

# **2004-2005 Budget** **First Revision**

## **Willmar Public Schools**

January 24, 2005



**Serving the communities of Blomkest, Kandiyohi, Pennock, and Willmar**

# WILLMAR PUBLIC SCHOOLS

## 2004-2005 Budget 1<sup>st</sup> Revision

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**ISD 347 Willmar Public Schools**  
**School Board and Administration**  
**January 24, 2005**

<b>School Board Members</b>	
Dion Warne	Chair
Mike Carlson	Vice-Chair
Eric Roberts	Clerk
Shawn Mueske	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>Principals</b>	
Rob Anderson	Senior High
Steve Brisendine	Washington Learning Center
Patti Dols	Roosevelt Elementary
Maria Erlandson	Kennedy Elementary
Brad Knudson	Secondary Alternative Programs
Mike Prunty	Junior High
Beckie Simenson	Jefferson and Lincoln Elementary

**DATE: Monday, January 24, 2005**  
**TO: School Board, Finance Advisory Committee and Administrative Team**  
**FROM: Kathy Leedom and Bob Haines**  
**RE: FY 2005 District Budget 1<sup>st</sup> Revision**

We submit and recommend to you the 2004-2005 (FY 05) Budget 1<sup>st</sup> Revision for the Willmar Public Schools. Extensive supporting documentation is included.

We enjoy sharing budget information with the Board, Community, Staff and others. We welcome the opportunity to present and discuss the District's programs and plans and their financial impact with all interested parties. Interaction among interested groups consistently leads to operational and educational improvements for Independent School District 347. This 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 05 budget includes several initiatives that are designed to further the goals of the School Board. First, the new Reading First grant represents \$670,000 of federal revenue and associated expenditures focused on improving student reading skills at Kennedy Elementary School. The District also intends to fully share the knowledge and skills gained from this grant with Jefferson and Lincoln elementary schools, too.

Other initiatives in the FY 05 budget include the completion of a Facility Assessment Long Range Plan, continued efforts towards 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 towards becoming a more data-driven organization. The goal is to prove the success of our students with measurable results.

This budget report is presented in four sections: Introductory, Organizational, Financial and Informational. The Introductory section includes an executive summary and members of the School Board. The organizational section includes an organizational chart, mission and major goals, description of the District and financial policies and practices. The financial section includes the budgets for all Governmental Funds. The informational section includes supporting data and additional budget details.

The district's financial planning model projects the General Fund will exceed our 6% fund balance goal again in FY 2005. Based on reasonably conservative assumptions, the General Fund's unreserved fund balance is projected to steadily decline beginning in FY 2006. The reason for this decline is the anticipated lack of new revenue, continued declining enrollment and modest inflationary cost increases. The bottom line is that even modest inflationary expenditure increases will 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 careful and deliberate financial stewardship of taxpayer dollars.

Special thanks go to Dan Holtz, District Accountant, for his excellent assistance on this project.

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. Clearly, 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  
2004-2005 Budget 1<sup>st</sup> Revision**

**Executive Summary**

**Budget Summary - Governmental Funds**

Fund	Budget	Revenue	Expenditure	Change
01	General Fund	\$37,843,398	\$37,842,276	\$1,122
02	Food Service	\$1,767,190	\$1,971,143	(\$203,953)
04	Community Service	\$1,997,346	\$2,011,857	(\$14,511)
06	Building Construction	\$0	\$362,950	(\$362,950)
07	Debt Service	\$2,633,538	\$2,784,290	(\$150,752)

**General Fund**

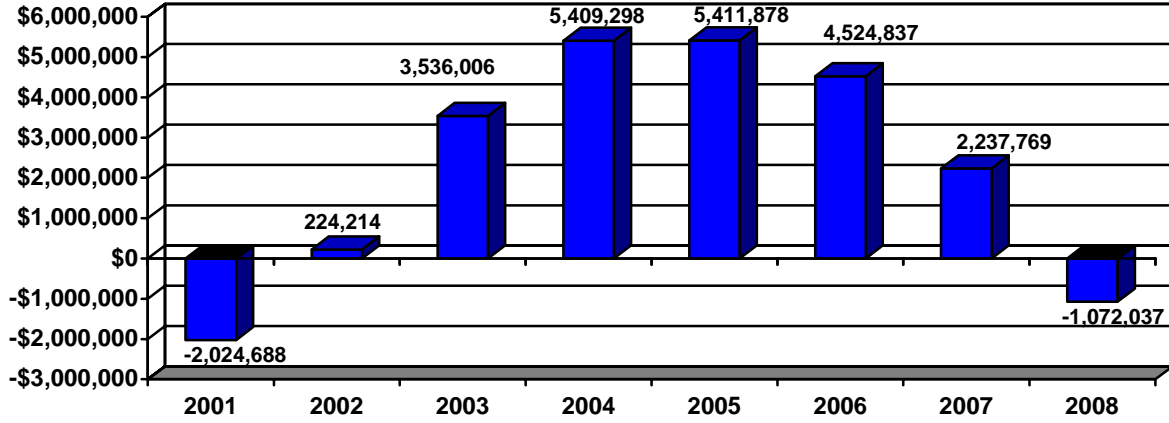
**Revenues** are budgeted to increase by \$891,508, or 2.41%, compared to the original FY 05 budget.

Revenue Source	Actual FY 04	Original Budget FY 05	1st Revision Budget FY 05	Change Original to 1st Rev.	
				\$	%
State	31,101,721	31,598,705	31,194,256	-404,449	-1.28%
Local	4,105,662	2,876,928	3,984,137	1,107,209	38.49%
Federal	2,045,563	2,458,957	2,648,005	189,048	7.69%
Other	15,694	17,300	17,000	-300	-1.73%
<b>TOTAL</b>	<b>37,268,640</b>	<b>36,951,890</b>	<b>37,843,398</b>	<b>891,508</b>	<b>2.41%</b>

**General fund Expenditures** are budgeted to increase by \$897,544, or 2.43%, compared to the original FY 05 budget.

Expenditure Object Codes	Actual FY 04	Original Budget FY 05	1st Revision Budget FY 05	Change Original to 1st Rev.	
				\$	%
Salaries and Wages	21,994,738	22,352,588	22,853,492	500,904	2.24%
Employee Benefits	5,556,543	5,960,535	6,054,937	94,402	1.58%
Purchased Services	5,577,725	5,622,707	5,729,428	106,721	1.90%
Supplies and Materials	1,500,252	2,070,524	2,080,598	10,074	0.49%
Capital Expenditures	738,792	799,560	970,402	170,842	21.37%
Debt Service	55,367	6,874	7,035	161	2.34%
Other	114,061	131,944	146,384	14,440	10.94%
<b>TOTAL</b>	<b>35,537,478</b>	<b>36,944,732</b>	<b>37,842,276</b>	<b>897,544</b>	<b>2.43%</b>

### General Fund Unreserved Fund Balance Projection



**General Fund Bottom line:** We project the FY 05 unreserved fund balance to remain relatively constant vs. increases of \$1.87 million in FY 04 and \$3.31 million in FY 03.

# 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. 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 18,351 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 4,242 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 **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 **Food Service Fund** is used to account for Food Service revenues and expenditures.

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

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

## 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, 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:

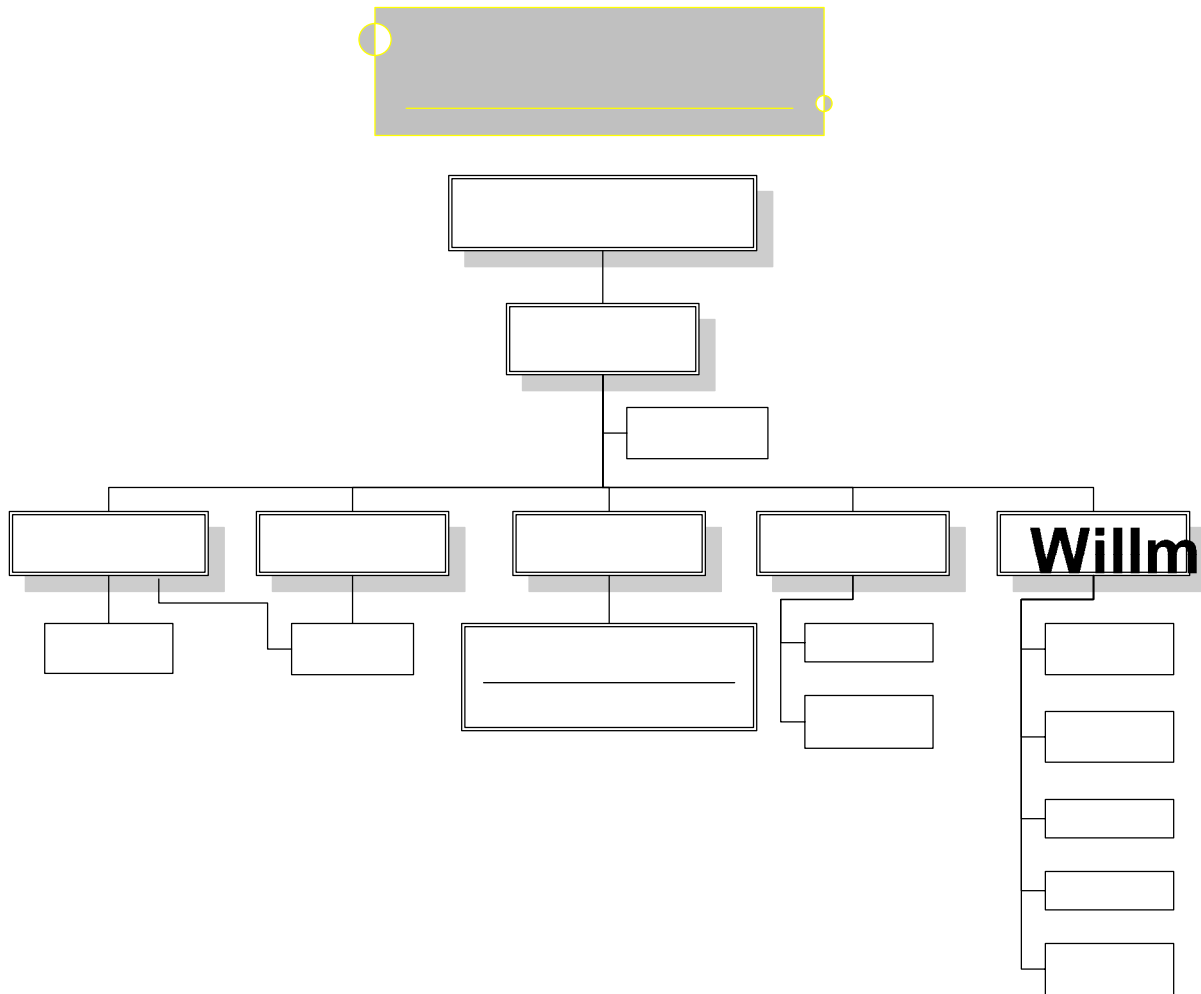
*Fund Balance Policy #703:* Requires the District to maintain a minimum General Fund unreserved fund balance of 6% of the annual operating budget.

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

The District has established a system of internal controls that provide reasonable assurance that assets are safeguarded from misuse for losses.



# Organizational Chart



**Willmar Public  
ISD 34**

SCHOOL BO

Superinten

Coordinator of Special  
Education Programs

Director of Curriculum &  
Instruction

Principals & D

## **Mission Statement**

*Preparing All Students for a Successful Tomorrow*

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

## **Long Term District Wide Goal**

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

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

The District began a new long-range planning process in the fall of FY 2005. The major district-wide goals that resulted from this process are:

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

This long-range planning project is still in process at the time of this budget report.

## **Budget Development Process**

The budget process is comprised of five phases – planning, preparation, adoption, implementation, and evaluation. Planning and preparation for this budget began in the fall of 2004 based on the budget development plan shown below. Next, building allocation budgets were updated for site non-payroll expenditures. An enrollment projection was developed in December and provided the key data for the revenue projection.

A preliminary version of the FY 05 Budget 1<sup>st</sup> Revision was reviewed by the Finance Advisory Committee on January 18, 2005.

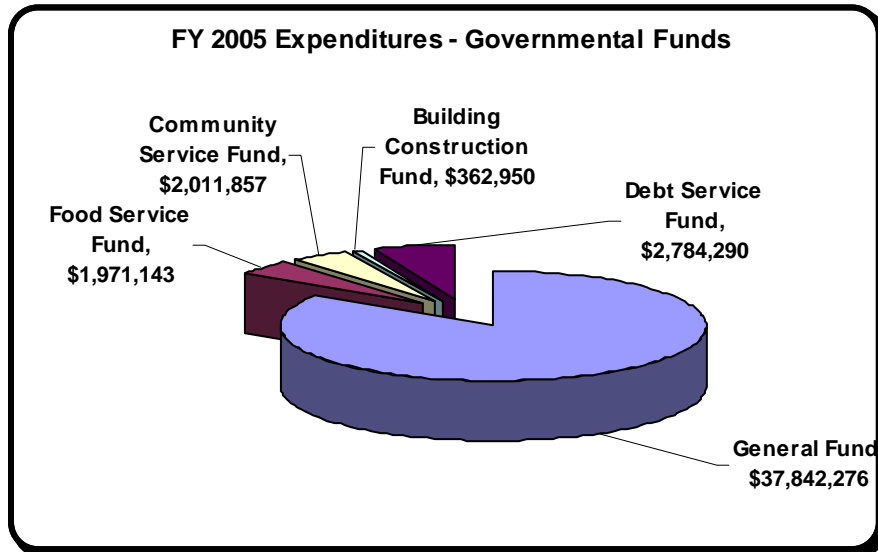
There were no significant changes to our site non-payroll budget allocation process. Also, the Board has not instituted any major changes in the delivery of educational programs and services that have materially affected the financial or operating policies of the District.



# Financial

## Budget Overview of Governmental Funds

	Total All Governmental Funds	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund
Total Revenue	\$ 44,241,472	\$ 37,843,398	\$ 1,767,190	\$ 1,997,346	\$ -	\$ 2,633,538
Total Expenditures	44,972,516	37,842,276	1,971,143	2,011,857	362,950	2,784,290
Excess (deficiency) of Revenues Over (under) Expenditures	(731,044)	1,122	(203,953)	(14,511)	(362,950)	(150,752)
Fund Balance - June 30, 2004	<u>8,707,152</u>	<u>6,853,597</u>	<u>291,749</u>	<u>358,052</u>	<u>362,950</u>	<u>840,804</u>
Fund Balance - June 30, 2005	<u>\$ 7,976,108</u>	<u>\$ 6,854,719</u>	<u>\$ 87,796</u>	<u>\$ 343,541</u>	<u>\$ -</u>	<u>\$ 690,052</u>



## Budget Summary of Governmental Funds

	Total All Governmental Funds	General Fund	Food Service Fund	Community Service Fund	Building Construction Fund	Debt Service Fund
<b>REVENUES</b>						
Local Property Tax Levies	\$ 4,428,916	\$ 1,592,231		\$ 219,297	\$ -	\$ 2,617,388
Other Local and County Revenues	\$ 3,219,327	2,391,906	3,000	809,421	-	15,000
Revenues from State Sources	\$ 32,095,307	31,194,256	170,184	729,717	-	1,150
Revenues from Federal Sources	\$ 3,862,426	2,648,005	975,510	238,911	-	
Other	\$ 635,496	17,000	618,496	-	-	
<b>Total Revenues</b>	<b>\$ 44,241,472</b>	<b>\$ 37,843,398</b>	<b>\$ 1,767,190</b>	<b>\$ 1,997,346</b>	<b>\$ -</b>	<b>\$ 2,633,538</b>
<b>EXPENDITURES</b>						
Administration	1,323,155	\$ 1,323,155				
District Support Services	2,730,611	759,468	1,971,143			
Regular Instruction	18,763,640	18,574,515		189,125		
Vocational Education Instruction	922,578	922,578				
Special Education Instruction	7,739,967	7,739,967				
Community Education and Services	3,668,616	1,853,184		1,815,432		
Instructional Support Services	2,962,947	2,962,947				
Pupil Support Services	3,491,079	3,483,779		7,300		
Sites and Buildings	585,633	222,683			362,950	
Debt Service Principal	1,740,000					1,740,000
Debt Service Interest/Fiscal Charges	1,044,290					1,044,290
Fiscal/Other Fixed Cost Programs	-					
<b>Total Expenditures</b>	<b>\$ 44,972,516</b>	<b>\$ 37,842,276</b>	<b>\$ 1,971,143</b>	<b>\$ 2,011,857</b>	<b>\$ 362,950</b>	<b>\$ 2,784,290</b>
Excess (deficiency) of Revenues						
Over (under) Expenditures	(731,044)	1,122	(203,953)	(14,511)	(362,950)	(150,752)
Fund Balance - June 30, 2004	8,707,152	6,853,597	291,749	358,052	362,950	840,804
<b>Fund Balance - June 30, 2005</b>	<b>\$ 7,976,108</b>	<b>\$ 6,854,719</b>	<b>\$ 87,796</b>	<b>\$ 343,541</b>	<b>\$ -</b>	<b>\$ 690,052</b>

# General Fund

## Revenue Assumptions

1. Student enrollment will decline from 4,166 ADM's in FY 04 to 4,118 ADM's in FY 05.
2. State aid is based on 2004-2005 school finance legislation passed in 2003 and 2004 and summarized in the MN General Education Revenue document (What-if) published by the MN Department of Education. This includes a 0% increase in the General Ed Formula.
3. Levy revenue is based on the 2003 Pay 2004 Levy Certification approved by the School Board in December of 2003 (for fiscal year 2004-2005) and published by the MN Department of Education.
4. Special Education aid is based on reasonably conservative estimates using State of MN worksheets and data, including the Special Education Excess Cost Revenue worksheet.
5. Federal program revenues are based on signed documents and include the new Reading First Grant.
6. Non-levy local revenue is based on estimates and the best information available.
7. Grant revenue has been updated based on known revenues.

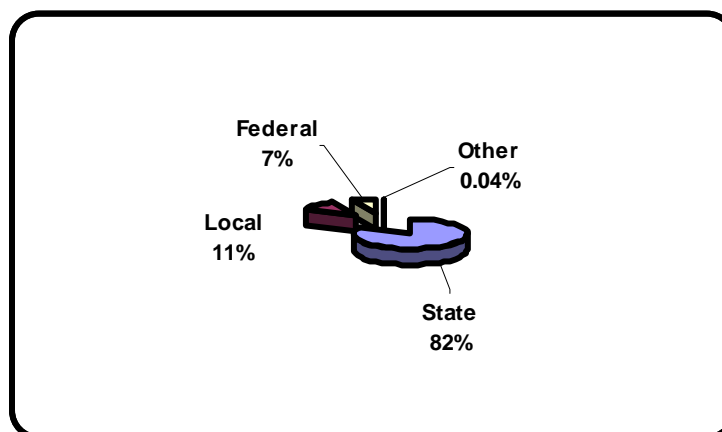
**Revenues** are budgeted to increase by \$891,508, or 2.41%, compared to the original FY 05 budget.

Revenue Source	Actual FY 03	Actual FY 04	Original Budget FY 05	1st Revision Budget FY 05	Change Original to 1st Rev.	
					\$	%
State	32,194,247	31,101,721	31,598,705	31,194,256	-404,449	-1.28%
Local	3,384,616	4,105,662	2,876,928	3,984,137	1,107,209	38.49%
Federal	1,593,643	2,045,563	2,458,957	2,648,005	189,048	7.69%
Other	36,194	15,694	17,300	17,000	-300	-1.73%
<b>TOTAL</b>	<b>37,208,700</b>	<b>37,268,640</b>	<b>36,951,890</b>	<b>37,843,398</b>	<b>891,508</b>	<b>2.41%</b>

The increased revenues are primarily the result of four factors:

- Additional projected Special Education Excess Cost revenue of \$329,624 based on updated information.
- This budget includes known Gifts and Grants revenue of \$303,217 and the associated expenditures - these are not included in the original budget.
- Additional projected tuition billing revenue of \$175,000 based on our best estimate.
- Federal revenues, and associated expenditures, are up \$189,048 based on approved documentation vs. estimates in the original budget.

## General Fund Revenue Sources 2005 Budget 1<sup>st</sup> Revision



### Revenues by Source Code Group

Source	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05	Original	Original	Comments
	Actual	Actual	Actual	Actual	Original	1st Revision	1st Revision	1st Revision	
	Audited	Audited	Audited	Audited	Budget	Budget	Difference	% Change	
Local	7,040,485	6,096,598	3,384,616	4,105,662	2,876,928	3,984,138	1,107,210	38.49%	Coding, Gifts, Special Ed Excess best estimate
State	27,284,549	26,390,524	32,194,247	31,101,721	31,598,705	31,194,256	(404,449)	-1.28%	Coding accuracy, enrollment projection
Federal	1,147,444	1,687,479	1,593,643	2,045,563	2,458,957	2,648,005	189,048	7.69%	Based on approved entitlements and estimates
Other	71,458	95,942	37,244	15,695	17,300	17,000	(300)	-1.73%	
<b>TOTAL</b>	<b>\$35,543,936</b>	<b>\$34,270,543</b>	<b>\$37,209,751</b>	<b>\$37,268,640</b>	<b>\$36,951,890</b>	<b>\$37,843,398</b>	<b>\$891,508</b>	<b>2.41%</b>	Special Ed Excess, Federal, Tuition Billing

#### Summary comparison of the FY 04-05 1st Budget Revision to the FY 04-05 Original Budget

**Local Revenues:** Property Tax Shift Recognition Revenue increased \$425,000. This revenue is subtracted from State revenue and is only a coding accuracy change - no impact on the bottom line. The \$175,000 increase in Tuition Billing is our best estimate. Gifts and Bequests revenue increases \$303,217 - both Revenues and Expenditures for Gifts and Bequests are not included in the original budget. Miscellaneous Revenue increases \$154,659, mainly due to allocation of Integration revenue from billings to the Coop. The net of the Integration budget did not change from the original budget.

**State Revenues:** Note from comments in Local Revenues above - State revenue is reduced by the same \$425,000 amount so that we are accurately coding the Property Tax Shift Recognition Revenue. State General Education Aid is \$393,516 (or 1.42%) less, primarily due to the new enrollment projection. The 9.64% increase in Special Education aid is a function of our best estimate for Special Ed Excess Cost Revenue using the most updated information and State worksheets available.

**Federal Revenues:** The \$189,048, or 7.69%, increase is primarily due to knowledge of signed program documents and secondarily due to best estimates on Federal Special Ed dollars.

**Other Revenues:** No major changes.

**REVENUE SUMMARY:** General Fund Revenue in the 1st Revision increased 2.41%, or \$891,508, compared to the original budget. The increase is a primarily due to: 1) the increase in Special Ed Excess Cost revenue based on updated information and State worksheets; 2) Including known Gifts and Bequests in the budget - and the resulting associated expenditures; 3) Increased Federal Revenue based on approved documentation vs. estimates in the original budget - and the resulting increase in associated expenditures; 4) Increased Tuition Billing revenue based on our best estimate; and 5) and increased Integration revenue, along with associated expenditures - no bottom line change from the original budget.

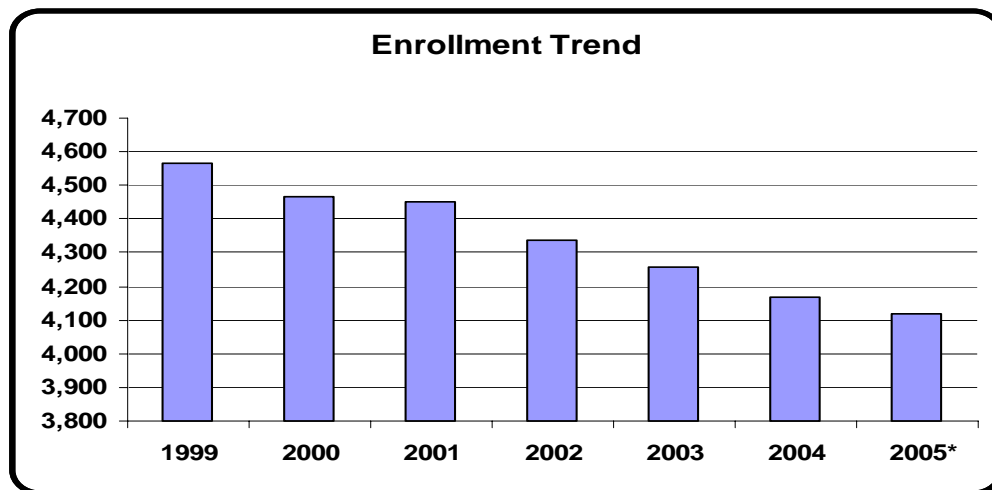
A more detailed revenue report for each source code along with narrative information is included in the Information Section. In addition, various revenue budget development documents and worksheets are also included in that section.

## 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 – 2005.

Fiscal Year	Student ADM's
1999	4,567
2000	4,465
2001	4,449
2002	4,335
2003	4,259
2004	4,166
2005*	4,118



\* projected enrollment

Our projected E-12 enrollment for the FY 2005 Budget 1<sup>st</sup> Revision is 4,118 ADM's. This projection is based on the following information, summarized on the chart below. The ENPRO model projects 4,103 ADM's, the H-Model projects 4,157 ADM's and the October 1 ratio predicts 4,147. Also factored into this projection is the 57 student decrease in seat count from October 1, 2004 to January 1, 2005. Finally, the October 1 seat count/End of Year ADM ratio history is also considered. The ENPRO model has more emphasis and weight on past history vs. the H-Model which has more emphasis on recent history. Dennis Hoogeveen of Larson, Allen, Weishair & Co. also reviewed our original enrollment projections.



<b>FISCAL YEAR</b>		<b>E-12 ADM's</b>
<b>FY 2003</b>	Final ADM's	4,259
<b>FY 2004</b>	Final ADM's Oct 2004	4,166
<b>FY 2005</b>	Original projection	4,164
	1st Revision	
	<u>Projection options</u>	
	H - Model	4,157
	EnPro*	4,103
	Oct 1 Ratio	4,147
	<b>ISD 347 Projection</b>	<b>4,118</b>
Other data: seat count declined by 57 from 10/1/04 to 1/1/05.		

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 private school competition.

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.

### **Expenditure Assumptions**

1. Payroll and benefit budgets for employees with contracts in the process of negotiation are based on a 3.5% total increase to payroll and benefits for FY 2005. Payroll and benefit budgets for employees with School Board approved contracts for FY 2005 accurately reflect those contracts.
2. Additional Special Ed Teachers, Special Ed Para's, Kindergarten Teacher. New Business Professionals of America extra-curricular activity at Sr. High. New Schools for Energy Efficiency program.
3. Maintain minimum 6% fund balance per School Board resolution.
4. Transportation budget is based on a 3% negotiated increase plus new half-day every-day K schedule.
5. Non-payroll budgets are generally based on a 2% increase.
6. No increases to the site supply and operating allotments on a per student basis.
7. Grant expenditures have been updated based on known expenditure plans and known revenues.
8. There are no new legislated Staff Development reserve budget dollars, per MN legislation. Staff Development budgets reflect carryover dollars from the prior year.
9. No major unplanned new capital expenditures.

**General fund Expenditures** are budgeted to increase by \$897,544, or 2.43%, compared to the original FY 05 budget.

Expenditure Object Codes	Actual FY 04	Original Budget FY 05	1st Revision Budget FY 05	Change Original to 1st Rev.	
				\$	%
Salaries and Wages	21,994,738	22,352,588	22,853,492	500,904	2.24%
Employee Benefits	5,556,543	5,960,535	6,054,937	94,402	1.58%
Purchased Services	5,577,725	5,622,707	5,729,428	106,721	1.90%
Supplies and Materials	1,500,252	2,070,524	2,080,598	10,074	0.49%
Capital Expenditures	738,792	799,560	970,402	170,842	21.37%
Debt Service	55,367	6,874	7,035	161	2.34%
Other	114,061	131,944	146,384	14,440	10.94%
<b>TOTAL</b>	<b>35,537,478</b>	<b>36,944,732</b>	<b>37,842,276</b>	<b>897,544</b>	<b>2.43%</b>

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

- This budget includes known Gifts and Grants expenditures, and associated revenue, of \$303,217 - these were not included in the original budget.
- Additional Special Education staff, required by federal law to meet IEP requirements.
- Increased Federal expenditures, and associated revenues, of \$189,048 based on approved documentation vs. estimates in the original budget.
- The impact of negotiated wage and benefit increases.

## Expenditures by Object Code Group

Object Code Groups	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05	FY 03-04	FY 03-04	Comments On Major Changes
	Actual	Actual	Actual	Actual	Original	1st Revision	FY 04-05	FY 04-05	
	Audited	Audited	Audited	Audited	Budget	Budget	Difference	% Change	
Salaries /Wages	22,314,647	20,141,643	21,395,957	21,994,738	22,352,588	22,853,492	500,905	2.24%	Add'l Spec. Ed staff per IEP's, final agreements
Employee Benefits	5,306,674	4,641,610	4,780,820	5,556,543	5,960,535	6,054,937	94,402	1.58%	Impact of above
Purchased Services	4,644,102	4,667,939	4,687,871	5,577,725	5,622,707	5,729,428	106,721	1.90%	Allocation of Integration expenses
Supplies/Materials	1,431,151	1,207,926	1,259,670	1,500,252	2,070,524	2,080,598	10,073	0.49%	
Capital Expenditures	1,349,138	845,605	1,001,832	738,792	799,560	970,402	170,842	21.37%	Budget allocation of Science Adoption
Debt Service	351,736	235,881	132,995	55,368	6,874	7,036	162	2.35%	
Other Expenditures	251,240	187,133	120,544	114,061	131,944	146,384	14,440	10.94%	
<b>TOTAL</b>	<b>\$35,648,688</b>	<b>\$31,927,738</b>	<b>\$33,379,691</b>	<b>\$35,537,478</b>	<b>\$36,944,732</b>	<b>\$37,842,276</b>	<b>\$897,544</b>	<b>2.43%</b>	Add'l Spec. Ed Staff, Gifts/Grants, Fed programs

### Summary comparison of the FY 04-05 1st Budget Revision to the FY 04-05 Original Budget

**Salaries and Wages:** The Payroll and Employee benefits increases are due to 1) additional Special Education staff hired to meet the requirements of student IEP's (Federal law); 2) the impact of final negotiated agreements; and 3) Increased Federal revenue which translates into both payroll and non-payroll expenditures.

**Employee Benefits:** See above comments.

**Purchased Services:** The 1.9%, or \$106,721, increase is a function of allocating Integration expenses - the bottom line for Integration did not change. Travel/Conferences decreased by \$119,168 mainly due to accurate budgeting for staff development (no affect to that reserve, just to the budget). There was also a \$128,000 decrease in Tuition Bills payable based on our best estimate.

**Capital Expenditures:** The increase accounts for the accurate Science Adoption budget allocation.

**EXPENDITURE SUMMARY:** General Fund Expenditures in the 1st Revision increased \$897,544, or 2.43%, compared to the original budget. This increase is a function of the following items: 1) Additional Special Education staff, required by Federal law to meeting IEP requirements, impacted both payroll and benefits; 2) Including known Gifts and Grants expenditures that match associated revenues of \$303,217 - these are not included in the original budget; 3) Increased Federal program expenses, based on approved documents vs. estimates in the original budget, as a result of higher associated revenues - this impacts both payroll and non-payroll expenditure budgets; and 4) Final Integration program expenditures along with matching revenues - no bottom line change from the original budget.

Additional more detailed expenditure reports are included in the Information Section.

## Operating Capital

The detailed Operating Capital Budget from the original FY 2005 Budget is included in the Information Section.

The Operating Capital Budget development process includes: 1) multiple requests for projects from Principals and Head Custodians, 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.

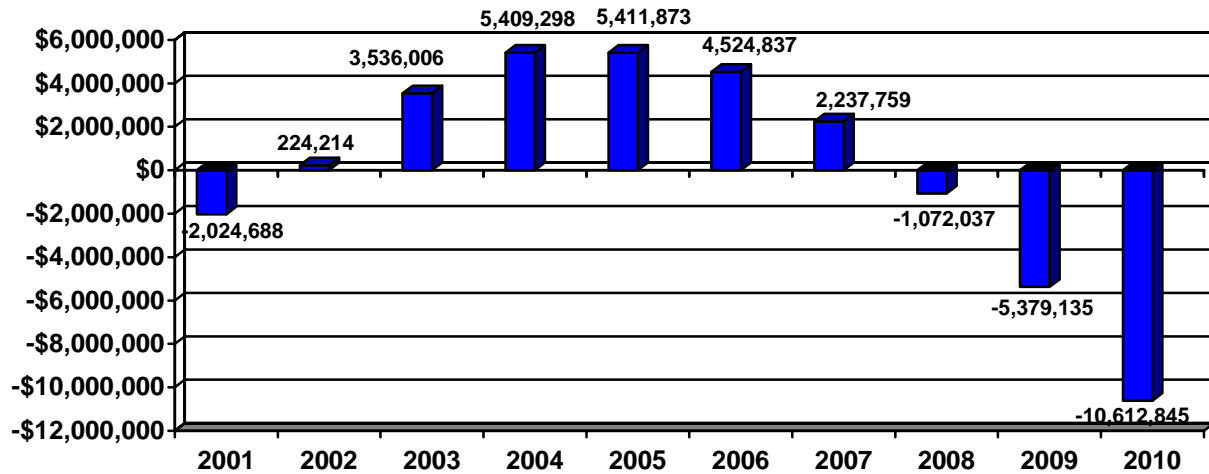
## Financial Planning Model

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 FY's 2006 through 2010 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.

### Assumptions:

- **Fund Balance Goal** 6% of Operating Expenditures
- **Annual Financial Audit** 2003-2004
- **Budgets** FY 05 Budget 1<sup>st</sup> Revision
- **Enrollment** Updated projection from FY 05 Budget 1<sup>st</sup> Revision
- **Revenue** 0% = FY's 05, 06 & 07; 2% formula increase = FY's 08, 09 & 10
- **Payroll and Benefits** 3% increase annually to the Payroll & Benefits in total.
- **Non-payroll** 3% increase annually
- **Teacher Staffing Ratio** Declines with enrollment projection
- **Non-licensed Staff** 3 FTE's reduction annually from FY's 06 - 10
- **Reserves** Updated reserve projections 1/18/05
- **Legislation** Current as of today

### General Fund Unreserved Fund Balance



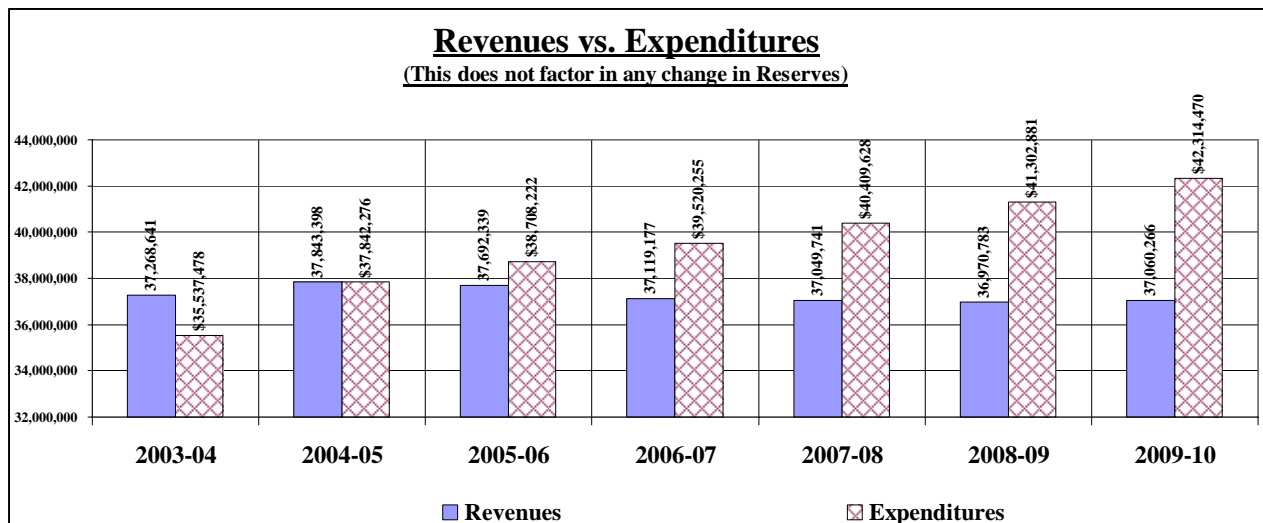
General Fund Unreserved-Undesignated Fund Balance and Expenditures						
	2003	2004	2005*	2006*	2007*	2008*
Unreserved Fund Balance	\$ 3,536,006	\$ 5,409,298	\$ 5,411,873	\$ 4,524,837	\$ 2,237,769	\$ (1,072,037)
% Change	1477.07%	52.98%	0.05%	-16.39%	-50.54%	-123.69%
Expenditures	\$ 33,379,691	\$ 35,537,478	\$ 37,842,276	\$ 38,708,222	\$ 39,520,255	\$ 40,409,628
% Change	4.55%	6.46%	6.49%	2.29%	2.10%	2.25%
% of Fund Balance to Exp.	10.59%	15.22%	14.30%	11.69%	5.66%	-2.65%

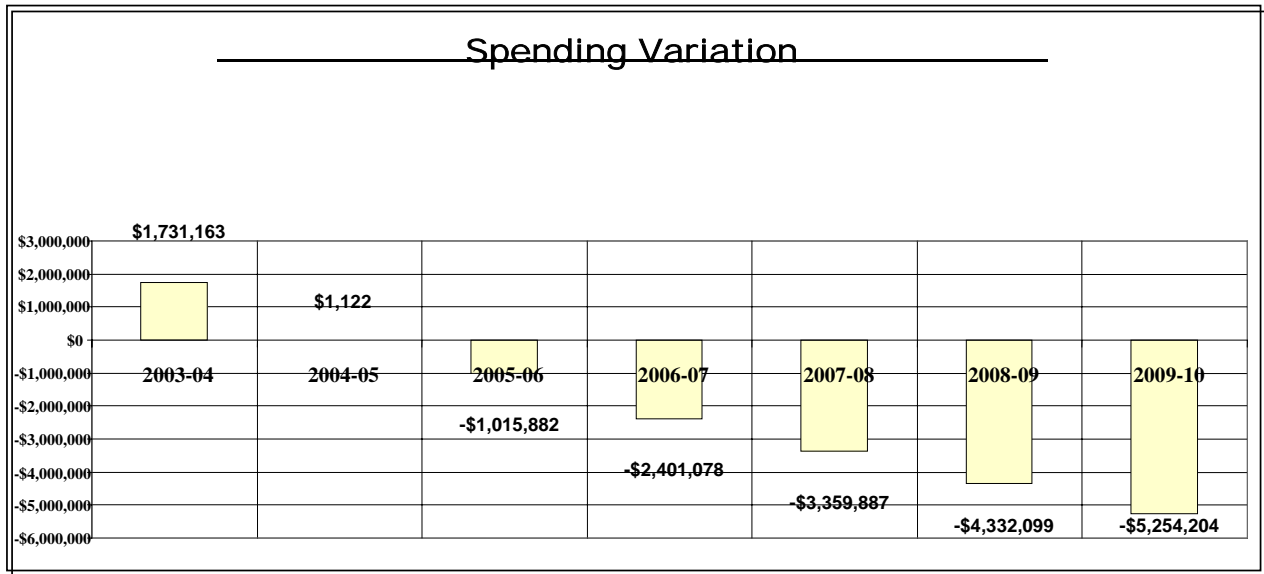
\* Projected

### Financial Planning Model (FPM) Analysis

This planning model depicts the general fund undesignated/unreserved fund balance. The years 2001 through 2004 represent actual audited fund balance numbers. The years from 2005 to 2010 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 basically level out in FY 2005 and begin to steadily decline through FY 2010. 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.





**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.

The District is beginning a series of forums and focus groups with community and staff in January and February of 2005 to discuss the budgetary and facility challenges facing us in the next few years.

## Food Service

Food Service Revenues are \$1,767,190, increasing by \$41,302, or 2.39%, compared to the original FY 05 budget. Food Service expenditures are \$1,971,143, increasing by \$55,564, or 2.90%, compared to the original FY 05 budget. Both increases are basically a function of improved data available for budgeting at this point in the fiscal year vs. estimates from last spring in the original budget. Food Service entered this year with a very healthy fund balance and the intention was to deficit-spend in FY05 to complete the Kennedy kitchen compliance project. Food Service is planning to increase meal prices for next year. This would be the first increase in six years. Current meal prices are less than average by any comparison. Future price increases will help us to continue with the Kitchen compliance projects at other buildings in the future.

## Community Service

### Community Service Revenue

	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 03-04	FY 04-05	Original	Original	
	Actual	Actual	Actual	Final	Original	1st Revision	1st Revision	1st Revision	
Source	Audited	Audited	Audited	Budget	Budget	Budget	Difference	% Change	Comments
Local	477,336	740,676	831,838	961,470	948,421	1,028,718	80,297	8.47%	Best estimates
State	820,964	818,547	737,513	784,273	851,780	729,717	-122,063	-14.33%	Based on state estimates
Federal	12,832	52,862	84,842	369,687	53,011	238,911	185,900	350.68%	Based on approved documents
Other	24,111	1,954	842	0	0	0	0	0.00%	
<b>TOTAL</b>	<b>1,335,244</b>	<b>1,614,039</b>	<b>1,655,035</b>	<b>2,115,429</b>	<b>1,853,212</b>	<b>1,997,346</b>	<b>144,134</b>	<b>7.78%</b>	More valid information available

## Community Service Expenditures

Object Code Groups	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05	Original	Original	Comments On Major Changes
	Actual	Actual	Actual	Actual	Original	1st Revision	1st Revision	1st Revision	
	Audited	Audited	Audited	Audited	Budget	Budget	Difference	% Change	
Salaries and Wages	819,112	1,009,189	1,196,741	1,328,570	1,299,493	1,247,646	(51,847)	-3.99%	Offset with benefits
Employee Benefits	138,469	177,021	206,521	238,235	235,677	282,386	46,709	19.82%	
Purchased Services	150,988	179,627	248,921	270,608	257,416	315,581	58,165	22.60%	
Supplies and Materials	102,388	165,902	131,673	139,111	91,991	127,715	35,724	38.83%	
Capital Expenditures	19,543	34,801	28,314	9,247	29,200	37,489	8,289	28.39%	
Other Expenditures	12,090	14,806	1,056	3,135	1,425	1,040	(385)	-27.02%	
<b>TOTAL</b>	<b>\$1,242,590</b>	<b>\$1,581,347</b>	<b>\$1,813,226</b>	<b>\$1,988,906</b>	<b>\$1,915,202</b>	<b>\$2,011,857</b>	<b>\$96,655</b>	<b>5.05%</b>	Increased revenues, new projects

## Building Construction

### Building Construction Revenue

Source	FY 03-04	FY 04-05	FY 04-05	Original	Original	Comments
	Actual	Original	1st Revision	1st Revision	1st Revision	
	Audited	Budget	Budget	Difference	% Change	
Other	\$498,479	\$0	\$0	\$0	0.00%	All revenue received in FY 04
<b>TOTAL</b>	<b>\$498,479</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.00%</b>	From Capital Facilities Bonds FY 04

### Building Construction Expenditures

Object Code Groups	FY 03-04	FY 04-05	FY 04-05	Original	Original	Comments On Major Changes
	Actual	Original	1st Revision	1st Revision	1st Revision	
	Audited	Budget	Budget	Difference	% Change	
Debt Service	135,529	0	362,950	362,950	0.00%	Majority of expenses completed
<b>TOTAL</b>	<b>135,529</b>	<b>0</b>	<b>362,950</b>	<b>362,950</b>	<b>0.00%</b>	in summer of 2004

## Debt Service

### Debt Service Revenue

	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05	<u>Original</u>	<u>Original</u>	
	Actual	Actual	Actual	Actual	Original	1st Revision	1st Revision	1st Revision	
Source	Audited	Audited	Audited	Audited	Budget	Budget	Difference	% Change	Comments
Local	3,789,942	3,847,675	2,242,526	2,272,748	2,632,388	2,632,388	0	0.00%	
State	263,821	221,382	412,768	403,534	1,150	1,150	0	0.00%	
Other	0	0	0	891,232	0	0	0	0.00%	
<b>TOTAL</b>	<b>4,053,762</b>	<b>4,069,058</b>	<b>2,655,295</b>	<b>3,567,514</b>	<b>2,633,538</b>	<b>2,633,538</b>	<b>0</b>	<b>0</b>	

### Debt Service Expenditures

	FY 00-01	FY 01-02	FY 02-03	FY 03-04	FY 04-05	FY 04-05	<u>Original</u>	<u>Original</u>	
	Actual	Actual	Actual	Actual	Original	1st Revision	1st Revision	1st Revision	
Object Code Groups	Audited	Audited	Audited	Audited	Budget	Budget	Difference	% Change	Comments On Major Changes
Debt Service	3,835,683	24,221,325	2,740,935	3,634,082	2,785,840	2,784,290	-1,550	-0.06%	
<b>TOTAL</b>	<b>3,835,683</b>	<b>24,221,325</b>	<b>2,740,935</b>	<b>3,634,082</b>	<b>2,785,840</b>	<b>2,784,290</b>	<b>-1,550</b>	<b>-0.06%</b>	



## District Buildings and Programs Expenditures per ADM

Jefferson Elementary School	
Grades/Program:	K - 3, Elementary
Students on 10/1/04:	252
Principal:	Beckie Simenson
Dean of Students:	Nathan Cox
Actual building expenditures per ADM 2003-2004:	\$5,893

Junior High School	
Grades/Program:	7 - 8, Secondary
Students on 10/1/04:	643
Principal:	Mike Prunty
Assistant Principals	Jeremy Theis
Actual building expenditures per ADM 2003-2004:	\$6,677

Lincoln Elementary School	
Grades/Program:	K - 4, Elementary
Students on 10/1/04:	328
Principal:	Beckie Simenson
Dean of Students:	Nathan Cox
Actual building expenditures per ADM 2003-2004:	\$5,060

Area Learning Center	
Grades/Program:	7 - 12, Secondary
Students on 10/1/04:	96
Director:	Brad Knudson
Coordinator:	Kim Ness
Actual building expenditures per ADM 2003-2004:	\$11,562

Roosevelt Elementary School	
Grades/Program:	4 - 6, Elementary
Students on 10/1/04:	721
Principal:	Patti Dols
Dean of Students:	Scott Hisken
Actual building expenditures per ADM 2003-2004:	\$5,391

Other Alternative Programs	
Director:	Brad Knudson
<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 10/1/04:	775
Principal:	Maria Erlandson
Dean of Students:	Tim Johnson
Actual building expenditures per ADM 2003-2004:	\$6,460

Washington Learning Center	
Grades/Program:	Community Ed & Rec, ECFE, ECSE, etc.
Students on 10/1/04:	NA
Community Education Director:	Steve Brisendine
Actual building expenditures per ADM 2003-2004:	NA

Senior High School	
Grades/Program:	9 - 12, Secondary
Students on 10/1/04:	1,315
Principal:	Rob Anderson
Assistant Principals	Neil Schendel, Mark Miley
Actual building expenditures per ADM 2003-2004:	\$6,834

Detailed supporting documents follow in the Information Section.

ISD 347 Finance Web Site at [www.willmar.k12.mn.us/jrhigh/distweb/Business/business.htm](http://www.willmar.k12.mn.us/jrhigh/distweb/Business/business.htm)

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.

## INFORMATION SECTION

### **General Fund**

- Change in overall Fund Balance
- Revenue Budget Checklist
- Revenues by Source Code
- Expenditures by Object Code
- Reserve Worksheet
- Operating Capital Budget
- Safe Schools Levy Budget
- Revenue Planning Model
- Revenue Worksheet
- What-if Revenue Report
- Pay 2004 (FY 05) General Fund Levy Reconciliation
- Budget Progress Responsibility Report

### **Food Service**

- Revenue by Source Code
- Expenditures by Object Code

### **Community Education**

- Revenue by Source Code
- Expenditures by Object Code

### **Building Construction**

- Revenue by Source Code
- Expenditures by Object Code

### **Debt Service**

- Revenue by Source Code
- Expenditures by Object Code