

Cobb County School District Five-Year Financial Forecast For Fiscal Year 2013-2017

General Comments:

The following forecast is a tool for management purposes only. The audited school district's financial statements report the actual financial condition of the district. There are many external factors that could affect the projections. The following assumptions affect the conclusions drawn about the school's fiscal condition, and are crucial to understanding the meaning of the numbers contained in the forecast. The projections are based upon the best knowledge available at the date presented. Since the factors that are included in this forecast are subject to change, the forecast will vary in the future depending on changes in each of the assumptions. Only General Fund is included in this forecast. The five year projection extends from 2013 through 2017. Caution is advised when reviewing this projection. Many uncontrollable factors will determine the financial future of the school district, such as the stability of the economy, inflation, enrollment, impact of legislation, and the State's ability to maintain educational funding. These areas are being closely monitored and analyzed by the District's management in order to control spending.

Revenues:

A. Local Revenue

Local Revenues is based on a historical growth pattern with the exception of Property Tax. The FY2012 estimated digest is equal to the digest value of 2002. The following assumptions were used to forecast Property Tax:

Fiscal Year	Change in Digest	Millage Rate
FY2012	-7.6 %	20.0 mills
FY2013	-2.0%	18.9 mills
FY2014	1.0%	18.9 mills
FY2015	3.0%	18.9 mills
FY2016	5.0%	18.9 mills
FY2017	5.0%	18.9 mills

Note, the declaration of SPLOST II excess proceeds that were part of the FY2011 budget have been excluded from the forecast of future years.

B. State Revenue

State Revenue is based on a historical growth pattern, which has been adjusted for an annual increase in Cobb’s training and experience factor (5 percent). Quality Basic Education (QBE) Earnings will remain fairly constant based on the flat enrollment projections. Austerity cuts have been restored by 9 percent per year; which is the current increase in the State’s total revenues. Total austerity is projected as follows:

Fiscal Year	Projected Austerity
FY2012	\$73.1 million
FY2013	\$66.6 million
FY2014	\$54.6 million
FY2015	\$39.9 million
FY2016	\$25.5 million
FY2017	\$14.0 million

C. Federal Revenue

Federal Revenue is based on a historical growth pattern. The forecast assumes that there will be no additional stimulus funds through the American Recovery and Reinvestment Act or Federal Education Jobs Act.

Expenditures

Expenditures have been forecasted based on the current budget allocation and adjusted for an annual 1.5 percent increase in the cost of living.

1. Instructional

Instruction includes activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. It may also be provided through some other approved medium such as television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process.

2. Pupil Support Services

Activities designed to assess and improve the well-being of students and to supplement the teaching process. Activities include guidance, counseling, testing, attendance, social work, health services, etc. Also include supplemental payments for additional duties such as coaching or supervising extracurricular activities.

3. Improvement of Instructional Services

Activities which are designed primarily for assisting instructional staff in planning, developing and evaluating the process of providing challenging learning experiences for students. These

activities include curriculum development, techniques of instruction, child development and understanding, staff training and professional development.

4. Educational Media Services

Activities concerned with directing, managing and operating educational media centers. Included are school libraries, audio-visual services and educational television.

5. General Administration

Activities concerned with establishing and administering policy for operating the LUA. These include the activities of the members of the Board of Education. Local activities in interpretation of the laws and statutes and general liability situations are charged here, as are the activities of external auditors. Also recorded here are activities performed by the superintendent, administrative support personnel and deputy, associate, or assistant superintendent having overall administrative responsibility.

6. School Administration

Activities concerned with overall administrative responsibility for school operations. Included are activities of principals, assistant principals, full time department chairpersons and clerical staff.

7. Support Services – Business

Activities concerned with the fiscal operation of the LUA, including budgeting, financial and property accounting, payroll, inventory control, internal auditing and managing funds. Also included are purchasing, warehouse and distribution operations, and printing, publishing and duplicating operations.

8. Maintenance & Operations of Plant Services

Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Property insurance expenditures are recorded in this function.

9. Student Transportation

Activities concerned with the conveyance of students to and from school and trips to school activities. These activities include supervision of student transportation, vehicle operation, servicing and maintenance, bus monitoring and traffic direction. Transportation insurance expenditures are charged to this function.

10. Central Support Services

Central Office activities other than general administration and business services. Included are personnel services, data processing services, strategic planning including research, development and evaluation on a system-wide basis; and public relations activities, such as writing, editing and other preparation necessary to disseminate information to students, staff and the general public.

11. Other Support Services

All other support services not properly classified elsewhere

12. Community Services

Activities concerned with providing community services to students, staff or other community participants. Examples of this function would be the operation of a community swimming pool, a recreation program for the elderly, a child care center for working mothers, etc.

13. Capital Outlay

Activities concerned with the acquisition of land and buildings; renovating buildings; the construction of buildings and additions to buildings, initial installation or extension of service systems and other build-in equipment; and improvements to sites.

14. Transfers

Distribution of funds

15. Debt Services

Outlays to retire the long-term debt (obligations in excess of one year) of the LUA. Included are payments of principal, interest and paying agents' fees. Interest on current loans (repayable within one year).

FIVE YEAR FINANCIAL FORECAST

REVENUE

<u>Item</u>	FY2011 Board Approved <u>Orig Budget</u>	Proposed FY2012 <u>Budget</u>	Forecasted FY2013 <u>Budget</u>	Forecasted FY2014 <u>Budget</u>	Forecasted FY2015 <u>Budget</u>	Forecasted FY2016 <u>Budget</u>	Forecasted FY2017 <u>Budget</u>	<u>Item</u>
A Local Revenue	\$450,893,745	\$427,668,817	\$399,215,346	\$405,352,001	\$418,836,355	\$440,212,547	\$462,962,178	A
B State Revenue	\$355,737,499	\$383,498,159	\$395,754,021	\$423,998,739	\$453,889,155	\$474,286,962	\$489,742,988	B
C Federal Revenue	\$12,749,103	\$6,172,228	\$6,693,165	\$7,293,078	\$7,983,972	\$8,779,681	\$9,696,147	C
Total General Fund Revenue	<u>\$819,380,347</u>	<u>\$817,339,204</u>	<u>\$801,662,532</u>	<u>\$836,643,818</u>	<u>\$880,709,482</u>	<u>\$923,279,189</u>	<u>\$962,401,313</u>	

EXPENDITURES

1 Instruction	\$582,710,577	\$609,832,286	\$618,979,770	\$628,264,467	\$637,688,434	\$647,253,760	\$656,962,567	1
2 Pupil Support Services	\$18,383,805	\$18,340,411	\$18,615,517	\$18,894,750	\$19,178,171	\$19,465,844	\$19,757,831	2
3 Improvement of Instructional Svcs	\$23,746,350	\$25,202,632	\$25,580,671	\$25,964,382	\$26,353,847	\$26,749,155	\$27,150,392	3
4 Educational Media Services	\$14,234,601	\$14,675,315	\$14,895,445	\$15,118,876	\$15,345,660	\$15,575,844	\$15,809,482	4
5 General Administration	\$4,573,703	\$6,214,299	\$6,307,513	\$6,402,126	\$6,498,158	\$6,595,630	\$6,694,565	5
6 School Administration	\$51,731,909	\$50,808,510	\$51,570,638	\$52,344,197	\$53,129,360	\$53,926,301	\$54,735,195	6
7 Support Services - Business	\$5,378,175	\$5,845,916	\$5,933,605	\$6,022,609	\$6,112,948	\$6,204,642	\$6,297,712	7
8 Maint & Operation of Plant Svcs	\$56,810,686	\$59,792,817	\$60,689,709	\$61,600,055	\$62,524,056	\$63,461,917	\$64,413,845	8
9 Student Transportation	\$42,599,559	\$44,073,316	\$44,734,416	\$45,405,432	\$46,086,513	\$46,777,811	\$47,479,478	9
10 Central Support Services	\$14,561,569	\$14,554,596	\$14,772,915	\$14,994,509	\$15,219,426	\$15,447,718	\$15,679,433	10
11 Other Support Services	\$0	\$0	\$0	\$0	\$0	\$0	\$0	11
12 Community Services	\$66,923	\$70,733	\$71,794	\$72,871	\$73,964	\$75,073	\$76,200	12
13 Capital Outlay	\$17,983	\$17,983	\$18,253	\$18,527	\$18,804	\$19,087	\$19,373	13
14 Transfers	\$4,560,729	\$2,364,809	\$2,400,281	\$2,436,285	\$2,472,830	\$2,509,922	\$2,547,571	14
15 Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	15
Total General Fund Expenditures	<u>\$819,376,569</u>	<u>\$851,793,623</u>	<u>\$864,570,527</u>	<u>\$877,539,085</u>	<u>\$890,702,172</u>	<u>\$904,062,704</u>	<u>\$917,623,645</u>	
General Fund (Deficit)/Surplus		(\$34,454,419)	(\$62,907,995)	(\$40,895,267)	(\$9,992,689)	\$19,216,485	\$44,777,668	