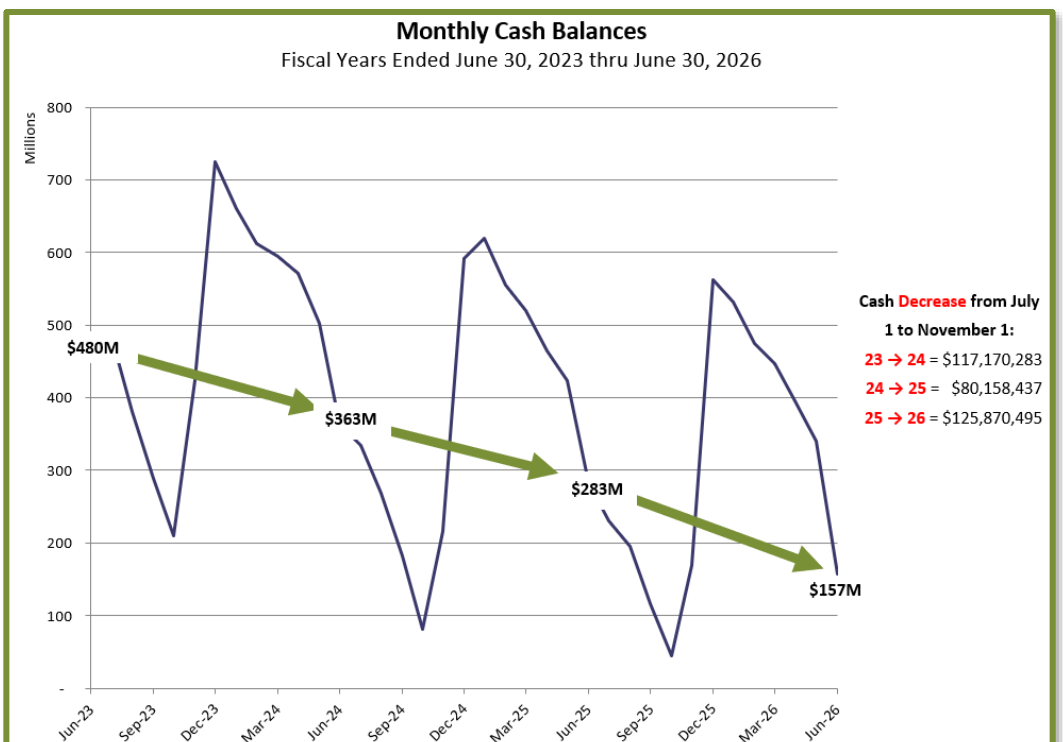
Notes of Interest
June 2026 Financial Report

Fiscal year end is a busy time planning for the new school year while closing out the previous year's financial records and preparing for audit. The audit processes will last for a few months as we work to ensure our financial statements are accurate, reliable, and transparent. Although ending balances will change through this process, we are forecasting a June 30, 2026 General Fund balance of approximately $209 million, representing the anticipated $83.5 million decrease in net position for the fiscal year.

July financial transaction activity is comparatively light. With most of our school staff on summer break, our expenses are down significantly. Many of our revenues, including property taxes, have a collection period that begins later in the year or has peaks at later points in the year.

Jefferson County Public Schools (JCPS) has earned the prestigious ***Certificate of Achievement for Excellence*** in Financial Reporting from the Government Finance Officers Association (GFOA) for its fiscal year 2025 financial report—marking the *19th consecutive year* the district has received the award. Considered the highest national honor in governmental accounting, the distinction recognizes school districts that demonstrate exceptional transparency, accountability, and clarity in managing public funds. This impressive streak places JCPS among an elite group of public institutions nationwide with a proven track record of complete financial openness for the community it serves.

JCPS Cash Flows are a significant factor in our financial planning both annually and long-term. JCPS receives over 50% of its General Fund revenues between November and January each year then operates at a net cash flow deficit the rest of the months. This means we must hit targets of cash balances and fund balances as of June 30 to ensure we are able to properly support our schools.



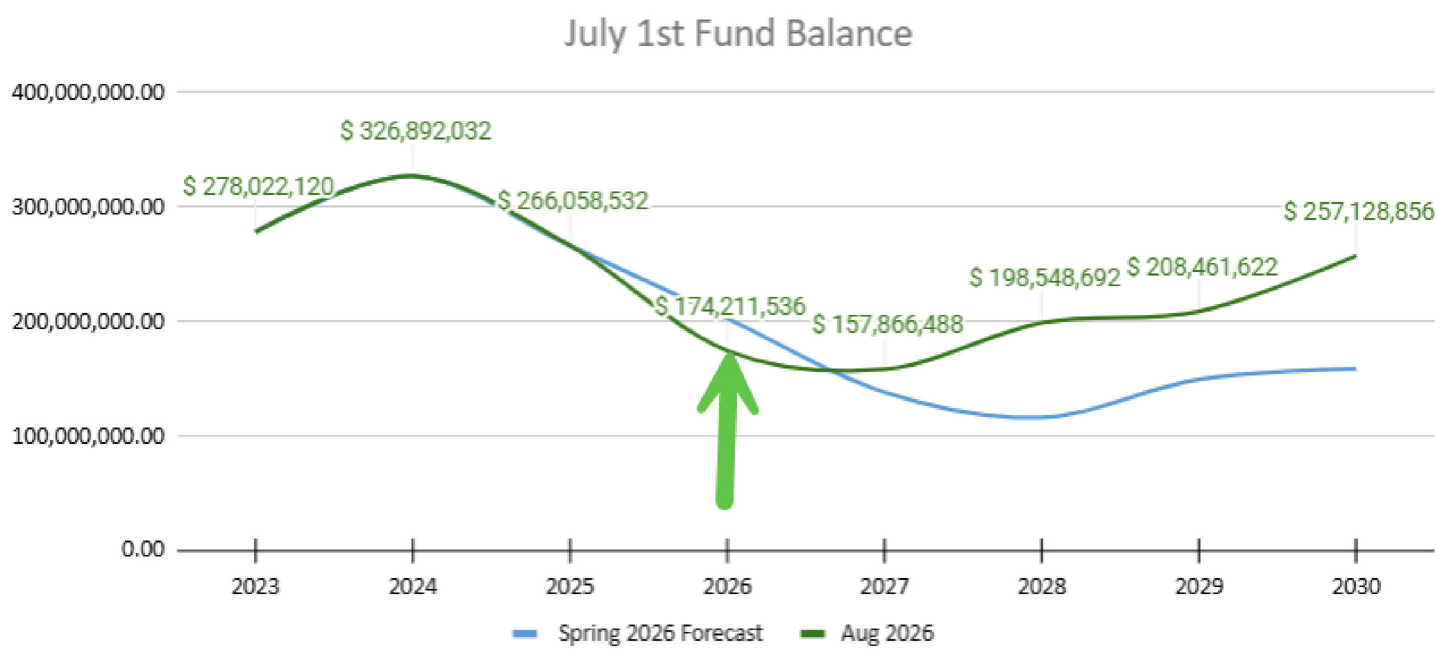
Financial Status Updates

Fund Balance

As we have discussed in several Board meetings throughout last school year, our July 1st Fund Balance has been projected to decline in 2026 and 2027 until we reap the benefits of the 2026-27 Reduction Plan. As we continue to implement the new Fiscal Management policies on spending and significantly limit new expenses added to the District Budget, our Fund Balance will reverse course and begin a slow increase after November 2028.

The good news is that the projection model has been validated by the results we are seeing as we close out the 2025-26 school year.

- The **July 1st Fund Balance for 2026, shown in green** below, is slightly lower than the **projection, shown in blue**. At present time, the July 1st, 2026, Fund Balance is expected to be about **$174 million**. To be clear, we expect Fund Balance to drop again in the summer of 2027, but the rate of this decrease will be slowed as a result of the 2026-27 Reduction Plan.
- However, our unused budget-to-actuals salary (aka, "Vacancy Credit") was better than anticipated for last year, which actually improves our long-term recovery forecast as shown below.
- Importantly, we will no longer need the added security of a "line of credit" when our July 1st Fund Balance, once again, moves above $200-220 million, which will be at least 2 more years.

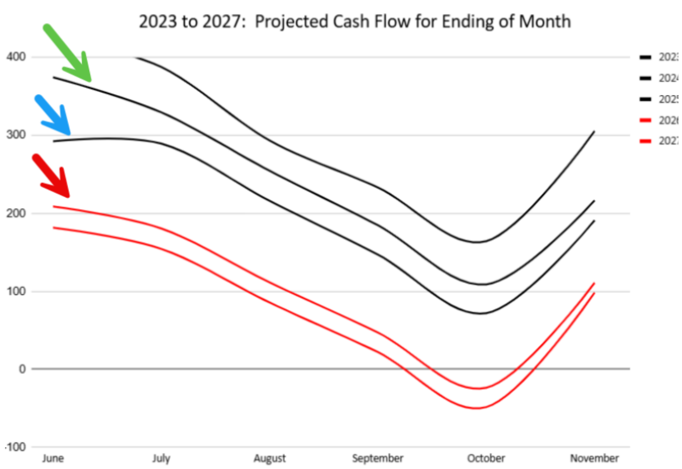


Cash Flows

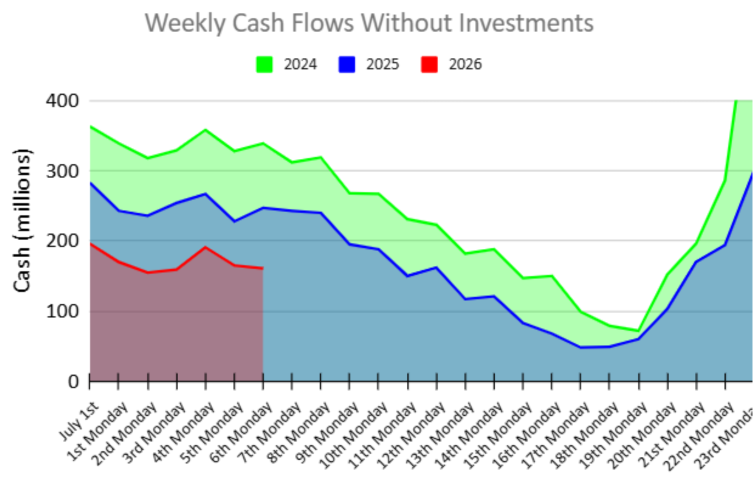
Recalling that our cash flows are significantly affected by the rateat which property tax revenues are claimed, we have discussed how Cash (which we define to be the "cash in bank", MUNIS account 10 6101, to manage payroll and operational expenses) spike from mid-November to mid-January, then steadily decline until the cycle repeats itself.

At the May Board meeting, we discussed that the annual graphs of our Cash over time from June to November resemble the dip in a trampoline if a heavy ball were dropped. The top red line represents the forecasted decrease in Cash for the 2026 months of June through November.

As you can see by the side-by-side comparison, we are currently trending along the same pattern as forecasted (the green, blue and red arrows from the May projection correspond to the green, blue and red functions for the present cash flows chart to the right.)



May Board Meeting



Present Time

Investments

JCPS has Investments, MUNIS account 10 6111, of **$80 million** as of July 1, 2026. As cash flows get low, we may liquidate some, or all, of our Investments, to maintain sufficient Cash in bank. With the additional financial "tool" of the *Tax Revenue Anticipation Note* (aka, "line of credit'), we have the additional option of temporarily drawing from the line of credit rather than fully liquidating our Investments if this is more strategically advantageous.

Changes in "Net Position"

Another way to understand where we have been and where we are going financially is looking at the change in "net position" as of July 1st over the past several years. The large fluctuations from year-to-year are extraordinary; prior to 2020, these fluctuations were more in the range of $10-20 million. As you can see from our forecast, by commiting to containing strategies (following our fiscal policies and moderating new expenses), these fluctuations will stabilize over time and allow for long-term commitments such as increasing COLAs, expanding classrooms and improving "customer service."

Changes in Net Postion

	Fund Balance (July 1st)		Cash & Investments (July 1st)				
	Unassigned Fund Balance	Change from Prior Year	Cash	Investments		Cash & Investments	Change from Prior Year
2022	$ 86,378,832		$ 426,888,077	$ 14,859,800	=	$ 441,747,877	
2023	$ 278,022,120	$ 191,643,288	$ 480,138,168	$ 46,462,561	=	$ 526,600,729	$ 84,852,852
2024	$ 326,892,032	$ 48,869,912	$ 362,967,885	$ 75,116,335	=	$ 438,084,220	$ (88,516,509)
2025	$ 266,058,532	$ (60,833,500)	$ 282,809,448	$ 80,630,228	=	$ 363,439,676	$ (74,644,544)
2026	$ 174,211,536	$ (91,846,996)	$ 195,938,953	$ 78,976,175	=	$ 274,915,128	$ (88,524,548)
Forecast							
2027	$ 157,866,488	$ (16,345,048)	$ 236,621,156	$ 78,976,175	=	$ 315,597,331	$ 40,682,203
2028	$ 198,548,692	$ 40,682,203	$ 246,534,087	$ 78,976,175	=	$ 325,510,262	$ 9,912,930
2029	$ 208,461,622	$ 9,912,930	$ 295,201,320	$ 78,976,175	=	$ 374,177,495	$ 48,667,233
2030	$ 257,128,856	$ 48,667,233	$ 361,864,231	$ 78,976,175	=	$ 440,840,406	$ 66,662,911