



Notes of Interest

February Financial Report

Pension discussion

- The legislature is in session, and we continue to expect a pension bill to be passed during this session. 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 February, we added \$5,325,083 of one-time budget allocations and \$135,154 of recurrent allocations. Much of this was for a \$5,023,140 Guaranteed Energy Savings Project, which will save energy after installing high efficiency lighting in 16 schools. These savings are expected to recoup the initial investment in the tenth year and JCPS will continue to realize savings at these locations after payback has been achieved.
- With our assistance, schools are busy building their budgets for the 2018-2019 school year.

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- Property tax revenues continue to reflect our assessment growth. Collections rates in the current year are as expected and follow our traditional trend. 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.
- Other taxes have increased significantly since the January financial report. This increase was due to payment of over \$11 million of franchise taxes. Franchise taxes are generally utilities and similar services, and LG&E is our largest payer in this category.
- 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 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.

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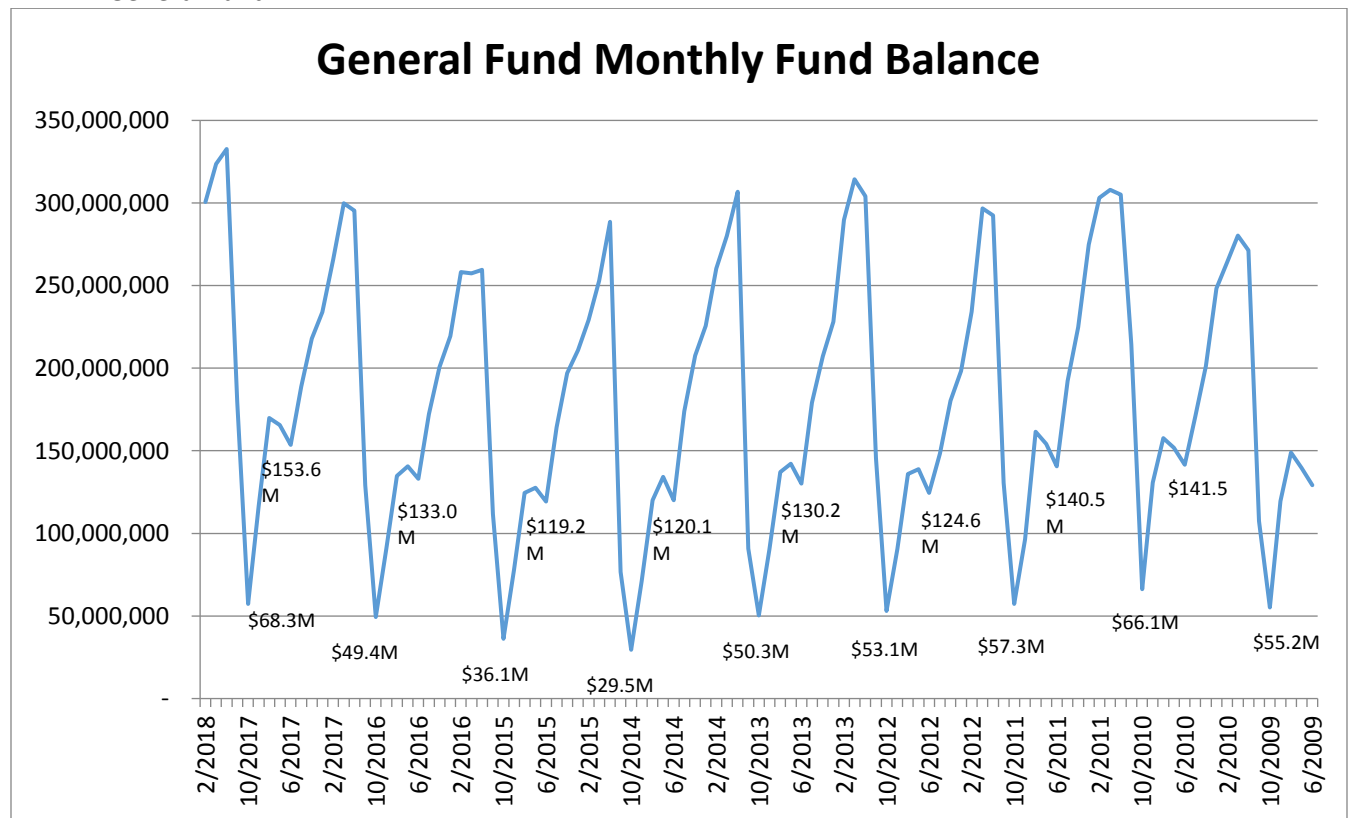
State Transportation Reimbursement



- Interest has been on an aggressively positive trend as we have benefitted from the rising interest rate environment and additional funds invested.

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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. During February, our fund balance has dropped \$23.4 million, and we will continue to slowly spend down these fund until property tax collections begin again in early November. The chart below illustrates the cyclical nature of the General Fund:





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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 follow the same calendar as General Fund. We have now received all the property taxes into Building Fund for the year.