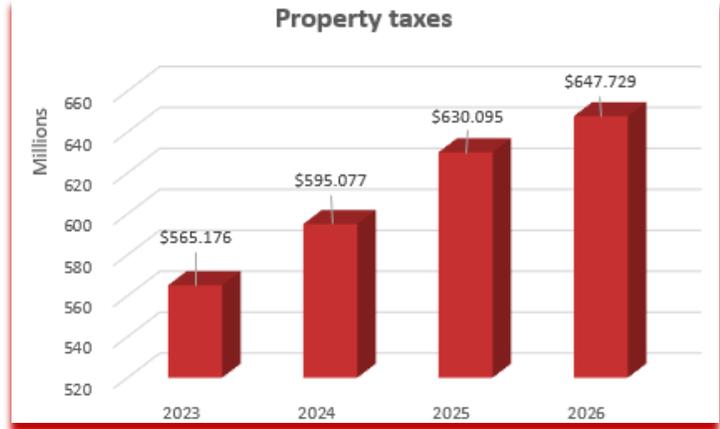


Notes of Interest

January 2026 Financial Report

Monthly Update: January marks the return of students back to school for the spring semester of learning. At this point we have received 71% of our revenues. The revenues collected during this period will fund our operations through early November 2026. Schools are working with their SBDM to allocate their budgets.

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 of assessed value.



YTD 2025

44.9%

YTD 2026

48.1%

Occupational taxes continue to show strong performance at historically high levels. This revenue source most directly reflects the health of our local economy. 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. Some economists see a moderately high chance the Federal Reserve will lower interest rates in early 2026. A key factor is inflation, currently at 2.71%, slightly above the Fed's 2% target. We continue to monitor Fed policy and reflect it in our forecasts.

State SEEK revenues (Support Education Excellence in Kentucky) 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 proposed budget for 2026-2028 freezes the base per-pupil guarantee level of **\$4,586** for both 2027 and 2028. In addition, House Bill 500 proposes reducing transportation funding by **\$40 million** state-wide in each of the next two fiscal years compared to the 2026 level. This would reduce JCPS funding approximately \$6 million.

<u>2023 YTD</u>	<u>2024 YTD</u>	<u>2025 YTD</u>	<u>2026 YTD</u>
\$129.4M	\$116.3M	\$114.6M	\$126.7M
0.30%	-10.18%	-1.40%	10.48%

Did you know?

The Accounting department supports our schools with a program called No Bank Schools, which has been in place for over ten years. It centralizes banking, eliminating the need for schools to write checks or reconcile monthly activity. Our Finance Support Center supports these schools with all things finance, and because these schools aren't subject to external audits, there are zero audit findings. In addition, schools are issued credit cards to assist with immediate-need purchases like field trip admission, with statements reviewed and reconciled by Accounting. This program has significantly helped participating schools manage turnover and hiring challenges.

Budget to actual analysis is a key tool for long-term financial planning and for forecasting year-end results, particularly during periods of fiscal constraint. Currently, most expenditure accounts are tracking within their approved budgets.

Revenues

- Property taxes are projected to meet forecasted levels.
- Occupational taxes are projected to exceed forecast by approximately \$6.9 million.
- Interest on investments is projected to fall short of the forecast by about \$1.5 million.

Expenses

- Salaries are projected to be below forecast due to vacancies across multiple positions throughout JCPS. Teacher salaries represent 51.3% of total salaries.
- Other professional services are projected to be approximately \$5M below forecast.
- Contract bus services are projected to be approximately \$5M below forecast, primarily due to a reduced reliance on outside drivers.
- Several utility codes are currently under forecasts; however, as winter continues and costs typically increase, these expenses will be closely monitored.

Contracts update: The Board directed Finance to review expenses and restrict as much as possible during this tight budget time. We have implemented a number of changes in the professional service contract process. As a result of this process, our total contracted services has dropped compared to last year.

FY25	Millions	FY26
\$31.3	>	\$9.2

Budget status updates: We sincerely appreciate all the hard work from Board members, employees, parents, and community members collaboratively working through this difficult budget year.