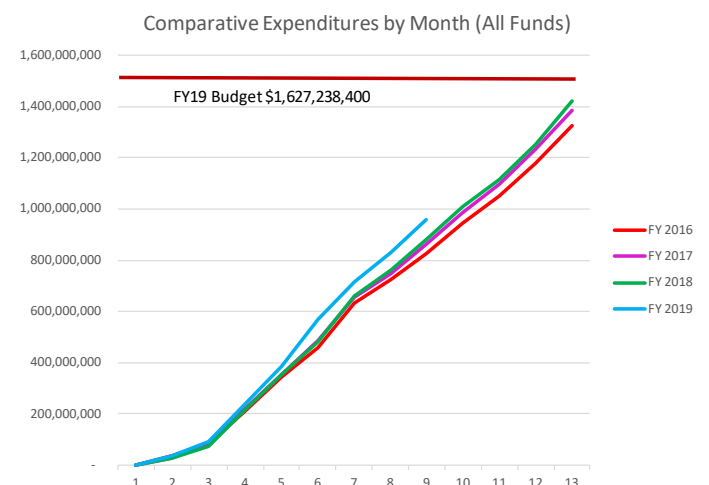
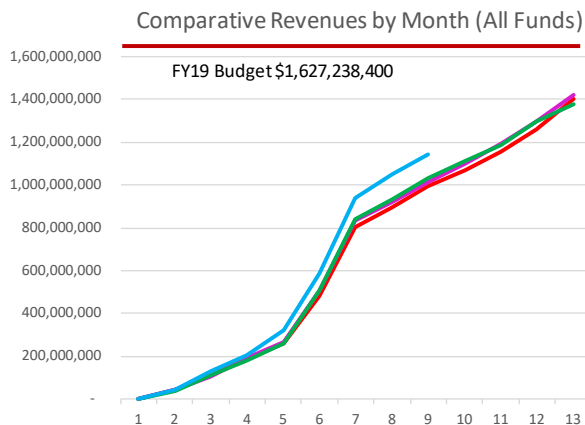
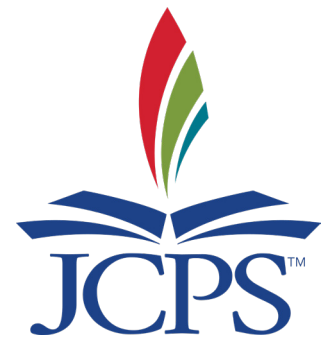


Items of Note:

- Property tax collections (p. 1) are up significantly from the previous year. Part of this increase is likely to be franchise taxes paid to the Sheriff in the first quarter of each year. Franchise taxes are paid by utilities companies and are recorded in the other taxes category. The Sheriff's reconciliation breaks down the different property tax collection types but doesn't arrive until after this report is due. An adjustment will be recorded before the March financial report, and both property taxes and other taxes should follow trend. This difference is clear on page 3 when comparing the trend of real estate taxes (up significantly) to franchise taxes (down over \$10 million).
- Occupational taxes are down from the previous year. We have discussed this matter with the Revenue Commission who has traced the differences to correction of allocations made in an old accounting system replaced last fall. We continue to review this data in detail together with the Revenue Commission.
- 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

February Financial Report

SEEK state revenues discussion (continued from January Financial Report)

In January, we discussed the flexible state revenues called SEEK and how the components of its calculation have caused our SEEK revenues to decrease. Since base SEEK was increased for the 2018-19 school year, does this mean that 2018-19 discontinued the trend?

For the 2018-19 school year, base SEEK increased by \$19 per average daily attendance to \$4,000. This 0.5% increase brought a much-needed additional \$1.6 million to JCPS. Unfortunately, JCPS also suffered state grant reductions totaling \$5.9 million, including grants that support critical functions such as teacher professional development, preschool, and family resource centers. The combined effect of these state actions was a net decrease of direct state support by \$4.3 million.

Although local property assessments increased 1.8% resulted in additional local taxes of \$8.5 million, these assessments are also tied to the SEEK formula referred to as the required local effort. For 2018-19, the required local effort increased \$4.3 million. Without a tax increase, JCPS would be receiving \$.1 million less than the previous year in a year when both base SEEK and property tax assessments increased!

Fortunately, our Board approved a tax increase to protect our funding from the effects of state decreases and state laws. While the results of the tax increase will fund valuable programs at our schools, the first \$8.6 million simply replaces state reductions and revenue responsibilities shifted to local taxpayers.

