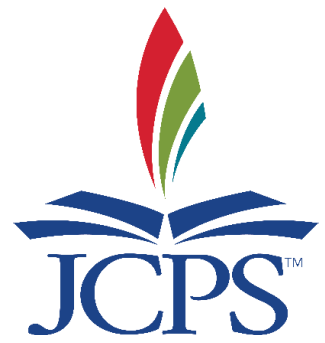


## Notes of Interest

### January Financial Report

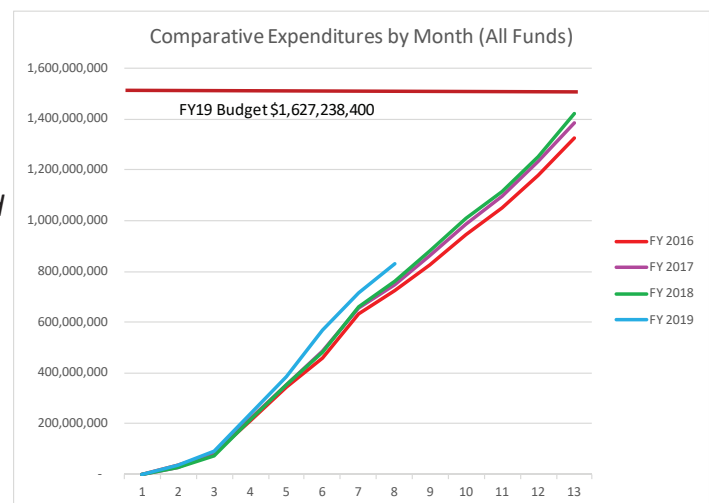
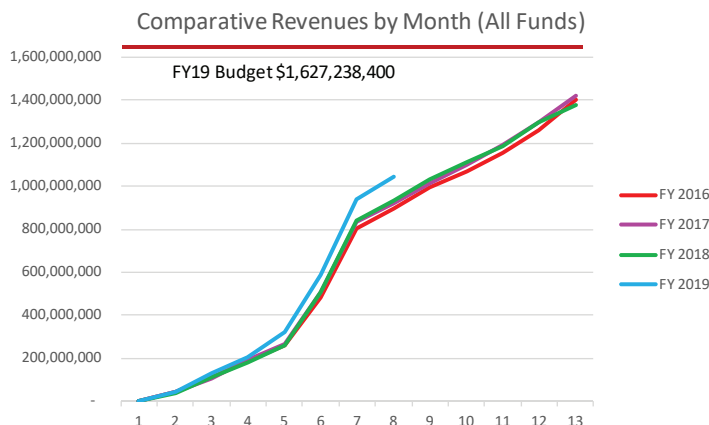


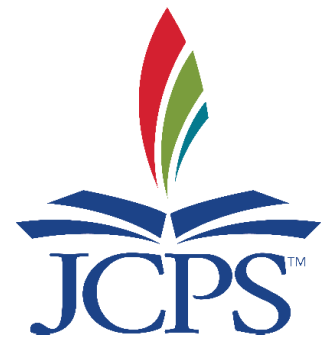
*January concludes our most active period of property tax collections and begins our budget reporting cycle each year. As the spring semester begins and W-2 and 1099 reporting is sent out, Finance is working to plan for next year, train new staff, reinforce areas that resulted in findings on audits, and support the ongoing needs of our schools.*

#### Items of Note:

- Property tax collections (p. 1) are up 4.6% from the previous year. This increase is in line with previous years' average increases.
- Other state revenues (p. 1) are significantly higher as state-paid fringe benefit payments have increased drastically as the state attempts to fund the pensions.
- Other sources of revenues (p. 1) are significantly higher this year as we sold a new school building renovation bond in October, which was earlier than in previous years.
- Most expense categories (p. 1) are higher because the state is funding state-paid employee benefits (see other state revenues bullet above), such as health insurance and pensions, at higher levels than in previous years.
- General Fund transportation technical services (p. 6) are negative, which is consistent with previous years, due to reimbursements of grant program transportation costs.

*Charts: 2018-19 is noticeably higher than comparison years due to higher on-behalf payments and earlier bond sale and the increase in pension support by the state.*





## Notes of Interest

### January Financial Report

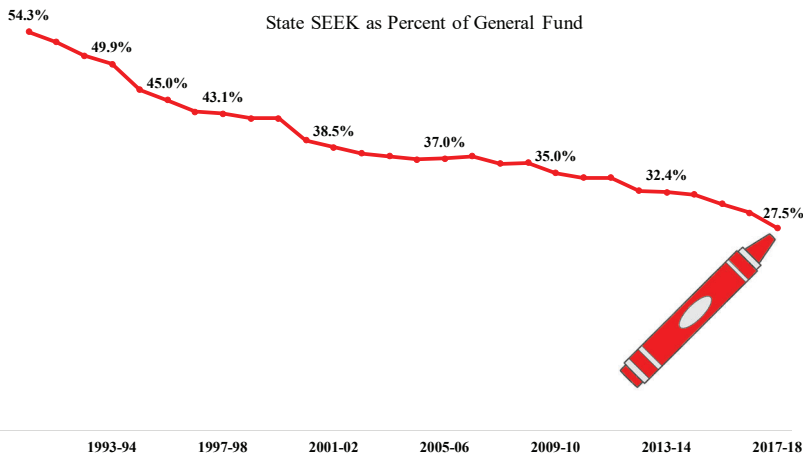
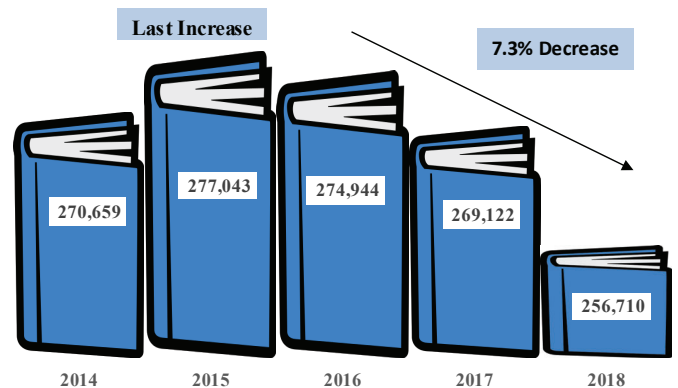
#### SEEK state revenues discussion

The Commonwealth of Kentucky funds schools in a number of ways, including paying for employees' health insurance, paying the employer match on teachers' retirement, some grant funds, and providing flexible funds to each district's General Fund. Of these funds, the flexible General Fund allocation is the largest and most valuable to each district because it can support each district's priorities and is predominantly used to fund classroom instruction. This funding source is called "Support Education Excellence in Kentucky" or SEEK.

Each district's share of SEEK revenues is calculated based on a formula that includes a number of factors. These include the distance driven while transporting students, average daily attendance, and student population characteristics such as the number of English language learners, the number of students at or near poverty level, the number of students with special needs, and the number of students in long-term home or hospital care. These factors are used to calculate the state's base SEEK funding, however this funding is reduced by a required local effort, which is calculated by multiplying 30 cents times each \$100 of taxable local property assessments. Two factors are currently having real effects on the amount of SEEK revenues received at JCPS.

The first factor is our assessment growth. Whenever assessments grow faster than the state's allocation to SEEK, the required local effort increase causes our State SEEK revenues to decline. Jefferson County is fortunate to have an excellent quality of life, business climate, and space to grow, meaning that assessment growth occurs virtually every year. In the chart to the right, you can see the effects on SEEK since the last substantial state increase in 2015. Below, you can see the long-term effects of assessments outpacing state increases as school district funding shifts to local responsibility.

State SEEK Revenues (in thousands)



Additionally, the legislature changed the kindergarten enrollment age in 2017. This reduced the number of students who could enroll in kindergarten for that year and each subsequent year until this transition grade graduates from high school. This will reduce the amount of SEEK revenues every Kentucky school district receives for many years. Starting in the 2018-2019 school year, JCPS will experience a reduction of SEEK of about \$2.4 million then \$3.6 million each subsequent year while this class of students progress from first grade through graduation.