



## **Audit Committee Meeting**

**Date:** September 15, 2025

**Time:** 3:30-5:00 pm in person at Bonar Street, 2nd Floor

**Facilitator:** Pauline Follansbee

## **In Attendance**

Laurie Snowden, Isaiah Roter, Dan Lindheim, Pauline Follansbee, Craig Kaufman in leu of Fiscal Director

Members absent: Jennifer Shanowski

Call to order was made and Quorum was established

## **Approval of Minutes**

Approval of Minutes - None

## **Public Comments**

No public comments

## **Assistant Superintendent Comments**

Assistant Superintendent Follansbee introduced Craig Kaufman to the committee and provided an update to the committee on Fiscal Director search.

## **New Business - 2024-25 Unaudited Actuals**

Unrestricted General Fund - Overview

- The District met the 3% state required reserve
- Undesignated Ending Fund Balance of \$974K exceeds projections by \$0.6 million
- 2024-25 Estimated Actuals were adjusted at 2025-26 Budget Adoption to anticipate savings
- Projected estimated savings were overstated when creating 2025-26 Budget
- Variance Report explains differences between budget and actual
- Significant Variances Include
- Overspending from Revised Estimated Actuals for Classified Salaries and Services and Operating Expenses
- Increase in BSEP contribution based on actuals expenditures for teachers and substitute teachers

## LCAP YOY Balances by Year

YoY Analysis of LCAP						
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
LCAP per Calculator	\$ 2,300,927	\$ 4,249,522	\$ 4,818,837	\$ 5,400,916	\$ 5,504,611	\$ 5,414,629
Spent/ Budgeted	2,126,754	3,841,536	4,537,287	5,075,506	5,228,015	5,188,864
Balance Resource 0500	\$ 174,173	\$ 407,986	\$ 281,550	\$ 325,410	\$ 276,596	\$ 225,765
Acct 0505						
Spent		\$ 35,139	\$ -		\$ 219,424	\$ 228,444
Balance 0505 - Carryover		\$ (35,139)	\$ -	\$ -	\$ (219,424)	\$ (228,444)
Unspent balance	<b>\$ 174,173</b>	<b>\$ 372,847</b>	<b>\$ 281,550</b>	<b>\$ 325,410</b>	<b>\$ 57,172</b>	<b>\$ (2,679)</b>

						Updated : 8/30/2025
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	Total
LCAP per Calculator	\$ 4,991,564	\$ 5,259,345	\$ 5,731,700	\$ 5,802,223	\$ 5,842,740	\$ 55,317,014
Spent/ Budgeted	4,903,837	4,558,765	4,851,810	5,368,427	5,755,490	\$ 51,436,292
Balance Resource 0500	\$ 87,727	\$ 700,580	\$ 879,890	\$ 433,796	\$ 87,250	\$ 3,880,722
Acct 0505						
Spent						
Balance 0505 - Carryover	\$ 260,852	\$ 84,901	\$ 307,141	\$ 776,273	\$ 415,760	\$ 2,327,934
	\$ (260,852)	\$ (84,901)	\$ (307,141)	\$ (776,273)	\$ (415,760)	\$ (2,327,934)
Unspent balance						
	<b>\$(173,125)</b>	<b>\$ 615,679</b>	<b>\$ 572,749</b>	<b>\$ (342,477)</b>	<b>\$ (328,510)</b>	<b>\$ 1,552,788</b>

## Variance Reports

	Estimated Actuals (Budget) FY 2024-25	Unaudited Actuals FY 2024-25	Variances	
<b>REVENUES:</b>				
LCFF Revenue Base Revenue	\$ 105,144,921	\$ 105,117,535	\$ (27,386)	
LCFF Supplemental Revenue	\$ 5,944,695	\$ 5,942,548	\$ (2,147)	
Total LCFF Revenue	\$ 111,089,616	\$ 111,060,083	\$ (29,533)	
Other State Revenues	3,821,533	4,090,735	269,202	l
Local Revenues	2,253,034	2,503,033	249,999	f
<b>TOTAL REVENUES:</b>	<b>117,164,183</b>	<b>117,653,851</b>	<b>489,668</b>	<b>A</b>

	Estimated Actuals (Budget) FY 2024-25	Unaudited Actuals FY 2024-25	Variances
<b>EXPENDITURES:</b>			
Certificated Salaries	57,862,431	57,960,168	(97,737)
Classified Salaries	18,174,152	18,976,164	(802,012) B
Employee Benefits	27,260,414	27,180,831	79,583
Books and Supplies	1,202,590	1,139,451	63,139
Services & Operating Expenses	13,362,786	13,734,397	(371,611) B
Capital Outlay	21,617	18,731	2,886
Direct Support/Indirect Cost	(6,677,903)	(6,486,391)	(191,512) B
<b>TOTAL EXPENDITURES</b>	<b>111,206,087</b>	<b>112,523,351</b>	<b>(1,317,264)</b>

	Estimated Actuals (Budget) FY 2024-25	Unaudited Actuals FY 2024-25	Variances
<b>OTHER FINANCING SOURCES AND USES:</b>			
<b>Inter-fund Transfers Out</b>			
Transfer to Self Insurance Fund	(569,980)	(242,661)	327,319 C
<b>Total Transfers Out</b>	<b>(569,980)</b>	<b>(242,661)</b>	<b>327,319</b>
<b>Inter-fund Transfers In</b>			
Fund 20 - Post Employment Benefits	5,747,980	6,067,960	319,980 D
Fund 17 - Special Reserve	-	179,616	179,616 D
<b>Contributions In</b>			
BSEP Contribution	17,200,932	17,597,111	396,179
BSEP Direct Support	549,400	556,860	7,460
BSEP Substitute Compensation	803,900	887,576	83,676
Arts and Music Block Grant	819,200	819,200	0
<b>Total Contributions In</b>	<b>19,373,432</b>	<b>19,860,747</b>	<b>487,315 E</b>

	Estimated Actuals (Budget) FY 2024-25	Unaudited Actuals FY 2024-25	Variances
<b>Contributions Out</b>			
Special Education - (ADA)	(770,000)	(770,000)	0
Special Education - State	(32,313,404)	(32,261,098)	52,306
Berkeley Public School Partnership - STEM	(180,000)	(180,000)	0
<b>Total Contributions Out</b>	<b>(33,263,404)</b>	<b>(33,211,098)</b>	<b>52,306</b>
Net Contributions	(13,889,972)	(13,350,351)	539,621
<b>TOTAL OTHER FINANCING SOURCES /USES</b>	<b>(8,711,972)</b>	<b>(7,345,436)</b>	<b>1,366,536</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>(2,753,876)</b>	<b>(2,214,936)</b>	<b>538,940</b>
<b>BEGINNING FUND BALANCE</b>	<b>3,612,602</b>	<b>3,612,602</b>	<b>(0)</b>
<b>ENDING FUND BALANCE</b>	<b>858,726</b>	<b>1,397,666</b>	<b>538,940</b>

	Estimated Actuals (Budget) FY 2024-25	Unaudited Actuals FY 2024-25	Variances
<b>Amount Committed and Assigned</b>	<b>520,407</b>	<b>423,608</b>	<b>(96,799)</b>
<b>UNDESIGNATED FUND BALANCE</b>	<b>\$ 338,319</b>	<b>\$ 974,058</b>	<b>\$ 635,739</b>
<b>COMPONENTS OF FUND BALANCE:</b>			
Revolving Cash	100,000	100,000	0
Current Labor Adjustment	323,608	323,608	
LCAP Reserves			
Economic Uncertainties - 3%	96,799		(96,799)
Undesignated Fund Balance	338,319	974,058	635,739
Required Amount for Economic Uncertainties - 3%	5,186,664	5,060,190	(126,474)
Fund 17 Reserve Balance	5,089,865	5,060,190	(29,675)
Fund 01 Reserve Balance	96,799	-	
<b>AMOUNT SHORT OF THE 3% RESERVE REQUIREMENT</b>	<b>\$ -</b>	<b>\$ -</b>	

### Special Education

- Estimated Actuals for Special Education was adjusted throughout the year, based on expected expenditures. Increase of \$4.9 million since 2024-25 Adopted Budget
- Meeting the Maintenance of Effort since costs increasing year over year
- Analysis of cost increase drivers reveal
- Costs of existing services increasing
- Increasing number of students being served
- Additional One on One service being provided - IAs and Nursing- being researched
- Planned ongoing collaboration with program and fiscal teams to further understand SPED costs

### CEA Form Review

- **Legal Compliance:** The primary purpose of the CEA form is to ensure a school district is spending an adequate portion (55%) of its budget on direct instruction for students, a requirement set by state law.
- **Reporting Actuals:** The "Actuals" part of the name indicates that the form reports the district's actual expenditures to show the current percentage of funds spent on classroom costs.
- **Monitoring Deficiencies:** If a district fails to meet the minimum requirement, the form identifies the deficiency, and the COE can then take action, potentially withholding funds until the deficit amount is spent on salaries.

### Key Components

- **Current Expense of Education:** The denominator in the calculation, representing total dollars for education costs after certain expenditures (like food services or facility acquisition) are excluded.

- **Total Classroom Compensation:** The numerator, which includes salaries and associated benefits for certificated teachers and paraprofessionals.
- **Required Percentages:** These vary by district type:
  - Elementary School Districts: 60%
  - Unified School Districts: 55%
  - High School Districts: 50%
- **BUSD and the CEA**
  - **Annual Adjustments Needed to Meet the 55% Requirement**
  - **Impacted by**
    - I. **Certificated Expenditures coded to a non-certificated function**
    - II. **Certificated Management Levels**
    - III. **Site based TSAs coded to Instructional Function**

### **GANN Limits**

- Established in 1979 with the passage of Proposition 4
- It limits the allowable growth in state and local government spending
- Multiplies the prior-year limit by percentage change in per capita personal income and average daily attendance
- No adjustments were required to meet the Gann Limit
- The board is asked to approve the resolution along with the Unaudited Actuals

### **Committed Reserve**

Board Policy (Approved October 11, 2017) for an annual commitment of 1% additional reserve for Economic Uncertainty (to be shown as a specific line item in the budget)

Any year when all the following 3 conditions are met

1. Committed reserve is less than 1% of Combined General Fund
2. Adopted Budget has a positive certification
3. Unassigned General Fund Balance (after the 3% reserve) > than 2% of Combined General Fund expenditures

Then set up a reserve for half the increase of Unaudited Actuals over Estimated Actuals (budget)

In 2024-25, 2% of the Combined General Fund is \$4.6 million, and the unassigned funds in the Unrestricted General Fund is \$1.0 million, so the District is not required to fund the Committed Reserve for FY 2024-25

Pauline acknowledged the fiscal team and their work in supporting the process to get this completed on time. The meeting then adjourned.

**Meeting adjourned at 5:00 pm**

Next Meeting Date: December 1 2025 – Interim review

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