Communicating School Finances

Building Effective Partnerships Between Business Managers, School Leaders & Boards

Annual Finance Seminar

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Your Presenters

LEADERSHIP & GOVERNANCE

Kim McClelland

Charter school leadership, board governance, and authorizer relations

Strategic planning, policy development, and school start-up

Translating finance into board-ready decisions

SCHOOL FINANCE

Glenn Gustafson

Colorado school finance, budgeting, and long-range financial modeling

District and charter financial oversight, audit, and internal controls

Business office systems and reporting design

Why we present this together

A CFO/Business Manager and a school leader see the same numbers differently. That difference is exactly where communication breaks down, and exactly where this session lives.

The Core Distinction

01 / What is reported

Financial Information

- Raw numbers and compliance reports
- Detailed general ledger data
- Abundant spreadsheets & audits

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02 / What is needed

Financial Understanding

- Clear, strategic insights
- Plain-language explanations
- Board-ready decision support

Session Objectives

Four things you can put to work at your next board meeting.

01

Prepare information people can actually use

Layered reporting, plain language, and variance narratives that answer the question before it is asked.

02

Run financial discussions that produce decisions

Agenda design, standing questions, and a clear line between accounting entries and strategic choices.

03

Keep attention on what matters most

A small number of assumptions drive the multi-year picture. Everything else is detail.

04

“Educate” your board on school finance at every meeting

Every meeting is an opportunity to educate your board and leadership on some of the many nuances of school finances: Account codes, SFA, Budget concepts, etc

Every practice in this session should survive contact with a real board meeting agenda.

Three Roles, One Financial Story

Accuracy & Mechanics

Business Manager

Owns: books, controls, compliance, reporting calendar
Produces: statements, variance detail, cash flow, audit file
Asks: is this recorded correctly and can I defend it?

Translation & Tradeoffs

School Leader

Owns: operational decisions inside board parameters and financial strategy
Produces: story connecting dollars to program and staffing
Asks: what does this mean for students, staff, and the plan?

Oversight & Policy

Board

Owns: budget approval, reserve policy, audit, ED evaluation
Produces: decisions, parameters, and documented direction
Asks: is the plan sound and are the assumptions holding?

One story, told three ways

Same data, three altitudes. The business office supplies precision, leadership supplies meaning, the board supplies judgment. Trouble starts when someone works at the wrong altitude.

Where Communication Breaks Down

PATTERN	WHAT IT LOOKS LIKE	THE FIX
Data dump	A 40-page packet with no summary	Lead with a one-page dashboard; move detail to an appendix
Jargon drift	Encumbrance, FTE, TABOR, accrual, PPR	Keep a one-page glossary in the board handbook
Surprise disclosure	Bad news arrives at the meeting	Pre-brief the chair and ED before the packet goes out
Snapshot reporting	One month with no trend or forecast	Always show trend plus projection to year-end
Unnamed decision	Discussion ends without a choice	State the decision requested at the top of the item
Rabbit holes	20 minutes on a $400 line item	Use materiality thresholds to set what gets discussed

The No-Surprises Cadence

Most board financial problems are calendar problems. Build the conversation before the packet.

2 weeks out	Business manager closes the month and flags anything material to the leader.
10 days out	Leader and business manager agree on the story, the ask, and what is still unknown.
1 week out	Chair and treasurer get a heads-up on anything the board will find surprising.
Packet out	Dashboard, narrative, and the decision requested are on page one.
At the table	Presenters frame the decision in five minutes and protect time for discussion.

The board should never learn something material for the first time from the packet.

Section Focus

Preparing Financial Information People Can Use

Build the Packet in Layers

LAYER 1

One-page dashboard

- Revenue and expense to date vs. budget
- Enrollment vs. projection
- Days of cash and fund balance
- Forecast to year-end
- Two or three sentences of narrative

LAYER 2

Statements & variance narrative

- Balance sheet and statement of revenues and expenditures
- Variance explanation for anything past the materiality threshold
- Cash flow projection
- Grant and flow-through status

LAYER 3

Detail appendix

- Account-level detail
- Check register or transaction listing
- Compliance and reporting confirmations
- Available on request, not walked through

Discussion time belongs to Layer 1. Layers 2 and 3 exist so that Layer 1 can be trusted.

Six Reporting Design Principles

Same format every month

Boards learn a format once. Changing it resets their fluency to zero.

Plain language first

Write the sentence a new board member could repeat to a parent.

Materiality thresholds

Define what triggers a written explanation, e.g. 5% or $10,000.

Trend, not snapshot

Three years or twelve months of context on every key measure.

Forecast, not just actuals

Boards govern the future. Always project to year-end.

One number, one source

Enrollment, PPR, and fund balance should match everywhere they appear.

Pick the two you are weakest on. Fix those before adding anything new to the packet.

Three Documents, Three Questions

DOCUMENT 1

Annual budget

Can we afford this year?

Board-approved spending authority. Amended after the official pupil count is certified.

Are we generating a surplus, breaking even or deficit spending?

DOCUMENT 2

Cash flow forecast

Can we make payroll every month?

Timing, not totals. State payments, grant reimbursements, and mill levy or lease cycles.

DOCUMENT 3

Multi-year plan

Are we still sustainable in year three?

Where enrollment, compensation, facilities, and grant expirations compound.

A healthy budget can still hide a cash problem

Solvency, liquidity, and sustainability are three different questions. Boards that only see the annual budget are governing one of the three.

FINANCIAL OVERSIGHT

Leading Productive Board Discussions

The Financial Year Has a Rhythm

Jan – Mar	Legislative session and preliminary revenue picture; amend current-year budget and appropriation after the certified count.
Apr – May	School Finance Act signed; build the draft budget and staffing plan on known per-pupil figures.
Jun	Adopt the budget and appropriation resolution before the fiscal year begins; set reserve and compensation direction.
Aug – Oct	Actual enrollment lands; October count day drives funded pupil count and the first real revenue check.
Nov – Dec	Audit fieldwork and acceptance; management letter and internal control follow-up; revise projections.
Year-round	Monthly dashboard, quarterly deep dive, annual multi-year plan refresh.

Map board financial agenda items to this calendar once, and the year stops feeling reactive.

Six Domains of Board Financial Oversight

Revenue

Are enrollment and funding assumptions still holding? What changed at the state or authorizer level?

Expenses

Are staffing, compensation, and program costs tracking to plan? Are we still competitive?

Reserves & sustainability

Days of cash, fund balance as a percent of expenditures, and capacity to absorb a bad year.

Risk monitoring

What external change would require us to revisit the plan's assumptions?

Compliance & controls

Audit findings, segregation of duties, and authorizer reporting status.

Decision-making

What tradeoffs are emerging, and which belong to the board rather than to leadership?

Standing questions, not crisis questions

These belong in every finance update, not only when something looks wrong. Asked routinely, they stop being adversarial and start being useful.

What to Put in Front of the Board Every Month

Net income to date

Do revenues exceed expenditures, and is that on pace with the plan?

Revenue variance

Budget to actual by month, quarter, and year to date, with explanations.

Expenditure variance

By program and by object, with anything past threshold explained.

Enrollment vs. projection

Headcount and funded count, and the revenue effect of the gap.

Days of cash

Liquidity against policy target, with the low point in the coming quarter.

Grants & flow-through

Requests for funds submitted and collected on time; reconciliations current.

Reference slide — designed to be handed out as a monthly reporting checklist.

A Few Assumptions Move the Whole Picture

Small changes in a handful of assumptions move the multi-year picture more than everything else combined.

Enrollment count	High	Drives nearly all unrestricted revenue and compounds in every future year.
Compensation growth	High	Largest expense line; a one-point change persists for the life of the plan.
Per-pupil funding level	High	Set outside the school; state and authorizer decisions flow straight to the bottom line.
Facilities cost	Medium	Largely fixed near term, but inflation and capital renewal compound.
Grant continuation	Medium	Expirations create step-downs that must be planned years ahead.

Paired discussion · 4 min: which assumption in your plan is strongest, and which is most fragile?

Section 03

Hard Conversations, Risk & Scenarios

Every Risk Needs a Signal and a Question

RISK TO THE PLAN	SIGNAL TO MONITOR	QUESTION IT TRIGGERS
Enrollment softening	Re-enrollment rate, waitlist depth, kindergarten pipeline	*What would we change if we were 15 students short?*
Compensation pressure	Turnover, market salary movement, benefit cost trend	*Is our compensation plan affordable across the full plan horizon?*
State funding change	Legislative action, formula phase-in, per-pupil revisions	*Which assumptions break if per-pupil funding shifts?*
Authorizer or district policy	Central charges, allocation methodology, reporting expectations	*What is changing upstream that lands on our budget?*
Facilities cost	Maintenance backlog, capital renewal, escalation	*Are we funding capital renewal, or deferring it?*
Grant expiration	End dates, renewal odds, dependent positions	*What happens the year after this grant ends?*

Scenario Thinking, Not Fear Forecasting

PLAN HOLDS

Base case

- Enrollment steady year over year
- Compensation grows as budgeted
- Reserves build toward target

MODEST SOFTENING

Conservative case

- Enrollment slightly below plan
- Cost growth above assumption
- Reserve building slows or pauses

MULTIPLE PRESSURES AT ONCE

Stress case

- Meaningful enrollment decline
- Funding or allocation shift
- Reserves drawn down; hard tradeoffs

Three numbers the board should know cold

What we would do first, at what trigger point, and who decides. A scenario without a trigger and an owner is a slide, not a plan.

Delivering Difficult Financial News

01	**Early beats polished**	A partial answer this week is worth more than a complete answer next month. Nobody likes surprises!
02	**Lead with the decision**	Name what you need from the board in the first two sentences.
03	**Bring options, not just problems**	Two or three courses of action with the tradeoff of each made explicit.
04	**Own the number**	Say plainly what changed, why, and what it means. Do not distribute blame.
05	**Close the loop in writing**	Confirm the decision, the owner, and the date in the minutes and the follow-up.

Colorado Watch List · FY 2026-27

Four state-level items every Colorado charter business manager and leader should be able to explain to a board.

Formula phase-in at 30%

The 2024 - 25 formula continues its phase-in, implemented at 30 percent for FY 2026-27 on the way to full implementation by FY 2030-31.

Pupil count averaging

FY 2026-27 uses three-year student count averaging, replaced by a smoothing approach when the phase-in reaches 45 percent.

Charter hold-harmless

For FY 2026-27 charter schools are held harmless to actual FY 2025-26 funding plus one percent, then to the old formula plus one percent thereafter.

At-risk supplemental aid

Supplemental at-risk funding for charter schools is eliminated in FY 2026-27, a year earlier than previously scheduled.

Source: SB26-023 fiscal note, CDE School Finance Unit, 2026 Colorado School Finance Handbook. Confirm current figures with CDE and your authorizer before presenting.

Habits of a Strong Business Office–Leadership–Board Partnership

Financial training on a cycle	Literacy is refreshed annually and at onboarding, not left to whoever happens to have a finance background.
A working finance committee	A small group that reviews in depth between meetings and brings the board clear recommendations.
Strategic, not operational focus	The board governs assumptions and tradeoffs; leadership manages transactions and execution.
Candid, early information sharing	Bad news travels fast and is met with problem-solving rather than blame.
A shared glossary and format	Same terms, same report shape, same definitions, every month.

Quick Reference · Take This Home

MONTHLY REVIEW

Three questions for every finance update

1. Is enrollment tracking to plan?

Actual vs. projected count, and the revenue effect on the multi-year plan.

2. Are we on budget?

Variance vs. plan, with a written explanation for anything past threshold.

3. Are the long-term assumptions still holding?

Reserves, staffing costs, compliance flags, and authorizer reporting status.

BEFORE THE PACKET GOES OUT

Communication checklist

- One-page dashboard on page one
- The decision requested stated in writing
- Variance narrative for every material line
- Forecast to year-end, not just actuals
- Cash position and the coming quarter's low point
- Chair and treasurer pre-briefed on anything surprising
- No new term used without a plain-language definition
- Detail moved to an appendix, not walked through

Resources & Contact

Colorado League of Charter Schools	Governance, finance, and board training resources, plus sample policies and templates.
CDE School Finance Unit	Formula guidance, per-pupil funding data, budget templates, and reporting requirements.
Colorado School Finance Handbook	Plain-language reference on the formula, phase-in, and pupil count provisions.
LeadJoy Education Solutions	Kim McClelland and Glenn Gustafson — charter governance, finance, and board training support.

Thank you.

Clear communication, not technical mastery, is what makes financial governance work.

Kim McClelland · Glenn Gustafson · LeadJoy Education Solutions, Inc.