



**FOREST LAKE AREA SCHOOLS  
FOREST LAKE, MN 55025**

**July 9, 2015**

**AGENDA ITEM: 4.1**

**TOPIC: Aid Anticipation Borrowing for Cash Flow Purposes**

**BACKGROUND:** The School District's General Fund Balance has declined over the last couple of years and the State of Minnesota is metering our State Aid Payments. While the State's metering system provides for a smoother pattern of receipts, it does not match our disbursement patterns.

In the past, our district has used aid anticipation borrowing to make up for those periods when revenue receipts are inadequate to cover expenditure disbursements. Also, a large fund balance can cover those periods when disbursements exceed receipts, however, the School District's fund balance has diminished.

Currently, we do not have any outstanding aid anticipation certificates. Springsted has analyzed our cash flow projections and determined that the School District will need to borrow \$3 million for cash flow purposes.

**PROCESS:** The School District would like to participate in Springsted Aid Anticipation Pool Series 2015. Determination of the specific interest rate will occur in August, 2015. The lengthy resolution from our bond counsel is attached and has the same format as in previous years.

**RECOMMENDATION:** Approval of the resolution to borrow \$3,000,000 through Aid Anticipation Certificates in the Springsted, Inc. Aid Anticipation Pool Series 2015.