



Willmar Public Schools

2004-2005 Budget 2nd Revision General Fund

Board of Education

April 11th, 2005

Serving the Communities of Blomkest, Kandiyohi, Pennock and Willmar

Agenda

- Introduction
- Enrollment Projection
- General Fund Budget Assumptions
- General Fund Budget and Variances from 1st Revision
- General Fund Reserves
- How Do We Compare?
- Financial Planning Model
- Fund Balance Policy Discussion
- Questions

*District Finance Web Site: www.willmar.k12.mn.us
Click on At a Glance, District Services, then Finance*

FY 2005 Budget 2nd Revision

Budget Development Plan

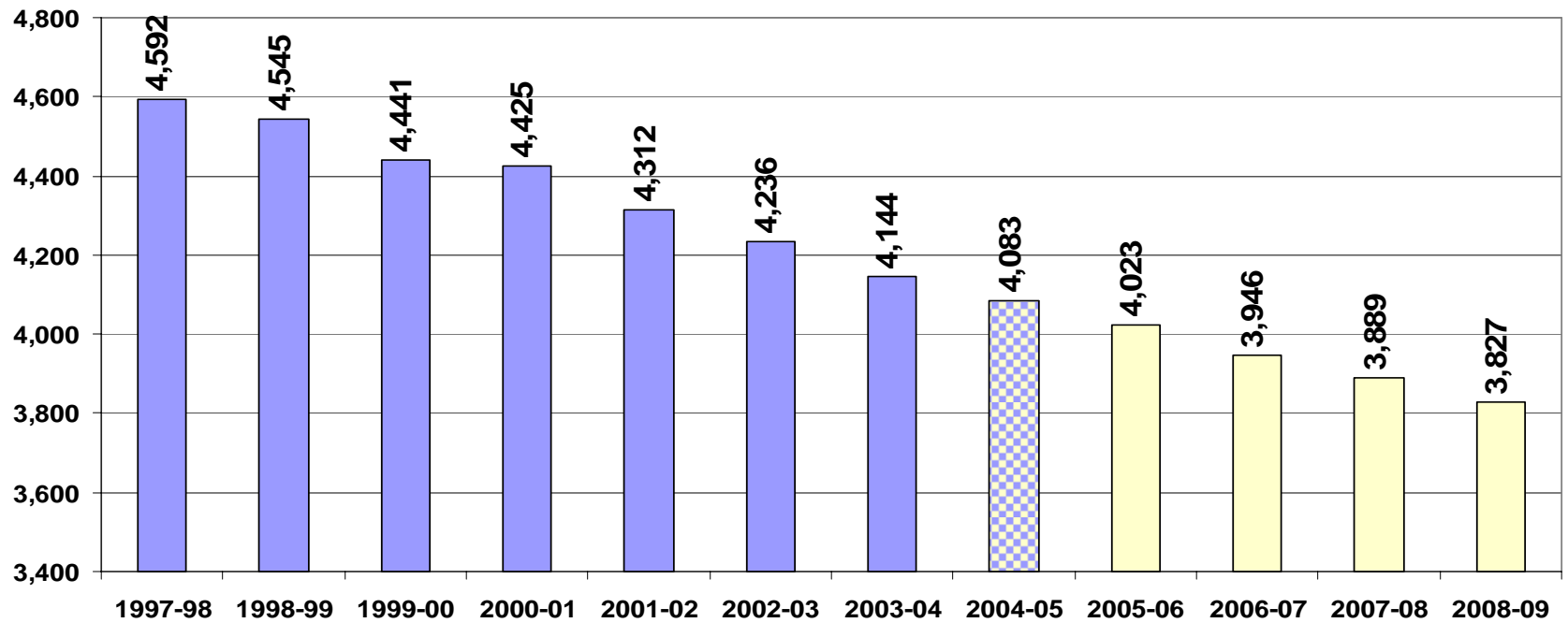
ID	Task Name	Start	Finish	Resource Names	Q1 05			Q2 05	
					Jan	Feb	Mar	Apr	May
1	Develop Budget Plan	2/7/2005	2/11/2005	Bob, Dan, Kathy					
2	Review Plan with Administrative Team	2/15/2005	2/15/2005	Bob, Kathy					
3	Revise Payroll Budget	2/14/2005	3/11/2005	Dan, Norma					
4	Review Plan with School Board	3/1/2005	3/1/2005	Bob, Kathy					
5	Develop Revenue Budget	3/7/2005	4/4/2005	Bob					
6	Develop district wide expenditures, Federal program, gifts & grants, misc. budgets	3/14/2005	3/18/2005	Dan, Bob					
7	Develop Enrollment projection	3/28/2005	4/4/2005	Bob, Dan, Kathy					
8	Development of Budget Document	4/5/2005	4/7/2005	Bob, Dan & Kathy					
9	Present Preliminary Budget to Administrators	4/5/2005	4/5/2005	Bob, Dan & Kathy					
10	Email final Budget proposal to Board and FAC	4/7/2005	4/7/2005	Dan, Bob					
11	Present final Budget proposal to Board for approval	4/11/2005	4/11/2005	Bob, Kathy & Dan					
12	Update Finance Website with new budget	4/12/2005	4/12/2005	Tanya, Bob					
13	Write Budget article for Cardinal Connection	4/12/2005	4/12/2005	Bob					
14	Update Enrollment projection on EDRS	4/12/2005	4/12/2005	Bob					
15	Review Budget with Finance Advisory Committee	4/18/2005	4/18/2005	Bob, Kathy, Dan					

Enrollment Projection

- **We project 4,103 ADM's for FY 05**
- Data Sources:
 - EnPro Model
 - H Model
 - Oct. 1 Ratio Calculation
 - Seat Count #'s
 - 2003 Demographic Study
 - MDE Mobility data
 - Sr. Class size and incoming K class issues

Past history is our best indicator for enrollment projections.

ENROLLMENT HISTORY & PROJECTION (ADM's) Grades K-12



Why is Enrollment Declining?

Main Reasons are Demographic Realities:

- ❑ Decreased Youth population
- ❑ Decreased Households with Children
- ❑ Low Birth Rate
- ❑ High Mobility Rate
- ❑ Rural to Urban Shift

Other smaller, but important issues:

- ❑ Open enrollment, dropouts, home schooling and private schools

FY 05 Revenue Budget Assumptions

- ❑ 4,103 ADM's
- ❑ 0% Gen Ed formula increase and current State legislation in place for FY 2005.
- ❑ Updated Special Education aid and tuition billing estimates.
- ❑ Federal Programs based on final approved documents
- ❑ Grant Revenue based on updated information
- ❑ Other estimates and assumptions

We utilize three different revenue models to build the budget

FY 05 Expenditure Budget Assumptions

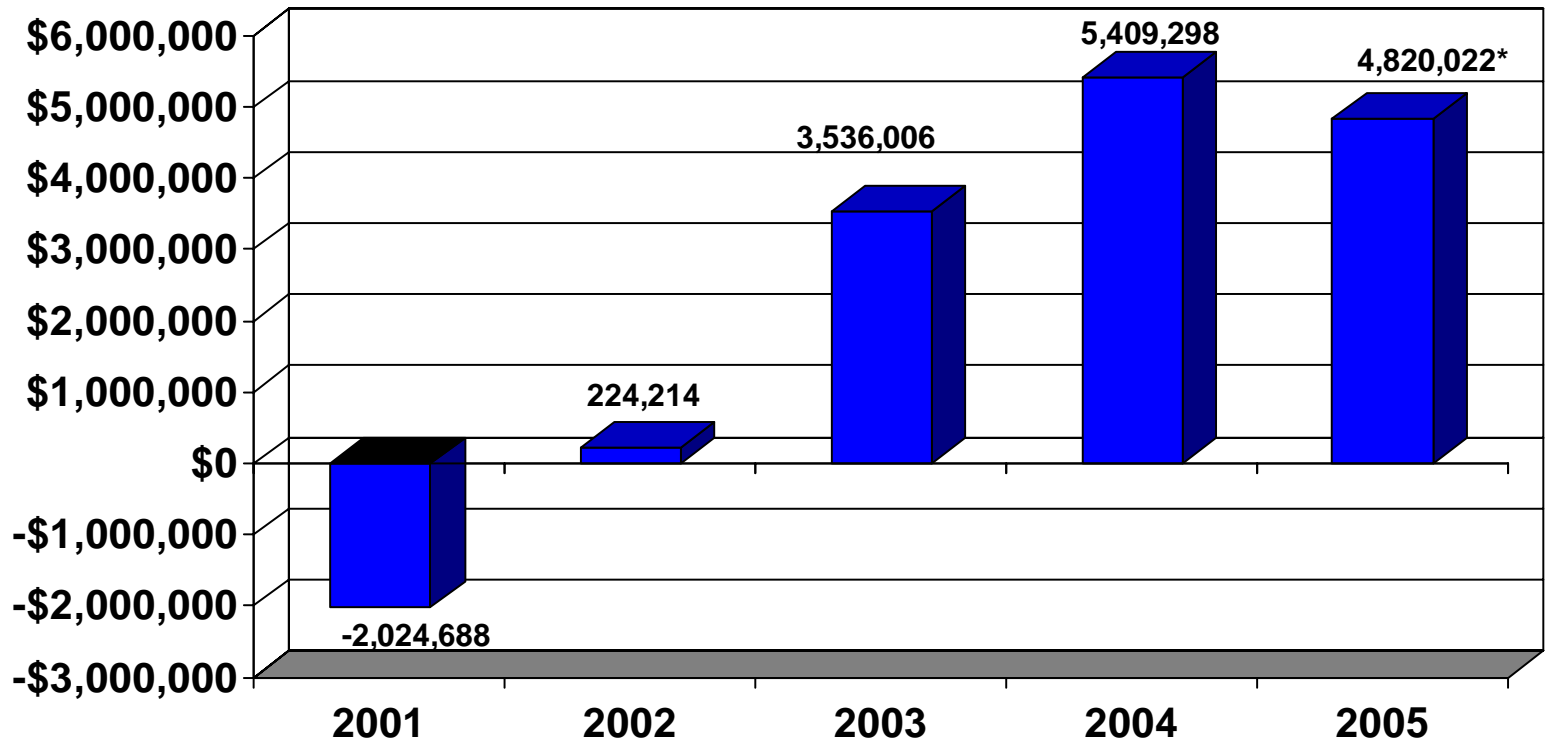
- ❑ Current settled contracts
- ❑ Severance expenses based on updated information
- ❑ Additional Special Ed staff to meet IEP requirements
- ❑ Federal programs based on final approved documents
- ❑ Grant Expenditures based on updated information
- ❑ 0% increase to building allotments per student
- ❑ Other estimates and assumptions



FY 2005 2nd Revision General Fund Budget

Revenues	\$38,206,224
Expenditures	<u>\$38,840,539</u>
Change	(\$634,315)

General Fund Unreserved Fund Balance History

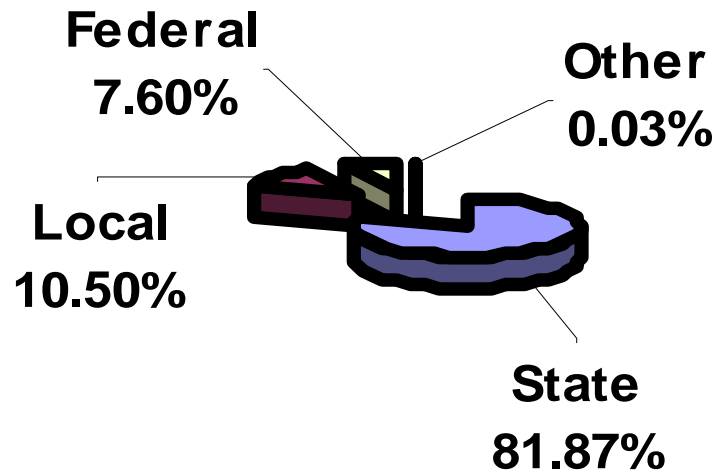


* Projected

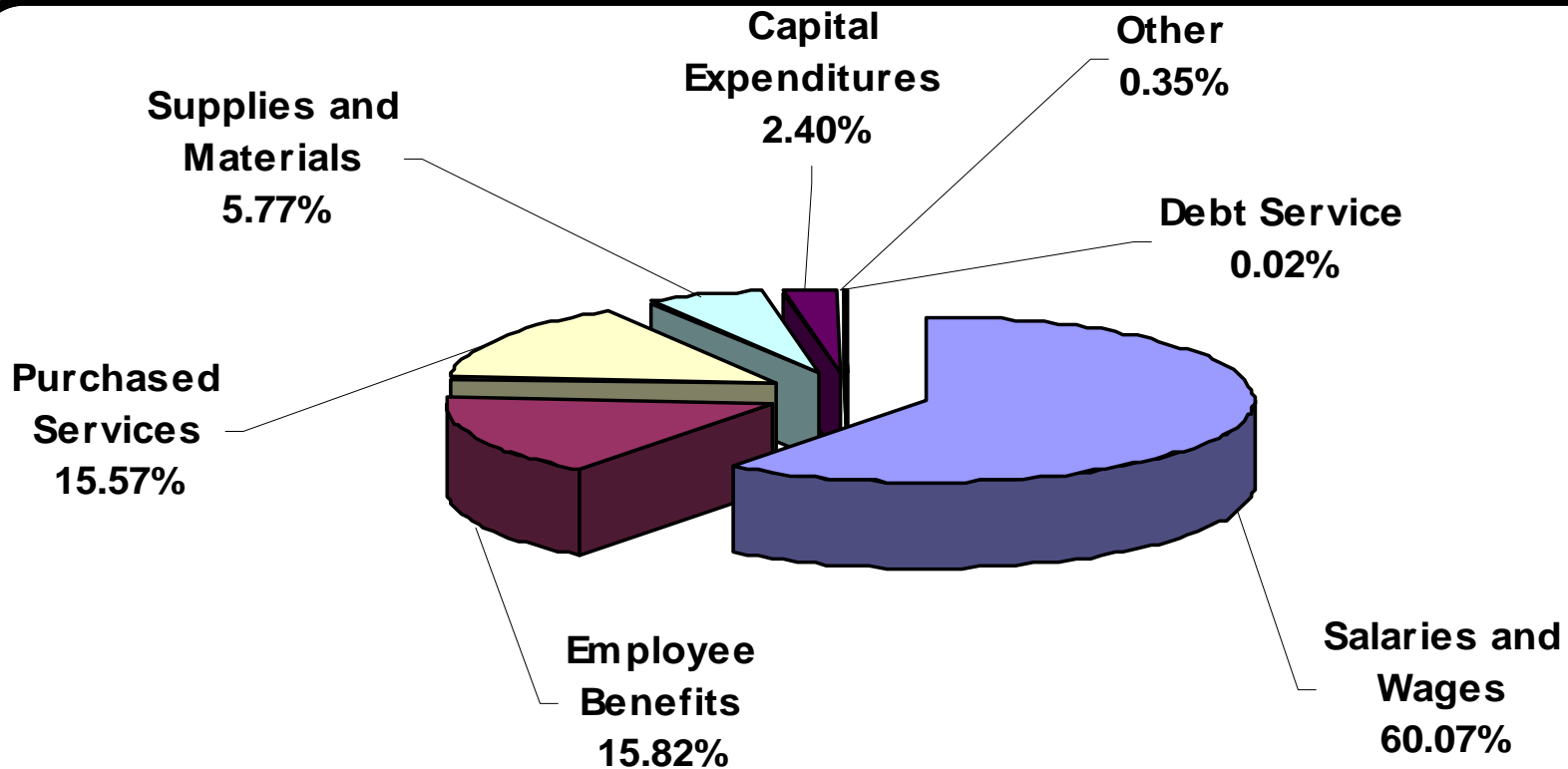
Significant Budget Variances from 1st Revision

- Severance budget increased \$173,174
- Enrollment projection decreased by 15 ADM's – reducing related state aid by \$92,391.
- Expenditure increases for PSEO, Substitutes, Special Ed Tuition and Repairs/Maintenance.

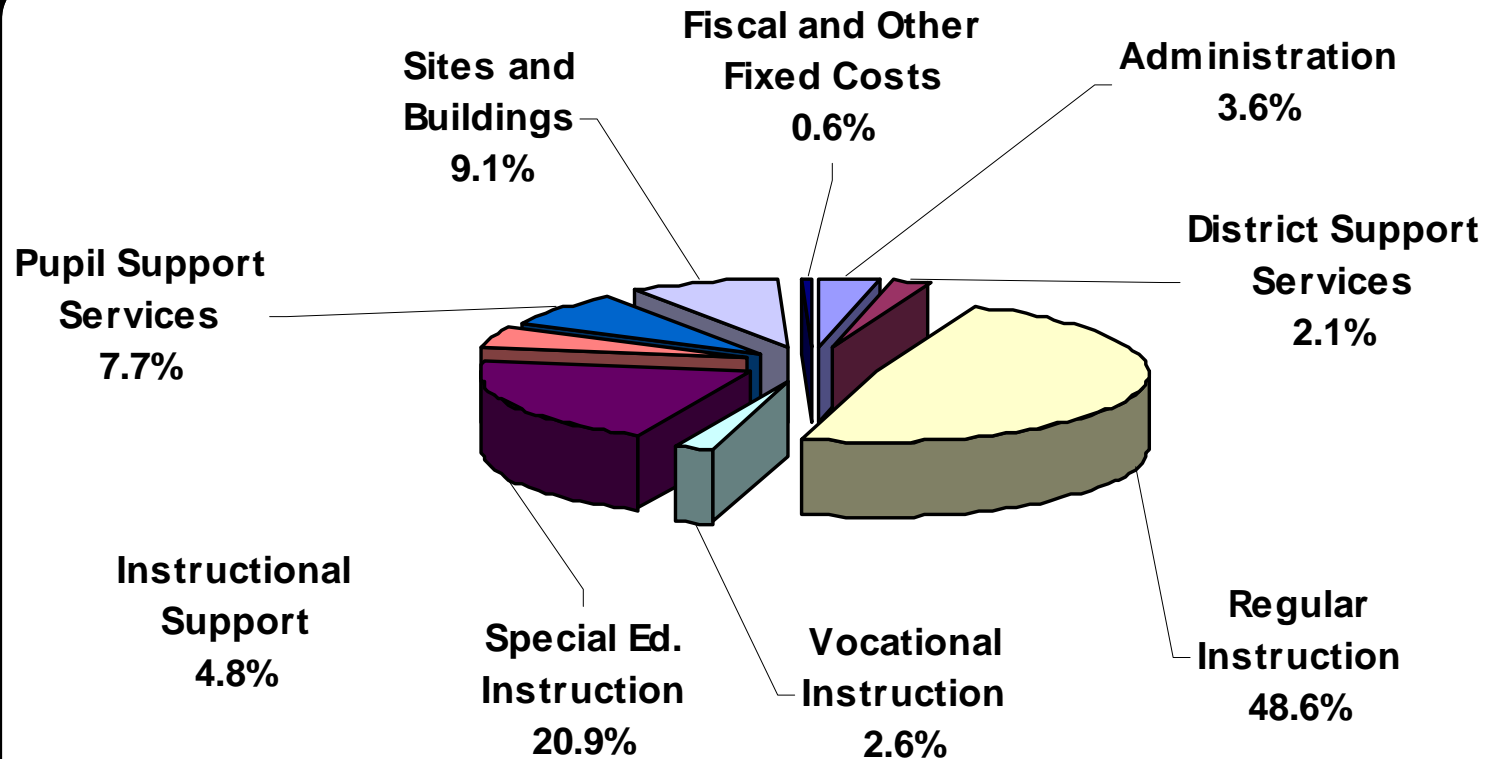
General Fund Revenue By Source



General Fund Expenditures by Object Code



General Fund Expenditures by Program



Spending Guidelines for FY 2005

- ❑ PO submissions Deadline (non-emergency) – March 15
- ❑ Spending only for FY 2005 needs
- ❑ Approved budget is not a license to spend down – unless part of program requirement
- ❑ Goal of spending under budget where we have control – contributing to the fund balance is good for students, parents, staff and taxpayers.



General Fund Reserves

- Staff Development
- Health & Safety
- Severance
- Operating Capital
- Area Learning Center

How does our District compare?

- Some examples from MDE (\$ per student):

<u>Category</u>	<u>Willmar '04</u>	<u>Dist's our size '03</u>	<u>State Avg '04</u>
Reg. Instr.	\$3,928	\$3,488	\$3,954
Sp. Ed. Instr.	\$1,755	\$1,355	\$1,412
Support Serv.	\$176	\$210	\$232
Administration	\$326	\$368	\$407
All Gen Fund	\$8,354	NA	\$8,362

Data from MN Dept of Education and from our auditors, LarsonAllen.

Financial Planning Model

Assumptions – Base Plan

- **Fund Balance Goal** 6% of Operating Expenditures
- **Annual Financial Audit** 2003-2004
- **Budget** FY 05 Budget 2nd Revision
- **Enrollment** FY 05 Budget 2nd Revision
- **Revenue** 0%= FY 05 - 07; 2% formula increase = FY 08 – 10.

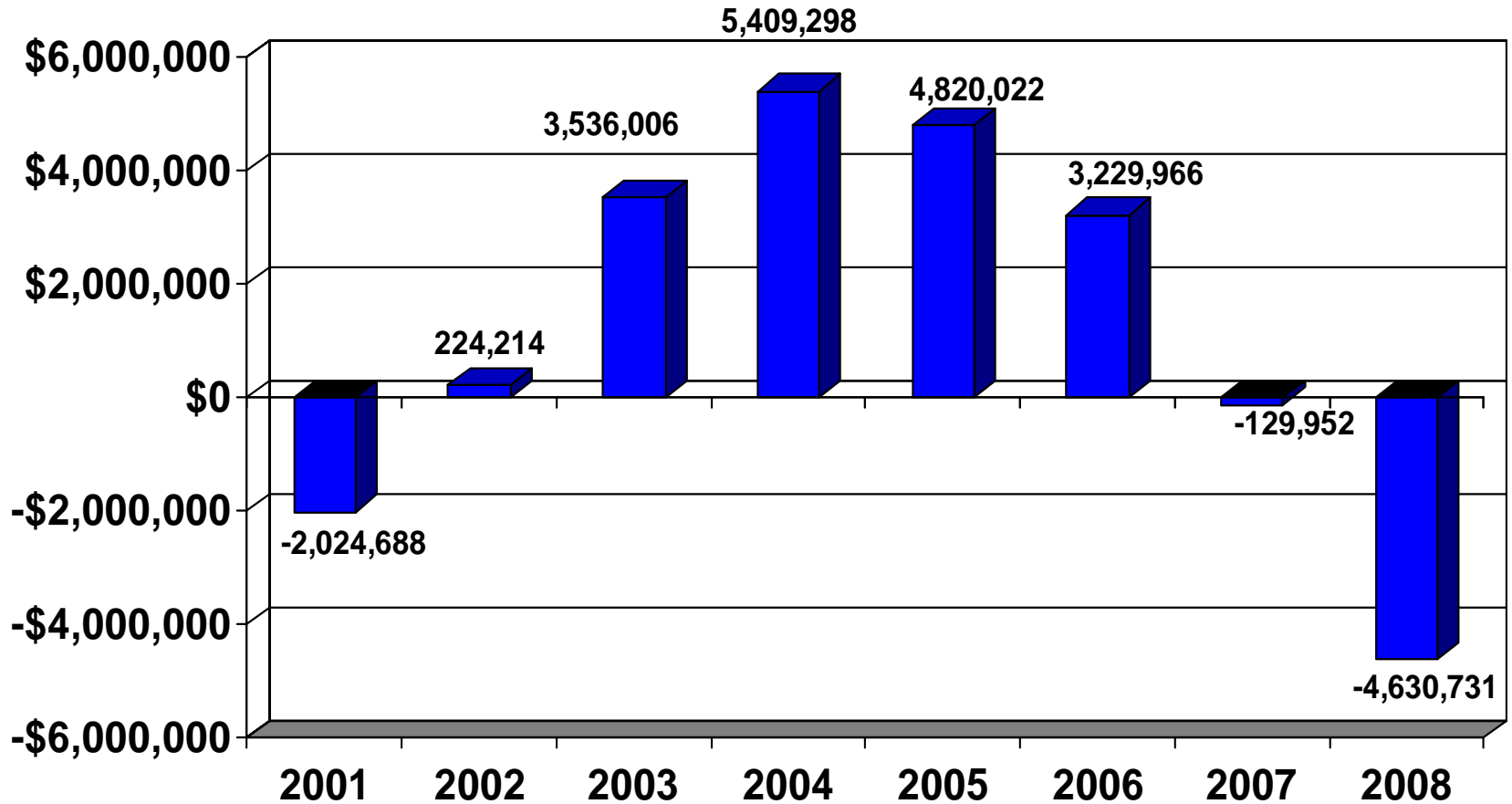
- **Payroll and Benefits** 3.5% increase annually to total
- **Non-payroll** 3% increase annually
- **Teacher Staffing Ratio** Steady as enrollment declines
- **Non-licensed Staff** 3 FTE's reduction annually
FY 06-10.

- **Reserves** Updated projections as of 4/8/05
- **Legislation** Current for FY 05

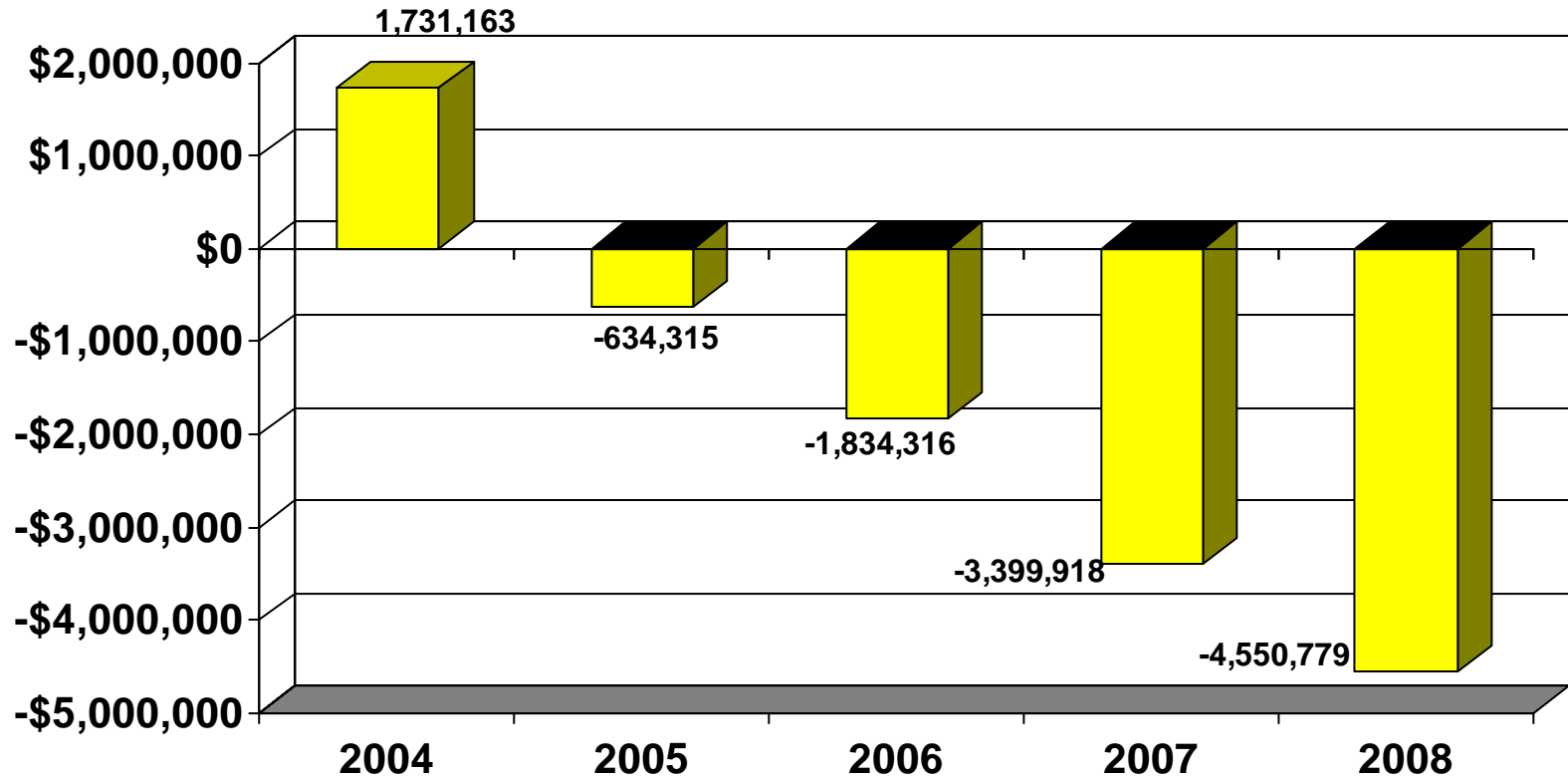
Does not include any Sr. High repair expenses in FY 06

Financial Planning Model - Base Plan

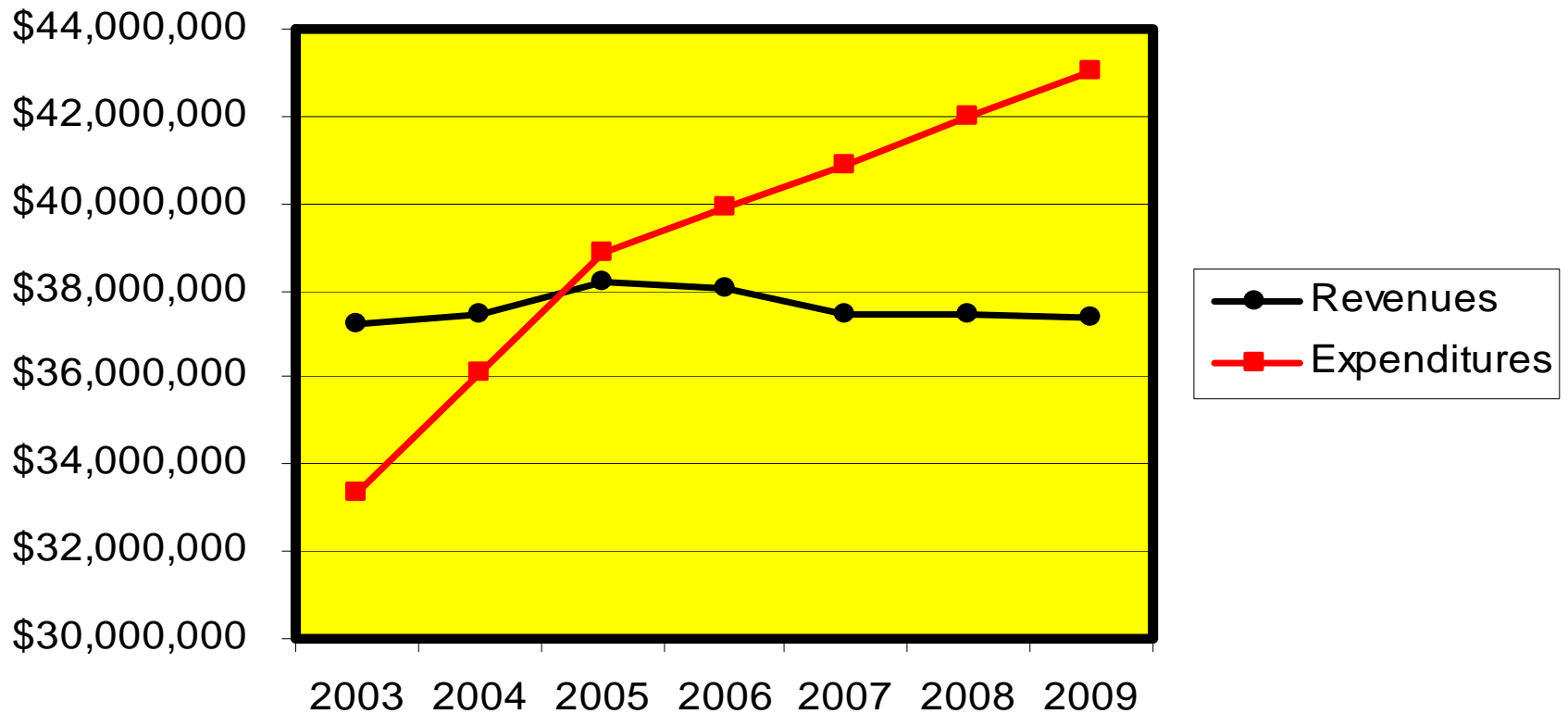
General Fund Unreserved Balance



Financial Planning Model – Base Plan Spending Variation

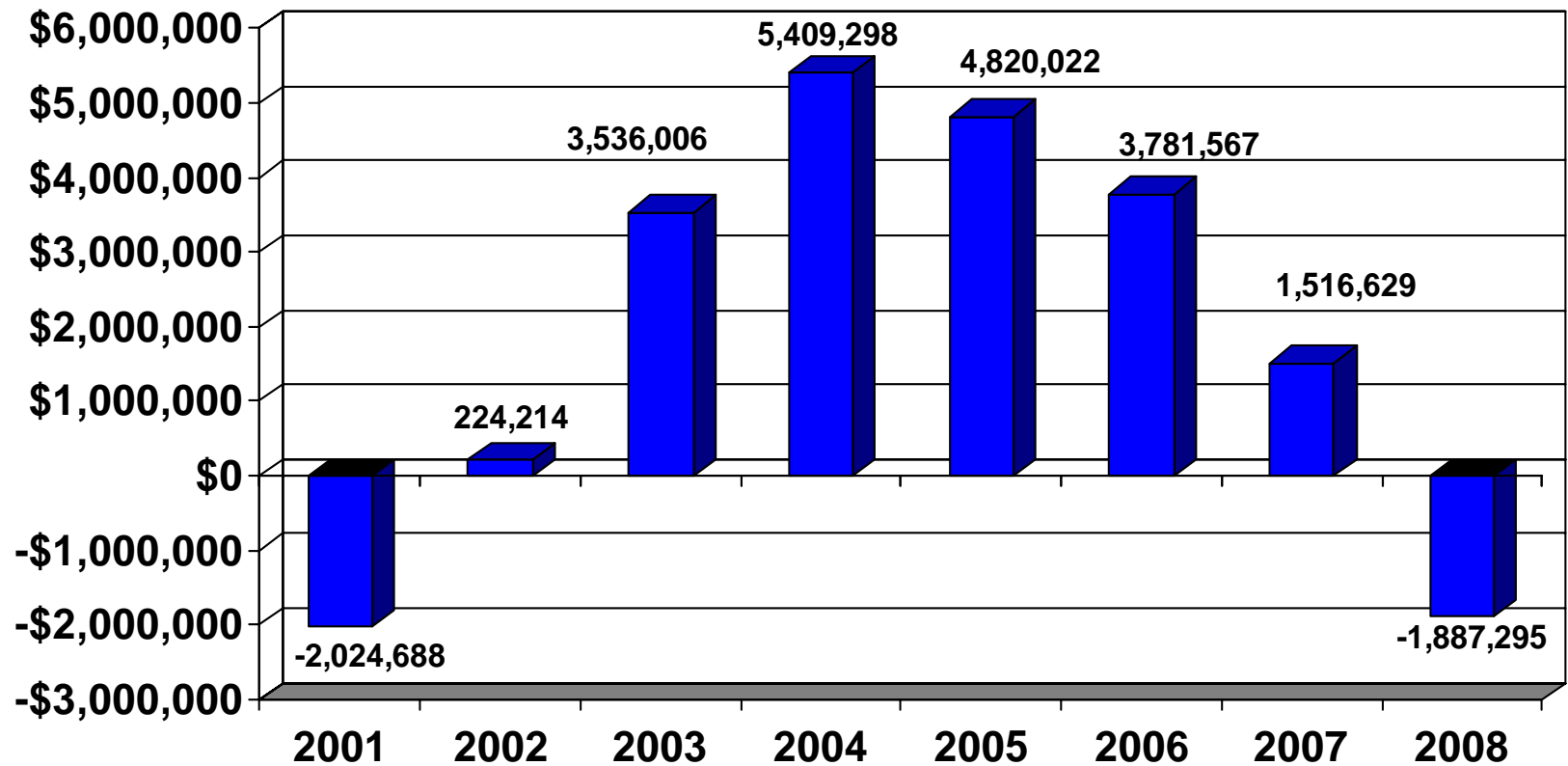


Financial Planning Model – Base Plan Revenue and Expenditure Trends

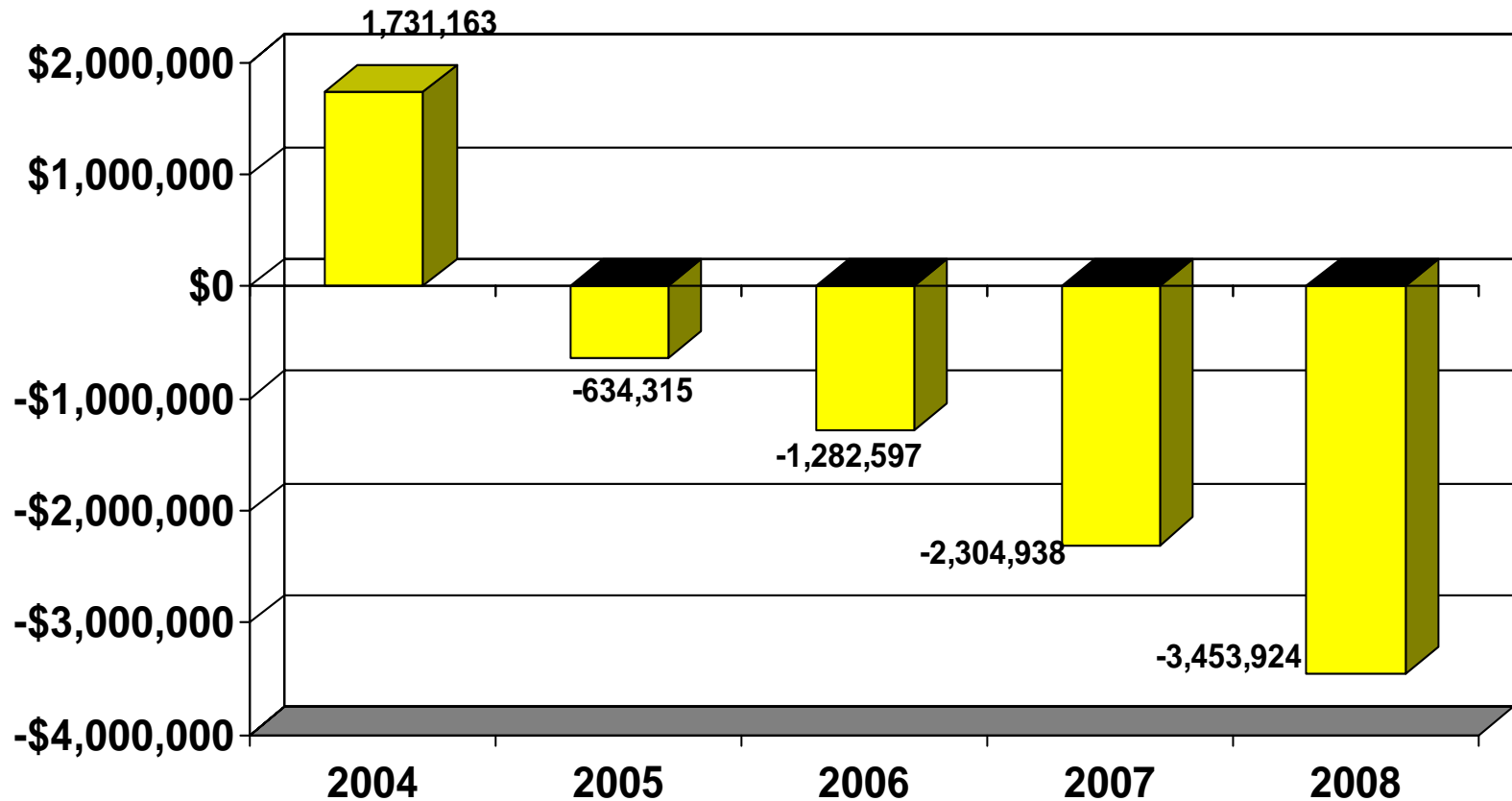


Financial Planning Model - Gov's Plan

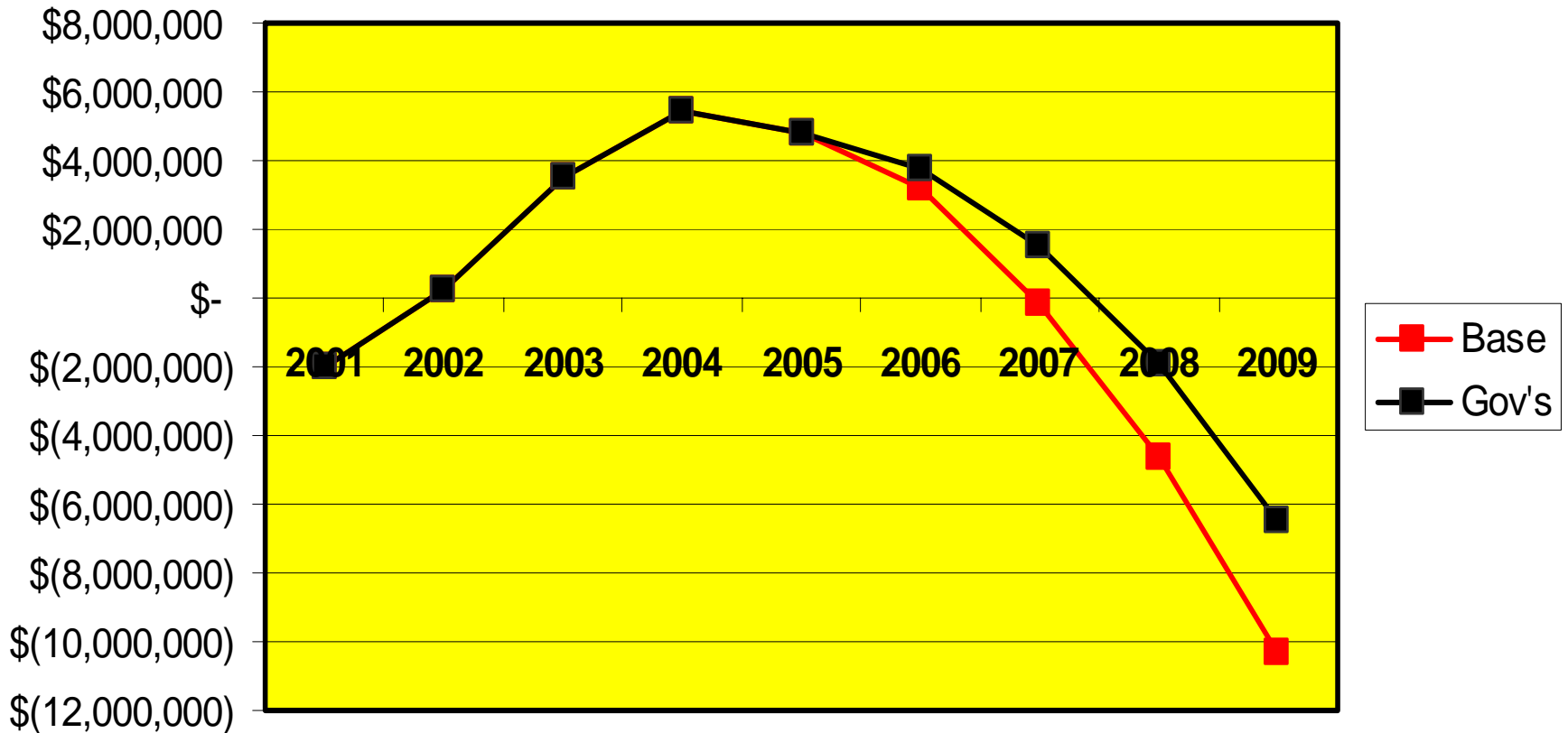
General Fund Unreserved Fund Balance



Financial Planning Model – Gov’s Plan Spending Variation



Financial Planning Model both Base and Gov's Plan



Financial Planning Model

WHY the decline after 2005?

- Anticipated lack of adequate new revenue
- Modest inflationary cost increases
- Continued declining enrollment

Financial Planning Model

continued

- This is a “model”, NOT a plan
- Future trend is normal in MN
- ***District will proactively manage our budget to maintain the 6% fund balance goal***

Willmar Public Schools

Board Fund Balance Policy (General Fund)

- Fund Balance at Six (6) Percent by 2005
- Maintain 6% minimum fund balance through:
 - Reducing Expenditures, or
 - Operating Referendum, or
 - Combination of both

Why Maintain a Fund Balance?

- Sound fiscal management has a long term positive impact on student success
- Validates fiscal credibility with constituents (parents, students, staff, taxpayers, auditors, banks, bond counsel, legislators, etc.)
- Important to the establishment of a good credit rating for the District. MDE, Auditors, Moody's, S&P, and various experts recommend a fund balance in the 5 – 15% range.

Why is a Fund Balance Necessary?

It is Necessary for Unforeseen Situations

- ❑ Enrollment changes
- ❑ State Funding changes
- ❑ Mandated but not funded programs
- ❑ Irregular payments of state and local revenues
- ❑ Emergency Expenditures

Our 6% Fund Balance Policy = a savings account of about 5 weeks of operating expenditures.



Thank You

The preparation of this report could not have been accomplished without the efficient and dedicated services of the District's Staff.

Our appreciation to the School Board for their interest and support in planning and conducting the financial operations of the District in a responsible and progressive manner.

Willmar Public Schools

“Preparing All Students for a Successful Tomorrow”

Please contact us with Questions at:

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Special thanks to Dan Holtz for his excellent assistance on this project

District Finance Web Site: www.willmar.k12.mn.us

Click on At a Glance, District Services, then Finance

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