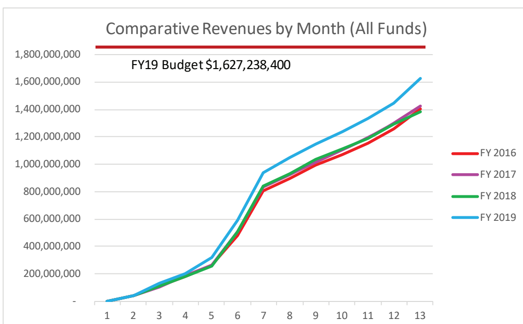
Notes of Interest

June (Unaudited) Financial Report

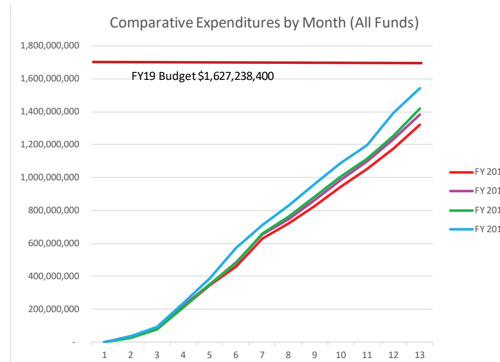
2018-2019 Year End Update:

June begins a busy time for Finance as summer checks have been paid, we prepare to close our books, then begin to prepare our financial statements before the auditors arrive. This busy period will continue through November.

Although the June (Unaudited) Financial Report shows a General Fund fund balance decrease of $5 million, we anticipate the ending fund balance will decrease $9-$13 million after all end of year adjsutments have been posted.



Charts: 2018-2019 year is higher due to additional bonds sold and state-paid fringe benefits



Items of Note:

- Property taxes (p. 1) ended the year increasing 5.1% over the previous year.
- Occupational taxes have caused some concern throughout this year, remaining consistently low all year before ending the year with the strongest June collections we have seen and a total increase over the previous year of 2.1%. We are reviewing these results with the Revenue Commission to determine why this year has been so comparably inconsistent.
- Local grants are down considerably from previous years. When the Head Start grant was discontinued, JCPS discontinued the local effort required to support the program. In addition, the Jefferson County Public Education Foundation activity has decreased as can be seen on page 21.
- 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 May, the increase year-over-year is $96.8 million. 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 a new investing program that is further increasing our revenues.
- Other sources of revenues (p. 1) are significantly higher this year as we sold larger construction bonds 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.
- The increase in school administration directly corresponds with the decrease in instructional staff support as the elementary Assistant Principals program shifted out of pilot phase and became a permanent school allocation reflecting the broad duties of these Assistant Principals.
- General Fund transportation technical services (p. 6) are negative, which is consistent with previous years, due to reimbursements of grant program transportation costs.