkeley, CA 94702

Opening of Meeting and Roll Call of Committee Members

Members present:, Laurie Snowden, Isaiah Roter,

Staff present: Pauline Follansbee, Antonette West

Members absent: Judy Appel, Ka'Dijah Brown , Dan Lindheim

Review and approval of minutes;

Minutes approved from September 17th (not approved no quorum)

Public Comments

There were no Public Comments.

Assistant Superintendent Comments:

- None

Review of 2019-20 First Interim Budget Report:

Changes since Adoption:

- 0.6M for state funding due to early intervention grant
- 0.8 M mainly due to grant for low emission buses

\$4M increase in expenditures

- 2.5M salaries and benefits due to negotiated increase and “me-too” assumptions
- 2.4M in expenditures mainly for ballot measure, legal and low emissions buses
- <.9M> offset for reduction in retiree benefit rate

2.2M increase in contributions in

- 2M from Special Reserve Fund for Post-Employment Benefits
- 0.2M from BSEP due to increase in average teacher cost as a result of negotiated salary increase

2.4M increase in contributions out

- 1.8M in contribution to Special Education from base grant funding due to reassessing costs at First Interim
- 0.6M in contribution to Special Education from Grant for early intervention.

Changes Since Adoption

	<u>Adoption</u>	<u>First Interim</u>	<u>Variance</u>
Net increase (decrease) in Fund Balance	\$1,936,457	\$(856,204)	\$2,792,661
expenses			
Beginning Fund Balance	2,289,344	2,289,344	-
Ending fund balance	\$4,225,801	\$1,433,140	\$2,792,661

LCAP Supplemental Designation

- Unspent LCAP balances
 - 2014-15 \$254,617
 - 2015-16 \$372,846
 - 2016-17 \$501,603
 - 2017-18 \$196,344
 - 2018-19 \$ 81,617**\$1,407,027**
- \$1M Board policy LCAP reserves
- \$407,027 LCAP carry over (*recommendation to board on how to spend*)

Explanation of Significant Variances

- Revenues exceeded projections by \$800K due to a 33 student increase in ADA at the P-2 measurement period.
- Expenditures exceeded budget by \$200K mainly due to additional 1% negotiated raise for unclassified staff, and indirect cost under budget due to reduced expenditures in restricted funds.
- Increased participation in the Universal Breakfast Program resulted in a \$100,000 reduction in contribution from the General Fund to the Cafeteria Fund.
- BSEP contributed an additional \$200,000 for their share of total classroom teachers paid during 2018-19.

Special Education

- Increase in 2018-19 contributions due to hourly IA's, MH services, NPAs and settlements and legal costs.
- Costs exceeded budget by \$800K
- Additional \$2.4M contributed over prior year

- Challenging to accurately budget costs – increase costs reported on as-incurred basis.

Other Funds

- Adult Education Fund – **Fund 11**
 - Ending fund balance is \$1.1M. The GF contributed \$60K for older adults program. It is subject to a maintenance of effort, like special education.
- Child Development Fund – **Fund 12**
 - Ending fund balance is \$32,178 with no contribution from the GF
- Cafeteria Fund – **Fund 13**
 - Due to increased participation in the Universal Breakfast Program, required contribution from the GF was \$100K less than budgeted. Write off for meals was \$90K, which is an increase of \$20K over prior year. Ending Fund balance is \$142,667.
- Other Considerations/ Next Steps
 - Increase in SPED will continue to absorb a substantial amount of increase in revenue which is increasing the structural deficit
 - Increase in STRS/PERS cost continue to absorb a substantial amount of increase in revenue which is increasing the structural deficit.

Review of Fund 67

- Self-Insured for Workers Compensation with GF contribution
- Last year claims decreased
- Actuary report every two years to project forward to determine exposure
- Measure H covers asbestos but our P/L covers mold and other exposures
- Liability issues the JPA pays and adjudicate claim (ASCIP)
- WC has its own resource with a \$250K deductible work with third party to handle claims (intercare)

Closing comments: None

Meeting adjourned at 6:45pm

Dates and time of Future Meeting

December 10, 2019 5:15 – 6:45pm

To find a copy of the 2018-19 Unaudited Actuals go to:

<https://www.berkeleyschools.net/departments/business-services-division/>