



A Financial Picture of Marion Public Schools

2002-2008



Purpose

- This report will look at the data for Marion 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 Marion Public Schools.
- Information such as student counts, teacher counts and teacher demographics was provided separately by the central office for Marion 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.

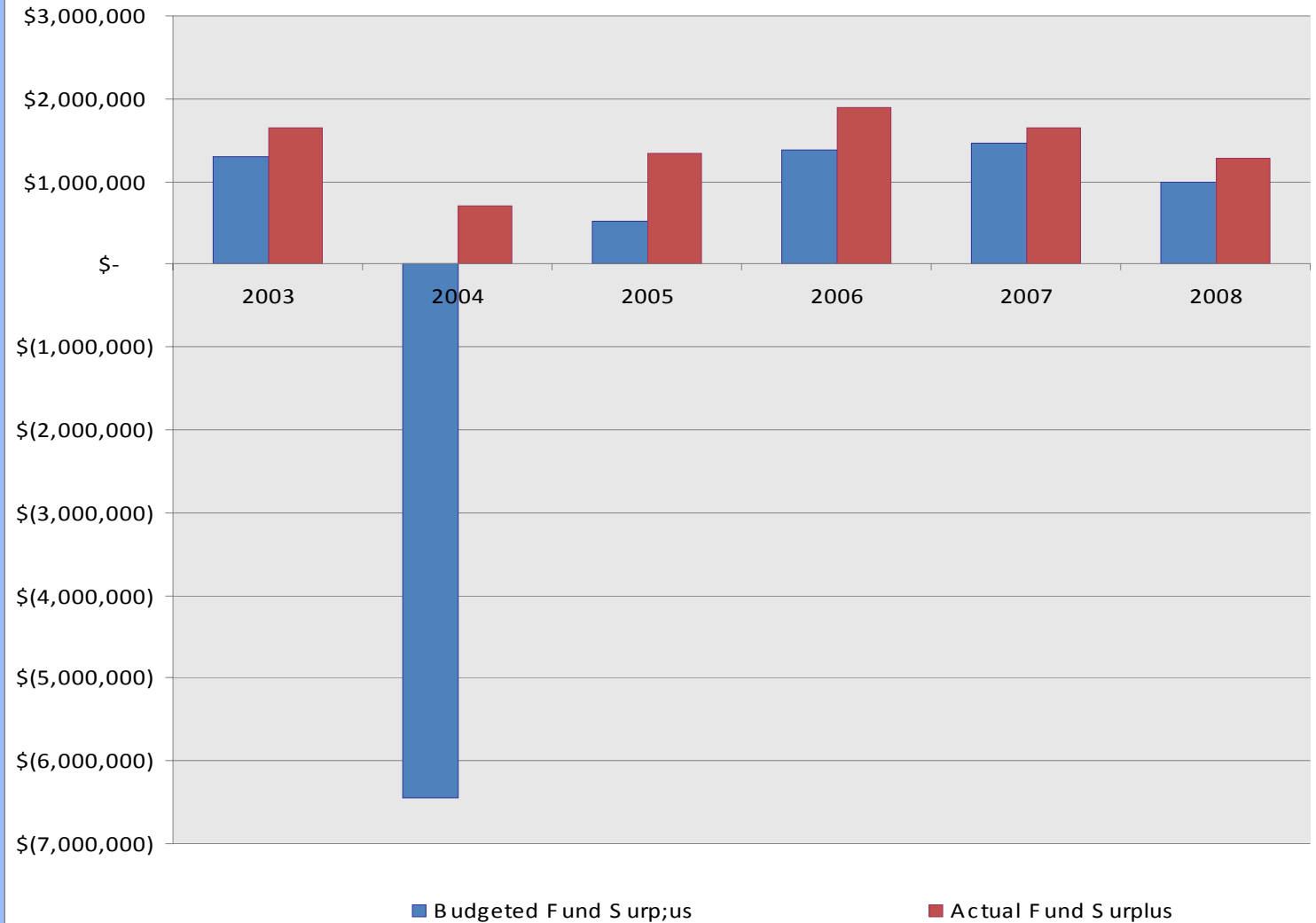


Why Audits and Not Budgets?

- 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 historically inaccurate.



Budgeted and Actual Fund Surplus





How is the data interpreted?

- According to the Website for Marion Public Schools:

District Mission Statement

- Marion Public Schools, together with families and communities, will educate all students to their unique potential in a safe, inspiring, and supportive environment, preparing them to succeed in an ever-changing world



In other words...

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

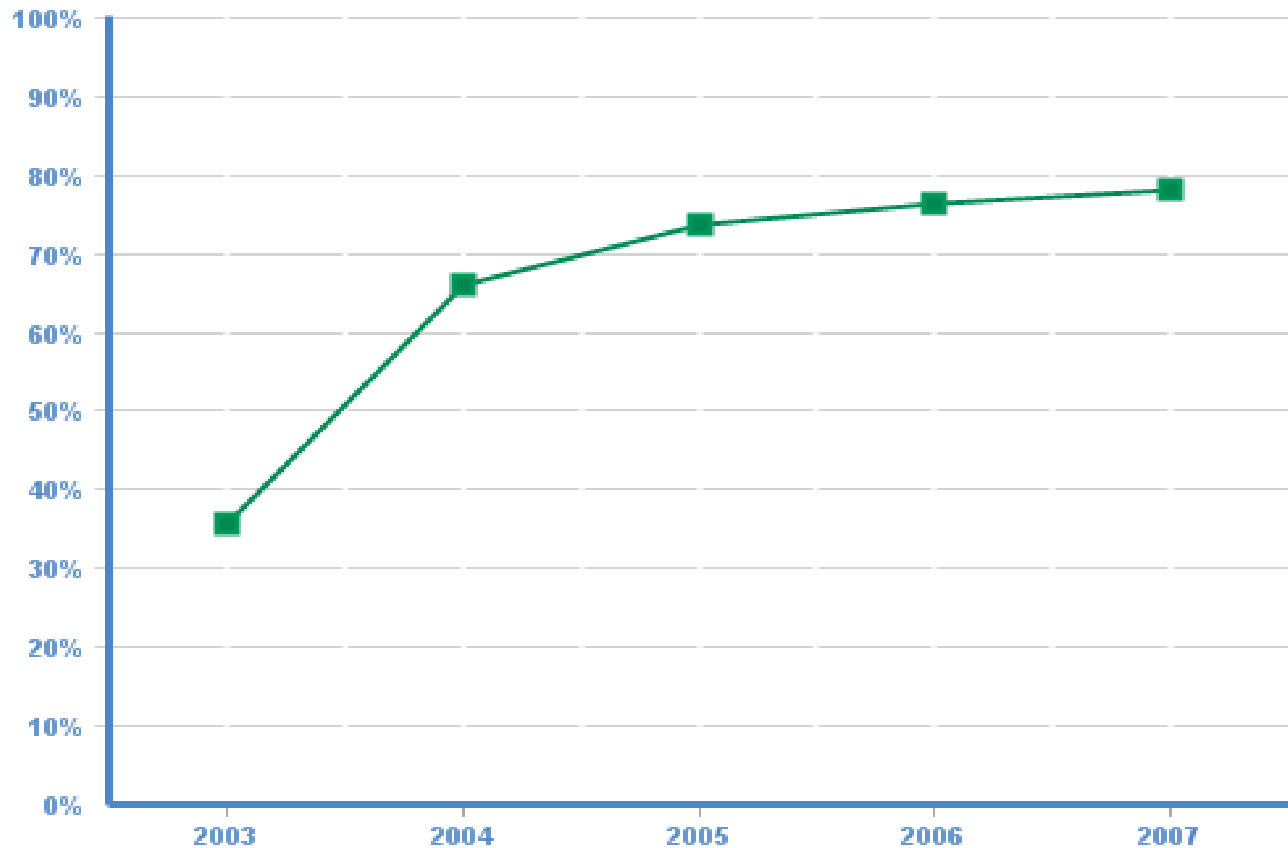


How is it working?



Elementary Reading and Math Over Time

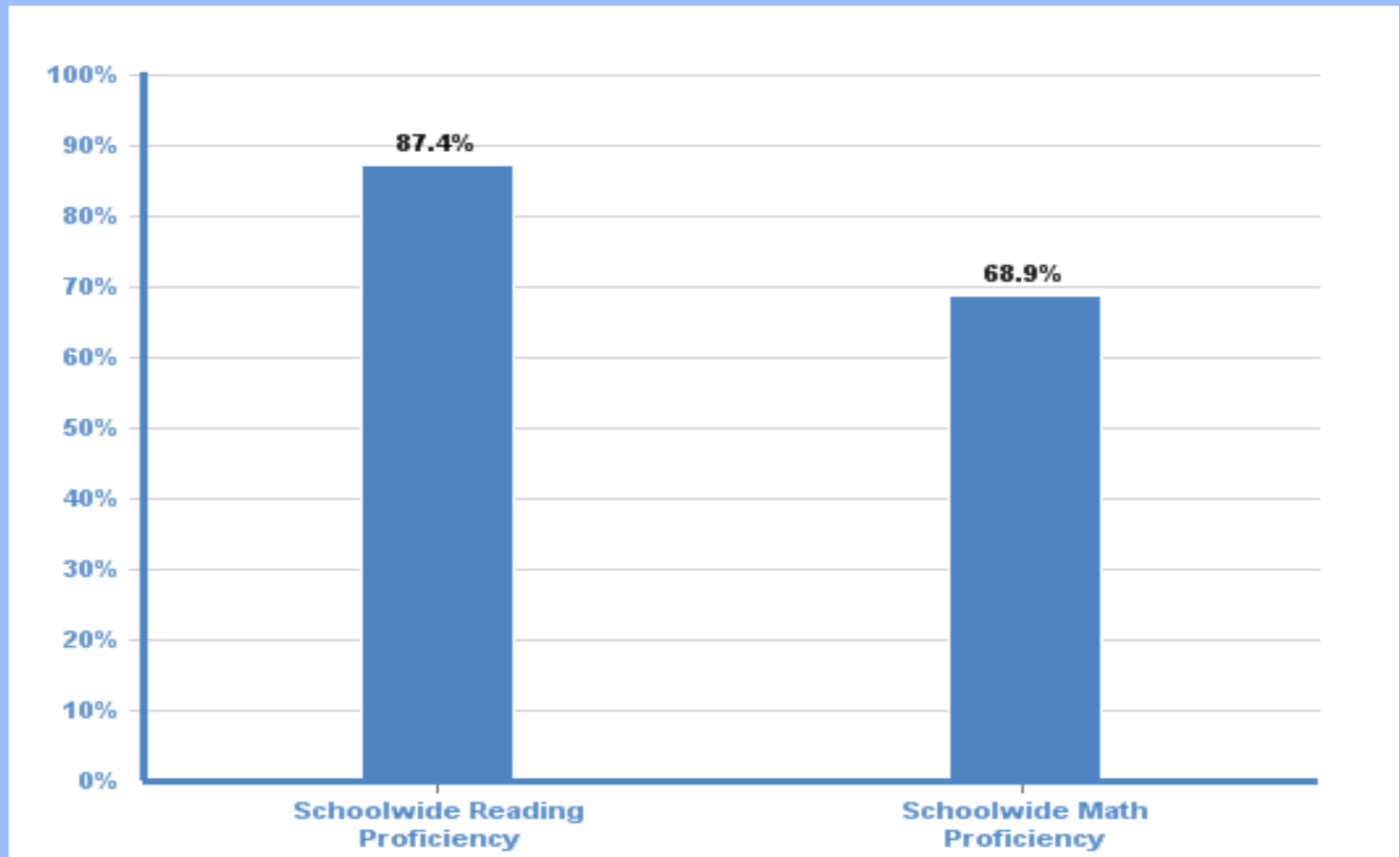
Marion Elementary School
Reading and Math Proficiency Over Time





Reading and Math Proficiency

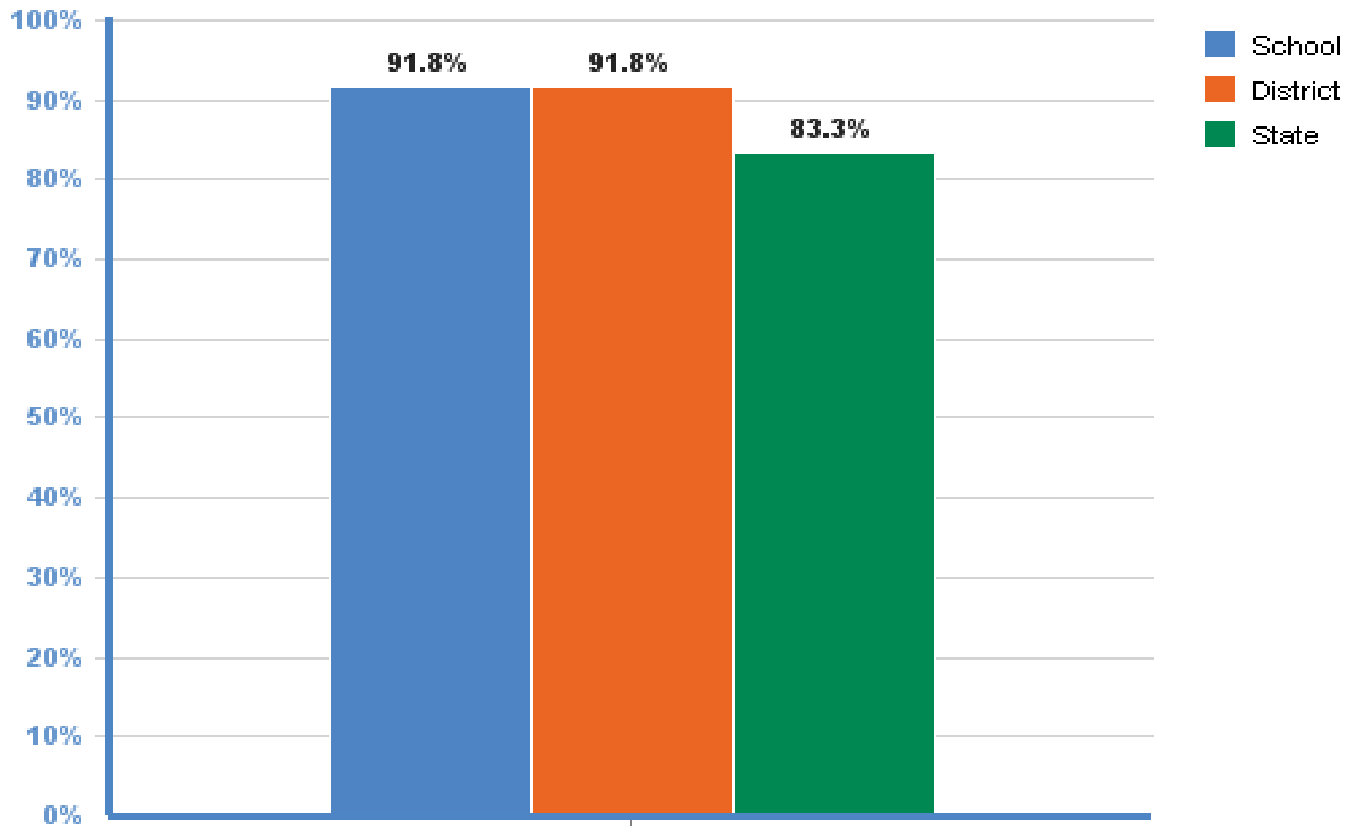
Marion Elementary School
2007 Reading and Math Proficiency





6th Grade Reading and Math Proficiency

Marion Elementary School
2007 Grade 6 Reading Proficiency



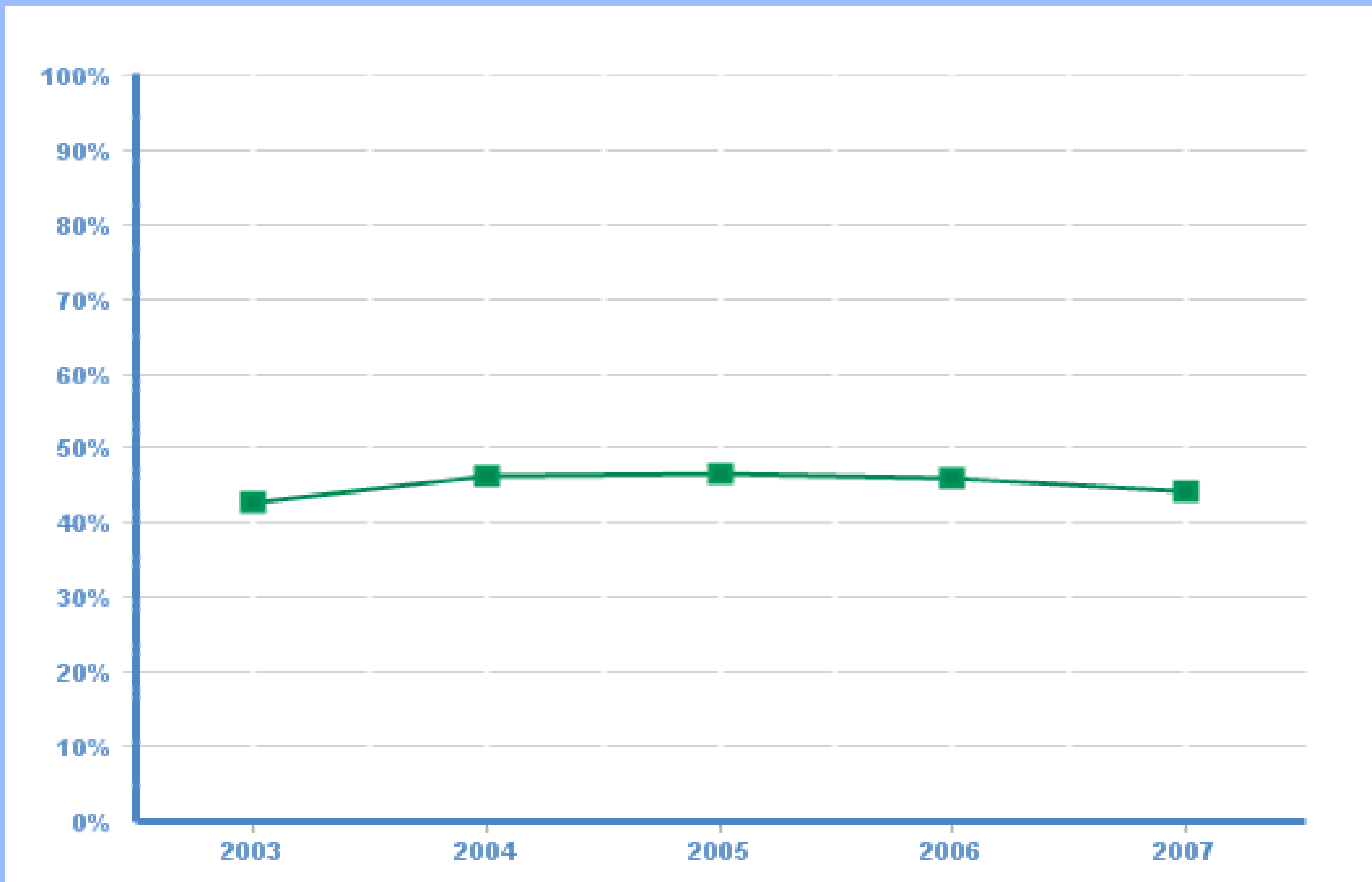


Marion High School



HS Reading and Math Over Time

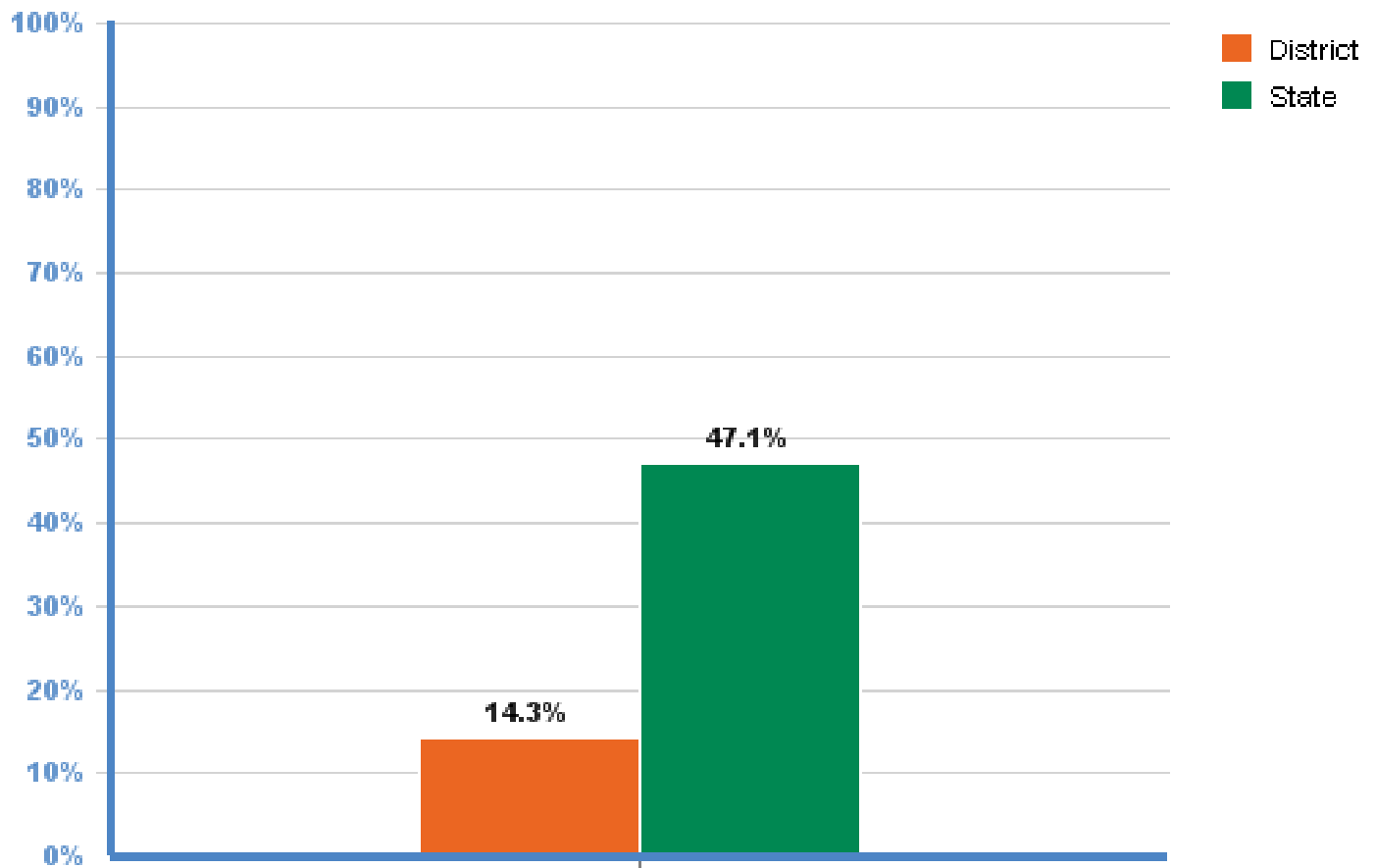
Marion High School
Reading and Math Proficiency Over Time





Marion HS Math Over Time

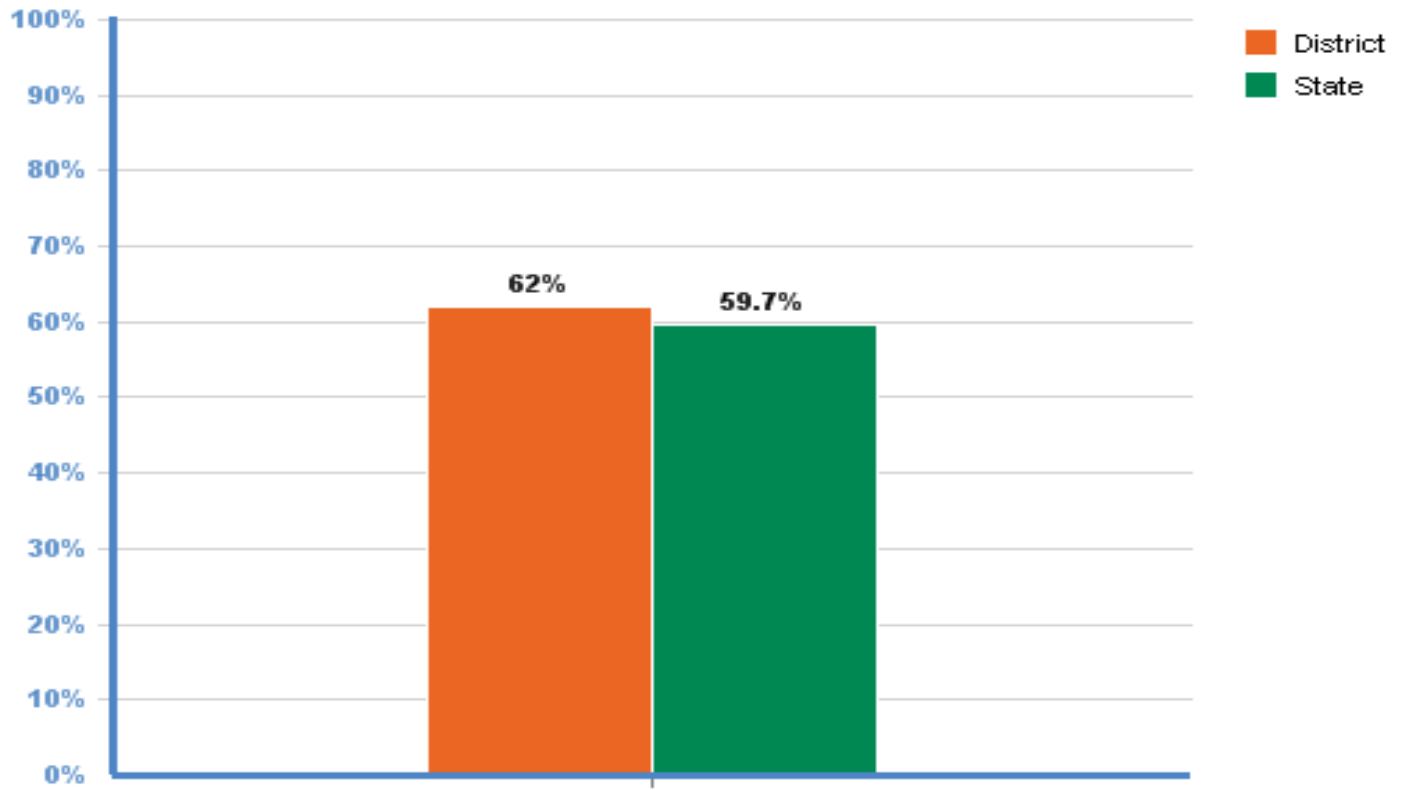
Marion Public Schools
2007 High School Math Proficiency





Marion HS Reading

Marion Public Schools
2007 High School Reading Proficiency





Summary

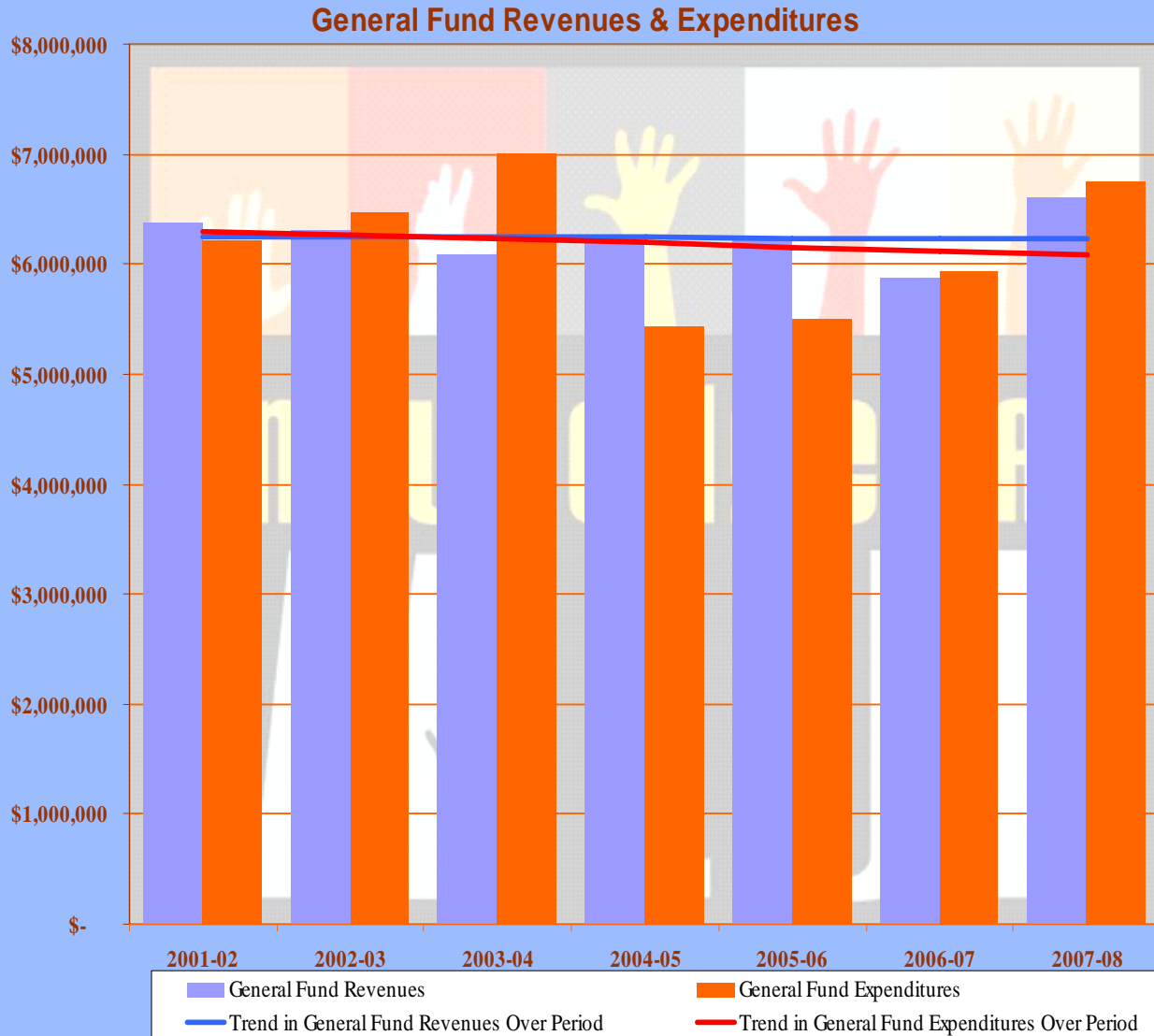
- Marion's elementary students achieve above the state average.
- Elementary students have made tremendous improvement since the 2002-03 school year.
- While Marion's high school students achieve about the state average in reading they under perform in math as compared to the state average.
- The high school combined reading and math scores have remained flat since 2003.



District Finances



General Fund Revenues and Expenditures





District Comparison

General Fund Expenditures

Percent of Revenue

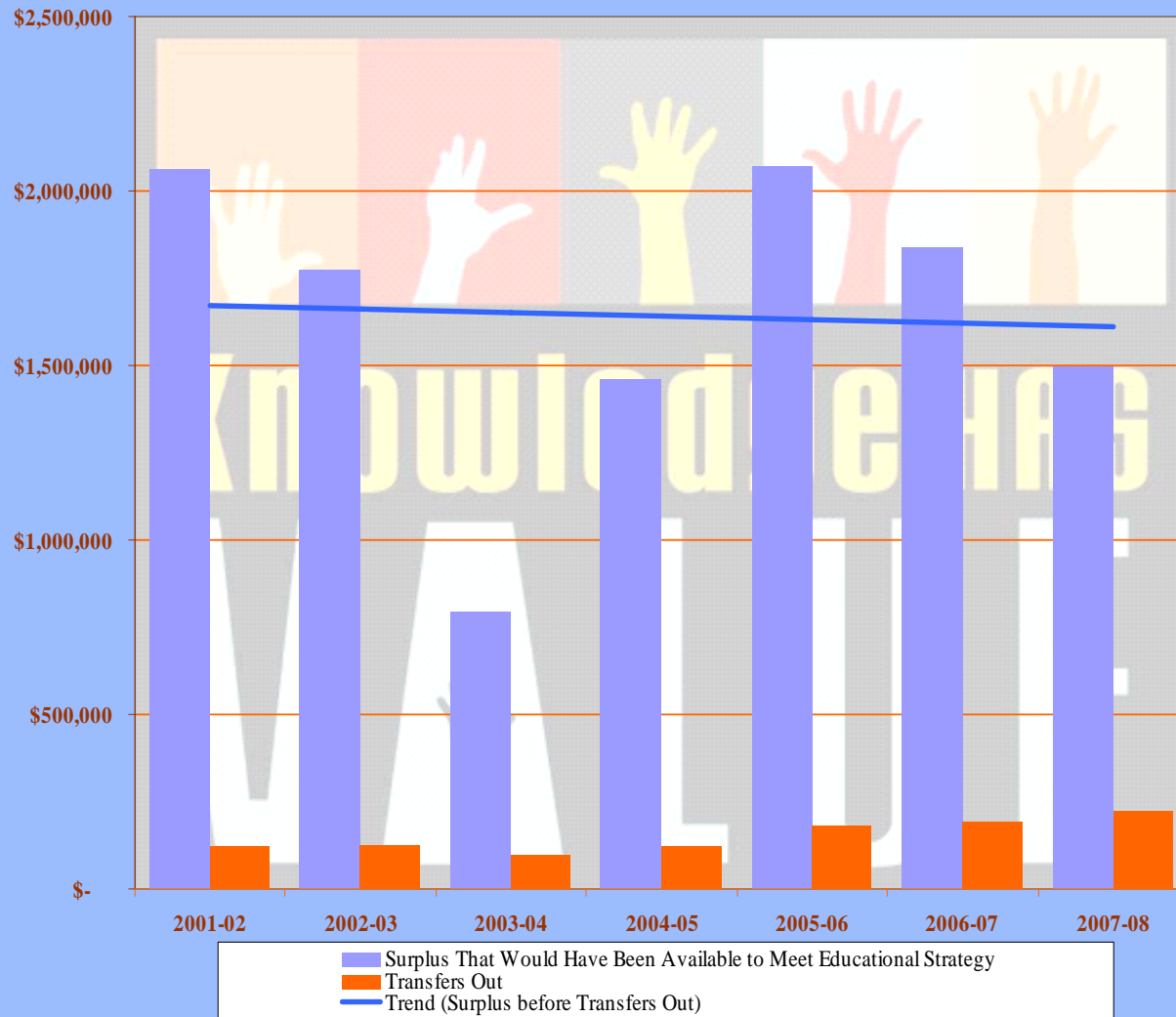
General fund expenditures plus transfers out

	2003-04	2004-05	2005-06	2006-07
Marion Public Schools	115.42 %	89.60 %	91.17 %	104.12 %
Manton Consolidated Schools	97.54 %	98.60 %	107.12 %	102.69 %
McBain Rural Agricultural Schools	96.86 %	97.80 %	96.64 %	99.85 %
Lake City Area School District	99.35 %	100.06 %	99.66 %	99.69 %
Comparable Group Average	102.29 %	96.52 %	98.65 %	101.59 %

Source: MDE Financial Information Database



General Fund Balance (Surplus)





General Fund Surplus as Percent of Revenue

- 2008 with ERF Grant 18%
- 2008 w/out ERF Grant 22%
- This level of General Fund Surplus is beyond even the most conservative recommended level.
- ERF is Early Reading First



General Fund Surplus (2008) Percent of Expenditure

- McBain 38.3%
- Lake City 25.5%
- **Marion 18.2%**
- Cadillac 16.5%
- Evart 16.0%
- Farwell 8.7%
- Manton 4.3%

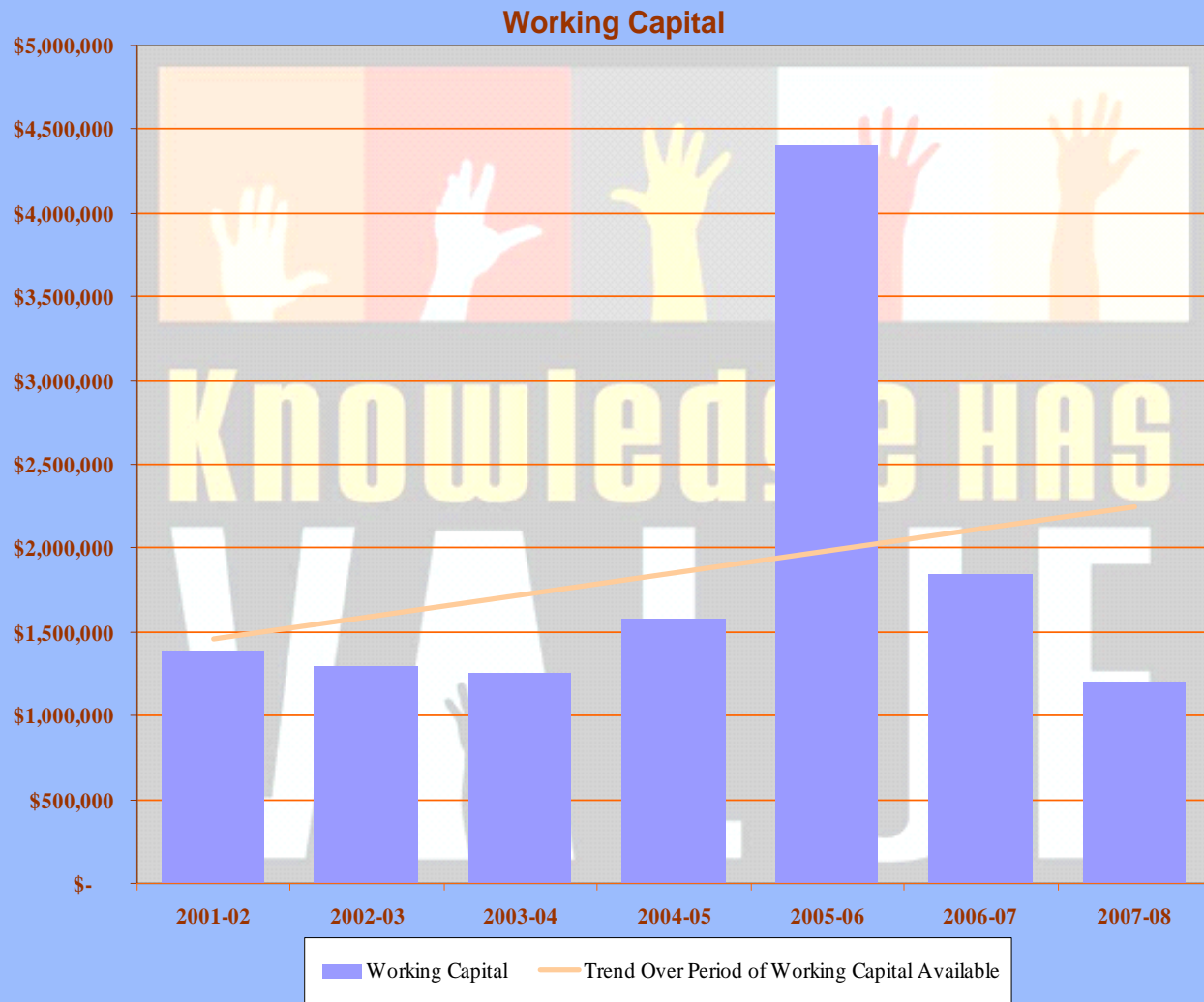


A Word on Fund Balances

- 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.

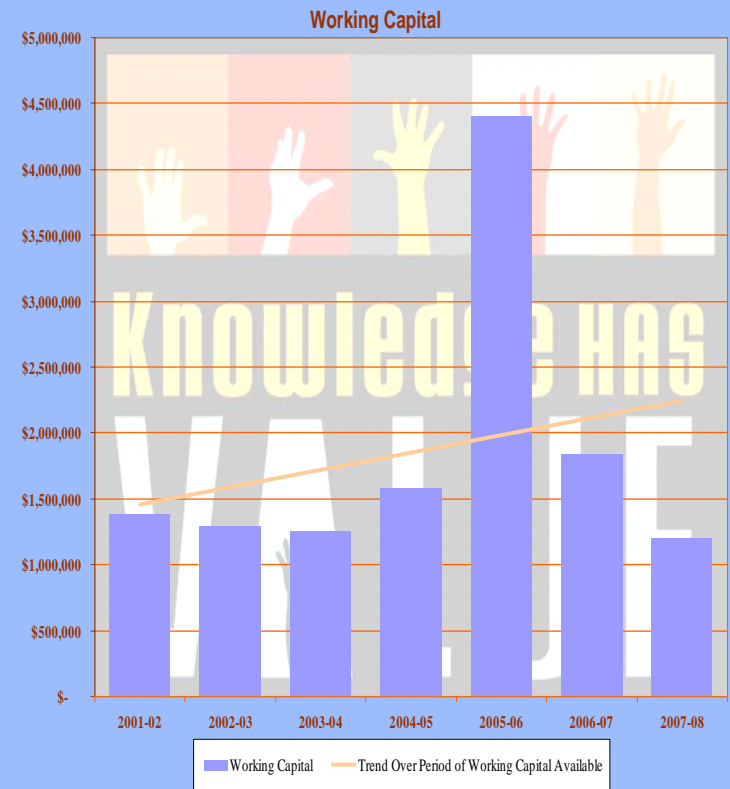


Working Capital at the Close of the Fiscal Year



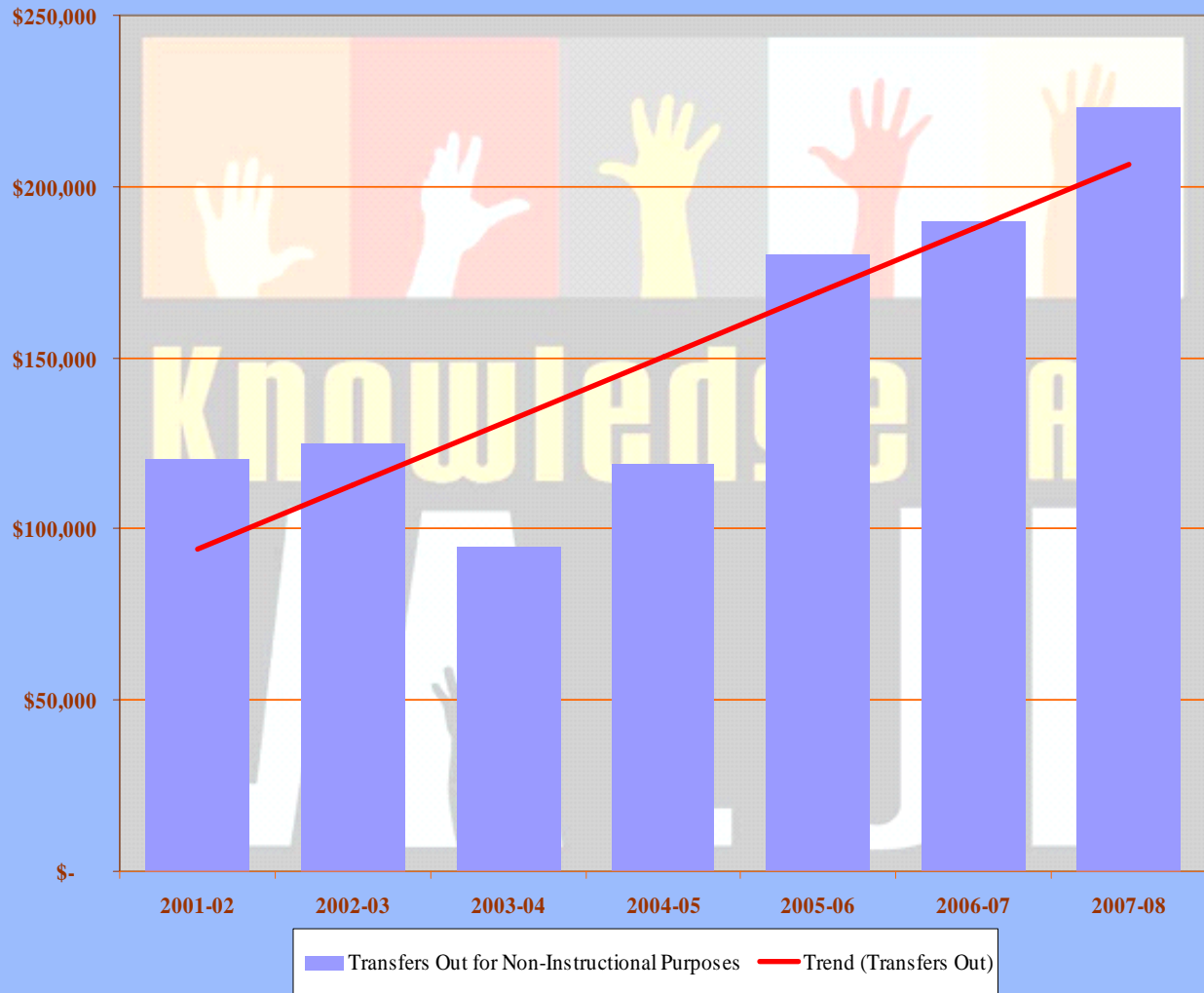
Stable Cash Resources

- With the exception of 2005-06 Marion has ended each school year with cash resources between \$1.2 million and \$1.5 million. This represented 18% of revenue in July 2008.





Transfers out of General Fund





General Fund Transfers

- Athletic Activities
- Food Service Fund
- 2005 Energy Debt Fund



General Fund Transfers

<u>Dept.</u>	<u>Year</u>	<u>Amount</u>
Athletics	2006	\$124,945
Athletics	2007	\$122,727
Athletics	2008	\$131,768
Food Service	2006	\$19,066
Food Service	2007	\$35,500
Food Service	2008	\$55,466
Energy Fund	2006	\$32,654
Energy Fund	2007	\$31,384
Energy Fund	2008	\$35,829



Summary

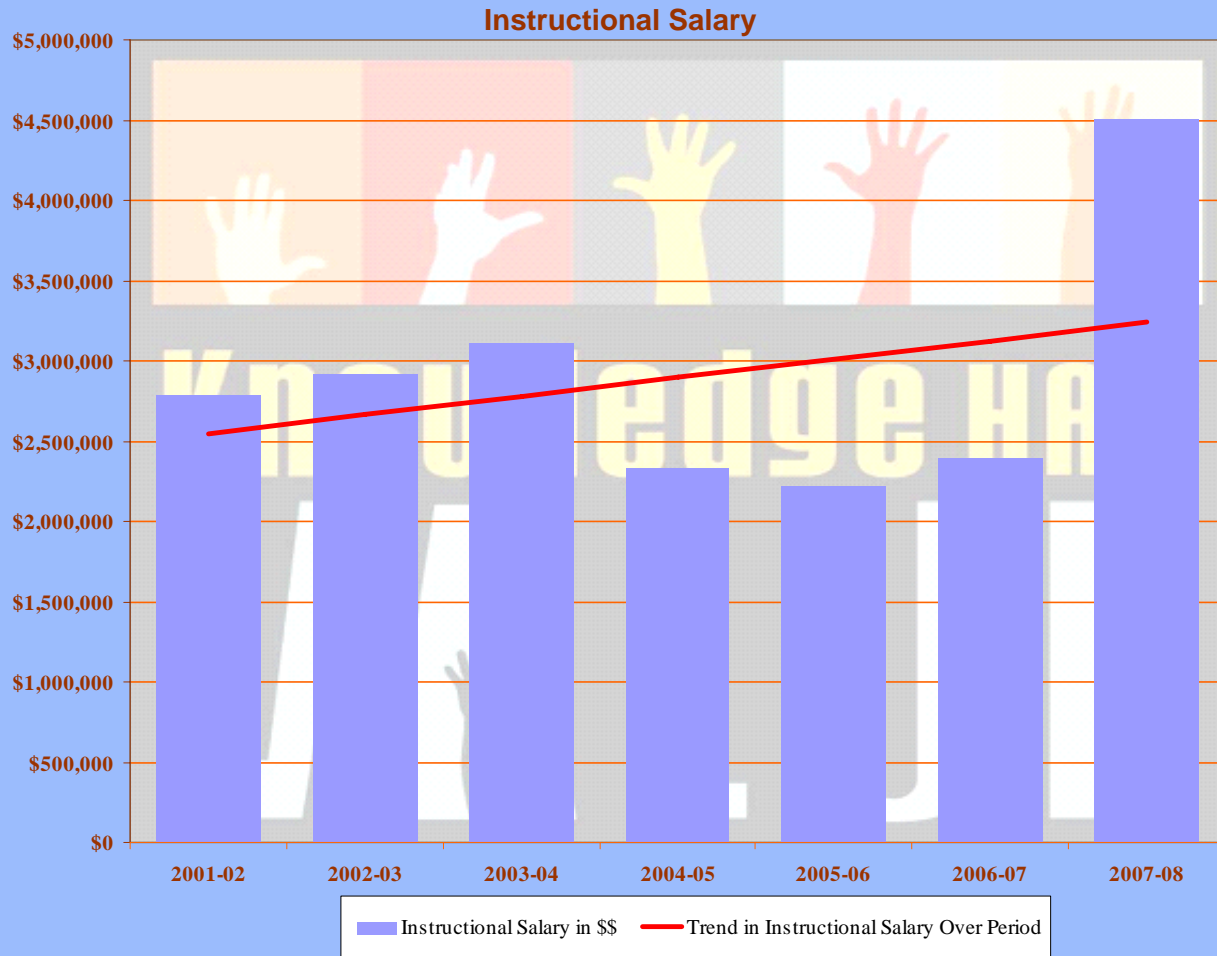
- The General Fund Surplus is near the 2004-05 level even after 2 years of slight decline.
- The District has experienced a steady increase in transfers out of the General Fund.
- The General Fund Surplus in July of 2008 was 18% of revenue.
- The District maintains a very healthy general fund balance as well as stable working capital.



Where is the money being spent?

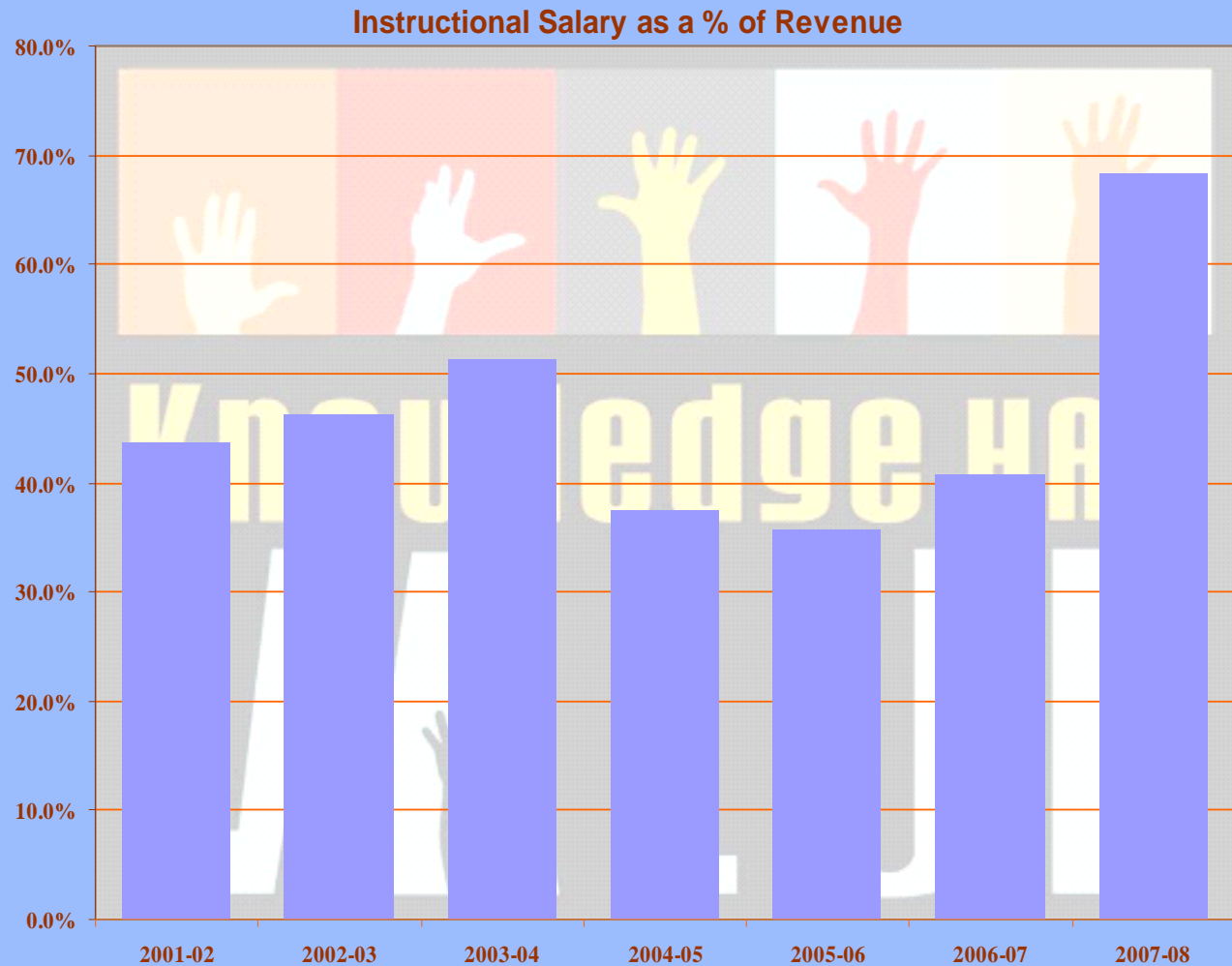


Instructional Salary





Instructional Salary as Percent of Revenue



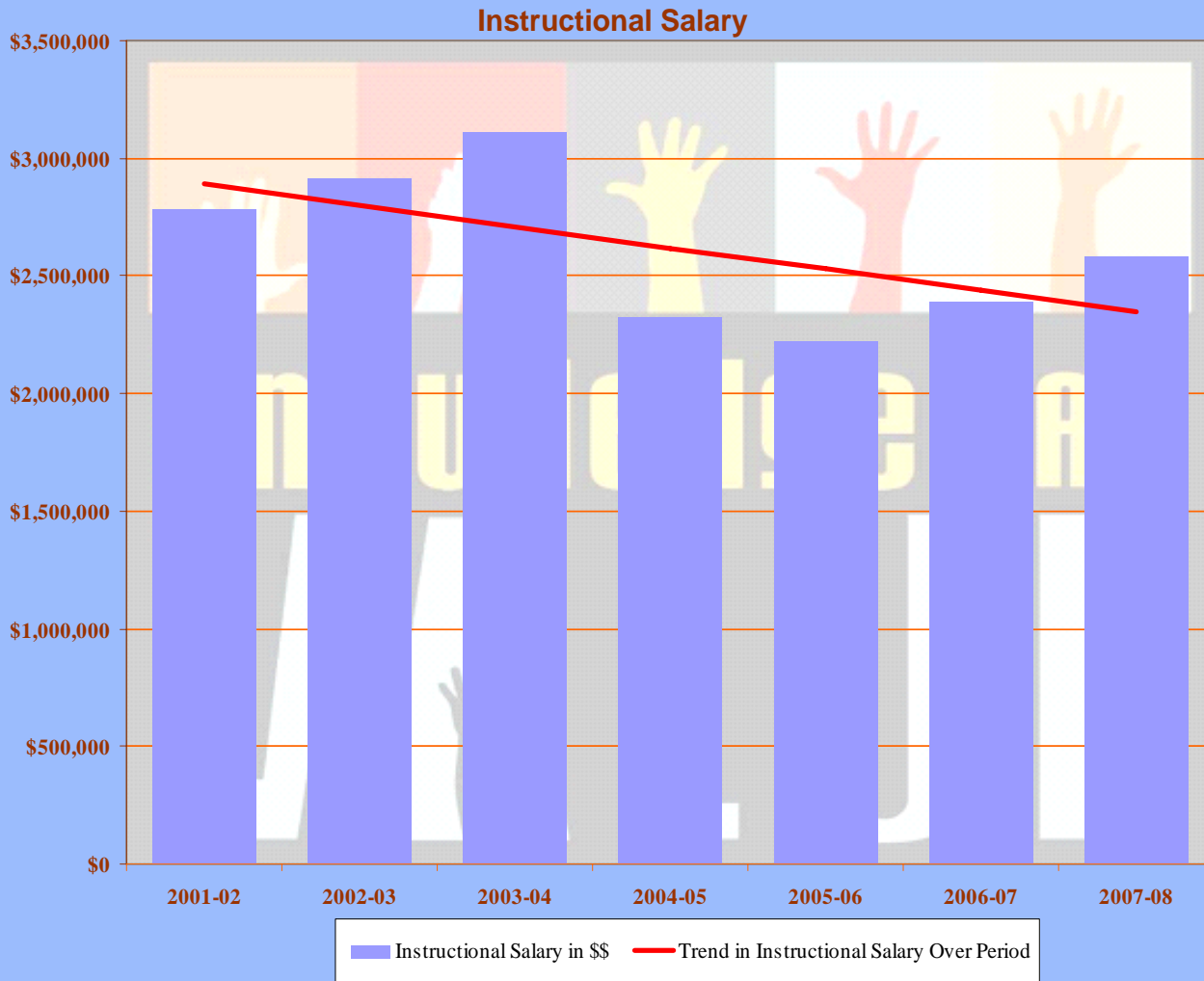


Pre-K Program

- The district began a Early Reading First (ERF) Program in 2007-2008.
- A Federal Grant added approximately \$780,700 in revenue.
- The ERF Program added an additional \$765,500 in instructional cost.
- This accounted for the large increase in the 2007-08 instructional salary expenditure.
- The following charts do not reflect the ERF costs.

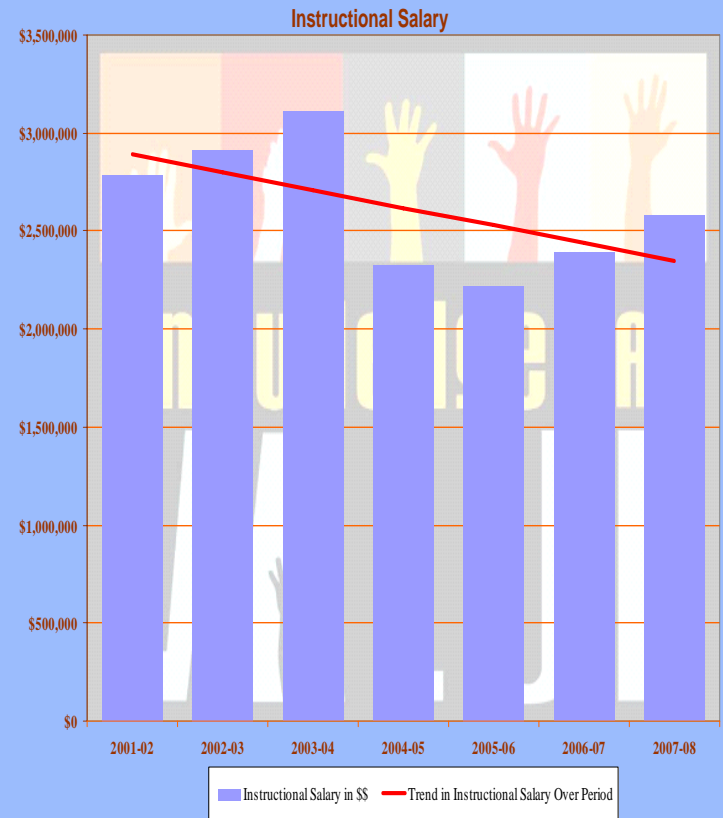


Instructional Salary



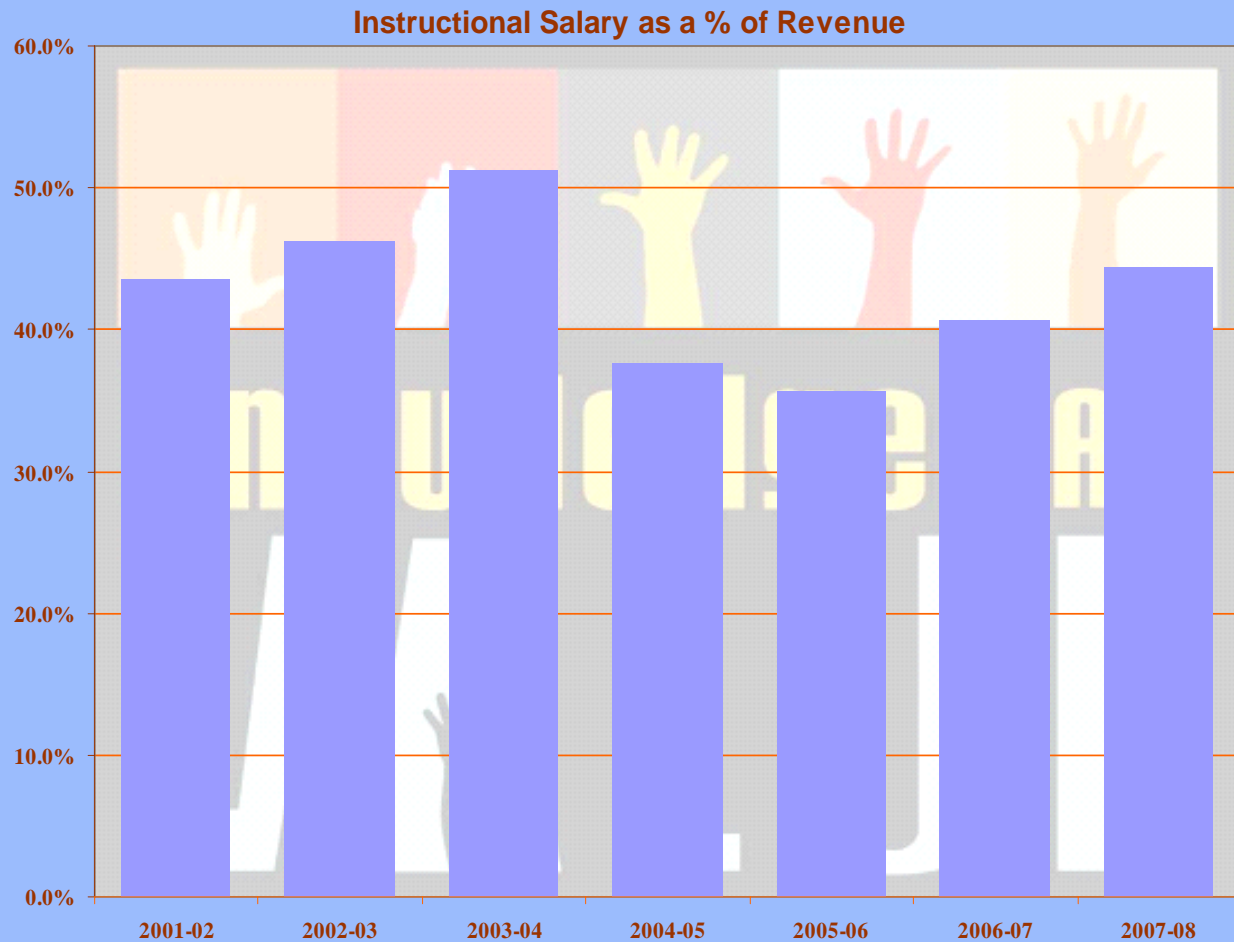
Instructional Salary

- Actual cost of teachers' salaries in 2008 was less than in 2002.
- The District implemented an ERI in 2004 and is still realizing the savings today.





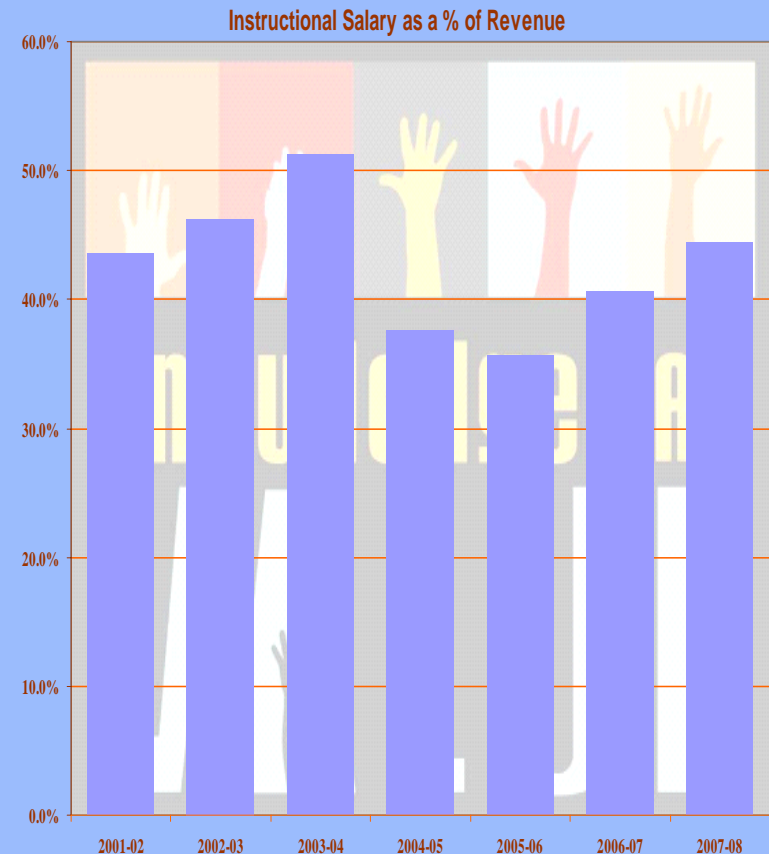
Instructional Salary as Percent of Revenue





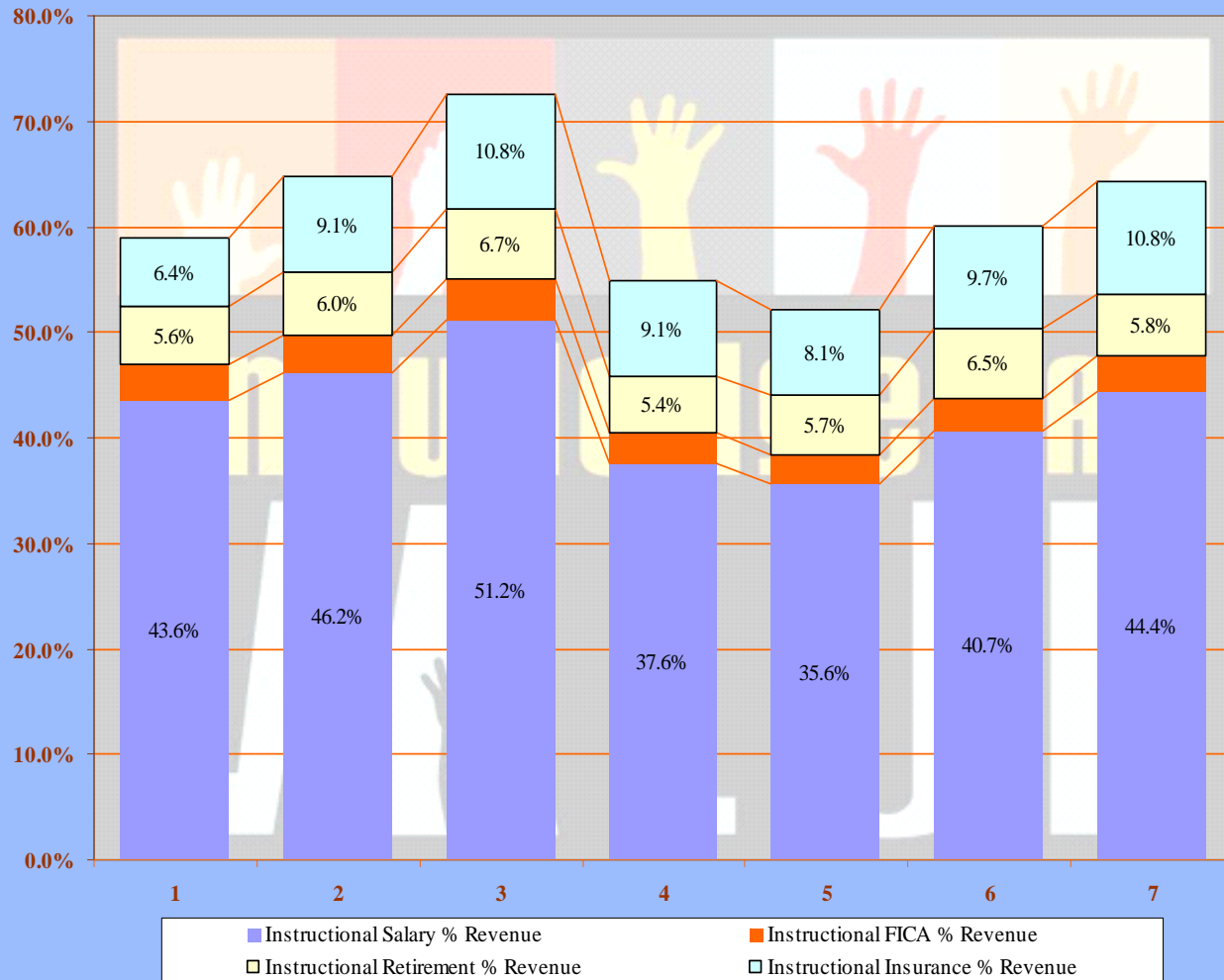
Instructional Salary as a Percent of Revenue

- Teacher salary as a percent of revenue has increased the last two years.
- However, when compared to 2002 the percent of revenue has remained flat.



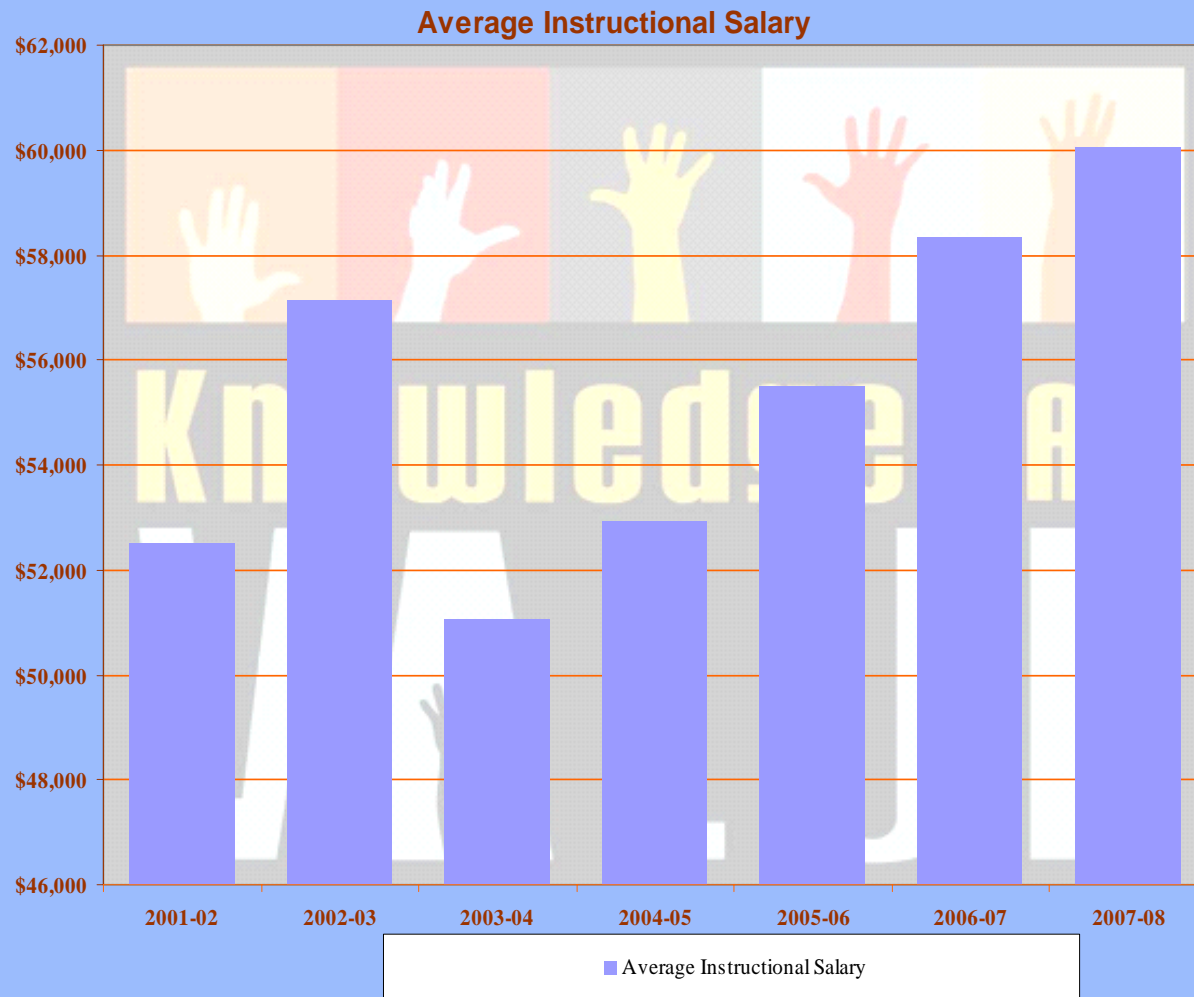


Instructional Costs as a Percent of Revenue





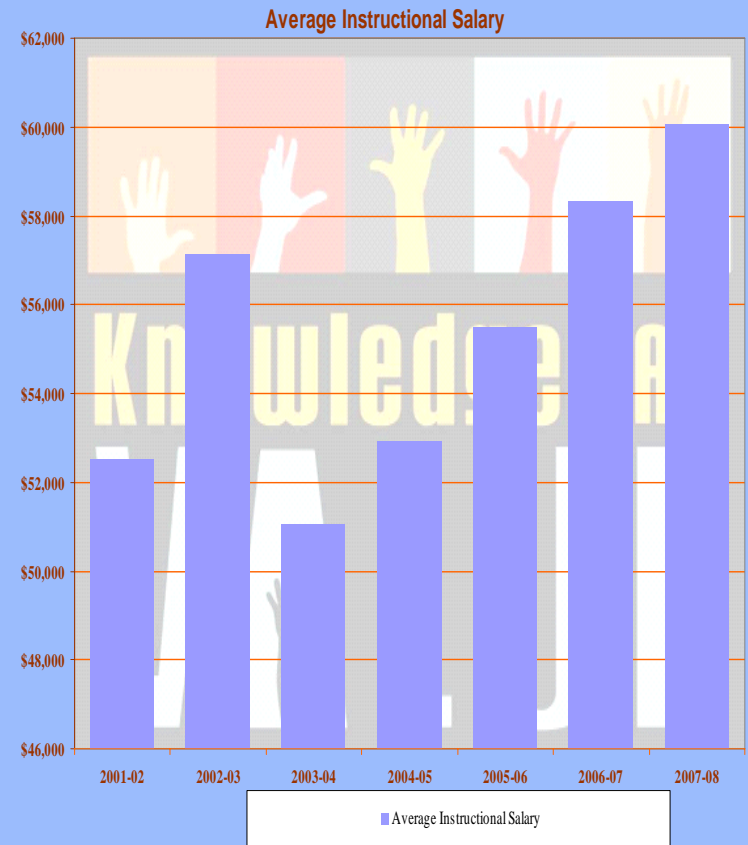
Average Instructional Salary





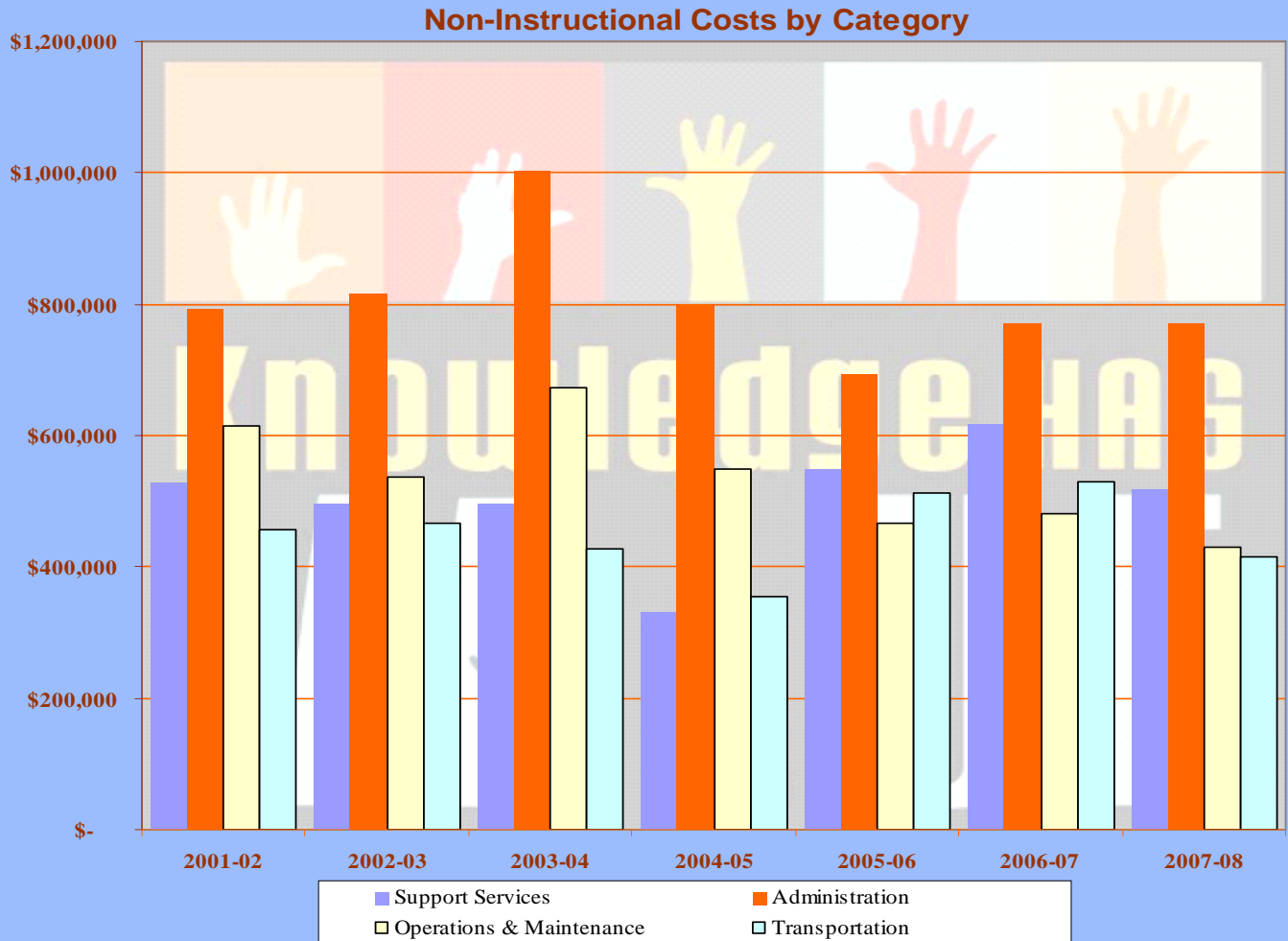
Veteran Teaching Staff and Fewer New Teachers

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





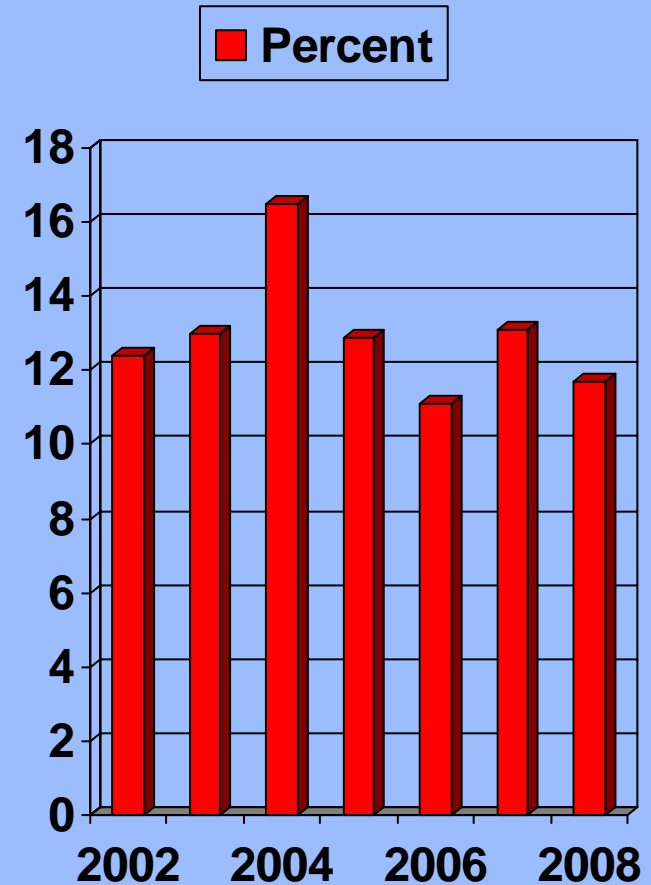
Non-Instructional Expenditures



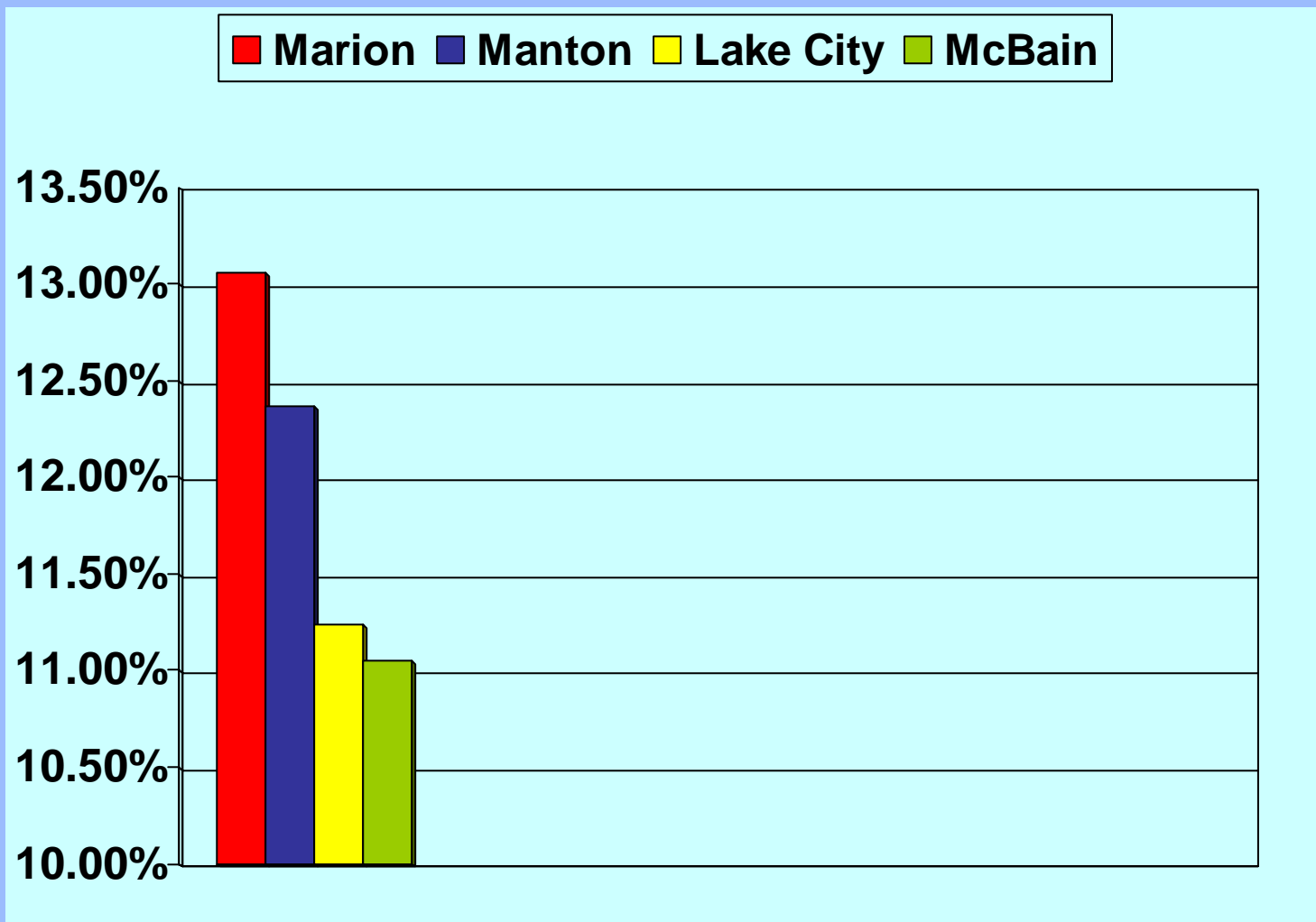


Administration includes administrators, secretaries and business staff.

- In Michigan, the average district spends 11.1 % of revenue on administration.
- Marion's administration costs for 2008 were 11.7%, slightly over the state's average.



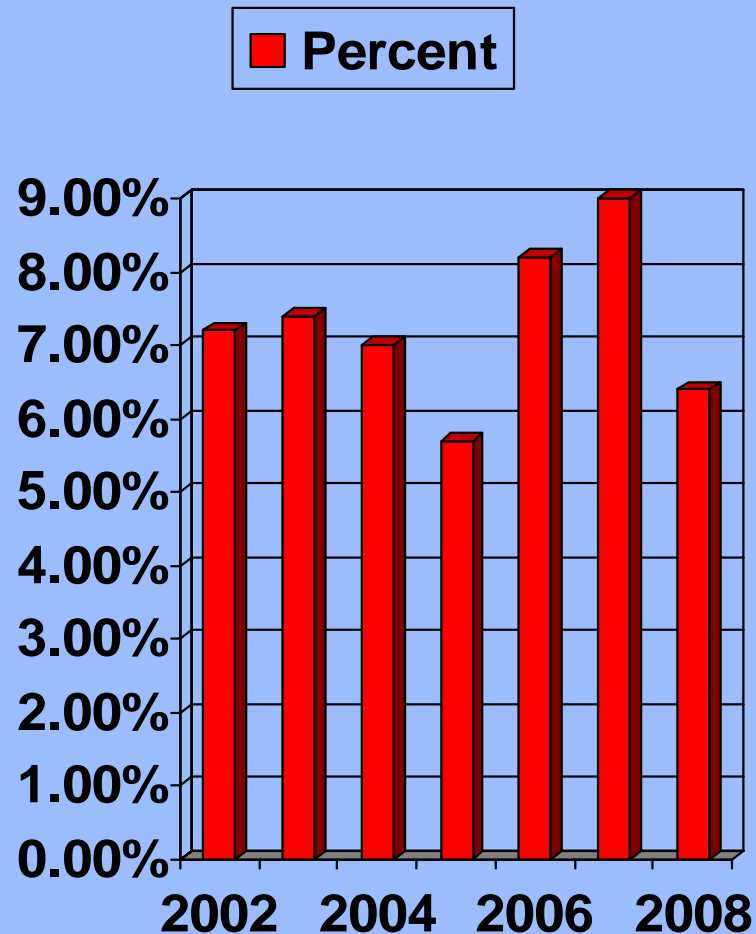
Administration Expenditures 2007 District Comparisons





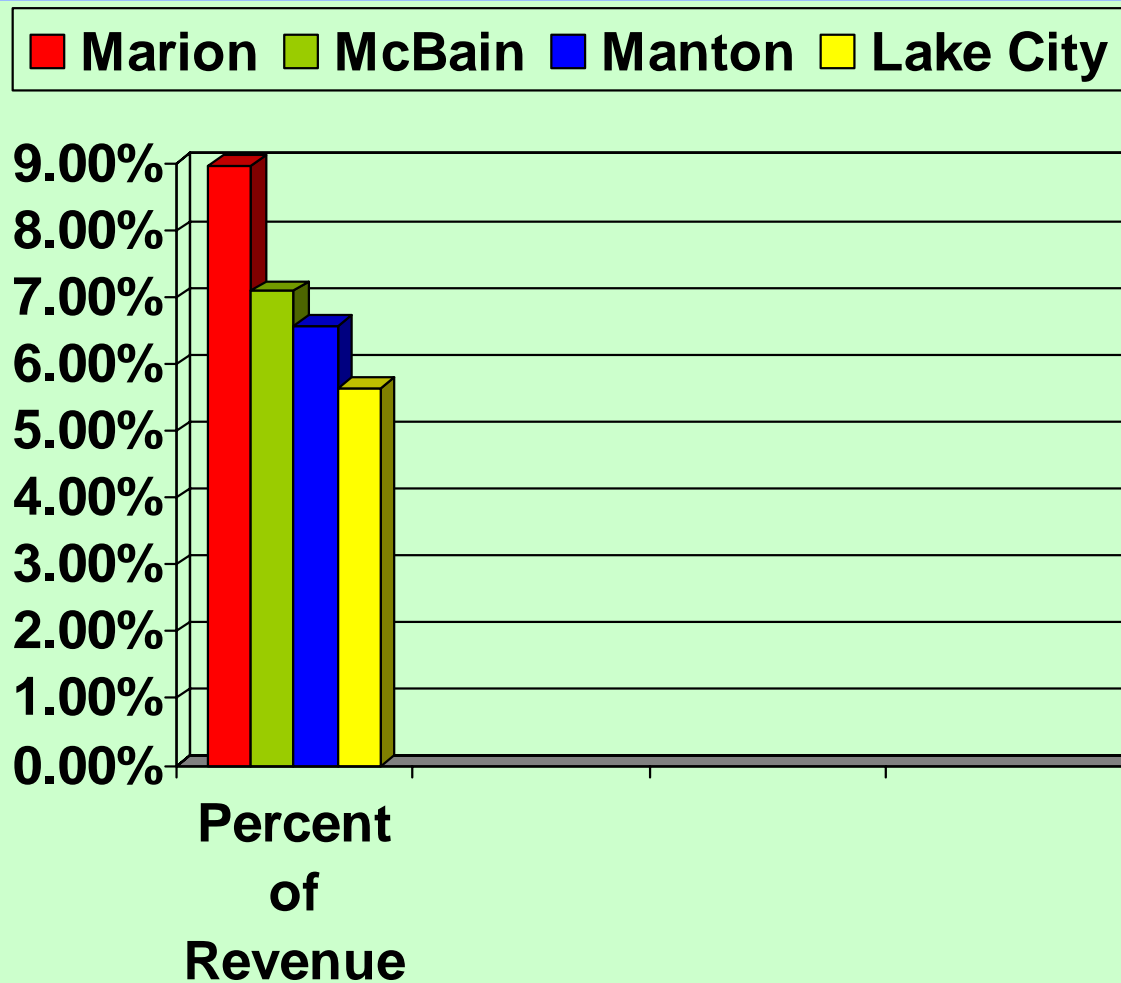
Transportation as a Percentage of Revenue

- An average Michigan School district spends 4.4% of revenue on transportation.
- Marion schools have spent above the state average in each of the last seven years.





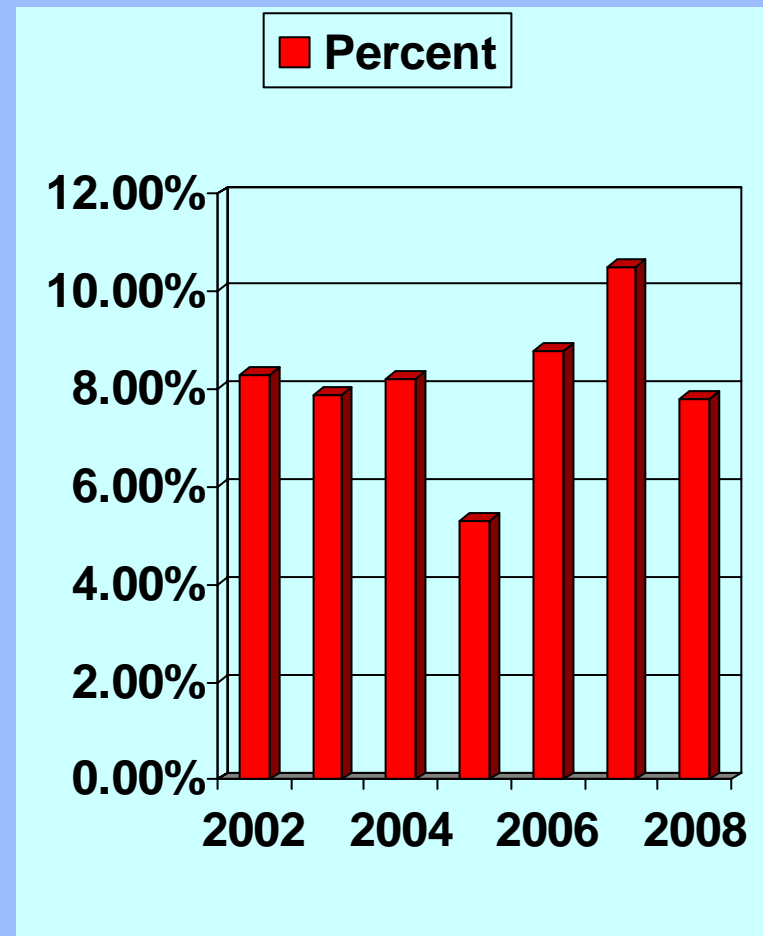
Transportation Expenditures 2007 District Comparisons





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

- An average Michigan School spends 7.4% of revenue on Supporting Services.
- In 2008 Marion's expenditures were very near the state's average.

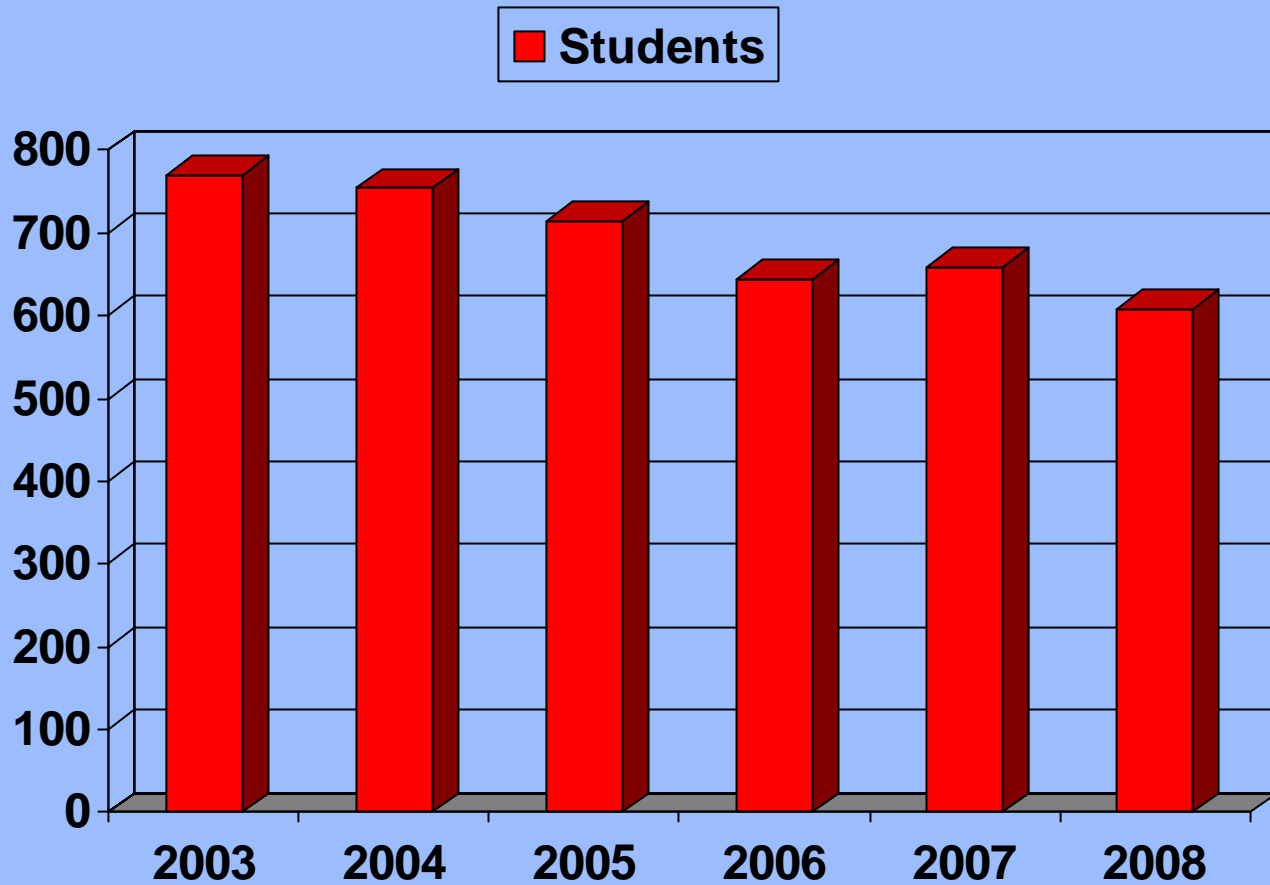




Revenue Source Enrollment



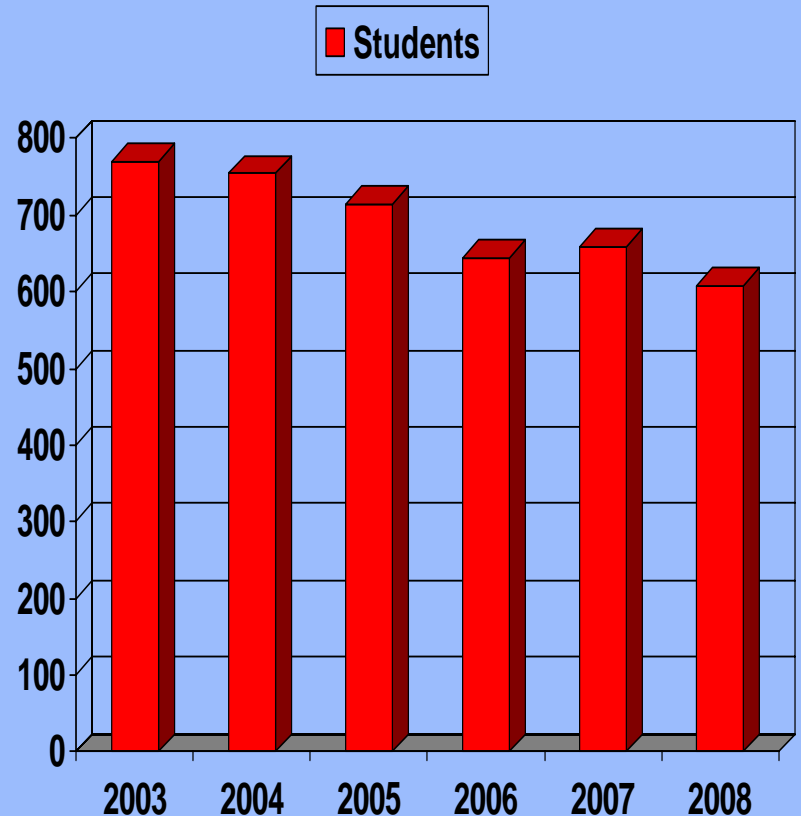
Marion Enrollment





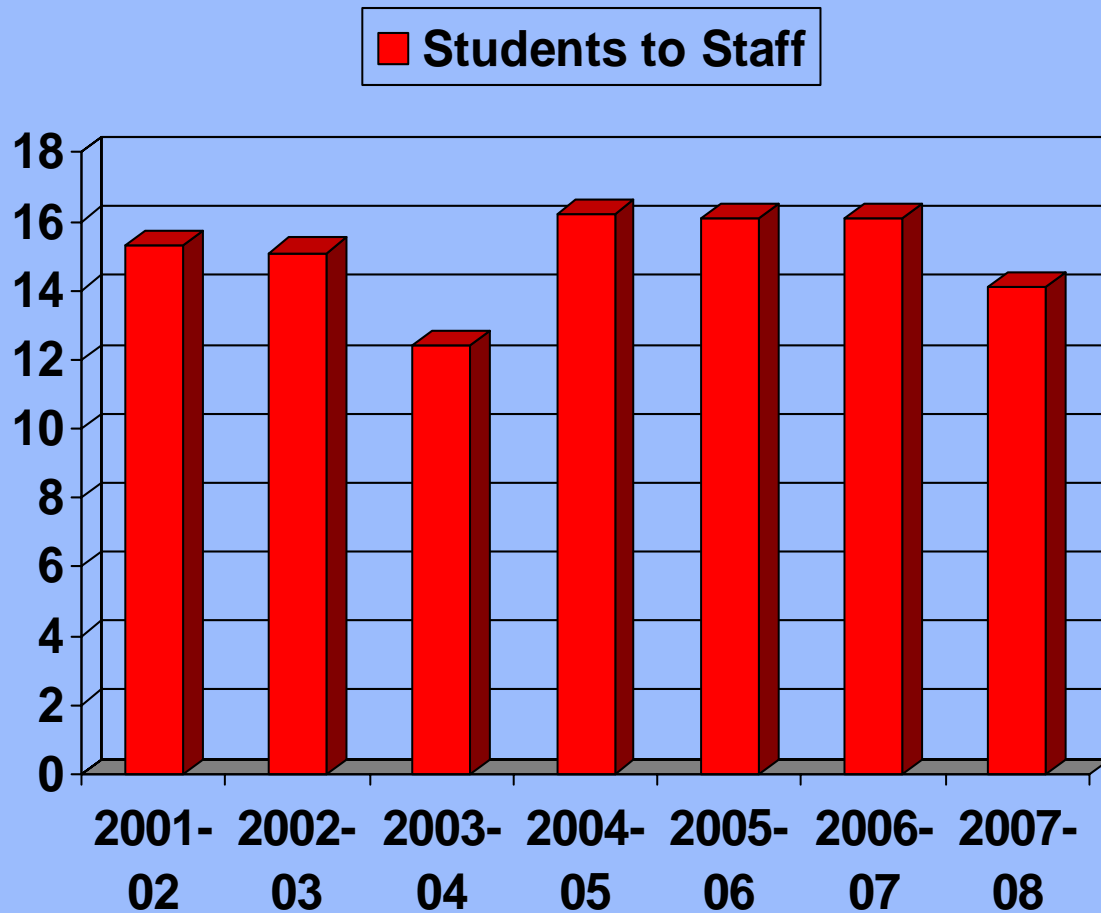
Enrollment

- Marion has lost 21% of its enrollment since the 2002-03 school year.
- The District lost nearly 10% of the enrolled students in the 2005-06 school year.





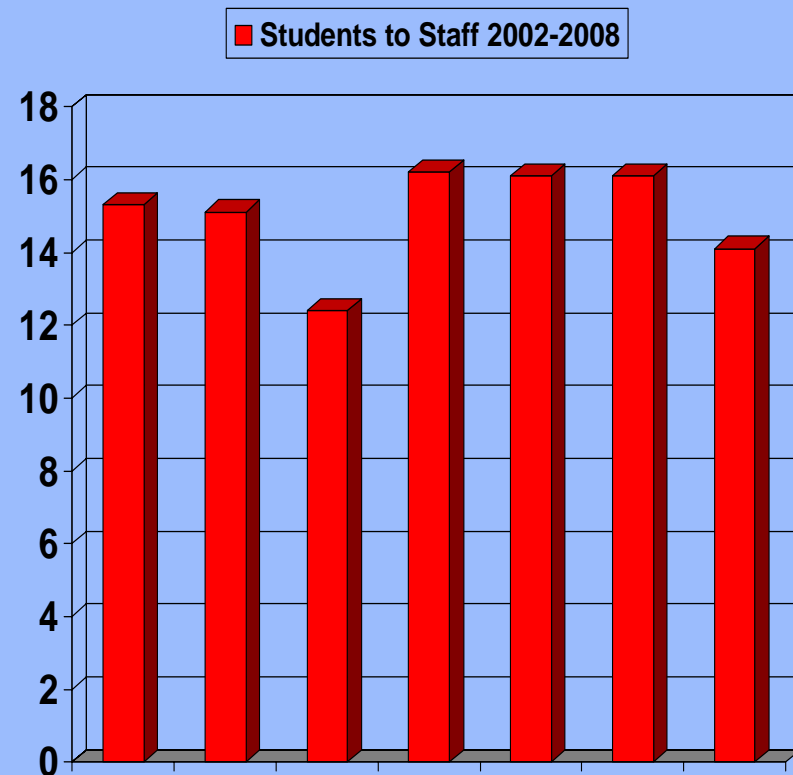
District Student-Staff Ratio





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

- The District's extremely low student to teacher ratio of 12.36 in 2003-04 prompted an ERI.
- The 2007-08 level of 14.1 remains considerably below the state average.





Summary

- District Revenues have held steady with a modest increase in 2007-08.
- Enrollment is on a steady decline resulting in a lower students to staff ratio.
- The district maintains a healthy fund surplus and stable working capital.
- Actual dollars dedicated to teachers' salary is less than in 2001-02.
- Total teacher compensation as a percent of revenue is less than in 2002-03.
- In other words the piece of the pie dedicated to instruction as not grown over time.



What we can expect.

- Student enrollment in Marion 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.
- "Additional money, along with a decline in student population, should end the need for now, for a proration in school foundation grants." (Taken for Gongwer Dec. 2008)
- "Obviously we want to protect school funding as much as we can." "I'm going to be prioritizing public education." (Governor Granholm Nov. 2008)



What we can do about revenues.

- Discontinue transfers from general funds to non-core activities.
- Attract students to Marion Public Schools.
- ISD Wide Millage (up to 3 mills shared by all districts in the ISD area.)
- District Recreational Millage (up to 1 mill.)
- Receive a larger reimbursement of special education costs from the ISD (which reported in 2007 a combined General and Special Ed. fund surplus of **\$7,753,639.**)



Knowledge HAS
VALUE