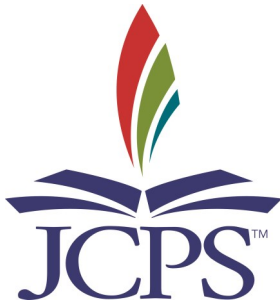


Notes & Analysis

April 2024 Financial Report



Property taxes are the largest revenue source for the District. Since tax bills are mailed at the beginning of November, with discounts available for early payment and penalties for late payment, we receive most of these payments between November and February 1 of each year. By March, we can see how the year’s collections compare to previous years.

5.2% Increase over 2022-23

Occupational taxes stabilized in the 2021-22 school year as Metro Louisville emerged from COVID. These revenues have maintained near these levels during the 2023-24 fiscal year. We are currently forecasting an increase over the previous two years, which would make this year our highest occupational tax revenues historically.

State SEEK (Support Education Excellence in Kentucky) revenues are the largest source of funds we receive from the state. The formula is designed to reduce the state payments as local assessments increase. The legislature increased base SEEK by 3% to \$4,326 and increased the SEEK Transportation reimbursement to 90%, which was much needed and much appreciated. Based on these changes, we forecast an increase in SEEK for 2024-25 of \$5.2 million instead of a large decrease compared to the previous year.

2021-22	2022-23	2023-24	2024-25 Forecast
186.8	185.1	163.8	+5.2 ↑

Interest income is maintaining at its highest level in JCPS history. JCPS maintains a core portfolio of investments, consisting of low-risk federal treasuries and agency securities extending out to a maximum maturity of five years. These funds provide returns and stability in fluctuating interest rate environments. JCPS is extremely cyclical, meaning we have a few high-revenue months each year then operate at a deficit the rest of the year. Accordingly, we must maintain high cash balances, which earn interest each month at a rate connected to the Federal Reserve’s fed funds rate. These cash balances earn the majority of our interest each year, and the fed funds rate is the main driver. Although we are at historic levels, the market forecasts that the Federal Reserve will start decreasing interest rates later this year, which will reduce our interest income. We have built anticipated reductions in interest income into our budget for the next few years.

2021.22		2023-24
\$0.37	millions	\$22.57
0.22%	avg interest rate	5.25%

School Security Officers salary expenses have more than doubled over the past two years as we have increased our security force and implemented weapons detection in many of our schools. This category will continue to increase as JCPS prioritizes school safety.

Transportation overtime expenses increased almost four times over the level from two years ago. This stands as a testament to the hard work this division has done to get our students to school while severely short staffed.

Insurance expenses are almost double what we paid three years ago. Nationwide, many lines of insurance have experienced tight markets as a result of high judgments, some market conditions such as

Revenue Budget-to-Actual Analysis Most revenue codes are approximating their budget with some exceptions:

Property taxes forecasted to exceed budget about \$7.6 million

Interest income forecasted to exceed budget about \$8 million

Occupational taxes forecasted to underperform budget about \$4 million

Motor Vehicle taxes forecasted to underperform budget about \$4 million

Expense Budget-to-Actual Analysis

- ⇒ Salaries remain under budget as our vacancy rate remains around 8% compared to our traditional rate less than 4%.
- ⇒ Many substitute categories are exceeding budget as a result of our vacancies, though these codes exceed budget far less than the underspent salary budget savings.
- ⇒ Contract bus services are more than triple the level of previous years as JCPS is making every effort possible to support student transportation. This category will be increasing significantly in the next few years due to the TARC contract. Regardless, we planned for higher expenses and the category is under budget for the year so far.
- ⇒ Computer costs and related repairs are up significantly as JCPS continues to support 1:1 technology for our students. Although these costs are up significantly, JCPS planned for the increase and we are under budget in this category.
- ⇒ As Jefferson County avoided an extreme winter, our utilities costs are \$1 million under trend and coming in under budget.
- ⇒ Transportation insurance costs have increased significantly. Although our fleet size is shrinking, a national trend of high transportation verdicts, including buses and logistics systems like tractor trailers, has increased the cost of our claims. We have forecasted this trend and adjusted our budget. Although the expense trend is increasing, we are not exceeding budget in this category.

Overall, expenses are coming in under budget.

