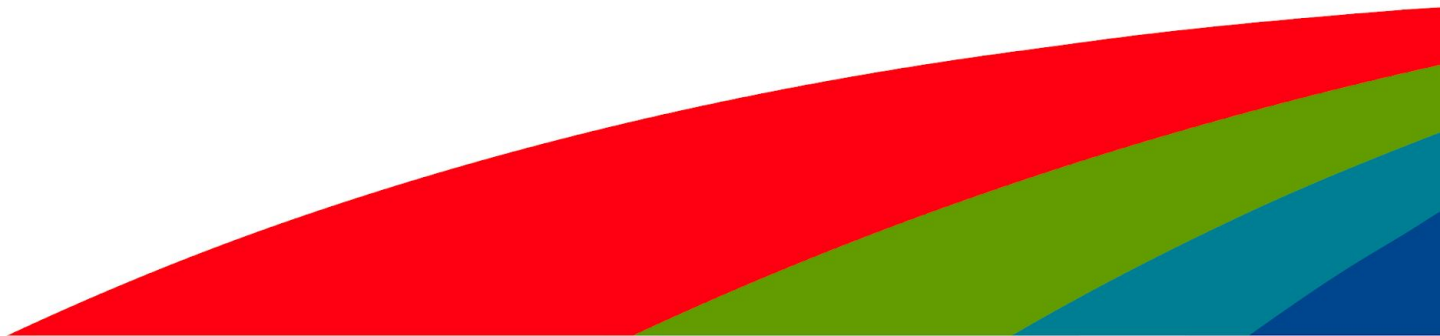




JCPS Finance Presentation



Finance Topics



Budget Cycle of Ky School Districts

**Measures of the Financial Status of
a School District**

**Focus of the JCPS Tentative Budget
for 2026-27**

Kentucky School Districts Budget Cycle



3 Phases of Development

Draft Budget

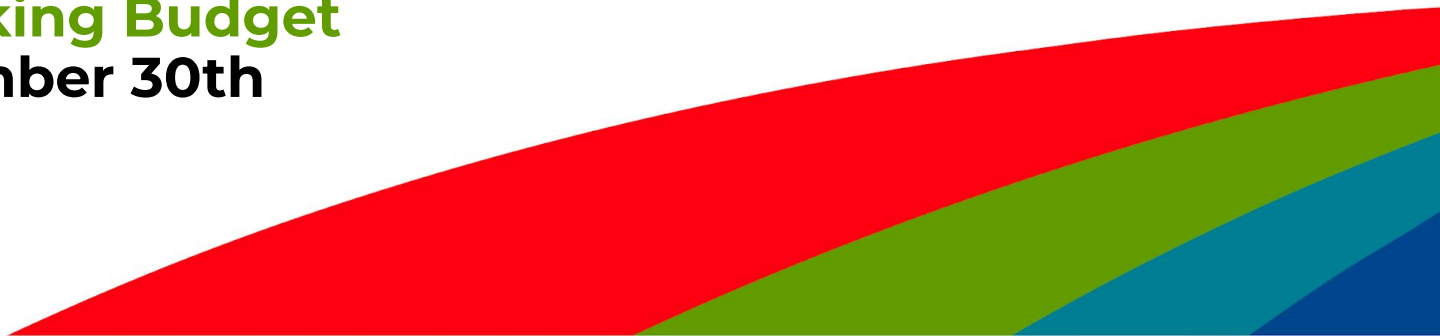
Due January 31st of the preceding school year

Tentative Budget

Due May 30th

(Final) Working Budget

Due September 30th



KRS 160.470



The local district budgeting process, pursuant to **KRS 160.470**, is as follows:

(6)(a) Each district board of education shall, on or before **January 31** of each calendar year, formally and publicly **examine a detailed line item estimated revenues and proposed expenditures for the subsequent fiscal year.**

On or before **May 30** of each calendar year, each district board of education shall adopt a tentative working budget which **shall include a minimum reserve of two percent (2%) of the total budget.**

(b) Each district board of education shall submit to the Kentucky Board of Education no later than **September 30**, a close estimate or working budget which shall **conform to the administrative regulations prescribed by the Kentucky Board of Education.**

JCPS Draft Budget (January)

Revenues Projection

- Assumes JCBE will approve a **property tax rate** that will achieve the allowable 4% increase
- Forecasts **Occupational Taxes** based on data from the Louisville Metro Revenue Commission
- Projects **SEEK revenue** based on Guaranteed Base per pupil and Property Valuation estimate
- Reasonable assumptions for changes in revenues from **motor vehicle, interest, indirect costs, and other revenue sources**



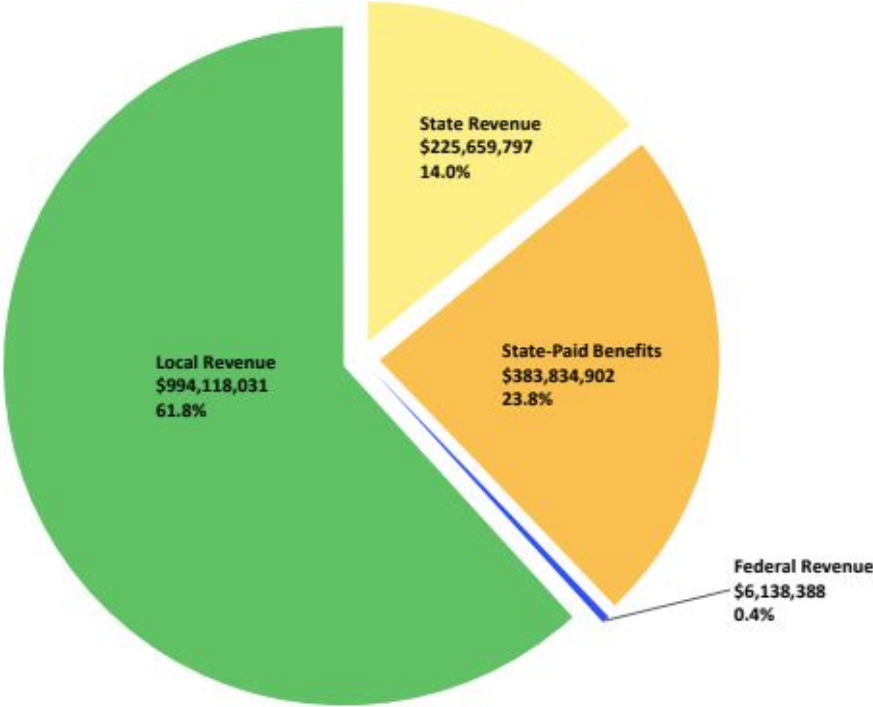
Draft Budget Process

Local And State Revenue Trends

Monitoring trends in sources of district revenue provide us a better picture of the economic factors affecting revenue projections.

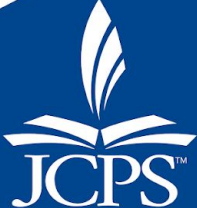
Object	LOCAL REVENUE (in thousands)	FY 2022-23 Actual	Change from PY	FY 2023-24 Actual	Change from PY	2024-25 Actual	Change from PY	FY 2025-26 Budget	Change from PY	
1111	General & Personal Property	\$ 580,019	5.2%	\$ 609,946	5.2%	\$ 651,147	6.8%	\$ 681,042	4.6%	
1115	Delinquent Property	\$ 6,381		\$ 6,455		\$ 6,452		\$ 6,000		
1117	Motor Vehicle	\$ 40,514		\$ 40,644		\$ 42,747		\$ 41,861		
1119	Franchise	\$ 18,147		\$ 18,403		\$ 19,815		\$ 19,300		
	Total Property Taxes	\$ 645,061	(0.6)%	\$ 675,448	4.7%	\$ 720,161	6.6%	\$ 748,203	3.9%	
1131	Occupational Taxes	\$ 206,343	(0.1)%	\$ 212,522	3.0%	\$ 222,963	4.9%	\$ 212,522	(4.7)%	
	Other Local	\$ 32,650	115.8%	\$ 52,118	59.6%	\$ 36,309	(30.3)%	\$ 33,384	(8.1)%	
	Total Local Revenue	\$ 884,054	1.5%	\$ 940,088	6.3%	\$ 979,433	4.2%	\$ 994,109	1.5%	
	STATE REVENUE									
3111	SEEK Funds	\$ 224,984	0.3%	\$ 195,043	(13.3)%	\$ 207,623	6.4%	\$ 223,810	7.8%	
3129	Other State	\$ 6	(76.0)%	\$ 14	133.3%	\$ 14	—%	\$ 14	—%	
3800	Rev in Lieu of Taxes	\$ 1,683	(8.3)%	\$ 1,836	9.1%	\$ 1,836	—%	\$ 1,836	—%	

Draft Budget Process



FY 2025-26 GENERAL FUND NEW YEAR REVENUE

\$1,609,751,118



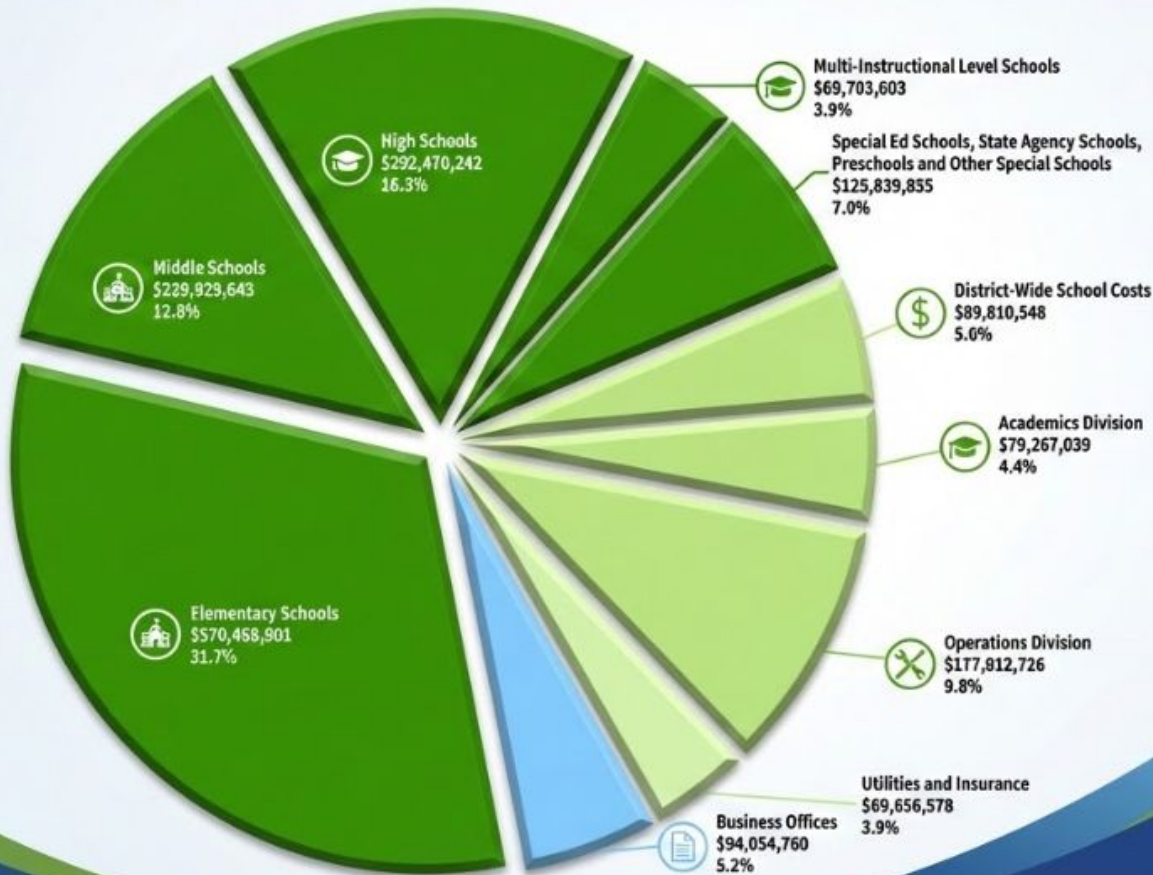
JCPS Draft Budget Process

Expense Projection

- **Employee salaries** are forecasted with STEP increase (if applicable for the employee)
- For **vacant positions**, the average salary for the Job Class is allocated by determining the average salary of filled positions
- Funds the ***JCPS School Allocation Standards***
- **Utilities and insurance** allocations may be adjusted
- Known changes are forecasted in personnel and operational expenses



Expenses By Instructional Level Overview



Tentative Budget (May)

Further develops the District Budget by reflecting changes from January to May:

- **State biennial budget** is usually completed and may impact SEEK and grant programs
- Reflects decisions made by Schools and Departments on how they will be allocating their **new year flexible funds**.
- We have a better understanding of trends for cost of **utilities and insurance**
- Changes, since Draft Budget, in **Superintendent and Board financial decisions**



Working Budget (September)

Further develops the District Budget by reflecting changes from May to September:

- Includes the **July 1st Fund Balance** from the close of the prior fiscal year.
- New year adjustments based on **school enrollment changes**
- Fine-tuning of anticipated **revenues, utilities, insurance**
- Changes, since Tentative, in **Superintendent and Board financial decisions**



School District Budget Cycle Timeline



Measures of the Financial Status of a School District

- 1. Fund Balance (July 1st)**
- 2. Cash and Investments (July 1st)**
- 3. Deficit between Revenues and Expenses at Working Budget (Sept)**

Fund Balance (July 1st)

A fund balance is the difference between a district's **assets** (such as cash and investments) and **liabilities** (such as outstanding expenses).

The **July 1st Fund Balance** is impacted by:

- **Unused Budget-to-Actual salary allocations from the prior year** due to unfilled or temporarily-vacated positions (informally referred to as “vacancy credit”)
- **Carry Forward**, which are funds for purchases that remain encumbered from the prior fiscal year and pull into the new year (ex., furniture, technology, contracts).
- **Carryover** school flex funds.
- Positive/Negative differences of **finalized revenues and expenses** than projected.

COMPOSITION & PURPOSE OF A SCHOOL DISTRICT FUND BALANCE

THE 5 COMPONENTS OF FUND BALANCE

STRONGER CONSTRAINTS

WEAKER CONSTRAINTS



WHY FUND BALANCE MATTERS

CASH FLOW & STABILITY



Bridges gap between payroll & revenues;

CREDIT RATING & SAVINGS



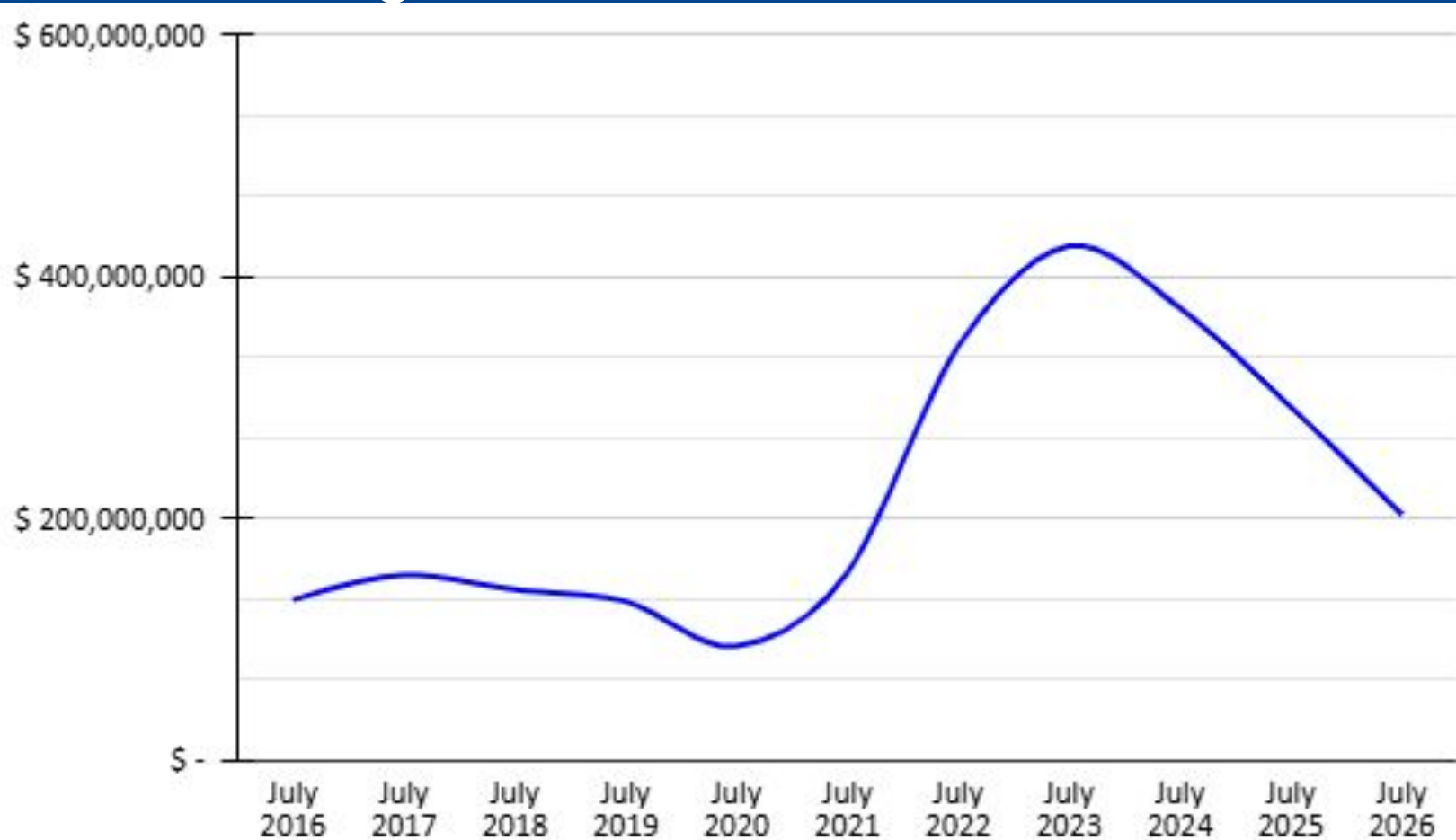
High rating saves taxpayer money with lower interest rates on bonds

EMERGENCY BUFFER



Maintains services during crises; unexpected cuts or disasters

July 1st Fund Balance

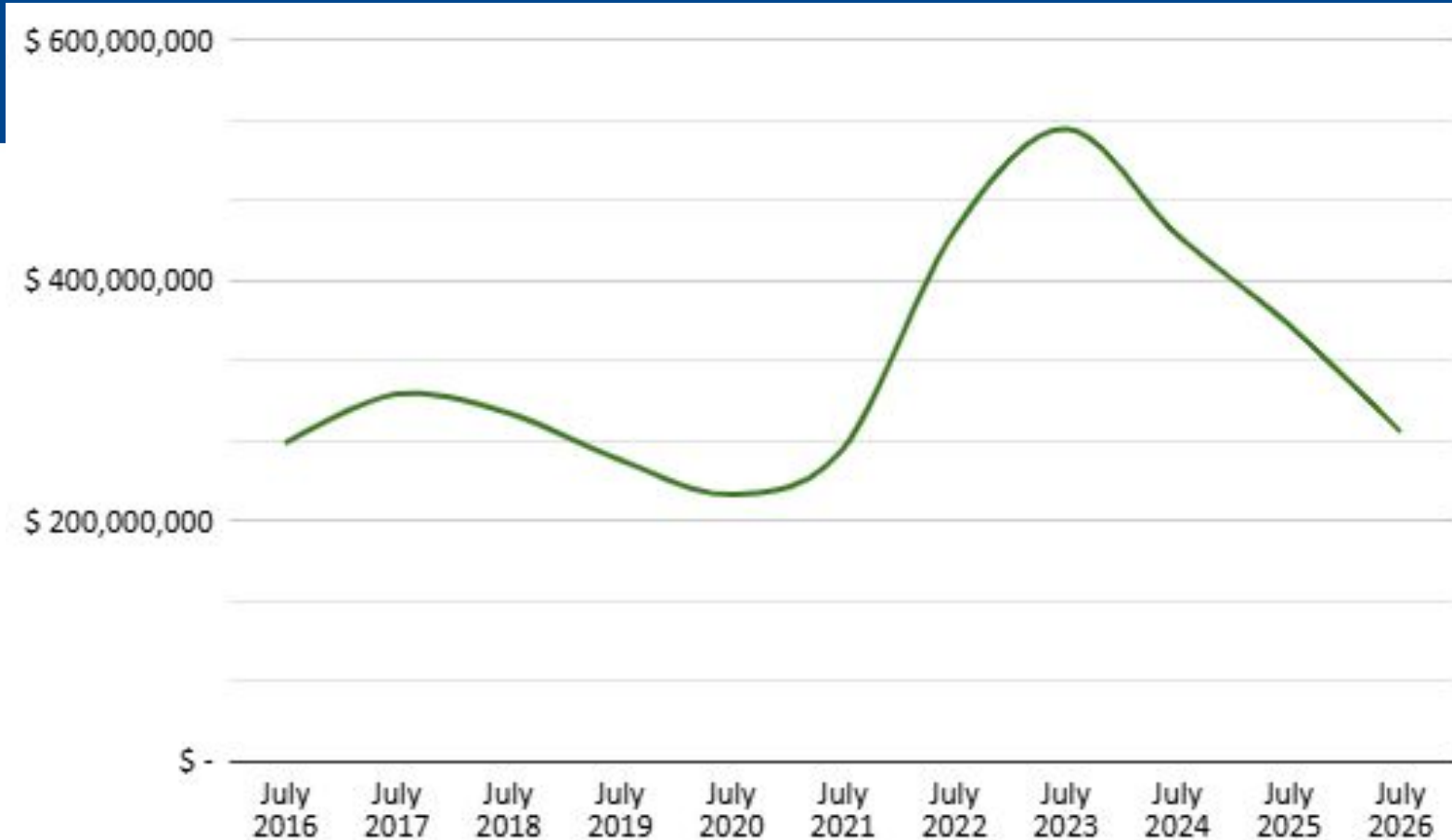


Cash and Investments (July 1st)

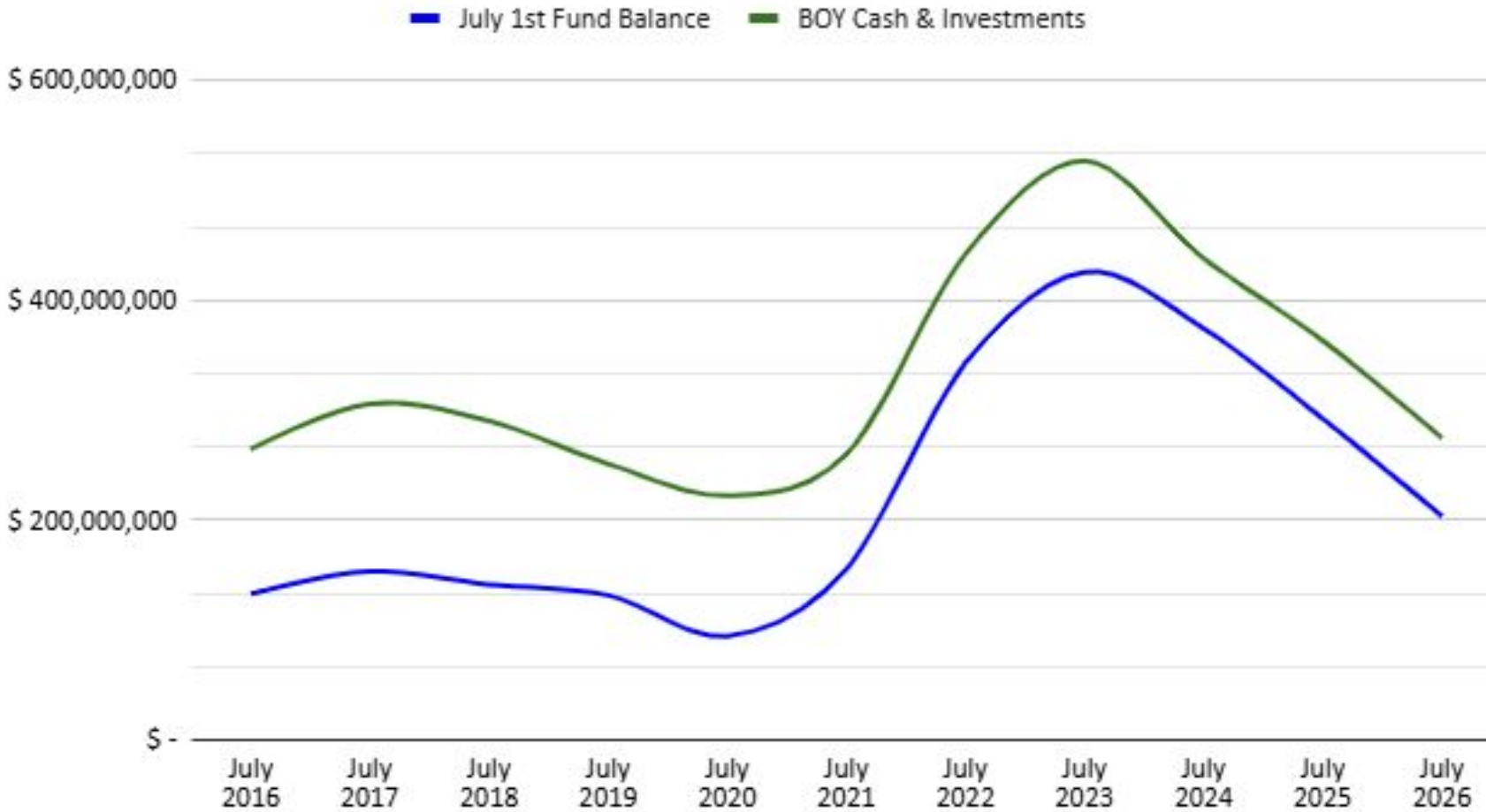
Cash, cash equivalents and investments reflect the “cash in bank” to meet payroll.



July 1st Cash & Investments



July 1st Fund Balance and July 1st Cash & Investments



Fiscal Deficit



Deficit Definition

The Deficit, as reported at the time of approval of the Working Budget, is the mathematical difference between total General Fund Expenses allocated at the time of the Working Budget and the projected New Year Revenues (excluding prior year Fund Balance).

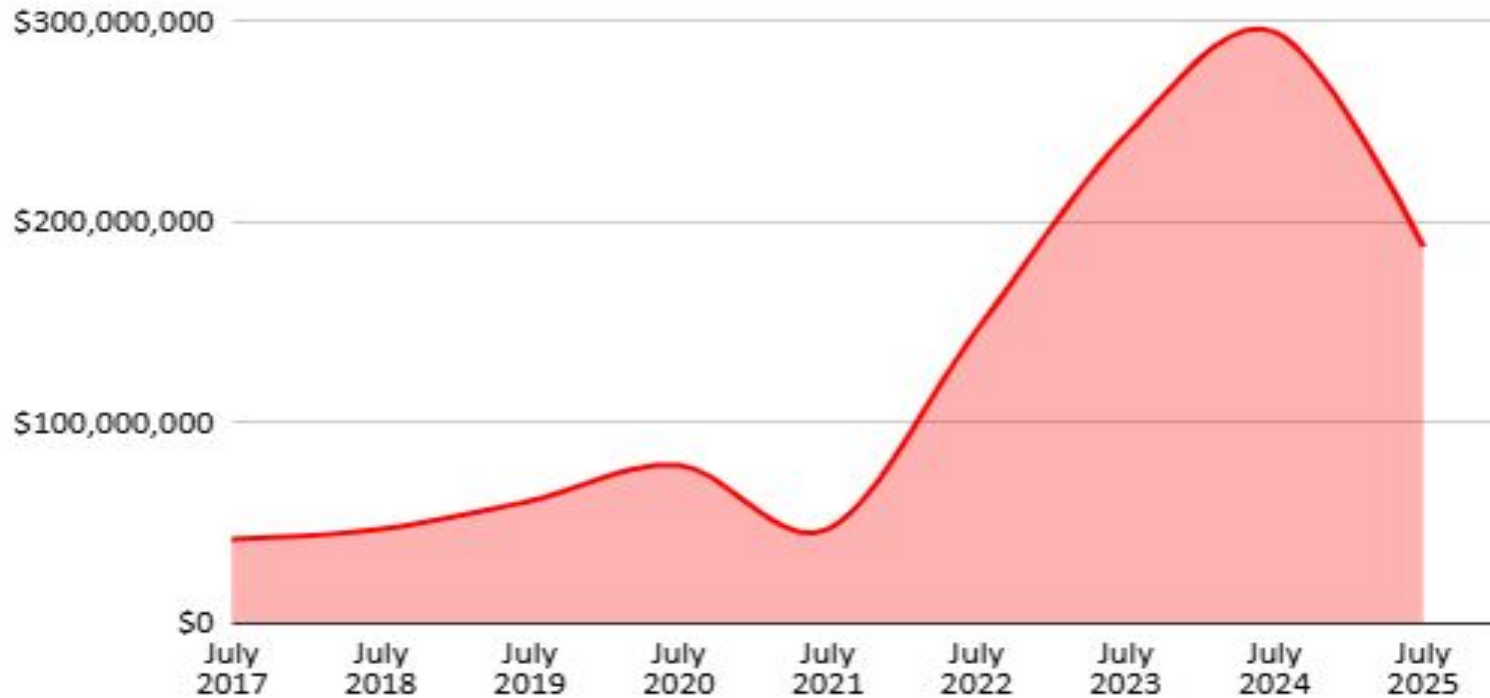


Impact

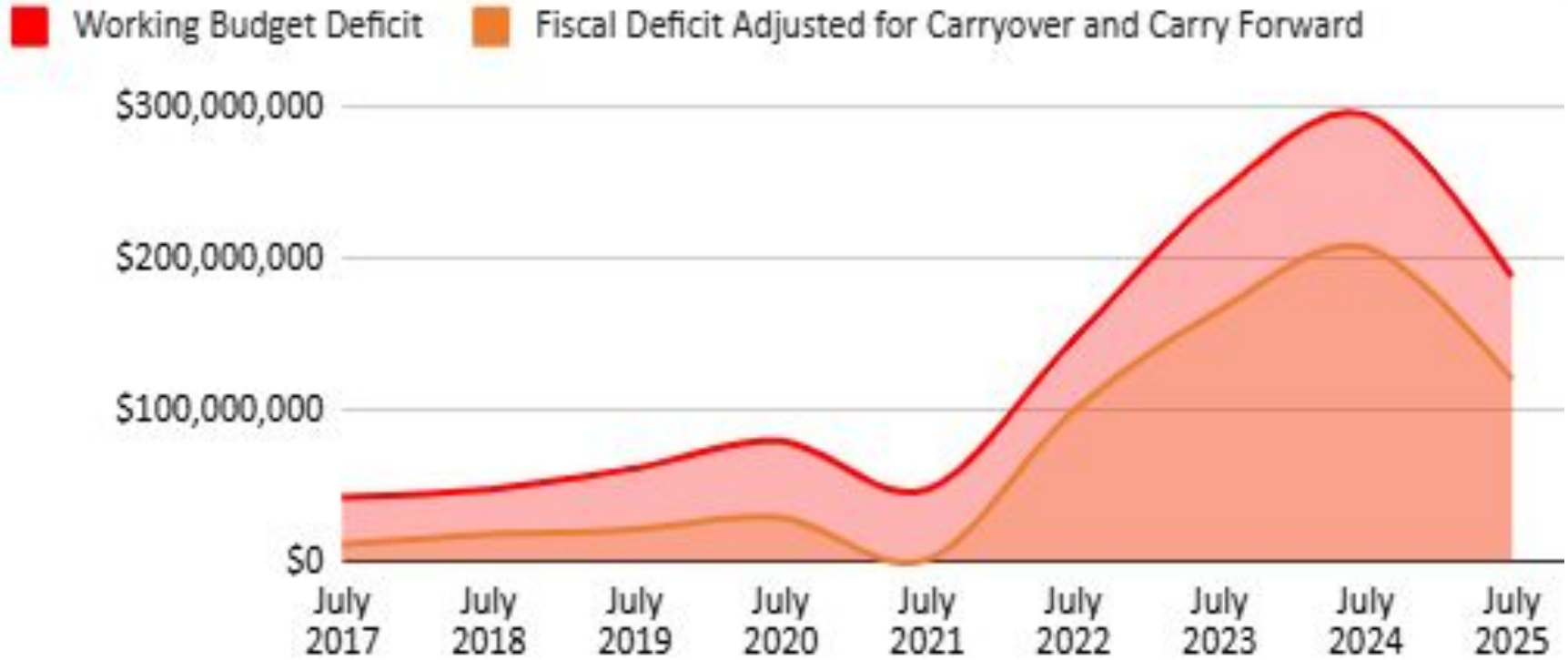
In the short-term, the deficit may be “offset” by Fund Balance.

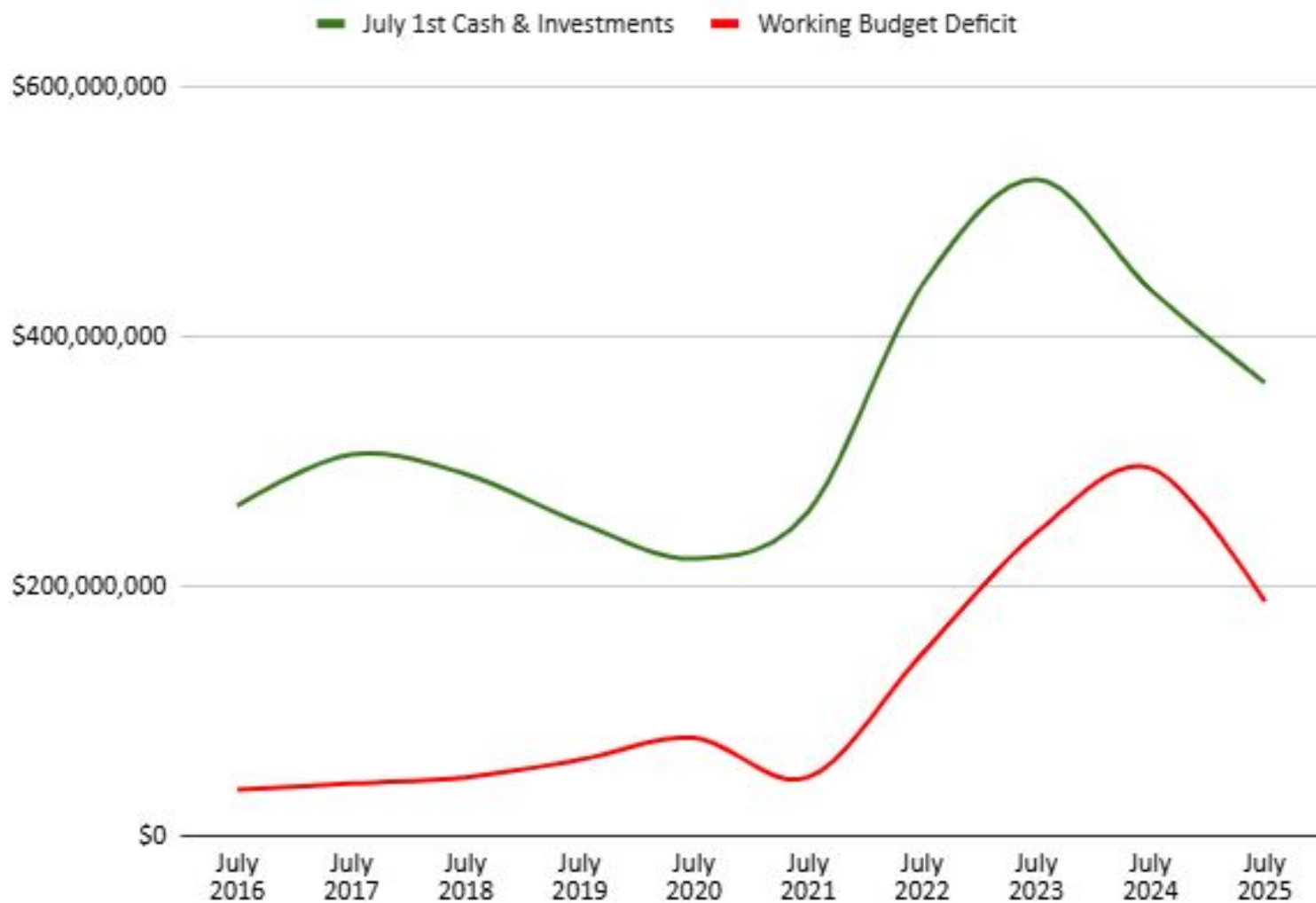
Over the long-term, the deficit drags down Fund Balance and Cash Flow.

Fiscal Deficit at the time of Working Budget approval



Fiscal Deficit Without Prior Year Carryover and Carry Forward Expenses





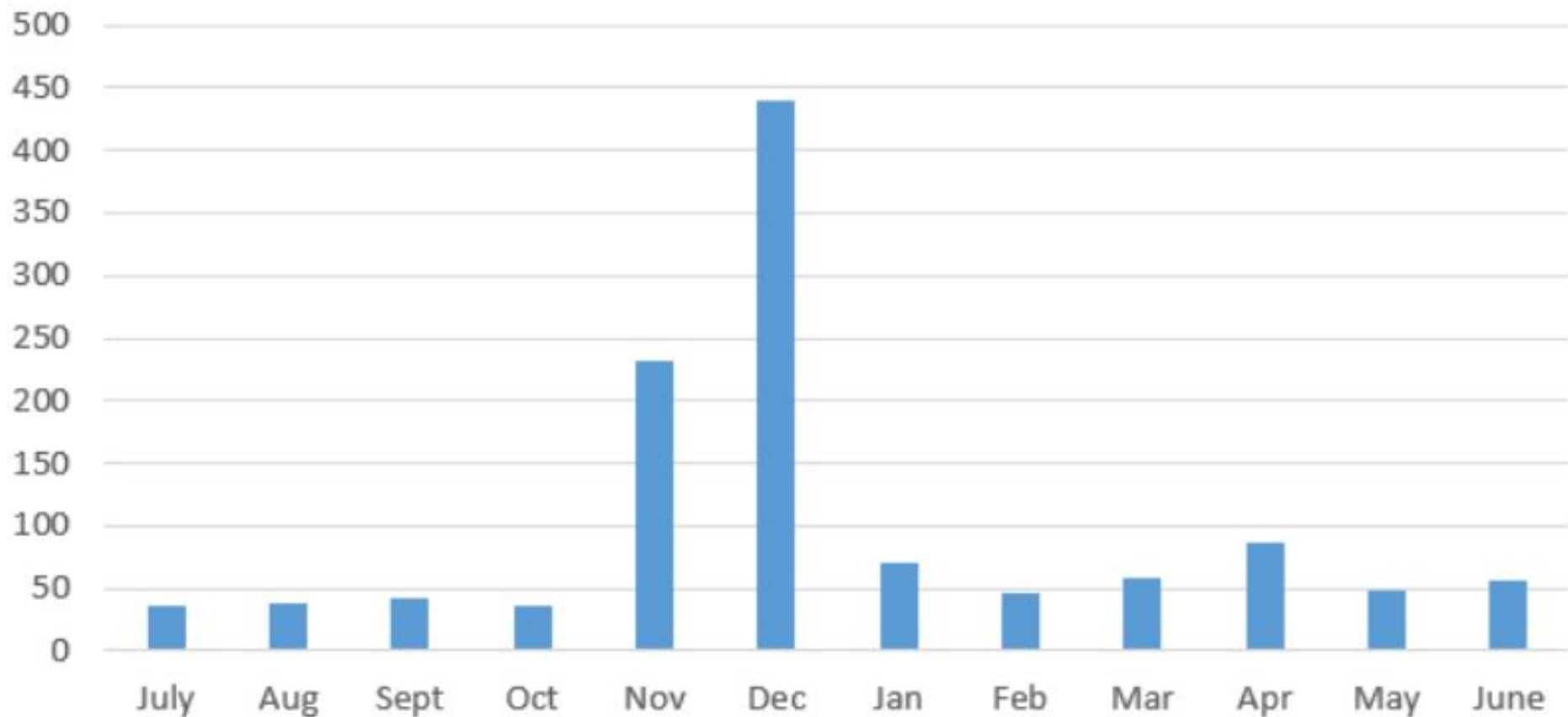
Cash Flows from July 1st to October/November

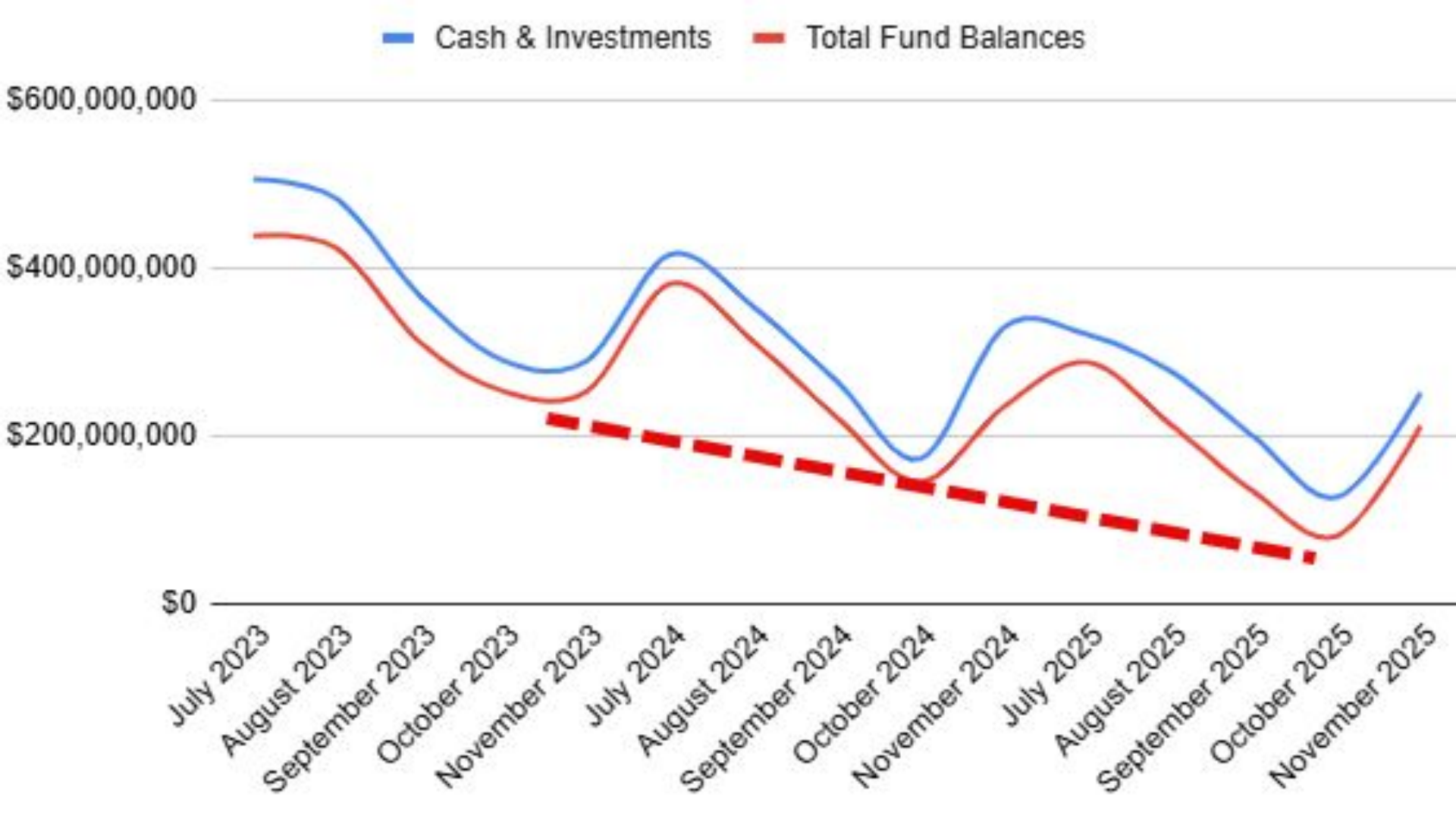
Cash flows reflect the amount of “cash in bank” throughout the fiscal year.

- Although the fiscal year is July 1st to June 30th, our cash flows are **largely impacted by the infusion of property tax revenues in mid-November**. Therefore, our cash in bank is lowest prior to this November infusion.
- The July 1st Cash and Investments balance plus the small amount of monthly revenues (mostly SEEK and Occupational tax) from **July until November** must be sufficient to maintain the bi-weekly payrolls until the large infusion of property tax revenues at the end of November



Avg Monthly General Fund Revenues FY24 & FY25 (millions)





District Leadership Questions on New Financial Matters

~~Can we afford this?~~

1. What funds are currently **available elsewhere** that can be re-allocated to address this new issue/need?
2. How does adding this new expense **impact our forecast?**
3. What are possible **unintended consequences** on District functional systems?
 - **Academics/Schools**
 - **Finance**
 - **Human Resources**
 - **Operations**

Focus of the JCPS Tentative Budget for 2026-27



- **Changes** since the Draft Budget, which include Central Office positions, Central Office operational, and centrally-managed school positions (School Add Ons).
- **Adjustments** due to rising costs of utilities, fuel and insurance.
- **Forecast for next year** a range of **low-to-high estimates** of Fund Balance, Cash, Deficit and Contingency.
- Reasonable assumptions for **five-year forecasting** based on the next year's fiscal status.

JCPS Mission & Vision

Mission

To challenge and engage each learner to grow through effective teaching and meaningful experiences within caring, supportive environments.

Vision

All Jefferson County Public Schools students graduate prepared, empowered, and inspired to reach their full potential and contribute as thoughtful, responsible citizens of our diverse, shared world.

