

# **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.*

**2022-23**

## ***1<sup>st</sup> Interim Financial Report Executive Summary***

***Board Meeting  
December 13, 2022***

# First Interim 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 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 <sup>st</sup> Interim	July 1 to October 31	December 15
2 <sup>nd</sup> Interim	July 1 to January 31	March 15
*3 <sup>rd</sup> Interim For Qualified or Negative Certifications	July 1 to April 30	June 1
Unaudited Actuals	July 1 to June 30	September 15

*The 1<sup>st</sup> 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 1<sup>st</sup> Interim Report is to update the current year budget with actual financial data from July 1<sup>st</sup> to October 31<sup>st</sup>, and update future year projections based on the most recent information available.*

The 2<sup>nd</sup> 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.

## Significant Changes Since Adopted Budget

On August 26, 2022, the Governor signed SB 185, the Education Omnibus Trailer Bill, which made changes to the June 27, 2022 State adopted budget. The budget maintained several proposals that were included in the May Revision; however, many changes have been incorporated in the final state budget.

- LCFF base grant increases by 6.70%; the initial state budget increased the base grant by 6.28%, but the trailer bill (AB 185) established the increase at 6.70%
- LCFF calculation amended to allow school districts to utilize the greater of current year, prior year, or the average of the most recent three prior years' ADA
- For eligible LEAS, 2021-22 LCFF calculation amended to utilize the greater of 2021-22 ADA or the 2021-22 ADA adjusted to reflect the LEA's 2019-20 attendance rate.
- \$7.9 billion to establish the Learning Recovery Emergency Block Grant
- \$3.6 billion to establish the Arts, Music, and Instructional Materials Discretionary Block Grant
- Full funding of \$4 billion for the Expanded Learning Opportunities Program (ELOP) with changes to calculation of funds, offering, and access requirements. \$5 million of the \$4 billion is for county offices to provide technical assistance, evaluation and training services to support program improvement [EC 46120(d)(8)]

The 2022 Enacted State Budget included two new one-time restricted block grants, the Arts, Music & Instructional Materials Block Grant and the Learning Recovery Emergency Block Grant. Since the enactment of the budget, the California Department of Education (CDE) has published rates and FAQs.

Beginning in the 2022-23 school year, all public schools will be required to provide two free meals per day to any students who request a meal. The Budget Act includes \$1.2 billion ongoing for universal school meals. This includes \$596 million for universal access to subsidized meals and \$611.8 million to maintain the meal reimbursement rates. Participation in the National School Lunch Program is a requirement to receive funding under California's universal school meals program.

## Enrollment and Attendance History and Projections

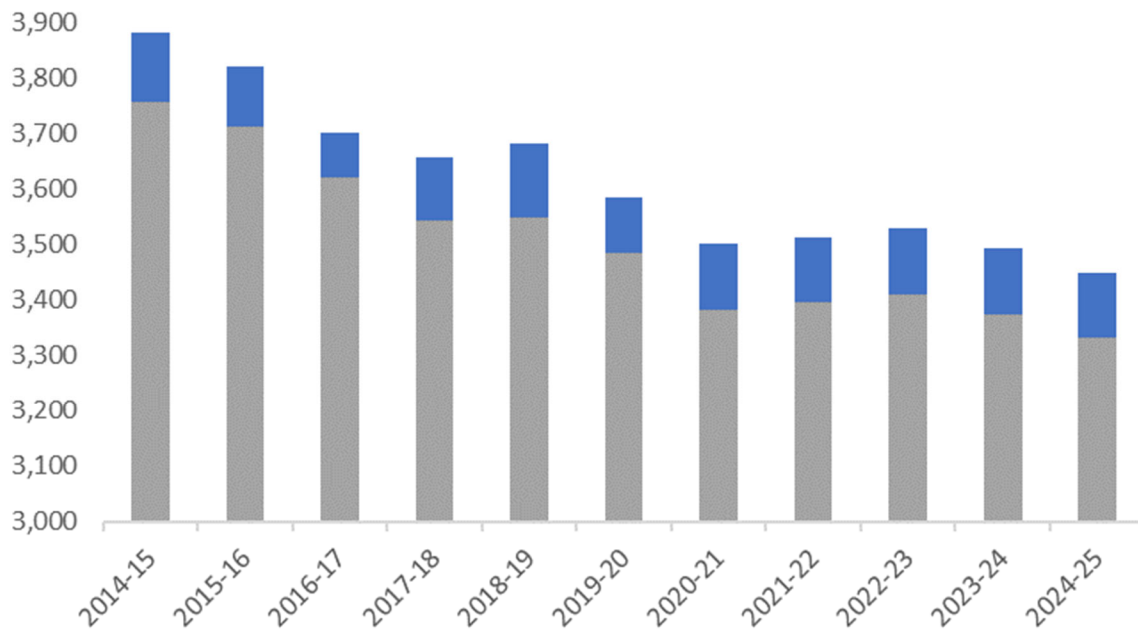
The most significant characteristic for determining District income is the calculation of the average number of students that are in school and in attendance on a daily basis. The State funds school districts based on the number of students attending school each day instead of the number of students 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. Funding is allocated based on the higher of the current year or prior year ADA.

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 needs.

The following is Albany Unified School District history and current projections\* on attendance and enrollment:

	Enrollment Projection (1st Interim)		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	3,531		17	3,411	*
2023-24	3,493	*	(38)	3,374	*
2024-25	3,450	*	(43)	3,333	*
* Projection, not actual numbers					

### Trends and Projection



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 \$370,000 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 96.6% attendance rate compared to enrollment for the past three years.

# Local Control Funding Formula

The following is Albany Unified School District LCFF funding for 2022-23:

COLA						0.000%	
Unduplicated as % of Enrollment (3 year rolling percentage)						31.22%	FY 22-23
	ADA	Base	Gr Span	Supplemental	Concentration	TARGET	Daily ADA
Grades TK-3	1,008.39	9,166	953	632	-	\$ 10,841,029	\$ 60
Grades 4-6	763.02	9,304	-	581	-	\$ 7,542,408	\$ 55
Grades 7-8	539.97	9,580	-	598	-	\$ 5,495,910	\$ 57
Grades 9-12	1,145.35	11,102	289	711	-	\$ 13,861,308	\$ 67
Total ADA	3,456.73						
Home-to-School Transportation						27,884	
Transitional Kindergarten						179,357	
Total LCFF Funding		28,950,742	1,093,707	1,638,624	-	\$ 37,947,896	

## Multiyear Projections

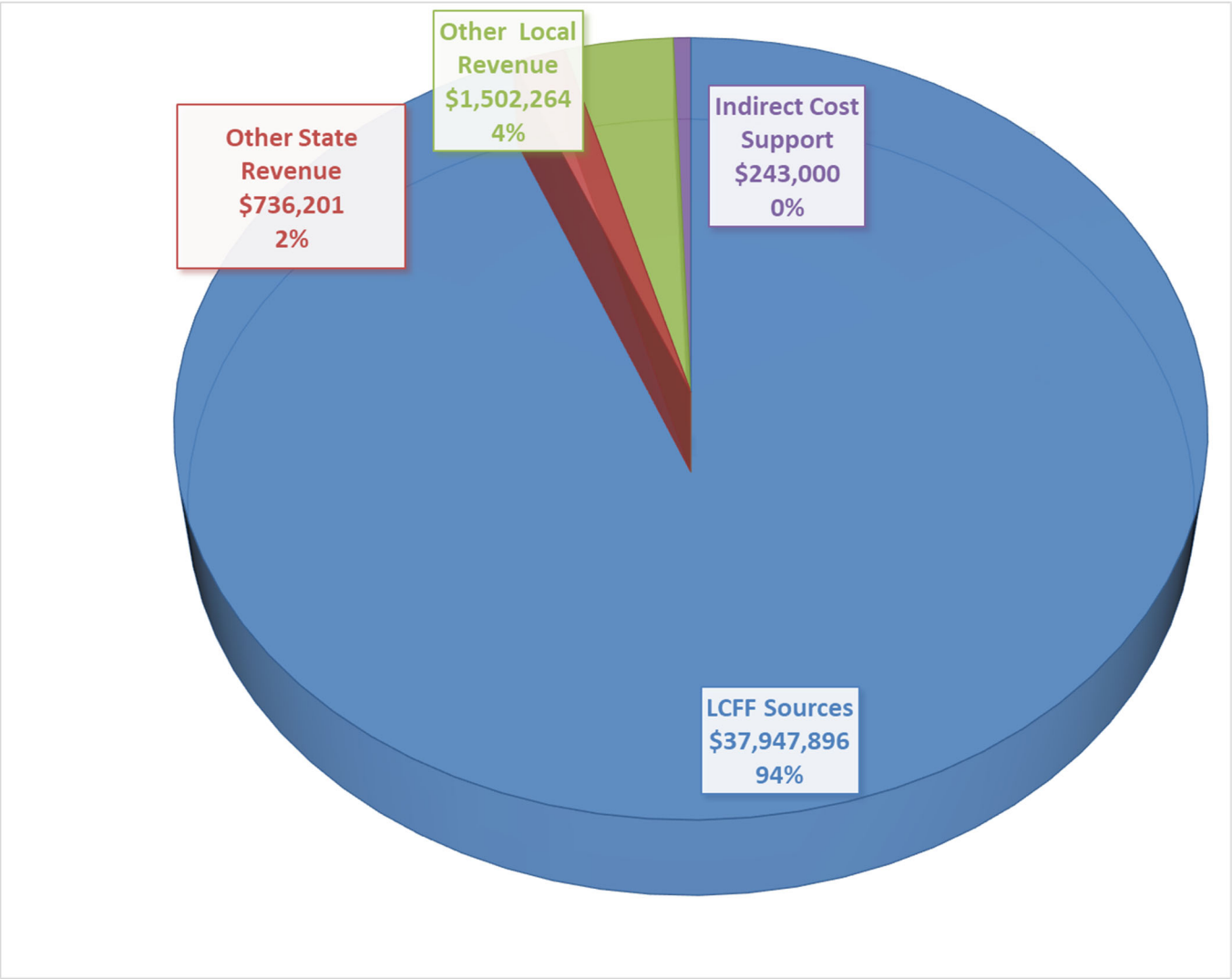
Key planning factors for LEAs to incorporate into their 2022-23 First Interim reporting and multiyear projections are listed below and are based on the latest information available.

	2021-22	2022-23	2023-24	2024-25
	Unaudited Actuals	1st Interim Budget	Projected	Projected
<b>Enrollment</b>	3,514	3,531	3,493	3,450
<b>Average Daily Attendance</b>	3,395	3,411	3,374	3,333
<b>Funded ADA</b>	3,485	3,457	3,432	3,394
<b>Cost of Living Allowance (COLA) &amp; Augmentation</b>	5.07%	13.26%	5.38%	4.02%
<b>Local Control Funding Formula</b> (TK-3: Per Student)	\$9,441	\$10,751	\$11,375	\$11,813
(4-6: Per Student)	\$8,681	\$9,885	\$10,459	\$10,862
(7-8: Per Student)	\$8,937	\$10,178	\$10,768	\$11,184
(T9-12: Per Student)	\$10,627	\$12,102	\$12,804	\$13,297
<b>LCFF – Unduplicated Count Percentage</b>	28.34%	31.22%	33.35%	32.51%
<b>Mandated Block Grant</b>	K-8 \$32.79	K-8 \$34.94	K-8 \$36.82	K-8 \$38.30
	9-12 \$63.17	9-12 \$67.31	9-12 \$70.93	9-12 \$73.78
<b>Lottery – Unrestricted</b> (Per ADA)	\$177	\$170	\$170	\$170
<b>Lottery – Prop. 20 Instructional Materials</b> (Per ADA)	\$82	\$67	\$67	\$67
<b>STRS - State Teacher Retirement System</b>	16.92%	19.10%	19.10%	19.10%
<b>PERS - Public Employee Retirement System</b>	22.91%	25.37%	25.20%	24.60%

# 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.

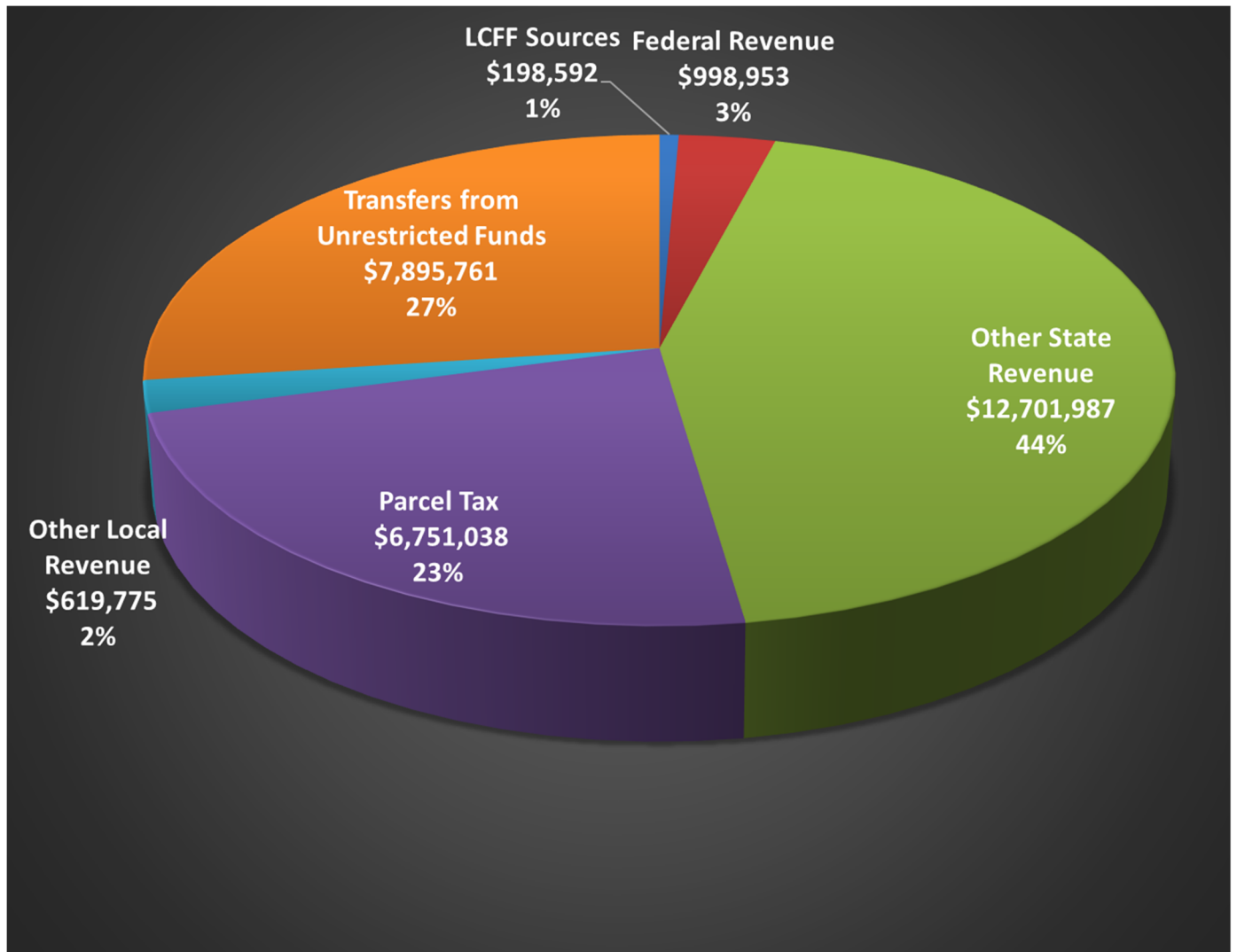
Unrestricted General Fund Revenues are used for general operations of the school district. They can be used for any educational purpose and are the ultimate source of funding for mandated programs that are not self-supporting.



## Restricted General Fund Revenues

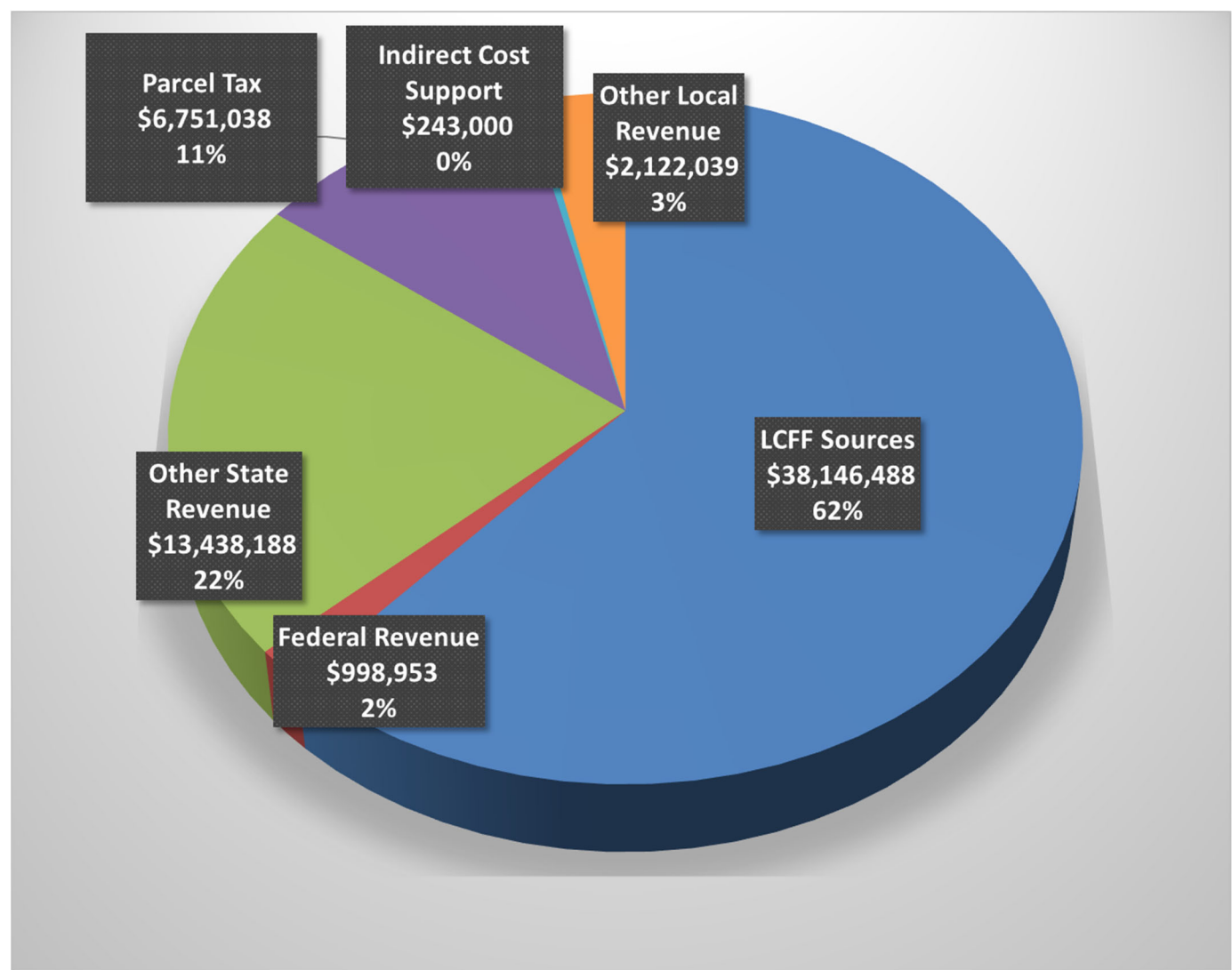
Restricted General Fund Revenues can only be expended for purposes determined by the grantor, such as Special Education, Transportation, and Restricted Routine Maintenance. The two largest sources of revenues are State categorical income that must be spent on selected State-determined programs and two district parcel taxes, which generate \$6,751,038 in revenue.

The largest categorical program at \$9.7 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 39% 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

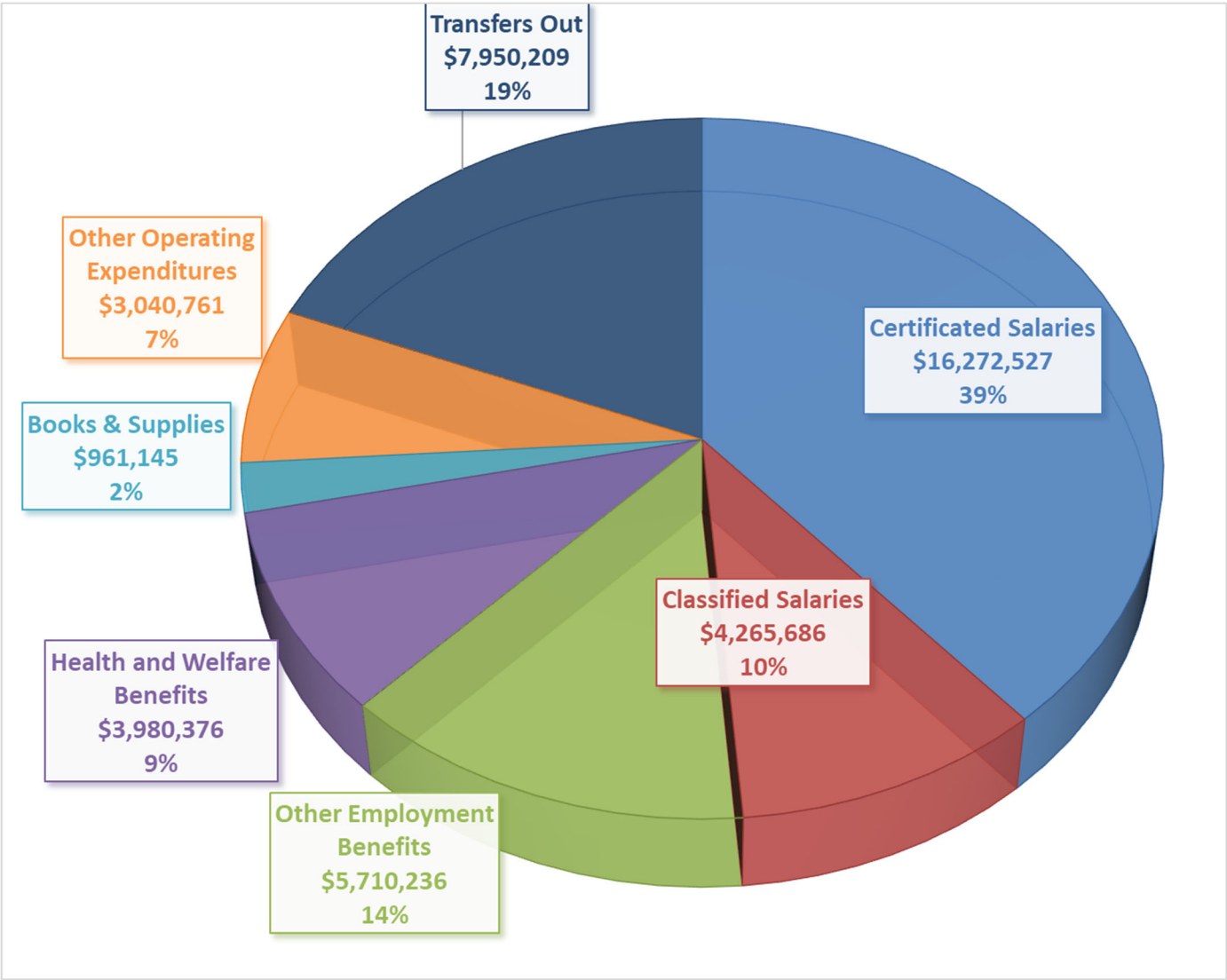
Below is a pie chart of Combined General Fund Revenues for Albany Unified School District. As noted above: the existing parcel tax measures represent 11% of all General Fund revenue received; approximately 84% of General Fund revenue received is from the State; and Federal funds represent 2% of total General Fund revenues.





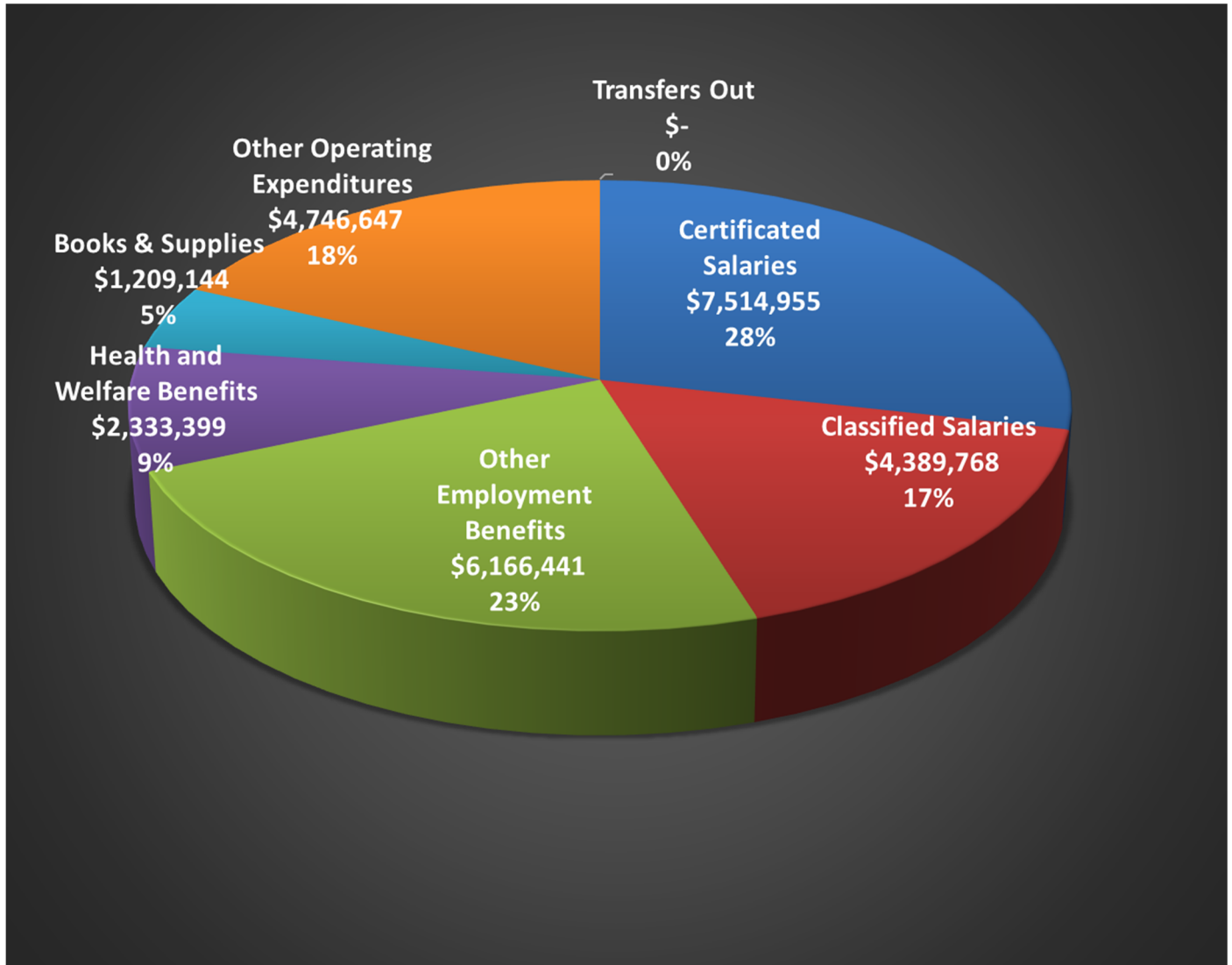
# Unrestricted General Fund Expenditures

Education is a service industry, and it takes a lot of people to carry out the needs and services of the District. 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

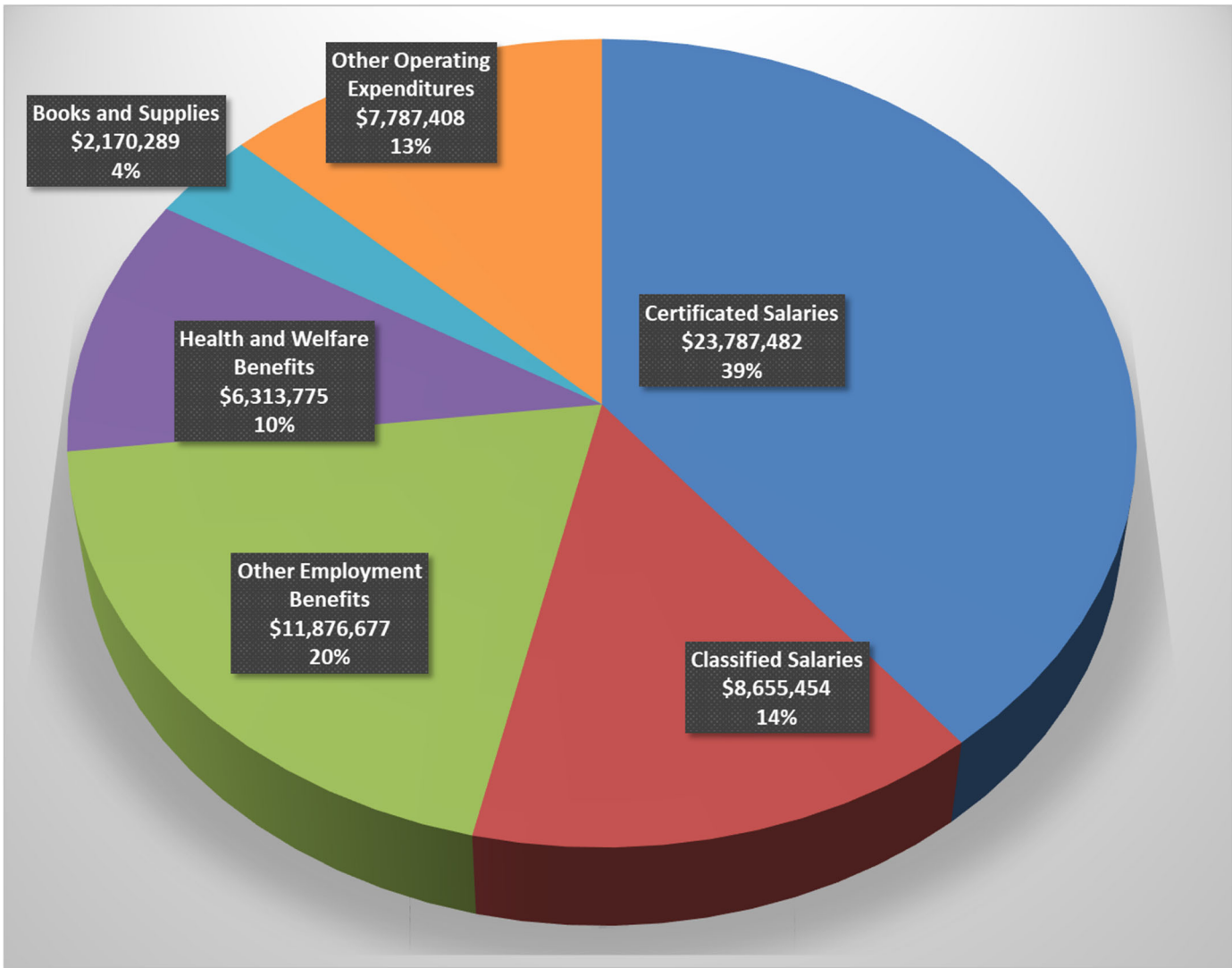
Salaries and benefits make up 77% of the Restricted General Fund Expenditures. This is because more of the funds are spent on supplemental services, such as NPS, transportation, supplemental materials, specific training, and contracted services.



# 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 83% of the District's budgeted on salaries and benefits for District employees.

The employee benefits represent 36% 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 First Interim

	SELPA Administrative Unit Fund (10)	Child Development Fund (12)	Cafeteria Food Services Fund (13)	Deferred Maintenance Fund (14)
Description				
<b>REVENUES</b>				
Federal Revenues	4,761,140	363,473	620,752	-
Other State Revenues	17,773,277	1,584,045	1,220,258	-
Other Local Revenues	-	1,375,191	152,845	-
<b>TOTAL - REVENUES</b>	<b>22,534,417</b>	<b>3,322,709</b>	<b>1,993,855</b>	<b>-</b>
<b>EXPENDITURES</b>				
Certificated Salaries	-	552,326	-	-
Classified Salaries	-	1,246,887	791,416	-
Employee Benefits (All)	-	1,087,351	504,662	-
Books & Supplies	-	44,303	617,400	-
Other Operating Expenses (Services)	-	319,648	(29,971)	-
Capital Outlay	-	-	-	-
Other Outgo	22,534,417	-	-	-
Direct Support/Indirect Costs	-	158,000	85,000	-
<b>TOTAL - EXPENDITURES</b>	<b>22,534,417</b>	<b>3,408,515</b>	<b>1,968,507</b>	<b>-</b>
<b>EXCESS (DEFICIENCY)</b>	<b>-</b>	<b>(85,806)</b>	<b>25,348</b>	<b>-</b>
<b>OTHER SOURCES/USES</b>	<b>-</b>	<b>83,503</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE INCREASE (DECREASE)</b>	<b>-</b>	<b>(2,303)</b>	<b>25,348</b>	<b>-</b>
<b>FUND BALANCE</b>				
Beginning Fund Balance	-	2,303	435,251	65,044
Ending Balance, June 30	-	-	460,599	65,044

### **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)	Building Fund (21)	Capital Facilities Fund (25)	County School Facilities Fund (35)	Bond Interest & Redemption Fund (51)
Description					
<b>REVENUES</b>					
Federal Revenues	-	-	-	-	-
Other State Revenues	-	-	-	4,504,152	45,500
Other Local Revenues	2,000	110,000	53,053	-	6,681,870
<b>TOTAL - REVENUES</b>	<b>2,000</b>	<b>110,000</b>	<b>53,053</b>	<b>4,504,152</b>	<b>6,727,370</b>
<b>EXPENDITURES</b>					
Certificated Salaries	-	-	-	-	-
Classified Salaries	-	-	-	-	-
Employee Benefits (All)	-	-	-	-	-
Books & Supplies	-	-	-	-	-
Other Operating Expenses (Services)	-	-	110,000	-	-
Capital Outlay	-	13,071,597	-	7,301,044	-
Other Outgo	-	-	-	-	6,727,370
Direct Support/Indirect Costs	-	-	-	-	-
<b>TOTAL - EXPENDITURES</b>	<b>-</b>	<b>13,071,597</b>	<b>110,000</b>	<b>7,301,044</b>	<b>6,727,370</b>
<b>EXCESS (DEFICIENCY)</b>	<b>2,000</b>	<b>(12,961,597)</b>	<b>(56,947)</b>	<b>(2,796,892)</b>	<b>-</b>
<b>OTHER SOURCES/USES</b>	<b>(86,002)</b>	<b>-</b>	<b>56,947</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE INCREASE (DECREASE)</b>	<b>(84,002)</b>	<b>(12,961,597)</b>	<b>-</b>	<b>(2,796,892)</b>	<b>-</b>
<b>FUND BALANCE</b>					
Beginning Fund Balance	814,362	13,791,919	-	9,889,146	7,400,791
Ending Balance, June 30	730,360	830,322	-	7,092,254	7,400,791

#### **SPECIAL RESERVE FUND 17**

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

#### **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.

- **2009 Measure E Bond**
- **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

## 2022-23 First Interim Report

### Multi-Year Financial Projection

Description	2022-23 1st Interim Budget			2023-24 Projected Budget			2024-25 Projected Budget		
	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined	Unrestricted	Restricted	Combined
<b>REVENUES</b>									
General Purpose Revenue	37,947,896	198,592	38,146,488	39,932,149	198,592	40,130,741	41,087,176	198,592	41,285,768
Federal Revenue	-	998,953	998,953	-	998,953	998,953	-	998,953	998,953
State Revenue	736,201	12,701,987	13,438,188	736,201	8,613,600	9,349,801	736,201	8,613,600	9,349,801
Local Revenue	1,502,264	7,370,813	8,873,077	1,502,264	7,429,109	8,931,373	1,502,264	7,488,687	8,990,951
<b>TOTAL REVENUES</b>	<b>40,186,361</b>	<b>21,270,345</b>	<b>61,456,706</b>	<b>42,170,614</b>	<b>17,240,254</b>	<b>59,410,868</b>	<b>43,325,641</b>	<b>17,299,832</b>	<b>60,625,473</b>
<b>EXPENDITURES</b>									
Certificated Salaries	16,272,527	7,514,955	23,787,482	16,565,432	7,650,224	24,215,656	16,863,610	7,787,928	24,651,538
Classified Salaries	4,265,686	4,389,768	8,655,454	4,342,468	4,400,528	8,742,996	4,420,632	4,479,738	8,900,370
Benefits	9,690,612	8,499,840	18,190,452	10,020,314	8,695,056	18,715,370	10,304,292	8,853,399	19,157,691
Books and Supplies	961,145	1,209,144	2,170,289	899,941	1,235,910	2,135,851	919,740	1,260,628	2,180,368
Other Services & Oper. Exp	2,958,480	4,746,647	7,705,127	3,034,809	5,263,357	8,298,166	3,101,575	4,262,673	7,364,248
Capital Outlay	82,281	-	82,281	-	-	-	-	-	-
Transfer of Indirect Costs	(243,000)	-	(243,000)	(243,000)	-	(243,000)	(243,000)	-	(243,000)
<b>TOTAL EXPENDITURES</b>	<b>33,987,731</b>	<b>26,360,354</b>	<b>60,348,085</b>	<b>34,619,964</b>	<b>27,245,075</b>	<b>61,865,039</b>	<b>35,366,849</b>	<b>26,644,366</b>	<b>62,011,215</b>
<b>EXCESS / (DEFICIENCY)</b>	<b>6,198,630</b>	<b>(5,090,009)</b>	<b>1,108,621</b>	<b>7,550,650</b>	<b>(10,004,821)</b>	<b>(2,454,171)</b>	<b>7,958,792</b>	<b>(9,344,534)</b>	<b>(1,385,742)</b>
<b>OTHER SOURCES/USES</b>									
Transfers In	86,002	-	86,002	-	-	-	-	-	-
Transfers Out	(140,450)	-	(140,450)	(56,947)	-	(56,947)	(56,947)	-	(56,947)
Contributions to Restricted	(7,895,761)	7,895,761	-	(8,083,837)	8,083,837	-	(8,573,542)	8,573,542	-
<b>TOTAL OTHER SOURCES / USES</b>	<b>(7,950,209)</b>	<b>7,895,761</b>	<b>(54,448)</b>	<b>(8,140,784)</b>	<b>8,083,837</b>	<b>(56,947)</b>	<b>(8,630,489)</b>	<b>8,573,542</b>	<b>(56,947)</b>
<b>Net Increase (Decrease)</b>	<b>(1,751,579)</b>	<b>2,805,752</b>	<b>1,054,173</b>	<b>(590,134)</b>	<b>(1,920,984)</b>	<b>(2,511,118)</b>	<b>(671,697)</b>	<b>(770,992)</b>	<b>(1,442,689)</b>
<b>FUND BALANCE, RESERVES</b>									
Estimated Beginning Balance	6,778,206	2,633,842	9,412,048	5,026,627	5,439,594	10,466,221	4,436,493	3,518,610	7,955,103
<b>Estimated Ending Balance</b>	<b>5,026,627</b>	<b>5,439,594</b>	<b>10,466,221</b>	<b>4,436,493</b>	<b>3,518,610</b>	<b>7,955,103</b>	<b>3,764,796</b>	<b>2,747,618</b>	<b>6,512,414</b>
Nonspendable	25,000	-	25,000	25,000	-	25,000	25,000	-	25,000
Restricted	-	5,439,594	5,439,594	-	3,518,610	3,518,610	-	2,747,618	2,747,618
Committed	1,703,034	-	1,703,034	1,703,034	-	1,703,034	1,703,034	-	1,703,034
Assigned	1,483,893	-	1,483,893	850,759	-	850,759	174,662	-	174,662
Reserve for Economic Uncertainties @ 3%	1,814,700	-	1,814,700	1,857,700	-	1,857,700	1,862,100	-	1,862,100
<b>Total - Est. Fund Balance</b>	<b>5,026,627</b>	<b>5,439,594</b>	<b>10,466,221</b>	<b>4,436,493</b>	<b>3,518,610</b>	<b>7,955,103</b>	<b>3,764,796</b>	<b>2,747,618</b>	<b>6,512,414</b>

Fund Balance Reserve Percentage

5.45%

4.37%

3.28%