(1) **Major General Fund Revenue Categories – State of GA (Growth Prospects)**
State of Georgia economic growth will positively impact sales taxes and property values in the region.

**Georgia Economy**
Georgia's economic growth will outpace the nation's for the sixth straight year, according to the latest forecast from the University of Georgia Terry College of Business. *The State of GA has a Aaa Credit Rating.* Site consultants recently ranked Georgia as the top state in which to do business. The buildout of new headquarters is an important factor powering Georgia's economic growth. There are 16 companies with headquarters in Atlanta that rank in the fortune 500 and 26 companies in the fortune 1000, placing Atlanta behind only New York and Houston. The State of Georgia Budget is $27.5 Billion and the Governor has a current “rainy day” reserve of $2.5 Billion. State Tax Revenue peaked at 7.00% in June, 2019, nearly $146 million more than the prior year. Taxes collected during FY2019 were up by 5.00% overall.

**By the numbers**
- Job growth is predicted in all of Georgia’s 14 metropolitan areas and in all of the state’s major industries. It is estimated that Georgia’s increase in jobs will be 1.50% compared to the nation’s expected rate of 1.30%.
- The fastest growing sector of the state’s economy will be construction, followed by education, health services, leisure/hospitality, business services and mining/logging.
- Georgia’s economy is estimated to grow by 3.00% in 2020, while the U.S. GDP will increase by 2.50%.
- Personal income growth in the state will grow 4.90%, which is higher than the nation's 4.50%.
- Georgia is the nation’s 11th largest export state and the 7th largest import state, which reflects the state’s substantial transportation, distribution and logistics industry focused on international trade.

Georgia’s large manufacturing and agriculture industries depend heavily on easy access to global markets.

**State Revenue:** The State of GA provides K-12 education funding via the Quality Basic Education (QBE) Program. *This program provides salary, benefits and operations funding based on formulas with student counts as the major formula metric.* The State provides funding for costs related to student growth. The State has consistently funded the QBE program for decades as part of the State of GA Budget approved each year in the State Legislature.

Note: The Governor committed to a $5,000 raise for all teachers. $3,000 of the raise was funded in the FY2020 Budget and the remaining $2,000 raise is expected to be funded in the FY2021 Budget.

Data as of June 30, 2019
General Financial Information
Revenue Analysis

(2) Major General Fund Revenue Categories - Cobb County (Growth Prospects)
Cobb County economic growth will positively impact sales taxes and property values in the region benefitting the school district.

Cobb County Economy
The Cobb County current and projected economy is projected to grow. *This growth will positively impact sales taxes and property values in this area.* The Cobb County School District is located in the northwest quadrant of the Atlanta metropolitan area, one of the country’s top growth areas. *The school district currently has a Aaa Credit Rating from Moody’s Investors Service.* Metropolitan Atlanta is the center for finance, transportation, distribution and communications for the Southeast.

By the numbers
- Cobb’s population is approximately 760,000
- The US Census Bureau ranks Cobb County as the most-educated in the state of Georgia and 12th among all counties in the United States.
- The Median Household income in Cobb ($72,004) is the highest among metropolitan Atlanta’s major counties.
- Cobb is home to over 12% of households earning $200,000 or more in Georgia, even though it comprises only 7% of the total households in the state. Personal income growth in the state will grow 4.90%, which is higher than the nation’s 4.50%.
- Cobb boasts several colleges and universities, including: Chattahoochee Technical College, Kennesaw State University (recently consolidated with Southern Polytechnic State University) and Life University.

- **Local Property Tax Revenue:** The current property value digest trend is increasing and projected to continue to increase.
- **FY2019 to FY2020 Growth Rate (5.44% to 8.21%)**
- According to the Cobb Tax Assessor, the Growth Rate for FY2021 should be in the range of 8.21%
- According to the Cobb Tax Assessor, the Growth Rate for FY2022 should be in the range of 9.10%
- **Cobb Sales Tax Revenue:** Cobb is currently experiencing sales tax growth of 5.30% for the existing SPLOST program.

Data as of June 30, 2019
General Financial Information
Revenue Analysis

(3) Special Purpose Local Option Sales Tax (SPLOST) – (Growth Prospects)
SPLOST is a 1 percent sales tax on retail goods in Cobb County. Revenues from the tax must be used for capital improvement projects in the District. Prior to the availability of the SPLOST program in the State of Georgia, school districts issued bonds that were repaid from a separate Debt Service Millage Rate. The District paid off all previous bond debt in 2007 and now utilizes the SPLOST program for District projects. Those who do not pay property tax and/or live outside the county, but work and play in Cobb, support our schools by paying a significant portion of the Ed-SPLOST – estimates say 30 percent.

The District’s SPLOST program functions as a funding partner to the General Fund. The projected SPLOST revenue total over 5 years is projected to be $797 Million. This program provides significant funding for District needs in addition to school construction and provides significant relief to the General Fund. SPLOST projects for (roofing, flooring, painting, lighting upgrades, HVAC, electrical upgrades, school buses, replacement of computers, printers, copiers, band instruments, textbooks, digital instructional resources, maintenance vehicles, surveillance cameras, security fencing, District signage, traffic controls, replacement of radio communications systems, network infrastructure, etc). Sales Tax relating to the District’s SPLOST program is currently growing at a rate of 5.30%. Continued growth in the county economy will result in higher percentages in future years.

(4) One Percent Local Education Sales Tax Proposal for Education (LEST) – (Growth Prospects)
Legislation has been drafted as a proposal to create an additional funding source for school district General Fund operations in the State of Georgia. This proposal would require placing a voting referendum to taxpayers for a 1% sales tax for District operations. A portion of these funds would be utilized to reduce local property tax while the other portion would be applied as another General Fund recurring revenue source for District operations and salaries. This LEST would diversify the General Fund for school District revenue streams, creating another substantial revenue source.

Data as of June 30, 2019
(5) Cobb County School District Fund Balance Reserve Growth – (Growth Prospects)

An intentional strategy is in place to increase fund balance reserves during the current peak economic climate to strengthen the District’s financial safety net and to provide financial flexibility to address current and future unforeseen events.

(6) CCSD Financial Safety Net

a. General Fund Millage Rate
   - Cobb General Fund Millage Rate is 18.90 Mills (Note: Has remained at 18.90 Mills since 2008)
   - Cobb General Fund Millage Rate has flexibility of 1.10 Mills under 20 Mill State Millage Cap (Note: Value of 1.1 Mills = $29.6 Million Recurring Revenue Availability)
   - Millage Rate Approval – Although the School District and the Cobb County Commission are separate entities, the School District has separate, independent elected Board Member Officials and sets its own millage rate and votes on the millage. The Commissioners also vote on this millage, but they are not involved in any school district matters and their vote is considered a formality.

b. General Fund Reserves
   - Reserves as of June 30, 2019:
     Total Fund Balance - $187.7 Million (17.5% of expenditures)
     Unassigned Fund Balance - $120.7 Million (11.2% of expenditures)

(7) IE² Waiver of 15% Fund Balance Threshold

The State of Georgia limits a school district’s Fund Balance to no more than 15% of budgeted expenditures. As a result of fund balance growth and to enable future flexibility, the District will request a waiver of the 15% threshold. We fully expect this request to be approved, as we are aware of many other school districts in Georgia that have this waiver in place.

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<th>Fiscal Year</th>
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<tr>
<td>FY2022 EST</td>
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Data as of June 30, 2019