

Jefferson Union High School District

2024-2025 SECOND 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 AB 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 Department 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, Jefferson Union High School District will be able to meet its financial obligations, which is noted by the Positive Certification of the 2024-2025 Second Interim (Form CI). The supporting documentation for this certification includes the Revenue and Expenditure Summary for the General Fund (Form 01I), Attendance Detail (Form AI), Criteria and Standards (Form 01CSI), Cash Flow Worksheet (Form CASH) and Multi-Year Projections (Form MYPI). Other District Fund Summaries are also attached.

ANALYSIS OF THE SECOND INTERIM BUDGET AND MULTIYEAR PROJECTION

2024-2025 Budget

The Second Interim Budget includes adjustments to align with the District's current staffing costs and projected expenditures for supplies, services, and utilities. It also incorporates program adjustments, such as the planned use of remaining COVID Relief Funds. Revenue estimates are based on local property tax projections provided by San Mateo County.

2024-2025	Adopted	1st Interim	2nd Interim	Change from 1st Interim	
REVENUES					
LCFF STATE AID	6,115,894	5,924,488	5,924,488	0	
LOCAL PROPERTY TAXES	58,145,681	59,549,116	59,437,709	-111,407	Updated tax revenue projection
FEDERAL REVENUE	1,962,063	2,486,303	2,486,303	0	
OTHER STATE REVENUE	6,748,927	6,782,722	6,782,722	0	
OTHER LOCAL REVENUE	9,707,638	9,864,223	10,486,956	622,733	New AOD funds & improved rentals
TOTAL REVENUE	\$82,680,203	\$84,606,852	\$85,118,178	511,326	
EXPENDITURES					
CERTIFICATED SALARIES	29,248,830	28,798,663	28,821,696	23,033	Adjustments after Open Enrollment reduced health benefit cost projections
CLASSIFIED SALARIES	14,061,044	14,249,240	14,199,440	-49,800	
EMPLOYEE BENEFITS	21,709,868	21,438,264	21,239,564	-198,700	
BOOKS AND SUPPLIES	5,327,560	5,248,719	5,245,449	-3,270	
SERVICES/OPERATIONS	17,115,506	17,881,496	18,504,632	623,136	Utility costs & contracts for vacancies
CAPITAL OUTLAY	412,618	480,167	532,367	52,200	
OTHER OUTGO (Co. Sp.Ed.)	1,250,655	1,225,655	734,455	-491,200	Fewer out-of-district placements
TRANSFER FUNDS/DEBT	287,524	587,524	587,524	0	
TOTAL EXPENDITURES	\$89,413,605	\$89,909,728	\$89,865,127	-44,601	
BEGINNING BALANCE	24,731,100	24,731,100	24,562,516	-168,584	Audit adjustment
DEFICIT/SURPLUS	(6,733,402)	(5,302,876)	(4,746,949)		
ENDING BALANCE	17,997,699	19,428,225	19,815,568		
RESTRICTED BALANCES	6,252,667	2,979,524	2,979,524		
REVOLVING CASH	10,000	10,000	10,000		
REQUIRED 3% RESERVE	2,682,408	2,697,292	2,695,954		
STRATEGIC 5% RESERVE	4,470,680	4,495,486	4,493,256		
UNALLOCATED BALANCE	\$4,581,943	\$9,245,923	\$9,636,834		
Total Fund 01 Reserve %	13.12%	18.28%	18.72%		

The biggest impact to this period's budget adjustments is in Services/Operations. The revised spending projection change is due to positions that are being covered by agency hires or contracted services and due to continuing increases to PG&E costs. Other significant changes are a reduction in the cost for out-of-district student placements and an increase to grant funds for our Alcohol and Other Drug (AOD) prevention programs.

Ending Fund Balance

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

1. \$2,979,524 – Restricted
2. \$10,000 – Revolving Cash
3. \$2,695,954 – 3.0% reserve for economic uncertainty
4. \$4,493,256 – 5.0% strategic reserve per BP 3100.1
5. \$9,636,834 – 10.72% Unallocated Amount

The District maintains an additional almost 1.3% of reserves in Fund 17.

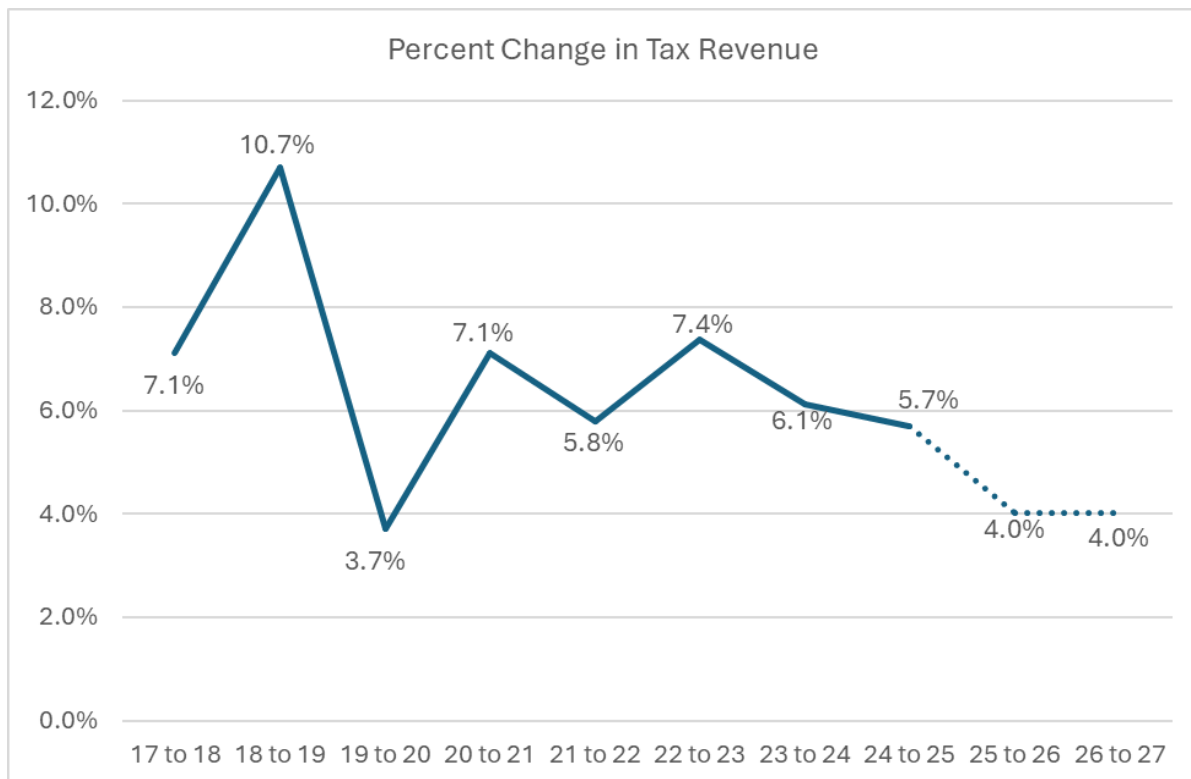
Multiyear Projections

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

The multiyear projection assumes the following:

	24-25	25-26	26-27
State COLA	1.07%	2.43%	3.52%
Property Tax Increase	5.7%	4.0%	4.0%
STRS Rate	19.10%	19.10%	19.10%
PERS Rate	27.05%	27.40%	27.50%
Average Daily Attendance	3,550	3,494	3,422
LCFF Supplemental	\$3.43 M	\$3.48 M	\$3.52 M

- Certificated Staffing Changes
 - 25-26 Reduce 4.0 Site Librarians, Hire 1.0 District Librarian
 - 26-27 Budget for 7.0 FTE additional teachers for possible 7-period day at OHS & TNHS
- Classified Staffing Changes
 - End 24-25 Add Director of Transportation position to comply with new laws
 - 25-26 Possible additional 3.0 FTE Athletic Trainers
- Conservative tax revenue projections
- 2.44% salary increase for 24-25, no other salary increases
- Employer-paid health premium fully covers increases in 2025 and continues to increase annually, up to the COLA in future years
- Use of remaining one-time COVID relief funds in 24-25
- Inflation rates for goods and services as estimated by the CA Dept of Finance, with a larger increase for energy costs
- Continue to pay debt service on COP
- Contributions to Fund 17 to increase reserves

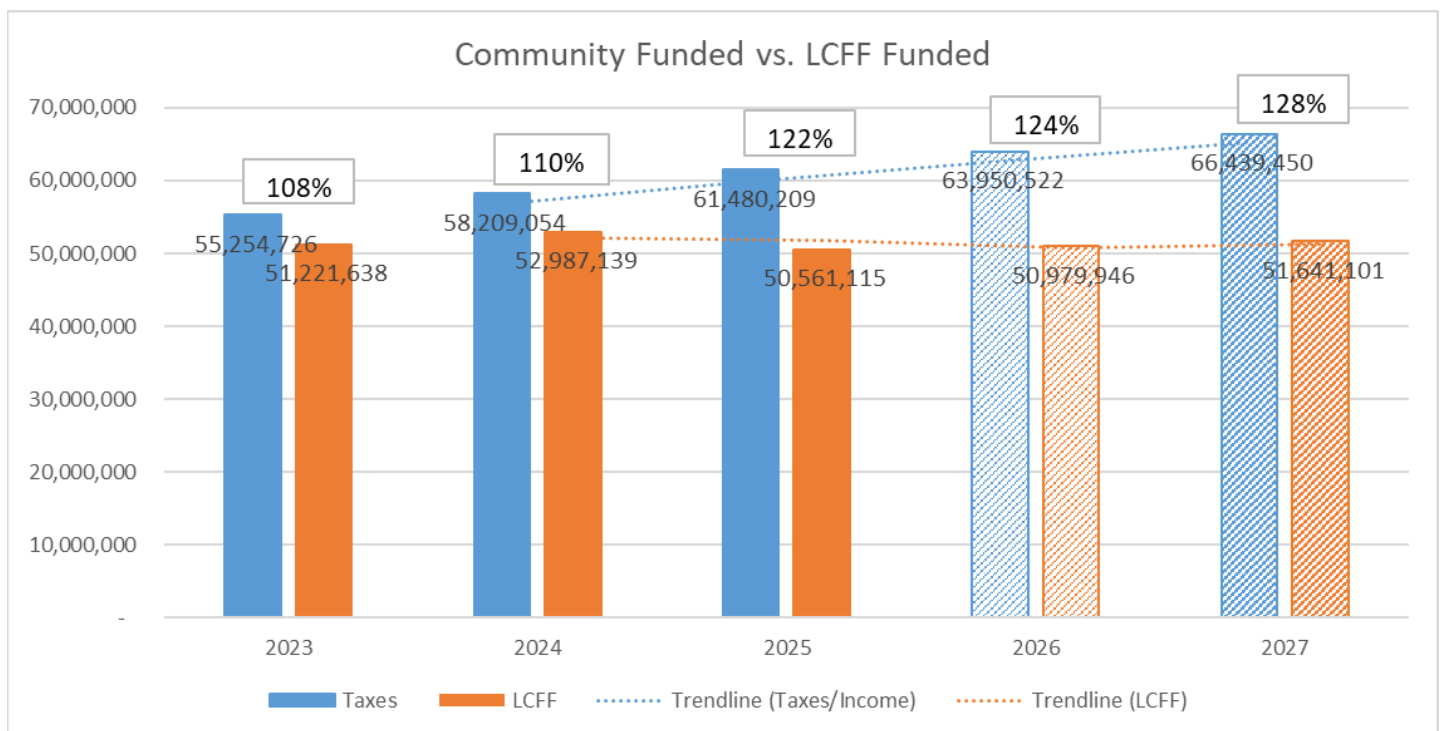


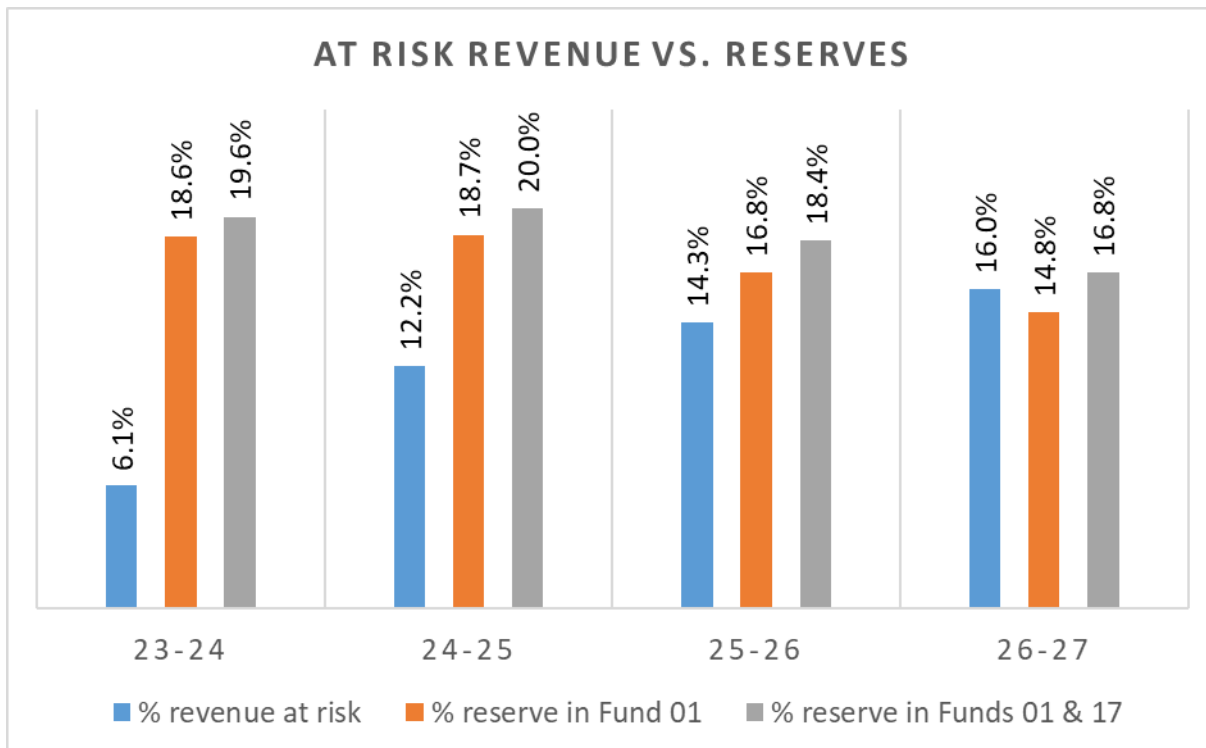
General Fund Summary	2024-2025	2025-2026	2026-2027
Beginning Fund Balance	24,562,516	19,815,568	17,716,778
REVENUES	85,118,178	88,674,798	90,091,408
EXPENDITURES	89,865,127	90,773,588	92,578,600
EXCESS/DEFICIT	(4,746,949)	(2,098,790)	(2,487,192)
Ending Fund Balance	19,815,568	17,716,778	15,229,586
Restricted	2,979,524	2,478,315	1,478,314
Allocated	10,000	10,000	10,000
Reserve for Econ Uncertainty	2,695,954	2,723,208	2,777,358
Strategic Reserve	4,493,256	2,723,208	925,786
Unallocated Funds	9,636,834	9,782,048	10,038,128
Reserve Percentage Fund 01	18.72%	16.78%	14.84%
Special Reserve Fund 17	1,168,413	1,473,413	1,778,413
Total Reserves all Funds	17,994,457	16,701,876	15,519,685
Reserve Percentage All Funds	20.02%	18.40%	16.76%

As shown, there is a structural deficit. The district is projected to spend more than it brings in this year and for the next two years. This deficit will draw down reserve funds and should be closely monitored.

The district is predicted to remain in Basic Aid/Community Funded status for the near future. This would only change either if there was a very large increase to the LCFF Base Formula or a very large increase in student enrollment.

The graph below shows the comparison of projected tax revenue to the projected LCFF allocation, showing the percent difference. As tax revenue can be unpredictable, this amount of funding is “at risk”.





Dividing the difference between LCFF and tax revenue by the district's annual expenditures, we are able to see the percent of revenue that is at risk compared to the reserve percentage. The graph above shows that the district is projecting reserves that are healthy and large to fully cover the gap between tax revenue and LCFF allocation. This situation makes the district much less vulnerable to fiscal problems. This will be closely monitored.

Other Funds

All other funds (i.e. adult ed, child nutrition, etc.) have positive ending fund balances. There is a projected \$300,000 transfer from General Fund to Fund 17 before the end of the fiscal year.

Next Steps

The Second Interim Report serves as a foundation for closing out the 2024-25 school year and developing the 2025-26 budget. The budget will be developed over the next few weeks in coordination with the LCAP process and with guidance from the State and County Offices of Education.

As part of this process, a Board Work Study session will be held in April. In May, we will receive an update from the State through the May Revision, a legally required action by the Governor's Office. This revision provides an opportunity for the Governor to present new proposals based on updated revenue projections and stakeholder feedback. It will also incorporate revised revenue estimates, finalize the LCFF formula for 2024-25, and refine multiyear financial projections.

Once these updates are incorporated into the JUHSD 2024-25 budget, it will be presented alongside the LCAP at two regular Board meetings in June, first for a Public Hearing and then for Adoption.