

# ISD 877

## Buffalo-Hanover-Montrose Schools



**Tina Burkholder**  
214 NE 1<sup>st</sup> Avenue  
Buffalo, MN 55313  
(763) 682-8704  
(763) 682-8785 FAX

**TO: Board of Education  
Superintendent Jim Bauck**

**FROM: Tina Burkholder**

**DATE: October 13, 2008**

**SUBJECT: End of Year 2007-08**

---

### ADM and General Education Aid (Pages 1-2)

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 what resides 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 6.6%, while ADM served increased 5.3%.

The largest source of revenue for Buffalo school 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 aid. Pupil units are calculated using a weighting system applied to the average daily membership (WADM's). Consistent with prior years, the WADM number used in the revised budget for the General Fund was more conservative than the final WADM number calculated by the State. The September 2008 report from the State lists our WADM's at 6,590 which is \$304,440 more than budgeted.

### General Fund - Revenue (Page 3)

In the General Fund, revenues came in more than budgeted by \$1,290,884 which is approximately 2.7%. As mentioned before, \$304,440 is from receiving more General Education Aid than anticipated. Another \$294,800 is from State Special Education Aid of which more than half is Special Education Excess Cost Aid. Special Education Excess Cost Aid has a complicated formula, and we use the entitlement originally

calculated by the State. In Federal Sources, the most significant variance happened in Federal Special Education Aid and came in over budget by \$73,600.

Other revenue consists of tuition & fees, interest revenue, donations, grants, and the 09 student activities. In 2007-2008, the District received \$103,800 from other school districts for shared services such as MAWSECO using our teacher for the 18-21 year old Transition Program. Approximately \$70,500 additional interest revenue was earned due to borrowing short-term and increasing our cash balances throughout the year. The District also received \$50,000 more in E-rate revenue and \$200,000 in the 09 student activity accounts.

When comparing the 2007-2008 school year to the prior year, there are some major differences. In the Other category for 2006-2007, the District had \$1,095,000 in capital lease proceeds for the Phoenix addition and phone system upgrade. The 2006-2007 school year was also the final year where the District received a federal Arts Magnet grant of \$291,000. The District received \$1.2 million more in State Special Education Aid in 2007-2008 from the 2007 legislative session and \$1.5 million more in General Education Aid from increased enrollment and a 2% increase in the formula allowance.

#### General Fund - Expenditures (Pages 4-6)

In the General Fund, expenditures were slightly over budget by \$146,373 or 0.3%. Salaries and employee benefits combined were close to what was budgeted by coming in approximately \$85,500 under budget. Purchased services were over budget \$568,488 which can be attributed to Special Education tuition agreements that are handled at the State level. Supplies and capital outlay together were under budget \$458,300 which helped in the decision to make the one-time operating capital transfer. In the Other category, the interest cost of borrowing short-term was over budget \$99,300 but the interest earned during the year help offset this cost.

Salaries increased \$972,321 or 3.5% in comparison to the prior year as staffing levels were frozen from the prior year. This is consistent with the average negotiated contracts across the District. Employee Benefits increased \$637,253 of 7.68%. This can be tied to the District's health insurance rates increasing 8.7% for the 2007-2008 school year. The District's capital outlay expenditures were \$457,700 less than the prior year mainly from the Phoenix addition and phone project in 2006-2007. The District also settled a new transportation contract for the 2007-2008 school year realizing a savings of \$1.0 million.

#### General Fund - Fund Balance (Pages 7-8)

With revenues ending at \$50,060,626 and expenditures at \$49,795,805, the General Fund's overall fund balance increased \$264,821 to \$7,496,270 as of June 30, 2008. Funds designated for the start-up costs of Northwinds Elementary and the 2006 additions at other schools have been depleted. Going forward, all operating costs will come from unreserved/undesignated funds.

The unreserved/undesignated fund balance increased to \$4,233,226 as of June 30, 2008 or 8.5% of expenditures. Part of the increase resulted from the one-time operating

capital transfer of \$327,355 approved by the School Board at the September meeting. If you take away the one-time transfer, the unreserved/undesignated fund balance would have been 7.8% of General Fund expenditures. 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%.

#### Food Service Fund (Page 9)

In the Food Service Fund, expenditures exceeded revenues causing the fund balance to decrease \$217,230 to arrive at a balance of \$117,969 as of June 30, 2008. The Food Service Fund tries to maintain a minimal fund balance from year to year. Food Service expenditures increased \$487,834 from the prior year. In 2007-2008, the kitchens experienced some staff turnover resulting in extra time in training. A new banking requirement caused the District to pay the PayPams online fee instead of the users. New Food Service equipment was purchased, and we replaced water softeners. The Food Service Fund is also charge operational costs such as custodial wages, utilities, and supplies from the General Fund. The transfer was overlooked in the 2006-2007 school year. The Food Service Fund is paying for other capital purchases to make up the difference.

#### Community Service Fund (Page 10)

The Community Service Fund continues to balance its revenues and expenditures. Revenues increased \$288,874 or 11.6% while expenditures increased \$240,040 or 9.7%. KidKare salaries increased over \$126,000 from the prior year due to increasing sessions at the school sites because of steady increases in participation. On the revenue side, KidKare tuition and fees increased over \$60,000 from 2006-2007, and youth development / youth service tuition and fees increased over \$62,000 with additional participation. The total Community Service fund balance was \$272,409 at June 30, 2008.

#### Building & Alternate Facilities Funds (Page 11)

The Building & Alternate Facilities Funds are winding down. Their combined fund balance decreased from \$9,383,056 as of June 30, 2007 to \$5,094,291 as of June 30, 2008. Interest revenue is declining year to year as fewer bond proceeds are left as projects are being completed. Some land earnest money was finally recognized during the 2007-2008 school year as the Hanover land negotiations fell through. A more detailed update will be provided at a future board workshop.

#### Debt Service Fund (Page 12)

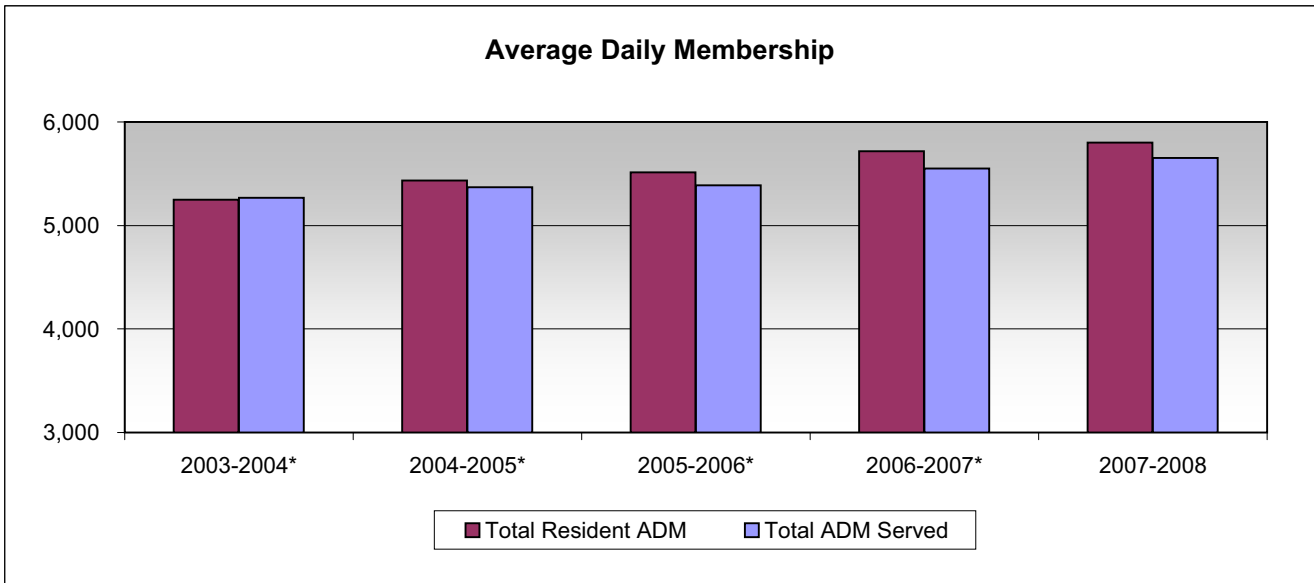
The Debt Service fund balance increased \$453,573 and is \$1,286,042 as of June 30, 2008. School districts are required to levy 105% of their annual debt payments to cover possible delinquent property taxes. When the fund balance reaches a certain point, the State calculates a debt excess fund balance figure and reduces the tax levy by that amount to maintain a constant fund balance on the next property tax levy settlements.

**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**AVERAGE DAILY MEMBERSHIP**

	<b>2003-2004*</b>	<b>2004-2005*</b>	<b>2005-2006*</b>	<b>2006-2007*</b>	<b>2007-2008</b>
<b>Total Resident ADM</b>	5,250	5,435	5,511	5,717	5,799
<b>Total ADM Served</b>	5,269	5,369	5,386	5,548	5,653

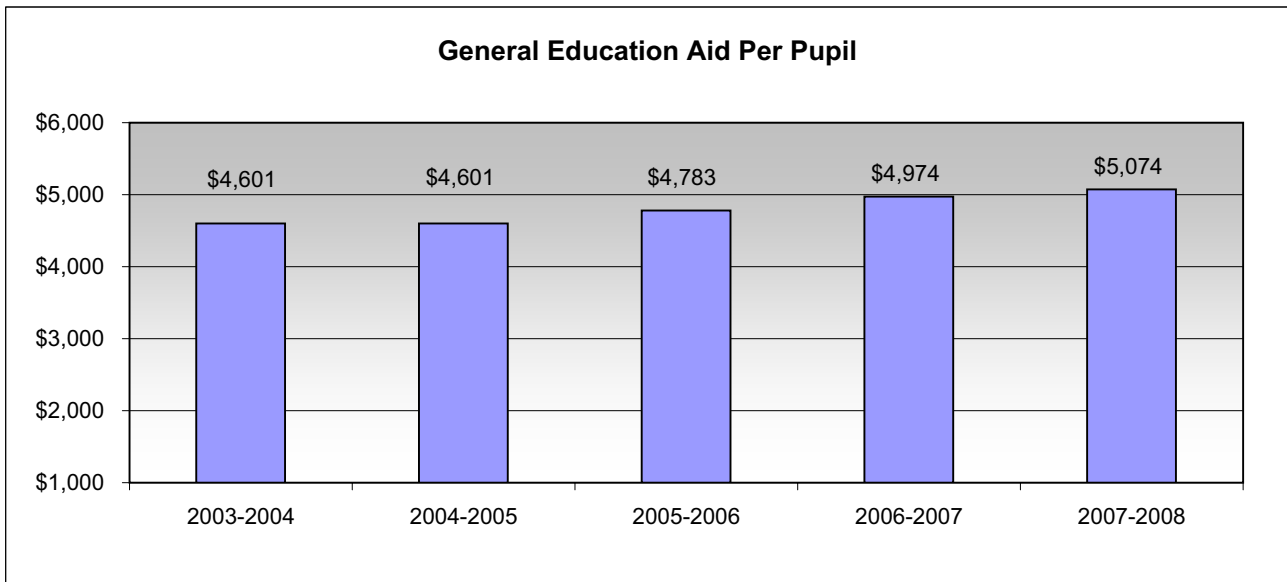
\* Source: School District Profiles



ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008

GENERAL EDUCATION AID

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
<b>General Education Formula Allowance</b>	\$4,601	\$4,601	\$4,783	\$4,974	\$5,074
<b>Percent Increase From Prior Year</b>	0.00%	0.00%	4.00%	4.00%	2.00%

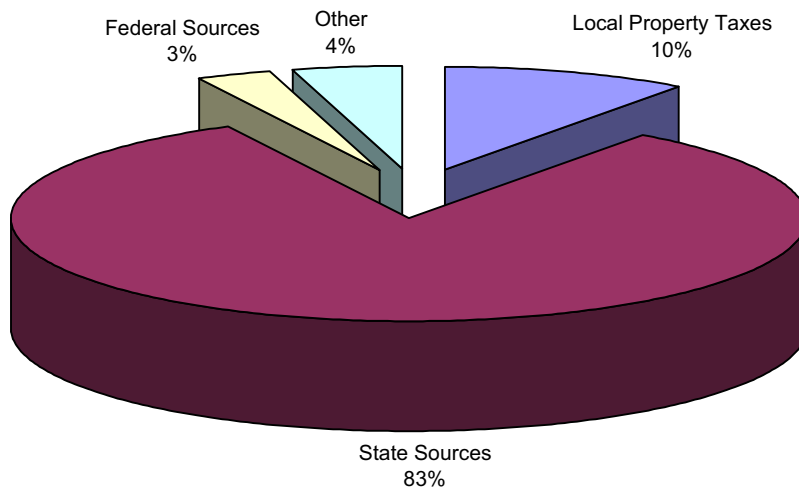


**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

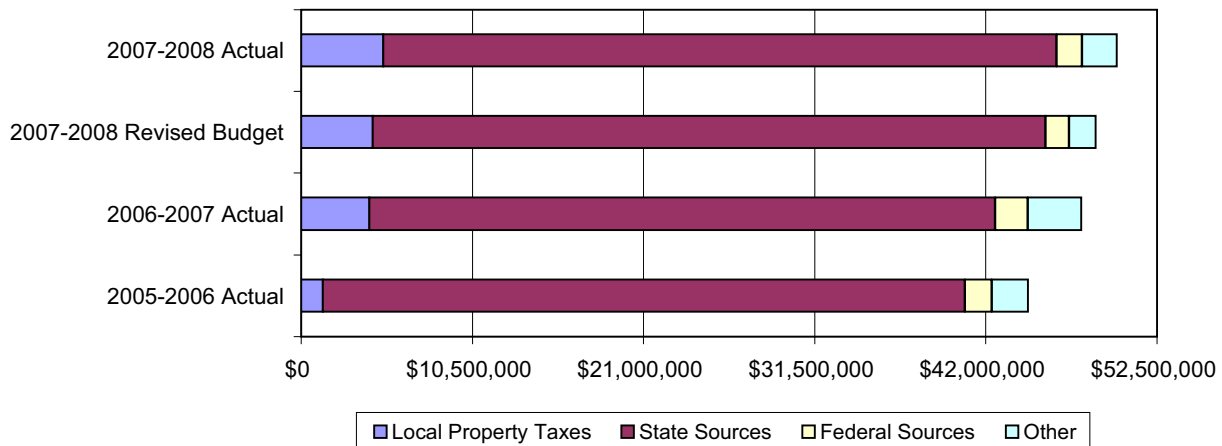
**GENERAL FUND 01 - REVENUE SUMMARY**

	<b>2005-2006 Actual</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Revised Budget</b>	<b>2007-2008 Actual</b>	<b>Amount Change From 2006-2007</b>	<b>% Change</b>
Local Property Taxes	\$1,312,444	\$4,168,119	\$4,400,735	\$5,044,603	\$876,484	21.03%
State Sources	\$39,416,414	\$38,418,259	\$41,262,107	\$41,291,511	\$2,873,252	7.48%
Federal Sources	\$1,653,692	\$2,006,459	\$1,440,500	\$1,561,688	(\$444,771)	-22.17%
Other	\$2,235,884	\$3,294,614	\$1,666,400	\$2,162,824	(\$1,131,790)	-34.35%
<b>Total</b>	<b>\$44,618,434</b>	<b>\$47,887,451</b>	<b>\$48,769,742</b>	<b>\$50,060,626</b>	<b>\$2,173,175</b>	

**2007-2008 General Fund Revenue By Source**



**General Fund Revenue - 3 Year Comparison**

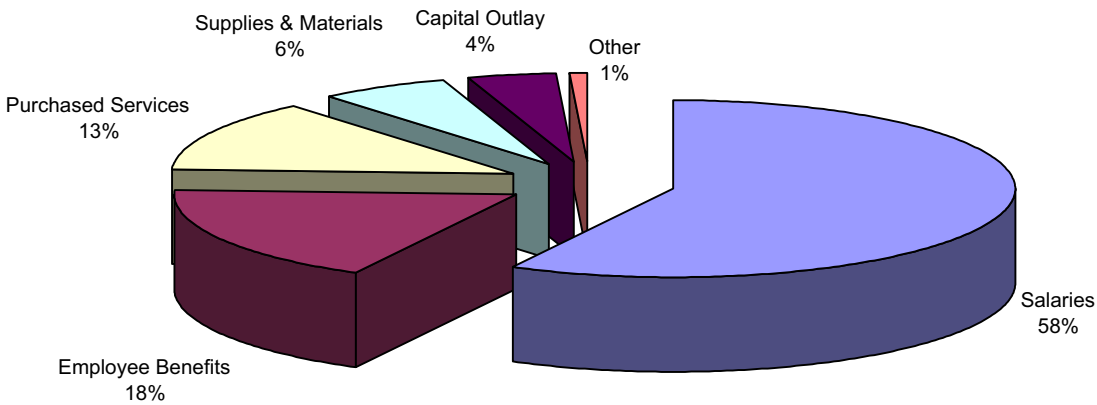


**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

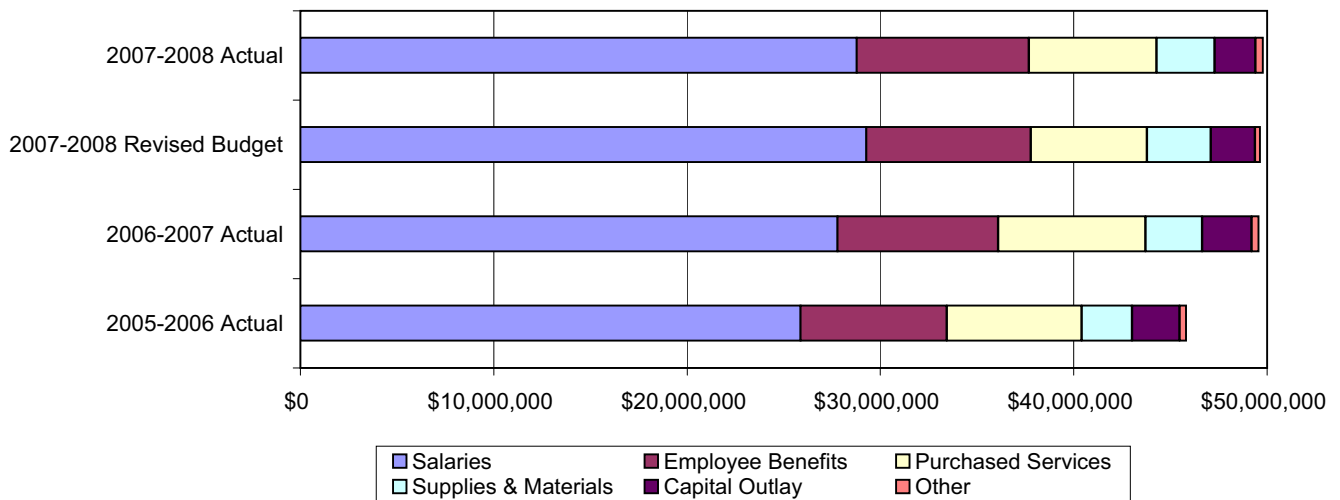
**GENERAL FUND 01 - EXPENDITURE SUMMARY**

	<b>2005-2006 Actual</b>	<b>2006-2007 Actual</b>	<b>2007-2008 Revised Budget</b>	<b>2007-2008 Actual</b>	<b>Amount Change From 2006-2007</b>	<b>% Change</b>
Salaries	\$25,864,450	\$27,792,136	\$29,275,463	\$28,764,457	\$972,321	3.50%
Employee Benefits	\$7,570,231	\$8,294,493	\$8,506,241	\$8,931,746	\$637,253	7.68%
Purchased Services	\$6,991,902	\$7,622,949	\$6,023,345	\$6,591,833	(\$1,031,116)	-13.53%
Supplies & Materials	\$2,600,082	\$2,928,047	\$3,283,105	\$3,007,447	\$79,400	2.71%
Capital Outlay	\$2,462,634	\$2,557,201	\$2,282,105	\$2,099,455	(\$457,746)	-17.90%
Other	\$347,099	\$376,423	\$279,173	\$400,867	\$24,444	6.49%
<b>Total</b>	<b>\$45,836,398</b>	<b>\$49,571,249</b>	<b>\$49,649,432</b>	<b>\$49,795,805</b>	<b>\$224,556</b>	

**2007-2008 General Fund Expenditures By Object**



**General Fund Expenditures - 3 Year Comparison**

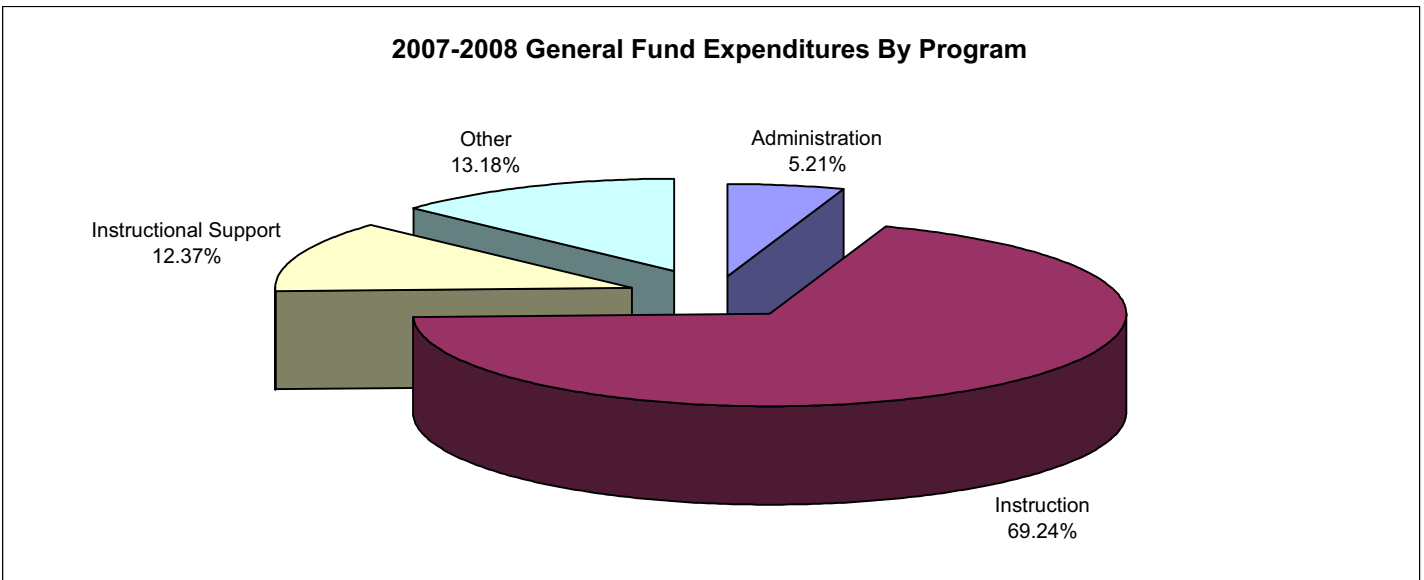


**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**GENERAL FUND 01 - EXPENDITURE SUMMARY**

	2005-2006 Actual	2006-2007 Actual	2007-2008 Revised Budget	2007-2008 Actual	Amount Change From 2006-2007	% Change
School Administration	\$1,323,540	\$1,447,464	\$1,540,050	\$1,528,094	\$80,630	5.57%
District Support Services	\$889,530	\$1,037,953	\$1,078,800	\$1,065,150	\$27,197	2.62%
Total Administration	\$2,213,070	\$2,485,417	\$2,618,850	\$2,593,244	\$107,827	
Regular Instruction	\$23,401,248	\$24,640,853	\$25,289,263	\$24,878,957	\$238,104	0.97%
Vocational Education Instruction	\$943,658	\$1,274,288	\$1,227,609	\$1,242,686	(\$31,602)	-2.48%
Special Education Instruction	\$7,285,851	\$7,475,606	\$7,741,696	\$8,357,319	\$881,713	11.79%
Total Instruction *	\$31,630,757	\$33,390,747	\$34,258,568	\$34,478,962	\$1,088,215	
Instructional Support Services	\$2,273,730	\$2,491,552	\$2,330,068	\$2,804,768	\$313,216	12.57%
Pupil Support Services	\$3,377,066	\$3,889,355	\$3,215,213	\$3,354,512	(\$534,843)	-13.75%
Total Instructional Support *	\$5,650,796	\$6,380,907	\$5,545,281	\$6,159,280	(\$221,627)	
Sites & Buildings	\$3,635,521	\$4,409,277	\$4,694,628	\$4,147,061	(\$262,216)	-5.95%
Capital Outlay	\$2,508,788	\$2,676,936	\$2,282,105	\$2,099,456	(\$577,480)	-21.57%
Other Fixed Cost Programs	\$184,345	\$219,839	\$235,000	\$203,462	(\$16,377)	-7.45%
Debt Service	\$13,121	\$8,126	\$15,000	\$114,340	\$106,214	1307.09%
Total Other	\$6,341,775	\$7,314,178	\$7,226,733	\$6,564,319	(\$749,859)	
<b>Total</b>	<b>\$45,836,398</b>	<b>\$49,571,249</b>	<b>\$49,649,432</b>	<b>\$49,795,805</b>	<b>\$224,556</b>	

\* Instruction and Instructional Support includes Transportation and Tuition to Other Districts

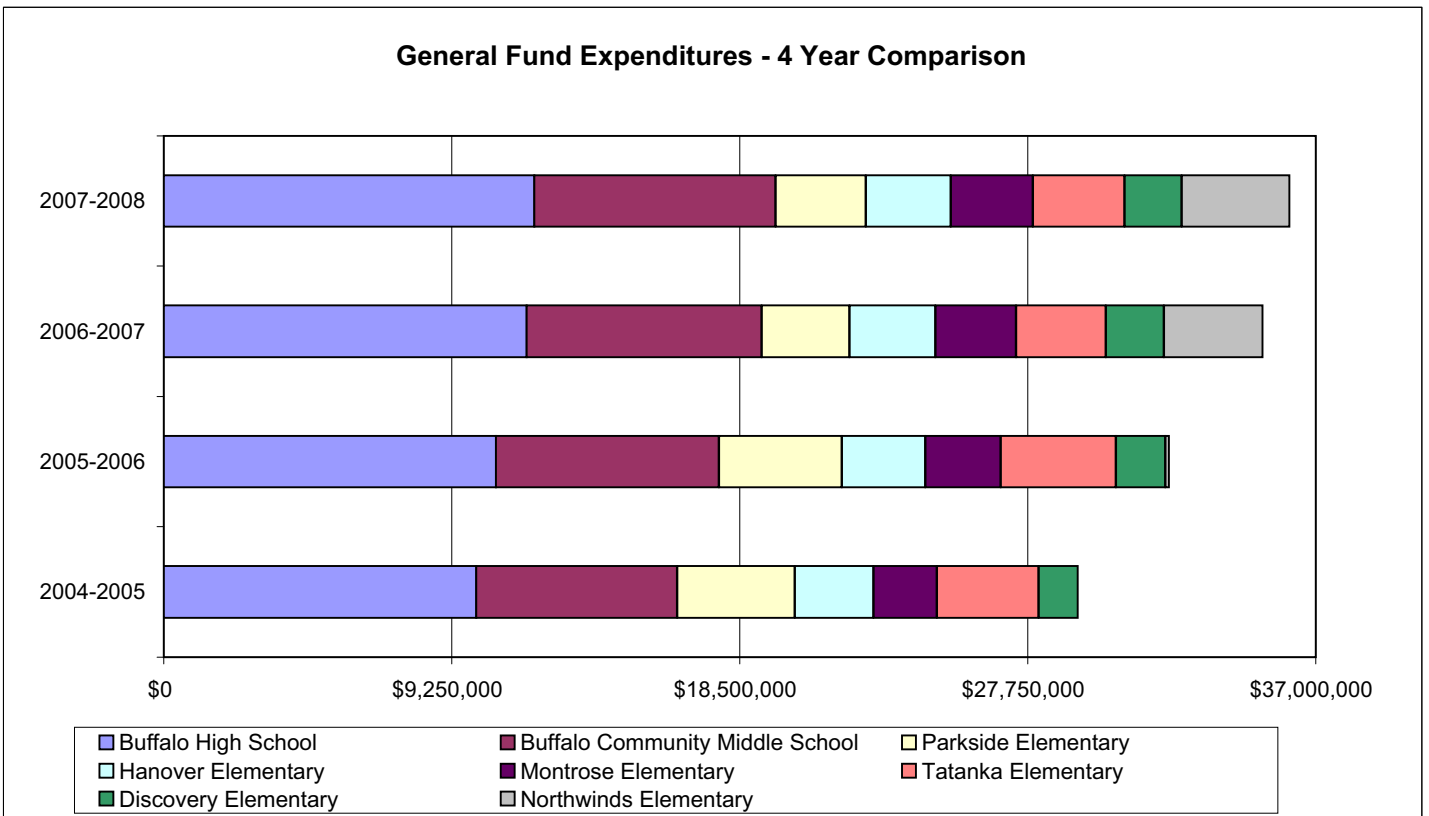




**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**GENERAL FUND 01 - EXPENDITURE SUMMARY**

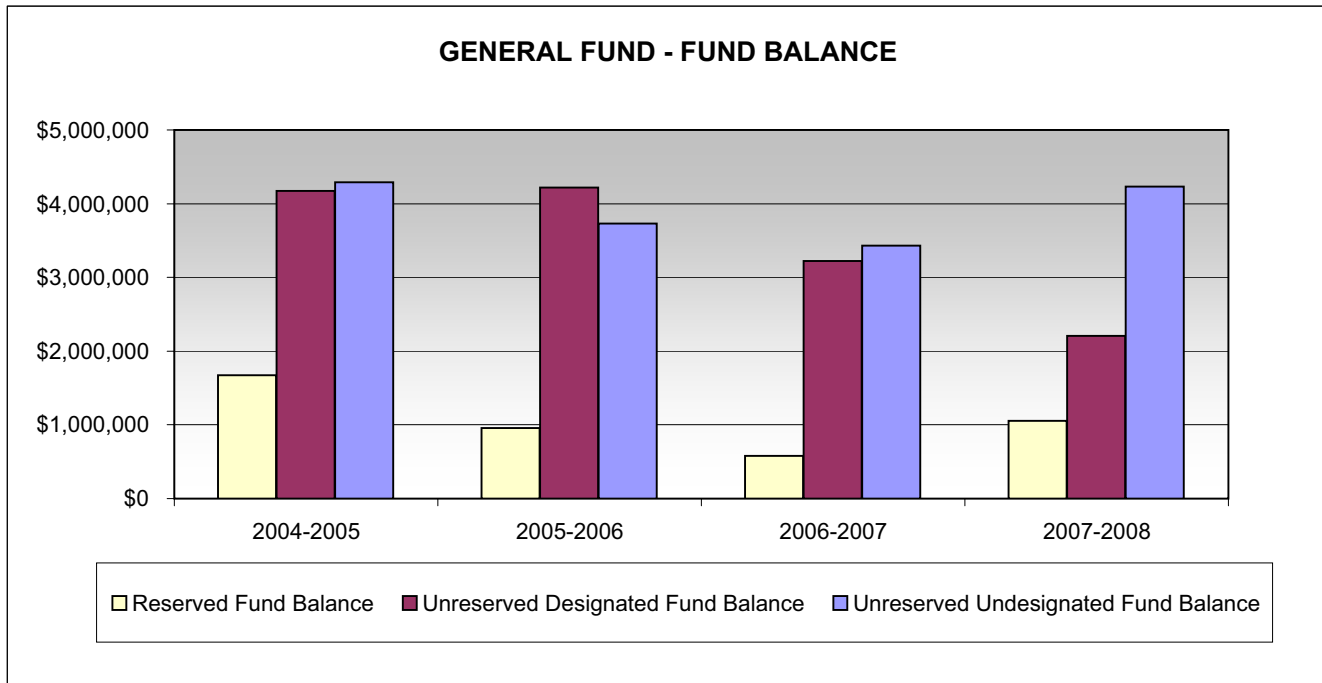
	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>Amount Change</b>	<b>% Change</b>
Buffalo High School	\$10,033,604	\$10,669,096	\$11,660,232	\$11,902,430	\$242,198	2.08%
Buffalo Community Middle School	\$6,461,629	\$7,172,544	\$7,549,264	\$7,753,194	\$203,930	2.70%
Parkside Elementary	\$3,784,696	\$3,948,304	\$2,825,673	\$2,905,624	\$79,951	2.83%
Hanover Elementary	\$2,527,605	\$2,678,506	\$2,752,231	\$2,728,175	(\$24,056)	-0.87%
Montrose Elementary	\$2,031,532	\$2,421,222	\$2,593,694	\$2,629,642	\$35,948	1.39%
Tatanka Elementary	\$3,269,082	\$3,694,242	\$2,878,484	\$2,947,060	\$68,576	2.38%
Discovery Elementary	\$1,255,811	\$1,585,346	\$1,870,604	\$1,837,599	(\$33,005)	-1.76%
Northwinds Elementary	\$43	\$125,211	\$3,167,831	\$3,469,626	\$301,795	9.53%
<b>Total</b>	<b>\$29,364,002</b>	<b>\$32,294,471</b>	<b>\$35,298,013</b>	<b>\$36,173,350</b>	<b>\$875,337</b>	



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**GENERAL FUND 01 - FUND BALANCE SUMMARY**

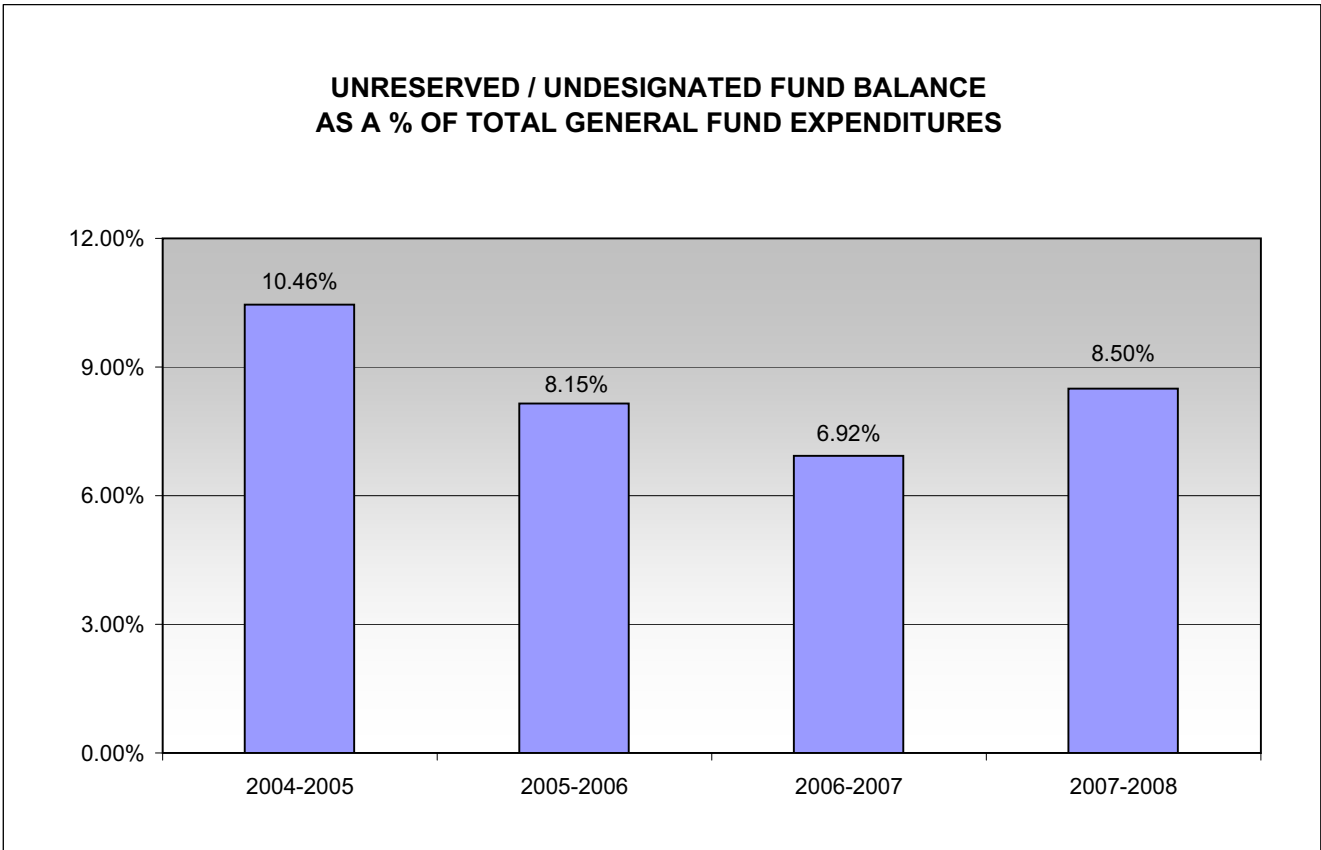
	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>
<b>Reserved Fund Balance:</b>				
Health & Safety	\$820,282	\$567,227	(\$4,118)	(\$25,350)
Severancy Pay	\$201,176	\$346,271	\$581,908	\$669,869
Operating Capital	\$648,442	\$20,825	\$40	\$412,851
Gifted & Talented	\$0	\$25,258	\$0	\$0
Reemployment Insurance	\$1,317	\$0	\$0	\$0
	<u>\$1,671,217</u>	<u>\$959,581</u>	<u>\$577,830</u>	<u>\$1,057,370</u>
<b>Designated Fund Balance:</b>				
Severance Ins Premiums	\$1,622,400	\$1,638,868	\$1,459,200	\$1,430,324
Carryover	\$328,156	\$348,749	\$318,253	\$269,847
New Facilities	\$2,000,000	\$1,780,841	\$980,841	\$0
Student Activities	\$160,581	\$342,202	\$276,081	\$278,113
Dental Insurance	\$61,808	\$111,326	\$187,041	\$227,390
	<u>\$4,172,945</u>	<u>\$4,221,986</u>	<u>\$3,221,416</u>	<u>\$2,205,674</u>
<b>Undesignated Fund Balance</b>	<u>\$4,289,048</u>	<u>\$3,733,679</u>	<u>\$3,432,202</u>	<u>\$4,233,226</u>
<b>Total Fund Balance</b>	<u><b>\$10,133,210</b></u>	<u><b>\$8,915,246</b></u>	<u><b>\$7,231,448</b></u>	<u><b>\$7,496,270</b></u>



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**GENERAL FUND 01 - FUND BALANCE SUMMARY**

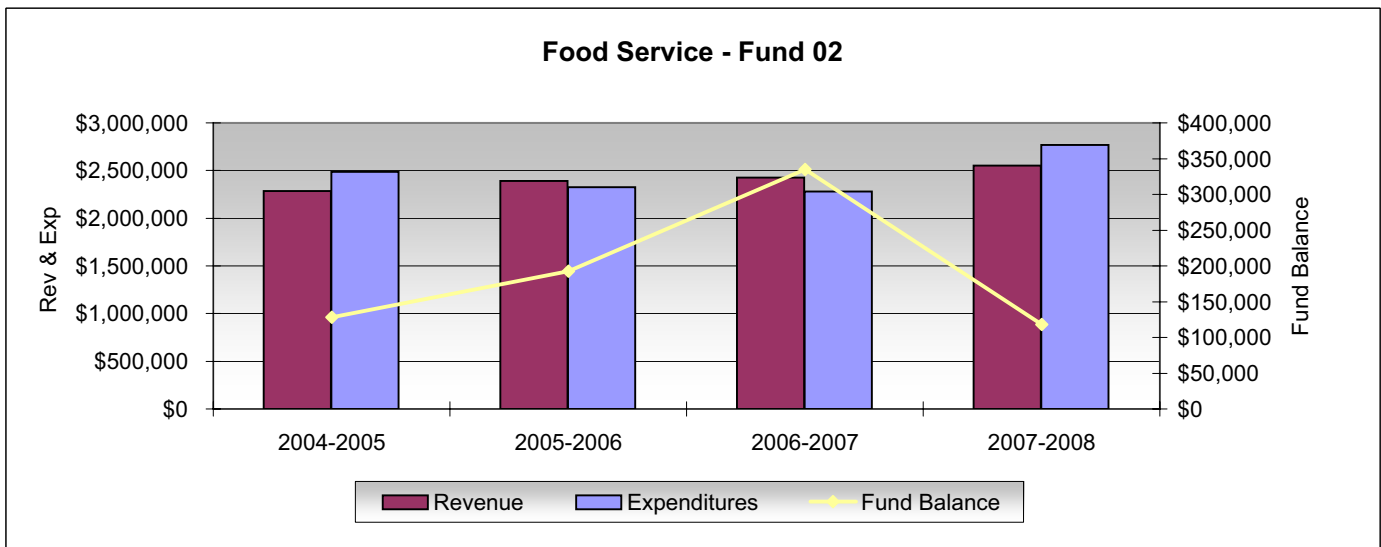
	2004-2005	2005-2006	2006-2007	2007-2008
<b>Unreserved / Undesignated Fund Balance</b>	<u>\$4,289,048</u>	<u>\$3,733,679</u>	<u>\$3,432,202</u>	<u>\$4,233,226</u>
<b>Total General Fund Expenditures</b>	<u>\$41,014,924</u>	<u>\$45,836,398</u>	<u>\$49,571,249</u>	<u>\$49,795,805</u>
<b>Unreserved / Undesignated Fund Balance as a % of Total General Fund Expenditures</b>	<u>10.46%</u>	<u>8.15%</u>	<u>6.92%</u>	<u>8.50%</u>



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**FOOD SERVICE - FUND 02**

	2004-2005	2005-2006	2006-2007	2007-2008	Amount Change	% Change
<b>Revenue</b>						
State Sources	\$80,688	\$85,406	\$92,252	\$108,556	\$16,304	17.67%
Federal Sources	\$577,572	\$615,141	\$617,040	\$703,579	\$86,539	14.02%
Sales to Students/Adults	\$1,629,422	\$1,689,730	\$1,715,973	\$1,741,102	\$25,129	1.46%
<b>Total</b>	<b>\$2,287,682</b>	<b>\$2,390,277</b>	<b>\$2,425,265</b>	<b>\$2,553,237</b>	<b>\$127,972</b>	
<b>Expenditures</b>						
Salaries	\$777,648	\$866,730	\$877,242	\$1,023,105	\$145,863	16.63%
Employee Benefits	\$205,642	\$245,869	\$264,777	\$299,623	\$34,846	13.16%
Purchased Services	\$92,933	\$99,464	\$38,627	\$159,560	\$120,933	313.08%
Supplies & Materials	\$1,055,677	\$1,049,076	\$1,057,244	\$1,199,146	\$141,902	13.42%
Capital Outlay	\$348,339	\$54,882	\$37,797	\$80,639	\$42,842	113.35%
Other	\$8,059	\$9,784	\$6,946	\$8,394	\$1,448	20.85%
<b>Total</b>	<b>\$2,488,298</b>	<b>\$2,325,805</b>	<b>\$2,282,633</b>	<b>\$2,770,467</b>	<b>\$487,834</b>	
<b>Fund Balance</b>	<b>\$128,095</b>	<b>\$192,567</b>	<b>\$335,199</b>	<b>\$117,969</b>		



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

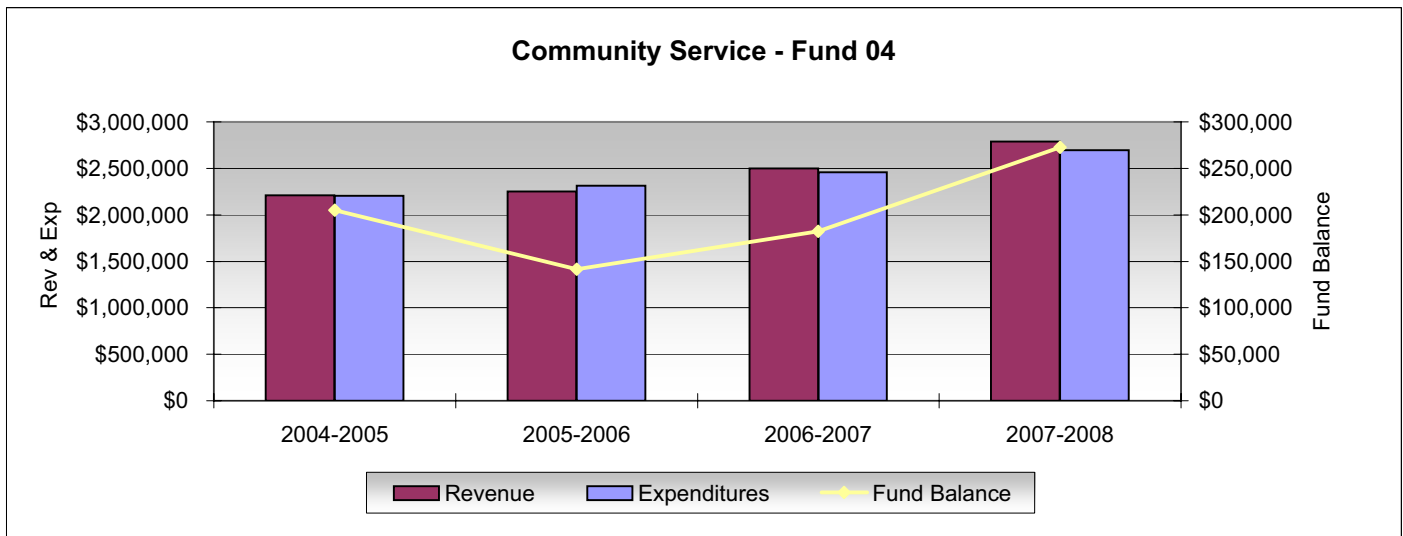
**COMMUNITY SERVICE - FUND 04**

	2004-2005	2005-2006	2006-2007	2007-2008	Amount Change	% Change
<b>Revenue</b>						
Local Property Taxes	\$380,255	\$188,469	\$415,245	\$448,695	\$33,450	8.06%
State Sources	\$254,281	\$436,772	\$357,039	\$412,048	\$55,009	15.41%
Tuition, Fees, & Misc Rev	\$1,572,910	\$1,623,935	\$1,725,859	\$1,926,274	\$200,415	11.61%
<b>Total</b>	<b>\$2,207,446</b>	<b>\$2,249,176</b>	<b>\$2,498,143</b>	<b>\$2,787,017</b>	<b>\$288,874</b>	

**Expenditures**

Salaries	\$1,487,720	\$1,526,037	\$1,606,253	\$1,782,309	\$176,056	10.96%
Employee Benefits	\$309,969	\$316,292	\$353,843	\$406,165	\$52,322	14.79%
Purchased Services	\$265,805	\$295,553	\$282,567	\$287,217	\$4,650	1.65%
Supplies & Materials	\$123,888	\$133,059	\$168,556	\$173,440	\$4,884	2.90%
Capital Outlay	\$7,117	\$34,000	\$36,771	\$37,122	\$351	0.95%
Other	\$8,812	\$8,043	\$9,030	\$10,807	\$1,777	19.68%
<b>Total</b>	<b>\$2,203,311</b>	<b>\$2,312,984</b>	<b>\$2,457,020</b>	<b>\$2,697,060</b>	<b>\$240,040</b>	

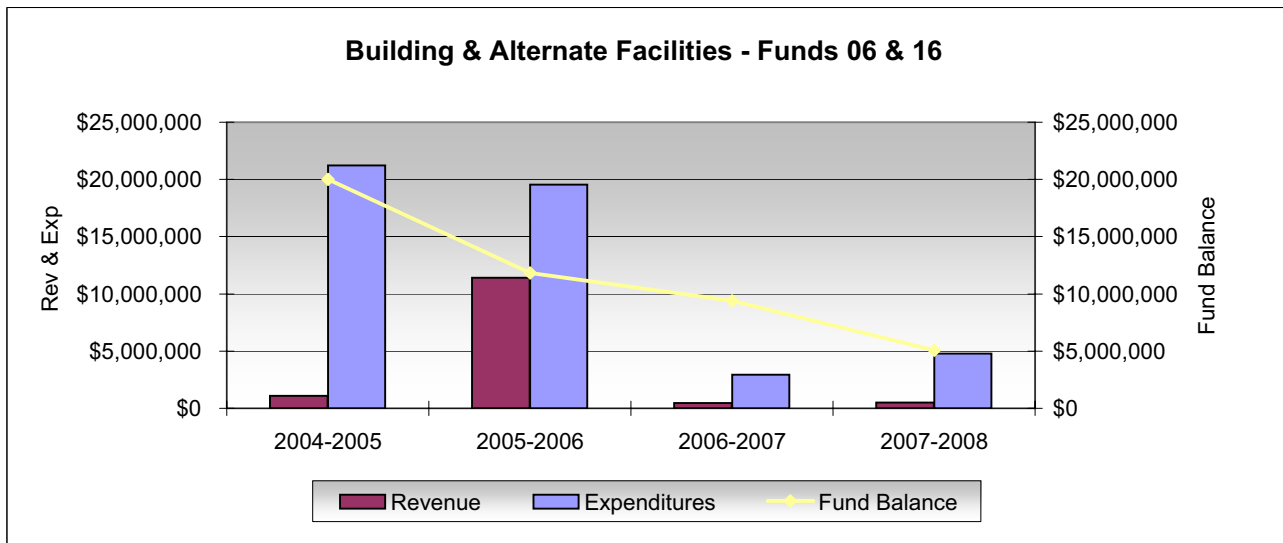
Community Education	\$155,728	\$94,803	\$107,270	\$136,853
ECFE	\$46,603	\$33,415	\$50,984	\$81,675
School Readiness	\$6,682	\$11,705	\$11,425	\$20,553
Adult Basic Education	\$0	\$13,537	\$9,306	\$21,413
Unreserved	(\$3,876)	(\$12,131)	\$3,467	\$11,915
<b>Fund Balance</b>	<b>\$205,137</b>	<b>\$141,329</b>	<b>\$182,452</b>	<b>\$272,409</b>



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**BUILDING & ALTERNATE FACILITIES - FUNDS 06 & 16**

	2004-2005	2005-2006	2006-2007	2007-2008
<b>Revenue</b>				
Local Property Taxes	\$220,000	\$1,632,909	\$0	\$0
Interest Revenue	\$849,356	\$747,772	\$453,021	\$408,515
Sale of Land/Bonds	\$500	\$9,027,200	\$0	\$105,000
<b>Total</b>	<b>\$1,069,856</b>	<b>\$11,407,881</b>	<b>\$453,021</b>	<b>\$513,515</b>
<b>Expenditures</b>				
Purchased Services	\$1,250,179	\$495,777	\$423,615	\$296,359
Supplies & Materials	\$332,966	\$4,448	\$5,142	\$0
Capital Outlay	\$19,640,049	\$19,059,399	\$2,487,289	\$4,505,922
<b>Total</b>	<b>\$21,223,194</b>	<b>\$19,559,624</b>	<b>\$2,916,046</b>	<b>\$4,802,281</b>
Alternate Facilities	(\$2,230,793)	(\$830,434)	\$7,022,147	\$3,997,695
Unreserved - Bldg Constr	\$22,228,617	\$12,676,516	\$2,360,909	\$1,096,596
<b>Fund Balance</b>	<b>\$19,997,824</b>	<b>\$11,846,082</b>	<b>\$9,383,056</b>	<b>\$5,094,291</b>



**ISD 877 BUFFALO-HANOVER-MONTROSE  
END OF YEAR 2007-2008**

**DEBT SERVICE - FUND 07**

	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>Amount Change</b>	<b>% Change</b>
<b>Revenue</b>						
Local Property Taxes	\$4,112,543	\$4,450,012	\$6,332,257	\$7,114,797	\$782,540	12.36%
State Sources	\$457,505	\$346,346	\$493,137	\$442,826	(\$50,311)	-10.20%
Interest Revenue	\$41,660	\$152,104	\$108,061	\$118,138	\$10,077	9.33%
<b>Total</b>	<b>\$4,611,708</b>	<b>\$4,948,462</b>	<b>\$6,933,455</b>	<b>\$7,675,761</b>	<b>\$742,306</b>	
<b>Expenditures</b>						
Principal & Interest	\$5,558,598	\$4,858,360	\$6,829,041	\$7,217,235	\$388,194	5.68%
Other	\$4,338	\$834	\$13,453	\$4,953	(\$8,500)	-63.18%
<b>Total</b>	<b>\$5,562,936</b>	<b>\$4,859,194</b>	<b>\$6,842,494</b>	<b>\$7,222,188</b>	<b>\$379,694</b>	
<b>Fund Balance</b>	<b>\$652,240</b>	<b>\$741,508</b>	<b>\$832,469</b>	<b>\$1,286,042</b>		

