



## Notes of Interest

### January Financial Report

#### Pension discussion

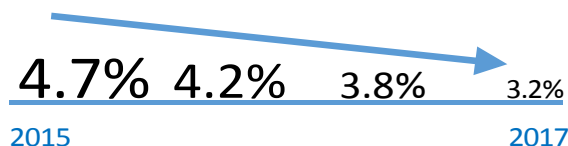
- The legislature is in session, with a pension bill promised any day. The outcome of this matter will have far-reaching consequences across our District and our Commonwealth. We will review the financial impact to JCPS as more is known from Frankfort.

#### Budget update

- During January, we added \$1,492,033 of one-time budget allocations. The largest allocation of \$1,087,293 was to finish paying a prior year purchase order for a multi-year project to replace all phones in the District. This PO was closed in error.
- We have completed the Draft Budget, which the Board approved in January, and are now into the height of budget season. We are conducting budget trainings to assist school staff with understanding and developing their budgets, and central office departments have already locked down their allocations for next year. This period will be extremely busy through our Tentative Budget in May.

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- Property tax revenues continue to reflect our assessment growth. Collection rates in the current year are as expected and follow our traditional trend. Other than a correction in the 2015-16 school year, we generally have collected over 95% of our taxes by this point in the tax calendar, as residents seek to either receive the discounted rate or the rate before penalties begin. The collection rate tends to be slightly higher during good economies.
- Occupational taxes continue to slowly rise as we continue a growth period that has extended for a number of years. Much of this increase is a result of Jefferson County's improving unemployment rate, which increases our occupational taxes but increases competition for good employees:



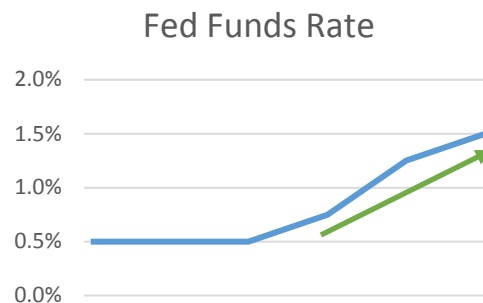
- In Jefferson County, our assessments have been rising faster than other areas of the state. This has resulted in lower state SEEK revenues. The SEEK Transportation funding that has been proposed to be cut is recognized in this same category that has been decreasing each year already. Schools receive this refund of transportation expenses based on a formula which includes such factors as the number of students driven and the distance from each student's home to school. This formula has traditionally resulted in JCPS receiving only a partial refund of its transportation investment, 43% in the 2016-17 school year. The original state budget



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proposal included a reduction of over \$19.8 million of this reimbursement. We continue to await additional guidance from Frankfort as we construct our budget for next year.

- Interest has been on an aggressively positive trend as we have benefitted from the rising interest rate environment and additional funds invested. We are currently working to expand our investments to achieve short-term interest gains that have not been available when interest rates were lower. Our returns have surpassed the interest rate increases due to longer-term investments we have selected for part of our portfolio.



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- As dictated by the SEEK formula, JCPS is extremely dependent upon local taxes to fund education. With this focus, November and December are often the only months that show increases to our General Fund fund balance. Since December 31, our fund balance has dropped \$2.6 million, and we will continue to slowly spend down these funds until property tax collections begin again in early November.

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- Other local revenues are higher than previous years due to the sale of a property on Sandray Boulevard where Frost Middle School was previously located.

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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.

### Page 13 and 14

- Building Fund real estate tax collections began to follow the same calendar as General Fund. We have now received all the property taxes into Building Fund for the year.