



# A Financial Picture of Cadillac Area Public Schools

2002-2008



# Purpose

- This report will look at the data for Cadillac Area Public Schools for the years 2002-2008 and attempt to interpret that data in a way that makes it relevant.
- Note: While compiling financial data and statistics is a relatively objective process, the interpretation is much more subjective.



# Where do the numbers come from?

- Most of the information contained in this report came directly from the year end audits of Cadillac Area Public Schools.
- Information such as student counts, teacher counts and teacher demographics was provided separately by the central office for Cadillac Area Public Schools.
- Insurance information was provided by MESSA.
- Comparative data was taken from the Michigan Department of Education website and from Standard & Poor's School Matters website.



# Why Audits and Not Budgets?

- Audits are independently verified statements of a district's financial activity.
- A budget is a prediction of future financial activity made by the Superintendent.
- These predictions, by necessity, are made when much information is uncertain and are notoriously inaccurate.



# How is the data interpreted?

- According to the Website for Cadillac Area Public Schools:

***Education is a continuous process by which all students can learn through a shared responsibility of students, staff and community. It is essential that the school provide a diversified curriculum that challenges each student to achieve his/her potential academically, emotionally, physically and socially. Each student will be a productive, self-reliant and responsible member of our changing global society.***



# In other words...

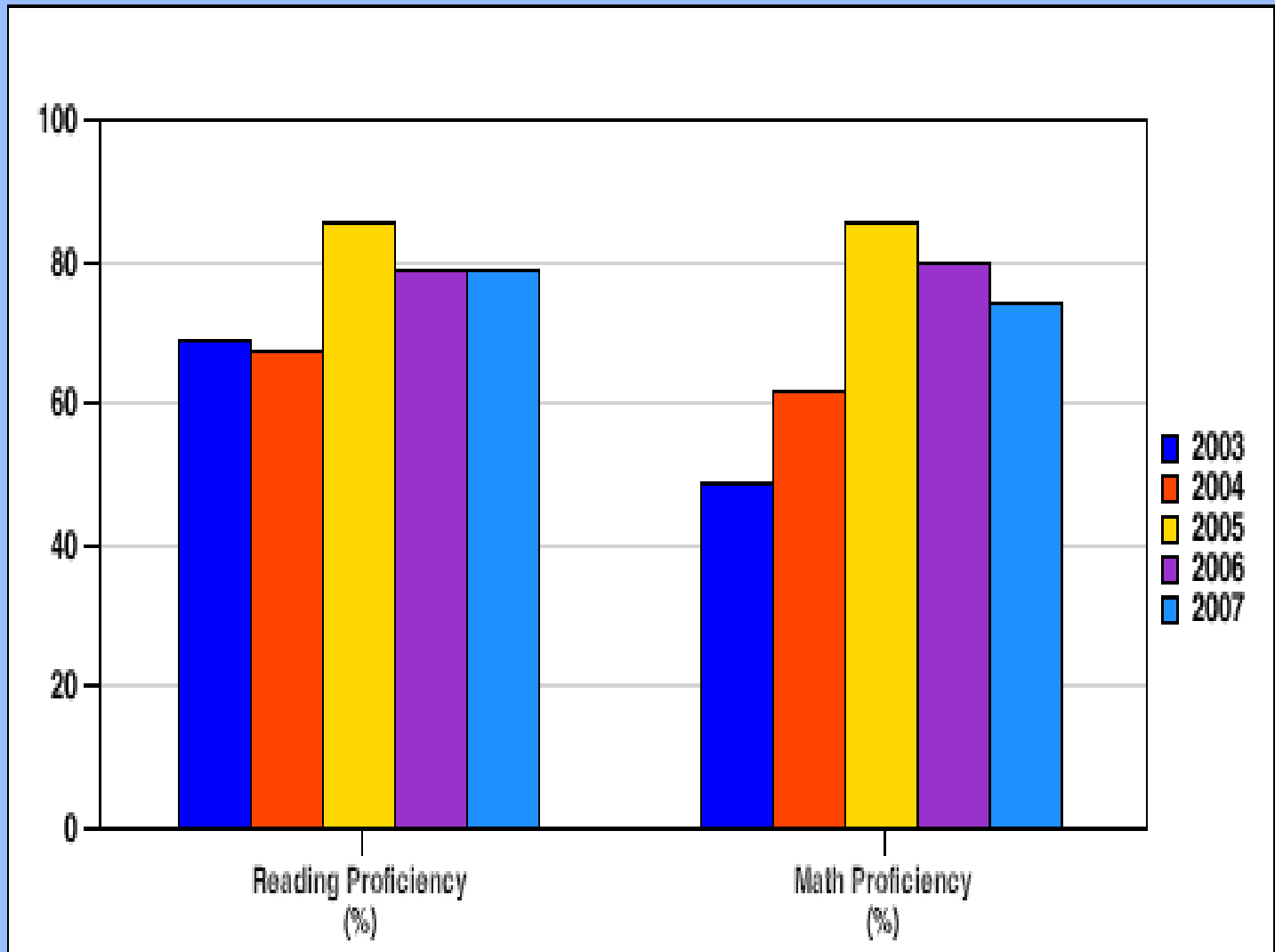
- It is the core purpose of Cadillac Area Public Schools to Teach Kids.
- And in that effort the district's single biggest resource is its teachers and staff.



How is it working?

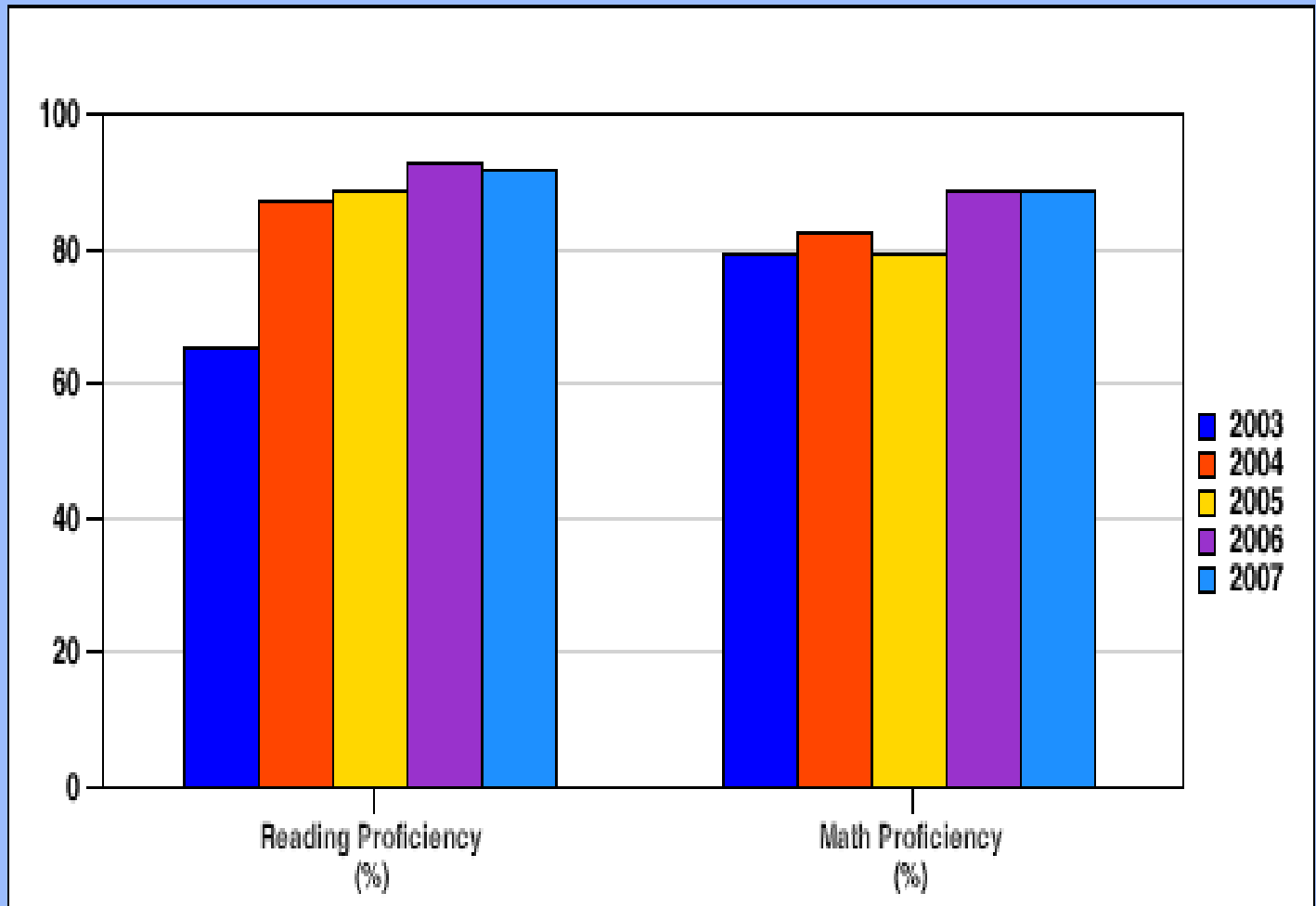


# Franklin Elementary

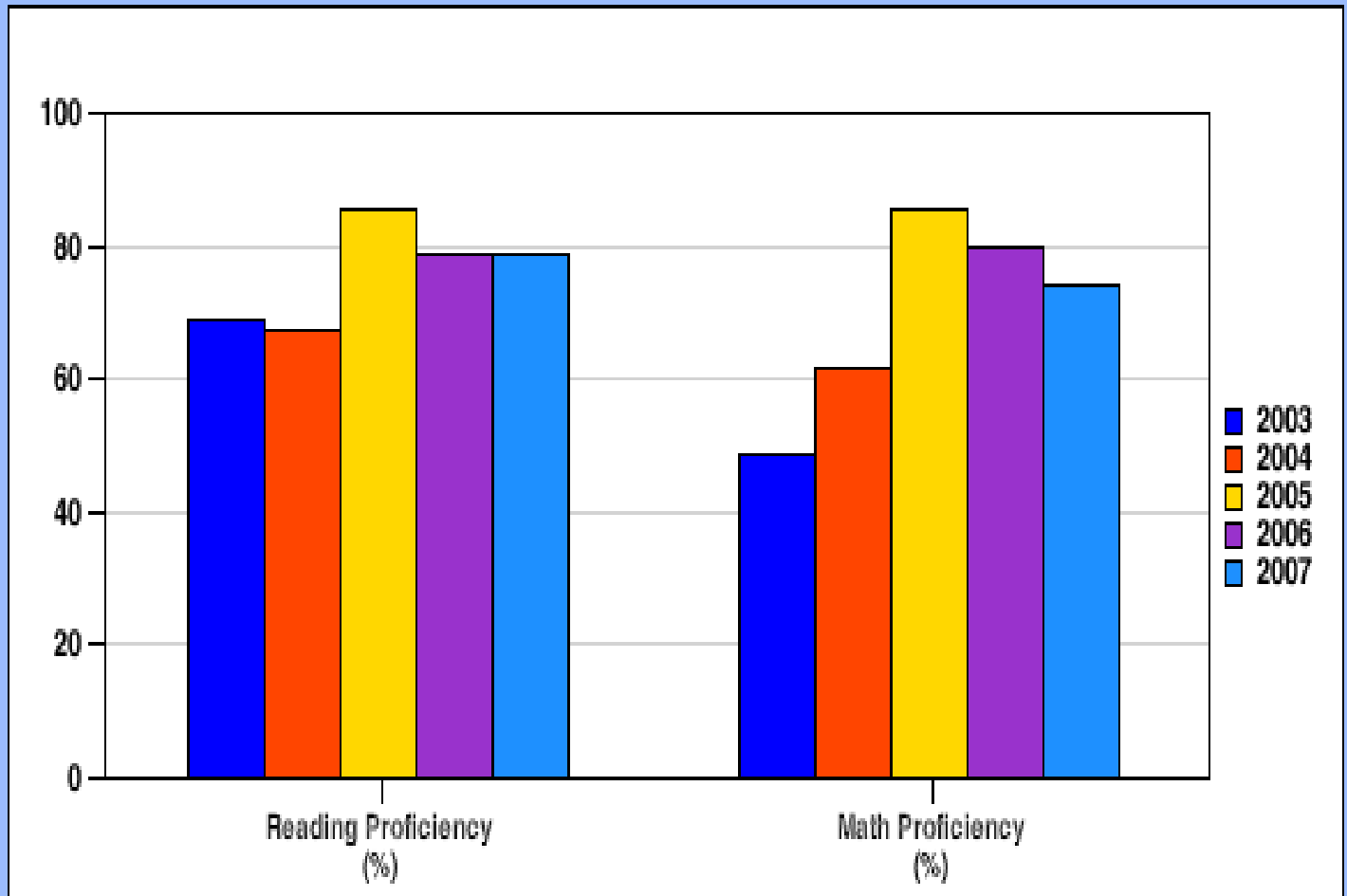




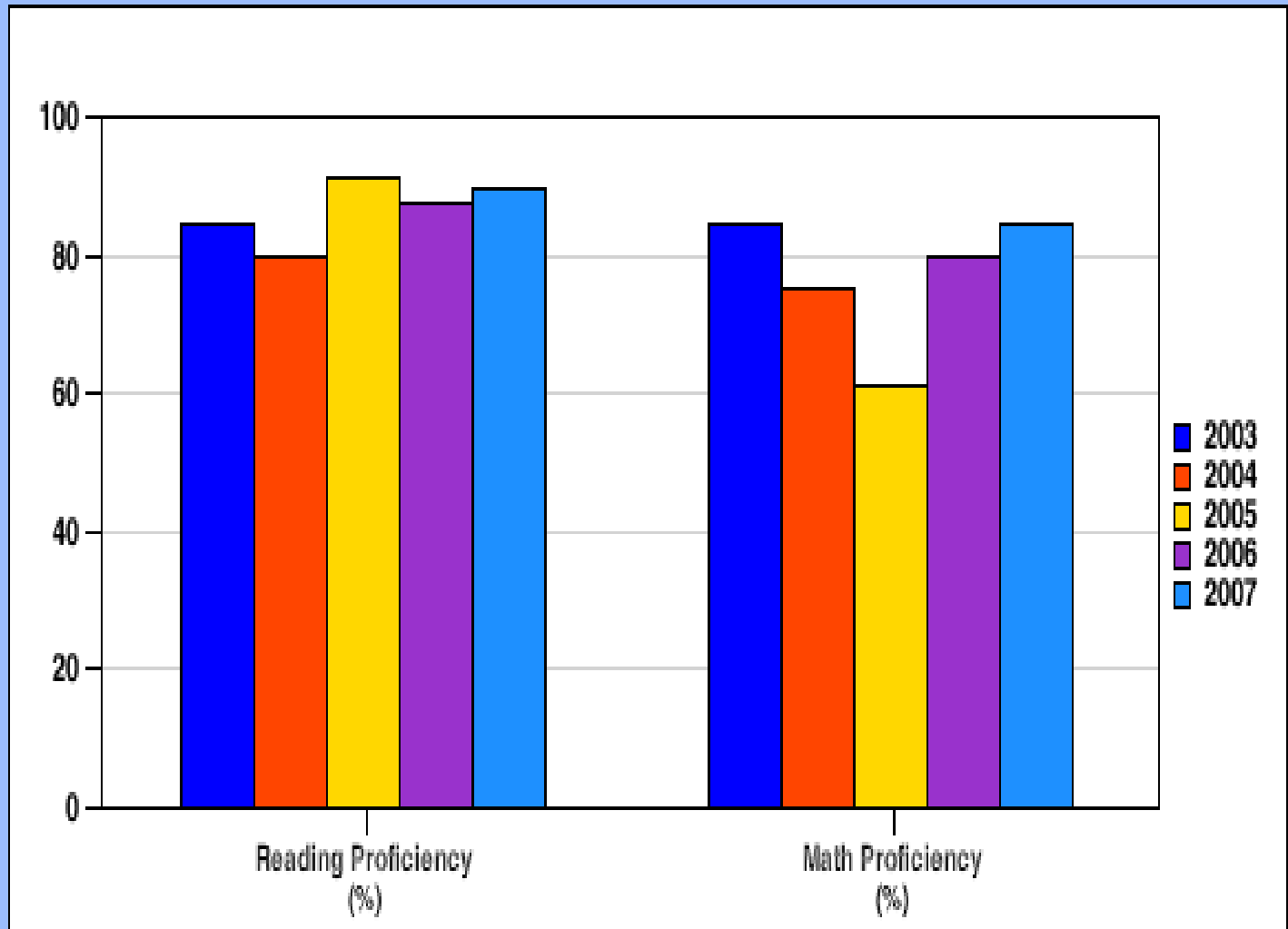
# Kenwood Elementary



# Lincoln Elementary

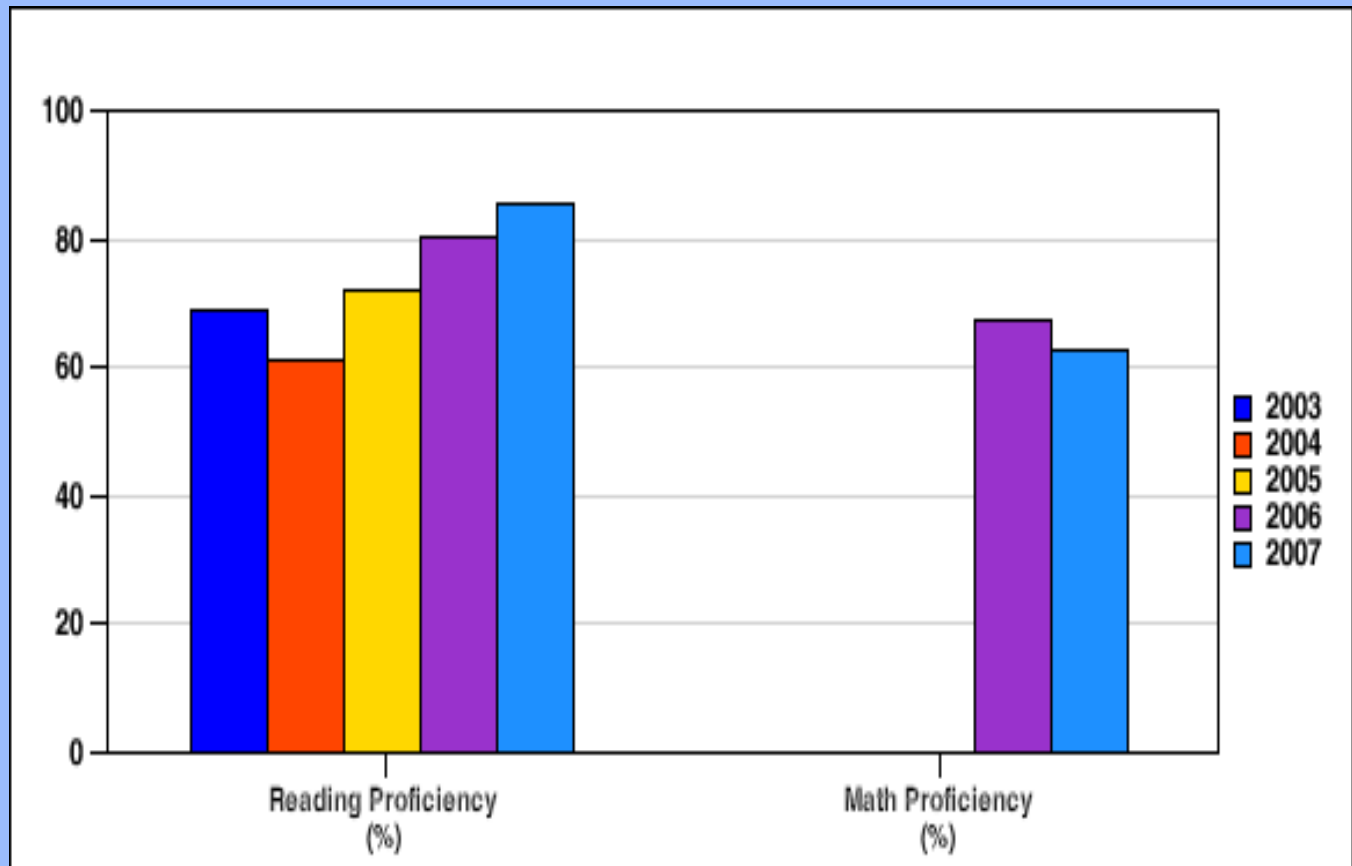


# McKinley Elementary

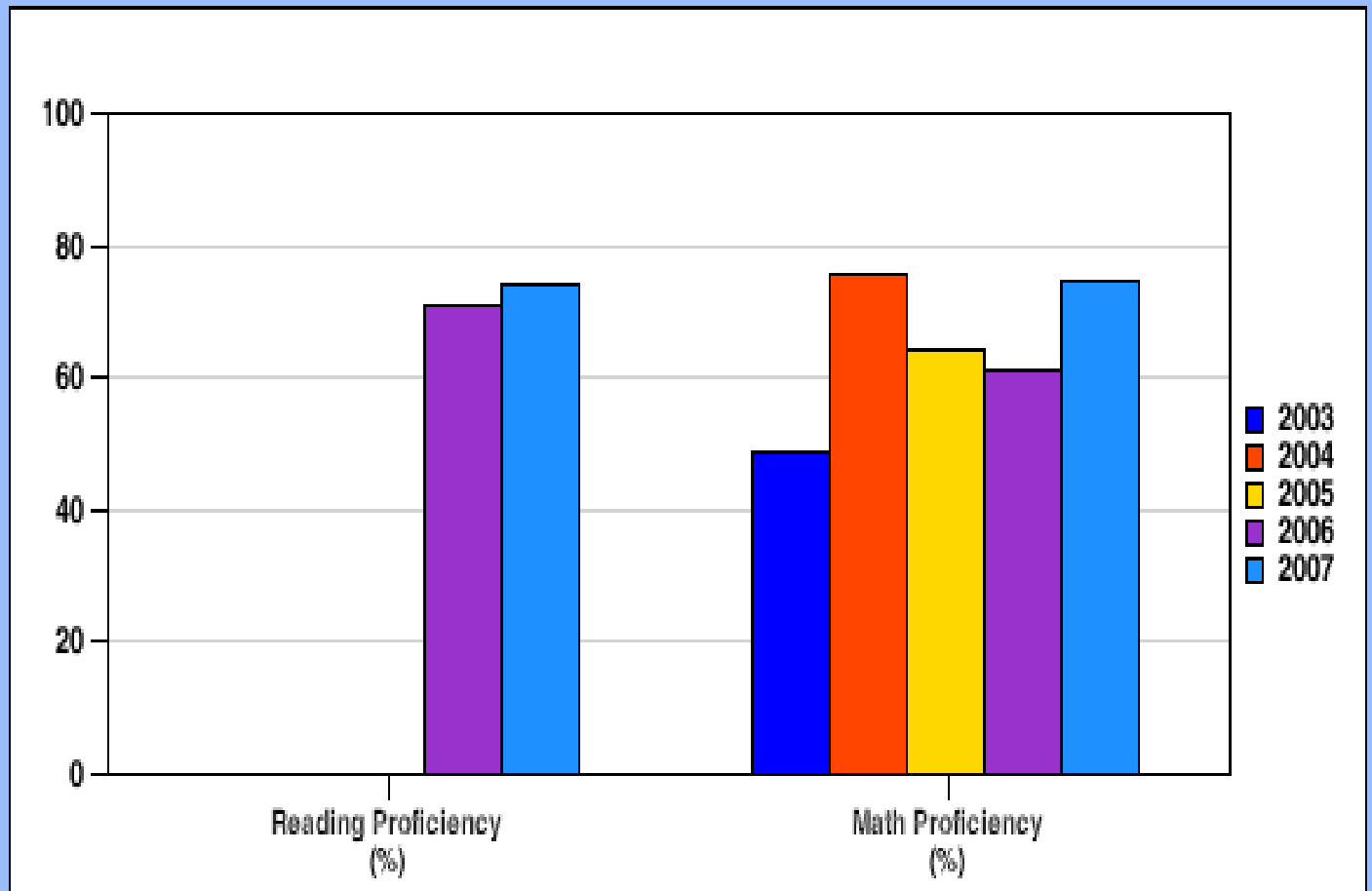




# Mackinaw Trail Middle School

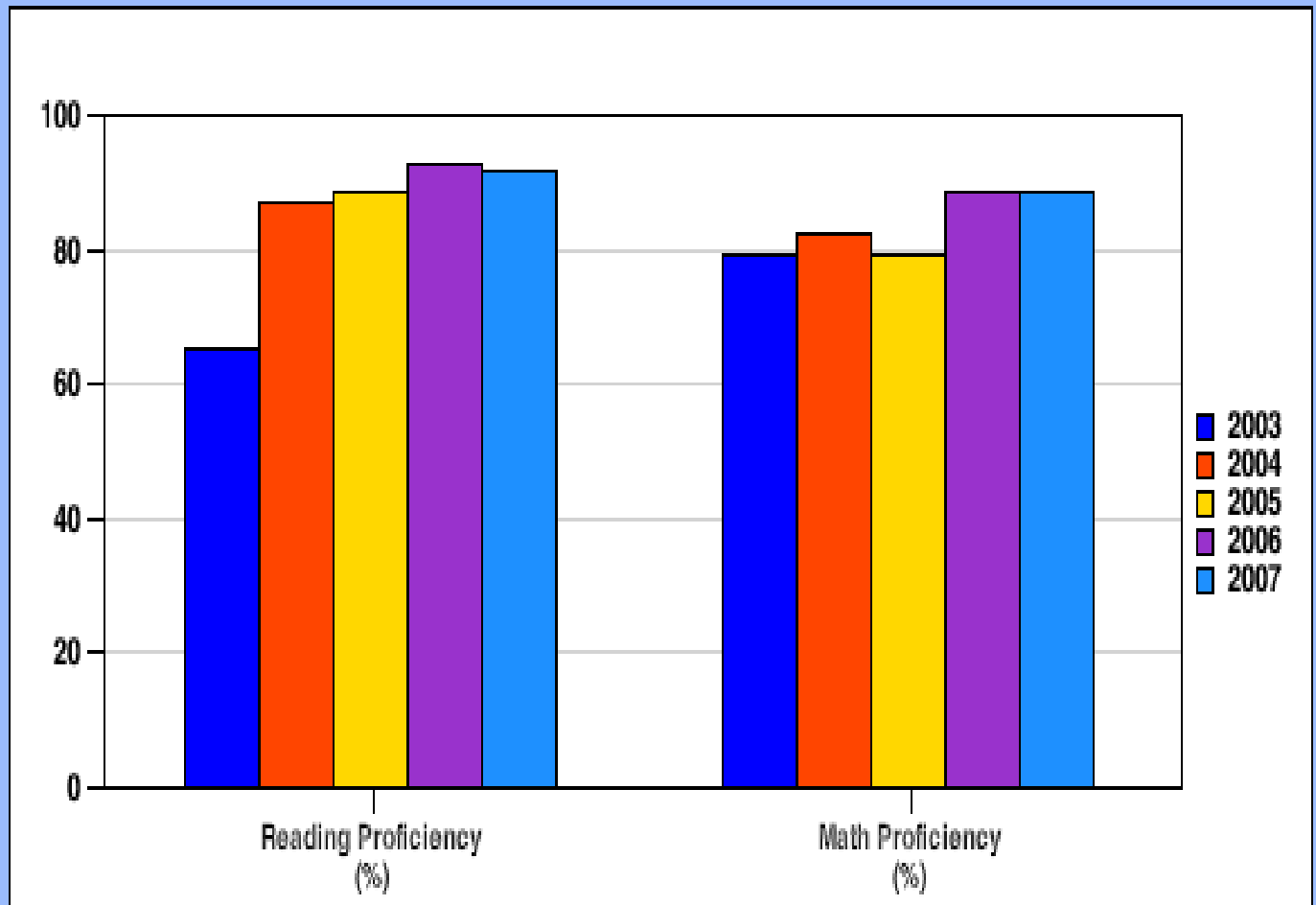


# Cadillac Jr. High



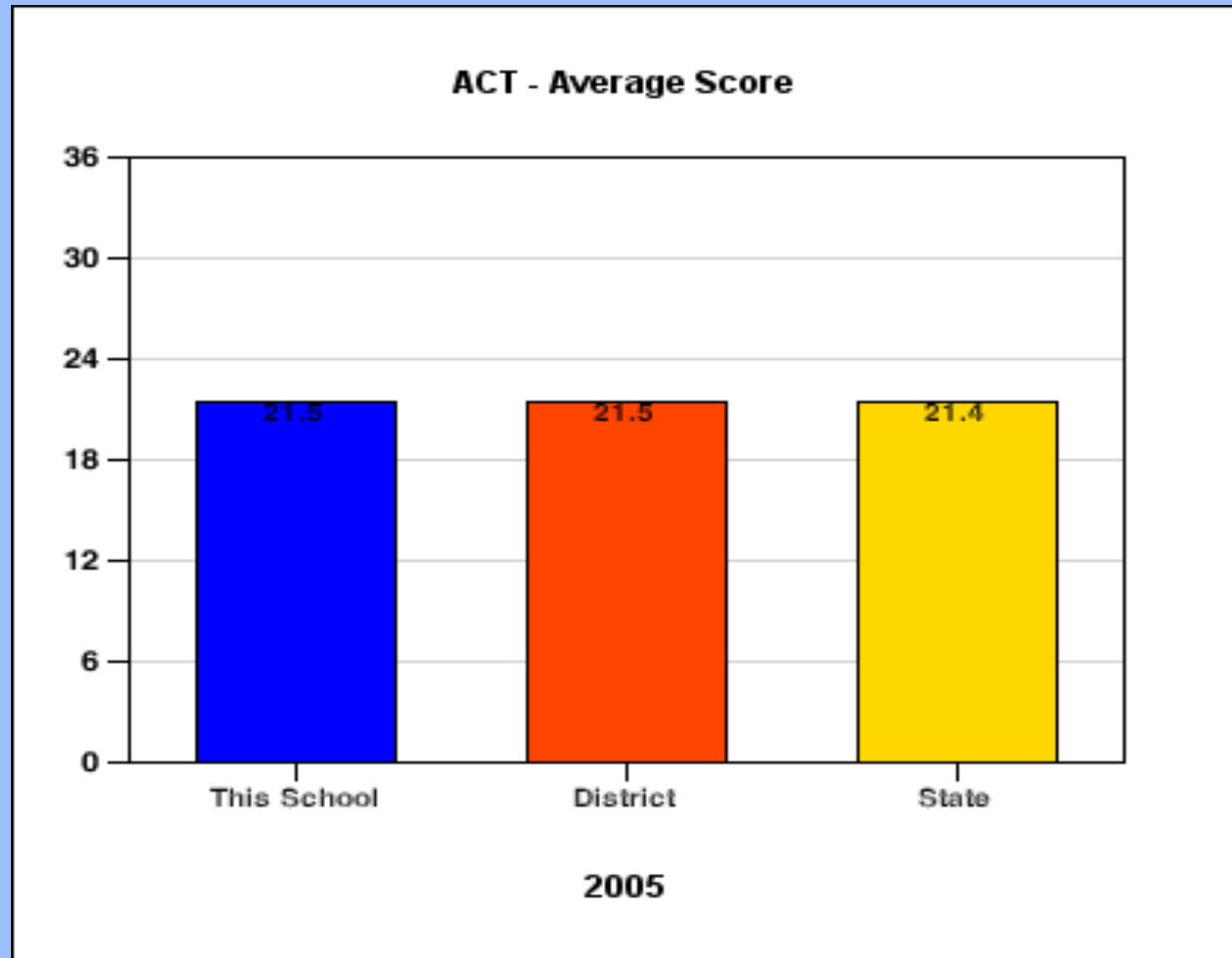


# Cadillac High School





# Cadillac High School





# Summary

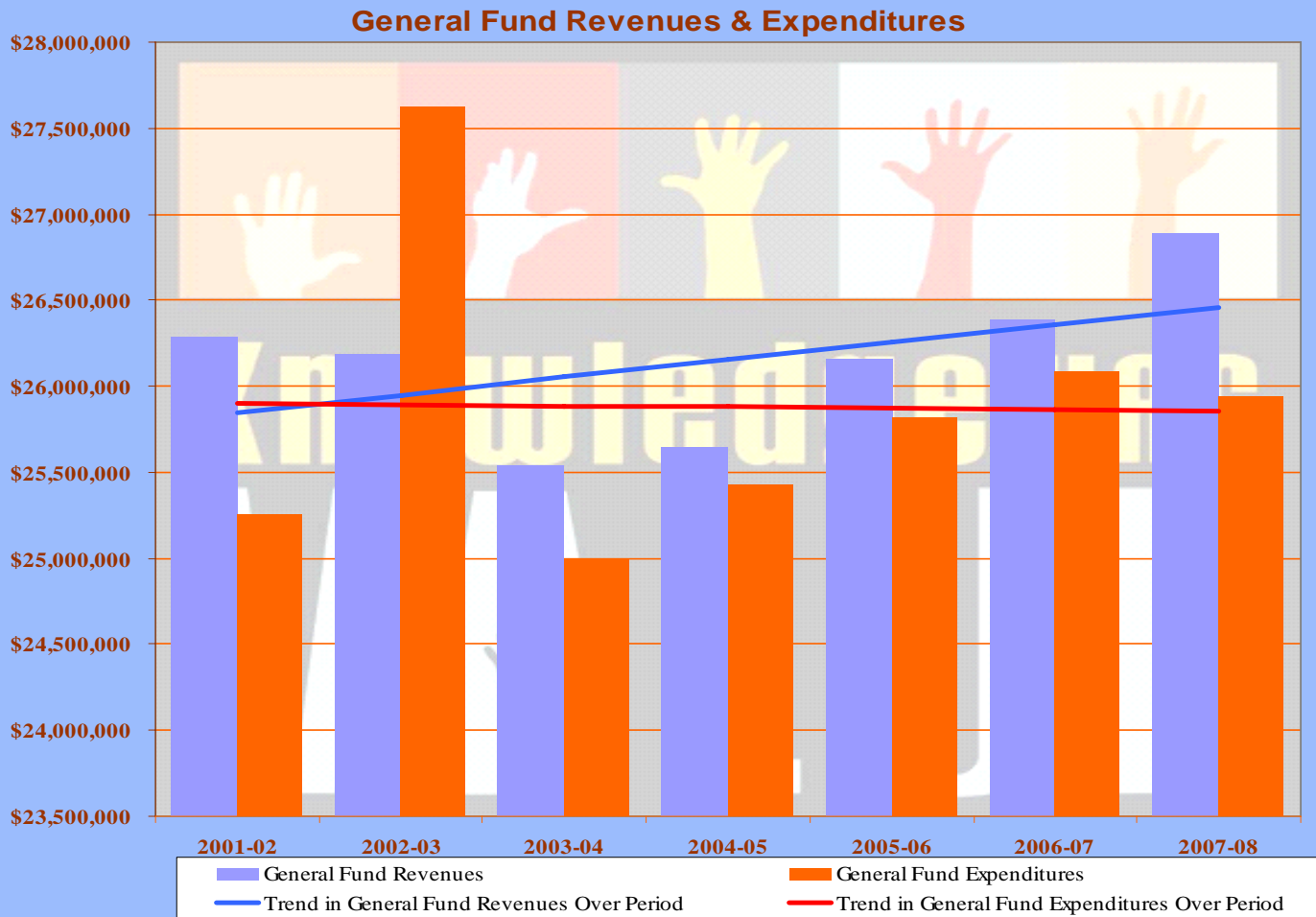
- Students at all levels continue to show improved skills.
- Students perform above the state average on all skills.



# District Finances

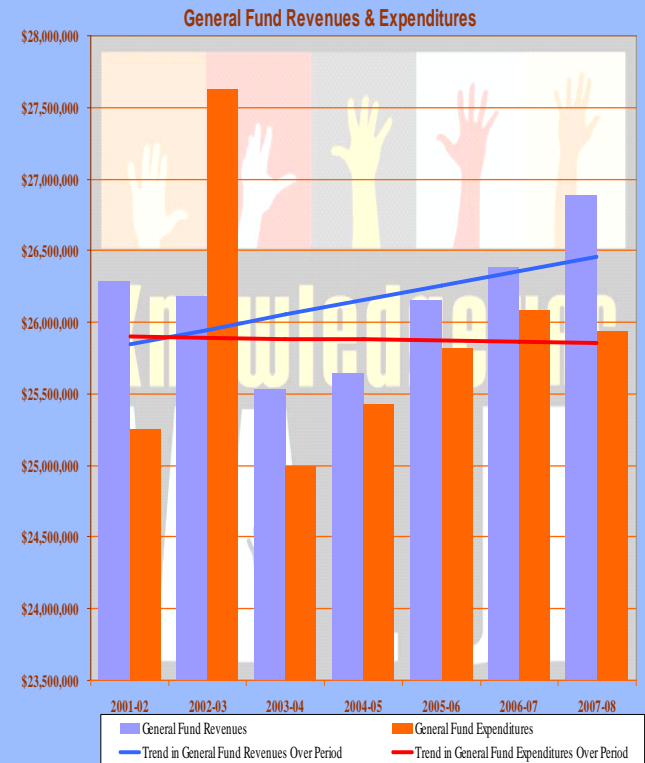


# General Fund Revenues and Expenditures



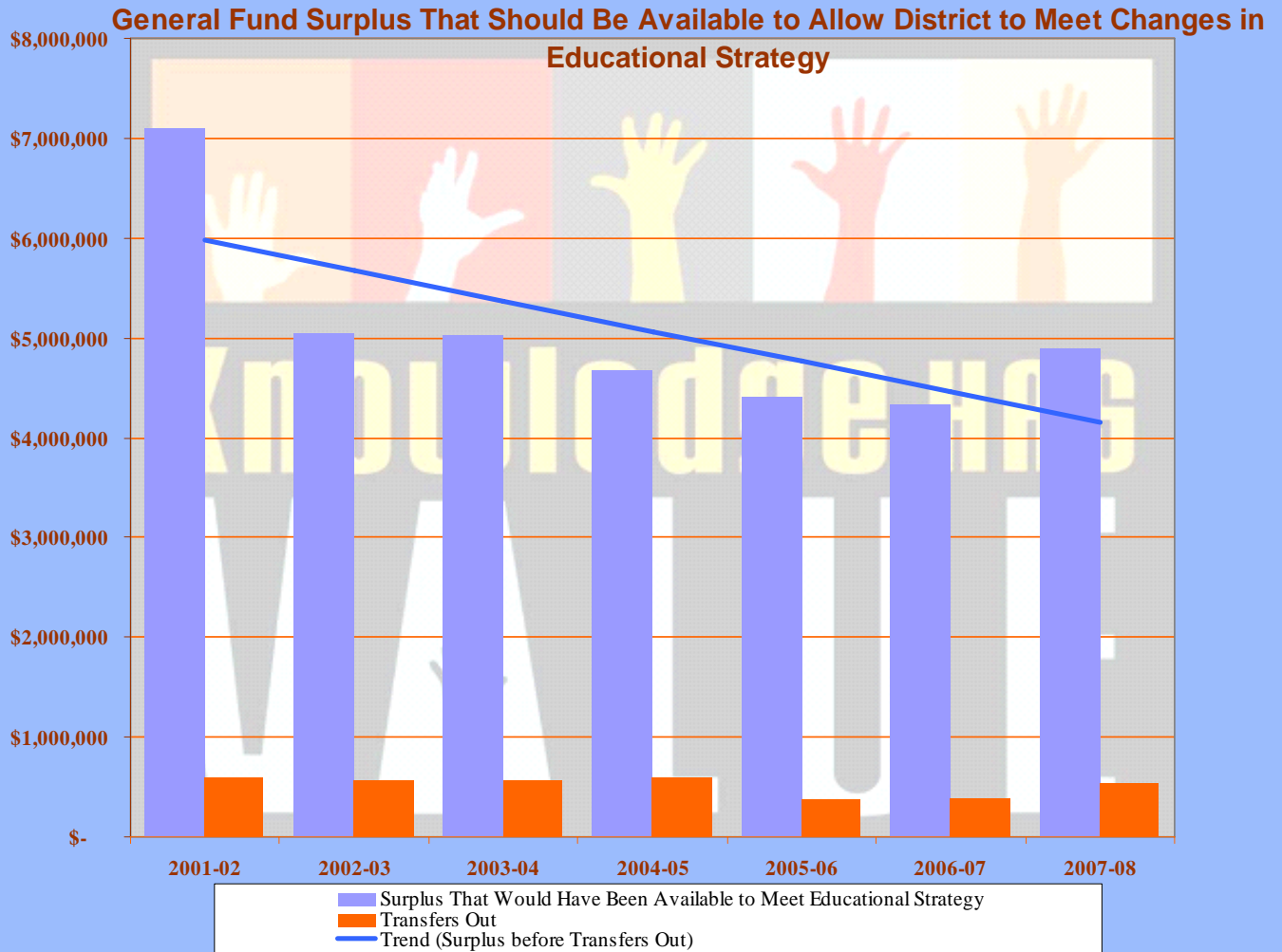
# Revenues and Expenditures

- Revenues have out paced expenditures each year over the last seven year with only 2002-2003 as the exception.
- More about 2002-2003 later.



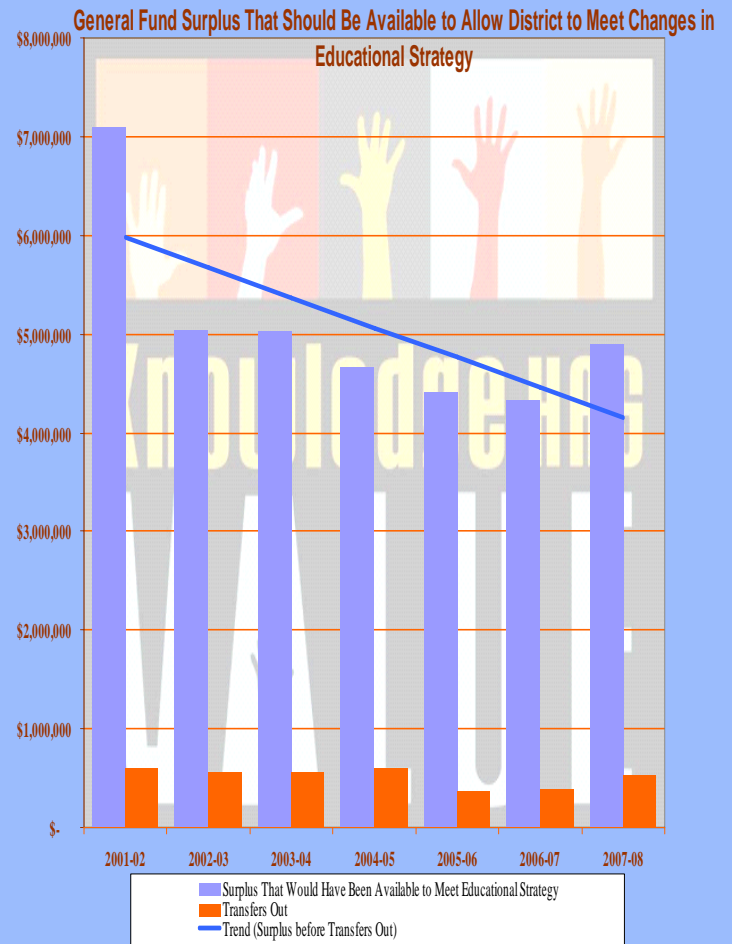


# General Fund Balance



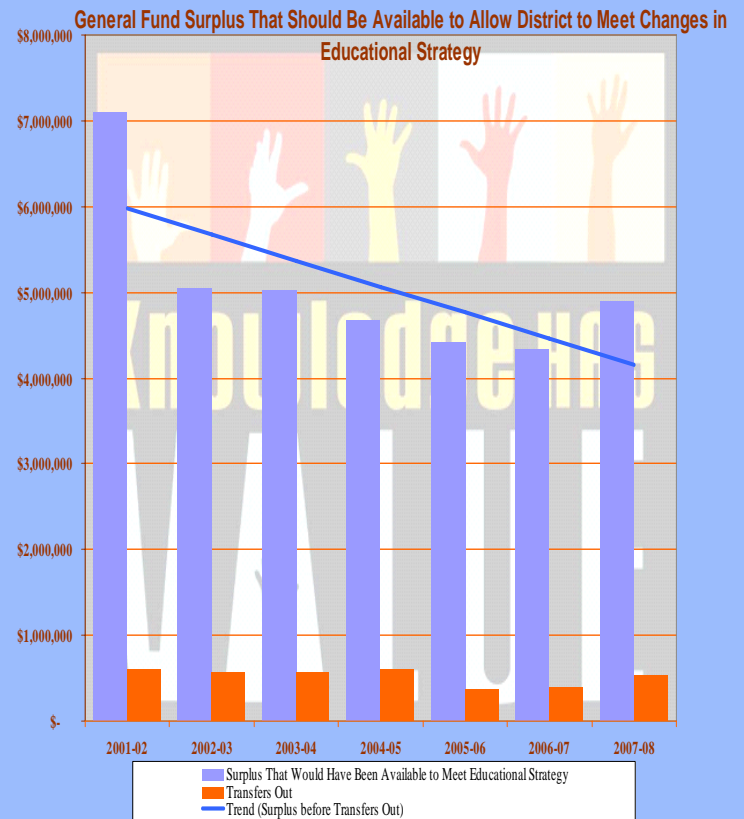
# Surplus Drop in 2003

- The district implemented an ERI and tech. infrastructure upgrade in 2003 in the amount of \$1,062,536.
- Neither expenditure was budgeted and thus caused the sharp decline in Fund Surplus.



# Steady Fund Surplus

- Since the unplanned expenditures in 2003 the district has maintained a steady General Fund Surplus of between 15% to 17% over the last six years.



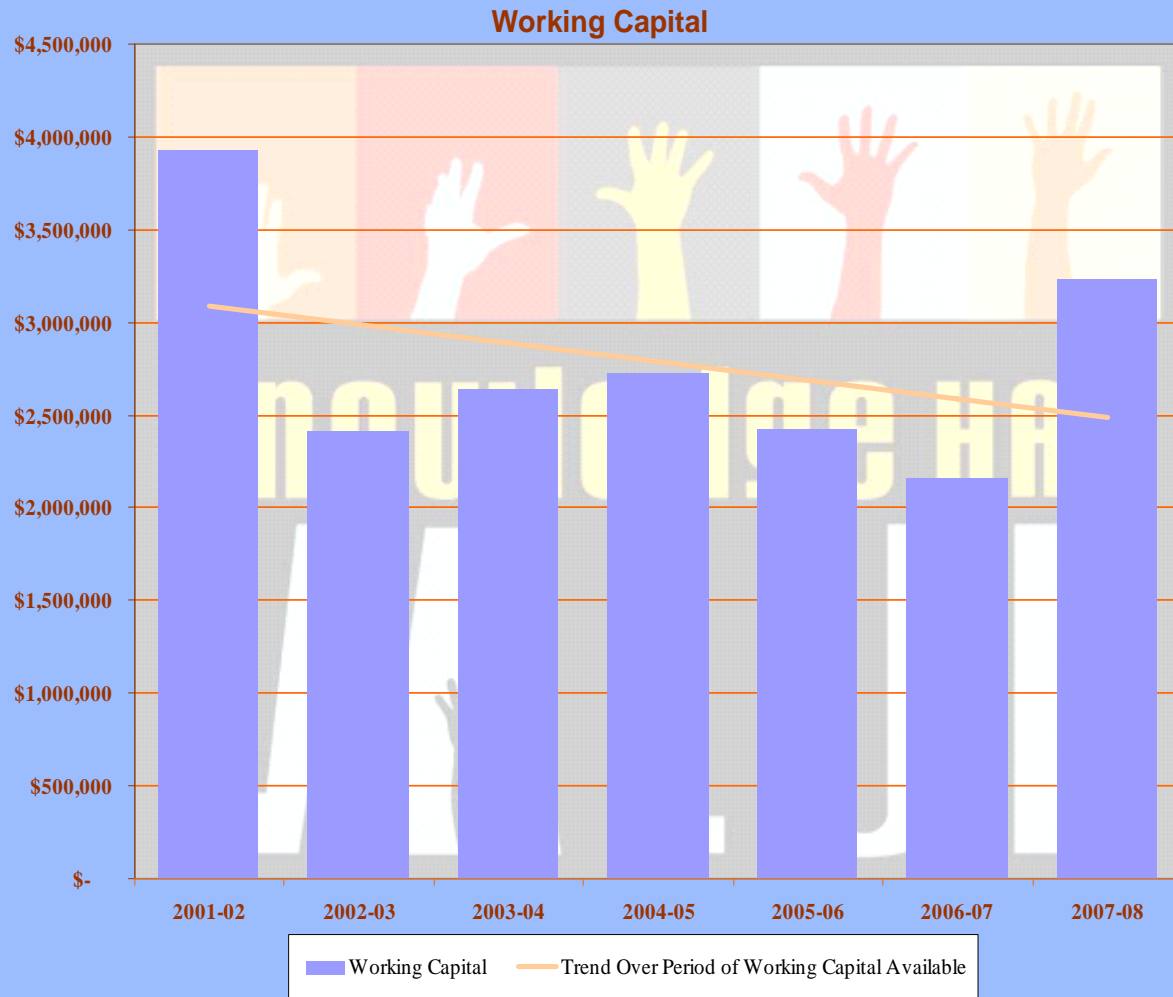


# A Word on Fund Balances.

- Many people use a district's fund balance as a marker of the district's financial health.
- The fund balance is simply the assets available to the district that have not yet been used.
- A better indicator of financial health may be working capital or cash and investments on hand.

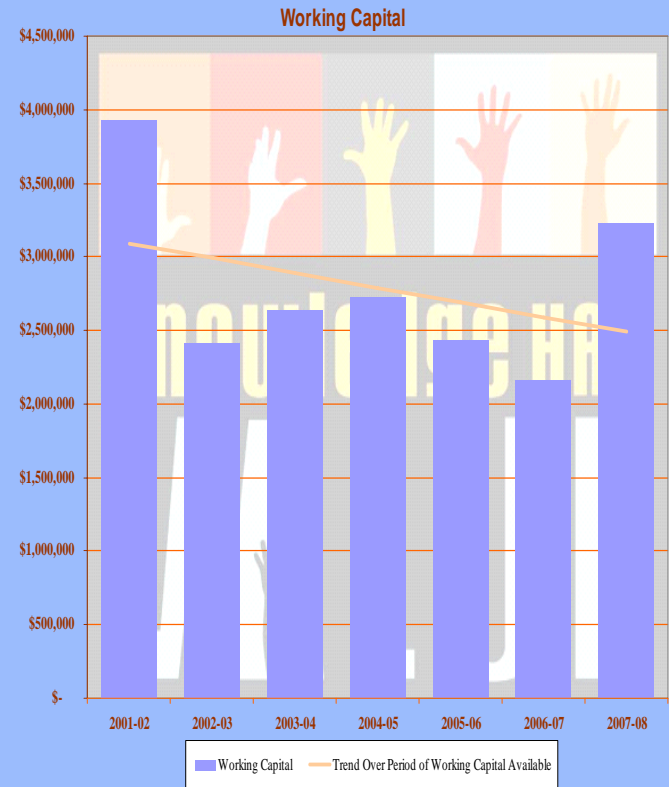


# Working Capital at the Close of the Fiscal Year



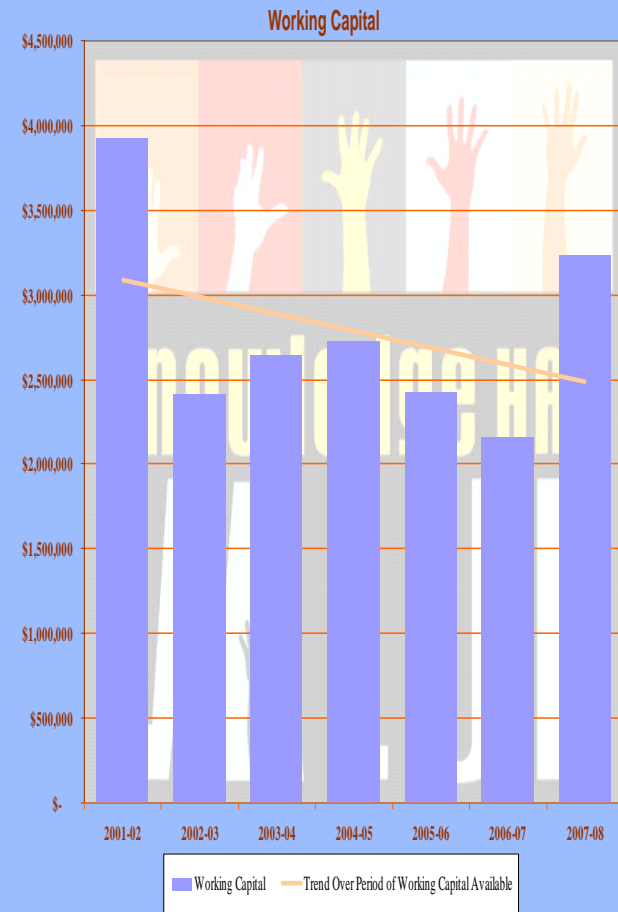
# Stable Cash Resources

- As well as increasing revenue each year the district's working capital has remained essentially stable for the past 7 years



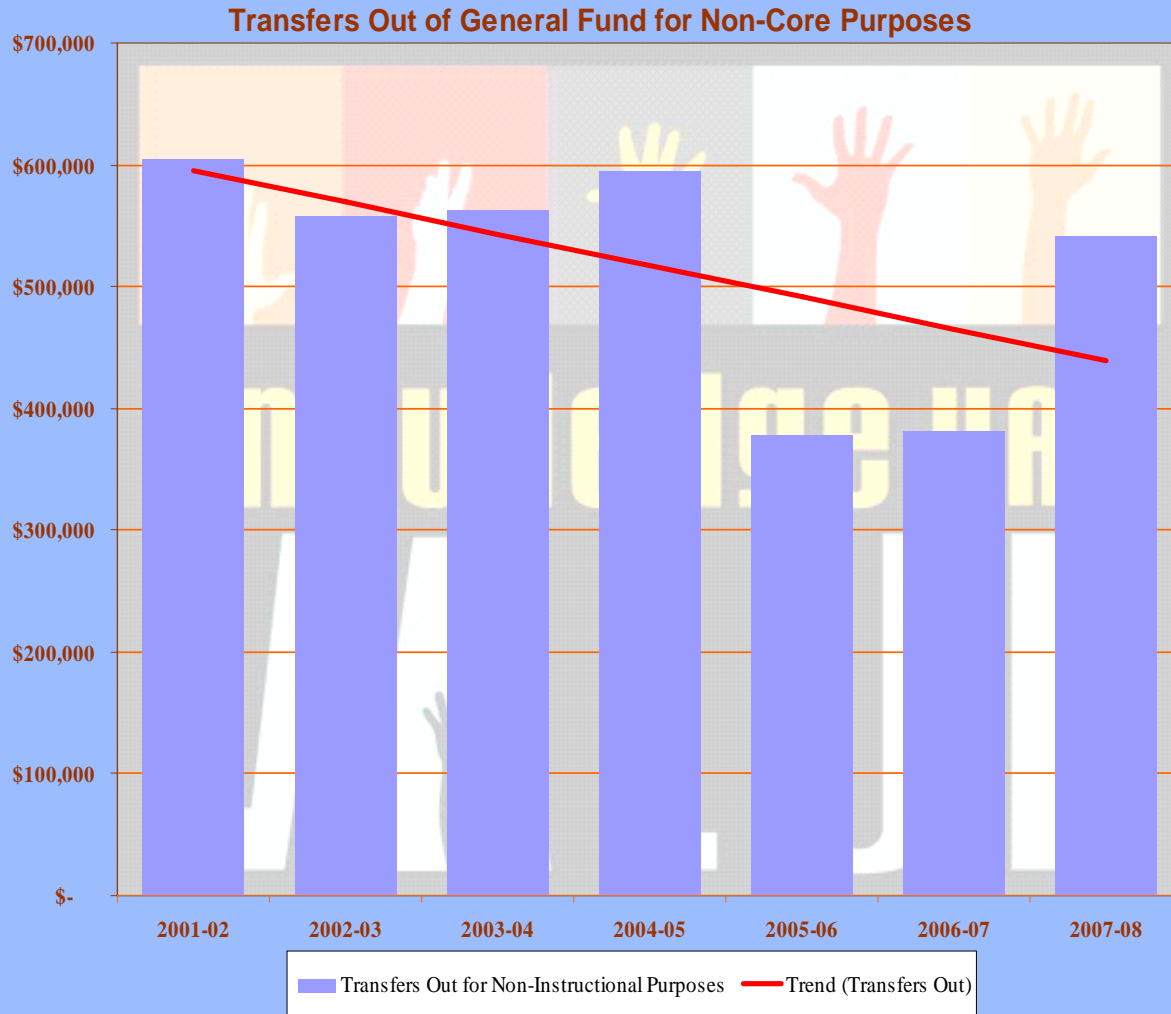
# Stable Cash Resources

- The district closed the 2008 year with \$3.2 million in cash and short term investment.
- This represents a very stable cash flow position.





# Transfers out of General Fund





# Transfers in from General Fund in 2008

- Athletics \$505,361
- Recreation Fund \$10,000
- Camp Torenta \$26,000
  
- Capital Projects \$50,000 From Food Service



# General Fund Surplus

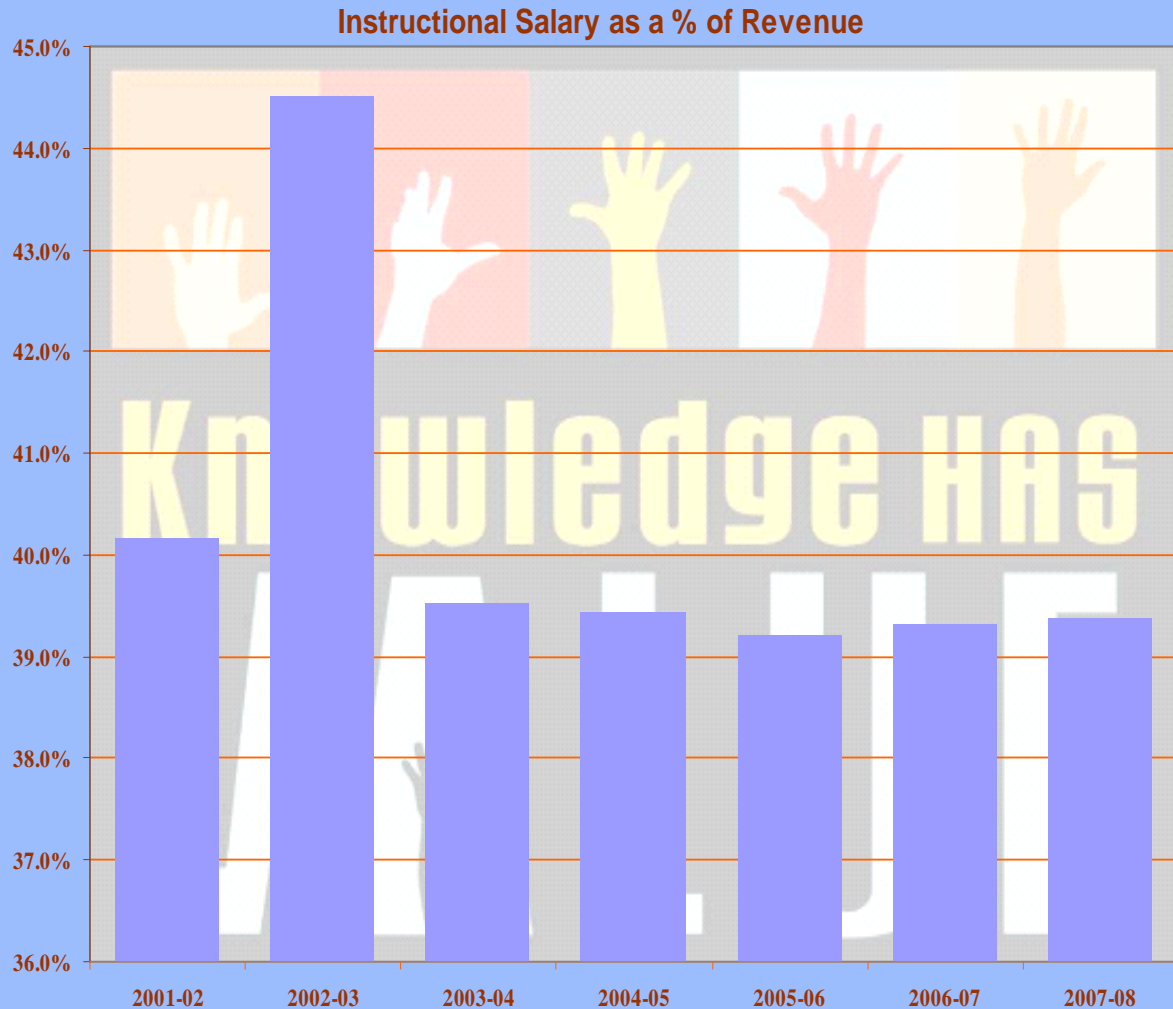
- On June 30, 2008 the General fund Surplus was \$4,358,133, 16.2% of revenues.
- To put the size of the fund surplus in perspective think of it this way. It is an amount equal to **\$23,655** per Cadillac Classroom.



Where is the money being spent?



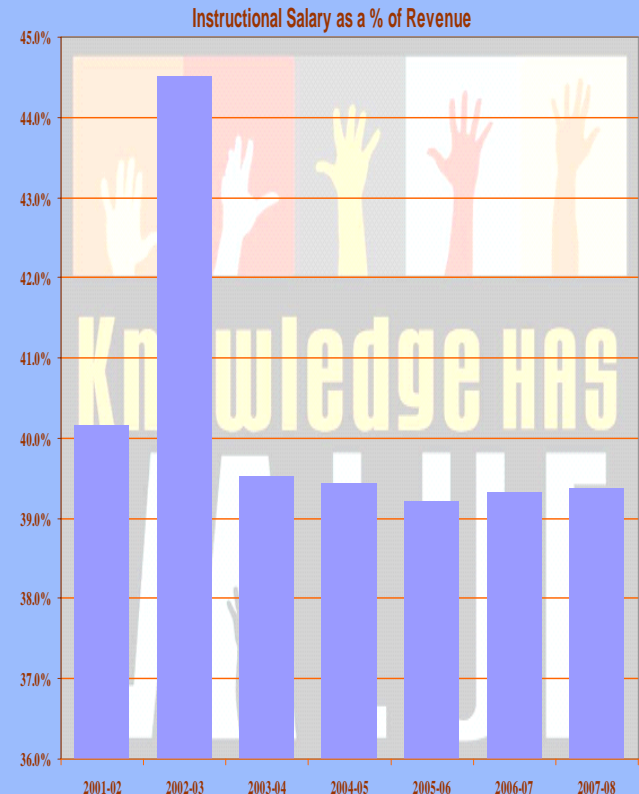
# Teacher Salary





# Salary Spike 2003

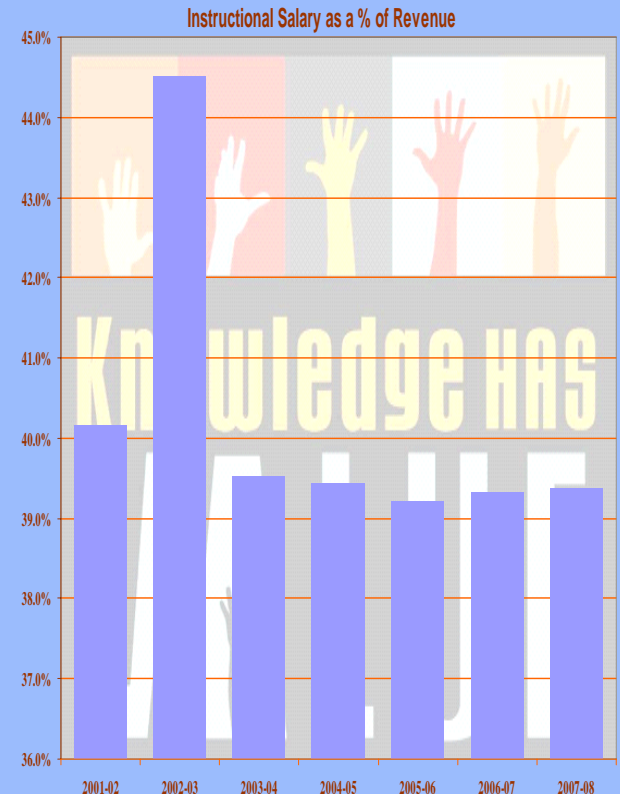
- During the 2002-03 school year an ERI was accepted by many staff causing an amount of \$833,000 to be reflected as salary.
- This results in the 2003 salary looking inflated.





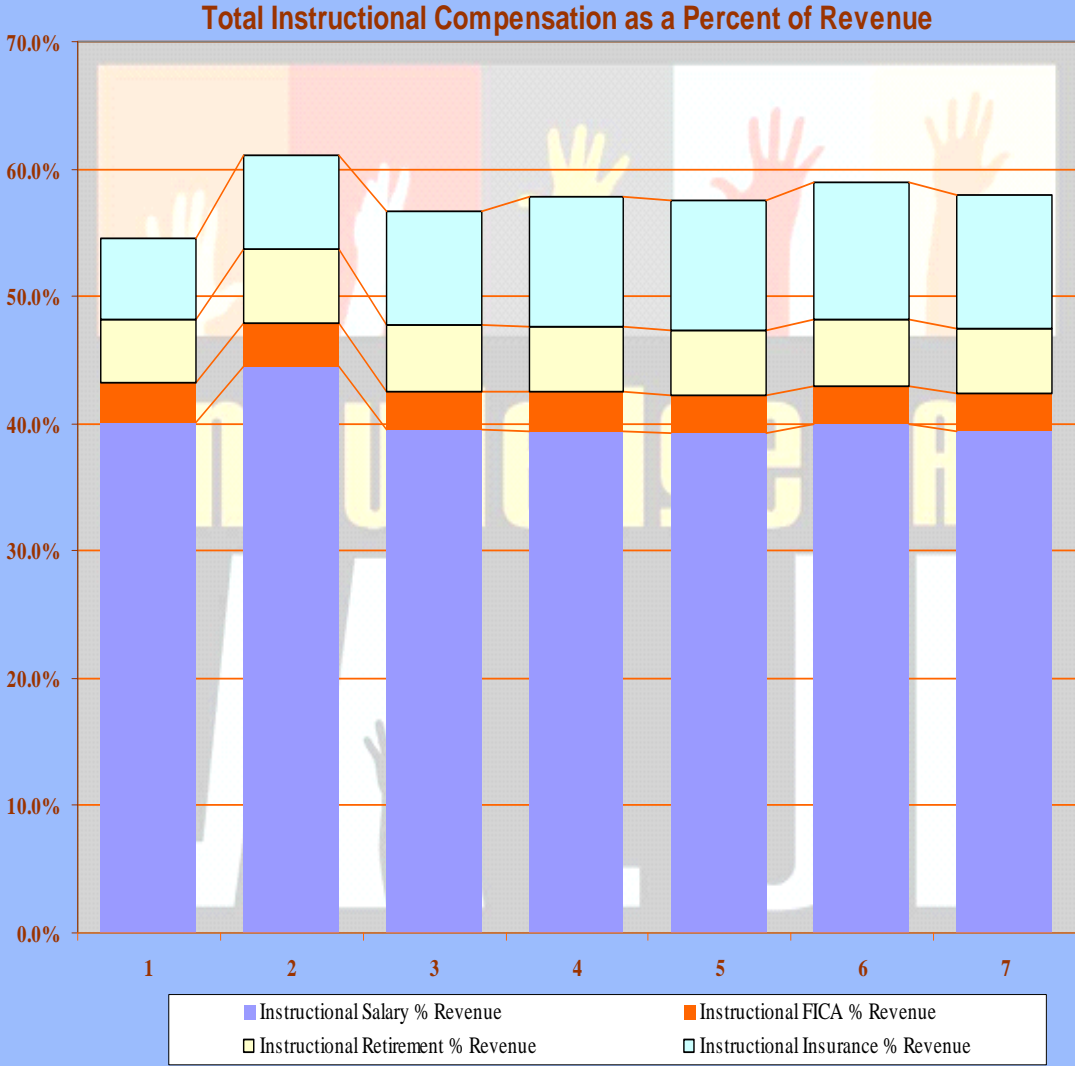
# Teacher Salary

- Teacher salary as a percent of revenue has remained flat for the past five years.
- However, the percent of revenue dedicated to teacher salary in 2008 has actually declined as compared to the percent of revenue dedicated in 2002.



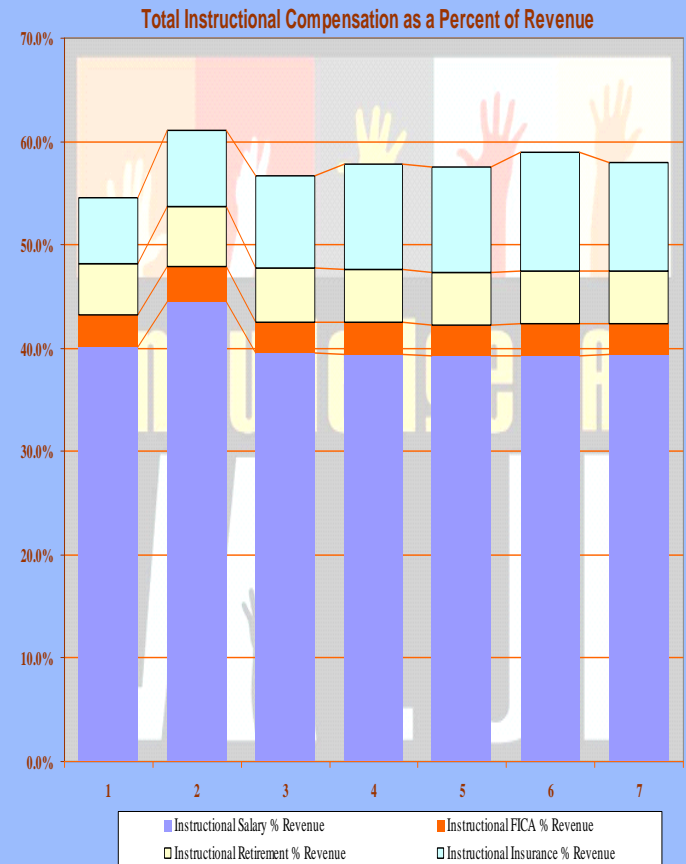


# Instructional Compensation



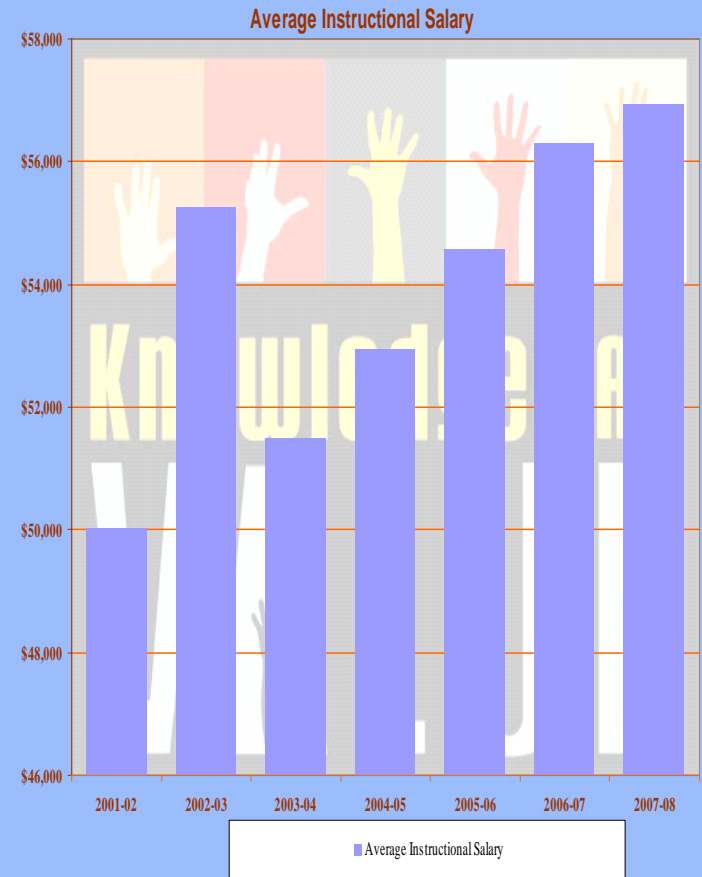
# Instructional Compensation

- The average for instruction compensation in the state of Michigan is 56% of general fund revenues.
- Cadillac remains very near the state average.
- **Compensation has remained flat as a percent of revenue.**



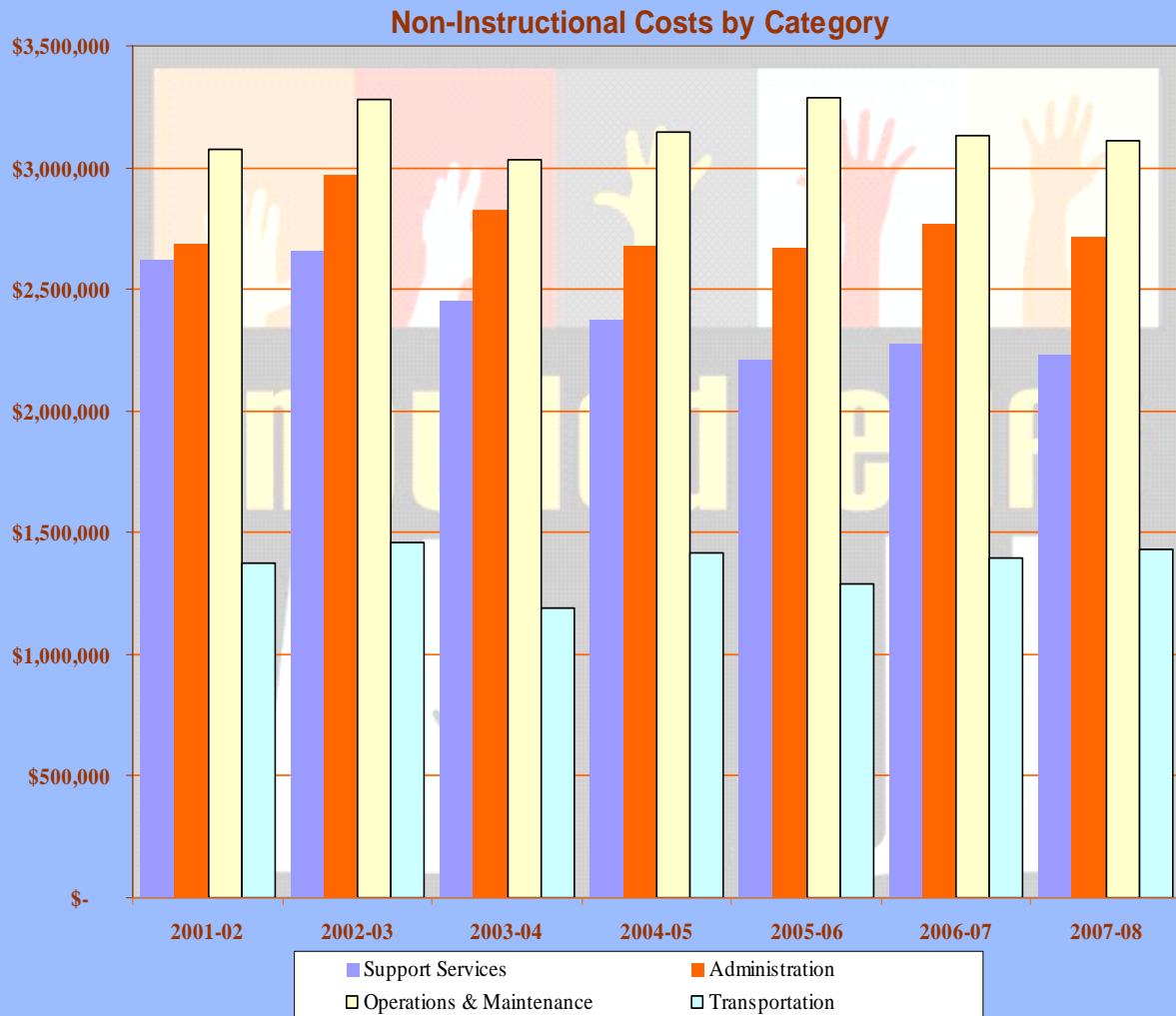
# Veteran Teaching Staff

- Average teacher salary has surpassed the average at the time of the last severance incentive in 2003.





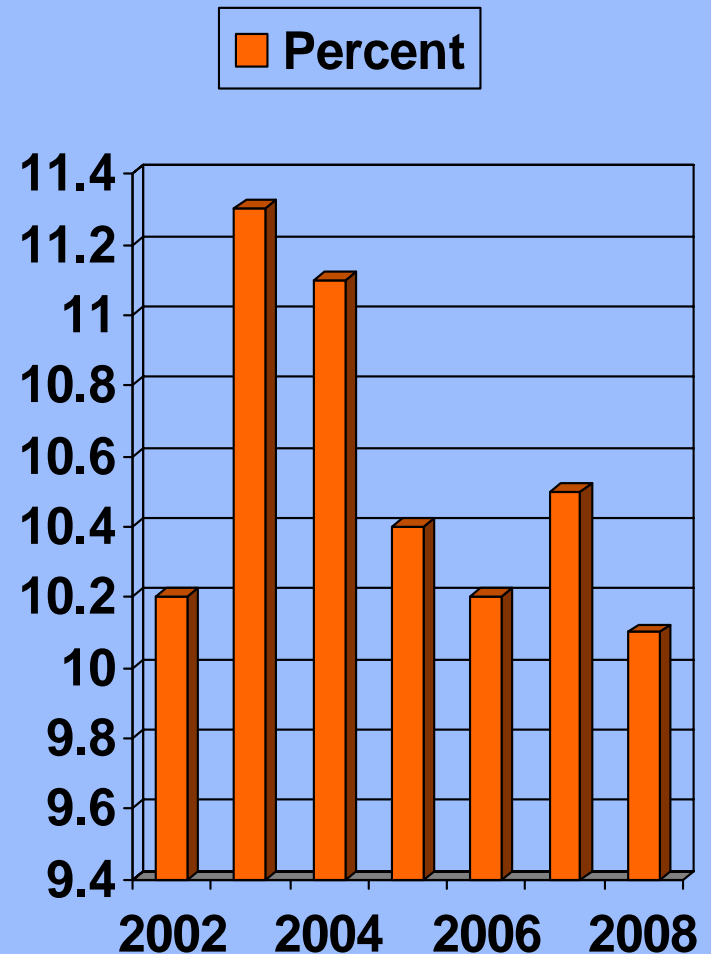
# Non-Instructional Expenditures





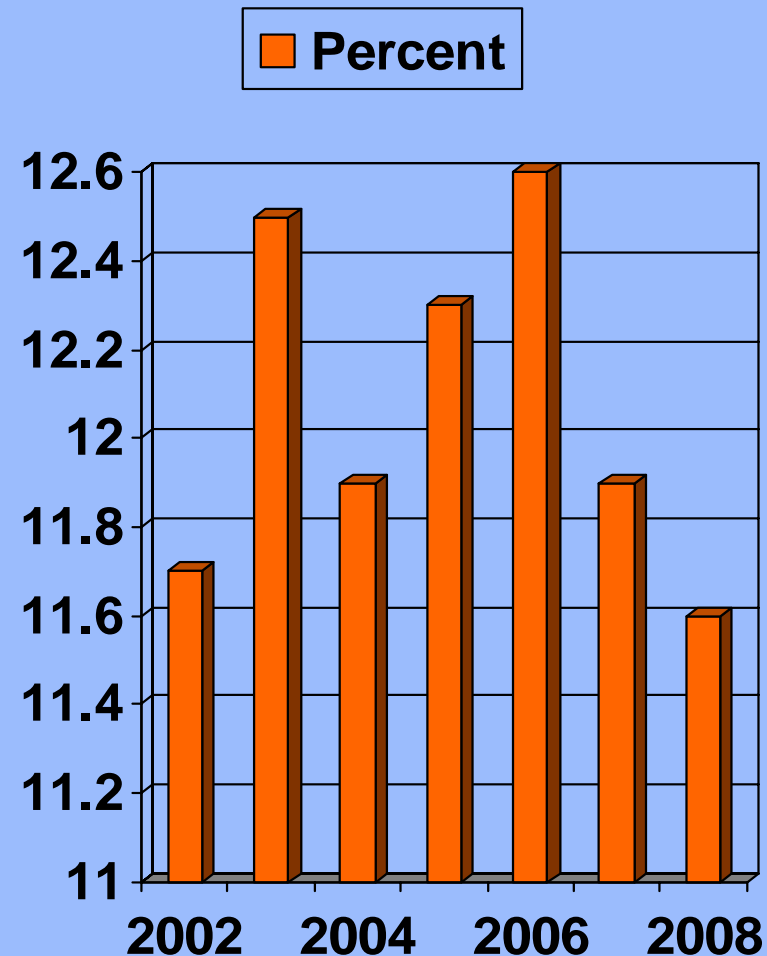
# Administration includes administrators, secretaries and business staff.

- In Michigan, the average district spends 11.1 % of revenue on administration.
- For the last four years administration expenditures have been below average.



# Operations and Maintenance includes custodians, utilities and maintenance costs.

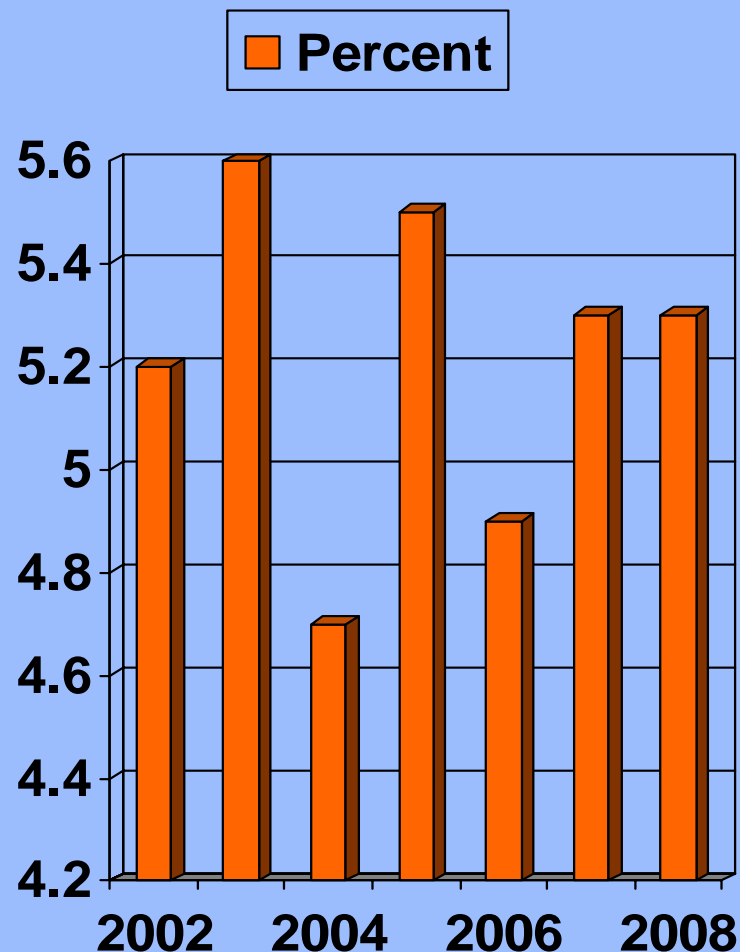
- The average Michigan School District Spends 10% of revenue on Operations and Maintenance.
- Operations and Maintenance percent of revenues has declined the last two years yet remains above average.





# Transportation as a Percentage of Revenue

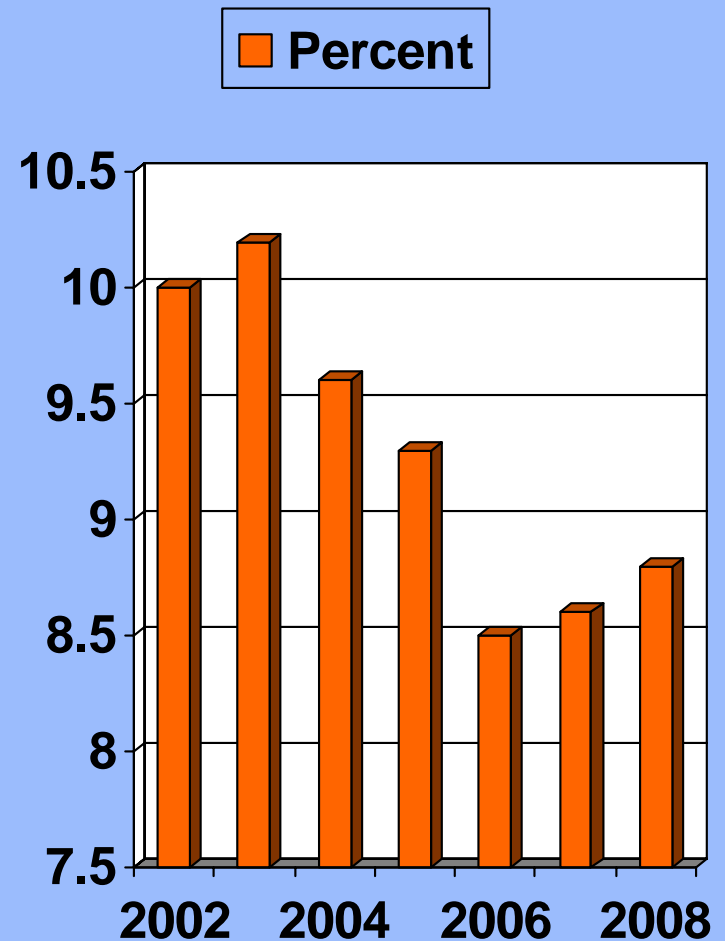
- An average Michigan School district spends 4.4% of revenue on transportation.
- Cadillac schools spend an above average portion of revenue on transportation.





# Supporting Services includes media center, counselors, para pros, and other health services

- An average Michigan School spends 7.4% of revenue on Supporting Services.
- Cadillac Schools have reduced the amount dedicated for supporting services

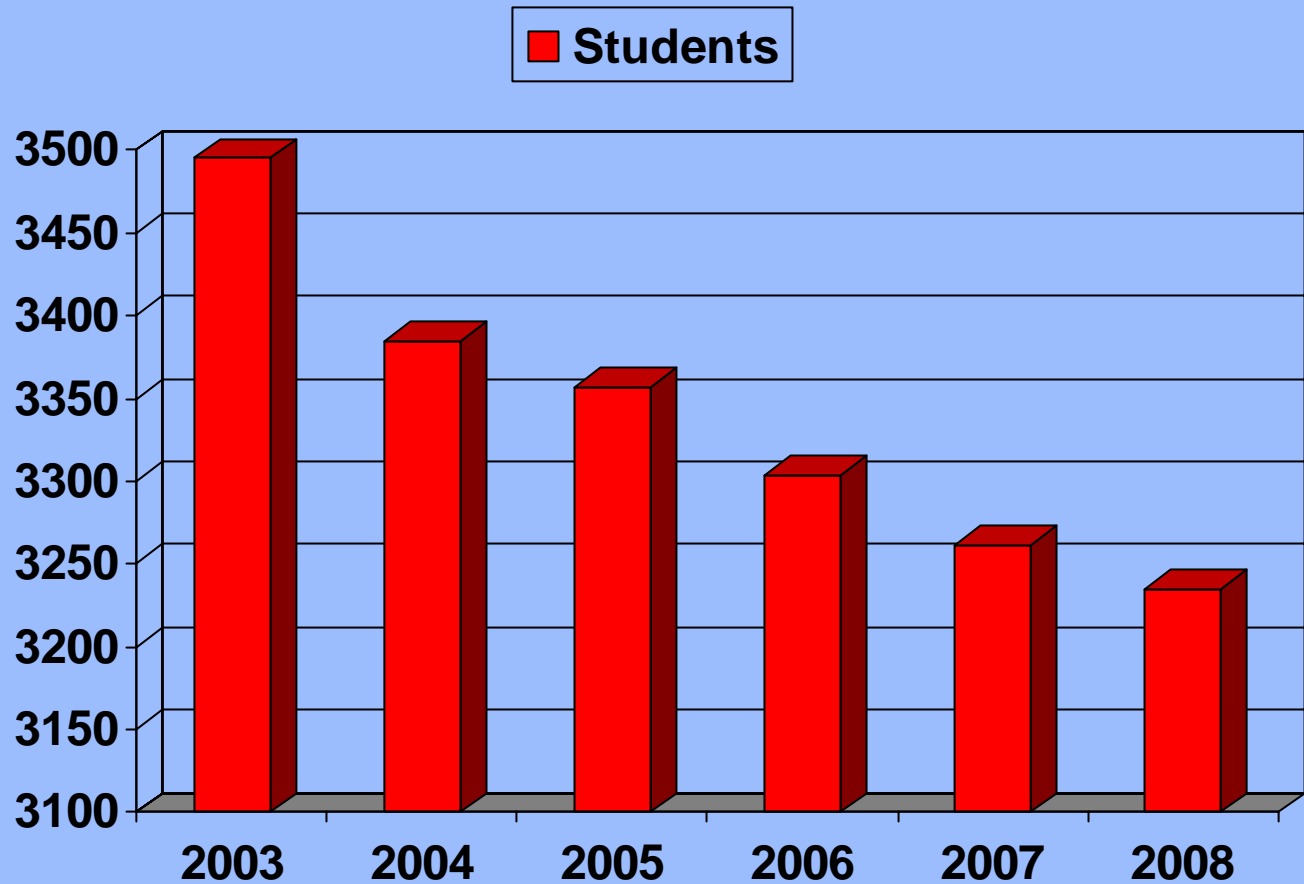




# Revenue Source ENROLLMENT

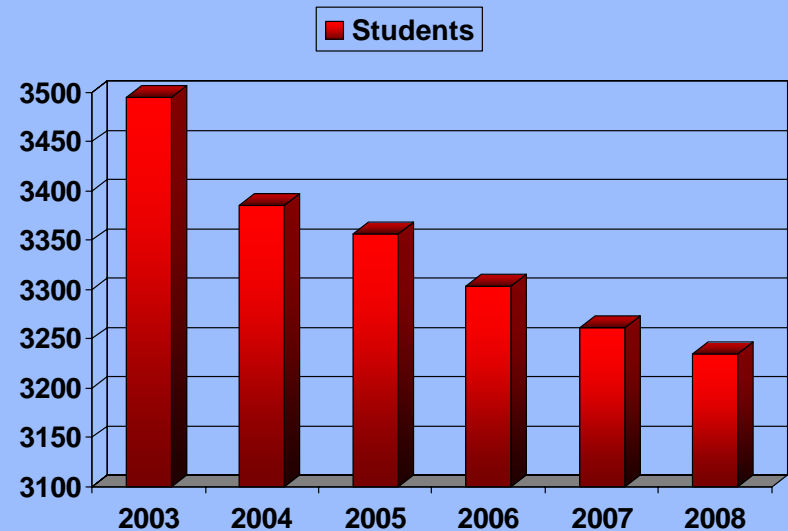


# Cadillac Enrollment



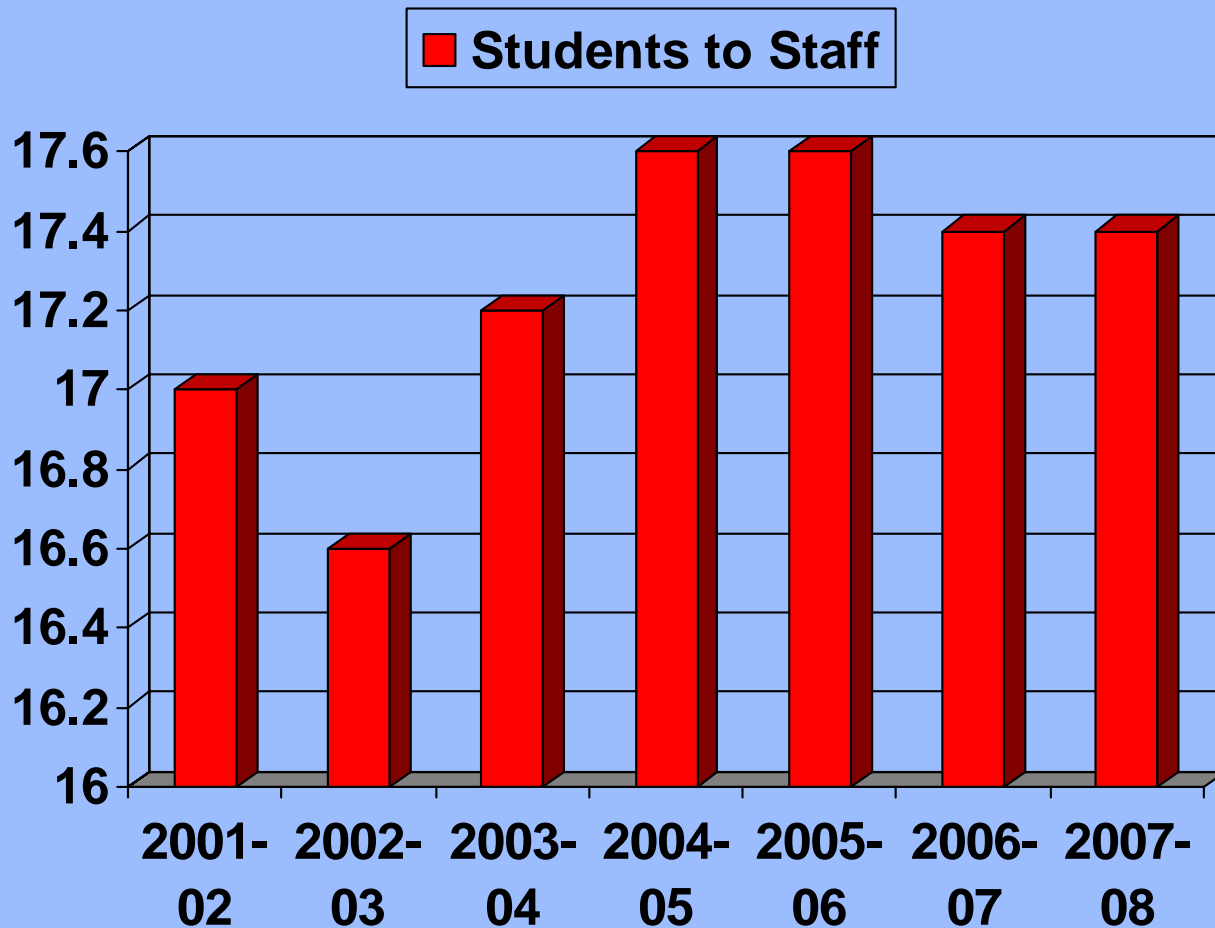
# Enrollment

- The 2007-08 school year continued the trend of declining enrollment with the district losing 26 student FTE's.
- This accounts for less than 1% of total FTE's.
- Despite the loss of enrollment the district added \$406,583 to its surplus.





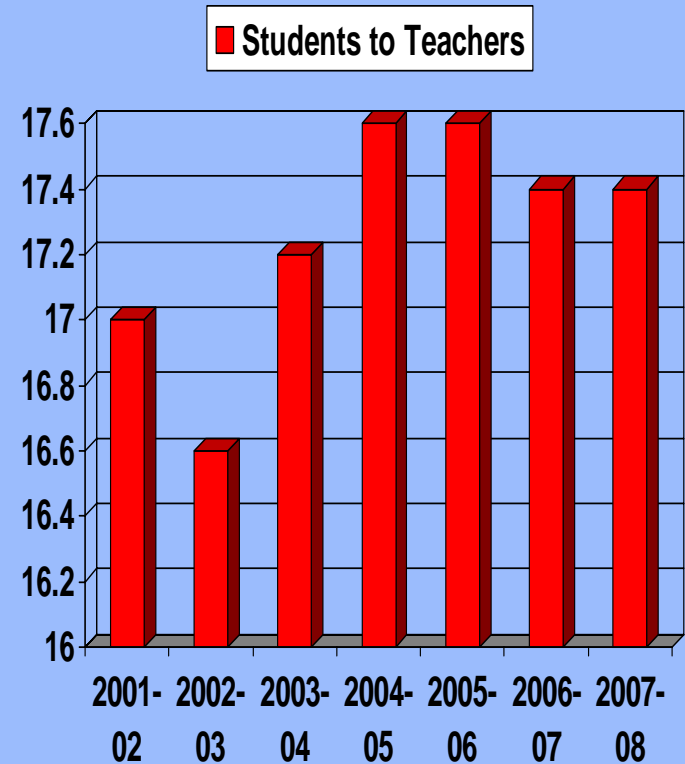
# District Student-Staff Ratio





# *According to Standard's and Poor's the average Student-Teacher Ratio in the State of Michigan is 17.4 to 1*

- Cadillac Schools went slightly above this average for the 2004-06 school years.
- During the 2006-08 school years Cadillac is on target.
- This ratio should be watched closely.





# Summary

- Teacher salary as a percent of revenue has actually declined as compared to 2002.
- Total teacher compensation as a percent of revenue has remained relatively flat over the last seven years
- Despite declining enrollment the district has maintained a healthy fund surplus adding \$406,583 at the end of the 2007-08 fiscal year.



# What we can expect.

- Student enrollment may continue to decline slightly.
- Decisions on spending priorities will have to be made.
- All policy makers, business leaders, and legislators agree a successful state public education system is essential to Michigan's economic recovery and therefore education must be funded.



# What we could do.

- ISD Wide Millage (up to 3 mills shared by all districts in the ISD area.)
- District Recreational Millage (up to 1 mill.)
- Discontinue transfers from general fund to non-core activities.
- Receive a larger reimbursement of special education costs from the ISD (which last reported \$5,894,081 in their fund balance.)



**Knowledge HAS**  
**VALUE**