

2010-11 Original Budget  
And  
A Look into the Future

School Board Meeting  
June 14, 2010



# Agenda

- The Big Storm
- Changing Variables
- Enrollment
- 2010-11 Original Budget
- A Look into the Future
- Questions

# THE BIG STORM

IS THE BIG STORM COMING?

CAN THE DISTRICT WEATHER IT?



# Changing Variables

With constantly changing variables, how does a district plan with any amount of *certainty*?

**THEY DON'T!**

Districts **MUST** *adjust, adjust, adjust.*



# Changing Variables

The district made \$1.7 million in budget reductions for 2010-11 given the best information at the time and based on conservative estimates.

- District-wide - \$553,256
- Special Education K-12 - \$321,201
- K-5 Elementary - \$385,450
- Middle School – \$134,546
- Senior High - \$349,909



# Changing Variables

- The district did not know if the state would pay back the aid payment that it withheld in March.
  - The aid payment was paid back in May.
- The district did not know if the state or federal government was going to release the remaining American Reinvestment and Recovery Act (ARRA) stabilization money.
  - The money was released in May.
- The district did not know at what level contracts would be settled.
  - Most of the remaining contracts are scheduled to be approved tonight.



# Changing Variables

- The district did not know if the legislature would unallot K-12 funding.
  - The legislature ended the session without unallotting K-12 education funding.
- The district did not know if the legislature would change the aid payment shift (73/27).
  - The legislature changed the aid payment shift to 70/30.



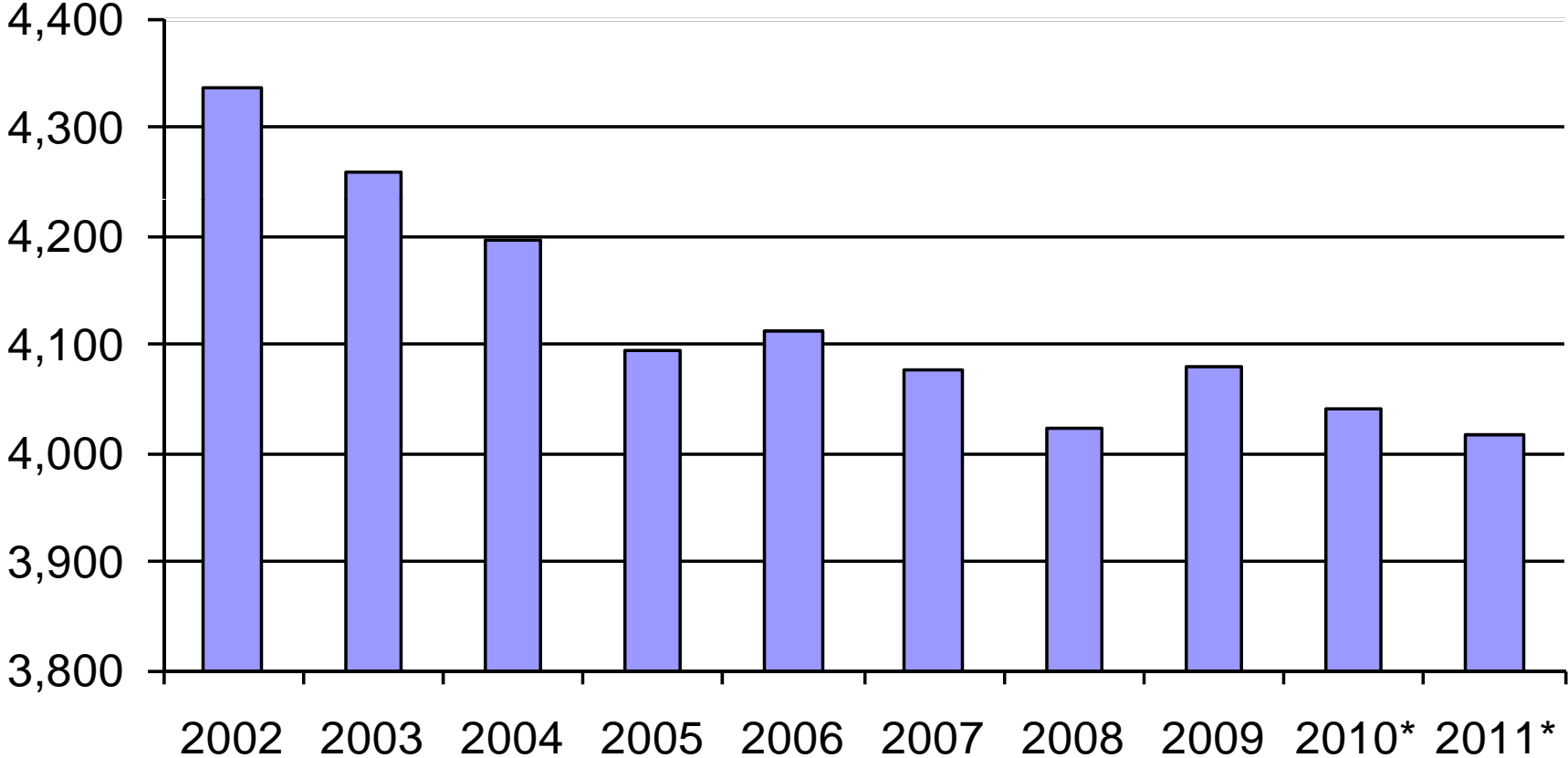
# Enrollment

- FY 2010 projection 4,039 ADM
- FY 2011 projection 4,016 ADM
- From a seat count perspective, the district's seat count went down 171 students from the first day of school to the last day of school.





# Enrollment Trend E-12



# 2010-11 General Fund Revenue

Source	<u>FY 08-09</u> Actual Audited	<u>FY 09-10</u> Revised Budget	<u>FY 10-11</u> Original Budget	Original vs. Revised Difference	Original vs. Revised % Inc/Dec
Local Revenue	\$ 4,245,358	\$ 4,646,292	\$ 4,808,260	\$ 161,968	3.37%
State Revenue	35,233,235	31,985,015	34,371,739	2,386,724	6.94%
Federal Revenue	1,739,661	5,304,899	2,710,716	(2,594,184)	-95.70%
Other Revenues	53,913	86,508	113,347	26,839	23.68%
<b>TOTAL</b>	<b>\$ 41,272,166</b>	<b>\$ 42,022,714</b>	<b>\$ 42,004,062</b>	<b>\$ (18,652)</b>	<b>-0.04%</b>

- Overall, revenue remained flat with a shift between categories.
- In FY 2010, a legislative decision was made to replace a portion of state aid with federal ARRA funding.
- In FY 2011, the funding is again taken up by the state.



# 2010-11 General Fund Expenditures

Object Code Groups	FY 08-09 Actual Audited	FY 09-10 Revised Budget	FY 10-11 Original Budget	Original vs. Revised Difference	Original vs. Revised % Inc/Dec
Salaries and Wages	\$ 25,147,872	\$ 23,733,027	\$ 23,581,828	\$ (151,200)	-0.64%
Employee Benefits	7,571,188	7,486,448	7,440,218	(46,230)	-0.62%
Purchased Services	6,817,910	6,906,040	7,566,492	660,452	9.56%
Supplies and Materials	1,745,932	1,606,263	1,580,770	(25,493)	-1.59%
Capital Expenditures	1,343,764	1,688,879	436,916	(1,251,963)	-74.13%
Other Expenditures	167,326	172,225	262,216	89,992	52.25%
<b>TOTAL</b>	<b>\$ 42,793,992</b>	<b>\$ 41,592,882</b>	<b>\$ 40,868,440</b>	<b>\$ (724,442)</b>	<b>-1.74%</b>

- The budget is down due to budget reductions.
- The severance cost estimate increased.
- The majority of contracts are settled.
- Roosevelt addition is complete and repairs and maintenance projects will begin.



# 2010-11 Food Service Revenue

Source	<u>FY 08-09</u> Actual Audited	<u>FY 09-10</u> Revised Budget	<u>FY 10-11</u> Original Budget	Original vs. Revised Difference	Original vs. Revised % Inc/Dec
Local Revenue	\$ 6,281.36	\$ 16,955.58	\$ 1,455.58	\$ (15,500.00)	-91.42%
State Revenue	190,236.70	180,617.97	180,333.00	(284.97)	-0.16%
Federal Revenue	1,348,149.03	1,438,771.56	1,209,370.08	(229,401.48)	-15.94%
Other Revenues	778,165.60	779,782.82	790,656.56	10,873.74	1.39%
<b>TOTAL</b>	<b>\$ 2,322,832.69</b>	<b>\$ 2,416,127.93</b>	<b>\$ 2,181,815.22</b>	<b>\$ (234,312.71)</b>	<b>-9.70%</b>

- FY 2010 includes funding budgets for the federal Fresh, Fruits and Veggies (FFV) grant.
- FY 2011 does not include federal funding for the FFV grant. The application for the grant has been submitted but the district has not received notification of award.



# 2010-11 Food Service Expenditures

<b>Object Code Groups</b>	<b>FY 08-09 Actual Audited</b>	<b>FY 09-10 Revised Budget</b>	<b>FY 10-11 Original Budget</b>	<b>Original vs. Revised Difference</b>	<b>Original vs. Revised % Inc/Dec</b>
<b>Salaries and Wages</b>	\$ 703,660.44	\$ 713,824.40	\$ 681,602.60	\$ (32,221.80)	-4.51%
<b>Employee Benefits</b>	196,460.69	177,372.67	182,494.82	5,122.15	2.89%
<b>Purchased Services</b>	115,659.75	88,410.00	88,710.00	300.00	0.34%
<b>Supplies and Materials</b>	1,196,521.52	1,272,327.08	1,160,384.00	(111,943.08)	-8.80%
<b>Capital Expenditures</b>	19,413.79	138,485.00	246,500.00	108,015.00	78.00%
<b>Other Expenditures</b>	1,573.00	1,800.00	1,800.00	0.00	0.00%
<b>TOTAL</b>	<b>\$ 2,233,289.19</b>	<b>\$ 2,392,219.15</b>	<b>\$ 2,361,491.42</b>	<b>\$ (30,727.73)</b>	<b>-1.28%</b>

- Capital expenditures increased due to the planned kitchen remodels of Roosevelt and Middle School.
- FY 2011 does not include federal expenditures for the FFV grant which causes a decrease in salaries and supplies. The application for the grant has been submitted but the district has not received notification of award.



# 2010-11 Community Education Revenue

Source	FY 08-09 Actual Audited	FY 09-10 Revised Budget	FY 10-11 Original Budget	Original vs. Revised Difference	Original vs. Revised % Inc/Dec
Local Revenue	\$ 1,083,079.16	\$ 1,197,990.09	\$ 1,214,593.58	\$ 16,603.49	1.39%
State Revenue	894,150.50	870,944.45	867,497.15	(3,447)	-0.40%
Federal Revenue	50,785.16	36,482.00	30,000.00	(6,482)	-17.77%
<b>TOTAL</b>	<b>\$ 2,028,014.82</b>	<b>\$ 2,105,416.54</b>	<b>\$ 2,112,090.73</b>	<b>\$ 6,674.19</b>	<b>0.32%</b>

- Community Education revenue has held steady.



# 2010-11 Community Education Expenditures

Object Code Groups	FY 08-09 Actual Audited	FY 09-10 Revised Budget	FY 10-11 Original Budget	Original vs. Revised Difference	Original vs. Revised % Inc/Dec
Salaries and Wages	\$ 1,355,046.49	\$ 1,395,030.00	\$ 1,453,354.43	\$ 58,324.43	4.18%
Employee Benefits	356,288.02	362,462.00	378,394.78	15,932.78	4.40%
Purchased Services	207,081.38	211,064.00	204,960.00	(6,104.00)	-2.89%
Supplies and Materials	90,825.14	81,127.00	76,510.00	(4,617.00)	-5.69%
Capital Expenditures	129.50	27,706.00	6,600.00	(21,106.00)	-76.18%
Other Expenditures	3,472.13	1,872.00	1,915.00	43.00	2.30%
<b>TOTAL</b>	<b>\$ 2,012,842.66</b>	<b>\$ 2,079,261.00</b>	<b>\$ 2,121,734.21</b>	<b>\$ 42,473.21</b>	<b>2.04%</b>

The expenditure increase is mainly due to increased staffing in the Adult Basic Education program.

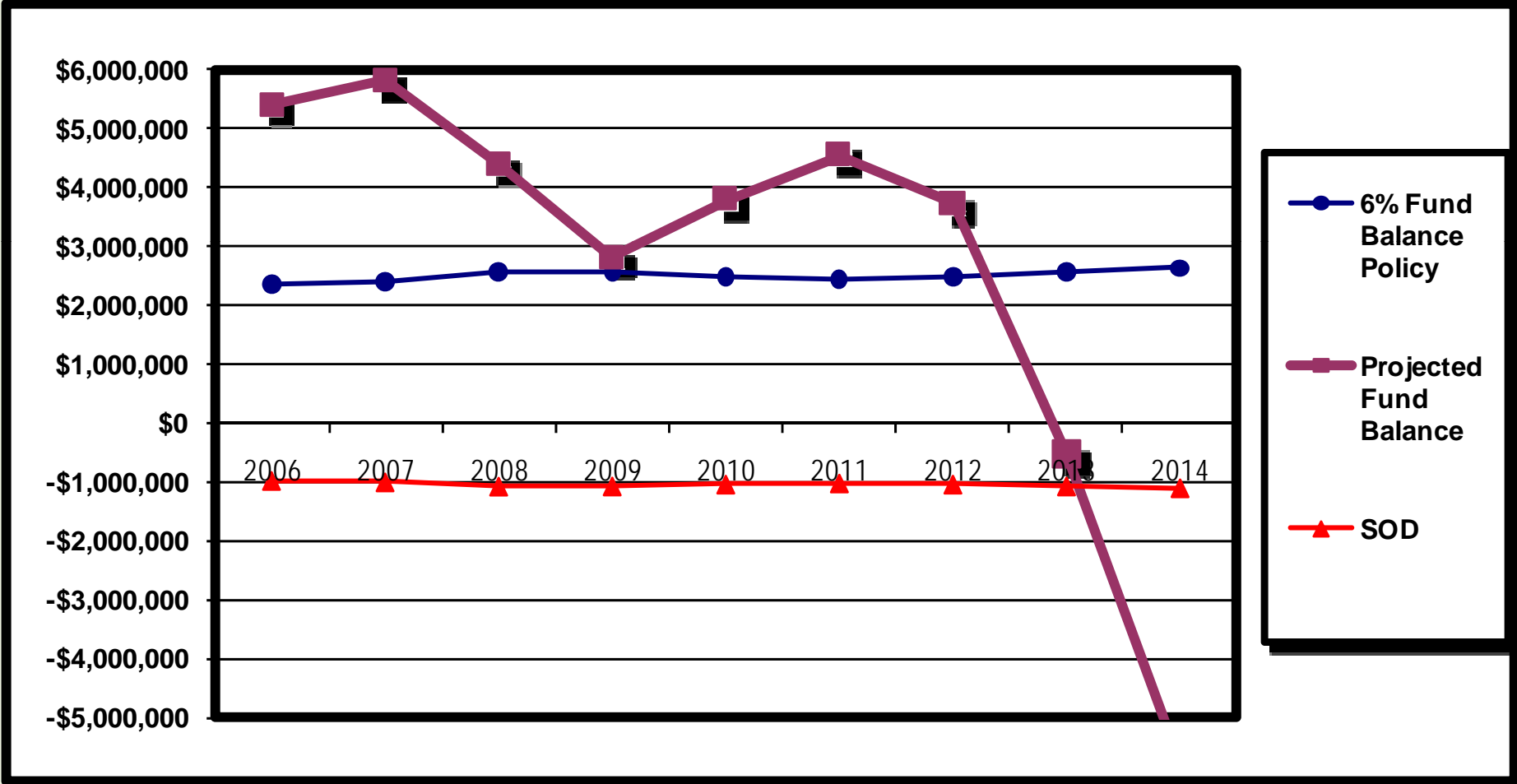


# Financial Planning Model

		Budget Year	Budget Year				
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Referendum per marginal cost pupil unit		701.63	704.47	702.46	201.98	201.98	201.98
Estimated E.O.Y. Marginal Cost P.U.	4,690.06	4,668.31	4,637.17	4,576.88	4,572.62	4,609.45	4,657.14
<b>Total Revenues</b>	\$41,272,166	\$42,022,714	\$42,004,062	\$40,760,313	\$38,507,301	\$38,735,121	\$39,035,349
<b>Total Expenditures</b>	\$42,793,992	\$41,592,882	\$40,868,440	\$41,595,424	\$42,754,872	\$43,947,094	\$45,173,035
<b>RESERVE WORKSHEET</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
TOTAL BEGINNING FUND EQUITY	\$6,115,487	\$4,593,661	\$5,023,493	\$6,159,115	\$5,324,004	\$1,076,434	-\$4,135,539
VARIANCE = ( REVENUES - EXP. )	-\$1,521,826	\$429,832	\$1,135,622	-\$835,111	-\$4,247,570	-\$5,211,973	-\$6,137,685
<b>TOTAL EOY FUND EQUITY &amp; RESERVES</b>	<b>\$4,593,661</b>	<b>\$5,023,493</b>	<b>\$6,159,115</b>	<b>\$5,324,004</b>	<b>\$1,076,434</b>	<b>-\$4,135,539</b>	<b>-\$10,273,224</b>
<b>TOTAL RESERVED AMOUNTS</b>	<b>\$1,785,027</b>	<b>\$1,220,909</b>	<b>\$1,602,421</b>	<b>\$1,602,661</b>	<b>\$1,602,661</b>	<b>\$1,602,661</b>	<b>\$1,602,661</b>
<b>UNRESERVED - UNAPPROPRIATED</b>	<b>\$2,808,634</b>	<b>\$3,802,584</b>	<b>\$4,556,695</b>	<b>\$3,721,344</b>	<b>-\$526,227</b>	<b>-\$5,738,200</b>	<b>-\$11,875,885</b>
Unreserved as % of Expenditures	6.56%	9.14%	11.15%	8.95%	-1.23%	-13.06%	-26.29%
-2.5% or less is S.O.D.	O.K.	O.K.	O.K.	O.K.	O.K.	S.O.D.	S.O.D.
<b>GOAL RESERVE AMOUNT 6%</b>	<b>\$2,567,640</b>	<b>\$2,495,573</b>	<b>\$2,452,106</b>	<b>\$2,495,725</b>	<b>\$2,565,292</b>	<b>\$2,636,826</b>	<b>\$2,710,382</b>
<b>GOAL ACHIEVED</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NO</b>	<b>NO</b>	<b>NO</b>
<b>PLAN CHANGES NEEDED</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$3,091,519</b>	<b>-\$8,375,025</b>	<b>-\$14,586,267</b>



# Fund Balance Graph



# A Look into the Future

- Will the state unallot K-12 funding?
- How much will enrollment change during the summer?
- Will the federal entitlements become competitive grants?
- When will the economy turn around?
- How will the state fix the budget deficit?
- Will the state further shift aid payments?
- Will the state delay aid payments?



# A Look into the Future

- Will the district be successful in renewing or increasing the expiring operating referendum?
- What will future contract settlements look like?



# ??? Questions ???

- Dr. Jerry Kjergaard, Superintendent
  - 231-8510
  - [kjergaardj@willmar.k12.mn.us](mailto:kjergaardj@willmar.k12.mn.us)
- Pam Harrington, Director of Business and Finance
  - 231-8511
  - [harringtonp@willmar.k12.mn.us](mailto:harringtonp@willmar.k12.mn.us)



# ??? Questions ???

- **School Board**

- **Brad Schmidt, Chair** – 231-0027,  
bradschmidt@jmsklaw.com
- **Dion Warne, Vice Chair** – 231-1118,  
dwarne@homestatebankofmn.com
- **Wayne Lenzmeier, Treasurer** – 235-8357,  
wlenzmeier@msn.com
- **Mike Carlson, Clerk** – 235-8788, mikelcm@en-tel.net
- **Mike Reynolds, Director** – 231-2520,  
Mike.Reynolds@procellular.net
- **Eric Roberts, Director** – 231-2464,  
eroberts@d-e.net
- **Sandy Unger, Director** – 231-8498,  
ungerK1@charter.net

