

# Shakopee Public Schools

## Citizens' Financial Advisory Committee Meeting Agenda



**November 6, 2017 – 6:00PM**  
**District Office Board Room, 1200 Town Square, Shakopee**

6:00PM – Meeting called to order by Suzanne Johnson

### Agenda:

- **Present Budget to Actuals 2016-2017**

Johnson presented a summary of the financial results for 2016-17. Significant items noted were as follows:

#### **General fund**

- Revenue came in over budget (favorable) due to special ed, general ed and property tax revenue exceeding budget. The increase was offset by the land sale not occurring in 2016-17. This sale will be recognized in 2017-18.
- Expenses came in over budget due to benefits exceeding budget by \$1.2 million.
- A TRA adjustment was required that had an equal impact on revenue and expense, but resulted in a favorable revenue variance and an unfavorable expense variance. These can be seen in the revenue and expense line items, but have zero net impact to the fund balance.
- The June 30, 2017 unassigned fund balance is approximately \$700k. The general fund balance was \$1.1 million.
- A large increase in prepaid affected the fund balance by over \$500k. This was due to supplies that were purchased in 2016-17 for a construction project that did not begin until 2017-18. Therefore, a prepaid expense had to be recorded.
- There was a \$20,000 donation that the district decided to assign to ensure funds were set aside (isolated). This decreased the unassigned fund balance, but not the general fund balance overall.
- Capital projects (tech levy) had a \$303k negative fund balance. This balance is allowed to go negative. Tech levy funds are received over a number of years, so it is not uncommon to have some spending upfront that will be recovered in future funding through the levy process.
- Health & Safety was brought to zero. The state requires that the Health & Safety fund balance be closed out by FY'19.

**Food Service fund** balance decreased by \$20k, but the overall fund balance is healthy.

**Community Education fund** increased for early childhood and school readiness programs. The general community ed fund balance was in a negative position, but overall, the Community Education Fund balance increased.

**Construction fund** balance is consistent with expectations given that we are halfway through the high school project and the remaining fund balance is to be used to pay costs of construction.

**Debt Service fund** balance is reserved to pay future principal and interest payments on long term debt. The fund balance does contain a balance, which includes dollars to pay of an old bond (refunding bond). The refunding bond fund balance will be reduced to zero by the end of 2017-18.

- **Present Budget to Actuals 2017-18 through September 30**

Johnson reviewed 2017-18 budget to actual results through September 30, 2017. Nearly all categories are running at similar levels to the prior fiscal year. Significant items noted were as follows:

- Other revenue is higher because of the land sale occurring in 2018.
- Supplies were significantly higher as of September 30, 2016 than they were in September 30, 2017 due to tech levy leases being paid for at the beginning of the 2016-17 year that were not incurred in 2017-18 as of September 30.
- Equipment is running higher than last year at this time due to principal and interest payments on a capital lease and building improvement costs being higher year-to-date in the current year in comparison to prior year. There were a couple of significant projects done over in July/August, 2017 that were not done in 2016-17.
- Benefits are running higher than this time last year. Finance is recording VEBA expenses on a routine basis, where as in the prior year, they were booked at the end of the year. The district is aware that budget revisions will need to factor in the unfavorable budget benefit variances noted in 2016-17 as these will be carried into the 2017-18 adopted budget.

- **Budget Process/Timeline**

Finance has been meeting with budget managers to review non-salary budgets for FY 18 revision. Johnson has been working with Todd Netzke to review the staffing model for salary and benefit budgets for the 2017-18 budget revision. Johnson is also working on a 5-year plan, which is expected to be presented at the December board meeting.

- **P-Card Review Update**

Preliminary findings from the Clifton Larson Allen (CLA) P-card review were presented. Johnson summarized the following:

- The review included all p-card transactions for 2016-2017.
- The review followed the p-card manual in place for 2016-17 (not the manual revised in October) and included a review of 42 transactions.
- CLA specifically selected a sample from leadership positions to look into further. The former superintendent's transactions were not included in the sample due to the current investigation.
- The report has not been finalized. Preliminary feedback indicates a few instances of documents not being turned in on time or not being approved properly (cardholder signed their own statement).
- The final report will be presented at the next CFAC meeting.

- **Audit Update**

The audit is substantially complete. A few items to note are as follows:

- The findings of the audit included a segregation of duties finding and we are working with auditors to determine a way to get that finding removed for next year. Lack of segregation of duties is likely occurring at the building level and

not within the finance department. The finding regarding the preparation of financial statements will be removed.

- The finding related to preparation of financial statements was removed in the current year.
- There were other verbal findings. Student activities audit included findings of inactive accounts and other small findings.
- Auditors will present to finance committee on November 20<sup>th</sup> and to the board on November 27<sup>th</sup>.

**Membership:**

Community Member – Jackie Haremza  
Community Member – Adam Johnson  
Community Member – Steven Jones  
Community Member – Allen Larson  
Community Member – Jennifer Smith  
Board Treasurer – Matt McKeand  
Board Representative – Reggie Bowerman  
Superintendent – Jon McBroom  
Director of Finance and Operations – Suzanne Johnson  
District Accountant – Tyler Dehne  
Ad Hoc attendees – Todd Netzke

**Save the Dates – Please mark your calendars for the following:**

Citizens' Financial Advisory Committee Meetings

- December 4, 2017