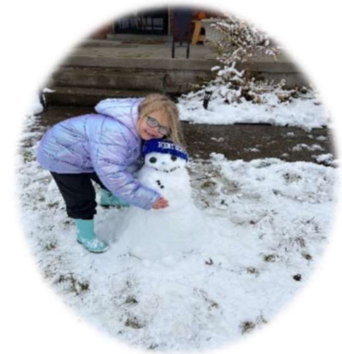
Notes of Interest

December 2025 Financial Report

Monthly Update: December is our highest revenue month each year, as property tax collections are in the height of the collection period. The revenues collected during this period will fund our operations through early November 2026. In our schools, classes release for a much-needed winter break as students rest up for their spring semester of learning.

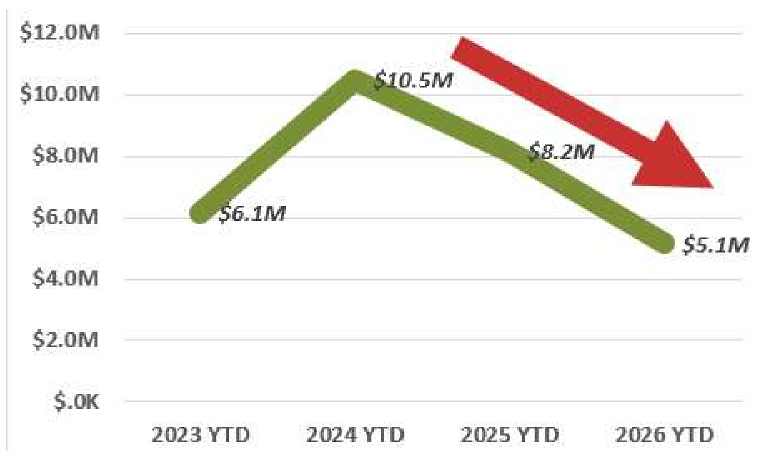


Property taxes remain the district's largest source of annual revenue. Because overall property assessments increased at a rate that exceeded the allowable 4 percent growth limit, the tax rate was adjusted downward to ensure total revenue remained in compliance with state law. As a result, the tax rate decreased from 73.5 cents to 71.7 cents per $100,000 of assessed value.

2022-23	2023-24	2024-25	2025-2026 Forecast
$580.0M	$609.9M	$651.3M	$681.0M
5.19%	5.16%	6.77%	4.57%

Occupational taxes continue to show strong performance at historically high levels. This revenue source most directly reflects the health of our local economy. While economic forecasts have suggested a potential slowdown—through lower wage growth, rising unemployment, and reduced business profits—the trends we are currently seeing do not align with those projections. As a result, we are monitoring this area closely. The continued strength of the Louisville economy is a positive sign and contributes to greater stability and quality of life for our community.

Interest income is projected to decline for the current fiscal year following the Federal Reserve's decision to reduce interest rates by three-quarters of a percentage point since September 2025. The chance of the Federal Reserve lowering interest rates in early 2026 is moderately high by some economists. However, one of the major factors in their decision is the Inflation Rate, which is currently at 2.71%, modestly above the Federal Reserve's target inflation rate of 2%. We are continuing to watch the Federal Reserve's monetary policy to apply it to our forecasts.



Did you know the District faces daily attempts to fraudulently access its funds? The Accounting Department oversees all payments, including those to vendors, employees, and bondholders, and has implemented internal controls to protect the District's funds. One such safeguard is **Positive Pay**, a system that allows the Accounting Department to work with its bank to verify disbursements before any funds are released. If a transaction does not match the information provided by Accounting, it is flagged by the bank and Accounting is notified for secondary review and either approved or rejected. These measures help ensure taxpayer funds are used only as intended and JCPS funds remain secure.

Budget to actual analysis is an important review for both long-term planning and forecasting our year's results. This is especially critical during tight budget times. The majority of our expense codes are tracking within each code's established budget.

Revenues

- Property taxes expected to meet forecast.
- Occupational taxes expected to exceed forecast by about $6 million.
- Interest on investments is not expected to meet forecast by about $1.5 million.

Expenses

- Salaries forecasted to be short of budget due to vacancies across many positions throughout JCPS; 51.0% of Salaries are paid to Teachers.
- Contract bus services appears to be tracking less than forecast by about $5M. This savings is projected for future year's budgets.
- Several utility codes are currently under budget; however, as winter progresses and costs typically rise, we will continue to closely monitor these expenses.

Budget status updates: We are quickly verifying the school allocations and calculating the amounts each school will receive in their budget packets. The schedule is tight each spring with schools making budget decisions, getting these budgets approved through Site-Based Decision Making Councils. Once these budgets are submitted, Human Resources and Budget audit all school staffing to ensure that positions align to allocations. This year will be an especially busy one as we implement the results of the budget reduction process. This will add an additional complexity with the statutorily deadline of May 15 to notify employees who may not be retained in their current position next year.