



Audit Committee Meeting

Date: January 24, 2022

Time: 4:00-5:30pm via Zoom

Facilitator: Pauline Follansbee

In Attendance

Laurie Snowden, Isaiah Roter, Dan Lindheim, Pauline Follansbee, Elizabeth Karam, Ty Alper

Members absent: Laura Babbitt

Call to order was made by Member Laurie Snowden and Quorum was established

Approval of Minutes

Approval of Minutes, Minutes from December 6 2021 approved

Public Comments

No public comments

Assistant Superintendent Comments

Assistant Superintendent Follansbee focus was on the governor's budget presentation she recently attended at the school services workshop on Friday. She explained there was a lot of information than she can share with the board. Asst. Superintendent explained that she is going to take the committee through the whole economic outlook. The explanation are the opinion of the governors and their wrap up in terms of where we are as a state. "The governor's budget is balanced and that's a good thing and we're trying to find equilibrium in light of all the challenges that we're facing." "The caution that we had from the workshop is inflation so that's the next thing that we're going to have to look at."

Review of the Agenda

- Governor's Budget Workshop
- Second Interim date
- Audit Extension

New Business – Governors Budget Workshop Summary

Assistant Superintendent Follansbee review of the results of the Governors workshop.

- ✓ More money for schools

- ✓ Inflation is something to be mindful of
 - ✓ GDP is back to pre-pandemic levels
 - ✓ Inflation rising up to 7% and how this affects the budget
 - ✓ Challenge finding lower paid staff
 - ✓ Funding to Districts at the highest level
 - ✓ Review of one time and ongoing expenses
 - ✓ Districts reserve deposits, Berkeley dramatically below the 10%, need for compliance with caps on district reserves
 - ✓ Rolling average used for ADA
The traditional method of ADA, from ed code, is the higher of the current or prior year. We have the opportunity to use the rolling average of the prior three years. (*rolling average defined as the funded ADA for prior two years, and actual for the third year*).
 - ✓ COLA fluctuation
Proceed with caution. The new 5.33% Cola is a **proposal**, the state is writing a trailer bill language that will be finalized in February, but remember we have the May revise and the enacted budget that is voted on by June 15. “We should remain mindful that the cola has gone from one extreme to the other”. The cola is up from 2.482% which is a significant increase.
 - ✓ CalPERS/STRS request for relief – *Board Member Alper wants verification (over 1M a year)*
The governor's budget has no relief in the January budget for the increase in retirement benefits. There are efforts by the legislators to encourage stakeholders to concentrate on this area.
 - ✓ Budget Reductions affected positively by P1 numbers
2020 ADA were held harmless. 2021 we were funded based on 2020 ADA, In 2022 we are funded at higher of the prior/current year.
 - ✓ Ending fund balance in consideration of increases 5% employees and 3% STRS/PRS = 8% increase in spending, it gives us an ending fund balance without budget adjustments about 2M. Need to insert MYP. To balance budget, we have 1M we can apply to the myriad of things we are trying to account for. Without cutting the 4M covers the deficient of 4.6M. 2M ending fund balance. It was clarified that employees will not get 5%, discussion will continue regarding employee compensation.
 - ✓ Funding (LCAP and One-time funds) which programs to pay or add to funding
Determine which of these programs that we want to move forward and determine if there are any new programs that we want to focus on.
 - ✓ Multi-year projections (MYP) review
 - ✓ Nutrition Services
 - ✓ Special Education
 - ✓ Ed Services
 - ✓ Budget Development
 - ✓ May revise
 - ✓ Quick review of MYP spending; revenue and spending, savings, ongoing cost.
- 2nd Interim review is scheduled for the next meeting scheduled for March 7, 2022
 - Fiscal Director Karam reviewed the extension request with the committee, due to Covid and other extenuating circumstances the extension is being requested to the ACOE for 30 days.

Meeting adjourned at 5:40 pm

Next Meeting Date: March 7, (4-5:30P) – Audit Review, 2nd Interim Financials can be found @ <https://www.berkeleyschools.net/departments/business-services-division/>