

FY2018 Audit Update

FY2020 Budget Update



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Agenda

1. FY2018 Audit Results
2. FY2020 Budget Timeline
3. FY2020 Budget Update:
Revenue Projections

Appendix



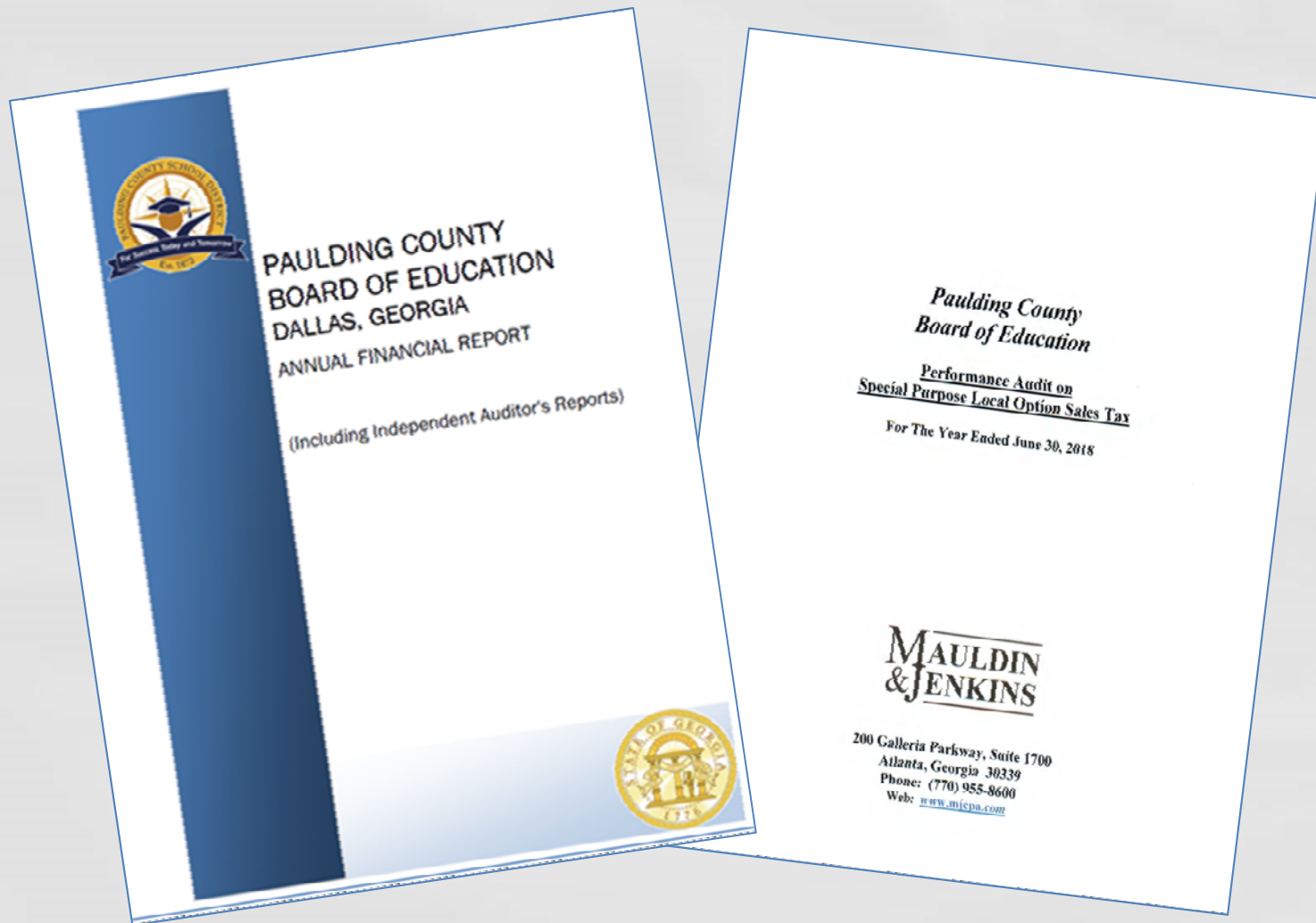
April 23, 2019



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FY2018 Audit Results

- ✓ Annual Financial Report, Including Independent Auditor's Reports
- ✓ Performance Audit on SPLOST



Purpose 1:
Express an opinion
as to whether the
financial statements
are in conformity
with *generally
accepted accounting
principles* (GAAP)



“In our opinion, the
financial statements...
present fairly, in all
material respects, the
respective financial
position of the
governmental
activities...in accordance
with accounting
principles generally
accepted in the United
States of America.”

March 26, 2019 Audit Letter
FY2018 Independent Auditor's Report

Purpose 2:
Audit financial
statements (content)
and compliance with
Federal grant
requirements, per
OMB Circular A-133
(Single Audit)



Financial Statements:

1. Unmodified Opinion
2. No Internal Control *Material Weakness* or *Significant Deficiencies* Identified
3. No Noncompliance Noted
4. No Findings or Questioned Costs

Federal Awards (Compliance):

1. Unmodified Opinion
2. No Internal Control *Material Weakness* or *Significant Deficiencies* Identified
3. Low-Risk Auditee
4. No Findings or Questioned Costs

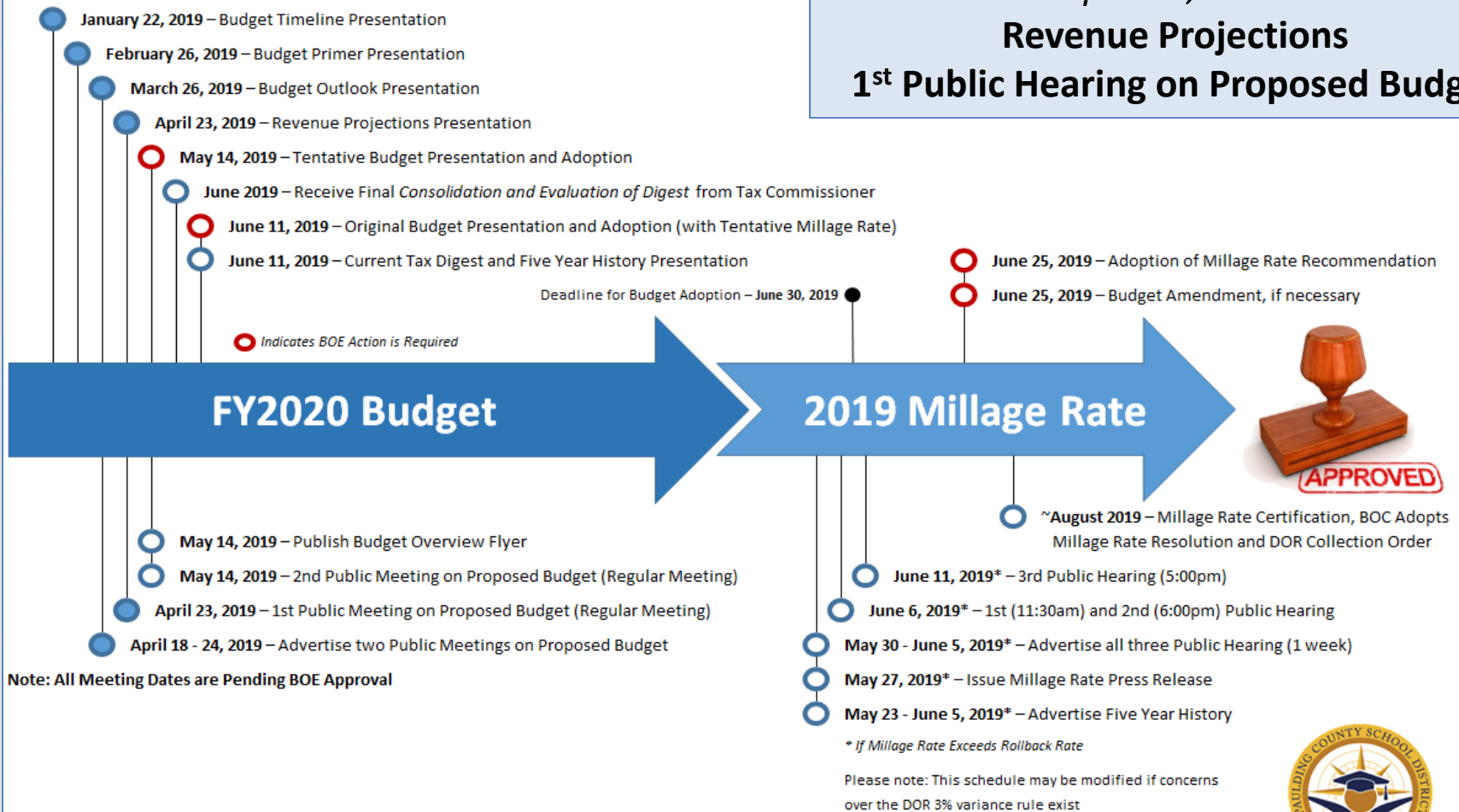
Last Section of the FY2018 Independent Auditor's Report

“Based on the results of our audit, we conclude that the Paulding County School District's SPLOST Program is operating in compliance with all applicable laws and regulations, the referendum approved by the County's citizens, and industry best practices.”

Mauldin & Jenkins

Objectives	Results
Objective #1: To determine whether the schedule of projects adheres to the approved resolution adopted by the Paulding County School District.	Results: Expenditures tested were related to activities approved in the SPLOST resolutions.
Objective #2: To determine that the reporting effectiveness between the School District and the Board of Education communicates the status of capital outlay projects to ensure that legislative, regulatory and organizational goals and objectives were achieved.	Results: [The] School District has an effective method in place to communicate with the Board in regard to the financial and construction status of each project to ensure that legislative, regulatory, and organizational goals and objectives are achieved.
Objective #3: To determine the reliability of the monitoring function to verify that actual project expenditures are not exceeding budgeted amounts.	Results: Adequate processes are in place to monitor expenditures to ensure that actual project expenditures do not exceed budgeted amounts.
Objective #4: To determine whether there is an effective means of monitoring program performance within a projected timeline, to evaluate the validity of expenditures, and to evaluate the timely completion of each capital project.	Results: [The] Board has an effective program in place to monitor program performance and to ensure the timely completion of each capital project within the projected timeline.
Objective #5: To determine the reliability, validity or relevance of financial analyses to verify that cash flows conform to forecasted projections by project and priority, and that intended economic results are accomplished.	Results: There is an adequate process in place to monitor cash flows to ensure that financial analyses to verify that cash flows conform to forecasted projections by project and priority are reliable, valid, and relevant and that the intended economic results are accomplished.
Objective #6: To determine whether effective procedures exist to verify that design and construction of capital projects adhered to applicable quality control standards.	Results: Effective procedures are in place to verify that the design and construction of capital projects adhere to applicable quality control standards.
Objective #7: To determine the effectiveness of financial controls in place to ensure that the receipt and disbursement of tax revenue funds are in compliance with applicable laws and regulations.	Results: Effective financial controls are in place to ensure that the receipt and expenditure of tax revenue funds are in compliance with applicable laws and regulations.
Objective #8: To determine whether the School District is following Board approved procurement policies and procedures.	Results: [The] School District is following procurement policies and procedures.

FY2020 Budget Milestones



FY2020 Public Meetings and Hearings, Press Releases, Advertisements and Notices

Budget Approval Timeline

Major Budget Influencers (MBI) must also be identified and considered within the framework, especially changes in funding and new or expanding influences on the budget, which may be *positive or negative* and *short-term or long-term*.

Major Revenue Influencers

- ✓ Enrollment Growth
- ✓ State Budget (Security Grant and Mental Health)
- ✓ QBE:
 - ✓ Enrollment (Weighted)
 - ✓ Local Fair Share
 - ✓ Teacher Pay Scale
- ✓ Equalization Grant:
 - ✓ Rollback Impact
 - ✓ Wealth per Weighted FTE
- ✓ Changes in Local Sources:
 - ✓ Property Taxes (MR)
 - ✓ TAVT

Major Expenditure Influencers

- ✓ Enrollment Growth
- ✓ ESEP
- ✓ State Teacher Scales (Local Impact)
- ✓ Step Increases
- ✓ TRS
- Custodial Services

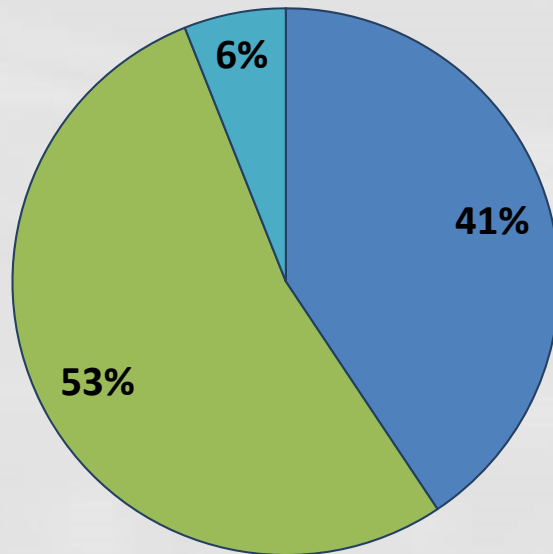


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Organization-wide Factors Influencing Decisions: Funding Factors (Preliminary)

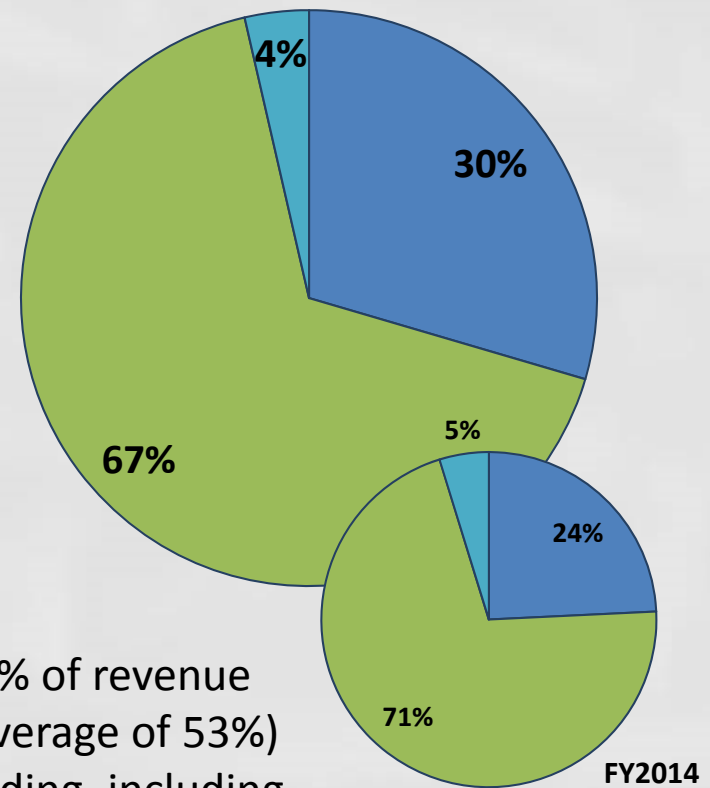
FY2018 Statewide Revenue Sources

Local Revenue State Revenue Federal Revenue



FY2018 PCSD Revenue Sources

Local Revenue State Revenue Federal Revenue



Dependency on State Sources. With approximately 67% of revenue coming from State sources (compared to a statewide average of 53%) the District is highly susceptible to changes in State funding, including austerity reductions, Equalization Grant funding and changes in the Quality Basic Education (QBE) methodology.

Source: GaDOE School System Revenue/Expenditures Report as of FY2018

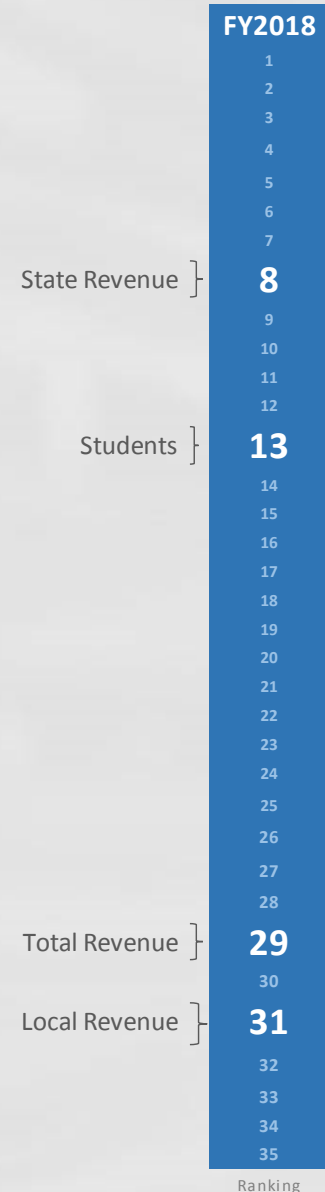
Dependency on State Sources

Low Wealth. Despite favorable employment, income and free-and-reduced lunch statistics, PCSD is considered low wealth due to a limited commercial and industrial tax base and the large number of school-age children per household.

- 13th Largest District as of FY2018
- 31st in Local Revenue per Student (128 vs 180)
 - ✓ Collect \$1,235 less than Average per Student or \$36 million*
- 8th in State Revenue per Student (85 vs 180)
 - ✓ Collect \$775 more than Average per Student
 - ✓ 3rd Largest Recipient of Equalization (\$27 million)
 - ✓ Equalization is declining, influenced by wealth per weighted FTE* and local revenue (millage rate)
- 29th in Total Revenue per Student (154 vs 180)
 - ✓ Collect \$710 or 7% less than Average per Student or \$21 million

*See Appendix form more information

Source: GaDOE School System Revenue/Expenditures Report as of FY2018
Average per Student: 35 Large Georgia School Districts with >10,000 FTE (180 total)



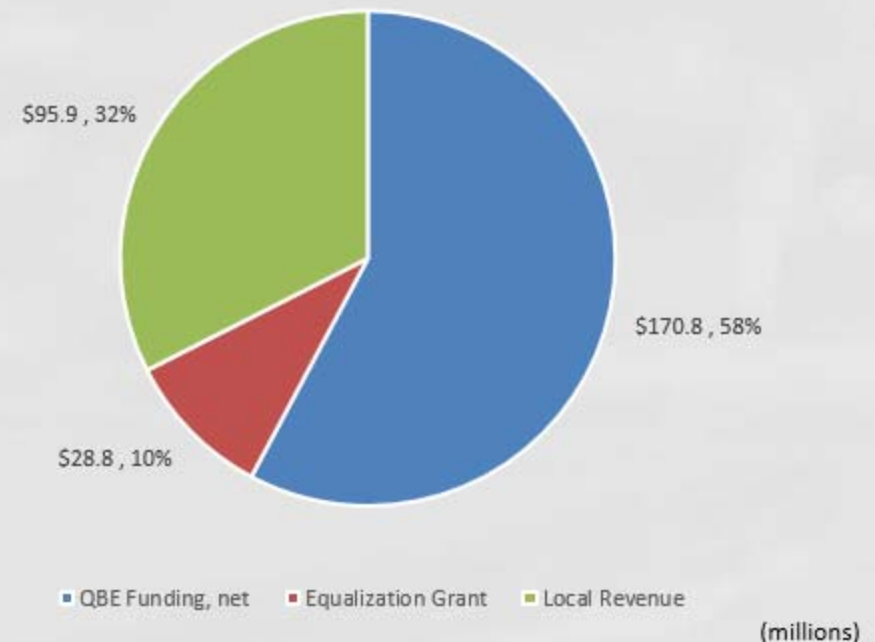
Low Wealth: Total per Pupil Funding

	FY2019	FY2020	Change	%
(1) QBE Funding, net	\$ 160.2	\$ 170.8	\$ 10.6	6.6%
(2) Equalization Grant	29.0	28.8	(0.3)	-1.0%
(3) Local Taxes	85.2	94.2	8.9	10.5%
Other Local Revenue	2.2	1.7	(0.5)	-23.4%
Total GF Revenue	\$ 276.7	\$ 295.4	\$ 18.7	6.8%

**Excludes Grants and Transfers to Other Funds (Includes FY19 Mid-term Adjustment)*

- \$18.7m Increase
- 6.8% Growth
- \$3,000 CE Increase
- Decline in Equalization ^(10%)
- TAVT Formula Change ⁽³⁾
- 8.5% Increase in Ad Valorem ⁽³⁾

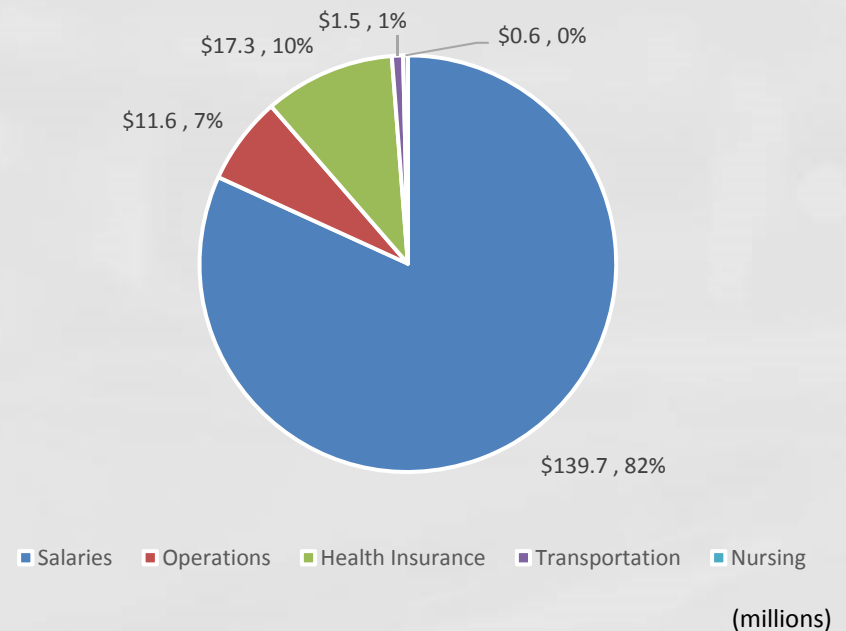
Note: Revenue projection includes an unmodified millage rate of 18.879



Projected General Fund Highlights

	FY2019	FY2020	Change	%
Salaries (FTE/T&E)	\$ 145.14	\$ 157.0	\$ 11.9	8.2%
Operations	\$ 12.8	\$ 13.1	\$ 0.2	1.8%
LFS	\$ (18.9)	\$ (20.9)	\$ (2.0)	10.7%
Transportation	\$ 1.4	\$ 1.5	\$ 0.1	5.6%
Nursing	\$ 0.6	\$ 0.6	\$ 0.0	3.3%
Health Insurance	\$ 19.1	\$ 19.5	\$ 0.4	2.1%
Total	\$ 160.2	\$ 170.8	\$ 10.6	6.6%

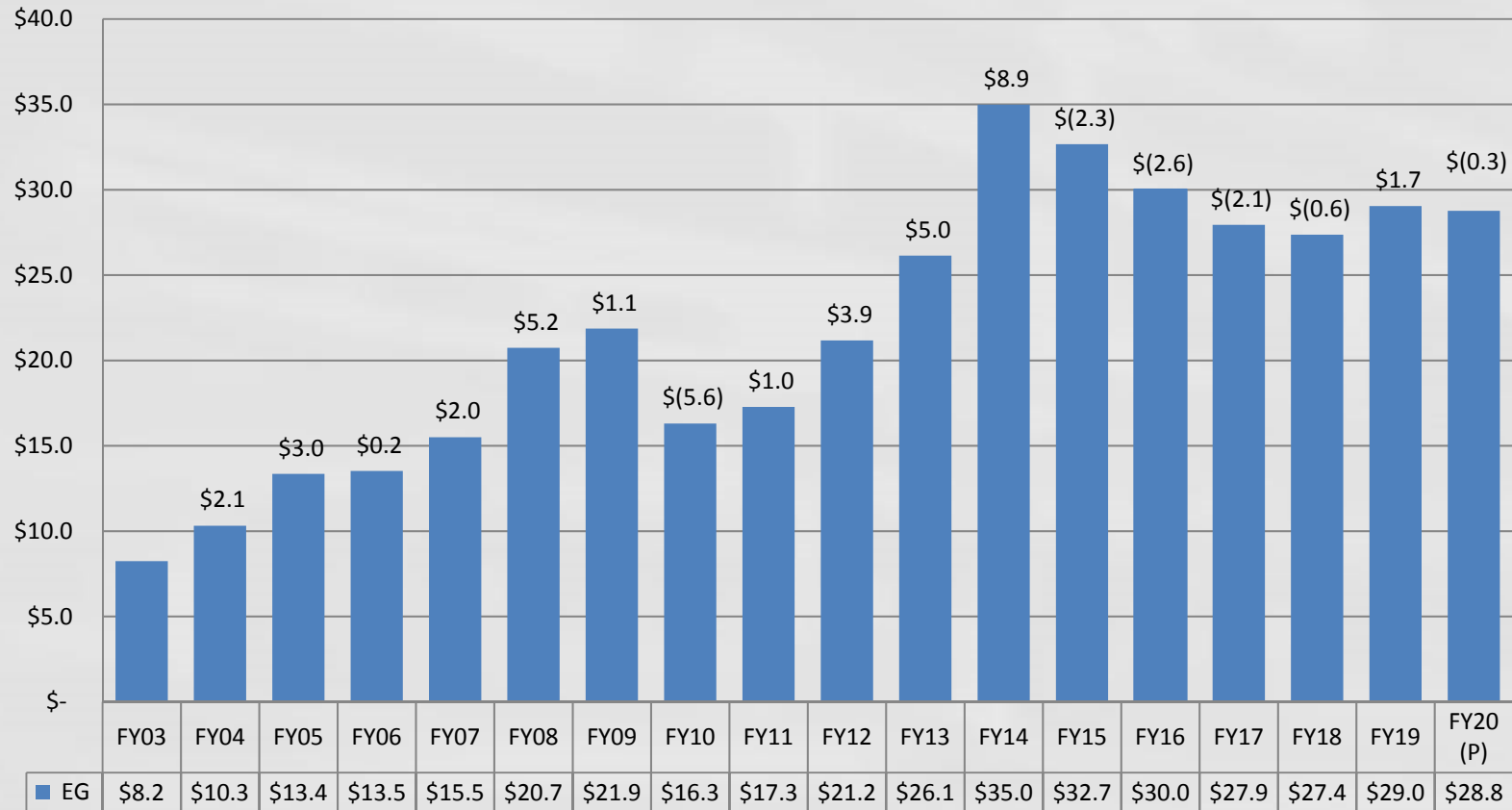
- \$10.6m Increase
- 6.6% Growth
- \$(20.9m) Local Fair Share
- \$8.6m for \$3,000 CE Increase
- \$633k for T&E
- \$1.3m for Enrollment Growth and Categorical (Excluding Equalization)



(1) Projected QBE Funding Highlights

Historical Equalization Grant

(millions)



EG Impact from FY2018 Rollback: \$(3.0m)

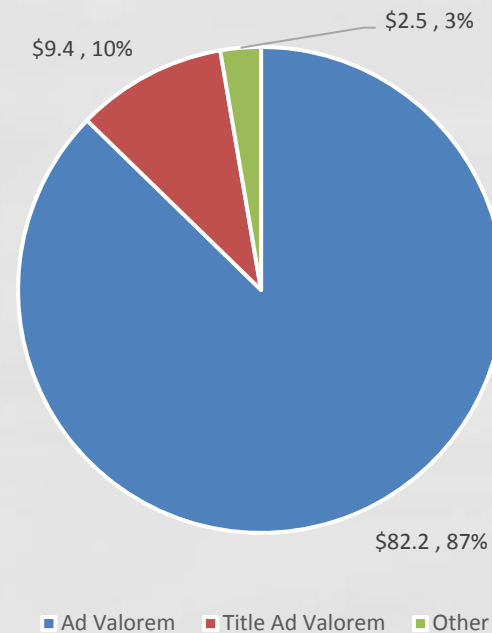
EG Impact from FY2018 0.125 Reduction: \$(0.5m)

Cumulative EG Impact from FY2016 Rollback: \$(11.2m)

(2) Projected Equalization Grant Highlights

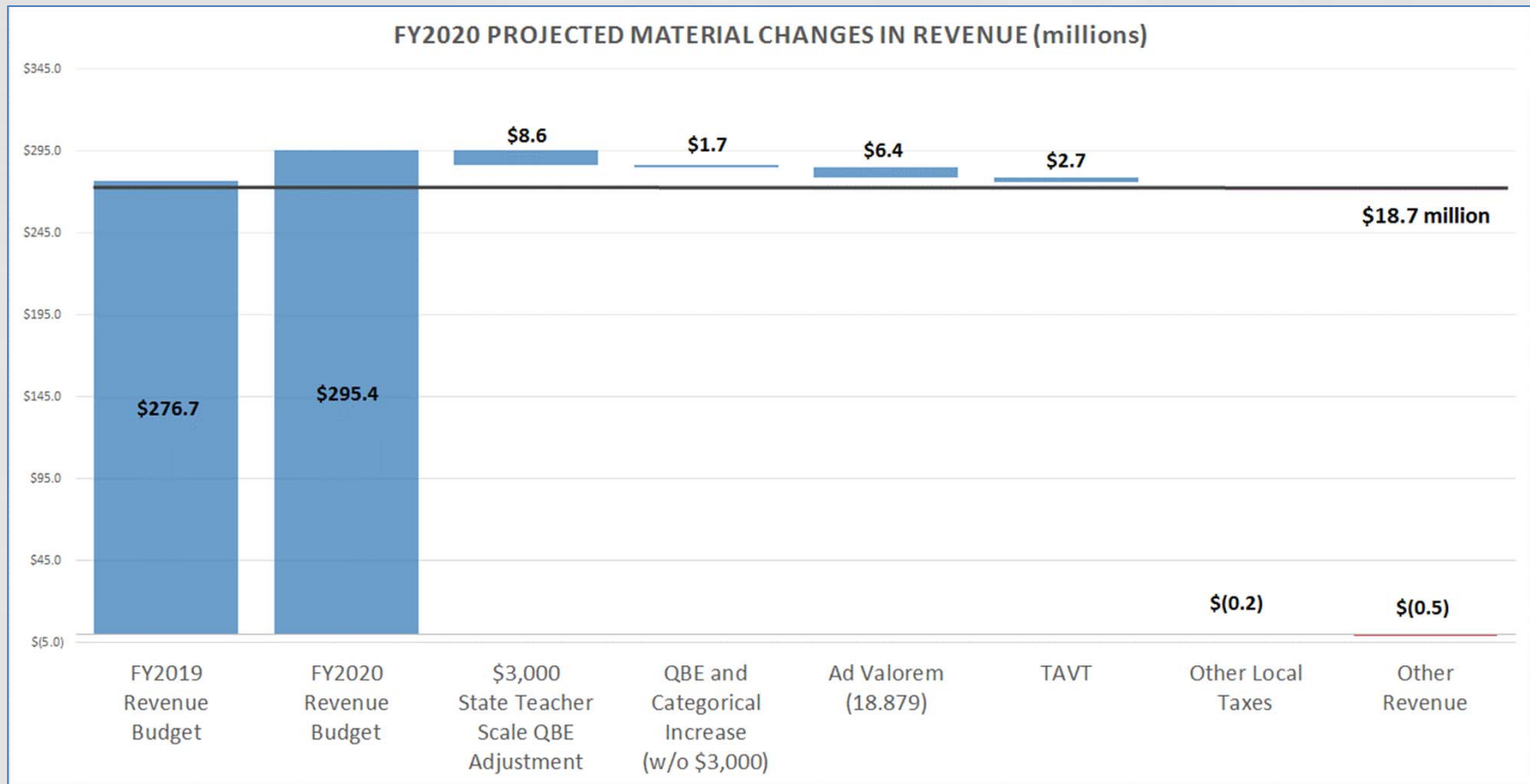
	FY2019	FY2020	Change	%
Ad Valorem	\$ 75.8	\$ 82.2	\$ 6.4	8.5%
Title Ad Valorem	\$ 6.8	\$ 9.4	\$ 2.7	39.4%
Other Sales Taxes	\$ 2.7	\$ 2.5	\$ (0.1)	-5.6%
Other Taxes	\$ 0.0	\$ -	\$ (0.0)	0.0%
Total	\$ 85.2	\$ 94.2	\$ 8.9	10.5%

- \$8.9m Increase
- 10.5% Growth
- 87% Ad Valorem
- 6.4m Ad Valorem Increase ^(18.879)
 - ~\$800k at Rollback (-\$5.6m)
 - ~\$5.9m at 18.750 (-\$0.5m)
 - ~\$4.8m at 18.500 (-\$1.6m)
- \$1.8m TAVT Increase from HB329 Formula Change ^(\$2.7m Total)

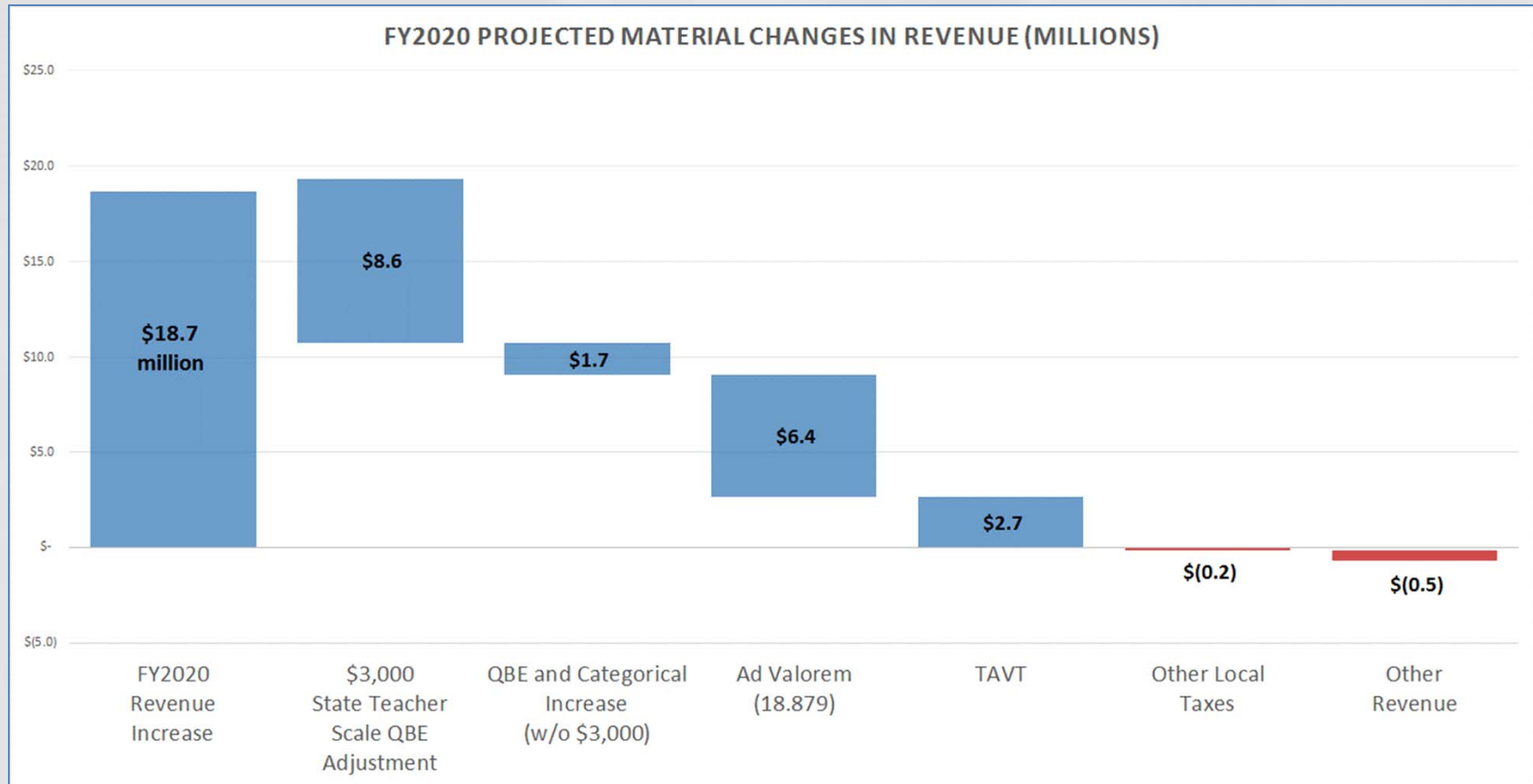


(millions)

(3) Projected Local Taxes Highlights

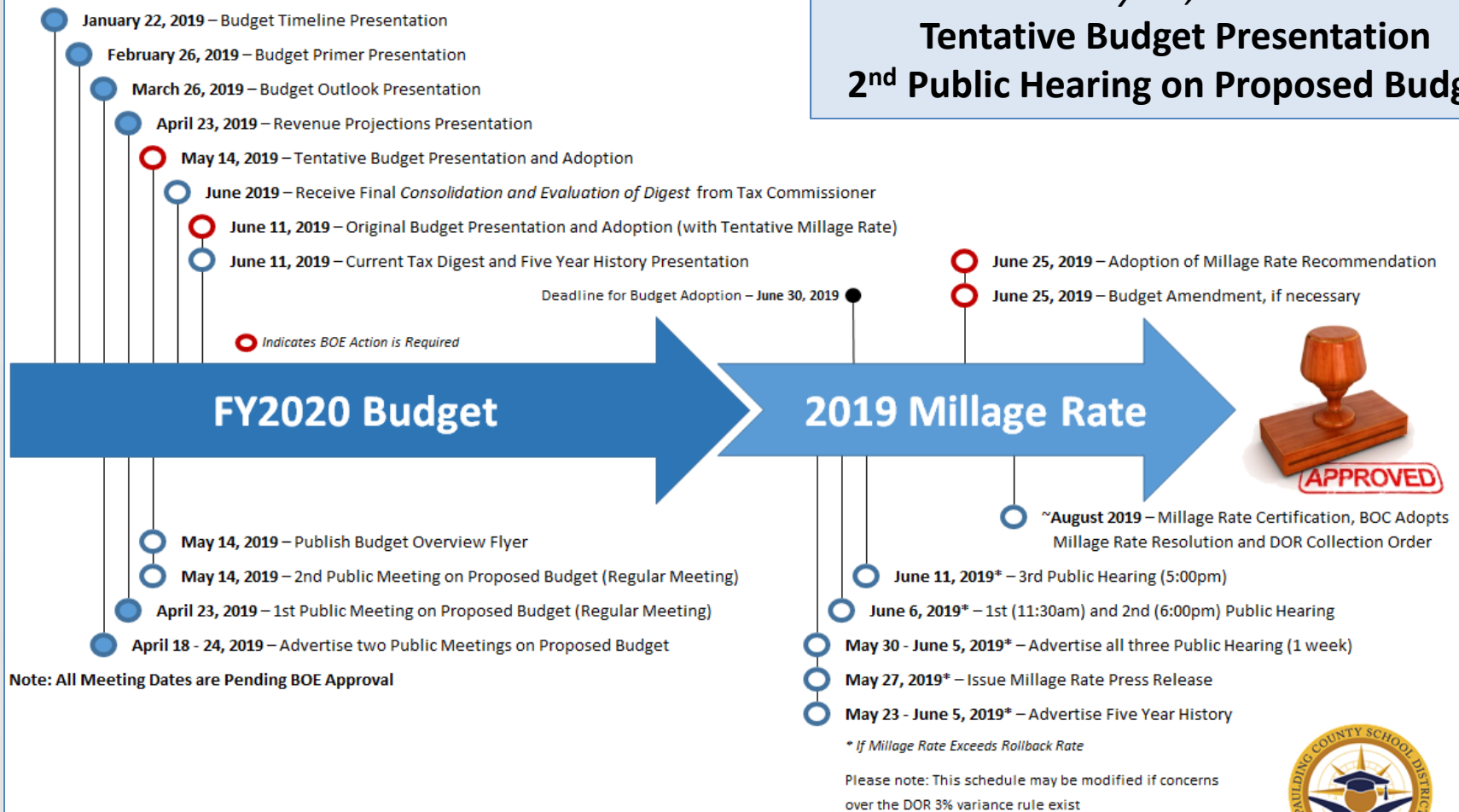


Projected Changes in Revenue



Projected Changes in Revenue

FY2020 Budget Milestones



Budget Approval Timeline



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Thank You

For Budget Ideas and Feedback:
Visit our Website (Budget Ideas) or
Email Budget@Paulding.k12.ga.us



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Appendix

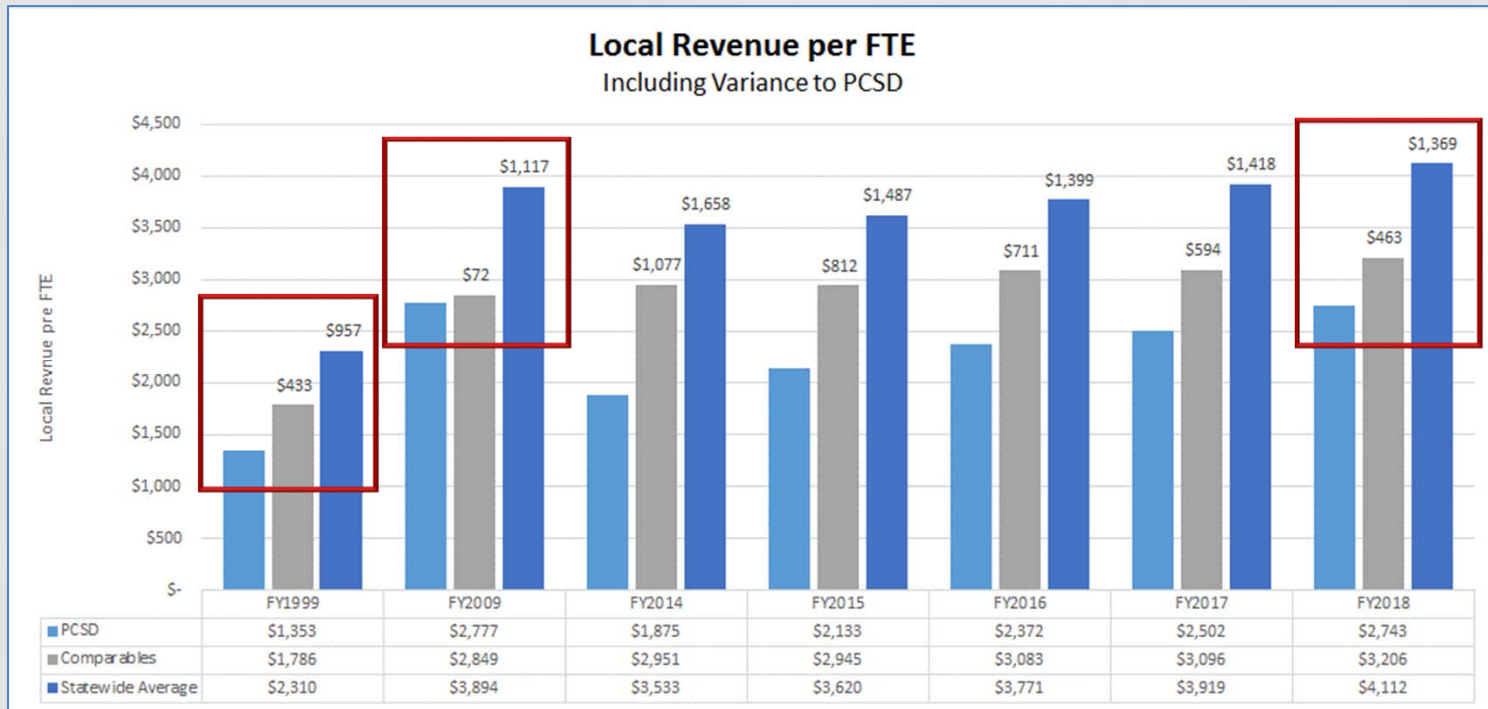
Rank	Digest			Millage Rate		Levy*	Revenue	Expenditures	FESR
	Enrollment	% Non-Residential	Net Digest per Student	2018		Levy per Student	Local Revenue per Student	Expenditures per Student	Financial Efficiency Star Rating
				Option A: Fixed	%				
1	Cobb 110,878	Muscogee 53%	Cobb \$242,774	Muscogee 23.321	Muscogee 23.5%	Cobb \$4,588	Cobb \$4,597	Avg >10k \$9,528	Cherokee 4.5
2	Cherokee 41,831	Richmond 52%	Coweta \$210,900	Richmond 19.965	Richmond 5.8%	Coweta \$3,921	Coweta \$4,127	Muscogee \$9,507	Avg >10k 4.1
3	Avg Comp 36,135	Bartow 51%	Cherokee \$202,686	Douglas 19.700	Douglas 4.3%	Avg Comp \$3,914	Cherokee \$3,911	Richmond \$9,467	Paulding 4.0
4	Avg >10k 33,334	Douglas 49%	Avg Comp \$200,373	Avg Comp 19.534	Avg Comp 3.5%	Cherokee \$3,841	Muscogee \$3,748	Cobb \$9,447	Carroll 4.0
5	Muscogee 30,756	Avg >10k 42%	Avg >10k \$199,189	Avg >10k 19.191	Avg >10k 1.7%	Avg >10k \$3,823	Avg >10k \$3,743	Carroll \$9,283	Avg Comp 3.6
6	Paulding 29,710	Carroll 40%	Bartow \$185,925	Cherokee 18.950	Cherokee 0.4%	Muscogee \$3,791	Bartow \$3,664	Avg Comp \$9,265	Muscogee 3.5
7	Richmond 29,662	Avg Comp 40%	Muscogee \$162,549	Cobb 18.900	Cobb 0.1%	Bartow \$3,505	Avg Comp \$3,619	Douglas \$9,181	Douglas 3.5
8	Douglas 26,331	Cobb 35%	Douglas \$156,241	Paulding 18.879		Douglas \$3,078	Richmond \$3,190	Coweta \$9,156	Coweta 3.5
9	Coweta 22,160	Cherokee 35%	Richmond \$152,155	Bartow 18.850	Bartow -0.2%	Richmond \$3,038	Douglas \$3,097	Paulding \$9,092	Bartow 3.5
10	Carroll 14,490	Coweta 35%	Paulding \$137,462	Coweta 18.590	Coweta -1.5%	Paulding \$2,595	Paulding \$2,743	Bartow \$9,072	Cobb 3.5
11	Bartow 12,973	Paulding 20%	Carroll \$125,263	Carroll 17.998	Carroll -4.7%	Carroll \$2,254	Carroll \$2,615	Cherokee \$9,008	Richmond 2.5

Note: Based on FTE October 2018 Count, 2018 Digest (FY2019), CPI per Bureau of Labor Statistics, FY2018 Revenues and Expenditures and FY2018 FESR

* 2009 Inflation Adjusted is \$3,016 (\$421 more or \$12.5m total)

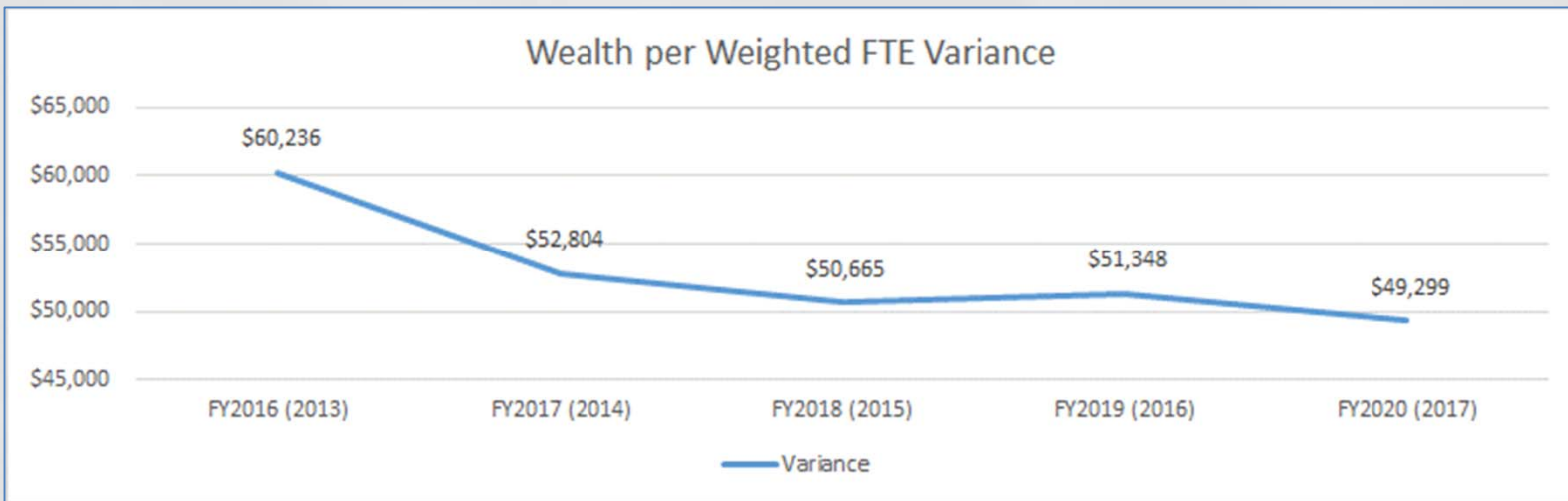
Value of Mill. For FY2018, 1 mill produced \$4.1 million in revenue (\$137 per pupil). Meaning, every ¼ mill produced approximately \$1 million in revenue. To raise the Levy per Student to the Average Comparable would require 9.621 additional mills.

Digest, Millage and Per Pupil Comparisons



Source: GaDOE School System Revenue/Expenditures Report as of FY2018
Average per Student: 35 Large Georgia School Districts with >10,000 FTE (180 total)

Historical Local Revenue per FTE



Wealth per Weighted FTE Variance