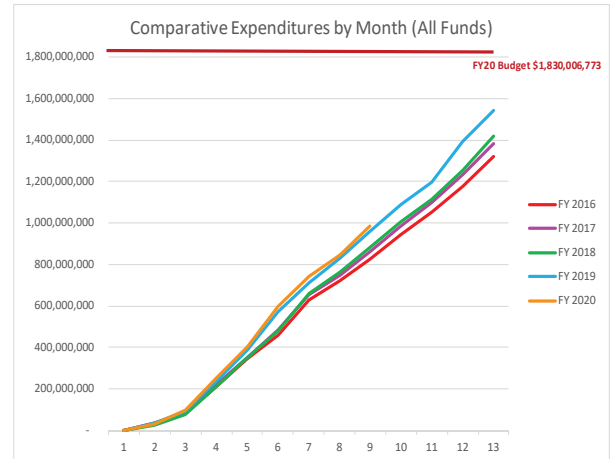
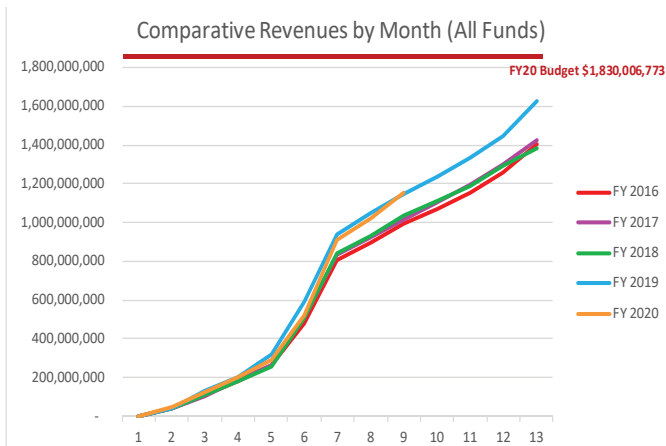
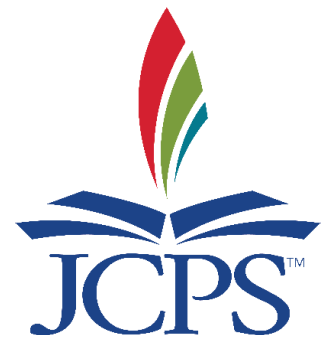


Notes of Interest

February Financial Report



Items of Note:

- Property taxes, our largest revenue source each year, show a 2.7% gain over January of the previous year.
- Occupational taxes have been steady through February, but the coronavirus has taken a toll on national employment rates as well as Louisville employment rates. Occupational taxes contain both a gross profits tax assessed as of December 31 and a payroll tax paid monthly. We anticipate the payroll component of these taxes will decrease drastically over the remaining months of the 2019-2020 fiscal year.
- Other taxes have increased from previous years as Churchill Downs has been reassessed by the Property Valuation Assessor and began paying on a Payment in Lieu of Taxes contract. These contracts hold JCPS harmless when the Commonwealth, Metro Louisville, or another city within Jefferson County agrees to an incentive with a business for the purpose of bringing jobs into the county. This Churchill Downs payment was almost \$1 million. In addition, franchise taxes have continued their steady increase. Franchise taxes are taxes assessed against utilities.
- SEEK state revenues continue to decrease as a result of the state funding formula, which lowers the amount sent to JCPS as our assessments increase.
- As discussed in the January Notes of Interest, interest rates have drastically reduced as the Federal Reserve has attempted to quell the economic crash caused by the coronavirus. While this is a worthwhile goal, we now anticipate not reaching our interest income budget in the General Fund. This is not apparent in the February Monthly Financial Report because the Federal Reserve reduced interest rates twice in March, with rates dropping 2.25%, but this drop affects our outlook for the remainder of the 2019-2020 year and the forecast of the 2020-2021 year.
- Construction Fund fund balance varies depending on when bonds are sold to finance major construction and renovation projects. We sold a bond in October 2018, which is why other sources of revenues was significantly higher during the 2018-2019 year.
- Daycare operations revenues and expenses are decreasing as enrollment at the Georgia Chaffee Teenage Parent Program has decreased. This decrease is the continuation of a trend extending numerous years.
- We anticipate most of our fee-based enterprise funds, including Daycare, Enterprise Programs, Adult Education, and Tuition-based Preschool, will show revenue decreases due to coronavirus closures.