

FUTURE FINANCIAL PROJECTIONS

FY 2022, FY 2023, FY 2024, & FY 2025



Bill Menozzi
Director of Finance & Operations

Overview

Our school community is looking forward to the 2021-22 school year and hopes for a return to a more normal learning environment for our staff and students. With that goal in mind, administration brings forward this updated financial planning model (FPM) to support the educational experience for our students at Shakopee Public Schools in 2021-22 and the years that follow.

Financial Planning Model (FPM)

Updating our financial planning and assumptions is an annual process to analyze variables such as student enrollment, revenue and expenditure trends, and other major assumptions that impact the general fund budget.

Some assumptions may change from year-to-year. These changes can have a significant impact on future budget projections.

Though the system is imperfect, it is an important part of financial planning. Such planning provides district leadership, the School Board, and community with information that is then used to prepare and plan for the future of our schools.

Index

Background Information June/July 2020

- 4 Financial Planning Model June 8, 2020 School Board Meeting

Financial Planning Model Assumptions February 2021

- 5-6 Student Enrollment
7 General Fund Revenue
7 General Fund Expenditures
7 One-Time Pandemic Relief Funds

8 Financial Planning Model Executive Summary February 2021

9 Next Steps

10 Supplemental Information

Background Information June 2020

Financial Planning Model: June 2020 School Board Meeting

DEFINING THE CHALLENGE

FINANCIAL PROJECTION MODEL					
MAJOR FACTORS	2018-19	2019-20	2020-21	2021-22	2022-23
ADJUSTED PUPIL UNITS	9,063	9,117	9,047	9,047	9,047
STATE AID FUNDING FORMULA	\$6,312	\$6,438	\$6,567	\$6,567	\$6,567
STATE AID PERCENTAGE CHANGE		2.00%	2.00%	0.00%	0.00%
TOTAL GENERAL FUND REVENUES	\$98,421,245	\$99,409,611	\$99,301,004	\$98,801,004	\$98,801,004
% REVENUE CHANGE		1.00%	-0.11%	-0.50%	0.00%
TOTAL GENERAL FUND EXPENDITURES	\$96,418,645	\$98,012,682	\$101,843,274	\$104,567,990	\$106,658,700
% EXPENDITURE CHANGE		1.65%	3.91%	2.68%	2.00%
SPENDING VARIANCE	\$2,002,600	\$1,396,929	-\$2,542,271	-\$5,766,986	-\$7,857,696
FINANCIAL FACTORS					
FUND BALANCE BREAKOUT (ESTIMATED)					
NON-SPENDABLE	\$245,117	\$245,117	\$245,117	\$245,117	\$245,117
RESTRICTED FUND BALANCE	\$717,773	\$2,118,881	\$2,118,881	\$2,118,881	\$2,118,881
ASSIGNED FUND BALANCE	\$267,230	\$267,230	\$267,230	\$267,230	\$267,230
UNASSIGNED FUND BALANCE	\$3,606,058	\$3,601,936	\$1,059,665	-\$4,707,321	-\$12,565,017
Total General Fund Balance	\$4,836,178	\$6,233,164	\$3,690,893	-\$2,076,093	-\$9,933,789

Financial Planning Model (FPM) Assumptions February 2021

Enrollment Assumptions February 2021

1. Fall 2021 Kindergarten set to pre pandemic levels.
2. K-12 roll forward.
3. 45 student (ADM) increase from Grade 8 to Grade 9
4. Estimate for tuition 107 ADM, TLC students 92 ADM.
5. Growth estimate based on projected development in the community.

School Year 2020-21 Revised Budget

Grade Level	Average Daily Membership (ADM)	Weight	Pupil Units
EC	55	1.0	55
K-5	3,221	1.0	3,221
6-8	1,832	1.0/1.2	2,084
9-12	2,967	1.2	3,560
Total	8,075		8,920

School Year 2021-22 Budget

Grade Level	Average Daily Membership (ADM)	Weight	Pupil Units
EC	55	1.0	55
K-5	3,190	1.0	3,190
6-8	1,774	1.0/1.2	2,012
9-12	3,044	1.2	3,653
Total	8,063		8,909

School Year **2022-23** Budget

Grade Level	Average Daily Membership (ADM)	Weight	Pupil Units
EC	55	1.0	55
K-5	3,237	1.0	3,237
6-8	1,733	1.0/1.2	1,969
9-12	3,009	1.2	3,611
Total	8,034		8,872

School Year **2023-24** Budget

Grade Level	Average Daily Membership (ADM)	Weight	Pupil Units
EC	55	1.0	55
K-5	3,189	1.0	3,189
6-8	1,732	1.0/1.2	1,961
9-12	2,892	1.2	3,470
Total	7,868		8,676

School Year **2024-25** Budget

Grade Level	Average Daily Membership (ADM)	Weight	Pupil Units
EC	55	1.0	55
K-5	3,158	1.0	3,158
6-8	1,706	1.0/1.2	1,933
9-12	2,832	1.2	3,398
Total	7,751		8,545

Revenue Assumptions February 2021

School Year	State Aid Formula Change	Base Formula	Increase Per APU
2021-22	0.5%	\$6,600	\$33
2022-23	1.0%	\$6,666	\$66
2023-24	1.25%	\$6,749	\$83
2024-25	1.25%	\$6,834	\$85

In our June 2020 assumption, state aid revenue for FY22 and FY23 were projected to be 0% and 0%, Governor's budget recommendation is 1% in FY22 and 2.5% in FY23.

Expenditure Assumptions February 2021

- Salary, wages, and employee benefits for FY 22 based on settled or expected contractual obligations.
- Non wage and benefit items: Two percent increase from FY 21 revised budget amounts.

*One-Time Pandemic Relief Funds Assumption

Due to the ongoing pandemic, school districts in Minnesota have access to one-time pandemic relief funds. Much of the information for ESSER II is not known at this time. Estimates in this report are in draft form.

For additional details on one-time pandemic relief funds, please contact the Shakopee School District finance department.

Pandemic Relief Funds One-Time Revenue Estimates

FY 2021: \$2,588,808

FY 2022: \$949,305

FY 2023: \$2,143,316

Financial Planning Model (FPM) Executive Summary February 2021



SHAKOPEE PUBLIC SCHOOLS
SHAKOPEE, MINNESOTA
INDEPENDENT SCHOOL DISTRICT #720

FINANCIAL PLANNING MODEL
GENERAL FUND EXECUTIVE SUMMARY (DRAFT)

MAJOR FACTORS	2019-20 ACTUAL	2020-21 ADOPTED BUDGET	2020-21 REVISED BUDGET	2021-22 PROJECTED BUDGET BEFORE CUTS	2021-22 PROJECTED	2022-23 PROJECTED	2023-24 PROJECTED	2024-25 PROJECTED
AVERAGE DAILY MEMBERSHIP (ADM)	8,189	8,200	8,075	8,063	8,063	8,034	7,868	7,751
ADJUSTED PUPIL UNITS (APU)	9,018	9,047	8,920	8,909	8,909	8,872	8,676	8,545
STATE AID FUNDING FORMULA	\$6,438	\$6,567	\$6,567	\$6,600	\$6,600	\$6,666	\$6,749	\$6,834
STATE AID PERCENTAGE CHANGE	2.00%	2.00%	2.00%	0.50%	0.50%	1.00%	1.25%	1.26%
GENERAL FUND REVENUES	99,781,014	99,301,004	98,813,695	97,893,622	97,893,622	98,437,154	98,057,819	98,115,712
% REVENUE CHANGE		-0.48%	-0.97%	-0.93%	-0.93%	0.56%	-0.39%	0.06%
GENERAL FUND EXPENDITURES	96,537,399	101,843,274	100,540,363	105,020,456	97,646,121	98,837,382	103,428,541	105,940,007
% EXPENDITURE CHANGE		5.50%	4.15%	4.46%	-2.88%	1.22%	4.65%	2.43%
SPENDING VARIANCE	3,243,615	(2,542,270)	(1,726,668)	(7,126,834)	247,501	(400,227)	(5,370,722)	(7,824,295)
ONE TIME COVID_19 REVENUE	0	0	2,588,808	949,305	949,305	2,143,616	0	0
COVID_19 RELATED EXPENDITURES	0	0	2,588,808	949,305	949,305	2,143,616	0	0
TOTAL GENERAL FUND REVENUES	99,781,014	99,301,004	101,402,503	98,842,927	98,842,927	100,580,770	98,057,819	98,115,712
TOTAL GENERAL FUND EXPENDITURES	96,537,399	101,843,274	103,129,171	105,969,761	98,595,426	100,980,998	103,428,541	105,940,007
TOTAL SPENDING VARIANCE	3,243,615	(2,542,270)	(1,726,668)	(7,126,834)	247,501	(400,227)	(5,370,722)	(7,824,295)
FINANCIAL FACTORS								
FUND BALANCE BREAKOUT (PROJECTED)								
Non-Spendable Fund Balance	26,816	26,816	26,816	26,816	26,816	26,816	26,816	26,816
Restricted Fund Balance	4,498,590	4,498,587	5,485,929	5,485,929	5,485,929	5,485,929	5,485,929	5,485,929
Assigned Fund Balance	210,065	210,065	210,065	210,065	210,065	210,065	210,065	210,065
Unassigned Fund Balance	3,743,051	1,200,781	1,029,065	(6,097,769)	1,276,566	876,339	(4,494,382)	(12,318,677)
Total General Fund Balance	8,478,522	5,936,249	6,751,875	(374,959)	6,999,376	6,599,149	1,228,428	(6,595,867)
	ACTUAL	ESTIMATED	ESTIMATED	FORECAST	PROJECTED	PROJECTED	PROJECTED	PROJECTED

Next Steps

2021 Legislative Session Impact

Other School District Funds: Food Service (02), Community Service (04) Bldg. Construction (06), Debt Service (07), Trust Fund (18), Internal Service Fund (20/21), OPEB Trust (45)

The School Board will be required to approve the budget for 2021-22 prior to July 1, 2021

Financial Planning Model (FPM): “Build Back Estimates”

SHAKOPEE PUBLIC SCHOOLS
SHAKOPEE, MINNESOTA
INDEPENDENT SCHOOL DISTRICT #720

FINANCIAL PLANNING MODEL
GENERAL FUND EXECUTIVE SUMMARY (DRAFT)

FY 23 - 25 EXPENDITURE BUILD BACK ANALYSIS				
MAJOR FACTORS	2021-22 PROJECTED	2022-23 PROJECTED	2023-24 PROJECTED	2024-25 PROJECTED
AVERAGE DAILY MEMBERSHIP (ADM)	8,063	8,034	7,868	7,751
ADJUSTED PUPIL UNITS (APU)	8,909	8,872	8,676	8,545
STATE AID FUNDING FORMULA	\$6,600	\$6,666	\$6,749	\$6,834
STATE AID PERCENTAGE CHANGE	0.50%	1.00%	1.25%	1.26%
GENERAL FUND REVENUES	97,893,622	98,437,154	98,057,819	98,115,712
GENERAL FUND EXPENDITURES	97,646,121	103,027,842	107,741,674	110,379,434
SPENDING VARIANCE	247,501	(4,590,687)	(9,683,855)	(12,263,722)
EXPENDITURE BUILD BACK	0	4,190,460	4,313,133	4,439,427
ONE TIME COVID_19 REVENUE	949,305	2,143,616	0	0
COVID_19 RELATED EXPENDITURES	949,305	2,143,616	0	0
TOTAL GENERAL FUND REVENUES	98,842,927	100,580,770	98,057,819	98,115,712
TOTAL GENERAL FUND EXPENDITURES	98,595,426	105,171,458	107,741,674	110,379,434
TOTAL SPENDING VARIANCE	247,501	(4,590,687)	(9,683,855)	(12,263,722)
	PROJECTED	PROJECTED	PROJECTED	PROJECTED