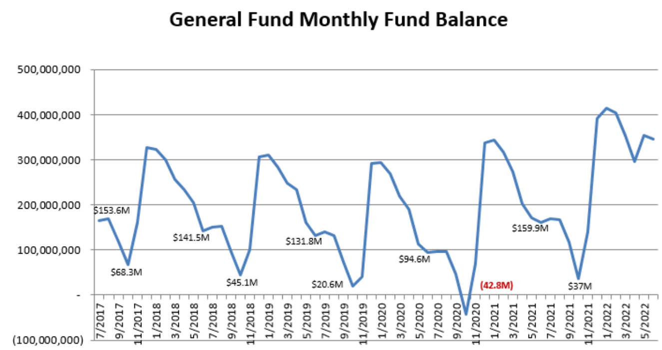
Notes of Interest

August 2022 Financial Report

August update: The first third of each year is a busy time closing our books, preparing our financial statements, and going through audit. During this period, we occasionally must post journal entries back to the previous fiscal year and alter our forecasts for current year activity. Although August comparative data isn't as valuable as later months, it's an extremely busy month as we process first teacher pay and resource our schools for the new year.



Property taxes — Collections begin each year in November. This is our largest revenue source, and most property tax revenues are collected between November and January. This makes JCPS finances extremely cyclical. As illustrated in this graph, property taxes account for most of the large increase in General Fund fund balance each year.

2020-21	2021-22	2022-23
$54.5 million	**$54.5 million**	**$4.3 million**

Other state revenues are mainly employee health insurance and teacher's retirement employer match paid by the state for the benefit of our employees. These are referred to as "on-behalf payments" and the revenue side illustrated in the chart are offset by an equal employee fringe benefit expense. These entries are not recorded each year until the prior year's on-behalf payments have been verified through our audit. This results in a few months where this revenue and the employee fringe expenses, which are spread across most expense categories, are not comparable to the previous two years which include these entries.

Since JCPS is limited to very high-grade investments that don't exceed five years, our interest income depends to a great degree on the Federal Reserve's fed funds rate, which is the base borrowing rate established in the United States. While the Federal Reserve is combatting inflation, our interest income is increasing every time they increase the rate. Forecasting and budgeting swings in interest income is a routine challenge when establishing our budget. Our budget had to adjust down over $7 million from the ten-year high in 2018-19 to the low of 2020-21. The forecast is very good for our 2022-23 interest income.