

# FINANCIAL PLANNING PROGRAM

## (PMA FPP™ & PMA FPP LITE™)

Your key to long-term financial success

We believe a well-documented, well-constructed financial plan is an invaluable toolkit for making solid, data-driven decisions and your key to ensuring long-term financial success.

### PMA FPP LITE™

PMA FPP LITE™ is a comprehensive five year planning tool that will provide you with long range planning insight for making well-informed, data-driven decisions.

### PMA FPP™

The PMA Financial Planning Program (PMA FPP™) includes all the benefits of the PMA FPP LITE™ plus: consulting time, teacher's salary scattergram, employee benefits costing, modeling for program reduction/new building operating costs and custom reporting, to name a few.

### BENEFITS

PMA FPP™ and PMA FPP LITE™ assist you to:

- Understand and quantify financial trends
- Accurately forecast expenditures
- Multi-year Aid and Levy calculations
- Establish sound fiscal policies
- Develop multi-year budget
- Detect early warning signs of distress
- Employ effective anticipation borrowing tool
- Accurately analyze rate referendums
- Gain efficiency and understand impact of contract negotiations
- Communicate effectively with board and community stakeholders
- Analyze the impact of decisions on future financial projections

### OVERVIEW

Considering the financial challenges Iowa school districts and community colleges face today, from limited revenues to increasing expenditures, the need for sound financial forecasting is greater than ever.

PMA FPP™ and PMA FPP LITE™ are long-term (five-year) financial forecasting tools that provide a clear and succinct financial path for a school district or community colleges, allowing a governing board, an administration and community stakeholders to make well-informed data-driven decisions.

### WHAT DOES PMA FPP™ ENTAIL?

PMA FPP™ and PMA FPP LITE™ are financial forecasting models that allow interaction with a full spectrum of assumptions in order to project a public entity's financial position. PMA's projections are based on historical trend analysis (three to five years of Certified Annual Reports), current line item budget, along with projections for revenue and expense variables.

Overall, PMA FPP™ and PMA FPP LITE™ analyze thousands of line items for each fiscal year in order to provide a complete and reliable financial path that serves as an integral part of the financial management process and an indispensable tool for sound fiscal policy. Some of these line items include: several years of certified annual reports, current line item budget, aid and levy calculations, unspent authorized budget report, TaxCert form (Form S-TX), and long term debt schedule form (Form 703).

Additionally, a full spectrum of assumptions provides public entities' governing boards with an infinite number of "What-If" scenarios, enabling each board to make well-informed data-driven decisions. Some of these assumptions may include: various categories of enrollment projections (basic, special education levels I-III, preschool, supplementary weighting enrollment, and others), allowable growth rates, district cost per pupil, taxable valuations, other property and utility replacement taxes, local, state, and federal revenue assumptions, multiple employee category salary assumptions, certified staff salary scattergram, employee benefits costing, modeling for program reductions, new building operating costs, and other expenditures by object assumptions.

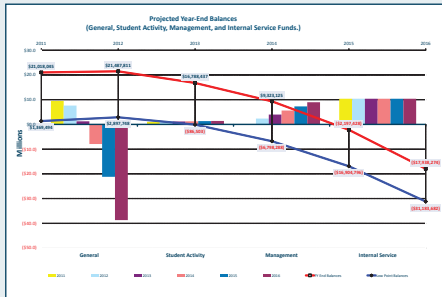
### HOW DO WE DEVELOP A FINANCIAL PLAN?

PMA works closely with senior administration throughout all phases of the planning process. This includes historical data analysis, assumption setting, the establishment of a realistic financial picture, delivery of customized output for use by the board, committees, and staff, enabling web site access for online "What-If" scenario modeling, as well as ongoing updating and monitoring.

# FINANCIAL PLANNING PROGRAM

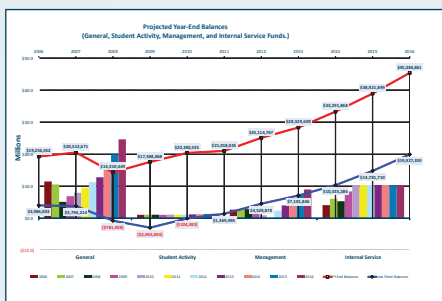
## PRE-ANALYSIS ANECDOTE

School District XYZ has been experiencing severe deficits caused mainly by rising labor costs coupled with the revenue limit and a reduced level of state funding. The General Fund, in particular, will be in severe financial distress unless the school district takes action. The “Low Point Balances” indicate the school district will require short-term borrowing options if the school district does not act.



## POST-ANALYSIS ACTION

Utilizing the modeling tools in the FPP, the school district is able to run numerous scenarios for multiple input items, including but not limited to changes in: salary schedules, professional staff ratios, employee benefits and future rate referendums. As a result of changes to multiple items, the Board of Education may decide on a combination of a referendums to exceed revenue limits and change in staff ratios to stave off financial stress. Because the school district would be able to see results quickly, it can begin the task of implementing the changes as soon as possible so the financial position does not deteriorate.



## THE PROCESS

### 1. HISTORICAL DATA ANALYSIS

Incorporating thousands of line items from certified annual reports, PMA FPP™ and PMA FPP LITE™ analyze three to five years of historical data and run calculations down to the individual program level within each fund.<sup>1</sup>

### 2. ASSUMPTION SETTING

PMA FPP™ and PMA FPP LITE™ bring together all aspects of a public entity’s finances (e.g., enrollment, aid and levy, expenditure by object assumptions, etc.) into a comprehensive financial calculator that provides instant and understandable feedback.

### 3. ESTABLISHMENT OF REALISTIC FINANCIAL PICTURE

For a successful planning process, it is important to establish a good budget as a base for financial projections. Throughout the fiscal year, PMA will employ historical trend analysis and numerous calculations to cross-examine and keep track of the current budget. Combined with assumption-setting, this will translate in establishment of realistic “Base” projections.

### 4. WHAT-IF SCENARIO MODELING

Once the data has been analyzed, public entities have the ability to adjust their projections for virtually any revenue or expense variable that might reasonably impact their finances. As a scenario is executed, results are presented in an easy to follow format. Scenario results are compared with the baseline projections, which helps users understand the impact of each assumption change. Additionally, the model allows its users to compare multiple scenarios at the same time.

### 5. PMA FPP™ MODEL OUTPUT

The model scenario analysis provides immediate feedback. Once a variable is changed the graphic and numeric output instantly change to reflect the new information. PMA financial advisors will work with a public entity’s staff and board members to provide real-time feedback as they discuss solutions to a particular financial problem.<sup>1</sup>

### 6. WEBSITE ACCESS

After baseline projections are established, a public entity will have secure access to online “What-If” scenario modeling, reporting, and scenario results comparison tool. The public entity will be able to establish new baseline projections, create new or execute previously created scenarios, view reports online and/or receive reports through email, instantly compare scenario results with baseline projections, and compare results across different scenarios.

### 7. CUSTOMIZED REPORTING

Every time a scenario is created or executed, a new report is generated and is available for online preview or email. The complete report consists of analysis of all funds and it may include: multi-year aid and levy calculations, unspent authorized budget form, enrollment summary, salary scattergram information, revenue and expenditure assumptions, and many other data points. Additional custom reporting is available based on specific needs of a public entity.

<sup>1</sup> PMA FPP includes analysis, forecasting methodologies, and additional reporting not included with PMA FPP LITE program.



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