

Tuesday, November 14, 2006

DISTRICT FINANCE NEWS SUMMARY

2006 Financial Audit = Financial Stability

The District's General Fund unreserved fund balance increased slightly in Fiscal Year (FY) 2006, rising by \$225,837 or 4.4%, to \$5.4 million on June 30, 2006. The School Board's fund balance goal of 6% of expenditures was again exceeded as our fund balance is now 13.75%, compared to 13.45% last year. We are in a solid and stable financial condition.

The School Board received and approved the district audit last night. Darwin Viker, from the audit firm Larson, Allen, Weishair & Co. presented the audit to the Board.

The FY 2006 results were better than expected. "You just had a lot of things go your way", Viker told the Board. Both total revenues and expenses were positive compared to budget. Major factors influencing the "better than budget" results include: 1) improved enrollment - enrollment increased for the first time in ten years; 2) record tuition billing; 3) improved interest earnings; and 4) excellent cost control across the district. THANKS to all staff for their exceptional budget management. More detailed analysis and narrative of the prior year's finances can be found in our new audit document referenced below.

Mr. Viker noted that the District's costs for *School and District Administration and Support Services* (Support Services includes Business Office functions & HR) are significantly below both districts our size and state averages. At the same, our expenditures per student for *Instruction* are higher than those of districts our size and state averages. These comparisons are listed in detail in the audit presentation document available at the address listed below.

Our current fund balance is equal to about 7.2 weeks of the District's regular general fund operating expenses. In other words, we continue to have a savings account equal to just less than two months of normal expenses.

Overall accounting accuracy and legal compliance continues to be excellent - - Hats off to Dan Holtz, Norma Mattson, and Diane Lawton! Also, many thanks to the Principals, Directors, Secretaries and others who work with budgets and accounting. Mr. Viker reviewed some recommendations for the Business Office, Community Ed, Student Activity Funds and Title I.

Fund balances remain positive, and improved slightly, for the District's other major funds: Food Service, Community Education and Debt Service.

What does this all mean?

In the short run, we are maintaining *relative* financial stability for the 5th year in a row (meaning roughly we aren't going to the voters with a referendum and cutting over \$1,000,000 from the budget). In the long run, we still may face difficult financial tests in the coming years. Although we are grateful for the new revenue provided by the State of Minnesota, the bottom line on the current legislation is that it does not match up with normal inflation for our expenses. The upcoming state legislative session is very important from a financial standpoint.

Download a copy of the 2006 Audit document and the presentation document on the Finance section of the district's web site at www.willmar.k12.mn.us, click on At a Glance, District Services, Finance, and Financial Statements. What is a "fund balance"? See our Finance FAQ's at <http://www.willmar.k12.mn.us/jrhigh/distweb/Business/FAQs.htm>, or go to the above address and click on FAQ's when you reach the Finance site.

Questions or want more information? Contact Bob Haines, hainesb@willmar.k12.mn.us, 320-231-8511, or visit him in the Business Office at WEAC.