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# Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007



**Independent School District No. 347**

**Willmar, Minnesota**

NCA accredited



***Preparing All Students for a Successful Tomorrow***

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Fiscal Year ended June 30, 2007**

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347**

**611 5<sup>St.</sup> SW  
Willmar, Minnesota 56201-3218**

**Prepared by  
Business Office Staff**

# INTRODUCTORY SECTION



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT 347  
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JUNE 30, 2007**

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INDEPENDENT SCHOOL DISTRICT 347  
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**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2007**

**INDEPENDENT SCHOOL DISTRICT NO. 347  
WILLMAR PUBLIC SCHOOLS**

**SCHOOL BOARD AND ADMINISTRATION  
JUNE 30, 2007**

**SCHOOL BOARD**

<b>NAME</b>	<b>TERM EXPIRES (first Monday of January)</b>	<b>POSITION</b>
Mike Carlson	2011	Chairperson
Brad Schmidt	2011	Vice-Chairperson
Sandra Unger	2009	Clerk
Shawn Mueske	2009	Treasurer
Wayne Lenzmeier	2009	Director
Eric Roberts	2009	Director
Dion Warne	2011	Director

**CENTRAL ADMINISTRATION**

<b>NAME</b>	<b>POSITION</b>
Kathryn A. Leedom	Superintendent
Pamela J. Harrington	Director of Business and Finance
William B. Busta	Director of Human Resources

**District Offices:**

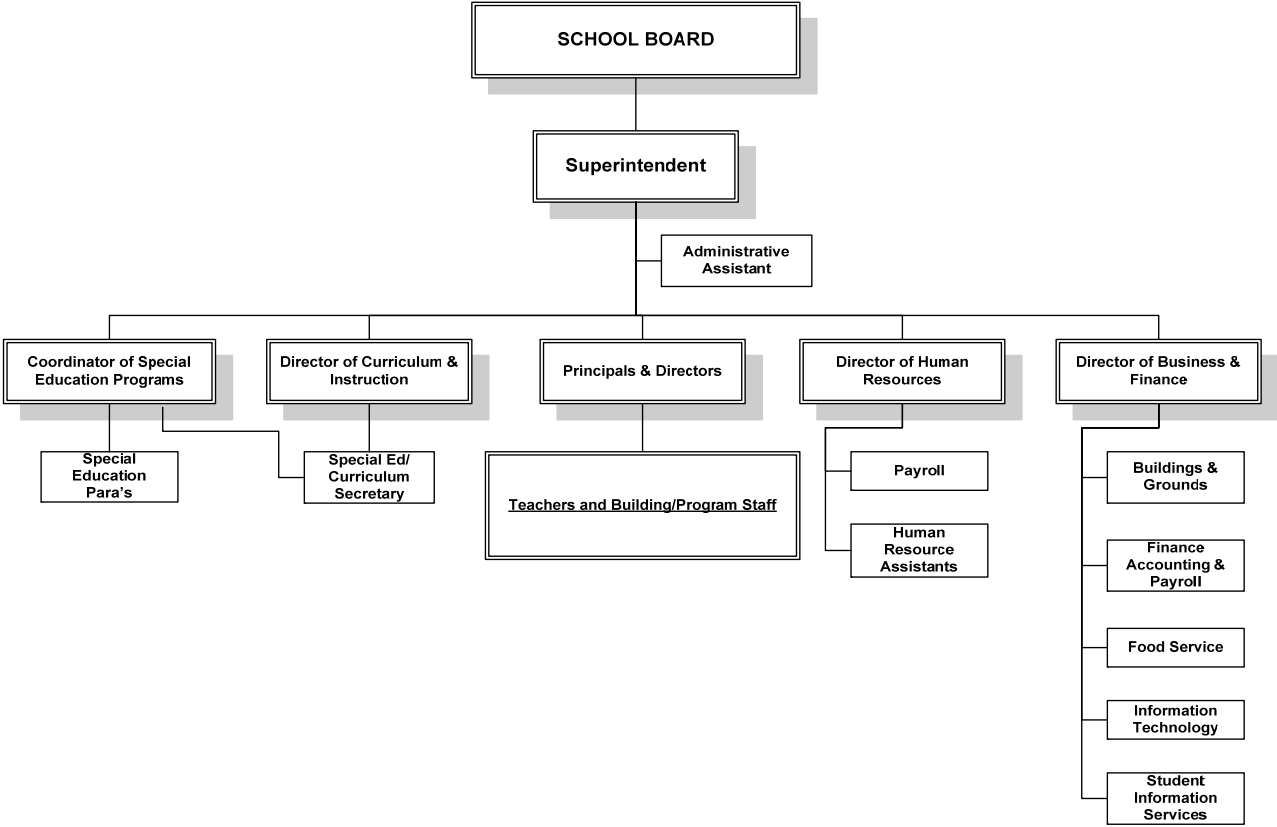
Willmar Public Schools  
Independent School District No. 347  
611 5<sup>th</sup> St. SW  
Willmar, MN 56201-3218  
320-231-8500  
[www.willmar.k12.mn.us](http://www.willmar.k12.mn.us)

**INDEPENDENT SCHOOL DISTRICT NO. 347  
WILLMAR PUBLIC SCHOOLS**

**ORGANIZATIONAL CHART  
JUNE 30, 2007**

**Willmar Public Schools  
ISD 347**

June 30, 2007





## The Willmar Public Schools

Independent School District 347  
611 SW 5th St., Willmar, MN 56201  
Phone: 320/231-8500  
Fax: 320/231-8504  
[www.willmar.k12.mn.us](http://www.willmar.k12.mn.us)

December 14, 2007

To: Citizens of Independent School District 347  
Members of the Board of Education  
Employees of the District

### INTRODUCTION

The Comprehensive Annual Financial Report of Willmar Public Schools – Independent School District No. 347 (District) is submitted for the fiscal year (FY) ended June 30, 2007. The enclosed information is accurate in all material respects and reported in a manner that fairly presents the District's financial position and results of operations. The District Administration accepts full responsibility for the accuracy, completeness and fairness of this presentation.

This report is prepared in conformance with United States Generally Accepted Accounting Principles (GAAP). This report is also consistent with legal reporting requirements of the State of Minnesota. In addition to meeting legal requirements, this report is intended to present a comprehensive summary of significant financial data to meet the needs of citizens, taxpayers, employees, financial institutions, and the School Board.

Since the implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, the readers of this financial report will notice that the two main financial statements created by this standard, the Statement of Net Assets along with the Statement of Activities, do not contain numerous columns for various funds that have been included in past governmental financial statements. These two statements consolidate much of the information contained in fund-based financial statements of the past into two statements which help to answer the question: "Is the District better or worse off financially than it was in the previous year?" A comparison of net assets should help the reader in answering that question. Also required as part of the "Required Supplemental Information" by GASB Statement No. 34 is a "Management's Discussion and Analysis" (MD&A) which allows the District to explain in layman's terms its financial position and results of operations of the past fiscal year.

### REPORT FORMAT

The comprehensive annual financial report is presented in three sections.

**Introductory Section** – includes this letter of transmittal, an organization chart, and a list of School Board members and administrative personnel. The Introductory Section is not audited.

**Financial Section** – includes the independent auditor's report, Management's Discussion and Analysis (MD&A), basic financial statements, and notes to the basic financial statements.

**Statistical Section** – includes selected financial, demographic and economic information, generally presented on a multi-year comparative basis. The Statistical Section is not audited.



## REPORTING ENTITY AND ITS SERVICES

Independent School District No. 347, also known as the Willmar Public Schools, is an instrumentality of the State of Minnesota established to function as an educational institution. The District is an independent entity governed by an elected seven member School Board. The School Board has the power and duty to set budgets, certify tax levies, issue debt and perform other tasks necessary to the operation of the District. The District is subject to the oversight of the Minnesota Department of Education. The District does not have any component units.

The District, established in 1881, serves the communities of Blomkest, Kandiyohi, Pennock and Willmar. The District is located in west-central Minnesota, approximately 100 miles west of the Minneapolis/St. Paul metropolitan area. The District encompasses an area of approximately 149,294 acres in Kandiyohi County with an estimated population of 24,000 citizens, including a population of 18,948 in Willmar. All school buildings are located in Willmar. The District currently operates nine owned buildings with an average age of over 51 years, with the oldest building built in 1924.

The Willmar Public Schools enrollment for FY 2007 is 4,078 ADM's (Average Daily Membership), and had been steadily declining since 1995. The District projects that enrollment will decline slightly again until FY 2010 and then begin to level out. The projected enrollment for FY 2008 is 4,023 ADM's. More detailed enrollment information is included in the Financial Section in the MD&A.

The District provides a full range of public education services appropriate to our students in grade levels ranging from pre-kindergarten through grade 12. These services include regular and enriched academic education, special education and career/vocational education. Food service and transportation are provided as supporting programs. The District's community education program includes Early Childhood and Family Education programs, Adult Basic Education programs, School Readiness and a wide variety of classes for lifelong learning experiences for children and adults.

## ECONOMIC CONDITION AND OUTLOOK

The area is fortunate to have an expanding economic base with an excellent quality of life. The City of Willmar serves as a growing regional center for medical care, retail, trade, education and small industries. The diversity of the economic base has provided steady growth and stability.

In March 2007, Willmar was again listed as one of the Top Micropolitan communities in the United States by Site Selection magazine, a publication for economic developers and facility planners. This award honors communities of 50,000 people or less. The City of Willmar was named an "All American City" in June 2005 by the National Civic League. Since 1949, only 18 Minnesota cities have received this significant honor.

There are a number of very positive economic related developments that took place in Willmar in 2006-2007, including: 1) The construction and opening of a new Wal-Mart Superstore; 2) Other retail development and expansion; 3) an \$8 million local option sales tax that will fund a 350 acre expansion to the industrial park, improvements to the airport, recreational trail improvements and many other exciting developments.

With the exception of voter approved operating and bond referendums, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases are not sufficient to meet instructional program needs and increased costs due to inflation. As a result of these pressures, the District has had to rely on a property tax referendum to support its educational programs. The voters approved an operating referendum in 2001, scheduled to sunset in calendar year 2012. An increase in revenues from the 2001 operating referendum began in FY 2003.

In addition to passing the operating referendum, the School Board cut \$1.8 million in expenditures from the FY 2002 Budget. Additional budget cuts (primarily personnel) were enacted for FY 2006 (\$800,000) and FY 2007 (\$771,000). The District carefully added approximately \$800,000 in programming and services to positively impact student learning during the FY 2008 school year.

The District will continue to be proactive in its financial management by seeking all available sources of revenue, responding to declining enrollment, controlling expenditures and seeking maximum efficiencies. Continued use of state of the art enrollment and long-range financial planning software, a Finance Advisory Committee (including community members), updated budgeting processes, and a business office culture of continuous improvement all will continue contributing towards the quest for financial stability into the future.

The financial future for the District looks challenging. The 2007 Legislature approved a 2% increase in the General Education formula for 2007-2008 and a 1% increase in 2008-2009. Other additional revenues include increased funding for kindergarten, gifted and talented programs and safe schools levy. However, the result of this funding formula appears to be below the current annual rate of inflation. Accordingly, the District continues to utilize sophisticated enrollment and financial planning tools, along with detailed and conservative budgeting and budget monitoring processes. The District will continue to seek all available sources of funding, balance revenue to expenditures, and maintain systems that ensure financial stability. If state funding remains below inflation levels, General Fund budget deficits will grow and the fund balance will decline in subsequent years.

## **MISSION STATEMENT**

### ***Preparing All Students for a Successful Tomorrow***

Purposeful Thinker  
Effective Communicator  
Self Directed Learner  
Productive Group Participant  
Responsible Citizen

### **Long Term District Wide Goal**

*Increase the academic proficiency of all students through effective instruction and appropriate curriculum and assessments in partnership with all staff as well as parents, guardians and community members.*

*In order to meet our mission and reach our goal it is understood that we must all work collaboratively to provide for the social, physical and emotional well being of every child.*

The School Board completed a new long-range planning process in FY 2005. The major district-wide goals that resulted from this process are:

- Provide a world class education
- Improve the lives of students
- Ensure achievement for all students
- Continue responsible financial stewardship
- Enhance school and community relationship

The School Board approved a comprehensive strategic planning document based on these goals, supported by activities and initiatives throughout the district, in February of 2005. A copy of this document is available in the District Office or from a building Administrator. The Board and staff are currently in the process of updating the comprehensive strategic planning document in FY 2008.

## **FINANCIAL AND BUDGETARY CONTROL**

The District complies with the Uniform Financial Accounting and Reporting Standards (UFARS) for Minnesota schools. UFARS, established in 1976, dictates a modified accrual basis of accounting. An audited annual financial report is required to be provided to the Minnesota Department of Education by December 31, subsequent to the year end on June 30.

The District has established and maintained internal controls designed to ensure that the assets of the District are protected from theft, misuse or losses. These controls are also designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) and Minnesota UFARS. The internal control system is designed to provide reasonable, but no absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of the costs and benefits requires estimates and judgments by management.

Minnesota school finance law requires that the budget fiscal year begin July 1 and end June 30. The District develops a General Fund Budget, Food Service Fund Budget, Community Education & Recreation Budget, Debt Service Budget and other necessary budgets on an annual basis.

The budget process is comprised of five phases – planning, preparation, adoption, implementation, and evaluation. Planning and preparation for the FY 2007 budget began in January of 2006 with approval of the budget development plan and analysis of the student enrollment trend. The current enrollment status provided the data to update allocations for site non-payroll budgets. Expenditure estimates were updated both on a site basis and district-wide in the spring. An enrollment projection was developed in early May and provided the key data for the budget's revenue projection. The FY 2007 Budget was adopted in June of 2006 and implemented on July 1, 2006. The District completes two budget revisions during the fiscal year, in January and April.

To accurately track and report financial activities with a focus on site responsibility, approximately 8,271 account codes have been defined in the District's chart of accounts.

The District's budget and financial management practices are evidenced by the following District policies:

*Fund Balance Policy #703:* Requires the District to maintain a minimum General Fund unreserved fund balance of 6% of the annual operating budget.

*Budgeting Policy #709 and 709.1:* Establishes guidelines for allocation of District resources.

## MAJOR INITIATIVES

### Fiscal and Operational Integrity

The District is committed to maintaining the General Fund according to Board Fund Balance Policy. The Willmar Public Schools is also committed to implementing and maintaining systems that ensure financial stability and operational efficiency.

Due to the combined effort of the Community, School Board, staff and students, the District's General Fund has remained at a reasonable and responsible level. The District's sound fiscal management has a long-term positive impact on the student success.

A sophisticated long-range financial planning model, several detailed enrollment projection models, a Finance Advisory Committee, enhanced communication, consistently improving financial accuracy and compliance, and improved budgeting and accounting processes all have played a role in the District's financial stability.

We encourage constituents to look closely at our financial performance and management. We welcome the opportunity to be fully accountable to our School Board, Staff and Community.

Major fiscal and operational initiatives from FY 2007 include:

- **The School Board increased the FY 2008 Budget approximately \$800,000 in June 2007.** Positions previously impacted by budget reductions or no longer supported by grant funds were reinstated following a very deliberate prioritization process.
- **Two National Financial Awards were received in 2007** – See the Financial Awards section on page 13 for more information.

- **New District Wellness Policy completed on time and much in demand from other districts** – This is a new federal mandate, effective for FY 2007. We are again trendsetters in the Food & Nutrition Services arena, and our policy is serving as a model for districts all over the state, and apparently across the country.
- **Successful Implementation of the Schools for Energy Efficiency (SEE) Program** – The District implemented the SEE program district-wide beginning in the spring of 2005 and the results have been favorable. We continue to feel confident of >\$30,000 net savings per year going forward. The program is designed to support schools with ideas and methods to reduce energy use and energy-related expenses. Focusing on low and no cost strategies, schools follow a systemized plan promoting efficient facility operations and behavior modifications through energy awareness. This successful program is currently in place at fifteen MN districts, with savings averaging over 10% annually.
- **The Food & Nutrition Services Department implemented the NutriKids nutritional analysis software** – NutriKids provides detailed nutrition information about each meal we serve and makes that available to interested parents, students, MD's, etc.
- **The Finance Advisory Committee met four times in FY 2007** - to review district financial issues and make recommendations to the School Board – this committee is comprised of members from the community, school board and staff.
- **New Financial Reporting Format matches private sector/business financial reporting** – The idea is to bridge the gap between the more commonly understood private business reporting and the less understood government financial reporting. This is a new concept recently developed by a group of business people and school finance representatives in the Twin Cities. Just a handful of districts have now tested the format. Our example, available on our website, was used in testimony given by school finance representatives at the state legislature this spring. This new format was subsequently adopted as policy by the Department of Education.
- **Implemented a more sophisticated energy procurement strategy** – the district continues to use an improved energy procurement strategy balancing contract hedging for a portion of our natural gas needs while using flow-through pricing for over half of our needs. This long-term strategy should contribute to lower energy expenses, risk reduction and maintaining budgeted energy amounts.
- **Continued Improvements to the Finance portion of the District Web Site** – The finance website now offers our stakeholders a complete data warehouse of documents, information and narrative in a convenient and easy to access format. This website includes detailed current and historical information on our budgets, enrollment, audit reports, finance advisory committee, truth in taxation presentations, school board monthly financial reports, strategic planning, financial communications, levies, finance awards, FAQ's and school finance links.
- **GLT Community Stakeholder Group** – The District retained GLT Architects to work with the District on deferred maintenance and facilities planning. The firm worked with a community stakeholder committee of 33 people to develop facilities recommendations for the School Board to consider.

### Student Achievement

The District's mission is "To Prepare All Students for a Successful Tomorrow." That mission is met with an intense effort at all levels of the Willmar Public Schools.

In order to have our mission become a reality, academic standards of the Willmar Public Schools are high. We continue to work on the North Central Association of Schools and Colleges (NCA) accreditation renewal process. All of our regular education schools are currently accredited. In order to maintain this accreditation, an improvement process centered on increasing student achievement has been implemented at each site. Academic goals have been established by a committee of teachers, administrators, parents and community members. An improvement plan was developed, which included identification of needs, strategies to meet the goals, and multiple means of assessing progress. Schools are implementing their plans and are initiating activities to reach their goals.

Teaching our students to become contributing members of our society is also a high priority. Students, teachers and support staff participate in many community-building initiatives, such as service clubs, community service classes, volunteering to help younger students on a regular basis, adopting nursing homes for monthly visits and organizing a “community helper day.” Character education is an integrated and important part of the education of all students.

Our high school leads all area schools in offering Advanced Placement (AP) opportunities in numerous subject areas. An AP course in music theory was added for 2006-07. All students in grades 2 – 8 take the Northwest Educational Assessment (NWEA) exams twice a year in reading and mathematics. Students in grades 9-10 also take these tests, as appropriate to their course of study. Progress reports are sent to all students and parents. Growth is measured individually, as well as by classroom and district. NWEA testing in science is being used at grades 6 and 7 to evaluate progress on implementing the new state science standards and to determine placement in advanced science courses. The Social Studies department has developed course/grade assessments that align with the required state Social Studies Standards. Opportunities for remediation and acceleration are the norm. In addition to national standardized tests and state assessments, formative and summative assessments are an expectation for all classroom teachers for all students.

The federal No Child Left Behind (NCLB) law requires schools to demonstrate that students are meeting Adequate Year Progress (AYP) goals. This progress is measured by the Minnesota Comprehensive Assessments (MCA). Each year the achievement bar is set higher for districts as expectations are heightened leading to the overall goal of all students being proficient in reading and math by 2013-2014. For the 2005-06 school year, Willmar Public Schools was at a “safe harbor” status in all population sub-groups in reading and math, and thus the sanctions outlined in the law did not come into play for the district even though some sub-groups were not able to meet the proficiency levels. Nevertheless, there are challenges ahead as second language learners, special education students and students living in poverty struggle to meet the targets that have been established for the District. Numerous interventions have been put in place to assist in remediation efforts and the District continues to operate all-day, everyday kindergarten for all students as a way to assist in closing the achievement gap early in a child’s learning experience.

#### Student Achievement Programs & Improvements:

- Continue to offer all-day, everyday kindergarten to better serve the needs our young learners as well as to attempt to close the achievement gap early.
- Continue to use NWEA testing in math and reading in grades 2-10 as a means of assessing student growth, as well as program and instructional quality. Use the NWEA science test at grades 6 and 7.
- Maintain and update a comprehensive strategic work plan that addresses goals and objectives for all district sites.
- Offered a Mandarin Chinese language class at the Sr. High School in FY 2007. The program exceeded expectations and the instructor has gone from part-time to full-time in order to meet student interest.
- Curriculum maps are developed according to the curriculum review cycle. These “maps” are available on our website to insure public awareness of curriculum content, assessment and implementation of standards.
- Secured approval to offer Project Lead the Way during the 2007-08 school year. Staff were trained, curriculum designed and technology acquired to offer this pre-engineering course of study.
- Maintained an active Curriculum Advisory Committee comprised of interested community members, parents and students.
- Expanded Targeted Services summer and after-school programming for students needing academic and social development. Enrollment in the program is very strong.
- Involved the District Site Council in all staff development initiatives as well as in curriculum and program improvement. Funded teacher-generated “Best Practices” initiatives.

- Initiated Gifted Education mini-grant program allowing teaching staff to provide additional opportunities for students needing acceleration and enrichments.
- Capitalized on volunteers, foundations, and the Parent-Teacher-Student-Association's willingness to bring value added opportunities to students via curriculum enhancements, student life enhancements, and hundreds of hours of assistance in the classroom.
- Enhanced marching band program to provide another dimension to an already stellar music program.

## **CASH MANAGEMENT**

Temporary cash balances during the year are invested in various securities per the District Investment Policy and statute. The District uses a twelve month cash flow projection, updated monthly, to guide investment terms. The District's investment policy is structured to minimize risk while maintaining a competitive yield. Accordingly, deposits are either insured by federal depository insurance or collateralized in compliance with Minnesota statutes. Investment yield during FY 2007 ranged from 4.42% to 5.39%, resulting in a total net return of \$490,981.

## **DEBT ADMINISTRATION**

As of June 30, 2007, the District had net bonded debt (including bond premiums) of \$16,300,074, well below the legal limit of \$236,997,950, or fifteen percent of the actual value of all taxable property in the District. Outstanding bonds are reviewed on a continuous basis by the District and its bond consultant to determine if refunding is feasible. The District's bond rating advanced to the A2 level.

## **RISK MANAGEMENT**

The District maintains a comprehensive risk management program that includes a property/casualty insurance program specifically designed to meet school district needs. Other key aspects of the risk management program include a health & safety consultation arrangement, an active health & safety committee, annual safety inspections and periodic review of policies to assure regulatory compliance and adherence to legal constructs.

## **INDEPENDENT AUDIT**

District policy and state statutes require an annual financial audit by independent certified public accountants. The District engaged LarsonAllen LLP to conduct the annual audit. The District also engaged LarsonAllen LLP to perform the audit of its federal programs in accordance with U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The District's federal programs are discussed in a report separate from the comprehensive annual financial report.

## **FINANCIAL AWARDS**

The Association of School Business Officials (ASBO) International awarded the Certificate of Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This is the second year in a row the district receive this award. Less than 5% of Minnesota school district's received this award last year. Achieving recognition by this program provides a clear indication of the District's high standards for financial reporting and financial stewardship. It is the belief that this current report conforms to the Certificate of Excellence program requirements. This report will be submitted to ASBO to determine its eligibility for the certificate.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Willmar Public Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the second year that the district has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. It is the belief that this current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it is being submitted to the GFOA to determine its eligibility for another certificate.

## **ACKNOWLEDGEMENTS**

Preparation of this report could not have been accomplished without the efficient and dedicated services of the Business Office staff. In particular, we want to acknowledge the excellent contribution from Dan Holtz, District Accountant. As always, we very much appreciate the hard work and expertise from our auditors, LarsonAllen LLP. Their work has been instrumental in the preparation of this document. Finally, thanks also go to Sam Modderman, Kandiyohi County Auditor/Treasurer and his staff for their assistance with this project.

We would like to express our appreciation to the School Board for the interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Sincerely,

Kathy Leedom  
Superintendent

Pam Harrington  
Director of Business and Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Willmar Public Schools  
Independent School District #347  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Thomas J. Flannery".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**WILLMAR PUBLIC SCHOOLS**

**For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2006**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

## FINANCIAL SECTION

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Independent School District No. 347  
Willmar, Minnesota

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Independent School District No. 347 as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Independent School District No. 347's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of Independent School District No. 347 as of June 30, 2007 and the respective changes in financial position and cash flows, where applicable, and budgetary comparison for the General Fund, Food Service Fund, and Community Service Fund, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2007, on our consideration of Independent School District No. 347's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 20 through 34 is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise Independent School District No. 347's basic financial statements. The schedule included in the supplementary information section on page 75 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections listed in the table of contents are not necessary for a fair presentation of the basic financial statements, but are presented as additional analytical data. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

**LarsonAllen LLP**

Austin, Minnesota  
October 15, 2007

**INDEPENDENT SCHOOL DISTRICT NO. 347  
WILLMAR PUBLIC SCHOOLS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2007**

This section of Willmar Public Schools – Independent School District No. 347's (District) annual financial report presents management's discussion of the District's financial performance during the fiscal year (FY) ending June 30, 2007. Please read it in conjunction with the District's financial statements, which follow this section.

The Management's Discussion and Analysis (MD&A) is an element of a reporting model that is required by the Government Accounting Standard Board's (GASB) Statement No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Statement No. 34 contains significant requirements that enhance financial reporting. These requirements are also designed to make annual reports easier for the public to understand and more useful to stakeholders. Specifically, Statement No. 34 establishes reporting requirements that include financial statements, expanded disclosure, and supplemental information, including the MD&A (this section).

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2006-2007 fiscal year include the following:

- The General Fund undesignated-unreserved fund balance again exceeded the School Board's fund balance goal of 6% of expenditures with a fund balance of \$5,827,203, equivalent to 14.5% of expenditures. Notably, this key fund balance increased by \$430,105, or 8.0%, compared to an increase of \$225,837 last year.
- Net Assets increased 9.13% over the prior year.
- The combined Governmental Funds fund balance increased by 14.91%, or \$1,263,005.
- The District reduced its outstanding long-term liabilities by \$1.16 million, or 6%.
- Enrollment decreased by 33 ADM's (Average Daily Membership) in FY 2007.
- Two Financial Awards: The district's comprehensive annual financial report for the year ended June 30<sup>th</sup>, 2006 was awarded several prestigious financial reporting awards by the Government Finance Officers Association of the United States and Canada (GFOA) and the Association of School Business Officials (ASBO). Read the District's 2007 comprehensive annual financial report for more information about these awards.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of three parts. They are:

- Independent Auditors' Report,
- Required Supplementary information which includes the Management's Discussion and Analysis (this section), and
- Basic financial statements

The basic financial statements include two kinds of statements that present different views of the District:

- The **district-wide financial statements**, including the Statement of Net Assets and the Statement of Activities, provide both **short-term** and **long-term** information about the District's **overall** financial status.
- The remaining statements are **fund financial statements** that focus on **individual parts** of the District, reporting the District's operations in **more detail** than the district-wide statements. The District maintains three groups of fund financial statements. They are:
  - The **governmental funds statements** tell how basic services such as regular and special education were financed in the **short term** as well as what remains for future spending.
  - **Proprietary funds statements** offer **short** and **long-term** financial information about the activities the district operates like **businesses**.
  - **Fiduciary funds statements** provide information about the financial relationships in which the District acts solely as a **trustee or agent** for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

***District-wide Statements***

The district-wide statements (Statement of Net Assets and Statement of Activities) report information about the District as a whole using accounting methods similar to those used by private sector companies. The Statement of Net Assets includes **all** of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's **net assets** and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or **position**.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

In the district-wide financial statements the District's activities are shown in one category titled Governmental Activities:

- **Governmental Activities** – Most of the District's basic services are included here, such as regular and special education, transportation, administration, food service, and community education. Property taxes and state aids finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's **funds** – focusing on its most significant or "major" funds – rather than the District as a whole.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes, such as a Scholarship fund to manage scholarship money.

The District has three kinds of funds:

- **Governmental funds** – The District's basic services are included in governmental funds, which generally focus on: 1) how **cash and other financial assets** that can readily be converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed **short-term** view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information (reconciliation schedules) is provided following the governmental funds statements that explains the relationship (or differences) between these two types of financial statement presentations.
- **Proprietary funds** – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's sole Proprietary fund is an internal service fund.
  - The District uses internal service funds to report activities that provide supplies and services for the District's other programs and activities. The district currently has one internal service fund for the dental self-insurance program.
- **Fiduciary funds** – The District is a trustee, or fiduciary, for assets that belong to others, such as the Private Purpose Trust Fund. This fund accounts for scholarship gifts and bequests. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. These activities are excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, its *combined* net assets were \$21.78 million on June 30, 2007. This was an increase of 9.13% from the previous year total of \$19.96 million. (See Table A-1 below). In comparison, net assets increased by 12.39% in FY 2006.

**Table A-1  
The District's Net Assets**

	<u>Governmental Activities</u>		<u>Percentage Change</u>
	<u>2007</u>	<u>2006</u>	
Current and Other Assets	\$ 19,722,026	\$ 22,117,147	-10.83%
Capital and Non-Current Assets	<u>30,789,081</u>	<u>31,487,343</u>	-2.22%
<b>Total Assets</b>	50,511,107	53,604,490	-5.77%
Current Liabilities	12,399,797	16,348,021	-24.15%
Long Term Liabilities	<u>16,328,366</u>	<u>17,296,222</u>	-5.60%
<b>Total Liabilities</b>	28,728,163	33,644,243	-14.61%
Net Assets			
Invested in Capital Assets			
Net of Related Debt	15,044,401	14,125,996	6.50%
Restricted	2,015,439	1,507,933	33.66%
Unrestricted	<u>4,723,104</u>	<u>4,326,318</u>	9.17%
<b>Total Net Assets</b>	<u>\$ 21,782,944</u>	<u>\$ 19,960,247</u>	9.13%

- The largest portion of the District's net assets (69.1%) reflects its investment in capital assets (e.g., land, buildings and improvements, furniture, and equipment net of accumulated depreciation); less any related outstanding debt (such as general obligation bonds) used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (9.2%) represents resources that are subject to external restrictions on how they may be used.

The remaining balance of the *unrestricted net assets* (21.7%) may be used to meet the District's obligations to students, employees and creditors and to honor next year's budget.



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

A summary of the revenues and expenses for the last two fiscal years is presented in Table 2 below.

**Table A-2  
Change in Net Assets**

	<b>Governmental Activities for the fiscal year ended June 30,</b>		<b>Total % Change</b>
	<b>2007</b>	<b>2006</b>	
<b>Revenues</b>			
<u>Program Revenues</u>			
Charges for Services	\$ 2,907,983	\$ 3,573,901	-18.63%
Operating Grants and Contributions	14,945,418	14,902,344	0.29%
Capital Grants and Contributions	652,077	847,130	-23.03%
<u>General Revenues</u>			
Property Taxes	4,918,683	3,451,819	42.50%
Unrestricted State Aid	23,461,186	23,523,078	-0.26%
Investment Earnings	491,828	418,315	17.57%
Other	128,986	29,394	338.82%
Total Revenues	<u>47,506,161</u>	<u>46,745,981</u>	1.63%
<b>Expenses</b>			
Administration	1,508,581	1,366,558	10.39%
District Support Services	993,521	860,710	15.43%
Regular Instruction	19,540,393	18,967,468	3.02%
Vocational Education Instruction	623,618	815,835	-23.56%
Special Education Instruction	7,670,736	8,314,732	-7.75%
Instructional Support Services	2,080,883	2,163,593	-3.82%
Pupil Support Services	3,225,826	3,094,558	4.24%
Sites and Buildings	4,964,068	3,845,392	29.09%
Fiscal and Other Fixed Cost Programs	240,254	314,062	-23.50%
Food Service	1,961,452	1,928,250	1.72%
Community Service	2,044,685	1,990,208	2.74%
Interest and Fiscal Charges on Long-Term Liabilities	829,447	883,672	-6.14%
Total Expenses	<u>45,683,464</u>	<u>44,545,038</u>	2.56%
<b>Increase in Net Assets</b>			
Beginning Net Assets	19,960,247	17,759,304	
Ending Net Assets	<u>\$ 21,782,944</u>	<u>\$ 19,960,247</u>	

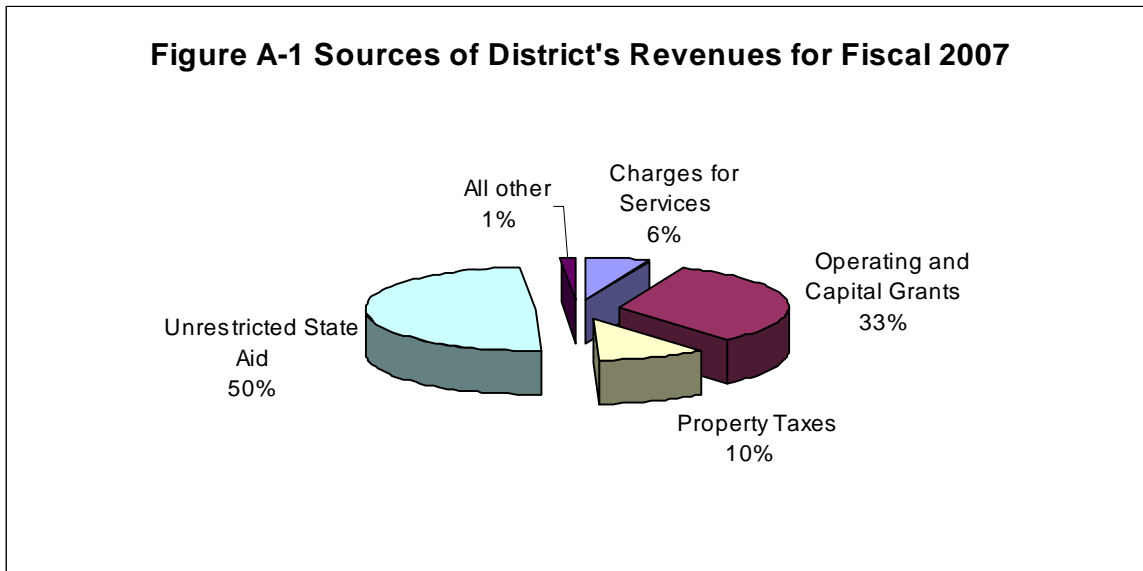
**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

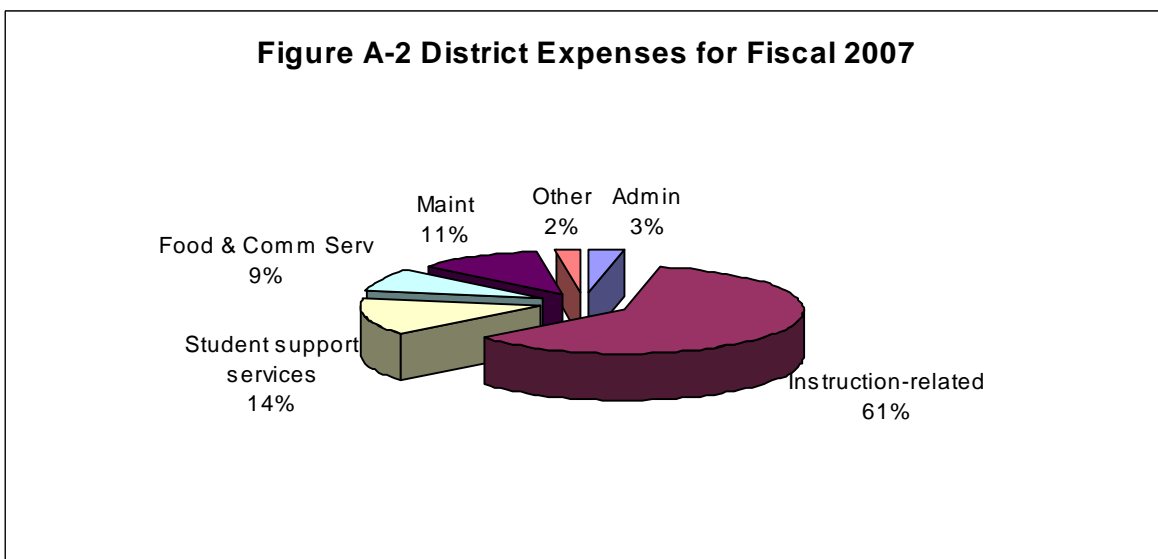
**Changes in Net Assets.** The District's total revenues were \$47.51 million for the year ended June 30, 2007. This is a 1.63% increase over the prior year's revenues.

State and federal aid along with local property taxes accounted for 60% of the total revenue for the year (see Figure A-1 below). Another 39% came from program revenues and the remaining 1% from earnings on investments and other.

Total revenues surpassed expenses, increasing net assets \$1.82 million over last year.



The District's total expenditures for programs and services were \$45.68 million for the year ended June 30, 2007. This is a 2.56% increase over the prior year's expenditures. The District's expenses are predominantly related to student education (75%). (See Figure A-2). The purely administrative activities of the District accounted for just 3.0% of total costs.



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)**

- The net cost of all **governmental** activities is their total costs less program revenues applicable to each category. The total cost of all governmental activities for this year was \$45,683,464. Table A-3 presents the costs of twelve major District activities such as instruction, food service and others. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).
  - The users of the District's programs paid for 6.38%, or \$2,907,983 of the costs.
  - The federal and state governments subsidized certain programs with grants and contributions. This totaled \$15,597,495, or 34.2% of the total costs for 2006-2007.
  - The remainder of the District's costs (\$27,177,986), however, were paid for by: 1) state taxpayers based on the statewide education aid formula, 2) by District taxpayers, and 3) by investment earnings.

**Table A-3  
Change in Net Assets**

	<b>Total Cost of Services</b>		<b>Percentage Change</b>	<b>Net Cost of Services</b>		<b>Percentage Change</b>
	<b>2007</b>	<b>2006</b>		<b>2007</b>	<b>2006</b>	
Administration	\$ 1,508,581	\$ 1,366,558	10.39%	\$ 1,508,040	\$ 1,366,175	10.38%
District Support Services	993,521	860,710	15.43%	881,730	707,430	24.64%
Regular Instruction	19,540,393	18,967,468	3.02%	11,810,099	11,488,750	2.80%
Vocational Education Instruction	623,618	815,835	-23.56%	523,384	698,987	-25.12%
Special Education Instruction	7,670,736	8,314,732	-7.75%	2,532,738	2,364,095	7.13%
Instructional Support Services	2,080,883	2,163,593	-3.82%	1,376,354	1,169,150	17.72%
Pupil Support Services	3,225,826	3,094,558	4.24%	2,906,816	2,855,549	1.80%
Sites and Buildings	4,964,068	3,845,392	29.09%	4,800,943	3,246,361	47.89%
Fiscal and Other Fixed Cost Programs	240,254	314,062	-23.50%	(265,680)	314,062	-184.59%
Food Service	1,961,452	1,928,250	1.72%	(90,958)	(14,861)	512.06%
Community Service	2,044,685	1,990,208	2.74%	365,073	312,175	16.94%
Interest and Fiscal Charges on Long-Term Liabilities	829,447	883,672	-6.14%	829,447	713,790	16.20%
<b>Total</b>	<b>\$ 45,683,464</b>	<b>\$ 44,545,038</b>	<b>2.56%</b>	<b>\$ 27,177,986</b>	<b>\$ 25,221,663</b>	<b>7.76%</b>

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds. At the end of the 2006-2007 fiscal year, the District's governmental funds reported a **combined** fund balance of \$9,732,815, a 14.91% increase from last year's ending fund balance of \$8,469,810.

Revenues for the District's governmental funds totaled \$47,185,845 while total expenditures were \$46,752,914. Other financing sources totaled \$830,074. As a result, the District completed the year with an excess of revenues and other financing sources over expenditures of \$1,263,005. Discussion about each governmental fund follows. A summary of the revenues and expenditures reported on the governmental fund financial statements for the past two years appears in Table A-4 below:

**Table A-4  
Revenues and Expenditures - Governmental Funds**

	<b>2007</b>			<b>Fund Balance Increase (Decrease)</b>
	<b>Revenue</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	
General Fund	\$ 40,370,308	\$ 40,136,576	\$ 332,832	\$ 566,564
Food Service Fund	2,055,222	1,961,452	-	93,770
Community Service Fund	2,168,039	2,045,631	-	122,408
Building Construction Fund	-	75,692	488,565	412,873
Debt Service Fund	2,592,276	2,533,563	8,677	67,390
<b>Totals</b>	<b>\$ 47,185,845</b>	<b>\$ 46,752,914</b>	<b>\$ 830,074</b>	<b>\$ 1,263,005</b>
	<b>2006</b>			
	<b>Revenue</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balance Increase (Decrease)</b>
General Fund	\$ 40,049,974	\$ 39,210,139	\$ 24,574	\$ 864,409
Food Service Fund	1,944,532	1,928,250	500	16,782
Community Service Fund	2,093,053	2,059,993	-	33,060
Building Construction Fund	-	-	-	-
Debt Service Fund	2,639,423	2,657,910	93,760	75,273
<b>Totals</b>	<b>\$ 46,726,982</b>	<b>\$ 45,856,292</b>	<b>\$ 118,834</b>	<b>\$ 989,524</b>

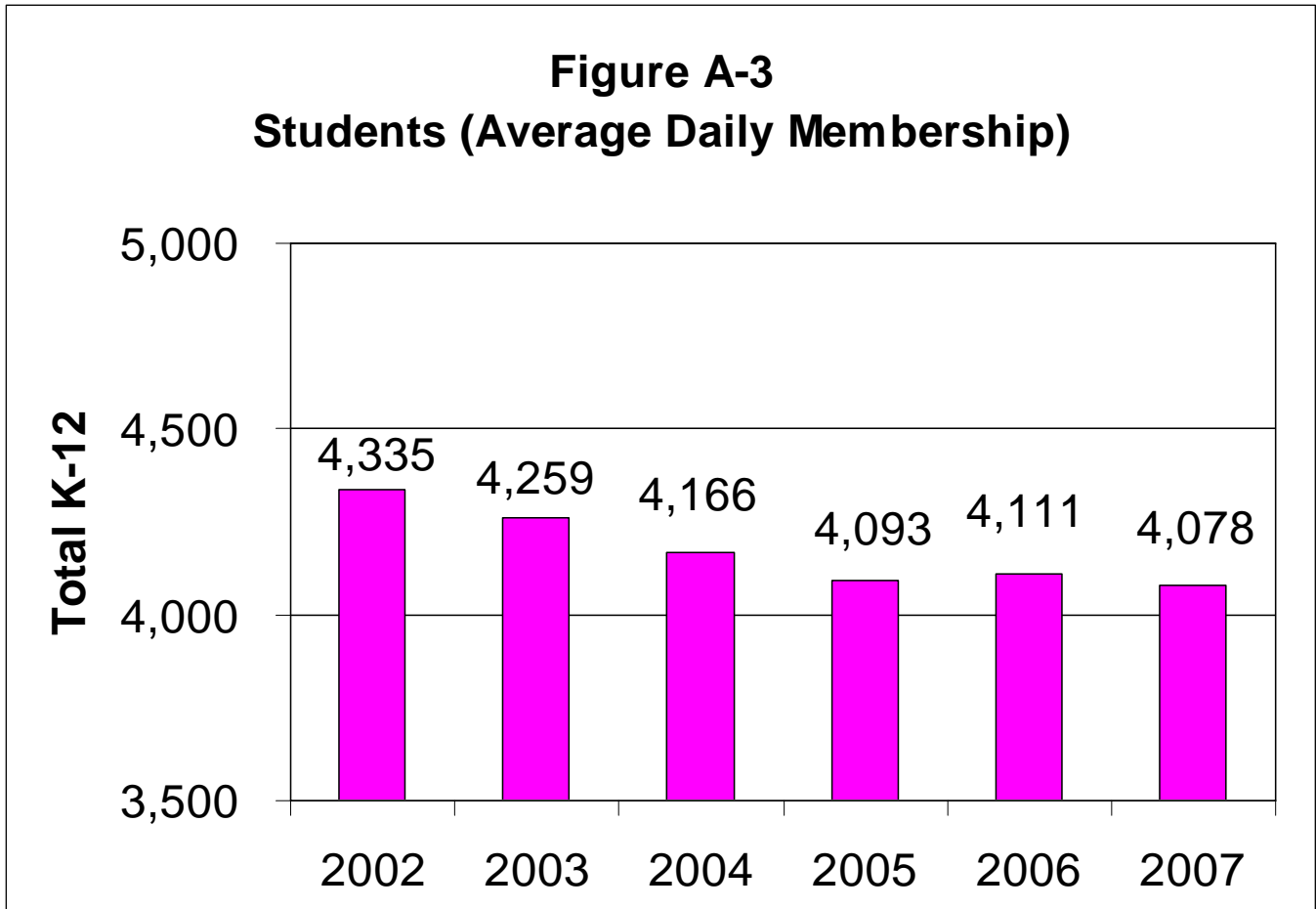
**GENERAL FUND**

The General Fund is used by the District to record the primary operations of providing educational services to students from kindergarten through grade 12. Pupil transportation activities and capital and major maintenance projects are also included in the General Fund.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**GENERAL FUND (CONTINUED)**

**Enrollment.** Funding for Minnesota school districts is largely driven by enrollment. The majority of Minnesota school districts are facing declining enrollment. Over the last five years, the District has averaged an annual 1.21% decline in the number of students. Figure A-3, below, shows that the number of students has decreased steadily through FY 2005 with enrollment increasing slightly in FY 2006 and then decreasing again in FY 2007.



Although the overall population of the District has continued to grow since 1990, the youth population has steadily declined for ages 0 – 9 during the same period. Also, the number of households with children has also declined in the same period. Demographic projections show these trends are expected to continue. A much smaller, but important factor affecting declining enrollment is the loss of students to other districts through open enrollment options, especially for students living in areas bordering neighboring school districts.

Because of the above-mentioned demographic trends, and even factoring in promising economic development taking place in the Willmar area, the District projects that enrollment will decline slightly in FY 2008, and most likely level out again by 2008-2009. The District uses a deliberate and systematic enrollment projection process that includes several state-of-the-art and highly regarded enrollment projection models and the most up to date demographic resources. The District completed a comprehensive enrollment and demographic study in 2003 and again in 2006.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**GENERAL FUND (CONTINUED)**

The following table presents a summary of General Fund revenues:

**Table A-5  
General Fund Revenues**

<b>Fund</b>	<b>Year Ended</b>		<b>Change</b>	
	<b>June 30, 2007</b>	<b>June 30, 2006</b>	<b>Increase (Decrease)</b>	<b>Percent</b>
Local Sources				
Property Taxes	\$ 2,411,863	\$ 1,170,379	\$ 1,241,484	106.1%
Earnings on Investments	401,290	358,796	42,494	11.8%
Other	1,949,742	2,877,734	(927,992)	-32.2%
State Sources	34,111,061	33,264,022	847,039	2.5%
Federal Sources	1,496,352	2,379,043	(882,691)	-37.1%
Total General Fund Revenue	<u>\$ 40,370,308</u>	<u>\$ 40,049,974</u>	<u>\$ 320,334</u>	0.8%

Total General Fund revenue increased by \$320,334, or 0.8%, from the previous year. Basic general education revenue is determined by a state per student funding formula. Other state-authorized revenue, including excess levy referendum, involves an equalized mix of property tax and state aid revenue. Therefore, the mix of property tax and state aid can change significantly from year to year without any net change in revenue.

Property taxes in 2007 were \$1,241,484, or 106.1%, more than the prior year. The increase is mainly the result of higher property values which causes an increase to the local levy. Earnings on investments increased \$42,494 from the prior year as a result of rising interest rates and a better than expected cash position. Other local sources decreased by \$927,992 primarily because revenue from Special Education Tuition billing is part of state sources effective in FY 2007. State sources of revenue increased by \$847,039, or 2.5%, from 2006. The increase is a function of the above-mentioned change to Special Education Tuition billing over the prior year. Federal revenues decreased \$882,691, or 37.1%, from the previous year. This decrease is largely due to the expiration of the Reading First grant and reclassification of special education revenue received through the cooperative to local revenues.

The following table presents a summary of General Fund expenditures:

**Table A-6  
General Fund Expenditures**

	<b>Year Ended</b>		<b>Amount of Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
	<b>June 30, 2007</b>	<b>June 30, 2006</b>		
Salaries	\$ 23,442,117	\$ 23,357,830	\$ 84,287	0.4%
Employee Benefits	6,548,812	6,379,766	169,046	2.6%
Purchased Services	7,485,085	7,043,346	441,739	6.3%
Supplies and Materials	1,352,765	1,388,928	(36,163)	-2.6%
Capital Expenditures	1,075,893	711,020	364,873	51.3%
Other Expenditures	231,904	329,249	(97,345)	-29.6%
Total Expenditures	<u>\$ 40,136,576</u>	<u>\$ 39,210,139</u>	<u>\$ 926,437</u>	2.4%

Total General Fund expenditures increased \$926,437 or 2.4% from the previous year.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

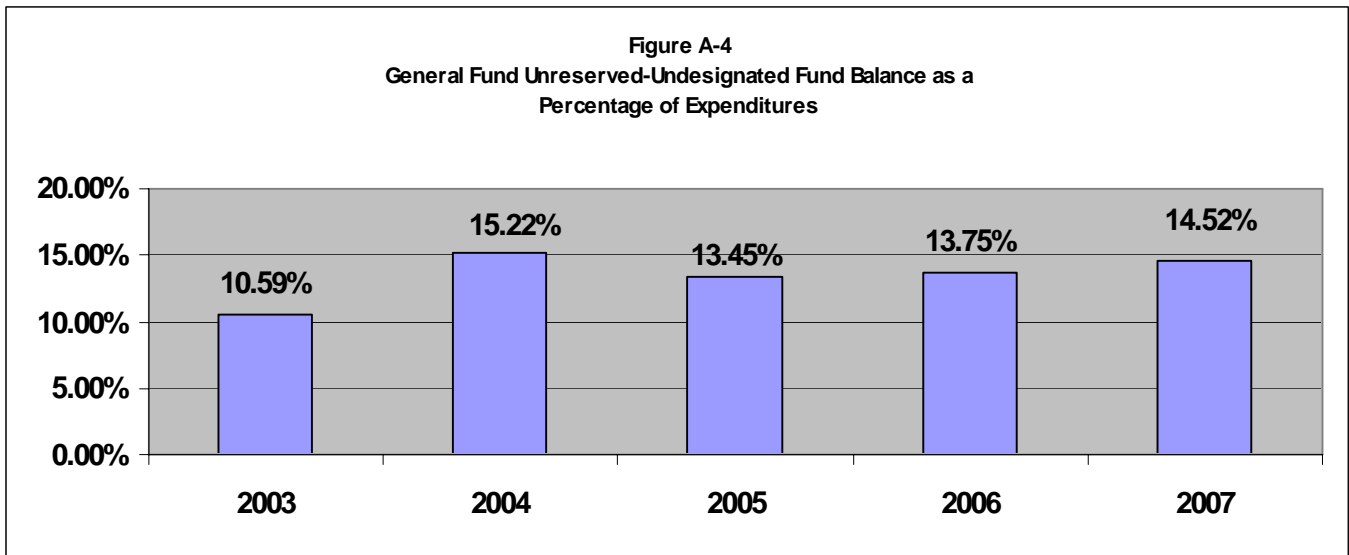
**GENERAL FUND (CONTINUED)**

In fiscal year 2006-2007 total salary expenditures remained fairly level. Employee benefits increased by 2.6% compared to last year. This increase is mainly due to an increase in health insurance premiums, TRA and PERA contributions. The District continues to proactively pursue various cost containment measures to minimize the effect of rising health insurance premiums on the costs of the District's employee compensation packages.

Combined non-payroll expenditures (Purchased Services, Supplies & Materials, Capital Expenditures and Other Expenditures) increased by \$673,104 or 7.1%, compared to last year. The increase is primarily due to an increase in Purchased Services for Senior High wall repairs and an increase to Capital Expenditures for a large number of computer purchases and upgrades.

In summary, 2006-2007 General Fund revenues exceeded General Fund expenditures by \$233,732. As a result, and after factoring in \$128,986 from the sale of the Lafayette school building and \$203,846 of insurance recovery and Microsoft settlement proceeds, the total fund balance increased by \$566,564 to \$7,879,178 at June 30, 2007. After deducting statutory reserves, the unreserved-undesignated fund balance increased from \$5,397,098 on June 30, 2006 to \$5,827,203 on June 30, 2007.

Figure A-4, below, depicts the General Fund unreserved-undesignated fund balance as a percentage of expenditures for fiscal years 2003 - 2007:



The graph above describing the District's unreserved-undesignated fund balance trend, offers the single best measure of the District's overall financial health. The unreserved-undesignated fund balance of \$5,827,203 on June 30, 2007 represents 14.5% of annual expenditures. This key fund balance increased by \$430,105 in FY 2007, compared to an increase of \$225,837 last year.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**GENERAL FUND (CONTINUED)**

The District closely monitors the General Fund unreserved-undesignated fund balance through use of a detailed financial planning model, initiating two budget revisions during the year and with monthly budget analysis. The School Board has adopted a formal fund balance policy to reach and maintain a 6 percent (as a percentage of expenditures) fund balance in the General Fund unreserved-undesignated fund.

***General Fund Budgetary Highlights***

The District is required to adopt an operating budget prior to the beginning of its fiscal year (July 1). Over the course of the year, the District revised the annual operating budget two times. These budget amendments usually fall into two categories:

- Implementing budgets for specially funded projects, which may include grants, adjusting staffing and various instructional building allocations based on enrollment, and budgeting for certain unspent funds that are required to be carried over from fiscal year 2006.
- Changes in appropriations for significant unbudgeted costs.

While the District's final budget for the general fund anticipated that expenditures would exceed revenues by \$187,331, the actual results for the year show that revenues exceeded expenditures by \$233,732. In addition, other financing sources were \$131,961 more than budgeted.

- Actual revenues were 1.0% or \$388,618 less than budget, due largely to a decrease in federal funds.
- Actual expenditures were \$809,681, or 2.0%, less than budget.
  - Most of the expenditure budget savings are a result of positive variances across many expenditure categories, highlighted by the following areas: 1) \$309,005 under budget on supplies, 2) \$348,539 under budget on capital expenditures, and 3) \$421,662 or 1% under budget on payroll and benefits. Items 1-3 are partially offset by purchased services being over budget by \$247,294.
- The sale of the Lafayette School building was not budgeted.

**FOOD SERVICE FUND**

The Food Service Fund revenue for 2006-2007 totaled \$2.06 million and expenditures were \$1.96 million, resulting in a fund balance increase of \$93,770. This fund balance improvement was primarily a result of continued effective cost control along with increasing lunch prices. The June 30, 2007 Food Service fund balance is \$188,923.

The Food Service Fund is anticipating another modest fund balance increase for 2007-2008.

**COMMUNITY SERVICE FUND**

In 2006-2007, total revenues for the Community Service Fund were \$2.17 million and total expenditures were \$2.05 million. Total revenues exceeded expenditures by \$122,408, resulting in an increase of the same amount in the June 30, 2007 fund balance. The Community Service Fund fund balance as of June 30, 2007 is \$349,067. A financially healthy Youth Development and School-age Care program was the primary reason for the fund balance increase.



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**DEBT SERVICE FUND**

Revenues and expenditures for the District's Debt Service Fund are tied directly to the District's bond principal and interest payment schedules. The Debt Service Fund revenues and other financing sources exceeded expenditures by \$67,390 in 2006-2007. The resulting fund balance increase leaves the Debt Service Fund with a \$902,774 fund balance at June 30, 2007. This fund balance is available for meeting future debt service obligations.

**CAPITAL PROJECT – BUILDING CONSTRUCTION FUND**

The Building Construction Fund was established to account for the repair of the Senior High parking lot and the Junior High roof. Both projects are scheduled to be completed in 2008.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2007, the District had net capital assets of \$30,789,081 representing a broad range of capital assets, including school buildings, computer and audio-visual equipment, and other equipment for various instructional programs (see Table A-7 below). More detailed information about capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$1.26 million.

**Table A-7  
The District's Capital Assets**

	<u>2007</u>	<u>2006</u>	<u>Percentage Change</u>
Land	\$ 623,282	\$ 623,282	0.0%
Land Improvements	2,284,246	2,275,986	0.4%
Buildings and Improvements	45,859,270	46,089,491	-0.5%
Equipment	5,173,667	4,628,221	11.8%
Less: Accumulated Depreciation	<u>(23,151,384)</u>	<u>(22,129,637)</u>	<u>4.6%</u>
<b>Total</b>	<u><u>\$ 30,789,081</u></u>	<u><u>\$ 31,487,343</u></u>	<u><u>-2.2%</u></u>

**Construction Plans**

Beginning in May of 2007, a Community Stakeholders Committee of 33 people was formed to assist the district in providing constituent perspective regarding the district's long-range facilities needs. Led by GLTArchitects, a St. Cloud architectural firm, the committee met through September to develop a 10-year recommendation on future building needs as well as comments regarding the deferred maintenance needs as outlined in the 2004 Facilities Study that was completed by Cities Edge Architects in Willmar at the request of the School District. In October, the School Board accepted the plans and recommendations from the Community Stakeholders Committee for long-range facilities needs and deferred maintenance plans. The School Board also directed the Superintendent to work with GLTArchitects in further delineating various aspects related to the plan.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

***Long-term Liabilities***

At year-end, the District had \$16.3 million in general obligation bonds outstanding. This is a decrease of 6.4% from the previous year - as shown in Table A-8 below. The District also had \$2.15 million in separation and severance payable at June 30, 2007, a decrease of 0.8% from the previous year. Overall, the District's outstanding long-term liabilities decreased by 5.9% in fiscal year 2007. More detailed information about the District's long-term liabilities is presented in Note 4 to the financial statements.

- The District continues to pay down its debt, retiring \$1.5 million of outstanding bonds in the year ending June 30, 2007, while issuing \$495,000 of new bonds.

**Table A-8  
The District's Long-Term Liabilities**

	<u>2007</u>	<u>2006</u>	<u>Percentage Change</u>
General Obligation Bonds	\$ 16,300,074	\$ 17,409,500	-6.4%
Energy Loans Payable	-	425	-100.0%
Special Assessments Payable	-	34,859	-100.0%
Severance Benefits Payable	2,148,304	2,166,122	-0.8%
Compensated Absences Payable	163,521	160,507	1.9%
<b>Total</b>	<u>\$ 18,611,899</u>	<u>\$ 19,771,413</u>	<u>-5.9%</u>
Long-Term Liabilities:			
Due Within One Year	\$ 2,283,533	\$ 2,475,191	
Due in More Than One Year	16,328,366	17,296,222	
	<u>\$ 18,611,899</u>	<u>\$ 19,771,413</u>	

**Bond Ratings**

The District's general obligation bonds carry a rating of Aa2 from Moody's investors Service on March 9, 2005.

***Limitations on Debt***

The State of Minnesota limits the amount of general obligation debt the District can issue to 15% of the assessed value of all taxable property within the District's boundaries. The District's outstanding debt is significantly below this limit - which is \$275.5 million for calendar year 2007.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEAR ENDED JUNE 30, 2007**

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

With the exception of a voter-approved excess operating referendum, the District is dependent on the State of Minnesota for its revenue authority. Recent experience demonstrates that legislated revenue increases have not been sufficient to meet instructional needs and increased costs due to inflation.

The 2007 Legislative Session was completed in May. The basic formula for 2007- 2008 was increased by 2% for the 2007-2008 school year and 1% for the 2008-2009 school year. Additional one time money was added for operating capitol/technology aid. This calculation is \$40 per pupil unit for 2007-2008 and \$55 for 2008-2009. Kindergarten weighting was increased from .557 to .612. Gifted and Talented Revenue was increased from \$9 per AMCPU to \$12 beginning in FY 2008. Equity revenue increased from \$23 to \$46. Safe schools levy increased from \$27 to \$30. The ECFE revenue was increased from \$112 to \$120 per resident under the age of five. State school lunch reimbursement was increased from 10.5 cents per meal to 12 cents per lunch.

The Willmar area continues to develop from an economic standpoint. Additional retail entities have located or expanded in Willmar, and industrial development is also on the horizon. A new airport has been completed as well as a major renovation project at Rice Memorial Hospital. A revised and enhanced industrial park will be completed in the next few years. City infrastructure is also being addressed through projects such as the new wastewater treatment facility that is being planned. Storm water retention issues are challenges that the City of Willmar is dealing with at the current time. The Willmar Municipal Utilities is going forward with the construction of wind turbines. Rice Hospital is making plans to construct a new nursing home and long-term care facility. The City of Willmar and Kandiyohi County Economic Development Commission is working to secure a Veterans Home in Willmar after already facilitating a location for a psychiatric hospital in Willmar. They have also worked to bring in a biomass pellet plant production company to the community. The MinnWest Technology Campus that began development two years ago is continuing to thrive and secure new technology based businesses for their campus. Many of the above-mentioned projects have come to fruition as a result of public entities working collaboratively as well as public and private partnerships that have formed on behalf of economic development.

The District will strive to maintain its longstanding commitment to academic excellence and educational opportunity for students within a framework of financial fiduciary responsibility.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide District citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information, contact the Business Office, Independent School District 347, 611 5<sup>th</sup> St SW, Willmar, MN 56201-3297, visit the Finance section of the District website at [www.willmar.k12.mn.us](http://www.willmar.k12.mn.us) (click on At a Glance, District Services, and Finance), or contact Pam Harrington, Director of Business and Finance, at [harringtonp@willmar.k12.mn.us](mailto:harringtonp@willmar.k12.mn.us) and 320-231-8511.

## **BASIC FINANCIAL STATEMENTS**

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF NET ASSETS  
JUNE 30, 2007  
(WITH COMPARATIVE DATA AS OF JUNE 30, 2006)**

	<b>Governmental Activities</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Cash and Investments	\$ 11,513,398	\$ 12,924,653
Receivables		
Property Taxes	3,009,356	2,784,871
Other Governments	4,573,832	5,853,763
Other	461,586	347,988
Prepaid Items	27,984	73,996
Inventories	52,754	48,439
Bond issuance costs, net	83,116	83,437
Capital Assets		
Land	623,282	623,282
Other Capital Assets, Net of Depreciation	30,165,799	30,864,061
Total Assets	<u>50,511,107</u>	<u>53,604,490</u>
<b>LIABILITIES</b>		
Aid Anticipation Certificates Payable	-	3,957,811
Salaries and Wages Payable	3,259,242	3,118,181
Accounts and Contracts Payable	990,492	833,497
Accrued Interest	312,719	536,279
Due to Other Governmental Units	16,894	353,851
Unearned Revenue		
Property Taxes	5,366,327	4,915,837
Local Sources	170,590	157,374
Long-Term Liabilities		
Portion Due Within One Year	2,283,533	2,475,191
Portion Due in More Than One Year	16,328,366	17,296,222
Total Liabilities	<u>28,728,163</u>	<u>33,644,243</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	15,044,401	14,125,996
Restricted for:		
Operating Capital Purposes	485,009	356,566
State-Mandated Reserves	402,385	404,234
Food Service	188,923	95,153
Community Service	349,067	226,659
Debt Service	590,055	425,321
Unrestricted	<u>4,723,104</u>	<u>4,326,318</u>
Total Net Assets	<u>\$ 21,782,944</u>	<u>\$ 19,960,247</u>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2006)**

	2007		
Functions	Expenses	Charges for Services	Program Operating Grants and Contributions
<b>Governmental Activities</b>			
Administration	\$ 1,508,581	\$ -	\$ -
District Support Services	993,521	-	111,791
Regular Instruction	19,540,393	637,353	6,962,865
Vocational Education Instruction	623,618	23,197	77,037
Special Education Instruction	7,670,736	583,607	4,553,463
Instructional Support Services	2,080,883	35,864	668,665
Pupil Support Services	3,225,826	-	301,712
Sites and Buildings	4,964,068	163,125	-
Fiscal and Other Fixed Cost Programs	240,254	-	2,700
Food Service	1,961,452	773,994	1,278,416
Community Service	2,044,685	690,843	988,769
Interest and Fiscal Charges on Long-Term Liabilities	829,447	-	-
Total School District	\$ 45,683,464	\$ 2,907,983	\$ 14,945,418

**General Revenues**

Property Taxes Levied for:  
    General Purposes  
    Community Service  
    Debt Service  
State Aid Not Restricted to Specific Purposes  
Earnings on Investments  
Gain on Sale of Fixed Assets  
Miscellaneous  
    Total General Revenues  
Change in Net Assets  
Net Assets - Beginning  
Net Assets - Ending

See accompanying Notes to Basic Financial Statements.

<b>2007</b>		<b>2006</b>	
<b>Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>	
<b>Capital Grants and Contributions</b>	<b>Total Governmental Activities</b>	<b>Total Governmental Activities</b>	
\$ 541	\$ (1,508,040)	\$ (1,366,175)	
-	(881,730)	(707,430)	
130,076	(11,810,099)	(11,488,750)	
-	(523,384)	(698,987)	
928	(2,532,738)	(2,364,095)	
-	(1,376,354)	(1,169,150)	
17,298	(2,906,816)	(2,855,549)	
-	(4,800,943)	(3,246,361)	
503,234	265,680	(314,062)	
-	90,958	14,861	
-	(365,073)	(312,175)	
-	(829,447)	(713,790)	
<u>\$ 652,077</u>	<u>(27,177,986)</u>	<u>(25,221,663)</u>	

2,408,339	1,168,340
246,165	125,599
2,264,179	2,157,880
23,461,186	23,523,078
491,828	418,315
128,986	-
-	29,394
<u>29,000,683</u>	<u>27,422,606</u>
1,822,697	2,200,943
19,960,247	17,759,304
<u>\$ 21,782,944</u>	<u>\$ 19,960,247</u>

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2007  
(WITH COMPARATIVE DATA AS OF JUNE 30, 2006)**

	Major		
	General	Food Service	Community Service
<b>ASSETS</b>			
Cash and Investments	\$ 8,372,815	\$ 78,393	\$ 461,621
Receivables			
Current Property Taxes	1,418,082	-	166,573
Delinquent Property Taxes	16,004	-	1,705
Due from Other Minnesota School Districts	253,358	-	-
Due from Minnesota Department of Education	3,714,342	18,152	79,020
Due from Federal through Minnesota Department of Education	176,417	136,825	74,614
Due from Federal Government Received Directly	95,709	-	-
Due from Other Governmental Units	-	-	549
Other Receivables	455,821	85	5,680
Prepaid Items	25,974	-	2,010
Inventory	24,025	28,729	-
Total Assets	<u>\$ 14,552,547</u>	<u>\$ 262,184</u>	<u>\$ 791,772</u>
<b>LIABILITIES AND FUND BALANCE</b>			
Liabilities			
Aid Anticipation Certificates Payable	\$ -	\$ -	\$ -
Salaries and Wages Payable	3,135,321	20,336	103,585
Accounts Payable	895,538	9,080	27,749
Due to Other Governmental Units	16,894	-	-
Accrued Interest Payable	-	-	-
Deferred Revenue:			
Property Taxes Levied for Subsequent Year	2,483,292	-	309,241
Delinquent Property Taxes	16,004	-	1,705
Local Sources	126,320	43,845	425
Total Liabilities	<u>6,673,369</u>	<u>73,261</u>	<u>442,705</u>
Fund Balance			
Reserved for			
Staff Development	363,222	-	-
Severance and Health Benefits	1,200,000	-	-
Gifted and Talented	39,163	-	-
Health and Safety	(35,419)	-	-
Operating Capital	485,009	-	-
Safe Schools	-	-	-
Community Education Programs	-	-	159,229
Early Childhood and Family Educations Programs	-	-	12,611
School Readiness	-	-	-
Adult Basic Education	-	-	-
Building Construction	-	-	-
Unreserved			
Undesignated, Reported In			
General Fund	5,827,203	-	-
Debt Service Fund	-	-	-
Special Revenue Funds	-	188,923	177,227
Total Fund Balance	<u>7,879,178</u>	<u>188,923</u>	<u>349,067</u>
Total Liabilities and Fund Balance	<u>\$ 14,552,547</u>	<u>\$ 262,184</u>	<u>\$ 791,772</u>

See accompanying Notes to Basic Financial Statements.



<b>Funds</b>		<b>Total Governmental</b>	
<b>Capital</b>	<b>Debt</b>	<b>Funds</b>	
<b>Projects</b>	<b>Service</b>	<b>2007</b>	<b>2006</b>
\$ 444,811	\$ 2,062,435	\$ 11,420,075	\$ 12,845,318
-	1,389,837	2,974,492	2,737,491
-	17,155	34,864	47,380
-	-	253,358	1,307,661
-	24,846	3,836,360	3,702,681
-	-	387,856	843,421
-	-	95,709	-
-	-	549	-
-	-	461,586	347,988
-	-	27,984	73,996
-	-	52,754	48,439
<u>\$ 444,811</u>	<u>\$ 3,494,273</u>	<u>\$ 19,545,587</u>	<u>\$ 21,954,375</u>
\$ -	\$ -	\$ -	\$ 3,957,811
-	-	3,259,242	3,118,181
31,938	550	964,855	807,915
-	-	16,894	353,851
-	-	-	126,216
-	2,573,794	5,366,327	4,915,837
-	17,155	34,864	47,380
-	-	170,590	157,374
<u>31,938</u>	<u>2,591,499</u>	<u>9,812,772</u>	<u>13,484,565</u>
-	-	363,222	384,714
-	-	1,200,000	1,200,000
-	-	39,163	13,520
-	-	(35,419)	(45,284)
-	-	485,009	356,566
-	-	-	6,000
-	-	159,229	56,468
-	-	12,611	18,812
-	-	-	6,149
-	-	-	3,075
412,873	-	412,873	-
-	-	5,827,203	5,397,098
-	902,774	902,774	835,384
-	-	366,150	237,308
<u>412,873</u>	<u>902,774</u>	<u>9,732,815</u>	<u>8,469,810</u>
<u>\$ 444,811</u>	<u>\$ 3,494,273</u>	<u>\$ 19,545,587</u>	<u>\$ 21,954,375</u>

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**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2007  
(WITH COMPARATIVE DATA AS OF JUNE 30, 2006)**

	<b>2007</b>	<b>2006</b>
<b>Total Fund Balance for Governmental Funds</b>	\$ 9,732,815	\$ 8,469,810
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	623,282	623,282
Land Improvements, Net of Accumulated Depreciation	686,885	763,028
Buildings and Improvements, Net of Accumulated Depreciation	27,795,640	28,679,277
Equipment and Vehicles, Net of Accumulated Depreciation	1,683,274	1,421,756
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.		
	34,864	47,380
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.		
	(312,719)	(410,063)
Bond issuance costs are reported as expenditures in the governmental funds.		
	83,116	83,437
Internal service funds are used by management to charge the costs associated with Delta Dental Insurance. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are:		
	67,686	53,753
Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:		
Bonds Payable	(15,585,000)	(16,595,000)
Unamortized Premiums	(715,074)	(814,500)
Capital Improvement Loans Payable	-	(425)
Other Loan	-	(34,859)
Severance Benefits Payable	(2,148,304)	(2,166,122)
Compensated Absences Payable	(163,521)	(160,507)
<b>Total Net Assets of Governmental Activities</b>	<b>\$ 21,782,944</b>	<b>\$ 19,960,247</b>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2006)**

	<b>Major</b>		
	<b>General</b>	<b>Food Service</b>	<b>Community Service</b>
<b>REVENUES</b>			
Local Sources			
Property Taxes	\$ 2,411,863	\$ -	\$ 246,756
Earnings on Investments	401,290	2,812	16,487
Other	1,949,742	780,817	862,387
State Sources	34,111,061	159,811	796,112
Federal Sources	1,496,352	1,111,782	246,297
Total Revenues	<u>40,370,308</u>	<u>2,055,222</u>	<u>2,168,039</u>
<b>EXPENDITURES</b>			
Current			
Administration	1,543,232	-	-
District Support Services	959,115	-	-
Regular Instruction	18,220,574	-	-
Vocational Education Instruction	612,387	-	-
Special Education Instruction	7,593,015	-	-
Instructional Support Services	1,953,089	-	-
Pupil Support Services	3,158,359	-	-
Sites and Buildings	4,781,520	-	-
Fiscal and Other Fixed Cost Programs	239,392	-	-
Food Service	-	1,951,394	-
Community Service	-	-	2,025,813
Capital Outlay	1,075,893	10,058	19,818
Debt Service			
Principal	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>40,136,576</u>	<u>1,961,452</u>	<u>2,045,631</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	233,732	93,770	122,408
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of Equipment Proceeds	-	-	-
Sale of Real Property Proceeds	128,986	-	-
Judgments for School Districts	203,846	-	-
Sale of Bonds Proceeds	-	-	-
Bond Premium	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	<u>332,832</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	566,564	93,770	122,408
Fund Balances - Beginning	7,312,614	95,153	226,659
Fund Balances - Ending	<u>\$ 7,879,178</u>	<u>\$ 188,923</u>	<u>\$ 349,067</u>

See accompanying Notes to Basic Financial Statements.

<b>Funds</b>		<b>Total Governmental</b>	
<b>Capital Projects - Building Construction</b>	<b>Debt Service</b>	<b>Funds</b>	
		<b>2007</b>	<b>2006</b>
\$ -	\$ 2,272,580	\$ 4,931,199	\$ 3,457,394
-	71,239	491,828	588,197
-	-	3,592,946	4,503,116
-	248,457	35,315,441	34,534,141
-	-	2,854,431	3,644,134
-	2,592,276	47,185,845	46,726,982
-	-	1,543,232	1,396,790
-	-	959,115	855,165
-	-	18,220,574	17,799,589
-	-	612,387	855,159
-	-	7,593,015	8,303,384
-	-	1,953,089	2,036,393
-	-	3,158,359	3,098,484
-	-	4,781,520	3,840,955
-	-	239,392	313,200
-	-	1,951,394	1,877,669
-	-	2,025,813	2,037,256
75,692	-	1,181,461	784,338
-	1,505,425	1,505,425	1,600,000
-	1,028,138	1,028,138	1,057,910
75,692	2,533,563	46,752,914	45,856,292
(75,692)	58,713	432,931	870,690
-	-	-	500
-	-	128,986	-
-	-	203,846	24,574
488,565	6,435	495,000	16,265,000
-	2,242	2,242	913,760
-	-	-	(17,085,000)
488,565	8,677	830,074	118,834
412,873	67,390	1,263,005	989,524
-	835,384	8,469,810	7,480,286
\$ 412,873	\$ 902,774	\$ 9,732,815	\$ 8,469,810

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2006)**

	2007	2006
<b>Net Change in Fund Balance-Total Governmental Funds</b>	\$ 1,263,005	\$ 989,524
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital Outlays	561,519	575,409
Gain (Loss) on Disposal of Capital Assets	128,986	500
Proceeds from Sales of Capital Assets	(128,986)	(500)
Depreciation Expense	(1,259,781)	(1,197,253)
<p>The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:</p>		
General Obligation Bond Proceeds	(495,000)	(16,265,000)
Payment to Refunded Bond Escrow Agent	-	17,085,000
Bond Premium	(2,242)	(913,760)
Bond Issuance Costs	11,357	93,760
Repayment of Loan Principal	425	5,000
Payment of Special Assessment Principal	34,859	10,338
Repayment of Bond Principal	1,505,000	1,595,000
Change in Accrued Interest Expense - General Obligation Bonds	97,344	(8,014)
Amortization of Bond Issuance Costs	(11,678)	(14,689)
Amortization of Bond Premium	101,668	103,181
Delinquent property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.	(12,516)	(5,575)
In the statement of activities, certain operating expenses - severance benefits and compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	14,804	106,656
Internal service funds are used by the District to charge the costs associated with Delta Dental insurance. The net revenue of the internal service funds is reported with governmental activities.	13,933	41,366
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 1,822,697</b>	<b>\$ 2,200,943</b>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND**

**YEAR ENDED JUNE 30, 2007**

**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	<u>2007</u>			<u>2006</u>	
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Over (Under) Final Budget</u>	<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>			
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 2,404,935	\$ 2,669,309	\$ 2,411,863	\$ (257,446)	\$ 1,170,379
Earnings on Investments	100,000	375,000	401,290	26,290	358,796
Other	2,078,396	1,602,778	1,949,742	346,964	2,877,734
State Sources	32,228,697	33,942,978	34,111,061	168,083	33,264,022
Federal Sources	1,911,701	2,168,861	1,496,352	(672,509)	2,379,043
Total Revenues	<u>38,723,729</u>	<u>40,758,926</u>	<u>40,370,308</u>	<u>(388,618)</u>	<u>40,049,974</u>
<b>EXPENDITURES</b>					
Current:					
Administration	1,492,646	1,593,410	1,543,232	(50,178)	1,396,790
District Support Services	843,874	962,405	959,115	(3,290)	855,165
Regular Instruction	18,086,839	18,344,987	18,220,574	(124,413)	17,799,589
Vocational Education Instruction	720,131	678,346	612,387	(65,959)	855,159
Special Education Instruction	8,304,966	7,970,549	7,593,015	(377,534)	8,303,384
Instructional Support Services	2,139,884	2,096,965	1,953,089	(143,876)	2,036,393
Pupil Support Services	3,225,394	3,242,718	3,158,359	(84,359)	3,098,484
Sites and Buildings	4,194,903	4,393,054	4,781,520	388,466	3,840,955
Fiscal and Other Fixed					
Cost Programs	238,097	239,392	239,392	-	313,200
Capital Outlay	579,701	1,424,431	1,075,893	(348,538)	711,020
Total Expenditures	<u>39,826,435</u>	<u>40,946,257</u>	<u>40,136,576</u>	<u>(809,681)</u>	<u>39,210,139</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,102,706)	(187,331)	233,732	421,063	839,835
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Real Property Proceeds	-	-	128,986	128,986	-
Judgments for School Districts	210,325	200,871	203,846	2,975	24,574
Total Other Financing Sources (Uses)	<u>210,325</u>	<u>200,871</u>	<u>332,832</u>	<u>131,961</u>	<u>24,574</u>
Net Change in Fund Balances	<u>\$ (892,381)</u>	<u>\$ 13,540</u>	566,564	<u>\$ 553,024</u>	864,409
<b>FUND BALANCE</b>					
Beginning of Year			<u>7,312,614</u>		<u>6,448,205</u>
End of Year			<u>\$ 7,879,178</u>		<u>\$ 7,312,614</u>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
FOOD SERVICE FUND  
YEAR ENDED JUNE 30, 2007**

**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	2007			2006	
	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Local Sources					
Earnings on Investments	\$ 3,000	\$ 3,000	\$ 2,812	\$ (188)	\$ 1,421
Other - Primarily Meal Sales	726,564	735,720	780,817	45,097	721,303
State Sources	156,204	164,118	159,811	(4,307)	163,578
Federal Sources	1,043,114	1,083,102	1,111,782	28,680	1,058,230
Total Revenues	<u>1,928,882</u>	<u>1,985,940</u>	<u>2,055,222</u>	<u>69,282</u>	<u>1,944,532</u>
<b>EXPENDITURES</b>					
Current					
Food Service	1,827,990	1,925,860	1,951,394	25,534	1,877,669
Capital Outlay	64,500	38,509	10,058	(28,451)	50,581
Total Expenditures	<u>1,892,490</u>	<u>1,964,369</u>	<u>1,961,452</u>	<u>(2,917)</u>	<u>1,928,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,392	21,571	93,770	72,199	16,282
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Equipment Proceeds	-	-	-	-	500
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>
Net Change in Fund Balance	<u>\$ 36,392</u>	<u>\$ 21,571</u>	<u>93,770</u>	<u>\$ 72,199</u>	<u>16,782</u>
<b>FUND BALANCE</b>					
Beginning of Year			<u>95,153</u>		<u>78,371</u>
End of Year			<u>\$ 188,923</u>		<u>\$ 95,153</u>

See accompanying Notes to Basic Financial Statements.



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
COMMUNITY SERVICE FUND  
YEAR ENDED JUNE 30, 2007**

**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	2007			Over (Under) Final Budget	2006
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 276,571	\$ 270,662	\$ 246,756	\$ (23,906)	\$ 125,058
Earnings on Investments	1,000	3,500	16,487	12,987	5,362
Other - Primarily Tuition and Fees	942,938	940,591	862,387	(78,204)	904,079
State Sources	738,708	773,922	796,112	22,190	851,693
Federal Sources	230,405	252,439	246,297	(6,142)	206,861
Total Revenues	<u>2,189,622</u>	<u>2,241,114</u>	<u>2,168,039</u>	<u>(73,075)</u>	<u>2,093,053</u>
<b>EXPENDITURES</b>					
Current					
Community Service	2,177,585	2,131,027	2,025,813	(105,214)	2,037,256
Capital Outlay	16,000	24,342	19,818	(4,524)	22,737
Total Expenditures	<u>2,193,585</u>	<u>2,155,369</u>	<u>2,045,631</u>	<u>(109,738)</u>	<u>2,059,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (3,963)</u>	<u>\$ 85,745</u>	122,408	<u>\$ 36,663</u>	33,060
<b>FUND BALANCE</b>					
Beginning of Year			<u>226,659</u>		<u>193,599</u>
End of Year			<u>\$ 349,067</u>		<u>\$ 226,659</u>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2007  
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2006)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 93,323	\$ 79,335
Total Current Assets	93,323	79,335
Total Assets	\$ 93,323	\$ 79,335
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 25,637	\$ 25,582
Total Current Liabilities	25,637	25,582
<b>NET ASSETS</b>		
Unrestricted	67,686	53,753
	\$ 67,686	\$ 53,753

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2006)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 246,460	\$ 253,350
Total Operating Revenues	<u>246,460</u>	<u>253,350</u>
<b>OPERATING EXPENSES</b>		
Dental Insurance Claim Payments	203,198	185,295
General Administration Fees	29,329	26,689
Total Operating Expenses	<u>232,527</u>	<u>211,984</u>
Operating Income	13,933	41,366
Total Net Assets - Beginning	<u>53,753</u>	<u>12,387</u>
Total Net Assets - Ending	<u>\$ 67,686</u>	<u>\$ 53,753</u>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2007  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2006)**

	<b>Governmental Activities - Internal Service Funds</b>	
	<u>2007</u>	<u>2006</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Interfund Services Provided	\$ 246,460	\$ 253,350
Payments for Administrative Costs	(29,329)	(26,689)
Payments for Dental Fees and Insurance Claims	(203,143)	(183,248)
Net Cash Provided by Operating Activities	<u>13,988</u>	<u>43,413</u>
Net Increase in Cash and Cash Equivalents	13,988	43,413
Cash and Cash Equivalents - Beginning	<u>79,335</u>	<u>35,922</u>
Cash and Cash Equivalents - Ending	<u>\$ 93,323</u>	<u>\$ 79,335</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 13,933	\$ 41,366
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Increase in Accounts Payable	<u>55</u>	<u>2,047</u>
Total Adjustments	<u>55</u>	<u>2,047</u>
Net Cash Provided by Operating Activities	<u>\$ 13,988</u>	<u>\$ 43,413</u>

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2007**

	<b>Private- Purpose Trust</b>
<b>ASSETS</b>	
Cash and Investments	\$ 36,310
Interest receivable	413
Total Assets	36,723
<b>LIABILITIES</b>	
Accounts Payable	500
Total Liabilities	500
<b>NET ASSETS</b>	
Held in Trust for Scholarships	36,223
Total Net Assets	\$ 36,223

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
YEAR ENDED JUNE 30, 2007**

	<b>Private- Purpose Trust</b>
<b>ADDITIONS</b>	
Contributions	\$ 2,700
Interest Income	1,159
Total Additions	3,859
<b>DEDUCTIONS</b>	
Scholarship Obligations	2,700
Total Deductions	2,700
Change in Net Assets	1,159
Net Assets - Beginning of Year	35,064
Net Assets - End of Year	\$ 36,223

See accompanying Notes to Basic Financial Statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The financial statements of Independent School District No. 347 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as accounting principles generally accepted in the United States of America for state and local governments.

**B. Financial Reporting Entity**

Independent School District No. 347 (the District) is an instrumentality of the State of Minnesota established to function as an educational institution. The elected School Board (Board) is responsible for legislative and fiscal control of the District. A Superintendent is appointed by the Board and is responsible for administrative control of the District.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that the District's financial statements include all funds, departments, agencies, boards, commissions, and other organizations which are not legally separated from the District. In addition, the District's financial statements are to include all component units - entities for which the District is financially accountable.

Financial accountability includes such aspects as appointing a voting majority of the organization's governing body, significantly influencing the programs, projects, activities or level of services performed or provided by the organization or receiving specific financial benefits from, or imposing specific financial burden on, the organization. These financial statements include all funds of the District. There are no other entities for which the District is financially accountable.

Student activities are determined primarily by student participants under the guidance of an adult and are generally conducted outside school hours. The School Board does have a fiduciary responsibility in establishing broad policies and ensuring that appropriate financial records are maintained for student activities. However, in accordance with Minnesota State Statutes, the District's School Board has not elected to control or exercise oversight responsibility with respect to the underlying student activities. Accordingly, the student activity accounts are not included in these financial statements.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basic Financial Statement Presentation**

The District-wide financial statements (i.e. the Statement of Net Assets and the Statement of Activities) display information about the reporting government as a whole. These statements include all the financial activities of the District, except for the fiduciary funds. The Fiduciary Funds are only reported in the statements of Fiduciary Net Assets at the Fund Financial Statement level.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational; or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The District applies restricted resources first when an expense is incurred for purpose for which both restricted and unrestricted net assets are available. Depreciation expense that can be specifically identified by function is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. Generally, the effect of material interfund activity has been removed from the District-wide financial statements.

Separate Fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type; private purpose trust. Since by definition, fiduciary fund assets are being held for the benefit of a third party and cannot be used for activities or obligations of the District, these funds are excluded from the District-wide statements.

The Internal Service Fund is presented in the proprietary fund financial statements. Because the principal user of the internal services is the District's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the District's internal service fund is charges to customers for service. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are generally recognized as revenues in the fiscal year for which they are levied, except for amounts advance recognized in accordance with a statutory "tax shift" described later in these notes. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenue is generally considered as available if collected within 60 days after year-end. State revenue is recognized in the year to which it applies according to Minnesota Statutes and accounting principles generally accepted in the United States of America. Minnesota Statutes include state aid funding formulas for specific fiscal years. Federal revenue is recorded in the year in which the related expenditure is made. Food service sales, community education tuition, and other miscellaneous revenue (except investment earnings) are recorded as revenues when received because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available. A six-month availability period is generally used for other fund revenue.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used. Principal and interest on long-term debt issues are recognized on their due dates.

The District applies only those applicable pronouncements of the Financial Accounting Standards Board issued on or before November 30, 1989 in accounting and reporting for its proprietary operations.



**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**Description of Funds**

The existence of the various District funds has been established by the State of Minnesota, Department of Education. The accounts of the district are organized on the basis of funds, each of which is considered a separate accounting entity. A description of the funds included in this report is as follows:

*Major Governmental Funds*

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. It includes the general operations and pupil transportation activities of the district, as well as the capital related activities such as maintenance of facilities equipment purchases, health and safety projects, and disabled accessibility projects.

Food Service Special Revenue Fund - The Food Service Fund is used to account for food service revenues and expenditures.

Community Service Special Revenue Fund - The Community Service Fund is used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, veterans, adult or early childhood programs or other similar services.

Capital Projects – Building Construction Fund – The Capital Projects – Building Construction Fund is used to account for financial resources used for the acquisition or construction of major capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term obligation bond principal, interest, and related costs.

*Proprietary Fund*

Internal Service Fund – The Internal Service Fund accounts for financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The District’s Internal Service Fund accounts for the District’s dental self-insurance program. The self-insurance costs are charged to the various funds based on established premium rates.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Measurement Focus and Basis of Accounting (Continued)**

*Fiduciary Fund*

Private Purpose Trust Fund – The Private Purpose Trust Fund is used to account for trust arrangements under which principal and income benefits individuals, private organizations, or other governments. This fund accounts for gifts and bequests that are to be used for scholarships.

**E. Budgeting**

Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. Each June, the School Board adopts an annual budget for the following fiscal year for the General, Food Service, Community Service, and Debt Service Funds. The approved budget is published in summary form in the District's legal newspaper by October 1 of each year. Reported budget amounts represent the amended budget as adopted by the School Board. Legal budgetary control is at the fund level.

Procedurally, in establishing the budgetary data reflected in these financial statements, the Superintendent submits to the School Board prior to July 1, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means to finance them. The budget is legally enacted by School Board action. Revisions to budgeted amounts must be approved by the School Board.

Total fund expenditures in excess of the budget require approval of the School Board. Spending control is established by the amount of expenditures budgeted for the fund, but management control is exercised at line item levels.

Budgeted amounts include mid-year budget amendments that increased revenue and expenditure budgets as follows:

<u>Revenues</u>	Original Budget	Amendments	Amended Budget
General Fund	\$ 38,934,054	\$ 2,025,743	\$ 40,959,797
Special Revenue Funds			
Food Service Fund	1,928,882	57,058	1,985,940
Community Service Fund	2,189,622	51,492	2,241,114
Debt Service Fund	2,769,026	(210,379)	2,558,647
<u>Expenditures</u>			
General Fund	39,826,435	1,119,822	40,946,257
Special Revenue Funds			
Food Service Fund	1,892,490	71,879	1,964,369
Community Service Fund	2,193,585	(38,216)	2,155,369
Debt Service Fund	2,649,403	(116,390)	2,533,013

Unencumbered expenditure appropriations lapse at year-end. Encumbrances are generally not recorded.

Budget provisions for the Debt Service Fund are set by state law governing required debt service levels.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Cash and Investments**

Cash and investments consist of demand deposit accounts and non-negotiable certificates of deposit. The non-negotiable certificates of deposit are recorded at fair value.

Cash balances from all funds are combined and invested to the extent available in various securities as authorized by Minnesota Statutes. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

**G. Accounts Receivable**

Accounts receivable represents amounts receivable from individuals, firms, and corporations for goods and services furnished by the District. No substantial losses are anticipated from present receivable balances, therefore, no allowance for uncollectible accounts is deemed necessary. The only receivables not expected to be collected within one year are current property taxes receivable.

**H. Inventories**

Inventories are recorded using the consumption method of accounting and consist of paper, purchased food, supplies and surplus commodities received from the federal government. Food and supply purchases are recorded at invoice cost, computed on a first-in, first-out method, and surplus commodities are stated at standardized cost, as determined by the Department of Agriculture. Paper is recorded at latest invoice price, which approximates the first-in, first-out method.

**I. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

**J. Property Taxes**

Property tax levies are established by the Board of Education in December each year and are certified to the County for collection the following calendar year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1. Taxes are due on May 15 and October 15. The County generally remits taxes to the District at periodic intervals as they are collected. A portion of property taxes levied is paid through various state tax credits which are included in revenue from state sources in the financial statements.

Generally, tax revenue is recognized in the fiscal year ending June 30, following the calendar year in which the tax levy is collectible, while the current calendar year tax levy is recorded as deferred revenue (property taxes levied for subsequent year). The majority of District revenue in the General Fund (and to a lesser extent in the District's

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Property Taxes (Continued)**

Community Service Special Revenue Fund) is determined annually by statutory funding formulas. The total revenue allowed by these formulas is then allocated between taxes and state aids by the Legislature based on education funding priorities. Changes in this allocation are periodically accompanied by a change in property tax revenue recognition referred to as the "tax shift."

In accordance with State law, the current tax shift consists of an amount equal to 31% of the District's 2000 Pay 2001 operating referendum which is frozen at \$184,153 for the District. The tax shift also includes certain other levies that are recognized early based on statutory requirements.

Taxes that remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent property taxes that is not collected within 60 days of year-end is deferred because it is not known to be available to finance the operations of the District in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material. Current levies of local taxes, less the amount recognized as revenue in the current period, including portions assumed by the State which will be recognized as revenue in the next fiscal year beginning July 1, 2007, are included in Property Taxes Levied for Subsequent Year to indicate that, while they are current assets, they will not be recognized as revenue until the following year.

**K. Capital Assets**

Capital assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$2,500 for capitalizing capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded in the District-wide financial statement, but are not reported in the Fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purpose by the District, no salvage value is taken into consideration for depreciation purposes. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

Capital assets not being depreciated include land.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

The District does not possess any material amounts of infrastructure capital assets. Items such as sidewalks and other land improvements are considered to be part of the cost of buildings or other improvable property.

**L. Non-Current Liabilities**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, if material, are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**M. Accrued Employee Benefits**

**Vacation Pay**

Employees earn annual vacation pay at rates dependent upon each employee group labor contract. All outstanding unpaid vacation pay is payable upon termination of employment. At June 30, 2007, unpaid vacation pay totaling \$163,521 is recorded in the financial statements.

**Sick Pay**

Substantially all District employees are entitled to sick leave at various rates. For certain employees, unused sick leave enters into the calculation of severance pay upon termination.

**Severance and Health Benefits**

Severance and health benefits consist of severance payments and post-employment healthcare benefits. Accounting policies for severance and health benefits are described below.

**Secretarial Staff**

A severance payment is available to secretaries who have completed at least 15 years of continuous service with the District and are at least 55 years of age. An eligible individual will receive an amount equal to 75% of the number of unused accumulated sick leave hours multiplied by the employee's hourly rate of pay, not to exceed 600 hours, less any TSA match the District contributed. Employees hired after July 1, 2000 are not eligible for severance pay.

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Accrued Employee Benefits (Continued)**

**Library Clerical Staff and General Paraprofessionals**

A severance payment is available to library clerical staff and general paraprofessionals who have completed at least 15 years of continuous service with the District and are at least 55 years of age. An eligible individual will receive an amount equal to 75% of the number of unused accumulated sick leave days multiplied by the employee's daily rate of pay, not to exceed 115 days.

**Special Needs Paraprofessionals and Sign Language Interpreters**

A severance payment is available to special needs paraprofessionals and sign language interpreters who have completed at least 15 years of continuous service with the District and are at least 58 years of age. An eligible individual will receive an amount equal to 75% of the number of unused accumulated sick leave days multiplied by the employee's daily rate of pay, not to exceed 805 hours, less any TSA match the District contributed. Employees hired after July 1, 2002 will not be eligible for severance pay.

**Food Service Staff**

A severance payment is available to food service staff who have completed at least 15 years of continuous service with the District and are at least 55 years of age. An eligible individual will receive an amount equal to 75% of the number of unused accumulated sick leave hours multiplied by the employee's hourly rate of pay, not to exceed 430 hours.

**Administrators**

A severance payment is available to administrators who have completed at least 10 years of continuous service with the District and are at least 55 years of age but not more than 65 years of age. An eligible administrator will receive an amount equal to the number of unused accumulated sick leave days multiplied by the employee's daily rate of pay, not to exceed 157 days, less any TSA match the District contributed. Administrators hired after July 1, 2000 are not eligible for severance pay.

**Teachers**

A severance payment is available to teachers who have completed at least 15 years of continuous service with the District and are at 55 years of age. An eligible teacher will receive an amount equal to the 50% of the number of unused accumulated sick leave days multiplied by the employee's daily rate of pay, not to exceed 90 days, less any TSA match the District contributed.

Teachers that have completed at least 15 years of continuous service with the District and are at least 55 years of age are also eligible to receive a severance payment in an amount equal to the teacher's number of years of service multiplied by four and the employee's daily rate of pay, not to exceed 100 days, less any TSA match the District contributed.

**WILLMAR PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Accrued Employee Benefits (Continued)**

**Teachers (Continued)**

The maximum combined total severance shall not exceed 150 days. Teachers hired after July 1, 2000 are not eligible for severance pay.

**Custodians**

Custodians that are at least 55 years of age are eligible to receive a severance payment in an amount equal to 7 ½ days for each year of service, not to exceed 112.5 days, at the employee's daily rate of pay.

**Confidential Employees**

A severance payment is available to confidential employees who have completed at least 15 years of continuous service with the District and are at least 55 years of age. An eligible individual will receive an amount equal to 75% of the number of unused accumulated sick leave hours multiplied by the employee's hourly rate of pay, not to exceed 805 hours, less any TSA match the District contributed. Employees hired after July 1, 2004 are not eligible for severance pay.

**Post-Employment Health Care Benefits**

Under the terms of previous employment contracts, when teachers retired between the ages of 55 to 65, the District provided life and health insurance benefits which would cease when such employees attain the age of 65. This benefit is no longer available to employees; however the District continues to pay health insurance for six qualified individuals that retired when this benefit was in effect.

During fiscal year 2007, total expenditures for severance payments and post-employment health care benefits totaled \$225,628. At June 30, 2007, a liability for severance payments and post-employment health care benefits totaling \$2,148,304 is recorded on the Statement of Net Assets.

**N. Statement of Cash Flows**

For purposes of the statement of cash flows, the District considers cash on hand and demand deposits accounts to be cash and cash equivalents. Cash and cash equivalents are included in cash and investments.

**O. Deferred Revenues**

Deferred revenues are those in which resources are received by the District before it has a legal claim to them. The District has reported deferred revenues for excess tax increment financing receipts in the General Fund. The District also recorded deferred revenue in the Community Service Fund in an amount equal to prepaid program revenues.

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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Fund Balance**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Q. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters and workers compensation. The District purchases commercial insurance coverage for such risks. The District participates in the Minnesota Board of Education Association Insurance Trust (MSBA Trust), a public entity risk pool, for its workers' compensation insurance, property, liability, and other insurance coverages. The MSBA Trust operates as a common risk management and insurance program for approximately 375 member districts. The District pays an annual premium to the MSBA Trust for its insurance coverage. The MSBA Trust agreement provides that the MSBA Trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The reinsurance point is \$100,000 per occurrence for medical and hospitalization.

The District has joined together with other school districts in Minnesota in the South Central - West Central Service Cooperative Gross Self-Insured Health Insurance Plan, a public entity risk pool currently operating as common risk management and insurance program for member districts. The District pays an annual premium to this plan for its health insurance coverage. These premiums are used to purchase reinsurance through commercial companies. The administrators of the plan believe assessment to participating districts for future losses sustained is extremely remote.

There has been no significant reduction in insurance coverage from the previous year in any of the District's policies. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

**R. Net Assets**

Net assets represent the difference between assets and liabilities in the District-wide, Proprietary Fund, and Fiduciary Fund financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the District-wide financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

**S. Comparative Data**

Comparative data for the prior year have been presented only for certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.



**WILLMAR PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Deposits**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District deposit policy for custodial credit risk indicates that the District follows Minnesota Statutes for deposits.

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Investments." In accordance with applicable Minnesota Statutes, the District maintains deposits at depository banks authorized by the School District's Board.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

The District's deposits in banks at June 30, 2007 were entirely covered by federal depository insurance or by surety bonds and collateral as described in the previous paragraph. Combined insurance and collateral coverage at two of the District's financial institutions were \$5,062 and \$927,840 less than that required by Minnesota statutes, representing 109.6% and 101.3% coverage as compared to the 110% requirement described above.

**B. Investments**

The District may also invest idle funds as authorized by Minnesota Statutes, as follows:

- direct obligations or obligations guaranteed by the United States or its agencies
- shares of investment companies registered under the Federal Investment Company Act of 1940 and receives the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less
- general obligations rated "A" or better; revenue obligations rated "AA" or better
- general obligations of the Minnesota Housing Finance Agency rated "A" or better
- bankers' acceptances of United States' banks eligible for purchase by the Federal Reserve System
- commercial paper issued by United States' corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less
- Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States' insurance company, and with a credit quality in one of the top two highest categories
- repurchase or reverse purchase agreements and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

At June 30, 2007 the District did not have any investments.

**WILLMAR PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Balance Sheet Presentation**

Deposits and investments are presented on the combined balance sheet as follows:

Deposits, including Certificates of Deposit	\$ 11,549,508
Cash on Hand	200
Total	<u>\$ 11,549,708</u>
Cash and Investments - Statement of Net Assets	\$ 11,513,398
Cash and Investments - Statement of Fiduciary Net Assets	36,310
Total Cash and Investments	<u>\$ 11,549,708</u>

**NOTE 3 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 623,282	\$ -	\$ -	\$ 623,282
Total Capital Assets, Not Being Depreciated	623,282	-	-	623,282
Capital Assets, Being Depreciated				
Land Improvements	2,275,986	8,260	-	2,284,246
Buildings and Improvements	46,089,491	7,813	(238,034)	45,859,270
Equipment	4,628,221	545,446	-	5,173,667
Total Capital Assets, Being Depreciated	52,993,698	561,519	(238,034)	53,317,183
Accumulated Depreciation for				
Land Improvements	(1,512,958)	(84,403)	-	(1,597,361)
Buildings and Improvements	(17,410,214)	(891,450)	238,034	(18,063,630)
Equipment	(3,206,465)	(283,928)	-	(3,490,393)
Total Accumulated Depreciation	(22,129,637)	(1,259,781)	238,034	(23,151,384)
Total Capital Assets, Being Depreciated, Net	30,864,061	(698,262)	-	30,165,799
Governmental Activities				
Capital Assets, Net	<u>\$ 31,487,343</u>	<u>\$ (698,262)</u>	<u>\$ -</u>	<u>\$ 30,789,081</u>

**WILLMAR PUBLIC SCHOOLS  
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JUNE 30, 2007**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the District as follows:

<b>Governmental Activities</b>		
Administration		\$ 1,161
District Support Services		2,407
Regular Instruction		1,096,981
Vocational Education Instruction		6,574
Special Education Instruction		3,442
Instructional Support Services		50,039
Pupil Support Services		24,729
Sites and Buildings		62,483
Fiscal and Other Fixed Cost Programs		862
Community Service		11,103
		<u>11,103</u>
Total Depreciation Expense, Governmental Activities		<u>\$ 1,259,781</u>

**NOTE 4 GENERAL LONG-TERM DEBT**

**A. Components of General Long-Term Debt**

The District has issued general obligation school building bonds to finance the construction of capital facilities or refinance previous bond issues. Assets of the Debt Service Fund, together with scheduled future tax levies, are dedicated for the retirement of these bonds. These levies are subject to reduction if fund balance amounts exceed limitations imposed by Minnesota law.

Issue Date	Net Interest Rate	Original Issue	Final Maturity	Principal Outstanding	
				Due Within One Year	Total
General Obligation Bonds:					
11/1/2003	2.00% - 2.50%	\$ 495,000	2/1/2008	\$ 170,000	\$ 170,000
11/1/2005	5.00%	16,265,000	2/1/2015	1,650,000	14,920,000
6/15/2007	4.00%	495,000	2/15/2013	-	495,000
Total General Obligation Bonds				1,820,000	15,585,000
Bond Premium - net				101,534	715,074
Severance and Health Benefits Payable				214,830	2,148,304
Compensated Absences Payable				147,169	163,521
				<u>\$ 2,283,533</u>	<u>\$ 18,611,899</u>

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 4 GENERAL LONG-TERM DEBT (CONTINUED)**

**B. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire long-term debt, not including vacation payable and severance and health benefits payable are as follows:

Year Ending June 30	General Obligation Bonds Payable	
	Principal	Interest
2008	\$ 1,820,000	\$ 762,680
2009	1,835,000	683,300
2010	1,995,000	592,450
2011	2,100,000	493,650
2012	2,200,000	389,650
2013 - 2015	5,635,000	496,700
	<b>\$ 15,585,000</b>	<b>\$ 3,418,430</b>

**C. Description of Long-Term Debt**

**General Obligation Bonds**

On November 1, 2003, the District issued \$495,000 of General Obligation Capital Facilities Bonds, Series 2003A. The proceeds of this issue were used to finance various school roofing and parking lot improvements. Capital facilities revenues under Minnesota Statute Section 124.2455, are dedicated to the retirement of these bonds. In the event the capital facilities revenues are not sufficient, the District will levy property taxes for the deficiency.

On November 1, 2005, the District issued \$16,265,000 of General Obligation Refunding Bonds, Series 2005A to advance refund the General Obligation Refunding Bonds, Series 1997A. The bonds are due in varying annual installments each February 1 from February 1, 2007 through February 1, 2015, with interest at a rate of 5.00% due semi-annually on February 1 and August 1. The District reduced its total debt service payments by \$1,098,563 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$916,043. Future ad valorem tax levies are dedicated to the retirement of these bonds.

On June 15, 2007, the District issued \$495,000 of General Obligation Capital Facilities Bonds, Series 2007A. The proceeds of this issue were used to finance various school roofing and parking lot improvements. Capital facilities revenues under Minnesota Statute Section 124.2455, are dedicated to the retirement of these bonds. In the event the capital facilities revenues are not sufficient, the District will levy property taxes for the deficiency.

**United States EPA Loans Payable**

The District received asbestos loan proceeds from the United States Environmental Protection Agency to pay for the removal of asbestos. The loan does not bear interest. This loan was fully paid in 2007.

**WILLMAR PUBLIC SCHOOLS  
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NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 4 GENERAL LONG-TERM DEBT (CONTINUED)**

**C. Description of Long-Term Debt (Continued)**

**Vacation Payable**

Vacation payable consists of unused vacation at June 30, 2007. In the past, vacation expense has been paid by the General Fund, the Food Service Fund, and the Community Service Fund.

**Severance and Health Benefits Payable**

Severance and health benefits payable consist of severance payments and post-retirement health insurance benefits payable to employees upon retirement. Severance and health benefits have been paid by the General and Special Revenue Funds.

**D. Changes in Long-Term Debt**

The following table summarizes changes in long term debt during the year ended June 30, 2007:

	June 30, 2006	Net Additions	Retirements	Net Change in Vacation Payable	June 30, 2007
Bonds Payable	\$ 16,595,000	\$ 495,000	\$ 1,505,000	\$ -	\$ 15,585,000
Bond Premium	814,500	2,242	101,668	-	715,074
State Energy Loans Payable	425	-	425	-	-
Special Assessments Payable	34,859	-	34,859	-	-
Severance and Health Benefits Payable	2,166,122	563,643	581,461	-	2,148,304
Compensated Absences Payable - Net	160,507	-	-	3,014	163,521
	<u>\$ 19,771,413</u>	<u>\$ 1,060,885</u>	<u>\$ 2,223,413</u>	<u>\$ 3,014</u>	<u>\$ 18,611,899</u>

In addition, the District has available a \$750,000 line of credit with a local financial institution. The line bears interest at variable rates (8.25% at June 30, 2007) and is unsecured. This line matures on October 1, 2008. There is no balance outstanding under this arrangement as of June 30, 2007.

**NOTE 5 SHORT-TERM DEBT**

The following is a summary of the changes in short-term debt:

	2006	Additions	Retirements	2007
2005 Aid Anticipation Certificate; matured September 7, 2006 including interest at 4.0%.	<u>\$ 3,957,811</u>	<u>\$ -</u>	<u>\$ 3,957,811</u>	<u>\$ -</u>

**WILLMAR PUBLIC SCHOOLS  
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JUNE 30, 2007**

**NOTE 6 RESERVED FUND BALANCES**

**Fund Equity**

Certain portions of fund balance are reserved based on state requirements to track special program funding, to provide for funding on certain long-term liabilities, or as required by other outside parties. The following is a summary of the reserved fund balances for the governmental funds:

**A. Reserved for Staff Development**

In accordance with state statute, and based upon a majority vote of licensed teachers and the School Board, 1% of basic General Education revenue is allocated to staff development. The cumulative excess of such revenues over staff development expenditures is reported as a reservation of fund balance in the General Fund.

**B. Reserved for Severance and Health Benefits**

In accordance with state accounting regulations, a reserved fund balance is established for vested severance benefits. The reserved amount represents vested benefits for employees that are estimated to be paid in fiscal year 2008-2009.

**C. Reserved for Gifted and Talented**

The fund balance reservation represents accumulated resources available to provide gifted and talented programming in accordance with funding made available for that purpose.

**D. Reserved for Health and Safety**

Reserved for health and safety represents available resources to be used only to provide for the removal of hazardous substances and other state approved life/health safety projects. Under Minnesota statute, a deficit in this reserve generates specific future levy authority.

**E. Reserved for Operating Capital**

The District levies taxes and receives state aid to be used for the purchase of equipment, books and vehicles and to purchase, rent, improve, and repair school facilities as allowed by state statute. The cumulative excess of such revenues over equipment and facilities expenditures is reported as a reservation of fund balance in the General Fund.

**F. Reserved for Safe Schools**

The fund balance reservation represents accumulated resources available to provide for safe schools programs in accordance with funding made available for that purpose.

**G. Reserved for Community Education Programs**

The fund balance reservation represents accumulated resources available to provide general community education programming.

**WILLMAR PUBLIC SCHOOLS  
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JUNE 30, 2007**

**NOTE 6 RESERVED FUND BALANCES (CONTINUED)**

**H. Reserved for Early Childhood and Family Education Programs**

This fund balance reservation represents accumulated resources available to provide services for early childhood family education programming.

**I. Reserved for School Readiness**

The fund balance reservation represents accumulated resources available to provide school readiness programming in accordance with funding made available for that purpose.

**J. Reserved for Adult Basic Education**

The fund balance reservation represents accumulated resources available to provide for adult basic education programs in accordance with funding made available for that purpose.

**K. Reserved for Building Construction**

The fund balance reservation represents unexpended funds available for current construction projects.

**NOTE 7 PENSION PLANS**

Substantially all employees of the District are required by state law to belong to pension plans administered by Teachers' Retirement Association (TRA) or Public Employees' Retirement Association (PERA), all of which are administered on a statewide basis. Disclosures relating to these plans are as follows:

**A. Teachers Retirement Association (TRA)**

**1. Plan Description**

All teachers employed by the District are covered by a cost sharing, multiple employer defined benefit pension plan administered by the State of Minnesota Teachers Retirement Association (TRA). TRA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. These plans are established and administered in accordance with Minnesota Statutes, Chapters 354 and 356. The Willmar ISD does not have any participants in the Basic Plan.

TRA provides retirement benefits as well as death and disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for five consecutive years of allowable service, age, and years of credit at termination of service.

**WILLMAR PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

A. Teachers Retirement Association (TRA) (Continued)

**1. Plan Description (Continued)**

TRA publicly issues a Comprehensive Annual Financial Report (CAFR) presenting financial statements, supplemental information on funding levels, and further information on benefits provisions. A copy of the report may be obtained by writing TRA at Teachers Retirement Association, 60 Empire Drive Suite 400, St. Paul, MN 55103 or by calling (651) 296-6449 or 1-800-657-3853.

**2. Funding Policy**

Minnesota Statutes Chapter 354 sets the rates for the employee and employer contributions. These statutes are established and amended by the state legislature. Coordinated members are required to contribute 5.0% of their annual covered salary while the District is required to contribute at an actuarially determined rate.

The District is required to contribute 5.0% of annual covered payroll for Coordinated Plan members. The contribution requirements of plan members and the District are established and may be amended by State Statute. The District contributions for the years ended June 30, 2007, 2006 and 2005 were \$945,664, \$927,705, and \$923,121, respectively, equal to the required contributions for each year as set by state statute.

B. Public Employees' Retirement Association (PERA)

**1. Plan Description**

All full-time and certain part-time employees of the District (other than teachers) are covered by a defined benefit plan administered by the Public Employees' Retirement Association of Minnesota (PERA). PERA administers the Public Employees' Retirement Fund (PERF) which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. The Willmar ISD does not have any participants in the PERF Basic Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF. That report may be obtained by writing to PERA, 60 Empire Drive #200, St. Paul, MN 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.



**WILLMAR PUBLIC SCHOOLS  
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**NOTE 7 PENSION PLANS (CONTINUED)**

B. Public Employees' Retirement Association (PERA) (Continued)

**2. Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for the employer and employee contributions. These statutes are established and amended by the state legislature. The District makes annual contributions to the pension plan equal to the amount required by state statutes. Coordinated Plan members were required to contribute 5.50% of their annual cover salary in 2006. Contribution rates in the Coordinated Plan increased to 5.75% effective January 1, 2007.

The District is required to contribute 6.0% of annual covered payroll for Coordinated Plan members. Employer contribution rates for the Coordinated Plan increased to 6.25% effective January 1, 2007. The contribution requirements of plan members and the District are established and may be amended by State Statute. The District's contributions for the years ending June 30, 2007, 2006 and 2005, were \$353,321, \$334,488, and \$316,713, respectively, equal to the contractually required contributions for each year as set by state statute.

**NOTE 8 SELF-INSURED DENTAL PLAN**

The District has elected to self-insure their employee dental insurance program. The School District has entered into an agreement with an insurance company to provide stop-loss insurance to limit the losses on individual and aggregate claims and to provide claims processing and other administrative duties. The individual stop-loss amount is \$1,000 per participant. The District established an internal service fund to account for contributions from other funds for dental insurance and to establish a reserve for catastrophic losses. Contributions during the year were based on maximum claims before reinsurance is effective. The amounts charged to expenses include administrative fees, stop-loss insurance premiums, claims paid and accruals for claims incurred but not paid at year end. The School District recorded expenses of \$232,527 for the year ended June 30, 2007.

The liability for unpaid claims is included in the Internal Service Fund as accounts payable.

Unpaid Claims, Beginning of Year	\$ 25,582
Incurred Claims	203,198
Claims Payments (cash basis)	<u>(203,143)</u>
 Unpaid Claims, End of Year	 <u><u>\$ 25,637</u></u>

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 9 OPERATING LEASES**

The District is committed under long-term operating leases for the rental of office equipment and vehicles. Office equipment is leased under varying terms, with leases running through December 2009. Vehicles are leased under varying terms with leases running through April 2010.

Total rent expense includes the following:

	Amount
Maintenance Equipment	\$ 19,819
Facilities	54,102
Office Equipment	41,345
Vehicles	21,627
Miscellaneous Rental	30,823
Total	\$ 167,716

Future minimum lease payments due under existing operating leases are as follows.

For the Year Ended June 30:	Amount
2008	\$ 119,821
2009	38,899
2010	16,078
Total	\$ 174,798

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Programs**

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**B. Contingencies**

The District is a defendant in a disability discrimination claim. Although the outcome of this claim is not presently determinable, the District believes that the resolution of the matter will not have a material adverse effect on its financial condition.

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**NOTE 11 JOINT POWERS AGREEMENT**

The District and the City of Willmar have entered into a Joint Powers agreement to collaborate and coordinate in the provision of social, educational, vocational and recreational services to members of the community. It is the intention of the parties to offer these services collaboratively and to coordinate their service programs in order to eliminate duplication of services and in order to maximize the effectiveness of the services provided. The Joint Powers Entity is governed by the Joint Powers Board, which includes five members appointed by the City Council, five members appointed by the School Board, and two students, one recommended by the Senior High School Student Council and one recommended by the Junior High School Council, to be approved and appointed by the City Council and School Board. One School Board member, one City Council member, the City Administrator and the Superintendent of Schools shall serve as ex-officio members to the Board.

The District employs an individual to administer community education, which is in the Community Service Fund. The City is responsible for providing adult and youth recreation programs, adult and youth athletic programs and administer the daily operations of the Dorothy A. Olson Aquatic Center. The District is responsible for providing necessary facilities, services, and employees to provide Early Childhood and Adult Basic Education programs. Under the terms of the agreement, the District paid the City for its provision of services \$42,059 for the year ended June 30, 2007. The City paid the District for its provision of services \$18,510 for the year ended June 30, 2007. This agreement is perpetual but may be canceled upon six months written notice by either party.

## **SUPPLEMENTARY INFORMATION**

**WILLMAR PUBLIC SCHOOLS  
INDEPENDENT SCHOOL DISTRICT NO. 347  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2007**

**(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2006)**

	2007			2006	
	Budgeted Amounts		Actual Regular Debt Service	Over (Under) Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Local Sources					
Property Tax	\$ 2,493,061	\$ 2,270,190	\$ 2,272,580	\$ 2,390	\$ 2,161,957
Earnings on Investments	30,001	40,001	71,239	31,238	222,618
State Sources	245,964	248,456	248,457	1	254,848
Total Revenues	<u>2,769,026</u>	<u>2,558,647</u>	<u>2,592,276</u>	<u>33,629</u>	<u>2,639,423</u>
<b>EXPENDITURES</b>					
Debt Service:					
Bond Principal	1,745,425	1,505,425	1,505,425	-	1,600,000
Bond Interest	902,928	1,024,813	1,024,813	-	964,918
Paying Agent Fees and Other	1,050	2,775	3,325	550	92,992
Total Expenditures	<u>2,649,403</u>	<u>2,533,013</u>	<u>2,533,563</u>	<u>550</u>	<u>2,657,910</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,623	25,634	58,713	33,079	(18,487)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Bonds Proceeds	-	-	6,435	6,435	16,265,000
Bond Premium	-	-	2,242	2,242	913,760
Payment to Refunded Bond Escrow Agent	-	-	-	-	(17,085,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>8,677</u>	<u>8,677</u>	<u>93,760</u>
Net Change in Fund Balances	<u>\$ 119,623</u>	<u>\$ 25,634</u>	67,390	<u>\$ 41,756</u>	75,273
Fund Balance - Beginning			<u>835,384</u>		<u>760,111</u>
Fund Balance - Ending			<u>\$ 902,774</u>		<u>\$ 835,384</u>

# STATISTICAL SECTION (Unaudited)



This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<b>Contents:</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the School District's financial information and well-being have changed over time.</i>	77-83
Revenue Capacity <i>These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.</i>	84-87
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.</i>	88-91
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.</i>	92-94
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.</i>	95-99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Willmar Public Schools**  
**Net Assets by Component**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in Capital Assets, Net of Related Debt	\$ 11,314,674	\$ 12,018,714	\$ 13,049,010	\$ 14,125,996	\$ 15,044,401
Restricted	1,693,277	1,998,553	1,112,183	1,507,933	2,015,439
Unrestricted	1,645,748	3,394,013	3,598,111	4,326,318	4,723,104
Total Net Assets	<u>\$ 14,653,699</u>	<u>\$ 17,411,280</u>	<u>\$ 17,759,304</u>	<u>\$ 19,960,247</u>	<u>\$ 21,782,944</u>

Note: The District implemented GASB Statement 34 in 2003. This information is not available for previous fiscal years.

Source: The District's Annual Independent Auditor Reports.

**Willmar Public Schools**  
**Expenses, Program Revenues, and Net (Expense)/Revenue**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Expenses</b>					
Governmental activities:					
Administration	\$ 1,192,060	\$ 1,199,931	\$ 1,366,717	\$ 1,366,558	\$ 1,508,581
District Support Services	1,493,396	798,273	871,804	860,710	993,521
Regular Instruction	15,612,289	17,896,044	19,331,810	18,967,468	19,540,393
Vocational Education Instruction	1,009,389	956,619	994,894	815,835	623,618
Special Education Instruction	6,967,950	7,354,987	8,106,444	8,314,732	7,670,736
Instructional Support Services	1,857,142	2,000,604	1,844,924	2,163,593	2,080,883
Pupil Support Services	2,529,455	2,683,324	2,947,488	3,094,558	3,225,826
Sites and Buildings	3,233,977	3,256,881	3,340,607	3,845,392	4,964,068
Fiscal and Other Fixed Cost Programs	300,954	264,007	223,001	314,062	240,254
Food Service	1,638,630	1,846,894	2,066,305	1,928,250	1,961,452
Community Service	1,753,628	1,673,941	2,182,154	1,990,208	2,044,685
Interest and Fiscal Charges on Long-Term Liabilities	1,164,807	1,094,590	1,007,896	883,672	829,447
Total School District Expenses	<u>38,753,677</u>	<u>41,026,095</u>	<u>44,284,044</u>	<u>44,545,038</u>	<u>45,683,464</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services					
Administration	-	16	-	-	-
Regular Instruction	512,050	248,156	255,136	608,852	637,353
Vocational Education Instruction	29,342	26,791	21,469	21,786	23,197
Special Education Instruction	818,281	1,072,490	1,129,130	1,473,992	583,607
Instructional Support Services	16,405	9,850	8,583	12,932	35,864
Sites and Buildings	32,064	49,606	47,746	32,537	163,125
Food Service	689,411	669,556	679,110	721,303	773,994
Community Service	463,623	591,610	722,223	702,499	690,843
Operating Grants and Contributions	13,288,073	13,043,811	14,061,382	14,902,344	14,945,418
Capital Grants and Contributions	994,427	1,006,214	877,479	847,130	652,077
Total governmental program revenues	<u>16,843,676</u>	<u>16,718,100</u>	<u>17,802,258</u>	<u>19,323,375</u>	<u>18,505,478</u>
<b>Net (Expense)/Revenue</b>					
Total primary governmental net expense	<u>\$ (21,910,001)</u>	<u>\$ (24,307,995)</u>	<u>\$ (26,481,786)</u>	<u>\$ (25,221,663)</u>	<u>\$ (27,177,986)</u>

Note: The District implemented GASB Statement 34 in 2003. This information is not available for previous fiscal years.

Source: The District's Annual Independent Auditor Reports



**Willmar Public Schools**  
**General Revenues and Total Change in Net Assets**  
**Last Five Fiscal Years**  
*(accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Net (Expense)/Revenue</b>					
Total primary governmental net expense	\$ 463,623	\$ 591,610	\$ 722,223	\$ 702,499	\$ 690,843
<b>General Revenues and Changes in Net Assets</b>					
Governmental Activities:					
Property Taxes Levied for					
General Purposes	1,450,890	2,077,862	1,646,005	1,168,340	2,408,339
Community Service	74,427	242,495	284,300	125,599	246,165
Debt Service	2,218,386	2,250,811	2,330,594	2,157,880	2,264,179
State Aid Not Restricted to Specific Purposes	22,545,637	22,383,185	22,475,565	23,523,078	23,461,186
Earnings on Investments	178,094	110,285	96,235	418,315	491,828
Miscellaneous	11,158	938	3,358	29,394	128,986
Total General Revenues	<u>26,478,592</u>	<u>27,065,576</u>	<u>26,836,057</u>	<u>27,422,606</u>	<u>29,000,683</u>
<b>Change in Net Assets</b>					
Total primary government	<u>\$ 26,942,215</u>	<u>\$ 27,657,186</u>	<u>\$ 27,558,280</u>	<u>\$ 28,125,105</u>	<u>\$ 29,691,526</u>

Note: The District implemented GASB Statement 34 in 2003. This information is not available for previous fiscal years.

Source: The District's Annual Independent Auditor Reports

**Willmar Public Schools**  
**Fund Balances, Governmental Funds**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Reserved	\$ 1,586,428	\$ 1,444,299	\$ 1,276,944	\$ 1,918,516	\$ 2,051,975
Unreserved	<u>3,536,006</u>	<u>5,409,298</u>	<u>5,171,261</u>	<u>5,394,098</u>	<u>5,827,203</u>
Total General Fund	<u>\$ 5,122,434</u>	<u>\$ 6,853,597</u>	<u>\$ 6,448,205</u>	<u>\$ 7,312,614</u>	<u>\$ 7,879,178</u>
All Other Governmental Funds					
Reserved	\$ 91,939	\$ 223,117	\$ 50,218	\$ 84,504	\$ 171,840
Unreserved:					
Building Construction Fund	-	362,950	-	-	412,873
Debt Service Fund	907,371	840,804	760,111	835,384	902,774
Special Revenue Funds	<u>538,551</u>	<u>426,684</u>	<u>221,752</u>	<u>237,308</u>	<u>366,150</u>
Total all other governmental Funds	<u>\$ 1,537,861</u>	<u>\$ 1,853,555</u>	<u>\$ 1,032,081</u>	<u>\$ 1,157,196</u>	<u>\$ 1,853,637</u>

Note: The District implemented GASB Statement 34 in 2003. This information is not available for previous fiscal years.

Source: The District's Annual Independent Auditor Reports

**Willmar Public Schools**  
**Governmental Funds Revenues**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Federal sources:					
Federal grants	\$ 1,892,894	\$ 2,415,250	\$ 2,976,667	\$ 2,585,904	\$ 1,742,649
Food Service	689,411	942,719	997,882	1,058,230	1,111,782
Total Federal sources	<u>2,582,305</u>	<u>3,357,969</u>	<u>3,974,549</u>	<u>3,644,134</u>	<u>2,854,431</u>
State sources:					
General Education aid	32,194,247	31,101,721	31,476,589	33,264,022	34,111,061
Food Service	212,584	112,955	173,595	163,578	159,811
Community Service	737,513	740,561	657,680	851,693	796,112
Debt Service aid	412,767	403,534	353,315	254,848	248,457
Total State Sources	<u>33,557,111</u>	<u>32,358,771</u>	<u>32,661,179</u>	<u>34,534,141</u>	<u>35,315,441</u>
Local sources:					
Property Taxes	3,754,328	4,576,808	4,257,657	3,457,394	4,931,199
Food Service sales	689,411	669,556	680,903	721,303	780,817
Other Revenues	2,748,688	2,825,273	3,058,007	4,370,010	3,303,957
Total Local sources	<u>7,192,427</u>	<u>8,071,637</u>	<u>7,996,567</u>	<u>8,548,707</u>	<u>9,015,973</u>
Total Revenues	<u>\$ 43,331,843</u>	<u>\$ 43,788,377</u>	<u>\$ 44,632,295</u>	<u>\$ 46,726,982</u>	<u>\$ 47,185,845</u>

**Note:** The District implemented GASB Statement 34 in 2003.

**Source:** The District's Annual Independent Auditor Reports

**Willmar Public Schools**  
**Governmental Funds Expenditures and Debt Service Ratio**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Administration	\$ 1,188,380	\$ 1,372,933	\$ 1,367,749	\$ 1,396,790	\$ 1,543,232
District Support Services	1,496,621	739,775	848,471	855,165	959,115
Regular Instruction	14,834,612	16,834,677	18,410,539	17,799,589	18,220,574
Vocational Education Instruction	1,016,872	956,050	996,008	855,159	612,387
Special Education Instruction	6,965,758	7,385,608	8,050,284	8,303,384	7,593,015
Instructional Support Services	1,786,264	1,852,514	1,728,040	2,036,393	1,953,089
Pupil Support Services	2,531,695	2,674,200	3,048,342	3,098,484	3,158,359
Sites and Buildings	3,310,991	3,160,351	3,511,193	3,840,955	4,781,520
Fiscal and Other Fixed Costs	300,092	263,146	222,139	313,200	239,392
Food Service	1,630,041	1,741,815	1,959,951	1,877,669	1,951,394
Community Service	1,761,632	1,663,488	1,951,640	2,037,256	2,025,813
Capital Outlay	-	842,400	983,668	784,338	1,181,461
Debt Services					
Principal	1,545,000	1,620,000	1,740,000	1,600,000	1,505,425
Interest and Fiscal Charges	1,195,935	1,150,213	1,043,915	1,057,910	1,028,138
Total Expenditures	<u>\$ 39,563,893</u>	<u>\$ 42,257,170</u>	<u>\$ 45,861,939</u>	<u>\$ 45,856,292</u>	<u>\$ 46,752,914</u>
Debt Service as a percentage of noncapital expenditures	6.93%	6.69%	6.20%	5.90%	5.56%

Note: The District implemented GASB Statement 34 in 2003.

Source: The District's Annual Independent Auditor Reports

**Willmar Public Schools**  
**Other Financing Sources and Uses and Net Change in Fund Balances,**  
**Governmental Funds**  
**Last Five Fiscal Years**  
*(modified accrual basis of accounting)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Excess of revenues over (under) expenditures</b>	\$ 3,767,950	\$ 1,531,208	\$ (1,229,644)	\$ 870,690	\$ 432,931
<b>Other Financing Sources (Uses)</b>					
Insurance Recovery Proceeds	-	938	2,778	24,574	203,846
Sale of Bonds Proceeds	-	1,389,711	-	16,265,000	495,000
Bond Premium	-	-	-	913,760	2,242
Payment to Refunded Bond Escrow Agent	-	(875,000)	-	(17,085,000)	-
Sale of Capital Assets	1,050	-	-	500	-
Sale of Real Property Proceeds	-	-	-	-	128,986
<b>Total Other Financing Sources (Uses)</b>	<u>1,050</u>	<u>515,649</u>	<u>2,778</u>	<u>118,834</u>	<u>830,074</u>
<b>Net Change in Fund Balances</b>	<u>\$ 3,769,000</u>	<u>\$ 2,046,857</u>	<u>\$ (1,226,866)</u>	<u>\$ 989,524</u>	<u>\$ 1,263,005</u>

Note: The District implemented GASB Statement 34 in 2003.

Source: The District's Annual Independent Auditor Reports

**Willmar Public Schools  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Net Tax Capacity (1)</b>	<b>Estimated Market Value (2)</b>	<b>% Total Net Tax Capacity of Estimated Market Value</b>	<b>Total Direct Rate</b>
1997	11,999,377	834,172,700	1.44%	64.305
1998	12,731,996	891,089,700	1.43%	63.547
1999	13,574,536	932,790,300	1.46%	63.312
2000	10,817,537	964,873,409	1.12%	62.748
2001	11,137,963	1,005,065,841	1.11%	53.944
2002	11,673,803	1,057,116,000	1.10%	24.656
2003	12,460,210	1,126,230,800	1.11%	25.149
2004	14,049,800	1,262,731,300	1.11%	25.826
2005	15,572,334	1,411,159,979	1.10%	23.799
2006	17,452,176	1,579,986,330	1.10%	23.441

Note 1: Net Tax Capacity is determined by multiplying a property's taxable market value by a state determined class rate. Class rates vary by property type and change periodically based on state legislation.

Note 2: Calculated by dividing the county's estimated market value by the sales ratio established for the District each year by the State Department of Revenue. The 2006 sales ratio was 85.2%.

Source: Minnesota Department of Education, Kandiyohi County Auditor

**Willmar Public Schools**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

Fiscal Year	District Direct Rates			Overlapping Rates	
	Referendum Purposes	General Purposes	Total	Kandiyohi County	City of Willmar
1998	0.061	63.486	63.547	47.318	23.105
1999	0.061	63.251	63.312	51.005	25.636
2000	0.062	62.686	62.748	55.784	26.094
2001	0.064	53.880	53.944	62.658	26.991
2002	0.157	24.499	24.656	79.752	26.355
2003	0.155	24.994	25.149	81.338	24.584
2004	0.114	25.712	25.826	79.176	26.196
2005	0.103	23.696	23.799	70.608	26.265
2006	0.132	23.309	23.441	65.319	24.102
2007	0.130	22.693	22.823	60.414	25.623

Source: Kandiyohi County Auditor

**Willmar Public Schools  
Principal Property Tax Payers  
Current Year and Nine Years Ago**

TAXPAYER	2007			1998		
	2007 NET TAX CAPACITY	RANK	% OF TOTAL NET TAX CAPACITY 17,452,176	1998 NET TAX CAPACITY	RANK	% OF TOTAL NET TAX CAPACITY 12,731,996
Kandi Land 1999, LLC	\$186,536	1	1.07%	\$0		0.00%
Pioneer Health Systems, Inc.	176,910	2	1.01%	314,825	2	2.47%
Menard, Inc.	171,108	3	0.98%	-		0.00%
Mills Properties, Inc.	118,301	4	0.68%	-		0.00%
Jennie-O Turkey Store, Inc.	112,313	5	0.64%	226,376	3	1.78%
Alliance Pipeline	111,792	6	0.64%	-		0.00%
Minnegasco	89,603	7	0.51%	91,628	7	0.72%
Willmar Poultry Farms, Inc.	89,098	8	0.51%	-		0.00%
BNSF Railway Company	86,364	9	0.49%	77,043	8	0.61%
Home Depot USA, Inc.	80,402	10	0.46%	-		0.00%
Torgerson Properties	-		0.00%	107,442	4	0.84%
First Union RE Inv.	-		0.00%	332,700	1	2.61%
ACGO Manufacturing Co.	-		0.00%	104,902	5	0.82%
Dayton Hudson Corp.	-		0.00%	93,027	6	0.73%
Shared Health Resources	-		0.00%	73,259	9	0.58%
Barrington Lakes LTD Part.	-		0.00%	73,175	10	0.57%
<b>TOTAL</b>	<b>\$1,035,891</b>		<b>5.94%</b>	<b>\$1,494,377</b>		<b>11.74%</b>

Source: Kandiyohi County Auditor



**Willmar Public Schools  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year	Adjusted Net Levy (1)	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount (2)	% of Levy		Amount	% of Levy
1998	9,133,209	8,985,285	98.38%	145,816	9,131,101	99.98%
1999	8,217,647	8,098,639	98.55%	109,801	8,208,440	99.89%
2000	7,449,896	7,352,961	98.70%	74,880	7,427,841	99.70%
2001	6,408,679	6,317,842	98.58%	87,226	6,405,068	99.94%
2002	6,347,540	6,246,103	98.40%	92,219	6,338,322	99.85%
2003	3,749,176	3,676,820	98.07%	66,186	3,743,006	99.84%
2004	3,962,277	3,902,664	98.50%	52,110	3,954,774	99.81%
2005	3,938,930	3,887,832	98.70%	40,404	3,928,236	99.73%
2006	4,058,509	4,007,232	98.74%	42,573	4,049,805	99.79%
2007	4,807,017	4,742,834	98.66%	0	4,742,834	98.66%

Note 1: Beginning with the levy collectible in FY 2003, the general education levy is eliminated due to the state's effort to fund general education entirely through state aid.

Note 2: A portion of the total levy is paid through various property tax credits which are paid through state aids and have been included in collections.

Source: Kandiyohi County Auditor

**Willmar Public Schools  
Outstanding Debt by Type (1)  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Bonded Debt (2)</b>	<b>Aid &amp; Tax Anticipation Certificates</b>	<b>EPA Loan</b>	<b>Total Primary Government</b>	<b>% of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
1998	29,930,000	5,000,000	0	34,930,000	3.42%	\$ 846
1999	28,415,000	5,550,000	0	33,965,000	3.20%	\$ 822
2000	26,820,000	6,923,047	0	33,743,047	3.06%	\$ 820
2001	45,502,927	3,725,250	0	49,228,177	4.35%	\$ 1,196
2002	23,395,000	3,975,120	20,425	27,390,545	2.36%	\$ 670
2003	21,855,000	8,475,687	15,425	30,346,112	2.55%	\$ 738
2004	20,752,395	2,537,065	10,425	23,299,885	1.83%	\$ 567
2005	19,010,000	0	5,425	19,015,425	1.44%	\$ 462
2006	16,595,000	3,957,811	425	20,553,236	N/A	\$ 500
2007	15,585,000	0	0	15,585,000	N/A	\$ 379

N/A = not available.

Note 1: Details regarding the District's current outstanding debt can be found in the notes to basic financial statements.

Note 2: The District issued cross-over refunding bonds with an original principal of \$20.65 million in 1997 to refinance the original 1992 Sr. High bonds. The actual transaction to retire the original 1992 bonds took place during FY 2001, resulting in the temporary large increase in bonded debt.

<sup>1</sup> See page 92 Demographic and Economic Statistics for personal income and population data. These ratios were calculated using personal income and population for the prior calendar year.

Source: The District's annual Independent Auditor Reports, and District records.

**Willmar Public Schools  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2007**

<u>Governmental Unit (1)</u>	<u>G.O. Bonded Debt</u>	<u>Estimated Applicable Percentage (2)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Kandiyohi County	\$ 62,565,578	46.70%	\$ 29,219,910
Cities:			\$ -
Blomkest	\$ 62,000	100.00%	\$ 62,000
Kandiyohi	\$ 610,000	100.00%	\$ 610,000
Pennock	\$ 2,009,000	100.00%	\$ 2,009,000
Willmar	\$ 79,095,450	100.00%	\$ 79,095,450
Kandiyohi County HRA	\$ 1,366,833	24.11%	\$ 329,580
Willmar HRA	\$ 2,805,000	100.00%	\$ 2,805,000
Subtotal, overlapping debt			\$ 114,130,940
District direct debt			<u>\$ 16,595,000</u>
Total direct and overlapping debt			<u><u>\$ 130,725,940</u></u>

Note 1: Only those taxing jurisdictions with general obligation debt outstanding are included in this section.

Note 2: Estimated Applicable Percentage is determined by dividing the Tax Capacity of Portion Within the School District by the Tax Capacity of the Entire Governmental Unit.

Source: Kandiyohi County Auditor

**Willmar Public Schools**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed Value	\$ 1,579,986,330
Debt Limit (15% of assessed value)	236,997,950
Debt applicable to limit	<u>15,585,000</u>
Legal debt margin	<u><u>\$ 221,412,950</u></u>

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt Limit	\$ 125,125,905	\$ 133,663,455	\$ 139,918,545	\$ 144,717,511	\$ 150,759,876	\$ 158,567,400	\$ 168,934,620	\$ 189,409,695	\$ 211,673,997	\$ 236,997,950
Total net Debt applicable to limit	<u>34,930,000</u>	<u>33,965,000</u>	<u>33,743,047</u>	<u>49,228,177</u>	<u>27,390,545</u>	<u>30,346,112</u>	<u>23,299,885</u>	<u>19,015,425</u>	<u>16,595,000</u>	<u>15,585,000</u>
Legal debt margin	<u>\$ 90,195,905</u>	<u>\$ 99,698,455</u>	<u>\$ 106,175,498</u>	<u>\$ 95,489,334</u>	<u>\$ 123,369,331</u>	<u>\$ 128,221,288</u>	<u>\$ 145,634,735</u>	<u>\$ 170,394,270</u>	<u>\$ 195,078,997</u>	<u>\$ 221,412,950</u>
Total net debt applicable to the limit as a % of debt limit	27.92%	25.41%	24.12%	34.02%	18.17%	19.14%	13.79%	10.04%	7.84%	6.58%

Note: Under state finance law, the District's outstanding general obligation debt should not exceed 15 percent of total market value.

Source: Kandiyohi County Auditor

**Willmar Public Schools  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding		Total	Percentage of Actual Value of Taxable Property	% of Personal Income	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal				
1998	29,930,000	158,624	\$ 29,771,376	3.57%	2.92%	\$ 720
1999	28,415,000	341,047	\$ 28,073,953	3.15%	2.65%	\$ 680
2000	26,820,000	562,348	\$ 26,257,652	2.81%	2.38%	\$ 635
2001	45,502,927	21,145,279	\$ 24,357,648	2.52%	2.15%	\$ 592
2002	23,395,000	993,012	\$ 22,401,988	2.23%	1.93%	\$ 544
2003	21,855,000	907,371	\$ 20,947,629	1.98%	1.76%	\$ 513
2004	20,752,395	840,804	\$ 19,911,591	1.77%	1.56%	\$ 484
2005	19,010,000	760,111	\$ 18,249,889	1.45%	1.38%	\$ 444
2006	16,595,000	835,384	\$ 15,759,616	1.12%	N/A	\$ 383
2007	15,585,000	902,774	\$ 14,682,226	0.93%	N/A	\$ 357

N/A = not available

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

<sup>1</sup> See Page 92 Demographic and Economic Statistics for personal income and population data. These ratios were calculated using personal income and population for the prior calendar year.

Source: The District's annual Independent Auditor Reports, District records, Bureau of Economic Analysis - U.S. Dept. of Commerce.

**Willmar Public Schools  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Fiscal Year	Kandiyohi County			
	Population	Personal Income	Per Capita Personal Income	Un- employment Rate
1997	41,366	943,052,000	22,798	3.50%
1998	41,298	1,020,284,000	24,705	3.10%
1999	41,329	1,061,354,000	25,681	3.50%
2000	41,163	1,102,189,000	26,776	3.20%
2001	41,154	1,132,403,000	27,516	3.60%
2002	40,851	1,162,600,000	28,460	4.10%
2003	41,119	1,188,070,000	28,893	4.40%
2004	41,127	1,272,393,000	30,938	4.40%
2005	41,160	1,320,601,000	32,085	4.20%
2006	41,088	N/A	N/A	3.90%

N/A = not available

Source: Bureau of Economic Analysis - U.S. Department of Commerce,  
Bureau of Labor Statistics, U.S. Census Bureau, and  
Minnesota Department of Employment and Economic Development

**Willmar Public Schools  
Principal Employers  
Current Year and Nine Years Ago**

TAXPAYER	2007			1998		
	EMPLOYEES	RANK	% OF TOTAL EMPLOYMENT 23,857	EMPLOYEES	RANK	% OF TOTAL EMPLOYMENT 21,234
Jennie-O Turkey Store, Inc.	1,800	1	7.54%	N/A	N/A	N/A
Rice Memorial Hospital	850	2	3.56%	N/A	N/A	N/A
Willmar Public Schools	700	3	2.93%	N/A	N/A	N/A
Affiliated Community Medical Centers	614	4	2.57%	N/A	N/A	N/A
Kandiyohi County	467	5	1.96%	N/A	N/A	N/A
Willmar Poultry Co.	429	6	1.80%	N/A	N/A	N/A
Ridgewater College	400	7	1.68%	N/A	N/A	N/A
Bethesda Homes	350	8	1.47%	N/A	N/A	N/A
Cashwise	325	9	1.36%	N/A	N/A	N/A
Willmar Regional Trmt Ctr	250	10	1.05%	N/A	N/A	N/A
<b>TOTAL</b>	<b>6,185</b>		<b>25.93%</b>	<b>0</b>		<b>0.00%</b>

N/A = not available

Source: Minnesota Department of Employment and Economic Development and Springsted, Inc.

**Willmar Public Schools  
Full-time-Equivalent District Employees by Type  
Last Four Fiscal Years**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Instruction</b>				
Teachers	335	333.5	331	338
Title Teachers	17	15.5	17.5	17
Deans of Students	4	4	4	5
Total Instruction	<u>356</u>	<u>353</u>	<u>352.5</u>	<u>360</u>
<b>Support</b>				
Principals and District Administration	10	10	10	8
Directors & Community Education	8	8	8	8
Secretaries	16.5	16.5	16.5	19
Custodians	27	26	25.5	27
Food Service	28	28	30	52
Clerical/Non-affiliated	45	44.5	44.5	42
Paraprofessionals	119	118.5	110	99
Total Support	<u>253.5</u>	<u>251.5</u>	<u>244.5</u>	<u>255</u>
<b>Total</b>	<u><u>609.5</u></u>	<u><u>604.5</u></u>	<u><u>597</u></u>	<u><u>615</u></u>

Note: Information prior to 2004 is not readily available.

Source: District Records



**Willmar Public Schools  
Operating Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Enrollment (1)</b>	<b>Operating Expenditures (2)</b>	<b>Cost Per Pupil</b>	<b>% Change</b>	<b>Teaching Staff FTE's</b>	<b>Pupil-Teacher Ratio (3)</b>	<b>% of Students Receiving Free or Reduced-Price Meals</b>
1998	4,629	34,025,262	7,350	3.63%	N/A	N/A	33.6%
1999	4,567	34,611,326	7,579	3.10%	N/A	N/A	36.5%
2000	4,465	35,049,975	7,850	3.58%	N/A	N/A	32.6%
2001	4,449	37,052,766	8,328	6.09%	N/A	N/A	37.5%
2002	4,335	34,232,553	7,897	-5.18%	N/A	N/A	38.2%
2003	4,259	36,051,061	8,465	7.19%	N/A	N/A	40.9%
2004	4,166	38,834,939	9,322	10.13%	356	11.7	41.2%
2005	4,093	42,452,947	10,372	11.27%	353	11.6	43.0%
2006	4,111	42,312,009	10,292	-0.77%	352.5	11.7	44.5%
2007	4,078	43,352,344	10,631	3.29%	360	11.3	46.0%

N/A = not available.

Note 1: Enrollment is measured by Average Daily Membership per the Minnesota Department of Education.

Note 2: Operating Expenditures are total districtwide expenditures less debt service and operating capital.

Note 3: This data is computed by dividing total Enrollment by total Teaching Staff FTE's.

Source: District Records and Minnesota Department of Education

**Willmar Public Schools  
Teacher Base Salaries  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Minimum Salary</b>	<b>Maximum Salary</b>
1998	\$24,958	\$51,155
1999	25,440	52,143
2000	25,655	53,504
2001	28,309	54,799
2002	28,309	54,799
2003	29,500	56,178
2004	29,800	56,658
2005	30,100	57,138
2006	30,550	58,735
2007	32,435	59,585

Note: Amounts do not include fringe benefits such as pension, health insurance, disability, etc.

Source: District Records

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**Willmar Public Schools  
School Building Information - Owned Buildings  
Last Ten Fiscal Years**

<u>School</u>	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>PreK - Elementary</b>										
Jefferson (1953)										
Square Feet	46,833	46,833	46,833	46,833	46,833	46,833	46,833	46,833	46,833	46,833
Enrollment	290	288	292	264	225	200	245	247	252	258
Acres	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Kennedy (1958)										
Square Feet	150,665	150,665	150,665	150,665	150,665	150,665	150,665	150,665	150,665	150,665
Enrollment	1,006	982	948	875	948	921	758	752	755	796
Acres	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7	23.7
Lafayette (1939) (sold June 15, 2007)										
Square Feet	22,953	22,953	22,953	22,953	22,953	22,953	22,953	22,953	22,953	0
Enrollment	127	130	133	98	0	0	0	0	0	0
Acres	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	0
Lincoln (1924)										
Square Feet	46,004	46,004	46,004	46,004	46,004	46,004	46,004	46,004	46,004	46,004
Enrollment	242	250	237	323	329	321	319	326	326	325
Acres	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Roosevelt (1987)										
Square Feet	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000	95,000
Enrollment	683	667	684	678	642	635	740	709	683	698
Acres	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Washington (1951)										
Square Feet	30,916	30,916	30,916	30,916	30,916	30,916	30,916	30,916	30,916	30,916
Enrollment	36	21	23	24	23	24	22	22	23	25
Acres	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
<b>Secondary</b>										
Junior High (1967)										
Square Feet	154,380	154,380	154,380	157,380	154,380	154,380	154,380	154,380	154,380	154,380
Enrollment	709	710	665	681	675	644	637	623	648	609
Acres	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7	28.7

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	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Senior High (1997)										
Square Feet	267,000	267,000	267,000	267,000	267,000	267,000	267,000	267,000	267,000	267,000
Enrollment	1,249	1,218	1,291	1,318	1,250	1,278	1,267	1,254	1,261	1,195
Acres	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0	193.0
Garfield (1930)										
Square Feet	25,536	25,536	25,536	25,536	25,536	25,536	25,536	25,536	25,536	25,536
Enrollment	83	104	98	115	140	112	101	84	67	89
Acres	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
WEAC (1939)										
Square Feet	49,470	49,470	49,470	49,470	49,470	49,470	49,470	49,470	49,470	49,470
Enrollment	16	18	18	17	17	18	18	16	15	7
Acres	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4

N/A = not available

Source: District Records and Minnesota Department of Education

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**Willmar Public Schools  
Schedule of Insurance Coverage  
FY 2006-2007**

<b>Insurable Risk</b>	<b>Insured through Agent &amp; Ins. Co. or Risk Pool</b>	<b>Policy Period</b>	<b>Coverage Limits</b>	<b>Deductible</b>
<b>General Liability</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Gen. Agg. \$2,000,000 Each Occ. \$1,000,000	\$1,000/ee
<b>Automotive Liability</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Liability \$1,000,000 Uninsured \$1,000,000 Under... \$1,000,000	\$250 to \$500
<b>Commercial Excess</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Occurance \$2,000,000 Aggregate \$2,000,000	na
<b>School Leaders E &amp; O</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Claim \$1,000,000 Aggregate \$1,000,000	\$2,500
<b>Basic Property (all risk)</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Varies by type of property	\$2,500
<b>Boiler and Machinery</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	\$75,000,000	\$2,500
<b>Inland Marine</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Various types of property	
<b>Workers' Compensation</b>	Berkley Risk Administrators Company, LLC	7/1/06 - 7/1/07	Accident \$500,000 Disease \$500,000 Disease \$500,000 ee	
<b>Crime</b>	Minnesota School Boards Association Insurance Trust	7/1/06 - 7/1/07	Theft, etc. \$250,000	\$500

