

ALBANY UNIFIED SCHOOL DISTRICT



The mission of AUSD is to provide excellence in public education, empowering all to achieve their fullest potential as productive citizens. AUSD is committed to creating comprehensive learning opportunities in a safe, supportive, and collaborative environment, addressing the individual needs of each student.

2024-2025 Proposed Budget Report Executive Summary

**Public Hearing: June 11, 2024
Adoption Board Meeting:
June 18, 2024**

Proposed Budget Financial Report Overview

A school district operates during the fiscal year of July 1 to June 30. In January, the District begins planning for the following year's budget based upon the State's January Budget Proposal, enrollment projections, and facility constraints.

During the months of May and June each year, the District finalizes its budget for the coming year. To project the budget, we must use a series of assumptions. These assumptions are then inserted into State and District formulas to determine the final budget for the next year. Two major determinates in the District's proposed budget are stakeholder engagement from the Local Control Accountability Plan process and the Governor's Revised Budget Proposal in May.

The accuracy of the District's budget projection for the next year is only as good as the assumptions used to develop the budget. If the assumptions change, so too will the budget. Consequently, the major assumptions have to be carefully considered in evaluating the accuracy of next year's income and expense.

With the understanding that changing assumptions directly affect the financial outlook of the District, the State requires all school districts to report their budget for the current year, as well as two subsequent years as follows:

Budget	Current Data	Approved
Adopted	Prior to Fiscal Year	By June 30
*Revised Budget	State Budget Adopted	August 15
1 st Interim	July 1 to October 31	December 15
2 nd Interim	July 1 to January 31	March 15
*3 rd Interim For Qualified or Negative Certifications	July 1 to April 30	June 1
Unaudited Actuals	July 1 to June 30	September 15

*If needed

The Adopted Budget, required to be adopted by the end of June, is based on assumptions for the upcoming and future years. These assumptions are based on current legislation, recent official guidance from Federal, State, or Local agencies, current data, professional demographic studies, historical trends on enrollment and staffing, and District plans and priorities for the upcoming budget years. The Alameda County Office of Education will then review the Adopted Budget and approve, conditionally approve, or disapprove the Budget per Education Code 42127.

The 1st Interim Report updates the current budget year based on: enrollment and staffing needs; step and column salary adjustments; health and welfare open enrollment and premium adjustments; and any revenue projections adjusted due to the State budget adoption occurring after the District budget adoption. Since the Governor's Budget Proposal is not released until January, the focus of the 1st Interim Report is to update the current year budget with actual financial data from July 1st to October

31st, and update future year projections based on the most recent information available.

The 2nd Interim Report updates the current budget year and two subsequent years based on the Governor's Budget Proposal for the following year, updates in revenues driven by attendance, and updates any adjustments to Board priorities or expenditures. This report helps provide a basis for the next year's budget planning process.

The Unaudited Actuals Report provides pre-audited financial numbers for the fiscal year that just passed. This report is not yet audited by an external auditor, which is why it is called an unaudited report. The external auditor reviews this report and conducts an audit of the financials to be reviewed and accepted by the Board in January, seven months after the fiscal year closure.

Key Guidance Based on Governor's May Revision Proposal

On May 10, 2024, Governor Gavin Newsom released the May Revision for the proposed 2024- 25 State Budget. The deficit has been adjusted both up and down since his January Budget Proposal, recognizing further declines in state revenues and the Legislature's "early action solutions," resulting in the governor now projecting a \$27.6 billion state deficit. The governor is addressing the state's challenges through reserve draw-downs, spending reductions, new revenue proposals, internal borrowing, funding delays, fund shifts, and deferrals.

Major funding provisions in the 2024-25 Governor's May Revision are as follows:

- The funded COLA to the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF is 1.07 percent.
- The May Revision includes several proposals to address chronic absenteeism and lost instructional time, including the following (see [Attendance Recovery and Instructional Continuity](#) and [Learning Recovery Emergency Block Grant](#) below for further details):
 - Allowing attendance recovery time to be added to the attendance data submitted to the CDE, both for funding purposes and chronic absenteeism.
 - Requiring schools to give students access to remote instruction or support to enroll in a neighboring LEA when emergency school closures last five days or more.
 - Requiring schools to focus the use of unexpended Learning Recovery Emergency Block Grant (LREBG) funds on actions to address the needs of students most affected by learning loss.
- No cost-of-living adjustment (COLA) is provided for the California State Preschool Program, pursuant to Chapter 41, Statutes of 2023. Instead, the budget maintains funding to implement the current negotiated agreement between the state and Child Care Providers United – California on rates paid to preschool and child care providers. These rates will be renegotiated for 2025-26.
- An elimination of planned increased investments in the 2025-26 and 2026-27 fiscal years to fund preschool inclusivity. Providers will still be required to serve at least 5% of students with disabilities.

Although the Governor’s May Revision fully funds the COLA and avoids cuts to most of the ongoing education programs, LEAs should remain aware of the estimated \$26.7 billion state budget deficit for the 2024-25 fiscal year. The May Revision addresses deficits through an \$8.8 billion accounting shift (see Proposition 98 Risk Factors below) and a depletion of the \$8.4 billion Public School System Stabilization Account (PSSSA). As a result, there is a risk of further state budget shortfalls that could result in cuts to education spending.

Moreover, many LEAs continue to experience chronic student absences, long-term declining enrollment, and various cost pressures such as increased pension rates and energy costs.

Enrollment and Attendance History and Projections

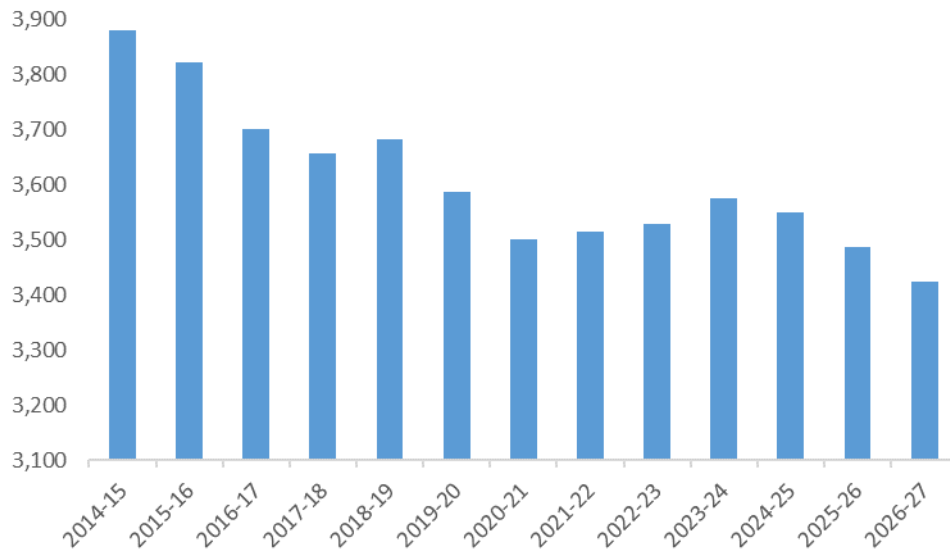
The most significant characteristic for determining District income is the calculation of the average number of students that are in school and in attendance on a daily basis. The State funds school districts based on the number of students attending school each day instead of the number of students actually enrolled in school each day. This average daily attendance or ADA is multiplied by the District’s Local Control Funding Formula Grade Span Rate per ADA to determine the District’s total Local Control Funding Formula income.

ADA should not be confused with enrollment. The official annual enrollment count is taken the first Wednesday in October for that school year and is used for staffing and facility need. The following is Albany Unified School District history and current projections* on attendance and enrollment:

	Enrollment Projection	Changes Over Prior Year	P-2 Attendance
2014-15	3,881	-	3,757
2015-16	3,822	(59)	3,711
2016-17	3,702	(120)	3,621
2017-18	3,658	(44)	3,543
2018-19	3,682	24	3,549
2019-20	3,586	(96)	3,484
2020-21	3,501	(85)	N/A
2021-22	3,514	13	3,395
2022-23	3,529	15	3,363
2023-24	3,575	46	3,429
2024-25	3,550	*(25)	3,400 *
2025-26	3,488	*(62)	3,341 *
2026-27	3,425	*(63)	3,281 *
* Projection, not actual numbers			

Since ADA is such an essential part of the District’s income base, the ADA projection for this next fiscal year is an integral part in projecting the District’s income. Currently, even a 1% change in attendance rates would be a \$400,000 change in the District’s projected revenues. Therefore, District attendance records are monitored monthly, and ADA is updated throughout the year to ensure that the projected revenues are in line with the District’s budgeted or revised projections. The Albany Unified School District has averaged a 97% attendance rate compared to enrollment in the past, however the attendance rate was 95.8% in 2023-24 school year.

Trends and Projection



Local Control Funding Formula

The Governor's Budget includes a 1.07% COLA to the LCFF. To fully fund the LCFF and maintain the level of current-year apportionments, the May Revision proposes withdrawing approximately \$5.8 billion from the Public School System Stabilization Account (PSSSA) for 2023-24 and another \$2.6 billion for 2024-25. However, this was modified by the May 27, 2024, agreement between the Governor and the California Teachers Association (CTA); see Proposition 98 Risk Factors below.

Declining enrollment protection for school districts will continue, allowing districts to use the greater of current year, prior year, or average of the three most recent prior years' average daily attendance (ADA). Charter schools will continue to be funded based on current year ADA. All LEAs should continue to develop multiple financial projection scenarios using all available options to ensure they are prepared for both best- and worst-case budgets and are better able to adapt to economic uncertainty.

The following is Albany Unified School District LCFF funding for 2024-25:

COLA						1.07%	FY 24-25 Daily ADA
	ADA	Base	Gr Span	Supplemental	Concentration	TARGET	
Grades TK-3	1,026.39	10,025	1,043	788	-	\$ 12,168,923	\$ 66
Grades 4-6	796.50	10,177	-	725	-	\$ 8,683,127	\$ 61
Grades 7-8	511.84	10,478	-	746	-	\$ 5,744,910	\$ 62
Grades 9-12	1,094.29	12,144	316	887	-	\$ 14,605,655	\$ 74
Total ADA	3,429.02						
Home-to-School Transportation						30,499	
Transitional Kindergarten						282,992	
Total LCFF Funding		37,047,659	1,416,320	2,738,636	-	\$ 41,516,106	

Multiyear Projections

Key planning factors for districts to incorporate into their 2023-24 proposed budget reporting and multiyear projections are listed below and are based on the latest information available.

	2023-24	2024-25	2025-26	2026-27
	2nd Interim Budget	Projected	Projected	Projected
Enrollment	3,575	3,550	3,488	3,425
Average Daily Attendance	3,429	3,400	3,341	3,281
Funded ADA	3,429	3,429	3,400	3,390
Cost of Living Allowance (COLA) & Augmentation	8.22%	1.07%	2.93%	3.08%
California CPI (Consumer Price Index)	3.33%	3.10%	2.86%	2.80%
Local Control Funding Formula (TK-3: Per Student)	\$11,721	\$11,856	\$12,203	\$12,569
(4-6: Per Student)	\$10,777	\$10,902	\$11,221	\$11,557
(7-8: Per Student)	\$11,096	\$11,224	\$11,553	\$12,449
(T9-12: Per Student)	\$13,193	\$13,347	\$13,738	\$14,149
LCFF – Unduplicated Count Percentage	35.14%	35.15%	35.15%	35.15%
Mandated Block Grant	K-8 \$37.81	K-8 \$38.21	K-8 \$39.33	K-8 \$40.54
	9-12 \$72.84	9-12 \$73.62	9-12 \$75.78	9-12 \$78.11
Lottery – Unrestricted (Per ADA)	\$177	\$177	\$177	\$177
Lottery – Prop. 20 Instructional Materials (Per ADA)	\$72	\$72	\$72	\$72
STRS - State Teacher Retirement System	19.10%	19.10%	19.10%	19.10%
PERS - Public Employee Retirement System	26.68%	27.05%	27.60%	28.00%

Proposition 98 Risk Factors

On May 27, 2024, the governor and the CTA reached an agreement that would withdraw the accounting shift proposed in the May Revision and replace it with an alternative solution that changes the scoring of Proposition 98, suspends Proposition 98 in the current year, and adds a maintenance factor to be paid back to education in the future. The Legislature must either concur with this agreement or negotiate an alternate solution.

LEAs should be aware of the following risks if the proposed alternative solution is accepted:

- Cash deferrals. For example, possibly deferring the June 2025 apportionment to July 2025.
- Maintenance factor repaid through a restricted program.
- Possible reductions to existing programs or reductions in expansions to existing programs.
- The possible rescinding of unallocated grants.
- Creating a long-term obligation to education that could lead to future reductions.

California revenues depend on three major tax revenue sources: sales, corporate, and personal. Of the three tax types, personal income tax is the most volatile. Over the last several years, California has seen significant revenue volatility, which resulted in the 2021 and 2022 budget acts showing higher growth assumptions than achieved, creating a misalignment between expenditures and revenues.

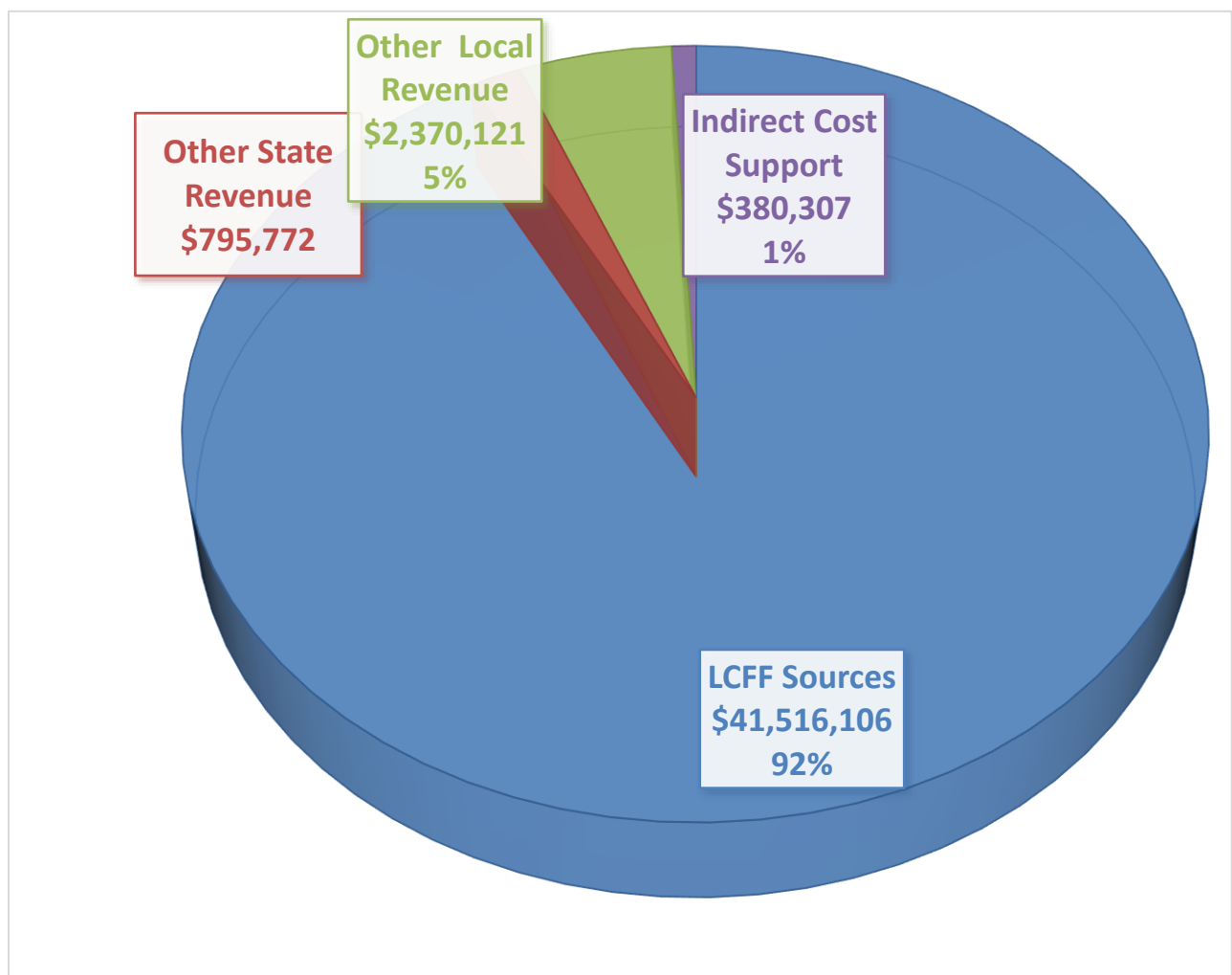
In 2022-23 and 2023-24, the revenue shortfall resulted in an \$8.8 billion overpayment of Proposition 98. To address the overpayment, in January and May, the governor proposed an accounting shift. In

essence, the governor's proposal financed payments it had already made to schools by creating internal borrowing that would be repaid in future years. The repayment would have been recognized gradually over five years, beginning in 2025-26. The May 27, 2024 agreement with CTA changes this approach.

Unrestricted General Fund Revenues

Most of the District's General Fund revenue is generated from the District's Local Control Funding Formula, which yields funds based on a State-determined dollar amount multiplied by the average number of students in attendance throughout the school year.

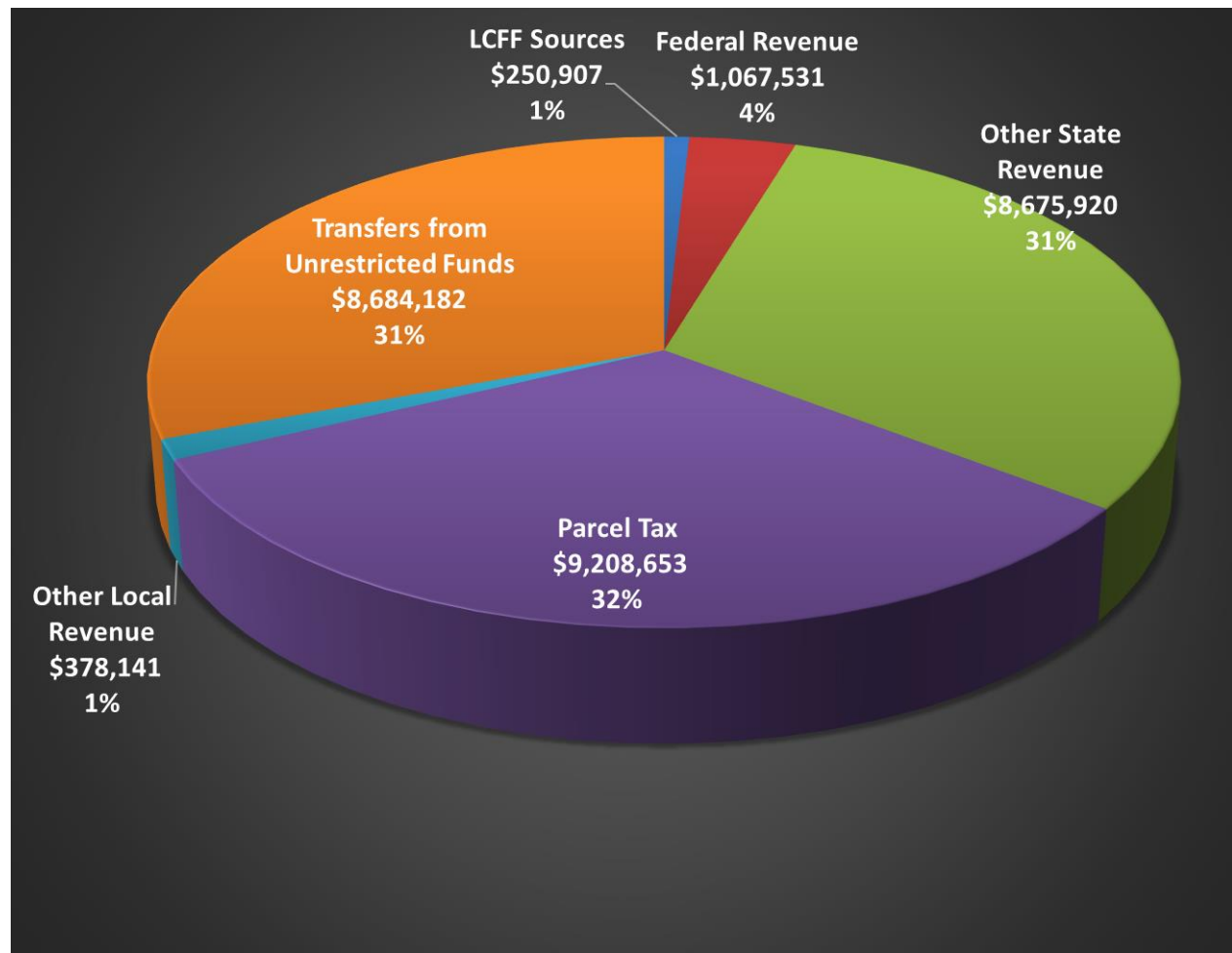
Unrestricted General Fund Revenues are used for general operations of the school district. They can be used for any educational purpose and are the ultimate source of funding for mandated programs that are not self-supporting.



Restricted General Fund Revenues

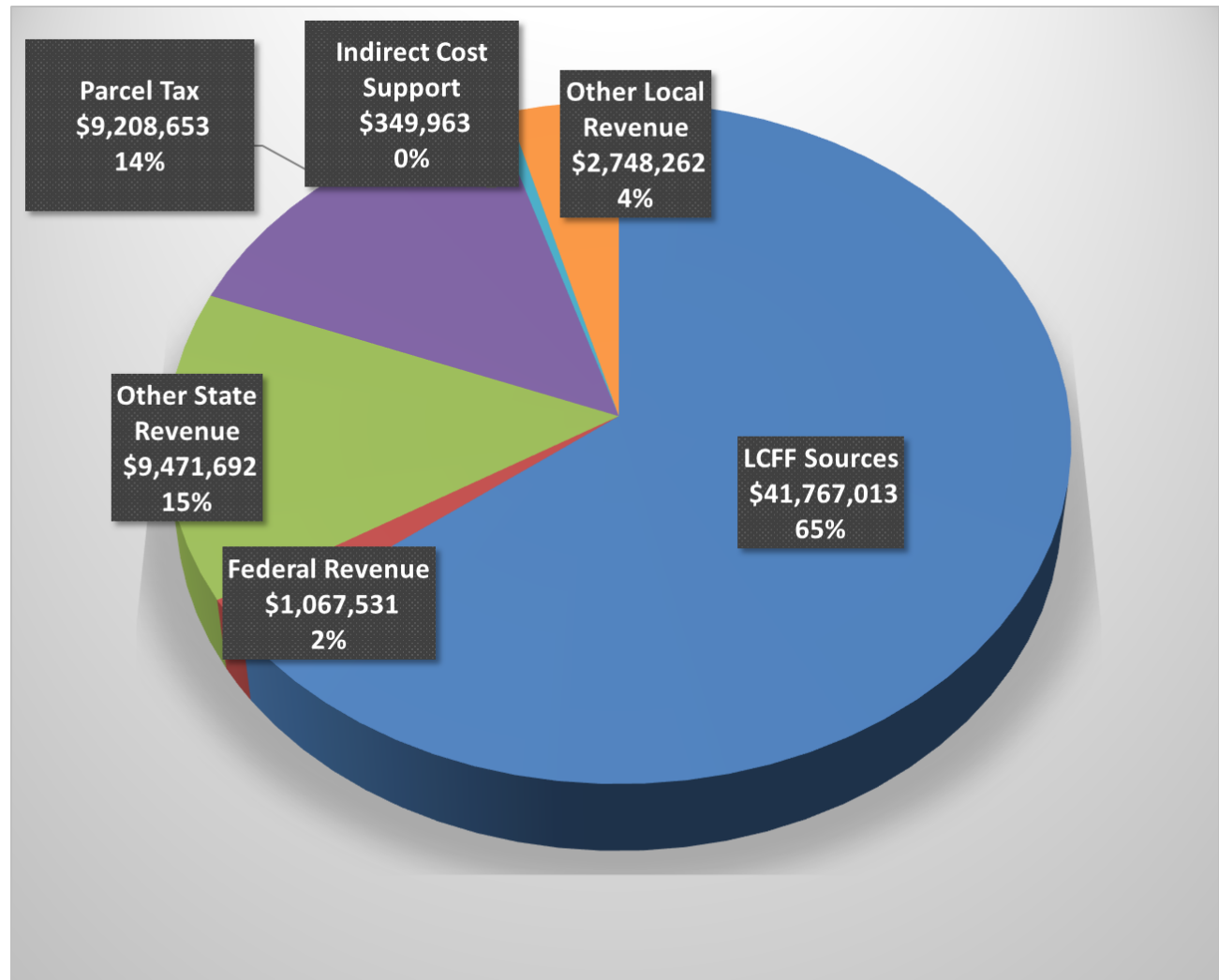
Restricted General Fund Revenues can only be expended for purposes determined by the grantor, such as Special Education, Transportation, and Restricted Routine Maintenance. The two largest sources of revenues are State categorical income that must be spent on selected State-determined programs and two district parcel taxes, which generate \$9,208,653 in revenue.

The largest categorical program at \$11 million is the Special Education program, which the District is federally mandated to provide support services based on qualifying students Individualized Educational Plan (IEPs). This program receives approximately 38% of the funds needed from Federal and State sources. The remainder must be supported by the Unrestricted General Fund. Federal income is a small portion of the entire District income.



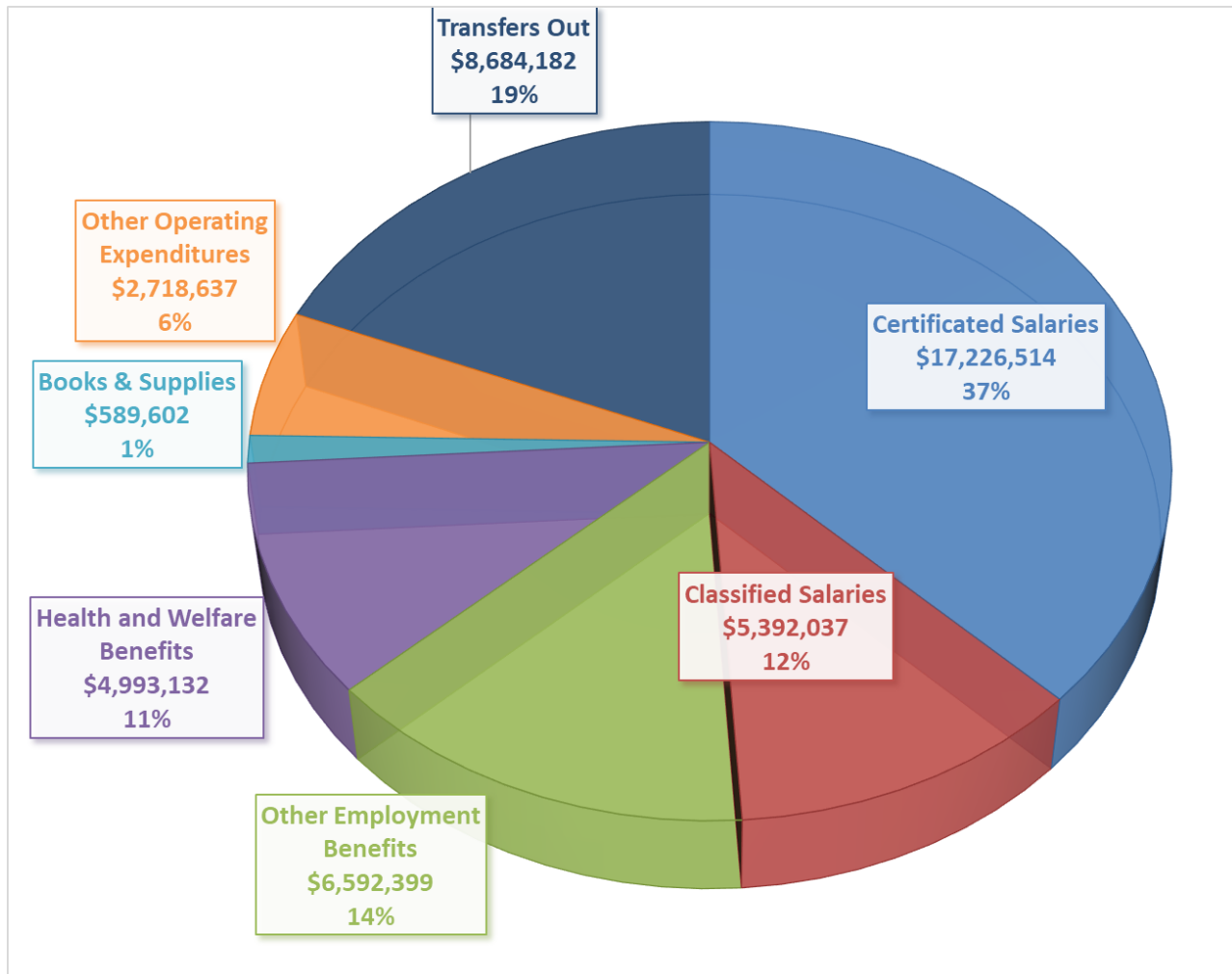
Combined General Fund Revenues

Below is a pie chart of Combined General Fund Revenues for Albany Unified School District. As noted above: the existing parcel tax measures represent 14% of all General Fund revenue received; approximately 80% of General Fund revenue received is from the State; and Federal funds represent 2% of total General Fund revenues.



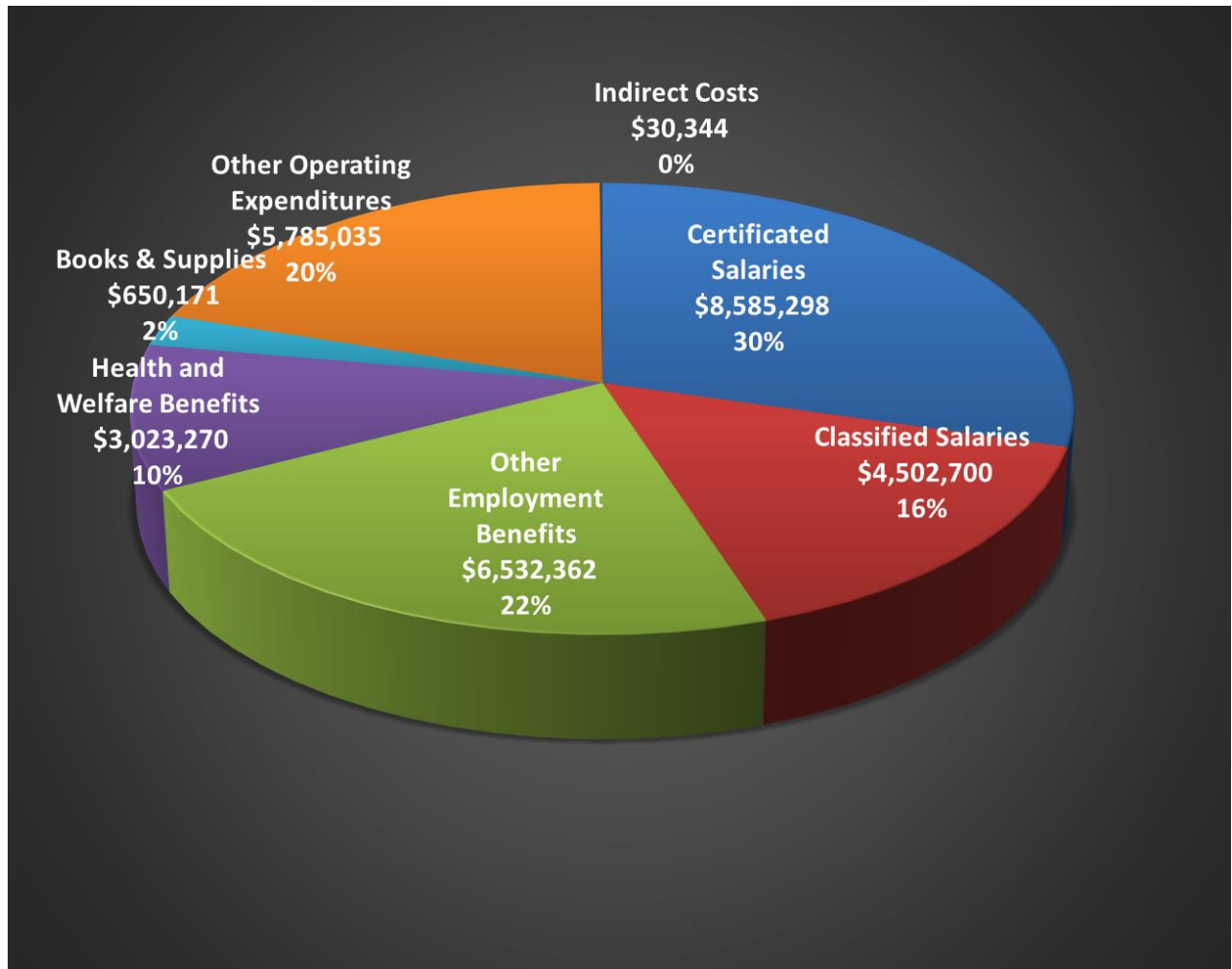
Unrestricted General Fund Expenditures

Education is a service industry, and it takes a lot of people to carry out the needs and services of the District. As such, most of the expenditures of the District are committed to the salaries and benefits for employees of the District. The Unrestricted General Fund also includes the required portion of funding that must be transferred to the Restricted General Fund to cover mandated programs such as special education and routine restricted maintenance.



Restricted General Fund Expenditures

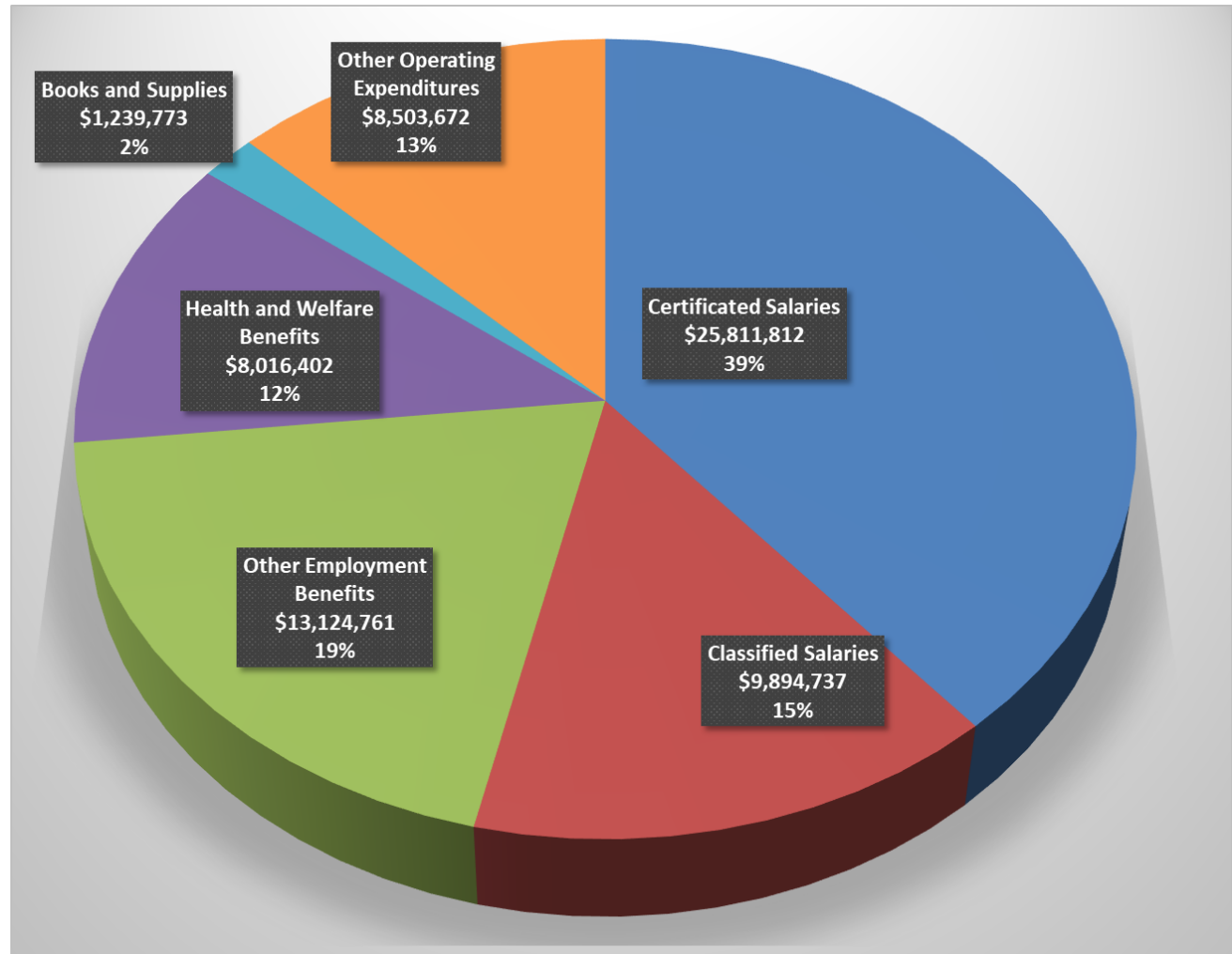
Unlike the Unrestricted General Fund, salaries and benefits make up 78% of the Restricted General Fund Expenditures, not incorporating STRS On-Behalf Pension Contribution. This is because more of the funds are spent on supplemental services, such as supplemental materials, specific trainings, Nun-Public Schools, transportation, conferences, residential placement, and contracted services.



Combined General Fund Expenditures

This is a pie chart of the Combined General Fund Expenditures for the Albany Unified School District. As such, most of the expenditures of the District are committed to the salaries and benefits for employees of the District. It takes a lot of people to deliver a high-quality academic program, and the Albany Unified School District spends over 85% of the District's budgeted on salaries and benefits for District employees.

The employee benefits represent 37% of the total payroll cost in the budget and include retirement, Medicare, unemployment, workers compensation, and health and welfare insurance costs for current and retired employees.



Other Major Funds Monitored in Proposed Budget

	SELPA Administrative Unit Fund (10)	Child Development Fund (12)	Cafeteria Food Services Fund (13)	Deferred Maintenance Fund (14)	Special Reserve Fund (17)
Description					
REVENUES					
General Purpose Revenues:					
State Aid & EPA	-	-	-		-
Property Taxes & Misc. Local	-	-	-		-
Total General Purpose	-	-	-	-	-
Federal Revenues	5,333,147	189,592	567,000	-	-
Other State Revenues	16,178,654	1,907,278	1,700,000	-	-
Other Local Revenues	-	1,607,875	173,713	-	15,000
TOTAL - REVENUES	21,511,801	3,704,745	2,440,713	-	15,000
EXPENDITURES					
Certificated Salaries	-	553,809	-	-	-
Classified Salaries	-	1,467,442	924,708	-	-
Employee Benefits (All)	-	1,273,159	642,663	-	-
Books & Supplies	-	45,160	1,001,867	-	-
Other Operating Expenses (Services)	-	501,212	365	-	-
Capital Outlay	-	-	3,274	-	-
Other Outgo	21,511,801	254,963	-		-
Direct Support/Indirect Costs	-	-	95,000	-	-
TOTAL - EXPENDITURES	21,511,801	4,095,745	2,667,877	-	-
FUND BALANCE INCREASE (DECREASE)	-	(391,000)	(227,164)	-	15,000
FUND BALANCE					
Beginning Fund Balance	-	719,906	1,139,842	61,810	725,469
Ending Balance, June 30	-	328,906	912,678	61,810	740,469

SELPA PASS-THROUGH FUND 10

This fund accounts for the pass-through revenues and disbursements for the North Region Special Education Local Plan Area (SELPA) Administrative Unit to the neighboring school districts of Alameda, Albany, Berkeley, Emery, and Piedmont Unified School Districts.

CHILD DEVELOPMENT FUND 12

This fund accounts for revenues and disbursements for the Albany Children's Center, which includes the preschool and after school programs.

CHILD NUTRITION SERVICES FUND 13

This fund accounts for revenues and disbursements for the District Cafeteria Program.

DEFERRED MAINTENANCE FUND 14

This fund accounts for Deferred Maintenance financial activity.

SPECIAL RESERVE FUND 17

This special reserve fund is for Career- Technical Education programs and general fund program assistance.

			County	Bond
		Capital	School	Interest &
		Facilities	Facilities	Redemption
		Fund (25)	Fund (35)	Fund (51)
Description	Building			
	Fund (21)			
REVENUES				
General Purpose Revenues:				
State Aid & EPA	-	-	-	-
Property Taxes & Misc. Local	-	-	-	-
Total General Purpose	-	-	-	-
Federal Revenues	-	-	-	-
Other State Revenues	-	-	-	39,000
Other Local Revenues	39,500	91,000	350,000	6,668,994
TOTAL - REVENUES	39,500	91,000	350,000	6,707,994
EXPENDITURES				
Certificated Salaries	-	-	-	-
Classified Salaries	-	-	-	-
Employee Benefits (All)	-	-	-	-
Books & Supplies	-	-	-	-
Other Operating Expenses (Services)	-	94,000	-	-
Capital Outlay	1,048,008	-	1,421,819	-
Other Outgo	-	-	-	6,526,644
Direct Support/Indirect Costs	-	-	-	-
TOTAL - EXPENDITURES	1,048,008	94,000	1,421,819	6,526,644
FUND BALANCE INCREASE (DECREASE)	(1,008,508)	(3,000)	(1,071,819)	181,350
FUND BALANCE				
Beginning Fund Balance	1,008,508	245,453	8,107,390	7,731,547
Ending Balance, June 30	-	242,453	7,035,571	7,912,897

BUILDING FUND 21

This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

- 2016 Measure B Bond and 2016 Measure E Bond

CAPITAL FACILITIES ACCOUNT FUND 25

Fund established to account for the collection of developer fees and expenditures for capital facility projects related to growth.

COUNTY SCHOOL FACILITIES FUND 35

This fund was established to receive apportionments from the State School Facilities Fund. The fund is used primarily to account for new school facility construction, modernization projects and facility hardship grants.

BOND AND INTEREST REDEMPTION FUND 51

This fund was established to account for the tax collection and payment of voter-approved bonds.

ALBANY UNIFIED SCHOOL DISTRICT

2024-25 Proposed Budget

Multi-Year Financial Projection

Description	2024-25 Proposed Budget			2025-26 Projected Budget			2026-27 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
REVENUES									
General Purpose Revenue	41,516,106	250,907	41,767,013	42,360,584	250,907	42,611,491	43,503,293	250,907	43,754,200
Federal Revenue	-	1,067,531	1,067,531	-	1,067,531	1,067,531	-	1,067,531	1,067,531
State Revenue	795,772	8,675,920	9,471,692	795,772	8,675,920	9,471,692	795,772	8,675,920	9,471,692
Local Revenue	2,370,121	9,586,794	11,956,915	2,370,121	9,727,251	12,097,372	2,370,121	9,871,923	12,242,044
TOTAL REVENUES	44,681,999	19,581,152	64,263,151	45,526,477	19,721,609	65,248,086	46,669,186	19,866,281	66,535,467
EXPENDITURES									
Certificated Salaries	17,226,514	8,585,298	25,811,812	17,475,724	8,739,833	26,215,557	17,790,287	8,897,150	26,687,437
Classified Salaries	5,392,037	4,502,700	9,894,737	5,489,094	4,583,749	10,072,843	5,587,898	4,666,256	10,254,154
Benefits	11,585,531	9,555,632	21,141,163	12,013,031	9,829,648	21,842,679	12,464,617	10,109,651	22,574,268
Books and Supplies	589,602	650,171	1,239,773	606,465	668,766	1,275,231	623,871	687,960	1,311,831
Other Services & Oper. Exp	2,718,637	5,625,369	8,344,006	2,796,390	5,150,699	7,947,089	2,876,646	5,298,524	8,175,170
Capital Outlay	-	159,666	159,666	-	-	-	-	-	-
Reduction	-	-	-	(650,000)	-	(650,000)	(650,000)	-	(650,000)
Transfer of Indirect Costs	(380,307)	30,344	(349,963)	(380,307)	30,344	(349,963)	(380,307)	30,344	(349,963)
TOTAL EXPENDITURES	37,132,014	29,109,180	66,241,194	37,350,397	29,003,039	66,353,436	38,313,012	29,689,885	68,002,897
EXCESS / (DEFICIENCY)	7,549,985	(9,528,028)	(1,978,043)	8,176,080	(9,281,430)	(1,105,350)	8,356,174	(9,823,604)	(1,467,430)
OTHER SOURCES/USES									
Contributions to Restricted	(8,684,182)	8,684,182	-	(9,059,062)	9,059,062	-	(9,601,236)	9,601,236	-
TOTAL OTHER SOURCES / USES	(8,684,182)	8,684,182	-	(9,059,062)	9,059,062	-	(9,601,236)	9,601,236	-
Net Increase (Decrease)	(1,134,197)	(843,846)	(1,978,043)	(882,982)	(222,368)	(1,105,350)	(1,245,062)	(222,368)	(1,467,430)
FUND BALANCE, RESERVES									
Estimated Beginning Balance	5,360,946	3,006,835	8,367,781	4,226,749	2,162,989	6,389,738	3,343,767	1,940,621	5,284,388
Estimated Ending Balance	4,226,749	2,162,989	6,389,738	3,343,767	1,940,621	5,284,388	2,098,705	1,718,253	3,816,958
Restricted	-	2,162,989	2,162,989	-	1,940,621	1,940,621	-	1,718,253	1,718,253
Nonspendable	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000
Reserve for Economic Uncertainties @ 3%	1,987,300	-	1,987,300	1,990,700	-	1,990,700	2,040,100	-	2,040,100
Unassigned - Other	2,214,449	-	2,214,449	1,328,067	-	1,328,067	33,605	-	33,605
Total - Est. Fund Balance	4,226,749	2,162,989	6,389,738	3,343,767	1,940,621	5,284,388	2,098,705	1,718,253	3,816,958

Fund Balance Reserve Percentage

6.34%

5.00%

3.05%