

Our Community. Our Schools.

Exploring School
Finances



Always Begin with the WHY

OUR STUDENTS

Providing quality learning experiences so each of our students has the greatest possibility of reaching their individual potential in life.



Changes in District Leadership

The Past

Rapid depletion
of fund balance

The vast majority of funds
were spent on providing
services to our students

May 2017 - May 2020

6 finance directors
6 superintendents

Now

All 7 current school board
members began serving
after June 2018

Superintendent
Mike Redmond
hired November 1, 2018

Director of Finance &
Operations Bill Menozzi
hired January 1, 2020

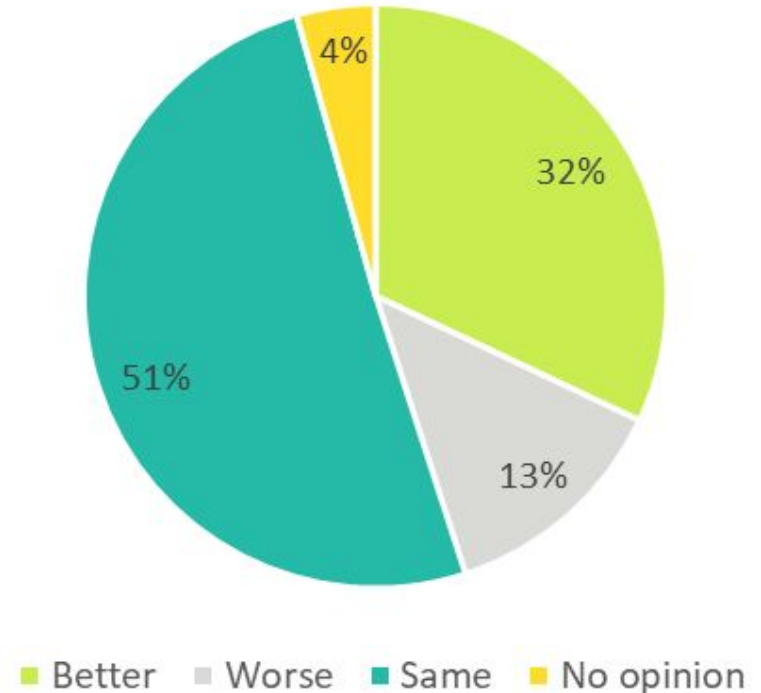
Community Survey: Financial Management

- Grades improved since 2019 survey
- Fewer failing grades; slightly more A grades



Community Survey: Financial Management Opinion

- 32% said their opinion was improving over past 12 months



Financial Leadership: Director of Finance & Operations

Bill Menozzi

- Certified Administrator of School Finance & Operations (SFO)
- 13+ years of school finance experience
- Deloitte audit segment
- MASBO, ASBO International
- Wife Greta, Tommy (9), Lauren (7)
- Proud hockey, baseball, football and softball coach



Finance & Operations Team

The Department is responsible for the fiscal components of our school district such as:

- Accounts payable & receivable
- Payroll
- Purchasing
- Budgeting
- Student accounting
- District transportation
- District facilities
- Food & nutrition services

**Director of
Finance &
Operations**



**Fiscal Services
Supervisor**



Kris Kratz

Accounting



Matt Timm

Payroll



Mike Greeley

Payroll



Steve Haefs

**Accounts
Payable**



Alissa Ebnetter

**Accounting &
facilities, District
Transportation**



Annie Barron

Buildings & Grounds



Ed Zeimet

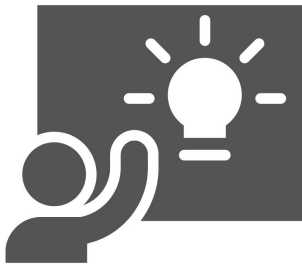
**Food &
Nutrition**



Deb Ross-Coen

School District Finance

Financial Management Overview



All enrollment and budgetary decisions at Shakopee Public Schools seek to continue to support the mission of educating lifelong learners to succeed in a diverse world.

All enrollment and budgetary decisions are vetted through the lens of keeping expenditures and taxpayer burden to a minimum, while investing in the goals of academic excellence.

Finance Department Vision & Goals

Committed to
consistency, transparency,
timely and reliable
financial reporting and
communication.

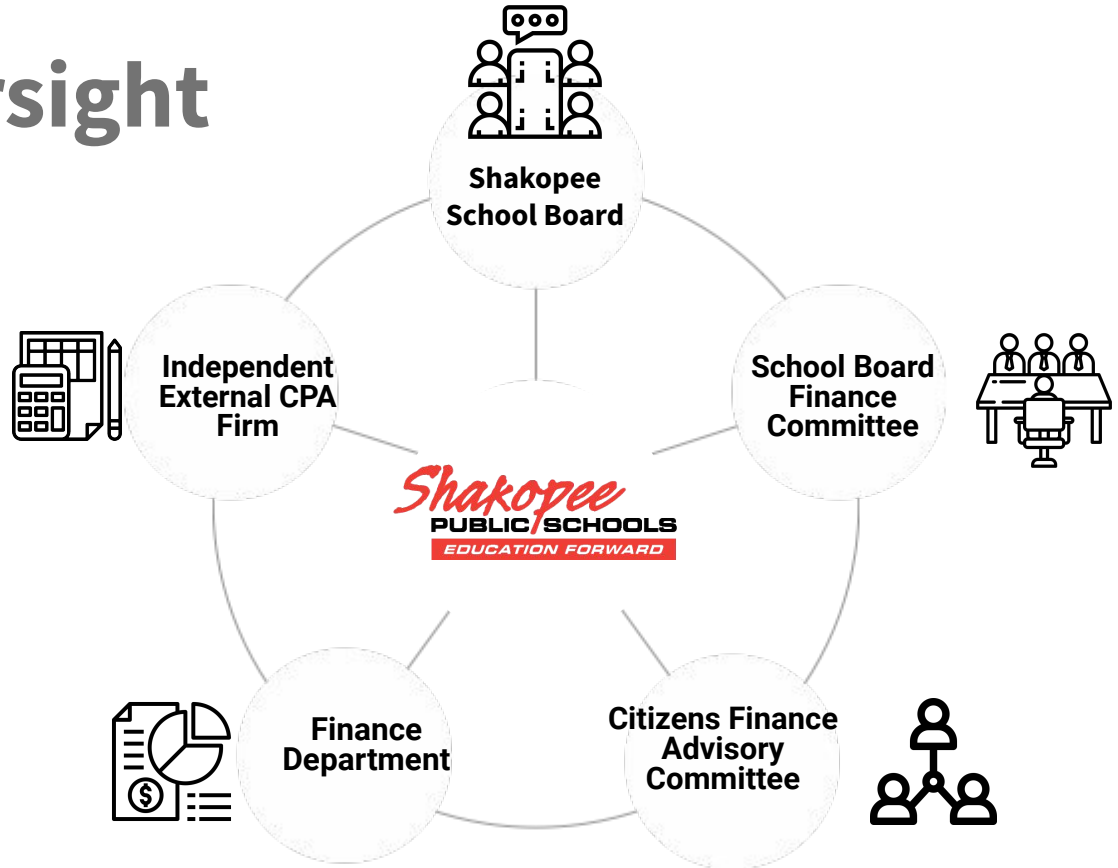


Received the Certificate of Excellence in Financial Reporting from the Association of School Business Officials International for our Certified Annual Financial Report for the year ended June 30, 2020.

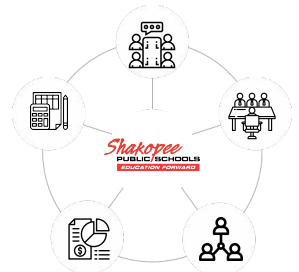
Less than 10% of school districts in Minnesota receive award.

The District intends to submit the necessary reports to be eligible for this award again for the year ended June 30, 2021.

Financial Oversight in Shakopee



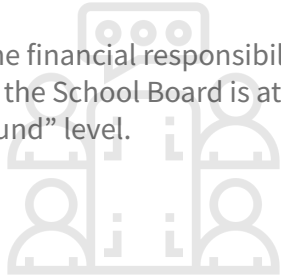
Financial Oversight in Shakopee



School Board Shakopee Public Schools

Provides leadership to the community on behalf of the school district.

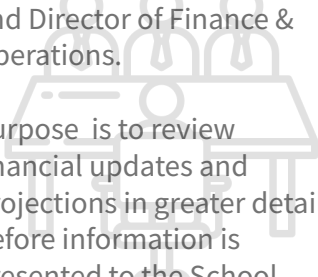
The financial responsibility of the School Board is at the “fund” level.



School Board Finance Committee

Committee of 3 School Board members, Superintendent, Assistant Superintendent and Director of Finance & Operations.

Purpose is to review financial updates and projections in greater detail before information is presented to the School Board as a whole.



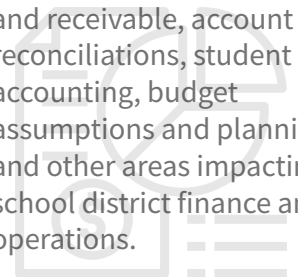
Citizens Finance Advisory Committee (CFAC)

Independent community members who function as an advisory committee to the School Board and Board Finance on financial matters, policy, and legislative issues impacting education.



School District Finance Department

School District employees working in the areas of payroll, accounts payable and receivable, account reconciliations, student accounting, budget assumptions and planning, and other areas impacting school district finance and operations.



Independent External CPA Firm

Citizens Finance Advisory Committee

10 Members

Jackie Haremza | RSM US LLP | National Finance Director

Adam Johnson | Scott County CDA | Finance Director

Steve Jones | Principal Financial Analyst | Scott County

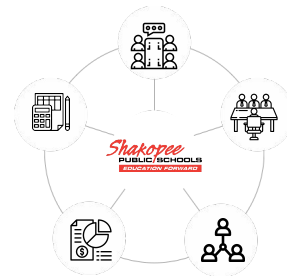
Tim Palya | Vomela Specialty Co. | Controller

Lindsey Puffer | Hometown Bank | Vice President

Joe Witt | Minnesota Bankers Association | President/CEO

Mike Warmka

District: Assistant Superintendent, Dave Orlowsky; School Board Treasurer & CFO of ECA Marketing, Joe Aldrich; and Director of Finance, Bill Menozzi



Focus

Financial policies & procedures

Community sounding board & communications link between the School Board/business & residential communities

Short- and long-range financial planning

Examination of local, state and federal revenue sources

Local, state and national analysis in finance and economic conditions

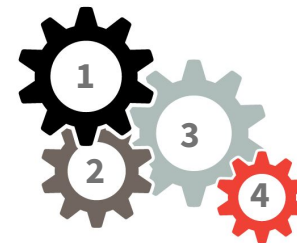
Legislative issues impacting education

Review District's Comprehensive Annual Financial Report

Financial Oversight in Shakopee

The budget in Shakopee Public Schools is a continuous **four-step process**.

Each step requires School Board approval and is open for public inspection and comment



| SCHOOL YEAR A | | | | | | SCHOOL YEAR B | | | | | |
|--|-----|------|---|------|----------------|---------------|-----|------|-----|------|-----|
| JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR | MAY | JUN |
| School Board Finance Committee Monthly Meeting | | | | | | | | | | | |
| CFAC | | CFAC | | CFAC | | CFAC | | CFAC | | CFAC | |
| | | | Property Tax Levy and Truth in Taxation Meeting | | | | | | | | |
| Adopted Budget | | | | | | | | | | | |
| | | | | | Revised Budget | | | | | | |
| | | | Annual Financial Report & Fiscal Audit | | | | | | | | |

Operating Budget

Approximately 60% of operating budget is spent on teacher salary and benefits. Another **20%** is spent on other **staff**, those providing services to our students and community.



Operating Budget: Financial Projections

| | 2021-22 PROJECTED | 2022-23 PROJECTED | 2023-24 PROJECTED | 2024-25 PROJECTED | 2025-26 PROJECTED |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| E-12 LEGISLATIVE BUDGET AGREEMENT & NO RESTORATION | | | | | |
| STATE AID ASSUMPTION | 2.45% | 2.00% | 1.25% | 1.25% | 1.25% |
| GENERAL FUND REVENUES | 100,001,312 | 102,329,510 | 100,558,039 | 101,424,894 | 102,200,350 |
| GENERAL FUND EXPENDITURES | 98,595,426 | 100,980,998 | 103,428,541 | 105,940,007 | 110,061,993 |
| SPENDING VARIANCE | 1,405,886 | 1,348,512 | (2,870,502) | (4,515,113) | (7,861,643) |
| | | | | | |
| E-12 LEGISLATIVE BUDGET AGREEMENT & RESTORATION OF SOME BUDGET CUTS | | | | | |
| STATE AID ASSUMPTION | 2.45% | 2.00% | 1.25% | 1.25% | 1.25% |
| GENERAL FUND REVENUES | 100,001,312 | 102,329,510 | 100,558,039 | 101,424,894 | 102,200,350 |
| GENERAL FUND EXPENDITURES | 98,595,426 | 104,642,005 | 107,199,378 | 109,823,969 | 114,062,474 |
| UNASSIGNED FUND BALANCE | 0 | 0 | 313,724 | 313,724 | 313,724 |
| SPENDING VARIANCE | 1,405,886 | (2,312,495) | (6,955,063) | (8,712,799) | (12,175,848) |

Expenditure Analysis



Student Based

Other

| | |
|---------|--|
| 000-199 | Administration & District Support Services |
| 200-299 | Regular Instruction |
| 300-399 | Vocational Instruction |
| 400-499 | Special Education Instruction |
| 600-699 | Instructional Support Services |
| 700-799 | Pupil Support Services |
| 800-899 | Sites, Buildings, Equipment |
| 900-999 | Fiscal & Other |

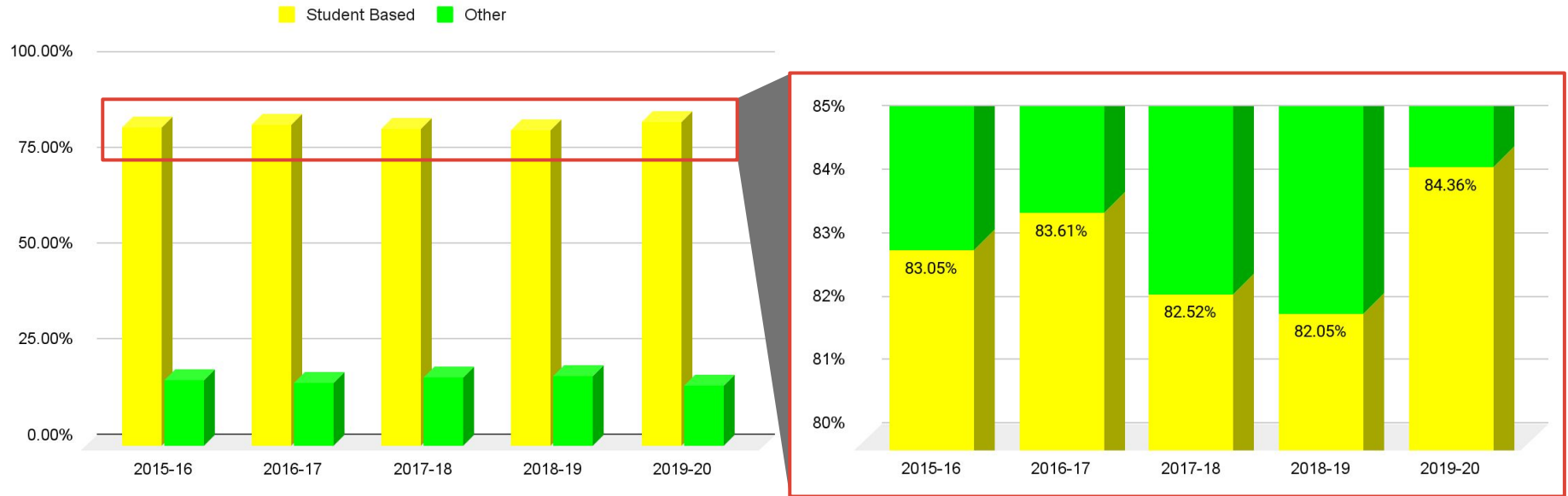
Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Expenditure History

| | | ISD 720 2015-16 | ISD 720 2016-17 | ISD 720 2017-18 | ISD 720 2018-19 | ISD 720 2019-20 |
|---------------|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Student Based | 83.05% | 83.61% | 82.52% | 82.05% | 84.36% |
| | Other | 16.95% | 16.36% | 17.68% | 17.95% | 15.64% |
| | | | | | | |
| 000-199 | Administration & District Support Services | 8.90% | 8.41% | 8.18% | 7.68% | 8.09% |
| 200-299 | Regular Instruction | 46.14% | 44.51% | 44.42% | 43.68% | 43.85% |
| 300-399 | Vocational Instruction | 0.84% | 0.93% | 0.68% | 0.90% | 0.95% |
| 400-499 | Special Education Instruction | 19.36% | 19.66% | 19.26% | 18.87% | 19.54% |
| 600-699 | Instructional Support Services | 8.53% | 10.39% | 9.77% | 10.00% | 11.10% |
| 700-799 | Pupil Support Services | 8.17% | 8.12% | 8.39% | 8.61% | 8.93% |
| 800-899 | Sites, Buildings, Equipment | 6.68% | 6.67% | 8.19% | 9.01% | 6.12% |
| 900-999 | Fiscal & Other | 1.37% | 1.29% | 1.31% | 1.25% | 1.43% |
| Totals | | 100% | 100% | 100% | 100% | 100% |

Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Expenditure History



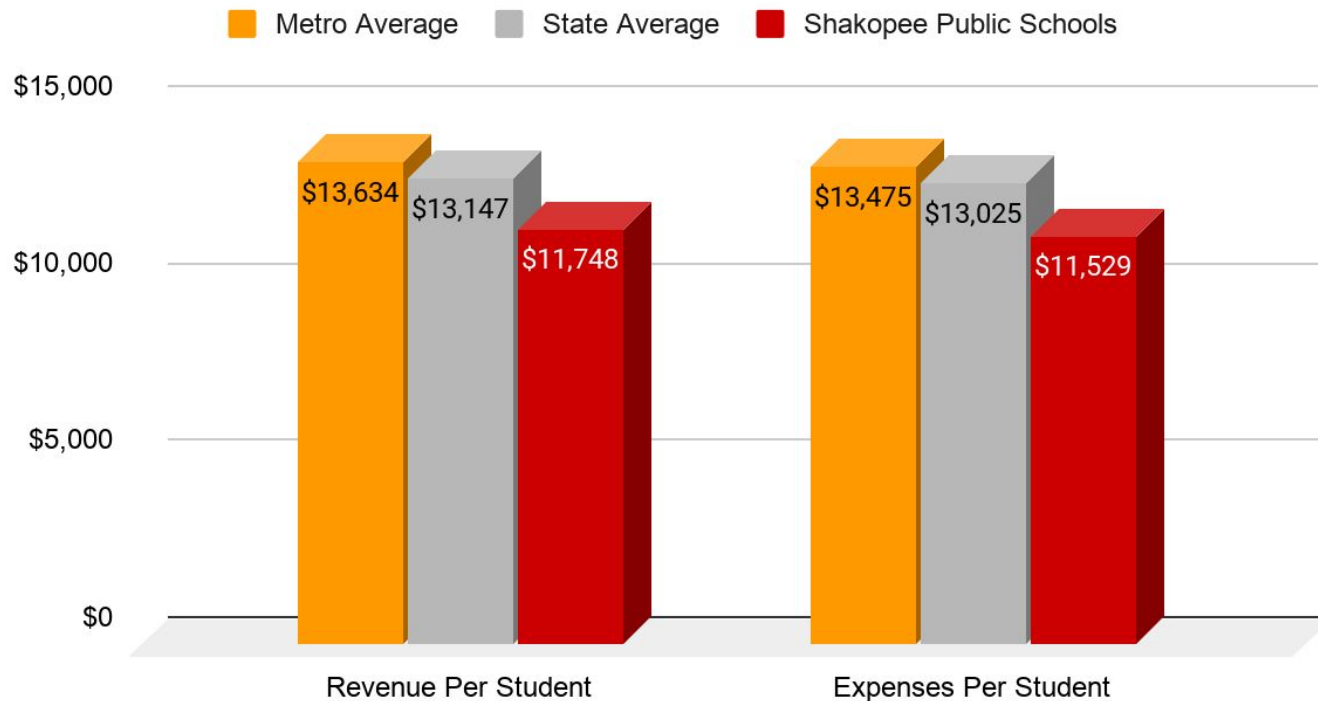
Source: Minnesota Funding Reports (MFR) MN Dept. of Education

Goal: 85%

Student Based Expenditures- District Comparison

| | STUDENT BASED | OTHER |
|--------------|---------------|--------|
| BLOOMINGTON | 84.55% | 15.45% |
| SHAKOPEE | 84.36% | 15.64% |
| ISD 191 | 82.45% | 17.55% |
| ISD 196 | 82.02% | 17.98% |
| FARMINGTON | 82.00% | 18.00% |
| ECC | 81.97% | 18.03% |
| LAKEVILLE | 81.97% | 18.03% |
| EDEN PRAIRIE | 81.65% | 18.35% |
| MINNETONKA | 81.38% | 18.62% |
| HOPKINS | 80.49% | 19.51% |
| PRIOR LAKE | 80.08% | 19.92% |
| EDINA | 79.67% | 20.33% |

Comparison of Revenue & Expenses



Source: Bergen KDV,
District Audit 2019 Report
provided on November 23,
2020

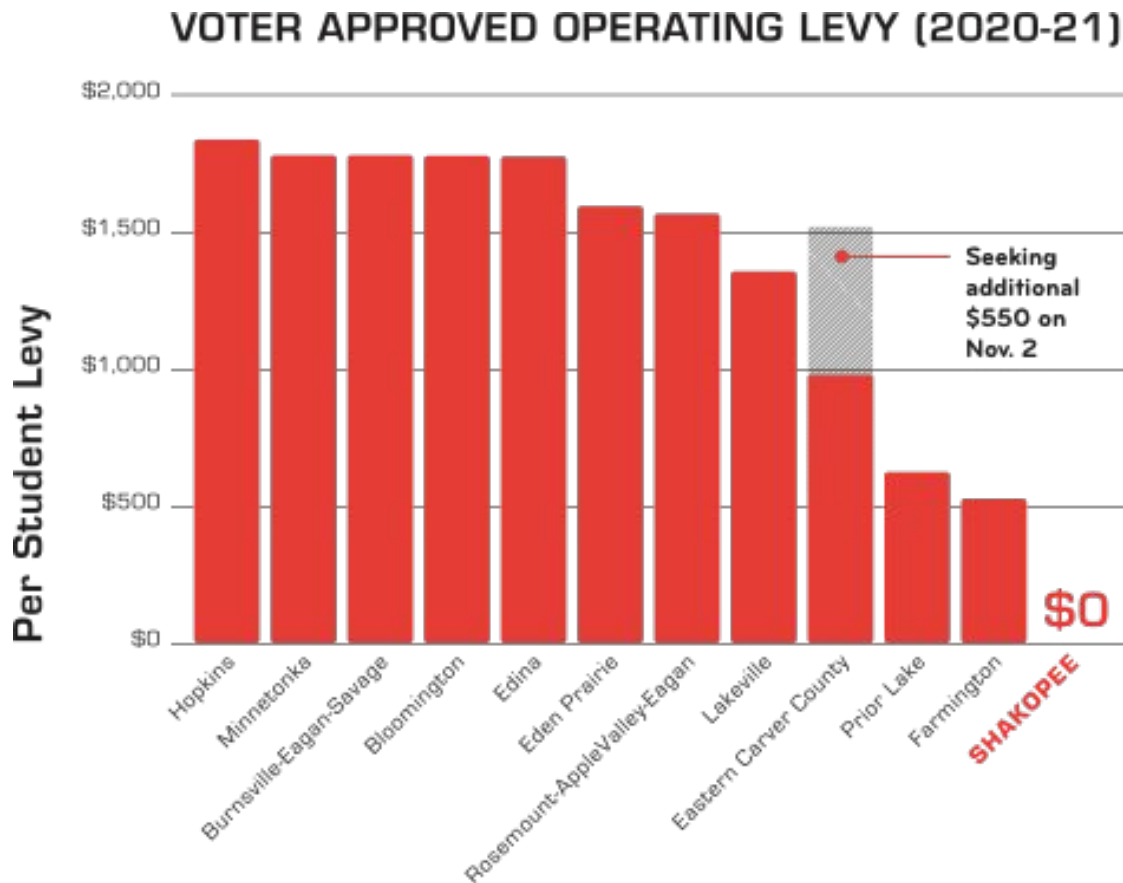
Value for Money

Prior to making \$7.5 million in budget cuts, Shakopee Public Schools was receiving **\$15.7 M per year less in revenue** than the metro average shown on the previous slide.

Though **spending over \$1900 less than the metro average per student**, our district was competing quite well in terms of providing services to our students and community.

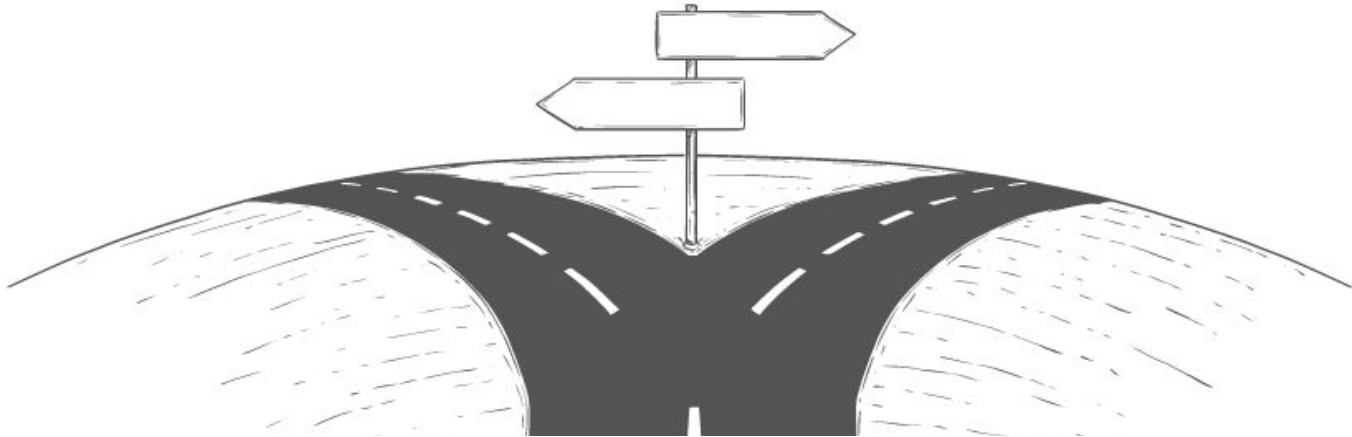
Comparison of Revenue & Expenses

- Shakopee is the only metro school district without a voter approved operating levy
- Metro average = \$1,267 per pupil, per year
- If Shakopee had metro average operating levy = **\$11.03M revenue per year**



Levy Path

Voters Approve an Operating Levy



Levy Path: Voters Approve an Operating Levy Question #1

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$866 per pupil generates \$7,537,951 in annual operating revenue

SCHOOL DISTRICT QUESTION ONE

APPROVAL OF SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The Board of Independent School District No. 720, Shakopee, has proposed to increase its referendum revenue authorization by \$866.00 per pupil. The amount shall increase annually by the rate of inflation. The proposed referendum revenue authorization would be effective beginning with taxes payable in 2022 and would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

Shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

☐ YES ☐ NO

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE
VOTING FOR A PROPERTY TAX INCREASE.

Generates...

\$409

of taxes
on a home

\$866

of funding
per student



On Average Priced Shakopee
home of \$317,000



Levy Path:

Question #1 Detail

- Eliminates projected structural budget deficits (FY24, FY25, and FY26)
- [Restoration of some of the budget cuts](#)
 - Classroom teachers
 - Counselors
 - Services closest to student learning

NOTE: \$1,949,150 of the \$5.4 million in cuts remain permanent budget cuts



Restore over 43 Teachers,
2 Counselors and
2 Paraprofessionals



Restore class size
targets to same as
2020-21 school year



Eliminate projected
structural budget
deficits



Restore 5th Grade band, College
in the Schools/Concurrent
Enrollment Courses and ACT
student fee payments

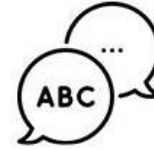
Levy Path:

Question #1 Detail

Restoration of some of the \$5.4 million in budget cuts:

- Restore class size targets (same as 20-21 school year) **\$2,533,100 in teacher FTE**
 - 5th grade band-- **1.25 FTE \$91,250**
 - 2.0 FTE EL teachers **\$146,000**
 - 2.5 FTE High Potential Teachers **\$182,500**
 - High School: 2.0 FTE Counselors **\$146,000**
 - Middle Schools: 2.0 FTE Intervention Paraprofessionals **\$66,000**
 - West: Security/Greeter position **\$20,000**
 - Elementary Schools: 3.0 FTE Intervention Teachers **\$201,000**
 - ACT student fee payments **\$25,000**
 - College in the Schools/Concurrent Enrollment Courses **\$40,000**
- TOTAL \$3,450,850**

NOTE: \$1,949,150 of the \$5.4 million in cuts remain permanent budget cuts



Restore over 43 Teachers,
2 Counselors and
2 Paraprofessionals



Restore class size
targets to same as
2020-21 school year



Eliminate projected
structural budget
deficits



Restore 5th Grade band, College
in the Schools/Concurrent
Enrollment Courses and ACT
student fee payments

Levy Path: Voters Approve an Operating Levy - Question #2

YES or NO

Shall the increase in the revenue proposed by the Board be approved?

\$400 per pupil generates \$3,481,655 in annual operating revenue

SCHOOL DISTRICT QUESTION TWO

APPROVAL OF ADDITIONAL SCHOOL DISTRICT REFERENDUM REVENUE AUTHORIZATION

The Board of Independent School District No. 720, Shakopee, has proposed to increase its referendum revenue authorization by an additional \$400.00 per pupil. The amount shall increase annually by the rate of inflation. The proposed referendum revenue authorization would be effective beginning with taxes payable in 2022 and would be applicable for ten (10) years unless otherwise revoked or reduced as provided by law.

Provided that Ballot Question No. 1 is approved, shall the increase in the revenue proposed by the Board of Independent School District No. 720 be approved?

☐ YES ☐ NO

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

Levy Path:

Question #2 Detail

Improve compensation of teachers and support staff moving towards mid-range of comparable districts

- **ESTIMATED COST: At least 60% of Question 2 revenue (Minimum = \$2,088,993)**

Make additional improvements to class size targets to reach metro average (ECSU)

- **ESTIMATED COST: \$540,000**

Increased fine arts and activities offerings

- **ESTIMATED COST: \$200,000**

Shorten walking distances for grades 9-12 to 1.5 miles

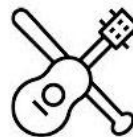
- **ESTIMATED COST: \$360,000**



Make additional improvements to class size targets



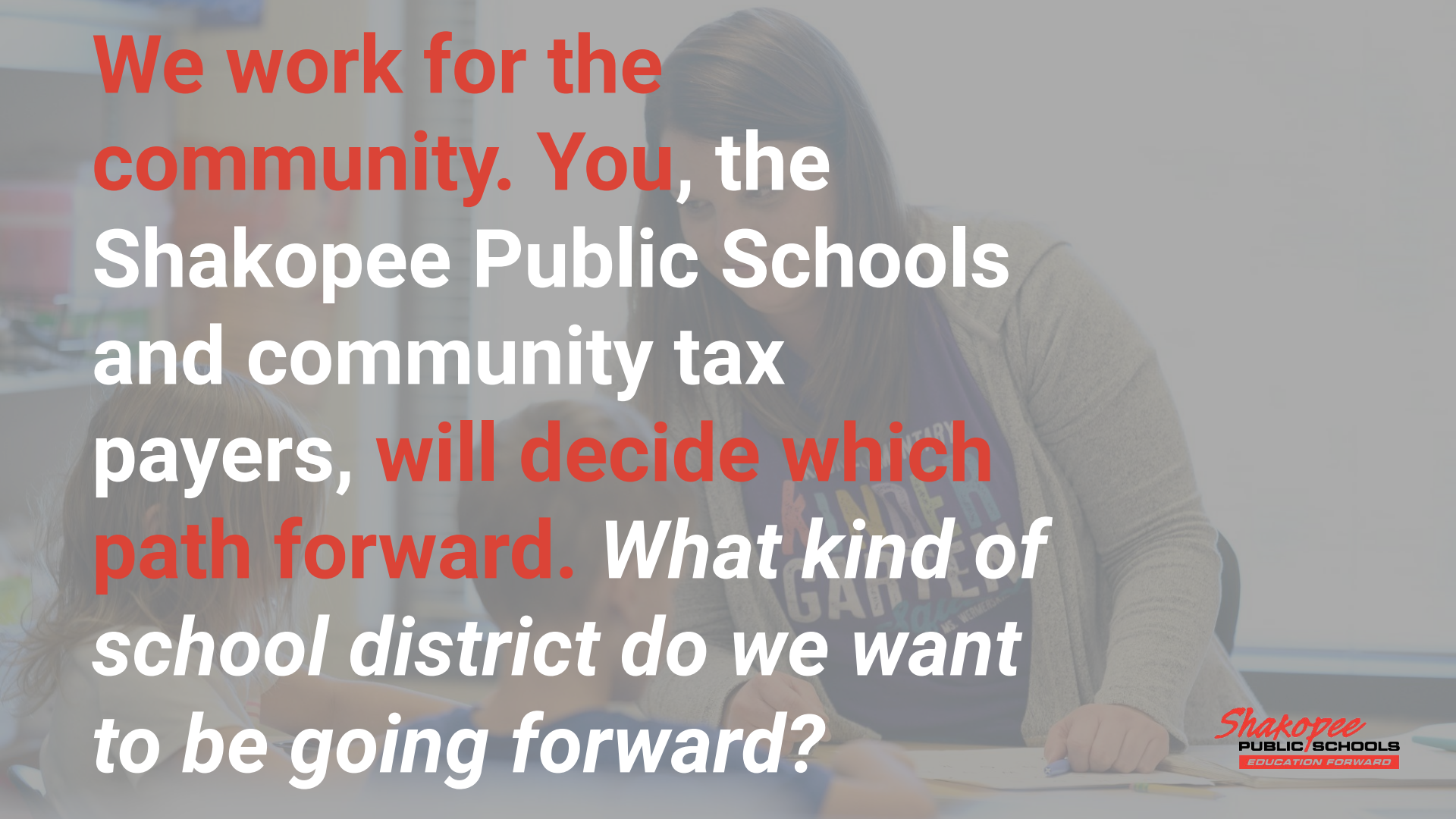
Shorten walking distances for grades 9 – 12 to 1.5 miles



Increase fine arts and activities offerings



Improve compensation of teachers and support staff moving towards mid-range of comparable districts

A woman with long brown hair, wearing a grey cardigan over a blue t-shirt, is leaning over a desk. She is looking down at a child whose back is to the camera. Another child is visible in the foreground, also looking down. The background is a blurred classroom setting with shelves and books.

**We work for the
community. You, the
Shakopee Public Schools
and community tax
payers, will decide which
path forward. What kind of
school district do we want
to be going forward?**



GENERAL
EDUCATION
AID

