

Respect

Integrity

Responsibility

Honesty

**Glencoe-Silver Lake Public Schools
To Connect
To Lead
To Inspire**

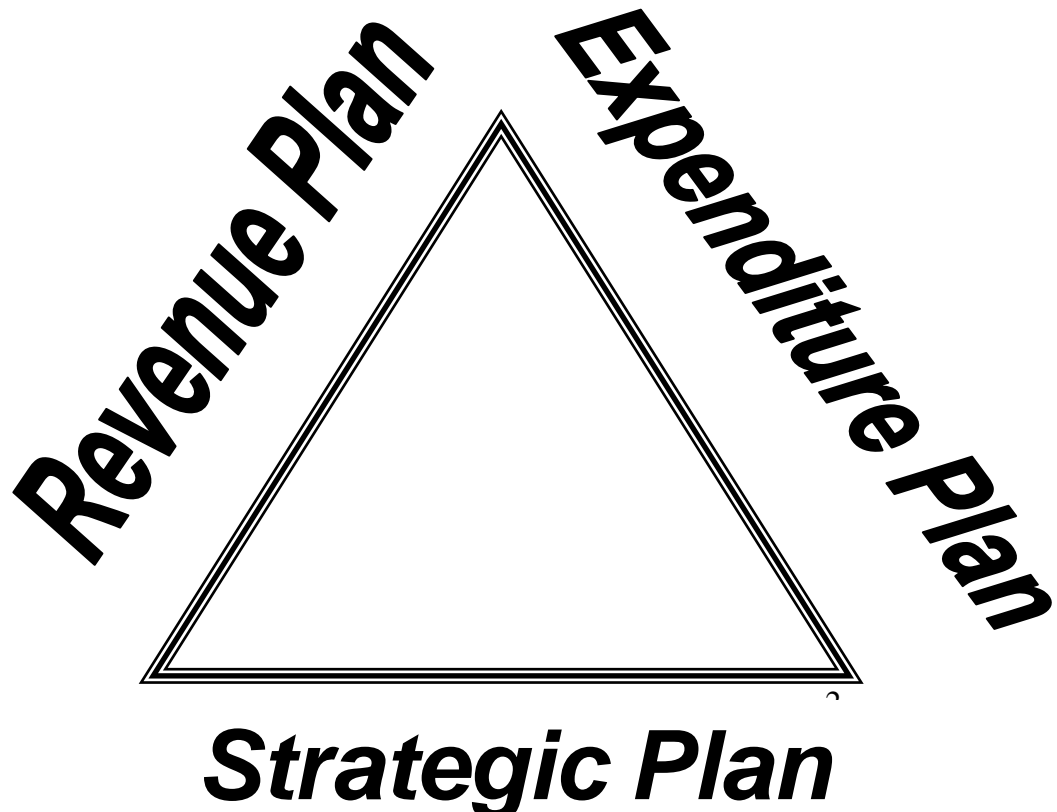


**BUDGET BOOK
2013-2014**

***Together.....
We can accomplish anything...***

Proudly serving the communities of Biscay, Brownton, Glencoe, New Auburn, Plato and Silver Lake

BUDGET TRIANGLE



Vision Statement – Creating an environment where education is valued, excellence is expected and lifelong learning thrives.

This shall be accomplished through a positive, respectful environment, high expectations, and a commitment to lifelong learning.

School Mission and Values of Glencoe-Silver Lake Public School

GSL Mission Statement: Creating an environment where education is valued, excellence is expected and lifelong learning thrives.

GSL Vision: To Connect, To Lead, To Inspire.

Core Values: *All students can learn

*All students are valued

*All students can be successful

*All students have gifts and talents

*All students have the right to a safe and positive learning environment

*All members of the district are valued stakeholders

The Glencoe-Silver Lake District #2859 provides public education to approximately, 1700 students throughout the communities of Glencoe, Silver Lake, New Auburn, Biscay, Plato and Brownton. The district currently operates 5 buildings. Helen Baker Elementary in Glencoe – Grades K-2 and ECFE and School Readiness, Lakeside Elementary in Silver Lake – Grades 3-6 and Pre-school, Lincoln Junior High in Glencoe – Grades 7-8 and GSL High School in Glencoe – Grades 9-12. The District also operates the Panther Field House. This building was built as a joint collaboration between the City of Glencoe and the School District. This building is used by the High School Physical Education and Athletic Departments, Community Education and as a public health fitness center. Within the community there are also 2 Non-Public Schools. St. Pius X Catholic School in Glencoe which serves students in grades K-6, 1st Lutheran School in Glencoe which serves students in grades K-8. The Holy Family Catholic School in Silver Lake closed June 30, 2011.

Goals of the District

Goal #1 – Increase Student Achievement

Goal #2 - Increase focus on Literacy in all subject areas.

Goal #3 – Promote positive community relations.

Goal #4 – Maintain fiscal responsibility while addressing district needs.

Goal #5 – Student Centered School for all!

Goal #6 – All students graduate from High School.

(Complete goals and benchmarks can be found in the District's World's Best Workforce Plan)

School Board Commitment

The Board is committed to providing necessary financial assistance to foster the improvement of student achievement in Glencoe-Silver Lake Public Schools. The intent of the district is to provide the opportunity for all teachers to increase their knowledge and understanding of their instructional areas and to develop his/her instructional skills to improve instruction in the school district. The Board is also committed to providing opportunities for support staff to improve their skills in providing a better instructional environment that will improve student achievement. The Glencoe-Silver Lake Public Schools administrators are committed to supporting the Staff and to be directly involved in the supervision and evaluation of the staff.

Budget Process

According to Minnesota Law, all school districts are required to prepare financial reports and annual budgets. These financial reports include the detailed tracking of revenues and expenditures within UFARS (Uniform Financial Accounting and Reporting Standards) fund classifications in order to meet legislative requirements for schools district and provide financial accountability for public fund allocations. This is due to the increasing demand for accurate financial reporting data and the growing need for legislative accountability, including; Providing better financial information for public review and evaluation; Demonstrating financial accountability for program implementation; enabling compliance with state and federal financial reporting requirements; Improving decision-making capabilities for state and local agencies.

The UFARS system is an integral part of the accounting and reporting process for school districts. The accuracy of the school district financial reports to be used in funding opportunities and decision-making activities is the responsibility of the governing boards of school districts. The accuracy of the UFARS recording, reporting and classification procedures is the responsibility of the superintendent or business manager.

UFARS requires the revenue and expenditure account code structure to be multi-dimensional. Expenditure and revenue accounting and reporting is based on individual accounts. An account in a multi-dimensional system requires the use of codes in six dimensions, each of which has a distinct purpose.

Fund – Org/Site – Program – Course - Finance – Object/Source
XX XXX XXX XXX XXX XXX

Fund Dimensions

Funds are established in the UFARS manual in accordance with statutory requirements and Generally Accepted Accounting Principles (GAAP). Transfers between funds are allowed only as specified by statute. In general, revenues may be transferred from the General fund to any operating fund only to eliminate a deficit. Such transfers require board action.

List of UFARS Funds

Operating Funds

- 01 General Fund**
- 02 Food Service Fund**
- 04 Community Service Fund**
- 10 Activities Accounts – Cross walked to 01 (We identify as separate funds, MDE sees them as 01 – General Fund)**
- 21 Student Activity Accounts – Cross walked to 01**

Non-Operating Funds

- 06 Building Construction Fund**
- 07 Debt Service Fund**
- 47 Post-Employment Benefits Fund**

Fiduciary Funds

- 08 Trust Fund or Scholarship Fund**
- 09 Agency Fund**
- 45 Post-Employment Benefits Irrevocable Trust Fund**

Proprietary Funds

- 20 Internal Service Fund**
- 25 Post-Employment Benefits Revocable Trust Fund**

Account Groups

- 98 General Fixed Assets Group**
- 99 General Long-Term Debt Group**

Fiscal Year

The school district fiscal year runs from July 1 through June 30. FY 2014 begins July 1, 2013 and ends June 30, 2014.

With certain exceptions, the property tax levy certified in 2012 for taxes payable in 2013 is recognized as revenue for FY 2013-2014. Property tax levy that is certified in December of 2013 is for taxes payable in calendar year 2014 and is revenue for the 2014-2015 school year.

GENERAL FUND **FUND 01**

Overview

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund. A district may use General fund balances for capital purchases except when the requirements for a specific categorical revenue state that that it may not be used for capital purchases.

The District began the 2013-2014 school year with a total General Unassigned Operating Fund Balance of \$4,660,924. This compares to the June 30, 2012 ending fund balance of \$4,918,179. With strong financial accounting practices, and difficult board decisions regarding budget reductions in previous years, the district has a healthy fund balance of 30%. The total General Fund including restricted accounts had a fund balance of \$5,759,817 compared to \$5,954,907 on June 30, 20112.

The current fund balance policy states that the school district will strive to attain and maintain a general fund unreserved fund balance of a minimum of 20% of the anticipated general fund expenditures for the following year.

The financial status of the Glencoe-Silver Lake Schools for programs beyond the 2013 -2014 school years is dependent on the accuracy of the adopted budget assumptions, future legislative action, and potential restructuring.

The financing of public school education in Minnesota is through a combination of three major categories. 1. State Education Finance Appropriations – General Education Aid – The largest share of education appropriations. This aid is intended to provide the basic financial support for the education program. Categorical Aids – These revenue formulas are used to meet costs that vary between districts or promote certain types of programs. Example – special education, learning and development, staff development. 2. State Paid Property Tax Credits – these tax credits reduce the amount of property taxes paid. To make up for this reduction, the state pays the difference between what was levied in taxes and what is actually paid to school districts. 3. Property Tax Levies – Property taxes are determined by formulas set by the state legislature.

Following is a list of the most significant assumptions used in developing the budget.

Pupil Accounting

Average Daily Membership – (ADM) = The average number of pupils enrolled in the school district throughout the school year. =
$$\frac{\text{Number of Pupil-Days Enrolled}}{\text{Total Days in School Year}}$$

Beginning in FY 2004, regular ADM is limited to 1.0 for each student. Students served more than full-time in a learning year program generate additional ADM, not to exceed .2 ADM per student, which is used only for the calculation of extended time revenue.

Resident Weighted ADM Pupil Units – (WADM) = Resident ADM X Pupil Weighting.
Pupil weights by grade level are as follows:

Pre-kindergarten	1.250
Handicapped Kindergarten	1.000
Kindergarten (new in FY 2008)	.612
Elementary 1-3	1.115
Elementary 4-6	1.060
Secondary 7-12	1.300

Adjusted Pupil Units = Resident WADM
+ WADM of nonresident attending the district under
Alternative attendance programs (open enrollment)

- WADM of residents attending another district under
Alternative attendance programs

Beginning in FY 2000, most components of general education revenue are computed using Adjusted Marginal Cost Pupil Units (AMCPU). The exception is referendum revenue, which is computed using resident marginal cost pupil units.

Adjusted Marginal Cost Pupil Units = Greater of:
Current year Adjusted Pupil Units or
(.77 X Current Year Adjusted Pupil Units
+ .23 X Prior Year Adjusted Pupil Units)

The State has attempted to soften the impact for schools experiencing declining enrollment by factoring in a portion of the decline by allowing 77% of the current year and 23% of the prior year. If a district has an increase in enrollment, then the funding is based on 100% of the current year enrollment and not on the 77/23 calculation.

Enrollment is a crucial factor in determining a school district's revenue because most funding formulas are student based.

The 2013-2014 revised budgets reflect the District's enrollment of **1,600 Average Daily Membership**. The June 30, 2013 ending ADM's was 1,634.11. The **Adjusted Marginal cost Pupil Units are projected to be 1,863** for the 2013-2014 school year compared to

1,885 for the prior year. The district has seen a significant drop in enrollment since the completion of the 2010-2011 school year. While the overall enrollment has decreased, the number of students at the elementary level has been level with an increase in the Kindergarten numbers. Because of the weighted ADM calculation, the district is receiving less student revenue based on enrollment, even though the kindergarten numbers are substantially higher. Staffing and class sizes are an area that needs to be looked at closely and addressed for the 2014-2015 school year.

Enrollment uncertainty creates the potential for significant increases or decreases in student based revenue. This assumption will need to be constantly monitored and evaluated as enrollment fluctuates. With each student generating approximately \$8,106 in revenue per ADM, (including referendum revenue) a small deviation in enrollment can produce a significant change in revenue.

$$\text{Resident Marginal Cost Pupil Units – RMCPU} = \text{Resident Pupil Units X} \\ \text{Weighting X} \\ \text{77\% Current Year} \\ \text{+ 23\% Prior Year}$$

The current adjusted resident marginal cost pupil units (RMCPU) reflect the weighting factor for each student multiplied by the number of District resident students in each weighting factor category. The total RMCPU are calculated by multiplying the previous year's RMCPU by 23% and adding 77% of the current year RMCPU. The RMCPU for the 2013-2014 school year is projected to be 2,188 pupil units. This formula is used to calculate referendum and equity revenue. If a district has an increase in enrollment, then the funding is based on 100% of the current year enrollment and not on the 77/23 calculation.

Beginning with the 2014-2015 school year, Pupil Accounting changes will occur. Pupil units will be simplified while formula rates will be increased to offset the reduction in weighted student counts. Marginal cost pupil units will be eliminated and replaced with the new declining enrollment revenue.

Pupil weights by grade level are as follows:

Pre-kindergarten	1.0
Handicapped Kindergarten	1.0
Kindergarten	1.0
Elementary 1-3	1.0
Elementary 4-6	1.0
Secondary 7-12	1.2

Formula allowance will increase by \$78 to \$5,302 from \$5,224 for FY14 and will increase to \$5,806 in FY15.

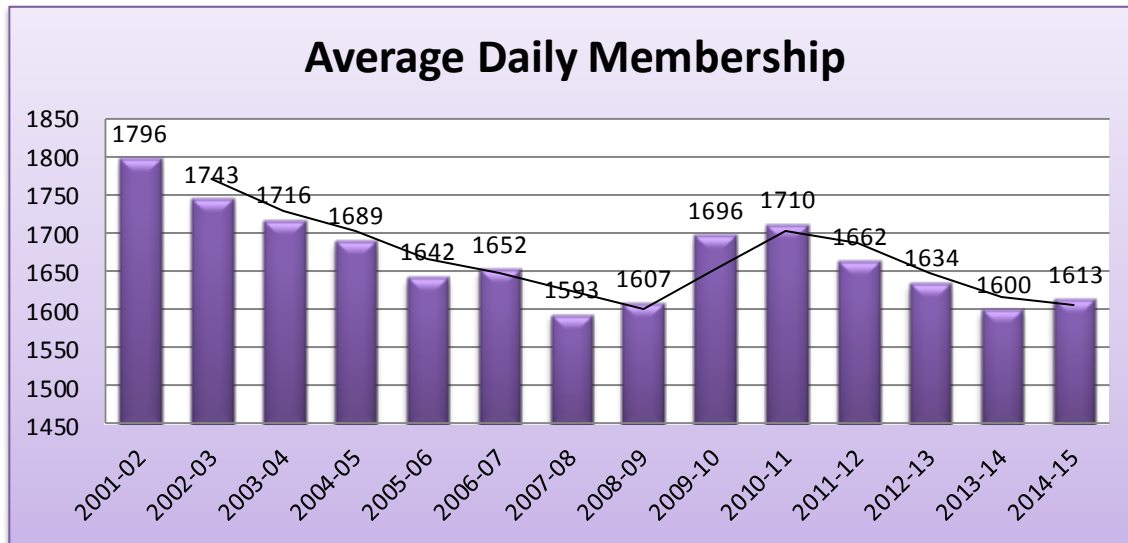
Enrollment and Staffing Information

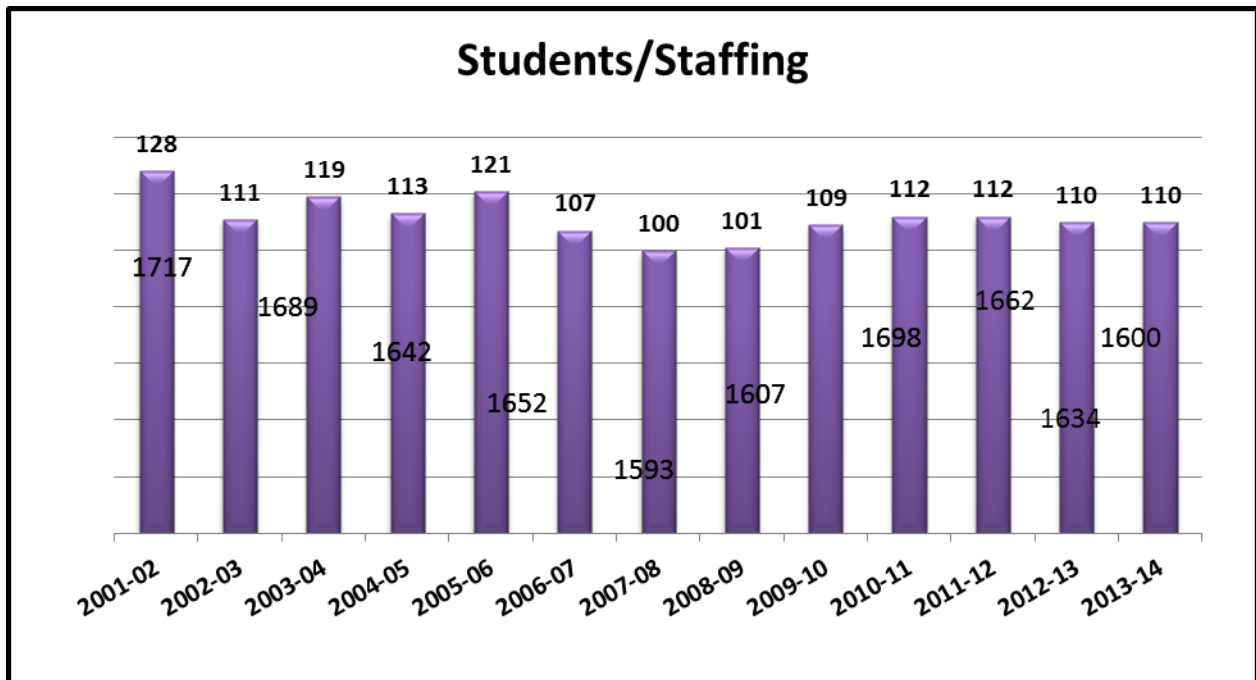
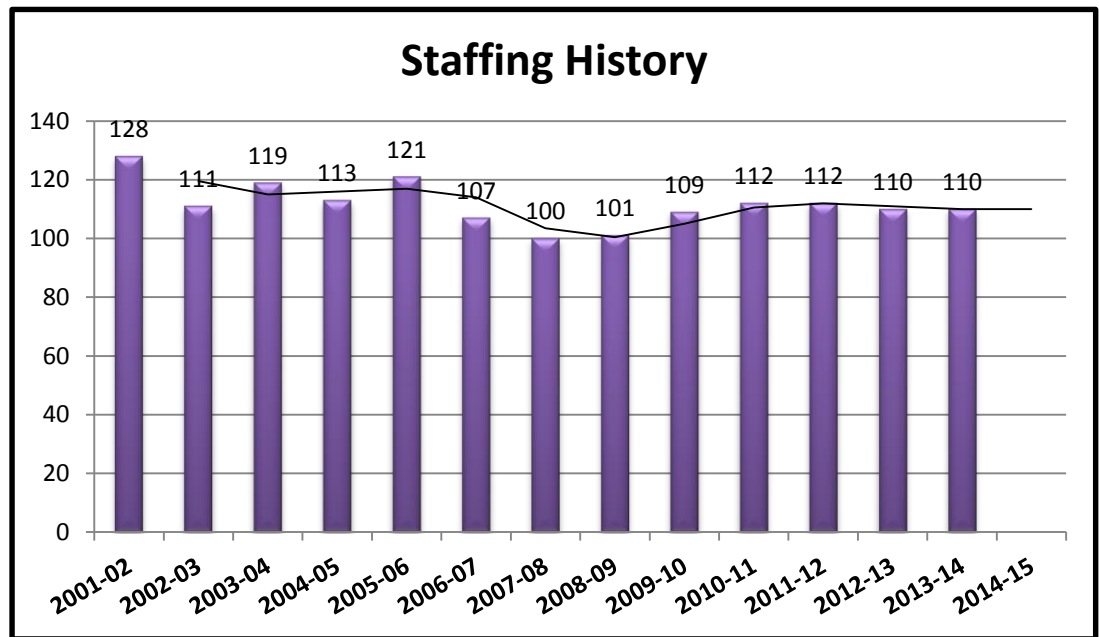
Average Daily Membership History and Projections

	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Students	1,796	1,743	1,716	1,689	1,642	1,652	1,593	1,607	1,696	1,710
Staff	127.9	110.92	118.98	112.63	121.02	106.85	99.51	101.19	109.08	111.96

Average Daily Membership History and Projections

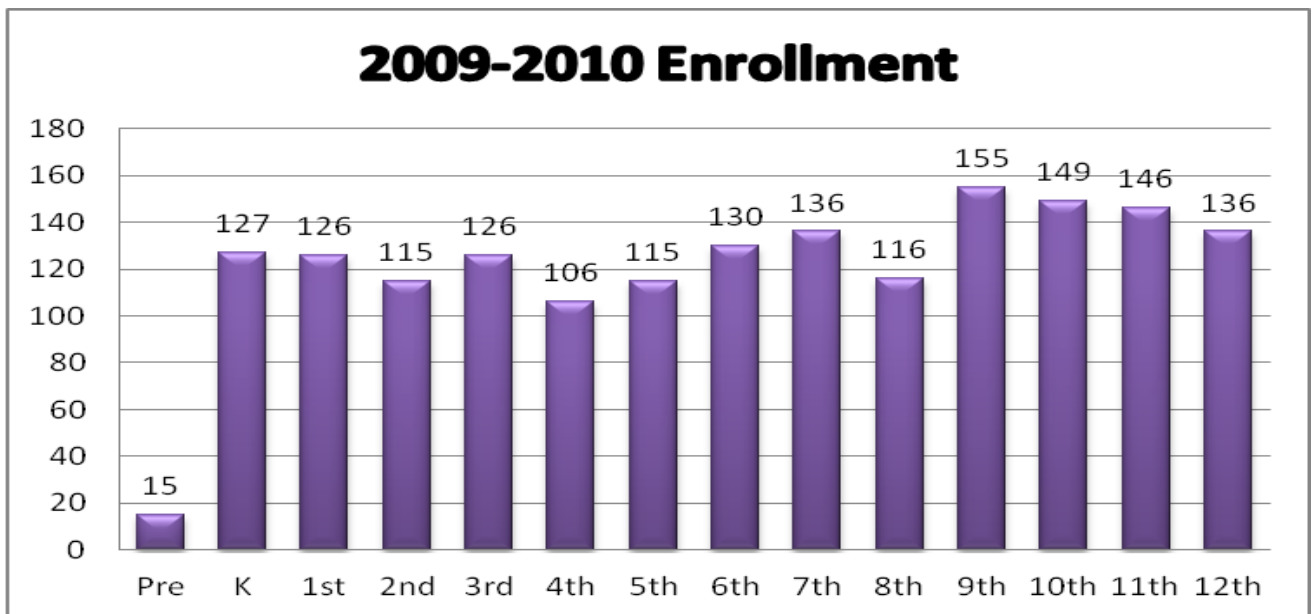
	11-12	12-13	13-14	14-15	15-16	16-17
Students	1,661	1,634	1,600	1,613	1,601	
Staff	111.39	110.11	109.49			



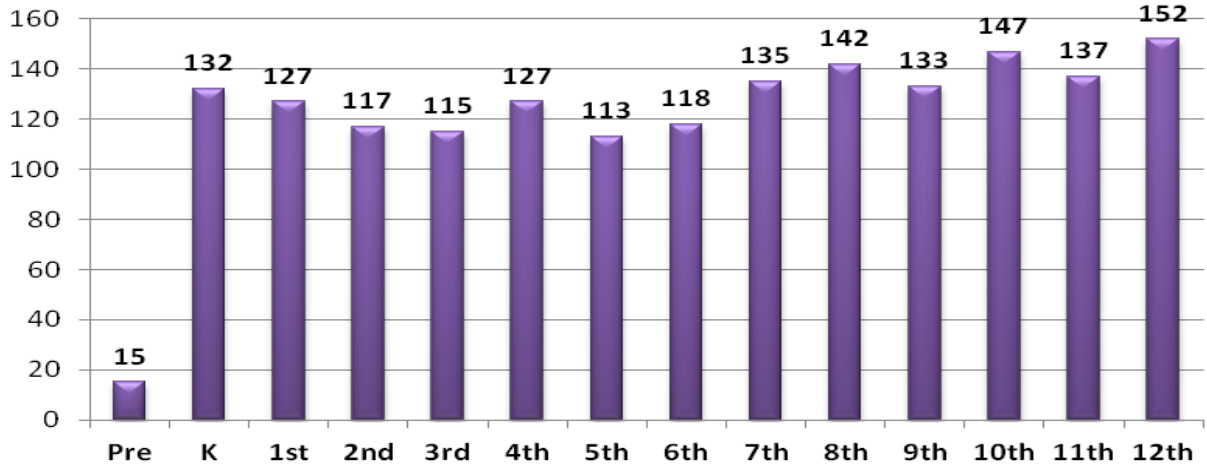


Historical Average Daily Membership

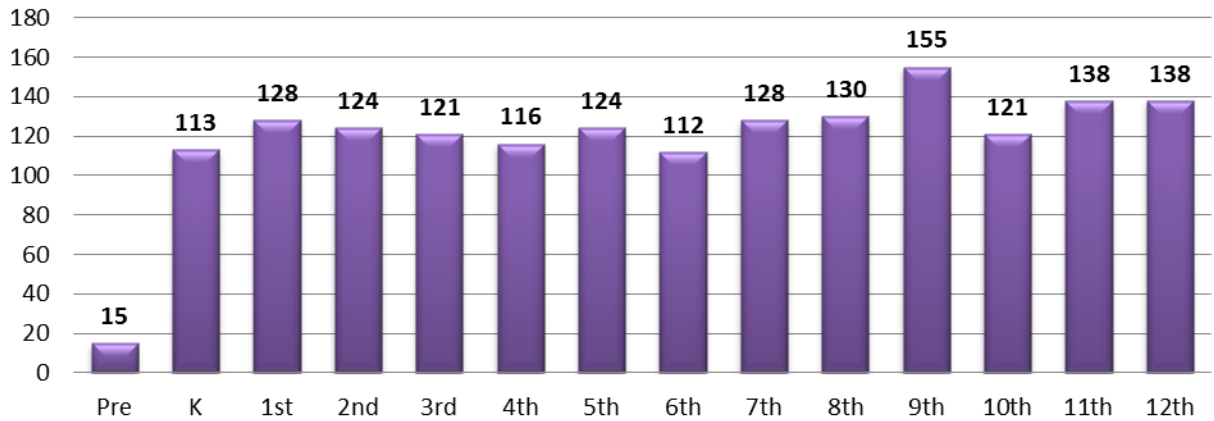
	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Pre	15	14	13	14	16	14	15	15	15	11	15
K	99	108	105	115	106	111	127	132	113	135	103
1 st	122	101	110	109	115	117	126	127	128	115	127
2 nd	94	120	98	111	100	116	115	117	124	122	117
3 rd	90	91	121	111	104	97	126	115	121	126	131
4 th	98	97	88	121	108	106	106	127	116	119	122
5 th	126	104	100	96	118	110	115	113	124	111	116
6 th	125	128	108	106	94	112	130	118	112	121	117
7 th	142	139	145	140	124	108	136	135	128	116	132
8 th	141	142	141	145	139	134	116	142	130	124	118
9 th	161	158	161	143	145	153	155	133	155	142	128
10 th	147	158	153	157	143	148	149	147	121	145	134
11 th	175	150	150	135	146	135	146	137	138	108	137
12 th	182	174	151	149	135	145	136	152	137	139	111
Elem K-6	655	641	624	653	640	658	845	864	853	849	833
7-12	949	925	900	869	832	824	838	846	809	774	760
TOTAL K-12	1,717	1,689	1,642	1,652	1,593	1,607	1,698	1,710	1,662	1,634	1,593



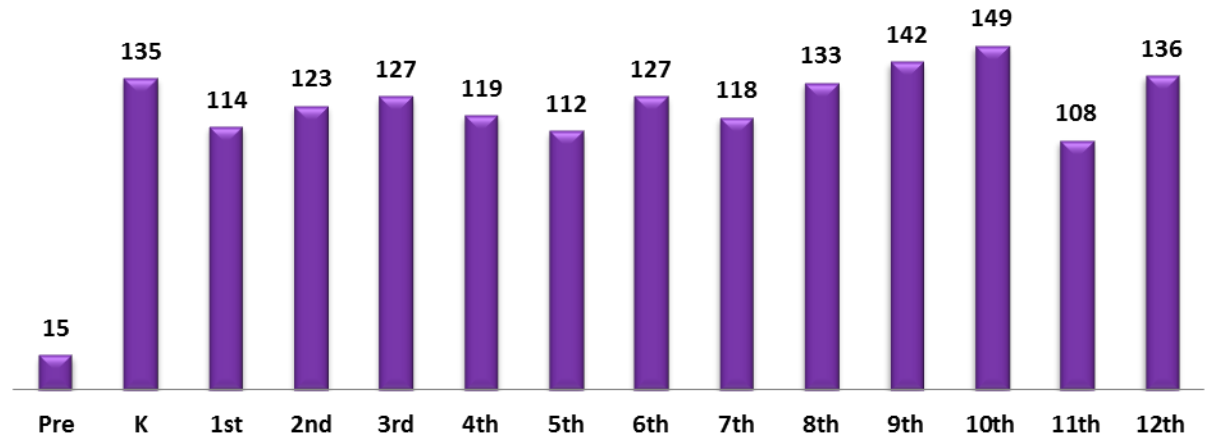
2010-2011 Enrollment

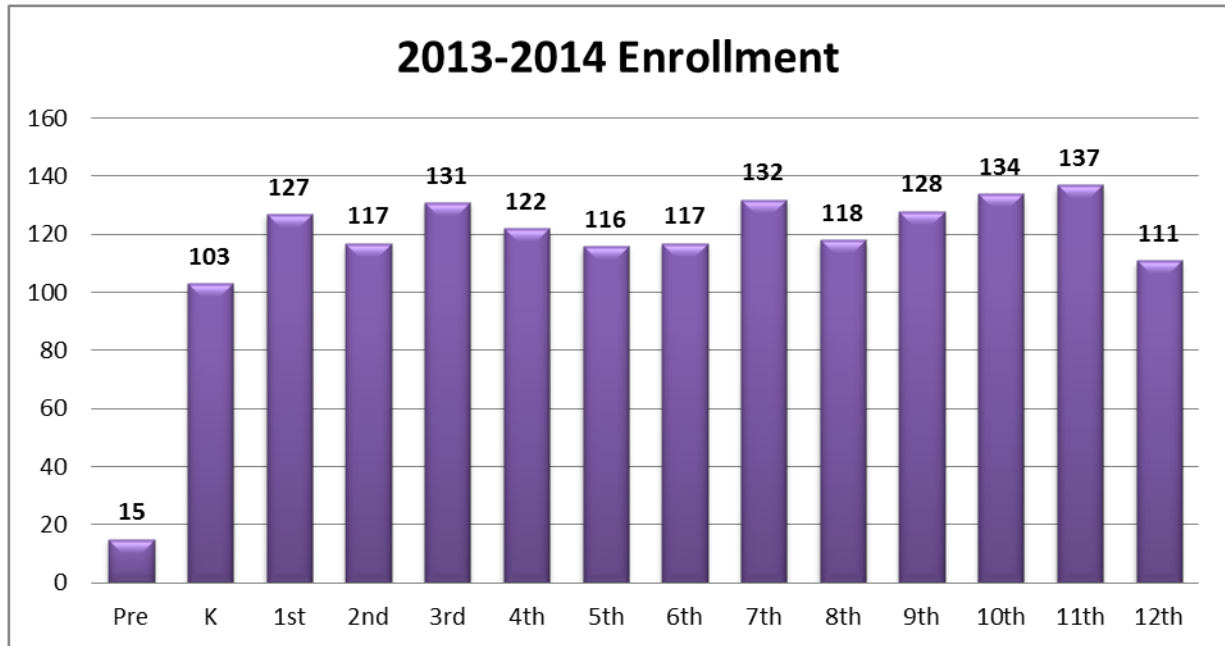


2011-2012 Enrollment



2012-2013 Enrollment





Residents - History

	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11
Students	1,829	1,815	1,811	1,758	1,713	1,762	1,760	1,795	2,047*	2,019

****Consolidation with McLeod West**

Resident – History and Projections

	2011-2012	2012-2013	2013-2014
Students	1,947	1,9437	1,860

Elementary Class Sizes 2009-2010

	K	1st	2nd	3rd	4th	5th	6th	Total
HB	129	127	115					371
LS				123	107	114	130	474
	5	5	5	5	4	4	4	
	Section	Sections	Sections	Sections	Sections	Sections	Sections	845

Elementary Class Sizes 2010-2011

	K	1st	2nd	3rd	4th	5th	6th	Total
HB	131	127	118					376
LS				114	126	114	118	472
	5	5	5	5	5	4	4	
	Section	Sections	Sections	Sections	Sections	Sections	Sections	848

Elementary Class Sizes 2011-2012

	K	1st	2nd	3rd	4th	5th	6th	Total
HB	110	127	121					358
LS				120	117	132	115	484
	5	5	5	5	5	4	4	
	Section	Sections	Sections	Sections	Sections	Sections	Sections	842

Elementary Class Sizes 2012-2013

	K	1st	2nd	3rd	4th	5th	6th	Total
HB	135	115	121					371
LS				128	119	112	127	486
	5 + 1 T	5	5	5	5	5	5	
	Section	Sections	Sections	Sections	Sections	Sections	Sections	857

Elementary Class Sizes 2013-2014

	K	1st	2nd	3rd	4th	5th	6th	Total
HB	103	127	117					347
LS				131	122	116	117	486
	5	6	5	5	5	5	5	
	Sections	Sections	Sections	Sections	Sections	Sections	Sections	857

Secondary Class Sizes 2009-2010

	Less than 20	21-25	26-30	30.1 or Larger	Total
High School %	62 14%	172 40%	185 43%	10 2%	429 100%
Junior High %	39 25%	49 31%	69 44%	1 1%	158 100%

Secondary Class Sizes 2010-11

	Less than 20	21-25	26-29	30.1 or Larger	Total
High School %	31 24%	37 28%	41 32%	21 16%	130 100%
Junior High %	7 11%	12 19%	26 41%	18 29%	63 100%

**Numbers do not include Special Education and ITV classes.
(Number of classes shown is for a semester only)

Secondary Class Sizes 2011-12

	Less than 20	21-25	26-29	30.1 or Larger	Total
High School %	106 27%	108 28%	146 38%	26 7%	386 100%
Junior High %	42 22%	69 36%	63 33%	16 8%	190 100%

**Numbers do not include Special Education and ITV classes.
(Number of classes shown is for a full year)

Secondary Class Sizes 2012-2013

	Less than 20	21-25	26-29	30.1 or Larger	Total
High School %	90 29%	94 30%	111 35%	19 6%	314 100%
Junior High %	53 34%	68 43%	35 22%	1 1%	157 100%

**Numbers do not include Special Education, Band, Choir, ESL and ITV classes.
(Number of classes shown is for a full year)

Secondary Class Sizes 2013-2014

	Less than 20	21-25	26-29	30.1 or Larger	Total
High School %	92 26%	97 28%	157 45%	5 1%	351 100%
Junior High %	50 28%	74 42%	43 24%	9 5%	157 100%

**Numbers do not include Special Education, Band, Choir, ESL and ITV classes.

Non-Public Enrollment - 10-1-2009

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
St. Pius X	6	16	9	11	9	14	7			72
1st Lutheran	17	17	13	25	9	16	13	20	16	146
Holy Family	5	9	9	5	6	4	0			38

Non-Public Enrollment - 10-1-2010

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
St. Pius X	8	6	15	6	12	7	13			67
1st Lutheran	10	15	17	11	22	9	15	13	17	129
Holy Family	5	9	9	5	6					22

Non-Public Enrollment – 10-1-2011

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
St. Pius X	9	9	8	16	7	10	6			66
1st Lutheran	14	9	14	17	9	20	10	15	15	123

Non-Public Enrollment – 10-1-2012

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
St. Pius X	7	9	9	8	16	7	10			66
1st Lutheran	5	15	8	14	16	11	18	9	14	110

Non-Public Enrollment – 10-1-2013

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	Total
St. Pius X	11	10	7	10	6	16	8			68
1st Lutheran	11	12	13	10	13	15	6	18	11	109

Enrollment Options – Students Leaving the District - 2008-2009

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9th	10th	11th	12th	Total
NYA	4	5	2	4	1	2	2	0	2	4	3	2	1	34
Waconia			1		3			1	1		1			7
Watertown							1		1					2
Eastern Carver	1													1
Westonka									1				1	2
Brooklyn Center					1				1	1				3
Hutchinson	8	5	6	5	4	5	6	2	5	4	6	3	7	64
Lester Prairie	1		2	1	2	1	1	1	2	1	1	2	1	16
Dassel Cokato	2	2		2	2	4	3	2	1	4	1	4	2	30
Carver-Scott												2	2	4
Sibley East	5	4	5	4	2	5	4	3	2	3	2		1	42
Howard Lake	2	1		1				2				1	1	8
McLeod West	1		1			2		2				3		9
Totals														229
Charter Schools	4	3	5	2	3	1	3	5		3	2		6	40

**Charter Schools Include: Minnesota Transitions, BlueSky, New Century, New Discoveries Montessori Academy, and Cologne Academy.

**Non-Residents coming into the district for 2008-2009 were 82

*****Net loss of 187 students**

Enrollment Options – Students Leaving the District – 2009-2010

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	Total
NYA	2	5	4	3	3	1	2	3	1	2	3	2	4	35
Waconia				1		2			1		1	2	1	8
Watertown								1		1				2
Eastern Carver	1	1	1											3
Westonka									1					1
Brooklyn Center						1				1	1		1	4
Houston				.5						.5			1	2
Hutchinson	10	11	8	10	10	5	11	10	6	11	5	9	9	115
Lester Prairie	3	1	1	3	2	2	1	2	1	3	1	2	2	24
Dassel Cokato	1	2	3		3	2	3	3	2	1	3	1	3	27
Fergus Falls									1	1	1			3
Belle Plaine	.7				.7			.7						2
Carver-Scott											.9	2	4	7
BLH													1	1
Sibley East	4	5	4	8	3	1	6	4	3	1	4	2	1	46
Howard Lake	2	1	1		1	1			2	.8			1	10
GFW			1		1	2	1	3	3	6	5	6	7	35
Totals														334
Charter Schools	2	6	3	6	5	5	2	4	3	4	5	4	6	55

**Charter Schools Include: Minnesota Transitions, Blue Sky, New Century, New Discoveries Montessori Academy, and Cologne Academy.

**Non-Residents coming into the district for 2009-2010 were 92

****Net loss of 297 students.**

Enrollment Options – Students Leaving the District – 2010-2011

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	Total
NYA	3	2	5	3	2	3	1	2	3	3	2	3	2	34
Minneapolis												1		1
Mankato											1			1
Waconia	1				1		2	1		3		1	2	11
Watertown									1		1			
Eastern Carver	2	1	1	1		1								6
Minnetonka											1			1
Westonka										1				1
Brooklyn Center							1			1	1			3
Hutchinson	9	10	11	9	11	10	6	12	11	7	9	6	10	120
Lester Prairie	2	2	1		1	3	4	2	3	1	3	2	2	27
Dassel Cokato	4	2	1	4	1	4	2	3	3	3	1	4	1	32
Fergus Falls										1				1
Shakopee			1											1
Carver-Scott												2	6	8
BLH														
Sibley East	2	4	6	3	6	2	1	5	3	4	1	3	1	40
Howard Lake		1	2	1		1	1			2				8
GFW				1		1	2	1	3	3	8	5	5	29
Totals	23	23	27	22	22	25	19	27	27	29	28	25	30	327
Charter Schools	4	3	7	2	5	4	7	3	3	3	7	6	4	58

**Charter Schools Include: Minnesota Transitions, Blue Sky, New Century, New Discoveries Montessori Academy, Cologne Academy, Minnesota Online High School.

**Non-Residents coming into the district for 2010-2011 were 92.

****Net loss of 320 students.**

Enrollment Options – Students Leaving the District – 2011-2012

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	Total
NYA		4	1	5	3	2	3	1	3	4	2	4	2	39
Minneapolis														
Mankato												1		1
Waconia		1				1	1	2	1		3		1	10
Watertown										1		1		2
Eastern Carver		2	1	1	1			1						6
Hopkins												1		1
Minnetonka											1			1
Westonka											1			1
Brooklyn Center								1				1		2
Hutchinson	9	10	11	10	7	13	8	4	11	7	6	7	6	109
Lester Prairie		2	1	1			4	3	1	3	1	4	2	22
Dassel Cokato	2	4	2	2	2	1	4	2	3	3	2	1	4	32
Fergus Falls											1	1		2
St. Paul	1													1
Perpich Center												1	1	2
Carver-Scott											1	1	5	7
BLH		2												2
Sibley East	2	3	4	3	1	6	1	2	5	4	3	1	1	37
Howard Lake		1	1	2	1		1				1			7
GFW					1		1	2		3	3	7	4	21
Plainview-Elgin												1		1
Totals	19	28	21	23	17	23	23	18	25	25	24	32	26	304
Charter Schools	6	4	4	6	5	7	5	9	3	4	4	5	8	70

**Charter Schools Include: Minnesota Transitions, Blue Sky, New Century, New Discoveries Montessori Academy, Cologne Academy,

**Non-Residents coming into the district for 2011-2012 were 88.

****Net loss of 286 students.**

Enrollment Options – Students Leaving the District – 2012-2013

	K	1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	8 th	9 th	10 th	11 th	12 th	Total
NYA	2	4	4	0	4	3	2	4	4	3	2	3	3	39
Minneapolis														
Mankato													1	1
Waconia			2				1	1	1		5		8	18
Watertown											1		1	2
Eastern Carver	1		1	1	1				1					5
Hopkins														
Minnetonka		1												1
Westonka												1		1
Osseo		1												1
Houston	1		1	1			1	1			2		1	8
Willmar													1	1
Hutchinson	3	6	8	7	8	7	13	10	4	10	8	6	6	96
Lester Prairie	6		1	2	2	1	1	4	3	1	4	4	3	32
Dassel Cokato	2	2	3	2	3	2	1	4	2	3	3	2	1	30
Fergus Falls								1						1
St. Paul		1												1
New Prague	1													1
Perpich Center												1	1	2
Carver-Scott														
BLH														
Sibley East	4	2	3	4	3	1	6	3	2	4	5	3	1	41
Howard Lake	1				1	1		1		1	1	1		7
GFW						1		1	1		3	3	4	13
Plainview-Elgin													1	1
Totals	22	17	23	17	22	17	26	29	17	24	30	28	30	302
Charter Schools	5	8	6	4	8	5	9	7	11	4	10	4	5	83

**Charter Schools Include: Minnesota Transitions, Blue Sky, New Century, New Discoveries Montessori Academy, Cologne Academy, Green Isle Community School.

**Non-Residents coming into the district for 2012-2013 were 83.

****Net loss of 302 students**

**Preliminary 2013-2014
Enrollment Options**

	EC	K	1	2	3	4	5	6	7	8	9	10	11	12	Total
Residents	27	119	152	138	154	154	151	150	168	163	159	171	181	138	2025
In	5	9	9	11	6	6	4	4	7	5	11	6	7	12	95
Out	3	26	35	31	31	36	39	36	44	49	40	43	50	40	503

General Education Revenue Formulas

1. Basic Revenue = Formula Allowance X Adjusted Marginal Cost Pupil Units

The general education program is the method by which school districts receive the majority of their financial support. The basic general education formula establishes the minimum level of funding for school districts.

Funding Formula Allowance

	Formula Allowance	
2000-01	\$3,964	\$224 Increase - \$67 is from the roll-in of cooperative levy and \$39 is reserved for the increase in staff development from 1% to 2% of basic revenue. Real increase is \$118
2001-02	\$4,068	Increase
2002-03	\$4,601	Increase of \$533, \$415 is the referendum levy roll-in, \$14 AOM roll-in and \$104 is the actual increase – 2.6%
2003-04	\$4,601	No Increase
2004-05	\$4,601	No Increase
2005-06	\$4,783	4% Increase
2006-07	\$4,974	4% Increase
2007-08	\$5,074	2% Increase
2008-09	\$5,124	1% Increase. An additional \$51 (1%) of one-time aid resulting from the 2008 legislative session is not included in the basic formula
2009-10	\$5,124	No Increase – (8.7% Reduction in overall General Education Revenue is replaced by Federal Stimulus Funds – AARA_
2010-11	\$5,124	No Increase
2011-12	\$5,174	\$50 Increase
2012-13	\$5,224	\$50 Increase
2013-14	\$5,302	\$78 Increase (1.5% increase)
2014-15	\$5,806	\$504 Increase to offset the change in Pupil Weighting (1.5%)

1a. One-Time General Education Aid Reduction

For FY 2010 only, all school districts general education aid was reduced by an amount equal to 8.7 percent of the district's FY2008 general education revenue, excluding referendum revenue. This reduction, which totals \$500 million statewide, is offset by an equal amount of federal fiscal stabilization aid or AARA Funds. For GSL this equaled \$1,070,708.

1b. Contract Settlement Deadline Penalty

State aid is reduced by \$25 per pupil unit if a district and the exclusive representative of the teachers have not signed a collective bargaining agreement by the January 15th of the year following the expiration of the teacher's contract. Teacher contracts expire June 30th of each odd numbered year. The penalty does not apply if the unresolved issues have been submitted to binding arbitration by December 31st.

(This contract penalty deadline was eliminated with the 2011 and 2012 K-12 Omnibus Education bill)

2. Staff Development Set-Aside

Two percent of the basic revenue for FY 2001 and later must be set-aside for staff development, unless the district waives the requirement by a majority vote of the teachers and a majority vote of the school board. Of this amount, 50% must be allocated to sites based on a per teacher basis, 25% is for district-wide staff development efforts and 25% must be used for exemplary or best practices methods.

*This requirement was waived for FY 2004 and FY 2005 only; it was back in effect for FY 2006 and later. This requirement was again temporarily suspended for FY2010 and FY2011 **The set-aside requirement was suspended for two more years – FY 12 & FY13.***

The GSL administration is still allowing staff development activities to continue for the 2011-2012 and 2012-2013 school year even with the suspended requirement to reserve 2%. The activities are under the direct approval of the administration. The committee continues to meet to develop staff goals and training opportunities for the continued development of staff.

Beginning with FY14, the 2% staff development set-aside was reinstated. Therefore 2% of the Basic General Education Aid must be reserved for staff development unless a district is in Statutory Operating Debt.

3. Gifted and Talented

Legislature has allocated \$12.00 per pupil to school district's to fund identification and planning of programs for gifted students. The District will receive approximately \$22,360 to fund this initiative. Gifted and talented revenue must be reserved and used only to identify gifted and talented students, provide educational programs for gifted and talented students or provide staff development for teachers to best meet the needs of gifted and talented students. GSL uses a portion of these funds to fund the ECL (Enrichment, Challenge and Learn) program that is held after school. Knowledge Bowl, Geography Bee, Spelling Bee

would be other areas that utilizes these funds. In FY15, the amount will change to \$13 to allow for adjustment in the pupil weighting. No additional revenue is received.

4. Extended Time Revenue

Students in learning year programs who are served more than full-time may generate up to an additional .2 ADM. Extended time revenue may be used for extended day, extended week, summer school, or other programming authorized under the learning year program. The extended time revenue equals \$4,601 times the extended time adjusted marginal cost pupil units. Will increase to \$5,017 in FY15 to account for the change in pupil weighting. No additional revenue is received.

5. Basic Skills Revenue

Basic Skills Revenue reflects the merging of Compensatory, Limited English Proficiency (LEP) and LEP Concentration. Basic Skills Revenue must be used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or achievement standards is below the level that is appropriate for learner of their age.

Compensatory

- Computed using building-level free and reduced lunch data as of October 1st of the previous year.
- Allocated directly to school sites; however, an amount up to 5% of the prior year's revenue may be allocated according to a local plan approved by the Commissioner.
- $\text{Compensatory Revenue} = (\text{Formula Allowance} - \$415) \times \text{Compensatory Pupil Units}$
- $\text{Compensatory Pupil Units} = \text{Free} + \frac{1}{2} \text{ of reduced price lunch count} \times \text{Concentration Factor} \times .60$
- $\text{Concentration Factor} = \text{Ratio of Free} + \frac{1}{2} \text{ of reduced price lunch count to } 80\% \text{ of total building enrollment, but not } > 1$

Limited English Proficiency

- $\text{Basic Revenue} = \$700 \times \text{Adjusted Marginal Cost eligible LEP average daily membership served}$. The revenue is limited to a student's first five years of enrollment in Minnesota public schools.
- $\text{Concentration Revenue} = \text{LEP enrollment} \times \$250 \times \text{LEP Concentration factor}$

The District's Total Basic Skills Revenue will be approximately \$711,176 for 2013-2014.

6. Transportation Sparsity

Revenue added for the costs of providing transportation in districts with fewer than 200 pupil units per square mile. (Regular transportation funding for all district is \$248.51 per pupil unit (4.85%) of formula allowance is included in the basic formula allowance). The transportation Sparsity allowance gradually increases as population density decreases, reflecting the relationship between average transportation costs and population density. The districts sparsity revenue is \$255,250 for 2013-14. The attendance area for the GSL district is 270.18 square miles.

The district also receives transportation revenue for transporting non-public students within our district lines. For 2013-2014 the district will receive approximately \$86,344.

7. Operating Capital

- Provides funding for capital expenditure facilities and equipment costs.
- Revenue per AMCPU = $\$73 + \$100 * (1 + \text{Average Bldg Age}/100)$. Will change to $\$79 + \100 in FY15 with the pupil accounting changes. No additional revenue.
- *(Note: Buildings older than 50 years are only calculated as 50 years.)*

The District will receive \$398,268 for capital improvements. This revenue is a combination of state aid and local levy. The state aid is \$157,431 and the local levy is \$240,837. Prior to 2004 this source of revenue was 100% state aid. Currently the local tax levy is 70%. Capital expenditures are budgeted in the General Fund but are supported by revenue that is dedicated to this purpose. Some imbalance in the capital accounts is common because revenue and expenses are not always incurred in the same year. In addition, vehicle purchases, capital leases, and health and safety expenditures may be factored into the capital budget.

Some of the budgeted items in the operating capital budget include lease payments, technology purchases, classroom equipment, playground equipment and textbooks.

8. Deferred Maintenance

Deferred maintenance levy was a new levy in FY2008. Deferred maintenance revenue is an equalized levy for smaller districts that do not qualify for the large district portion of the alternative facilities bonding and levy program. The levy is spread against net tax capacity. The revenue must be maintained in a reserve account and must be used only for expenditures for deferred maintenance, health and safety projects without restrictions and capital expenditures for disabled access and facilities. \$116,349 was the amount that was levied for FY2014. The administration has developed a deferred maintenance plan to utilize these dollars for building maintenance projects and repairs.

(See supplemental information for detailed facilities plan for operating capital, deferred maintenance and health and safety)

9. Equity Revenue

The State attempts to equalize the revenue a school district is able to generate. A district receives additional revenue based on comparisons with other out-state school districts. It is additional revenue for districts with Basic + Referendum revenue per pupil unit below the regional 95th percentile. The initial equity allowance for the district is \$53.09 per AMCPU.

The district also receives an additional \$46.00 per pupil unit. Equity revenue for the district will be approximately \$185,886 which has a state aid and levy component. State aid is \$53,487 and local levy is \$132,399.

10. Transition Revenue

Transition revenue is a hold-harmless provision created in 2003 to ensure that a district's FY 2004 general education revenue per old formula AMCPU (before applying the 1.0 ADM limit), excluding referendum revenue and alternative attendance adjustments, would not be less than the less of:

- The district's FY2003 general education revenue per AMCPU, excluding referendum revenue and alternative attendance adjustments, or
- The amount the district would have received per AMCPU for FY 2004 under the laws in effect before the changes enacted in 2003.

For FY 2005 and later, a district's transition revenue equals the district's FY2004 transition allowance of 32.12 per pupil unit times the district's current year AMCPU.

The District will receive approximately \$59,310 in transition revenue. \$42,244 of this revenue is local levy and \$17,066 is state aid.

11. Referendum Revenue

The referendum revenue program, often referred to as the operating referendum levy or the excess operating levy, is a funding mechanism that allows a school district to obtain voter approval to increase its revenue beyond the limits set in statute. Legislature has made several changes to the program including equalizing a portion of the revenue, capping the total amount of per pupil revenue a district may have, limiting the length of time that new referendum may run and requiring referendums approved after November 1, 1992 to be spread on referendum market value instead of net tax capacity.

The 2001 Legislature greatly reduced the referendum levy beginning in fiscal year 2003. Each district's referendum revenue was reduced by \$415 per pupil unit. (A district with less than \$415 per pupil in referendum authority lost the full amount of this authority.) At the same time the referendum was reduced the basic formula allowance for all districts was increased by \$415 per pupil unit. The 2013 Legislature made a number of significant changes to referendum revenue beginning in fiscal year 2015. These changes include:

- Changing the allowance from an amount per resident marginal cost pupil unit to an amount per adjusted pupil unit. (the fiscal year 2015 conversion will keep the total dollar amount of authority the same)
- Allow a district to implement the first \$300 per pupil of referendum authority by board action.
- Create a new category of revenue called location equity revenue and allowing a board to choose to convert referendum authority to location equity revenue.
- Dividing the equalization aid into three tiers and increasing the equalization of the first tier, and
- Modifying the referendum revenue cap, and eliminating the grandfather cap.

(The Graph below compares the 2013-2014 Referendum Aid and Levy to 2014-2015).

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
Pupil Units used to calculate revenue	2,208.56	1,803.20
Referendum Authority	727.36	849.93
Initial referendum Revenue	\$1,606,418	\$1,532,598
Referendum Market Value	\$741,795,340	\$706,243,410
RMV Per Resident Pupil Unit	335,873	342,637
Net Referendum Aid	\$417,976	\$565,393
Net Referendum Levy	\$1,151,302	\$930,065
Equity Aid	\$56,782	\$69,767
Equity Levy	\$136,101	\$142,831
Total Revenue		
State Aid	\$464,029 (26.5%)	\$672,300 (38.5%)
Levy	\$1,287,403 (73.5%)	\$1,072,896 (61.5%)
Total Revenue	\$1,751,432	\$1,745,196

Referendum Revenue Cap – School districts not eligible for sparsity revenue are subject to a cap on referendum revenue. For other districts, for years prior to fiscal year 2015, a district's maximum total referendum allowance is limited to 26% of the formula allowance adjusted for inflation (\$1,597 for fiscal year 2014). For those districts with authority from 1994 that were above the cap, their capped authority increased by 26% of the formula allowance of 17.7% less \$215 (instead of the \$415 subtraction that applies to other school districts whichever is greater). For fiscal years 2015 and later, the referendum revenue cap is \$1,845 adjusted for inflation.

Referendum Revenue Equalization – A portion of each district's referendum revenue is subject to equalization. Equalization is used to make property tax burdens for districts with similar per pupil referendum revenues, but varying tax bases the same. The relationship of a district's referendum market value per pupil unit to the equalizing factor of \$476,000 in the case of the first \$700 of referendum revenue indicates how much referendum revenue the district will receive from property taxes. If a district's property valuation per pupil unit were \$238,000 for example (50 percent of \$476,000), the district would receive 50 percent of its revenue from its referendum levy and 50 percent from state equalization aid. If a district's referendum market value per pupil unit is greater than \$476,000, that referendum market value per pupil is to \$0, the higher the percentage of state aid the district receives for referendum levies below \$700 per pupil. The same district with \$238,000 per pupil in market value would levy 88.1 percent ($\$238,000/\$270,000 = .881$) of the revenue for a

referendum amount between \$700 and \$1,332.24 per pupil.

(The following graphs show the Referendum Aid and Levy Equalization)

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
PU used to calculate revenue	2,208.56	1,803.20
Resident Pupil Units		2,061.20
Referendum Authority	727.36	849.93
Initial referendum Revenue	\$1,606,418	\$1,532,598
Referendum Market Value	\$741,795,340	\$706,243,410
RMV Per Resident PU	\$335,873	\$342,637
<u>First Tier of Revenue FY15</u>		
Revenue per PU		300.00
Revenue		540,960
State Equalizing Factor		880,000
Levy Portion		38.94%
State Portion		61.06%
First Tier Aid		330,332
<u>Second Tier of Revenue FY15</u>		
Revenue per PU	700.00	460.00
Revenue	1,545,992	829,472
State Equalizing Factor	476,000	510,000
Levy Portion	70.56%	67.18%
State Portion	29.44%	32.82%
Second Tier Aid	455,117	272,202

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
<u>Third Tier of Revenue FY15</u>		
Revenue per PU	27.36	89.93
Revenue	60,426	162,162
State Equalizing Factor	270,000	290,000
Levy Portion	100.00%	100.00%
State Portion	0.00%	0.00%
Third Tier Aid	0	0
<u>Totals</u>		
Initial Referendum Aid	455,117	602,533
Tax Base Replacement Aid	37,141	37,141
Total Referendum Aid	407,248	602,533
Total Referendum Levy	1,151,302	930,060
Total Referendum Revenue	1,558,549	1,532,594
<u>Estimated Equity Revenue</u>		
Equity Aid	56,782	69,767
Equity Levy	136,101	142,831
Total Equity Revenue	192,883	212,597

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
<u>Third Tier of Revenue FY15</u>		
Revenue per PU	27.36	89.93
Revenue	60,426	162,162
State Equalizing Factor	270,000	290,000
Levy Portion	100.00%	100.00%
State Portion	0.00%	0.00%
Third Tier Aid	0	0
<u>Totals</u>		
Initial Referendum Aid	455,117	602,533
Tax Base Replacement Aid	37,141	37,141
Total Referendum Aid	407,248	602,533
Total Referendum Levy	1,151,302	930,060
Total Referendum Revenue	1,558,549	1,532,594
<u>Estimated Equity Revenue</u>		
Equity Aid	56,782	69,767
Equity Levy	136,101	142,831
Total Equity Revenue	192,883	212,597

Referendum Tax Base Replacement Aid – Referendum tax base replacement aid was implemented by the 2001 Legislature as a mechanism designed to compensate school districts for the loss of agricultural land and cabin tax base. Tax base replacement aid is a frozen dollar amount based on fiscal year 2003 information. Any referendum equalization aid earned by the school district is first offset by the referendum tax base replacement aid. The remaining equalization aid is the amount used when computing the referendum aid including open enrollment students. Referendum tax base replacement aid was made permanent by the 2003 Legislature.

Election Requirements – A district's general levy can be increased with the approval of the voters at a referendum called by the school board. The election must be held during the November election only, unless the election is held by mail ballot or upon approval of the Commissioner of Education, if the district is in statutory operating debt. If the election is conducted by mail ballot, it must be in accordance with state election law, and each taxpayer must receive notice by first-class mail of the election and of the proposed tax increase at least 20 days before the referendum.

Referendum Market Value – Referendum levies are spread on referendum market value instead of net tax capacity. Referendum market value is the market value of all property within the school district with the exception of farmland and seasonal recreational property (cabins). Also, any property with a class rate of less than 1.0 percent is taxed at its market value times its class rate.

The district's referendum authority is \$727.36 per resident pupil unit for the FY14 school year. This amount reflects the operating levy that was approved for renewal by the voters in November 2007 with an inflationary factor. This represents revenue of approximately

\$1,591,435. Approximately \$1,150,38 is generated from a local levy and \$440,696 is referendum state aid. In November of 2011, the voters approved to renew the referendum levy authority of \$727.36 for a period of 7 years. This referendum renewal was approved without the inflationary factor. With the changes that occurred with the 2013 Legislative session, the new allowance for FY2015 is \$849.93. The changes were a result in the changing of how the pupil unit weighting is calculated long with the alternative attendance aid adjustment. This increase in the allowance amount does not change the amount that is used for taxing calculations to home owners.

Location Equity Revenue – The 2013 Legislature created a new component of general education revenue called location equity revenue. Location equity revenue is equal to \$424 per pupil for any district partially or wholly located in the seven-county metro area and \$212 per pupil for any district in the rest of the state that serves at least 2,000 pupils. Because GSL owns property in Carver County, we qualify for the full \$424 per pupil unit of location equity revenue.

Location equity revenue is offset from each district's approved amount of referendum revenue, so for most qualifying districts, location equity revenue provides no direct additional revenue. Instead, location equity revenue provides space under the referendum allowance cap and provides enhanced equalization revenue for some districts. If your referendum authority is below \$724 in the metro area and \$512 in greater Minnesota, location equity revenue is additional revenue to the school district.

A qualifying district must choose to opt out of location equity revenue if it doesn't wish to participate.

For a qualifying district choosing Location Equity Revenue, the district's per pupil referendum authority is reduced by the specified amount of either \$424 or \$212, this amount is transferred to the district's location equalizing factor of \$510,000 per pupil.

(Below is a set of three graphs that details how the Location Equity Revenue will be applied for the GSL Schools).

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
PU used to calculate revenue RPU	2,208.56	1,803.20
Referendum Authority	727.36	2,061.20
Initial referendum Revenue	\$1,606,418	425.93
Referendum Market Value	\$741,795,340	\$768,037
RMV Per Resident PU	\$335,873	\$706,243,410
		\$342,637
<u>First Tier of Revenue FY15</u>		
Revenue per PU		300.00
Revenue		540,960
State Equalizing Factor		880,000
Levy Portion		38.94%
State Portion		61.06%
First Tier Aid		330,332
<u>Second Tier of Revenue FY15</u>		
Revenue per PU	700.00	125.93
Revenue	1,545,992	227,077
State Equalizing Factor	476,000	510,000
Levy Portion	70.56%	67.18%
State Portion	29.44%	32.82%
Second Tier Aid	455,117	74,518

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
<u>Third Tier of Revenue FY15</u>		
Revenue per PU	27.36	0.00
Revenue	60,426	0
State Equalizing Factor	270,000	290,000
Levy Portion	100.00%	100.00%
State Portion	0.00%	0.00%
Third Tier Aid	0	0
<u>Totals</u>		
Initial Referendum Aid	455,117	404,850
Tax Base Replacement Aid	37,141	37,141
Total Referendum Aid	407,248	404,850
Total Referendum Levy	1,151,302	363,187
Total Referendum Revenue	1,558,549	768,037
<u>Estimated Equity Revenue</u>		
Equity Aid	56,782	81,672
Equity Levy	136,101	167,205
Total Equity Revenue	192,883	248,878

Year Taxes are Payable Fiscal Year	2013 2013-2014 Payable 2013 Levy	2014 2014-2015 Existing Authority
<u>Estimated LER</u>		
Location Equity Aid	0	250,899
Location Equity Aid	0	513,658
Location Equity Revenue	0	764,557
<u>Estimated Total Revenue</u>		
State Aids	464,029	737,421
Tax Levies	1,287,403	1,044,050
Total Revenue	1,751,432	1,781,471
Combined Tax Rate	0.18229%	0.14784%

12. Pension Adjustment

General education is reduced to offset cost savings to school districts from reductions made in 1990-91 and 1997-98 in the teacher's retirement employer contribution rate. The size of the aid reduction is lowered by .5% of the district's TRA salaries for FY2007, to offset an increase in TRA employer contribution rates beginning in FY 2008. The reduction in state aid is \$76,685.26. Effective in FY15, the aid reduction for the pension adjustment has been eliminated and will save the district a \$76,685.26 reduction in state aid.

13. Alternative Attendance Adjustment

The aid portion of referendum revenue follows the student to whatever school they attend. The resident district loses the aid generated by the student. If the student enrolls in another school district, that district's aid is increased by the nonresident districts referendum aid per pupil unit. If the student enrolls in a charter school, the charter school's aid is increased by the amount subtracted from the aid paid to the resident district. The district currently loses about \$58,418 in state aid for students attending other districts. Net change in ADM's for FY14 is approximately -408 students.

14. Learning and Development Revenue

Revenue that is reserved to be used to reduce and maintain the district's instructor-to-learner ratios. The district's 2013-201 revenue is \$369,120.

15. Shared Time

Shared time revenue is payments made to public schools for courses taken at the public school by nonpublic school students. The revenue equals formula allowance times the weighted full-time equivalent ADM.

16. Consolidation Transition Aid

Due to the consolidation with the McLeod West District, GSL will receive consolidation transition revenue according to M.S. 123A.485. GSL will receive the maximum allowable per resident pupil unit under the statute of \$300,000 for FY10 and \$150,000 for FY11.

17. Literacy Incentive Aid

Beginning in the 2012-2013 school year, schools will be eligible for additional aid based on how well students in the third grade read (called "Proficiency Aid"), and how much progress is being made between the third and fourth grades in reading skills (called "Growth Aid"). Proficiency aid is calculated by multiplying \$85 times the average percentage of students in a school that meet or exceed proficiency over the current year and previous two years on the third grade reading portion of the MCA's, multiplied by the number of students enrolled at the school in the previous year. Similarly, Growth aid is calculated by multiplying \$85 times the percentage of students that make medium or high growth on the fourth grade MCA's multiplied by the previous year's student count. (124D.98) Estimated revenue for GSL for the 2013-2014 school year is \$90,000.00.

General Education Program Revenue

General education revenue is a combination of several revenue categories that provide the major share of funding for school districts. Most of the general education revenue is for the general operation of the school district and is not designated by the state for a specific purpose. General education revenue is part aid and part levy. The basic general education formula for 2013-2014 is \$5,302 per pupil unit.

The following reserves are taken out of the General Education Revenue and can only be used for allowable expenditures in that area or must be set up in a reserved account.

Basic Skills
Operating Capital
Learning & Development

Gifted and Talented
Deferred Maintenance
Staff Development

Glencoe-Silver Lake – General Education Program Revenue 2013-2014

Number of Adjusted Marginal Cost Pupil Units	1,856.73 (1/15/2014)
Basic Revenue	\$5,302.00
Gifted and Talented	\$12.00
Basic Skills	\$349.45
LEP Total	\$32.22
Transportation Sparsity	\$133.70
Equity	\$99.76
Transition	\$31.83
Operating Capital	\$213.74
Referendum	\$854.08
Alternative Attendance Adjustment	\$-31.35
Pension Adjustment -	\$-41.15
Total	\$6,956.27

Other Funding Categories

Health and Safety Levy

The district will receive \$126,916 in Health and Safety levy revenue for the 2013-2014 school year. Health and Safety revenue is generated by local levy. Health and Safety projects have to be submitted to the Department of Education for approval with final expenditures reported annually before Districts receive levy authority. Levy authority is based on accumulative expenses and revenues.

Safe Schools Levy

This is a levy funding component only that is used to pay for police officer liaisons, drug abuse prevention program, security, crime prevention, and student and staff safety. For GSL for 2013-2014 this amount is \$58,174.

Special Education

Districts receive funding to recognize a portion of the additional costs of providing required services to students with a disability. Special education revenue for a district is calculated by multiplying special education initial revenue by the statewide adjustment factor.

This budget is based on the projections from the Minnesota Department of Education (MDE) by using the most current district data from the previous year provided through the MARRS system and the special education EDRS system. MDE does the calculations for the tuition billing process that reduces aid to a district that owes money to another district for special education services and increases aid to districts that provide services to another district. GSL will receive approximately \$1,000,000 in special education revenue.

In addition, the school district is eligible for federal special education revenue that flows through the Southwest West Central Service Cooperative and then to the district. The

federal funds are used to pay for the districts fees and services provided directly from the Cooperative. Remaining dollars may be used to pay for district staff or supplies and equipment that qualify for federal funds and that are not being paid for with State Special Education Funds. The 2013-2014 federal entitlement dollars for GSL is \$312,556.

Career and Technical Levy

Categorical aid for secondary vocational programs expired in 2001-02 but has been replaced with levy authority. The aid has been replaced with a local levy authorization. The District will generate approximately \$29,815 in secondary career and technical revenue for the 2013-2014 school year.

Short Term Debt

The only short term debt that the district still has is the stadium lights at the athletic complex. This debt will mature on January 30, 2015. The balance owed as of June 30, 2013 is \$18,006. This debt is recorded in the general fund and is not part of the debt service fund.

(The following information is Historical Data from the 2010-2011 FY regarding delays in State Aids).

State Aid Payment Delay under M.S. 127A.46

Under M.S. 127A.46, if the Commissioner of Minnesota Management and Budget determines that modifications in the state aid payment schedule to school districts would reduce the need for state short-term borrowing, the state must first use its authority to delay state aid payments to school districts to the maximum extent allowable before engaging in state short term borrowing. The formula in M.S. 127A.46 establishes the maximum amount of payments that could be delayed for each school district, but authorizes the Commissioner of Education to implement a smaller delay as appropriate. Since the amount needed to avoid state short term borrowing is less than the maximum that could be delayed under the statute, the factors in the statutory formula have been adjusted.

M.S. 127A.46 was repealed with the 2011 legislative session. The state is no longer allowed to delay state aid payments to school districts to avoid state short term borrowing.

School Districts are normally scheduled to receive their State Aid Payments twice a month.

The following information is being retained in this document for historical purposes only.

January 27th, 2010

Breakdown of Delay of State Aid Payments

Resident Students – 2,066

Unappropriated Fund Balance – June 30, 2009 - \$4,165,289

Unreserved Fund Balance per Resident Pupil Unit – 1,997

Cash and Investments - \$5,636,440

Short Term Debt – 0

Minus - \$700 Per Resident Pupil Unit – (\$1,460,046)

Minus –May-June 2009 Tax Collections – Not FY 2009 Revenue – (\$669,683)

Maximum Aid Delay before Fund Balance Threshold - \$3,506,711

Maximum Aid Delay after Fund Balance Threshold - \$3,506,711

March 15th Projected Payment - \$534,978

March 30th Projected Payment - \$641,974

April 15th Projected Payment - \$427,983

Total - \$1,604,934

Total Delayed – 100% - \$1,604,934

Total Restored on May 30th - \$1,604,934 **Paid back 5/30/2010**

Round Two of Delayed State Aid Payments

July 21, 2010

Resident Students – 2,348

Unappropriated Fund Balance – June 30, 2009 - \$4,165,289

Unreserved Fund Balance per Resident Pupil Unit – 1,774

Cash and Investments - \$3,556,704

Short Term Debt – 0

Minus - \$700 Per Resident Pupil Unit – (\$1,643,880)

Minus –May-July 2010 Tax Collections – Not FY 2010 Revenue – (\$768,604)

Maximum Aid Delay before Fund Balance Threshold - \$1,144,222

Maximum Aid Delay after Fund Balance Threshold - \$1,144,222

September 15th, 2010 – December 15th, 2010 – Payments withheld - \$1,144,222

Total Delayed – 100% - \$1,144,222

January 30th, 2011 – Payment withheld - \$390,558

Total to be restored on May 30, 2011 - \$1,534,780

January 18, 2011 memo from Commissioner Cassellious, MDE

“However, districts are cautioned that the amount may not be received as a cash payment. This is due to the early recognition (tax shift) specified in Minnesota Statutes, section 123B.75, subd. 5, and the associated state aid adjustment that maintains the revenue neutrality of the early revenue recognition. Statute requires that the adjustment to aid occur as late in the year as possible, so for some districts, the tax shift adjustment to state aid may eliminate or reduce the payback amount.”

State Education Funding Accounting Shifts

There are two types of shifts that have been used in education finance to generate State Appropriation savings: school payment shifts and property tax recognition shifts. The savings generated by these shifts are one-time in nature, and the costs to pay them back are also one-time.

School Payment Shifts

The state aid share of school district revenue allocated through each school finance formula is called the “aid entitlement.” The amount paid to school districts by the State during each fiscal year is called the “appropriation.” The timing of the percentage of the entitlement paid in each fiscal year is set in State statute M.S. 127A.45. For FY10 the payment percentage was 73% of the entitlement is appropriated in the current fiscal year and 27% in the subsequent year. In simple terms, the State “borrows” money from school districts for a short term by withholding a portion of their payments until the start of the next fiscal year. Beginning with FY14 a 86.4%/13.6% payment schedule will be implemented to school districts. In October of 2013 the state aid payment calculations changed to a 90%/10% shift due to the positive State budget forecast. Under M.S. 16A.152, Subd. 2, aid payment shift will be repaid when state budget improves.

School districts use an “accrual” method of accounting: regardless of when a payment toward their current year entitlement is received, they count the entitlement amount as their revenue for the year. In reality, districts do experience a fiscal impact if they have insufficient cash on hand to manage their cash flow. Prior to the FY10 year, the shift in payments was 90/10. The 90/10 shift allowed for “settle up” payments to be made based on actual student data.

(Historical Information regarding the State Shift)

Due to the November 2012 Budget Forecast, the percentage amount of state aids payable during the current school year has been increased from 64.3 to 82.5 percent as a result of an improvement in the state’s budget outlook. Payments for school districts were adjusted

with the December 15th, 2012 payment to reflect the new percentage. The percentage of state aids payable during the current school year will be reviewed again when the February 2013 forecast is completed. If there is further improvement in the state's budget outlook for the FY2012 – FY2013 biennium, the current payment percentage will be increased again in March. If the state's budget outlook for the FY2012-FY2013 biennium remains the same or declines in February, the current payment percentage will remain at 82.5 percent, assuming no legislative change is made.

Property Tax Recognition

Property owners pay their property taxes in May and October during a calendar year. The county that receives the payments then transfers the school share to the school districts. If no shifting existed, all of the property tax collections paid in a calendar year would be recognized as revenue to the school district for the fiscal year. For example, taxes paid in calendar year 2012 would be revenue for the 2012-2013 school year. If there were no shifts, districts would collect half of their revenue before the fiscal year started from the May payment and half after, from the October payment.

When a property tax recognition shift is put in place, districts are told that they must recognize a portion of the May payment as revenue for the current year, rather than for the subsequent year. In turn, the State reduces the amount of state aid paid in the current fiscal year by any additional revenue districts who from early recognition of property tax payments. To pay off a property tax recognition shift, the district is required to recognize the revenue for the fiscal year starting on July 1st of the year in which it is collected and the State must provide sufficient aid for the fiscal year ending on June 30th of the calendar year to make sure that the district receives its entire entitlement amount.

The current property tax shift is 23.1% for FY2014 and later and will be repaid when the state budget improves.

Property Taxes

The School District Levy, 2012 Payable 2013 is levy that is approved in 2012 for taxes payable by property owners in 2013 for Revenue for the 2013-2014 school year. The levy is broken down into two parts; Voter approved levies and Other Local Levies. Voter approved levies would consist of Referendum Operating levies which are taxed on referendum Market Values and Debt Service Levies which are taxed on Net Tax Capacity Values or all land parcels.

Other levies include Operating Capital, Community Education, Health and Safety, ECFE, Safe Schools, Deferred Maintenance, Career and Technical, Reemployment, Equity and Building/Land Leases. These levy categories are taxed on Net Tax Capacity. Tax levies are based on state-determined formulas. Some tax levy increases are revenue neutral which is offset by a reduction in state aid.

Property Valuations

Market Values		% Growth
2006 Market Values	\$939,228,662	12.0%
2007 Market Values	\$1,003,511,534	6.8%
2008 Market Values	\$1,250,991,202	25%
2009 Market Values	\$1,422,493,700	13.7%
2010 Market Values	\$1,310,306,038	-7.89%
2011 Market Values	\$1,281,790,800	-2.176%
2012 Market Values	\$1,302,647,400	1.627%
Referendum Market Values		
2006 RMV	\$645,943,900	11.0%
2007 RMV	\$699,372,200	8.3%
2008 RMV	\$801,886,918	15%
2009 RMV	\$810,315,540	1.05%
2010 RMV	\$763,299,695	-5.8022%
2011 RMV	\$741,795,340	-2.817%
2012 RMV	\$705,710,810	-4.864%
Net Tax Capacity		
2006 NTC	\$8,694,412	
2007 NTC	\$9,171,676	
2008 NTC	\$11,345,329	24%
2009 NTC	\$12,651,068	11.5%
2010 NTC	\$11,575,799	-8.5%
2011 NTC	\$11,268,273	-9.439%
2012 NTC	\$11,409,812	1.256%
Adjusted Net Tax Capacity		
2006 ANTC	\$11,366,532	
2007 ANTC	\$11,431,081	
2008 ANTC	\$14,901,539	30%
2009 ANTC	\$14,831,656	-.47%
2010 ANTC	\$11,023,072	-25.678%
2011 ANTC	\$11,486,375	.89%
2012 ANTC	\$11,740,207	4.0143%

** Market Values – Includes all property

** Referendum Market Values – Excludes Ag Land and Seasonal Property

**Net Tax Capacity – Taxable Market Values x Class Rates

**ANTC – NTC/Sales Ratio of 98.1% (Sales Ratio compares actual sales to assessed values)

***2008 Values increased because of the consolidation with McLeod West

The property values changed substantially because of the consolidation with McLeod West effective July 1, 2009. By increasing the property tax base of the district, the levy increased from Pay 2009 to Pay 2010. Because of the increase in property tax base the

additional levy is spread on more property therefore decreasing the overall tax rate for the net tax capacity levies. The end result for the referendum market value rates did not see as much of a change because of the exclusion of the agriculture land. The majority of the tax base that the GSL district absorbed included the City of Brownton.

2011 Law Change: The 2011 Legislature repealed the Homestead Market Value Credit and replaced it with the Homestead Market Value Exclusion. This change is impacting the property taxes on all homesteaded and non-homesteaded property for Pay 2012. The Homestead Market Value Exclusion excludes from taxation 40% of the value on the first \$76,000 of a property's value. The amount excluded is reduced as the value rises above \$76,000 (the exclusion reduction is equal to 9% of the value above \$76,000. Homesteads that exceed \$413,800 in value will receive no homestead exclusion.

The impact of the change will vary for each property. The new "homestead exclusion" is going to mean higher property taxes for most property owners, even if property tax levies adopted by local governments do not increase.

(See attachment for more details on the property tax law change.)

Levy Limitation and Certification Summary
Revenue for the 2011-2012 and 2012-2013 and
Revenue for the 2013-2014 Fiscal Year and 2014-2015

Levy Category	Actual Levy Payable 2011	Actual Levy Payable 2012	Actual Levy Payable 2013	Actual Levy Payable 2014
	Revenue for FY12	Revenue for FY13	Revenue for FY14	Revenue for FY15
RMV Voter – Referendum	\$1,203,630.82	\$1,328,626.96	\$1,154,447.13	\$373,598.98
General RMV Equity/Transition	\$189,313.95	\$173,434.93	\$179,434.93	\$712,913.94
General -NTC				
Student Achievement				\$41,090.72
Operating Capital	\$289,494.72	\$260,550.00	\$242,855.62	\$190,663.49
Reemployment	-\$3,863.88	\$40,596.20	\$24,517.67	\$20,000.00
Safe Schools	\$60,465.79	\$36,619.00	\$58,174.50	\$62,232.30
Career and Technical	\$25,162.85	\$35,604.00	\$29,815.54	\$29,459.45
Health and Safety	\$68,246.65	\$39,387.00	\$126,915.69	\$81,099.72
Deferred Maintenance	\$122,717.40	\$121,010.00	\$116,349.00	\$110,338.20
Building Lease				\$160,792.60
Debt Service Adjustment				
Abatement Adjustment	\$-2,968.43	\$2,760.32	\$-2,416.63	\$
Total General NTC	\$559,255.10	\$536,531.52	\$596,211.39	\$695,676.48
Community Service				
Community Ed	\$103,332.20	\$103,428.10	\$103,428.10	\$103,428.10
ECFE	\$51,428.77	\$43,317.70	\$46,157.54	\$47,754.70
Home Visiting	\$1,395.20	\$1,267.20	\$1,121.60	\$1,091.20
School Age Care	\$12,500.00	\$12,500.00	\$12,500	\$12,500.00
Abatement Adjustment	\$-124.09	\$219.31	\$-76.93	\$
Total Community Service	\$168,532.08	\$160,732.31	\$163,130.31	\$164,774.00
General Debt Service – Non-Voter Approved MW	\$226,797.97	\$215,261.00	\$230,545.68	\$0
Total Pay Levy	\$2,347,529.92	\$2,414,586.72	\$2,323,663.11	\$1,946,963.40

Levy Limitation and Certification Summary
2011 Payable 2012
Revenue for the 2012-2013 Fiscal Year

Levy Category	Actual Levy Payable 2011	Proposed Levy Payable 2012	Actual Levy Payable 2012	Change over 2011
RMV Voter – Referendum	\$1,203,630.82	\$1,328,626.96	\$1,328,626.96	\$124,996.14
General RMV Equity/Transition	\$189,313.95	\$173,434.93	\$173,434.93	\$-15,879.02
General -NTC				
Operating Capital	\$289,494.72	\$260,550.00	\$260,550.00	\$-28,944.72
Reemployment	-\$3,863.88	\$65,596.20	\$40,596.20	\$44,460.08
Safe Schools	\$60,465.79	\$61,619.00	\$36,619.00	\$-23,846.79
Career and Technical	\$25,162.85	\$35,604.00	\$35,604.00	\$10,441.15
Health and Safety	\$68,246.65	\$88,297.00	\$39,387.00	\$-28,859.65
Deferred Maintenance	\$122,717.40	\$121,010.00	\$121,010.00	\$-1,707.40
Building Lease				
Debt Service Adjustment				
Abatement Adjustment	\$-2,968.43	\$2,760.32	\$2,760.32	\$5,728.75
Total General NTC	\$559,255.10	\$635,436.52	\$536,531.52	\$-22,723.58
Community Service				
Community Ed	\$103,332.20	\$103,428.10	\$103,428.10	\$95.90
ECFE	\$51,428.77	\$43,317.70	\$43,317.70	\$-8,111.07
Home Visiting	\$1,395.20	\$1,267.20	\$1,267.20	\$-128.00
School Age Care	\$12,500.00	\$25,000.00	\$12,500.00	0
Abatement Adjustment	\$-124.09	\$219.31	\$219.31	\$343.40
Total Community Service	\$168,532.08	\$173,232.31	\$160,732.31	\$-7,799.77
General Debt Service – Non-Voter Approved MW	\$226,797.97	\$215,261.00	\$215,261.00	\$-11,536.97
Total Pay Levy	\$2,347,529.92	\$2,525,991.72	\$2,414,586.72	\$67,056.80

Levy Limitation and Certification Summary
2012 Payable 2013
Revenue for the 2013-2014 Fiscal Year

Levy Category	Actual Levy Payable 2012	Proposed Levy Payable 2013	Actual Levy Payable 2013	Change over 2012
RMV Voter – Referendum	\$1,328,626.96	\$1,154,447.13	\$1,154,447.13	\$-174,179.83
General RMV Equity/Transition	\$176,434.93	\$179,328.60	\$179,328.60	\$2,893.67
General -NTC				
Operating Capital	\$260,550.00	\$242,855.62	\$242,855.62	\$-17,694.38
Reemployment	\$40,596.20	\$24,517.67	\$24,517.67	\$-16,078.53
Safe Schools	\$36,619.00	\$58,174.50	\$58,174.50	\$21,555.50
Career and Technical	\$35,604.00	\$29,815.54	\$29,815.54	\$-5,788.40
Health and Safety	\$39,387.00	\$126,915.69	\$126,915.69	\$87,528.69
Deferred Maintenance	\$121,010.00	\$116,349.00	\$116,349.00	\$-4,661.00
Building Lease				
Debt Service Adjustment				
Abatement Adjustment	\$2,765.32	\$-2,416.63	\$-2,416.63	\$5,182.01
Total General NTC	\$536,531.52	\$596,211.39	\$596,211.39	\$59,679.87
Community Service				
Community Ed	\$103,428.10	\$103,428.10	\$103,428.10	\$0
ECFE	\$43,317.70	\$46,157.54	\$46,157.54	\$2,839.84
Home Visiting	\$1,267.20	\$1,121.60	\$1,121.60	\$-145.60
School Age Care	\$12,500.00	\$12,500.00	\$12,500.00	\$0
Abatement Adjustment	\$219.31	\$-76.93	\$-76.93	\$-296.24
Total Community Service	\$160,732.31	\$163,130.31	\$163,130.31	\$2,398.00
General Debt Service – Non-Voter Approved MW	\$215,261.00	\$230,545.68	\$230,545.68	\$15,284.68
Total Pay Levy	\$2,414,586.72	\$2,323,663.11	\$2,323,663.11	\$-90,923.61

Levy Limitation and Certification Summary
2013 Payable 2014
Revenue for the 2014-2015 Fiscal Year

Levy Category	Actual Levy Payable 2012	Actual Levy Payable 2013	Actual Levy Payable 2014	Change over 2013
RMV Voter – Referendum	\$1,328,626.96	\$1,154,447.13	\$373,598.98	\$-780,848.15
General RMV Equity/Transition	\$176,434.93	\$179,328.60	\$712,913.94	\$533,585.34
General -NTC				
Student Achievement			\$41,090.72	\$41,090.72
Operating Capital	\$260,550.00	\$242,855.62	\$190,663.49	\$-52,191.13
Reemployment	\$40,596.20	\$24,517.67	\$20,000.00	\$-4,517.67
Safe Schools	\$36,619.00	\$58,174.50	\$62,232.30	\$4,057.80
Career and Technical	\$35,604.00	\$29,815.54	\$29,459.45	\$-356.09
Health and Safety	\$39,387.00	\$126,915.69	\$81,099.72	\$-45,815.97
Deferred Maintenance	\$121,010.00	\$116,349.00	\$110,338.20	\$-6,010.80
Building Lease			\$160,792.60	\$160,792.60
Debt Service Adjustment				
Abatement Adjustment	\$2,765.32	\$-2,416.63	\$0	\$2,416.63
Total General NTC	\$536,531.52	\$596,211.39	\$695,676.48	\$99,465.09
Community Service				
Community Ed	\$103,428.10	\$103,428.10	\$103,428.10	\$0
ECFE	\$43,317.70	\$46,157.54	\$47,754.70	\$1,597.16
Home Visiting	\$1,267.20	\$1,121.60	\$1,091.20	\$-30.40
School Age Care	\$12,500.00	\$12,500.00	\$12,500.00	\$0
Abatement Adjustment	\$219.31	\$-76.93	\$	\$76.93
Total Community Service	\$160,732.31	\$163,130.31	\$164,774.00	\$1,643.69
General Debt Service – Non-Voter Approved MW	\$215,261.00	\$230,545.68	\$0	\$-230,545.68
Total Pay Levy	\$2,414,586.72	\$2,323,663.11	\$1,946,963.40	\$-376,699.71

Assumptions – 2013-2014 – January 2014

The budget was developed based on a series of assumptions that reflect the administration's best estimate of the variables that impact revenue and expenditures for the district.

1. Enrollment

- Membership (ADM) – 1600
- Weighted Pupils -- 1863.33 (AMCPU)

2. Funding Per AMCPU

- Basic \$5,2244.00

3. Funding Per RMCPU

- Referendum \$727.36
- Resident Marginal Cost Pupil Units - 2188

4. Federal Programs – Title, Special Ed, Jobs Bill -- \$421,424

5. Interest Earnings --

- Increased due to an increase in cash flow
- Decreased because of low investment rates

6. Laws Impacting Budget

- Compensatory Funds
- Operating Capital
- Learning and Development
- Staff Development Set aside
- Operating Capital/Technology Funds

7. Expenditure Increases

- Salary and Benefits -- Per contract settlements
- Health Insurance --
- Supplies, equipment, contracted services –Based on 2013 actual expenses and known contracts
- Utilities --

- Electricity/Natural Gas – cold winter
 - Water and Sewer
 - Transportation – snow removal
- Building Project

FOOD SERVICE

FUND 02

The Food Service Fund is a self supporting activity with no property tax levy authority and minimal state aid. The fund is supported primarily from federal funds and local sales to students and adults. Participation in the school food service program drives the revenue streams for the district. As enrollment declines, lunch participation experiences a similar decrease. Therefore, food service programs face a major challenge to continue to operate in the black.

Capital expenditures may be made from the Food Service fund only if (1) the food service fund year-end unreserved fund balance is greater than the cost of the equipment to be purchased, and (2) prior approval has been obtained from the Minnesota Department of Education. (This requirement was repealed with the 2012 legislative session)

If a deficit in the food service fund exists on June 30th, and if that deficit is not eliminated by operations during the following year, it must then be eliminated by a permanent fund transfer from the General Fund. When a district contracts with a food service management company during the period in which the deficit accrued, the deficit must be eliminated by a payment from the food service management company.

The school district shall limit its fund balance amount that does not exceed 3 months average expenditures for its school food service. This amount is calculated using nine months as a service year.

The food service budget is developed by the food service management company with direct input from the Business Manager.

The USDA has issued new school meal requirements effective for the 2012-2013 school year. Meals are now limited to calorie counts at all age/grade levels with increased offerings in fruits and vegetables. The lunch menu is also limited in sodium content and only allowed to use whole grains in specific amounts along with proteins. This mandate is intended to make sure students are receiving age-appropriate, nutritionally –adequate meals that provide the right amount of energy from healthful food sources.

The 2013-2014 original food service budgets includes the following assumptions:

Revenue:

Student Participation: Consistent with 2012-2013 levels.

Meal prices: Had remained the same from the 2006-2007 school year through the 2010-2011 school year. Due to new Federal requirement changes lunch prices were increased by .05 for the 2011-2012 school year and .10 for the 2012-2013 school year and .10 for the 2013-2014 due to Federal funding mandates.

	<u>Breakfast</u>	<u>Lunch</u>	<u>Milk break/carton</u>
Elementary Students	\$1.10	\$2.20	\$ 50.00 (.40)
Secondary Students	\$1.10	\$2.40	.40
Adult	\$1.60	\$3.40	.40

The district continues to offer a free breakfast program for all K-12 students for the 2013-2014 school year.

Schools are eligible to receive 55 cents for each fully paid breakfast and 30 cents for each reduced price breakfast served in state aid. Districts that receive school breakfast aid must provide breakfast without charge to those students eligible for free and reduced price meals. Federal reimbursements for breakfast are .28 cents for a paid breakfast, 1.21 for reduced breakfast and 1.89 for each free breakfast served. Schools are eligible to receive 12.5 cents of state funding for each lunch served. Federal reimbursement rates are .28 cents for a paid lunch, 2.53 for a reduced lunch and 2.93 for a free lunch served. The school is also eligible for a reimbursement of .07 cents for after school snacks at the PAC program and .20 for Kindergarten milk and .205 for pre-school milk. Schools that comply with the new standards are eligible for reimbursement for school meals, as well as for a .06 per lunch performance-based reimbursement that became available on October 1, 2012.

Expenditures:

The 2012-2013 showed an ending food service fund balance of \$155,022. 2011-2012 showed an ending fund balance of \$158,367. 2010-2011 showed a fund balance of \$116,600. 2009-2010 had a fund balance of \$52,470 compared to (-\$2,625) for 2007-2008. The district contracts with Chartwell's Food Service for operation of the food service program. The 2012-2013 school year is the 4th year that the district has sub-contracted with Chartwell's. Prior to the sub-contract agreement with Chartwell's, the district worked with Taher Food Service Company.

By increasing the fund balance, the district has been able to keep the meal prices stable with the exception of the increase due to the federal mandate on prices. The percentage of students that qualify for free-reduced lunch is at 39.9% district wide at the October 1st child count. The percentage of students that participate in the lunch program is 79% at the elementary and 73% at the high school.

During the 2009-2010 school year, the district offered free breakfast to students that were taking the State MCA tests in grades 3-11 during April and May of 2010. Because of the success of the trial period and the healthy fund balance that we have, the board of education approved offering free breakfast to students in grades K-12 for the full 2010-2011 and the 2011-2012 and the 2012-2013 school years and continued in the 2013-2014 school year.

Because of the reimbursement rates from the State and Federal breakfast program and the projection of participation numbers we felt that we would be able to offer this program with at least a small margin of profit or at least be at a breakeven point. The goal of the Administration is to make sure that all students have the opportunity to

have a free breakfast and by offering breakfast gives students a better chance of being successful throughout the day.

Beginning in January of 2013 the district started to offer an after school snack program for students in grades 7-12 that stay after school for any type of after school activity. This could be athletics, Knowledge Bowl, One-Act Play, Robotics, Art Club, Mock Trial and Homework Club. The snack is served in the cafeteria from 3:10 until 3:30. The students can purchase the snack for \$1.00. Students that qualify for free or reduced meals are eligible for a free snack. This snack is part of the National School Lunch Program and will therefore be eligible for reimbursement from the State. The reimbursement rates are .07 for paid snacks, .39 for reduced and .78 for free. The success of the program will be determined by how many students are taking advantage of this offering. If the participation levels are too low to cover the expense, the program will be discontinued. Adults are also eligible to purchase the snack for \$1.25. Because of the large success of the snack program, the program was offered for the 2013-2014 school year beginning the 2nd week of school and will continue until the middle of May, Monday – Friday. Students that are eligible for free and reduced lunches are eligible for a free snack. Paid students are able to purchase the snack for \$1.00.

The district will need to start looking at the replacement of some major equipment items throughout the 3 kitchens in the district. Due to the age of the buildings/kitchens and the equipment, the Minnesota Department of Health is making recommendations of some things that need to be replaced. During the summer of 2011, we replaced the walk-in freezer cooler, the dishwasher and the stove at the Lakeside Elementary building. The cost of these replacements was \$68,113. Some of this expense will have health and safety levy authority. Depending on the June 30th fund balance, the remainder will be budgeted in food service and operating capital. The oven at the high school was replaced in October of 2013.

Federal/State law requires that school districts that sub-contract with a food service management company must go out for bids for that service every three years. The GSL district accepted bids in March of 2011 for the following three years. The new contract was awarded to Chartwell's.

The current contract with Chartwell's expired on June 30, 2014. The district will be receiving bids for the new contract on February 26th, 2014 for a new contract to begin on July 1st, 2014.

COMMUNITY SERVICES

FUND 04

The Community Services Fund is established in a district that provides services to residents in the areas of Adult Literacy, Early Childhood Family Education, School Readiness, extended day programs, enrichment programs for youth and adults, driver education, recreation and similar services. Non-public textbook and pre-school screening services are also provided through the community education fund.

Effective with the 2009-2010 audit, it was the recommendation of the auditors that approximately 80% of the operating budget for the field house operations be moved to fund 4 for community services. Because the membership fees and daily use fees are tuition based it needs to be recognized in fund 04 and not in the general fund. The field house is also utilized by the school's physical education classes and athletics, a portion of the operating costs is still recognized in the general fund.

Community Education is funded primarily from local levies and tuition based programs. The levy limitation is based on the 2010 census information of 13,026 for the GSL School District. All the components of Community Service have a different levy authority.

Fund 04 is broken out into the following areas and sub-categories:

Community Education

- Drivers Education
- Community Ed - \$5.42 x 13,026
 - Classes
 - Trips
 - Aquatics
- Field House
- Adult Basic Education
- Recreation
- School Age Care
- After School Enrichment - \$1.85 x 10,000 + .43 x 3,026
- Youth Services - \$1.00 x 13,026

Early Childhood Family Education – ECFE

- Home Visiting - \$1.60 x 766 (Est [population under 5])

School Readiness – No Levy

Non-Public

- **Health**
- **Textbook Aid**
- **Counseling**

Pre-School Screening

The following graph shows the revenue and expenditure budget for fund 04 for 2012-2013 with the breakdowns of the different areas within the fund 04 budget.

2013-2014 Fund 04 Budget

	Revenues	Expenditures
General Community Ed	\$70,523	\$114,688
Field House	\$112,000	\$137,382
Drivers Ed	\$1,600	\$2,305
Recreation	\$115,500	\$126,650
Aquatics	\$13,000	\$16,150
School Age Care	\$85,300	\$87,905
School Age Care Disabled	\$12,500	\$12,500
After School Enrichment	\$19,801	\$7,660
Youth Services	\$13,026	\$7,019
Classes	\$19,000	\$13,005
Trips	\$1,500	\$1,000
Adult Basic Education	\$45,410	\$45,410
ECFE	\$91,380	\$103,516
Home Visiting	\$1,122	\$1,158
School Readiness	\$54,486	\$71,333
Pre-School Screening	\$3,678	\$
Non-Public Aid	\$33,199	\$46,887
TOTALS	\$693,025 Revised	\$781,898 Revised

DEBT SERVICE

FUND 07

Long Term Debt

The GSL District now holds the long-term debt for the former McLeod West District. The GSL residents are not responsible for this debt as the debt was occurred by the former McLeod West District that ceased to exist on June 30, 2009. The Reorganizational Operating Debt Bonds were

for \$2,585,000 and are taxed to the previous McLeod West tax payers for a period of 5 years. The debt is levied by the GSL, GFW and BLH School Districts. GFW and BLH will pay their share to GSL who will make the bond payments. This levy begins with taxes payable in 2010. This legislation can be found in Chapter 20 –S.F. No. 811 from the 2009 Regular Session. The statute states that ISD #2887, McLeod West may issue general obligation bonds without an election, not to exceed the operating debt approved by the commissioner of education. The bonds must be repaid within six years of issuance. The bonded debt issued under this section remains payable by the taxable property located within the boundaries of former ISD #2887, McLeod West.

Reorganization Operating Debt for Old McLeod West

Fiscal year	Principal &Interest	GSL Percent Allocation	Debt Service Levy
FY2011	\$548,855.00	38.62244918%	\$222,580.40
FY2012	\$559,225.00	38.62244918%	\$226,797.97
FY2013	\$568,255.00	38.62244918%	\$230,447.80
FY2014	\$569,475.00	38.62244918%	\$230,942.55
FY2015	\$568,425.00	38.62244918%	\$230,516.93

Following the completion of the 2009-2010 school financial audit, it was determined that there was a debt excess amount of \$618,554 that will be applied to the outstanding debt obligation. This amount will eliminate the FY2015 amount that is due and reduce the FY 2014 amount due by \$50,129.00.

The School Board approved in March of 2011 the Partial Defeasance and Payment of Certain Maturities of the General Obligation Operating Debt Bonds of the McLeod West School District. The school district will establish an Escrow Fund with Northland Securities in the amount of \$614,378.44. This money will be held in escrow until the payments in 2014 and 2015 are due. See the following schedule of the Partial Deafeaseament and payment schedule.

\$2,585,000 ISD 2887 McLeod West, Brownton, Minnesota
Partial Deafeasance of 2009A
New Levy Based On Defeasing \$560,000 of Bonds

105% Levy

Date	Scheduled P&I	Less Capitalized Interest	Less Defeased Amount	Remaining P&I	105% Levy	GSL	BLH	GFW	Levy Year
2/1/10	45,903.33	45,903.33	-	-	-				-
2/1/11	548,855	-	-	548,855	576,298	222,580	239,641	114,076	2009
2/1/12	559,255	-	-	559,255	587,218	226,798	244,182	116,238	2010
2/1/13	568,255	-	37,450	530,805	557,345	215,260	231,760	110,324	2011
2/1/14	569,475		28,725	540,750	567,788	219,294	236,103	112,392	2012
2/1/15	568,425	-	568,425	-	-	-	-	-	2013

The 2013 Payable 2014 levy had no debt levy authority granted to any of the three supporting districts. The final bond payment was made February 1st, 2014. The remainder of the bond principal and interest will be paid by the Escrow account that was established. Any excess funds in the debt service fund will become a negative levy adjustment in subsequent levy years. Excess funds will go back to the McLeod West taxpayers as a levy adjustment.

TRUST-SCHOLARSHIP
FUND 08

With the consolidation of the McLeod West District, the GSL District is now the custodian of the former McLeod West Scholarship Fund. This fund relates to the Delores Irvin Scholarship, the Ted Damask Scholarship and various donations by organizations for scholarship awards. These funds are in a trust fund where the district only serves as the custodian of these funds. The funds cannot be used for the direct operations of the school district or any debt owed by the district and may only be used for the purpose of intent set forth by the donor.

The June 30, 2013 audited financial statement accounted for the following balances in the scholarship funds.

Delores Ervin - \$972,494
Ted Damask - \$5,058
Miscellaneous - \$7,503

STUDENT ACTIVITY ACCOUNTING

FUND 10 AND FUND 21 ACCOUNTS

The Glencoe-Silver Lake School district also operates student activity accounts that are not under board control but must meet and follow the Manual for the Uniform Financial Accounting and Reporting Standards (UFARS). The accounting of these funds must follow the same set of legally consistent and financially sound principals. The guidelines for operation of these accounts are found in the UFARS manual, Chapter 14. All expenses in these accounts must directly benefit the students who raised the money.

We run two separate accounts for our student activities. The first set of accounts is our “B” accounts or fund 21. Examples of these accounts would be FFA, BPA, Yearbook, Class accounts, National Honor Society, History Club. The money in these accounts is overseen by an advisor for the group and must have a student signature on the expense form. The student signature shows that the purpose of the expense and revenue has been discussed by the group and approved and not just dictated by the advisor. The expenditures and revenues must follow the standard 17 digit account code structure. Example would be E 21-060-292-962-000-401 – National Honor Society.

The second set of accounts is our building activity accounts. For internal purposes these are labeled Fund 10 accounts. The expenditures and revenues are tracked using the same 17 digit UFARS accounting code structure. We have 5 fund 10 accounts. One for each building; Helen Baker, Lakeside, Lincoln, High School and one for Activities. Those funds operate differently as no student involvement is needed. The Principals and Activity Director controls the funds in these accounts. For example, the kickback checks from the pop machines, or the Target checks will go into these accounts for the buildings. The Principals then decides how to use the funds as long as it benefits the students. But, they do not need the student signature. The Activity Fund for example is where the revenue and expense for Letterman’s jackets flow through. It is also the flow thru account for ordering of tee shirts or clothing items that students are paying for. The difference in this account compared to fund 21 accounts is that the account is crosswalked to fund 01. This means that the State sees those accounts as part of our unassigned general fund and is included in the audit. The B account, or fund 21 accounts are audited, but not included as district general fund dollars. For example; we use the code of E 10-060-292-992-000-401 for High School Activities. The state sees the code as E 01-060-292-992-000-401.

The difference in these accounts compared to all of our other operating fund accounts is that both the Fund 21 and Fund 10 carry forward their account balance into the next school year. So, for example, if there is \$5,000 left in the high school account at the end of the year, they will start the year with a \$5,000 balance. If a classroom or utility budget has remaining budget dollars left at the end of the year, those balances are cleared out and do not carry forward. Both the Fund 10 and Fund 21 show approximately \$200,000 worth of expenditures throughout the fiscal year.

FUND BALANCE SUMMARY
2009-2010
June 8, 2010

	June 30, 2009 Actual Fund Balance	Revenues 6-08-010	Expenditures 6-08-10	June 30, 2010 Actual Fund Balance
**General Fund	\$5,643,281			
Proposed 6-8-09		\$14,458,033	\$14,492,311	
Revised 12-14-09		\$15,312,200	\$14,975,213	
Revised 2-8-10		\$15,225,898	\$15,239,297	
Revised 6-14-10		\$15,552,867	\$15,155,606	
Transfers Out			\$1,418,554	\$5,724,025
Food Service	\$52,470			
Proposed		\$901,465	\$898,065	\$102,329
Revised				
Community Service	\$80,519			
Proposed		\$580,384	\$608,978	
Revised 12-14-09		\$579,952	\$592,827	
Revised 6-8-10		\$646,182	\$618,314	\$98,463
Debt Services	\$0			\$618,554
Scholarship Fund		\$17,600	\$3,277	\$1,006,772.37
Totals	\$4,996,187			
Proposed		\$15,939,882	\$15,999,354	
Revised		\$16,790,617	\$16,466,105	
		\$16,704,315	\$16,730,189	\$6,543,371

****Includes General Fund – Reserved and Unreserved**

****Unreserved/Undesignated Fund Balance was \$4,777,536 at June 30, 2010**

**** Total fund balance does not include the Scholarship Fund Balances**

****Transfers Out – Includes transfer of \$800,000 to internal service fund and \$618,554 of McLeod West Debt**

General Fund Revised Revenue Budget Based on the following ADM's –
June ADM's – 1631
December ADM's – 1725
February ADM's – 1697
June 2010 ADM's – 1663
Final ADM's June 30, 2010 - 1696

2010-2011 Budget
Board Approved
June 14, 2010

	June 30, 2010 Actual Fund Balance	Revenues 6-14-10	Expenditures 6-14-10	June 30, 2011 Actual Fund Balance
**General Fund	\$5,724,025			
Proposed 6-14-10		\$15,259,192	\$15,121,630	\$5,861,587
Revised 3-8-11		\$15,638,860	\$15,728,276	\$5,639,137
Final 6-30-11		\$16,108,999	\$15,548,030	\$6,272,103
		*****	*****	Fund 10 Included
Food Service				
Proposed	\$102,329	\$940,885	\$896,215	\$146,999
Final 6-30-11		\$1,008,019	\$993,748	\$116,600
Community Service				
Proposed	\$98,463	\$630,157	\$574,354	\$154,266
Revised		\$743,557	\$705,130	\$136,890
Final 6-30-11		\$742,534	\$700,698	\$140,299
Internal Service Fund	\$800,000			\$800,000
Final 6-30-11		\$2,302	\$0	\$802,302
Debt Service				
GSL Levy		\$222,580		
GFW & BLH		\$336,574	\$548,855	
Final 6-30-11		\$562,536	\$1,166,857	\$14,233
Scholarship				
D. Ervin	\$994,975	\$2,750	\$6,000	\$991,725
T. Damask	\$5,275	\$100	\$250	\$5,125
Misc	\$7,561			\$7,561
Final 6-30-11		\$3,310	\$21,587	\$998,833

***** - Does not include Fund 10 Revenues or Expenses

June 30, 2010 General Fund Unreserved - \$4,838,560

June 30, 2010 General Fund Reserved - \$885,46

2011-2012 Budget
Board Approved
June 13, 2011

	June 30, 2011 Actual Fund Balance	Revenues 6-13-011	Expenditures 6-13-11	June 30, 2012 Fund Balance
**General Fund	\$6,191,690			
Proposed 6-13-11		\$15,319,164	\$16,142,223	\$5,368,631
Revised		\$15,627,774	\$16,440,948	\$5,378,516
Final 6-30-12		\$15,895,771	\$16,232,328	\$5,855,133
				Without fund 10
Food Service	\$116,600			
Proposed 6-13-11		\$1,035,857	\$949,724	\$202,733
Final 6-30-12		\$953,642	\$911,875	\$158,367
Community Service	\$140,299			
Proposed 6-13-11		\$708,408	\$736,284	\$112,423
Revised			\$747,300	\$101,407
Final 6-30-12		\$757,949	\$722,820	\$175,428
Debt Service	\$14,233			
Proposed 6-13-11		\$570,055	\$559,255	\$
Final 6-30-12		\$557,376	\$540,530	\$31,079
Internal Service Fund	\$802,302			\$
Final 6-30-12		\$1,325	\$0	\$803,626
Scholarship	\$998,833	\$2,850	\$6,250	\$
D. Ervin				
T. Damask				
Misc				
Final 6-30-12		\$3,785	\$16,700	\$985,918
Total				

June 30, 2011 General Fund Unreserved - \$5,248,117 With Fund 10 (\$5,233,938 Without Fund 10)

June 30, 2011 General Fund Reserved - \$968,021

June 30, 2011 Non-spendable - \$10,052 June 30, 2011 Assigned - \$45,913

2012-2013 Budget
Board Approved
June 11, 2012

	June 30, 2012 Actual Fund Balance	Revenues 6-11-12	Expenditures 6-11-12	June 30, 2013 Fund Balance
**General Fund	\$5,855,133			
Proposed 6-11-12		\$15,775,596	\$16,197,910	\$5,432,819
<i>Revised 1-14-13</i>		<i>\$15,551,524</i>	<i>\$16,271,872</i>	\$5,134,785
<i>Revised 6-10-13</i>		<i>\$15,520,841</i>	<i>\$16,186,978</i>	\$5,188,993
<i>Final 6-30-13</i>		<i>\$16,063,652</i>	<i>\$16,267,901</i>	\$5,650,881
Food Service	\$158,367			
Proposed 6-11-12		\$993,394	\$967,782	\$183,979
<i>Revised 6-10-13</i>		<i>\$930,720</i>	<i>\$927,533</i>	\$151,554
<i>Final 6-30-13</i>		<i>\$921,321</i>	<i>\$924,666</i>	\$155,022
Community Service	\$175,428			
Proposed 6-11-12		\$693,340	\$736,615	\$132,153
<i>Revised 6-10-13</i>		<i>\$693,340</i>	<i>\$747,591</i>	\$121,177
<i>Final 6-30-13</i>		<i>\$765,664</i>	<i>\$744,571</i>	\$196,520
Debt Service	\$31,079			
Proposed 6-11-12		\$567,788	\$549,530	\$49,337
<i>Final 6-30-13</i>		<i>\$549,186</i>	<i>\$549,530</i>	\$30,735
Internal Service Fund	\$803,627			
<i>Final 6-30-13</i>		<i>\$827</i>		\$804,454
Scholarship	\$985,918	\$3,700	\$17,700	\$971,918
D. Ervin				
T. Damask				
Misc				
<i>Final 6-30-13</i>		<i>\$2,707</i>	<i>\$13,700</i>	\$974,925
Total				

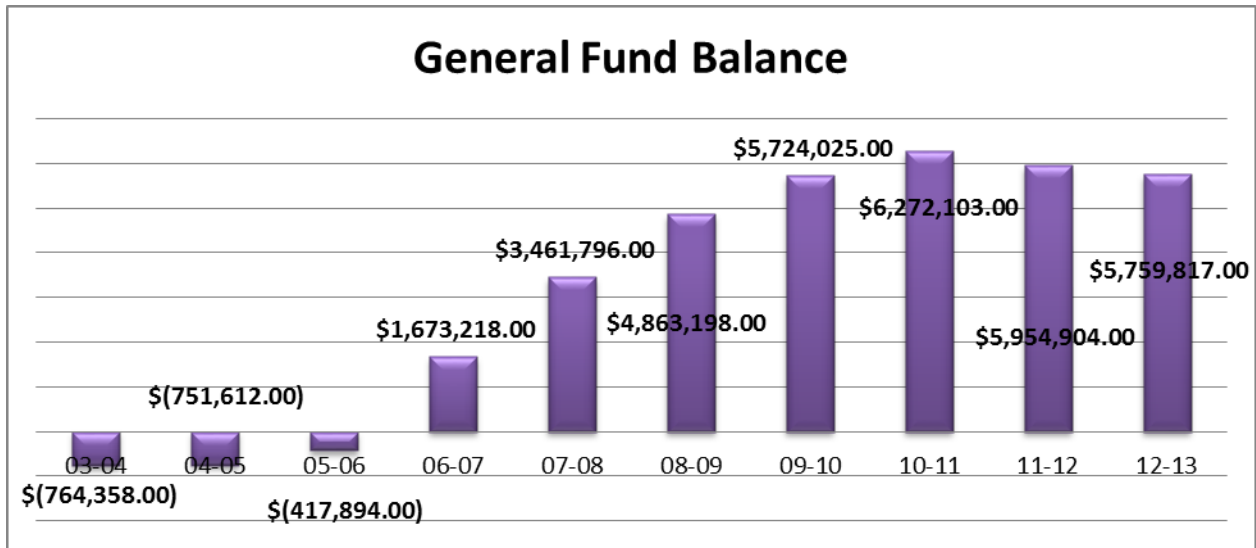
2013-2014 Budget
Board Approved
June 10, 2013

	June 30, 2013 Actual Fund Balance	Revenues 6-10-13	Expenditures 6-10-13	June 30, 2014 Fund Balance
**General Fund	\$5,650,881			
Proposed 6-10-13		\$15,507,049	\$16,481,774	\$4,676,156
<i>Revised</i>		<i>\$15,567,519</i>	<i>\$16,878,897</i>	\$4,339,503
<i>Revised</i>				
<i>Final 6-30-14</i>				
Food Service	\$155,022			
Proposed 6-10-13		\$963,006	\$962,325	\$155,703
<i>Revised</i>				
<i>Final 6-30-14</i>				
Community Service	\$196,520			
Proposed 6-10-13		\$704,148	\$775,235	\$127,434
<i>Revised</i>		<i>693,0250</i>	<i>\$781,898</i>	\$107,648
<i>Final 6-30-14</i>				
Debt Service	\$30,735			
Proposed 6-10-13		\$541,007	\$540,750	\$30,992
<i>Final 6-30-14</i>		<i>\$562,415</i>		\$52,400
Internal Service Fund	\$804,454			\$804,454
<i>Final 6-30-14</i>				
Scholarship				
D. Ervin	\$959,356	\$3,700	\$17,700	\$960,925
T. Damask	\$4,659			
Misc	\$7,903			
<i>Final 6-30-14</i>				
Total				

**General Fund
Fund Balance History**

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
(-743,963)	(-709,657)	(-764,358)	(-751,612)	(-417,894)	1,673,218	3,461,796	4,863,198

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
5,724,025	6,272,103	5,954,904	5,759,817				

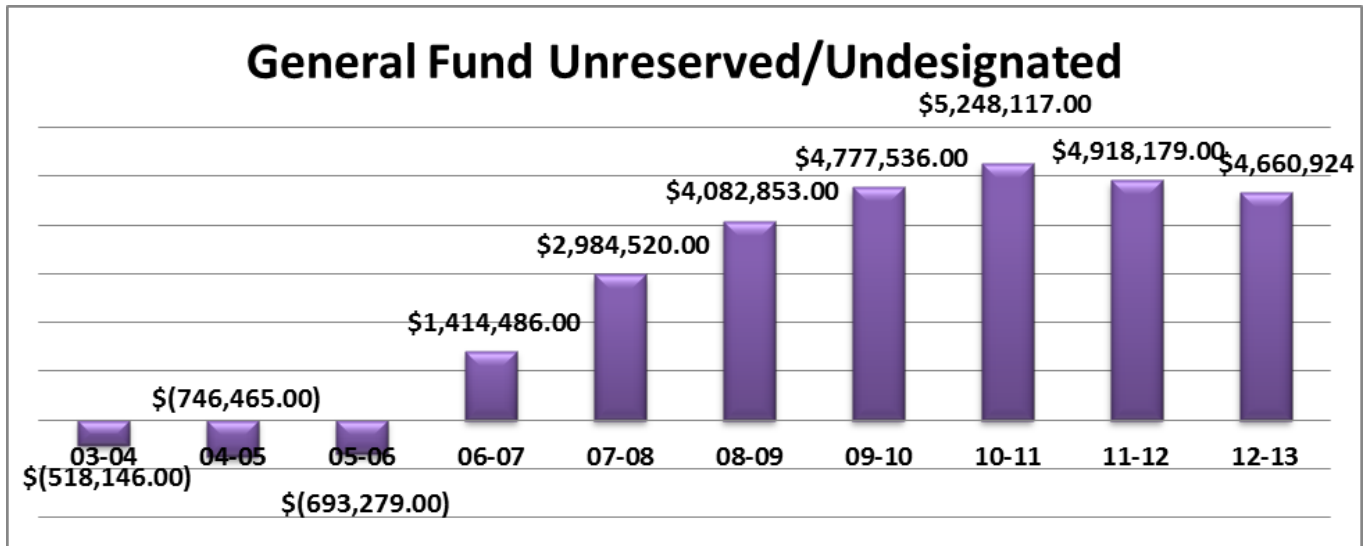


General Fund Unreserved/Undesignated

2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
(-777,421)	(-654,096)	(-518,146)	(-746,465)	(-693,279)	1,414,486	2,984,520	4,082,853

2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	
4,777,536*	5,248,117*	4,918,179	4,660,924				

*Includes fund 10 in the audited numbers.



GASB 54

In 2011 the Governmental Accounting Standards Board issued a new pronouncement, GASB 54 – Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 eliminates the current use of the terms “reserved” and “designated” in the reporting of fund balance, and replaces those terms with five new categories for segregating fund balance. This new requirement created five new fund balance classifications – Nonspendable, restricted, committed, assigned and unassigned. This standard was effective for fiscal year ending June 30th, 2011. The districts fund balance policy was revised to reflect these changes. See below for revised fund balance policy for Glencoe-Silver Lake Schools.

Adopted: June 12, 2000

Revised: November 8, 2007, December 8, 2008, January 11, 2010, May 9, 2011

714 FUND BALANCE POLICY

PURPOSE

The purpose of this policy is to create new fund balance classifications to allow for more useful fund balance reporting and for compliance with the reporting guidelines specified in Statement No. 54 of the Governmental Accounting Standards Board (GASB).

GENERAL STATEMENT OF POLICY

The policy of this school district is to comply with GASB Statement No. 54. To the extent a specific conflict occurs between this policy and the provisions of GASB Statement No. 54, the GASB Statement shall prevail.

DEFINITIONS

- A. “Assigned” fund balance amounts are comprised of unrestricted funds constrained by the school district’s intent that they be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. In funds other than the general fund, the assigned fund balance represents the remaining amount that is not restricted or committed. The assigned fund balance category will cover the portion of a fund balance that reflects the school district’s intended use of those resources. The action to assign a fund balance may be taken after the end of the fiscal year. An assigned fund balance cannot be a negative number.
- B. “Committed” fund balance amounts are comprised of unrestricted funds used for specific purposes pursuant to constraints imposed by formal action of the school board and that remain binding unless removed by the school board by subsequent formal action. The formal action to commit a fund balance must occur prior to fiscal year end; however, the specific amounts actually committed can be determined in the subsequent fiscal year. A committed fund balance cannot be a negative number.
- C. “Enabling legislation” means legislation that authorizes a school district to assess, levy, charge, or otherwise mandate payment of resources from external providers and includes a legally enforceable requirement that those resources be used only for the specific purposes listed in the legislation.
- D. “Fund balance” means the arithmetic difference between the assets and liabilities reported in a school district fund.
- E. “Nonspendable” fund balance amounts are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.
- F. “Restricted” fund balance amounts are comprised of funds that have legally enforceable constraints placed on their use that either are externally imposed by resource providers or creditors (such as through debt covenants), grantors, contributors, voters, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.
- G. “Unassigned” fund balance amounts are the residual amounts in the general fund not reported in any other classification. Unassigned amounts in the general fund are technically available for expenditure for any purpose. The general fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

- H. “Unrestricted” fund balance is the amount of fund balance left after determining both nonspendable and restricted net resources. This amount can be determined by adding the committed, assigned, and unassigned fund balances.

IV. CLASSIFICATION OF FUND BALANCES

The school district shall classify its fund balances in its various funds in one or more of the following five classifications: nonspendable, restricted, committed, assigned, and unassigned.

V. MINIMUM FUND BALANCE

To ensure the financial strength and stability of the District, the Board will endeavor to maintain a minimum of 20% of the District’s General Fund operating budget, excluding those accounts associated within the Restricted category, in the combined total of the General Fund Committed, Assigned and Unassigned fund balances.

VI. ORDER OF RESOURCE USE

If resources from more than one fund balance classification could be spent, the school district will strive to spend resources from fund balance classifications in the following order (first to last): restricted, committed, assigned, and unassigned. Journal entries at the end of the fiscal year may be used to accomplish this.

VII. COMMITTING FUND BALANCE

A majority vote of the school board is required to commit a fund balance to a specific purpose and subsequently to remove or change any constraint so adopted by the board.

VIII. ASSIGNING FUND BALANCE

The school board, by majority vote, may assign fund balances to be used for specific purposes when appropriate. The board also delegates the power to assign fund balances to the following: business manager or an entity such as the finance committee. Assignments so made shall be reported to the school board on a monthly basis, either separately or as part of ongoing reporting by the assigning party if other than the school board.

An appropriation of an existing fund balance to eliminate a projected budgetary deficit in the subsequent year’s budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

IX. REVIEW AND ADJUSTMENT

The fund balance will be reviewed and adjusted annually prior to the adoption of the preliminary budget and following the yearend audit. The fund balance policy target should

be reviewed to reflect enrollment, adjustments, inflation and recommendations from the district auditors and the State Auditor's Office.

REVIEW AND ADJUSTMENT

The fund balance will be reviewed and adjusted annually prior to the adoption of the preliminary budget and following the yearend audit. The fund balance policy target should be reviewed to reflect enrollment, adjustments, inflation and recommendations from the district auditors and the State Auditor's Office.

Referendum Revenue and Location Equity Revenue

July 29, 2013

GLOSSARY

Glossary

Preface

The glossary is in a constant state of improvement. It contains items that are primarily related to the business end of education, concentrating on revenues and expenditures in particular. Items were obtained from local districts, documents from the Fiscal Analysis Department of the Minnesota House of Representatives, Minnesota Statutes and texts on accounting.

The technical definition of dimension codes for items such as fund, finance, organization, source, program, object and course are contained in the individual chapters by the same names.

A

abatement: A reduction of a previously recorded expenditure or receipt item by such things as refunds, rebates, and collections for loss or damages to school property.

abatement of expenditure: Cancellation of a part or the whole of a charge previously made, usually due to refunds, rebates, resale of materials originally purchased by the school district, or collections for loss or damage to school property. Applies to both current expense and capital outlay. The term "abatement" does not include tuition, fees, or rentals.

abatement of revenue: Cancellation of part or the whole of any specific revenue previously received, usually federal grants or subventions, or refunds of money previously received through error.

account: An accounting record in which the results of transactions are accumulated; shows increases, decreases, and a balance.

accountability: The capability and the responsibility to account for the expenditure of money and the commitment of other resources in terms of the results achieved. This involves both the stewardship of money and other resources and the evaluation of achievement in relation to specified goals.

accounting: A service activity designed to accumulate, measure, and communicate financial information about economic entities for decision-making purposes.

accounting cycle: The procedures for analyzing, recording, classifying, summarizing, and reporting the transactions of a business.

accounting model: The basic accounting assumptions, concepts, principles, and procedures that determine the manner of recording, measuring, and reporting an entity's transactions.

accounting system: The set of manual and computerized procedures and controls that provide for identifying relevant transactions or events; preparing accurate source documents, entering data into the accounting records accurately, processing transactions accurately, updating master files properly, and generating accurate documents and reports.

account payable: An amount owed to a supplier for good or services purchased on credit; payment is due within a short time period, usually 30 days or less.

account receivable: A current asset representing money due for services performed or merchandise sold on credit.

accrual basis accounting: A system of accounting in which revenues and expenses are recorded as they are earned and incurred, not necessarily when cash is received or paid.

accrued expenses: Expenses that arise through adjusting entries when accounting for unrecorded expenses.

accrued liabilities: Liabilities that arise through adjusting entries when accounting for unrecorded liabilities.

accumulated depreciation: The total depreciation recorded on an asset since its acquisition; a contra account deducted from the original cost of an asset on the balance sheet.

activity: A specific line of work carried on by a school district in order to perform its functions.

adjusted marginal cost pupil units: The current pupil units or sum of 77% of the adjusted pupil units computed using current year data, plus 23% of the adjusted pupil units computed using prior year data, which ever is greater.

adjusted net tax capacity (ANTC): The net tax capacity of a school district as adjusted by the sales ratio (Net Tax Capacity divided by the sales ratio). The purpose of the adjustment is to neutralize the effect of different assessment practices among the taxing jurisdiction of the state.

adjusted pupil units: The sum of pupil units served plus pupil units whom the district pays tuition under an agreement with another district, minus pupil units for whom the district receives tuition under an agreement with another district.

adjusting entries: Entries required at the end of each accounting period to recognize, on an accrual basis, revenues and expenses for the period and to report proper amounts for asset, liability, and owners' equity accounts.

administrative unit, intermediate: A unit smaller than the state which exists primarily to provide consultative, advisory, or statistical services to local basic administrative units, or to exercise certain regulatory and supervisory functions over local basic administrative units. An intermediate unit may operate schools or contract for school services, but it does not exist primarily to render such services. Such units may or may not have taxing and bonding authority.

administrative unit, local basic: An administrative unit at the local level that exists primarily to operate schools or to contract for school services. Normally, taxes can be levied against such units for school purposes. These units may or may not have the same boundaries as county, city, or town boundaries. (This term is used synonymously with the term 'school system' and 'LEA'.)

admissions: Money received for a school-sponsored activity such as a dance or football game. Admissions may be recorded in separate accounts according to the type of activity.

adult basic education (ABE): Learning experiences concerned with the fundamental tools of learning for adults who have never attended school or who have interrupted formal schooling and need this knowledge and these skills to raise their level of education to increase self confidence, and/or self determination, to prepare for an occupation, and to function more responsibly as citizens in a democracy.

adult education: College, vocational, or occupational programs, continuing education or noncredit courses, correspondence courses and tutoring, as well as courses and other educational activities provided by employers, community groups, and other providers.

ad valorem taxes levied by another government unit: Taxes levied for school purposes by a government unit other than the LEA. The LEA is not the final authority, within legal limits, in determining the amount to be raised. For example, after a LEA has determined that a certain amount of revenue is necessary, another governmental unit may exercise discretionary power in reducing or increasing the amount. Separate accounts may be maintained for real property and for personal property.

ad valorem taxes levied by LEA: Taxes levied by a LEA on the assessed valuation of real and personal property located within the LEA which, within legal limits, is the final authority in determining the amount to be raised for school purposes. Separate accounts may be maintained for real property and for personal property.

adverse opinion: Audit report indicating the auditor believes the overall financial statements are so materially misstated or misleading that the statements do not fairly represent the financial position or results of the operations and cash flows.

agency fund: A fund used to account for assets where the school district has a formal agency agreement with other governmental units, employees, students or others. As an agent, the district holds assets for others and performs duties as directed.

agent: One who represents, acts for, and accounts to another. The powers of a general agent are broad. The agent initiates transactions in the name of a principal and carries on operations within a large discretionary area. The agent functions often resemble those of a general manager. A special agent, on the other hand, is restricted to the performance of a single act or the conduct of a single transaction.

aggregate days attendance: The sum of the days present (actually attended) of all pupils when school was actually in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also Day in Session and Day of Attendance.

aggregate days membership: The sum of the days present and absent of all pupils when school was in session during a given reporting period. Only days on which the pupils are under the guidance and direction of teachers should be considered as days in session. See also Day in Session and Day of Attendance.

aid anticipation note: A note issued in anticipation of reception of state aid, usually retireable only from aid collections.

allot: To divide an appropriation into amounts for certain periods or for specific purposes.

allotment: A portion of an appropriation or special fund set aside to cover expenditures and encumbrances for a certain period or purpose.

allotment ledger: A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures, encumbrances, the next balance, and other related information. See also Appropriation Ledger.

alternative learning center (ALC): These are year around educational service areas that take students who are at risk of not completing high school.

alternative learning programs (ALP): These are year around or traditional school year programs that serve at risk students. The programs are more closely aligned to a host district.

amortization of debt: (a) Gradual payment of an amount owed according to a specified schedule of times and amounts. (b) Provision for paying a debt by means of a Sinking Fund.

amortization: The process of cost allocation that assigns the original cost of an intangible asset to the periods benefited.

amount available in debt redemption funds: An account in the General Long Term Debt group of accounts which designates the amount of assets available in a Debt Redemption Fund for the retirement of neural obligation term bonds.

amount to be provided for payment of bonds: An account in the General Long Term Debt group of accounts which represents the amount to be provided from taxes or other general revenue to retire outstanding general obligation term bonds.

annualization: The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost \$500,000 for six months of operation is \$1,000,000.

annual report: A document that summarizes the results of operations and financial status of a company for the past year and outlines plans for the future.

annuity: A series of equal amounts to be received or paid at the end of equal time intervals.

apportionment: (1) The act of apportioning. (2) An item of receipts resulting from the act of apportioning, such as state apportionment. (See Allotment.)

apportionment aid: A semi-annual distribution of the Endowment Fund included in the foundation program aid calculation.

apportionment notice: A monthly or periodic advice of apportionment from one office to another as from the county auditor to the school district.

appraisal: The act of making an estimate of value, particularly of the value of property, by systematic procedures that include physical examination, pricing, and often estimates. Also, the value established by estimating.

appraised value: The value established by appraisal. See also Appraisal.

appropriations: An authorization granted by the legislative body to make expenditures and to incur obligations for specific purposes. The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation.

appropriations cap: Legislatively-placed limits on spending in the biennium following the budget period under consideration. Caps allow spending projections to be lower than they would otherwise be under current law.

appropriations (federal funds): Budget authority provided through the congressional appropriation process that permits federal agencies to incur obligations and to make payments.

appropriations (institutional revenues): An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

arbitrage: The financial gain that can be garnered by selling bonds and reinvesting the bond proceeds at a higher rate.

architecture and engineering: Pertains to architectural and engineering activities related to Land Acquisition and Improvement and Building Acquisition, Construction, and Improvements.

articulation: The interrelationships among the financial statements.

assessed valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

assessment: (1) The process-of making the official valuation of property for the purpose of taxation. (2) The valuation placed upon property as a result of this process. Note: 'Assessment' is sometimes used to denote the amount of taxes levied but such usage is not recommended since it fails to distinguish between the valuing process and the, tax levying process. The term is also used erroneously as a synonym for 'special assessment.'

assessment roll: In the case of real property, the official list containing the description of each parcel of property and its assessed valuation. In the case of other property, the official list containing the name and address of each owner of such property and its assessed value. Note: In the case of real property, too, the name and address of the last known property owner are frequently shown. These additional facts are, however, usually given merely for convenience and are not essential to make the assessment legal.

assessment, special: A compulsory levy made by a local government against certain properties to defray part or all of the cost of a specific improvement or service which is presumed to be of general benefit to the public and of special benefit to the owners of such properties.

assets: Economic resources that are owned or controlled by an entity.

attendance officers: Persons who enforce the compulsory attendance laws, analyze causes of non-attendance, and help to improve the attendance of individual. pupils.

attendance, aggregate days: See Aggregate Days Attendance.

audit: The result of an independent accountant's review of the statements and footnotes to ensure compliance with generally accepted accounting principles and to render an opinion on the fairness of the financial statements.

audit committee: Members of a client's board of directors who are responsible for dealing with the external and internal auditors.

audit report: A report issued by an independent CPA that expresses an opinion about whether the financial statements present fairly a company's financial position, operating results, and cash flows in accordance with generally accepted accounting principles.

audited voucher: A voucher which has been examined and approved for payment.

average daily attendance (ADA): The aggregate attendance of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

average daily membership (ADM): The aggregate membership of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

B

balanced budget: The requirement imposed on the state's general fund biennial budget that revenues must be greater than or equal to expenditures.

balance sheet: The financial statement showing the financial position of a fund or school district at a specified date.

bank reconciliation: The process of systematically comparing the cash balance as reported by the bank with the cash balance on the company's books and explaining any differences.

base: Usually calculated from the most recent amount spent by an agency for a program. The base is the agency's current spending level with adjustments made for costs not likely to recur.

biennium: Minnesota has a two-year (biennial) budget period. The legislature appropriates the major portion of the budget in the odd-numbered year session, and makes adjustments as needed during the even-numbered years.

bilingual education: Programs in which students with limited English proficiency are taught using their native language.

board of education, public: The elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in a geographical area. These bodies are sometimes called school boards (in Minnesota), governing boards, boards of directors, school committees, or school trustees. This definition relates to the general term and covers state boards, intermediate administrative unit boards, and local basic administrative unit boards.

board secretary: The individual performing the duties of the secretary of the board of education.

board treasurer: The individual performing the duties of the treasurer of the board of education.

bond: A contract between a borrower and a lender in which the borrower promises to pay a specified rate of interest for each period the bond is outstanding and repay the principal at the maturity date.

bond attorney: The attorney who approves the legality of a bond issue.

bond carrying value: The face value of bonds minus the unamortized discount or plus the unamortized premium.

bond discount: The difference between the face value and the sales price when bonds are sold below their face value.

bond indenture: A contract between a bond issuer and a bond purchaser that specifies the terms of a bond.

bonding: Authorization to provide for issuance of debt instruments, as well as the use of money raised through the issuance for capital projects.

bond maturity date: The date at which a bond principal or face amount becomes payable.

bond premium: The difference between the face value and the sales price when bonds are sold above their face value.

bond rating: Ratings for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds. Better bond ratings result in lower interest rates for the bonds issued.

bond referendum: Funding for a proposed public building or major remodeling project submitted for local voter approval.

book value: The net amount shown in the accounts for an asset, liability, or owners' equity item.

books of original entry: The record in which various transactions are formally recorded for the first time, such as cash journal, check register, or general journal. Where machine bookkeeping is used, it may happen that one transaction is recorded simultaneously in several records, one of which may be regarded as the book of original entry.

budget: A plan of financial operation embodying an estimate of proposed expenditures for a given period or purpose and the proposed means of financing them. The budget usually consists of three parts. The first part contains a message from the budget-making authority together with a summary of the proposed expenditures and the means of financing them. The second part consists of schedules supporting the summary. The schedules show in detail the proposed expenditures and means of financing them together with information as to past years' actual revenues and expenditures and other

data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

budget document: The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates. The third part is composed of drafts of the appropriation, revenue, and borrowing measures necessary to put the budget into effect.

budgetary accounts: Those accounts necessary to reflect budget operations and conditions, such as estimated revenues, appropriations, and encumbrances, as distinguished from proprietary accounts. See also Proprietary Accounts.

budgetary control: The control or management of the business affairs of the school district in accordance with an approved budget with a view toward keeping expenditures within the authorized amounts.

budgeting: Pertains to budget planning, formulation, administration, analysis, and evaluation.

building - for insurance purposes only: The term 'building' includes fixed equipment, and the term 'contents' means movable equipment and supplies within the building.

building: One continuous structure, which may or may not be connected with other structures by passageways. It includes the building itself and the plumbing, heating, ventilating, mechanical, and electrical work, and lockers, cabinets, and shelves, which are built into the building. Two structures connected by a breezeway, a covered walkway, or tunnel would be two buildings.

building acquisition, construction, and improvements: Pertains to building acquisition through purchase or construction, and building improvements. It includes initial installation or extension of service systems and other built-in equipment, as well as building additions.

building construction fund: A fund used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans.

business documents: Records of transactions used as the basis for recording accounting entries; includes invoices, check stubs, receipts, and similar business papers.

business expenses: Expenses that have been paid or incurred in the course of business and that are ordinary, necessary, and reasonable in amount.

business: An organization operated with the objective of making a profit from the sale of goods or services.

C

calendar year: An entity's reporting year, covering 12 months and ending on December 31.

callable bonds: Bonds for which the issuer reserves the right to pay the obligation before its maturity date.

capital: The total amount of money or other resources owned or used to acquire future income or benefits.

capital account: An account in which a proprietor's or partner's interest in a firm is recorded; it is increased by owner investments and net income and decreased by withdrawals and net losses.

capital expenditure: An expenditure that is recorded as an asset because it is expected to benefit more than the current period.

capital gain: The excess of the selling price over the cost basis when assets, such as securities and other personal and investment assets, are sold.

capital lease: A leasing transaction that is recorded as a purchase by the lessee.

cash: Coins, currency, money orders, checks, and funds on deposit with financial institutions; the most liquid of assets.

cash balance: Total amount of cash to the credit of a governmental unit (school district), as of a given date.

cash basis: Gross income is recognized when cash is received.

cash basis accounting: A system of accounting in which transactions are recorded and revenues and expenses are recognized only when cash is received or paid.

cash disbursements journal: A special journal in which all cash paid out for supplies, merchandise, salaries, and other items is recorded.

cash discount: An allowance received or given if payment is completed within a stated period. The term is not to be confused with 'trade discount.'

cash over and short: An account used to record overages and shortages in petty cash.

cash receipts journal: A special journal in which all cash received, from state aid, levies, interest, rent, or other sources, is recorded.

categorical aid: Educational support funds provided from a higher governmental level and specifically limited to (earmarked for) a given purpose; for example, special education, transportation, or vocational education.

census: The school census is an enumeration and collection of data, as prescribed by law, conducted each year to determine the number of children of certain ages resident in a given district and to secure other information pertinent to education by the state board of education.

certified public accountant (CPA): A special designation given to an accountant who has passed a national uniform examination and has met other certifying requirements; CPA certificates are issued and monitored by state boards of accountancy or similar agencies.

chart of accounts: A list of all accounts generally used in an individual accounting system. In addition to account title, the chart includes an account number that has been assigned to each account. Accounts in the chart are arranged with accounts of a similar nature. For example, assets and liabilities.

charter (articles of incorporation): A document issued by a state that gives legal status to a corporation and details its specific rights, including the authority to issue a certain maximum number of shares of stock.

check: A bill of exchange drawn on a bank payable on demand; a written order on a bank to pay on demand a specified sum of money to a named person, to his/her order, or to bearer out of money on deposit to the credit of the maker. A check differs from a warrant in that the latter is not necessarily payable on demand and may not be negotiable; and it differs from a voucher in that the latter is not an order to pay. A voucher check combines the distinguishing marks of a voucher and a check. It shows the propriety of a payment and is an order to pay.

classified balance sheet: A balance sheet in which assets and liabilities are subdivided into current and non-current categories.

class rate: A state-determined rate that establishes the relative property tax burdens among different classes of property.

clearing accounts: Accounts used to accumulate total receipts or expenditures either for later distribution among the accounts to which such receipts or expenditures are properly allocable, or for recording the net differences under the proper account. See also Revolving Fund, Prepaid Expenses, and Petty Cash.

closed transaction: A transaction that is completed within the accounting period; both the purchase and payment or sale and receipt of payment occur within the same accounting period.

closing entries: Entries that reduce all nominal, or temporary, accounts to a zero balance at the end of each accounting period, transferring their pre closing balances to a permanent balance sheet account.

co-curricular activities: co-curricular activities are comprised of the group of school-sponsored activities, under the guidance or supervision of qualified adults, designed to provide opportunities for

pupils to participate in such experiences on an individual basis, in small groups, or in large groups at school events, public events or a combination of these for such purposes as motivation, enjoyment, and improvement of skills. Related to a credit-granting mechanism, such as a course or standard. See also Student Body Activities.

coding: A system of numbering, or otherwise designating, accounts, entries, invoices, or vouchers in such a manner that the symbol used reveals quickly certain required information.

combined elementary and secondary school: A school that encompasses instruction at both the elementary and secondary levels. Examples of combined elementary and secondary school grade spans would be grades 1-12 or grades 5-12.

community education fund: A fund used to account for all financial activities of the Community Education program.

comparability: The characteristic of commonality among or between selected elements measured in terms of identical constants. The accuracy of the measurement of the degree of comparability is usually dependent on the number of constants applied.

comparative financial statements: Financial statements in which data for two or more years are shown together.

compensatory revenue: A portion of general education revenue based on the number of students in a school district that qualify for free and reduced-price lunches.

complete special audit: A complete audit of some particular phase of a governmental unit's activities, such as Debt Redemption Fund transactions or a complete audit of all of a governmental unit's transactions for a shorter or longer period of time than the usual audit period. See Complete Audit, Special Audit.

compound journal entry: A journal entry that involves more than one debit or more than one credit or both.

compounding period: The period of time for which interest is computed.

consignee: A vendor who sells merchandise owned by another party, known as the consignor, usually on a commission basis.

consignment: An arrangement whereby merchandise owned by one party (the consignor) is sold by another party (the consignee), usually on a commission basis.

consignor: The owner of merchandise to be sold by someone else, known as the consignee.

consolidated financial statements: Statements that report the combined operating results, financial position, and cash flows of two or more legally separate but affiliated companies as if they were one economic entity.

constant dollars: Dollar amounts that have been adjusted by means of price and cost indexes to eliminate inflationary factors and allow direct comparison across years.

construction contracts payable: Amounts due by a LEA on contracts for construction of buildings, structures, and other improvements.

construction contracts payable: Retained percentage. Liabilities on account of construction contracts for that portion of the work which has been completed but on which part of the liability has not been paid pending final inspection, or the lapse of a specified time period, or both. The unpaid amount is usually a stated percentage of the contract price.

construction work in progress: The cost of construction work undertaken but not yet completed.

consultant: A person who gives professional or technical advice and assistance. A consultant may perform his services under contract (purchased services) or he may be an employee on the payroll of a state agency.

consumer price index (CPI): This price index measures the average change in the cost of a fixed market basket of goods and services purchased by consumers.

contingent fund: Assets or other resources set aside to provide for unforeseen expenditures, or for anticipated expenditures of uncertain amount.

contingent liability: A potential obligation, dependent upon the occurrence of future events.

contra account: An account that is offset or deducted from another account.

contracted services: Service rendered by personnel who are not on the payroll of the school district, including all related expense covered by the contract.

contracts payable: Amounts due on contracts for goods and services received by a LEA.

control account: A summary account in the General Ledger that is supported by detailed individual accounts in a subsidiary ledger.

control activities: Policies and procedures used by management to meet its objectives; generally divided into adequate segregation of duties, proper authorization of transactions and activities, adequate documents and records, physical control over assets and records, and independent checks on performance.

control environment: The actions, policies, and procedures that reflect the overall attitudes of top management, the directors, and the owners about control and its importance to the entity.

convertible bonds: Bonds that can be traded for, or converted to, other securities after a specified period of time.

cost: The amount of money or money's worth given for property or services. Costs may be incurred even before money is paid, that is, as soon as a liability is incurred.

cost accounting: That method of accounting which provides for the assembling and recording of all the elements of cost incurred to accomplish a purpose, to carry on an activity or operation, or to complete a unit of work or a specific job.

cost benefit: Analyses which provide the means for comparing the resources to be allocated to a specific program with the results likely to be obtained from it; or, analyses which provide the means for comparing the results likely to be obtained from the allocation of certain resources toward the achievement of alternate or competing objectives.

cost center: The smallest segment of a program that is separately recognized in the agency's records, accounts, and reports. Program-oriented budgeting, accounting, and reporting aspects of an information system are usually built upon the identification and use of a set of cost centers.

cost effectiveness: Analyses designed to measure the extent to which resources allocated to a specific objective under each of several alternatives actually contribute to accomplishing that objective, so that different ways of gaining the objective may be compared.

cost ledger: A subsidiary record wherein each project, job, production center, process, operation, project, or service is given a separate account under which all items of its cost are posted in the required detail.

cost limit: The unit of product or service whose cost is computed.

cost of goods sold: The expense incurred to purchase or manufacture the merchandise sold during a period.

cost principle: The idea that transactions are recorded at their historical costs or exchange prices at the transaction date.

coupon bonds: Unregistered bonds for which owners receive periodic interest payments by clipping a coupon from the bond and sending it to the issuer as evidence of ownership.

credit: An entry on the right side of the account.

credit enhancement program: A process whereby local units may qualify for the acquisition of funds for cash flow purposes using aid or levy anticipation.

current: The term refers to the fiscal year in progress.

current assets: Those assets which are available or can be made readily available to meet the cost of operations or to pay current liabilities. Some examples are cash-temporary investments, and taxes receivable which will be collected within about a year from the balance sheet date.

current dollars: Dollar amounts that have not been adjusted to compensate for inflation.

current expenditures (elementary/secondary): Expenditures for the day-to-day operations of the schools. Expenditures for items lasting more than one year (such as school buses and computers) are not included in current expenditures.

current liabilities: Liabilities (debts) which are payable within a relatively short period of time, usually no longer than a year. See also Floating Debt.

current loans: Loans payable in the same fiscal year in which the money was borrowed. See also Tax Anticipation Notes.

current resources: Resources to which recourse can be had to meet current obligations and expenditures. Examples are current assets, estimated revenues of a particular period not yet realized, transfers from other funds authorized but not received, and, in case of certain funds, bonds authorized and unissued.

current year's tax levy: Taxes levied for the current fiscal period.

current-fund expenditures: See Expenditures.

current-fund revenues: See Revenues.

D

date of record: The date selected by a corporation's board of directors on which the shareholders of record are identified as those who will receive dividends.

day in session: A day on which the school is open and the pupils are under the guidance and direction of teachers in the teaching process. Days on which school is closed for such reasons as holidays, teachers' institutes, and inclement weather should not be considered as days in session.

day of attendance: A day of attendance is one in which a pupil is present for the full day under the guidance and direction of a teacher while school is in session. When a pupil is present for only part of the day, it should be considered as a partial day of attendance in the same proportion that his time present at school bears to the total length of the school day. See also Day in Session.

debentures: Bonds for which no collateral has been pledged. Unsecured bonds.

debit: An entry on the left side of an account.

debt financing: Acquiring funds by borrowing money from creditors in the form of long-term notes, mortgages, leases, or bonds.

debt limit: The maximum amount of bonded debt for which a governmental unit (school district) may legally obligate itself.

debt redemption fund: A fund established for the purpose of providing money for the payment of interest on outstanding serial bonds and for the payment of the principal on serial bonds as they fall due.

debt securities: Financial instruments issued by a company that carry with them a promise of interest payments and the repayment of principal.

debt service: Expenditures for the retirement of debt and expenditures for interest on debt, except principal and interest of current loans. See also Current Loans.

declining balance depreciation method: An accelerated depreciation method in which an asset's book value is multiplied by a constant depreciation rate, such as double the straight-line percentage, in the case of double declining balance.

deduction: Business expenses or losses that are subtracted from gross income in computing taxable income.

deferred charges: Expenditures which are not chargeable to the fiscal period in which made but are carried on the asset side of the balance sheet pending amortization or other disposition. Deferred charges differ from prepaid expenses in that they usually extend over a long period of time and may or may not be regularly reoccurring costs of operation. See also Prepaid Expenses.

deferred maintenance: A delay of maintenance on buildings.

deficit: The excess of the obligations of a fund over the fund's resources.

delinquent taxes: Taxes remaining unpaid on and after the date on which they become delinquent by statute.

Department of Education (MDE): The formal agency within the executive branch of government that oversees the operations of education, K-12 education in particular.

depletion: The process of cost allocation that assigns the original cost of a natural resource to the periods benefited.

deposits: Use of the account "Prepaid Expense and Deposits" is normally restricted to long-term investments deposited by the LEA as a prerequisite to receiving services and/or goods.

depreciation: (1) Loss in value or service life of fixed assets because of wear and tear through use, elapse of time, inadequacy, or obsolescence. (2) The process of cost allocation that assigns the original cost of plant and equipment to the periods benefited.

direct costs: Those elements of cost which can be easily, obviously, and conveniently identified with specific activities or programs, as distinguished from those costs incurred for several different activities or programs and whose elements are not readily identifiable with specific activities. See also Indirect Costs.

direct method: A method of reporting net cash flow from operations that shows the major classes of cash receipts and payments for a period of time.

direct services: Activities identifiable with a specific program. These are direct services for a particular program. Those activities concerned with the teaching-learning process are considered to be direct services for instruction.

disbursements: Payments in Cash. See also Cash.

disclaimer of opinion: A disclaimer indicating the auditor was unable to satisfy himself or herself that the overall financial statements were fairly present in accordance with GAAP.

discount period: The time between the date a note is sold to a financial institution and its maturity date.

discount rate: The interest rate charged by a financial institution for buying a note receivable.

discount: The amount charged by a financial institution when a note receivable is discounted; calculated as maturity value times discount rate times discount period.

discounting a note receivable: The process of the payee's selling notes to financial institution for less than the maturity value.

double entry: A system of bookkeeping which requires for every entry made to the debit side of an account or accounts an entry. for the corresponding amount or amounts to the credit side of another account or accounts.

double entry accounting: A system of recording transactions in a way that maintains the equality of the accounting equation.

due from fund: An asset account used to indicate amounts owed to a particular fund by another fund in the same school district for goods sold or services rendered. It is recommended that sub-accounts be maintained for each inter fund receivable.

due from government: Amounts due to the reporting governmental unit from another governmental unit. These amounts may represent grants-in-aid, shared taxes, taxes collected for the reporting unit by another unit, loans, and charges for services rendered by the reporting unit for another government. It is recommended that sub-accounts be maintained for each inter fund receivable.

due to fiscal agent: Amounts due to .fiscal agents, such as commercial banks, for servicing a LEA's maturing indebtedness. Not used, in this system as should not be required.

due to fund: A liability account used to indicate amounts owed by a particular fund to another fund in the sale LEA for goods and services rendered. It is recommended that sub accounts be maintained for each inter fund receivable.

due to government: Amounts owed by the reporting LEA to the named governmental unit. It is recommended that sub accounts be maintained for each inter-fund receivable.

dues and memberships: Costs of memberships or assessments in professional or other organizations and payments to other agents for services rendered.

E

Early childhood family education (ECFE): This is a program offering through community education and involves services for the child and the parent.

Early childhood special education (ECSE): This is a program similar to ESFE, except it involves handicapped children.

educational and general expenditures: See Expenditures.

elementary school: A school classified as elementary by state and local practice and composed of any span of grades not above grade eight. Preschool or kindergarten is included under this heading only if it is an integral part of an elementary school or a regularly established school system.

Electronic Data Reporting System (EDRS): The system by which certain data is transmitted to the Department of Education utilizing a computer.

employed: Includes civilian, noninstitutionalized persons who 1) worked during any part of the survey week as paid employees; worked in their own businesses, professions, or farms; or worked 15 hours or more as unpaid workers in a family owned enterprise; or 2) who were not working but had jobs or businesses from which they were temporarily absent due to illness, bad weather, vacation, labor-management dispute, or personal reasons, whether or not they were seeking another job.

employee benefits: Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement, and social security. Sick leave and sabbatical leave excluded in MFRS and included under "Salaries and Wages".

encumbrance: Purchase orders, contracts, and salary or other commitments which are chargeable to an appropriation and for which a part of the appropriation is reserved. They cease to be encumbrances when paid or when actual liability is set up.

endowment fund: A fund from which the income may be expended, but whose principal must remain intact. In Minnesota the term is also applied to the income of the permanent school fund.

English as a Second Language (ESL): Programs that provide intensive instruction in English for students with limited English proficiency (LEP).

enrollment: The total number of students registered in a given school unit at a given time, generally in the fall of a year.

enrollment options: The program that allows students to "open enroll" to attend a school district other than the one in which they reside.

enterprise funds: Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges.

entity: An organizational unit (a person, partnership, or corporation) for which accounting records are kept and about which accounting reports are prepared.

entry: The record of a financial transaction in its appropriate book of accounts. Also the act of recording a transaction in the books of accounts.

equalization: The process of (1) reducing tax rate or tax base disparities among different taxing jurisdictions; or (2) reducing net tax disparities among different properties within the same class in a given taxing jurisdiction.

equity: Equity is the mathematical excess of assets over liabilities. Generally this excess is called Fund Balance.

estimated revenue: If the accounts are kept on an accrual basis, this term designates the amount of revenue estimated to accrue during a given period regardless of whether or not it is all to be collected during the period. If the accounts are kept on a cash basis, the term designates the amount of revenues estimated to be collected during a given period.

estimated uncollectable taxes: A provision of tax revenues for that portion of taxes receivable which it estimated will not be collected. The account is shown on the balance sheet as a deduction from the Taxes Receivable account in order to arrive at the net taxes receivable. Separate accounts are maintained on the basis of tax roll year and/or delinquent taxes.

evaluation: The process of ascertaining or judging the value or amount of an action or an outcome by careful appraisal of previously specified data in light of the particular situation and the goals and objectives previously established.

exclusions: Gross receipts that are not subject to tax and are not included in gross income, such as interest on state and local government bonds.

expenditures: Charges incurred, whether paid or unpaid, which are presumed to benefit the current fiscal year. For elementary/secondary schools, these include all charges for current outlays plus capital outlays and interest on school debt.

expenditures per pupil: Charges incurred for a particular period of time divided by a student unit of measure, such as enrollment, average daily attendance, or average daily membership.

expenses: Costs incurred in the normal course of business to generate revenues.

external auditors: Independent CPAs who are retained by organizations to perform audits of financial statements.

external audits: Audits conducted by CPAs who are independent of the client company.

F

factor: To sell accounts receivable at a discount before they are due.

fair market value: The current value of an asset, e.g., the amount at which an asset could be sold or purchased in an arm's-length transaction.

family income: The combined income of all family members 14 years old and older living in the household for the period of 1 year. Income includes money income from jobs; net income from business, farm, or rent; pensions; dividends; interest; social security payments; and any other money income.

federal funds: Revenues received from federal government appropriations.

FICA (social security) taxes: Federal Insurance Contributions Act taxes imposed on employee and employer; used mainly to provide retirement benefits.

federal matching requirements: Requirements that a governmental unit commit a specific amount of state or local funds for a particular purpose to obtain federal funds for the same purpose.

FIFO (first-in, first-out): An inventory cost flow whereby the first goods purchased are assumed to be the first goods sold so that the ending inventory consists of the most recently purchased goods.

fiduciary funds: Account for assets held in a trustee capacity or as an agent for individuals, organizations, or other governmental units and or funds.

financial accounting: The area of accounting concerned with reporting financial information to interested external parties.

Financial Accounting Standards Board (FASB): The private organization responsible for establishing the standards for financial accounting and reporting in the United States.

financial statements: Reports such as the balance sheet, income statement, and statement of cash flows, which summarize the financial status and results of operations of a business entity.

financing activities: Transactions and events whereby resources are obtained from, or repaid to, owners (equity financing) and creditors (debt financing).

fiscal year: An entity's reporting year, covering a 12-month accounting period. Minnesota schools run from July 1 to June 30.

formula allowance: A reference to the basic general education formula allowance, providing a district with a majority of its revenue, from the state.

free lunch eligibles: The National School Lunch Program's assistance program for low-income children. Families with school-age children who fall below the poverty level and have no other significant assets are eligible to receive government assistance in the form of free or reduced-price school lunches.

full-time enrollment: The number of students enrolled in higher education courses with a total credit load equal to at least 75 percent of the normal full-time course load.

full-time equivalency (FTE): Full-time-equivalent number of positions, not the number of different individuals occupying the positions during the school year.

full-time worker: One who is employed for 35 or more hours per week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

functional currency: The currency in which a subsidiary conducts most of its business; generally, but not always, the currency of the country where it does most of its spending and earning.

fund: A sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

fund balance: A summary of revenues, expenditures, reserves and year-end balances for a fund or funds.

G

GAAP (generally accepted accounting principles): Authoritative guidelines that define accounting practice at a particular time. Full reference is United States GAAP.

GAAS (generally accepted auditing standards): Auditing standards developed by the AICPA.

general ledger: A book, file or other device in which accounts are kept to the degree of detail necessary, that summarizes the financial transactions of the district.

general fund: Typically, the largest fund in the budget. It is comprised of money for not in other funds. Most of the fund is not earmarked for specific purposes.

generally accepted auditing standards (GAAS): Auditing standards developed by the AICPA.

general-purpose financial statements: The financial reports intended for use by a variety of external groups; they include the balance sheet, the income statement, and the statement of cash flows.

general obligation bonds (GO Bonds): Bonds that the state stands behind with its taxing powers.

government appropriation: An amount (other than a grant or contract) received from or made available to an institution through an act of a legislative body.

government grant or contract: Revenues from a government agency for a specific research project or other program.

gross tax liability: The amount of tax computed by multiplying the tax base (taxable income) by the appropriate tax rates.

H

high school: A secondary school offering the final years of high school work necessary for graduation, usually including grades 10, 11, 12 (in a 6-3-3 plan) or grades 9, 10, 11, and 12 (in a 6-2-4 plan).

higher education institutions (general definition): Institutions providing education above the instructional level of the secondary schools, usually beginning with grade 13. Typically, these institutions include colleges, universities, graduate schools, professional schools, and other degree-granting institutions.

horizontal analysis of financial statements: A technique for analyzing the percentage change in individual income statement or balance sheet items from one year to the next.

I

imprest petty cash fund: A petty cash fund in which all expenditures are documented by vouchers or vendors' receipts or invoices, the total of the vouchers and cash in the fund should equal the established balance.

income statement (statement of earnings): The financial statement that summarizes the revenues generated and the expenses incurred by an entity during a period of time.

income taxes payable: The amount expected to be paid to the federal and state governments based on the income before taxes reported on the income statement.

independent checks: Procedures for continual internal verification of other controls.

indirect costs: The assignable cost of items such as heat and light to an academic program. Those expenses that benefit the entire entity and, therefore, cannot be directly charged to a specific cost category or project activity.

indirect method: A method of reporting net cash flow from operations that involves converting accrual-basis net income to a cash basis.

indirect rate: This is the rate that reflects the fair share of the indirect expenses, usually general administrative expenses and certain other costs that are related to the program but cannot be readily and accurately identified as a direct cost or service.

inflation: An increase in the general price level of goods and services; alternatively, a decrease in the purchasing power of the dollar.

instructional expenditures (elementary/secondary): Current expenditures for activities directly associated with the interaction between teachers and students. These include teacher salaries and benefits, supplies and purchased instructional services.

interest: The payment (cost) for the use of money.

interest rate: The cost of using money, expressed as an annual percentage.

internal auditors: An independent group of experts in controls, accounting, and operations, who monitor operating results and financial records, evaluate internal controls, assist with increasing the efficiency and effectiveness of operations, and detect fraud.

internal control structure: Safeguards in the form of policies and procedures established to provide management with reasonable assurance that the objectives of an entity will be achieved.

internal service funds: Funds internal to the operation of a unit that provide a variety of services to that unit, such as a printing activity. The funds must recover the full costs of services provided through billing back.

inventory: Goods held for resale. It can also mean any unsold or unused goods such as those in a school foods program for adults and children.

itemized deduction: Amounts paid by an individual taxpayer for personal and quasi-business expenses that can be deducted in computing taxable income, such as medical expenses, property and income taxes, mortgage and investment interest, charitable contributions, moving expenses, casualty and theft losses, and certain miscellaneous expenses.

J

journal entry: A recording of a transaction where debits equal credits; usually includes a date and an explanation of the transaction.

journal: An accounting record in which transactions are first entered; provides a chronological record of all business activities.

K

kindergarten: This category of students includes transitional kindergarten, kindergarten, and pre-first-grade students and is traditionally found in schools of elementary age children.

kindergarten handicap (or disabled): This is a special category within kindergarten that provides for increased weighting of kindergarteners and therefore more revenue to a district.

L

lower cost or market (LCM): A basis for valuing certain assets at the lower of original cost or current market

value. lease: A contract that specifies the terms under which the owner of an asset (the lessor) agrees to transfer the right to use the asset to another party (the lessee).

ledger: A book of accounts in which data from transactions recorded in journals are posted and thereby classified and summarized.

lessee: The party that is granted the right to use property under the terms of a lease.

lessor: The owner of property that is rented (leased) to another party.

levy: A tax imposed on property, which a school board may levy, and limited by statute.

liabilities: Obligations measurable in monetary terms that represent amounts owed to creditors, governments, employees, and other parties.

license: The right to perform certain activities, generally granted by a governmental agency.

LIFO (last-in, first-out): An inventory cost flow whereby the last goods purchased are assumed to be the first goods sold so that the ending inventory consists of the first goods purchased.

limited liability: The legal protection given stockholders whereby they are responsible for the debts and obligations of a corporation only to the extent of their capital contributions.

limited-English-proficient (LEP): A concept developed to assist in identifying those language-minority students (children from language backgrounds other than English) who need language assistance services, in their own language or in English, in the schools.

liquidation: The process of dissolving a business by selling the assets, paying the debts, and distributing the remaining equity to the owners.

liquidity: A company's ability to meet current obligations with cash or other assets that can be quickly converted to cash.

loan: Borrowed money that must be repaid.

local education agency (LEA): (See School district.)

long-term investment: An expenditure to acquire a non-operating asset that is expected to increase in value or generate income for longer than 1 year.

long-term liabilities: Debts or other obligations that will not be paid within one year.

losses: Costs that provide no benefit to an organization.

M

maker: A person (entity) who signs a note to borrow money and who assumes responsibility to pay the note at maturity.

management accounting: The area of accounting concerned with providing internal financial reports to assist management in making decisions.

mandates: Requirements imposed by one level of government on another.

marginal cost pupil unit: Used to indicate pupil count. It is a calculation whereby 77% of the current year pupil count is added to 23% of the prior year pupil count.

market value: The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

matching principle: The concept that all costs and expenses incurred in generating revenues must be recognized in the same reporting period as the related revenues.

maturity date: The date on which a note or other obligation becomes due.

maturity value: The amount of an obligation to be collected or paid at maturity; equal to principal plus any interest.

Minnesota Automated Reporting Student System (MARSS): A system of pupil accounting which maintains essential data elements for each public school student attending school in Minnesota and reported by school districts to the state.

monetary measurement: The idea that money, as the common medium of exchange, is the accounting unit of measurement, and that only economic activities measurable in monetary terms are included in the accounting model.

N

natural resources: Assets that are physically consumed or waste away, such as oil, minerals, gravel, and timber.

net proceeds: The difference between maturity value and discount when a note receivable is discounted.

net realizable value of accounts receivable: The net amount that would be received if all receivables considered collectible were collected; equal to total accounts receivable less the allowance for uncollectible accounts; also called the book value of accounts receivable.

net sales: Gross sales less sales discounts and sales returns and allowances.

Net Tax Capacity (NTC): This value is derived by multiplying the estimated market value of each parcel by the appropriate class (use) rate for that parcel.

net tax liability: The amount of tax computed by subtracting tax credits from the gross tax liability.

nominal accounts: Accounts that are closed to a zero balance at the end of each accounting period; temporary accounts generally appearing on the income statement.

noncash items: Items included in the determination of net income on an accrual basis that do not affect cash; examples are depreciation and amortization.

noncash transactions: Investing and financing activities that do not affect cash; if significant, they are disclosed below the statement of cash flows or in the notes to the financial statements.

nonoperating assets: Investment and other assets not used in a business but held to earn a return separate from operations.

nonprofit organization: An entity without a profit objective, oriented toward providing services efficiently and effectively.

non-resident student: A student whose legal residence is outside the geographical area served by the district.

non-supervisory instructional staff: Persons such as curriculum specialists, counselors, librarians, remedial specialists, and others possessing education certification but not responsible for day-to-day teaching of the same group of pupils.

note payable: A debt owed to a creditor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

note receivable: A claim against a debtor, evidenced by an unconditional written promise to pay a certain sum of money on or before a specified future date.

notes to financial statements: Explanatory information considered an integral part of the financial statements.

NSF (not sufficient funds) check: A check that is not honored by a bank because of insufficient cash in the customer's account.

O

obligations: Amounts of orders placed, contracts awarded, services received, or similar legally binding commitments made by federal agencies during a given period that will require outlays during the same or some future period.

open transaction: A transaction that is not completed at the end of the accounting period; a purchase that has not yet been paid for or a sale where payment is yet to be collected when the accounting period ends.

operating activities: Transactions and events that enter into the determination of net income.

operating assets: Long-term, or noncurrent, assets acquired for use in the business rather than for resale; includes property, plant, and equipment; intangible assets; and natural resources.

operating lease: A simple rental agreement.

other revenues and expenses: Items incurred or earned from activities that are outside, or peripheral to, the normal operations of a firm.

outlays: The value of checks issued, interest accrued on the public debt, or other payments made, net of refunds and reimbursements.

P

part-time enrollment: The number of students enrolled in higher education courses with a total credit load less than 75 percent of the normal full-time credit load.

part-time worker: One who is employed for 1-34 hours a week, including paid leave for illness, vacation, and holidays. Hours may be reported either for a survey reference week, or for the previous calendar year, in which case they refer to the usual hours worked.

payee: The person (entity) to whom payment on a note is to be made.

pension plan: A contract between a company and its employees whereby the company agrees to pay benefits to employees after their retirement.

personal income: Current income received by persons from all sources minus their personal contributions for social insurance

petty cash fund: A small amount of cash kept on hand for making miscellaneous payments.

physical safeguards: Physical precautions used to protect assets and records, such as locks on doors, fireproof vaults, password verification, security guards.

post-closing trial balance: A listing of all real account balances after the closing process has been completed; provides a means of testing whether total debits equal total credits for all real accounts prior to beginning a new accounting cycle.

posting: The process of transferring amounts from the journal to the ledger.

post-secondary enrollment options (PSEO): A program that allows high school juniors and seniors to take courses at post-secondary institutions for high school credit.

prepaid expenses: Payments made in advance for items normally charged to expense.

primary financial statements: The balance sheet, income statement, and statement of cash flows, used by external groups to assess a company's economic standing.

principal (face value or maturity value): The amount that will be paid on a bond at a maturity date.

principal on a note: The face amount of a note; the amount (excluding interest) that the maker agrees to pay the payee.

prior-period adjustments: Adjustments made directly to Retained Earnings in order to correct errors in the financial statements of prior periods.

proration: A term describing an allocation that is based on a proportionate distribution of the total.

proper authorization: Policy regarding either a general class of transactions such as inventory or a specific transaction to achieve control objectives.

property, plant, and equipment turnover: A measure of how well property, plant, and equipment are being utilized in generating a period's sales; computed by dividing net sales by average property, plant and equipment.

property, plant, and equipment: Tangible, long-lived assets acquired for use in business operations; includes land, buildings, machinery, equipment, and furniture.

Public Employees Retirement Association (PERA): This group administers pension plans that cover local, county, and school district non-teaching employees.

Purchase Returns and Allowances: A contra-purchase account used for recording the return of, or allowances for, previously purchased merchandise.

purchases account: An account in which all inventory purchases are recorded; used with the periodic inventory method.

purchases journal: A special journal in which credit purchases are recorded.

pupil units: A count of resident pupils in average daily membership. See weighted pupil units.

Q

qualified opinion: Opinion issued when the work of the auditor has been limited in scope or the entity has failed to follow GAAS.

R

real accounts: Accounts that are not closed to a zero balance at the end of each accounting period; permanent accounts appearing on the balance sheet.

review and comment: A process by which the commissioner of MDE reviews and comments on the feasibility and practicality of school district building projects.

receivables: Claims for money, goods, or services.

recourse: The right to seek payment on a discounted note from the payee if the maker defaults.

refund bonds: Bonds issued to pay off bonds already outstanding.

registered bonds: Bonds for which the names and addresses of the bondholders are kept on file by the issuing company.

reserve: An amount set-aside for some specified purpose.

resident student: A student whose legal residence is within the geographic area served by the district.

residual income: The amount of net income an investment center is able to earn above a specified minimum rate of return on assets.

revenue recognition principle: The idea that revenues should be recorded when (1) the earnings process has been substantially completed and (2) an exchange has taken place.

revenues: Money received by a unit from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions.

revolving fund: A fund established in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

S

sales ratio: A statistical measure prepared by the Department of Revenue to measure the difference between the actual sales prices of property with the assessor's market values on those properties.

sales tax payable: Money collected from customers for sales taxes that must be remitted to local governments and other taxing authorities.

salvage, or residual, value: Estimated value or actual price of an asset at the conclusion of its useful life, net of disposal costs.

secured bonds: Bonds for which assets have been pledged in order to guarantee repayment.

segregation of duties: Strategy to provide an internal check on performance through separation of custody of assets from accounting personnel, separation of authorization of transactions from custody of related assets, separation of operational responsibilities from record keeping responsibilities.

social security (FICA) taxes: Federal Insurance Contributions Act taxes imposed on employee and employer; used mainly to provide retirement benefits.

sparsity revenue: That portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.

special funds: A grouping of revenues from certain sources from which certain expenditures are made. Revenues for these funds are usually dedicated and expenditures from the special funds are usually restricted for certain purposes.

special journal: A book of original entry for recording similar transactions that occur frequently.

Staff Automated Reporting System (STAR): The system by which staff data elements are recorded and transmitted to MDE.

standard unqualified audit report: Audit report indicating that all auditing conditions have been met, no significant misstatements have been discovered and remain uncorrected, and the auditors feel the financial statements are fairly stated in accordance with generally accepted accounting principles.

stated rate of interest: The rate of interest printed on the bond.

stated value: A nominal value assigned to no-par stock by the board of directors of a corporation.

statement of cash flows: The financial statement that shows an entity's cash inflows (receipts) and outflows (payments) during a period of time.

straight-line amortization: A method of systematically writing off a bond discount or premium in equal amounts each period until maturity.

straight-line depreciation method: The depreciation method in which the cost of an asset is allocated equally over the periods of an asset's estimated useful life.

subsidiary ledger: A grouping of individual accounts that in total equal the balance of a control account in the General Ledger.

sum-of-the-years'-digits (SYD) depreciation method: The accelerated depreciation method in which a constant balance (cost minus salvage value) is multiplied by a declining depreciation rate.

SYD (sum-of-the-years'-digits) depreciation method: The accelerated depreciation method in which a constant balance (cost minus salvage value) is multiplied by a declining depreciation rate.

T

tangible personal business property: Depreciable operating assets of a business, other than real property, including machinery, furniture and fixtures, automobiles and trucks, and equipment.

targeted services: These are K-8 intervention/prevention services provided outside the traditional school day and traditional school year to qualified learners.

tax anticipation note: A note issued in anticipation of collection of taxes, usually retireable only from tax collections, from a local levy.

tax base: The value of commercial, industrial, residential, agricultural and other properties in a school district, city, municipality, and county.

tax capacity: The value of property that school districts and other units tax.

tax credit: A state allowed reduction on local property taxes.

Teachers Retirement Association (TRA): This group provides coverage for public school teachers throughout the state, except for teachers in the first class cities, and some teachers in community colleges, state universities and technical colleges.

term bonds: Bonds that mature in one lump sum at a specified future date.

time period (or periodicity) concept: The idea that the life of a business is divided into distinct and relatively short time periods so that accounting information can be timely.

transactions: Exchange of goods or services between entities (whether individuals, businesses, or other organizations), as well as other events having an economic impact on a business.

transfers: The movement of money between funds. A transfer must be consistent with legislative intent.

trial balance: A listing of all account balances; provides a means of testing whether total debits equal total credits for all accounts.

trust fund: A fund consisting of resources received and held by the district as trustee to be expended or invested in accordance with the conditions of the trust.

tuition student: A pupil for whom tuition is paid.

U

uncollectible accounts expense: An account that represents the portion of the current period's receivables that are estimated to become uncollectible.

unearned revenues: Amounts received before they have been earned.

Uniform Financial Accounting and Reporting Standards (UFARS): Minnesota's legally prescribed set of accounting standards for all school districts.

unlimited liability: The lack of a ceiling on the amount of liability a proprietor or partner must assume; meaning that if business assets are not sufficient to settle creditor claims, the personal assets of the proprietor or partners may be used to settle the claims.

unrecorded expenses: Expenses incurred during a period that have not been recorded by the end of that period.

unrecorded revenues: Revenues earned during a period that have not been recorded by the end of that period.

useful life: The term used to describe the life over which an asset is expected to be useful to the company; cost is assigned to the periods benefited from using the asset.

V

vertical analysis of financial statements: A technique for analyzing the relationships between items on an income statement or balance sheet by expressing all items as percentages.

voucher: A document that authorizes the payment of money and usually indicates the accounts to be charged.

W

warrant: An order drawn by the school board to the district treasurer ordering him/her to pay a specified amount to a payee named on the warrant.

weighted-average: A periodic inventory cost flow alternative whereby the cost of goods sold and the cost of ending inventory are determined by using a weighted-average cost of all merchandise available for sale during the period.

weighted pupil units: A varied weighting of pupils by grade. For example a student in grades 1-6 may be counted as a 1.06 student, whereas a student in grades 7-12 may be counted as a 1.3 pupil unit.

work sheet: A columnar schedule used to summarize accounting data.

working capital: Current assets minus current liabilities.

working capital turnover: A measure of the amount of working capital used in generating the sales of a period; computed by dividing net sales by average working capital.

X

No entries

Y

yield: The return on an investment, usually presented as a percentage.

Z

No entries

