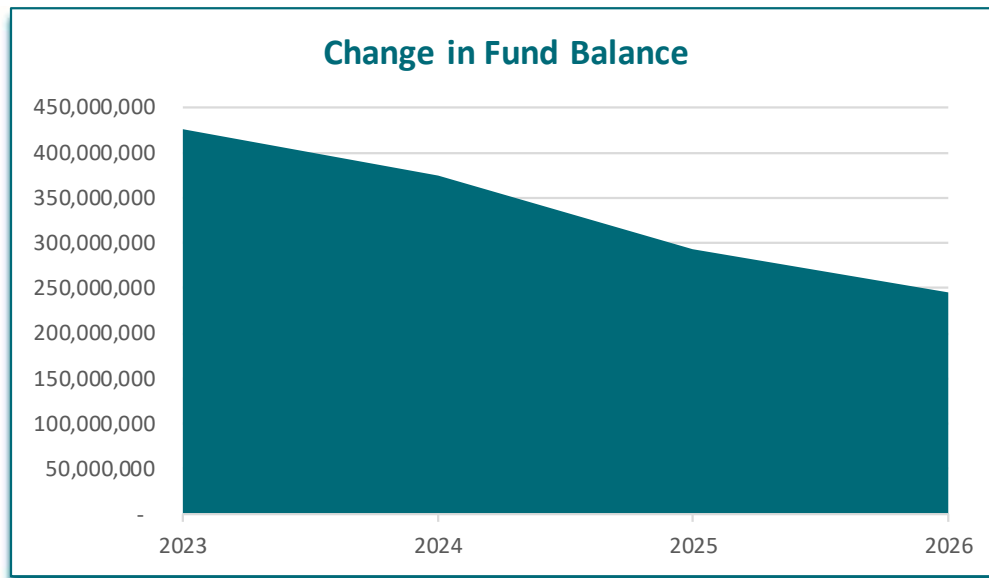




Notes of Interest

August 2026 Financial Report

Fiscal year end The first third of each year is a busy time closing our books, preparing our financial statements, and going through audit. During this period, we occasionally must post journal entries back to the previous fiscal year and alter our forecasts for current year activity. Although August comparative data isn't as valuable as later months, it's an extremely busy month as we process first teacher pay and resource our schools for the new year. Although ending balances will continue to change through this process, we are forecasting a June 30, 2026 General Fund balance of approximately \$189 million, or a \$48 million loss for the year.



Amazon Teacher Allowance Program supports eligible school staff by funding classroom supply purchases directly, reducing out-of-pocket personal spending. We began FY27 with 7,332 enrolled participants at an allowance of \$250 per person, representing a starting commitment of \$1.83M. Should all 7,747 eligible positions participate as staffing changes throughout the year, total program expenditure will reach \$1.93M.

Tax Anticipation Note (TAN) is a short-term municipal bond instrument, compared in our conversations to a "Line of Credit." Here's what to know:

- **Transaction:** JCPS is issuing a \$100M Tax Anticipation Note (TAN) at a fixed rate of 3.24% to cover our temporary low-cash period in November prior to receiving property tax receipts.
- **Why Not Sell Bond Investments?** Our current bond investments yield a higher interest rate than the 3.24% borrowing cost. Borrowing via the TAN preserves these higher-yielding assets, generating a net financial benefit for the district.
- **Interest Offset:** Unused note proceeds remain invested to earn interest, directly reducing the net cost of borrowing until the funds are drawn down.

Budget Update

For ease of understanding, the Finance Presentations at the Board meetings have used our "Cash in Bank" and "Investments" as the benchmarks for understanding our financial position and forecasting. For a more detail-oriented audience, below is the trend data for several other financial metrics. All of these factors are integrated into the *Financial Forecasting Model* currently employed by JCPS Finance.

Contingency. The Contingency is the mathematical difference between the General Fund revenues (including Fund Balance) and the total expenses (including carryover and carryforward). By law, we must maintain a 2% contingency of Fund 1 and Fund 51. KDE and State Audit recommend 5%.

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
Fund 1	\$ 1,546,377,509	\$ 1,834,403,372	\$ 1,827,364,456	\$ 1,852,801,313	\$ 1,877,395,354	\$ 1,923,690,477
Fund 51	\$ 69,724,867	\$ 85,927,527	\$ 89,337,682	\$ 85,734,227	\$ 87,289,187	\$ 104,430,647
2% Contingency	\$ 32,322,048	\$ 38,406,618	\$ 38,334,043	\$ 38,770,711	\$ 39,293,691	\$ 40,562,422
5% Contingency	\$ 80,805,119	\$ 96,016,545	\$ 95,835,107	\$ 96,926,777	\$ 98,234,227	\$ 101,406,056
JCPS Contingency at time of Working Budget	\$ 109,206,944	\$ 199,882,470	\$ 192,281,959	\$ 79,288,472	\$ 96,499,660	\$ 112,253,384
JCPS End-of-Year Contingency	\$ 103,276,485	\$ 180,068,163	\$ 135,952,465	\$ 52,199,235	\$ 86,872,424	

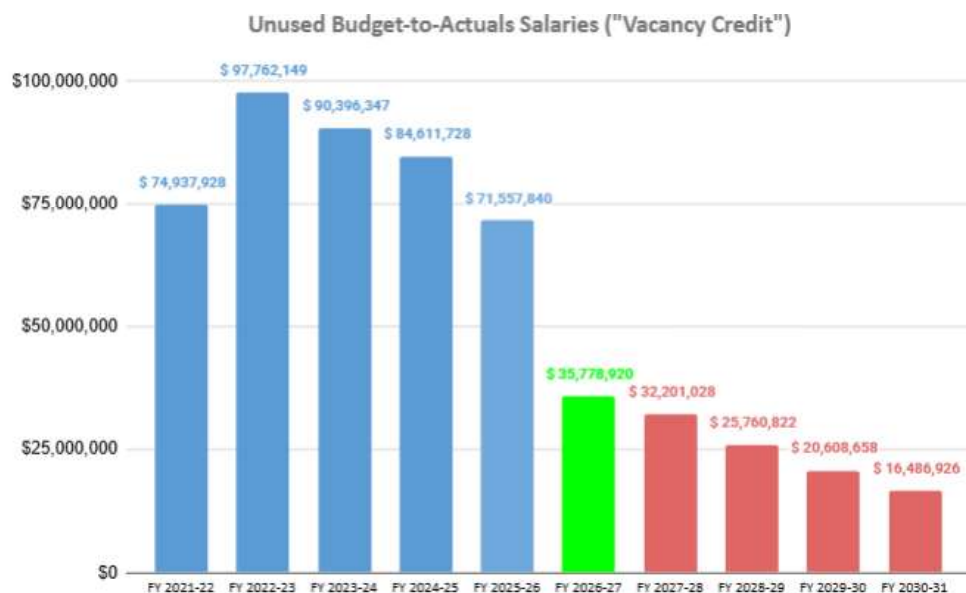
Fund Balance. Fund Balance is the net difference between assets and liabilities at any point in time. As it pertains to the Working Budget, the Fund Balance as of June 30th of the preceding school year is allocated as the July 1st Fund Balance revenue for the new fiscal year. The net change in July 1st Fund Balance is an indicator of the financial status (growth or decline) of the District.

Net Fund Balance Trend Over Time and Forecast



	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast
	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Net EOY Fund	\$ 342,719,683	\$ 425,637,243	\$ 374,411,658	\$ 292,451,223	\$ 244,575,123	\$ 226,145,823	\$ 215,857,757	\$ 220,364,299	\$ 242,550,575
Change from Prior Year		\$ 82,917,560	\$ (51,225,585)	\$ (81,960,435)	\$ (47,876,100)	\$ (18,429,300)	\$ (10,288,066)	\$ 4,506,542	\$ 22,186,276

"Vacancy Credit". This is the term that is often used to refer to the unused budget-to-actuals for all salary allocations. This is not an actual "credit" as these funds are not available for repurposing while the District maintains a Deficit of recurrent revenues to expenses. Prior to COVID, the vacancy credit was regularly forecasted at less than \$30 million.



The Deficit. For ease of understanding, the deficit at the time of the Working Budget has been defined as the difference between **recurrent** revenues (without Fund Balance) and **total** expenses (without Contingency). This definition was chosen because of the large number of "one-time" purchases and stipends being added to the budget after ESSER. With this "one-time" spending under control, we are now at a point to forecast our **Adjusted Deficit**, which can be defined as the difference between **recurrent** revenues and **recurrent** expenses. That is, the Adjusted Deficit does not include carryover, carry forward and known one-time expenses (such as the \$34 million in stipends for 2026-27).

The net change in *Adjusted Deficit* from Sept 2025 to Sept 2026 was \$143,986,837- \$52,195,593 = **\$91,791,244**. This surpasses the initial goal of reducing the deficit by \$80 million.

Working Budget Deficit versus Deficit Adjusted for Carryover/forward

