

**2005-2006 Budget**

**1st Revision**

# **WILLMAR PUBLIC SCHOOLS**

NCA accredited

January 23, 2006



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

# WILLMAR PUBLIC SCHOOLS

## 2005-2006 Budget 1<sup>st</sup> Revision

### Table of Contents

#### INTRODUCTORY

School Board and Administration	3
Budget Memo	4
Executive Summary	6
Finance Awards	7

#### ORGANIZATIONAL

The Reporting Entity	8
Funds	8
System of Classifying Revenues and Expenditures	9
Basis of Accounting	9
Financial and Budgetary Control	9
Organizational Chart	10
Mission Statement	11
Long Term Goals	11
Budget Development Schedules	12
Financial Calendar	13

#### FINANCIAL

Budget Overview of Governmental Funds	14
Budget Summary of Governmental Funds	15
Fund Descriptions	16
General Fund	
Comparative Information	16
Revenue	18
Enrollment	20
Expenditures	22
Capital	27
Financial Planning Model	31
Food Service Fund	34
Community Service Fund	35
Debt Service Fund	36
Bonded Debt Amortization Schedule	38
District Buildings and Programs - Expenditures per ADM	39

#### INFORMATION SECTION

Table of Contents	40
-------------------	----

**ISD 347 Willmar Public Schools**  
**School Board and Administration**  
**January 9, 2006**

<b>School Board Members</b>	
Dion Warne	Chair
Mike Carlson	Vice-Chair
Eric Roberts	Clerk
Shawn Mueskie	Treasurer
Wayne Lenzmeier	Director
Brad Schmidt	Director
Sandra Unger	Director
<b>District Office Administration</b>	
Kathy Leedom	Superintendent
Bob Haines	Director of Business and Finance
Bill Busta	Director of Human Resources
Susan Smith	Director of Special Education
Danith Clausen	Director of Curriculum and Instruction
<b>Building Administration</b>	
Rob Anderson	Senior High
Steve Brisendine	Washington Learning Center
Patti Dols	Roosevelt Elementary
Scott Hisken	Kennedy Elementary
Mike Mohs	Secondary Alternative Programs
Mike Prunty	Junior High
Beckie Simenson	Jefferson and Lincoln Elementary

**DATE: Monday, January 23, 2006**  
**TO: School Board, Finance Advisory Committee and Administrative Team**  
**FROM: Kathy Leedom and Bob Haines**  
**RE: Fiscal Year 2006 District Budget – 1<sup>st</sup> Revision**

We submit and recommend to you the 2005-2006 (FY 06) 1<sup>st</sup> Revision Budget for the Willmar Public Schools. Extensive supporting documentation is included. This budget report is one of our primary tools to present financial information, along with our annual financial audit and our new Comprehensive Annual Financial Report.

The FY 06 General Fund budget includes a number of initiatives that are designed to further the School Board's goals. For example, the School Board's addition of All-Day Every Day Kindergarten involves approximately \$400,000 of new expenditures designed to improve student learning. Also, renewal of the Reading First grant represents \$423,942 of federal revenue and associated expenditures focused on improving student reading skills at Kennedy Elementary School. The District also intends to share the knowledge and skills gained from this grant with Jefferson and Lincoln elementary schools through the Connecting Our Reading Experiences (CORE) program.

Other initiatives in the General Fund budget include continued efforts toward maintaining the prestigious North Central Association (NCA) designation on a district wide basis, and further implementation of the 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 School Board approved a long-range strategic work plan in February, 2005. Five key 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 Food Service Fund budget is supporting a number of new initiatives to continuously improve its service and to support the new School Board goals. Several of these include developing a HACCP (Hazardous Analysis Critical Control Points) Food Safety Plan and participating in the development of a district wide Wellness Policy. The development of the Wellness policy includes working closely with the federal Steps to a Healthier U.S. Grant that the district is involved with.

The Community Services Fund budget is supporting the development of new soccer fields at the Roosevelt Elementary School property, an initiative that supports several of the new School Board goals.

The District hosted five community/staff forums and focus groups on budget and facility issues in January and February of 2005. The first goal of the presentations and listening sessions was to apprise community and staff of budget and deferred maintenance challenges facing the district. The second goal was to listen, gather feedback and answer questions from attendees. This process led to more detailed School Board and Administrative discussions and planning that resulted in the reduction of \$800,000 from this budget. The majority of the reductions (in dollars) were accomplished through employee retirements. The first \$300,000 of reductions was a response to continued declining enrollment and had no appreciable impact on class sizes.

The District continues to pursue initiatives that provide improved efficiencies. Several examples follow. First, the FY 06 budget will be our first full year of the Schools for Energy Efficiency program. We expect this proven, district wide effort to save over \$20,000 per year (after all program expenditures) in energy costs after full implementation. Second, the District completed a comprehensive and detailed analysis of our property casualty insurance coverages along with a thorough insurance carrier and agent selection process, resulting in improved coverages and reduced costs. Finally, the District renegotiated new copier lease agreements totaling \$33,000 of savings annually.

The School Board received the results of the comprehensive district-wide facilities study in November, 2004. The study identified nearly \$19 million in deferred maintenance projects over the next 10-15 years. The study also identified up to \$1.8 million of high priority repairs to the Sr. High School building. The District is moving ahead with planning efforts to begin some of the Sr. High School building repairs and continues to pursue legal remedies for the repair costs.

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. The organizational section includes an organizational chart, mission and major goals, district description and financial policies and practices. The financial section includes the budgets for all Governmental Funds. The informational section includes supporting data.

The district's financial planning model projects the General Fund will exceed our 6% fund balance goal again in FY 2006. Based on reasonably conservative assumptions, the General Fund's unreserved fund balance is projected to continue declining at a more rapid pace in FY 2006. The reason for this decline is the possibility of minimum new revenue, continued declining enrollment and modest inflationary cost increases. The bottom line is that even modest inflationary expenditure increases will most likely outpace limited revenue increases resulting in a net fund balance decrease. This "model" is only a model at this point, and not a plan. The District plans to proactively manage expenditures and revenues to maintain a reasonable and prudent fund balance of 6% or greater.

Our 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 our educational programs and services. In addition, we want to emphasize to all constituents our continued deliberate financial stewardship of taxpayer dollars.

Special thanks go to Dan Holtz, District Accountant, for his excellent assistance on this project. Thanks also to Principals, Directors and other staff members who contributed their time and efforts.

While working diligently to demonstrate accountability through results, the district is also stressing the importance of helping each child maximize achievement progress. The Willmar Public Schools wants each child to imagine great possibilities and then work hard in school towards reaching those possibilities. To be sure, sound fiscal practices and financial stability are essential underpinnings for carrying out our primary mission of educating every child who comes to our doors.

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

# Willmar Public Schools 2005-2006 Budget 1<sup>st</sup> Revision

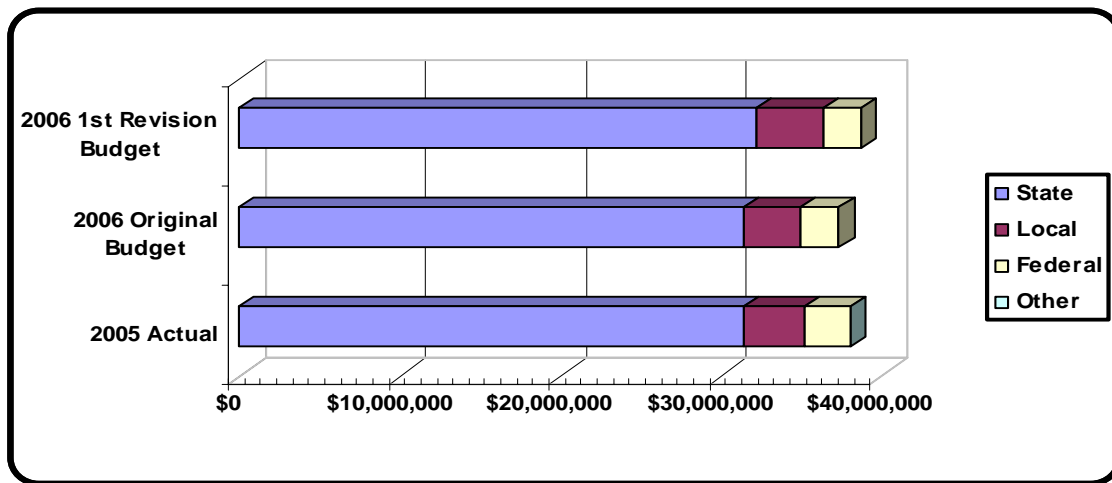
## Executive Summary

### Budget Summary - Governmental Funds

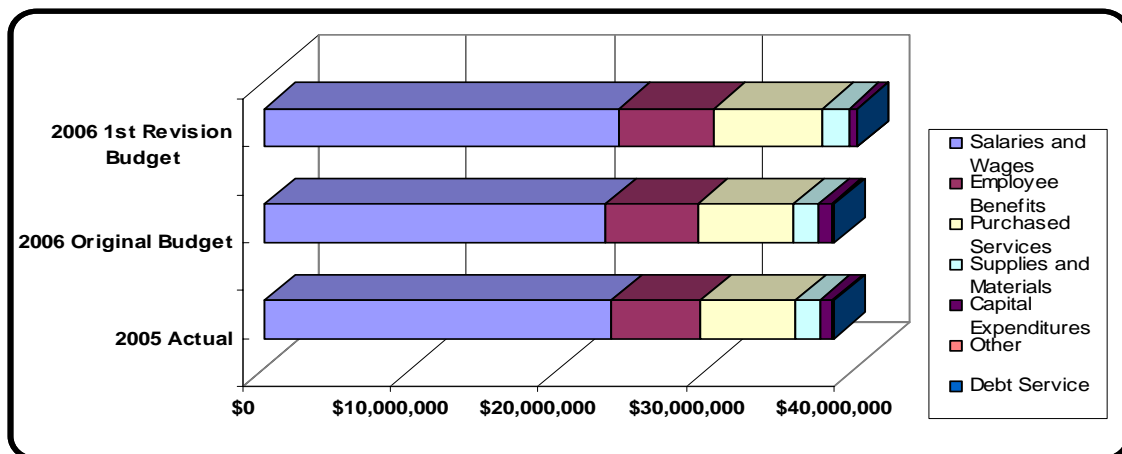
Fund	Budget	Revenue	Expenditure	Change
01	General Fund	\$ 38,793,709	\$ 40,433,163	\$ (1,639,454)
02	Food Service	\$ 1,890,687	\$ 1,865,511	\$ 25,176
04	Community Service	\$ 1,996,764	\$ 2,014,380	\$ (17,616)
07	Debt Service	\$ 19,992,735	\$ 19,742,759	\$ 249,976

### General Fund

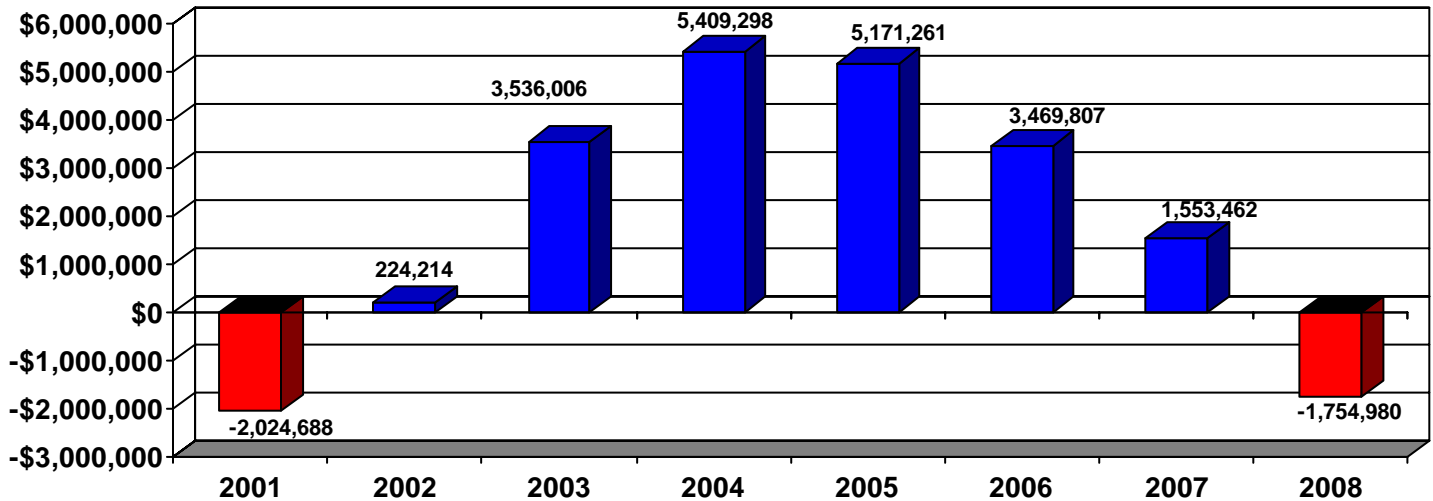
**General Fund Revenues** are budgeted to increase by \$1,409,519, or 3.77%, compared to the FY 06 Original budget. See the revenue summary below.



**General Fund Expenditures** are budgeted to decrease by \$412,695, or 1.06%, compared to the FY 06 Original budget. See the expenditure summary below.



## General Fund Unreserved Fund Balance Projection



**General Fund Bottom line:** We project the FY 06 unreserved fund balance to decline by \$1,701,454 (after factoring in reserves) vs. a decrease of \$238,037 in FY 05 and an increase of \$1.87 million in FY 04.

### Finance Awards

The District received the State of Minnesota School Finance Award in both 2004 and 2005. Less than 10% of Minnesota districts have qualified for this award. The School Finance Award recognizes districts for financial management excellence in the areas of compliance, accountability and training.

In addition, the District received the Certificate of Excellence in Financial Reporting in August 2005 from the Association of School Business Officials (ASBO) for excellence in the preparation and issuance of the district's Comprehensive Annual Financial Report. This award was based on the financial report for fiscal year 2004. This is the first year the district has achieved the award. The Certificate of Excellence is the highest recognition of school district financial operations offered by ASBO, a professional organization with more than 6,000 members. Fewer than 4 percent of school districts in Minnesota received the Certificate of Excellence award last year.

# Organizational

## 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 and 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 provides a full range of public education services appropriate to 4,100 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 education 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 State of Minnesota Department of Education. The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. 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 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, Reading First Grant.
- 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

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 end on June 30.

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

Minnesota school finance law requires that the budget fiscal year begin July 1 and end June 30. ISD 347 develops a General Fund Budget, Food Service Fund Budget, Community Education & Recreation Budget, Debt Service Budget and other necessary budgets on an annual basis.

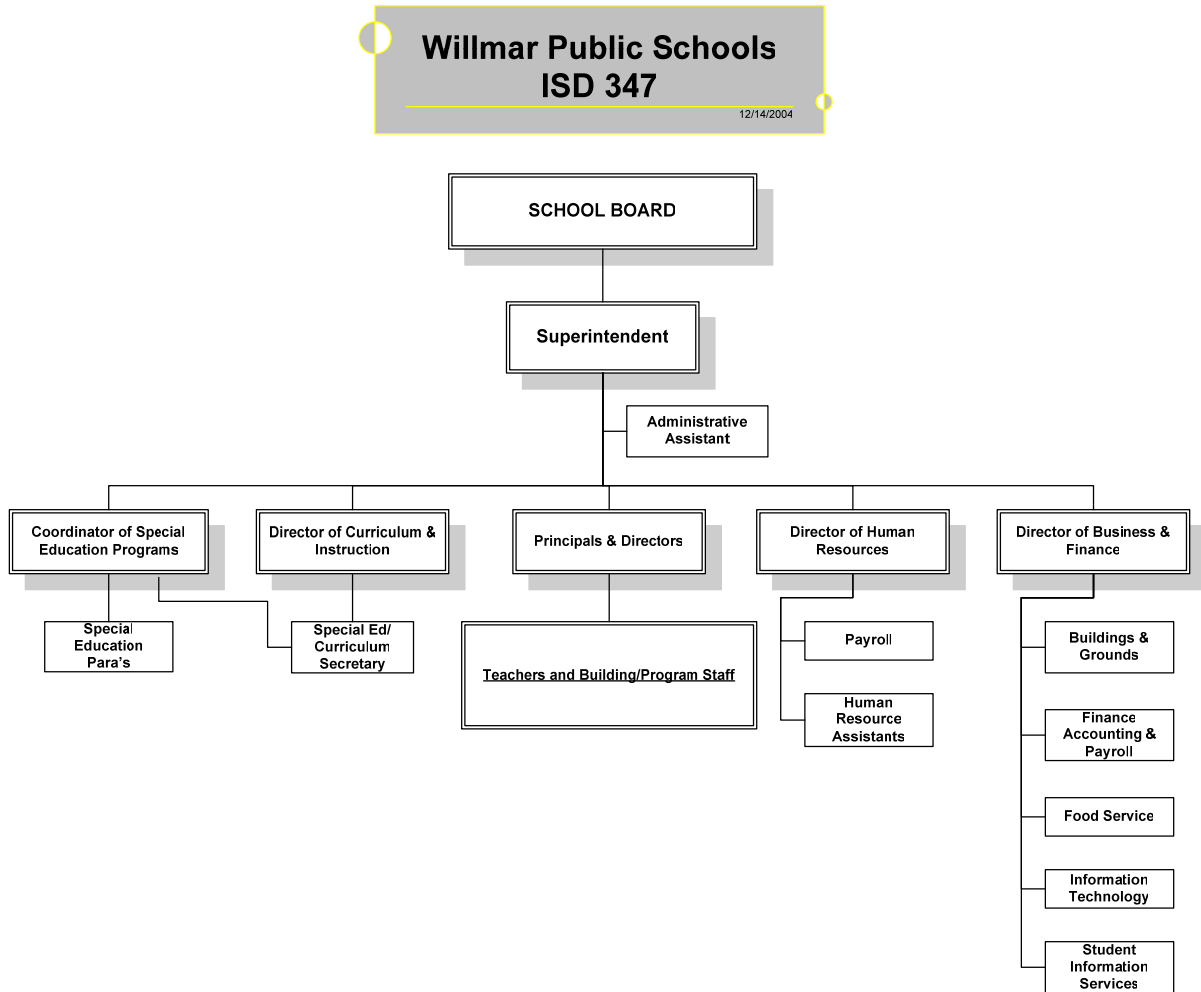
To accurately track and report financial activities with a focus on site responsibility, approximately 8,160 account codes have been defined in the District’s chart of accounts.

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

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

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

# Organizational Chart



## Mission Statement

*Preparing All Students for a Successful Tomorrow*

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

## 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 District began a new long-range planning process in the fall of 2004. The major district-wide goals that resulted from this process are:

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

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

## 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 the fall of 2005 based on the budget development plan shown on page 12. An enrollment projection was developed in early January and provided key data for the revenue projection.

A preliminary version of this General Fund portion of this budget was presented to the Finance Advisory Committee on January 17, 2006.

The Capital Budget Development process varies slightly from the overall budget schedule and is shown on page 12. The current Capital Budget was approved by the Board's Buildings and Grounds Committee on May 6, 2005 and by the School Board on June 13, 2005 and is included as part of this budget document on page 27.

There were no significant changes to our site non-payroll budget allocation process. Also, 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 06 1<sup>st</sup> Revision Budget Development Schedule

ID	Task Name	Start	Finish	Resource Names	Q4 05			Q1 06	
					Oct	Nov	Dec	Jan	Feb
1	Develop Budget Plan	11/2/2005	11/4/2005	Bob, Dan, Kathy	■				
2	Review Plan with Administrative Team	11/4/2005	11/4/2005	Bob	■				
3	Update site allocations based on 11/1 enrollment	11/7/2005	11/18/2005	Bob, Dan	■	■			
4	Revise Payroll Budget	11/7/2005	12/9/2005	Dan, Norma	■	■	■		
5	Review Plan with Finance Advisory Committee	11/21/2005	11/21/2005	Bob, Kathy	■				
6	Distribute Site Budget Worksheets	11/21/2005	11/21/2005	Dan, Bob	■				
7	Develop Revenue Budget	11/21/2005	1/4/2006	Bob	■	■	■		
8	Administrators complete updated budget worksheets	11/22/2005	12/9/2005	Administrators	■	■			
9	Review Plan with School Board	11/28/2005	11/28/2005	Bob, Kathy	■				
10	Develop district wide expenditures, Federal program, gifts & grants, misc. budgets	12/5/2005	12/9/2005	Dan, Bob	■				
11	Develop Enrollment projection	12/19/2005	1/4/2006	Bob, Dan, Kathy		■	■		
12	Preliminary Budget Review	1/4/2006	1/6/2006	Bob, Kathy, Dan, Bill				■	
13	Development of Budget Document	1/9/2006	1/12/2006	Bob, Dan & Kathy				■	
14	Email preliminary budget proposal to FAC	1/13/2006	1/13/2006	Dan, Bob				■	
15	Present Budget to Administrators	1/17/2006	1/17/2006	Bob, Dan & Kathy				■	
16	Present Budget to Finance Advisory Committee	1/17/2006	1/17/2006	Bob, Dan & Kathy				■	
17	Prepare final Budget proposal for Board	1/18/2006	1/19/2006	Bob, Dan & Kathy				■	
18	Email final Budget proposal to Board	1/20/2006	1/20/2006	Dan, Bob				■	
19	Present final Budget proposal to Board for approval	1/23/2006	1/23/2006	Bob, Dan & Kathy				■	
20	Email finance news update to all staff	1/24/2006	1/24/2006	Bob				■	
21	Update Smart Finance with new budget	1/24/2006	1/24/2006	Dan				■	
22	Update Finance Website with new budget and news update	1/24/2006	1/24/2006	Tanya, Bob				■	
23	Update Enrollment projection on EDRS	1/25/2006	1/26/2006	Bob				■	

## FY 06 Capital Budget Development Schedule

ID	Task Name	Start	Finish	Resource Names	Q1 05		Q2 05		
					Feb	Mar	Apr	May	Jun
1	Develop Budget Plan	2/2/2005	2/2/2005	Bob, Dan, Kathy	■				
2	Head Custodians and Admin submit requests	2/2/2005	2/25/2005	Head Custodians, Principals, Rich, Bob	■	■			
3	Analyze requests, questions, quotes, development of capital projects rating sheet	2/28/2005	4/22/2005	Bob, Rich, Bob E., Kathy		■	■	■	
4	Develop budget recommendation	4/25/2005	4/26/2005	Bob, Rich, Bob E.				■	
5	Forward budget recommendation to Buildings and Grounds Committee	5/2/2005	5/2/2005	Bob				■	
6	Review Plan with Buildings & Grounds Committee	5/6/2005	5/6/2005	Bob, Kathy				■	
7	Begin implementation of budgeted projects	5/9/2005	6/30/2005	Rich, Bob E.				■	■
8	Include approved budget in overall District budget documents	5/17/2005	6/9/2005	Bob				■	■
9	Present final Budget proposal to Board for approval	6/13/2005	6/13/2005	Bob, Kathy					■

## WILLMAR PUBLIC SCHOOLS ISD #347 FINANCIAL CALENDAR

2005						2006												2007					
JUL	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE
AUDIT 2004-05						BUDGET 2005-06 2nd REVISION DEVELOPMENT						BUDGET 2006-07 2nd REVISION DEVELOPMENT						BUDGET 2006-07 2nd REVISION DEVELOPMENT					
2005 PAYABLE 2006 LEVY CERTIFICATION						BUDGET 2006-07 ORIGINAL DEVELOPMENT						BUDGET 2007-08 ORIGINAL DEVELOPMENT						BUDGET 2007-08 ORIGINAL DEVELOPMENT					
BUDGET 2005-06 1st REVISION DEVELOPMENT						2006-07 FISCAL YEAR CURRENT BUDGET																	

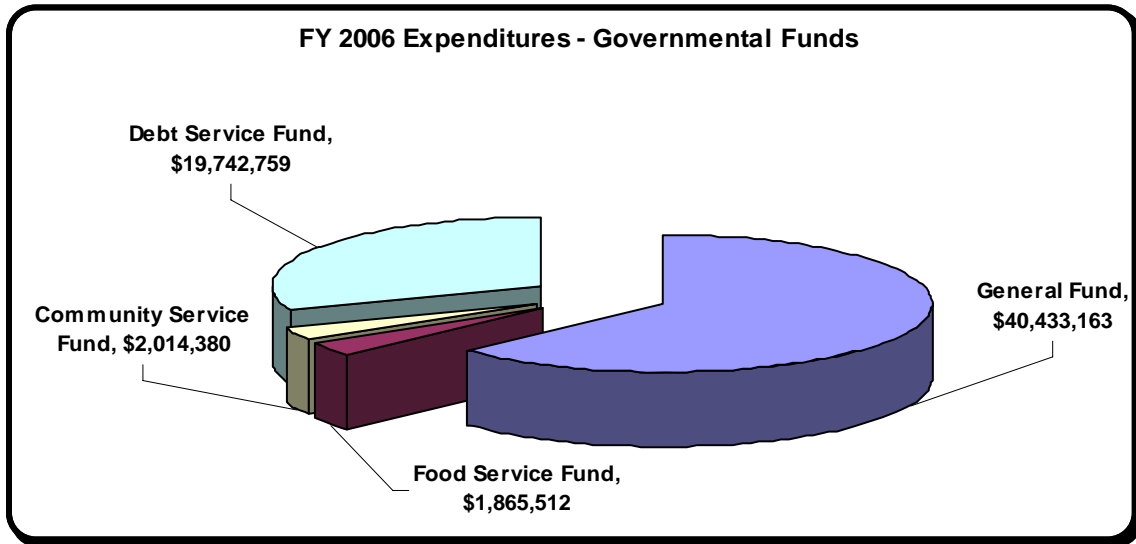
# Financial

## Budget Overview of Governmental Funds

**FY 2006**

	Total All Governmental Funds	Governmental Funds			
		General Fund	Food Service Fund	Community Service Fund	Debt Service Fund
Total Revenue	\$ 62,673,898	\$ 38,793,709	\$ 1,890,687	\$ 1,996,764	\$ 19,992,738
Total Expenditures	64,055,814	40,433,163	1,865,512	2,014,380	19,742,759
Excess (deficiency) of Revenues Over (under) Expenditures	(1,381,916)	(1,639,454)	25,175	(17,616)	249,979
Fund Balance - June 30, 2005*	<u>7,480,286</u>	<u>6,448,205</u>	<u>78,371</u>	<u>193,599</u>	<u>760,111</u>
<b>Fund Balance - June 30, 2006*</b>	<b><u>\$ 6,098,370</u></b>	<b><u>\$ 4,808,751</u></b>	<b><u>\$ 103,546</u></b>	<b><u>\$ 175,983</u></b>	<b><u>\$ 1,010,090</u></b>

\* Undesignated plus reserves



## Budget Summary of Governmental Funds

**FY 2006**

	<b>Total All Governmental Funds</b>	<b>General Fund</b>	<b>Food Service Fund</b>	<b>Community Service Fund</b>	<b>Debt Service Fund</b>
<b>REVENUES</b>					
Local Property Tax Levies	\$ 4,406,106	\$ 1,790,907	\$ -	\$ 261,437	\$ 2,353,762
Other Local and County Revenues	\$ 3,438,161	2,415,092	9,022	808,683	205,364
Revenues from State Sources	\$ 33,346,964	32,212,673	169,376	710,063	254,852
Revenues from Federal Sources	\$ 3,587,242	2,371,037	999,625	216,580	
Other	\$ 17,895,424	4,000	712,664	-	17,178,760
<b>Total Revenues</b>	<b>\$ 62,673,898</b>	<b>\$ 38,793,709</b>	<b>\$ 1,890,687</b>	<b>\$ 1,996,764</b>	<b>\$ 19,992,738</b>
<b>EXPENDITURES</b>					
Administration	1,435,970	\$ 1,435,970			
District Support Services	2,730,681	865,170	1,865,511		
Regular Instruction	18,793,667	18,633,361		160,306	
Vocational Education Instruction	890,016	890,016			
Special Education Instruction	8,322,777	8,322,777			
Community Education and Services	1,843,674	-		1,843,674	
Instructional Support Services	2,257,021	2,257,021			
Pupil Support Services	3,211,333	3,200,933		10,400	
Sites and Buildings	4,506,634	4,506,634			
Debt Service Principal	18,685,000				18,685,000
Debt Service Interest/Fiscal Charges	1,166,541	108,781			1,057,760
Fiscal/Other Fixed Cost Programs	212,500	212,500			
<b>Total Expenditures</b>	<b>\$ 64,055,814</b>	<b>\$ 40,433,163</b>	<b>\$ 1,865,511</b>	<b>\$ 2,014,380</b>	<b>\$ 19,742,760</b>
Excess (deficiency) of Revenues					
Over (under) Expenditures	<u>(1,381,916)</u>	<u>(1,639,454)</u>	<u>25,176</u>	<u>(17,616)</u>	<u>249,979</u>
Fund Balance - June 30, 2005*	7,480,286	6,448,205	78,371	193,599	760,111
<b>Fund Balance - June 30, 2006*</b>	<b>\$ 6,098,370</b>	<b>\$ 4,808,751</b>	<b>\$ 103,547</b>	<b>\$ 175,983</b>	<b>\$ 1,010,090</b>

\* Undesignated plus reserves

## 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 – use 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.

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.

## General Fund

### Comparative Information

WILLMAR PUBLIC SCHOOLS

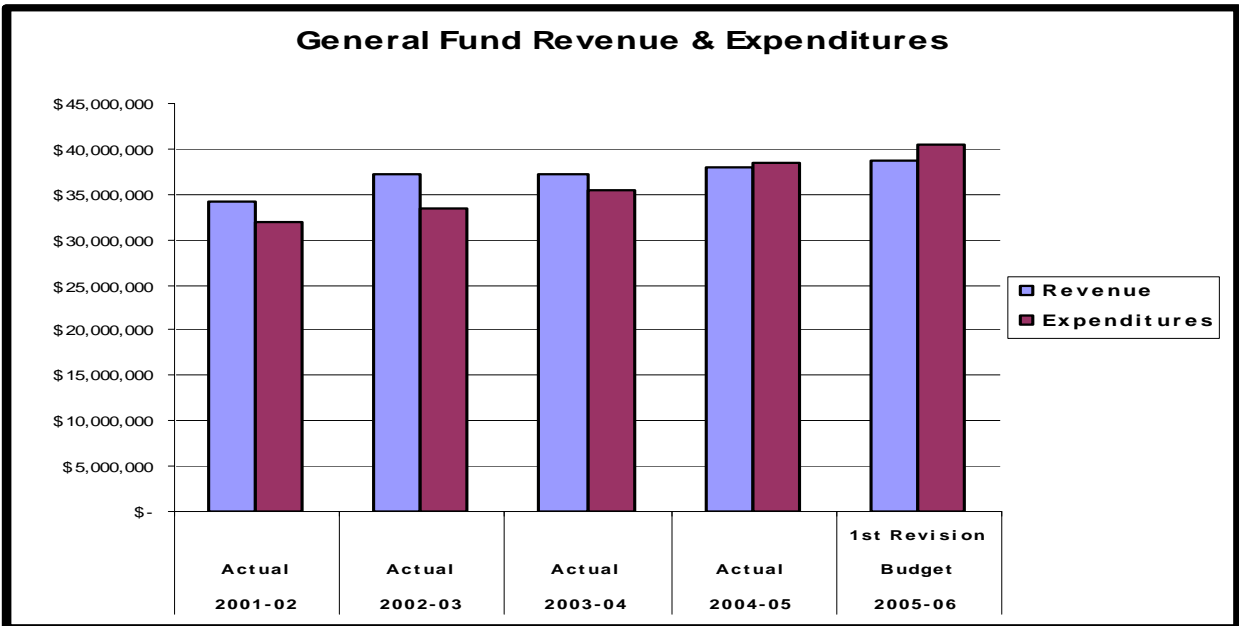
#### General Fund Budget

*Comparative Information for Fiscal Years 2001-02 Through 2005-06*

#### Fund Revenues & Expenditures

**With Percent Growth from Previous Year**

	2001-02	2002-03	%	2003-04	%	2004-05	%	1st Revision 2005-06	%	Average %
	Actual	Actual	Growth	Actual	Growth	Actual	Growth	Budget	Growth	Growth
Revenue	\$34,270,543	\$37,209,751	8.58%	\$ 37,268,640	0.16%	\$ 38,045,109	2.08%	\$38,793,709	1.97%	3.20%
Expenditures	\$31,927,738	\$33,379,691	4.55%	\$ 35,537,478	6.46%	\$ 38,453,246	8.20%	\$40,433,163	5.15%	6.09%





WILLMAR PUBLIC SCHOOLS

**General Fund Budget**

*Comparative Information for Fiscal Years 2001-02 Through 2005-06*

**Revenue and Expenditure Growth History**

**With Percent Growth from Previous Year and Average Percent Growth for Period**

	2001-02	2002-03	%	2003-04	%	2004-05	%	1st Revision	%	Average
	Actual	Actual	Growth	Actual	Growth	Actual	Growth	2005-06	Growth	%
								Budget		Growth
<b>REVENUES</b>										
Local Property Tax Levies	\$ 3,593,950	\$ 1,462,929	-59.29%	\$ 2,082,070	42.32%	\$1,645,621	-20.96%	\$ 1,790,907	8.83%	-7.28%
Other Local and County	2,502,647	1,921,687	-23.21%	2,023,592	5.30%	2,104,422	3.99%	2,415,092	14.76%	0.21%
Revenues from State Sources	26,390,524	32,194,247	21.99%	31,101,721	-3.39%	31,476,588	1.21%	32,212,673	2.34%	5.54%
Revenues from Federal Sources	1,687,479	1,593,643	-5.56%	2,045,563	28.36%	2,813,609	37.55%	2,371,037	-15.73%	11.15%
Other	95,942	36,194	-62.28%	15,695	-56.64%	4,836	-69.19%	4,000	-	-62.70%
<b>Total Revenues</b>	<b>34,270,542</b>	<b>37,208,700</b>	<b>8.57%</b>	<b>37,268,641</b>	<b>0.16%</b>	<b>38,045,076</b>	<b>2.08%</b>	<b>38,793,709</b>	<b>1.97%</b>	<b>3.20%</b>
<b>EXPENDITURES</b>										
Administration	956,951	1,188,380	24.18%	1,376,206	15.81%	1,367,747	-0.61%	1,435,970	4.99%	11.09%
District Support Services	1,334,089	1,496,621	12.18%	740,807	-50.50%	868,959	17.30%	865,170	-0.44%	-5.36%
Regular Instruction	14,601,423	14,792,484	1.31%	16,819,619	13.70%	18,660,762	10.95%	18,633,361	-0.15%	6.45%
Vocational Educational Instruction	940,051	1,016,872	8.17%	957,412	-5.85%	999,096	4.35%	890,016	-10.92%	-1.06%
Special Education Instruction	6,636,753	6,965,758	4.96%	7,403,802	6.29%	8,095,671	9.34%	8,322,777	2.81%	5.85%
Community Education & Services	-	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0.00%
Instructional Support Services	1,705,627	1,786,264	47.88%	1,971,743	5.63%	1,811,317	-8.14%	2,257,021	24.61%	17.49%
Pupil Support Services	2,418,043	2,522,229	36.93%	2,664,190	0.89%	3,051,105	14.52%	3,200,933	4.91%	14.31%
Sites and Buildings	2,960,877	3,310,991	-89.86%	3,340,554	-12.31%	3,376,451	1.07%	4,506,634	33.47%	-16.91%
Fiscal and Other Fixed Cost Pr.	373,925	300,092	0.00%	263,145	0.00%	222,138	-15.58%	321,281	44.63%	7.26%
<b>Total Expenditures</b>	<b>31,927,739</b>	<b>33,379,691</b>	<b>4.55%</b>	<b>35,537,478</b>	<b>6.46%</b>	<b>38,453,246</b>	<b>8.20%</b>	<b>40,433,163</b>	<b>5.15%</b>	<b>6.09%</b>
Excess (Deficiency) of Revenue										
Over (Under) Expenditures	2,342,803	3,829,009		1,731,163		(408,170)		(1,639,454)		
Other Financing Sources		1,050				2,778				
Fund Balance - July 1 Beginning*	(1,050,428)	1,292,375		5,122,434		6,853,597		6,448,205		
Fund Balance - June 30 Ending*	<u>\$ 1,292,375</u>	<u>\$ 5,122,434</u>		<u>\$ 6,853,597</u>		<u>\$6,448,205</u>		<u>\$ 4,808,751</u>		

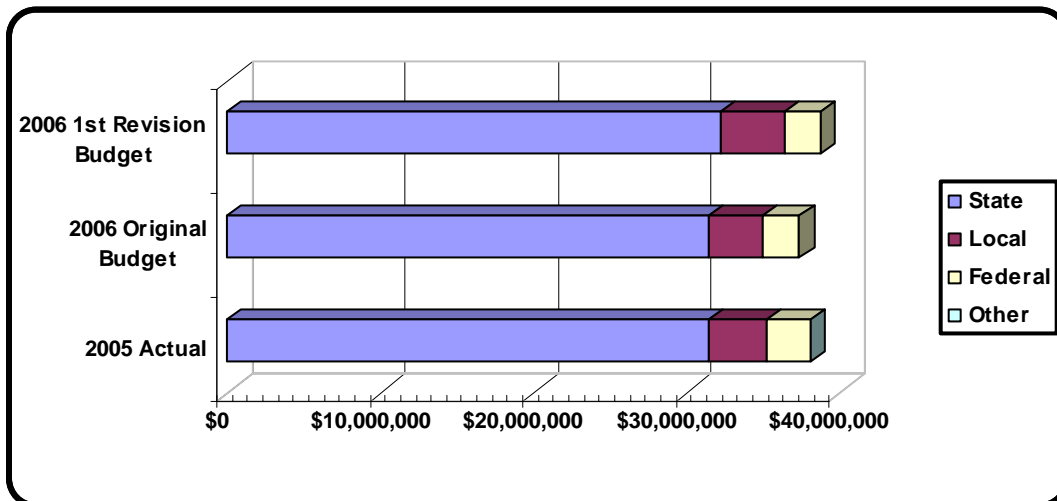
\* Undesignated plus reserves

## FY 06 1<sup>st</sup> Revision General Fund Revenue Assumptions

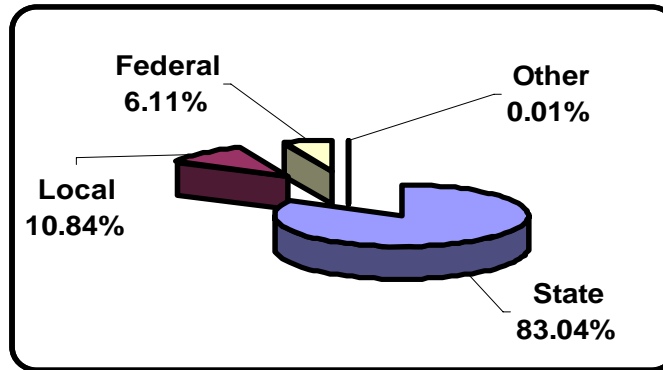
1. E-12 Student enrollment will decline from 4,093 ADM's in FY 05 to 4,050 ADM's in FY 06. Kindergarten enrollment is projected at 288 ADM's.
2. The district carried forward a positive unreserved fund balance of \$5.17 million from June 30, 2005, into FY 06.
3. State aid is based on current State of MN legislation, including a 4% general education formula increase, and summarized in the MN General Education Revenue document (What-if) published by the MN Department of Education.
4. Levy revenue is based on the 2004 Pay 2005 Levy Certification approved by the School Board in December of 2004 (for fiscal year 2005-2006) and published by the MN Department of Education.
5. Special Education aid is based on reasonably conservative estimates using State of MN worksheets and data, including the Special Education Excess Cost Revenue worksheet.
6. Federal program revenues are based on signed entitlement documents.
7. Local revenue increases approved at the May 9, 2005 School Board meeting are included.
8. Non-levy local revenues are based on estimates and the best information available.
9. Grant revenue and associated expenditures that are known at this point in the budget cycle are included.

**General Fund Revenues** are budgeted to increase by \$1,409,519 or 3.77%, compared to the FY 06 Original budget. See the revenue summary charts below.

Revenue Source	Actual FY 05	Original Budget FY 06	1 <sup>st</sup> Revision Budget FY 06	Change Orig 06 to 1st Rev 06	
				\$	%
State	31,476,588	31,390,295	32,212,673	822,378	2.62%
Local	3,750,043	3,584,028	4,205,999	621,971	17.35%
Federal	2,813,609	2,405,617	2,371,037	-34,580	-1.44%
Other	7,614	4,250	4,000	-250	-5.88%
<b>TOTAL</b>	<b>38,047,854</b>	<b>37,384,190</b>	<b>38,793,709</b>	<b>1,409,519</b>	<b>3.77%</b>



### FY 2006 General Fund Revenue Sources



Revenues variances from the original budget include the following:

- State revenues are \$822,378 higher due to the impact of new legislation passed in July 2005, after the original budget was prepared and approved. Factoring in the new legislation, including the 2% Staff Development set-aside as part of the new state finance legislation, and assuming the moderating enrollment decline, overall state revenues increased by 1.58% compared to FY 2005.
- Special Education Tuition billing revenue is \$324,241 higher based on best estimates.
- Interest income is \$65,000 higher due to an excellent cash position, aid anticipation borrowing, and higher interest rates.
- Continued projected declining enrollment accounts for \$227,812 less state aid compared to if enrollment had stayed the same as in FY 05 (see the Revenue State Aid Comparison report in the Information Section).
- Gifts and Grant revenues are \$123,450 higher. Grant revenues and associated expenditures that are known at this point in the budget cycle are included. These budgeted revenues may grow as grants are received during the year.

### Revenues by Source Code Group

	FY 03-04	FY 04-05	FY 05-06	FY 05-06	FY 05-06	FY 05-06	
	Actual	Actual	Original	1st Revision	Budget	Budget	
Source	Audited	Audited	Budget	Budget	Difference	% Change	Comments
Local	4,105,662	3,750,043	3,584,028	4,205,999	621,971	17.35%	Higher Tuition Billing, higher interest earnings, grant revenue
State	31,101,721	31,476,588	31,390,295	32,212,673	822,378	2.62%	New state legislation
Federal	2,045,563	2,813,609	2,405,617	2,371,037	(34,581)	-1.44%	Based on actual federal entitlements
Other	15,695	7,614	4,250	4,000	(250)	-5.88%	
<b>TOTAL</b>	<b>\$37,268,640</b>	<b>\$38,047,854</b>	<b>\$37,384,190</b>	<b>\$38,793,709</b>	<b>\$1,409,519</b>	<b>3.77%</b>	

#### Summary comparison of the FY 05-06 1st Revision to the FY 05-06 Original Budget

**Local:** Local Revenue is \$621,971 or 17.35% higher than in the original FY 2006 budget. There are three primary reasons for this increase: 1) Tuition Billing revenue is \$324,241 higher than in the original budget, due to an updated estimate and factoring in prior year revenue for this year; 2) Interest Earning are \$65,000 higher, due to an excellent cash position, aid anticipation borrowing and higher interest rates; and 3) Gift and Grant revenues are \$123,450 higher based on current grant information. **Note: 1st Revision Local Revenue is 1.96% higher than FY 2005 actual revenue.**

**State:**

State Revenue is \$822,378 or 8.22% higher than in the original FY 2006 budget. This increase is a result of new State school finance legislation passed in the summer of 2005, after the FY 2006 Original Budget was prepared and approved. **Note: 1st Revision State Revenue is 2.34% higher than FY 2005 actual revenue.**

**Federal:**

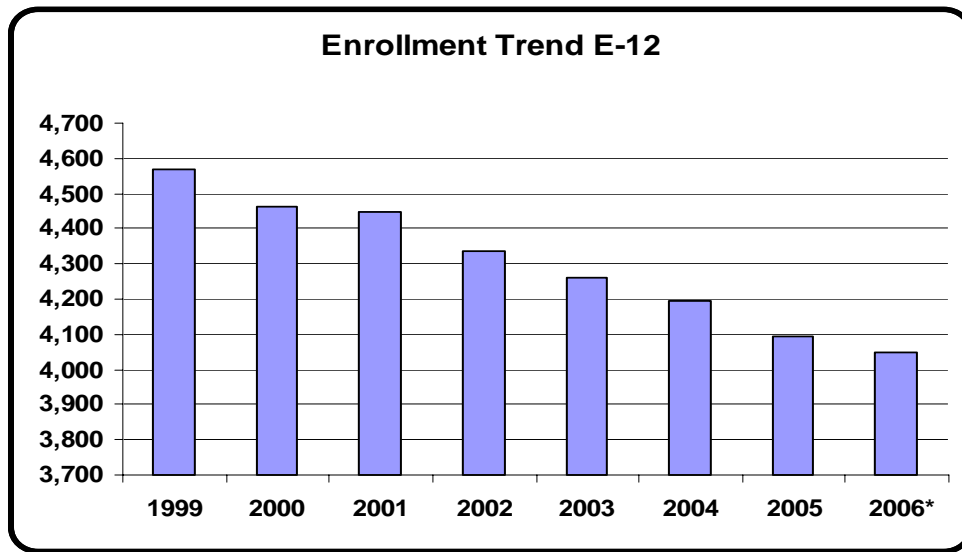
Federal Revenue is \$34,581 less than the original FY 2006 budget. This decrease reflects actual federal entitlements vs. the estimates used in the original budget. **Note: 1st Revision Federal Revenue is 15.73% less than the FY 2005 actual revenue.**

A more detailed revenue report summarizing each source code along with narrative information is included in the Information Section. In addition, various revenue budget development documents and worksheets are also included in that section.

**Enrollment**

The District utilizes enrollment projections provided by multiple enrollment projection tools and calculations. The District has historically been very accurate in forecasting end-of-year (EOY) enrollment since the implementation of the new enrollment tools in early FY 2002.

The following charts show the District's actual and projected enrollment trend for the fiscal years 1999 – 2006.



Fiscal Year	Student ADM's
1999	4,567
2000	4,465
2001	4,449
2002	4,335
2003	4,259
2004	4,195
2005	4,093
2006*	4,050

\* Projected enrollment

FISCAL YEAR		E-12 ADM's
FY 2003	Final ADM's	4,259
FY 2004	Final ADM's	4,194
FY 2005	Final ADM's	4,093
FY 2006	1st Revision	
	<u>Projection options</u>	
	H - Model	4,138
	EnPro	3,993
	Oct. 1 Ratio	NA
	<i>ISD 347 Projection</i>	<b>4,050</b>
<i>This is a decrease of 43 ADM's, or 1.1% from the prior year.</i>		
Other data:		
* FY 06 seat count increased by 16 from 10/1/06 to 1/1/06.		
* FY seat count trends are positive.		
* District mobility was 37.80% in 2004 per MDE, a new peak for us.		

Our projected E-12 enrollment for the FY 2006 Budget 1<sup>st</sup> Revision is 4,050 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 upgraded ENPRO model projects 3,993 ADM's (this model now provides 18 different types of projections, this is roughly the average of the five we chose to compare) and the H-Model projects 4,138 ADM's. Also factored into this projection is the student seat count trend, the new All-Day-Every Day Kindergarten program, and Sr. class/K class size issues. Finally, we considered the increased mobility index in FY 2004 and the potential for this trend to impact enrollment, along with local economic development and housing trends.

The ENPRO model has more emphasis and weight on past history vs. the H-Model which has more emphasis on the prior year along with a direct connection to this year's current seat counts. Dennis Hoogeveen of Larson, Allen, Weishair & Co. also reviewed our FY 06 enrollment projection.

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 future, demographic trends point to continued declining enrollment for the Willmar Public Schools, based on a detailed demographic study complete in the summer of 2003. However, there are a number of signs that point to successful economic development trends in Kandiyohi County. It is too early to tell if this economic expansion will positively affect our enrollment.

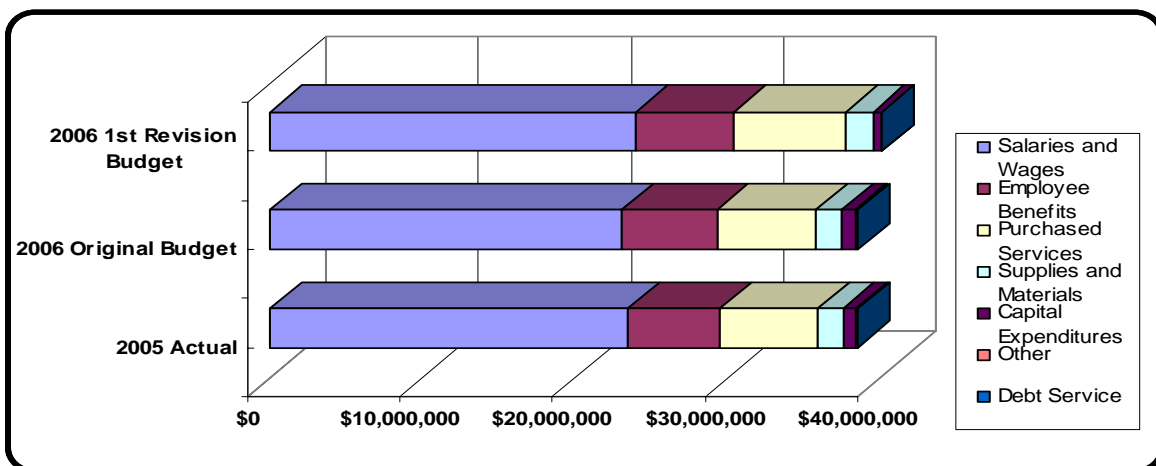
Because of the above-mentioned demographic trends and even factoring in promising economic development taking place in the Willmar area, the District projects that enrollment will continue to decline, based on the information available to us. However, this decline will exhibit a less severe trend in the next several years, and then begin to level out by approximately FY 2008 or 2009.

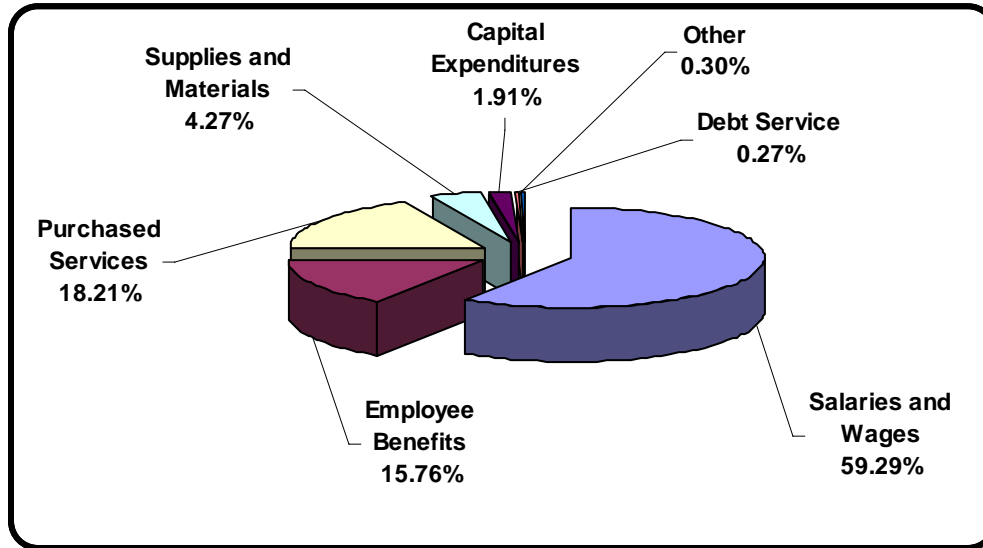
### FY 06 1<sup>st</sup> Revision General Fund Expenditure Assumptions

1. Payroll and benefits are increased by projected negotiations outcomes or by 4.0% (combined).
2. Maintain minimum 6% fund balance per School Board resolution.
3. Expenditure reductions totaling over \$700,000 approved at the May 9, 2005 School Board meeting are included.
4. The All Day Every Day Kindergarten program approved at the August 8, 2005 School Board meeting is included.
5. The two elementary teaching positions reinstated at the July 11, 2005 School Board meeting are included.
6. Transportation budget is based on a 3% negotiated increase.
7. Non-payroll budgets are generally based on a 2% increase.
8. Grant expenditures and associated revenues that are known at this point in the budget cycle are included.
9. The Staff Development budget and reserve budget dollars reflect the new State of MN legislation passed in July 2005.
10. Sr. High masonry, pool and roof repairs of \$400,000 are included, based on best estimate with the information available at this time.

**General Fund Expenditures** are budgeted to increase by \$2,005,319, or 5.22%, compared to the FY 06 Original budget.

Expenditure Object Code Groups	Actual FY 05	Original Budget FY 06	1st Revision Budget FY 06	Change Orig 06 to 1st Rev 06	
				\$	%
Salaries and Wages	23,371,725	23,028,418	23,972,991	944,573	4.10%
Employee Benefits	6,046,743	6,199,029	6,372,050	173,021	2.79%
Purchased Services	6,395,629	6,452,623	7,362,072	909,449	14.09%
Supplies and Materials	1,652,554	1,677,157	1,724,657	47,500	2.83%
Capital Expenditures	850,748	898,187	771,544	-126,643	-14.10%
Debt Service	7,036	45,000	108,782	63,782	141.74%
Other	128,812	127,430	121,067	-6,363	-4.99%
<b>TOTAL</b>	<b>38,453,247</b>	<b>38,427,844</b>	<b>40,433,163</b>	<b>2,005,319</b>	<b>5.22%</b>





The expenditure increase is primarily the result of the following factors:

- The addition of All Day Every Day Kindergarten, with associated costs of \$394,000.
- The reinstatement of several teaching positions, adding about \$85,000 of wages and benefits to the budget.
- The Staff Development budget and reserve budget dollars reflect the new State of MN legislation passed in July 2005, increasing the staff development budget by \$341,210.
- Sr. High masonry, pool and roof repairs of \$400,000 are included, based on our best estimate with the information available at this time.
- Transportation increased by \$131,473 due to higher diesel fuel prices and our best estimate.
- Utilities increased by \$85,143 due to higher energy costs.
- Interest expense increased \$56,000 due to aid anticipation borrowing.
- Tuition bills payable increased \$64,500 based on our best estimate.
- Projected contract settlements also played a factor in the Salaries and Benefits increase.

### Expenditures by Object Code Group

Object Code Groups	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change	Comments On Major Changes
Salaries and Wages	21,994,738	23,371,725	23,028,418	23,972,991	944,573	4.10%	Projected contracts, ADED-K
Employee Benefits	5,556,543	6,046,743	6,199,029	6,372,050	173,021	2.79%	Projected contracts, ADED-K
Purchased Services	5,577,725	6,395,629	6,452,623	7,362,072	909,449	14.09%	Sr. High repairs, higher staff development, etc.
Supplies and Materials	1,500,252	1,652,554	1,677,157	1,724,657	47,500	2.83%	Grants information updated
Capital Expenditures	738,792	850,748	898,187	771,544	(126,644)	-14.10%	Some reallocation to maintenance
Debt Service	55,368	7,036	45,000	108,782	63,782	141.74%	Aid Anticipation borrowing interest
Other Expenditures	114,061	128,812	127,429	121,067	(6,362)	-4.99%	
<b>TOTAL</b>	<b>\$35,537,478</b>	<b>\$38,453,246</b>	<b>\$38,427,844</b>	<b>\$40,433,163</b>	<b>\$2,005,319</b>	<b>5.22%</b>	

#### Summary comparison of the FY 05-06 1st Revision to the FY 05-06 Original Budget - Large variances

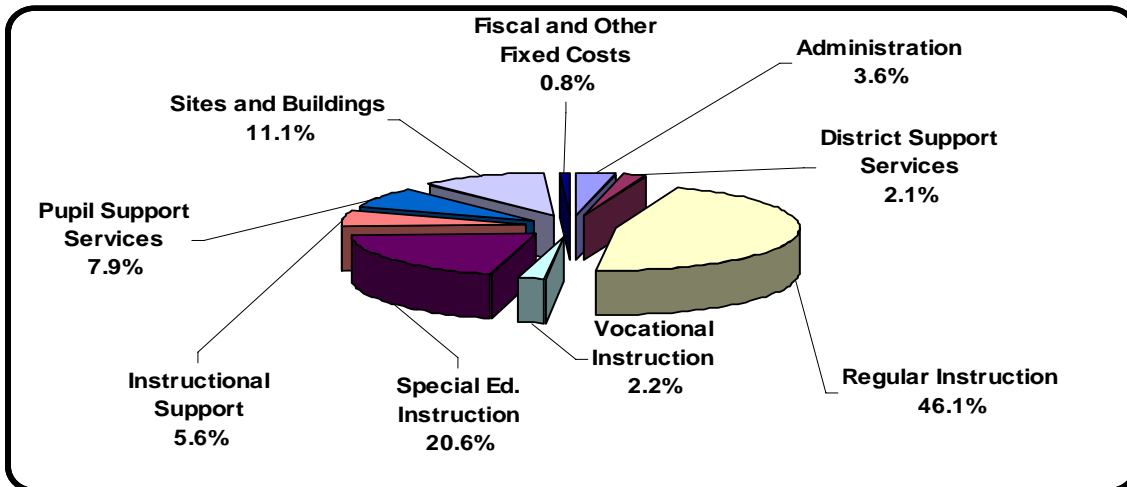
**Salaries and Wages:** Salaries and Wages increased \$944,573 or 4.10% compared to the original FY 2006 budget. The primary reason for this increase is the projected contract settlements along with the addition of All Day Every Day Kindergarten and the reinstatement of several teacher positions that were reduced in the original budget. **Note: Salaries and Wages are budgeted to increase by 2.6% compared to actual FY 2005 expenditures.**

**Employee Benefits:** Employee Benefits increased \$173,021 or 2.79% compared to the original FY 2006 budget. This increase is a function of projected contract settlements along with the addition of All Day Every Day Kindergarten and the reinstatement of several teacher positions that were reduced in the original budget.

**Purchased Services:** Purchased Services increased \$909,449 or 14.09% compared to the original FY 2006 budget. There are a number of reasons for this increase, including: 1) \$400,000 of Sr. High wall, pool and roof repairs are included; 2) Utilities increased \$85,143 over the original budget; 3) Staff development training costs increased \$91,274 over the original budget; 4) Tuition bills payable increased \$64,500 over the original budget; and 5) Fee for services increased \$59,210 led by an increase in legal costs.

### Expenditures by Program Code Group

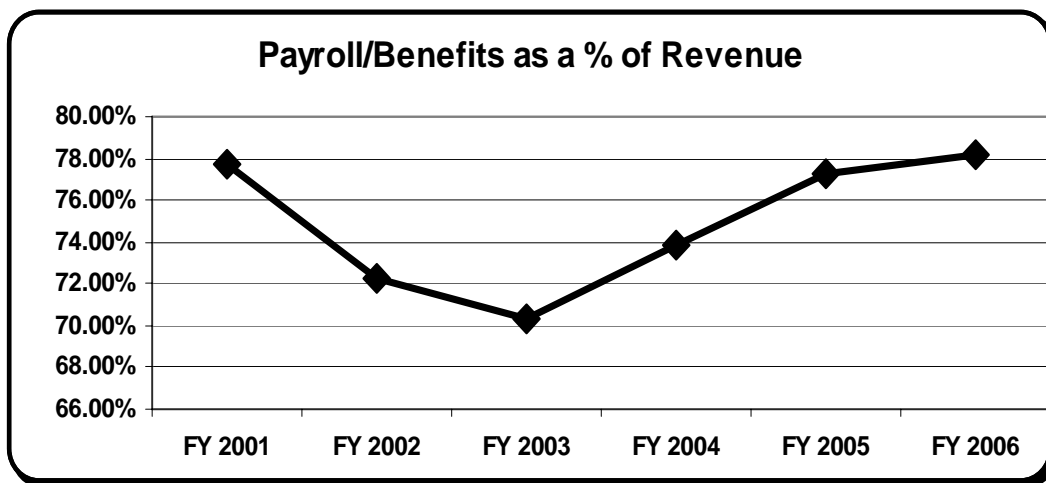
Expenditure Program Codes	Actual FY 05	Original	1st Revision	Change	
		Budget FY 06	Budget FY 06	Orig 06 to 1st Rev 06 \$	%
Administration	1,367,747	1,412,131	1,435,970	23,839	1.7%
District Support Services	868,959	873,332	865,170	-8,162	-0.9%
Regular Instruction	18,660,762	18,051,179	18,633,361	582,182	3.2%
Vocational Instruction	999,096	889,484	890,016	532	0.1%
Special Ed. Instruction	8,095,671	8,010,563	8,322,777	312,214	3.9%
Instructional Support	1,811,317	2,094,418	2,257,021	162,603	7.8%
Pupil Support Services	3,051,105	3,020,201	3,200,933	180,732	6.0%
Sites and Buildings	3,376,451	3,806,536	4,506,634	700,098	18.4%
Fiscal and Other Fixed Costs	222,138	270,000	321,281	51,281	19.0%
<b>TOTAL</b>	<b>38,453,246</b>	<b>38,427,844</b>	<b>40,433,163</b>	<b>-2,005,319</b>	<b>-5.2%</b>





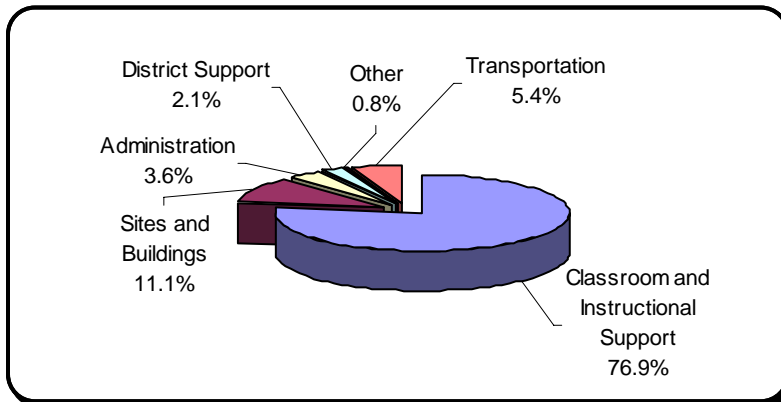
Program	FY 03-04	FY 04-05	FY 05-06	FY 05-06	FY 05-06	FY 05-06	Comments On Major Changes
	Actual	Actual	Original	1st Revision	Budget	Budget	
	Audited	Audited	Budget	Budget	Difference	% Change	
Administration	1,376,206	1,367,747	1,412,131	1,435,970	23,839	1.69%	
District Support Services	740,807	868,959	873,332	865,170	(8,162)	-0.93%	
Elementary And Secondary Regular Inst	16,819,619	18,660,762	18,051,179	18,633,361	582,182	3.23%	Added ADED-K, Contract negotiations
Vocational Education Instruction	957,412	999,096	889,484	890,016	532	0.06%	
Special Education Instruction	7,403,803	8,095,671	8,010,563	8,322,777	312,214	3.90%	Change in PARA assignments, additional staff
Instructional Support Services	1,971,743	1,811,317	2,094,418	2,257,021	162,603	7.76%	New Staff Development legislation
Pupil Support Services	2,664,190	3,051,105	3,020,201	3,200,933	180,732	5.98%	Accurate transportation budget
Sites And Buildings	3,340,554	3,376,451	3,806,536	4,506,634	700,097	18.39%	Sr. High repairs
Fiscal And Other Fixed Costs Programs	263,145	222,138	270,000	321,282	51,282	18.99%	Aid Anticipation interest costs
<b>TOTAL</b>	<b>35,537,478</b>	<b>38,453,246</b>	<b>38,427,844</b>	<b>40,433,163</b>	<b>2,005,319</b>	<b>5.22%</b>	

### Payroll & Benefits Expenditures as a Percentage of Revenues



## Instruction Takes Top Priority

Functions	Detailed Functions	Budget
<b>Classroom Instruction and Pupil Support</b> \$31,107,918 or 76.9%	Regular and Vocational Programs	\$ 19,523,377
	Special Education	\$ 8,322,777
	Instructional and Pupil Support	\$ 3,261,764
<b>Transportation</b> \$2,196,190 5.40%	Pupil Transportation	\$ 2,196,190
<b>Sites and Buildings</b> \$4,506,634 11.10%	Operations, Maintenance and Capital	\$ 4,218,605
	Health & Safety	\$ 288,029
<b>Administration</b> \$1,435,970 3.60%	School Board	\$ 64,055
	Office of the Superintendent	\$ 238,649
	Building and District Leadership	\$ 1,133,266
<b>District Support</b> \$865,170 2.10%	Business Office	\$ 539,281
	Human Resources	\$ 210,639
	Other	\$ 115,250
<b>Other</b> \$321,281 0.80%	Interest Expense	\$ 108,782
	Property Casualty Insurance	\$ 212,499
<b>Total General Fund FY 06 Budgeted Expenditures</b>		<b>\$ 40,433,163</b>



### Explanation of General Fund Program Classifications of Expenditures (per State 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.

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.

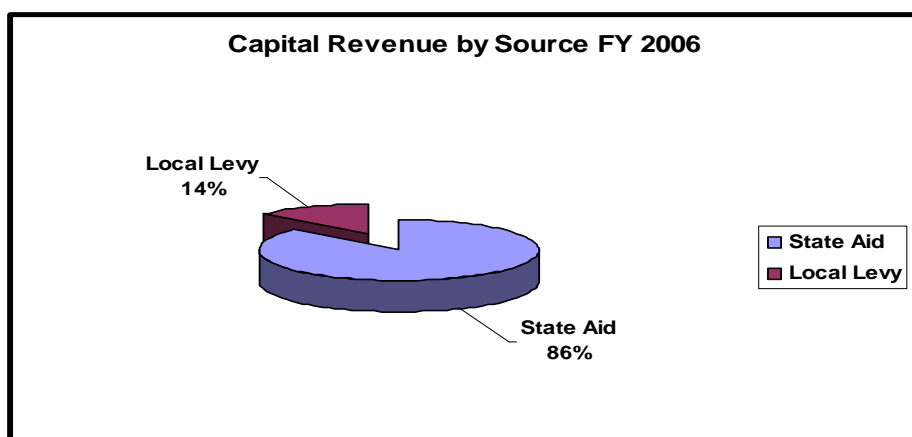
Fiscal and Other Fixed Cost Programs – This function includes all other activities not recorded elsewhere and includes property/casualty insurance and interest expense on cash flow borrowing.

## Capital

The District is responsible for due diligence in maintaining fixed assets that are community assets. The Both the Capital Budget is necessary to maintain the 889,000 square feet in 10 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 the 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 2006 is \$964,795. State aid comprises 86.4% of this revenue, with the local levy providing the remaining 13.6%. Additional revenue in this category includes the \$52,751 lease levy. Operating capital revenue \$148,248 of goes towards our annual payment on the district's Capital Facilities Bonds. The following charts provide further information on the Capital Budget.

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



WILLMAR PUBLIC SCHOOLS

**Operating Capital Budget**

Comparative Information for Fiscal Years 2001-2002 Through 2005-2006

**Expenditure History**

Actual FY 2002	Actual FY 2003	Actual FY 2004	Actual FY 2005	Budget FY 2006
\$544,609	\$771,897	\$663,149	\$628,077	\$862,618

The increased budgeted expenditures for FY 2006 are primarily due to the decrease in the Facility and Equipment Bond payment of \$214,383, which increases available Capital Revenue.

**FY 2006 Capital Budget Expenditures**

School	Project	Approved	Comments
Jefferson	Provide smoke detection connected to fire alarm panel JF-2100	\$1,500	Fire Marshall orders
	East Wall - Gym issues JF-3100 - JF3140	\$4,000	Includes structural evaluation
Junior High	Upgrade north parking lot - busing	\$27,000	
	Replace N Roof JR-3050	\$97,000	
	Replace washing machine	\$8,000	
	Replace carpet - 3 rooms	\$8,000	
	Roof repairs JR-3030, JR-3040, JR-3020	\$8,000	
	Replace hardware-locksets JR-5580	\$2,470	ADA requirement
	Mat shop - steamer	\$2,300	
Kennedy	Replace old extractor machine	\$2,500	
	Interior entry doors need new closers at parking lot entry	\$500	
	Replace carpeting - 2 rooms KE-5150+	\$5,000	
	Exterior Shell repairs KE-3020 and 3010	\$600	Entry 30 and 33
	Roof repair - ceiling adjacent to rolling fire door KE-3060	\$1,500	135 Locker room
	Install hand rails at stairs KE-4160, Entry 49b and 49c	\$163	
	Safety adjustment to office	\$14,391	For safety and building security
Lafayette	Install Fan/smoke shutdown on central AHU LA-2040	\$1,300	<i>These projects depend on if we plan to use site in 06</i>
	Raise entry sidewalks LA-4020	\$6,468	Safety issue
	Remove asbestos panels at heater LA-5070	\$10,660	Replace with metal grill
Lincoln	Add wall in office for Dean of Students	\$5,000	plus door for privacy
	Replace Locksets and closers LN-5070	\$2,000	Restrooms, ADA, Code issue
	Replace tile in hallway	\$10,000	1956 building
	Repair interior shell doors #69 E LN-5020	\$525	Code issue.
	Fencing to separate parking lot from kid's play area	\$2,750	Not eligible for health & safety
Roosevelt	Ongoing roof repairs	\$2,000	
	Replace 2 carpeted rooms with VCT re: RV-5040	\$3,500	
	Trade in old sweeper for new	\$3,000	
	Sidewalk Repair - Bus pickup RV-4030	\$7,000	
	Exit stoops - jackslabbing RV1020	\$7,590	ADA issue. Code issue.
	Caulk joints at expansion - gym corridor RV-5050	\$612	Chunks pulled out.
	Tar path to playground	\$4,000	
Sr. High	Change controls on Gym units	\$20,000	Control system issue
	Fill light standards in parking lot (2 of them) HS-2020	\$6,000	on bus side
	IMC - handrails, remove & replace bad sheetrock	\$500	
	Replace bad tiles in Cafeteria	\$500	
	Repair sidewalks near pool door and wrestling room	\$2,000	
	KiVac Sanitation pressure washer for bathrooms	\$3,300	
	20" Floor Scrubber	\$1,150	For gym floor, all hard surfaces
	13" Floor Scrubber	\$950	
	Trade JD Tractor	\$28,769	
	Add accessible shower, fixtures and grab bars HS-1010	\$3,600	ADA. Women's locker room.
	Automatic room exhaust fa. HS-2040	\$500	Chemical Room exhaust fan.
Provide door closers HS-5100	\$1,100	Fire Code issue. 115A, 105A, 705A, 715A	
	Rebuild booster heater	\$800	

WEAC	Roof repairs WE-3060, 3010	\$850	
	South stairwell - structural evaluation WE-3020	\$2,500	
	Modify existing fire sprinkler system WE-6100	\$2,500	Fire Marshall orders. 2nd floor conference room.
	Refurbish AHU serving auditorium WE-6060	\$8,500	
District-wide	Emergency/unexpected repairs/undesignated	\$77,339	
	Custodial Equipment	\$5,000	Vacuums, etc.
	Misc. parking lot pot hole repairs	\$6,000	
District-wide	Network/Infrastructure/Computers	\$52,109	
Technology	Software Licensing	\$165,000	
	Replace PC's in Jr High 137 lab	\$6,000	Computers for Schools
	Elementary Music/Secondary Music	\$10,000	
	<b>TOTAL OF ALL PROJECTS</b>	<b>\$654,296</b>	<b>TOTAL OF HIGH PRIORITY ITEMS</b>
Building Site	Alternative programs	\$5,000	
Directed	Jefferson	\$8,117	S A M E
Capital	Junior High	\$17,938	
	Kennedy	\$17,747	A S
	Lincoln	\$7,577	
	Roosevelt	\$19,894	LAST YEAR
	Senior High	\$34,227	
	Special Education	\$2,700	
	<b>TOTAL OF BUILDING SITE CAPITAL</b>	<b>\$113,200</b>	
Fixed Capital	Lease Levy - Lakeview School	40,000	
	Lease Levy - Hockey Arena	22,500	
	Lease Levy - Baker Field	10,000	Baseball stadium
	Lease Levy - Eagle Creek Golf Course	3,000	
	City Assessments	15,122	Street assessments
	Regional Contracts	4,500	
	<b>TOTAL OF FIXED CAPITAL</b>	<b>\$95,122</b>	
	<b>T O T A L</b>	<b>\$862,618</b>	

## Capital Budget FY 2006 Major Projects

### Major Project Descriptions

**Junior High School – Replace Section of Roof, \$97,000.** This is planned maintenance for an old roof section. This project will eliminate emergency repairs.

*Operating Budget Impact:* Emergency repair costs will be maintained at a lower level.

**Districtwide – Software licensing compliance project, \$165,000.** This is, in general, a three year license with upgrades for the majority of district software by computer and for servers.

*Operating Budget Impact:* Limited software licensing costs for the next three years.

**Sr. High School – Replace our old JD tractor with a newer, used model, \$28,769.** The current tractor has very high hours usage and limited capabilities. Improves service level at high school and across the district.

*Operating Budget Impact:* May reduce some services provided by snow removal vendor.

**Jr. High School – Renovate North parking lot to handle majority of bus traffic, \$27,000.** Improves both student and busing process flow along with safety.

*Operating Budget Impact:* No significant operating budget impact.

The Operating Capital Budget development process includes: 1) multiple requests for projects from Principals and Head Custodians, along with analysis of the district's new comprehensive facility study, 2)

multiple reviews by site of projects under consideration, 3) analysis by Bob Haines, Rich Olson and Bob Engstrom to develop a tentative recommendation, and finally 4) a detailed review of this tentative recommendation by Kathy Leedom and the Board Buildings and Grounds Committee which includes Board members Dion Warne and Sandi Unger. The Board Buildings and Grounds Committee met on May 6, 2005 and approved a proposed FY 2006 Operating Capital Budget.

See the expenditure by object code and program code charts in the Information Section for more details on expenditures.

## Financial Planning Model

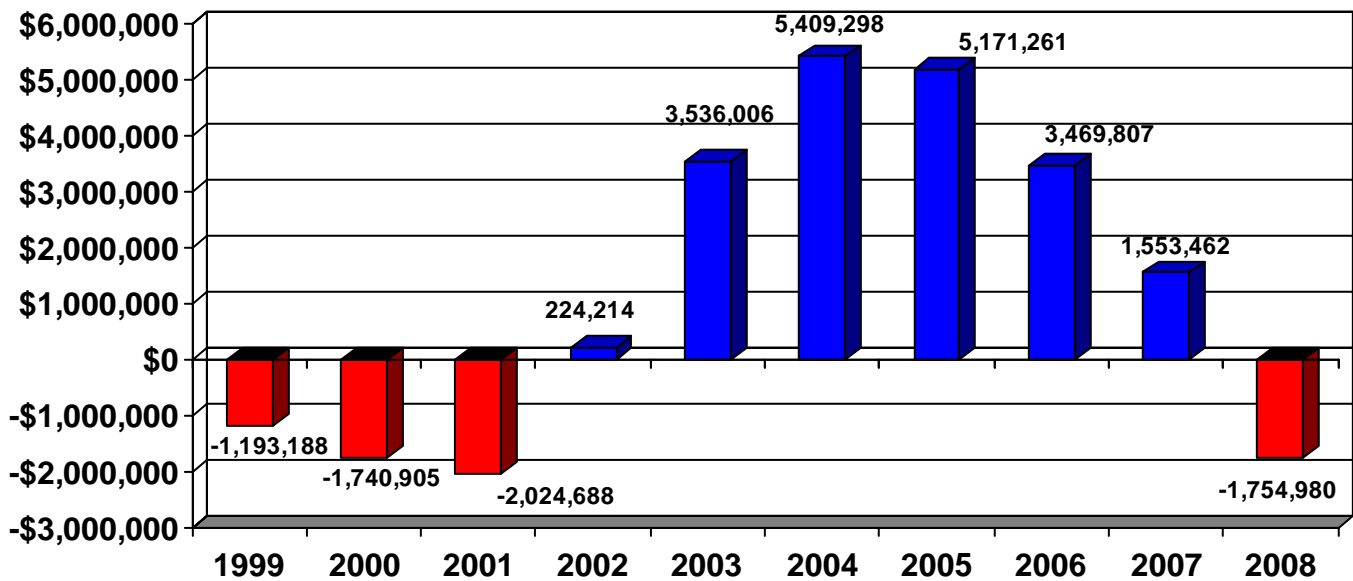
An updated five-year financial projection is prepared at least three times per year for the General Fund using our Financial Planning Model (FPM) and provided to the School Board, Administrative Team, Finance Advisory Committee, staff and the public. This projection includes the current budget year along with FY's 2007 through 2011 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.

### FPM Assumptions:

- **Fund Balance Goal** 6% of Operating Expenditures
- **Annual Financial Audit** 2004-2005
- **Budgets** FY 06 Budget 1<sup>st</sup> Revision proposal
- **Enrollment** FY 06 Budget 1<sup>st</sup> Revision proposal  
Data analyzed for the K projection includes County and zip code births/enrollment history along with projections based off our past K enrollment history.
- **Revenue** New FY 06 and 07 legislation, then 4% to formula in FY's 08 – 11.
- **Payroll and Benefits** 4.0% increase annually to Payroll & Benefits in total, or based on contracts already in place for specific years.
- **Non-payroll** 3% increase annually (approximately), plus 2% staff development annually.
- **Teacher Staffing Ratio** Steady as enrollment declines
- **Non-licensed Staff** 2 FTE's reduction annually from FY's 07 - 11
- **Reserves** Updated reserve projections as of 1/6/06
- **Legislation** Current

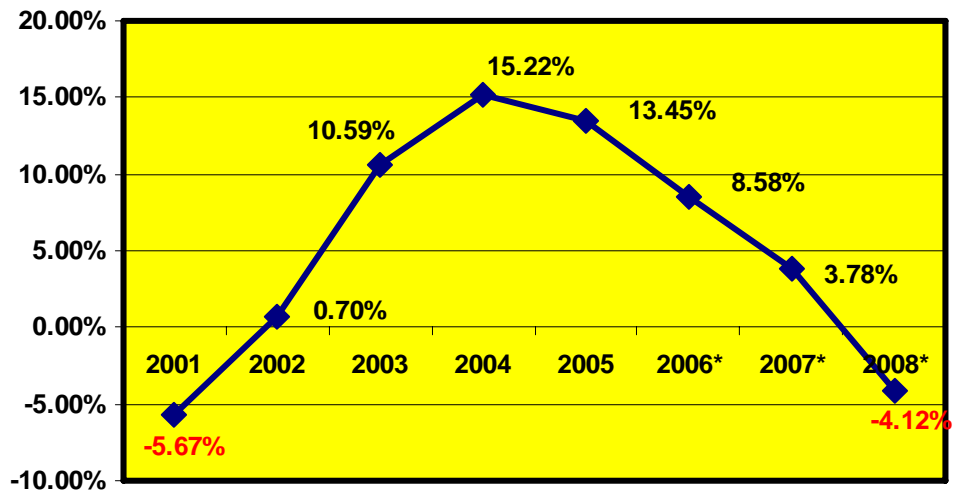
Does not include potential impact of proposed CCS high school addition.

### General Fund Unreserved Fund Balance



General Fund Unreserved-Undesignated Fund Balance and Expenditures						
	2001	2002	2003	2004	2005	2006*
Unreserved Fund Balance	\$ (2,024,688)	\$ 224,214	\$ 3,536,006	\$ 5,409,298	\$ 5,171,261	\$ 3,469,807
% Change	-16.30%	-111.07%	1477.07%	52.98%	-4.40%	-32.90%
Expenditures	\$ 35,648,597	\$ 31,927,739	\$ 33,379,691	\$ 35,537,478	\$ 38,453,246	\$ 40,433,163
% Change	7.02%	-10.44%	4.55%	6.46%	8.20%	5.15%
% of Fund Balance to Exp.	-5.68%	0.70%	10.59%	15.22%	13.45%	8.58%

**General Fund Unreserved-Undesignated Fund Balance %**



\* Projected

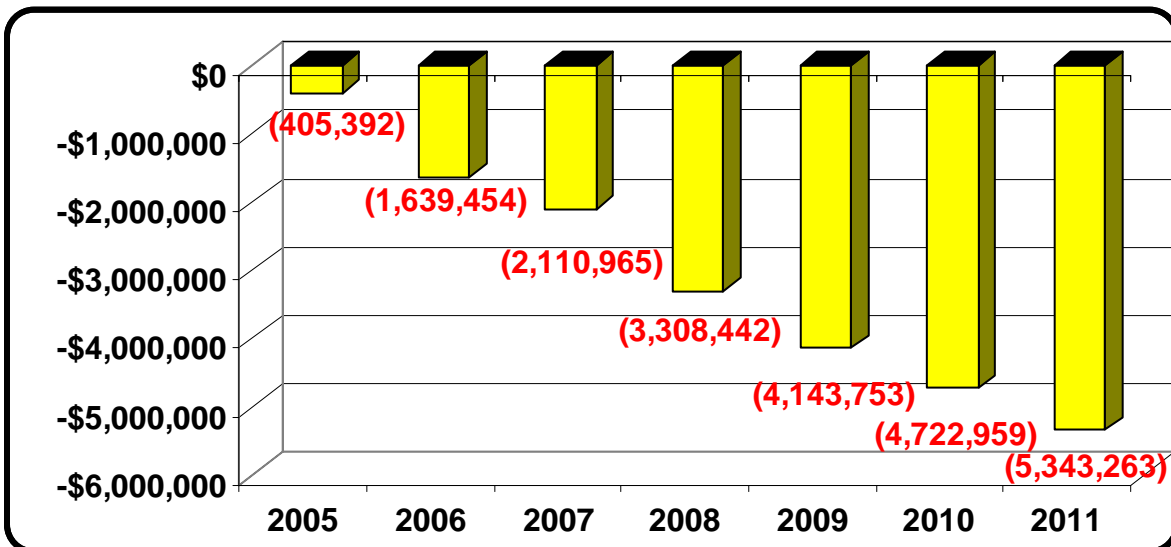
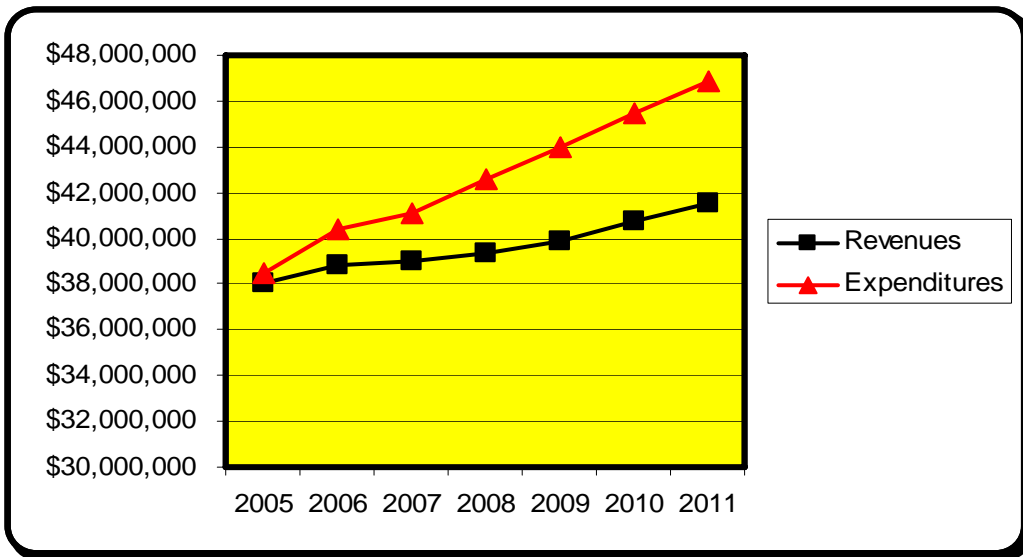
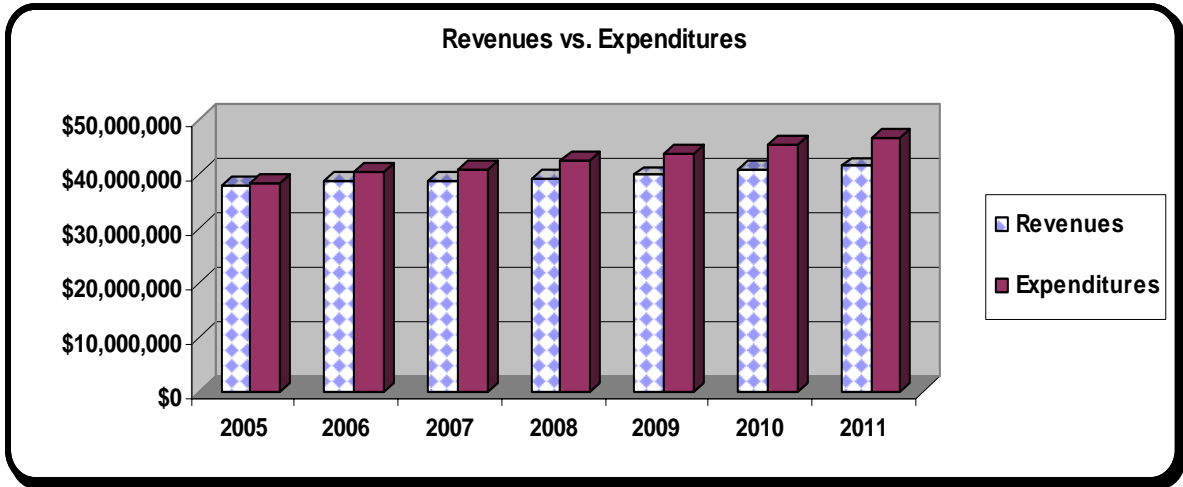
### Financial Planning Model (FPM) Analysis

This planning model depicts the general fund undesignated/unreserved fund balance. The years prior to 2006 represent actual audited fund balance numbers. The years from 2006 and forward represent projected fund balance numbers based on the assumptions listed. Additional supporting documents for this model are provided in the Information Section.

This model projects that the fund balance will continue to steadily decline through FY 2011. This projected fund balance decrease is a function of limited new revenue, modest inflationary expenditure increases and continued declining 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 model – 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% of operating expenditures.

The District offered a series of forums and focus groups for community and staff in January and February of 2005 to discuss the budgetary and facility challenges ahead in the next few years. Preparations are currently taking place for a similar series of forums for the winter of 2006.

## Food Service Fund

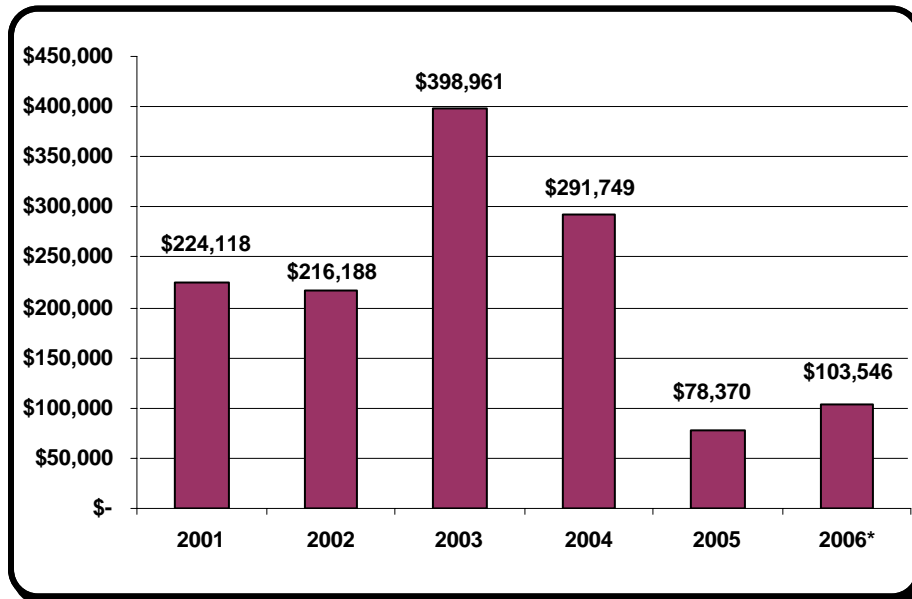
### Food Service Revenue

Source	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change
<b>Local</b>	3,733	2,339	3,000	9,022	6,022	200.73%
<b>State</b>	112,955	173,596	141,718	169,376	27,658	19.52%
<b>Federal</b>	942,719	997,880	978,334	999,625	21,291	2.18%
<b>Other</b>	669,556	679,110	649,049	712,664	63,615	9.80%
<b>TOTAL</b>	<b>\$1,728,963</b>	<b>\$1,852,924</b>	<b>\$1,772,101</b>	<b>\$1,890,687</b>	<b>\$118,586</b>	<b>6.69%</b>

### Food Service Expenditures

Object Code Groups	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change
Salaries and Wages	627,864	643,791	620,057	645,564	25,507	4.11%
Employee Benefits	123,788	163,549	162,129	168,830	6,701	4.13%
Purchased Services	146,923	272,561	115,575	87,965	(27,610)	-23.89%
Supplies and Materials	841,415	879,716	813,956	889,152	75,196	9.24%
Capital Expenditures	94,360	106,354	38,000	71,500	33,500	88.16%
Other Expenditures	1,825	334	2,500	2,500	0	0.00%
<b>TOTAL</b>	<b>\$1,836,175</b>	<b>\$2,066,304</b>	<b>\$1,752,218</b>	<b>\$1,865,511</b>	<b>\$113,293</b>	<b>6.47%</b>

Food Service Fund Balance						
	2001	2002	2003	2004	2005	2006*
Unreserved Fund Balance	\$ 224,118	\$ 216,188	\$ 398,961	\$ 291,749	\$ 78,370	\$ 103,546
% Change	11.92%	-3.54%	84.54%	-26.87%	-73.14%	32.12%
Expenditures	\$ 1,423,910	\$ 1,485,580	\$ 1,630,041	\$ 1,836,175	\$ 2,066,305	\$ 1,890,687
% Change	2.85%	4.33%	9.72%	12.65%	12.53%	-8.50%
% of Fund Balance to Exp.	15.74%	14.55%	24.48%	15.89%	3.79%	5.48%



\* Projection

## Community Service Fund

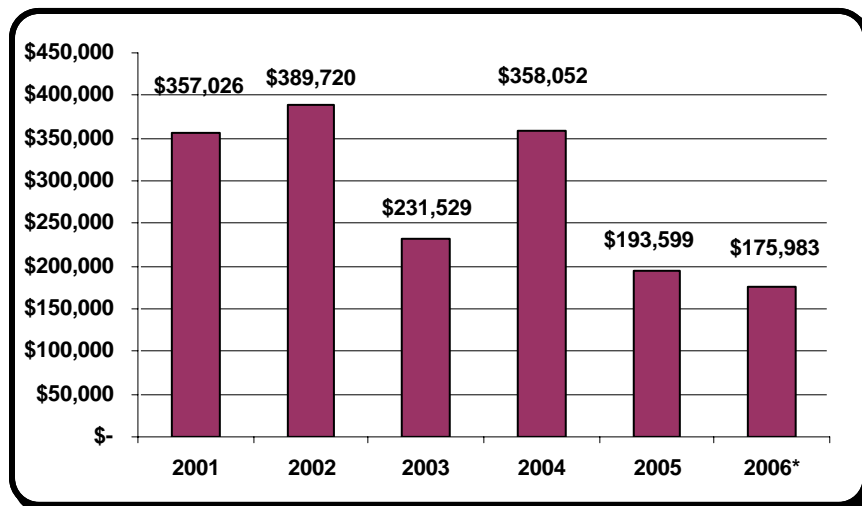
### Community Service Revenue

Source	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change
Local	961,470	1,139,611	978,038	1,070,120	92,082	9.42%
State	784,273	728,362	674,515	710,063	35,548	5.27%
Federal	369,687	163,061	213,633	216,580	2,947	1.38%
Other	0	0	0	0	0	0.00%
<b>TOTAL</b>	<b>\$2,115,429</b>	<b>\$2,031,034</b>	<b>\$1,866,186</b>	<b>\$1,996,764</b>	<b>\$130,578</b>	<b>7.00%</b>

### Community Service Expenditures

Object Code Groups	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change
Salaries and Wages	1,328,570	1,360,204	1,173,703	1,265,621	91,918	7.83%
Employee Benefits	238,235	287,726	262,354	270,161	7,807	2.98%
Purchased Services	270,608	342,384	245,905	333,811	87,906	35.75%
Supplies and Materials	139,111	175,829	83,000	120,919	37,919	45.69%
Capital Expenditures	9,247	26,562	19,300	20,308	1,008	5.22%
Other Expenditures	3,135	2,782	960	3,560	2,600	270.83%
<b>TOTAL</b>	<b>\$1,988,906</b>	<b>\$2,195,487</b>	<b>\$1,785,222</b>	<b>\$2,014,380</b>	<b>\$229,158</b>	<b>12.84%</b>

Community Service Fund Balance						
	2001	2002	2003	2004	2005	2006*
Unreserved Fund Balance	\$ 357,026	\$ 389,720	\$ 231,529	\$ 358,052	\$ 193,599	\$ 175,983
% Change	35.05%	9.16%	-40.59%	54.65%	-45.93%	-9.10%
Expenditures	\$1,242,590	\$1,581,346	\$1,813,226	\$1,988,906	\$2,195,490	\$2,014,380
% Change	2.87%	27.26%	14.66%	9.69%	10.39%	-8.25%
% of Fund Balance to Exp.	28.73%	24.64%	12.77%	18.00%	8.82%	8.74%



\* Projection

## Debt Service Fund

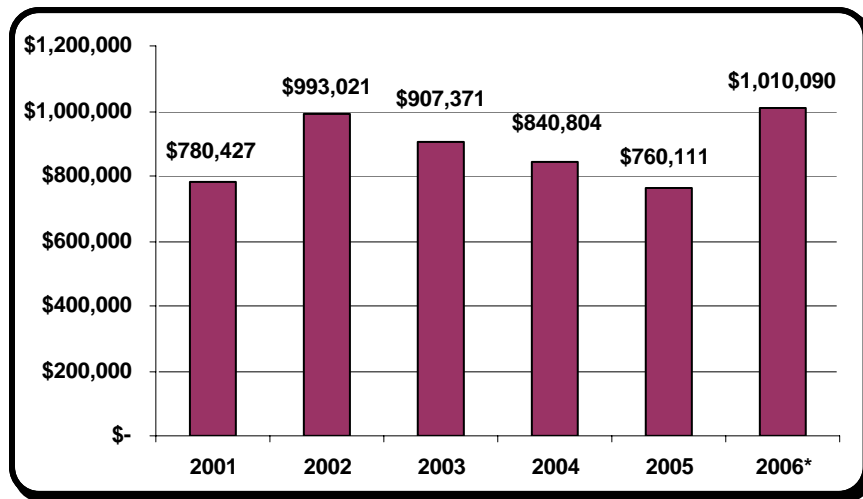
### Debt Service Revenue

Source	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 Original Budget	FY 04-05 Budget Difference	FY 04-05 Budget % Change
Local	2,272,748	2,349,908	2,371,762	2,559,126	187,364	7.90%
State	403,534	353,315	391,230	254,852	(136,378)	-34.86%
Other	891,232	0	16,982,631	17,178,760	196,129	1.15%
<b>TOTAL</b>	<b>3,567,514</b>	<b>2,703,223</b>	<b>19,745,623</b>	<b>19,992,738</b>	<b>247,115</b>	<b>1.25%</b>

### Debt Service Expenditures

Object Code Groups	FY 03-04 Actual Audited	FY 04-05 Actual Audited	FY 05-06 Original Budget	FY 05-06 1st Revision Budget	FY 05-06 Budget Difference	FY 05-06 Budget % Change
Debt Service	3,634,082	2,783,915	19,649,918	19,742,759	92,842	0.47%
<b>TOTAL</b>	<b>\$3,634,082</b>	<b>\$2,783,915</b>	<b>\$19,649,918</b>	<b>\$19,742,759</b>	<b>\$92,842</b>	<b>0.47%</b>

Debt Service Fund Balance						
	2001	2002	2003	2004	2005	2006*
Unreserved Fund Balance	\$ 780,427	\$ 993,021	\$ 907,371	\$ 840,804	\$ 760,111	\$1,010,090
% Change	35.05%	27.24%	-8.63%	-7.34%	-9.60%	32.89%
Expenditures	\$1,242,590	\$1,581,346	\$1,813,226	\$1,988,906	\$2,195,490	\$19,742,759
% Change	2.87%	27.26%	14.66%	9.69%	10.39%	799.24%
% of Fund Balance to Exp.	62.81%	62.80%	50.04%	42.27%	34.62%	5.12%



\* Projection

The Debt Service Budget reflects the Sr. High bond refinancing in FY 05, effective FY 06, noted below. This transaction accounts for the large budget variance between FY 05 actual results and the current budget. Revenues increased \$247,111 from the original 2006 budget due to increased interest earnings. Debt service dollars are only available to the Debt Service Fund. We can only spend this money 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. That action 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 will be used to pay off the remaining Sr. High Bond Debt.

On November 1, 2003, the District issued \$495,000 of General Obligation Capital Facilities Bonds. The proceeds were used to finance roof and parking lot improvements in FY's 2004 and 2005.

Also on November 1, 2003, the District issued \$885,000 of General Obligation Refunding Bonds to refinance the Roosevelt School Bonds. The District reduced its total debt service payments over two years by almost \$21,000, a direct savings to local property tax payers.

The following is summary amortization schedule for these bond issues showing the debt service to be paid in FY 2006 and future years on bonds currently outstanding.

WILLMAR PUBLIC SCHOOLS  
**Bonded Debt Amortization Schedule**  
*General Obligation School Building Bonds*

Year	Series 1997A	Series 2003A			Total
Ending	Crossover	Capital	Series 2003B	Series 2005A	Principal
30-Jun	Refunding	Facilities	Refunding	Refunding	& Interest
2006	19,050,168	161,250	433,500	0	19,644,918
2007		168,250		2,479,678	2,647,928
2008		174,250		2,515,427	2,689,677
2009				2,539,577	2,539,577
2010				2,581,363	2,581,363
2011				2,594,250	2,594,250
2012				2,621,100	2,621,100
2013				2,619,765	2,619,765
2014				2,586,180	2,586,180
2015				1,137,780	1,137,780
	<u>\$19,050,168</u>	<u>\$503,750</u>	<u>\$433,500</u>	<u>\$21,675,120</u>	<u>\$41,662,538</u>
<b>Less: Interest Portion</b>	945,168	23,750	8,500	4,590,120	5,567,538
<b>Total Principal</b>	<u>\$18,105,000</u>	<u>\$480,000</u>	<u>\$425,000</u>	<u>\$17,085,000</u>	<u>\$36,095,000</u>

## District Buildings and Programs Expenditures per ADM

Jefferson Elementary School	
Grades/Program:	K - 3, Elementary
Students on 10/1/05:	251
Principal:	Beckie Simenson
Dean of Students:	Jason Schmitz
Actual building expenditures per ADM 2004-2005:	\$7,070

Junior High School	
Grades/Program:	7 - 8, Secondary
Students on 10/1/05:	643
Principal:	Mike Prunty
Assistant Principals	Jeremy Theis
Actual building expenditures per ADM 2004-2005:	\$7,587

Lincoln Elementary School	
Grades/Program:	K - 4, Elementary
Students on 10/1/05:	329
Principal:	Beckie Simenson
Dean of Students:	Jason Schmitz
Actual building expenditures per ADM 2004-2005:	\$5,822

Area Learning Center	
Grades/Program:	7 - 12, Secondary
Students on 10/1/05:	96
Director:	Mike Mohs
Coordinator:	Kim Ness
Actual building expenditures per ADM 2004-2005:	\$13,804

Roosevelt Elementary School	
Grades/Program:	4 - 6, Elementary
Students on 10/1/05:	699
Principal:	Patti Dols
Dean of Students:	Nathan Cox
Actual building expenditures per ADM 2004-2005:	\$6,439

Other Alternative Programs	
Director:	Mike Mohs
<b>Behavior Assessment Center</b>	
Instructor:	Sharon Tollefson
<b>Bridgeway Learning Center</b>	
Coordinator:	Carolyn Stevens
<b>Career Assessment Center</b>	
Coordinator:	Dave Cors
<b>Lakeview School</b>	
Coordinator:	Rita VanderMolen
<b>Prairie Lakes School</b>	
Coordinator:	Barb Heinen

Kennedy Elementary School	
Grades/Program:	K - 4, Elementary
Students on 10/1/05:	758
Principal:	Scott Hisken
Dean of Students:	Tim Johnson
Actual building expenditures per ADM 2004-2005:	\$7,516

Washington Learning Center	
Grades/Program:	Community Ed & Rec, ECFE, ECSE, etc.
Students on 10/1/05:	NA
Community Education Director:	Steve Brisendine
Actual building expenditures per ADM 2004-2005:	NA

Senior High School	
Grades/Program:	9 - 12, Secondary
Students on 10/1/05:	1,351
Principal:	Rob Anderson
Assistant Principals	Neil Schendel, Mark Miley
Actual building expenditures per ADM 2004-2005:	\$7,495

## **INFORMATION SECTION**

*(the following documents are only included in the School Board member budget packet, due to the large amount of paper involved. Please contact the Business Office, below, for copies)*

### **General Fund**

- Change in overall Fund Balance
- Revenue Budget Checklist
- Revenues by Source Code
- Expenditures by Object Code
- Revenue State Aid Comparison
- Reserve Worksheet
- Safe Schools Levy Budget
- Revenue Planning Model
- Revenue Worksheet Model
- What-if Revenue Report
- Pay 2005 (FY 06) General Fund Levy Reconciliation
- Budget Progress Responsibility Report

### **Food Service Fund**

- Revenue by Source Code
- Expenditures by Object Code

### **Community Services Fund**

- Revenue by Source Code
- Expenditures by Object Code
- Expenditures by Program Code

### **Debt Service Fund**

- Revenue by Source Code
- Expenditures by Object Code

ISD #347 Finance Web Site is located on the District web site at [www.willmar.k12.mn.us](http://www.willmar.k12.mn.us) click on At a Glance, District Services, Finance.

Please contact Bob Haines at 320-231-8511, [hainesb@willmar.k12.mn.us](mailto:hainesb@willmar.k12.mn.us) or Dan Holtz at 320-231-8527, [holtzd@willmar.k12.mn.us](mailto:holtzd@willmar.k12.mn.us) with any budget questions.



**THIS PAGE LEFT INTENTIONALLY BLANK**