

**ALBANY UNIFIED SCHOOL DISTRICT  
BOARD OF EDUCATION**

The mission of Albany Unified School District is to provide excellent public education that empowers 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.

**MINUTES FOR REGULAR MEETING  
Tuesday, June 12, 2018  
Albany City Hall**

**I. OPENING BUSINESS**

**A) CALL TO ORDER**

President Black called the meeting to order at 6:33 p.m.

**B) ROLL CALL**

1. Board Members Present: President Black, Vice President Stapleton-Gray, Board Member Blanchard, Board Member Clark, and Board Member Trutane.
2. Staff Members Present: Superintendent Valerie Williams; Cynthia Attiyeh, Director III, Human Resources; Cheryl Cotton, Director, Human Resources.

**C) IDENTIFY CLOSED SESSION PURSUANT TO SECTION III BELOW**

**II. PUBLIC COMMENT PERIOD FOR CLOSED SESSION ITEMS**

No public comment was offered.

**III. CLOSED SESSION:**

WITH RESPECT TO EVERY ITEM OF BUSINESS TO BE DISCUSSED IN CLOSED SESSION

**A) CONFERENCE WITH LEGAL COUNSEL - Existing Litigation (Government Code Section 54956.9):**

- Philip Shen, et al. v Albany Unified School District
- Doe, et al. v Albany Unified School District
- John Doe v Albany Unified School District
- C.E. v Albany Unified School District et. al.
- Kaidong Chen v Albany Unified School District

**B) CONFERENCE WITH LABOR NEGOTIATOR - (Government Code Section 54957.6):  
(Superintendent Valerie Williams, District Representative), Regarding Negotiations as it Pertains to:**

- California School Employees Association (CSEA)
- Albany Teachers Association (ATA)
- Service Employees International Union (SEIU) Local 1021

#### IV. OPEN SESSION

##### A) CALL TO ORDER (Reconvene to Open Session)

President Black called the meeting to order at 7:07 p.m.

##### B) ROLL CALL

1. **Board Members Present:** President Black, Vice President Stapleton-Gray, Board Member Blanchard, Board Member Clark, Board Member Trutane, Student Board Member Attanayake, and Student Board Member Silwal
2. **Staff Present:** Superintendent Valerie Williams; Douglas Crancer, Interim Chief Business Official; Marie Williams, Director III, Curriculum, Instruction, and Assessment; Carrie Nerheim, Director I, Student Services; Cynthia Attiyeh, Director III, Human Resources; Diane Marie, Director III, Special Education; Cheryl Cotton, Director, Human Resources; Dax Kajiwara, Director, Technology

##### C) PLEDGE OF ALLEGIANCE

##### D) READING OF THE AUSD MISSION & VISION STATEMENT

##### E) REPORT OF ACTION TAKEN IN CLOSED SESSION

President Black stated that the Board took no action in Closed Session.

##### F) APPROVAL OF AGENDA

**Motion:** President Black requested a motion to Approve: *Albany Unified School District Board of Education Agenda for the June 12, 2018 Regular Meeting*. Motion by Board Member Trutane; seconded by Board Member Blanchard. The motion passed unanimously.

##### G) SCHOOL SPOTLIGHT:

###### 1. Marin Elementary School

Melisa Pfohl, Principal of Marin Elementary, shared a slide presentation on Marin Elementary. To view the presentation in full, please view the [June 12, 2018 BOE Video](#). The presentation will also be posted on the AUSD website.

###### 2. AUSD School Library Program. Librarians from each school site presented:

Linda Perez, Albany Middle School; Judith Carey, Marin; Mare Staton, Cornell; Ray Pedersen, Ocean View; and Sara Oremland, Albany High School. To view the presentation in full, please view the [June 12, 2018 BOE Video](#). The presentation will also be posted on the AUSD website.

##### H) SPECIAL RECOGNITION: STUDENT BOARD MEMBERS

President Black and Superintendent Williams recognized the 2017-18 Student Board Members, Mahima Silwal and Navin Attanayake, who are both graduating on June 15th. Mahima will be attending Bryn Mawr College in the fall, and Navin will be attending University of Arizona.

## **D) APPROVAL OF CONSENT CALENDAR**

### **1. Board of Education**

a) Minutes of the May 22, 2018 Board of Education Meeting

The Board requested the following revisions in the May 22, 2018 Minutes:

#### **G) SPOTLIGHT: *Beacon Consulting Group: Leadership in Energy Efficiency Program***

Superintendent Williams introduced the Albany High School Interns involved in Leadership in Energy Efficiency Program (LEEAP): Terra Baer, Chris Hernandez, Samantha Smithies, and Luna Gulisano, (not present), along with Puck Ananta, P.E. (Program Manager from Beacon Consulting Group). Puck gave an overview of the program and the projects that LEEAP has worked on.

### **I) BOARD AND SUPERINTENDENT REPORT**

Board Member Clark requested the video of the May 15, 2018 Special Work-Study Session be posted on the AUSD website. He expressed concern about some public perspective that the Board was being divisive and fiscally irresponsible, and he would like the video of the meeting to be made available as soon as possible.

### **2. Human Resources**

a) Certificated Personnel Assignment Order & Classified Personnel Assignment Order

### **3. Business Services**

a) April 2018 Warrant Report

b) April 2018 Donation Report

c) Measure LL Parcel Tax Rate Increase for 2018/19

d) Approve Lease Agreement for the Former Albany Library (Y Kids Club) to the Berkeley-Albany YMCA

Board Member Trutane commented on the Donation Report that over a half of a million dollars has been donated by the Albany community. She also commented on the category of *In-Class Enrichment Campaign* that runs the in-class enrichment programs; she would like to see a year-over-year report of this to see if those programs are at risk. President Black seconded this request to have it agendaized for a future meeting.

### **4. Curriculum, Instruction, and Assessment**

a) Single Plans for Student Achievement: Albany Middle School, Albany High School, and MacGregor High School

b) Marin Overnight/Outdoor Education Field Trip: YMCA Camp Point Bonita

c) Amendment to Independent Contractor Services Agreement With Sara Wicht, Wicht Consulting

### **5. Student Services**

- a) Independent Contractor Agreement Between Albany Unified School District And Joanne Wile for Mental Health and Grant Programs Coordination and Oversight
- b) Appointment of Representatives to the California Interscholastic Federation North Coast Section 2018-2019

**Motion:** President Black requested a motion to Approve: *Consent Calendar*. Motion by Board Member Clark; seconded by Vice President Stapleton-Gray. The motion passed unanimously.

## **J) BOARD AND SUPERINTENDENT REPORT**

Superintendent Williams reported on three items: 1) She recognized Cynthia Attiyeh, Director of Human Resources, in her upcoming retirement. Cynthia has been with the Albany Unified School District since 1998, and she will be greatly missed; 2) She thanked the ATA Co-Presidents and the CSEA President for being part of the Roundtable this year; and 3) she thanked everyone who works in the Albany School District for the hard work this school year and extended wishes for a restful summer break.

President Black reported that he, Vice President Stapleton-Gray, and Superintendent Williams recently met with Albany mayor McQuaid, vice-mayor Nason, and City Manager Almaguer about voting methods. Whereas Albany Unified School District recently passed a resolution requesting the City of Albany to change the Board's voting method to Ranked Choice At Large, the mayor and vice mayor do not want to change the voting method; rather, they want to amend the City Charter to remove the Albany Unified School District from the City Charter altogether. Doing this would then allow the school district to set whatever voting method the District wants without the City's involvement. The City is requesting a resolution asking for this removal. President Black would like to agendize this to discuss at a Board meeting in the near future.

Vice President Stapleton-Gray added that this would need to go on the agenda soon if they want it on the November ballot. This would effectively dissolve the Board, which would then be reappointed by the County Superintendent of Schools.

Vice President Stapleton-Gray reported on two items: 1) he attended the awards ceremony at the Albany High School; and 2) The ATA sponsored a Candidates Form for the upcoming School Board elections. Vice President Stapleton-Gray and Board Member Blanchard attended as prospective candidates. Board Members Trutane and Clark were also in attendance. There were at least 7 people considering running for the School Board, and there may be many others interested.

Board Member Clark reported that he attended the 2x2x2 Meeting with representatives from the Albany City Council, UC Berkeley, and the Albany Unified School District. It was nice to see the three organizations working together, but he was not able to be part of the discussion that President Black reported on since that would have been a violation of the Brown Act (with three Board members present).

Board Member Trutane reported on two items: 1) the Albany Unified School District recently sent out a District newsletter to every Albany home and to students who live outside of Albany; and she thanked the District for

making that happen; and 2) this meeting will be her last School Board meeting for this year as she will be a parent chaperone on an upcoming AHS Band trip to Europe.

### **K) STUDENT BOARD MEMBERS' REPORT**

Student Board Members Attanayake and Silwal provided the Board with the Student Board Member Report, which highlighted some of the recent and upcoming events in various AUSD schools.

- The *Ocean View Idol* was last Friday, June 8th at 6:30 p.m. in the Ocean View Multipurpose Room.
- *5th Grade Completion Ceremony* at Ocean View is on Friday, June 15th. The ceremony will begin at 12:40 p.m. in the Ocean View Multipurpose Room, followed by a reception in the Amphitheater at 1:15 p.m. Fifth grade parents are encouraged to bring fresh flowers to decorate the stage, and finger foods for the reception following the ceremony.
- Cornell wanted to show support for their kind and committed crossing guards, Corinne & Beverly. Donations were collected to purchase end-of-year gifts.
- Finals at Albany High School are wrapping up, which means kids are ready to head out and enjoy summer!
- Navin and Mahima would like to thank the Board and Staff for a great year together, and wish you all the best!

### **L) PERSONS TO ADDRESS THE BOARD ON MATTERS NOT ON THE AGENDA**

Members of the community addressed the board to express support for CSEA, Special Education, paraeducators, and office staff in the district and encouraged the Board and Staff to increase wages.

Members of the community spoke about the City of Albany's election methods and the City's preference to take the AUSD Board out of the City Charter. Specifically, member of the Charter Review Committee Preston Jordan stated that if the School District were removed from the city charter, the District would not be able to change to ranked choice voting, because only plurality at large and by-trustee-area elections are allowed for in the California Education Code.

A graduate of Albany High School addressed the Board and read a statement regarding an incident that occurred at the high school. The Board instructed Staff to investigate and report back to the Board in a closed session.

A high school student spoke about the values reflected at Albany High and requested that the Board and District Staff reach out to students more in the future.

An Albany parent expressed disapproval of the District's settled lawsuits resulting from the Instagram incident in Spring of 2017, and encouraged the Board and Albany Community to find a way to better support the values of Albany community.

### **M) STAFF REPORT**

#### **1. Special Education Update:**

Diane Marie, Director of Special Education, prefaced her report in the Agenda Packet, with three things:

- 1) Last week the Best Buddies at AMS held a banquet and they were honored for being the best middle school chapter in Northern California.
- 2) Preschool Special Day Class had a graduation last week.
- 3) Special Education Department has relocated to the Bancroft office and is running smoothly.

Albany Middle School Special Education Teacher, Rich Ritchie, thanked the Board and Staff for the monthly updates on Special Education. He requested more hours and more responsibilities for the new Special Education Clerk position. He also proposed a year-to-date roll up on the list of things he previously brought to the Board: the number of initial assessments that the district has; the number of 504 Assessments being assigned to Special Education staff; the number of private school assessments; the number of total out-of-state placements, and cost to the district. He requested the Board and Staff work with CSEA regarding wages for paraeducators.

A graduate of Albany High School, class of 2001, shared some of his experiences as a student and his success in life thus far as a result of receiving Special Education at Albany High.

## **N) REVIEW AND DISCUSSION**

### **1. Public Hearing: 1st Read: Local Control Accountability Plan**

*President Black opened the Public Hearing*

Marie Williams, Director of Curriculum, Instruction, and Assessment, presented an update on the Local Control Accountability Plan (LCAP). The next step after this public hearing is to request that the Board approves the LCAP. There are some updates, corrections, and clarifications that need to be made, so it will be brought back to the Board again once it is finalized. It was suggested by the Board to connect the LCAP Committee to the Budget Advisory Committee, and there was a brief discussion about aligning these two committees with the District's Strategic Plan. Director Williams thanked Interim Chief Business Official, Douglas Crancer, for his work in delineating budgets strings to specific actions and services in the LCAP.

Clarification was requested and provided on line item in the LCAP that stated: "For Action 3.3: Due to an increased need, District maintenance staffing was increased by 1.0 FTE." There was more of a need for staff in maintenance than in custodial, so a decrease of hours occurred in custodial and increased in maintenance. President Black also noted that not all items in the entire budget are in the LCAP.

*President Black Closed the Public Hearing.* This item will be brought back on Consent at the next Board meeting.

### **2. Public Hearing: 2018-2019 Proposed Budget**

*President Black opened the Public Hearing*

Douglas Crancer, Interim Chief Business Official, discussed the 2018-19 Proposed Budget and presented slides (see attached "2018-19 AUSD Proposed Budget Presentation") to review. Members of the Board were particularly interested in the variance concerning the projected deficit between the 2018-19 projected budget as presented in the 2017-18 Second Interim, and the 2018-19 Proposed Budget. Douglas Crancer explained the reconciling items between the two budgets in further detail. The Board

directed Staff to explore ways to reduce the proposed general fund expenditures for the 2018-2019 school year, and to bring the budget back to the next Board meeting with proposed reductions. In Mr. Crancer's presentation, the Board learned that his estimate of the District's structural deficit is up to \$4.7 Million, which is about \$1.7 M higher than the \$3 M previously estimated. That means that over the next couple of years, the District will need to make cuts and find new revenue totaling almost \$5 Million.

*President Black Closed the Public Hearing.*

President Black assigned Board Members Blanchard and Clark as an ad hoc committee to find ways to reduce the budget. Members Blanchard and Clark will meet with Superintendent Williams and Interim Chief Business Official, Douglas Crancer, on the Proposed Budget and bring it back to the Board at the next meeting on June 26, 2018 under Review and Action with proposed reductions. To hear the presentation and discussion in full, please view the [June 12, 2018 BOE Video](#).

#### **O) EXTEND TIME OF MEETING TO 10:30 P.M.**

**Motion:** President Black moved to Extend Time of Board Meeting to 10:30 p.m. Motion seconded by Board Member Blanchard.

#### **P) REVIEW AND DISCUSSION (Continued)**

##### **3. Adoption of Literature Novels for Albany High School**

Marie Williams, Director of Curriculum, Instruction, and Assessment, clarified that this list provided in the agenda packet is not an exhaustive list of what will be taught at the high school in English classes. The list includes what was piloted as well as some that have been used in the past. This list will be available to the public for review for 30 days and brought back to Board on Consent in August.

##### **4. Adoption of Business Management Textbook for Albany High School**

Marie Williams, Director of Curriculum, Instruction, and Assessment, stated that this will be available to the public for review for 30 days and brought back to Board on Consent in August.

#### **Q) REVIEW AND ACTION**

##### **1. Board Policy 3513.3 Tobacco Use Prevention Education**

Director of Student Services, Carrie Nerheim presented and explained that there is no cost to Albany Unified School District. This is to change language in AUSD Board Policy so as to be able to receive the services from the Tobacco Use and Prevention Education (TUPE) grant. If the language is not changed, the district will not receive the grant.

**Motion:** President Black requested a motion. Board Member Trutane moved to approve the changed language in *Board Policy 3513.3 Tobacco Use Prevention Education*. The motion was seconded by Board Member Blanchard and passed unanimously.

##### **2. Job Description: Maintenance and Facilities Coordinator**

It was clarified by the Board and Superintendent Williams that this is not a new position in the district office; it is a reclassification of a job to make the job description match the job that is already being done.

**Motion:** President Black requested a motion. Board Member Blanchard moved to approve: *Job Description: Maintenance and Facilities Coordinator*. Seconded by Board Member Trutane. The motion passed unanimously.

### 3. 2019-2020 School Year Calendar

Director of Human Resources, Cynthia Attiyeh presented an update and background information on how the calendar is created and presented. Board Members and Staff discussed the proposed calendar and concerns regarding “true breaks” for students. Director Attiyeh addressed the issues of how questions were formed on the Wellness Survey so as to not be leading, and explained that the calendar would need to be approved by next Board Meeting as the contract stipulates that the calendar is approved by June 30. If it is not approved by June 30th, it would be a grievable item (ATA President). Discussion about “true” breaks will be agendized for a future board meeting, and President Black requested to agendize a full discussion by the Board of any changes that may need to be made to the 2020-2021 school year calendar.

**Motion:** Board Member Clark made a motion to Approve: *2019-2020 School Year Calendar*. Motion seconded by Vice President Stapleton-Gray. A roll call vote was taken:

President Black: AYE; Vice President Stapleton-Gray: AYE; Board Member Blanchard: NO; Board Member Clark: AYE; Board Member Trutane: NO. The Motion passed.

Members Blanchard, Trutane, and Black all felt that a promise had been made and not kept to fully review and revise the calendar. For this reason, Members Blanchard and Trutane voted no. Member Black voted yes to avoid causing a grievance with the union, but asked that the matter be brought back to the Board for further discussion before the next time the calendar needs to be negotiated with the union.

## AGENDA ITEMS/MATTERS INTRODUCED BY THE BOARD

- Donations Report year-to-year
- Discussion about Election Methods
- Discussion of true breaks with or without changes to the School Year Calendar
- 2018-19 Budget on Review and Action with proposed reductions

## V. ADJOURNMENT

The Board meeting adjourned at 10:45 p.m.

## FUTURE BOARD MEETINGS

Date	Time	Location
June 26, 2018	7:00 – 9:30 p.m.	Albany City Hall





## ALBANY UNIFIED SCHOOL DISTRICT

*Yâi Williams, Superintendent*  
1051 Monroe Street, Albany CA94706

# 2018-19 Proposed Budget

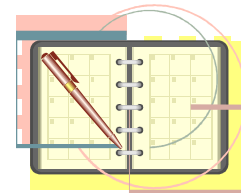
**Public Hearing: June 12, 2018**

Budget Adoption: June 26, 2018



## Agenda

- ▶ 2018–19 Governor’s May Revision Update
- ▶ Primary Funding Factors
- ▶ Revenue & Other Sources
- ▶ Expenditure Factors
- ▶ Expenditure & Other Uses
- ▶ General Fund Summary
- ▶ 2018–19 Unrestricted Deficit Spending Reconciliation
- ▶ Fund Balance Summary
- ▶ Subsequent Year Assumptions
- ▶ PERS/STRS Chart
- ▶ Multi–Year Projections
- ▶ SB 858 Fund Balance Disclosure
- ▶ Status
- ▶ Next Steps & Questions



## May Revise Update

- ▶ Cost of Living Adjustment (COLA) is estimated to be 2.71%, which is up from the estimate of 2.51% in January
  - May Revise contains a small augmentation above the statutory COLA, bringing the total to a 3.00% increase to the LCFF base grant target rates
- ▶ Governor plans to fully fund the LCFF back to 2007–08 funding levels adjusted for COLA
- ▶ Over \$2 billion in one-time discretionary funds, equaling about \$344/ADA
- ▶ Continues the proposed ongoing \$200 million increase to Career Technical Education as proposed in January
- ▶ Continues the Governor's proposal from the January budget, to encourage fiscal transparency by requiring LEAs to show in their LCAP how supplemental dollars are spent to increase and improve services to high-need students



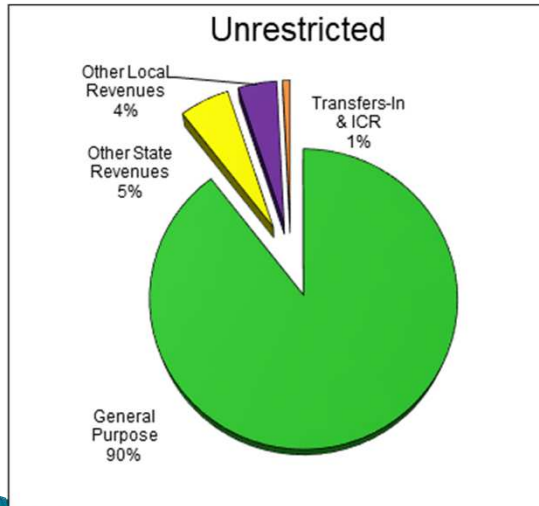
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## Components: Funding Factors

- ▶ Average Daily Attendance (ADA) is estimated at 3,510.
  - Due to declining enrollment the funded ADA will be based on the prior year adjusted ADA of 3,542.
- ▶ The District's estimated unduplicated pupil percentage for supplemental funding is estimated to be 29.64%.
  - Due to the low percentage, the District does not receive any concentration funding.
  - The percentage will be revised based on actual data.
- ▶ Due to strong community support, the District is expected to receive approximately \$6.1 million of parcel tax revenue.
- ▶ Lottery revenue is estimated to be \$146 per ADA for unrestricted purposes and \$48 per ADA for restricted purposes.
- ▶ Mandated Cost Block Grant is \$31.16 for K–8 ADA and \$59.83 for 9–12 ADA.
- ▶ As noted above, the District is expecting to receive approximately \$344 per student for a total of \$1.2 million.

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## General Fund Revenue Budget (Unrestricted)



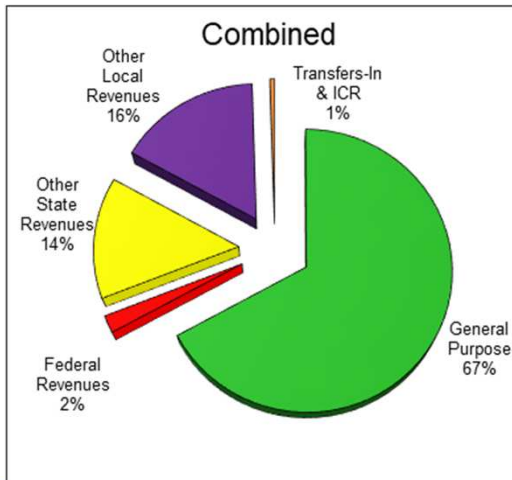
**General Purpose** – LCFF (State Aid, EPA, and Property Taxes)

**Other State** – State funds not part of general purpose funds (One-Time Mandate / Block Grant, and Lottery)

**Local** – Funds received from local sources (CTE, Interest, Rental, and Pool Use Revenue)

**Transfers & Indirect Cost Recaptures** – Amounts from Special Reserve Fund and restricted programs' share of admin costs

## General Fund Revenue Budget (Combined)



**General Purpose** – State Aid, EPA, and Property Taxes (includes special education property tax portion)

**Federal** – Title I, Title II, Special Education

**Other State** – State funds not part of general purpose funds (One-Time Mandate / Block Grant, Lottery, Special Education, & STRS on-behalf adjustment)

**Local** – Funds received from local sources (CTE, interest, rental, pool use revenue, and parcel taxes)

**Transfers & Indirect Cost Recaptures** – Amounts from Special Reserve Fund and restricted programs' share of admin costs

## Components: Expenditure Factors

- ▶ Step and known column movements are included
- ▶ Staffing adjustments have been included
- ▶ STRS & PERS rate increases have been included
- ▶ Supplies and services have been adjusted to do program and operational needs
- ▶ Expenditures relating to the LCAP expenditures have exclusive account code strings, which allows for more efficient tracking

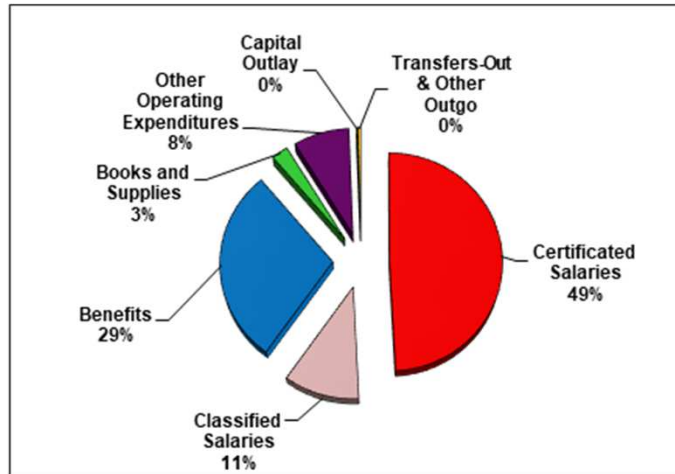
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## Components: Expenditure Factors (Continued)

- ▶ Health & Welfare (H&W) benefits are budgeted according to preliminary rates provided by PERS
  - Kaiser rates are expected to decrease by 1.5%, but Blue Shield is expected to increase by 25% for calendar year 2019
  - Weighted average increases for 2018–19 fiscal year is projected to be a 2.3% increase for Kaiser and a 4.60% for Blue Shield
  - H&W benefits for filled positions are budgeted according to the personnel records (i.e. selected plan type and level)
  - H&W benefits for vacant positions assume two party participation
  - H&W benefit projections will need to be revised based on actual staffing and once the actual rates are known.

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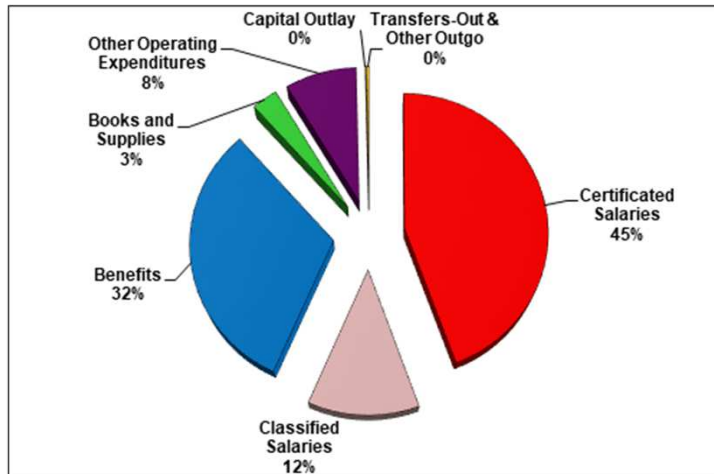
## General Fund Expenditures (Unrestricted)



**89% of expenditures is salary and benefits**

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## General Fund Expenditures (Combined)



**89% of expenditures is salary and benefits**

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## Components: EPA

### ▶ Education Protection Account (EPA)

- K-14 general purpose funds must be utilized for instructional purposes

<b>Education Protection Account (EPA) Budget</b>	
<i>2018-19 Fiscal Year</i>	
Description	Amount
<b>BEGINNING BALANCE</b>	\$190,666
<b>BUDGETED EPA REVENUES:</b>	
<i>Estimated EPA Funds</i>	\$4,496,347
<b>BUDGETED EPA EXPENDITURES:</b>	
<i>Certificated Instructional Salaries</i>	\$3,139,337
<i>Certificated Instructional Benefits</i>	\$1,421,682
<b>TOTAL</b>	\$4,561,019
<b>ENDING BALANCE</b>	\$125,994

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## Contributions from the Unrestricted General Fund

Parcel Tax Programs	\$ 271,981
Restricted Maintenance	\$ 1,385,000
Special Education	<u>\$ 5,146,620</u>
Total	\$ 6,803,601

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## 2018-19 Summary General Fund

Description	Unrestricted	Restricted	Total
<b>REVENUES &amp; EXPENDITURES</b>			
TOTAL BUDGETED REVENUES	\$ 34,160,547	\$ 11,831,097	\$ 45,991,644
TOTAL BUDGETED EXPENDITURES	29,146,690	18,668,854	47,815,544
EXCESS (DEFICIENCY)	5,013,857	(6,837,757)	(1,823,900)
OTHER ESTIMATED SOURCES/USES	(6,872,751)	6,803,601	(69,150)
<b>NET INCREASE (DECREASE)</b>	<b>(1,858,894)</b>	<b>(34,156)</b>	<b>(1,893,050)</b>
ADD: BEGINNING FUND BALANCE	6,881,388	326,834	7,208,222
<b>ENDING FUND BALANCE (ESTIMATED)</b>	<b>\$ 5,022,494</b>	<b>\$ 292,678</b>	<b>\$ 5,315,172</b>

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## 2018-19 Unrestricted Deficit Spending Reconciliation

Description	Amount
2018-19 Projected Deficit Spending as reported at 2017-18 Second Interim	(\$517,531)
Revenue Budget Increases (Decreases)	
Local Control Funding Formula	(79,000)
One-Time Funds Mandate Funds	173,000
Lottery & Redevelopment Revenue	(64,000)
<b>Total Revenue Budget Adjustments</b>	<b>30,000</b>
Expenditure Budget (Increases) Decreases	
Additional Teaching Positions 1.20 FTE	(137,000)
Health & Welfare Benefits	(281,000)
Retiree Benefits (OPEB)	(250,000)
PERS Increase	(50,000)
Instructional and Safety Supplies	(135,000)
Professional Development	(50,000)
Legal & Insurance	(56,000)
Additional Albany Aquatic Center Costs	(85,000)
Parcel Tax Support Costs (i.e. Processing & Oversight)	(114,000)
Increased Special Education Outside Services	(150,000)
Other Adjustments	(63,363)
<b>Total Expenditure Budget Adjustments</b>	<b>(1,371,363)</b>
<b>2018-19 Projected Deficit Spending as reported in the Proposed Budget</b>	<b>(\$1,858,894)</b>

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## Components of Estimated Ending General Fund Balance

▶ **Components:**

◦ Revolving Cash	\$ 25,000
◦ Legally Restricted	\$ 292,678
◦ Assigned	\$ 3,538,720
◦ Unassigned: Minimum Reserve for Economic Uncertainties of 3%	\$ 1,438,200
◦ Unassigned: General	<u>\$ 20,574</u>
◦ Total	<u>\$ 5,315,172</u>

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## 2018-19 Estimated Ending Fund Balances

FUND	2018-19 Beginning	Est. Net Change	2018-19 Ending
GENERAL (UNRESTRICTED & RESTRICTED)	\$7,208,222	(\$1,893,050)	\$5,315,172
SELPA ADMIN UNIT (PASS-THROUGH)	\$0	\$0	\$0
CHILD DEVELOPMENT	\$49,502	(\$38,298)	\$11,204
FOOD SERVICE	\$92,760	(\$59,796)	\$32,964
DEFERRED MAINTENANCE	\$55,463	\$24,150	\$79,613
SPECIAL RESERVE	\$774,362	(\$54,500)	\$719,862
BUILDING FUND	\$12,771,115	(\$11,025,900)	\$1,745,215
CAPITAL FACILITIES	\$0	\$0	\$0
BOND INTEREST & REDEMPTION	\$4,093,684	\$0	\$4,093,684
<b>TOTAL</b>	<b>\$25,045,108</b>	<b>(\$13,047,394)</b>	<b>\$11,997,714</b>

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## Assumptions: Subsequent Years

- ▶ Enrollment is projected to decrease for the current and two subsequent years. LCFF is adjusted per DOF's estimates of COLA and being funded at the District's LCFF Target.
- ▶ State revenue is expected to decline in 2019–20 due to the loss of one-time mandate funds and remain constant thereafter.
- ▶ Certificated step and column costs are expected to increase by approximately 2% each year.
  - Unrestricted certificated salaries for 2019–20 also include a reduction of positions due to eliminating 3.20 FTE Teacher-on-Assignment (TSA) positions.
- ▶ Classified step costs are expected to increase by approximately 1.8% each year.
- ▶ Adjustments to benefits reflect the effects of salary changes noted above, expected increases to employer pension costs, and projected H&W benefit costs of approximately 6%.
- ▶ Supplies and services are expected to remain relatively constant for subsequent years; the variance in services from year-to-year is due to election appropriations.
- ▶ Capital outlay activity for the current and subsequent years is based on estimated equipment needs relating to Career Technical Education (CTE) / Regional Occupational Programs (ROP).

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## CalSTRS & CalPERS Rate Increases

Year	STRS	PERS
2017–18	14.43%	15.531%
2018–19	16.28%	18.062%
2019–20	18.13%	20.80%
2020–21	19.10%	23.50%
2021–22	20.10%	24.60%
2022–23	20.25%	25.30%
2023–24	20.25%	25.80%
2024–25	20.25%	26.00%

Despite significant increases, there are no extra funds provided to help offset the additional costs.

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## 2018-19 Proposed Three Year Budget Projection (Unrestricted)

Description	2018-19	2019-20	2020-21
Projected Deficit	(\$1,858,894)	(\$1,304,595)	(\$2,234,125)
Beginning Fund Balance	\$6,881,388	\$5,022,494	\$3,717,899
Ending Fund Balance	\$5,022,494	\$3,717,899	\$1,483,774
Nonspendables & Assignments	\$3,563,720	\$2,259,125	\$25,000
Unassigned <i>(Includes Minimum REU)</i>	\$1,458,774	\$1,458,774	\$1,458,774
Fund Balance Reserve Percentage	10.42%	7.89%	3.02%

The estimated ending fund balances and reserve percentages are dependent on the District implementing \$2.5 million of ongoing budget reductions for 2019-20.

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## MYP Change in Fund Balance Reconciliation (Unrestricted)

Description	2019-20	2020-21
<b>PRIOR YEAR SURPLUS (DEFICIT) SPENDING</b>	(\$1,858,894)	(\$1,304,595)
<b>REVENUE/SOURCE ADDITIONS (REDUCTIONS)</b>		
Projected LCFF increases	616,107	349,220
Removal of one-time mandate revenue	(1,218,000)	
Increase (decrease) of transfers from Special Reserve Fund (Fund 17)	25,000	180,000
<b>TOTAL - REVENUE / SOURCES CHANGE</b>	<u>(576,893)</u>	<u>529,220</u>
<b>EXPENDITURE/USE REDUCTIONS (ADDITIONS)</b>		
Certificated & classified step costs and associated taxes	(657,028)	(676,862)
Projected health & welfare benefit increases	(407,348)	(431,789)
Estimated pension increases	(563,690)	(378,099)
Elimination of TSA positions	272,258	
Board election cost variance	12,000	(12,000)
Capital outlay cost variance for CTE & ROP	(25,000)	40,000
Unidentified <i>on-going</i> reductions	2,500,000	
<b>TOTAL - EXPENDITURE / USES CHANGE</b>	<u>1,131,192</u>	<u>(1,458,750)</u>
<b>CURRENT YEAR SURPLUS (DEFICIT) SPENDING</b>	<u>(\$1,304,595)</u>	<u>(\$2,234,125)</u>

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## Fund Balance Disclosure (SB 858)

GENERAL FUND			
Description	2018-19	2019-20	2020-21
19-20 Projected Deficit	\$1,304,595		
20-21 Projected Deficit	\$2,234,125	\$2,234,125	
One-Time Instructional Supplies (Remainder)	\$20,574	\$54,474	\$10,674
<b>Amount Disclosed per SB 858 Requirements</b>	<b>\$3,559,294</b>	<b>\$2,288,599</b>	<b>\$10,674</b>
Nonspendable Reserves	\$25,000	\$25,000	\$25,000
State Reserve for Economic Uncertainty (REU) - 3%	\$1,438,200	\$1,404,300	\$1,448,100
Restricted Fund Balance	\$292,678	\$258,522	\$224,366
<i>Estimated Ending Fund Balance</i>	<i>\$5,315,172</i>	<i>\$3,976,421</i>	<i>\$1,708,140</i>

SPECIAL RESERVE FUND			
Description	2018-19	2019-20	2020-21
Career Technical Education Equipment	\$195,000	\$115,000	\$75,000
General Fund Educational Program Assistance	\$220,000	\$220,000	\$0
Facilities	\$304,862	\$305,362	\$305,862
<b>Estimated Ending Fund Balance / SB 858 Disclosures</b>	<b>\$719,862</b>	<b>\$640,362</b>	<b>\$380,862</b>

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## Status

- ▶ Despite current year and future projected deficit spending, the projected budget and multi-year projections support that the District is projecting to be able to meet its financial obligations for the current and subsequent two years.
  - Assumes that the District implements \$2.5 million of *on-going* budget reductions beginning in 2019-20
  - If the District was providing a status certification, the District would be self-certifying as "Positive"
- ▶ The proposed budget is only an initial blueprint for revenues and expenditures.
  - Budget preparation occurs before the State's Budget
  - Actual revenues and expenditures are not known for the current year
  - H&W benefit rates are still preliminary
  - Enrollment and staffing are major variables until Fall

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## Next Steps



- ▶ AUSD Governing Board is scheduled to adopt the District's budget on June 26, 2018
- ▶ State enacts its budget by June 30, 2018
- ▶ District revises its budget based on the State's enacted budget
  - Must occur no later than 45 days after the State's enacted budget
- ▶ Analyze class sizes and capacity to determine how many interdistrict transfers can be accepted:
  - Assuming an average attendance to enrollment rate of 95%, each new student would yield the following:
    - TK-3: \$8,200
    - 4-6: \$7,500
    - 7-8: \$7,800
    - 9-12: \$9,200

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## Next Steps (Continued)



- ▶ Develop a list of expenditure reductions that identify and quantify reductions of \$2.5 million for 2019-20
  - The District has sufficient time to develop a meaningful list and tailor that list based on additional factors that become known (i.e. enrollment, H&W rates, staffing, State Budget)
- ▶ Complete the year-end closing of the 2017-18 financials
- ▶ Prepare for the 2018-19 First Interim Report
  - Reflect any changes in funding
  - Adjust staffing (within legal constraints) based on enrollment
  - Adjust H&W benefit costs based on known factors (i.e. rates, participation, retirees)
  - Adjust supplies, services, and other outgo as necessary
  - Include the identified reductions in the 2018-19 First Interim MYP

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