Notes of Interest

September 2020 Financial Report

Change from previous Notes documents: The graphs showing comparative revenues and expenditures are not presented. Accounting estimates have not been recorded yet in the 2020-2021 fiscal year for health insurance, KTRS employer match, and other employee fringe benefits that are paid by the state on our behalf. We record these entries each year after the previous year's entries have been audited. Exclusion of these entries for the current year prevents the data from being comparable and could cause the graphs to be misleading.

Update on Fiscal Year End:

We are progressing with our 2019-2020 financial statement audit and are working to ensure all data within our statements are accurate and will result in a good audit opinion from Dean Dorton Allen Ford PLLC. Our goal is transparent financial reporting for the citizens of Jefferson County, bondholders, and any others interested in our financial position. As we finish the audit, we may have additional adjustments; however, our General Fund currently shows a $37.1 million decrease of fund balance during the 2019-2020 year due to lower occupational taxes, lower interest revenue, and higher expenses as we adjusted to the pandemic and began Non-Traditional Instruction.

August Report Items of Note:

- Property taxes, our largest revenue source each year, begin the collection period in November each year.
- Although it is very early in the collection period, Occupational taxes are higher this year than in previous years. We will continue to review this to determine if a trend emerges.
- 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. In the 2020-2021 school year, the state is projecting that we will receive $3.2 million less than in 2019-2020.
- Other state revenues and all expense categories are down significantly due to the adjustments for state-paid fringe benefits referenced in the change from previous Notes documents explained above.
- Interest income is negative due to the annual reversal of financial statement adjustments. Interest income should be significantly lower this year due to Federal Reserve interest rate reductions in response to the struggling economy.
- Capital Outlay receives half of its funding in July and half in April or May each year. These funds are used to pay debt service on major construction or renovation projects.
- Building Fund receives most of its funding as a percentage of property tax revenues with the amount based on total assessments including both property and motor vehicle assessments. This collection period begins in November.