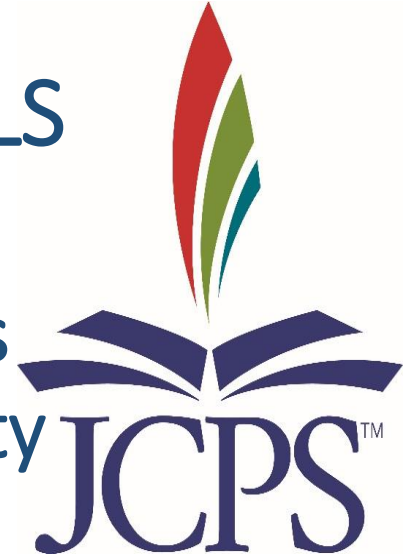


JEFFERSON COUNTY PUBLIC SCHOOLS

General Fund Revenue Trends & Sources
Capital Projects Funding - Bonding Capacity



*Jefferson County Board of Education
Work Session
June 25, 2019*

State Management Audit Findings & Recommendations

Excerpt from April 2018 letter from then Interim Commission of Education, Wayne D. Lewis, Jr.

Operational Support (reference to revenue options)

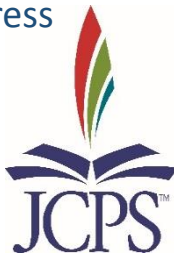
Page 4:

“The audit process included an on-site review, investigation and analysis of the operations of the school district. The district cannot meet facility needs without additional funding. During the onsite review in April 2017, there was a clear lack of understanding among the members of the JCPS board regarding options to generate additional revenue. During my April 2018 visit, I determined that board members had greater awareness of regarding revenue options, but the district has not developed a plan to utilize current bonding capacity to address critical capital projects.”

Page 5:

“The JCPS board did not approve the 4% tax rate during the first year of the former Superintendent’s tenure. According to the district’s calculations, this negatively impacted the district’s resources at the rate of \$16 million per year and will continue to do so for every year after that.”

“The JCPS board has not adopted an additional “nickel” tax to address aging facilities. Interviews during the April 2017 onsite review indicated an apparent lack of understanding about the current bonding potential of the district to address facility needs. During my April 2018 visit, board members showed greater understanding of the nickel tax, with some board members expressing a willingness to consider it in the future; but there does not yet appear to be a plan for generating additional revenue to address some of the district’s pressing capital needs.”



Local Taxes – Board Authority KRS 160.455

1. Property Taxes – KRS 160.470

Real Estate:

- 1979 House Bill 44 – provides options of three possible rates
 - Compensating Rate – Using current year tax assessments excluding new construction, this rate yields same projected revenue as last year.
 - Subsection (1) Rate - rate that will produce no more revenue than the previous years maximum rate.
 - 4 Percent Increase Tax Rate - rate that produces 4% revenue growth above the Compensating Rate.
 - **Recallable - Additional Tax Rate above the 4% revenue increase rate**
- 1990 House Bill 940 (KRS 157.440) – KERA authorization

Motor Vehicle – JCPS 58.5 cents per \$100

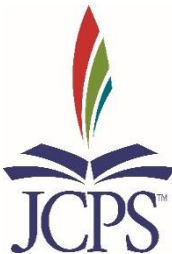
Nickel Taxes – Five cent equivalent (FSPK) , **Recallable**, ~~Growth Nickel, Equalized Growth~~

- All 173 districts include the FSPK five cent equivalent in their tax levy
- 106 out of 173 districts have no additional nickel, (Growth, Recallable, BRAC, or Category 5)
- **Recallable – for JCPS would generate \$37.9 million restricted for capital projects**

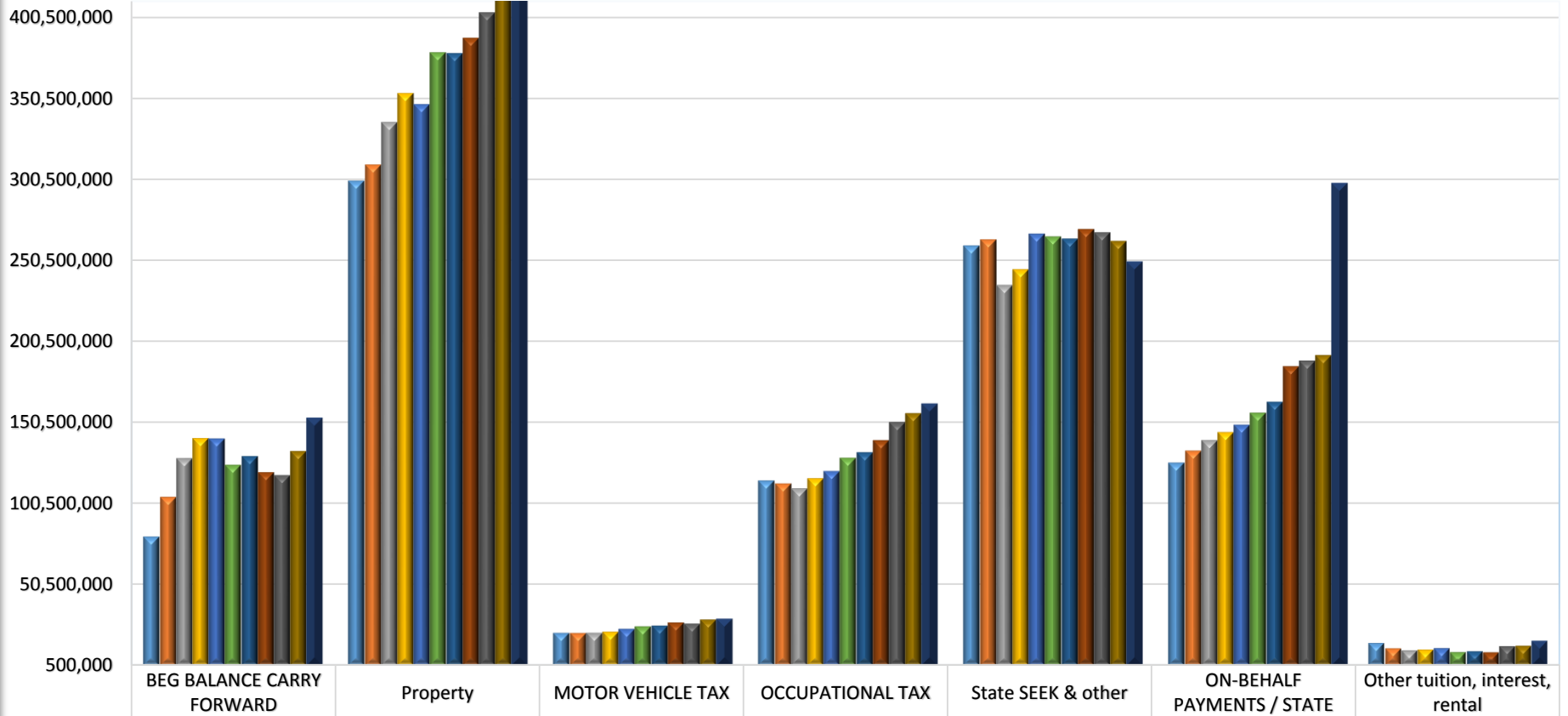
2. Permissive Taxes – KRS 160.593

- Occupational Taxes (0.5% or 0.75%) – KRS 160.605
- **Utility Gross Receipts (3% maximum) – KRS 160.613**
 - **for JCPS would generate estimated \$35 million to the General Fund with no restriction**
 - **14 out of 173 districts do not levy the Utility tax**
- **Excise Tax** (no district currently levies this tax) – KRS 160.621

- Items in red are additional revenue options not currently levied in JCPS



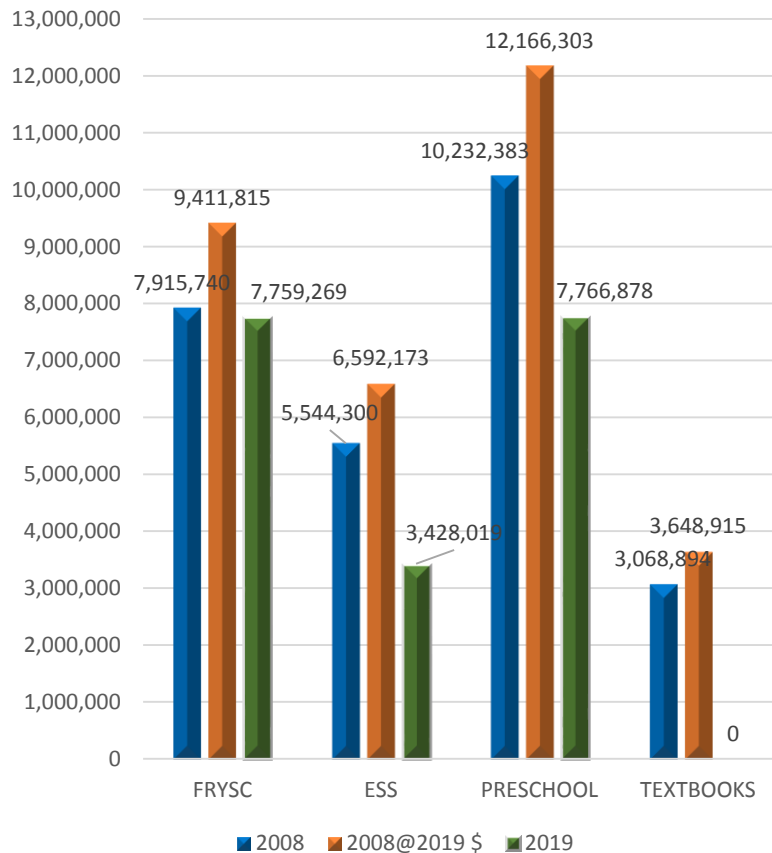
JCPS 10 Yr General Fund Revenue Trend



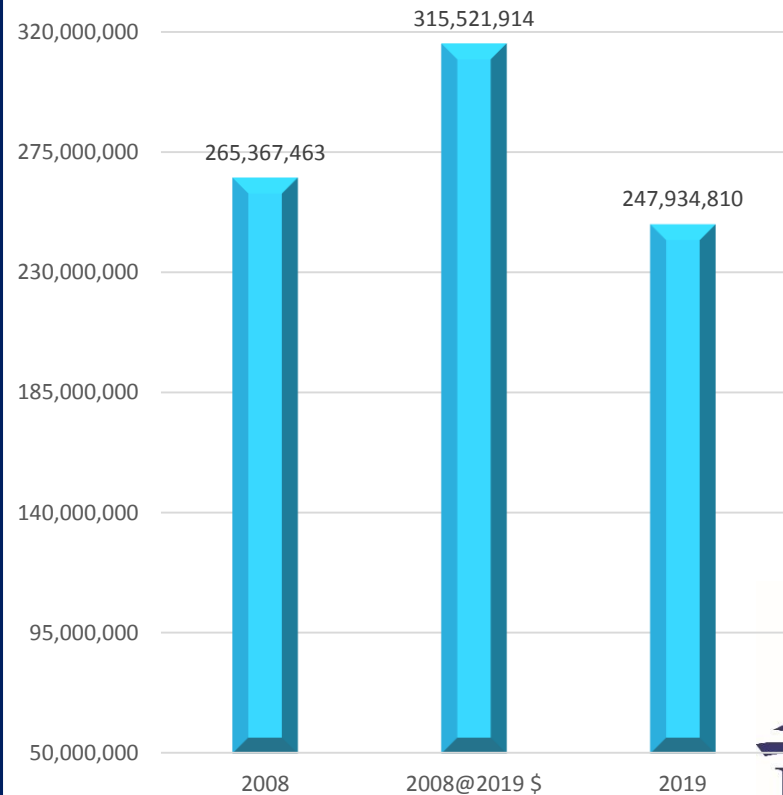
	BEG BALANCE CARRY FORWARD	Property	MOTOR VEHICLE TAX	OCCUPATIONAL TAX	State SEEK & other	ON-BEHALF PAYMENTS / STATE	Other tuition, interest, rental
FY08	80,737,174	299,228,130	20,842,786	115,133,756	259,418,529	126,132,253	14,550,030
FY09	105,097,013	309,280,529	20,831,395	113,318,876	263,331,258	133,527,867	11,332,434
FY10	129,163,347	335,419,877	20,953,222	110,682,462	235,354,184	140,200,134	10,055,619
FY11	141,539,550	353,736,024	21,648,571	116,762,420	245,375,519	145,182,600	10,568,267
FY12	140,544,034	346,705,515	23,206,884	120,452,400	266,789,738	149,046,147	11,315,616
FY13	124,560,396	378,685,745	24,800,071	128,882,355	265,238,216	156,614,534	8,891,400
FY14	130,226,135	378,126,354	25,303,237	132,569,312	264,061,733	163,724,635	9,472,434
FY15	120,080,560	387,797,883	27,259,351	139,825,242	269,921,696	185,420,795	8,786,631
FY16	119,207,881	403,597,357	26,860,776	151,821,629	268,418,979	189,562,894	12,743,388
FY17	132,975,573	420,116,488	29,045,275	156,387,646	262,625,035	192,194,317	12,790,919
FY18	153,608,044	443,769,309	29,567,758	162,374,610	249,933,765	298,310,873	15,925,714

State Funding Comparison

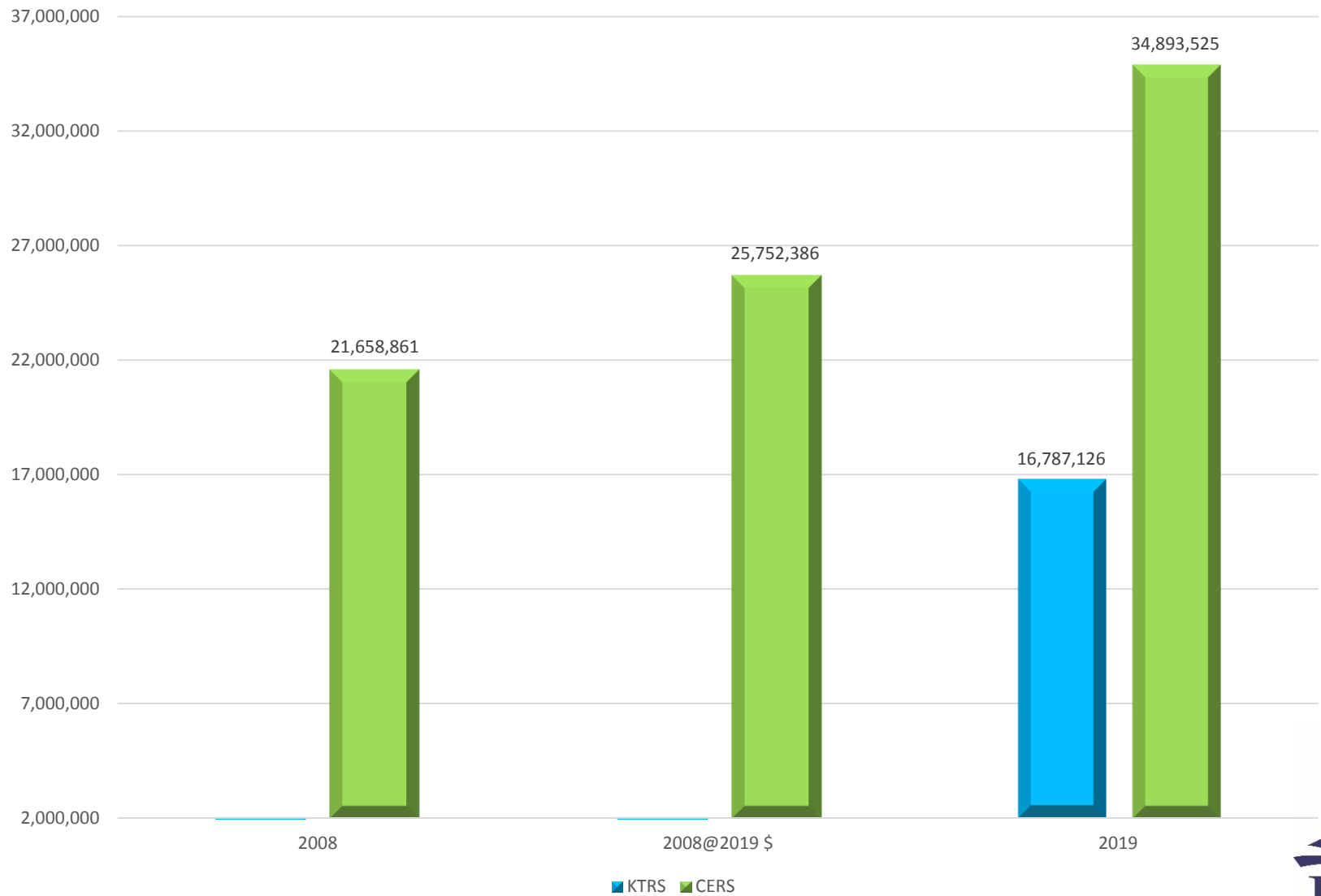
State Grant Funding
2008 vs 2019



State SEEK Allocation
2008 VS 2019



Retirement Expense Increase 2008 vs 2019



Bonding Capacity – Restricted Fund Sources

Capital Outlay - \$100 per Student ADA - \$8.6 million (**80% - \$6.9 million**)

Local Nickel (FSPK) – 5 cents times property assessment - **\$37.9 million**

Growth Nickel (JCPS does not qualify)

Recallable Nickels (JCPS has not levied)

State Equalization (FSPK) –

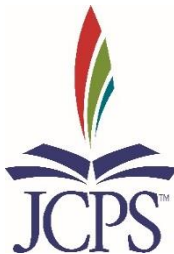
Tier One Funding – state equalizes at 150% of the statewide average per pupil assessment. Provided to districts typically with less property wealth. JCPS rarely qualifies for this equalization. Current State Equalization is \$834,000 per pupil assessment. JCPS per pupil assessment is \$879,372.

SFCC – (Offers of Assistance)

Based on district unmet need divided by total of all districts unmet need. Allocation provided by legislators normally each biennium during the budget session. Each offer provides bond debt payment for 20 years.

(FSPK – Facilities Support Program Kentucky)

(SFCC – School Facilities Construction Commission)



Bonding Capacity - Today

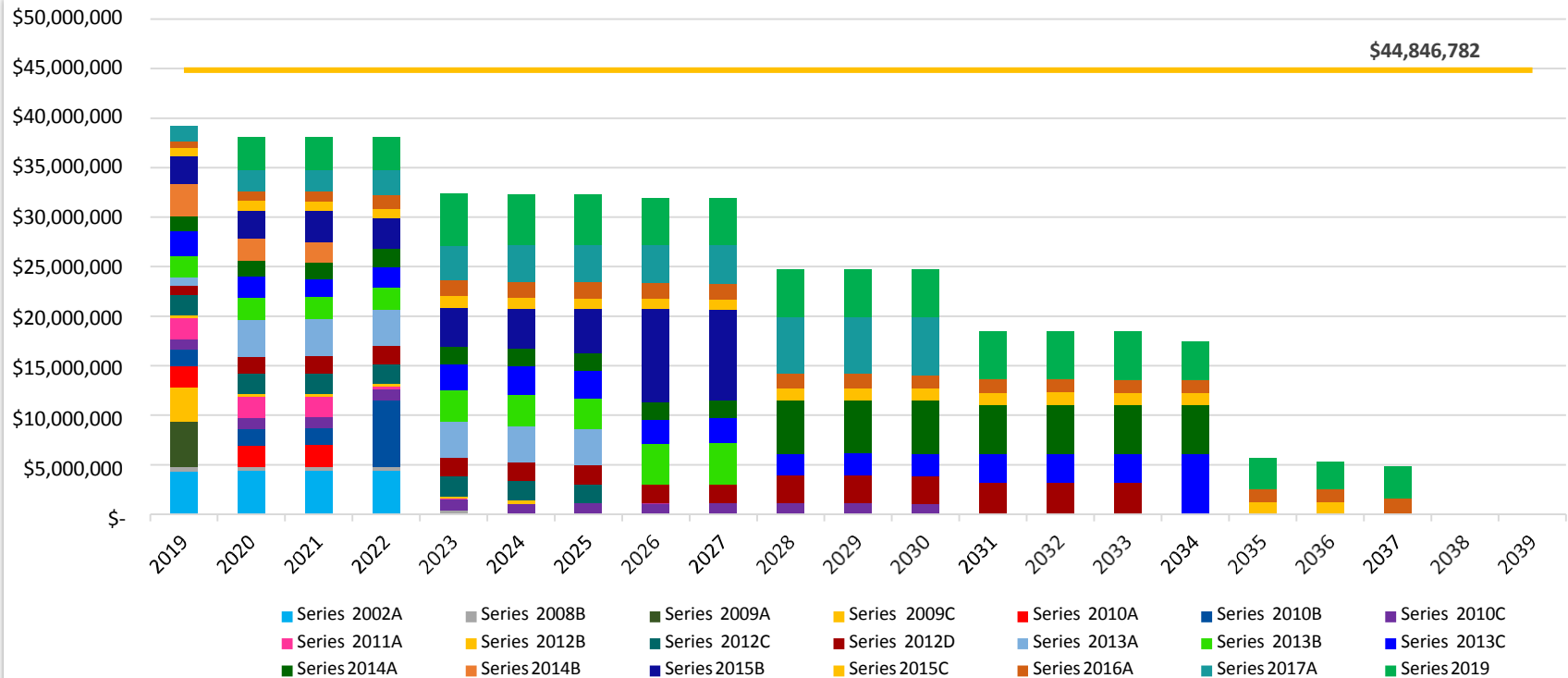
Bonding Summary ⁽¹⁾:

Bonding Source	Bonding Amount
Local	\$234,660,000
Total	\$234,660,000

Bondable Revenues ⁽²⁾:

Restricted State and Local Revenue Sources (FY 2019-2039)	
Local Nickel ($\$75,886,222,263 \times .0005$)	\$37,943,111
Capital Outlay ($\$100 \times 86,295.887 \times 80\%$)	6,903,671
Total	\$44,846,782

Annual District Debt Service:



(1) Assumes current market rate estimates, a closing date of June 15, 2019

(2) Current bondable revenues are based on 2018-19 Final SEEK Calculations and an ESPK equalization rate of .5417

Additional Nickels, Utility and Occupational Tax Rates Levied

