



## **Look Ahead!**

The Importance of Budgeting & Forecasting

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# Your Presenters

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# Why Long-Term Budget Planning Matters

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- Budgeting is a strategic planning exercise, not just an annual requirement
- Financial decisions directly impact:
  - ✓ Educational programs and service levels
  - ✓ Staffing stability and labor negotiations
  - ✓ Community trust and taxpayer stewardship
- Sustainable planning reduces uncertainty and crisis-driven decisions

# Drivers of District Budgets

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## Revenues

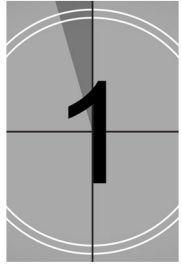
- State aid volatility
- Local levy capacity to support new revenue
- Enrollment trends
- Investment returns

## Expenditures

- Staffing and benefits (primary cost driver)
- Unfunded Mandates, Inflationary pressure
- Facilities and capital maintenance
- Inflationary pressure

# School Finance Landscape

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Unfunded Mandates



Inflationary Pressures

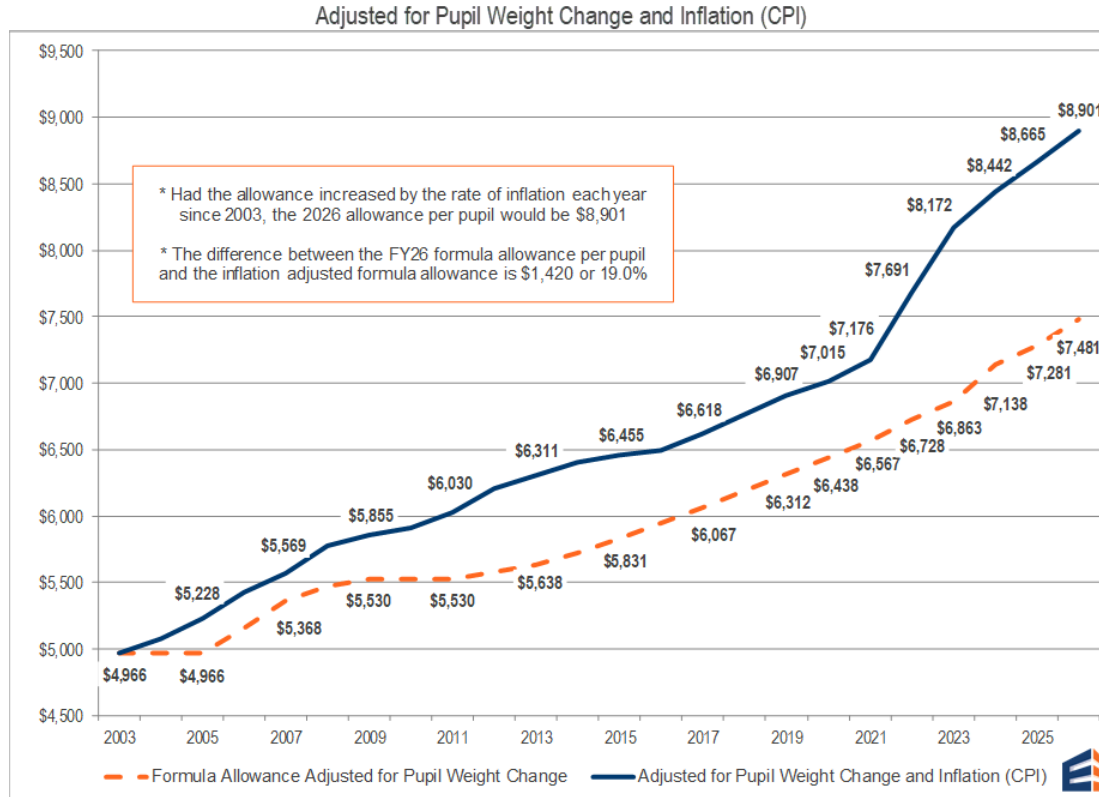


Mixed Local Levy Support



Budgetary Pressures

# Financial Trends: General Ed Revenue



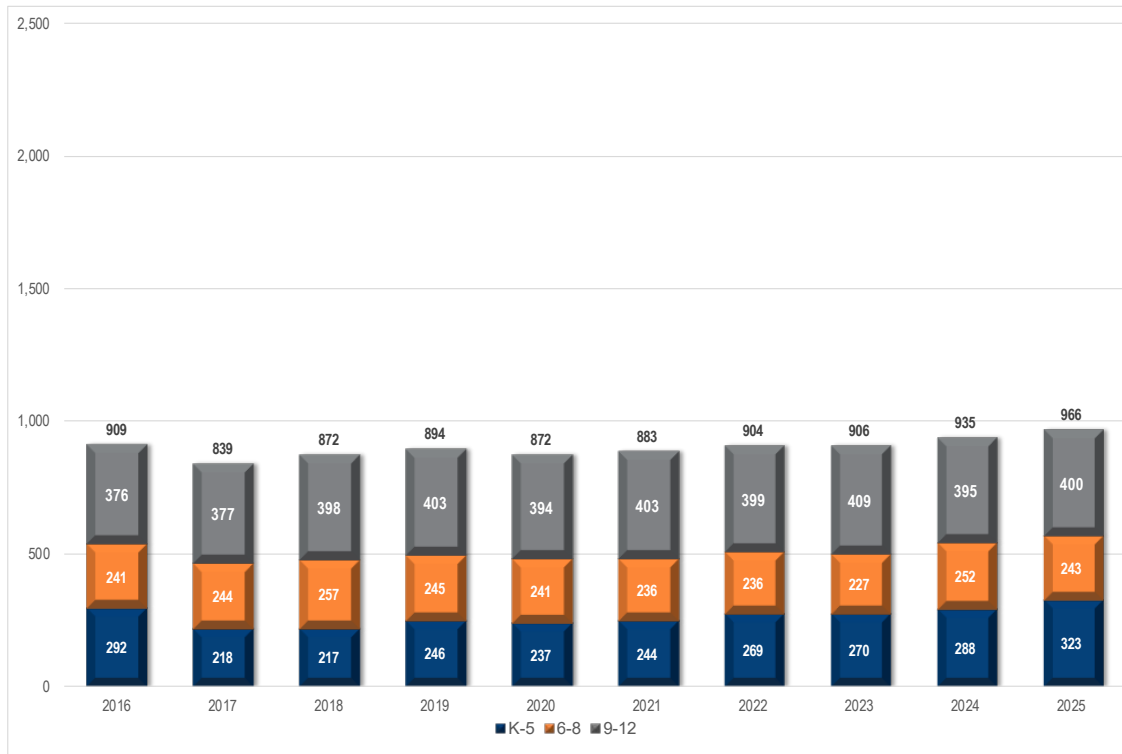
Source: MDE June 2025 CPI Inflation Estimates and Minnesota Laws 2023

# K-12 Historical Enrollment

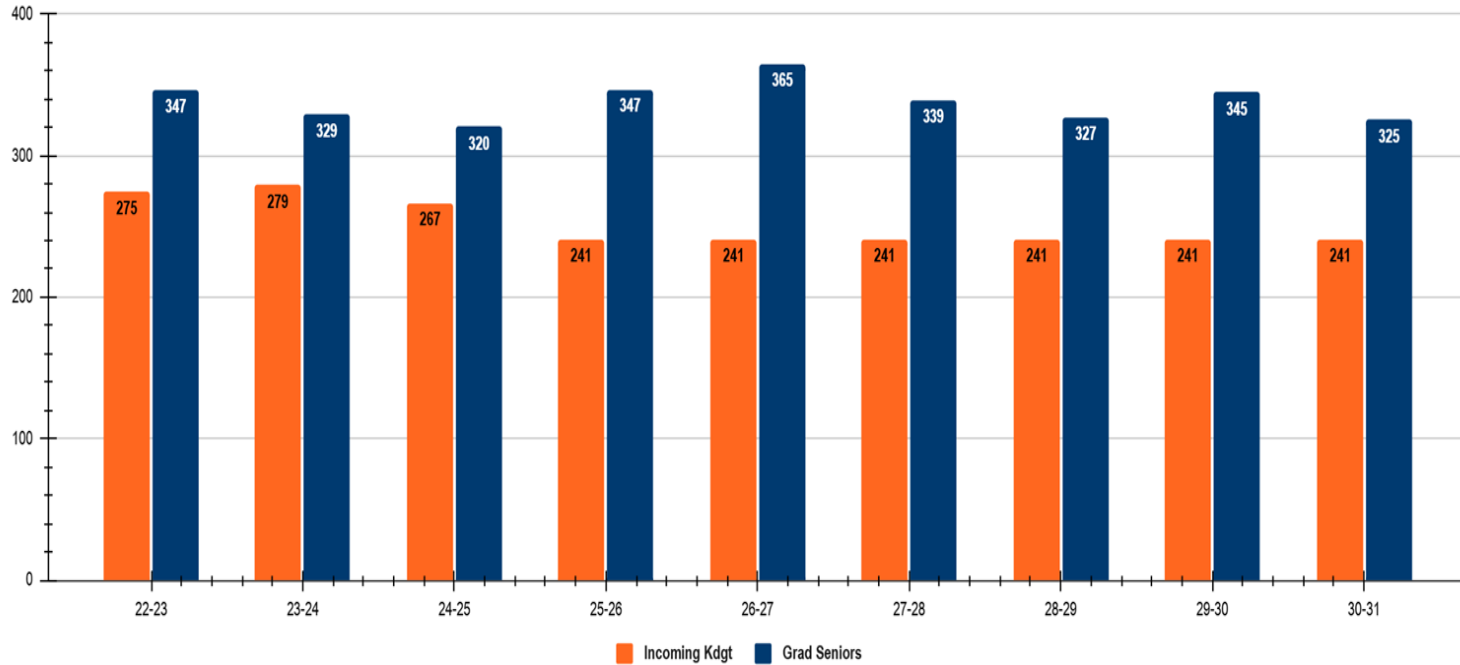


# District Specific Enrollment Trends

Students Open Enrolled From Another School District  
10 Year Student Enrollment Trend - K-12

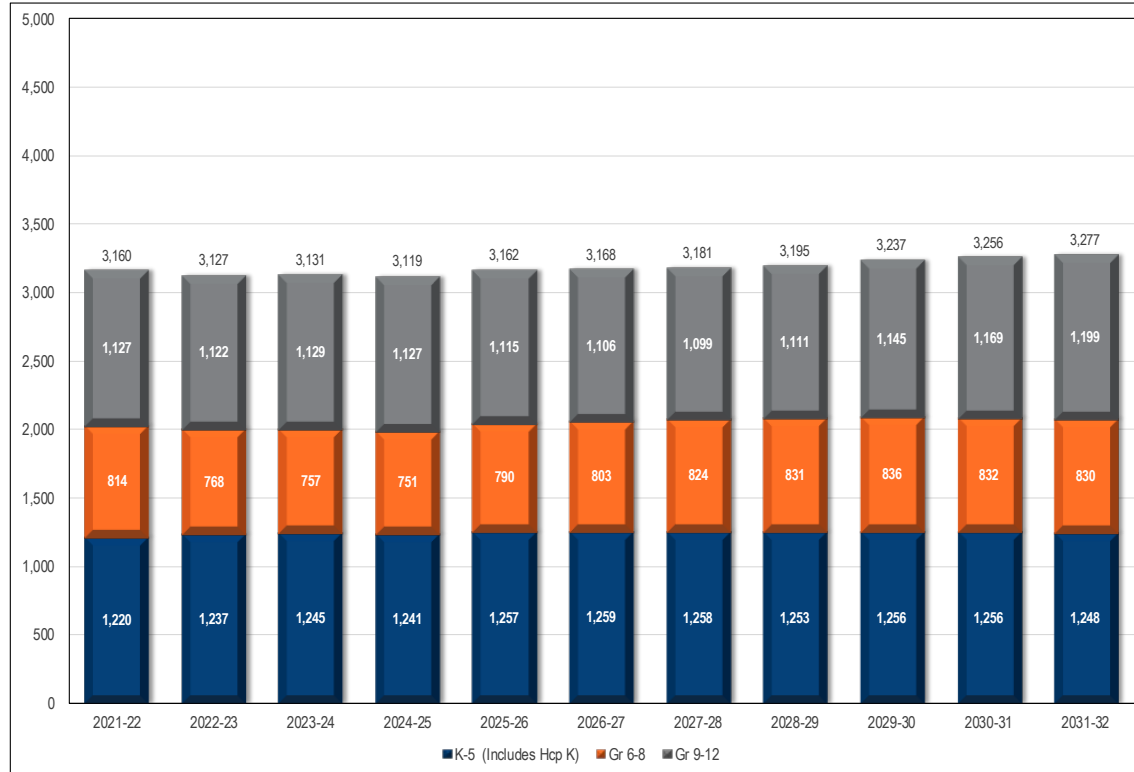


# Grade 12 vs. Incoming Kindergarten



# Enrollment Projection

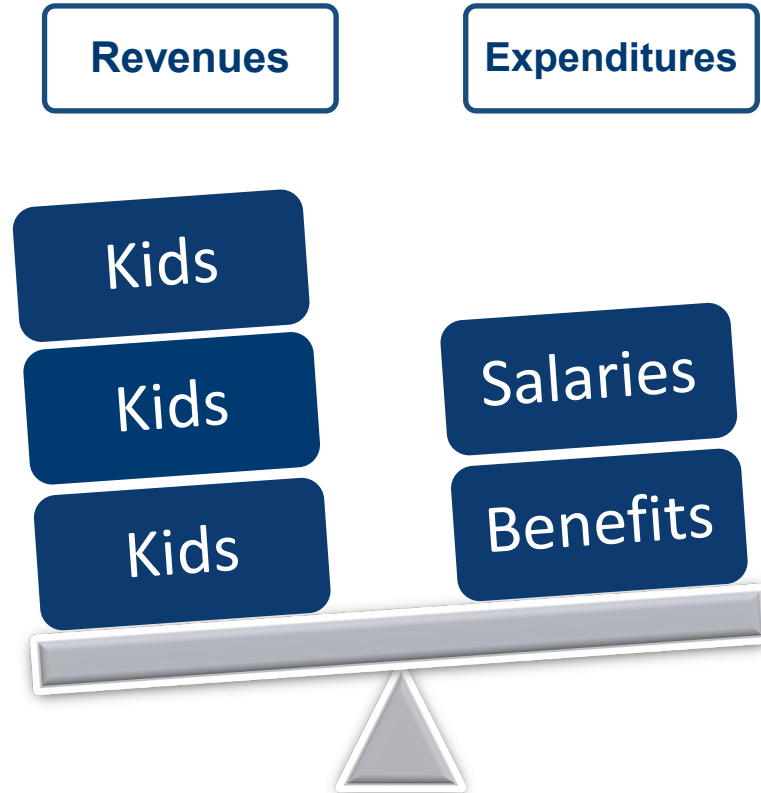
Projection Based on 3 Year Weighted Average  
Six Year Projection by Grade Category



Excludes EC and PreK

# Balanced Approach

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# From Annual Budget to Long-Term Forecast

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## Annual Budget

- What will we spend & receive?
- Can we balance revenues & expenditures today?

## Long-Term Forecast

- Are today's decisions sustainable over time?
- How do enrollment, staffing, contracts & funding changes compound?
- When do structural gaps emerge & how large do they become?

# Financial Forecasting

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- Fiscal management tool provides estimated data based on financial conditions from:



PAST



CURRENT



PROJECTED

# Financial Forecasting

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- Allows for **consistency** and stability
- Provides **sustainability** of programs
- Creates **framework** for addressing needs
- Promotes budget management **discipline**
- Ensures **integrity**
- Allows proactive v. **reactive** decision making
- Discourages **unstainable** practices
- Assists with **negotiation strategies**
- Diminishes “**surprises**”
- Builds **credibility**
- Promotes **transparency**

# General Fund: Budget Projections

## Five Year General Fund Budget Projection Summary

Definitions	Actual 2024-2025	Budget 2025-2026	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg	Projected 2030-2031	% Chg
Revenue	\$5,650,075	\$5,316,677	\$5,438,516	2.3%	\$5,455,044	0.3%	\$5,496,537	0.8%	\$5,504,543	0.1%	\$5,551,204	0.8%
Expenditures	<u>\$5,701,392</u>	<u>\$5,491,196</u>	<u>\$5,351,658</u>	<b>-2.5%</b>	<u>\$5,480,696</u>	2.4%	<u>\$5,591,567</u>	2.0%	<u>\$5,710,868</u>	2.1%	<u>\$5,833,225</u>	2.1%
Revenue Over (Under) Expenditures	<u>(\$51,317)</u>	<u>(\$174,519)</u>	<u>\$86,857</u>		<u>(\$25,651)</u>		<u>(\$95,030)</u>		<u>(\$206,324)</u>		<u>(\$282,021)</u>	
Fund Balance	<u>\$419,801</u>	<u>\$245,282</u>	<u>\$332,140</u>		<u>\$306,489</u>		<u>\$211,458</u>		<u>\$5,134</u>		<u>(\$276,887)</u>	
Assigned Fund Balance	\$183,617	\$188,811	\$199,455		\$198,815		\$196,629		\$190,232		\$181,999	
Unassigned Fund Balance	\$236,185	\$56,471	\$132,684		\$107,674		\$14,830		<b>(\$185,098)</b>		<b>(\$458,886)</b>	
Percent Unassigned	4.1%	1.0%	2.5%		2.0%		0.3%		<b>-3.2%</b>		<b>-7.9%</b>	
Unassigned Target Fund Balance %	8.0%	8.0%	8.0%		8.0%		8.0%		8.0%		8.0%	
Minimum Unassigned Fund Balance	\$456,111	\$439,296	\$428,133		\$438,456		\$447,325		\$456,869		\$466,658	
Fund Balance Over (Under) Target	<b>(\$219,927)</b>	<b>(\$382,825)</b>	<b>(\$295,448)</b>		<b>(\$330,782)</b>		<b>(\$432,496)</b>		<b>(\$641,967)</b>		<b>(\$925,544)</b>	

# Staffing Levels

Teacher Licensed Staff Calculator						
Calculate budget impact of staff turnover and change in teacher licensed staff positions	Budget 2024-2025	Projected 2025-2026	Projected 2026-2027	Projected 2027-2028	Projected 2028-2029	Projected 2029-2030
<i>Projected Licensed Teacher Staff Based on Projected Enrollment</i>						
<i>Budget Projection - Adjust # of FTE Licensed Teaching Staff based upon adjustment to # of FTE or staffing ratio</i>						
Enter # FTE licensed teaching staff	78.00	78.00	78.00	78.00	78.00	78.00
Calculated staff ratio	13.62	13.54	13.44	13.56	13.55	13.51
<b>COST CHANGES DUE TO STAFF ADDITIONS &amp; SUBTRACTIONS</b>						
Change in number of non-retiring licensed classroom staff - enter FTE (If Decrease, enter as a negative)	n/a	0.00	0.00	0.00	0.00	0.00
Staff turnover - # of teacher retirements & replaced	n/a	2.00	1.00	0.00	1.00	0.00
Staff turnover - # of teacher retirements & not replaced (Enter as a negative)	n/a	0.00	0.00	0.00	0.00	0.00
Average salary of replacement staff	\$ 45,000	Model will inflate the salaries in subsequent years.				
Enter average salary of staff leaving district	\$ 75,000					
Resulting changes in staffing	n/a	0.00	0.00	0.00	0.00	0.00
<b>TOTAL COST INCREASES/DECREASES</b>	n/a	(\$60,000)	(\$30,000)	\$0	(\$30,000)	\$0
Use Staff Calculator in the Budget Projection for Changes In Licensed Teachers? (1 = YES, 2 = NO)	n/a	2	2	2	2	2

# Budget: 5 Year Projection Summary

Five Year General Fund Budget Projection Summary

Definitions	Actual 2023-2024	Budget 2024-2025	Projected 2025-2026	% Chg	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg
Revenue	\$17,813,488	\$18,007,004	\$16,400,126	-8.9%	\$16,208,795	-1.2%	\$16,215,687	0.0%	\$16,273,456	0.4%	\$16,336,216	0.4%
Expenditures	\$18,165,241	\$17,893,411	\$16,627,984	-7.1%	\$17,243,713	3.6%	\$17,747,647	2.9%	\$18,272,400	3.0%	\$18,818,037	3.0%
Revenue Over (Under) Expenditures	(\$351,753)	\$113,593	(\$227,858)		(\$1,034,918)		(\$1,531,959)		(\$1,998,944)		(\$2,481,821)	
Fund Balance	\$490,720	\$604,313	\$376,454		(\$658,464)		(\$2,190,423)		(\$4,189,367)		(\$6,671,187)	
Assumed Reductions Per Year					\$0		\$0		\$0		\$0	

	Actual 2023-2024	Budget 2024-2025	Projected 2025-2026	% Chg	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg
Basic Funding Formula	\$7,138	\$7,281	\$7,481	2.8%	\$7,704	3.0%	\$7,936	3.0%	\$8,117	2.3%	\$8,279	2.0%
Operating Referendum	\$0	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Capital Projects Levy	\$0	\$0	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%

## Key Assumptions:

- **-\$0** Future Reductions per year
- \$0 Increase Voter Approved Operating Referendum
- \$0 Increase Capital Project Levy (Technology Levy)

# Budget: Simulation

Five Year General Fund Budget Projection Summary

Definitions	Actual 2023-2024	Budget 2024-2025	Projected 2025-2026	% Chg	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg
Revenue	\$17,813,488	\$18,007,004	\$16,400,126	-8.9%	\$16,942,180	3.3%	\$16,952,975	0.1%	\$17,018,378	0.4%	\$17,086,316	0.4%
Expenditures	\$18,165,241	\$17,893,411	\$16,627,984	-7.1%	\$16,743,713	0.7%	\$16,747,647	0.0%	\$16,772,400	0.1%	\$16,818,037	0.3%
Revenue Over (Under) Expenditures	(\$351,753)	\$113,593	(\$227,858)		\$198,467		\$205,328		\$245,978		\$268,279	
Fund Balance	\$490,720	\$604,313	\$376,454		\$574,921		\$780,250		\$1,026,228		\$1,294,507	
Assumed Reductions Per Year					\$500,000		\$500,000		\$500,000		\$500,000	

	Actual 2023-2024	Budget 2024-2025	Projected 2025-2026	% Chg	Projected 2026-2027	% Chg	Projected 2027-2028	% Chg	Projected 2028-2029	% Chg	Projected 2029-2030	% Chg
Basic Funding Formula	\$7,138	\$7,281	\$7,481	2.8%	\$7,704	3.0%	\$7,936	3.0%	\$8,117	2.3%	\$8,279	2.0%
Operating Referendum	\$0	\$0	\$0	0.0%	\$596	0.0%	\$614	3.0%	\$628	2.3%	\$640	2.0%
Capital Projects Levy	\$0	\$0	\$0	0.0%	\$295	0.0%	\$301	2.2%	\$303	0.7%	\$306	0.9%

## Key Assumptions:

- **-\$500,000** Future Reductions per year
- \$500,000 Increase Voter Approved Operating Referendum
- \$250,000 Increase Capital Project Levy (Technology Levy)

# General Fund: Review

- Monthly/  
Routine  
Checks
- Identify  
Variances  
Early

FY 2024-25 - Budget to Actual Comparison Month Ended August 30, 2024							SUMMARY BY SOURCE, OBJECT SERIES & PROGRAM SERIES			August 30, 2024
GENERAL FUND DETAILED										
REVENUE							August 30, 2024	August 30, 2023	August 30, 2022	
REVENUE CATEGORIES	June 30, 2023	June 30, 2024	Adopted Budget	Revised Budget	Received YTD	Budget Remaining	% of Budget Received	% of Actuals Received	% of Actuals Received	
Property Tax	\$ 1,319,448	\$ 1,327,708	\$ 1,377,230	\$ -	\$ 278,923	\$ 1,098,307	20.25%	0.00%	37.47%	
Local Revenue (Fees, Interest, Etc.)	\$ 854,678	\$ 1,016,132	\$ 732,910	\$ -	\$ 87,063	645,847	11.88%	6.94%	7.58%	
State Revenue	\$ 8,822,930	\$ 9,622,420	\$ 9,214,640	\$ -	\$ 386,633	8,828,007	4.20%	5.15%	14.71%	
Federal Revenue	\$ 421,612	\$ 266,045	\$ 67,570	\$ -	\$ -	67,570	0.00%	0.00%	11.52%	
Other Revenue	\$ 56,815	\$ 53,534	\$ 65,350	\$ -	\$ (1,520)	66,870	-2.33%	0.46%	5.76%	
<b>TOTAL REVENUE</b>	<b>\$ 11,475,483</b>	<b>\$ 12,285,840</b>	<b>\$ 11,457,700</b>	<b>\$ -</b>	<b>\$ 751,098</b>	<b>\$ 10,706,602</b>	<b>6.56%</b>	<b>4.61%</b>	<b>16.64%</b>	
EXPENDITURES							August 30, 2024	August 30, 2023	August 30, 2022	
OBJECT SERIES	June 30, 2023	June 30, 2024	Adopted Budget	Revised Budget	Expended YTD	Budget Remaining	% of Budget Expended	% of Actuals Expended	% of Actuals Expended	
Salary & Wages	\$ 6,254,216	\$ 6,441,277	\$ 6,475,810	\$ -	\$ 215,293	\$ 6,260,517	3.32%	3.16%	3.30%	
Employee Benefits	\$ 1,802,962	\$ 1,868,623	\$ 1,966,620	\$ -	\$ 84,384	1,882,236	4.29%	4.45%	4.62%	
Purchased Services	\$ 2,152,028	\$ 2,175,646	\$ 2,198,530	\$ -	\$ 231,214	1,967,316	10.52%	13.15%	11.01%	
Supplies & Materials	\$ 757,214	\$ 733,791	\$ 772,830	\$ -	\$ 140,320	632,510	18.16%	26.36%	19.77%	
Capital Expenditures	\$ 301,581	\$ 422,823	\$ 294,040	\$ -	\$ 37,887	256,153	12.89%	8.61%	12.17%	
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	0	0.00%	0.00%	0.00%	
Other Expenditures	\$ 106,303	\$ 105,635	\$ 44,040	\$ -	\$ 14,015	30,025	31.82%	14.48%	13.55%	
Other Financing Uses	\$ -	\$ -	\$ -	\$ -	\$ -	0	0.00%	0.00%	0.00%	
<b>TOTAL OBJECT SERIES</b>	<b>\$ 11,374,304</b>	<b>\$ 11,747,795</b>	<b>\$ 11,751,870</b>	<b>\$ -</b>	<b>\$ 723,113</b>	<b>\$ 11,028,757</b>	<b>6.15%</b>	<b>6.96%</b>	<b>6.40%</b>	

# Communication & Trust

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Clear forecasting supports:

- Transparent board discussions
- Consistent public messaging
- Credible long-term planning

Builds confidence with:

- Taxpayers
- Staff
- Families

# Referendum Becomes Strategic Option

- Reductions alone cannot sustain district goals
- The board and community are being brought along
- Financial modeling shows voter support would stabilize operations



# Voter-Approved Funding

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“Levies are  
for  
Learning”

- Operating Referendum
- Capital Project Levy

“Bonds are  
for Building”

- Building Bonds

# Role & Benefits of School Referendums

## Role

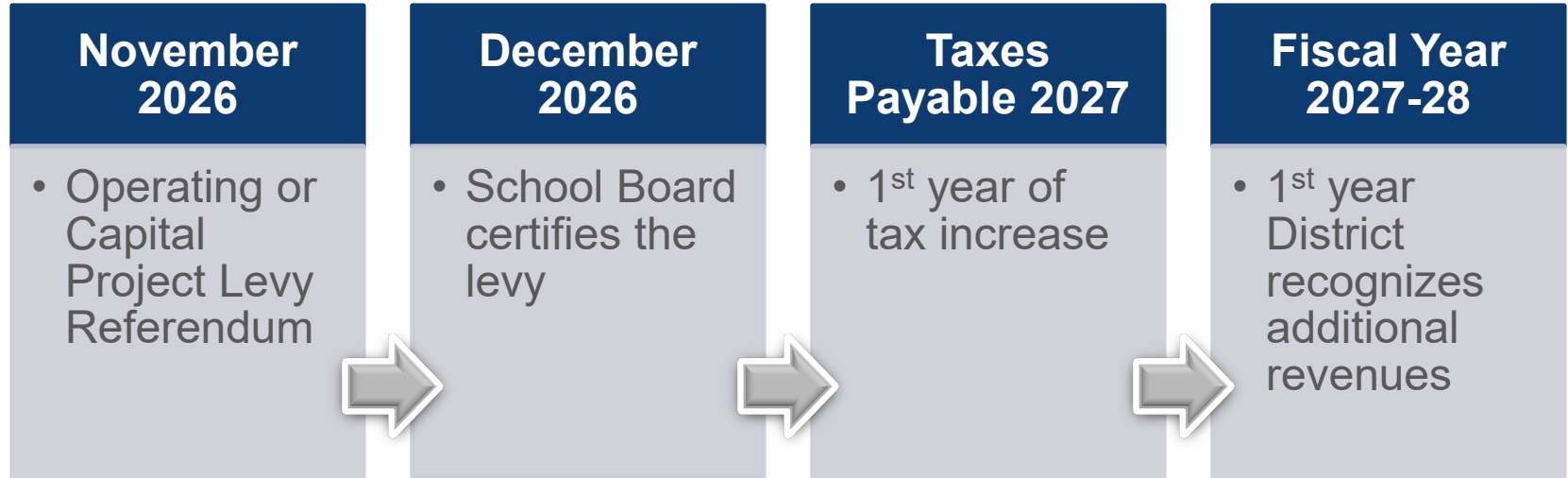
- Fund building projects
  - Provide funds for acquisition and betterment of school sites and facilities
- Secure operating revenue
  - Fund day-to-day education expenses (i.e. salaries, classroom resources, technology)

## Benefits

- Community engagement
  - Referendums require voter approval & reflect community priorities through active participation & communication
- Education quality
  - The success of referendums directly affects a district's ability to maintain and improve educational services

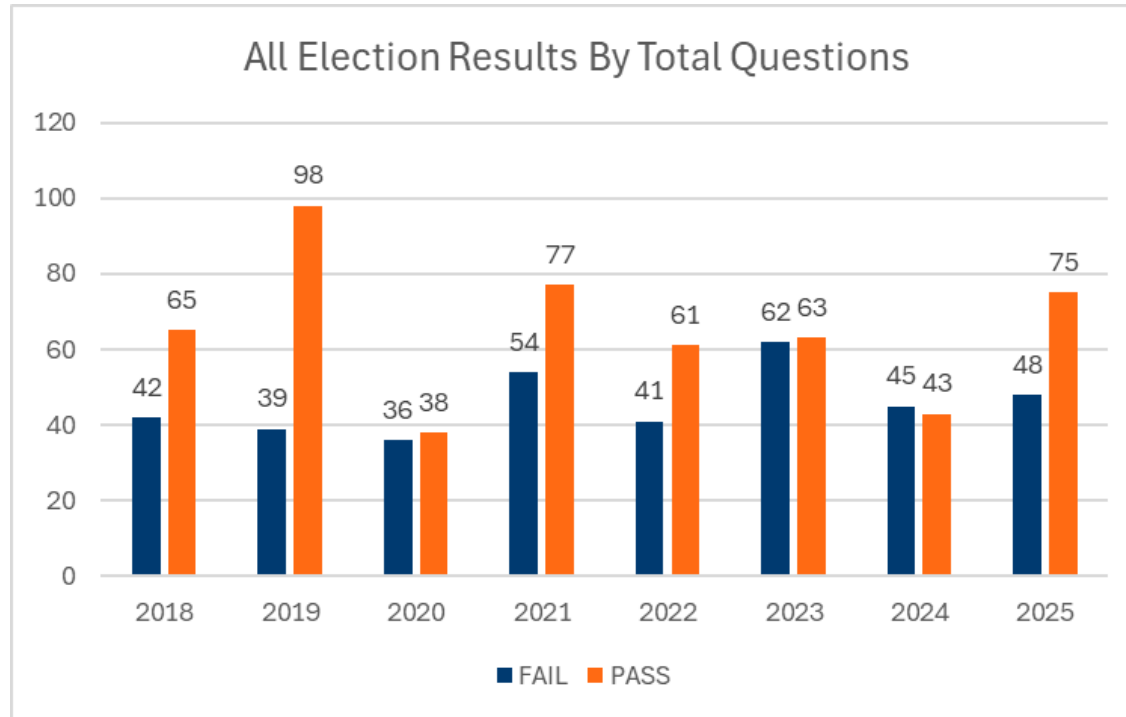
# When Would New Revenue be Available?

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# Election Data

Elections are allowed on five dates.



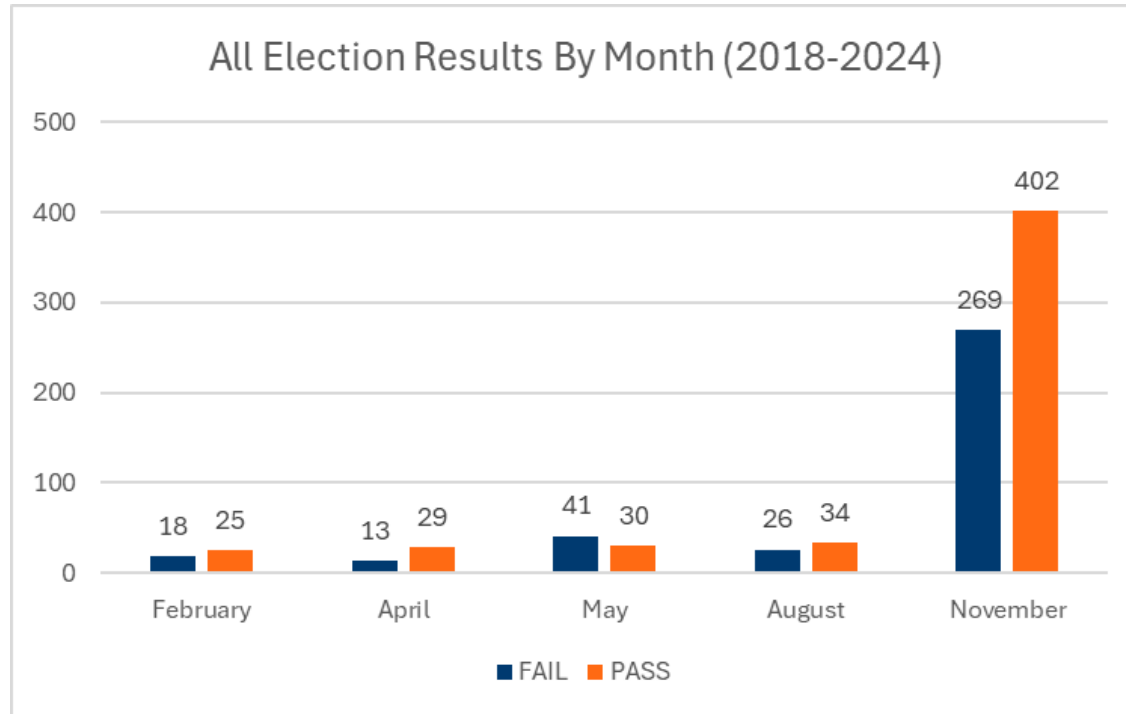
# Key Numbers & Outcomes

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- November Referendum Overview
  - ✓ 96 questions on the ballot, 69 asked for additional annual revenue vital for district operations
- Operating Revenue Results
  - ✓ Of 69 questions, 46 passed & 23 failed
- Metro District Building Successes
  - ✓ Approved \$318 million, 100% passage rate
- Rural District Challenges
  - ✓ 24 questions posed, only 11 passed

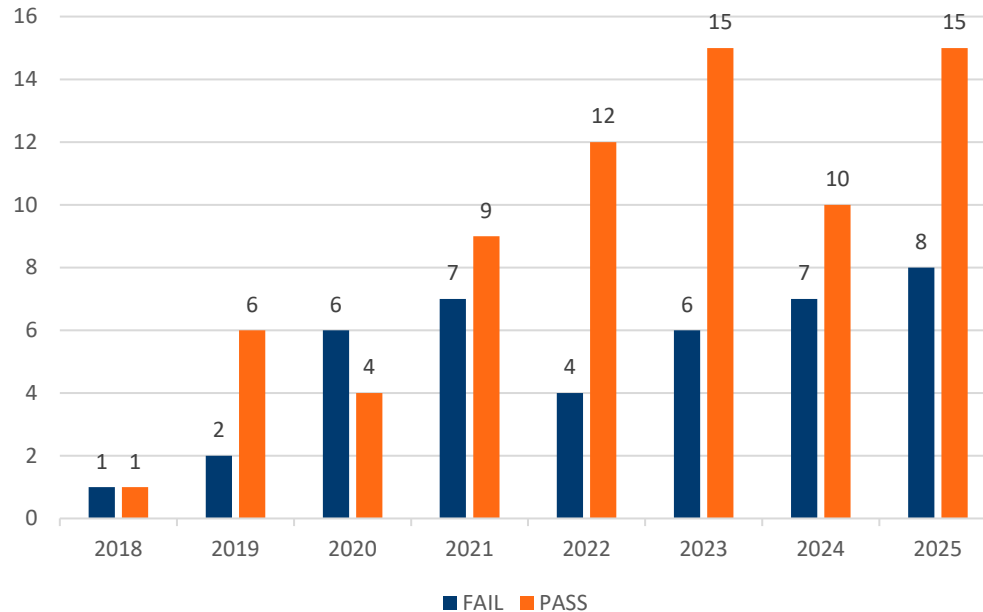
# Election Data

**November remains the most popular.**

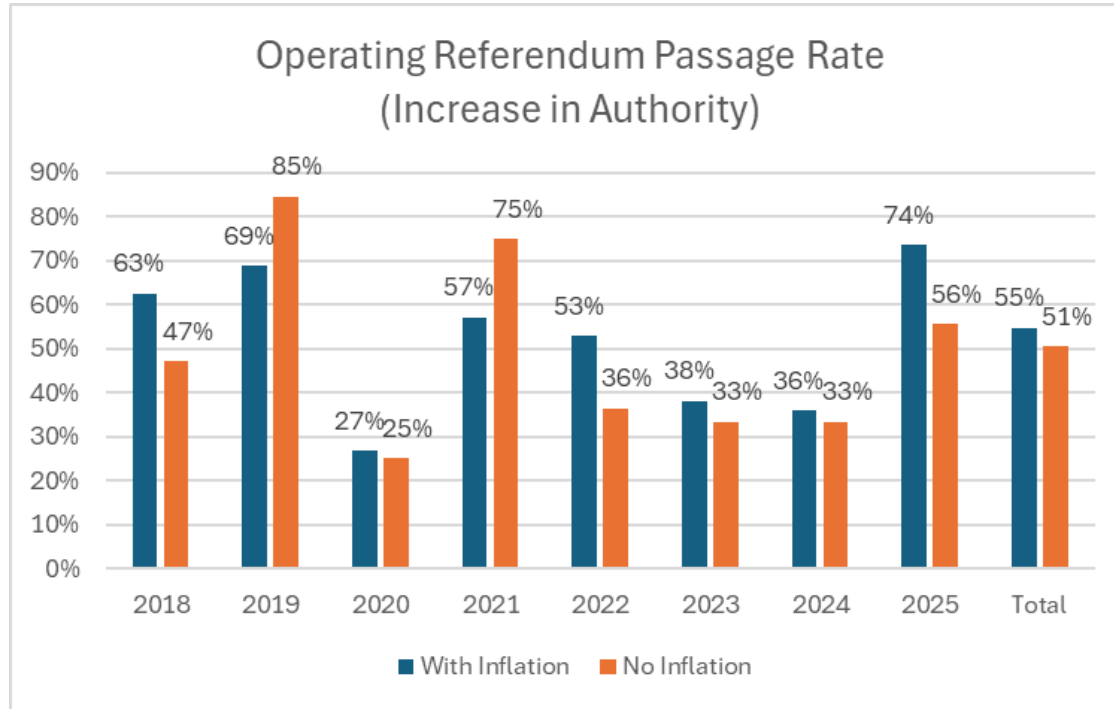


# Election Data

Capital Project Levy Ballot Questions By Year

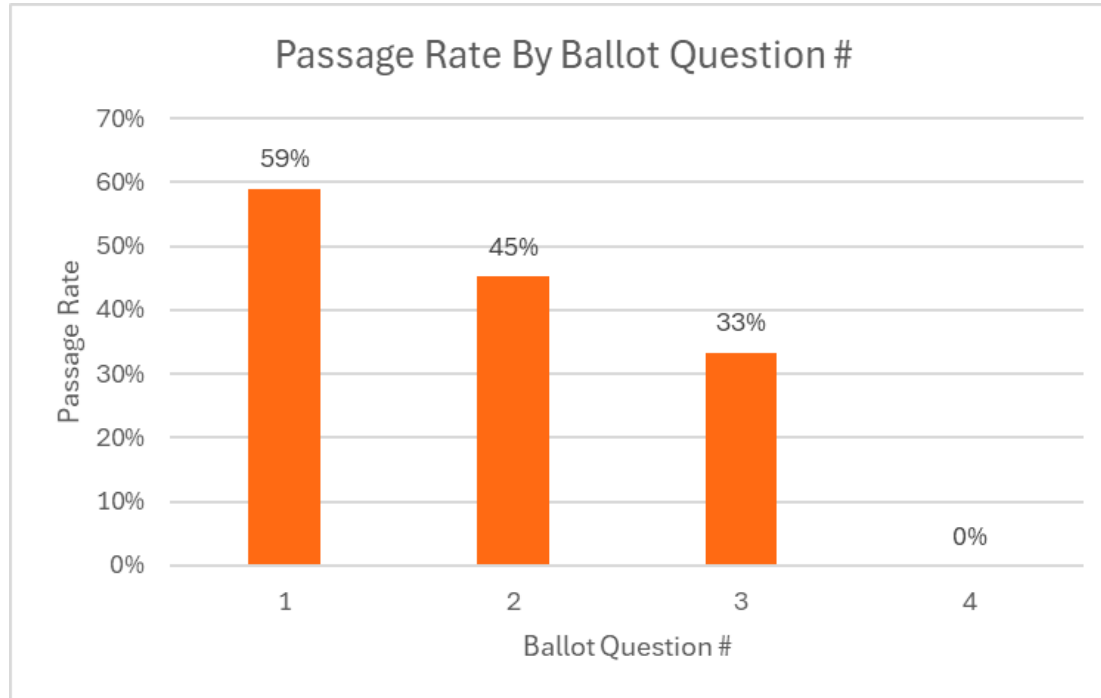


# Election Data



# Election Data

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**Success rate decrease with number of questions asked**

# Observations From Recent Elections

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## Operating Referendum Dominance

- Operating referendums led ballots, reflecting districts' urgent funding needs for essential services

## Inflation Less of a Factor

- Voter caution toward inflation is limited and district specific

## Metro v. Greater MN Success Rates

- Metro area voted far more positively for referendums

# As We Look Forward...

- **Fund balances are getting narrower**
  - ✓ Leading to cash flow pressure for some
- **Or the flip side a cash surplus**
  - ✓ Opportunity cost
  - ✓ Strong balances create choices
  - ✓ Proper planning ensures they become good choices



# Importance of Cash Flow Analysis

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Proper cash flow analysis & projections are essential for sound district fiscal management



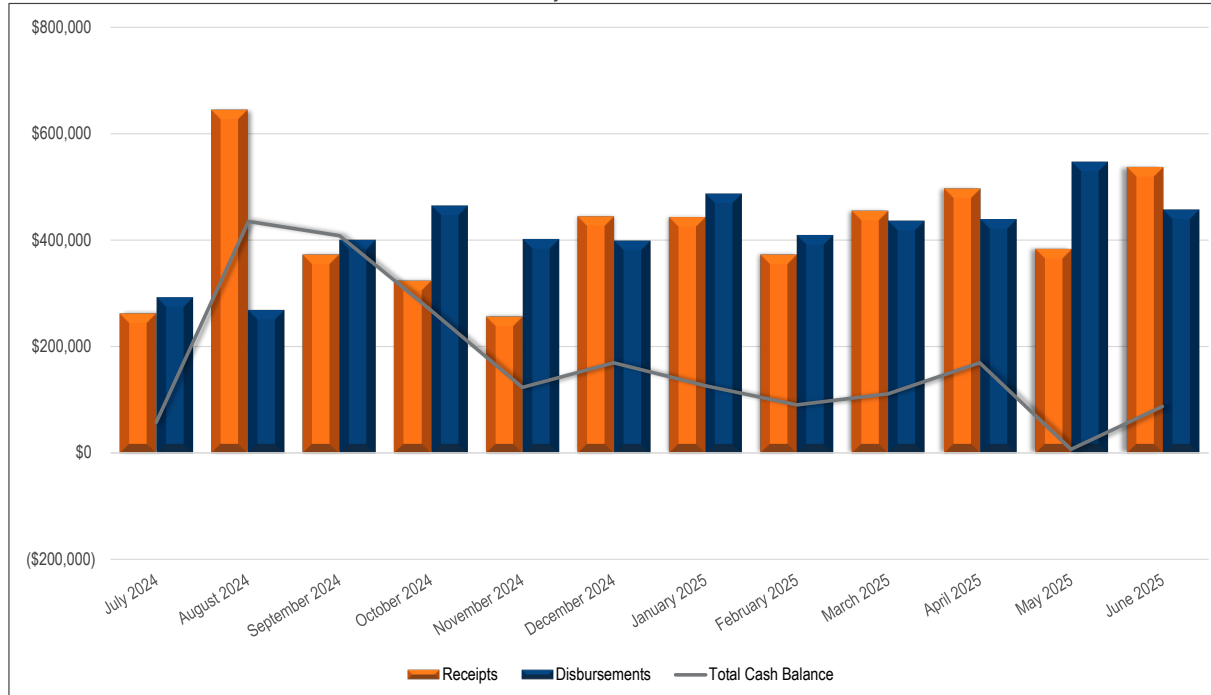
Factors outside of your control



Unanticipated challenges

# Timing of Revenues & Expenses

Example School District  
Projected Cash Flow



# Cash Flow Forecasting Basics

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**If you need assistance, Ehlers' School Finance Advisors can help!**

# Solutions for Cash Flow Shortages

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Reduce  
expenditures

Maintain  
sufficient cash  
reserves

Secure short-  
term  
borrowing

**Pro Tip**

Will likely be a combination of all the above.

# Financing Solutions

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The most appropriate solution depends on the duration, magnitude and timing of the shortage.

Bank Line of  
Credit

Aid Anticipation  
Certificates

Tax Anticipation  
Certificates

# When Cash is Strong

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- Not all Districts face cash shortfalls
- Periods of surplus cash can be common due to:
  - ✓ Timing of State Aid & Property Tax receipts
  - ✓ Conservative Budgeting Assumptions
  - ✓ One-time revenues or delayed expenditures
- Strategic Investing to Align with Cash Flows and Create Additional Value

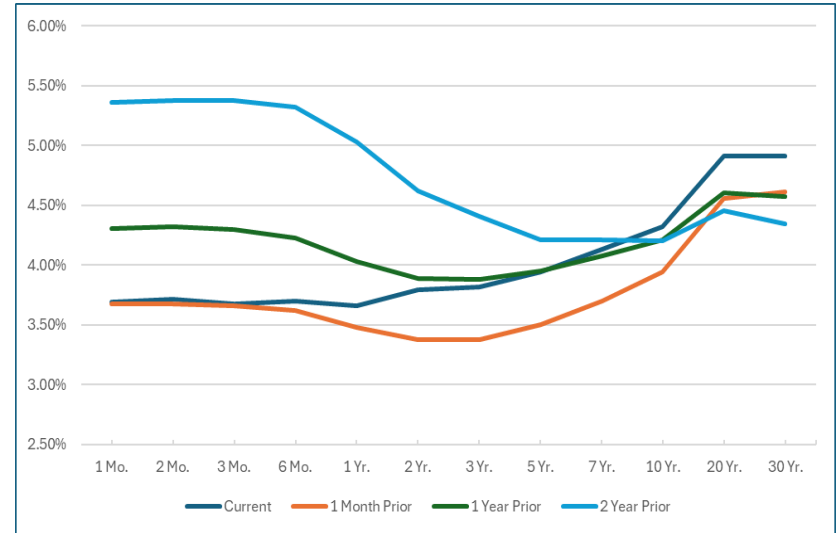
# Common Options

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- Short-Term/Daily Liquidity
  - ✓ MMMFs, LGIPs, Bank Accounts
- Intermediate Term
  - ✓ 90day to 180day US Treasuries & Agencies
  - ✓ Bulleted Portfolio for Project or Debt Service Specific Needs
- Longer Term
  - ✓ Laddered Portfolio Aligned to Cash Forecasted Needs

# Cash is Volatile – Rates Change

Treasury Rates							
	3/31/2026	2/27/2026	MoM Δ	3/31/2025	YoY Δ	3/29/2024	2 YoY Δ
<b>1 Mo.</b>	3.69%	3.68%	0.02%	4.31%	-0.61%	5.36%	-1.66%
<b>2 Mo.</b>	3.71%	3.67%	0.04%	4.32%	-0.61%	5.37%	-1.66%
<b>3 Mo.</b>	3.68%	3.66%	0.02%	4.30%	-0.62%	5.37%	-1.69%
<b>6 Mo.</b>	3.70%	3.62%	0.08%	4.23%	-0.53%	5.32%	-1.62%
<b>1 Yr.</b>	3.66%	3.48%	0.18%	4.03%	-0.37%	5.03%	-1.37%
<b>2 Yr.</b>	3.80%	3.38%	0.42%	3.89%	-0.09%	4.62%	-0.83%
<b>3 Yr.</b>	3.82%	3.38%	0.44%	3.88%	-0.06%	4.41%	-0.59%
<b>5 Yr.</b>	3.94%	3.50%	0.44%	3.95%	-0.01%	4.21%	-0.27%
<b>7 Yr.</b>	4.13%	3.70%	0.43%	4.08%	0.06%	4.21%	-0.08%
<b>10 Yr.</b>	4.32%	3.94%	0.38%	4.21%	0.11%	4.20%	0.12%
<b>20 Yr.</b>	4.91%	4.55%	0.36%	4.60%	0.31%	4.45%	0.46%
<b>30 Yr.</b>	4.91%	4.61%	0.30%	4.57%	0.34%	4.34%	0.57%



Cash is Volatile. Cash Minimizes Price Risk but Maximizes Reinvestment & Interest Rate Risk

Source: FRED  
Date: 3/31/26

# Does it Matter?

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## WHAT HAPPENS NEXT IS THE DIFFERENCE

### Cash / LGIP

Reprices Immediately  
as Fed cuts

Earnings may fall  
to 3% or less

Annual income uncertain

### Laddered Portfolio built 2 years ago

Still earning ~4.25–4.75%

Income already locked

Predictable earnings  
for budgeting

**ON \$10 MILLION: ~ \$100,000–150,000 PER DIFFERENCE**

That gap compounds every year rates stay lower

# Closing

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Budget planning is about sustainability, not just balance

Long-term forecasting is a decision-making tool

Early visibility enables better choices

Strong planning supports students, staff, and the community



# Important Disclosures

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