Notes of Interest

April Financial Report

Items of Note:

- Property taxes (p. 1) are very close to where they will end for the year, with an increase of 4.7% over the prior year.
- 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. Through April the increase year-over-year is $91.6 million or 46.7%. These fringe benefits consist of health insurance for all employees, KTRS employer match, and some smaller benefits, but most of the increase is in the KTRS employer match. The increase signifies that the Kentucky General Assembly and Executive Branch have begun to address KTRS's unfunded pension liabilities. This is good news for our employees and our ability to attract and retain teachers; however, the increase overshadows swings in other revenues that are far smaller by dollar amount and by percent.
- Interest is significantly higher than previous years as the Federal Reserve funds rate has continued to raise interest rates and as JCPS has done additional investing that is further increasing our revenues.
- 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. With the new bond sale in May, which closes in June, this category will end the year larger than 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, earlier bond sale, and the increase in pension support by the state.