

BERKELEY UNIFIED SCHOOL DISTRICT

Audit Committee Minutes

June 10, 2024

Hybrid Meeting

In attendance:

Pauline Follansbee, Emily Mayer, Dan Lindheim, Laura Snowden, Isaiah Roter,

Mike Chang, Laura Babbitt

Quorum established

Minutes approved

No public comments

Meeting is called to order

AGENDA

June 10th Audit committee meeting opened with adjustment to minutes mentioned by Dan Lindheim and reiterated by Isaiah Roter.. As noted.

Adjustment to minutes from Audit review March 4, 2024

Auditor revised finding to save \$.5M not mentioned in prior meeting notes. The process to appeal the \$.5M is with the state controllers' office to be accepted. Once a revised audit is accepted we will be able to waive \$.5M. Assistant Superintendent Follansbee to include Audit committee on correspondences with auditor and state. Isaiah also mentioned that he believed the extrapolation may not be correct and he believed the methodology should be reviewed. Assistant Superintendent reiterated she will share with committee when she emails Mr. Raibley.

Preliminary Budget Review

Assistant Follansbee is presenting the 2023-24 preliminary budget and MY projections. We have no book this time, due to challenges with Escape and are deferring due to time constraint. Within the preliminary we have Board priorities that the Board will have to vote on Wednesday. Once that amount is approved we will be designating the approved amount in our budget. This is an overview, I will be sharing with committee and will be sharing the same with Board in the next meeting, in terms of the variance report and the MY projections as is. We don't have our formal book with all the write ups.

Assistant Superintendent Follansbee began review of unrestricted general fund's projected activity for the entire year 2023-24 based on the Governor's May revision. If there are any significant changes we have 45 days after the governor signs the budget we are required to do an adjustment.

Budget Highlights are the positive certification. Positive ending fund balance and paying into the reserve for economic uncertainty for the current year and two subsequent years, after which the ending fund balance is \$2.1 M which is very tight for our budget. Usually we like to leave more. In the MY you can see we did better but there were no salary increases included.

Variance compares estimated actuals from prior year 2022-23 to the preliminary budget we just developed. When we close the books the report use the actuals for 2023-24. As of now we have not closed our books so we are still looking at 2022-23 budgeting for projections into 2023-24.

Variance 2024-25 Adopted Budget, Unrestricted General Fund

	Estimated Actuals FY 2023-24	Adopted Budget FY 2024-25	Variances
REVENUES:			
LCFF Revenue Base Revenue	\$ 106,621,618	\$ 105,682,600	\$ (939,018)
LCFF Supplemental Revenue	\$ 5,869,973	\$ 5,860,984	\$ (8,989)
Total LCFF Revenue	\$ 112,491,591	\$ 111,543,584	\$ (948,007)
Other State Revenues	4,100,578	3,742,346	(358,232)
Local Revenues	1,877,039	2,033,728	156,689
TOTAL REVENUES:	118,469,208	117,319,658	(1,149,550) A

Decrease in LCFF funding is due to decrease in funded ADA. Actual ADA is increasing, but pre-Covid enrollment is no longer included in the rolling average used for funding. Decrease in Other state revenues is due to transportation and lottery projections. Increase in local revenues is primarily due to an increase in interest.

See presentation for salaries and other use charts.

LCFF revenue base and supplemental - \$1.075M, to \$112.7M based on 8.22 % COLA for 23-24 due to reduction in ADA affecting totals. Reduction in ADA is driving this number down.

State Revenues position of \$1.5M driven by funding for transportation written in governor’s budget. Transportation- (governors focus) funding plan adds (\$1.5M) ongoing \$1.3M as long as Board approved. Expenses’ variances due to salaries and benefits increases.

Looking at expenses, we have a lot of unfavorable variances a total of \$8M we have the 6% increase for salary and benefits. In the estimated actuals we had a lot of unfilled positions. This shows the positions filled.

Income Statements is made up of our revenue and expenses, other categories;

Other finances and uses; interfund transfer in and out. Minor increase to our transfer to our self-insurance fund, significant change is 2022-23 we are budgeted to received \$889K from fund 20 our post-employment benefits fund which the Board approved. This is an unfavorable variance we no longer are getting this benefit in this year.

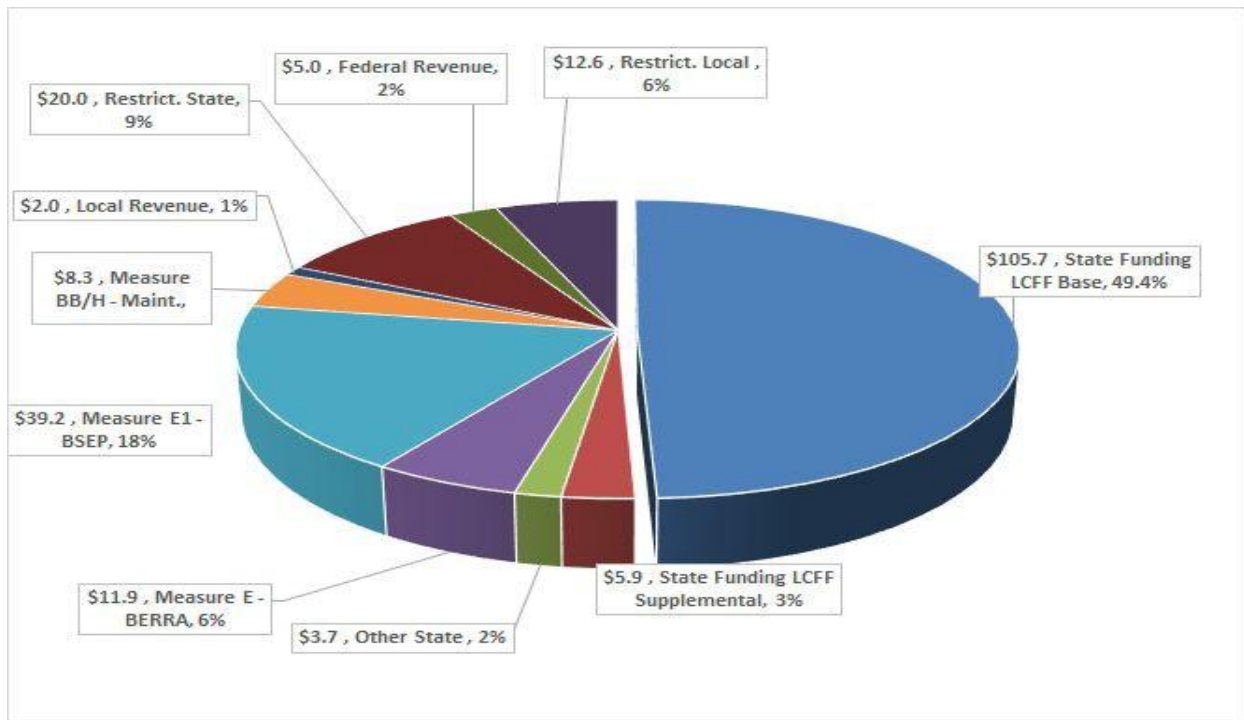
ADA Trend

Enrollment and Attendance Trend Budget Adoption 2024-25							
	2020-21	2021-22 Adopted	2022-23	2023-24	2024-25	2025-26	2026-27
Enrollment	9,409	9,432	9,073	9,077	9,211	9,211	9,211
Change from Prior Year Enrollment	-435	23	-106	4	134	0	0
ADA - Funded per LCFF Calculator	9,426	9,426	9,235	8,932	8,732	8,732	8,732
Change from Prior Period Funded ADA	28	0	-191	-303	-200	0	0
ADA -Projected	9,009	9,031	8,539	8,604	8,732	8,732	8,732
Change from Prior Period ADA	-389	22	-307	65	128	0	0
Enrollment to ADA % Projected	95.75%	95.75%	94.11%	94.79%	94.80%	94.80%	94.80%

BUSD enrollment is based on projections from admissions office. As of 2024-25 the district is no longer benefiting from the three-year averaging method.

BSEP assumptions are based on teacher template, approved by P&O. \$525K impact of the 6% increase in salaries and staffing based on our projections. BSEP is very well and closely monitored. There was further discussion of Arts and Music block grant, effect of Prop 28, special education and Fund 20.

Combined General Fund - Revenues



Unrestricted General Fund (in millions)	2024-25	2025-26	2026-27
REVENUE			
COLA	1.07%	2.93%	3.08%
ADA - Funded	8,732	8,732	8,732
Unduplicated Pupil Count	2,783	2,783	2,783
Unduplicated Pupil Percentage (Rolling %)	29.70%	30.13%	30.21%
LCFF Funding			
<i>Base Funding</i>	105.6	108.6	111.8
<i>Supplemental Funding</i>	5.9	6.1	6.3
Total LCFF Funding	111.5	114.7	118.1
Other State Funding	3.7	3.7	3.7
Local Funding	2.1	2.1	2.1
TOTAL REVENUE	117.3	120.5	123.9

MYP reflects a positive ending fund balance for all years. MYP is benefiting from the ongoing budget balancing solutions in 2024-25. MYP is benefiting from projected COLA increases in 2025-26 and 2026-27, but these could change. A very tight budget – additional reductions will be needed in the out years for additional expenses. Deficit spending in 2024-25 and 2025-26. Does not include negotiated salary increases.

Next Steps include: Budget based on the Governors May revise, the enacted state budget is due June 15. 45 Day revision to the district’s budget if needed. Board approval of the budget at the June 12, 2024 meeting. State budget includes ongoing spending on one-time funds.

Discussion:

Dan Lindheim asks how big is the block grant. Does the remaining amount stay in the fund? It is in other finances sources and uses; will show in another presentation later.

Laura Babbitt asked when do we see the benefit of prop 28 – will see next year (restricted resource)

Dan Lindheim said BSEP payments are for the teachers 60% of BSEP goes to class size reduction.

Isaiah Roter: Do you know the current balance in Fund 20? Assistant Superintendent Follansbee said the district would like to keep the balance in reserve, but not focusing on that this year. Should use what we are earning the unrestricted fund. We are making a 3% contribution to Fund 20 for every payroll which is greater than the pay as you go cost therefore a reserve is built up.

Dan Lindheim: What was the original budget amount for SPED? We are \$1.5M over the original budget

Isaiah Roter: Do you believe once we close the books if there will be an additional contribution to special ed? No, we don’t expect an additional contribution because they received a grant, but we are monitoring very closely. Will let you know if it happens.

Laura Babbitt ask a LCAP reserve question: Assistant Superintendent Follansbee said we spent it down, but had enough funds to restore. We are restoring it to the point we can absorb other costs in operations.

Isaiah Roter: Assistant Superintendent Follansbee said the UPP and percentage, computer problem has been corrected?

Dan Lindheim expressed concern about the salary increases in relation to the ending fund balances.

Meeting adjourned

Financials are located on the web: <https://www.berkeleyschools.net/audits/>

Audit committee archive can be found at:

<https://Audit Committee | Berkeley Unified School District/www.berkeleyschools.net/schoolboard/committees/audit-committee/>

Next meeting: December 2024