

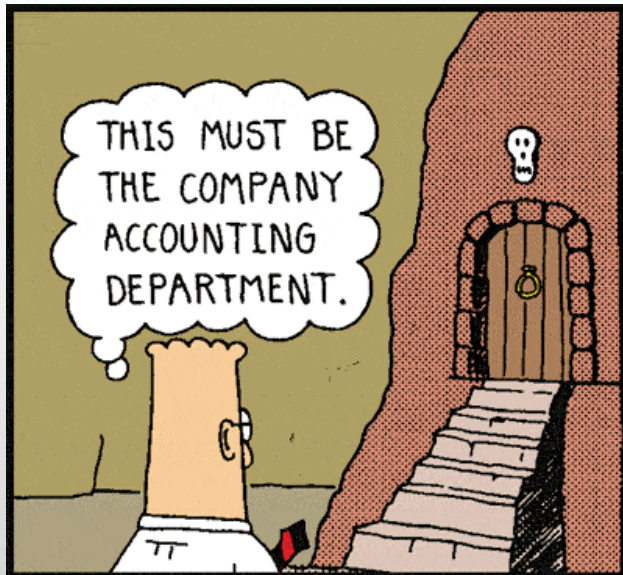
School Finance

Great Start Cohort

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And so it begins...





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Introductions

1. Name?
2. District?
3. What would make this session great for you?

So just a little about my story...

Agenda

1. Budget
 2. Financial Statements
 3. Negotiations
 4. Legislature
 5. Special education
 6. Business Manager
- What do you know now?
 - Or feel you have a good idea about?
 - What questions do you have?

Learning Goals

1. Participants will have a high level overview of budgeting tips
2. Participants will know five key areas to focus on in financial statements
3. Participants will have high level overview of negotiation tips and pitfalls
4. Participants will have a general understanding on legislature & school finance with resources for reference
5. Participants will know strategies for working with their business manager

Budget

- Transparency & Communication
 - Level Of Conservatism
- Board Engagement
 - Committee Of The Whole
 - Finance Committee
- Budget Assumptions
 - Board Approved
 - Class Size
 - Turnover Credits
 - Salary & Benefits
- Revenue Forecast
 - Enrollment, Enrollment, Enrollment
 - State Aid - 0%, 2%, 4%?
 - Special Education
- Monitoring
 - Monthly Or More!

Write and Learn

Take 30 seconds and note one take-away or “aha”.

Financial Statements

1. Postmortem
2. Governmental view
3. Fund statement view
4. Top five things to look for...
 - a. Debt (page 41-42)
 - b. Fund balances (page 68)
 - c. Budget to actual (page 69-71)
 - d. Revenue & expend. trends (page 89-91)
 - e. Enrollment trend (page 97)

5. Financial Documents

<https://www.c-ischools.org/budget>

United States Government Statements of Operations and Changes in Net Position for the Years Ended September 30, 2011, and 2010

(In billions of dollars)	Non-	Earmarked	Non-		Consolidated	
	Earmarked	Funds	Earmarked	Earmarked		
	Funds	Funds	Funds	Funds	Funds	
	2011		2010			
Revenue:						
Individual income tax and tax withholdings	1,092.9	772.9	1,865.8	902.6	830.3	1,732.9
Corporation income taxes	175.1		175.1	179.6		179.6
Unemployment taxes		56.1	56.1		45.2	45.2
Excise taxes	21.3	52.2	73.5	22.6	49.0	71.6
Estate and gift taxes	7.3		7.3	18.8		18.8
Customs duties	28.5		28.5	25.1		25.1
Other taxes and receipts	120.4	20.9	141.3	96.9	30.6	127.5
Miscellaneous earned revenues	11.3	4.9	16.2	11.3	4.5	15.8
Intragovernmental interest		202.0	202.0		195.0	195.0
Total revenue	1,456.8	1,109.0	2,565.8	1,256.9	1,154.6	2,411.5
Eliminations			(202.0)			(195.0)
Consolidated revenue			2,363.8			2,216.5
Net Cost of Government Operations:						
Net cost	2,110.6	1,550.2	3,660.8	2,553.5	1,742.5	4,296.0
Intragovernmental interest	202.0		202.0	195.0		195.0
Total net cost	2,312.6	1,550.2	3,862.8	2,748.5	1,742.5	4,491.0
Eliminations			(202.0)			(195.0)
Consolidated net cost			3,660.8			4,296.0
Intragovernmental transfers	(540.5)	540.5		(482.1)	482.1	
Unmatched transactions and balances (Note 1.T)	(15.6)		(15.6)	(0.8)		(0.8)
Net operating (cost)/revenue	(1,411.9)	99.3	(1,312.6)	(1,974.5)	(105.8)	(2,080.3)
Net position, beginning of period	(14,119.7)	646.9	(13,472.8)	(12,208.6)	752.7	(11,455.9)
Prior period adjustments—changes in accounting principles (Note 21)	(2.0)	2.0	-	63.4	-	63.4
Net operating (cost)/revenue	(1,411.9)	99.3	(1,312.6)	(1,974.5)	(105.8)	(2,080.3)
Net position, end of period	(15,533.6)	748.2	(14,785.4)	(14,119.7)	646.9	(13,472.8)

The accompanying notes are an integral part of these financial statements.

Write and Learn

Take 30 seconds and note one take-away or “aha”.

Negotiations

<https://youtu.be/r-GFmH0EK9Y>

1. Go slow, go slow, go slow
2. Ask questions, lots of them!
3. Determine your level of involvement
4. Knowing costing vs. real cost
 - a. MSBA Costing model
5. Language can have a cost - pay attention
 - a. Personal days are free, right?
6. Watch for the contracts that “keep on giving”!!
 - a. Story of perspective - Lead negotiator to board member

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LEGISLATURE



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1. Use Education Groups To Get Informed And Engaged
 - a. MASA, MSBA, SEE, AMSD, MREA
2. MDE
 - a. Post Session Information, Especially Finance
3. Learn More Every Year
 - a. Don't Try To Do It All At Once
4. Review Key Bills - Ask Questions

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BUSINESS MANAGER



1. Get to know them!
2. No surprises - and don't panic too early!
3. Determine their strengths, identify areas of gaps
4. Regular meetings discussing each phase of the budget and audit
5. Be aware

Top 10 Questions to ask your Business Manager

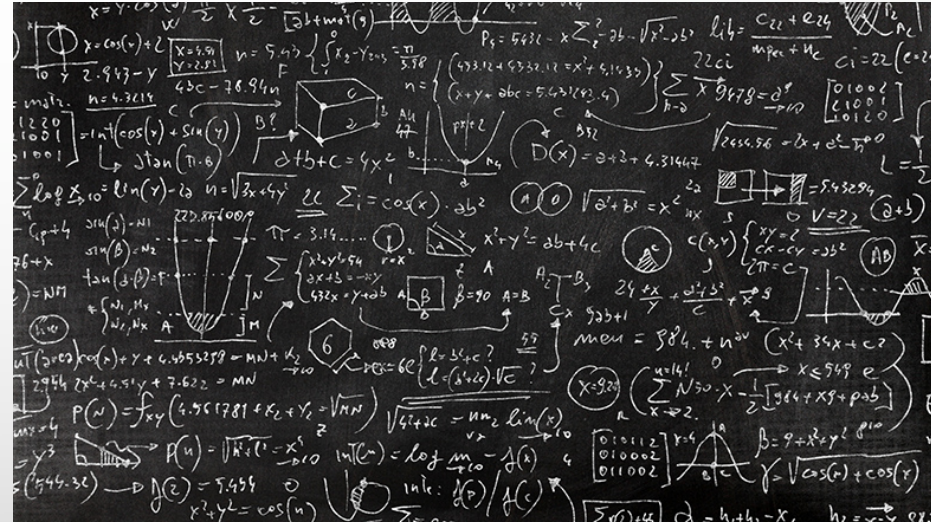
1. What are our reserves and fund balances and how have they changed in last 5 years?
Why?
2. What does our enrollment projections show? How reliable is our projections?
3. Budget forecast - how accurate has it been? What analysis has been completed?
4. What level of internal auditing are we completing? Deposits process and protocol?
5. Do we have a monthly budget monitoring report? Percentage wise, how does it compare to last year?
6. How have we done with budget to actual comparison in the past five years?
7. Special education funding - revenue and expenditures, what are the trends?
8. What is the next 20 years of our debt service? A bar chart is helpful to view.
9. What has been the trend on the school local property tax levy amount in past 5 years?
10. What is the current cash flow model show? Do we have to borrow? What is the investment strategy?

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SPECIAL EDUCATION

- SPECIAL EDUCATION EXPENDITURES EXCEED REVENUE
- USED TO WORRY ABOUT CROSS SUBSIDY
- IN ADDITION, KNOW YOUR FLOOR AND CEILING OF FUNDING
- STATE APPROPRIATION VERSUS \$ PER STUDENT, SO FINALIZING IS A CHALLENGE WITH PRORATION
- [HTTPS://EDUCATION.MN.GOV/MDE/DSE/SCHFIN/SPED/GUIDE/](https://education.mn.gov/mde/dse/schfin/sped/guide/)



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Resources

Ray

MASA

Colleagues

Financing Education in Minnesota

<https://www.house.leg.state.mn.us/Fiscal/Download/2187>

Minnesota School Finance: A Guide for Legislators

<https://www.house.leg.state.mn.us/hrd/pubs/mnschfin.pdf>

Minnesota School Finance History

<http://education.state.mn.us/MDE/dse/schfin/>

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Q&A

Questions?



CONTACT INFORMATION

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