

2009-2010 Original Budget

WILLMAR PUBLIC SCHOOLS

Independent School District No. 347
Willmar, Minnesota 56201
www.willmar.k12.mn.us

NCA accredited

June 22, 2009



**SERVING THE COMMUNITIES OF BLOMKEST, KANDIYOHI,
PENNOCK AND WILLMAR**

WILLMAR PUBLIC SCHOOLS

2009-2010 Original Budget

Table of Contents

INTRODUCTORY SECTION

School Board	4
District Administration	5
School Administration	6
Executive Summary	7
Meritorious Budget Award	21

ORGANIZATIONAL SECTION

The Reporting Entity	22
Funds	22
System of Classifying Revenues and Expenditures	23
Basis of Accounting	23
Financial and Budgetary Control	23
Organizational Chart	26
Mission Statement	27
Vision Statement	27
Long Term Goals	27
Budget Development Process	29
FY 10 Capital Budget Development Schedule	30
FY 10 Original Budget Development Schedule	31

FINANCIAL SECTION

FY 2010 Budget Summary	32
FY 2010 Governmental Funds Comparison to FY 2009	34
Fund Descriptions	34
FY 2010 Budget Summary of Governmental Funds	35
General Fund	
Comparative Information	36
Revenue, Expenditures and Fund Balance	37
FY 10 Original General Fund Revenue Assumptions	38
General Fund Revenues	39
Enrollment	40
FY 10 Original General Fund Expenditure Assumptions	42
General Fund Expenditures	42
Explanation of General Fund Program Classifications of Expenditures	45
Capital	46
Food Service Fund	
Revenue	48
Expenditures	49
Food Service Fund Balance	50
Revenues, Expenditures and Fund Balance	51

Community Service Fund	
Revenue	52
Expenditures	53
Community Service Fund Balance	54
Revenues, Expenditures and Fund Balance	55
Debt Service Fund	
Revenues	56
Expenditures	57
Debt Service Fund Balance	58
Revenues, Expenditures and Fund Balance	59
District Buildings Expenditures per ADM, Audited	61

INFORMATIONAL SECTION

General Fund	
Long-term Financial Planning Projection Assumptions	62
Long-term Financial Planning Projection Charts	63
Revenue and Expenditure Change per ADM	66
Projected Revenues and Expenditures 2010 – 2014	67
General Fund Enrollment	68
Food Service Fund	
Projected Revenues and Expenditures 2010 – 2014	71
Community Service Fund	
Projected Revenues and Expenditures 2010 – 2014	72
Debt Service Fund	
Projected Revenues and Expenditures 2010 – 2014	73
District Staffing Levels	74
Property Taxes	
History of Assessed Value and Market Value of Taxable Property	75
Property Tax Levies and Collections	76
Analysis of Budget Effects on Taxpayers	76
Property Tax System Terminology	77
Bonded Debt Amortization Schedule – for current issues	78
Annual Report on Curriculum, Instruction and Student Achievement for 2007-08	79
Dropout Trend Report	89
School Finance Funding	90
Budget and Finance Glossary	108
Finance Section of District Web Site – address information	117

INTRODUCTORY SECTION

Willmar Public Schools

SCHOOL BOARD

Brad Schmidt

Chair

Term expires: December 2010

Dion Warne

Vice-Chair

Term expires: December 2010

Wayne Lenzmeier

Clerk

Term expires: December 2012

Eric Roberts

Treasurer

Term expires: December 2012

Mike Carlson

Director

Term expires: December 2010

Mike Reynolds

Director

Term expires: December 2012

Sandra Unger

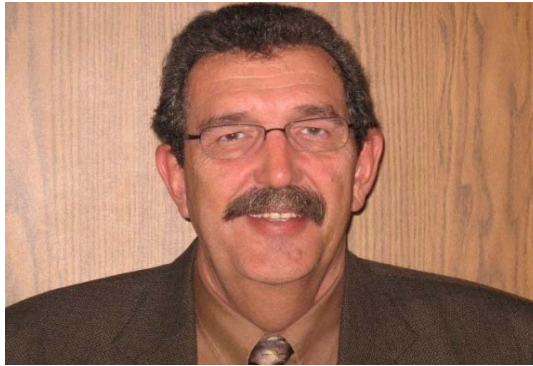
Director

Term expires: December 2012

Willmar Public Schools

District Administration

Superintendent



Dr. Jerry Kjergaard

Pam Harrington

Director of Business and Finance

Bill Busta

Director of Human Resources

Danith Clausen

Director of Curriculum and Instruction

Susan Smith

Director of Special Education

Annette Derouin

Director of Food and Nutrition Services

Willmar Public Schools

School Administration

Willmar Senior High School

Rob Anderson
Neil Schendel
Paul Schmitz

Principal
Assistant Principal
Assistant Principal

Secondary Alternative Programs

Beckie Simenson

Principal

Willmar Middle School

Mark Miley

Principal

Roosevelt Elementary School

Patti Dols

Principal

Kennedy Elementary School

Scott Hisken

Principal

Jefferson Learning Center

Steve Brisendine

Director

EXECUTIVE SUMMARY

JERRY KJERGAARD, Ed. D., Superintendent
PAMELA J. HARRINGTON, Director of Business and Finance
WILLIAM B. BUSTA, Director of Human Resources



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

DATE: Monday, June 22, 2009
TO: School Board, Finance Advisory Committee and Administrative Team
FROM: Dr. Jerry Kjergaard and Pam Harrington
RE: Fiscal Year 2010 Districtwide Original Budget

The fiscal year 2009-2010 Original Budget for the Willmar Public Schools (the "District") is presented. Extensive supporting documentation is included. The District assumes responsibility for data accuracy and completeness.

Budget Presentation

This budget presents the District's finance and operations plan, and all necessary disclosures. The budget was completed after a detailed review of every revenue and expenditure item within the context of the District's mission, goals and financial policies.

This document represents the District's four major governmental funds: General Fund, Food Service Fund, Community Service Fund and Debt Service Fund. Information on each fund budget is provided in the budget document.

This budget report is one of the primary tools to present financial information, along with the annual audit report and the Comprehensive Annual Financial Report. The information included in this budget document is structured to meet the requirements of the Meritorious Budget Award (MBA) of the Association of School Business Officials International (ASBO) and the Distinguished Budget Presentation Award of the Government Finance Officers Association (GFOA).

The MBA is the highest form of recognition in budgeting for school districts. Its attainment represents a significant accomplishment by a school district and its management. The award is presented after the document has been through a comprehensive review by an independent panel of budget professionals. The review not only critiques the budget document using rigorous criteria but also provides feedback with suggested comments for improvements. The District has received this prestigious award for its fiscal year 2007-08 and 2008-09 budgets.

This budget will be the first budget submitted to GFOA for the Distinguished Budget Presentation Award.

This report is presented in four sections: Introductory, Organizational, Financial and Informational. The Introductory section includes an executive summary as well as a listing of School Board members and administrators. The Organizational section includes an organizational chart, mission, major goals, District description, financial policies and fiscal practices. The Financial

section includes the budgets for all Governmental Funds. The Informational section includes additional supporting data.

The most important concern in the presentation of the budget data is to improve the quality of information to the School Board, staff, parents and community about the financial aspects of the District that relate to the educational programs and services. In addition, the District emphasizes to all constituents the continued deliberate financial stewardship of taxpayer dollars.

Mission, Vision, Goals & Theme

The Mission Statement of the Willmar Public Schools is “Preparing all Students for a Successful Tomorrow.” The idea is to prepare students to be purposeful thinkers, effective communicators, self directed learners, productive group participants and responsible citizens.

The District launched a Vision Statement in 2007-08. The Vision Statement is “Every student understanding that education adds value to life.” The vision is ultimately the end result of numerous ideals coming together throughout the learning years.

The School Board approved a long-range strategic work plan. Five key Districtwide goals were identified: 1) Provide a world class education; 2) Improve the lives of students; 3) Ensure achievement for all students; 4) Continue responsible financial stewardship; 5) Enhance school and community relationships. The approved plan includes numerous building-level activities and initiatives that describe and support the five key goals. Clearly, a sound district financial condition provides the framework for carrying out these goals and the overall mission of the District.

The District has adopted a theme as a way to integrate and improve instruction. The current theme is “Willmar Public Schools: Your Partner in Learning!” These are exciting times and the District has the privilege of playing a key role in partnering with parents, family and community in preparing the children and young people to be the future caretakers of the state, nation and world.

Budget Process and Significant Changes

The budget process is comprised of five phases – planning, preparation, adoption, implementation, and evaluation. The process has two main goals: 1) to provide students with the best possible educational opportunities and; 2) maximize the use of available resources. Planning and preparation for this budget began in January of 2009. An enrollment projection was developed in May and provided key data for the revenue projection.

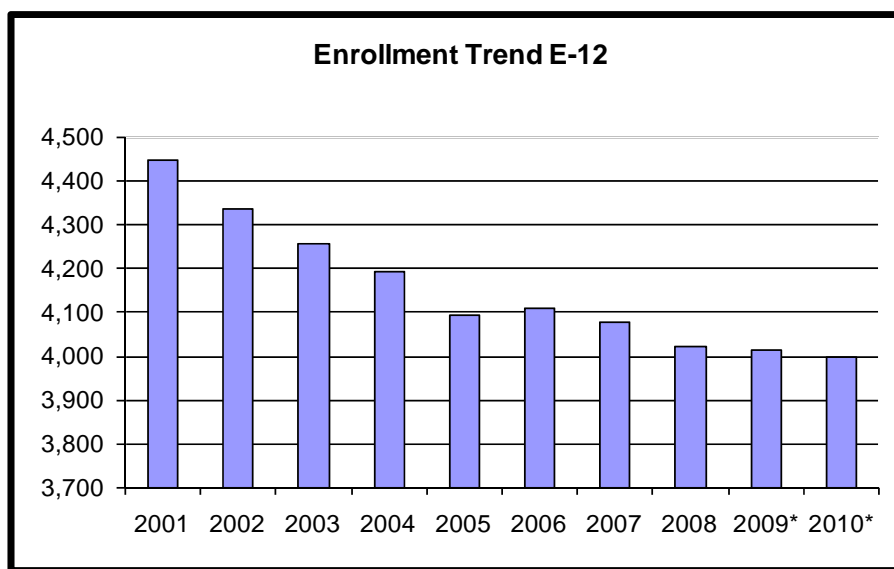
There were no significant changes to the site non-payroll budget allocation process. The School Board approved approximately \$1.4 million in reductions of non-salary and benefit expenditures in order to minimize the amount of staff reductions and to move toward a balanced budget. The School Board approved staff reductions of approximately \$1.3 million in an effort to reduce deficit spending and offset the impact of declining enrollment. The Board has not instituted any major changes in the delivery of educational programs and services that have materially affected the financial or operating policies of the District.

The Finance Advisory Committee comprised of staff, board members and community members met in early June to review and provide input regarding the budget. The Board approved the budget at the June 22, 2009 regular board meeting.

Student Enrollment

Student enrollment is extremely important as it not only drives staffing decisions but is also the key component of the general education revenue funding formula which is the major funding source of the district.

Enrollment for FY 2010 is projected to be 3,998 Average Daily Membership's (ADM's), a decrease of 16 ADM's, or .39% from the FY 2009 projected ADM's. Enrollment is beginning to level out as incoming Kindergarten classes and exiting grade 12 classes are becoming similar in size. The District constantly monitors enrollment for changes caused by mobility, local economic development or decline and other external factors. The District's enrollment history is presented in the following graph.



* Projected

Staffing

The District reduced staffing in 2009-10 in an effort to offset declining enrollment and reduce deficit spending. Below is a chart that illustrates the difference in staffing between FY 2009 and FY 2010 by category.

Category	Actual FY 2009	Budgeted FY 2010	Change
Instruction			
Teachers	322.7	307.5	(15.2)
Title Teachers	15.0	15.0	-
Deans of Students	4.0	4.0	-
Total Instruction	341.7	326.5	(15.2)
Support			
Principals and District Administration	9.0	9.0	-
Directors & Community Education	6.0	6.0	-
Secretaries	20.0	18.5	(1.5)
Custodians	27.0	27.0	-
Food Service Staff	30.0	28.0	(2.0)
Clerical/Non-Affiliated	42.0	38.0	(4.0)
Paraprofessionals	97.0	78.0	(19.0)
Total Support	231.0	204.5	(26.5)
Total	572.7	531.0	(41.7)

Governmental Funds Budget Summary

The following chart presents the budgeted revenue and expenditures for fiscal year 2009-10.

Fund	Revenue	Expenditure	Change
General Fund	\$ 40,941,574	\$ 41,148,040	\$ (206,466)
Food Service	2,214,615	2,167,520	47,095
Community Service	1,964,627	1,996,985	(32,358)
Debt Service	2,504,724	2,589,650	(84,926)
Total	\$ 47,625,540	\$ 47,902,195	\$ (276,655)

Revenue Budgets for Governmental Funds

Fund	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
General	\$ 41,134,090	\$ 40,984,869	\$ 40,941,574	\$ (43,295)	-0.11%
Food Service	2,212,999	2,285,915	2,214,615	(71,300)	-3.12%
Community Service	2,196,730	1,975,938	1,964,627	(11,311)	-0.57%
Building Construction	473	-	-	-	0.00%
Debt Service	2,647,038	2,282,825	2,504,724	221,899	9.72%
Total	\$ 48,191,330	\$ 47,529,547	\$ 47,625,540	\$ 95,993	0.20%

Expenditure Budgets for Governmental Funds

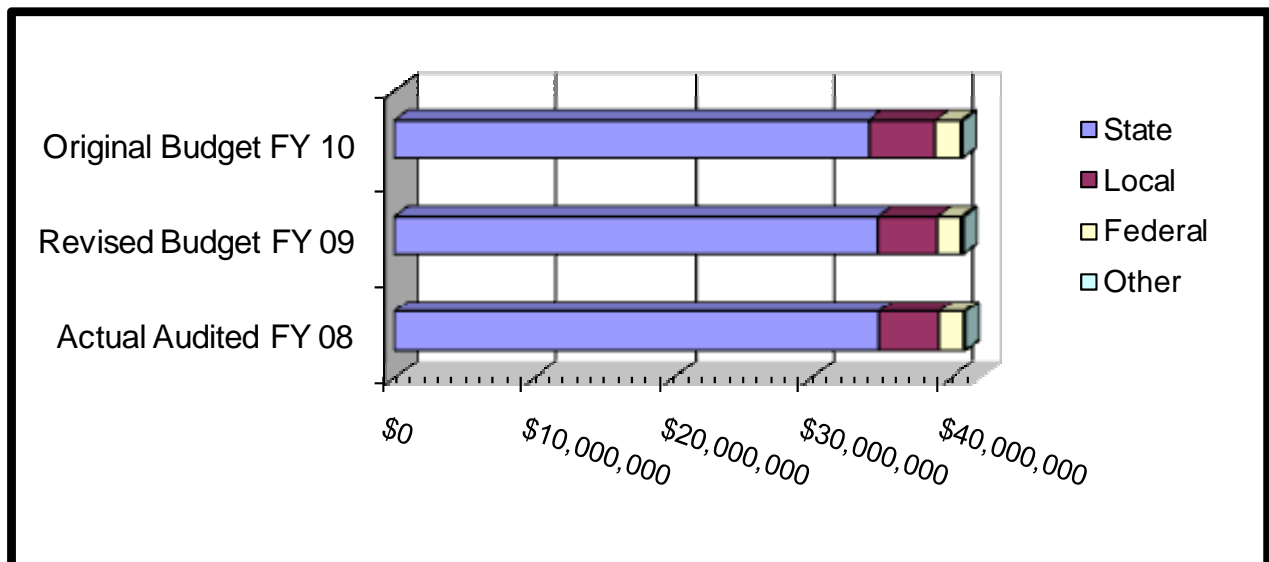
Fund	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
General	\$ 42,897,780	\$ 44,282,884	\$ 41,148,040	\$(3,134,844)	-7.08%
Food Service	2,208,624	2,242,660	2,167,520	(75,140)	-3.35%
Community Service	2,280,929	2,030,130	1,996,985	(33,145)	-1.63%
Building Construction	413,346	-	-	-	0.00%
Debt Service	2,583,830	2,522,150	2,589,650	67,500	2.68%
Total	\$ 50,384,509	\$ 51,077,824	\$ 47,902,195	\$(3,175,629)	-6.22%

General Discussion of Proposed Budgets

General Fund Revenues

General Fund Revenues come from state, local, federal and other sources as depicted in the chart and graph below.

Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 34,914,994	\$ 34,849,210	\$ 34,097,070	\$ (752,140)	-2.16%
Local	4,218,340	4,160,465	4,756,722	596,257	14.33%
Federal	1,878,874	1,810,783	1,957,068	146,285	8.08%
Other	121,882	164,412	130,714	(33,698)	-20.50%
Total	\$ 41,134,090	\$ 40,984,869	\$ 40,941,574	\$ (43,295)	-0.11%



Revenue from state sources decreased from the FY 09 budget due to declining enrollment, legislative elimination of the \$51 per student one-time state aid and the \$55 per student one-time school technology aid, offset in part by legislatively no longer requiring endowment funding to be subtracted from general education aid and an increase to referendum aid as a result of the District's passage of an additional operating levy in November of 2008. In addition, FY 10 has a reduction in the special education aid estimate as a result of reducing special education staff and lower anticipated revenue from tuition billing. Local sources increased due to the passage of an additional operating levy in November of 2008 and an increase to many District fees. Federal revenue increased due to an increase of federal entitlements and money allocated to the District under the American Recovery and Reinvestment Act of 2009 (ARRA) or federal stimulus package. Other sources decreased as the amount of money remaining to spend from the Microsoft Settlement is depleted.

Revenues received from property taxes make up a portion of the total revenue of the District. The following charts show the taxes levied and collections and the tax burden on the taxpayers.

Property Tax Levies and Collections**All Governmental Funds***FY 2010 With Comparative Information For Fiscal Years 2005 - 2009*

Levy Payable Year Fiscal Year	2004	2005	2006	2007	Estimated	
	2004-05	2005-06	2006-07	2007-08	2008 2008-09	2009 2009-10
Local Spread Tax Levy	\$4,280,311	\$4,406,976	\$5,167,807	\$5,649,261	\$5,601,898	\$6,606,474
Fiscal Disparities	962	958	958	958	953	952
Gross Tax Levy	\$4,281,273	\$4,407,934	\$5,168,765	\$5,650,219	\$5,602,851	\$6,607,426
Market Value Credit	(341,277)	(348,210)	(348,211)	(357,015)	(357,447)	(326,326)
Net Tax Levy	\$3,939,996	\$4,059,724	\$4,820,554	\$5,293,204	\$5,245,404	\$6,281,100
Amount Collected						
During Collection Year	3,916,909	4,035,183	4,797,789	5,262,650	5,199,412	6,281,100
Amount Delinquent at end of Collection Year	\$ 23,087	\$ 24,541	\$ 22,765	\$ 30,554	\$ 45,991	\$ -
Percent of Net Tax Collected	99.41%	99.40%	99.53%	99.42%	99.12%	100.00%

Analysis of Budget Effect on Taxpayers**All Governmental Funds***FY 2010 With Comparative Information For Fiscal Years 2005 - 2009*

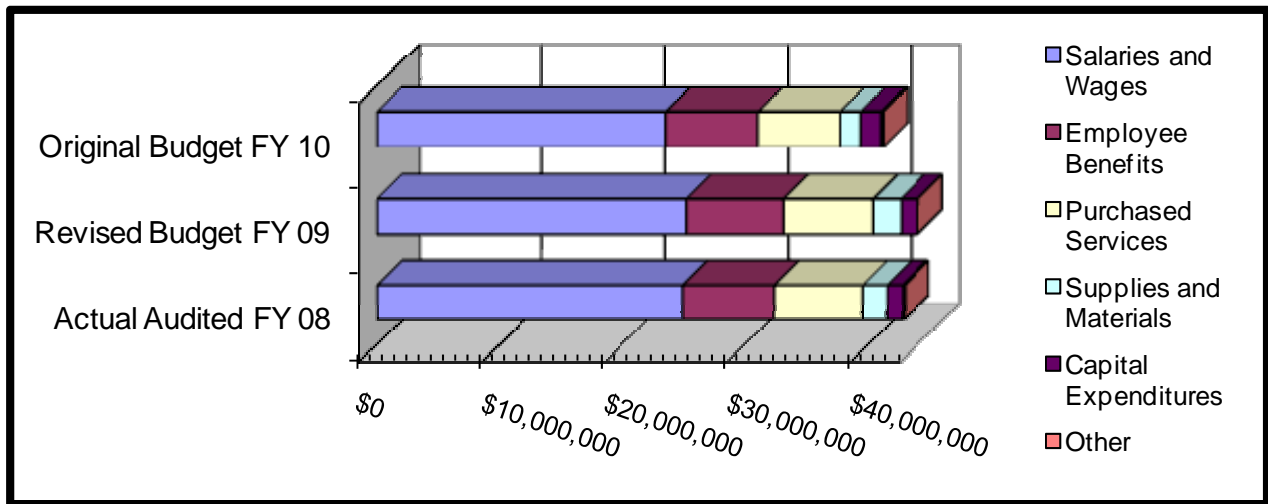
Levy Payable Year Fiscal Year	2004 2004-05	2005 2005-06	2006 2006-07	2007 2007-08	2008 2008-09	2009 2009-10
Market Value of Home	\$ 95,000	\$100,000	\$105,000	\$110,000	\$115,000	\$120,000
School Rate Against RMV (1)	0.001144	0.001026	0.001317	0.001302	0.001250	0.001679
School Rate Against NTC (1)	0.257095	0.236942	0.233430	0.226930	0.202290	0.205450
Property Tax Due	\$ 353	\$ 340	\$ 383	\$ 393	\$ 376	\$ 448
Property Tax Increase (Decrease) from Prior Year	\$ (12)	\$ (13)	\$ 44	\$ 9	\$ (16)	\$ 72

Note 1: A school district's levy burden can be separated into two parts: the part that is distributed among property owners in proportion to referendum market value (RMV) and the part that is distributed in proportion to net tax capacity (NTC).

General Fund Expenditures

General Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$ 24,849,961	\$ 25,149,766	\$ 23,485,228	\$ (1,664,538)	-6.62%
Employee Benefits	7,458,981	7,918,089	7,511,332	(406,757)	-5.14%
Purchased Services	7,235,768	7,319,754	6,743,746	(576,008)	-7.87%
Supplies and Materials	1,954,472	2,257,612	1,611,474	(646,138)	-28.62%
Capital Expenditures	1,245,459	1,452,603	1,626,719	174,116	11.99%
Other	153,140	185,060	169,541	(15,519)	-8.39%
Total	\$ 42,897,780	\$ 44,282,884	\$ 41,148,040	\$ (3,134,844)	-7.08%



Salaries and wages and employee benefits together decreased from the FY 09 budget due to staffing budget reductions. Savings were also realized from retiree's salaries and benefits being larger than the replacement teacher's salary and benefits. Purchased services decreased as a result of a variety of budget reductions, such as, reducing various publishing/printing costs and employee travel/conferences. Supplies and materials decreased due to supply budget reductions and curriculum purchase reductions. Capital expenditures increased as the District is constructing an addition on Roosevelt Elementary and will be using some capital fund balance to cover the construction costs. Other expenditures decreased slightly due to discontinuing memberships in certain organizations as a budget saving measure.

The General Fund budget includes a number of initiatives that are designed to further the School Board's goals. For example, All-Day, Every Day Kindergarten is a solid investment which improves student learning. The District is also committed to continue offering a wide variety of curricular, co-curricular and extra-curricular opportunities for students despite operating in a statewide climate of budget reductions.

Other initiatives in the General Fund budget include continued efforts toward maintaining the prestigious North Central Association (NCA) designation at Willmar Senior High School and

continued use of the Northwest Evaluation Association (NWEA) academic testing program. The District has made great progress toward becoming a more data-driven organization. The goal is to demonstrate the progress of our students with measurable results. The District continually looks for ways to address the achievement gap that is evident, especially in children from low-income families.

The General Fund budget includes the cost to construct an addition on Roosevelt Elementary School. The addition creates facility space allowing the District to close two of the current four elementary schools and become a two elementary school district. The District will realize savings in utility, maintenance and ultimately transportation costs by consolidating the elementary schools.

The District continues to pursue initiatives to provide improved efficiencies that will impact the budget. The District is especially focused on ways to increase purchasing power and broaden revenue collection options.

Five-Year General Fund Financial Planning Projection

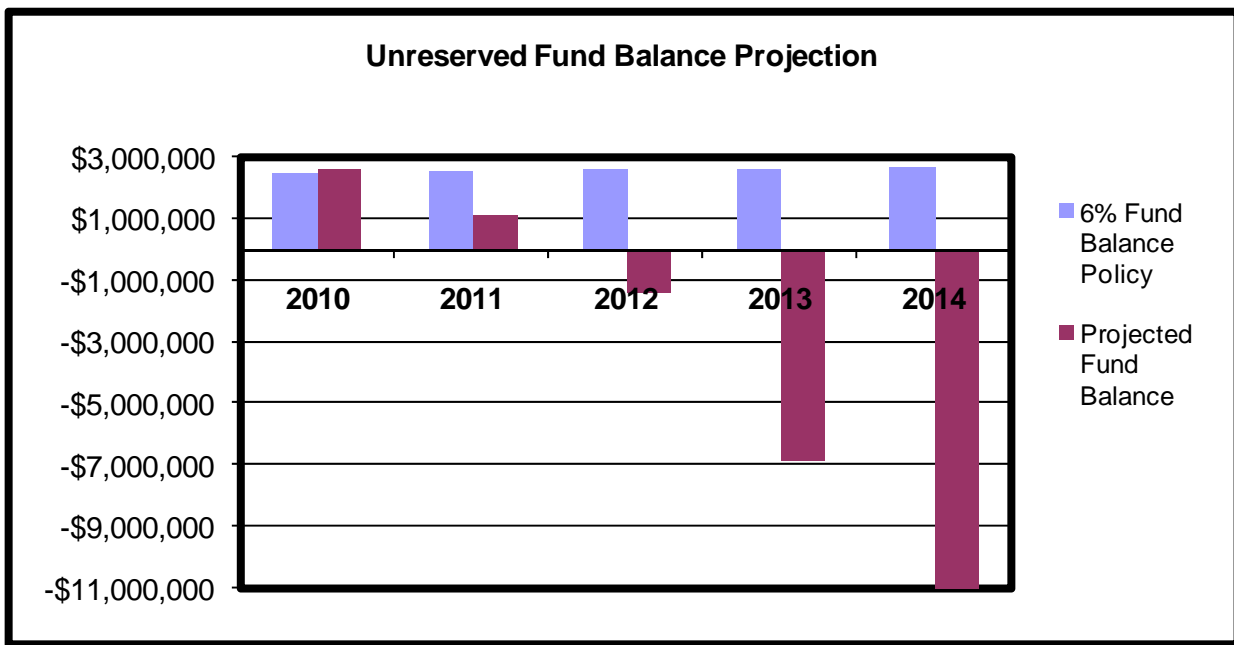
The District uses a Financial Planning Model created by Schoolfinances.com. This model provides the District with a five-year projection of the District's financial position which allows the District to make decisions and plan for the future.

The model takes into consideration a number of assumptions. The fund balance goal of the District is a minimum of 6% of expenditures. Student enrollment is projected as follows: 3,998 students in FY 10; 3,984 students in FY 11; 3,949 students in FY 12; 3,992 students in FY 13; and 4,021 students in FY 14. General education formula revenue from the state remains flat in each year. The model assumes modest salary and benefit increases for the projected years. Non-payroll expenditures are expected to increase based on 2% or current trends. Teacher staffing ratio fluctuates with enrollment. It is assumed the \$498.49 per student operating referendum will end after FY 2012.

Projected Revenues and Expenditures Fiscal Years 2010 - 2014

	Original Budget 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Total Revenues	\$40,941,574	\$ 40,780,038	\$ 40,477,912	\$ 38,513,169	\$ 38,775,154
Total Expenditures	41,148,040	42,252,094	43,030,592	43,963,354	44,902,799
Excess (deficiency) of revenues over expenditures	<u>\$ (206,466)</u>	<u>\$ (1,472,056)</u>	<u>\$ (2,552,680)</u>	<u>\$ (5,450,185)</u>	<u>\$ (6,127,645)</u>
Fund Balance July 1*	2,817,472	2,611,006	1,138,950	(1,413,729)	(6,863,914)
Fund Balance June 30*	\$ 2,611,006	\$ 1,138,950	\$ (1,413,729)	\$ (6,863,914)	\$ (12,991,559)

* Undesignated plus reserves

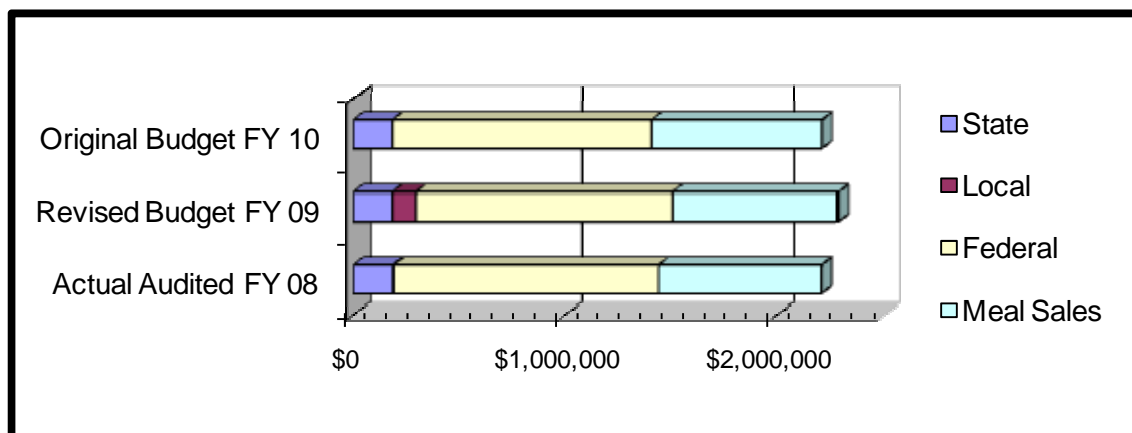


The District will be using the above chart and graph to make decisions that will impact the fund balance so as to maintain the 6% fund balance policy. As a result, the District will need to create a plan to increase revenue and decrease expenditures to eliminate deficit spending.

Food Service Fund Revenues

Food Service Fund Revenues come from state, local and federal sources as well as meal sales as depicted in the chart and graph below.

Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 189,131	\$ 187,841	\$ 187,841	\$ -	0.00%
Local	7,369	104,449	1,201	(103,248)	-98.85%
Federal	1,242,815	1,214,752	1,216,932	2,180	0.18%
Meal Sales	773,685	778,874	808,642	29,768	3.82%
Total	\$ 2,212,999	\$ 2,285,915	\$ 2,214,615	\$ (71,300)	-3.12%

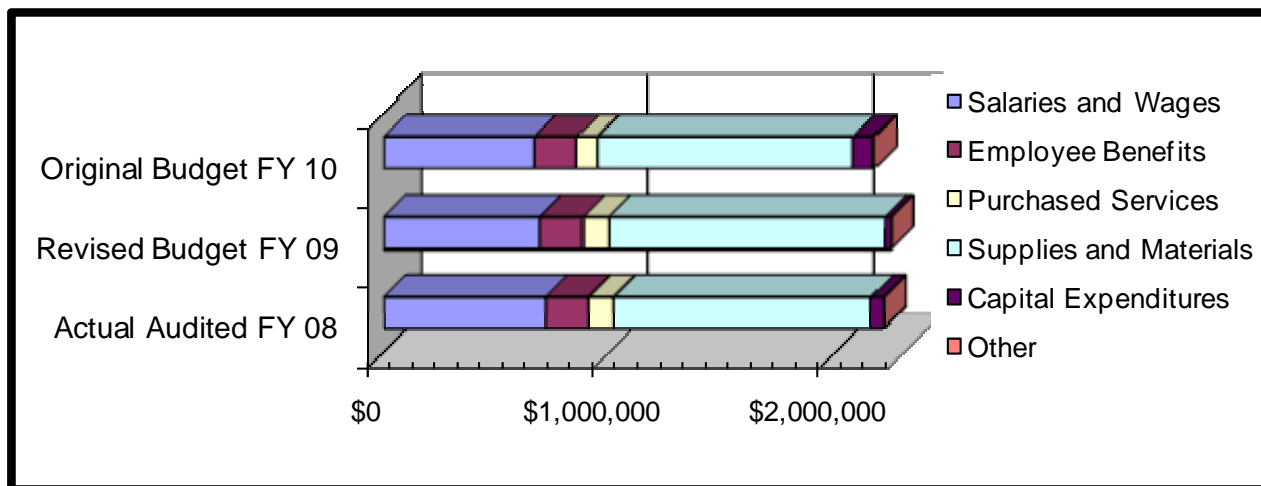


Food Service Fund received a Fruits and Veggies grant during FY 09. It is uncertain whether that grant will be renewed for FY 10 thus causing a large decrease in local revenues.

Food Service Fund Expenditures

Food Service Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$ 717,843	\$ 690,476	\$ 666,986	\$(23,490)	-3.40%
Employee Benefits	185,492	191,156	188,290	(2,867)	-1.50%
Purchased Services	113,472	115,338	88,760	(26,578)	-23.04%
Supplies and Materials	1,137,824	1,216,598	1,131,984	(84,614)	-6.95%
Capital Expenditures	52,608	27,292	89,700	62,408	228.67%
Other	1,386	1,800	1,800	-	0.00%
Total	\$ 2,208,624	\$ 2,242,660	\$ 2,167,520	\$(75,140)	-3.35%



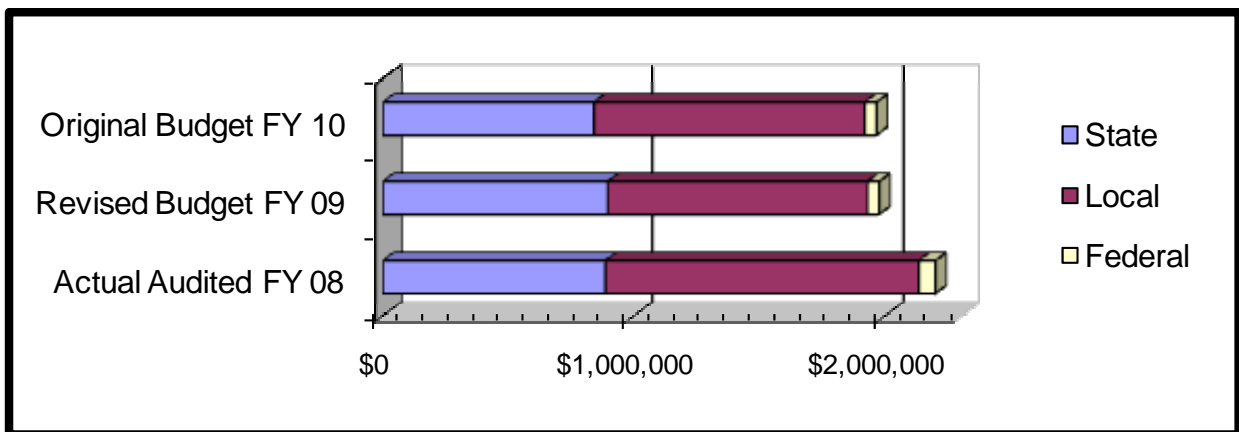
Salaries and wages and employee benefits together decreased from the FY 09 budget primarily due to budget reductions as a result of the District's restructuring of sites. Purchased Services are down due to a decrease of expected equipment repair costs as older pieces of equipment are replaced. Supplies and materials are higher in the FY 09 budget due to the Fruit and Veggies grant expenditures. It is uncertain if the Fruits and Veggies grant will be renewed for FY 10. Capital expenditures are higher in FY 10 because older pieces of equipment are due to be replaced.

The Food Service Fund budget is supporting a number of initiatives to continuously improve its service and to support the School Board goals. Several of these initiatives include continuing the review and monitoring of a HACCP (Hazardous Analysis Critical Control Point) Food Safety Plan, a required Recipe Manual and a district wide Wellness Policy. The District has clearly been a leader both statewide and nationally in the pace and quality of these policy developments. The District continues to implement the "Farm to School Cafeteria Initiative" and projects through the "Steps to a Healthier Willmar" grant.

Community Service Fund Revenues

Community Service Fund Revenues come from state, local and federal sources as depicted in the chart and graph below.

Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 883,652	\$ 892,565	\$ 835,832	\$ (56,733)	-6.36%
Local	1,245,944	1,035,481	1,080,903	45,422	4.39%
Federal	67,134	47,892	47,892	-	0.00%
TOTAL	\$2,196,730	\$1,975,938	\$1,964,627	\$ (11,311)	-0.57%

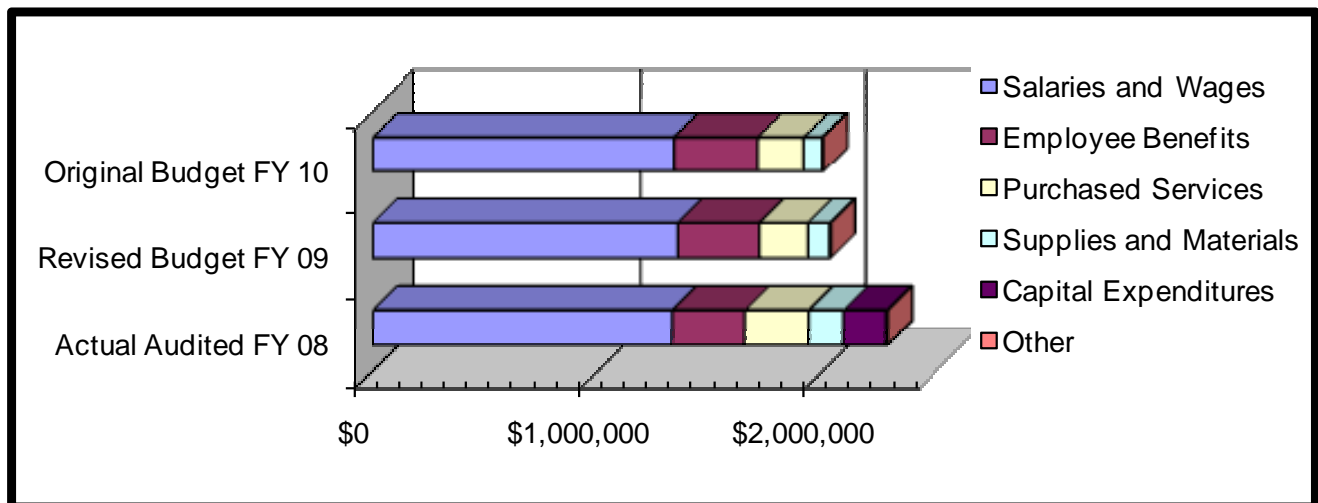


Revenue from state sources decreased mainly due to a reduction in Early Childhood Family Education (ECFE) state funding. Local sources increased due to an increase in ECFE levy funding and an increase in revenue for Supplemental Services provided to districts who are not making Adequate Yearly Progress (AYP) in relation to the federal No Child Left Behind (NCLB) laws.

Community Service Fund Expenditures

Community Service Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$1,334,436	\$ 1,359,197	\$ 1,342,089	\$ (17,108)	-1.26%
Employee Benefits	319,760	357,706	368,035	10,329	2.89%
Purchased Services	280,156	215,461	202,466	(12,995)	-6.03%
Supplies and Materials	153,598	93,343	80,065	(13,278)	-14.22%
Capital Expenditures	186,822	2,130	2,000	(130)	-6.10%
Other	6,157	2,293	2,330	37	1.61%
Total	\$2,280,929	\$ 2,030,130	\$ 1,996,985	\$ (33,145)	-1.63%



Salaries and wages and employee benefits together decreased from the FY 09 budget primarily due to staff reductions. Purchased services and supplies and materials declined due to an effort to reduce expenditures in an attempt to move toward balancing the budget.

Community Education & Recreation continues to enhance its investment in early childhood programs in an effort to meet the needs of the youngest children. The continued emphasis on early childhood programming is central to the District's mission.

Debt Service Fund

There are no plans for issuing additional long-term debt at this point. The District projects that total long-term debt will decrease from \$13,765,000 to \$11,930,000 during the year. This includes the 2005 Refunding Bonds related to the construction of the Senior High and the 2007 Capital Facilities bonds for deferred maintenance.

Student Performance Measurements

The goal of the federal No Child Left Behind (NCLB) legislation is that by 2014 all students in every public school will be proficient and successfully perform grade level work. Individual schools and districts must demonstrate Adequate Yearly Progress (AYP) toward reaching the goal. The AYP target scores are determined annually for demographic groups of students within a school and district.

The Minnesota Comprehensive Assessments (MCA) satisfies the NCLB legislation as a test that can be used to determine AYP. Students in Minnesota earn an overall score on the MCA that places them in one of four levels. Students who meet or exceed the standards are considered proficient and capable of performing grade level work. Students who do not meet the standards are considered not proficient and not capable of performing grade level work. The goal of NCLB is to have all students proficient and performing grade level work.

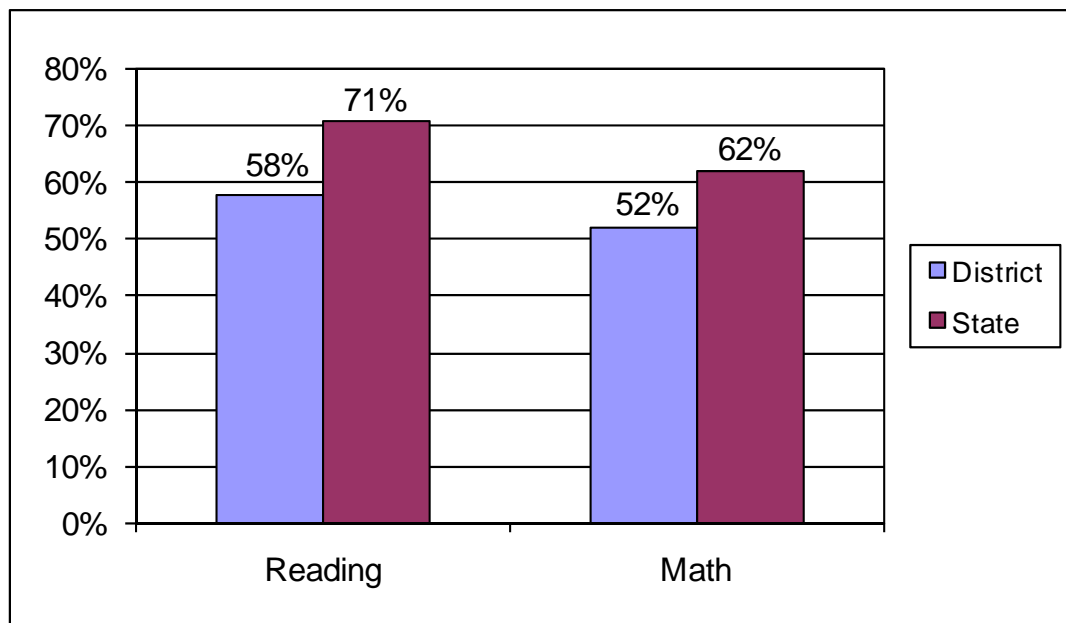
In fiscal year 2008, the District successfully met AYP goals in twenty-seven of the thirty-eight categories. It did not meet the AYP proficiency rate goal for all students, Hispanic, African American, English Language Learners, Special Education and students eligible for Free and Reduced Lunch in mathematics. It did not meet the AYP proficiency rate goal for Hispanic, African American, English Language Learners, Special Education and students eligible for Free

and Reduced Lunch in reading. Below is a chart depicting the AYP status in each category for the District.

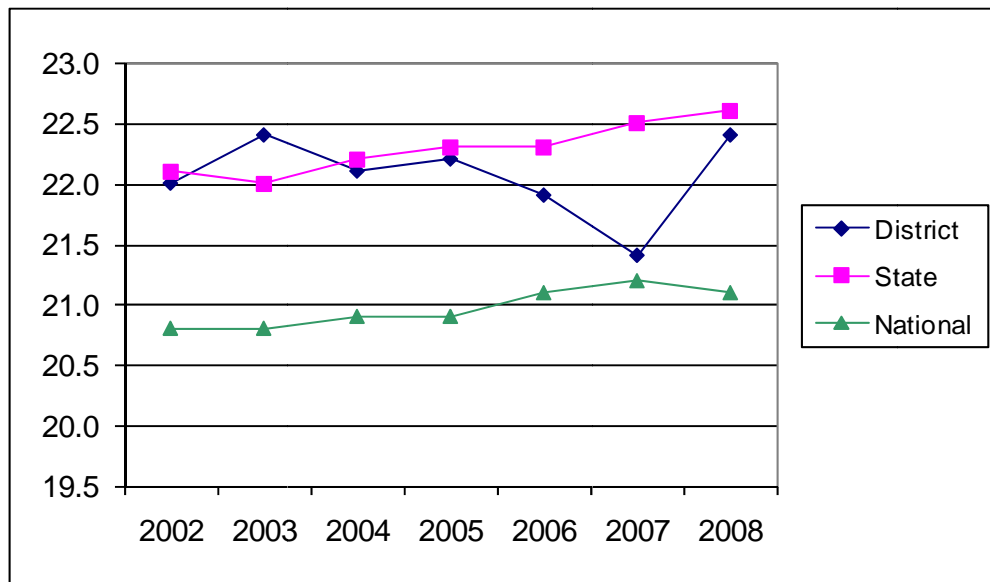
Districtwide 2008 AYP Status

	All students	American Indian	Asian American	Hispanic	African American	Caucasian	LEP	Spec Ed	F/R price lunch
Math participation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Reading participation	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Math proficiency	No	Yes	Yes	No	No	Yes	No	No	No
Reading proficiency	Yes	Yes	Yes	No	No	Yes	No	No	No
Attendance	Yes								
Graduation	Yes								

The graph below compares the percentage of students in the District who are proficient to the percentage of students in Minnesota who are proficient.



The District also tracks performance measures for college bound students who took the ACT. The District had an average composite score of 22.4 for 2008 which is above the national average of 21.1 and slightly below the state average of 22.6. The graph below shows the history of the average ACT composite score for the District, state and nation since 2002.



The District was actively involved in both the 2008 and 2009 Legislative Sessions. The 2009 session was a significant funding session for Pre K-12 education. The State Legislatures decreased funding for Pre K-12 education but replaced the funding with money it received from the federal government as a result of the American Recovery and Reinvestment Act of 2009 or the federal stimulus package.

Acknowledgements

The Willmar Public Schools wants each child to imagine great possibilities and then work hard in school towards reaching those possibilities. Sound fiscal practices and financial stability of the District are essential underpinnings for carrying out the primary mission of educating every child who comes through the doors. Special thanks to the commitment of the School Board, Principals, Directors, staff, students and members of the community for their support of the district.

Please contact us with any questions about this budget or about the District in general.

Sincerely,

Dr. Jerry Kjergaard
Superintendent

Pam Harrington
Director of Business and Finance

Association of School Business Officials International



This Meritorious Budget Award is presented to

Wilmar Public Schools ISD 347

for excellence in the preparation and issuance
of its school system budget
for the Fiscal Year 2008-2009.

The budget is judged to conform
to the principles and standards of the
ASBO International Meritorious Budget Awards Program.

Angel Peteman
President

John D. Russo
Executive Director

ORGANIZATIONAL SECTION

Reporting Entity

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, established in 1881, serves the communities of Blomkest, Kandiyohi, Pennock, Willmar, and all or part of ten townships. 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 18,597 in Willmar. All school buildings are located in Willmar. The District currently operates 12 owned or leased buildings. The District is consolidating its facilities in FY 10. There will be two buildings housing elementary, one middle school, one senior high, one alternative learning center, one school at the detention center and one school at the adolescent hospital. The District hopes to sell one or both of the vacant buildings that resulted due to consolidating the elementary school buildings from four to two buildings.

The District provides a full range of public education services to over 4,000 students in grade levels ranging from pre-kindergarten through grade 12. These 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 service program includes Early Childhood and Family Education programs, Adult Basic Education programs and a wide variety of classes for lifelong learning experiences for children and adults.

Funds

The existence of the various District funds has been established by the 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. The various funds are as follows:

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, pupil transportation and capital related maintenance activities.

The **Food Service Fund** is used to account for Food Service revenues and expenditures.

The **Community Service Fund** is used to account for services provided to residents in the areas of recreation, adult/early childhood programs and other similar activities.

The **Building Construction Fund** is used to account for financial resources used for the construction of major capital projects.

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.

The ***Internal Service Fund*** accounts for the District's dental self-insurance plan. The self-insurance costs are charged to the various funds based on established premium rates.

The ***Private Purpose Trust Fund*** is used to account for gifts and bequests that are used for scholarships.

System of Classifying Revenues and Expenditures

Revenues for the District are classified by source within a fund. Revenues are grouped into major source divisions. The divisions, with examples of some major revenue sources for the General Fund, are:

- Local Property Tax Levies – Referendum.
- Other Local and County Revenues – Tuition Billing, Student Fees, Admissions.
- Revenues from State Sources – General Education Aid, Special Education Aid.
- Revenues from Federal Sources – Various “Title” programs and federal grants.
- Other Revenues – miscellaneous.

Expenditures are classified by fund, organization (building), program, a descriptive course code, financial category or reserve, and object code (purpose). The primary presentation for the General Fund is by object code and by program. Expenditures for other funds are presented by object code. The District does not present organization code, course code or finance code budgets in this document.

Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus and basis of accounting.

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

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.

Recording of Expenditures – Expenditures are generally recorded when a liability is incurred.

Financial and Budgetary Control

Minnesota school finance law requires that the budget fiscal year begins on July 1 and ends on June 30. The School Board, by law, must have a budget adopted for the upcoming fiscal year prior to July 1. 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. Budgeting is a challenging process since much of the funding is determined by the state legislature which often doesn't adjourn until the middle of May or later.

The District's budget sets forth the financial plan for the upcoming year. It is based on the projected financial needs of the District to allocate limited resources in the best possible way to

give the most advantageous educational opportunities to students. The budget process begins with the development of the budget plan and timeline for completion and adoption. The plan is disseminated to board members, administration, Finance Advisory Committee and applicable staff and the preparation of the budget is implemented. The administration reviews enrollment projections and fiscal projections using the Financial Planning Model (FPM) and determines staffing levels needed for the upcoming budget year. The administration recommends staffing changes to the Board for approval starting in March and ending in June.

The budget process continues involving staff at all levels as they inform administration of their needs and anticipated expenditures. Each building principal is allocated an amount for supplies, materials and equipment based on student enrollment at that building. The building principal adjusts the buildings budget and submits it to the district office for inclusion in the budget.

The business office prepares the salary and benefits budgets based on future staffing, budget reduction decisions, contract settlements and estimates. The business office assembles the budget, budget documents and enters the budget into the financial system.

The budget is presented to the Finance Advisory Committee and then to the School Board for adoption.

The budget is implemented and administered after adoption. Administrators are responsible for approving purchase requisitions and purchase orders. Administrators are also responsible for monitoring the budget accounts they oversee.

Budget revisions take place once or twice through the year as budget adjustments are needed due to more accurate finance information becoming available.

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 November 30, subsequent to the year ended 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 not 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.

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

Finance Advisory Committee Bylaws Policy #201: This policy contains guidance to the Finance Advisory Committee and contains the statement of philosophy and purpose and direction about membership, officers, committee meetings, bylaws and amendments.

Finance Advisory Committee Constitution Policy #202: This policy consists of the constitution to be followed by the Finance Advisory Committee.

Expense Reimbursement Policy #427: This policy provides guidance and direction to employees related to expense reimbursements.

Fund Balance Policy #703: Requires the District to maintain a minimum General Fund unreserved fund balance of 6% of the annual operating budget. When the unreserved fund balance is equal to or less than 6% of the expenditure budget, the administration shall alert the School Board and propose alternative measures such as, seeking additional funds through a referendum and/or reducing expenditures by curtailing program services.

Fund Raising Policy #703: This policy directs individuals regarding fund raising procedures to be followed.

Budgeting Policy #709 and 709.1: Requires the District to comply with the budget process as explained above.

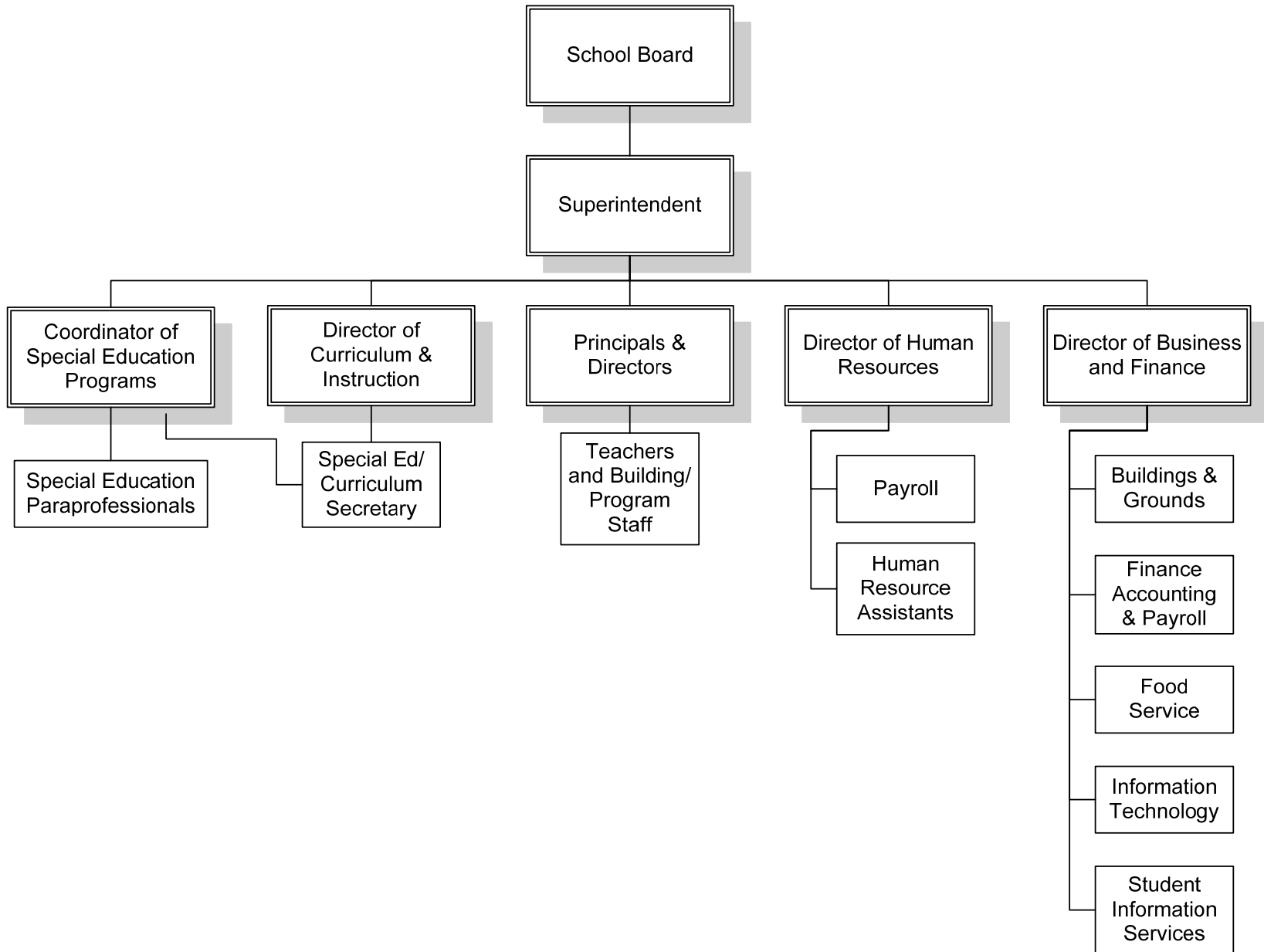
Accounting Policy #710: Requires the District to abide by UFARS.

Annual Audit Policy #711: Requires an annual audit of the book and records of the District.

Development and Maintenance of an Inventory of Fixed Assets and a Fixed Asset Accounting System Policy #712: Requires the District to maintain an inventory of fixed assets and account for them appropriately.

Investments Policy #713: Requires the District to follow the law regarding investments appropriate for school districts.

Organizational Chart



Mission Statement

“Preparing All Students for a Successful Tomorrow!”

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

Vision Statement

Every student understanding that education adds value to life.

Long Term Goals

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’s major district-wide goals 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.

In FY 2009, the Administrative Team worked together with the School Board and staff throughout the year to update the activities and initiatives that support the Board’s Districtwide goals.

Objectives that Support the Board’s Long Term Goals (summary)

Goal #1 – Provide a World Class Education

Alternative Programs. Provide curricula that meets the needs of students relevant to age and grade.

Middle School. Pursue technology integration. Use Smart Boards to enhance student learning.

Kennedy. Analyze test data to form plans to enhance student learning.

Sr. High. Sustain Project Lead the Way and Mandarin Chinese language offerings. Sustain Advanced Placement offerings.

CE & R. Create cutting edge educational and recreational activities for the Willmar community.

HR. Improve hiring processes, employee training, and background checks.

Roosevelt. Research and design building technology applications that enhance student learning including the use of Smart Boards for curriculum delivery.

Goal #2 – Improve The Lives Of Students

Alternative Programs. Improve attendance rates at Area Learning Center.

Districtwide. After school programs provide enrichment as well as homework support.

Food Service. Continue student, staff and parent surveys. Review and update HACCP Food Safety Plan. Offer students taste testing of Farm to School food items.

Middle School. Expose all students to culturally diverse events to foster cultural appreciation.

Kennedy. Instruct all students in character education. Expand enrichment opportunities before and after school.

Special Education. Increase opportunities to apply academic & functional skills to authentic life situations.

Sr. High. Enhance special education learning opportunities. Provide after school tutoring.

CE & R. Increase number of children screened prior to kindergarten.

Roosevelt. Make Child Guide services available to students in need.

Goal # 3 – Ensure Achievement For All Students

Alternative Programs. Improve literal reading comprehension skills.

Curriculum & Instruction. Provide staff development that is focused on eliminating the achievement gap.

Middle School. Improve reading comprehension skills.

Kennedy. Utilize balanced literacy approach in reading. Focus on math test data to drive interventions.

Special Education. Utilize evidence-based curricular materials.

Sr. High. Improve note-taking skills across the curriculum. Improve test-taking skills. Increase adequate yearly progress of students falling below grade level.

CE & R. Improve Early Childhood preschool student preparation for kindergarten. Increase knowledge and skills of parents. Provide educational opportunities to meet adult learner needs.

Business Office. Make individual student test data available to staff through the student information system to allow teachers to adjust their teaching style and content to the needs of the students.

Roosevelt. Increase reading comprehension skills across the curriculum.

Goal #4 – Continue Responsible Fiscal Stewardship

Alternative Programs. Ensure spending is within site allotments.

Curriculum & Instruction. Evaluate purchases according to need and to impact on the education of students.

Food Service. Provide high quality, low cost food at reasonable prices.

Middle School. Emphasis on facility maintenance with the installation of energy efficient boilers.

Kennedy. Promote energy efficiency. Strive for additional grants and fund raising \$.

Roosevelt. Maintain fiscal management of site-based funds.

Special Education. Seek additional reimbursement of health-related special ed. Costs billable to M.A.

Sr. High. Contain expenditures at or below budget allocation.

CE & R. Reduce energy use in various programs. Monitor expenses and revenue to maximize resources.

HR. Maximize technology, improve communication and update employee job descriptions.

Business Office. Monitor the budget and provide guidance to those making spending decisions. Maintain fund balance goals. Protect information and data in the event of a disaster.

Goal #5 – Enhance School and Community Relationships

Alternative Programs. Seek community input from Interagency Planning Team to provide input about new programs and projects.

Middle School. Improve communications among parent's staff and students.

Kennedy. Provide opportunities to enhance community involvement and communication.

Roosevelt. Utilize classbook, Parent Portal and computer-based report cards to inform parents about academic progress.

Special Education. Improve staff communication skills in IEP meetings. Increase community awareness of special education programs.

Sr. High. Continue to improve the Sr. High website to increase access and information.

CE & R. Continue collaborations with local, regional and state organizations.

Business Office. Provide high quality, low cost services to parents and students. Implement PaySchools for accepting credit card payments from parents. Work with community to explore alternative energy sources and their educational benefits.











Budget Development Process

The budget process is comprised of five phases – planning, preparation, adoption, implementation, and evaluation. The process has two main goals: 1) to provide students with the best possible educational opportunities and; 2) maximize the use of available resources. The Board attempts to balance the educational needs of students and the resources available to the District from local, state and federal sources. The outcome, a budget that details the revenues and expenditures to support education, is a delicate balance of policy choices.

Planning and preparation for this budget began in January 2009 with the administrative team meeting to formulate budget reduction recommendations to present to the School Board for approval. The capital budget process was different this year as the District made the decision to use the capital funding and reserve to build an addition on to Roosevelt Elementary School to enable consolidation of the elementary schools from four buildings to two buildings. Due to this decision as approved by the School Board, the District will postpone any other capital projects for one year. Therefore, it was not necessary for the Board's Buildings and Grounds Committee to approve a capital spending plan. The original budget development schedule was developed in April as shown on the next page. An enrollment projection was also developed in April and finalized in May which provided key data for the revenue projection. The Finance Advisory Committee comprised of staff, board members and community members met in early June to review and provide input regarding the budget. The FY 2010 Original Budget is scheduled to be adopted by the School Board on June 22, 2009. The District normally completes one or two budget revisions during the fiscal year in January and April.

There were no significant changes to the site non-payroll budget allocation process. The School Board approved approximately \$1.4 million in reductions of non-salary and benefit expenditures in order to minimize the amount of staff reductions and to move toward a balanced budget. The School Board approved staff reductions of approximately \$1.3 million in an effort to reduce deficit spending and offset the impact of declining enrollment. The Board has not instituted any major changes in the delivery of educational programs and services that have materially affected the financial or operating policies of the District.

FY 10 Capital Budget Development Schedule

ID	Task Name	Start	Finish	Resource Names	Q1 09			Q2 09	
								Apr	Jun
1	Develop preliminary plans, bid specs, etc. for major FY 10 projects	1/5/2009	4/22/2009	Pam, Rich					
2	Develop Capital Budget Plan	1/5/2009	1/9/2009	Pam, Rich, Jerry					
3	Administration develop a capital building plan to accommodate budget reduction proposal to Board	1/5/2009	1/26/2009	Admin Team with input from staff and community					
4	Administration presents capital building proposal to Board at work session as part of overall budget reduction plan	1/26/2009	1/26/2009	Admin Team					
5	Analyze Board comments about capital building plan and revise plan	1/27/2009	2/20/2009	Admin Team					
6	Administration presents revised capital building proposal to Board at work session as part of overall revised budget reduction plan	2/23/2009	2/23/2009	Admin Team					
7	Begin technical work on Roosevelt Elementary addition plans	2/24/2009	3/13/2009	Jerry, Architects					
8	Receive final approval from Board to move forward with Roosevelt Elementary addition	3/16/2009	3/16/2009	Jerry, Architects					
9	Incorporate approved capital building plan budget in overall District budget documents for FAC, Admin and Board	3/17/2009	6/12/2009	Pam					
10	Present final Budget proposal to Board for approval	6/22/2009	6/22/2009	Pam					

FY 10 Original Budget Development Schedule

ID	Task Name	Start	Finish	Resource Names	Q1 09			Q2 09		
										Jun
1	Develop Budget Plan - coordinating with Capital Budget Plan	1/5/2009	1/9/2009	Pam, Jerry						
2	Budget reduction planning and approval process with Admin Team and School Board	1/5/2009	3/16/2009	Admin Team, Board						
3	Develop Enrollment projection	4/20/2009	5/5/2009	Pam, Jerry						
4	Develop base budget assumptions	5/5/2009	5/6/2009	Pam, Jerry, Admin						
5	Develop Revenue Budget	4/24/2009	6/4/2009	Pam						
6	Develop district wide expenditures, Federal program, gifts & grants, misc. budgets	4/24/2009	6/12/2009	Pam, Shannon, Admin						
7	Develop Site allocations	5/6/2009	5/7/2009	Pam						
8	Review Plan with Administrative Team	5/5/2009	5/13/2009	Pam, Jerry						
9	Revise Payroll Budget	4/23/2009	6/12/2009	Pam, Norma						
10	Distribute Site Budget Worksheets	5/7/2009	5/7/2009	Pam						
11	Administrators complete updated budget worksheets	5/7/2009	5/18/2009	Administrators						
12	Distribute Fund 02 & 04 budget worksheets	5/6/2009	5/6/2009	Pam						
13	Fund 02 & 04 budget worksheets completed	5/6/2009	6/5/2009	Steve, Annette						
14	Preliminary budget review	6/15/2009	6/17/2009	Pam, Shannon						
15	Present Preliminary Budget to FAC	6/17/2009	6/17/2009	Pam, Shannon						
16	Review final proposed budget document	6/18/2009	6/18/2009	Pam, Shannon						
17	Present final Budget proposal to Board for approval	6/22/2009	6/22/2009	Pam, Jerry						
18	Update Smart Finance with new budget	6/23/2009	6/23/2009	Shannon						
19	Update Finance Website with new budget and finance news update	6/23/2009	6/23/2009	Pam						

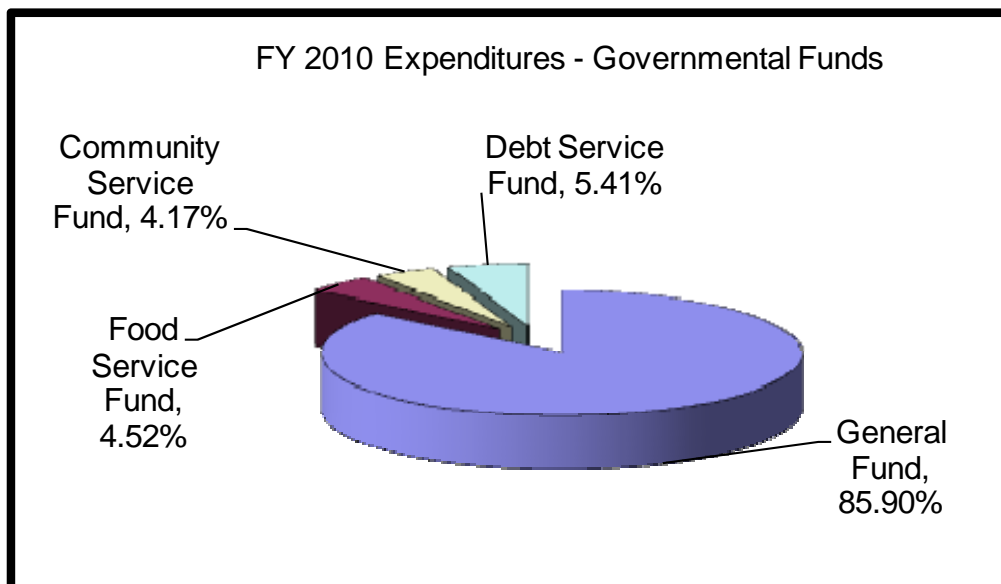
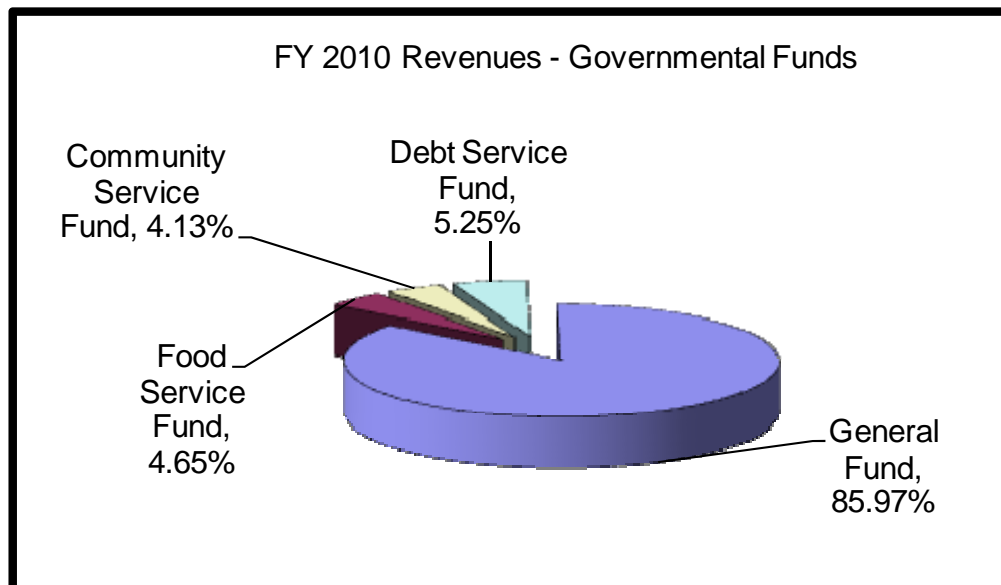
FINANCIAL SECTION

FY 2010 Budget Summary

FUND DESCRIPTION	BUDGETED BALANCE 6/30/09	BUDGETED REVENUES 2009-2010	BUDGETED EXPENDITURES 2009-2010	TRANSFERS 2009-2010	BUDGETED FUND BALANCE 6/30/10
General Fund					
Unreserved/Undesignated	\$ 2,330,105	\$ 33,939,056	\$ (34,770,704)	\$ 1,096,860	\$ 2,595,317
Reserved For:					
Staff Development (.75%)	-	188,132	(192,132)	4,000	-
Health & Safety	(45,002)	240,691	(180,000)		15,689
Deferred Maintenance	-	276,552	(276,552)		-
Severance	192,803	-	-	(192,803)	-
Operating Capital	339,565	885,320	(1,224,885)		-
Learning & Development	-	910,429	(304,273)	(606,156)	-
Area Learning Center	-	906,945	(1,036,190)	129,244	-
Gifted & Talented	-	55,310	(55,310)		-
Basic Skills	-	3,315,674	(2,490,376)	(825,297)	-
Career and Tech Programs	-	80,086	(474,239)	394,153	-
Safe Schools	-	143,379	(143,379)		-
Total - General Fund	\$ 2,817,472	\$ 40,941,574	\$ (41,148,040)	\$ -	\$ 2,611,006
Food Service Fund					
Unreserved/Undesignated	\$ 236,553	\$ 2,214,615	\$ (2,167,520)		\$ 283,648
Total - Food Service Fund	\$ 236,553	\$ 2,214,615	\$ (2,167,520)	\$ -	\$ 283,648
Community Education Fund					
Unreserved/Undesignated	\$ 180,565	\$ 58,235	\$ (41,420)	\$ (19,466)	\$ 177,914
Reserved For:					
Community Education	30,111	874,885	(796,436)	(108,560)	-
ECFE	-	237,531	(306,648)	69,116	-
School Readiness	-	223,403	(222,999)		404
Adult Basic Ed	-	570,573	(629,483)	58,910	-
Total - Community Education Fund	\$ 210,676	\$ 1,964,627	\$ (1,996,985)	\$ -	\$ 178,318
Construction Fund					
Unreserved/Undesignated	\$ -	\$ -	\$ -		\$ -
Total - Construction Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Fund					
Unreserved/Undesignated	\$ 726,657	\$ 2,504,724	\$ (2,589,650)		\$ 641,731
Total - Debt Service Fund	\$ 726,657	\$ 2,504,724	\$ (2,589,650)	\$ -	\$ 641,731
Fiduciary (Scholarships) Fund					
Unreserved/Undesignated	\$ 37,008	\$ 371	\$ (750)		\$ 36,630
Total - Fiduciary Fund	\$ 37,008	\$ 371	\$ (750)	\$ -	\$ 36,630
Propriety (Delta Dental) Fund					
Retained Earnings	\$ 101,031	\$ 243,164	\$ (230,520)		\$ 113,675
Total - Propriety Fund	\$ 101,031	\$ 243,164	\$ (230,520)	\$ -	\$ 113,675
TOTALS - ALL FUNDS	\$ 4,129,397	\$ 47,869,075	\$ (48,133,465)	\$ -	\$ 3,865,007

		FY 2010 Governmental Funds			
		General Fund	Food Service Fund	Community Service Fund	Debt Service Fund
Total Revenue	\$ 47,625,540	\$ 40,941,574	\$ 2,214,615	\$ 1,964,627	\$ 2,504,724
Total Expenditures	47,902,195	41,148,040	2,167,520	1,996,985	2,589,650
Excess of Revenues Over (under) Expenditures	(276,655)	(206,466)	47,095	(32,358)	(84,926)
Fund Balance - June 30, 2009*	3,991,358	2,817,472	236,553	210,676	726,657
Fund Balance - June 30, 2010*	\$ 3,714,703	\$ 2,611,006	\$ 283,648	\$ 178,318	\$ 641,731

*Undesignated plus reserves



FY 2010 Governmental Funds Comparison to FY 2009

Revenue Budget Comparison

Fund	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
General	\$ 41,134,090	\$ 40,984,869	\$ 40,941,574	\$ (43,295)	-0.11%
Food Service	2,212,999	2,285,915	2,214,615	(71,300)	-3.12%
Community Service	2,196,730	1,975,938	1,964,627	(11,311)	-0.57%
Building Construction	473	-	-	-	0.00%
Debt Service	2,647,038	2,282,825	2,504,724	221,899	9.72%
Total	\$ 48,191,330	\$ 47,529,547	\$ 47,625,540	\$ 95,993	0.20%

Expenditure Budget Comparison

Fund	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
General	\$ 42,897,780	\$ 44,282,884	\$ 41,148,040	\$(3,134,844)	-7.08%
Food Service	2,208,624	2,242,660	2,167,520	(75,140)	-3.35%
Community Service	2,280,929	2,030,130	1,996,985	(33,145)	-1.63%
Building Construction	413,346	-	-	-	0.00%
Debt Service	2,583,830	2,522,150	2,589,650	67,500	2.68%
Total	\$ 50,384,509	\$ 51,077,824	\$ 47,902,195	\$(3,175,629)	-6.22%

Note: The above includes other financing sources or uses

Fund Descriptions

General Fund – The largest and primary fund. Used to account for K-12 educational activities, student transportation and capital related activities. All financial resources are accounted for here, unless they are specifically required to be accounted for in another fund.

Food Service Fund – used to account for food service revenues and expenditures.

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

Building Construction Fund – used to account for financial resources used for the construction of major capital projects.

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

FY 2010 Budget Summary of Governmental Funds

	Total All Governmental Funds	General Fund	Food Service Fund	Community Service Fund	Debt Service Fund
REVENUES					
Local Property Tax Levies	\$ 6,334,717	\$ 3,738,352	\$ -	\$ 299,409	\$ 2,296,955
Other Local and County Revenues	1,947,828	1,149,084	-	781,493	17,251
Revenues from State Sources	35,311,261	34,097,070	187,841	835,832	190,518
Revenues from Federal Sources	3,221,892	1,957,068	1,216,932	47,892	-
Other	809,843	-	809,843	-	-
Total Revenues	\$ 47,625,540	\$ 40,941,574	\$ 2,214,615	\$ 1,964,627	\$ 2,504,724
EXPENDITURES					
Administration	\$ 1,537,745	\$ 1,537,745	\$ -	\$ -	\$ -
District Support Services	1,010,599	1,010,599	-	-	-
Regular Instruction	19,333,900	19,333,900	-	-	-
Vocational Education Instruction	681,166	681,166	-	-	-
Special Education Instruction	7,636,900	7,636,900	-	-	-
Community Education	1,996,985	-	-	1,996,985	-
Instructional Support Services	2,200,379	2,200,379	-	-	-
Pupil Support Services	5,782,175	3,614,655	2,167,520	-	-
Sites and Buildings	5,002,686	5,002,686	-	-	-
Debt Service Principal	1,900,000	-	-	-	1,900,000
Debt Service Interest/Fiscal Charges	687,450	-	-	-	687,450
Fiscal/Other Fixed Cost Programs	132,210	130,010	-	-	2,200
Total Expenditures	\$ 47,902,195	\$ 41,148,040	\$ 2,167,520	\$ 1,996,985	\$ 2,589,650
Excess (deficiency) of Revenues					
Over (under) Expenditures	(276,655)	(206,466)	47,095	(32,358)	(84,926)
Fund Balance - June 30, 2009*	3,991,357	2,817,472	236,553	210,676	726,657
Fund Balance - June 30, 2010*	\$ 3,714,702	\$ 2,611,006	\$ 283,648	\$ 178,318	\$ 641,731

* Undesignated plus reserves

General Fund
Comparative Information

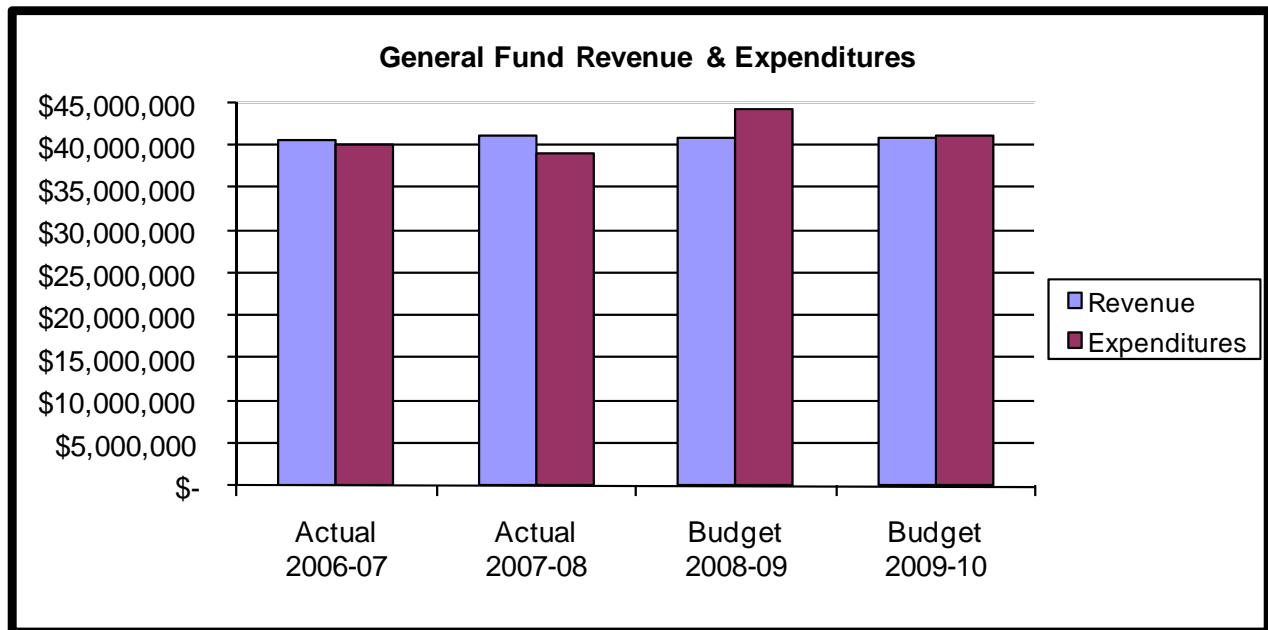
General Fund Budget

Comparative Information for Fiscal Years 2006-07 Through 2009-10

Fund Revenues & Expenditures

With Percent Change from Previous Year

	2006-07 Actual	2007-08 Actual	% Change	Revised 2008-09 Budget	% Change	Original 2009-10 Budget	% Change	Average %
Revenue	\$ 40,703,140	\$ 41,134,090	1.06%	\$ 40,984,869	-0.36%	\$ 40,941,574	-0.11%	0.20%
Expenditures	\$ 40,136,576	\$ 42,897,780	6.88%	\$ 44,282,884	3.23%	\$ 41,148,040	-7.08%	1.01%



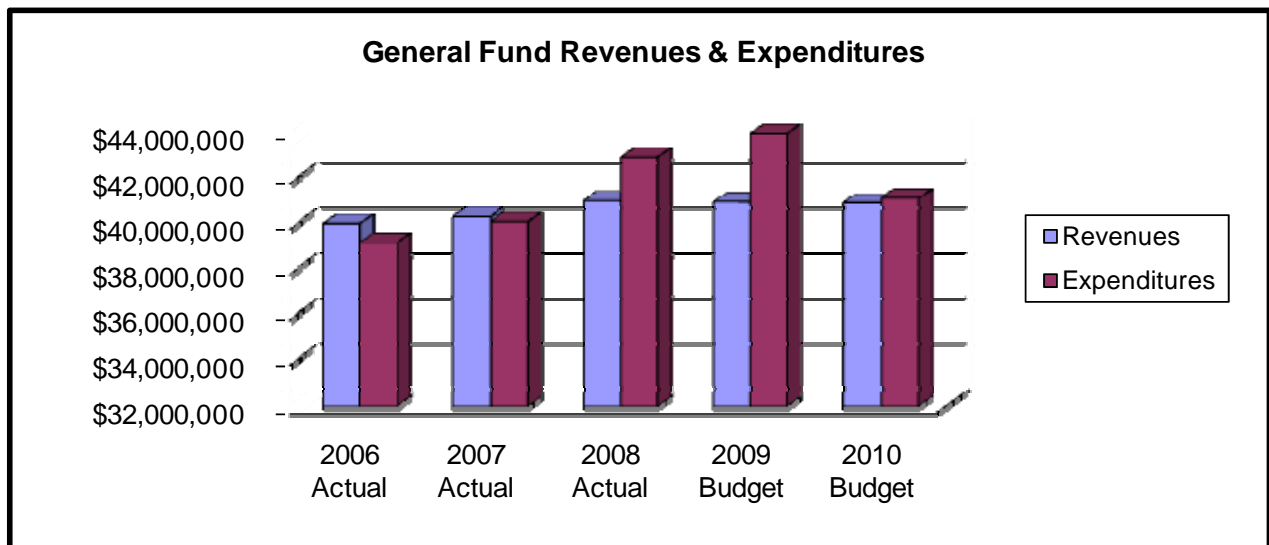
General Fund

Revenues, Expenditures and Fund Balance

FY 2010 With Comparative Information For Fiscal Years 2006 - 2009

	Actual 2006	Actual 2007	% Change	Actual 2008	% Change	Revised Budget 2009	% Change	Original Budget 2010	% Change	Avg % Change
Revenues										
State	\$ 33,264,022	\$ 34,111,061	2.55%	\$ 34,914,995	2.36%	\$ 34,849,210	-0.19%	\$ 34,097,070	-2.16%	0.64%
Property Taxes	1,170,379	2,411,863	106.08%	2,769,568	14.83%	2,990,018	7.96%	4,756,722	59.09%	46.99%
Federal	2,379,043	1,496,352	-37.10%	1,878,874	25.56%	1,810,783	-3.62%	1,957,068	8.08%	-1.77%
Other Local	3,236,530	2,351,032	-27.36%	1,475,518	-37.24%	1,334,858	-9.53%	130,714	-90.21%	-41.08%
Total Revenues	<u>\$ 40,049,974</u>	<u>\$ 40,370,308</u>	0.80%	<u>\$ 41,038,955</u>	1.66%	<u>\$ 40,984,869</u>	-0.13%	<u>\$ 40,941,574</u>	-0.11%	0.55%
Expenditures										
Salaries	\$ 23,357,820	\$ 23,441,364	0.36%	\$ 24,849,961	6.01%	\$ 25,149,766	1.21%	\$ 23,485,228	-6.62%	0.24%
Benefits	6,379,747	6,548,794	2.65%	7,458,981	13.90%	7,918,089	6.16%	7,511,332	-5.14%	4.39%
Purchased Services	7,043,012	7,479,405	6.20%	7,235,768	-3.26%	7,319,754	1.16%	6,743,746	-7.87%	-0.94%
Supplies & Materials	1,388,929	1,358,895	-2.16%	1,954,472	43.83%	2,257,612	15.51%	1,611,474	-28.62%	7.14%
Capital Expenditures	711,018	1,075,893	51.32%	1,245,459	15.76%	1,452,603	16.63%	1,626,719	11.99%	23.92%
Debt Service	103,578	32,096	-69.01%	-	-100.00%	-	0.00%	-	0.00%	-42.25%
Other	226,035	200,129	-11.46%	153,140	-23.48%	185,060	20.84%	169,541	-8.39%	-5.62%
Total Expenditures	<u>\$ 39,210,139</u>	<u>\$ 40,136,576</u>	2.36%	<u>\$ 42,897,780</u>	6.88%	<u>\$ 44,282,884</u>	3.23%	<u>\$ 41,148,040</u>	-7.08%	1.35%
Excess (deficiency) of revenue over expenditures	<u>\$ 839,835</u>	<u>\$ 233,732</u>		<u>\$ (1,858,826)</u>		<u>\$ (3,298,015)</u>		<u>\$ (206,466)</u>		
Other Fin. Sources (uses)	24,574	332,832		95,135		-		-		
Fund Balance* July 1	6,448,205	7,312,614		7,879,178		6,115,487		2,817,472		
Fund Balance* June 30	<u>\$ 7,312,614</u>	<u>\$ 7,879,178</u>		<u>\$ 6,115,487</u>		<u>\$ 2,817,472</u>		<u>\$ 2,611,006</u>		

* Undesignated plus reserves



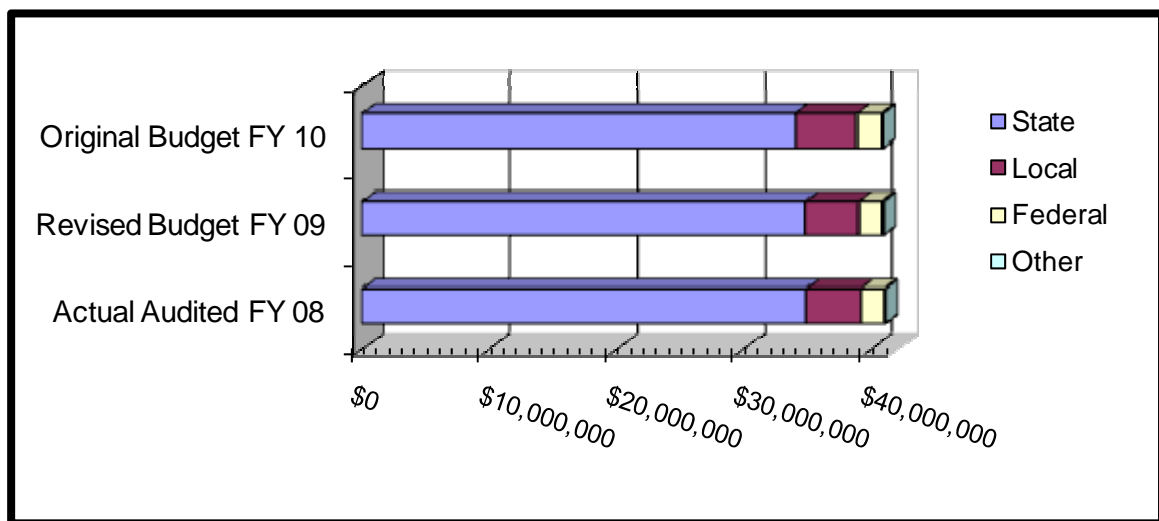
FY 10 Original General Fund Revenue Assumptions

1. E-12 Student enrollment will decline slightly from 4,014 Average Daily Memberships (ADM's) in FY 09 to 3,998 ADM's in FY 10. Kindergarten enrollment is projected at 300 ADM's.
2. State aid is based on State of MN legislation for FY 10 as passed by the 2009 legislature. This includes the loss of one-time additional general education aid of \$51 per pupil unit and one-time technology and operating capital aid of \$55 per pupil unit. The District gained \$134,653 due to the elimination of the endowment subtraction from basic revenue.
3. The statutory staff development requirement to reserve 2% of basic revenue for staff development is waived. The District is opting to reserve 0.75% of basic revenue for staff development needs.
4. Levy revenue is based on the 2008 Pay 2009 Levy Certification approved by the School Board in December of 2008 (for fiscal year 2009-2010) and published by the MN Department of Education.
5. Special Education aid is based on reasonably conservative estimates along with past history.
6. Non-levy local revenues are based on estimates and the best information available at the time of the budget including revenue enhancements as determined during the budget reduction process.
7. Microsoft settlement revenues match expenditures in the same fiscal year.
8. Federal program revenues are based on preliminary FY 10 allocations.
9. Grant revenue and associated expenditures are based on estimates and the best information available at the time of the budget.

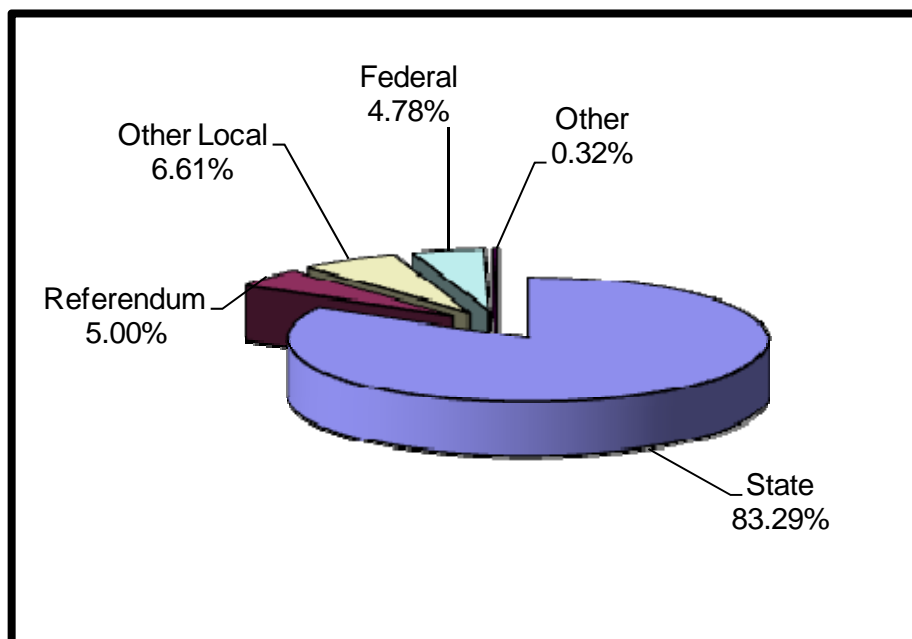
General Fund Revenues

General Fund Revenues come from state, local, federal and other sources as depicted in the chart and graph below.

Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 34,914,994	\$ 34,849,210	\$ 34,097,070	\$ (752,140)	-2.16%
Local	4,218,340	4,160,465	4,756,722	596,257	14.33%
Federal	1,878,874	1,810,783	1,957,068	146,285	8.08%
Other	121,882	164,412	130,714	(33,698)	-20.50%
Total	\$ 41,134,090	\$ 40,984,869	\$ 40,941,574	\$ (43,295)	-0.11%



FY 2010 General Fund Revenue Sources



A Summary of Revenue Variances from the FY 09 Revised Budget

Local Revenue increased due to the passage of an additional operating levy in November of 2008 and an increase to many District fees.

State Revenue decreased from the FY 09 budget due to declining enrollment, legislative elimination of the \$51 per student one-time state aid and \$55 per student one-time school technology aid offset in part by legislatively no longer requiring endowment funding to be subtracted from general education aid and an increase to referendum aid as a result of the District's passage of an additional operating levy in November of 2008. In addition, FY 10 has a reduction in the special education aid estimate as a result of reducing special education staff and lower anticipated revenue from tuition billing.

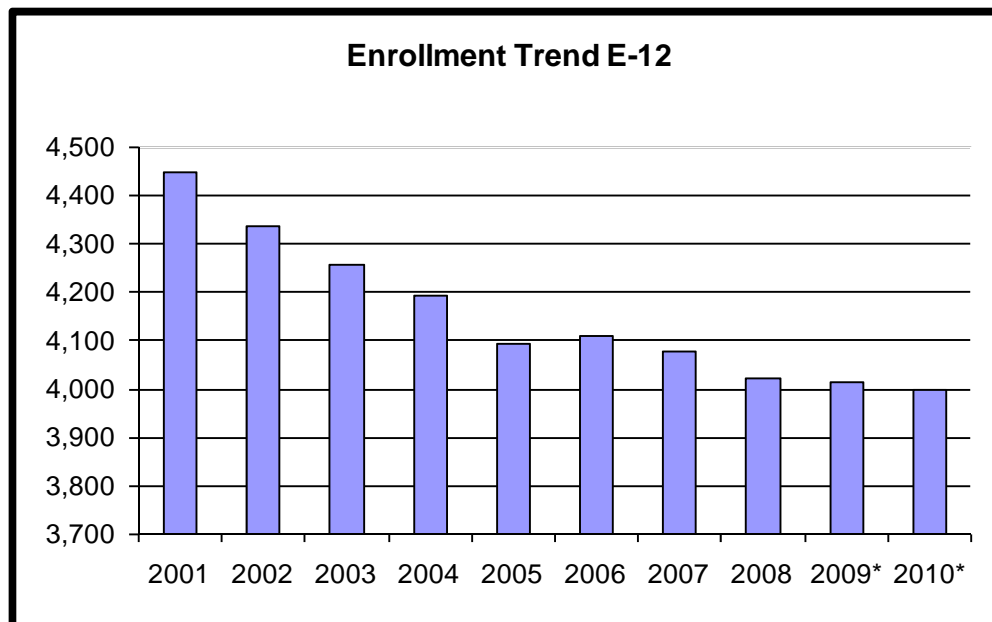
Federal Revenue increased due to an increase of federal entitlements and money allocated to the District under the American Recovery and Reinvestment Act of 2009 (ARRA) or federal stimulus package.

Other Revenues decreased as the amount of money remaining to spend from the Microsoft Settlement is depleted.

Enrollment

Student enrollment is extremely important as it not only drives staffing decisions but is also the key component of the general education revenue funding formula which is the major funding source of the District.

Enrollment for FY 2010 is projected to be 3,998 Average Daily Membership's (ADM's), a decrease of 16 ADM's, or .39% from the FY 2009 projected ADM's. Enrollment is beginning to level out as incoming Kindergarten classes and exiting grade 12 classes are becoming similar in size. The District constantly monitors enrollment for changes caused by mobility, local economic development or decline and other external factors. The District's enrollment history is presented in the following graph.



* Projected

Fiscal Year	Student ADM's
2001	4,449
2002	4,335
2003	4,259
2004	4,195
2005	4,093
2006	4,111
2007	4,077
2008	4,023
2009*	4,014
2010*	3,998

* Projected Enrollment

The projected E-12 enrollment for the FY 2010 Original Budget is 3,998 ADM's.

ADM's (Average Daily membership) calculates actual "membership time" in Willmar Public Schools, rather than simple enrollment counts at a given point in time. This also includes the net impact of "open enrollment" agreements with other MN districts.

This projection is based on the information summarized in the charts on the prior page. The ENPRO model projects 3,998 ADM's (this model now provides 18 different types of projections; this is roughly the average of the five chosen to compare). Also factored into this projection are the student seat count trend, a separate ENPRO projection based on October 1 seat count, analysis of non-public school enrollments and Sr. class/K class size issues. Finally, the mobility index along with local economic development and housing trends was considered.

The ENPRO model uses the following enrollment projection techniques:

- ⇒ Cohort Survival method: based on the ratio between the number of students at one grade level vs. the number in the previous grade level the prior year.
- ⇒ Weighted Cohort Survival method: same as the above, but assigns a greater value to the cohort survival ratios for the most recent years.
- ⇒ Numeric Survival method: based on the difference (numerical) of the enrollment change from year to year as opposed to a ratio.
- ⇒ Weighted Numeric Survival method: same as above, but assigns a greater value to the numeric ratios for the most recent years.
- ⇒ Merged/average of the above: Merging and averaging various versions of the above ratios.

Although the population of both the City of Willmar and Kandiyohi County grew during the 1990's, the District's student enrollment declined. In general, the District's long-term enrollment decline is a function of demographic trends affecting the majority of Minnesota school districts. These trends include a decline in the number of households with children, lower overall populations of children, and increased mobility. In addition, the District also faces typical enrollment challenges

from open enrollment options, drop outs and competition from local private schools and home schooling options.

Looking into the near future, demographic trends point to a more level enrollment trend. This conclusion is based on a detailed demographic study completed in the spring of 2006 along with recent trends and analysis. Given the economic downturn across the country, it is uncertain how Kandiyohi County will be impacted. It is too early to tell how this economic crisis will affect enrollment.

Because of the above-mentioned demographic trends and factoring in uncertain economic conditions occurring in the Willmar area and across the country, the District projects that enrollment will begin to level out, based on the information available to us. However, the leveling out will include slight increases or decreases to enrollment each year.

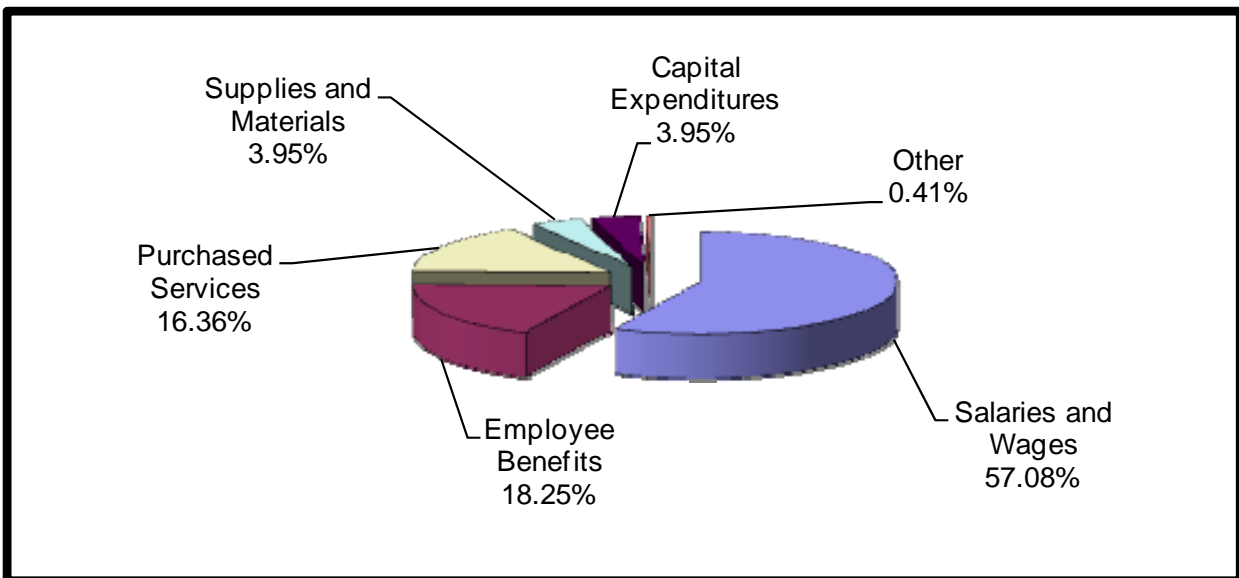
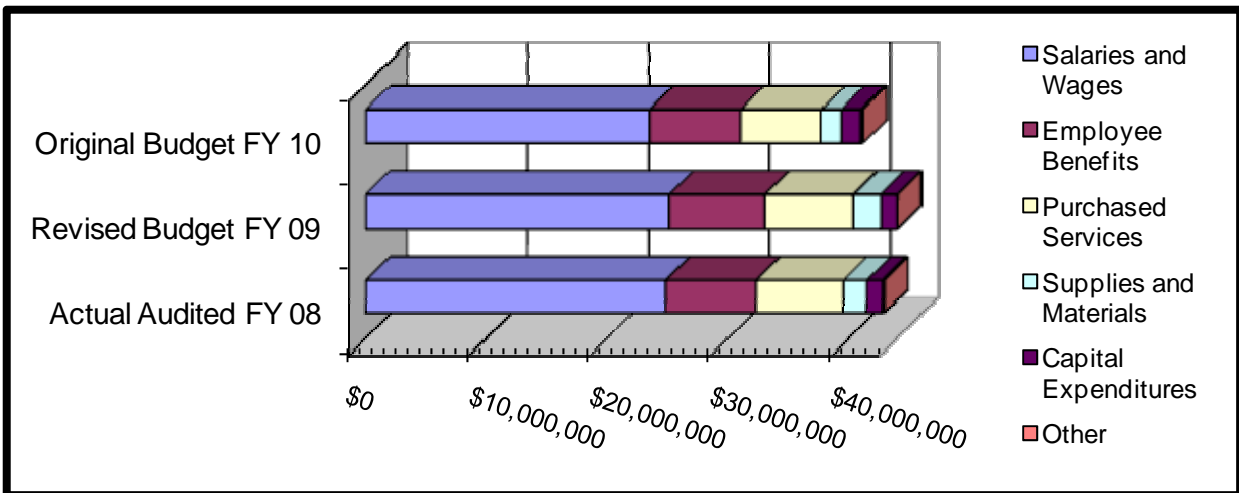
FY 10 Original Budget General Fund Expenditure Assumptions

1. Salary and benefits contracts have not been settled for FY 10. As such, salary and benefits are being budgeted based on the FY 09 contracts.
2. Staffing reductions made at the spring Board meetings related to FY 10 are reflected in the budget.
3. Transportation budget is based on the contract for FY 10.
4. Non-payroll budgets are generally being held flat except for the budget reductions approved at the spring Board meetings. A few expenditures such as utilities are being budgeted based on economical factors or known trends.
5. The statutory staff development requirement to reserve 2% of basic revenue for staff development is waived. The District is opting to reserve 0.75% of basic revenue for staff development needs. Expenditures also reflect spending that would leave a zero fund balance for staff development.
6. Capital projects are postponed for one year while the district adds classrooms to Roosevelt Elementary.
7. Federal program expenditures are based on preliminary FY 10 allocations.
8. Grant expenditures and associated revenues are based on estimates and the best information available at the time of the budget.

General Fund Expenditures

General Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$ 24,849,961	\$ 25,149,766	\$ 23,485,228	\$ (1,664,538)	-6.62%
Employee Benefits	7,458,981	7,918,089	7,511,332	(406,757)	-5.14%
Purchased Services	7,235,768	7,319,754	6,743,746	(576,008)	-7.87%
Supplies and Materials	1,954,472	2,257,612	1,611,474	(646,138)	-28.62%
Capital Expenditures	1,245,459	1,452,603	1,626,719	174,116	11.99%
Other	153,140	185,060	169,541	(15,519)	-8.39%
Total	\$ 42,897,780	\$ 44,282,884	\$ 41,148,040	\$ (3,134,844)	-7.08%



A Summary of Expenditure Variances from the FY 2009 Revised Budget

Salaries & Benefits decreased from the FY 09 budget due to staffing budget reductions. Savings were also realized from retiree's salaries and benefits being larger than the replacement teacher's salary and benefits.

Purchased Services decreased as a result of a variety of budget reductions, such as, reducing various publishing/printing costs and employee travel/conferences.

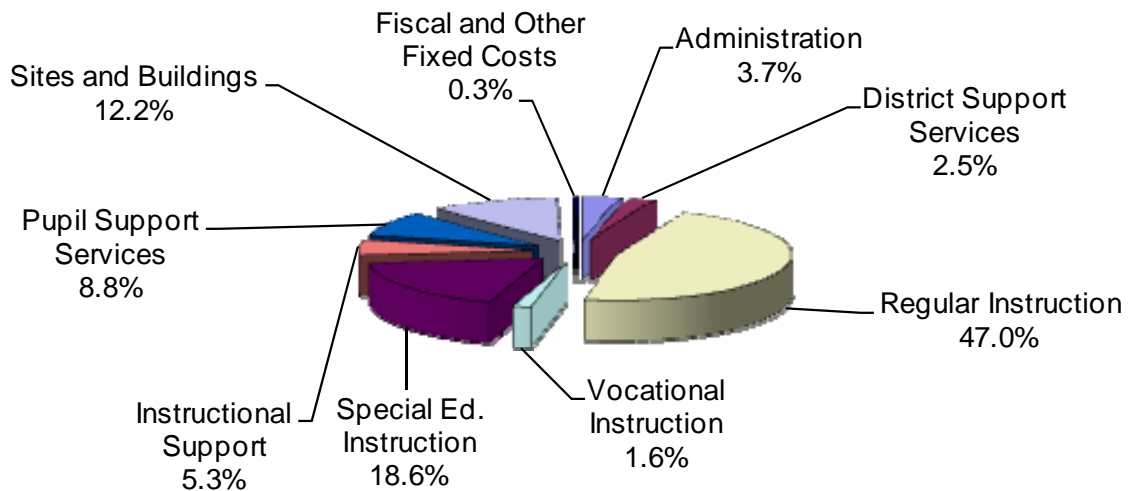
Supplies and Materials decreased due to supply budget reductions and curriculum purchase reductions.

Capital Expenditures increased as the district is constructing an addition on Roosevelt Elementary and will be using some capital fund balance to cover the construction costs.

Other Expenditures decreased slightly due to discontinuing memberships in certain organizations as a budget saving measure.

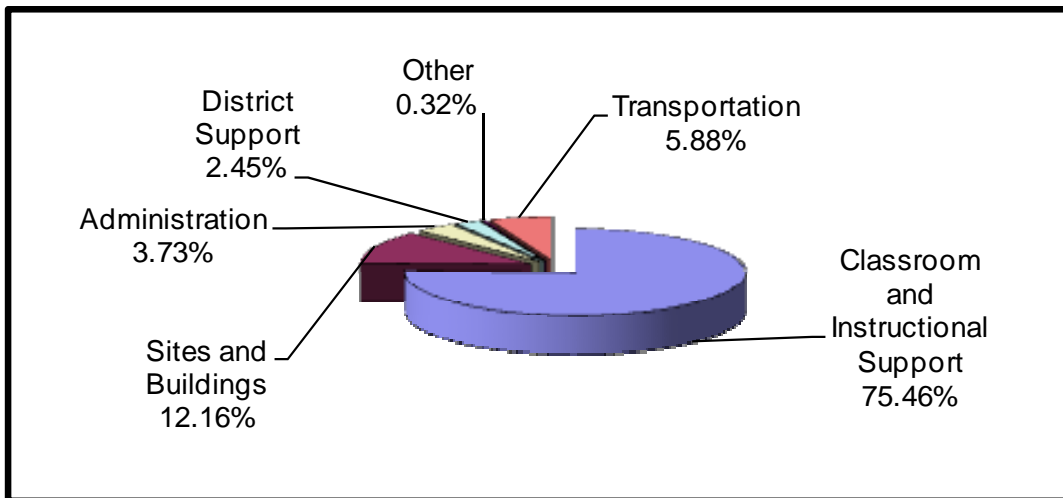
Expenditures by Program Groups

Expenditure Program Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Administration	\$ 1,547,563	\$ 1,809,398	\$ 1,537,745	\$ (271,653)	-15.01%
District Support Services	889,241	1,082,651	1,010,599	(72,052)	-6.66%
Regular Instruction	20,709,355	20,903,896	19,333,900	(1,569,996)	-7.51%
Vocational Instruction	753,192	895,797	681,166	(214,631)	-23.96%
Special Ed. Instruction	8,133,297	8,408,577	7,636,900	(771,676)	-9.18%
Instructional Support	2,449,710	2,500,476	2,200,379	(300,097)	-12.00%
Pupil Support Services	3,401,056	3,596,781	3,614,655	17,874	0.50%
Sites and Buildings	4,855,889	4,955,298	5,002,686	47,387	0.96%
Fiscal and Other Fixed Cos	158,478	130,010	130,010	-	0.00%
Total	\$42,897,780	\$44,282,884	\$41,148,040	\$ (3,134,844)	-7.08%



Instruction Takes Top Priority

Functions	Detailed Functions	Budget
Classroom Instruction and Pupil Support \$31,048,746 or 75.46%	Regular and Vocational Programs Special Education Instructional and Pupil Support	\$ 20,015,066 \$ 7,636,900 \$ 3,396,780
<u>Transportation</u> \$2,418,254 5.88%	Pupil Transportation	\$ 2,418,254
<u>Sites and Buildings</u> \$5,002,686 12.16%	Operations, Maintenance and Capital Health & Safety	\$ 4,822,686 \$ 180,000
<u>Administration</u> \$1,537,745 3.73%	School Board Office of the Superintendent Building and District Leadership	\$ 69,095 \$ 280,910 \$ 1,187,740
<u>District Support</u> \$1,010,599 2.45%	Business Office Human Resources Other	\$ 545,364 \$ 330,081 \$ 135,154
<u>Other</u> \$130,010 0.32%	Interest Expense Property Casualty Insurance Misc.	\$ - \$ 130,010 \$ -
TOTAL		<u>\$ 41,148,040</u>



Explanation of General Fund Program Classifications of Expenditures (per State Uniform Financial Accounting and Reporting Standards - UFARS guidelines)

Administration – This function includes all costs for instruction or instructional-related administration and school site administration. This includes the School Board, Superintendent, Principals and Director of Curriculum & Instruction. Included are the costs of their immediate offices, including those staff in direct support of the administrator.

District Support Services – This function consists of activities related to general administrative support not included in the “Administrative” category. This category includes the Business Office, Human Resources, Legal, School Elections, etc.

Regular Instruction – This function includes all activities dealing directly with the teaching of pupils. It does not include special education, vocational education or community education. This function also includes aides or assistants (such as paraprofessionals) who assist in the educational process.

Vocational Instruction – This function encompasses courses and activities that develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability. Examples include Agriculture and Business courses.

Special Education Instruction – This function includes those activities providing learning experiences for students that, because of certain atypical characteristics or conditions have been identified as requiring educational programs differentiated from those provided students in regular or vocational instruction.

Instructional Support Services – This function encompasses activities that assist the instructional staff with the content and process of providing student learning experiences. Activities include curriculum development, media centers and staff development. This includes Assistant Principals and Deans.

Pupil Support Services – This function includes all services provided to pupils, which do not qualify to be classified as instructional services. These programs include: guidance counseling, health services, psychological, social work and transportation.

Sites, Buildings and Equipment – This function encompasses activities related to the operation, maintenance, repair, remodeling and leasing of all facilities and grounds.

Fiscal and Other Fixed Cost Programs – This function includes all other activities not recorded elsewhere and includes property/casualty insurance and interest expense on cash flow borrowing.

Capital

The District is responsible for due diligence in maintaining fixed assets that are community assets. The Capital Budget is necessary to maintain 865,804 square feet in 9 owned building sites. The Capital Budget funds repair/maintenance projects and purchases of equipment as allowed by state statute. The District receives state aid and levies taxes to be used for these purposes. The cumulative excess of such revenue over capital expenditures is reported as a reserve of operating capital fund balance in the General Fund.

The Operating Capital Revenue for FY 2010 is \$885,320. State aid comprises 61% of this revenue, with the local levy providing the remaining 39%. Revenue in this category includes the \$37,700 lease levy.

The Operating Capital revenue used for funding these projects is designated specifically for that use. The District is not allowed to use those dollars for classroom specific expenditures such as wages, benefits or supplies.

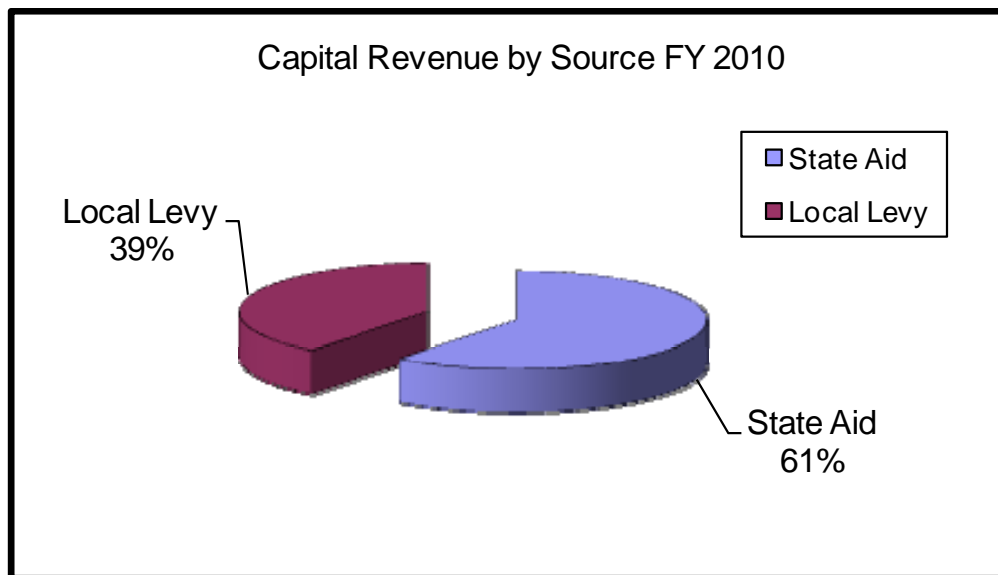
The Operating Capital Budget development process includes: 1) multiple requests for projects from Principals and Head Custodians, along with analysis of the District's comprehensive facility study, 2) multiple reviews by site of projects under consideration, 3) analysis by the Director of Business and Finance, Rich Olson and Bob Engstrom to develop a tentative recommendation, and finally 4) a detailed review of this tentative recommendation by Jerry Kjergaard and the Board Buildings and Grounds Committee which includes Board members Dion Warne and Mike

Carlson, along with Jerry Kjergaard, the Director of Business and Finance and Rich Olson. The Buildings and Grounds Committee did not meet to discuss capital plans for FY 10. The School Board approved building an addition to Roosevelt Elementary at its regular board meeting in March of 2009. The cost of the addition will completely use all of the capital funds; therefore, any other capital projects were postponed for one year. The following charts provide further information on the Capital Budget.

Operating Capital Budget
Comparative Information for Fiscal Years 2004-2005 Through 2009-2010
 Expenditure History

Actual 2004-05	Actual 2005-06	Actual 2006-07	Actual 2007-08	Budget 2008-09	Budget 2009-10
\$628,077	\$886,373	\$867,007	\$1,171,223	\$906,828	\$1,224,885

The increased budgeted expenditures for FY 06 compared to FY 05 were primarily due to the decrease in the Facility and Equipment Bond payment of \$214,383, which increased available Capital Revenue. The increase in FY 08 is due to payments for the Senior High roof and wall repair coming out of the capital fund instead of the general fund. The large amount of budget for FY 10 relates to revenue and fund balance being used to cover the costs of the Roosevelt Elementary addition.



Capital Budget FY 2010, Major Project Descriptions

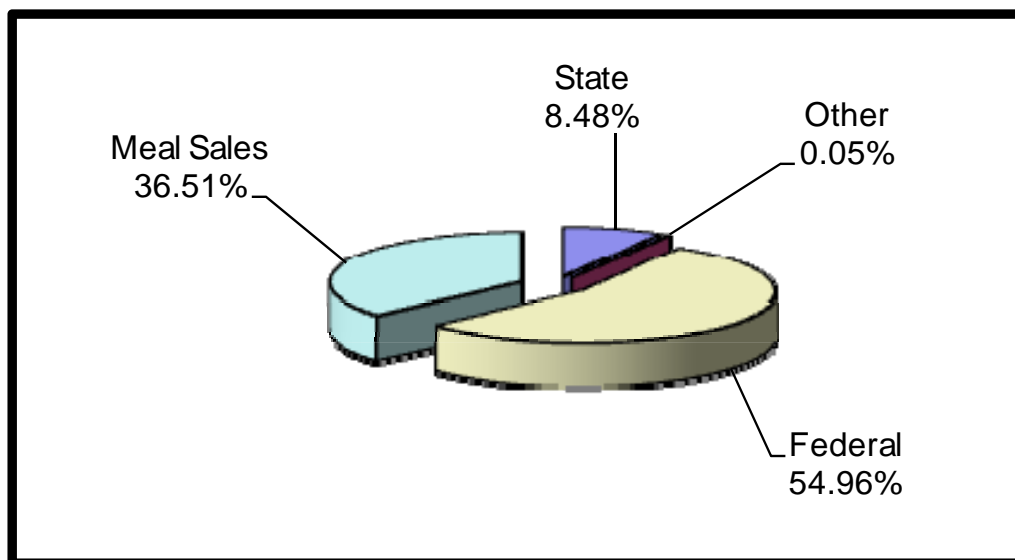
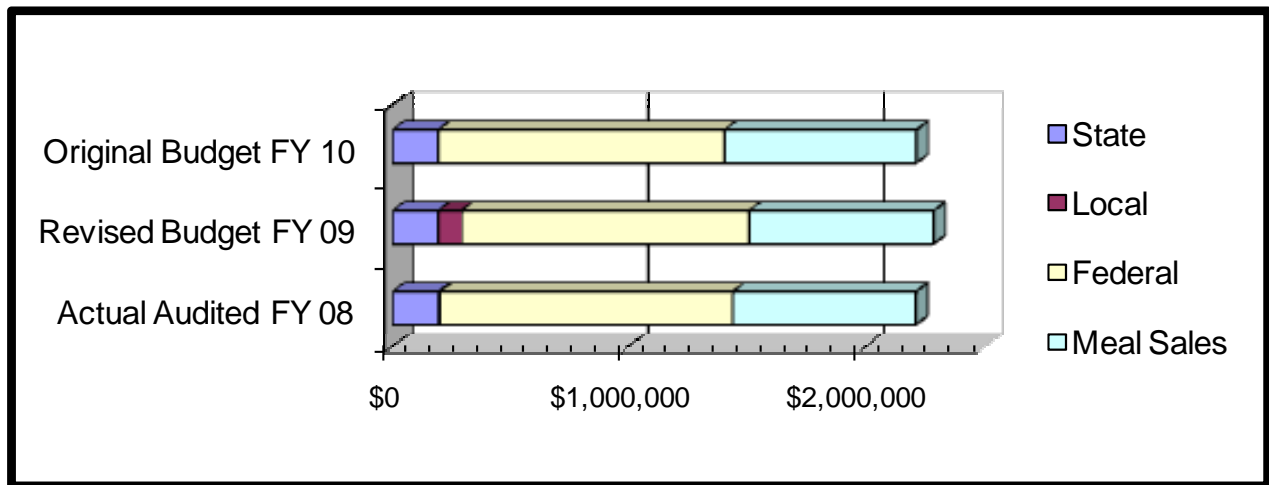
All major capital projects have been postponed one year. In FY 10, the district is adding an addition to Roosevelt Elementary. The addition creates facility space allowing the district to close two of the current four elementary schools and become a two elementary school district. The district will realize savings in utility, maintenance and ultimately transportation costs by consolidating the elementary schools.

Food Service Fund

Revenue

Food Service Fund Revenues come from state, local and federal sources as well as meal sales as depicted in the chart and graph below.

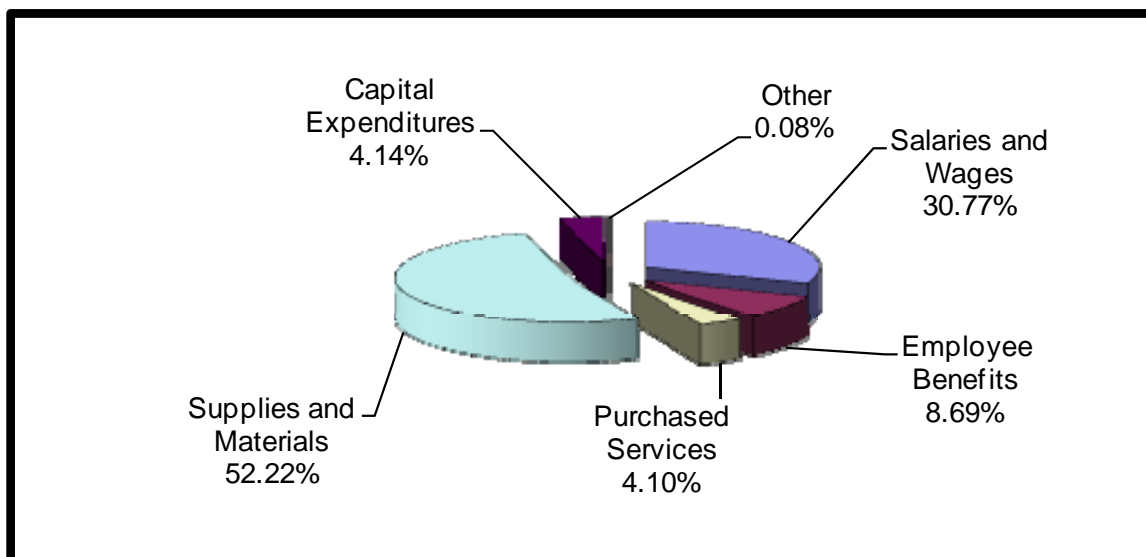
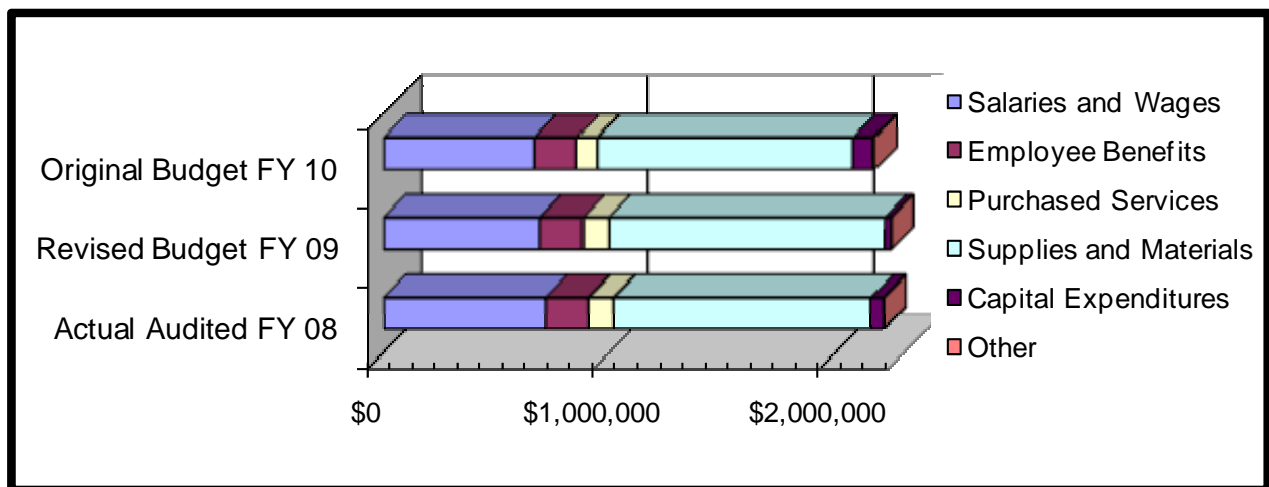
Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 189,131	\$ 187,841	\$ 187,841	\$ -	0.00%
Local	7,369	104,449	1,201	(103,248)	-98.85%
Federal	1,242,815	1,214,752	1,216,932	2,180	0.18%
Meal Sales	773,685	778,874	808,642	29,768	3.82%
Total	\$ 2,212,999	\$ 2,285,915	\$ 2,214,615	\$ (71,300)	-3.12%



Expenditures

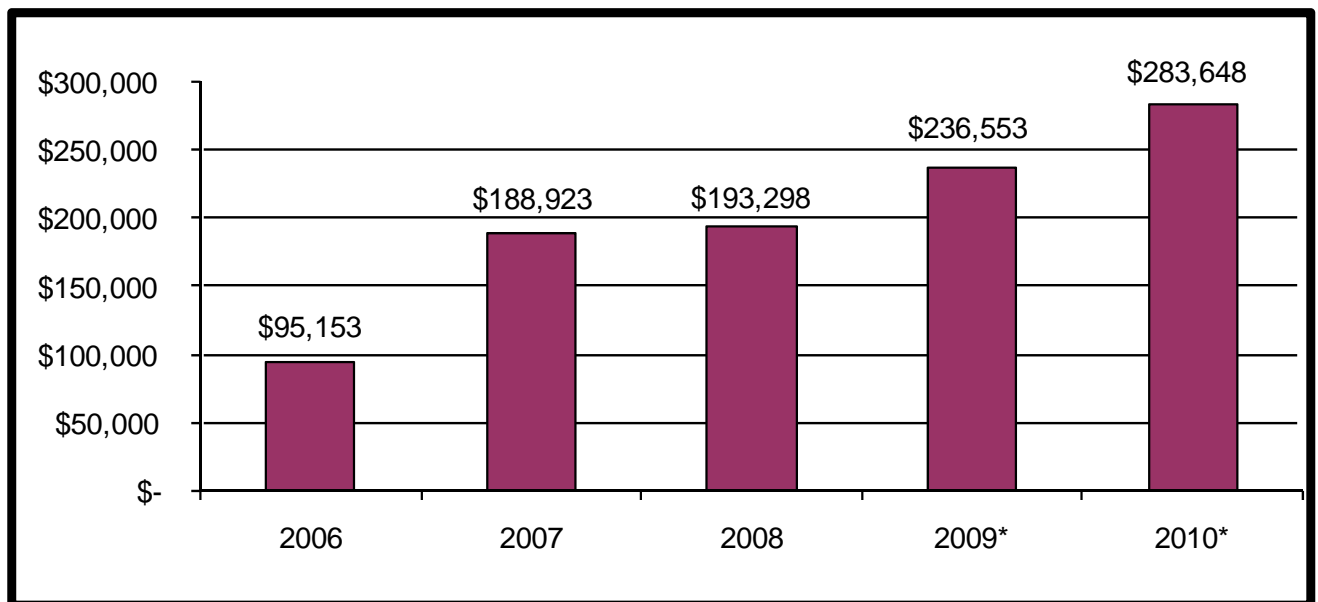
Food Service Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$ 717,843	\$ 690,476	\$ 666,986	\$(23,490)	-3.40%
Employee Benefits	185,492	191,156	188,290	(2,867)	-1.50%
Purchased Services	113,472	115,338	88,760	(26,578)	-23.04%
Supplies and Materials	1,137,824	1,216,598	1,131,984	(84,614)	-6.95%
Capital Expenditures	52,608	27,292	89,700	62,408	228.67%
Other	1,386	1,800	1,800	-	0.00%
Total	\$ 2,208,624	\$ 2,242,660	\$ 2,167,520	\$(75,140)	-3.35%

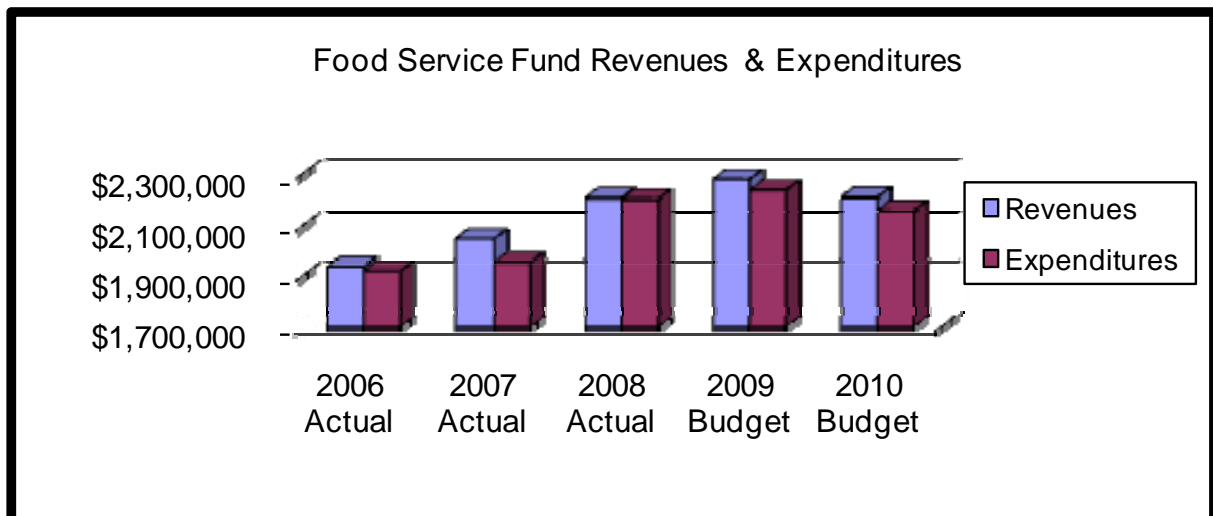


Food Service Fund Balance

	2006	2007	2008	2009*	2010*
Unreserved Fund Balance	\$ 95,153	\$ 188,923	\$ 193,298	\$ 236,553	\$ 283,648
% Change	21.42%	98.55%	2.32%	22.38%	19.91%
Expenditures	\$ 1,928,250	\$ 1,961,452	\$ 2,208,624	\$ 2,242,660	\$ 2,167,520
% Change	-6.68%	1.72%	12.60%	1.54%	-3.35%
% of Fund Balance to Exp.	4.93%	9.63%	8.75%	10.55%	13.09%



* Projection



Food Service Fund
Revenues, Expenditures and Fund Balance
FY 2010 With Comparative Information For Fiscal Years 2006 - 2009

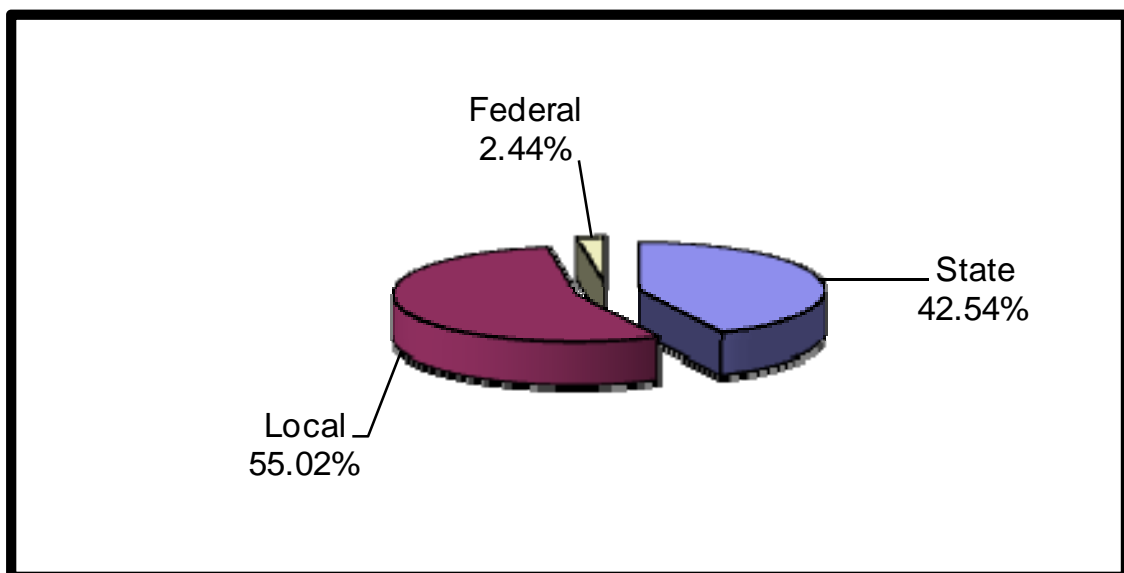
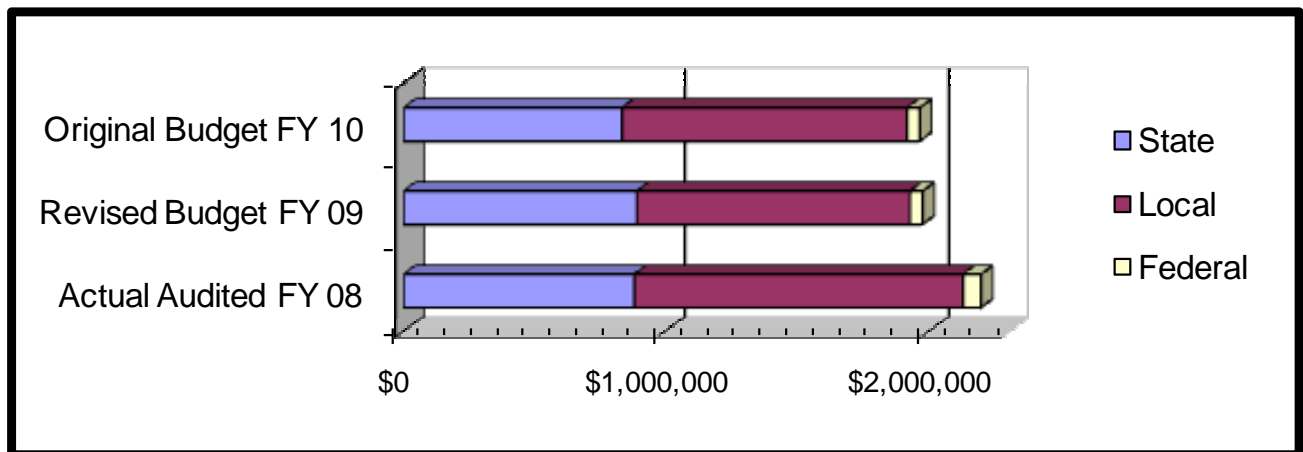
	Actual 2006	Actual 2007	% Change	Actual 2008	% Change	Revised Budget 2009	% Change	Original Budget 2010	% Change	Average %
Revenues										
State	\$ 163,578	\$ 159,811	-2.30%	\$ 189,131	18.35%	\$ 187,841	-0.68%	\$ 187,841	0.00%	3.84%
Federal	1,058,230	1,111,782	5.06%	1,242,815	11.79%	1,214,752	-2.26%	1,216,932	0.18%	3.69%
Other Local	722,724	783,629	8.43%	781,053	-0.33%	883,322	13.09%	809,843	-8.32%	3.22%
Total Revenues	<u>\$ 1,944,532</u>	<u>\$ 2,055,222</u>	5.69%	<u>\$ 2,212,999</u>	7.68%	<u>\$ 2,285,915</u>	3.29%	<u>\$ 2,214,615</u>	-3.12%	3.39%
Expenditures										
Salaries	\$ 669,797	\$ 655,997	-2.06%	\$ 717,843	9.43%	\$ 690,476	-3.81%	\$ 666,986	-3.40%	0.04%
Benefits	168,237	176,451	4.88%	185,492	5.12%	191,156	3.05%	188,290	-1.50%	2.89%
Purchased Services	115,887	125,497	8.29%	113,472	-9.58%	115,338	1.64%	88,760	-23.04%	-5.67%
Supplies & Materials	920,230	992,811	7.89%	1,137,824	14.61%	1,216,598	6.92%	1,131,984	-6.95%	5.62%
Capital Expenditures	50,581	10,058	-80.11%	52,608	423.04%	27,292	-48.12%	89,700	228.67%	130.87%
Other	3,518	638	-81.86%	1,386	117.24%	1,800	29.87%	1,800	0.00%	16.31%
Total Expenditures	<u>\$ 1,928,250</u>	<u>\$ 1,961,452</u>	1.72%	<u>\$ 2,208,624</u>	12.60%	<u>\$ 2,242,660</u>	1.54%	<u>\$ 2,167,520</u>	-3.35%	3.13%
Excess (def.) of revenues over expenditures	<u>\$ 16,282</u>	<u>\$ 93,770</u>		<u>\$ 4,375</u>		<u>\$ 43,255</u>		<u>\$ 47,095</u>		
Other Fin. Sources (uses)	500	-		-		-		-		
Fund Balance July 1	78,371	95,153		188,923		193,298		236,553		
Fund Balance June 30	\$ 95,153	\$ 188,923		\$ 193,298		\$ 236,553		\$ 283,648		

Community Service Fund

Revenue

Community Service Fund Revenues come from state, local and federal sources as depicted in the chart and graph below.

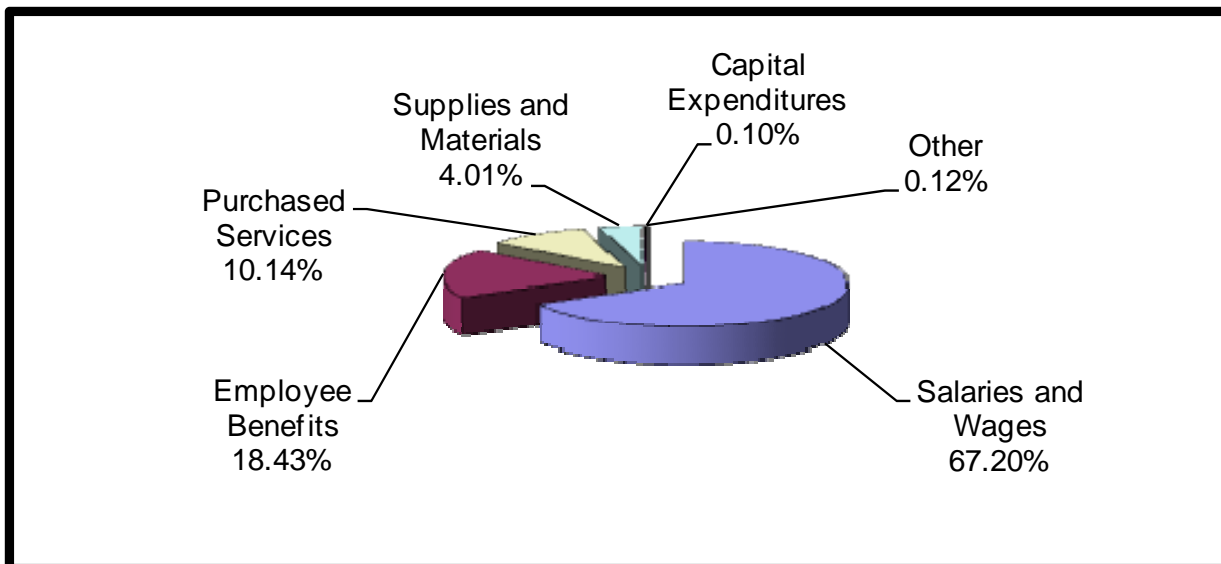
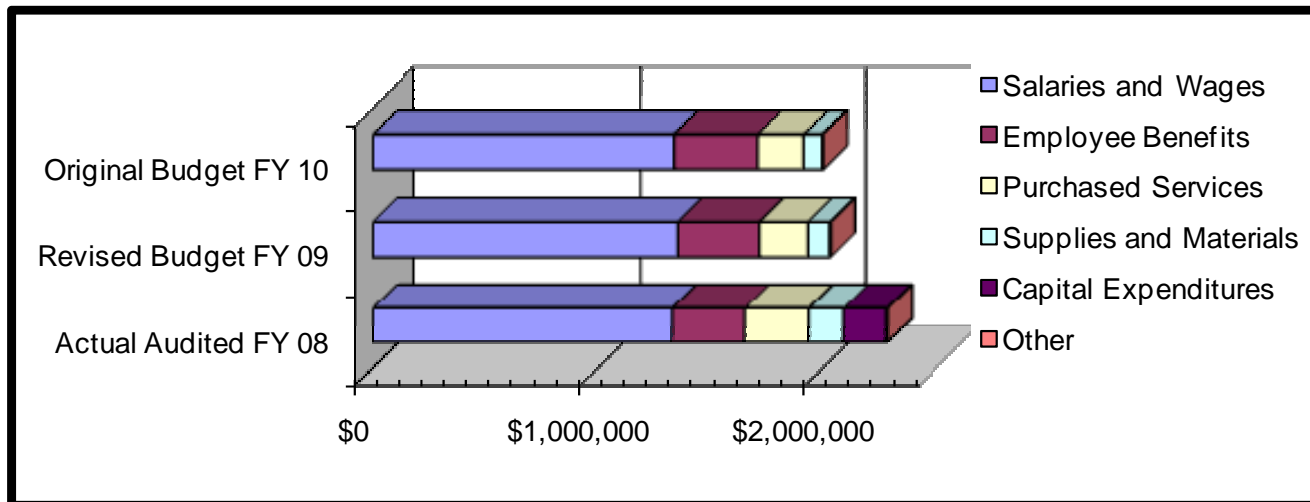
Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 883,652	\$ 892,565	\$ 835,832	\$ (56,733)	-6.36%
Local	1,245,944	1,035,481	1,080,903	45,422	4.39%
Federal	67,134	47,892	47,892	-	0.00%
TOTAL	\$ 2,196,730	\$ 1,975,938	\$ 1,964,627	\$ (11,311)	-0.57%



Expenditures

Community Service Fund Expenditures are split into the following object groups: salaries and wages, employee benefits, purchased services, supplies and materials, capital expenditures and other as depicted in the chart and graph below.

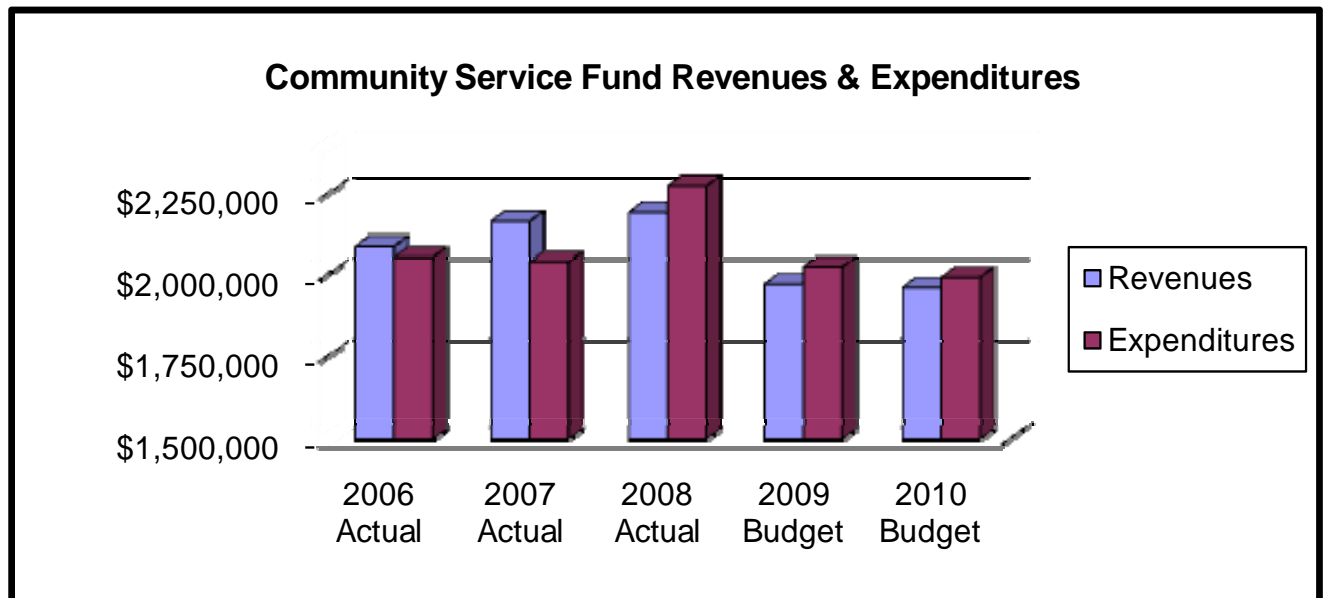
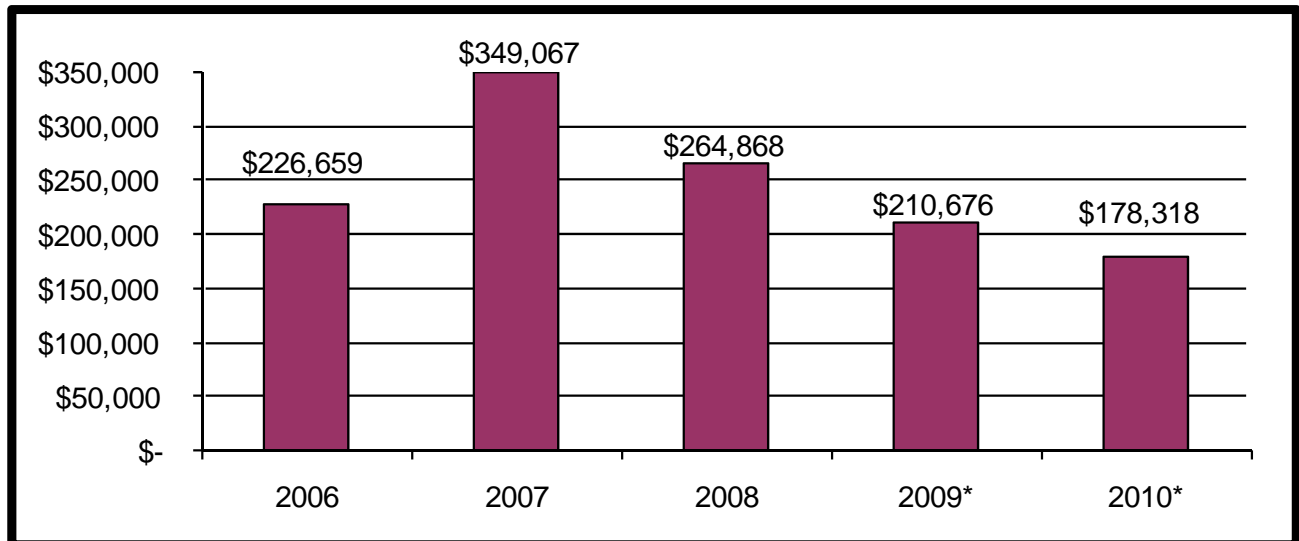
Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Salaries and Wages	\$1,334,436	\$ 1,359,197	\$ 1,342,089	\$ (17,108)	-1.26%
Employee Benefits	319,760	357,706	368,035	10,329	2.89%
Purchased Services	280,156	215,461	202,466	(12,995)	-6.03%
Supplies and Materials	153,598	93,343	80,065	(13,278)	-14.22%
Capital Expenditures	186,822	2,130	2,000	(130)	-6.10%
Other	6,157	2,293	2,330	37	1.61%
Total	\$2,280,929	\$ 2,030,130	\$ 1,996,985	\$ (33,145)	-1.63%



Community Service Fund Balance

	2006	2007	2008	2009*	2010*
Fund Balance	\$ 226,659	\$ 349,067	\$ 264,868	\$ 210,676	\$ 178,318
% Change	17.08%	54.01%	-24.12%	-20.46%	-15.36%
Expenditures	\$2,059,993	\$2,045,631	\$2,280,929	\$2,030,130	\$1,996,985
% Change	6.17%	-0.70%	11.50%	-11.00%	-1.63%
% of Fund Balance to Exp.	11.00%	17.06%	11.61%	10.38%	8.93%

* Projection



Community Service Fund

Revenues, Expenditures and Fund Balance

FY 2010 With Comparative Information For Fiscal Years 2006 - 2009

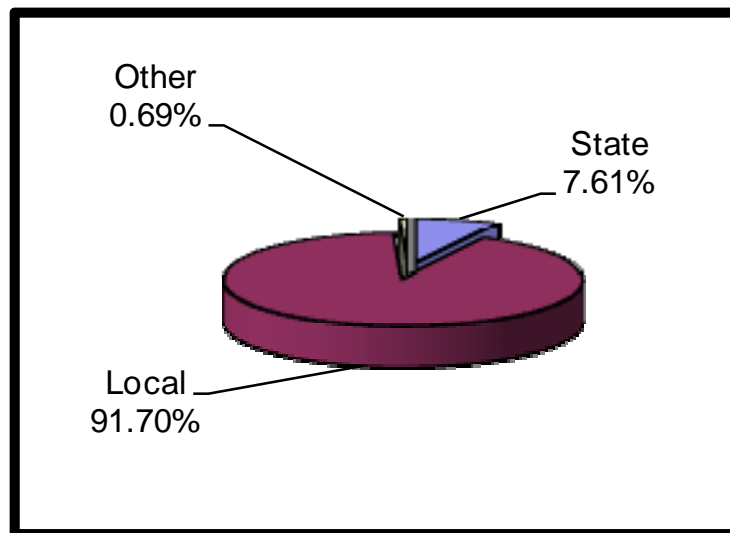
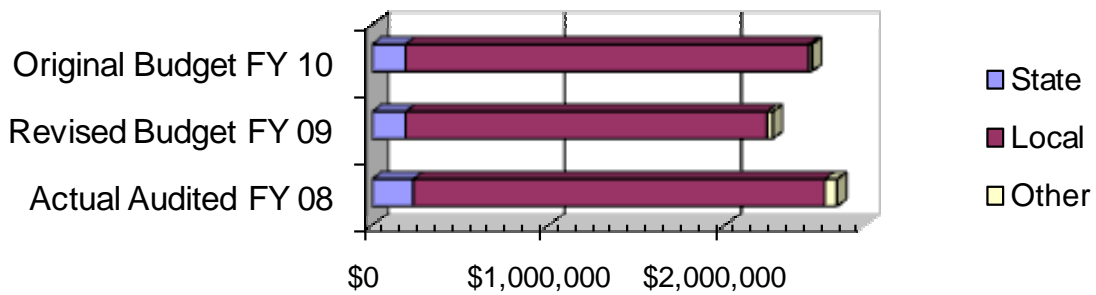
	Actual 2006	Actual 2007	% Change	Actual 2008	% Change	Revised Budget 2009	% Change	Original Budget 2010	% Change	Average %
Revenues										
State	\$ 851,693	\$ 796,112	-6.53%	\$ 883,652	11.00%	\$ 892,565	1.01%	\$ 835,832	-6.36%	-0.22%
Property Taxes	125,058	246,756	97.31%	281,076	13.91%	276,842	-1.51%	299,409	8.15%	29.47%
Federal	206,861	246,297	19.06%	67,134	-72.74%	47,892	-28.66%	47,892	0.00%	-20.59%
Other Local	909,441	878,874	-3.36%	964,869	9.78%	758,639	-21.37%	781,493	3.01%	-2.98%
Total Revenues	<u>\$2,093,053</u>	<u>\$2,168,039</u>	3.58%	<u>\$2,196,730</u>	1.32%	<u>\$ 1,975,938</u>	-10.05%	<u>\$1,964,627</u>	-0.57%	-1.43%
Expenditures										
Salaries	\$ 1,287,700	\$ 1,297,428	0.76%	\$ 1,334,436	2.85%	\$ 1,359,197	1.86%	\$ 1,342,089	-1.26%	1.05%
Benefits	265,741	283,261	6.59%	319,760	12.89%	357,706	11.87%	368,035	2.89%	8.56%
Purchased Services	366,198	299,447	-18.23%	280,156	-6.44%	215,461	-23.09%	202,466	-6.03%	-13.45%
Supplies & Materials	112,166	140,059	24.87%	153,598	9.67%	93,343	-39.23%	80,065	-14.22%	-4.73%
Capital Expenditures	22,736	19,818	-12.84%	186,822	842.68%	2,130	-98.86%	2,000	-6.10%	181.22%
Other	5,451	5,619	3.08%	6,157	9.58%	2,293	-62.76%	2,330	1.61%	-12.12%
Total Expenditures	<u>\$2,059,993</u>	<u>\$2,045,631</u>	-0.70%	<u>\$2,280,929</u>	11.50%	<u>\$ 2,030,130</u>	-11.00%	<u>\$1,996,985</u>	-1.63%	-0.46%
Excess (def.) of revenues over expenditures	<u>\$ 33,060</u>	<u>\$ 122,408</u>		<u>\$ (84,199)</u>		<u>\$ (54,192)</u>		<u>\$ (32,358)</u>		
Fund Balance July 1	193,599	226,659		349,067		264,868		210,676		
Fund Balance June 30	\$ 226,659	\$ 349,067		\$ 264,868		\$ 210,676		\$ 178,318		

Debt Service Fund

Revenues

Debt Service Fund Revenues come from state, local, and other sources as depicted in the chart and graph below.

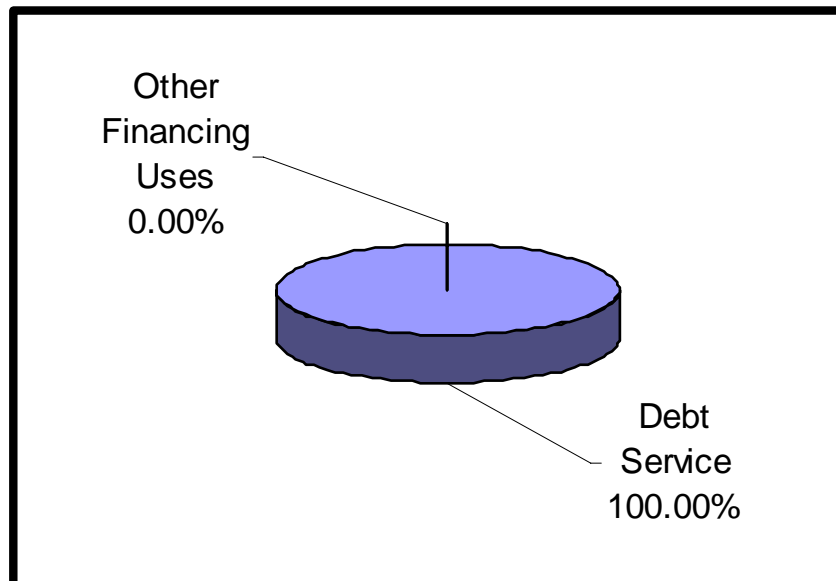
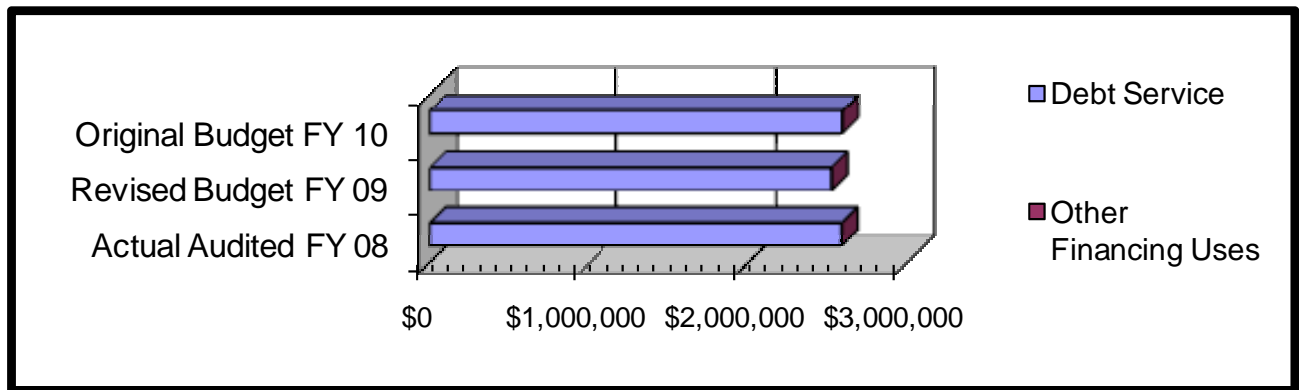
Revenue Sources	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
State	\$ 233,315	\$ 190,518	\$ 190,518	\$ -	0.00%
Local	2,344,867	2,061,419	2,296,955	235,536	11.43%
Other	68,856	30,888	17,251	(13,637)	0.00%
Total	\$2,647,038	\$ 2,282,825	\$ 2,504,724	\$ 221,899	9.72%



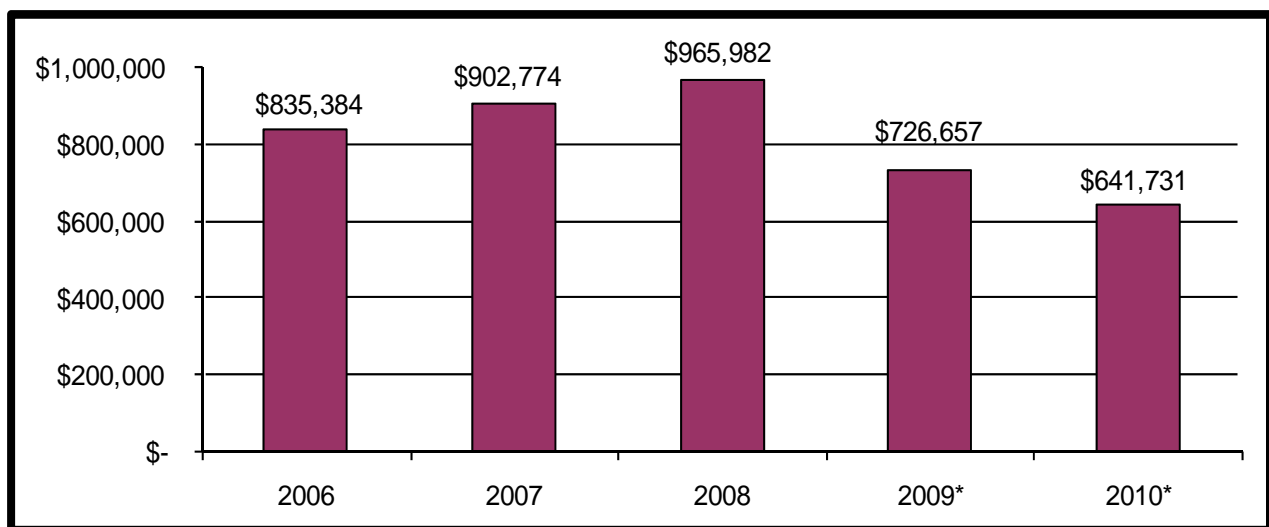
Expenditures

Debt Service Fund Expenditures are split into the following object groups: debt service and other financing uses as depicted in the chart and graph below.

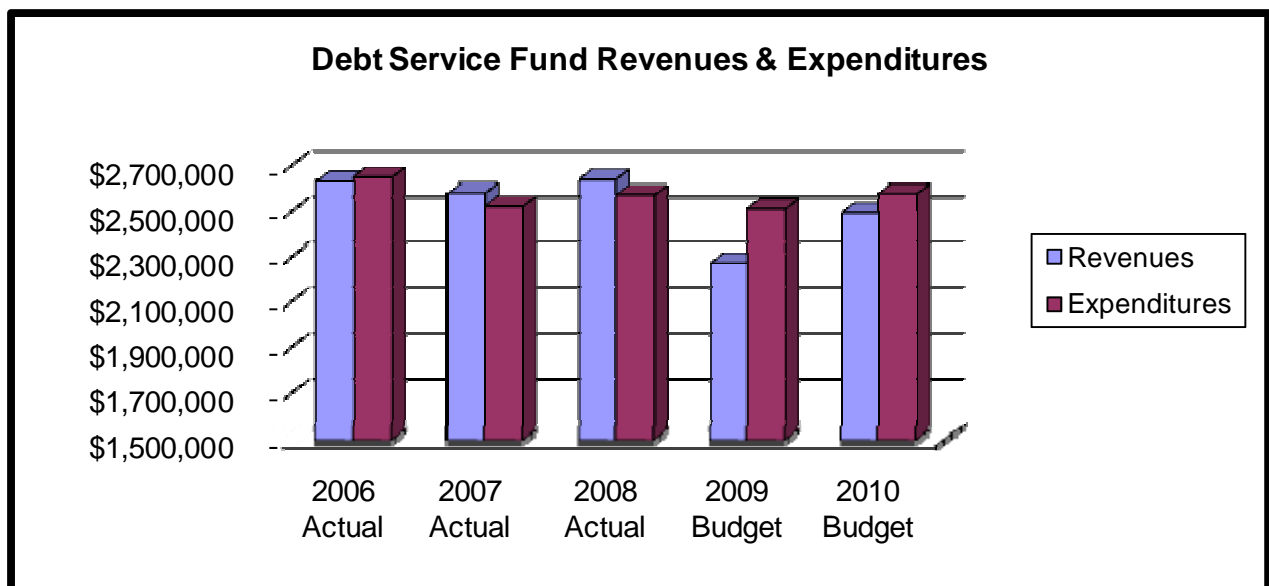
Expenditure Object Groups	Actual Audited FY 08	Revised Budget FY 09	Original Budget FY 10	Budget Change FY 09 to FY 10	
				\$	%
Debt Service	\$2,583,830	\$ 2,522,150	\$2,589,650	\$ 67,500	2.68%
Other Financing Uses	-	-	-	-	0.00%
Total	\$2,583,830	\$ 2,522,150	\$2,589,650	\$ 67,500	2.68%



Debt Service Fund Balance					
	2006	2007	2008	2009*	2010*
Unreserved Fund Balance	\$ 835,384	\$ 902,774	\$ 965,982	\$ 726,657	\$ 641,731
% Change	9.90%	8.07%	7.00%	-24.78%	-11.69%
Expenditures	\$2,657,910	\$2,533,563	\$2,583,830	\$2,522,150	\$2,589,650
% Change	21.06%	-4.68%	1.98%	-2.39%	2.68%
% of Fund Balance to Exp.	31.43%	35.63%	37.39%	28.81%	24.78%



* Projection



Debt Service Fund

Revenues, Expenditures and Fund Balance

FY 2010 With Comparative Information For Fiscal Years 2006 - 2009

	Actual 2006	Actual 2007	% Change	Actual 2008	% Change	Revised Budget 2009	% Change	Original Budget 2010	% Change	Average %
Revenues										
State	\$ 254,848	\$ 248,457	-2.51%	\$ 233,315	-6.09%	\$ 190,518	-18.34%	\$ 190,518	0.00%	-6.74%
Property Taxes	2,161,957	2,272,580	5.12%	2,344,867	3.18%	2,061,419	-12.09%	2,296,955	11.43%	1.91%
Other Local	222,618	71,239	-68.00%	68,856	-3.35%	30,888	-55.14%	17,251	-44.15%	-42.66%
Total Revenues	<u>\$2,639,423</u>	<u>\$2,592,276</u>	-1.79%	<u>\$2,647,038</u>	2.11%	<u>\$2,282,825</u>	-13.76%	<u>\$2,504,724</u>	9.72%	-0.93%
Expenditures										
Salaries	\$ -	\$ -		\$ -		\$ -		\$ -		
Benefits	-	-		-		-		-		
Purchased Services	-	-		-		-		-		
Supplies & Materials	-	-		-		-		-		
Capital Expenditures	-	-		-		-		-		
Debt Service	2,657,910	2,533,563	-4.68%	2,583,830	1.98%	2,522,150	-2.39%	2,589,650	2.68%	-0.60%
Other	-	-		-		-		-		
Total Expenditures	<u>\$2,657,910</u>	<u>\$2,533,563</u>	-4.68%	<u>\$2,583,830</u>	1.98%	<u>\$2,522,150</u>	-2.39%	<u>\$2,589,650</u>	2.68%	-0.60%
Excess (def.) of revenues over expenditures	<u>\$ (18,487)</u>	<u>\$ 58,713</u>		<u>\$ 63,208</u>		<u>\$ (239,325)</u>		<u>\$ (84,926)</u>		
Other Fin. Sources (uses)	93,760	8,677		-		-		-		
Fund Balance July 1	760,111	835,384		902,774		965,982		726,657		
Fund Balance June 30	\$ 835,384	\$ 902,774		\$ 965,982		\$ 726,657		\$ 641,731		

The Debt Service Budget history reflects the Sr. High bond refinancing in FY 05, effective FY 06, noted below. Debt service dollars are only available to the Debt Service Fund. This money can only be spent on debt service.

On June 1, 1997, the District issued \$20,650,000 of General Obligation Refunding Bonds to refinance the remaining maturities of the District's 1992 Sr. High School Bonds. On March 14, 2005, the School Board refinanced those Sr. High School Bonds again. The refinancing will save District property taxpayers over \$122,000 annually, on average, in lower property taxes beginning in 2007 and continuing through 2015. The Board sold \$16,265,000 of new bonds which were used to pay off the remaining Sr. High Bond Debt.

The Board also issued \$495,000 of General Obligation Capital Facilities Bonds in May of 2007. These bonds are paid for from a property tax levy funded by a shift of operating capital revenue. Ultimately, no additional dollars are levied as a result of these bonds. The District funded the majority of the costs for the Sr. High Parking Lot Reconstruction project and the Jr. High Roof Top Units Replacement project from this funding source. Both projects were completed in the summer of 2007.

The District's current unused legal debt margin is \$243,136,697. The general obligation bonded debt of the District is limited by Minnesota law to 15% of the assessed market value of the total taxable property in the District.

The following is a summary amortization schedule for these bond issues showing the debt service to be paid in FY 2010 and future years on bonds currently outstanding.

Year Ending 30-Jun	2005A Refunding Bonds			2007A Capital Facilities Bonds			Total of all Bonds
	Principal	Interest	Total Principal & Interest	Principal	Interest	Total Principal & Interest	
2010	1,900,000	576,250	2,476,250	95,000	16,200	111,200	2,587,450
2011	2,000,000	481,250	2,481,250	100,000	12,400	112,400	2,593,650
2012	2,095,000	381,250	2,476,250	105,000	8,400	113,400	2,589,650
2013	2,210,000	276,500	2,486,500	105,000	4,200	109,200	2,595,700
2014	2,320,000	166,000	2,486,000	-	-	-	2,486,000
2015	1,000,000	50,000	1,050,000	-	-	-	1,050,000
Total	\$11,525,000	\$1,931,250	\$13,456,250	\$405,000	\$41,200	\$446,200	\$13,902,450

District Buildings

Expenditures per ADM, Audited

<u>Building</u>	<u>FY 08 Expenditures</u>	<u>FY 08 ADM's</u>	<u>FY 08 Expenditures per ADM</u>
Jefferson	\$2,066,214	253.28	\$8,158
Lincoln	\$2,290,610	312.66	\$7,326
Roosevelt	\$4,865,793	719.77	\$6,760
Kennedy	\$6,503,768	802.26	\$8,107
Sr. High	\$11,294,209	1,226.24	\$9,210
Jr. High	\$5,251,053	539.40	\$9,735
ALC	\$1,254,469	72.26	\$17,360

INFORMATIONAL SECTION

Long-term Financial Planning Projection

GENERAL FUND

A five-year financial projection is prepared at least twice per year for the General Fund and provided to the School Board, Administrative Team, Finance Advisory Committee, staff and the public. The projection is prepared using the Financial Planning Model (FPM). This projection includes the current budget year along with FY's 2011 through 2014 and helps to provide an important frame of reference for District budget and policymaking. All figures are subject to change and are for planning purposes only.

Revenue Assumptions:

1. Enrollment will be as follows for grades EC – 12: FY 2010 – 3,998; FY 2011 – 3,983; FY 2012 – 3,948; FY 2013 – 3,991 and FY 2014 – 4,020.
2. Basic formula allowance will remain unchanged for all projected years.
3. The \$498.49 per student operating referendum will end after FY 2012.

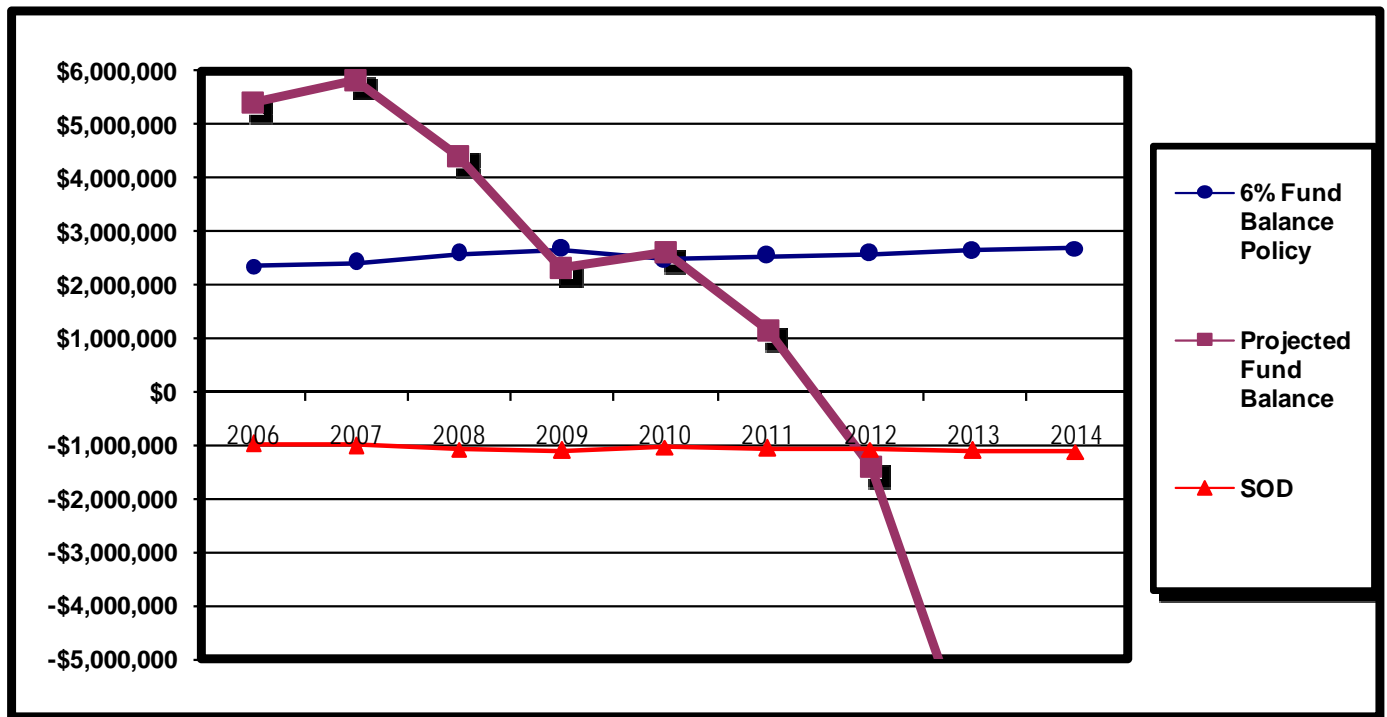
Expenditure Assumptions:

1. The model assumes modest salary and benefit increases for the projected years.
2. It assumes the following FTE changes to maintain current class sizes: FY 2011 – reduce 0.54; FY 2012 – reduce 1.17; FY 2013 – add 1.28 and FY 2014 – add 1.01.
3. Insurance will not increase in FY 2010 but will increase 3% in each of the following years.
4. Building and vehicle fuel budgets are assumed to increase 2.5% each year.
5. All remaining expenditures are assumed to increase 2% each year.

Other Assumptions:

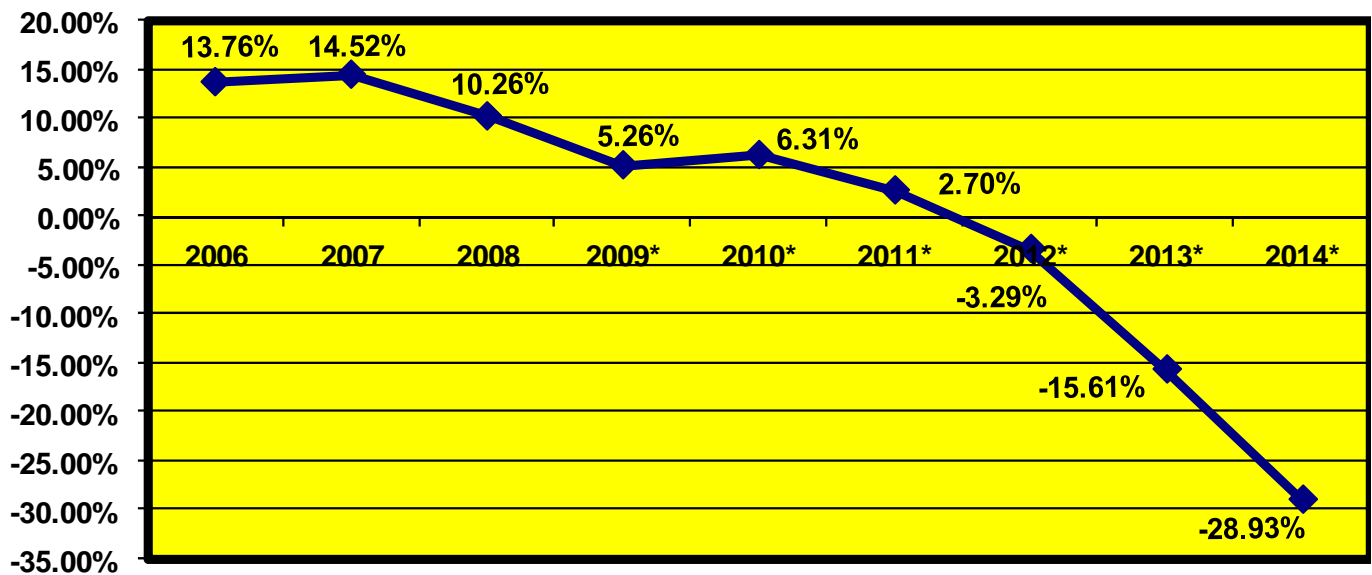
1. The Fund Balance Policy remains at 6% of operating expenditures.
2. The base audit for the projection is the FY 2008 audit.
3. Statutory Reserves are based on projections that assume all reserves will be zero after FY 2010.
4. The base budget for the projection is the FY 2010 Original Budget.

General Fund Unreserved Fund Balance



General Fund Unreserved-Undesignated Fund Balance and Expenditures					
	2006	2007	2008	2009*	2010*
Unreserved Fund Balance	\$ 5,397,098	\$ 5,827,204	\$ 4,397,084	\$ 2,330,105	\$ 2,595,317
% Change	4.37%	7.97%	-24.54%	-47.01%	11.38%
Expenditures	\$39,210,105	\$40,136,548	\$42,897,780	\$ 44,282,884	\$41,148,040
% Change	1.97%	2.36%	6.88%	3.23%	-7.08%
% of Fund Balance	13.76%	14.52%	10.26%	5.26%	6.31%

General Fund Unreserved-Undesignated Fund Balance %



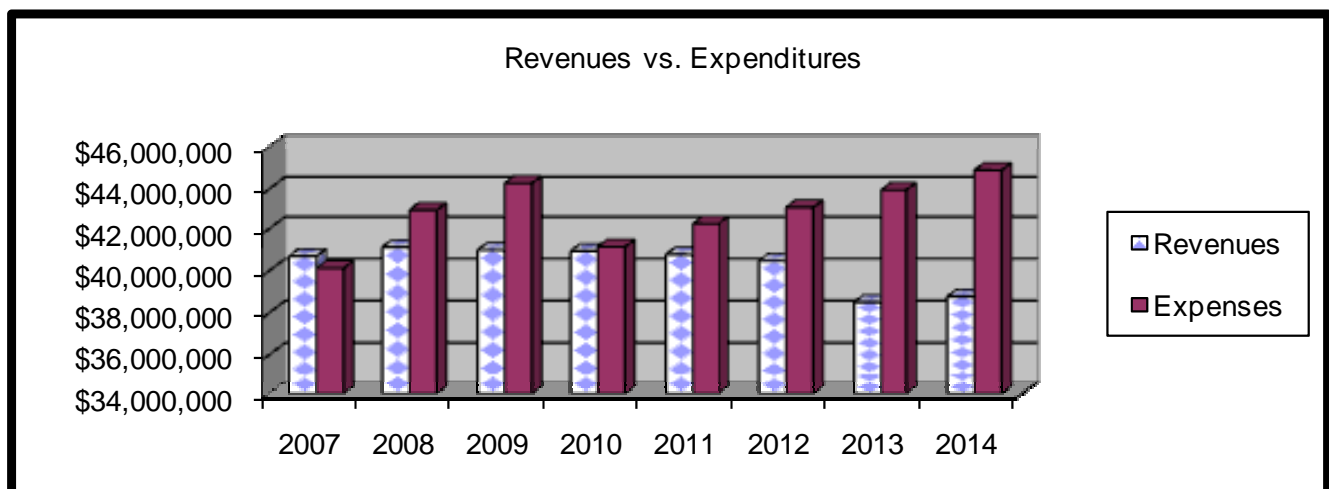
* Projected

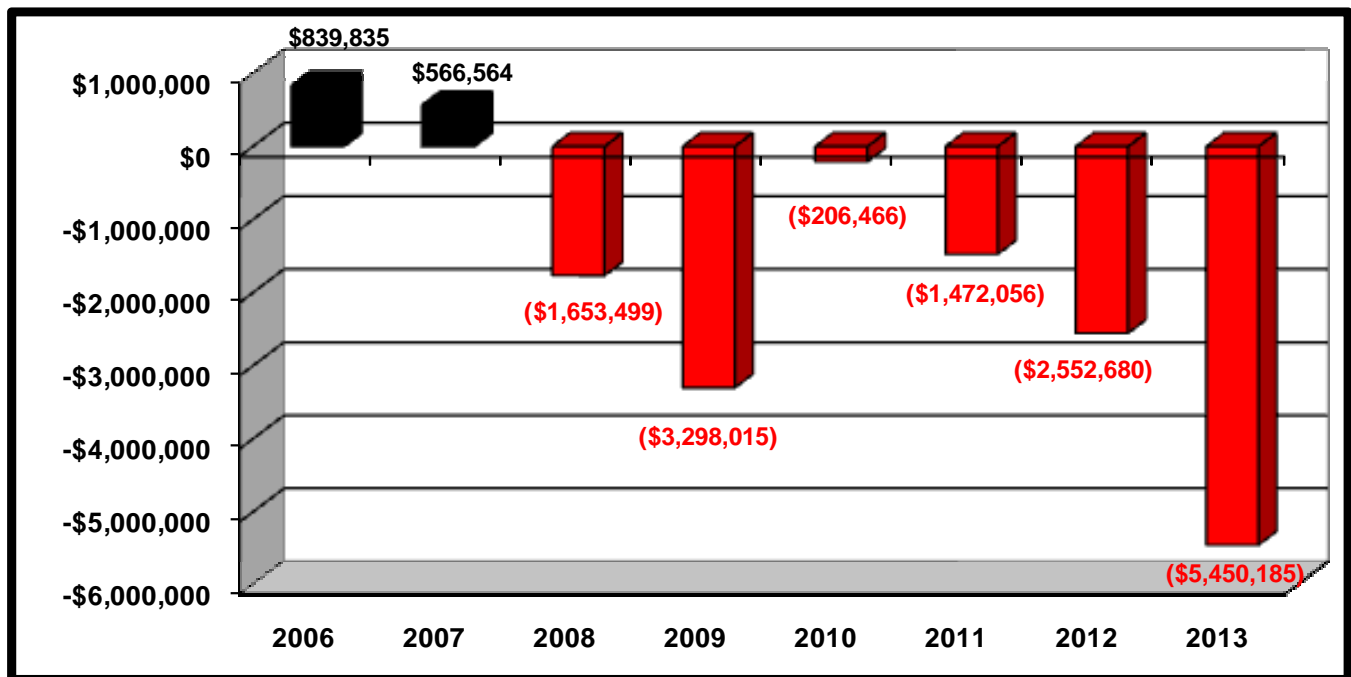
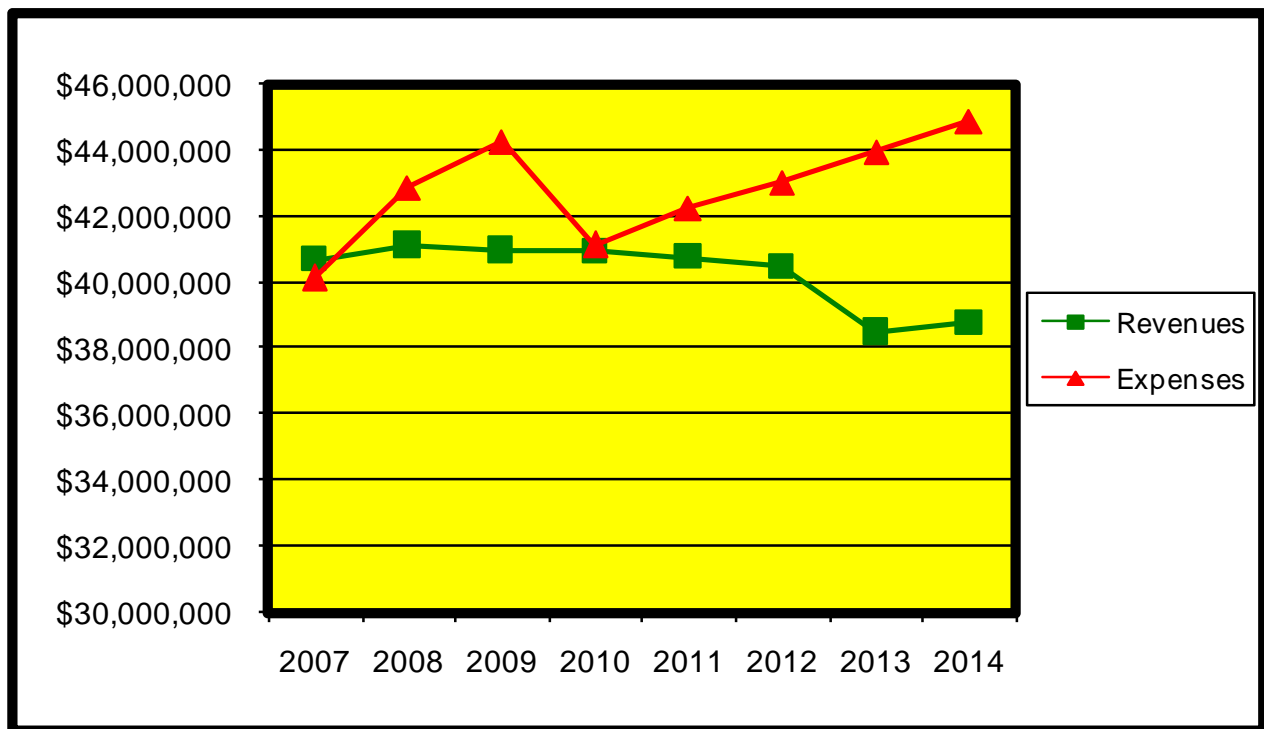
Financial Planning Model (FPM) Summary Analysis

This planning model depicts the general fund undesignated/unreserved fund balance. The years prior to 2009 represent actual audited fund balance numbers. The years from 2009 and forward represent projected fund balance numbers based on the assumptions listed.

This model projects that the fund balance will slightly increase in FY 2010 and then continue to steadily decline through FY 2014. This projected fund balance decrease is a function of limited new revenue, modest inflationary expenditure increases, and leveling enrollment. The impact of these issues is reflected in the following charts. Keep in mind that the long-term trend itself is more accurate and important than the specific numbers it depicts.

Variance between Revenues and Expenditures





This is a forecast – not a plan

The trend represented is not unique to the Willmar Public Schools and is quite common among Minnesota districts. The District plans to proactively manage expenditures and revenues to maintain a reasonable and prudent fund balance of 6% or more of operating expenditures.

General Fund Budget

Comparative Information for Fiscal Years 2006-07 Through 2009-10

Revenue and Expenditure Change per ADM

With Percent Change from Previous Year and Average Percent Change for Period

	2006-07 Actual	2007-08 Actual	% Change	Revised 2008-09 Budget	% Change	Original 2009-10 Budget	% Change	Average %
REVENUES								
Local Property Tax Levies	\$ 2,411,863	\$ 4,218,340	74.90%	\$ 4,160,465	-1.37%	\$ 4,756,722	14.33%	29.29%
Other Local and County	2,351,032	121,882	-94.82%	164,412	34.89%	130,714	-20.50%	-26.81%
Revenues from State Sources	34,111,061	34,914,994	2.36%	34,849,210	-0.19%	34,097,070	-2.16%	0.00%
Revenues from Federal Sources	1,496,352	1,878,874	25.56%	1,810,783	-3.62%	1,957,068	8.08%	10.01%
Total Revenues	40,370,308	41,134,090	1.89%	40,984,869	-0.36%	40,941,574	-0.11%	0.47%
ADM's	4,077	4,039	-0.94%	4,014	-0.61%	3,998	-0.40%	-0.65%
Total Revenue per ADM	\$ 9,902	\$ 10,185	2.86%	\$ 10,210	0.25%	\$ 10,240	0.29%	1.13%
EXPENDITURES								
Administration	\$ 1,543,232	\$ 1,547,563	0.28%	\$ 1,809,398	16.92%	\$ 1,537,745	-15.01%	0.73%
District Support Services	959,115	889,241	-7.29%	1,082,651	21.75%	1,010,599	-6.66%	2.60%
Regular Instruction	18,220,574	20,709,355	13.66%	20,903,896	0.94%	19,333,900	-7.51%	2.36%
Vocational Educational Instruction	612,387	753,192	22.99%	895,797	18.93%	681,166	-23.96%	5.99%
Special Education Instruction	7,593,015	8,133,297	7.12%	8,408,577	3.38%	7,636,900	-9.18%	0.44%
Community Education & Services	-	-	0.00%	-	0.00%	-	0.00%	0.00%
Instructional Support Services	1,953,089	2,449,710	25.43%	2,500,476	5.75%	2,200,379	0.50%	10.56%
Pupil Support Services	3,158,359	3,401,056	7.68%	3,596,781	2.05%	3,614,655	0.96%	3.56%
Sites and Buildings	5,857,413	4,855,889	-17.10%	4,955,298	-17.96%	5,002,686	0.00%	-11.69%
Fiscal and Other Fixed Cost Pr.	239,392	158,478	-33.80%	130,010	3.23%	130,010	-7.08%	-12.55%
Total Expenditures	40,136,576	42,897,780	6.88%	44,282,884	3.23%	41,148,040	-7.08%	1.01%
ADM's	4,077	4,023	-1.32%	4,014	-0.22%	3,998	-0.40%	-0.65%
Total Exp's per ADM	\$ 9,845	\$ 10,663	8.31%	\$ 11,032	3.46%	\$ 10,292	-6.71%	1.69%
Excess (Deficiency) of Revenue Over (Under) Expenditures	233,732	(1,763,690)		(3,298,015)		(206,466)		
Other Financing Sources	332,832	-		-		-		
Fund Balance - July 1 Beginning*	7,312,614	7,879,178		6,115,487		2,817,472		
Fund Balance - June 30 Ending*	\$ 7,879,178	\$ 6,115,487		\$ 2,817,472		\$ 2,611,006		

* Undesignated plus reserves

General Fund
Projected Revenues and Expenditures
Fiscal Years 2010 - 2014

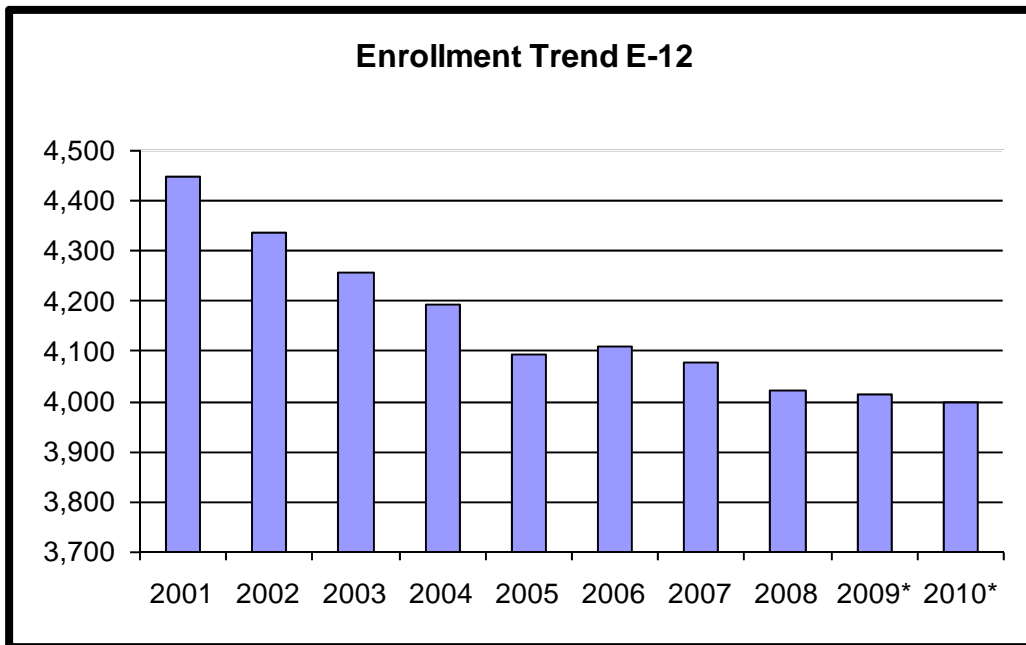
	Original Budget 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Revenues					
State	\$34,097,070	\$ 33,924,494	\$ 33,610,017	\$ 31,631,622	\$ 31,878,664
Property Taxes	4,756,722	4,804,289	4,852,332	4,900,855	4,949,864
Federal	1,957,068	1,917,927	1,879,568	1,841,977	1,805,137
Other Local	130,714	133,328	135,995	138,715	141,489
Total Revenues	\$40,941,574	\$ 40,780,038	\$ 40,477,912	\$ 38,513,169	\$ 38,775,154
Expenditures					
Salaries	\$23,485,228	\$ 24,158,969	\$ 24,573,606	\$ 25,135,173	\$ 25,695,940
Benefits	7,511,332	7,736,672	7,891,405	8,049,233	8,210,218
Purchased Services	6,743,746	6,880,564	7,020,175	7,162,633	7,308,000
Supplies & Materials	1,611,474	1,643,703	1,676,578	1,710,109	1,744,311
Capital Expenditures	1,626,719	1,659,253	1,692,438	1,726,287	1,760,813
Other	169,541	172,932	176,390	179,918	183,517
Total Expenditures	\$41,148,040	\$ 42,252,094	\$ 43,030,592	\$ 43,963,354	\$ 44,902,799
Excess (deficit) of revenues over expenditures	<u>\$ (206,466)</u>	<u>\$ (1,472,056)</u>	<u>\$ (2,552,680)</u>	<u>\$ (5,450,185)</u>	<u>\$ (6,127,645)</u>
Fund Balance July 1*	2,817,472	2,611,006	1,138,950	(1,413,729)	(6,863,914)
Fund Balance June 30*	\$ 2,611,006	\$ 1,138,950	\$ (1,413,729)	\$ (6,863,914)	\$ (12,991,559)

* Undesignated plus reserves

General Fund Enrollment

Student enrollment is extremely important as it not only drives staffing decisions but is also the key component of the general education revenue funding formula which is the major funding source of the District.

Enrollment for FY 2010 is projected to be 3,998 Average Daily Membership's (ADM's), a decrease of 16 ADM's, or .39% from the FY 2009 projected ADM's. Enrollment is beginning to level out as incoming Kindergarten classes and exiting grade 12 classes are becoming similar in size. The District constantly monitors enrollment for changes caused by mobility, local economic development or decline and other external factors. The District's enrollment history is presented in the following graph.



* Projected

Fiscal Year	Student ADM's
2001	4,449
2002	4,335
2003	4,259
2004	4,195
2005	4,093
2006	4,111
2007	4,077
2008	4,023
2009*	4,014
2010*	3,998

* Projected Enrollment

The projected E-12 enrollment for the FY 2010 Original Budget is 3,998 ADM's.

ADM's (Average Daily membership) calculates actual "membership time" in Willmar Public Schools, rather than simple enrollment counts at a given point in time. This also includes the net impact of "open enrollment" agreements with other MN districts.

This projection is based on the information summarized in the charts on the prior page. The ENPRO model projects 3,998 ADM's (this model now provides 18 different types of projections; this is roughly the average of the five chosen to compare). Also factored into this projection are the student seat count trend, a separate ENPRO projection based on October 1 seat count, analysis of non-public school enrollments and Sr. class/K class size issues. Finally, the mobility index along with local economic development and housing trends was considered.

The ENPRO model uses the following enrollment projection techniques:

- ⇒ Cohort Survival method: based on the ratio between the number of students at one grade level vs. the number in the previous grade level the prior year.
- ⇒ Weighted Cohort Survival method: same as the above, but assigns a greater value to the cohort survival ratios for the most recent years.
- ⇒ Numeric Survival method: based on the difference (numerical) of the enrollment change from year to year as opposed to a ratio.
- ⇒ Weighted Numeric Survival method: same as above, but assigns a greater value to the numeric ratios for the most recent years.
- ⇒ Merged/average of the above: Merging and averaging various versions of the above ratios.

Although the population of both the City of Willmar and Kandiyohi County grew during the 1990's, the District's student enrollment declined. In general, the District's long-term enrollment decline is a function of demographic trends affecting the majority of Minnesota school districts. These trends include a decline in the number of households with children, lower overall populations of children, and increased mobility. In addition, the District also faces typical enrollment challenges from open enrollment options, drop outs and competition from local private schools and home schooling options.

Looking into the near future, demographic trends point to a more level enrollment trend. This conclusion is based on a detailed demographic study completed in the spring of 2006 along with recent trends and analysis. Given the economic downturn across the country, it is uncertain how Kandiyohi County will be impacted. It is too early to tell how this economic crisis will affect enrollment.

Because of the above-mentioned demographic trends and factoring in uncertain economic conditions occurring in the Willmar area and across the country, the District projects that enrollment will begin to level out, based on the information available to us. However, the leveling out will include slight increases or decreases to enrollment each year.

Enrollment Summary and Projection

Grade Level	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Projected 2009	Projected 2010	Projected 2011
Pre-K	21.8	21.6	22.4	24.7	25.2	25.2	25.2	25.2
K	294.6	268.8	304.9	330.2	310.8	330.2	300.0	300.0
1	298.9	304.6	272.0	302.5	320.2	302.0	330.8	300.6
2	276.4	297.6	298.3	273.4	299.0	308.0	299.6	328.3
3	269.9	278.7	305.9	306.6	277.5	297.0	314.1	305.5
4	279.6	276.9	280.4	310.7	306.4	281.0	300.5	317.8
5	321.4	281.2	274.0	279.5	304.1	307.0	279.0	298.3
6	330.3	329.5	283.7	277.4	279.9	307.0	310.7	282.3
7	314.0	331.2	341.5	282.3	289.8	281.0	313.1	316.8
8	344.7	312.4	327.5	344.1	270.0	280.0	277.3	309.0
9	374.0	351.6	351.0	364.5	382.8	295.0	305.9	302.9
10	399.0	360.9	354.5	322.3	366.8	378.0	287.5	298.0
11	342.3	361.2	348.7	337.7	298.7	323.0	354.5	269.6
12	299.7	317.1	345.8	321.2	307.7	300.0	300.1	329.3
K-12	4,144.8	4,071.5	4,088.3	4,052.1	4,013.6	3,989.2	3,972.9	3,958.4
Pre K-12	4,166.6	4,093.1	4,110.7	4,076.8	4,038.8	4,014.4	3,998.1	3,983.6
%Change K-12		-1.77%	0.41%	-0.89%	-0.95%	-0.61%	-0.41%	-0.37%

Food Service Fund

Projected Revenues and Expenditures Fiscal Years 2010 - 2014

	Original Budget 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Revenues					
State	\$ 187,841	\$ 187,841	\$ 189,719	\$ 191,617	\$ 193,533
Federal	1,216,932	1,216,932	1,241,270	1,266,096	1,291,418
Other Local	809,843	834,138	859,162	884,937	911,485
Total Revenues	\$2,214,615	\$ 2,238,910	\$2,290,152	\$2,342,649	\$2,396,435
Expenditures					
Salaries	\$ 666,986	\$ 686,996	\$ 700,736	\$ 714,750	\$ 729,045
Benefits	188,290	193,938	197,817	201,773	205,809
Purchased Services	88,760	90,535	92,346	94,193	96,077
Supplies & Materials	1,131,984	1,163,114	1,195,099	1,227,964	1,261,733
Capital Expenditures	89,700	93,288	97,020	100,900	104,936
Other	1,800	1,854	1,910	1,967	2,026
Total Expenditures	\$2,167,520	\$ 2,229,725	\$2,284,927	\$2,341,548	\$2,399,627
Excess (deficiency) of revenues over expenditures	\$ 47,095	\$ 9,186	\$ 5,225	\$ 1,101	\$ (3,191)
Fund Balance July 1	236,553	283,648	292,834	298,058	299,159
Fund Balance June 30	\$ 283,648	\$ 292,834	\$ 298,058	\$ 299,159	\$ 295,968

Community Services Fund

Projected Revenues and Expenditures Fiscal Years 2010 - 2014

	Original Budget 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Revenues					
State	\$ 835,832	\$ 835,832	\$ 844,191	\$ 852,633	\$ 861,159
Property Taxes	299,409	308,392	317,643	327,173	336,988
Federal	47,892	49,329	50,809	52,333	53,903
Other Local	781,493	804,938	829,086	853,959	879,577
Total Revenues	\$1,964,627	\$ 1,998,491	\$2,041,729	\$2,086,097	\$2,131,627
Expenditures					
Salaries	\$1,342,089	\$ 1,368,931	\$1,396,309	\$1,424,235	\$1,452,720
Benefits	368,035	375,396	382,904	390,562	398,373
Purchased Services	202,466	206,515	210,646	214,859	219,156
Supplies & Materials	80,065	81,666	83,300	84,966	86,665
Capital Expenditures	2,000	2,200	2,420	2,662	2,928
Other	2,330	2,400	2,472	2,546	2,622
Total Expenditures	\$1,996,985	\$ 2,037,108	\$2,078,050	\$2,119,830	\$2,162,465
Excess (deficiency) of revenues over expenditures	<u>\$ (32,358)</u>	<u>\$ (38,617)</u>	<u>\$ (36,321)</u>	<u>\$ (33,733)</u>	<u>\$ (30,838)</u>
Fund Balance July 1*	210,676	178,318	139,700	103,379	69,646
Fund Balance June 30*	\$ 178,318	\$ 139,700	\$ 103,379	\$ 69,646	\$ 38,808

* Undesignated plus reserves

Debt Service Fund

Projected Revenues and Expenditures Fiscal Years 2010 - 2014

	Original Budget 2010	Projected 2011	Projected 2012	Projected 2013	Projected 2014
Revenues					
State	\$ 190,518	\$ 233,035	\$ 237,696	\$ 242,450	\$ 247,299
Property Taxes	2,296,955	2,284,628	2,286,477	2,277,523	2,279,026
Other Local	17,251	17,424	17,598	17,774	17,951
Total Revenues	\$2,504,724	\$ 2,535,086	\$2,541,770	\$2,537,746	\$2,544,276
Expenditures					
Debt Service	\$2,589,650	\$ 2,588,250	\$2,594,450	\$2,590,450	\$2,596,500
Total Expenditures	\$2,589,650	\$ 2,588,250	\$2,594,450	\$2,590,450	\$2,596,500
Excess (deficiency) of revenues over expenditures	<u>\$ (84,926)</u>	<u>\$ (53,164)</u>	<u>\$ (52,680)</u>	<u>\$ (52,704)</u>	<u>\$ (52,224)</u>
Fund Balance July 1*	726,657	641,731	588,567	535,887	483,183
Fund Balance June 30*	\$ 641,731	\$ 588,567	\$ 535,887	\$ 483,183	\$ 430,960

District Staffing Levels

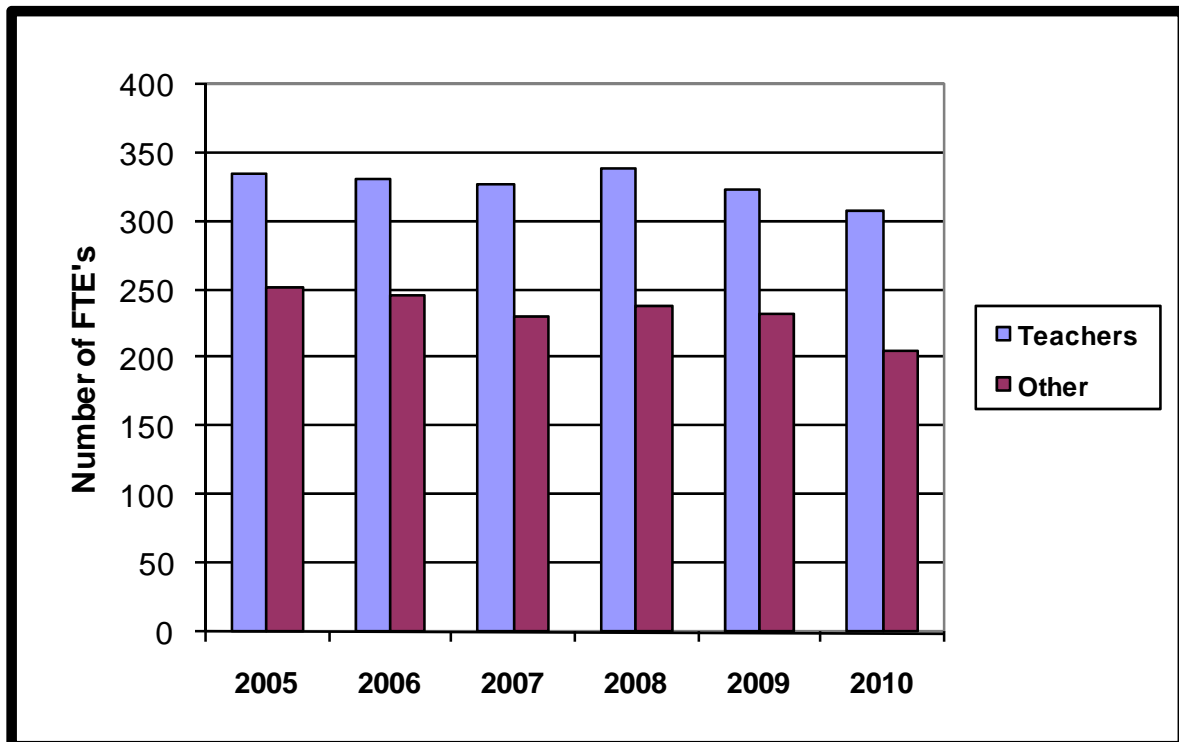
All Funds

Comparative Information for Fiscal Years 2005 Through 2010

District Staffing Levels

By Full-Time Equivalent

Category	Actual FY 2005	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Budgeted FY 2010
Instruction						
Teachers	333.5	331.0	327.0	338.0	322.7	307.5
Title Teachers	15.5	17.5	16.5	17.0	15.0	15.0
Deans of Students	4.0	4.0	3.0	5.0	4.0	4.0
Total Instruction	353.0	352.5	346.5	360.0	341.7	326.5
Principals and District Administration	10.0	10.0	10.0	10.0	9.0	9.0
Directors & Community Education	8.0	8.0	6.0	6.0	6.0	6.0
Secretaries	16.5	16.5	16.0	20.0	20.0	18.5
Custodians	26.0	25.5	24.5	27.0	27.0	27.0
Food Service Staff	28.0	30.0	30.0	30.0	30.0	28.0
Clerical/Non-Affiliated	44.5	44.5	44.5	42.0	42.0	38.0
Paraprofessionals	118.5	110.0	99.0	102.0	97.0	78.0
Total Support	251.5	244.5	230.0	237.0	231.0	204.5
Total	604.5	597.0	576.5	597.0	572.7	531.0



Property Taxes

Willmar Public Schools History of Assessed and Market Value of Taxable Property

Year	Net Tax Capacity (1)	% Increase/ (Decrease)	Estimated Market Value (2)	% Total Net Tax Capacity of Estimated Market Value
2000-01	12,731,996	6.1%	891,089,700	1.43%
2001-02	13,574,536	6.6%	932,790,300	1.46%
2002-03	10,817,537	-20.3%	964,873,409	1.12%
2003-04	11,137,963	3.0%	1,005,065,841	1.11%
2004-05	11,673,803	4.8%	1,057,116,000	1.10%
2005-06	12,460,210	6.7%	1,126,230,800	1.11%
2006-07	14,049,800	12.8%	1,262,731,300	1.11%
2007-08	15,572,334	10.8%	1,411,159,979	1.10%
2008-09	17,452,176	12.1%	1,579,986,330	1.10%
2009-10	18,925,664	8.4%	1,712,677,980	1.11%

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 2009-10 sales ratio was 87.8%.

Source: Minnesota Department of Education, Kandiyohi County Auditor

Property Tax Levies and Collections

All Governmental Funds

FY 2010 With Comparative Information For Fiscal Years 2005 - 2009

Levy Payable Year Fiscal Year	2004	2005	2006	2007	Estimated	
	2004-05	2005-06	2006-07	2007-08	2008	2009
					2008-09	2009-10
Local Spread Tax Levy	\$4,280,311	\$4,406,976	\$5,167,807	\$5,649,261	\$5,601,898	\$6,606,474
Fiscal Disparities	962	958	958	958	953	952
Gross Tax Levy	\$4,281,273	\$4,407,934	\$5,168,765	\$5,650,219	\$5,602,851	\$6,607,426
Market Value Credit	(341,277)	(348,210)	(348,211)	(357,015)	(357,447)	(326,326)
Net Tax Levy	\$3,939,996	\$4,059,724	\$4,820,554	\$5,293,204	\$5,245,404	\$6,281,100
Amount Collected						
During Collection Year	3,916,909	4,035,183	4,797,789	5,262,650	5,199,412	6,281,100
Amount Delinquent at end of Collection Year	\$ 23,087	\$ 24,541	\$ 22,765	\$ 30,554	\$ 45,991	\$ -
Percent of Net Tax Collected	99.41%	99.40%	99.53%	99.42%	99.12%	100.00%

Analysis of Budget Effect on Taxpayers

All Governmental Funds

FY 2010 With Comparative Information For Fiscal Years 2005 - 2009

Levy Payable Year Fiscal Year	2004	2005	2006	2007	2008	2009
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Market Value of Home	\$ 95,000	\$100,000	\$105,000	\$110,000	\$115,000	\$120,000
School Rate Against RMV (1)	0.001144	0.001026	0.001317	0.001302	0.001250	0.001679
School Rate Against NTC (1)	0.257095	0.236942	0.233430	0.226930	0.202290	0.205450
Property Tax Due	\$ 353	\$ 340	\$ 383	\$ 393	\$ 376	\$ 448
Property Tax Increase (Decrease) from Prior Year	\$ (12)	\$ (13)	\$ 44	\$ 9	\$ (16)	\$ 72

Note 1: A school district's levy burden can be separated into two parts: the part that is distributed among property owners in proportion to referendum market value (RMV) and the part that is distributed in proportion to net tax capacity (NTC).

Property Tax System Terminology

In order to understand education finance, it is important to be familiar with Minnesota's property tax terminology and its two types of property tax bases that are used to compute and spread school district levies.

Tax Base Terms

Market Value - Each individual parcel of property is valued by an assessor. This value is referred to as estimated market value. Estimated market value is the value, as the name implies, that the property would bring in a sale on the open market.

Limited Market Value - In certain circumstances, the assessor is required by state statute to value a property at some amount below full market value; in those cases, the constrained value is called the limited market value. The constrained value is a state tool designed to limit year-to-year increases in a homeowner's property tax due to large increases in market value.

Referendum Market Value - Referendum market value is the market value of all taxable property in the school district excluding seasonal recreational and agricultural lands. School taxes for the local share of the operating referendum, equity revenue, and transition revenue are computed and spread against referendum market value.

Net Tax Capacity (NTC) - The legislature has established class rates for different types of property (e.g., homestead, commercial, residential, rental, etc.), and the assessor applies the appropriate class rate to the limited market value of each parcel of property. The resulting value is called tax capacity or net tax capacity. Tax capacity is the value of the property that the property taxes will be levied against for all school funding formulas, except for the levy share of operating referendum revenue, equity revenue, and transition revenue (which are levied against the referendum market value of the school district).

Adjusted Net Tax Capacity (ANTC) - School funding formulas that are spread on net tax capacity are generally calculated using adjusted net tax capacity. Adjusted net tax capacity is the net tax capacity of the district divided by its sales ratio.

Calculating and Paying School Taxes

Tax Rates - The property taxes levied against each parcel of property are computed by the county auditor, who adds up the total dollars of property tax levied by each local unit of government and determines what rate of taxation needs to be applied to the tax capacity of the taxing jurisdictions in order to raise that dollar amount. The rate of taxation is called the tax rate. A net tax capacity tax rate is expressed as a percentage of taxable value. A 50 percent tax rate, therefore, raises \$50 for each \$100 of taxable value (tax capacity).

Tax Statement - The property taxpayer receives a statement listing the total tax rate levied by each taxing jurisdiction (school district, county, and city or township) and the total dollar amount of taxes owed. A preliminary version of this statement, called the Notice of Proposed Property Taxes, is sent out in November each year. The final version is sent out the following spring.

Payment of Property Taxes - The taxpayer makes two payments to the county treasurer for the total taxes owed, and the county treasurer then forwards the remitted amounts to the appropriate taxing jurisdiction (city, county, or school district).

Bonded Debt Amortization Schedule - for current issues

General Obligation Bonds

Year Ending 30-Jun	2005A Refunding Bonds			2007A Capital Facilities Bonds			Total of all Bonds
	Principal	Interest	Total Principal & Interest	Principal	Interest	Total Principal & Interest	
2010	1,900,000	576,250	2,476,250	95,000	16,200	111,200	2,587,450
2011	2,000,000	481,250	2,481,250	100,000	12,400	112,400	2,593,650
2012	2,095,000	381,250	2,476,250	105,000	8,400	113,400	2,589,650
2013	2,210,000	276,500	2,486,500	105,000	4,200	109,200	2,595,700
2014	2,320,000	166,000	2,486,000	-	-	-	2,486,000
2015	1,000,000	50,000	1,050,000	-	-	-	1,050,000
Total	\$11,525,000	\$1,931,250	\$13,456,250	\$405,000	\$41,200	\$446,200	\$13,902,450

**Annual Report on Curriculum, Instruction and Student Achievement
for 2007-08
Willmar Public Schools, ISD 347
Willmar Public Schools: Your Partner in Learning**

This report was approved by the Willmar School Board on September 22, 2008.

**A Message from Dr. Jerry Kjergaard
Superintendent of Schools**

A Message from Dr. Jerry Kjergaard, Superintendent, Willmar Public Schools

Welcome to the Willmar Public Schools - where excellence is not an act, but a habit. As I begin my first year in District 347, I look forward to exploring and learning about the different aspects of the school and community. I look forward to meeting many of you and establishing a relationship as we work together to provide children with outstanding educational opportunities. This publication is distributed by the District so you can become familiar with the Willmar Public Schools, its programs and offerings.

Our teachers, principals, support staff, and stakeholders join me in expressing pride in our School District. This pride is exhibited in the communities we serve, in our parents as vital and supportive members of the school community, and by community members as evidenced by their ongoing support of the District's effort to continuously improve the quality of education provided. These combined efforts truly reflect the District's ongoing theme: "Willmar Public Schools—*Your Partner in Learning.*"

As a District, we can imagine no greater satisfaction than working with and teaching young people. To instill in a child a sense of belonging is gratifying beyond measure to all of us. This District is committed to helping each child discover new ideas, and we value how exciting that voyage of discovery is to each student.

In order to accomplish what we must as educators invites a high degree of partnership with parents and the community. Without that partnership it would be difficult to build on the District's Strategic Plan Goals: 1. Provide a world class education, 2. Improve the lives of students, 3. Ensure achievement for all students, 4. Continue responsible fiscal stewardship, and 5. Enhance school and community relationships. And, while we count on your support, we also know that as in any partnership we have to earn it by being open, understanding, communicative, and transparent.

The refrain to which I return each new school year is to make this year—and to make this school district—"an especially good effort, the very best we can do." Throughout the school year parents and community members having questions or needing information on specific topics are requested to contact my office at 231-8510 to talk with me directly. You can also contact building principals or specific program directors directly with your questions or concerns.

I invite you to explore the many learning and support opportunities available in the District. Through your exploration you will come to know a great deal about us and the values of the communities we serve. You will get a sense of our excitement, spirit, pride, and dedication. In fact, you will get a snapshot of the District's vision and purpose.

Willmar Public Schools is proud to be a vital part of this community and looks forward to building new and expanding existing partnerships. Have a GREAT school year!

Sincerely,

Jerry Kjergaard, Superintendent
 (320)231-8510
kjergaardj@willmar.k12.mn.us

Curriculum Advisory Committee

The Curriculum Advisory Committee (CAC) is an advisory group that provides public participation in the curriculum development process. The CAC meets four times during the school year. Members serve as patrons for specific subject areas. They are appointed by the school board for a three-year term, according to the CAC bylaws. If you are interested in serving on the CAC, contact the Director of Curriculum and Instruction (320-231-8541) about vacancies. Whenever possible, members are selected to achieve a balance in diversity and in views.

CURRICULUM ADVISORY COMMITTEE 2007-08

<u>Member</u>	<u>Patron for</u>	<u>Representing</u>	<u>Term of Office Expires June 30</u>
Lisa Wendt	Agriculture	Community	2010
Roxanne Erickson	Physical Education	Community	2010
Kendall Boline-Fenstra	Science, Elementary	Community	2009
Jan Helin	Math	Community	2010
Joel Brenckman	Media	Teacher	2008
Joan Christianson	Music	Community	2009
Keri Gramm	Art	Community	2009
Lori Park-Smith	Social Studies	Community	2009
Ali Unger	Science, High School	Student	2008
Sandi Unger		School Board	On-going
Kathy Leedom		District	On-going

District Goals

The Willmar School Board adopted the following district-wide goals:

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

Site Goals

Each of the educational sites in the district continued to work on goals that had been established through the North Central Association (NCA) continuous improvement process. They were determined through the analysis of test scores and additional data. All goals are aimed at improving student achievement on the Minnesota standards and local standards in all subject areas. These goals include the following.

- Early Childhood -- To increase student's mathematical competence and thinking by embedding mathematical skills into daily learning.
- Jefferson Elementary -- All students will show a minimum growth of one year in reading comprehension and fluency. All students will show a minimum growth of one year in mathematical understanding.
- Kennedy Elementary -- To improve reading achievement by using a balanced literacy approach to teaching reading, focusing on the five elements of reading: phonemic awareness, phonics, vocabulary, fluency and comprehension
- Lincoln Elementary School -- All students will show improvement in reading comprehension. All students will demonstrate growth in math computation.
- Roosevelt Elementary -- To increase the number of students who scored in the upper levels of the math constructive response items on the MCA II tests
- Junior High -- All students will improve their reading comprehension skills across the curriculum. All students will demonstrate improvement in personal responsibility. We will increase parent involvement.
- Senior High -- All students will improve their note taking skills across the curriculum. All students will improve their test taking skills in all curricular areas.
- Area Learning Center -- To improve reading/literal comprehension using NWEA testing scores. 9th and 10th grade, year attending students will improve their mean RIT scores in literal comprehension by 1 point on the NWEA test.
- Prairie Lakes School -- Students will increase reading and mathematics skills and will be measured through NWEA Assessments.
- Willmar Lakeview School -- To focus students on proper classroom behavior
- Adult Basic Education -- To pre-test all learners in reading and/or math and then to re-assess the learners after 60 hours of participation in order to measure and document each learner's progress.

Report on Improvement Plans and Progress on Implementation

All educational sites wrote continuous improvement plans that address their goals. Staff development is a significant component of these plans. On-going improvement activities include the following highlights from 2007-08. All sites showed progress in the implementation of their plans.

- Early Childhood -- Teachers continue to use best practices as they strive for excellence in meeting and exceeding state standards and the individual needs of each student.
- Jefferson Elementary -- Teachers took part in Connecting Our Reading Experiences (CORE) staff development activities each month. They have received training in guided reading. Guided reading strategies were implemented in the classrooms.

- Kennedy – Kennedy continued to address reading and literacy achievement through specific strategies and staff development. Strategies include Guided Reading, Early Intervention in Reading (EIR), collaboration with Title I and ELL, and several writing strategies. Staff development has continued to be an important part of school improvement at Kennedy. After being trained through an intense program, Reading First, the staff worked to sustain this momentum. One way has been through a new reading grant that brought improved strategies to the classroom. Through study groups and collaboration, staff continue to grow to improve learning and instruction. Math is another area of key focus for staff at Kennedy. Using data to drive instruction, staff chose to be trained in Cognitively Guided Instruction (CGI), a philosophy where teachers learn where each child is at mathematically and build on the intuitive skills they bring to school. This approach addresses key areas where many students are performing below state standards.
- Lincoln Learning Center – Teachers took part in Connecting Our Reading Experiences (CORE) staff development activities each month. They have received training in guided reading. Guided reading strategies were implemented in the classrooms.
- Roosevelt Elementary – More students scored in the upper levels of points on constructed response test items than in 2007. More students demonstrated a higher level of their ability to understand and communicate mathematical concepts based on their constructive responses. The staff has a deeper understanding of the components of quality constructive responses and skills and strategies to integrate these learning strategies into their best practices on a daily basis in the classroom.
- Junior High – Teachers continued to use test data to determine the reading and math needs of students. After-school instruction was available in both curriculum areas of math and reading. The students read a combined total of over 7,000 books for the school year. Teachers received training in note-taking strategies and continued to incorporate them into their instruction. All seventh grade students participated in a Courage Retreat during the 2007-08 school year to improve personal responsibility.
- Senior High -- Teachers continued to receive annual training in note-taking and test-taking skills due to our multiple year NCA building goals. Teachers continued to instruct students in note-taking and test-taking skills. As a result, course completion rates in 2007-08 went up slightly from the previous year to 93.4%. The latest AYP report shows Willmar Senior High with an 81.4% minority graduation rate and a 76.2% Hispanic graduation rate. Both are the highest rates since the school building opened in 1994-95.
- Area Learning Center -- Teachers worked with the Perpich Center and the Quality Teacher Network to develop a theme unit on Mexico. Team meetings were held and modeling of instructional strategies took place. Teachers analyzed student work and shared with other schools in the state. Staff participated in a book study Changing Lives to explore issues of student motivation. Staff also participated in reading workshops.
- Prairie Lakes -- Teachers have modified curriculum to meet individual needs. This has been very effective at PLS since class size is 10-15 students. Reading comprehension strategies have been implemented across curriculum areas. Teachers have embedded state standards in their curriculum and have

developed documentation. NWEA pre and post testing show: Reading RIT overall scores 2 RIT increase with 18 students improving from 7-28 RIT scores. Mathematics RIT overall scores 2 ½ RIT increase with 18 students improving from 7 to 20 RIT scores. Classroom changes which support increased academic achievement include a safe and non-threatening school environment, staff development activities which include research based education models (Marzano, Stiggins), small class size, differentiated instruction with accommodations and District committee involvement.

- Willmar Lakeview School -- Teachers continued to implement the training they received to focus students on proper classroom behavior. Staff continued to use a daily rating system measuring each student's behavior on basic classroom expectations. These ratings are listed in percentages so that progress or lack of it can be tracked. Students are given an opportunity to give input and receive feedback about their rating for each class period. Students are also offered choices and strategies when needed to help them be more successful in the classroom. Staff continued to participate in trainings at the Child and Adolescent Behavioral Health Services (CABHS).
- Adult Basic Education -- Teachers continued to use best practices to reach the goals of individual learners. The program exceeds state and national goals for educational gains.

District Testing Program

The district testing program is designed to provide relevant data for making educational decisions. It includes classroom assessments, standardized tests and state mandated tests. The objectives of the testing program are 1) to measure the progress of each student, 2) to provide information for district decisions, and 3) to comply with state and federal mandates. Test results are used 1) to evaluate the curriculum, and 2) to determine the effectiveness of instructional strategies.

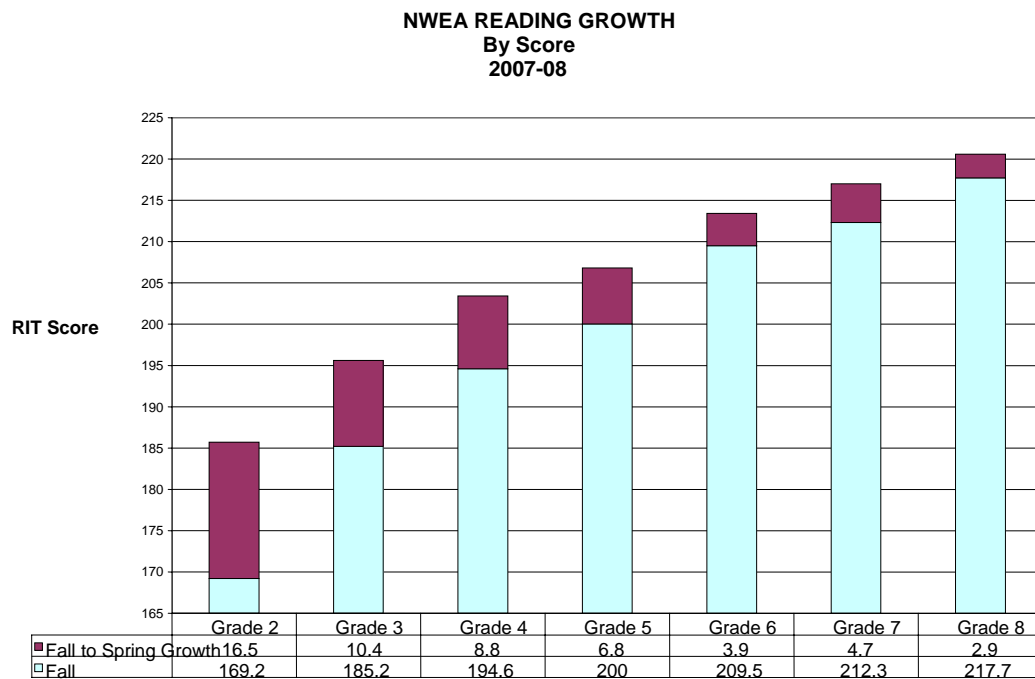
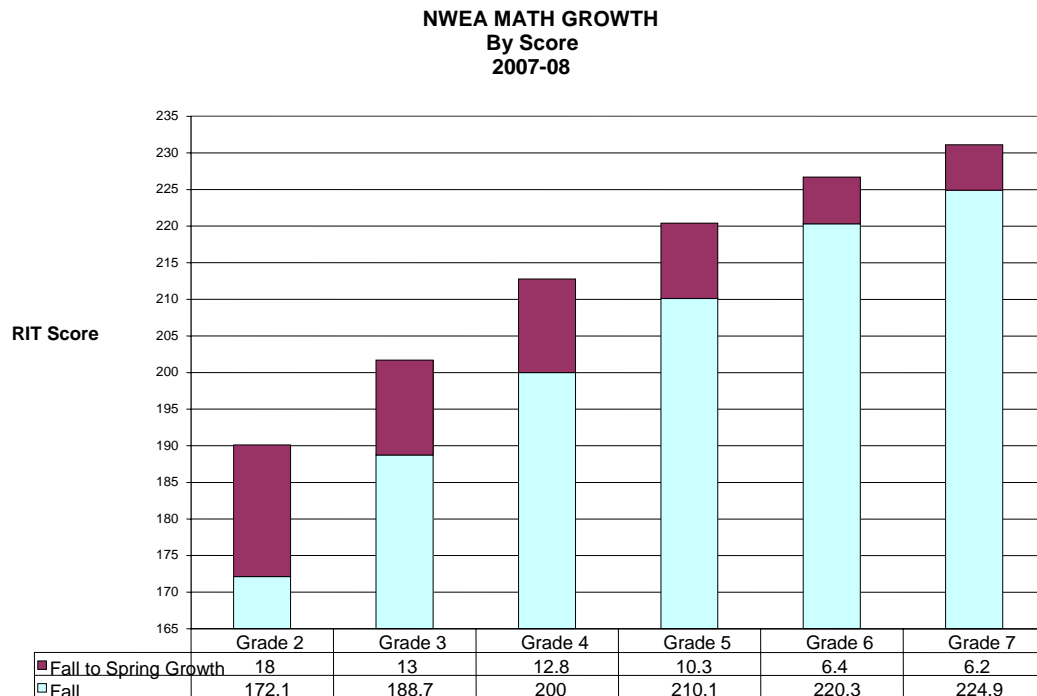
There are numerous tests required by the federal government and the state of Minnesota. The district complies with these mandates and participates in this testing. In addition, the district uses the Northwest Evaluation Association (NWEA) Measure of Academic Progress (MAP). Mathematics and reading tests are given in the Fall and again in the Spring. This provides one indication of how much growth a student has made during the school year. Science tests are given as part of the process for determining placement in science classes.

NWEA Test	Grades
Reading	2-8 and 9-12 as appropriate
Mathematics	2-8 and 9-12 as appropriate
Science	6-8, as appropriate

NWEA Test Results

All students in grades 2 through 8 take the computerized Northwest Evaluation Association (NWEA) tests in mathematics and reading in the Fall and again in the Spring. These tests measure a student's growth during the year. The following graphs show student achievement for 2007-08. The first mark on the bar indicates the average

Fall score. The top of the bar indicates the average Spring score. The difference between the two is the average growth students gained during the year. It is normal for students to make greater growth in the lower grades and less growth in the upper grades. At Willmar Public Schools we want to make sure that all of our students achieve gains during each school year.

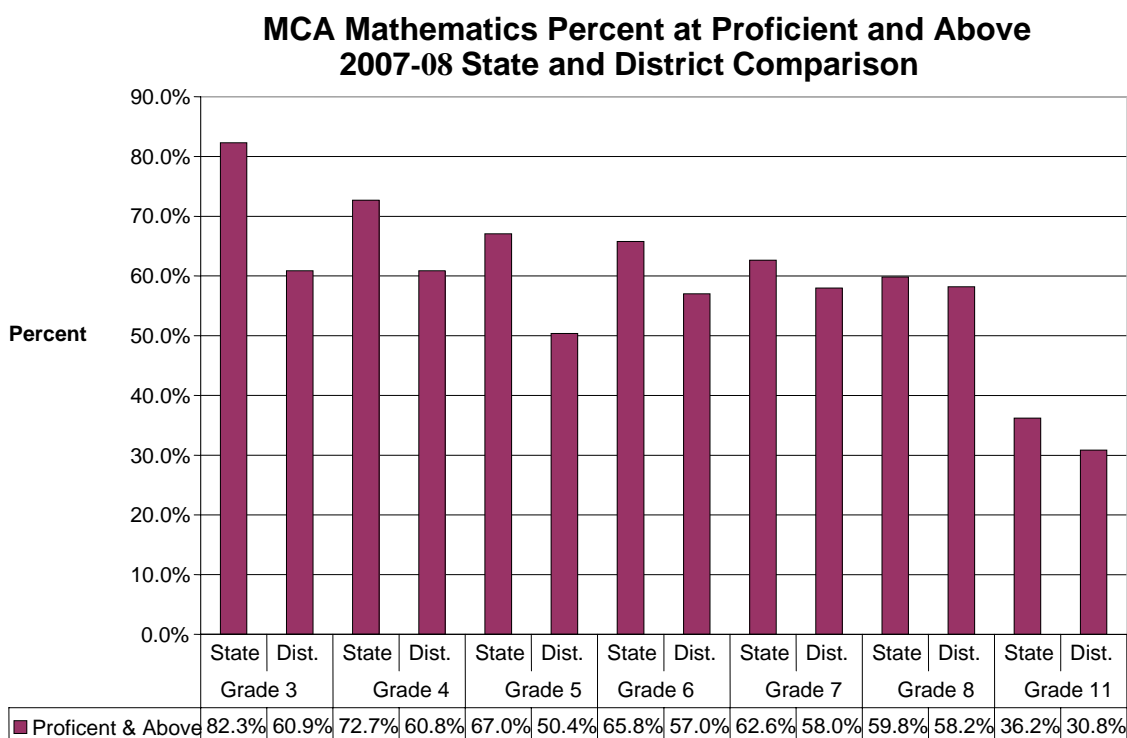


MCA-II Test Results

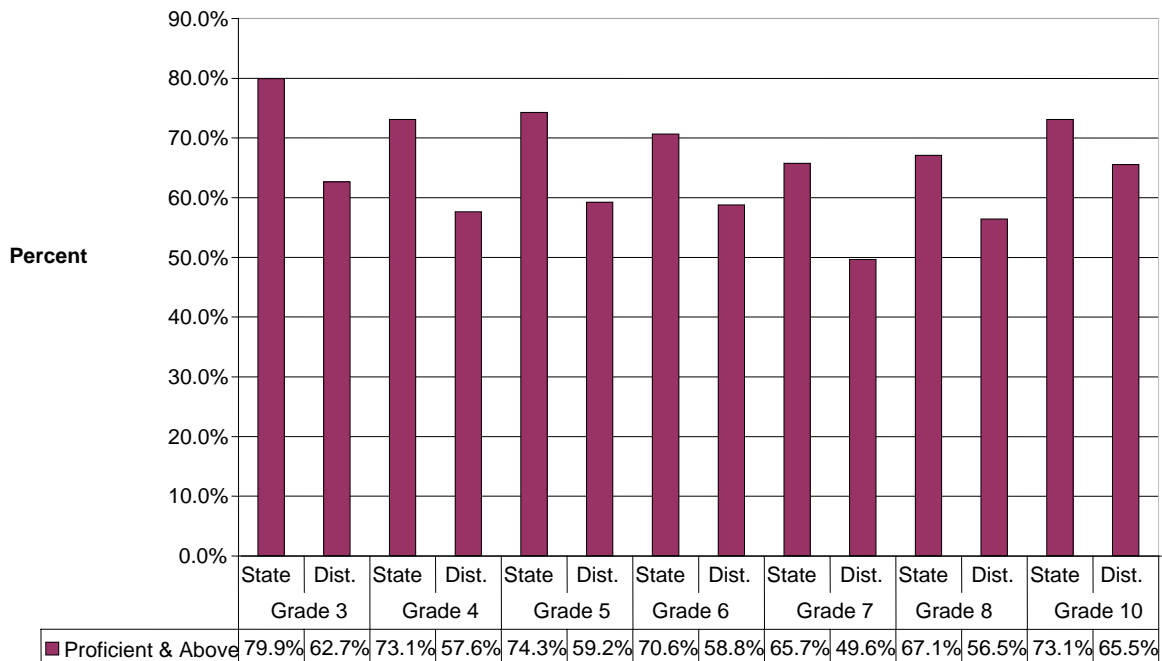
The Minnesota Comprehensive Assessments-Series II (MCA-IIs) measure student performance on state academic standards. During 2007-08, the tests were given as follows:

- Grades 3 through 8 -- reading and mathematics
- Grade 9 – writing on a combined MCA and graduation test (see New GRAD Tests section below)
- Grade 10 – reading on a combined MCA and graduation test (see New GRAD Tests section below)
- Grade 11 -- mathematics

The federal No Child Left Behind (NCLB) legislation requires that districts meet state-established proficiency goals on the MCA-IIs. These goals increase each year. By 2013-14, districts are expected to have 100% of their students at the proficient level or above. The charts below show the state and the district percentages of students who scored at or above the proficient level on the MCA-IIs in 2007-08 in the areas of mathematics and reading. This information reflects students who were enrolled in Willmar Public Schools on Oct. 1, 2007.



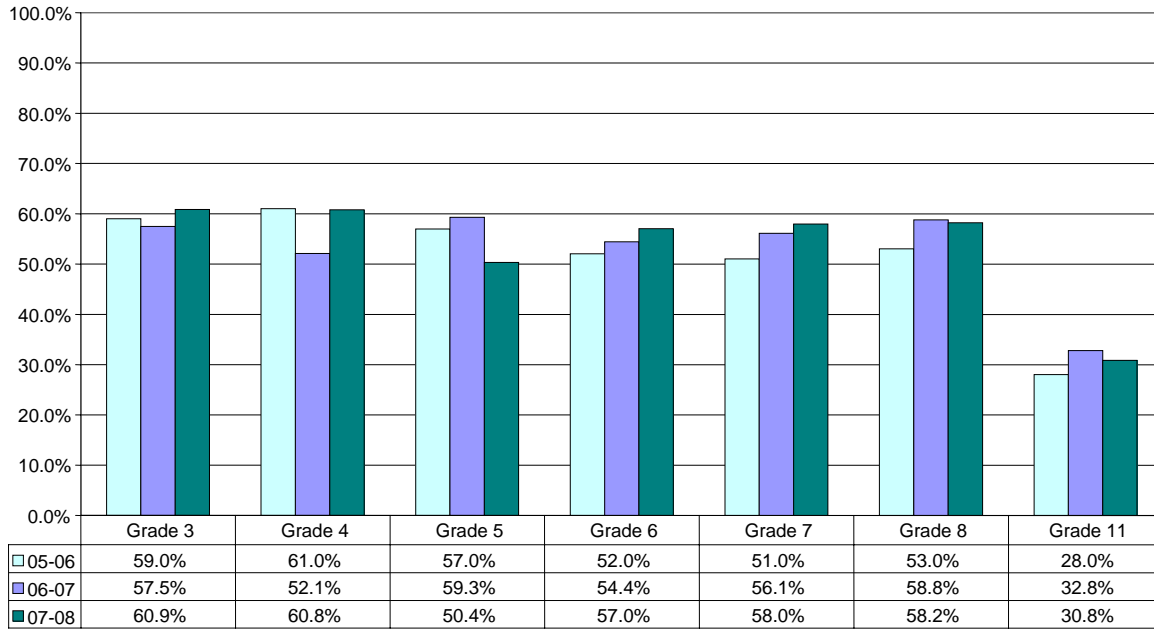
MCA Reading Percent at Proficient and Above 2007-08 State and District Comparison



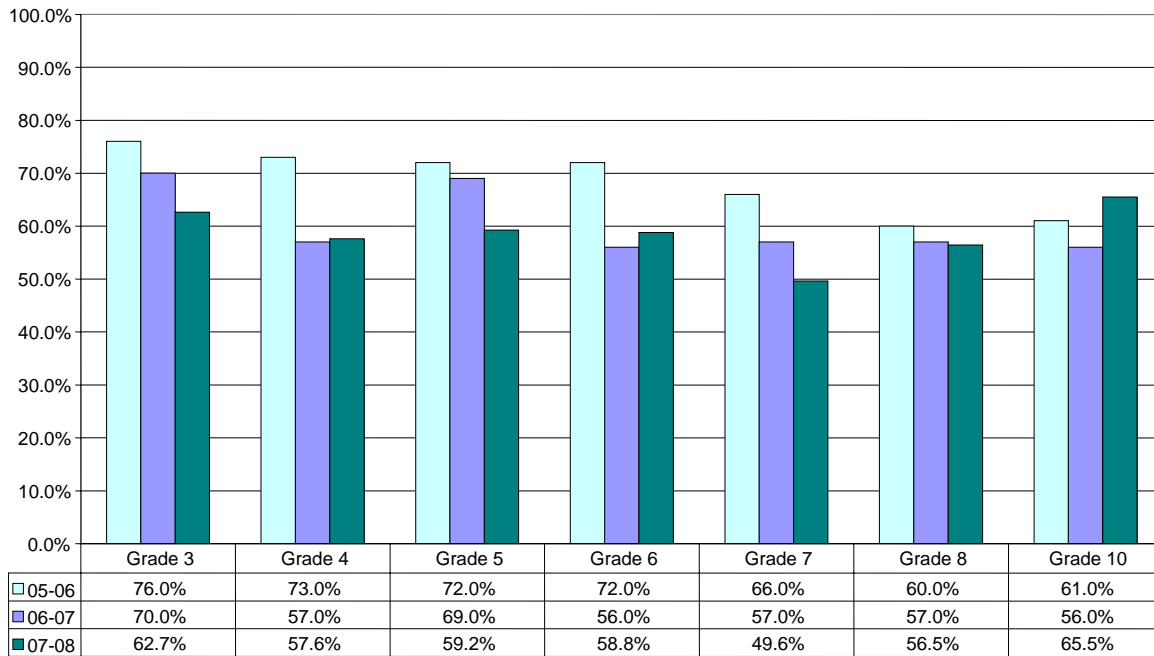
Three-Year Comparison of MCA-II Results

The MCA IIs were first given in 2005-06, so now we have three years of data on how well students have performed on these tests. The charts below show district performance in mathematics and reading over the past three years. The math chart includes both the MCA II and the Minnesota Test for English Language Learners (MTELL). The MTELL is an alternative test that can be given to students who have a first language other than English. The district used it selectively for a few students during 2006-07 and 2007-08.

MCA II Math
Percent Proficient and Above
06-07 and 07-08 include MCA and MTELL
Oct. 1 Students



MCA II Reading
Percent Proficient and Above
Oct. 1 Students



Basic Skills Tests

To qualify for a diploma from a Minnesota public school, students who were in grades 11 and 12 in 2007-08 must pass the state Basic Skills Tests (BSTs) in reading, mathematics and writing. Students who pass the tests must still meet all other district requirements in order to graduate. The reading and mathematics tests were given for the first time in eighth grade. The writing test was given for the first time in tenth grade. Students have opportunities each year to pass these tests. Once a student passes a test, he/she does not have to take that test again. The chart below shows the summary of passing rates for the basic skills tests at grades 11 and 12. For 2007-08, only one student met all requirements for graduation except passing all of the basic skills tests. The other twelfth graders who did not pass the tests had additional requirements for graduation that they did not meet.

BASIC SKILLS TESTS SUMMARY 2007-08

Graduation Class	Mathematics		Reading		Writing	
	2009	2008	2009	2008	2009	2008
Grade	11	12	11	12	11	12
Number of students in the grade	309	338	309	338	309	338
Number of students who passed the test at the state level*	253	284	269	295	260	291
Number of students who passed the test at an individual level as stated on an Individual Education Plan (IEP) or other accommodation plan	13	25	16	20	***	19
Number of students who had language accommodations	0	0	0	**	**	**
Number of students who were exempt from taking the test due to an Individual Education Plan (IEP) or other accommodation plan	0	0	0	0	0	0

* For the mathematics and reading tests, passing is a score of 600, which equates to approximately 75%. For the writing test, passing is a score of at least 3 out of a possible 6 points.

**Does not apply to the reading test and the writing test. The reading test can only be given in the English language. The writing test must be written in English.

*** Due to data privacy requirements, the number is too small to be reported.

New GRAD Tests

Students in grades 10 and below in 2007-08 must pass new graduation tests that are given for the first time as follows: writing in ninth grade, reading in tenth grade, and mathematics in eleventh grade. The tests are called Graduation-Required Assessment for Diploma (GRAD) tests. They replace the Basic Skills Tests. A student who does not pass the test the first time he/she takes it will have many opportunities to re-take each test. Once a student has passed a test, he/she does not have to take it again.

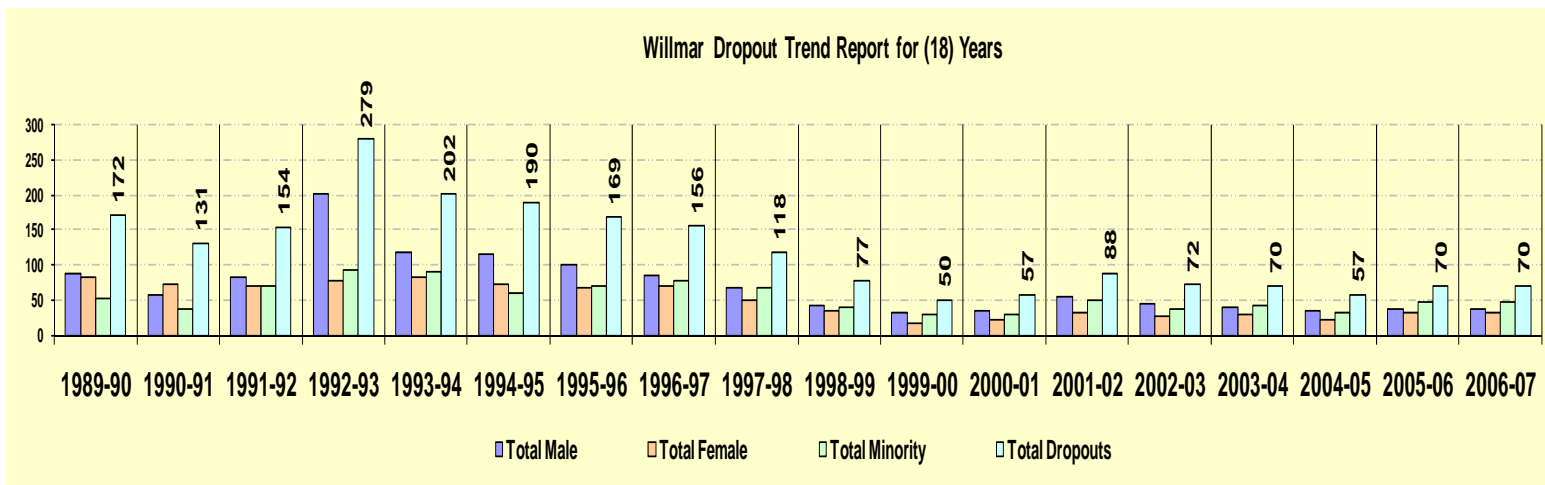
In 2007-08, students in tenth grade took the GRAD reading test. 67.9% passed the test. This is below the state average of 75%.

In 2007-08 students in the ninth grade took the GRAD writing test. 86.7% passed. This is slightly below the state average of 89.5%.

Testing Is Not the Only Focus

With the Basic Skills Tests, the MCA-IIs, the local NWEA assessments, and the new GRAD tests, it might appear that Willmar Public Schools is only interested in test scores. This is not the case.

The district is committed to providing experiences that develop the whole child. We want each of our graduates to walk out the door not only with a diploma indicating academic success, but also with the skills to build a responsible, productive and fulfilling life. We work together and with our community toward this goal. We are all partners in learning.



SCHOOL FINANCE FUNDING

Introduction

The Minnesota school finance system is the method by which funds are provided to operate public elementary and secondary schools. Historical, legal, and descriptive information in the following pages provide the context for understanding the school finance system.

Historical and Legal Background

Public education in the United States is the legal responsibility of state government. In Minnesota, as in most states, the state constitution charges the legislature with responsibility for public schools:

The stability of a republican form of government depending mainly upon the intelligence of the people, it is the duty of the legislature to establish a general and uniform system of public schools. The legislature shall make such provisions by taxation or otherwise as will secure a thorough and efficient system of public schools throughout the state.
(Minn. Const., art. XIII, § 1)

Minnesota delegates responsibility for the actual operation of schools to local school districts whose powers and duties are prescribed by state statute. Historically, the property taxes levied by the school boards governing these school districts have been the primary source of revenue for running schools. Sometime after 1900, property taxes were supplemented by limited amounts of state appropriations for aid to school districts. By 1970-71, the Minnesota state foundation aid program provided all districts a flat grant per pupil unit (a pupil unit is a weighted enrollment measure) and provided some districts an additional “equalized” amount which varied inversely with a district’s property valuation. Under this system, state aid funded about 43 percent of the cost of running schools, and school expenditures per pupil varied widely from district to district. Local property taxes rose rapidly in all districts in the late 1960s, and the tax rate for schools also varied widely among districts.

The 1971 Legislature addressed these disparities by substantially increasing the amount of equalized state foundation aid per pupil unit and imposing a uniform statewide limit on the property tax rate for schools. The 1973 Legislature eliminated flat grants and established a system whereby the amount of foundation aid program revenue available per pupil unit to low-spending districts would be increased to the state average over a six-year period. From 1973 to 1983, the legislature adjusted the foundation aid formula several times making it more responsive to differences among districts and altering the relationship between local tax effort and state aid, without changing the formula’s basic structure.

The 1983 Legislature enacted a new foundation aid program that became effective in the 1984-85 school year. The new program replaced several components of the previous foundation aid formula (i.e., discretionary, replacement, grandfather, and low-fund balance aids and levies) with five tiers of optional aids and levies. The main characteristics of the new five-tier program were equal access to revenues, recognition of some specific cost differences, and more discretion on the part of school boards in choosing the necessary level of revenue.

Current Program Design

The 1987 Legislature replaced the foundation aid program with a modified funding formula called the general education revenue program effective for the 1988-89 school year. General education formula components have remained relatively stable since 1989. In general, each component reflects school district funding needs in different areas and is based on pupil counts and the extent of need for each school district.

For fiscal year 2008 and later, each school district's general education revenue is the sum of the following components:

- basic revenue
- extended time revenue
- compensatory revenue
- Limited English Proficiency revenue
- gifted and talented revenue
- training and experience revenue
- operating sparsity revenue
- transportation sparsity revenue
- operating capital revenue
- equity revenue
- alternative compensation (QComp) revenue
- transition revenue

General education revenue is the primary source of general operating funds for Minnesota's 340 school districts and 143 charter schools. Operating expenses of the district include employee salaries, fringe benefits, and supply costs. School districts also receive state appropriations through categorical aids, which are funds designated for specific purposes (such as special education and school integration/desegregation).

Descriptive Information for Minnesota

Public elementary and secondary education is provided via a financial partnership between the state and 340 local school districts and 143 charter schools. These school districts and charter schools exhibit diversity in terms of enrollment, local property wealth, and expenditure levels.

The state and federal governments share in financial partnership with local districts and charter schools to fund elementary and secondary education. For the 2006-07 school year, the state provided approximately 79 percent of the operating costs of elementary and secondary education. Local revenue sources (primarily property taxes and fees for services such as school lunch) provided approximately 16 percent of 2006-07 operating revenues, and the federal government provided approximately 5 percent.

The bulk of state support for elementary and secondary education is distributed to the districts through the general education revenue program, which provides money for the current operating expenditures of the districts. The remaining portion of the state's appropriation to local districts is provided through special purpose or categorical aids, such as special education aid and local property tax relief aids.

General Education Revenue

Elementary and secondary schools receive the bulk of their general operating funds from the state through the general education revenue program. For fiscal year 2005 and later, basic

general education revenue is provided entirely through state aid payments, but there are equalized levies for operating capital, equity revenue, and transition revenue.

Components of General Education Revenue

The general education revenue funding formula is the primary source of general operating funds for school districts. Statewide, approximately two-thirds of school districts' total revenue comes from the general education program. Each school district's general education revenue is the sum of the components shown in the table below.

General Education Revenue Components

1	Basic Formula Allowance
2	Extended Time Revenue
3	Basic Skills (including LEP) Revenue
4	Gifted and Talented
5	Operating Sparsity (elementary and secondary)
6	Transportation Sparsity Revenue
7	Operating Capital Revenue
8	Equity Revenue
9	Training and Experience (T&E) Revenue
10	Alternative Compensation Revenue
11	Transition Revenue
12	Pension Reduction
13	Options Adjustment

Minnesota's 340 school districts and 143 charter schools use general education revenue to pay for the operating expenses of the district including employee salaries, employee benefits, and supply costs. General education revenue, except for the portion of revenue attributable to compensatory revenue, which must be passed through to each school site, is provided to school districts, and each local school board determines how to allocate that money among school sites and programs, subject to certain legislative restrictions.

Basic Education Revenue

Basic education revenue for each district equals the product of the formula allowance multiplied by the adjusted marginal cost pupil units for the school year. Adjusted marginal cost pupil units is a statutorily defined count of pupils in daily attendance. The basic formula allowance for the 2008-09 school year is \$5,124 per adjusted marginal cost pupil unit (AMCPU).

Extended Time Revenue

Beginning in fiscal year 2004, school districts are prohibited from counting a student as more than 1.0 in average daily membership (ADM). Prior to this, a student could be counted in

excess of 1.0 if the student was participating in a learning year program. A learning year program may include extended day, extended week, summer school programming, or an independent study program. The 1987 Legislature eliminated funding for summer school when it replaced the foundation aid program with the general education revenue program. During the 1990s, many school districts started using the learning year program as a method to fund summer school programs. The growth in learning year pupils was quite significant. The 2003 Legislature adopted a provision that limits a student's annual average daily membership to 1.0.

The extended time revenue program allows a school district to count a student who participates in extended programming for up to an additional 0.2 students in ADM for the time the student spends in extended day, extended week, summer school, or other additional programming authorized by the learning year program. This additional ADM counts only for purposes of generating extended time revenue.

Basic Skills Revenue

Basic skills revenue consists of compensatory revenue and limited English proficiency (LEP) revenue.

Compensatory Revenue - The vast majority of basic skills revenue is generated by the compensatory revenue formula. Compensatory revenue is site-based revenue. The revenue is calculated based on the characteristics of each school site, and the revenue must be distributed to, and spent on, qualifying programs at each site. Compensatory revenue must be used to meet the educational needs of pupils whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age.

Eligible uses of compensatory revenue include the following:

- providing direct instructional services under the assurance of mastery program
- providing remedial instruction in reading, math, and other core curriculum
- adding teachers and teacher aides to provide more individualized instruction
- lengthening the school day, week, or year (including summer school)
- providing staff development consistent with each site's site plan
- purchasing instructional materials and technology
- implementing programs to reduce truancy, encourage graduation, and provide a safe and secure learning environment
- providing bilingual, bicultural, and LEP programs
- providing all-day kindergarten
- providing parental involvement programs

Compensatory revenue must be reserved in a separate account and each district must produce an annual report describing how compensatory revenue has been spent at each site within the district.

The formula that generates compensatory revenue is a concentration formula based on each school building's count of students that are eligible for free or reduced price meals.

The compensatory revenue increases as the number of compensatory pupil units goes up, which is driven by the number of free and reduced lunch students as well as the percentage of such students at the school site. A higher percentage concentration of free and reduced price lunch students leads to a higher count of compensatory pupil units.

Limited English Proficiency Revenue - Districts receive limited English proficiency (LEP) revenue to provide instruction to students with limited English skills. Programs may include

bilingual programs or English-as-a-second-language (ESL) programs. Bilingual education programs provide curriculum instruction to students in their native language. ESL program students are taught to read, write, listen, and speak in English. The state has provided funding for LEP programs since 1980. In 1997, the LEP formula was significantly expanded by adding a pupil concentration formula to the cost-based formula. Beginning in fiscal year 2004, a student is limited to a maximum of five years of funding for LEP revenue.

There are two parts to the LEP portion of basic skills revenue: the first part or basic formula is a set amount per marginal cost LEP pupil; the second part of the LEP formula is a concentration formula. A school district with at least one student eligible for LEP services has a statutorily assigned minimum LEP pupil count of 20.

Gifted and Talented Revenue

Beginning in fiscal year 2006, each school district received \$4 per pupil unit for gifted and talented programming. This amount was increased to \$9 per pupil unit for fiscal year 2007 and further increased to \$12 per pupil unit for fiscal year 2008 and later. The revenue must be reserved and spent only to:

- (1) identify gifted and talented students;
- (2) provide education programs for gifted and talented students; or
- (3) provide staff development to prepare teachers to teach gifted and talented students.

Gifted and Talented Revenue = \$12 x AMCPU

Sparsity Revenue

Secondary sparsity revenue provides additional revenue to geographically large districts that have relatively few secondary pupils. The formula measures sparsity and isolation of the district and then provides additional revenue to the district using an assumption about how many pupil units are necessary to run an acceptable secondary program. The formula assumes that a district with 400 secondary pupils in average daily attendance can provide an acceptable secondary program. Therefore, a district with one high school, no matter how few pupils per square mile it has, will not receive any sparsity aid if the district has a secondary average daily membership (SADM) in excess of 400. In addition, the requirement of large geographic size ensures funding for districts that have few pupils due to geographic isolation and not due to a school board's reluctance to provide cooperative programming with a neighboring school district.

Elementary Sparsity Revenue - A school district qualifies for elementary sparsity revenue if it has an elementary school that is located 19 or more miles from the next nearest elementary school and has fewer than 20 pupils per elementary grade. As with secondary sparsity revenue, the more elementary pupils in average daily membership (EADM) attending the school, the lower the elementary sparsity revenue per pupil.

Transportation Sparsity Revenue

A compromise agreement reached during the 1995 Special Session and affirmed by the 1997 Legislature led to the elimination of the basic transportation funding formulas. In their place, \$170 was added to the basic formula allowance; a new component called transportation sparsity revenue was added to the general education revenue program; and a portion of transition revenue was designed to soften the impact of the funding changes. Transportation sparsity revenue may be used for any general operating purpose. A district is not required to use transportation sparsity revenue for pupil transportation expenses.

Operating Capital Revenue

Operating capital revenue replaced two former capital formulas known as equipment revenue and facilities revenue and moved the revenue stream to each district's general fund. Operating capital revenue must be reserved and used for equipment and facility needs. A school board may spend other general fund money for operating capital expenses, but general fund money provided by the operating capital revenue component must be reserved and spent only for eligible equipment and facilities needs.

Revenue Computation - Operating capital revenue is computed by adding a fixed dollar amount for all districts to a variable amount per pupil unit based on the age of the district's school facilities. The age index is called the maintenance cost index (MCI).

Operating capital revenue provides \$100 per AMCPU times the district's maintenance cost index. Districts with older buildings receive more revenue because of the maintenance cost index. Districts with newer buildings receive less revenue.

Equity Revenue

The equity revenue formula consists of three parts: basic equity revenue; low referendum revenue; and a supplemental formula, added beginning in fiscal year 2007. Equity revenue was added as a component to the general education revenue formula beginning with fiscal year 2000. The state is divided into a seven-county metro region and a greater Minnesota region, and equity revenue is calculated separately for districts within each region. The school districts located in cities of the first class (Minneapolis, St. Paul, and Duluth) are excluded from receiving basic equity revenue. For fiscal years 2002 and later, a school district's equity revenue is based only on the sum of its basic formula allowance and referendum revenue per pupil unit.

The first step in calculating equity revenue is to determine the 5th and 95th percentiles of the portion of general education revenue equal to the basic formula allowances and referendum revenue for the metro and nonmetro regions.

The second step in calculating equity revenue is to divide districts into two classes: those with a referendum and those without.

Equity revenue for a district with a referendum equals \$13 plus the product of \$75 and the district's equity index, all times the district's AMCPU. For a district located in the metro area, this amount is multiplied by 1.25. Equity revenue for a district without a referendum equals \$13 times AMCPU.

Supplemental Equity Revenue - Beginning in fiscal year 2007, all school districts with per pupil referendum revenue less than the 95th percentile are eligible for an additional \$46 per pupil unit. Districts with per pupil referendum amounts that are equal to or greater than the 95th percentile received an additional \$23 per pupil unit for fiscal year 2007 and will receive \$46 per pupil unit for fiscal year 2008 and later.

Low Referendum Revenue - A school district that has per pupil referendum revenue less than 10 percent of the statewide average amount of referendum revenue receives an additional equity amount equal to the lesser of \$100,000 or the difference between 10 percent of the statewide average referendum revenue and the district's current amount of referendum revenue.

Equity Aid and Levy - Beginning in fiscal year 2005, a district's equity revenue is equalized on referendum market value using an equalizing factor of \$476,000.

Training and Experience Revenue

Training and experience (T&E) revenue partially compensates school districts that have teachers who have a substantial number of years of service to the school district and higher levels of educational attainment. T&E revenue was temporarily eliminated for the 1996-97 and 1997-98 school years. T&E revenue was partially restored for the 1998-99 school year and is being phased out over time. Under its current structure, a school district's T&E revenue is limited to only those teachers who taught in the district during the 1996-97 school year and are still teaching in the same school district in the current year.

To calculate T&E revenue, the Department of Education develops a matrix of steps and lanes and places each teacher in the district in the appropriate cell within the matrix. The salary of the teachers in each district in each cell is compared to the statewide average salary for all teachers in each cell and an index number is created based on this comparison.

Alternative Compensation Revenue

Alternative compensation revenue was added to the general education program by the 2005 Legislature as a funding mechanism for the alternative teacher professional pay system. The alternative teacher professional pay system, referred to as Q-comp (short for quality compensation), often requires participating school districts and their teachers to develop an educational improvement plan and an alternative teacher pay system. A school district's alternative teacher compensation plan must be approved by the Commissioner of Education before a school district can access alternative compensation revenue. As of July 1, 2008, the Commissioner of Education had approved plans for 67 schools and another 11 schools have applications pending.

Beginning in fiscal year 2006, a school district that has an approved alternative compensation plan is eligible for alternative compensation revenue. The statewide amount of aid for the program is capped in statute at \$19.329 million for fiscal year 2006 and \$75.636 million for fiscal year 2007 and later. The revenue program consists of a basic revenue amount of \$190 per pupil enrolled at the participating site, provided entirely in state aid plus an equalized aid and levy of \$70 per enrollee (for 2006 only, the full amount of revenue is provided in state aid). For fiscal year 2010 and later, the basic revenue amount is reduced to \$169 and the equalized aid and levy comprises the remaining \$91 per pupil unit.

Transition Revenue

This transition revenue provides school districts with a partial grandfather or hold-harmless due to the 2003 Legislature's changes to general education revenue. Transition revenue guarantees a school district the lesser of (a) its fiscal year 2003 general education revenue per pupil or (b) the amount of revenue per pupil that the district would have received during the 2004 fiscal year under the old definitions of general education revenue. The difference between the actual fiscal year 2004 revenue and the guaranteed amount is the new transition revenue.

This revenue was provided entirely in state aid for fiscal year 2004 and is an equalized aid and levy for later years. Transition revenue is provided through an equalized aid and levy based on a referendum market value equalizing factor of \$476,000.

Teacher Retirement (Pension) Reduction

Some of the changes in the school district employer-paid retirement contributions have been linked to other changes in school funding. Currently, a school district's general education revenue is reduced by two decreases in employer contribution rates and increased by two increases in the Public Employees Retirement Association (PERA) contribution rate.

- (1) The 1984 PERA adjustment is equal to the amount of the 1984 PERA rate reduction times the school district's 1984 PERA payroll.
- (2) The fiscal year 1997 TRA (Teachers Retirement Association) reduction equals 2.34 percent times the district's 1997 TRA payroll. (Prior to 1997, the reduction was .84 percent of TRA payroll. This reduction was added to the 2 percent reduction made in 1997, then reduced to the net amount of 2.34 percent after compensating for the PERA revenue increase under (3)).
- (3) The fiscal year 1999 PERA increase equals .70 percent times the district's 1999 PERA payroll.
- (4) The fiscal year 2007 increase equals .50 percent times each district's 2007 TRA payroll.

The reduction is a fixed total dollar amount (not a per pupil amount) and does not change each year unless the district's teacher payroll is significantly lower than its previous fiscal year, in which case the Commissioner of Education recalculates a lower reduction based on the new payroll data. The adjustment is statutorily eliminated June 30, 2020.

Options Adjustment

A school district's general education revenue is adjusted by the "options" adjustment based on enrollment changes made under student movement programs. Districts receive a reduction in revenue equal to the referendum aid that is generated by resident pupils who enroll in another school district or charter school. Districts receive an increase in revenue equal to the referendum aid attributable to nonresident students served by the school district plus an aid amount equal to the transportation portion of each charter school pupil whom the district transports.

Aid and Levy Calculations

School districts receive general education revenue from both state aid payments and local property taxes (charter schools receive their general education revenue entirely in state aid). The mix of aid and levy is designed to equalize local tax burdens. A school finance program that provides the same amount of total revenue per pupil unit to each district and requires the same tax rate of local effort is said to be fully equalized. Under an equalized system, the higher a district's property wealth per pupil unit, the lower the amount of general education aid the district receives from the state and the higher the amount of revenue provided through the local district's property tax.

General Education Levy and Aid - For the 2001-02 school year, the total local levy of all districts for the general education program was required to raise \$1,330,000,000. To raise this revenue statewide, a tax rate of 32.41 percent of adjusted net tax capacity (ANTC) was necessary. For fiscal year 2003 and later, basic general education revenue is provided entirely in state aid and there is no longer a general education levy.

Operating Capital Levy and Aid - Beginning in fiscal year 2005 (taxes payable in 2004), a district's operating capital was provided through an equalized aid and levy (for the decade prior

to fiscal year 2005, the full amount of operating capital was provided through state aid). The operating capital is equalized on net tax capacity using an equalizing factor of \$22,222 for fiscal years 2005 and 2006. This is a relatively high level of equalization, providing about 80 percent of the revenue through state aid. For fiscal years 2007 and later, the equalizing factor is lowered to \$10,700, lowering the aid share of operating capital revenue to approximately 50 percent of total revenue.

Equity Levy and Aid - Beginning in fiscal year 2005, a district's equity revenue is equalized on referendum market value using an equalizing factor of \$476,000 (the same equalizing factor used for calculating the first tier of referendum revenue). This revenue is calculated and spread on referendum market value—so the levy is not spread on agricultural lands or seasonal recreational property. Prior to fiscal year 2005, a district's equity revenue was provided entirely in state aid. For fiscal year 2009, about \$20 million in equity revenue is provided in state aid; the remaining \$75 million is raised through the levy.

Transition Levy and Aid - Beginning in fiscal year 2005, a district's transition revenue is equalized on referendum market value using an equalizing factor of \$476,000. For fiscal year 2009, approximately \$24 million out of the \$29 million in transition revenue will come through the local levy. For fiscal year 2004 only, transition revenue was provided entirely through state aid.

Referendum Revenue

The referendum revenue program, often referred to as the operating referendum levy or the excess levy referendum, is a mechanism that allows a school district to obtain voter approval to increase its revenue beyond the limits set in statute. Because of the exceptional growth in the referendum levy in the late 1980s and early 1990s, the legislature has made several changes to the program including: equalizing a portion of the revenue; capping the total amount of per pupil revenue a district may have; limiting the length of time that new referendums may run; and requiring referendums approved after November 1, 1992, to be spread on referendum market value instead of tax capacity.

The 2001 Legislature greatly reduced the referendum levy beginning in fiscal year 2003. Each district's referendum revenue was reduced by \$415 per pupil unit. (A district with less than \$415 per pupil in referendum authority lost the full amount of its authority.) At the same time the referendum was reduced, the basic formula allowance for all districts was increased by \$415 per pupil unit. As a result, referendum revenue was reduced by approximately \$200 million. Since that time, referendum revenue has increased substantially as a result of subsequent elections.

Referendum Revenue Cap - School districts not eligible for sparsity revenue are subject to a cap on referendum revenue. For fiscal year 2007 and later, a district's maximum total referendum allowance is limited to 26 percent of the formula allowance adjusted for inflation (\$1,484 for fiscal year 2009). For those districts with authority from 1994 that were above the cap, their capped authority increased by 26 percent of the formula allowance or 17.7 percent less \$215 (instead of the \$415 subtraction that applies to other school districts whichever is greater).

Referendum Revenue Equalization - A portion of each district's referendum revenue is subject to equalization. The first tier of equalization aid is \$700 per pupil unit for fiscal year 2008 and later.

Referendum Tax Base Replacement Aid - Referendum tax base replacement aid was implemented by the 2001 Legislature as a mechanism designed to compensate school districts

for the loss of agricultural land and cabin tax base. Tax base replacement aid is a frozen dollar amount based on fiscal year 2003 characteristics. Any referendum equalization aid earned by the school district is first offset by referendum tax base replacement aid. The remaining equalization aid, if any, is the amount used when computing the referendum aid accompanying charter schools and open enrollment pupils. Referendum tax base replacement aid was made permanent by the 2003 Legislature.

Election Requirements - A district's general levy can be increased with the approval of the voters at a referendum called by the school board on its own initiative or on petition of 15 percent of the school district residents. The election must be held during the November election only, unless the election is held by mail ballot or upon approval of the Commissioner of Education, if the district is in statutory operating debt. If the election is conducted by mail ballot, it must be in accordance with state election law and each taxpayer must receive notice by first class mail of the election and of the proposed tax increase at least 20 days before the referendum. A similar election may also be held to reduce or revoke the increase.

Referendum Market Value - Unlike most other school district levies, referendum levies are spread on referendum market value instead of net tax capacity. Referendum market value is the market value of all property within the school district with two exceptions. First, all seasonal recreational property (cabins) and farmland are excluded from referendum market value. Second, any property with a class rate of less than 1.0 percent is taxed at its market value times its class rate.

Capital Finance

School districts must finance both ongoing capital needs, such as equipment purchases, repairs, and maintenance, as well as major building construction projects. Major building projects are usually financed at the local level, often with the assistance of state-paid debt service equalization aid. Districts borrow money through the sale of bonds and levy an annual tax to repay the money over a period of years. Smaller remodeling projects, equipment purchases, and other ongoing capital needs are normally financed by capital revenue programs.

Beginning with the 1996-97 school year, two of the largest capital funding formulas—the equipment formula and the facilities formula—were moved from the capital fund to a reserved account in the general fund. The purpose of this change was to allow districts greater discretion in the use of operating money for capital needs. The new formulas, named operating capital revenue, are a component of the general education revenue program. School districts may now use general fund operating revenue for capital programs, but operating capital revenue must be used for specified capital purposes and may not be used for general operating purposes.

This section explains the financing methods available to districts to obtain funds for ongoing capital needs and major construction projects.

Review and Comment on Construction Projects - When a new school building is constructed or when an existing facility is substantially remodeled, a district incurs a substantial financial obligation that must be met immediately. School districts issue bonds to obtain the funds necessary to pay the contractors. The district then pays back the bonds over a period of years with money raised from the debt service levy and any debt service aid received from the state. Because of the importance and cost of major construction projects, the Department of Education provides a review and comment on each major project.

Any school district that intends to construct an educational facility costing more than \$100,000 must consult with the Commissioner of Education. The commissioner may require a review and comment on the project. Any project that requires an expenditure of more than \$500,000,

except for certain deferred maintenance projects, must be submitted by the district to the commissioner for review and comment.

The commissioner may give the project a positive, unfavorable, or negative review and comment. If the project receives a positive review and comment, the district may hold a referendum to authorize the sale of bonds; upon approval of a simple majority of the voters, the project may proceed. If the commissioner submits an unfavorable review and comment, the local school board must reconsider the project. If the local school board decides to continue with the project, the referendum to authorize the sale of bonds must receive the approval of at least 60 percent of the voters. If the commissioner submits a negative review and comment, the school board cannot proceed with the project.

The findings of the commissioner's review and comment must be published in the legal newspaper of the district prior to a referendum on the construction project.

Debt Service Revenue

Minnesota's local school districts have generally financed the construction of new school buildings through the sale of bonds. The bonds are repaid with revenue raised from the local district's property tax receipts. The total amount of building bonds issued by the district determines the yearly debt service that the district must pay; and the amount of bonds issued is, of course, directly related to the district's building needs. The tax rate that the district levies in order to make its debt service payments depends both on the amount of debt and the size of the district's property tax base. The larger the debt, and the smaller the property tax base, the greater the district's tax rate for debt service needs.

Debt Service Equalization Aid

The debt service equalization aid program provides state aid to local school districts to help repay the bonds issued to finance construction. The amount of a school district's debt service that the state will pay depends on two factors: the district's total amount of annual debt service and the district's taxable property tax base (net tax capacity) per pupil.

Debt service equalization aid is available for a school district's qualifying debt service. Debt service amounts that qualify for debt equalization are general debt service amounts for land acquisition, construction costs, and capital energy loans. Net debt is the sum of these amounts reduced by any excess balance that the district has in its debt redemption account. All debt incurred prior to July 1, 1992, will be included in the district's net debt. However, debt incurred after July 1, 1992, must be for facilities that:

- receive a positive review and comment from the Commissioner of Education;
- are comparable in size and quality to facilities in other districts; and
- have been reviewed by all neighboring school districts.

The debt service revenue is divided into tiers. The first tier applies to the portion of a school district's debt that is below 15 percent of the district's adjusted net tax capacity. The first tier must be provided entirely through the local levy. The second tier applies to the portion of debt revenue between 15 percent and 25 percent of adjusted net tax capacity. This tier is equalized at a relatively low level. A district qualifies for state aid only if its per pupil tax base is less than \$3,200. The remaining debt revenue makes up the third tier. This revenue is equalized at a high rate—\$8,000 per pupil.

Down Payment Levy

When approved by a voter referendum, school districts may levy the amount authorized for a down payment on future construction costs. Proceeds of the levy must be placed in a special account and may be used as a down payment on the approved construction project.

Maximum Effort School Aid Law

Some districts find it difficult or impossible to finance construction projects through conventional bond sales because the district property tax base is too small. These districts can qualify for state assistance under the Maximum Effort School Aid Law. Under this program, the state borrows money via bond sales and lends it to qualifying school districts on favorable terms. Two types of loans are available: **capital loans** (for new construction projects) and **debt service loans** (to reduce the amount which districts must levy for debt service on completed projects). Qualifying districts can obtain either or both types of loan. A district is eligible for a capital loan only if its net debt tax rate, after any state-paid debt service equalization aid, is more than 32 percent of ANTC.

Capital Loans - The process to obtain a capital loan follows.

1. A school district that intends to apply for a capital loan must submit the project proposal to the Commissioner of Education for review and comment by July 1. Capital loans may not be used to pay for swimming pools, ice arenas, athletic facilities, day care centers, bus garages, or heating system improvements.
2. The commissioner must prepare a review and comment of the proposed project. In order to grant a positive review and comment, the commissioner must determine that all of the following conditions have been met:
 - no adequate facilities currently exist
 - no form of cooperation with other districts would provide the needed facilities
 - the facilities are comparable to facilities recently constructed in other districts of similar enrollment
 - the facilities are comparable to facilities recently constructed in other districts that are financed without a capital loan
 - the district is projected to have adequate funds to support a quality education program during the next five years
 - the current facility poses a health and safety threat and cannot be brought into compliance with code
 - the district has made an effort to adequately maintain the existing facility
 - the district has shared its plans and received comments from neighboring school districts
3. The school board of a district that wants a capital loan must adopt a resolution that describes the project and submit an application for a capital loan to the commissioner by November 1.
4. The commissioner makes a recommendation for each capital loan to the education committees of the legislature by February 1.
5. Each capital loan must be approved in law.
6. A district must conduct a successful referendum on the project before February 1.

If the capital loan is approved, the district must issue bonds up to the amount of: (1) the district's net debt limit, as defined in Minnesota Statutes, section 475.53 or (2) 607 percent of ANTC, whichever is less. The amount of the capital loan the district is eligible for is the difference between the total cost of the project and the amount of the local bond issue.

The district's repayment of the loan is determined by one of several formulas, depending upon when the loan was obtained. For districts obtaining loans approved by the commissioner after January 1, 1990, the district must levy the greater of:

- (1) 28 percent of ANTC; or
- (2) the amount needed to pay the annual principal and interest on the local bond issue.

In any year, if 28 percent of ANTC is the greater amount, the difference between (1) and (2) is applied to repayment of the state loan. If the amount needed for local debt service is the greater amount, no payment is required on the state loan in that year. Maximum effort capital loans are forgiven if they are not paid within 50 years of issue.

Debt Service Loans - Districts in which the levy required to make debt service payments on local bond issues exceeds 28 percent of ANTC by 10 percent or by \$5,000 can obtain a debt service loan from the state. This is a loan to reduce the magnitude of the debt service levy which must be collected. The amount of the loan can be up to the amount of the difference between the required debt service levy and 28 percent of ANTC. However, the debt service loan amount cannot exceed 1 percent of the district's outstanding bonded debt.

Debt service loans are repaid in the same fashion as capital loans. Districts must levy at least 28 percent of ANTC; if this amount exceeds the amount which the district must levy for debt service on its bonds, the difference is used to repay the state loan.

Funding - Capital loans and debt service loans are initially funded by the sale of state bonds. In addition to the bond proceeds, supplemental appropriations by the legislature are necessary to make principal and interest payments because repayments of loans by districts are occurring at a slower rate than that required to meet the state's obligations.

Cooperative Facilities Grant Program

The cooperative facilities grant program provides state grants to groups of local school districts that desire to build or remodel a facility. Prior to July 1, 2007, the program focused only on secondary facilities. A district must meet the same criteria as required by the consolidation program in order to qualify for a grant; for nonconsolidated districts, a minimum of two school districts must agree to apply for the grant. Grant amounts are currently limited to the lesser of 75 percent of the project cost, \$20 million for a new facility, or \$10 million for a remodeling project.

A consolidated school district or a group of districts that wants a cooperative facility grant must apply to the Department of Education for project approval. If the state makes state general obligation bond proceeds available, the district or districts must hold a referendum to approve the sale of bonds for the local portion of the project costs within 180 days of receiving a state grant. The referendum must be approved by a majority of those voting on the bond issue. In some years, the legislature has awarded a \$100,000 planning grant to potential grant recipients and has also named specific grantees in law when the bond proceeds are made available.

Bonds for Certain Capital Facilities

A district may issue general obligation bonds without voter approval for certain capital projects. The bonds must be repaid within ten years of issuance with the district's annual operating capital revenue.

Health and Safety Revenue

A district with a building problem related to health or safety concerns may submit an application to the Commissioner of Education for authorization to receive health and safety revenue. Health and safety revenue may be used for the following purposes:

- to remove or encapsulate asbestos
- to dispose of polychlorinated biphenyls (PCBs)
- to remove and dispose of fuel oils
- to eliminate a fire hazard
- to remove a life safety hazard
- to correct certain air quality problems

The 2003 Legislature narrowed the scope of projects that qualify for health and safety revenue (particularly regarding indoor air quality projects). The legislature also required any project in excess of \$500,000 to be handled through the alternative facilities program.

Alternative Facilities Program

Certain school districts may choose to participate in the alternative facilities bonding and levy program instead of the health and safety revenue program. A district qualifies to participate in the alternative facilities program if the district has:

- (1) more than 66 students per grade;
- (2) either:
 - (a) over 1,850,000 square feet of space and an average age of building space that is 15 years or older, or
 - (b) more than 1,500,000 square feet of space and an average building age of 35 years or more;
- (3) insufficient funds from projected health and safety revenue and capital facilities revenue to meet the district's need for deferred maintenance repairs, to make accessibility improvements, or to make fire, safety, or health repairs; and
- (4) a ten-year facility plan approved by the commissioner.

Additionally, the 2003 Legislature required any health and safety project with a cost exceeding \$500,000 to be handled through this program.

An eligible school district may issue general obligation bonds without voter approval to finance the approved facilities plans. The district may then levy to repay the bonds. This levy qualifies for debt service equalization aid. Alternatively, an eligible district may make an annual levy for the costs incurred under the ten-year facility plan. The 1997 and 1998 Legislatures provided ongoing state aid payments to reduce these levy amounts for districts that qualified at that time.

Deferred Maintenance Revenue

Beginning in fiscal year 2008, a school district that is not eligible for alternative facilities revenue under Minnesota Statutes, section 123B.59, subdivision 1, paragraph (a), is eligible for deferred

maintenance revenue. Deferred maintenance revenue must be maintained in a reserve account and used only for deferred maintenance purposes.

Disabled Access and Fire Safety Levy

A district that has insufficient money in its capital expenditure fund to either remove architectural access barriers from a building, or to make fire safety modifications required by the fire inspector, may submit an application to the commissioner for approval of levy authority of up to \$300,000 spread over an eight-year period. For disabled access projects, the commissioner shall develop criteria to determine the cost effectiveness of removing barriers in consultation with the council on disabilities. The commissioner shall approve or disapprove an application within 60 days of receiving it. The state has also provided state bond proceeds to help small school districts remove barriers: \$1 million was approved in 1993, \$4 million was approved in 1994, \$2 million was approved in 1996, and \$1 million was approved in 1998.

Building Lease Levy

The leased facilities levy authority allows districts to levy to pay rent on leased facilities. The levy authority has been modified many times in the last two decades. The allowable purposes of the levy were narrowed and then expanded. Currently, upon the commissioner's approval, districts may levy for leased facilities when the leased facility would be economically advantageous. The lease levy must not exceed the lesser of the lease costs or \$100 per pupil unit (increased to \$150 per pupil unit for fiscal year 2010 and later) except that a school district that is a member of an intermediate school district may levy an additional \$25 per pupil unit (increased to \$43 per pupil unit for fiscal year 2010 and later) for space in intermediate facilities. The facilities must be used for instructional purposes. The leased levy may not be used for a lease purchase agreement unless the agreement was approved by the Commissioner of Education prior to July 1, 1990, or the district levied for the payments in 1989.

Telecommunications/Internet Access Aid

School districts, charter schools, and nonpublic schools are eligible for state aid to pay for a portion of their telecommunications and Internet access costs. Beginning in fiscal year 2006, the telecommunications/Internet access aid program grants school districts and charter schools aid equal to 90 percent of the schools' unreimbursed telecommunications costs exceeding \$15 per pupil unit, unless the district is a member of a telecommunications cluster, in which case the aid equals 90 percent of the unreimbursed cost.

School districts are required to provide telecommunications and Internet access to nonpublic schools (excluding a homeschool) located within the district's boundaries through a reimbursement equal to 90 percent of the nonpublic school's unreimbursed costs exceeding \$10 per pupil unit. The school district receives additional telecommunications/Internet access aid from the state for this purpose.

In order to qualify for the aid, school districts and charter schools must submit their actual telecommunications and Internet access costs to the Commissioner of Education and file applications for federal Internet funds (commonly referred to as e-rate funds).

During fiscal years 2000 to 2002, the state had a similar program in place called the Telecommunications Access Revenue Program (TARP). There was no specific funding for this purpose during fiscal years 2004 and 2005.

Special Education Mandate

Local school districts are required by state law to provide appropriate and necessary special education to children with disabilities from birth to 21 years of age. Children with disabilities are defined in statute to include children who have a hearing impairment, visual disability, speech or language impairment, physical handicap, mental handicap, emotional/behavioral disorder, specific learning disability, deaf/blind disability, or other health impairment. The definition of a child with a disability also includes every child under age five who needs special instruction and services, as determined by state standards, because the child has a substantial delay or an identifiable and known physical or mental condition. The mandate for service does not include pupils with short-term or temporary physical or emotional disabilities.

Special instruction and services for children with disabilities must be based on the assessment and individual education plan (IEP). The statutes and rules specify school district responsibilities for program decisions for children with disabilities and for the education of children who are placed outside the district where their parents reside. Districts are required to provide special education on a shared time basis to pupils enrolled in nonpublic schools.

Approximately 123,269 students, or roughly 14.9 percent of the public K-12 pupils in the state, receive some special education services.

Special Education Funding Formulas

School districts receive state aid and some federal aid to pay for special education services. If these funds are insufficient to pay for the costs of the programs, districts must use other general fund revenue.

Regular Special Education Revenue

A school district's special education base revenue is determined by a revenue-capped reimbursement formula. Special education costs are calculated using base year expenditure data. For years prior to fiscal year 2008, the base year was two fiscal years prior to the year of the aid payment. For fiscal year 2008 and later, the base year is the current year. A district's revenue is the amount obtained by summing the special education reimbursements. Since the 1999-2000 school year, special education revenue has been provided in state aid and has not had a local levy component.

The overall amount of regular special education aid is set in state statute. The regular special education aid revenue cap was increased from \$529 million in fiscal year 2007 to \$694 million for fiscal year 2008. Prior to fiscal year 2004, the statewide revenue amount was increased yearly by an inflation factor called the program growth factor (which was set at 1.08 for fiscal year 2002 and 1.046 for fiscal year 2003). The 2003 Legislature eliminated the program growth factor so that regular special education revenue did not increase for fiscal year 2004 until fiscal year 2008. For fiscal years 2008 to 2011, the statewide aid cap is raised by amounts set in statute. Beginning in fiscal year 2012, the annual program growth factor of 1.046 is reestablished.

A school district's base revenue is equal to the sum of the following expenditures for regular special education and summer special education programs:

- 68 percent of the salaries paid to essential personnel in the district's program for children with a disability (essential personnel are defined as teachers, related services, and support services staff providing direct services to students); plus

- 68 percent of the salary of instructional aides at the Minnesota academies, who are assigned to students by their individual education plan; plus
- 52 percent of the difference between the contract amount for special instruction and services and the general education revenue allowance for pupils who receive special education through a contract with an agency other than a school district; plus
- 52 percent of the contract amount for supplementary special education provided through a contract with an agency other than a school district; plus
- 47 percent of expenditures for special supplies and equipment for educating children with disabilities up to a maximum of \$47 per child receiving instruction.

The base special education revenue is multiplied by the ratio of the current year's statewide enrollment to the previous year's statewide enrollment.

Each school district's regular special education revenue is then prorated so that the state total regular special education revenue does not exceed the statewide revenue cap for that year.

Excess Cost Aid

Excess cost aid is designed to provide additional special education funding for districts that have extremely high levels of unreimbursed special education expenses. A school district's excess cost aid is capped in much the same manner as the regular special education aid. Total state excess cost aid is limited to a fixed amount set in statute for fiscal years 2008 to 2011, and is annually inflated by 2 percent for subsequent fiscal years and is also adjusted for the change in pupil counts for each year. Each district's initial excess cost aid is based on the difference between unreimbursed special education costs and other general education revenue. Beginning in fiscal year 2006, referendum revenue is phased out of the definition of general education revenue used to compute excess cost aid over a three-year period. For fiscal year 2008, initial excess cost aid equals the greater of:

- (a) 75 percent of the difference between the district's unreimbursed special education cost and 4.36 percent of the district's general education revenue; or
- (b) zero.

A district's excess cost aid is its initial excess cost aid prorated to the state total excess cost aid by multiplying the district's initial excess cost aid by the ratio of the state total excess cost aid to initial (uncapped) state total excess cost aid.

Home-based Travel Aid

The state pays 50 percent of the expenditures on necessary travel of essential personnel to provide home-based services to children with a disability who are under five years old.

Aid for Children with Disabilities (Special Pupil Aid)

Some disabled children don't have a resident district because their parents' rights have been terminated, or their custodial parent or guardian lives outside Minnesota or is an inmate or resident of a state correctional facility. In these cases, the state pays to the serving school district 100 percent of the costs of instruction and services, less the general education basic revenue allowance and any other aid earned on their behalf.

Special Education Cross-subsidy Aid

For fiscal years 2004 and 2005 only, a categorical aid called special education cross-subsidy aid provides some additional support to school districts that lost excess cost aid due to the elimination of the program growth factors.

Source: "Minnesota School Finance, A Guide for Legislators" Prepared by Tim Strom, Legislative Analyst in the House Research Department. Used with permission.

**INDEPENDENT SCHOOL DISTRICT #347
WILLMAR PUBLIC SCHOOLS**

BUDGET & FINANCE GLOSSARY

Account: A descriptive heading under which are recorded financial transactions that are similar in terms of a given frame of reference.

Accountability: The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved.

Accounting: The procedure of maintaining systematic records of events relating to persons, objectives, or money and summarizing, analyzing, and interpreting the results of such records.

Accounting Period: A period at the end of which and for which financial statements are prepared.

Accounting System: The total mechanism of records and procedures of recording, retrieving, and reporting information on the financial position and operations of a governmental unit or any classifying of its funds, balance account groups, and organizational components.

Accounts Receivable: Amounts owing an open account from private persons, firms or corporations for goods and services furnished by the district.

Accounts Payable: Unpaid balances or invoices against a school district which are due and owing to private persons, firms, corporations, governmental units or others.

Accrual Basis: The basis of accounting under which revenues are recorded when earned or when levies are made, and expenditures are recorded as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made.

Accrue: to record revenues when earned or when levies are made and to record expenditures as soon as they result in liabilities, regardless of when the revenue is actually received or the payment is actually made.

Accrued Expenses: Expenses that have been incurred and have not been paid as of a given date.

Accrued Interest: Interest accumulated between interest dates but not yet due.

Accrued Liabilities: Amounts owed but not yet due.

Accrued Revenue: Levies made or other revenue earned and not collected regardless of whether due or not.

Adjusted Marginal Cost Pupil Units: The sum of 77 percent of the adjusted pupil units computed using current year data, plus 23 percent of the adjusted pupil units computed using prior year data.

Adjusted Net Tax Capacity (ANTC): The net tax capacity of a school district as adjusted by the sales ratio (Net Tax Capacity divided by the sales ratio). The purpose of the adjustment is to neutralize the effect of different assessment practices among the taxing jurisdictions of the state.

Adjusted Pupil Units: The sum of pupil units served plus pupil units whom the district pays tuition under an agreement with another district minus pupil units for whom the district receives tuition under an agreement with another district.

Agency Fund: A fund used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds property for others and performs duties as directed. An example of the use of an Agency Fund is for deferred compensation.

Amortization of Debt: The gradual payment of an amount owed according to a specified schedule of times and amounts.

Amount Available in Debt Service Fund: An account in the general long-term debt group of accounts, which designates the amount of assets available in the Debt Service Fund for the retirement of general obligation term bonds.

Amount to be Provided for Payment of Bonds: An account in the general long-term debt group of accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

Appropriation: A legal authorization granted by a legislative body to set money aside for a specific purpose.

Arbitrage: The profit from investing proceeds of tax exempt bonds, in taxable investments, at a yield higher than the yield on the tax exempt bonds.

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

Assessment: The process of making the official valuation of property for the purpose of taxation. The valuation placed upon property as a result of this process.

Assets: The things of value that the district owns.

Audit: The examination of some or all of the following items: documents, records, reports, systems of internal control, accounting procedures, and other evidence, for one or more of the following purposes: determining the propriety, legality, and mathematical accuracy of proposed or consummated transactions; ascertaining whether all transactions have been recorded; and determining whether the transactions are accurately reflected in the accounts and in statements drawn therefrom in accordance with generally accepted accounting principles.

Average Daily Attendance (ADA): The aggregate days of attendance of a given school during a reporting period divided by the number of days school is in session during this period.

Average Daily Membership (ADM): The sum for all pupils of the number of days in the district's school year each pupil is enrolled, divided by the number of days the schools are in session.

Balance Sheet: A formal statement showing the financial position of a fund or school district at a specified date.

Basis Point: One basis point is one-one hundredth of one percent. So if one compares an investment yielding 7.01% to one yielding 7.08% the difference is 7 basis points. An investment yielding 7.50% compared to an investment yielding 7.90% is a difference of 40 basis points.

Board of Education: The elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a given geographical area.

Bond: Most often, a written promise to pay a specified sum of money (called the face value or principal amount), on a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

Bond Discount: The excess of the face value of a bond over the price for which it is acquired or sold. The price does not include accrued interest at the date of acquisition or sale.

Bond Premium: The excess of the price at which a bond is acquired or sold, over its face value. The price does not include accrued interest at the date of acquisition or sale.

Bond Referendum: Funding for a proposed public building or major remodeling project submitted for local voter approval.

Budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

Budgetary Control: The control or management of the business affairs of the district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

Budget Document: The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

Budgeting: Pertains to budget planning, formulation, administration, analysis, and evaluation.

Building Construction Fund: A fund used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans.

Callable Bond: A type of bond which permits the issuer to pay the obligation before the stated maturity date by giving notice of redemption in a manner specified in the bond contract.

Capital Expenditure Fund: A fund to account for the revenues and expenditures associated with the equipment or other capital items.

Capital Outlay: An expenditure which results in the acquisition or replacement of fixed assets or additions to fixed assets, which are presumed to have benefits for more than one year.

Cash Basis: The basis of accounting under which revenues are recorded only when actually received, and only cash disbursements are recorded as expenditures.

Categorical Aid: Funds paid by the state to school districts and designated for specific purposes, such as special education for handicapped children and vocational education.

Child Nutrition Fund: Used to record financial transactions related to food service operations.

Class Rate: An index which when multiplied by the market value of a taxable property produces the Net Tax Capacity (NTC).

Collateral: Property, such as securities, that is pledged by the bank as additional security to protect the investments of the district. The FDIC insurance coverage that the bank carries only

covers the district's investments to \$250,000 until December of 2009 at which point investments will be covered up to \$100,000. Investments over this amount at a bank must be covered at 110% of the amount invested. This percentage is calculated on the market value of the collateral, not the par value.

Community Service Fund: A fund used to account for all financial activities of the Community Education program.

Construction Contracts Payable - Retained Percentage: Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

Construction Contracts Payable: Amounts due by a district on contracts for construction of buildings, structures, and other improvements.

Construction Work in Progress: The cost of construction work undertaken but not yet completed.

Cost Benefit: Analysis, which provides the means for comparing the resources to be allocated to a specific program with the results likely to be obtained from it.

Current: Refers to the fiscal year in progress.

Current Assets: Those assets, which are available or can be made readily available to meet the costs of operations or to pay current liabilities.

Current Expenditures per Pupil: Current expenditures for a given period of time divided by a pupil unit of measure.

Current Expense: Any expenditure except for capital outlay and debt service. Includes total charges incurred, whether paid or unpaid.

Current Funds: Money received during the current fiscal year from revenue which can be used to pay obligations currently due, and surpluses re-appropriated for the current fiscal year.

Current Liabilities: Liabilities which are payable within a relatively short period of time, usually no longer than a year.

Debt Limit: The maximum amount of bonded debt for which a school district may legally obligate itself.

Debt Service Fund: A fund established for the purpose of providing money for the payment of interest and principal on outstanding serial bonds as they fall due.

Debt Service: Money used to retire a school district's debt obligation should a school district issue bonds to pay for capital improvements, new buildings, major additions or remodeling.

Deficit: The excess of the obligations of a fund over the fund's resources.

Electronic Data Reporting System (EDRS): The system by which certain data is transmitted to the Minnesota Department of Education utilizing a computer and the internet. Special education, vocational education and federal Title program staff and expenditure data are examples of some data that is currently transmitted.

Elementary Sparsity Revenue: Revenue available to small, sparsely populated school districts. Elementary sparsity revenue is part of general education revenue. To qualify a district must have an elementary school that is at least 19 miles from the next nearest elementary school and have an average of 20 or fewer students per elementary grade.

Encumbrances: Purchase orders, contracts, and salary or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when actual liability is set up.

Equalizing: Adding state aid dollars to balance local differences in property valuations-based school revenues. The basic education formula allowance is equalized so all school districts receive the same amount of revenue per pupil unit regardless of their local tax capacity.

Equalizing Factor: The maximum amount of adjusted net tax capacity per pupil unit a district may have without going “off the formula”--i.e., becoming disqualified from receiving basic general aid. A district receives no general education aid when the amount raised by the general education tax rate times its adjusted tax capacity exceeds its general education revenue (i.e., number of pupil units times the formula allowance). The equalizing factor is computed by dividing the basic formula allowance by the general education tax rate.

Equity: The mathematical excess of assets over liabilities. Generally this excess is called fund balance.

Excess Referendum Levy: A proposal for additional revenue for operating expenditures that is submitted for local voter approval.

Expenditures: Charges incurred, whether paid or unpaid, for current expense, capital outlay, and debt service.

Financial Accounting: The recording and reporting of activities and events affecting the money of an administrative unit and its program. Specifically, it is concerned (1) with determining what accounting records are to be maintained, how they will be maintained, and the procedures, methods, and forms to be used, (2) with recording, classifying, and summarizing activities or events, (3) with analyzing and interpreting recorded data, and (4) with preparing and initialing reports and statements which reflect conditions as of a given date, the results of operations for a specific period, and the evaluation of status and results of operation in terms of established objectives.

Fiscal Year: A 12-month period between settlements of financial accounts. The fiscal year for the state and school districts runs from July 1 through June 30, and is identified by the calendar year in which it ends. For example, fiscal year 2010 runs from July 1, 2009 through June 30, 2010. A fiscal year is interchangeable with a school year for school finance purposes. For example, fiscal year 2010 is equivalent to the 2009-10 school year.

Fiscal Services: Consists of activities involved with managing and conducting the fiscal operation of the district. This service area includes budgeting, receiving and disbursing, financial accounting, payroll, internal auditing, and purchasing.

Fixed Assets: Assets of a permanent character having continuing value, such as land, buildings, machinery, furniture, and other equipment. The term denotes the intent to continue use or possession. It does not indicate the immobility of an asset.

Fixed Assets Group of Accounts: This self-balancing group of accounts is used to account for fixed assets owned by the district.

Fixtures: Permanent attachments to buildings which are not intended to be removed and which are presumed to function as a part of the building with a useful life as long as that of the building.

Formula Allowance: The dollar amount per pupil unit used to calculate each district's basic general revenue -- the "front end" of the formula.

Full-Time Equivalence (FTE): The amount of employed time required in a part-time position expressed in proportion to that required in a full-time position with "1" representing one full-time position.

Full-Time Personnel: School employees whose positions require them to be on the job on school days throughout the school year, at least the number of hours the schools in the district are in session.

Fund: A sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity. Note: A fund is both a sum or resources and an independent accounting entity. A self-balancing group of accounts must be provided for each fund to show the assets and other resources on the one hand and obligations, surplus, and other credits on the other. Accounts must also be set up to permit the identification of revenues and expenditures and receipts and disbursements with the fund to which they apply.

Fund Balance: The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves, and appropriations for the period.

Funding Formula: A method of equalizing aid to education using both property taxes and state appropriations. The funding formula is the proportion of property taxes versus state aid that funds any one school district.

General Education Aid: Funds paid by the state to school districts as part of the general education revenue program and permitted to be used for any operating expense. Replaces foundation aid.

General Education Revenue: General education revenue is the primary formula for providing general operating funds to school district and is comprised of: basic general education revenue; basic skills revenue; graduation standards implementation revenue; training and experience revenue; elementary and secondary sparsity revenue; and supplemental revenue.

General Fund: School district revenue used to cover teacher salaries and related expenses, school supplies, custodial operations and special education revenue. The fund is used to account for all revenues and expenditures of the district not accounted for elsewhere.

General Ledger: A book, file or other device in which accounts are kept to the degree of detail necessary, that summarizes the financial transactions of the district.

Internal Control: A plan or organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures.

Inventory: A detailed list or record showing quantities, descriptions, values, and frequently, units of measure and unit prices of property on hand at a given time. Also, the cost of supplies and equipment on hand not yet distributed to requisitioning units.

Investment in General Fixed Assets: An account in the general fixed assets. The balance of this account is subdivided according to the source of funds which financed the asset acquisition, such as General Fund revenues.

Investments: Securities and real estate held for the production of income in the form of interest, rentals, or lease payments.

Ledger: contains all the accounts of a particular fund or all those detail accounts, which support a particular General Ledger account.

Levy: A tax imposed on property. The amount of property taxes, which a school board may levy, is limited by statute. Each autumn, the Minnesota Department of Education computes the exact amounts of the limits on the permitted levies for each school district. For levies based on adjusted tax capacity, the previous year's adjusted tax capacity value is used. Each year, school boards hold truth-in-taxation hearings and then vote on how much to levy and "certify" the levy to the county auditor. A levy certified in the late fall is collected in the calendar year beginning the following January. For example, the levy certified in the fall of 2008 will be collected during calendar year 2009 and will provide revenue for the school year (fiscal year) 2009-10.

Liabilities: Debt or other legal obligations arising out of transactions in the past which are payable but not necessarily due.

Local Education Agency (LEA): An educational agency at the local level, which exists primarily to operate schools or to contract for educational services.

Market Value: The value that an assessor gives each individual parcel of property which should approximate the amount the property would bring in a sale on the open market.

Matured Bonds Payable: Bonds, which have reached or passed their maturity date but which remain unpaid.

Matured Interest Payable: Interest on bonds which has reached the maturity date but which remains unpaid.

Membership: A pupil is a member of a class or school from the date he presents himself at school and is placed on the current roll until he permanently leaves the class or school for one of the courses recognized as sufficient by the state.

Minnesota Automated Reporting Student System (MARSS): A system of pupil accounting which maintains essential data elements for each public school student attending school in Minnesota and reported by school districts to the state.

Net Tax Capacity (NTC): This value derived by multiplying the estimated market value of each parcel by the appropriate class (use) rate for that parcel.

Non-Resident Student: A student whose legal residence is outside the geographical area served by the district.

Premium on Bonds Sold: That portion of the sales price of bonds in excess of their par value. The premium represents as adjustment of the interest rate.

Prepaid Expenses: Expenses entered in the accounts for benefits not yet received.

Principal of Bonds: The face value of bonds.

Pupil Accounting: A system for collecting, computing, and reporting information about pupils.

Pupil Unit: A weighted count of resident pupils in average daily membership used in the calculation of state aid and local tax levies. Kindergartners are counted at .612 pupil units, elementary students in grades 1 through 3 are counted at 1.115 pupil units, elementary students in grades 4 through 6 are counted at 1.06 pupil units, and secondary students in grades 7 through 12 are counted at 1.3 pupil units. This pupil unit count is often called “actual pupil units”, “weighted average daily membership”, or “WADM.” A district’s WADM changes every year as its enrollment changes.

Purchase Order: A written request to a vendor to provide material or services at a price set forth in the order and is used as an encumbrance document.

Redemption of Principal: Expenditures from current funds to retire serial bonds.

Refund Bonds: bonds issued to pay off bonds already outstanding.

Registered Warrant: A warrant (order) which is registered by the paying officer for future payment on account of present lack of funds, and which is to be paid in the order of its registration. In some cases, such warrants (orders) are registered when issued; in others, when first presented to the paying officer by the holders.

Requisition: A written request to a purchasing officer or to another department for specified articles or services. It is a request from one school official to another school official, whereas a purchase order is from a school official to a vendor.

Reserve: An amount set-aside for some specified purpose.

Resident Student: A student whose legal residence is within the geographic area served by the district.

Revenues: Additions to assets which do not increase any liability, do not represent the recovery of an expenditure, do not represent the cancellation of certain liabilities without a corresponding increase in other liabilities or a decrease in assets, and do not represent contributions of capital in Food Service or Pupil Activity Funds.

Sales of Bonds: Proceeds from the sale of bonds, except that if bonds are sold at a premium, only those proceeds representing the par value of the bonds would be included.

Sales Ratio: A sales ratio is a statistical measure prepared by the Department of Revenue that measures the difference between the actual sales prices of property with the assessor’s market values on those properties. The purpose of the sales ratio is to neutralize the effect of different assessment practices among the taxing jurisdictions of the state. This is a critical component of an equalized system of school financing. The sales ratio is divided into the taxable value to obtain the adjusted tax capacity of a school district.

Secondary Sparsity Revenue: Revenue paid to small, sparsely populated school districts. The secondary sparsity revenue formula takes into account the secondary enrollment, the distance between high schools, and the surface area of the district. Secondary sparsity revenue is a component of the general education revenue program.

Securities: Bonds, notes, mortgages, or other forms of negotiable or nonnegotiable instruments.

Special Education: Consists of direct instructional activities designed primarily to deal with the following pupil exceptionalities: physically handicapped, emotionally disturbed, culturally different, mentally retarded and mentally gifted and talented.

Staff Automated Reporting System (STARS): The system by which staff data elements are recorded and transmitted to the Minnesota Department of Education.

State Aid: Dollars collected from state personal income taxes, sales taxes, corporate and bank taxes, gross earnings taxes, motor vehicle taxes, liquor and tobacco taxes, dedicated revenue and other monies that are appropriated to a specific expenditure.

Surety Bond: A written promise to pay damages or to indemnify against losses caused by the party or parties named in the document, through nonperformance or through defalcation.

Surplus: The excess of the assets of a fund over its liabilities; or if the fund also has other resources and obligations, the excess of resources over obligations.

Tax Anticipation Notes: Notes issued in anticipation of collection of taxes, usually retireable only from tax collections, and frequently only from the tax collections anticipated with their issuance.

Tax Base: The value of commercial, industrial, residential, agricultural and other properties in a school district, city, municipality, and county.

Tax Capacity: The value of property that school districts, counties, cities, townships, etc. tax.

Tax Capacity Percentages: Statutory classification percentages that are applied to market values. Tax Capacity Percentages replace classification ratios.

Tax Capacity Rate: The rate arrived at by dividing each district's tax levy amount by the district's total tax capacity. Tax capacity rate replaces the term mill rate.

Tax Credit: A state allowed reduction on local property taxes.

Tax Rates: The amount of dollars expressed in percentages, which a taxing body uses to fund the services it provides.

Taxes: Compulsory charges levied by a governmental unit for the purpose of financing services performed for the common benefit.

Taxes Receivable: The uncollected portion of taxes, which the district has levied, and which has become due, including any interest and penalties which may be accrued.

Transfer from Other Funds: Money received unconditionally from another fund without expectation of repayment.

Transfer Pupil: A pupil who severs his connection with a class, grade, or school in order to transfer to another class, grade, or school.

Transportation Fund: A fund used to account for the revenues and expenditures associated with the transportation of students.

Trust Fund: A fund consisting of resources received and held by the district as trustee to be expended or invested in accordance with the conditions of the trust.

Tuition Student: A pupil for whom tuition is paid.

Unamortized Discounts on Bonds Sold: That portion of the excess of the face value of bonds over the amount received from their sale which remains to be written off periodically over the life of the bonds.

Unamortized Discounts on Investments: the excess of the face value of securities over the amount paid for them which have not yet been written off.

Unamortized Premiums on Bonds Sold: An account which represents that portion of; the excess of bond proceeds over par value and which remains to be amortized over the remaining life of such bonds.

Unamortized Premiums on Investments: The excess of the amount paid for securities over the face value, which has not yet been amortized.

Unappropriated Surplus: That portion of the surplus of a given fund, which is not segregated for specific purposes.

Uniform Financial Accounting and Reporting System (UFARS): Rules and instructions adopted by the state Board of Education under legislative mandate to govern the methods by which school districts record financial transactions and inform the state Department of Children, Families and Learning about their finances.

Voucher: A document, which authorizes the payment of money and usually indicates the accounts to be charged.

Warrant: An order drawn by the school board to the district treasurer ordering him/her to pay a specified amount to a payee named on the warrant. Once signed by the treasurer the warrant becomes a check payable by a bank named on the warrant by the treasurer.

Yield: The return on an investment usually presented as a percentage.

Thanks to Gary Hauan from the Robbinsdale Area Schools for his help on the above Glossary

ISD #347 Finance Web Site is located on the District web site at www.willmar.k12.mn.us click on District, Finance, Budget and select FY 2010 Budget Original Report. Please contact Pam Harrington at 320-231-8511, harringtonp@willmar.k12.mn.us, or Shannon Groothuis at 320-231-8527, groothuiss@willmar.k12.mn.us, with any budget questions.