Notes of Interest

June (Unaudited) Financial Report

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- As we close the financial activities of the 2016-2017 fiscal year, we enter the period of posting closing accrual entries and beginning our audit. Many of these entries will have a material effect on our financial statements, and our resulting Comprehensive Annual Financial Report will show different results than this unaudited report.
- Our property tax collections reflect the strong increase in assessments over the 2015-16 school year. As is generally the case, our 4% assessment increase has resulted in an increase of property tax revenues of approximately $16 million.
- Occupational taxes outpaced previous years as the economy remains strong.
- Local grants appear to have dropped compared to previous years, but this will not be the case once all year-end entries have been booked for the 2016-2017 fiscal year. Major entries, most notably the recording of in-kind revenues such as facilities usage and transportation provided to grant programs as a "contribution," will cause this category to increase for the year. This growth is due to increased funding through the Jefferson County Public Education Foundation for Compassionate Schools and Kindergarten Camps.
- SEEK Program revenues decreased, as our assessments growth increases more than the increase in base per pupil funding.
- Federal grants are lower than previous years because the final reports and drawdowns are currently being booked for the 2016-2017 year and should be comparable when the financial statements are completed. This category tends to show as underspent, though, due to funds being carried over, and thereby re-budgeted, into the following fiscal year, as permitted by multi-year grant contracts.
- Other state revenues and most expense categories showed a significant increase from the 2014-15 school year to the 2015-16 school year due to recording state-paid health insurance and teachers' retirement system employer match on a monthly basis, as recommended by the Kentucky Department of Education. This category will likely change significantly for the 2016-2017 fiscal year once our estimates are reversed and the actual amounts for this year are recorded.
- Interest income ended the year strong as both our cash balances and investments are benefitting from the rising interest rate environment.
- Site improvement expenses are significantly lower than last year. This decrease is a timing difference where more of these expenses have been shifted to later projects. Facilities received the same construction and renovation budget of $55 million both years, in addition to $4 million of flexible project budget in the plant operations & maintenance function and the various departmental budgets that assist with maintaining our facilities. Any unspent funds will carry forward to ensure our facility needs are supported.

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- Many expense categories appear significantly underspent. Much of the underspent personnel budget occurred due to vacancies or leaves. This "vacancy credit" is tracked throughout the year and re-budgeted for special programs and priorities which arise during the year. Much of the underspent operational funds (categories 0300 – 0800) are due to school carryover or unfulfilled purchase orders, which we anticipate will be spent in the following year.

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- Transportation Professional/Technical Services are negative due to reimbursements from grants for direct transportation services provided to the grant programs, such as preschool.

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- Special Revenue Fund revenues appear to have decreased compared to previous years, but year-end receivable entries will reverse much of this decrease.

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- Building Fund had $7.3 million remaining unspent at the end of the 2015-16 year. These funds have already been included in the facilities and renovation allocation for the 2016-17 year.
- Building Fund state revenues increase as our property tax assessments increase each year.
- Construction Fund revenues vary widely each year based on the timing of our bond sales.

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- Community eligibility continues to cause our food sales to drop, which is offset by federal grants, as the USDA is reimbursing us for meals previously paid by students or their families.