



**Independent School District No. 877
2008-2009 End of Year Financial Report
School Board Workshop – Oct. 12, 2009**

Attached you will find the District’s preliminary financial results for the year ended June 30, 2009. Overall, the District’s financial position continues to be balanced, and expenditures were controlled with the first round of budget reductions. The General Fund’s final revenues and expenditures came in more favorable than budget. Revenues and expenditures were close to budget on a line item basis in substantially all areas. The Food Service and Community Service funds continue to be self-supporting funds.

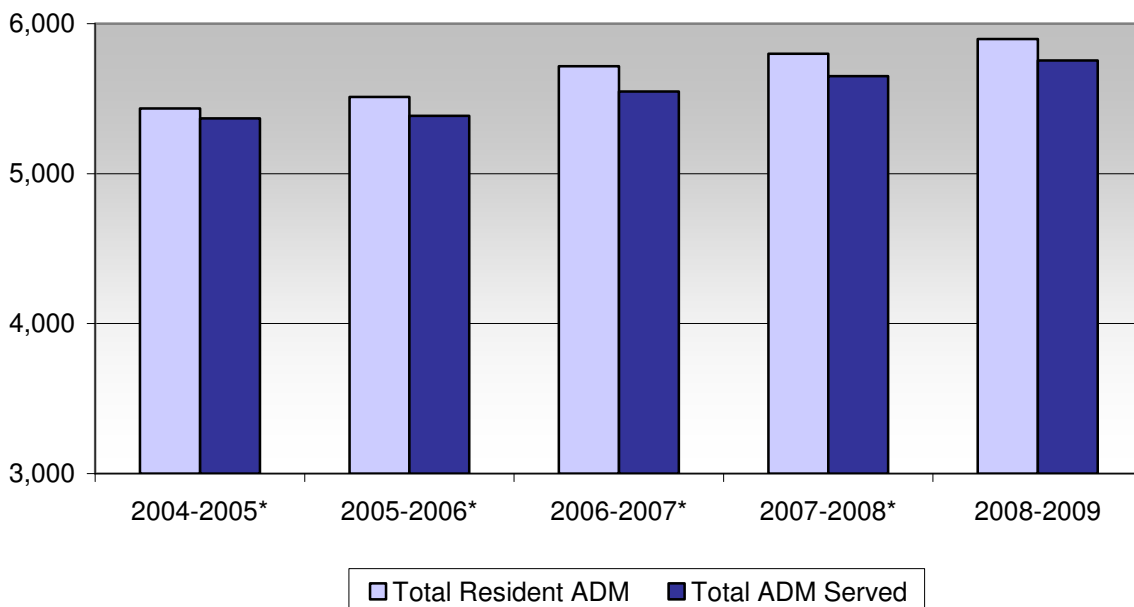
Average Daily Membership

Resident ADM includes all residents who are enrolled in the District, educated in another district for which tuition is paid, or attending another district under enrollment options. ADM served includes residents attending the District, nonresident enrollment option students, and nonresident tuition students. History shows us we tend to service fewer students than reside in our community. However, both resident ADM and ADM served exhibited steady increases from June 30, 2005. Since the 2004-2005 school year, resident ADM has increased 8.5%, while ADM served increased 7.2%.

	2004-2005*	2005-2006*	2006-2007*	2007-2008*	2008-2009
Total Resident ADM	5,435	5,511	5,717	5,799	5,897
Total ADM Served	5,369	5,386	5,548	5,650	5,755

*Source: School District Profiles

Average Daily Membership

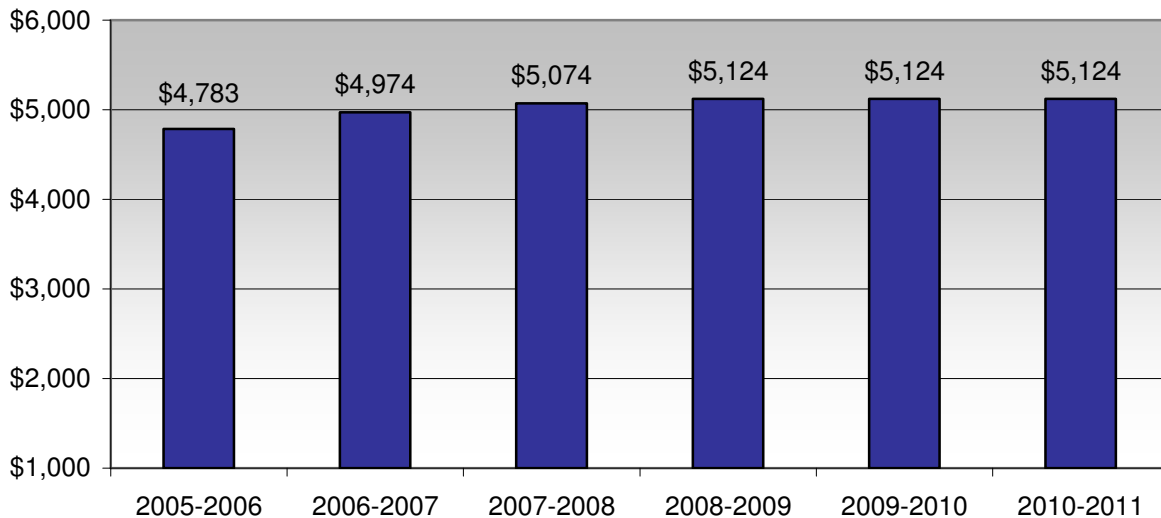


General Education Aid

The largest source of revenue for the District is basic general education aid. Total basic general education revenue is calculated by multiplying the formula allowance by the number of pupil units for which a school is entitled to. Pupil units are calculated using a weighting system applied to the average daily membership (WADM's). During the 2009 Legislative session, the basic general education formula was frozen for the next two years. In addition, part of the 2009-2010 basic general education formula was back-filled with federal stabilization dollars.

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
General Education Formula Allowance	\$4,783	\$4,974	\$5,074	\$5,124	\$5,124	\$5,124
Percent Increase From Prior Year	4.00%	4.00%	2.00%	1.00%	0.00%	0.00%

General Education Aid Per Pupil



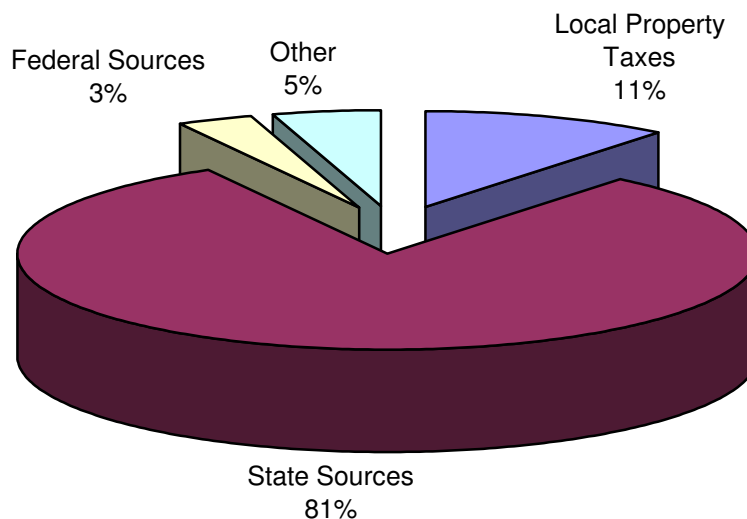
General Fund - Revenue

In the General Fund, revenues came in more than budget by \$1,032,848 which is approximately 2.03%. Consistent with prior years, the WADM (or enrollment) number used for general education aid was more conservative than the final WADM number calculated by the State. An additional \$268,356 was received in general education aid than anticipated. In federal sources, the most significant variance happened in federal special education aid and came in over budget by \$243,878 when the District used carryover funds from unspent grant dollars from previous years.

Other revenue consists of tuition & fees, interest revenue, donations, grants, and the 09 student activities. In 2008-2009, the District received \$161,620 from third party billing in special education. Approximately \$38,670 additional interest revenue was earned. The District also received \$73,000 more in the 09 student activity accounts.

	2007-2008 Actual	2008-2009 Revised Budget	2008-2009 Actual	\$ Budget Variance	% Budget Variance
Revenue					
Local Property Taxes	\$5,044,603	\$5,578,535	\$5,616,671	\$38,136	0.68%
State Sources	\$41,291,511	\$41,780,211	\$42,048,119	\$267,908	0.64%
Federal Sources	\$1,561,688	\$1,506,701	\$1,756,778	\$250,077	16.60%
Other	\$2,162,824	\$1,989,763	\$2,466,490	\$476,727	23.96%
Total	\$50,060,626	\$50,855,210	\$51,888,058	\$1,032,848	2.03%

2008-2009 General Fund Revenue By Source



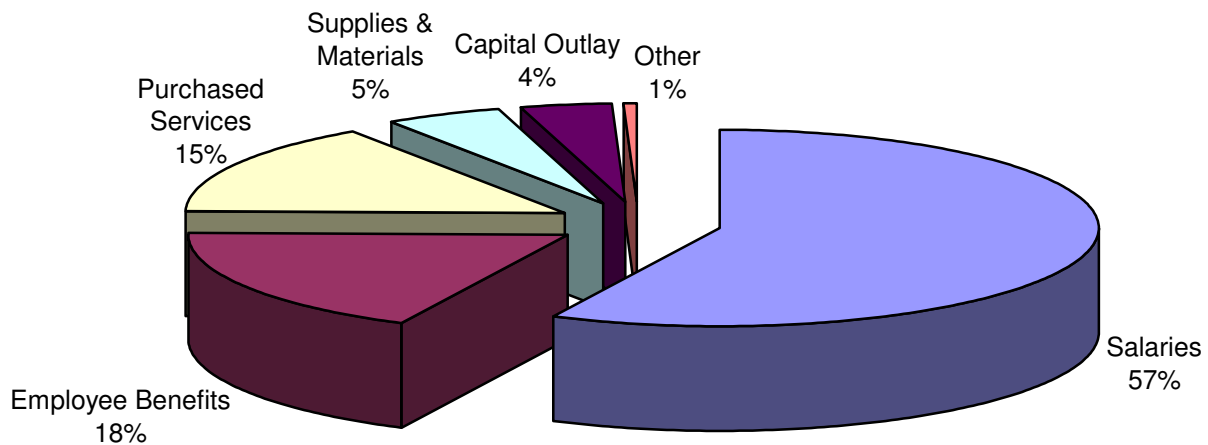
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General Fund – Expenditures By Object

In the General Fund, expenditures were under budget by \$794,184 or 1.55%. Most of the savings were realized under sites and buildings. Additional savings were realized under salaries and employee benefits from employee turnover and retirements and chargebacks to other funds. Through lower utility prices and conservation, utility expenditures came in under budget by more than \$325,000 under supplies & materials.

	2007-2008 Actual	2008-2009 Revised Budget	2008-2009 Actual	\$ Budget Variance	% Budget Variance
Expenditures					
Salaries	\$28,764,457	\$29,113,338	\$28,841,636	(\$271,702)	-0.93%
Employee Benefits	\$8,931,746	\$9,168,283	\$9,124,824	(\$43,459)	-0.47%
Purchased Services	\$6,591,833	\$7,625,136	\$7,762,848	\$137,712	1.81%
Supplies & Materials	\$3,007,447	\$3,004,576	\$2,470,304	(\$534,272)	-17.78%
Capital Outlay	\$2,099,455	\$2,047,845	\$1,965,091	(\$82,754)	-4.04%
Other	\$400,867	\$282,933	\$283,224	\$291	0.10%
Total	\$49,795,805	\$51,242,111	\$50,447,927	(\$794,184)	-1.55%

2008-2009 General Fund Expenditures By Object





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General Fund – Expenditures by School

The total General Fund expenditures at the school buildings came in less than budget by \$599,794 or a very small 1.56% of the budget. During the school year, school building Principals implemented some cost containment measures, and it is apparent as many of the school sites were under budget. It is also reflected in the final designated carryover balance on the next page.

	2007-2008	2008-2009	2008-2009	\$ Budget	% Budget
	Actual	Revised Budget	Actual	Variance	Variance
Buffalo High School	\$11,849,747	\$11,758,800	\$11,692,633	(\$66,167)	-0.56%
Phoenix	\$406,521	\$405,172	\$405,273	\$101	0.02%
PRIDE Transitions	\$0	\$198,050	\$246,934	\$48,884	24.68%
Buffalo Community Middle School	\$7,939,617	\$8,049,999	\$7,827,382	(\$222,617)	-2.77%
Parkside Elementary	\$3,033,153	\$3,012,841	\$2,954,701	(\$58,140)	-1.93%
Hanover Elementary	\$2,818,242	\$2,879,252	\$2,835,435	(\$43,817)	-1.52%
Montrose Elementary	\$2,731,333	\$2,579,847	\$2,519,405	(\$60,442)	-2.34%
Tatanka Elementary	\$2,998,288	\$3,023,594	\$2,920,927	(\$102,667)	-3.40%
Discovery Elementary	\$1,897,530	\$1,870,373	\$1,801,454	(\$68,919)	-3.68%
Northwinds Elementary	\$3,531,540	\$3,772,946	\$3,635,548	(\$137,398)	-3.64%
Early Childhood Special Education	\$947,847	\$855,650	\$967,038	\$111,388	13.02%
Total	\$38,153,818	\$38,406,524	\$37,806,730	(\$599,794)	-1.56%

General Fund - Fund Balance

With revenues ending at \$51,888,058 and expenditures at \$50,447,927, the General Fund's overall fund balance increased \$1,440,130 to \$8,936,400 as of June 30, 2009. Funds designated for carryover doubled last year's balance with school buildings spending less and budgeting more conservatively for future years. The District received a new actuarial study as of July 1, 2008, and the designation for severance insurance premiums is back on an upward trend with the current employee demographics.

The School Board approved an operating capital transfer at the September school board meeting. The funds will be designated as capital until the next legislative session comes to an end. Because the District received additional third party billing revenue, a new designation was created to help offset unreimbursed costs associated with special education and alleviate the General Fund with the cross subsidy.

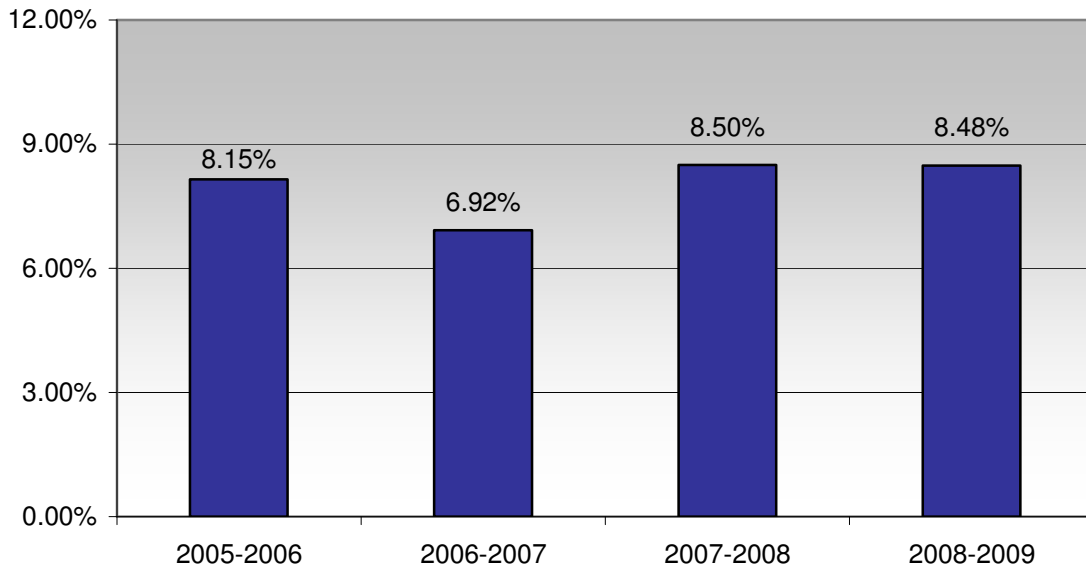
	2005-2006	2006-2007	2007-2008	2008-2009
Reserved Fund Balance				
Health & Safety	\$567,227	(\$4,118)	(\$25,350)	\$128,458
Severance Pay	\$346,271	\$581,908	\$669,869	\$658,484
Operating Capital	\$20,825	\$40	\$412,851	\$390,331
Staff Development	\$0	\$0	\$0	\$74,801
Gifted & Talented	\$25,258	\$0	\$0	\$0
	<u>\$959,581</u>	<u>\$577,830</u>	<u>\$1,057,370</u>	<u>\$1,252,074</u>
Designated Fund Balance				
Severance Ins Premiums	\$1,638,868	\$1,459,200	\$1,430,324	\$1,834,523
Carryover	\$348,749	\$318,253	\$269,847	\$469,191
New Facilities	\$1,780,841	\$980,841	\$0	\$0
Student Activities	\$342,202	\$276,081	\$278,113	\$255,244
Dental Insurance	\$111,326	\$187,041	\$227,390	\$259,291
Capital	\$0	\$0	\$0	\$327,355
Third Party Special Ed	\$0	\$0	\$0	\$260,000
	<u>\$4,221,986</u>	<u>\$3,221,416</u>	<u>\$2,205,674</u>	<u>\$3,405,604</u>
Undesignated Fund Balance	<u>\$3,733,679</u>	<u>\$3,432,202</u>	<u>\$4,233,226</u>	<u>\$4,278,722</u>
Total Fund Balance	<u><u>\$8,915,246</u></u>	<u><u>\$7,231,448</u></u>	<u><u>\$7,496,270</u></u>	<u><u>\$8,936,400</u></u>

General Fund - Fund Balance

The unreserved/undesignated fund balance increased slightly to \$4,278,722 as of June 30, 2009 or 8.48% of expenditures. The District was able to maintain its financial position with the first round of budget reductions in 2008-2009 and cost containment measures in 2007-2008. Even though the fund balance percentage is better than planned, it is still at the lowest acceptable level of our fund balance policy of 8-12%.

	2005-2006	2006-2007	2007-2008	2008-2009
Unreserved / Undesignated Fund Balance	\$3,733,679	\$3,432,202	\$4,233,226	\$4,278,722
Total General Fund Expenditures	\$45,836,398	\$49,571,249	\$49,795,805	\$50,447,927
Unreserved / Undesignated Fund Balance as a % of Total General Fund Expenditures	8.15%	6.92%	8.50%	8.48%

**Unreserved / Undesignated Fund Balance
as a % of Total General Fund Expenditures**





Making a Difference!

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Food Service – Fund 02

In the Food Service fund, expenditures exceeded revenues causing the fund balance to decrease \$117,969 to arrive at a balance of \$38,324 as of June 30, 2009. Food Service revenues were under budget by \$146,216 whereas the expenditures were under budget by \$102,476. A la carte sales were down in 2008-2009, so less a la carte food was purchased. The Food Service fund tries to maintain a minimal fund balance from year to year and helps pay for kitchen construction costs as needed.

	2007-2008	2008-2009	2008-2009	\$ Budget	% Budget
	Actual	Revised Budget	Actual	Variance	Variance
Revenue					
State Sources	\$108,556	\$116,900	\$115,167	(\$1,733)	-1.48%
Federal Sources	\$703,579	\$755,400	\$838,464	\$83,064	11.00%
Sales to Students/Adults	\$1,741,102	\$1,977,370	\$1,747,963	(\$229,407)	-11.60%
Sale of Equipment	\$0	\$5,000	\$6,860	\$1,860	37.20%
Total	\$2,553,237	\$2,854,670	\$2,708,454	(\$146,216)	-5.12%
Expenditures					
Salaries	\$1,023,105	\$990,000	\$1,021,843	\$31,843	3.22%
Employee Benefits	\$299,623	\$292,075	\$326,347	\$34,272	11.73%
Purchased Services	\$159,560	\$129,500	\$132,913	\$3,413	2.64%
Supplies & Materials	\$1,199,146	\$1,365,500	\$1,224,133	(\$141,367)	-10.35%
Capital Outlay	\$80,639	\$100,000	\$75,676	(\$24,324)	-24.32%
Other	\$8,394	\$13,500	\$7,187	(\$6,313)	-46.76%
Total	\$2,770,467	\$2,890,575	\$2,788,099	(\$102,476)	-3.55%
Fund Balance	\$117,969	\$82,064	\$38,324	(\$43,740)	



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Community Service – Fund 04

The Community Service fund continues to balance its revenues and expenditures. Revenues increased \$42,863 or 1.5% while expenditures increased \$160,530 or 5.9%. Kid kare salaries and employee benefits increased over \$208,000 from the prior year due to increasing sessions at the school sites because of steady increases in participation. On the revenue side, kid kare tuition and fees increased over \$113,000 from 2007-2008, and school readiness tuition and fees increased over \$26,000 with additional participation from early childhood special education. The total Community Service fund balance was \$244,699 at June 30, 2009.

	2007-2008 Actual	2008-2009 Revised Budget	2008-2009 Actual	\$ Budget Variance	% Budget Variance
Revenue					
Local Property Taxes	\$448,695	\$453,292	\$451,857	(\$1,435)	-0.32%
State Sources	\$412,048	\$451,875	\$482,862	\$30,987	6.86%
Tuition, Fees, & Misc.	\$1,926,274	\$1,688,930	\$1,895,161	\$206,231	12.21%
Total	\$2,787,017	\$2,594,097	\$2,829,880	\$235,783	9.09%
Expenditures					
Salaries	\$1,782,309	\$1,745,512	\$1,872,896	\$127,384	7.30%
Employee Benefits	\$406,165	\$361,180	\$449,037	\$87,857	24.32%
Purchased Services	\$287,217	\$243,900	\$310,243	\$66,343	27.20%
Supplies & Materials	\$173,440	\$154,000	\$176,341	\$22,341	14.51%
Capital Outlay	\$37,122	\$39,500	\$28,272	(\$11,228)	-28.43%
Other	\$10,807	\$9,000	\$20,801	\$11,801	131.12%
Total	\$2,697,060	\$2,553,092	\$2,857,590	\$304,498	11.93%
Community Education	\$136,853	\$171,872	\$107,205	(\$64,667)	
ECFE	\$81,675	\$90,731	\$69,226	(\$21,505)	
School Readiness	\$20,553	\$17,048	\$44,431	\$27,383	
Adult Basic Education	\$21,413	\$21,498	\$11,289	(\$10,209)	
Unreserved	\$11,915	\$12,215	\$12,548	\$333	
Fund Balance	\$272,409	\$313,364	\$244,699	(\$68,665)	



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Building Construction & Alternate Facilities – Funds 06 & 16

The Building Construction & Alternate Facilities funds are winding down. Their combined fund balance decreased from \$5,094,291 as of June 30, 2008 to \$1,098,097 as of June 30, 2009. Interest revenue is declining year to year as fewer bond proceeds are left as projects are being completed. A sale of land was finally recognized during the 2008-2009 school year as the Montrose farm house was sold.

All of the ventilation projects have been completed at the designated elementary schools, and the Alternate Facilities fund is closed as of year-end. The Building Construction fund will close at the end of the 2009-2010 school year after the roof and track projects are completed at Buffalo Community Middle School and the tennis project at the Buffalo High School.

	2007-2008 Actual	2008-2009 Revised Budget	2008-2009 Actual	\$ Budget Variance
Revenue				
Interest Revenue	\$408,515	\$60,000	\$54,881	(\$5,119)
Sale of Land	\$105,000	\$130,000	\$131,397	\$1,397
Total	\$513,515	\$190,000	\$186,278	(\$3,722)
Expenditures				
Purchased Services	\$296,359	\$215,000	\$135,711	(\$79,289)
Capital Outlay	\$4,505,922	\$4,502,000	\$3,216,958	(\$1,285,042)
Transfer Out	\$0	\$800,000	\$829,803	\$29,803
Total	\$4,802,281	\$5,517,000	\$4,182,472	(\$1,334,528)
Alternate Facilities	\$3,997,695	(\$287,305)	\$0	\$287,305
Unreserved - Bldg Constr	\$1,096,596	\$54,596	\$1,098,097	\$1,043,501
Fund Balance	\$5,094,291	(\$232,709)	\$1,098,097	\$1,330,806



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Debt Service – Fund 07

The Debt Service fund balance increased \$1,103,417 and is \$2,389,459 as of June 30, 2009. School districts are required to levy 105% of their annual debt payments to cover possible delinquent property taxes. When the fund balance reaches a certain point, the State calculates a debt excess fund balance figure and reduces the tax levy by that amount on the next property tax levy calculations.

During the 2008-2009 school year, the District refinanced, or refunded, the 1994 building bonds which were originally refinanced in 1999. The District saved \$726,520 and reduced future tax levies by the same amount.

	2007-2008 Actual	2008-2009 Revised Budget	2008-2009 Actual	\$ Budget Variance
Revenue				
Local Property Taxes	\$7,114,797	\$6,782,607	\$6,682,835	(\$99,772)
State Sources	\$442,826	\$350,000	\$377,840	\$27,840
Interest Revenue	\$118,138	\$100,000	\$103,367	\$3,367
Transfer In	\$0	\$800,000	\$829,803	\$29,803
Bond Proceeds	\$0	\$21,000,000	\$20,837,006	(\$162,994)
Total	\$7,675,761	\$29,032,607	\$28,830,851	(\$201,756)
Expenditures				
Principal & Interest	\$7,217,235	\$5,431,285	\$6,856,285	\$1,425,000
Other	\$4,953	\$5,500	\$66,149	\$60,649
Bond Refunding	\$0	\$22,230,000	\$20,805,000	(\$1,425,000)
Total	\$7,222,188	\$27,666,785	\$27,727,434	\$60,649
Fund Balance	\$1,286,042	\$2,651,864	\$2,389,459	(\$262,405)



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Student Activities

The final piece of the District’s financial report pertains to student activities. The District has student activities under school board control and student activities not under school board control. If a school district has student activities not under the control of the board, the board should receive an accounting report of those funds at least once a year. The report should be supplemental to the annual audit. Below is a summary of the student activities not under board control for 2008-2009.

	Balance July 1, 2008	Receipts and Transfers In	Disbursements and Transfers Out	Balance June 30, 2009
Class of 2008 (Graduates)	\$905.99	\$0.00	\$905.99	\$0.00
Class of 2009 (Senior)	\$1,751.74	\$1,075.25	\$2,547.01	\$279.98
Class of 2010 (Junior)	\$317.17	\$12,876.46	\$8,198.66	\$4,994.97
Class of 2011 (Sophomore)	\$119.85	\$3.68	\$0.00	\$123.53
Class of 2012 (Freshman)	\$0.00	\$929.15	\$0.00	\$929.15
SH Arts Magnet	\$2,107.36	\$1,937.14	\$1,305.54	\$2,738.96
SH Band	\$31,573.37	\$116,188.16	\$107,645.78	\$40,115.75
SH Dance	\$1,272.85	\$488.61	\$1,516.77	\$244.69
SH Bison Stampede	\$803.09	\$1,837.42	\$0.00	\$2,640.51
SH Choir	\$10,813.88	\$16,517.53	\$15,977.52	\$11,353.89
SH Culture United	\$723.59	\$1,430.49	\$778.48	\$1,375.60
SH FFA	\$8,404.56	\$24,279.75	\$24,927.90	\$7,756.41
SH Football	\$15,722.82	\$16,432.40	\$14,225.47	\$17,929.75
SH Global Minded Student Activists	\$0.00	\$163.79	\$45.90	\$117.89
SH Mock Trial	\$290.33	\$842.84	\$515.00	\$618.17
SH NHS	\$406.10	\$728.77	\$1,013.88	\$120.99
SH Orchestra	\$3,434.72	\$4,472.51	\$2,208.33	\$5,698.90
SH Save Darfur Fund	\$82.17	\$0.00	\$82.17	\$0.00
SH Student Care	\$118.98	\$976.28	\$191.32	\$903.94
SH Student Council	\$7,042.80	\$21,025.21	\$20,469.86	\$7,598.15
SH Students Stepping Up	\$547.81	\$15.84	\$167.58	\$396.07
SH Track-Field	\$1,588.58	\$7,153.77	\$5,661.38	\$3,080.97
SH World Language	\$3,157.59	\$5,526.75	\$5,881.94	\$2,802.40
Activity Interest	\$0.00	\$3,351.04	\$3,351.04	\$0.00
Total	\$91,185.35	\$238,252.84	\$217,617.52	\$111,820.67

KleinBank CD	\$72,827.73
KleinBank Checking	\$38,992.94
	\$111,820.67