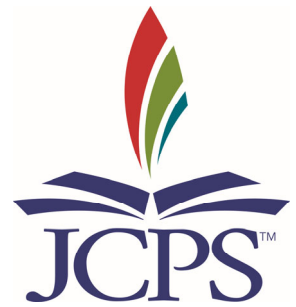


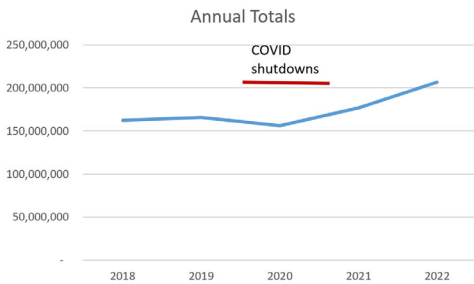
## Notes of Interest

### September 2022 Financial Report

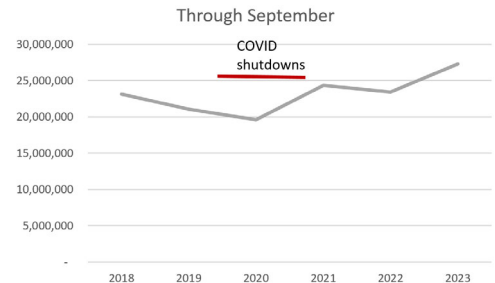


**Property tax** collections begin each year in November. This is our largest revenue source, and most property tax revenues are collected between November and January. The cyclical nature of this revenue source adds annual complexity to our budgeting process. Property taxes fund over a third of General Fund operations and almost all of Building Fund debt service transfers.

**Occupational taxes** are continuing their strong trend into the 2022-2023 school year. After a downturn in the 2020-2021 school year, caused by COVID shutdowns for many



businesses and many employees of those businesses, occupational taxes have proven resilient, increasing beyond levels prior to the pandemic. Occupational taxes are based on payroll tax withholdings and business profits in Jefferson County, so they are our revenue source that correlates most closely with the health and strength of the local economy. Overall, our economy has been strong.



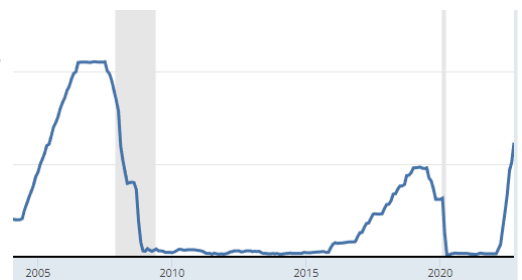
**Other state revenues** are mainly employee health insurance and teacher's retirement employer match paid by the state for the benefit of our employees. These are referred to as "on-behalf payments" and the revenues are offset by an equal employee fringe benefit expense. These entries are not recorded 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.

5.25%

**Federal grants** continues its sustained high levels due to the ESSER grant targeting learning loss caused by the pandemic. These stimulus grants will continue through fall 2024.

3.75%

**Interest income** remains strong for JCPS. With a very conservative investment policy closely mirroring the Kentucky Revised Statute, much of our interest income is directly related to the Federal Reserve's borrowing rates. As the Fed "tightens" (increases) interest rates, this makes borrowing costs throughout America higher and slows inflation. Although a slowing economy will decrease occupational taxes, it increases the interest income JCPS earns. The chart shows the Fed's monetary policy over the past eighteen years to put the current rates in perspective.



**Other sources of revenues** vary widely based on the timing of bond sales. JCPS sold a \$74.5 million bond issue in July 2022. This bond was sold earlier in the year than the two comparison years, so this category will not be meaningfully comparable for September.