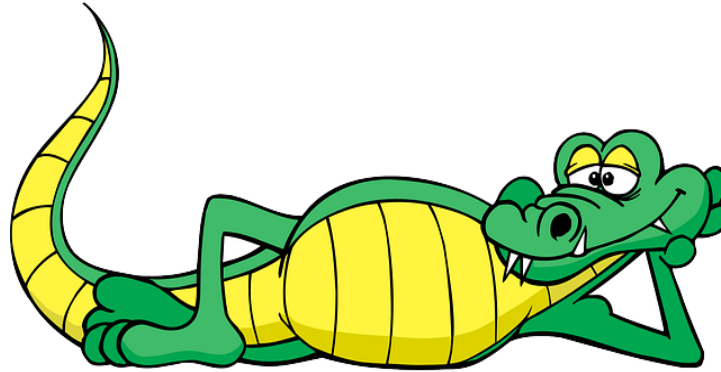


# Greenbush Middle River Public School District



## Special Meeting Work Session

No official School Board action will be taken at this Special Work Session meeting.

May 11, 2020 @ 7:30 pm

Greenbush Middle River School Library and via

*Join Zoom Meeting*

*<https://us04web.zoom.us/j/72930762130?pwd=ZHJ6NmFoRjNTM1ViUzgyQldGZFQzdz09>*

*Meeting ID: 729 3076 2130*

*Password: 2kFgTQ*

# Special Work Session Agenda Topics

- Review and discussion relating to deficit reduction(s) in the current 2019-2020 school year and 2020-2021 school year.
- Review and discussion relating to compensation of Spring Activity Coaches and Advisors as it relates to the MN State High School League canceling spring Activities due to the COVID-19 pandemic.
- End of the School Year Events & Activities and yet-to-be determined possible guidance for *Start of School Fall 2020*



During the March 2020 School Board meeting, the Supt. of Schools made a presentation to the Board presenting the status of the Financial Condition of the GMR School District. The presentation included:

- I. Facts about the past financial status of the GMR School District
- II. Facts about the current financial status of the GMR School District
- III. Facts about the projected financial status of the GMR School District which led to a resolution "directing the Administration to make recommendations for reductions in programs and positions and reasons therefor."



# 2019-2020 *estimated* School Budget

GREENBUSH MIDDLE RIVER SCHOOL DISTRICT NO. 2683

2019 - 2020 BUDGET



## REVENUE

FUND 01 - General	\$4,349,557
FUND 02 - Food Service	203,900
FUND 04 - Community Ed	66,026
FUND 07 - Debt Service	67,838
FUND 08 - Scholarships	1,300
FUND 09 - Student Activity	154,800
<b>TOTAL REVENUE ALL FUNDS</b>	<b>\$4,843,421</b>

## EXPENDITURE

FUND 01 - General	\$4,800,165
FUND 02 - Food Service	171,665
FUND 04 - Community Ed	27,259
FUND 07 - Debt Service	63,475
FUND 08 - Scholarships	1,300
FUND 09 - Student Activity	154,600
<b>TOTAL EXPENDITURE ALL FUNDS</b>	<b>\$5,218,464</b>
<b>DIFFERENCE</b>	<b>(\$375,043)</b>

→ Based on 271 enrollment  
6/17/19 School Board Meeting

# Proposed *AMENDED* 2019-2020 estimated school budget

March 16, 2020

GREENBUSH MIDDLE RIVER SCHOOL DISTRICT NO. 2683

2019 - 2020 BUDGET

mid-year update



## REVENUE

FUND 01 - General	\$4,523,297
FUND 02 - Food Service	203,900
FUND 04 - Community Ed	64,996
FUND 07 - Debt Service	62,010
FUND 08 - Scholarships	1,300
FUND 09 - Student Activity	154,800
<b>TOTAL REVENUE ALL FUNDS</b>	<b>\$5,010,303</b>

## EXPENDITURE

FUND 01 - General	\$4,928,881
FUND 02 - Food Service	169,056
FUND 04 - Community Ed	28,932
FUND 07 - Debt Service	63,475
FUND 08 - Scholarships	1,300
FUND 09 - Student Activity	154,600
<b>TOTAL EXPENDITURE ALL FUNDS</b>	<b>\$5,346,244</b>

DIFFERENCE (\$335,941)



Based on 271 enrollment  
3/16/2020 School Board Meeting

2019 – 2020 [FY 20] AMENDED GMR

estimated School Budget includes:

- The FY 20 amended school budget reflects a Fall 2015 voter approved operating referendum;
- The FY 20 amended school budget reflects an increase of 2% in the State basic general education formula.

School Year	State Aid General Education Formula Allowance	Percent funding increase over previous year	Greenbush Middle River School District FALL enrollment	Unreserved General Fund Balance (final audit)
2017-2018	\$6,188	+\$121 or 2%	323	\$705,373
2018-2019	\$6,312	+\$124 or 2%	279	\$504,320
2019-2020	\$6,438	+\$126 or 2%	271	TBD by Audit
2020-2021	\$6,567	+\$129 or 2%	242 estimated	TBD by Audit



- The FY 20 amended school budget reflects a Fall 2005 voter approved Bond Referendum for building (HVAC) improvements;
- The FY 20 amended school budget reflects a 2016 refinancing of the Fall 2005 voter approved Bond for building (HVAC) improvements;
- The FY 20 amended school budget reflects a previous deficit reduction plan(s) that included [full] closure of the Middle River School site effective with the 2018-2019 school year.
- The FY 20 amended school budget reflects an increase in salary and benefits of year #1 of a two (2) year Agreement between licensed teachers and Year #2 of a two year Agreement between non-licensed employees.
- The FY 20 amended school budget reflects replacement of a more senior Kindergarten Teacher with a first-year Kindergarten Teacher
- The FY 20 amended school budget reflects replacement of a more senior Music Teacher replaced with a first-year Music Teacher
- The FY 20 amended school budget reflects pay-out(s) of accumulated paid time off (PTO) of a Kindergarten Teacher & Music Teacher
- The FY 20 amended school budget reflects non-replacement of a Music Teacher (Mr. Flattum)
- The FY 20 amended school budget reflects non-replacement of a Science Teacher (Mr. Stromlund)
- The FY 20 amended school budget reflects a decrease in salary & benefits for the current part-time interim Supt. over the previous year.
- The 2019-2020 Budget reflects the same fall student enrollment (271) HOWEVER, the March 2020 student enrollment is 16 less students

# ***THE FINANCIAL CONDITION OF THE GREENBUSH MIDDLE RIVER SCHOOL DISTRICT***

## ***THE CURRENT 2019-2020 SCHOOL YEAR BUDGET***

For the 2019-2020 school year, the budget deficit for the operating funds is estimated to be  $-\$335,391$  to  $[-\$400,000]$ . Factors contributing to this school years operating deficit are as follows:

The State Demographer indicates: Among the most persistent problems facing greater Minnesota and rural America is a people shortage. Even as Minnesota's population has risen — it grew by nearly 400,000 since 2010, an increase of 7.5% — rural Minnesota hasn't shared in the gains.

From 2010 to 2018, the seven-county economic development region in Minnesota's northwest corner, which includes Roseau, suffered a 1.3% population decline, according to the U.S. Census Bureau. Roseau County has felt that even more acutely, losing population at more than double that rate.

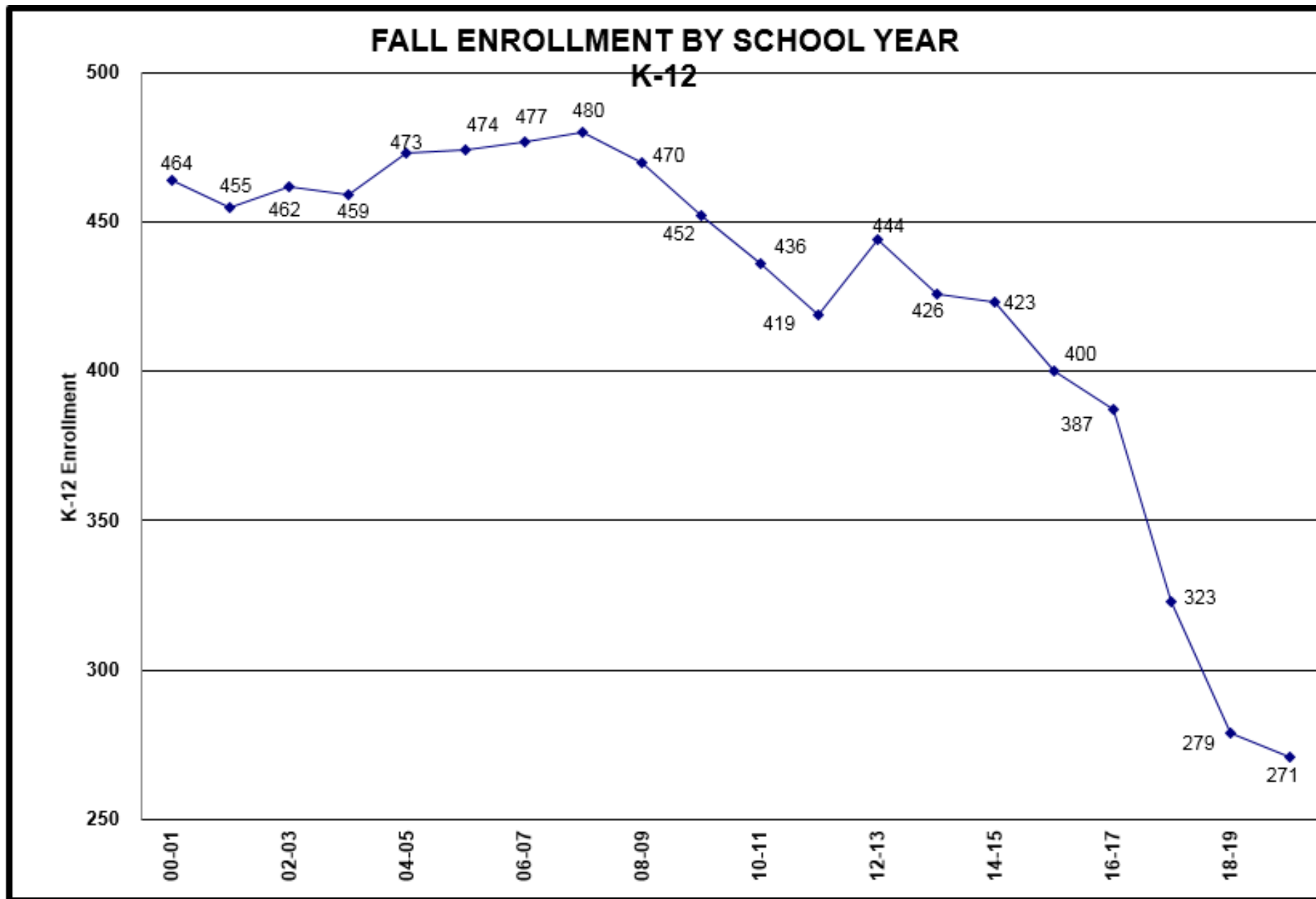
The percentage of manufacturing workers 55 and older in Roseau County has more than doubled between 2008 and 2018, meaning almost one in three manufacturing workers here are 55 and older. And the problem will get worse before it gets better, as baby boomers continue to retire.

With that said, the parent option to open enroll their student(s) to neighboring schools after the [full] closure of the Middle River School has had an adverse impact on K-12 enrollment and therefore affecting state-aid or revenue generated by pupil count.

For PAST, PRESENT, and [projected] FUTURE K-12 enrollment, see tables & graphs slides to follow:

Slide as presented during March 16, 2020 regular school board meeting



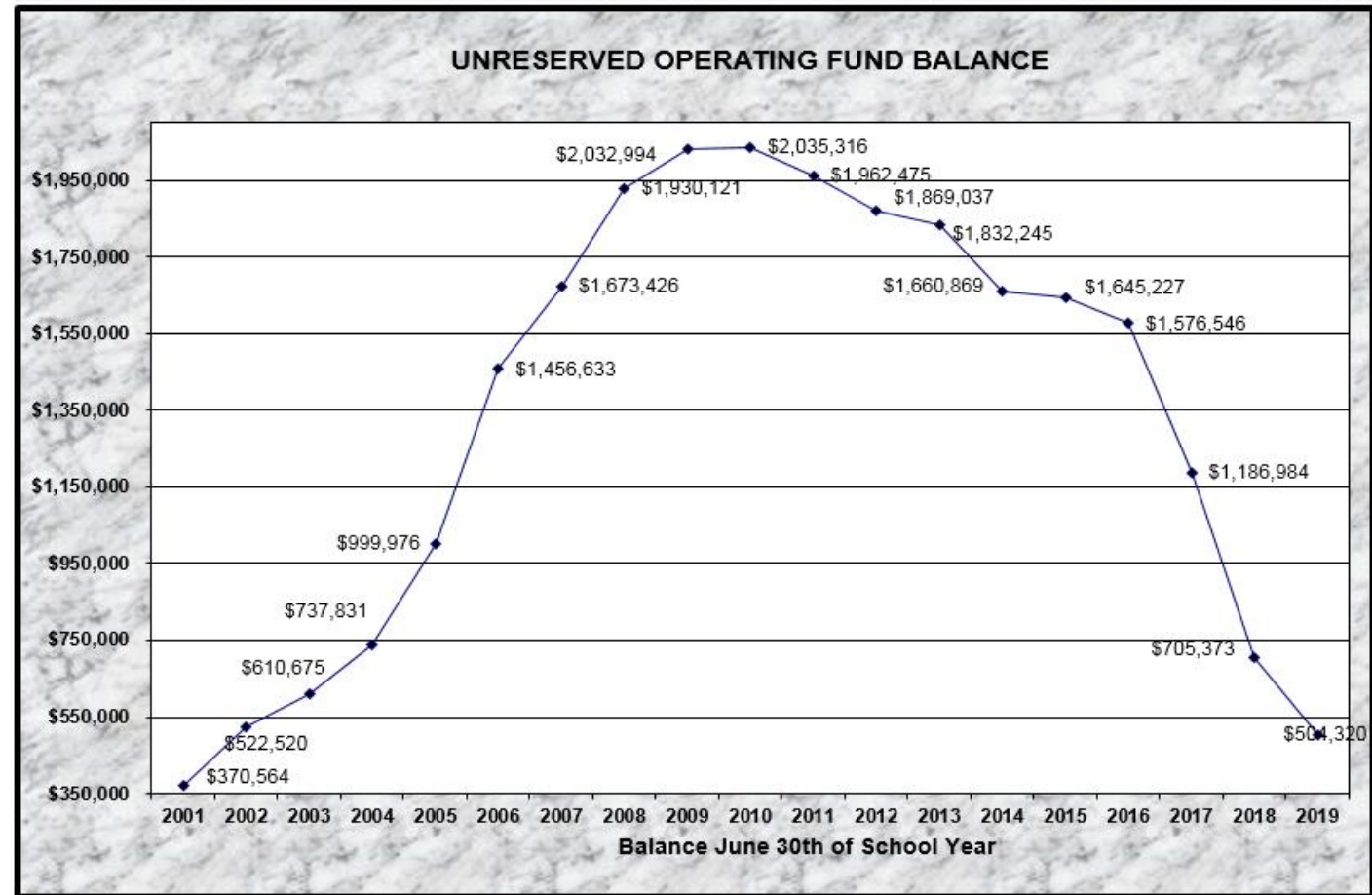


June 30th of Budget Year	General Fund Balance	Percent Change over Previous Year	K -12 Enrollment
-----------------------------------	-------------------------	---	---------------------

2001	\$370,564		464
2002	\$522,520	✓ 41%	455
2003	\$610,675	✓ 17%	462
2004	\$737,831	✓ 21%	459
2005	\$999,976	✓ 36%	473
2006	\$1,456,633	✓ 46%	474
2007	\$1,673,426	✓ 15%	477
2008	\$1,930,121	✓ 15%	480
2009	\$2,032,994	✓ 5%	470
2010	\$2,035,316	✓ 0%	452
2011	\$1,962,475	✓ -4%	436
2012	\$1,869,037	✓ -5%	419
2013	\$1,832,245	✓ -2%	444
2014	\$1,660,869	✓ -9%	426
2015	\$1,645,227	✓ -1%	423
2016	\$1,576,546	✓ -4%	400
2017	\$1,186,984	✓ -25%	387
2018	\$705,373	✓ -41%	323
2019	\$504,320	✓ -29%	279

Source: School District Financial Audit statements

## Graphic depicting the impact of enrollment and its affect on General Fund Balance



Slide as presented during March 16, 2020 regular school board meeting

ACTUAL STUDENT ENROLLMENTS VS. PROJECTED FUTURE STUDENT ENROLLMENTS																
* Determined by using Grade Progression Method																
School Year	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25						
	< ----- Actual Fall Census ----- >					< ----- Projected Future Enrollments ----- >										
Age is < 1	21	19	25	14	26	--	--	--	--	--						
Age 1	25	21	22	13	16	22	--	--	--	--						
Age 2	32	22	23	23	22	16	22	--	--	--						
Age 3	32	33	25	21	22	22	16	23	--	--						
Age 4	26	30	32	20	23	20	20	15	20	--						
Age Birth to 4	136	125	127	91	109	80	59	37	20							
Grade K	26	23	21	17	21	16	14	14	10	14						
Grade 1	33	25	21	14	17	22	17	14	15	11						
Grade 2	22	32	22	12	15	15	19	15	13	13						
Grade 3	27	23	25	19	13	13	13	17	13	11						
Grade 4	18	26	15	19	18	10	11	10	13	10						
Grade 5	29	19	22	16	21	18	10	11	10	13						
Grade 6	35	35	16	20	16	21	18	10	10	10						
	< ----- Elementary Grade Summary ----- >					< ----- Elementary Grade Summary ----- >										
Grade K	26	23	21	17	21	16	14	14	10	14						
Grade 1 to 6	164	160	121	100	100	99	87	77	74	69						
Grade K to 6	190	183	142	117	121	115	101	91	84	83						
	< ----- Secondary Grade Summary ----- >					< ----- Secondary Grade Summary ----- >										
Grade 7	33	33	21	17	21	14	18	16	9	9						
Grade 8	38	37	26	22	15	21	14	18	15	9						
Grade 9	40	36	31	24	25	14	19	13	16	14						
Grade 10	32	38	36	30	24	24	13	18	12	16						
Grade 11	30	32	36	32	32	23	23	12	17	12						
Grade 12	37	28	31	37	33	31	22	22	12	17						
Grade 7-12	210	204	181	162	150	127	109	100	82	76						
	< ----- K - 12 Summary ----- >					< ----- K - 12 Summary ----- >										
Grades K - 6	190	183	142	117	121	115	101	91	84	83						
Grades 7 -12	210	204	181	162	150	127	109	100	82	76						
Grade K - 12	400	387	323	279	271	242	210	190	167	159						

# GREENBUSH MIDDLE RIVER SCHOOL DISTRICT

## DEFICIT REDUCTION SUGGESTIONS

**Directions:** The Board of Education and the School Administration is soliciting suggestions for making expenditure reductions. Although the primary responsibility for the school budget rests with the Board and the Administration, soliciting suggestions from residents and employees will ensure that all reasonable deficit reduction measures have been considered.

When making a deficit reduction suggestion, please phrase your suggestion in terms of a single action. Do not make a broad generalization about the school program. These kinds of statements are difficult to convert into specific cost cutting measures. For example, if you believe that too much money is spent on student athletics, state which sport(s) the school district should delete rather than making a general statement. Another example, if you believe the school district has many frills, identify each item that you consider a frill.

**Deadline:** Please return this form to the district office, principals' office, or your immediate supervisor ASAP but no later than \_\_\_\_

1. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Note: Use the back of this form for the identification of more deficit reduction suggestions.

**Identifying Respondent by Classification (optional):** Some respondents may have more first-hand information regarding the possibility of reducing expenses for specific programs. For example, a bus driver may have more relevant information regarding the reduction of expenses for student transportation than a food service employee. Therefore, please identify yourself by placing a check next to the most appropriate group:

- |  |   |  |  |
|--|---|--|--|
| <input type="checkbox"/> Pupil Transportation Employee | <input type="checkbox"/> Buildings & Grounds Employee | <input type="checkbox"/> Food Service Employee       | <input type="checkbox"/> Instructional Aides       |
| <input type="checkbox"/> Office Employee               | <input type="checkbox"/> Secondary Teacher            | <input type="checkbox"/> Elementary Teacher          | <input type="checkbox"/> Special Education Teacher |
| <input type="checkbox"/> Parent                        | <input type="checkbox"/> Student                      | <input type="checkbox"/> Resident of School District |  |

Slide as  
presented  
during March  
16, 2020  
regular school  
board meeting  
and as  
published in  
*The Chomper*  
(student  
newspaper  
delivered  
district-wide in  
April 2020)

# TODAY'S HIGHLIGHTS

Source: MN School Boards Association website. Downloaded on May 11, 2020

## **Minnesota school district leaders grapple with new financial uncertainties amid pandemic**

While educators across Minnesota are focused on finishing out the academic year from home — and on brainstorming ways to honor their graduating students in a safe way — district leaders have another immediate concern to deal with: how to stay afloat financially.

The sudden shift to distance learning laid internet and device gaps bare, prompting districts to invest in items such as new Google Chrome books, iPads and mobile hotspots to distribute to students in need. Likewise, they've been preparing and delivering free meals to students.

Many districts have also made a commitment to keep as many staff on payroll as possible for the remainder of this school year, even with revenue streams from things like community education programming, early childhood education classes and spring sports — three big fee-based services — shuttered, for the time being.

Some of these COVID-19-related expenses are being offset by \$13 billion in aid for school districts across the nation that's included in the federal CARES Act. But district leaders in Minnesota say they are hoping for even more aid — at both the state and federal levels — to help them weather financial hardships.

Voter-approved referendum asks don't seem as likely, given the projected economic downturn. And with a projected \$2.42 billion state budget deficit, routine increases to the education formula — to help offset inflationary expenses — may not happen this next biennium.

These new financial realities have left district leaders scrambling to rework budgets as they close out the current fiscal year, while also bracing for the possibility of even greater financial hardships heading into the upcoming school year.

"Our districts, where they're seeing the biggest challenges, is those fee-based programs — the community ed, [Early Childhood Family Education]. And the long-term solution for all of this is going to be really, really challenging," said **Kirk Schneidawind, executive director of the Minnesota School Boards Association**. "It highlights how dependent we are on federal and state funding."



WHEREAS, Minnesota Governor Tim Walz issued Emergency Executive Order 20-19 on March 25, 2020, which stated in part:

Paragraph 21. Upon approval by the Executive Council, school districts and schools are authorized to transfer operating funds from certain programs that are not already assigned to or encumbered by staff salary and benefits, or otherwise encumbered by federal law, for the following purposes:



- A. to provide care to Eligible Children during the school day.
- B. To pay additional transportation costs incurred between March 30, 2020 and April 30, 2020 needed to implement this Executive Order in providing distance learning instruction.

WHEREAS, a fund transfer is allowed if the transfer meets the criteria set forth in Paragraph 21(c) of Emergency Executive Order 20-19:

- 1. The transfer does not increase state aid obligations to the district or result in additional property tax authority for the district or charter school.
- 2. A transfer is limited to the operating funds of a district or charter school.
- 3. A school board must approve a fund transfer by the fiscal year reporting deadline.
- 4. A district or charter school must maintain accounting records for the purpose of this Executive Order that are sufficient to document both the specific funds transferred and use of those funds. Such accounting records are subject to auditor review.
- 5. Any execution of this flexibility must not interfere with or jeopardize funding per federal requirements.
- 6. Any transfer must not interfere with the equitable delivery of distance learning or social distancing models

**Transfer of Funds per Emergency Executive Order 20-19, Items 21-22**

Please submit this form with attachments via email to [MDE.UFARS-Accounting@state.mn.us](mailto:MDE.UFARS-Accounting@state.mn.us).

**District Information****District Name:****District Number:****District Type:****Superintendent's Name:****Fiscal Year:****Requested Amount of Transfer: \$**

	Fund	Program Code	Finance Code	Balance Sheet Reserve Account Number	Balance Sheet Reserve Name	Funding Statute
To:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
From:	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Summarize the intended purpose of the transferred funds:**

The following must be attached:

☐

Copy of the board resolution stating the fund transfer will not diminish instructional opportunities for students.

☐

Copy of the board minutes documenting adoption of the board resolution (above) and board approval for the transfer of funds in the amount of this application.

## GMR 2019-2020 *estimated* Budget Adjustments

### 5/11/2020 Work Session meeting: Adjustments to 2019-2021 Budget

Item	Board Remarks 05/11/2020	General Summary of Budget Reduction & Comments	Program Area Affected	Estimated Increase for Receipts/Transfers	Estimated Decrease for Expenditures	
1		Transfer Fund Balance from 04 fund as per MDE approval one-time COVID-19	Community Education	\$150,000		
2		Transfer Fund Balance from 02 fund as per MDE approval one-time COVID-19	Food Service	\$25,000		
3		CARES Act (Federal) Funding <i>estimated for COVID-19 Expenses</i>	Increased Federal Funding	\$83,000		
4		Reduction of Driver's Education vehicle rental	Community Ed.		\$3,000	
5		Reduction of expenditures (transportation, substitutes, game officials) due to the cancelation of Spring Activities. <i>Estimate</i>	General Fund/Activities		\$5,000	
6		Reduction of compensation expenditures for Coaches & Advisors due to the cancelation of Spring Activities ????	General Fund/Activities			
7		Reduction of Snow removal costs from FY 19 to FY 20			\$2,800	
8		Reduction of Heating costs from FY 19 to FY 20 <i>(TBD)</i>				
9						
10		Page 1	Total page #1 (this page)	\$258,000	\$10,800	\$268,800

Independent School District No. 2683  
Greenbush Middle River School District

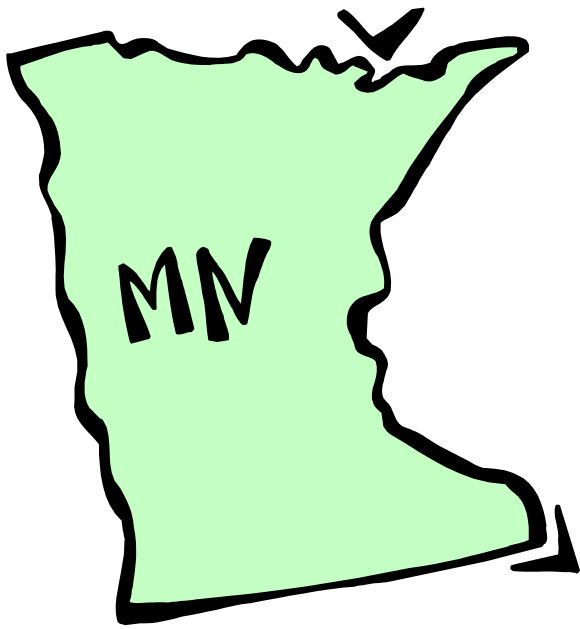
Notes to Financial Statements

June 30, 2019

The UFARS fund balance reporting standards are slightly different than the reporting standards under GASB 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. Below is a reconciliation between the fund balance reporting under GASB 54 and UFARS reporting standards:

	GASB Balance	Reconciling Items	UFARS Balance	
Fund balances				
Nonspendable				
Inventories	\$ 6,808	\$ -	\$ 6,808	
Restricted				
Operating capital	154,193	-	154,193	
Safe schools	33,637	-	33,637	
Long term facilities maintenance	313,998	-	313,998	
Debt service	13,016	-	13,016	
Food service	2,840	(5,096)	(2,256)	
ECFE	131,668	-	131,668	
Community service	10,404	-	10,404	
Community education	-	(8,904)	(8,904)	
School readiness	-	(43,494)	(43,494)	
Total restricted	659,756	(57,494)	602,262	
Committed	166,340	-	166,340	
Unassigned	446,826	57,494	504,320	
Total fund balance	\$ 1,279,730	\$ -	\$ 1,279,730	

Source: 2019-2020 School District Audit by EideBailly, C.P.A.



## State Budget Update: \$2.4 Billion Deficit

The Minnesota Management & Budget on Tuesday (May 5) released an update on the state's budget showing a \$4 billion decline in state revenues for the current two-year budget cycle we're in.

Instead of the \$1.5 billion projected surplus announced in February, the state is now looking at a \$2.4 billion deficit.

The state needs to maintain a balanced budget and thankfully there's nearly \$2.4 billion in the state's budget reserve and cash flow accounts. Another \$2 billion in federal aid is on the way to the state, however, a significant portion of those funds are supposed to be passed through to local governments, the K-12 schools and Higher Education systems and hospitals.

It's possible that some of these funds could end up supplanting existing state appropriations, but the federal strings attached might prohibit supplanting.

Congressional leaders are talking about a fourth COVID-19 relief package to help states balance their budgets, but action on that item will take some time, if it comes to fruition at all.

*Source: MN Rural Education Association communication downloaded on May 11, 2020*

# TODAY'S HIGHLIGHTS

Source: MN School Boards Association website. Downloaded on May 11, 2020

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Voter-approved referendum asks don't seem as likely, given the projected economic downturn. And with a projected \$2.42 billion state budget deficit, routine increases to the education formula — to help offset inflationary expenses — may not happen this next biennium.

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School Year	State Aid General Education Formula Allowance	Percent funding increase over previous year	Greenbush Middle River School District FALL enrollment	Unreserved General Fund Balance ( <i>final audit</i> )
1996-97	\$3,505			
1997-98	\$3,581			
1998-99	\$3,530			
1999-00	\$3,740			
2000-01	\$3,964		464	\$370,564
2001-02	\$4,068		455	\$522,520
2002-03	\$4,601		462	\$610,675
2003-04	\$4,601	0%	459	\$737,831
2004-05	\$4,601	0%	473	\$999,976
2005-06	\$4,783	4%	474	\$1,456,633
2006-07	\$4,974	4%	477	\$1,673,426
2007-2008	\$5,074	2%	480	\$1,930,121
2008-2009	\$5,124 + 51* = \$5,175	1% + 1%* = 2%	470	\$2,032,994
2009-2010	\$5,124	0%	452	\$2,035,316
2010-2011	\$5,124	0%	436	\$1,962,475
2011-2012	\$5,174	1%	419	\$1,869,037
2012-2013	\$5,224	1%	444	\$1,832,245
2013-2014	\$5,302	1.5%	426	\$1,660,869
2014-2015	\$5,831 (increase due to changes in pupil weights)	1.5% + .5%	423	\$1,645,227
<i>Per pupil [weighted] funding. Historical Perspective</i> 	<b>2013-2014</b> <u>Grade Funding Weight</u> Grade K..... .612 Grade 1 to 3... 1.115 Grade 4 to 6... 1.06 Grade K to 6... 197 (Elem. Funding Units)  7-12..... 1.3 Grade 7-12..... 218 (H.S. Funding Units) K-12...197 + 218 = 480 (Total) Funding Units)	<b>2014-2015</b> <u>Grade Funding Weight</u> K-6 ..... 1.0 Grade K to 6... 201 (Elem. Funding Units)  7-12 ..... 1.2 Grade 7-12..... 266 (H.S. Funding Units) K-12...201 + 266 = 467 (Total) Funding Units)	<b>2015-2016</b> <u>Grade Funding Weight</u> K-6 ..... 1.0 Grade K to 6... 190 (Elem. Funding Units)  7-12 ..... 1.2 Grade 7-12..... 252 (H.S. Funding Units) K-12...190 + 252 = 442 (Total) Funding Units)	<b>2019-2020</b> <u>Grade Funding Weight</u> K-6 ..... 1.0 Grade K to 6... 121 (Elem. Funding Units)  7-12 ..... 1.2 Grade 7-12..... 180 (H.S. Funding Units) K-12...121 + 180 = 301 (Total) Funding Units)
	2015-2016 \$5,948	+\$117 or 2%	400	\$1,576,546
2016-2017	\$6,067	+\$119 or 2%	387	\$1,186,984
2017-2018	\$6,188	+\$121 or 2%	323	\$705,373
2018-2019	\$6,312	+\$124 or 2%	279	\$504,320
2019-2020	\$6,438	+\$126 or 2%	271	TBD by Audit
2020-2021	\$6,567	+\$129 or 2%	242 estimated	TBD by Audit

Note<sup>1</sup>: Effective 2014-2015: the 1.0 weighted factor applies to K-6. 7-12 students are weighted at 1.2.

Note<sup>2</sup>: There is no absolute right answer as to how much a given district should have in its fund balance. A general guideline provided by financial auditors believe a fund balance of 25% of the general education formula in the unreserved general fund: \$6,438 x 25% = \$1,609 x 311 [weighted] funding units (271 K-12 students = 301 weighted funding units) = \$484,459 would place the District in a solid financial position. This represents about 6 weeks of school district operations. Information Source: Minnesota Association of School Business Officials & District Financial Auditor

Slide as presented during March 16, 2020 regular school board meeting

# Why is a fund balance needed?

There are a number of reasons to have a positive fund balance:

If the district has a negative fund balance it must borrow money to meet its cash flow needs. *Districts must pay their vendors and employees on a timely basis for services rendered. State aid to schools on the other hand by law are paid 90% during the current school year and 10% in the next fiscal year. A positive fund balance is needed to cover the 10% in I.O.U.'s.*

*In the past, the state has reduced payment of aid and paid 84% during the school year and 16% the next fiscal year (a Tax Shift). As a result of the 2009 Legislature the state reduced payment of aid and paid 73% during the school year and 27% the next fiscal year (a Tax Shift). A fund balance is needed for to pay for financial obligations.*

*A previous financial condition of the State of Minnesota resulted in the Minnesota Legislature making decisions about funding state programs including PreK-12 education. The Legislature provided a 0% increase in the basic funding formula for K-12 education for the 2009-2010 and the 2010-2011 fiscal year, in addition, the state reduced its metered payment system from 90% in the current fiscal year and 10% in the ensuing fiscal year (2009-2010) to 73% and 27% in 2009-2010 and reduced it further to 70%-30% in 2010-2011.*

*In 2011-2012, the State reduced its metered payment system to schools to 60%-40%. Funding to begin the 2012-2013 school year thru November 2012 was 64%-36%. As of Dec. 2012 funding was 82.5% - 17.5%. As of March 2013 funding was 86.5%-13.5%. As of October 2013, funding was restored to its current 90% - 10%.*

*A school district's budget reserve allows the district to meet day-to-day obligations and to adjust to sudden decreases in revenue or unexpected expenses without having to make abrupt changes in programming or services. And it's important to maintain this at the school board-set minimum because it allows for cash-flow for payments to vendors, helps maintain a positive credit rating with lenders, helps the district deal with fluctuations in funding from the state and is a "financial cushion" for unforeseen enrollment changes, or unexpected expenditures, according to the school district.*

New programs and existing programs have had time and other resources invested in them. A fund balance can assure program continuity during periods of unexpected, uncontrollable, adverse financial conditions. Therefore, the original investments are not lost and efficiency is maintained.

## How much fund balance is needed?

There is no absolute right answer as to how much a given district should have in its fund balance. A general guideline provided by financial auditors believe a fund balance of 25% of the general education formula in the unreserved general fund:  $\$6,438 \times 25\% = \$1,609 \times 301$  [weighted] funding units (271 K-12 students = 301 weighted funding units) = \$484,459 would place the District in a solid financial position. This represents about 6 weeks of school district operations.

Information Source: Minnesota Association of School Business Officials & District Financial Auditor

## GMR School District Cash Flow Analysis 2018-2019

GMR School District Cash Flow Analysis 2019-2020 *estimated*

FY 19 Actuals					Assumptions: Using FY 19 & FY 20 ACTUALS				
Line #	Funding Source	Receivable (+)	Pagable (-)	Balance (+) (-)	Line #	Funding Source	Receivable (+)	Pagable (-)	Balance (+) (-)
1	Cash Balance	1,092,574		1,092,574	1	Cash Balance	590,303		590,303
2	July 2018 Actual Revenue	349,308		1,441,882	2	July 2019 Actual Revenue	293,316		883,619
3	July 2018 Actual Expenditures		-383,749	1,058,133	3	July 2019 Actual Expenditures		-289,415	594,205
4					4				
5	August 2018 Actual Revenue	702,059		1,760,192	5	August 2019 Actual Revenue	891,961		1,486,165
6	August 2018 Actual Expenditures		-267,411	1,492,781	6	August 2019 Actual Expenditures		-286,377	1,199,788
7					7				
8	September 2018 Actual Revenue	123,075		1,615,856	8	September 2019 Actual Revenue	403,525		1,603,313
9	September 2018 Actual Expenditures		-388,874	1,226,982	9	September 2019 Actual Expenditures		-438,037	1,165,276
10					10				
11	October 2018 Actual Revenue	263,543		1,490,525	11	October 2019 Actual Revenue	486,033		1,651,309
12	October 2018 Actual Expenditures		-418,569	1,071,956	12	October 2019 Actual Expenditures		-604,768	1,046,541
13					13				
14	November 2018 Actual Revenue (inc	304,467		1,376,423	14	November 2019 Actual Revenue (inc	229,847		1,276,388
15	November 2018 Actual County pay	0		1,376,423	15	November 2019 Actual County paym	0		1,276,388
16	November 2018 Actual Expenditures		-469,797	906,626	16	November 2019 Actual Expenditures		-433,712	842,676
17					17				
18	December 2018 Actual Revenue	387,308		1,293,935	18	December 2019 Actual Revenue (inc	498,016		1,340,691
19	December 2018 Actual County pay	0		1,293,935	19	December 2019 Actual county paym	0		1,340,691
20	December 2018 estimated Expenditures		-432,391	861,543	20	December 2019 Actual Expenditures		-384,420	956,272
21					21				
22	January 2019 Actual Revenue	417,570		1,279,114	22	January 2020 Actual Revenue	473,713		1,429,985
23	January 2019 Actual Expenditures		-532,936	746,177	23	January 2020 Actual Expenditures		-487,077	942,908
24					24				
25	February 2019 Actual Revenue	408,729		1,154,906	25	February 2020 Actual Revenue	125,949		1,068,856
26	February 2019 Actual Expenditures		-390,511	764,395	26	February 2020 Actual Expenditures		-463,986	604,870
27					27				
28	March 2019 Actual Revenue	503,554		1,267,949	28	March 2020 Actual Revenue	330,713		935,583
29	March 2019 Actual Expenditures		-526,037	741,912	29	March 2020 Actual Expenditures		-469,963	465,619
30					30				
31	April 2019 Actual Revenue	494,259		1,236,171	31	April 2020 estimated Revenue	494,259		959,879
32	April 2019 Actual Expenditures		-436,630	799,542	32	April 2020 estimated Expenditures		-436,630	523,249
33					33				
34	May 2019 Actual Revenue	452,121		1,251,663	34	May 2020 estimated Revenue	452,121		975,370
35	May 2019 Actual Expenditures		-948,298	303,365	35	May 2020 estimated Expenditures		-948,298	27,072
36					36				
37	June Actual Monthly Revenue (incl	481,994		785,359	37	June 2020 estimated Revenue (incl	481,994		509,066
38	Actual [May 15th] County Taxes	0		785,359	38	Estimated [May 15th] County Taxes	0		509,066
39	June Actual Expenditures		-195,056	590,303	39	June estimated Expenditures		-195,056	314,010
	Prepared by: Larry Guggisberg - Supt. of Schools			July 23, 2019		Prepared by: Larry Guggisberg - Supt. of Schools	<i>as of...</i>		April 16, 2020
	Average Monthly Revenue.....	407,332				Average Monthly Revenue.....	430,121		
	Average Monthly Expenditures.....		-449,188			Average Monthly Expenditures.....		-453,145	
	per month expenditures exceed per month revenue =					per month expenditures exceed per month revenue =			
				(\$41,856)					(\$23,024)



Account Statement

For the Month Ending **March 31, 2020**

GREENBUSH-MIDDLE RIVER INDEPENDENT SCHOOL DISTRICT - GREENBUSH-MIDDLE RIVER ISD 2683 - 600241

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
Closing Balance					686,701.88
	Month of March	Fiscal YTD July-March			
Opening Balance	685,946.05	677,244.18	Closing Balance	686,701.88	
Purchases	755.83	9,457.70	Average Monthly Balance	685,970.43	
Redemptions (Excl. Checks)	0.00	0.00	Monthly Distribution Yield	1.30%	
Check Disbursements	0.00	0.00			
Closing Balance	686,701.88	686,701.88			
Cash Dividends and Income	755.83	9,457.70			



## Office of the Revisor of Statutes

Retrieve by number Statutes  Statutes Laws Rules Court Rules Constitution Revisor's Office ▾ Search Law by Keyword[2019 Minnesota Statutes](#) > [EDUCATION CODE: PREKINDERGARTEN - GRADE 12](#) > [Chapter 126C](#) > Section 126C.50[◀ 126C.48](#)

## 2019 Minnesota Statutes

**126C.50 TAX AND AID ANTICIPATION BORROWING; DEFINITIONS.**

School district as used in sections [126C.50](#) to [126C.56](#) means any common, independent, and special school district in the state of Minnesota, however organized and wherever located.

**History:** [1963 c 371 s 1](#); [1981 c 1 s 3](#); [1Sp1986 c 1 art 10 s 5](#); [1987 c 258 s 12](#); [1989 c 246 s 2](#); [1990 c 375 s 3](#); [1Sp1995 c 3 art 16 s 13](#); [1996 c 412 art 13 s 17](#); [1998 c 397 art 7 s 82, 164; art 11 s 3](#); [1Sp2011 c 11 art 1 s 25](#)

## 2019 Minnesota Statutes

**126C.52 AUTHORITY TO BORROW MONEY; LIMITATIONS.**

Subdivision 1. **Borrowing authority.** The board of any school district may borrow money upon negotiable tax anticipation certificates of indebtedness, in the manner and subject to the limitations set forth in sections [126C.50](#) to [126C.56](#), for the purpose of anticipating general taxes already levied by the district for school purposes. The aggregate of the borrowing under this subdivision must never exceed 75 percent of the taxes which are due and payable in the calendar year, and as to which taxes no penalty for nonpayment or delinquency has attached. In determining the amount of taxes due and payable in the calendar year, any amounts paid by the state to replace such taxes, whether paid in that calendar year or not, must be included.

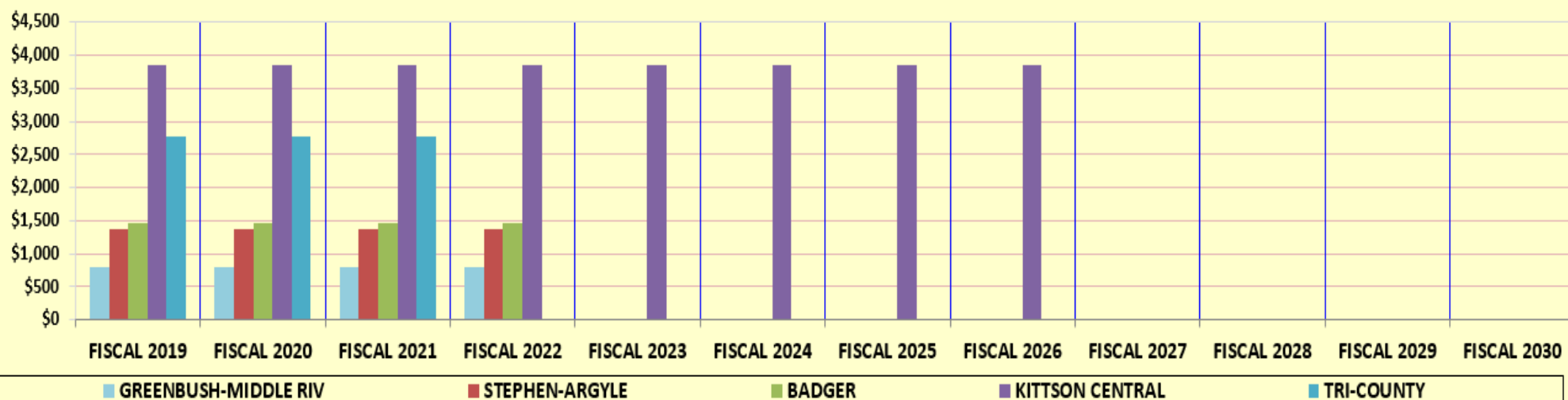
# Referendum Authority

- All districts are now authorized to have up to \$724 per pupil unit in referendum revenue without requiring voter approval
  - \$424 from Local Optional Revenue
  - \$300 from a board approved levy
  - Voter approval required to exceed \$724 per pupil unit
- Of 331 Minnesota School Districts there are 208 with voter referendum authority in excess of \$724 per pupil

Total Referendum Authority After LOR Reduction and Board Approved New Authority after Elections 2018 - Data from 4.29.19 Ref Phaseout Report

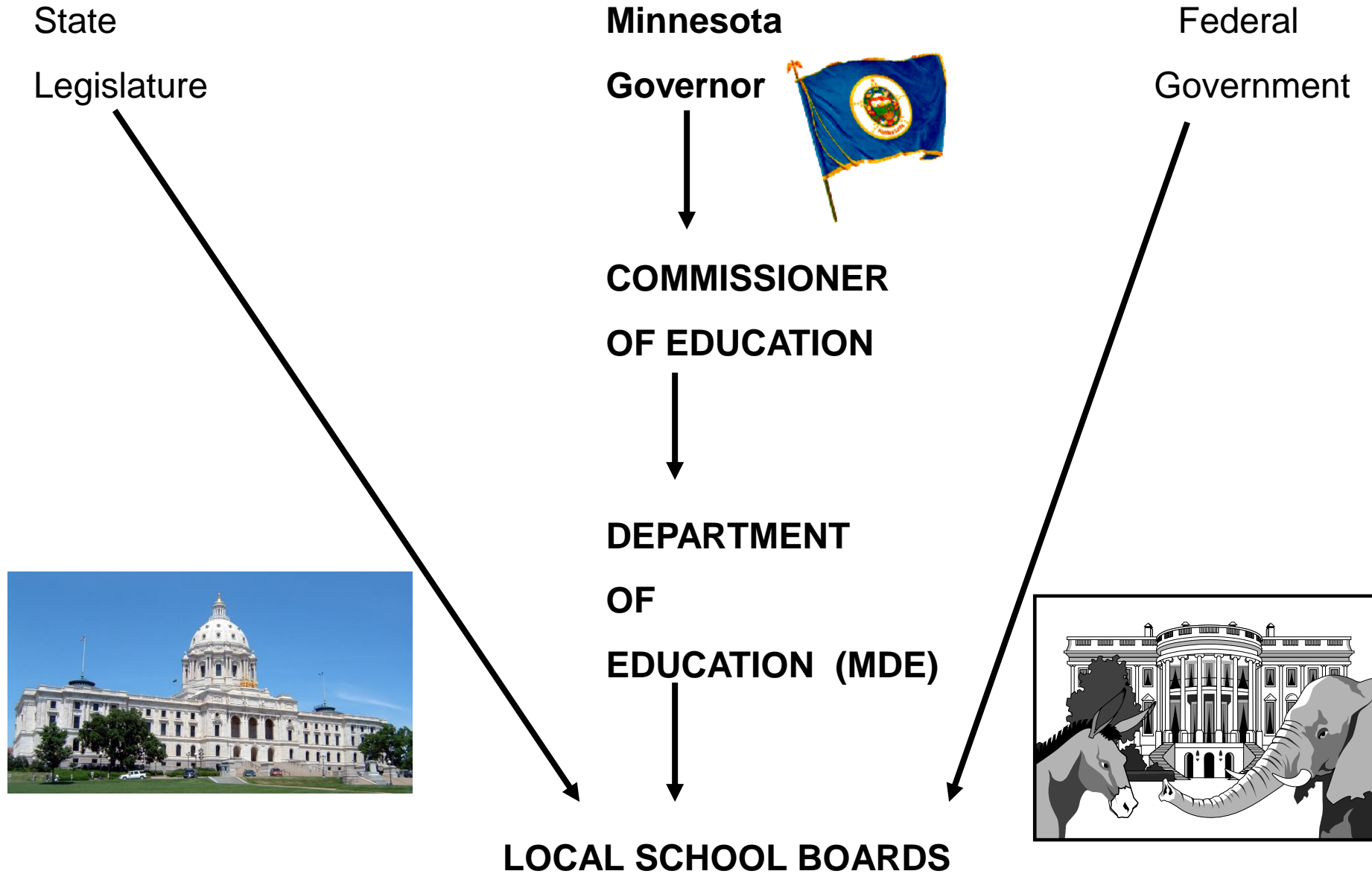
(1) Major Dist. (9) Comparison Districts	District Names	Number of Ref. Elections since 1991	FISCAL 2019	FISCAL 2020	FISCAL 2021	FISCAL 2022	FISCAL 2023	FISCAL 2024	FISCAL 2025	FISCAL 2026	FISCAL 2027	FISCAL 2028	FISCAL 2029	FISCAL 2030	
2683	GREENBUSH-MIDDLE RIV	(2)	\$806.05	\$806.05	\$806.05	\$806.05									Graphed
2856	STEPHEN-ARGYLE	(3)	\$1,371.00	\$1,371.00	\$1,371.00	\$1,371.00									Graphed
676	BADGER	(5)	\$1,470.29	\$1,470.29	\$1,470.29	\$1,470.29									Graphed
2171	KITTSOON CENTRAL	(3)	\$3,846.00	\$3,846.00	\$3,846.00	\$3,846.00	\$3,846.00	\$3,846.00	\$3,846.00	\$3,846.00					Graphed
2358	TRI-COUNTY	(3)	\$2,776.00	\$2,776.00	\$2,776.00										
356	LANCASTER	(5)	\$3,738.42	\$3,833.67	\$3,923.92	\$2,796.38	\$2,861.32	\$2,928.61	\$2,995.39	\$2,063.34	\$2,108.20				
441	MARSHALL CTY CENTRAL	(6)	\$1,006.72	\$1,006.72	\$1,006.72	\$1,006.72	\$529.83	\$529.83	\$529.83						
390	LAKE OF THE WOOD	(4)	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24	\$324.24			
447	GRYGLA	(2)	\$511.93	\$511.93	\$511.93	\$511.93									
9999	State Average	(3)	\$625.07	\$639.36	\$652.93	\$668.36	\$683.85	\$699.94	\$715.90	\$731.27					
Average of Districts Selected			\$1,647.57	\$1,658.53	\$1,668.91	\$1,422.33	\$1,649.05	\$1,665.72	\$1,682.27	\$1,741.21	\$1,216.22	\$324.24			

Referendum Authority 2019 - 2030



Slide as presented during  
March 16, 2020 regular school  
board meeting

# MINNESOTA'S PUBLIC EDUCATION SYSTEM



**511/2020 Work Session meeting: Input Suggestions for Proposed Reductions to 2020-2021 Budget.**

Item	Board Remarks 05/11/2020	General Summary of Budget Reductions & Comments	Program Area Affected	Estimated Increase for Receipts	Estimated Decrease for Expenditures	
11		Dues reduction for MREA membership (15% reduction)	Annual Memberships			
12		Cut English Teacher. Due to shifting student enrollment	Instructional: High School			
13		Cut Spanish Teacher. Spanish is not the foreign language to be taught by Chinese. Find school who can deliver virtual Chinese instruction.	Instructional: High School			
14		Do not replace Special Education Teacher. Move one from High School or Elementary Regular Ed. to Elementary Special Ed. Lack of enrollment should justify this move.	Special Education			
15		Offer an attractive buyout plan for teachers	Instructional			
16		For any teacher leaving, try to shuffle present staff to fill the vacancy.	Instructional			
17		Reduce classroom supplies	Instructional			
18		Reduce supplies in other program areas (eg: Food Service, Buildings & Grounds)	Support Programs			
19		Cut The Chomper. Move Chomper articles to GMR Online and student write articles for their English Class assignments.	Student Activity			
20		Adjust (reduce) hours of kitchen dishwasher	Food Service			
<b>Brd.</b>	<b>BA Yes</b>	Board <b>Agreement</b> to implement as a Budget Reduction item			Page 2 of 4....	<b>EXHIBIT 5.1</b>
<b>Remarks</b>	<b>BD No</b>	Board <b>Disagreement</b> NOT to implement as a Budget Reduction item	<b>Defer</b>	Deferred for additional information or consideration		

**511/2020 Work Session meeting: Input Suggestions for Proposed Reductions to 2020-2021 Budget.**

21		In terms of students enrollment, GMR is moving toward one (1) section school Why do we have 3 social studies teachers, 2 science teachers and 2 English teachers?	Instructional			
22		Move 6th grade to high school	Instructional			
23		Only One (1) office secretary in each office.	Administration			
24		Eliminate foreign language classes. Cutting a position. Many other surrounding schools our size to not offer foreign language.	Instructional			
25		Have 7-12 subject teachers share duties of Careers & College, Librian/ Media specialist and computers eliminating mutliple positions.	Instructional & Student support			
26		Cut teacher(s) with large salaries	Instructional			
27		Teachers need to teach more classes and less preparation / study halls	Instructional			
28		Cut Staff	Instructional			
29		Do a comparison of student to teacher ratios in NW MN and then cut staff	Instructional			
30		Cut Para Staff	Student support			
		Page 2	Total page #2 (this page)		\$0	\$0
Brd.	BA Yes	Board Agreement to implement as a Budget Reduction item			Page 3 of 4.... EXHIBIT 5.1	
Remarks	BD No	Board Disagreement NOT to implement as a Budget Reduction item	Defer	Deferred for additional information or consideration		

**511/2020 Work Session meeting: Input Suggestions for Proposed Reductions to 2020-2021 Budget.**

Item	Board Remarks 05/11/2020	General Summary of Budget Reductions & Comments	Program Area Affected	Estimated Increase for Receipts	Estimated Decrease for Expenditures	
31		Cut Social Worker position to one (1)	Counseling - Mental Health			
32		Is it time for the GMR school district to approach Badger or Karlstad to combine school districts?	Instructional			
33		Seek a increase in the existing school operating levy via referendum	Instructional			
34						
35						
36						
37						
38						
<b>Brd.</b>	<b>BA Yes</b>	Board <b>Agreement</b> to implement as a Budget Reduction item				Page 4 of 4.... <b>EXHIBIT 5.1</b>
<b>Remarks</b>	<b>BD No</b>	Board <b>Disagreement</b> NOT to implement as a Budget Reduction item	<b>Defer</b>	Deferred for additional information or consideration		