

BUDGET FORECAST

Item#	FY2013 Approved	FY2014 Projected	FY2015 Projected	FY2016 Projected	FY2017 Projected	Comments	
REVENUE							
Local Revenue							
A	Property Tax Revenue	\$350,146,178	\$343,146,156	\$343,146,156	\$346,581,654	\$350,017,212	FY2011 Actual Digest -9.41% Decline FY2012 Actual Digest -5.66% Decline FY2013 Actual Digest -2.42% Decline FY2014 Projected Digest -1.00% Decline FY2015 Projected Digest 0.00% (flat) FY2016 Projected Digest 1.00% (flat) FY2017 Projected Digest 1.00% (flat)
A	Property Tax Revenue - Excess SPLOST Fund Transfer	\$20,269,817	\$0	\$0	\$0	\$0	Excess SPLOST funds are no longer available
B	Property Tag Revenue	\$32,953,372	\$32,953,372	\$32,953,372	\$32,953,372	\$32,953,372	<div style="border: 1px solid red; padding: 5px;"> HB386 reforms the Motor Vehicle or Tag tax goes into effect in March 2013. Currently, car owners pay an ad valorem tax to local and state government annually and local sales tax when the vehicle is purchased. HB 386 calls for a one time 7 percent title fee levied whenever a car changes ownership. Although there may be an increase in tag revenue initially, the long term impact is thought to be revenue neutral for local governments according to the Georgia Budget & Policy Institute. At this time, we do not have the information needed to accurately project the revenue. </div>
C	Delinquent Property Tax Revenue	\$7,155,342	\$7,155,342	\$7,155,342	\$7,155,342	\$7,155,342	
D	Intangible Tax Revenue	\$7,831,264	\$7,831,264	\$7,831,264	\$7,831,264	\$7,831,264	
E	Real Estate Transfer Revenue	\$1,483,658	\$1,483,658	\$1,483,658	\$1,483,658	\$1,483,658	
F	Alcoholic Beverage Revenue	\$1,058,635	\$1,058,635	\$1,058,635	\$1,058,635	\$1,058,635	
G	Liquor by the Drink	\$470,293	\$470,293	\$470,293	\$470,293	\$470,293	
H	Tuition Revenue	\$438	\$438	\$438	\$438	\$438	
I	Interest on Delinquent Taxes	\$2,022,260	\$2,022,260	\$2,022,260	\$2,022,260	\$2,022,260	
J	Interest Income	\$453,358	\$453,358	\$453,358	\$453,358	\$453,358	
K	Half Time Exhibition	\$11,025	\$11,025	\$11,025	\$11,025	\$11,025	
L	Local Revenue - Cell Tower	\$881,790	\$881,790	\$881,790	\$881,790	\$881,790	
M	Local Revenue - Other	\$527,160	\$527,160	\$527,160	\$527,160	\$527,160	
N	Sale of Assets	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
O	Leased Property Revenue	\$43,000	\$43,000	\$43,000	\$43,000	\$43,000	
P	Transfer from Other Fund - Facility Use Fund	\$159,890	\$159,890	\$159,890	\$159,890	\$159,890	
	Total Local Revenue	\$425,767,480	\$398,497,641	\$398,497,641	\$401,933,139	\$405,368,697	
State Revenue							
Q	Miscellaneous State Grants	\$4,107,088	\$4,107,088	\$4,107,088	\$4,107,088	\$4,107,088	
Q	State QBE Revenue	\$384,936,535	\$401,262,061	\$401,262,061	\$401,262,061	\$401,262,061	<div style="border: 1px solid black; padding: 5px;"> The FY2014 increase in QBE funding is due to: 1. Increase in Training & Experience Factor \$ 4,107,240 2. Increase in TRS Rate (11.41% to 12.28%) \$ 3,606,900 3. Increase in FTE by approx. 1,500 \$ 8,611,386 Total change estimated change in QBE: \$ 16,325,526 Note: Future State funding is unknown </div>
	Total State Revenue	\$389,043,623	\$405,369,149	\$405,369,149	\$405,369,149	\$405,369,149	
Federal Revenue							
R	Indirect Cost Revenue	\$1,986,169	\$1,986,169	\$1,986,169	\$1,986,169	\$1,986,169	
S	ROTC Federal Revenue	\$913,360	\$913,360	\$913,360	\$913,360	\$913,360	
T	MedACE Revenue	\$535,979	\$535,979	\$535,979	\$535,979	\$535,979	
U	Medicaid Revenue	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	
V	E Rate Revenue	\$2,226,394	\$0	\$0	\$0	\$0	Funding will be received in the form of discounts instead of revenue in FY2014 (see expense line 18)
	Total Federal Revenue	\$5,961,902	\$3,735,508	\$3,735,508	\$3,735,508	\$3,735,508	
	Total General Fund Revenue	\$820,773,005	\$807,602,298	\$807,602,298	\$811,037,796	\$814,473,354	
	Utilize Fund Balance	\$28,254,237	\$0	\$0	\$0	\$0	
	Total General Fund Revenue & Fund Balance Usage	\$849,027,242	\$807,602,298	\$807,602,298	\$811,037,796	\$814,473,354	
EXPENDITURES							
1	BASE - FY2013 Approved Budget	\$849,027,242					
2	BOARD APPROVED BUDGET MODIFICATIONS						
	Boy's & Girl's Club Transportation	\$150,000				Board Approved 8/23/2012	
	Additional 30 teacher allotments	\$2,225,670				Board Approved 9/12/2012	
	Restoration of one furlough day	\$3,063,353				Board Approved 9/27/2012	
3	PRIOR YEAR CONTINUATION BUDGET		\$854,466,265	\$887,162,817	\$901,347,290	\$910,355,214	
SALARY/BENEFIT ADJUSTMENTS							
4	Restoration of FY2013 1/2 Year Step		\$4,914,885				
5	Restoration of FY2013 two furlough days		\$5,843,894				
6	Annual Step Increase		\$9,977,217	\$10,126,875	\$10,278,778	\$10,432,960	
7	Increase in TRS Rate from 11.41% to 12.28%		\$4,470,693				
8	Increase in Health Insurance for Classified Employees		\$5,400,000	\$5,400,000		Monthly increase of \$150 for approx. 3,000 employees in FY14 & FY15. Future changes are unknown	
9	Phase out of Priority Schools Longevity Incentive		(\$500,971)	(\$37,800)	(\$5,400)		
10	Increase in Custodial Positions (5 Positions)		\$202,622				
11	Increase in Crossing Guards from 50% to 100%		\$268,805				
OPERATIONS ADJUSTMENTS							
12	Utilities		\$1,634,342	\$921,792	\$960,940	\$1,001,826	
13	Restore 180 Day School Year		\$600,000			Transportation savings for 3 days (177 day to 180 day)	
14	Global Scholar Hosted Pinnacle Solution for Charters		(\$14,000)				
15	Charter School Payments		\$2,226,679				
16	Eliminate Funding for Project 2400		(\$62,500)				
17	Vacated office space - 590 Commerce Park		(\$38,720)				
18	E-Rate		(\$2,226,394)	(\$2,226,394)	(\$2,226,394)	(\$2,226,394)	
	EXPENDITURE TOTAL	\$854,466,265	\$887,162,817	\$901,347,290	\$910,355,214	\$919,563,606	
	FORECASTED (DEFICIT)/SURPLUS	(\$5,439,023)	(\$79,560,519)	(\$93,744,992)	(\$99,317,418)	(\$105,090,252)	

UNKNOWN:
 A. Future digest growth
 B. Property tag revenue
 C. State QBE funding reduction

Charter School	FY13FTE	FY14FTE	Change
Kennesaw	588	827	239
Smyrna	830	968	138
Total	1,418	1,795	377

Note: Add'l State & Local funding associated with 377

Comments

Revenues:

A Property Tax

The forecast assumes the digest values change and millage rate will follow the schedule below:

Fiscal Year	Change in Digest	Millage Rate
FY2011 Actual Digest	-9.41%	18.9 mills
FY2012 Actual Digest	-5.66%	18.9 mills
FY2013 Actual Digest	-2.42%	18.9 mills
FY2014 Projected Digest	-1.00%	18.9 mills
FY2015 Projected Digest	0.00%	18.9 mills
FY2016 Projected Digest	1.00%	18.9 mills
FY2017 Projected Digest	1.00%	18.9 mills

- A Transfer of SPLOST 2 Contingency equal to 1 mill. Funds are no longer available for transfer beginning in FY2014.
- B Property tax collected for registering and titling motor vehicles. Prior tag revenue is calculated assuming the prior year millage rate.
Significant change: During the late part of the 2012 legislative session, House Bill 386 was passed. The bill reforms many of the taxes laws in Georgia; most importantly the Motor Vehicle or Tag tax. Currently, car owners pay an ad valorem tax to local and state government annually and local sales tax when the vehicle is purchased. HB 386 calls for a one time 7 percent title fee levied whenever a car changes ownership. The new law does extend to two type vehicle sales which had not previously been taxed: autos sold between individuals ("casual sales") and autos purchased out of state. Although there may be an increase in tag revenue initially, the long term impact is thought to be revenue neutral for local governments according to the Georgia Budget & Policy Institute. At this time, we do not have the information needed to accurately project the revenue. We will need to monitor this revenue source closely when the law goes into effect in March of 2013 to determine if the revenue projection will need to be revised.
- C Taxes are delinquent if not paid by the deadline and incur a 5 percent penalty plus 1 percent per month interest calculated on the unpaid principals plus the 5 percent penalty. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- D Every holder of a long-term note secured by real estate must record the security instrument in the county in which the real estate is located. The tax for recording the notes is at the rate of \$1.50 for each \$500, or fractional part of the face amount of the note. The maximum amount of the recording tax on any single note is \$25,000. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- E Tax imposed on the transfer of real estate in Cobb County. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- F Taxes collected on all alcoholic beverages sold in Cobb County. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- G Taxes collected on all liquor by the drink sold in Cobb County. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- H Staff development fees for non-employees enrolled in CCSD Staff Development classes. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- I Taxes are delinquent if not paid by the deadline and incur a 5 percent penalty plus a 1 percent per month interest calculated on the unpaid principal. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- J Funds collected as general fund interest on all school investments. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- K Gate receipts from annual marching band competition. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- L Revenue from cell tower contracts (schools receive 60 percent and central office receives 40 percent). Revenues are projected based on actual contracts.
- M Miscellaneous revenue associated with the General Fund. Revenue examples include copies, ID badges, transcripts, etc. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- N Revenue received from the sale of school assets. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- O Revenue from leased property at Rose Garden based on current lease agreements.
- P Revenue transferred from other funds to the general fund (Facility Use only). Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- Q Miscellaneous State Grants are projected to remain the same at this time.

FY2014 Grant Estimates

Supervising Teachers/Honorarium Program	\$25,500
Vocational Ed-Supervision	\$56,377
CTAE Extended Year Grant	\$7,386
Vocational Ag Ed Extended Year	\$2,559
Vocational - Apprenticeship	\$35,322
Vocational - Industry Certification	\$10,000
Vocational - Ag Extended Day	\$6,583
Vocational - Extended Day	\$76,720
Facilitator Grant	\$10,100
Construction Grant	\$600,000
Grant for Residential & Reintegration Services	\$237,250
Rule 10 C/R Teachers	\$20,000
Special Ed - State Preschool	\$2,327,839
Devereux	\$691,452
TOTAL	\$4,107,088

- Q The State of Georgia uses a funding formula called the Quality Basic Education (QBE) to fund Education. To determine the total State funds for a specific school system, the following formula is used: FTE Count x Program Weight x Base Amount x Training & Experience Factor - Local Five Mill Share. The following changes are anticipated in QBE funding for FY2014:

1. Increase in Training & Experience Factor	\$ 4,107,240
2. Increase in TRS Rate (11.41% to 12.28%)	\$ 3,606,900
3. Increase in FTE by approx. 1,500	\$ 8,611,386
Total change estimated change in QBE:	\$ 16,325,526
- R An indirect cost rate is charged to various grants and programs to reimburse the system for administrative and miscellaneous costs incurred to operate the program. Revenue source will remain constant until new indirect cost rates are set by the State in late FY2013.
- S Federal revenue for ROTC program. Reimbursement of half of each ROTC instructors salary. Revenue projections will remain constant until new ROTC staffing requirements are determined.
- T The Administrative Claiming for Education (ACE) program is a Medicaid program administered through the Children's Intervention School Services Office in conjunction with the Georgia Department of Community Health. This program allows the district to be reimbursed under the Federal Medicaid program for portions of administrative costs associated with providing school-based health services. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- U This program reimburses the district for certain medical services provided to a child under his/her Individual Education Program (IEP). This program is only available to Medicaid -eligible students. This program allows the district an opportunity to obtain funding which would otherwise be unavailable to the district, thereby strengthening the district's ability to deliver high quality education to the student. Revenue projections will remain constant until 3/4 of the year has passed and revenues can be projected with a greater level of confidence.
- V E-rate funding, recognized as revenue in the prior years budget, will be received in the form of a discount (see item 18) in FY14 rather than revenue. E-rate is supported by the Telecommunications Act of 1996 with the express purpose of providing affordable access to telecommunications services for all eligible schools and libraries.

Expenditures:

- 1 FY 2013 Approved Original Budget
- 2 Board approved modifications to the Budget after FY2013 legal adoption
- 3 Continuation budget rolls from prior year
- 4 1/2 year step from prior year based on FY2014 payroll with FY2014 benefit rates
- 5 Restoration of 2 furlough days using FY2014 employee population
- 6 Step calculation is based on FY2014 payroll with FY2014 benefit rates.
- 7 FY 14 expenditures increase for TRS rate change from 11.41% to 12.28%.
- 8 Increase in the employer portion of group health insurance by approximately \$150 per classified employee per month for two years. It is estimated approximately 3,000 employees will take health insur
- 9 The phase out of the Priority Schools Longevity Incentive program (documentation from Human Resources):

	FY2013	FY2014	FY2015	FY2016	FY2017
Number of Employees	88.00	8.00	1.00	-	-
Total Salary & Benefits	\$ 544,171	\$ 43,200	\$ 5,400	\$ -	\$ -
Incremental Change		\$ (500,971)	\$ (37,800)	\$ (5,400)	\$ -

In March of 2001, the Board approved a Longevity Incentive for select certified employees to encourage continued service in our designated Priority Schools. The Board approved the phase out of the Priority School Longevity Incentive on June 28, 2007.

- 10 Custodial positions (5.00) are being added to the budget due to the increase of square footage from construction at Harrison HS and Smyrna ES.
- 11 Fund 100% of crossing guards. Cobb County Government 50% contribution will end in FY14.
- 12 Natural gas, water/sewer, & electricity are not projected to change, per Maintenance. Fuel was projected to increase 10%. Phone is projected to increase 6%.
- 13 Restore 3 days to school year eliminated in FY2013 budget. Estimated at \$200,000 per day (transportation savings only).
- 14 Global Scholar hosted by Pinnacle Solution for Charter schools reduced from initial year cost per Board approval on January 26, 2012. The Board approved funding \$20,444 in the first year and \$6,444 in subsequent years; a difference of \$14,000.
- 15 Increase in funding to Charter Schools based on increase enrollment at Charter schools in the October 2012 Full Time Equivalent (FTE) count.
- 16 General fund support of Project 2400, a SAT prep course, funding will end FY14.
- 17 Relocation of Internal Audit staff from 590 Commerce Park office complex. Leased office space will no longer be needed.
- 18 E-rate funding, recognized as revenue in the prior years budget (see item V), will be received in the form of a discount in FY14 rather than revenue. E-rate is supported by the Telecommunications Act of 1996 with the express purpose of providing affordable access to telecommunications services for all eligible schools and libraries.

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