



### **Audit Committee Meeting**

**Date:** December 5, 2022

**Time:** 3:30-5:00 pm via Zoom

**Facilitator:** Pauline Follansbee

### **In Attendance**

Laurie Snowden, Isaiah Roter, Dan Lindheim, Pauline Follansbee,

Members absent Elizabeth Karam, Ty Alper, Laura Babbitt

Call to order was made by Chairperson Pauline Follansbee and Quorum was established

### **Approval of Minutes**

Quorum not established at prior meeting, not approval of minutes.

### **Public Comments**

No public comments

### **Assistant Superintendent Comments:**

Transition to escape was difficult and we had a lot of gaps to close, which required hands-on work and many of the fiscal staff were pulled in different areas, affecting ability to respond in a timely way to audit.

### **Audit Extension and reasons for the extension were discussed**

Committee member Roter asked if a month was enough time to complete the audit

Assistant Superintendent began with the review of the letter sent to ACOE requesting a 30-day audit extension. Stating cause for extension as; transition to escape stretching capacity of current employees, staffing shortages in other departments, vacancy in fiscal director position contributing factors. Committee approved that the letter be sent to the Superintendent of ACOE.

### **First Interim review**

Asst. Sup Follansbee states 1st Interim would have gone to board for the December 7<sup>th</sup> board meeting, but that meeting was changed to December 14<sup>th</sup> due to change in schedule of board meeting because of new board members transitioning to board. Asst. Sup Follansbee mentions as a positive this gives the Fiscal Team another week to work on completion of first interim, for board review on the December 14<sup>th</sup> meeting.

### **Asst. Sup Follansbee begins her slide review of First Interim Budget.**

- Unrestricted GF, is the focus for period from 7/1 through 10/31, 2022, projects activity for the fiscal year based on Governor's enacted budget for 2022-23, although it is now December, we are projecting activity until the end of the year. Adopted budget does not include the budget changes based on the 45-day revision. Member Isaiah Roter expressed concern if new board members would understand the difference between enacted budget and **45-day revision**? Secondly, does that mean when we look at variances they will not be as great as they appear, is it based on governors may revise rather than 45-day review. Sup. Follansbee states the adopted budget is based on may revise, this will have wider variance since we adopted and suggest new board members attend a meeting with the audit committee to get clarification on the budget process.

- Budget Summary and Highlights

Unrestricted General Fund Focus, period from July 1, through October 31, 2022.

Projects financial activity for the fiscal year. Based on Governor's enacted budget for 2022-23.

Adopted budget does not include the budget changes base on the 45-day revision to the budget.

Positive certification. BUSD is maintaining a positive ending fund balance for the current year and two subsequent years. Unrestricted General Fund has an undesignated ending fund balance of \$6.3 million. Expenses include a 6-7% negotiated increase in salary and benefits. Multi-year projections include a 6% negotiated increase in salary and benefits.

\$13.3 million included in unrestricted general fund; at adoption is classified as restricted funding at first interim per the enacted state budget, and distributed as one-time block grants.

Learning Recovery Emergency Block Grant - \$6.5 million; funds can be spent through June 2028 to assist with long term recovery from the pandemic.

Arts Music and Instructional Material Discretionary Block Grant - \$5.9 million; funds can't be spent through June 2026, for PD, Instructional materials and operations.

- Variance Report

<https://docs.google.com/spreadsheets/d/1JELrnGQXtm36fbjuj7WlJy9jrFhCEyks/edit?usp=sharing&ouid=101904890580514353836&rtpof=true&sd=true>

*Cut and paste the link to view the variance report.*

- MY Projections in progress

<b>Multi-Year Projections 2022-23 First Interim Budget</b>			
<b>Unrestricted General Fund</b>			
<b>Unrestricted General Fund (in millions)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>REVENUE</b>			
<b>COLA</b>	<b>13.26%</b>	<b>5.38%</b>	<b>4.02%</b>
<b>ADA - Funded</b>	<b>9,233</b>	<b>9,233</b>	<b>8,975</b>
<b>UPC</b>	2,700	2,700	2,700
<b>UPP</b>	<b>30.14%</b>	<b>29.41%</b>	<b>29.41%</b>
<b>LCFF Funding</b>			
<i>Base Funding</i>	101.8	107.1	108.2
<i>Supplemental Funding</i>	5.7	5.9	6.0
<b>Total LCFF Funding</b>	<b>107.5</b>	<b>113.0</b>	<b>114.2</b>
<b>Other State Funding</b>	2.5	2.5	2.5
<b>Local Funding</b>	1.9	1.9	1.9
<b>TOTAL REVENUE</b>	<b>111.9</b>	<b>117.4</b>	<b>118.6</b>

<b>Unrestricted General Fund (in millions)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>TOTAL EXPENDITURES</b>	<b>-100.9</b>	<b>-108.3</b>	<b>-108.7</b>
<b>TOTAL SOURCES AND USES</b>	<b>-7.4</b>	<b>-8.1</b>	<b>-8.1</b>
Change in Fund Balance	3.6	1.0	1.8
Beginning Fund Balance	4.9	8.5	9.5
<b>Ending Fund Balance</b>	<b>8.5</b>	<b>9.5</b>	<b>11.3</b>
Revolving Cash	-0.1	-0.1	-0.1
Assignment for Supplemental Grant LCAP	-1.0	-1.0	-1.0
Fund 01 share of 3% reserve	-1.1	-0.8	-0.8
<b>Ending Fund Balance - Undesignated</b>	<b>6.3</b>	<b>7.6</b>	<b>9.4</b>

- Next Steps, what does the budget look like for 2023-24, working with BLT in central office budget leaders get together for weekly meetings to look at budget issues.
  - ✓ Review SPED costs in light of increasing services for students and adjust the budget accordingly
  - ✓ Re-evaluate our UPP and reflect changes at second interim
  - ✓ Budget Development process begins in January. We will be reconvening meetings with our budget partners
  - ✓ New funding for schools - [Prop 28 funding](#)

<sup>1</sup> Not later than 45 days after the governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act

<sup>1</sup> 45-day revise

**Meeting adjourned at 5:00 pm**

Next Meeting Date: Tentative date of February 20, 2023 was determined for Audit review

Financials can be found @ <https://www.berkeleyschools.net/departments/business-services-division/>