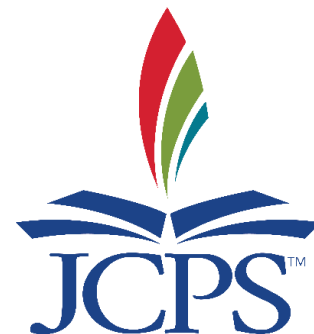


Notes of Interest

October Financial Report



Year-end results

The JCPS financial statements have been prepared and audited for the year ended June 30, 2018. The statements present financial data in two ways: full accrual, which includes capital assets, bonds, and long-term liabilities like pensions and retiree benefits, and budgetary basis, which include those items that must be accounted for in our single-year budgets. The full accrual version show a deficit net position of \$329 million due to \$958 million of pension and retiree benefits. These liabilities will be paid over many years by either school districts paying higher employer match or the state contributing to the cost of these expenses. The budgetary basis financials show positive balances of \$211 million, as short-term funding appears stable and secure.

Cash Flows

In addition to ensuring that every student graduates prepared, empowered and inspired, the focus of every October is to ensure that our cash flows are enough to cover JCPS requirements until our annual influx of property tax revenues begins in November. These requirements are not optional special initiatives -- these are the routine payrolls and vendor payments. While JCPS finances are generally predictable and reliable, half of our revenues each year arrive between November and January during the main property tax collection period. This results in significant cash deficits between our June 30 financial statement date and the start of our November property tax collection year.

Cash Balances

June 30	\$ 225,054,750
November 6	\$ 26,576,166
<i>Low cash point for 2018-19</i>	
Days under \$40 million	19 days
Cost of Average Payroll	\$38 million

General Fund - Fund Balance

June 30	\$ 141,547,484
October 31	\$ 45,528,773
<i>Low fund balance month end for 2018-19</i>	
Deficit	\$ (96,018,711)

Related General Fund Deficit

Although the cash decreases described previously relate to all cash used in all funds, the General Fund experiences a similar deficit in its fund balance. While it is not an exact correlation, the General Fund fund balance at the end of each fiscal year is the greatest contributor to the cash flows requirements to ensure we can pay employees and vendors through much of the autumn each year.

Other Financial Notes

October Financial Report

Items of Note:

- Occupational taxes (p. 1) are slightly down, which we believe is a temporary timing difference that will be corrected.
- State SEEK revenues (p. 1) continue their downward trend as assessment increases exceed the increase in per pupil SEEK revenues.
- Other sources of revenues (p. 1) are significantly higher this year as we sold a new school building renovation bond in October, which is earlier than in previous years.
- Most expense categories (p. 1) are significantly lower because monthly allocations of employee benefits, such as health insurance and pensions, are recorded once audit is complete, which did not happen until after October 31. These entries will be included in our November Monthly Financial Report, which will show comparative expense data.
- General Fund transportation technical services (p. 6) are negative, which is consistent with previous years, due to reimbursements of grant program transportation costs.

