

# Jefferson Union High School District

2024-2025 FIRST INTERIM REPORT

## EXECUTIVE SUMMARY



### Background Information

In accordance with Education Code Sections 42130 and 42131, school districts are required to prepare and submit two interim financial reports to the Governing Board. The purpose of these reports is to notify appropriate State and County Office of Education officials as to whether or not the District will be able to meet its financial obligations for the remainder of the current year and for two subsequent years. The Board of Trustees is required to certify each interim report to indicate that it has been informed of the financial stability of the District. The Statute of 1988 also requires the Superintendent to certify that an Interim Report review has been conducted using the State adopted Criteria and Standards.

As mandated by A.B. 1200, the District's First Interim reporting period is based upon activities from July 1 through October 31. The Second Interim reporting period is July 1 through January 31. The Board of Trustees is required to certify each interim report within 45 days after the end of the reporting period. After approval of the financial statements by the Board of Trustees, the financial statements are forwarded to the San Mateo County Office of Education which reviews them for mathematical accuracy and compliance of technical provisions. After this review, they are forwarded to the State Superintendent of Public Instruction.

### Current Considerations

The Governing Board is required to certify in one of three ways:

1. Positive Certification indicates that the District will be able to meet its financial obligations for the remainder of the fiscal year and two subsequent fiscal years.
2. Qualified Certification indicates the District may be able to meet its financial obligations for the current year and two subsequent fiscal years.
3. Negative Certification indicates the District will not be able to meet its financial obligations for the current year and two subsequent years.

As outlined in the attached report, Jefferson Union High School District will be able to meet its financial obligations. This is noted by the Positive Certification of the 2024-2025 First Interim (Form CI). The supporting documentation for this certification includes the Income and Expenditure Summary for the General Fund (Form 01I), Attendance Detail (Form AI), Criteria and Standards (Form 01CSI), and Multi-Year Projections (Form MYPI). Other summaries are also attached.

## ANALYSIS OF THE FIRST INTERIM BUDGET AND MULTI YEAR PROJECTION

### 2024-2025 Budget

The First Interim Budget is typically more accurate in projecting revenues and expenditures than the June 2024 adopted budget, which was passed prior to the State Budget and prior to receiving tax revenue projections. The First Interim Budget includes adjustments to reflect current projections of District expenditures for staffing costs, special education, supplies, services, and operating costs. Additionally, it reflects the revenues passed in the final State Budget and the preliminary annual tax projection received in November 2024. The Local Control Funding Formula (LCFF) and Property Tax Projections were used as a basis for estimating revenues.

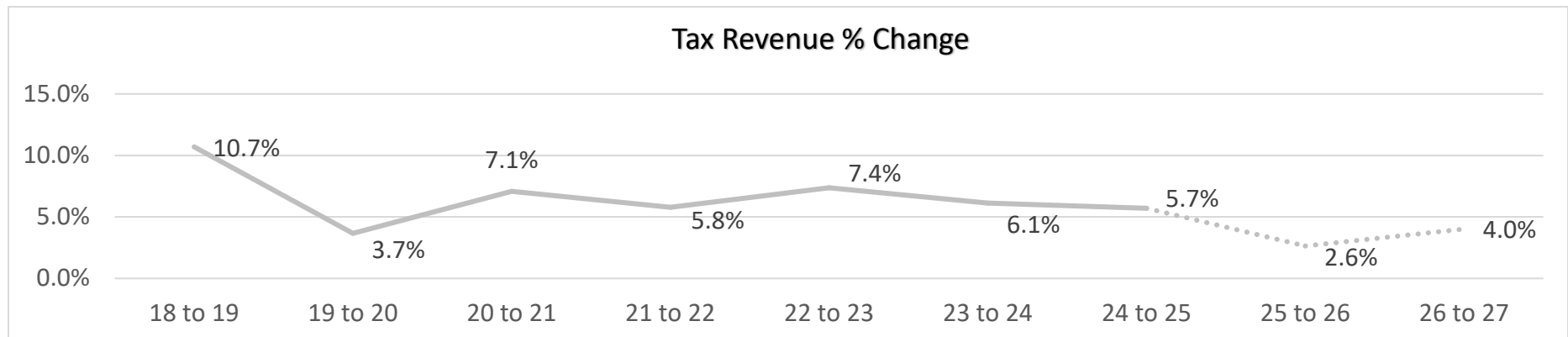
Assumptions	June Budget	1 <sup>st</sup> Interim
Funded Average Daily Attendance (ADA)	3,586.27	3,551.18
Property Tax Increase	3.4%	5.7%
LCFF Supplemental	\$3,396,948	\$3,402,648
Minimum Proportionality	7.16%	7.24%
State Teachers' Retirement System (STRS) rate	19.10%	19.10%
Public Employees' Retirement System (PERS) rate	27.05%	27.05%

### Community Funded (Basic Aid) Status

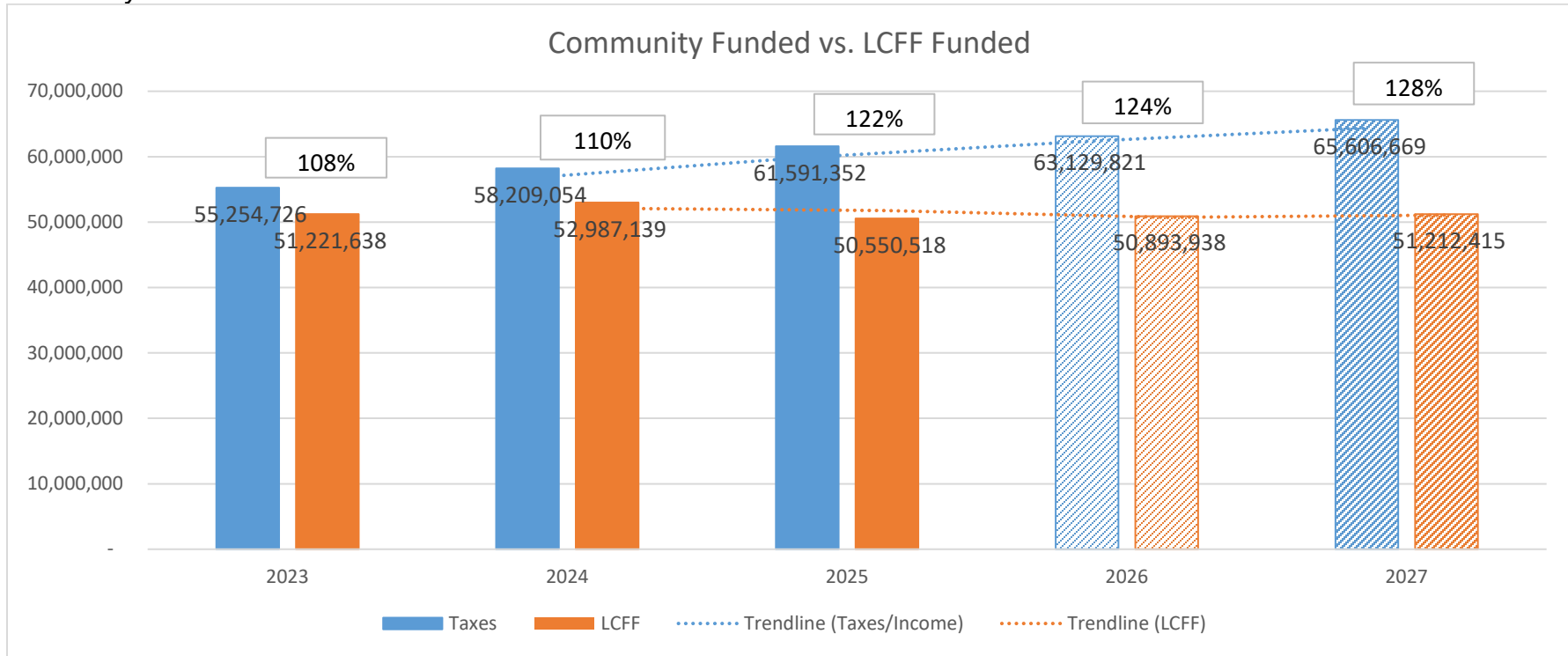
Based on notification from the County Assessor's Office, JUHSD is projected to receive more property taxes than is required to reach the LCFF this year. This means the district will remain in Community Funded status. When developing the budget, we anticipated a 3.4% increase in property taxes. The projection, based on notification from the County Assessor's Office, is now showing closer to 5.7%, although revenue from taxes for 24-25 are not finalized until July 2025.

The San Mateo County Office of Education and the County Assessor's Office were consulted in determining fiscally responsible projections for future tax income.

Even with conservative projections, unless the State increases the LCFF base formula dramatically, the district is predicted to remain in Community Funded status for the foreseeable future.



**Community Funded Related Issues**



**State Funding.** This graph shows the projected LCFF Formula compared to our projected tax revenue. The projection shows the 1.07% COLA increase to the LCFF formula for JUHSD, while accounting for our declining enrollment. The 24-25 LCFF base allocation for high school students is now \$12,460 per ADA. The JUHSD-specific LCFF allocation would result in about \$14,235 per ADA when accounting for our unduplicated student revenue. JUHSD is projected to receive about \$17,344 per ADA in Community Funded revenue.

**Uncertainty.** Property tax revenue is very uncertain and subject to significant changes, as evidenced by the previous chart. This is due to the cyclic nature of property values as well as to limitations on the county information systems. Thus, while the additional revenue that a community funded district receives is helpful, the district’s financial picture must be watched very carefully for signs of change. The district must do long term financial planning and carry significant reserves so that changes in property tax revenue can be accommodated without major impact on district programs.

**Enrollment is not part of the equation.** As opposed to the LCFF funding mechanism which pays an amount per student and therefore automatically funds growth, a community funded district must pay for any growth from its fixed pool of property tax funds. Therefore, any enrollment growth could adversely affect district finances and the educational programs.

**Other considerations.** Many costs continue to increase beyond the control of the district, such as STRS/PERS and the rising costs of utilities, maintenance, and operations. If there is an economic downturn, percentage increases in these areas have the potential to be greater than property tax growth. Again, careful monitoring and planning is necessary to maintain fiscal responsibility.

**GENERAL FUND ADOPTED BUDGET VS. FIRST INTERIM BUDGET**

2024-2025	ADOPTED	1ST INTERIM	CHANGE	NOTES
<b>REVENUES</b>				
LCFF STATE AID & STATE SPED	6,115,894	5,924,488	-191,406	
LOCAL PROPERTY TAXES	58,145,681	59,549,116	1,403,435	Improved tax revenue projection
FEDERAL REVENUE	1,962,063	2,486,303	524,240	Deferred revenue of relief funds
OTHER STATE REVENUE	6,748,927	6,782,722	33,795	
OTHER LOCAL REVENUE	9,707,638	9,864,223	156,585	
<b>TOTAL REVENUE</b>	<b>\$82,680,203</b>	<b>\$84,606,852</b>	1,926,649	
<b>EXPENDITURES</b>				
CERTIFICATED SALARIES	29,248,830	28,798,663	-450,167	reduced FTE due to lower enrollment and a few unfilled
CLASSIFIED SALARIES	14,061,044	14,249,240	188,196	
EMPLOYEE BENEFITS	21,709,868	21,438,264	-271,604	lower than expected rate increase
BOOKS AND SUPPLIES	5,327,560	5,248,719	-78,841	
SERVICES/OPERATING EXPENSES	17,115,506	17,881,496	765,990	increase energy costs & contracted positions
CAPITAL OUTLAY	412,618	480,167	67,549	
OTHER OUTGO (COUNTY SP.ED.)	1,250,655	1,225,655	-25,000	
TRANSFER TO OTHER FUNDS/DEBT	287,524	587,524	300,000	per BP 3100.01 transfer reserve funds to Fund 17
<b>TOTAL EXPENDITURES</b>	<b>\$89,413,605</b>	<b>\$89,909,728</b>	496,123	
<b>SURPLUS/DEFICIT</b>	<b>(\$6,733,402)</b>	<b>(\$5,302,876)</b>		
BEGINNING BALANCE	20,038,803	24,731,101		Better than expected revenue in 23-24
ENDING BALANCE	13,305,401	19,428,225		
REVOLVING CASH	10,000	10,000		
RESTRICTED BALANCES	871,771	2,979,524		carryover of one-time grants
REQUIRED 3% RESERVE	2,682,408	2,697,292		
STRATEGIC RESERVE 5% (BP3100.1)	4,470,680	4,495,486		
<b>UNALLOCATED BALANCE</b>	<b>\$5,270,542</b>	<b>\$9,245,923</b>		
<b>Total Fund 01 Reserve Percentage</b>	<b>13.89%</b>	<b>18.28%</b>		

## Multi Year Projections

An important part of the First Interim Report is the subsequent two-year projection of the general fund. Included in this projection are expected revenues and expenditures and yearly ending balances.

The multiyear projection assumes the following:

- 2.44% salary increase for 24-25, no other salary increases
- 100% coverage of increases to district paid health premium contributions for 2025, aligned with inflation after that
- Contributions to Fund 17 to increase reserves
- Reduction to Supplies in 25-26
- Net 3 FTE certificated staffing increase in 25-26
- Increases to PERS and to operations costs in line with inflation

Assumptions	24-25		25-26		26-27	
	<i>Budgeted</i>	<i>Revised</i>	<i>Budgeted</i>	<i>Revised</i>	<i>Budgeted</i>	<i>Revised</i>
Funded ADA	3,586.3	3,551.2	3,495.8	3,476.1	3,392.7	3,397.0
Tax Increase	3.4%	5.7%	4.0%	2.6%	5.0%	4.0%
Reserves without Fund 17	13.89%	18.28%	7.58%	14.38%	4.03%	11.29%

General Fund Summary	2024-25	2025-26	2026-27
Beginning Fund Balance	24,731,100	19,428,225	14,731,235
REVENUES	84,606,852	86,246,309	88,792,294
EXPENDITURES	89,909,728	90,943,299	92,617,092
EXCESS/DEFICIT	-5,302,876	-4,696,990	-3,824,798
Ending Fund Balance	19,428,225	14,731,235	10,906,437
Revolving Cash	10,000	10,000	10,000
Restricted Funds	2,979,524	2,478,316	1,978,316
Reserve for Economic Uncertainty	2,697,292	2,728,299	2,778,513
Strategic Reserve BP 3100.1	4,495,486	2,728,299	926,171
Unallocated Funds	9,245,923	6,786,321	5,213,437
Reserve Percentage	18.28%	13.46%	9.63%
Special Reserve Fund 17	1,168,413	1,473,413	1,778,413
Total Reserves all Funds	17,607,114	13,716,332	10,696,534
Reserve Percentage	19.58%	15.08%	11.55%

### *Components of Ending Fund Balance for 24-25*

The General Fund Unrestricted ending fund balance is comprised of the following:

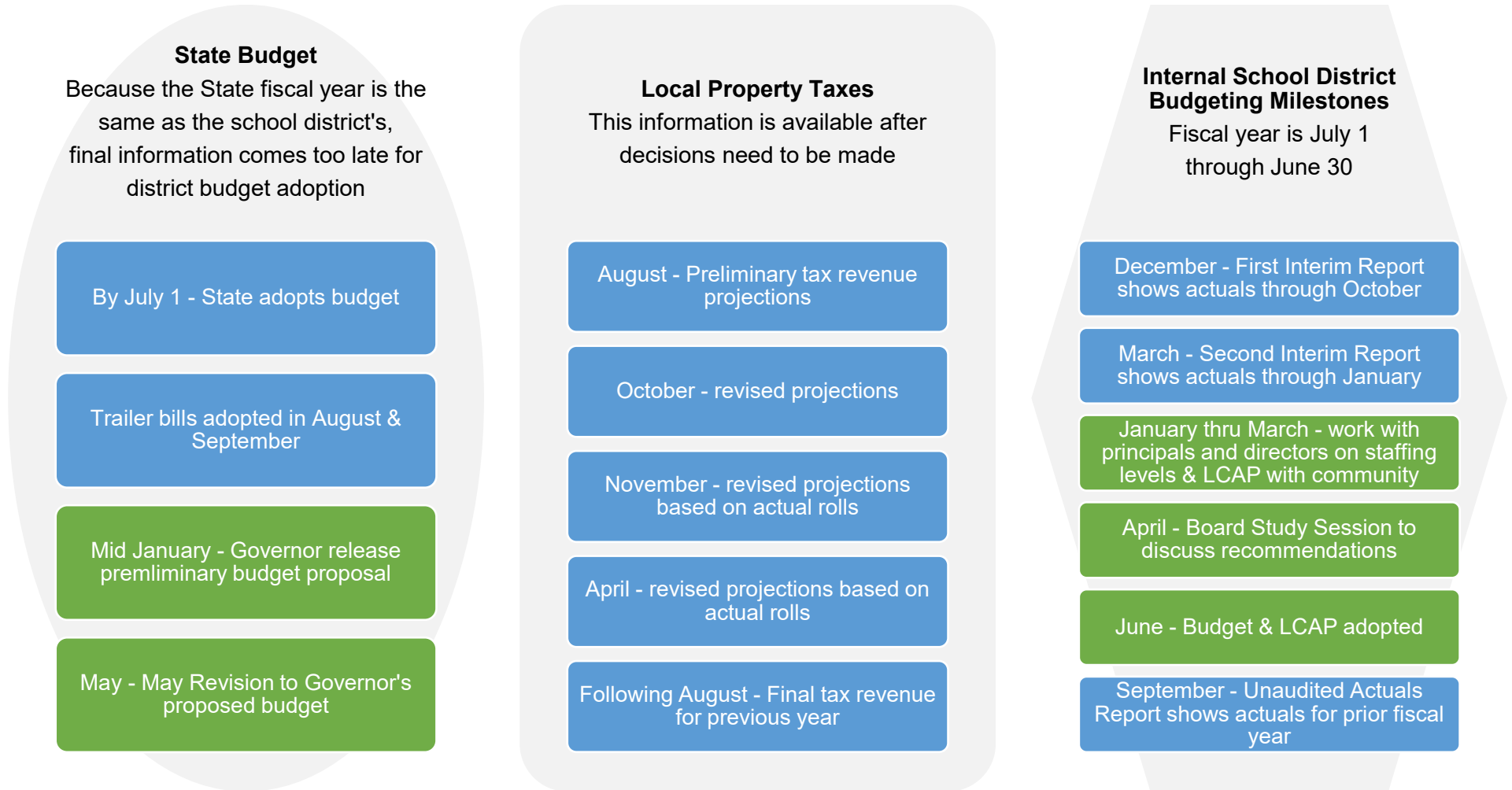
1. \$10,000 – Revolving Cash
2. \$2,979,524 – Restricted
3. \$2,697,292 – 3.0% Reserve for Economic Uncertainty
4. \$4,495,486 – 5.0% Strategic Reserve
5. \$9,245,923 – 10.28% Unallocated Amount

The District is projecting an additional 1.30% of reserves in Special Reserve Fund 17.

The deficit shown in 24-25, and beyond, is structural – close monitoring will be required.

**Other Funds** - All other funds (i.e. adult ed., child nutrition, etc.) have positive ending fund balances.

**Budget Calendar** – Fiscal years run July 1 through June 30 each year. Below, blue shows 24-25 Budget Activities (current year) and green shows 25-26 Budget Activities (subsequent year)



**Next Steps**

The Second Interim Report will be presented in March and will include a clearer picture of payroll costs and changes to health benefits after open enrollment. It will also include projections for 25-26 based on the January Governor's proposed budget. After the Second Interim report in March, the Board will be able to begin planning for the 25-26 school year. A study session is planned for April 2025.