

Notes of Interest

April 2026 Financial Report

Monthly Update: As students approach the end of another school year, plans are beginning with families and schools to celebrate all the accomplishments and achievements, whether it is the first year or the final year. From a financial standpoint, we are making plans for the end of another year as well, including the audits of our District-wide funds, School Activity Funds, and our Single-audit.

Property taxes are the largest revenue source for the District. Since tax bills are mailed at the beginning of November, we receive most of these payments between November and February 1 of each year. As of April, we have collected **97.9%** of our forecast.

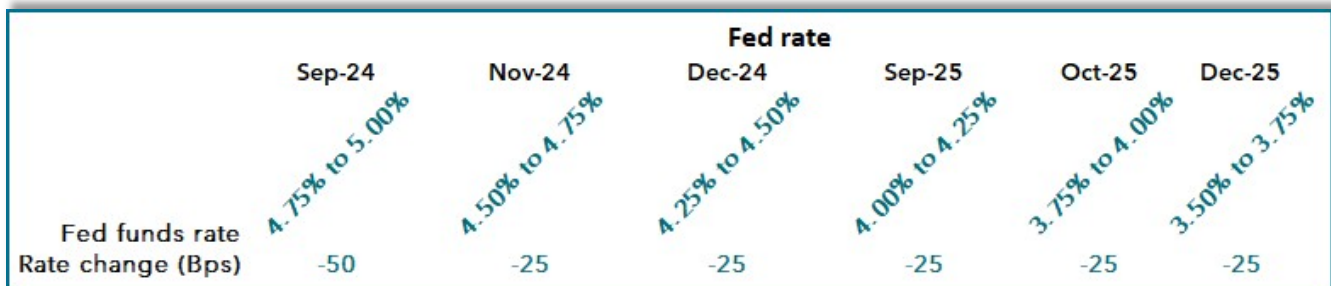


Occupational taxes are continuing their strong trend through the 2025-2026 school year, increasing **5.58%** over the previous year to date as of April, although the tax season is not complete. Occupational taxes are based on payroll tax withholdings and business profits in Jefferson County, so they are our revenue source that correlates most closely with the health and strength of the local economy. Overall, our economy has been strong, and we haven't seen signs of weakening yet.

Investment income shows a decrease of **47.87%** compared to the previous year. With a very conservative investment policy closely mirroring the Kentucky Revised Statutes, much of our interest income is directly related to the Federal Reserve's borrowing rates.

	2023 ACTUAL	2024 ACTUAL	2025 ACTUAL	2026 YTD
Interest Revenue	\$16.5M	\$22.2M	\$17.7M	\$9.2M
Revised Budget	\$1.5M	\$18.5M	\$20.5M	\$19.0M
Change Pd to date YOY	0.22%	34.97%	-20.27%	-47.87%

The market is pricing in the current target rate remaining in place through the end of the year. The CME Group FedWatch tool predicts there won't be a 25-basis-point reduction or more until late 2027. A 25-basis-point reduction would bring the effective target rate down to 3.25%-3.50%.



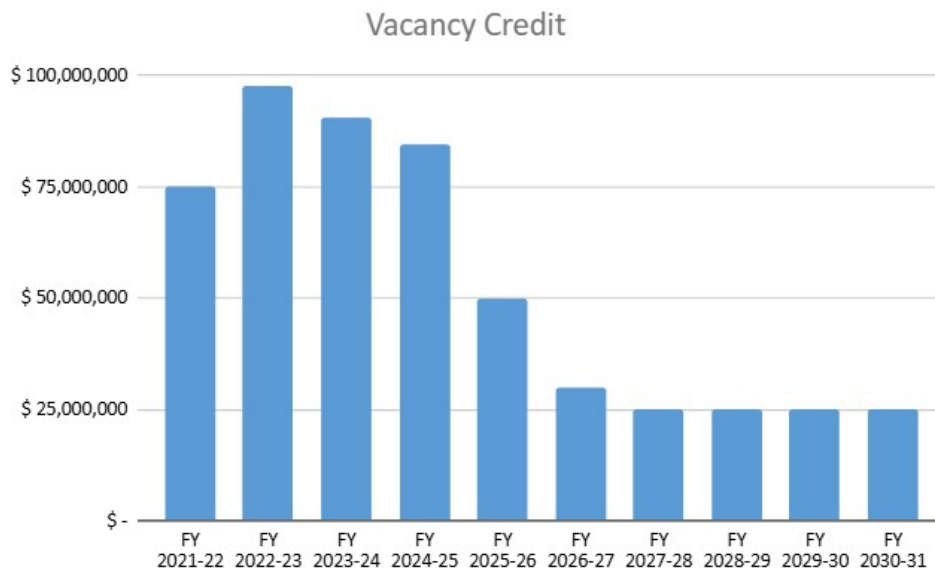
Budget to actual analysis is a key tool for long-term financial planning and for forecasting year-end results, particularly during periods of fiscal constraint. Currently, most expenditure accounts are tracking within their approved budgets.

Revenues

- **Property taxes** have “dried up” for the end of this year. Property taxes are still projected to exceed prior year by 2.3% (\$15.7 million), **but fall short of the current-year forecast by about \$14 million.**
- Using end-of-year trends from the past couple of years, **Occupational taxes** are projected to exceed last year’s total by 1.5% and **exceed current-year forecast by approximately \$14 million.**
- As noted above, **Investment income** is weaker than expected for this fiscal year. Interest on investments is projected to **fall short of the forecast by about \$6 million.**

Expenses

- The revised budget of all funds for **professional services** (objects 0349 and 0322) decreased from \$65 million last year to \$39 million presently; note, the revised budget would include encumbrances from the prior year. If no further requisitions are entered and all services are paid in the present year, there will be \$13 million in funds remaining that were allocated for contract services.
- Actual expenses for **contract bus services** (object 0514) decreased from \$17.4 million last year to a presently \$3.6 million.
- **Unused budget-to-actual salaries (a.k.a. “Vacancy Credit”)** is expected to come in at about \$50 million. This is a sharp decline from the past three years, and we can expect a further decline next year due to position reductions. Over the long-term, we expect Vacancy Credit to stabilize at about \$25 million (that is, about 2.5% of the total General Fund annual actuals for salary and fringes) based on pre-pandemic historical trends.



Budget status updates:

At the May 2026 Board meeting, Board members inquired about updates to our fiscal management policies as well as Board member awareness of the use of the Contingency account. A brief summary of year-to-date policy changes approved by JCBE are as follows:

Date	JCBE Policy	Topic	Description
2025 December	Fiscal Management 04.1	New expenses allocated from District Contingency	Pursuant to Plante Moran Recommendation 1, JCBE approved adding the following language to Fiscal Management Policy 04.1, "After the Working Budget is approved by the Board, an item submitted to the Board for approval that requires a new budget allocation beyond that which was approved in the Working Budget shall specify the amount of the additional budget allocation required. The item shall also specify whether the new budget allocation is a one-time or an annually recurring allocation."
2025 November	Fiscal Management 04.32 AP.11	Acceptable use of Noncompetitive Negotiation	Pursuant to Plante Moran Recommendations 5 and 10, JCBE approved adding to Fiscal Management Policy 04.32 AP.11 sections on acceptable use, procedures, and documentation for Noncompetitive Negotiation approvals.
2025 November	Fiscal Management 04.32 AP.111	Contract Services	Pursuant to Plante Moran Recommendation 10, JCBE approved adding the following to Fiscal Management Policy 04.32 AP.111, "The District shall, to the extent possible, prioritize the utilization the RFP/bid process through the Purchasing Department for contracts with a vendor of an aggregate annual amount of one hundred thousand dollars (\$100,000) or more." Otherwise, regular Model Procurement requirements apply.
2025 November	Fiscal Management 04.32 AP.111	Return on Investment (ROI)	Pursuant to Plante Moran Recommendation 10, JCBE approved adding to Fiscal Management Policy 04.32 AP.111 sections on "Professional Services Contract Deliverables" and "Professional Services Contract Administrator".

The District Contingency account (9601840 0840) is used to balance total General Fund revenues, including Fund Balance, with total expenses at the time of the Working Budget. When new expenses are allocated after the Working Budget, the budget allocation is "pulled" from this Contingency account. The Contingency account has many small administrative actions (such as clearing "negatives" in fringe accounts, balancing average salary allocations based on the buying and selling of positions, and 10th Day Adjustments due to changes in school enrollment), but these actions are nominal compared to new expenses being "pulled" from Contingency for new commitments or to reconcile increased costs associated with insurance or utilities.

The Contingency balance at the time of the Working Budget in September, 2025, was **\$96,499,660**.

As of May 18, 2026, the Contingency balance is **\$92,616,014**. A brief summary of year-to-date actions affecting the Contingency balance, as well as future expenses planned for 2026-27, are below.

Note, this list is not comprehensive, but compiled to provide a transparent understanding of the largest actions impacting "draws from" the Contingency balance. This list also does not include "returns" to Contingency of expenses (ex., schools "paying back" expenses due from the 10th Day Adjustment).

Year	Month	Amount	ITS	Action	Description
2026	May	\$ 68,000	885 886	increase to annual expenses	Occupational medical exams and drug testing
2026	May	\$ 160,000	878	one-time expense	Housekeeping equipment needs due to new school construction
2026	May	\$ 31,445	881	one-time expense	Increase cost of PSST reports platform
2026	April	\$ 138,000	877 879	increase to annual expenses	Green City Partnership; District-wide waste, recycling and roll off services
2026	April	\$ 341,500	*	increase to annual expenses	Increase to insurance costs (021X)
2026	March	\$ 200,000	*	one-time expense	Grace James furniture approval
2026	March	\$ 1,709,000	*	one-time expense	Increase to insurance costs (900XI)
2026	January	\$ 2,500,454	876	one-time expense	Evolv Weapons detection lease for rest of fiscal year
2025	December	\$ 87,210	875	one-time expense	KFC/YUM Closing Costs
2025	December	\$ 41,500	873	one-time expense	Alvarez & Marsal: Forecasting Model Verification Audit
2025	November	\$ 113,400	871	one-time expense	Plante-Moran Audit: Root causes of shortfall
2025	November	\$ 169,790	872	one-time expense	Field Elementary Gym Ceiling Replacement
2025	October	\$ 476,439	870	one-time expense	Moore HS fire insurance reimbursable reconstruction
2025	October	\$ 58,007	865	one-time expense	Teacher Apprenticeship Program for students
2025	September	\$ 2,058,560	854	one-time expense	T-Mobile Student Connectivity Outstanding Debt
2025	September	\$ 1,750,000	868	Recurrent increase	ECE Z-Trip & Everdriven contract transportation service
2025	August	\$ 699,000	864	one-time expense	3901 Atkinson Square soffit and gutter replacement
2025	August	\$ 310,000	863	one-time expense	Blake Elementary BG1 wall repair
		\$ 10,912,305		Subtotal	Expense actions that pulled from Contingency (not comprehensive and does not include budget "returns" that increase Contingency)
NEXT YEAR					
2026	July	\$ 560,000	882	New Expense Added for Working Budget for 2026-27	General Fund rescue to maintain same level of Athletic Trainer services to schools due to loss of grant funds
2026	July	\$ 100,000	883	New Expense Added for Working Budget for 2026-27	Centralize TARC ticket distribution to improve district-wide costs and efficiency
2026	July	\$ 600,000	tbd	New Expense Added for Working Budget for 2026-27	Anticipated cost of new human resources software platform and overlap of old platform for continuity of service
		\$ 1,260,000		Subtotal	New expenses planned for 2026-27